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*A Guide to
Business Planning
in CCAC*



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A Guide to Business Planning in CCAC



Printed on
recycled paper

CCAC No. 10487 B 91-09

Message from the Deputy Minister:

As many of you are aware, one of the key management initiatives being pursued in CCAC is the introduction of business plans as the main planning tool for all of our activities and, therefore, as the basis for accountability within the Department.

I recognize that the concept of developing “business plans” for government operations may seem strange. After all, we’re not a business, we don’t operate to a ‘bottom line’ (although a number of our activities do generate revenues), and our regulatory and public policy responsibilities go well beyond those normally associated with businesses. Clearly, these will not be plans which are strictly profit oriented and which ignore our other responsibilities. Instead, these plans will have a client-based focus.

As the Government continues the PS 2000 initiative of delegating increased authority to departments to allow greater freedom in the management of programs, with a greater focus on accountability for results, we must ensure that our planning systems adapt accordingly.

The traditional government planning process has tended to focus internally on procedures and often establishes performance objectives based on anticipated resource levels rather than client needs. As a result, the true client needs, which should form the basis for planning, are often not fully identified. It has therefore been difficult to rationalize the service levels in the face of diminishing resources. I feel that moving to a system which has a truly client-based focus will allow us, with available resources, to maximize results and service to our clients—whether those clients are members of the general Canadian public or are individuals who deal directly with the Department. This client-focused planning process is what we are referring to when we talk about business planning in CCAC.

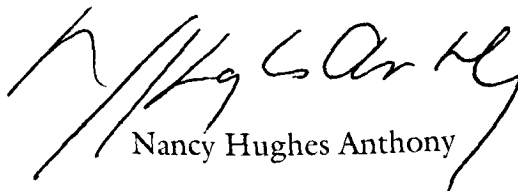
Ideally, a business plan should be established for each of our major lines of business (normally the activity or sub-activity level) and will provide a medium-term (3- to 5-year) strategy for each area. Each plan will also serve as a medium-term work plan for that area, establishing specific objectives and performance targets for the period and identifying the associated resource and other program requirements necessary to achieve those objectives. These plans together will form the basis of the annual operational planning exercise and could effectively form the annual MYOP submission to Treasury Board. Finally, and perhaps most importantly, they will establish the framework and general performance goals upon which detailed responsibility centre work plans and individual objectives can be based.

I am firmly convinced that the transition to such business planning will not only allow us to adapt to government-wide initiatives but will provide direct benefits to our clients and to individual employees.

- *Clients* - The change to a system which focuses clearly on client needs and the provision of services to clients to meet those needs should result in improved service and an enhanced capacity to identify and respond to changing client needs.
- *Employees* - The focus on results should help relieve the administrative burden and central controls currently placed on employees, allow greater flexibility in the management of programs, and improve potential for job satisfaction. In addition, this focus should allow individuals to identify and implement changes which would assist the achievement of results, and should improve the general working environment or benefit employees directly (e.g. streamlining processes, individual training requirements, etc.). It should also result in the establishment of clearer accountability for each organization and allow for better understanding of what is expected of individual employees and their related accountability requirements.

The above attempts to explain briefly the purpose and anticipated benefits of moving to the business planning approach. But what does a business plan look like? The following section describes the elements of a business plan as envisaged for CCAC. It has been developed based on our experience to date with three pilot projects and provides a clear reflection of the basic elements that the Executive Committee considers critical for inclusion in a CCAC business plan. However, it is recognized that each business plan will be specifically tailored to the needs of the organization, and each plan will be different. I fully expect the concepts put forward to continue to evolve as we move to full implementation of the business plan concept.

The steering committee overseeing the development of the pilot projects can provide additional information on this initiative and on the status of individual projects as they develop. It would also be most interested in your comments on the project and in receiving information on your experiences with business planning as the system evolves. I invite you to contact Marie Moylan, Harry McIlroy or Brent DiBartolo.



Nancy Hughes Anthony

A Guide to Business Planning in CCAC

In July 1990, the Executive Committee agreed that one of CCAC's management priorities for the next three years would be "to build a management regime based on trust and accountability." In October, it approved the related work plan comprising four key components:

- delegation of administrative authorities;
- establishment of business plans as the basis for delivery of programs and services and as the framework for management accountability;
- decentralization of operations to ensure maximum operational autonomy and flexibility for front line staff;
- negotiation of additional authority and flexibility with central agencies as required to support the new regime.

The Executive Committee has reviewed progress made in the pilot projects and has agreed on the general elements which should form the basis of a reasonable business plan.

Clearly there are strong interrelationships among these various components—the implementation of one will impact on the others. It is the role of the business plan to draw these components together. A business plan provides a comprehensive overview of the program elements with inherent delegations, names the authorities (new and existing) required to deliver the program, presents the method of delivery, sets out anticipated performance levels to be achieved within a

defined resource base, and provides the associated accountability framework. Each business plan must address each of these elements and provide the appropriate level of information in a reasonably consistent manner.

While it would not be possible to develop a comprehensive "model" for the development of a business plan within CCAC, the Executive Committee has reviewed progress made in the pilot projects and has agreed on the general elements which should form the basis of a reasonable business plan.

SWOT Analysis

The initial step in the development of the business plan is an analysis of the strengths (S), weaknesses (W), and opportunities (O) of an organization and the threats (T) to it. The information obtained through such an analysis then



establishes the framework within which the organization is currently operating and provides the basis upon which the business plan can be developed. As these characteristics vary from one operation to another, a SWOT analysis is conducted for each business plan.

Mission, Lines of Business, Values

In order to focus a business plan for an organization it is critical that there is a clear understanding of the organization's purpose or mission. While there is a well articulated mission statement for the Department as a whole, it is important that each unit for which a business plan is developed also have a clear mission statement which can be both linked to the departmental mission and clearly tied to the lines of business and activities undertaken within the organization.

The challenge in completing this step is to define a mission that is real in terms of reflecting the "value-added" that CCAC brings to the Canadian marketplace.

Clients

It is clearly not sufficient to identify a mission and lines of business without also being clear as to who that mission is intended to serve. The identification of the "client" of government programs is not always as straightforward as it can be for the private sector. It is particularly difficult in organizations such as CCAC, where many of the lines of business have regulatory or compliance aspects. In

such instances there is often a variety of clients receiving different direct or indirect benefits. With this in mind, however, the specific clients or client groups should be identified to the extent possible. Individual business lines or services received should be identified for each client.

Performance Indicators

Performance indicators are critical elements of any business plan. They are the primary measure of how well an organization is doing in terms of fulfilling its mission. As such they are used in a variety of ways: to measure past performance; to assess problems and make adjustments to programs; to assist in resource planning; to identify trends and establish longer-term goals; to form the basis of accountability agreements, etc. It is therefore essential that reasonable performance indicators are chosen to suit all these purposes.

*"When you search for excellence you have to first of all find out what it is that your clients want."
(Manager's Magazine Vol. 1, No. 2)*

As these indicators are critical to the accountability system, care must be taken to ensure that they relate to factors within the scope of control of the organization. The performance indicators should also allow for assessment of program effectiveness and as such should be measurable. It is recognized, however, that government operations do not always yield results which are readily quantified or measured. As a minimum, then, the performance indicators selected should provide a linkage between program inputs and outputs.

Resources

The business plan should provide a comprehensive overview of the resource implications of the program. This would include the provision of information on: resources currently being utilized (both financial and personnel) to achieve specific levels of performance; revenues generated through those activities; potential to increase revenues; resource requirements to make up for perceived performance shortfalls; and resource implications of proposed changes.

Naturally, the degree to which each element is covered will be program-dependent, but these basic elements should be considered in the development of all business plans.

Current Status

Based on the review of current resource levels and on analysis of the performance indicators, an assessment should be made of the current level of performance in relation to the mission and responsibilities of the organization. In situations where those responsibilities or objectives are not being fulfilled, the plan should provide an assessment of the impact of that situation. This would include an *assessment of the risks* associated with continued operation at that level of performance or at a reduced level. Such an assessment would provide senior management, the Minister and the Government with information on the program consequences of maintaining the status quo.

Potential for Improvement

This section would draw from the review of the current status and the risk assessment and would explore means through which improvements could be brought to the performance of the organization. This would apply to both the direct achievement of its mission and the achievement of other objectives which the organization had established and which ultimately impact on that mission. In the case of CCAC, the Executive Committee has identified service to the client and trust and accountability for managers and staff as key values for business planning. Clearly, potential for improvement in these areas should be addressed in all CCAC business plans.

While this section should identify potential administrative and operational efficiencies which could be obtained, it need not be limited to those items. It could explore the broader range of items, including basic changes in the delivery of service, changes in lines of business to better fulfill the mission, and possible legislative changes which would impact on the achievement of the mission.

In cases where changes are being proposed, particularly those related to delegation of authority, it is important to identify the anticipated benefits for or impact on: the client, the organizational unit itself, and the Department as a whole. This information will allow for an assessment of the full impact of the proposal by Executive Committee.

Short- to Medium-Term Plan

Finally, the document should outline the program plans for the immediate future (1 to 2 years) and the medium term (5 years). It should identify changes proposed for introduction during that period, specify the resourcing assumptions on which it is based, and clearly establish performance goals for the period in question.

This section should be as specific as possible as it will form the basis of accountability for the organization for the period under review, with particular emphasis on the shorter-term goals.