

MODULE 11

SUMMARY MODULE

PART OF A MODULAR TRAINING RESOURCE

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SUMMARY

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In summary, this Package has been designed to provide broad business guidance to help organisations with the types of decisions they might be facing as a result of the Employment Services 2015 – 2020 RFT process.

It is recognised that a wide audience is likely to use these Modules and some components may not be relevant or appropriate to all. The Package serves to refresh and remind you of 'the basics' and to provide insight into the practical application of governance and management.

The Package recognises that making difficult decisions and implementing them can be a challenging time for the Board and management of any organisation. It is hoped this Package serves to provide some assistance with this for your organisation now and in the future.

Included within this Module are a Glossary of Terms and a copy of each template provided throughout the Package.

GLOSSARY OF KEY TERMS USED THROUGHOUT THE PACKAGE

Term	Definition
Accrual accounting	The recognition of income and expenses in the period when they are incurred rather than when cash amounts are received or paid.
Break cost	Expense or charges incurred when a borrower terminates a fixed-rate loan contract before the expiry of the fixed-rate period.
Break even	The point at which an organisation's revenue is equal to its expenses.
Budget	The financial plan of an organisation. A budget is usually prepared once a year. A budget may cover either the current year or the current and future years.
Buy-in	Acceptance and commitment to the change, especially those impacted by the change.

Term	Definition
Cash accounting	With cash accounting amounts are recognised as they are received or paid.
Cash flow forecast	Estimate of the timing and amounts of cash inflows and outflows over a specific period (usually one year).
Control	Strategies put in place to prevent or reduce the impact of a risk.
Creditors	A person or entity to which an organisation owes money (or its equivalent).
Debtors	A person or entity that owes debt to the organisation.
Direct cost	Expense directly related to the revenue earned for example, wages incurred for delivering a particular program.
Discretionary cost	Expense which is not essential to the operation of an organisation; for example, entertainment.
Employee Assistance Provider	Employee Assistance Providers are specialist organisations engaged by employers to assist employees with work related or personal problems such as health, family financial or emotional concerns.
Equity	Equity is the difference between assets and liabilities and represents the net worth of the organisation. Equity is usually comprised of owner capital contributions and retained earnings (the organisation's history of profit and losses).
Expenses (Costs)	<p>The costs associated with operating the organisation such as salaries, rent, insurance, utilities and job seeker support services.</p> <p>Expenses can be classified in a number of ways; for example,</p> <p>(1) Direct and indirect; (2) Fixed and variable; (3) Discretionary and non-discretionary. (Refer to Module 2 for</p>

Term	Definition
	definitions).
Fair Entitlements Guarantee	The Fair Entitlements Guarantee is a Commonwealth scheme that helps employees when a business becomes insolvent and cannot pay workers their redundancy payments.
Fee-for-service	Charging of fees for specific services rendered.
Fixed cost	Expense incurred which is independent of the level of revenue earned / received; for example, rent.
Forecasting	The process of projecting the future financial performance of an organisation. Forecasting looks at actual progress against budget and takes into account known events. This provides an indication of whether the budget will need to be amended to achieve the goals of the organisation.
Funding agencies	Agencies, which may include government departments or other organisations, that provides or may provide funding to your organisation.
Indirect cost	Expense not directly related to earning revenue; for example, utilities.
Joint venture	Relationship between two or more parties entering into an agreement to work towards an objective whilst remaining separate entities.
Limited partnership	Limited partnership is one where the liability is limited to the extent of the partner's share of ownership and / or investment. Limited partners generally do not have management responsibility in the partnership in which they invest and are generally not responsible for its debt obligations.
Liquidation	Liquidation is the orderly winding up of a business's affairs. It is a statutory process undertaken via the formal appointment of a Registered Liquidator pursuant to the Corporations Act 2001. It usually involves the Liquidator realising the business's assets (converting into cash), ceasing or selling

Term	Definition
	<p>its operations, distributing the proceeds of realisation amongst its creditors and distributing any surplus to shareholders.</p> <p>In the case of companies registered with ORIC, the Court or a liquidator (with some of the same powers under the Corporations Act 2001), may undertake the liquidation process in accordance with the provisions set out in Chapter 11 of the CATSI Act.</p>
National Employment Standards	The National Employment Standards (NES) set the Australian national minimum standards, entitlements and conditions for employees.
NGO	Non-Government Organisation (which may include For-Profit and Not-For-Profit Organisations)
Non-discretionary cost	Expense required for the operation of an organisation; for example, insurance.
Operating budget	A planned financial budget for the revenue and expenditure of an organisation.
Partnership	Legal arrangement where two or more organisations who carry on a business together with the aim of making a profit.
Redundancy	An employer makes a position redundant when the duties of the position are no longer required by the organisation.
Retrenchment	Retrenchment occurs when an employee's position is made redundant and the employee is terminated.
Revenue	The income flowing to an organisation from its operations, such as grants, donations, fundraising amounts and other funding sources. Many Not-For-Profit organisations (NFPs) refer to revenue or income as contributions.
Risk	A probability or threat of damage, liability, loss or negative occurrence which is caused by external or internal factors.
Risk management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Solvency	Ability to pay all debts as and when they become due and payable.

Term	Definition
Sponsorship	Support and commitment by the organisation's leaders to the change.
Stakeholders	Those individuals (not necessarily just employees) who are affected by the change.
Sub-contract	An arrangement where an organisation will take and complete a portion of a contract from the principal contractor or from another sub-contractor.
Success fee basis	An arrangement whereby fees charged for services can only be claimed upon a successful outcome.
Variable cost	Expense which fluctuates depending on the level of activity taking place or revenue earned or received for example, transport.
Voluntary administration	<p>External administration of a business / organisation occurs when Directors appoint an external administrator to:</p> <ul style="list-style-type: none"> • investigate the business's affairs • report and make recommendations to creditors as to the future. <p>Voluntary administration will usually occur if a business is insolvent or likely to become insolvent. It is a statutory process undertaken via the formal appointment of a Voluntary Administrator pursuant to the Corporations Act 2001.</p> <p>The provisions of the Corporations Act 2001 also apply to companies registered with ORIC but only to the extent to which they are capable of applying to an Aboriginal and Torres Strait Islander corporation and with the modifications specified in the regulations. Refer to Chapter 11 of the CATSI Act for further information.</p>

REDUNDANCY CHECKLIST (MODULE 3)

Checklist questions	Things to consider	✓/x
What is an acceptable reason for making a position redundant?	<ul style="list-style-type: none"> • The organisation no longer needs certain skills or duties to be done for example, as a result of new technology • Your organisation has to reduce its workforce to save it from going bankrupt / becoming insolvent • Significant change of location • Sale / general restructure of the organisation 	
Have you explored other options for redundancy?	Common options to consider are retraining, rewriting job descriptions, changing full-time to part-time or casual work, reducing hours or overtime, job redesign, transfers, getting people to take built-up leave, temporary shutdowns, cutting costs in other areas. The law requires you to explore other options.	
Have you considered what will happen when the skills, knowledge and duties of the position are gone?	If you make positions redundant, keep in mind the skills and knowledge you might need again (for example, when business bounces back) and what it will take to replace them. Some positions and duties will be essential to cash flow, safety or compliance. Which are they?	
Can you prove to a third party that redundancy was the only option?	You need to be able to show that redundancy was the last resort. Make sure you have financial and other records you can use, such as cash flow projections for after a redundancy or other financial statements, to support your decision.	
Can the position be turned into a part-time or casual position?	This will technically be a redundancy. You should consult a professional adviser to determine what, if any, entitlements must be paid at the time the change takes place. You should also be sure to consult within your workplace and possibly the union if replacing full-time positions with part-time or casual positions.	

Checklist questions	Things to consider	✓/x
<p>Are you clear about what redundancy (severance) pay and other entitlements you will need to pay?</p>	<p>The <i>Fair Work Act 2009</i> determines requirements for redundancy, and there may be additional requirements in each state or territory. It is best to check with an employment law adviser to determine redundancy pay. An employee's award, agreement or common law contract may also set out entitlements. In very limited circumstances, a specific employer may apply to the Fair Work Commission for a reduction in the redundancy amount to be paid.</p> <p>Employees who have worked with the organisation for less than 12 months are not generally entitled to redundancy pay, but must still be paid other entitlements where eligible, and treated fairly to avoid unfair and unlawful dismissal claims. Refer back to the Guide to Redundancy on page 8 of Module 3 for details. Remember to check the tax implications of any payments made.</p>	
<p>Have you consulted with employees and unions on the planned changes?</p>	<p>The sooner you consult the better. Early consultation with employees (and unions), even in confidence, will encourage smoother change, and may give you some invaluable ideas on how to reduce the impact of retrenchment on your employees. Most modern awards contain provisions obliging employers to consult with their employees about major workplace changes.</p>	
<p>Have you made certain you know the legally required notice period?</p>	<p>The <i>Fair Work Act 2009</i> specifies the legally required minimum notice of termination period depending on how long an employee has been employed and their age. The minimum notice period may be greater if specified in an employee's letter of offer or contract, or the applicable award or agreement..</p>	

Checklist questions	Things to consider	✓/x
What is payment in lieu of notice? Should you offer it?	Payment in lieu of notice is payment equal to the wages for the notice period, and is an alternative to having an employee work to the end of the notice period. You pay this to the employee if you decide to retrench them immediately, or before the end of the notice period. This is best done if mutually convenient for employer and employee. This payment is in addition to any redundancy payments to which the employee is entitled.	
Does the redundancy process need to be compulsory?	Employers can offer employees the option to resign without a compulsory selection process. This is known as voluntary redundancy.	
What selection process should you use?	These vary, but some, such as selection based on age or illness, may expose you to a discrimination claim. The process will depend on the type of restructure being undertaken. Selection based on performance and skills make good criteria where the number of workers performing the same job is being reduced.	
Have you kept records for your selection process?	You will need to be able to show how you made the selection and explored other options in case there is a claim later for unfair or unlawful dismissal or discrimination.	
Have you prepared a kit for employees setting out all their payments and how these were calculated?	The kit should include an Employment Separation Certificate and statement of service for Centrelink, as well as the name of the award or agreement you based your calculations and notice period on.	
What can you do to reduce the stress of an employee's job loss?	Keeping people up-to-date reduces the sense of uncertainty and fear (and therefore stress). Can you offer paid time off to look for work, investigate retraining opportunities, financial planning or specialist support ('outplacement consultants')? It is not essential, but if you have the resources it is considered good Human Resources practice to offer these.	

Checklist questions	Things to consider	✓/x
Have you followed correct procedures for an employee leaving?	Have retrenched staff returned property, such as uniforms, tools and keys? Have you changed their computer password and building security access? Remember to pay any outstanding entitlements including pay, superannuation, unused annual and long service leave and send payment summaries at the end of the tax year.	
Have you checked to see if counselling and other assistance (for both retrenched employees and remaining employees) are mentioned in awards, agreements or contracts?	While providing counselling might be beyond smaller organisations there are still free services you can refer employees to such as Money Help www.moneyhelp.org.au . You should also be able to offer the employee useful feedback on the employee's strengths to help them plan for their next job. If you have an apprentice, talk to your contact at Australian Apprenticeships or your Group Training Organisation to transfer the apprentice to another organisation.	
Have you prepared an appropriate farewell?	A send-off for those leaving is a respectful way to mark an important day for all.	
What can you do if you are bankrupt or insolvent, and cannot pay your employees their entitlements?	Advise your employees to contact the Fair Entitlements Guarantee hotline direct on 1300 135 040 . The Fair Entitlements Guarantee is a Commonwealth scheme that helps employees when a business becomes insolvent and cannot pay workers their redundancy payments. Employees should contact the hotline as soon as possible, as time limits for making claims apply. For further information see: Fair Entitlements Guarantee .	
Have you done your best to avoid unfair dismissal or unlawful dismissal?	Make sure you explore other options, document your research and discussions with employees, use a fair and consistent selection process, and err on the side of generosity if you can. Maintain open communications from the start and treat people with respect during what can be a stressful time.	

RISK REGISTER TEMPLATE (MODULE 5)

Number	Risk	Description	Cause	Consequence	Control/Mitigation Strategy	Risk Rating	Responsibility
1							
2							
3							
4							

RISK CONSEQUENCE RATING TEMPLATE (MODULE 5)

Consequence and Category	Insignificant	Minor	Moderate	Major	Severe

RISK LIKELIHOOD RATING TEMPLATE (MODULE 5)

Likelihood Rating

The number of times within a specified period which a risk may occur either as a consequence of business operations or through failure of operating systems, policies or procedures.

Rating	Description	Occurrence
Almost Certain	Expected to occur in most circumstances	Multiple / 12 months
Likely	Will probably occur in most circumstances	Once / 12 months
Possible	Might occur within 1 - 2 year time period	Once / 1 - 3 years
Unlikely	Could occur during a specified time period	Once / 3-10 years
Rare	May only occur in exceptional circumstances	Once / > 10 years

RISK RATING TEMPLATE (MODULE 5)

Likelihood / Consequence	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Moderate	Moderate	High	Very High	Very High
Likely	Moderate	Moderate	High	High	Very High
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Moderate	Moderate

EVALUATION AND TENDER QUALIFICATION CHECKLIST (MODULE 8)

1	Strategic qualification	Check
1.1	Does this opportunity fit within your organisation's objectives, strategic plan and purpose? What is the opportunity's 'strategic fit'?	
1.2	Is there value (strategic/other) to your organisation securing this opportunity?	
1.3	Is it in an industry you want to service?	
1.4	Is it important that your organisation is 'seen' to be bidding?	

2	Commercial qualification	Check
2.1	What are the funder's reasons for going out to tender? Are they clear and do you understand them fully?	
2.2	Is this opportunity going to be financially profitable to your organisation? How much is it worth and how profitable will it be?	
2.3	Does the opportunity form part of a larger opportunity? Is this opportunity likely to lead to further or more profitable business with the funder later? What is the potential future income stream from this opportunity?	
2.4	Do you fully understand the funder's business drivers?	
2.5	Do you have enough information to fully qualify the opportunity? Is more information required to further assess the situation?	
2.6	Does this funder currently provide funding to you?	

2	Commercial qualification	Check
	Have you done work for this organisation before? Do you have existing relationships within the funding organisation?	
2.7	Who are the decision-makers in the funding organisation? What is the state of your relationships with these people? Can you get access to all the decision-makers?	
2.8	What is the decision-making process? What are the likely decision criteria?	
2.9	What will it take to win this business and can you achieve this? What are your chances of winning this business?	

3	Competition	Check
3.1	Who are your competitors?	
3.2	What are the competition's strengths and weaknesses?	
3.3	How can you truly differentiate yourselves? What will your unique selling points be?	
3.4	What competitor analysis is available to you for this opportunity?	

4	Practical matters	Check
4.1	Can you meet the client's principal requirements? Do you understand their key drivers?	
4.2	Can you meet the client's timeframes, both for tender submission and delivery of service?	

4	Practical matters	Check
4.3	Is the scope of the tender appropriate?	
4.4	Can you get access to the right quality of information to do your work?	
4.5	Do you have the best team possible for this opportunity? Do you have the right skills and resources available to do the work? Are these resources available at the right time and in the right locations?	
4.6	What is the opportunity going to 'cost' you to win? What will the tender cost and do you have a budget for this?	

5	Risk analysis	Check
5.1	Is this the type of funding you want – does the funder have a good/solid reputation?	
5.2	Is this organisation legal – is the work legal?	
5.3	Are there any other professional risks associated with taking on this work?	
5.4	Are there any physical risks associated with the organisation?	
5.5	Does this opportunity present any conflict of interest?	
5.6	What is the funder's credit record? Do we need to run credit checks?	

EXAMPLE SWOT ANALYSIS (MODULE 9)

		<i>Internal</i>	
		S trengths	W eaknesses (or limitations)
<i>External</i>	O pportunities	SO list strengths which will enable the organisation to take advantage of opportunities	WO identify strategies that utilise opportunities to remove/minimise weaknesses
	T hreats	ST list strengths that can be used to remove/minimise any threats facing the company	WT identify strategies that can be used to overcome both weaknesses and threats

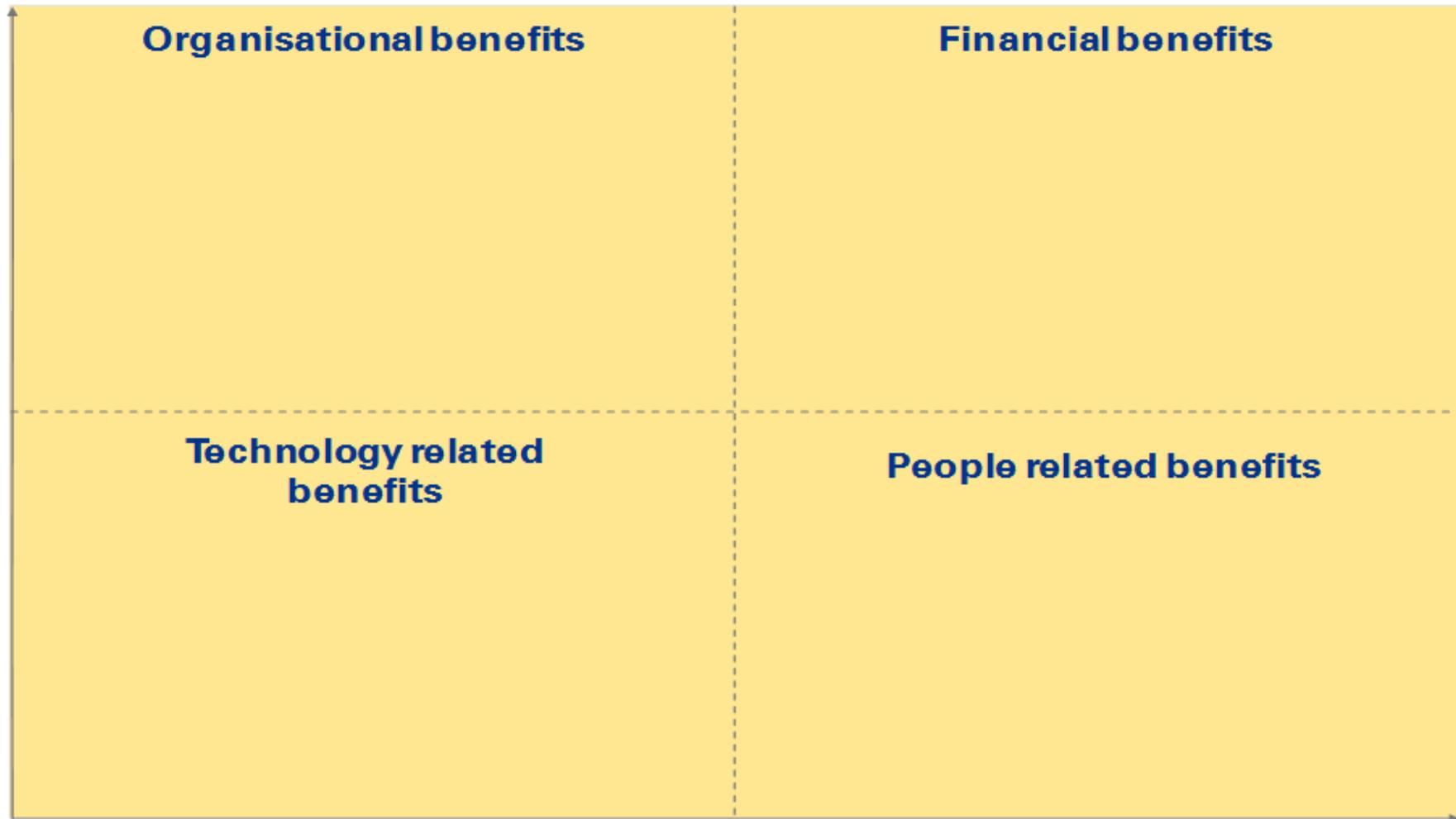
PESTLE ANALYSIS TEMPLATE (MODULE 9)

Factor	Considerations
Political	
Economic	
Social	
Technological	
Legal	
Environmental	

PORTERS FIVE FORCES TEMPLATE (MODULE 9)

Force	Considerations
New entrants	(How easy is it for new entrants to enter the market?)
Buyers	(Who funds the services and what are their requirements?)
Suppliers	(Suppliers might include job seekers and employers)
Substitutes	(Are there other organisations / services that can meet industry requirements?)
Industry competitors	(How competitive is the industry? Are there opportunities to work collaboratively?)

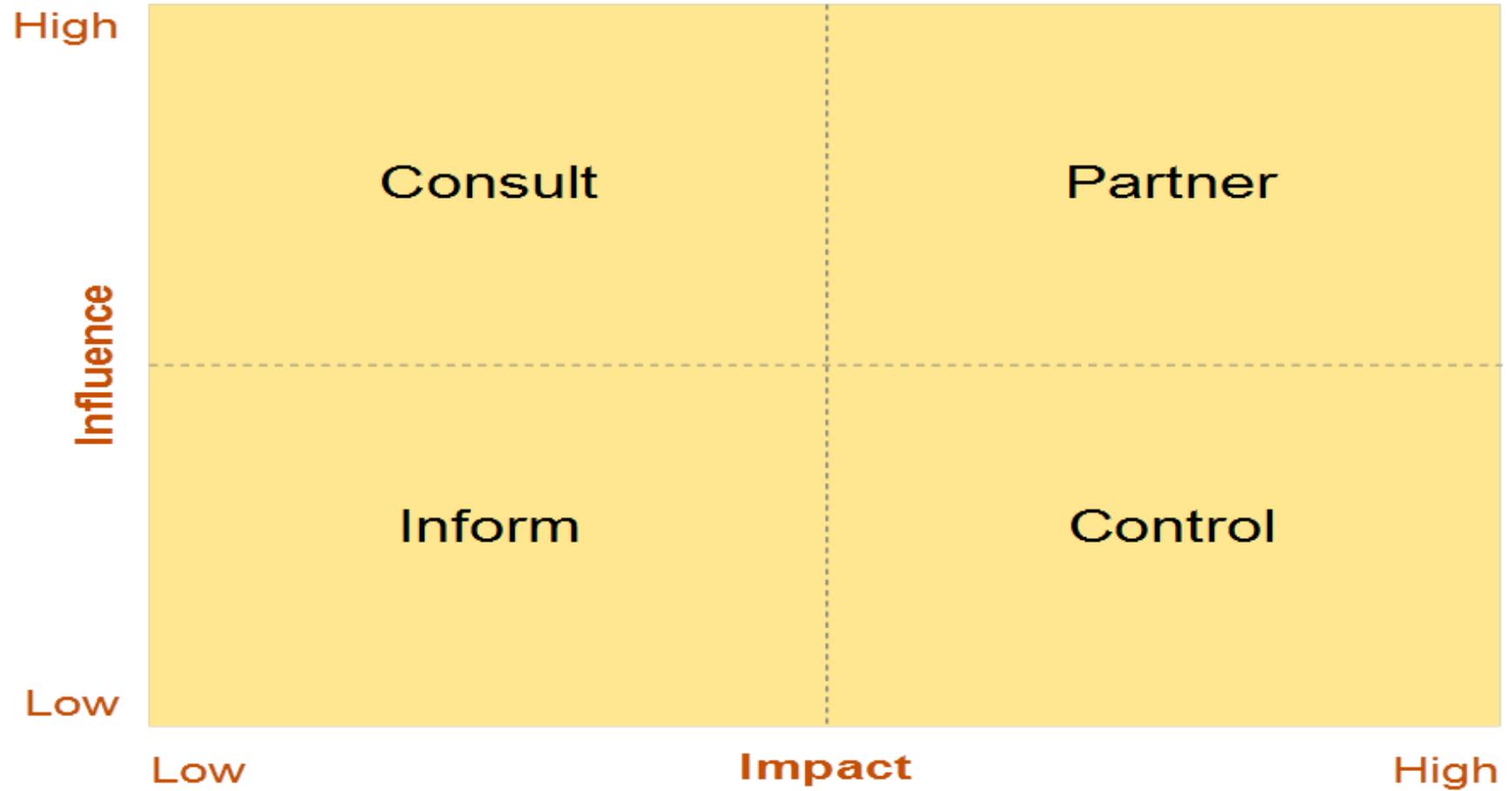
BENEFITS OF CHANGE TEMPLATE (MODULE 10)



STAKEHOLDER ANALYSIS MATRIX (MODULE 10)

Stakeholder Name and Role	What is the impact of the change on them?	What is their current understanding of the change?	What is their attitude towards the change? (Positive, Negative)	What influence do they have over the program? (H, M, L)	What are their key issues and concerns?

STAKEHOLDER IMPACT/INFLUENCE (MODULE 10)



COMMUNICATIONS PLAN TEMPLATE (MODULE 10)

Goal: What is the goal of the communication plan?

Key Messages: What are the messages that your communication needs to get across (refer to your change benefits)?

Item	Details
Who are you communicating to? (Audience)	e.g.: All staff
What do they need to know?	What is happening to them? Why is it happening? When will it happen? What are their options?
When do they need to know it?	Date / ongoing
How are you going to tell them?	Face-to-face briefings Weekly team meetings Weekly email from CEO
Who is going to tell them?	CEO initial briefing Supervisor regular updates
Feedback	Open question forum

MANAGER'S CHECKLIST TEMPLATE (MODULE 10)

THE MESSAGE

- Is my message consistent with that of HR, executives, and other managers? What additional information do I need to effectively communicate with my team?
- Does my message detail the business rationale behind the change and explain the benefit?
- Does my message ask for staff's help in making the change work effectively?
- Does my message show support for the change (i.e., help others accept the change)?
- Does my message clarify the vision, plans, and progress of the change initiative?
- Does my message relay how the change will affect employees and the business in the short and long term?
- Does my message provide as many details as possible?
- Does my message address the "What's in it for me?" question?
- Does my message supply realistic detail of both the positives and negatives of the change?
- Does my message let employees know that the organisation understands the range of emotions associated with the change?

THE COMMUNICATION STRATEGY

- Are my formal and informal communications timely, honest, and accurate?
- Am I repeating key messages numerous times?
- Have I addressed employee questions and issues, and have I captured and escalated important employee concerns?
- Has the organisation determined how to clearly communicate what is expected of employees and resources available to them to help them transition?
- Do I communicate proactively and adjust my communication approach depending on employee reactions?
- Do I create opportunities for two-way, face-to-face dialogue and follow-up on items of concern following these conversations?
- Am I reaching my audience via numerous channels?

Adapted from Corporate Leadership Council research

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