



Tamworth Regional Development Corporation

MAKING IT HAPPEN

Strategic Plan 2007-10

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1. Executive Summary

Tamworth Regional Development Corporation (TRDC) is a joint venture between Tamworth Regional Council and the local business community.

After a period of introspection, TRDC embarked upon a new strategic direction in 2006-07 with greater clarity of vision and sound financial fundamentals from which to operate. This plan builds upon that redirection with a specific focus on the deliverables for 2007-08.

While TRDC's constitutional objectives are extremely broad, TRDC's resource base requires the organisation to focus on a small number of strategic initiatives which will contribute optimal rewards to the regional economy. In 2007-10, these priorities are:

- Skill shortages, with a particular focus on improving the regional business community's ability to attract, retain and develop appropriate skills.
- Business transfers, with a particular focus on improving succession planning within the regional business community.
- Aviation industry, with a particular focus on assessing the opportunities and threats for the region given its natural asset of globally competitive flying conditions and existing aviation cluster, and developing a strategic plan.
- Equine industry, with a particular focus on assessing the opportunities and threats for the region in the wake of the completion of the Australian Equine & Livestock Centre, and developing a strategic plan.
- Regional promotion, with a particular focus on attracting new and relocating businesses and individuals, thereby growing the region's critical mass and human capital availability.

Each of these initiatives are significant projects individually and encompass a diverse range of stakeholders. To be effective in this environment, TRDC must collaborate with a diverse range of stakeholders to leverage external resources wherever possible. Importantly, TRDC's independence provides a unique opportunity for the organisation to strategically lead and coordinate this range of strategic initiatives.

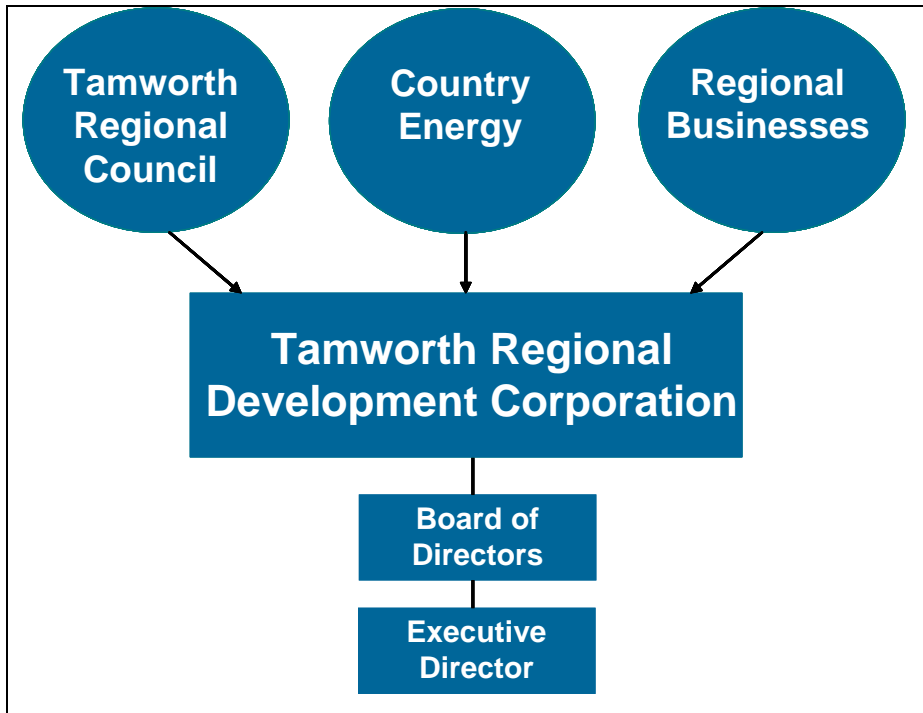
To successfully deliver on these results, TRDC must also have an effective and efficient operating environment in place. This requires an appropriate governance regime to support its strategic activities. Accordingly, the strategic plan also encompasses these elements.



2. Business Model

Structure

TRDC is a joint venture between Tamworth Regional Council (TRC) and the local business community. Revenue is generated through the sale of annual memberships (cost \$110 inclusive of GST) and through financial contributions from TRC and Country Energy.



Constitutional Objectives

Under its Constitution, the objects for which TRDC was established are:

- To promote the balanced development of the Tamworth region by all means and in every respect including:
 - the retention, expansion and diversification of existing industries, and commercial activity generally
 - the attraction of new industries and commercial enterprises
 - the identification of cost disabilities to existing and prospective industries and commercial enterprises and the taking of appropriate action to remedy such disabilities
 - the identification and promotion of prospective investments in the Tamworth region
 - the identification, promotion and marketing of the products of the Tamworth region
 - assisting local manufacturers, primary producers and business people generally to be more efficient and competitive through the provision of a comprehensive advisory and referral service.

- To develop to their optimum potential whether social or otherwise the human, physical and environmental resources of the Tamworth region.
- To encourage local manufacturers, primary producers and business people generally to develop new products and enter new markets, to increase production levels and create new employment in the Tamworth region.
- To advise any government or authority, local or otherwise, on problems generally affecting the Tamworth region including matters relating to industrial, commercial or social development.
- To carry out research into any matter which is within the objects of the TDC.
- To provide a forum for discussion of matters relating to the Tamworth region and its progress and growth.
- To encourage unity and pride within the Tamworth region and for such purpose to institute a regional education programme.
- To create a positive attitude both within and beyond the Tamworth region as to its suitability as a place in which to live and to work.

Board

Consistent with the company's Constitution, the TRDC board comprises the following members (members as at 26 April 2006 are denoted in brackets):

- a chairman appointed by the board (Chris Power)
- the General Manager, Tamworth Regional Council (Glen Inglis)
- two directors or their appointees of Tamworth Regional Council (Alison McGaffin, Russell Webb)
- the regional executive of Country Energy (Matt Patterson)
- the President of Tamworth & District Chamber of Commerce (Tim Coates)
- three member elected directors (Tim Blakely).



3. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • TRDC is an independent body to the Council and individual businesses, is not restricted by Local Government Committee rules and is able to operate with more flexibility and agility • Wider membership allows a forum for the development of opinion and needs regarding Regional Economic Development • The current Board Members have a sound business and community background • Three year funding agreement and retained earnings provides sound financial management platform 	<ul style="list-style-type: none"> • TRDC does not have the resources and capabilities to set up a wholesale “business development campaign”. Present funding of around \$200k p.a. restricts capabilities • High degree of key person dependency • Constitutional objectives are so broad as to be unachievable
Opportunities	Threats
<ul style="list-style-type: none"> • To take a leadership role in crafting a vibrant and dynamic regional economy through focusing on the needs and opportunities of the local business community • To inspire and nurture improved business management practices to increase the regional business community’s ability to adapt to environmental changes and emerging opportunities • To better promote the region’s lifestyle advantages to prospective new residents and businesses dissatisfied with their existing arrangements • To better leverage existing and prospective services for the region’s advantage • To better access Government funding opportunities • To develop and leverage relationships with key stakeholders. 	<ul style="list-style-type: none"> • TRDC may lose support of TRC and/or the business community, negatively impacting its financial position • Diverse stakeholder base and resultant diverse expectations about TRDC priorities may undermine delivery of meaningful outcomes as resources are stretched across too many activities.



4. 2007-10 Strategic Plan

TRDC utilises the Balanced Scorecard methodology for strategic planning and strategy execution. This methodology establishes a Strategy Map, which describes the organisation's key strategic objectives in a one page format, and a Balanced Scorecard which identifies a series of measures of performance for these objectives which can be effectively monitored by the Board and management in assessing performance. (Background information on this methodology can be found in Appendix 1.)

The following Strategic Plan has been adopted by TRDC for the period 2007-10.

Mission

TRDC encourages, supports and facilitates economic growth across the Tamworth region through collaboration with the community.

Values

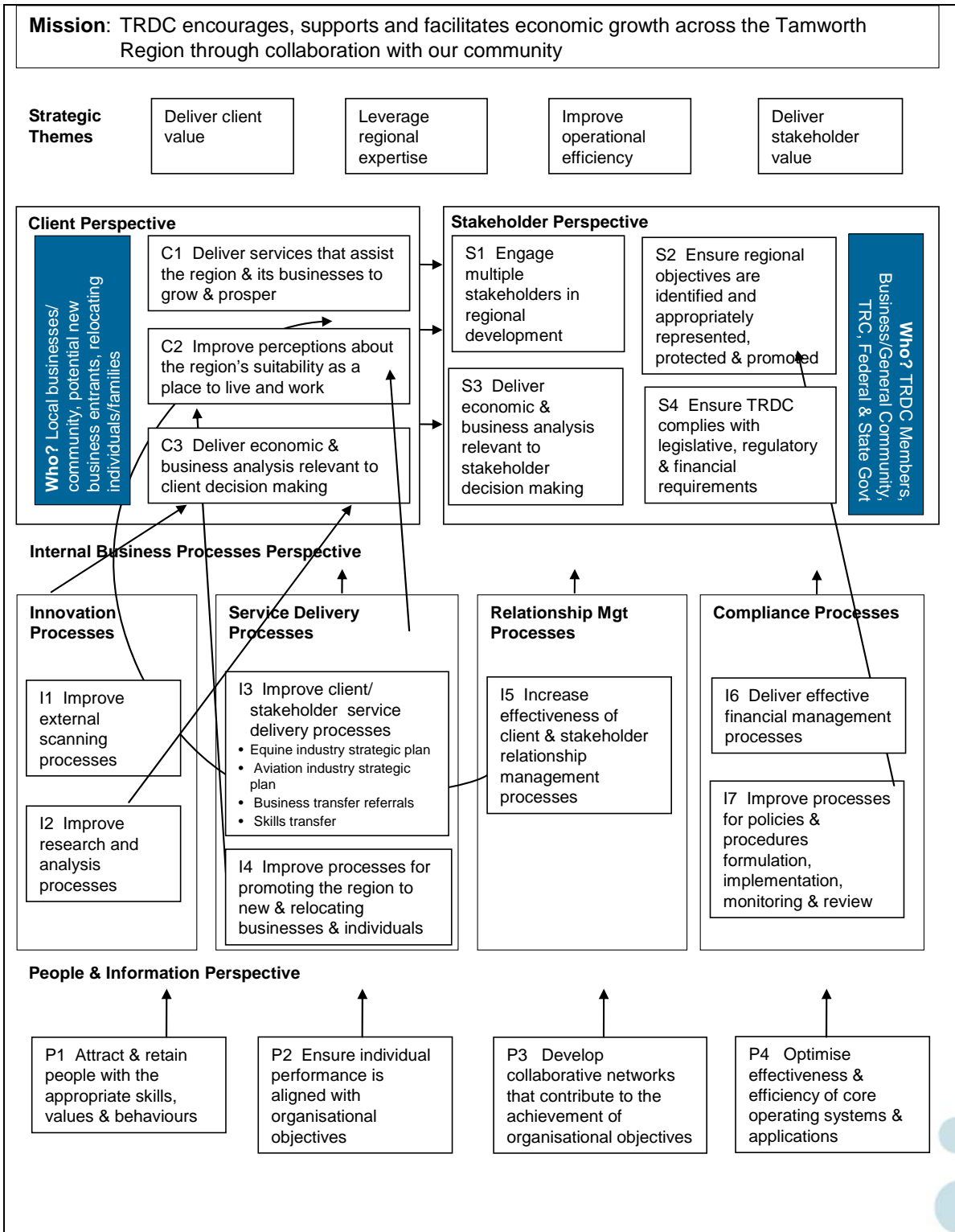
TRDC values the following behavioural competencies:

- proactivity
- collaboration
- creativity
- leadership
- customer service
- commitment
- accessibility.

Strategic Themes & Objectives

TRDC's strategic themes and objectives are summarised in the following Strategy Map.





The Client and Stakeholder Perspectives of the above Strategy Map are the outputs or outcomes which TRDC is seeking to achieve. The Internal Business Processes and People & Information Perspectives are the inputs or tangible and intangible people, information, systems and processes that TRDC has at its disposal with which to deliver the desired outcomes.

TRDC's greatest challenge is to ensure the effective and efficient allocation of these resources to optimise the outputs sought. Thus the remainder of the plan will focus on the resource allocation choices, or strategic initiatives, for 2007-08 with regard to the objectives which make up the input perspectives, the Internal Business Processes and People & Information Perspectives.

5. 2007-08 Strategic Initiatives

Internal Business Process Perspective (I)

I-1 Improve external scanning processes

External scanning provides TRDC with information about emerging opportunities and threats. TRDC must ensure that it has sufficient external focus to access industry, government and community information through regular participation in relevant forums.

I-2 Improve research and analysis processes

The availability of recent statistical data about regional economic drivers is extremely limited. The provision of this information to the Tamworth regional business community is currently sporadic and often difficult to access. In 2006-07, TRDC identified an online community profile which TRC has subsequently purchased and implemented. This has made some progress towards addressing these statistical needs, however, further information is required. Accordingly in 2007-08, TRDC will undertake the following:

- Jointly with TRC commission a study of what indicators currently exist for the regional economy and identify any key information gaps.
- Collaborate with other bodies and organisations to identify alternative or proxy measures that are or can be collected to provide indicators of performance within these key information gaps.
- Jointly with TRC commission a research organisation to routinely collect, analyse and consistently present data relevant to the Tamworth regional business community.
- Regularly communicate these indicators to the community.

I-3 Improve client & stakeholder service delivery processes

TRDC has identified five key business priorities to pursue over the period 2007-10:

- Skill shortages, with a particular focus on improving the regional business community's ability to attract, retain and develop appropriate skills.
- Business transfers, with a particular focus on improving succession planning within the regional business community.



- Aviation industry, with a particular focus on assessing the opportunities and threats for the region given its natural asset of globally competitive flying conditions and existing aviation cluster, and developing a strategic plan.
- Equine industry, with a particular focus on assessing the opportunities and threats for the region in the wake of the completion of the Australian Equine & Livestock Centre, and developing a strategic plan.
- The fifth priority is about promoting the region to new and relocating businesses and individuals and is covered off separately in I4 below.

In 2006-07, TRDC developed a Regional Employment Strategy, formed a Business Transfers Working Group and assisted TRC to obtain \$50,000 in NSW Government funding to undertake an aviation industry strategic review.

In 2007-8, TRDC will continue to collaborate with individuals and organisations relevant to these four priorities to further progress strategy development and implement subsequent action plans.

I-4 Improve processes for promoting the region to new and relocating businesses and individuals

The skills shortage has been identified as the single most important issue facing the Tamworth regional business community. Efforts to address this need to encompass both demand and supply side initiatives. That is, by both growing the region's critical mass to increase its attractiveness as a place to live and work, and through directly facilitating the flow of labour to the region through more accessible, consistent and targeted promotional activities.

This objective is interrelated with I-3 above, but specifically focuses on delivery of promotional activities. In 2006-07, TRDC developed a promotional document about the region to be available to the business community, placed in all hotel/motel rooms across the region, and be utilised in specific marketing initiatives such as Country Week. TRDC is currently redeveloping its website and is collaborating with TRC to redevelop the Tamworth Portal. TRDC also commissioned a research project to explore new resident requirements and is currently developing a New Residents Welcome Kit to reflect that feedback.

In 2007-08, TRDC will focus on finalising these key information building blocks, with a particular emphasis on better use of technology to promote the region more effectively and efficiently.

I-5 Increase effectiveness of client and stakeholder relationship management processes

Better communication flows between TRDC and its clients and stakeholders is an immediate focus of improvement energies. In particular, TRDC needs to more effectively communicate its activities to stakeholders, within the constraints of commercial confidentiality. In 2007-08, TRDC will continue to develop client and stakeholder relationships, with a particular emphasis on better utilisation of technology to provide more effective and efficient communication tools.



I-6 Deliver effective financial management processes

TRDC must ensure that its financial management processes are effective both in terms of expenditure control and revenue management. This is particularly important given TRDC will be outsourcing administrative functions to TRC in the coming year. In 2007-08, the focus will be upon ensuring the robust expenditure management framework developed and implemented in 2006-07 is maintained and refined as required.

I-7 Improve processes for policies & procedures formulation, implementation, monitoring & review

TRDC revisited key policies and procedures relating to a variety of compliance and reporting requirements in 2006-07 and a number of new policies were subsequently approved by the board. A watching brief on ongoing compliance requirements will be maintained in 2007-08.

People & Information Perspective (P)

P-1 Attract & retain people with appropriate skills, values and behaviours

TRDC has a clear vision for its future, along with articulating the values and behaviours required by human resources in the delivery of this vision. TRDC's people resource requirements, both salaried and voluntary, will be continually assessed in light of this vision and the core competencies required to deliver this.

P-2 Ensure individual performance is aligned with organisational objectives

Using the Balanced Scorecard methodology, TRDC is moving to a system of greater performance measurement and monitoring. This is an incremental project as some measures of performance require specific energies to create processes for data collection and analysis, while others will be simple to implement. Moving down this path always requires cost/benefit assessments, so measures of performance that provide the greatest cost/benefit return will be prioritised.

Individual staff members have performance management plans directly linked to TRDC's strategy map and balanced scorecard, ensuring greater alignment with TRDC's vision.

In addition, any committees, working groups, networks etc that TRDC establishes will have clear agendas and performance charters to ensure clarity of focus and effectiveness.

P-3 Develop collaborative networks that contribute to the achievement of organisational objectives

TRDC's success is intrinsically linked to the development of collaborative relationships with stakeholders, clients, and the broader business, government and community participants. Much more can be achieved collectively than from individual effort, so it is important to ensure there is minimal duplication and maximum collaboration across all sectors. In 2007-08, TRDC will be seeking to establish and/or participate in networks which contribute to the achievement of its vision, particularly in relation to the five business priorities noted in I-3 & I-4 above.



P-4 Optimise effectiveness & efficiency of core operating systems and applications

In 2006-07, TRDC outsourced certain administrative functions to TRC, most notably in the areas of accounts, records management and information technology. This provides TRDC with a more cost effective and robust administration framework and better equips TRDC to allocate resources to other priorities.

In 2007-08, opportunities to further streamline core operating systems will also be explored. Of particular focus will be TRDC's technology utilisation to ensure TRDC is taking advantage of the efficiency dividends emerging technology can deliver.

6. Measures of Performance

TRDC is moving to a model of greater transparency and accountability and this will be assisted by the development of measures of performance which can be monitored to assess achievement of objectives in the first instance, and secondly, the relevance of the objectives set.

TRDC has commenced developing and implementing a range of internal measures of performance, some of which will be reported on externally to stakeholders to keep them informed of TRDC's progress. These include:

- % stakeholder satisfaction
- % client satisfaction
- % enquiries successfully responded to
- % delivery of initiatives.



7. Budget

Following is TRDC's 2007-08 budget, which estimates an operating deficit of \$44,308, the financing of which is to be sourced from retained earnings, which as at 31 March 2007 stood at \$133.768.

	Proposed 2006-07	Actual 9 Mths to Mar 07	Proposed 2007-08
Income			
Membership Fees	12500	12250	13000
Contributions			
Council	157271	127371	160721
Country Energy	29900	30000	29900
Other		1220	0
Interest & Dividends Received	12000	9085	12000
	<u>211671</u>	<u>179926</u>	<u>215621</u>
Expenses			
Advertising	2000	0	1000
Accounting	5000	1875	5000
Bank charges	150	195	300
Audit	0	0	0
Cleaning	1600	1040	1750
Computer sw & expe	1000	0	1000
Conference/Training (incl travel & accom)	5000	1670	4000
Depreciation	2500		2500
Filing fees	1000	0	850
General Expenses	250	83	250
Insurance - other	4000	4075	4500
Internet	7500	1006	5000
Legal Fees	0	2117	0
Meetings & Entertainment	5000	1894	5000
Motor Vehicle expenses	200	0	200
Motor Vehicle Lease Less Leaseback	8412	6378	8412
Permits, Licences & Fees	500	105	500
Postage	2000	570	2000
Printing & Stationery	7500	5680	7500
Publications Research	2500	3437	4500
Rent	12267	9200	12267
Repairs & Maintenance	700	192	500
Salaries & Wages	120000	101984	155000
Special Projects	30000	1980	30000
Staff Welfare & Amenities	300	178	300
Telecommunications	5000	2254	4500
Travel & Accommodation (non-training)	2500	944	2500
Workers Compensation	600	328	600
	<u>227479</u>	<u>147186</u>	<u>259929</u>
Operating Surplus/Deficit	<u>-15808</u>	<u>32740</u>	<u>-44308</u>

Key assumptions

Revenue

Membership growth assumed to be an additional 5 members.

TRC Special Projects budget assumed fully utilised (\$30,000).

No additional donations are assumed to be received.

Interest earnings are expected to be steady given the combined impact of significant retained earnings plus expected minimal change in interest rates.

Expenditure

Administration fee increase reflects additional outsourcing of services to TRC, with document management yet to be fully implemented in 2006-07 numbers.

Additional staff training and development activities expected to ensure required skills and expertise are available.

Internet costs expected to be up again due to participation in redevelopment of Tamworth Portal.

Meetings and Entertainment costs reflect more proactive and frequent interaction with business, government and community and development of networks collaborating on TRDC business priorities.

Printing and stationery costs, Publications and research, Telecommunications, and Travel and accommodation are expected to increase concurrently with increased TRDC business activity, particularly promotional activities.



Appendix 1 – The Balanced Scorecard

Strategy is hypothesising the cause and effect of organisational choices with a view to maximising outcomes from limited resources. Put simply, it's about developing a game plan. However, strategy in isolation is meaningless without follow through, or execution. Therefore, TRDC needs to ensure it has clearly defined choices about what it will (and won't) do, and can articulate this in a way that can be easily communicated, regularly monitored, and readily adapted to meet the needs of a constantly changing environment.

A widely accepted planning approach developed to meet these requirements, known as the Balanced Scorecard (BSC), is being implemented at TRDC. Following is some background information about the methodology that will be useful in understanding the approach TRDC is taking.

The BSC methodology reflects two core principles:

- 'what gets measured, gets done' and
- 'you can't **manage** what you can't **measure** and you can't **measure** what you can't **describe**'.

Based on the latter principle, there are three steps involved in the BSC:

1. **Describe** – articulate the organisation's strategy in one page.
2. **Measure** – identify measures that help the organisation to monitor its progress in achieving the strategy.
3. **Manage** – identify the short-term outcomes, the steps along the way, the strategic initiatives that need to be delivered to achieve the strategy and monitor progress in these.

The focus should be strategic, not operational, and should reflect the organisation's medium to long-term priorities (the next three to five years).

Step 1 - Describe

A 'strategy in a page' is referred to as a Strategy Map. This is built by defining a series of perspectives that build upon each other to deliver the end outcome – achievement of the mission/vision.

For a public-sector type organisation such as TRDC, which does not have profitability as its core driver, the four perspectives are:

- Stakeholder – who are TRDC's stakeholders and what outcomes/outputs does TRDC need to deliver to them?
- Client – who are TRDC's clients and what outcomes/outputs does TRDC need to deliver to them?
- Internal Business Processes – what are the activities that TRDC must absolutely excel at to deliver the outcomes that stakeholders and clients want?
- People & Information – what are the values, skills, systems, networks, the intangibles that TRDC must leverage through its Internal Business Processes to deliver the outcomes that stakeholders and clients require?

This process is started by brainstorming each perspective, then prioritising the results. Each element is then explored to assess current performance. From this, a series of objectives are developed across all perspectives.

At the end of this process, the organisation has a simple, one page, Strategy Map that describes its objectives for the period ahead (usually a three to five year horizon). This can be readily communicated to others, and the achievement of each objective can be regularly monitored via a series of measures of performance (to be discussed next).

Finally, as noted above, strategy is merely hypothesising about causes and effects. Over time, these hypotheses will be tested, while the operating environment will also be constantly evolving. TRDC's strategy will need to be updated to reflect these changes. Iteratively amending a concise 'living' document is significantly easier than revisiting some voluminous planning document.

Step 2 - Measure

Next step is to explore the objectives to ascertain what measures TRDC can monitor to assess its ongoing performance in achieving its strategy.

This is done by asking two questions:

1. If we are achieving this objective, what are we seeing happening around us? What outcomes are manifesting?
2. What are the steps along the way; what activities do we have to undertake to achieve the objective?

From this will fall a series of lead and lag measures that are monitored in assessing execution of strategy. These measures form the Balanced Scorecard. Once measures are identified, they need to be defined and processes for data collection, analysis, and reporting developed and implemented.

Step 3 - Manage

Once the BSC is developed, a number of prioritised initiatives will need to be implemented either to help achieve the strategy (managing the business), or to create a process for collecting the measures of performance. The latter may appear to be somewhat cumbersome, or distracting from the achievement of the strategy. However, experience shows that the process of collecting data for the BSC actually generates streamlined and innovative new internal processes, so are well worth the effort.

The series of strategic initiatives in effect become the business plan for the next 12 months.

This step also includes reporting. Choices need to be made about how often results are reported, in what format, and to whom. This is dictated by the nature of the business, the frequency with which measures are collected (high volume measures lend themselves to more frequent reporting), and the requirements of end users.

