



ASIAN PRODUCTIVITY ORGANIZATION

PROJECT IMPLEMENTATION PLAN

16 September 2016

- 1. Project Code** 16-IN-04-GE-DMP-C-03
- 2. Title** Development of Demonstration Companies:
Implementation of Performance Management Architecture,
Indonesia
- 3. Reference** Project Notification 16-IN-04-GE-DMP-C dated 19
November 2015
- 4. Timing and Duration** The duration of the implementation of the project will be
from 12 to 15 months, including the dissemination period.
The commencement date is scheduled for October 2016.
Tentative details of the implementation schedules will be
given later.
- 5. Implementing
Organization** Directorate of Productivity Development, Directorate General
of Training and Productivity, Ministry of Manpower,
Indonesia (NPO Indonesia)
- 6. Mission** The mission of an APO Productivity Demonstration
Company is to convey success stories on the development
and implementation of productivity improvement initiatives
undertaken by all stakeholders. An APO Productivity
Demonstration Company should epitomize an enterprise-wide
productivity movement that achieves business expansion,
increases profits and customer satisfaction, reduces waste,
enables energy saving, and leads to fair, equitable, mutually
satisfying productivity gain-sharing for both management and
workers.

7. Objectives

Under an APO Productivity Demonstration Company project, the designated National Productivity Organization (NPO) is expected to:

- a. Showcase how an organization can successfully design and implement productivity improvement initiatives with the commitment and active participation of all productivity stakeholders;
- b. Demonstrate visibly and tangibly how productivity improvement initiatives lead to outstanding results for the organization;
- c. Illustrate the benefits of productivity gain-sharing in boosting the motivation, morale, welfare, and overall achievements of the workers; and

- d. Disseminate results of the model organization to inspire other institutes, workers, and all stakeholders to promote productivity more vigorously in their workplaces.

8. Background

In response to the Project Notification on the Development of Demonstration Companies dated 19 November 2015, the NPO Indonesia submitted a proposal for a demonstration company project on the implementation of performance management architecture, focusing on medical equipment and hospital furniture suppliers.

Performance management is a systematic process by which an organization aligns its resources and employees with its strategic objectives. An effective performance management system helps organizations to mobilize and allocate resources effectively and enhance employee satisfaction, contributing to higher productivity. Embodied in a continuous process of planning, implementing, measuring, evaluating, and feedback, performance management helps to deliver quality outputs as well as improve overall organizational operations.

The proposed project will focus on establishing an effective performance management structure for the demonstration company, motivating the company's employees, and incorporating its resources and management techniques. The demonstration company is expected to share the experiences of adopting such a structure and encourage other enterprises to undertake similar improvements in performance management.

The APO has been promoting effective performance management to enhance productivity in both the public and private sectors. A demonstration company project for developing key performance indicators for the manufacturing and service sectors in Vietnam was conducted in 2013, and various workshops on performance management were held in India, Indonesia, Malaysia, Pakistan, the Philippines, and Sri Lanka in the last decade. The APO is commissioning this project for the multiplier effects envisaged by the NPO Indonesia as part of its continuous efforts to promote productivity improvement.

9. Collaborating Partners

This project is to be implemented in close collaboration with the following parties:

- a. The APO Secretariat (hereafter referred to as the APO);
- b. Directorate of Productivity Development, Directorate General of Training and Productivity, Ministry of Manpower, Indonesia (hereafter referred to as the NPO); and
- c. Tesena Inovindo (hereafter referred to as the demonstration company).

10. Roles and Responsibilities

The collaborating parties will perform the following duties:

The APO

- a. Coordinate communication among the international expert(s), NPO, and demonstration company to ensure smooth implementation of the project;

- b. Identify, select, and assign an appropriate international technical expert(s) to the demonstration company to implement productivity improvement plans and activities aiming at setting up an effective performance management system; and
- c. Advise the NPO and demonstration company on planning and organizing a dissemination workshop for local participants and, if applicable, a multicountry observational mission for overseas participants enabling them to learn directly from the experiences of the demonstration company.

The NPO

- a. Appoint a coordinator from the NPO office/NPO branch office who will serve as the focal point for communication and coordinate the overall schedule for implementation of the project in the country;
- b. Provide, in addition to a coordinator, the necessary number of technical experts from the NPO to work as counterparts to the international expert(s) assigned by the APO;
- c. Monitor closely the process of implementation, particularly the key performance areas;
- d. Measure the productivity improvement progress at the demonstration company using quantitative and qualitative data and analyses;
- e. Coordinate and supervise the company in the production of a multimedia record such as video/DVD demonstrating the experiences of the demonstration company;
- f. Assist and supervise the demonstration company in preparing an interim report and comprehensive final report for submission to the APO;
- g. Organize a dissemination workshop upon completion of the project to enable experience sharing and learning by the local public and/or international participants following the advice of the APO;
- h. Compile the overall activities of the project in a practical, easy-to-follow manual/guidelines so that similar exercises can be replicated by other organizations in the country; and
- i. Prepare a final report, stressing analyses of the impact of the demonstration project on NPO activities and productivity promotion in the region in general, as well as suggestions/recommendations for replication in the country with emphases on the utilization of local talent, local networks, and local resources.

The Demonstration Company

- a. Accept and facilitate consultancy services conducted by the expert(s) assigned by the APO and counterpart experts from the NPO;
- b. Designate a coordinator and necessary team members to work closely with the APO and NPO team of experts;

- c. Arrange all logistical requirements relating to the project (such as local transportation, discussion rooms, etc.) for both the APO expert(s) and counterpart experts from the NPO;
- d. Submit an interim report at midterm to review the progress of implementation and identify corrections and adjustments as necessary;
- e. Record on video from the start of the process of implementation activities to produce a multimedia record such as video/DVD upon completion of the project in association and consultation with the NPO;
- f. Announce, publicize, and prominently display the APO's presence and involvement in the demonstration company throughout the duration of the project;
- g. Share the experiences of the demonstration company with local and overseas parties who are interested in learning about productivity improvement through establishing a performance management system;
- h. Present the experiences in a dissemination workshop to be organized upon completion of the project; and
- i. Prepare a comprehensive final report for submission to the APO explaining the initiatives and technical details of the projects, overall analyses of the benefits, impact of the established performance management system, and competitiveness gained by the demonstration company upon completion of the project.

11. Expense Sharing

The APO

- a. All expenses for assignment of the international expert(s), covering airfare, daily subsistence allowances, and overseas travel insurance;
- b. Expenses* for producing a practical manual for replication of the experience (to be prepared by the NPO) of up to USD2,000;
- c. Expenses* for the production of a multimedia record (to be prepared by the NPO) of up to USD3,000; and
- d. Expenses* for conducting a dissemination workshop for the local public (to be arranged by the NPO) of up to USD5,000.

*The disbursement of expenses will be made at the appropriate times corresponding with the specific activities undertaken and following submission of the necessary supporting documents under the applicable APO rules and regulations for disbursement of project expenses. Please also refer to clause 14-c of this document.

The NPO

- a. Expenses relating to the assignment of a coordinator and NPO expert(s) involved in this project.

The Demonstration Company

- a. Expenses for logistical arrangements related to the implementation of the project, including local travel costs of the APO international expert(s) and NPO experts for transportation between the demonstration company/sites and the NPO office/branch office;
- b. Costs associated with the purchase and installation of equipment and/or fixtures relating to the implementation of the project, if any; and
- c. All other expenses for the implementation of the project not covered by the APO and/or NPO.

12. Methodology

The project will be conducted in the following three stages:

- Planning;
- Implementation; and
- Dissemination.

The planning stage consists of a diagnostic survey regarding the establishment of a performance management system, which includes understanding the operations of the demonstration company, identifying the challenges faced by it, collecting data and information, and developing a master plan for the remainder of this project and the overall implementation of the performance management system in the demonstration company. This stage will also involve the capacity building of all stakeholders engaged in the implementation. It is expected to be completed within two to three months.

The implementation stage involves setting up a performance management framework and establishing a system in the demonstration company which effectively aligns the targets of management, the operational units, and the employees with the company's strategic objectives. This refers to practical, action-oriented, on-site activities that engage international and local experts, the NPO, and all other stakeholders. This stage will be carried out by the demonstration company with the guidance of the experts and is expected to be completed in eight to 10 months.

The dissemination stage evaluates the improvement efforts and initiatives implemented. It also extracts the main lessons learned to provide a practical guide and encourage other organizations to follow it in the future. Among the main activities expected in this stage are the finalization and production of a practical manual, a multimedia record, and the organization of a national dissemination workshop. This stage should be completed in two months.

13. Project Schedule

It is expected that four visits of the APO expert(s) will be needed for this project, although the actual number and duration will be identified by the expert(s), demonstration company, and the APO after the first expert visit in October 2016. Subsequent visits should tentatively be scheduled at intervals of two to three months such as in February, May, and August 2017.

The duration of each visit should be approximately within one to two weeks, subject to the availability of the expert(s) and approval by the APO.

14. Accounting Procedures

- a. In regard to the expenses for the multimedia record and training manual production, 50% of the APO share can be advanced after the Project Implementation Plan is issued. The remaining 50% will be paid in exchange for the training manual, multimedia record, and final project report according to the proof of expense payment.
- b. If a local seminar/workshop is to be held, 50% of the APO share can be advanced before the seminar/workshop implementation and the remaining 50% will be paid after implementation according to the proof of expense payment.
- c. For the settlement of expenses, the NPO is requested to provide all necessary proof of payment to the APO after completion of the program. The proof of payment, such as bills, payment records, and receipts, should be issued by third parties and must be submitted to the APO altogether at one time. The proof of payment should be written in clear English or with an English translation if not originally in English. The final payment will be made based on the actual expenditure after the NPO submits the proof of payment, training manual, multimedia record, and the final project report. In general, internal evidence is not accepted as proof of payment and the expenses claimed by it will not be reimbursed.

15. Final Project Outputs

The Demonstration Company Project will be completed with the submission of the following:

- a. A final report prepared by NPO and demonstration company and endorsed by the NPO;
- b. Practical manual for replication (in soft copies and/or printed hard copies) prepared by the NPO and demonstration company; and
- c. A multimedia record such as video/DVD of the experiences of the demonstration company prepared by the demonstration company.

The APO will issue a certificate of completion to the demonstration company upon completion of the project.



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