



Business Planning

Based on Presentation for Client
Workshop, March 2004

The Context

- Developing a new integrated Debt Office inside or outside Ministry of Finance
- High-level risk management strategy determined by Ministers on advice from Debt Office and others
- “External” governance framework
 - Some operational & managerial responsibility delegated to Debt Office
 - Associated with greater accountability
- Internal governance, management and risk control structures to be developed

Why a Business Plan

- Debt Office's "tasks"
 - Setting the 'vision', or the picture of the future
 - Managing integration
 - Establishing internal organisation and management structures
 - Front, middle, back office
 - Horizontal decision-making
 - Internal communication
 - Operational risk management
 - Developing capacity – IT and people
 - Projects – many and various
 - Change programme for staff – team building, communication
- Supported by Business Planning process
 - Develop as a "project"
 - Appoint project manager, working directly to Head of Debt Office

The Business Plan Template

- Identify Debt Office's high level aim or mission statement
- Elaborate into strategic objectives
 - What needs to be achieved under each over, say, three years.
 - Incorporate assessment of uncertainties in the external environment
- Identify more specific outputs or targets over year ahead
- Review the areas of business activity, inc projects, needed to meet targets, and implied capabilities
- Explore the organisational implications, including for operational risk management
- Address the process of internal change needed to achieve the business objectives
- Develop Office's budget, and proposals for capacity building and/or additional resources – people, training, IT...

Process

- Has to be managed along with the day job – and needs to involve senior staff
- Benefits from a dedicated project manager reporting to Head of Debt Office
 - Guided by Steering Committee of senior managers?
 - Skills in project management and organisational change
- Working with individual managers and teams to identify activities and output
- Contributing to follow-up

Business Planning - 1

- Identify Debt Office's high level aim or mission statement
 - Distinguish between Ministry of Finance's and Office's objectives
 - E.g. “develop and deliver the government's debt and cash management objectives, with high regard to risk, efficiency and cost effectiveness”
- Elaborate into strategic objectives – and what needs to be achieved under each heading over, say, 3 years. Examples:
 - Consistently meeting debt strategy objectives
 - Advising on portfolio – developing portfolio risk management framework and analytical capability
 - Integrating and developing cash management function
 - Building money and debt markets
 - Managed internally with high regard for efficiency, effectiveness and value-for-money; and for staff motivation

Business Planning – 2

- Identify more specific outputs or targets, including projects, to meet these objectives over the year ahead.
- Some are projects; some are measurable; some are continuing to do well what has always been done well. Examples:
 - Reducing auction turn-round times
 - Developing new benchmark or portfolio objective
 - Widening range of counterparties
 - Targets for reducing idle balances, subject to minimum balance
 - Improved forecasting
 - Issuing shorter-term Treasury bills – associated marketing
 - Rolling out new risk management framework

Business Planning – 3

- Identify organisational implications
 - Iterative process of identifying activities, and efficient configuration subject to operational risk management.
 - Integrating cash management
 - Developing specialisms – front, middle, back office
 - Operational control framework
- Address internal change to meet business objectives
 - “Change management programme” - communication
 - Human resource plan – identify skill gaps & training needs
 - Setting objectives for individuals, and reviewing their performance
 - Supporting business objectives and programme of change
 - As possible, gear any incentive or bonus arrangements to this

Business Planning – 4

- Develop Debt Office's budget
 - Proposals for additional resources
 - Link timing to Ministry of Finance's budget cycle
 - Systems requirements
 - Identify and prioritise projects
 - Skills gaps
 - Recruitment and retention issues
 - Scope for secondment, any pay flexibility
 - Training plan