Change
Why is the failure rate for organisation change so high?
In this issue of Management Services…

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Chairman’s Column

I feel honoured to have been elected as Chairman of the Institute, as it is an organisation that has played a central role in my life since I was first elected to Council in 1977. During my term of office I hope that we can continue the innovative approach we have had over the past eight years and continue to modernise our Institute so that it maintains its rightful position as a key source of information for improving productivity. I am always happy to speak to members if they contact me at my home email address: Blanchflower@merseymail.com.

At the Council meeting, following the AGM on October 10, the following officers were elected: President – John Thurso MP for Caithness, Sutherland and Easter Ross; Chairman – David Blanchflower; Deputy Chairman – Dr Andrew Muir; Treasurer – Dr John Lucey; Company Secretary – Harry Downes. I would like to wish them well in their respective roles and take the opportunity of welcoming Andrew Muir back on to Council.

Following the recent turmoil in the financial markets, the world is entering a period of recession which is likely to last until the end of 2010. As a consequence, companies are trying to reduce operating costs and increase productivity. This is, inevitably, leading to job losses, which has resulted in the highest level of unemployment for ten years. As companies strive to contain and reduce their cost base and boost productivity, we may see a modest resurgence in the application of our core tools and techniques.

We are currently in the process of improving our website (www.ims-productivity.com) and the transition of the site from the old one to the new one commenced at the beginning of November. By creating and submitting the special sitemap file to search engines, we are able to speed up the adoption of the addresses of new pages in those search engines’ indexes. I can now report that in the two weeks since the new site went live, Google has now indexed 119 pages out of the total 139 pages on the new site. The pages are beginning to rank reasonably well in searches for a wide range of search terms, which is excellent given the short amount of time that the new site has been live.

Over the next year the Council will be undertaking a thorough strategic review, which will result in a clarification of the future strategy that is required to increase membership, particularly in the developing world. Once this has been completed, it will be the subject of a paper in the Journal and the membership will be invited to comment.

In conclusion, I would like to wish you all a happy and peaceful Christmas and best wishes for 2009.

David Blanchflower, Chairman

North West Region

Temple Visit

The North West Region Board has organised two or three ‘works visits’ per year for the past six years and, without exception, all have met with the approval of the participants. On October 8 there was another outing which was attended by members, some of their wives and an Institute visitor from York. All participants shared a new experience at the Church of Jesus Christ of Latter Day Saints in Chorley, where we viewed various venues, although the temple itself was closed to visitors.

On arrival, the visiting party was greeted by David Atkins. He explained, in some detail, the history, purpose and functions of the Mormon culture and religion.

The next host was Nick Wild, Temple Engineer, who talked about and displayed site structures as his main topic. Further interesting information was made available, which included baptism procedures.

An on-site building housed the Preston Family History Centre, where Julie Rimmer and Moira Whillans explained and demonstrated the tracing of ancestors, using a computer as an aid. This was very enlightening and is evidently of use to the Church as it enables them to trace back three to five generations.

We appreciated the dedication of our friendly guides and mentors and our Region Education Officer, Bob Fletcher, proposed a vote of thanks for a memorable afternoon.

Two visitors from the North West Region being shown how to trace their family history through the records of the Mormon Church
North West Region Annual General Meeting
There will be an AGM on Saturday 10 January 2009 at the Rigbye Arms, 2 Whittle Lane, High Moor, Wrightington, near Wigan, WN6 9Q8. Please arrive at 10am to begin at 10.15am. Enquiries to Chairman Kevan Kelly on 01257 271066 or Keith Gowing on 0161 962 0367.

Christmas Wishes
The North West Region Chairman, Kevan Kelly, and Board Members wish all members and their families a Merry Christmas and a prosperous New Year.

"Merry Christmas and a prosperous New Year"


Chairman: R.W. Pearce (0114) 2481793
Secretary: D. Findon (0151) 4233175
Technical/Examinations/Membership: P.D. Horton (0182) 761424

The early methods pioneers judged that there was “one best method” for carrying out a task and in particular it was F.B. Gilbreth who held and practised this belief. Today the UK MTM Association still practises the concept that there is one best method in the use of resources and from that is derived the most economical time for the job in hand. This takes account of all resources, human, material, machines and workplace layout. Our name has a specific meaning, in that the concentration upon the best working method and its derivation by a recognised MTM system will provide the best solution in terms of time and therefore cost. Where work is performed that contains a manual input, there will be an MTM system suitable for your needs whether the work is short-cycle and highly repetitive, or is based around small-batch manufacture.

Please note our new logo above. It will be incorporated into all future MTM examination certificates for MTM 1, MTM 2, and MTM UAS examinations, together with watermark, IMD logo, MTMA company seal and signatures of two Board Members. No certificate will be genuine in the absence of any of these.
Continuing Professional Development for IMS ‘students’

A report explaining how Scott-Grant helped Jobcentre Plus think ‘Lean’.

When the IMS Certificate course was changed in 2005, from a six week to a four week course, the content was revised too. The final module in the new course is now ‘Developing a Lean environment’, reflecting current business practice.

Conscious of this, some students who attained their Certificate qualification before the Lean module was introduced, were anxious to continue their professional development.

As productivity improvement specialists for over 30 years, we at Scott-Grant have been champions of Lean principles in the learning and practical implementation for many of those 30 years. In our work as training providers and suppliers of contract personnel to address productivity issues, we encourage organisations from all sectors to eliminate waste, add value, be more productive, more competitive, more responsive.

Lean in the public sector
We have trained people for the IMS certificate for many years. A number of our delegates are from the public sector and more recently include the NHS, Prison Service, Forestry Commission, the police, HMRC, Court Service and the Department for Work and Pensions (DWP).

Jobcentre Plus is a Government agency supporting people of working age from welfare into work, and helping employers to fill their vacancies. As part of the DWP, they play a major role in supporting the department’s aim to ‘promote opportunity and independence for all, through modern, customer-focused services.’

Lean thinking is actively being encouraged at all levels in Jobcentre Plus but, understandably, the 14 productivity professionals in their Work Study and Costing Team wanted a more in-depth understanding of Lean. (They were also joined on the course by their Costing colleagues.)

Mike Seaman, Training and Technical Director at Scott-Grant, delivered two week-long in-company learning events in October and November this year at Mayfield Court (one of Jobcentre Plus’ Head Office buildings in Sheffield). This
involved taking the team through Lean principles, giving them a thorough grounding in how to develop a Lean environment in their clerical industry. “This has given us a great foundation to be able to apply Lean tools and techniques effectively in our working environment and will help us to support the implementation of Lean throughout the organisation,” said Christopher Smith, Head of Profession for DWP.

At the end of the training, delegates took and passed the IMS modular examination. For those who have an earlier IMS Certificate, a new certificate is being issued by the Institute to include the Lean module.

This is an important development for productivity professionals, as they can now reflect the latest thinking in their studies if they successfully complete Module 4 of the new Certificate course. Continuing Professional Development (CPD) is actively encouraged further by the IMS with this option.

**The clerical world finally gets included**
Lean initiatives have widespread popularity these days – and for excellent reasons. Originally conceived in the manufacturing sector at Toyota, the principles are applicable to all industries.

What it might surprise readers to know is that most companies who say they have ‘gone Lean’ were really only referring to their production processes. Lean thinking has tended to stop at the physical tasks of making a product. Even at Toyota, and in many other industrial enterprises on both sides of the Atlantic, Lean thinking was not applied in any clerical or admin functions – that is until comparatively recently.

“This has given us a great foundation to be able to apply Lean tools and techniques effectively in our working environment”

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**The very best professional help**

We are always keen to help members and any enquirers of the Institute in their quest for knowledge or assistance when it comes to productivity issues. We’d like to draw readers’ attention to the following solutions for help with Performance Rating, which is still an internationally used technique.

**New rating films for professional analysts**
We have explored the possibility of creating new rating films but found the costs quite prohibitive. We were advised by Scott-Grant Ltd, one of our accredited training providers, that they had recently produced a new and comprehensive series of 12 rating films on DVD and we have fortunately managed to secure access to them. The rating films show examples of real jobs being undertaken in the workplace and the industries include manufacturing • electronics • engineering • distribution • timber • needle trade • retail • manual work • warehousing • high volume distribution

All the films are intended to develop the application skills of analysts. They are an invaluable means of professional development for re-calibrating and maintaining the rating accuracy of every professional analyst, to ensure that the high standards of the Institute are maintained.

**Performance Rating explained**
Scott-Grant have also produced “How do you rate?” – a practical, 35 minute DVD to explain clearly how to use Performance Rating when measuring work. We would encourage every industry to use this film if they want to improve productivity in their workplace. Although the subject matter is very serious, “How do you rate?” delivers its message in a relaxed and entertaining way. Above all it is designed to be informative, practical and memorable.

Within 20 minutes viewers will have the opportunity to assess performance in carrying out a simple task, using the criteria explained in the film.

Please contact Lynette at the Institute head office Tel 00 44 (0)1543 266909 for more details.
John Seddon is well known for adapting the Toyota Production System (TPS) and applying it to the service sector. He describes the purpose of this book as to illustrate how bureaucracy and red tape have driven public services in totally the wrong direction. The investment in the UK public sector has not been matched by a corresponding increase in improvement. There are several misconceptions responsible for this. Inspection does not drive improvement and economies of scale do not always reduce costs, as they contribute to increasing costs.

The reform regime has its origins in economic theory and a central idea in systems thinking is the relationship between purpose, measures and method. The main plank of the Government’s reform programme has been targets. Chapter seven explains why targets do not work and it seems that ministers have consistently failed to grasp this. As a consequence, more effort is spent manipulating the tables, rather than concentrating on improving the situation. This is illustrated by a report by Sir Ronnie Flanagan, Her Majesty’s Chief Inspector of Constabulary. He describes the present burden of bureaucracy as staggering, compared to what existed in his day in the front line and he recognises that there is now a culture of risk aversion.

Systems thinking has identified five wastes that can be removed or drastically reduced and these are:

1. The cost of people spending time writing specifications. The public sector employment has grown by more than 800,000 since 1997.
2. The cost of inspection is a massive investment in unreliable evaluation.
3. The cost of preparing for inspections is massive, as organisations spend inordinate amounts of time and money preparing for these inspections.
4. The cost of the specifications being wrong is regarded as the greatest waste.
5. The cost of demoralisation is high, as staff have been through all the preparation, worry, unhelpful bureaucracy and stress, only to be met by someone for a brief time who has made an arbitrary judgement.

This book has been very well received by managers in the public sector, who recognise all too well the wastes described by John Seddon. Probably a must read for management service staff who are engaged in improvement programmes.

Reviewed by John Lucey

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Dr John J Lucey
John started in Work Study with an engineering company and moved to a subsidiary of British Leyland before becoming Work Study Manager with an international armaments manufacturer. He was promoted to the position of Contracts Manager and in 1977 he gave up his job to do an MSc in Industrial Management at Loughborough University, where he won the award for best student.
He spent two years working as Manufacturing Manager in a military optics company in Singapore, before joining the Boots Company in 1984 as Industrial Engineering Manager. It was at this time that John joined the IMS Council and has served continuously since. He was Chairman from 2003 until 2008.
In 1989, he was appointed a Factory Manager with Boots Contracting, until his retirement in 2004. In 2002, John commenced part time research into the sustainability of Lean Manufacturing with Cardiff Business School and has published many papers. He was awarded his PhD in April 2008, while he was still Chairman of the Institute.

Why is the failure rate for organisation change so high?
Winning the hearts and minds of their staff is an important objective for progressive companies but it would seem that they are failing, as the failure rate for major transitions continues to be very high. In his model for managing organisational change Moore (2003), quotes Joseph Juran who states: ‘If you don’t measure it, you can’t manage it.’ (Moore, 2003, p24).

The scale of major transition failure is often difficult to determine, as the majority of failures go unreported. Strebel (1996) states: “That change management isn’t working, as it should. In a telling statistic, leading practitioners of corporate re-engineering report that success rates in Fortune 1000 companies are well below 50%; some say they are as low as 20%.” (Strebel, 1996, p86).

Ernst & Young (1992) stated that 75% of all transitions fail and 50%-75% of re-engineering projects fail. Over the last decade, approximately 84% of US companies underwent at least one major business transformation. A Chinese proverb says that ‘the beginning of wisdom is to call things by their right names’ and transitions are no exception. Bridges (2002) states: “It isn’t the changes that do you in, it’s the transition. Change is not the same as transition. Change is situational: the new site, the new boss, the new team roles, the new policy. Transition is the psychological process people go through to come to terms with the new situation. Change is external, transition is internal.” (Bridges, 2002, p3).

Alexander (1985) surveyed 93 private sector companies using a questionnaire to determine which implementation problems occurred most frequently as they tried to implement strategic decisions. Most of the potential problems were identified from a literature review. A few of the implementation problems were suggested by Chief Executive Officers in interviews conducted by Alexander (1985). The ten most commonly occurring implementation problems were produced according to their mean ratings. The ten reasons listed in Table 5.1 were the only ones rated as problems by more than half of the sample group.

Kotter and Schlesinger (1979) pointed out that: “No matter how good a job one does in selecting a change strategy and tactics, something unexpected will eventually occur during implementation. Only by carefully monitoring the process can one identify the unexpected in a timely fashion and react to it intelligently.” (Kotter and Schlesinger, 1979, p113).

That was almost 30 years ago and it is also number two in Alexander’s list, which itself is 22 years old. Kotter (1996a) states that, to date, major transformations have helped some organisations like General Electric (GE), Allied Signal and Motorola adapt significantly to shifting conditions. In too many situations that he has

“Whenever a business is forced to adjust to shifting conditions, pain is ever present”

<table>
<thead>
<tr>
<th>Table 5.1 Ten most frequent occurring implementation problems</th>
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<tbody>
<tr>
<td><strong>Ten Most Frequent Implementation Problems</strong></td>
</tr>
<tr>
<td>1. Implementation took longer than planned</td>
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<td>2. Major unanticipated problems occurred during implementation</td>
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<td>3. Co-ordination of implementation activities was not effective enough</td>
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<td>4. Competing activities and crises distracted attention from implementation</td>
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<td>5. Skills and abilities of implementation team were lacking</td>
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<td>6. Training and instructions to lower level employees was not good enough</td>
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<td>7. Uncontrollable factors in the external environment affected the change.</td>
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<td>8. Leadership and direction by department managers was not good enough</td>
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<tr>
<td>9. Key implementation tasks and activities were not defined in enough detail</td>
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<tr>
<td>10. Information systems used to monitor implementation were not adequate</td>
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</tbody>
</table>

Source: Alexander, (1985), p93

Table 5.1: Ten most frequent occurring implementation problems
Source: Alexander (1985), p93
“Leaders foster change and create an environment where change is the norm, whereas managers stabilise the organisation and ensure that the changes are well implemented”

witnessed the improvements have been disappointing and the associated turmoil has been considerable, with wasted resources and burned out, scared or frustrated employees.

Kotter (1996a) goes on to stress that the downside of change is inevitable: “Whenever a business is forced to adjust to shifting conditions, pain is ever present. But a significant amount of waste and anguish we’ve witnessed in the past decade is avoidable.” (Kotter, 1996a, p168).

To successfully enact change, it is important to have a clear vision and to get everyone in the organisation engaged in the process. Kotter (1996a) found that most transitions never make it that far because managers fail to overcome complacency. It is interesting to examine the six reasons that Kotter (1996a), identified to explain the context of the complacency he witnessed:

1. No highly visible crisis was apparent to the staff. The firm was not losing money. No one had threatened a big layoff. As a rational analyst, you could argue that the company was in a crisis because of steadily declining market shares and margins, but that’s a different issue. The point here was that employees did not see a major threat and thus their sense of urgency was low.
2. The meeting was taking place in a room that screamed success. The 30-foot antique mahogany table could have been traded evenly for three new Audis and a Buick. The wall fabrics, wool carpeting and overall décor were as beautiful as they were expensive. The subliminal message was clear: we’re rich, we’re winners and we must be doing something right. So relax, have lunch.
3. The standards against which these managers measured themselves were low and they were becoming short-sighted, ‘profits are up 10% over last year’. What was not said was that profits were down 30% from five years ago and industry wide profits were up nearly 20% over the previous 12 months.
4. People focused their attention on narrow functional goals, instead of broad business performance. Marketing had its indexes, manufacturing had a different set, personnel yet another. Only the CEO was responsible for overall sales, net income, and return on equity. So when the most basic measures of corporate performance were going down, virtually no one felt responsible.
5. The various internal planning and control systems were rigged to make it easy for everyone to meet their functional goals. People in the corporate marketing group told me they achieved 94% of their objectives during the previous year. A typical goal: ‘Launch a new ad campaign by June 15.’ Increasing market share was not deemed to be an appropriate target.
6. Whatever feedback people received came almost entirely from these faulty internal systems. Criticism from external stakeholders rarely reached anyone. An employee could work for months and never be confronted with an unsatisfied customer, an angry stockholder, or a frustrated supplier (Kotter, 1996a, p169).

It is vital, therefore, to remove all sources of
complacency and create a strong sense of urgency. Kotter (1996a) quoted the Japanese entrepreneur, Konosuke Matsushita, who stopped his management team from becoming complacent, despite record earnings, by setting outrageous five-year goals.

The same point was made by Roddock (2007), writing about Michael O’Leary, the CEO of Ryanair, when he joined the company. Although the airline had lost an ever increasing amount of money since its launch three years earlier, its headquarters gave the impression of a successful company.

Management of change versus the leadership of change

There is often confusion between the management of change and the leadership of change and a great deal of early literature talks about managing change. Bennis (1994) refers to the different behaviours involved in the management and leadership of change which is detailed in Figure 5.1.

Moore (2003) agrees with Bennis (1994) and states: “Leaders foster change and create an environment where change is the norm, whereas managers stabilise the organisation and ensure that the changes are well implemented.” (Moore, 2003, p22).

Which is more important? The fact is that both sets of behaviour are necessary to achieve excellence and people who have the Bennis (1994) leadership characteristics tend to be better at fostering change. Different approaches may be needed, depending upon where you are in the transition.

Kotter (1999) makes the same point: “Management is not leadership, it is more about controlling and problem solving and producing the short-term results expected by the various stakeholders. Leadership is about establishing direction, developing a vision of the future and setting strategies for making the changes needed to achieve that vision. Leadership is about aligning people, communicating the direction by words and deeds to all those whose co-operation may be needed. Influencing the creation of teams and coalitions that understand the vision and accept their roles in the implementation of strategy.

“Leadership is about motivating, inspiring and energising people to overcome major political, bureaucratic and resource barriers to change by satisfying basic but unfulfilled needs. Leadership produces change, often dramatic change and may produce extremely useful change, such as new products and new approaches to labour relations.” (Kotter, 1999, p17).

Such leadership can produce what Kanter (1989) calls the Jesuit principle of management – it is faster to go ahead and if challenged, it is easier to beg forgiveness than ask permission. This was particularly good advice for middle managers who wanted to press ahead with change but often faced roadblocks from senior managers.

Research findings

Research involving three groups of professionals, who deal almost exclusively with change, was undertaken in 2002. The three groups were
consultants, academics and writers on organisational change.

The consultants interviewed covered a wide spectrum of industry and were: Adeeb Dhallai, who at that time worked exclusively on major change programmes for KPMG, he is now the Managing Director of KPMG ATOS; Chris Lovatt, who worked for the Boots Group and was leading a major change programme in the procurement of goods and services. Prior to that he worked for Ernst and Young on high profile change programmes for large companies; and John McManus, who was a practising manager in change management and specialised in information technology. He has since joined the University of Lincoln as a senior research fellow in the Business Management Faculty.

The academics interviewed were: Professor Peter Wickens, OBE, who was the Director of Personnel and Information Systems for Nissan Motor Manufacturing (UK) Ltd, when it set up on a green field site in the North East. He is an acknowledged writer on change and lean manufacturing; Professor Rick Delbridge is Professor of Organisational Analysis at Cardiff Business School. His research interests include manufacturing management and the organisation of work and workplace relations; Dr Valarie Crute is a member of the UK Lean Aerospace Initiative at the University of Bath Business School, which is working with British Aerospace companies on a large change programme which is helping UK Aerospace embrace lean manufacturing.

The writers selected were: John Kotter, the author of Leading Change and the Konosuke Matsuchita Professor of Learning at the Harvard Business School; Kurt Lewin, because of his major influence upon social sciences research specialising in group dynamics and the transaction of change. He conceived the concept of force field analysis and the three stage change model of unfreeze, change and refreeze; Rosabeth Moss Kanter, the Class of 1960 Professor of Business Administration at Harvard Business School and a former editor of the Harvard Business Review. She consults on major change and is a prolific author on change.

The interviews with the consultants and academics were conducted at their place of work or their home and advance notice was given regarding the question to be asked, which was: ‘why do you think the failure rate for major change transformations is so high?’

The interviews lasted between one and a half and three hours and the notes of the interviews with the consultants and academics were subsequently shared and validated with the interviewees. In total, 15 reasons why major change transitions fail were identified. To aid analysis and structure, these 15 reasons were summarised and classified using the Lewin’s (1951) renowned three stage model of unfreezing, changing and re-freezing and analysed stage by stage.

“There needed to be a clear and regular communications strategy in place, prior to the change process commencing, to create a clear sense of urgency”

Why major lean transitions fail in the unfreeze stage

Figure 5.2 is an analysis of the reasons why major change transformations fail in the unfreezing stage.

Reasons one to four account for 29 of the 33 ‘ticks’, consequently, the majority of the interpretation of the findings from this stage were concentrated on these four reasons.

Reason one, ‘a lack of clear executive vision and leadership’, and reason two, ‘a lack of an effective communications strategy’, each recorded eight ticks. Reason three, ‘a failure to create a sense of urgency’, recorded seven ticks, and reason four, ‘poor consultation with all stakeholders’, recorded six ticks.

For reasons one to four there was a very high level of agreement between the consultants (11 ticks) and the writers (ten ticks). The academics recorded eight ticks for reasons one to four and gave slightly less emphasis to reason one, two and three.

The level of agreement between the three groups for this stage of the change process was the highest of all the stages. Reason six, which was ‘the change ambition of a company can outstrip reality’, got two ticks, which were from the consultants, and reason five, which was ‘the failure to recognise company history and culture’, only got
one ‘tick’ from the academics and writers.

Adeeb Dhallai (consultant) admitted that unless his ‘potential’ client is prepared to commit to reasons one, two and three, he would decline the assignment on the grounds that it was destined to fail. Professor Peter Wickens (academic) emphasised the need for a regular and robust communications process prior to, during and after the transformation. Professor Rick Delbridge (academic) emphasised the importance of executive sponsorship and effective communications channels.

In summary, the results of this phase strongly indicate that 21 ticks. Consequently, the majority of the interpretations from this stage were concentrated on these four reasons. The results of this stage were not as clustered as those of the unfreeze stage. Reason nine, ‘the failure to make quick wins’, was only supported by one writer, and reason 12, ‘using an outsider to transact the change’, was only supported by one academic.

Reason eight, ‘the lack of a structured methodology and project management’, was supported by all three groups, especially the writers and attracted six ticks. Reason ten, ‘the failure to mobilise change champions’, was supported by all three groups, especially by

<table>
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<tr>
<th>Reasons for Failure</th>
<th>Consultants</th>
<th>Academics</th>
<th>Writers</th>
</tr>
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<tbody>
<tr>
<td>1. Lack of clear executive vision and leadership.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Lack of effective communication strategy.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Failure to create a sense of urgency.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Poor consultation with all stakeholders.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5. Failure to recognise company history and culture.</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6. Change ambition can outstrip reality.</td>
<td>✓</td>
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</tbody>
</table>

Figure 5.2: Why major lean transformations fail in the unfreeze stage
Source: Lucey et al, 2005

There is some agreement with reasons three, five, nine and ten that Alexander (1985) identified as the most frequent implementation problems and they are detailed in Table 5.1.

Adeeb Dhallai (consultant) admitted that if a potential client was not prepared to provide a dedicated implementation team with the requisite skill set and adopt a structured implementation methodology with dedicated project management, he would decline the assignment as it would fail at this stage. Professor Delbridge (academic) cited the lack of a structured approach as the main reason why transitions fail at this stage. These views are also

Figure 5.2 Why major lean transformations fail in the unfreeze stage
Source: Lucey et al, 2005

unless reasons one to four are adopted for the unfreeze stage, the major lean transformation is destined to fail in the first phase. These views are also supported by all the writers, Kotter (1995), Kanter (1995), and Lewin (1951).

Why major lean transitions fail in the change stage
Figure 5.3 (on the next page) is an analysis of the reasons major change transformations fail in the change stage. Reasons seven, eight, ten and 11 account for 19 of the the academics and writers and attracted five ticks. Reason seven, ‘the absence of a dedicated and fully resourced implementation team’, was supported by all three groups, especially by the writers and attracted four ticks. Reason 11, ‘the lack of sympathetic human resource policies’ was supported by the consultants and writers and attracted four ticks. Reasons seven, eight, ten and 11 were the most supported in the change stage and, with the exception of reason 11, they were all supported by all three groups.

Why major lean transformations fail in the refreeze stage
Figure 5.4 (see the next page) is an analysis of why

“More time needs to be spent on engaging the staff prior to the start of the transition, as this is the key to embedding and sustaining the change”
major lean transformations fail in the refreeze stage. Reasons 13 and 15 account for nine out of the 11 ticks. The results of this stage were quite varied. Reason 13, ‘the failure to continually recognise and celebrate success’, was supported by all three groups and attracted five ticks. Reason 15, ‘the failure to engage employees’, was supported by a consultant and all three writers and attracted four ticks. Professor Wickens (academic) and Chris Lovatt (consultant) cite the failure to continually monitor and evaluate the outcome as the main reason for failure in this stage. Adeeb Dhallai (consultant) stressed that the engagement of trade unions and staff is vital to refreezing the change and achieving sustainability.

In the change stage, which was detailed in Figure 5.3, the willingness of the company to provide a dedicated and fully resourced implementation team and adopt a structured implementation methodology was paramount to successfully transacting the change. In the refreeze stage, which was detailed in Figure 5.4, the writers felt that the engagement of staff was very important but this was only supported by one consultant.

Comparison of interview findings against Kotter (1996) and Alexander (1985)

To aid comparison with Kotter (1995) and Alexander (1985), the 15 reasons why major lean transformations fail were reduced to the top ten by removing the five lowest supported reasons. As a consequence, reasons number five, six, nine, 12 and 14, which only had eight ticks between them were removed.

The researcher’s remaining top ten reasons are detailed in Table 5.2 and compared with Kotter’s (1995) eight reasons and Alexander’s (1985) top ten change implementation problems.

The top four reasons for failure identified in this research include three of Kotter’s (1995) top four reasons, albeit, not quite in the same order. The researcher’s reasons five, six, seven and eight include Kotter’s reasons five, six and eight, and almost in the same order.

It should be remembered that Alexander concentrated solely on implementation problems and, in this respect, his reasons one, two, three, and four can be attributed to the researcher’s number five, which cites the lack of a structured methodology and project management, which supports the views of Adeeb Dhallai and Professor Delbridge, who also cite this as a major reason for failure.

Kotter has spoken many times about the waste of both human and monetary resources, so it is reassuring that sympathetic human resource policies were included in his eight reasons. While Kotter has hinted that the support of staff is helpful, the actual surveying of staff prior to and during the transformation was not mentioned. The research indicated that managers were becoming more aware
of the need to fully engage staff and this is a different process to having an employee communication policy. It is interesting, however, that Alexander did not include the need to engage staff or the need for sympathetic human resource policies in his ten reasons for implementation failures.

Discussion and conclusions on why major lean transformations fail
This section briefly discusses the research findings for each stage of the change process and identifies the key conclusions.

The unfreeze stage
In the unfreeze stage, which was detailed in Figure 5.2, the consultants, academics and writers clearly felt that the right style of leadership is paramount and transformations need to be led by a person who has a clear vision, a long term perspective, challenges the status quo, focuses on people and inspires trust. Bennis (1994) and Kotter (1996) emphasise that major change has to be led, rather than managed.

In addition, there needed to be a clear and regular communications strategy in place, prior to the change process commencing, to create a clear sense of urgency. The consultation with all stakeholders, prior to the commencement of the unfreeze stage, was considered vital to get everyone engaged and there was broad consensus for the reasons for failure in the first stage. The unfreezing stage received the biggest individual score from each group and accounts for 50% of the total ticks. This supports Kotter (1995), who found that over 50% of the 100 companies he studied failed in the first phase of their change programme.

If a transformation starts to fail at this stage, it is almost certain to be unsuccessful. Menzias and Starbuck (2003) tested the perception of managers against reality and found that managers were nearly always over optimistic of the change readiness of their staff. If companies could measure the level of employee engagement, it may negate the over optimistic views of managers and provide management with accurate information. It would also enable them to assess if the employees are sufficiently engaged for the change to be successfully transacted and sustained. Some companies are beginning to realise that if they want to succeed in an ever increasingly competitive business world, they must look to their employees as the first line of defence.

Without the active engagement of all employees, major lean transitions will have a very small chance of succeeding. Furthermore, the anticipated benefits will not be realised and the change will not be sustained. The findings indicate that there needs to be much more thought and preparation given to the unfreeze stage to prepare all staff and create a sound platform for change. More time needs to be spent on engaging the staff prior to the start of the transition, as this is the key to embedding and sustaining the change. Failure to engage staff at this stage will make the change stage almost impossible to successfully transact.

A method of determining the level of employee engagement would be an added bonus and give the management some indication if the staff are ‘change ready’.

Table 5.2 Comparison of research findings with Kotter (1996) and Alexander (1985)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Lack of clear executive vision and leadership.</td>
<td>1</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Lack of effective communications strategy.</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Failure to create and communicate a sense of urgency.</td>
<td>3</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Poor consultation with stakeholders.</td>
<td>4</td>
<td>Not identified</td>
<td>7</td>
</tr>
<tr>
<td>Lack of structured methodology and project management.</td>
<td>5</td>
<td>5</td>
<td>1, 2, 3, 4</td>
</tr>
<tr>
<td>Failure to evaluate and monitor the outcome.</td>
<td>6</td>
<td>Not identified</td>
<td>10</td>
</tr>
<tr>
<td>Failure to fully mobilise ‘change champions’.</td>
<td>7</td>
<td>6</td>
<td>Not identified</td>
</tr>
<tr>
<td>Failure to engage employees in the change process.</td>
<td>8</td>
<td>8</td>
<td>Not identified</td>
</tr>
<tr>
<td>Lack of dedicated &amp; fully resourced implementation team.</td>
<td>9</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Lack of sympathetic and supportive HR policies.</td>
<td>10</td>
<td>7</td>
<td>Not identified</td>
</tr>
</tbody>
</table>

Source: Developed by the researcher

Comparison of research findings with Kotter (1996) and Alexander (1985)

The change stage
Overall, the change stage had almost the same number of ticks for all three groups, with consultants six, academics seven, and writers eight. Here the important factors for success were: using a dedicated and fully resourced implementation team, employing a structured methodology with good project management, the rapid mobilisation of ‘change champions’, and adopting sympathetic human resource policies. When companies transact change, it appears that they give a much greater
emphasise the change stage and it almost seems that for most companies they think that this stage is the start of a major lean transformation.

If staff are not engaged during this stage, it is difficult to see how a major transformation will be a success, how the forecast benefits will be delivered and the change sustained. The findings indicate that the lack of sufficient resources for the duration of the transformation, the absence of a structured implementation strategy, which included a benefits tracking mechanism, the lack of sympathetic human resource policies, and the failure to mobilise change champions were the main reasons for failure.

These were supported by the consultants, the academics and the writers and considered to be a prerequisite for this stage of the change process.

The refreeze stage
The refreeze stage had the least number of reasons in all three groups but here the writers felt that the engagement of all staff was imperative. The consultants and academics felt that there was a need to continually monitor the outcome and employ appropriate key performance indicators. This may be a reflection of the emphasis that many companies give to achieving the results, rather than ensuring that staff are sufficiently engaged at the start of the change process.

This research certainly highlights that companies do not, generally, spend the time at the front end of the change process to assess if their staff are change ready. The transition is unlikely to be owned by the staff and, as a consequence, it will not be sustained.

Impact of phase one research findings
The results of this phase of research were considered to see how they related to some of the failures that Boots Manufacturing (where the researcher was a factory manager) had encountered prior to the implementation of their lean ambition. The researcher recognised that there were three reasons for failure that applied to BM and they were: number seven in Figure 5.3, ‘the absence of a dedicated and fully resourced implementation team’; number eight in Figure 5.3, ‘the lack of a structured methodology and project management’; and number 15 in Figure 5.4, ‘the failure to fully engage staff’.

Traditionally, managers have had to implement major change in addition to their existing responsibilities. Consequently, neither their job or the change get the right amount of attention. The dilemma was: ‘how could the manager take on board the three reasons for failure, while undertaking their normal duties.’ The answer was that they could not successfully do both tasks simultaneously! The findings of this phase of research informed phase two of the research and resulted in the manager ‘stepping out’ of his day-to-day duties and concentrating totally on leading and implementing the change.

This allowed a clear methodology and the project management of the change, the manager had a small dedicated and fully resourced team and the employee engagement survey could be used to track the results. This case study will be reported in the next issue of the journal.

References
The European Productivity Conference will be held in Grimsby in the United Kingdom from October 28-30, 2009, and is supported by the National Productivity Centre (www.natprodcentre.com) and the Institute of Management Services (www.ims-productivity.com).

The theme of the Conference is: **Enterprising Public and Private Sector Organisations: Learning from the Best**

There will be two Tracks:

**Track 1: Creating & Building Sustainable Wealth-Creating Enterprises**
Topics could include:
- Creating an enterprise culture
- Business start-ups & micro businesses
- Coping with growing pains
- Cluster strategies
- Social, environmental & economic productivities
- Innovation in product, process & management practices
- Capacity building
- Reward strategies
- Alternative forms of enterprise and working
- Social entrepreneurship
- Learning from others – customers, competitors, etc.

Papers addressing these issues within the food, chemicals, manufacturing and logistics sectors are particularly welcome.

**Track 2: Creating Enterprising Public Sector Organisations**
Topics could include:
- Changing organisation cultures
- Integrating processes, people and information
- Applying private sector practices to public sector organisations
- Performance measurement and management in the public sector
- Re-inventing government
- Balancing social responsibility and customer service

**Specifications for submitted papers**

All papers should:
- Result in a presentation of no longer than 20 minutes
- State which of the two Tracks above it aims to address
- Be submitted in Microsoft Word or Rich Text format
- Be submitted as an attachment to an email sent to atkind@grimsby.ac.uk with European Productivity Conference (or EPC 2009) as the subject line
- Avoid direct promotion of any commercial product

All papers must be accompanied by a cover sheet(s) formatted as follows:

1. EPC 2009 on the first line
2. The Track which the paper aims to address on the second line
3. A blank line
4. The word TITLE on the fourth line
5. The title of the proposed session on the fifth line (no more than 12 words)
6. A blank line.
7. The word AUTHOR(S) on the seventh line
8. Name(s) and Affiliation(s) of all authors on the following lines together with the email address of the corresponding author
9. A biographical sketch of each author (of no more than 150 words)
10. Three blank lines
11. The word ABSTRACT on the next line.
12. An abstract on the following lines (no more than 150 words)

The paper will then follow, starting on a new page, together with any tables, figures and references.

Submission of a paper is taken as agreement by at least one of the authors to make a presentation on the content of the paper to the Congress. If this is not the lead author, it must be made clear as to which of the authors will attend and present.

(Note: Anyone wishing to discuss the concept for a particular paper before making a formal submission should contact johnheap@yahoo.com by email with European Productivity Conference as the subject line.)
Understanding the effects on staff and patients in the NHS:

Abstract
This paper is based on research to better understand the impact organisational change (mergers) has had upon staff and patient care in Primary Care Trusts (PCT) within Leicester, Leicestershire and Rutland from 2006 – 2007.

The latest round of reform has been driven by the ‘Commissioning a Patient Led NHS’ (CaPLNHS, DOH, 2005) plan to reduce the number of PCTs and for a saving of £250 million in administrative and management costs.

A cross-sectional case study using a series of focus groups was undertaken to identify salient aspects of mergers and organisational change in a health sector context and explore staff perceptions (negative and positive) of the recent organisational wide changes. Based on the findings, we propose an ‘Agenda for Action’ to recognise and minimise the potential negative effects upon staff and service delivery.

The study concludes that there is more than one reality for organisational change participants. Their reality and their reaction may be

A case study of local Primary Care Trust Mergers

Part one, by Joe Marshall, Faculty of Business Computing and Law, University of Derby, and Anne-Maria Olphert, Leicester City PCT
positive, negative or neutral, depending on their history, length of service, their own concerns and personal agenda. How this reality is captured and interpreted is considered to be of significant benefit to those managing during change and the change participants themselves.

**Introduction**
Change in the NHS is never likely to be straightforward and linear, not least because of the size and complexity of the organisation. Change also takes place in the context of multi-professional groupings and organisations. It is now nearly two decades since the publication of the last major studies on organisational change in the NHS. Pettigrew et al (1992) and Cortvriend (2002) suggest that despite the number of mergers that have occurred in the history of the NHS, there is scant research or evaluation in this area.

Michie and West (2004) suggest that the way people are managed through change influences employees’ emotional and physical well-being, their attitudes to work and the organisation, and their performance and behaviour at work.

Within the health service there is good evidence (Michie et al, 2004) that factors such as workload and control over work, influence stress levels and physical and psychological health. The focus of this research is to investigate the effects on employees of the most recent re-structure and reform in Leicestershire and Rutland PCTs from 2006 to 2007.

Iles and Sutherland (2001) maintain that although generating evidence and developing theory in the field of change management may be seen by busy managers as an additional (even insupportable) burden, managers and health care leaders have a responsibility to generate evidence about change processes and outcomes, to present it in a form that can be useful to others, and to contribute to the development of theory.

This paper aims to generate such evidence by a cross-sectional case study of a merger of a number of Primary Care Trusts (PCTs). The lead researcher is an NHS manager with a clinical background who experienced the merger first hand. Whilst recognising the inherent issues as an ‘insider’, the research was undertaken and the evidence examined with a degree of scrutiny and critical reflection.

A significant, relevant and practical outcome of the collaborative nature of the study was the opportunity for those taking part to influence future change programmes.

**National context**
Changes in the way services are delivered and in the way patients are treated have been happening continuously in the NHS since it was first set up in 1948. It was not until the publication of the NHS Plan in July 2000 (DOH, 2000), however, that this steady pace of change gave way to a full-scale modernisation programme designed to totally transform the NHS and the way it cares for patients.

England is split into ten Strategic Health Authorities (SHAs), each one is split into various types of Trusts (Figure 1) that take responsibility for delivering and monitoring health services in the local area. The cycle of reorganisation in Primary Care over the past decade has seen the evolution of Primary Care Groups into 303 Primary Care Trusts (PCTs) in 2001 to a reduction in PCTs to 158 in 2006.

“A significant, relevant and practical outcome of the collaborative nature of the study was the opportunity for those taking part to influence future change programmes”

![Diagram of NHS structure](Choices 2007)
Reform agenda
In the NHS, spending increased by 30% between 1996 and 2004, whilst the recorded increase in output was only 2% higher. The continued increases in public spending have now caused much greater pressure on public services to focus on productivity and waste reduction. A pivotal point was the publication of the Gershon report (July 2004), which stated that the public sector should find ways to achieve substantial cost savings. The report, ‘Independent Review of Public Sector Efficiency’, announced a headline figure of £20 billion annual efficiency gains for departments across the English public sector to be realised by 2007-08 (Gershon, 2004). These efficiency gains were detailed for the various departments, with targets focused on both cash and non-cash savings.

The latest round of reform has been driven by the ‘Commissioning a Patient Led NHS’ (CaPLNHS, DoH, 2005) plan that describes the reduction in PCTs and the need for a saving of £250 million in administrative and management costs, in order to realise Gershon’s recommendations. The process of reform within the health service is commonly seen as circular (Walshe, 2003).

An example of this are the Primary Care Trusts, created in 2002, that look remarkably similar in function and boundaries to the district health authorities created in the 1982 reorganisation of the NHS, which subsequently merged and reorganised.

Local context
Until October 2006, Leicester, Leicestershire and Rutland (LLR) was made up of six PCTs when, as part of the (CaPLNHS DoH, 2005) plan, the six merged into two, one in the City and one in the County. Specialist Community Child Health Services (SCCHS) deliver care to children across the city and county and are supported (hosted) by the City PCT on behalf of all the PCTs.

In November 2006, the formal consultation process and timetable (Table 1) for staff at risk (as a result of the mergers) was publicised. The opportunity to explore staff perceptions of these changes was taken, based on the day-to-day observations of staff feeling and describing

<table>
<thead>
<tr>
<th>Week commencing</th>
<th>Actions</th>
</tr>
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<tbody>
<tr>
<td>W/C 16.10.2006</td>
<td>Time line agreed by CEO and Directors.</td>
</tr>
<tr>
<td>W/C 13.11.2006</td>
<td>Draft staffing structures created detailing job roles. CEO to share draft structures with Staff Side Chair and Secretary. HR &amp; Staff side to benchmark salary grades for draft staffing structures.</td>
</tr>
<tr>
<td>W/C 20.11.2006</td>
<td>Draft staffing structures launched at Joint Staff Consultative Committee (JSCC). 30 day consultation begins on day of JSCC. Group consultation meetings to be held with each staff group directly affected by the new structures. One-to-one meetings offered to all directly affected staff.</td>
</tr>
<tr>
<td>W/C 15, 22, 29.1.2007</td>
<td>Interviews for posts in new structures as per pooling and ring fencings arrangements.</td>
</tr>
<tr>
<td>W/C 5.2.2007</td>
<td>At risk letters issued to staff that have been unsuccessful in obtaining posts in the new structures. Re-deployment of affected staff to commence from this date. 1 April 2007</td>
</tr>
</tbody>
</table>
‘uncertainty, fear, frustrations, dis-empowerment, stress’, etc. Post-merger analysis is supported by Marks and Mirvis (1992), who suggest that tracking the merger has several benefits: ensuring that the organisational goals are still ‘on track’, appraise if the organisation came out of the merger unscathed and, finally, it can show employees that the organisation does care for their welfare, survival and active participation in the whole process. At this stage it would be prudent to acknowledge that not all change is negative and, therefore, it is important to understand and identify if an assumption (representing bias) has been made.

**Relevant literature**

**Mergers**

Bellou (2007) argues that an organisation’s ability to understand and control employee attitudes and behaviour is critical if serious problems in strategy implementation and success are to be avoided within any merger. Carleton (1997) suggests that mergers and large organisational change rarely succeed in fulfilling the aims, with 55% to 70% of mergers failing to meet their anticipated purpose. Assumed management cost savings, such as the predicted £250 million quoted by the DOH in the CaPLNHS document, are rarely realised (Dickinson et al, 2006).

Whilst a large proportion of early literature and research is dominated by the economic approach where mergers are understood mainly as financial and strategic alliances, Weber (1996) found that 35% of mergers that fail in their first three years of life are a result of poor employee relations. According to Pritchett et al (1997), the greatest lull in productivity following a merger happens during the first few months, with organisations taking a period of one or two years to fully recover. It would follow then that to support staff and reduce the possible negative effects of mergers, will reduce the negative effects associated with them. Baskin et al (2000) suggest there are three different kinds of mergers:

- **Partition** – managers assume that everything can continue as it has, with merged units operating side by side. This approach overlooks the tension that putting units together may cause, and serious conflict results.
- **Domination** – one organisation and its culture take over another. This approach results in debilitating resentment in the ‘defeated’.
- **Synthesis** – through careful planning, design and execution, managers in the merging companies try to synthesise the best elements of each into a higher, super-ordinate harmony.

The PCT merger using Baskin et al’s (2000) model can be described as a combination of partition and synthesis. This is due to the added complication of both new and existing directors being slotted into a new structure, and previous unsuccessful directors continuing in post until they are either made redundant or can secure new roles outside the organisation.

Recent literature has begun to devote more attention to the psychological processes involved in mergers. Consequently, it is now well acknowledged that mergers may have many harmful effects on employee wellbeing and behaviour, including high levels of stress, increased anxiety, increased staff turnover, lowered job satisfaction, and reduced organisational identification (Lipponen et al, 2004; Dickinson et al, 2006).

“In the NHS, spending increased by 30% between 1996 and 2004, whilst the recorded increase in output was only 2% higher”
Even when change is positively viewed, staff experience stress, uncertainty and loss (Shaw, 2002). Pritchett et al (1997) found that the heightened state of uncertainty that is constantly created by mergers pervades the work climate and people get ‘jump’. Because they fear additional surprises, particularly regarding their own career safety, they instinctively move to protect themselves, with coping behaviours tending to be highly self orientated and thus dysfunctional as far as the organisational good is concerned.

Whilst much of the literature focuses strongly on the negative effects that mergers have, describing the stress, anxiety, uncertainty, etc, there is reference within the literature to the fact that some people will view a merger as an opportunity to improve an existing situation that is considered intolerable or dissatisfying (Appelbaum et al, 2000).

Evidence by Bediako (2002) found that given time, more benefits can be derived from re-structuring and downsizing which would enhance staff’s quality of life and the organisational climate. He suggests the quickest way to realise increased productivity and performance following downsizing lies in an organisation’s ability to manage the process effectively and give very careful consideration to the human dimension.

In order to reduce any uncertainty, Tapsell (1998) found that increasing amounts of communication, even if the news is bad, was effective. This suggests that uncertainty is more ‘unsettling’ than bad news. Pritchett et al (1997) found that uncertainties, fears and inner tensions do distinct damage to individual productivity. Anxiety inhibits creativity, interferes with one’s ability to concentrate, acts as a drain of physical energy and frequently lowers individual’s frustration tolerance. Within their research, they found that employees became less willing to make decisions or take risks, with an air of tentativeness or a ‘wait and see’ attitude pre and during mergers.

A large case study undertaken within an NHS hospital by Jones (2005) found that there are a number of ‘push’ and ‘pull’ factors influencing staff decisions of whether to remain within an organisation following a merger. These are crucial for managers to understand if they are to avoid undue loss of organisational memory and talent, as senior and long-serving staff might choose to ‘jump ship’ as a result of the merger process.

Psychological contract
Coyle-Shapiro and Kessler (2000) suggest that the psychological contract is an attempt to understand and predict the consequences of changes occurring in the employment relationship. In the context of PCT mergers, such theories can aid an understanding of staff’s perceptions of a potential breach or violation in what they expect from the organisation.

Robinson and Morrison (1995) suggest the implications of organisational restructuring and downsizing on employment relations, has renewed the interest in the psychological contract, and their research argues that when a breach of contract is perceived, violation naturally occurs.

Cortvriend (2004) found that the psychological contract changed in line with individual experiences of change, with some people experiencing...
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incongruence and perceiving that their expectations were unmet, hence resulting in exit from the organisation during the merger. Interestingly, she suggests that as NHS employees are so used to constant change and that regular organisational transitions occur, this may be emerging as a component of a new psychological contract with the NHS.

One of the few pieces of research to link employee well-being and patient outcomes within the NHS comes from Michie and West (2004), who propose that within the health service there is good evidence that factors, such as workload and control over work, influence stress levels and psychological health.

They conclude that people management influences employee health and well being, as well as individual, group and organisational performance. They provide an evidence based framework that describes links between key organisational influences and staff performance, health and well being. This framework can be used within the local PCT context by integrating management and psychological approaches with the aim of understanding and managing future change.

Organisational commitment
Organisational commitment is defined in terms of attitude, as well as a set of intentions. An early and very influential view is that of Mowday et al (1979, cited by McBain, 2005), for whom organisational commitment represents an individual’s identification with, and involvement in, an organisation. For these authors, three factors underpin organisational commitment:

• a strong belief in, and acceptance of, the organisation’s goal and values;
• a willingness to exert considerable effort on behalf of the organisation;
• a strong desire to retain one’s membership in the organisation.

It could be said that employees who exhibit organisational commitment within the PCT have accepted and understood the need for the mergers by generating increased levels of effort, aligning themselves to the organisation and choosing not to leave, but to embrace their new roles. Factors two and three could therefore be as a result of uncertainty and are more about a fear of change and possible redundancy.

Ebadan & Winstanley (1997, cited by Worrall & Cooper, 2002) suggest that a violation, such as redundancy, could reduce organisational commitment, morale and motivation. Such violations cause employees to reduce their sense of obligation to employers and, at the same time, to increase their feelings of what they were owed by their employers. It is not clear from these writers though if it is actual redundancy or the fear of redundancy that reduces organisational commitment.

Winchester and Bach (1995) found that due to high levels of responsibility, especially in times of organisational change, managers in the NHS often experience work-related stress, work long hours, feel isolated and report lower levels of job satisfaction and commitment than non-managers. Baruch and Winkelman-Gleed (2002)

“Even when change is positively viewed, staff experience stress, uncertainty and loss [Shaw, 2002]”
carried out their research in a community health service’s NHS Trust and found that stress was negatively related to organisational commitment, with enthusiasm being strongly related to supervisor support and also to job control and support from colleagues. This would suggest that positive emotions in the workplace can be fostered at the work group level.

This conceptual framework acknowledges there are several work related commitments that all influence the intention to stay or leave and should be considered for future PCT change.

**Limitations and gaps in the literature**

Despite the fact that the literature, albeit mainly from the private sector, offers a wealth of knowledge in the areas of focus presented here, nevertheless, gaps and limitations still exist.

There is very little evidence, beyond the anecdotal, of research concerned with views of staff that have left organisations which are undergoing major change.

There is a plethora of evidence around the negative aspects of mergers, particularly with reference to a drop in productivity and performance and, on the human side, describing the many harmful effects on employee wellbeing and behaviour, including high levels of stress, increased anxiety, increased staff turnover, lowered job satisfaction. What is not available is the evidence to substantiate the claims around the possible effects of reduced costs, efficient resource management and so forth, as there are no actual large scale studies to show these effects in a merger situation for the NHS.

Much of the research literature concerned with the psychological contract has used only one method, the survey. Whilst in some cases it has been used over a time period to track changes, it is nevertheless a ‘cold’ capture of information and does not fully inform the on-going emotions experienced by healthcare staff. Surveys cannot inform what is needed to know about the psychological contract, commitment and so on, particularly in terms of organisational change, breach and violation.

Finally, there is only a small amount of evidence within the literature which describes the implications of organisational change (mergers) on management practice in the NHS.

**Methodology**

The purpose of the study was, essentially, to explore how PCT staff experience organisational change. A qualitative research approach was chosen in an attempt to describe the social world (events, actions, norms, values) through the eyes of those experiencing it (Bryman, 1988). A cross sectional case study, using questionnaire and focus groups, was undertaken to provide a ‘detailed description of a particular situation, organisation, individual or event’ (Bryman and Bell, 2003: 48), the PCT as ‘the organisation’ and the PCT mergers as ‘the event’.

The perceptions of staff cannot be fully understood and elicited through surveys and questionnaires, therefore qualitative data yielded from focus groups has been used. A questionnaire was used at the beginning of the focus group to identify demographic details of each respondent. Quantitative data (sickness and absence rates) were also used to better understand emerging themes and of importance here is the acknowledgement that both qualitative and quantitative data can inform an overall qualitative strategy.

An important issue for the researchers in the study was translating research evidence into practice. The problems of linking evidence with practice, eg, the source and nature of the evidence, the research method employed (Fitzgerald et al, 1999; Tranfield et al, 2003) were in part addressed by a collaborative research design (Denis and Lomas, 2003). Involving participants in the process and outcomes...
"An important issue for the researchers in the study was translating research evidence into practice”

of the research, we believe, contributes to dissemination and application.

A total number of 17 participants took part in five focus groups between April and May 2007, from a mixture of professional groups: nursing, administrative and therapy. The age range of participants was 31 to 55 years. Each focus group contained between three and four participants using a convenience sampling method (Remenyi, 1998). Each group contained staff at similar levels/grades within the organisation and of similar professions, i.e., therapy, nursing, and administrative staff. The same professional level and grade was chosen per focus group as it was believed that homogeneity within each group would induce higher levels of disclosure and honesty; for example the participants in the focus group containing administrative staff may have been intimidated if the same group contained senior managers or clinicians.

The organisational tenure of participants ranged from one to 29 years, with a mean of 17 years. It was not possible to engage a focus group of medical consultants at the time of this research due to clinical commitments.

A constructive dialogue with members of the PCT team, including the research advisor, enabled a series of questions to be designed around the current and future changes referred to in the CaPLNHS document and to maximise the opportunity for discussion and debate within the five focus groups (FG). At the end of each focus group, the participants were asked their views and suggestions on managing future organisational change. Gaining employees’ experience and expertise is an important source of knowledge in shaping processes of change (Dawson, 2003).

Marshall and Rossman (1999) argue that focus groups have a high apparent validity – since the idea is easy to understand, the results are believable. Also, they are low in cost, one can get results relatively quickly, and they can increase the sample size of a report by talking with several people at once. The use of participants from a wide variety of professional groups and experiences would support the view that a wide interpretation and understanding of recent changes has been sought. Although the research attempts to understand the local view and perceptions of staff, it is suggested that the regularity of change within the national context can enable some generalisability.

Cormack (1996) suggests that the accuracy in the reproduction of subjects’ perspectives largely depends upon the researcher’s knowledge and familiarity of the social setting being studied. In this case, the lead researcher, as focus group mediator and ‘insider’, was ideally placed (a clinical background, ‘spoke the language’, credibility with staff). Group discussions were captured using a laptop and contemporaneous notes. The discourse from all focus groups was examined to identify themes and patterns (regular and repeated text) to show affirmation of findings and concurrence between respondents. The method relied on the closeness of the moderator/researcher to the situation, remaining critically aware and fully conversant with events, allowing an understanding of the collective sense-making by respondents. The method relied on the closeness of the moderator/researcher to the situation, remaining critically aware and fully conversant with events, allowing an understanding of the collective sense-making by respondents. The method relied on the closeness of the moderator/researcher to the situation, remaining critically aware and fully conversant with events, allowing an understanding of the collective sense-making by respondents.

The issue of consent is key to all studies within the NHS, not only the consent to participate in research studies but consent per se. The Research Ethics Committee deemed the project as not requiring research governance because patients and children were not involved in the study. Therefore approval for the study was given under the heading of ‘Service Evaluation’.

The quality of the research was enhanced by ensuring its ‘trustworthiness’ (plausibility, credibility, authenticity) as Lincoln and Guba (1985) advocate for qualitative research; procedural reliability (Flick, 1998); and member validation (Seale, 1999) as described earlier.

Part two and a full list of references will appear in the next issue of the journal.

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Facing the future

John Heap reports from the XVth World Productivity Congress, held in Sun City, South Africa.

The World Productivity Congress is organised by the World Confederation of Productivity Science, in partnership with a ‘local’ organisation – usually a National Productivity Centre or Institute. Certain elements of the congress are fixed but its format and content vary – to address current issues, and to fit within the specific context of the host nation.

From the start, this XVth Congress was set firmly in its African context – a context where improving productivity is seen as the only means by which African nations can raise their people out of poverty – if productivity improvement is used to drive increased wealth and if that wealth is shared equitably.

As a speaker at the opening ceremony said: “We who are free to eat and sleep as we wish, who are free to travel where we will and are free to think whatever we might think, must each commit ourselves to maximise our contribution to the fight against poverty and the factors that keep people in poverty.”

Jean Claude Lauzon, the Chairman of the World Confederation of Productivity Science, extended the context by suggesting that globally nations and organisations are facing real challenges relating to:

- providing sufficient energy to fuel the world;
- providing sufficient, safe food to feed the world;
- falling birth rates in most western countries meaning the next generation cannot replace this generation;
- sustainability.

Recipe for success

Tor Dahl, a keynote speaker, suggested that only productivity has the following three simultaneous effects:

1. It increases wages, so demand goes up;
2. It increases productivity, so capacity goes up;
3. It increases quality, so market share goes up.

“... high productivity does not cause lost jobs – it is a lack of productivity that prohibits the creation of new jobs”
2. It reduces prices, so demand goes up further;
3. It increases profits, so wealth is increased.

His ‘recipe’ – extreme lean, extreme innovation and extreme leadership addresses:
• Effectiveness (doing the right thing);
• Efficiency (doing things the right way);
• Occupancy (doing these things all the time).

... and drives revolutionary productivity change by using the resources freed by improving occupancy, effectiveness and efficiency to expand activities and extend into new areas of activity, ie, we improve by using both low cost approaches and high yield activities.

Of course, revolutionary change is disruptive – the ‘logjam’ of lost productivity must be removed by identifying and removing the key log in the jam and then by removing the other logs in an appropriate sequence.

Tor reminded Africa that high productivity does not cause lost jobs – it is a lack of productivity that prohibits the creation of new jobs.

He also reminded Africa that issues, such as freedom, are closely correlated with productivity and economic performance. African nations must address these issues alongside economic issues if revolutionary change is to be brought about.

Yvon d’Anjou, of Rio Tinto Alcan, talked about their approach to continuous business improvement based on Lean Six Sigma. This was/is a highly participative approach with:
• all leaders trained to yellow belt level;
• over 600 black belt practitioners;
• over 4000 green belt capable of shop-floor implementation;
• over 75 kaizen facilitators.

Locking in results
Yvon suggested that there were two fundamental factors required for success – strong, effective leadership and effective communication.

RTA used scorecards and ‘strategy on a page’ displays to ensure all employees knew what was planned and what was happening. He claimed that Lean Six Sigma is successful because Six Sigma creates step changes in performance and Lean helps lock in results – the best way to lock in an improvement is to start the next one.

Summarising, he suggested that an organisation should:
• use the best people on business improvement projects;
• have a business plan;
• communicate that plan;
• execute, execute, execute (get on and do it!);
• ensure participation;
• celebrate success.

His last slide was of a dinosaur and a crocodile. The crocodile existed before dinosaurs and is still around today – because it is adaptable.

John Heap, the President of the World Confederation of Productivity Science (and the Director of the National Productivity Centre in the UK and a member of the IMS Council), gave the keynote Riggs Lecture. A summary of this lecture is presented elsewhere in this journal.

Most of the presentations are available from the Congress website, www.worldproductivitycongress.com.

Traditionally, the Congress finished with the issuing of a ‘declaration’ which summarises the themes of the Congress and attempts to start the process of leaving a ‘legacy’ of commitment and action within the host country/region.
The Sun City Declaration
September 24, 2008

We, the members of the global productivity community, who have gathered in Sun City, South Africa from September 22-24, under the shade of the giant Baobab tree, have been inspired and informed by three days of deliberation on the Congress theme of ‘Competing in the Global Economy: Leading Through Productivity.’ We have been energized by the vitality and joy we have experienced through our glimpses of South African culture.

Our deliberations regarding the path to competitive success ranged from identifying key productivity drivers, to building sustainable enterprises, to the pros and cons of global human resource migration, to learning the best practices of leading enterprises. Like the culture of South Africa, the dialogue has been fuelled by the richness of our differences and has generated sparks of innovation and inspiration. As a result we, the members of the global productivity community, declare that:

1. We affirm that sustained productivity improvement is the path to competitive success and poverty elimination and that, in order to address our challenges, we must abandon incremental thinking and set our sights on creating breakthrough levels of productivity improvement.
2. We acknowledge the shifting paradigms of productivity and the need to pursue simultaneously the three productivities of economic, environmental and social wealth. At all levels, sustained productivity improvement must be built on a foundation of effective governance.
3. The people of Africa will take charge of their own productivity destiny through their own innovation and ingenuity, assisted by partnerships, technology transfer, and peer-to-peer networking relationships with the more developed world, that are grounded in mutual respect and trust. Strategic partnerships on the African Productivity Agenda should be strengthened and developed with key organisations, including the World Confederation of Productivity Science and the Asian Productivity Organisation.
4. The principles of environmentally and economically sustainable productivity and competitiveness are particularly suited to alleviating poverty in African communities and enabling the economic self-actualization of African individuals, enterprises, organisations, nations and regions.
5. The African Union Commission (AUC) is to develop and sustain the African Productivity Movement in partnership with the Pan-African Productivity Association (PAPA) and the World Confederation of Productivity Science (WCPS) with a view toward raising the awareness/mindset/culture change and creating breakthrough levels of improvement in African productivity and competitiveness.
6. The AU, regional economic communities (REC) and African Governments should ensure that their policies support the mainstreaming of productivity in all economic sectors.
7. Africa will close the ICT gap between itself and the North in order to make its firms and nations more competitive.
8. Africa will create a greater focus on improving the productivity of manufacturing, tourism and the agricultural sectors and will recognise the necessity of dialogue and collaboration among management, labour, government and education to achieve these results.
9. The AU should appoint PAPA as its official representative, in association with African national productivity organisations, for driving the African Productivity Movement to achieve the African Economic Renaissance and Millennium Development Goals.

We call upon all members of the global productivity community to review our progress toward this agenda and to build on our Sun City dialogue in two years at the 16th World Productivity Congress. The leaders of WCPS are working with the leaders of the European Network of Productivity Organisations and the National Productivity Centre of Turkey toward the goal of holding the first ever joint Congress between these organisations in Turkey in 2010.

The next European Productivity Conference, supported by the IMS, will be held in Grimsby in the UK from October 28–30, 2009.
The Riggs Lecture

At the World Productivity Congress 2008, John Heap gave the keynote Riggs Lecture. This is given at each World Congress in memory of James Riggs, a former President of WCPS.

The traditional view of productivity at the national level (typically defined and measured in terms of Gross Domestic Product (GDP) per employed person or GDP per hour worked) is that it is a key indicator of the economic health of the country. Productivity improvement enables wage gains to occur without producing inflation. Therefore, productivity is essential to an economy’s ability to create real wealth.

Assuming equitable distribution of wealth, when productivity increases at 3% per year, the standard of living doubles every 22 years. This means that every generation lives twice as well as their parents.

Taking the UK as an example, the UK average annual growth rate since 1990 has been approximately 2.375% (based on data from the UK Office of National Statistics, compared to 1.75% for the G7 nations as a whole. This looks good – until you realise that the UK is still only sixth out of those G7 nations in terms of GDP per worker.

Of course, the world in general is now going through a severe economic downturn. In a recession, at the early stages, typically productivity declines rapidly as output decreases at a faster rate than paid work hours as firms are reluctant to lay off workers. At the end of a recession, typically, productivity increases rapidly as output increases faster than new workers are added. So, looking at productivity figures allows us to make comparisons with other countries.

John Heap

John Heap is a member of the IMS Council and is also President of the World Confederation of Productivity Science (the organisers of the Congress) and Director of the National Productivity Centre (www.natprodcentre.com).
However, the world is changing. Anyone who has read ‘The World is Flat’ by Thomas Friedman will understand that technology has changed the world – by levelling the playing field (allowing small companies to act like big ones on the web) and has empowered the individual and groups (by making information readily available).

People are more aware of:
- What we are doing to our environment;
- The depletion of natural resources;
- Discrepancies in wealth and well-being.

All these things are caused by productive activity. So in this new world, is higher productivity good or bad? It produces more goods, but it produces more pollution. It lowers financial costs, but just might ‘cost the earth’.

Let’s go back to first principles. Productivity, as expressed most simply, is the ratio of outputs to inputs. Now we have to factor in the fact that those outputs include pollution and environmental damage… and the net result of that productivity might be wealth inequality and social damage.

The empowered individuals and groups we referred to earlier are aware of this changed equation. We have ethical consumers, concerned environmentalists, global NGOs and so on, lobbying for change. Companies have to move from concentrating on stakeholder VALUE (how much money do we make for our shareholders) to concentrating on stakeholder VALUES (recognising there are multiple stakeholders in most situations).

Some movement has taken place over the last few years, through the development of what is generally referred to as ‘corporate social responsibility’ (CSR).

However, CSR takes these issues as being ethical issues. They are not! They are business issues. In most business situations, there are some stakeholders (the key stakeholders) who stand to gain or lose significantly by the actions/activities being planned AND can influence the chance of success of those actions/activities. Companies – or governments – must ensure that these key stakeholders are represented in any partnerships or coalitions. The success of the project or activity is dependent on maintaining good relationships with these stakeholders.

This leads us to re-examine our view of productivity. We have to recognise the wider set of factors involved and address multiple productivities – Social, Environmental, as well as Economic productivity. We need to be aware of the effects that our activities have on those around us and on the environment. We have to see the world differently. Our activities have to be socially equitable, environmentally bearable and economically viable – we then have a sustainable business model.

‘Learning to See’ involves a paradigm shift where we must move from …

- Seeing costs and difficulties in addressing these issues... to... Seeing savings and opportunities
- Using ‘end of pipe’ approaches to pollution clean-up... to... Re-designing processes
- Seeing these issues as ones for technical experts... to... Seeing them as company-wide responsibilities
- A default position of secrecy and confidentiality... to... One of transparency and openness.

“Productivity, as expressed most simply, is the ratio of outputs to inputs”

Tom Tuttle, President of the World Academy of Productivity Science (a division of the World Confederation) suggests that productivity should be viewed in terms of customer and stakeholder perceived value. An output has no value until it is purchased by a customer or its impact is felt by a stakeholder.

Thus, a simple ‘formula’ for productivity is:

Productivity = (Positive Stakeholder Value) – (Negative Stakeholder Value)

Stuart Hart, of Cornell University, suggests that:

“…. those who think that sustainability is only a matter of pollution control are missing the bigger picture. Rarely is greening linked to strategy or technological development and, as a result, most companies fail to recognise opportunities of potentially staggering proportions.”

These messages are starting to get through to many (enlightened?) senior industrialists. Patrick Cescau, of Unilever, recently said that:
“We need to find new products and services that meet not only the functional needs of consumers but also their wider aspirations as citizens.”

Of course, if we are to make changes to our products and services, to address these social and environmental issues, we are also going to need to take a look at:

- Work organisation and structures;
- Pay and reward structures;
- New forms of knowledge, skill and competence development;
- Approaches to participation and empowerment.

We mentioned earlier a move to focussing on stakeholder values. The evidence suggests that even our key stakeholders (our stockholders) are increasingly looking for:

- Sound financial returns;
- Long-term economic growth;
- Responsible economic, social and environmental behaviour.

In addressing these short and long-term issues, there is a need to take a holistic view of everything the company does – along the whole supply and value chains – looking at what we can do to improve:

- Sourcing – what we buy and how we buy it;
- Inbound logistics;
- Operations’
- Outbound logistics;
- Marketing, sales and service use;
- Customer use;
- End-of-life disposal.

... and for each, we should look through the multiple ‘lenses’ of social, environmental and economic productivity.

“... We need to be aware of the effects that our activities have on those around us and on the environment”

We should think about how technologies can have an impact.

We should be pragmatic – there is often a need to compromise – but we should compromise within an agreed set of values.

But we should do something – before we are forced by changing legislation into compliance mode. Doing something is always better than doing nothing!

As productivity professionals and concerned citizens, we should start to see differently... to recognise the interplay between social, environmental and economic productivities... and we should apply appropriate productivity and environmental management tools, techniques and technologies that reduce the environmental impact of our organisation’s activities, products and services, while enhancing profitability and competitive advantage and making a positive contribution to the communities we ‘touch’.

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The Ecological Footprint, Sustainability and Productivity

By John Davies

Background
The ecological footprint (EFP) is an environmental planning tool and is used to determine sustainability. EFP accounts for the flow of energy and matter to and from any defined economy and converts this into land and water area required to support such a flow.

The first thing we understand by using this tool is that the resources in our planet are finite and that human enterprise and consumption cannot be expanded indefinitely. The average North American footprint measures 4-5 hectares and is a measure of the consumption of

“Higher productivity should enable the demands of an urban population to be satisfied, without increasing the ecological footprint”
The world average of land available is 1.5 hectares per person. North Americans are consuming three to four times their fair share. The per capita consumption of residents in rich countries has exceeded the supply of resources by a factor of three. This has happened at the cost of someone else – those people living in the developing world.

The ecological footprint of a city is the land surfaces required to feed it, to supply it with fuel product and to reabsorb its carbon dioxide output. With London, the ecological footprint is 125 times its own territory of 627,000 hectares, to nearly 80 million hectares. With only 12% of Britain’s population, London requires the equivalent of Britain’s entire productive land. In reality, these land surfaces, of course, extend to far flung places such as the wheat prairies of Canada and the Mid-West of the USA, the Soya Bean fields of the Mato Grosso, the forests of the third world, or the tea gardens of Assam and Kenya.

Inevitably, the footprint of the cities in the developing world are much lower. In addition, it should be noted that the ecological footprint is no indication of the relative health or the quality of local environment within the city and it does not tell us which groups or areas within the cities consume most resources.

Resources are funnelled through the urban spaces without much concern about their origin or about the destination of wastes: inputs and outputs of cities are treated as largely unrelated.

**Sustainability, urbanisation and natural resources**

Urban Sustainability was defined in the 100 page ‘Habitat Agenda’, signed by 180 nations at the 1996 UN City Summit in Istanbul. It states that: “Human settlements should be planned, developed and improved in a manner that takes full account of sustainable principles and their components, as set out in Agenda 21... we need to respect the carrying capacity of ecosystems and preservation of opportunities for future generations... science and technology have a crucial role shaping sustainable human settlements and sustaining the ecosystems they depend on.”

At this summit, it was agreed that the Government must support sustainable urban developments. It should be noted that this
“The ecological footprint of a city is the land surfaces required to feed it, to supply it with fuel products and to reabsorb its carbon dioxide output”

often facilitated by substantial Government subsidies on transport infrastructure. The actual location of settlements is becoming less and less important, as global trade treaties determine, in part, the fate of national and local economies. Cities also sprawl ever outwards along urban motorways and railway lines to their suburbs and shopping malls, while their city centres are often devoid of life outside business hours.

Large-scale urbanisation is an essentially unsustainable process. It greatly increases per capita use of fossil fuels, metals, timber, meat and manufacturing products, with major external environmental implications. Unlike most traditional cultural systems, modern urban systems crucially depend upon a vast system of external supply lines to and from rural areas and manufacturing centres, facilitated by global transport and communications infrastructures.

When city dwellers think heat and light, they usually don’t think firewood and coal fires: they think of electric or gas appliances – yet they are hardly aware of the power station, refinery or gas field that supplies them. Without the routine use of fossil fuels, mega-cities of ten million people would not have occurred: there has never been a city of more than one million people not running on coal, gas or oil.

Until recent initiatives, the direct experience of growing...
“In a world where everyone is demanding a higher standard of living with a known limit of natural resources, it becomes essential to maximise productivity.”

<table>
<thead>
<tr>
<th>TITLE</th>
<th>ACTION</th>
<th>COST TO IMPLEMENT</th>
<th>SUSTAINABILITY PRIORITY</th>
<th>BY WHEN</th>
<th>BY WHOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-mail signature</td>
<td>To add to all College emails encourage recipient not to print unless necessary</td>
<td>Nil</td>
<td>1</td>
<td>May 2008</td>
<td>IT/all</td>
</tr>
<tr>
<td>Raise staff awareness of sustainability issues</td>
<td>Internal communications to consider actions such as ‘Staff Training Events’</td>
<td>£5,000</td>
<td>2</td>
<td>July 2008</td>
<td>HR/all</td>
</tr>
<tr>
<td>Paperless meetings</td>
<td>To encourage meetings to be run and organised without the need for papers to be printed</td>
<td>Nil</td>
<td>2</td>
<td>Trials May 2008</td>
<td>IT/all</td>
</tr>
<tr>
<td>Recycling</td>
<td>To let a new contract for the College’s waste disposal to further encourage the level of recycling within the organisation</td>
<td>Nil</td>
<td>2</td>
<td>March 2008</td>
<td>Estates</td>
</tr>
<tr>
<td>Lighting</td>
<td>To replace incandescent lights with low energy bulbs and to replace fluorescent strips with new energy saving bulbs.</td>
<td>£10,000 initial budget</td>
<td>2</td>
<td>March 2009</td>
<td>Estates</td>
</tr>
<tr>
<td>Appliance audit</td>
<td>To review the number of appliances across the organisation to encourage the use of lower energy appliances and to discourage personal items such as electric heaters and kettles</td>
<td>£5,000</td>
<td>2</td>
<td>March 2009</td>
<td>Estates/ IT/all</td>
</tr>
<tr>
<td>Document management</td>
<td>To encourage the use of document management software to reduce paper usage, transport costs and print costs.</td>
<td>£50,000 in the first year</td>
<td>2</td>
<td>March 2009</td>
<td>Finance/ IT/all</td>
</tr>
<tr>
<td>Analysis of paper usage</td>
<td>To examine the use of paper across the college with a view to reducing overall use and alternative ways of working to avoid usage and storage</td>
<td>Initial estimates are being finalised</td>
<td>2</td>
<td>August 2008</td>
<td>IT</td>
</tr>
<tr>
<td>Prospectus</td>
<td>To review the uses and need for the College prospectus with a view to reduce the volume and cost of generating this information</td>
<td>Nil</td>
<td>3</td>
<td>Jan 2009</td>
<td>Marketing/IT</td>
</tr>
<tr>
<td>PC turn off</td>
<td>To explore software solutions to ensure that PCs and monitors are automatically turned off at night or after a period of non usage</td>
<td>£5,000</td>
<td>1</td>
<td>August 2009</td>
<td>IT</td>
</tr>
<tr>
<td>Building Management systems (BMS)</td>
<td>To improve the use and applications of BM systems to better manage the College sites</td>
<td>Built into new build costs</td>
<td>2</td>
<td>As new builds complete</td>
<td>Estates</td>
</tr>
<tr>
<td>Sustainable Contractors</td>
<td>To ensure that all college suppliers and contractors fulfil obligations regarding sustainable practices i.e. WEEE regulations</td>
<td>Nil</td>
<td>2</td>
<td>August 2009</td>
<td>Estates/all</td>
</tr>
<tr>
<td>Local sourcing of goods</td>
<td>To ensure that all goods are locally sources where possible, to reduce transport costs.</td>
<td>Nil</td>
<td>3</td>
<td>August 2009</td>
<td>All</td>
</tr>
<tr>
<td>Introduction of Cashless systems across College</td>
<td>To minimise the collection of cash across college sites to reduce the need for this money to be physically transported between sites.</td>
<td>£10000</td>
<td>2</td>
<td>August 2009</td>
<td>Finance</td>
</tr>
</tbody>
</table>

Key
Sustainability Priority (Column 4 in above table)
1. This will result in significant efficiencies and can be achieved quickly, so it should be implemented straightaway.
2. This will achieve significant efficiencies but implementation is likely to take time and there are significant cost implications.
3. This will achieve some efficiencies and has some implementation issues. Longer term goal.

food has been largely absent in most cities; the majority of citizens do their harvesting at the supermarket and expect food to be served up packaged and branded for enhanced recognition that indicates a given quality. Cities today take up only 2% of the world’s land surface, yet they use over 75% of the world’s resources.

In a world where everyone is demanding a higher standard of living with a known limit of natural resources, it becomes essential to maximise productivity by prudent and well considered use of materials, labour and machines in all spheres.

Sustainability and productivity in education
The Environmental Association for Universities and Colleges (EAUC) was established in 1996 and is run by members for members. It seeks to help the UK Further and Higher Education Institutes to improve their environment and sustainability performance. With a membership of over 200 institutions, the EAUC is leading the way in integrating sustainability and environmental management into the business management of universities and colleges in the UK.

The EAUC exists to support its members in delivering improved environmental and sustainability performance in universities and colleges: training, advice and support is given to members, as well as providing a forum for best practice in the sector. There is an underlying linkage to productivity, in that the best use is made of available resources and that wastage is eliminated. The organisation is the only member-led support body of its kind in the UK.

Case study one: Focussed action at a college of further education
Castle College in Nottingham was formed by the merger of Broxtowe College and the People’s College in 2006. The College has 8900 FTE students, 790 staff and has 18 buildings on 18 sites. It is deeply involved in structured
sustainable action and, to this end, has a dedicated team which is made up of members from various functions within the college. Lists of proposed suggestions with costs and benefits are fully discussed at team meetings and agreed action plans are drawn up. Follow up work is then taken according to the plan, the results of which are fed back at a subsequent meeting.

A recent Action Plan is given on the opposite page:

Case study two: Cleaning contracts at Castle College

In addition to the initiative as indicated in the Action Plan, problems did arise where the original two colleges had different cleaning contracts with different suppliers, and with different times. The Estates Management Team wanted to use the enlarged college to set up a better-value cleaning contract, and also use this opportunity to look for the most environmentally preferable option. Overall, the goals of the College were to save money on cleaning costs, while reducing the impact on the environment, and demonstrating that the Estates Management Teams can contribute to sustainability.

The college management realised at an early stage that there was a need for specialist knowledge about cleaning in a way which minimises impact on the environment: the use of consultants were essential to achieve best value, as well as minimise its operational impact. After a tendering process, which focused on value for money and sustainability, the College appointed a Private Cleaning Company to advise and undertake the contract. The appointed Contractor had experience of the use of machinery with high powered jets that deep clean, but at the same time minimise water use. The products used in conjunction with the jets broke down the fats found in kitchens, toilets and showers, which resulted in a superior clean. The company uses products from Selden, which has a comprehensive environmental policy. All the materials from this supplier meet or exceed the relevant legislation related to damage to the environment, as well as minimise the amount of product packaging and water-use during manufacture.

Estimates indicate that the College will save more than £150,000, in comparison with current costs, over a three-year cleaning contract. The cost savings would have been much higher but, under the Transfer of Undertakings (Protection of Employment) Regulations, the contract company had to maintain the pay and conditions of the cleaners who previously worked on the contract.

In addition, the college's environmental impact has been reduced by the improved cleaning products and through reduced use of water.

Conclusion

The ecological footprint gives a reliable and quantifiable indication of the spatial support requirements of any urban area. It is a sound planning tool, since through its use, knowledge can be obtained of the necessity of the land surface required to feed it and to deal with the resources required by and discarded from the inhabitants: this information should assist in the development of remedial decision making and with the object of making the urban areas more compatible and in harmony with the ecological situation of a nation.

As shown in the case studies, local sustainability actions at a college can lead to total cost reductions, as well as reducing the impact on the environment, if tackled in a systematic manner. There is a need for continual action on these activities to ensure that remedial results are obtained and best practice is continually updated. The case studies indicate that most organisations can make a contribution to the reduction of the national ecological footprint and improve sustainability with increased productivity which, if repeated throughout the community, must make significant and positive results. Finally, if sufficient consideration is given to these projects, economic benefits are also obtainable.

References


Habitat Agenda (1996) UN Summit in Istanbul.


Castle College, Nottingham, Internal documentation.

The media committee feel that improving the productivity of the environment is an important area of research and would welcome more articles on this topic.
Lessons learnt in contact centres.

Abstract
Traditional front-line management practice reinforces a view of organisational performance as attributable to the performance of individuals within it. Deming argued consistently against this view and was recognised by the emperor of Japan for the successful application of his ideas by Japanese industry. This paper traces the antecedents of the current individualist view of performance in the Taylorist division of work and the monitoring and enforcing role given to managers. Shewhart’s work on variation is applied to contact centre performance measures in order to answer Deming’s call for managers to know whether performance is in the system or in the behaviour of individuals. The work of first-level managers is redefined and the implications for measures and the contact centre leadership is highlighted. Results that are possible by applying a systems view are then demonstrated.

Keywords
Performance, systems thinking, management roles.

Management Implications
• The traditional first-level contact centre manager role monitors, measures, manages and develops people, in order to improve performance.
• The major sources of variation in individual performance are attributable to the system, not to the people.
• First-level managers can more effectively improve performance by improving the system (which allows people to develop), rather than developing their people.
• Learning comes from doing:

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Productivity

nce personal or in the system?

gathering and analysing data in capability charts, combined with investigations into the sources of variation, provide knowledge to improve the system.

- Performance measures and the first-level manager’s role change to optimise the system.
- Results improve as the system is optimised.

Introduction
How do first-level managers improve the performance, be it sales, service or bottom-line of their teams? To improve performance in contact centres is first-level managers’ time better spent developing the workers or improving the system in which they work?

Commonly in contact centres, first-level managers spend their time working on developing the workers to improve performance. Managers give out individual targets, run fire-ups and motivational sessions, directly or remotely monitor adherence and calls, hold regular one-to-ones, appraisals and coaching sessions, and pay their workers a bonus if they hit target, all to drive individual performance.

In turn, the performance of first-level managers is assessed largely on the target performance of their team.1

“Our troubles lie entirely in the work force.” The supposition is prevalent the world over that there would be no problems... if only... workers would do their jobs in the way that they were taught. Pleasant dreams. The workers are handicapped by the system, and the system belongs to management.”2

Often in words like these, W Edwards Deming taught the industrialised West about quality during the 1980s. Following World War 2, as a management
consultant, Deming had taught the Japanese that the performance of workers is largely due to the system in which they work. In May 1960, the Emperor of Japan awarded the Second Order Medal of the Sacred Treasure to Deming; the citation stated that the Japanese people attribute the rebirth of Japanese industry, and their success all over the world, to his work there.⁴

John Seddon updates the discussion to modern service industries, including contact centres: “If service centre workers’ behaviour is subject to variation, the extent and nature of that variation must be established before any action can be contemplated, otherwise managers will make the situation worse. Managers (and service agents) need to know whether variation in performance is attributable to agents or the system. Current approaches to people management in call centres ignore this important question.”⁵

**Methodology**

This paper investigates whether most performance is down to workers or the system in which they work within contact centres, considering the context of a financial services firm. The implications for the work of first-level managers are discussed; in particular how best to improve performance. Examples are based on studies made in predominantly inbound contact centres, dealing with sales and service for secured lending and insurance products.

The examples given are representative of real cases with clients, although no client data is presented. Original case materials comprised analyses of over 10,000 calls during a three-month period, in-depth analysis of 100 sales transactions and studies of management information data. Front-line staff made many of the recordings of data and the author’s personal study of sales processes are reflected in the examples presented.

**Personal performance and the first-level manager role**

Frederick Winslow Taylor describes how some managers viewed their work in 1911.⁶ “they recognise the task before them as that of inducing each workman to use ... his ‘initiative’, so as to yield the largest possible return to his employer.” By initiative, Taylor meant the combination of the workers’ skills, trade knowledge and willingness. Taylor states that in return the manager must give some special incentive.⁷ Taylor replaced the workers’ ‘initiative’ with scientific (task) management: managers study, then specify and divide up the work; through close supervision they then drive, monitor and assess performance by numerical results.

The same logic is evident in the design of a typical contact centre.⁸ Integrated computer and telephone technologies allow high levels of ‘real time’ monitoring of the quantity (call time, wrap time, sales) and quality (eg, by remotely listening to live or recorded calls) of output. The monitoring of workers at Financial Services sites is seen to be amongst the most intense.⁹ Workers perceive managers as principally focused on results.¹⁰

Within the context of management-defined work and rigorous monitoring,
by first-level managers in contact centres are a mix of sales targets, service-level agreements and availability/schedule adherence. Simply stated, workers have targets and counts, first-level managers monitor stats and calls. Where any counts (sales, availability) don’t meet targets, team-leaders coach and motivate and write reports and action plans. Call monitoring assesses and enforces compliance to both scripted sections of the call and prescribed techniques for, eg, rapport building with customers. Often, a duty manager monitors service levels and intervenes when customers are queuing and agents are not ready.

Is performance down to the worker and how would we know? Consider a contact centre taking calls from customers wanting to borrow more money against the value of their property, where call durations average 30 minutes. It is a regulated environment in which agents take customer details, perform a credit check and quote costs that customers either go ahead with, or they do not.

Take the key performance measure used by first-level managers with their teams to be the ratio of calls to applications (call:app), with lower call:app numbers rated better: if the salesperson takes less calls to process an application from a customer, the salesperson is said to be more efficient. An example of a typical month’s performance data is given in table 1.

Data is generally collected as a basis for action, ie, deciding where and in what way to act. In order to make sense of data, we need to compare them with something. In this case the data is compared with a target to assist first-level managers in deciding what to do. From table 1, Arthur processed an application at least every third call, performing better than target, whereas Amish required over seven calls before processing an application.

<table>
<thead>
<tr>
<th>Name</th>
<th>Call:App</th>
<th>Status to target (3.71)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arthur</td>
<td>2.99</td>
<td>Green (met)</td>
</tr>
<tr>
<td>Amish</td>
<td>7.15</td>
<td>Red (not met)</td>
</tr>
<tr>
<td>Alena</td>
<td>7.41</td>
<td>Red (not met)</td>
</tr>
<tr>
<td>Alannis</td>
<td>5.07</td>
<td>Red (not met)</td>
</tr>
<tr>
<td>Abbott</td>
<td>4.16</td>
<td>Red (not met)</td>
</tr>
<tr>
<td>Andrew</td>
<td>5.46</td>
<td>Red (not met)</td>
</tr>
<tr>
<td>Audry</td>
<td>4.16</td>
<td>Red (not met)</td>
</tr>
<tr>
<td>Anna</td>
<td>3.38</td>
<td>Green (met)</td>
</tr>
<tr>
<td>Akili</td>
<td>5.07</td>
<td>Red (not met)</td>
</tr>
</tbody>
</table>

Table 1: A typical month’s Call:App data for team A

Would you challenge the target since most of your people haven’t met it? These strategies are all in line with an individual view on performance. Is this a valid view and how can we know?

If you were the team leader for this team, your people may have voiced concerns during the month about hitting their call:app targets. They may have stated that the target is too difficult, or they may have talked to you more

“This paper investigates whether most performance is down to workers or the system in which they work”
specifically about reasons they couldn’t hit it: the incoming calls don’t help them, because the people that they speak to aren’t wanting to apply; the IT system is playing up; products aren’t competitive, etc. It is factors of this type, factors of the system, factors that are outside the control of the workers, that Deming eluded to when he stated: “A basic principle presumed here is that no one should be blamed or penalized for performance that he can not govern.”

Frederick Winslow Taylor may have agreed; writing about how to improve metal cutting, having listed a range of changes required to both the metal cutter’s machines and tools, he states: “Many of these changes are matters entirely beyond [the worker’s] control, even if [the worker] knows what ought to be done.”

Deming stressed that: “It is management’s responsibility to know whether the problems are in the system or in the behaviour of the people.”

This is a viewpoint shared by other respected authors.

Dr Shewhart had been studying variation in natural processes and had concluded that while every process displays variation, some processes display controlled variation that is natural to the process or system, while others display uncontrolled variation that is not present in the process causal system at all times.

What Shewhart called a control chart (which from now on will be referred to as a capability chart) graphically distinguishes between these two types of variation: common cause (or system) variation and special cause variation, attributed to a unique event or occurrence. It was through analysing data in this way that Deming charged management with knowing whether variation is in the system or in the behaviour of the people.

In figure 1, a simple chart shows the variation in Team A’s call:app results from table 1, relative to the target (3.71) and to the team’s average (4.98). Note, management views sales performance as more efficient the lower the call:app ratio.

To determine if the variation present is due to the system or to the behaviour of individuals, control limits can be generated by software, or are simply calculated from the data as shown in table 2 below. (Notes: The moving range is the absolute difference between the current value and the...
By adding the control limits calculated in Table 2 to Figure 1, we create a capability chart. Figure 2 shows the capability chart for Team A’s typical month’s worth of call:app results, with the control limits shown as dotted lines.

Following Shewhart\textsuperscript{19}, any variation in the data points above the upper control limit or below the lower control limit is evidence of special causes; variation between the limits is due to the system. Shewhart’s studies validated this method for different underlying distributions of data.\textsuperscript{20} As none of the people fall outside the calculated limits, the apparent differences between the people can all be ascribed to the rest of the system.

### Implications for the current role of first-level managers

With the information that the performance differences between individuals are attributable to the system and viewing the wide spread of data in the capability chart (Figure 2), attention is naturally focused on the question of ‘what factors within the system are responsible for the variation?’ The only reason to ask this understanding the system (how and why it works as it does, such that customers feel obliged to generate failure demand) and then acting on the system to remove the blocks to value creation. Simply stated, what stops the frontline doing what customers want? This investigative task may sound like extra work that needs to be performed by often already overloaded first-level managers. If, however, address the causes of variation, what might best be called acting on the system, can be seen in the performance data shown in Figure 3. After the system level intervention, call:app performance is systematically higher; less calls are being taken per completed application. It is beyond the scope of this article to discuss targets, although it should be noted that the performance improvements shown were not, and in the view of the author, could not, be achieved by targeting. For further information on targets, refer to Seddon\textsuperscript{21} or Kohn\textsuperscript{22}.

The data above show only the performance improvement in the call:app measure. The essential elements of the Seddon systems thinking approach to performance are purpose (what we are here to do), measures (how we know how we are doing) and method (how do we do it)\textsuperscript{23}. Taking current measures and expressing them in a different way will prevent managers from wasting time discussing differences that are not real, but adopting different measures which is much better.\textsuperscript{24}

In this example, the team used leading measures relating to demand (why people call) and capability (eg. ability of the system to meet demand one stop) to understand and measure their system’s improved performance. Ultimately, lagging measures relating to bottom line financial results are also required. In this example, as well as improved call:app ratios, average call durations were reduced by a third and overall levels of demand fell, since a fifth of all demand had been failure demand that could be prevented. The translation of these results into increased capacity and ongoing operational savings is considerable.
System performance and the first-level manager role

Similar results are consistently found when studies of this kind are made. Deming summarises the systems intervention potential by stating that most troubles and most possibilities for improvement add up to proportions something like this: 94% belong to the system (the responsibility of management), 6% are attributable to special causes.

Deming sees the failure to understand the information in variation as the central problem in management and in leadership. In the example given above, it was the action of plotting the data and investigating the causes of variation that provided the manager of the team with real knowledge of how to make significant improvement.

How managers should respond to problems will depend on whether the problem comes from common cause variation (the system) or special cause variation (eg, individuals).

Management approaches, that include performance appraisal, feedback and goal setting, assume that the potential for greater performance stems from the individual. In contact centres, the formal system sets in place the activities and requirements that consist of the bulk of the team-leader’s roles, from monitoring and performance analysis to coaching and mediation. The application of Taylorist principles requires a massive commitment of supervisory time and energy to interpret statistics generated by the monitoring software and then to implement coaching or disciplinary measure.

The familiar activities of one-to-ones and coaching, that do not act on the system, are, following Deming, working on the 6%. The implications for first-level managers are significant – if they were to stop focusing on the 6%, they would have the time to spend working on the 94%: that is, working with the workers to understand and improve the system. As can be seen from the example above, intervening at the level of the system can make significant improvements in performance.

Individual contribution and management responsibility

Having discussed the importance of the system in governing performance and consequently the great opportunity for improvement that can be realised if first-level managers work to improve the system, it is worth looking at the role of individual contribution and management responsibility. The following example for a home-insurance sales team assumes that the sales team have customers transferred through to them, who have initially called for a different reason. That is, the idea of receiving a home-insurance quote is cross-sold to customers by lead-generators.

Figure 4 shows example daily sales over an eight month period. Whilst most of the team are performing at similar levels, Earl’s performance stands out as consistently higher over the eight month period. Here, an immediate reaction might be that the difference in performance between the individuals is down to the individuals themselves.

This common assumption – the personal performance paradigm – stops short of a much more powerful explanation that is enormously useful for front-line management, only sought when the question ‘why?’ is asked. Why is there this difference in performance? Viewing Earl’s performance as down to Earl misses an opportunity to understand and learn the reasons for the increased performance. The manager’s role is to understand why Earl’s performance is better, and enable learning to take place for the rest of the team in the better method.

Seddon describes the approach as follows: “Suppose you do find a salesman whose sales are reliably better than others. The reason will almost certainly be method – what the sales person does, how he or she spends his or her time. If and when this is the case, it is the leader’s job to identify the reason and adapt the method accordingly; it is part of the system.”

In an actual case study, involving insurance sales, that this example is based upon, 50 calls of the top salesperson (eg, Earl) and 50 calls of an average performer (eg, Fran) were studied to see if there were any differences in method to account for the performance difference. Differences in method were identified, particularly in relation to the use of a switching service, where customers can leave their current provider mid-term, generally at no cost, depending on provider.

Simply put, Earl made greater use of this service. He more thoroughly questioned policy details where any quotes were more expensive, something not done by Fran. He handled no customer servicing requests, whereas Fran spent both time and care resolving queries for customers.

These last observations raise an important question about the purpose of the system and, consequently, what good performance looks like. Earl may be achieving his sales at the expense of customer service. If the first-level manager works with the team to adopt a form of Earl’s method, complaints, customer dissatisfaction and cancellations may grow. Ultimately, sales may suffer as a result. At the time of writing, Earl’s better method, without Earl’s lack of customer service, is being trained to other members of the team to systematically enhance performance.

So what role is left for individual contribution? What follows is based on work by Juran and Chapter 6 from Seddon and gives the vital place for an individual’s contribution, and states management’s responsibilities.
To perform well an individual needs three things: information (knowledge of what to do), method (knowledge of how to do it), and a willingness to do it. Management should define clearly what ‘good’ looks like and provide simple and clear information and job aides. Measures should relate to purpose, and be available to those doing the work. Adequate training must ensure that individuals have the knowledge of what to do. Management needs to ensure methods, measures, procedures, information technology and so on, in order to support optimal performance.

The requisite willingness is up to individuals, but note: extrinsic motivators, such as incentives and bonuses, encourage people to ‘get the reward’, rather than ‘do the job’. Management must ensure that jobs are designed to be intrinsically motivating. Motivation comes from doing work well, which in part relies on knowledge of results – how well the individual is performing versus purpose. If a job requires individuals to have specific attributes or aptitudes, then the company’s selection procedures must support these.

**Conclusion**

By performing a quick and simple analysis of commonly available performance measures, front-line managers can identify whether most performance is attributable to their team or to the system in which they work. Factors within the system, including differences in individual method, are discovered to account for the vast majority of variation in team member’s results.

Through the analysis of the data in this way and by studying the underlying causes of variation in the system, first-level managers gain knowledge of where and how to act on the system to improve its performance. In the process they learn the implications of a systems view: to require clarity of purpose of the system, that measures relate to purpose and that their role shifts from developing people to acting on the system. To do so requires support from those above them. The results that can be achieved are significant.

**References**

6. Ibid.
8. Ibid.
9. Ibid.
11. Deming, ref 2 above.
12. Taylor, ref 5 above.
19. Ibid.
21. Seddon, ref 4 above.
25. Seddon, ref 4 above.
26. Ibid.
29. Deming, ref 2 above.
32. Houlihan, ref 1 above.
34. Seddon, ref 4 above.
35. Juran, ref 14 above
36. Ibid.
37. Herzberg, ref 10 above and Kohn, ref 24 above.
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