Achieving excellence through people and productivity

Management Services

Tackling the deficit

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The Institute acts as the qualifying body for the Management Services profession in the UK, focusing developments in practice and knowledge and acting as a forum for information exchange. This in turn enables our members who work under a variety of job titles across the whole of the UK economy, to make a more effective contribution to the well-being of their own organisation and to the nation’s economy as a whole.

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The Institute AGM held on 22 October 2010 in Lichfield was well attended by members. The main discussion point was the Institute’s role in ensuring that we played a key part in the implementation of the Government’s Spending Review. It was felt that this was bringing about major redundancies in the public services, but unless this was coupled with improved efficiency by the application of productivity techniques, the maximum benefits would not be achieved. Following the AGM, the Institute Council met and elected officers for the ensuing year. I was once again elected as Chairman; Andrew Muir remains as Deputy Chairman and John Lucey as Treasurer. It is perhaps an understatement that the Government’s Spending Review will have major implications for the UK. The stated indication that some 500,000 public service jobs will be lost is of major concern, especially to those losing their jobs, and the knock-on effect this will have right across the UK economy. It is frightening if our Government is saying that we have been employing half a million people in public service jobs that were not really necessary. I listened to one NHS Hospital Trust Chairman stating the need to remove excessive bureaucracy. I was left wondering why, as Chairman, he had allowed this excessive bureaucracy to build up in the first place. Equally I witnessed a Chief Constable stating on TV that he could easily reduce his budget expenditure by 12%. Again, I was left wondering why he had not done this in past years.

In the 1980s and 1990s, so many public bodies phased out their work study and management services Departments; the very structures that could have ensured that the organisation was operated in an efficient manner. One only has to visit any hospital to witness the inefficient practices that are there for all to see, bureaucracy and inefficiency are often order of the day. The leaders in the NHS seem to have difficulty in recognising that it is doctors and nurses that patients want, not ‘shed loads’ of managers and bureaucrats. In 2009, the number of NHS managers rose by 11.9% while the number of nurses rose by only 1.9%. The Institute and our members can play a key role in improving productivity and efficiency in public services, and we all need to get this message across to our political leaders.

In early November, the Institute Deputy Chairman Andrew Muir and myself, attended as representatives of our Institute at the World Productivity Congress in Belek, Turkey. A separate report appears in this Journal. As always, I am available if any member wishes to contact me to discuss any matter, my email address is blanch2203@googlemail.com. David Blanchflower, Chairman.

Dear Dr Muir,

I have just seen your excellent article in Management Services about New Lanark, published in the summer. It was one of the clearest, most readable expositions of the complex ideas of Owen, and the importance of New Lanark I have seen for some considerable time. Thank you for your coverage of our wonderful site. It is of great importance to us that not just the physical beauty of the site, but the incredible ideas originating here, are widely explained.

One never knows, someday we might catch up! We live in hope.

Arthur Bell, Chairman, New Lanark Trust
**Neil Wilson**

It is with sadness that we report the death of Neil Wilson, who was well known within the North West Region of the Institute. Neil had been actively involved in the Institute for more than 30 years. He was for many years the Chairman of the Stockport Branch and was active on the North West Region, being the Region’s Deputy Chairman. Neil played a key role in organising many of the events staged by the Region. In the early 1990s Neil was an elected member of the Institute’s Council of Management and was actively involved in the reorganisation of the Institute’s Branch and Region structure.

Much of Neil’s working life was spent working with Macclesfield Borough Council where he was a senior officer in the management services department. Towards the end of his career he was employed in the field of health and safety. Neil was always ready to be involved and assume responsibility; he had a dry sense of humour and will be sadly missed by his many friends and colleagues in the Institute’s North West Region.

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**Frank Booth (1938-2010)**

Frank Booth FMS has recently died, at the age of 72. Frank was the minutes secretary for the North West Region Board and will be fondly remembered by all his colleagues in the IMS. He had moved from Bolton and District Branch Board where his tenure was also an active one.

Frank was born in Bolton and trained as an electrician before joining the RAF as a radar engineer, which involved servicing Vulcan Bomber force equipment. On returning to ‘Civvy Street’, he joined De Havilland Propellers and it was there that he was introduced to work study. Between 1989 and 2002, he worked in Management Services for the NHS North West Region, followed by a short spell with Bury Council.

In his middle years Frank enjoyed distance running and took part in two Bolton marathons, where his claim to fame was in reminding listeners that he had passed Jimmy Saville on Plodder Lane! His other interests were classic cars and motorcycles, and his great pride was his 1969 Morris Oxford, which he took on many rallies around different parts of the country. The car appeared on national television in an episode of *Life on Mars*.

Frank is survived by his wife of 48 years, Mavis, and his two children.

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**Regional News**

Members are asked to note that this year’s API (Association of Professional Institutes) Annual Deliberation, to be presented by Dr David Munro, has had to be postponed until the beginning of next year. For further information please contact Bob Smith, Scottish Region Chairman, on 01592 758252.

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Left: The Deputy Chairman, Dr Andrew Muir, meets Bill Butler MSP during a recent visit to the Scottish Parliament. Dr Muir’s visit was a consequence of an article he had written on Robert Owen which was published in the summer edition of the journal. Mr Butler is heading up the campaign to have Owen’s image printed on a Scottish bank note. A follow-up article is printed on page 27 of this issue.
Employees who have control over the design and layout of their workspace are not only happier and healthier – they’re also up to 32% more productive, according to new research from the University of Exeter.

Studies by the University’s School of Psychology have revealed the potential for remarkable improvements in workers’ attitudes to their jobs by allowing them to personalise their offices. The findings challenge the conventional approach taken by most companies, where managers often create a ‘lean’ working environment that reflects a standardised corporate identity.

Dr Craig Knight conducted the research as part of his PhD and is now director of PRISM, a company that deals with space issues in the workplace. “When people feel uncomfortable in their surroundings they are less engaged – not only with the space but also with what they do in it. If they can have some control, that all changes and people report being happier at work, identifying more with their employer, and being more efficient when doing their jobs.”

The research involved more than 2000 office workers in a series of studies looking at attitudes to – and productivity within – working space. This included two surveys of workers’ attitudes carried out via online questionnaires, as well as two experiments which examined workers’ efficiency when carrying out tasks under different conditions.

The surveys assessed the level of control that workers had over their space – ranging from none at all to being fully consulted over design changes. Workers were then asked a series of questions about how they felt about their workspace and their jobs.

Results consistently showed that the more control people had over their office spaces, the happier and more motivated they were in their jobs. They felt physically more comfortable at work, identified more with their employers, and felt more
improves productivity

positive about their jobs in general.

Two further studies, one at the University and another in commercial offices, saw participants take on a series of tasks in a workspace that was either lean (bare and functional), enriched (decorated with plants and pictures), empowered (allowing the individual to design the area) or disempowered (where the individual’s design was redesigned by a ‘manager’).

People working in enriched spaces were 17% more productive than those in lean spaces, but those sitting at empowered desks were even more efficient – being 32% more productive than their lean counterparts, without any increase in errors.

Professor Alex Haslam, who co-authored the research, said it was time for managers to recognise the potential improvements that can be made by handing some control of space over to workers and thereby giving them an opportunity to realise their own identity in the workplace.

He said: “Not only does office design determine whether people’s backs ache, it has the potential to affect how much they accomplish, how much initiative they take, and their overall professional satisfaction. Further research that we and others have carried out also highlights strong links between a lack of control over workspace and sickness in the office.

“All this could have a huge impact for firms of any size, yet employers rarely consider the psychological ramifications of the way they manage space. By paying more attention to employees’ needs they can boost wellbeing and productivity at minimal cost.”

The research was carried out with the help of Ambius, a firm which specialises in providing services to enrich workspaces for businesses, supported by the Economic and Social Research Council (ESRC).

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The Economic and Social Research Council (ESRC) is the UK's largest organisation for funding research on economic and social issues. It supports independent, high-quality research which has an impact on business, the public sector and the third sector. The ESRC’s total expenditure in 2009/10 was about £211 million. At any one time the ESRC supports more than 4000 researchers and postgraduate students in academic institutions and independent research institutes.

The work of Craig Knight and Alex Haslam is published in two research papers. Your Place or Mine? Organizational Identification and Comfort as Mediators of Relationships Between the Managerial Control of Workspace and Employees’ Satisfaction and Well-being, published in the British Journal of Management.

Tackling the £150 billion
tackling-the-150-billion-

Imperial College London

Introduction

The Institute of Management Services (IMS) has, over the last eight years, consistently written to Her Majesty’s Government (HMG) about the need to improve productivity in the public sector. In all of that time I do not think that we even received an acknowledgement to our letters. The recently formed coalition Government is now faced with the biggest deficit in our history, but it has chosen to adopt a more inclusive approach in an attempt to engage all stakeholders. As a result, Harry Downes wrote to our President John Thurso MP, asking if we could be involved in the process. John Thurso suggested that Harry write to the Rt Hon Danny Alexander, the Chief Secretary to Her Majesty’s Treasury (HMT), which he did. Consequently, Harry and myself were invited to a spending review engagement event in Reading Town Hall on Tuesday 31 August.

The scale of the challenge

This was set out by the Rt Hon Danny Alexander:

“...the forthcoming spending review will involve more than the allocation of resources. As well as taking the steps needed to reduce Britain’s record deficit and restore sound public finances, the spending review will consider how to deliver a steep change in public sector productivity and value for money and set out a long-term vision for public services. The Government’s values of freedom, fairness and responsibility will underpin its approach and will set out a long-term vision for public services.

“In this era of substantially tighter spending, it is going to be more important than ever to demonstrate to the public that money is well spent and that we have exhausted all possible avenues for making services more efficient. To this end, the Government has committed to making this spending review as open as possible and has sought to gather talented individuals from the public sector and beyond, harnessing their expertise to think creatively about the big questions it faces. Alongside the spending challenge websites, through which we have received over 100,000 ideas from individuals on how to get more from less, the Government has organised a series of visits and seminars over the summer to discuss and debate various aspects of public spending. This event is...
deficit.

an important part of that process – and the results of the discussion will be fed back to HM Treasury and Department officials to inform decisions made under the spending review”.

The series of spending review events (SRE) provide a deliberative forum for stakeholders to exchange and discuss suggestions on how to cut the deficit.

The key aims of the SRE were clearly set out and are detailed below:

1. For the Chief Secretary and HM Treasury officials to hear your suggestions about how we can tackle the deficit – your knowledge and experience in key policy areas should make this an interesting and useful discussion.
2. For stakeholders to discuss these suggestions and hear the views of people within and outside of their policy area.

3. For HMT to take back suggestions that emerge from discussions on how to tackle the deficit, and feed these into the spending review process.

There were nine key questions set out in the SRE to ensure that the Government got value for money in all of its public spending. These are detailed below:

1. Which activities are essential to meet Government priorities?
2. Which activities does the Government need to fund this activity?
3. Which Government activities provide substantial economic value?
4. How can we better target public services to those most in need?
5. How can these activities be provided at lower cost?
6. Which public service activities are the least effective and why? How can these be provided more effectively?
7. Which activities can/should be provided by a non-state provider or by citizens, wholly or in partnership?
8. Can non-state providers be paid to carry out particular activities according to the results they achieve?
9. Where can local bodies, as opposed to central Government, provide public services?

When the Government announced the result of the Spending Review on 20 October, the Chancellor sought to make clear where external ideas have been taken into account.

The spending review engagement event

We were able to meet the Rt Hon Danny Alexander and briefly outline that the prime objective of the IMS was to improve productivity in the broadest sense. The Rt Hon Danny Alexander introduced the event and thanked the attendees for giving up their time to participate. In his introduction he emphasised that the Coalition Government wanted to listen to the electorate and access the best possible ideas for reducing the massive deficit. In essence, he said that the last Government had spent £4 for every £3 collected in tax. He went on to say that the SRE events were being held all over the UK and he hoped that, as a result, the cuts can be made with care. You may recall that HMG set up a website and asked for suggestions. To date there have been 63,000 responses, which has resulted in 710,000 suggestions.

The participants were set in groups and each person put forward their ideas. The group was then asked to select the top three for the facilitator from HMT. The need for all public sector services to have some form of cost reduction/productivity improvement function was suggested.

Conclusion

The SRE was an interesting and worthwhile event, and by the time this article is published we will know the outcome of the spending review.

John Lucey
I n _MSJ_ issues Winter 2009 and Spring 2010, I reported on some recent research into the experiences of two large, local government organisations (LGOs) as they attempted, or thought they did, business process reengineering (BPR). These were not successful attempts.

As I said in part one, the unfortunate, but not entirely unpredictable, outcomes of the research were that these organisations were not ‘ready’ for change of such a ‘radical’ nature as BPR, that senior managers did not really understand the concept or its implications, and that cultural inertia, resistance to change, and lack of effective leadership at senior levels were all contributory factors. These are serious issues.

In Mel Gibson’s film _Braveheart_, as he (aka William Wallace) rides on to the battlefield to take charge of the situation, one of his sidekicks comments: “This must be a fashionable fight, it’s drawn the finest people!” Radical changes, especially in the UK’s public sector, have never been more of a ‘fashionable fight’ than now.

Six years ago, when Sir Peter Gershon, in his _Review of Public Sector Efficiency_ (July 2004), asked for ‘auditable and transparent efficiency gains of over £20 billion in 2007-08 across the public sector [with over] 60% of these [being] directly cash releasing’ (£12 billion), plus, ‘a gross reduction of over 84,000 posts...
in the civil service and military personnel in administrative and support roles’, he was serious. The trouble was, the public sector wasn’t.

Later, in 2008, when the BBC’s then economics editor, Evan Davis, interviewed Sir Peter Gershon on progress to date, he reported: “You might remember the National Audit Office said, ‘We don’t really think the numbers that are being attached to all the savings that are made are necessarily terribly accurate…’ I think the jury’s out, and the National Audit Office, I think, sometimes found that things that looked like savings – you know, ‘we’re cutting aircraft carriers or cutting things from the Ministry of Defence’, for example – were really just about cutting things rather than savings or making things more efficient, and one of the things Sir Peter was saying was really that, this is just the beginning.

Over the next three years, the targets are far more ambitious. They want cashable savings, efficiency savings, and they need them because the public finances are in a pretty messy state! Davis’s own comment that ‘the message of the last three Gershon years is, it’s only just begun and this is going to be a huge theme in the public sector’, has proved hugely prescient.

And why are we in this position? Because of a total lack of effective management and leadership at the top of these public sector organisations. With possibly very few exceptions – Bracknell Forest (possibly); Portsmouth City Council Housing Department (very possibly) – these public sector organisations have been too busy staying the same to make the necessary changes. So now the ‘£20 billion’ has become ‘£109 billion’ (the largest structural budget deficit in Europe.’ George Osborne, The Chancellor of the Exchequer, 20 October 2010 – www.hm-treasury.gov.uk/spend_sr2010_speech.htm#primaryContent.)

It is not possible to generalise from the results of a single study into two LGOs, but equally there is little evidence to suggest that these were atypical.

The issue of senior management’s leadership and commitment is both serious and emotive. Radical change of this nature (whether you call it BPR, systemic change, or service redesign) is likely to result in changes to your organisational structure (or ‘turf’), reductions in headcount and if costs are to be effectively tackled, loss of budget. Yet when your pay level depends on ‘turf’, numbers of staff, and budget, what are the few things you are unlikely to be keen to give up – especially if you are also approaching that time of life when pension calculations begin to affect your thinking?

These reasons, I believe, have caused much of the inertia that has prevented LGO chief executives and chief officers, plus other senior managers, from embarking upon the radical change programmes the public sector so clearly needs. To put it simply, they just are not ready!

Diagnostic models and measures – readiness and radicalness

Help is at hand and has been around for at least 15 years, had anyone been prepared to notice. Two concepts that emerged during this research, and for which no evidence of use elsewhere has been found in either case, were Hammer & Stanton’s...
Organisational Readiness Self-Diagnostic exercise (see Appendix 1*), and the Kettinger et al Project Radicalness Planning Worksheet (see Appendix 2*). These instruments were offered to different interviewees in both LGOs, at different junctures during the research, and with just a few minor, qualifying comments, both were considered to be positive additions to the overall BPR planning process.

In both LGOs there was a clear if pragmatic acceptance that, organisationally and culturally, they were not ‘ready’ for change of such a fundamentally radical nature as BPR. This acceptance was despite both LGOs’ initial declarations that BPR was to form a key part of their strategies for change. In the larger LGO (‘County C’, 28,000 FTE) their project radicalness ratings were at best midway, locating them in the process redesign area rather than radical reengineering, which they had claimed to espouse. Across both LGOs, the evidence suggested that, with one potential exception, no single project would fit the key criteria proffered by the original definition of reengineering (Hammer & Champy, 1993) – ie, fundamental rethinking, radical redesign, and delivering dramatic results.

That one possible exception, despite its potential for larger scale savings, would still not fit because it fell well short of the additional requirement (or strong suggestion from Hammer & Stanton) that: ‘You must reengineer quickly. If you can’t show some tangible results within a year*, you will lose the support and momentum necessary to make the effort successful’ (1995). (*NB Davenport (1995) suggests this is more likely to be 18 months.)

If we therefore discard the term rhetoric – lest the more pejorative meaning is inferred – then whilst in both LGO cases the ambition might have been for BPR (or radical reengineering), the reality was no more than process redesign (though more probably process improvement), suggesting again that, at least within the context of LGOs, there is reason for and validity in the concept of ‘degrees of BPR’.

This brings us to a number of options that will be of fundamental assistance to such organisations when considering embarking on change strategies for which they might not be culturally or organisationally ready, or projects that might be at an inappropriate degree of radicalness. The combined results of this self-assessment diagnostic (Hammer & Stanton, 1995) exercise for the two councils are shown above, along with Hammer & Stanton’s minimum recommended and maximum possible scores (Figure 1):

In all categories and the diagnostic as a whole, the results are below those suggested by the authors. This presents the opportunity for any organisation embarking upon a potentially more radical change strategy to increase their awareness of their own state of readiness to do so. Under Improving Your Scores (ibid), Hammer & Stanton ‘explain the significance of each of the 20 statements that make up the diagnostic and offer recommendations for improving low scores’, but just two examples – both relevant to these LGOs – give an indication of how this could make a significant difference:

**Statement 1**

‘The leader of reengineering is a senior executive who is strongly committed to reengineering and who possesses the title and authority necessary to institute fundamental change.

**Improvement**

Reengineering leader must be a senior executive who is passionate about reengineering and has a

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*Figure 1: Hammer & Stanton’s Combined Results for Organisational Readiness for ‘County C’

“This must be a fashionable fight, it’s drawn the finest people!”
strong commitment to it. Passion and commitment are not enough, though. He or she must have the authority to implement the changes needed to support major process redesign. If the nominal reengineering leader is not demonstrating passion and commitment, he or she must be made to understand the complexities of reengineering and why dynamic leadership is so important.

Reviewing case histories (successful and unsuccessful) and meeting with counterparts at other firms can help provide a model of what is required and an appreciation for why it is so vital. If no one naturally fills the role of leader, one must be recruited. Potential leaders within the company should be targeted and educated about reengineering, its mechanisms and its potential. To demonstrate the need for reengineering, you should document the costs and
consequences of existing processes. Customer testimony about process inadequacies can be particularly persuasive in convincing potential leaders that they need to act. So is financial data that demonstrates the costs of your processes and benchmarking information that documents competitor superiority.'

**Statement 2**

‘The reengineering leader truly understands the nature of reengineering and the magnitude of the change – organisational change in particular – that it entails.’

**Improvement Recommendation:**

‘Unfortunately, many senior managers try to reengineer without really understanding what it means. They use the term because it is fashionable, without appreciating its consequences. Overlaying a new process on an old organisation is a recipe for disaster. Unless the leader really understands and pushes radical change, reengineering will not succeed. The leader must understand where reengineering is headed, or the effort will be abandoned in midstream. To assist a prospective leader in developing this understanding, you should dramatise as vividly as possible the changes that reengineering will likely bring to the company’s structure, personnel, compensation system and other areas.

Both of the above examples show clear resonance with the findings of this study and other relevant literature. This includes Seddon’s (2007) point that ‘structure is subordinate to process’ – ie, decide how best the redesigned process or system should work now; then structure (or organise) around that.

The evidence suggests that, had either of these two LGOs considered beforehand the implications of their stated BPR strategies in the light of a diagnostic exercise such as this, then at the very least they could have gained a much clearer perspective as to the adequacy of their reengineering leadership, their level of organisational readiness, and the appropriateness of their planned style of implementation. But neither did.'
Some of the messages from this diagnostic exercise may be hard to take, but despite how difficult that might be, they are actually real opportunities to begin a process of improvement that might just deliver and by orders of magnitude previously considered impossible. For example, it might be very hard for a senior executive to accept, from the diagnostic exercise, that no-one naturally fills the role of leader and therefore that a [new] leader must be recruited. Also, it might be equally hard to admit that many senior managers try to reengineer without really understanding what it means, especially if you are that senior manager. However, this is not an indictment of the current leader’s competence, but a real opportunity for that person’s true leadership to emerge. It does not mean the chief executive must be ‘dropped’, but it does mean that he or she has to be ‘big enough’, as Hammer & Stanton recommend, to either target or recruit someone who is ‘a senior executive, strongly committed to reengineering and who possesses the title and authority necessary to institute fundamental change’. Taking this first, bold step is likely then to enable Hammer & Stanton’s second point that, ‘the reengineering leader truly understands the nature of reengineering and the magnitude of the change – organisational change in particular – that it entails’.

These points offer sound advice, which it is folly to ignore. The proof, if any more were required, is that in neither of the studied organisations was there any evidence of a senior leader passionately committed to fundamental and radical change. Nor was there anyone who truly understood the nature of reengineering – using the definition they had accepted – or the magnitude of disruption and degree of radicalness – that it might involve. As the Cranfield report (Holland & Kumar, 1995) said, ‘many executives launch reengineering efforts without completing critical homework’.

There is no fundamental requirement for LGOs to reengineer, but as we approach the end of 2010 there is continuing and dramatically increasing pressure on LGOs to improve their service delivery, whilst at the same time dramatically reducing their costs. Reengineering (BPR) and systems thinking approaches offer the same opportunity to assist in that improvement process as they did when these two LGOs declared their intentions to adopt BPR some five years ago. The issue is that they have to understand it, they have to mean it and they have to want to do it!

Organisational readiness?
The Hammer and Stanton diagnostic model enables organisations such as these to measure, in a meaningful way, their readiness to embark upon change of a more radical nature. In the main, both of the studied LGOs fell short of the minimum recommended scores, but not massively so. By taking stock in this way and taking a little more time to make the organisation more ready by following some of the suggestions given, the rhetoric of BPR might far more easily have been converted into some degree of reality. The key, of course, is that passionate and strongly committed leadership, by the person who Hammer & Champy (1993) described as, ‘a senior executive who authorises and motivates the overall reengineering effort.’ The irony was, perhaps, that both of these LGOs had developed their reengineering techniques and tools within their organisations, but no-one was committed to using them; at least, not to reengineer. Raising their organisational readiness in this way would seriously improve their chances for successful reengineering implementation and the benefits that would bring.

Project radicalness?
The Project Radicalness Planning Worksheet (PRPW; see Appendix 2*) provides an alternative diagnostic dimension, in terms of project planning, to that of the readiness of the organisation itself – a level of ambition or degree of radicalness of the planned project or change initiative. As before, no participant from either organisation had come
across any such instrument with which to provide some sort of prior litmus test on the wisdom of embarking upon a particular project, whereas all those who used it when invited, including both 2008 cohorts of County C’s BPR/service redesign trainees, suggested it would be of value. In this latter case, all participants used it as intended, as part of their own project planning processes.

With this diagnostic tool, there are 11 key ‘factors’, each with its own ‘question’ to be rated from one to five, in reference to what the authors describe as the ‘descriptive anchors at the two poles’. The full PRPW can be found in Appendix 2*, but as with the previous exercise, two sample factors and their associated questions will provide examples of its potential:

Once the 11 questions have been rated, the total of their scores is then averaged into what the authors call the basic advisability index for radical process change, before a further, final factor is assessed; that of the senior management’s propensity for risk.

This rating is then added to the previous total’s average (the basic advisability index), and the new total is averaged again. From this final score the proposed project (or change initiative) is categorised as being within one of three bandwidths, each of increasing degrees of radicalness: eg, Process Improvement; Process Redesign; or Radical Reengineering.

Kettinger et al’s (1997) article’s primary thrust is a study of methodologies, techniques and tools relevant to business process change, and as part of their study they develop a further methodology – a BPR project stage-activity framework – yet it could be argued that the last thing BPR requires is more methodologies, and more tools and techniques. Once more, as Blanchard (1989) asked, “How many diets does it take to get slim?” Answer: “The one you stick to!”

Part II can be read in the Spring edition of MSJ.

* Appendices 1 & 2 available on request: editorial@msjournal.org.uk

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<tr>
<th>Factor</th>
<th>Question</th>
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<td>1. Strategic centrality</td>
<td>Is the targeted process merely tangential (1) or integral (5) to the firm’s strategic goals and objectives?</td>
</tr>
<tr>
<td>7. Project resource availability</td>
<td>Are only minimal resources (1) available to support the process change or are resources abundant (5)?</td>
</tr>
</tbody>
</table>
Accentuate the positive!

The positive side of our economy.

There probably won’t be too many people who can immediately find a positive side to the economic situation we currently find ourselves in. But readers of Management Services Journal should take heart, especially when it comes to manufacturing in the UK.

It is generally acknowledged that economic factors and consumers’ drive for value are putting pressure on manufacturers to reduce or maintain costs, to compete with ‘special offers’, to react to varying sizes, packaging and changes in the product mix. Across this and other sectors, business owners are finding that the answer isn’t simply to recruit more people to cope with increased demands – and where there is recruitment, it has to be thoroughly justified with clear benefits.

As a business supplying productivity specialists for either projects or contracts, Scott-Grant Ltd is finding that specific trends are happening in their market – and some surprising ones at that. Managing Director Richard Taylor is encouraged to see two main developments of late: a growth in business from the manufacturing sector and a significant focus on the need for many well proven work measurement and industrial engineering techniques.

From their head office in Manchester, Taylor commented: “As consumer pressure calls for competitive costs across every area of manufacturing, we’re being called in to help a huge diversity of businesses in that sector. We’re doing significant work for manufacturers of a range of items such as automotive, food processing, footwear, paint, spectacle frames, food, filling lines for bottled products, high volume print for magazines and newspaper supplements. We’ve helped businesses adjust effectively to the requirement for more pre-fabrication to minimise assembly time on construction sites. Attention has been focussed on margins for pharmaceutical products, so we’ve used our skills to react appropriately there. It’s been very interesting to see this development in the manufacturing sector. And all these manufactured items have to be distributed, so the pressure drives through the supply and logistics chain.

“It’s not surprising that businesses have had to drastically adjust and adapt over the last couple of years. However, in tandem with this market development, from a productivity point of view, there are significant changes in our own market.”

“I’m sure others are finding that there’s a growing need to turn to the fundamental productivity principles and use a whole array of proven techniques and approaches to achieve clients’ objectives.”

Training and Technical Director Mike Seaman agreed: “In recent months at Scott-Grant we’ve been pretty dextrous in determining the most appropriate techniques to address the needs of our clients. Fortunately, there’s a whole assortment of proven tools and techniques at our disposal – mixed with our experience and expertise to see the needs of a business more objectively and help move it forward.

“We’ve been involved in combinations of SOPs and SOIs, 5S, SMED, line balancing, fundamental method study, altering layouts, better flow and space utilisation, direct work measurement, the need for structured databases of time standards etc. And, of course, we take heart from the pretty regular calls for ‘some straight forward time and motion’ – always the old favourite”.

He added: “In delivering the IMS Certificate syllabus we offer a course designed to teach people to use effective techniques and these are attended by people at many levels across almost every business sector.”

It’s obvious that there is a real need to streamline every business, to adopt Lean principles, to take real responsibility for productivity or performance improvement. And it’s encouraging to see that the 21st century industrial engineer is being called on to utilise his/her comprehensive toolbox of techniques to help businesses get the most out of their resources – and that includes helping lots of manufacturers. Nil desperandum.

Scott-Grant Ltd
Eastern promise

16th World Productivity Congress and European Productivity Conference 2010.

The World Productivity Congress was held on 2-5 November in Antalya, Turkey, under the auspices of the President of Turkey, His Excellency Abdullah Gül. This conference is held every two years and this year was a joint venture between the World Confederation of Productivity Science (WCPS), European Association of National Productivity Centre (EANPC) and the National Productivity Centre of Turkey (MPM).

Institute members will recall that it was the Institute of Management Services which hosted the World Productivity Congress in 1999 in Edinburgh.

The Congress theme was ‘Productivity at the Crossroads: Creating a Socially, Economically and Environmentally World’. In total, some 130 papers where presented, by distinguished academicians, business people, employers and productivity experts from all over the world. The Congress achieved its objective of exploring all the main productivity topics on the world’s agenda at this present time and gave participants the opportunity to be updated in productivity science and the adoption of new productivity perspectives.

It was certainly an interactive platform that allowed delegates from industry, trade and the public sectors to come together and gain insights into solutions in social, economic and environmental productivity improvements. Many new friendships were forged between delegates and groups from various countries, which will hopefully serve as a base for new partnerships between countries, organisations and individuals that will result in a better understanding of the role that productivity can play in enhancing living standards right across the world.

The theme of the Congress was to highlight the global problems that the 2008 economic crisis and the global climate change that is now facing us and to build up social, economic and environmental responsibility. The world’s leaders and businesses need to recognise the need to move from the objective of achieving shareholder value to achieving longer-term goals based on multiple stakeholder values.

The message was clear; to survive and prosper into future decades, businesses will need to be economically viable but also environmentally sustainable and socially aware.

The host country was perhaps an ideal location, because Turkey stands at the crossroads of Asia and Europe and highlighted the need for the world to recognise the importance of working together if we are to achieve the aim of productively helping third world countries achieve higher standards of living through productivity improvement.

John Heap, a member of the Institute of Management Services and also President of the World

For sustainable economic growth that will also decrease unemployment, the growth should be built on productivity

Nihat Ergun Minister of Industry and Trade, Turkey
Confederation of Productivity Science, summed up the role increased productivity can play. He indicated in a keynote speech that an increase of just 3% per year in productivity over 25 years could double GDP and increase the living standards of a third world country.

The Congress venue was the Maritim Pine Beach Resort in Antalya, Turkey. The accommodation was excellent, as the Conference Centre (the largest in the Mediterranean region) was purpose-built in 2003 and can accommodate more than 5000 delegates. The Maritim Pine Beach Resort was an oasis of tranquillity. Nestled in its natural surroundings of pine forests and orange trees, it had spectacular views of nature and the sea from every angle.

A full report of the Congress will appear in the Spring 2011 issue of the journal together with some papers.

The World Confederation Of Productivity Science
In 1968, a number of productivity organisations resolved to form the World Confederation of Productivity Science (WCPS). These founding organisations were:

- Institute of Work Study Practitioners, in the United Kingdom
- Australian Institute of Industrial Engineers
- Irish Work Study Institute
- tWork Study Association of South Africa
- Indian Institution of Work Study.

The Confederation formally came into existence in March 1969. The ‘architect’ of its creation – and its first President – was Dr. J E Faraday, who was also the Chairman of the Institute of Work Study Practitioners, from which came the Institute of Management Services (IMS). The lead role the IMS has always played is seen in the fact that John Heap, a member of the IMS Council of Management, is today the President of the WCPS.

World Academy Of Productivity Science Awards
As part of the Congress, a welcome dinner was held at which the World Confederation of Productivity Science presented a number of awards in the form of Fellowship to the World Academy of Productivity Science. Only two Fellowship awards were made to individuals from Europe and one of these was to David Blanchflower, the National Chairman of the Institute of Management Services. The citation for the award reads, ‘David Blanchflower has been elected as Fellow in

The Academy of Productivity Science by virtue of significant and longlasting contributions to the improvement of quality of work, quality of work life, quality of life and productivity.’

We would like to congratulate David on this well-deserved fellowship because he has served the IMS in so many roles since he first became actively involved with the Merseyside Branch in 1974. He has been an elected member of the Institute’s Council of Management since 1977 – a total of 33 years – and is currently National Chairman.

The World Academy of Productivity Science is comprised of individuals (rather than organisations). Members of the Academy are individuals who support the aims of the Confederation and who wish to contribute to its work.

Fellows of the Academy are selected from among eminent, internationally recognised contributors to the field of productivity science. There is a maximum of 500 Fellows at any one time.

The social aspects of productivity are important because they lead to the improvement of social lifestyle and living standards of the country

Mustafa Kumlu President Confederation of Turkish Trade Unions.
Single issue initiatives and large-scale, multi-year transformation programmes are a luxury that can no longer be afforded. Mankind faces profound and pressing challenges such as global warming at a time when large reductions in public expenditure are required. Innovative approaches are required that can quickly, cost-effectively and simultaneously deliver multiple benefits.

Management services practitioners have an unprecedented opportunity to make a more strategic contribution. To illustrate how multiple objectives can be achieved together, let us consider the example of sustainability and healthcare. Certain changes, for example to lifestyle and diet, can further the sustainability agenda and also benefit health. This article will outline an approach to transforming healthcare that could lead to less pressure upon the environment and improve health outcomes. It is based upon a paper presented at the 2010 Global Summit on Sustainability.

Sustainability and healthcare
There are many initiatives that could further both sustainability and healthcare agendas. In relation to diet, lower consumption of beef would reduce the dangers to health caused by excessive consumption of saturated animal fats, as well as reduce the emission of greenhouse gases from cattle if fewer cows were reared. There are many opportunities for the food and catering industries to develop offerings that would help to save the planet and enable people to live longer and healthier lives.

Stress is a significant cause of ill health and absenteeism. A daily commute to and from the workplace can represent a stressful experience. People are exposed to traffic fumes and risks of accidents, while the pollution resulting from congestion impacts negatively upon the environment. New ways of working such as teleworking – effectively taking work to people, rather than people travelling to work – can address such negative impacts and also boost performance by enabling people to save commuting time and work at a time and place that enables them to give of their best.

There are many viable alternatives to current patterns of working and living, based upon what we already know and can do with available and tried technologies. For example, teleconferencing is sometimes more cost effective and less disruptive and harmful than travel to a physical meeting. The intelligent home and smart metering create opportunities for better monitoring, for example enabling more older people to remain active in their own homes, with warning signs such as an absence of power consumption for predictable activities such as breakfast,
The healthcare opportunity

The health systems of many countries represent one of the largest arenas of opportunity for entrepreneurial initiatives to benefit both people and the planet. Growing and ageing populations are putting pressures on health services across the globe. Developing states face particular public health challenges, while in many developed countries there is a desire to switch activity away from resource intensive acute care hospitals to preventive activities, earlier diagnosis, local support from general medical practitioners and caring for people in their homes.

Looking after people in their own domestic environment creates opportunities for industries from construction to information technology. Monitoring in the intelligent home could cover both health and sustainability considerations such as energy consumption. A more distributed and sustainable pattern of living will have consequences for transportation, the utilities and services such as refuse collection and disposal. Some companies that do not adjust and embrace new opportunities may go to the wall, while others that reinvent themselves might prosper, support healthier living and protect the environment.

It is recognised that the health economy has to adapt and that new approaches are needed. For example, in the UK, in addition to an increasing and ageing population, patient expectations and drug costs are rising (Ham, 2009; Nicholson, 2009). Strategic changes need to be made as well as savings in management costs. The sustainability agenda is becoming increasingly important as beneficial impacts upon the environment are sought. Productivity needs to be increased without compromising patient safety.

New National Health Service (NHS) priorities have been set by Secretary of State Andrew Lansley that include more responsibility for GPs and more freedom for doctors and nurses to do what they feel is right for their patients (NHS, 2010). A cost effective means of implementing these aspirations and energising the NHS’ quality, innovation, productivity and prevention (QIPP) agenda is required. To show how management services innovation can simultaneously deliver multiple benefits for the environment and healthcare, this article suggests an approach to supporting healthcare professionals that could improve performance, raise standards and benefit patients.

Transforming healthcare

There are many ways of improving performance. Processes can be improved or reengineered. New ways of working and learning can be introduced. One can retrain, reorganise or restructure. Culture and expectations can be changed. Past approaches have taken a long-time, been very costly and any benefits achieved are often at the expense of disruption and other harmful consequences. Is there a quick, cost-effective, relatively easy and largely risk free way of avoiding negative trade-offs and delivering a combination of relevant responses and positive results across the NHS?

One approach is to use a new way of managing information, knowledge and best practice (and associated tools) to better support healthcare professionals and their relationships with patients as well as increasing public understanding (see Figure 1 for an example of a clinical pathway tool). The approach makes it easier for people to do difficult jobs and...
emulate the practices of high performers (Coulson-Thomas, 2007). It has already been described in relation to helping people to be more aware of the environmental impact of their purchasing decisions (Coulson-Thomas, 2009), as has its application to the professions (Coulson-Thomas, 2010).

To illustrate the relevance of the approach to the NHS, we will examine how it could address some healthcare concerns and lead to better patient outcomes. Returns on investment of over 20, 30 or 70 times within a year or less have been obtained from support tool applications in other regulated sectors when using only one or two of a number of possible outcome measures (Coulson-Thomas, 2007).

**Engaging patients**

Prevention, early diagnosis and appropriate routing and treatment can be critical. Doctors and nurses could use tools to explain a patient’s condition and treatment options, as well as the healthcare and wider benefits of a better diet and less stressful lifestyle, plus the environmental and the health impacts and risks of different consumption options and work and leisure activities.

Some conditions can get rapidly worse if unrecognised. Assessing the significance of symptoms can challenge GPs who have not encountered many similar cases. Support tools can help them to categorise and work out best treatment methods. For example, algorithms with photographs could be used to assess a wound (see Figure 2). They could also help GPs to manage their practices and commission services.

In addition to improved clinical outcomes and reduced variability of standards, improved care methods can be quickly disseminated which speed up innovation and save training costs. Engaged patients can become more motivated to take necessary action, and reducing unnecessary referrals can release resources for other priorities.

Doctors can work with patients to increase their understanding of their own health and devise options for improving it and adopting a healthier lifestyle. Healthcare and environmental issues and options can be explained.

Tools could also help patients to make more and better decisions about their own lifestyle and care. Different language versions of support tools can help communication with communities for whom English is a second language.

**Ensuring patient safety**

The safety and well being of patients is paramount. In healthcare, many staff face contending pressures, distractions and changes of priority when emergencies arise. As multiple handovers occur in frenetic situations, misunderstandings can happen. Mistakes can and do occur. Clinical and other risks must be mitigated and managed.

The risk of error could be reduced by the use of diagnostic and treatment support tools that incorporate checks to stop certain situations from occurring. Thus blockers such as red traffic lights could prevent a user from adopting certain courses of action. Windows opening on screen could explain the reason and suggest safer alternatives.

A consortium of eight professional firms commissioned a risk assessment tool from Cotoco that supports users to the point at which they require individual and specialist help, in which case there is a link to the appropriate expert in the relevant firm. Use of the tool is *prima facie* evidence of steps taken to assess and manage risks.

A support tool can deploy best practice, draw upon the collective experience of peers, and help people to understand complex situations and difficult issues. One company in a regulated sector found that analysing a requirement, developing a solution and preparing a proposal that used to take days or weeks could be undertaken in 40 minutes, and with a third of the specialist support previously required.

**Raising standards and ensuring compliance**

The spotlight is on public health and the reform of long-term care (NHS, 2010). Protecting the public requires compliance with high standards. Yet among communities of practitioners, there are usually a small number of superstars, a long tale of adequate performers, and some underperformers (Coulson-Thomas, 2007).

Variable standards often arise because individuals do not keep up to date with new developments. Even when they do attend a briefing or read an article they may not remember it, or relate it to situations encountered in daily practice.
Tools can provide easy access to the information, knowledge and support that practitioners require to adopt the approaches of high performers. Overviews can be supplemented with diagnostic checklists, treatment options, sources of relevant medical supplies, suggested care pathways, and the facility to generate personal healthcare, diet and lifestyle plans. Such tools can equip a practitioner and/or citizens/patients to handle an unfamiliar condition. They can capture and share best practice and built-in checks can ensure compliance with relevant procedures. Patient versions can be produced to support sustainable consumption and healthy living.

Hitherto, many technologies, approaches and methodologies have deskilled operators and encouraged an unhelpful degree of dependence. However, tools can be designed to raise standards by enabling users to learn with each application, while online updating ensures they are kept current with regulatory and other developments. Visual images and animations can aid understanding and diagnosis.

Doctors not washing their hands before touching patients can spread MRSA and other infections. With air traffic control and nuclear power the norm is 100% compliance. A tool can help to avoid accidents and departures from recommended procedures by providing clinical pathway information during consultation. When integrated with clinical systems, entering a provisional diagnosis could populate relevant referral forms and ensure cost-effective routing. Support tools can suggest appropriate clinical pathways, giving practitioners quick access to continually updated information and help them prepare a cost-effective treatment plan.

Supporting collaboration
A support tool can embrace a supply chain or network of relationships between collaborating organisations. Inappropriate referral and unnecessary visits to accident and emergency units can disrupt other activities, trigger premium payments, and require beds needed for more serious waiting list cases. An unexpected rise in activity or delay in correct diagnosis can increase costs for both commissioner and provider.

One solution would be to jointly develop a support tool to encourage and enable healthier and more sustainable lifestyles, achieve quicker screening and more appropriate referrals and first visits. A hospital could focus on specialist routines if less complex and less risky activities were undertaken by GP practices. Collaborating on service relocation and pathway redesign might benefit both parties.

Many customers and suppliers work together to improve quality and reduce costs. The parties put their aspirations on the table and strive to achieve mutually beneficial outcomes. Pharmacies stock many items, but so do B&Q stores. To speed up the expansion of its range the company commissioned a support tool which made it much easier for existing and new suppliers to understand and meet its quality standards (see Figure 3).

Supporting practitioners and innovation
Many healthcare and other professionals are overloaded with information. They are offered general briefings rather than specific help, relevant advice and day to day support directly related to individual conditions, their area of practice and the problems of particular patients and/or clients.

NHS best performance data should enable lessons learned to be applied at times and places when they are relevant. Tools can be regularly reviewed and automatically updated when users are online. Practitioners can assess individual patient requirements, select preferred courses of action and generate required documentation.

Providing specific questions to ask about relevant conditions and applicable regulations can help ensure new treatments are used appropriately and properly applied. Practitioners learn from the experiences of others. Built-in checks can ensure compliance with NHS regulations and requirements, including those relating to sustainability. For example, a toolkit could provide an NHS organisation with best practice...
guidance on the production of a sustainable development action plan.

**Stress-free performance improvement**

Many approaches to performance improvement put people under greater pressure by simply working them harder, and turning up the speed of whatever treadmills they are on. In the approach described here, which has given pioneer adopters huge returns on investment, the focus is very different. The emphasis is upon making it very easy and quick for people to do difficult and often stressful jobs (Coulson-Thomas, 2007).

NHS productivity has lagged behind that of the economy generally, partly because of additional funding, but also because of a lack of investment in approaches and tools to increase healthcare productivity. Equipping all doctors or nurses with a support tool that would deliver multiple benefits could cost less than the amount saved by preventing just one patient from suffering a stroke (see Figure 4 for an example of a clinical pathway tool).

Reference has already been made to the impact of congestion and commuting on both environmental pollution and stress. NHS absenteeism is high and stress levels can also rise as queues develop within the health system. The Boorman Review (2009) suggests improving the health and well-being of NHS staff could save £0.5 billion per annum. Support tools can reduce practitioner stress and also patient anxiety by enabling a different lifestyle, earlier diagnosis, better prevention, more appropriate referral and improved compliance with procedures.

**Education and training**

Most existing methods of updating are relatively ineffective in comparison with the use of professional support tools. People are taken out of consulting rooms, wards and theatres to either give or receive training. Events and courses can be difficult and expensive to organise and run. They can disrupt normal activities and create problems when emergencies arise; information imparted may be quickly forgotten.

Integrating learning and practice so that support is provided as, when and where required is preferable from a user perspective. Support tools can include assessments of understanding (see Figure 5) and employ graphics, animations and moving images to aid comprehension of complex issues, conditions and requirements. They can be used with patients, to share what is learned, and involve them in their treatment and healthcare.

Support can be provided offline or online. With applications delivered via laptops, palm tops and the latest generation of mobile phones, support is available at the point and place of patient need, even when people are on call, at the site of an accident, or on the move. Monitoring use can provide evidence of CPD and help identify support requirements. In other arenas, the use of tools has created opportunities to offshore much higher level work than that previously relocated.

**Conclusions**

The complex and fragmented nature of the NHS, and a
The route to improving productivity

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Management services practitioners have an unprecedented opportunity to make a more strategic contribution. Reluctance to adopt ‘external’ approaches, are barriers to change. However, experience suggests that implementation of the suggested approach can be manageable, affordable and achievable. People usually embrace whatever makes it easier for them to do a difficult job. Understanding the health and environmental implications of different courses of action and how to adopt a healthier and more sustainable lifestyle should be made as simple as possible.

Unit costs fall with larger communities of users. Fifty pence per NHS nurse would fund the development of a useful tool. Once set up, the cost of duplicating a CD-ROM based tool can be less than the cost of posting it out. Tools need to be kept up to date. With automatic update facilities, updating has to be managed and content supplied.

A cost effective means exists of implementing QIPP – raising quality, enabling innovation, increasing productivity and improving prevention. Significant reductions in healthcare costs could be achieved without compromising – and indeed enhancing – patient safety, standards of care and the patient experience. Multiple objectives can be delivered simultaneously. Benefits include better patient engagement, greater understanding, improved performance, reduced costs, quicker responses, faster dissemination, less stress and evidenced compliance.

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Further Information
Examples of how support tools can help average professionals adopt the superior approaches of high performers can be found in Winning Companies; Winning People by Colin Coulson-Thomas, which is published by Policy Publications and available from www.policypublications.com. The examples of tools mentioned and illustrated in this article were developed by Cotoco (www.cotoco.com).

About the Author
Dr/Prof Colin Coulson-Thomas FMS, an active consultant and member of the business school team at the University of Greenwich, has reengineered end-to-end healthcare processes, and been the process vision holder of large and complex transformation projects in highly regulated environments. He was the world’s first Professor of Corporate transformation, and served for ten years on the Board of Moorfields Eye Hospital, two terms on the Council for Professions Supplementary to Medicine, and nine years on the National Biological Standards Board.

A fellow of seven chartered bodies, Colin is a hospital Governor, Chair of the Audit and Governance Committee of his local Primary Care Trust and author of over 40 books and reports. He has helped more than 100 organisations to improve director, board and corporate performance, and spoken at over 200 national and international events in 40 countries. He can be contacted via www.coulson-thomas.com and recent publications based upon his work can be obtained from www.policypublications.com.
Andrew Muir provides an update on the campaign to have the image of Robert Owen printed on a new Scottish banknote.

In the Summer issue of the journal (Vol 54 No 2) I wrote an introductory piece on Robert Owen, of New Lanark fame. The article highlighted many of Owen’s achievements as a social reformer and his quest to improve the lives of those living and working in the village of New Lanark.

As I indicated in the article, I have been an admirer of Robert Owen for many years and my interest in him was rekindled when I was advised by a friend that there was a campaign in the Scottish Parliament to have his image printed on a new Scottish banknote.

In support of that campaign, I sent a copy of my article to Bill Butler MSP, who is also an admirer of Robert Owen, and is championing the campaign through Parliament.

In response to my article, I received the following letter:

Dear Dr Muir
Thank you very much for your recent letter to my office and for the copy of the Institute’s journal which you kindly provided.

I was extremely interested to read your excellent article regarding Robert Owen and am particularly grateful for your support for the “Bank on Owen” campaign. I attach, for your information, a copy of my speech in the Parliament during my members’ business debate on the campaign on 3 June.

Should you wish to contact me again on this, or any other matter, please do not hesitate to get in touch.
With all best wishes
Yours sincerely

Bill Butler MSP
Glasgow Anniesland

Having read through Bill Butler’s speech in the Parliament I found it most interesting. In particular, his emphasis on Robert Owen as “a founding father of the co-operative movement” and the link to the United Nations International year of the Co-operative in 2012. I’m sure you will also find it of interest.

The Royal Bank of Scotland
Robert Owen was an individual of great personal integrity. Fiercely committed to progressive change, he never sought to evade his social obligations. In the areas of health and education, Owen was an advocate of radical reform that would address directly the issue of social inequality.

During his time at New Lanark, he went out of his way to improve the lives of the workforce, implementing a range of reforms – including free education, health and child care – that greatly improved their quality of life. In its time, New Lanark was a symbol of progress and a practical example that showed that the world could be organised differently and democratically. Today, New Lanark is a United Nations Educational, Scientific and Cultural Organisation world heritage site of great historical, social and educational importance.

Owen rightly disputed the idea that the rich provide for the poor and working classes, arguing that, in fact, the poor and working classes create all the wealth that the rich possess. The idea that the wealth and health of a society can be calculated according to the profits that are amassed at its summit, is unfortunately, still prevalent today. Until recently, banks and corporations were praised for their so-called wealth creation – a philosophy of economic liberalism based on the mistaken belief that money that is accrued at the top of society percolates to the bottom, thus benefiting all. That is the so-called trickle-down theory. The experience of the past 30 years has shown that to be a fallacy. Actually, there has been a dramatic increase in levels of inequality. Taxes that are collected from the City represent a relatively small proportion of its overall profits which, rather than being reinvested in society, have been subsumed by grossly excessive corporate bonuses, executive salaries and dividend handouts to those who do not need or deserve them.

The near economic collapse of the past 30 months has led to much talk of the need to restructure society. I believe that part of the solution is to be found in the co-operative model, which is a safe and stable alternative to unregulated free-market capitalism. For almost two centuries, co-operatives have operated according to principles set out by Owen – openness, democracy, membership, participation and the fair distribution of profits.

Bill Butler’s speech in the Scottish Parliament

I refer to my entry in the register of members’ interests. I thank the 65 members from across the chamber who signed my motion – a veritable parliamentary majority. In addition, I welcome the support of West Lothian Council, the City of Edinburgh Council and all those people from across Britain and the world who have supported the campaign by signing the e-petition or joining the Facebook group. Finally, I thank the Co-operative Group for its help in co-ordinating the campaign.

The Bank on Owen campaign aims to draw attention to Robert Owen’s achievements by petitioning banks to commemorate him on a Scottish banknote, to mark the United Nations year of co-operatives in 2012. Robert Owen is widely acknowledged as an imaginative entrepreneur and radical social reformer. He is best known for his time as co-owner and manager of the cotton mills at New Lanark, where he initiated a series of pioneering reforms. He is also viewed by many as a founding father of the co-operative movement. It is my hope that, as a result of the campaign, Owen and his world view of a co-operative commonwealth will become familiar to many others.

In his early years as a factory manager in Manchester, Owen observed that a workforce that was justly treated was not only happier but more productive. That realisation, along with his commitment to education as the primary force in shaping human character, formed the basis of the work that he undertook at New Lanark. As well as possessing considerable business acumen, Owen was an individual of great personal integrity.

During his time at New Lanark, he went out of his way to improve the lives of the workforce, implementing a range of reforms – including free education, health and child care – that greatly improved their quality of life. In its time, New Lanark was a symbol of progress and a practical example that showed that the world could be organised differently and democratically. Today, New Lanark is a United Nations Educational, Scientific and Cultural Organisation world heritage site of great historical, social and educational importance. I warmly welcome the Scottish Government’s recent decision to subsidise school trips to New Lanark for Scotland’s pupils. I would particularly welcome a commitment from the minister tonight that the Scottish Government will throw its considerable weight behind the campaign when it approaches the banks for their support.

Owen rightly disputed the idea that the rich provide for the poor and working classes, arguing that, in fact, the poor and working classes create all the wealth that the rich possess. The idea that the wealth and health of a society can be calculated according to the profits that are amassed at its summit, is unfortunately, still prevalent today. Until recently, banks and corporations were praised for their so-called wealth creation – a philosophy of economic liberalism based on the mistaken belief that money that is accrued at the top of society percolates to the bottom, thus benefiting all. That is the so-called trickle-down theory. The experience of the past 30 years has shown that to be a fallacy. Actually, there has been a dramatic increase in levels of inequality. Taxes that are collected from the City represent...
Co-operatives make an annual contribution of £3 billion to the Scottish economy, but that contribution could be greatly increased. At present, retail co-operatives make up only 9% of the Scottish economy compared with between 21 and 50% in other developed European countries. Members will be glad to hear that there is also room for expansion in many other areas, such as digital and new media, forestry and renewable energy. Implementing the co-operative model in those sectors would help to shore up the economy and reduce our present over-reliance on the financial sector.

Given the crisis in the unregulated free market and the fact that public money has been used to rescue financial institutions, I believe that Scotland's banks owe a considerable debt to the public. With big chunks of Lloyds Banking Group and the Royal Bank of Scotland now being owned by all of us – by taxpayers – it is not unreasonable for us to ask that they acknowledge their debt to society by commemorating Owen on a banknote. Indeed, as The Herald observed in a recent editorial, ‘ensuring bankers have a reminder of more communitarian, humanitarian ideals close by them at all times would only be a good thing’.

That is a perceptive comment and one with which I wholeheartedly agree. Such an initiative would send out a welcome signal from the banking sector that it has renounced, once and for all, casino banking and reckless lending, and is set to return to its original purpose of providing ordinary citizens with safe and secure saving and credit facilities.

In conclusion, Owen personified the very best of these islands. He was born a Welshman, came of age in England, and made his name in Scotland. Every age throws up progressive and imaginative reformers who have a compelling vision of how society could and should be. They make their mark in their own time and speak to us down through the ages. Owen is certainly one of those individuals. He is a person of international renown whose philosophy has contemporary relevance. Banking on Owen is a safe bet.

I’m sure, like me, you would have found Bill Butler’s speech interesting and well worthy of securing the support of the Scottish Parliament for the ‘Bank on Owen’ campaign.

I can advise that a letter sent to Mr Stephen Hester, Chief Executive of the Royal Bank of Scotland on 13 July, seeking to have social reformer and co-operator Robert Owen commemorated on a banknote, has received a warm response and is being actively considered.

I shall keep you advised of developments.

Dr Andrew Muir
Deputy Chairman

My thanks to Dave Scott and Margaret McCormick of Bill Butler’s Office for all their help and assistance and, of course, to Bill Butler MSP Glasgow Anniesland, on behalf of all admirers of Robert Owen.
As the UK economy begins to show signs of recovery, albeit against a backdrop of caution, cost cutting and austerity (Monaghan, 2010), it is important that organisations continue to be cost effective in their operations and manoeuvre themselves into a position to maximise advantage from any ensuing upturn in trading. This is particularly important for supply chain activities, where flexibility to respond to dynamic demand scenarios, lead times and inventory levels will be crucial to meet the rapidly changing business environment.

However, as product portfolios proliferate in the recovering market, forecasting demand becomes difficult, and made worse by high product variety and heavy service competition, leading to high levels of customisation. This situation is also exasperated by different regions emerging from the recession at dissimilar rates, affecting global supply chains more intensely (Shinder, 2010). Nonetheless, Olsen (2010) argues that economic recovery affords a tremendous opportunity from almost a ‘clean slate’ to devise a more flexible supply chain built on variable rather than previous fixed cost structures.

As a consequence, companies have begun to recognise the supply chain as a strategic differentiator rather than merely representing the ‘cost of doing business’. In addition, an organisation’s supply chain is inextricably linked to margin protection or expansion, whereby the range of supply chain initiatives that an organisation can successfully manage is relative to the amount of ‘value-added’ that it can derive. Thus, the supply chain can be a source of significant competitive advantage, especially if the supply chain is configured to meet customer requirements more effectively than competitors. Specific attention therefore, needs to be given to the supply chain during the period of economic recovery.

Responding to the recovery
The early days of a recovery are likely to be dogged by uncertainty, which gives rise to a degree of market turbulence and turmoil. Consequently, organisations will have to take greater control of a range of financial and operations strategies. In particular, this will necessitate developing a robust approach to cash management and continuing to carefully manage demand, lead times and inventory levels.

Furthermore, organisations will have to ensure that their supply chain activities are well and truly integrated and go beyond merely aligning supply, demand lead times and freight mode. This will predominantly involve rationalising poorly performing products, reducing lead times in order to be more synchronised with the changing preferences of the customer, positioning the right assortment of products in sales.
locations, and orchestrating innovative pricing and promotional strategies. To underpin these activities, there are a number of key areas that an organisation can explore as the economy recovers.

**Manage costs and cash through inventory optimisation**

Most organisations invest in inventory, especially if supply lead times are significantly longer than demand lead times. In addition, some organisations base their proposition to the market as stockists and therefore add value to customers by holding inventory. In either scenario, it makes sense to reduce or optimise the inventory investment, which can be facilitated by:

- Improving customer access in order to match inventory more closely to customer demand. Here, reducing inventory in the system without affecting customer satisfaction will be of utmost importance. It is important that supply chains are more collaborative, making sure that inputs, not only from internal departments, but also from suppliers and service providers are aligned and synchronised. Additionally, the ability to capture inputs from customers and share them with the supply base will be necessary.
- Increasing upstream and downstream supply chain agility in order to raise the ability to respond within short lead times by using inventory in a flexible manner.
- However, making the supply chain more responsive suggests an ability to capture changes to plan from the supply network and an ability to react seamlessly and rapidly to changes. It is the minimisation of uncertainty that Mason-Jones et al. (2000) feel is important for supply chain management. It also implies gaining and demonstrating enhanced visibility to supply chain performance since Lau and Hurley (2001) recognise the importance of agility as a key source of competitive advantage in dynamic markets.
- Focusing on total supply chain cost control (TSCCC) – value the working capital and opportunity cost impact of different inventory holding scenarios.
- Implementing end-to-end supply chain risk management. Thompson & Knee (2010) advocate risk mitigation strategies should be high on supply chain professionals’ agenda, particularly since global supply chains can result in even greater chances of disruption. The focus here should be on end of life inventory or stocking for seasonal or promotional demand in order to assess risks associated with non-demanded items.
- Integrating and empowering organisations along the supply chain to enable variation in inventory reconcile with demand.

The above points help to squeeze more from working capital but this, as Shinder (2010) notes, also needs to be supported by robust financial controls which look to tightly manage account payables and receivables, reduce or eliminate fixed costs, and aim to speed up the cash cycle.

**Sales and operations planning**

As the economy recovers, a challenge facing operations managers is assessing how quickly demand will increase and so potentially creating
Through the recovery period, it is important that organisations are not distracted from strategic goals by short term demands that typically drive daily priorities.

order fulfilment problems. However, sales & operations planning (S&OP) can help companies deal effectively with changing demand patterns while at the same time helping them understand costs, risks and pitfalls associated with the broader business environment. S&OP is a process designed to reconcile supply with demand in accordance with the strategic plan (Jain, 2005). Milliken (2008) extends this to advocate that all functional plans (eg, sales, marketing, production etc) must be incorporated into one cohesive planning document.

S&OP helps organisations predict demand by helping to model different scenarios in business and commercial terms (eg, scenarios could be based on demand behaving alternative ways, times or rates, and then depicting the effect on revenue, cash-flow, inventory build-up, headcount evolution and other principal metrics normally tracked in a balanced scoringcard approach, or, as Bower (2005) suggests, via KPI’s.

**Postponement strategies**

Postponement can either be a manufacturing postponement that aims to delay the differentiation in product offerings to customers or location postponement, where goods are customised either at the factory or the distribution centre (via specific customised packaging). Whichever option is selected, the concept is based on the premise of facilitating a degree of late configuration in the overall supply chain, and thereby the strategy is in place to deliver value at the point of receipt of the customer order, thus making inventory more flexible.

It is this delay in the point of differentiation in production of the product that Shao & Ji (2008) recognise as a useful technique in mass customisation systems. However, in order to design and manage an effective postponement strategy requires the organisation to:

- Select the right stock keeping units (SKU’s) within the product hierarchy
- This can be done by analysing customer demand and identifying those items which have some standardised components or modular build patterns.
- Introduce standardisation into product design and components – this will include a focus on the re-design of some supply chain and manufacturing processes, which in turn is reliant upon an increased level of collaboration with external partners.
- Identify an appropriate stage in the overall value chain that decides the customer decoupling point.

**Conclusion**

A recovering economy typically brings a myriad of supply chain challenges. In this environment of compressed lead times, risk and uncertainty, an effective supply chain will be a key driver of top-line performance and also a source of long-term competitive advantage. Through the recovery period, it is important that organisations are not distracted from strategic goals by short-term demands that typically drive daily priorities.

The supply chain therefore must be sufficiently flexible to accommodate fluctuating and volatile demand as customers attempt to forecast and match fluctuating demand trends resulting in de-stocking then re-stocking of products.

As Hofman & Cecere (2005) acknowledge, one of the fundamental characteristics of a truly agile supply chain is to be able to respond quickly and effectively to the unexpected. Moreover, intensifying competition will place unreasonable performance requirements on the supply chain, with shrinking lead times coupled with a lack of pipeline visibility, resulting in increased supply continuity risk.

Nonetheless, a recovering economy affords an opportunity to re-evaluate strategic initiatives and priorities in the context of the competitive landscape, and as a consequence, the evolving economic landscape can bring about a transformation in the supply chain to become more agile and responsive. It is therefore the drivers of agility and responsiveness in the supply chain that can help an organisation develop its competitive advantages that can provide the necessary momentum to overtake competitors as the economy improves.

**References**


**About the Authors**

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Introduction

In today’s contemporary and growing economies, competition for market share is immense. Profit generated versus time is arguably a fundamental economic driving force for businesses looking to capitalise and monopolise the potential market share. This has evidently led to volatile markets in which the firms’ products and services and their lifecycles must constantly adapt in order to maintain profits. As such, decisions must be made in order to achieve strategic goals ahead of competitors. While there are arguably many economical advantages, there are, however, concerns regarding the nature of the business decisions made and the influence of goal orientation upon ethics and moral judgement. In part I, we discussed morality, moral behaviour, moral codes and moral compass.

Moral leadership

Theories offered by John Adair may be used to support Kohlberg’s notion that egoism constitutes to business practices that are morally marginal. John Adair’s Action-Centred Leadership model (Figure 1) may be implemented to argue that as more focus is given to the task and materialistic gain under time pressure, less time is granted to the importance of the individual and morality.

This is vital for managers to comprehend if they are to be sensitive to a given situation because it highlights the importance of the individual in profit centred business approaches. Through the application of both Kohlberg’s and Adair’s models, one may suggest that young, ambitious professionals are more likely to operate on a pre-conventional level. As such, the task, immediate gratification and materialistic rewards become a primary focus over the individual and morality.

The pressure to deliver results is increased under time restraints and, therefore, the task and profit become valued over the individual. One may therefore argue that for the manager to adhere to ethical values, individuals should have sufficient experience of the task (working within the organisation); team (how to utilise time and skills effectively); and individual (application of business ethics). This may be achieved through the education of ethics and learning from other principled managers on the most appropriate way of practically applying theories of ethics to business decisions. In doing so, alternatives will arise and any objectionable moral behaviour can best be exposed and discarded.

Managers may adhere to
their moral compass and ethical values under decision pressures by rewarding and being rewarded for the implementation of ethics in their business decisions. Buckley et al (2001) note that individuals are rewarded for immoral behaviour if goals are achieved. This suggests that the task is focused upon and the end profit is seen to justify the immoral means. As such, one may suggest that, hypothetically speaking, if these theories are accurate, and managers conduct immoral practices to gain profit and prestige through taking risks based upon consequentialist theories, then profit and prestige is granted to those who increase revenue by providing alternatives to situations and offering decisions which encompass theories of morality and ethics – thus lowering risk and gaining influence and power to the organisation. Then surely managers would resolve to adhere to their moral compass through being rewarded for practicing business ethics in the decision-making process.

Moral risk

It is here that management is able to reject the notion that immoral actions may be conducted under the pretence that they may be resolved before unethical behaviour actually affects someone. This is furthered as one considers that when immorality becomes acceptable, it can increase in both seriousness and frequency Ariely, (2008); DePaulo et al (1996); Feldman, (2009); Haidt, (2001). As such, once immorality is accepted into the work ethic, with people resisting change, it is likely to increase rather than decrease. However, to implement strategies into businesses with a work ethic that is morally unacceptable may be tedious and time consuming, especially when time is at a premium and immediate gratification is preferred. Also, management and other employees may resist change because, once a decision has been committed to and time and money have been invested into it, it is likely to continue despite concerns of unethical behaviour. Similarly, managers may try to avoid blame by continuing with immoral practices in the belief that they will lose power if they accept that their decision is incorrect.

In his books ‘Leading Change’ (1996) and the follow-up ‘The Heart of Change’ (2002), John Kotter argues that ‘people can resist change’. Therefore, even if a poor decision is made and committed to, people will continue to go along with it. As such, if managers are to adhere to ethical values and their moral compass under decision pressures, it is essential that the importance of avoiding risk through integrating morality into the work ethic become a practiced norm.

If uncertainty in a business is a threat or an opportunity, Kotter concludes that integrated risk management can provide the business with opportunities by covering strategic risks and upside opportunities to ‘bridge the gap between strategy and tactics’. As such, if a business opportunity can arise through integrated risk management, one may argue that this theory may be true of ethics also. By educating the management team about ethics and then showing them how to implement these strategies, it will expose marginal moral behavioural options, which can be discarded for more ethical options.

The lack of experience in the demanding business environment constitutes
to a lack of time being allocated to one's own moral compass or to possible alternatives and more ethical solutions. Moreover, the lack of time to consider strategies in a volatile market may entice one to undertake risks that are morally marginal and sometimes even illegal – as seen in the Enron scandal. As such, decisions arguably become more pre-conventional as they become based upon consequences rather than morality. So, for managers to be sensitive to a given situation and adhere to their personal and ethical values and moral compass under these decision pressures, it is vital for experienced and principled managers to allocate time for the consideration of morality in the decision making process.

Conclusion
Through socialisation and psychology, humans develop their own moral compass; a sense of what is right and wrong. However, in the volatile business environment, where emphasis is placed upon generating profit, decisions must be made rapidly in order to acquire the desired market share and maintain a competitive advantage. While there are many benefits of this, it also raises many ethical and moral dilemmas. This is because personal reward, with a profit versus time ethos, becomes fundamental to one's work ethic. In essence, morality and the application of ethics in the decision making process are arguably overlooked. As argued by Kohlberg, for managers to adhere to their personal and ethical values under these decision pressures, one must become principled and thus not be influenced by the organisation. This may be achieved by understanding different theories of ethics.

It is also arguable that raising awareness of morality in the work ethic may contribute to the manager's sensitivity of a given situation and objectively adhere to personal and ethical values and their moral compass, despite situational and time pressures. Through raising awareness, the concealment of immorality is more likely to become
apparent and objectionable moral behaviours may be exposed and discarded, both within the work ethic and the decision-making process. Moreover, sufficient experience of the organisation and how to practically apply theories of ethics through shadowing other principled managers may also contribute to the manager's adherence of ethical values as the individual and morality are perceived as a priority in the decision-making process, and focus is not solely upon the task at hand.

Through being educated to recognise immorality and not to embrace it as part of one's work ethic will limit the manager's acceptance of immoral actions under the pretence that they can find a solution before someone is affected by the unethical actions. Besides, through recognising that striving for personal reward may categorically affect others, managers may adhere to their moral compass by refusing to commit to an immoral decision despite the amount of time and money invested into it. By recognising an immoral situation, taking time to objectively view it and making an informed rather than an irrational subjective decision will arguably assist the manager to adhere to their moral compass under decision pressures. These alternative strategies should be rewarded rather than risky strategies based upon egoism.

While it is arguable that decisions should be rapidly made in volatile markets, it is shown how reliance upon technology to decrease time and the decentralisation of businesses may entice one to ignore their moral compass. However, the benefits of sound moral practices in which alternatives are considered, outweigh irrational, risky decisions which may lead to
large fines, imprisonment and a loss of power, influence, reputation and ultimately capital.

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Business Ethics

Management Services Winter 2010

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An evaluation of systems thinking in the care & support of older people.

**Introduction**

This article reports on a three year research project investigating the impact of system thinking (ST) on service performance in the UK housing sector. The research evaluates an ST intervention in the care and support of older people service taking place in one of the largest housing associations in England, using an in-depth, real-time case study over almost three years. The research proposes an evaluation framework that is used to assess the impact of ST on service delivery from different and often conflicting perspectives, i.e. customers, housing officers, managers and staff delivering the service.

Evaluation data collected during and beyond the formal ST intervention period is presented and the research concludes that there are a number of quantitative and measurable service improvements for customers and the organisation, linked directly to the intervention.

**Social housing**

Nearly four million homes are owned and managed by professional social landlords in the UK; and although the number is significant the sector has become much smaller as a proportion of the overall housing market. The primary remit of the social housing sector is that of helping people who could not otherwise afford ‘decent’ housing to do so. However, the scope for social landlords has now expanded, with most functioning at a local level with a social motivation that allows them to take a wider role in improving or protecting neighbourhood conditions, creating mixed income communities and even providing general advice to their tenants (for instance; debt prevention).

**Housing associations**

Housing associations in the West Midlands region of the UK invested nearly £34 million between 2003 and 2008 on community infrastructure and provide nearly 50,000...
There are a number of quantitative and measurable service improvements for customers and the organisation, linked directly to the [ST] intervention.

the impact, spread and sustainability of the service improvements in Care & Support for Older People from this time.

**Systems thinking philosophy**
The particular approach to systems thinking studied in this research emanated from an investigation into the frequent failure of change programmes (Seddon, 2003, 2008). Seddon’s philosophy and methodology is based upon the systems principles of viewing organisations and operations as systems (with a purpose always seen in terms of its customer, client or citizen), holism, requisite variety, emergent properties (including unintended consequences) and the Toyota Production System, in which success relies upon achieving economies of flow (not scale) and design against demand through the whole system, end-to-end. Systems thinking is a way of designing, managing and measuring the flow of work through the system as opposed to measuring and managing the work in functional activities. The effectiveness of the system, Seddon argues, should be measured in terms of customer purposes.

**Systems thinking Methodology**
The methodology ‘check-plan-do’ is a variation of the plan-do-study-act/plan-do-check-act’ model (Deming & Walton, 1992) used in many business improvement methods, but one which starts with ‘check’ rather than ‘plan’. ‘Getting knowledge of the what and why of current performance as a system: nothing is assumed other than we almost certainly don’t know what that performance is.’ (Seddon 2008 p78).

The findings from ‘check’ are presented to the organisation’s stakeholders including senior managers, customers, working partners and those supporting the system. If agreement to proceed is granted then the next phases of ‘plan’ and ‘do’ can begin. Essentially, this is a redesign of the system to achieve its new purpose from the customer’s perspective. Plan (or redesign) is the opportunity to design a system by those who work in the system through continued experimentation and learning that removes waste, achieves clean flow and, importantly, aids managers and staff to change their thinking.

**An evaluation framework for ST**
One of the problems in evaluating ST is the confounding nature and number of organisational variables when looking for cause (an ST intervention) and effect (organisational performance) relationships. Another problem has been the paucity of robust measures and evaluation criteria of the impact of ST and its

Central homes
Central Homes (CH) was created by a merger in 2006 of two leading housing associations in the Midlands and is now a major social business with assets of £1.1 billion, over 32,000 homes, employing more than 1600 staff. It is the largest housing and regeneration social business in the region and comprises four independent yet mutually supporting businesses.

One of CH’s businesses, Care & Support (Older People’s homes, care & support) identified responsive repairs and rental income as critical for service improvement. CH adopted ST as a methodology for improving services in 2007 and the research tracks homes for older people and those with specialist support needs. There are 175 housing associations in the West Midlands owning and managing nearly a quarter of a million homes, on behalf of nearly half a million people (NHF, 2007).
sustainability. Conclusions from evaluation data are also often based on implicit, taken for granted beliefs and values (Butler et al. 2003).

A key aim of this research is to develop an evaluation framework for ST that recognises competing ontological and epistemological paradigms and embedded assumptions. An evaluation framework is proposed which attempts to address the questions above and for a better understanding of the impact of systems thinking for a variety of the organisation’s participants ie, employees, customers, managers, consultants and other stakeholders.

To evaluate the interventions undertaken at Central Homes so far, an effort is made here to explore the impact of interventions at different levels of analysis and at different points in time but also recognise that there is not a simple cause and effect relationship between changes at the individual/group level (levels 1 and 2) and the organisational performance level (level 3) Table 1.

Table 1 – Levels and Domains of Evaluation

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Intervention Sponsors/Consultants – Assessment of Intervention</th>
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<tbody>
<tr>
<td>Domain 1</td>
<td>Business Transformation Consultant and Advisor</td>
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<tr>
<th>Level 3</th>
<th>Measurable Systems Change &amp; Business Results</th>
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<tr>
<td>Domain 7</td>
<td>Changes in business processes, policies and procedures</td>
</tr>
<tr>
<td>Domain 8</td>
<td>Changes in customer/client service performance outcomes</td>
</tr>
<tr>
<td>Domain 9</td>
<td>Efficiencies, productivity improvements</td>
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<td>Domain 10</td>
<td>Cashable savings</td>
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Research methods

The need for rigorous evaluative research is widely accepted in all disciplines, but recognised as a complex and difficult task. Much evaluation research is based only on retrospective studies that are limited in tracking interventions over time. The design of the research described here tracks three interventions employing a retrospective, prospective and ‘as-it-happens’, real-time case study, over a period of nearly three years, which allows a fuller picture of the intervention process and outcomes. This offers a ‘thick description’ of the phenomenon in question (system thinking processes) and is not an attempt to generalise to a wider population but as a case that arguably reflects a larger phenomena (Tsoukas 2009, Yin 2003).

Sustained observation, semi-structured interviews and focus groups are used across a variety of staff groups and customers (evaluation levels 1 and 2) to explore perceptions, behaviour and meaning for those taking part. This reveals not only what is trying to be achieved by sponsors, managers and consultants but also the reality and ‘sensemaking’ (Weick, 1995) of others experiencing the intervention. The ethnographic nature of the data collection (observer participant) and analysis is undertaken before, during and beyond the intervention.

There are 175 housing associations in the West Midlands owning and managing nearly a quarter of a million homes, on behalf of nearly half a million people.
process, as Langley (1999) suggests, allowing the observer to witness change as it happens.

Using extensive reviews of organisation data and archival records (evaluation level 3) the research also investigates and reports on changes in organisation performance during and beyond the formal systems thinking intervention period.

Evaluation data
We now turn to the evaluation data and first examine evidence collected at levels 1 and 2 in the evaluation framework.

Levels 1 and 2
There is evidence from the data that the sponsors, the intervention team and the vast majority of those delivering and receiving the service are positive about the value and effectiveness of systems thinking interventions, at different times and for different reasons.

Nearly all participants expressed cognitive interest in the systems thinking principles and methodology, and particularly during the check phase when the extent of poor service to customers and clients is revealed: failure demand (61%), bad debt and rent arrears of more than £790k, incorrect accounts set up, average repair time to homes of 58 days, inadequate IT systems. Such a poor service, ironically at a time when key performance indicators and other corporate targets were being achieved, eg acceptable customer satisfaction levels and repairs completed on time (as currently measured). “It highlights our ignorance – an average of 58 days to do a repair! This is disgraceful,” (Maintenance Manager).

Executives and senior managers, including those from partner and contractor firms, reported their feelings of surprise, incredulity and even shame on the current performance data (ie, levels of failure demand and waste) at the check presentations.

“The cost of waste is around £1.5 million and that’s out of all our pockets,” (Contractor).

Participants articulated their perceptions that the intervention was productive and worthwhile and that they would support systems thinking to bring further benefits elsewhere in CH. The evaluation to date which explores Levels 1 and 2 (domains 1-6) presents a partial but positive view of the interventions from a wide range of organisation participants and other stakeholders.

Level 3
The evaluation data collected at level 3 suggests that there have been a number of measurable and quantitative improvements as a result of the systems thinking interventions undertaken at CH to date. The service now includes debt advice, a one-stop service, home visits, a dedicated income team to deal with their problems – and £500k recovered in rent arrears will be spent on home improvements.

The average repair time to homes has been reduced from 58 days to eight days (the national average is 25 days). For CH, the tenancy commencement date to payment on account has been reduced from an average of 44 days to 3.6 days by the removal of waste and failure in the system; there is a new dedicated customer IT system and higher customer satisfaction levels.

Conclusions
The evaluation of systems thinking in Care & Support of Older People services presented in this article is a work in progress. The results to date present a partial but favourable picture of systems thinking for a variety of different stakeholders, and particularly the performance of service delivery in terms of customer purpose.

The main contribution of the research to date is the design of an evaluation framework that has been used to assess the impact, and the likelihood, of the spread and sustainability of ST from the different and often conflicting perspectives of customers, social services, neighbourhood officers, managers and staff delivering the service.
Reality Testing: Strategies for Transforming Organisations

By Philip Atkinson

As we hopefully start to leave the recession behind, we have to ask serious questions about whether management teams in the private and public sectors really got to grips with the transformation required to restructure and reshape their organisations. Have they created and implemented the required culture to promote relentless improvement? What we often see is indecision and reluctance to take action.

Management teams that start to commit to bring about change in how they run their organisations will reap the rewards of their investment. However, ROI will remain zero if inaction and failure to lead through difficult times is the norm.

We believe that many private sector organisations have started to reshape their destiny by implementing those difficult decisions, reducing costs and investing in new structures, processes and strategies. The same is not so true in the public and the third sector. At a recent public sector conference on recovery, the overarching debate focused on the cuts that had to be made. Most delegates were planning cuts of between 10 to 20%, with a significant number planning to tackle cuts of greater than 20%. Probably one of the most worrying indications from the conference was that, on a show of hands, between 80-90% were pessimistic about their ability to implement those required changes to their organisation. It begs the question: ‘Do they have the capability to drive change?’

New thinking, new leadership in the new economy

The thinking and leadership that got organisations to where they are today will not allow organisations to prosper in the future. We need a culture change in how we do business, and it should be focused on continually improving activity. Recent years have seen the old business and management models fail. Without a clarity and transparency in examining how we can better improve performance, it is highly likely that many organisations will just cease to exist. We have already seen the demise of many high street brands and we are yet to see the ‘bonfires of the quangos’ and rethinking in the provision of better and more robust and efficient public services. The old regime will not support the demands of the new economy.

Dashboard and metrics for change

Wouldn’t it be useful to have a dashboard to assess the degree to which any needed changes could be installed within any business? I am sure the key metrics would be driven by transformation leadership. There is no doubt that improvements don’t evolve by themselves. Any movement
Towards improvement relies on engaging with staff to commit their energies to seek out ineffectiveness and install best practices.

We know that effective change is accompanied by strong leadership by an enthusiastic management group, demonstrating unflinching commitment, delivering a flexible implementation plan, and leading by example with a ‘can do’ attitude. This article addresses those special issues that make change work in a practical sense, rather than on the intellectual plane. For this reason, I have identified seven special issues that can really make the difference to making ‘change’ the culture for any organisation.

**Mastering change**
Few organisations have really learned to master change. Given the choice, any top team would cast a magic spell to create people equipped with the attitude, motivation, drive and skills to relentlessly install changes to make the business both more effective and more fun. Although the motivation to do so is not apparent, most organisations could develop this internal capability for change, rather than relying on external consultants.

Developing superior internal capability to install change is quite simple, yet few organisations assess what does and doesn’t work to turn the odds in their favour. Organisations have to ensure that change is implemented so that the ‘culture’ of the business is grown to retain the best people who become the internal drivers of improvement.

**Change is behavioural and motivational**
Change has to be seen as equitable and people-driven, at the same time as being focused on results. This is the ‘reality test’ that many organisations fail to achieve. Applying a simple methodology for implementation is not enough. Change is a complex process involving political and behavioural realities. It is not purely a rational or logical process. Change requires dealing with complex motivations, managing political ambitions and egos, dealing with uncertainty and ambiguity and resolving conflicts between the key actors in the organisation. Few, if any, current change methodologies will create the elegance of a change programme that could work along these lines.

Organisations need high calibre, committed and motivated people as internal consultants or change agents willing to take on the confusion and ambiguity that has become the norm for these times. Outstanding, high performers are needed to lead and drive improvement and change from strategic to operational levels.

To sustain and reinvent our organisations, we need people with charisma and authority to lead in difficult times. We need a special team of people to master, drive and implement change at a strategic and tactical level on a day-to-day basis. I am not referring to the ‘top team’. It is expected that they will collectively possess the transformational persona to steer the organisation through crisis and chaos. The group to which I am referring is composed of individuals ‘internal to the business’ who are relied upon to bring about change.

These ‘internal consultants’ are charged with the responsibility for driving improvement through the business in order to ensure a more secure future. Consequently, they need to have strength, assertiveness, sensitivity, the behavioural skills and the political acumen to champion and support the organisation as they lead the transition.

**Wake up call: 5% are active ‘enthusiasts’**
Most of my work with organisations in commercial and industrial sectors recognises the need to equip line managers and operational staff with change skills. When commissioned for such an assignment, I request that ‘top team’ members consider in which of the following categories, in terms of driving change, they would place their people.

**Enthusiasts** - They are acknowledged for accepting the challenge, becoming a champion for and leading new projects. They are not afraid to stand up and speak out when improvements are required, and are committed to the need for continuous improvement.

**Early Adapters** - These people may not volunteer to lead a project, but they are quickly ignited by the passion of the enthusiasts. They willingly commit their time and energy to new projects and are quick learners.

**Fence-Sitters** - They have seen changes come and go and may have become cynical about what are perceived as the latest fads or flavours of the month. Their commitment to active involvement and giving of their time is less than enthusiastic.

**Resistors** - These people fight the change, usually in a passive manner. They find a multitude of excuses for non-participation and will always suggest a counter argument or try to score negative points.

**Terrorists** - They plot...
against the change, feed the organisational grapevine with negative comments and are less than loyal. Surprisingly, management know who they are but don’t take action to remove them.

It is a fact that, even in organisations comprising 500 employees, the same few names keep appearing time and again in the ‘enthusiasts’ category. Often, the top team can name as few as 20-30 people who fulfil the role of ‘enthusiast’ within their workforce. That’s hovering around 5-7% of staff, hardly motivating. What happens if the number is as low as ten?

Imagine an alternative business change model
What could an organisation achieve if it were able to quadruple the number of enthusiasts within a short period of time?

What would be the consequences for the business? How many projects would be completed on time?
What new ventures currently on the ‘wish list’ could be installed smoothly without relying on the same small band of people?

What impact would the enthusiasm of being able to implement complex projects or changes quickly have on the rest of the organisation?

How much time, and what resources, could this group of change-makers free-up in the business?

What core benefits would accrue to the business of pursuing such a strategy and utilising the skills and talents of such a group?

Now, keeping these benefits in mind, what are the key special issues that require exploration so that change is not seen as a threat or challenge to be endured, but as a natural part of organisational life that can be seen as a developer of people and business? These special issues have been highlighted below and are the product of many interventions in a variety of organisations. If applied right at the start of a project, these issues could make a significant impact on the effectiveness and speed at which change could be installed.

1. Ability to master ambiguity
The reality is that, sadly, most organisations employ too few people who have the capability to manage change. These high calibre people with their ability to anticipate problems, master ambiguity in circumstances of risk or uncertainty, and diagnose and analyse how best to set in place a solution are in short supply. Organisations starved of this talent will have difficulty mastering the complexity around them.

The single biggest challenge is investing in prevention. In an uncertain world, it is necessary to anticipate major changes and their impact on business, and build enough momentum to set in place self-correcting mechanisms. This does not happen by accident. It is not enough to have the commitment and motivation to respond to events. It is critical to have a special group, team or even élite who can rise above day-to-day problems and deal
with the core change issues.

When times get tough, businesses should react quickly and implement changes speedily. Research tells us the opposite occurs, and the ambiguity associated with change actually stultifies the average business. Speed of decision making slows down and, in many instances, grinds to a halt. It is a strange organisational phenomenon!

Paradoxically, the demands for change and improvement urgently require solutions to promote organisational effectiveness. But what typically happens? Organisational changes can put many people into a ‘hold’ pattern of activity, struggling for several months. This freezing or slowing down in the ‘change process’ exists because of a high degree of perceived uncertainty in how the organisation manages ambiguity in its environment. Fundamentally, this is a reflection on the organisation in terms of its ability to reinvent itself.

2. Be truthful; how good at managing change is your organisation?
It is regularly reported that as many as 70 to 90% of major business or culture change initiatives fail. Further, consider the relative success of companies that have either merged with or acquired other businesses. In Europe and the USA, between 56 and 80% of mergers and acquisitions fail to achieve the synergies for which they were originally designed, resulting in the inability to successfully integrate several business cultures into one new business entity. The primary reason for failure in this context is the inability to shape a corporate culture to support the objectives of the new business entity.

What is happening? Why are change initiatives failing, and with such regularity? What can we do about it? Are we looking at the problem from every angle? It makes sense to understand the problems before equipping our best people with the mission and the skills to become internal consultants – practitioners of change. The bottom line is that initiatives fail because they do not address the key behaviours which have to be demonstrated from strategic to operational areas.

3. Change is not just about applying logical sequential methodologies
Let us explore the main reason why change does not work as well as it could. Simply, we do not apply whole-brain thinking to the problem. There is a tendency to apply the logical models for change, (which I refer to as the ‘rational-technical approach’) rather than incorporate holistic solutions that engage people and their motivations, address their fears, and focus on engaging with them as valued, active and positive players in the process.

Historically, a great deal of our approach to change in businesses in Europe arose from technical innovation, whether it was production technology for the manufacturing environment or information technology for the service sector. When introducing technical change, it was important that the technical solution actually worked. Consequently, a methodology was employed which largely relied on engineering and industrial approaches, based on the logical sequencing of tasks to become the dominant methodology for change. Here was born the rational technical school of techniques that worked well if building a contact centre, installing an operation, logistics or creating a totally interactive call centre or web-enabled customer service facility.

However, we have come to a stage of evolution in change management when an over-reliance on the rational approach, to the detriment of the people engagement perspective, needs some balancing. Change can be made to work better and be implemented faster if we take equal cognisance of the ‘behavioural-emotional’ and engagement perspective.

5. Change is about managing engagement, motivation, acceptance, positive emotion and expectations
Change has to be balanced. We have to focus equally on the logical steps to implement change as well as note the actions, passions and emotions of those who are driving, implementing and making the change reality. We need a holistic approach to change. Frankly, many organisations still hold the view that change can be implemented almost completely by following the old rational model with a bit of ‘man management’ tagged on at the end!

A balanced view of change introduces the behavioural-emotional-engagement approach, which also has a major contribution to make. When change does not happen, it is because the key actors in the change arena have failed to master this dimension.
The reality is that few people in organisations fully understand the dynamics of personal and organisational change. In some businesses, it remains the sole province of the HR department and in others never even permeates HR.

5. Key players in the change process
The success of a change initiative in any business is due solely to the effectiveness of the transactions and interaction between the key players in the change process. The four key players are:

- Clients – those who lead or sponsor the change project
- Catalysts or internal consultants – who have to actually implement changes and engage, train or educate those with whom they are working closely. This may include external change agents as core catalysts for new thinking
- Implementers or ‘targets’ – those who are targeted to apply and implement the ideas, who have to live with change and make it work
- Constituents – these are people who are involved on the periphery of key processes which are undergoing improvement and change

The interaction between these four sets of players in the change arena and in the change process is what makes change effective. No matter how well the technical elements of ‘the change’ are mapped out in flowcharts and Gantt diagrams, these are only a start. The real success comes from investing in and orchestrating the three sets of players in the change process, to merge their interests and work as a team with overall improvement in performance foremost on their agenda. This is a shared approach known as the psychological contract – an agreement between all the parties in the change arena about how they will work together...

6. The psychological contract: a commonsense approach to change
The psychological contract is an agreement that binds all parties to agreed ways of working together. It usually involves the following:

- Objectives – general, specific and evolving, as the project progresses
- Review periods – frequency, key milestones and associated activities
- Metrics – how, precisely, progress will be measured
- Time expected to be devoted to the project – from beginning to end
- Expected percentage of time devoted per week to the project – for instance, whether the project is full-time or part-time and the percentage of the week the consultant is expected to work on the project
- Confidentiality – non-disclosure agreements
- Deliverables agreed by both parties
- Use of external resources – such as change agents external to the organisation
- Agreement on how the internal consultant and external change agents will work together
- Training and development time for the internal consultant
- Resources available
- Budget constraints
- Access to client
- Standards of behaviour
- Defined expectations
- Means for resolving conflicts

Many problems can be resolved at a very early stage of any change programme. Fundamentally, this is dependent on the relationship that has been forged between the person sponsoring the project (the client) and the person responsible for delivering the change (the change agent).

I would suggest that most problems on a change initiative occur because of a lack of synchronicity of thinking, and inability to establish rapport as team members. Major errors can be prevented from happening by agreeing to question expectations, to clarify intentions, to specifically and accurately reflect and communicate with all parties, asking who asked the difficult questions, who listened, took ownership and was accountable for the process of implementing change?

The psychological contract is a process that is jointly owned...
between client and change agents. It is not a formal agreement to be documented and signed in the same way as a service level agreement. It is, however, an understanding between the client and consultant about how they will work together on jointly achieving the objectives tied in with the project. It is a living agreement about how priorities will be achieved and the accepted standards of behaviour for working together. It is about developing a joint agreement to work together as a seamless team. As the relationship evolves, so the contract will change. It is not, and never should be, a formal document stating precise responsibilities.

Establishment of rapport between client and consultant must be the first objective for both parties. Both must feel comfortable with each other. If there is more than one consultant or client involved, this will obviously take longer to accomplish. Time must be allowed to build good rapport. The relationship must be solid and durable. If you are the internal consultant, always identify the primary contacts, the primary or sole client and primary or sole external consultant. Establish clearly what is to be delivered by both parties. This can prevent later misunderstandings and ensure support for the project.

7. Change champions
At the beginning of this article, I highlighted the importance of relying on internal, rather than external, resources for change. Externals will always have a strong card to play because they can act positively in those areas that are too politically sensitive, or where the internal change agents may put their career at risk. They usually will have extensive experience in a variety of businesses and in many challenging contexts. However, the average organisation can do much more to drive change itself. Only by committing to developing a group of catalysts or change agents, can any organisation hope to implement change quickly and efficiently.

Making this development for managers and staff at all levels demonstrates that the business is serious about change, and that managers will become the change they seek.

Summary
Organisations that succeed in managing change will have balanced the ‘logical technical’ with the behavioural – emotional – engagement component. They will have committed to developing their own group of line managers who have the capability to work across the organisation on change projects. The organisation that develops the political maturity of its management group to work beyond political or functional silos will have developed a new perspective on how the business drives change.

Getting change to stick across the organisation is still a major challenge for many businesses. Focusing on the special issues develops an understanding of the dynamics of change itself. Change is a process driven by the emotions, motivations and enthusiasms mixed with the hesitation and fears of those tasked with implementing the change. Working on these special issues can do much to make the arena of change a more enlightening place and process, where genuine learning can take place for both the organisation and the individual.

References
With the advent of life membership we are attracting new members. There are still people who are engaged in management services who are not members and we would like them to join the Institute.

We can use our ‘direct entry’ route to fast track this and information is available from Brooke House.

We very much hope that our existing members will make potential members aware of this option.

- Actively promoting the IMS in your place of work
- Encourage colleagues at work as well as professional and social contacts to join the Institute
- Refer potential new members to the Journal as an example of what the IMS is about
- Remind potential members of the benefits of IMS membership, eg, education system, regional structure, recognised professional qualification
- Up to the minute information via the IMS Journal and website professional support
- Undertaking contract/consultancy work

What Next?
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