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We also want your news and points of view about what appears in this journal. Something you disagree with? Tell us about it.
In this issue of Management Services…

Cover Story

For global firms, the recent past has been marked by financial crisis, an unpredictable recovery and persistent uncertainty. Looking to the future, the dominance of fast growing economies leaves industrialised nations facing ever greater challenges to maintain a competitive edge. Those that survived the economic crisis now need to shift gear – the race is on (page 32).

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Chairman’s Column

My term of office as National Chairman of the Institute will end at the AGM to be held in Lichfield on 21 October 2011. It has been an honour to serve the Institute in the capacity of Chairman for the past three years. In writing the Chairman’s column for each journal I have tried to be both informative in the way I raised issues relating to productivity and also provocative in order to generate discussion. I hope you have enjoyed reading this column as much as I have enjoyed writing it.

In writing this, my last column, I felt it may be appropriate to reflect on my 42 years membership of the Institute. I joined the IMS in 1969 and in 1972 I was elected as the Secretary of the Merseyside Branch which then had over 500 members. In 1977 I was elected to the Institute’s Council of Management and have held that position for 35 years.

During my time in the Institute I have made many friends and have seen the dedication and commitment of so many people freely giving their time and energy to make our Institute a world respected professional body. Sadly so many of these individuals are no longer with us, but we owe them all a great debt. One of these individuals and my good friend Bob Fletcher passed away a few weeks ago. An obituary for Bob appears on the opposite page. However, there are so many others who contributed so much – Jos Faraday, Walter Coultous, Harold Williams, Jim Ellis, Harry Mitchell, Ron Whitley and Jim Reed to name but a few.

Our Institute has always played a key role in spreading the message about the merits of productivity and will continue to do so for many years. We are witnessing a world economic downturn. We are seeing countries like Greece and Eire brought to the verge of bankruptcy with Spain, Portugal and Italy also facing economic problems. The need for increased productivity and change in the way we run both companies and the economies of countries has never been greater. We are an Institute that is dedicated to change management and productivity, so our role in ensuring future prosperity has never been greater.

You will have noted that in recent months we have revamped our Institute’s website (www.ims-productivity.com), making the home page more attractive and easier to navigate. We have also introduced a regular newsletter containing articles on current productivity issues that is emailed directly to all members. I will, in future, be playing a lead role in producing the regular email newsletter, so would welcome any observation you may have on content and format. My email is blanch2203@gmail.com.

If you are in the Lichfield area on 21 October 2011, you may like to attend the Institute AGM; full details are contained in this journal. This will be an ideal opportunity to express your views on our Institute and to question its officers. I would also urge you to support the activities of your local regions that organise so many interesting events.

May I finally thank all those individuals who have supported me during my chairmanship and my time in the Institute, especially John Lucey our previous Chairman who was always there when I needed his support and guidance. So many people freely give of their time to make our Institute the great professional body, and for this I thank you all.

David Blanchflower

Regional News

North West Region

A visit to the Queen Street Mill Textile Museum, Burnley BB10 2HX
Thursday 29 September. Tour starts 1.30pm.

Note: This is the mill featured in the film The King’s Speech. Charge: Adult £3 OAP £2. Parking spaces are available. Those wishing to join the party should inform John Kearsley, Tel 01282 414253

The role of Energy Assessment.
Thursday 13 October at 1pm
A talk by Harry Hogg on this increasingly important issue.

Venue: St Peter’s Pavilion, Hurst Street, Hindley, Wigan WN2 3DN
Contact: Harry Hogg 01942 863776
Bob Fletcher 1921-2011

It is with great sadness that the North West Region reports the passing of Bob Fletcher, a long-standing and well-respected member of our Institute.

Bob’s working career started in 1935 with a number of jobs, culminating in an engineering apprenticeship with Messrs Dobson & Barlow of Bolton in 1937. Between 1945 and 1948, he was employed as a draughtsman. In 1949, he moved to the Merton Spinning Company, Bolton, where he first became involved with Work Study. Between 1950 and 1953, he was employed at the Gokak Mills, Bombay, India in a Production Planning and Quality Control role.

In 1954, he commenced employment with the Cotton Board Productivity Centre working mainly in the Lancashire area, but also in Scotland, Dorset and East Anglia, together with overseas assignments in Holland and Switzerland. His main responsibility for the Cotton Board being staff training and Work Study assignments. It was during this period that he obtained a teacher training qualification at the Oldham College of Technology.

In 1962, Bob took up his first lecturing post at the Oldham College of Technology where he remained for five years, before moving to Bolton Institute of Technology in 1967 to become senior lecturer in Work Study. He remained in this post until his retirement in 1985. Shortly afterwards, in early 1986, Bob unfortunately lost his wife, Dora after a long illness. He was fortunate in having a large family, three daughters and two sons, who helped him in his hour of loss.

It was in 1964 that Bob joined the then Institute of Work Study Practitioners and he soon became actively involved with the Manchester Branch of the Institute. By 1973 he was involved with the North West Region working with such people as Maurice Berry, Joe Lucas and Ray Livingston. When the Institute set up the Bolton branch in 1974, he became a member of the Branch Board and later Chairman. Bob was North West Region Chairman from 1982 until 1991, and remained an active member of the Region Board until his death.

As was seen in the Summer issue of the Institute’s Journal, he celebrated his 90th birthday in May, when he was joined by his extensive family, friends, Region Board members and their wives and members of Probus, of which he was an active member.

The Institute is indebted to Bob for the time and energy he gave working for the Institute and its membership. He undertook the duties of Direct Entry Interviewer, External Examiner, Region Chairman, Region Education Officer, and various positions in both the Manchester and Bolton branches and on the North West Region Board. In the last few years, fighting increasing immobility, he insisted on joining other Region Board members on the long journey to attend the Institute’s Annual General Meeting, enjoying renewing long-time friendships and making new acquaintances.

Perhaps more importantly he was a good friend to all those with whom he worked within the Institute, always willing to help and support others when they most needed it.

In 2004, his work on behalf of the Institute was formally recognised when the Institute’s Council of Management presented him with the award for ‘Outstanding Service to the Institute Membership’.

The death of Bob is a sad loss to our Institute as we have all lost a good friend. As somebody said, his usual order of ‘a pint of mixed in a jug’, will be missed at the bar after our meetings.

Our sincere condolences are extended to his family and to all his colleagues in the North West of England and throughout the Institute in general.

Bob will be greatly missed by all who knew him.
Assessing and improving performance

Performance specialist Richard Taylor reflects on how businesses across the world are reacting to the current economic climate. For more than 20 years he has been at the helm of Scott-Grant Limited at their Head Office in Manchester, dealing with a client list from small start-up businesses to international blue chip giants in absolutely every sector. Richard is a Fellow and great advocate of the IMS, having been a member since the start of his career in work study.

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Performance seems to be on a lot of people’s minds. It is a common theme emerging in recent months across a vast number of business sectors and in many countries too.

The business sectors I’m thinking of include retail, distribution, manufacturing, transport, government agencies, financial services, scientific, process, construction, utilities and professional services. Some substantial companies in the professional services sector include those providing back office support, quality controls and technical functions, valuation arms for financial services. They’re all concerned with performance – and cost.

The reason for this heightened level of interest is of course the economic climate we find ourselves in which is compelling businesses and organisations, both in the UK and abroad, to question what their performance levels are, how they have been determined and, more importantly, what opportunities exist to improve.

Cost pressures can be a good thing

Obviously every business is even more acutely aware of the cost pressures that are being applied: more organisations are certainly moving towards better cost identification. They want to examine (or have us examine) their costs of service, of production, of staffing and of products. Do they charge enough, or perhaps are they being targeted to charge less and how did they actually justify those figures? Does a particular service or activity actually add to the business, or detract from it?

Can they deliver a better service in line with the market requiring a better response? And that “better response” encompasses the demand for better service, more for their money, more in a shorter timescale etc. I have to say, it’s no bad thing that businesses are now considering this kind of detail; it should be routine but we all know only too well that time has an uncanny habit of speeding past when such well intentioned management issues arise.

‘Carpe diem – hodie’ or as I and countless other business owners would always want to do: seize the day – today!

As productivity specialists we are finding that business owners, managers and those with influence on the direction of their operations want us to look at the distribution and balance of work in their organisation. Cost pressures in a major manufacturer prompted them to have us re-measure their time standards in the hope that they would be able reduce them 8 or 9%.

After examination we had to persuade them to take seven
people off their production line for them to increase throughput by 14%. This was one of so many cases of a company actually restricting performance of their human resource by not balancing it according to the work content.

**Managing resources or just being resourceful?**
As many readers of this Journal will doubtless agree, productivity is about the efficient and effective use of resources. Time, people, talent, knowledge, information, systems, finance, energy, land, buildings, equipment, space, materials: the list of resources is considerable and many often get overlooked.

When it comes to improving productivity, organisations are looking how to get more out of existing resources or get the same out of less resources. And this is where the objectivity of companies like mine can score highly in a situation when asked to find ways to improve the productivity levels of a business. It’s about being able to gauge individual performance and examine the many factors that restrict it and cause added cost. We have been able to prove on many occasions that accurate time standards in a business could enable them to have 13 months’ work but only pay for 12. That’s what a 10% improvement could achieve and the point is really embraced by the business owner at the suggestion that they think of it as their four week holiday period coming free of charge. Time standards allow you to assess work content to compare the viability of different mixes of work and their impact on performance, capacity and profitability. That’s how vital they are – and they’re making a comeback!

**Time and motion nowadays**
Productivity is often linked with ‘time and motion’. The evidence of time and motion studies was used to put pressure on workers to perform faster. Not surprisingly these studies had a bad press as far as workers were concerned. Similarly the image of “time and motion” doesn’t sit well with any productivity specialist. The whole emphasis has changed over the years and readers will be the first to recognise that it’s the method that determines the time needed for any activity. The 21st century equivalent of the time and motion study is more literally a method and time study. This is a more far-reaching philosophy and approach to managing a business.

The real responsibility for productivity or performance improvement should be largely in the hands of those organising the work rather than the individual worker.

**Performance comes in many guises**
Achieving higher performance is not just about working harder nor is it just about people. Time and motion takes on a whole new meaning – but it is as vital now as it’s ever been to the successful running and development of a business.

I mentioned a list of business sectors at the beginning and I have to admit that not every sector is included there. Maybe the missing ones are looking in the wrong direction for performance improvement; hopefully it’s only a matter of time before they break free from whatever restrictions or pressures they suffer.

**Maybe there should be an IMS health warning to businesses**
If you make serious business decisions using the wrong information, you may well run your business – into the ground! If you set inappropriate targets (including ones that aren’t challenging enough), you could be strangling your business.
A Report by Dr Andrew Muir
IMS Deputy Chairman and WAPS Fellow on the third and final day of the Congress.

In the spring and summer editions of the journal (Volume 55 Numbers 1 & 2 respectively), I reported on day one and two of the 16th World Productivity Congress and European Productivity Conference. This report describes the third and final day of the Congress, which was held 2-5 November 2010 at the Maritim Pine Beach Resort-Convention Centre, Belek-Antalya, Turkey.

The theme for the Congress was ‘Productivity at the Crossroads: Creating a Socially, Economically and Environmentally Responsible World’.

In the earlier reports I indicated that the Congress was, for the first time, held in partnership with the European Productivity Conference, and was thus jointly organised by the World Confederation of Productivity Science and the European Association of National Productivity Centres. The host organising body was MPM, the National Productivity Centre of Turkey.

I also indicated, that there were 150 papers presented in five separate streams running in parallel over three days, an extensive poster programme, seven keynote speakers, and the James L Riggs memorial lecture.

This final report provides an outline of some of the papers presented during the third and final day of the Congress and a description of two examples of the poster programme which were on display and available for viewing throughout the event.

Day Three
Day three of the Congress commenced with Keynote Speaker – Alain Lemaire, President and CEO of Cascades Inc, Canada.

It was interesting to note that Mr Lemaire had flown in from Canada the previous afternoon and was flying back the next morning.

He commenced his presentation by giving a short history of his company Cascades Inc.

He said that long before the expression “sustainable development” became a buzzword, his family was recycling household and industrial waste through the Drummond Pulp and Fibre Company, which they founded in 1957.

In 1964, along with his father Antonio and his two brothers Bernard and Laurent, they officially ventured into the production of paper made from recycled fibres when they took over a disaffected mill in Quebec and Papier Cascades, Inc was born. Mr Lemaire added, that his company has had its ‘Green’ logo since the mid 1960’s.

In the 1970’s, Cascades’ began an expansion programme and created its first moulded-pulp mill to use 100% recycled fibres. The expansion of the company continued and, in the 1980’s, Cascades’ shares began trading on the Montreal Stock Exchange. At the same time, it entered the United States. Later
that decade, it made its entry into Europe with the acquisition of a box-plant in France, which was followed by other acquisitions in Sweden and Belgium. Mr Lemaire said that it was in the late 80’s Cascades’ established its Research and Development Centre which resulted in a significant period of innovation.

In the 1990’s, the company started to diversify and it was during this time they created Cascades’ Energie. This subsidiary controlled a brand new co-generation plant powered by natural gas, the first in Canada. The company also continued its expansion in Europe with acquisitions in England and Germany.

Today, Cascades’ employs 15,000 people worldwide. It is No 1 in Canada for recycling, No 3 in the US and No 9 in the world. It currently recycles 65% of its waste, seven times better than the Kyoto objective. The company has 19 different bins for recycling waste.

Interestingly, Cascades has an employee profit share scheme which paid out $40 million to employees, yet a mere $16 million to shareholders. This perhaps, says more than anything else of the value the company places on its employees who, incidentally, receive updates every six months on what has happened within the company (history), what is currently happening (present) and what is going to happen (future).

Mr Lemaire said that you should never be afraid to give thanks to your employees. He also said that he passionately believes in two way communication, so much so, that every employee in the company has his personal cell phone and land line numbers so they can contact him directly at any time.

In concluding his presentation, Mr Lemaire thanked everyone for listening and wished them all an enjoyable and productive congress.

Sessions

In the Sessions part of day three of the Congress, I selected a range of presentations which I thought would help illustrate the universal nature of productivity and examples of how it is being applied in several different countries. I have also cited two examples of the Poster Programme which were on display throughout the Congress.

Session 1 – An Example of Design Economic Development Based on Cooperation – A Paper from Spain.

Presented by Professor Esther Ortiz-Martinez (Regional Government of Murcia Ministry of Economy and Finance, Spain), this paper described an exercise of ‘real’ regional economic planning, known as ‘REGION DE MURCIA HITOS 2020’. This research is based mainly on cooperation and interactions between different organisations and individual citizens. The final goal is to obtain a short list of projects that can be started quickly to have an immediate effect on the economy, create employment and be sustainable.

The work that has been done thus far has identified many, of what was referred to as ‘Mega Trends’ that will shape the world. In terms of Spain, Professor Ortiz-Martinez said that her country will place emphasis on four major projects, Ports, Tourism, Energy and Water which it is hoped will stimulate growth and create jobs.

Session 2 – Productivity Gain Through Successful Networking of Cross-Sited Production Process Chains – A Paper from Germany.

Presented by Peter Becker (The Fraunhofer Institute for Production Technology, Germany), this paper described work being done on cross-sited production process chains which are the key elements in today’s manufacturing cost and resource efficiency.

Peter Becker said that cross-sited production requires a highly sophisticated information exchange system between the different process steps. He added that his research has concentrated on process chains and their interfaces. In particular, small and medium enterprises (SMEs) have specific difficulties with worldwide co-ordination of their production and he went on to describe how he has approached the problem and introduced an internet based management tool that enables smooth cross-sited production, resulting in significant increases in productivity.


This presentation, by Sunil G Wuesinha (Darkotuwa Porcelain Plc) concentrated on the many initiatives that have been taken to promote the concept of productivity in Sri Lanka.

Sunil Wuesinha said that Sri Lanka joined the Asian Productivity Association in 1966 and established a Management Development and Productivity Centre (MDPC). However, in the initial years the productivity programme of the Government was not properly focused. As a consequence, it failed to meet its objectives and a new programme commenced in 1996 with the initiation of a ‘National Productivity Year’ and a ‘National Productivity Decade’. This was followed by the establishment of a National Productivity Secretariat (NPS).

The first phase of this new initiative commenced with productivity awareness, which was followed by the implementation of productivity enhancing techniques. While the private sector found its own methods of implementation, a concentrated effort was expended on public sector productivity. According to Sunil Wuesinha the results have been very encouraging and
have significantly improved the awareness and understanding of productivity techniques in this sector.

Session 4 – Developing Performance Indicators for Economic Development – A Paper from the United Kingdom
This paper was presented by Rory Dillon (Grimsby Institute), and described how a range of performance indicators have been established to enable the United Nations Industrial Development Organisation (UNIDO) to evaluate the success of its aid projects.

UNIDO supports a range of donor agencies in delivering funded trade/industry development projects. Clearly it is held accountable for those monies it disburses on behalf of these agencies. It has therefore created a range of indicators that not only helps to evaluate the success of its aid projects but also helps assess the likely impact of potential projects. UNIDO’s experience in developing indicators across a range of projects is probably unique and provides valuable lessons for others designing and developing performance indicators.

Session 5 – The European Association of National Productivity Centres (EANPC) Productivity Flower – Practical Experiences and Emerging Trends – A European Perspective on Productivity.
This paper, on the EANPC Productivity Flower, was presented by Peter Rehnstrom, Past President of the EANPC and WAPS Fellow. He said that the purpose of the flower was to give a more comprehensive meaning to the concept of productivity in relationship to three other key factors in current European society – innovation, quality of working life and employment – with a view to teaching, not only a common understanding among the partners co-operating with member organisations of the EANPC and their own staff, but also among labour unions, employer organisations, SMEs and policy makers in the European Union.

Concluding, Peter Rehnstrom said that we all need to work smarter (more productively) not harder – and suggested that if we have muscle pain in the morning, we’ve worked too hard; if we have a head pain in the morning, we’ve worked productively! It is interesting to note that a flower analogy has been used to help provide a more comprehensive meaning to the concept of productivity. Extending this analogy further, perhaps the term ‘Organic Productivity’, helps to describe better the productivity implementation process; in that a few seeds are planted, grow, blossom and spread the productivity message. This is one of the objectives of staging the World Productivity Congress and the legacy the World Confederation of Productivity Science hopes to leave in the host country.

Poster Programme
There were approximately two dozen poster presentations available for viewing over the three days of the Congress. I’ve selected two to give an indication of the range and diversity of the subject matters covered.

Poster Area – Improving the Quality of Fishery Products on a Small Fishing Vessel in Indonesia by Designing an Icing System using Ice-IT Software – Research from Indonesia.
This research focussed on the fish capture sector in Indonesia and investigated the icing system of small fishing boats, examining the efficiency and effectiveness of an icing system compared to the use of simple ice blocks. The aim of the research was to increase the value of the catch and the income of the local fishermen.

The research concentrated on the relative costs of various icing methods in relation to the perceived benefits by the customers. The research has made use of the Ice-IT software, a computerised tool for designing and simulating icing systems. It is anticipated that the results of the research will significantly improve the quality and, consequently the value, of the catch getting to market.

This research posed the question “How will inter-organisational trade influence the amazing evolution of the internet?” and suggests that this is a business problem that has attracted significant controversy in recent years. A frenzy of predictions about the trillions of dollars in corporate spending led to a wave of so-called exchanges, markets or business to business portals, all hoping to hold a prominent place as intermediaries in the
emerging digital economy. Corporate trade dominates the economy and business to business portal is the intermediary between market participants. Most companies today are striving to realise how they should deal with business to business electronic commerce, despite positive or negative movements in stock market quotations of business to business companies. By separating the physical flow from the information flow attached to any transaction, the internet has the potential to radically change the way companies offer and trade goods and services.

This research, therefore, described and introduced a structure allowing a more facile approach and better understanding of the concepts underlying the business to business system, the factors influencing the developments of such markets and the opportunities they offer for the development of the business environment in Romania. Although electronic commerce at a corporate level has already been submitted, tested and led from worldwide, the Romanian economic environment still refuses to move towards digitalisation of business communication. The research aims to show how Romanian business can benefit from encouraging such systems but without repeating the mistakes made by the West.

The above are two examples of the many poster presentations which were on display during the Congress.

Summary and Conclusions
It is difficult to summarise such a momentous event in a few sentences and no doubt the 400 plus delegates who attended the various sessions have their own views. So perhaps the best way to summarise the Congress is to re-visit its original objective.

The objective: To bring together a distinguished group of businessmen, industrialists, scholars, politicians, administrators and productivity experts from around the globe and from all sectors of industry, commerce and public service and with this breadth of expertise and experience make the Congress an important event for shaping future governmental approaches to productivity development and for shaping future organisational strategies.

In my view, the Congress certainly achieved this objective and I feel that it has left a productivity legacy which will help the Turkish economy grow and flourish in the future – only time will tell.

Finally, to conclude this Third and Final Report on the 16th World Productivity Congress and European Productivity Conference, it is perhaps best left to the declaration made at the closing ceremony.

Closing Ceremony – Declaration
We the members of the global productivity community who have gathered in Antalya, Turkey from 2-5 November, 2010 have been informed and inspired by three days of discussion, debate and deliberation on the Congress Theme of ‘Productivity at the Crossroads: Creating a Socially, Economically and Environmentally Responsible World’. This theme echoed the position of Turkey as being the crossroads between Europe and Asia, well-placed to communicate and to translate across economic, social and cultural divides that should not – but often do – exist.

This event was also set in the context of a world emerging from a global financial crisis making productivity development even more important as a means of stabilising and enhancing productivity capacity. We welcome the National Productivity Organisation of Pakistan as the newest member of the global productivity family and we will continue to expand this family so that our collective knowledge and influence helps shape a more productive future for a wider range of global citizens.

As a result of our individual and collective activity, we, the members of the global productivity community, affirm that:

• only improved productivity can address emerging problems relating to the sustainable supplies of energy, food and water
• productivity development is a simple concept but a complex process involving a number of inter-related and overlapping domains and disciplines
• we need to secure a common understanding among the individuals and groups operating within and across those domains and disciplines
• we will individually and collectively continue our efforts to bring about a common understanding
• we find new ways to disseminate the results and outcomes of those efforts
• we will carry the messages relating to Turkey’s productivity & economic development to the world

In so doing, we – the members of the global productivity family – can help bring about the conditions under which we can meet the growing aspirations of all the citizens of the globally connected world.

We agree to meet again in Toronto, Canada in 2012 to pursue our mission of making the world more productive.

Dr Andrew Muir
Deputy Chairman

Peace and Prosperity through Productivity
# Productivity and Financial Benefit of well-being at work

**Authors:** T Pietilä, Project Manager, TTS Research, L Lahdensaari-Nätt, Researcher, TTS Research, VM Tuure, Director of Centre of Expertise.

Labour force is the most or at least one of the most essential resources of companies. Thus it is obvious that a company can improve its productivity by increasing the well-being of personnel. Productivity brings, for its part, financial benefit to the company.

According to the Confederation of Finnish Industries EK (Elinkeinoelämän keskusliitto, 2009), the leading business organisation in Finland, sickness and accidents reduce regular working hours by 4.5% on average. One day absence costs on average about 300-350 euros for a company. Absences of less than 10 days are the most expensive for companies. The Social Insurance Institution of Finland (KELA) compensates medical expenses due to absences more than 10 days. The expense of absences is not only caused by the labour cost of the sick person, but also by the extra labour cost of the other personnel or substitute person in order to get the work done, or by reduced productivity. In order to minimise absences caused by work related indisposition, more attention should be paid to well-being at work. Thus, tools for measuring and developing well-being and productivity are needed.

## Measuring well-being and productivity simultaneously

Investment for welfare has several effects both direct and indirect on the economy (Otala and Ahonen, 2003). Direct effects appear for example, as reduced medical, insurance and disability expenses, and effective working hours due to increased motivation and improved work processes. In the long-term, effects extend to improved productivity, better quality and increased capability to innovate new products and processes.

If persons are not well motivated or there are offending factors in the working environment, investment in new machinery or devices is not enough. Erasing offending factors and preparing an efficient way in working increase both satisfaction and well-being, simultaneously increasing the proportion of the effective working hours.

The ability of a company to continuously innovate and produce new products and services has an essential role to evoke its productivity and competitiveness. There are many individual and organisational factors which generate innovativeness and innovations. An open and honest atmosphere in the work community and well-being of the individuals create the basis of innovation. In the course of a national well-being project, an instrument for following efficiency and well-being at work was developed at TTS Research.

## Measuring and analysing well-being and economy with one tool

The research took part in a development project which was funded by the Finnish National Board of Education in 2009. The objective of the project was to improve productivity and quality in the companies, with versatile measures which promote work well-being.

In this project, TTS Research developed a tool which can be used to follow the development of the separate sectors of well-being at work and to draw conclusions on the connections between work well-being and economy. The tool was developed together with the companies and it was piloted in the metal industry.

The developed barometer

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*Graph 1. Economic effects of well-being at work (Otala and Ahonen, 2003)*
enables a long-span follow-up of different well-being sectors. It is possible to evaluate an employee's well-being at work and the development of company economy at the same time. Although the barometer was originally designed to meet the demands of industry, it can be tailored to be used in any line of business.

Implementation and use of the barometer
Implementation of the barometer is straightforward. The first step is to determine the well-being sectors which the organisation is willing to monitor in the future. As default, the sectors are:
- Physical risk and discomfort factors of the work environment
- Tools and production facilities
- Work satisfaction
- Leadership and flow of information
- Possibility to influence
- Work atmosphere and collaboration
- Work productivity and economy

Following the determination of sectors, the individual indicators and their weight values are specified in each sector. Each sector can contain from one to twelve independent indicators. Indexing of results makes possible the fact that every indicator can have differing target levels.

The performance index of each sector is calculated on the basis of the results obtained by the individual indicators. The measurements can be based on the inquiry or interview of the personnel or they can be picked up, for example, from the information processing system of the organisation. If a welfare survey of the staff is regularly made in the organisation, it's practical to use same indicators in the barometer.

The barometer calculates an organisation's performance index on the basis of set objective levels and weight values determined for each well-being sector and individual variables.

Changes in the work related well-being of the staff or in the economy of the company affect the performance index and thus it's easy to follow the development of the organisation and react rapidly to negative changes. With the help of the individual indicators of the barometer, fundamental reasons and causal connections behind changes in well-being are easily found.

Well-being and strategic planning
In order to promote productivity and well-being at the same time, well-being should be taken into account in strategies and processes and it should be included in daily activities. Promotion of well-being should be connected to management and the structure of personnel administration. It should also be taken into account during the strategic planning.

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Elinkeinoelämän keskusliitto (2009)
Cited on 5 May 2010.
Työhyvinvointi tuloksen tekijänä, WSOY, Porvoo.
Environmental Challe and Changing

By Professor Colin Coulson-Thomas.

Environmental Concerns
The annual World Congress on Environment Management represents an opportunity to take stock of how public and private organisations are responding to various challenges and concerns. These range from local industrial pollution to developments such as global warming. Delegates gathering in New Delhi for 2011’s congress organised by the World Environment Foundation and India’s Institute of Directors also reflected on how attitudes in the boardroom have evolved over the last half century.

Environmental problems are not new. Early Spanish explorers found the basin of what is now Los Angeles polluted with the smoke of Indian camp fires. What has changed is ‘attitudes towards’ certain problems and our ‘tolerance of’ them. What needs to change is the nature of responses. Environmental trends and developments should be seen as opportunities rather than problems, and we need strategic and collaborative action.

The need for greater understanding and appropriate responses has been recognised for decades. Rachel Carson (1962) put the case for the more responsible use of insecticides in her influential book Silent Spring. She argued they had been put into “the hands of persons largely or wholly ignorant of their potential for harm.” Lack of understanding was also central to the critique of growth by Donella Meadows and her colleagues (1972).

Awareness does not always lead to action. Roll on the decades to 1992 and the Earth Summit in Rio de Janeiro. An international network form of organisation (Coulson-Thomas, 1992) was emerging to cope with the demands of operating in a global marketplace that needed to confront the environment as an issue:

Attitudes and behaviours concerning the environment were of growing significance for internal and external relationships with various stakeholder groups, such as employees, customers, suppliers and business partners. Differences were emerging between the approaches and priorities of different groups. For example, collaborators from underdeveloped countries might have different views from colleagues in the developed world, and this could introduce an element of strain into relationships.

The spread of globalising network organisations brings them into contact with the regulatory activities of governments, and numerous governmental and non-governmental bodies with interests...
and activities relating to the environment.

Roll forward another two decades and there are now an increasing number of practical steps companies can take that have a beneficial impact upon the environment. For example, they can use support tools to make customers and consumers more aware of environmental impacts of purchasing decisions, and help them select less damaging options (Coulson-Thomas, 2010). This article examines some longstanding issues that boards need to address if they are to adopt policies that are positive contributors rather than cosmetic distractions.

The depth of environmental concerns

A first challenge is to distinguish between crocodile tears and real commitment. At the time of the Rio Earth Summit the visible attention being devoted to environmental issues raised a number of questions (Coulson-Thomas, 1992), as follows:

• How much of the concern expressed is deeply rooted, or is likely to prove transitory? How much is hype?
• How real are corporate concerns? Are environmental issues assuming greater importance on boardroom agendas, just as in public debates?
• How aware are companies of the likely impacts of environmental issues upon their own activities and operations? What are the implications for different functions in public and private organisations?
• How well thought out are corporate reactions? Have clear goals been set and measurable objectives established?
• Who is, or should be, responsible for environmental policy, and what environmental policies are organisations planning to have?
• What are companies actually doing, and what should they do, to achieve their goals, objectives and policies?
• Are there gaps between rhetoric and reality?
• Are they ‘making it happen’ (Harvey-Jones, 1989)?

To answer such questions a ‘managing the relationship with the environment’ survey (Coulson-Thomas and Coulson-Thomas, 1990) had recently been undertaken. Respondents exhibited high levels of concern, while discriminating between issues: Significantly greater importance was attached to the ‘external’ physical environment rather than to the ‘internal’ working environment. Some companies appeared to be overlooking internal opportunities to improve working conditions as a result of a new-found preoccupation with the external environment.

‘Direct’ impacts of organisations’ own activities upon the physical environment appeared to rank ahead of the ‘indirect’ issue of pressures from consumer lobbies. As one manager put it: ‘We used to feel hassled by external critics [and] we were very defensive. Now the pressure is internal… we want to do something.’ There is also the ‘groupthink factor’ to consider (Janis, 1972). People can follow the crowd and think something is important without being overly concerned about it. One US chairman surveyed confided: “No one would dare say global warming is a good thing, but I love it. The garden grows and we save on heating costs.”

Threats and opportunities

The Managing the Relationship with the Environment survey revealed an overwhelming consensus that quality of life was a key issue of the 1990s, that environmental issues should be seen as opportunities rather than problems, and that all organisations should have an environmental policy. Suppliers that did not satisfy the environmental criteria were being established by some of their customers faced the prospect of going out of business.

Large corporations appeared remarkably vulnerable. To respond to threats and seize opportunities, companies must monitor environmental issues in the business environment, think through their implications, and determine appropriate responses. One chairman pointed out: “Once an environmental issue passes to the business decision maker it tends to become general. We are in danger of becoming so general and unfocused that I cannot see any practical or workable solutions emerging.” Many open organisations view a challenge as an

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opportunity to enter into a new form of relationship. For example, additional regulatory controls on manufacturers of components and materials that allow the new requirements to be satisfied. One managing director was emphatic: “There are things we have to do… the regulators will see to it. The fastest with the solution will get the business.”

Securing commercial benefit from environmental concerns requires awareness of the priorities of actual and potential customers. As one director pointed out, “Why should the environment be any different or any more difficult? The technologies we use every day are complex enough. It’s a question of listening, learning and flexible response”.

Subsequent discussions, such as those concerning the Kyoto treaty on climate change, ensured that environmental issues remained on the corporate agenda. Ten years on there was still a diversity of views and practice (Coulson-Thomas, 2002). Increasingly companies sought direct contact with customers in their social environment in order to shape their experiences and build brand associations.

Many companies found that recycling waste saves disposal costs and can provide a cheaper supply of materials than an original source. USG, a manufacturer of wallboards, bought gypsum from operators of coal-fired power stations. The price of gypsum produced as a by-product was found to be less than half of that obtained from a quarry.

**Dilemmas in the boardroom**

Making products that do not become quickly outdated with parts that can be easily replaced may allow them to be recycled. Directors often face dilemmas (Dunne, 2005).

Should one develop recyclable or throwaway products?

Should one buy from the cheapest supplier or from the most environmentally responsible source?

Global warming means lower heating bills for some and inundation from rising sea levels for others. Despite an overall global consensus, individual predictions are fraught with difficulty. In certain places one effect might be counterbalanced by another. Companies like Xerox that examined recycling options found the impact of some remedial actions can create more problems than they solve.

**Defensive and proactive approaches**

More recent evidence suggests that more and less effective boards – winners and losers – react differently to what is happening around them (Coulson-Thomas, 2002 & 2007). Losers are often unaware of impending challenges and requirements to change. They are not alert, and do not anticipate or look ahead. If they wake up to what is at stake, they may have little time in which to adapt, even if they had the will and means of doing so.

Losers just hunker down. They make cosmetic references to environmental concerns in annual reports and accounts. They stick to what they know and feel comfortable with, and plough ahead regardless, hoping that any problems encountered will blow over. If they do take stock of where they are, it is generally infrequently.

Opportunities may be resisted if responding to them would require changed practices and behaviours. New requirements may be perceived as distractions until such time as they become so pressing and potentially lucrative that they can no longer be avoided. Some only act when legislators or competitive activity requires them to do so.

In contrast, winners have more acute and sensitive antennae. They are aware of what is happening around them and entrepreneurial. They view problems as arenas of potential opportunity (Coulson-Thomas, 1999). They take the initiative in shaping the future (Coulson-Thomas, 2001).

Winners identify and monitor economic, political, technological and other trends, and assess their likely impact both upon themselves and upon their customers. They then consider what, if anything, they should do in response. Such exercises are undertaken on a regular basis, and at least once a year. Resulting actions are subsequently reviewed and if need be challenged and amended as events unfold.

Because they read the road ahead, winners generally give themselves sufficient time to register, react and adapt. Changes are made quickly as and when they are needed. They are often implemented before they are imposed or
Embracing all the parties involved and the various change elements required is the key to achieving significant and beneficial change otherwise formally required.

Schizophrenia in the Boardroom
Another challenge is environmental schizophrenia (Coulson-Thomas, 2002). People do not necessarily want to implement all aspects of corporate policies, just as there are laws which are not always enforced. Many senior executives still appear to be schizophrenic in relation to certain environmental issues. For example:

As citizens they may be generally concerned about what they perceive as major threats to the world environment. They may be aware of the damage done by their own industry, and of the extent to which pollution can transcend national borders to become a global problem.

However, as managers, their responsibilities may be limited to a particular operation within one country. While the external impact of any action they might take may be uncertain, and the benefits diffuse and shared, the internal costs can be real and particular to the individual company.

The existence of schizophrenia makes it difficult for some boards and management teams to portray a united front that is positively committed to the achievement of carefully thought-out and clearly-defined objectives. Driving a common approach to particular issues throughout an international corporate organisation can overlook local differences. Attitudes and Governmental policies on an issue can vary greatly between countries.

Working with regulators
Some companies appear to favour commercial activities that are consistent with sustainable development, while opposing specific regulatory measures, or the imposition of an implementation timetable. The extent to which responses can be left to market forces will depend upon whether a critical mass of companies acts appropriately.

To respond to particular public proposals, a company needs to assess the impacts of suggested measures. Likely obstacles and barriers to implementation should be identified and examined. Many legislators and regulators prefer ‘workable solutions’. Sometimes they take account of corporate factors when drafting regulations, if notified early enough.

Within the market environment, individual companies that are genuinely concerned about environmental issues can respond quickly and flexibly, tailoring their policies and actions to their particular situation. In comparison, as pointed out by Friedman (1962), action by government can be tardy, cumbersome and indiscriminate.

Sound bites and shallow responses
Many companies lack a deeply ingrained environmental mission (Campbell et al., 1990). Others exhibit what has been termed ‘the lure of the simple’ (Coulson-Thomas, 1992 & 2002). The action team competes on speed, focuses on ‘vital few’ priorities, and loves simplicity. Yet, many environmental issues are comparatively complex. Some reach a ‘wall’ when they realise the enormity and opacity of an issue:

“The initial enthusiasm turned to disinterest when we became aware of some of the practical problems. Recycling can actually be more damaging environmentally than disposal. Do you react to today’s clamour or tomorrow’s realisation?”

“There are initiatives to demonstrate concern that we could publicise. But as for results, you can’t change an industrial process overnight. Do you react to today’s clamour or tomorrow’s realisation?”

“I’m being pressured for results, but we are only a link in the chain. The public associates us strongly with the product, but the real environmental damage is done upstream. It takes time to build the relationships to tackle the problem, and when
Smart boards see environmental challenges as opportunities to develop new offerings to help customers and prospects adjust and adapt. Climate change is creating the biggest, and potentially most lucrative, business opportunity in history.

Other companies are involved that’s not something I can do at my level.”

If a supply chain is involved, a company may be no more able to achieve a tangible impact upon the external environment than it can deliver all the value sought by a final customer. A company should identify the cross-functional and inter-organisational processes that deliver negative environmental impacts, and those needed to achieve significant improvements. People should have the performance support to act responsibly.

Management services support
Management services professionals can make a strategic and beneficial contribution. Directors should have regard to the interests of stakeholders. Customers can be enabled to take more environmentally responsible decisions. Smart companies shape the future by giving people new options and choices (Coulson-Thomas, 2001).

People can be helped to do more with less, and to be efficient and minimalist in their use of resources. New ways of working and learning can benefit both people and organisations. Many could lead simpler, healthier and more sustainable lives.

Individual companies can meet regulatory requirements and reduce negative impacts on the environment. They can also collaborate with leaders of other enterprises and public bodies to create more sustainable cities, towns and villages. Practitioners and policy makers can learn from exemplars. Public and private organisations in Peterborough – the environment city – are working together to build a healthier and greener future. Boards could be helped to assemble a comprehensive, complementary and coordinated set of initiatives that are likely to have a significant impact upon an environmental issue (Coulson-Thomas, 1992 & 2002). Embracing all the parties involved and the various change elements required is the key to achieving significant and beneficial change.

Achieving a balanced reaction
Corporate responses should be appropriate and proportionate. Some boards experience cognitive dissonance (Festinger, 1962). Having determined to ‘do something’ they put excessive reliance upon a ‘silver bullet’, or launch initiatives which make a marginal contribution, while missing opportunities to help customers to respond to environmental challenges. Evidence suggests (Coulson-Thomas, 2002) that less effective boards:

- keep a low profile, avoid publicity and limit discussion of environmental issues and related communications to the boardroom;
- react to external pressures and work in isolation to protect their internal and corporate interests;
- develop cosmetic responses and resort to spin in difficult situations; and
- behave in a defensive way when challenged.

In comparison, evidence (Coulson-Thomas, 2002) suggests that more effective boards:

- are aware of the complexity of certain issues and endeavour to address root causes by whatever combinations of measures are appropriate;
- seek to understand the situation and explore options before selecting a course of action that is likely to stand the test of time;
- regard responding to environmental threats and concerns as a major business opportunity;
- assume responsibility for making a positive contribution to the environment;
- involve others in planning, communicating and implementing positive strategies;
- are proactive and work...
with collaborating partners to further their customers’ interests;
• develop new and alternative approaches that generate goodwill and incremental income streams; and
• work with others to achieve both corporate and social objectives.

People in winning companies address issues rather than conceal, ignore or avoid them. Hence problems do not build up until they seem insurmountable. Adjustments over time – some small, others more fundamental – may allow them to cope with changing circumstances.

Questions for Directors and Boards
There are certain questions that directors and boards should address:
• Does your company monitor environmental issues in the business environment?
• Does it have an environmental vision, and related goals and values?
• Has the vision been communicated and shared?
• Is your company aware of the views of customers, employees, suppliers, business partners and other ‘stakeholders’ on key environmental issues?
• Has it carried out any form of SWOT analysis to examine strengths, weaknesses, opportunities and threats?
• Has it determined how these will impact upon its operations and activities?
• What does your company plan to do in response?
• Have clear and measurable objectives been derived from the vision, goals and values, and is there an agreed strategy for their implementation?
• Are there clear roles and responsibilities?
• Have ‘vital few’ priorities been established, and have likely barriers and obstacles been identified?
• Have people been equipped and empowered to take the necessary actions?
• Are they motivated to respond and deliver?
• Will the processes, linkages, collaborations and support tools needed to deliver appropriate corporate responses be developed?

Greater questioning and challenge is needed in many boardrooms, including in the public sector (Barker, 2004). Smart boards see environmental challenges as opportunities to develop new offerings to help customers and prospects adjust and adapt. Climate change is creating the biggest, and potentially most lucrative, business opportunity in history.

References
Barker, L (2004), Building Effective Boards, Enhancing the effectiveness of independent boards in executive non-departmental public bodies, The Public Services Productivity Panel, London
Carson, R (1962), Silent Spring, Houghton Mifflin, Boston
Campbell, A, Devine, M and Young, D (1990), A Sense of Mission, Hutchinson and the Economist, London

Author
Prof Colin Coulson-Thomas FMS, an experienced consultant, board chairman, and process vision holder of major transformation projects, delivered the special address at the 13th World Congress on Environment Management. He has helped over 100 organisations to improve director, board and corporate performance; reviewed the processes and practices for winning business of over 100 companies; and spoken at over 200 national and international events in over 40 countries. Colin’s 40 books and reports include The Knowledge Entrepreneur, Developing Directors and Winning Companies; Winning People. Colin has held professorial appointments in Europe, North and South America, the Middle East, India and China, and a variety of private and public sector directorships. He is a member of the business school team at the University of Greenwich and can be contacted via www.coulson-thomas.com and his latest publications obtained from www.policypublications.com
NOTICE IS HEREBY GIVEN of the forty sixth Annual General Meeting of the Institute to be held at Charter Room, The George Hotel, Bird Street, Lichfield, Staffordshire WS13 6PR on Friday 21 October 2011 at 10.30am to conduct the following business.

1) To receive the Annual Report and Accounts

2) To confirm the following Bye-Law No 1/2011

   Membership subscription for 2012 shall be for Life Membership at a rate of £260 for all members. An annual membership fee of £135 will be available on request.

3) To appoint Auditors for the ensuing year and to authorise Council to fix their remuneration.

4) To Note elections to Council

By Order of Council of Management

6 June 2011

John Lucey
Secretary

FORM OF PROXY – FOR CORPORATE MEMBERS ONLY

I (full name) ..................................................................................................................................................................

of (full address) .............................................................................................................................................................

........................................................................................................................................................................................

Membership Grade ........................................................... Membership No ...............................................................

Hereby appoint D Blanchflower of '206 Bescar Lane, Scarisbrick, Ormskirk, Lancashire, L40 9QT' or failing him the Chairman of the meeting to vote for me and on my behalf in accordance with the directions, if any, given hereunder at the forty sixth Annual General Meeting of the Institute to be held at Charter Room, The George Hotel, Bird Street, Lichfield, Staffordshire WS13 6PR on Friday 21 October 2011 at 10.30am and at every adjournment thereof.

RESOLUTION NO 2 FOR / AGAINST *
(Bye-Law No: 1/2011)

RESOLUTION NO 3 FOR / AGAINST *
(Appointment of Auditor)

*delete as applicable

as witness my hand the........................................................... day of ............................................................. 2011

Signed ...........................................................................................................................................................................

This proxy form must be deposited at the head office of the Institute by not later than 10 am on Friday 23rd September 2011. The name of D Blanchflower has been inserted (or chairman of the meeting) to ensure that your vote is cast in the way you have indicated. You may however, insert another proxy holder if you wish who must be a corporate member of the Institute, but your vote will not be recorded if he or she is not present at the meeting.
The Institute of Management Services  
(A company limited by guarantee)  
Trustees’ report and financial statements  
for the year ended 31 December 2010

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Charity number 288877
Company registration number 00832132
Registered office Brooke House, 24 Dam Street, Lichfield, Staffordshire WS13 6AA

Trustees
- J. J. Lucey Hon FMS
- D. Blanchflower JP, FMS (Chairman)
- J. Cutler FMS
- H. Downes Hon FMS
- J. P. Heap Hon FMS
- R. Bridges FMS
- G. P. Mansfield FMS
- R. Graham MMS Appointed 22 October 2010
- A. P. Muir FMS

Secretary
- H. Downes Hon FMS
- J. J. Lucey Hon FMS Appointed 22 October 2010

Auditors
Leftley Rowe and Company, The Heights, 59-65 Lowlands Road, Harrow, Middlesex HA1 3AW

Bankers
Bank of Scotland, 8 Lochside Avenue, Edinburgh Park, South Gyle, Edinburgh EH12 9DG

Chairman’s Statement 2011
It is pleasing to report that 2010 has been a very satisfying year for the Institute with our expenditure being kept within budget. Our membership numbers continue to grow and membership fees contribute to our income stream. As in past years we continue to benefit from the decision to outsource our administration function and the production of our journal. The quality of the administration provision is excellent and effectively serves our requirements. During 2010 we continued to provide a quality journal that provided the membership with topical articles relating to the wider field of productivity. The production of our journal is handled by the Deeson Group which provides the Institute with a quality service in producing our quarterly journal. The journal is mailed directly to UK members and available in electronic format to overseas members. Outsourcing continues to be a very cost effective way of providing both our administration and journal functions.

During 2010 we continued with our Strategic Review under the Chairmanship of our Deputy Chairman Andrew Muir. One element of this strategy was to seek to increase the number of education providers overseas. We have been successful in having a number of providers make applications to be authorised to provide our courses overseas. The objective of the Strategic Review is to strengthen the long-term financial viability of the Institute.

We continue to generate an income stream from the Institute’s Certificate qualification via the courses run by our education providers and the new membership these courses generate. We are fortunate in having education providers who know our Institute via the long association they have had with us and have our wellbeing at heart.

You will note from our accounts that the year-end financial statement once again illustrates the extremely healthy financial position of the Institute. Our total unrestricted reserves stand at £451,335 as at 31 December 2010. The improvement in the global economic climate has seen a pronounced improvement in the value of our reserves held in equities. Our investments are mainly held in secure bonds which provide a healthy income. We continue to be one of the most financially sound professional institutes in the UK.

May I finally thank my fellow members of Council and regional officers who freely give their time to ensure that the Institute of Management Services remains a progressive and forward thinking professional body that fully meets its declared objective of spreading the concept of productivity improvement across the world.

David Blanchflower, Chairman

Report of the Trustees (incorporating the directors’ report) for the year ended 31 December 2010

The trustees present their report and the financial statements for the year ended 31 December 2010. The trustees, who are also directors of The Institute of Management Services for the purposes of company law and who served during the year and up to the date of this report are set out on page 1.

Structure, governance and management

Charitable objects
The Institute has as its main objective the promotion of the science, technology, practice and profession of Management Services, which results in the advancement of the efficiency, productivity and satisfaction of human work.

Organisation and structure
The Institute has eight trustees who are elected by the membership in two groups of four. Elections are held prior to the Annual General Meeting, where the results of the ballot are counted. Elections are held in alternative years with the elections having taken place in 2009 and the next elections due in 2011. The Board of Trustees meet three times a year in addition to the Annual General Meeting.

Achievements and performance
The Institute’s main activity is the dissemination of knowledge and information on productivity improvement both to its members and the public in general, in order to improve the financial viability of both companies and countries across the world. The increasing realisation of the role that productivity improvement can play in ensuring the economic well being of all is an indicator of the success of the Institute over the past 46 years.
The Institute continues to reap the financial benefits of moving its administration base from Enfield to Lichfield in September 2001. During 2005 due to the lease expiring at Stowe House the Institute relocated its head office to Brooke House, 24 Dam Street, Lichfield.

In 2005 the vast majority of existing Institute members availed themselves of the opportunity to take out life membership of the Institute. The additional income generated by the introduction of life membership has been invested and will serve to meet the Institute’s financial needs into the future. In 2010 we saw the continuation of the steady increase in membership that had been evident in previous years. The move towards life membership has greatly reduced the administrative burden on the Institute and this has been reflected in a large reduction in the operating costs which is reflected in the 2010 financial statements.

January 2005 saw the outsourcing of the Institute’s Journal ‘Management Services’ and the Institute continues to benefit from reduced journal production costs. The membership continues to support the publication of a quarterly journal. In 2009 the Journal underwent a re-design which has made the pages more lively and appealing to read. The journal continues to be provided to overseas members via the Internet. Past issues of the journal are now available on the Institute’s website with the current issue only being available to Institute members via the use of a password.

In 2009 the Institute set in progress a strategic review aimed at identifying and implementing a strategic plan that would take the Institute forward over the next five years. The main facets of the review were to investigate the extension of our education system using overseas education providers and to upgrade our website. In 2010 a number of overseas academic organisations sought information on becoming Institute approved education providers and these are being evaluated. During 2010 a webmaster was appointed to upgrade and re-vitalise our website. A quarterly email newsletter was also introduced to keep the membership updated on current Institute news and productivity matters.

The three national education providers accredited to provide courses leading to the award of the Institute’s Certificate continue to provide a valuable service and also bring new members into the Institute. We continue to award student of the year prizes and it is gratifying to see the large national UK and overseas companies who are sending employees on Institute education courses.

**Future aims and objectives**

It is the intention of the Institute during 2010 and subsequent years to seek to increase membership numbers. Recruitment initiatives will include advertising in the professional journals of other Institutes.

**Reserves**

The Institute has a policy to maintain its reserves at a level that ensures the future financial viability of the Institute. That level is deemed to be one that equates to a minimum of one year’s expenditure; currently the Institute holds reserves that exceed this target level by fivefold and as such is financially very sound. The funds of the charity are all unrestricted. Note 19 of the financial statements indicates there are £451,335 unrestricted funds at 31 December 2010.

**Investment powers, policy and performance**

The Trust Deed authorises the trustees to make and hold investments using the general funds of the charity.

The general improvement in the value of stocks and shares over the past year has resulted in the growth in value of the Institute’s reserves held in this form of investments.

**Risk review, governance and internal control**

Trustees are responsible for providing assurance that:

- the charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the charity or for publication is reliable;
- the charity complies with the relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and annual budget approved by the trustees;
- regular consideration by the trustees of the financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties;
- identification and management of risks.

**Statement as to disclosure of information to auditors**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company’s auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that

**Statement of trustees’ responsibilities**

The trustees (who are also directors of The Institute of Management Services for the purpose of company law) are responsible for preparing the ‘Trustees’ Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial or otherwise. The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution for the appointment of auditors of the charity for the 2011 financial year will be put to the Annual General Meeting in 2011.

**Small company provisions**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies’ regime.

This report was approved by the Board on 9th June 2011 and signed on its behalf by

D. Blanchflower JP FMS

Chairman
We have audited the financial statements of The Institute of Management Services for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors
The trustees’ (who are also directors of The Institute of Management Services for the purposes of company law) responsibilities for preparing the Trustees’ Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees’ Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees’ Annual Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity’s financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees’ remuneration specified by law are not made. We read the Trustees’ Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion
• the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
• the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
• the financial statements have been prepared in accordance with the Companies Act 2006; and
• the information given in the Trustees’ Annual Report is consistent with the financial statements.

James Rowe (senior statutory auditor)
For and on behalf of Leftley Rowe and Company Chartered Accountants and Statutory Auditors 27 July 2011

The Heights
59-65 Lowlands Road
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Middlesex
HA1 3AW
Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 December 2010

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<tr>
<th>Notes</th>
<th>Unrestricted funds</th>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incoming resources from generating funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary income</td>
<td>2</td>
<td>37,681</td>
<td>37,681</td>
</tr>
<tr>
<td>Investment income</td>
<td>3</td>
<td>9,913</td>
<td>9,913</td>
</tr>
<tr>
<td>Incoming resources from charitable activities</td>
<td>4</td>
<td>25,401</td>
<td>25,401</td>
</tr>
<tr>
<td>Surplus/(Deficit) on retirement benefit pension scheme</td>
<td>5</td>
<td>(718)</td>
<td>(718)</td>
</tr>
<tr>
<td><strong>Total incoming resources</strong></td>
<td></td>
<td>72,277</td>
<td>72,277</td>
</tr>
<tr>
<td><strong>Resources expended</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable activities</td>
<td>6</td>
<td>32,431</td>
<td>32,431</td>
</tr>
<tr>
<td>Governance costs</td>
<td>7</td>
<td>2,186</td>
<td>2,186</td>
</tr>
<tr>
<td>Management and administrative expenses</td>
<td>8</td>
<td>53,478</td>
<td>53,478</td>
</tr>
<tr>
<td>Support costs</td>
<td>9</td>
<td>680</td>
<td>680</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td></td>
<td>88,775</td>
<td>88,775</td>
</tr>
<tr>
<td><strong>Net incoming/(outgoing) resources for the year</strong></td>
<td>10</td>
<td>(16,498)</td>
<td>(16,498)</td>
</tr>
<tr>
<td><strong>Other recognised gains and losses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on revaluation of investment assets</td>
<td>14</td>
<td>14,092</td>
<td>14,092</td>
</tr>
<tr>
<td><strong>Net movement in funds</strong></td>
<td></td>
<td>(2,406)</td>
<td>(2,406)</td>
</tr>
<tr>
<td><strong>Total funds brought forward</strong></td>
<td></td>
<td>453,741</td>
<td>453,741</td>
</tr>
<tr>
<td><strong>Total funds carried forward</strong></td>
<td></td>
<td>451,335</td>
<td>451,335</td>
</tr>
</tbody>
</table>

The statement of financial activities includes all gains and losses in the year and therefore a separate statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

---

Balance sheet as at 31 December 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th></th>
<th>2009</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>13</td>
<td>-</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>Fixed asset investments</td>
<td>14</td>
<td>143,563</td>
<td>129,471</td>
<td>129,596</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>15</td>
<td>1,724</td>
<td>3,876</td>
<td></td>
</tr>
<tr>
<td>Bank and cash</td>
<td></td>
<td>466,706</td>
<td>507,331</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>466,430</td>
<td>511,207</td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>16</td>
<td>(70,699)</td>
<td>(70,265)</td>
<td></td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td>395,731</td>
<td></td>
<td>440,942</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td>539,294</td>
<td></td>
<td>570,538</td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td>17</td>
<td>(87,959)</td>
<td>(116,797)</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>451,335</td>
<td></td>
<td>453,741</td>
<td></td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted income funds</td>
<td></td>
<td>451,335</td>
<td>453,741</td>
<td>453,741</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td>451,335</td>
<td></td>
<td>453,741</td>
<td>453,741</td>
</tr>
</tbody>
</table>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board on 9 June 2011 and signed on its behalf by

D. Blanchflower JP FMS Trustee/Chairman
Notes to financial statements for the year ended 31 December 2010

1. **Accounting policies**
The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. **Basis of accounting**
The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ issued in March 2005 (SORP 2005) and the Companies Act 2006.

1.2. **Cashflow**
The charity has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small charity.

1.3. **Incoming resources**
All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of membership subscriptions and is included in full in the Statement of Financial Activities when receivable.
- Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.
- Income from activities to further the charity’s objects and investments are included in the year in which it is receivable.

1.4. **Resources expended**
Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates. Resources expended are recognised in the year in which they are incurred. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

1.5. **Tangible fixed assets and depreciation**
Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

- Fixtures, fittings and equipment – 33% straight line p.a.

1.6. **Investments**
Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

1.7. **Irrecoverable VAT**
All resources expended are classified under activity headings that aggregate all costs related to the category.

2. **Voluntary income**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership subscriptions</td>
<td>£37,681</td>
<td>£37,681</td>
</tr>
<tr>
<td></td>
<td>37,681</td>
<td>37,681</td>
</tr>
</tbody>
</table>

3. **Investment income**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed investment income</td>
<td>£9,913</td>
<td>£9,913</td>
</tr>
<tr>
<td></td>
<td>9,913</td>
<td>9,913</td>
</tr>
</tbody>
</table>

4. **Incoming resources from charitable activities**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising revenue and journal subscriptions</td>
<td>£9,790</td>
<td>£9,790</td>
</tr>
<tr>
<td>Examination entry fees</td>
<td>£3,288</td>
<td>£3,288</td>
</tr>
<tr>
<td>General</td>
<td>£10,323</td>
<td>£10,323</td>
</tr>
<tr>
<td>Amounts from groups and branches</td>
<td>£2,000</td>
<td>£2,000</td>
</tr>
<tr>
<td></td>
<td><strong>25,401</strong></td>
<td><strong>25,401</strong></td>
</tr>
</tbody>
</table>

5. **Other incoming resources**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficit) on retirement benefit pension scheme</td>
<td>(£718)</td>
<td>(£718)</td>
</tr>
<tr>
<td></td>
<td>(718)</td>
<td>(718)</td>
</tr>
</tbody>
</table>

6. **Costs of charitable activities – by activity**

<table>
<thead>
<tr>
<th>Advertising and journal subscriptions</th>
<th>Examinations</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examination charges</td>
<td>£301</td>
<td>£301</td>
<td>£422</td>
</tr>
<tr>
<td>Printing, postage and stationery</td>
<td>£32,130</td>
<td>£32,130</td>
<td>£32,375</td>
</tr>
<tr>
<td></td>
<td><strong>32,130</strong></td>
<td><strong>32,130</strong></td>
<td><strong>32,375</strong></td>
</tr>
</tbody>
</table>

6
7. **Governance costs**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Auditors remuneration</td>
<td>2,186</td>
<td>2,186</td>
</tr>
<tr>
<td>Current tax charge</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,186</td>
<td>2,186</td>
</tr>
</tbody>
</table>

8. **Management and administration**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Committee meeting expenses</td>
<td>13,474</td>
<td>13,474</td>
</tr>
<tr>
<td>Irrecoverable VAT</td>
<td>2,850</td>
<td>2,850</td>
</tr>
<tr>
<td>Insurance</td>
<td>800</td>
<td>800</td>
</tr>
<tr>
<td>Outsourced administration</td>
<td>26,164</td>
<td>26,164</td>
</tr>
<tr>
<td>Printing, postage and stationery</td>
<td>1,744</td>
<td>1,744</td>
</tr>
<tr>
<td>Computer costs</td>
<td>5,442</td>
<td>5,442</td>
</tr>
<tr>
<td>Legal and professional</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Bad debts</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>General expenses</td>
<td>2,005</td>
<td>2,005</td>
</tr>
<tr>
<td>Depreciation</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>Interest and charges</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Hire of equipment</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>824</td>
<td>824</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53,478</td>
<td>53,478</td>
</tr>
</tbody>
</table>

9. **Analysis of support costs**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Membership expenses</td>
<td>130</td>
<td>130</td>
</tr>
<tr>
<td>Sponsorship and awards</td>
<td>550</td>
<td>550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>680</td>
<td>680</td>
</tr>
</tbody>
</table>

10. **Net (outgoing)/incoming resources for the year**

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Net (outgoing)/incoming resources is stated after charging:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and other amounts written off tangible fixed assets</td>
<td>125</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>2,186</td>
</tr>
<tr>
<td>and after crediting:</td>
<td></td>
</tr>
<tr>
<td>Exceptional credits/(debits)</td>
<td>(718)</td>
</tr>
</tbody>
</table>

11. **Employees**

**Employment costs**
No salaries or wages have been paid to employees, including the trustees, during the year.

**Number of employees**
The average monthly numbers of employees (including the trustees) during the year, calculated on the basis of full time equivalents, was as follows:

<table>
<thead>
<tr>
<th>2010 Number</th>
<th>2009 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

Out of pocket expenses were reimbursed to the trustees as follows:

<table>
<thead>
<tr>
<th>Travel, accommodation, stationery</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>11,814</td>
<td>8,557</td>
</tr>
</tbody>
</table>

12. **Taxation**
The charity’s activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. However, last year the charity received surplus monies from the Retirement Benefits Scheme which was taxable at 35%.

**Analysis of charge in period**

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Current tax</td>
<td></td>
</tr>
<tr>
<td>UK tax on surplus monies received</td>
<td>-</td>
</tr>
</tbody>
</table>

13. **Tangible fixed assets**

**Fixtures, fittings and equipment**

<table>
<thead>
<tr>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
</tr>
</tbody>
</table>

**Cost**

| At 1 January 2010 and | 9,475 |
| At 31 December 2010 | 9,475 |

**Depreciation**

| At 1 January 2010 | 9,350 |
| Charge for the year | 125 |
| At 31 December 2010 | 9,475 |

**Net book values**

| At 31 December 2010 | 125 |
| At 31 December 2009 | 125 |
14. Fixed asset investments

<table>
<thead>
<tr>
<th></th>
<th>Listed investments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Valuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2010</td>
<td>£129,471</td>
<td>£129,471</td>
</tr>
<tr>
<td>Revaluations</td>
<td>£14,092</td>
<td>£14,092</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>£143,563</td>
<td>£143,563</td>
</tr>
<tr>
<td>Historical cost as at 31 December 2010</td>
<td>£100,000</td>
<td>£100,000</td>
</tr>
</tbody>
</table>

All fixed asset investments are held within the United Kingdom.

15. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>£792</td>
<td>£2,138</td>
</tr>
<tr>
<td>Other debtors</td>
<td>£385</td>
<td>£403</td>
</tr>
<tr>
<td>Prepayments</td>
<td>£547</td>
<td>£1,335</td>
</tr>
<tr>
<td></td>
<td>£1,724</td>
<td>£3,876</td>
</tr>
</tbody>
</table>

16. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>£4,765</td>
<td>£5,094</td>
</tr>
<tr>
<td>Other taxes</td>
<td>£22,727</td>
<td>£22,727</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>£43,207</td>
<td>£42,444</td>
</tr>
<tr>
<td></td>
<td>£70,699</td>
<td>£70,265</td>
</tr>
</tbody>
</table>

17. Creditors: amounts falling due after more than one year

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income (note 18)</td>
<td>£87,959</td>
<td>£116,797</td>
</tr>
</tbody>
</table>

18. Deferred income

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance subscriptions</td>
<td>£453,741</td>
<td>£466,430</td>
</tr>
<tr>
<td>At 1 January 2010</td>
<td>(£116,797)</td>
<td>(£145,635)</td>
</tr>
<tr>
<td>Released in year</td>
<td>£28,838</td>
<td>£28,838</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>(£87,959)</td>
<td>(£87,959)</td>
</tr>
<tr>
<td></td>
<td>£451,335</td>
<td>£451,335</td>
</tr>
</tbody>
</table>

Deferred income is comprised of lifetime-membership subscription receipts. Income will be released to the statement of financial activity over the estimated lifetime of members.

19. Analysis of net assets between funds

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fund balances at 31 December 2010 as represented by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment assets</td>
<td>£143,563</td>
<td>£143,563</td>
</tr>
<tr>
<td>Current assets</td>
<td>£466,430</td>
<td>£466,430</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(£70,699)</td>
<td>(£70,699)</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>(£87,959)</td>
<td>(£87,959)</td>
</tr>
<tr>
<td></td>
<td>£451,335</td>
<td>£451,335</td>
</tr>
</tbody>
</table>

20. Unrestricted funds

<table>
<thead>
<tr>
<th></th>
<th>At 1 January 2010</th>
<th>Incoming resources</th>
<th>Outgoing resources</th>
<th>Gains and losses</th>
<th>At 31 December 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>General fund</td>
<td>£453,741</td>
<td>£72,277</td>
<td>(£88,775)</td>
<td>£14,092</td>
<td>£451,335</td>
</tr>
</tbody>
</table>

**Purposes of unrestricted funds**

The Institute has as its main objective the promotion of the science, technology, practice and profession of Management Services which results in the advancement of the efficiency, productivity and satisfaction of human work.

The purpose of the unrestricted funds is the dissemination of knowledge and information on productivity improvement both to its members and the public in general, in order to improve the financial viability of both companies and countries across the world. The increasing realisation of the role that productivity improvement can play in ensuring the economic well-being of all is an indicator of the success of the Institute over the past 46 years.
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people to have on contract

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Manchester M1 3LD
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I recently read a small item in Management Today (June 2011, p 14) entitled, ‘Don’t You Believe It… it’s SMART to Have Objectives’, in which the author, Alastair Dryburgh (chief consultant at Akenhurst Consultants) basically debunked this principle, saying ‘SMART objectives are really dumb’. Interesting. Even more so, perhaps, when one looks at the ‘version’ of SMART he used:

S – Specific
M – Measurable
A – Achievable
R – Realistic
T – Timed

In this respect I agree with him, this version is ‘dumb’! It’s dumb because it is one of the versions that often appear in management textbooks, and I should know, because I have to tell students to ignore them. Frankly, I do more than that, I actually encourage most of them to strike out these ‘dumb’ versions with a large marker pen, or worse – when I’m really on a rant – tear out the offending page! If the guy who runs our university library ever found out, he’d have me toasted for breakfast.

Why do I feel so strongly about this? It’s because of the question in the title, above. It might seem an ‘irrelevant’ question (see below). But it isn’t, and it’s why I also disagree with Dryburgh.

The answer, basically, is that Dr Kenneth H Blanchard (1994, 1989, and earlier) did. But the real importance has to do with the fundamental existence of the mnemonic in aiding us to ask people to do only those things that focus on personal (eg development plan – PDP), or organisational (company), or sporting (life) objectives – before their performance might be assessed (or self-assessed) against them. That’s SMART, Dr Ken’s ‘SMART’:

S – Specific
M – Measurable
A – Attainable!
R – Relevant!
T – Trackable!

Blanchard first proposed this version some decades ago, and he had a good audit trail for its origins. My proposal is that if we do not use Attainable, Relevant and Trackable, we miss the point and are in danger of losing that focus, and I’ll explain why:

S – Specific

Dryburgh’s rubbing of this initial word of the mnemonic – ie that it’s ‘part of an obsolete management paradigm’ – commences as follows:

‘Why is this a good thing? It excludes objectives like
We should have only one measurement of public sector organisations: that they establish measures that, in their view, help them understand and improve performance.

'insanely great technology' (Apple), 'a totally new way of seeing' (Picasso) or 'service so good that customers rave about it' (anyone? I wish someone would).'

Wrong. Smart Objectives, or Goals, are for use at the operational level of the business (or life). We tell people exactly what it is we want them to do (or they tell us exactly what they want to do); size, colour, cost, shape, quantity, quality, how fast, by when, who to, where etc. In operations management terms these could equate to, 'Quality, Speed, Dependability, Flexibility and Cost', for example, as in Slack, et al's (1995) 'operational objectives'.

Dryburgh’s tirade is targeted at completely the wrong level, i.e. a ‘radical change’ level, which I’ll come to later.

M – Measurable
Blanchard’s point here again was quite correct; if you can’t measure it, you can’t manage it, so you won’t know when you’ve done. Remember, it’s a ‘goal’, not a ‘mission’! People need to know when they’ve finished, or delivered. And you need to know when to say thank you, well done! If anything has changed from this ‘obsolete management paradigm’, it’s not that we shouldn’t have ‘measures’, it’s that we should be measuring ‘systems’, not ‘people’. It’s an issue of teleology. Measures should relate to the outcome of a ‘system’ in terms of its ‘purpose’ (Seddon, 2003), and that purpose should be measured from the customer’s perspective. As Seddon (ibid, p 213) says about the public sector – currently struggling with ‘obsolete management paradigms’ like never before! – for example:

‘We should have only one measurement of public sector organisations: that they establish measures that, in their view, help them understand and improve performance.’

Deming (1982, p 315) had it right when he told us (sic) that in his estimation, ‘94% of our problems are to do with the system’, and the rest are down to what he called ‘special causes’. By erroneously focusing our objective-setting activities on our ‘people’, we inevitably spend 100% of our ‘management’ time working on ‘6%’ of the problem! So, start ‘measuring’ your ‘systems’, end-to-end, in customer terms, and stop confusing activity with work!

A – Attainable
‘Achievable’ could be OK here, if you were to insist. They mean the same in effect – reach, accomplish, gain, obtain – but if you let this go at this point, the rot sets in further down, so we won’t allow it.

In Quality terms this is akin to Crosby’s (1980) ‘Zero Defects’ (ZD), or in life terms ‘Zero Tolerance’ (ZT). Conceptually they both mean the same thing; if you prevent the small errors, the larger ones (see below) are far less likely, so let’s stick with the original word, ‘Attainable’.

R – Relevant
‘Realistic’, or ‘Results-Orientated’, or ‘Reasonable’, etc, are not OK here though, as evinced clearly in Dryburgh’s own ‘obsolete’ SMART ‘paradigm’.

For example, realistic means, ‘what is real, or practical’; and ‘real’ means true, existing or actual; whereas ‘practical’ means, pertaining to, or concerned with ordinary activities, business or work’.

The situation has worsened now, as predicted, and become less ‘specific’, more woolly. The mere fact that...
The mere fact that you have been ‘specific’ in your goal-setting means that there will be a measurable and attainable outcome. The required ‘result’ will be delivered. No question.

what we are setting as a goal is ‘measurable’ (end-to-end, in systemic terms) and ‘attainable’ will give it the required ‘reality’ (or ‘Reasonableness’, if that’s snook in here). We do not need to say that again, just because we can’t think of what we should be saying.

But, and more importantly, it is not sufficient to say it is (eg) to do with ‘business’, or ‘work’. We have to know, and know clearly, that the goal we are setting is to do with our business; ie, is it ‘relevant’ to us, and to our ‘objectives’, and from the customer’s perspective? If not, don’t do it! A ‘SMART’ goal is ‘Relevant’ to our organisation, to our customers, or to my own aims.

‘Results-Orientated’ is a similar corruption that creeps in here and should be summarily struck out, forthwith. One of the snags here is that in our modern, fast-moving and ‘results orientated’ world, this one sounds good, and it sounds right, as though it really should be in there; but it shouldn’t, really! By absolute and quintessential definition, all goals are results-orientated.

Look in the dictionary. ‘Goal’ means, ‘the object of a person’s effort; an aim or desired result’. The mere fact that you have been ‘specific’ in your goal-setting means that there will be a measurable and attainable outcome. The required ‘result’ will be delivered. No question.

I repeat, the ‘R’ is for ‘Relevant’. Any goal can be results-orientated, but that’s another one of those management ‘jargon’ terms that’s crept into the corporate lexicon, like ‘going forward’, and should be banned! If a goal is not totally in line with your organisation’s fundamental reasons for existence – your vision and your mission, your purpose – then you are wasting your people’s time and energy, and your organisation’s money, by asking them to do something that is not relevant. It is the basic difference between being efficient and being effective: any goal, delivered fully, can be efficient, but only a relevant goal will be effective, in the context of your customers (buyers, students, tenants, end-users of products, etc). As Drucker frequently emphasised, focus first on doing the right things, then – and only then – on doing things right.

It matters not whether you are in manufacturing or a service industry, public sector or private, for-profit or not-for-profit, a business or a charity (NGO, etc); what matters is that you only set goals that are in line with – relevant to – your customers’ requirements, your purpose – your very reason for being.

T – Trackable
This is where the divergence from the original purpose of the mnemonic is mostly at its widest, and its worst. ‘Timed’, ‘Timely’, ‘Timetabled’, ‘Time-Related’ or ‘Time-Bound’ (awful!) are used when people can’t remember what should
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a person’s PDP (to gain a new skill), or a university subject group’s desire to promote research. That doesn’t matter. What matters is that all parties are happy with the way things are going; that action is taken if things are getting off track (and that ‘action’ could be a revision of the goal in the light of new circumstances or changed conditions, mostly systemic conditions); that we appropriately acknowledge when things are on track; and that your people are not alone, they are supported through the whole period and process of their delivery. All goals will take some time to deliver, sometimes months and occasionally longer, so we build in a process of monitoring progress over the required delivery period. A possible ‘goal’ for a Primary Care Trust (PCT), for example, might be to, ‘reduce the level of waste caused by unused drugs over the next six months’. We don’t wait until that ‘six months’ is up before we check how we’re doing. We sit down, perhaps monthly, to track our progress. A goal might also be part of the true reason for the ‘T’ is because we have to be able to monitor progress over time; ie to ‘track’ it. Don’t believe me? I quote from ‘A Clear Path to Peak Performance’ (Egan, 1995):

‘Tracking: “Given the feedback I get, what’s the best way of tracking my progress and the progress of my key projects?”’

and, further on:
‘First, the entire performance improvement process – coaching, counselling, feedback, tracking, recognition, and so forth – should encourage development.’

Still need convincing? Listen to Dr Kenneth Blanchard on, ‘The One Minute Manager – Live!’ (Audio cassette series), CareerTrack Publications, 1989; through which, incidentally, the original audit-trail of the mnemonic can also be ‘tracked’.

If we do not use Attainable, Relevant and Trackable, we miss the point and are in danger of losing focus

set arbitrarily by people who are mostly quite remote from the workplace – and therefore from the real knowledge of how and why things happen – and these people are called ‘managers’. Harsh? Not really. See also Business Process Reengineering: A Retrospective Look, Parts 1 & 2, MSJ, Winter 2009 and Spring 2010, for some relevant arguments about the way managers should spend their time.

One of my own SMART goals, for example, back in 1995, was that in 1996 myself...
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and fellow sea-kayaker Tim Oldrini would paddle across the Irish Sea, from Holyhead to Dunlaoghaire, unaccompanied, in single-seat kayaks. That was the ‘Specific’ bit.

‘Measurable’ (against purpose) was easy; we either got there, or we didn’t.

‘Attainable’ was the tricky one. At the time of the decision (made in a pub!) neither of us was fit enough for a trip of that length, so we set out a plan (also SMART) to achieve the fitness endurance level by early the following summer.

‘Relevant’? Yes. We’d been sea kayaking for years, it’s what we did, but Tim had never done such a long and committing trip as this before.

‘Trackable’? Yes, doubly so. First, in the improvement of our paddling endurance levels over the nine months leading up to it (see ‘Attainable’, above), and second on the trip itself. The latter was to do with our ‘progress over the ground’ (ie the sea bed), as we paddled across, and to improve that we went overnight, because (for example) lighthouses are visible over greater distances at night than they are in the daytime, enabling route corrections if necessary as we left Wales behind.

Did it work? Yes; on 14 June 1996 we left Soldier’s Point, just outside Holyhead breakwater, and 16½ hours later nosed our kayaks into a beach next to the wall of Dunlaoghaire harbour. If we hadn’t set ourselves the ‘goal’ of doing it, we’d never have done it, in the same way that we’d decided to paddle out from Land’s End to the Scilly Isles three years earlier, in 1993 – the principle works.

These lesser versions of ‘ART’ in SMART, however, dilute its very relevance and its ability to aid delivery against our customer purpose. They are the result of its use by people who haven’t read the right books, have forgotten what they read, or didn’t understand it anyway in the first place. Clearly, Dryburgh had been reading the wrong books.

So, always use the correct ‘SMART’ goals, or, if you’re really clever, use ‘SMARTER’ ones;

E – Enjoyable, and

R – Rewardable!

Let people enjoy their days and have fun, and tie in what they do to some form of Reward and Recognition scheme (simply saying thank you), when – and when measured against purpose – we satisfy our or our customers’ needs. Then see what happens to performance.

Whether we are educating business/management students, or applying it for ‘real’ in the workplace, if we lose the ‘ART’, then we’re no longer ‘SMART’! Why? Because the aim is for people to know; exactly what it is they have to do, when they’ve done it, that they are able do it, why they have to do (ie who for) and that it’s something they should be doing, and how they are progressing along the way. If not, then we have ‘DUMB’ goals;

D – Don’t know what they’re supposed to be doing,

U – Unable to do it even if they did,

M – Mean nothing to the organisation anyway, and
It matters not whether you are in manufacturing or a service industry, public sector or private, for-profit or not-for-profit, a business or a charity (NGO, etc.); what matters is that you only set goals that are in line with and relevant to – your customers’ requirements, your purpose – your very reason for being.

B – Brings about wasted time, effort and therefore money!

or even DUMBER;

E – Entirely pointless, nothing achieved, and no fun,

R – Redundancy? Probably? Survival is not compulsory!

And this is again where I take issue with Dryburgh’s arguments, because the examples he gave in his tirade about (eg) ‘Specific’ were aimed at a higher level than operations. I agree with him totally that ‘the world is unpredictable’, but in operations management terms we do know why we come to work every day, and we set our SMART goals in relation to that ‘purpose’. I know the future is not predictable (Dryburgh again), hence my partiality to General von Moltke’s quotation: ‘No plan of campaign survives engagement with the enemy.’

But this also is why Slack, et al (ibid) built in Flexibility as one of their operational objectives, so that we can ‘flex’ what we do, in light of changing customer needs.

Dryburgh’s ‘insanely great technology’ (Apple), ‘a totally new way of seeing’ (Picasso) or ‘service so good that customers rave about it’ paradigm is aimed at a totally different level, and for which I’ll offer a totally different ‘SMART’, ‘SMART 2 – In Search of Unreasonableness’, but that’s for another time…

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After 34 years in the telecommunications industry (BT), the last decade of which saw him as a senior manager with a large external workforce and commensurate budget covering the East Midlands, John took early retirement in 1996, but within a year of this he had signed on for a full-time MBA at UoD. Coming out with one of only two Distinctions, and the only ‘Masters’ Level Prize For Outstanding Performance’ that year, John then became a part-time lecturer within DBS.

Early in 2005 he again reverted to being a full-time student, to embark upon a PhD studying the implementation of business process re-engineering (BPR) within two local authorities, completing this in December 2008.

John is a founder member of ‘Sytoc’, the Derby Business School’s ‘Systems Thinking & Organisational Change Research Group’, organised by Gino Franco, and led by Dr David Longbottom. John’s primary academic interests are in management, leadership, change, the public sector, BPR, and systems thinking.

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Developing Lean Transnationally

By Mike Keen.

Introduction
While Lean can be considered as a collection of practical methods oriented towards achieving the shortest possible cycle time combined with the lowest total cost, it is more than a technique, but a way of life for many organisations. At the core of Lean lies the relentless drive towards increasing the portion of value-added work, by eliminating waste and reducing incidental work. Significantly, Lean will become more important in countries such as China, where its low cost labour advantage becomes gradually diminished by increasing competition from countries such as Vietnam, Bangladesh etc.

Yet, it can be argued that Lean manufacturing is in direct opposition with traditional manufacturing approaches, such as, adopting economic order quantities, high capacity utilisation, and high inventory. As a consequence, the transition from a traditional environment to one of Lean production, largely centres on managing an organisation’s culture coupled with individuals’ natural resistance to change. Understanding the elements of resistance and subsequently overcoming them are vital to managing Lean across international boundaries.

Developing Lean Transnationally
To effectively manage Lean programmes transnationally requires a strong grasp of how different cultures translate into the work environment. Management practices, the effectiveness of training programmes, the organisation’s culture and reward and recognition systems can all impact on a group’s desire and capacity for embracing lean.

Fundamental to developing Lean programmes across international boundaries are the notions of open communications, coupled with several other key aspects:

Managing Change
How change is introduced influences how it is sustained. Without employee support and leadership commitment, it will be difficult to achieve successful implementation. Making such changes will be difficult if there is a dominant bureaucratic or ‘command and control’ style of management, since this tends to inhibit the necessary team-based, collaborative approach required by Lean programmes.

Reward, recognition and remuneration systems: In a less well-defined organisational environment, there may be less incentive to demonstrate a learning agility and support for continuous improvement, two of the cornerstones of a Lean programme. It is therefore important to develop a reward system with the optimum blend of basic-pay combined with pay-for-performance and to ensure these are measured objectively via SMART objectives.

Organisational reporting lines and structures: Some cultures rely more on hierarchy, authority and bureaucracy, rather than empowerment and engagement. What is required is an environment where innovation, creativity and an openness to change encourage employees to interact at all levels.

Organisational culture: A Lean culture focuses on sustaining change through...
Developing Lean Transnationally and Cross Culturally

leadership, empowerment and communication. Economic conditions, the competitive environment and the general leadership style of the management team may cut across this. Consequently, two-way communications, strong strategy deployment process transcending all levels, and a collaborative team based approach to problem solving are important.

Workforce and workplace organisation: In a Lean programme, cross-functional, adaptable and agile teams have the highest propensity to succeed. This is invariably linked to the up-skilling of the workforce to enable them to thrive in the team environment. Workforce agility is also important, since most organisations experience peaks and troughs in demand for products and so having a flexible workforce allows the organisation to manage its business more smoothly.

Challenges of Implementing Lean Transnationally
Organisations will often need to accept compromises or trade-offs in implementing Lean transnationally. For example, the stability and reliability of suppliers has implications for the ability of manufacturers to adopt JIT or to consistently guarantee the quality of their products.

In lean, the supervisors role changes from being a monitor, to being an active problem solver. This can be more problematic in some parts of the world where the work environment is not conducive to challenge existing processes or exhibiting personal initiative. In addition, some parts of the world still embrace quality inspection post-production, rather than focusing on improving the process itself, potentially resulting in high scrap levels.

Transportation constraints caused by poor infrastructure can introduce inefficiency and unreliability into the supply chain. Additionally, it can pose a lead-time challenge to implementing low inventory. In a Lean environment, organisations look to suppliers to ship ‘little and often’ which conflicts with some major organisations’ insistence on full-truck shipments to give benefits of palletisation. Some organisations therefore who have been unable to localise sources in a particular country, have demanded Vendor Managed Inventory arrangements and local satellite inventory held in small warehouses, which again does not reconcile to the Lean philosophy.

Conclusion
Lean offers benefits that are hard to resist – lower cost, higher responsiveness and higher process capabilities. However, Lean is not a ‘magic bullet’ where gaining results in the short-term is readily possible, but it is a much longer term change in process. Managing Lean transnationally therefore takes time, effort, alignment and coordination. It requires a long-term vision from senior management and not to be distracted by short term concerns. Some of the best run businesses in low cost, emerging economies have successfully embraced Lean methodologies to streamline operations, but not without significant pain and disruption along the way.

About the author
Mike Keen is Supply Chain Manager, EMEA & India at Cooper Bussman, Leics.
By 1998, and after 20 years of field experience, I had accumulated ample empirical evidence that, on average, 70% of the firms’ total inputs consists of non-value-added activities. It is inherently strenuous to substantiate this fact, because of two reasons: the first is having no or limited channel to postulate it in the Middle East, (where I live and work); the second is that it is inconceivable to expect a Director to admit that three quarters of what he/she does is futile and goes to waste. For these reasons, I had to veil for a long time my findings, until Year 2004, when I received an article titled Vast Untapped Resources, by Tor Dahl, a leading Norwegian-American Productivity Practitioner. In his article, he asserts that 72% of the firms’ total activities is a waste, 20% is necessary but requires improvement; it is only 8% that we perform with a good degree of precision. Now you can guess what euphoric feeling went through my chest!!

Let me shed light on the 72% non-value added issue and why it is so high and why it has been tolerated for so long.

In another article, Tor Dahl confirms that 80% of the firms focus on 'efficiency', in isolation of 'effectiveness'; namely that the firms believe that what they strive to improve on is necessary, in the first place; this is an appalling mistake! We must first and foremost test every method and process for its effectiveness, before attempting to improve on them. Improving on non-value added methods and processes is actually, producing wastes in better ways (more efficiently).

To produce any business waste is bad, but to go a long way to better produce business waste more efficiently, is a sin!! Therefore, to correct anything, and confirm the necessity of activities. It is only then that you have the legitimate right to improve on them.

Having acquired the legitimacy to improve, there can be no greater legitimate right than to improve on the performance and productivity of the human resource; for this resource is the key determining factor to improve total productivity; in another way, where there is a waste, by default, there is a waste of a human resource, as a major part. Let me explain this further. Some years ago a friend sent me an article he had published in an Arabic Science Journal. In that article he referred to a report published by UNIDO (United Nations Industrial Development Organisation), noting the fact that in any organisation the total performance depends on the performances of: the human resource by 64%, infrastructure by 20% and the capital by 16%. This implies that the success of any organisation is largely due to the people's performance.

These facts reinforce our inherent belief that the human resource is the most important factor in the organisation. Therefore, by implication, the organisation’s productivity cannot improve, unless and until the human resource performance is improved. Yet, the human resource cannot function empty handed. Adam Smith pinned this fact in year 1776, in his famous book The Wealth of Nations, about the workers engaged in useful work, that their productivity and technology can never reach a state greater than the amount of resources available to them; implicitly, people can only produce less than the amount of the resources they utilise, that is to say that productivity never reaches 100%. Thus, our prime duty is to reduce waste in our quest for performance excellence. To reduce waste is simply to increase the output. This approach was eloquently advocated, by Adam Smith (The Wealth of Nations), nearly two and half centuries ago, through
for productivity

his ‘Division of Labour’ theory. He explained it in his famous ‘Pin-making’ case, where one man could only produce one pin a day; but when the pin-making process was divided into ten separate processes, performed by ten men, collectively, they produced 480,000 pins in one day, that is 48,000 pins produced by one man in one day. This is 48,000 times the original work method, where one man could only make one pin in a day. The division of labour was explored by Adam Smith as part of his Political Economy which was then a branch of philosophy. In this context, and by definition, productivity is a byproduct of the philosophy of work, which we now call ‘Management of Work’. In both cases, conceptualising human output starts as a philosophy that originates only in the human mind; in this case in the mind of the Directors. Therefore, if productivity is low, it is so because the philosophical concept of productivity is low in the mind of the person-in-charge (The Director).

Adam Smith repeatedly emphasised the need to free the market place, and removing the barriers between the trading boundaries, what we now call free market economy and globalisation, to increase the output and benefits to all. In accepting that the market and trading are only two zones of the workplace, the concept is equally applicable to the work place within the firms. For a better performance of the economy, it is not enough to free the market, we must also free the workplace and avoid management’s intervention, as much as Adam Smith asked for avoiding government intervention. In both cases, and unless we reduce interventions, it is the monster of protection that will be there to repel anything useful to society’s productivity and prosperity.

It is a widely mistaken assumption that management has superior wisdom and knowledge than the individuals themselves in the workplace. It is a mistaken assumption that management has superior wisdom and knowledge than the individuals themselves in the workplace. Management, like government, needs to see its role as enforcer of what the collective propensities wish to practice in order to reach a higher objective, in a most orderly and efficient manner. Management is equally required to separate productivity from profitability; though in a good deal of performance behaviour, good productivity can lead to profitability, there is ample evidence to prove that this is not a constant correlation. Four years ago, I conducted an extensive productivity measurement of the manufacturing SMEs in Bahrain. Total productivity was measured at 54.1%. It, implicitly, implies that nearly half of the resources were not utilised (or utilised – which way you want to look at it). This level of productivity did not surprise the survey team. What surprised every one, was that with nearly half of the resources untapped, 90.9% of the SMEs were satisfactorily profitable, and 93.9% of the owners were contentedly satisfied with their capital investment. A strong message we can have from this contrasting feature of the Productivity-Performance relationship is that profitability can be influenced by the market condition, in isolation of productivity and performance, as long as we have isolated productivity measurement from monetary units infiltration of profitability.

Today, I believe, that we are, living vastly more productive, enjoying a safer and more affluent life, than at any time in history. However, we must remain vigilant and amusingly propulsive to improve the human race’s performance, and avoid the mistake, as Schumacher, the author of the book Small is Beautiful utterly disqualifies, that we are done with productivity. Yes, we have come a very long way, but we still have a longer way in front of us. I pray God we all live long enough to live and enjoy more interesting times.

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Member – High Council for HRD – Bahrain
Member – SMEs Council – Bahrain Chamber of Commerce & Industry.
Identifying styles of your client
It is almost impossible to have a thorough ‘personal’ psychometric database at your very disposal when you come to evaluate how your client prefers to take in information. However, it is possible to develop expertise to examine some broad markers which are central to your being able to identify the drivers and motivations behind your client’s decision making and thinking style. We all know it is impossible to not communicate – even if we don’t speak – we are still expressing ourselves through our body language, our gestures and our general outlook. We focus on a very simple model (RVFA) to help identify the communication style of others. We find this is fundamental in helping our clients and partners to sell ideas to others in presentations – even in small groups where there are several points of view.

We use a simple model focusing upon two major elements – how we communicate our power and how we communicate emotion. We need to go through a four step process:

**Step 1** – Identify your own style and fully explore and understand strengths and limitations when you communicate with a variety of people. This requires some insight. Also think of those who have an opposite style to you. These will be the people you have most difficulty influencing.

**Step 2** – Identify the style of ‘others’ whom you are attempting to influence, and consider the objections they may have to your proposal in advance of presenting it to them. You have to look for some clues when you first meet them. The clues will become evident by asking open ended questions, listening to their response etc. You may also pick up clues from their use of body language. It is best to study the four types in the grid format at the end of this to become well acquainted with the approach. With a little coaching, the skill of assessing the preferences of others can be quickly developed.

**Step 3** – Bearing in mind your assessment of the others you are trying to influence, you may want to assess how best to communicate with the person. Adjust your message to suit their preferences and their world.

**Step 4** – Now deliver the message in the manner and the context in which ‘others’ prefer to receive it, listen to their response.

The Model is based on four...
Win uncertain times

‘pure types’: the Regulator, the Visionary, the Facilitator and the Analyst. Of course, there are many more than four types of personality in existence, but this model can be extremely useful for dealing with objections prior to communicating formally with those we seek to influence. It can be used as a tool for preventing misunderstanding and gaining more rapport with people.

Too many people rely solely on the logic of their case to influence others. It is important to look at how others can view our proposals and, more importantly, how they can object to our ideas. This Model helps us narrow down the preferences of others. However, we must be aware that people can change. No one person portrays one style all the time. Although they may have one strong preference when communicating, the context of the communication will shape how they move around from one box or quadrant to another. The key here is for the Change agent (you) to have flexibility. Watch and listen.

Communication Style displayed is based on personal preferences as well as the situation. No one stays in one box or quadrant all the time – we all tend to move about. The key to becoming a better agent of change is having the flexibility to follow, as the person we are trying to influence moves from one style to another. In any communication, the person with the most flexibility of style will be in the more advantageous situation most of the time.

Pen Portraits of the four ‘Types’
The Regulator, located in the top left quadrant, is very assertive and lacks the outward signs of emotion. Driven by achieving bottom line results, they want very much to be in charge of things. Although they can work on detail, they prefer to move swiftly from A to Z rather than plodding through all the detail. The Regulator will have much in common with his less assertive colleague – the Analyst.

The Visionary is very assertive and quite extroverted. Driven by a need to work on new creative projects, Visionaries will move quickly from one idea to another. They will want to be recognised for their achievements and will ensure that others are aware of their success. They are driven by achievement and developing new and unique solutions to problems. They move quickly from one idea to another. They have difficulty working with the Analysts, and will have some understanding with their more receptive colleagues, the Facilitators.

The ‘pure’ Facilitator occupies the bottom right quadrant and is driven by being very receptive as well as being extrovert. Like the Analyst, they will be receptive to the opinions and views of others and will hear them out. Unlike the Analysts, they will be a team worker and enjoy working in a group in harmony. They will want to be liked, and may have difficulty dealing with conflict. Facilitators have some difficulty with Regulators, whom they perceive as hard and emotionless, and can align quite well with their more assertive colleague – the Visionary.

The ‘pure’ Analyst occupies the bottom left quadrant and tends to demonstrate little in terms of emotion. Tending to introversion, they will not be drawn into major discussions. Being analytical, they will tend to demonstrate a longer attention span and think things through in terms of chains or a sequence of events. They will be focused upon detail. They will have difficulty working closely with people not like themselves, especially
It is imperative to give equal thought to the planned change and the method for delivering it to win the support of a client group.

**High Power – Low Emotion**

**The Bold Regulator**
- Assertive and introverted by choice
- Communication is logical
- Communication lacks emotive overtones
- Tangential conversation is not encouraged
- Strong need for control
- Independent does not require consensus
- Not drawn into the finer details
- Prefers a global perspective
- Not a natural team builder
- Will tend to tell rather than sell
- Active – is stable and resilient

**High Power – High Emotion**

**The Expressive Visionary**
- Assertive and responsive to new ideas
- Likes to tackle new problems
- Seeks innovative and fresh solutions
- Enthusiastic, extrovert and lively person
- Seeks recognition and praise
- Dislikes detail.
- Tends to be co-operative
- Assertively extrovert can make this person domineering.
- Focused upon innovation and ideas
- Too many ideas can create confusion
- Sometimes, pure visionaries have difficulty putting ideas into practice

**Low Power – Low Emotion**

**The Technical Analyst**
- Low on emotion and power
- Tends to be introverted
- Competent with technical expertise
- Relies on facts and figures
- Does not seek opinions
- Concentrates on data
- Rational, structured and logical
- Formal in relations with others
- Private and cautious in dealings
- Directive and focuses upon targets
- Does not look at the whole picture
- Concentrates upon detail

**Low Power – High Emotion**

**The Sympathetic Facilitator**
- Receptive in communication
- Listens and involves others
- Discusses proposals at length
- Prefers the indirect route
- Steady, patient and risk averse
- Prone to extroversion and sociability
- Intuitive, creative and a people person
- Can be unstructured
- Co-operative and easy to work with
- Tends to be process oriented
- Believes in maintaining harmony
- Team focused

It is imperative to give equal thought to the planned change and the method for delivering it to win the support of a client group. It is imperative to give equal thought to the planned change and the method for delivering it to win the support of a client group.

**Summary: handling objections to change**

It is imperative to give equal thought to the planned change and the method for delivering it to win the support of a client group. It is imperative to give equal thought to the planned change and the method for delivering it to win the support of a client group.

These pen portraits give a good understanding of how you can use the model. Knowing communication preferences in advance, they will be able to structure events to appeal to a variety of audiences that fits with your change agenda.

**ABOUT THE AUTHOR**

Philip Atkinson is a consultant specialising in strategic, behavioural and cultural change. He is a member of various training consortia and has recently focused on creating innovative business simulations through Learning Strategies Ltd. He consults in the UK, Europe and the USA, has written seven business books and published many articles, speaks at conferences and runs workshop sessions for leading companies. Philip can be contacted on + 44 (0)131 346 1276 or 07779 799286 or visit www.philipatkinson.com.
IMS North West members meet Australian ex Work Study Practitioner

On 18 August, the IMS North West group arrived at the Britannia Hotel Beaumont Road Bolton, for a prearranged meeting with John Bottomley who was on holiday here in the UK. Lancashire-born John emigrated to Perth Australia over 30 years ago, having had a distinguished career in the UK.

After serving in the British Army, John was offered a scholarship at Manchester College of Commerce and it was there that he was introduced to Work Study techniques, including traditional time study, methods-time measurement, method study, and cost accountancy.

John spent four years in the textile industry where company closure prompted him to obtain a post with a branch of Unilever, before moving on to BOCM, where he served another four years, becoming employed with ICI in Edinburgh – Scottish Agricultural Industries.

Work Study was in great demand during this period and ICI offered John a chance to visit its HQ in London where he met ‘Russell Currie’ and his team.

In 1961 Russell Currie was invested as the first president of the ‘Institute of Work Study’ – a forerunner of the ‘Institute of Management Services’. It was at Imperial Chemical Industries that Russell became famous for developing and articulating his basic procedure of Method Study.

John enjoyed his visit to London; so much so that he sought and gained work with J Sainsbury in the capital.

His role there included using techniques such as planning layouts, method study, work measurement and training of staff for retail outlets, and newly decentralised warehouses.

Following the release of the government’s Industrial Training Act 1964, a series of 23 Training Boards were set in motion, with Edward Francis Leopold Brech as Chief Executive. Brech was instrumental in launching the Construction Industry Training Board (the CITB is still extant) and decided that Work Study Officers/Practitioners would be a useful addition to their staff requirements, to help develop and provide training schemes and programmes.

John Bottomley became a senior training adviser with the Construction Training Board. Brech was one of the giants in the theory of management and his best known book, (of which there are many) remained in print for over 30 years – ‘The Principles and Practice of Management’.

After a few years working for the Training Board, John was eager to move on again and he subsequently, emigrated to Perth Australia, around 1200 miles away!

Management Services skills served John well in Australia where he managed to secure various positions and settled in well.

During the meeting some members of the group revealed local knowledge of the area where John Bottomley grew up, which brought back fond memories.

Before the meeting ended, pictures were taken to commemorate the event and farewells were exchanged, along with promises of occasional updates from the UK to Australia and vice versa.

Harry Hogg

Adam Smith Lecture

Mr Bob Smith, Scottish Region Chairman and Dr Andrew Muir, UK Deputy Chairman, attended the 2011 Adam Smith Lecture held in Kirkcaldy on Wednesday 20 July.

At the invitation of the Adam Smith College Chancellor, the Rt. Hon Gordon Brown MP, Professor Amartya Sen, awarded the 1998 Nobel Prize in Economic Sciences for his contribution to welfare economics and social choice theory, and his wife Harvard Professor Emma Rothschild, a leading expert on the work of Adam Smith, spoke to a full audience of special guests and members of the public.

The Adam Smith Lecture has welcomed leading international figures to Fife for almost 40 years to promote an insight into Adam Smith, the Kirkcaldy born philosopher and father of modern economics. Most recently, the college has had the pleasure of welcoming Kofi Annan, former Secretary-General of the United Nations, and this year’s Lecture goes one step further by introducing two celebrity speakers.

The speakers addressed the topic ‘Scotland’s Gift to the Global Society: Adam Smith – the Man and his Legacy’. Professor Rothschild focused on the historical aspects, including Smith’s ideas on Europe, and Professor Sen on the ethical and contemporary elements.

The Rt Hon Gordon Brown MP said: “As Chancellor of Adam Smith College I am both delighted and proud to see such an important and historically significant event being hosted in Kirkcaldy, the birthplace of Adam Smith and my own home town.

“Both professor Sen and Professor Rothschild made this an extremely interesting and thought provoking event which was enjoyed by a diverse audience from students and educationalists to business leaders and politicians.

“Once again the Adam Smith Lecture has proved to be an extremely popular event with places in high demand, proving again that the work of Adam Smith is still very relevant and of interest in today’s society.”

Dr Craig Thomson, Principal of Adam Smith College, said: “Over the years the Lecture has attracted a wide range of eminent speakers including Dr Alan Greenspan KBE, former Chairman of the USA Federal Reserve and Sir Mervin King, Governor of The Bank of England, and this year was no exception. The calibre of the speakers who delivered our 2011 Adam Smith Lecture was exceptional.”

Dr Thomson concluded: “It has been a tremendous honour and privilege to welcome Nobel Prize Winner Professor Amartya Sen, and his wife, Harvard Professor Emma Rothschild, to the College and I know that all of those who attended today’s lecture, very much enjoyed a once-in-a-lifetime opportunity.”

One final point, it was interesting to note that during her presentation Professor Rothschild referred to Woodrow Wilson, President of the USA, who was a great advocate of Adam Smith and of Scottish descent. She said that Woodrow Wilson was the only US president to hold an ‘earned’ PhD and that Gordon Brown is the only British Prime Minister to hold an earned PhD.

Dr Andrew Muir
Deputy Chairman

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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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