Productivity goes mobile
The Institute of Management Services is the primary body in the UK concerned with the promotion, practice and development of the range of methodologies and techniques for the improvement of productivity and quality, known collectively as ‘Management Services’. This embraces the disciplines of industrial engineering, work study, organisation and methods, systems analysis, and a wide range of management information and control techniques as illustrated in our Body of Knowledge.

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

In addition to creating and upholding professional standards for the practice of management services through the adoption of a code of ethics and the provision of a system of qualifying examinations, the Institute of Management Services collaborates with national and international professional bodies in similar fields.

The Institute is a member of, or represented on, a number of other bodies including the World Confederation of Productivity Science, the European Federation of Productivity Services, and the European Institute of Industrial Engineers.

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If you want to try your hand at writing a feature for Management Services, please submit an abstract (around 200 words) explaining what your feature is about, with intended word count. (Features should be between 1000 and 2500 words, although exceptions can be made.)

Send your abstract to Mel Armstrong, Editor, Management Services, 27 Castle Street, Canterbury, Kent, CT1 2PX or email editorial@msjournal.org.uk.

We also want your news and points of view about what appears in this journal. Something you disagree with? Tell us about it.
The integration of mobile devices such as laptops, tablet computers, PDAs and smartphones, along with a wide variety of applications and software, make it easier than ever for workers to collaborate and businesses to communicate with staff, customers, and vendors, improving business productivity and stimulating growth. See page 15.
In the summer edition of the journal I advised that, as part of the restructuring of the Institute’s management structure, Council had agreed to create three Subsidiary Groups to replace the existing seven Sub-Committees/Panels. The purpose of these Sub-Groups, is to help focus responsibilities on a range of initiatives in support of the Institute’s strategy.

I also advised that the three Sub-Groups were: Media & Marketing, Education & Development and Membership & Recruitment and that they would be Chaired by the following members of Council, David Blanchflower, John Heap and Harry Downes, respectively.

I have to inform you that Harry Downes has had to stand down from Council for personal reasons. Harry, as well as being the Chair of the Membership and Recruitment Sub-Group, was also Company Secretary. He will be extremely difficult to replace and sadly missed by everyone on Council. Nevertheless, we all respect his decision and wish him well for the future.

In terms of a replacement for Harry, Council have invited Malcolm Towle to join the management team. Malcolm is currently Chairman of the East Midlands Region Board and a member of the Fellowship Upgrading Panel.

As well as replacing Harry on Council he will also Chair the position on Council so the work of the Secretariat will be in safe hands.

I would add that both David Blanchflower and John Heap have already had their business plans and budgets for their Sub-Groups approved by Council and pursuing their respective objectives at pace. I shall keep you advised of developments.

You will be aware by now that keeping you advised of developments is one of my specified aims. Openness and transparency and keeping lines of communication open and two way, are all part of the process.

In continuation of that process, I can advise you that I have invited all Region Chairmen to join me for a meeting at Lichfield in October following the AGM, to discuss a range of issues on the current and future operation of the Institute. I also intend to explore the possibility of getting the Regions and Region Board members more involved in the Institute at a higher level. I believe there is a considerable amount of talent and experience out there which, if engaged correctly, could make a significant contribution to the Institute as a whole.

I believe there is a considerable amount of talent and experience out there which, if engaged correctly, could make a significant contribution to the Institute as a whole.
Chairman’s Notes

1. In my Chairman’s Column I referred to Harry Downes’ resignation from Council of Management and the contribution he has made to the Institute during his time on Council. I feel that it would be remiss of me not to add my personal thanks to Harry for taking over the Chairmanship in 1999 when I was Deputy Chair and due to become Chairman. At that time, it was necessary for me to stand down from Council due to family circumstances and Harry took over the reigns. I can assure you Harry, it was very much appreciated. During your four years as Chairman (1999-2003), you steered the Institute through some fairly rough seas and into much calmer waters. You led from the front and your loyalty and dedication to the Institute an example to all. I just hope that my tenure as Chairman can be as successful as yours was. So if I may, on behalf of myself and your colleagues on Council, thank you for all you have done for the Institute over these many years.

2. Memoirs of Geoff Hill – The co-executor of the estate of the late Geoff Hill, Clive Williams OBE, sent a copy of Geoff’s published memoirs to the Institute. Although I did not know Geoff personally, after reading his memoirs he was obviously quite a character.

I have asked Lynette Gill our Admin Manager to circulate Geoff’s memoirs to those who knew him. If you are interested in reading them, please contact Lynette at Brooke House.

3. As I’ve stated in most of my Chairman’s Columns, I’m always keen to receive your views on the Institute and how it operates. I recently received a letter from Kevan Kelly, Immediate Past Chairman of the North West Region Board, on a range of issues, some of which I shall put before Council. Thank you for your submission Kevan.

Regional News

North West Region

There remain vacancies on the Region Board and IMS members in the region are invited to join us, particularly at the next meeting which includes our AGM. The meeting is scheduled for the morning on 20 October 2012.

In the forthcoming year we are planning to arrange some excellent events and visits to high profile companies and would like fellow members to become involved.

This year we have managed to squeeze in one extra special visit to Astley Green Colliery Museum, Higher Green Lane, Astley Green, Tyldesley, Manchester, M29 7JB on Tuesday 2 October 1:20pm for 1:30pm start. The museum is reputed to be one of the most realistic in the country.

The tour of Vauxhall Motors set for 12 September 2012 is currently booked-up, but please enquire if you are interested as a slot may become available.

For any information contact: Harry Hogg 01942 863776 or harry.hogg@blueyonder.co.uk.

Scottish Regional News

Adam Smith Global Foundation

At the invitation of Marilyn Livingston, and Chief Executive Officer of the Adam Smith Global Foundation, the National Chairman, Dr Andrew Muir will attend the Foundation’s Inaugural Dinner, in the Atrium at the Adam Smith College, St Brycedale Avenue, Kirkcaldy.

This historic event is to mark the international launch of the Adam Smith Global Foundation which has been formed to celebrate the life and work of Adam Smith (author of The Wealth of Nations and the father of modern economics).

Academics from across the UK, USA, Europe and Latin America will take part in the colloquium on Smith’s life in the town, his influence abroad over the centuries, as well as efforts underway across the country to commemorate his legacy.

A host of Smith aficionados will speak at the two-day event, including organiser of the academic symposium, Fonna Forman, associated professor of political science at the University of California and editor of the Adam Smith Review; Nobel Prize in economics recipient, Vernon L Smith; Gavin Kennedy, emeritus professor at Heriot Watt University; Iain McLean, professor of politics at Oxford University and local historian and Adam Smith Global Foundation Trustee, George Proudfoot.

Marilyn Livingston, who has been instrumental in getting the Foundation up and running, said: “We want to harness the spirit and enterprise that Adam Smith was able to demonstrate all those years ago by bringing public, private and philanthropic principles together, for the benefit of all”.

She continued: “Prevention of poverty is one of the key platforms of the Foundation and we are concentrating on the areas of education, the arts, sport, heritage, culture, science and music to deliver opportunities we believe will bring real and lasting benefits to the community”.

Gordon Brown MP, who has been heavily involved in the creation of the Foundation, believes it will provide a huge opportunity to tap into Smith’s global reputation for the benefit of the town and the country as a whole.

Adam Smith Lecture

At the invitation of the Rt. Hon. Gordon Brown MP and Chancellor of the Adam Smith College, the National Chairman Dr Andrew Muir will also attend the Adam Smith Lecture.

This year the lecture will be delivered by Sir James Wolfensohn, KBE, AO, former President of the World Bank Group (1995-2005) who will speak on the theme ‘A Turbulent World’ to an audience of invited guests and members of the public.

Previous high profile speakers of the lecture have included: Alan Greenspan, former chairman of the Federal Reserve and Kofi Annan, former UN Secretary General.

A transcript of the lecture will be posted on the Adam Smith College website: www.adamsmith.ac.uk/news and a fuller report of the whole event published in the winter edition of Management Services.
West Midlands region

Visit to RAF Museum, Cosford

On Saturday morning 12 May, a small party of Region members and their partners joined others for a guided tour of the RAF Museum at Cosford, Shropshire. The museum is one of two national RAF Museums, the other is at Hendon, North London. A great deal of investment has been made at Cosford to bring it up to the status of national museum.

The Cosford Museum includes many exhibits which are unique, including the collection of World War 2 German missiles, examples of the V1 ‘Doodlebug’ a primitive cruise missile, and the V2 rocket which was the precursor to the Intercontinental Ballistic Missiles of today. The V1 and V2 brought death and destruction to London during the closing stages of WW2. There is also a fine collection of WW2 aircraft including some unique examples of captured German and Japanese aircraft.

The purpose-built Cold War Exhibition Hall covers a dangerous period of our history from the end of WW2 to the 1990s when the Soviet regime collapsed. During some 35 years, nuclear war between the Soviet Union and its allies and the Western powers was an ever present threat. Our guide said that even now, under the various armament reduction treaties, Russian inspectors can and do arrive unannounced to verify and inspect the facilities at Cosford to ensure that a secret nuclear missile base is not being established. However, he also said the Russian inspectors are usually more interested in having a look round the museum.

Our thanks to our guide for an interesting tour.

John Hopkinson

North West Region

Fred Dibnah Heritage Centre visit

The tour of Fred Dibnah’s home and backyard workshop was conducted by Leon Powsney, the new proprietor, and Alf Molyneux – Fred Dibnah’s friend and assistant.

Leon explained how both the backyard and workshop had fallen into complete disrepair following his death in 2004, but had since been extensively restored, the work including the strengthening of the 50ft tall chimney.

The backyard was dominated by a 40ft high wooden pit head and gearings situated over a 20ft deep, 15ft wide brick-built mine shaft. The overhead pulley was driven via the winding house steam engine, originally used to tow-in and tie ships to the harbour. Alf showed the group where Fred used his wood planer, wood saw and stone saw – all belt driven from the 120ft long line shaft, which was suspended about 12ft overhead, and almost spanned the full length of the yard.

Fred’s main dream was to build a replica coalmine, and to this end he had submitted plans to the local council. His plans were turned down and the mine remains unbuilt.

One of the last things Fred did before he died was travel around the UK ‘A Grand Tour of Britain’ in his beloved traction engine, which he completely restored. Together with a BBC film crew, Fred visited all the places which still had input into our heritage of mechanical steam industry. Part of the Journey included a visit to Buckingham Palace to collect Fred’s MBE.

The group then moved on to Fred’s house, which was like stepping back into the Victorian era. An extension, which is now the kitchen, once housed Fred’s gears, equipment and wheels.

Towards the end of the tour, Leon gathered the group together in the steam engine shed which is now being used as a training and discussion room, and where Fred’s memorabilia, books, magazines and DVDs can be purchased. Leon told us how he came to buy Fred’s house, which was almost lost to a property developer. Quick thinking and a hastily written cheque saved the day and preserved a part of Britain’s industrial heritage.

Following this revelation the tour visitors’ were ensured that Leon Powsney and his family and helpers would continue in their endeavours to save a part of our Industrial Heritage for future generations to appreciate.

This was an extremely interesting and entertaining tour of ‘Fred’s World’. Some of the visitors had travelled over 200 miles to attend, which shows, not surprisingly, that there are Fred Dibnah fans everywhere.

Harry Hogg

Scottish Region news

Association of Professional Institutes (API)

IMS members are reminded that the API Games Night will be held in November, at the New Club, Kirkcaldy. Further details and confirmation of the date are available from the Scottish Region Chairman, Bob Smith on 01592 758252.
Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN of the forty seventh Annual General Meeting of the Institute to be held at Charter Room, The George Hotel, Bird Street, Lichfield, Staffordshire WS13 6PR on Friday 19 October 2012 at 10.30 am to conduct the following business.

1) To receive the Annual Report and Accounts

2) To confirm the following Bye-Law No 1/2012

   Membership subscription for 2013 shall be for Life Membership at a rate of £270 for all members. An annual membership fee of £140 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 2012

Harry Downes
Secretary

FORM OF PROXY – FOR CORPORATE MEMBERS ONLY

I (full name) ..................................................................................................................................................................
of (full address) .............................................................................................................................................................
........................................................................................................................................................................................
Membership Grade ........................................................... Membership No ............................................................... Hereby appoint A. Muir of 1 Berryhill, Finglassie, Glenrothes, Fife, KY7 4TQ 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 seventh Annual General Meeting of the Institute to be held at Charter Room The George Hotel, Bird Street, Lichfield, Staffordshire WS13 6PR on Friday 19 October 2012 at 10.30 am and at every adjournment thereof.

RESOLUTION NO 2 FOR / AGAINST *
(Bye-Law No: 1/2012)

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

*delete as applicable

as witness my hand the............................................................... day of .............................................................2012

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

This proxy form must be deposited at the head office of the Institute by not later than 10 am on Friday 21st September 2012. The name of A Muir 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.
Harry Downes – a tribute, eulogy but certainly not an obituary, for he is alive, well, travelling as much as ever. This is in recognition of 40 plus years service to the Institute of Management Services and the productivity profession in general. He is however still trying to master the game of golf. By Dick Bridges.

Harry’s early life was in the North West of England and from the age of 16 he was on the books of Blackpool Football Club in Bloomfield Road for a period of five years as a professional and understudy to the immortal Stanley Matthews.

He moved to the ‘soft’ South in 1963 to Marshall’s Engineering, Cambridge, and then was appointed as Work Study Officer at The Cambridge Water Company. He was involved in setting the first bonus scheme in the water industry (Report 29). From there he travelled weekly to Ipswich to pursue the part time IWSP educational programme at Ipswich Civic College.

In 1971, he made a career move when he joined the East Anglian Regional Health Service. There he met and worked alongside Arthur Hulme where together with Ian Taylor, they formed the Ipswich branch.

With Work Study techniques being introduced across the Health Service, Harry was promoted and took up the position of Senior Management Services Officer for the Suffolk Health Authority based at the Ipswich Hospital. He then moved up through the organisation to become District Management Services Officer until retirement. His most significant piece of work after Report 29 was the Implementation of the ‘1973 Reorganisation’.

Colchester/Ipswich Branch
Despite the demands of an ever-changing Health Service and pressures of a growing family, Harry quickly and surely assumed presence and a role within the Colchester/Ipswich Branch Board. Over the forthcoming years (1970-76) he held positions of Board member, Secretary and then Chairman of the Branch. This was at a time when Branch meetings where full to the gunwales with members and guests benefitting from invited speakers’ inspiring message.

In addition, there was a wide range of technical visits to local companies. It was during one such visit, Harry met Barry Pitcher, not realising they would share interests some years later at the summer school events.

A highlight during this period for Harry was, as a member of the winning Colchester/Ipswich Branch Board team at the Ipswich Inter-firm Five-a-side Football competition. Occasionally, after a second glass, we joked with him, suggesting that the win surpassed anything done during his ‘Tangerine shirted’ days around Seasiders Way.

Eastern Region
Not surprisingly, Harry’s interest in institute affairs continued, leading him to Regional affairs and activities when, in 1977/78, he became a regular attendee and contributor. With the advent of restructuring through the merging in 1978 of the East Anglian and the London North and West branches into Eastern Region saw interesting changes. This change process created the Institute’s largest region in terms of membership and geographical area, with the latter area stretching from Heathrow in the West to Peterborough to the North and East.

Today, Harry remains one of a few of the original regional officers that first attended the restructured region. He often recalls the interest that fusion brought, but also of the early sense of trepidation of that first board meeting with our ‘city’ based colleagues. A merger that has gone from strength to strength.

Over the course of time, Harry was elected into the roles of Membership Secretary, Region Secretary and Chairman and in the late 1990s became Council of Management Delegate. Today he continues to contribute to Eastern Region in the role as Secretary.

Learning of Harry’s resignation, Ray Martin, Chair of Eastern Region writes:

“No-one could doubt his commitment and enthusiastic support for the aims and aspirations of the Institute.” Ray Martin, Chair of Eastern Region.
Downes' long and dedicated service on the IMS Council of Management, be that, in his role as council member, company secretary or past chairman. No one could doubt his commitment and enthusiastic support for the aims and aspirations of the Institute. His wise counsel and quiet diplomacy will be sorely missed on the COM.

Council of Management

In 1983, Harry was elected to Council of Management and went on to serve on the Education and the Technical Board Standing Committees, assuming Chair of the latter for a period of five years. A major remit of the Technical Board was the organisation and delivery of the Annual Summer School and Harry held a strong view and belief that the environment and culture of the Summer Schools brought important values to the Institute and to all who attended. Upon the organisation of his final School, Institute member Alan Weller, wrote: "Your consistency toward the task of recognising the continual need to improve Productivity and the personal effort you have made to get the message across to a very wide audience are virtues to be admired."

Harry was elected Deputy Chairman in 1996 and then National Chairman 1999-2003. In 2004, he was awarded Honorary Fellowship, then assuming the mantle of Company Secretary until 2010 and re-appointed Company Secretary again in 2011.

During his period as National Chairman he became the Institute's representative on the European Federation of Productivity Services and served as Chair until 2000. He is one of five Honorary Fellows of EFPS. In September 2001, he presented a paper entitled Benefits of Public Services in the UK at the World Productivity Congress in Hong Kong. For his endeavours in promoting the ethics, standards and principles of Productivity at a global level, he was awarded Fellowship of the Institute upon his Royal Highness. This memorable occasion was also marked by a letter of appreciation from Buckingham Palace.

Closer to home, he was a staunch supporter of the affairs of the UK Parliamentary and Scientific Committee where, as a regular attendee, he promoted the principles and practices of the Institute, as he did at meetings of the Confederation of British Industry (CBI).

The pinnacle of his tenure came on 24 November 1999, on the occasion of the Institute reception for His Royal Highness, the Duke of Edinburgh. The event was held to bestow Honorary Fellowship of the Institute upon his Royal Highness. This memorable occasion was also marked by a letter of appreciation from Buckingham Palace.

Specialist groups

Harry took great interest and participation in specialist groups, for example, Textiles and IMSCOM but, above all, the Health Services specialist Group where he held the position of Secretary and then Chair between 1981-91. From those positions, working closely with former COM Member, Frank Burdett, he was responsible for the organisation of the Health Services Annual Conference. Whilst those events were directed at Institute members, it attracted participants from the Department of Health, the British Medical Council and practising professionals from the field of Medicine.

This is certainly not the end of Harry's contribution, he will continue to serve on the Eastern Region Board, as well as remaining President of the European Institute of Industrial Engineers (EIIIE).
Book reviews

Measuring & Improving Social, Environmental & Economic Productivity. Getting It Done.

The concept of Social Productivity (SP) is linked to Corporate Social Responsibility (CSR), but SP improves productivity as well as satisfying the CSR, and there are a number of examples to illustrate this point. The authors readily admit that SP is a very new approach and, as yet there, is no general consensus.

Section 1
Section 1 of the book focuses on policy formulation and Section 2 deals with the measurement of SP.

SP is a long-term approach and it clearly needs to be adopted at governmental/national/senior management level and cascaded down to the organisational level. In the main, however, while the examples are predominantly in companies in developing countries, some of them are from established companies.

It is, therefore, crucial that the companies do engage with and demonstrate that SP is embedded in their policy formulation. If this is not the case, measurement would be fruitless. Given the importance of this point I felt that more emphasis could have been given to the topic of policy formulation.

Section 2
This section goes in to great detail on the mechanics of measuring SP at national and organisational level. The authors draw from their wide experience gained as members of the World Confederation of Productivity Science (WCPS). I wondered if in the model on page 57 that there would be a horizontal interaction between Social Measures and Environmental Measures.

Once again, I felt that the main emphasis was on developing countries and that the more established companies would probably have quite a robust CSR policy already in place.

In conclusion, it was a very interesting read and refreshing to see a new approach to measuring productivity at an organisational and national level.

Written by Jeff Hall, this book is based upon his many years experience of delivering a wide variety of business change projects but also rescuing those projects that went wrong. His know-how is condensed into this small, but informative book which is written in a concise, easy-to-digest style. The book clearly lays out the possible key points for change projects failing and offers solutions.

In order for a company to retain its competitive position or enhance it in today’s global marketplace means a company must adapt and improve itself continuously. This well written book is a simple guide that will enable companies to carry out change management in an effective manner and should be on every manager’s reading list.
Developing Directors: A handbook for building an effective boardroom team

Author: Colin Coulson-Thomas
Publisher: Policy Publications
Publication date: July 2007
ISBN: 978-1872980324

Improving directorial competence and board effectiveness is the key to boosting the performance of many organisations. Often the most cost effective way of building a business and ensuring continuing relevance and corporate success is to develop the board. Director and board development represents a huge arena of opportunity. Direction is a separate but complementary activity to management and establishes the framework of aspirations, goals, values and policies within which the people of an organisation operate. Yet, while large investments are made in management training, director and board development is largely overlooked in many companies and public bodies.

Over 4000 organisations, from smaller firms to major corporations and government bodies, participated in a research programme led by Professor Coulson-Thomas which identified critical success factors and successful approaches to the challenges faced by directors and boards. Developing Directors explains how reservoirs of latent potential can be tapped by director and board development.

In the book, Coulson-Thomas succeeds in bringing together the disparate strands into a convincing whole and clearly illustrates that the corporate journey can be both stimulating and worthwhile. It will provide an essential checklist for all company chairmen, board directors and also people who consult and train at board level.


UK MTM ASSOCIATION

The Association reminds everyone that the open course in MTM-2 started on 21 July 2012, with a total of 8, eight, persons investing their time and money into developing their expertise in further knowledge of PMTS techniques. The course will be repeated in 2013 following the success of this method in extended training at times to suit participants. Those interested in taking part next year are invited to contact the Association at the following address; ukmtma@gmail.com, or visit www.ukmtm.co.uk and follow the link.

The final open course for this year, in UAS, will take place in the West Midlands during November and December, again the cost will vary between £ 350 and £ 450 depending on the number of participants. Interested parties are invited to contact the Association at the following address; ukmtma@gmail.com, or visit www.ukmtm.co.uk and follow the link.

These courses have been instrumental in encouraging a new group of Instructors to join the MTM family. The next step for these persons is to develop their skills and to use those skills to train new groups in the techniques of PMTS. The Association will now initiate further training courses for this new group. The Association is still seeking to develop a new set of practical tests and would encourage any person or organisation able to provide video, film or DVD sequences to contact us at ukmtma@gmail.com, or www.ukmtm.co.uk. These only need to be 10 to 12 seconds in length and the Association will acknowledge any copyright.
Implementing the right growth
Minding the ’Ps and the Qs

In recent years, Tata Steel has transformed itself into one of the largest steel makers on the global stage from an established domestic manufacturer in a protected market. Ian Herbert and Keshav Pratap talk to NK Misra about how world-class performance in both quantity and quality was achieved through a careful blend of production, place, politics, people and preparation.

Production, politics and price
How do you see Tata’s growth in production of steel?
In 1907 Tata Steel set up its first steel plant in India with an annual production of 100 thousand tons. By the time India gained independence, we were producing one million tons of steel annually. Over the next 50 years, we grew to two million tons. After acquisition of Corus in 2007, we became the world’s fifth largest steel group, including a single ten million ton capacity plant in India.

Isn’t 50 years a long time to double output?

It is, but let me explain. After independence, India adhered to socialist policies and the emphasis was on the public sector. Steel was treated as a strategic industry and it was difficult for private companies to get licenses from the steel authorities that were created to regulate the industry. At Tata Steel we had been looking forward to liberalisation of the economy but, when that finally happened in the 1990s, we realised that we were not prepared for the global competition.

What factors contributed to the surge in output in the past 15 years?
We analysed the market and concluded that global markets for steel will remain strong in the foreseeable future but that access to raw materials, coal and iron, will be even more critical. Indeed, fewer countries will produce steel, but also that the barriers to cross-border ownership will reduce because of liberalisation through the World Trade Organisation. There is now the opportunity for new business models, involving different perspectives on markets, manufacturing, exporting, procurement and mineral extraction.

Preparation and place
What has been Tata Steel’s expansion strategy?
Before opening any manufacturing unit, we analyse market attractiveness in terms of size and growth rate, together with the ‘resource richness’ of a country. Mapping these onto the matrix shown in figure 1 we compile a list of possible countries.

Then we examine their respective industry structure and political factors to decide where we should go for a merger and acquisition approach or go for a greenfield development, figure 2. We chose our partners carefully.

What is your raw material sourcing strategy?
Our raw material security is around 80% in India and this...
strategy: the Qs’

gives us a strong base to start from. Due to transport costs we believe that steel should be produced as close to the raw materials as possible and we have set up primary steel plants in countries rich in raw material. Mining acquisition tends to replicate the successful model that we followed in India.

People and performance

What has been your strategy for managing a company after acquisition?

We are very careful in choosing a company for acquisition. We go ahead only if we believe that the company has sufficient depth in its resources and management. We start with the presumption that the existing team is capable of managing their own affairs, thus it is not the intention to displace them with lots of people coming from India. We have a well thought through partnership approach, a cornerstone of which is to blend the senior management team. We have realised that the right approach is to ‘deal friendly’ and to make the most of the advantages of both the parent company and the acquisition, essentially, to pursue a partnership approach that is a case of ‘me and you’ rather than a ‘them and us’.

How did Tata succeed in its expansion strategy?

Managing each acquisition successfully is definitely a challenge because they are all in different geographies with different market conditions and business contexts.

Although India economic liberalisation started in the 1990s, our first acquisition was in 2005. We appreciated the challenges and wanted to ensure that we were sufficiently prepared. Indeed, the first two acquisitions were relatively small, involving sums of around $400m to $500m. After this experience we had the confidence to go ahead with Corus.

Could you please elaborate on acquisition of Corus by Tata Steel?

We acquired the Anglo-Dutch steel group, Corus, in 2007 after a prolonged spell of bidding against a Brazilian competitor. At over $11 billion it was the biggest acquisition by Tata. We formed a seven-member integration committee to spearhead the union between Tata and Corus. Three of the members were from Tata Steel and three are from Corus. Similar blending was done in the senior management teams of both the companies.

How do you also ensure that the business grows organically?

This is a challenge for sure. Acquisitions are exciting but to reap value from an acquisition one has to be able to develop and grow it. In this respect we have not forgotten our roots. Tata Steel started from a small beginning and steadily grew through greenfield and brownfield expansion. We have a strong culture of continuous improvement and ethics called ‘Aspire’. This promotes the core values of; trusteeship, integrity,
Due to transport costs we believe that steel should be produced as close to the raw materials as possible.

About the authors

Ian Herbert MBA, FCMA, CGMA is senior lecturer in accounting & financial management at Loughborough University School of Business and Economics and Deputy Director of the Centre of Global Sourcing and Services. His research interests are: finance transformation, shared services centres and management information systems.

‘Keshav Pratap is studying Financial Engineering at the Indian Institute of Technology, Kharagpur, India and undertook a period of collaborative research within the School of Business and Economics at Loughborough during summer 2012.’

The article is based on an on-stage interview between NK Misra and Ian Herbert at the CFO Exchange in London in March 2012 organised by IQPC.

The authors are grateful for the financial support of the General and Charitable Trust of the Institute of Management Accountants.

To contact the authors go to www.shared-services-research.com

Quantity and Quality

What have been the major factors in Tata Steel’s growth?

If one is to achieve the ambitious growth targets that we have accomplished, the most important thing is to have a strong base, a clear and thorough framework for identifying and evaluating expansion opportunities, together with a clear vision of where you wish to be. Our present target is to achieve annual production of 50m tons. Quality is now a given in the global market place. Whilst we had a good reputation as a low-cost steel producer, we have now proven that we can compete in the higher added value steel production and application market. For example, the oil/gas pipeline orders that our Hartlepool plant has been winning recently (see panel).

Whatever the plans, it is important to retain one’s firepower when pursuing expansion.
Mobile technology for increased productivity and profitability

The demand for access to business information and applications through mobile technologies – such as the Apple iPhone and iPad, devices running Google Android and Windows 7 Mobile or using RIM Blackberry – is surging as consumer preferences and behaviour spill over into the business workforce.

The massive growth of adoption of these technologies around the world has many business managers wondering how to effectively position their firms to benefit from the trend.

The drive for mobility is part of the business technology agenda for most companies today. Obviously, however, in a business rather than personal context, more types and complexity of information are needed, ranging from access to documents and presentations, to status on initiatives and processes, and for specific application needs to perform various business intelligence functions.

Against this fast-moving mobile background it is clear that just having mobile access to email is profoundly insufficient for increasing productivity and producing better-informed employees. The integration of mobile devices such as laptops, tablet computers, PDAs and smartphones, along with a wide variety of applications and software, make it easier than ever for workers to collaborate and businesses to communicate with staff, customers, and vendors.

Mobile technology allows people to use company data and resources without being tied to a single location. Whether your staff are travelling to meetings, out on sales calls, working from a client’s site or from home anywhere in the world, mobile devices can help them keep in touch, be productive, and make use of company resources.

Mobile IT devices can

The growth of cloud computing has also impacted positively on the use of mobile devices, supporting more flexible working practices by providing services over the internet.
Mobile technology allows people to use company data and resources without being tied to a single location.

also change the way your company does business – new technologies lead to new ways of working, and new products and services that can be offered to your customers. They can make your team more efficient, more creative, and more valuable to your clients.

Every day businesses are learning more about the ways mobile technology can be used to increase their productivity and lead to increased profitability. Below are some of the key areas in which mobile technology can be useful:

Networking & Communication
Mobile technology allows companies to have an unprecedented level of connectivity between employees, vendors, and customers. Workers can download applications on their mobile devices that allow them to connect with others through social media such as LinkedIn, Facebook and Twitter; or the firm can use native or web-based applications to enable direct communication with these audiences in a variety of ways.

Real-time communication with the office can be important in delivering business benefits, such as efficient use of staff time, improved customer service, and a greater range of products and services delivered. Examples might include:

- Making presentations to customers, and being able to download product information to their network during the visit;
- Quotations and interactive order processing;
- Checking stock levels via the office network;
- Interacting with colleagues while travelling – sending and receiving emails, collaborating on responses to tenders, delivering trip reports in a timely manner.

Development
Because of the interactive nature of mobile technology, sharing information through this medium allows businesses to get immediate feedback on products and services from customers. This speed and accessibility have led to faster research and development for companies, an important part of staying ahead of the competition. It has also led to product upgrades moving at a faster rate. In addition, customers and clients feel as if they have a more direct role in a company’s development.

Marketing
Mobile technology has introduced a new dimension into advertising and marketing for businesses worldwide. Potential customers now see business advertisements on mobile phones through a variety of medium such as SMS (text) messaging, mobile websites, mobile applications, banner ads, QR codes, IVR messaging and more.

These advertisements can be customised to reach a more specific, targeted audience thanks to software that ‘reads’ the website or information individuals are seeking on their mobile device and displaying advertisements that relate to that information. Marketing is made more effective by this customisation, and because most customers (or potential customers) always have a mobile device handy, their exposure to advertisements is increased.

Studies indicate that:
- 97% of mobile subscribers will read an SMS (text) message within 15 minutes of receiving it; 84% will respond within an hour;
- Average campaign response rates are typically 12-15% (as opposed to direct mail which averages 2-3%);
- some companies are seeing response rates as high as 60% plus;
- Mobile is not just for teens and twenty-somethings; prime purchasers in the 35-44 and 45-54 age brackets are also strongly embracing the use of mobile;
- While 65% of email is spam, less than 10% of SMS is;
- A recent study by Compete.com indicates that almost 40% of consumers are extremely interested in receiving mobile coupons for a wide variety of services and purchases;
- Demand for mobile websites is expected to exceed PC accessible websites.

Commerce
Mobile ticketing
Tickets can be booked and cancelled by mobile phones using a variety of technologies. Users are then able to use their tickets immediately, by presenting their phones at the venue.

Mobile vouchers, coupons and loyalty cards
Mobile technology can also be used for the distribution of vouchers, coupons, and loyalty cards. These items are represented by a virtual token that is sent to the mobile phone. A customer presenting a mobile phone with one of these tokens at the point of sale receives the same benefits as if they had the traditional token.

Content purchase and delivery
Mobile content purchase and delivery mainly consists of the sale of ring-tones, wallpapers, and games for mobile phones, and is evolving into the purchase and delivery of
full-length music tracks, video, books and more.

**Location-based services**
Knowing the location of the mobile phone user allows for location-based services such as:
- Local discount offers;
- Local weather, news and sport;
- Tracking and monitoring of people;
- Traffic reporting.

**Information services**
A wide variety of information services can be delivered to mobile phone users in much the same way as it is delivered to PCs. These services include:
- International and national news and sport;
- Stock quotes;
- Financial records.

**Mobile banking**
Banks and other financial institutions use mobile commerce to allow their customers to access account information and make transactions, such as:
- Check bank balances;
- Process bill payments;
- Transfer funds between accounts;
- Verify deposits and other transactions.

**Mobile brokerage**
Stock market services allow the subscriber to react to market developments in a timely fashion, irrespective of their physical location.

**Mobile Purchase**
Merchants accept orders from customers electronically via mobile device through mobile websites and/or apps. In some cases, through catalogues delivered via mobile.

**Benefits**
Mobile technology can improve the services you offer your customers. For example, when meeting with customers you can access your firm’s customer relationship management system – over the internet – allowing you to update customer details while away from the office. Alternatively, you can enable customers to pay for services or goods without having to write a cheque, swipe a credit card or use cash. More powerful solutions can link you directly into the office network while working off-site to access such resources as your database or accounting systems. For example, you could:
- Set up a new customer’s account;
- Check prices and stock availability;
- Place an order online.

Mobile technology leads to great flexibility in working, for example, enabling home working, or working while travelling. The growth of cloud computing has also impacted positively on the use of mobile devices, supporting more flexible working practices by providing services over the internet.

**Technology solutions may include:**
- Mobile infrastructure;
- Mobile website and/or application development;
- Mobile commerce solutions;
- Mobile marketing solutions;
- Mobile communication solutions;
- Mobile technology hardware and/or software management solutions;
- GPS tracking solutions.

Organisations that embrace mobility for business purposes likely will become not just more efficient, but also places where more people want to work. This could give employers the edge when it comes to attracting, recruiting and retaining the best talent in what is set to become an increasingly competitive environment in the coming decade.
Now, tell me again, why do we have these appraisal things? Oh of course, that’s it, it’s so we can ‘rate’ people, in the genuine interests of their progress and career development. Oh yes, and there’s also that bit about how well you’re doing against those entirely reasonable targets you’ve been set. Those targets that will ensure we delight our customers, keep us in business and keep you in a job. Glad we’ve got that clear.

And it’s right to do this of course, isn’t it – to manage your people? After all, even Dr Deming (1986: 315) said that something around ‘6%’ of an organisation’s problems could be down to its people, didn’t he? So let’s get right down to it and – if you’re still with me from the last issue (Chamberlin, 2012) – as good managers, which of course we are, we’ll quite probably be spending 100% of our time on no more than 6% of ‘the problem’.

But, actually, Deming didn’t say that at all, did he? He said the ‘6%’ were ‘special’, and he was talking about ‘causes’, not people. Causes of ‘most troubles and most possibilities for improvement’. Not people. Yet still these behaviours persist. And we know why. It’s because of management’s out-dated need to ‘control’ everything. After all, the last thing we would want to do is trust those workers to do the right thing for the customers, leave them to do that, and even help them occasionally by removing anything that gets in their way whilst they try. Isn’t it? Those workers who we so skilfully recruited and so thoroughly trained. I mean, that would be applying McGregor’s (1960) ‘Theory Y’, wouldn’t it, and we all know how harmful that can be, don’t we – trusting people?

No, we’d better keep the untrustworthy employees down, and appraise those ne’er-do-wells out of the organisation, once and for all, before they do any real harm to the business. That’s why we’re here, isn’t it, after all, to show them who’s boss?

I mean, once we’ve completed this year’s appraisal round, we’ll know exactly where people stand. And so will they, of course, and don’t forget that this is designed to help them understand how well they’re doing. After all, no matter how poor the systems we expect them to work with, they still have to work hard to overcome all those obstacles, don’t they? And if they don’t? Well, woe betide them, as my mother used to say. ‘They’ll get a thick ear’!

Ahead of the curve?

Professionally, of course, this is called career planning, except that it might not be within the current organisation.

No, these appraisal things are a useful management tool to ensure that we get the right people doing what it is that we, as good managers, have decided the customers want. And once we’ve completed those performance ratings – this year, yet again, that is – we’ll see who’s where in the general scheme of this individual performance management thing. We’ll get that statistically robust thing called a normal distribution curve, on which all our staff – those very competent people, remember, that we took so much time to skilfully recruit – will be range-rated. A bit like your gas boiler.

And it’ll be obvious, then, where the actual problem or problems lie, won’t it, because we’ll be able to see? Actually, it’ll be dead simple, because instantly you’ll have that statistically accurate ‘mean’ (the ‘average’, in old money, but ‘mean’ sounds better, as a manager – and anyway, it rhymes with ‘lean’, which is a good management word at the moment) – based on all your scientifically robust deliberations, with just a tad of who you don’t like thrown in for good measure. After all, Feidler (1967) didn’t come up with his ‘least preferred co-worker’ (LPC scale) theory for you to simply ignore it, did he? So, why waste an opportunity to hold down those whom you don’t like?

No, now you’ve got that curve, it’ll be immediately apparent where the ‘trouble’ is, because half your staff will be ‘below average’! Think about it – they can’t not be. I mean, I know that more than 80% of drivers think they’re above average, but we all know that’s because most drivers are male, and many will probably be good managers, too, so that’s likely to be true. Isn’t it?

So, having got the ‘curve’ sorted – and, as you know from your recent management
No matter how poor the systems we expect them to work with, they still have to work hard to overcome all those obstacles, don’t they?

Thin end of the wedge?
So, with the usual rigour of sound academic planning, and, hypothetically speaking, of course, that HE institution will now take the (anything up to £9000) cheque off the student applicants, and then a week before the programme is due to start they’ll see if there’s anyone on the staff who even remotely understands some of the
module topics to be taught and bung them on to teach it. Box(es) ticked. But because everyone is now 'excellent at everything', they'll cope, won't they, and the students, of course, will get an 'excellent student experience', which they will duly record the next time they complete their National Student Survey (NSS) form – that thing that drives the sector league tables.

And, just to be sure, we'll also target all these excellent-at-everything people with a few mind-focusing personal ('stretch') objectives. In the case that I've been made aware of, these are:

1. Outstanding student experience
   - Improved student achievement (% of 1st, 2.1s);
   - Improved student progression and retention;
   - Improved employability;
   - NSS engagement and scores.

No, really. They're there, actually there, written, under 'Targets' on the 'Our Vision' sheet that helps staff 'prepare' for the 'Development and Performance Review' (DPR) – what some call their 'Despairing (or Desperate) Performance Review'. In that institution it says they have to 'agree with [their] line manager at least one target for each of the priority areas.'

So, that's it, let's give the employees a statistically robust target, to improve something over which they've no control whatsoever! Don't believe me? Think about it. Apart from being pretty good at teaching, knowledgeable in your subject area and genuinely interested in caring for and doing your best for your students (that 'Theory Y' thing) – no individual academic can personally affect, in any statistically significant way, the number of degree passes at '1st' or '2.1'.

Why? Because that's down to the 'system'. It's Deming's (ibid) 'common causes', those other '94%'. Ever done Deming's 'Red Bead Experiment' (ibid: 346)? No? You should. It puts this appraisal thing to bed once and for all, as evinced by a few extracts from his '14 Points for Management' (circa; ibid: 24):

- Eliminate...targets for the workforce asking for zero defects and new levels of productivity.
- Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.
- This means...abolishment of the annual merit rating and of management by objective.

'It's not the people: it's the system, stupid' (Seddon, 2008: 74).

In the Red Bead exercise itself, the object is to 'produce white beads', and the six 'workers' – or three, after half get sacked for turning in under-target performances after just three weeks – have no control whatsoever over the 'quality' of their individual output (ie the number of 'red beads', or 'defects', that appear) per week's work.

Only management can affect that, by changes to the 'system', and whatever your product or service, it's management's job to improve the system such that the 'red beads' do not enter it at the front end. In our case, the higher education sector, that's students – or potential students – without the required pre-university-level education; ie not just a cheque!

So, that's it, let's give the employees a statistically robust target, to improve something over which they've no control whatsoever! Don't believe me? Think about it

Let's take an example from the same sector. Out of curiosity, and to demonstrate this, I recently took a random sample of 119 of our own students' results from a final stage degree module and plotted them on a chart. I then calculated the Upper and Lower Control Limits (UCL and LCL) for the sample, and drew those lines on the chart (above, Fig. 1).

Figures don't lie or do they?
You'll see also, from this example, that one student's result was above the UCL, while five were below the LCL. Why? Well, in a stable system, this level of 'variation'

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After 34 years in the telecommunications industry (BT), the final decade as a senior operations manager with a large external workforce covering the East Midlands, John took early retirement in 1996, but within a year of this had signed on for a full-time MBA at UoD. Graduating in 1999 with one of only two distinctions – and the only 'Masters' Level Prize for Outstanding Performance' – 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 reengineering (BPR) within two local authorities, graduating in 2009. John is a founder member of 'Sytoc'*, the Derby Business School's 'Systems Thinking & Organisational Change Research Group', organised by colleague Gino Franco.

John's primary academic interests are in BPR, systems thinking, management and leadership, managing change and the public sector.

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Fig 1: Module Results Chart

is statistically predictable, and the few results outside of the limits would be down to those ‘Special Causes’*. In the higher case, the student was the only one with an ‘A+’ grade. Quite ‘special’, I’d say, that student, whoever they were. In the lower case, the reason was even easier to determine, no ‘work’ was submitted for assessment! (*NB: Six out of ‘119’ is not that far from Deming’s ‘6%’.)

To be clear, by ‘stable system’, we mean (apparently; a mathematics colleague assures me) that with any broadly similar cross-section of students, there is a 95% confidence level that a very similar distribution would occur every time. In other words, it’s predictable. That means we already know it will always be like that. It’s ‘stable’. Unless someone changes the system.

All the other results in that sample, on or between those two ‘limits’, were the ‘predictable demand’ of that stable system, and the spread of results is down to nothing other than what Deming defned as ‘Common Cause’ variation – something many managers are totally unfamiliar with, and genetically predisposed to dismiss, because they insist on wanting a ‘cause’ for each and every ‘variation from target’, and of course, someone to blame for it.

One important factor – if we are to increase (eg in this case) the number of students earning grades in the higher bandwidth than that shown above, ie fewer ‘D’s, say, and more ‘A’s and ‘B’s (1sts and 2.1s) – is to prevent the ‘red beads’ entering the system at the front end. That requires having an enrolment system that includes some degree of actual selection based on potential ability – which means an IQ a little north of room temperature, to enable you to think at a level that properly equips you to take advantage of a good university (ie higher) education, along with the ability to communicate in English using the full range of vowels and consonants available, and to suitably form them into complete words and coherent sentences (not txt spk) in order to fully engage from the outset in an appropriate level of intellectual discussion with your fellows.

In other words, the standards we should expect from those applicants leaving an effective schooling system, plus from those others who choose of their own volition to study in this country, when English is not their own language. And statistically, that could be half of the total of all academics across the UK higher education sector. That’s then. Appraisals sorted!

Footnotes

1. Actually, as Deming himself acknowledged (ibid: 346, Footnote 14), it wasn’t exactly his. It’s a bit like the PDCA Cycle, he just borrowed it (in that case from Walter Shewhart), but did a far better job of marketing. Deming first saw a guy named Mr William A Boller use the Red Beads at HP (electronics, not sauce!), and thought it so powerful he took it worldwide, where it’s been known as his ever since. Smart cookie that Deming. ‘Poach with Pride’, as one of my old bosses used to say. And if you can’t do that, then ‘steal with stealth’!

2. Other institutional systems affecting results might be the number of student contact hours allocated for teaching and/or staff development, the resources available to staff and students, or systems for student induction and support.
New Leadership and Environment Management

The impact an organisation can have on the environment can be wide reaching and influenced by a number of factors. Here, Professor Colin Coulson-Thomas describes how a company can make changes in a way that engages all parties.

An organisation’s relationship with the environment and impact upon it can be the result of a variety of activities. These could range from how its products are produced and distributed - and how customers use them – to the patterns of work adopted by its employees. Changing environmental impacts may require altering the behaviours of a number of groups of people, including external stakeholders such as suppliers and business and channel partners. Means need to be found of engaging and helping them.

Awareness of environmental impacts and responsibilities among corporate leaders and agreeing environment management goals, objectives, strategies and policies are sometimes seen as first and last stages of a governance process. Yet outside of the boardroom, little if anything, may happen, unless practical steps are taken to share an environment management vision and ensure that people are equipped to implement it.

Directing and enabling Governance and the work of boards have traditionally been concerned with providing
Leadership

Aspirations are noble, but it is outcomes that people can see, smell, taste and feel.

A traditionalist might consider that implementation is an executive or management rather than directorial activity (Mace, 1971), and accordingly may wish to avoid involvement in operational matters. ‘New leadership’ recognises a distinction between direction and leadership, but feels a board should monitor developments and take steps to ensure progress is made, and the strategic direction they establish is followed (Jensen and Meckling, 1976).

‘Top down’ direction and ‘bottom up’ support

Many corporate initiatives are initiated, articulated and launched from the top in the hope that people will respond. People are told what is required, and ideally how they can help. The smart board also provides ‘bottom up’ support. It ensures that people understand and are equipped and enabled to do what is required in a winning way, cost-effectively and minimising negative impacts (Coulson-Thomas, 2007a and b).

Superior resources and capabilities may or may not guarantee success depending upon how they are deployed. Thus, there is little point recruiting expensive and talented people if they are not engaged, they are difficult to manage, their superior qualities are not captured and shared, and they are not given the tools and support required to excel at essential activities for competing and winning (Coulson-Thomas, 2012a).

The implementation of various strategies is an important aspect of the work of boards (Stiles and Taylor, 2001), and a board should ensure that its strategic intentions are realised (Brauer and Schmidt, 2008). This might require looking beyond the formulation of strategy and greater concern with its implementation (Siciliano, 2002). Implementation has to be responsible, sustainable and beneficial to multiple groups.

More sustainable and affordable approaches

‘New leadership’ recognises that today’s companies have legal and moral obligations to a range of stakeholders and their continued viability and reputations may require much more than delivering financial results at ‘almost any cost’ and utilising whatever means they can ’get away with’. Sustained engagement and mutually beneficial relationships can also require responsible conduct.

A key element of responsible conduct is the efficient use of human and other resources and the avoidance of waste. Many widely adopted approaches to improving corporate performance are wasteful and inefficient. They are time consuming, expensive and disruptive (Coulson-Thomas, 2012a and b). By the time many initiatives are implemented requirements and priorities may have changed, while opportunities are often missed during transformation journeys.

The fact that so many corporate initiatives have to be accompanied by costly ‘internal communications’, ‘engagement’ and ‘management of change’ programmes suggests...
their merits may not be immediately apparent to those who are expected to adopt or implement them. Similarly, the efforts being devoted in many organisations to engaging and motivating people suggest these initiatives are also incomplete.

**Deficiencies of traditional approaches**

At a time when environmental challenges can represent exciting business opportunities, restructuring or re-organisation can be distracting and disruptive. Changing a corporate culture, attitudes, processes and ways of working and learning using ‘traditional’ approaches can take a number of years. Their use is supported by those who stress the complexity of what needs to be done, yet there may be simpler approaches that enable many more and average people to understand.

A five-year study found that many widely adopted corporate practices are costly and inefficient compared with more affordable approaches to creating high performance organisations. It concluded that ‘New Leadership’ is required which involves a shift of emphasis, for example from recruiting and developing high fliers for an unknown future to helping people to excel at activities that are crucial today and to handle challenges as, when and wherever they arise (Coulson-Thomas, 2012a and b).

The evidence examined suggests the approaches adopted by many organisations are indeed expensive, overly complex and doomed to disappoint. We begin by looking at human resources. Returning to the talented people mentioned above, over three quarters of practitioners participating in a poll during the investigation thought talent management is not delivering. About a half thought opportunities are being missed.

**Effective use of human talent**

Talented people can be expensive and also difficult to manage and retain. A person who is exceptional in one area may be average in another. An affordable option can be to work with the people one has and put the right support environment in place to enable them to succeed (Coulson-Thomas, 2012a).

Large amounts are spent on expensive people who are not engaged, effectively used, or appropriately supported, while views of what represents ‘top talent’ can also quickly become outdated.

Talent wars to attract ‘the best people’ can push up salary costs, be distracting and involve collateral damage. ‘New leadership’ endeavours to avoid costly bidding wars for scarce resources – whether human or material – and find more cost-effective, sustainable and less environmentally damaging ways of operating.

‘New leadership’ involves ‘New leadership’ is required which involves a shift of emphasis, for example from recruiting and developing high fliers for an unknown future to helping people to excel at activities that are crucial today.
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more flexible ways of making it easier for affordable people to understand complex issues, and helping them to do important, difficult and stressful jobs. Talent Management 2 focuses on particular jobs and the requirements for succeeding in them. It involves assessing the roles and tasks that contribute most to priority objectives and ensuring that people in these jobs are enabled to excel by putting relevant critical success factors in place and providing the workgroups concerned with appropriate performance support (Coulson-Thomas, 2012a).

Leading and helping
In many organisations, successive initiatives have attempted various ways of managing, motivating and leading people, but ‘new leaders’ endeavour to help them. Rather than focus on leading, perhaps there should be more emphasis upon following the changing requirements and aspirations of customers and users and making it easier for them to secure the assistance they need to achieve their objectives.

Persistent problems have often been approached from a ‘senior management’ rather than ‘front line’ perspective, for example driving change through an organisation rather than helping people to cope. If the emphasis had been upon providing support, much of the effort devoted to ‘transformation’ and ‘change management’ might have been unnecessary. People can be helped to take informed and responsible decisions. Many members of top management teams could benefit their organisations by giving more thought to what they could do to help others to achieve and excel. Performance support can help the transition from control to empowerment and does so while answering a question many pose when faced with new initiatives: “What’s in it for me?” It can increase understanding and enable higher achievement more quickly and with less effort and stress. Individuals and organisations can both benefit.

Providing performance support
The experience of adopters of performance support suggests it is a focused, relatively quick and cost-effective way of securing large returns on investment. It can engage people and meet a talent-on-demand requirement. People who are better supported can be freed from wrestling with problems to focus upon developing solutions, for example, more sustainable and less environmentally damaging ways of operating.

‘New leadership’ also involves a form of ‘corporate multi-tasking’ or looking for ways of achieving more than one outcome from a particular programme. We need to move on from single-issue initiatives such as preparing a few ‘high fliers’ for an unknown future to boosting the performance of today’s key workgroups and quickly delivering multiple benefits for both people and organisations.

We also need affordable approaches which can achieve improved results by taking people as they are, rather than as we would like them to be. Performance support offers a way of achieving a high performance organisation and multiple objectives with the people one has – average people who do not cost an arm and a leg to recruit and retain – and an existing corporate culture.

Greener ways of working
Patterns of work can have a significant impact upon the environment, which is particularly evident in the phenomenon of rush hour queues and traffic jams. The cost of delays, dangerous emissions, stress and respiratory problems can be reduced by flexible working, virtual operation or the adoption of teleworking – effectively taking knowledge work to people rather than requiring people to travel to a place of work.

‘New leaders’ both formulate more flexible policies and take steps to ensure their appropriate use. In this area, help has been available for some time, including a widely used and detailed six-stage methodology for introducing new ways of working (Coulson-Thomas, 1995). Critical success factors, practical hints and tips, and relevant tools are given for each stage of what could range from selective adoption to the fundamental restructuring of an organisation. The results of reducing environmental damage benefit people and organisations, as well as future generations.

Reducing unnecessary and stressful journeys while encouraging a healthier lifestyle and exercise can deliver other benefits such as reducing the cost and time of travelling, in addition to the
environmental advantages. In this and other areas, people do change behaviours once they better understand the consequences of different options. ‘New leadership’ can also involve striking a balance between the interests of different stakeholders and between performance today and capability tomorrow (Coulson-Thomas, 2012b).

Although questions can be raised about the affordability of preparing for an unknown future (Cappelli, 2008), there is a growing body of evidence that through performance support it is possible to deliver both and remain effective and vital throughout an uncertain journey (Coulson-Thomas, 2012a and b).

Helping people to help themselves
In relation to the environment and the allocation of available resources a balance also needs to be struck between the interests of different generations. A good example and major challenge for many developed economies with ageing populations is the growing number of people with long-term conditions and the frail elderly. They can account for two-thirds or more of healthcare costs. If the ability of people with long-term conditions to self-care at home could be increased, it would reduce pressure upon healthcare resources and the need for tiring journeys. A three month feasibility study examined a performance support tool designed to help people with psoriasis to understand their condition, manage it on a day-to-day basis and develop a personalised action plan (Coulson-Thomas, 2012b).

Although many of the users were not as computer literate as adopters in other fields, and already had some appreciation of their condition, an impact assessment by Bournemouth University found a significant increase in the index used to measure ability to self care among users. About a half of them reported that the understanding and support provided had made a difference to how they managed their condition.

Pathway support can help a citizen to understand whom to contact and at what points in a public service process. It should provide the local information required and could include diagnostics to help users to better understand relevant needs, issues and options. Ideally, relevant elements of what has been captured should be made available to those later in the process, for example to enable ‘joined up’ responses. Again better help can prevent unnecessary journeys and improve outcomes.

Ensuring effective use of physical resources
Environment management can also embrace limiting wastage and over-exploitation. Sustainability requires the effective use of assets to prevent unnecessary output and reduce the utilisation of scarce resources. Consider the production of computer equipment which consumes rare minerals. Sometimes, software can provide a solution to a hardware problem. Cisco Systems’ storage networking makes better use of unused capacity on existing storage devices, thus reducing the need to buy new ones.

Developing such a solution creates a potential for reducing environmental impact, but this will not be realised unless people understand it and are prepared to use it. Cisco employed a performance support tool to help people appreciate the advantages of storage networking. Before its introduction many sales teams and channel partners felt they did not know enough about storage networking to recommend it. Using devices such as simple graphics enabled people to quickly grasp the essence of storage networking and in some parts of the world first orders quickly followed the introduction of a sales support tool. The direction had been issued for some time, but people had lacked the practical performance support required for its implementation.

Helping customers and supply chain partners
Nomix deployed a support tool to help users of its weed control solutions and potential customers to make more informed and less environmentally damaging choices. For example, prospective purchasers were shown how spray drift from an alternative such as a knapsack can cause environmental hazards, herbicide damage and health risks. Advantages of better alternatives are explained, for example that spillage can be avoided as a result of not having to mix different liquids.

Performance support can also be used across a
supply chain to speed up the implementation of environment management and other policies. Consider the question of sourcing and the behaviour of one’s suppliers whose conduct could have a significant impact on the environment. The retail store chain B&Q used performance support to make sure all its suppliers understood and adhered to its quality policies.

Performance support and sustainability

It has been argued that many leadership teams do not fully understand the strategic and operational importance of sustainability, and that they are failing to attract people with green credentials and skills (Glen et al, 2009). An explicit use of performance support tools to help service users, buyers, suppliers and staff to take more sustainable decisions could help in this respect, as well as building relationships with those who put a high priority upon green considerations (Coulson-Thomas, 2012a and b).

Once a new performance support framework has been put in place appropriate links can be made with existing processes and activities that are relevant and add value. Doing this sometimes reveals activities that are peripheral, or have been developed in excess of what is required to achieve priority objectives as a result of trying to be ‘excellent at everything’ irrespective of impacts upon users.

Concentrating first upon key work groups when performance support is introduced can enable new ways of excelling at critical activities to be introduced while less essential ones are scaled back. As a result, it may be possible to discontinue or replace some activities rather than devote time and effort to reforming them.

Far too many boards view environmental issues and sustainability as a challenge, risk or source of higher costs (Coulson-Thomas, 1992). Performance support represents a much quicker and more cost-effective way of simultaneously delivering various organisational objectives – including responsible buying – that can minimise harm to the environment and benefit service users (Coulson-Thomas, 2012a and b).

Conclusions

Performance support – along the lines of the tools developed by Cotoco for the adopters cited above – impacts directly upon behaviours and its implementation can be largely independent of cultures, values and motivations. People embrace the support provided because it makes it easier for them to do difficult and stressful jobs. It can also help them to select less wasteful options and prevent outputs that breach policies, guidelines and required standards.

Many organisations are failing to reap the benefits of providing better support to those who are best placed to deliver a range of environment management and other policy objectives. Key decision makers should consider what they can do to help people to make more responsible choices and excel at demanding tasks, for example by ensuring they understand complex areas, have appropriate tools, and are enabled to emulate the approaches of high performers in the areas concerned (Coulson-Thomas, 2007b).

Corporate activities and public services can be transformed. Performance support is a proven, quick, focused and cost-effective alternative to general, time consuming and disruptive initiatives and expensive transformation programmes (Coulson-Thomas, 2012a and b). Capturing and sharing critical success factors for key activities, and what high performers do differently, can enable 24/7 support to be provided to average performers wherever they may be, and people can be helped to help themselves.

At a time when environmental challenges can represent exciting business opportunities, restructuring or re-organisation can be distracting and disruptive.

About the Author

Professor Colin Coulson-Thomas, chairman of Bryok Systems and other companies and author of Talent Management 2 and Transforming Public Services, is an experienced non-executive director and chairman of award-winning companies, a member of the business school team at the University of Greenwich.

in the UK and an adjunct visiting professor in the department of geopolitics and international relations at Manipal University in India. He has helped more than 100 organisations to improve director, board and corporate performance; and has reviewed the processes and practices for winning business of more than 100 companies. Colin has served on many private, public, professional and voluntary sector boards, including as chairman and president, spoken at more than 200 national and international conferences and is a fellow of seven chartered bodies and the author of more than 40 books and reports. He can be contacted via www.coulson-thomas.com and his latest publications obtained from www.policypublications.com.
Stakeholder Management: An instrument for decision making

By Michael Howitt & Dr John McManus, Lincoln Business School.

What defines stakeholders in management? Freeman’s original definition, labels a stakeholder as “any group or individual who can affect or is affected by the achievement of the decision-making organisation’s objectives” (1984). As we examine stakeholders besides shareholders, we see various groups being highlighted by stakeholder theorists (Hillman and Keim, 2001). Freeman’s (1984) listing of stakeholders includes such diverse constituencies as owners of various kinds, supplier organisations, customer segments, employee segments, various members of the financial community, several levels and branches of government, consumer advocate groups and other activist groups, trade associations, political groups, unions, and competitors. Brenner and Cochran’s (1991) list includes such stakeholders as stockholders, wholesalers, sales force, competition, customers, suppliers, managers, employees, and government. Hill and Jones (1992) list managers, stockholders, employees, customers, suppliers, and creditors. Clarkson (1995) lists the company itself, employees, shareholders, customers, and suppliers as primary stakeholders, with the media and various special interest groups classified as secondary stakeholders. Donaldson and Preston (1995) diagram investors, political groups, customers, employees, trade associations, suppliers, and governments. Consensus, stockholders, employees of all types can consider suppliers, customers, and governments, competitors, and activists groups considered stakeholders. Also typically included are the entities “community” (Brenner and Cochran, 1991; Donaldson and Preston, 1995; Hill and Jones, 1992), “general public” (Hill and Jones, 1992), or “public

No assumption is made that managers will try to develop trusting and co-operative relationships with stakeholders, but an argument is made that if they do, competitive advantage will result.
stakeholders” (Clarkson, 1995), as well as the natural environment (Buchholz, 1993).

More recent authors (Read, 1999, Shearer, 2002, Floyd and McManus, 2004, McManus, 2005) have included both ethical and moral obligations of internal and external stakeholders. According to MacAvoy and Millstein (2003), recent developments in stakeholder thinking lean towards the view that stakeholders should participate in both ethical and governance programmes and they should make major strategic decisions together with owners, as well as supervise managerial decisions.

A feature of stakeholder theory is that it goes beyond traditional participatory management methods and practices that emphasise popular involvement but, which pay little attention to inherent structural problems and conflicts that plague middle managers. By the same token, stakeholder theory represents a challenge to conventional economic analysis, an approach that does not adequately consider the distribution of costs and benefits among different stakeholders: the winners and losers. It ignores the fact that different stakeholders do not perceive environmental problems in exactly the same way and will therefore seek different solutions and use different criteria to assess the desirability or worth of an intervention. Ways for better anticipating and dealing with stakeholder opposition and conflict, and better incorporating various interests, especially those of weaker groups in society, are therefore crucial for improving policy design and decision-making.

There are many reasons to believe that adoption of a stakeholder approach to decision-making and management in general will contribute to the long-term survival and success of an organisation. Positive and mutually supportive stakeholder relationships encourage trust, and stimulate collaborative efforts that lead to relational wealth, ie, organisational assets arising from familiarity and teamwork. By contrast, conflict and suspicion stimulate formal bargaining and limit efforts and rewards to teams, which result in time delays and increased costs. In addition, more and more executives are recognising that a reputation for ‘ethical and socially responsible behaviour’ can be the basis for a competitive edge in both market and public policy relationships. Finally, in spite of the specification and measurement difficulties involved, for example, research undertaken by McManus and Wood-Harper (2003) found evidence of positive associations (few have found negative associations) between various socially and ethically responsible practices and conventional economic and financial indicators of corporate performance, such as profitability and growth. Thus, there is no reason to think that the conscientious and continuing practice of stakeholder management will conflict with conventional financial performance goals.

A question of categorisation and contribution

Theory suggests that stakeholders fall into two broad categories – primary and secondary. Primary stakeholders (the ones who can directly affect a decision-making outcome) “must be managed” so that the decision-making may achieve its objectives. Secondary stakeholders are generally individuals who are affected by the decision-making in some way, but may not have a primary stake in the decision-making. If these stakeholders are not supported effectively the decision-making manager may not achieve success.

Missing from general stakeholder theory is an account of how primary and secondary stakeholders work within a decision-making organisation to enable them to achieve their interests. Decision-making managers tend to hold high office and may be regarded as agents of the decision-making organisation. Jones (1995) has advanced one form of instrumental stakeholder theory and proposes that if organisations contract (through their managers) with their stakeholders on the basis of mutual trust and co-operation, they will have advantage over organisations that do not. Put another way, they will deliver and win future business. No assumption is made that managers will try to develop trusting and co-operative relationships with stakeholders, but an argument is made that if they do, competitive advantage will result.

Organisations generally have limited resources for which stakeholders compete. Often as not, stakeholder values and needs differ widely and there is usually a highly skewed distribution of resources among stakeholder groups. Typically stakeholders have different priorities and different objectives. Unequal influence and distribution of resources exacerbate conflict of interests. Decision-making managers are normally part of senior management that have responsibility for and make the key resource decisions for the business. Because resources (especially people) can be prioritised...
If managers fail, they generally fail because the various stakeholders have different and conflicting expectations about their roles.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Questions</th>
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<tbody>
<tr>
<td>• Organisational growth: eg internal structuring of decision-making group, leadership, and formalisation of group structure.</td>
<td>• How are groups expected to achieve stability?</td>
</tr>
<tr>
<td>• Group behaviour: eg changing nature of involvement of decision-making group members, emerging sense of collective will and solidarity, involvement in discussions and decisions, ability to analyse and explain issues and problems.</td>
<td>• What capabilities are participating groups being encouraged to develop?</td>
</tr>
<tr>
<td>• Group self-reliance: eg increasing ability to propose and consider courses of action, knowledge and understanding of policies and programmes, changing relationship with decision-making staff, formalisation of independent identity, independent action.</td>
<td>• What are the expected qualities of participants’ contributions?</td>
</tr>
<tr>
<td></td>
<td>• What behavioural characteristics are groups and participants expected to display?</td>
</tr>
<tr>
<td></td>
<td>• Are groups achieving increased self-reliance and control?</td>
</tr>
</tbody>
</table>

Table 1.

from several different aspects, different stakeholders will undoubtedly be involved in the prioritisation process to get the correct views (for example, senior managers prioritise strategic importance and prioritise risk). In any decision-making undertaking at least three perspectives should always be represented: purchasers (customers), providers (suppliers) and the decision-making manager. Each of these stakeholders provides information that the other two may neglect or are unable to produce – customers care about customer value, suppliers know about logistical difficulties, and decision-making managers know and care for budgetary constraints and risks. Nevertheless, it is of course important to involve all stakeholders that have a stake in the decision-making (Buysse and Verbeke, 2003).

It could be argued that theorists such as McAllister (1999), Hill and Jones (1992) emphasise that evaluation of stakeholder participation is concerned with processes which are qualitative and not results that are quantitative; and more concerned with description and interpretation than with measurement and prediction. The measurement of participation requires the decision-making manager to: (1) validate criteria for understanding the nature of participation in decision-making; (2) formulate a set of indicators to give form to these criteria; (3) produce appropriate methods at decision-making level for monitoring the indicators and maintaining a continuous record of the process of participation; and (4) undertake the action of interpretation of the information recorded in terms of making a judgement concerning participation.

Since traditional monitoring and evaluation of decision-making has been concerned with quantifiable measurements such as profit, there is a new focus on the qualitative aspects of participation and on the process of participation. However, both qualitative and quantitative aspects of
participation are important (Clayton et al 1998). This requires two forms of monitoring and evaluation: measurement based on numerical values leading to judgement and description leading to interpretation. Because participation is a dynamic process that must be evaluated over time, conventional post evaluations are inadequate. Ongoing monitoring is the only way qualitative descriptions can be obtained over time. It should be participatory, involving the key personnel involved in the decision-making.

According to Clayton et al (1998) key characteristics to this qualitative approach to evaluating stakeholder participation are described as: (1) naturalistic: a study of processes rather than on the basis of predetermined and expected outcomes; (2) heuristic: subject to continuous redefinition as knowledge of a decision-making and its outcome increases; (3) holistic: viewing the decision-making as a whole, needing to be understood from many different perspectives; and (4) inductive: seeking to understand outcomes without imposing predetermined expectations or benchmarks. It begins with specific observations and builds towards a general pattern of outcomes (Clayton et al 1998). It could be argued that there are few generic indicators of participation. Indicators selected will vary according to the decision-making and its objectives. Bhatnagar and Williams (1992) propose two very broad categories of indicators:

1. Empowerment indicators, eg, how many new initiatives were launched?
2. How proactive is the group, as measured against a specially devised index?

In cases where stakeholders’ expectations cannot be met or changed, the decision-maker will at least be able to develop contingency plans to minimise any potential harm.

Authors like McManus (2005) have drawn up categories or questions that can be used in developing indicators of the extent and quality of participation (Table 1, p. 31). If managers fail, they generally fail because the various stakeholders have different and conflicting expectations about their roles. The participation matrix is a dynamic tool, which provides a means for identifying potential areas of disagreement between the various stakeholders. As already stated, stakeholders have varying degrees of power and access to resources; some may lack the organisational basis and psychological/skill basis for negotiation. Indeed, at the identification stage of a decision-making intended beneficiaries may not even be aware that they are stakeholders in the decision-making. The participation matrix is likely to be used at the negotiation stage between the provider decision-making manager and perhaps only some of the concerned formal stakeholder groups on the recipient side, with informed guesswork about the possible type of participation from beneficiaries and other institutions. But agreement as to how to include these other stakeholders so that they can be involved, as appropriate, in subsequent negotiations is essential. For example, in contract or tender related work this may often mean providing priming funds to enable stakeholders to organise and equip themselves for negotiations (McManus & Wood-Harper 2003).

A question of values
Organisations have finite resources and the CEO, COO, and CFO control much of these. In decision-making, policy debates on resource allocation often involve the balancing of needs, some of which may compete: employment, profit, intrinsic values, recreation, and, for example, social status and power. While we can conceptualise a wide variety of types of values, policy debates and solutions require an understanding of how things are actually valued by different people. Little of the work on stakeholder values has been empirically based to this point. Defining the values being promoted and the sources of these values could facilitate decision-making management and conflict resolution between groups, both within decision-making and in disputes over inter-organisational resources. A variety of methods are possible for assessing different types of stakeholder values. Some values may be quantifiable by their nature. There are, however, ranges of intrinsic values that have been variously referred to have non-commercial, non-quantitative, and non-market values (Guilmette et al, 1996).

Intrinsic values are often associated with what behaviourists call ‘higher needs’ (Maslow, 1970 and Skinner, 1974) that is trust, motivation, empowerment, success, relationships and influence. Within decision-makings management people are an organisation’s only real resource. It is the individuals associated with decision-making who create and implement ideas. Without them, nothing would exist: there would be no memory, no strength, and no advantage. The basic value, which is so important, is ‘respect for people’. Individuals have rights and duties, and the most essential of these is the right to do an excellent job coupled with the duty to do so with satisfaction Guilmette et al, (1996).

Stakeholders have both a positive and a negative impact on decision-making.
One of the most common ways of examining the impact of stakeholder participation within decision-making is through empirical studies. Sometimes these observations are based on decision-making appraisal and/or post evaluation. Not all decisions are deemed successful in their outcomes. It should be considered equally important to analyse why decision-making was not as successful as expected and to deduce where participation of stakeholders, particularly in the implementation phase, might have helped avoid some of the mistakes made.

Research undertaken by McManus (2005) surveyed executives for their opinions about why decision-making succeed. Findings suggest the three major reasons why a decision-making will succeed are stakeholder involvement, executive management support, and a clear statement of requirements. Without them, the chance of failure increases dramatically. Another key point of interest is the importance of stakeholder involvement in decision-making.

In management decision-making, management have to acknowledge that it is highly unlikely that all stakeholders’ expectations will be met. Therefore, the manager must somehow ascertain which stakeholders should be satisfied. Since stakeholders have the ability to positively or negatively influence the decision-making process, integrating the right group is essential. Specific organisational strategies used to integrate stakeholders will differ, depending on the issue and the stakeholder’s potential to co-operate or threaten the decision-maker’s performance. Using the problem-frame/stakeholder maps described by Bryson (2003) is a good starting point to developing stakeholder strategies. The problem-frame stakeholder mapping technique was developed by Anderson et al., (1999). This technique is especially useful in helping develop problem definitions likely to lead to a winning coalition. Careful analysis is usually necessary to find desirable problem definitions that can motivate action by a coalition of stakeholders large enough to secure adoption of preferred solutions and to protect them during implementation (Jacobs and...
A crucial first step in this analysis is to link stakeholders to alternative problem definitions through a problem definition stakeholder map (figure 1). Ideally, once a ‘winning’ frame has been identified, specific policy proposals can be developed within that framing.

**A question of followers and challengers**
Managers should understand that each stakeholder has the ability to equally threaten and co-operate with the decision-making process. The objective is to reduce the threatening element and increase co-operative behaviour. It is important to realise that the stakeholder’s potential to act and their willingness to act are not directly related. Therefore, when looking at strategies, it is important to examine not only strategies addressing stakeholders who are positively disposed towards a decision-making but those who are negatively disposed towards decision-making as well. Some strategies may only be appropriate for a stakeholder with a specific disposition towards decision-making, that is, positive or negative. In other cases a given strategy may be appropriate for either type of stakeholder that is both (Polonsky, 1995). Evidence would suggest that stakeholder involvement represents an empirical shift towards an inclusive approach to decision-making. In this context managers adopt a widespread concern for the long-term strategic interests of all stakeholders, towards a sense of residency and an emphasis on stakeholder management within decision-making.

<table>
<thead>
<tr>
<th>Type</th>
<th>View</th>
<th>Strategy</th>
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<tbody>
<tr>
<td>Mixed Blessing</td>
<td>These stakeholders are extremely important, for they have the ability to co-operate with the decision-making or threaten the achievement of the decision-making objectives.</td>
<td>One appropriate strategy for Mixed Blessing stakeholders is to integrate them into the decision-making strategy development process. This will ensure that the objectives of the stakeholders are included in strategy as it is formed and thus will not require a later ‘redevelopment’ of strategy.</td>
</tr>
<tr>
<td>Supportive</td>
<td>These stakeholders have the ability to co-operate with the decision-making, but have little ability to threaten its activities.</td>
<td>This group may require extremely innovative strategies to be developed in order to diffuse negatively disposed stakeholders within the group.</td>
</tr>
<tr>
<td>Non-Supportive</td>
<td>These stakeholders have the ability to threaten the decision-making activities, but have little ability to co-operate with the decision-making organisation. Governmental bodies are often considered to be non-supportive stakeholders.</td>
<td>Use collaborative strategies. Collaborative strategy minimises the potential for threatening behaviour from and increases its co-operative behaviour.</td>
</tr>
<tr>
<td>Marginal</td>
<td>These stakeholders have little ability to threaten the decision-making activities or to co-operate with the decision-making. This group may have little interest in the decision-making activities at a given point in time.</td>
<td>Interest may change over time and therefore the potential for co-operation or threat may change. Under such circumstances a collaborative strategy minimises the potential for threatening behaviour.</td>
</tr>
<tr>
<td>Bridging</td>
<td>One definition of the term Bridging stakeholders is all groups who forward their own ends as well as to serve as links between other stakeholders.</td>
<td>One positive strategy would be to have open communication channels with the Bridging stakeholders. This would allow decision-makings to ‘influence’ the Bridging group’s actions and therefore indirectly affect the ‘influenced’ groups’ expectations or behaviour towards the decision-making itself.</td>
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Productivity take-off in the aerospace industry

In the spring issue we reported that BAE Systems have stipulated the IMS Certificate as a mandatory qualification for all their IE staff. The good news for the IMS doesn’t stop there.

UK productivity trainer Scott-Grant is pretty upbeat for two reasons. There has been a significant increase in the number of businesses who are looking to companies like Scott-Grant to get practical help and advice on improving their productivity – and a high number of those businesses are in the UK aerospace industry.

Scott-Grant’s MD Richard Taylor explained: “We have been impressed with the number of companies connected with the aerospace industry in this country who are seriously committing to Lean and industrial engineering techniques as the way forward. Productivity is very much in the spotlight – and the skills and techniques introduced in the IMS Certificate course are considered ideal ingredients in addressing productivity issues effectively. The IMS Certificate is definitely hailed as the industry standard professional qualification.

“It is really encouraging that organisations in the UK aerospace industry have become so active in recent months and have wanted to introduce their people to and get them trained in these techniques. We hear a lot of negatives about economic pressures, but there are many positives around too and they tend to get a little buried.”

The case of Bombardier Aerospace, Belfast is a prime example. Recently the company has invested in the development of productivity skills and techniques. Eight employees have been trained for the full IMS Certificate course in Belfast on four one-week modules – and all have achieved the qualification.

Meeting objectives Bombardier’s industrial engineering manager Harry Montgomery wanted manufacturing engineers to have a formal professional qualification in productivity techniques and he felt that the IMS Certificate would achieve that objective. The course trained Bombardier participants to apply both industrial engineering and Lean techniques in their work.

The investment by the company in helping to develop productivity improvement expertise is excellent news for the institute and the profession. It is a further example of the importance placed by the aerospace industry on these fundamental techniques.

Other companies who are associated with the aerospace industry, for example in fabrication, assemblies and component manufacture have been to Scott-Grant to be trained in the productivity techniques covered in the IMS Certificate. Productivity really seems to be flying high.

Technical director Mike Seaman from Scott-Grant said: “The aerospace industry is responding to their market challenges and looking to improve response and delivery times, to maximise their potential, eliminate waste and balance their resources. Focussing on better and leaner processes enables all organisations to improve their productivity levels and add value throughout. We hear a lot of negatives about economic pressures, but there are many positives around too and they tend to get a little buried.”

We hear a lot of negatives about economic pressures, but there are many positives around too and they tend to get a little buried.
Better Decision Making – In Difficult Economic Times

Member of the Council of Management and delegate to Eastern Region, Richard (Dick) Bridges joined an invited audience of over 170 delegates at the Grosvenor Hotel, London to participate in Bernard Marr’s masterclass presentation: Better Decision Making In Difficult Economic Times.

Bernard Marr, founder and CEO of Advanced Performance Institute (API) is a best-selling author and leading global authority on organisational performance and business success.

In this capacity he regularly advises leading companies, organisations and governments across the globe, which makes him an acclaimed and award-winning keynote speaker, researcher, consultant and teacher. Bernard Marr is acknowledged by CEO Magazine as one of today’s leading business brains.

He has written a number of seminal books and over 200 high-profile reports and articles on managing organisational performance. This includes the best-sellers Key Performance Indicators, The Intelligent Company, More with Less, Managing and Delivering Performance and Strategic Performance Management, a number of Gartner reports, and the world’s largest research studies on the topic.

Organisations he has advised include Accenture, AstraZeneca, the Bank of England, Barclays, BP, DHL, Fujitsu, Gartner, HSBC, Mars, the Ministry of Defence, the Home Office, the NHS, Orange, Tetley, T-Mobile, Royal Air Force, Royal Dutch Shell and many others.

Prior to his role at API, Bernard held influential positions at the University of Cambridge and at Cranfield School of Management. Today, he also holds a number of visiting professorships and serves on the editorial boards of many leading journals and publications including the Business Strategy series.

Bernard’s expert comments regularly appear in a range of high-profile publications including The Times, The Financial Times, Financial Management, the CFO Magazine and the Wall Street Journal.

In addition to the setting with a most welcome brunch, the underpinning appetisers of the event were:

- Participation in valued conversations with peers about performance improvement and management;
- Picking up insights from some of the world’s most successful companies;
- Learning about some of the most innovative KPIs in use today;
- Hearing about the latest on performance dashboards, analytics and scorecards and how to leverage big data;
- Learning how to use dashboards, analytics and business intelligence to drive fact-based decision-making and performance improvements.

Taken from his book The Intelligence Company using the EbM (evidence based management) model (figure 1) Bernard’s presentation addressed key and relevant issues relating to the cornerstones of figure 1, the components of

Bernard Marr is acknowledged by the CEO Journal as one of today’s leading business brains.
Difficult Economic Times

1. Agreeing strategic objectives and priorities;
2. Collect the right management information;
3. Analyse the data and extract insights;
4. Present and communicate the insights;
5. Making better-informed decisions.

Using case study material, extensive knowledge and past experience, Bernard described ‘tree’, ‘spotlight’ and ‘school’ analogy models, strategy maps, and the facets of the ‘Tesco steering wheel’ concept as well as that of the ‘Carlsberg’ model. He held the audience spellbound.

He gave visionary examples of measuring performance in differing industrial, commercial, government and line agency departments, thus carefully steering his vision and the thinking of the audience into measures of performance and subsequently focusing upon analytics and experiments, dwelling for a while on performance analytics, (Source: from Analytics at Work, HBS Press, 2010) as in figure 2.

Often within our Institute we say: “If you cannot measure, it is not worth doing”. In that respect Bernard questions: “How do you measure Love?”

In moving towards closure, the use and application of key performance indicators (KPIs) and dashboards were addressed. Here, he promoted the creation of visually rich displays. In support of that, in his final revelations, Bernard continued to focus upon presentation of information, providing and highlighting examples of how and what could be learned but, equally and likely more important, how they are practiced in a general business environment. He achieved this by drawing reference and comparison to newspaper headlines and magazines and particularly interesting, mention of the glossy and glamour publications. Here, Bernard is quite convinced that business can learn from these avenues.

In closing his presentation he drew the following conclusions:
- Decision making is everyone’s everyday job;
- Intelligent strategy, clear objectives & strategy maps;
- Intelligent data, agreed KPQs and KPIs;
- Intelligent insights, analytics and experiments;
- Intelligent communication, narratives & visuals;
- Intelligent decision making, improvement meetings;
- Embrace a culture of driving high performance.

In the closing of my account of the event, I would urge all Institute members to get into the same orbit as Bernard Marr, either by attending one of his presentations and/or reading one of his books, such as Managing and Delivering Performance, The Intelligent Company or Key Performance Indicators (KPI).

For me it was an eloquent presentation and a classic example of not only what was said, but the style and manner in which it was said. It was well worth another very early morning start!
NHS Fails to meet productivity targets

A recent report from the King’s Fund found that data obtained from 60 NHS finance directors revealed that 40% of NHS Hospital Trusts did not meet their productivity targets in 2011/12. The report said: “This will be a significant concern as last year was the first in a four-year spending squeeze, during which the NHS needs to find £20bn in productivity improvements.”

John Appleby, chief economist at the King’s Fund, said: “Overall, the NHS continues to perform well, despite the spending squeeze. However, this masks growing pressures in hospitals and significant performance issues in some NHS organisations.”

Productivity continues to fall in Singapore

Labour productivity continued to contract in the first quarter of this year, sliding 2.2%. This is the second worst quarter in almost three years, and continues a contraction which began in the last quarter of last year, when labour productivity fell 0.5%. Productivity dipped in both the manufacturing and services sectors. Together, they employ nearly nine in ten workers in the labour force.

Productivity levels on Mondays

Research into productivity levels across regions of the UK by online office supplies retailer Viking revealed 22% of office staff feel Mondays are when they feel they’ve accomplished the most at work. The research found that Monday mornings between 10am and noon is the most productive time of the week for office workers in the East of England.

The return of forecourt attendants

Shell has reintroduced forecourt attendants at selected times at nearly 300 of its sites across the UK. The Attended Service programme is a free service designed to help drivers with advice on fuels and fuel efficiency, basic car care and safety tips. Attendants will also advise customers on correct fuel selection, after its research revealed that 9% of motorists have filled their car with the wrong fuel. In addition, even though 90% of customers claim they know how to check their oil, more 13% do not check oil levels on a regular basis.

More than 22% of those surveyed said that constant email traffic and sitting in meetings where nothing happened were also major drains on output while a further 22% argued that red tape was a barrier to greater productivity.
UK car industry is world leader

Following many years of decline, the UK car industry has now started to expand and has become a world leader. Jaguar Land Rover has reported record profits of £1.5bn mainly due to strong growth in China.

The decision by General Motors to invest £125m in its Vauxhall plant in Ellesmere Port will create around 700 new jobs at the plant and a further 3000 in the supply chain. It follows a string of investments by other major carmakers such as Ford, Nissan and Toyota in their British operations – more than £4bn of new investment has been pledged in the past 18 months alone.

Poor productivity in UK mid-sized firms

A recent report by GE Capital indicates that mid-sized businesses could have played a more significant role in the UK’s economic recovery over the course of the last three years.

The report found that the 21,500 mid-sized firms in the UK have significantly underperformed in comparison to their counterparts in other leading European economies, with productivity per employee lower than their competitors in Germany, France and Italy.

World Bank’s project to increase productivity in Sierra Leone

The World Bank has announced that it has made available $17m of funding to help improve the overall performance and productivity of the Sierra Leone’s civil service.

The need for a lean, down-sized, decentralised and performance-driven public sector is obvious. But serious doubts exist that the government has the political will and commitment needed to make bold, strategic policy decision that will make this happen.

World Bank Country Manager for Sierra Leone, Vijay Pillai, stated: “The project is timely for Sierra Leone given that a reformed civil service would greatly facilitate the smooth economic transformation.”
The Institute of Management Services
(A company limited by guarantee)
Trustees’ report and financial statements
for the year ended 31 December 2011

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2011 was a significant year for the Institute and indeed for myself, having been elected Chairman at the AGM in October. My thanks go to the Council of Management for the confidence they have placed in me to take the Institute forward and to my predecessor David Blanchflower who has left a solid foundation upon which I hope to build.

I am now in a position to implement the strategy formulated when I was Deputy Chairman. The key elements of this are: To strengthen the links between the Institute and its existing education providers and to identify and develop new links and providers, particularly those overseas; to raise the profile and increase membership of the Institute in the retail and services sectors, which have been identified as significant growth areas in the economy; and, to improve communications, in particular, the Institute’s use of the internet.

In terms of income, membership continued to rise during 2011 with a steady stream of students coming through the Institute’s education system. The current membership is just over 1900 which we hope to increase as we implement our strategy. It is interesting to note that demand for traditional Management Services skills continues to grow, as organisations work hard to improve their efficiency and effectiveness in an effort to ride the economic recession.

The Institute journal, recognised as the authoritative publication on productivity in the UK, has improved in terms of layout and content and although issued free to members, generates supplementary income from a variety of subscribing organisations.

It can be seen from the accounts that the Institute continues to be financially sound and it is perhaps worth noting that the decision taken by Council in 2008 not to dispose of the Chariguard investments when the recession was at its worst, has been vindicated, as the capital value of that investment has increased significantly.

Administration support from Brooke House was first-class during the year and a considerable amount of additional work was done to document all the administrative procedures. Whilst such support is under constant review as part of the ongoing operational expenses, Council consider that we continue to receive excellent value for money.

Finally, the financial well-being of the Institute doesn’t just happen. A lot of hard work has to be done to keep costs within manageable limits and to identify new sources of income to increase revenue. Credit must, therefore, go to the Institute Treasurer for his sound financial governance and also to all Members of Council for ensuring their remits are carried out efficiently and effectively and within budget.

Dr Andrew Muir, Chairman

Chairman’s Statement 2012

The trustees present their report and the financial statements for the year ended 31 December 2011. The trustees, who are also directors 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 2011 and the next elections due in 2013. The Board of Trustees meet three times a year in addition to the Annual General Meeting.

Risk review, governance and internal control
Directors are responsible for providing assurance that:
- The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include: regular financial reports to Council and an external audit.

How our activities deliver public benefit
It is a requirement of section 17 of the Charities Act 2011 that a charity has due regard to the guidance issued by the Commission on how the charity provides a “Public Benefit”.

The Directors of the Institute have fully satisfied themselves that as a registered charity they do provide a Public Benefit. 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.

Our Articles of Association and Memorandum clearly require the Institute to expand the concept and knowledge of the benefits of Productivity in improving the wealth and living standards.
of all. These objectives are achieved by publishing a regular journal containing articles on Productivity and maintaining a website that contains information on productivity techniques and current thinking on productivity. The journal and website are freely available for all to access.

Our main activities and who we are try to help are described below. All our charitable activities focus on making widely known the benefits of improving productivity as a means of raising the living standards of all peoples in the world. To this end we are associated with all the world’s leading productivity organisations, publish a journal and maintain a website.

Recruitment and Appointment of Council of Management

The directors of the company are also charity trustees for the purposes of charity law and under the company’s Articles are known as members of the Council of Management. Under the requirements of the Memorandum and Articles of Association the members of the Council of Management are elected to serve for a period of four years after which they must be re-elected at the next Annual General Meeting. All member of the Management Committee give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 10 to the financial statements.

Trustee Induction and Training

Most trustees are already familiar with the practical work of the charity. Additionally, new trustees are invited and encouraged to attend a series of short training sessions to familiarise themselves with the charity and the context within which it operates. These are jointly led by the Chairman of the Council of Management and the Company Secretary of the charity and cover: The obligations of Council of Management members. The main documents which set out the operational framework for the charity including the Memorandum and Articles. Resourcing and the current financial position as set out in the latest published accounts. Future plans and objectives.

Objectives and activities

Achievements and performance

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 Institutes financial needs into the future. In 2011 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 2011 financial statements.

January 2005 saw the outsourcing of the Institutes 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 Institutes website with the current issue only being available to Institute members via the use of a password.

In 2011 the Institute redesigned its website with enhanced features. The website is the Institutes face to the world and has attracted visits from all around the world. In the present technological age it is important that the Institute maintains an informative website and continues its role of being a major source of information on productivity improvement.

In 2011 a regular email newsletter was introduced and emailed to all Institute members on a two monthly frequency. The newsletter contains information from around the world on current productivity thinking and focuses on the Institutes core subject area of productivity improvement.

The 2011 AGM was held in George Hotel, Lichfield and attracted a number of members.

The three national education providers accredited to provide courses leading to the award of the Institutes 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.

Financial review

It is the intention of the Institute during 2012 and subsequent years to seek to increase membership numbers. Recruitment initiatives will include advertising in the professional journals of other Institutes.

Plans for future periods

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 £444,825 unrestricted funds at 2011.

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 charity’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 are responsible for preparing the annual Trustees’ Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company 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 charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the trustees are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Leftley Rowe and Company are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the board

H. Downes Hon FMS

Secretary
Independent auditor’s report to the members of The Institute of Management Services

This report is made solely to the company’s members, as a body, in accordance with Section 495 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 for the purposes of company law) responsibilities for preparing the trustees’ report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 and are properly prepared in accordance with the Companies Act 2006, and whether the information given in the Trustees’ Annual Report is not consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees’ remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity’s affairs as at 31 December 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 2006; and
• the information given in the trustees’ 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
The Heights 59-65 Lowlands Road
Harrow Middlesex HA1 3AW
Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 December 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted funds</th>
<th>Total £</th>
<th>2011 £</th>
<th>2010 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Incoming resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incoming resources from generating funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary income</td>
<td>2</td>
<td>41,618</td>
<td>41,618</td>
<td>37,681</td>
</tr>
<tr>
<td>Activities for generating funds</td>
<td>3</td>
<td>5,331</td>
<td>5,331</td>
<td>-</td>
</tr>
<tr>
<td>Investment income</td>
<td>4</td>
<td>17,882</td>
<td>17,882</td>
<td>9,913</td>
</tr>
<tr>
<td>Incoming resources from charitable activities</td>
<td>5</td>
<td>21,271</td>
<td>21,271</td>
<td>25,401</td>
</tr>
<tr>
<td>Surplus on retirement benefit pension scheme</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>(718)</td>
</tr>
<tr>
<td><strong>Total incoming resources</strong></td>
<td></td>
<td>86,102</td>
<td>86,102</td>
<td>72,277</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resources expended</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable activities</td>
<td>7</td>
<td>80,284</td>
<td>80,284</td>
<td>86,589</td>
</tr>
<tr>
<td>Governance costs</td>
<td>7</td>
<td>2,600</td>
<td>2,600</td>
<td>2,186</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td></td>
<td>82,884</td>
<td>82,884</td>
<td>88,775</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other recognised gains and losses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains/(Losses) on revaluation of investment assets</td>
<td></td>
<td>(9,728)</td>
<td>(9,728)</td>
<td>14,092</td>
</tr>
<tr>
<td><strong>Net movement in funds</strong></td>
<td></td>
<td>(6,510)</td>
<td>(6,510)</td>
<td>(2,406)</td>
</tr>
<tr>
<td><strong>Total funds brought forward</strong></td>
<td>451,335</td>
<td>451,335</td>
<td>453,741</td>
<td></td>
</tr>
<tr>
<td><strong>Total funds carried forward</strong></td>
<td></td>
<td>444,825</td>
<td>444,825</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.

The notes on pages 6 to 8 form an integral part of these financial statements.

---

Balance sheet as at 31 December 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>133,834</td>
<td>143,563</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7,421</td>
<td>1,724</td>
</tr>
<tr>
<td>Bank and cash</td>
<td>430,402</td>
<td>464,706</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td>437,823</td>
<td>466,430</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>71,301</td>
<td>70,699</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>444,825</td>
<td>451,335</td>
</tr>
<tr>
<td>Funds</td>
<td>444,825</td>
<td>451,335</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 8th June 2012 and signed on its behalf by

A.P. Muir FMS (Chairman)
Director
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
Unrestricted funds 2011 Total 2010 Total
£  £   £  £
Membership subscriptions 41,618   41,618   37,681

3. Activities for generating funds
Unrestricted funds 2011 Total 2010 Total
£  £   £  £
Other activities for generating funds income 5,331   5,331   -  -

4. Investment income
Unrestricted funds 2011 Total 2010 Total
£  £   £  £
Other activities for generating funds income 17,882   17,882   9,913

5. Incoming resources from charitable activities
Unrestricted funds 2011 Total 2010 Total
£  £   £  £
Advertising revenue and journal subscriptions 8,803   8,803   9,790
Examination entry fees 2,588   2,588   3,288
General 9,880   9,880   10,323
Amounts from groups and branches 2,000   2,000
21,271   21,271   25,401

6. Other incoming resources
2011 Total 2010 Total
£  £   £  £
Surplus on retirement benefit pension scheme -  (718)

Notes to financial statements for the year ended 31 December 2011
### Costs of activities in furtherance of the objects of the charity

<table>
<thead>
<tr>
<th>Costs directly allocated to activities</th>
<th>Advertising subscription £</th>
<th>Examinations £</th>
<th>Governance £</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of allocation - Direct</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examination charges</td>
<td>-</td>
<td>188</td>
<td></td>
<td>301</td>
<td></td>
</tr>
<tr>
<td>Journals printing, postage and related costs</td>
<td>-</td>
<td>35,193</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>-</td>
<td>-</td>
<td>2,600</td>
<td>2,186</td>
<td></td>
</tr>
<tr>
<td>Sponsorships and awards</td>
<td>525</td>
<td>-</td>
<td>525</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td>Membership diaries</td>
<td>104</td>
<td>-</td>
<td>104</td>
<td>130</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Support costs allocated to activities</th>
<th>Advertising subscription £</th>
<th>Examinations £</th>
<th>Governance £</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of allocation - to main activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committee meeting expenses</td>
<td>-</td>
<td>-</td>
<td>6,540</td>
<td>13,474</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Outsourcing administration costs</td>
<td>25,380</td>
<td>-</td>
<td>25,380</td>
<td>26,164</td>
<td></td>
</tr>
<tr>
<td>Printing, postage and stationery</td>
<td>1,575</td>
<td>-</td>
<td>1,830</td>
<td>1,744</td>
<td></td>
</tr>
<tr>
<td>Computer costs</td>
<td>5,082</td>
<td>-</td>
<td>5,082</td>
<td>5,442</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>35</td>
<td>-</td>
<td>35</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>21</td>
<td>-</td>
<td>21</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Irrecoverable VAT</td>
<td>3,814</td>
<td>-</td>
<td>3,814</td>
<td>2,850</td>
<td></td>
</tr>
<tr>
<td>General expenses</td>
<td>213</td>
<td>-</td>
<td>213</td>
<td>2,005</td>
<td></td>
</tr>
<tr>
<td>Subscriptions to other organisations</td>
<td>559</td>
<td>-</td>
<td>559</td>
<td>824</td>
<td></td>
</tr>
</tbody>
</table>

| Total                                | 37,308                      | 35,193         | 188         | 10,195 | 82,884 |
|                                      |                             |                |             |        | 88,650 |

### 8. Governance costs

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors remuneration</td>
<td>2,600</td>
<td>2,600</td>
</tr>
</tbody>
</table>

### 9. Net incoming/(outgoing) resources for the year

<table>
<thead>
<tr>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net incoming/(outgoing) resources is stated after charging:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and other amounts written off tangible fixed assets</td>
<td>-</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>2,600</td>
</tr>
<tr>
<td>and after crediting:</td>
<td></td>
</tr>
<tr>
<td>Exceptional credits</td>
<td>-</td>
</tr>
</tbody>
</table>

### 10. 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>2011 Number</th>
<th>2010 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>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel, accommodation, stationery</td>
<td>4,707</td>
</tr>
</tbody>
</table>

### 11. Taxation

The charity’s activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no taxation charge in these accounts.

### 12. Tangible fixed assets

<table>
<thead>
<tr>
<th>Cost</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixtures, fittings and equipment</td>
<td>9,475</td>
<td>9,475</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Depreciation</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2011 and 31 December 2011</td>
<td>9,475</td>
<td>9,475</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net book values</th>
<th>2011 £</th>
<th>2010 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2011</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
13. **Investments**

<table>
<thead>
<tr>
<th>Listed investments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chariguard UK Equity Fund at market value</td>
<td>£</td>
</tr>
<tr>
<td>At 1 January 2011</td>
<td>143,562</td>
</tr>
<tr>
<td>Unrealised gain/(loss) on investments</td>
<td>(£)</td>
</tr>
<tr>
<td>(9,728)</td>
<td>(9,728)</td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>133,834</td>
</tr>
<tr>
<td>Historical cost as at 31 December 2010</td>
<td>£</td>
</tr>
<tr>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

14. **Debtors**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>2,689</td>
</tr>
<tr>
<td>Other debtors</td>
<td>903</td>
</tr>
<tr>
<td>Prepayments</td>
<td>3,829</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,421</td>
</tr>
</tbody>
</table>

15. **Creditors: amounts falling due within one year**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>4,516</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>22,727</td>
</tr>
<tr>
<td>Other creditors</td>
<td>468</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>43,590</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>71,301</td>
</tr>
</tbody>
</table>

16. **Creditors: amounts falling due after more than one year**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Deferred income (note 17)</td>
<td>55,531</td>
</tr>
</tbody>
</table>

17. **Accruals and deferred income**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Advance subscriptions</td>
<td>£</td>
</tr>
<tr>
<td>At 1 January 2011</td>
<td>(84,369)</td>
</tr>
<tr>
<td>Released in year</td>
<td>28,838</td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>(55,531)</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.

18. **Analysis of net assets between funds**

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fund balances at 31 December 2011 as represented by:</td>
<td></td>
</tr>
<tr>
<td>Investment assets</td>
<td>133,834</td>
</tr>
<tr>
<td>Current assets</td>
<td>437,823</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(71,301)</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>(55,531)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>444,825</td>
</tr>
</tbody>
</table>

19. **Unrestricted funds**

<table>
<thead>
<tr>
<th>At 1 January 2011</th>
<th>Incoming resources</th>
<th>Outgoing resources</th>
<th>Gains and losses</th>
<th>At 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>451,335</td>
<td>86,102</td>
<td>(82,884)</td>
<td>(9,728)</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 47 years.
Why Don’t YOU Join the IMS

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?
Contact the IMS for an application form

W: www.ims-productivity.com
E: admin@ims-stowe.fsnet.co.uk
T: 01543 266909

Brooke House, 24 Dam Street, Lichfield, Staffs WS13 6AA