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

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.

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Why and how? By Mike Sweeney and Bob Lilis
In this column, I thought I would outline a day in the life of the Institute Chairman. Not a typical day, granted, but Friday 19 October – the date of the Institute's AGM.

On Thursday 18 October, at 7pm, I met with Institute Treasurer, David Blanchflower. We discussed a range of financial issues, including several specific items relating to the Institute’s investments and strategic initiatives. Our meeting lasted a couple of hours, concluding just before 9pm.

The next day at 9am, I met with the Institute’s administration manager, Lynette Gill, to go through a number of domestic/operational issues and to sign off several documents for our auditors and Company House. We also prepared for the AGM, the Council of Management meeting and a meeting of the regional Chairs.

At 10.30am, I chaired my first AGM of the Institute. It was pleasing to see such a healthy attendance, including our first female member in a very long time, as well as two of the Institute’s main education providers.

The meeting went well and there was a general endorsement of the direction in which the Institute is going. There were no Council members up for re-election and I had only one resignation to announce, that of Harry Downes. This gave me an opportunity to record my thanks to Harry for his contribution to the Institute and to formally welcome his replacement, Malcolm Towle.

The Institute’s Annual Report and Accounts were accepted – thanks to David Blanchflower for all his hard work. Having been Treasurer myself for a number of years, I appreciate the amount of work that needs to be done to keep the Institute on an even keel financially. Well done David.

There were, of course, many comments and suggestions made during the meeting, but all were constructive and helpful. Indeed, there were a number of suggestions made by our education providers – Richard Taylor (Scott Grant) and Eugene Chinal (Harry Mitchell College) – which I found both encouraging and reassuring. My thanks for that, gentlemen.

Council meeting
The AGM concluded at 11.15am, and was immediately followed by a meeting of Council (details of the new Council are listed on the opposite page). Before giving a short briefing, I would like to thank my colleagues on Council for re-electing me as Chairman. I shall endeavour to justify their faith in me to take the Institute forward.

One of my first duties as Chairman, a particularly pleasant one, was to formally welcome Malcolm Towle to Council. Malcolm is currently Chairman of the East Midlands Region Board (see page 20) and I’m sure his skills and experience will add significant value to the management team. I look forward to working with him over the next few years.

There was a packed agenda for this first Council meeting and in addition to the normal items of finance, education, membership, there were a number of specific items of note:

- The Institute has been invited to host a joint conference with Cranfield University on continuous improvement and 6Sigma. Discussions are taking place with Dr Bob Lillis at Cranfield on the exact format for the event. I shall keep you advised of progress.
- JAFCON (a management consultancy in Bahrain) have recently appointed a new business development director whose principal remit is to review opportunities in the training field. They have indicated that this new director will be in touch with the Institute to explore possible areas of cooperation. (Myself and David Blanchflower met with the managing director and a senior consultant of JAFCON some time ago.) It will be interesting to see how this develops.
- A new membership database has been set up at Brooke House to replace the old one, which was becoming too problematic and costly to maintain. The new database is operating well but there are some items of data which will
Institute News

Chairman’s notes -

On page 14 of the journal, there is an article on Adam Smith, author of The Wealth of Nations and father of modern economics. There are two particular points about Adam Smith I would like to make:

a) From an ‘efficiency practitioner’s’ perspective, perhaps the most notable feature of Adam Smith’s thinking, which differed from economic thought prior to his book’s publication in 1766, is the statement of natural liberty. He believed that, ‘man’s self interest, is God’s providence’ and held the view, that if government abstained from interfering with free competition, industrial problems would work themselves out and the ‘practical maximum of efficiency’ would be reached. He applied the same philosophy to international relations and concluded from this, his argument for free trade.

b) In 1751 Adam Smith was appointed professor of ‘logic’ at Glasgow University. I think most would agree that ‘logic and common sense’ appear to be in fairly short supply today. Perhaps if such positions were re-established, we could all learn that life can become less complex and, the quality of that life, better as a consequence. Alas, I doubt it will ever happen!

Recognition and celebration

In the summer edition of the journal I advised that the Institute’s Council of Management was keen to recognise and celebrate success and had agreed to initiate a silver medal for Student of the Year. This to be presented along with the current certificate and monitory award.

As a continuation of that theme, I can now advise that Council have agreed to present Past Chairmen of the Institute with medals, as a small memento for their period as Chairman and in recognition of the contribution they have made to the Institute. These will be presented at an appropriate event sometime next year.

Future operation

Following lunch, I hosted a meeting with the regional Chairmen to engage them in discussions on the current and future operation of the Institute. I also wanted to explore how members at region level could perhaps contribute to the Institute at a higher level.

The meeting was very constructive and helpful and I was impressed by the general enthusiasm and commitment to what we are trying to achieve.

From the feedback I’ve received, I can say with some conviction that the meeting was mutually beneficial and I have asked each Chair to explore, with their respective Boards, how they can assist the Institute at a higher level and support our overall strategy.

My thanks to Harry Hogg, Ray Martin, John Hopkinson and Malcolm Towle. The meeting was concluded just after 4pm. All in all, Friday 19 October was a very busy, but productive and certainly rewarding day. However, thankfully not every day in the life of the Institute Chairman is the same!

Finally, as we are coming up to the festive period, can I take this opportunity to wish you and your family a very happy Christmas and a prosperous and productive New Year.

Dr Andrew Muir
On 12 September, members of the North West Region visited Vauxhall Motors at Ellesmere Port in Cheshire.

On arrival, we were given a history of the company, including its philosophy of manufacture and the importance of the four Ms – manpower, machines, materials and methods.

Our first port of call was the body shop which has 348 employees. Two handed production along the track lines enabled parts to be fitted on both sides of the unit and workload balancing was evident throughout the manufacturing procedures.

The plant used lean manufacturing techniques with a flow line production of 44 units per hour observed, although the throughput speed could be substantially increased or decreased if required.

The general assembly shop, with its 748 employees, included some impressive features. Practically every vehicle in sequence was different in type, model or colour, displaying a computerised planning system and manpower knowledge of exceptional capability!

The human element was also utilised, for example, at the wheel fitting station five wheel nuts were preloaded into an hand held jig and loose fitted to the wheel studs, prior to a machine screw fit.

The objective of lean manufacture is to produce on a ‘just in time’ basis and to minimise the time line from start to finish. The suppliers’ computing systems are linked with Vauxhall’s to enable a ‘real time’ stock level requirement, giving space saving benefits as well as keeping down the cost of materials in stock.

Because Vauxhall only build vehicles to order, and by agreement, any down time is paid for but must be reimbursed by extra working time, for example Saturday mornings, during periods of greater demand.

An excellent tour of the manufacturing complex was concluded with a question and answer session in the in-house training room.

Harry Hogg

North West members visit Vauxhall Motors

North West Concorde technical tour

A chance to see an icon of flight engineering history
Saturday 18 May 2013, The Runway Visitor Park, Altrincham WA15 8XQ
The only Concorde in the world with a flight deck technical tour. A low price of £15 each (subject to a minimum group of persons). Free parking is included.

Meet at the Concorde reception at 2.45pm for 3pm start. From 11am onwards, visitors may enter the fully restored BEA Hawker Siddeley TRIDENT 3B (plus other aircraft to view).

This promises to be an extra special visit, especially for enthusiasts. Please give your full name well before the date which will be entered onto your personalised certificate to commemorate your visit.

To confirm your place, contact Len Price on 01204 840672 or email your full details to harry.hogg@blueyonder.co.uk
Despite the normal lull of activities during the summer holiday season, events have been continuing apace in the East Midlands Region.

In keeping with a now well established tradition, members turned out for a summer barbecue which, this year, was generously hosted by Paula Halford at her home in Leicestershire. The social gathering followed a region board meeting which saw an in depth discussion of current IMS strategies. The board is eager to progress a number of its ideas and these will be taken forward to the next meeting.

The East Midlands now has two board members who sit on the IMS Council of Management. Malcolm Towle, our Chairman, will chair the Membership and Recruitment Sub Group. Our region has always been proactive in welcoming new members so Malcolm will have several strategies at his elbow, including that of connecting the IMS more closely to major companies that use management services techniques in their operations. Some of the liaison procedures used by the region to maintain contact with members may also be helpful for other parts of the IMS structure.

John Lucey, our Council delegate for many years, has been appointed once again as company secretary to the Institute. John has made many sage contributions over the years and his presence and experience will be valued at all levels.

A further board meeting on 24 November saw proposed activities finalised. Keep an eye out for our future programme of events and do come and join us!

John Davies
Eastern Region (ER) held a board meeting at Eldon House, London, on the day that the city was awarded the Olympic Games 2012.

London had beaten off the challenge from Paris and the streets were buzzing with expectation – the British population had something to look forward to.

On my future journeys into London, I was encouraged to see the Olympic site develop from a vast waste dump into the amazing finished product.

The stadium, which I was lucky enough to visit during the Games, was met with worldwide acclaim – a fine example of British workmanship at its best. But how was it achieved so successfully?

I relate it to my working environment and my professional body, the IMS. How would we approach the problem?

Looking at the ‘big’ picture, a small town was needed to house all the athletes and backup staff, as well as a 90,000 seated stadium, a velodrome, adequate pedestrian walkways allowing hundreds of thousands of visitors to move around safely, toilets, cafes and many more attractions and facilities.

Where does one start? With five honest working men, they taught me all I knew, their names are WHAT, WHO, HOW, WHY, WHEN – critical path analysis.

These are the primary questions that need to be answered in order to establish a well determined sequence:

- Purpose – for which;
- Place – at which;
- Sequence – in which (all these activities are undertaken);
- Person – by whom;
- Means – by which.

The aim is then to eliminate, combine, rearrange or simplify those activities. Eliminate unnecessary parts of the job, combine wherever possible or rearrange the sequence for more effective results – simplify the operation.

Fortunately, the Olympic Delivery Authority had almost four years to implement and test its plan. The ‘critical analysis’ is a very tedious but necessary process and, in this day and age, it would be assisted by the use of computers.

I feel very fortunate to have enjoyed the benefits of this superb facility – it was a wonderful experience that will stay with me forever. All Institute members should feel a sense of pride at the success of the planning and development of the Olympic complex, using the systematic and analytical approach to problem solving.

I am very proud of my five honest working men.

Harry Downes
Indonesia must improve infrastructure to continue economic growth

The progress made by the Indonesian economy over the last decade is nothing short of remarkable, transitioning from an incredibly poor country to one of the stars of the emerging investment world. In the past three years the Indonesian economy has more than tripled. However, in the wake of slowing global growth and a concomitant decrease in demand for commodities, investors are starting to take a closer look at the fundamentals of the Indonesian economy.

Simply, Indonesia needs to improve its infrastructure and productivity if the country hopes to continue its enviable growth rate. Infrastructure in the archipelago is sorely lacking – Jakarta remains the largest city in the world without a metro and the city’s traffic problems belie the necessity of public transit solutions. Other segments of the economy are hampered by the lack of adequate infrastructure from aviation to freight transport as airports, roads, and ports are insufficient.

The European Commission has recently released its 2012 Competitiveness Report which indicates that Ireland is among the top 10 EU countries for ‘innovation’, and has a highly skilled workforce, and many technologically advanced firms. It indicates that Ireland shows rising productivity in manufacturing but on the negative side access to funding for SMEs in Ireland has deteriorated to second worst in the EU.

The new industrial performance scoreboard contained in the report looks at the member states’ industrial performance in five key areas: manufacturing productivity, export performance, innovation and sustainability, the business environment and infrastructure, and finance and investment.

Based on the results of these indicators the ‘consistent performers’, whose industries are dominated by technologically advanced firms and whose workforces are highly skilled. This group includes: Germany, Denmark, Finland, Sweden, Austria, Ireland, the Netherlands, the UK, Belgium and France.


Productivity affected by traffic congestion

Traffic in Europe is increasing, according to the latest ‘congestion index’ by navigation producer TomTom. It was found that Istanbul has the worst traffic congestion of the 58 cities looked at in the survey.

Traffic congestion results in a number of issues relating to lost productivity – transporting goods becomes harder and deliveries are made late, congestion creates extra fuel costs and of course, environmental costs.
Employee confidence in UK leaders at ‘rock bottom’

A recent study by Orion Partners based on a poll of 2000 UK workers, revealed a damning employee assessment of today’s business leaders and their leadership style.

It found that employee confidence in UK leaders appears to be at rock-bottom. Just 4.8% of UK workers believe that their leaders were leading in an entirely ‘brain-friendly’ manner. Neuroscience research, applied by Orion to leadership development, reveals brain-friendly leadership is critical in driving workforce engagement, high performance and overall success.

Twenty-four per cent of employees indicated the leader of their current organisation was entirely ‘brain-fried’. Totally brain-fried leaders are over-stressed, poor communicators, and lack empathy with their employees.

Jan Hills, the partner responsible for talent and leadership at Orion, stated “In this tough economic climate, leaders need to maximise the productivity of their employees.”

Commission assesses changing nature of work in the UK

In early 2012, the Recruitment & Employment Confederation convened the Flexible Work Commission, bringing together employers, recruiters, think tanks and academics to assess the changing nature of work in the UK.

The Commission, chaired by David Frost CBE, former Director General of the British Chambers of Commerce, has spent the past nine months speaking to employers across the UK about their views on, and approach to, flexibility.

The report suggests that adopting less traditional workplace structures could help organisations in both the public and private sectors reduce absenteeism, improve morale and productivity and help them attract and keep top talent.

The report indicates that managers and leaders play a pivotal role in unlocking the potential of a diverse range of work flexibility options. It is known from recently published research that public sector managers are more likely to have access to flexible working options than their private sector counterparts (81% compared to 62%) and they see this as a highly valued benefit.


Singapore needs to improve productivity

Trade and Industry Minister of State Teo Ser Luck said Singapore’s productivity decline is reflective of the slowing economy. Speaking in Parliament Mr Teo said that as business activities slow, companies tend not to adjust their workforce immediately due to the cost of hiring and firing workers.

Mr Teo stated “We need to restructure our economy to move up the productivity chain; companies need to also review their reliance on manpower; and workers need to upgrade themselves continuously to take on higher value-added jobs.”
Applying lean manufacturing in a developing economy

A case example by John Heap.

Over the last couple of years the Institute of Productivity has been involved in a project managed by UNIDO (the United Nations Industrial Development Organisation) to help improve aspects of Pakistan’s industry.

The project has a number of strands (such as ensuring compliance to international standards) but we have been involved with two main areas. The first is the creation of ‘trade corridors’ – mechanisms for building trust between potential Pakistani exporters and potential importers in identified target markets. Part of this process involves building the capacity and competitiveness of specific industrial sectors... and so we have also been involved in capacity-building and performance improvement in these sectors.

This article describes the approach we have taken... and the reasons for adopting that approach.

When we first looked at the overall ‘problem’ it was clear that some sectors of industry were quite a way behind their international competitors... in terms of technology, manufacturing systems and practices, and – often – in employment practices (and health and safety practice).

The Institute has a particular focus on ‘social productivity’ (using productivity to create social impact and this is why much of our work is in developing countries) so we were particularly keen to play a part in addressing productivity and performance improvement in ways which would improve the competitiveness of Pakistan’s industry but would also have a direct, positive impact on the communities involved in the sectors under discussion. (This approach is covered in our recent book Measuring & Improving Social, Environmental & Economic Productivity: Getting It Done by Mike Dillon and John Heap.)

Assessment and feasibility
The UNIDO team suggested that the application of lean manufacturing would be beneficial and we undertook an initial assessment and feasibility study with a view to creating a project to apply ‘lean’.

There has been enough coverage of lean manufacturing in Management Services journal for me not to have to explain what it is! However it is worth just reminding ourselves that it is based on the ‘principles’ of:

- Creating flow;
- Eliminating waste;
- Continuous improvement;
- Involving everyone.

Many of the firms we were likely to be involved with were ‘unsophisticated’... and a very long way from being lean.
Lean then uses a particular approach and a whole ‘toolbox’ of techniques and tools. When we carried out our initial assessment, we became concerned that applying ‘lean’ might be a lengthy and expensive business. Many of the firms we were likely to be involved with were ‘unsophisticated’... and a very long way from being lean.

As a result we thought ‘lean manufacturing’ might be a step too far at this stage. We therefore ‘applied lean thinking to lean manufacturing’ and proposed to UNIDO that we adopt a ‘lesser’ form of lean which we termed ‘Lean Lite’.

We felt that (applying the Pareto principle) we could get most of the benefits (and certainly a number of ‘quick wins’ by using a sub-set of lean techniques, though still based on the same principles.

The project we were involved with was going to last for three years overall but obviously we wanted to create some momentum and internal capacity so that improvement could – and would – continue after the project had finished and we had left.

We thus decided to work with the National Productivity Centre (NPC) of Pakistan (which we had helped establish a couple of years earlier) and ensure that we built their ability to apply the principles of lean manufacturing on an ongoing basis.

The process
I will now take you through the process we followed in one particular sector – the manufacture of electric fans. Fan manufacturing is concentrated in Gujrat and this concentration makes it relatively easy to visit a number of firms in a relatively short time.

Phase one of the project was to measure the current (baseline) position – partly so we ourselves understood the nature of the ‘problem’ we faced... and partly so we could subsequently demonstrate to the funders of this project (the European Union) the improvements we had made.

The Institute worked with a ‘national expert’ and with members of the NPC to measure the performance of the sector (against its major international competitors) and to measure the performance of individual firms in the sector (so we could identify different levels of performance and so they could see how they compared to the sector average and to the ‘best in class’ within Pakistan. We measured a whole range of performance factors but concentrated on an overall measure of OEE as a kind of ‘summary measure’ which has the added advantage of being relatively widely understood and widely used. (This exercise also allowed us to identify those company owners/managers who we felt were most receptive to change.)

We also carried out a stakeholder analysis to identify those individuals and groups who were affected by the project and who could influence its success. For example, there are a number of government agencies responsible for different aspects of support for industry (training, SME support, etc). To leave any of these out of our discussions and plans would be at the very least extremely rude but perhaps damaging to the project.

Delivering the curriculum
Phase two of the project was to identify a group of individuals representing the key stakeholders (and especially the NPC) who would be trained in ‘Lean Lite’ and
then undertake improvement studies in selected firms.

The Institute then designed and built a ‘curriculum’ for Lean Lite and prepared training materials. In March 2012 we went to Pakistan to deliver this programme. We had designed the curriculum to be ‘light’ but hopefully rigorous and we delivered it in three days of intensive workshop activity based around a set of relatively brief presentations and lots of exercises. However the key to success was that immediately after this three day course, the delegates were taken to Gujrat to start to ‘practice what we had preached’.

We had decided to work in one particular firm so that the delegates could work in teams and so we could monitor and support them easily. We had previously briefed the owner of this factory and – in return for the advice he would get on his production processes – he had agreed to involve his workforce in team-based improvement activity, facilitated by our newly-trained delegates. I briefed the workforce (via an interpreter since most of them spoke only Urdu) and did so in two groups so that production could be maintained.

They were then put into groups and two or three of the delegates were assigned to each of the groups. (The delegates had also been briefed on their role as ‘facilitators’ rather than ‘experts’.)

Each group was then asked to look at the overall process and then narrow down to specific activities and workstations looking at flow, waste and workplace organisation.

**Improvement suggestions**

The workers were extremely keen to get involved – no-one had previously asked for their views on what they did and what they thought. Each team of facilitators worked with one group from the work force for two days (while half the workplace operated the factory) and then with another group for another two days (while their first group went back to work).

The delegates were then given some time to prepare presentations to give to the owner (and his senior colleagues) - and to representatives of the workforce. They had been briefed to make sure that findings and recommendations were from the groups – and not from them as individuals.

The result was that the owner received 27 improvement suggestions, some capable of immediate implementation, some of which needed some planning before a change could be made and a smaller number that needed some significant investment.

After the presentations, a ceremony was held and I presented each member of the workforce with a certificate to recognise their participation and contribution.

The owner was very pleased and, in fact, had implemented three of the suggestions before we left that day! We also discussed with the owner how the gains from the improved manufacturing process might be shared with the workforce.

The next phase is for the national expert to visit the firm in three months time to repeat the measurement exercise and quantify the gains made. I will follow up with a visit to:

- Discuss implementation issues with the owner so that we can learn lessons as the approach is rolled out more widely;
- Check that he is sharing some of the gains and maintaining the improved health and safety practice contained within the recommendations;
- Identify which of the improvements are more widely applicable across the fan manufacturing sector so that the entire sector benefits;
- Discuss with UNIDO and the NPC how we can use our trained delegates in other sectors.

The approach seems to have been successful... we will know when we have re-measured... and we have created real improvement with a relatively small investment.

We think we have engineered a situation where we have:

- Lite process, high impact!

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**About the author**

John Heap is a member of Council at the Institute of Management Services, President of the World Confederation of Productivity Science, President of the European Association of National Productivity Centres, Co-editor of the *International Journal of Productivity & Performance Management*, Managing Director of the Institute of Productivity, a member of the Advisory Board at the Institute for Consultancy and Productivity Research, India and a director of Juice e-Learning.

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Celebrating a legacy

Dr Andrew Muir reports on a two day symposium to launch the Adam Smith Global Foundation.

The inaugural dinner to launch the Adam Smith Global Foundation was held at the Adam Smith College, Kirkcaldy, on 7 August.

The dinner, part of a series of events held over two days, was an imaginative affair with almost 200 guests enjoying an 18th century inspired five-course banquet complete with hog roast.

Smith himself was brought back to life by celebrated actor, Denis Alexander, who was supported by historical figures including philosopher David Hume and the national bard Robert Burns.

Entertainment was provided by Sheena Wellington, one of Scotland’s greatest traditional singers, who played the role of Lady Nairn; and a programme of music, that Smith may well have enjoyed, was performed by the Rose Street Quartet.

CEO of the Foundation, Marilyn Livingston, welcomed guests. “We have many eminent academics and Smith aficionados with us this evening,” she said. “They have come from different parts of the world to take part in the colloquium on Smith’s life in the town, discuss his influence abroad over the centuries and support the efforts that are underway to commemorate his legacy.”

Marilyn explained that the purpose of the Foundation is to celebrate the life and work of Adam Smith. “We want to harness the spirit and enterprise that he was able to demonstrate all those years ago by bringing public, private and philanthropic principles together for the benefit of all,” she said.

“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.”

Guests at the dinner included organiser of the academic symposium, Fonna Forman, associated professor of political science at the University of California and editor of the Adam Smith Review. Professor Forman spoke about “a huge revival of interest” in Smith’s work and pledged the support of the International Adam Smith Society “to Kirkcaldy and the Foundation as it celebrates Smith’s legacy.”

The Rt Hon Gordon Brown MP and Chancellor of the Adam Smith College, told guests that Smith remained hugely relevant today, highlighting his views that people are interdependent locally and globally. “We owe him a huge debt,” he said. “He never left his roots that were so important in his life. He understood that the wealth of nations lay not in land but trade and realised that the people of Kirkcaldy could do and make things others couldn’t – and vice versa. He also understood moral obligation. He was brought up in a town where the church helped the poor, where education was provided – but where there was also civic society. He wrote about our own interdependence, about how people could play a part in society locally – they depended on each other and worked with each other.

“It is 222 years since Adam Smith died, and in 11 years we will celebrate the 300th anniversary of his birth – and what he has to say in 2012 remains as relevant as ever.”

The dinner was a resounding success and a fitting way to launch the Foundation. Everyone was impressed by the excellence of the food, the palatability of the wine and the performance of the actors and musicians. A huge vote of thanks must go to the organisers and, of course, the staff and students of the Adam Smith College for making the dinner such a memorable occasion.

The intention is for the dinner become an annual event and based on this year’s evidence, there will certainly...
be no shortage of those wishing to attend.

The Adam Smith lecture
Another highlight of the symposium was the annual Adam Smith lecture, delivered by Sir James Wolfensohn KBE AO, former President of the World Bank Group (1995-2005).

Gordon Brown introduced Sir James as “The most successful president of the World Bank in its 65 year history, who had completely transformed the organisation, to make it a force for poverty alleviation.”

Sir James, who made his presentation via video link, follows a number of other eminent speakers to deliver the Adam Smith Lecture, including Sir Mervyn King, governor of the Bank of England, Alan Greenspan, former Chairman of the Federal Reserve and Kofi Annan, former Secretary General of the United Nations.”

The title of Sir James’s presentation was ‘A turbulent world.’ He praised the work of Gordon Brown, both in terms of the solutions he had advanced to resolve the global financial crisis, and in raising the profile of Adam Smith.

“Adam Smith is very much a central figure in modern economics and his views that people were interdependent, locally and globally, is as relevant today, if not more so, than it was in his day,” he said.

“The world is shrinking with the advancement in technology and global communications which is leading to a global alignment and a removal of natural identity. However, there is a need to rebalance the world and this will be the challenge for the generations to come.”

He continued: “Population growth, especially divergence between the OECD (Organisation for Economic Co-operation and Development) countries and third world countries needs to be addressed. This should lead to a redistribution of income and change the way we view the world.”

He said that an ageing population is another significant factor which has major implications for dependence and support, and also for government policy and pensions. “There are also major shifts in the strength of economics from the West to BRIC (Brazil, Russia, India and China) countries, especially Asia. ‘Economic weight’ is moving to different countries.”

Other significant issues he flagged up included:
- Africa – a high population, but low GDP (Gross Domestic Product) per head of that population;
- The Arab world – increased democracy and all the implications this brings;
- Muslim population – size and economic force;
- Youth unemployment – a significant factor throughout the world;
- Global alignment – removal of natural identity due to the rapid changes in technology and global communications.

Sir James concluded by saying that “Today is a turbulent world with a pace of change that signifies a
complete new way of how we need to look at the world and prepare for the future.”

Sir James’s lecture was both interesting and thought provoking but perhaps the most impressionable thing about him, apart from his academic and career accomplishments, is his unquestionable passion for helping the world’s poor.

Publication of new edition of Smith’s seminal work

Adam Smith returned to Kirkcaldy to write his book – widely regarded as one of the five most important books ever written – but actually buying a copy of *The Wealth of Nations* has not been easy. Until now, that is!

Adam Smith’s *The Wealth of Nations*, which has influenced governments and shaped modern economics, is back in print. First published in 1776, the same year as the Declaration of Independence in America – and many would argue that it is the more important of the two – *An Inquiry into the Nature and Cause of the Wealth of Nations* – to give it its full title – has a unique Kirkcaldy edition, launched to coincide with the unveiling of the Adam Smith Global Foundation.

The first copies were available for the start of the first Smith symposium in the town which included an address by Fonna Forman, editor of the Adam Smith Review, and assistant professor of political science at the University of California.

I would like to congratulate all those involved in the creation of the Adam Smith Global Foundation and wish them well for the future. However, perhaps the final comment on this historic event should be left to Gordon Brown, who said: “I believe that the Foundation holds the key to a bright future for the town. Its about reasserting ourselves and our history. We were the centre for great events in the 18th century and we can be again in the future.

“Academic interest will bring renowned speakers to the town to find out more of Adam Smith’s heritage and how he came to write his major books in Kirkcaldy.”

Although Smith went to Glasgow and Edinburgh and travelled the continent, it was in Kirkcaldy he wrote *The Wealth of Nations*. He was inspired to write it after watching the trade that came into the town from the sea.

“We were perhaps in danger of forgetting some of our history, but now, through the Foundation, people will see how important Adam Smith was, not only to the town where he was born, but to the world, which continues to be influenced by his writings.”

Further information can be accessed via the Adam Smith College website www.adamsmith.ac.uk/news.
The hidden cost of sick leave

The festive break may be good news for employees, but is the holiday pain about to begin for those employing individuals on long term sick leave?

“Employees in the UK can now save up holiday leave entitlement accruing to them whilst on sick leave.”

Thanks to European law, employees in the UK can now save up holiday leave entitlement accruing to them whilst on sick leave and take it when they are well enough to return to work. They can also claim to carry over this holiday leave to the following holiday year for a reasonable time thought, following European cases, to be about three months. If the employee’s employment terminates during sick leave, they will be entitled to payment in lieu of holiday.

So, if an employee has been on sick leave for a year and has a holiday allowance of six weeks per year, when they return to work the following year, they may be entitled to 12 weeks holiday leave.

One of the major causes of sick leave is stress. Stress triggers are on the rise and just reading the news can be stressful at a time when few have confidence in their job security. Money troubles at home place domestic relationships under pressure. Anxiety and tensions heightened outside work can disable the ability to concentrate and cope with the normal demands of the workplace. Once an individual is diagnosed with depression, the employer is legally obliged both under employment and health and safety law to take steps to reduce normal work pressures and to offer support.

A financial and moral burden

Employers carry a financial and moral burden. If full pay is continued for a time after an employee goes on sick leave, it is often a difficult decision to curtail that arrangement, particularly when the employee is known to be depressed or anxious about money worries. Another cost is the hiring of temps to cover sick leave. If the funds are not there it is common for work colleagues to be asked to take on the additional burden of covering for their fellow worker and this can in turn cause colleagues to be stressed or unhappy about workload.

There is also an issue of trust. Employees on long term sick leave may neglect to apply for holiday leave if they are taking holiday whilst off sick, perhaps taking the view that a trip abroad is therapy for their illness and not really holiday. If it comes to the attention of the employer that the employee has gone to Spain for a fortnight and not applied for holiday, this can affect trust and also cause the employer the administrative burden of an investigation if the employee disputes that the travel amounted to holiday.

Medical opinion

Where the illness qualifies as a ‘disability’ under the Equality Act 2010, the employer is normally obliged to obtain a medical opinion from an advisor to identify what reasonable adjustments the employer should be considering making, to support that person so that they can continue or return to work. For many employers this will mean referring the employee to an independent occupational health specialist at a cost of around £500. This can be problematic as the specialist is unlikely to meet with the employer but will meet with the employee. This
means it is not uncommon for the specialist to hear, and be persuaded by, the employee’s perspective on their health and ability to work, without properly understanding the employer’s.

Employers should make it a priority to communicate with the specialist, in advance of the patient review, to ensure that the specialist has a clear understanding of the requirements of the employee’s role, the nature of the work environment and the constraints upon the employer to modify these features.

For example, if the employee is a sales executive on sick leave for depression, exacerbated by stress and the employer must increase the employee’s sales targets by 15% or the business goes under, it may not be feasible for the employer to hold the employee’s job open or to enable the employee to return on reduced targets or hours. If the specialist does not know the financial pressures on the business they may advise a reduction of the sales executive’s targets to reduce stress. The employer, upon receipt of the specialist’s advice to reduce targets, will be on the back foot, explaining why they reject the advice on business grounds. This can lead to unpleasant and unhelpful disputes between the specialist and the employer, which can undermine the relationship of trust with the employee.

**Recession-proof policies**
The current economic troubles mean employers should be looking to make their contractual terms and employment policies as recession-proof as possible. Policies that may have been sustainable in boom times may be impracticable now.

If the employer pays over and above statutory sick leave, can they afford to do this and, if so, have they retained the ability to stop such payments? Does the sick pay policy set out how any discretion is exercised and, once exercised, the circumstances in which the discretion to pay sick pay will be reviewed and stopped and on what notice to the employee?

Does the employer restrict the ability to carry over holiday from one year to the other and, for those on sick leave, is the ability to carry over restricted to the minimum holiday allowance permitted under statute, rather than any enhanced holiday allowance under the contract?

If the employer operates a bonus scheme, is the entitlement to bonus moderated if the employee is on sick leave for a lengthy period of time?

Are employers engaging in home visits? These are valuable to monitor the progress of the employee and to signal to the employee that they are of value so that a relationship of trust is maintained, conducive to honest discussions about the employee’s recovery and the likelihood of returning to work within a reasonable time taking into account the needs of the business. The employer should also consult regularly with their employees covering for sick colleagues to ensure that they are not over burdened.

**Clear communication**
The UK government is concerned about the way in which the European Court of Justice has interpreted the holiday entitlement of those on sick leave, and there is a conflict between the Working Time Directive and the UK’s Working Time Regulations. This is currently under review.

Most employers though will wish to avoid legal disputes with employees about the interpretation of the conflict between UK and European law. Instead it is more pragmatic to communicate clearly with employees about the economic pressures that the employer is experiencing, what the employer can and cannot afford to do if an employee goes on sick leave and to maintain a regular and candid dialogue with the employee during sick leave.

This must be done whilst ensuring that employment contracts and policies are able to withstand the current vagaries of European law and enable the employer to make decisions that are fair both to the employee and the stability of the employer’s business.

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**About the author**
Madeleine Thomson is Head of Employment Law at Hamlins LLP and acts predominantly for employers. Her clients span a wide range of sectors including construction, manufacturing, retail, insurance, travel, education and professional services.

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Book reviews

Management in 10 Words
In his 14 years as CEO of Tesco, Sir Terry Leahy not only turned the company into the largest supermarket chain in the UK but also transformed it into a global enterprise. This success has resulted in Sir Terry now being recognised as one of the world’s most admired business leaders, widely admired for his drive, flair and no-nonsense approach.

In *Management in 10 Words* he draws on his experience and expertise to pinpoint the 10 vital attributes that make successful managers and underlie great organisations. He tackles the challenges that every manager faces, in a series of insights that are personal, provocative, and down to earth. He explains: why initial failure often leads to ultimate success; why profits stem from a company’s values, not its day-to-day business; why competition should always be welcomed; why simplicity leads to innovation; and why trust is the bedrock of effective leadership.

The result is an inspiring, thoughtful and supremely practical guide that will prove invaluable to all managers in all types of organisation.

The Five Minute Coach
Lynne Cooper and Mariette Castellino have written a straightforward ‘how to’ guide that provides the reader with clear and practical instruction for using Clean Language in a business coaching context. The book is full of practical examples and session transcripts set in the office life.

It is written in an easy to read style that enables the reader to quickly learn this innovative tool for improving performance. It will assist managers and supervisors in learning how to apply this approach to coaching, improving job performance and satisfaction for manager and team member alike while increasing productivity in the workplace.

See page 22 for Lynne Cooper’s article on Clean Language.

The Age of Productivity
Author: Inter-American Development Bank
This informative book looks at how the low productivity in Latin America and the Caribbean is preventing the region from catching up with the developed world.

The authors look beyond the traditional macro explanations and dig all the way down to the industry and firm level to uncover the causes.

The book examines productivity growth by focusing on the extreme heterogeneity of sectors and firms, emphasising the importance of policies that allow firms to thrive and expand. The book zeros in on the critical services sectors, particularly those, such as transportation and retail, with important repercussions on the rest of the economy. It challenges the argument that the region is condemned to stagnation and examines a number of policy levers that can transform its economies.
Who’s who in the IMS

As part of a series profiling its Council of Management, the IMS is pleased to introduce new recruit Malcolm Towle.

When Malcolm Towle was asked to join the IMS Council of Management recently it seemed a natural next step to his longstanding involvement in efficiency and productivity. Malcolm has been a member of the Institute and its predecessor bodies stretching back to the early 1970s. When he first joined it was the Institute of Work Study Practitioners but soon grew to become the Institute of Work Study Organisation and Methods and, later, the IMS that we know and love.

Malcolm was newly graduated from Leicester University when a family member in work study at the Co-operative Wholesale Society encouraged him to apply for a management traineeship with frozen food giant Ross Foods, part of the Imperial Group. Although the advertised post was in sleepy Henley In Arden near to Malcolm’s home in Solihull, Ross head office decided they needed his talents further north and persuaded him to move to sunny Grimsby to join a newly established central work study team.

When Malcolm accepted, the plan was to complete two years and move on, but rapid promotions and the material benefits that came with them led to a lengthy stay, and a career that spans the commercial sector, the NHS and local government.

Rising to the challenge

Comprehensive initial work study training was provided through the now legendary five week basic course at Imperial Group’s suave Chewton Place residential training centre, the brainchild of former Institute Chairman Harold Williams. Harold became an inspirational mentor for many years and supported Malcolm’s application to join the Institute and later to take up Fellowship. The diverse activities of Imperial provided wide experience and challenge and Malcolm rose to lead efficiency teams across the production, logistics and marketing environments. He became the company lead for incentive schemes and productivity negotiations. This was supported through many training courses including Ashridge Management College.

In the 1980s Ross Young’s was formed through the combination of two sister companies. Malcolm worked at the heart of this merger across a variety of facilities but particularly in Scotland. As a result of his major initiative in a scampi factory in Annan, he was asked to take up production management in the factory for a year before returning to head office where he coordinated a major restructuring which delivered a 20% saving on HQ costs.

Malcolm was then tempted to a group management role within the fish division, running seven independent trading units. Shortly after this he took up the role of Company Industrial Engineering Manager within the United Biscuits Frozen Food Division.

Increasing involvement

As Malcolm’s career progressed so did his involvement with the Institute. He remembers with great affection taking on the job of PR officer for the North Lincolnshire branch of the IMS, and he subsequently rotated through all other posts on the Board before eventually becoming Chairman. This meant representing the branch on the East Midlands Board, which led to a number of periods as Chairman, a post which Malcolm still holds today. This was also the time of specialist groups within the Institute and Malcolm

“As Malcolm’s career progressed, so did his involvement with the Institute.”
joined the Food Industry Specialist Group, again becoming Chairman. At about the same time he joined the IMS Membership Affairs Committee under Ron Whitley and was a member for some years. Malcolm was appointed to the Fellowship upgrade panel, on which he still sits.

Following a short spell in management consultancy Malcolm moved to the NHS at the time when new hospital Trusts were being set up. He took on responsibilities for medical litigation and governance as well as safety and risk management. He progressed to associate director within a large acute Trust and successfully led a major accreditation programme.

More recently Malcolm has set up and managed a risk and insurance function within local government. Work on business continuity and emergency planning led to a Beacon Award and Malcolm now chairs a Risk Assessment Working Group for the Local Resilience Forum. This makes him part of the government’s regional resilience group.

**Outside interests**

You would imagine that all this leaves limited spare time, however, Malcolm has a wide range of interests. He has directed some amateur theatre work in the Royal Albert Hall and he founded and runs a quiz league in Grimsby. He recently stood down after 14 years as Chair of Governors at a secondary school and enjoyed a spell as chair of a canoe club. He is a keen traveller, visiting Hawaii, China, South Africa, Australia, Russia and recently Alaska. As a fell walker he has stood atop Sca Fell Pike, Snowdon and Ben Nevis, and he enjoys motorcycling and caravanning. On top of all this Malcolm has just started the second year of a Master’s Degree in Law at Salford to add to his MBA.

As a Council member, Malcolm intends to ensure that membership is seen more than simply an income stream and that quality is seen as an important dimension. He will also work to ensure that recruitment opportunities, particularly within growing global economies, are identified and addressed.

If you have specific views on membership within the Institute which you would like to share, please send them to Malcolm via head office at IMSCoord@ims-stowe.fsnet.co.uk.
Improving productivity with Clean Language

Lynne Cooper presents an approach that is transforming thinking and behaviour in business organisations.

Faced with the rapidly shifting sands created by the precarious economic situation, globalisation and dynamic change in technology and communications, improving productivity in the workplace has rarely been more important, and some argue has never been tougher.

The development of new processes, systems, technology and organisational structures is an essential and constant activity for organisations striving for success. Realising productivity gains in full however, depends on the organisation’s people functioning effectively. The workforce must be flexible, people must actively engage in new ways of working, and the individual’s contribution must be maximised.

This is the challenge for businesses and other organisations alike, more often than not addressed with training interventions designed to change behaviour, with mixed results. Over the past decade however, a new ground-breaking approach to change has quietly penetrated organisations. Clean Language was originally devised by therapist David Grove as an innovative and hugely effective approach for working with individuals in psychotherapeutic settings.

So successful was it in creating transformed thinking and behaviour that it has subsequently been embraced and adapted for use in many different settings, particularly business.

In its simplest form Clean Language entails a suite of quite specific questions. They are designed to ensure that as the questioner you have the minimal amount of influence as possible on the person you question. You do not ask questions that are of particular interest to you or introduce your own opinion, experience or prejudice. This is the meaning of clean. Instead you ask the defined question about specific words and phrases that you hear said – someone’s language.

Within organisations, Clean Language is applied to enhance a broad range of different processes, including:

- **Gathering excellent quality information**
  For research, user requirement scoping, project planning, investigating and just about any context in which good information is essential, basic Clean Language questions are very powerful.

- **Improving team working**
  Developing metaphorical representations of people’s thinking for faster, more effective communication, improved team collaboration and the development of shared vision. Achieved through Clean approaches such as Symbolic Modelling and Metaphors@Work.

- **Improving productivity and performance**
  One of the most accessible Clean performance improvement frameworks is the Five-Minute Coach, designed for managers squeezed between the pressures from above, for improved productivity with reducing resources, and below, from staff looking for to them for solutions to problems.

**The Five-Minute Coach**

The Five-Minute Coach is a very simple collection of Clean Language questions which can be used to run a short formal coaching session, or just employed in everyday conversations in as little as five minutes. It drives people to take ownership – to devise solutions, to innovate and to make decisions - and it helps managers to relinquish responsibility.

A key part of its success is its simplicity in guiding people to move from ‘problem thinking’ towards an outcome orientation. The problem...
Improving productivity with Clean Language

with Clean

with problem thinking is that it generates solutions, which at times can become the next problems. As Albert Einstein said, “We can’t solve problems by using the same kind of thinking we used when we created them.” With a Clean approach different thinking is first created from an outcome perspective, based on identifying what is wanted instead of the problem.

Creating an outcome emphasis is maybe easier than it sounds. It starts with a simple, yet powerful question: “What would you like to have happen?”

It works across the organisation. Leaders ask team members who are dealing with problems. Colleagues ask colleagues who complain. Staff ask managers to get clarification on what’s required. Individuals ask themselves when they start to feel stuck.

This quite subtle shift in emphasis has a significant impact on attitude, thinking and behaviour. It generates creativity and innovation, encourages proactivity and puts responsibility for improvement with the right individuals.

The Five-Minute Coach starts with the outcome question and continues through a short series of other, quick-to-learn and easy-to-use questions leading to an action plan and an individual motivated to implement it. Managers use it when they want to make a difference fast, and find that it:

• Engages staff – people feel involved as they are facilitated to make a contribution;
Empowers individuals – people take ownership of issues and make improvements;

Stimulates innovation – new, creative ideas emerge;

Develops people – contributing, innovating and taking ownership are all skills that become better developed in the workforce.

Creating more productive people is simpler than it might seem. Those integrating Clean Language into their working practices find it creates a change in mindset to increase flexibility, think differently and achieve more. A coaching culture emerges – a culture that moves people from reactivity to proactivity. Managers create the space to get a strategic perspective and make a difference. Staff build skills, experience and job satisfaction. Productivity improves. Customers and service users are better served. And it all starts with a simple question. Now that you know that, what would you like to have happen?

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About the author
Lynne Cooper is Managing Partner of Change Perspectives, an organisation specialising in sustainable behavioural change for performance improvement. One of the pioneers of the application of Clean Language in organisations, Lynne is the co-creator of the Five-Minute Coach to integrate coaching into day-to-day communications to facilitate generative change. Lynne has worked in and with organisations for over 30 years.

Lynne is an Accredited Coach, a team coach and an Accredited Coaching Supervisor. She sits on the UK Council of the Association for Coaching as Head of Standards and Accreditation. Lynne is the author of NLP for Business and co-author of The Five-Minute Coach: Improving performance – rapidly.

Change Perspectives offers performance improvement solutions through coaching, leadership development, team alignment and training. Lynne can be contacted through www.changeperspectives.co.uk.

The Five-Minute Coach – Extracts

Identifying an outcome

What would you like to have happen?
Example
‘What would you like to have happen?’
‘I want to deliver the management reports on time.’

Action planning

What needs to happen for [outcome]?
And is there anything else that needs to happen for [outcome]?
Repeat until all steps have been identified.
Example
‘What needs to happen for you to deliver the management reports on time?’
‘I need to remind the management team of the deadlines.’
‘And is there anything else that needs to happen for you to deliver the management reports on time?’
‘I need to block some time out of my diary to do the work.’
And is there anything else that needs to happen for you to deliver the management reports on time?’
‘I need to get Logistics to reformat the data they provide.’
Continues...

Productivity results reported by NHS managers using The Five-Minute Coach

“We’ve saved up to 28 bed days a month.”

“In just over two months there’s been a 10% increase in patients seen. We’ve saved 30 hours’ work per month.”

“Patient wait has dropped from 26 days to two!”

“We’ve increased capacity from 23 to 31 patients per day.”

“I have saved six weeks of man time, thereby allowing for strategic development.”

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Food for thought?

There are many statistics on the size of specific markets, depending on who has created them and for what reason, but recent figures on the food and drink industry make interesting reading.

“It is reported that the food and drink manufacturing industry in the UK generates a turnover of almost £77 billion and that over £12 billion worth of food and non-alcoholic drinks are exported annually. Exports of these products to non-EU markets grew by 7.2% in the first half of 2012. This sector is the largest within the UK manufacturing industry, accounting for 16% of the total and employs up to 400,000 people.

These are sizeable figures to swallow but production in this sector has been the most resilient and stable of all manufacturing industries throughout the recession with the industry consistently producing at levels over 10% higher than the manufacturing average. (Sources available.)

Businesses in the food and drink manufacturing have always been conscious of their levels of productivity. Now, more than ever, there is constant focus on costs by improving performance, productivity and processes, using industrial engineering expertise and applying lean principles.

Their reasons for involving productivity specialists are many and varied and include the need to

- Minimise changeover times and bottlenecks;
- React to fluctuating demand with shorter response times;
- Increase throughput with accurate manning levels;
- Create better flow and balance;
- Respond with more agility to packaging changes and configurations;
- Minimise transport costs.

And all to ensure products get in front of the consumer – on time.

The heart of the matter

Manufacturers of all sizes always want to identify and remove any wasted or unnecessary effort, delays, decisions, processes, costs, paperwork. At the heart of it all is process improvement using accurate time data. Accurate time data can help to provide the answer to most things productivity related.

You only have to look at the number of promotional offers in any supermarket in response to consumer demand. But have you ever stopped to consider what are the implications of these offers on the industry?

Manufacturers can only respond to the creation of these offers by becoming increasingly effective and that means keeping their processes and equipment flowing. The ‘two for one’ offer creates more product volume, so more product to create, to package, to pick, to transport, to handle, to display.

Productivity and process improvement initiatives, lean principles, SMED, industrial engineering techniques are all called upon more and more to address the needs of the food and drink market. Here are some examples.

Unnecessary investment

A major food manufacturer needed accurate data to assess whether they could derive sufficient benefit from an investment of £850,000 to install a new conveyor system. A number of variations to the packaging had been introduced to respond to different retail spaces available in supermarkets, filling stations etc. The need to increase capacity and throughput to meet demand had resulted in their engineers constantly increasing the speed of the conveyor system, thereby putting undue pressure on the bearings and rollers in the switching mechanism.

Taking into account new calculations on the capacity of the conveyor and new specialist input to identify the best utilisation of the current equipment, specialist productivity analysis came into its own. Using accurate and consistent time measures and models, together with other industrial engineering techniques they were able to prove there was no need for further investment and the conveyor could be slowed to ease engineering stresses.
Production methods
A food processing and packaging plant saw an 18% reduction in labour costs by implementing recommended improvements to their batch production methods. Opportunities to reduce waste, address material shortages and create better product flow were also identified.

Product variations
There were problems at a bottling plant with line capacity and how to cope with the increased variation of caps and labels as well as bottle size, type and contents. Specialist investigation identified an array of causes of downtime and the need to more closely specify the variation of line speed to cope with equipment sensitivity. To accommodate regular changes in the types of product, bottle, or cap, much quicker changeovers were effected – and significant material costs saved by slightly moderating filling volumes still within acceptable tolerances.

Variances
An increasingly large range of plant and packaging variants with smaller batch sizes was causing significant labour variances. The overall picture was clearly adverse, but there was inadequate information for targets and costs for each specific product, so it wasn’t evident which products were causing the variance. Building time data and a better batch monitoring procedure highlighted the problem areas. Actions and decisions impacted on charge costs, increasing minimum batch sizes and in two very significant cases, reducing customer charges for some large batches. The result – a more competitive offering and increased business for the manufacturer.

Food and drink manufacturers are increasingly turning to specialists in structuring and applying time standards because this very specialist expertise can make a huge improvement to how lean and streamlined their business actually is. And that is at the heart of this and every business sector.

“Have you ever stopped to consider the implications of promotional offers on the industry?”
Selling yourself magically: Persuasion strategies for personal and organisational change

By Philip E Atkinson.

“Imagine the confidence this will give you to take charge, present proposals and ideas and how it can change the way you transact and build business and your career, create positive and lasting relationships and be secure in yourself and radiate an inner warmth and self assurance in your ability to master influence in your life in any context.”
Fundamentally, our ability to successfully manage change and achieve results in business is dependent upon our ability to influence people. We can all benefit from learning to influence, persuade, negotiate, train and sell to others in a variety of contexts from direct selling to clients to coaching, team building, appraising, motivating and leading.

It is also true to say that many of us in business do not see ourselves as natural persuaders selling concepts, ideas, and even ourselves. Perhaps we think we do not have these gifts, lacking the eloquence, the quick wit and rapid fire repartee, associated with the traditional silver tongued sales stars. Those traits anyway are associated with the short-term quick win-lose mentality. Be confident in knowing that influencing skills associated with the 'consultative model' – developing ‘win-win’ solutions can be learned and developed very quickly, and applied in a variety of contexts.

Interpersonal competence – valued emotional intelligence

Most of us would not achieve what we do without applying these skills. Persuading others is a core competence for everyone who works in business. It matters not whether we work in finance, marketing, consulting, training, IT, HR, manufacturing or any other specialist role such as quality, risk, audit or governance, what we all have in common is the need to persuade and influence others. Even those who occupy a purely technical role have to emerge at some stage and win over the hearts and minds of their colleagues, their team and those to whom they report. Being able to influence others is a part of emotional intelligence that is coming to be valued highly in most organisations.

It is obvious that most of us in business achieve results through interacting with others. Applying our social skills enables us to win others over to our viewpoint. If we want to become more effective in whatever we do, we can learn a great deal by looking at the art and science of persuasion and this is equally applicable to a variety of contexts, from coaching to consulting.

Building a repertoire of persuasion strategies is vital

The development of our ability to influence others is a core competence for us all and many of us share the common ambition of improving our interpersonal skills. When exposed to superior ‘persuasion paradigms’ and influencing skills, we value them and see the benefits that accrue to our personal effectiveness and we experience the benefits that evolve from exposure to new tools and techniques:

- Controlling the flow of conversation and constantly reviewing the focus and the potential outcomes through conversational change techniques.
- Identifying and dealing with objections prior to, and during, negotiations, before they arise.
- ‘Inoculate’ our proposals from criticism, and safeguard our position by foreseeing potential objections and counter arguments from others.
- Build and support ‘win-win’ solutions when all parties share in the success of the partnership in achieving the positive outcome.
- When presenting to large or small group reviewing the range of ‘persuasion or influence strategies’ enables one to better read the audience and anticipate their reactions. By understanding the typical objections that arise, it is possible to shape presentations to appeal to all parties.
  - Anticipate ‘counter arguments’ to any presentation, whether it be ‘one on one’ or to a team, you should always be prepared to deal with dissent as much as support of your case.
  - Shaping delicate discussions and develop creative options for all parties.
  - Having confidence to sell services and oneself.

The beliefs and behaviours of effective persuaders

I will refer later to a five stage persuasion process which encapsulates effective and ethical influence. Before that, it is imperative to review the attitudes, beliefs and behaviours that are the foundation of great influencers and persuaders.

1. Respect your client’s model of the world

Our client, customer, business partner or associate has their own unique model of the world, which may not be the same view of the world as ours. We all have our own unique ID and make-up of who we are, and what is important to us. With this in mind we use and apply various ‘behavioural models’ to understand what makes other people tick.

Rapport building

Over the last few years, various strategies and techniques have been perfected to aid the reading of others’ preferences. Principally, we have focused on how they make decisions. Using these models helps gain rapport with clients, and it’s...
“It’s important to inoculate yourself against being negative – especially if your persuasion strategies don’t always go to plan.”

2. Develop your linguistic flexibility
If your client appears to be inflexible, take a good look in the mirror. Are we tending to attract the behaviour from others? Ask yourself, why does the other person not find things appealing? Why is there a disparity in perceptions? Have you devoted sufficient time addressing the client’s need for rapport with your client? Building rapport is the second step in our five step persuasion process which will be discussed later.

3. Be at cause not at effect
We all have the choice to either be at the ‘cause’ or the ‘effect’ of a problem. It is far more empowering to be at ‘cause’, which means that we take responsibility in our mind for everything that has happened – even if it was not our fault! Consider, you know, the reader, are not the ‘cause’ of all things that go wrong for you, but just suppose for a second that this is true, there are benefits to being at ‘cause’.

It means you will have a different and curious mindset, which creates an empowering belief that aids you looking for new ways to resolve problems instead of blaming others.

Conversely, if you are, at ‘effect’ you may appear powerless to act. Your attitude will be very different. You may not consider that things have transpired to put you in that position and easily blame others. You may even consider yourself a victim and those things are not in your favour. To illustrate, let’s say you did not get what you wanted, the promotion, the agreement to progress a key project with your boss, the contract or whatever with your client. If you are at ‘effect’ you may focus on excuses rather than reasons. You may think – “I did not get the work because someone else was pencilled in for the project”. Or you may think ‘My face did not fit’ or ‘I am too inexperienced... too old... too expensive... etc. Stay in the emotional state of ‘effect’ and you will give yourself tons of ‘excuses’ rather than real reasons why things did not happen in your favour. Choose to be at ‘cause’ and you will find new ways to get ‘back up’ and adopt new strategies.

You cannot get that personal power coming from ‘effect’. Rather it must come from the empowering belief that “I will cause things to happen – I will turn this around”.

4. No failure, only feedback
It really is important to inoculate yourself against being negative – especially if your persuasion strategies don’t always go to plan. Don’t confuse excuses with reasons! It is easy to find ‘excuses’ for not getting your own way and winning your projects. It is easy to list a set of conditions that reinforce your belief that you have no control over circumstances.

The major point here is that when things are not going well, we often dream up excuses to shut us out from the harsh reality of life that we can all do something to make things better. Catch yourself when you do it.

Ask, “is this a valid reason or an excuse that I am using?” Reframe things around you to being at ‘cause’. And further, consider this, if you have teams who support you in your work, take a careful look at their ‘beliefs’ and ‘limiting decisions’ about what is going on in their world.

5. Hypnotic language patterns
Communication is what is received, not what is sent. Be careful with your language and your proposals to others. Say things the way you want them to be received. Really think consciously about what you want to happen.

Communicate to people what you want them to receive – precisely
Stop telling people what you ‘do not’ want them to do or think. “I don’t think you should experience any problems with our IT solutions.” “Don’t worry; we’ll always put our customers first.” I am thinking “I was not worrying until you mentioned it”.

Communication is a very important tool, operating at both the conscious and other than conscious levels. We can train people to use communication at these levels to increase the achievement of ‘win-win solutions’. You can even use the negative phrase to reinforce a message at the unconscious level. For instance, “I am not going to suggest that you will be totally pleased with our services all the time.” “Further, I cannot promise 100% that all our training will deliver performance improvement to every member of staff.”

“Needless to say I would not want to give you the impression that we are the leaders in the provision of influencing and persuasion packages.”

Just suppose your people could learn these techniques – how effective would they be in influencing others and cementing cast iron relationships? The techniques are referred to as ‘hypnotic language, and are founded on the science of neuro linguistics, using language patterns at the conversational level, which will enable you to understand more about what motivates your clients and associates, and enables you to build win-win solutions.

Currently I am working on language patterns developing an interactive software e-learning process entitled ‘Persuasion & Negotiation Coach’ to equip people in...
business with the strategies and technologies which they can use to measurably improve their persuasiveness. This is based on our research (www.influencingstrategies.com) and practical solutions which enable people from any business background, and in any context, to learn the structure, the key processes, and core language skills of advanced persuasiveness, negotiation and influence.

The five stage persuasion process

Stage 1: Preparation
This requires doing a significant amount of research into the world of those with whom we will work. It requires seeing things from the perspective of others, valuing this perspective, exploring potential objections to you proposals, defining and exploring real benefits that your client will accrue and generally rehearsing your approach and practising until you have the confidence and belief to make your approach. (For in-depth information please see previous articles in the IMS Journal that deal with these issues)

Starting with a positive attitude for all parties is the foundation for effective persuasion, influence and selling ideas and products. I believe that, fundamental to the persuasion and influence process, is the ability to discuss options and alternatives and to listen intently. Great persuaders are great listeners who listen for opportunities before speaking.

Stage 2: Building a relationship and rapport building
This process is secured completely on building and maintaining rapport throughout the relationship. It is a process that generates win-win solutions and lifetime value for the client. Any worthwhile agreement having high value for the client, associate or colleague, is secured on partnering together to add value. Those occupying positions where they are in persuasive or selling roles, really need to consider the best approach for mastering some of the skills and strategies that support ‘establishing rapport’.

People like people like themselves
Be at one with your client – people like people like themselves. This is particularly true in relationships that require some form of barter, give or take or commercial gain. For this reason, the ‘persuader’ or ‘facilitator’ needs to understand the personality dynamics behind potential prospects, clients or associates. Many influencers, facilitators and sales people spend a lot of time ‘objection handling’ with technical issues related to their product or service – thoroughly neglecting the personality of their prospect. I suggest that this is a critical flaw needing to be addressed.

This means getting to grips with the personality dynamics of the prospect or purchaser, client or colleague. Having worked with psychometrics, we have developed our own models based on Jungian Psychology which we can use conversationally with clients and associates. This enables us to understand the key elements of the model of the world which our client inhabits.

Rapport building
At this stage, we focus on words – predicates, keywords and phrases, common experiences and associations, beliefs and values. A person’s value system will tell you what they value and you can assess
conversationally how to elicit their value system and assess how they prioritise. By doing this, you aid your colleague or client to come to a solution which best fits his values and support his or her beliefs.

Body language is also a major element of communication, and as such is a key element of sales training. The persuader or facilitator becomes practised in how this can be used to create a climate of comfort and progress in meeting ‘win-win’ outcomes.

**Stage 3: Identifying needs**

Here, the traditional approach to influencing is strongly countered by our consultative approach to persuasion and influence. This activity is about the needs and wants of the clients – so keep quiet, and focus all your attention on the client.

Persuading is about listening and refining differences – listening to concerns and objections and then dealing realistically with them. If you have done a good job in building rapport, then this stage of questioning is a natural follow on.

One of the things I do with my clients is asking many questions. If you fail to do this, you will not be able to link need and value to the service that you provide in stage 4. You have to become a great questioner and probe to find your client’s key concerns and wants. You will all the time be assessing these against his or her values and the things that make them tick, and when objections start to surface.

To ensure that you deal with the objections, you have to create a strong questioning technique to effectively assess your client’s thoughts on the process.

At this stage, it’s also important to examine key preferences in how the client or colleague structures and views the model of their world. This helps build a ‘motivational map’ to see whether people are predisposed ‘towards’ a particular value or are ‘away from’ orientated.

**Stage 4: Exploring options**

Much of this influence and persuasion process is based on conversational questioning and is not scripted. This means the facilitator, consultant, sales person; persuader etc has to be extremely flexible. As consultant, facilitator, persuader or sales person, you have to establish value for your client before you can progress and reach agreement.

You have to establish higher value to assist them to understand how you establish value. Once you have done this they will be comfortable. You have to establish value to get their problem to disappear.

**Stage 5: Enabling agreement – ‘win-win’ – and closure**

If you have committed 50% of your energies to preparation, establishing rapport and asking questions in stages 1, 2 and 3 and an additional 45% to establishing value and linking to your services in stage 4, then the final 5% is about finalising the agreement in stage 5. Coming to a ‘win-win’ agreement should be a natural conclusion to consultative influencing, but you still have to close the agreement. It is surprising how few people or persuaders actually make that close and finalise things.

**Review and summary**

This article is the third in a series focusing on the persuasion paradigm and the persuasion process. You can see that the process can work in variety of contexts and in a range of industries. We personally have used the process for consulting assignments, developing learning strategies in difficult situations, training a variety of staff in change skills, coaching, customer management, negotiating and consulting, selling professional services and products. The major learning about this approach is that it is based on a flexible interpersonal model that creates a climate of consultation leading to deep consultation leading to deep
rapport which is founded on research in the applied behavioural sciences, neuro linguistics and psychometrics as tools for creating rapport and managing the process towards ‘win-win’ solutions.

**Personal integrity as an influencer: identity, boundaries and self confidence**

Finally, whether you are a professional or management services adviser, consultant, trainer, educationalist, customer services manager, coach, business owner, team manager or leader in any context, you have an important role to influence and persuade. You will know that your ability will reflect on you as a person and your identity in your role.

Selling and persuasion are probably quite challenging, as you may find. It is easier if you will be looking for feedback to see how your own skills are progressing. As you are creating your persuasion, influence or selling identity, you know what is important to you. As a person of considerable influence, you will have formulated values that work for you. These values, standards and rules depict who you are and for what you stand, and should never be compromised. They are your personal boundaries that say who you are – and how you do business – never deny them. Defend your boundaries, maintain your integrity. Decide who you are and how you will do business. Your flexibility is to help your client, not to bend to unreasonable wishes.

If you pursue rapport and establish value for them, your boundaries will not be compromised. If you are forced to drop your standards for a compromised agreement in which you are uncomfortable – walk away. Be confident that other business will follow on your own terms.

Some will want to negotiate with you to break your boundaries. Stick with what you believe is right. Maintaining realistic boundaries only adds to your confidence and your clients will see that as they transact business with you. So stay loyal and decide what profile your persuasion or influencing style will typify. Who you are and what you are about means that your own personal position gets stronger and you build your own brand, becoming a master persuader, confident that your expertise rests on an inner core of integrity in how you transact business.

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**About the author**

Philip Atkinson is a consultant specialising in strategic, behavioural and cultural change. He is a member of various training consortia and has recently focused on creating innovative business simulations through Learning Strategies Ltd. He consults in the UK, Europe and US, has written seven business books and published many articles, speaks at conferences and runs workshop sessions for leading companies. Philip can be contacted on +44 (0) 0131 346 1276 or visit [www.philpatkinson.com](http://www.philpatkinson.com).

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The UK MTM Association advises all interested parties that the next distance learning course for MTM-UAS will commence late January 2013. The course will be conducted in the West Midlands at Tamworth. A total of ten persons are currently scheduled to attend and achieve the next phase of their PMTS education.

There is currently a considerable demand for contract personnel qualified in UAS, both in the UK and throughout Europe. If you are interested in joining this group please contact the UK-MTM Association by email, ukmmtma@googlemail.com, and we will contact you with the details of the next set of training courses. These will be held during 2013 depending on the interest shown, with a minimum of five persons the cost will be £ 450 each.

During 2012 the Association has delivered MTM-1, MTM-2, and UAS training to a new group of five instructors and a further 25 persons in MTM-UAS and MTM-2. This shows that there is still a strong demand to cover the statement ‘IF YOU DON’T KNOW HOW LONG IT TAKES, YOU DON’T KNOW HOW MUCH IT COSTS’. 
The folly of stretch goals

By Daniel Markovitz

Let’s dispense, once and for all, with the managerial absurdity known as ‘stretch goals’. While it’s true that renowned psychologists Edwin Locke and Gary Latham described goal setting as “the most effective managerial tool available,” it’s also true that no less a thinker than W E Deming insisted that companies “eliminate management by objective.” In my opinion, there can be no such debate over the lack of usefulness of stretch goals.

Stretch goals can be terribly demotivating

When stretch goals seem overwhelming and unattainable, they sap employees’ intrinsic motivation. The magnitude of the problem causes people to freeze up, and the extrinsic motivator of money crowds out the intrinsic motivators of learning and growth.

In his classic article Small Wins, psychologist Karl Weick argued that people often become overwhelmed and discouraged when faced with massive and complex problems. He advocated recasting larger problems into smaller, tractable challenges that produce visible results, and maintained that the strategy of small wins can often generate more action and more complete solutions to major problems because it enables people to make slow, steady progress.

In their book The Progress Principle, Teresa Amabile and Steven Kramer build on the same argument and clearly demonstrate how even the smallest, most mundane steps forward – for example, achieving clear consensus in a meeting – can motivate and inspire workers. Ever wonder why people will so often write down an item they’ve already completed on their to-do list? It’s so that they can have the satisfaction of immediately crossing it off and experiencing the sense of progress.

A dangerous tendency to foster unethical behaviour

In the early 1990s, Sears gave a sales quota of $147 per hour to its auto repair staff. Faced with this target, the staff overcharged for work and performed unnecessary repairs. Sears’ Chairman at the time, Ed Brennan, acknowledged that the stretch goal gave employees a
Focusing on small wins in combination with process improvement will drive your organisation forward, without the negative consequences of stretch goals.

powerful incentive to deceive customers.

In his latest book, Toyota Kata, Mike Rother makes an important distinction between a traditional metric-based outcome (or stretch goal) and a ‘target condition’. A stretch goal is most often an outcome metric, and is influenced by so many variables that systematic, scientific improvement isn’t possible. A ‘target condition’, by contrast, describes how we want a process to function – and that description requires that you understand the current condition deeply enough to know where to begin your improvement efforts.

Take the aforementioned Sears example: $147 per hour of revenue per person is an outcome metric that’s influenced by a huge number of factors. Perhaps the service staff spent an inordinate amount of time looking for parts, so it took them twice as long as necessary to do a repair. Or perhaps the process of getting customer information and relaying that to the mechanics took such a long time that mechanics couldn’t work on enough cars during the day. Or perhaps Sears’ reputation was only for simple repairs, and customers would only bring their cars in for low-priced oil changes. Who knows? Without sufficient knowledge of the current condition, there’s no way to make intelligent progress towards the ultimate goal of being a profitable contributor towards Sears’ growth.

However, setting a target condition with knowledge of the current state means solving a problem that will inevitably lead towards increased revenues. In Sears’ case, that might mean changing the layout of the shop and the way parts are supplied so that mechanics could take care of customers faster.

Stretch goals can also – tragically – lead to excessive risk taking
Enron rewarded its executives with large bonuses for meeting specific revenue goals, irrespective of the profitability or the riskiness of the moves. Although the final book hasn’t been written on sub-prime mortgages and the ensuing banking crisis, we do know that stretch goals played a large role in putting the investment banks in serious jeopardy.

Focusing on small wins, in combination with process improvement, will drive your organisation forward, without the negative consequences of stretch goals. However, this approach requires a willingness to abandon the ‘ready, fire, aim’ approach to problem solving. The heavy lifting has to be done at the outset – a deep understanding of the current condition is a prerequisite for true improvement. This approach also requires a subtle – but critical – shift in focus from improving outcome metrics to improving the process by which those outcomes are achieved.

A stretch goal is most often an outcome metric, and is influenced by so many variables that systematic, scientific improvement isn’t possible.

About the author
Dan Markovitz is the President of TimeBack Management and the author of A Factory of One (Productivity Press, December 2011). Follow him on his blog at www.timebackmanagement.com or on Twitter at @timeback.
Understanding and reducing leadership waste

Efficient working that focuses on effective processes is the key to waste elimination, says Mike Keen.

Not a day goes by without business life presenting leaders with opportunities for improvement. Securing productivity improvements, delivering financial leverage, attaining efficiency gains and achieving objectives: these are phrases regularly heard across management and leadership teams the world over. They are drawn together by the inescapable fact that waste elimination is at the core of any kind of improvement.

Becoming more efficient, eliminating waste and being more productive are crucial at the leadership level, when it comes to behaviours, words and action. Waste reduction or elimination is not just an operational buzzword; moreover, it is an essential leadership trait, and a differentiator in the boardroom.

Organisations often experience leadership inefficiency manifesting itself in the form of unclear policies, contradictory strategy statements, blurred direction, internal politicking and power games, and personality conflicts. Although these leadership inefficiencies exist, organisations are still successful, despite themselves, as they often find methods of coping with, and tolerating, this waste. So, despite organisations being successful, they could be so much more efficient, if they would only attack the root causes of the waste.

Above is a typical summary of the seven forms of waste, most frequently found in an operational arena. These are typically observable in process inefficiencies in factories and offices. Such improvement opportunities are born out of the mentality of ‘this is the way we’ve always done it’ or ‘it works and we are successful, so why change it’... Many actions in the leadership arena add little value, but are deemed to be essential.

‘Value’ is a concept that can be applied in a broad sense to the leadership of a business. For example, a leader looks to give clear direction, regular feedback and sound guidance, and in doing so, will add ‘value’ to the organisation and its teams. However, conversely, a leader will be inefficient or even create more inefficiency and waste not failing to give clear direction or sound, actionable advice that empowers teams to develop and perform at a higher level.

Leadership waste can be defined as ‘anything other than the exact amount of time, effort, communication, information, resource, assets, space, and effort that is absolutely essential to add value to an organisation’.

Furthermore, any waste elimination effort has to be founded in a holistic approach to organisational life, and it has to be based on satisfying the internal customer (employees) or external customer by producing a high quality organisational culture, a highly motivated workforce,
a clear and consistent message that align to produce the desired outcomes.

The seven forms of waste (above) can be found in the leadership in many organisations, and manifest themselves in many formats, with a variety of causes and consequences...

Transportation waste
Constant email traffic, much of it unnecessary and repetitive, adds up to waste time and effort in reviewing, processing, electronically filing documents away, only to discover that the same documents have physically distributed to employees and posted on notice boards.

Several days later, more transportation waste occurs when these are taken down, disposed of and replaced with something of equally low value. Sending messages and information in this manner drives the efficient employee to distraction. Leadership ought to be rising above this traditional, non-value-added activity and start spending this wasted time on talking with employees to explain rationale behind decisions and promote swift, consistent efficient communication through the layers of the organisation. Transportation waste causes ineffective operations, whether factory or office-based, and can drive a lot of over processing, and ultimately a poor work place organisation.

Inventory waste
‘Knowledge is power’ was once a maxim from yesteryear, and a dangerous one at this. If knowledge is the information inventory that leaders possess, storing it in one’s head is a waste. Sharing valuable knowledge quickly is vital to the agility of an organisation and its employees. Retaining information in some outdated belief that it gives an individual a sense of power is damaging. The forward-thinking organisation and its leaders add value when they are able to authentically teach, train and coach others with a consistent level of knowledge. Smart organisations do not waste knowledge; they make it work for them as an asset.

Motion waste
Too frequent meetings, meetings with too many invitees, calling a meeting just to meet up with people... these are all examples of wasted effort, motion and transportation, if some individuals have to travel to the meeting. This is particularly a problem of waste, if it could be avoided, by adding more value and getting straight to the heart of the problem is, so as to observe it first hand, rather...
If leaders believe that their teams don’t have enough knowledge, skill or training to make such decisions, then those leaders should focus on training, personal development and upskilling, in order to eliminate such waiting waste. Some further consequences of waiting time waste including people cost of them doing nothing (adding no value), additional delays that lead to overtime to conclude what was intended, higher costs due to inefficiency and loss of motivation or low morale.

Over processing waste
Micromanagement appears in many forms in organisations. Continuously checking-up on individuals’ work, following-up unnecessarily to see how they are progressing, and chasing people before work is due – these are all a waste of leadership time and effort. Frequently, this results in leaders being seemingly unable to devote sufficient time to proactively leading their team, or spending time on future strategy development. When leaders stop adding value, and are reduced to expediting or chasing for updates, then over processing waste appears. Leaders add value to their teams when they train them, support them, remove obstacles, unblock stagnation and provide the platform for success, without having to check and verify multiple times along the way. Consequences of processing waste include wasted costs, and a potential lack of control, if employees and leaders drift from an agreed pathway.

Overproduction waste
Leaders need to be practical, pragmatic and effective communicators. Sometimes, a comprehensive piece of work is required that goes into a great depth and detail. Sometimes a brief summary is sufficient. Communicating what is required of individuals and teams, and communicating it effectively and clearly is crucial. If an individual does not need to produce the highly detailed report, make it clear to them, and avoid overproduction. This is essential to avoiding overburdening somebody. If a detailed report is not required, then why waste that person’s time doing work that is too detailed and doesn’t meet the need? Leaders have to take care that they spot the signs of overproduction and offer someone more time at the communication stage of a piece of work, or help them with further training. Leaders need to focus on helping their teams to add more value by avoiding creating unnecessary work.

Defect wastes
Sending a formal leadership communication out to teams, and then revising it, thus blurring the key elements of the message provides scope for confusion, misunderstanding and misapprehension. This then has the consequential effect of needing to unravel the confusion and reiterate, repeat and revisit the correct message. Such an example of leadership defect and rework provides opportunity for improvement. Leaders can sometimes ‘rush’ messages to the organisation, for fear of wanting to be seen to take action. Sometimes, going more slowly and meticulously at the beginning will mean less inefficiency and waste further down the line. Consequences of defect waste can include wasted costs (for example,
Leadership waste

poor hiring decisions leading to having to replace people) and continual checking and rechecking of people’s work if it is defective.

Given the damage that leadership may do to an organisation, consider this summary of leadership attributes. Each of these is open to attack from leadership waste. Reducing and eliminating this is crucial to the success of a Board.

- Managing vision and purpose
  Communicate an authentic, inspiring vision that the organisation can buy into. Avoid conflicting messages or blurred strategies. Ensure every single employee understands the key messages.

- Customer focus
  Demonstrate, through action, a customer-intimacy centric approach to the building of long-term relationships. Avoid paying lip-service to customer relationship management and ensure all teams do not miss the opportunity to ‘wow’ customers at every opportunity.

- Priority setting
  Clarify the most important aspects of the organisation’s strategy, and ensure no misunderstanding about what is crucial to the success of the company. Avoid falling into the trap of too many priorities.

- Results
  Ensure there are enough performance metrics in place to measure and track progress and take care that all employees are clear about what they will be measured on. Avoid the pitfall of measuring everything just for the sake of it.

- Team player
  Work diligently and proactively to promote the value of teams and team-based problem solving at all levels of the organisation, ensuring that diversity of opinion of opinion is respected, applauded and positive reinforced, so as to promote a culture of inclusivity.

- Decision-making
  Rapid yet effective decision-making can be a true accelerator for organisations, if done well. Avoid making snap decisions, however, based on incomplete information.

  Whilst the potential pitfalls are many, there are some simple guiding principles that leaders can follow, to maximise their likelihood of successfully understanding, reducing and eliminating waste...

  Consider the following recipe for success
  Efficient working that focuses on effective processes, rather than excellent people, is the key to waste elimination at the leadership level.

  Focus on small incremental improvement steps. If you can fix leadership waste in one area, copy the process, expand the blueprint, replicate the success and you will continue in the right direction.

  Embrace your inefficiencies and your wastes. Without them, you are not being honest about your organisation. Take your existing leadership strengths, and consider your areas of weakness, to develop your own recipe for success.

  Without it, you run the risk of not plotting the right course.

  Leadership drives change, but without an authentic focus on an empowered, engaged and motivated workforce, such change will be difficult. The supporting pillars of any change are the people. For waste elimination to be a credible program, processes, people, systems and organisation culture has to align. Change on the scale required in many organisations cannot be managed from the ground-floor; it has to be supported, and truly championed from the top down.

  World class waste elimination begins with leadership and permeates down throughout the entire organisation. Aligning goals and objectives to this will help glue the organisation and its teams together.

  Simplicity and speed. Whether leaders focus on communication, planning, or execution, they need to be easy to understand, easy to follow, and easy to read.

  ‘Winning from Within’ promotes the idea that most of the organisations ailments can be solved within the existing workforce. Many people have improvement ideas that are waiting to be utilised. Leaders should communicate deeply within their teams, to tap into the ideas and energy that exists.

  Capture improvements, and communicate wins. Do this again with speed and simplicity. Demonstrate how wins in one area can be translated into quantifiable benefit. Leaders need to convert good work at lower levels in the organisation into positive, meaningful and inspiring updates.

  Often there are opportunities at multiple levels with the organisation. In order to model the way and set a solid example, leaders ought to start with themselves and focus on their inefficiencies and wastes as a leadership group. Often these areas of focus will shine a light into a huge array of improvement opportunities. Too often, leadership waste is replicated at lower levels.

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“Leaders add value to their teams when they train them, support them, remove obstacles, unblock stagnation and provide the platform for success.”
In an overview of the London Global Convention 2012, Professor Colin Coulson-Thomas describes how performance support approaches, tools and techniques can address governance and sustainability challenges.

Delegates attending the Indian Institute of Directors’ London Global Convention from 10-13 October 2012 will not be under any illusion about the challenges we face. Embracing both corporate governance and sustainability, its planners clearly exhibit the integrated thinking championed by Professor Mervyn King, the chairman of South Africa’s King Committee on corporate governance and a keynote speaker at the event.

The realities faced by business and political leaders are stark. Peter Madden of the Forum for the Future referred to the need for profound changes to cope with a threefold increase in the population of the planet within a single lifetime. Dr Aled Jones, Director of the Global Sustainability Institute, forecast increasing prices for basic foods, materials and low carbon alternatives. Dr Jeremy Leggett of Solarcentury sees us engaged in natural destruction rather than creative destruction.

For Adrian Allsop of the UK’s Economic and Social Research Council better engagement, learning from the experiences of others and behavioural changes are required. As we will see in this article there are practical and cost-effective ways of achieving these goals. Sustainable strategies require new forms of governance and leadership for remaining current and competitive and coping with an uncertain future.

Hitherto corporate governance has been much concerned with board structures and the formulation of codes of practice. Dr Jeremy Pearce reminded delegates...
that successive high profile corporate collapses have led to calls for additional regulations. Yet such measures cannot prevent directors from taking poor decisions, attempting cover ups and not acting in the best interests of a company when they feel they can get away with it.

Unprecedented attention to corporate governance has not prevented a succession of failures and scandals and massive government intervention, bailouts and measures such as ‘quantitative easing’ have been needed to prevent the collapse of financial and economic systems. ‘Old governance’ has not worked and cannot work so long as a proportion of directors continue to make wrong calls, while some boards take stupid risks and many ‘walking overheads’ in head offices destroy shareholder value.

Making board decisions beneficial

So how could more board decisions be made beneficial? ‘Old governance’ has involved command and control systems and top-down leadership with its emphasis upon directing, leading, motivating and monitoring. Directors and boards have been engaged in formulating strategies and producing annual or multi-year plans.

Much effort has been devoted to restructuring organisations and multiple corporate initiatives to address various challenges. Some boards have sought to change corporate cultures while others engage in talent wars. Business schools have also put a high priority on strategy formulation and jumped on change, knowledge and talent management bandwagons. Academics and commentators have stressed the importance of looking ahead and there has been criticism of ‘short-termism’.

By conforming and avoiding risks many boards have become an obstacle to change. They feel that by ‘playing it safe’ they are being responsible. Dr Coral Ingley of AUT University outlined research results which emphasise the extent to which conformism reigns in boardrooms. Conformance often comes first.

Some enthusiasts point to surveys that reveal an association between elements of corporate governance such as particular board structures and financial performance. However, establishing cause and effect is more difficult. The association may simply be due to good boards and management teams trying to get most things right, whether a company’s products and pricing or observing codes of practice.

One could argue corporate governance has been a placebo or distraction. Even its supporters and apologists acknowledge that there are missing elements. These will need to address such realities as uncertainty, insecurity and a lack of business confidence in key markets, while many ‘traditional’ approaches have proved inflexible and costly. Priorities can also change during their implementation.

Lord Giddens expressed the view that “the world is out of control.” He could not recall a time when the future was so uncertain and every company was vulnerable to sudden shocks. Looking into the future and preparing longer-term plans can be problematic when one peers into a fog that conceals multiple, evolving and mutating challenges and opportunities.

“A decade of stupidity”

Gwyn Jones, CEO of the Global Association of Corporate Sustainability Officers, called for fresh thinking. After what he termed a decade of stupidity Professor Mervyn King also called for new ways of thinking for the period 2010 to 2020 which needed to be a decade of change. Many boards find organisational structures, processes and practices are getting in the way and more affordable, flexible and sustainable approaches are required. We need better ways of helping ‘frontline’ staff to cope and enabling customers to help themselves.

Dr Graham Wilson in his valedictory summary pointed out that the future looks worse than we would like it to be and emphasised the need for practical solutions. People require support when handling an unprecedented degree of change and minimising downside risks, while approaches advocated should be evidence based.

Lt Gen Alhuwalia pointed out that when facing a set of challenges unprecedented in human history, flexibility and adaptability will be required when adjusting to change. So how should corporate boards respond? Will traditional approaches come good, or should they try more promising methods?

Performance support

My own search for alternative approaches has involved issue surveys of some 2000 organisations and critical success factor surveys of over 2000 companies and over 500 professional firms. It has included working with over 100 boards, reviews of the processes and practices of over 100 companies, European Community funded support of the owners of 50 businesses, and evaluations of over 20 adoptions of better options.

Accumulated evidence is compelling and consistent. It suggests many widely adopted responses to a changing business environment are general, expensive, time consuming and disruptive. More importantly, boards are overlooking quick, focused and cost effective options that ensure compliance and deliver large returns on investment and multiple benefits including higher performance, faster responses, lower support costs, increased understanding, greater engagement and reduced stress and risk.

An option such as performance support can deliver these benefits by making it easier for people to excel at difficult and important jobs by emulating the approaches of their more successful peers. It can support mobile activities, relocation and outsourcing. Baroness Verma stressed the importance of learning from others and seeing what we can do better.

Dr Coral Ingley asked how governance can stimulate

“The realities faced by business and political leaders are stark.”

By conforming and avoiding risks many boards have become an obstacle to change.”
Performance support makes it easier for people to excel at difficult and important jobs by emulating the approaches of their more successful peers.

Creativity when people are so preoccupied with compliance and conformity. With built-in controls performance support can enable people to innovate and develop bespoke responses and ensure compliance with legal, regulatory and corporate requirements. Users can be freed from dependency upon particular locations. When customers are enabled to help themselves unnecessary activities can wither away.

‘New governance’ includes such missing elements and focuses on the behaviours of directors and boards. ‘Bottom-up’ ‘new leadership’ embraces helping and supporting. There is more emphasis upon implementing strategy, building learning into ways of working and quick adaptation. Affordable, flexible and sustainable 24/7 support enables customers, staff and business partners to excel at critical activities.

Importantly, the benefits of ‘new governance’ can be experienced within a few months and independently of existing people, cultures, sectors and systems. With mankind running out of time the ability of performance support to quickly change behaviours enables more rapid responses to evolving circumstances.

Investigations I have led have resulted in over 20 published reports that identify critical success factors for important corporate activities such as winning new business, building customer relationships, pricing, purchasing and creating and exploiting know-how. Knowledge of what top performing directors, their teams and key work groups do differently in these areas can be captured and shared.

Jessica Fries, Director of the Prince’s Accounting for Sustainability Project, highlighted the extent to which we are living beyond the capacity of the planet. The focus on implementation and providing better support in ‘new governance’ and ‘new leadership’ is relevant to sustainability. They can make it easier for people to behave in a sustainable way and avoid damaging and unsustainable activities.

Convention study visit
The 2012 London Global Convention study visit was to the University of Greenwich main campus at the Old Royal Naval College. Professor Charles Kao an alumnus of the University won the Nobel Prize for Physics for the discovery that led to the breakthrough in fibre optic technology which allows global communication via the internet. Using affordable technology such as mobile phones and tablets performance support can enable sustainable behaviour and choices across global communities.

One can reduce cost and waste by making people aware of better alternatives. Typically only 30-40% of corporate computer storage space is used. Cisco Systems provided its global sales force with performance support to make people aware of the benefits of storage networking. In addition to reduced demand for rare resources, sales achieved by the first few users to be interviewed generated a return of 38 times the project cost within six months.

Christopher Gleadle pointed out the importance of profitability and sales and that each day sales meetings and calls result in millions of conversations. With appropriate support all such interactions could be an opportunity to increase understanding of the consequences of consumption decisions and help people to make less damaging and more sustainable choices.

Increasingly relationships with employees, customers and other stakeholders need to be mutually beneficial if they are to last. Companies in various sectors have used sales support tools to engage and communicate with prospects, increase revenues and reduce costs while at the same time enabling quicker and bespoke responses to individual customer requirements. Performance tools can also support collaboration across supply chains. Cisco has used them to engage channel partners and increase their understanding, while B&Q has employed the approach to make it easier for suppliers to meet its quality requirements, including sustainability considerations. Fostering collaboration across organisations is important, especially, as Rachel Huxley, CEO of Peterborough Environment City Trust pointed out, for addressing the sustainability challenges of cities.

Appropriate support can enable more responsible purchasing decisions. Dr Ola Ullsten, the Convention Chairman, reminded delegates it was the fiftieth anniversary of Rachel Carson’s book Silent Spring. The death of song birds was the accidental consequence of pesticide use. Nomix used a support tool to make people aware of the environmental damage and health risks of spraying. One recipient bought the company as a result of finding its explanation of the Nomix alternative so compelling.
Clear advantages

As well as benefitting companies and the environment, performance support offers clear advantages for individuals, whether employees or customers. For example, it can reduce stress and satisfaction by making it easier for people to undertake difficult activities and increase their understanding, confidence and competence.

Manoj Sonawala, General Manager and Company Secretary of Tata Services, called for governance to be principle based rather than rule based and capable of being understood by every employee. Complexity need no longer be a barrier. The use of clear explanations, animations and graphics in performance support can help people to comprehend quite intricate areas.

Lord Desai and Geoffrey van Orden MEP stressed the importance of changes that have a clear and tangible impact on people’s lives. Mutual benefits such as those offered by better performance support can help to rebuild trust and the credibility of business and government. Vindi Banga, Senior Partner of Clayton Dubilier and Rice, pointed out that these have been eroded.

Uma Shanker, Secretary of the Government of India’s Ministry of Power, reminded delegates of the importance of these changes. Employees and their managers in the public services also face sustainability and affordability challenges. In my report Transforming Public Services, I set out an affordable route to high performance public organisations for those charged with their governance.

In many countries there is a particular problem with healthcare as people live longer with long-term conditions. Evaluation of early adopters of a Psoriasis support tool has found a significant increase in the ability of sufferers to self-care and manage their own condition. Such an example suggests a huge potential for helping people to adopt healthier and more sustainable lifestyles.

Paul Moxey of ACCA pointed out that human beings are not machines. Hence ‘new governance’ and ‘new leadership’ look beyond structures at behaviours. Professor Mervyn King and Peter Madden stressed the extent to which the planet’s population is set to increase. If it is to accommodate them, behaviours must change. Better support can make it easier for people to adopt sustainable behaviours and discourage or prevent unsustainable ones.

Baroness Verma called for business leaders to challenge corporate processes and the status quo. She emphasised the importance of people in organisations. Like Sushma Berlia, President of the Apeejay Stya and Svan Group, she stressed the need to bring together social, economic and environmental issues.

By presenting relevant considerations as, when and wherever the need for action or a decision arises, practical performance support can give people the integrated help they require.

Challenges also present opportunities for the entrepreneurial to develop practical solutions. The potential in renewable energy was explained by Najshma Hasan of the University of Greenwich to delegates visiting the Maritime Greenwich UNESCO World Heritage Site. Duncan Hames MP had pointed out that a half of large scale investment in the UK in the years ahead would be energy related.

Dr Wim Vanderkerckhove of the University of Greenwich pointed out that whistleblowing could be applied to breaches of governance and sustainability rules and requirements. Other convention speakers highlighted the benefits of better information and the advantages of integrated accounting. Will this be enough? What additional action should boards take with the resources at their disposal?

Directors should consider ‘new governance’ and ‘new leadership’. While Lord Giddens warned delegates to “run a mile” from books advocating single solutions, the evidence examined suggests wider adoption of performance support could contribute to sustainability. It can address the complexities many people face, cut across silos and bring together what is needed to address an issue or take a decision.

Overall the London Global Convention 2012 from the opening business meet at the Royal Overseas League, through the sessions at Lords cricket ground to the study visit to the University of Greenwich and Maritime Greenwich UNESCO World Heritage Site represented an opportunity for business leaders to network, share their experiences, learn from leading authorities and discuss challenges faced by their boards. Participation in such IOD India events shows a commitment to continuing professional development which is a hallmark of the competent corporate director.

“Better support can make it easier for people to adopt sustainable behaviours and discourage or prevent unsustainable ones.”
Auditing strategic business management: why and how?

By Mike Sweeney and Bob Lillis.

A number of high profile UK companies have reported exceptional business performance successes of late; an example is Jaguar Land Rover. Such achievements automatically trigger inquisitiveness about how such success has been realised, given that it has been accomplished in spite of a seemingly unending period of global economic recession.

It is almost certain that some of the strategic management practices employed by successful businesses are practised by most organisations, albeit not so effectively. For example, there is a general consensus among both practitioners and theoreticians, that to achieve business success requires a close alignment between how an organisation plans to compete and the competitive capabilities of its operations (Swink et al., 2005). However, little has been reported on how such an alignment can be measured for its management.

To perform such an analysis requires an auditing of two strategic business management variables; the first is an assessment of the approach to competitiveness being pursued by the organisation. The second is an assessment of the strategic role and contribution its operations are presently performing. A sustainable competitive advantage cannot be established without complementarity between the strategic intents of both the competitive and operations strategies of a business.

In practice such an assessment would be made by judgement and intuition. Clearly, this strategic business management task is performed extremely well in some businesses but, in others, it is equally clear that it is not so well managed. If, however, the alignment of these two variables could be audited and reported upon in a more transparent form, the resultant information could facilitate greater involvement and improvement in the management of this strategic management goal.

In this article, we report an audit approach we devised and tested in 21 service organisations whose primary purpose was the development of such a capability.

Alternative views of competitive strategy
Competitive strategy may be founded upon a market or a business-environment based perspective of how to compete (Porter, 1996). Alternatively, it could be grounded upon a resource-based (Prahalad and Hamel, 1990; Teece et al., 1997) or an organisational-capability based view of how to deliver competitive customer value.

The well-established view of competitive strategy, which is the market-based view, is grounded on an understanding of what is happening in the business environment of a firm and using this information to determine the major threats and opportunities that prevail. The aims of the strategy formulated are to counter competitive threats and prepare plans for capitalising upon any identified demand growth opportunities.

The advocates of the resource-based view of competition suggest that the achievement of a sustainable competitive advantage could lie within the firm itself. Through the development and continuous improvement of capabilities that are difficult to replicate and that deliver
unique customer value(s), an organisation can create and sustain a competitive edge.

Clearly, the strategic intent for these two approaches to competitive strategy formulation is different and distinguishable. The differentiation could be accomplished through an analysis of the nature of the strategic management decision that an organisation makes to create and sustain a competitive edge.

**Alternative strategic roles and contribution from operations**

Models depicting the role and contribution of operations to competitive strategy formulation and execution are well established (Hayes et al., 1988; Chase and Hayes 1991). They illustrate the theoretical stages of development of the operations function describing the significant differences and characteristics of each stage. These roles may be summarised as being ‘a journeyman’ role to a ‘supportive’ role through to the development of a more proactive, or driving (of competitive strategy) role. It is this latter role that theorists equate with ‘world class service delivery’. We adopted these distinctions in devising our audit approach.

**How the audits were carried out**

The audits of the view of competitive strategy being adopted and strategic contribution being made from the operations of 21 service firms were carried out by the use of questionnaires and structured interviews.

The first questionnaire (the y-axis questionnaire) was designed to analyse the competitive strategy of each firm. This was accomplished by soliciting, from the questionnaire respondent who was highly placed in each firm, the perceived significance attributed to a number of preselected common types of competitive behaviour.

The four major categories of competitive behaviour that constituted the foci of the competitive strategy audit and to which a number of subordinate questions were linked, based on the theories of Porter (1991, 1996) and Teece et al., (1992, 1997), were as follows:

• Competitive positioning and conduct – market-based;
• Skill acquisition and learning – resource-based;
• Business performance characteristics – market-based;
• The uniqueness of resources and capabilities – resource-based.

Each questionnaire respondent was asked to consider 15 ‘observable elements’ of these categories of competitive behaviour and to give a perceived assessment, on a five point scale, of the firm’s commitment to their practice.
The results were then used to prepare a profile of the competitive strategy of the responding business. Figures 1 and 2 (previous page) show a theoretical profile of a firm fully committed to a market-based competitive strategy (Figure 1) compared with a resource-based competitive strategy (Figure 2). The scales of the 15 spokes of each profile range from one to five with a rating of five positioned on the circumference of the circular figures.

Figure 3 is an example of the actual profile of one of the organisations from our sample of 21 service firms. It seems to suggest that the firm from which the data derives – Company A – is implementing a predominantly market-based competitive strategy.

The follow-up questionnaire (the x-axis questionnaire) was then designed to analyse the strategic role that the operations function of a business was currently fulfilling. In a similar manner to that previously described, 15 ‘observable elements’ of the strategic role that the operations function can perform were used to assess the commitment of the strategic operations management to investing in each of the 15 operational performance characteristics. Also, as before, a five-point scale was the means for reporting the respondent’s assessment of the perceived competitive strength of each operation’s characteristic.

Figure 4 shows the results obtained from Company A, indicating that its operations are adopting a predominately supportive strategic role. It also shows where further development of this role could enhance its contribution to corporate competitiveness.

**Analysing strategic management consistency**

The points reported on each completed y-axis questionnaire were totalised and a profile of the view of competitive strategy adopted by each firm was plotted, as shown in Figure 3.

The interpretation of the profile of the view taken by each of the businesses participating in this research was as follows; a questionnaire points count of between 15 and 39 (15 is the minimum total that could be gained) and a competitive profile without a discernible bias towards either of those shown in Figures 1 and 2, was considered to be seeking improved operational effectiveness as its strategy to increase its competitiveness (Porter, 1996).

A profile similar to that...
shown in Figure 1 and a questionnaire points count of between 39 and approximately 51 was considered to suggest firms adopting a predominantly market-based view of competitive strategy. A questionnaire points count of between 51 and approximately 57, with a profile similar to that shown in Figure 2, was considered to be a company predominately adopting a resource-based view. If the points count is greater than 58, this suggests that a business may be suffering from strategic drift. The production of such a profile should therefore trigger a need for a more detailed examination of its intended view of competition for competitive strategy formulation.

In a similar manner, the points reported on each x-axis questionnaire were totalised and a profile of the strategic role of the organisation’s operations was plotted, as shown in Figure 4. Theoretically, the progressive increase in the point score reflects the fulfilment of a strategic operations role from a basic one of pure good or best practice implementation, to one supportive of a market-based strategy or to one that is more proactive in the creation and delivery of capabilities that enable the delivery of a customer service competitive edge.

Plotting these questionnaire point counts on a strategic fit management framework, as shown in Figure 5 for the 21 services that comprised our sample of companies, enables a business to assess the current level of the alignment of its competitive and operations strategy. In addition, the profiles plotted of its competitive and operations strategies, as illustrated in Figures 3 and 4, provide a model of what has already been achieved by current strategic management actions and what actions are required to further the competitiveness of the business.

**Conclusion**
The strategic management of both the competitiveness of a business and the alignment of its operations activities with the competitive positioning of the firm can be performed intuitively. However, as with all management challenges, visual representations of abstract concepts such as competition and operational capabilities can be better analysed and discussed through conceptual management tools, albeit with a recognition that these also have their limitations.

Our purpose was to devise a procedure and the management tools required to facilitate the constantly changing relationship between competitive and operations strategies. The use of our x and y-axes questionnaires by senior management can offer helpful insights into what strategic moves are realistically available to their business given its current competitive strategy-role of operations relationship.

**References**
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