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

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

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

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

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

**Cover Story**

Work reconsidered: James Pepitone explains an intriguing experiment in which productivity is increased through ‘humaneering’.

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I n the last issue of the Journal I reported on the 2014 Adam Smith Lecture, which was delivered by Professor Michael Sandel, who teaches political philosophy at Harvard University. His presentation was entitled ‘What Money Can’t Buy: The Moral Limits of Markets’.

During his presentation Professor Sandel cited many examples of how we had become a ‘marketing society’ where everything is up for sale. This he said, had created an inequality where affluence could not only afford to buy fancy goods, but also vital access to health, education and political influence. He claimed that people were fed up with the moral and spiritual emptiness of political discourse today and called on politicians to debate the bigger questions.

At the end of the article I concluded by saying that Professor Sandel provided much food for thought and if there was one quote that I took from his presentation it was “morality is the centre of all life”.

Regular readers of this column will have noted over the last few years that I have cited many examples in business, banking and government, where practices have been anything but moral and, indeed, have stated on numerous occasions that they are morally indefensible.

In business for example, I reported on Amazon, Apple, Starbucks, Google and Boots and how they have avoided paying corporation tax in Britain by using overseas subsidiaries. All have defended their actions by stating that they operate within the law. The latest to be exposed for avoiding corporation tax, is the sports giant Nike. They apparently paid a mere £1 million in tax over the past five years on sales of £100 million of its Manchester United replica kits. Accounts filed at Companies House reveal that the firm transferred nearly £40 million over that period to its Dutch business, despite making most of its money on sales to football fans in the UK. Like the others, they have defended their actions by saying that they comply with the letter of the law, but also like others the practice is morally indefensible.

The banking profession is similar. Again, I have cited many examples where bank practices are not only morally but, in some instances legally, questionable. Bankers’ bonuses still being paid despite racking-up huge annual losses, the LIBOR fixing scandal, the mis-selling of PPIs, misleading advice on investments, the list goes on. Interestingly enough, the latest bank to be highlighted with problems is none other that of the Pope’s bank, the Vatican. Bosses at the bank have quit after allegations it was used for money laundering. Apparently, the entire senior management team of the bank is to be replaced in a shake-up. Pope Francis wants to stamp out corruption and other abuses at the institution, which handles the Catholic Church’s funds. Is nothing sacred?

We, of course, look to our politicians and those in power to do something about these practices, yet it is difficult to have respect for them, as many fall into a similar category with actions that are again, morally questionable. Cash for questions, the expenses scandal, salary increases in double figures when asking others for pay restraint, are just a few examples.

It would appear, therefore, that the very essence of Professor Sandel’s message is well founded and we do indeed need to create a society in which, ‘morality is the centre of all life’.

On the domestic front we continue to progress with our strategic aims. In the last edition of the Journal, I made reference to the Institute’s strategy on education and advised that we had recently approved a three part PIP (productivity improvement programme) for Jafcon, a management consultancy firm based in Bahrain. This is part of our drive to bring on board more overseas education providers and subsequently, more overseas members.

We also continue to improve links with our existing education providers and, as a result, have recently updated our education regulations, fees and criteria on membership grades. The purpose of these changes is to make it more attractive for students and other potential members to take up Life membership and to clarify the grading system for easier application. It is anticipated that these changes will help recruit and retain more of our student members as they progress.
through the education system and also increase membership through other sources, including direct entry.

As part of the discussions with our providers we have redesigned all of the Institute's certificates: the Management Services Certificate and Diploma, our various Membership Grade Certificates, Student of the Year Certificate and Approved Education Provider Certificate.

We have, of course, had considerable input from our education providers during these discussions and if I may, on your behalf, thank them for their contribution. In particular, I would like to personally thank Richard Taylor, Anne-Marie Bailey and Joanne Crawshaw of Scott-Grant, whose input has been invaluable.

All the changes were effective from 1 July 2014.

Dr Andrew Muir

A significant milestone for IMS Admin Manager

The Chairman presents Mrs Lynette Gill with a gift and a cheque to mark her 10 years service with the Institute.

In thanking Mrs Gill for her loyalty over the years, Dr Muir said that she plays a key role in the administration of the Institute and provides a valued and highly professional service to the membership and the Institute’s Council of Management. He then added his personal thanks for all the assistance that he had received during his last three years as Chairman.

Scottish Region report

The 2014 Adam Smith Festival commenced on 29 April with the Adam Smith Lecture, which was delivered this year by Professor Michael Sandel. A report on the lecture, What Money Can’t Buy: The Moral Limits of Markets, was published in the summer edition of the Journal.

The Lecture was followed on 6 June with a ‘Morning with Adam Smith’ where students and pupils found out about the life and times of Adam Smith from two of the world’s leading professors in Modern Philosophy: Professor Spiros Tegos, from the University of Crete and Professor Remy Debes from the University of Memphis. Later in the day the Professors held ‘An Evening with Adam Smith’, at the Town Hall which was free and open to the public.

Other events that took place over weekend included a food festival, a genealogy event, a book festival, an arts festival with various workshops and concluded on 8 June with ‘An Evening with Gordon Brown and Tom Devine’. The former Prime Minister and Scotland’s leading historian shared the stage for an interesting evening of conversation and debate.

Scottish Region Secretary
IMS North West visit to Trelleborg Offshore UK Limited

On 17 July 2014, a group of IMS members visited Trelleborg Offshore UK Ltd, based in Skelmersdale, Lancashire.

Trelleborg Offshore has a global presence with manufacturing facilities around the world, providing solutions for offshore oil and gas, including our North Sea facilities, where seabed pressures need exact and high performance materials.

The company, which is Swedish owned, has more than 43 sister companies worldwide; the Skelmersdale plant employs around 300 staff and is a market leader in advanced polymer technologies, supplying Marine offshore equipment.

In the meeting room we were introduced to the Factory Manager David Geoghegan-Breen, who gave us a brief history of the company, along with a 30 minute film of their involvement with operations in Baku, Azerbaijan.

After being provided with high visibility-jackets, safety shoes and spectacles, we were escorted around the factory by Shift Production Supervisor John Smith, who answered all our questions and pointed out the key areas of interest.

Their production areas involved advanced technological engineering, in order to manufacture components for subsea operations. These include remote operated vehicles (ROVs) for deep sea inspection and assemblies, insulation for wellheads to maximise gas or oil hydrocarbon flow, buoyancy components to affect the weight of parts, components to offer protection from vibration and restriction of movement which lessen the damage caused by extreme undersea vortex currents.

This was a first class visit to an innovative company which invests heavily, in order to provide their worldwide customers with specialist marine equipment and knowledge of installation.

Harry Hogg

West Midlands: Regional report

On the beautiful sunny and warm midsummer day morning of Saturday 21 June, a party from the West Midlands Region visited the well known steam railway which runs along the River Severn valley from Kidderminster in Worcestershire to Bridgnorth in Shropshire. The Severn Valley Railway (SVR) was rescued by volunteers from Dr Beeching’s axe in the 1960s, which closed many British Rail branch lines. The SVR is now a well established tourist attraction in the West Midlands run by an ‘army’ of volunteers.

Many of the steam locomotives had been consigned to a scrap yard in South Wales when British Railways switched from steam to diesel and electric power in the 1960s. Some of these steam engines were rescued in the nick of time by volunteers from the thermal cutting torches of the scrapyard. The engines were carefully and lovingly restored to an operational state and now run regular services on the restored SVR track.

The party met at the Severn Valley Railway (SVR) Kidderminster Station and took the steam train through beautiful unspoilt countryside to Highley, where the SVR’s engine shed is open to the public with an interesting collection of steam engines and rolling stock on display. There is also a café and restaurant where lunch was enjoyed, before catching the steam train back to Kidderminster and a look round the museum at the railway station which is filled with railway memorabilia.

A very pleasant day to share with colleagues and friends.

John Hopkinson, Chair, West Midlands Region

East Midlands: Summer report

The East Midlands Regional Board met at Mansfield on 26 July, when two main issues were discussed.

Firstly, it was noted that in 2015, the IMS will be celebrating its 75th year in existence and various ideas were discussed to commemorate the occasion. Our Chairman recorded some suggestions/actions which might be developed/refined/ implemented in the coming months/2015.

Secondly, following on from two recent highly successful visits, it was agreed to follow up enquiries to visit a sugar refining plant in Newark during November. Other potential future events in 2015 include visits to the JCB manufacturing plant in Staffordshire and the Red Bull premises in Northamptonshire.

Further details of these visits can be obtained from John Davies, Regional Secretary, tel: 0115 928 4953, and email: daviesj1931@gmail.com

John Davies
Employee owned firms see 4.5% productivity increase each year

Employee owned firms enjoy an average of 25% annual increases in profits and 4.5% year-on-year productivity increases, research released to mark Employee Ownership Day 2014 reveals.

The findings, compiled by Capital Strategies for the Employee Ownership Association (EOA) on the economic performance of the top 50 employee-owned organisations, showed that combined sales at these firms totalled £20.5bn.

With the John Lewis Partnership topping the list, employees increased by 3.3% year-on-year at the top 50 organisations, with sales increasing by 4.5%. Furthermore, 38 out of the 50 companies had no net debt.

According to EOA statistics, employee ownership currently contributes an estimated £30bn to the UK economy each year. Speaking at the launch of the report, EOA chief executive Iain Hasdell said employee ownership was a “growing economic force”.

“It is fitting that on UK Employee Ownership Day we are able to point, via the Top 50 data, to the higher productivity, profitability and employment levels of employee owned firms,” he said.

“The statistics we have published today provide further evidence that employee owned businesses outperform those that are externally owned. With 4.5% year-on-year productivity increases and 25% annual increases in profits, employee owned businesses really are at the forefront of driving economic growth in the UK.”

Mini breaks at work are good for productivity

A recent study shows that taking mini breaks to text and play smartphone games at work can increase productivity. The American company USM Studios, Inc found that taking micro-breaks to text friends or visit a social media page actually produces a more productive and happier employee. The researchers learned that workers who take short breaks to walk to a rest room or stop by a colleague’s desk tend to feel less stress and return to the task at hand feeling refreshed. Micro breaks taken to play a smartphone game or update a social status can be good for employee retention because workers are happier at the end of the day. USM says it has been impressed and pleased with the increased productivity of its staff.
Scotland productivity lags behind rest of UK

Scotland suffers from a large and persistent productivity gap with the rest of the UK, according to research by Durham University Business School, which raises questions about the strength of the Scottish economy as the independence referendum approaches.

The research indicates that productivity in Scotland’s private sector has lagged behind the rest of the UK by 11% on average since the late 1990s.

The findings suggest Scotland would have a lot of ground to make up as an independent country if it wanted to close the underlying productivity gap with the rest of the UK. In the long run, productivity growth is the biggest determinant of a country’s living standards.

The paper examines total factor productivity (TFP), a measure of how efficiently a company uses all its inputs, not just labour. Official labour productivity data – which measures output per hour worked – point to a much smaller gap between Scotland and the UK of about 2.6%.

The authors analysed data on the TFP of individual plants in the UK between 1997 and 2012, excluding the public sector, the volatile financial services and oil and gas sectors.

Workers Union, the National Trades Union Congress (NTUC) and the Singapore Hotel Association. The nine hotels’ productivity initiatives resulted in 32,500 man hours saved annually.

Speaking at the awards, Klauser said ideas such as replacing physical newspapers with electronic ones and stationing iPads at a self-service concierge counter were described as “incredibly well-received”. Focus groups with input from its employees were held to generate ideas and incentives were given to employees to encourage suggestions.

Asked if increasing productivity could possible lead to a drop in service standards, Klauser responded by saying: “It is not the productivity initiatives that stand in the way of providing five-star service. Just like any other industry, it just requires the right amount of talent in the workers to meet this standard of quality.”

In a bid to combat a shortage in manpower, the Shangri-La Hotel, Singapore, has undertaken a number of measures to raise productivity levels which will cumulatively save the hotel a total of 4100 man hours a year.

“It’s the little things that make a big difference. With the labour crunch showing no sign of letting up, we realised that productivity gains were no longer an opportunity, but a bare necessity,” said Reto Klauser, the hotel’s vice-president and general manager.

Shangri-La hotel was one of nine hotels recognised for the Productivity Idea Award at the 32nd Productivity Seminar organised by the Food, Drinks and Allied Workers Union, the National Trades Union Congress (NTUC) and the Singapore Hotel Association. The nine hotels’ productivity initiatives resulted in 32,500 man hours saved annually.

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A partnership between the UK Government and the tourism and hospitality sector that will focus on improving skills, increasing the quality and quantity of jobs available and boosting enterprise in the industry, was announced by Minister for Tourism, Helen Grant, in July 2014.

Speaking at the British Hospitality Association annual summit, Grant said that the new Tourism Council – an industry-led board of employers and leading players in the sector – will share and develop best practice so that tourism continues to thrive.

Minister for Tourism, Helen Grant said: “The tourism and hospitality industry helps us sell Britain, helps contribute to economic growth and helps drive investment”. She also indicated that small businesses in towns and villages across the country are the bedrock of the tourism industry and an important part of the wider economy.

The Tourism Council will seek to ensure young people are equipped with the skills to work productively in this sector. In 2013 there were more than 27,000 apprentices in tourism, leisure and hospitality roles. Helen Grant stated that she is keen for this number to increase and that the Tourism Council would support the development of skills, the sharing of best practices and provide means for tourist businesses to innovate and grow.

**Well-being: Productivity and Happiness at Work**

**Author:** Ivan Robertson and Professor Cary Cooper  
**Publisher:** Palgrave MacMillan 2011  
**ISBN:** 9780230249950  
**Pages:** 224

This book is about well-being, productivity and happiness at work and about ways to preserve and promote such phenomena. The book is split into five sections covering areas such as, ‘why well-being matters’, ‘what influences well-being’ and ‘case studies’. Part 5 of the book is about case studies and provides illustrative and relevant case studies from both the public and private sectors in both the USA and various European countries. The book focuses on psychological (mental) well-being, but also covers in detail, the physical and social aspects of well-being.

The authors give descriptive explanations of how high levels of psychological wellbeing amongst employees translate into good news for the organisation – including lower sickness-absence levels, attraction and retention of talented people and more satisfied customers and service users. Plus, people with higher levels of psychological well-being work better, live longer and have happier lives. Engagement and well-being can sustain each other and lead to a healthier and more productive organisation – the ideal situation for both employees and employer.

Robertson and Cooper fully explain the concept of workplace wellbeing through real life examples of what organisations have done or what they should do, to improve the lives and therefore the productivity, of their employees. The book provides the reader with a clear academic and business insight into the benefits of well-being from both the individual and the organisation viewpoint.

**Human Performance Consulting (Improving Human Performance)**

**Author:** James S Pepitone  
**Publisher:** Routledge (November 3, 2009) (Kindle Edition)  
**ASIN:** B008BTPEEE  
**Pages:** 280

The methods described as ‘human performance consulting’ go beyond individual improvement and show how to create and sustain work situations that foster high levels of performance. The book effectively presents a comprehensive framework for designing and implementing highly effective, results-orientated programmes that improve employee performance. It gives managers and human-performance professionals proven methods for boosting any organisation’s workforce productivity and operational performance – and without huge capital expenditures, high-profile programs, and major upheavals. James Pepitone describes the role of the internal performance consultant and explains how these individuals can add financial value to any organisation by guiding human performance improvement. Case studies and examples give readers a solid foundation for identifying and diagnosing performance problems. Step-by-step instructions supply guidelines for working with existing management to make skilful appropriate changes that will improve performance and add measurable value.

More than 80% of today’s workforce comprises knowledge and service-based workers, rendering obsolete the conventional understanding of organisational performance. New work roles require new managerial skills and methods. This innovative book shows how ‘new human performance specialists’ can mould and construct work situations that enhance performance, productivity, and profits.

James Pepitone is the Managing Partner at DesignedWORK, consultants and advisors specialising in the design of knowledge work. He utilises a deep knowledge of the human sciences and years of experience to diagnose, design, and develop the human work systems on which knowledge work depends. He seeks to foster the concept and develop the trans-disciplinary applied science ‘humaneering’, which will integrate and synthesise knowledge from primarily human science and other relevant disciplines into a productivity maximising protocol for the design and management of human work. Turn to page 15 for James Pepitone’s article.
Leadership issues and challenges

Themes from the 24th World Congress on ‘Total Quality and Leadership’ by Professor Colin Coulson-Thomas.
S ome boards – and in particular their non-executive members – seem to be so concerned with avoiding risks that they are instinctively wary of new developments. At times some directors can appear risk-averse, negative and overly protective of the status-quo. Where once board members were mainly concerned with the growth and development of a business, today governance is often largely about conformance and compliance.

In reality, playing it safe and sticking close to what one has always done and is comfortable with in a competitive and dynamic marketplace, can be a risky strategy. The creation of new and differentiated options and choices can be a safer guarantee of competitive advantage. As is the case with health, people do not tolerate mistakes involving their money. He pointed out that there is a customer at the end of every keystroke and the service a customer receives can be the result of the efforts of a number of people.

The focus should be upon changes that would have the greatest beneficial impact upon the customer and be a source of competitive advantage.

They are free to use social networking across the organisation to assemble teams of people willing to spend time developing ideas. Lt Gen Ahluwalia was the first of a number of speakers to stress the importance of focus upon the customer. With innovation and breakthroughs occurring in a wide range of fields, companies often find that most of their activities and operations could be improved.

At the same time, a board needs to ensure that a company does not suffer from initiative overload, while sustainability considerations require that scarce resources are used to best effect. An acid test is whether customers are prepared to pay for a modification, enhancement or a new offering.

Far too many companies devote much effort to improving areas that are not priorities from a customer perspective. Key questions to ask are whether or not a change would be visible to a customer, and if noticed would it represent a differentiator, a factor that would cause a prospect to favour one supplier or offering over another. The focus should be upon changes that would have the greatest beneficial impact upon the customer and be a source of competitive advantage.

In many fields, contemporary customers assume the excellence of physical products. Pankajam Sridevi, Managing Director of ANZ Operations and Technology pointed out that in financial services and banking, service is the differentiator. As is the case with health, people do not tolerate mistakes involving their money. He pointed out that there is a customer at the end of every keystroke and the service a customer receives can be the result of the efforts of a number of people.

Traditionally, many quality managers have put the case for standardisation. It may still be important for some companies. For Shammi Professor Colin Coulson-Thomas

The value of partnership

The Hon’ble Oommen Chandy, Chief Minister of Kerala believes progress is more rapid where people benefit from their innovations. Should more boards treat a company’s employees and customers as business partners and share the results of innovation and entrepreneurship with them?

In my books Individuals and Enterprise and Shaping Things to Come I argue that companies should become incubators of new enterprises, with central departments providing support services to groups of staff coming together to develop new offerings. The UK Post Office invited its people to suggest ideas for new services whose development could be centrally funded. At Google people are allowed to spend a day a week on creative activities and innovation.

They had been replaced by Google as the number one brand as a result of failure to develop new offerings. In some fields such as LED lighting a generation of technology can come and go in and matter of months. Without continuous innovation a supplier can fall behind. Should a board set a target for the proportion of revenues to come from new products?

One is very fortunate if innovation spontaneously occurs. The conditions for innovation and entrepreneurship and the appropriate support mechanisms may need to be put into place before breakthroughs occur and new options emerge. The extent of innovation may increase if people are encouraged to explore and helped to try out alternative approaches.

In many fields, traditional managers have put the case for standardisation. It may still be important for some companies. For Shammi.
M Pant of WNS Global Services where consistency is needed, the reduction of variation is still important. One may need greater intimacy with customers in order to understand where uniformity is required, and in what areas greater diversity, and a solution that is more appropriate for individual customers might be preferred.

In certain fields uniformity is prized and standardisation can still lead to economies of scale and competitive pricing. However, L Radhakrishnan, adviser to the Chief Minister of the Government of Kerala stressed the importance of flexibility and recognition and that in some sectors the customers who define quality favour variety and demand customisation. Boards need to understand their context.

**Finding time to innovate**

A step change or innovation may be more noticeable and more likely to be a differentiator, than a modest improvement to what already exists. In an era driven by technology in which many people around the world can witness developments as they occur, her Excellency Mrs Sheila Dikshit, Hon’ble Governor of Kerala, called for business leaders to shed old practices. Organisations need to be more responsive. They also need to move fast and collectively, work hard and be more inclusive.

Being marginally cheaper might no longer be enough. A me-too approach and lazily following the herd can lead to marginalisation. Speakers and delegates from the floor argued strongly that change – particularly of the customer experience – needs to be transformational rather than incremental, if market leadership is to be secured and maintained. Pankajam Sridevi, Managing Director, ANZ Operations & Technology said that companies need to get out of the habit of incremental thinking.

Boards should reflect on the relative value of incremental as opposed to transformational change. Where step changes occur, care must be taken to ensure that new levels of performance do not become set in concrete and subsequently overtaken by the incremental improvements of competitors. Incorporating a better way of learning into a breakthrough solution and actively seeking further innovation can ensure that a competitive advantage is sustained.

Where they have choice, it is ultimately customers who will determine which approach and strategy is the most successful. One customer segment might prefer change, and another continuity. Dinesh Deo, CEO of BNY Mellon International Operations expressed the view that one may need both continuous improvement and transformation, in order to remain competitive, and also provide restless and demanding customers with

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Business leaders need to increasingly challenge traditional trade-offs and seek affordable ways of simultaneously achieving multiple objectives, or as Shree Prakash, Head of The Times of India’s Nagpur Plant put it we need German quality at Chinese prices. Increasingly, as P N C Menon of Sobha developers suggested, customers want it all: excellent quality, quickly and at a low price.

In today’s international marketplace very little can be taken for granted. Boards should question assumptions and practices, and re-visit past decisions. For example, UK companies are repatriating manufacturing as Chinese labour costs rise. The statement of purpose of Mahindra & Mahindra begins with the challenging of conventional thinking. A forum exists for exchanging ideas. In its vision statement ACC, a producer of cement, seeks to be recognised for challenging conventions.

Customer experience

Companies need to know the aspects of customer experience that are most valued, and which of these should be maintained, which improved and which radically changed. When resources are constrained, difficult and careful choices may have to be made. There may need to be a continuous search for activities that no longer add value and which can hence be cut out.

The search for economies can extend to the public sector. Bharet Suresh Joshi, the British Deputy High Commissioner explained how within the Foreign and Commonwealth Office staff were expected to do more with less. In many sectors, product development and other decisions involving the allocation of resources have to be taken against a background of uncertainty. Companies simply do not know what their competitors may be offering, or their customers demanding, or what technological developments might occur in the next few months.

Ambarish Datta, Managing Director and CEO of the BSE Institute made the point that increasingly, businesses and their boards need to find ways of coping with uncertainty and random events. Traditional approaches to corporate planning may have to be replaced by intelligent steering. The flexible network models of organisation that organically evolve with temporary, multi-locational and inter-entity teams coming together to address issues and opportunities which I advocated in books and reports over a generation ago, are now an urgent requirement in some sectors.

Technology is spreading awareness and empowering customers, citizens and prospects. A democratisation of leadership is occurring. Within the UK national health service, Europe’s biggest employer, everyone is now expected to be a leader in the sense of taking personal responsibility for the best interests of patients and the public. Dr A K Balyan, MD and CEO of Petronet LNG called for leadership at all levels and the establishment of networks of leaders across organisations. The challenge for many organisations is how best to share accountability and develop cadres of leaders. If people are to be given responsibilities they will need the courage to ask questions. They will require appropriate support and they may well – initially at least – make some mistakes. Support arrangements need to be put in place to minimise the impact of the wrong choices, and to ensure that when mistakes occur, those directly involved and others, are able to learn from them.

The need for speed and the importance of understanding the sector and/or context in which one operates featured in a number of contributions. Ambarish Datta, Managing Director and CEO of the BSE Institute pointed out that completing transactions in milliseconds could be too slow. Reactions to external developments may also need to be speeded up. The right performance support and social networking can greatly reduce response times to new issues and unfamiliar situations.

One issue raised by delegates is the extent to which traditional quality with its concern to avoid mistakes is compatible with innovation. Does what has become known as ‘quality’ encourage a safe conformism, rather than the questioning and challenge that should come from an effective board, or the breaking of conventions one might find in a creative culture? Kanstubh Bodhankar Deputy CEO of the Global Indian International School stressed the importance of
leaders creating a culture of innovation and lifelong learning.

Encouragingly, ahead of IOD India's London Global Convention on Governance and Sustainability, S Chakraborty, CEO of Innovative Financial Advisers and other speakers stressed the importance of sustainability and sustainable returns. Luminous Power Technologies, according to its Managing Director Manish Pant, links managers’ incentives to externally audited indices and uses a planet and society barometer to assess impact. Sanat Hazra, Technical Director outlined steps that The Times of India takes to recycle water and replace the trees its printing presses require.

Some years back speakers came to international conferences to advocate that environmental and sustainability issues be taken seriously. At Thiruvanantapuram contributors shared practical steps they were taking to operate efficiently and sustainability.

**Sustainability is a global issue**

Sandeep Mookerjee, a director of Deutsche Bank India, stressed the extent to which sustainability is now a global rather than a purely domestic issue. Indian boards are now addressing issues faced by their equivalents in other jurisdictions, and Indian companies are producing practical solutions to problems confronting businesses in many countries. Results being achieved suggest many Indian executives are developing approaches and gaining experience relevant to international expansion and global operation. The implications for individuals could be career progression within international companies, while more family companies might consider international expansion.

How different companies address common challenges is becoming more visible. Leadership is no longer something that occurs behind closed doors. Managing Director of Malabar Cements, K Padmakumar, stressed that public bodies are owned by all and that in an era of greater openness and transparency one cannot sweep issues under the carpet as might have happened in the past.

In the contemporary marketplace a wider range of people contribute to the pursuit of visions and must act responsibly. Within seconds, the result of a slip can be posted on the internet, or footage of a discharge that slipped through the net can be shared on YouTube. Boards must ensure the people of organisations are properly supported. Help and guidance should make it easier for people to do the right thing and difficult for them to act contrary to a policy, regulation or law.

A contemporary boardroom can be uncomfortable for those who were hoping for a quiet life. On occasion directors can feel the heat. Sanjeev Garg, Global Head of customer care for CVBU Tata Motors pointed out that the accountability of boards is increasing as products have to meet tougher standards, more Governments requirements are introduced and customers become more demanding. The tools of communication and social media are pervasive and more intrusive.

For confident directors eager to have a beneficial impact, these same developments can lead to more rapid business development. Innovations can be quickly disseminated and the spread of ideas and widespread adoption of new products can be rapid. Records of how long it takes to grow a business of a particular size or reach a certain number of customers seem to be regularly broken.

Board membership should be periodically reviewed and boards should regularly assess their own effectiveness and contribution. The past experience of certain directors may or may not be relevant to contemporary challenges and tomorrow's opportunities, but attending an event such as the 24th World Congress on Total Quality and Leadership enables open-minded business leaders to network with their peers, take stock of where they are, share insights, learn from Golden Peacock Award winners and discuss how best to tackle common problems.
Imagine being the executive in charge of a large business. Further imagine agreeing to participate in a ‘science experiment’ – something about designing work for increased productivity – based on the offhand suggestion of a trusted colleague.

This experiment wouldn’t be your organisation’s first attempt to improve work design. Your managers have been committed to continuous improvement since the 90’s. Thinking back, your people must have tried every popular operations improvement out there, and they achieved significant gains.

Even so, on the people side of the business many issues continue to consume your managers’ time and constrain your operation’s results. Productivity is a particularly difficult issue. So you agree to the experiment at your largest operation, advise your manager in charge, and ask to be kept informed.

Now, imagine the experiment underway for only two weeks and being surprised by initial data, which shows a substantial improvement of several key metrics. How could this be? What could possibly yield this kind of improvement, and do it so quickly? Naturally, you want to see for yourself. But first, you do some of your own research, by asking around and searching online. You learned that this experiment was one of many field trials of the latest version of humaneering – essentially a new architecture for work performed by people – resulting from a 10-year research program by the independent, non-profit Humaneering Institute.

Based in the US, the Institute was founded in 2002 to pursue a vision first articulated in the late 1930s by Dr Joseph (Joe) Tiffin. Dr Tiffin was a Purdue University professor of industrial psychology between 1938 and 1971, and a past president of the Society for Industrial/Organizational Psychology (SIOP), a division of the American Psychological Association (APA). The Humaneering Institute was funded by an anonymous benefactor and operated as a virtual organisation, depending on the contributed knowledge and assistance of more than a thousand scholars, practitioners, and managers. The challenge was to identify and synthesise all science-based knowledge, relevant to the design and management of work performed by people.

In Tiffin’s words “The 19th century was marked by great achievements in engineering. Advances in psychology, sociology, and physiology should lead us to as striking advances in ‘humaneering’ during the twentieth century.

*Dr Joseph Tiffin, The Psychology of Normal People*
He further explains that the understanding most people have of human nature is “naïve” (p.26) and that this naïve understanding has value, but generally lacks scientific quality in five important ways: (1) is replete with hasty generalisations; (2) is disorganised; (3) is comprised of mostly imprecise terminology; (4) lacks effective methodology for problem solving, and (5) doesn’t challenge the problems it creates. He concludes that having more accurate knowledge of human nature would routinely result in decisions that maximise economic performance.

Dr Tiffin’s perceptions proved true. The Humaneering Institute found useful knowledge about human nature in more than 100 science disciplines, including most human science disciplines (eg anthropology industrial-organisational psychology, environmental sociology); many management disciplines (eg operations management, human resources and organisation behaviour); a few industrial engineering disciplines (eg work design, human factors, operations research); plus a fascinating array of newer disciplines (eg, complex adaptive systems, behavioural economics and neuroscience). This knowledge was synthesised into a more accurate and up-to-date understanding of how to design and manage work performed by people. Beta-release field experiments are revealing substantial potential for improvement.

When you first visit the site of the experiment, you initially think there must have been a mistake in the figures you received. Only a few subtle changes are evident, and surely these are not enough to create much improvement. If anything, you might expect changes like these to make performance worse.

Your manager in charge chuckles, but only because he had a similar reaction two weeks prior. He says that every one of his managers who came by had a similar reaction. He explained that the person from the Humaneering Institute said the approach may be difficult to grasp at first, essentially because it involved unfamiliar principles of human nature. He went on to say that having the field experiment on site was fortunate, as it gave us a first hand way to learn about humaneering.

This reminds you that you probably responded the same way when you first heard about the improved results created by production cells over production lines, just-in-time (pull) production over just-in-case (push) production, Kaizen events over top-down initiatives, and agile over the waterfall approach to project management. It probably took us a while to understand or accept how these new methods produced so much improvement, but once we saw them working in our operation, we had no trouble understanding why they worked.

Before leaving, you ask your manager in charge to pull together a report on the experiment and some insight on humaneering so he can brief your entire team. What you really want to know is his intuitive first impression on how much difference could it make to the business.

Here’s the essence of what he said to the group.

**Humaneering is an applied science whose time has come**

The physical sciences started a few hundred years ahead
of the human sciences, and so they were first to be translated into a universal applied science to guide their practical application. Only now are the human sciences sufficient to create an applied science. Furthermore, there is broad agreement among scholars that it is the continued use of engineering-based principles for designing and managing human work that is preventing employers from engaging the full human potential of their organisation members. Work performed by people today is increasingly dependent on human qualities (eg creativity, initiative, concern, and empathy) that arise from human nature. It is the recognition of humaneering’s economic potential.

Extend business process design to the job role
The design focus for human work should be the job role (or position), which most business process initiatives stop short of designing. A person’s role is the nexus of a human work system with three principle components: the work itself (eg objective, activity, employer relationship, and manager), the worker (an individual), and the internal work environment (eg, culture, other workers, facilities, and people management policies).

Align job roles to the work
Job roles achieve their best performance when aligned to the work to be performed. This may sound obvious, but in many companies the priority is to maintain a consistent internal work environment across all job roles. This standardised environment may simplify the work of staff functions and management, yet it sacrifices the performance achievable in most job roles.

Differentiate the two types of work
A significant finding during the development of humaneering was the realisation that the two distinct types of work are combined into all job roles each needs to be designed and managed differently. Humaneering refers to these simply as Type 1 (standardised) and Type 2 (adaptive) work.

Type 1 work is that part of any job role for which there is one right way to do the work. People are often trained how to perform this way, and are expected to complete the work as prescribed.

Type 2 work is that part of any job role for which the worker decides what to do and how to do it. Type 1 and Type 2 work are complementary and often interdependent. Type 2 work requires as a prerequisite, some of the human capabilities essential for performing Type 1 work. (See the table comparing Type 1 and Type 2 work.)

Reconsider the work performed by people
The distinctions between Type 1 and Type 2 work are a critical factor in designing and managing human work to its highest potential performance. Type 1 and Type 2 work require very different behaviour, for which work design and management need
to engage different aspects of human nature.

This may sound complicated due to the complex content of job roles, yet rarely is it because the design process rationally prioritises specific job role content based on its economic value or other management priority. Similarly, current work design and management practices that waste market opportunity or impede economic value creation, once identified, can be targeted for management reconsideration and redesign.

Redesign work for increased economic value
In organisations where the principal operations consist primarily of Type 1 work (eg production, distribution, transportation, and administration), there is a high probability the Type 1 work is effectively designed. For these organisations, improving performance with humanerating will focus on the worker and internal work environment, in addition to any interdependent Type 2 work (eg continuous improvement, teamwork, support services, and development).

It is a different story for organisations whose primary operations are primarily Type 2 work (eg business services, healthcare, hospitality, and professional services). Research by the Humanerating Institute has found that for these organisations about 40% of the Type 1 work is not sufficiently standardised, leading to errors and other waste of resources.

Of greater concern, more than 80% of the Type 2 work in these organisations is designed and managed too much like Type 1 work, resulting in substantial constraints to economic value creation. Adding to this opportunity, scholars working with the Institute roughly estimated that Type 2 work probably contributes ten times the economic value contributed by Type 1 work of equivalent labour cost. Organisations searching for top-line productivity improvement need look no further than the Type 2 work in any job role.

Align job role components
The work environment within an organisation is second in importance for Type 1 work and third in importance for Type 2 work. For Type 1 work, the work itself, and not the worker, determines the economic value this work contributes to the job role. The work is predesigned for the desired productivity, and the worker’s role is simply to comply. In other words, Type 1 work does not allow a worker to add incremental economic value. The best the worker can do is to do exactly as told. For this reason, the work environment needs to directly support the work. If the work environment effectively supports the work, it will have contributed the maximum support to workers.

For Type 2 work, it is the worker, and not the work environment, that is second in importance. Type 2 work is essentially an opportunity for workers to create economic value by responding effectively to an opportunity (eg market need or client need). The economic value of the work is variable (and theoretically limitless), and depends on the effectiveness of the worker’s response to the presenting situation. Selecting workers who ‘fit’ the work has the greatest potential to maximise the economic value created.

In turn, the work environment should focus on supporting the worker whose efforts will determine the economic value created.

Final thoughts
Already I can see three possibilities that are a lot bigger than just my operation. First, we should strive to make...
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our people more productive by adding Type 2 work to their current jobs. This way they can create more economic value, which is good for the business and good for our people.

Second, I think we can finally resolve our persistent people issues by paying attention to human nature. If the current experiment is any indication, this will reduce the time our managers and supervisors spend on people issues, and we can refocus this time on developing the business.

Third, I was taught that the way to increase productivity was to reduce workforce size. Now I see another way, by increasing the economic value created by our people.

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Outsourcing: A strategic risk?

Aaron Relph and David Parker discuss the need for commercial caution when evaluating the benefits or otherwise of outsourcing.

Abstract
Many companies use outsourcing as a strategy to reduce costs throughout the supply chain function, with the intention of reducing negative impacts to services, while meeting customers’ demands. The logistics sector in Australia is worth approximately A$57 billion or 9% of Australia’s GDP according to the Bureau of Transport Economics in their 2001 report. However, reducing operational costs and improving the bottom line using outsourcing of non-core business related activities needs to be approached with caution. Before assuming a one-model fits all situation, a company should evaluate the benefits, relationships, risks, and balance of power in equation of pricing that is specific to its particular needs.

Introduction
Currently A$26 billion (or about 46%) worth of logistic functions are being outsourced to Third Party Logistics (3PL) providers; and the market is growing. While the importance of logistics activities and the primary contribution to the economics of the nation is significant, the supply network is also important in terms of the relationships it involves for all stakeholders including suppliers, customers, investors, employers and employees. The decision to outsource is critical to a company’s market positioning, its strategic intent and its ability to meet its customers’ needs.

Millin (2006) explains that the desire to outsource was not a consideration nor formally identified as a business strategy until 1989. Although prior to 1989, most companies were not completely self-sufficient, they would source other organisations to undertake skills/tasks not seen as ‘core functions’ within their own company. The use of external suppliers for these essential but ancillary services, might be termed the baseline stage in the evolution of outsourcing (Handfield, 2006).

The desire by firms to pursue gains from the trade of specialised production has contributed to the rise of specialised intermediate markets in the supply chain (Holcomb & Hitt, 2007). Moreover, power has shifted along extended supply chains, away from the source of the product (manufacture) to being close to the customer (retailer). To ensure supply chain effectiveness, it is imperative to collaborate with upstream and downstream partners. Consequently, supply chain integration is a vital feature – and reliant on responsive information systems. At each stage of the chain, new challenges are emerging – invariably driven by changing customer requirements. Alongside the continual change to meet market needs, raw materials and energy procurement costs are becoming a growing concern. Consequently, customer relationships and market intelligence are crucial aspects in achieving commercial sustainability in a growing digital market place.

Approximately 46% of companies choose to outsource their logistics function. It is known that 36% of companies’ main reason for using 3PL is tighter controls on costs and allowing them to focus on their core business (see figure 1). However, it might be argued that focusing on controlling cost may result in losing sight of other considerations and benefits, such as network relationships,
Customer relationships and market intelligence are crucial aspects in achieving commercial sustainability in a growing digital market place.
processing each recording 27% (Rahman, 2007). It is known that 61% of organisations using 3PLs have been using the services more than three years. The underlying reason why these functions are outsourced includes their considerable high labour content and comparative large use of resources. Whilst such costs are factored within a schedule of rates, the larger the 3PL, generally, the lower the costs – as labour and resources can be spread over several contracts. Such economies of scale and specialised services invariably mean that outsourced fees are competitive when compared with own-account operating costs.

Companies looking to outsource to 3PL see this as a favourable alternative, as the associated fees can contribute to the profit and loss (P&L) as direct costs of goods (COGS). For companies looking to lower overheads and improve margins, outsourcing is very attractive. Albeit it is the rising costs can be the very reason that companies cease using 3PL and undertake the functions in-house. The importance of 3PL functionality will ensure the right fit for the company’s requirements. Not all 3PL companies can offer the same service; and in the event a wrong company is selected, the functions that are outside of its scope will be an additional cost.

**Decision for outsourcing**

There are three major reasons to drive the desire of an organisation to outsource part or all of its functionality: cost, strategy and politics. While cost and strategy are common and viable in most commercial sectors, the third is less known and somewhat taboo. The desire to outsource with political motivation is
commonly solitary to public organisations.

The pressure of costs and reduction in business risk is the primary driver for many companies to outsource and evidently becomes the reason to dismiss any other motivators for sound decisions. Benefits, risks and factors need to be reviewed holistically, ensuring all subsectors are thoroughly risk assessed. While the decision for outsourcing is complex and many underlying factors need to be considered a framework (figure 2) must be followed to ensure best decisions are investigated.

Benefits, risks and factors in combination with a business framework will assist in exploring all considerations for the use of 3PL. Care should be taken not to being enticed by pricing and the direct saving on companies’ margins. It is important to remember that 3PL companies can be fraught with danger. With this in mind, not all companies have the internal expertise to analyse the decision framework and recommend the best decision for their organisation.

1. Expected benefits of outsourcing
O’Flynn (2012) argues that when outsourcing of any service, commodity or practice within an organisation is considered, the first and foremost question that will always be raised is “What are the service benefits and costs?” For many organisations, value for money is the primary driver for anticipating the move to outsource part or entire sectors of its operations. An assessment is made whether an external party can do the work more efficiently or effectively.

The rapid growth of outsourcing suggests that both public and private organisations expect benefits from outsourcing. Naturally, different organisations in varying circumstances will expect different benefits. Most organisations, however, may expect cost savings – even though in public service, eg government, the typical cost savings are only about half of what the private sector achieves (Kremic, 2006).

Costs alone should never be the primary reason for outsourcing: factors including customer service, business efficiency, flexibility and sustainability, also need to be investigated to ensure the value of outsourcing is truly viable. If these factors are neglected the value to outsource will quickly be consumed by costs forwarded by the 3PL for any inefficiencies the parent company has caused. These additional costs are where the 3PL improves its revenue and makes profit.

What are the relationship costs?
While costs are at the foremost of thought and decision-making, there is a more discreet but vital question that all companies must consider and identify. Even if another company can do something cheaper/ better, what is the cost for making it happen and continue to be successful?

When looking at engaging another company to undertake work/services there is effort and resources absorbed in actually making it happen. The parent company has to define the services, run tendering processes, to select a provider, and monitor that it is doing what contractually they are required to do (O’Flynn, 2012).

Companies that do not factor in these costs for maintaining relationships, risk paying more for less service. Sometimes this cost is identified as ‘budgeted’ in other core sectors – for example contract management. However, if there is a high level of demand to manage the outsourced company, any savings initially identified can quickly be eroded through contract management; or in the worse scenario be regarded as a breach of service. High-level supplier relationships are critical for the initial period of the services; and important throughout the contract period. This ensures all services are kept sustainable and both parties are delivering contractual agreements.

A company needs to determine the complexity of the relationship to ascertain the level of outsourcing (see Figure 3), to minimise risks and impact within the business to customers, and also the relationship with the contractor.

Potential risks to outsourcing
There are numerous concerns associated with outsourcing logistics processes to a service provider. For example, outsourcing secondary transport to another company means losing the direct

Outsourcing differs from alliances or partnerships or joint ventures, in that the flow of resources is one-way, from the provider to the user.
interface with the customer. This can mean that there is less customer contact and therefore loss of control over the relationship.

Furthermore, 3PLs have great knowledge about their own business, however, time is required to know your business, and usually this is one of the most misinterpreted relationships required. Most relationships at the ‘start-up’ stage are focused on understanding the soft processes – how many trucks? What time? Where are the delivery locations? What are targets measured against? And so on. These are important, though it usually takes months if not years for the 3PL to truly understand their customer’s direction, values or strategy.

Another risk is that once a long-term contract is signed and a commitment made by both parties, the 3PL’s customer mindset may diminish. Often a logistics provider that is operating in a business-to-business (B2B) environment loses the business-to-customer/consumer (B2C) focus. Once a company loses vision of its customer’s requirements and product demand, it won’t take too long for impacts on customer service to show a decrease in sales and market share. Companies do not exist without their customers, therefore the question that needs to be answered is: “What might be the impacts to customer service and relations?”

**Imbalance of power**

Most companies have little or no in-house experience repository of knowledge of best practice in logistics contracts. Even if the company is moving from one provider to another, the situation is not much different – outsourcing contracts typically last for three to five years, so the last negotiations are a distant memory and the people involved may have moved to other positions or left the organisation.

The customer’s organisation often suffers from a competence-gap between the logistics, purchasing and legal department. Companies’ logistics teams are typically focused on operational matters, as this is their day-to-day responsibility. Purchasing departments, especially in small and medium-sized companies, often lack cross-category depth of knowledge and do not have the time to strengthen their awareness of complex commercial issues in logistics contracts. Finally, few in-house legal departments (and even fewer external law firms), have specific knowledge of the business issues involved; their input is usually restricted to ensuring documents are appropriately set in the local context.

On the other side of the table, the 3PL negotiates many highly similar contracts every year, giving them the immediate advantage of significantly better knowledge. Additionally, unless the client has a template contract already prepared, negotiations will start from the 3PL’s template and thus from the 3PL’s best case commercial position. (Chazanow 2012)

**Conclusion**

It might be argued that the decision to outsource part or entire departments of a company must be evaluated through many lenses of consideration. The critical success factors must be identified from the point of view of the company, regardless of the financial benefits that appear to be as a result of adopting a 3PL. A company that does not have all of its objectives and concessions identified, will limit the benefits from outsourcing with possible critical repercussions. A company that has already efficient and effective business processes may gain significant value through a 3PL. A balanced approach in considering risks, benefits and market factors, must underpin a company’s evaluation to utilise 3PL.

Further more, if a company ignores the need to investigate and highly scrutinise the benefits, relationships, risks and balance of power before entering into any negotiations, the outcome will ultimately lead to cost blow-out and poor customer relations. The true cost to fix the decision to utilise the skills of a 3PL could far outweigh the cost to improve internal processes and systems.

**References**


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Avoiding discrimination in recruitment is both a moral responsibility for company boards and also makes good business sense.
Avoiding discrimination in recruitment is both a moral responsibility for company boards and also makes good business sense. But did you know that diversity in terms of social class and educational background is decreasing in the professions in the UK, with people educated at independent fee-paying schools now comprising 70% of finance directors, 50% of solicitors, and 45% of top civil servants (Panel on Fair Access to the Professions, 2009)? This despite independent schools only teaching 7% of our children, and 18% of children over the age of 16 (Hensher, 2012). As a result, working class students are in the minority at almost all English universities...with over 80% of students at the (arguably) ‘top’ nineteen Russell Group universities in England coming from fee paying schools and colleges (The Sutton Trust, 2008). Oxford and Cambridge present an even more extreme example as “Four private schools and one college get more of their students into Oxbridge than the combined efforts of 2000 state schools and colleges” (Milburn 2012).

Pupils at those four schools and one college are thus given privileged access into the legal profession (among others) with 82% of barristers and 78% of judges having studied at ‘Oxbridge’ (The Sutton Trust, 2005). In my post-graduate research on this topic I interviewed lawyers in City of London law firms who had come from working class, state educated backgrounds (an increasingly rare breed). You won’t be surprised to hear that these were the sort of people who had battled hard to overcome barriers to entry and progression – both educationally and professionally. More than one participant had been told by a teacher at school “Forget it son. People like us don’t get into that world” (or similar). Their fortitude and determination was commendable, but they are the exceptions that prove the rule.

We may never be able to achieve a truly fair society, but as team leaders, managers and directors, we can at least make recruitment fair in our own organisations. ‘Fair’ means that people from diverse social, educational and ethnic backgrounds have an equal chance of joining your company, and that chance should be determined by aptitude and potential and not some other marker. Once I decided to be as fair as possible in recruiting people, I quickly discovered how hard it can be. Below are some of the things I learned that I would like to share with you.

My first discovery was that discrimination is often unwitting. When I looked at unofficial recruitment processes (ie not what is written in the policy manual) I found managers and team leaders rejecting applications because of university attended; ie not treating all universities as equal. As the chances of getting into a Russell Group university (ie those preferred by employers) are proportionately much lower for state educated children than independently educated children, this is a major source of discrimination. The discrimination is compounded when there is no actual higher education requirement for the role – but instead possession of a degree is seen as a marker of being the ‘right sort of person’. Similarly, I found state educated applicants being rejected on the basis of their ‘A’ level grades, and independently educated applicants with better grades being selected instead, even though there is much research showing us that two children of equal capability will get different results, depending on whether they went to a state school or an
I have found that reporting on diversity by social class and educational background across the organisation can make people realise that they have a problem.

I once found one agent had posted the following “If you haven’t attended a red-brick university then don’t bother applying” (wrong at every level including arrogance and negativity). I pointed out to him that there are only six red brick universities in the UK (all in England) and they do not include some of the universities to which I suspect he was aspiring (Cambridge, Oxford, University of London, Durham, Bath ...etc).

I have found that reporting on diversity by social class and educational background across the organisation can make people realise that they have a problem. Often this comes as a complete shock. But once they get over the shock, they can start to take pride in what they are doing to combat the problem. That is how people become diversity evangelists, and that is how the problem gets solved.

Finally, I ask anyone who can to support the work of The Sutton Trust educational charity or similar organisations. The Sutton Trust goes into state schools and opens the eyes of young people to opportunities that they may have never considered as being open to them. You can even offer work experience and training places for young people, identified by the trust as having the potential to join your organisation. That way young people become everything they can be and the problems of discrimination in our organisations is reduced.

Good luck to anyone who is doing this or wants to try and do it. I can vouch that the effort is repaid many times over.

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What does industrial engineering embrace?

The industrial engineer is someone with vision: 20/20, tunnel and peripheral, night vision and 3D.

Is there a popular misconception that an industrial engineer is just some kind of work measurement person? Industrial engineering can cover the whole range of activities and functions within a business or organisation – even stretching to include activities and functions outside the business, eg procured parts or outsourced services, and those after the business, eg delivered parts, products or service. It’s always concerned with the right price, the right format and within the agreed timescale. Industrial engineering should have an impact on all aspects from the design of a product, process or service right through to the delivery.

The effective performance of all these functions is what drives productivity at acceptable costs. Far too often, performance is seen as the responsibility of the person who adds value to a product, to an operation, eg in packing or processing, but in most cases their performance is dependent on other activities in the business. Experienced industrial engineers, directed and supported by senior management, know that robust and appropriate measures should point towards the causes of waste, excess cost or poor performance. They also know that the regular review of these causes should identify where action can be taken to remove some of the problems or hurdles. Industrial
engineering deals with cause, not just effect.

**Some recent examples**

We have some recent examples of the power of industrial engineering in an assortment of businesses. One of Europe's largest manufacturers of domestic and commercial products, from small to highly complex and bespoke, have involved us in auditing some of the targets they have within their business in various locations. There are constantly cost variances and they recently asked us to determine the parameters for a financial incentive scheme in one particular area of the business that was considered to be under-performing. A process was continually taking more than the estimated 12.5 hours — in fact it was regularly more like 20 hours!

One of our experienced industrial engineers started to examine the circumstances and lo and behold, uncovered several issues. No wonder the team was behind and not fully utilised. All too often parts were missing, or they were the wrong ones, or they didn’t fit properly. The industrial engineer could soon account for the extra 7.5 hours and it wasn’t the fault of the assembly team under scrutiny. This was a prime example of how poor performance is down to the departments preparing or organising the work, rather than the individual workers. Having been under pressure to react to new conditions which market changes had created, the Group Financial Controller was now able to address the problems — without the need for an incentive scheme.

Suitably accurate measurement is very important to industrial engineers; they need realistic and relevant facts on which to base their decisions and with which to challenge decisions.

In a smallish company, our Industrial Engineer was able to address issues of layout, office processes, line balancing and value engineering. Invited to address the objective of how best to increase sales capacity and reduce labour costs, industrial engineering soon identified a major issue that was having a huge impact throughout the business. Walking round the shop floor the industrial engineer noticed a huge area being used to store thousands of parts and components, despite manufacturing space being at an absolute premium. By suggesting more flexible designs of the components to enable interchangeability for many applications, industrial engineering saved the company a considerable amount of space, money, time, cost, delay and confusion.

Industrial engineering isn’t about mountains of time studies; rather it contributes to every area of a business so that everything comes together at the right time and cost, so that businesses become more effective and efficient.

Interestingly, the Wikipedia definition is “industrial engineering is a branch of engineering which deals with the optimisation of complex processes or systems. It is concerned with the development, improvement, implementation and evaluation of integrated systems of people, money, knowledge, information, equipment, energy, materials, analysis and synthesis, as well as the mathematical, physical and social sciences, together with the principles and methods of engineering design to specify, predict, and evaluate the results to be obtained from such systems or processes.” Surely that lengthy explanation simply means that industrial engineering impacts the resources of any organisation and it will affect productivity. Add to this the independence and common sense of an industrial engineer and management have a pretty powerful service at their disposal. Over the last 35 years, as the UK’s largest supplier of industrial engineering, we can guarantee that it certainly will impact and affect an organisation and improve productivity in ways some management haven’t even dreamed of!

For more information on Scott-Grant Limited see the centre page of the Management Services Journal or look at the website: www.scott-grant.co.uk.
As an independent consultant I often help clients optimise their IT outsource arrangements. I do this based on my own experiences as a client for many years of systems development providers (onshore, nearshore and offshore), and as someone who also advises outsource firms on how best to meet client expectations. I confess that I am a big fan of the benefits that outsource suppliers can bring (e.g., access to stable, easily scalable teams with top quality technical resources) while acknowledging that outsourcing (partial or wholesale) brings its own problems. I have also enjoyed building and leading successful in-house teams in the UK and US, and recognise the benefits of the in-house supplier (easier communications and stronger personal relationships) compared to the outsource option. My most productive experiences were where strong in-house teams worked well with equally strong outsource teams in the same or different countries. In this short article I want to share some of the common issues that I encounter in my work on nearshore and offshore outsourcing, and some of the approaches that I have used to resolve these problems. (NB many of these issues can also manifest when engaging with onshore suppliers).

The most common complaint from both suppliers and clients is that the outsourcing arrangement never fully meets original expectations. Even when the initial project is completed successfully, clients often feel that making the arrangement work required far more effort on their part than they were expecting, and/or that relationships were not as smooth as hoped (even when the quality of the work done was good). Another common complaint from clients is that there is no value added over and above the simple completion of tasks. Many clients (including me when I was a client) are hoping for proactive suggestions for design improvements, technical innovation, and enhancements to the overall business systems architecture as a by-product of their relationships with technical suppliers. For their part, suppliers become frustrated when the account never grows above the initial team size, or worse the relationship ends when the first project is completed (despite that project having been a success). Feelings of frustration can be compounded when the supplier has offered a large discount for the first project.

My first recommendation is—try not to learn the hard way (my usual style)! Buy books, read articles and speak to people who are expert in the subject. Do not accept assurances from your potential supplier that everything
Outsourcing rarely works perfectly, straight out of the box with a new supplier.

will be OK. Experts in this subject include procurement professionals and auditors, not just colleagues in operations and IT. Even though systems development outsourcing is well established, it rarely works perfectly straight out of the box with a new supplier. I’ve had the pleasure of working with both large and small suppliers (and everything in-between), but in the end it is just people learning to work with other people. All of the training and methodological awareness in the world doesn’t mitigate the need to learn each other’s styles, preferences and needs. Also, bear in mind that domain experience is always context dependent. Suppliers are often over-optimistic (especially for the purposes of making a sale) about the extent to which they understand your business and market. New contracts need to allow time for learning the specifics of the business; the details of an unfamiliar business systems architecture; and, the scope of the particular project. Don’t expect to reach full productivity for a few months.

One of my strongest recommendations is for people to take responsibility for making it work, regardless of which side of the equation they are on. It is not and never will be someone else’s job. Some of the best supplier relationships that I had, had the worst possible starts and were teetering on collapse before issues were resolved. The grass is not greener elsewhere, so get on with flushing out all of the issues in a safe environment with no blame or recriminations. Whatever issues you have in this supplier relationship will manifest in all supplier relationships if you do not tackle them head on and learn something in the process.

I always point out to suppliers who are disappointed when an account does not grow, that they need to be proactive in making suggestions for increased scope. The big consultancies are good at this – but some suppliers from other cultures find it hard to do. I once found out that one of our suppliers had lots of good ideas for improvements to our systems that were outside of their scope, but they felt that it would be rude to say so and were worried that we may be offended by implied criticism. We were delighted to make this discovery and increased their scope accordingly!

Understanding cultural differences is important (as this example demonstrates), but it is equally important to avoid stereotyping or operating on false assumptions. For example, some cultures are generally more comfortable with agile approaches to systems development, while others are generally more comfortable with well-planned sequential methods using phases and stages, however I have found significant exceptions to the rule. Distance from Blighty does not necessarily increase the culture gap. Companies have cultures too – not just countries. And remember that the salesman in your office does not necessarily reflect the culture back at his or her ranch. Always visit the offices of your potential outsourcing provider, and spend time with engineers and other workers – not just team leaders and account managers. Regardless of technical expertise, not all companies will work well with your company. Find one that feels like a good fit.

Like all inter-company arrangements, communication is everything. This is particularly true when teams are distributed geographically. I always emphasise the need for many-to-many communications by phone, Skype, email etc. Some of the worst arrangements I have come across involved a single spokesperson from each company talking to each other only, with other team members being hidden behind these people. When everyone is talking to everyone, the opportunities are increased and the risks reduced.

And finally, I always recommend to my clients and wider network that they do not try to bankrupt their supplier with their hardball negotiation techniques. That really is a false economy! Outsource suppliers work on slim margins as they believe (mistakenly in my opinion) that they are competing on price. Of course outsourcing provides excellent value for money – but it provides a lot more than that. Paying a fair rate reduces your risk as a client. Accept that onshore and nearshore suppliers cannot match offshore rates, but they should be offering other benefits that will be attractive to you (eg less time difference and easier travel).

I hope this reflection on my own personal experiences is helpful. I am a big fan of outsourcing in IT, but I know that many relationships could be improved further with a little well-informed care and attention. Good luck in your endeavours.

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How to implement change effectively

By Philip Atkinson.

“Great theory, lousy implementation” is what characterises so many major change initiatives. General Electric used a simple equation to describe the change process; Q x I = E. That is, the quality (Q) and content of the initiative, multiplied by (I) implementation equates to (E) effectiveness. That is you can have 100% quality content in your lean, quality improvement, post-acquisition integration, matrix management, customer focus initiative, with the best thinkers contributing to the project, but if implementation is 0% – then the result is zero improvement. Now we know implementation will never be 0%, but from our experience, many organisations probably only ever implement 20-25% of their intended actions and very few sustain these in the longer term. Research suggests that too many organisations are suffering from initiative overload characterised by ‘flavour of the month’ projects. In particular, public sector organisations are struggling to implement ill thought out projects driven by political intent, rather than a well-planned change process.

Health Service managers are claiming that there are just too many initiatives, and many of them limp along without gaining any real traction in the organisation and fail to be integrated into the behaviours and attitudes of staff.

Change is about more than words on paper

Wouldn’t it be useful to have a checklist to assess the degree to which any needed changes could be installed within any business? It would be easy to quote such phrases as ‘without leadership there is no change’ and ‘communication about change is what is received, not what is sent’. These phrases and the theory that underpins them cannot really be questioned. We know that if change is accompanied by strong leadership, unflinching commitment, an enthusiastic management group, a flexible implementation plan, and a ‘can do’ attitude, that change will be effective. Hackneyed phrases or ‘universal quantifiers’ that leadership, commitment and drive are ‘good’ do not help in the real world of ‘change implementation’ when the nuts and bolts of change...
Organisations need high calibre, committed and motivated people as internal consultants or change agents.

Don’t seem to be working to the grand design. This article addresses those special issues that make change work in a practical sense, rather than on the intellectual plane. For this reason, I have identified ‘critical success factors’ that can really make the difference to making change in the culture.

Change mastery is little practised but discussed often
Few organisations have really learned to master change. Given the choice, any top leadership team would cast a magic spell to create people equipped with the attitude, motivation, drive and skills to relentlessly install changes to make the business both more effective and more fun. Yet the motivation to do so is not apparent, even though organisations could develop this internal capacity and capability for change rather than relying mostly on external consultants.

Creating internal change implementation capability
Developing superior internal capability to install change is quite simple, yet few organisations assess what does and doesn’t work in change management to turn the odds in their favour. Organisations have to ensure that change is implemented, so that the ‘culture’ of the business is grown to retain the best people, and this means that creating a ‘culture for change’ has to be the real focus for those responsible for change management.

Focus more on change implementation than change management
Change has to be seen as an engaging, energetic and equitable process, whilst being people driven and focused on tangible results. This is the ‘reality test’ that many organisations fail to achieve. Applying a simple methodology for implementation is not enough. Change is a complex process involving political, emotional and behavioural realities. It is not purely a rational or logical process. Change requires dealing with complex motivations, ambiguity, conflict and the management of the key actors in the organisation. Few, if any, change methodologies will create the elegance of a change programme that could work along these lines.

A typical organisation population

<table>
<thead>
<tr>
<th></th>
<th>% of Population</th>
</tr>
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<tbody>
<tr>
<td>Change Champions</td>
<td>4</td>
</tr>
<tr>
<td>Early Adopters</td>
<td>6</td>
</tr>
<tr>
<td>Late Adopters</td>
<td>16</td>
</tr>
<tr>
<td>Fence Sitters</td>
<td>52</td>
</tr>
<tr>
<td>Resisters</td>
<td>22</td>
</tr>
</tbody>
</table>
Developing superior internal capability to install change is quite simple, yet few organisations assess what does and doesn’t work in change management to turn the odds in their favour.

Ignite internal change capability
Organisations need high calibre, committed and motivated people as internal consultants or change agents, willing to take on the confusion and ambiguity that has become the norm for most businesses. Outstanding, high performers are needed to lead and drive improvement and change at every level.

Why not equip leading professional groupings with superior change implementation skills and strategies – this would include taking people beyond their professional specialism of internal audit, risk management, IT, governance, project management, HR etc.

Influencing in the change arena
To sustain and reinvent our businesses we need people with charisma and authority to lead in difficult times. We need a special team of people to master, drive and implement change at a strategic and tactical level on a day-to-day basis. They need to be equipped with superior consulting skills including persuasion, influencing, learning and negotiating skills. Let us be clear, I am not referring to the ‘top team’. It is expected that they will collectively possess the transformational persona to steer the organisation through crisis and chaos. The group to which I am referring is composed of individuals ‘internal to the business’ that are relied upon to bring about change. (They may be called, for example, project managers, internal consultants, HR advisers, best practice or continuous improvement managers, risk consultants.)

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

Most of my work over the last 20 years has been with organisations in all sectors that recognise the need to equip themselves with ‘best practice’ for implementing change. When challenged with such an assignment, I ask ‘top leadership team’ members to consider in which of the following categories, in terms of driving change, they would place their people.

- Change champions and enthusiasts – acknowledged for accepting the challenge, becoming a champion for, and leading, a new project. They are not afraid to stand up and speak out when improvements are required, and are committed to the need for continuous improvement. They are the pebble in the pond that sends out the waves of change.

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

- Late adopters – They take a little more time to review what is happening but they are optimistic and will give new things a positive steer – they just need to know the direction and witness the initial commitment to the change.

- Fence-sitters – They have seen changes come and go, and may have become cynical about what are perceived as the latest fads.

Their commitment to active involvement and giving of their time is less than enthusiastic. They have seen too much change fail and are wary of any new project that trumps the last one. In many cases they are realistic – we like fence sitters because they are usually able to be convinced if they see proof of the concept and real change being implemented.

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

You may wonder what percentage of these categories is evident in the average organisation. It is sad that even in organisations comprising 500 employees, the same few names keep appearing time and again in the ‘change champions or enthusiasts’ category. It is amazing how the impetus for change resides with such few people. Often, the top team can name as few as 8 to 12 people who fulfil the role of ‘change champion’ within their workforce.

The purpose here is to develop strategies to convert resistors into fence sitters, fence sitters into late adopters and so on, in order to win their acceptance of change.
Imagine what could you achieve if you developed your change implementation capability

Imagine what an organisation could achieve if it were able to triple the number of enthusiasts within a short period of time. What would be the consequences for the organisation? How many projects would be completed on time? What new Lean or customer focus ventures, currently on the ‘wish list’ could be installed smoothly, without relying on the same small band of people? What impact would the enthusiasm of being able to implement complex projects or changes quickly have on the rest of the organisation? How much time and what resources could this group of change makers free up in the business? The benefits that accrue to the business of pursuing such a strategy are obvious and can go straight to the bottom line.

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

Critical success factor 1
You must lead change

Given the choice, which do you think is more effective leading or managing change?

We still do not understand the problem that some management teams have in not changing their focus to being a leadership team. People need to be led clearly. It is not the responsibility of the top team to immerse themselves in details of operational life and micro manage others. Theirs is a bold strategic role to give direction and lead the way by living the values of guiding principles that bind the organisation together. They are leading the organisation to a vision of what they wish ‘to be, do and have’. That is a noble and energising process.

I am amazed that people still believe they can manage, rather than lead, their organisation to greatness. Leadership is not something that happens by accident, is not dispersed widely throughout the management population, but has to be designed into an organisation culture and teams that comprise it. Leadership does not exist by default and without it, change implementation is at best a lost cause.

Critical success factor 2
Master confusion and create order out of chaos

The sad reality is that most organisations employ too few people who have the capability to step up to the plate to implement change. These high calibre people are in short supply, with their ability to anticipate problems, master ambiguity in circumstances of risk or uncertainty, and diagnose and dispassionately analyse how best to set in place a solution. Organisations starved of this talent will have difficulty mastering the complexity around them. Note that what may characterise these types of people is an impatience to succeed and a strong independent focus – they are prone to want to transform things. With this comes the reality that such
Imagine what an organisation could achieve if it were able to triple the number of enthusiasts within a short period of time.

forthright people may be more difficult to manage than the average employee. Many organisations make the choice to employ passive, rather than transformational, characters and herein the problem resides.

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

Indecisiveness is a flaw in the leadership team
When times get tough, businesses should react quickly and implement changes speedily. Research tells us the opposite response occurs. The ambiguity associated with change actually stultifies the average business. Speed of decision making slows down and, in many instances, grinds to a halt. It is a strange organisational phenomenon that is gathering momentum and characteristic of this decade.

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

Critical success factor 3
Be honest, how good at implementing cultural change is your organisation?
It is regularly reported that as many as 60 to 90% of major change and cultural initiatives fail. Further, consider the relative success of companies that have either merged with or acquired other businesses. In Europe and the USA, between 56 and 80% of mergers and acquisitions fail to achieve the synergies for which they were originally designed, resulting in the inability to successfully integrate several business cultures into one new business entity. The primary reason for failure in this context is the inability to shape a corporate culture to support the objectives of the new business entity.

What is happening? Why are change initiatives failing and with such regularity? What can we do about it? Are we looking at the problem from every angle? It makes sense to understand the problems before equipping our best people with the mission and the skills to become internal consultants – practitioners of change.

The real problem resides in not understanding the dynamics of culture change and what action can be taken to design, build and sustain a strong organisational culture.

Critical success factor 4
Change implementation is a systematic and a systemic process
Let us explore the main reason why change does not work as well as it could. Simply, we do not apply whole-brain thinking to the problem. As stated earlier, there is a tendency to apply the logical models for change, (which I refer to as the rational-technical approach) rather than incorporate right-brain solutions that engage people and their motivations, address their fears, and focus on involving them as active and positive players in the process.

Historically, a great deal of our approach to change in organisations arose from technical innovation, whether it was production technology for the manufacturing environment or information technology for the service industries. When introducing technical change, it was important that the technical solution actually worked. Consequently, a large number of engineering approaches based on the logical sequencing of events became the methodology for change. Here was born the rational-technical school of tools and techniques (with over-reliance on six-sigma) that worked well if installing a production line or other technology (for instance, creating a totally interactive call centre or web-enabled customer service facility).

However, we have come to a stage of organisational evolution when an over-reliance on the rational approach to the detriment of the people perspective needs some balancing. Change can be made to work better and be implemented faster if we take equal cognisance of the political-emotional-behavioural perspective, and use our right-brain thinking and solutions to develop a holistic approach.

Critical success factor 5
Creating positive emotions and a passion for change and improvement
A balanced view of change introduces the political-behavioural approach, which also has a major contribution to make. When change does not happen, it is because the key actors in the change arena have failed to master this dimension. The reality is that few people in organisations fully understand the dynamics of personal and organisational change. In some businesses, it remains the sole province of the L&D or HR function which is a huge mistake. Change implementation should reside in the line or in operations, not shelved in an ‘ivory tower’.

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

Critical success factor 6
The change team: key players in the change process
The success of a change initiative in any business is due solely to the effectiveness of the transactions and
interaction between the key players in the change process. The key players are:

- Clients or sponsors – those who lead or sponsor the change project
- Catalysts or internal consultants – who have to actually implement changes and train or educate, and those with whom they are working closely
- Implementers or ‘targets’ – those who are targeted to apply and implement the ideas, who have to live with change and make it work

The interaction between these three sets of players in the change arena and in the change process is what makes change effective. No matter how well the technical elements of ‘the change’ are mapped out in flowcharts and Gantt diagrams, these are only a start. The real success comes from investing in and orchestrating, the three sets of players in the change process, to merge their interests and work as a team with overall improvement in performance foremost on their agenda.

**Critical success factor 7**  
**Managing expectations**

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

Our thinking would suggest that most problems on a change initiative occur because of a lack of synchronicity of thinking and inability to establish rapport as members of a change team. The worst situation is one where assumptions are made and not tested, failing to ask the right questions and listen, failing to take ownership for implementing the change and failing to undertake balanced risk assessment.

Managing expectations is a ‘behavioural agreement’ process that is jointly owned. It is not a formal agreement, documented and signed in the same way as a service level agreement but an understanding between the client or sponsor, the consultant and others in the change team about how they will work together to achieve the objectives tied in with the project.

It is a living agreement about how priorities will be achieved and the accepted standards of behaviour for working together. It is about developing a joint agreement to work together as a seamless team. As the relationship evolves, so the agreement will change. It is not, and never should be, a formal document stating precise responsibilities.

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

**Working together as a change team**

Right at the beginning of the article, I highlighted the importance of relying on internal, rather than external, resources for change. Externals will always have a strong card to play as they can act positively in these areas that are too politically sensitive, or where the internal change agents may put their career at risk. They do have advanced skills in a variety of businesses and in many challenging contexts. However, the average organisation can do much more to drive change itself. Only by committing to developing a group of catalysts or change agents, can any organisation hope to implement change quickly and efficiently. Making this development for managers and staff at all levels, demonstrates that the business is serious about change, and that managers will become change masters.

**Summary**

Organisations that succeed in managing change will have balanced the ‘logical technical’ with the political-emotional-behavioural component. They will have committed to developing their own group of line managers who have the capability to work across the organisation on change projects without starting or fuelling turf wars. The organisation that develops the political maturity of its management group to work beyond political or functional silos, will have developed a new perspective on how the business drives change. Getting change to stick across the organisation is still a major challenge for many. Focusing on the special issues develops an understanding of the dynamics of change itself. Change is a process driven by the emotions, motivations and enthusiasms mixed with the hesitation and fears of those tasked with implementing the change. Working on these special issues can do much to make the arena of change a more enlightening place and process, where genuine learning can take place for both the organisation and the individual.

**About the author**

Philip Atkinson specialises in strategic cultural and behavioural change. For the last 20 years he has been engaged as a consultant supporting companies in strategic development, leadership, organisational design, post-acquisition integration, lean six-sigma, quality management and culture change. He has partnered with a variety of blue-chip companies in industries ranging from pharmaceutical to genetics, and the automotive industry to finance and banking. He regularly presents at conferences and workshop sessions and has written seven books on change management. Philip is also Director of Business Transformation with Scott Moncrieff. He can be contacted through his websites www.philipatkinson.com or www.creatingculturechange.com or by phone 44 131 346 1276 M: 44 7999 799286.
The Institute of Management Services

Trustees’ report and financial statements for the year ended 31 December 2013

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Legal and administrative information 2
Trustees’ report 2-3
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2013 was a year of change at the Institute. There were two resignations from the Institute’s Council of Management, Dr John Lucey, who stood down after 25 years service on Council and Mr Rory Graham, who due to promotion with his company, was unable to devote the necessary time. We also saw the retirement of one of the Institute’s approved education providers, Mr Brian Cuthbert, who for health reasons, has had to relinquish, what was a long and mutually beneficial partnership with the Institute. If I may, therefore, I would like to thank all three for their outstanding contribution to the Institute and wish them well for the future.

Business at the Institute continued at pace, with the implementation of our strategy in the areas of education, communication and membership.

In terms of education, we continued to strengthen the links between the Institute and our existing education providers, and discussions are ongoing. The outcome of those discussions will be announced early in the new year. My thanks to all involved for their input and constructive contribution.

With regard to communications, these have improved significantly during the year and it has been most gratifying to receive compliments from Institute members and other professionals on the quality and content of the our Journal and newsletters. In addition to these, the website is regularly updated and we continue to monitor hits on the site in order to identify potential new markets for membership recruitment. It also provides an opportunity to promote the productivity message and advance the aims of the Institute.

Membership recruitment progressed steadily during 2013 and it is anticipated that as a result of the discussions with our education providers, changes to the fee structure, membership regulations and gradings, will improve significantly our overall recruitment and retention of new members in the future.

In terms of finance, it can be seen from the accounts that the Institute continues to be financially sound. Overall, our income increased slightly from the previous year and our expenditure dropped by a similar amount. There was a marked increase in income from our investments and a significant improvement in the capital value of the Chariguard fund, vindicating Council’s decision to continue with this for another year.

My thanks to our Treasurer for keeping these under continuous review and ensuring that the Institute receives the best possible rate of return from our investments.

In terms of expenditure, the Institute follows a classic ‘pareto’, with the journal and admin support representing 80% of all our costs. We are constantly reviewing these to identify items for improvement and where economies can be made. Council believe, however, that we continue to receive excellent value for money in both areas and intends to continue with the current arrangements for the foreseeable future.

Finally, as we progress into 2014, it is anticipated that a number of our strategic aims will come to fruition, particularly on the education front. I am sure that with the continued hard work and dedication of my colleagues on Council and the support of the membership in general, we will take the Institute forward and strengthen our position as the leading professional body for productivity in the UK.

Dr Andrew Muir
Chairman
Legal and administrative information

<table>
<thead>
<tr>
<th>Charity number</th>
<th>288877</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered office</td>
<td>Brooke House, 24 Dam Street, Lichfield, Staffordshire WS13 6AA</td>
</tr>
<tr>
<td>Trustees</td>
<td>A.P. Muir FMS (Chairman)</td>
</tr>
<tr>
<td></td>
<td>J. J. Lucey Hon FMS Resigned 25/10/13</td>
</tr>
<tr>
<td></td>
<td>D. Blanchflower JP, Hon FMS</td>
</tr>
<tr>
<td></td>
<td>J. Cutler FMS</td>
</tr>
<tr>
<td></td>
<td>J. P. Heap Hon FMS</td>
</tr>
<tr>
<td></td>
<td>R. Bridges FMS</td>
</tr>
<tr>
<td></td>
<td>M. Towle FMS</td>
</tr>
<tr>
<td></td>
<td>R. Graham MMS Resigned 08/02/13</td>
</tr>
<tr>
<td></td>
<td>H. Hogg FMS Appointed 18/10/13</td>
</tr>
<tr>
<td>Secretary</td>
<td>R. Bridges FMS</td>
</tr>
<tr>
<td>Auditors</td>
<td>Leftley Rowe and Company, The Heights, 59-65 Lowlands Road, Harrow, Middlesex HA1 3AW</td>
</tr>
</tbody>
</table>

Report of the trustees (incorporating the directors’ report) for the year ended 31 December 2013

The trustees present their report and the financial statements for the year ended 31 December 2013. The trustees, who are also directors for the purposes of company law and who served during the year and up to the date of this report are set out on page 1.

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

Organisation and structure
The Institute has eight trustees who are elected by the membership in two groups of four. Elections are held prior to the Annual General Meeting, where the results of the ballot are counted. Elections are held in alternative years with the elections having taken place in 2013 and the next elections due in 2015. The Board of Trustees meet three times a year in addition to the Annual General Meeting.

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

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

The Directors of the Institute have fully satisfied themselves that as a registered charity they do provide a Public Benefit. The Institute has as its main objective the promotion of the science, technology, practice and profession of Management Services, which results in the advancement of the efficiency, productivity and satisfaction of human work.

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

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

Recruitment and Appointment of Council of Management
The directors of the company are also charity trustees for the purposes of charity law and under the company’s Articles are known as members of the Council of Management. Under the requirements of the Memorandum and Articles of Association the members of the Council of Management are elected to serve for a period of four years after which they must be re-elected at the next Annual General Meeting. All member of the Council of Management give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the financial statements.

Trustee Induction and Training
Most trustees are already familiar with the practical work of the charity. Additionally, new trustees are invited and encouraged to attend a series of short training sessions to familiarise themselves with the charity and the context within which it operates. These training sessions are jointly led by the Chairman of the Council of Management and the Company Secretary of the charity and cover the obligations of Council of Management members also the main documents which set out the operational framework for the charity including the Memorandum and Articles. Other areas covered include resourcing and the current financial position as set out in the latest published accounts, future plans and objectives.
Achievements and performance
The Institute continues to reap the financial benefits of moving its
administration base from Enfield to Lichfield in September 2001. During 2005 due to the lease expiring at Stowe House the Institute
relocated its head office to Brooke House, 24 Dam Street, Lichfield.

In 2005 the vast majority of existing Institute members availed themselves of the opportunity to take out life membership of the
Institute. The additional income generated by the introduction of life membership has been invested and will serve to meet the
Institutes financial needs into the future. In 2013 we saw the continuation of the steady increase in membership that had been
evident in previous years. The move towards life membership has greatly reduced the administrative burden on the Institute and this
has been reflected in a large reduction in the operating costs which is reflected in the 2013 financial statements.

January 2005 saw the outsourcing of the Institutes Journal “Management Services” and the Institute continues to benefit
from reduced journal production costs. The membership continues to support the publication of a quarterly journal. In 2013 the
Journal underwent a re-design which included the addition of sections on book reviews and world productivity news. The journal
continues to be provided to overseas members via the Internet. Past issues of the journal are now available on the Institutes
website with the current issue only being available to Institute members via the use of a password.

The Institute website is the Institutes face to the world and has attracted visits from all around the world. In the present
technological age it is important that the Institute maintains an informative website and continues its role of being a major source of
information on productivity improvement. In 2013 the regular email newsletter continued to be emailed to all Institute members
on a two monthly frequency. The newsletter contains information from around the world on current productivity thinking and
focuses on the Institutes core subject area of productivity improvement, the newsletter is also freely available on the website.

The 2013 AGM was held in George Hotel, Lichfield and attracted a number of members.

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

Financial review
It is the intention of the Institute during 2014 and subsequent years to seek to membership numbers. Recruitment initiatives will
include advertising in the professional journals of other Institutes. Increasing membership will generate income for the Institute.

Plans for future periods
The Institute has a policy to maintain its reserves at a level that ensures the future financial viability of the Institute. That level
is deemed to be one that equates to a minimum of one year’s expenditure; currently the Institute holds reserves that exceed this
target level by fivefold and as such is financially very sound. The funds of the charity are all unrestricted.

Note 17 of the financial statements indicates there are reserves in excess of £400,000.

Statement as to disclosure of information to auditors
In so far as the trustees are aware:
- there is no relevant audit information of which the charity’s auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the
financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

R Bridges FMS, Secretary
Date : 9 June 2014
Independent auditor’s report to the trustees of The Institute of Management Services

We have audited the financial statements of The Institute of Management Services for the year ended 31 December 2013 which comprise the statement of financial activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and (United Kingdom Generally Accepted Accounting).

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

Respective responsibilities of trustees and auditors
As explained more fully in the Trustees’ Responsibilities Statement set out on page 4, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees’ report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.
In our opinion the information given in the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies’ exemption in preparing the directors’ report.

Christopher Andrews (senior statutory auditor)
For and on behalf of Leftley Rowe and Company
Chartered Accountants and
Statutory Auditors
30 June 2014

The Heights
59-65 Lowlands Road
Harrow
Middlesex
HA1 3AW
Statement of financial activities
(including the income and expenditure account)

For the year ended 31 December 2013

Unrestricted funds  
<table>
<thead>
<tr>
<th>Notes</th>
<th>2013</th>
<th>Total</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary income</td>
<td>2</td>
<td>36,873</td>
<td>36,873</td>
<td>38,737</td>
</tr>
<tr>
<td>Investment income</td>
<td>3</td>
<td>13,538</td>
<td>13,538</td>
<td>8,066</td>
</tr>
<tr>
<td>Incoming resources from charitable activities</td>
<td>4</td>
<td>22,751</td>
<td>22,751</td>
<td>22,003</td>
</tr>
<tr>
<td><strong>Total incoming resources</strong></td>
<td></td>
<td><strong>73,162</strong></td>
<td><strong>73,162</strong></td>
<td><strong>68,806</strong></td>
</tr>
</tbody>
</table>

Resources expended

<table>
<thead>
<tr>
<th>Notes</th>
<th>2013</th>
<th>Total</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable activities</td>
<td>5</td>
<td>76,812</td>
<td>76,812</td>
<td>82,253</td>
</tr>
<tr>
<td>Governance costs</td>
<td>6</td>
<td>2,675</td>
<td>2,675</td>
<td>2,630</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td></td>
<td><strong>79,487</strong></td>
<td><strong>79,487</strong></td>
<td><strong>84,883</strong></td>
</tr>
</tbody>
</table>

Other recognised gains and losses

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gains on revaluation of investment assets</td>
<td>24,034</td>
<td>24,034</td>
</tr>
<tr>
<td>Net movement in funds</td>
<td>17,709</td>
<td>17,709</td>
</tr>
<tr>
<td><strong>Total funds brought forward</strong></td>
<td>442,166</td>
<td>442,166</td>
</tr>
<tr>
<td><strong>Total funds carried forward</strong></td>
<td>459,875</td>
<td>459,875</td>
</tr>
</tbody>
</table>

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

All of the above amounts relate to continuing activities.

Balance sheet as at 31 December 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Fixed asset investments</td>
<td>11</td>
<td>169,027</td>
</tr>
<tr>
<td></td>
<td></td>
<td>169,027</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>12</td>
<td>5,088</td>
</tr>
<tr>
<td>Bank and cash</td>
<td></td>
<td>368,166</td>
</tr>
<tr>
<td></td>
<td></td>
<td>373,254</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>13</td>
<td>(76,002)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>297,252</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>466,279</td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td>14</td>
<td>(6,404)</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>459,875</td>
</tr>
<tr>
<td>Funds</td>
<td></td>
<td>459,875</td>
</tr>
<tr>
<td>Unrestricted income funds</td>
<td></td>
<td>459,875</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td></td>
<td><strong>459,875</strong></td>
</tr>
</tbody>
</table>

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

The financial statements were approved by the board on 9 June 2014 and signed on its behalf by

A.P. Muir FMS (Chairman)
Director
Notes to the financial statements for the year ended 31 December 2013

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

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

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

1.3. INCOMING RESOURCES
   All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:
   - Voluntary income is received by way of membership subscriptions and is included in full in the Statement of Financial Activities when receivable.
   - Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.
   - Income from activities to further the charity’s objects and investments are included in the year in which it is receivable.

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

1.5. TANGIBLE FIXED ASSETS AND DEPRECIATION
   Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:
   - Fixtures, fittings and equipment – 33% straight line p.a.

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

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

2. VOLUNTARY INCOME
   Unrestricted funds
   £  £  £
   Membership subscriptions 36,873 36,873 38,737

3. INVESTMENT INCOME
   Unrestricted funds
   £  £  £
   Listed investment income 13,538 13,538 8,066

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES
   Unrestricted funds
   £  £  £
   Advertising revenue and journal subscriptions 9,817 9,817 8,577
   Examination entry fees 3,500 3,500 3,721
   General 9,434 9,434 9,681
   Amounts from groups and branches - - 24
   22,751 22,751 22,003
5 COSTS OF ACTIVITIES IN FURTHERANCE OF THE OBJECTS OF THE CHARITY

<table>
<thead>
<tr>
<th>Membership subscription</th>
<th>Advertising and journal subscription</th>
<th>Examinations</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>2013</td>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basis of allocation – Direct</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examination charges</td>
<td>-</td>
<td>-</td>
<td>430</td>
</tr>
<tr>
<td>Journals printing, postage and related costs</td>
<td>-</td>
<td>32,709</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>166</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Sponsorships and awards</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Membership diaries</td>
<td>62</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Support costs allocated to activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basis of allocation – to main activity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committee meeting expenses</td>
<td>-</td>
<td>-</td>
<td>6,781</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>843</td>
</tr>
<tr>
<td>outsourcing administration costs</td>
<td>28,006</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Computer costs</td>
<td>1,741</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees</td>
<td>48</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>(8)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Irrecoverable VAT</td>
<td>4,476</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General expenses</td>
<td>286</td>
<td>-</td>
<td>286</td>
</tr>
<tr>
<td>Subscriptions to other organisations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>35,794</td>
<td>32,709</td>
<td>430</td>
<td>7,879</td>
</tr>
<tr>
<td>76,812</td>
<td>82,253</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. GOVERNANCE COSTS

<table>
<thead>
<tr>
<th>Auditors remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted funds</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>£</td>
</tr>
<tr>
<td>£</td>
</tr>
</tbody>
</table>

7. NET OUTGOING RESOURCES FOR THE YEAR

Net outgoing resources is stated after charging:

<table>
<thead>
<tr>
<th>Auditors’ remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>£</td>
</tr>
<tr>
<td>£</td>
</tr>
</tbody>
</table>

8. EMPLOYEES

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

No members of the management committee received any remuneration during the year. Committee meeting and travelling expenses amounting to £6,781 (2012 – £6,942) were reimbursed to 8 (2012 – 8) members of the management committee.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2012 – Nil).

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

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

<table>
<thead>
<tr>
<th>Number</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Travel, accommodation, stationery</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>£</td>
</tr>
<tr>
<td>5,578</td>
</tr>
</tbody>
</table>

9. TAXATION

The charity’s activities fall within the exemptions afforded by the provisions of Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Accordingly, there is no taxation charge in these accounts.

10. TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th>Fittings and equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>£</td>
</tr>
<tr>
<td>2013</td>
<td>9,475</td>
</tr>
<tr>
<td>2012</td>
<td>9,475</td>
</tr>
</tbody>
</table>

Depreciation
At 1 January 2013 and
At 31 December 2013
Net book values
At 31 December 2013
At 31 December 2012
11 INVESTMENTS

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

Chariguard UK Equity Fund at market value
At 1 January 2013 144,993 144,993
Revaluation 24,034 24,034
At 31 December 2013 169,027 169,027

12. DEBTORS

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade debtors 1,447 2,009</td>
<td></td>
</tr>
<tr>
<td>Other debtors 769 769</td>
<td></td>
</tr>
<tr>
<td>Prepayments 2,872 2,935</td>
<td></td>
</tr>
</tbody>
</table>

Revaluation 24,034 24,034
At 31 December 2013 5,088 5,713

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade creditors 9,316 6,308</td>
<td></td>
</tr>
<tr>
<td>Other creditors 26,460 23,587</td>
<td></td>
</tr>
<tr>
<td>Accruals and deferred incoming resources (Note 15) 40,226 42,590</td>
<td></td>
</tr>
</tbody>
</table>

Revaluation 24,034 24,034
At 31 December 2013 76,002 72,485

The Royal Bank of Scotland has a charge on the cash in deposit account of the charity's bank account. Included in accruals and deferred incoming resources are lifetime-membership subscription receipts. Income will be released to the statement of financial activity over the estimated lifetime of members of 10 years.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Accruals and deferred incoming resources (Note 15) 6,404 32,595</td>
<td></td>
</tr>
</tbody>
</table>

Included in accruals and deferred incoming resources are lifetime-membership subscription receipts. Income will be released to the statement of financial activity over the estimated lifetime of members of 10 years.

15. ACCRUALS AND DEFERRED INCOMING RESOURCES

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Advance subscriptions 65,231 92,707</td>
<td></td>
</tr>
<tr>
<td>Increase in year 2,907 2,312</td>
<td></td>
</tr>
<tr>
<td>Revaluation 68,138 95,019</td>
<td></td>
</tr>
</tbody>
</table>

Revaluation 24,034 24,034
At 31 December 2013 39,040 66,181

Included in accruals and deferred incoming resources are lifetime-membership subscription receipts. Income will be released to the statement of financial activity over the estimated lifetime of members of 10 years.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Unrestricted funds Total funds

<table>
<thead>
<tr>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances at 31 December 2013 as represented by:</td>
<td></td>
</tr>
<tr>
<td>Listed investments 169,027 169,027</td>
<td></td>
</tr>
<tr>
<td>Current assets 373,254 373,254</td>
<td></td>
</tr>
<tr>
<td>Current liabilities (76,002) (76,002)</td>
<td></td>
</tr>
<tr>
<td>Long-term liabilities (6,404) (6,404)</td>
<td></td>
</tr>
<tr>
<td>459,875 459,875</td>
<td></td>
</tr>
</tbody>
</table>

17. UNRESTRICTED FUNDS AT

<table>
<thead>
<tr>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

General fund 442,166 73,162 (79,487) 24,034 459,875

Purposes of unrestricted funds

The Institute has as its main objective the promotion of the science, technology, practice and profession of Management Services which results in the advancement of the efficiency, productivity and satisfaction of human work. The purpose of the unrestricted funds is the dissemination of knowledge and information on productivity improvement both to its members and the public in general, in order to improve the financial viability of both companies and countries across the world. The increasing realisation of the role that productivity improvement can play in ensuring the economic well-being of all is an indicator of the success of the Institute over the past 47 years.

18. RELATED PARTY TRANSACTIONS

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2012 – Nil).

19. COMPANY LIMITED BY GUARANTEE

The Institute of Management Services is a company limited by guarantee and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.
Why Don’t YOU Join the IMS

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

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

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

• Actively promoting the IMS in your place of work
• Encourage colleagues at work as well as professional and social contacts to join the Institute
• Refer potential new members to the Journal as an example of what the IMS is about

• Remind potential members of the benefits of IMS membership, eg, education system, regional structure, recognised professional qualification
• Up to the minute information via the IMS Journal and website professional support
• Undertaking contract/consultancy work

What Next?
Contact the IMS for an application form
W: www.ims-productivity.com
E: admin@ims-stowe.fsnet.co.uk
T: 01543 266909
✉ Brooke House, 24 Dam Street, Lichfield, Staffs WS13 6AA