Changing behaviours without changing corporate cultures
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The Institute acts as the qualifying body for the Management Services profession in the UK, focusing developments in practice and knowledge and acting as a forum for information exchange. This in turn enables our members who work under a variety of job titles across the whole of the UK economy, to make a more effective contribution to the well-being of their own organisation and to the nation’s economy as a whole.

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In this issue of Management Services…

Cover Story

Many general corporate culture change programmes may be unnecessary, says Professor Colin Coulson-Thomas

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By Professor Colin Coulson-Thomas
A better year ahead?

After almost six years of austerity measures it seems that there is some good news on the economic front. The International Monetary Fund (IMF) has said that the UK will be 2.4% richer this year, up from the previous forecast of 1.9%. It also confirmed that Britain has the fastest growing economy among the major EU nations, clearly, a huge boost for the chancellor George Osborne and his economic policies.

As a result of the IMF’s forecast, the pound strengthened against all major currencies and traders believe this trend will continue. It also benefited from better than expected unemployment figures and a reduction in government borrowing, clear signs of economic recovery. A strong pound is, of course, good news for UK import businesses and for those of us that holiday abroad. It also helps limit inflation by keeping import costs down as well as petrol prices that are quoted in dollars.

All very encouraging, but the chancellor has stated that austerity measures will need to continue even after the next general election, irrespective of the outcome. So small comfort for hard pressed British households which, according to the Centre for Social Justice (CSJ), now owe an average of £54,000 (including mortgages) – up from £29,000 a decade ago. The CSJ also reports that more than 5000 people every year are being made homeless due to rent or mortgage arrears.

It was interesting to note the governor of the Bank of England, Mark Carney’s reaction to the better than expected unemployment figures of 7.1%. He was quick to reassure homeowners that there would be no change in policy, remembering that the bank had said it would not up interest rates from 0.5% (a 300 year low to keep mortgages down and boost the economy) until unemployment fell below 7%. He cautioned that unless the UK gets some real growth in manufacturing, the current improvement – based on family spending – is unsustainable. “What drives consumption are wages and employment” he said. “We’re getting the employment but not the wage growth.”

The governor’s concerns were confirmed when the Office of National Statistics announced that take home pay had slipped by 2.2% a year in real terms since 2010 – the longest continual dip for 50 years – and much to the consternation of the government which claimed that Brits were better off now than when the coalition came to power!

IMS strategy

At the Institute we continue to drive home our three principal strategic initiatives under the headings of education, recruitment and communications.

In terms of education, the strategy is to ‘strengthen the links between the Institute and its existing approved education providers and to identify and develop new links and providers, particularly those overseas’. I can advise that we are in the process of reviewing our current arrangements with our existing education providers in terms of our education syllabus, membership grades and registration fees. A significant amount of work has already taken place on these and a meeting has been arranged to firm up on the conclusions. Details of the outcome will be reported in a future journal.

In respect of the second part of the education strategy, ‘to identify new links and providers, particularly those overseas’, I can report that a management consultancy is currently going through the process of having their three part syllabus approved by the IMS for delivery in Bahrain, the Middle East and North Africa. Again, details of the outcome of this development will be reported in a future edition of the journal.

With regard to recruitment, we continue to see a steady flow of students coming through our education system and the review of our education syllabus, membership grades and registration fees is designed to increase that flow. In terms of communications, the newsletter continues to be well received, as is the Institute journal. The website is updated as required and the region secretaries have been asked to keep their news sections on the site up-to-date.

Finally, I would like to pay tribute to Brian Cuthbert, a long and established education provider for the IMS, who has had to retire for health reasons. Over many years, Brian has made a significant contribution to the Institute and our education system and his involvement will be sadly missed. If I may therefore, on your behalf, thank him for his contribution and wish him improved health and best wishes for the future.

Dr Andrew Muir
NW speaker will discuss workstudy and management issues

A north west regional speaker event has been arranged for the evening of Monday 2 June.

Richard Taylor of Scott Grant Ltd will give a talk on workstudy and management related issues. 7pm for 7.30pm start. Tunley Church, Mossy Lea Road, Wrightington, Wigan. WN6 9RW.

To book your place on what promises to be an extremely interesting event, please email harry.hogg@blueyonder.co.uk or telephone Ian Cooper 01257 421383 or Len Price 01204 840 672.

Scottish Region
Support the students at Fife Golf Challenge

This year’s Fife Golf Challenge will be held at Elmwood Golf Course, Stratheden, Cupar, KY15 5RS, from 12-3pm on Friday 23 May.

Once again, the event will be organised by Elmwood College’s golf management students who will handle everything from tee times to prize-giving. This will then form part of the assessment for their HND course.

Why not come along and help support the students?

Adam Smith lecture: 29 April, Kirkcaldy

This year’s Adam Smith lecture will be held on Tuesday 29 April, 6.30 for 7pm at the Adam Smith Theatre, Bennochy Road, Kirkcaldy, KY1 1ET.

The prestigious event will be hosted by Gordon Brown and Michael J Sandel, the eminent American political philosopher and Harvard professor, will deliver the paper ‘What money can’t buy’.

For further details contact the Adam Smith Global Foundation on 01592 267171.

It may be of interest to note that a rare first edition (published in 1776) of Adam Smith’s The Wealth of Nations was sold at auction for £46,000.

Andrew Muir, Scottish Region Secretary
Who’s who in the IMS

Introducing new Council member Kevan Kelly

Kevan Kelly was recently appointed to the Institute’s Council of Management. Kevan joined the Institute in 1970, progressing through the various membership levels to Fellow. He has been an active member of the North West Region and has served in various capacities including more than one term as Chairman and PRO.

Kevan’s lifelong career in engineering started with de Havilland at the Lostock apprentice training school at Bolton and was followed by rotational training at the northern production facilities, before transfer to the London design offices and Hatfield development centres to complete a full apprenticeship.

The educational route included in this programme was the HNC and subject studies pertinent to the senior engineering institutes/institutions serving the aircraft industry. This experience was followed by appointment at Hatfield in aircraft equipment development before a move back to the north for development appointments in the automotive industry at AP Ltd, Bolton and Westinghouse Ltd, Walkden.

Subsequently Kevan was employed for some years in the electricity supply industry (generation) as a professional engineer in operational spheres at the Carrington and Kearsley generation locations. Selected ‘in house’ for full time formal work study officer training at the UKAE Ltd residential training facilities, Kevan then joined mixed teams implementing the total range of techniques in a nationwide electrical power industry at green field/pilot locations of a wide technological diversity. This was to comply with the white paper to introduce management services practices across a large nationalised industry and in line with the then government directive via the Minister for Industry Barbara Castle.

Project success was followed by an appointment at St Helens (Bold) generation location that covered the full range of management services including all financial budgetary aspects required.

Kevan studied for the Institute’s qualifications at the Bolton Institute of Technology’s management department, led by Roger Ginger and Robert Fletcher. This resulted in a lifelong friendship with Bob Fletcher and they worked closely together as officers of the Institute’s North West Region for many years.

Later in his career in the electricity supply industry, Kevan returned to operational duties including additional areas of customer care, focus groups, interface and change management considerations.

As a multi-discipline professional engineer, the final career move for Kevan was to a Parsons Brinckerhoff company. This was an engineering and design consultancy appointment, based in Manchester with specific reference to Total Quality Assurance with management requirements.

Kevan is still a chartered engineer registered with the Engineering Council (BA(Hons), DMS) and a past external examiner to the management department at what is now the University of Bolton.

He is also available for the occasional consultancy exercise or project work, however, full retirement has brought other challenges and allowed him to develop interests in new areas, with time to travel and visit more of the UK, including coastal and inland areas of Scotland. Kevan’s additional interests include membership of other senior engineering and management institutions, walking, swimming, reading and volunteering with the RNLI.

Kevan is looking forward to sharing his long experience in management services and his involvement at region level by actively contributing to the organisation through the Council of Management.
Support for SMEs adopting pensions auto-enrolment

While pensions auto-enrolment has been successfully implemented by many large businesses across the country over the past year, there are concerns that the process for small and medium sized enterprises (SMEs) may not be such plain sailing.

A report by the CIPD, the professional body for HR and people development, has shown that many SMEs set to adopt auto-enrolment in 2014 need to begin preparations now in order to overcome the challenges presented by limited resources, expertise and the cost of implementing the reforms.

CIPD performance and reward adviser, Charles Cotton, said: “While large companies tend to have long established traditions of paying into employee pensions, for many SMEs this is their first foray into the world of pensions. They are unlikely to have access to the same levels of expertise or support networks as their larger counterparts and, as our survey reveals, many fear that it could be a costly exercise for their business.”

To support SMEs with staging dates coming up next year, the CIPD has published guidance on how companies can take a more strategic approach to workplace pensions by ensuring that auto-enrolment is aligned to their organisation’s business strategy, culture and brand.

The guide can be viewed at bit.ly/1aVvm3v

Does the Japanese production model really work?

According to researchers, the quest by European car manufacturers to match Japanese-style productivity has resulted in the decline of health and safety of the EU automotive sector.

Faced with global competition, European manufacturers have decided to adopt the Japanese lean production model, which is used by Toyota, for example. But the results show that one size does not fit all. According to American researchers at the Massachusetts Institute of Technology (MIT), Japanese automotive workers were more productive than their international counterparts due to the way they were structuring group work in factories.

However, researchers say that while it may have been possible to compare the productivity of workers in Japan and the United States, the comparisons between Japan and Europe do not make much sense.

Speaking at a European Trade Union Institute conference, Stephen Bouquin of the Université d’Évry Val-d’Essonne said that it was now possible to criticise the Japanese model from a scientific point of view.

“Today, there are still 10-12 global companies in the automotive industry and competition is like high. This has had a huge impact on the organisation of work.”

Bouquin indicated that while the Japanese model has increased productivity among workers, it has also accelerated health problems. He indicated that work conditions are extreme, with many workers reporting backaches and stiffness of their arms.
A substantial increase in vehicle manufacturing is needed if Australia is ever to have a sustainable car industry, according to the Productivity Commission’s inquiry into Australia’s Automotive Manufacturing Industry.

The preliminary report found that not only did Australia have very high labour costs, but it also suffered from high logistics costs and utility charges. Less than half the components are sourced from Australia, so car manufacturers are subject to very long supply chains back to China and elsewhere.

Ford has already announced it will cease production by 2016, and Toyota is also considering exiting manufacturing in Australia.

Long term productivity strategy needed in the UK

In his autumn statement, chancellor George Osborne mentioned productivity three times. As Institute members know, poor productivity is not just about capital investment, but is also about the ability to make good use of what has been invested.

The UK is not renowned for its high quality management and industry is often handicapped by managerial ignorance of the skills found in world class industry. Our public services are poor in this regard, as are large chunks of the private sector.

IMS members may remember the National Productivity Year launched by the Duke of Edinburgh in November 1962. Three commemorative postage stamps were issued, based on the themes of national productivity, unified productivity and units of productivity. This initiative raised awareness of the tools and skills that improve productivity and in the 1960s, seven mobile cinemas were built to promote best productivity management practice.

If the UK is to gain its rightful place in this increasingly competitive world, the present government needs to develop a long-term productivity strategy to raise awareness of the methods and skills of more efficient working to replace the current acceptance of poor productivity and the low wages it leads to.

New Zealand must invest in its workforce

A report by the New Zealand Productivity Commission shows that labour productivity levels in New Zealand are a third lower than in Australia.

The report looked at 24 comparable industries and found that in most, Australia generated more value for each worker because they had better plant and equipment, including computer technology, and were more highly skilled than their New Zealand counterparts.

It is believed that New Zealand’s employment laws have encouraged low value management conduct rather than higher value conduct, eg, investment in better technology and up skilling of the workforce.

New Zealand has one of the most deregulated labour markets in the world in which management has had almost complete control of workforce issues and it is thought this has been a major factor in New Zealand having low productivity.
An overwhelming body of statistics shows that businesses are facing an unprecedented productivity decline, but that individual companies have the means to improve their own output rate through effective customer relationship management.

In a report entitled *The Productivity Puzzle*, Maximizer Software analysed statistics from South Africa, the European Union, the UK, other government organisations, independent research firms, global companies and think-tanks.

The report noted that productivity in Europe is at a five-year low, while other markets, such as South Africa, face an equally daunting productivity crisis. The situation in the UK is unique in that output is falling while employment levels are at an all-time high.

Specific report findings include:
- South Africa hit a 46-year low in productivity in 2012, according to figures from the country’s largest recruitment company, AdCorp.
- Productivity levels across Europe have dropped every year since its economy went into recession in 2008, according to the Eurostat Labour Productivity Index.
- The continuing decline of productivity in the UK – where it is languishing 3.7% below its pre-recession peak – is outlasting output drops that followed the recessions of 1973, 1980 and 1990 by a considerable margin, according to records from the Office for National Statistics.

The use of the second generation of collaboration tools such as social media, video conferencing, and online editing tools are the exception rather than the rule in the UK. The report found that 65% of UK employees feel they work in a low innovation, low collaboration environment.

An extract from the report appears on page 37 of this issue.
What employers need to know about stress at work

By Kate Boguslawska, solicitor, Saunders Law Ltd

Work-related stress is an adverse reaction suffered by people exposed to excessive pressures at work. The Labour Force Survey (LFS) from the Office for National Statistics shows that it makes for over 40% of work related illnesses. On average people suffering from depression, anxiety or stress take about 24 days off work a year. That translates to 10.4 million working days lost in 2011/2012.

The survey further revealed that the occupations with highest rates of total cases of work-related stress were health professionals (with the highest prevalence amongst nurses), social workers and teaching and educational professionals. Last year, the Sarz Report brought well known facts to light commenting that stress suffered by bankers reached almost unprecedented levels.

That is not good news for employers. Stress at work is a costly affair and hits businesses financially, but also has a negative influence on staff relationships, poor performance, staff turnover and leads to more management time being spent on resolving the issues arising from stress.

Historically, employees affected by stress had a choice of claims available in the employment tribunals. If the employment relationship was terminated as a result of the employee’s incapacity, the employee could bring a claim for unfair dismissal; if stress was prolonged, it could lead to depression, which in certain circumstances could be classified as disability under the Equality Act; employees who felt they were bullied or exposed to pressure often brought claims for harassment under the Protection from Harassment Act 1997. Now, the choice is even
“Providing a safe environment, free from bullying, in which work-related stress is effectively managed and controlled is of paramount importance.”

wider and claims for ‘stress at work’ are becoming more prevalent in the Courts. Such cases are usually brought as personal injury negligence claims for breach of duty of care of the employee.

The Courts may sometimes be more attractive because of a longer limitation period. A claim in the employment tribunal, must be brought within three months, the limitation for personal injury claims is three years. Additionally the courts may, in certain circumstances, be more appealing venues because of the potential awards for psychiatric injuries, especially if as a result the employee is prevented from working for a long time or not able to ever return to their profession. These are often higher than the ‘injury to feelings awards’ awarded in the employment tribunal discrimination cases. This has been more recently observed amongst bankers who after years of working extremely long hours start suffering the consequences of prolonged stress.

Finally the recent changes to cost rules have made the courts an easier option for a personal injury case, especially with the introduction of a more favorable cost system for claimants, where costs orders against them can be enforced only in very limited circumstances.

Until now, mental health issues were often stigmatised and the employees often suffered in secret giving different reasons for their absences. Growing social awareness and available assistance have made people aware that psychiatric illnesses can affect anybody at any stage of their lives. Employees are more likely to share their mental health issues with their employers, seek their help and also bring claims against them if they feel that the employers were responsible for their plight or failed to help them.

**How can employers be responsible for their employees’ psychiatric injuries?**

The LFS provides an answer. It shows that work pressures such as extensive workload, too much responsibility, tight deadlines, lack of managerial support, work related violence and bullying are most frequently attributable to work-related stress. Employers cannot always avoid these allegations but it is equally employees who have been reprimanded or disciplined that ‘hide’ behind the stress excuse. Therefore employers have to take steps to prevent such situations from occurring.

Prevention is always better than cure and ensuring that employers provide a safe environment, free from bullying, in which work-related stress is effectively managed and controlled is of paramount importance. Not only does it increase productivity and improve relationships within the workforce, it helps avoid high pay-outs and years spent litigating.

Therefore to avoid or minimise the number of stress at work cases or reduce their negative impact on the business, employers have to:

- Ensure that they have requisite health and safety policies in place. Make sure that they are tailored for their workplace. Having bog standard policies blindly followed by managers may lead to applying blanket policies, which can give rise to a discrimination claim.
- Carry out risk assessments to identify factors associated with stress. How is the workload distributed? Have employees been properly trained? Are employees likely to be overloaded?
- Learn to identify factors suggesting the existence of stress, such as high absenteeism levels, conflict within the workforce, disciplinary or grievance proceedings on the rise, low productivity, and high staff turnover. Redundancies are often culprits. They may be unavoidable but informing and consulting with employees, showing them a genuine effort to help, is often the key.
- Monitor absences and carry out return to work interviews. If an employee complains of stress or anxiety, the employer should look into this to see whether circumstances can be improved. Employers should make a record of such interviews and if necessary request the employee’s consent to seek advice from his medical advisers or an occupational health professional. If any recommendations are made, they should be followed as far as they are practicable- (if a case is even brought) this can help show the Courts in subsequent litigation that the employer managed the situation fairly and successfully.
- Employers need to appreciate that although invisible; stress issues are to be dealt with before they grow out of proportion. ‘Stress at work’ can be a minefield but may be effectively controlled. Businesses will benefit from advice on how to prepare and implement necessary procedures. Management should be trained to act with sensitivity and reasonableness and to balance the good of the individual and the requirements of the business. When this is achieved, employers will see more happy productive employees.

**About the author**

An experienced commercial litigator, Kate advises business and individuals on contentious and non-contentious employment and other business litigation matters. Email kate.boguslawska@saunders.co.uk or 020 7632 4300.
DMAIC:
A methodology for Lean Six Sigma business transformation

New thinking is required to take organisations to the new level of performance
Effective business transformation can really benefit from traditional Lean Six Sigma (LSS) but in many enterprises, it is perceived as applying overly rigorous and time consuming methodologies, employing advanced statistical techniques – which very few people use today. This is intimidating for many, especially in the service sector where the delivery of services bears little resemblance to improvement logged in manufacturing operations and on the factory floor. In some cases, understanding that change is both a political and a behavioural process will give more leverage than focusing entirely on advanced statistical techniques and applications.

In today’s marketplace, the focus on change has to move away from the traditional curriculum of Lean Six Sigma (LSS), and towards the application of the behavioural sciences. Research in the behavioural component of what makes organisations function effectively will take you further towards your change management goals than the application of any statistical technique.

The time may be ripe to review the basic approach and DMAIC as the key structure for bringing about change. DMAIC focuses on the five core stages of using LSSOD and suggests a systematic and sequential approach to problem definition and solution. DMAIC is a solid foundation for problem and conflict resolution, is based on the OD approach to action research and follows the rigour of the scientific method or enquiry. We will explore each of the stages and upgrade our understanding of these based on the latest approach to LSSOD.

DMAIC comprises five key stages. ‘D’ refers to DEFINE, defining the core issues and winning the support of the organisation to drive for improvement. ‘M’ is for MEASURE where we assess current performance of an operation and use it as baseline assessment of progress when implementing solutions. ‘A’ stands for ANALYSIS where we use an evidence based rationale to identify the initial ‘root cause’ of the problems that spread and have such a negative impact on corporate performance. Analysis gives us ideas where ‘I’ for IMPROVEMENT and implementation of the needed changes is driven and ‘C’ refers to CONTROL where we set measures in place, ensure that systems are tracked and performance is measured and maintained within acceptable quality standards.

DMAIC is a very powerful process but the old approach relied on ‘left brain’ statistical thinking and methods for analysing problems – neglecting the more ‘right brain’ intuitive solutions. Maybe the more traditional methods were suited to manufacturing and operations management, but, although still appropriate for the service and public sector, they are favoured less well than the more ‘up beat’ and attractive applications of organisation development.

Philip Atkinson suggests that Learning and Development (L&D) underpinning real culture change cannot ignore the political and behavioural issues of change management and business transformation. So, it’s time to welcome the introduction of Lean Six Sigma Organisation Development (LSSOD) which focuses upon the core issues in bringing about meaningful change in the service and the public sectors. This article explores how modern day innovations in the DMAIC methodology can be used to bring about meaningful and sustained change in large organisations.
DMAIC and DMADV – New innovations and new markets
We also find that the service and public sector are equally in tune with DMADV as a problem solving approach simply because it focuses on the development of new services and products and the ‘DV’ element of the DMADV equation concentrates on ‘D’ for Design and ‘V’ for Verifying that the design ideas are working and resolving the identified potential problems. We have known organisations using DMADV for developing new innovative services in recruitment, learning and development, procurement strategies, blended learning solutions, new product development in (POS) point of sale finance and developing IT platforms for a variety of technological solutions.

Define element of DMAIC
Moving through the DMAIC sequence of activities, you will find that by ‘front loading’ efforts into the earlier stages of the DMAIC process, there is less dependency on detail and rigour in the final stages of the sequence. Basically, we are investing in prevention and learning from the Deming Cycle which is also widely used as a Lean problem solving technology focused on the four stages of Plan, Do, Check and Action.

By defining and planning with precision, we can circumvent problem resolution at later stages. We will run through the key issues in DEFINE before moving on. Note as you read through this section how the ‘political and influential’ role of the project team is vital in influencing those on the senior management team.

How does the project evolve to become a LSSOD project?
A key driver in the DEFINE stage is to define the very nature of the project we wish to pursue. Part of that definition requires us to explore from the source where the problem evolved. In many cases, we find that feedback from the end user, the consumer of the product or service, is instrumental in propelling action. The concerned citizen who is unhappy with the service received at his local healthcare centre, the recipient of social care, educational provision of central or local government services could well be the cause behind the investigation. Likewise, the customer or the client of a service provider or the customer of a fast food outlet could be the ‘tipping point’ that causes the organisation to adopt a self critical review of their service.

However, those in the organisation are often pretty sharp at picking up non conforming processes before the consumer has had time to sample the service, which is a powerful ‘wake up’ call to take action. The organisation may also have had the benefit of a member of staff who

“By ‘front loading’ efforts into the earlier stages of the DMAIC process, there is less dependency on detail and rigour in the final stages of the sequence.”
has championed the need to change, and this can be the key driver of the project.

**Presenting a ‘Lean SS (OD) business case’ to the top team**

However an organisation is structured, there will be an executive team who agrees how to distribute resources to resolve business problems. LSSOD requires teams to work on the preparation of projects that will be worthy of investment from that top team. The project team will have to develop an influential ‘business case’ outlining the nature of the problem, the implications for the business or organisation, as well as a full and detailed financial analysis of the problem outlining the immediate costs of failure, the costs associated with not fixing the problem, the benefits that will accrue by fixing the problem, and any temporary fixes that can be put in place.

Team Charters articulate the ‘problem statement’ and the problem definition that the group are trying to resolve. It really needs to adhere to the simple model or SMART acronym of being Specific, Measurable, Achievable, Relevant and Time bound.

**Commitment is central to effective change**

Presenting to the top or executive team is critical in taking the LSSOD initiative seriously. Project teams can make very little or limited progress without the ‘sign-off’ of the top team members and this is the reason why many quality or Lean Six Sigma projects fail. When we add Organisation Development (OD) to the process we find that the top team takes a new degree of seriousness to any quality or process problems and gives their support to the project.

**High level process maps presented**

A high level process map lacks detail but focuses on the core areas where there is an 80/20 chance of problems residing. Presenting this high level plan is central to winning capital and people time. The high level map may also explore potential solutions before investigation, data that reflects the presenting problem, milestones, and potential measures to assess progress.

**Change management in strategy explored**

In the DEFINE stage, the project team also need to outline how they are going to use their resources to best effect, the likely ROI, goal statements, scoping out key activities for project team members, the support they will need from project sponsors and core stakeholders in the project.

This is where there is an overlap with the ‘M’ stage in DMAIC. There are no ‘black and white’ areas, only grey areas between each of the DMAIC stages. What is hinted at in DEFINE can become much more tangible when we start moving into MEASURE.

**MEASURE: CTQ, CTC, CTP**

Here we also see how the project team will demonstrate the results of research undertaken and the approach they intend to pursue. They will probably have developed a CTQ, (Critical to Quality), review of those issues which are central and vital to the quality of the service or product in very precise terms. Also CTC is (Critical to the Customer) or consumer experience. This means the team will have had some communication with the client, or at least collected data that will enable them to assess how well the CTQ
fits with service delivery and CTC customer needs. CTQ enables the management team to understand what it is that they have to improve in the customer or end user’s eyes, and why the customer believes it to be important. CTP (Critical to the Process) arises later.

At this stage, the metrics and statistics may start entering into the process. The project team will have explored process mapping and identified and applied FMEA (Failure Mode Effect Analysis) exploring those areas where failure is, has, or is about to arise. They may also have undertaken some analysis with ‘Risk’ and developed a RPN or risk priority number which is a combination of RPN = severity (10) x possibility of occurrence (10) x detection (10) and can range from zero up to 1000. At this stage, this analysis is vital in highlighting the commitment and the action which is necessary to fix the problem once and for all.

Here we have to take a baseline measure of how well we are dealing with the issue. One of the biggest errors that people make in LSS is failing to take measurements when things are going wrong. It is of little value to state that things are better at the end of the process without identifying specific issues and criteria for improvement at the start.

Even with problems where there are undocumented processes, we should make every effort to define some criteria, outline the conditions, the level of performance (however poor), missed stages in processes, errors in transference and translation of information, and failure to relay decisions, etc.

**Data collection plan**
Although verifiable data may not be available at the start of the project, it is expected that the project team develop a data collection plan and present it to their senior management group or team. The data collection plan should cover what data the group are interested in collecting, the methods of data collection, the tools for analysis and the presentation of that data visually or otherwise, the source of the data, and the contribution of others in the data collection phase. This should all be related to the establishment of goals and must ensure data consistency and integrity.

**Moving beyond the comfort zone of quantitative analysis**
In a less tangible, non-manufacturing environment, it may be valuable to collect qualitative as well as quantitative data. Traditional LSS training focuses on the collection and analysis of quantitative data solely, with a relative absence or acknowledgement of the value of qualitative data gathered via 1:1 structured interviews, participant observation, focus groups, attitude surveys and the use of tools such as the repertory grid and a myriad of creative data collection techniques.

**ANALYSIS – How good is our process really?**
When using DMAIC we should be using all the tools we have at our disposal. Pictures and graphs are often worth a 1000 words. At this stage we should be capturing our data collection graphically using a variety of tools including histograms, run charts, box plot and Pareto.

Once we have identified performance objectives and measures, we can start moving away from our internal analysis and benchmarking ourselves against others as well as best

“In ‘analysis’ we should be able to explore cause-effect relationships and arrive at the root cause of our problems.”
in class. Working with a bank, our consultancy partnered with the post office on a key benchmarking activity. Initially, people in the bank questioned why we would pair a bank with a postal service, suggesting there was no synergy or understanding of the different constraints on each organisation. They soon changed their minds when we outlined that both organisations: had customers they wanted to retain; processes that supported customer service; and staff geared towards delighting their customers. We were able to ‘benchmark’ how they best utilised these resources in our goals of improving customer retention, improving process capability and maximising the use of human resources.

In ANALYSIS we can use a variety of tools in order to compare our performance against self and others in the same industry, or using similar processes. We can use statistical measures such as central tendency, the mean, median and mode, and measures of dispersion to analyse how activity is distributed over a range of values. We can graph and identify trends, and explore relationships between two or more variables using regression analysis and coefficient or correlation and a host of other techniques for testing for statistical significance.

Finally, in ANALYSIS we should be able to explore cause-effect relationships and arrive at the root cause of our problems. Here we can loop back to MEASURE and understand how we can start tracking those things which cause other factors to vary outside our defined limits. Here there is an overlap between the ANALYSE and the IMPROVE stage.

**IMPROVE and implement**

Here we identify the vital ‘X’ factors that when employed correctly, can have a huge impact on the whole organisation. These ‘X’ factors have been identified by the team or through data analysis. In ANALYSIS we will have tested some of our ideas and drawn up implementation plans to make a big difference to performance. In IMPROVE we will focus on such behavioural tools as RACI where we concentrate on the key players in processes and identify the roles where responsibility, accountability, consultation and influence reside. Here we will also explore stakeholder analysis, technical, political and cultural analysis (TPC) to support us in building strong and robust implementation plans. In LSSOD we need to impact the cultural and behavioural component of organisational change and here the tools of OD are especially effective.

In terms of driving improvement through Rapid Improvement Events (RIE), we can utilise an implementation plan using Kaizen principles such as the 5 S’s – to Sort, Simplify, Shine or Sweep, Standardise and Sustain to improve performance.

Finally, we have to ensure that we manage the key actors in the change process, to learn to develop and use sponsors and change champions, master black belts, black belts and green belts to bed down performance. This will only be achieved when we have trained sufficient people to understand their role in change. Change champions may be spread pretty thin within the average organisation. Most enterprises should be focused on training at least 1% of their staff to be skilled to black belt level and approximately 20-25% trained at green belt level. Green belts will be able to facilitate problem solving sessions and should be equipped with training in the use of LSSOD tools within each stage of the DMAIC process. It is also a pretty good idea to have trained the majority of staff in yellow belt so they are equipped and fully understand the basic LSSOD tools and methodologies and can contribute as part of a problem solving team.

**CONTROL – Developing and sustaining a measurement system**

CONTROL enables us to determine process capabilities and understand when they are under pressure, before they create problems and answer the question ‘Will processes stay in control?’ CONTROL also tells us when we are safe to close a project, and during this phase we may want to consider have we undertaken a risk assessment, have we set up Poke-Yoke – or mistake proofing devices, developed preventative SPC (Statistical Process Control) and data collection plans for review, set up ongoing measurements

“There is increasing evidence that creating time for teams to reflect on how they work together can help raise standards.”
Summary
The DMAIC Process is a set of five phases within a LSSOD project used by organisations to improve upon the quality of an existing product or service. We focus our energies on looking at specific tools and the stages for the public and service sector enterprises. There are many tools and methods used within these five steps so that any LSSOD project can be a success in quality improvement and service excellence. These tools are equally useful for those who are using DMAIC for developing a new products, projects or processes. The difference between a good LSSOD practitioner and a great practitioner is the ability to know which tool or technique can or should be used, and when to use it. This comes with training and extensive experience with LSSOD projects. DMAIC that relies on ‘left brain’ statistical thinking and methods for analysing problems and neglecting the more ‘right brain’ intuitive solutions, is doomed to failure, compared to the more ‘up beat’ and innovative and attractive applications of Organisation Development (OD).

Finally, there needs to be a balance between the traditional tools of LSS and that of LSSOD. It must be remembered that change is fundamentally a cultural issue, and unless we address the core OD issues of how to create the appropriate culture and leadership style to create significant change the application of the myriad of Lean techniques and advanced statistical use will only prove partially successful in changing organisations for the future.

About the author
Philip Atkinson is a consultant, executive coach and a master black belt tutor in Lean Six Sigma specialising in strategic, behavioural and cultural change. He consults in the UK, Europe and US, has written seven business books and published over 300 articles, is a frequent conference speaker and designer of learning strategies to support personal and organisational change.

Visit philip@philipatkinson.com or www.philipatkinson.com or his new website www.lean-six-sigma-OD-training.com where his new accredited learning management systems in Lean Sigma OD are presented.
Reductiong the need for projects through continuous improvement

Finding out more about this approach is time well spent, says Cliff Moyce

If we know anything about projects, it is that they carry risks and cost money. Sometimes significant risks and a great deal of money. If the most serious of risks become manifest (eg, going over budget on time and money by large amounts), the consequences can be serious.

Our appetite for projects continues to grow despite the high rate of failures reported in business and academic journals. Though project management has been good to me (I owned and ran a project management consultancy for 16 years), I know that the need for many of the projects that I led could have been avoided if firms had taken a different approach to achieving and maintaining operational excellence, prior to calling me in. Specifically, by creating a culture of continuous improvement organisations can avoid ‘falling behind the curve’ relative to their environment (markets, competitors, customers, regulators, etc).

Allowing operating models and IT systems to stand still while everything changes around them will almost inevitably result in a need for an ‘all or nothing’ project or programme at some point, with all of the attendant risks and stresses.

Improving operational efficiency

When I started out in my career, the emphasis was very much on continuous improvement. Undertaking my studies with the Institute of Management Services, we were only taught continuous improvement methods as a way of improving operational efficiency and effectiveness; project management was never mentioned.

I always remember being taught SREDDIM during the methods improvement module at the Harry Mitchell college in Nottingham. SREDDIM standing for select, record, examine, design, define, install, maintain if I remember correctly, with ‘maintain’ being very much emphasised to us students.

Though continuous improvement techniques have been around for a long time, they increasingly started to be named and popularised from the 1960s onwards under titles such as Total Quality Management, Plan-Do-Check-Act (aka the Deming Circle or Kaizen in Japan), Lean, the Toyota Way, and Six Sigma.

“Our appetite for projects continues to grow despite the high rate of failures reported in business and academic journals.”
For anyone unfamiliar with these approaches (unlikely, given the readership of this journal), spending time learning about them can be highly worthwhile. As someone who has used almost all approaches on the change continuum (from the most continuous to the most discrete), I know that continuous improvement creates the most sustainable, maintainable, and efficient operating environments.

In my experience, the approach applies equally well to (re)designing organisational structures, business processes, and IT systems. An operating environment subject to the constant attention of continuous improvement will not only keep up with the curve, but will keep pushing it forwards (as Toyota has demonstrated) and ensure maximum customer satisfaction.

Change management
Of course, we will always need projects. Some change is discrete by nature. Civil engineering and ship building are good examples – though they also use continuous improvement methods to maintain their own processes. Continuous improvement can itself drive a need for projects on occasion if the implementation of change requires a significant level of control. Generally, the iterative nature of change driven by continuous improvement means that implementation can be handled by line staff more often than not, and specialist project managers are not required. That approach should certainly be the default in my opinion. The Six Sigma method is particularly good at spreading the necessary change management skills around the organisation.

It might feel that developing IT systems is better suited to a project management approach than continuous improvement. This is generally true, but many IT projects could be avoided (or the scale, cost, risk and urgency of the development reduced) if the implementation of the previous / existing system had been accompanied by a plan that did not end on go-live day, but carried on instead to ensure that all benefits were realised, and that support and maintenance was driven by business horizon-scanning rather than just technical needs.

A useful middle ground is agile development methods where new systems are built and maintained by self-managing cross-functional teams, usually without the need for project management specialists.

Summary
To summarise, continuous improvement is one of the best kept secrets in terms of having a business that will continue to succeed even when the environment is changing rapidly. Of course, Japanese readers will know this already as continuous improvement is a philosophy (rather than just a set of techniques) deeply embedded into their working culture. Finding out more about continuous improvement is always time well spent!

“Continuous improvement creates the most sustainable, maintainable, and efficient operating environments.”

About the author
Cliff Moyce is an independent management consultant specialising in business transformation. He has taken his skills into financial and professional services, environmental protection, and utilities. Cliff is a fellow of the IMS and holds an MSc in organisational psychology from Birkbeck, University of London. Contact via www.cliffmoyce.com or cliff@cliffmoyce.com
Supply chain and logistics: An Australian perspective

By Sameer Latif and David Parker

Supply chain and logistics management is a critical success factor in developing an organisation’s competitive edge. It is no longer just a means and process of connecting with markets but rather a key component of differentiation. According to surveys of senior executives undertaken by the Supply Chain and Logistics Association of Australia (SCLAA), there appears to be little consistency regarding the strategy adopted by organisations to develop world class processes. This paper explores Australian supply chain and logistics management by drawing on several organisation cases.

Introduction
Research undertaken by Gartner at the end of 2011 indicates that Australian supply chain executives were focused predominantly on cost and the customer as key strategic areas to enhance their businesses. At this time there was a significant amount of uncertainty; with the outlook cooling on global commodity markets and organisations looking more closely at their supply networks to keep costs low and improve efficiency. Figure 1 below illustrates some results of the Gartner survey.

The survey results highlight the importance placed on productivity, costs and customers. All three of these areas could be significantly influenced through effective use of supply chain management and logistics world class principles.

Of further interest, however, is to explore how these organisations view their supply networks. Three clear categories dominate most organisations’ strategic intent. Firstly viewing supply chain and logistics as strategic; second is viewing it as a cost of doing business, and third is identifying it as a source of competitive advantage. As indicated in Figure 2, each of the three categories is regarded with almost equal importance.

Moreover, there are industry preferences for each of the categories. Retailers, wholesalers and process manufacturers see supply chain and logistics as a source of differentiation. Mining and other primary industries and manufacturers see it more as cost of doing business. However, supply chain and logistics services, eg, 3PLs regard it as strategic. These perspectives will be explored further by identifying how supply chains integrate into doing business in the relevant industry using organisation case examples. In particular, successful organisations will be identified to determine their strategy in developing a competitive edge.

Most international organisations have faced
similar situations to that faced by Australian companies during the last decade. Some argue that Australia has been sheltered from the global financial crisis that struck in 2008 – mainly as a result of the strong resources sector. Many international organisations that emerged as survivors and now leaders in their field, post 2008, had adopted supply chain management principles at their core strategy.2

In order to understand the role of supply chain and logistics management in developing a world class strategy, it’s important to recognise the need for connectivity and integration to the broader business and so achieve its commercial objective.

Strategic supply chain and logistics management
The way we do business today compared with, say, 50 years ago has changed significantly, turning supply chain management into a strategic enabler as opposed to a means to an end. This has been underpinned by changes in the operating environment, particularly globalisation, and the ubiquitous electronic data interchange in its various forms.

Globalisation has been an opportunity and a threat for organisations. One of the key elements underpinning global market opportunities has been a shift in technological advancements. Since the inception of the worldwide web, borders have been crossed that previously were barriers, information and knowledge has become accessible and networks have proliferated through social media and numerous other platforms. All of these elements coming together have created a global marketplace that reduces barriers of language, trading protocols, ethnicity or currency restrictions. Any transaction is possible between two agreeing parties from opposite ends of the earth.

A business can gain a competitive advantage through the successful development and implementation of an innovation business strategy. One of the most well-known and utilised industry frameworks is Porters five forces – and when combined with the inherent features of globalisation, it becomes a powerful commercial planning tool.

With the advent of globalisation, the threat of new entrants is continuously present. Where the tyranny of distance once formed a formidable barrier, supply networks can be relatively easily developed and flourish through the use of web based interfaces connectivity – both B2B and B2C. The challenge now shifts to utilising this global marketplace to create an advantage by exploiting efficient and effective supply chains. If there are barriers, they are limited to the relationships between players along the chain which the product or service is transferred.

Examples of web based interfaces that have flourished, are online auctions such as EBay and Gumtree (Australian). They have built their business by splintering the supply chain as McKinsey describes it.3 They simply facilitate B2C, B2B, and C2C.

Essentially, this represents a born-global enterprise innovation, allowing players to interact from any location worldwide. Consequently this means the threat of a new entrant is only a click away and, vice versa, an organisation can enter a market through this channel.

Organisations that are ‘splintering’ their traditional supply chains into smaller, nimbler ones are better prepared to manage higher levels of complexity. Second,
they are treating their supply chains to prepare for uncertainty by reconfiguring their manufacturing supplies to anticipate a range of possible outcomes.\textsuperscript{4}

Logistics and supply chain developers must also deal with increasing complexity. Mobile-phone makers, for example, introduced 900 more varieties of products in 2009 than they did in 2000. Proliferation also affects mature product categories: the number of variants in groceries, beverages, and confectionery, for instance, all rose more than 25 per cent each year between 2006 and 2011, and the average number of SKUs in a typical supermarket now exceeds 100,000.

The focus of the threat of a new entrant is therefore very hard to control because of how easy it is to access markets. However, if an efficient, speedy and agile supply chain is in place, this provides an avenue of exploitation to achieve customer satisfaction through another means, specifically the length of time it takes from the time of the click to ‘buy’ till the doorbell rings. This can be readily exploited with the correct supply chain process because the internet has created the desire for instant gratification.

In determining focus for the logistics and supply chain design, it is important to categorise and structure demands. As shown in Figure 3, invariably an 80/20 (Pareto) exists that will identify which products to focus on and which to give less preference. In this instance, some 8 per cent of SKUs deliver 55 per cent of profits. This allows alternative supply chain strategies and operational tactics to be applied to selected categories of products. For example, high-volume-low-volatility (and possibly low-volume-low-volatility) products could be marshalled in prepared kits awaiting dispatch. Conversely, high-volume-high-volatility and low-volume-high-volatility would be managed under an alternative strategy and tactics.

**Threat of substitute products or services**

A key factor in determining market position is the control of supply in the economic equation. The number of substitute products available in the market greatly affects the position of the seller. With open markets at play, the ability to source alternative products across borders is greatly reduced shifting the focus to other elements in the process. This creates the opportunity to utilise an effective supply chain to limit the ability for substitute products to enter a given market with the same quality, speed and cost. The inverse can also be deployed as a hostile strategy in which an efficient supply chain is used to infiltrate a market dominated by a superior product.

In the early 2000s alibaba.com was launched. Since then there has been a sharp increase in the number of imports into the developed world from Asia. It was the age where the shift in mind-set went from Asia being regarded as only producing cheap, low quality products to being a source of reliable goods. Alibaba.com provided an opportunity for anyone to find and communicate directly with a manufacturer in these regions to custom make products in smaller quantities and ship directly using air-freight. Although the smaller orders and the use of air-freight come at a premium cost, it cut out the middleman and the longer lead time for products to be shipped across oceans, thereby leaving enough room for a margin.

This threat of substitute products meant the risk was far greater than the handful of importers – now any small organisation could start sourcing substitutes from the new global manufacturing hub in China.

**Organisations that are ‘splintering’ their traditional supply chains into smaller, nimbler ones are better prepared to manage higher levels of complexity.**
Bargaining power of customers (buyers)
The bargaining power of customers relates to the ability of the customer to negotiate the pricing point at which supply and demand intersect. This is dependent on existing channels of supply. These channels have been expanded by globalisation and more freely available information to compare and source products. An effective supply chain will act as an enabler to dominate channels of distribution.

The online auction industry again represents the ability for a buyer to finely determine the pricing point at which to transact on a purchase. A premium may be paid in instances where a consumer prefers to walk into a store and immediately obtain the desired product. Even in this instance, however, the internet and free flowing information plays a part as the consumer can undertake pre-purchase research to search what stores have on offer and compare features and prices. This will ultimately lead to a decision on what is the best destination to get the best deal.

Bargaining power of suppliers
The bargaining power of suppliers relates to the market of inputs and sourcing of raw materials. Effective horizontal sourcing channels can be optimised to form part of a seamless and uninterrupted supply to provide a business with steady and consistent results. This, in turn, will allow the development of a platform for building credibility and loyalty within the sector.

The procurement or sourcing process becomes imperative in obtaining bargaining power. A thorough understanding of the total cost of ownership (TCO) is required to maximise benefits and enhance bargaining power. Total cost of ownership takes into account inherent life cycle costs associated in the sourcing process. This can be financial or value driven or even environmentally-sustainably driven.

An example of an organisation utilising its bargaining power to develop a core competence in sustainable supply chain is John West. As the largest branded supplier of seafood products in Australia, John West has focused its core competence on sustainability and safeguarding its source of raw materials. It achieves this by working closely with suppliers and forming partnerships with independent conservation organisations to ensure that all products are sourced responsibly using low impact fishing methods.

John West demonstrates this by making traceability of all of its products transparent to the consumer. This commitment gives John West the bargaining
power as a dominant market player in the canned and pre-packed seafood industry to influence the sources of supply to be sustainable and environmentally sound. This can be seen as a strategic step to motivate suppliers to do the right thing as well as ensuring long term sustainability. This safeguarding of the supply chain in the fishing industry will ensure we do not adversely affect and cause an imbalance in the eco-system and run the risk of depletion of this resource.

**Intensity of competitive rivalry**

The concentration of competitive rivalry is directly proportionate to the attractiveness of an industry. Establishing a competitive advantage over other players in the industry is crucial to establishing dominance. This can be described simply by understanding a marketplace. If there are many competitors offering equally attractive products and services, then an organisation will have little power in the situation because buyers and sellers can easily go elsewhere if they cannot get the deal they want. Conversely, fewer competitors will result in greater dominance.

In light of the globalisation technological advances and environmental factors, logistics and supply chain management has become the focus of many international organisations – having a direct impact on Porters five forces.5

**Logistics and supply chain management as a source of competitive advantage**

As identified in the research survey by Gartner,1 logistics and supply chain management is a source of competitive differentiation by 30 per cent of leading Australian organisations.

‘One of the most important aspects of competitive strategy is to find sources of competitive advantage that can be applied to the service offering. There are several open to service providers. These include the core competence of the organisation, the corporate brand and existing customer relationships. Each is unique and a potential source of profit. To determine and exploit all three is a very powerful and enduring method of gaining competitive edge’.5

The above statement establishes the basis upon which a competitive advantage is realised. The principles of supply chain management can strongly influence and assist in exploiting the sources described.

**Core competence of an organisation**

The differentiating feature of an organisation can be its core, key element which it focuses on to be better than its competitors. It is harnessed by combining skills, experiences and resources to deliver value to customers. A true core competence has such a unique and intricate blend of these elements that it makes it very difficult for competitors to mimic.7

A standout example of an international organisation that has developed a core competence in its supply chain management is Zara, the Spanish clothing manufacturer and retailer. In a mature industry, Zara has emerged as a dominant player by focusing on two core elements: response time and affordability.

Zara’s innovation in its logistics and supply chain has been a disruptive influence in the clothing industry, by turning around the design-to-sales process in a fifth of the time of leading competitors. It achieves this by using an intricate web of local sub-contractors to run a ‘street based’ operation which can be compared to the way most drug cartels operate. Bringing this street smart approach has enabled it to achieve what designers and leading fashion labels thought impossible. This is Zara’s core competence and it has given it a clear advantage by being able to listen to a customer and give them what they want in a store on the opposite side of the globe by the time they get their next monthly pay cheque.

In the instance of the second element, affordability, Zara uses real time information to determine trends and appreciates different regions may have different demands for certain styles and products. Instead of mass producing and shipping out inventory to all its stores, Zara first establishes the trends of the area.

Once understood, it utilises its responsive supply chain to replenish exactly what is needed. This reduces inventories and potential for obsolete stock as well as the reliance on forecasting. In turn, Zara manages its cash flow more effectively and reduces the potential for write-offs, leading to reasonable pricing and still being profitable.

In summary, Zara uses effective supply chain management to enable unmatched timely delivery from the design team to the consumer whilst managing cash flow. This gives it a competitive advantage like no other – to dress a customer in the latest fashion at an affordable price. An advantage developed by optimising multi-directional supply networks.

**Corporate brand**

Corporate branding creates an identity.8 Organisations that develop a successful corporate brand hold significant amounts of equity in their brand name. In order to establish brand identity, organisations can utilise their supply chains to
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of an effective supply chain

Branching off. the spoke network with a hub transport configuration utilised left to local bottlers that have experts in Georgia. The rest is supplied in bulk is actually supplied to these bottlers. Therefore the only product a bottler in each country or arm of the business. The way Coca-Cola operates is to have a bottler in each country or region around the world. Therefore the only product actually supplied in bulk is the syrup to these bottlers. Together with the syrup is a Coca-Cola logo is sure to be sighted nearby.

The key point to understanding how the successful supply chain underpins this brand equity is that the Coca-Cola company headquartered in Atlanta, Georgia, in the USA is merely a marketing and governance arm of the business. The way Coca-Cola operates is to have a bottler in each country or region around the world. Therefore the only product actually supplied in bulk is the syrup to these bottlers. Together with the syrup is a list of strict guidelines around the image of the product and marketing campaigns from the experts in Georgia. The rest is left to local bottlers that have the knowledge and experience to distribute the product and, of course, the financial incentive to push volume. The transport configuration utilised can be related to the hub and spoke network with hubs in each country and spokes branching off. This demonstrates the use of an effective supply chain to develop a competitive advantage in building a corporate brand. Marketing focuses on strengthening the pull and supply chain management principles allow for execution to develop the edge. In summary, the local means is allowed to prevail by empowering the locals to look after the supply chain and for the corporate team to focus on the image. This combination made Coca-Cola the most well known brand in the world.

**Existing customer relationships**

The demand of the customer is what drives the supply chain design; and without the customer there is no financial incentive. An organisation’s relationship with its customer is at the centre of having accurate information and feedback for decision making. Knowing the customer – what their needs are – and having a means to communicate with them will give focus to the elements within the supply chain that add value. The other critical element often overlooked is the outright customer experience. The ease of doing business and quality output are the basic success factors in this regard.

Optimal inventory planning for purchasing raw materials and just-in-time (JIT) are two examples of supply chain principles that are underpinned by accurate customer data. They, in turn, will lead to strengthened cash flow positions, ultimately optimising the supply chain and lending a competitive differentiation. An example of an international organisation that leveraged off the JIT concept and who focuses on the customer experience is Dell. In a technological era where the speed of the processor doubles every 18 months and the cost is halved, many desktop computer and laptop manufacturers were having difficulty maintaining margins and turning stock around quickly enough before the components used in the product could be sourced at a quarter of the price and competitors had them on shelves.

Dell focused on one element – optimising of phone and online ordering platforms for ease of use and simplicity to the customer. Even though they had no physical store locations initially, the prompt turnaround time and simplicity gave it the edge. On the back end, because of the direct interface with the end consumer, Dell had regional facilities where components were kept and designed in a way that allowed ‘customisation’ by the customer. Although to the customer, it felt like they were building their very own machine from the ground up, Dell simply had developed a system of bolting parts on to the motherboard as the orders came through.

In focusing on the relationship with the customer and tailoring an optimised supply chain to suit and deliver on customer needs, Dell developed a competitive advantage over its competitors.

**Conclusion**

Principles of supply chain management are being used by international organisations to develop a key competitive edge. World class logistics and supply chains are recognised as being resilient to unforeseen disruptions – through the use of splintering – and by adopting network design that maximised customer value-adding features. In Australia, the demographic and geographic uniqueness (unlike, say, the US or EU characteristics) and recent expansion of the resources sector, has led to a focus on differing corporate supply chain designs.

The view taken is either that supply networks are a cost of doing business or as a means of competitive differentiation. Each alternative perspective leads to a specific design.

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**About the authors**

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**References**

A study has found that middle managers need to behave ‘powerfully’ in order to get ahead.

The research, carried out by Professor Laura Guillen at the ESMT business school in Germany, found that displaying certain ‘power competencies’ serves to make middle managers better liked in the office, and more importantly, to get ahead in their organisations.

The study also found that being a ‘good team player’ or simply focusing on achieving individuals goals does not lead to the success of middle managers.

The power competencies identified in successful middle managers were:
• Ambition;
• The ability to influence others;
• The ability to manage conflict;
• Management;
• The ability to effect change.

The study also showed that, not only does displaying these ‘power competencies’ lead to career success amongst middle managers, it also, perhaps counter-intuitively, makes them more popular with their contemporaries.

Professor Guillen says: “What is clear is that, at middle manager level, simply being good at your own job and working well as part of a group is not nearly as effective as exerting some power over your colleagues and working environment. The ability to take control of situations, enforce change and resolve conflict – typically behaviours that you would associate with senior management – are key to getting ahead.”

Guillen adds: “What was perhaps most surprising was that, although many may imagine that exhibiting these behaviours might prove unpopular amongst colleagues, the opposite appeared to be the case. Behaving in a powerful way actually made the middle managers we looked at more popular amongst their co-workers.”

In the study, middle managers filled in a personality questionnaire and undertook a 360 degree assessment to assess what personality traits and behaviour needs to be displayed for them to be successful.

“Middle managers make up over half of the workforce – and yet the majority of research into workforce behaviour tends to focus on either the more senior end of the management spectrum or the bottom rungs of the corporate ladder”, says Guillen. “Motivation typically shapes behaviour, so this research can be used as a powerful guide to the developmental efforts of middle managers and help to contribute towards transparency regarding promotion and reward policies within companies.”

For more information or to request a copy of the research paper, please contact Ian Hawkings at on ian@bluesky-pr.net or 01582 790 704.
Once again, standards were high on the IMS Certificate course...

Determining the Student of the Year for 2013 was no easy task for Scott-Grant Training. “We had an excellent year training delegates on our four-week IMS Certificate course and, because we couldn’t identify one clear winner, we have awarded the title to both Lynda Howarth from Littlewoods Clearance and Amanda Cadwallader from USDAW,” said Scott-Grant’s Managing Director Richard Taylor.

Lynda is an Applications Manager with the online shopping company, who are part of Shop Direct. She was previously a Business Analyst at a software company, so her analytical skills were well honed – and well tested on the IMS Certificate course. Amanda works in the Management Services department of USDAW, the national union representing shop, distributive and allied workers. She also used to be in IT as a Microsoft Engineer at USDAW. Both were obviously delighted at the news of winning this prestigious international award and are now enjoying the added professional credibility they have earned in their respective businesses.

There were four runners up to the Student of the Year Award in 2013, proving once again that standards are high on the IMS course and success is there to be enjoyed. Tying for second place were Anna Wagstaff, a Business Analyst from Royal Mail, Industrial Engineer Neil Christie from Nissan Manufacturing (UK) Limited and two specialists from the Performance department in the Valuation Office Agency, Andrew Hurdley and Marc Dibley.

So it was a very full and lively award ceremony in February as Lynda and her boss Michela, Amanda and her boss Ian, Andrew and Marc and their boss Ian, and Anna and Neil all arrived at Scott-Grant’s head office and training centre to receive their certificates and gifts from both Scott-Grant and the Institute. Representing the IMS, Treasurer David Blanchflower presented Lynda and Amanda with their awards along with those from Richard Taylor, on behalf of Scott-Grant.

Genuine enthusiasm
Commenting on the Student of the Year achievement, Scott-Grant’s Principal
Course Tutor Colin Moran said, “As a company, we get significant pleasure in being able to introduce people to productivity tools and techniques, to train them in a range of subjects and to see them achieve excellent results. Their enthusiasm for their new qualification is great and we’re delighted to have set them on their way to being good productivity professionals. We have a passion for productivity improvement, obviously, and it hasn’t dimmed over the 35+ years we’ve been in business. It’s very rewarding to be able to transfer our enthusiasm to delegates on our courses.”

Richard Taylor agreed, “It’s really inspiring to see the real and genuine enthusiasm of these talented, newly qualified productivity professionals. They’re now experiencing the realisation of the power of industrial engineering to any kind of business. 2013 saw a cross section of industry sectors on all our training courses, as we have year after year, including blue chip companies and high profile organisations. The line up of these six winners is a good example of the diversity of businesses including manufacturing, distribution, service and a government agency, who are all committed to developing productivity professionals.”

The reaction from Anna Wagstaff from Royal Mail was typical of the winners; she has been in her role as a Business Analyst for about six years. “It was an unexpected pleasure to know my results were so good. I thoroughly enjoyed the course – I found the four modules so diverse and they were delivered in such an interesting and thought provoking way. The style was very interactive, there were case studies, team tasks and individual projects to get your teeth into; I just loved it. The course content was a mix of learning and applying techniques, thinking logically, applying common sense – and all with a pretty heavy analytical content, so lots of number crunching. It was right up my street. I was constantly learning new things and meeting and working with people from other sectors was so interesting. I’m involved in lots of very interesting projects in my role as we continue with a modernisation programme and my new qualification has given me a much greater understanding of productivity and efficiency opportunities.”

Commenting on training generally, Taylor said, “We’ve seen more than a 20% increase in the numbers of delegates on IMS modules in 2013 – and already in 2014 the upward trend is continuing. It’s good to see so many organisations demonstrating their commitment to individuals and to their business by sending people on productivity training courses, including the IMS Certificate we offer. Our popular two day appreciation course – Assessing and improving performance – can often whet the appetite of managers to have qualified productivity professionals in their business and the IMS Certificate is the industry standard for productivity professionals. Every business in every sector needs to be competitive – it’s not just about cutting costs, it’s more about improving capacity, sharpening up response times and continually making better use of all the resources in an organisation. IMS members will be glad to know that we can confidently say productivity is alive and kicking!”

If help is needed to identify, cost and implement ways to improve the productivity, processes and performance of your organisation, contact Scott-Grant via their website www.scott-grant.co.uk or see their advertisement in the centre of this journal.
In order to realise their strategies, global businesses are heavily dependent on information systems, infrastructure, and information technology-based support systems. Leveraging value and building sustainable value partnerships, and managing information systems development resources effectively is a major challenge for many firms. Equally, with so many projects failing, ensuring that business investments are well aligned is not easy. With so many system development projects being abandoned or cancelled, such alignment is a critical early stage activity to understand how systems development contributes to business strategy and to set directions for the development and maintenance processes that follow.

To deliver successful system development projects requires a good understanding and solving of issues at all levels, ranging from information technology issues, through organisational requirement issues, up to business and strategic issues, and the ability to rapidly, smoothly, and consistently adapt all these. This article discusses what it takes to deliver successful information systems (IS) projects.

Introduction
In the last five years the European Union (EU) has written off billions of euros in failed information systems and technology projects. Yet, despite dwindling stakeholder and management confidence in information systems and technology projects, huge sums of money still get spent, and projects still get written off. Research by the author highlights that only one in eight information technology projects can be considered truly successful (that is meeting the original time, cost and...
quality criteria). Based on prior research, conservative estimates put the cost of project failure at 142 billion euros across the EU, (McManus and Wood-Harper, 2007). Yet while our understanding of the importance of project failure has increased, many of the underlying reasons for failure still remain an issue. See Table 1 (right).

It could be argued that the way projects are managed is generally conceived in terms of philosophy and methodology. When undertaking information systems (IS) projects, and software development, a number of different approaches and methodologies are used. Within Europe the most common combination in use is the waterfall method supported by PRINCE2 (Projects in a Controlled Environment). Research by Professors John McManus and Trevor Wood-Harper identified 80 per cent of IS projects undertaken in Europe adopted this combination for software development and project delivery.

Following a project management methodology such as PRINCE2 helps project managers and those involved in organising and delivering IS projects and software methodologies to assist developers in design and other technical activities, but methods can become an almost insignificant factor in the face of stakeholder and personal politics. The notion that project management methodologies like PRINCE2 provide everything an IS project needs is false.

An information systems and project management perspective
Some practitioners will argue ‘that today’ we are dealing with more complex technology and requisite variety than ever before. Whilst this assertion may be true, the level of skill required by architects and developers decades ago was arguably just as high, albeit different, than that required today. It could be further argued that the more things change in software development, the more certain aspects of them should stay the same.

We could question whether methodology is the single most important aspect of an IS project, to which all else is subordinate. In the view of the author, any IS project requires three things of equal importance: a project strategy/plan, a technical solution and a software engineering methodology. The technical solution (not the plan) demonstrates that the objective of the project is viable, and the methodology (not the plan) defines how the components of the solution are built and integrated.

Over the years a number of frameworks and methods have been designed to help business managers in aligning their business and IS needs to the organisation. For example, methods and techniques based on conceptual and enterprise modelling have been proposed to support mutual alignment between business needs and IT solutions.

Equally, technical methods such as enterprise architecture have found favour with many organisations. Whatever approach is used, a common starting point in project management is to state clearly all assumptions and ensure that the project takes these assumptions into account. One might expect these assumptions to be realistic (even if they turn out not to be true), but increasingly it seems projects are willing to state and work to wholly unrealistic assumptions.

Often these assumptions are adopted in order to provide a project plan that meets the required timescales and budgets. The fact that the set of business assumptions is not rigorous, or comprehensive, is not necessarily viewed as a problem. The in-house development staff familiarity with the nature of the work required by the business

| Business strategy superseded; |
| Business processes change (poor alignment); |
| Poor requirements management; |
| Business benefits not clearly communicated or overstated; |
| Failure of parent company to deliver; |
| Governance issues within the contract; |
| Higher cost of capital; |
| Inability to provide investment capital; |
| Inappropriate disaster recovery; |
| Misuse of financial resources; |
| Overspends in excess of agreed budgets; |
| Poor project board composition; |
| Take-over of client firm; |
| Too big a project portfolio. |

Table 1: Business reasons why projects get cancelled

“It could be argued that the way projects are managed is generally conceived in terms of philosophy and methodology.”
The manager allows them to proceed with the design because, based on previous experience of similar project work, they know what is required.

Usually, a more detailed set of requirements may be produced by the project team in order to expand on the set of business requirements, and provide a better source of guidance prior to the production of the design. However, the system requirements are usually not linked formally to the business requirements, and the designs produced by the development team are not linked to the business requirements, or to the system requirements.

The sequence of events that seems to be increasingly common is that the initial project plan is too long, too expensive and full of risk. So, the project manager asks what assumptions can be made that would improve things. Clearly this can lead to innovative or creative solutions. The danger, however, is that it leads to a set of completely implausible assumptions being made and the project being planned on this basis. The project plan, on paper, still stands up, but it has lost all relationship to reality. In many cases the assumptions are not only unrealistic; they are actually the opposite of what one would expect. So, in effect, the project is being planned on the basis of assumptions that the project team knows to be false and in on sequence leads to projects being abandoned or cancelled.

A further consequence of unrealistic assumptions may be to exclude or marginalise those who understand the subject matter. To put it bluntly, someone who does not understand software development and processes is more likely to be comfortable with unrealistic assumptions about it than someone who is an experienced software developer or systems integrator.

In certain circumstances a project may have to proceed without constructive input from its software experts because the assumptions made are only acceptable to those who don’t understand the subject matter. IS specialists either leave the project or become so disenchanted that they no longer try to influence things. The very people who understand how to design and build systems become even further marginalised or sidelined altogether. Hence, we end up in the situation where:

• Crucial decisions are made early when knowledge of the problem and potential solution options are most sparse, leaving only opinion, preference and bias;
• a manager (ie, not an engineer) dictates what tasks will be performed, and the sequence of their execution;
• Developers are demotivated and do not feel responsible either for the results of the assigned tasks, nor any related estimates;
• Where managers try to re-motivate technical staff by setting targets and offering bonuses, in ignorance of research that suggests...
that extrinsic motivators are counter-productive for cognitive, creative work.

**Business and software requirements**

Daniel McCracken and Michael Jackson wrote 'systems requirements cannot ever be stated fully in advance, not even in principle, because the user doesn't know them in advance, not even in principle'. Whether you agree with this statement or not many practitioners in IS development do agree with it.

In their research into failed projects Professors McManus and Wood-Harper noted that when projects were abandoned, it was due to the lack of due diligence at the requirements phase. An important factor here was the level of skill in design and poor management judgment in selecting software engineers with the right skill sets. Equally the authors found some evidence in poor tool set selection in that end users found it difficult to sign-off design work – they could not relate process and data model output with their reality and practical knowledge of the business processes.

The large majority of tools in requirements and software engineering are general purpose and require considerable knowledge and tailoring to exploit fully. While there are also tools dedicated to specialised techniques and tasks, they can often be difficult to use in concert, or it is prohibitively expensive to do so. More critically, there may be little that is transferrable from one tool to another by way of technique, so the value in taking the time to learn the tool could be debatable (see Figure 1).

Given that the learning curve for tool use can be high, and the longevity of the acquired skill uncertain, software developers naturally resign themselves to the use of the few tools that they know. Another issue is diversity across software development teams where end-users, developers, and other stakeholders often come from entirely different cultural, linguistic, and educational backgrounds. Understanding and embracing this diversity was, and is, a challenge for many European firms. Communicating effectively across cultural boundaries and collaboratively building software systems that meet business needs and stakeholder desires is a major test.

For many IS practitioners there is a need to develop innovative and useful techniques for eliciting, analysing, specifying, and managing requirements effectively across diverse IS project teams for a broad spectrum of projects.

Historically in requirements and software engineering individuals would specialise in particular areas and work together as an integrated development team to leverage complementary skills. More recently with agile methods, the idea has become that individuals should be able to undertake any task in the software development process, any one member of the team being replaceable if the knowledge and skills are circulated continuously within the team. Competence and skill in all areas of software engineering takes time to master though and we cannot always all be acknowledged experts at everything. What if all the team members are at the beginning of their skill learning curves? In requirements and software engineering, we need to take care in resourcing our projects to blend the competencies and personalities of individuals, while nurturing their individual career aspirations.

The methodological world of requirements and software engineering is, as we know, very challenging and every now and again we see software systems that are engineered that stretch the bounds of technology and human imagination. Some practitioners will argue that today we are dealing with more complex technology and requisite variety than ever before.

However, the level of skill required by software engineers and developers decades ago was arguably just as high, albeit different, than that required today. It could be further argued that the more
things change in software development, the more certain aspects of them should stay the same. There's a tendency among younger developers to completely discard anything from 10 years ago as being laughably irrelevant.

Take for example, software quality/inspection. Even after more than 40 years and vast amounts of published data supporting their value, given the ongoing and continuing failure of software engineering projects it could be argued that only a small minority of people are even familiar with the concept of software quality/inspection, let alone practicing them, and practicing them well. This of course provides a continuing market for consultants and trainers, but only if the prospective customers know enough to ask for help.

Project managers and software engineers are rarely experts in the domains that create business requirements and software for, but learning about the business domain is essential to our success. The problem of attaining an agreed set of requirements amongst business managers and their stakeholders is not always easy. Stakeholders fall into two broad categories – primary and secondary. Primary stakeholders (the ones who can directly affect a project outcome) ‘must be managed’ so that the project may achieve its objectives. Secondary stakeholders are generally individuals who are affected by the project in some way, but may not have a primary stake in the decision-making. If these stakeholders are not supported effectively the project manager may not achieve success (Howitt & McManus, 2012). This issue of stakeholder management remains one of the main and underappreciated challenges of software requirements engineering.

When sponsoring projects, organisations generally have limited resources and, as such, managers and their stakeholders compete for these resources. When it comes to projects, often as not, stakeholder values and needs differ widely and there is usually a highly skewed distribution of resources among stakeholder groups. Typically stakeholders have different priorities and different objectives. Unequal influence and distribution of resources exacerbate conflict of interests. Once appointed project managers normally have responsibility for and make the key resource decisions for the business. Because resources (especially people) can be prioritised from several different aspects, different stakeholders will undoubtedly be involved in the prioritisation process to get the correct views.

In projects at least three perspectives should always be represented: users (or customers), system providers (technical suppliers) and the business or sponsoring manager. Each of these stakeholders provides information that the other two may neglect or are unable to produce since users care about customer value, technical suppliers know about design and logistical difficulties, and business managers know about budget constraints and risks. Nevertheless, it is of course important to involve all stakeholders that have a stake in the decision-making process (McManus, 2005a).

In requirements engineering, management have to acknowledge that it is highly unlikely that all stakeholders’ expectations will be met. Therefore, the project manager must somehow ascertain which stakeholder requirements should be satisfied. Since stakeholders have the ability to positively or negatively influence the success or failure of a project. Specifying and integrating the right set of requirements is essential. Specific software methodologies and techniques may be used to identify and integrate stakeholder preferences or needs. For example the use of Dynamic Systems Development Methodologies (DSDM) utilises the MOSCOW list as a means of rationalising requirements (Table 2).

As suggested in designing and building information systems we sometimes have to make trade-offs in requirements, either because we cannot afford the cost of development or the risks in delivery or time scales are outside the strategic scope of the business. Not all requirements are created equal, some must be included, or the system will be a waste of effort, others ‘could’ be included as they enhance what the system could achieve. All systems are subject to
constraints on time, resources and quality, so control of the scope of the project is important. Prioritisation of the requirements allows the scope to be chosen from the correct set of requirements. Sometimes, paring down to those essential requirements in a world of endless possibilities and ideas, whilst managing the risk is, for many project managers, the really hard part. The only way this is sometimes possible is to build a software system that has compromised the requirements away.

**Project planning and methodology**

There is a general feeling among business managers to be able to decide when a project will be delivered, how much it will cost and what it will do. They then think they have removed all the degrees of freedom, and as they have made an assertion, reality will follow their thinking. Historically IS development managers set out to avoid or reduce the changes to requirements once the system specification is approved. In reality this is not the case, as two significant factors get forgotten. The first is quality; it may be delivered on time but the quality is appalling. It does what the requirements say, but the system is not robust enough to be used by anybody, as one mistake will make it crash. The other factor is risk, which may be so extreme, that project failure has guaranteed before it starts.

Although few would openly admit it, many project managers plan for failure rather than success. As one project manager commented... “it seems to me one of the enduring problems in this organisation on the issue of project delivery has been that, although there are a large number of very talented people in the organisation, I do not think the project community within the organisation has had a sufficient depth of expertise on the very complicated range of technical issues, operational issues and market issues which are required to see the projects through to a satisfactory and timely conclusion” (McManus, 2005a).

Although arguably our technical understanding of software development failure has increased, the underlying reasons still remain an issue and a point of contention for software development managers. Irrespective of planning methods, a key issue is that too few organisations have the infrastructure, education, training or management discipline to bring software development projects to successful completion. For those engaged in software development projects these issues are regarded as huge and the only way forward to a higher degree of success is to identify potential trade-offs or changes as early as possible in the life-cycle and to lay down suitable plans for coping with them.

In an ideal world all projects would have realistic deadlines, and enough resources to do the entire requirements listed in the functional specification. In the real world this almost never happens. The real world demands compromises and, faced with constant changes, compromise seems justified. Conventional wisdom suggests that projects have a better chance of success if we do the right things in the right order using tried and tested processes. In my experience simple processes and methods that respond to customer and stakeholder requirements, tend to be the ones that help gain commercial competitive advantage. Competitive advantage in the software industry, unlike many other industries, is not wholly generated through products or services since these can be easily copied, substituted or superseded. Instead, an emphasis is placed on people, skills, knowledge and the ability to manage relationships with colleagues, customers and  

<table>
<thead>
<tr>
<th></th>
<th>Business benefits</th>
<th>Work complexity measured in function points</th>
<th>Stakeholder preferences</th>
<th>Ranking or weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Must have this at all cost</strong></td>
<td>Very high value added is significant</td>
<td>High</td>
<td>Yes no trade-offs at the level</td>
<td>10</td>
</tr>
<tr>
<td><strong>Should have this if at all possible</strong></td>
<td>High value added</td>
<td>Reasonably high</td>
<td>Yes</td>
<td>8</td>
</tr>
<tr>
<td><strong>Could have this if it does not affect anything else</strong></td>
<td>Moderate</td>
<td>Moderate</td>
<td>Not absolutely essential</td>
<td>7</td>
</tr>
<tr>
<td><strong>Want to have but not this time round</strong></td>
<td>Low</td>
<td>Moderate</td>
<td>Not immediately essential</td>
<td>5</td>
</tr>
</tbody>
</table>

Note: the two lower case ‘o’ are there just to make the acronym work. The importance of this method is that when prioritizing requirements the words mean something and can be used to discuss what is important.

Table 2: DSDM MoSCoW rules prioritised requirements list.
suppliers. Underpinning this culture is a strong emphasis on:

- Strong system project managers, with superior process knowledge and commercial skills;
- High performance project management teams;
- Procedures and practices which have been subject to repeat use and stand the test of time;
- Rigorous project control methodologies; and
- Administrative support, that provides value to project managers.

With such requisite variety in software engineering rapid technology changes make it very difficult to discern appropriate methodologies, supporting tools (and standards) on which to base a system development effort. When should organisations adopt a methodology, or discard one? How should migration to a new methodology take place? These are questions project management is forced to consider. Many European systems integration firms traditionally use PRINCE2 and Microsoft enterprise project management as their core methods and tools (McManus, 2008). Both these methods are, of course, based on proprietary commercial standards. Such standardisation provides cost and convenience benefits and help to address interface issues to other projects. As a result, project managers that adopt these methods and tools generally have the opportunity to learn the key principles associated with project management. Instructive topics of importance include:

- Understanding fundamental terminology associated with project planning;
- Understanding the current status of various standards and sources of validated information lists for the standards;
- Understanding the significance of terms such as conformance verification on cost and schedule;
- Understanding the management activities associated with achieving an standards based methodology; and
- Understanding constraints and limitations at an implementation level.

The use of commercial project management planning tools enables project managers to plan, co-ordinate, track resources, monitor costs and produce predefined and customise reports in the preparation of key management information. Such tools are good for controlling those projects that have a high degree of repetition and or manual interaction. The critical success factors of any project management tool are:

- Objective: to inform;
- Essential considerations: accuracy, completeness and timeliness;
- Approach: easy to populate and provides easy access;
- Implications: supports a high degree of modularity.

Research by McManus and Wood-Harper (2007) suggests that the use of simple project management tools with methodology enables the organisation to lower the administrative lifecycle costs of projects. Although important, the bottom-line issue is not only cost but also access to project and commercial and logistical information. In a global marketplace, organisations need to gain increasing access to the same commercial information. The advantage goes to the firm that has the best cycle time to capture the very best commercially available project information. Moreover, since coalition operations place a high premium on interoperability, it is essential that systems be compatible and capable of being sustained through a common logistics support structure. Project management systems, specifications and standards promote interoperability within organisations.

Within planning and software development systems integration is fundamentally a problem solving process that translates customer requirements as inputs into designs and products as outputs. The systems engineering process typically starts with problem definition as requirements are analysed. Alternative solutions or system architectures are developed, usually initially through techniques such as functional analysis and data flow analysis. Alternative physical designs are then developed to satisfy the functional or data flows. A risk analysis is applied to select a preferred design solution, and that solution is verified against the original requirements.

This process, properly applied, results in a flow down of requirements from the system level to the items below system level these for planning purposes are termed modules or work packages. As these requirements are flowed down, the design requirements for the items below system level are defined.

Once these lower level design requirements are finalised, the design process proceeds to completion. The result is a design which, associates physical entities with the functions that the system must perform, and is consistent with the levels of performance required and with the interfaces specified. In managing this process at project level four steps are usually involved. These are:

- Structure the project;
- Set objectives (milestones);
- Gain commitment;
- Manage the project.

The most rewarding and successful projects tend to be those that require a high degree of intervention and problem solving where the team can use its creative capacity and energy to the full. Cognitive studies have shown that human beings almost never perform a complex task correctly the first time. However, people are extremely good at making an adequate beginning and then making many small refinements and improvements. The second part of this article will explore different life-cycle development methodologies, commenting on how software engineers and technical architects approach problems and find solutions to complex project and development issues.
Digital collaboration: Delivering innovation, productivity and happiness

Extracts from Deloitte’s recent report.

In a world of ever increasing dynamism and mounting competitive pressure, European organisations face a significant challenge. On the one hand, a glut of new ideas and increasingly activist customers necessitates innovation throughout their operations; on the other, more dispersed, more powerful and less loyal workers demand higher compensation and a work environment that supports their personal and professional development.

Technology has a crucial role to play in enabling organisations to create an environment that supports the life goals of their employees but also harnesses their individual and collective creativity to create lasting economic value.

The next generation of enterprise productivity and collaboration tools, which encompass richer communications, document sharing and co-creation have a significant role to play in establishing this environment. Our research – which surveyed 3600 employees of major European organisations – has shown that European workers are up to 20 per cent more satisfied with their workplace culture when they have access to these tools.

When combined with a culture that promotes innovation, collaboration tools lead to workers who are 34 per cent happier with their workplace culture than those who operate in an environment where innovation is discouraged and collaboration not catered for.

And yet the majority of people in large organisations still operate in the latter environment. Even in Sweden, which, according to our results, boasts the most progressive employers, half of people work in a low innovation, low collaboration environment. In the UK, 65 per cent of employees are in this situation and just five per cent are fully enabled.

This is not a lack of understanding amongst workers. Overall, 56 per cent of people we surveyed use a social network at home, versus 12 per cent at work.

A third of employees have asked their managers for...
improved tools, but only a third of these received a positive response to their request.

For this reason, the adoption of digital collaboration needs to come from the top. Leadership by example remains a powerful force within organisations today, as is illustrated by the stories told by the business leaders we interviewed. They report increased engagement, improved morale and, above all, improved productivity when people used the tools they are familiar with from home in the workplace.

In the digital age, collaboration tools are a significant enabler of openness. Openness correlates to engagement, to innovation and most significantly to the happiness of the workforce that will be at the absolute core of European success in the decades to come.

**Digital collaboration, productivity and happiness**

We are social animals. And in 2013 we are digitally social animals. 56 per cent of the European workers we surveyed as part of our research into collaboration regularly use a social network in their personal lives.

It is therefore unsurprising that digital collaboration is fundamental to happiness at work. Workers were 17 percentage points more satisfied with their workplace culture when they had access to digital collaboration tools. Since studies also show that employee engagement can be worth as much as 19 per cent to the operating income of large enterprises, improving engagement through collaboration could be a relatively simple way of enhancing business performance.

Today, digital collaboration tools are an important way of getting the best out of an organisation’s talent. Globalisation has increased the geographical spread of many businesses while the economic downturn has forced teams to cut staff to reduce...
costs. This combination has dispersed skills and experience beyond the reach of face-to-face communications, at a time when businesses need more than ever to bring their best minds together. A senior executive we interviewed put it starkly: “if we don’t harness the power of our global team, we won’t get anywhere.”

And it isn’t just executives who see the benefits of digital collaboration. European workers recognise the benefits too, particularly as productivity enhancers and communications enablers.

As Figure 1 shows, German workers are the least likely to believe in the benefits of digital collaboration, which correlates with the fact that German respondents are the least likely to use social networks in their personal lives or to own a smartphone or tablet. Only 54 per cent of German respondents under 29 use a social network and on average only 34 per cent are members.

At the opposite extreme, Italian workers are the most likely to regard collaboration tools as beneficial. Fifty five per cent of Italians we surveyed belong to a social network, including 47 per cent of over 50s; three quarters of Italian respondents believe that digital collaboration tools would enhance their productivity.

As Figure 2 shows, Italian businesses are consistently the best at providing collaboration tools to their employees, which suggests that once used, digital tools are demonstrably valuable.

Elsewhere in Europe, Dutch workers are most likely to use a social network in their work processes, and the Swedes are the most likely to use phone conferencing day-to-day.

Generally speaking though, use of the second generation of collaboration tools such as social media, video conferencing, online file sharing and document manipulation is much sparser in the workplace than 1990s era collaboration and information access tools, such as email, intranet and web browsing.

Figure 3 shows the stark contrast between the impact of digital on workers’ personal and work life.

Our interviews suggest that this lack of provision often reflects security concerns. Organisations are much more comfortable storing their confidential files and documents on systems they feel they have more control over than those stored remotely on web-based tools.

As one senior executive we spoke to explained, “when we first started investigating using cloud-based sharing tools, we were worried we were putting our data into an environment we had no control over, which we couldn’t really monitor or report on. We embraced it because of the business benefits, and adapted our back-office function to meet our needs.”

In light of the contrast between employees’ experiences with digital tools in their personal and professional lives, many feel dissatisfied with the latter.

Just 9 per cent of respondents believe that their organisation has a very effective infrastructure for sharing and collaboration, whilst an additional 39 per cent consider it to be somewhat effective.

There are many causes of this dissatisfaction: less than 10 per cent of employees are satisfied with each of their devices, software and file storage tools. The relative failure of enterprise social networks, which just 12 per cent of employees use at work on a regular basis, compared with 54 per cent in a personal

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**Figure 2: Provision of digital collaboration tools, selected European countries.**

**Figure 3: Comparison of use of digital collaboration tools in work and personal life.**
context, is a key example of how digital collaboration tools have not been engineered to meet user needs.

Digital collaboration tools are a tacit factor in making employees feel valued and happy in their jobs. Employees working in organisations that provided effective collaboration tools were 22 percentage points more likely to believe that their organisation cared about their morale.

Likewise, two thirds of workers who believe that their company has a culture of openness are working in an environment where the infrastructure for collaboration and information sharing is good versus only one third of those who work in a closed culture.

Strikingly, employees of businesses that provide second generation digital collaboration tools are nearly twice as likely to believe that their employer supports their professional development. Since our research shows that not feeling valued is the second most likely reason for workers to seek other jobs, this suggests that collaboration tools play an important role in staff retention. But today not enough organisations are embracing the second generation of enterprise collaboration and thus failing to unlock all of the latent value in their workers.

Lack of awareness is reflected by the relatively small number (36 per cent) of workers who have raised issues about digital collaboration with their managers and the still smaller proportion (14 per cent) who had asked managers for access to specific tools. Managers rarely respond positively to these requests. In only nine per cent of cases was a non-specific concern about collaboration tools addressed, although being specific with the type of tool required led to positive action being taken in 33 per cent of cases. Improved education for employees and managers on the possibilities is evidently an important first step to encouraging adoption.

Managers who think that by denying requests for third party collaboration tools they are preventing their use may be interested that half of those who have had requests denied have started using the tools anyway. In total 20 per cent of workers in our survey have chosen to take proactive steps and start using publicly available collaboration tools not provided by their employer. Although all employees are more likely to do this to gain new functionality that helps them in their role, it is notable that employees over 40 are significantly more likely than those aged under 40 to use a third party tool for the sake of familiarity rather than functionality.

In conclusion, our data shows that digital collaboration tools are an important aspect in promoting the happiness and productivity of European workers.

The next part of this report shows how they are also a key part in creating a culture of innovation.
Entrepreneurship Across Generations: Narrative, Gender and Learning in Family Business

Dr Eleanor Hamilton has produced a thoughtful and meticulously researched book that examines the complex fabric of entrepreneurship of family business. An interpretation of narratives from two generations in five families constitutes entrepreneurship as an inherently social, rather than individual, phenomenon. This enriching book explains how entrepreneurial capacity is shared between generations, showing how learning is embedded within everyday social practice in the family and the business. It explores patriarchal practice and gendered entrepreneurial identities in family business.

The author challenges dominant discourses of entrepreneurship. She argues that entrepreneurial identities are mediated by narrative and subject to constant negotiation within and across generations. With a new perspective on entrepreneurship, this insightful study will be essential and supplementary reading for students and practitioners within the field of entrepreneurship and family business.

This book is a refreshing study of families and offers an innovative analysis of their lives and businesses. It clearly illustrates the complex way in which families and their business are intertwined, and is an elegant and enlivening read for anyone with an interest in this subject.

Dr Eleanor Hamilton is Associate Dean for Enterprise Engagement and Impact at Lancaster University Management School. Her research interests are the influence and impact of intergenerational learning in family businesses; entrepreneurial learning; entrepreneurship education and curriculum; marketing/entrepreneurship interface.

Everyone Needs a Mentor (5th Edition)

David Clutterbuck is the author of more than 50 books and a leading global authority on coaching and mentoring. Visiting professor at two universities, he works across the world, stimulating top teams to become role models for learning and to examine how they can raise their collective performance. David brings a wealth of practical experience and leading edge research to developing leaders at the top.

*Everyone Needs a Mentor* (the 5th edition) has been revised and updated to include developments in the field within the last 10 years. Issues such as multinational mentoring, maternity mentoring and the impact of social media on mentoring are now covered and much enhanced by a wealth of international case studies.

Mentoring is the most cost-effective method of developing, and thus retaining, talent within your organisation. *Everyone Needs a Mentor* explains what mentoring is, what the various models are and how these differ from coaching. It shows how to make a business case for mentoring, as well as how to set up, run and maintain your own programme.

David Clutterbuck’s book is a must read for both practitioners and students interested in the introduction of mentoring programmes that will assist and support people in reaching their full potential.
Changing behaviours without changing corporate cultures

By Professor Colin Coulson-Thomas

As a result of governance and other scandals, corporate conduct and behaviour are under the spotlight. Various international discussions are under way on how best to implement strategies, manage risks and ensure control.

The Organisation for Economic Co-operation and Development (OECD) is reviewing its principles of corporate governance to ensure their continuing relevance and usefulness in the light of recent developments. The Association of Chartered Certified Accountants (ACCA) is engaged in an international consultation on how best to channel corporate behaviour. This could be good news for behavioural and change specialists among management services practitioners.

Judging by the number of culture change and/or management of change programmes that are under way, it would appear that many boards are seeking to change behaviours within organisations for which they are responsible. The drivers of these initiatives include traditional concerns such as improving performance and preventing favouritism, corruption and the abuse of power, and a desire to avoid a repeat of behaviours that have led in recent years to governance failures, various scandals, financial bail-outs and large compensation payments for malpractice.

Many boards face a dual challenge of preventing misdemeanours and inappropriate behaviour and encouraging and enabling responses that achieve corporate objectives. The King III report (2009) stresses the importance of ethical conduct and the responsibility of boards for ensuring that the values and conduct they espouse are adhered to in activities across corporate organisations. Is there a cost-effective way of preventing unacceptable conduct and ensuring effective, ethical and sustainable decisions and actions, especially when risks are high and impacts can be significant?

It is over 30 years since the early study of the management of corporate culture (Baker, 1980), and ‘culture’ has become a lucrative field of practice for management consultants and management services professionals. Culture can be seen as a core component of leadership (Block, 2003) and as relevant to contemporary concerns such as sustainability (Probst & Raisch, 2005). It is sometimes linked to other issues such as the management of change.

While a desire to change behaviours might be understandable in the light of recent experience, why is there so much emphasis upon changing corporate
cultures? Are such changes always possible and desirable? Is a change of culture actually needed in order to change behaviours? In answering these questions we will draw upon key findings of a five-year investigation into more cost-effective, quicker and less disruptive routes to high performance organisations that has already resulted in reports on change, talent and knowledge management (Coulson-Thomas, 2012 a and b, 2013).

Differing views of what is meant by ‘culture’
The significance of culture change depends upon one’s definition and view of culture. One regularly encounters people who describe corporate culture in terms of ‘the way we do things around here’. Others see behaviours as but one manifestation of culture which itself – and in varying degrees – might reflect aspects of peoples’ social, economic, ethnic, national, religious, educational, family and historical background and experience. Such diverse, and at times deep, roots might influence aspirations, assumptions, expectations, pre-dispositions and views as well as behaviours.

Edgar Schein (1989) identified various elements of culture which he categorised in terms of artefacts, values, and basic assumptions. While these may influence general attitudes and certain behaviours, not all of these aspects may need to be altered in order to change an approach to particular jobs. This raises the prospect of a job-focused approach impacting directly on conduct.

Elliot Jacques (1951) adopted a pragmatic view of organisational culture and defined culture in terms of a ‘customary and traditional way of thinking and of doing things’. Changing an entrenched way of thinking and behaviour in general can be a significant challenge, especially when a diverse community is involved. However, if one focused upon how best to undertake certain jobs that people find difficult, would they adopt a quicker, easier and more rewarding way of doing them?

The findings of the five-year investigation led by the author suggest that some aspects of a deep-rooted culture, cherished values and sincerely held beliefs may be very difficult to change, if not impossible within an available time-scale. In comparison, certain changes of behaviour can often be quickly and relatively easily achieved. Those who devise incentive plans and fail to think through their consequences sometimes wish that behaviour changes could not be so rapidly accomplished.

The results of the investigation suggest the contemporary focus upon culture and creating or changing corporate values and cultures may be misplaced in many situations and contexts, and difficult for those who favour evidence-based approaches to justify in terms of the results achieved. Obtaining any sort of change of values and cultures is often problematic, and often unnecessary if it is being pursued as a means to an end, the objective being to achieve a change of behaviour.

Dealing with a diversity of cultures
Organisations today serve customers, buy from suppliers, recruit staff and engage with other stakeholders from a wide range of cultures. The cultural mix can vary by area and location and it can change over time. Certain cultures may expect, and even demand, responses that are quite different from those sought by others. Staff in one function or business unit may need to behave differently from colleagues working in other areas. A culture that is suitable for one group and the relationships that it needs to build might not be appropriate for another.

Population movements can increase the diversity of a labour force. Mergers, acquisitions and international expansion can increase

“While a desire to change behaviours might be understandable in the light of recent experience, why is there so much emphasis upon changing corporate cultures?”
the range of national and other cultures to be found in an organisation (Markus & Kitayama, 1991). Microcultures may exist and it may be possible to address their differences by a job, task or work-group focused approach. Some senior executives play up the challenge of managing across borders to inflate their own grades and salaries, but studies of critical success factors have shown that the best way of undertaking particular jobs is often very similar in different contexts and independent of culture (Coulson-Thomas, 2007).

Preferences, aspirations and values can also vary within and across different groups. Exercises to define common, universal, human or corporate values often result in statements pitched at such a high level of generalisation as to make them of limited value when navigating the nuances and expectations in a particular situation. One sometimes wonders why so much attention is paid to cultures and values when the priority is often to achieve some form of behaviour change. Is it because people persist in thinking that behaviour change is difficult to achieve?

Challenging assumptions about culture change
Evidence suggests that more boards should challenge assumptions that cultures and values need to be changed (Coulson-Thomas, 2012 a & b, 2013). Far too much effort is devoted to expensive, protracted and at times disruptive initiatives in these areas that often deliver very little in terms of tangible results, when far more cost-effective options are available. Surely the aim should be to ensure people behave appropriately and excel at responding to requirements, wherever they are, whenever they encounter challenges and opportunities, and whatever their cultures and values?

Achieving what is required is often a question of providing better and more appropriate support that helps people to understand and do what is expected of them. There is evidence that people who are better informed, trained and prepared are likely to perform better in ways that impact upon the customers and other people they serve (Kling, 1995). As well as understanding what needs to change and why, and what they can do to help to bring it about, people may also need to be properly equipped and enabled to do what is required in an effective and compliant way.

People also need to remain current and vital. In diverse, uncertain and insecure but exciting, competitive and rapidly evolving business environments, in which future developments and possibilities are not always easy to foresee, setting out to create a community of cultural clones may be both dangerous and risky. It might also be unnecessary when cost-effective means exist of providing 24/7 support that can change approaches, ensure compliance and enable responsible and sustainable responses as and when required.

The need for flexibility is increasingly important. Schein (1991) defined culture ‘as a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems’. The best way of undertaking a particular task can vary as circumstances, requirements and priorities evolve and new problems arise. Performance support that can be quickly updated and is available on mobile devices can enable rapid adaptation.

Ways of quickly changing behaviours
There are various ways
of changing behaviours irrespective of corporate culture. Incentives such as sales commission can change the behaviour of a sales force over night when payments for orders of certain offerings are increased and those for other products and services are reduced. Another option is performance support which can be employed in a wide range of situations and contexts. A recent five-year investigation by the author reveals that in various forms from a WHO check-list to mobile device applications it offers a cost-effective route to high-performance organisations and the simultaneous achievement of multiple objectives (Coulson-Thomas, 2007, 2012a & b, 2013).

The power of incentives to change behaviours can be dangerous when driven by greed and an excessive focus upon short-term organisational needs, or when they lead to conduct that is contrary to that sought by regulators. A heavy focus upon organisational targets can lead to the interests of customers and other stakeholders being short changed. In the run up to the 2008 financial crisis certain bank boards should have been more vigilant in regard to the use of incentives and targets. In comparison, performance support can allow a wider range of interests to be accommodated and it can embrace checks and balances to ensure compliance. A focus upon helping and supporting is conducive of greater customer focus and conversations with developers, adopters and users suggest that the use of performance support can lead to a reduced need for incentives and targets. It can also result in a greater alignment of interests. Individuals in front-line roles can grow in confidence and competence while delivering greater value to customers, clients and the public.

Performance support can ‘work with the grain’. It aims to make it easier for people to behave in desired ways and more difficult for them to undertake courses of action that could lead to financial, quality, regulatory, relational or other problems. The support provided can be designed to increase understanding with each use, capture and share how the most effective people undertake certain tasks, and make it easier for people to do demanding and stressful jobs. Help can be provided wherever and whenever needed, including when users are on the move.

Providing better support is in line with Skinner’s (1951) classic early experiments on reinforcing positive behaviours and reducing negative ones. The rewards can come in the form of enhanced understanding, better results, improved relationships, and the easier and less stressful accomplishment of difficult tasks. People adopt it because it benefits them as well as employers and those they are endeavouring to help, whether customers, clients or members of the public.

Delivery of better support can be by means of a prompt, telephone, website or social networking. Users can be enabled to access support that is relevant to particular issues or situations as they unfold and arise. Each user can receive personalised support appropriate to their requirements. When they reach the limit of what is available they may be directed to where further guidance can be obtained. By capturing and sharing superior approaches average performers can be enabled to emulate the approaches of superstars when tackling challenges and seizing opportunities.

Addressing particular challenges

One problem with codes of practice and statements of values or corporate conduct is that guidance provided is often excessively general as a result of being drafted to cover a wide range of people, situations and circumstances. Applications of performance support can be much more specific. They can address dilemmas and practical problems encountered at different stages of addressing particular issues and requirements. In place of general principles, people can be given relevant help. Individuals can bring their own backgrounds, beliefs and pre-dispositions into the workplace which may colour attitudes towards general principles and statements of conduct. Some will be cynical, others disinterested. Practical help that makes it easier and less stressful to undertake a...
difficult job and support that increases understanding and confidence is more likely to receive a favourable reception and to be embraced. The relevance of appropriate support can be quickly appreciated.

Checks can be built into the support provided to reduce risks, ensure compliance and prevent certain actions. Windows can open to explain why chosen options cannot be pursued, so that understanding and competence can be built over time. Advice and guidance can be changed as situations, objectives and priorities change to enable a work group to remain current and competitive. Evidence from a range of sectors shows that better performance support can enable effective behaviours and benefit both people and organisations (Coulson-Thomas, 2012a & b, 2013).

An issue for some boards could be whether ensuring compliance and avoiding risks might inhibit innovation. There is some evidence that entrepreneurs take better decisions as opposed to riskier ones (Brockhaus, 1980). Performance support can share more effective approaches and the incorporation of pointers and blockers can enable more responsible risk taking. It can also enable the results of innovation to be rapidly disseminated and its benefits to be quickly secured.

Alternative or ‘traditional’ approaches often enable individuals to consider whether or not, and to what extent, to comply with requirements or follow guidance. For some people deciding what to do may be a question of carrots and sticks. They may weigh personal advantages against the risks of being caught. In contrast, the use of performance support that enables certain courses of action, precludes others and delivers tangible benefits may not involve such calculations.

There is some evidence that the ethics, values and perceptions of those in managerial roles can be a determinant of the extent of fraudulent behaviour (Cohen et al, 2012). Addressing challenges in this arena requires vigilance to ensure the right people are appointed to executive positions and an objective understanding of the realities of a situation and what needs to change (Olver, 2013). Front-line support may not prevent abuses at a more senior level in organisations but it can free up resources to allow boards and compliance teams to concentrate upon areas of greater risk.

Benefits of focusing upon providing better support
People who are properly supported can benefit from increased understanding, reduced stress and gain the confidence and competence to more easily address more demanding issues. Organisations find that they can benefit from higher performance, lower costs, improved decision making and evidenced compliance. Customers, clients and citizens can benefit from quicker and bespoke responses, and they can be helped to help themselves. The environment can also benefit when people are enabled to take more sustainable purchasing and lifestyle decisions.

Developing applications to help important work-groups to deal with particular problems can be relatively simple compared with the challenge of devising rules and regulations to cope with a wide range of different issues. The latter tend to become complex and difficult and costly to administer and apply. When introducing performance support, one can begin with the areas of greatest potential and/or risk, and one need only consider what is relevant to the issues in question.

Mats Alvesson (2002) highlights the purposes that corporate culture can serve. Some of these can be beneficial. Changing the behaviour of key work-groups independently of culture, and on a focused and selective basis, can reduce the risk of unintended and unexpected consequences.

Applications examined during the five-year investigation delivered high multiple returns on investment within a few weeks or months without any requirement to change the cultures, structures or technology infrastructures of the organisations concerned (Coulson-Thomas, 2012a & b, 2013). The range of areas in which applications were found suggest that the strategic use of performance support could be transformational and justifies a new approach to leadership and management.

‘New leadership’
The ‘new leadership’ required to remain current and competitive in uncertain and insecure times requires a shift of emphasis away from general corporate wide initiatives and top-down strategy formulation and motivation (Coulson-Thomas, 2012a & b, 2013). Many organisations would benefit from greater focus on the implementation of policies, helping people and the provision of better support, particularly of front-line work-groups delivering key corporate objectives.

One can only speculate, but some boards might feel more exposed on learning of a cost-effective way of quickly changing behaviour and preventing certain outcomes. Hitherto, when companies have had heavy fines imposed upon them for misconduct and breaches of regulations, most directors have emerged relatively unscathed. Very few have been brought to book. One assumes they have successfully argued that any misdemeanour’s have been the result of the actions of other people who have not followed the principles, or displayed the values, established by the board.

Comparing with hiding
Far too much effort is devoted to expensive, protracted and, at times, disruptive initiatives that often deliver very little in terms of tangible results. 

Behind motherhood statements and general principles, it might be more difficult for directors to explain why practical and cost-effective approaches that would have ensured compliance and delivered a range of other benefits have not been adopted. A greater ability to implement might increase the accountability of boards, which is desirable from an owner and investor perspective. Wider adoption of performance support as a means of enabling people to both excel and comply may also widen the gulf between the most and the least effective boards. 

In summary, many general corporate culture change programmes may be unnecessary if their purpose is to quickly change specific behaviours in particular areas. They might also be problematic in organisations that need to embrace a diversity of cultures and encourage a variety of approaches and behaviours across different functions and business units. Performance support can be a cost-effective way of changing behaviour, ensuring compliance, enabling people to remain current and competitive, and delivering multiple objectives without requiring a change of culture or structure.

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Further information
Transforming Knowledge Management, Talent Management 2 and Transforming Public Services by Colin Coulson-Thomas which summarise the findings of a five-year investigation into the most cost-effective route to high performance organisations are published by Policy Publications and can be obtained from www.policypublications.com.

About the author
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