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## Developing management systems that improve sales and bolster margins



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## Introduction

This is a booklet about management systems; predominantly, the most common types of management systems, that is those addressing the issues of:

- Quality
- Health and safety
- Environment
- Information security

Although using this approach any kind of management system can be developed as the system is developed around an ongoing process of creative destruction which concentrates on improving the way your work works. Also, hopefully, refreshingly, we won't be talking about "clause numbers" and "requirements" but instead business "activities" and "processes".

Each section of the booklet is written in a number of parts:

- Firstly, there is an explanation of the management system framework; the background
- Secondly, and hopefully more interesting and useful, there are a number of real-life examples taken from real customers, albeit disguised, to protect the innocent
- Finally, given the information and examples, there are blank areas for you to make your own notes

...but first, given the title of the booklet, an obvious question...

## What are management systems?

Regardless of the shape or focus of the management system you are considering implementing, a management system is really nothing more than developing a "book of best practice", common sense written down...obviously these days it need not be a book... the whole thing can be stored electronically.

And what do we want them to deliver?

- Better sales – as access to new contracts is opened up via new tender opportunities
- Better margins – this is a bit tougher and will require the development of improvement teams focused on delivering better margins and via the performance prediction chart (see later) knowing when a change results in an improvement

Additionally, at a lower level, the benefits of a robust management system include:

- Staff being provided with a written account of how to get stuff done in the most effective and efficient way.
- The talents of people can then be unleashed to find better ways of delivering products and services to your customers and clients – the creative destruction bit
- As new and better ways of doing things are developed the system becomes the conduit of communicating these new methods
- The systems also help to bring new people up to speed quickly so they can be more productive sooner.

## The five principles

There are five principles that need to be mastered in order to develop an effective management system, they are:

<b>Articulate intent</b> (Purpose)	Establishing the <i>benefits</i> and <i>capabilities</i> delivered to your client base
<b>Know the flow</b> (Systems)	Understanding an organisation as a network of connected parts
<b>Master the measures</b> (Variation)	Understanding variation; a real understanding of the key performance indicators and their predictive abilities
<b>Engage the people</b> (People)	Understanding people and why they behave as they do
<b>Drive the learning</b> (Learning)	Understanding how an organisation learns and improves

Elaborating a little further

### 1) Articulate intent

Thrashing out, articulating and promoting the “benefits” and “capabilities” that your products and services deliver to your customers so that everyone in the organisation understands what it is the system should be aiming to deliver.

### 2) Know the flow

This is the core of the system and involves producing flow charts or diagrams that show how the various parts of your organisation work together in order to deliver value to your customers. Work can then begin on examining the parts so that cost and waste are reduced and effectiveness and efficiency is increased. Where required codifying these processes into the relevant system as quality, health and safety, environmental, information security, or indeed, integrated management system.

### 3) Master the measures

Building the performance management and measurement system around the flow of work through the organisation with the aim of reducing waste and increasing profitability. Looking at data using Performance Prediction Chart™ provides a powerful method for predicting future performance, improving performance and for making better decisions from better data.

### 4) Engage the people

Providing staff with the thinking, tools and techniques necessary to improve their activities, recognising that people work *in* a system and a job of a leader is to work *on* the system, to improve it with their help.

### 5) Drive the learning

Learning to learn how to bring all of these ideas together in order to drive real and sustainable improvement.

We are now going to take each of the above in turn and explore them in more detail with real-life examples from real-life companies.

## Articulate intent – know your “purpose”

There is a guy called Simon Sinek who has written an excellent book called “Start with Why” ... well worth a read. If you have not got time to read .... then I’d suggest looking at the 5 minute or 20-minute video’s on YouTube.

He suggests that all inspiring leaders think the same way, all he did was codify how ....and he’s called it the golden circle... He suggests, it’s the difference between why some companies inspire and others don’t... Most of us communicate from the outside in, the clearest thing to the fuzziest thing. However, he is suggesting inspired leaders think, act and communicate from the inside out, he comments that ...

- all organisations know **what** they do
- some know **how** they do it
- very few know **why** ...

So, if you can get to the why... that is the purpose of the organisation and communicate it ....where the purpose is defined as **benefits** and the **capabilities** that are delivered to your customers and clients, the better you can engage with them.

The power behind this “inside out idea” ... why first ... what last ... is that it replicates how our brains work, so because of this we get much more of an emotional engagement, because concentrating on “why” takes us to a point where we are no longer concentrating on “selling products and services” but instead we are helping to solve a problem....the clients problem.



### What

Every organisation on the planet knows WHAT they do. These are the products they sell or the services they offer

### How

Some organisations know HOW they do it. These are the things that make them special or set them apart from the competition

### Why

Very few organisations know WHY they do what they do. WHY is not about making money. That’s the result. WHY is a purpose, cause or belief. It’s the very reason your organisation exists.

© Simon Sinek; Start with Why

Also note. “Purpose” is very different from Mission, Vision and Values. For further information on the differences please request the Statius paper “Mission, Vision, Values...What’s the Purpose?”

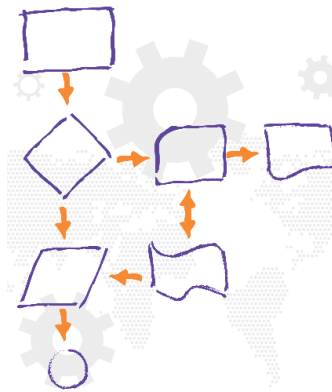
Obviously, we apply this stuff to our own company so we are quite proud of our purpose statement which is to provide:

- Better strategies
- Better systems
- Better measurement and
- Engaged people delivering better results

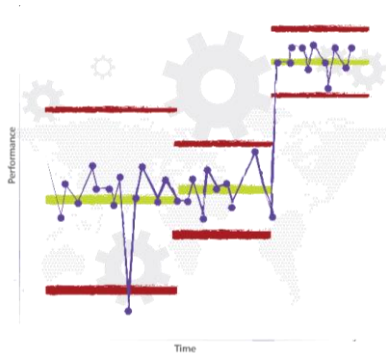
We have even developed little icons showing each of the above as can be seen below:



**Better strategies**



**Better systems**



**Better measurement**



**Engaged people**



**Delivering better results**

## Articulate intent: Real life examples:

### Example #1:

The first purpose statement is taken from a company designing and manufacturing one off products for fabulously wealthy individuals; they set their purpose as being:

- *Satisfying your desire for unique, personalised, urbane luxury in your own home, workplace or super yacht*

### Example #2:

The next example is taken from the UK subsidiary of a French quoted company in the business of providing prepaid corporate services designed to motivate and engage their clients workforce

- *Our aim is to assist Companies by helping them increase motivation, engagement and performance of their employees, Channel partners or Customers*

### Example #3:

Let's call this company, Company S as we'll be referring to this company a few times.

This example is taken from a small, owner managed, company designing and manufacturing electronic products that manage and control the environment within buildings; temperature, humidity, water temperature, light etc. These products are then installed by contractors.

- *We help contractors improve their profitability by designing and supplying easy to fit products that connect seamlessly to a variety of building management systems (BMS) systems*

### Notes: What's your purpose?

What are the benefits and capabilities that your products and services deliver to your clients?

## Business planning, objectives, targets, risks and opportunities

The majority of companies will have things they want to do to improve their lot in the future. In many cases these may not be written down but carried in the heads of the top team and might include:



All of which may in some way impact your processes. A formal management system asks you to define these plans, objectives and targets, assign responsibilities and SMART objectives where relevant and establish risks and opportunities at the business planning / strategic level. These would then all be written up in a formal business plan against which progress can be measured.

### Notes: What are your top 3-5 objectives for the next year?

Use a framework like the one below to flesh out your objectives and targets

	Objective	Associated risks & opportunities	By Who	By When
1				
2				
3				
4				
5				



## Know the flow

Having defined the company purpose; *the thing that all core processes should aim at* and developed the business plan outlining the associated risk and opportunities, we now need to establish the processes that are instrumental in delivering the purpose.

This is a process of three stages or steps each of which is needed if we want to build a robust management system:

- # 1 Developing the Core Activity Map™
- # 2 Developing the overall systems diagram
- # 3 Developing the operational flowcharts

Exploring each of the above steps in a little more detail:

### **Know the flow #1 Developing the Core Activity Map™**

The Core Activity Map™, as the name suggests, shows the core activities that the company gets paid for, so it is important that these activities are the focus of all efforts, and it is these processes that we want to make better, slicker and faster as these are the activities that deliver value to the customer. In some circles these processes are called the value chain.

This is a different diagram to the traditional organisation chart; essentially, it cuts a line through the organisation chart to show how the organisation delivers value.

But digressing slightly for a moment; have you ever thought about who, when and why the traditional “picture” of an organisation, the family tree, was first invented?

The first recorded use of an organisation chart was after a train crash in Massachusetts in 1841. An investigation was headed by a Major Whistler in order to establish the causes of the accident. Major Whistler designed the first organisation chart to describe functional responsibility with ...the sole purpose of apportioning blame should another incident occur!

To this day, the focus of the organisation chart remains control; that is, to ensure people do their jobs and do them properly. Over a century and a half later and we are still employing the same thinking! Additionally, as has been noted by Prof. John Seddon, “if we design work into functions and give each function its own target, should we be surprised if the functions don’t co-operate with one another”.

That’s not to say that the organisation chart is without merit but research has suggested there is a better diagram which supports a more enlightened approach delivering a more sustained performance.

We call this the Core Activity Map™ and most companies have just a few core processes, for instance:

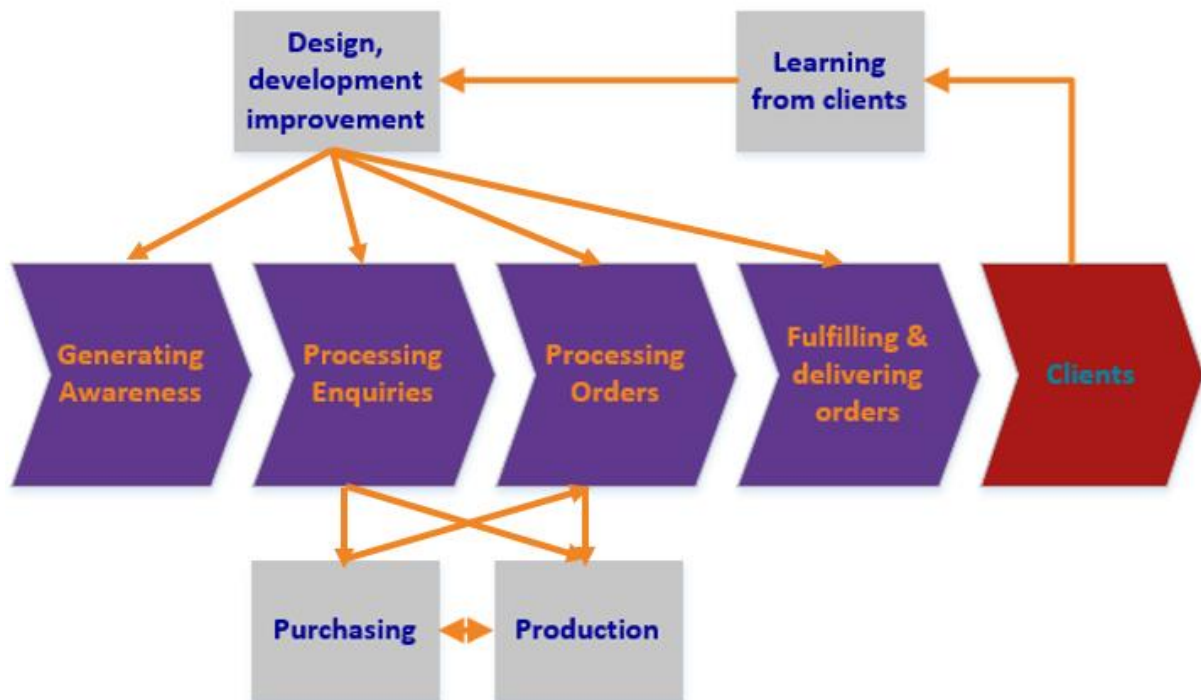


So what does a real Core Activity Map™ look like?

## Core Activity Map™ real life examples

### Example #1

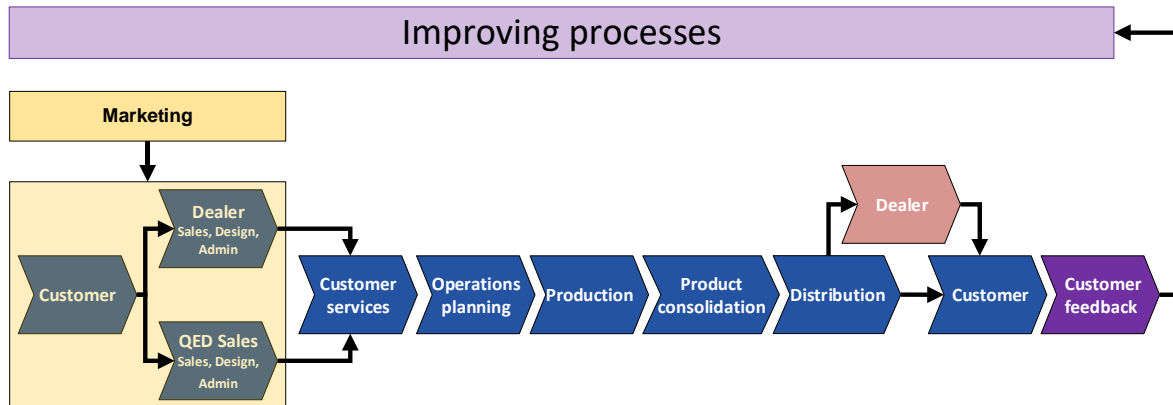
Returning to the example of Company S, the one designing and manufacturing electronic products that manage and control the environment within buildings. Their Core Activity Map™ was developed as follows.



In fact, you'll notice that "production" is seen outside of the core delivery processes. The company had always considered themselves a manufacturer of products, and indeed they still do, but in going through this process they came to the realisation that their internal production department, which was producing only about 20% of the product sold, could be treated exactly the same way as any other supplier. As a result, they pulled production out of the "flow" of activities and treated the production department as any other supplier. In doing so they greatly simplified a variety of measurement and management systems and processes, including KPI reporting.

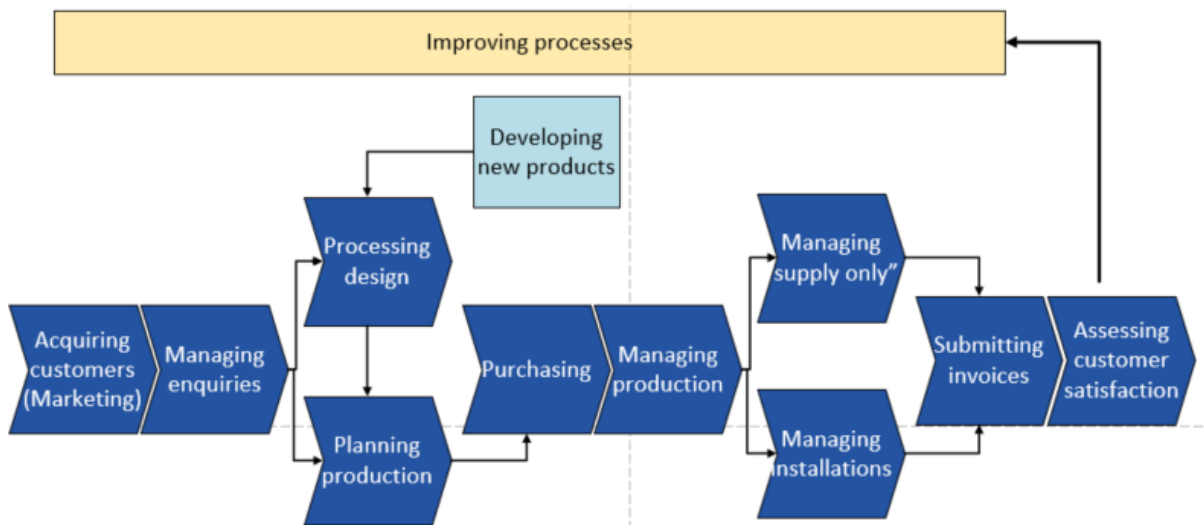
### Example #2

The diagram below shows the key business processes for Company H, an international furniture manufacturer.



### Example #3

The final example shows the Core Activity Map™ for a company we'll call Company Q who are involved in the production of bus shelters.



By way of illustrating a point, in the above example the new product requirement process is seen separate to the process design activity. New product development could also logically, be placed after marketing, or after assessing customer satisfaction, or indeed as a completely separate supporting process (see later). The key point here is that the flow of activities undertaken in your organisation and how you and your people perceive them will be completely unique. The Core Activity Map™ needs to reflect the way **you** see your work working.

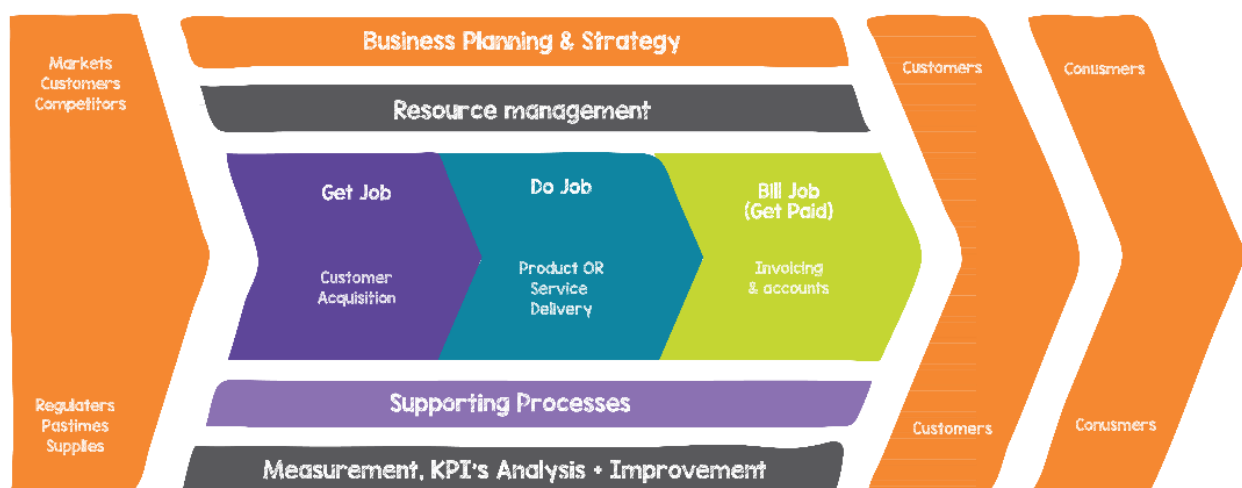
## Know the flow #2 Developing the overall systems diagram

Clearly, the Core Activity Map™ is probably the most important part of the overall management system diagram, however, there are a raft of other activities that also need to be undertaken for any company to survive and flourish. These also need to be accounted for, documented, studied and potentially improved.

These other activities might include:

- Business planning and strategic processes
  - Managing compliance (usually more geared at 14001, 18001 and 27001)
    - This is placed first as most companies have to develop and execute plans and objectives within the confines of the law. Really big companies can employ lobbyists to get laws changed, so they might put business planning first!
  - Managing and executing business plans, objectives and targets
  - Managing and implementing policies
- Supporting processes
  - Managing plant, equipment, stock and stores
  - Managing the buildings and infrastructure
  - Managing staff, training and development
    - Depending on the complexity of the organisation some of the above might not be required, others may need to be separated out into smaller components
- ISO processes
  - Company learning (from mistakes - non-conformance)
  - Process review and improvement – auditing
  - Managing meetings and communications
  - Protecting and updating the systems

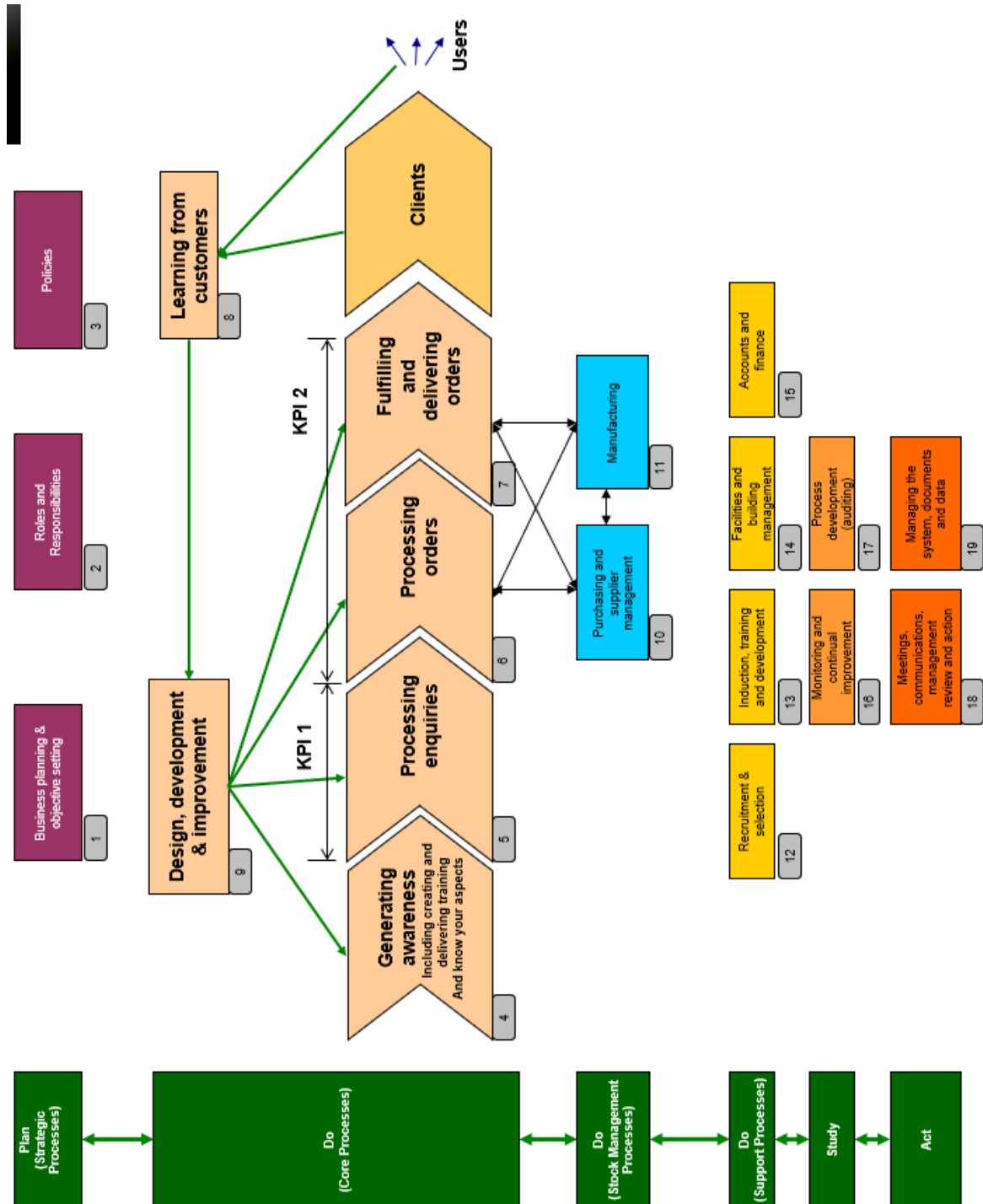
The above list is not exhaustive and the systems diagram below shows a schematic incorporating both the Core Activity Map™ and a number of other strategic and peripheral activities.



## Know the flow #2 Systems diagram: Real life examples:

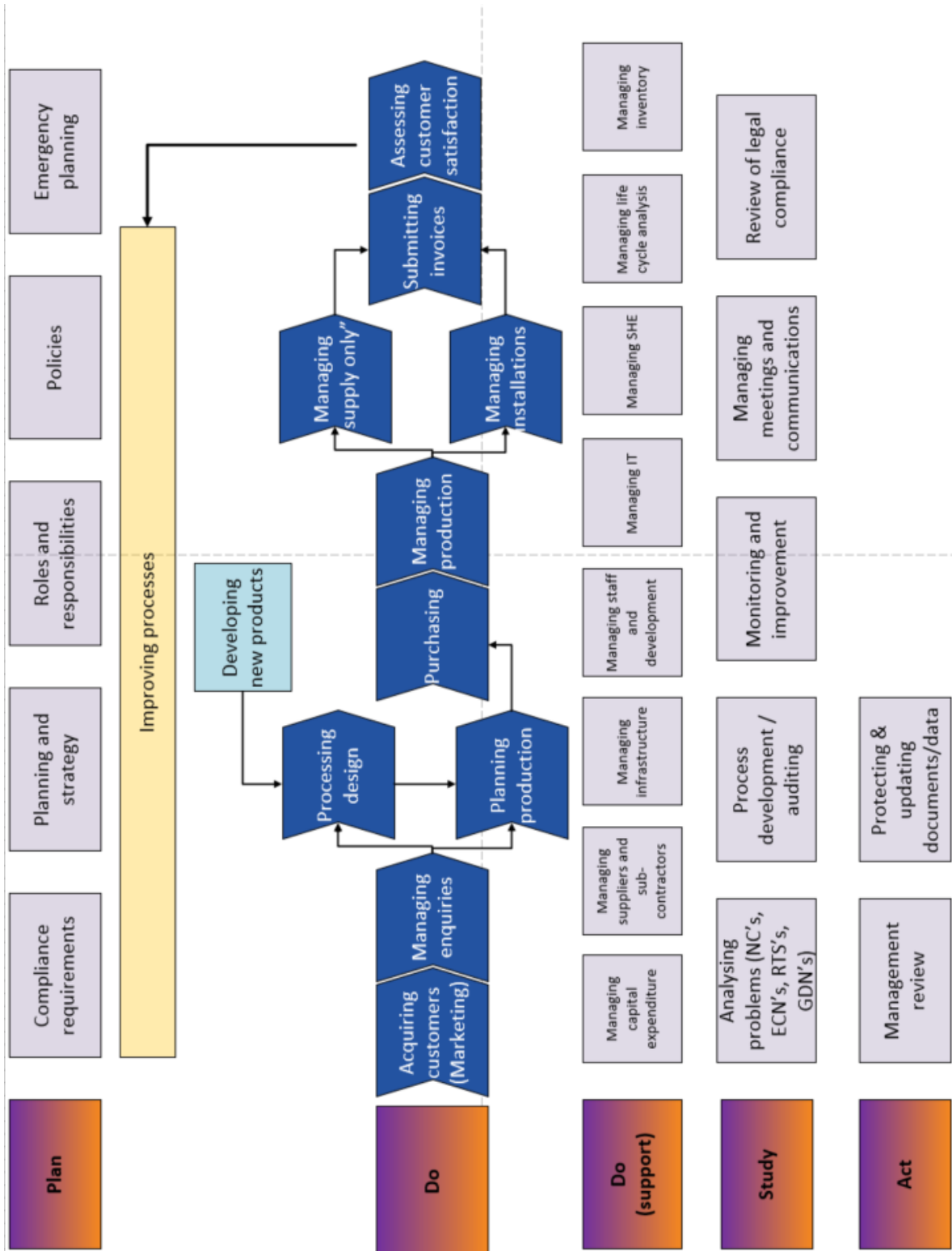
### Example #1

Returning to the example of Company S we can now see their overall systems diagram below. They have also included the Plan, Do, Study, Act model (PDSA, which we'll cover later) to show how the activities undertaken relate to the PDSA model.



Example #2

The second example is Company Q, the company making bus shelters.



Each of the above systems diagrams provide a single, but complete, one-page window into the entire system with the Core Activity Map™, that is how the company makes money, at the centre of the model. As a result the management system should make sense to the company and all of the staff.

**Notes: What does your systems diagram look like / include:**

Use the space below to draft your own systems diagram

### Know the flow #3 – Developing the lower level flow charts

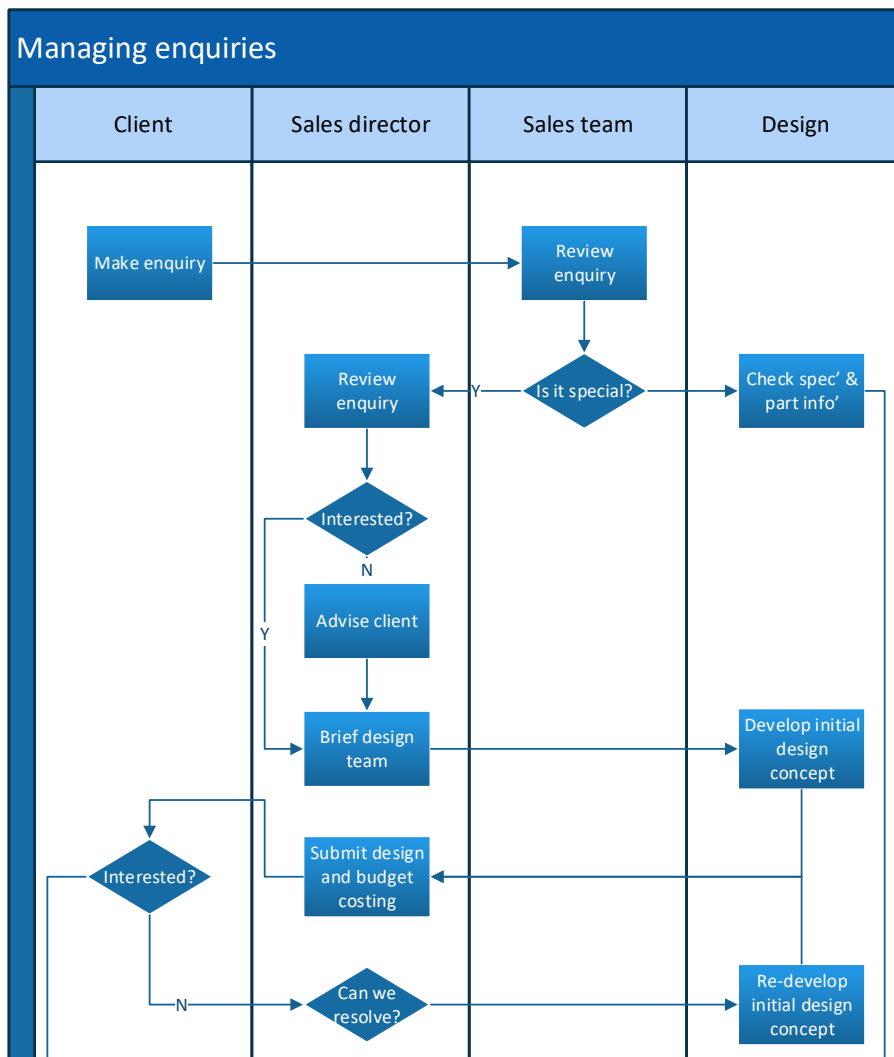
Now the systems diagram has been fully constructed and agreed, we can flesh out some of the lower level detail.

This is where we get into the traditional “meat” of a management system. The majority of systems regardless of whether they are quality, environmental, safety or any other orientation usually start with a flow chart.

The flowchart usually shows:

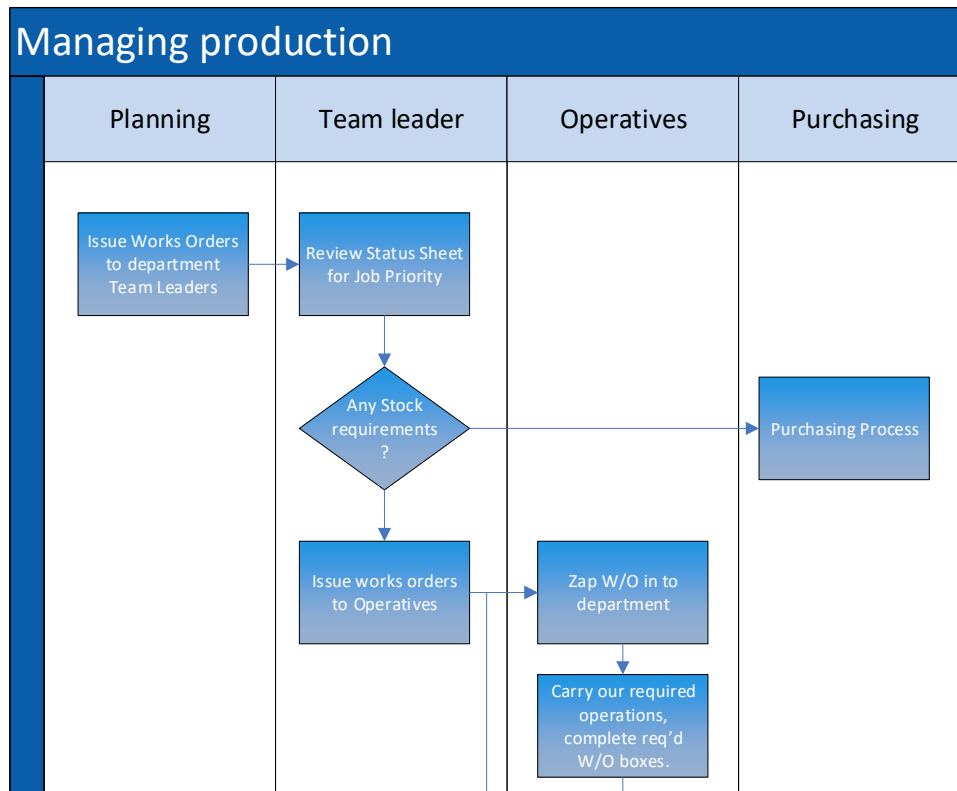
- The people involved in the process – along the top of the chart
- The tasks undertaken and by whom (the boxes)
- The key decisions (the diamonds) and who makes them
- The flow of activities / interactions between people and departments

The key point is that these flowcharts are absolutely NOT about “departments” but instead about the “process” so the sales process might include inputs from all sort of other departments for instance; design, engineering, estimating, legal, production, operations etc. The key is to understand all the interactions undertaken as part of the relevant process.



The partial flow charts above and over the page begin to show the detail of the actual activities being undertaken.





A flowchart would normally be the first page of each procedure and the detail of the procedure would then be developed under the following headings:

- Purpose
- Key performance indicators
- Inputs (to the process)
- Process risks and opportunities
- Process narrative (as required)
- Outputs

Once the flow charts are in place the issues relevant to the type of management system being implemented can be explored in detail, these include:

- Quality
  - The sequence and detail of the activities being undertaken and what information is passed around and shared in order to get the job done
- Health and safety
  - The hazards and risks that staff, customers and the public might be exposed to in undertaking each task. These would then be developed into separate risk assessments and method statements
- Environmental
  - The environmental aspects and impacts associated with each of the tasks. In a service / office environment this might simply be electricity, gas and water, in a production environment this might include, chemicals, contaminated waste and discharges to air, water and land
- Information security
  - Information security includes both hard and soft copy information required for each task, where it has come from and the vulnerability and threats associated with each item of information

## Master the measures

At this point we have developed:

- The company purpose
- The Core Activity Map™
- The overall systems diagram

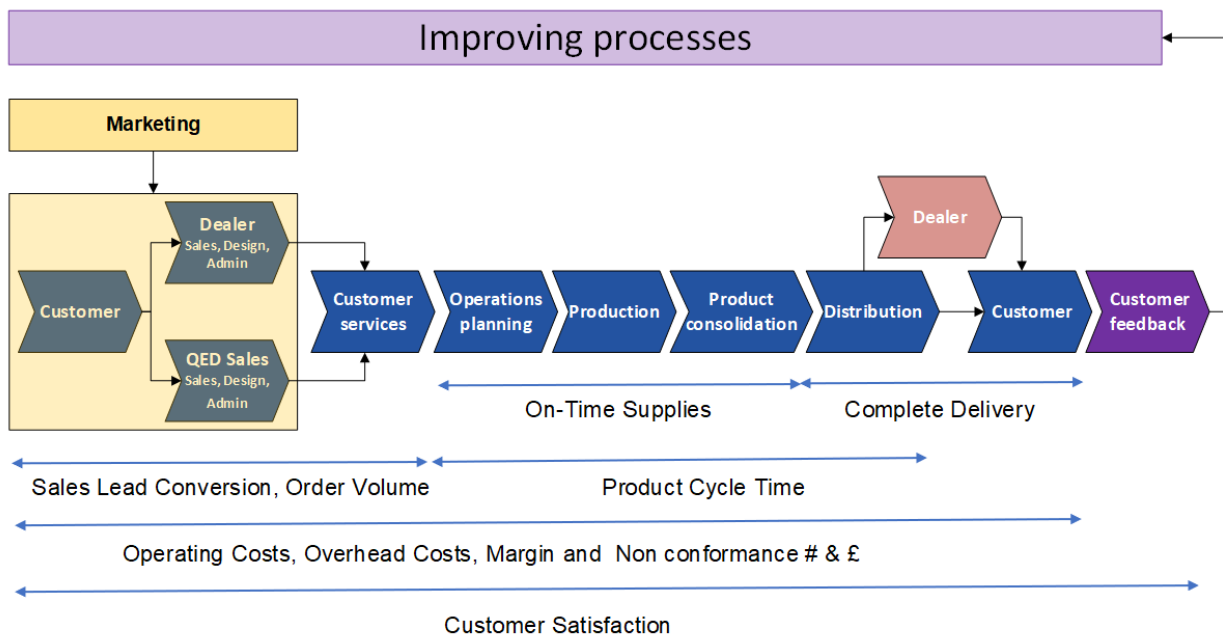
We now need to connect the procedures, which reflect the logic of the working practices, to KPI's that are useful, and more importantly, drive improvement.

Properly implemented, this is the part of the system where real gain, proper payback, can be obtained from implementing a robust management and measurement system. For more detailed information also see Appendix 1: Measures that Matter.

Returning to the previous examples discussed, the Core Activity Map™ has now been reproduced but this time it includes key performance indicators against or across the key processes, thus linking, and thereby creating a virtuous circle between, procedures and measures.

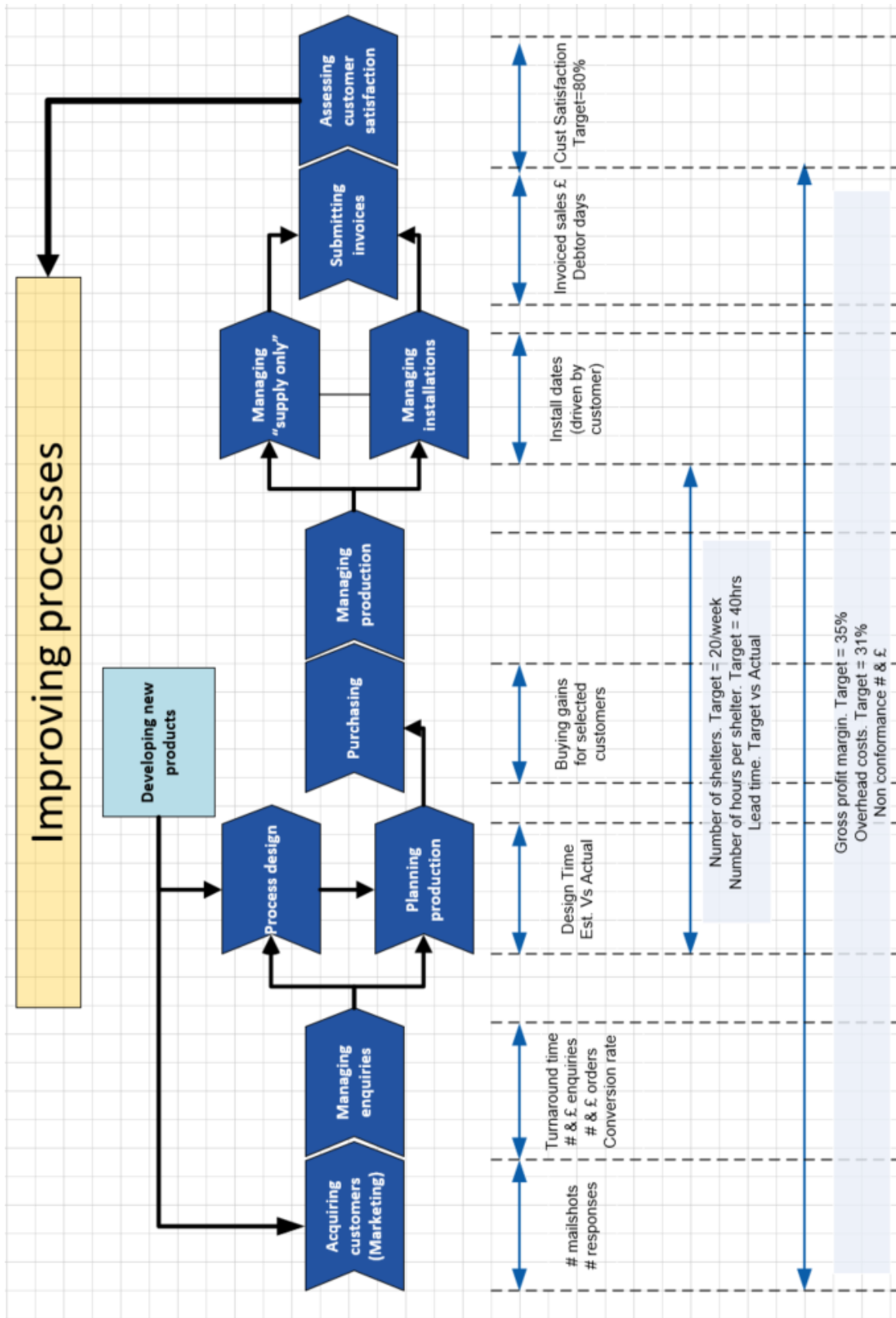
### Example #1

Developing the systems diagram from Company H the model below shows the interaction between the key process and the key measures.



Example #2

Returning to the systems diagram of Company Q it can now be seen with the additional detail of the associated measures.



## Engage the people

Have you ever thought about how many times you have heard leaders say that “People are our most precious resource”?

How many times do you really believe them?

Undoubtedly, people should be the most precious resource, along with time: people, because people are the only source of creativity, innovation and improvement, and time, because it cannot be stored; each moment is a one off which will never recur.

If we want to truly understand people and for them to help us improve the system, we need, above anything else, to understand how they learn.

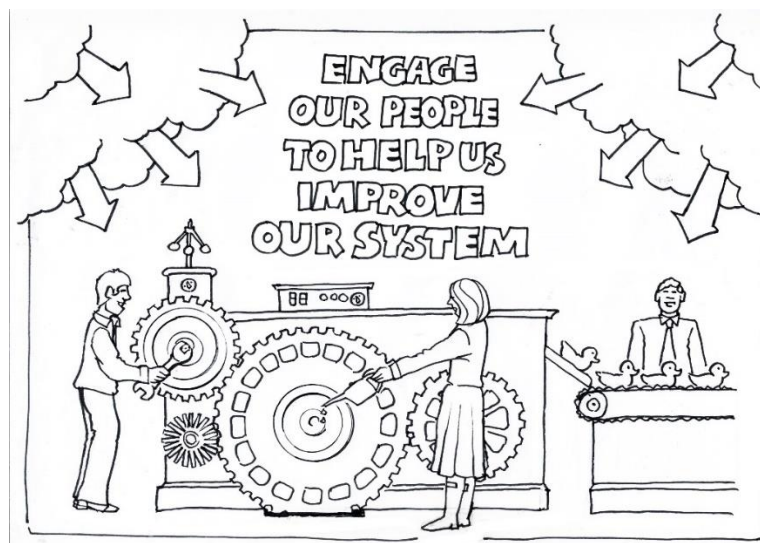
There is a whole science applied to this which goes by the user-friendly name of Neuro Linguistic Programming or NLP for short. It’s a fantastic subject and a lot of work has been done around motivation profiles by a lady called Shelle Rose Charvet... It’s absolutely fascinating stuff but, sadly, a bit beyond the remit of this little booklet.

The point is, how much more could we learn...and teach, if we targeted the preferred learning and motivational styles of the people we manage? How often do we judge others as poor workers and students when we may not have bothered to learn how they learn or are motivated?

The traditional belief system starts from the premise that people need to be controlled and that systems and incentives are based around this premise. Management by objectives, performance appraisal and (often short-term) financial incentives for doing a “good job” are indicative of these systems.

We have slightly different view which is to properly engage people you need to:

- Have articulated the company’s purpose
- Have involved staff with creating a book of best practice that helps them to do their job better
- Understand their learning styles so they can help you improve the way in which your work works

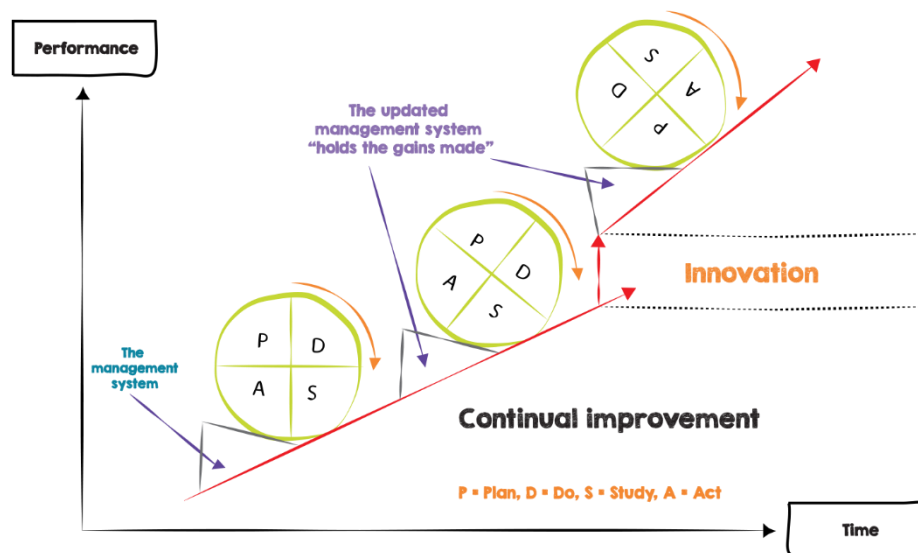


## Drive the learning

Have you ever thought about the extensive amount of time and effort that companies put into changing things but despite this nothing much seems to actually improve?

Time and time again we come across people and companies that invest a tremendous amount of effort in changing processes, practices, procedures... and even people, in order to seek elusive improvements. The question we usually ask, which often stumps them, is "How do you know...for sure, that the change has actually led to an improvement?" Again, this is the fascinating bit...there are scientific ways we can tell the difference between a change and an improvement, for more information can be found in Appendix 1.

Fortunately, there is a deceptively simple structure for learning and it's been around about a hundred years or so!



The diagram above shows the Plan, Do, Study, Act (PDCA) model for learning which provides the foundation for the systematic and continual improvement of processes. It is an improvement process that involves an ongoing cycle of activities. After Act, it begins anew: Plan again, Do again, Study again, Act again - an unending cycle of learning, evaluating, and working on processes and capturing benefits.

As can be seen from the diagram, sitting behind the PDCA wheel is a wedge, essentially the organisation's documented management system; the organisation's standing orders, operating instructions or perhaps an ISO registered system. Regardless, training, in the new improved processes needs to be provided and communicated and the documented management system, or Book of Best Practice, must be updated to reflect these new processes and hold the gains made.

The benefits of the model are that it is:

- Simple and flexible
- Can be adapted to pretty much any situation.

PDSA is the essence of management; making sure the work gets done today AND developing better ways to undertake the same work tomorrow.

The PDSA cycle represents a robust and scientific approach to learning; it drives interdependence through a team work approach; it drives teams to innovate, generate new ideas on how projects and processes should work and it provides a formalised structure for learning and for knowing that a change has led to an improvement. Change and improvement are not the same thing.

The PDSA framework is a lever to drive performance improvement; for staff to formulate theories, test them on a small scale and then assess them; PDSA can be a trigger for structured creativity. As noted in Brian Joiners book 4th Generation Management “It is by intuition that we discover and but logic and data that we prove”.

PDSA provides that framework.

## Implementation - Developing the book of best practice

If you have read this far you'll by now appreciate that developing a book of best practice that reflects the way you work is probably no quick and easy task.

- We would typically visit you every 2-3 weeks for ½ a day at a time (we recognise that you have a company to run and customers to keep happy!)
- Each flow chart will probably take 3-4 iterations before you are happy with it
- Each procedure will probably take a similar number of revisions
- Along the way we'll offer advice on how to change and improve processes (some of which will be useful some of which won't! ...You'll decide!)

Throughout the implementation process we will have been collecting ideas for things to improve on either:

- The Red Issues Identifier™
- The Process Improver™

Copies of both can be found in the appendices.

Once complete the system will need to be tested. That means we'll undertake an audit of the system to ensure it is fit for assessment. This is usually done by a different consultant to the one who has developed the system with you.

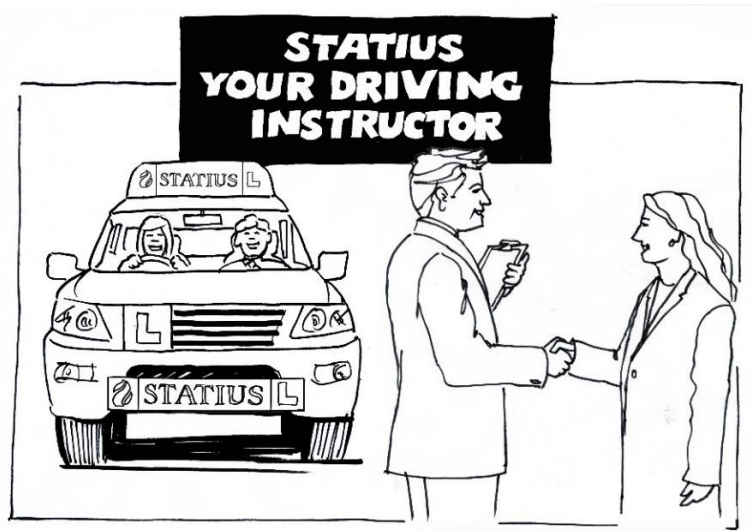
After the audit we'll also have a meeting where we review:

- The findings of the audit
- The implementation of the project to date
- Any final actions

This is written up as a management review.

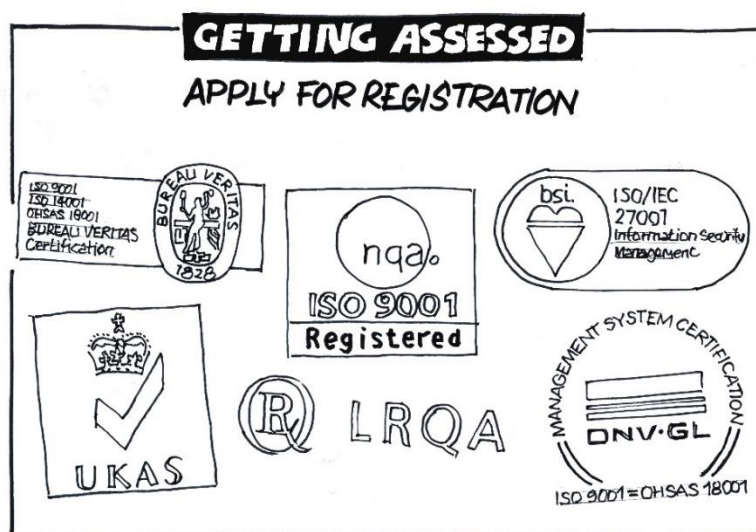
## Driving instructor v driving examiner

At Statusus our role can be viewed as your driving instructor, we will assist you all the way up to and past your driving test with any United Kingdom Accreditation Service (UKAS) approved driving examiner...but under UKAS rules we are not allowed to be the driving examiner & the driving examiners are not allowed to be driving instructors. Neither can be both judge and jury.



## Getting assessed

Once the book of best practice has been completed and audited you are in a position to choose the assessment agency. There are a number of well-known certification agencies each of whom undertake a whole raft of management system certification work, these agencies include: BSi, NQA, LRQA, DNV to name but a few



And to be “legitimate”, in the UK, they will need to be UKAS approved. UKAS are the people that approve or “accredit” the legitimate certification bodies.

Getting assessed is then a two-stage process ...

- Stage 1 - The document or system review – a check to see that the system covers all the elements of the standard
- Stage 2 - The operational review – to check that you are working as your system suggests

These stages are typically 6-8 weeks apart, inevitably there are usually some issues to address ...but the most usual outcome is "recommended for registration" which means there are minor things to be fixed before the certificate is awarded.



You then celebrate the registration and all the hard work that has been undertaken...not forgetting that at one assessment some time ago one assessor remarked:

- "the 100 yard dash is over let the marathon begin!"

What really meant was, that to get best results from your management system you really need to embark on an ongoing process of creative destruction where all processes are continually reviewed and improved over time.



## The benefits of a management system

Studies by MORI, the Manchester Business School and Research international have all shown the benefits to be considerable. When properly implemented, the benefits include... better management control, the elimination of procedural problems, improved efficiency, improved customer service and increased customer satisfaction.



It's also a very useful marketing tool that often opens doors which would remain otherwise closed.

## Appendix 1 – Measure that matter

Have you ever thought about the measures that are most likely to keep leaders, directors and managers awake at night? Have you ever thought about how they know, or otherwise, whether or not their lot is improving?

In my experience the worries at the top of an organisation are usually things like, sales, profit, growth, customer satisfaction, overheads, debtors, cash in the bank and perhaps whether or not the organisation has the resource and capability to deliver on the plans in hand.

At a lower, but no less important, level performance indicators like sales conversion rates, productivity, capacity, yield, on time delivery, first time fix and numerous other operational metrics are used to assess and steer performance.

But how well do we really understand what we are doing when we “analyse” performance? How often do you see in the press, on the news, or in your own board and operational reports one number compared to another, a conclusion drawn and action taken? We were taught at school that you need a raft of data to compute a trend, yet the accountants are telling us that we only need three points of data – this month, last month and the same time last year?

It’s endemic. It’s also simple, obvious and wrong.

Given that the purpose of the company has been defined and is focused on the need to deliver value to customers and that the “book of best practice” codifies the methods for doing so, they now need to be connected to a robust set of measures that evaluates how well the company is delivering on its purpose and how well processes are performing. This is the performance measurement system; which should really start with what the customers want and think of the products and services provided.

Customers are usually interested in what happens at the beginning and the end of your processes; The customer may request a quote at the start of the process and receives a service or takes delivery of a product at the end. These are the parts of the business where you have direct contact with the customer, so the activities undertaken at these stages need to be measured and compared against the expectations.

Afterwhich you will be able to:

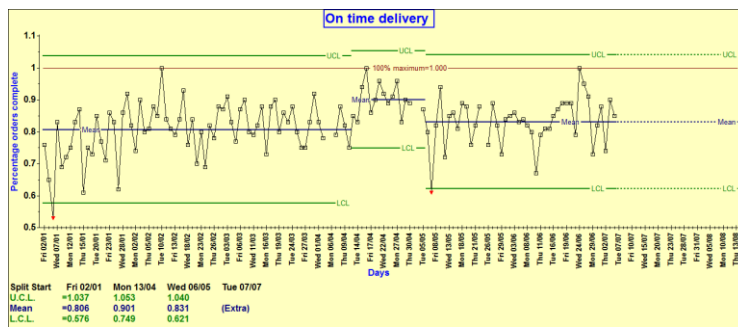
- Predict the future performance of your processes
- Identify “signals” from “noise” in your performance measurement data
- Prove when “changes” you make to processes are in fact (statistically and scientifically verifiable) “improvements”

In this instance, there are two parts of the process where the customers can peer into company processes, so where we need to measure “hard” facts, figures and results:

- The quote response time at the front of the process and
- The on-time delivery time at the end of the process

We are going to look briefly at the on time delivery data which is shown below. You’ll notice that by taking this longer term “movie view” of data, as opposed to the more usual

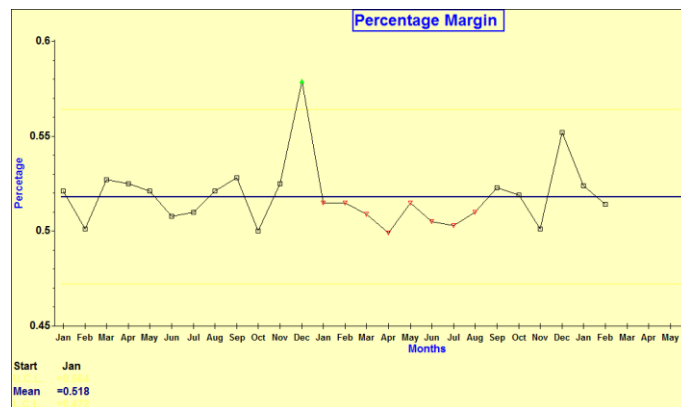
“snapshot” view, we can see the performance over a 7-8-month period and in the middle the performance improves for a brief period then reverts.



This is a significant process shift which, because data was presented in tables, was completely missed. But I want to explore a similar shift but for a metric usually much closer to a leader’s heart.

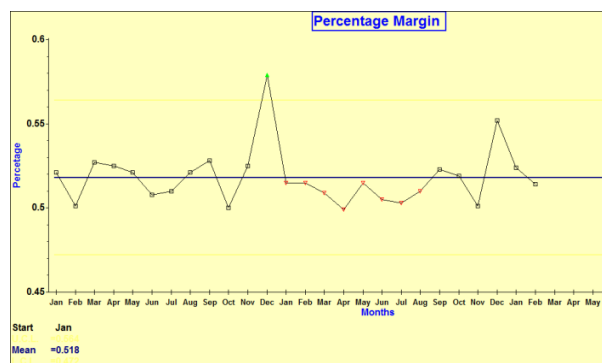
### Margins

In the first chart below you can see the plot for the overall monthly margin for the last two years or so. The average is around 52% but the data actually wobbles and wobbles a bit around this average. The high point being nearly 58% in the first December. The question is ...whilst this number is the highest seen for some time is it actually special in any way?

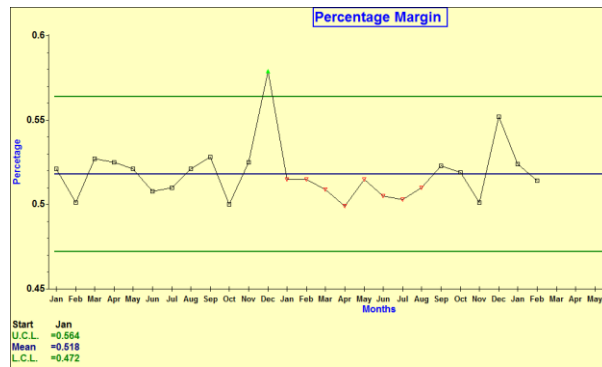


...And unless the range of chance distribution is calculated and placed on chart you’ll not know. And unfortunately, even if we plot charts it’s rarely done incorporating the range of chance distribution. Which means we make poor decisions as:

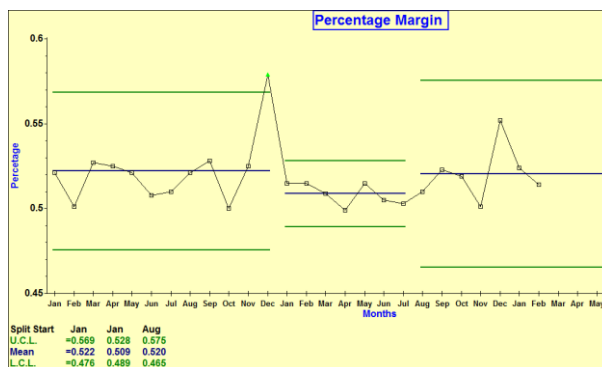
- 1) We think results are special when they are not
- 2) We don’t notice when they are special and we should be taking some action



We can very easily add in the limits to the range of variation as seen from the green lines in the chart below. The first December level appears above the limits so there is a good chance that it is “special” in some way. However, what was missed because at the time the company were working off tables of data (where it is impossible to see trends) is that for a number of months all of the data points (from the second January until the second August) were all below the long-term average. (See the points in red below).



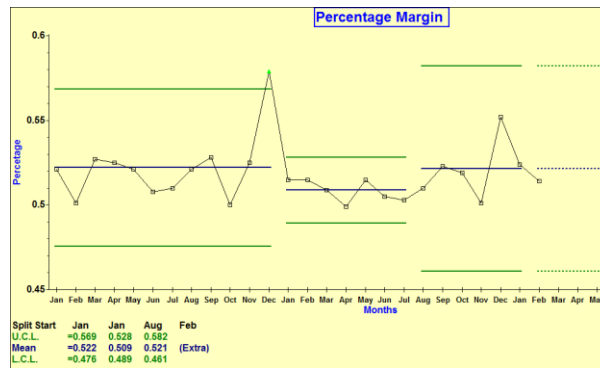
We can then utilise another feature of these charts to recalculate both the limits and the average for this period as it looks like there is something fishy going on. This is confirmed in the graph below. For that eight-month period the margin did indeed drop.



However, after August it reverted to its original pattern. Upon investigating it appears that for the 8-month period the margin deteriorated as a direct result of currency fluctuations. This was completely missed by the then method of looking at data on a monthly basis.

Additionally, you’ve also probably noticed that both December figures are high. This was because on a monthly basis the FD assumed that all of the distributors hit all of their targets and that maximum commissions would be paid. As this rarely occurred at the end of their financial year (December) these accruals were added back into the accounts which had the effect of increasing the margin for that month!

Lastly, as can be seen from the final chart we can also add in dotted lines showing the predicted future limits. **Yes, we can predict the future.** If nothing changes, we would expect all future results to fall between the limits.



However, if, as leaders and managers, the limits are not to our liking (as is very often the case) then **it our job to improve the process.**

Improving the process means changing it so the upper and lower levels are closer together (the process becomes more predictable) and to move the average up if up is good... sometimes up is bad ... think debtor days or accidents!

The benefits of this approach to looking at performance using these methods allows us to:

- Predict the future performance of your processes
- Identify “signals” from “noise” in your performance measurement data
- Prove when “changes” you make to processes are in fact (statistically and scientifically verifiable) “improvements”

We can employ these ideas to transform our thinking and the way in which we manage our organisational processes.

## Appendix 2 – PDSA

In more detail, the PDSA cycle comprises:

- Plan
  - The process is first studied to obtain a detailed understanding of the current 'As Is' situation. Then, based on an understanding of the organisation's purpose, its customers' requirements and current and past data and process measures an improvement plan is formulated.
- Do
  - The changes are made as detailed in the improvement plan. A pilot programme on a small scale is recommended as a first step, if possible. (Large, unstudied changes can lead to large consequences - good and bad!)
- Study
  - The results obtained are compared with the desired results in order to learn from them. This is where we need data; data provides the proof that a change is an improvement. And for this we rely on the Process Prediction Chart™. [LINK](#)
- Act
  - Take advantage of what you have learned. Decide what you will try next. The question at this point is: Do you continue to improve this particular process? If so, go around the cycle again. If not, standardise the new process, for instance, by locking the gain into any documented operating procedures or Book of Best Practice. [LINK](#) Then plan again, but for a different improvement project.

# Appendix 3 – The Red Issues Identifier™

## The Red Issues Identifier™

“Applying science to the art of management.”



Version 1

The issues critical to the company's development are:		What do we need to do to improve? What?	By when?	By Who?
<p><b>We need to reduce our dependence on the retail sector for the bulk of our work</b></p>		We need to undertake / obtain / locate a detailed market survey of the XXXX market(s) in order to determine	March 20xx	SD
		1) relative (alternative) sector sizes	March 20xx	SD
		2) ease of access, given current skills sets	April 20xx	MD/SD
		3) any missing skill sets	April 20xx	HR
		4) potential future revenue targets for each new sector	May 20xx	MD/FD
<p><b>We need to ensure we get better at selecting, recruiting and retaining staff</b></p>		5) an ongoing development plan (inc. resources and headcount) around each sector	Annual update	SD
		We need to identify the most critical jobs roles	March 20xx	MD/HR
		Establish the range of essential / desirable competencies around each	April 20xx	HR
		Establish a library of interview questions (and model answers?) that assist with the selection process	May 20xx	HR/DP
		Undertake thorough & robust selection interview training for key managers	July 20xx	HR
<p><b>We need ...</b></p>		Investigate other test / selection methods to supplement the interview process	July 20xx	HR
		Honestly assess our existing capabilities	Sept 20xx	HR/DP
		We then need to repeat the process for the less critical job roles		HR/DP


The Red Issues Identifier™ can be used either independently, or with your team, as the name suggests, to identify those things that are absolutely critical to the long term success of the organisation. These are often a mix of external / strategic issues together with any pertinent internal process improvement issues that need to be addressed.

Note 1) There may be some crossover with the issues raised in the Process Improver™

Note 2) Ignore the by when by who columns for the moment, we'll complete once we have collated everybody's notes as part of the project

# Appendix 4 – Process improver™

“Applying science to the art of management.”



## The Process Improver™

**STATIUS**  
MANAGEMENT SERVICES  
RAISING STANDARDS • OPTIMISING ORGANISATIONS

Version 2

+	Process / description – what is done	How it adds value to our clients	What needs to improve?
	<i>Marketing activities – example</i>		
	<i>Web site</i>	<p><i>The web site provides information that helps potential clients make decisions. Clients can also place orders in their own time and at their own pace without having to contact us.</i></p>	<p><i>More case studies with a better detailing of the benefits our services provide are required. We need to tell a better story with more credibility.</i></p>
	<i>Sales collateral</i>	<p><i>Provides information that helps potential clients make decisions. Generally the hard copy collateral is very good at differentiating us from our competition</i></p>	<p><i>However, the hard copy “giveaway” collateral needs to match the look and feel of the recently updated web site.</i></p>

The Process Improver™ can be used on your own, or with your team, to detail the various activities you undertake in order to win and deliver work. This is usually done in the sequence in which the activities occur, and then to assess how those activities add value to your clients and specifically what aspects need to improve. The form can be used for just one process or many, there is no right and wrong.







## Additional Briefings:

### *It's broken – Housing repairs and other field service operations*

An examination of systems thinking as applied to housing repairs and other field service operations. In the housing arena, a plethora of Government targets is actually hampering the effort to improve. This paper seeks to return to basics, that is, to define the “purpose” of the system and, from there, create management systems that deliver value to the tenant or client.

### *David and Goliath: Optimisation 3D™ and Six Sigma*

Six Sigma has mixed reviews in the press. This paper seeks to examine the fundamental focus of Six Sigma and contrast it with the Staius process, Optimisation 3D™, whose focus is to delight the customer.

### *Targets, goals and other management myths*

Conventional wisdom is that managers set targets and then create systems to monitor, measure and control the execution of these targets. These systems include budgets, performance management, incentives and appraisals, which are used to exercise control and ensure that targets are met. Simple, obvious and wrong! This paper sets out a “systems thinking” alternative.

### *Creating competitive and compassionate contact centres*

Contact centres play a critical role in many firms and sectors. However, they are often labelled as the “sweatshops” of modern business industries offering repetitive, pressured and boring roles with little, if any, career progression for the staff employed there. This paper applies systems thinking to contact centres in order to create competitive *and* compassionate environments.

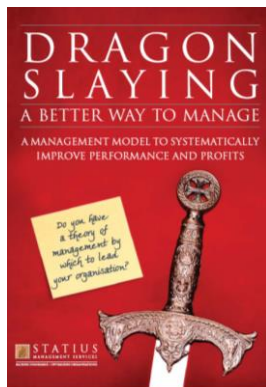
### *Are you the lucky one?*

This paper undertakes an examination of performance appraisal systems and of merit rating in particular. It uses “The Red Beads” thought experiment to highlight the issue of the “natural variation” that exists within any process and the folly of assigning good, or bad, results to individuals instead of to the system.

### *Easy Meat? Cutting the Fat in Construction*

The purpose of Lean Construction is to increase capacity by designing the construction process to optimally respond to customer demand. So, if an organisation can cut even just small chunks from the 55-65% of work that the Lean Construction Institute estimate is used to produce waste, staggering results can be obtained. This paper explores that debate.

## Dragon Slaying



Dragon Slaying picks apart a number of management myths. The benefits in adopting the ideas in the book are:

- A more informed understanding of how an organisation delivers value to customers and stakeholders; how the work in an organisation works
- The development of a strategy for “Listening to Customers and Stakeholders”
- The development of the organisation in which everyone’s efforts result in:
  - Better strategies;
  - Better systems;
  - Better measurement; and
  - Engaged people delivering better results

Obtain a copy from [www.dragonslaying.co.uk](http://www.dragonslaying.co.uk)

## Optimisation 3D™

- Process excellence
- Employee Engagement
- Lean
- Performance measurement and management
- Analysing and interpreting data
- Process prediction charting / statistical process control
- Developing and improvement culture

## Strategy

- Business excellence
- Risk management
- Business and strategic planning
- Marketing strategy
- Business continuity planning and disaster recovery

## People

- Investors in people
- Management team development

## Systems

- Quality management
- Environmental management
- Health and safety management
- Corporate social responsibility
- Information security management
- European Union (new Approach) Directives
- Risk assessment
- Integrated management systems
- Maintenance services

Status Management Services Ltd is a management consultancy practice whose purpose is to ensure clients are delivered:

- Better strategies
- Better systems
- Better measurement and
- Engaged people delivering better results



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