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VOLUME 2

# A STUDY OF MANAGEMENT AND ORGANIZATION DEVELOPMENT IN A U.K. SHIPPING TRANSPORT AND TRADING COMPANY

1972-80

D. John Rees

Thesis submitted for the Degree of Master of Arts

Supervisor: Professor H.C. Baker

UNIV DUNELM
19 JUN 1987

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Appendices 24-65 relate to management and organization development activities, post-1976.

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APPENDIX 1

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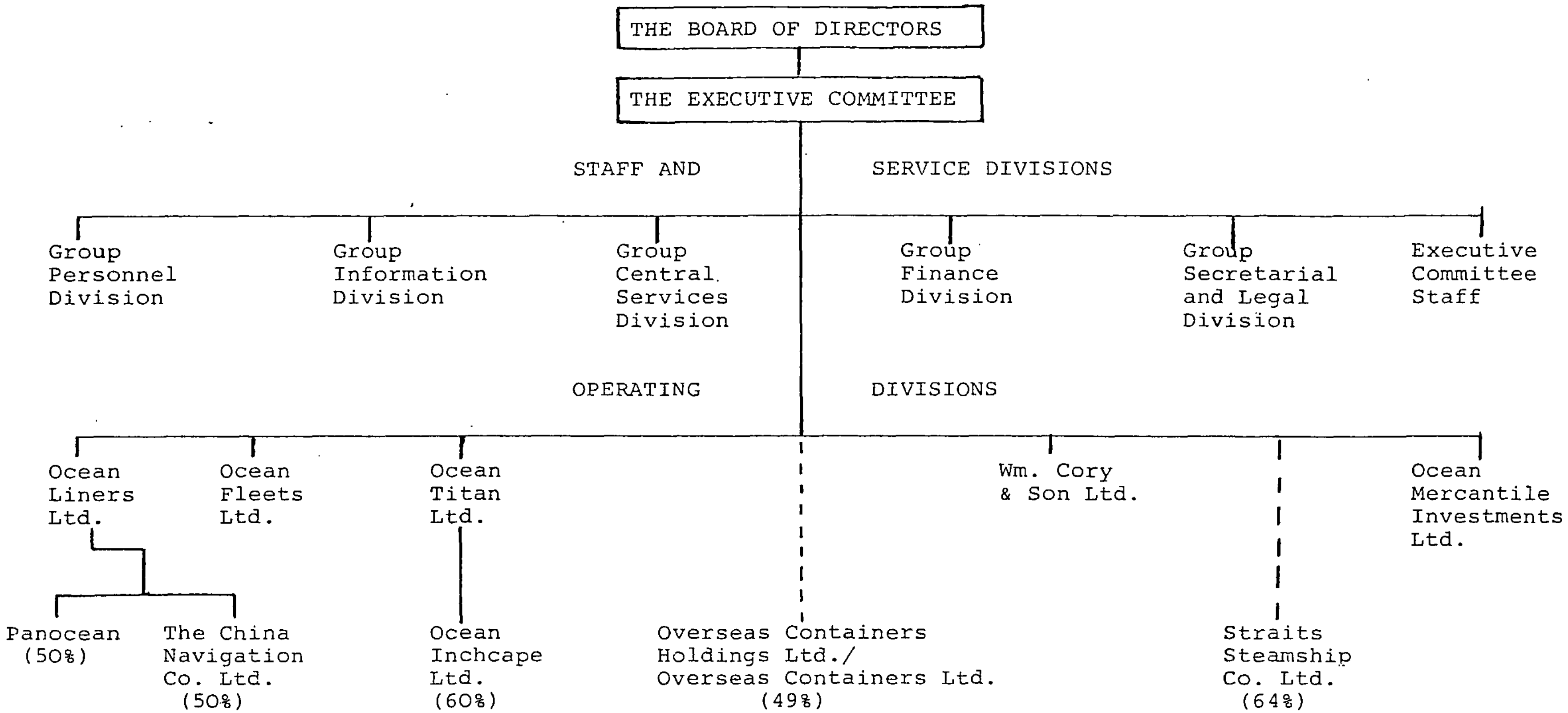
## 1973

## ORGANISATIONAL STRUCTURE FOR OCEAN



THE BOARD OF DIRECTORS

THE EXECUTIVE COMMITTEE

STAFF AND SERVICE DIVISIONS

- Group Personnel Division
- Group Information Division
- Group Central Services Division
- Group Finance Division
- Group Secretarial and Legal Division
- Executive Committee Staff

OPERATING DIVISIONS

- Ocean Liners Ltd.
  - Panocean (50%)
  - The China Navigation Co. Ltd. (50%)
- Ocean Fleets Ltd.
- Ocean Titan Ltd.
  - Ocean Inchcape Ltd. (60%)
- Overseas Containers Holdings Ltd./ Overseas Containers Ltd. (49%)
- Wm. Cory & Son Ltd.
- Straits Steamship Co. Ltd. (64%)
- Ocean Mercantile Investments Ltd.

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## OCEAN'S PRINCIPAL BUSINESSES AND THEIR DIVISIONS - 1976

| Major Activities | Principal Companies | Divisions |
|---|---|---|
| Far East Trade | Blue Funnel Line Ltd<br>Glen Line Ltd | Ocean Liners (O.L.L.) |
| Indonesian Trade | Blue Funnel Line Ltd<br>Nederlandsche Stoomvaart Maatschappij 'Ocean' N.V.<br>(All operating in Ben/Ocean Joint Service) | |
| Straits/East Australia Trade | Blue Funnel Line Ltd | |
| Jeddah Trade | Blue Funnel Line Ltd | |
| Trans Pacific Trade | Barber/Blue Sea Line | |
| West African Trades | Elder Dempster Lines Ltd<br>The Guinea Gulf Line Ltd | |
| Stevedoring | Liverpool Maritime Terminals Ltd (48%)<br>Borneokade (N.S.M.O.) Amsterdam | |
| Wharf Operation | West Africa Terminal Ltd Tilbury (51%)<br>Rea Bulk Handling | |

A2

Appendix 2

| Major Activities | Principal Companies | Divisions |
|---|---|---|
| Ships Agency - West Africa | Elder Dempster Agencies (Nigeria) Ltd<br>Elder Dempster Agencies (Banjul) Ltd<br>Sierra Leone Shipping Agencies Ltd (50%) | Ocean Liners (O.L.L.) |
| Ships Agency - U.K. | McGregor, Gow & Holland Ltd<br>Roxburgh Henderson & Co. Ltd<br>Ocean Shipping Agencies Ltd<br>Bellamy & Co (Plymouth) Ltd<br>William Hurst Ltd | |
| Ships Agency & Forwarding Holland | Meyer & Co's Scheepvaart Maatschappij N.V. | |
| Property - West Africa | West African Properties (Nigeria) Ltd | |
| Chemical Parcel Tankers | Panocean Shipping & Terminals Ltd (50%) | |
| Chemical and Veg. Oil Storage | Panocean Shipping & Terminals Ltd (50%) | |
| Tankers | - | Ocean Titan Ltd (O.T.L.) |
| Bulk Carriers | - | |
| Oil Rig supply vessels | Ocean Inchcape Ltd (60%) | |
| Terminal Management | Ocean Inchcape Ltd (60%) | |
| Brokerage (Charter and Sale and Purchase) | Ocean McGregor Ltd | |
| Harbour Towage - U.K. and Eire | Cory Ship Towage Ltd<br>Rea Towing Co Ltd | |
| Harbour Towage - Overseas Marketing of Ship Management | Smit & Cory Intl. Port Towage Ltd (50%) | |

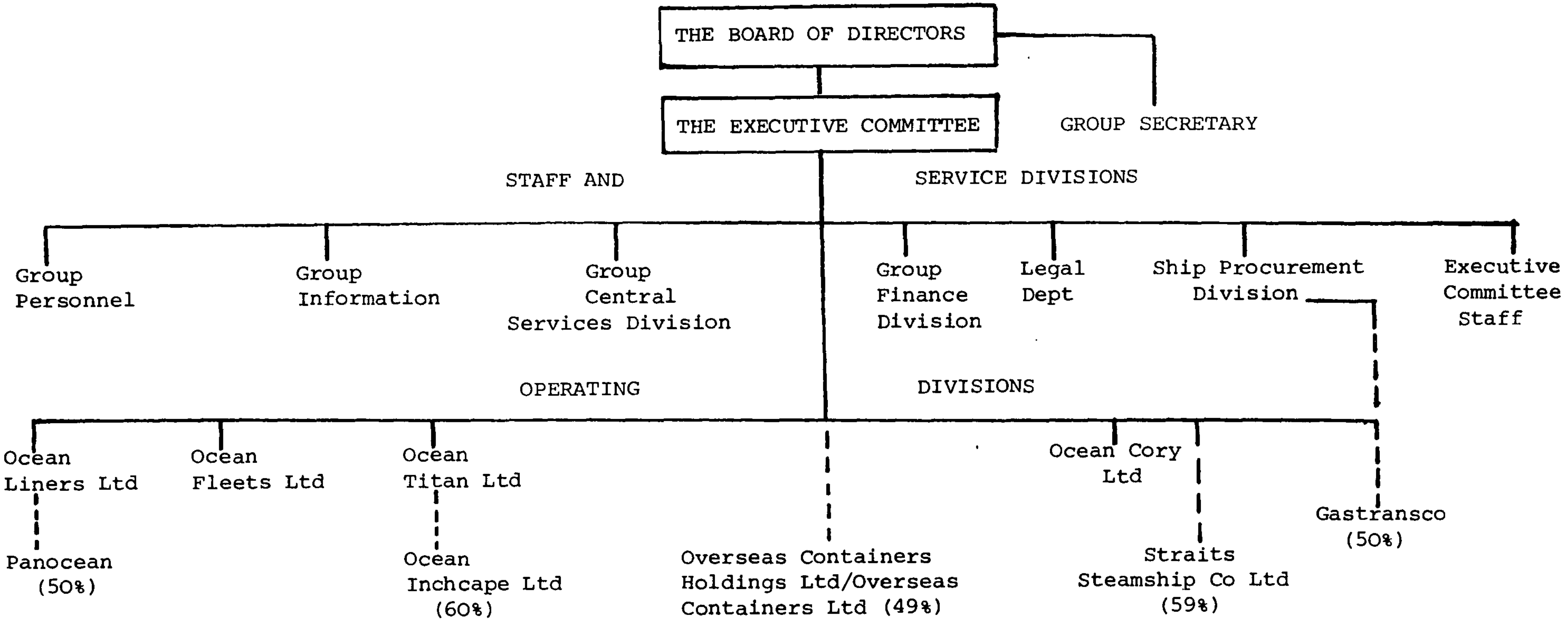
| Major Activities | Principal Companies | Divisions |
|---|---|---|
| L.N.G. | Gastransco S.A. (50%) | Ship Procurement Division (S.P.D.) |
| Ship Procurement | | |
| Ship Management and allied services | Ocean Fleets Ltd | Ocean Fleets Ltd (O.F.L.) |
| Ship Design & Shipbuilding Supervision | Ocean Fleets Ltd | |
| Ship Repair on Merseyside | Ocean Fleets Ltd | |
| Regional Shipping (unit load and passenger) - S.E. Asia | Straits Shipping Pte Ltd<br>Blue Funnel (S.E.A.) Pte Ltd | Straits Steamship Co Ltd. (59%) (Straits) |
| Coastal shipping (liquids) - Malaysia | Syarikat Perkapalan Kris Sdn. Bhd. | |
| Containership agency (OCL) - Singapore | Mansfield Container Services Pte Ltd | |
| Ship agency and management - Singapore | Mansfield Shipping Services Pte Ltd | |
| Freight forwarding, storage and distribution, packing and removal of household effects, container servicing - Singapore | Warehousing & Transportation Pte Ltd | |
| Travel agency and tours - Singapore and Malaysia | Mansfield Travel Pte Ltd<br>Mansfield Travel Sdn. Bhd. | |
| Car rental (Avis) - Singapore | National Car Rentals (Pte) Ltd (41%) | |

| Major Activities | Principal Companies | Divisions |
|---|---|---|
| Precision engineering - marine, mechanical, hydraulic, electrical and gas turbine - Singapore | Watt & Akkermans Sdn. Bhd. (50%) | Straits Steamship Co Ltd (59%) (Straits) |
| Oil rig service vessels - Asia | OIL (Asia) Pte Ltd (50%)<br>Borneo Straits (Brunei) Ltd (50%) | |
| Oilfield services and bases - S.E. Asia | Ocean Inchcape (Brunei) Ltd (50%)<br>Pernas OIL (Sabah) Sdn. Bhd.(17%) | |
| Oilfield manufacturer's agents, rental of oilfield equipment and stock points - S.E. Asia and U.S.A. | APSCO (Asia) Pte Ltd (50%)<br>Oil Fields International Inc (50%) | |
| Computer bureau services - Singapore, Malaysia and Hong Kong | Computer Processing Services Pte Ltd<br>Computer Processing Services Sdn Bhd<br>CPS Data Processing Ltd | |
| Property development and management - Singapore and Malaysia | Ocean & Capital Properties Pte Ltd (85%)<br>Straits & Capcount Properties Snd Bhd (85%) | |
| Property ownership - Singapore | Mansfield Properties Pte Ltd<br>Ocean Properties Pte Ltd (75%) | |
| Insurance broking - Singapore | Sedgwick Forbes Pte Ltd (32.5%) | |

| Major Activities | Principal Companies | Divisions |
|---|---|---|
| Oil Distribution | Wm Cory & Son Ltd<br>Rea Ltd<br>Fuel Supplies (CI) Ltd | Ocean Cory Ltd. |
| Solid Fuel | Wm Cory & Son Ltd | |
| Lighterage | Wm Cory & Son Ltd<br>Cory Lighterage Ltd<br>The Mercantile Lighterage Co Ltd<br>Cory Tank Craft Ltd | |
| Ship Building | J.W. Cooke & Co (Wivenhoe) Ltd | |
| Aggregates & Quarries | Cory Sand & Ballast Co Ltd<br>South Coast Sand & Ballast Co Ltd (50%)<br>Cory Hall Aggregates Ltd (50%)<br>South Coast Shipping Co Ltd (50%) | |
| High Street Distribution | Cory Distribution Services<br>Archbolds (Storage) Ltd | |
| Domestic Haulage | McGregor Cory Cargo Services | |
| Warehousing & Cold Storage | McGregor Cory Cargo Services | |
| International Freight Forwarding | McGregor Cory Cargo Services | |
| International Road Transport | McGregor Cory Europe Ltd | |
| Internal Road Haulage | Henry Long Group | |
| International Air Freight | McGregor Swire Air Services Ltd (90%) | |
| Container & Trailer Repair | Repcon (UK) Ltd | |
| Wholesale/retail Distributors (Eire) | Suttons Ltd | |
| Caribbean Activities | Ocean Caribbean Ltd | |

# ORGANIZATIONAL STRUCTURE FOR OCEAN

## 1976


THE BOARD OF DIRECTORS
GROUP SECRETARY
THE EXECUTIVE COMMITTEE
STAFF AND
SERVICE DIVISIONS
Group Personnel
Group Information
Group Central Services Division
Group Finance Division
Legal Dept
Ship Procurement Division
Executive Committee Staff
OPERATING
DIVISIONS
Ocean Liners Ltd
Ocean Fleets Ltd
Ocean Titan Ltd
Ocean Cory Ltd
Panocean (50%)
Ocean Inchcape Ltd (60%)
Overseas Containers Holdings Ltd/Overseas Containers Ltd (49%)
Straits Steamship Co Ltd (59%)
Gastransco (50%)

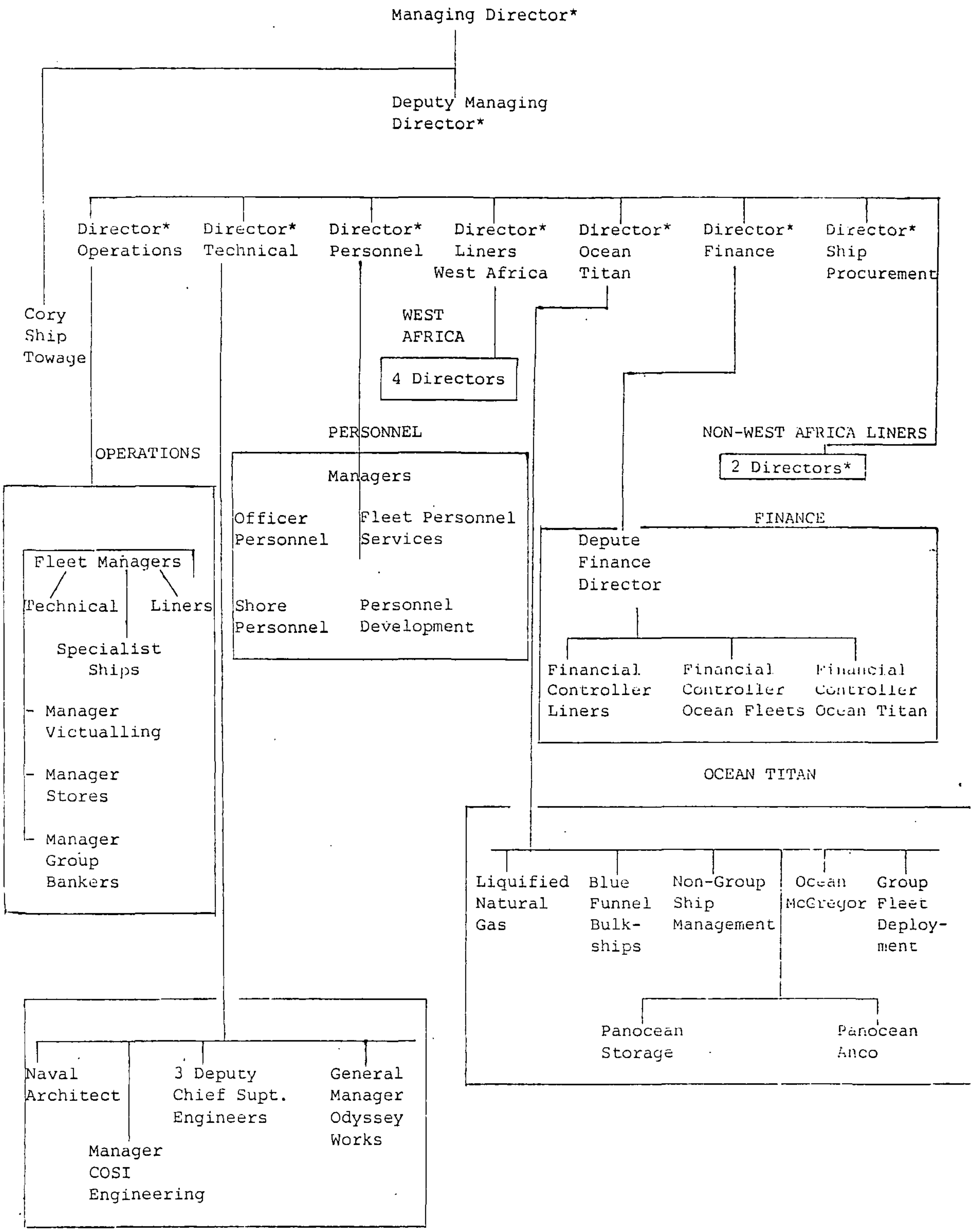
A7

Appendix 3

A8

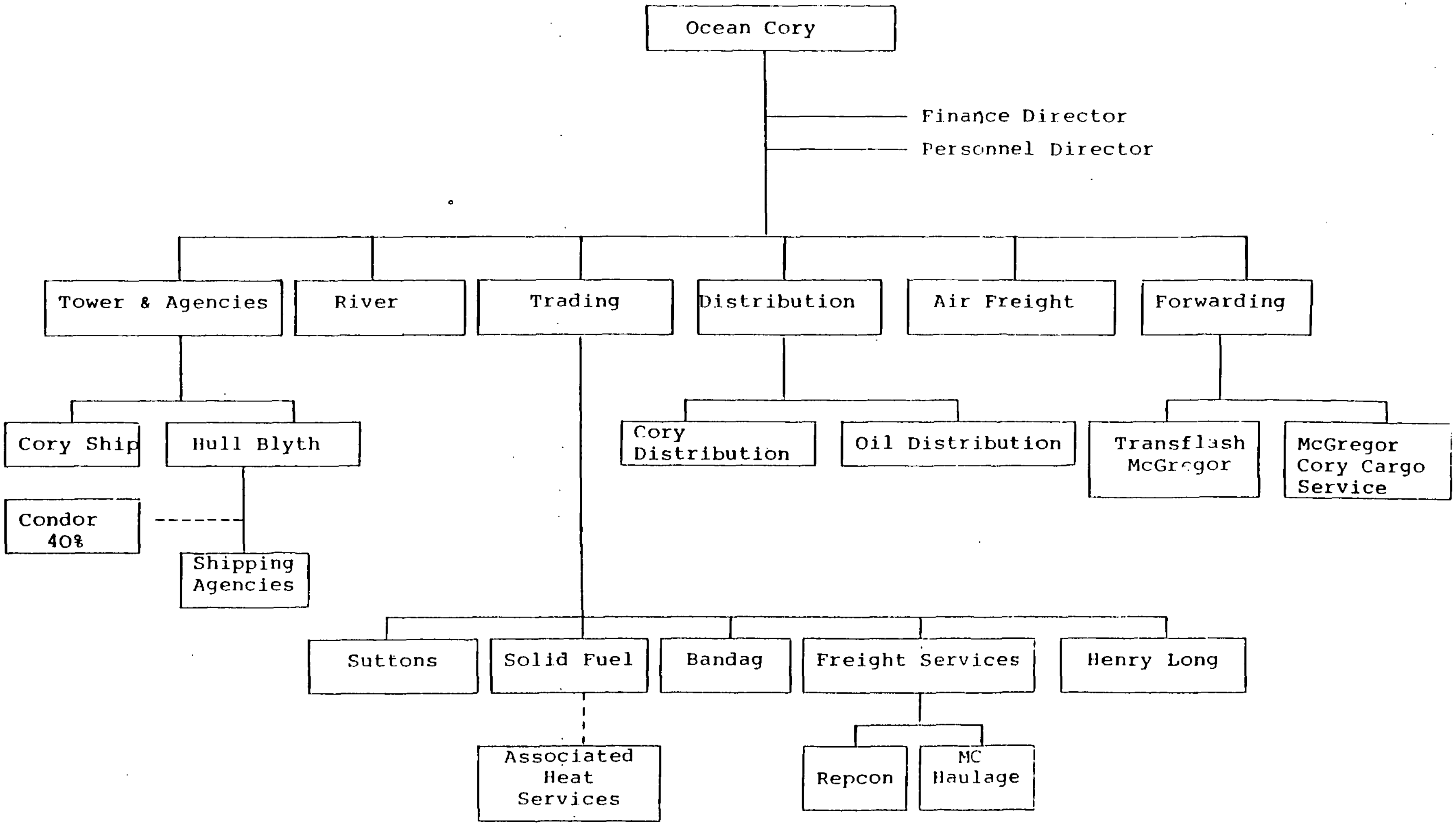
APPENDIX 4

## Ocean Marine Division - March 1979


Managing Director*
Deputy Managing Director*
Cory Ship Towage
Director* Operations
Director* Technical
Director* Personnel
Director* Liners West Africa
Director* Ocean Titan
Director* Finance
Director* Ship Procurement
WEST AFRICA
4 Directors
OPERATIONS
Fleet Managers
Technical
Liners
Specialist Ships
Manager Victualling
Manager Stores
Manager Group Bankers
PERSONNEL
Managers
Officer Personnel
Fleet Personnel Services
Shore Personnel
Personnel Development
NON-WEST AFRICA LINERS
2 Directors*
FINANCE
Depute Finance Director
Financial Controller Liners
Financial Controller Ocean Fleets
Financial Controller Ocean Titan
OCEAN TITAN
Liquified Natural Gas
Blue Funnel Bulk-ships
Non-Group Ship Management
Ocean McGregor
Group Fleet Deployment
Panocean Storage
Panocean Anco
Naval Architect
Manager COSI Engineering
3 Deputy Chief Supt. Engineers
General Manager Odyssey Works

* Members of Ocean Marine Division Board

# Ocean Cory Divisional Organization April 1979


Ocean Cory
Finance Director
Personnel Director
Tower & Agencies
River
Trading
Distribution
Air Freight
Forwarding
Cory Ship
Hull Blyth
Condor 40%
Shipping Agencies
Cory Distribution
Oil Distribution
Transflash McGregor
McGregor Cory Cargo Service
Suttons
Solid Fuel
Bandag
Freight Services
Henry Long
Associated Heat Services
Repcon
MC Haulage

A9

Appendix 4a

# JOB DESCRIPTIONS

Reference has been made in Chapter 5 to job descriptions of two kinds, firstly, those prepared by the Boston Consulting Group and, secondly, those prepared in association with HAY/MSL consultants.

In the case of the Boston job descriptions the job analyst questioned the job holder and his/her supervisor, but there was minimal two-way discussion. The HAY/MSL approach provided for involvement of the job holder in the analysis of his/her job. The benefits of the HAY/MSL system were:

1. highlighting the purpose and dimensions of the job;
2. setting out clearly the principal accountabilities;
3. providing a description of the nature and scope of the job - giving the job holder an opportunity to set out the 'drama' of the job role, and
4. giving a framework for linkage with individual performance planning.

It is opined that the HAY/MSL approach provided for a realistic conjunction between the planning process, both the organisational and individual performance plans, management development, organisational review and audit and manpower planning.

In the Ocean Group the HAY/MSL approach was the basis for Salary Administration; a note on this is attached at Appendix 5(a).

All

Appendix 5(a)

## SALARY ADMINISTRATION

### Introduction

1. An effective system of salary administration should provide for:

   a) the maintenance of a salary structure that facilitates the recruitment, motivation and retention of high calibre personnel.

   b) consistency in evaluating jobs which ensures a logical relationship between the highest and lowest paid jobs in and across functions.

   c) methods of establishing salary ranges that are internally logical and which ensure consistency in payment.

   d) comparison of internal salary structures and total remuneration with those of other companies.

   e) closer control of salary costs.

   f) a basis for sound and continuing salary administration, performance assessment, and rewarding individuals according to performance.

2. In order to be fully effective they should also complement and provide information for:

   a) management development

   b) managing for results

   c) organisational review and audit

   d) manpower planning

3. Several systems of salary administration exist. Some may meet a company's particular requirements better than others, and certain specially devised methods might evaluate the guts of a job more comprehensively than the better known national and international systems. However, strengths in some aspects are often counter-balanced by weaknesses, particularly in the matter of comparability and complexity.

### HAY-MSL

4. The Hay-MSL system closely meets each of the requirements listed earlier. Many UK companies have now adopted the Hay-MSL system of salary administration and have used outside consultants to install the system. This has enabled the companies to obtain a measure of objectivity in analysing managerial and other jobs. The importance of the job analysis cannot be overstressed.

5. The Hay system was devised from a shop floor method of job evaluation by Edward N Hay in the USA shortly before the Second World War. He first used it to

evaluate bank staff jobs and since then it has developed internationally.

Management Selection Ltd., (MSL) are in partnership with Hay Inc. in operating the system in the UK, Europe and the Commonwealth. Over a hundred companies in the UK ranging in size from Shell, BP, Turner & Newall, the Ocean Shipping Group to Kalamazoo and Dexion have adopted the Hay/MSL system.

## HAY-MSL SYSTEM OF SALARY ADMINISTRATION

### Outline of Technique

The essential steps and data required for the Hay-MSL system of salary **administration** are:

### 1. Job Descriptions

These are written in narrative style and reveals what the job is (not what it should be) under these headings:

#### Purpose -

A brief statement explaining the end results to be accomplished by the job.

#### Dimensions -

Listing the most pertinent money and other statistics (e.g. sales turnover, number of subordinates) in order to show the magnitude of the job.

#### Nature and Scope of Position

This provides the major part of what needs to be known about the job. It describes, in narrative style, the job in dimension - the relationships, the major activities, challenges, knowledge required, and authority.

#### Key Accountabilities

Listing the most important end results which the job exists to achieve. These end results should not be confused with lists of responsibilities such as those identified by EFL Brech in his book Principles and Practice of Management for example, or in certain types of MBO job descriptions on the lines of John Humble's earlier work. The end results are enduring objectives of a job often not numbering more than eight, and cover aspects like setting objectives, planning, determining policy, etc.

### 2. Evaluation

Job descriptions are then evaluated in committees normally comprising the directors of each of the functions in a company. In this way multi-judgement of jobs is achieved. Jobs are evaluated from guide charts which distinguish three areas:

| | INPUT |
|---|---|
| Know-How | The total of skills required to perform the job acceptably in terms of -<br>o depth of knowledge of practical procedures, specialised techniques or scientific disciplines; |

| | |
|---|---|
| | o breadth of management know-how in integrating and harmonising the diverse elements involved in mangerial situations,<br>and<br>o the skill needed to motivate people. |
| Problem Solving | OUTPUT<br>What framework is around the thinking situation; what kinds of problems the job has to solve, whether it is prescribed and what help there is for it; how much reliance is there on precedence and how much thinking must be original. |
| Accountability | The answerability for action and the consequence, of that action measured in terms of the freedom to act, whether it has direct or indirect impact on end results, and the general money size most clearly affected by the job. |

3. Points are allocated to each of the three elements of a job - Know How, Problem Solving nad Accountability - and totalled. The percentage of the points for each element are calculated in order to find the profile of the job, that is to say, the relationships of each element - whether a job requires more thinking than action. This profiling mechanism is also a check on the evaluations.

4. Tabulation

   Jobs are placed in ranking order according to total points or job units as they are referred to by Hay-MSL. This is a continuous process throughout the evaluation exercise and the rankings are frequently reviewed to check if any jobs appear to have been wrongly assessed in relation to other jobs. If there are anomalies or "sore thumbs", the job or jobs are again evaluated.

5. Graphing

   The final list of jobs in ranking order are then plotted on a graph against the co-ordiantes of points and actual salaries being paid. The resulting scattergram is reviewed and the line of best fit or median is calculated in order to show the existing aligmment of jobs. These scattergrams can also be prepared for each function.

6. The Hay-MSL median line is also plotted and compared with the company median or line of best fit. (This median is provided by Hay-MSL from the annual survey of salaries being paid by all participating companies).

7. Determining the Salary Line

   Comparison of the company's existing salary line with the Hay-MSL median lines (average and upper and lower quantities) will show graphically certain features such as:

   > A company may be paying more than the Hay-MSL median for jobs evaluated at less than 400 job units, and

less for more highly rated jobs.

There may be lack of logic in paying jobs in different functions For example, sales managers' jobs rated at 700 job units might, according to existing salary policies, be paid more than production managers' jobs with the same number of job units.

8. After detailed comparison a company then decides on a salary line appropriate to its needs. It may decide to follow the Hay-MSL median line, or align itself slightly above it, or pay more for higher evaluated jobs.

9. The new salary line for the company is then calculated and an equation will give the midpoint salary for each job. The salary range for each job is 20% either side of the midpoint value of the job, e.g.

Midpoint salary for 700 job units is, say, £12500
Range = £10000 - £15000

The position of an individual in the range should depend primarily on his performance in that job.

10. Updating the Salary Line

Each year those companies using this system provide Hay-MSL with information on the base salaries they are paying as well as bonuses and other items in the salary package - pension schemes,cars etc. Hay -MSL then compile new graphs and the equation for the median, lower and upper quartile salary lines.

11. Participating comapnies then review their own salary lines against the national medians and consider in what way they willmove their own lines.

12. Association with Hay-MSL allows companies to discuss their salary adminstration problems with other member companies.

DJR

## OCEAN FLEETS DIVISION : DRAFT JOB DESCRIPTION

Job Title : Managing Director and Ships' Husband

Reports to : The Executive Committee

Function : Responsible for the manning, maintenance and safe operation of Group and third party ships in accordance with agreed plans and budgets and for the provision of related services; and for the well being of all members of the Ocean Fleet Division.

## EXECUTIVE RESPONSIBILITIES

1. Acts as Ships' Husband for all ships managed by the division, including supervision of N.S.M.O.'s husbandry of the Dutch flag ships.

2. Responsible in law for the welfare of the seafarers and for the safety and maintenance of the ships.

3. Responsible to the Ocean Board and the Executive Committee for maintaining high morale throughout the fleet and for seeing that appropriate personnel policies are enforced throughout the division.

4. Responsible for all aspects of the division's performance, principally the management of Ocean's ships in accordance with the standards and budgets agreed with the management of Liner Division and Special Shipping Division.

5. Acts as a senior representtive of the Ocean Group in dealings outside the company in matters relating to the administration and operation of the Ocean fleet.

6. Responsible for the development of ship management contracts with third parties (including O.C.L.).

7. Develops new concepts of ship management which might be appropriate for Ocean in the long term.

8. Makes sure that every effort is made by members of the division to supply information required by other parts of the Group, especially where projects for new or modified ships are being developed.

9. Ensures that the division has made adequate plans to take over the management of new ships, and that the transition from a development project to satisfactory operation takes place.

10. Authorises all special projects undertaken within the division and reviews performance on these projects.

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11. Makes sure that the division has recruiting and training plans which will provide an adequate stream of trained seafarers and specialists to meet the long term plans of the Commercial Divisions as well as those for proposed third party business.

12. Interviews a reasonable number of Masters and Chief Engineers. Endeavours to know all Masters personally and to be available to see them on request.

13. Evaluates all major incidents in the fleet, making sure that the opinions of the appropriate experts have been taken into account.

14. May draw upon the advice of the Managing Directors of Liner and Special Shipping Divisions, as necessary, but still retains complete responsibility for the division.

15. Oversees relationships with third party customers.

16. Represents Ocean Fleets on the Marine Committee.

## ADMINISTRATIVE RESPONSIBILITIES

### A. Organisational

17. Responsible for the administration of the following businesses and departments which report to him:

- Commercial Development
- Controller
- Engineering
- Marine Operations (Liners)
- Marine Operations (Special and Third party ships)
- Nautical Adviser
- Naval Architecture and Ship Repair
- Ship Procurement

This includes definition of responsibilities together with the delegation of these responsibilities and procedure making powers as appropriate, whilst retaining ultimate responsibility himself.

18. Makes sure that Group policies are adhered to by members of Ocean Fleets, and proposes and discusses with the Executive Committee additions and/or modifications to these policies when considered desirable for Ocean Fleets.

19. Pays particular attention to the co-ordination and co-operation of all departments within Ocean Fleets.

20. Ensures that the functional departments under him are keeping abreast of developments in their areas of functional expertise so that the Group and third party customers are provided with advice and new techniques which will benefit them.

### B. Personnel

21. Liaises with the Group Personnel Division to make sure that the careers of people in Ocean Fleets are fully developed and recommends to the Executive Committee appointments, promotions and salary changes among the senior managers in Ocean Fleets.

22. Reviews and approves all recommended promotions to Master and Chief Engineer and all recommended dismissals from these positions.

### C. Control

23. Oversees the preparation of budgets for the departments reporting to him and ensures that the total charges and charging bases for the services provided by the relevant departments are agreed with users in advance.

24. Reviews and approves the budgets for the businesses and departments reporting to him and evaluates individual businesses' and departments' performance against budget.

25. Prepares an annual budget for Ocean Fleets and submits it to the Executive Committee for their approval, and is subsequently held responsible for any variance of actual performance from budget.

### D. Interdepartmental

26. Submits third party ship management contracts to the Marine Committee for their comments.

27. Oversees the division's relationships with other parts of the company, making certain that the Commercial Divisions needs are met as far as possible.

28. Makes sure that the division is making best use of the services available at Group headquarters or in other divisions, and that it obtains the desired quality of service and is charged an appropriate price.

### REPORTS

29. Reports quarterly to the Executive Committee on the division's prospects and performance against budget.

30. Presents, annually, to the Executive Committee, the division's overall plan.

# OCEAN FINANCE DIVISION : DRAFT JOB DESCRIPTION

Job Title : Group Controller and Deputy to M.D.

Reports to : Managing Director

Function : Responsible for all aspects of the Group's management information system

## EXECUTIVE RESPONSIBILITIES

1. Works with the Executive Committee, the strategic planning staff, and divisional and departmental management to establish and maintain an effective Budgetary System throughout the Group. Assumes overall responsibility for all elements of this system.

2. Agrees the bases used in the budgetary charging system for developing output charges for each department's activities with the divisional controllers and the managers of the divisions, businesses and departments concerned. Charges must be made and reported in a manner which allows management to assess the value of individual businesses and the contributions made by each individual organisational unit as well as the performance of the Group as a whole.

3. Responsible for the smooth functioning of the budgetary interaction process, offering advice to the managers participating in the process, and seeing that disputes arising from the process are resolved fairly. Refers otherwise intractable problems to the Executive Committee for resolution, and informs the Managing Director, Finance.

4. Attends the meetings at which strategic plans are presented to Executive Committee for the purpose of preparing Control Minutes for the Executive Committee's approval.

5. Ensures that information required by the Control Minute is reported as appropriate and that explanations are received for all major variances from plans and budgets.

6. Ensures that Group financial and accounting policies are adhered to in the operation of the Budgetary System.

7. Ensures that forecasts of the Group's financial results are prepared periodically during the year, reflecting, realistically, all data on actual and anticipated performance available at the time.

8. In conjunction with the Executive Committee, divisional management and the Group Strategic Planner, plans the programme and agenda for the strategic planning and the budgetary review meetings.

## ADVISORY RESPONSIBILITIES

9. Helps central management to interpret the results of operations and performance against budgets, and attends budget review meetings.

10. Understands and keeps records of the differences in treatment of accounting information for management accounting and statutory accounting, so as to be able to explain, to Group Management, apparent differences in performance due to differences in accounting procedures.

11. Advises divisional Managing Directors and General Managers on the organisation of the accounting functions within their operating units and on the selection of accounting personnel.

12. Advises divisional Managing Directors and General Managers without nominated divisional controllers on the appropriate bases to use in developing output charges.

13. Helps the divisional Managing Directors and General Managers without nominated divisional controllers, analyse and explain any deviation from budget.

## ADMINISTRATIVE RESPONSIBILITIES

### A. Organisational

14. Responsible for the internal administration of the Group Controller's Department. This includes allocation of delegated responsibilities and tasks to departmental personnel whilst retaining ultimate responsibility for the overall function of the department himself.

15. Agrees with divisional controllers and operating management, the allocation of budget review report preparation work between divisional staff and central accounting departments.

16. Maintains personal contact with divisional controllers throughout the Group and provides guidance where needed.

### B. Personnel

17. Performs the functional evaluation of divisional controllers and their accounting work and, in conjunction with the Group Financial Accountant, advises his Managing Director and the Group Personnel Division on appointments and promotions within the accounting function in the Group.

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## C. Control

18. Prepares an annual budget for his department, submits it to the Managing Director for his approval, and is subsequently held responsible for any variance of actual performance from budget.

## D. Interdepartmental

19. Liaises with the Group Financial Accountant to ensure that the preparation of budgetary reports and financial reports is done in the most efficient way for the Group as a whole.

20. Works closely with the Internal Auditor to ensure that the Group's management information system is functioning effectively and efficiently.

## REPORTS

21. Reports quarterly to the Managing Director on the Group Controller's Department's performance against budget.

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Appendix 5 Annexe 3

## OCEAN EXECUTIVE COMMITTEE STAFF : DRAFT JOB DESCRIPTION

Job Title : Group Strategic Planner

Reports to : The Executive Committee

Function : Responsible for the effective and efficient operation of the strategic planning and control system

### EXECUTIVE RESPONSIBILITIES

1. Responsible for ensuring that Ocean's management is aware of and understands the strategic planning system; includes visiting individual divisions and businesses and arranging courses.

2. Receives, collates and distributes the plans and budgets submitted by Ocean divisions.

3. In conjunction with the Executive Committee, divisional management and Group Controller, plans the programme and agenda for strategic planning and budgetary review meetings.

4. Attends all strategic planning and budgeting review meetings and ensures that adequate minutes of these meetings are kept.

5. Follows up, as necessary, on matters arising from these meetings and on all decisions of the Executive Committee concerning strategic planning.

### ADVISORY RESPONSIBILITIES

6. Assists the Executive Committee in the development of objectives for the Ocean Group and in the analysis of the implications of alternative allocations of Group resources.

7. Helps Ocean's divisions develop plans for their businesses in accordance with the required procedures and formats.

8. Reviews the strategic plans and budgets submitted by each business and division and comments to the Executive Committee on the plan and its potential role in the Group portfolio.

9. Helps the Group Controller prepare the Control Minutes for each business.

10. Assists the Executive Committee in the strategic appraisal of capital expenditure projects and potential acquisitions.

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## ADMINISTRATIVE RESPONSIBILITIES

### A. Organisational

11. Responsible for the administration of the strategic planning function. Includes the allocation of responsibilities and tasks between his assistant and himself.

### C. Control

12. Helps the Deputy Chairman prepare an annual budget for the Executive Committee Staff.

### D. Interdepartmental

13. Draws on the assistance of the other sections of the Executive Committee Staff as necessary.

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Appendix 5 Annexe 4

## OCEAN LINER DIVISION : DRAFT JOB DESCRIPTION

Job Title : Manager of Cargo Care

Reports to : Managing Director

Function : Represents the various trades within Ocean Liner Division in dealing with outside bodies regarding the correct carriage and out-turn of cargo, including claims and complaints and provides certain related staff and advisory services.

### EXECUTIVE RESPONSIBILITIES

1. Settles any claims for incorrect carriage of cargo within policies laid down by the Managing Directors and trade managers.

2. Maintains statistics on such claims and circulates them to the trade managers and the Managing Directors of the division.

3. Prepares estimates of future costs of cargo claims, as requested by trade managers.

4. Ensures that Liverpool cargo entrusted to his departments' care is kept safe.

### ADVISORY RESPONSIBILITIES

5. Advises the trade managers and the Managing Directors of any changes in the carriage of cargo, or the payment of claims, which are likely to benefit the division.

6. Provides advice to the trade managers on aspects of cargo handling relating to potential claims.

### ADMINISTRATIVE RESPONSIBILITIES

#### A. Organisational

7. Responsible for the administration of the following departments which report to him:

   - Security

   This includes definition of departmental responsibilities together with the delegation of these responsibilities and procedure making powers as appropriate, whilst retaining ultimate responsibility himself.

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## C. Control

8. Oversees the preparation of budgets for his department and the departments reporting to him and ensures that the total charges and charging bases for the services provided by these departments are agreed with trade managers in advance.

9. Reviews and approves the budgets for the departments reporting to him and evaluates individual departments' performance against budget.

10. Prepares an annual budget for his department and submits it to the Managing Directors for their approval, and is subsequently held responsible for any variance of actual performance from budget.

## REPORTS

11. Reports quarterly to the Managing Directors on the Cargo Care Department's performance against budget.

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Appendix 5 Annexe 5

**Ocean Transport & Trading Limited**

**JOB DESCRIPTION**

JOB TITLE: MANAGER, PORT & CARGO SERVICES

JOB HOLDER:

REPORTS TO: MANAGING DIRECTOR, OCEAN LINERS LIMITED

DIVISION: OCEAN LINERS

ACTIVITY or DEPARTMENT PORT & CARGO SERVICES

DATE: JULY 1976

AUTHORISED BY

## PURPOSE

Provide efficient services and be responsible for the cost of those services to Ocean Liner vessels in port and terminal operation, stevedoring, towage, ancillary services and the supply of bunkers.

Direct and control operations of Rea Bulk Handling and West Africa Terminals Limited and represent Elder Dempster interests on board of Liverpool Maritime Terminal.

## DIMENSIONS

See details attached

## PRINCIPAL ACCOUNTABILITIES

1. Ensure efficient port and cargo services are provided for Ocean Liner vessels.
2. Supervise contract negotiations with port authorities, terminal operators, stevedores etc.
3. Maintain regular review of performance/costs for each port and provide related advice to Trade Managers.
4. Maintain substantive checks on stevedores and agents' accounts and control cost of port and cargo services.
5. Provide OL/FC with forecasts of future costs in port activities for preparation of budgets and long range plans.
6. Seek out and recommend new methods of cargo handling to increase efficiency and obtain more economic results.
7. Provide trade managers with technical advice and supervisory personnel for new projects in cargo handling or port activities.
8. Represent company interests at meetings of associated companies, port authorities and ship owners.
9. Control operations and financial performance of Rea Bulk Handling and West Africa Terminal Limited.

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NATURE AND SCOPE Manager, Port & Cargo Services

The incumbent reports to the Managing Director, Ocean Liners Limited, along with the Director of Fleet Deployment and Agencies, Trade Director F.E./ Indonesia (Ben Ocean), Trade Director UK/Jeddah Service, Director of Conference Relations, Director of Personnel Administration and Cargo Care, Finance Director and Managing Director W A Trade (E.D. Lines)/Trade Director Barber Blue Sea and Executive Committee Member North America West Africa Line.

The following staff report to him:

## CARGO SYSTEMS ADVISER

His prime responsibility is cargo handling and containers. He investigates and reports on new cargo handling systems to defeat port congestion. Has been responsible for developing cargo handling systems for the Jeddah container roll on roll off services, which requires him to make 2/3 visits to the port annually. At present one Ocean ship operates each month ; from September there will be two.

Negotiates container leasing arrangements, refers informally to his Superior and Trade Managers. Obtains prices, etc. for new containers and recommends most suitable quotation to his Superior and appropriate Trade Manager.

## PORT & CARGO SERVICES CONTROLLERS

His principal task is to defeat port congestion in West Africa and improve loading at port of departure. There are 25 ports on African Coast, major problem is Nigeria (70% of Elder Dempster Line trade). Type of ship being used must be considered in order to maximise carrying capacity related to port unloading facilities and to decide which method of cargo handling should be used, e.g. Pre-Sling Cargo, Palletisation, Containers. Another most important task is to investigate special projects for development, e.g. the use of buoys for unloading vessels to barge. Job entails frequent visits to Nigeria to advise berth co-ordinators and agents of changes and developments in cargo handling methods and to advise agents on contractual arrangements with stevedores.

## SECTION LEADERS (2) COST AND PERFORMANCE CONTROL

There are two Section Leaders:- one with two supporting staff who is responsible for cost and performance control - Europe (excluding UK) to West Africa; the other has six supporting staff and performs a similar function for the UK to West Africa and UK to Jeddah trades.

The job holders make regular audits on 10% of incoming disbursement accounts, check agents commission, etc. against contract; ensure documents relating to services provided by Port, Ships' Agents, Stevedores, Towage Contractors are checked against contract/port tariff; authorise payment to agents, recover money due, record in suspense account. Due to delay in receiving disbursement accounts, local agents submit an agents general account monthly which the Section Leaders check and allocate charges; because of this delay and the need to obtain a reasonable estimate of voyage profitability as soon as possible, port and cargo costs for each voyage have to be estimated within 7 days of the vessels discharge at final port.

## BUNKER CLERK

Arranges stems for bunkering requirements according to ship/port, submits to suppliers monthly, maintains records of bunker uplifts from the 3 major suppliers. Informs Ships' Agents of bunker requirements and that the ship has been stemmed. Checks suppliers accounts for accuracy, requisitions cheque and ensures payment in accordance with agreement.

The General Manager, West Africa Terminals, Tilbury, General Manager, Rea Bulk Handling and the Executive Director, Liverpool Maritime Terminals, also report direct.

PORT AND CARGO SERVICES

The incumbent is responsible for the effective management of his department which functions to provide efficient port and cargo services to Ocean Linears and to control the cost of such services which include port and terminal operations, stevedoring, towage, ancillary services and the supply of bunkers. He has a very close working relationship with the Trade Managers on a day to day basis.

He reviews terminal and stevedoring arrangements and negotiates contracts annually for stevedoring and allied services in the European Ports on behalf of EDL. Others normally taking part in the contract negotiations include Trade Managers, Shipping Representatives and the local Ships' Agent.

The negotiations on behalf of Elder Dempster Lines are with the ports of Hamburg and Bremerhaven; he assists Palm Line with their negotiations at the port of Antwerp and Hoegh Line at the Port of Rotterdam.

Negotiations for provision of Terminal operations in the U.K. are more difficult and time consuming; contracts are signed by either the incumbent, the appropriate Trade Manager or an Ocean Director.

He negotiates with the Mersey Docks and Harbour Board on leases and payments for appropriated berths at Liverpool, specifically Brocklebank (EDL), Huskisson (EDL) and Vittoria (BF) Dock. Also taking part are representatives of the Shipping Line and/or Trade Manager, Stevedores (advise on feasibility) and the Port Authority at Director of Cargo Handling level. Negotiates contracts for cleaning, electrical maintenance and crane maintenance of berths. He negotiates with other UKWAL lines the rate of recovery for appropriated berth costs for the Huskisson and Brocklebank berths. Decides with LMT, rate per ton of Bill of Lading.

Negotiates with the Port Authorities in Liverpool and Middlesbrough for the provision of new berths to replace or extend existing berths, because of changes in ships, type of cargo or technology. Other negotiations are with trade partners to satisfy them that the best possible berths are being offered at the lowest price. Negotiation of contract for the supply of shore gangs at Liverpool. Negotiations regarding provision of Terminal facilities by the PLA at the West Africa Terminal are detailed later.

Major challenge of the job so far as it relates to Port and Cargo Services is to develop more efficient cargo handling systems and achieve improvements in cargo throughout and reductions in cost.

He advises Trade Managers on cargo handling problems; recommends methods of reducing port and cargo handling costs and provides expertise on new cargo handling systems and cargo handling equipment for use on ship and quay.

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Negotiates purchase or hire of equipment - cranes, fork lift trucks, tractors and trailers on behalf of subsidiary or associated companies, viz ED agencies, W.A.T. Ensures necessary expertise relating to the maintenance of such equipment is provided including negotiation of maintenance contracts and setting up maintenance depots.

Maintains close working relationship with Naval Architects departments to discuss new vessels, and provides assistance on specific projects particularly related to cargo handling equipment and methods.

The incumbent provides a special supervision of cargo handling operations in U.K., Europe, West Africa, Jeddah to ensure rapid cargo flow and maximum profitability. As necessary delegates staff from own or seconded resources to perform this function.

He gives technical advice on booking of Jeddah container cargo and provides a superintendent in Jeddah to oversee discharge operations, delivery and return of containers.

Controls port and Cargo costs for EDL and BF Jeddah Trade, undertakes systematic review of performances and costs for each port, advises Trade Managers where changes in methods and systems are required, ensures subordinate staff implement established checking and costing procedures. Prepares related costings for projected voyages for Trade Manager/Freight Manager to establish profitability. Controls costs of ancillary cargo equipment supplies to vessels, negotiates with suppliers for purchase of dunnage, plywood, pallets, slings: delegates leasing of containers, F/L trucks. Ensures all bunker stems for OLL vessels are arranged in accordance with established procedures, that related records are maintained and payments made on due date.

Responsible for training and development of subordinate staff, must ensure that Port and Cargo Services have necessary expertise available to provide Trade Managers with service they expect; implements Ocean policy on staff requirement, appraisals, etc.

He is a member of the Port Users Committee, other main external contacts are Port Authority Managers and Stevedore and Terminal Operators. Within the Group his main contacts are : Trade Managers, Financial Controller, Taxation, Legal and Secretarial Departments.

Prepares monthly report to Management Committee Ocean Liners, provides OL/FC with forecasts of future costs in port activity for the preparation of budgets and long range plans for the division.

REA BULK HANDLING (a subsidiary of O.T.T.)

As Director is responsible to his Superior for the direction and control of the company's performance, his major challenge is to diversify the type of cargoes handled. At present 80% to 90% of cargoes are consignments of iron ore destined for the works of British Steel at Shotton, currently under threat of closure; the other significant cargo is scrap steel.

Because of the uncertain future he must ensure that engineering expenditure is strictly controlled to prevent capital being spent on plan which may have a limited life. He maintains a tight control on credit (through the Aged Debt List) to ensure maximum cash flow to O.T.T.

Maintains an effective pricing policy based on the company's position as the market leader in bulk handling in Liverpool. Ensures that continual efforts are made to increase the volume of non iron ore cargo, local Manager would decide rates subject to the incumbent's approval.

The job holder reviews with the local Manager his draft plan and budget, and following agreement between them prepares the Strategic Plan and Budget and submits to his Superior for approval.

He must ensure that productivity is maintained at a high level and that existing manning agreements are not eroded. Ensures that the Management Committee are aware of the need to improve industrial relations with both staff and the registered dock workers.

Ensures that the General Manager's successor is fully trained to take over this role. Delegation of duties from the General Manager forms the major part of his training.

## WEST AFRICA TERMINAL (TILBURY)

The incumbent is responsible for directing and controlling the performance of WAT of which he is a Director. Elder Dempster Lines have 51% of the shareholding and the other shareholders are Palm Line 16%, Hoegh 6%, Nigerian NL 19% and BSL 8%. The company is operated through a Management Liaison Committee with delegation to a local General Manager.

The job holder maintains contact with the General Manager on a daily basis and through the Management Liaison Committee ensures that all partners are in agreement with the terminals operational methods and profit sharing proposals.

Due to the high element of fixed costs involved, it is essential to obtain the maximum annual tonnage. A major challenge of the job is to improve the quality of PLA supervision, ensure adequate labour supply and improve productivity per man shift.

He has negotiations on a continuing basis with the PLA on the terminal lease and the operating agreement. Is responsible for the effective control of capital expenditure and obtaining maximum rebate per ton from profits of EDL ships.

The job holder reviews withe the local Manager his draft plan and budget, and following agreement between them prepares the Strategic Plan and Budget and submits to his Superior for approval.

## LIVERPOOL MARITIME TERMINALS (ASSOCIATE COMPANY)

Elder Dempster Lines 48%, Palm Lines 42%, Booker Lines 10%.

As a Director the incumbent represents EDL on the board of the Company and ensures effective control of capital expenditure. The Executive Director responsible for the day to day operations reports to the job holder mainly on a functional basis.

The job holder is responsible for ensuring that the manner of LMT operation meets the requirements of EDL; that a first-class service is provided to EDL vessels; that maximum rebates are obtained and the price charged by LMT is lower than port rates.

## LMT PENSIONS LIMITED

Represents EDL on the board of pension fund.

## LINDSAY DOCK SERVICES LIMITED (GRIMSBY & IMMINGHAM)

Represents McGregor Gow & Holland on the board of LDS. Ocean has 25% interest, main contact is with the local Manager.

It is essential for the incumbent to have the necessary expertise and experience of port operations and cargo handling techniques including industrial relations with dock labour. He must have knowledge of Group accounting procedures and general management experience.

## DIMENSIONS

### PORT & CARGO SERVICES 1975

| | EDL TRADE<br>£ | JEDDAH TRADE<br>£ |
|---|---|---|
| Port Costs | 1,210,045 | 99,537 |
| including towage (£206,546) | | (£11,572) |
| Cargo Costs | 8,891,284 | 215,463 |
| Dunnage | 228,800 | 8,551 |
| Gear | 185,600 | - |
| Commissions | 1,644,750 | 64.952 |
| | 12,160,479 | 388,503 |
| Recoveries | (75,374) | (5,311) |

### PORT & CARGO SERVICES

| | | |
|---|---|---|
| Total Expenses | £188,000 | p.a. |
| Direct Income | £ 49,000 | p.a. * |

* This is a result of levy for work done for Rea Bulk Handling and West African Terminals, also miscellaneous charges to ACE and UKWAL

| | |
|---|---|
| Cost of Bunkers (319,000 tons) | £12,544,000 |

### REA BULK HANDLING

| | £ |
|---|---|
| Sales Turnover | 2,100,000 |
| Operating Profit | 573,000 |
| Assets (written down value) | 690,000 |
| Direct Costs | 536,000 |

### MANPOWER

| | |
|---|---|
| Registered Dock Workers | 105 |
| Non Registered Warehousemen | 10 |
| Staff | 41 |
| | 156 |

### WEST AFRICAN TERMINALS

| | £ |
|---|---|
| Sales Turnover | 8,040,000 |
| Operating Profit | 553,000 |

### MANPOWER

| | |
|---|---|
| Contractors Labour | 547 |
| Staff | 12 |

### LIVERPOOL MARITIME TERMINALS

| | |
|---|---|
| Elder Dempster Rebates (estimated) | £360,000 p.a. |

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Appendix 5 Annexe 6

## OCEAN FINANCE DIVISION : DRAFT JOB DESCRIPTION

Job Title : Manager of Group Accounts

Reports to : Group Financial Accountant

Function : Assists the Group Financial Accountant in establishing and maintaining accounting and reporting procedures for Ocean Group statutory accounts and in the consolidation of the accounts of Ocean's subsidiary and associated companies.

### EXECUTIVE RESPONSIBILITIES

1. Responsible for the day-to-day administration of the procedures which enable Group assets and liabilities to be properly accounted for and all items of revenue and expense to be assigned to the correct accounting categories and to the correct expense and profit centres.

2. Responsible for extending these procedures to include new businesses as they are acquired by the Group.

3. Ensures that the statutory financial accounts of individual companies within the Group are being prepared in accordance with the accounting procedures set by the Group Financial Accountant.

4. Prepares consolidated statutory financial accounts for the Ocean Group on a six-monthly basis, or more regularly if required.

5. Undertakes accounting project work, as requested, by the Managing Director, Finance, and the Group Financial Accountant.

### ADVISORY RESPONSIBILITIES

6. Recommends to the Group Financial Accountant, changes in the Group's accounting procedures which would facilitate the preparation of consolidated or individual company statutory accounts, including changes in the statutory registration of Group companies.

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ADMINISTRATIVE RESPONSIBILITIES

A. Organisational

7. Responsible for the internal administration of the Group Accounts Department. This includes allocation of delegated responsibilities and tasks to departmental personnel whilst retaining ultimate responsibility for the overall function of the department himself.

C. Control

8. Prepares an annual budget for his department and submits it to the Group Financial Accountant for his approval, and is subsequently held responsible for any variance of actual performance from budget.

D. Interdepartmental

9. Works closely with divisional controllers and the Managers of Group Budgets and Central Accounting Services in defining procedures which are appropriate for each part of the Group. Takes only major issues to the Group Financial Accountant.

10. Liaises with divisional controllers in the preparation of financial accounts for the companies within their divisions.

REPORTS

11. Reports quarterly to the Group Financial Accountant on the Group Accounts Department's performance against budget.

**Ocean Transport & Trading Limited**

**JOB DESCRIPTION**

| | |
|---|---|
| JOB TITLE: Manager of Group Accountants | DIVISION: Group Finance |
| JOB HOLDER: | ACTIVITY or DEPARTMENT Group Accounts |
| | DATE: 22nd June 1976 |
| REPORTS TO: Group Financial Accountant | AUTHORISED BY |

## PURPOSE

To produce consolidated accounting statements for the Group through the financial accounting system so that the Group's statutory reporting obligations can be fulfilled.

## DIMENSIONS

1975 Accounts : Turnover £311m, Pre-Tax Profit £23m Capital Employed £306m.
There are 175 subsidiary companies grouped into 40 direct reporting units.
Number of subordinate staff : 4.

## PRINCIPAL ACCOUNTABILITIES

1. To formulate timetable and procedures to co-ordinate the activities of those who are involved in the preparation of Group financial accounting statements.
2. To consolidate the accounts of subsidiary companies into a Group statement and prepare the accounting sections of the Group Annual Report.
3. To advise the Group Financial Accountant on all financial statements published externally and to recommend improvements to their content and presentation.
4. To ensure that newly-acquired companies are assimilated into the Group consolidation.
5. To assist the G.F.A. in the maintenance of good accounting methods.
6. To assess the relevance of new financial reporting proposals and report on these to the G.F.A. Assists the G.F.A. in the preparation of submissions to the relevant authorities to support an Ocean viewpoint.
7. To assist the G.F.A. in ensuring the use of consistent accounting principles throughout the Group.
8. Ad hoc accounting exercises as required.

## NATURE AND SCOPE

1. The Manager of Group Accounts is responsible to the Group Financial Accountant for the Group Accounts department. The job holder organises and supervises the four accountants in his department without becoming involved in their detailed work. The principal task of the department is the annual consolidation which essentially involves the reviewing, adjusting and aggregating of financial information submitted by companies and preparing therefrom Group financial statements.

2.1 The first stage in the consolidation is the compilation of a time table to co-ordinate the work of:

- finance staff throughout the Group in the preparation of consolidation schedules for individual companies.
- Group Accounts department, other Group Finance departments, Secretarial department and the Auditors in the actual consolidation.

The timetable includes the dates of submissions to the Executive Committee and of drafts of the Group Annual Report to G.I.D. for printing. In recent years it has been the policy to accelerate the timetable. The job holder reviews the problems of the previous year, assesses the feasibility of further tightening the timetable and produces a draft timetable. After agreeing this with the G.F.A. he discsses his proposals with all those involved. It is the job holders responsibility to achieve acceptance of his draft by all those involved. The G.F.A. becomes involved only where agreement cannot be reached. The final timetable is then submitted to the Executive Committee for approval.

2.2 The second stage is the design of the consolidation schedules, 40 separate schedules for each company on which the basic financial data for the consolidation is gathered. Considerations here include problems which arose in the previous consolidation, the opinions of the auditors and of those who fill the basic data on the schedules, and any changes anticipated in the Group's Annual Report. The job holder recommends to the G.F.A. any changes he considers necessary.

2.3 The third stage is the consolidation itself. The job holder's role is:

- to supervise the work of his staff in the consolidation.
- to exercise close supervision of complex areas of the consolidation e.g. the treatment of new acquisitions.
- to act as progress chaser to ensure the timetable is met.
- to act as link-man to ensure proper co-ordination of the work of all the departments involved in the consolidation.
- to supervise the production within his department of an inflation adjusted version of the Group accounts.

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- to prepare presentations of the draft accounts and notes for the consideration of the G.F.A. before submission to the Executive Committee.
- to liaise with G.I.D. and the Printers. He has responsibility for checking the proofs of the accounting sections of the Group Annual Report.
- to liaise with G.I.D. on the presentation of the Group's results to employees.
- to assist Group Budget department in the reconciliation of the Financial and Management accounts.

2.4 Finally he works with the G.F.A. preparing for the A.G.M., carrying out financial analyses and investigations. He and the G.F.A. anticipate questions of a financial nature which might be raised at the A.G.M. and prepare answers to these.

3. The job holder devotes a large part of his time throughout the year to keeping abreast of developments in accounting. There are strong external influences on the content and presentation of the Group's Annual Report, in particular :

- the changing attitudes towards the disclosure of information.
- the development of standard accounting principles by the professional accountancy bodies.
- the development of methods of accounting for the effects of inflation.

The job holder assesses the impact on the Group of all new accounting proposals and writes reports on these matters to the G.F.A. and the Finance Director. He discusses with them whether Ocean's views on proposed accounting standards should be represented and where necessary assists the G.F.A. to prepare submissions to the relevant professional and trade bodies.

4. Throughout the year he also spends time in undertaking ad hoc exercises as required and in contributing towards the content of the Quarterly Financial Reports. One member of his department is fully engaged on the development of inflation accounting within the Group and the job holder guides and supervises this work.

5. His main problems lie in the cyclical workload of his department. For four months of the year he and his subordinates work under high pressure. During this period he has to co-ordinate the work of people outside his control, to meet his deadlines despite late submissions and to deal with problems with limited time for making decisions. For the rest of the year he has the problem of maintaining staff motivation, committment and morale.

6. The Group Financial Accounting in addition to his other responsibilties oversees the consolidation of the Group's accounts and is responsible for the content of all externally reported financial statements. Thus the scope of the job holder's position is very much governed by the degree of delegation by the G.F.A. In practice the Manager of Group Accounts has considerable freedom in the organisation of his own department and in the day to day administration of the consolidation processes. He advises finance staff throughout the Group on correct accounting treatment. His opinion is sought by the G.F.A. on many matters of accounting treatment and he is frequently involved with the G.F.A. in discussing these matters with the Finance Director, the Group Controller and the Auditors.

7. The background necessary for good performance in this job is that of a qualified accountant with previous experience of financial accounting within a large Group and an interest in corporate reporting.

# STRATEGIC PLANNING IN OCEAN

Chapter 6, pages 50 to 58 outlines the contextual framework of strategic planning in the Group.

This appendix provides, in non-technical terms some additional comment on the system.

The general statement of general objectives was:

1. Growth
2. Medium Risk overall
3. Maximum use of Financial Resources
4. Responsible Employer

Growth was set as 10% per annum in attributable profit. Medium risk overall accepted a portfolio spread, with a wide geographic spread, aimed to avoid areas which are:

(a) politically unstable, and

(b) have low rates of economic growth.

For use of financial resources the guidelines required the efficient use of existing assets the maximum use of debt with the constraint of 3 x interest Cover. The foregoing were realisable in concrete terms. The fourth general objective to be:

A responsible employer

required more specific objectives than the aim to:

> "Plan the development of the Group's Human Resources and to ensure that all Ocean staff are encouraged to reach their full potential."

The fourth objective is examined in Part Six.

All businesses were charged with:

1. Seeking growth opportunities
2. Increasing cash generation
3. Preserving existing good markets
4. Developing wider geographic spread.

The framework for growth was as follows:

1. to generate sufficient cash to replace our assets (while maintaining an acceptable debt/equity ratio);
2. to preserve, and expand if possible, existing profitable market positions;
3. to develop existing skills or positions where they are not already fully exploited, and
4. to seek:
    4.1 new businesses which will make a favourable impact on the Group's profit and loss account, and
    4.2 large scale acquisitions which will assist the implementation of Ocean's overall strategy;
5. to develop the work concerning:
    5.1 new activity, and
    5.2 geographical diversification.

A note on Ocean's approach to diversification is set out in Annex 1. The process of planning included the preparation of detailed submission by Divisions of their current position and forward plans for the ensuing 5-year period - the Strategic Plan.

Divisions were required to prepare their plans during July-August for submission to the Group's centre. Such plans covered all businesses/activities within the scope of the respective Division. Such plans included Divisional projects and where these overlapped a Group project, provision was made for liaison with the relevant Development Team (Matrix Group).

The medium for presentation, in addition to the appropriate statements, was the completion of respective 'P' forms (see Annexe 1.). These were used to portray the current financial position of Divisions (form P1), the base case for the forward plans (P2) and the preferred strategy (P3). Thus financial data was presented, for example on the distinction between normal expenditure set out on a P2 form and extra expenditure concerning the preferred strategy set out on a P3 form.

As for the budgetary control system, in addition to quarterly returns, the annual submissions enabled the Group Financial Controller to analyse the current position in some detail. For Ocean the budget covered the first year of each five-year rolling plan. As such the budget provided a financial and/or quantitative statement, prepared and approved prior to the following twelve-month period - the calendar year.

Quarterly financial statements included forecasts against budgets. It was the budgeting process which required to be effectively implemented and led to the training programme discussed in Chapter 7.

The role of the Group's Executive Committee, in approving the Divisional Plans and subsequently the overall Group Plan, provided for a rigorous 'inquisition' of Divisional proposals and their current financial position. The submission of the plans, followed assistance from the Group's Strategic Planning Unit and the Group Financial Controller. The formal presentation was featured by rigorous cross-examination by the Executive Committee. The occasion was coloured by commendation for good performance, conversely, it could mean severe rebuke and censure.

For all concerned, not only those present at the autumn reviews, it meant an appropriate competence in business planning and financial management. Project submissions to the Executive Committee had to meet rigorous requirements in:

1. clarity and conciseness in discussion of the major issues;
2. summary of pros and cons, and

3. considered analysis, in the narrative, of the downside risk.

An ability to explain performance against budget was an essential part of the armoury.

Thus, the process of planning and its corollary budgetary control, were critical elements in the Ocean management system. The effectiveness of planning and budgetary control was predicated on a sound understanding of financial management and basic accounting skills. Coupled with this was the all important conjunction with organisation and management development as illustrated in Figure 4 and further examined in Chapters 10 and 11.

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# DIVERSIFICATION - THE MOTIVES

## 1. Introduction

1.1 Fortunately diversification is a subject about which a fair amount has been written.

1.2 The purpose of this paper is to examine the motives behind diversification and to see if Ocean's motives are usual or unusual.

## 2. Why diversify?

2.1 There appears to be three main reasons for diversification:

2.1.1 When the objectives of the company can no longer be met, within the product-market scope defined, by expansion, e.g. liner shipping - UK/Far East; the major symptom being a drying up of the stream of new opportunities.

2.1.2 When the retained cash and spare debt capacity exceeds that required by expansion needs.

2.1.3 When diversification opportunities provide greater profitability than expansion opportunities, in existing businesses.

2.1.4 In order to improve its risk profile a company may diversify in order to adapt to a rapidly changing and increasingly competitive environment, e.g. geographical diversification, Lonrho acquiring British companies to reduce its African dependence.

2.1.5 A diversification may make better use of corporate and staff divisions.

2.2 Ocean's motives are as follows:

2.2.1 Objectives can no longer be met - "We shall have under-utilised potential for investment and growth from the mid 1970s onwards".

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Furthermore, if we are to remain U.K. based company and be a responsible employer (a Group objective) then the plan argues that diversification could ensure that we remain U.K. based and be responsible.

"Should we seek to grow in the U.K. or overseas?

- We predict poor performance in the U.K. in comparison with other major industrial countries during the second half of the 1970s (although longer term recovery remains a possibility in consequence of the impact of North Sea Oil).
- Deliberate contraction of Ocean in the U.K. is ruled out if we really mean to be a responsible employer;
- and maintaining a steady state would mean in practice that we should not prosper and would probably decline.
- If we want or need, therefore, to expand in the U.K.:
  - seek merely to maximise the utilisation of our existing resources?
  - or seek major non-marine expansion in the U.K.?
  - or seek a new activity?
- Could we achieve both a new activity and overseas earnings at the same time by acquiring in the U.K. an export-orientated activity?
- Overseas investment may provide growth: but have we the expertise to go overseas in new areas of development, e.g. in Europe or North America?"

2.2.2 A main feature of the Ocean Group both now and in the future is a considerable surplus investment capacity which stems from the profitability of most of our businesses and their limited growth potential investment opportunities.

2.2.3 This lack of investment opportunities is highlighted in the plan:

"...if most of our present businesses have insufficient profitable investment opportunities in their existing markets, we should be prepared to search for new markets for present activities and develop new activities in our existing geographic areas".

## 3. Implementation

3.1 Diversification is not seen as a pressing need: "...in particular, we accept the need, as a Group responsibility, to plan now for a new activity (or 'product') in the 1980s - or earlier, if any of our other strategic priorities, e.g. a shipping acquisition or overseas investment, should fall away for any reason."

3.2 However, the commitment to a "new product" is not particularly strong, although the long lead time and learning process are recognised.

"Is there a case for another activity (or 'product')?

Possibly, but to the extent that we are successful in our objective:

- in international freight services in all its aspects;
- in finding a major shipping acquisition;
- in overseas investment;
- in outside ship management;

the immediate need for another 'product' might appear to become less urgent.

However, because of:

- the inevitable lead time;
- the possibility that some of our other priorities could fall away, and
- a need to start early on the learning curve;

we will plan now for a new activity in the 1980s.

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4. Why ask why?

4.1 Diversification can bring substantial extra costs and financial risks and therefore it should not be undertaken unless the company has analysed motives and reviewed opportunities.

4.2 Also diversification involves considerable effort, e.g. disappointment, success, journeys down a cul-de-sac, etc.

> "The Red Queen, 'How, here, it takes all the
> running you can do to keep in the same place.
> If you want to get somewhere else, you must
> run twice as fast as that'". Lewis Carroll.

5. Conclusion

It would appear that Ocean has decided to consider diversification for reasons similar to that of many other companies, i.e. our response (behaviour) is normal.

COMPANY ______________________ OCEAN INTEREST: ________ % P.

Prepared by: ______________ Date: ________ Approved by: ______________ Date: ________ Currency: ________

## OPERATING RESULTS AND CASH FLOW

| YEARS: | | | | | | |
|---|---|---|---|---|---|---|
| VOLUME/UNITS | | | | | | |
| TURNOVER | | | | | | |
| (DIRECT COSTS) | | | | | | |
| (VARIABLE OVERHEADS) | | | | | | |
| (FIXED OVERHEADS) | | | | | | |
| (DEPRECIATION) | | | | | | |
| | | | | | | |
| TRADING PROFIT/(LOSS) | | | | | | |
| INVESTMENT INCOME AND INTEREST RECEIVABLE | | | | | | |
| PROFIT/(LOSS) BEFORE INTEREST | | | | | | |
| (INTEREST PAYABLE) | | | | | | |
| PROFIT/(LOSS) ON SALE OF ASSETS | | | | | | |
| SHARE OF ASSOCIATES' PROFITS/(LOSSES) | | | | | | |
| PRE-TAX PROFIT/(LOSS) | | | | | | |
| (TAXATION) | | | | | | |
| AFTER-TAX PROFIT/(LOSS) | | | | | | |
| (MINORITY INTEREST) | | | | | | |
| SPECIAL ITEMS | | | | | | |
| ATTRIBUTABLE PROFIT/(LOSS) | | | | | | |
| NON CASH ITEMS | | | | | | |
| REVENUE CASH FLOW | | | | | | |
| WORKING CAPITAL (INCREASE) DECREASE | | | | | | |
| (TAXATION PAYMENTS) | | | | | | |
| DIVIDENDS RECEIVED FROM ASSOCIATES | | | | | | |
| PROCEEDS FROM SALE OF ASSETS | | | | | | |
| (CAPITAL EXPENDITURE) | | | | | | |
| (INVESTMENT IN ASSOCIATES) | | | | | | |
| (ACQUISITIONS) | | | | | | |
| NET CASH FLOW | | | | | | |
| (DIVIDENDS PAID TO MINORITIES) | | | | | | |
| EXTERNAL LOAN DRAWDOWN (REPAYMENT) | | | | | | |
| INTERNAL LOAN DRAWDOWN (REPAYMENT) | | | | | | |
| FUNDS FROM (TO) MINORITIES | | | | | | |
| INVESTMENTS SOLD (PURCHASED) | | | | | | |
| | | | | | | |

## BALANCE SHEET

## SUMMARY OF PLAN

| | YEARS: | | | | | |
|---|---|---|---|---|---|---|
| 37 | FIXED ASSETS | | | | | |
| 38 | (DEPRECIATION) | | | | | |
| 39 | WRITTEN DOWN VALUE OF ASSETS | | | | | |
| 40 | INVESTMENT IN ASSOCIATES | | | | | |
| 41 | OTHER INVESTMENTS | | | | | |
| 42 | CURRENT ASSETS inc. Cash | | | | | |
| 43 | (CURRENT LIABILITIES) | | | | | |
| 44 | WORKING CAPITAL | | | | | |
| 45 | DEFERRED ITEMS AND PROVISIONS | | | | | |
| 46 | ASSETS EMPLOYED | | | | | |
| 47 | SHARE CAPITAL | | | | | |
| 48 | RESERVES | | | | | |
| 49 | INTERNAL LOANS | | | | | |
| 50 | MINORITY INTERESTS | | | | | |
| 51 | DEFERRED TAXATION | | | | | |
| 52 | EQUITY | | | | | |
| 53 | EXTERNAL LOANS | | | | | |
| 54 | OVERDRAFTS | | | | | |
| 55 | FUNDS EMPLOYED | | | | | |
| 56 | GROSS RETURN ON FUNDS EMPLOYED (10+13:55)% | | | | | |
| 57 | GROSS RETURN ON EQUITY (14 – 12:52)% | | | | | |
| 58 | | | | | | |
| 59 | CAPITAL EXPENDITURE BY TYPE: | | | | | |
| 60 | | | | | | |
| 61 | | | | | | |
| 62 | | | | | | |
| 63 | TOTAL AS LINE 26 | | | | | |
| 64 | CAPITAL COMMITMENTS | | | | | |
| 65 | NON CASH ITEMS ANALYSIS: | | | | | |
| 66 | | | | | | |
| 67 | | | | | | |
| 68 | | | | | | |
| 69 | TOTAL AS LINE 20 | | | | | |
| 70 | CASH/BANK BALANCES INCL. IN WORKING CAPITAL | | | | | |
| 71 | MANPOWER: NUMBERS | | | | | |
| 72 | COST | | | | | |

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Appendix 6 Annexe 2

Appendix 7

## OCEAN TRANSPORT & TRADING LIMITED

## FINANCE FOR THE NON-FINANCIAL MANAGER

### COURSE MEMBERS

The course id designed for managers who have had little or no formal financial training in their career development. It is assumed, however, that course members will possess a sound, practical experience gained with companies in the Ocean Group enabling them to contribute to, and gain maximum benefit from, discussions and case study work.

### OBJECTIVES

The course aims to develop a manager's understanding of:-

1. The main internal and external financial constraints which may influence decision-making in Ocean;
2. The principal financial techniques available to modern management;
3. Financial phraseology - so that managers may converse more confidently with financial specialists.

### METHODS

The course will be informal and will develop systematically from a limited number of lectures through exercises and group discussions to case studies written specifically for the course.

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# FINANCE FOR THE NON-FINANCIAL MANAGER

## SYLLABUS

### DAY 1

Welcome and Introduction

Morning/ Afternoon

The Planning and Control cycle in an organisation and the Accountant's Function in this cycle

Accounting Principles and basic Concepts

Introduction to the Balance Sheet and Profit and Loss Account

Profit compared with Cash Flow

Interpretation of the Balance Sheet and Profit and Loss

Evening - Case Study Part I considered in syndicates

### DAY 2

Morning/ Afternoon

Case Study feedback and plenary discussions

Limitations on the value of Published Accounts

Inflation and its impact on accounting information

Introduction to Costing

Cost Behaviour patterns and the Concepts of "Break-even" and "contribution"

Evening - Review and Individual Study

## SYLLABUS (continued)

| | |
|---|---|
| **DAY 3** | |
| Morning/ Afternoon | The idea of Corporate Planning and its relationship to Budgetary Control<br>Planning the Cash Flow in a business<br>Presentation of Information to Management<br>Case Study Part II considered in syndicates |
| Evening - | Case study feedback and plenary discussion |
| **DAY 4** | |
| Morning/ Afternoon | The nature of Capital Expenditure<br>Control of Capital Expenditure<br>Modern Methods of Appraisal (including discounted cash flow)<br>The Lease v Buy decision<br>Corporation Tax and its impact on Cash Flow<br>Case Study Part III considered in syndicates |
| Evening - | Case Study Part III considered - syndicates continued |
| **DAY 5** | Case Study Feedback and plenary discussion<br>Planning and Control in Ocean (Ocean Speaker)<br>Course Review |
| 13.00 | LUNCH |

# OCEAN TRANSPORT & TRADING LIMITED

## FINANCE FOR THE NON-FINANCIAL MANAGER

| TIMES | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY |
|---|---|---|---|---|---|
| 0930 Mon<br>0900 Tues/ Fri<br>COFFEE 1030-1045<br>1245 | Introductions<br>Course Objectives<br>Planning and Control<br>The Accounting Function<br>Accounting Principles<br>Introduction to the Balance Sheet and Profit & Loss Account | Case Study I (Plenary Session)<br>Limitations on value of Published Accounts<br>Inflation Accounting Information | Corporate Planning<br>Budgetary Control<br>Cash Flow Planning<br>Presentation of Information to Management | Capital Expenditure - Nature and Control<br>Methods of Appraisal including D.C.F. | Case Study III (Plenary Session)<br>........<br>Planning and Control in Ocean<br>........<br>Course Review |
| 1300 | LUNCH | LUNCH | LUNCH | LUNCH | LUNCH |
| 1400<br>TEA 1530-1545<br>1730 | Cash v Profit<br>Interpretation of Balance Sheet and Profit & Loss Account | Costing - introduction purpose and use<br>Cost Behaviour<br>Breakeven Analysis<br>Contribution Analysis | Henry Long - Case Study II<br>(Syndicate work) | Lease v Buy<br>Corporate Taxation<br>Henry Long - Case Study III (Syndicate work) | |
| 1900 | DINNER | DINNER | DINNER | DINNER | |
| 2030 | Henry Long - Case Study 1<br>(Syndicate work) | Review and Individual Study | Case Study II<br>(Plenary Session) | Henry Long - Case Study III<br>(Syndicate work) | |

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## Ocean Transport & Trading Limited

## Aim and Content of Planning Skills Training Programme

## 1973

### Aim

The course is aimed to provide managers reponsible for operational activities and managers of service activities with an:

(i) understanding of Ocean's strategic and operational planning process,

(ii) increasing skill and effectiveness in relation to financial analysis, market analysis and the integration of the two in terms of capital investment, market strategy and financial projection.

### Content

Three key areas:-

1. Financial analysis

   One day will be spent working through notes and exercises to develop an understanding of financial statements, the use of ratio analysis, funds flow statements, and the projection of capital requirements. Examples will be taken largely from situations in the transport industry.

2. Market analysis

   Four half days will be devoted specifically to improving the participants' understanding of concepts and techniques in market analysis. The essential concept of the marketing mix will be examined and this will be followed by consideration of the interaction of market segmentation and types of forecasting. Whilst some of the techniques for forecasting will be discussed, it is not intended to teach a large number of mathematical techniques.

A session will be programmed to concentrate attention on ways of structuring the broader analysis of the environment, to include considerations of political risk, technology and competition.

Finally, the question of pricing will be explored, using an example from a service industry and using a technical note on the economic factors relevant to a pricing decision.

3. Integrated Work

(a) Capital investment

Participants will be asked to examine the critical assumptions and the quality of data used in the formulation of a proposal for capital investment. For this purpose a detailed study of the Panocean case will be carried out.

A short period will be devoted to the basics of discounted cash flow or net present value criteria, with elementary examples.

(b) Market Strategy and Financial Projection

The course will conclude with a case study requiring formulation of a market strategy, the development of a market plan and projection of financial results.

## Training Media

Material to be used will be centred on industrial areas in which Ocean is active. To demonstrate work on competitive and environmental appraisal Ocean data will be used and teaching materials will be developed through discussion with Ocean executives.

Teaching methods will include lecture/discussion sessions, case studies, films and individual exercises.

A feature of the course will be participation by top management and a course dinner with a guest speaker from Ocean's Executive Committee.

DECEMBER 1973

Appendix 8 Annexe 1

## OCEAN TRANSPORT & TRADING LIMITED

## COURSE IN PLANNING SKILLS

### Preparatory Work

1. Sealand (A) Case.
2. Financial Notes and Exercises.
3. Cost and Contribution Analysis for Business Decisions.

| Time | Subject | Activity and Material |
|---|---|---|
| **Monday** | | |
| 09.00 - 10.30 | Introduction to Course | Case discussion<br>Sealand (A)<br>Introductory talk. |
| 10.45 - 13.00 | Financial Analysis | Class discussion of Financial Notes and Exercises |
| 13.00 - 14.15 | | Lunch. |
| 14.15 - 1600 | | Class discussion of Financial Notes and Exercises and Cost and Contribution Analysis for Business Decisions. |
| 16.00 - 18.00 | Marketing Mix | Syndicate Exercise. |
| 18.00 - 20.30 | Relaxation and Dinner | |
| 20.30 | | Private Study:<br>Prepare: a) Strategy and Market Segment Research<br>b) Notes and Exercises on Forecasting Demand. |

| Time | Subject | Activity and Material |
|---|---|---|
| **Tuesday** | | |
| 09.00 - 10.00 | Market Segmentation | Lecture/Discussion.<br>Strategy and Market Segment Research. |
| 10.00 - 13.00 | Forecasting Demand | Class discussion.<br>Notes and Exercises on Forecasting Demand. |
| 13.00 - 14.15 | | Lunch. |
| 14.45 - 16.00 | Market Mixes, Segments and Forecasts in Ocean Transport & Trading Limited. | Syndicate Exercise. |
| 16.15 - 18.00 | | Syndicate presentation and discussion. |
| 18.00 - 18.30 | | Marketing Film : Part I |
| 18.30 - 20.30 | Relaxation and Dinner | |
| 20.30 | Pricing | Private Study:<br>Prepare a) Technical Note on Pricing<br>b) Seaboard World Airlines. |

| Time | Subject | Activity and Material |
|---|---|---|
| **Wednesday** | | |
| 09.00 - 10.00 | Pricing | Class discussion of Technical Note on Pricing. |
| 10.00 - 11.30 | | Syndicate work on Seaboard World Airlines. |
| 11.30 - 13.00 | | Class discussion of Seaboard World Airlines. |
| 13.00 - 14.15 | | Lunch. |
| 14.15 - 15.45 | Applying a Marketing Approach | Marketing Film : Part 2 plus discussion. |
| 16.00 - 18.00 | Assessing Capital Projects | Private Study:<br>Pan Ocean Terminal Case. |
| 18.00 - 20.00 | Relaxation and Dinner | |
| 20.00 - 21.30 | | Syndicate discussion.<br>Pan Ocean Terminal Case. |
| 21.30 | | Private Study :<br>Read "Strategic Environmental Appraisal". |

| Time | Subject | Activity and Material |
|---|---|---|
| Thursday | | |
| 09.00 - 10.45 | Assessing Capital Projects (cont) | Class discussion Pan Ocean Terminal. |
| 11.00 - 11.45 | Strategic Environmental Appraisal | Lecture/Discussion. |
| 11.45 - 13.00 | Market Strategy and Financial Forecasting | Private Study : Zerssen & Co. |
| 14.00 - 15.15 | | Preliminary Class Discussion Zerssen & Co. |
| 15.15 - 16.30 | Financial Forecasting | Private Study of Note on Financial Forecasting. |
| 16.30 - 17.15 | | Syndicate work on financial forecasting in Zerssen & Co. |
| 17.15 - 18.00 | | Class discussion on financial forecasting. |
| 19.00 - 21.15 | Dinner with Ocean guest speaker | |
| 21.30 | | Drucker film :<br>'Focus on Tomorrow'. |

| Time | Subject | Activity and Material |
|---|---|---|
| Friday | | |
| 09.00 - 09.30 | Market Strategy and Financial Forecasting | Class discussion.<br>Zerssen & Co. |
| 09.30 - 13.00 | | Syndicate preparation of Zerssen & Co. |
| 13.00 - 14.15 | | Lunch. |
| 14.15 - 17.00 | | Syndicate presentation of Zerssen & Co.<br>Concluding remarks. |

Course Disperses.

## Appendix 9

Discussions with the project group during 1972-74 were frequently prefaced with brief notes, summarizing the ideas of selected authors, or setting out interpretations by the MDA.

Examples included in the appendix are:

| | | Appendix page | Page in text |
|---|---|---|---|
| Annexe 1 | Lawrence and Lorsch: Organization and Environment | A59 | 13 |
| Annexe 2 | Organizational Diagnosis | A61 | 78 |
| Annexe 3 | Managerial Style and Company Objectives<br>Douglas McGregor and Rensis Likert | A63 | 83 |
| Annexe 4 | Rosemary Stewart - On Making Decisions | A68 | 86 |
| Annexe 5 | Standards of Performance | A71 | 101 |

# ABSTRACT

## *Organization and Environment*
## *Managing Differentiation and Integration*

*What organizational characteristics are required to deal effectively with different external market and technological conditions? This is the central question which this book addresses. Such a question is quite different from the central theme of most earlier organizational studies, which have tended to focus on the question of what is the one best way to organize, irrespective of the external environmental conditions facing the business. In this important respect this study breaks new ground. Nevertheless, it draws heavily on earlier studies in the field of organization behavior at the Harvard Business School and elsewhere, as well as the related literature of the behavioral sciences. The authors not only report the findings of a comparative study of ten organizations with different levels of economic performance in three distinct industrial environments, but also use these findings to unravel some of the apparent contradictions in current organization theory. A discussion of the implications of these findings for the design and administration of large organizations in relation to their specific market and technological environments is also included.*

*The authors are Paul R. Lawrence, Professor of Organizational Behavior, and Jay W. Lorsch, Associate Professor of Organizational Behavior, at the Harvard Business School.*

This book deals with issues which are of central concern to managers in this period of accelerating rates of market and technological change. Do industrial environments which are characterized by rapid rates of technological and market change and a high degree of uncertainty and unpredictability produce different demands on organizations than more stable environments? How do effective organizations in dynamic environments differ from those in more stable industries? The answers to these questions provide important guidelines to managers as they consider the future direction of the development of their organizations.

Basically, the findings of this study indicate that industrial environments characterized by uncertainty and rapid rates of market and technological change do place different requirements on organizations than do stable environments. Organizations which are effective by economic criteria in either type of environment have characteristics which more adequately meet the demands of their particular environments than do their less effective competitors. The administrators in these higher performing organizations have developed behavior patterns and organizational practices which enable them effectively to manage the two essential organizational states of differentiation and integration in accordance with the demands of their particular environment. In the most dynamic environment studied (the plastics industry) the effective businesses had organizations in which the managers in the several functional departments had developed highly *differentiated* patterns of thought and behavior in relation to the demands of their dynamic environments. In the more stable industry studied (the standardized container industry) the effective organization had functional departments with less differentiation between them, but this too was consistent with the demands of this environment. The effective organization in the third environment studied (the consumer food industry) had achieved a state of differentiation which fell between the extremes represented by the effective plastics and container organizations. This too was consistent with demands of the food industry environment which fell between the plastics and container industries on a continuum of uncertainty to certainty. The effective organizations also achieved the required state of interdepartmental *integration* or collaboration. The less effective organizations in each environment failed to achieve the required states of differentiation and/or integration, and thus had difficulty meeting the demands of their environment.

The reason for this rests in the fact that the states of differentiation and integration within each organization were found to be essentially antagonistic. The more different the patterns of thought and behavior of managers in two departments that were required to work together, the more difficult it was for them to achieve integrated effort. In the higher performing organizations the tension between the states of differentiation and integration was managed through effective procedures and practices for resolving interdepartmental conflict. This book examines the formal organizational arrangements and six other factors which enabled the effective organizations to resolve interdepartmental conflicts effectively and to achieve the states of differentiation and integration required. Again, it was found that most of these determinants of effective conflict resolution varied depending upon the specific demands of the environment with which the organization was dealing.

Based on these findings, the authors have developed a contingency theory of organization which, rather than propounding one best way to organize under all conditions, focuses on the organizational characteristics which lead to effective performance given the specific demands of an organization's environment. Using this contingency theory, an examination is made of the apparent contradictions between two theories of organization which are widely used by managers—classical theory and the human relations theory. Many of the divergencies in these two more established theories are interpreted in the light of the findings of this study. The authors also relate the contingency theory they have developed to a number of other recent studies, all of which point to a major new focus in organization studies—that organizational phenomena are best understood in the context of the specific demands of their environment and the particular needs of their members. They conclude that this is a promising trend for both the development of organization theory and the application of this theory to practical issues.

Finally, the implications of this study for the practice of administration in general and the design of organizations in particular are considered. The major conclusions drawn are these. As more and more industries become characterized by rapid rates of technological and market change, the problems of achieving both the required states of differentiation and integration will increase for most organizations. If managers are to meet this challenge and enable their organizations to adapt to these new technological and market conditions, they will need to analyze carefully environmental demands and to relate them to the required organization characteristics. By using these criteria for selecting organizational procedures and practices, managers will have the best chance of maintaining the viability of their organizations in the face of the increasingly complex tasks with which they have to deal to meet the needs of our industrial society in this advanced technological age.

(Published by Division of Research, Harvard Business School, Soldiers Field, Boston, Massachusetts 02163. xvi + 279 pp. $6.50. 1967)

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## Ocean Transport and Trading Limited

## ORGANIZATIONAL DIAGNOSIS

There are no generally accepted systematic ways of examining organizations to assess their well-being and to decide what, if anything, needs to be done to help them.

What we can say is that organization is a living system. The components interact with each other and the whole with other wholes and its own environment. It grows and develops, has a history, experiences crises, and adapts in a *holistic* way.

There is much that can be learnt from the open-system approaches in the biological sciences in terms of a diagnostic analysis. The physical and psychiatric examinational procedures draw on biological diagnosis. We can extrapolate from this source to study organizations.

Taking this approach we can say that organization, as a whole, is a system of inter-related sub-systems. In its turn, it is also a component of larger systems - an industry, a community, an economy. It affects and is affected by other systems. Organization can be considered as an OPEN SYSTEM.

A conception of an organism, whether an amoeba, a person, or an organization, as an open system, requires one to think of such a system as having a major threefold task of maintaining equilibrium (balance):

1. among its internal systems
2. between itself as a system and other systems
3. between itself and the larger systems of which it is a part, in order to survive.

The failure to maintain an adequately adaptive equilibrium results in collapse or destruction. But any system is more than the sum of its sub-systems. As human beings we are identified by our interconnected gastrointestinal, cardiovascular, motor and nervous systems. Each of us has uniqueness, a personality and a capacity to act on our environment. So it is with organizations.

Organizations achieve uniqueness in the ways they perform their functions, despite the similarities of their organizational structures, market places, personnel and techniques.

When we come to diagnostic procedures - there is nothing as widely accepted as the diagnostic process in medicine. But, there are many diagnostic procedures for *part-functions*. The social psychologist may examine an organization's morale. The personnel specialist can examine problems of attitudes and many other facets of human resource management. The financial analyst may judge an organization's financial health from statistics on profitability or return on investment. The marketing specialist can examine new products or services, marketing strategies and so on. The outcome of each diagnosis has connecting links with other parts - the personnel consultant cannot ignore the financial and marketing aspects; he/she must certainly relate the diagnosis to the underlying technology, the social system within and outwith the organization and the key objectives of the enterprise or service.

The recommended book for further reading is:

Harry Levinson: ORGANIZATIONAL DIAGNOSIS

(Harvard University Press 1972)

APPENDIX 9 Annexe 3

Brief

OTTL/PGMD/73-4

# MANAGERIAL STYLE AND COMPANY OBJECTIVES

## 1 Management Style

Much research has been carried out to identify differing styles of managing organizations, and to assess their effectiveness.

Rensis Likert (a) identifies four management systems:

System 1 - Exploitive/authoritative (a coercive, highly authoritarian management style)

System 2 - Benevolent/authoritative (also an authoritarian management style, but more manipulative and persuasive)

System 3 - Consultative (management style offering some, but limited opportunities for participation)

System 4 - Participative (management style based on team work, mutual confidence and trust, and a genuine respect for the individuals in the organization)

As a means of measuring the prevailing system of management within an organization, Likert has devised a list of 43 operating features under the following general headings:

Leadership

Motivation

Communication

Co-operation

Decision making

Goal setting

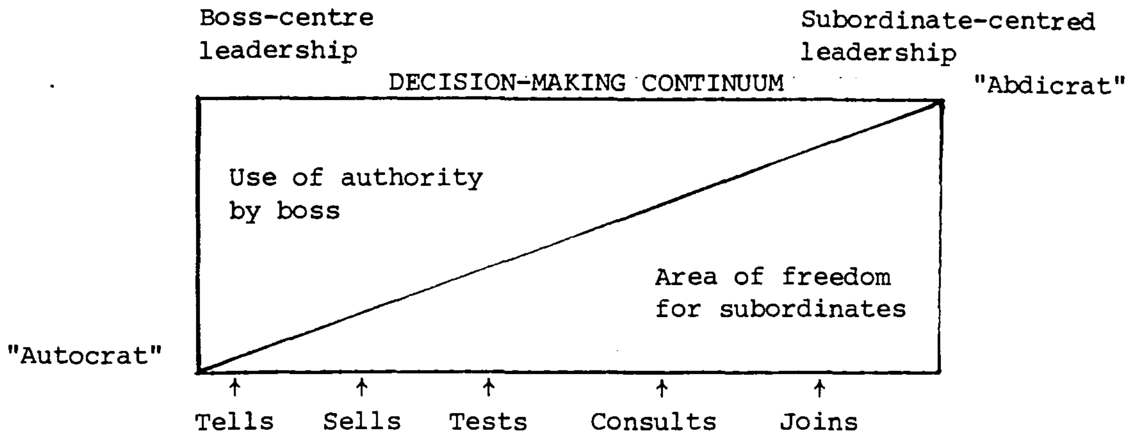
Control

Performance

Analysing the results from a number of organizations he has been able to produce a description of characteristics under each heading for each of the four systems described above.

One of Likert's more significant findings is that the more closely a company's management style approximates System 4 the more likely it is to have a record of sustained high profitability. Similarly, the more closely an organization approaches System 1 the more likely it is to be inefficient and to suffer from recurrent financial crises. These findings have been repeated in so many different studies that Likert states that a general principle of effective management has been demonstrated. The future, according to Likert, belongs to companies that are practising, or can convert to, a management style approximating to System 4.

Another approach is by Tannenbaum and Schmidt (b), who suggest that leadership style varies along a continuum from "boss-centred" at one extreme, to "subordinate-centred" at the other. The diagram illustrates this idea, as modified by Philip Sadler (c).


Boss-centre leadership
Subordinate-centred leadership
DECISION-MAKING CONTINUUM
"Abdicrat"
Use of authority by boss
Area of freedom for subordinates
"Autocrat"
Tells
Sells
Tests
Consults
Joins

| | |
|---|---|
| Tells: | makes decision, announces it, expects unquestioned obedience |
| Sells: | makes decisions, seeks to persuade, reduces resistance by devious means |
| Tests: | makes tentative decision, subject to change in light of reaction |
| Consults: | seeks advice and suggestions before making decision |
| Joins: | defines problem and limits, then delegates decision to the group |

What system do we need for Ocean managers?

## 2. Management values and beliefs

Adoption of any particular management style implies certain underlying assumptions about people

Douglas McGregor (a) formulated two extreme sets of assumptions about the nature of people:

- Theory X: the average person is basically lazy, lacks ambition, shuns responsibility, and has to be coerced and threatened. He is motivated by money and his need for security.

: Theory Y: people are not basically lazy nor unambitious. In the right conditions, they welcome responsibility and the opportunity to use and develop their capabilities. They can be self-motivating and self-disciplined.

There is a clear logical link between Likert's system 1 and Theory X assumptions; and between system 4 and Theory Y assumptions.

## 3. Company Objectives

The basic objectives of any organisation reflect also the values of its Management. They affect significantly the motivational climate of the organization.

We can set out to explore the implications of three different forms of expressing Ocean's basic objectives:

(a) Profit maximisation

(b) Profit maximisation with due regard for its social obligations - optimization

(c) Profit maximisation consistent with meeting specific social objectives

Each form carries different implications for managers.

Main implications require a set of imperatives:

1. Need to spell out social objectives as well as operational objectives
2. Response to imperatives of planning and control for rapid change
3. Provide for dynamic leadership within changing organizational patterns

4. Apply job design and redesign, as an ongoing process
5. Ensure that staff appraisal and individual performance planning systems are congruent with each other
6. Ensure training and development of subordinates becomes an integral part of managerial responsibility

Ocean's strategic objectives already embrace the first and second requirements. What do we suggest should be policy for the other requirements?

References

(a) Rensis Likert: New Patterns of Management (McGraw-Hill 1961)

(b) Robert Tannenbaum and Warren Schmidt: "How to Choose a Leadership Pattern" (Harvard Business Review Vol. 36 March/April 1958)

(c) Philip Sadler: Leadership Style, Confidence in Management and Job Satisfaction (Ashridge Management College Papers 1966)

(d) Douglas McGregor: Human Side of Enterprise (McGraw-Hill 1960)

Abstract from: Rosemary Stewart

Reality of Management
(Chapter 5)
(Heinemann 1963)

## Some prerequisites

1. Boundaries within which business is to operate
2. Discard management beliefs - or hunch and aim for clarification of objectives

## What sort of objectives?

1. Product range or services to be provided
2. Type of market
3. Ethics of business: relations with:
    - 3.1 customers
    - 3.2 employees
    - 3.3 community at large
    - 3.4 shareholders - profit targets
4. Location
5. Size of company
6. Financial policy, *viz a vis* 'the market' and stockholders

When Stewart published the first edition of her book, the U.K., like most western economies, was operating in an age of expansion - in the 1970s we are faced with economic recession.

> Note: Stewart quotes the eight-fold conspectus of objectives listed by Drucker. These are relevant to Ocean's strategic planning system, and should be considered as part of your work with your unit business planning committee

## Limitations on decision-making

1. Restricted resources in money, men and materials - the economist's definition of the 'application of scarce means to alternative ends'

2. External pressures - government (legislation) trade unions, pressure groups
3. Attitudes
4. Geographical and community factors

Locus of decision-making

Many organizations including Ocean are devolving operational decision-making to lower levels in the hierarchy. Consider the need for training of managers in decision-making

Sequence of decision-making process

Steps:

1. Why should a decision be necessary? - reasons for formulating a decision
2. Identifying the problem - the critical purpose
3. Analysis of the problem
4. Set-out alternative solutions - this is the step which has been greatly improved by computers

Stewart refers to Drucker's four criteria for deciding on the best solution:

1. Risk involved related to the expected gain
2. Amount of effort required
3. Timing, and
4. Availability of resources

Decision-making and techniques

Increasing use of:

1. Market research techniques
2. Operational research
3. Models - finance models; economic models
   e.g. Treasury, London Business School, Henley Forecasting Centre, *et al.*

## Benefits of Analysis in decision-making

1. To improve content of decision
2. To improve the input - the quality of ideas - creative problem-solving e.g. brainstorming; lateral thinking for managers (*vide*: De Bono's book)

The 1960s saw a concentration, among applied economists and financial analysts, of new techniques of FINANCIAL ANALYSIS aided by discounted cash flow techniques. For the 1970s these techniques remain important but what we need to examine is the whole range of objectives for which the decision-making process is a key ingredient of managerial effectiveness. Note Stewart's comment that stages in decision-making may bear little resemblance to actual business behaviour - cf. syllogism in logic.

We should remember Drucker argues that the planning and, in consequence, the decision-making process should percolate all levels of a business, and not be concerned with corporate strategic planning alone. This has been a major aim in Ocean's management training during 1973/74.

## Need for Training in Decision-making

The need for training managers in decision-making began to take off in the late 1960s and there are now a plethora of packaged approaches; basic courses are conducted by many organizations as in-house programmes. The Oxford Centre for Management Studies (where Rosemary Stewart is a full-time fellow) and Brunel University have developed excellent courses in decision-making. John Adair's courses are used in many organizations as in-house training and through the Industrial Society.

The Ocean project group has recommended to the Executive Committee the inclusion of training in decision-making in the Group Management Development Programme.

DJR

March 1974

## STANDARDS OF PERFORMANCE

1. A standard of performance is a statement of the conditions which are fulfilled when a job is well done.

2. Why set standards?

   2.1 It enables job holders to know how well they are expected to perform in their jobs.

   2.2 It is the prerequisite to appraising performance.

3. The agreed standards avoid uncertainty and conflict on what should be done, and prevent avoidable recriminations on inadequate contribution to achieving planned objectives.

4. Standards exist without their being formally expressed. Ocean has implicit standards of business ethics and these form part of every employee's work culture and attitudes. It is true that an explicit statement of what is expected of an employee can help in obtaining agreement and commitment to business objectives.

5. The Board in planning the overall business objectives will set the general standards. These will be translated by each business into specific objectives with related standards for achievement. From these the objectives and standards for individual achievement will be agreed.

6. The key to success in evolving an assessment system is agreement between manager (appraiser) and job holder; both must be committed to the standards, and accept that they are attainable with effort (ease of achievement is not analogous with equity).

7. Procedures on setting standards of performance should be formulated by the parties involved, but there is an advantage sometimes in using a third party as catalyst (or 'change-agent').

8. The active participation by the job holder in setting standards creates the climate for a high level of organizational effectiveness. Mutual involvement engenders a positive approach to meeting standards.

9. Standards of performance must be job centred notwithstanding that it is the performance of the person in the job that is the key to individual growth. For a shortfall in attainable standards suggests a need for training and development.

10. Standards can be expressed in:

    10.1 positive terms as being an increase in volume of service (i.e. selling) over a given period.

    10.2 negative terms, being a reduction in service (i.e. selling), overheads etc.

    10.3 neutral terms, where there is no deviation from previously agreed standard.

    10.4 comparative terms, with other companies, divisions or relevant averages.

    10.5 empirical terms as determined by observation and analysis.

11. The data for standards is contained in job descriptions and statements of general objectives and specific targets. From these it should be possible to arrive at agreed criteria for the results expected for a satisfactory performance, related to both continuing and specific objectives. A written statement of standards not only signifies greater certainty but it is evidence that standards actually exist.

12. Standards should be expressed in unequivocal language and, as far as possible, stated in quantitative rather than qualitative terms.

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APPENDIX 10

# MANAGEMENT BY OBJECTIVES -

## THE USE OF OBJECTIVES IN THE CO-ORDINATION AND CONTROL OF A MULTIPLE SITE ORGANISATION.

R. M. BAGNALL

T.I. STAINLESS TUBES LIMITED

## CONTENTS

1. Introduction
2. Company Background
3. Our reasons for introducing "Management by Objectives"
4. Assessment of requirements and resources
5. Company approach and implementation
6. Achievements against targets
7. Disappointments and lessons learned
8. Final assessment

## 1. Introduction

Management by Objective will already have been expounded to you as a management tool and it is not my task to explain the technique further. What I imagine is of interest is that you should hear at first hand a further example of a company's working experience in introducing IMP, and have an opportunity to ask questions on subjects which may be more pertinent to your own particular sphere.

The technique seemed to me initially to be interesting and attractive as a development of a planned and concerted approach to management. Something, in fact, which most managements would accept that they should be doing in any event. Do you need consultants to tell you this - or can you rest content that with your own expertise you do already cover most of the points raised and with a little more pressure could bring these to a satisfactory state of control ?

Either way, IMP seems right with the stricter disciplines and job training which are implicit. In our case, since our top management was already fully extended, we reckoned that we would make much faster and more effective progress with the help of consultants.

Since this is a case history of our own experience, I must give you some of the background to my company, so that you can understand the state of evolution and the management problems which particularly attracted us towards acceptance of the IMP technique.

## 2. Company Background

In the 1950's and earlier, T.I. had a virtual monopoly of the stainless tube making interests in this country and used to protect itself and the customer by offering the cold finished product from two competitive daughter companies - Accles & Pollock Ltd. and Talbot Stead Tube Co. Ltd. There was a certain amount of natural rationalisation of product and customer with the heavier boiler type tubes at Talbot Stead and the more sophisticated or lighter tubes, as aircraft, at Accles & Pollock. A third company - Chesterfield Tube Co. - was a primary producer for both, as well as being a seller in its own right of very much larger and heavier tubes and also of hot finished.

With an appreciation of the increasingly high capital costs of investment and the need for co-ordinated marketing and manufacturing policies, T.I. was moving from a situation of Autonomous Company to Divisional Operating, and the Steel Tube Division when it was established embraced all the three companies which I have mentioned.

It was apparent by this time that the best interests of T.I. and its customers could best be served by the concerted use of the total stainless tube making resources within T.I., so as to obtain the maximum economic benefits.

Contd...

In 1963, a new company - T.I. Stainless Tubes Limited - was, therefore, formed incorporating the stainless interests of Accles & Pollock, Talbot Stead and the Chesterfield Tube Co.

This allowed the building of a new organisation from the very substantial assets which had been inherited, although we had the problem that we were operating on two sites (9miles apart). At the same time, although Accles & Pollock continued as an independent company because of its considerable other interests, Talbot Stead did not and ultimately was closed down becoming wholly T.I. Stainless. Thus, with this move, we also became responsible for a Manipulation Department with some stainless interests, a separate Fittings Department at Dudley (8 miles away) and a Bar Mill with no stainless interests - in total around 2,000 people.

So you will gather that whilst we had cleared the lines to get on with the basic job of developing, marketing and manufacturing stainless, we had won a few outriders; and since we were on three sites we needed an administrative organisation which knew very clearly what it was doing and what was required to be done.

## Our reasons for introducing "Management by Objectives"

It will already be clear that this was not an easy organisation and that a number of difficulties must have arisen. Largely arising out of this background, the main reasons which made IMP seem particularly attractive to us were :

### a) Staff Training

Departments and responsibilities had been built up by heads of Departments operating initially with inadequate staff, and they had not yet managed to train and hand over this work to their departmental team and leave themselves free to operate as managers and executives. The calibre of staff was generally good but there was a need to concentrate on specific job training and forego on the short term some of the broader education for tomorrow.

### b) Organisation

The organisation had been established to replace existing operations and to do this without any break in customer service and relationship. This super-imposition meant a certain amount of automatic duplication of the past without necessarily having made an overall appraisal that the new organisation was the one best suited to the present and future needs.

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It seemed that IMP would enable us to review our activities to avoid overlapping and to assess our strengths and weaknesses.

### c) Company Image

It will readily be appreciated that however bloodless this re-organisation had been, there must have been conflicting loyalties for a large number of people who were being asked to work as colleagues alongside people from a previously rival organisation.

Although this was a domestic situation, the inter-company rivalries were natural and the problem, basically, was no less than that encountered by any other merger organisation. It was importan therefore, to create a new and positive company image and sense of purpose to replace the old rivalries, and IMP provided a useful and effective means of its introduction and communication.

### d) Width of operation

The difficulty of operating on three sites and of adequate contro of the outriding activities accentuated our problems and this provided a useful means of co-ordination from all points of view.

### e) Improved performance

The main reason for forming T.I. Stainless was to offer the benefits of the combined resources of the appropriate T.I. Stainless facilities under one control. From there we had made substantial progress in cost reduction and reflected this in our prices. We were aware that we had a long way to travel in a competitive Europe in order to retain and develop our position as leaders in the field.

We could not afford to overlook areas in which improvements by change of attitude and more determined concentration of effort could be effected. We felt sure that we should find some of the stones, and perhaps boulders, to which John Humble referred and that if they did exist they needed turning over.

## 4. Assessment of Requirements and Resources

This technique looked right for T.I. Stainless and if it fulfilled its promise then it would be required further within other companies within T.I. It was our appreciation, therefore, that we should employ consultant within T.I. Stainless for a period of one year and that at the end of that tim

Contd...

we should be capable of continuing our own efforts within the company, and also have trained Group staff capable of introducing the technique into other T.I. companies.

In addition to the consultant staff, therefore, we allocated initially two of our own members as staff advisors and proposed to follow this with two Group members after an initial three months.

We were very conscious also that we were strenuously engaged in other management areas on which considerable attention would be focused and that we might find conflicting demands for company time and effort on other developments, such as computer, quality control, cost reduction, etc. Some concern was expressed as to whether the other activities should be completed before the introduction of IMP but this would have delayed the assessment almost indefinitely.

It will be recalled that one of the primary reasons influencing us in favour of IMP was this desirability of having a common sense of purpose and of everybody clearly understanding what was required by the organisation. This may be clearly stated in your organisation - it certainly was not so stated in ours at that moment in time. And so it seemed to me as it must seem to many other people facing the same assignment, that this was an essential startpoint.

Either the chief executive must put his pen to a document which he accepts (even if he has not personally prepared it) outlining the essential requirements for his organisation, or, willy nilly, these statement will come up from the various components of the organisation and he must accept or adjust them. I consider it preferable that this is done at the outset and the chief executive accepts full responsibility for this as the startpoint. It may not be very good and some of the points made may require refining, alteration, or even elimination, but it will be a base point and a commonly accepted operating document.

I mention this in some detail because John Humble in his charming way had never specifically referred to this in any talks which I attended, and the inference is that such a document already exists or alternatively that it is perfectly clear to all concerned that you will produce this with a quick ten minutes dictating prior to the start of the assignment. There is a lot of hard work which requires to be done by the top executive at this stage.

## 5. Company approach and implementation

We commenced the assignment on the shop floor of the main Mill where all our reasons for accepting IMP most applied and then we proposed to move across into the second Mill and build up on a narrow front from here.

Contd...

All the theoretical talks stress the need for good communications, relations and understanding by all staff at the commencement of the assignmen This was done according to the text book and with the odd comment that this was a "do it yourself hangman's kit", the technique was accepted, and the only complaints were by managers who considered that their Departments were not sufficiently early in the timetable.

In the event, although we have achieved our overall timetable, we were over optimistic in individual sectors and only made the requisite progres by spreading wider and wider across the field. Managers were too enthusiast in their endeavour to co-operate and committed themselves to achievements which failed on the time scale, either because they themselves were so committed with other activities, or because they were too dependent on the activities of other departments and these did not materialise.

In particular our programme faltered as we found that a weakness in Production Control affected nearly every department and we had to mount a major campaign to correct it. A more detailed survey might have persuade us to clear this before starting IMP, but whatever your particular skeleton is, I recommend that you retain some task force in hand which can take urgent action.

## Achievements against Targets

Most of our achievements to date have been in the Production Departments of the company. Other departments have been applied - but it is only on the Production side, where we initiated the exercise, that we have had enough experience as yet to make any really valid assessment of our performance.

The first Review Periods did not, in fact, produce as many improvements as we had anticipated, but it is fair to say that this was due more to our own deficiencies than to any inherent problems in the system, e.g.

- our inability to achieve effective supporting action from other departments
- our inability to set precise and realistic targets
- our inability to sustain the pressure on our declared objectives (particularly in the face of other special projects, such as quality control)
- our inability to identify cause and effect in certain major problem areas

Contd...

- our inability to provide adequate control information for the measurement of performance.

Our performance in subsequent Review Periods proved to be considerably better, showing on average a 20% improvement in the number of priorities achieved. We still have a long way to go but, as can be seen from the following examples, we can now point to some fairly substantial results

- Reduction in total hours worked for equivalent output
  - Mill A - 10% reduction
  - Mill B - 2% reduction
- Boiler efficiency - 4% increase
- Power factor - anticipated savings of £3,000 per annum by better peak load control.
- Re-organisation of case-making section = savings of £3,000 per annum.
- Improved stocking techniques for certain categories of raw material.
- Improved organisational structure.
- Improved control and identification of work-in-progress.

Our measurement data has proved inadequate for some of our tasks and consequently progress, for example on yield improvement (important with a product at £1,000 per ton), was sometimes illusory. Many of our priorities have been with us for years as problems and we have made progress, but I believe that with IMP the greater discipline will help us to measure and ultimately contain these tasks.

## 7. Disappointments and Lessons Learned

Many of our disappointments, particularly in the earlier stages of the exercise have been highlighted above. However, we quickly learned from our mistakes and took the necessary corrective action.

Some of the problems we had to overcome are as follows and I emphasise these because I think they are the sort of problems which are likely to be encountered by any company introducing such a scheme.

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### a) Supporting Action

Supporting action will never be effective without the close involvement of top management. It is important, therefore, to ensure that senior managers and Directors in each section of the company are prepared to watch and put pressure behind all management action plans.

### b) Method of Application

Our method of application was to start with the foremen and supervisors in a department and then work up towards the more senior managers. This method had certain advantages in that it enabled us to identify anomalies and operating problems at shop floor level without being biassed by predetermined ideas from more senior managers; but in retrospect, we find that we could have speeded up the procedure considerably by applying both junior and senior management simultaneously.

### c) Phasing Reviews

Two mistakes that we made were :

i) that we made our initial Review Periods too short (i. e. three months).

ii) that we operated on too broada front.

As a result of this we found that after about three to four months we were so busy reviewing the departments that we had originally applied that we made no progress at all in the new departments.

The Lesson to be learnt is that Review Periods should be very carefully phased, and that not more than two departments should be applied at any one time.

### d) Perpetuating the system

We had hoped that after about 12 months some of the original departments we had applied would be able to perpetuate the system with little or no interference from Staff Advisors, but it was quickly apparent that this was not so.

The solution seems to be that each departmental head should have as his number one priority (on his Priority Plan) the task of ensuring that Reviews are carried out on time, and that the suggested priorities for the next Review Period are properly thought out.

Contd...

## 8. Final Assessment

In assessing Management by Objectives we must beware of trying to justify it on financial grounds alone. Certain benefits can, of course, be evaluated financially but just because the exercise is an expensive one this is no reason for thinking that the less tangible benefits should be entirely discounted.

The most obvious benefit, particularly in a multiple site organisation, lies in the fact that it builds up a sense of purpose in the company. Objectives are clearly defined at senior management level and are then translated into specific Key Tasks and priorities right down the line.

The less obvious benefits, though no less important, are in the field of Management Development, e.g.

- in the assessment of training needs
- in the more objective appraisal of performance
- in the availability of ready-made job descriptions
- in the provision of training for younger managers.

T.I. have for some years operated a system of annual interviews and assessments for Managers and Executives. These will now have a greater impact as the tasks and performance get a clearer evaluation, and this will prove of real benefit. People like to know that their work and achievements are reviewed fairly and this will provide the means.

The preparation of priorities so far has been a separate and quite laborious process. I see this now as self generating and as complementary to our Budget procedures and, therefore, part of the general forward thinking and control of the management plan.

I must also stress that Management by Objectives is by no means a panacea for all ills. It involves a considerable amount of work on the part of all concerned, and unless managers are prepared and encouraged to make it work, then inevitably it will be regarded as yet another high flown theory from the remote world of Consultancy!

So I end up, no better than most of my predecessors, in that I have not told you that for an outlay of £20,000 we made savings at the rate of £50,000 a year. I have no doubt that we have made savings, but how much is due to IMP and how much to normal management cost control, I can not say. But at least the whole organisation is looking for the right things and we are much more likely to succeed. This aspect has ceased to be a game of chance.

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# Ocean Transport & Trading Limited

STAFF DEVELOPMENT

Appendix 11

MAN SPECIFICATION

Division

Date Completed

Activity/Department

Age Range
(if applicable)

Job

1. Personal Characteristics

Essential

Desirable

2. Education and Professional Qualifications

Essential

Desirable

3. Experience

Essential

Desirable

---

4. Special Aptitudes

Essential

Desirable

---

5. Other Comments

6. Training and Development Requirements for the Job

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Indicate degree of relevance to the job

| Areas | Critical | Important | Useful |
|---|---|---|---|
| Knowledge | | | |
| Skill | | | |
| Attitude | | | |

Appendix 12

# NOTES FOR MANAGERS DETERMINING INDIVIDUAL PERFORMANCE PLANS

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# AGREEING INDIVIDUAL PERFORMANCE PLANS AND SETTING PERFORMANCE TARGETS

## Introduction

Within the Ocean Group business plans are initiated by accountable units and submitted for approval to Divisional General Managers, the Executive Committee and the Ocean Board of Directors.

Once agreed the unit plans specify the objectives and targets to be achieved. The plans and budgets are the standards against which the performance of the operating unit is measured and evaluated.

It is appropriate that the process of clarifying individual performance plans and agreeing objectives and setting targets for performance should be extended to all management staff.

The annual assessment system provides for assessing performance against key result areas and targets defined as:

> Key Result Areas:
> The specific objectives to be achieved and forming part of the general objectives as set out in the nature and scope of the job.
>
> Targets:
> The short term results to be achieved, expressed where possible, in time and cost within a key result area.

## Summary of benefits of target setting

The major benefits include:

1. Specifying objectives and targets for a manager which help to ensure that he/she concentrates on the critical areas of performance.
2. Defining individual key result areas and targets to avoid unnecessary duplication and barriers of effort between managers and their staffs, increasing the range and effectiveness of delegation and facilitating effective co-ordination.
3. Setting targets through a dialogue with the individuals concerned to help to commit them to attain the specific objectives.
4. Providing information on individual training and development needs.

## Basic principles of target setting

The essential stages in setting performance targets are:

1. Agreement between manager and subordinate on the scope of the latter's job.
2. Identification of the key result areas, i.e. the major make or break aspects of the job.
3. Determination of the specific short term results - the targets - within each key result area.

4. Provision of the necessary resources in manpower, money and materials and the facilities for performance, and an agreed system for controlling performance in relation to budgets.
5. Review of performance periodically and updating targets where necessary, e.g. in relation to quarterly forecasts.

The all important ingredient for success is the effective co-operation between managers and their subordinates.

## STAGES IN TARGET SETTING

### The job

Each manager's job should be re-examined, at least annually, to ensure that the nature and scope of the job, the responsibilities and levels of authority are clearly defined and congruent with the job holder's position. It is essential that a manager and his subordinate agree the requirements of the job.

### Key result areas

The key result areas have been referred to as the make or break elements in a job. As such, they must be identified as consistent with the scope of work to be performed by the job holder.

As such the key result areas are those more important elements in an individual's job which directly contribute to achieving the business objectives. There is a risk that individuals will devote too much time and energy to tasks which make a minimum contribution to achieving business objectives. This is not to say that aspects of an individual's job not specified as a key result area can be by-passed, but merely that certain specific objectives are critical over a period of time. There are key result areas which are repeated for each performance period. They are enduring features and must be included in the criteria for performance.

Key result areas differ from a list of duties which may be included in a job description, in that they are the individual's contribution to the short term business objectives, requiring special attention for a period of time, normally one year.

## Targets

Managers recognise the value of being specific about the job and tasks which they expect their subordinates to perform, but find difficulty in distinguishing between key results and targets. For some managers there will be further confusion between Business Plans, Objectives and individual Action Plans on the one hand and Key Results and Targets on the other. In effect, the sum of individual key results should correspond with the short term business objectives. The purpose of identifying key results for individuals is to determine performance targets. They should be quantifiable or measurable providing specific goals of time and cost. Targets may also be set in Service Departments which are measurable in other terms such as quality and acceptability. In all cases targets will highlight some of the grey areas of management, since individuals depend to some extent on another individual's performance. A collection of targets is the means by which a key result area is achieved. A ten point plan for target setting is included at the end of these notes.

## Resource provision

To achieve targets, individuals may require manpower, money and materials. Another resource will be the agreed type of control information by which managers and their subordinates can monitor performance. Without this control information target setting is a pointless exercise.

## Review

The periodic performance review, not less than quarterly, is the most important part of the process. Successes and failures are registered when there is a sympathetic performance review between a manager and his/her subordinate. The review is an essential element in motivation.

# PROCESS OF TARGET SETTING

## Performance Reviews

The process of target setting, as indicated in the previous section, is:

1. Closely related to business planning and budgeting.
2. Effective when jointly agreed by a manager and his subordinate.

The mutual agreement on targets by a manager and his subordinate requires a flexible management system. It requires commitment in time and the mutual confidence in each other demanded by the system.

The discussion on key result areas and targets for each twelve month period should be preceded by preparation by the manager and his/her subordinate in the same way that preparation is an essential prerequisite to the annual assessment interview. In most cases the discussion on key result areas and targets for the next twelve month period will take place following the assessment interview on the previous twelve months' performance. In some businesses managers will find it appropriate to deal with the ensuing twelve months' performance on a separate occasion.

All discussions should follow the order of: Job - Key Result Areas - Targets. Managers should ensure that key result areas and targets are specific, measurable and critically important. Individuals must be guided to set targets that are demanding but neither nonfeasible nor too easy. The key aim is to achieve a high performance within feasible limits that provide a challenge for improvement and a pride in achievement.

A manager should agree with his/her subordinates the frequency of performance reviews. There is no set time scale as this will vary according to the jobs concerned.

The periodic review is not an occasion for the manager to pass judgement on the performance of his/her subordinate. It is an opportunity for a dialogue on the work done and results achieved. An individual will more easily seek to improve his/her performance when he recognises his/her own weakness. A manager should not participate in a periodic review without having examined performance against targets and analysed relevant facts and figures. He/she should be sensitive to the priorities to which an individual has worked.

The periodic review is the occasion for discussion on ways of improving; merely recording past performance is a profitless operation. Managers must be capable of identifying causes of problems and agreeing with subordinates ways of solving problems. It is the occasion when information control data can be checked to see if it is timely, adequate and provided at the right level.

A subordinate will respect and respond to the manager who is prepared to discuss his/her own performance achievements as well as those of the subordinate.

## Documentation

Most managers prefer having some record of target setting. Enclosed with these notes is an Ocean form designed for this purpose. Whatever form of recording is agreed a copy should be retained by the manager and his/her subordinate.

The record is of importance to the manager and his subordinate only; it is not one that should be circulated within a business. It is not the kind of documentation to be administered by a Personnel Department.

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# TEN POINT PLAN FOR TARGET SETTING

For individuals in managerial jobs, i.e. those with responsibility for directing and controlling the work of others, the general objectives determine the nature of what is to be achieved and the key result areas indicate the specific goals for the ensuing twelve months. Targets set the optimum results the job holder can achieve. They in turn call for action plans to achieve the key result areas and targets.

It is of critical importance to the assessment system that Key Result Areas and Targets should not be imposed but agreed between the manager and the job holder. It means that:

1. The manager's objectives and targets must be correlated with those of the job holder: they are a synthesis of all subordinate job holders' key result areas and targets.
2. Targets must specify results to be achieved, not describe an activity.
3. Targets must set short-term priorities, whether or not these can be measured by quantum and time.
4. Targets must be congruent with the span of the job holder's responsibility and they must be aimed at performance improvement.
5. Targets must be limited in number, normally not more than five.

6. Targets must be matched with the key result areas and be related to the short-term business planning and budgeting process.* (The budget should reflect the sum of the targets quantified in financial terms. The target aims to achieve a better than agreed budget performance).
7. Targets must be realistic, demanding real effort but feasible in the light of all foreseeable problems and constraints.
8. Targets may overlap jobs, departments or divisions.
9. Targets must be consistent with the short-term business objectives and must not militate against achievement of long-term plans.
10. Targets can be defined in qualitative as well as quantitative terms. The results to be achieved by an O.R. Manager and a Sales Manager cannot be measured in the same way, but each can be set realistic short-term priorities or action programmes.

---

*BUDGET

A financial and/or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital.

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CPI/517/P524

# OCEAN TRANSPORT & TRADING LIMITED

## INDIVIDUAL PERFORMANCE PLANS

RECORD OF OBJECTIVES AGREED FOR PERIOD ENDING..........................................................

Surname........................................................... Forename(s) ..........................................................

Division.......................................................................................................................................

Activity/Department.......................................................................................................................

Job...............................................................................................................................................

Name of Assessor..........................................................................................................................

| Summary of:<br>KEY RESULT AREAS | TARGETS |
|---|---|
| | |

## REVIEW AND UPDATING OF INDIVIDUAL PERFORMANCE PLANS

| Key Result Areas | Targets | Action Plans | Review (with dates) and note of changes, if any, agreed for key result areas |
|---|---|---|---|
|  |  |  |  |

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# SOME IDEAS ON SETTING OBJECTIVES

## WHY SHOULD OCEAN SET THEM?

A manager must know where he intends to go before he can reasonably expect to get there. The more clearly the end can be seen, the better the route, time and method that can be used. Without purpose, progress at any level in the Group or in any unit business is left to chance.

Not only do objectives help to shape the structure and culture of Ocean's organization, they also expose the need to set standards of performance, and methods of appraisal; for it is impossible to know what really has been accomplished, unless the results can be compared with previously agreed plans. The illusion of marksmanship can very easily be created ; simply by shooting first and drawing the target later.

To perform at anything like full potential, an Ocean manager needs to know:

(A) what his job is and what is required of him;

(B) what standards of performance are expected of him;

(C) how he is doing.

Most managers have their own ideas about these aspects of their work, but all too often, they do not coincide with those of their seniors; job analysis shows a disquieting lack of agreement. One of the most common by-products of trying to introduce change into an organization is the demonstration that managers do not really know what is expected of them, and thus it is only a short step to dissatisfaction with the methods of appraisal used to assess progress.

## WHO SETS THEM?

Each accountable manager must see that they are set in his area. Some managerial styles are authoritarian, others permissive, and readers of Douglas McGregor's book "The Human Side of Enterprise" may be tempted to spend a lot of time debating the choice between objectives set by the manager and by the subordinate. In reality, it matters less who sets them, than that they are set, and that they are relevant to the aims of the business.

Some experts recommend starting at the bottom of the organization, with integration upwards, and subsequent authorisation at the top. Does this make sense, or must all apposite purpose start at the most senior level? Whichever be true, the necessity for discussion and eventual commitment is clear, as is the need for targets that can be measured in a realistic fashion.

## WHAT ARE THEY?

Today, so much is heard about management by objectives that Ocean's managers can be forgiven for believing that something unique has been discovered. This is not so. Almost invariably, successful people have had clearly defined aims; perhaps not always written, but certainly well understood. These were the yardsticks against which they measured their performance, as well as that of others. The technological development of the last two decades, however, has created a situation which demands that all concerned with industry must be aware of its purpose, and accept a disciplined approach to the future. All that the exponents of the management by objectives cult are offering is a drill or method of determining what is required for tomorrow. Thus, objectives are clear, realistic aims, in specific basic areas, that must be accomplished if the unit is to thrive, and to some extent the sum of the objectives of Ocean's organization is a statement of its potential growth.

There is, however, a dilemma. Objectives cannot be achieved without resources, and resources limit the feasibility of objectives. Neither objectives nor resources can be viewed in isolation, because it is their interaction that really determines what can be achieved. Thus, in many situations, it may be necessary to develop an idea or assumption as a means of breaking into the problem, closely followed by a test of feasibility.

Objectives can be classified into two groups - those of direction (open ended) and those of result (closed ended). Examples of the open ended variety are - the good life, survival, and profit. It can easily be seen that these will remain inappropriate until the ends are closed by something specific, such as time, or any other quantitative factor. Perhaps one of Ocean managers' major tasks is, in fact, to receive open ended objectives, and to discover the means of closing them.

## HOW TO SET THEM

A variety of systems is available but, as they really differ only in the extent of their detailed analysis, an examination of one is sufficient to outline the problems involved. The choice of method can be left to individual fancy, provided the one selected produces the specific answers required. Basically, what is needed is a disciplined and logical approach to establishing what must be achieved, as opposed to what it would be nice to achieve.

The system examined in this paper consists of four stages. The first two are developed in some detail. The others, albeit of no less importance, being steps in their own right, are mentioned to establish the point that the setting of targets is only a precursor to getting work done.

Stage 1 State the nature and scope of overall purpose of the role:

- (a) Establish how the job fits in to the unit business.
- (b) Identify the main activities that must continue to be achieved.
- (c) Identify the limits of authority.
- (d) Agree standards of performance.

Stage 2 State specific objectives or targets:

- (a) Define the principal kinds of work that must be performed.
- (b) Prepare a deficiency analysis.
- (c) List constraints.
- (d) List opportunities for improvement.
- (e) Set realistic work targets.

Stage 3 Draw up work schedules and budgets.

Stage 4 Institute control systems.

### Stage 1 State the nature and scope or overall purpose of the role

(a) It is of prime importance to establish, at the outset, the organizational structure surrounding the job being

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examined, regardless of whether it is one's own or that of a subordinate. The fundamental aspects of the discipline apply to both, although the method of participation will obviously vary. The relationships caused by the pattern of roles are significant to the effective working of a business, and it is usual for analysis to show that the role structure differs from that which was believed to exist, or which was illustrated by the organization chart.
To start to set objectives in such a state of organizational uncertainty or confusion is to court failure and disappointment.
When this has been done, an attempt should be made to state concisely why the job exists, and what it must accomplish; thus setting the stage for a more detailed examination.

(b) The next step is to identify the major activities and the general objectives that must continue to be achieved if the overall purpose is to be met. The first effort will perforce be general and perhaps a little vague, but when the list has been examined, to establish what must be done as opposed to what would be comfortable, it should become more precise. It is important at this point to achieve a measure of agreement between all concerned; to put this off until later will most likely involve much unnecessary work, and maybe conflict about who does what.

(c) The limits of authority within the role can now be identified, by establishing the degree of freedom to make decisions, or to exercise direction and control of resources (people, money, plant, materials, etc.). It is just as important to obtain agreement to these constraints as it is to the establishment of major activities. A great deal of unnecessary conflict is present in organizations because of lack of clarity at interfaces between roles.

(d) A problem can be studied as a deviation from a standard: hence, the establishment of standards of performance is essential. Thus it is now necessary to study what constitutes satisfactory and unsatisfactory levels of performance in each main activity. It is also vital to obtain agreement to these standards. Failure to do this will make discord almost inevitable. If they are not known, they must either be discovered, or some assumptions made and recorded as such. At this stage of analysis, it is frequently said that standards do not exist. This is really not true, for although they may not be specific, there is a wide range of standards which people use to judge their own performance as well as the performances of others - such as company ideals or tradition, rules, quotas, norma of ordinary behaviour or common practice, and these can be disclosed by proper discussion. Again, the first attempts will probably be somewhat vague but, if the aim is clear, to achieve agreement as to what is to be measured and who is to do it, a more precise statement can be developed.

When this stage has been completed, there should exist a sensible survey of the continuing goals which are likely to remain in operation for some time, and to which the occupant of a role can be committed, and for which he can accept accountability.

### Stage 2 State specific objectives or targets

(a) Having determined the main content of the role, it is now necessary to define the principal kinds of work that must be performed. They can be classified as management work, and operating work; the former being planning, organizing, leading and controlling, and some of the latter must be done by the manager himself, because of the situation pertaining at the moment, or his own special qualifications.
This basic choice which confronts all managers is a precursor to delegation (one of the means of achieving objectives), and is difficult enough, even when the main requirements are known; it becomes almost impossible if they are not. Thus, all too frequently, managers are seen doing operating work which is either inappropriate to their qualifications, or which could be done much more effectively, and cheaply by their subordinates. Not only that, there are managers who believe that they should not do any operating work at all.
The purpose of this step is to establish specifically, what are the make or break requirements for end results, if the action plans are to be successful. Hence, it is a screening process, to determine the critical or key result areas.

(b) Prepare a deficiency analysis. As the standards of performance are known, it should be possible to identify weaknesses which are preventing the achieving of proper results. This procedure needs the now customary discussion with all persons concerned, so that the who, what, where, when and why of each deficiency can be studied as fully as possible. It will be tempting to draw together seemingly related deficiencies into groups, and this may well be the proper thing to do. Care should be taken, however, to recognize this clustering habit as a symptom of the tendency to associate similar things, and to assume that they have similar causes. A problem can only be solved when the cause is identified, and the deviation removed; an attack on symptoms is unlikely to be fruitful.

(c) List constraints on maintenance of performance. Each deficiency should be examined to trace its cause, and to see what is preventing its removal. It may well be that the freedom of choice of the occupant of a role may need critical examination at this stage. It is important to establish what is impeding success before judging whether or not the obstructions can be removed.

(d) List opportunities for improvement. A manager must always be seeking ways and means of improving the performance of himself and his unit, and, therefore, he must not be satisfied with a system which does not expose such aspects, as well as those which compare what is being achieved with what was judged some time ago to be necessary or desirable. At the same time, the constraints must also be disclosed. It must be realized that the whole objective setting process is aimed at disclosing what *must* be achieved, and a manager, however tempted he may be to seek dramatic improvement in one activity, must not do this at the expense of failure in other "must" areas.

Set realistic work targets. There are a number of aspects which concern the setting of targets - how many? how difficult? how precise? how to review?

It is unlikely that the answer to the question "how many?" can be answered arithmetically as all situations are affected, dynamically, by the type of work, and the resources available. The simplest key is to view targets as priorities, and thus what must be achieved determines what must be done. Clearly, if what must be done cannot be fulfilled with the resources available, it is better to expose it at this stage rather than reserve it as a possible excuse for failure. The relationship between objectives, work and resources must be understood.

Even the establishment of priorities has hidden dangers, because they can be, either those of a person himself, or those of his manager, or even those of the company. Some exercising of judgement is necessary to weight the requirements of all.

How difficult should they be? The attitudes of people vary. Some prefer targets that can be achieved easily, while others believe that they should be virtually unattainable. The most relevant objectives are those which are realistic, and which are capable of achievement by the appropriate stretching of individuals' capacities. This is the means by which people can grow in organizational situations. In case the importance of participation has not been emphasised sufficiently in this note of guidance, managers should be aware that difficult tasks, set without thought and consideration, may well discourage people from serious attempt. This is true not only for targets set for subordinates, but also for targets set for themselves.

Targets should be set with sufficient precision to avoid disagreement as to whether or not they have been achieved. They should also permit individuals the maximum scope to make decisions, commensurate with their capacities at the time. The stretching of people provides the means of growth, and maturation. If targets are set properly, with relevant criteria of performance, the review method should be self-evident. If the maximum freedom of choice is permitted, then the time to review is when the individual has had an opportunity to succeed. It is essential to assess managers on their performance, rather than on their personality, unless the latter characteristics are germane to the role. The review of one set of targets is, of course, the starting point of the next.

### Stage 3 Draw up work schedules and budgets

At this stage, and at no other, can proper schedules of work and timetables be produced, and sensible budgets calculated. Until this stage is reached, the dilemma between objectives and resources cannot have been fully exposed, particularly when there is a multiplicity of objectives. When these are clear, statements about tasks and budgets are meaningful.

## CONCLUSION

The setting of objectives is not a complicated process, but does require discipline, patience and a determination not to be satisfied with tasks that cannot be identified as likely to contribute to the growth and profitability of Ocean. It should not be looked upon as an elixir to cure all ills, nor as something that will counterbalance procrastination, and lack of diligence in the doing of work, and the completion of tasks. Setting objectives offers a challenge to contribute to the profitability of Ocean and the real prosperity of every manager, every employee.

It is necessary to agree a monitoring of the progress being made in achieving the objectives. The Ocean system provides for a periodic review, which may be monthly or quarterly, and a note made of changes, if any, agreed for key result areas. These will modify the individual manager's action plans and result in revised monitoring.

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Appendix 14

OCEAN MANAGEMENT
SERVICES LIMITED

staff administrators for
THE OCEAN STEAM SHIP CO LTD

India Buildings
LIVERPOOL
L2-ORB

3rd January 1972

To: Departmental Managers/
Superintendents

## STAFF PERFORMANCE APPRAISAL AND SALARY REVIEW FOR EFFECT 1ST APRIL 1972

Enclosed herewith are Appraisal Forms in respect of all your staff who will have attained their 19th Birthday by 1st April 1972.

Please complete these together with your Director's comments and having discussed his/her report with the individual concerned, return them to the Staff Department as soon as possible, but certainly no later than Monday 7th February.

Provided Appraisal Reports are returned by 7th February, the Staff Department plan to have salary recommendations in the hands of the Department Managers by 21st February. These should be discussed with the Directors concerned and an appointment made with the Staff Director to iron out any queries, with a view to finalising by 8th March.

It is planned that if these dates can be maintained, the notices to individuals can be prepared and passed to Departmental Managers for distribution by Thursday 23rd March.

R. L. HODGES

C.c. Managing Directors
Directors

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## NOTES ON STAFF APPRAISAL

It is important in the PERFORMANCE EVALUATION section to base the assessment on a clear understanding of the Job Description, thus establishing a requirement or setting an expected standard and it follows that a satisfactory report "C" would apply where performance achieves this standard. The obvious pre-requisite to this must be that the individual knows what is expected of him. The person whose performance demonstrates that he exceeds the standard required, or whose efforts are such as to deserve favourable mention would qualify for a "B" report. With these standards established, it then becomes much clearer as to the outstanding or exceptional performance required to qualify for an "A" report.

The yardstick you apply to a "C" report will, of course, provide the measure by which an unsatisfactory "D" report has to be given. Such cases must be very carefully investigated with the individual concerned and should be reviewed after a period of three months.

In the ASSESSMENT OF POTENTIAL section you are requested to tick one box only out of the four. "Promotable Now" is quite straightforward and indicates that the individual is considered capable of holding down a job graded at least one group higher.

"Promotable within 5 years" gives you a good deal of scope. It indicates that the person has proved himself in his present job and that he has some potential.

The length of time an individual can be in a department and remain "Unproved" must be flexible, but there is obviously a limit beyond which an "Unproved" report should not be tolerated. The shorter the time, the better.

You should not use the "Promotion not Foreseen" box just because you cannot foresee promotion being available in your department for which the individual might be suitable. By ticking this box, you are primarily showing that there is no indication at present that the individual could perform a job in a higher group. If you cannot foresee promotion potential in an individual, some comment under 2(b) would be useful.

After obtaining your Director's comments and signature to the report, you should then complete the job by discussing the report with the individual, and return it to the Staff Department.

The appraisal system is aimed at developing and encouraging staff and is concerned primarily with improving performance.

3rd January 1972

## THE OCEAN STEAM SHIP COMPANY LIMITED

Please return to the Staff Department by ...........................

## STAFF APPRAISAL RECORD

Name and initials .......................... Company/Department ...........

Job Title .................................. Job No. ......................

Date commenced in present job ...............

### 1. Performance Evaluation

A. Exceptional performance　　B. Very good performance

C. Satisfactory performance　　D. Unsatisfactory performance

| | | | | |
|---|---|---|---|---|
| A | B | C | D | Tick one box |

Make specific comments on individual performance, if you wish, but you should not fail to qualify an A or D grading.

### 2. Assessment of Potential

| | | | | |
|---|---|---|---|---|
| PROMOTABLE NOW | PROMOTABLE WITHIN 5 YEARS | UNPROVED | PROMOTION NOT FORESEEN | Tick one box |

Please state either (a) the types of job for which he/she should be considered.

or (b) why he/she cannot be considered for promotion.

## 3. Training

Please list any area in which you consider he/she needs training or greater experience.

1. ..............................................................................

2. ..............................................................................

3. ..............................................................................

## 4. Comments by Departmental Head

on any matters not covered in previous sections, e.g. health, ambition, special skills or aptitudes.

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

Date ................................

---

## Comments by Director

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

Date ................................

---

## FOR ACTION BY DEPARTMENT MANAGER

I have discussed with Mr/Mrs/Miss ................his/her progress/ performance for period from .................to........................

I made the following specific points:-

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

Date ................................

---

## For the use of Staff Department

Appendix 15

## Group Appraisal System

This appendix includes Annexes 1 to 7 which cover the main instruments for the Ocean Appraisal System, together with memoranda relating to the issue of Notes of Guidance on the Individual Assessment Forms.

The pagination is in sequence from Annexe 1.

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**STRICTLY CONFIDENTIAL**

SDT 1

# Ocean Transport & Trading Limited

## STAFF DEVELOPMENT
## INDIVIDUAL ASSESSMENT

1. Surname Fore Names

2. Date of Birth

3. Educational and Professional Qualifications, if any, with dates

4. Division Business/Department

5. Date commenced with Business/Department

6. Job Grade

7. Date commenced in present job

---

JOB DESCRIPTION

8. Brief description of job

## PERFORMANCE ASSESSMENT

**9. Assessor's comments**

10. Job holder's comments

Signature Date

## PERFORMANCE RATING

11. What is the rating you consider appropriate to the job holder?
Where an individual has been in post less than three months the assessor is asked to determine whether or not a general rating is appropriate. Where a rating is not shown the reason should be given in the comments section, below.

Tick one of the boxes.

| Outstanding performance, superlative achievement of all objectives. | Very good performance, exceeding the required standard performance. | Good performance, satisfactory standard achieved and evidence of commitment to his job requirements. | Fair performance, weaknesses which could have been surmounted. | Unsatisfactory performance, job requirements not being met. |
|---|---|---|---|---|
| | | | | |

Comments

Assessor's signature Date

## POTENTIAL REVIEW

12. What is the suitability of job holder for promotion within your business activity or elsewhere in the Group?

Tick one box.

| Promotable now | Promotable but needs at least one more year in present job. | Unlikely to be promoted for the next three years. | Unproved |
|---|---|---|---|
| | | | |

13. Comment on your assessment of job holder's range of ability and adaptability for jobs requiring different skills

## TRAINING AND DEVELOPMENT

14. State what part of training and development agreed at last review has not been implemented, and why not

15. What do you recommend for career development of job holder for year 19 ?

| | |
|---|---|
| Education courses | |
| Internal Training | |
| External Training | |

16. What educational or professional qualifications does the job holder seek to obtain?

17. What form of educational sponsorship, if any, has been approved for job holder?

Tick appropriate box.

| Sandwich Course | Block/Day Release | Part-time Day (i.e. afternoon) | Correspondence |
|---|---|---|---|
| | | | |

18. Comments by assessor's Line Manager

Signed Date

19. Action by Personnel/Staff Department

Signed Date

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## GUIDE FOR PERFORMANCE ASSESSMENT

The assessor should complete the following table. It provides for a preliminary analysis of factors relating to individual performance. Where a factor is judged not to be strictly relevant it may be deleted, the assessor stating the reason in the comment section below. The summary section should be completed and used for sections 9 to 11.

| Factor | Out-standing | Very Good | Good | Fair | Unsatisfactory |
|---|---|---|---|---|---|
| Job knowledge | | | | | |
| Volume of work achieved | | | | | |
| Quality of work | | | | | |
| Accuracy | | | | | |
| Initiative | | | | | |
| Judgement | | | | | |
| Attitude towards own working group | | | | | |
| Co-operation with other working groups | | | | | |
| Motivation and self development | | | | | |
| Punctuality and attendance | | | | | |

Comment

Summary

## INDIVIDUAL ASSESSMENT OF STAFF NOT IN MANAGERIAL OR SUPERVISORY JOBS

1 The following provides a guide for performance assessment of staff not in managerial or supervisory jobs. It is based on a group of factors which can be realistically assessed and used as a measure for the performance assessment and the performance rating.

2 The following factors are suggested as relevant to the majority of jobs. Assessors may wish to add further factors; some of those listed may not be relevant to certain jobs.

2.1 **Job knowledge**

to what degree does the individual display competence in the job and understanding of the job elements?

2.2 **Volume of work achieved**

this is a measure of the work carried out i.e. throughput of completed tasks

2.3 **Quality of work**

this indicates the neatness in presentation of work by the individual, coupled with

2.4 **Accuracy**

which indicates the degree of precision and care exercised in the performance of tasks (whereas a junior clerk may produce neat work it is not necessarily accurate)

2.5 **Initiative**

to what degree is the individual evincing qualities of enterprise and willingness to take a lead?

2.6 **Judgement**

to what degree are the actions of individuals, in their jobs, based on sound appraisal of the situation and do their actions command respect from others?

2.7 **Attitude towards own working group**

how does the individual respond to working as a member of a group?

2.8 **Co-operation with other working groups**

does the individual adapt easily and mix easily with others in the organisation?

2.9 **Motivation and self development**

what sense of accomplishment has the individual and to what degree is he seeking to achieve a higher level of job accomplishment?

2.10 **Punctuality and attendance**

this is a measure of reliability and commitment to the job.

A/20 Appendix 15 Annexe 2

STRICTLY CONFIDENTIAL

MD

## OCEAN TRANSPORT & TRADING LIMITED

## MANAGEMENT DEVELOPMENT

## ANNUAL ASSESSMENT OF MANAGERS AND SPECIALIST STAFF

Division .................................................. Review Date ....................

Location ..................................................

---

1. Personal details

Surname .................................. Fore names ..................................

Date of Birth .................................. Job Title ..................................

Date of appointment to present post .................................. Job Grade ..................

2. Purpose of job ..................................................................

..................................................................

..................................................................

..................................................................

3. Changes, if any, in job responsibilities during previous twelve months:

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4. Name of person assessing job holder ..................................................

Job Title ..................................................

5. Name of assessor's Line Manager ..................................................

A121

# REVIEW OF PERFORMANCE

**Part 1.**

The assessor should complete this section before the interview with the job holder and should identify, from the notes on form MD1-1A, the agreed key result areas or criteria as related to the job holder's executive or major responsibilities. These will be used to assess his performance. The second column should be completed where specific targets have been agreed. This will apply to most managers in operational divisions and can be related to their action plans. The final comment should summarise the level of achievement of his key result areas.

Review Period : From ............................................. To ........................................................

| key result areas or criteria for performance | Specific targets for Year 19 ....... |
|---|---|

Achievement

A122

## PERFORMANCE ASSESSMENT

Part 2A. **Assessor's comments.**

**Note these must relate to the actual performance during the period under review and shou identify (a) Strong Points and (b) Weak Points. In the case of weaknesses:- (a) have they be discussed with him? (b) what action was taken to improve perfomance?.**

Part 2B. The job holder should give his views of his year's work indicating any particular problems he h encountered, and how he has dealt with these. He may wish to indicate any particular constrain outside his control which he considers have militated against his achieving his objectives.

Signature of job holder ........................................................................ Date ..................................

A123

## PERFORMANCE RATING

Part 3.

What is the rating you consider appropriate to the job holder? Where a person has been in the post less than six months you are not required to rate the job holder but a comment on performance trends should be included below.

Tick one of the boxes.

| Outstanding performance, superlative achievement of all objectives. | Very good performance, exceeding the required standard performance. | Good performance, satisfactory standard achieved and evidence of commitment to his job requirements. | Fair performance, weaknesses which could have been surmounted. | Unsatisfactory performance, job requirements not being met. |
|---|---|---|---|---|
| | | | | |

**Comments:**

Signed ............................................................................ Date ....................................................

Position ..........................................................................

**Comments by Line Manager**

Signed ............................................................................ Date ....................................................

## POTENTIAL REVIEW

**Part 4.**

1. **Summary of potential (please tick appropriate box and add appropriate comment).**

a. Has good potential for promotion within one / two / three years, after training and development to grade ............. in job such as : ...........................

..........................................................................................................

.......................................................................................................... ☐

b. Has potential for limited promotion to next grade, within three years, in job such as : ..........................................................................

..........................................................................................................

.......................................................................................................... ☐

c. Promotability cannot be foreseen during next three years because : .........

..........................................................................................................

..........................................................................................................

.......................................................................................................... ☐

2. Comments by assessor on the individual's potential for more demanding jobs or for different jobs at same salary group level or higher levels. Indicate the level of his analytical ability and any special aptitudes. Has he expressed any interest in a particular managerial activity? What has he achieved in his self development?

Signed ................................................................ Date ..........................................

3. Recommendations by assessor's Line Manager :

Signed ................................................................ Date ..........................................

## TRAINING AND DEVELOPMENT

Part 5.

1. State what part of training and development agreed at last review has not been implemented, and why not.

## Future Training and Development Programme

2. Proposed Action

3. Suggested Date

Signature of assessor's Line Manager ..........................................................................................

Date ......................................................

4. Special Factors to be noted by Group Personnel Division

Signed ......................................................................... GPD/

Date .........................................................................

A126

# OCEAN TRANSPORT & TRADING LIMITED

## MANAGEMENT DEVELOPMENT

## ANNUAL ASSESSMENT OF SENIOR MANAGERS

Division .............................................................. Review Date ..........................

Location ..............................................................

1. Personal details

Surname ........................................ Fore names ............................................................

Date of Birth ................................ Job Title .............................................................

Date of appointment to present post ..................................... Job Grade ..........................

2. Purpose of job ...............................................................................................

.......................................................................................................................

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.......................................................................................................................

3. Changes, if any, in job responsibilities during previous twelve months:

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4. Name of person assessing job holder ..........................................................

Job Title ..........................................................

5. Name of assessor's Line Manager ..........................................................

A127.

# REVIEW OF PERFORMANCE

Part 1.

The assessor should complete this section before the interview with the senior manager and should identify from the notes on form MD1 - 1A the agreed key result areas or criteria as related to his executive or majo responsibilities. These will be used to assess his performance. The second column should be complete where specific targets have been agreed. This will apply to most senior managers in operationa divisions and can be related to their action plans. The final comment should summarise the level o achievement of his objectives.

Review Period: From .............................................. To ..............................................

Agreed key result areas or criteria for performance

Specific targets for Year 19.......

Achievement

A128

## PERFORMANCE ASSESSMENT OF SENIOR MANAGERS

**Part 2A.**

Comments on how the individual performed in relation to his executive responsibilities. (See notes).

**Part 2B.**

Job holder's comments.

**Signed** ........................................................................ **Date** ..............................................

A129

## PERFORMANCE RATING

Part 3.

**What is the rating you consider appropriate to the senior manager? Where a person has been in post less than six months you are not required to rate the job holder but a comment on performance trends should be included below.**

Tick one of the boxes.

| Outstanding performance, superlative achievement of all objectives. | Very good performance, exceeding the required standard performance. | Good performance, satisfactory standard achieved and evidence of commitment to his job requirements. | Fair performance, weaknesses which could have been surmounted. | Unsatisfactory performance, job requirements not being met. |
|---|---|---|---|---|
| | | | | |

Comments:

Signed .................................................................... Date ....................................................

Position ..........................................................................

Comments by Executive Committee member

Signed .................................................................... Date ....................................................

A130

## POTENTIAL REVIEW

**Part 4.**

1. Comments by assessor on the individual's potential.

Signed ................................................................ Date ..............................................

2. Recommendations of Executive Committee Member.

Signed ................................................................ Date ..............................................

## TRAINING AND DEVELOPMENT

Part 5.

1. State what part of training and development agreed at last review has not been implemented, an why not.

### Future Training and Development Programme

2. Proposed Action

3. Suggested Date

Signature of Executive Committee Member ..................................................................................

Date ....................................................

4. Special Factors to be noted by Group Personnel Division

Signed ..................................................................... GPD/

Date .....................................................................

A132

## MANAGEMENT AND STAFF DEVELOPMENT

## STAFF ASSESSMENTS

Attached are the Draft Notes of Guidance for completing the 1974 annual staff assessments.

You will note there are some amendments to the Assessment Forms, as recommended by participants attending the Two-Day Seminars on Staff Assessments. These have been discussed by the project group and the relevant minute of the P.M.C. meeting held in November records PDs'/PMs' acceptance.

There will be just enough time to take aboard any final revisions, following the final two-day seminar on 10th and 11th January.

In the meantime may I please have a note on any revisions or emendations you wish to table at the next P.M.C. meeting.

D.J.R.

Distribution:

ES
HM
JBW
CHP
JLMG
GH
JFD
FTP

cc.

RLH
BCC

3rd December 1973

(Author's note: The Draft Notes as approved are at Annexe 6)

Appendix 15 Annexe 5

## INTRODUCTION

The NOTES OF GUIDANCE FOR MANAGERS are commended to all who are responsible for carrying out annual assessments of staff.

The Executive Committee will look to managers to carry out with vigour the work on assessments, recognizing the contribution this makes to planning the development of future management and the effective performance of staff in their jobs.

The assessment procedure is one means of maintaining a personal acquaintance with employees, and members of the Executive Committee will wish to discuss the findings of the assessments when they meet staff in their various locations.

H.B.C.

23rd January 1974

A134

Appendix 15 Annexe 6

# OCEAN TRANSPORT & TRADING LIMITED

## MANAGEMENT AND STAFF DEVELOPMENT

## Notes of Guidance for Completing Individual Assessment Forms

GROUP PERSONNEL DIVISION

GTA
December 1973

## INTRODUCTION

1. **The following notes of guidance are provided for directors and managers responsible for assessing staff. The revised system of assessment aims to meet the requirements of staff at all levels in the Ocean Group.**

2. **The following are some of the prerequisites for effective assessment:**

   **2.1 there must be adequate and up-to-date information about the individual and his role; the individual's job description or specification must clearly identify his scope of authority and responsibility**

   **2.2 the individual's performance must be objectively analysed in relation to his job**

   **2.3 the assessment interview should be part of a continuous dialogue between the job holder and his superior (normally his assessor) on his job performance**

   **2.4 the job holder must be able to contribute to the assessment review and add his own comment to his performance assessment.**

3. The assessment process should consist of:

   3.1 consideration of any significant changes in job responsibilities

   3.2 the two participants mutually agreeing their related objectives, acknowledging that

      3.2.1 the job holder has his individual goals, values and skills

      3.2.2 the assessor has his individual goals, values and skills

   3.3 consideration of the specific objectives - key result areas and targets - which form the criteria for performance assessment of the previous twelve months' work

   3.4 the assessment of performance over the previous twelve months

   3.5 a diagnosis of strengths and weaknesses and agreement on performance improvement

   3.6 the comments of the assessor on the job holder's achievement and potential, taking account of the constraints in the internal and external environment over which the job holder has minimum or no control

   3.7 the job holder's comments on his achievement and aspirations for the future

   3.8 the line manager's comments

   3.9 the decision on action to be taken for the future

4. Managers are responsible "for seeing that members of their respective departments know what they are supposed to be doing and understand how their performance

is to be measured". Where this is not effected as part of the management and leadership style, assessment will founder and engender bitterness.

5. Where the assessment is based on objective criteria individuals will be judged realistically on their contribution to the business they are in or the service activity in which they are engaged. As individuals are Ocean's most valuable resource the aim of the assessment system must be to provide benefit for the individual and the organisation.

## OBJECTIVES

6. The purpose of performance assessment for managers and other staffs is twofold:

    6.1 to satisfy the individual's needs

    6.2 to satisfy the company's needs through:

        6.1.1 providing for the training and development of people employed by Ocean

        6.1.2 relating the adequacy of those people to meet Ocean's manpower needs.

7. Individuals must be identified in terms of their level of ability and adaptability so that:

    7.1 they can be helped to improve their performance in their current jobs, which must be clearly defined and updated

    7.2 appropriate training and development can be provided

    7.3 self-development can be encouraged

    7.4 realistic career development plans can be made to harness the potential to Ocean's manpower needs.

8. The review of performance has the immediate benefit of enabling a manager and the individuals working in his team to employ effectively their strengths and co-operate to overcome weaknesses and so achieve improved performance.

## REVIEW PROCESS

9. The review process requires accurate and up-to-date information on the duties and responsibilities of the job holder. This should be provided by the job description and, where appropriate, a detailed job specification defining scope of authority and span of responsibility. What is of critical importance is mutual agreement on objectives and targets in relation to the individual's job role.

10. The objectives and targets should be reviewed at intervals to be agreed by the job holder and his superior.

11. The objectives and targets should provide the factual basis for performance review and assessment, and for answers to the following questions:

| | | |
|---|---|---|
| 11.1 | What is the nature and scope of the job holder's duties and for what is he accountable? | RESPONSIBILITY AND ACCOUNTABILITY |
| 11.2 | What decisions can the job holder take without reference to his superior? | AUTHORITY |
| 11.3 | What are the routine activities to be carried out by the job holder? | DUTIES |
| 11.4 | How is the job holder's achievement to be assessed? | STANDARDS OF PERFORMANCE |
| 11.5 | What are the general objectives of the job and how do these relate to the business objectives? | GENERAL OBJECTIVES |
| 11.6 | What are the key result areas or criteria for performance on which the job holder will be assessed? | SPECIFIC OBJECTIVES |
| 11.7 | What specific short-term results has the job holder to achieve? | TARGETS |
| 11.8 | What actions must be taken by the job holder to achieve his key result areas and targets? | TASKS<br>ACTION PLANS |
| 11.9 | To what degree has the job holder achieved his key result areas? | PERFORMANCE ASSESSMENT |
| 11.10 | What steps can be taken to improve the job holder's performance? | TRAINING AND DEVELOPMENT |

12. Without the information under 11 an effective performance review and assessment is not possible.

13. For individuals in managerial jobs, i.e. those with responsibility for directing and controlling the work of others, the general objectives determine the nature of what is to be achieved and the key result areas indicate the specific goals for the ensuing twelve months. Targets set the optimum results the job holder can achieve.. They in turn call for action plans to achieve the objectives and targets.

14. It is of critical importance to the assessment system that key result areas and targets should not be imposed but agreed between the manager and the job holder. It means that:

14.1 The manager's objectives and targets must be correlated with those of the job holder: they are a synthesis of all subordinate job holders' key result areas and targets

14.2 **Targets must specify results to be achieved and not describe an activity**

14.3 **Targets must set short-term priorities, whether or not these can be measured by quantum and time**

14.4 **Targets must be congruent with the span of the job holder's responsibility and they must be aimed at performance improvement**

14.5 Targets must be limited in number, normally not more than five

14.6 Targets must be matched with the key result areas and be related to the short-term business planning and budgeting process*. (The budget should reflect the sum of the targets quantified in financial terms. The target aims to achieve a better than agreed budget performance)

14.7 Targets must be realistic, demanding real effort but feasible in the light of all foreseeable problems and constraints

14.8 Targets may overlap jobs, departments or divisions

14.9 Targets must be consistent with the short-term business objectives and must not militate against achievement of long-term plans

14.10 Targets can be defined in qualitative as well as quantitative terms. The results to be achieved by an OR manager and a sales manager cannot be measured in the same way, but each can be set realistic short-term priorities or action programmes.

*Budget
A financial and/or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital.

Forecast
An assessment of probable future events expressed as a re-statement of the Budget total.

## FORM SDT1 - INDIVIDUAL ASSESSMENT FOR STAFF IN JOBS GRADE 2 TO 10

15. Page 1 identifies the job holder. Where the assessor is not in regular contact with the job holder, the immediate superior should assist in providing accurate information on the job.

16. Form STD 1A provides a guide for performance assessment. It is based on a group of factors which can be realistically assessed and used as a measure for the performance assessment and the performance rating. The individual factors include:

    16.1 JOB KNOWLEDGE
    to what degree does the individual display competence in the job and understanding of the job elements?

    16.2 VOLUME OF WORK ACHIEVED
    this is a measure of the work carried out i.e.. throughput of completed tasks

    16.3 QUALITY OF WORK
    this indicates the neatness in presentation and the care taken by the individual, coupled with

    16.4 ACCURACY
    a measure of the degree of accurate performance of tasks (whereas a junior clerk may produce neat work it is not necessarily accurate)

    16.5 INITIATIVE
    to what degree is the individual evincing qualities of enterprise and willingness to take a lead?

    16.6 JUDGMENT
    to what degree are the actions of individuals, in their jobs, based on sound appraisal of the situation and do their actions command respect from others?

    16.7 ATTITUDE TOWARDS OWN WORKING GROUP
    how does the individual respond to working as a member of a group?

    16.8 CO-OPERATION WITH OTHER WORKING GROUPS
    does the individual adapt and mix easily with others in the organisation?

    16.9 MOTIVATION AND SELF DEVELOPMENT
    what sense of accomplishment has the individual and to what degree is he seeking to achieve a higher level of job accomplishment?

    16.10 PUNCTUALITY AND ATTENDANCE
    this is a measure of commitment to the job.

17. The assessor and job holder should add their individual comments on performance assessment in sections 9 and 10.

18. The comment and summary sections on form STD 1A should be used to explain any variance between the analysis of factors in performance assessment and the general rating shown in section 11 of form STD1. It is not intended that form STD 1A be discussed with the job holder but the document should be sent with the completed form STD1 to the Personnel Department or manager responsible for the personnel function.

19. The general rating of performance in section 11 should take account of the assessor's guide for performance assessment on form STD 1A.

20. The comments under Potential Review - sections 12 and 13 - should reflect the assessor's judgment of the individual in relation to the current activity and to others where the job holder may be promoted.

21. Sections 14 to 17 provide for recommendations on the training and development of junior staff and for those in supervisory jobs and junior management. Assessors should refer to the Group Training Adviser or divisional personnel staff for guidance on the scope of training and development for shore staff.

A/41

## FORMS MD1 AND MD1 1A ANNUAL ASSESSMENT OF MANAGERS AND SPECIALIST STAFF IN GRADES 11 TO 16

22. Prior to the interview the job holder and his assessor are required to carry out advance preparation on the results achieved and plans for the ensuing twelve months. This may be done separately or together.

23. Before the interview the assessor will have completed the first page. Changes in job responsibilities during the year should have been recorded from progress reviews with the job holder. Both assessor and job holder should have to hand an up-to-date job description or job specification.

24. Form MD Part 1 will be completed at the end of each year from an examination of the record of key result areas and targets agreed between assessor and job holder at the commencement of the period, taking account of any changes agreed during the twelve months under review. (The first time for completion of this part will be at the end of the twelve months January-December 1974).

25. Form MD1 1A provides for the planning and agreement on key result areas and targets for the ensuing twelve months. It is a working document and copies should be held by the assessor and job holder. It should indicate the job holder's action plans and be a means for a periodical review of progress towards achievement of the key result areas and targets.

26. Form MD1 Parts 2A and 2B should be used for a diagnosis of strengths and development needs, the level of commitment to the job, the job holder's relationship with individuals in his working group and other parts of the organisation. It is most important that internal factors and external factors relating to the job be freely discussed. The overall aim should be to achieve benefit for the individual and the business. The job holder will wish to express his views not only on his current performance but comment on his future with the company. The assessor will wish to note such comments when completing Part 4.

27. Form MD1 Part 3 requires a rating on overall performance. The linear scale covers five levels of achievement. As a general guide one would expect 60-65% of job holders to achieve a good performance rating. Above these would be 15-20% achieving consistently superior performance of whom less than 5% would achieve a superlative performance. Below those rated as having achieved a good performance some 10-15% would achieve a fair performance and under 5% would be rated as unsatisfactory.

28. The completed form MD1 Parts 1, 2 and 3 (including Line Manager's comments) can be discussed with the job holder.

29. Form MD1 Part 4 should be completed by the assessor and his Line Manager and, where necessary, with the assistance of the Personnel Department. The appraisal of potential provides for three main categories and should take into account such factors as:

29.1 ANALYTICAL ABILITY
has the job holder the ability to analyse situations within a broader context than his own job?

29.2 POWER OF ANALYSIS AND JUDGMENT
does the job holder break down complicated problems into relevant elements, take decisions effectively and carry out his actions using sound judgment which commands respect and commitment of others?

29.3 RELATIONS WITH SUBORDINATES
does the job holder communicate effectively and maintain good employee relationships?

29.4 RANGE OF ADAPTABILITY AND INNOVATIVE SKILLS
does the job holder demonstrate a high level of adaptability to different work situations and has he the ability to discern opportunities not obvious to less perceptive individuals?

29.5 COMMERCIAL ABILITY - MANAGEMENT KNOWLEDGE AND SKILL
does the job holder demonstrate a distinctive competence in managing and improving existing commercial activity and does he have, or could he acquire the knowledge and skill for jobs at a higher level?

30. Form MD1 Part 5 on Training and Development should be completed to indicate the long-term career development of the job holder. Recommendations for external training as well as internal training and development should be specified. Assistance on completing this section can be obtained from the Group Training Adviser.

A143.

## FORM MD2 AND MD1 1A ANNUAL ASSESSMENT OF SENIOR MANAGERS IN GRADE 17 AND ABOVE

31. Form MD2 corresponds with the five parts of the form MD1 to be used for those in jobs graded 11-16. It acknowledges that there are aspects of a senior manager's job which need to be examined in relation to strategic long term as well as short term objectives.

32. Before the interview the job holder and his assessor are required to carry out prior examination of the results achieved in the previous twelve months and consider plans for the ensuing year.

33. The first page will identify the job holder and record any changes in job responsibilities. It is important that the job holder and the assessor have to hand up-to-date job description/job specification.

34. Form MD Part 1 will be completed at the end of each year from an examination of the record of key result areas and targets agreed between the assessor and the job holder at the commencement of the period, taking account of any changes agreed during the twelve months under review. (The first time for completion of this part of the form MD2 will be at the end of the twelve months January-December 1974).

35. Form MD1 1A provides for the planning and agreement on key result areas and targets of the ensuing twelve months, It is a working document and copies should be held by the assessor and job holder. It should indicate the job holder's action plans and be a means for a periodical review of progress towards achievement of key result areas and targets. It will be a source document for completion of form MD2 Part 1.

36. Form MD2 Part 2 provides for a detailed analysis of a senior manager's ability and skill in relation to his executive responsibilities and his strategic and operational managerial performance. It is suggested that the assessor comments on how the individual performed in each category listed below in relation to his executive responsibilities. The comment should cite specific instances of outstanding performance or deficient performance. The definitions of each category should be adhered to so that assessors use similar criteria.

36.1 ANALYTICAL ABILITY
the effective use of analytical ability in the individual's work and the level of effective thinking in the achievement of agreed objectives.

36.2 POWER OF ANALYSIS
competence in identifying problems and level of ability in analysing situations and in taking effective decisions in his business activity.

36.3 JUDGMENT
the individual's ability to base his actions on sound judgment which commands respect and commitment of others.

36.4 RELATIONSHIPS, MANAGING PEOPLE
the effectiveness of the individual in dealing with others and his ability to communicate meaningfully. What is the quality of his leadership?

36.5 UNDERSTANDING THE ENVIRONMENT
does the individual evince the required level of understanding of the external and internal environment affecting his business?

36.6 RANGE OF ADAPTABILITY AND INNOVATIVE SKILLS
how far does the individual demonstrate an ability to look at situations from a higher level and relate his actions to more than one level in the organisation of the company as a whole? Does he apply innovative skills to managing change and diversification?

36.7 COMMERCIAL ABILITY
does the individual demonstrate distinctive competence in managing and improving existing commercial activity and what is the level of his ability to formulate sound strategic plans and manage profitable operational activities (eg. how sound are his budget plans)?

36.8 MANAGEMENT KNOWLEDGE AND SKILL
what is the level of the individual's understanding of the arts of top management shaping corporate strategy, optimising human resources, financial and marketing knowledge, effecting organisational change, appreciation of the applications of management sciences in his business activity?

37. Form MD2 Part 3 requires a rating on overall performance. The linear scale covers five levels of achievement and should be used as outlined in para. 27.

38. Form MD2 Part 4 provides for comment on the potential of the job holder.

39. Form MD2 Part 5 should be completed to indicate the training and development programme of senior managers. Advice on external management programmes can be obtained from the Group Training Adviser.

A1145

# OCEAN MANAGEMENT AND STAFF ASSESSMENT

## QUESTIONS AND ANSWERS

### Completing Individual Assessment Forms

1. Q. Does the assessor complete the information on the job description for form SDT1 at the interview?

A. Normally job descriptions will be reviewed and updated prior to the assessment interview, and section 8 of form SDT1 should record the main activities and responsibilities of each job holder. Identical posts at clerical levels can be covered by a common entry under section 8.

Where job descriptions are not available the manager concerned should arrange for these to be prepared, and agreed by the job holder and the responsible manager or supervisor.

2. Q. What are the entries that should be noted in section 3 of the form MD1 covering changes in job responsibilities during previous twelve months?

A. It is necessary to have a correct appraisal of the span of responsibility and scope of authority for each managerial job. There will be changes in the resources for which a manager is accountable, maybe a new pattern of relationships. The information to be included under section 3 should identify those changes which were significant in the setting of agreed key result areas. Whilst job descriptions are relevant in this respect what is most important is clarifying the means by which the job holder can achieve the agreed results and the scope of his authority in taking decisions.

3. Q. The performance assessment for managers and other staffs includes comments by the assessor and job holder. Should the assessor's comments be completed prior to the interview?

A. It is suggested that the assessor and job holder prepare their comments prior to the interview and that the completion of the appropriate sections be carried out during the interview. In this way the job holder will appreciate his being given an opportunity to freely express his point of view and having this recorded on the assessment form.

4. Q. Is the performance rating an arbitrary exercise and is it subject to modification to meet the requirements of the salary review procedure?

A. The performance ratings are not established in isolation of agreed standards and they are used as a basis for salary reviews. The individual rating awarded should be broadly in line with the distribution profile included under paragraph 27 of the Notes for Guidance.

5. Q. Does the job holder read the review of performance, performance assessment and performance rating?

A. It is recommended that the interview should afford the job holder the opportunity to participate in an 'open' system and thus to know what is being included in the report. Normally we should expect the assessor to allow the job holder to read the completed sections on performance review, assessment and rating.

6. Q. Does the new system provide for an open discussion on potential review and training and development?

A. In the design of the assessment report we have been conscious of the need to take steps towards greater openness in discussing performance planning (two-way analysis and consideration of the preceding year's performance and the agreement on the following year's results and targets). We do not consider it appropriate to show the job holder the report on potential review and training and development as these are matters which cannot be taken to a point of decision at the interview. There will be, of course, areas for free and frank discussion and the assessor should record the job holder's wishes and aspirations. Training and development in relation to the current job can be agreed, where the assessor has the authority to take action.

7. Q. Does the assessor retain a copy of the report?

A. For 1974 it is recommended that assessors obtain a photcopy of each management assessment report for which they are responsible and, as required, for those in posts in grades 2 to 10. Copies of the report should not be handed to job holders.

GPD/GTA

23rd January, 1974

Appendix 16

This appendix covers the main documentation (other than the assessment instruments and Notes of Guidance) leading to the launching of the Group Appraisal Scheme in January 1974, including notes on Appraisal Interviewing, the main procedural instrument and the MDA's memorandum 'calling line managers to their stations,' to play a key role in performance planning and assessment.

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Appendix 16 Annexe 1

# OCEAN MANAGEMENT AND STAFF ASSESSMENT

## TWO-DAY SEMINAR

### Objectives

The Ocean Group is introducing a revised form of management and staff assessment in 1974 and the two-day seminar is aimed to provide a forum for senior managers and managers to discuss the new system.

On the first day the tutors taking part in the seminar will outline the purpose of performance assessment for managers and other staffs in relation to performance planning and target setting. They will demonstrate that it is an essential part of management development and provides for individual needs and company needs. They will outline the use and abuse of different approaches and will aim to give participants a working knowledge of the revised Ocean system. Problems in the technique of assessing different levels of staff will be discussed in syndicate and plenary sessions.

The second day of the seminar will be devoted, in the main, to a discussion of the assessment interview, together with a discussion of problems of communication in relation to effective interviewing.

### Methods

The seminar will include group and individual exercises following a short lecture/discussion on each aspect of assessment.

The new Ocean assessment forms will be used to demonstrate the new system.

The assessment interview will be illustrated by a film and participants will be asked to join in a role-playing exercise.

## Introduction

Over the next two days you are going to discuss a most important part of a manager's work - his assessment of the people who work with him. This is something we do continously by informal contact and consultation with working groups and by various formal communication media. Each of us has his own style of managing people within the agreed organization and management system, and there are individual differences in the way we approach our managerial responsibility.

This individuality is a powerful force in creating the dynamism without which our organization would be sterile. There is for each one of us, however, a need to relate our individual management objectives and those we manage, to the total enterprise. In this a key resource is people, for whom it is necessary to provide an agreed Ocean Group system to help in their effective contribution to the business objectives.

A common assessment procedure will do much to engender a unity of purpose within Ocean. It will help individuals in relation to their current jobs and those for which they may be trained and developed in the same or different business activity.

During this seminar you will be examining the new procedure for assessment and the forms which the Executive Committee have agreed are to be used in all Divisions. Separate forms have been designed for staff in grades 2 to 10 (SDT1); for managers and specialist staff in grades 11 to 16 (MD1) and for senior managers in grades 17 to 19 (MD2).

The Board of Directors place great emphasis on your role in making the new procedure an effective part of management development. It must be used as a means of helping individuals, at all levels in the organization, to employ their strengths effectively and cooperate to overcome weaknesses, and so achieve improved performance and thereby contribute to Ocean's profit performance.

The new procedure will be of help also for those charged with achieving specific business objectives as agreed in their budget plans. We have moved a long way forward in improving our planning techniques and we are looking for your help in the successful implementation of the new appraisal system. You will be discussing how managers will be able to agree and evaluate the achievement of their objectives and targets. This is a feature of the new system and should enable both manager and subordinate to develop a much more effective rapport in their attainment of agreed objectives.

The success of Ocean now and in the future depends greatly on the way we utilize our resource in people at all levels. They command the same attention and care we afford to other resources: money, materials and machines.

A final comment on the forms which are being introduced for the annual assessment. We are not expecting the written report, however skilfully you complete it and discuss it with the job holders, to satisfy all the demands on you to manage the people in your care. None of the assessment forms is a patent medicine but rather a springboard for a dynamic interaction between managers and those they direct and control. It is one means to help you and others to develop well-planned and innovative managerial action.

Part of the assessment procedure involves the interviewing process. We are not seeking to impose a stereotyped system, but rather use the seminar as a forum to discuss some of the communication problems encountered in effective assessment interviews, and to discuss a well-tried and proven approach, developed by Norman Maier.

GPD/GMDA
18th October 1973

# A PERFORMANCE APPRAISAL SYSTEM FOR THE OCEAN GROUP

## AIM

Modern management seeks to optimize the contribution by all concerned in the achievement of a business enterprise's objectives. Each manager's contribution is more meaningful when it is determined in specific terms of planned results. Many companies are adopting a system of target setting for each manager within the overall plan for business results. This is achieved by establishing machinery for the appraisal of performance against the plans agreed by each manager and his superior.

A two-day seminar will offer senior managers an opportunity to discuss the purpose and procedures of the appraisal system which is being established in Ocean.

## OUTLINE

DAY 1

(a) Introduction

(b) The Purpose of Appraisal

(Morning Session)

- providing the means by which the work of managers can be judged in terms of a contribution to business results
- motivating managers by giving them a feedback on how they are performing - bridging the gap between job structure and job performance
- providing information on which discussions can be taken for merit increase, transfers, etc.
- establishing criteria for organization development through management development - identification of high potential

(c) The Basic Reference Data

- the manager's job description - general objectives
- determining the specific objectives in - key result areas and targets

(Afternoon Session)

- benefits from the joint determination of the individual performance plan and the results to be achieved - the contribution to be made by each manager

(d) A Case Study

The seminar will be divided into groups of four for this session

- setting the scene for managerial appraisal - e.g. analysis of a line manager's job and the job of a sales manager

(Evening Session)

  - agreeing the job description - the interface between superior and subordinate
  - determining key result areas and targets
  - framing an agreed matrix for the ongoing evaluation of results

DAY 2

(a) Techniques of Appraisal

- dangers of too complex an approach or adoption of over-simplistic methods in evaluation - the search for simple yet meaningful criteria for measuring performance

(Morning Session)

- how managers can agree on the selection of appraisal techniques (a demonstration by the tutor with visual aids)
- the crunch - determining the *standards* of managerial performance

(b) A Role Playing Exercise

The Tutor will have prepared a consolidated exercise with data drawn from live examples and have available full documentation for the interviewing session

(Afternoon Session)

- assessing the manager's performance from data relating to business results and contributions of individual managers
- setting the scene for interviewing the manager - the importance of having a non-interrupted session
- drawing a logical conclusion from the appraisal - recommending a course of action acceptable to superior and subordinate

The seminar will be conducted by D.J. Rees, Group Management Development Adviser in conjunction with a senior consultant from P.A. International Consultants.

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& Trading Limited

# PERFORMANCE APPRAISAL

1. Introduction to Performance Appraisal
2. Objectives of an Appraisal Interview
3. Basic Principles Involved
4. Steps in Appraisal
5. Methods of Interviewing
6. Suggestions for dealing with Reactions to Appraisal
7. Conclusion

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# 1. INTRODUCTION TO PERFORMANCE APPRAISAL

The responsibility for discussing performance with an individual is one of the basic responsibilities which every supervisor has.

Just as a person looks to his immediate supervisor for direction and guidance in carrying out his assigned tasks, he also looks to him for frequent indications as to how he is doing his job, whether he is meeting standards, and where and how he can improve. This is an opportunity to help those who are helping them to get their jobs done. Accomplishment in bringing subordinates to peak performance can also produce great personal satisfaction.

Discussing performance with people, however, is not a matter where text-book knowledge, formulas, or procedures is enough. Skill and technique must be carefully developed to carry out this responsibility effectively. It becomes very easy to be critical and yet few can really take criticism. Often after discussion of a performance weakness with a man, supervisors have realised their ineffectiveness and have wished they could do it over again.

The following, therefore, summarises under these headings a number of definitions, observations and techniques relating to counselling :

- The objectives of a counselling interview.
- The basic principles involved.
- The steps in appraisal methods
- Some suggested methods.

Also included are certain precautions and suggestions which may be utilized to advantage when certain types of reactions are encountered in performance counselling.

## 2. OBJECTIVES OF AN APPRAISAL INTERVIEW

An interview, which is intended to review his performance effectively with an employee, should have the following objectives :

- To make sure that he clearly understands his responsibilities and standards of performance expected of him.
- To recognise those phases of his performance which are better than normal but also give him a clear picture of where his performance fails to meet standards and needs improvement.
- To gain his agreement that the appraisal of his performance is accurate and has been fairly reached.
- To develop by discussion constructive plans for correcting his appraised weaknesses, and plan further development and fuller use of his appraised strengths.
- To reduce the tension which may exist in an individual's mind, particularly in cases where he has not had the benefit of periodic appraisal conferences.
- To build good will and better understanding by developing the feeling that you and the company are really interested in helping him grow and improve in his present assignment – that he is not a "forgotten man".

## 3. BASIC PRINCIPLES INVOLVED

Apply certain basic principles to appraisal interviews and these objectives are more easily attained:

- General counselling is most effective when the individual is led to evaluate himself and recognise his own strengths and weaknesses.
- There is a wide variance in the extent to which people see themselves as they really are. Complete and objective understanding of behaviour comes very slowly. Carefully estimate a man's capacity for self-appraisal and give him no more facts about himself in one discussion than he can take.
- By exercising discretion, an individual can be made to see his own faults in such a way that his feeling of security is increased and relations with the counsellor are improved.
- Because of individual differences, personal traits, degree of success or failure, job level, and the like, weigh how directly a man can be told or led to recognise his strong and weak points.

Remember, however, that the best improvement results when the individual through your counselling learns to understand himself and to judge his abilities. The skilful supervisor gets best results in appraisal when he leads the man to appraise himself and does not do it for him.

# 4. STEPS IN APPRAISAL

The objectives and basic principles of effective appraisal interviews have been outlined. To attain those objectives, there are eight recommended steps to be taken which will be discussed in the following pages.

## 4,1 PREPARE FOR EACH INTERVIEW

Preparation is very important, especially if some time has elapsed since the performance appraisal form was completed. It is preferable to hold the interview as soon as possible after completing the form as it will then be fresh in your mind. Certainly it should not be more than two weeks later. As part of your preparation :

- Study the responsibilities of the man whose performance you are going to discuss.
- Review **how** you appraised the man in the light of his job duties :
  - **how** the various factors involved were weighed.
  - **why** the specific conclusions were reached.
- Have specific facts and case examples ready to illustrate the accuracy of your conclusions.

Then plan just what you want to accomplish in the interview. Write down a sequence for discussion so that you can reach your objectives in an orderly way.

Also consider telling the man beforehand the subject to be discussed so that he will be mentally prepared for it.

## 4,2 PICK A GOOD TIME AND PLACE

An interview will better accomplish its purpose if it is uninterrupted and does not give the impression of being hurried. Thus, whenever possible, pick a time:

- when your relationship with the man is at its friendliest.
- when you are in a good mood.
- when you believe he is feeling good.
- when you are not rushed.

**Avoid a time :**

- When the man has had a recent glaring failure
- When the man has recently had an argument with you or some other supervisor.

**Hold your interview in a place :**

- Where you will not be interrupted by the telephone.
- Where no one will break in on your privacy.
- Where you can both be comfortable and relaxed.

In addition, your discussion will benefit if you give the impression that this particular interview is an important part of your day's agenda, not a disagreeable chore. Avoid a "let's get it over with" attitude.

## 4.3 OPEN EACH INTERVIEW BY SPOTLIGHTING ITS PURPOSE AND ITS IMPORTANCE

Individuals approaching such an interview will be under a certain amount of tension. Possible flare-ups which may result from tension can frequently be eliminated when you recognise this state of mind and try to relieve it.

- Be natural and friendly when the man arrives.
- Your first comments can be a question about a man's family, his hobbies, or some other outside interest.
- If this is your first discussion or performance with a person, review with him the purpose and objectives of the interview. Make it clear that this review is not only meant to advance the interests of the company, but that it will also help the man personally.
- Stress the fact that the appraisal and discussion is to help men develop and improve — that it is not a club to be used in a disciplinary way.
- Finally, remind the man that you, just like he, will have your turn at being coached by someone who has made an appraisal of you.

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## 4.4 REVIEW PERFORMANCE STRENGTHS

It is most important that you not only sound sincere, but that you be sincere when you praise a man. For when a man detects insincerity in praise from his superior, he will often feel that he is being "buttered-up" prior to being "knifed".

Unfavourable reaction to commendation of a man's strong points must be avoided. So that your praise will be above question, don't deal in generalities but back up your praise with concrete examples.

## 4.5 REVIEW PERFORMANCE WEAKNESSES

The results you want are most effectively attained when, through carefully planned questions, you lead the man being coached to an accurate self-evaluation of his own weaknesses.

This technique is not always easy to follow. It is rarely a short process. It is, however, a very rewarding technique when skilfully handled because:

- It is tactful, not blunt.
- It is less likely to arouse resentment.
- It leads naturally to a man's agreeing with the accuracy and fairness of the appraisal because he has been led to see his weakness and admit it.
- Individuals will seldom really try to change or improve themselves just by being told to do so. They must be convinced of the reality and degree of their shortcomings.

## 4.6 DEVELOP PLANS FOR CHANGING A WEAKNESS INTO A STRENGTH

An appraisal interview has as its basic purpose the improvement of a man's performance in his present assignment, but care must be exercised to dwell on correctible weaknesses, and not those which are inherent and beyond the power of correction by the individual (such as a physical handicap).

Tactfully leading a man to see a weakness therefore is only a beginning. It will not of itself accomplish the objectives.

When a man agrees that he does have some deficiency in his performance, immediately begin to develop with him a plan to correct it.

**Now, how is the best way to do this ?**

- Just as in the previous step, the best policy is to use questions which lead the man to suggest his own method of correction.

- It is, however, possible and sometimes necessary to make direct suggestions yourself.

- But, however you approach the problem: **Do It.** In performance discussion, always follow agreement of a weakness with a plan for improvement.

**For example :**

For a weakness in "Self Expression" assign the man to work in which he will be required to organize and express his ideas clearly.

For a weakness in "Analytical Ability" assignment to a special project is very helpful.

For a weakness in "Control of Operating Costs" provide improvement through your guidance by personally reviewing with the man in detail past operating budgets against actual expenditure.

## 4.7 SUMMARIZE THE MAN'S PERSONAL DEVELOPMENT ASSIGNMENTS WITH HIM BEFORE HE LEAVES

To eliminate uncertainty in the man's mind about what he should do to improve, it is well to summarize the improvement plans you have developed with him during your interview.

- Do this in the most encouraging way you can.

- Emphasise the constructive nature of the appraisal programme as well as your and the company's sincere interest in the man.

- Assure him of your confidence that he will do all he can to improve. This will help to have him leave you with renewed enthusiasm in his job with the determination to do better. If he leaves your office in this frame of mind, you, the company, and the man will benefit. But no one will benefit if he leaves you full of doubt and fear about where he stands.

- After he has left, record items of importance which were brought out in your coaching interview in the space provided in the "Report Form".

As emphasised before, the most effective approach to the improvement of a person's performance is continued, well planned day-to-day guidance. It is most effective because it combines observation and learning-by-doing with objective appraisal based on your judgement and greater experience.

Therefore, appraisal and performance review should not be limited to the occasion of an annual interview, but should be part of the fabric of your day-to-day supervision.

Make it clear to each man that at an early date you will be both willing and eager to pick up the thread of this interview where it was last dropped — for the purpose of giving further guidance or to review the progress he has made in the meantime.

These, then, are the recommended steps to be remembered and used to obtain best results in accomplishing the objectives of a discussion of performance, the basic one of which is to help the people you supervise to attain the best possible performance.

To list them briefly :

1. **Prepare for each guidance interview.**

2. **Pick a good time and place.**

3. **Open each interview by spotlighting its purpose and its importance.**

**4 Review Performance Strengths.**

5. **Review Performance Weaknesses.**

6. **Develop plans for changing a weakness into a strength.**

7. **Summarize the man's personal development assignments with him before he leaves.**

8. **Follow up .**

## 5. METHODS OF INTERVIEWING

Three main methods can be used :

- **Tell and Sell** — where the interviewer acts as a judge and an active counsellor.
- **Tell and Listen** — where he is still a judge but a passive counsellor.
- **Problem Solving** — where the interviewer does not communicate the appraisal directly but guides the employee in self-appraisal and future development planning.

### 5.1 TELL AND SELL METHOD

**Objectives :**

- To let employee know how he is doing **(Tell)**
- To gain employee's acceptance of the evaluation which has been made by his superiors. **(Sell)**
- To get employee to follow the plan that has been made for his improvement. **(Sell).**

**Skills Requirements :**

- Interviewer must be able to persuade the employee to change in the prescribed manner.
- He must be able to develop new needs in the employee.
- He must be able to assess the kind of incentives that motivate each particular individual.

**Difficulties :**

- Employee may not accept evaluation and the judgement of superior.
- Employee may not have the ability nor desire to change as directed.
- Employee may not appreciate superior's good intentions and may resent criticism.

- The evaluation may contain inaccuracies.
- Loyalty is put at risk.
- The superior needs courage; correction is necessarily unpleasant.

**Reactions :**

Superior :

- May become defensive when employee fails to appreciate his efforts.
- May become hostile if evaluation is challenged.
- May lose face if evaluation is inaccurate.

Employee :

- May be embarrassed by superior sitting in judgement.
- May feel aggrieved or injured by criticism.
- May want to defend his past behaviour and/or results.
- May feel suppressed if not given opportunity to contribute to future plan.
- May fail to identify with plan due to lack of personal involvement.

**Favourable Conditions :**

The Tell and Sell Method has greatest potential with young and new employees. They are inexperienced and insecure and **want** the advice and assurance of an authoritative figure. They may respect the superior because of his greater knowledge and experience.

People who are easy-going, uncritical, somewhat unimaginative and accept authoritarian leadership should be most able to profit from this method.

## 5.2 TELL AND LISTEN METHOD

**Objectives :**

- To let the employee know how he is doing **(Tell).**
- To recognise good work and cover the employee's strong points **(Tell).**

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## Difficulties

- The motivational values associated with "pleasing the boss" are reduced.
- The employee's gain in insight into himself may be limited.
- The employee is not likely to have discovered ways in which he can improve the job.
- The employee may leave the interview with satisfaction but without a programme for self-development on his job.
- The interview may fail to achieve its objective, i.e. letting the employee know where he stands.

## Reactions

Superior :

- The interviewer will profit from the interview by what he has learned from the employee's reactions to the evaluation.
- The Superior escapes being caught in a situation where he feels the need to defend his evaluation.
- He has a method for dealing with defensive responses.
- He will be less inclined to try and avoid appraisal interviewing than with the Tell & Sell Method.
- Misunderstandings can be clarified, opportunities gained to modify job assignments and expectations.
- He should gain a new awareness of the subordinate's job and areas where he may have been negligent in training and support.

Employee :

- An opportunity is provided during the second part of the interview for catharsis — the draining off of fears or resentments — to operate.
- The subordinate is made to feel accepted, even important and this is conducive to forming a constructive attitude.
- The subordinate can ventilate his feelings concerning job problems, relations with colleagues, and personal problems.

- To communicate the weak points in employee's performance **(Tell).**
- To explore employee's feelings and drain off frustrations or resentments aroused by evaluation. **(LISTEN).**

**Skills Requirements :**

The Tell and Listen Method interview has two distinct parts:

Part 1 – the communication of the evaluation

Part 2 – accepting employee's defensive reaction and providing non-directive counselling.

The skills required by the appraiser (superior) are :

- Active listening – which means not only refraining from doing all the talking but accepting and trying to understand the employee's attitudes and feelings. The superior must give his whole mind to what the employee is saying; he must watch for expressions and emphasis.
- Use pauses – this means waiting patiently whilst the employee organises his thoughts and constructs his sentences. A long period of silence, (10 seconds or more) may cause embarrassment which may lead the employee to start talking without structure and this should be avoided, but the interviewer can keep the employee's thinking on the same subject or divert it to another point in the interview by using the next skill.
- Reflecting feelings – which is a method of responding to feelings in order to show that one understands them. The interviewer must avoid judging the employee's statement of feelings. If the statements are ill-founded the employee will often recognise the inaccuracies, fallacies and illogical constructions which he has produced when he hears them reflected by the interviewer.
- Summarising feelings – this should be done from time to time to indicate progress, to highlight aspects of the problem, to reveal conflicts or impracticalities in the employee's statements. It can be used to finalise the interview.

None of these skills implies that the interviewer agrees or disagrees with what has been said. He strives to communicate the fact that he understands the subordinate's position, he entertains the possibility that the evaluation may be unjust and even incorrect and he reveals that he wants the employee to take away from the interview only such ideas as may be helpful.

- The subordinate's motivations improve by upward communication of his ideas particularly if they influence the superior's views.

**Favourable Conditions**

The values promoted by the Tell and Listen Method are tolerance and respect for the dignity of the individual. It tends to make management employee minded rather than production-minded. This generates higher morale which in turn is related to productivity. It permits upward communication which may encourage a philosophy in the organisation that constructive forces for change can spring from below.

## 5.3 PROBLEM SOLVING METHOD

**Objectives :**

- To motivate self-development of employee.
- To develop self-awareness of employee's strengths and difficulties.
- To develop a mutual interest between interviewer and employee.
- To formulate a plan of future action with the employee.

**Skills Requirements**

- The non-directive procedures used in the Tell & Listen Method.
- An ability to pose direct questions to determine subject of conversation but maintain a non-directive and non-judicial attitude with regard to the views and feelings expressed.

**Difficulties**

- The employee may not want to change in the direction desired by the interviewer.
- The interviewer must sacrifice his right to determine the direction of changes.

**Reactions**

Superior :

- Opportunities afforded for learning more about employee and his job.

- Training needs are revealed.
- Upward communication is stimulated.
- High quality decisions are reached as a result of joint consideration of problems.
- Mutual interest and work plan can be established.

Employee:

- Feels free to analyse job and influence improvements.
- Constructive thinking is mature and responsible.
- Change is facilitated as employee approves and accepts his own conclusions.
- The superior is aware of and understands the employee's job problems.

**Favourable Conditions**

The interviewer must have respect for the problem-solving of the employee and himself have the interviewing skills mentioned before. There must be mutual respect between interviewer and employee. The interview should be regarded as a favourable opportunity to explore the job, to discuss problems, agree solutions and formulate plans for the future. The interviewer must see himself as a helper and not a judge.

## 5.4 SUMMARY OF THE THREE METHODS OF INTERVIEWING

| **Method** | **Tell & Sell** | **Tell & Listen** | **Problem Solving** |
|---|---|---|---|
| Role of Interviewer | Judge and Active Counsellor. | Judge and Passive Counsellor. | Helper |
| Objective | a) To let subordinate know where he stands.<br>b) To recognise good work.<br>c) To indicate where a subordinate needs to improve and how to achieve this improvement. | a) To let subordinate know where he stands.<br>b) To recognise good work.<br>c) To indicate where he needs to improve and to allow him to react to assessment. | a) To develop subordinate in **present** job.<br>b) To discuss possible development for the future.<br>c) To formulate agreed plan for following year. |
| Assumptions | Subordinate desires to correct weaknesses if he knows them.<br>Any person can improve if he wants to.<br>A manager is qualified to evaluate a subordinate. | Subordinate desires to correct weaknesses if he knows them.<br>Any person can improve if he wants to.<br>A manager is qualified to evaluate a subordinate.<br>By allowing subordinate to react to assessment, change is likely to take place.<br>Cartharsis – reduces or removes frustrations. | Growth can occur without formal correction of faults.<br>Discussion of job problems leads to improved performance. |
| Reactions of Subordinates | Defensive behaviour suppressed.<br>Attempts to cover hostility. | Defensive behaviour permitted.<br>Person feels accepted. | Subordinate with aid of manager attempts to resolve problems. |
| Skills | Salesmanship. Persuasion.<br>Patience. Ability to motivate employee. | Active listening. Reflecting feelings.<br>Summarising feelings.<br>Make effective use of pauses. | Listening to and reflecting feelings.<br>Reflecting ideas.<br>Using exploratory questions.<br>Summarising. |

| **Method** | **Tell & Sell** | **Tell & Listen** | **Problem Solving** |
|---|---|---|---|
| Attitude | People profit from criticism. | The feeling of others should be expressed and respected. | Discussion develops new ideas and mutual interests. |
| Motivation | Positive – Desire to please manager<br>Negative – Fear of manager's displeasure<br>– Resistance to change likely to increase. | Resistance to change reduced. | Increased freedom<br>Increased responsibility. |
| Gains | Success most probable when subordinate is most junior to and/or respects manager. | Develops favourable attitude towards manager with increased likelihood of successful acceptance of appraisal. | Some improvement almost certain. |
| Risks | Loss of loyalty<br>Inhibition of independent judgement.<br>Creation of face-saving situations. | **Need** for change may not be developed. | Subordinate may lack ideas.<br>Change may not be what manager had in mind. |
| Values | Perpetuates existing practices and values. | Permits manager to change views in the light of subordinates reactions.<br>Some 'feed back' or upward communication to manager. | Both learn since experience and views are pooled.<br>Change is made easier.<br>Upward communication is stimulated. |

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## 6. SUGGESTIONS FOR DEALING WITH SOME REACTIONS TO PERFORMANCE APPRAISAL

### 6 1 THE MAN WHO JUST WON'T AGREE

Frequently you will run into a man who just won't agree with either the appraisal of his performance or the constructive criticism you are trying to develop. He stubbornly disagrees with your conclusions without, however, being emotional. In such cases :

- Don't try to get his agreement in the first interview. It may take several times. With such a man, the first job is to make your position clear. It may take more time to get him to accept it.
- Try to figure out whether his disagreement is the result of his personality, his experience in his work and with people, or other factors entirely within himself.
- Always expect to find some disagreement. This is normal as no one ever agrees completely with those he associates with daily. Full agreement is impossible and really not necessary. Try to get as much agreement as you can.
- Listen . . . . . . listen carefully. Try to find out **why** he disagrees. As he talks, check the reliability of your own facts and examine the validity of his criticisms. Prepare yourself for future discussions with added evidence about his performance.
- When the man criticises appraisal findings, tell him you will look into it so that you can give him all the facts. But stress the fact that the appraisal data presented represents not just your own opinion, but the composite opinion of several individuals. If you have any questions about the reliability of his information, raise them. Then send him away to think over his position while you do the same.
- Thank him for calling his viewpoint to your attention.
- Remember that men of great experience in appraisal and counselling admit that they often learn a lot from men whose performance they have appraised; occasionally everyone has been given coloured information, not necessarily deliberate, but resulting from differences in the reactions of people.
- If you do get evidence which throws new light on the appraisal, don't hesitate to change it – let the man know of the change. Men change constantly and so should opinions about them.

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## 6.2 THE MAN WHO AGREES TOO QUICKLY

Now and then you will begin discussing performance with a man who quickly agrees with your findings . . . . . agrees so quickly that you are sure either that he doesn't understand or that he is keeping his disagreement covered up.

**In that case :**

- Work to be sure his agreement is sincere and that he is not agreeing to try and avoid emphasis on the necessity for improvement. Some people try to avoid criticism by ready agreement. They seem to think that in this way they can avoid your insisting upon the need for and steps towards improvement.
- Strongly emphasise what the man is to do about improvement.
- This is one type where direct suggestion from you as to improvement steps will probably be necessary.
- Outline clearly how you intend to follow up on the improvement plans you develop. This close attention may be the very thing he needs.

## 6.3 THE MAN WHO IS TOO EAGER FOR PROMOTION OR A RAISE

Most people don't expect commendation to result in an immediate salary increase or promotion. The man who does is the exception — not the rule. But if this should happen :

- Remind him that the reward for a good year's work is a salary that :
  - reflects his value to the Company at that stage of his career taking both performance and potential into account and that
  - is in line with the market rate for the job.
- If desire for promotion is involved, make it clear that he should understand that jobs are not just created for purposes of promotion. Then outline the route which he may expect to follow. Make sure he understands not only how long it will be before an opening is likely to occur, but also that you are making no promises and can make none. Promotion will depend on his performance in his assignments and what people think of his potentiality.

- If too many of your men are insisting on tangible rewards, examine yourself and your discussion with them. Ask yourself if you have been stressing advancement and promotion too much. Remember that we evaluate people **first** to improve their performance in their present position. Really successful performance of the present job is a prerequisite for promotion. Emphasise it.

- Finally, a person may not deserve advancement. A counselling interview should result in his seeing it. But don't be surprised if it takes several interviews before you succeed.

## 6.4 THE MAN WHO WANTS TO QUIT

Sometimes as you develop a coaching interview, you may find yourself talking with a man who says he wants to quit. Assuming, of course, that he is a good man whom you want to keep:

- Find out why he wants to quit. He may not be too clear himself. It is possible that just being able to "get it off his chest" will be all he needs to satisfy him.

- If his reason is based on some valid fault within your organisation, try to correct it.

- Tell him emphatically that you want him to stay. Don't be afraid to tell him. Some men talk about leaving a company only because they are not sure they are wanted or where they stand. Most people don't like to be treated with the attitude – "He should know he is doing all right unless I tell him otherwise".

- If the man is considering temporary advancement with some other company in place of a better future with us, outline the possibilities of growth in the company and dwell on its good staff policies and benefits.

- Above all, don't let him make a definite commitment about leaving or statements so rash that he will feel he has to leave because you won't have confidence in him any longer.

## 6 5 THE MAN WHO LOSES HIS TEMPER

Some people can't stand constructive criticism and may become extremely angry even in the face of a tactful approach. If it happens to you:

- Don't throw petrol on the fire.

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- **Listen.**
- Don't argue. Let him talk himself out.
- When he calms down, be sure he understands that there is no permanent mark in a black book against him.
- Next time you see him, make a point of being cordial.
- Call him back in a few days. Usually he will be ready to talk reasonably on a second try.
- If he isn't, just listen and don't argue.
- If there is then no improvement, call him back later, ask him to listen, and then state the appraisal findings with examples and suggest plans for improvement.

## 6.6 THE MAN WHO IS COMPLETELY PASSIVE

When you begin to discuss a man's performance with him, you may draw a complete blank and get no reaction whatever. What then ?

- Know your man. Why is he acting this way? Is it normal? Is this just a "wait and see" policy or a "coat of armour"? Is he afraid?
- Don't be afraid of some silence. Give him time to think and answer.
- Watch for any sign of interest in what you are saying and try to develop it. Ask his opinion about something.
- In such a case, give him as many strong points in his performance as you can.
- Don't push or try to accomplish too much in one interview when you meet this reaction.
- Some men just resist the idea of appraisals and counselling. If you think this is the case, review once more the value to him of knowing what his management thinks of his performance and how he can improve.
- A man may resist discussing habits or personality traits (courtesy, co-operation, personal appearance, modesty and the like) because he may not realise that these things are closely related to job success. If this is the reason,explain why it is so and what he can do.

## 6.7 THE MAN WHO IS VERY NERVOUS

You may meet this situation more often during your first coaching with a man. *If he shows signs of nervousness :*

- Ask yourself if you were a little abrupt when he came in. Maybe you didn't put him at ease. Spend more time on the amenities and talk about things he knows best.
- Try to get him to talk. This will help to relax him.
- Emphasise the constructive purpose of performance appraisals and such conferences.
- It would be wiser to discuss job performance – quality, quantity and the like, in this interview. They can be more objectively considered and not related directly to the man himself and his personality.

## 6.8 THE MAN WHO CAN'T BE IMPROVED

Here is one of those few men for whom you are ready to give up hope. This may be almost your last interview. Now you are thinking of separating him as tactfully and kindly as possible and of trying to help him for the future.

- Talk to him frankly and directly about his leaving. It will be a shock at first, but he must face the fact realistically.
- If he doesn't seem clear as to his failures, review them once more. Remind him of previous conversations and plans for improvement and ask him what he has done about them.
- Discuss with him any assets he may have to offer a future employer. Talk about employment possibilities elsewhere and how he can get contacts with them.

## 7. CONCLUSION

There will be very few who will not agree that appraisal and review is a most essential part of the duties of each supervisor. There will be equally few, however, who do not agree that it is one of the most difficult parts of his duties to do well.

In the foregoing pages an attempt has been made to restate the objectives and the importance of counselling in the hope that the suggestions will help you to do it more successfully, to the employee's as well as the company's increasing benefit.

But the effective and constructive discussion of performance with a subordinate requires that the interviewer be aware of some basic **"DO's"** and **"DON'Ts"**. As a final aid to developing effective interviewing skills these are listed below :

| | **DON'T** | | **DO** |
|---|---|---|---|
| 1. | Do all the talking yourself | 1. | Listen. Listen attentively and politely. |
| 2. | Dominate the conversation or cross-examine. | 2. | Let him express his own ideas and feelings freely. |
| 3. | Lose control of the interview. | 3. | Keep the discussion "on the track" and firmly guide it. |
| 4. | Argue. | 4. | Be calm and patient. |
| 5. | Bluntly point out your disagreement. | 5. | Show him first where you both agree before pointing out where you differ. |
| 6. | Put yourself on a pedestal as a judge of "rightness" and "wrongness", | 6. | Show respect for his opinion. |
| 7. | Create the impression that you won't alter your opinion. | 7. | Create the impression of fairness and open-mindedness. |
| 8. | Seem infallible. | 8. | Be willing to change your judgement in the light of new evidence. |
| 9. | Dwell in his weaknesses. | 9. | Permit your subordinate to "save face", stress strong points. |

| | DON'T | | DO |
|---|---|---|---|
| 10. | Emphasise past failures. | 10. | Discuss best methods of avoiding future mistakes. |
| 11. | Compare a man with someone else. | 11. | Discuss the man's work in relation to his job duties. |
| 12. | Shirk responsibility. | 12. | Take the blame for a performance failure if in any way your fault. |
| 13. | Let a man leave with doubt as to what he should do to improve. | 13. | Develop a plan for improvement with him. |

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Appendix 16 Annexe 3

PMC/P7/DJR

17th December 1973

## OCEAN TRANSPORT AND TRADING LIMITED

## STAFF ASSESSMENT

## AN *AIDE-MÉMOIRE*

### THE NEED FOR STAFF ASSESSMENT

1. Management is concerned with both Things and People. Much of the manager's time is spent getting things done through other people. Successful management gets people to do things willingly and spontaneously.

2. In helping people to improve their job performance, a manager must improve both their capabilities and their willingness to do well. People learn to improve if they have some way of assessing their performance and adapting their future actions in the light of this assessment. This is why some kind of FEEDBACK is required.

3. If managers fail to give their subordinates feedback then people will assess their own performance using their own standards. This often leads to complacency and misunderstanding.

### THE ADVANTAGES OF OCEAN'S ASSESSMENT PROCEDURE

4. The annual assessment system as presented at the PMC meeting in November has the following characteristics:

   (a) It applies to all levels of management, supervisors and clerical staff.

   (b) It is a written assessment.

   (c) Each individual is told his/her relative strengths and inadequacies.

   (d) The assessment takes place annually in January/February.

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(e) Each assessment report is kept in the individual's personal file contributing to a continuous record of development throughout the individual's career with Ocean.

(f) Line managers in Ocean are responsible for ensuring that assessments take place regularly; that interviews are properly conducted and that standards of assessment are as laid down for the Group.

5. Informal and day-to-day counselling and feedback should be taking place all the time. Formal procedures augment but *do not replace* this.

6. The advantages of the formal procedure are as follows:

(a) The accuracy and reliability of assessments are facilitated by the use of a standard form.

(b) It ensures feedback by bringing the assessor and the job holder face to face in a purposeful dialogue, to agree inputs and outputs of Job performance.

(c) It increases the probability of assessment being positive and helpful rather than critical and destructive.

## THE ASSESSMENT

7. The assessment is reported in writing normally by the job holder's line manager. Properly done, this may take one or more hours, for managerial staff, with less time required for junior staff.

8. The Ocean report forms provide for an assessment by the assessor and the job holder on the previous year's work by evaluating different aspects of the job.

9. The assessor is required to make an overall judgement on the performance and a rating scale is used for this. The half-way point on the scale represents standard (≈ good) performance.

10. The assessment form, after completion, is discussed with the assessor's superior. Other supervisors/managers who work regularly with the job holder may be asked for their comment on his/her performance.

## THE INTERVIEW

11. Giving an individual a face-to-face assessment is a skilled and responsible job. People who have this responsibility should receive some training in the techniques of interviewing.

12. Whatever the relationship between the assessor and job holder may be in the normal way, it is a help to both parties if the interview is conducted on a slightly more formal level than usual. This can be achieved by:
    - booking the time some days in advance
    - setting aside the appropriate time, cut off from telephones and other interruptions
    - confining the interview only to an assessment of performance, training and career development
    - avoiding 'small talk' and playing it absolutely straight

13. The assessment interview is a dialogue - a two-way communication. The individual needs time to say what he/she thinks about his/her job and any external constraints which may affect job performance. The assessment should start with the strengths in the individual's job performance. Discuss inadequacies in a helpful constructive way. An assessment and counselling interview should improve an individual's morale and assist in improving performance. Any specific criticisms should be

illustrated - with actual incidents that have taken place. Personality traits should be discussed only if they affect job performance and only where being told about them is likely to help the individual.

## PLANNING FUTURE ACTION

14. There is little point in speaking about strengths and inadequacies unless an individual is able to act on the information. The assessment interview should conclude with a plan of action to further the individual's development. The important points to be covered in the plan are:

- Review of Job Description (if necessary)
- Training needs (Internal and External courses)
- New or revised objectives
- Names of individuals responsible for taking action
- Dates by which action should have been completed.

The plan should be in writing and the individual should participate in drawing up the action programme, and must feel committed to it.

## CONCLUSION

15. The Ocean assessment system, universally applied throughout the Group, provides information upon which promotion decisions and salary increases can be based. However, these objectives are secondary to the primary ones of helping the individual do better at his/her current job.

Too close an association between pay and the performance review may vitiate the frank and open relationship which is the essential quality of the successful assessment of current job performance.

GPD/DJR

10th December 1973

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## Ocean Management and Staff Development

## Annual Staff Assessments

This note relates to the discussion at the Personnel Management Committee held on 17th December 1973.

OBJECTIVES

1. The revised Group management and staff assessment procedure which is being introduced in January 1974 has a twofold purpose:
    1.1 to satisfy the individual's needs
    1.2 to satisfy the needs of Ocean's business through
        1.2.1 providing for the training and development of people employed by Ocean
        1.2.2 ensuring that the Group's future manpower needs are met, where possible by developing our own staff

2. A main feature of the Ocean management system has been the transfer of responsibility for staff management to Divisional and Unit general managers. For all our people, whether working in small units or in the divisional offices and headquarters, we seek to identify their level of ability and adaptability so that:

    2.1 individuals can be helped to improve their performance in their current jobs, which must be clearly defined so that every job holder knows what his job is and understands his scope of authority
    2.2 appropriate training and development can be provided to improve current job performance and for those with potential for higher level jobs
    2.3 self-development can be encouraged.

## REVIEW OF INDIVIDUAL PERFORMANCE

3. We are able to perform well in our jobs when we know how we are getting on. The best way of encouraging good performance is the regular meeting of the job holder and his superior to resolve problems. There is real benefit in having, as well, an annual assessment to record the achievements of the past twelve months. The Ocean system makes provision for:

   3.1 the job holder to contribute to the assessment review;

   3.2 an assessment of performance which is job-centred; i.e. related to the factual data about each individual's role;

   3.3 the performance of individuals to be judged realistically on their contribution to the activity and not assessed on a subjective system of personality rating, and

   3.4 a fair reward for the work done.

## ASSESSMENT FORM

4. The assessment forms (SDT1, MD1 and MD2) provide for:

   4.1 a report by the assessor, normally the unit or departmental manager, on the performance of the job holder in his/her current job;

   4.2 a comment by the job holder on his/her own performance and views on future development;

   4.3 a performance rating on current job performance;

   4.4 notes by the assessor on the job holder's future potential, and

   4.5 a plan for the development and training of the job holder, where this is appropriate.

THE BENEFITS

5. The new system which will operate throughout the Group will help individuals to answer those questions which they often ask:

How am I doing?

What can I do to prepare myself for a successful career with Ocean?

Where do I go from here?

Am I obtaining a fair reward for my efforts?

6. For Ocean the new system will provide a more meaningful opportunity for individuals to contribute to the Group's business objectives and ensure that its resource in people is conserved and improved through careful identification of individual abilities and potential.

D.J.R.

Distribution:

E.S.
H.M.
J.B.W.
J.F.D.
G.H.
C.H.P.
J.L.M.G.
F.T.P.

Information only:

C.L.C.
F.G.R.
H.J.B.
M.M.
R.A.N.
N.C.F.B.
G.J.

18th December 1973

c.c. R.L.H.
C.A.C.H.
A.J.W.
B.C.C.

Appendix 16 Annexe 5

COPY

R.L.H.

## Staff Assessments

Would you please ask D.J.R. to prepare for the Executive Committee, and thereafter the Board Meeting on the 22nd January, a paper reviewing briefly the achievements of the courses which have been run on STAFF ASSESSMENT? D.J.R. should set out the proposals for the manner in which our Staff Assessment procedures are carried out in 1974.

One or two of the directors have expressed doubts as to the level down which the new procedures can be followed in the first year.

H.B.C.

28th December 1973

cc B.C.C.

Appendix 16 Annexe 6

R.L.H.

# Staff Assessments

Attached are my:

1. Report on Staff Assessment Seminars
2. Procedure for Ocean Group Appraisal System

I shall be grateful if you will confirm for me, at the earliest, the decision of H.B.C.

D.J.R.

3rd January 1974

cc B.C.C.

# REPORT ON STAFF SEMINARS

1. A series of fourteen two-day seminars were scheduled to run from October 1973 to January 1974; those attending will have included 40 staff in grades 17 and above and 165 staff in grades 11 to 16. An equal number of seminars will have been held in Liverpool and London.

2. The seminars aim to provide a forum for discussion and acceptance of the scheme comprising:

   2.1 revised forms for management and staff assessment;

   2.2 application of individual performance planning for those in grades 11 and above, with the setting of key result areas and targets in relation to each individual's job role;

   2.3 provision for comment by job holder and assessor on the performance in the previous twelve months;

   2.4 review of training and development needs and potential for promotion;

   2.5 a performance rating, and

   2.6 appropriate interviewing procedures.

3. The individual reports on the seminars show that the purpose set out in paragraph 2 was achieved. There was an insignificant minority who showed a negative attitude and contributed destructive criticism only to the discussions. The successful implementation of the scheme will require a high level of cooperation between all levels of management and periodic review by G.P.D. with Operating, Staff and Service Divisions.

4. There are three forms to be introduced in 1974 covering:

    4.1 those in grades 17 and above (MD2)
    4.2 those in grades 11 to 16 (MD1)
    4.3 those in grades 2 to 10 (SDT1)

5. There was a lively response to the form proposed for those in grades 11 and above, and general acceptance of the information required. There will be minor points of interpretation to be agreed with divisions. There was concern expressed about the application of the form for grades 2 to 10:

    5.1 some business units had not completed job descriptions for staff in the lower grades, and the clarification of job role is an essential prerequisite to effective performance assessment;
    5.2 the relevance of the assessment procedure to most junior staff, e.g. office juniors, machine operators, typists, was questioned; a number of the participants favoured the form being applied to grades 5 to 10;
    5.3 the present requirement, where some managers are responsible for assessing more than 25 staff,is a serious constraint on management time: there must be delegation to subordinate levels of staff to carry out the assessment procedure;
    5.4 the performance rating of those staff who are members of unions may occasionally conflict, where unions seek to negotiate salary increases and insist on participation in the assessment process, and
    5.5 there was a need for clear instructions on the relationship between assessment of performance and the salary review procedure.

6. A key aspect of assessing performance is agreement on the accepted 'standard' of good performance, i.e. the conditions which are fulfilled when the job is performed satisfactorily. Some businesses, e.g. C.D.S., are proceeding to define these standards. This aspect must be examined by all Divisions and standards agreed to ensure that individuals acknowledge and seek to achieve them. It is planned to include further discussion on this aspect when the assessment process is reviewed with managers in the latter part of 1974.

7. The contribution from the members of the Executive Committee and other main Board members, in opening the seminars, was greatly appreciated and did much to ensure the acceptance of the revised scheme.

8. The three senior consultants from P.A. Management Consultants provided an excellent contribution in discussing the practical applications to Ocean of performance planning and assessment interviewing.

9. The work of the project group members, in the early stages of developing the scheme, has ensured a successful launching.

10. There should be a real contribution from the scheme in the effective career development of staff, by the conjoint efforts of line managers and G.P.D.

3rd January 1974

cc R.L.H.
   B.C.C.

A19D

## PROCEDURE FOR

## OCEAN GROUP APPRAISAL SYSTEM

1. It is Board policy that, from January 1974, Divisions will carry out an annual assessment of the performance of shore-based staff, in all grades.

2. The policy on managing Ocean's human resources requires that line managers execute their responsibility in ensuring that each of their subordinate staff:

   2.1 Knows what he is supposed to be doing;

   2.2 Understands how it contributes to the aims of the business;

   2.3 Understands how his performance is to be measured;

   2.4 Knows whether or not he is doing a good job.

3. Each requirement,and the four together,will require that line managers establish effective communication systems.

4. The appraisal system provides for written assessments for three categories of staff:

   4.1 those in grades 2 to 10;

   4.2 managerial grades 11 to 16, and

   4.3 senior managerial grades 17 to 19

5. For all categories, line managers will ensure that job descriptions are up-to-date and that for each post a job or man specification is completed and revised, in the light of any changes, and will record such changes at each annual review.

6. The Board is aiming to achieve a uniform approach to preparing job descriptions, and line managers are required to set out:

    6.1 the purpose of the job;

    6.2 the dimensions of the job being an indication of the resources employed;

    6.3 the scope of responsibility, and, where appropriate, a statement of the job holder's accountabilities;

    6.4 the span of discretion, being indicated by a statement of the decisions which can be determined and acted on without reference to a superior manager;

    6.5 the formal organizational relationships, which fall within the scope of the job, to include formal authority relationships and inter-business/activity relationships.

7. Line managers are asked to involve job holders in the preparation of their job descriptions.

8. Line managers will determine the process they wish to follow in ensuring that all staff are aware of the nature and scope of the business or activity in which they are engaged. Individuals should be able to determine how their jobs contribute to the success of their unit business or activity and to Ocean, as a whole.

9. The new scheme of annual staff assessment provides for:

    9.1 A review of performance and for those in managerial grades, this will be carried out by the job holder and his superior, determining, together, the specific objectives to be achieved within the one year budget plan.

They will be the agreed goals for the individual to achieve and will be the criteria for performance review and assessment. They will be agreed in the form of:

9.1.1 key result areas, and

9.1.2 targets

9.2 The review of performance calls for a statement of the level of achievement, and this will call for a dialogue between the assessor and the job holder, and each will be required to record his/her comments on the assessment form.

9.3 All grades of staff will be given a performance rating on a five point linear scale, ranging from outstanding to unsatisfactory performance. Staff awarded a good rating will know they have achieved the agreed standards of performance. These must be clearly defined for each job holder.

9.4 A training and development review will indicate what specific or general training should be provided for those in grades 2 - 6; provision may be made for attendance on approved further education courses. Such provision will not normally be made for staff seeking to obtain professional qualifications, unless these are called for specifically to do the job. Such provision will require that line managers consult the head of personnel departments in divisions and at the centre in Liverpool.

9.5 For staff who are considered to possess the qualities required for promotion to a higher grade of job, assessors are required to carry out a potential review. Assistance with this part of the assessment procedure will be available from Divisional Personnel Departments and Group Personnel Division.

10. Assessments should be carried out to cover each calendar year, and will normally be carried out in January and February of each year. Notes of Guidance for Completing Individual Assessment Forms will be circulated to each assessor, through the personnel department in each Division.

11. Line managers will be required to submit all assessments to their unit general manager or head of department. In the case of those in managerial grades the assessor and his/her line manager will determine whether or not parts 1 and 2 of the forms MD1 or MD2 are sent to the respective personnel department. Copies of all relevant sections of annual assessments, other than as stated above, must be sent to the head of the Divisional Personnel Department by mid-March.

12. Divisional General Managers are asked to examine the assessments of those in managerial grades 14 to 16, and to submit any relevant comments on these to the Group Personnel Director. The review of those in grades 13 and below will be carried out as directed by Divisional General Managers.

13. The Group Management Development Adviser will arrange, through Divisional General Managers, to carry out a management audit in May/June on the assessments of those in grades 16 and below. An audit of those in management grades 17 and above will be carried out after consultation between the Group Personnel Director and the Deputy Chairman.

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14. Records of annual assessments, with the exception of those parts which may be held by line managers, as covered under paragraph 11 above, will be retained in the individual's personal file. The data contained in these records must remain confidential and the release of any information will require the approval of:

14.1 the Group Personnel Director, acting on behalf of the Executive Committee for those in grades 17 and above;

14.2 the Divisional General Manager for those in grades 14 to 16.

14.3 the unit general manager or head of activity for those in grades 13 and below.

The foregoing procedure will continue in force until such time as the Board decides to change the Group Appraisal Scheme.

January 1974

EC/BCC
GPD/DJR

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Appendix 16 Annexe 7

OCEAN

For internal use only

# SALARIED STAFF ASSESSMENT

OCEAN TRANSPORT & TRADING LIMITED

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## TO ALL MANAGERS WHO WILL CARRY OUT STAFF APPRAISALS

## ROLE OF THE LINE MANAGER

Ocean's Appraisal System calls on line managers to play a key role in performance planning and assessment.

### THE NEED FOR STAFF ASSESSMENT

1. Management is concerned with both Things and People. Much of the manager's time is spent getting things done through other people. Successful management gets people to do things willingly and spontaneously.
2. In helping people to improve their job performance, a manager must improve both their capabilities and their willingness to do well. People learn to improve if they have some way of assessing their performance and adapting their future actions in the light of this assessment. This is why some kind of FEEDBACK is required.
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## THE INTERVIEW

11. Giving an individual a face-to-face assessment is a skilled and responsible job. People who have this responsibility should receive some training in the techniques of interviewing.

12. Whatever the relationship between the assessor and job holder may be in the normal way, it is a help to both parties if the interview is conducted on a slightly more formal level than usual. This can be achieved by:

- booking the time some days in advance
- setting aside the appropriate time, cut off from telephones and other interruptions
- confining the interview only to an assessment of performance, training and career development
- avoiding 'small talk' and playing it absolutely straight

13. The assessment interview is a dialogue - a two-way communication. The individual needs time to say what he/she thinks about his/her job and any external constraints which may affect job performance. The assessment should start with the strengths in the individual's job performance. Discuss inadequacies in a helpful constructive way. An assessment and counselling interview should improve an individual's morale and assist in improving performance. Any specific criticisms should be

illustrated - with actual incidents that have taken place. Personality traits should be discussed only if they affect job performance and only where being told about them is likely to help the individual.

## PLANNING FUTURE ACTION

14. There is little point in speaking about strengths and inadequacies unless an individual is able to act on the information. The assessment interview should conclude with a plan of action to further the individual's development. The important points to be covered in the plan are:

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- New or revised objectives
- Names of individuals responsible for taking action
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15. The Ocean assessment system, universally applied throughout the Group, provides information upon which promotion decisions and salary increases can be based. However, these objectives are secondary to the primary ones of helping the individual do better at his/her current job.

Too close an association between pay and the performance review may vitiate the frank and open relationships which is the essential quality of the successful assessment of current job performance.

GPD/DJR

4th January 1974

Appendix 17

# NOTES OF GUIDANCE
# ON
# POTENTIAL REVIEW

In assessing the potential of a manager in terms of his/her career ten years from now, we are dealing with questions that are unanswerable with any degree of certainty.

Can we project meaningfully what the future will be for Ocean in 1983, what jobs will have to be manned and what requirements will be placed on the people who will fill them?

Again, can we say with any degree of certainty what X will be like, what knowledge and skill the individual will have acquired, what his/her future values, motivation and commitment will be like ten years hence?

Many organizations have relied on being able to tap proved sources for their able and loyal servants; some, like the professional gambler, cold-bloodedly examine the records of all the horses in the race, those trained in their own stable and those from a wide range of other training establishments, and put their money on some likely winners.

Of the person who is ready for promotion now, there is no predictive problem. For others there will be a need to:

1. IDENTIFY FUTURE OCEAN MANAGER/DIRECTOR NEEDS AND THEIR TIMING.
2. EVALUATE PROBABLE PERFORMANCE GROWTH OF PEOPLE IN POST - CURRENT JOB PERFORMANCE AGAINST SUPERIOR JOB PERFORMANCE REQUIREMENTS.
3. ELUCIDATE CAREER AMBITION OF INDIVIDUALS NOW IN POST, HOW HARD ARE THEY PREPARED TO WORK TO ACHIEVE THEIR CAREER GOALS?
4. JUDGE THE CAREER POTENTIAL IN THE LIGHT OF 1, 2 AND 3.

Under 1 Top Management and those in senior management are concerned in harnessing the information on the Company as a whole to future manpower needs; they will know best the probable timing. This is of crucial importance in determining the age range of people with potential and it puts a time scale on the management development programme.

Under 2 The manager can analyse the strengths and weaknesses of his/her subordinate against the current job requirements and relate these to superior job requirements. The manager will be helped by reference to a *man specification* to correlate with the superior job description. The Ocean man specifications will pinpoint the knowledge and technical skill requirements and the kind of leadership and personality qualities needed. It will provide a prescription against which the manager can compare the trends in the subordinate's performance and his/her latent talent; it is the process of looking for clues to future performance by looking at past performance, i.e. the track record.

The third point in the potential review analysis is essential, not only to judge the individual's motivation towards his self-development, but it also reminds a manager that the subordinate is not a captive member of his/her team but one who should be assisted to develop.

On the fourth point we are calling for the mature and selfless dedication of Ocean managers to the optimization of human resources - the willingness of managers to commit themselves and their time to the career planning and development of their subordinates.

The Potential Review requires:

1. Analysis of future manpower needs
2. Assessment of individual talent for development

Under 2 we should accept that among important indicators of potential for more senior management jobs is successful performance of jobs with management content. Hence we stress the importance of job rotation.

The assessment of managerial potential is difficult to make. Personality traits and qualities (such as judgement, initiative, creativity, power of analysis, decision-taking, commercial acumen, leadership) call on the assessor to make value judgements about predictive job performance. We need to establish an agreed framework for assessing managerial potential and thus I recommend a matrix of factors:

| | | |
|---|---|---|
| 1. | INTELLECTUAL CAPACITY | - Natural Abilities<br>Level of Intelligence<br>Level of Numeracy<br>Professional and Management Qualifications |
| 2. | ANALYTICAL ABILITY | - Level of competence on identifying problems and ability to analyse situations and take decisions |
| 3. | JUDGEMENT | - Degree to which decisions and actions are sound and command respect |
| 4. | POWER OF COMMUNICATION AND DRIVE | - Ability to work and communicate effectively and to achieve commitment by others<br>Quality of leadership |
| 5. | UNDERSTANDING OF ENVIRONMENT | - Ability to understand the external environment and Ocean's internal environment.<br>Sense of reality |
| 6. | RANGE OF ADAPTABILITY AND VISION | - Ability to look at situations from higher level and to relate actions to more than one level in the organization of Ocean |
| 7. | INNOVATIVE ABILITY | - Quality of imagination and entrepreneurship |

Divisional Personnel Departments will hold copies of a handbook of man specifications for jobs in grades 11 - 16. For jobs in grades 17 and above, assessors should consult the Group Personnel Director.

(Author's Note: The above seven factors were modified in the final matrix of factors, agreed by the project Group - *vide* Notes of Guidance - Appendix 15 Annexe 6.)

D.J.R.

22nd January 1974

**Appendix 18**

## INDUSTRIAL DEMOCRACY

## Memorandum by Ocean Transport & Trading Limited

### Introduction

Ocean Transport & Trading Limited (hereinafter referred to as Ocean) is one of Britain's largest shipping, transportation and distribution groups. It is an international business which employs throughout the world some 16,000 people, of whom more than one-third are seafarers. Some 10,000 of the work force are employed in the United Kingdom, of whom about one-fourth are seafarers.

2. Ocean is a company with:-
    - 2.1 both capital and labour intensive activities;
    - 2.2 a wide range of workers in many different trades and professions;
    - 2.3 a mixture of large and small concentrations of employees; and
    - 2.4 widely scattered locations in the United Kingdom, overseas, and above all, at sea.

In its own way, therefore, Ocean is a laboratory of working conditions.

3. Ocean is a long-established company with a majority of mature and relatively stable markets. The cash flow from our mature businesses has enabled us to enter new markets, to sustain prolonged and sometimes substantial losses on the way to future profitability, and so to create more employment opportunities. Our successful operation over the years has enabled us to take a long view of our future; for this reason we have kept in being several activities whose early closure might have brought greater short-term benefits to our shareholders.

4. It is these factors, coupled with the long-maintained policies outlined in paragraphs 5 - 8 below, which have created an environment which offers the steady development of employee involvement a good chance of success.

## Communication and Consultation within Ocean

5. We know that large areas of British industry compare badly with performance in other countries and that this is due in part to generally bad industrial relations and a particular feeling of non-involvement among many manual and some clerical workers. It is partly for this reason, and also because of our own experience in the field of involvement, that we accept without qualification that there is a clear need for companies of all sizes to establish sound procedures for consultation.

6. Until very recently Ocean was solely concerned with liner shipping. Through many years of deliberate effort by management, and by careful training throughout the organisation, we were successful in building a high degree of involvement and contentment among our employees in our maritime activities, both ashore and afloat, who were - and, we believe, remain - animated by a deep sens of attachment to the enterprise. This involvement grew naturally from conditions at sea which:

6.1 both require and conduce to close communication, given the small numbers (30/50) in each ship; the time (3/5 months) spent almost entirely in each other's company and in face of the perils of the sea; and the isolation of ships' crews from shore, home and family; and

6.2 make wholly necessary an elaborate rehearsal of the outline of a forthcoming voyage between the ships' people (divided into several departments of largely different skills), and their supporters on shore - and an equally elaborate joint survey of the events of a voyage after its completion.

7. We would like to stress that the special circumstances of the sea have brought home to us, over a century of experience, the problems of involvement, psychology and communication between every element of the work force which must be solved in a maritime context. The solution in terms of industrial efficiency and freedom from strife has been notably successful. We have striven,

therefore, deliberately and over a number of years, to apply the human lessons drawn from our maritime heritage to our non-maritime activities as these have grown. We attach as Appendix I to this memorandum a statement of what we have achieved so far towards the greater involvement of all our employees - whether industrial, professional or managerial.

8. We draw four lessons, in particular, from our own experience:-

8.1 Firstly, and most important, the development of greater participation should build upon existing experience and spring from the perceived needs of all those concerned. For this reason development is likely to be slow; but it will be more secure and successful if it is.

8.2 Secondly, a basic requirement should be to involve all employees at the operating levels at which most decisions affecting their lives are made. In most cases this will be below Board level - but the Board has a vital part to play as we explain in paragraphs 9 - 12 below.

8.3 Thirdly, quite different problems are presented by different types, sizes and locations of the work force.

8.4 Fourthly, and for all these reasons, the methods of consultation and communication cannot and should not be forced into a single pattern. Inflexible legislation would play havoc with our human relations and undo a century of progress.

Board Membership

9. The Board of Directors which oversees Ocean

9.1 includes both those who started their business careers in Ocean as school-leavers or graduates, and also a number whose special skills have been required to cover areas in which we had little in-house experience and who were recruited in mid-career; and

9.2 includes four non-executive directors, all of whom have been, or are, senior in major enterprises, of very wide experience.

10. Responsibility for human relations, including industrial negotiations, in respect of all types of employee is placed firmly on the shoulders of line managers (including executive directors of the Board when they are so acting). However, to ensure that our human relations' policies are both uniform in quality and in implementation, and are constantly moving forward, one senior executive director has specific functional responsibility for this important field in respect of our shore staff throughout the Group; while another main board director, known as the ship's husband, exercises the same responsibility in respect of our seafarers.

11. The non-executive directors, of course, share the general responsibilities of all directors to the shareholders and equally work wholly within the framework of the Companies' Acts. However, because they are not engaged in the day to day running of the Company they are particularly well-placed to ensure, when plans and proposals come before the Board, that the interests of all those concerned with the enterprise, as well as the shareholders, have been fully taken into account in the formulation of policy. Those concerned include employees of every category outside the board room itself.

12. Non-executive directors, in fact, act as a specific and designed check upon the conscience of the Group and we regard this arrangement as a more positive and flexible approach than the mandatory appointment of a supervisory board, or the mandatory representation of trades unions - or, indeed, of employees at large - on either a unitary or two-tier board system. In particular, we believe that the existence of a suitable weight of non-executive directors is a cardinal counterweight to the power of the Group's executive.

13. We recognise that there has been justified criticism of the non-executive directors of some companies. In our view, however, the wisest method of improving the relationship of a company with all the various interest groups affected by it, would be to amend

the Companies' Acts to provide that the appointment of non-executive directors should be mandatory. They should have exactly the same legal responsibilities as every other board member - neither more nor less - but we do not exclude the possibility that, by administrative arrangement, they may be invited to exercise particula responsibilities of the kind we have described.

14. We would not favour a two-tier board system in the United Kingdom. We recognise that supervisory boards have for long been a part of company structure in some EEC countries, where economic performance and records of industrial relations out-rival our own. We do not believe, however, that this favourable comparison can be attributed to the existence of supervisory boards. In our view, it is due as much, if not more, to the different and more rational trade union structure to be found in those countries. We believe that a two-tier system in the United Kingdom would often lead either to disagreement between the two boards, and so would frustrate the decision-taking process; or would result in the by-passing of one tier by the other; or to both. We also believe that the presence on a board of any director responsible to a particular interest group would quickly erode the clear position of the board as the essential final point of decision in a company. This does not mean that all directors, whether executive or non-executive, must always agree with every decision of a board; merely that, even in disagreements, they accept a common responsibility until the disagreement becomes so fundamental to the enterprise as a whole as to require individual resignation.

15. The same general objections, in our view, would apply to specific representation of a union on a board. We recognise, of course, the unrivalled expertise which union representatives could bring to matters which fall within their own field. But in our own case, and we believe that this applies to the boards of large enterprises generally, breadth of executive experience and the ability to understand the problems of a business outside one particular sector, are essential qualifications for appointment to the Board. Some union representatives would certainly have these qualifications; but we venture to suggest that this would not necessarily apply to the generality of such representation, the

less so when regard is had to the sheer number of union officials who would need to be provided to serve the very large number of companies likely to be involved. Either a relatively small number of representatives with the desired qualifications would be required to serve the boards of a large (and, probably, diverse) spread of companies; or, representatives with lesser qualifications would need to be pressed into service. In neither case is it likely that the best interests of the enterprise, or the interests of those affected by it, would be well served.

16. There are, moreover, other real and powerful objections to the specific representation of unions on the boards of public companies. These include the question of which union or unions should be represented (of very many, in Ocean's own circumstances); and the implications for the union director and his members. We have thirty years' experience of the working of the National Dock Labour Board which is an example of an enterprise with, in effect, trade union directors. We set out in Appendix II the lessons which we believe can be drawn from the National Dock Labour Board's operation. As we point out, some part of the troubles experienced by the NDLB stems from the 50/50 division of board members. In our view, these difficulties would be greatly enlarged in a forum dealing with a wider spread of subjects and with representation of a larger spread of unions - and still more would this be the case if the real objective of such representation was not the good of the enterprise and those affected by it, but union (or worker) control.

17. We would add that if it should be made mandatory to appoint equal numbers of union representatives to a board, it could have very serious consequences for Ocean as an international business. It could, for example, have a materially damaging effect on our ability to attract foreign investors or to make partnerships with foreign concerns, both of which are essential to our continued success as an international trading company.

18. Finally, specific representation of seafarers on boards, by whatever system of nomination, could present practical difficulties, arising simply from their geographic dispersion and isolation.

19. However, if the Industrial Democracy Committee should recommend the direct representation of employees on a board, we regard the method of election as highly important. For negotiating purposes in respect of pay, conditions, job security and the like, some of our employees may prefer to be represented by trade unions, some do not - it is a matter for them. We do not regard negotiation in this sense as either the objective or purpose of participation; but if there are to be employee representatives, the rights of minorities must be preserved and elections conducted according to clearly laid down rules of general application, to avoi the very real dangers of over-influence and intimidation. Employee representatives should, of course, have identical responsibilities to all other directors.

20. If, in spite of what we regard as the overwhelming objections, the Committee should further recommend that it be made mandatory to appoint union representatives to a board, then, and only then, would Ocean favour a two-tier board system - and union directors confined to a supervisory board whose powers should be restricted largely to the appointment and replacement of the management. Union directors must have idential responsibilities to all other directors and their appointment/election should be complemented by full safeguards for the representation of non-union employees.

## Conclusions and recommendations

21. Our conclusions and recommendations may be summarised as follows:-

(1) We accept that there is a clear need for companies of all sizes to establish sound procedures for joint consultation.

(2) We pride ourselves on our own system of communication which has grown naturally within our maritime enterprises from conditions at sea.

(3) We are seeking to build on this experience and to extend it to our non-marine activities. We believe that this can best be done by building upon perceived needs and by involving all

employees at the operating levels at which most decisions affecting their lives are made.

(4) In most cases this will be below board level - but the board has a vital part to play.

(5) Quite different problems will be presented by different types, sizes and locations of the work force. For this (and other) reasons, methods of consultation and communication cannot and should not be forced into a single pattern.

(6) We favour the maintenance of a unitary board; but we would support the amendment of the Companies' Acts to provide that the appointment of non-executive directors should be mandatory.

(7) While generally non-executive directors would have exactly the same legal and collective responsibilities as every other director, they should have specific responsibilities within the board for all those concerned with the enterprise, as well as share-holders' interests.

(8) We do not favour supervisory boards nor do we support the appointment to a unitary board of any director responsible to a particular interest group.

(9) However, if the direct representation of employees should be recommended, it should be by way of employee (not union) representatives, and the method of election will be highly important. Employee directors must have identical responsibilities to all other directors.

(10) If, in spite of what we regard as the overwhelming objections, it should be made mandatory to appoint union representatives to a board, a two-tier board system should be required, and union members confined to a supervisory board,

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whose powers should be restricted largely to the appointment and replacement of the management. Union representatives must have identical responsibilities to all other directors.

(11) If the appointment of union representatives to a unitary or statutory board is made mandatory, this appointment must be complemented by full safeguards for representation of non-union employees.

Ocean Transport & Trading Ltd.
Liverpool.
29th March 1976.

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Appendix 18 Annexe 1

# COMMUNICATION AND CONSULTATION IN OCEAN TRANSPORT & TRADING LIMITED - A PROGRESS REPORT

1. One of the Ocean Group's four strategic objectives, as set out in the Group's Strategic Plan, is to be a responsible employer. We regard communication and consultation as an essential ingredient to the achievement of this objective.

2. It is a fundamental part of our management philosophy that responsibility for people is placed firmly on the shoulders of line managers. This responsibility includes ensuring that our employees are fully informed about their own businesses and objectives, and have such information about the Group as a whole as will help to place their own businesses within the overall Group framework. In view of the varying circumstances of our businesses, and the variety of working locations, ranging from 1,000 people employed under one roof (but in many small departments), to detachments of less than 10 many miles away from any other Group business, we have deliberately refrained from imposing, save in one respect, any rigid structure for communication, leaving General Managers to adopt whatever means they feel to be appropriate in their circumstances. The one exception is the Group Appraisal System.

## 2.1 Group Appraisal System

We place the greatest importance upon the system of staff appraisal and performance assessment, which has been introduced into every business, as an essential step in the process of communication. This system is based on an annual interview between each member of our clerical, administrative, supervisory and managerial staffs, and his or her immediate manager. At this interview, subjects are discussed such as job content and how well the employee has performed in his job, what aspects of his work need particular attention, and how his manager sees his future prospects within the Group. In the case of senior employees, we operate a system whereby each must know, and agree, the criteria by which performance is to be judged. So far, such personal assessment systems have not been introduced into any of the areas in which traditionally hourly-paid or otherwise similarly designated employees are to be found. If it should be the wish of such employees, we would welcome the extension of our appraisal system to these grades.

3. Other means by which we aim to keep our employees informed about the Group and its individual businesses are:

3.1 Strategic Planning Briefings

As soon as Board approval has been given to the Group Strategic Plan and its subsidiary Divisional plans, the Chairman calls a meeting of the senior management of the Group, including those from overseas, to discuss these plans with him. Following this meeting, those present are required to brief their own Divisional business staffs, laying particular emphasis on individual businesses. In this way we ensure that business objectives, and how we aim to attain them, are disseminated down the line.

3.2 Regular, Systematic Briefing

This annual briefing on the specific aspect of future plans is supplemented in most activities by regular briefing on particular matters relating mainly to the individual business and its operations. The forms of such communication systems vary; in a location where numbers are small they become an automatic feature of the daily life of the employees. Where numbers are larger, a more formal method may be adopted. We stress, however, our geographical dispersement and the wide variety of our circumstances; these mean that procedures and structures must be flexible.

3.3 "Ocean Mail"

We attempt to supplement personal day-to-day communication by the publication of a monthly Group newspaper, "Ocean Mail", which is made available, free of charge, to all Group employees. This is the principal means of communication on a total Group basis, and we use it each year to explain to our employees our annual financial results, as well as providing an annual review of our activities.

3.4 Visits by Senior Management to Working Locations

Our employees are spread throughout the United Kingdom, indeed, throughout the world, in a large number of spearate working locations, and this tends to make senior management seem extremely remote to many employees. We therefore encourage the practice of visits to units by senior managers. In addition, the three members of the Executive Committee of the Board - the Chairman, Deputy Chairman and a senior executive director - carry out, separately, a programme of visits, the main purpose of which is to meet, and to talk to, our employees in the environment of their work.

## Consultation

4. So far, we have stressed communication, believing that it is essential that employees should have an understanding of the aims of the Company which employs them. We are now developing this further so that employees can feel confident that their interests are safeguarded, and so that they know that their views on matters which affect them are taken fully into account by management at the level of decision-making involved. To this end our consultative processes within the Group are being actively developed.

5. In our shore-based businesses we have formal consultative processes in those units in which there is trade union representation of the employees, frequently entwined with or indistinguishable from the collective bargaining processes.

We also have an elected Committee covering our non-unionised salaried staff in our head office in Liverpool, all of whom are covered by common terms and conditions of employment and working conditions. This Committee considers a wide range of subjects, including, for example, the evidence which the Group might submit to the Committee on Industrial Democracy, developments in our liner trades, conditions of work and aspects of our pension funds. We envisage that these more formal consultative processes will gradually be extended throughout the Group as circumstances require.

## Consultation at sea and with seafarers

6. At sea, we follow a similar philosophy, made the more necessary by reason of long geographical separation and mobility, which makes us acutely aware that each ship is a self-contained, autonomous unit, subject to particular constraints. In 1971 we introduced Ships' Planning Committees for the purpose of making detailed operational plans for the voyage, and promulgating these plans to the crew. In passing, it may be of interest to note that these committees attracted no particular enthusiasm. They have been encouraged, therefore, but not enforced, and are currently in operation in about one-third of our ships. Where there is no formal arrangement, the Master is required to ensure that interdepartmental consultation on a day-to-day basis is achieving the same results.

7. Most ships also have amenity committees and in addition there are arrangements on ships with United Kingdom crews for discussions of matters of concern between the Chief Officer and representatives of the sailors.

8. Consultation is also achieved by an extensive system of pre- and post-voyage interviews at head office which allow the free discussion between senior management representatives and particular officers and ratings on matters affecting the working of the ship and proposed or standing instructions. In addition to providing consultation on working problems, the system also presents an opportunity for discussion of

terms of service, amenities and any other matter of concern to the ship or individual members of the crew.

9. General matters affecting the fleet are discussed as part of the internal management courses for seafarers which we hold at our training establishment for senior and junior officers. These allow free discussion with management, by 15 to 20 officers at a time, of topics chosen by them, and notes of the points raised and the answers given are circulated to the fleet. These courses are also used as a forum for the discussion of any Group or fleet policy changes which may be proposed.

Ocean Transport & Trading Ltd.
Liverpool.

29th March 1976.

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## THE NATIONAL DOCK LABOUR BOARD

1. The National Dock Labour Board (NDLB) has been in existence for nearly thirty years. Its responsibilities include:

1.1 the maintenance in each NDLB port of a workforce of dockers of appropriate size by control of admission to, or removal from, the Register of Dock Workers;

1.2 the operation or supervision of what amounts to private employment exchanges for dockers and dock employers;

1.3 the establishment of machinery for payment of wages, when these are not paid by dock employers;

1.4 the maintenance of discipline - which ultimately means the power in individual cases to fine or fire;

1.5 the administration of the dock workers' pension schemes; and

1.6 the provision of training, welfare and medical facilities.

The NDLB has no authority at all over industrial relations, pay and conditions, which are determined by negotiation between employers and unions stemming from the National Joint Council for the Port Transport Industry; but it can and does insert union membership as a condition of employment.

2. At port level, the NDLB operates through local boards; the NJC works through local negotiating machinery.

3. The NDLB is composed of equal numbers of members appointed by the employers and by the unions, with a Chairman and Deputy Chairman, appointed by the Secretary of State, who by tradition do not vote. Apart from these two appointments, local boards mirror this pattern.

4. This major experiment in industrial management has had a number of unexpected consequences. Some may seem to be incompatible with others, but in practice they are not so.

4.1 the Board, being largely appointed from two different constituencies, tends to start from the assumption that it is not a single body but two-sided. The two sides regard themselves as much responsible to their constituents as for the overall good of the industry.

4.2 in a range of subjects, the two sides have found a way to work in harmony; 1.2, 1.3, 1.4, 1.5 and 1.6 above are examples in which union representatives have played a full part in management decisions. But this very factor has tended to separate union leaders from their membership. A union leader supporting dismissal from the Register for misconduct (as frequently happens), seems to be acting like an employer (one of 'them'), and appears to have changed sides. Multiplied many times, in many places over a number of years, this has sadly undermined union cohesion and solidarity in the docks, and has often left the way open for the emergence of rival unions, or large-scale 'unofficial' action.

4.3 in another range of subjects, however, where job protection is involved (typified by 1.1 above), the double origin of the Board leads to a straight 50/50 division. Thus, the Board may be incapable, for long periods, of agreeing to any decision at all; and there is reproduced, particularly at the local Board table, both the subject matter and even the tactics of the negotiating table. This confusion is to the disadvantage of both the NDLB and the NJC.

5. Some part of the troubles experienced by the NDLB stem from the 50/50 split of board members. But the frustration of the decision-making process, the transfer of industrial conflict to the Board table (where many other interests should be taken into account), and the risk of alienation of union or employee representation from their constituents, are in our view clearly inherent in any system which in practice allows Board members to have different responsibilities to different interest groups.

Ocean Transport & Trading Ltd.
Liverpool.
29th March 1976.

NOTE ON:

Marion Kellogg: What to Do About Performance Appraisal

Marion Kellogg: Closing the Performance Gap

*The practical angle:* Operating managers who prefer more of a cookbook, rather than an academic, treatment of performance appraisal will find Kellogg's *What to Do About Performance Appraisal* a practical, concise, easily read guide that explains how to use appraisals for making salary decisions, estimating employee potential, selecting qualified applicants, and helping employees improve their performance. Kellogg discusses:

1. What managers should know about appraisals.
2. The basis on which they should make them.
3. The manner in which they should record them.
4. The factors they should consider relevant.
5. Guidelines for discussing the appraisal with the employee.
6. What managers ought to be able to accomplish with properly worked-out appraisals.

Appraisal systems designed to assist employee development are one of the most popular topics in recent texts, and Kellogg's *Closing the Performance Gap* is among the most comprehensive treatments. It is grounded in a results-centered approach to employee development, and it emphasizes three basic factors affecting occupational growth:

1. The work the employee does
2. The climate or situation in which he works, including the manager's style of managing,

organizational pressures and facilities, and incentives for development.

3. The employee himself - his abilities, knowledge, skill, attitudes, interests, and so on.

Kellogg advances the thesis that favorable interaction between these three factors produces the occupational development of the employee.

Moreover, Kellogg contends that the manager is the most important influence in this interaction because he not only selects, assigns, and evaluates the employee, but also is the man primarily responsible for establishing the prevailing work climate. It follows naturally, therefore, that the major responsibility for employee development belongs to the manager. To fulfill this responsibility the manager must follow specific courses of action, and Kellogg suggests a variety of techniques that help to foster employee development in the direction of both organizational and personal goals. The implication here is that the appraisal system has also become a basis for counseling and coaching subordinates. Some very practical guidelines for installing, preparing, and applying the coaching appraisal can be found in Kellogg's first AMA handbook, *What to Do About Performance Appraisal.*[1]

When it is framed in this motivational context, the appraisal can be used to stimulate the subordinate to improve his performance and to set, and achieve, higher goals for himself. The popularity of this approach is reflected by the recent trend toward appraising performance in terms of the achievement of specific goals *that are agreed on by the superior and subordinate,* a trend that is consistent with the systems approach to management. The use of goal setting in performance appraisal is very well explained in both of Kellogg's handbooks, neither of which is cluttered with overly detailed references.

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[1] New York, American Management Association, 1965. Chapters 3, 4, and 5.

Source:

Stanley Sloan and Alton C. Johnson:
New context of personnel appraisal
(Harvard Business Review
November/December 1968)

Appendix 20

## REPORT BY I.P.M. ON:

## PERFORMANCE APPRAISAL IN PERSPECTIVE

December, 1973

### Main Trends

It is generally accepted that the most promising approach to appraisal so far discovered is the evaluation of performance against pre-set targets jointly identified by superior and subordinate.

A most significant comment on appraisal by Norman R.F. Maier - in his book "The Appraisal Interview : Objectives, Methods and Skills" 1958 warned against attempting to cover too many objectives, including review of current performance, discussion of career development and salary increases, in one interview using a single method. More recently, G.A. Randell a British writer has suggested three groups of purposes of appraisal procedures and has advocated that they be dealt with as three separate activities not only separate in time, but also in paper work, procedure and responsibility. The groups are:-

Performance Review
Potential Review
Reward Review

- Appraisal (Assessment) Review is being treated by many companies as a completely separate exercise from salary review.
- Potential Review, according to analysis of best current practice, is being separated in time and documentation from performance review.
- Review of current performance is being related increasingly to results oriented measurement.
- There is no marked trend to introduce appraisal schemes for non-managerial grades.
- Purposes of appraisal include (in 267 companies):-

| | | |
|---|---|---|
| oo | Assess future potential/profitability | 94 % |
| oo | Assess training and development needs | 93.6% |
| oo | Assess past performance | 92.2% |
| oo | Set performance objectives | 57.6% |
| oo | Assess increases or new levels in salary | 54.6% |

/.....

- Of 267 companies, over 70% (71.9%) saw appraisal schemes as part of a wider development programme and not as an independent activity.

- Among those assessed in 267 companies

| | % YES | % NO |
|---|---|---|
| Directors (Main Board) | 21.8 | 78.3 |
| Directors (Subsidiary Board) | 43.4 | 56.6 |
| Senior Managers | 89.8 | 10.2 |
| Middle Managers | 95.8 | 4.2 |
| Junior Managers | 93.2 | 6.8 |

- Those signing assessment reports

| | % |
|---|---|
| Immediate Superior | 88.0 |
| Immediate Superiors Superior | 76.4 |

- Some 41.2% of 267 companies used some kind of management development committee as part of their appraisal procedure. The committee usually include a chief executive, directors, senior managers and person responsible for management development.

- In 86.1% assessments were once yearly activity - in 80.8% companies appraisal reviews and salary review were carried out at completely separate times.

- In over 50% companies (267) surveyed - (51.2%) used a results oriented appraisal form.

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Appendix 20 Annexe 1

## PERSONAL VIEW

## SEPARATING THE SHEEP FROM THE GOATS

### Why has Performance Appraisal enjoyed only partial success?

by
Robert McKinnon

'There is at first sight something rather inhuman - a whiff of 1984 - about this huge apparatus of appraisal, whereby men and women are made the subject of ticks in boxes or ratings on scales, and emerge from "structured interviews" as promotable this year, next time, sometime, never; as pedestrians or fliers; as graded materials - all grist to the mill of Moloch. In fact, the reverse is true, at least in intention, for any alternative would be more inhuman still. In a very large organization, a man's chances of emerging from the ruck or, having emerged, of getting near the top, can occupy his mind to the point of obsession, and the highly systematized process of appraisal is at least fair and is seen to be fair.'

In a society obsessed with concepts of fairness and equality, these words from Ronald Wraith's *Appraisal for Staff Development - a Public Sector Study* most effectively underline the dilemma in any process which seeks to separate the sheep from the goats. By destroying any attempt at promotion through privilege, the technique of Performance Appraisal (PA) draws attention to the fact that human beings are truly unequal in terms of character and talent. True, some PA systems claim to assess performance only, but who would deny that the technique is used primarily for spotting and developing people with promise?

It is odd, indeed, that one should have to defend the proposition that, privilege apart, some people come into this world more gifted than others and that it behoves any society to make the fullest use of their talents.

In an informal sense, the process of Performance Appraisal has been going on since the days of Alexander the Great, and Caligula's decision to make his horse a pro-consul can be regarded as a special case. The Marxists themselves talk about 'to each according to his needs, from each according to his abilities' and that sounds a pretty élitist slogan to me. For every capitalist whizz kid in his executive jet, there is a commissar in his curtained limousine.

The problems of Performance Appraisal seem to arise when the attempt is made to formalize the activity, when in short it is invested with initial capitals and is regarded as a management technique. True, in this guise, PA is a kind of Johnny-Come-Lately, much of the present activity having stemmed from an article by Douglas MacGregor in the May-June 1957 issue of *Harvard Business Review* in which he attacked the heavy bias among senior executives of that time towards making subjective assessments of their subordinates based on personality traits rather than on results. MacGregor went on to argue that firms should set up performance goals with the agreement of the individuals being assessed, with progress towards the achieving of these goals as the yardstick of the appraisal process.

Together with the *ex cathedra* pronouncements of Peter Drucker on Management by Objectives, MacGregor's ideas were to revolutionize PA theory in the USA. After all, what could be fairer than that a man be assessed and rewarded purely on the results of his performance? PA had nothing to do with one's face fitting, or nepotism in high places, or with having been to the right school ot even with having an affair with the Chairman's secretary. It was fair, and seen to be fair; and in conjunction with the right training after the sheep and goats had been separated, progress all round might confidently be expected, in the shape of higher productivity, better industrial relations and job justice to the individual.

Anyhow, action was not long in starting. Shortly after MacGregor's and Drucker's thoughts on the matter, the huge American Telephone & Telegraph Corporation set up a number of special centres for assessing non-managerial employees who were seeking promotion to the executive echelons, and by 1963 at least ten more leading American companies had followed suit.

Yet somehow PA has never really got airborne. For example, it has seldom percolated down to the shop floor - yet this was one of the most pious hopes of its proponents, and indeed central to the notion that the technique should give every man and woman on the payroll a fair chance to develop. Part of the reason is to be found in the muted hostility and suspicions of trades unions. For them, as Ronald Wraith notes, the technique has a number of 'emotive aspects', such as differences in the methods of appraisal between skills and grades, management by objectives, the confidentiality of reports and procedures governing promotion.

Even at supervisor level and above, interest in PA has in general been lukewarm, though no doubt many readers of *Training* could cite examples to the contrary. There is in fact a tendency in private industry - and to a lesser extent in the public sector - not to take Performance Appraisal seriously, to regard it as a fringe phenomenon.

Even so, there is some evidence of growing interest in the activity. Two years ago the Institute of Personnel Management published a special survey on PA practices * in which it noted

* *Performance Appraisal in Perspective - a Survey of Current Practice.* By Deirdre Gill, Bernard Ungerson and Manab Thakur IPM Information Report 14 (£1.25 IPM members, £2.00 non-members).

'a rapid growth in results-oriented appraisals' and added that 'there are favourable signs that this trend will continue.' About the same time, Arch Patton, a director of the American consultants, McKinsey & Co., stated that 'European companies have made great strides towards closing the gap between themselves and U.S. companies..... I think it is fair to say that the *best* European companies are doing a more effective job of executive performance evaluation than the average U.S. company.'

## The IPM survey

The main findings of the survey conducted by the IPM are contained in the Table. As exercises of this kind go, this was a good one: it builds up an overall picture of PA in Britain from information supplied by 360 firms chosen at random from *The Times 1000* and the Dun and Bradstreet *Guide to Key British Enterprises*.

*'Of the companies taking part'*, said Deirdre Gill, head of the Institute's Information Department and main author of the Report, '77 per cent had introduced PA schemes within the past five years (that is, between 1969 and 1974). Our findings show that the bias has shifted towards the assessment of potential whereas previously it centred on current performance.'

The Report also makes two important general points. The first is that the ultimate success of any appraisal procedure depends on top management commitment, in terms of money, staff and time (how often have we heard that before!) and, secondly, on the acceptance of PA by line managers and their involvement in it. There seems to be almost universal agreement among PA pundits that the appraisal of performance should be essentially the responsibility of line management, while staff men - personnel managers and trainers - should provide the technical back up.

Another point, made this time by Arch Patton, concerns the 'cultural differences' in PA practices. European firms, he maintains, seem to place greater emphasis on reward than on punishment, whereas this is not always the case in the USA. Again, he says, profit is a less important corporate goal in the European culture, rightly or wrongly. However, as R. Windham Bellord, a senior executive at the Brussels-based Management Centre Europe, told me: 'The main point of PA is that to improve corporate results one has first to improve individual performance. Therefore you must have some system of measuring how a man is doing.'

On the 'hardware' side of Performance Appraisal in recent years, one interesting development has been the creation of what are called 'assessment centres.' These, it should be noted, are not physical locations but a facility for the multiple assessment of several individuals by a group of trained assessors using a variety of techniques, including games, simulations, tests and group discussions. In A.T. & T., for example, literally tens of thousands of employees have been 'assessed' in centres of this kind, whereas only 13 of the 360 firms covered in the IPM survey had had any experience of running a centre.

Quite a number of firms, on the other hand, have been using a special packaged programme on the technique, marketed on this side of the Atlantic by Management Centre Europe but developed by John McConnell for the American Management Association. This package does not try to predict potential but 'to determine whether an individual has the ability to do a specific job', though a number of MCE clients have been playing around with it' and putting it to various uses, including the testing of graduates.

Anyhow, in MCE's view, every company should start at Square One, as far as PA is concerned. 'And that', it adds, 'means writing accurate job descriptions. Far too many organizations will tell men what they should be doing without giving them any clue as to the *standard* expected. Very often, in fact, they don't find this out until they're fired.'

One 'appalling' fault about assessment centres, noted by Deirdre Gill at the time of publication of her report, was that 'they are supposed to pick out talent that might otherwise be missed, and the opinion of the boss is only one of several. But candidates have to be put up by the boss in the first place. Now, one or two assessment centres are beginning to process people who nominate themselves.'

Another weakness in PA practice noted in the IPM Report (as well as by others) is that only one in every two firms using the technique seems to be aware of the importance of training line managers in appraisal interviewing. 'This is an area', says the IPM Report, 'which is notoriously susceptible to human error and mishandling.'

### Progress only modest

Yet for all that has been said and written about Performance Appraisal, for all that it makes good sense to formalize the technique to give everyone a chance of developing, it has not to date set the management scene alight. Progress may have been rapid, as the IPM Report claims, but there remains a long, long way to go.

According to Ronald Wraith, 'It is clear that some of the assumptions over the past 20 years were certainly false... the case for staff appraisal as a tool for management development has definitely been established, however.'

It is in the public sector, surprisingly enough, where PA seems to have taken deepest root so far - 'surprising' because of the strength of the trade unions in this sector. The National Coal Board, British Steel Corporation and British Gas Corporation have all started at the top and have been appraising downward to first line supervisors or foremen. BSC is said to appraise 10,000 employees a year and BGC, 12,000. A similar total obtains for British Rail, while the figure for the Post Office is put at 25,000 a year of a total of 420,000 employees.

There are many possible reasons for this relatively modest advance. The IPM survey itself found that nearly all the companies (96 per cent) considered the assessment of future potential to be the most important purpose of their appraisal scheme, a state of affairs which automatically biases the activity towards the ranks of junior management and supervision, however 'democratic' the company would like to be. Secondly, some of the experts point out that PA has a close link with Management by Objectives, which in turn has a reward-punishment psychology built into it that is said to be harmful to the strength of the organization. Thirdly, it is claimed (rightly) that PA systems can create stress and resentment among the 'rejects', and that in any case not every management job is susceptible to objective yardsticks - such as profits or sales volumes - against which performance can be measured.

These may well be deterrents, but the main reason why PA is still reaching for the sky is probably that managements have simply been too busy with other, more immediate, matters. In time of inflation and crisis, top executives are much more likely to play it all by ear, to rely on hunch and to put an over-riding priority on mere survival.

Systematic recruitment based on proper job evaluation, and linked to performance appraisal hand in glove with realistic training! Of course it all makes sense, but that is not always a guarantee that industry and commerce will find the time, the will or the resources to do something about it.

## MAIN CONCLUSIONS OF IPM REPORT ON PERFORMANCE APPRAISAL

1. PA is used by companies for three main purposes: to assess future potential (94 per cent of firms responding), to assess training and development needs (93.6 per cent) and to assess past performance (92.2 per cent).
2. In the U.K. at least, appraisal schemes are mainly for management grades, and rarely extend to the level of supervisor or foreman.
3. In most firms the appraisal is carried out by the immediate superior with *his* boss countersigning the appraisal report.
4. The use of results-oriented appraisals has been growing over the past few years, largely because of MbO, and there has been a corresponding decline in the use of personality rating scales for PA exercises.
5. Most subordinates are now shown their appraisal reports in full or in part, though mostly this is confined to the part dealing with current performance.
6. Appraisal interviews are regarded as an essential part of the PA process, yet only about half the firms responding trained their line managers in appraisal interviewing.
7. Formal appraisal is a once-yearly activity in most of the firms taking part (86.1 per cent) and is treated quite separately from salary review.
8. The use of multiple assessment techniques in the form of assessment centres applied to only 3.7 per cent of the respondents, but interest in this approach is growing.
9. There would appear to be a reasonably healthy future for Performance Appraisal, with a current trend towards revision or expansion to cover more job levels.

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Appendix 21

DIVISIONAL MEMORANDUM

## Wm Cory & Son Limited

## STAFF APPRAISALS

### 1. General

In line with the principle of the Ocean Group policy an annual staff appraisal is to be carried out in the Cory Division. On this first occasion forms will be completed for Management, Supervisory and Senior Administrative staff only, i.e. Grade 19 down to Grade 7.

### 2. Aims

The aims of an appraisal scheme are basically threefold:

(1) To establish current levels of performance and to seek ways of improving them.

(2) To identify potential for development.

(3) To determine a performance rating, which will be taken into account when salaries are reviewed, at a later date.

These three entirely different aspects of an appraisal scheme must be dealt with separately.

(a) Performance is concerned with current level in the present job - not all aspects need to be covered, only those of outstanding or disappointing results. There are some positions for which a Job Description has either not been written or requires updating. In these situations the

Performance Evaluation should be based on a clear understanding of the job being performed.

(b) Potential is a very difficult area but it is important to put the right man in the right job at the right time. Whilst, generally, good performance in the present job indicates promotion potential, there may be exceptions. In a few cases you may evaluate performance as "B - very good" but at the same time assess potential as "Promotion not foreseen." In such cases your comments under 2(B) of the appraisal form would be useful.

(c) Salary - this is a separate process, to which performance assessment is related; and is also dependent on such matters as Group salary policy, government legislation, etc.

## 3. Benefits

When properly conducted an appraisal scheme can be of considerable benefit to employees, managers and to the Division. Relationships between management and subordinates ought to be considerably improved as a result of the two-way communication.

An appraisal is not a once-and-for-all act - there must be some positive follow-up on a continuing basis involving both employee and manager and, if necessary, the training department. Only in this way can managers begin to gain a real appreciation of their subordinates' jobs - and difficulties - and help them increase performance levels and realise their full potential.

## 4. Circulation of Forms

Appraisal forms, each with an individual's name typed in, have been placed in folders and distributed to Activity General Managers. General Managers will sub-divide the forms and forward to individual managers for completion. The forms should be placed in folders before they are placed in envelopes; this reduces the risk of strays.

Checklists will be produced by the Personnel Department to ensure that all employees, as necessary, are included.

## 5. Action by Managers

Each manager responsible for completing the forms will:

1. Check the correct number of forms and names and initials.
2. Complete other personal details.
3. Complete sections 1, 2, 3 and 4 and sign.
4. Forward all forms together to his next superior who will complete the section "Comments by General Manager" and sign.
5. If manager completing 4 above is not General Manager - all forms with performance evaluation "A - Exceptional" or "D - Unsatisfactory" should be passed to the General Manager who will countersign the appraisal and return.
6. Forms returned to the manager for discussion with the individual. Enter comments and sign.
7. Return all forms together to General Manager.
8. Return forms together to Personnel Department; General Managers should ensure that, where they wish to retain and not remit Parts 1 and 2, these

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must be held by Activity General Managers and made available for examination by senior Divisional and Group managers.

6. Timing

It is important that all forms are returned to the Personnel Department by 2nd April 1973. The attached flow chart should be regarded as accurate only in total time and the number of days at each stage as desirable.

7. Records

Duplicate forms are not being issued. On completion of analysis and evaluation of all forms for the Cory Division, each form will be filed in the individual's Personal Folder in the Personnel Department.

Managers should photocopy and retain a copy of the first page and Parts 1 to 3 of each member of staff assessed and hold all such copies in a confidential file.

The Performance Rating will be taken into consideration when salaries are reviewed. Salary review forms are being re-designed for this purpose.

8. Appraisal Interviews

Each staff member reported on must be interviewed.

To ensure effective communication between Appraiser and Appraisee, the interview should be carefully planned. Managers will develop their own technique for conducting interviews, but it is important that during the discussion the person being appraised is informed of:

(a) Overall performance

(b) Area(s) of outstanding performance and good points

(c) Area(s) of poor performance and faults.

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It is equally important that the Appraisee, particularly one with potential, is informed of the training and development planned for him and is aware of his possible potential within the Group.

J.B.W.

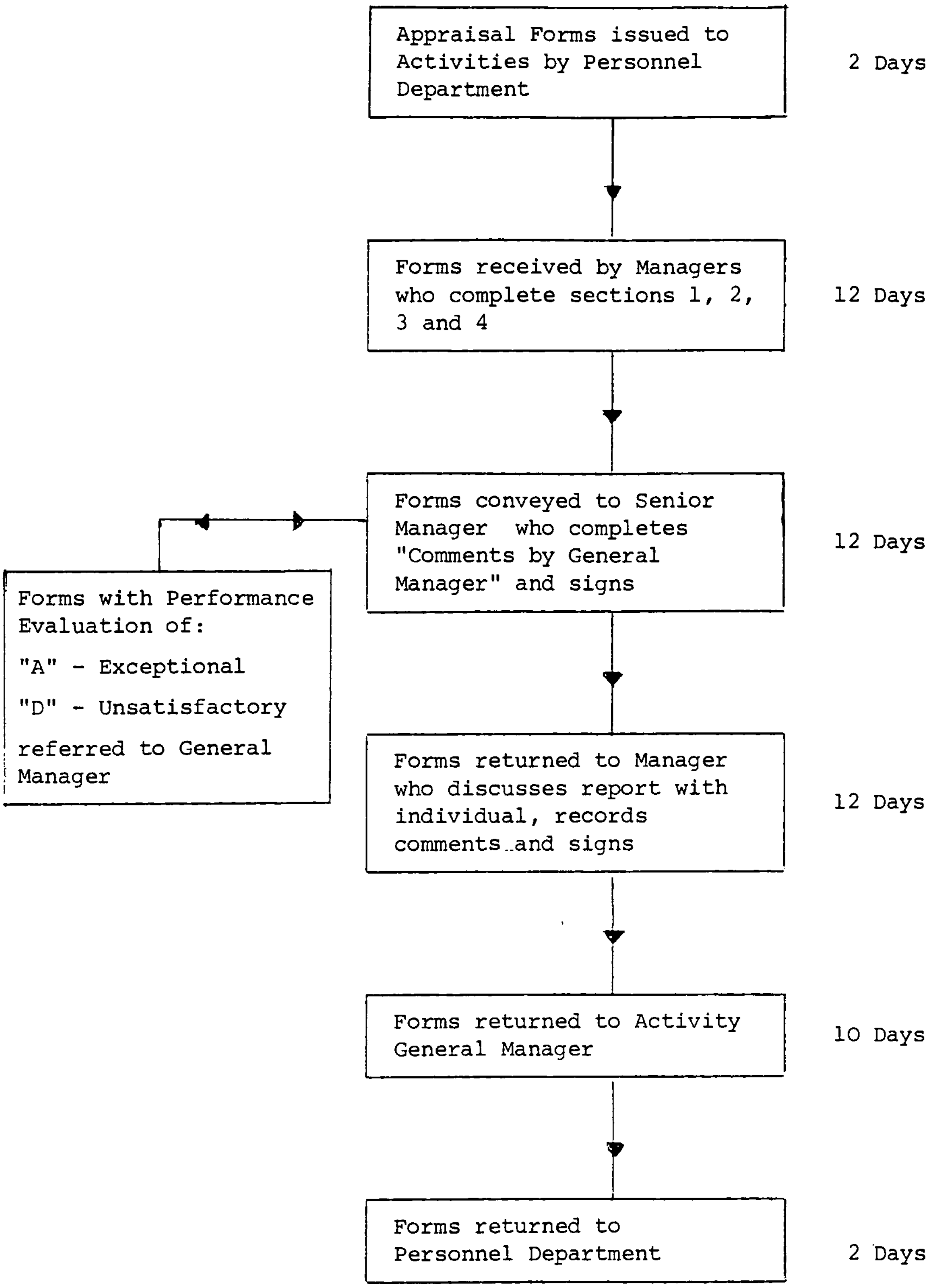
24th January 1974

Distribution:

WNM-W
FBP-B
MRF
WR
NCFB
RJG
AJST
CSC
AGS
MTP
AGE
JAE
AGS
PWB
HTB

cc RLH
DJR

January - March 1974


Appraisal Forms issued to Activities by Personnel Department
2 Days
Forms received by Managers who complete sections 1, 2, 3 and 4
12 Days
Forms conveyed to Senior Manager who completes "Comments by General Manager" and signs
12 Days
Forms with Performance Evaluation of:
"A" - Exceptional
"D" - Unsatisfactory
referred to General Manager
Forms returned to Manager who discusses report with individual, records comments and signs
12 Days
Forms returned to Activity General Manager
10 Days
Forms returned to Personnel Department
2 Days

## OCEAN MANAGEMENT AND STAFF ASSESSMENT SCHEME

### OBJECTIVES

The Ocean Group has introduced a revised form of management and staff assessment and the one day seminar is aimed to provide a forum for managers/supervisors to discuss the new system as it applies to staff in grades 15 and below.

The opening session will outline the purpose of the assessment system and give an opportunity for managers to exchange views in the procedure to be followed in the dialogue between the assessor and the job holder. The second session will consider the application of performance planning and target setting for staff with managerial or supervisory responsibilities. It will be demonstrated that it is an essential part of management development and provides for individual needs and company needs. Course participants will be able to consider the completion of the relevant assessment forms and to discuss points relating to the data to be included on the form. In the afternoon, there will be two sessions during which the techniques of assessing staff will be discussed and participants will be able to consider together the problems of communication in relation to effective interviewing.

### METHODS

The seminar will include some individual exercises following short lectures relating to the main parts of the Ocean assessment procedure.

The assessment interview will be illustrated by a film and tape recording followed by group discussion.

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# ONE-DAY SEMINAR
# ON
# OCEAN STAFF ASSESSMENT

## PROGRAMME

| | |
|---|---|
| 09.15 | Welcome and opening remarks |
| 09.30 | Principles of performance assessment in relation to company performance planning and individual development |
| 10.15 | Group discussion on performance planning |
| 10.45 | COFFEE |
| 11.00 | The process of staff assessment - completion of forms STD1 and STD1-1A and forms MD1 and MD1-1A |
| 11.45 | Individual exercise on completing the forms |
| 12.15 | Group discussion on the forms |
| 12.45 | LUNCH |
| 14.00 | Conducting the assessment interview |
| 14.45 | Film |
| 15.30 | TEA |
| 15.45 | Discussion on film and tape recordings |
| 16.15 | Open forum |
| 17.00 | Seminar closes |

## TUTOR

D. J. Rees Group Management Development and Training Adviser

## COURSE ADMINISTRATOR

Miss P. Wakefield Personnel Officer, Ocean Mercantile Investments Limited

# GUIDE TO OCEAN SYSTEM OF ANNUAL ASSESSMENT

## Introduction

My role today is to demonstrate and discuss with you the practical objectives of the new Ocean management and staff assessment system. I shall not be dilating on the philosophical and theoretical issues but these will not be ignored.

We all require to master the skill of assessing the work of others if we claim to be managers. What we have done prior to these seminars is to discuss with Board members the development of the new system and procedure based on the acceptance of agreed objectives and using a set of agreed documents. Without the support and consent of the Board the new system would not have been launched. What shortcomings we discern together in the system itself we overcome together. In short, the series of seminars, provide a forum for thinking through the way we manage our most important resource - people. Our managerial effectiveness depends to a great degree on the interaction between those we manage and ourselves,

Let us first acknowledge that we are not dealing with an exact science and much that we discuss will be open to differing points of view. We have aimed to provide a system appropriate to Ocean in 1974; we are not demonstrating a strategy that will be appropriate for all time. Just as the Ocean organisation structure is flexible and can be adapted to change so must our management assessment procedures respond to change even though it is only the system that will change and not the persons.

The essence of an effective system of management assessment is that it is based on factual data and not the subjective views of individuals. Whilst subjective judgement will always be a part of the process our aim has been to centre the assessment of performance on the objectives and targets agreed between the manager and his subordinates.

# ONE-DAY SEMINAR

# ON

# OCEAN STAFF ASSESSMENT

## Questions for Syndicate Discussion

1. What advantages are there in a system of performance assessment

    (a) from the Company's point of view?

    (b) from your point of view as a manager/supervisor responsible for managing a number of subordinates?

    (c) from your point of view as a manager/supervisor reporting to your superior?

2. What do you think are the major difficulties in implementing successfully a system of performance assessment?

3. What assistance, advice, information, etc. does a manager/supervisor need in order to get the best results from the performance assessment system?

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# O.M.I. ASSESSMENT SEMINAR

Friday 1st March 1974

## PARTICIPANTS

### M.S.A.S.

| | |
|---|---|
| G. Griffiths | Station Manager, Leeds/Manchester |
| A. Hedges | Station Manager, Birmingham/Leicester |
| G. Jones | Station Manager, Cardiff |
| R. Shelton | Sales Manager, London |
| J. Dailley | Administration Manager, London |
| G. Rooke | Acting Import Manager, London |
| H. Reimann | Station Manager, Dartford |
| T. Stones | Station Manager, Southampton |

### Repcon

| | |
|---|---|
| B.G. Ballantine | Commercial Director |

### M.C.C.S.

| | |
|---|---|
| R.G. Macaw | Manager, Management Services |
| E. Roast | Manager, Control Services |
| R.H. Lamboin | Assistant to Manager, Ilford |
| B. Kingham | Depot Manager Haulage, London |
| P.W. Hallifax | Depot Manager Haulage, Southampton |
| C.R. Lowndes | Assistant to Manager, McGregor Cory, Liverpool |
| J.A. Wood | Manager, Travel Enterprises Ltd |

### C.A.W.

| | |
|---|---|
| S. Sanders | Financial Controller, Palmer's Wharf |
| G. Hammond | Wharf Manager, Palmer's Wharf |
| P.E. Orme | Warehouse Manager, Liverpool |
| R. Gunthorpe | Warehouse Manager, Birmingham |

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Appendix 23

# GROUP PERSONNEL DIVISION

## STRATEGIC PLAN 1974 - 78

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## GROUP PERSONNEL DIVISION

## STRATEGIC PLAN 1974 - 78

(EXTRACTS ONLY)

### PART FIVE: THE USE OF GPD'S RESOURCES

### 5.2 THE EXISTING WORK LOAD - MDA

5.2.1 In 1973 the Management Development and Training Department worked under considerable pressure to implement the Group Appraisal Scheme. This is on schedule to be launched in January 1974. The Scheme will be monitored by the MDA over the following three years:

5.2.2 Those parts of the project concerned with:

5.2.2.1 career planning and career development, and

5.2.2.2 management development programmes

will be given major attention in 1974, as indicated under PART FOUR - PROPOSED GPD PROJECTS.

5.2.3 The appointment of a Senior Training Adviser will give the necessary support to the installing of a new Ocean Management Training Scheme.

### 5.3 1974 PROJECTS: MDA

5.3.1 Some parts of the proposals fall within GPD's existing responsibilities, but should receive specific EC authorization, where they change or modify existing policy and have cost implications, within the GPD Budget. They include:

5.3.1.1 The introduction of the new Ocean Management Training Scheme, with provision for cross-postings between U.K. divisions and overseas secondments.

5.3.1.2 Provision for management and supervisory development programmes at external management centres.

5.3.1.3 Investigation of the development and training needs of young employees of the Group, in conjunction with the Industrial Society.

5.3.1.4 Work with the Institute of Manpower Studies on the assessment of managerial potential and counselling skills and techniques.

The first two of the aforementioned projects will be ongoing during the five-year period.

## 5.4 THE AUTHORITY SOUGHT

The Executive Committee is asked:

5.4.1 to approve the GPD plan as a whole

5.4.2 to authorize the proposals relating to organization and policy set out in paragraph 4.2

5.4.3 to agree the planning projects listed in 4.3

5.4.4 to approve the budget contained in Appendix B

(Author's note - the above are cited as illustrative of an action programme. Other aspects of Strategic Plans for 1977 - 81 and 1978 - 82 are included in Chapter 11, Appendices 61 and 62.)

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# MANAGEMENT DEVELOPMENT IN OCEAN

An examination of the
management development function
and the role of the
management development specialist

## The Function of Management Development in Ocean

1. This note sets out the role of management development as a function in Ocean.

2. The emphasis is on the organizational aspects of management development and not on specific aspects such as management training and learning systems.

## Process and Context of Management Development

3. It is necessary to correct possible misunderstandings between management development as a *process* and the *context* of management development within the Ocean Group.

   3.1 The process is primarily concerned in helping individual employees in Ocean to change in ways which will enable them to perform better in their current jobs and the job they could be selected for in the future.

   3.2 The context of management development is closely related to Ocean's organizational needs in terms of manpower planning and career planning to achieve the agreed long-term business objectives of the Group.

## Open System Approach to Management Development

4. There is no one acclaimed orthodoxy of management development. The particular approach and priorities for management development in Ocean are subsumed by the Group's strategic and current business plans. This suggests that an open-system approach to management development consistent with the flexible structure of the Group will be appropriate.

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5. There is the 'top-down' view which may be characterised as a prime concern of the Executive Committee in satisfying the organizational needs of Ocean for an adequate supply of managerial capacity and experience to achieve the Group's objectives. There is a close involvement here with strategic planning and manpower planning.

6. The 'bottom-up' view stems from the needs of the individual manager in terms of his/her self-development, which should be fostered.

7. What has to be accepted is that the two perspectives are not easily reconciled. There can be disillusion at the individual level, when career aspirations are frustrated. Conversely, the assumption that the two perspectives are easily reconcilable leads to ineffectiveness at the organizational level. The function is, nonetheless, a two-fold one, and must make a contribution to Ocean's organizational goals on the one hand and, on the other, contribute to the change which individual managers will have to make in adapting their behaviour to the needs of organizational change.

## Management Development as a Decision-Action Process

8. In Ocean the management development function, as carried out by line managers, needs to be, *inter alia*, a conscious and systematic process to plan and control the development of managerial capacity in the Group, thereby making a contribution to the achievement of organizational goals and strategies. We can refer to a decision-action process, in which the primary role will rest with line managers, supported by the Management Development Adviser. The function has particular relevance to one responsibility of the Executive Committee: that it "Plans the development of future management." This suggests that management development activities in Ocean will not be *ad hoc* or confined to unit general managers' decisions on short-term training programmes.

9. The responsibility of the line manager in Ocean's system of annual staff appraisal, including the identification of development needs, has provided an objective basis for decision-making in the Group's management development. Such responsibility can be undermined by a degree of ambivalence and uncertainty about the effectiveness of the appraisal system and the related role of the management development function in Ocean. This role will be defined as the optimization of Ocean's human resources; it is closely related to the corporate and operational business objectives. The process of management development aims to optimize the contribution of individuals, so they play an effective part in the profitability and growth of the business. The process is job-oriented.

10. What is required is a consistent and committed response by all line managers towards management development supported by a related contribution from the management development specialist at the centre.

11. It is important that the mature and growth businesses in Ocean pursue a common purpose on the development of future management though the pattern will vary between one business and another.

12. The role of the management development specialist is to ensure that the patterns and activities of management development within Ocean are consistent with the Corporate Strategic Plan, and to provide expertise on establishing an effective decision-action process at all levels of the organization.

## An Objective for Management Development

13. The common objective for management development in Ocean will be:

    13.1 To coordinate all the activities, consciously undertaken by the Group, to improve the performance of managers and to provide for its future management needs.

14. Such a generalized objective has to be understood and applied by line managers in a wide range of Ocean businesses and activities. We must beware of the danger that the Group may build a facade of management development and fail to achieve a consensus view for its application, without which disillusion will be the end result. There is a real need to recognize the discrepancies between the factual statement of the objective under 13.1 and the perceived view of line managers. It is necessary for top management to be fully appraised of the true condition. The Executive Committee will determine how far line managers should be guided on the degree to which their own business development should be consistent with Group development. This will leave Divisional general managers of businesses to make decisions on the extent to which their subordinates are able to demonstrate a consistency of view.

The objective stated in 13.1 is two-fold:

14.1 development for those with high potential for Group-wide posting

14.2 'maintenance' for the majority of managers.

15. There are two requirements:

15.1 Under 14.1 there is a close relation between career planning and providing appropriate development for Ocean's future senior management.

15.2 14.2 is concerned with a critical area of optimizing individual performance through the development of specific skills and knowledge which can be applied immediately and maintaining a responsive attitude to change.

Bridging the future and current interests must be a key aspect of the objective for management development in Ocean. As a specialized function in Ocean it can assist in resolving conflict between the 'top-down' and 'bottom-up' approaches commented on under paragraphs 5 and 6 and effect an acceptable *modus operandi* to deal with 14.1 and 14.2

## Activities in Management Development

16. It is necessary to avoid a mismatch between the objective and range of activities for the management development function. Management Development Activities in scope with Ocean's Businesses are illustrated in Figure 1 page 6.

17. General managers will be responsible for decisions covering:

    17.1 on-the-job development and counselling

    17.2 self-development

    17.3 job rotation

    17.4 participation in project-based learning, e.g. inter-unit or inter-divisional project learning.

18. The elements listed under 17.1 to 17.4 interrelate with both the non-job and job-related activities tabled under 16.1
    The management development specialist can help coordinate the range of activities so that they are congruent with the needs of the Group as a whole.

## Management Development in relation to Corporate Planning

19. The starting point of the management development activity is the corporate strategic plan. It is from this that a meaningful assessment can be made of the organizational needs of Ocean in conjunction with an appraisal of management resources as identified from the staff assessment reports. It follows that the management

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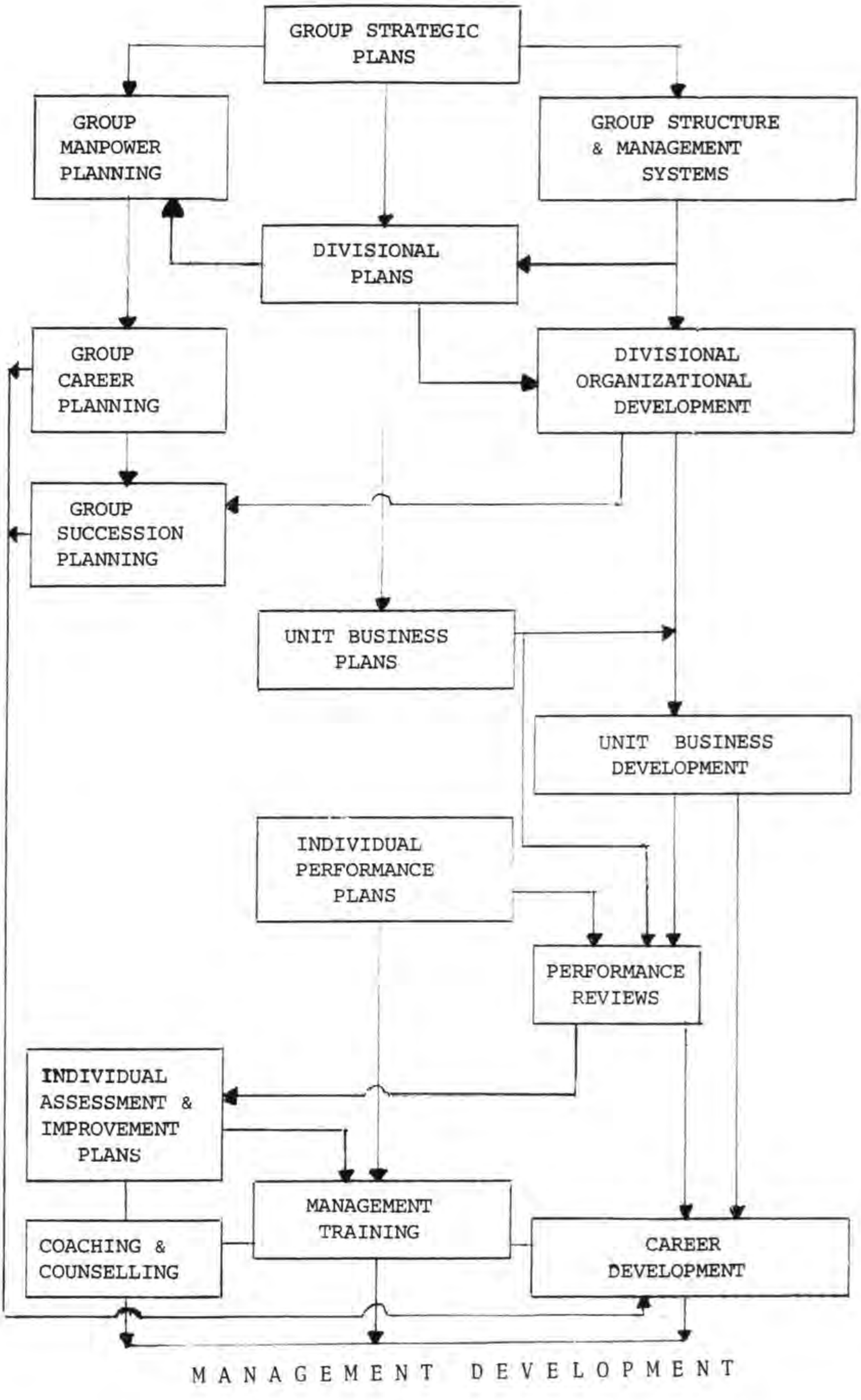
Figure 1

MANAGEMENT DEVELOPMENT ACTIVITIES IN SCOPE WITH

OCEAN BUSINESSES


GROUP STRATEGIC PLANS
GROUP MANPOWER PLANNING
GROUP STRUCTURE & MANAGEMENT SYSTEMS
DIVISIONAL PLANS
GROUP CAREER PLANNING
DIVISIONAL ORGANIZATIONAL DEVELOPMENT
GROUP SUCCESSION PLANNING
UNIT BUSINESS PLANS
UNIT BUSINESS DEVELOPMENT
INDIVIDUAL PERFORMANCE PLANS
PERFORMANCE REVIEWS
INDIVIDUAL ASSESSMENT & IMPROVEMENT PLANS
MANAGEMENT TRAINING
COACHING & COUNSELLING
CAREER DEVELOPMENT
MANAGEMENT DEVELOPMENT

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development function should cohere with the strategic planning function.

The effectiveness of Ocean's management system will be enhanced when the planning and appraisal systems are closely inter-related.

## Management Development in relation to Staff Assessment

20. The information generated by the staff assessment reports needs to be analysed by both Divisions and the Group management development function to ensure that Ocean's scheme provides benefit to the individual and the Group alike. The value of the scheme is that it can provide information about the Group, as a whole,as well as promote a dialogue between the job holder and his/her assessor.

## Roles in Management Development

21. In Ocean the Executive Committee, assisted by the Group Training Committee and General Managers,have the responsibility of determining objectives and policies for management development.

The role of the management development specialist is seen as implementing Group policy and by offering specialist advice and progressing management development activities in congruence with the Group's changing needs and the operational needs of line managers. The management development function will therefore operate, in part, as a service function at all locations, as required by line management.

Not least in importance is the role of the individual in participating in decisions on his/her management self-development. The Executive Committee will look to all General Managers to give active support to self-development initiatives.

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## Ocean's Climate determines the Pattern of Management Development

22. The organizational climate, the system and structure of the Group and attitudes towards development are important determinants of the effectiveness of management development.

23. They determine, in large measure, the patterns of management development that are possible in effectively utilizing Ocean's management capacity.

## Conclusions

24. The following are the main conclusions:

    24.1 Ocean will benefit from an open system approach to management development consistent with the flexible structure of the Group.

    24.2 The appraisal system provides an objective basis for decision-making on management development. Line managers have a prime responsibility for this development, supported by the Group management development specialist.

    24.3 The Group should develop a common objective flexible enough to enable businesses to develop a pattern and range of activities consistent with their particular needs.

    24.4 The management development function should inter-relate with the strategic planning function, at Group and Divisional levels.

    24.5 The Executive Committee will plan the overall strategy and this will be carried into effect by General Managers, supported by the management development specialist, with individuals participating in decisions on their career development.

## SUMMARY

1. The management development function in Ocean will be expected to make a contribution to the achievement of business objectives and strategic plans. The prime responsibility for determining the appropriate management development approach rests with line managers who will be supported by a Group-wide advisory service.
2. An open system approach is required consistent with the flexible structure of the Group.
3. The sometimes conflicting needs of the business and the individual will call for a systematic decision-action process which contributes to mutual satisfaction of the needs of the business and the needs of the individual.
4. The appraisal system will provide an objective basis for decision-making in management development. The present system calls for a more consistent and committed response from line managers.
5. The mature and growth businesses in Ocean require a different pattern of management development, but this does not exclude a common objective within the Group as a whole.
6. The activities of management development are both non-job related and job-related.
7. There are four inter-related roles in management development in Ocean:
   7.1 the Executive Committee
   7.2 General Managers
   7.3 Management Development Adviser
   7.4 the Individual
8. Ocean's climate determines the quality and the pattern of management development.

9. The Group's management system calls for a closely integrated approach in the strategic planning management development and organization development systems.

10. The effectiveness of Ocean's management development system is a prime responsibility of Line Managers supported by Ocean's management development specialist who will coordinate the activities throughout the Group.

D.J.R.

GPD
March 1974

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Appendix 25

*Aide mémoire* for Personnel Managers

Meeting - 28th January 1974

## OCEAN MANAGEMENT DEVELOPMENT PROGRAMME

Why a Management Development Programme?

The new organization structure and the enlarged scope of Ocean's businesses suggest the need for a planned approach to help managers, both in their current work situations and to encourage a dynamic response to new opportunities.

Thus the twin purpose of a Management Development Programme should be to ensure the optimum use of managers in their current roles and to develop Ocean's human resources for future business growth.

What constitutes a management development programme?

A development programme should contribute to the following:

a) knowledge and skill directly related to the respective business activity - technological, commercial, marketing - which are otherwise developed by planned on-the-job experience;

b) understanding of Ocean's organization and management system; the managerial style and the nature and role of strategic planning and control;

c) working knowledge of and ability to use effectively management techniques related to, *inter alia*:

    (i) manpower planning
    (ii) appraisal systems
    (iii) computerized systems
    (iv) budgetary control
    (v) marketing analysis

d) understanding how to get things done, i.e. making effective decisions and getting the commitment of people who have to execute decisions to achieve the agreed targets and growth of the business;

e) understanding the human aspects of management - the development of attitudes and behaviour which will coalesce the management teams and other workers in a dynamic and adaptable organization, leading to an identifiable business style and one that is consonant with Ocean's managerial behaviour patterns and gives individual satisfaction.

Where will a management development programme help and what is its key function in Ocean?

An Ocean management development programme can help meaningfully in the creation of a cadre of managers, who are able to contribute powerfully to the operational management of their business and to the development of Ocean's new ventures. The programme should help to activate the innovative and the entrepreneurial traits of managers, i.e. help in Ocean's development management. It should help to foster an awareness among the potential élite manager that it is a company in which to seek a worthwhile career.

The management development programme must be an integral part of the whole business operation and not viewed as having some evanescent benefit. It must be judged in the same terms as any other kind of activity.

Who is responsible for the management development programme?

The line manager has prime responsibility, assisted by the management development team at the centre, for example in:

a) devising counselling techniques, appraisal systems and project training;

b) deriving from the Group Manpower Plan appropriate career plans and management succession plans, and

c) providing appropriate internal training courses, guidance and sponsorship for external training, where beneficial to manager and the business alike.

What part should General Managers play?

The management development programme will call for a lead role by Divisional General Managers and their commitment to ensure that they and their unit general managers establish effective counselling and staff appraisal within their own businesses, and also make an ongoing contribution to Group management courses, seminars and workshops.

What is the relation between external and internal training?

The internal and external development and training are not mutually exclusive. There will be times when a manager's development and training needs can best be met by sponsorship on an external course. Apart from the content of the external programme, there will be useful spin-offs in the interface with managers from other companies. A vigorous exchange between Ocean's management development team and selected business schools and management centres will prove invaluable in ensuring that Ocean keeps abreast of best current theory and practice in the management of business enterprises.

What is the critical factor in ensuring an effective management development programme?

The varied nature of the existing scope of Ocean's businesses and the likely future diversification and growth calls for close liaison between business general managers and managers in all parts of the Group. There must be a willing desire to distil managerial knowledge and skill to the benefit of the Group as a whole and not regard it as the preserve of the fortunate few.

Who will activate the programme?

The Project Group chaired by C.L-C. has continued its consultations on the proposed strategy for a management development programme in Ocean for 1974 - 76, and recommends that D.J.R. should direct three programmes covering:

- Problem-Solving and Managing People
- Planning and Finance
- Marketing in Ocean businesses

What part will Divisions play in the Group management development programme?

All proposals will be discussed, in the formative stages, through the agency of the Personnel Managers' Committee.

Divisional representatives,at senior and middle manager level, will participate with the MDA in the design of all programmes. Final draft programmes, for all mainstream courses for grades 14 and above, will be presented to Divisional General Managers and their senior personnel executives for comment prior to submission to the Executive Committee.

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When will the management programmes commence?

The three programmes, as indicated previously, should be operative in the autumn of 1974.

D.J.R.
9th January 1974

Appendix 26

# BRITISH INDUSTRIAL PLASTICS

## REPORT ON THE CRANFIELD MANAGEMENT DEVELOPMENT SEMINAR

## FRIDAY 4TH SEPTEMBER - SATURDAY 5TH SEPTEMBER 1970

### Purpose of Seminar

This Seminar was staged by the Cranfield College of Aeronautics at Cranfield. The aim was to promote a dialogue between the Business School staff and specialists from industry involved with management training and development. It was hoped that ideas would emerge which would help Cranfield to improve its Executive Development Programme so that it could more closely meet the needs of Companies. The Seminar was structured around the three questions:

"What is meant by Management Development?"

"What should be the contribution of Business Schools?"

"What are the problems facing companies on Management Development?"

These questions were considered and discussed in syndicate following the respective presentation of papers by Professor Forrester and Mr Shaefer of Cranfield and by Mr T. Glyn Jones of British Petroleum Ltd (Programme attached).

### Main Points arising out of the Discussions

1. The overall objective of Management Development is the survival of the company and the continuing good health of the organization; hence, the justification for it.
2. Whilst the seeking out and training and development of those who will reach the top (the high fliers) is crucially important to

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the success of a Company, equally important is the training and development of middle management. This should not be neglected.

3. The Business School Course can make a particularly effective contribution in the development of men in the age range 28 - 40 who are intended for further promotion to senior levels of management. However, this can only be a small part in the total process of an individual's development.

4. The normal content of an Executive Development Programme at a Business School includes the following subjects:

   (a) Personal skills, e.g. appraisal, communicating
   (b) Techniques such as work study, network analysis
   (c) Tool subjects such as accountancy, statistics
   (d) Environmental subjects such as economics and behavioural sciences.

   However, it was thought the priorities of these should be revised with greater emphasis being placed on the development of the skills of problem-solving, planning and decision-making and the effective execution of these.

   It was generally felt that at present Business Schools tended to be too academic; they disseminated too much knowledge over a wide front and spent insufficient time on the skills of how to apply the knowledge. There was a need for Schools to define more specifically the services they were offering to industry and they should therefore be flexible by tailoring their courses to the particular needs of the students attending them.

5. Whilst (4) would further improve the effectiveness of Business School courses, for investment in them to be fruitful, the onus

rests on a Company to ensure the right candidate is selected in the first place and that the trainee is given the opportunity to apply his newly-gained skills on his return to his Company.

6. The corner-stone of effective Management Development in a Company is an appraisal system, but this should never be imposed as success depends on the willing cooperation and commitment of both appraisers and appraisees.
7. An essential ingredient of a Management Development Programme is for the man being developed to be highly motivated to develop himself.
8. As Management Training and Development is associated with the long-term plans of the Company, the ultimate responsibility of MTD inevitably lies at the top of the organization, namely, with the chief executive.

## Conclusions

The College staff were glad of the exchange of views and thought they would prove most helpful to them. They considered the Seminar to have been worthwhile and justified, and thanked the participants for cooperating in this experimental confrontation between the College and Industry.

R. G. HAMLIN

Circulation:

Mr D.A. Francis c.c. Mr D.J. Rees, T & N Ltd.

21st September 1970

RGH/MVM

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# CRANFIELD MANAGEMENT DEVELOPMENT SEMINAR

## 4TH/5TH SEPTEMBER 1970

## Programme

### Friday 4th September

| | | |
|---|---|---|
| | 15.00 - 15.45 | Arrival<br>Tea |
| Session 1 | 16.00 - 16.30 | Paper No. 1<br>"What Do We Mean by Management Development?" - Professor Forrester |
| | 16.30 - 17.30 | Syndicate Discussion |
| | 17.30 - 18.30 | General Discussion |
| | 18.30 - 20.00 | Cocktails and Dinner |
| Session 2 | 20.00 - 20.30 | Paper No. 2<br>"What Should Be the Contribution of the Schools?" - I.T. Shaefer ? |
| | 20.30 - 21.30 | Syndicate Discussion |
| | 21.30 - 22.30 | General Discussion |

### Saturday 5th September

| | | |
|---|---|---|
| Session 3 | 09.30 - 10.00 | Paper No. 3<br>"What are the Problems Facing Companies - T. Glyn Jones |
| | 10.00 - 10.50 | Syndicate Discussion |
| | 10.50 - 11.10 | Coffee |
| | 11.10 - 12.00 | General Discussion |
| | 12.00 - 12.30 | Summing Up |
| | 12.30 | Lunch<br>Disperse |

Papers and General Discussion will be in Gold Lounge. Syndicate Discussions will be held in rooms allocated for this purpose.

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Appendix 27

Policy Paper 16/1 - June 1974

## MANAGEMENT TRAINING SCHEME
## FOR YOUNGER PEOPLE

### 1. Aim of Scheme

1.1 The Scheme will provide an opportunity for the career development of young people, already in the employ of Ocean and irrespective of their present sphere of activity, who have demonstrated high potential for eventual promotion to management posts at grades 15 and above. The prime responsibility for the identification of such people will rest with the General Managers of divisions.

1.2 There will also be an annual intake of graduate entrants to the Scheme, the number being determined in relation to the Group's long-term manpower and succession plans.

### 2. Selection Procedure

2.1 Candidates already in the employ of Ocean should be recommended by divisions for interview as Management Trainees following the annual assessment of staff. Each candidate will be invited to complete an application form provided by G.P.D. and this, coupled with a report from the General Manager, should be sent to the Group Personnel Director.

2.2 Candidates at Universities will be considered for initial interviews in January and February in each year. Group Personnel Division will arrange these initial interviews at Universities or Group Headquarters. They will represent the Group as a whole in the contact with the Universities.

2.3 The final selection of Management Trainees will be made by the Group Training Committee consisting of an Ocean Board Director, the Group Personnel Director, a subsidiary Company Director and the Group Management Development and Training Adviser.

2.4 Responsibility for the issue of letters of appointment, arrangement of medical examinations and other administrative matters will lie with Group Personnel Division.

3. Training Programme

3.1 Following a short induction course at India Buildings, Management Trainees will be posted initially to one division where they will undergo a programme of accelerated business experience for a period of approximately twelve months.

3.2 Each Trainee will report to a senior manager in his employing division, the latter acting as a Supervisor and agreeing the planned job experience with Group Personnel Division. There should be agreement between General Managers and G.P.D. as to where Trainees will be posted in this year and which operational manager will act as Supervisor.

3.3 Trainees will be given jobs which develop analytical and managerial skills and give them a measure of individual responsibility. They must not be used as observers.

3.4 The second period of approximately twelve months will be aimed to provide enlargement of job responsibility by a posting to another division essentially different in nature from the first year's experience. The requirements of paragraph 3.2 will apply.

3.5 The General Manager will ensure that he is kept informed of the progress of any Trainees working in his division. Either he or his deputy will interview them at six monthly intervals. Recommendations for the subsequent career development of Trainees should be made to the Group Personnel Division.

3.6 Group Personnel Division will be responsible for prescribing courses of study and organizing in-company training courses in association with Operating and Staff Divisions, ensuring the minimum of dislocation in their divisional commitments.

3.7 At the end of two years in the Scheme the Trainee will be posted to a substantive position, if possible overseas.

3.8 Depending on age, type of experience and assessment of potential, the timing and type of any external management development programme will be determined by the Group Training Committee.

3.9 Management Trainees will be on the payroll of the employing division. Group Personnel Division will determine salaries during the initial two years after which salaries should be in accordance with their graded job.

## 4. Assessment and Control of Trainees

4.1 Trainees will submit quarterly reports to the Divisional Supervisor and a copy of these will be sent to the Group Management Development and Training Adviser.

4.2 A quarterly report on the progress of Trainees will be completed by the Divisional Supervisor and submitted to his General Manager with a copy to the Group Management Development and Training Adviser.

4.3 The Group Personnel Director and the General Manager of the division or his deputy will interview Trainees separately at least once every six months.

4.4 Where a Trainee is making unsatisfactory progress the General Manager will inform the Group Personnel Director.

4.5 An annual report on Trainees will be prepared by the Group Management Development and Training Adviser for consideration by the Group Training Committee. It will include:

4.5.1 a review of the overall performance of Trainees

4.5.2 recommendations on the most appropriate posting of Trainees after initial training.

4.6 The Group Personnel Director will agree the completion date of the traineeship and the appointment of individuals to substantive posts.

4.7 Throughout his period in the Scheme each Trainee will be posted to jobs in which he can make a meaningful contribution to the business concerned and be given an increasing responsibility aimed to develop his managerial ability.

Appendix 27 Annexe 1

# Ocean Transport & Trading Limited

## APPLICATION FORM FOR MANAGEMENT TRAINEES (GRADUATE ENTRANTS)

Full Name

Date of Birth

Nationality and Place of Birth

Married or Single

Number of Children

---

Schools Attended (with dates)

GCE Passes (with grades)

'O' Level

'A' Level

'S' Level

University/Polytechnic attended (with dates)

Course of Study

Honours Class and Division
Part I or Intermediate

Final Honours

Postgraduate Qualifications

Details of awards and prizes

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Add any further comment which you believe will strengthen your application

---

The names and addresses of three referees (including one who can provide information about academic progress)

---

Home Address

Telephone Number

---

University Address

Telephone Number

---

Signature

Date

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Appendix 27 Annexe 2

## OCEAN TRANSPORT & TRADING LIMITED

## APPLICATION FORM FOR MANAGEMENT TRAINEES (INTERNAL ENTRANTS)

Full Name ______________________

Date of Birth ______________________

Nationality and Place of Birth ______________________

Married or Single ______________________

Children ______________________

______________________________________________

Schools Attended (with dates) ______________________

______________________

______________________

______________________

GCE Passes (with grades) ______________________

'O' Level ______________________

______________________

______________________

'A' Level ______________________

______________________

'S' Level ______________________

______________________

University/Polytechnic College attended (with dates) ______________________

______________________

Course of Study ______________________

Degree/Diploma/Certificate ______________________

______________________

Class of Award ______________________

Postgraduate Qualifications ______________________

Details of Awards and Prizes ______________________

______________________

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Why did you choose the particular subject which you studied and what have you gained from it?

What else did you gain from your full-time or part-time study

Briefly describe, in order of importance to you, any extra curricular activities or occupations which have been important in your life (e.g. Vice-Chairman Junior Chamber of Commerce, Youth Club Leader, Member of Amateur Dramatic Society, etc.)

List the foreign countries you have visited with dates; state any foreign language in which you are fluent

Add any further comment which
you believe will strengthen
your application

---

Give name of your Division ____________________

Divisional General Manager ____________________

Date commenced with Business/Department ____________________

Job and Grade ____________________

Date commenced in present job ____________________

---

Home Address ____________________

____________________

____________________

____________________

Telephone Number ____________________

---

Signature Date

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# OCEAN TRANSPORT & TRADING LIMITED

## MANAGEMENT DEVELOPMENT AND TRAINING ADVISER

## INTERVIEWING GUIDE

## GRADUATE ENTRANTS

The interview,is, in the last analysis, a question of an interviewer's judgement. There is no universally accepted method of selection. It is possible to reduce some of the subjectivity by obtaining as many relevant facts and opinions on each candidate and relate these to the company's needs.

The following sections provide a framework for the interview. There are some specimen questions which may help; in practice they are not used as such because the interview will flow in most cases fluently and naturally.

As we are aiming to predict managerial potential of a very high order it is useful to employ some agreed basis. For this a suggested selection rating guide is provided.

D.J.R.

September, 1974

**The candidate is interviewed in relation to :-**

**Character, Personality, Bearing and Manner**
**Attitudes, Ability to Analyse and Take Decisions**
**Academic Attainment**
**Interests and Achievements**
**Background**

## Character, Personality, Bearing and Manner

What is the overall impression of his character and personality?
Has he considered the impact he makes on others?
Does he express himself clearly in speech?
Are there any major constraints?

## Attitudes, Ability to Analyse and Take Decisions

What are his views about a career in commerce?
What does he feel about modern society?
What are the characteristic features about his life so far?
How does he regard his family? Himself?
What challenges and opportunities has he taken?
Are there any examples of strong innovative traits?
Can he sell ideas?
Has he dealt with adversity?
What is the overall impression of his analytical intelligence?
How vigorously does he apply himself to whatever he is doing?
Has he a sense of proportion and a balanced judgement?
Does he show determination to carry a task through to completion?
How has he reacted to people at different levels in work situations, e.g. in vacation employment.

## Academic Attainment

How does his school record compare with his degree expectations?
What do others say about his academic ability?
Has he made the most of his ability?
If his academic record is fair only what compensations are there in other directions?

## Interests and Achievements (non-academic)

What sort of pattern of interests emerges?
Is there balance?
Does he set high standards?
What evidence is there of self motivation to achieve excellence?
How has he distinguished himself at school and university?
Are there any indications of the dilettante?
Does the range of interests match the overall picture of the character?

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## Background

Has his family background helped him in his career?
Are there any indications of alienation from parental influences?
Have there been important milestones in his life?
What do others say about his background?

## Overall Assessment

Is he a high level achiever?
Is there a sensible blend of academic achievement, mature attitudes and interests?
Would he adapt well to the Ocean environment?
Does he show he has himself and his emotions well under control?
Is he a pathfinder?
Is he the sort of person you see reaching the top in a commercial career?

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# SELECTION RATING GUIDE

| | | |
|---|---|---|
| Character, Personality, Bearing, Manner | A top-rate candidate.<br>Character, Personality, Bearing and Manner suggest he would be a successful top manager. Can sell ideas and demonstrate maturity and stability | 10/9 |
| | A very good candidate.<br>Expresses himself well and has a convincing manner.<br>Some slight weaknesses. | 8 |
| | Generally acceptable, but some weaknesses in Bearing and Manner.<br>Sound overall impression. | 7/6 |
| | Below acceptable standard. | 5/0 |

| | | |
|---|---|---|
| **Attitudes and Analytical Ability** | An admirable set of values. Has thought about his career and his judgement is sound. Brings original thought and imagination to a problem. Mature and should achieve early responsibility | 10/9 |
| | Good set of values. Some ill-formed ideas about commerce but is keen. His judgement is sound about general environmental issues. Reasonably mature and can discriminate clearly between the vital, the important and the trivial. | 8/7 |
| | A sensible outlook but somewhat immature Likely to make the most of his opportunities and develop a sound set of values | 6/5 |
| | Attitudes ill-defined and approach to a career opportunity in commerce weak. | 4/0 |

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| | | |
|---|---|---|
| Academic Attainment | Has exceptional academic ability. Likely to get Class 1 or good Class II honours degree.<br>Consistent performer | 5/4 |
| | Has a sound track record and should get a Class II honours | 3 |
| | Works hard to achieve a good standard but a moderate honours class is forecast. | 2 |
| | Not really academic, doubtful if a University education was the right choice. | 1/0 |

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| | | |
|---|---|---|
| Interests and Achievements | Well balanced range of intellectual, social, sporting and practical interests. Sets high standards and has impressive achievements in individual and leadership roles. | 5/4 |
| | Good range of interests and a team man. Has achieved good standards and held positions of responsibility. | 3 |
| | An individual rather than a team man. Some good achievements. | 2 |
| | Somewhat insular and does not evince much interest outside his academic studies. | 1/0 |

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| | | |
|---|---|---|
| Background | Has made the most of his opportunities at home, school, university and socially. A sympathetic respect for others and shows he can overcome difficulties and stress. Will scale the heights. | 10/9 |
| | Has made the most of his background and sets himself a high standard.. Nothing unusual in background or circumstances to prevent his succeeding in a managerial career. | 8/7 |
| | Has found some difficulty in surmounting a poor background. Whilst this may not prevent his achieving moderate success it might militate against his success in a managerial career. Has not made the most of his initial advantages. | 6/5 |
| | Would present many problems. | 4/0 |

| | | |
|---|---|---|
| **Overall Assessment** | Outstanding analytical intelligence with sharp judgement. Has mature understanding of himself and his capabilities. Evidence of emotional stability coupled with determination to succeed in his chosen career. Strong leadership traits. | 10/9 |
| | Not as many indicators of excellence but a sound candidate with a good measure of maturity and determination. Likely to cope well with a commercial career and evidence that he could influence others. | 8/7 |
| | Some reservations but could made the grade with initial guidance. Well balanced and evidence of determination and good judgement. | 6/5 |
| | Below required standard. | 4/0 |

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MTS-1

ocean

MANAGEMENT TRAINING SCHEME

**QUARTERLY REPORT BY TRAINEE**

Name.......................... Period ..........................

1. Briefly outline your activities during the past three months

2. What results have you achieved in your activities?

3. What are your views on the value to your development from the activities of the past three months?

4. What problems and constraints have you experienced in your work. State how these have been overcome?

5. Indicate any special work programme, course or reading which you consider would be helpful for your present activities.

Signed ........................ Date ...........................

ocean

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MANAGEMENT TRAINING SCHEME

QUARTERLY REPORT BY SUPERVISOR

## REPORT ON TRAINEE

Name ........................... Date of Birth ...................

Division ....................... Date Joined Ocean ..............

Business/Department ...............................................

Report for Period ending ..........................................

1. Briefly outline this trainee's achievements during the past three months.

2. **Are there any problem areas appearing in this person's development? If so please comment.**

3. Please tick one box as appropriate.

i. Performance at Work (ie. results achieved, co-operation with others, motivation and understanding of work in business/department.

| | | | | |
|---|---|---|---|---|
| Outstanding achieves very high level results | Very Good attainment exceeding expectations | Sound achievement no high spots. | Needs more time to achieve required results | Not Proved |
| ☐ | ☐ | ☐ | ☐ | ☐ |

ii. Progress since last report

| | | | | |
|---|---|---|---|---|
| Considerable progress | Some marked improvement | Rate of progress unchanged | Indifferent cause for concern | Marked decline |
| ☐ | ☐ | ☐ | ☐ | ☐ |

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| | |
|---|---|
| 4. Please outline any task of a special nature carried out in previous three months. | Indicate level of performance. |

5. Record of meetings with trainee.

6. General report by Supervisor

Please indicate your overall impression of the trainee instancing any particular strengths which are emerging.

Signed .......................... Date ......................

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MTS-3

MANAGEMENT TRAINING SCHEME

# DIVISIONAL GENERAL MANAGER'S SIX MONTHLY REPORT ON TRAINEE

Name ........................... Date of Birth ..................

Division ........................ Date Joined Ocean .............

Business/Department ...........................................

Report for Period ending ......................................

Please comment on general progress of trainee.

Signed ........................ Date .......................

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MTS-4

ocean

MANAGEMENT TRAINING SCHEME

## GROUP PERSONNEL DIRECTOR'S SIX MONTHLY REPORT ON TRAINEE

Name ....................... Date of Birth .....................

Division ..................... Date Joined Ocean ...............

Business/Department ...........................................

Report for Period ending .......................................

Please comment on general progress of trainee.

Signed ........................ Date .........................

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Appendix 28

Policy Paper 17/1 - June 1974

# CAREER DEVELOPMENT FOR GENERAL MANAGEMENT

## 1. Introduction

1.1 This paper sets out proposals on General Management training in Ocean and relates to the career development of those with potential for appointment to senior posts.

1.2 The proposals summarized in this paper derive from a detailed study of the training and development needs of managers carried out by a project group under the chairmanship of C.D. Lenox-Conyngham.

1.3 Proposals for the introduction of a revised Ocean Management Training Scheme have been set out in Policy Paper 16/1 - June 1974.

1.4 This paper covers the career development and training needs of those in grades 11 and above, who are selected for general management training.

## 2. General Management Training

2.1 The general management training will cover the management knowledge and skill a manager needs to command in order to manage effectively and efficiently the resources of his business - men, money, machines and materials - to achieve agreed business objectives. The elements of managing a business - planning, controlling, organizing and leading will form the basis of management knowledge. These elements will apply for those managing a service function as much as for those responsible for operational activities.

2.2 The general manager must possess a sound understanding of the management system and organization structure of Ocean businesses and the basic principles of Ocean's planning and control system. He will need to understand the interaction between his business and the external economic, social and political environment.

2.3 There will be a range of knowledge and skill in functional areas, e.g. marketing and selling, financial management and accounting and industrial relations, which managers will have to acquire. The training and development in these areas will enable a general manager to develop his commercial acumen and understanding of managing people.

2.4 The general manager must be able to apply appropriate management techniques in directing and controlling his business, including decision analysis, finance and marketing, planning and budgetary control.

## 3. Process of Career Development

3.1 The information required for general management training will include:

3.1.1 data on individuals derived from personal records and the annual assessment reports, and those related to:

3.1.2 five-year projections of manpower and succession plans prepared by Group Personnel Division.

3.2 The career development programmes for general management will include:

3.2.1 planned job experience and development through 'cross-posting' to jobs in other divisions or businesses within the same division

3.2.2 counselling by general managers as a continuous means of assisting individual development

3.2.3 self-development

3.2.4 participation in inter-divisional or inter-business project groups

3.2.5 sponsorship for internal and external management training programmes.

## 4. Selection of Managers for Career Development

4.1 General managers of divisions will nominate individuals for training and development on the basis of personal records and reports completed for the annual assessment.

4.2 The Group Training Committee will review annually the effectiveness of career development programmes and co-ordinate the individual career development programmes with the General Managers of divisions. The Committee will consider reports on those attending internal and external programmes.

4.3 It is recommended that the Group Training Committee should be as constituted for the Management Training Scheme for Younger People.

## 5. Criteria for Selection

5.1 Those selected for career development as general managers should be judged on standard criteria to include a measure of the individual's

5.1.1 analytical ability and decision-making

5.1.2 judgement

5.1.3 relationships with others and ability to manage people

5.1.4 understanding of internal and external environment

5.1.5 range of adaptability and innovative skills

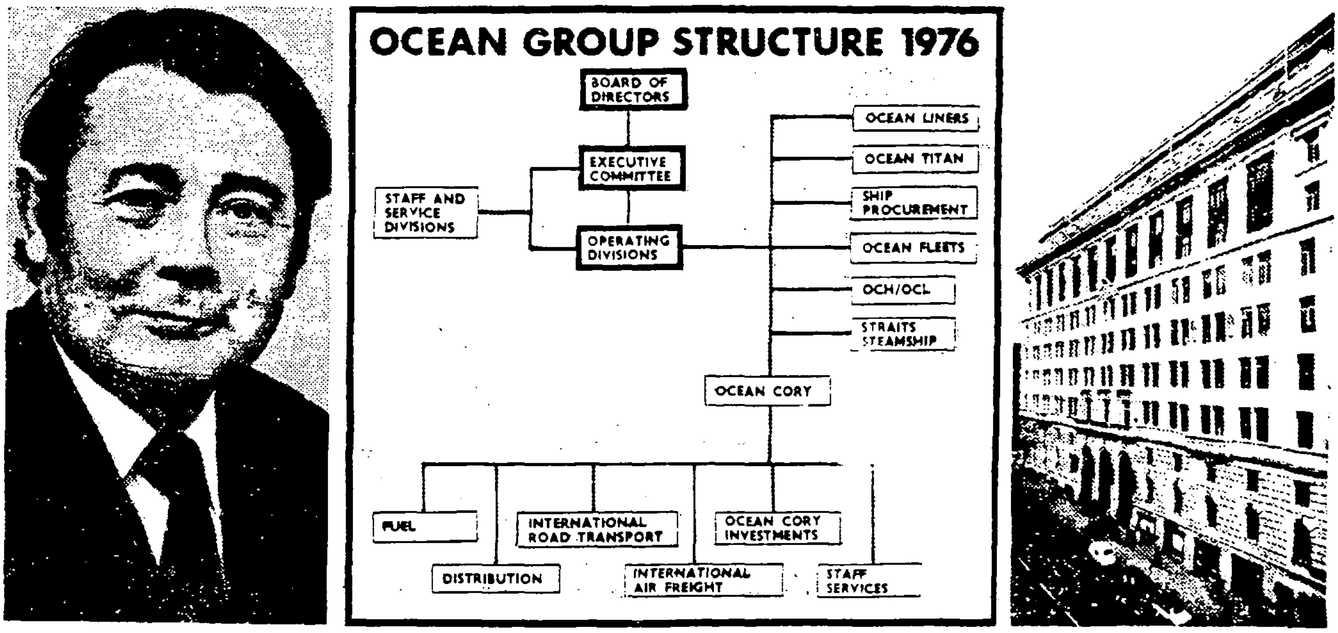
5.1.6 commercial acument

5.1.7 management knowledge and skill

Appendix 29

**JOHN WYLES profiles a shipping company which has diversified rapidl and added a variety of activities to its famous Blue Funnel Line**

# How student princes led Ocean away from the sea


OCEAN GROUP STRUCTURE 1976
BOARD OF DIRECTORS
EXECUTIVE COMMITTEE
STAFF AND SERVICE DIVISIONS
OPERATING DIVISIONS
OCEAN LINERS
OCEAN TITAN
SHIP PROCUREMENT
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OCEAN CORY INVESTMENTS
DISTRIBUTION
INTERNATIONAL AIR FREIGHT
STAFF SERVICES

Sir Lindsay Alexander (left) has steered the Ocean group through a period of diversification since he became chairman in 1971, widening the base of the operations that are directed from the company's cavernous India Buildings headquarters in Liverpool (right).

The Financial Times Tuesday 9th November 1976

Arrogant, intellectually self-confident, puritanical in its dislike of ostentation - the profile which Ocean Transport and Trading presents to the world would have sat comfortably on the face of many a successful Northern businessman 50 years ago. Although it is now Britain's second largest shipping company with interests ranging from property in Singapore to high street grocery distribution in the U.K., Ocean has remained remarkably true to roots put down in Liverpool more than 100 years ago by Alfred and Philip Holt.

The two brothers founded the Ocean Steam Ship Company and its famous Blue Funnel Line to put steam ships into the China trade and in the process they confounded experts who claimed that steam ships needed so much room for coal that there would never be enough space for cargo and passengers. But the Holts did their homework and then pressed ahead with an unshakable belief in the correctness of their approach. Ocean's managerial style is not radically different 111 years later. "We might be fuddy duddy but by God we get it right more often than most other companies," is the view which permeates the long corridors and cavernous rooms in India Buildings, Ocean's Liverpool headquarters.

ARROGANCE

This sense of superiority feeds a streak of arrogance which runs through the company but which is kept under control; it could, after all, threaten relations with important business partners. In some ways Ocean even goes to the other extreme by preferring what one executive calls a Liverpudlian "hair-shirtedness" to the trappings of business success. Its executives are encouraged to travel second class on the railways and the company's fleet of cars does not include a Rolls Royce.

This relative deprivation has no discernible effect on the self-confidence of Ocean's management, which flows very strongly from the broadly successful experiences of the past 11 years. In 1965 Ocean was still recognizable as the company founded by the Holts 100 years before and was drawing more than 95 per cent of its earnings from liner services to the Far East and Australia. But under the impetus of containerization and its part in the formation of the Overseas Containers Limited consortium with P. & O., Furness Withy and British and Commonwealth, Ocean rapidly embarked on an extensive programme of diversification. This has carried it into offshore supply services, bulk carrier shipping, international air freight and most significantly, through the takeover of William Cory and Sons, into oil and solid fuels and groceries distribution, tugs and lighterage.

The company has been steered through this period of phenomenal change by Sir Lindsay Alexander who is closer to being a public figure than anyone else in the shipping industry. Alexander joined Ocean in 1947 with a distinguished war record and an Oxford first behind him.

He was recruited as one of the company's "student princes" who were once the product of an unashamedly élitist selection procedure which was brought to an end only four or five years ago. Every three or four years Ocean would comb Oxford and Cambridge for their brightest undergraduates who, once selected, were put on the road to early advancement with the almost certain prospect of being appointed a "partner," as Ocean used to title its managing directors. Alexander was nominated for Ocean by Humphrey Sumner, then Warden of All Souls, and although the former day boy at Alleyn's School, Dulwich also had the choice of an academic or foreign service career, he succumbed as he says, to "the attraction of total ignorance," not least because the shipping company had been depicted as comparatively heavy on intellect and fond of "the use of analysis and debate to arrive at the truth."

This was ideal ground for the development of Alexander's dialetical style of management which combines a slightly patrician manner and donnish delight in intellectual speculation with a penetrating business brain and a shrewd understanding of people. He became chairman in 1971 on the retirement of Sir John Nicholson and, under his firm guidance, discussion at Ocean Board meetings has been known to range from multi-million pound investment decisions to the probable rate of economic growth in Western Europe during the 14th century.

Ocean's transformation can be dated from the spring of 1965 when a dinner party was held to celebrate the birthday of Ronnie Swayne. Now chairman of O.C.L. but then a partner of Ocean, Swayne is senior in length of service to Alexander but, like him, was recruited as a student prince.

On this occasion, Alexander and Swayne talked long and hard about the implications of containerization and the risk, as they saw it, of the Australian Government encouraging the American container operator, Sea Land, to break into the U.K. - Australia trade. They agreed that British liner companies ought to move quickly to forestall this and Alexander prepared a paper for the Ocean board outlining the case for containerizing the trade in a consortium. Within weeks approaches were made and agreement reached to set up O.C.L. with P. & O., Furness Withy, and British and Commonwealth. The object was to containerize both the Australian and Far East liner trades in which the companies were involved.

The implications for Ocean were serious. Within a few years a major portion of the 60 odd ships in its liner cargo fleet would be redundant, with an obvious effect on its sea and shorebased staff. In a first move to broaden its base, Ocean acquired Liner Holdings in which it had long held a 38 per cent stake. Liner was the parent company of Elder Dempster, the well-established liner company which was the major British force in the U.K. - West Africa trades.

The Elder Dempster takeover helped to plug the operational hole opened up by the formation of O.C.L. but it was clear to Ocean that, as an almost exclusively liner company, it was exposed to the switchback "boom or bust" vagaries of the shipping cycle.

The decision was therefore taken to develop other businesses and between 1969 and 1972 Ocean vigorously elbowed its way into a variety of new shipping activities. Panocean Shipping and Terminals was set up as a joint venture with P. & O. as a by-product of the creation of O.C.L. to look after and expand the chemical trades in which the two companies were involved. At about the same time Ocean took the major decision to move into bulk shipping where general growth and profitability was then outstripping liner works.

## PROGRAMME

As part of a £100m ship purchasing programme, seven bulk carriers, one ore and oil carrier and two Very Large Crude Carriers (V.L.C.C.) were acquired between 1969 and 1974. In 1970 a joint company was formed with Inchcape to move into the offshore oil supply business.

But a fundamentally new departure came in mid-1972 when William Cory and Sons, the long-established fuel distribution company with other interests in lighterage, towage and tugs, was acquired for £57m after a gritty takeover battle with Jessel Securities.

The amalgamation of Ocean and Cory was based on a management structure designed earlier in 1972 by the Boston Consulting Group.

This devolved operational and planning responsibilities to individual businesses or groups of individual businesses, with central management, in the shape of the Board and its executive committee of three, looking after strategic planning, allocation of resources, budgetary control, and also reviewing performance and management career development.

Sitting alongside Alexander on the executive committee was Mr David Elder, who is now deputy chairman. A blunt and sagacious Scot, Elder had joined Ocean in 1971 after nearly 20 years in a variety of senior financial positions with Shell.

Before Elder's arrival, Ocean's financial controls were primitive and his achievement, according to Alexander, has been the "creation of a financial administration which will stand up to indefinite development and expansion." Elder himself is extremely proud of the way in which Cory has been reorganized, blended into the Ocean structure and strengthened where necessary. His own role was crucial. He led a small liaison team, comprised of both Ocean and Cory managers, which analysed each aspect of Cory's business. Within four to five months the various subsidiaries were reporting according to standard Ocean practice while, over a slightly longer period, the Group reduced the total cost of the acquisition to around £37m through the sale of properties and peripheral assets.

While Cory had had a 10 year record of steady profitability (£2.7m pre-tax in 1970 - 71) its newly developed food and drink distribution company was losing money at the time of the take-over and until the current financial year has continued to do so.

Subsequent reorganization regrouped Ocean and Cory interests into the newly-named Ocean Transport and Trading. Most but not all, of Cory companies are now run by the Ocean Cory division whose managing director is Colin St Johnston, a 41-year old ex-Booker McConnell manager who joined the Group in 1970. St Johnston's division has been given responsibility for McGregor Swire Air Services (MSAS). Ocean's air freight forwarding company whose efforts to acquire and then maintain a share of a fast growing market have made heavy demands on Ocean's cash resources. MSAS and Cory distribution were responsible for an overall loss in Ocean Cory during 1975 but for this year St Johnston predicts a £2½m turnround.

This will be an important contribution to forecasted profits of £32m for 1976 - nearly £10m up on last year. This return will confirm Ocean's "blue chip" status in the market which has been valuing its shares at around 64 per cent of net asset value, compared with 56 per cent for British and Commonwealth, 30% for Furness Withy, and 34 per cent for P. and O.

Some problem areas in Ocean have been disposed of during the last three years and others still remain. Prominent in the first category were the two large VLCCs, Titan and Troilus, whose sale was forced on Ocean by the tanker surplus.

Another was Seaway Car Ferries, which came with Elder Dempster. This was shut down in 1972 after persistent losses.

With Ocean Cory now settling down, most of the immediate problems are connected with shipping. In 1971 Ocean plunged into the liquefied natural gas business and has a large carrier on order in France, the cost of which escalated from £25m to £67m. The ship is due for delivery next year and a charter starting in 1979 has been obtained. Ocean is happy with the terms of the charter from Pacific Lighting, but it will not rest easy until the U.S. Federal Power Commission gives the go-ahead for the gas shipments on the Indonesia to U.S. routes on which the ship is to be employed.

Ocean's five bulk carriers could also cause some anxieties over the next few years. After employment in two joint consortia these vessels will be coming out of charter this year and next at a time when there could be a real surplus of ships of their type.

Bill Menzies-Wilson, recruited from British Steel in 1972, and now managing director of Ocean Titan, is responsible for tackling this problem. He is also responsible for Ocean Fleets, the Group's ship management company which, for the first time in its history, is actively trying to market its services. This is partly a matter of necessity since Ocean's liner fleet, 126 strong in 1965, will fall to fewer than 40 ships in 1980. If Ocean is to maintain its employment levels and its highly successful cadet training school, "Aulis" on Merseyside, it needs other owners to put ships under its care. The liner fleet, whose average age is now a ripe 16 years, is to be renewed after several years of taking a back seat in the sharing-out of investment.

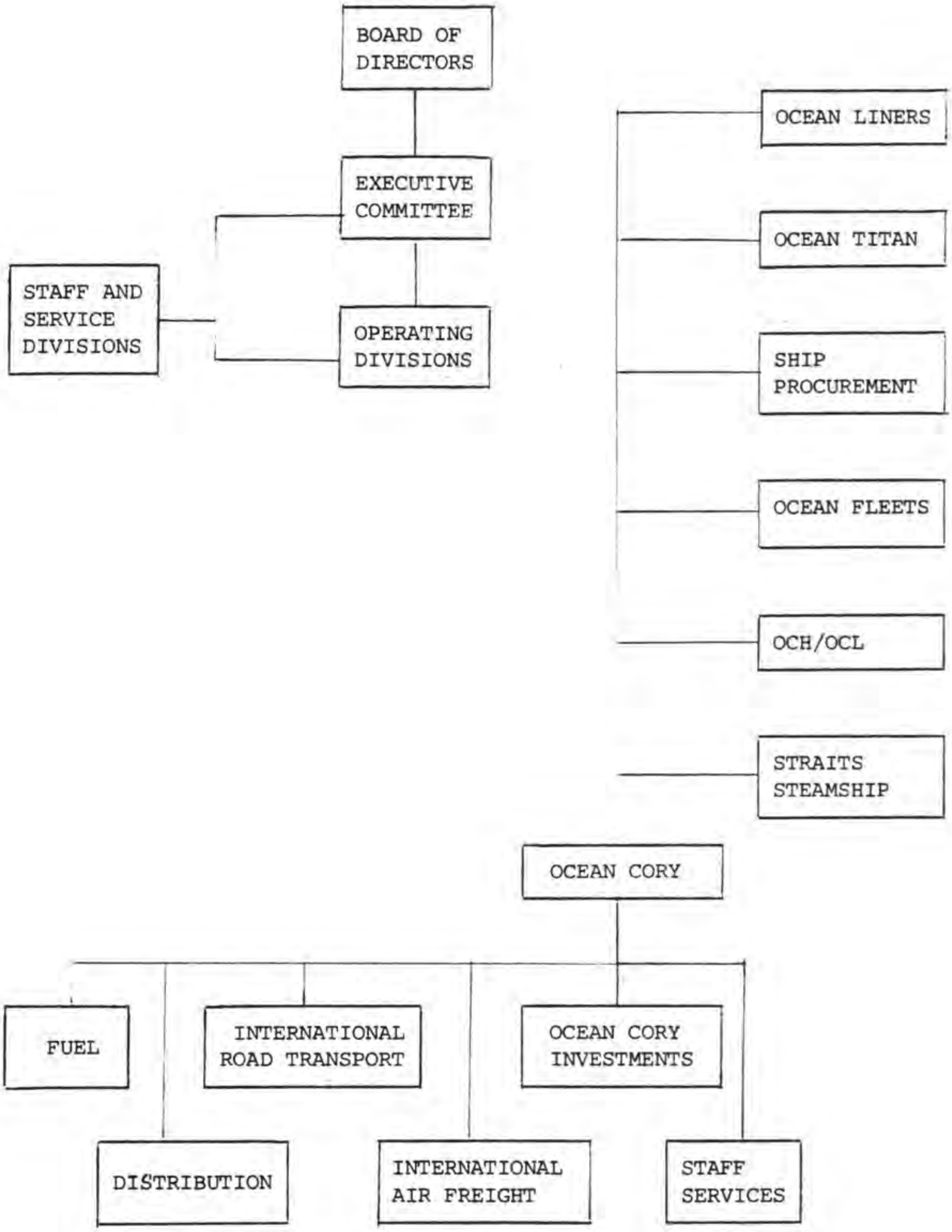
An intriguing puzzle - Alexander refuses to acknowledge it as a problem - is the question of managerial succession in Ocean. Company rules say that managers must retire at 60 which means that the entire executive committee - Alexander, Elder and Geoffrey Ellerton (a former colonial civil servant who looks after, among other things, management development) - will all be departing in 1980. "Dispositions have been made," says Alexander archly, while others are marking his card for him.

## FEW SURPRISES

There will be few surprises if, in 1981, the executive committee is comprised of Menzies-Wilson, Charles Lenox-Conyngham (ex-Wykehamist, ex-student prince, now managing director of Ocean Liners) and possibly Nicholas Barber (ex-student prince, now general manager of Ocean Distribution).

Whoever emerges as chairman will try to protect the sense of historical continuity which Ocean has surprisingly retained despite its transformation. Some of its paternalism and sense of hierarchy is bound to disappear, but not its fondness for traditional values. As Menzies-Wilson says: "We have to be careful that we don't catch up with the rest of Britain."

# OCEAN GROUP STRUCTURE 1976


BOARD OF DIRECTORS
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STAFF SERVICES

Appendix 30

## Coaching and Counselling

### Coaching

Coaching in Ocean is part of every manager's job in ensuring that his subordinates not only know what they should be doing, but in using situations as they arise as 'teaching' opportunities. The principal aim in coaching is to enhance performance and also provide job satisfaction for the individual.

Coaching calls for learning value to accrue from regular events and, also, out of unexpected situations and crises in the individual's job role and in that of the boss.

Another aspect of coaching by managers consists of encouragement for subordinates to widen their horizons and deepen their perspectives about the nature of managerial/supervisory work and the environment of work organizations.

An example of coaching in Ocean has been the manager's role in implementing the appraisal system and the encouragement given to individuals to play a constructive role in individual performance planning.

There is no single template for coaching; each situation will call for a response which harmonises purpose in achieving performance standards, correcting weaknesses, encouraging excellence.

Two journal articles by E.T. Moorby should be studied:

E.T. Moorby: The Manager as Coach
(Personnel Management November 1973)

E.T. Moorby: Coaching in Context
(Personnel Management March 1975)

In the 1975 article Moorby writes:

> "Coaching is not a one-way activity. It involves a two-way commitment to improvement and growth."

This echoes the way in which Ocean's Deputy Chairman has underlined the need for effective dialogue in the performance review sessions.

Coaching is job-centred and Moorby provides a good working description:

> ".... taking problems, opportunities and frustrations of the job itself and using them constructively to improve the skills, the knowledge and the performance of managers."

Moorby points to a coaching activity which is a part of all managers' jobs in Ocean:

> ".... aiming at helping managers to work through action plans with their subordinates."

In this context it is part of an organization development programme.

Coaching involves interpersonal skills or, as one might refer to it in Ocean, as the effective management of people. As such, it calls for effective communication and an open exchange of perspectives: the individual's perspective and the company perspective. A coaching role can be performed to harmonise perspectives, sometimes to resolve conflict and, in general, to reach an equilibrium, even for a short time between the 'constituents' of the work organization.

Moorby suggests an action plan for coaching covering:

| | | |
|---|---|---|
| 1. | Opportunities | What changes do you want to achieve? |
| 2. | Targets and timing | How will you recognise that the change is accomplished? |
| 3. | Tactics | How will you go about it - what specific activity/methods will you use? |
| 4. | Monitoring: | How and when will you monitor progress? |

There will be many opportunities for the development of coaching skills in one-to-one situations, in team development and in responses by task groups.

The Ocean management development team will provide workshops on coaching techniques that unit businesses seek to develop, as these come within the scope of the personnel services.

Two source references on coaching are:

Edwin Singer: Coaching and Counselling in John Humble, Ed.:
Improving the performance of the experienced manager
(McGraw-Hill 1973)

Valerie Stewart and Andrew Stewart: Managing the Manager's Growth
Chapter 1
(Gower 1978)

These authors deal with the subject of 'coaching and counselling' as a unified whole. In Ocean there is a place for counselling which is not wholly job-oriented.

## Counselling

The Ocean Group Appraisal System calls for counselling by managers in the way the performance reviews are carried out; this is job-oriented. But there are areas where counselling is concerned, more broadly, with helping individuals discover solutions to problems which are not specifically job-oriented.

One area for counselling is the review of potential and in dealing with the problems of career aspirations.

Counselling individuals within work organizations calls for a large measure of empathy, being willing to listen, helping to identify the personal issues involved and finding the core problem. Managers are called on to respond to perspectives and feelings different from their own and to be able to avoid negative criticism. In essence, a counselling interview is a problem-solving process.

Underpinning the counselling process is the art of successful communication, which is of itself a transaction process. As such, managers are aware that their role includes the execution of effective transactions. There will be some transactions which are best handled by the specialist.

There are a few books which managers will wish to read:

1. Michael Argyle: The Psychology of Interpersonal Behaviour
   (Harmondsworth 1970)
2. Edgar Schein: Organizational Psychology
   (Prentice-Hall Second Edition 1976)
3. G. Lippitt and R. Lippitt: The Consulting Process in Action
   (University Associates 1978)

One useful article is by H.L. Gray: Counselling and Management
(Management Education and Development -
MEAD 1974)

Practice in using counselling techniques can be arranged through unit business personnel departments, divisional personnel departments, or the Group Management Development Department.

DJR

(Revised Issue 1978)

A3/3

# THE MANAGEMENT DEVELOPMENT AUDIT

## A. What is it?

The MD Audit attempts to provide a clear picture - to zero in on the nature and scope of management development in an organization.

1. Provides a scenario of the management development policy (where there is one) as this is understood by top managers and specialists on an organization.
    - 1.1 Data is obtained by:
        - 1.1.1 interviewing
        - 1.1.2 a questionnaire
        - 1.1.3 a combination of both
2. Develops the perspectives of management development as pictured by managers and supervisors, who complete a questionnaire

3. Identifies the changes which managers would like to see taking place

In distilling the information, the level of objectivity in the information obtained is commensurate with the neutrality of the analyst (*de rigeur*)

The use to which the information is put depends on a number of variables:

1. The commitment of top management
2. The relevance of the data to corporate objectives - business planning conjoined with manpower planning
3. The management culture and style -
    - 3.1 internal organization dynamics

## B. Purpose of an M D Audit

Enables the organization to examine, critically, whether its management development concepts and practices (or lack of them) are acceptable to employees (managers).

Acceptability is only one facet of usefulness; there are other facets:

1. applicability with the current infrastructure or intended change
2. usefulness of the process as a diagnostic instrument

The following questions can be asked of an AUDIT:

1. Is the company's management development policy being implemented effectively, in practice, throughout the organization?
2. Do managers confirm the effective practice in the current development approaches?
3. Which parts of the organization structure and management system do managers consider need to be changed?
4. Which groups of managers are most/least satisfied with the existing system?

### General Benefits

1. An AUDIT stimulates an awareness of management for what it is/or is not.
2. It can act as a catalyst for information flow within the organization, where the data is not directly related to the audit *per se* - i.e. a spin-off effect on other aspects of managerial work.

## C. Is the MD AUDIT an effective process of organizational dynamics?

An audit can be a valuable approach to:

1. the appraisal of operating practices or lack of them
2. obtaining meaningful information on individual and group perceptions of the company's policy on management development
3. the newly appointed MD/OD specialist who needs to understand the company's behavioural pattern.

## D. Who are the clients for the MD AUDIT?

An initial interest may stem from the personnel specialist, in a few cases, from the cheif executive

(Examples of response from top management would be:
George Cadbury (Cadbury Schweppes)
John Harvey-Jones - ICS
Peter Parker - British Rail
Alex Jarrett - Reed International)

Ultimately the MD Audit has to be approved by the Chief Executive/Board.

Initial investigation - completion of questionnaires may centre on one function within an organization -

e.g. in Durham County Hall - the Architect's Department

## E. Process of MD Audit

Following the initial probes into the usefulness and implementation formats, the Durham approach included a mix of:

1. residential instruction in the MDA instrument
2. application in the company
3. further residential period to review findings.

Parties involved:

(MSC funded research)

1. the company - designated representatives
2. DUBS - MD Unit
3. ITBs

Key Characteristic

A task-centred learning programme

A Comparison

In terms of cost/benefit the GTC's considers the same information can be obtained through Ocean's appraisal system linked with diagnostic surveys carried out by the MDA and general managers. The same degree of confidentiality can be observed as in the MD Audit.

The difference may lie in the attitude of the respondent. How constructive can Ocean's analysts be: what degree of response will be shown by the managers participating in the process? What can the internal analysts do? It calls for the MDA to:

Analyse the appraisals i.e. an audit

Notate the form of the audit

Approach the individual managers diagnostically

Learn the underlying characteristics and range of response

Yean benefit in constructive m.d. approaches

Systematize a management development methodology

Train the managers in the use of the instrument.

Appendix 32

# REPORT ON MANAGEMENT DEVELOPMENT

## T & N MODULAR APPROACH

### 1. T. & N. Scheme

T. & N. have consistently attached great importance to the development of young people and the T. & N. Scheme is widely regarded as one of the best of its kind in Great Britain. It is natural perhaps that within the Group some people think that a disproportionate amount of time is given to this Scheme. In fact, approximately 25% of Group Personnel Services time is allocated to the recruitment of graduates and the development of the Scheme. We do, however, recruit graduates for the whole of the Group and much of the training is capable of being adapted for other categories of staff, including senior management. On the present Marketing Module there are 11 trainees and 10 other nominees from unit companies. Many people in the Group take part in the training activities associated with the Scheme and this has helped in their own development and in the total improvement of training activity in unit companies.

The need is not to reduce the power of the Scheme but to extend its benefits to other categories of staff in unit companies. It is important, otherwise, that we ensure the appointment of Trainees into responsible jobs that will provide a real challenge to them.

### 2. Identifying the Need for Management Development

The past few years have produced economic difficulties for many large companies and have revealed the problem of managers who have been unable to react to changing conditions and use the growing body of knowledge available to them. Improvement in managerial skills has been a vital element in the maintenance of healthy companies.

Where individual development has been haphazard or restricted to attendance on courses unrelated to specific needs there has been little improvement in performance, frustration among managers and an unnecessary expenditure in terms of time and money. One of the major problems which exists for most companies is that of providing people properly prepared for key jobs at the right time. There is the danger of managers who have become complacent and their complacency affects the ultimate success of the business.

There is also the danger in thinking that judgemental rating schemes will provide improvement in performance. Dr Kay, who has been associated with Professor Herzberg and Professor Gellerman in America, said recently that many large progressive American companies were dropping old rating schemes in favour of the more mature programmes outlined in this document. The job enrichment exercises carried out in I.C.I. are further support for this notion. The hostility directed at some of the Industrial Training Boards because of their past emphasis on courses as the major means of improving effectiveness is further evidence of the need to see Management Development as an integral part of the management job. A learning experience can often be provided on the job and may or may not be supported by internal and external courses.

## 3. T. & N.'s Approach to Management Development

T. & N. have provided a policy framework for Management Development and we at Head Office have long had a programme which will implement this policy. Unfortunately, some of our unit companies have not been fully effective with the installation of a Management Development programme and progress has been slow.

So that companies can establish mature relationships between managers and subordinates and ensure that key accountabilities are clear, we have prepared a method of job definition which will enable individuals and departments to produce taut and effective organizations and provide for challenge and enrichment in every job. Specific goals can be identified and improvement plans implemented. Building on the relationships established, a review system can operate which explores the learning experiences required to produce real effectiveness in individuals and throughout the company. Brief details of this approach are given in Annexe I.

In order to obtain total commitment to the idea of management improvement we have prepared a series of Management Development Workshops which can be given initially to every Board of Directors in the Group. These will normally last two days but for those companies with some experience in this work they can be reduced to one day. These Workshops will help to establish strong links in the Management Development chain. Furthermore, they will go a long way in helping unit companies develop and improve this programme for themselves. Management Development is a real management job and cannot be run from T. & N. We can help, but training and development must be the individual company's responsibility. Details of this Workshop are given in Annexe II.

One of the ways we can help unit companies is to provide a number of Workshops, Seminars and Courses for men of special promise and perhaps for the more difficult cases. An outline of these services is provided in Annexe III.

## 4. Head Office Contribution

Unit companies are already given extensive facilities in the use of external courses. This will be improved. Attendance on any of these courses must be based on real need after careful review of performance.

T. & N.'s major role is to collect relevant data on the working of Management Development Schemes. We already do this for all professional and graduate people as well as for managerial staff over £2,000 p.a. A systematic approach to Management Development at unit companies would ensure that this information is more accurate and meaningful and would enable Group Personnel Services to provide support which is economical and beneficial. Our aim is to present a true picture of organizational effectiveness, identify succession problems and help overcome them. Indeed, it is the task of the Department to make sure that people of special promise are given the opportunity to work anywhere in the Group.

## CONCLUSION

There is perhaps a case for all our companies having a uniform and systematic approach to Management Development so that the full weight can be given to General Administrative Regulations 715 and 716.

D.J.R.

Management Development & Training Adviser

January 1970

Annexe I

## T. & N. APPROACH TO MANAGEMENT DEVELOPMENT

PRELIMINARY STAGE

Workshops describing the Management Development process will be provided for the Boards of unit companies by T. & N. Other Workshops will be held by T. & N. for Senior Managers, and Personnel Managers will be trained to conduct them in their own companies.

Note on Job Descriptions

T. & N. favours a form of job description which emphasises the end results to be achieved. Written job descriptions are comprised of four sections:

a. Purpose

A brief summary of the contribution the job is expected to make towards the achievement of the company's objectives.

b. Dimensions

A list of the statistics (e.g. financial, personnel, production, turnover, etc) which best define the magnitude of the job and its impact.

c. Nature and Scope

A narrative description of the environment within which the job exists; its horizontal and lateral relationships; the principal activities and challenges associated with the position and the limitations upon the authority of the incumbent. This part of the description should enable the reader to assess the know-how and problem-solving requirements of the job.

d. Principal Accountabilities

A list of the most important end results that the job is expected to achieve.

Good job descriptions not only assist in the evaluation of positions but also help to define organizational relationships and to highlight gaps and duplications in the system. They provide the basis for recruitment specifications and analyses of training needs, and facilitate objective setting and performance appraisal. If properly prepared the description does not constrain the freedom to act of the job holder but rather provides him with a clear indication of the areas in which he is expected to use his discretion in the management of his accountabilities.

1ST STAGE The Chief Executive prepares his own job description and discusses it with his colleagues. He also outlines his priorities for the coming year and the results he expects to achieve.

2ND STAGE Board Members prepare their job descriptions and discuss them with the Chief Executive and each other. Priorities are agreed for the coming year and the results expected.

| | |
|---|---|
| 3RD STAGE | Each Director explains his job description to his subordinates and outlines his priorities and end results for the coming year. His subordinates prepare their job descriptions and agree priorities and end results. |
| 4TH STAGE | Each subordinate group carries out a similar process. |
| ONGOING | Directors and Managers monitor the programme, coach and support subordinates and provide other resources to achieve results. |
| 5TH STAGE | At the end of the period (usually one year) performance and potential reviews are carried out at each level to evaluate results achieved and to determine the training, educational and development needs of individuals. |
| 6TH STAGE | At each level these reviews are discussed with subordinates. The action programme for the following year should be agreed at this stage. |

The discussions should be based on the job itself and on the results. The interview should concentrate on conditions and skills which have led to success or failure. The objective of the exercise should be to obtain improvement and not to pose a threat to the individual unless, of course, he has well and truly failed in the execution of his job.

7TH STAGE

From the top of the company a review of organizational requirement is made at the end of each review period and a succession plan is made for the following five years. A review is also made of the training and education requirement. Returns are made to T. & N. so that the Group Management Development needs can be identified.

Annexe II

## T. & N. WORKSHOP ON MANAGEMENT DEVELOPMENT - SYNOPSIS

| | |
|---|---|
| 1st DAY<br>MORNING | Outline the whole Management Development process.<br>The anatomy of a job description. Discussion on preparation:-<br>a. Purpose<br>b. Dimensions<br>c. Nature and Scope<br>d. Key accountabilities<br>Preparation and analysis of individual job descriptions. Exercise. |
| 1st DAY<br>AFTERNOON | Applications of Job Descriptions. Link between key accountabilities and specific results.<br>How to derive priorities from key accountabilities.<br>Practical Exercise. |
| ORGANIC NATURE OF MANAGEMENT DEVELOPMENT PROCESS | Developing Relationships. Importance of Diagnosis and Skills in dealing with People.<br>The process of Management Development.<br>Examination of the T. & N. Method.<br>Establishing the network. |
| 2nd DAY<br>MORNING | Monitoring Performance.<br>Changing role of Management.<br>Skills in Coaching, Supporting, Reinforcing, Creating a Learning Environment and Encouraging Self-Development. |
| CREATING MATURE RELATIONSHIPS | Appraisal of Performance and Potential.<br>Discussions with Subordinates: Pitfalls to Avoid, Creating a Climate for a Dialogue.<br>Career Planning and Succession Planning. |

**2nd DAY AFTERNOON**

Analysis of Document for development needs.

Range of opportunity for Education and Training - Internal and External.

Distinction between Knowledge and Skills.

Role of T. & N. and Central Courses.

Role of T. & N. and External Courses.

Bridge between Courses and new experiences.

Job Review and Change.

Demonstrate how growth occurs.

Assessing Benefits.

Annexe III

## T. & N. TRAINING FACILITIES

### DEFINITIONS

### SEMINAR

This is an internal course covering the knowledge in a number of subjects and where lectures and discussion are supported by participative work such as case studies and role playing. Normally these will be conducted centrally by T. & N.

### WORKSHOP

This is a concentrated study of a particular management area and has a high degree of specific application. A Workshop will usually be held in unit companies.

### MODULE

A module is comprised of two parts: one is a knowledge bank which covers the theory and technique associated with a group of subjects; the other is a practical project which is the application of theory to the work situation. The theory sessions are conducted centrally.

### T. & N. EFFECTIVE MANAGEMENT PROGRAMME

This is an original T. & N. approach to skills development and shows the part played by diagnosis in management situations and how this is supported by human skills in getting the best out of people. The formal programme lasts two weeks and is supported by six months of practical application with a two-day follow-up at the end.

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| MARKETING MODULE | The course of instruction lasts eight days and covers export, market research, pricing, planning and customer service. Modern techniques are examined and use is made of case studies. Seven weeks practical experience in a unit company should follow this instruction. This module is similar to the one given to T. & N. Trainees. |
| PRODUCTION MODULE | The practical training on this module follows the pattern established for marketing but the instructional period lasts two weeks. Flow, Batch and process forms of production are examined and modern methods of work study, engineering and research facilities are dealt with to show how support functions are integrated into the production function. Critical Path and Flow diagrams are used and extensive use is made of visual aids. |
| BACKGROUND TO MANAGEMENT SEMINAR | At present this is an introduction to management functions and examines the methods and techniques used in T. & N. It lasts five days. |

## LIST OF SEMINARS, WORKSHOPS, MODULES AND PROGRAMMES

| | |
|---|---|
| PERSONNEL | This is a Seminar lasting eight days, covering recruitment and selection techniques, management development methods and industrial relations principles and practice. Use will be made of case studies and interviewing practical sessions will make use of closed circuit television. This Seminar is already available to T. & N. Trainees. |

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| MANAGEMENT SERVICES | Conducted in conjunction with G.M.S., this Seminar lasts eight days and covers instruction in a wide range of M.S. techniques such as O.R., E.D.P., O. & M. and Profit Planning. Conventional instruction is supported by an original case study prepared by G.M.S. This Seminar is already available to T. &. N. Trainees. |
| FINANCE MODULE | This module was originally prepared for T. & N. and the formal course lasts five days and covers the modern approach to finance and accounting, including Management Accounting. The Theory should be supported by four weeks practical experience in the Accounts Department of a unit company. |
| EFFECTIVE MANAGEMENT PROGRAMME | This programme lasts two weeks and aims to develop the skills of decision-making as well as improving overall effectiveness. The major benefit is the emphasis given to a diagnostic technique which ensures that problems and opportunities are examined properly for maximum results. The importance of human skills is given prominence and over 50% of the programme is devoted to an examination of real cases. The people attending this programme are expected to initiate applications in the following six months and to attend a two-day follow-up course at the end of the period. The two-week programme is residential. |
| MANAGEMENT DEVELOPMENT WORKSHOP | This is outlined in Appendix II. The Workshop lasts two days and will be held in unit companies. |

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| SALARY ADMINISTRATION WORKSHOP | This is a two-day Workshop to be held in unit companies and its aim is to help unit companies install the HAY/MSL Programme. The Workshop deals with job descriptions and job evaluations and shows how to prepare a Salary Policy and Budget. |
| INDUSTRIAL RELATIONS WORKSHOP | This is a two-day Workshop which can be held in unit companies or centrally. A whole range of industrial relations problems will be examined, including Trade Union behaviour, procedural agreements, joint consultation and productivity bargaining. |
| PROFIT PLANNING WORKSHOP | This Workshop is being designed with Group Management Services. It will last two days and be of assistance to Senior Managers in preparing effective programmes for themselves and their companies. |

Appendix 33

THE BUSINESS POST PROFILE 8th February 1976

# WHY OCEAN HAS NO ROOM FOR 'PASSENGERS'

## Michael Otterson talks to Sir Lindsay Alexander, chairman of Ocean Transport

When John Lindsay Alexander says that his giant shipping and transport company cannot carry passengers, there is no reason for him to be misunderstood.

Ocean Transport and Trading may be one of Britain's strongest shipping, transportation and distribution groups - it is listed 88th in The Times list of 1,000 top British companies - but its chairman has no time for slackness.

"Hard work is a pleasure" he says, and means it. "People enjoy being stretched, especially in retrospect. On the whole, no business can or ought to carry passengers."

The statement is entirely in keeping with the image of Sir Lindsay Alexander, much more commonly referred to both in and out of Ocean as "JLA". Says an associate: "He is a very easy person to work with if you are diligent and efficient, but he'll have your head off if you are idle."

In the past five years this 56-year-old man has left his own indelible stamp on the century-old concern which he now directs.

Between 1865 and 1965 the company, known then as the Ocean Steam Ship Company, concentrated on operating cargo liners between Europe, the Far East and Australia through its Blue Funnel and Glen Lines.

Since then the changes have been dramatic, and especially since the arrival of Sir Lindsay in the chairman's seat following the 1971 retirement of Sir John Nicholson.

Sir John had already begun the process of planning expansion through diversification. In 1965 the company acquired Elder Dempster Lines and also took a 49 per cent interest in a new consortium, Overseas Containers (OCL). The company's long-term strategy was already being formed to consolidate its dominant position in cargo liner shipping, to broaden its marine base into non-liner interests and to move into the field of freight distribution.

Ocean Fleets was formed in 1967 to provide ship management for liners and specialised ships as well as engineering, naval architecture and ship repair services.

Sir Lindsay was made responsible for the direction of the Commercial Development Department, set up in 1969, which had the vitally important task of evolving plans for the group's diversification outside cargo liner operations. Ocean employees in India Buildings already recognised that he was being groomed for the chairmanship.

As the architect of the highly significant acquisition in 1972 of Wm Cory and Son, Sir Lindsay, now chairman, brought to Ocean substantial interests in distribution.

At the beginning of 1973 the century-old name of Ocean Steam Ship Company was finally changed to the more realistic Ocean Transport Trading.

Diversification brought considerable structural changes. "We have developed a system of management as good as any in the world," Sir Lindsay says, and there are few in Ocean who would disagree.

There is no doubt that considerable responsibility for achieving objectives, both tactical and financial, has been shifted to lower levels. Not surprisingly then, the chairman has few serious critics.

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Commented one long-standing senior manager: "It is almost impossible to find an antiJLA camp."

At the top of the company is another JLA innovation, although he says it was foreshadowed by Sir John Nicholson: the three-man executive committee which includes the chairman. Its task: "To stimulate and control the group's strategic planning and budgetary processes, oversee the development of present and future top management, and be responsible for our interests in Overseas Containers.

The reference to management development probably reflects Sir Lindsay's keen interest in job opportunities and careers within Ocean.

"We have considerably extended what is known in management jargon as 'the personnel function'," he told me. "We plan careers much more carefully. If a chap doesn't come up to expectations, the first thing is to find him a job in which he can measure up."

"If this is impossible then, of course, a different situation is created, but we must not make mistakes in taking people on and we should deal quickly with people who do not come up to expectations."

He is well qualified to talk about career development. The young Alexander joined the shipping scene in 1947, direct from university - a total novice.

His academic background was classical - First Class honours in modern history at Brasenose College, Oxford. He had expected either to pursue an academic career or enter the Foreign Service but found his way to Liverpool almost by accident.

He recalls: "When a very distinguished friend of mine asked if I had ever thought of going into commerce, and said he knew that the Holts in Liverpool were looking for a bright young man, I felt I should at least look at it if only to please a friend."

Arriving at the Liverpool office of Alfred Holt and Company (the Holts founded Ocean Steam) for an intended four or five days, Alexander was sat in a corner and given one bound volume and a document.

"One was the Fleet Book," he says. "A mass of figures - lengths, booms, tanks and other specifications. It was boring."

"The single document was headed, in beautiful handwriting: Inward cables. I read through a page and a half in fascination. It was the first time I had appreciated the importance of time zones. Here was a captain of some distant vessel reporting on a day's work, when I'd just had breakfast. And there were place names - East Java, the Spice Islands, and I was already nuts about Conrad."

And so the young man with no family shipping connections - his father was a civil engineer - joined a Liverpool company famed for its maritime tradition.

There followed two years in the East working as a shipping agent, two years back in Liverpool working on ship deployment and schedules, and then promotion to assistant manager in 1953. Two years later he became a partner.

The ensuing years saw Lindsay Alexander closely involved with inward freight, with particular emphasis on relations with the shipping conferences, and he played a leading role in the containerisation of much of the company's Far Eastern trade, through the formation of OCL, from 1965 onwards.

With the formation of OCL he became intimately involved in the development of long-term strategy for Ocean. He was appointed deputy chairman on the retirement of George Holt in April 1971, and chairman later that year.

He is a man of formidable influence. In the shipping world he has been chairman of the Liverpool Port Employers Association (1964-67) and vice-chairman of the National Association of Port Employers (1965-69). He was the 1974 president of the General Council of British Shipping.

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He is also a director of Lloyds Bank and British Petroleum and a member of the management committee of the Royal Liverpool Philharmonic Society.

When he is not spending his average of three days a week in London, where he has a flat, he lives with his wife in Heswall. His two sons are pursuing promising careers in commerce and his daughter, a doctor, is married to a barrister.

The man who narrowly missed deciding to be a don or a diplomat now says smilingly: "The longer I live the more I thank my stars for that fortunate decision."

QUOTE: 'Hard work is a pleasure. People enjoy being stretched, especially in retrospect.'

# ACTION CENTRED TRAINING through PERFORMANCE IMPROVEMENT PROJECTS

The objective of an A.C.T. programme is to develop a manager's practical operating ability. This is done by combining off-the-job training with its on-the-job application to real problems. It will form part of career development programmes in Ocean.

This approach has been applied in operating divisions with success:

1. It takes training out of the safe, predictable classroom atmosphere into the awkward realities of day-to-day management.
2. It provides the trainer with the opportunity of coaching the manager (and his superior) in developing a problem-solving approach and of demonstrating his ability to handle operating situations.
3. It ensures that new knowledge, skill or attitude is immediately reinforced by its application.

The framework for this approach comprises 7 steps:

1. Analysis of training needs - common and special needs
2. Programme design - on-and off-the-job training; topics; objectives; follow-up, and evaluation
3. Identification and design of projects - these should be real operating problems, not academic exercises. Selection of project teams can be completed.

By this stage managers who are to carry out the project agree the inclusion of relevant training topics that will be used on projects. Line managers are involved in setting projects and, as required, are coached in their subsequent monitoring and counselling roles.

4. Mount the off-the-job initial course. This must be a highly participative learning input, as the managers carrying out the project will be expected to apply the subject matter on the project.
5. Projects are worked on with counselling and guidance from the responsible line manager and from the trainer, (= AL set adviser).
6. A "Workshop" (1 - 2 days) is arranged, after an appropriate period (not too long) when managers meet and present progress and interim results of projects.

   This stage provides a powerful incentive to managers to take action so that they can face colleagues with a positive report on their projects. It also provides for an invaluable exchange of experiences, both good and bad.
7. This usually comprises the final stage in compiling the project report for submission to the client manager(s).

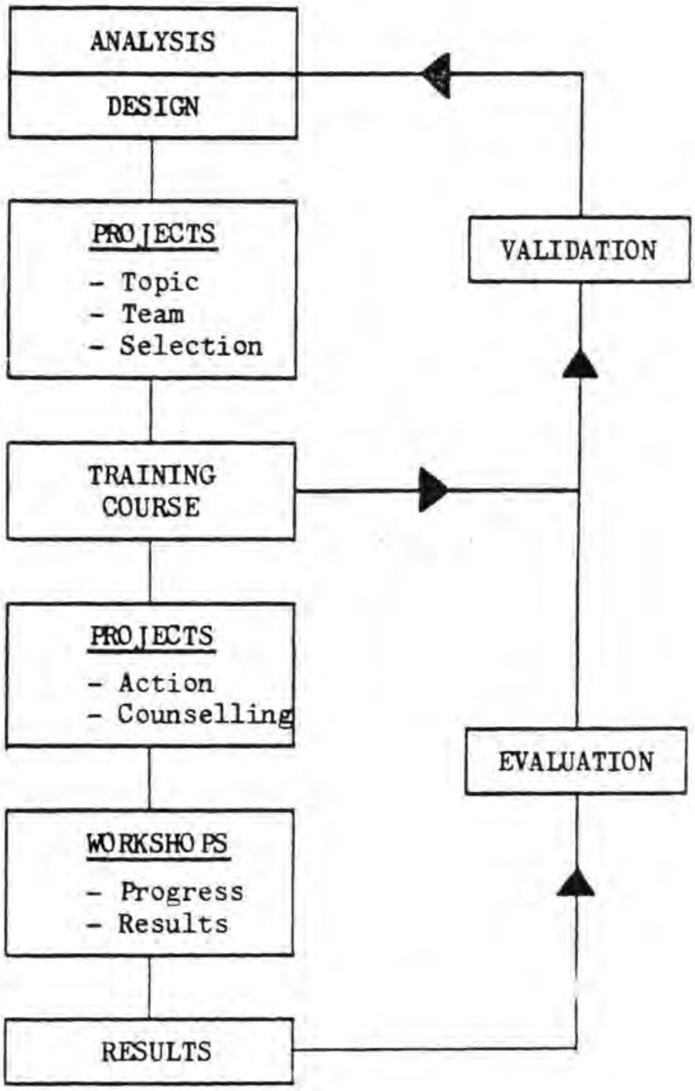
(Illustrated in diagrammatic form overleaf.)

Useful references:

R.W. Revans: Developing Effective Managers (Longman 1971)

John Morris: Joint Development Activities (BIM Review & Digest 1974)

In diagrammatic form:-


ANALYSIS
DESIGN
PROJECTS
- Topic
- Team
- Selection
TRAINING COURSE
PROJECTS
- Action
- Counselling
WORKSHOPS
- Progress
- Results
RESULTS
VALIDATION
EVALUATION

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Ocean Transport and Trading Limited

# AN EXPLICATION AND CRITIQUE OF SOCIO-TECHNICAL SYSTEMS

For use with studies at James W. Cook, Wivenhoe and at Odyssey Works

There have been many studies which have examined the technological implications of different technologies for workgroup behaviour and job satisfaction, but these are not socio-technical system approaches.

The socio-technical systems approach is concerned, *inter alia*, with the causes of systems stability and goal-attainment and takes account of the resources provided and demands made by the environment in which an organization is located. In other words:

> Socio-technical systems stress the interrelationships of technology, environment and the perspectives of those involved and the organizational structure.

All the variables must be taken into account in empirical analysis and in prescribing change.

In terms of perspectives or sentiments the socio-technical theorists draw on the assumptions of organizational psychologists and the propositions of psycho-analytical theory. They help in determining the purposes and orientations of members of an organization.

This is not to suggest that socio-technical theory is concerned only with informal group behaviour, but rather with the nature of organization as a system, with inter-related formal and informal structure and the interaction with the environment.

The American psychologists Warren Bennis and Edgar Schein examined the processes whereby the psychological problems of systems can be met and with assessing their relative success in doing so. The approach was akin to Tom Burns and George Stalker in the way they examined organizations as organisms. But, the socio-technicists were not concerned with theoretical constructs on the sociological aspects of organizations, but with the observation of the behaviour in economic organizations. The difference is between the structural-functionalism of a strictly sociological frame of reference as used by Burns and Stalker and the socio-technicists, who use an inter-disciplinary perspective, drawing on economics, psychology and psycho-analysis. But the differences are academic for both ask much the same questions and derive similar answers.

An organization may be viewed as a socio-technical system in the sense that, while the technology, the formal *role structure* and the perspectives of members are systematically connected, none is of prime importance. All are seen as inter-related with each other and with the environment in which the organization is located. They constitute a set of inter-dependent variables.

Thus in examining the technology of an oil refinery, together with the formal structure, one may find these limit the amount of job satisfaction or human satisfaction in work. Again there is the impact of the environment - the way in which the environment makes demands on the organization.

Thus the socio-technical analysis of the oil refinery revolves around what kind of formal structure can most effectively relate to the varied demands of the environment of the technology and of the members. Effectiveness is used in this context to mean achievement/ attainment of goals.

Joan Woodward's studies in the late 1950s and early 1960s indicated that production systems could be placed on a continuum based on the degree of technical complexity:

unit/batch .......... mass/large batch .................. process

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non-complex ——————→ complex ——————→ highly complex

She found that levels of authority in management increased with technical complexity, as did the proportion of managers and supervisors to non-supervisory staffs. In the mass production technologies there was a greater degree of differentiation between line and functional specialists. In batch and process technologies there was much less distinction.

Between the mass production and the two extremes of unit/batch and process technologies, Woodward found that mass production technology was usually associated with rigid bureaucratic forms in the other technologies. The differentiation had been analysed by the Americans Lawrence and Lorsch, who found the answer rested on the degree of innovation in marketing and product development.

The number and nature of policy decisions arising in each technical system also has an influence on the organizational form that is most efficient. Insofar as an oil refinery is concerned with process technology, where Woodward argues that policy decisions (though fewer in number than in mass production) commit the organization furthest into the future and cannot be taken by one individual -

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thus functional differentiation through a bureaucractic hierarchy is less effective. In short, there is need for a pooling of all expert knowledge on the topic at hand.

The next major study which concerns us is the work of the Tavistock Institute of Human Relations under the direction of Eric Trist in the N.W. Durham coalmines in the 1950s. The findings of the field research (coalface studies) showed that there is a special relationship between the technical, economic and social aspects of organizations.

In the case of the Durham researches, it was found that small work groups applying multi-skills and generating their own self-selection of members generated a high degree of job satisfaction. This work system had been overtaken in most mines by the longwall method where there was job differentiation and the twenty four hour day was divided into three shifts - preparation - coal cutting - coal filling. Whilst more efficient in technical terms, the longwall system had dysfunctional social consequences. It lacked the work group cohesion and control of the bord and pillar system and control was divided between the on-the-job Mine Deputy, the Overman, Undermanager and Manager - i.e. a bureaucratic hierarchy. The consequences were technical and economic inefficiency and social disturbance in the work groups. The Tavistock researches aimed to demonstrate that even with the limiting factors of the technical system of longwall mining, the work groups could be allowed to make use of their multiple skills and a measure of work group autonomy allowed. According to Trist this would allow for an optimum relationship between the often-opposed claims of technical, economic and social systems.

Thus, Woodward and the early Tavistock Socio-Technical Systems Researches have been concerned with the interactions between the prevailing technology and the social system.

Other socio-technical researches have been concentrated on the ways in which the characteristics of an organization's environment (especially those associated with the nature of the market in which it operates) shape what would be the most appropriate organizational structure.

For Burns and Stalker writing in their book: 'The Management of Innovation'(1961) neither the mechanistic (hierarchical, specialization, vertical communication) nor the organismic are necessarily efficient or inefficient. It all depends on the environment in which the firm is located. The mechanistic type is most appropriate for enterprises operating under relatively stable market conditions and using an unchanging technology. In such situations, the routinization of behaviour which it generates is functional for the unchanging tasks which must be dealt with. An organismic structure (with no clearly-defined hierarchy, continual re-definition of roles and hence no prescriptive job titles) mobilises expert knowledge without too much regard for the formal place of the expert in the hierarchy.

The work of Burns and Stalker, though less related to a system theory application, was followed by a further study by Emery and Trist in 1965; they advocated an open systems model and considered various types of environment, each of which makes different demands on organizational structure. Basically all that Emery and Trist said, apart from confusing students by terms drawn from the physical sciences, was that organizations may have to face change. Here the Tavistock researches are on a parallel course with Bennis and others. What I find interesting is that the later thinking of Emery and Trist becomes indistiguishable from structural-functional analysis. This is particularly true when considering the evolutionary process of differentiation in social systems, which is a throwback to Talcolt Parsons.

If we are seeking an analysis of organizations as open systems, then we need look no further than the work of A.K. Rice: *The Enterprise and its Environment*:

> Rice considers the impact of the various components of the system on each other and provides a means of assessing the relative success of an enterprise in adapting to the demands made on it.

What then the value of the socio-technical systems approach?

1. There is a general commitment to abstracted empiricism in preference to deductive theory.
2. It takes account of the inter-relatedness of formal and informal, and of organizational and extra-organizational factors.
3. It is allied with a contingency approach.

There are limitations:

1. It overplays the analogue with biological organisms, suggesting organizations are best understood in terms of their adaptations to an often hostile environment.
2. The approach appears to underplay the characteristics of social life and does not reflect the quality of human motivation.
3. There is often no clear distinction in the socio-technical system between IS or OUGHT (SHOULD) - the phenomenological and the normative.

A main limitation of the study of Durham miners was the assumption of the typology being found in other mines within the Durham coalfield and further afield. The success of the main publication "Organizational Choice" was out of proportion to its relevance to the operation of the mining industry in the 1960s onwards.

The socio-technical systems approaches have not always given adequate analysis of the orientations of members of the organization. It is necessary to consider the ways in which managers perceive situations which they bring from extra-organizational experiences. I cannot imagine a wider difference

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in perception between the reality of the coal face participants in the N.W. Durham mines and that of the client who agreed the research - the Area General Manager, whose deepest attachment was to his charming house, with terraced gardens overlooking the River Tyne at Corbridge, not the application of a socio-technical system in the mines he managed.

It is hoped to validate the application of a socio-technical system at the Wivenhoe Shipyard of James W. Cook, where the building of a mini-bulk carrier is being monitored and at the Odyssey Works on Merseyside.

DJR
November 1973

## JOINT DEVELOPMENT ACTIVITIES

What is a 'joint developement activity' ? It is a phrase coined at Manchester Business School three of four years ago to signal our intention of working much more consistently outside the walls of the School. Since most people think of university business schools as putting on long residential courses, it might be useful to say what JDAs are not.

1. They are NOT put on single handed by a business school or any other kind of development centre. They are jointly planned and managed by (i) senior managers forming a steering group to guide the work of (ii) a project group of able and experienced managers who draw on the resources of (iii) consulting staff from a management development centre. There are two sets of managers and one set of consultants, not one set of teachers and one collection of varied managers.
2. They are NOT training programmes, but development activities. That is, they are not designed and carefully debugged by training specialists to take groups of managers along a carefully planned learning trajectory to a predictable outcome They are , on the contrary, full of unexpected outcomes which have to be managed. 'Uncertainty' and 'risk' are taken seriously; not just included as topics in a course curriculum.
3. They are, therefore, NOT 'courses' but activities that enable work as well as learning to be achieved. Much of the awareness of what has been learned comes after the activity, rather than before it, or during it. Thus, the activity is not an 'exercise'.... it is part of real life.

The JDAs are devices for encouraging managerial learning, steered by senior managers and mostly staffed by managers. The consultants to the activity are there as agents of awareness, not as substitute managers. That is, they have no direct part in directing or controlling. They use all the means at their disposal for raising the level of awareness of all taking part in the activity (including themselves!). The purpose of working to achieve a heightened awareness is that action, which influences other people and uses scarce resources can be more effective and certainly more accountable if people know what they are doing. All power corrupts: all the more certainly when hidden from sight and control by 'custom and practice', or by long-established habits of command and obedience.

Critical readers may now feel that they have penetrated the thin disguise of JDAs. They are nothing but a very old acquaintance, with many weaknesses - project work for the bright young men, to give them somehting harmless to practice on. Not so. These projects groups are not playgrounds for bright young men, but are serious forms of work for experienced managers making their way up the organisation (and often experienced enough to say 'Up the Organisation' in Robert Townsend's sense if they feel that their time is being wasted!).

But I would not deny that all project work, however hard one tries to make it exciting and relevant, can run down into emptiness and routine. So can any human activity for that matter. That is why we spend a lot of time on choosing the right project: one that senior managers find important, and the project team find both valuable and feasible. The consultants can play a particularly significant role at this stage helping to prevent a 'flight to action'.

What have I learned from taking part in joint development activities ? So much that I wonder how I could ever have believed that development programmes can be designed and managed unilaterally by development centre staffs. I shall mention half a dozen things that have particularly impressed me over the past three years.

1. Management is a collection of skills and qualities that everyone uses some of the time: gathering and passing on iformation, making decisions, allocating scarce resources, matching people against activities and vice versa, encouraging people, discouraging people (from doing the wrong!) and so on. Rather than trying to put a professional fence around 'management' and turning into a closed activity like law, medicine or engineering, I think we should try to spread these skills and qualities as widely as possible. The most important skills seem to be two-fold: working with and through people, and combining scarce resources to achieve a complex outcome. The qualities are those needed to support the

skills - concern for people, a strong desire to achieve worthwhile results and an intense dislike of waste.

2. Since management is mainly concerned with people, the uses and abuses of language are extremely important. Unlike technicians, who work with silent materials that necessarily lack self-insight, the manager works with people who may have a much more informed and accurate idea of him than he has of them! But his concern for language will get him into trouble if he uses it to show-off or to deceive others. Language has a profound moral dimension and is not just an 'instrument' of social skill.

3. Managers are not nearly as committed to their organisations as their seniors would like to believe. They are firmly committed to making their own careers worthwhile, but the brighter, more perceptive managers now realise that the most worthwhile career is one that makes sense to yourself as a person. Most of the 'careers' discussed in career development programmes or in career counsellin are strings of jobs that make up an occupation on the one hand or a life's work in a particular organisation on the other. We are all aware of 'a career in sellin or 'a career in Shell'. But many managers are saying 'What about a career in just being me at work ?' So far, joint development activities have stayed for the most part within particular organisations. But there's no reason why they should not further the manager's desire to move freely and responsibly over organsational and occupational boundaries.

4. Organisations are much less unique than their members like to think they are. They share common problems; in 'motivating people', communications, fund raising, budgetary control, setting and pursuing objectives, allocating scarce resources, getting on with outside bodies, such as government agencies and trades unions, and finding new markets. Recently, senior managers have become aware of problems of matching the organisational pattern to external constraints (and opportunities) on the one hand and to internal resources on the other. But beneath these general issues, the uniqueness remains, and therefore ways of coping with each issue must be chosen and pursued within the organisation. One cannot just import a currently fashionable set of packages or techniques, though this has been tried often enough.

5. Most managers are not sure how to get the best out of consultants, including the consultants working with them in joint development activities. Most consultants are even less sure how to do their best for managers. Some consultants have lingering aspirations to become managers. But the consultant in his proper job is an agent of awareness, no less but certainly not much more.

6. Awareness comes much more powerfully out of experience, rather than preceding it! The great advantage of a joint development activity is that one can switch from experience to awareness very quickly, and practice keeping on a fairly high level of awareness throughout a course of action. Far too much has been made of the opposition of 'theory' to 'practice'. Joint development activites have a creative role for theory, by relating it to on-going activities.

JOHN MORRIS.

Extracted from B I M Review & Digest 1974.

Appendix 37

## An Ocean View of Assessment Centres

The terms 'Selection Boards', Career Advisory Service, Personnel Development Centre and Assessment Centres are concerned with similar activities, as they concern, *inter alia,* selection, identification of training needs and forecasting managerial potential.

The GTC has examined the pros and cons of using an assessment centre for the assessment of Ocean's future senior managers.

The basis for the examination was the writings of two experts:

William C. Byham: Assessment Centers: the place for
picking management potential
(European Business Autumn 1972)

Bernard Ungerson: Assessment Centres - a review of
research findings
(Volume 3 No. 3 Summer 1974)

The antecedents of the present day assessment centre are to be found in the War Office Selection Boards during the early part of the second world war, and associated with researches by the psychologist: Dr Henry Harris. He and a group of fellow psychologists considered the development of exercises which would demonstrate the dynamics of inter-personal skills. Harris *et al* recommended the testing and evaluation of individuals in small groups, operating under time constraint and problem stress. Assessors were required to observe and evaluate the group-effectiveness of each candidate, and the contribution to the group and its task. The differential elements of group effectiveness were sub-divided into assessments of:

1. Effective level of functioning - how group resources were planned and organized.
2. Group cohesiveness - the ability of the individual to stimulate group identity and generate an empathetic response within the group, and cohere the group in achieving the task.

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3. Stability - the capacity to overcome stress by eliminating or reducing it.

Exercises were used in three categories:

1. Group Exercises
2. Individual Exercises
3. Paper and Pencil Tests

The work of Harris and his team provided a basis for validating the assessment process which was to be developed in the British Civil Service, the GPO, Unilever and nationalised industries. It was later developed in the U.S.A. for the American Telephone and Telegraph Company by Dr Douglas Bray. In the early 1970s the American Management Association packaged the technique through its offshoot: the Management Centre Europe.

It was the idea of a 'packaged' technique more than the association of assessment centres with psychological testing which dissuaded the GTC from participating in an external assessment centre. There was a consensus on the selection board of the Group Training and Management Development Committee (GTC) being able to provide an adequate measure of reliability and validity in respect of the assessment of managerial potential for Ocean's senior management.

The door was not closed on further deliberations in the use of psychometric procedures, coupled with judgemental predictions.

It was agreed that the MDA would continue his association with the Independent Assessment and Research Centre directed by Dr E. Miller.

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# Discussion Paper for Strategic Management Development

## I. RECENT MANPOWER DEVELOPMENT POLICY

The planned strategic development of its human resources has historically not been a major element in the management of the Ocean Group. This has increasingly been recognized as a weakness. The response has been the establishment of a corporate manpower planning unit and this is to be effectively coordinated with the strategic planning unit. This will be the first year that Divisions will be required to present integrated strategic plans. The response to these changing attitudes must be consistent:

a) with the organizational and managerial style of Ocean, and

b) with the changing management development needs

Some of the important characteristics of these are indicated below.

### a. Organizational and Managerial Style

#### Organization

Ocean, in the main, consists of mature, traditional businesses. Growth over the last ten years or so has been considerable, and has been achieved both by innovation and acquisition.

This growth has been accomplished within a decentralized organizational structure. Some central departments have been established, but their role has neither challenged nor diminished the personal responsibility of divisional general managers in the operating divisions.

Senior Management

The Group's growth has been achieved without recruiting many senior line managers from outside. Senior line managers were typically recruited as able Oxbridge graduate trainees and individually developed for promotion by their predecessors. They are Ocean's 'student princes.'

Promotion opportunities for others in the past were consequently restricted and the need for their development was not given any priority.

The overall result of this policy and of the decentralized organization was the development of a number of very able individuals in the senior executive positions, separated from a middle management group which had limited opportunities and aspirations. With decentralization, middle managers are now called upon to take more managerial responsibility.

As a further consequence, throughout the Group more emphasis has been placed in the past on the individual rather than on the team, on personal rather than organizational performance. Such a style is well suited to the management of a stable, traditional business in a stable environment. It is less well suited to the management of a developing business in a changing environment.

b. Training and Management Development

It was recognized that the Group's major managerial training need was at the levels of middle and supervisory management (i.e. grades 14 and below). A comprehensive training programme has been mounted over the past 3 - 4 years to meet this need, with the help of various outside consultants.

The emphasis in these training efforts has been on the development of necessary managerial skills and knowledge in individual managers.

Particular Ocean courses have been provided centrally in:

- Problem-solving and man management
- Finance for non-financial managers
- Marketing
- Planning and Control skills
- Effective supervision, including decision-making skills

While there will be a continuing need for such courses for newly-appointed and newly-promoted managers, the immediate need to train the majority of existing managers, in a range of managerial skills, will be met within the next twelve months. There remains an unresolved problem on how Ocean deepens its managerial knowledge base, for without this skills training could lead to an imbalance between knowledge and skill.

## 2. Individual Career Development

In addition to the training programme in particular skills for individual managers, a centrally coordinated career planning system has been instituted. The objective of this system is to enable Ocean to offer to an individual a coherent managerial career within the Group. This system is new and is not yet working effectively. One of the reasons for this is that line managers typically do not feel accountable for developing their human resources. This responsibility has not in the past formed part of the business planning process. With the integration of strategic manpower planning with strategic business planning, a change in managerial responsibility can be effected.

A354

### c. Summary

The Group's strategy, for human resource development, has, over the past three years, focussed on functional skills, on individual development, and, in the main, on middle and supervisory management.

This strategy, which has now been largely accomplished, was entirely consistent with the way in which the Group was organized and managed, and with its prime tactical development need.
For the future, a new strategy for management development is required, which embraces senior and middle management grades.
The Group's central training services are in constant demand to mount courses for supervisory, junior and middle management staff.

## II. PRESENT NEEDS AND FUTURE STRATEGY

As corporate growth leads to corporate maturity, development needs change. The need to increase the general level of knowledge and skill gives way to the need to develop the power of the organization to utilize to the full that latent individual ability. Simultaneously, the organization must develop the capacity to adapt its objectives, structure, systems and resource allocation to changes in the external environment.

In emphasising decentralization and the maintenance of trading businesses as organizational units, there are many advantages. The major danger is that the degree of integration necessary to develop the interests of the Group as a whole will go by default. This is likely to be apparent in, for instance:

- the lack of a corporate approach to industrial relations which may allow a trade union to play one unit off against another

- investment decisions being made out of fairness to one unit, rather than to maximize return to the Group as a whole
- reluctance by a division to release an able manager for his further development in another division which would be in the Group's interest
- conflict, or costly competition, between units for a particular market segment
- the lack of transfer of learning from one organizational unit to another
- increased group borrowing requirements which could be reduced by coordinated cash management.

The corporate planning process is designed to avoid some of these dangers. It does not at present cope adequately with them all.

In terms of development needs, with increasing maturity the focus changes:

- from content to process
- from the individual to the group
- from differentiation to integration
- from short-term control reactions to longer-term planning initiatives.

Different divisions within Ocean have undoubtedly achieved different stages of development - for instance, the systems that OMI are having to develop from scratch have been operative in Liners for decades. Within different divisions, the achievement of more effective divisional performance will therefore require different forms of development.

For the group as a whole, at this point in time, the above is perhaps a fair picture of the state of its development and of its consequent needs. To the extent that it is a valid description, it should form the basis for the Group's strategy and for the derivation of the Group's objectives, for human resource development, over the next five years.

## STRATEGIC PURPOSE AND OBJECTIVES FOR MANAGEMENT DEVELOPMENT 1976 - 80

Purpose:

- to increase corporate effectiveness by ensuring that the Group develops the inherent potential of its individual managers and provides a suitable organizational environment within which they can perform effectively and efficiently.

Objective:

- 1. To provide a system for the recognition and development of individual potential amongst managers.

  The system will include:

  - performance appraisal
  - career planning
  - training needs analysis
  - individual development and training programmes.

- 2. To provide coordination between the Group's plans for the development of individuals and the corporate operational and strategic plans.

  This requires that business plans explicitly include plans for organizational development and the consequent demand for and availability of managerial ability.

- 3. To ensure that the Group's internal organization is consistent both with achieving its business objectives and with the most efficient and effective utilization of its managerial resources.

Each of these objectives is related to essentially line management responsibilities. The task of a central staff department is to facilitate their achievement by line managers. This is done by proposing systems, by counselling, by exerting influence within the organization, by arranging appropriate courses, etc., and, above all, by formulating a dynamic response, which is given the backing of the Executive Committee.

The first objective will be achieved by improving the present performance appraisal and career planning systems and providing *ad hoc* training as required.

The second objective will be achieved by formally including organizational and human resource planning in the business planning process, and by linking it in with the individual career planning system.

The third objective will require a continuing educational input to ensure the management development process continues to provide an input to achieving managerial effectiveness.

Section III below suggests a re-design of the Sundridge Park programme for the autumn course 1975 and the courses to be run in 1976.

## III. ORGANIZATION AND MANAGERIAL EFFECTIVENESS

### 1. Purpose

The key purpose is to ensure that the Group's internal organization is consistent both with achieving its business objectives and with the most efficient use of its managerial resources.

## 2. Action Required

Establishing effective organizations and utilizing scarce resources efficiently are prime responsibilities of all line managers. In this regard, the more senior a manager, in the Ocean hierarchy, the more important is his contribution.

## 3. Commitment of Senior Management

Senior management must evince a positive commitment to both the success of their own business and to Ocean as a whole.

## 4. Re-design of management development programme

The Sundridge Park programme has demonstrated the benefits of an action programme which stimulates those participating in it to achieve improved performance. A unique benefit has been the participation of the members of the Executive Committee and Divisional General Managers. The need now is for more participation by unit general managers.

The programme commencing in November 1975 will include sessions covering unit businesses. Two more case studies are being developed to provide Ocean-oriented approaches to managerial effectiveness.

## Programme Outline

| | | |
|---|---|---|
| Day 1 | The Manager as a leader | Introductory Talk |
| | Characteristics of an Effective Managerial Team | Case Study |
| | The Manager and the Decision-making Process | Lecture<br>Exercises |
| | Introduction to Decision Theory | Exercise on a Distribution Company using technique of Stochastic Decision Trees |
| Day 2 | The Manager as an Entrepreneur | Lecture/Discussion |
| | Creative Problem Solving | Exercise |
| | Management of People | Talk |
| | Some Motivation Theories | Film<br>Questionnaire |
| | Manager-Subordinate Relationship | Lecture/Discussion<br>Exercise |
| | Management of Differences - Dealing with Conflict | Case Study |
| Day 3 | Case Study on Dealing with Conflict | Report back Session |
| | Employee Relations | Lecture/Discussion |
| | The Ocean Philosophy | |
| | Managing within the U.K. industrial relations system | Lecture/Discussion |

| | | |
|---|---|---|
| | New employment law - implications of the Employment Protection Act - the role of C.A.S. and other agencies | Lecture<br>Case Study<br>Unfair Dismissal |
| | COURSE DINNER | |
| Day 4 | Managing an Ocean business | Case Study |
| | o Identification of Problems | |
| | o Analysis of Business Decisions | |
| | o Barriers to Optimization | Review Session |
| | Ocean's Staff Appraisal System | Lecture/Discussion |
| | Issues in achieving Individual Optimization of Performance | |
| | Appraisal Interviewing | Film and CCTV Demonstration |
| Day 5 | Review Session on Individual Performance Planning and Individual Assessment | Panel of Ocean Directors |
| | Problems in Communication | Lecture/Discussion |
| | Developing a Consultative Style of Management | Panel Discussion |

Closing Session

25th June 1975

GPD/DJR

Appendix 39

Agenda Item 4.1 GTC (76) 11

## MANAGEMENT DEVELOPMENT IN OCEAN

1. The aim of this paper is to review the management development function and to consider future planning for the next two years.

### FOUR ASPECTS OF MANAGEMENT DEVELOPMENT

2. In Paper GTC (76) 1 four aspects were identified as falling within the scope of management development:

    2.1 organization development

    2.2 management team development and training

    2.3 manager development related to current job role

    2.4 individual career development

### AN INTERLOCKING ROLE

3. With the establishment of a career planning function within GPD the Group has been provided with the means to effect more realistic succession planning in relation to business and manpower planning and this is being done in conjunction with individual career development. There is, as yet, an inadequate relationship with the Group's organization development, as this corresponds to the planned and systematic process of providing the appropriate management systems and managerial behaviour in Ocean's businesses.

    Future planning should allow for organization development and career planning to be more closely interwoven with the management development role, which is concerned, *inter alia,* with:

    3.1 knowledge, skill and behaviour of work teams who operate within the management process

    3.2 optimizing individual job performance, through the appraisal system, counselling and training for improved performance, and

    3.3 individual career development

## MANAGEMENT DEVELOPMENT FUNCTION

4. Attached at Annexe 1 is a model illustrating this interlocking of roles. From this and sub paragraphs 3.1, 3.2 and 3.3 it is possible to deduce a three-pointed action programme for the management development function:

   4.1 remedial work to correct deficiencies in management team work (e.g. management skills in finance, planning etc.)

   4.2 maintenance of a high level of response to current policies and procedures at Group, Division and Unit levels (e.g. managing participation)

   4.3 development of individuals and businesses to respond to new challenges, by providing new knowledge, skills and an effective response to change.

5. During 1972 - 76 work has been done principally in assisting manager development and training related to current job role and in enlarging knowledge and skills for business planning, financial management and human resource management. In this the effective managing of resources in money, manpower and machines has been the underlying theme. As the majority of the non-shipping businesses is concerned with low technology activities, a common approach has been attempted, which is applicable also to the shipping activities other than those which are highly technological. It is suggested that for the next five years the management development function should continue to make a contribution in achieving an overall improvement in management performance, where this relates to decision-making, planning, finance and human resources.

## NEW APPROACHES

6. New approaches are called for if the management development function is to enlarge its role in relation to organization development and individual career development.

7. Organization development in Ocean is concerned with the planned and systematic process to change the culture, systems and behaviour within the Group. The process aims to improve the effectiveness of Ocean businesses in solving their problems and achieving their objectives. Over the past four years the model used to relate organization development and management development is that shown at Annexe 2. It is suggested that this be continued in use as the basis for the future pattern of interrelationship between the Group's strategic business planning process and individual performance planning.

8. Discussions are currently taking place to relate more closely the career planning and career development activities. Using the data from annual staff appraisals, coupled with counselling techniques, it should be possible for the management development function to contribute more effectively to individual career development.

## VIEWS FROM DIVISIONS

9. Current discussions with Divisions are taking the form of a three-pointed dialogue covering:

    9.1 unit business development needs which could be met, in part, by training for working groups. Examples of this approach would be new cost control systems, managing participation, decision-making at operational management levels etc.

9.2 management training courses which have general relevance to all businesses within the Group. Here the scope of management training may include business planning skills, understanding the economic and social environment, people management and management systems (e.g. MIS), and

9.3 use of selective external management development programmes.

10. There is a consensus on the need to:

10.1 provide junior and middle management with training in business management as a whole rather than in providing separate training in finance, people management and marketing.

10.2 limit the number of business schools and management centres used; strong support being voiced for London and Manchester Business Schools, Cranfield School of Management, Durham Business School, Ashridge Management College and Henley Administrative Staff College among the U.K. centres and for INSEAD and CEI among the European centres, and

10.3 develop counselling techniques, more particularly coaching skills for managers in developing their subordinates.

11. For senior management it was thought that short seminars on topics of signal importance to the Group should be arranged as the need arises.

AN ACTION PROGRAMME FOR 1977/79

12. The Committee is invited to comment on:

12.1 the future pattern of the management development programme in conjunction with organization development and career planning

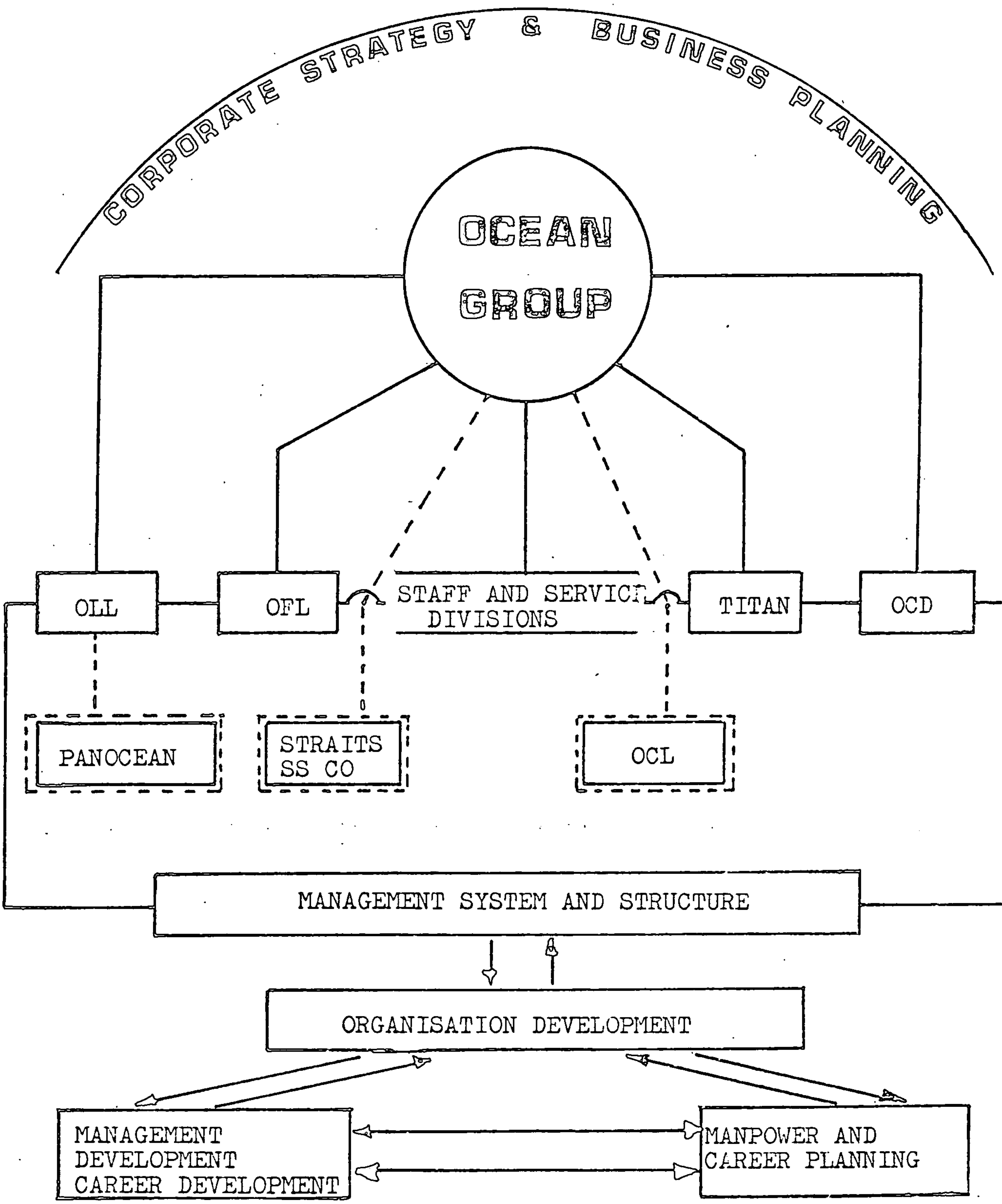
12.2 the provision of in-company training for junior and middle management as under 10.1, and

12.3 the proposal to limit the number of business schools and management centres used for external management training.

GPD/DJR
16th June 1976

A365

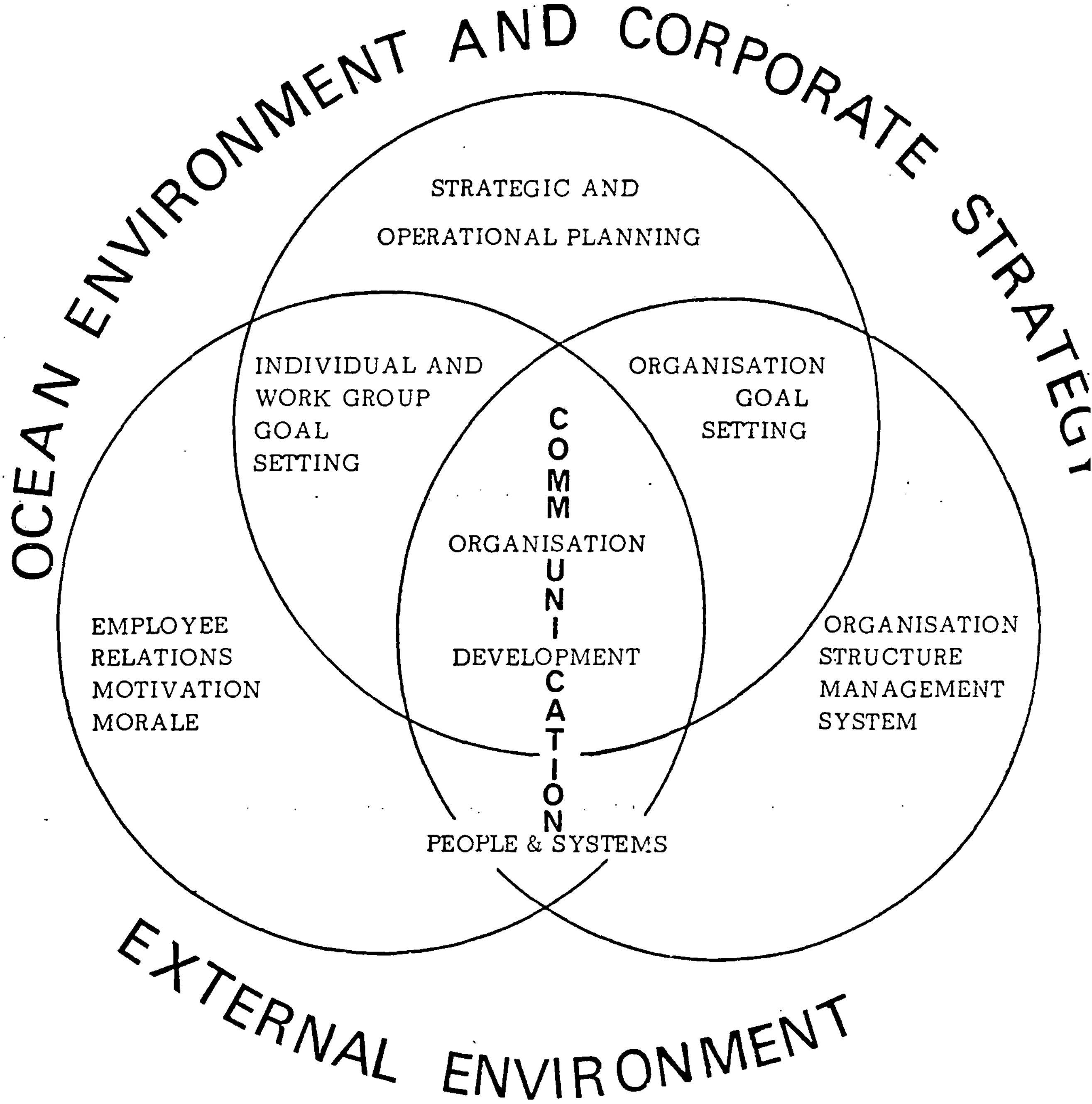
Annexe 1


CORPORATE STRATEGY & BUSINESS PLANNING
OCEAN GROUP
OLL
OFL
STAFF AND SERVICE DIVISIONS
TITAN
OCD
PANOCEAN
STRAITS SS CO
OCL
MANAGEMENT SYSTEM AND STRUCTURE
ORGANISATION DEVELOPMENT
MANAGEMENT DEVELOPMENT CAREER DEVELOPMENT
MANPOWER AND CAREER PLANNING

A366

Annexe 2

# ORGANISATION DEVELOPMENT & COMMUNICATION MODEL


OCEAN ENVIRONMENT AND CORPORATE STRATEG
STRATEGIC AND OPERATIONAL PLANNING
INDIVIDUAL AND WORK GROUP GOAL SETTING
ORGANISATION GOAL SETTING
COMMUNICATION
ORGANISATION
DEVELOPMENT
EMPLOYEE RELATIONS MOTIVATION MORALE
ORGANISATION STRUCTURE MANAGEMENT SYSTEM
PEOPLE & SYSTEMS
EXTERNAL ENVIRONMENT

INTERNATIONAL RELATIONS

U.K. (E.E.C.) GOVERNMENT

TRADE UNIONS

EMPLOYERS' ASSOCIATIONS

TECHNOLOGICAL CHANGE

ECONOMIC AND SOCIAL CHANGE

A367

Appendix 40

Agenda Item 5.1

Paper GTC (77) 3

# CAREER DEVELOPMENT IN OCEAN

1. The Committee agreed at the meeting held on 21st October 1976 that D.J.R. should review the scope of and divisional involvement in career development programmes, and report his findings.

2. The present avenues of career development embrace:

   2.1 the Group Management Training Scheme for externally recruited graduates;

   2.2 the same Scheme for internally appointed trainees;

   2.3 sea to shore appointments;

   2.4 degree course cadets, under the wing of Ocean's Fleet Training Establishment;

   2.5 *ad hoc* appointments of graduates and others, with professional and/or specialist qualifications;

   2.6 emergent managers whose self-development initiatives are reinforced by planned training programmes, and

   2.7 intra-divisional and inter-divisional action centred training, through project-based development.

3. The general policy on career development has been set out in Policy Paper 17/1 of June 1974, which should be read in conjunction with Policy Paper 16/1 of June 1974. The latter outlines the form of career development which is relevant to categories 2.1 and 2.2 above. For categories 2.3 to 2.6 the general guidance set out in PP 17/1 provides a framework for the career development of those employees judged to have potential for general management. However, the process set out in paragraph 3 of PP 17/1 needs to be more clearly planned by general managers, few of whom have submitted planned and cogently designed programmes for GTC review. Action to implement the ACT programme has been taken by the MDA, and, to date, three divisions have participated in project-based development.

4. The Group career planning unit provides data on individuals in grades 14 and above and prepares periodic succession plans for those who are promotable to senior management jobs. An annual Group Manpower Plan, derived from divisional projections of future manpower needs is constructed by the MDA. In two developing businesses annual manpower plans provide a basis for career development, but this is centred on the unit business concerned, and has limited bearing on a Group-wide approach. There is a conspicuous absence of any divisional career planning for staff in grades 11 to 13; it is within these grades that many of Ocean's future senior managers can be identified. Action is required here and it is recommended that an action group of line managers and personnel staff be set up to draft a cross-section of programmes, which will be monitored by unit general managers, assisted by the respective personnel executive.

5. The Group policy on sea to shore staff postings provides general guidance only. There is provision for attendance on a pre-posting management training programme. More coordination is required to ensure that individuals are supervised effectively, once the parameters of the shore-based job are agreed. Reports should be submitted on individual training programmes at six monthly intervals.

6. It is not part of Group policy that career development should be directly monitored by the MDA, for those in grades 10 to 13, but liaison machinery should be established to ensure optimal cost/benefit outcomes from training programmes. The liaison is required especially as it concerns the use of external development and training bodies.

7. Apart from the arrangements made for cross-posting of management trainees, limited use is being made of this approach to career development.

8. The section on assessing individual potential, forming part of the Group Appraisal Scheme, has been revised. This should facilitate more meaningful assessments. It is recommended that the action group, suggested under paragraph 4, be given a remit to draw up career development postings, spanning two year assignments; these would not necessarily be substantive jobs, but would be given appropriate grades within the HAY-MSL system.

9. During 1974 to 1976 the annual performance review has not generated adequate data which can be used in developing managerial potential. There is a pressing need to harness:

    9.1 the managerial view, both in divisions and at the centre, which focuses on:

        9.1.1 the organizational needs of the Group for a sufficient supply of managers with the competence and experience to contribute to achieving Ocean's business objectives in the short and long term, and

        9.1.2 the individual's needs for a challenging career, with

    9.2 planned career postings.

10. Ocean's career development practices must be seen to interrelate incisively and responsively to organization change and development.

A370

Annexe 1

Paper GTC (77) 3

# Summary of Findings

1. There is a need for more clearly planned and cogently designed career development. This should be reviewed periodically by the GTC (paragraph 3)
2. An action group should be set up to draft a conspectus of career development programmes, for those with high potential. Such programmes should be monitored by unit general managers and their personnel specialist (paragraph 4)
3. More effective coordination and supervision are required for those involved in the transition from sea to shore based jobs (paragraph 5)
4. Liaison machinery should be established to superintend the cost/benefit ratio of schemes to optimise outcomes within acceptable limits, as these are controlled by divisions and reviewed annually by the GTC (paragraph 6)
5. Consideration should be given to the extended use of cross-postings and an action group required to prepare a schedule of designated career development postings (paragraphs 7 and 8)
6. A periodical review should be carried out by the MDA, at not less than six monthly intervals to ensure career development programmes are consistent with Group organization change and development (paragraphs 9 and 10)

A371

Annexe 2

Paper GTC (77) 3

## A Ten-Point Action-Programme for Career Development and Training

1. To provide a deeper understanding of the relevant problems of managing a business and the need to consider management from the viewpoint of the organization of Ocean businesses as a whole.
2. To stimulate in the individual a desire for further knowledge and acquisition of management skills through self-development, and Group management training facilities.
3. To encourage self-appraisal of personal strengths and weaknesses in the areas where knowledge and/or experience is lacking.
4. To acquaint individual managers with knowledge of the current economic, political and social environments in which Ocean's businesses operate.
5. To provide a deeper understanding of the behaviour of people in organizations.
6. To give perspective to the inter-relation and inter-action of the functional areas within Ocean businesses.
7. To bring into focus the interplay between business and individual performance planning, achieved through effective communication within unit businesses and the Group as a whole.
8. To encourage the setting of standards of performance by which to implement Ocean's management system, policies and procedures, and to identify them, for what they are, in the individual's business.
9. To know and be able to practise well-tried and relevant motivation techniques within work organizations.
10. To obtain the benefits of the interaction of individuals in a planned learning environment, to complement informal inputs to learning within work teams, by participation in formally structured project groups.

Appendix 41

## MEMORANDUM

RLH
DJR

### Individual Assessments

I think we should consider asking General Managers of Divisions to issue to each member of staff a notice reminding them of some of the principles that lie behind the individual assessment procedures. I should want them to be told, in clear terms, that the method is essentially a dialogue in which the person being assessed should participate as fully as the assessor. Above all he/she should see and sign whatever is recorded.

The purpose is not just to provide an opportunity for a review of past performance. It is just as much to give each member of staff an opportunity to discuss their present position, their hopes and ambitions and the training that would be appropriate.

Please let me know your views as to the best method of getting this message across.

16.1.75 HBC

ocean

Appendix 42

For internal use only

# SALARIED STAFF ASSESSMENT

OCEAN TRANSPORT & TRADING LIMITED

# INTRODUCTION

These NOTES provide you with guidance on the annual staff assessment system which operates in all Ocean businesses and activities. You are invited to use them to help in establishing a common standard throughout the Group.

They are a means of ensuring that each one of you has an opportunity to contribute to the assessment system and so help you to do well in your present job; to enable you to discuss your future career opportunities and to agree any training and development plans with your assessor.

Directors and Managers in Ocean are responsible for the integration and co-ordination of individual assessments. They will be anxious for you to use the findings of your assessment in achieving job satisfaction and in making a useful contribution to the overall success of your business or activity.

A375.

# SALARIED STAFF ASSESSMENT

## OBJECTIVE

1. The purpose of these notes is to help you towards a better understanding of the Assessment System and to give you some idea of the kind of questions you may be asked and the subjects that may be discussed by your Assessor, who will normally be your immediate superior.

2. With this prior knowledge, you should be able to participate in the interviewing process and benefit from your Assessment.

## WHAT YOUR ASSESSOR MAY NEED TO KNOW

3. Your Assessor may discuss with you:

   3.1 The scope of your present job and any major changes in your work over the past twelve months

   3.2 How successful you have been in carrying out the main duties and responsibilities of your job

   3.3 The aspects of your work in which you have achieved the best results

   3.4 The aspects of your work which need further improvement

   3.5 Any further training which might help you in your present job

   3.6 The future development of your career - whether you wish to progress from your present job or whether, because of domestic responsibilities or other reasons, you prefer to stay where you are

## WHAT YOU MAY WISH TO ASK YOUR ASSESSOR

4. You may wish to ask your Assessor questions such as:

   4.1 Am I carrying out my job to his/her satisfaction and if not to what areas should I be giving special attention?

   4.2 Will my job content remain the same in the forseeable future - if not what on-the-job/off-the-job training will I need in order to perform well?

   4.3 What promotion prospects are there and what training will I need to enable me to progress?

   4.4 What should I do to contribute to my self-development?

## PREPARATION

5. You should take a copy of your job description and any notes on your achievements you may have made to the interview.

6. Your Assessor will be prepared similarly for the meeting, the object of which is for you both to evaluate the work done over the past twelve months and consider plans for the future.

## RECORDING YOUR COMMENTS

7. After discussion on your performance you will be asked to write on the form your comments on your performance assessment and to sign them to show that you have seen what is recorded, and have had a discussion on them with your assessor.

## YOUR CAREER DEVELOPMENT

8. After your interview your Assessor will discuss your performance and potential with his /her Line Manager. This is to secure his/her authority for the action that you and he/she have agreed, and to ensure that your development needs are met as far as possible.

## WHO EXAMINES THE ASSESSMENT?

9. The completed form may be seen by senior managers and by senior personnel/training staff on a "need to know basis" to enable them to carry out training analyses, development programmes, cross-postings and similar actions to help in your work with Ocean businesses.

## CAN YOU DISAGREE WITH YOUR ASSESSOR?

10. If you do not agree with any of the points made at your assessment, say s
You may ask your assessor for a further opportunity to discuss them with him/her or with his/her Line Manager.

## THE ASSESSMENT FORM

11. The form is in four sections:

    11.1 Personal information on you and your assessor

    11.2 Comments on your performance both by your assessor and yourself

    11.3 Training and development recommendations

    11.4 Recommendations on those who are considered to have potential for promotion

## PERFORMANCE PLANNING

12. If you are in a supervisory or managerial grade, your assessor will also discuss and review with you the key result areas and targets which you had agreed with him at the beginning of the twelve month period for which you are being assessed.

## QUESTIONS TO BE ANSWERED

13. Any part of the assessment discussion about which you are in doubt should be clarified with your Assessor. Be sure you understand and contribute to your annual assessment.

A378

## PREREQUISITES FOR OCEAN'S APPRAISAL SYSTEM

1. The nature of performance assessment will depend on the job holder's level in the organization, from junior clerk to unit general managers certain basic requirements are necessary:
    - 1.1 there must be adequate and up-to-date information about the individual and his/her role
    - 1.2 the data for the performance assessment must be factual and objectively analysed
    - 1.3 the appraisal should be a part of a continuous dialogue between the job holder and his/her superior (normally the assessor), and not a once-only event at twelve month intervals
    - 1.4 the job holder must be able to contribute to the assessment review, and be given pre-view guidance on the scope of the review.
2. The assessment cycle should consist of:
    - 2.1 the two participants
        - 2.1.1 job holder with his/her individual goals, values and skills
        - 2.1.2 the assessor with his/her individual goals, values and skills
    - 2.2 data on the job which is being considered - the agreed objectives and performance criteria
    - 2.3 a diagnosis of strengths and weaknesses and discussion on what has been achieved
    - 2.4 the assessment of performance
    - 2.5 the job holder's comments on his/her achievement and aspirations for his/her future career with Ocean
    - 2.6 the comments of the assessor and his superior, including reference to the factors related to the job holder's achievement and potential, taking account of the constraints in the internal and external environment over which the job holder had minimum or no control.
    - 2.7 the decision on action to be taken for the future, including appropriate training and development.

3. Management must evince its belief in assessment by insisting on the reality of the continuous dialogue, starting with acting on their "responsibility for seeing that members of their respective departments know what they are supposed to be doing and understand how their performance is to be measured." Where this is not effected as part of the management system and leadership style, assessment will founder and engender bitterness.

4. Managers and other staffs can be persuaded that where the assessment is based on objective criteria, they will be judged realistically on their contribution to the activity and not assessed on some subjective system of personality rating.

5. Directors, managers and other staffs engaged in annual assessments must acknowledge the care and thought required in assessing individuals; they are a company's most valuable resource and in assessing their performance the aim must be to provide benefit for the individual and the organization.

6. Assessors should ensure that the form of the appraisal interview is appropriate to the job holder; it will be found that a more formal approach will be beneficial, but the review is the occasion for a two-way communication process: a dialogue.

7. The person being assessed must see his/her assessor's assessment performance and sign whatever is recorded.

D.J.R.

23rd January 1975

Appendix 44

PRIVATE & CONFIDENTIAL

## Appraisal

This is just to confirm what we agreed at our Meeting yesterday, 13th January.

1. All those appraising will complete a proforma appraisal for everyone for whom they are responsible and agree these with their Line Manager first before they actually hold any interviews.
2. There will then be a meeting of Line Managers to consider the results, i.e. the spread of ratings etc, and, once we have agreed the results for the Division, the actual interviews can start.
3. All those appraising *must* show every part of the Appraisal Form (including the Form SDT 1A) to those being appraised.
4. Adequate time must be given to the interview - a minimum of 10/15 minutes for the lowest grades, the time increasing as the grades increase.
5. All interviews should be completed and the Appraisal Forms handed in to Hazel Moran by Friday 28th February.
6. All those appraising should re-read carefully the Notes of Guidance produced by D.J.R.
7. These Notes give the following recommendation on the spread of ratings:

| Outstanding | Very Good | Good | Fair | Unsatisfactory |
|---|---|---|---|---|
| Less than 5% | 15%-20% | 60%-65% | 10%-15% | Less than 5% |

The results from last year were:

| | Outstanding | Very Good | Good | Fair | Unsatisfactory |
|---|---|---|---|---|---|
| All Divisions | 0.5% | 30.1% | 64.8% | 4.5% | 0.1% |
| Liner Division | 0.9% | 22.9% | 71.9% | 3.9% | 0.4% |

The conclusion from our results is that we were probably over-generous in our "Very Good" and "Good" ratings and would have been expected to have had a higher percentage of "Fair".

8. Those appraising should not worry about a "norm" or how salary increases are actually calculated or what the overall limit is for the Division. Their aim should be to appraise as fairly and objectively as possible.

C.L.C.

16th January 1975

Distribution:

JDR
HJB
PHDT
JTU
CMO'C
PFE
DS
AMHH
JDB
KHB
CGKG
RCSR
FC/JGB
FC/KM
OSAL/DC
OSAL/GEG
OSAL/NJO
PCS/RMF
PCS/FG
PCS/MAE
USA/BVG
GFD/GNP
CONF/EWO
CONF/TAM
CC/EDA
PAX/BFE
WA/EWC
WA/BA
FE/PT
FE/WES
FE/PDW
RBH/JBJ
RBH/DET
CC/WL
CC/WRR

cc HWG
GPD/PD/HM

A382.

Discussion Paper

Prepared by J. Temple
Durham University Business School

# Performance Planning and Assessment in Relation to Business Objectives

The notes below relate to the Chart at Annexe 1

At Group level the concern is with balancing organizational effort with market factors, in order to bring about a desired outcome. A number of inputs are, therefore, treated as static elements in order to reduce the complexity of the process and one such is the 'People' factor, which at this stage is comprised in Group Philosophy. In much the same way Group and Unit Organization is the way Ocean wishes to see its operations organized.

Management Structure and Systems is an enabling process for the organization which helps to reduce the level of random activity and so make it more 'manageable'. In this way it may be considered a static input as far as the Ocean Group is concerned.

During the translation process between 'Unit Business Objectives and Plans' and 'Unit Operational Plans' the 'People' factor begins to change from philosophy to reality. In precisely the same way 'Resource Disposition' is now introduced to the interplay between 'Unit Operational Plans' and 'Key Result Areas and Targets' in order to produce the 'Budgetary Control System'. 'Resource Disposition' is the reality of organizational resource, people and their skills, ships, plant, markets, finance etc. - not the more static 'Management Structure and System'.

The Budgetary Control System feeds down to General and Specific objectives and Plans where Job Descriptions and Specifications are inter-related as a major element playing upon the two. Job descriptions and Specifications come primarily from Management Structure and Systems and Manpower Planning, yet also from Resource Disposition in order to introduce reality and flexibility to the process.

Performance Review and Assessment are set against both Objectives and Plans and Job Descriptions. This then provides the Diagnosis and leads to Management Development - taken to be the improvement of managerial skill in order to ensure that individual manager performance and, therefore, that of the organization is improved for future activity.

Organization Design and Development are introduced at this point and will be seen to feed to (People) Philosophy and Reality, Group and Unit Organization, Management Structure and System, Manpower Planning and Resource Disposition. In this way an endeavour is being made to alter the thrust from the notion that there must be something wrong with the individual by, additionally, taking a look at some of the controlling factors, which may be having an adverse effect upon performance, thereby bringing the People factor in at these key points.

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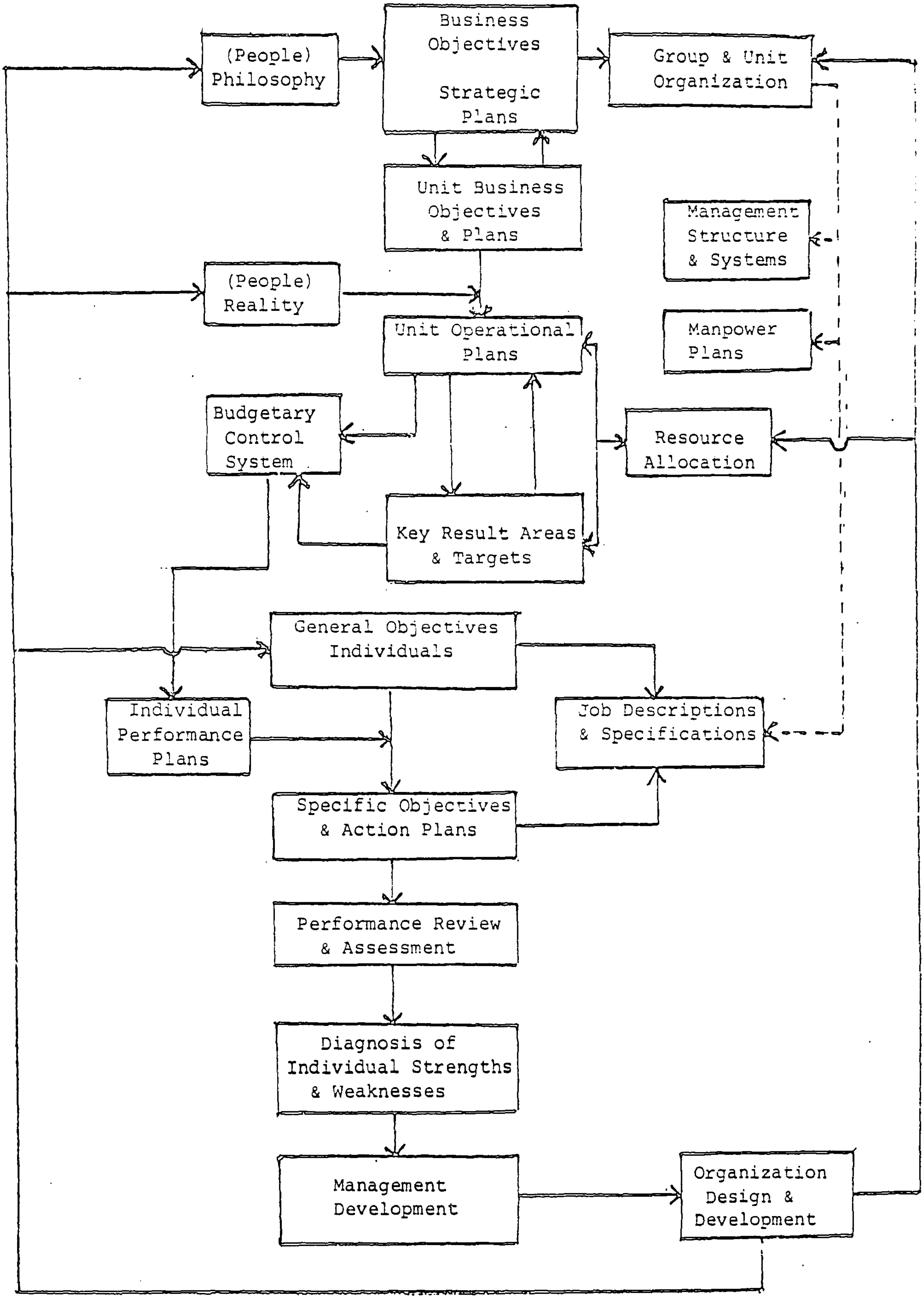
Annexe 1

## BUSINESS PLANNING AND INDIVIDUAL PERFORMANCE PLANNING

### EXHIBIT 'A'


(People) Philosophy
Business Objectives
Strategic Plans
Group & Unit Organization
Unit Business Objectives & Plans
Management Structure & Systems
(People) Reality
Manpower Plans
Unit Operational Plans
Budgetary Control System
Resource Allocation
Key Result Areas & Targets
General Objectives Individuals
Individual Performance Plans
Job Descriptions & Specifications
Specific Objectives & Action Plans
Performance Review & Assessment
Diagnosis of Individual Strengths & Weaknesses
Management Development
Organization Design & Development

Annexe 2

## Areas in which the Expectations Approach might be used to advantage

The most commonly used method for reducing the complexity and randomness of contrived systems involves the introduction of structure and procedural systems. In this way it is intended that the contrived system becomes more organized and more manageable and, therefore, better able to meet its purpose.

The structure and systems tend to be of a low level of complexity and although useful they are rarely able to ensure that resource is used in the most effective and efficient manner. The major reason for this lies with their very simplicity.

Organizations tend to reflect the aspirations of their members and of society, but there is a tendency for both structure and systems to fail to acknowledge these aspirations - perhaps because they are becoming more complex. Thus a conflict situation is created.

Whereas structure and systems remain much as they have in the past, aspirations continue to change. It must be expected that this conflict will increase - certainly until the System changes its nature. In such circumstances human potential is not realized and resources cannot, therefore, be considered to be used in the best possible manner.

A major problem with any attempt to resolve these conflict areas lies with the time horizon. Most people tend to be locked into the short term and to linear relationships, for example, the Annual Report, the Budget, Performance Assessment.

Whilst it may be conceded that current structural forms and procedural systems have their uses and benefits, perhaps it is time to shift the emphasis to more complex forms which more nearly reflect the organic nature of organizations. In this way the procedural systems become acknowledged as useful mechanical concepts with a rightful place in the organization but no longer remain the sole or major criteria for performance appraisal.

The Expectations Approach is an endeavour to present an organic view of the organization and, instead of focusing upon Input/process/output, concentrates upon output/interaction/input. In this case output and input are from different elements within and/or beyond the organization. Individuals are asked to state the inputs they require and the outputs which they believe others require from them. Inputs are referred to as Actual Expectations and outputs as Perceived Expectations. In presentation an individual receives a listing of his Actual and Perceived Expectations, juxtaposed with the Perceived and Actual Expectations respectively of others.

Naturally, Expectations may take a variety of forms from the mechanistic to the organic, but to some degree the themes can be tempered according to the purpose under consideration. A wide variety of uses have been suggested for the Approach by those individuals who have worked with it up to now.

With reference to Exhibit A, the Approach may be used in a number of areas - very much dictated by what purpose is intended - but most particularly those receiving an input arrow from the Organization Design and Development box. At Group level it would not be particularly difficult to begin to identify Actual Expectations on a random basis, but this could as easily be done by questionnaire. Interaction between Group and Unit at senior level could be studied in this way.

At Unit level and Resource Disposition the Approach could be used to advantage - given the dynamic situation - helping individuals to learn about their interaction and communication processes. It then becomes possible to appraise the organization structure and management system critically, with a view to their improvement. In this way individuals are able to become involved with the organizational process - understand it, change it in such ways that identification between individual, group and organizational purpose becomes possible - with the subsequent improvement in resource utilization.

The Approach is able to provide a neutral framework (one which does not make any assumptions) for all forms of organizational analysis and in so doing becomes a learning vehicle for those involved. It may also be used as a method of appraisal, which recognizes all interactions and not just those of a vertical nature.

Perhaps one of the greatest organizational problems in Ocean is poor communication, but this immediately disguises a multitude of problems. Communication in general terms is concerned with an information flow to provide individuals and work groups with knowledge and understanding. But how often is this undertaken within an organization? It is normally interpreted as the requirement to pass more information downwards. The Expectations Approach, through focusing upon interaction and the presentation of the perceived situation provides the environment within which all organizational elements may begin to understand one another and their relationships. In this way it becomes possible for the 'communication problem' to be tackled in an objective and structured manner, providing for 'top-down' and 'bottom up' management.

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Sources: V. Vroom: Work and Motivation, 1964
L.W. Porter and E.E. Lawler: Managerial Attitudes and Performance, 1968
T. Lupton: Organizational Change - 'Top-Down' or 'Bottom-Up' Management?
Personnel Review, Vol.1, No.1, 1971
T. Lupton: Best Fit in the Design of Organizations
Personnel Review, Vol.4, No.1, 1974

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## Discussion Paper for the Meeting of General Managers of Divisions - 26th June 1975

## SHORE STAFF ANNUAL ASSESSMENT

1. The General Managers are asked to decide on the introduction of one form for Shore Staff Annual Assessments together with the accompanying Notes of Guidance.

2. The form embraces three aspects of assessment:

    2.1 Performance Assessment and Performance Rating

    2.2 Training and Development for present job or similar work, and

    2.3 Potential Review and Career Training.

3. For staff in supervisory and managerial jobs it is proposed that line managers agree with their subordinates the key results areas and targets for the ensuing twelve months, and adopt the form attached at Annexe 1 for the purpose of periodic reviews.

4. There is a guide for assessors reviewing the work of staff below supervisory level at Annexe 2 and a guide on factors relevant to managerial jobs at Annexe 3.

DJR

GPD/DJR

13th June 1975

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## NOTES OF GUIDANCE

## SHORE STAFF ANNUAL ASSESSMENT

1. Part I of the form identifies the job holder and assessor. It provides for comment on any changes in the scope of the job over the review period. Where the assessor is not in regular contact with the job holder, the immediate superior should assist in providing accurate information on the job. It is essential that job descriptions be updated when any change occurs in scope of the job. Both job holder and assessor should have to hand, for the interview, the current job description.

2. Prior to the assessment interview, the job holder and his/her assessor are required to examine the work done over the previous twelve months. For those in supervisory and managerial grades advance preparation will include an analysis of the level of achievement of key results and targets over the review period. This will be assisted by the record of the periodic reviews of progress carried out by the job holder and his assessor or immediate superior.

3. Individual performance plans are recorded on a working document (see Appendix 1) and a copy held by the job holder and his/her assessor or immediate superior. This document assists in the dialogue on the achievement of key result areas and targets and identifies the job holder's action plans to achieve his/her specific objectives and for noting agreement on any changes in planned achievement.

4. Part II of the form provides for comment by the assessor and the job holder. These comments should cover the respective assessment on the level of performance achieved over the review period. The overall aim for the assessor is to achieve benefit for the job holder and the business. The job holder should be encouraged to evaluate his/her performance against the agreed criteria. As required, the assessor should consult with the job holder's immediate superior to obtain accurate information on the level of performance achieved. Additionally, it is recommended that assessors consult with their line managers on the job holder's performance prior to the interview.

5. For staff in jobs below supervisory level assessors are invited to analyse the performance against an agreed set of factors relating to an agreed standard performance. A guide for performance assessment for those below supervisory level is at Appendix 2.

6. For staff in supervisory and managerial grades the performance should be assessed in relation to the criteria discussed between the assessor and job holder at the commencement of the review period and agreed as the basis for assessment. They will include the key result areas and targets and any other factors relating to standard job performance. A guideline on factors relevant to managerial job performance is set out at Appendix 3.

7. The assessor should indicate under section 1 of the form his/her performance rating of the job holder. The following five point scale incorporates two ratings above and two below the good performance rating. A good rating indicates the job holder has achieved the standard performance i.e. has done the job properly and achieved agreed objectives.

| Outstanding performance, superlative achievement of all objectives. | Very good performance, exceeding the required standard performance. | Good performance, satisfactory standard achieved and evidence of commitment to his job requirements | Fair performance, weaknesses which could have been surmounted. | Unsatisfactory performance, job requirements not being met |
|---|---|---|---|---|
| | | | | |

8. In addition to evaluating the work done over the review period, the job holder should be allowed to discuss his/her training and development needs to improve on the achievement in the present or similar job. Part III of the form should record the recommendations on training and development for the job holder's present or similar position.

9. Part IV of the Annual Assessment provides for a review of the job holder's potential. In addition to the rating of the potential ability the assessor is asked to indicate the type of job, if any, to which he sees the job holder promoted; the career training required and the timing of this. For job holders in managerial grades the assessor's comments will embrace factors much broader than his comments on training needs in relation to Part III and they will be longer in time span. The assessor is asked to relate his recommendations to Ocean as a whole and not only his own business. He will wish to discuss potential reviews with his/her line manager prior to the interview with the job holder.

10. For Parts I, II and III the job holder should note the written comments and append his signature to Parts II and III. Whilst the job holder will participate fully in the discussion on his career potential, the assessor is not required to complete Part IV for examination by the job holder, but should indicate openly to the job holder his views on this aspect of the annual review.

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## OCEAN TRANSPORT & TRADING LIMITED

## SHORE STAFF ANNUAL ASSESSMENT

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### PART I

1. DIVISION

2. BUSINESS & LOCATION

3. PERIOD OF REVIEW

4. DATE

---

5. PERSONAL DETAILS

Surname (Mr/Mrs/Miss)

Forenames

Date of Birth

Job Title

Date of Appointment to present post

Job Grade

---

6. Name of Assessor

Job Title

7. Name of Assessor's Line Manager

---

8. Is the job description up to date?

9. Summary of major changes, if any, in scope of job over previous twelve months.

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PART II

## PERFORMANCE ASSESSMENT

REVIEW PERIOD ...........

10. Assessor's Comments (See Notes of Guidance paragraphs 2 to 6)

11. Performance Rating ......................

Signature Date

---

12. Job Holder's Comments (See Notes of Guidance paragraphs 2 to 6)

Signature Date

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NAME DIVISION

BUSINESS/ACTIVITY

PART III

## TRAINING AND DEVELOPMENT

This section refers to training and development needs of job holder to improve performance in present or similar positions (see Notes of Guidance Paragraph 8).

13. What training and development, agreed at last review, has not been completed?

14. Indicate recommended training and development

Training Proposals

Suggested Dates

---

15. Comment by Line Manager on Parts II and III

Signature Date

PART IV

## POTENTIAL REVIEW

Indicate the potential of the job holder for promotion, the type of job you recommend and, if possible, please give an indication of the timing of any recommended training. (See Notes of Guidance paragraph 9)

16. Potential Ability

Please tick appropriate box and comment as required

☐ Outstanding ☐ Considerable ☐ Limited ☐ Promotion not foreseen

Comment

17. Any recommedations for Career Training?

Training and Development Proposed

Timing

---

18. Comment by Line Manager on Part IV

Signature Date

---

19. Recommendations noted by Divisional Personnel Manager and, where nece
the Group Training Adviser.

Signature Date

Signature Date

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Annexe 1

# Ocean Transport & Trading Limited

## MANAGEMENT DEVELOPMENT

RECORD OF OBJECTIVES AGREED FOR PERIOD ENDING ____________

Surname ________________________ First Name ________________________

Division ________________________________________________

Activity/Department ________________________________________________

Job ________________________________________________

Name of Assessor ________________________________________________

| | |
|---|---|
| Summary of:<br>KEY RESULT AREAS | TARGETS |

## REVIEW AND UPDATING OF INDIVIDUAL OBJECTIVES

| **Key Result Areas** | Targets | Action Plans | Review (with dates) and note of changes, if any, agreed for key result areas |
|---|---|---|---|
| | | | |

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Annexe 2

## GUIDE FOR PERFORMANCE ASSESSMENT FOR SHORE-BASED EMPLOYEES -

### For use when assessing staff in jobs below supervisory level

The assessor should complete the following table. It provides for a preliminary analysis of factors relating to standard performance. The grid allows for additional factors which the assessor may wish to include in his matrix. Where a factor is judged not to be strictly relevant it may be deleted. The summary section is provid for completion by the assessor as an aide-memoire for his comments under Part II of the assessment form.

| Factor | Out-standing | Very Good | Good | Fair | Unsatis-factory |
|---|---|---|---|---|---|
| Job Knowledge | | | | | |
| Volume of work achieved | | | | | |
| Quality of work | | | | | |
| Accuracy | | | | | |
| Initiative | | | | | |
| Judgement | | | | | |
| Attitude towards own working group | | | | | |
| Co-operation with other working groups | | | | | |
| Motivation and self development | | | | | |
| Punctuality and attendance | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Summary

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Annexe 2 (a)

## INDIVIDUAL ASSESSMENT OF STAFF NOT IN MANAGERIAL OR SUPERVISORY JOBS

1 The following provides a guide for performance assessment of staff not in managerial or supervisory jobs. It is based on a group of factors which can be realistically assessed and used as a measure for the performance assessment and the performance rating.

2 The following factors are suggested as relevant to the majority of jobs. Assessors may wish to add further factors; some of those listed may not be relevant to certain jobs.

2.1 **Job knowledge**

to what degree does the individual display competence in the job and understanding of the job elements?

2.2 **Volume of work achieved**

this is a measure of the work carried out i.e. throughput of completed tasks

2.3 **Quality of work**

this indicates the neatness in presentation of work by the individual, coupled with

2.4 **Accuracy**

which indicates the degree of precision and care exercised in the performance of tasks (whereas a junior clerk may produce neat work it is not necessarily accurate)

2.5 **Initiative**

to what degree is the individual evincing qualities of enterprise and willingness to take a lead?

2.6 **Judgement**

to what degree are the actions of individuals, in their jobs, based on sound appraisal of the situation and do their actions command respect from others?

2.7 **Attitude towards own working group**

how does the individual respond to working as a member of a group?

2.8 **Co-operation with other working groups**

does the individual adapt easily and mix easily with others in the organisation?

2.9 **Motivation and self development**

what sense of accomplishment has the individual and to what degree is he seeking to achieve a higher level of job accomplishment?

2.10 **Punctuality and attendance**

this is a measure of reliability and commitment to the job.

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Annexe 3

## GUIDE LINE OF FACTORS RELEVANT TO MANAGERIAL JOBS

1. The assessor should consider the manager's performance under the followi headings:-

   1.1 PROBLEM ANALYSIS

   effective use of analytical thinking in the manager's work and the application of this to the formulation and achievement of business objectives

   1.2 APPLICATION OF ANALYSIS THROUGH JUDGEMENT AND DECISION TAKING

   competence in basing actions on sound judgement which commands respect and commitment of others and ability to take effective decisions

   1.3 MANAGING PEOPLE

   effectiveness in dealing with human resources, ability to communicate effectively and quality of leadership.

   1,4 DEVELOPING HUMAN RESOURCES

   ability to develop people in conjunction with organisational development of the business

   1.5 UNDERSTANDING THE ENVIRONMENT

   level of understanding of the external and internal environment affecting the business

   1.6 RANGE OF ADAPTABILITY AND INNOVATIVE SKILLS

   ability to look at situations from a higher level and relate actions to more than one level in the organisation of Ocean and capability in applying innovative skills to managing change and diversification

   1.7 COMMERCIAL ABILITY

   competence in managing and improving existing commercial activity and ability to plan and control sound strategic plans embracing profitable operational activities

Appendix 47

## THE OCEAN GROUP

## THE MANAGEMENT OF CHANGE

## ATTITUDES AND BEHAVIOUR

The prime objective of any Ocean development programme is to introduce effective change. This does not mean the introduction of change for change's sake, but takes account of the fact that the improvement of managerial performance from its present level to some new, higher level must involve some degree of change, as objectives, strategies and plans change over time.

In other words, in seeking to increase managerial effectiveness within Ocean we are concerned with:

THE MANAGEMENT OF CHANGE

To understand the development of the following approach to this fundamental problem there are three questions to be answered:

1. WHY do we seek change?
2. WHAT do we seek to change?
3. WHOM do we seek to change?

### 1. WHY do we seek to change?

Not, it must be emphasised, simply for change's sake. But because change is now a significant factor in every Ocean manager's working environment.

Changes in the Group's technology, markets, and employee attitudes are affecting everyday managerial activities - and so are changes in the Group organization caused by take-overs and mergers, and changes in the Management System which follow as a consequence.

In order to cope with these changes in environment and continue to get the maximum effectiveness from resources - men, money, machines and materials - every Ocean manager must himself be adaptable to change. Only in this way can he make his full contribution to the overall Group strategic objectives.

## 2. WHAT do we seek to change?

In creating change in human beings we are primarily seeking to change two fundamental elements:

ATTITUDES AND BEHAVIOUR

These two are inter-connected and efforts to create effective change normally starts with either one or the other.

Thus one approach is to start by trying to change behaviour in the hope that ultimately this will effect a change in attitudes:

changed BEHAVIOUR → changed ATTITUDES

This can be broadly categorized as the TRAINING approach e.g. in training of dock workers e.g. Liverpool Docks, West Africa Terminal at Tilbury or Cory warehouses. Operatives and junior clerical workers are first taught different (and better) ways of doing their job and this should lead to improved attitudes in terms of motivation and morale in all Ocean businesses.

An alternative approach is to start by trying to create new attitudes and thus seek to introduce more effective behaviour:

changed ATTITUDES → changed BEHAVIOUR

This can be broadly categorized as the development approach; in Ocean's Management Development programmes efforts are made to

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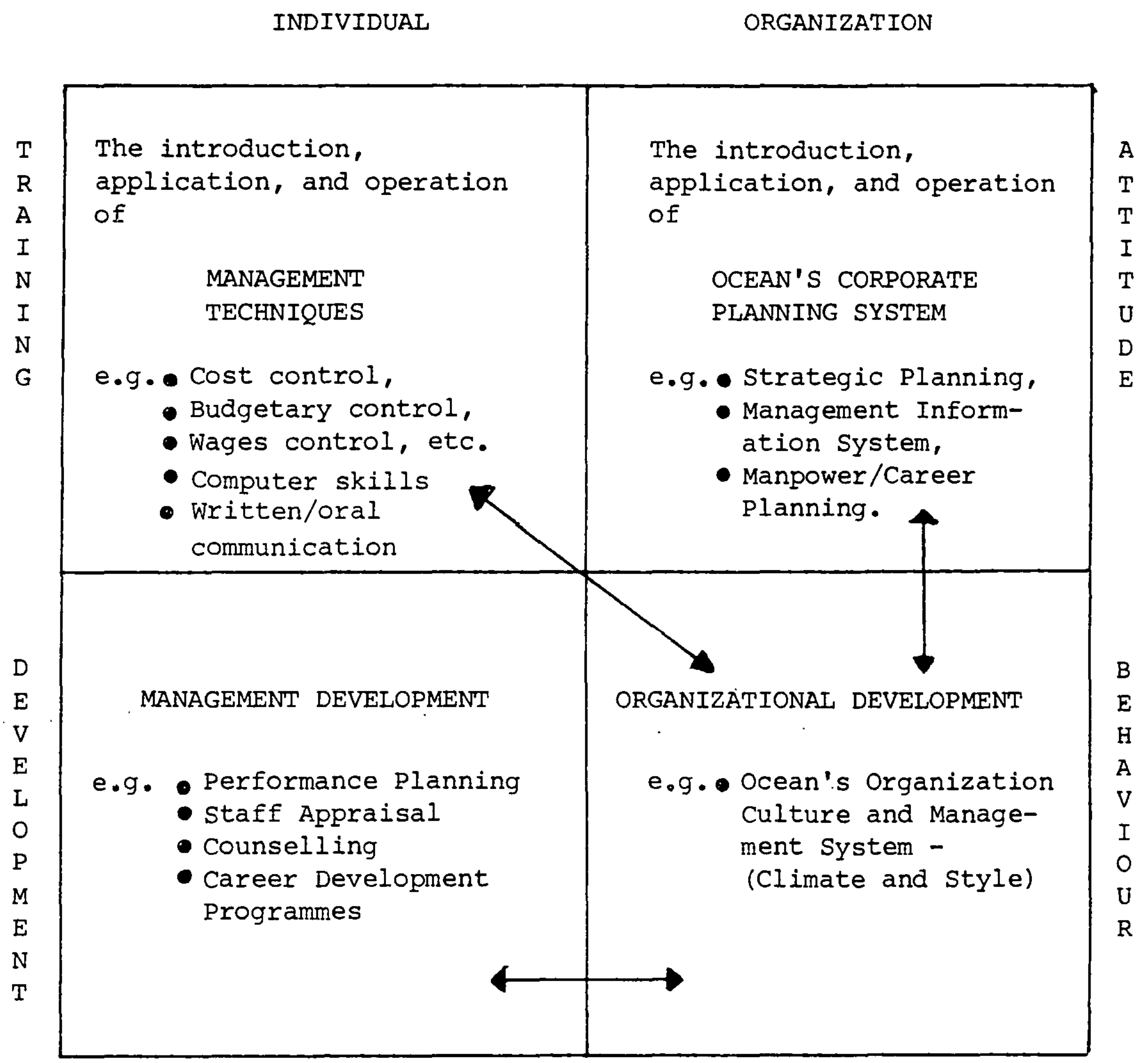
broaden managers' knowledge and improve their attitudes so that they themselves make effective change in their behaviour.

3. WHOM do we seek to change?

The immediate answer is straightforward and obvious - we seek to change INDIVIDUAL MANAGERS.

But we do not believe that this is the whole answer. We seek to change managers not just as individuals in their own right but also as members of the corporate body known as the Ocean Group. If sufficient members of Ocean change in the same way then this in turn will create changes in the managerial style and climate of the whole Group.

We can summarize these factors in the management of change by means of a simple matrix diagram:



| | INDIVIDUAL | ORGANIZATION | |
|---|---|---|---|
| TRAINING | The introduction, application, and operation of<br>MANAGEMENT TECHNIQUES<br>e.g. ● Cost control,<br>● Budgetary control,<br>● Wages control, etc.<br>● Computer skills<br>● Written/oral communication | The introduction, application, and operation of<br>OCEAN'S CORPORATE PLANNING SYSTEM<br>e.g. ● Strategic Planning,<br>● Management Information System,<br>● Manpower/Career Planning. | ATTITUDE |
| DEVELOPMENT | MANAGEMENT DEVELOPMENT<br>e.g. ● Performance Planning<br>● Staff Appraisal<br>● Counselling<br>● Career Development Programmes | ORGANIZATIONAL DEVELOPMENT<br>e.g. ● Ocean's Organization Culture and Management System - (Climate and Style) | BEHAVIOUR |

A matrix for Attitude and Behaviour Change

in Individuals and Organizations

- In the TRAINING approach the aim is to change the behaviour pattern to effect a change in ATTITUDE e.g. the attitude of individuals in making an effective response to production controls, budgetary control etc.
- In the DEVELOPMENT approach the aim is to create new attitudinal responses, to effect a change in the behaviour pattern, e.g. Ocean needed to seek an appropriate attitudinal response to effect an acceptable behavioural pattern (organizationally and managerially) for the introduction of an appraisal system.

DJR

## Psychological Profiling

Ocean has decided not to implement any clinically-based profiling.

In conjunction with PA Management Consultants a non-clinical profiling technique is being introduced on the Burton Manor Courses.

The technique was developed by Professor M.M. Kostick of Applied Psychology Associates of Brookline, Mass., U.S.A.

The Kostick Perception and Preference Inventory (PAPI) provides for an individual's profile under:

Energy Output
Leadership
Tempo of Living
Social Nature
Work Adjustment (i.e. work style e.g. organized type, theoretical type)
Emotional Nature
Followership (e.g. need for rules, need to support authority)

each aspect being assessed by the individual on a rating scale 0 - 9.

The initial interpretative sessions are being conducted by John Foden of PA Management Consultants, who hold the UK franchise for the Kostick test.

The Perception and Preference Inventory explores the relationship between aspects of an individual's personality and his/her work situation (i.e. job role).

The inventory is in the form of a simple questionnaire which takes about 15/20 minutes to complete and which allows an individual to express the values and attitudes held in his/her current working environment. The results are recorded on a profile form and this becomes a basis of a discussion on such important management issues as motivation, leadership potential, interpersonal relationships and development needs, etc. All the factors with which it is concerned are related to the work situation;

the language is non-technical and non-clinical. Although soundly based in psychological theory, it can be effectively and usefully used by managers who do not have a background in psychology but who undergo a short intensive training programme in its use.

Consideration is being given to incorporating the inventory as part of the career development process.

The Kostick inventory has been adopted by Fisons, Lloyds & Scottish and Pilkingtons.

September 1977

D.J.R.

Appendix 49

Discussion Paper PMC (76) 3

## ASSESSMENT OF POTENTIAL
## AND
## CAREER MANAGEMENT

What is meant by assessment of potential?

In both industrial and commercial organizations we can suggest assessing potential is a process which provides information on individuals who are in the field of selection for promotion or are seeking or adjudged to be suitable for career transitions, not involving promotion, *per se*. The process covers:

1. deliberation by senior/top management to determine individuals who should be included in a succession plan - ORGANIGRAM; (see OTTL approach) (*cf*. IMS Survey p. 11 which refers to management discussion groups predicated on succession planning)
2. assessments/appraisals made at or near the annual performance appraisal between appraiser and appraisee;
3. assessment carried out by panel of assessors established within Ocean, including a representative number of managers working at the peer group level and above (akin to a job evaluation team) (IMS Survey p. 9. Note 3 may be a pre-emptor for 1)
4. assessment programmes in which individuals are examined by an assessment team individually and in group activity (akin to group selection interviewing) (needs special competence by team *cf*. Civil Service Promotion Boards) (IMS Survey p. 6 *et seq*.)
5. assessment centres, outwith the company (expensive and not always a good predictor of potential for a specific company, *cf*. article by Bernard Ungerson)

The methods described all aim to identify management potential by some agreed criteria. This will include in many businesses in Ocean what the IMS Survey of current practice refers to, in the following terms:

1. appraisal to assess from the backward-looking review of performance, what we can term the 'track record', and
2. assessment to indicate the forward-looking prediction of potential.

Predictions may be based on objective analysis of data on individuals under various forms of factor analysis of career potential. In Ocean we have agreed a range of factors in determining managerial potential, as set out in Policy Paper No. 17, June 1974.

The criticism of the assessment being based on the subjective judgement of Ocean's assessors is countered by the Group selection committee which provides a second level assessment with a degree of impartiality and neutrality. An individual can request a counselling interview where he/she considers his/her achievements merit a GTC assessment.

As in the process of recruitment and selection two aspects are indicative of success in Ocean's career development approach:

1. RELIABILITY
2. Validity

Bernard Ungerson has interpreted "reliability" as the extent to which any method of assessment puts people in the same order if you repeat the assessment process. Herein is a good prescription for Ocean's scheme.

What we have decided on for Ocean's approach to career development is for Divisional General Managers to assess candidates for the general management development programme on a similar basis as agreed for the

Ocean Management Training Scheme (Policy Paper No. 16, June 1974). The assessment report remains confidential and is not divulged to the Group selection committee until they have completed their interviews. The reliability test may appear crude to you who are specialist psychologists, but it is worth reporting that over the past two years we have recorded a correlation between 0.7 and 0.8, which we consider vindicates our approach thus far.

As for "validity", again using Ungerson, we can define it as the extent to which any assessment ties up with our criterion of success. We have chosen a measure of those selected for career development being promoted to a job two grades higher, within two years of completing their development programme. For those selected for the management training scheme we are also adding the measure of retention in Ocean's employment, five years on from joining the company. The first time we shall use this statistic will be in September 1977, and annually thereafter.

You will wish to examine what the IMS survey has to say on p. 22 *et seq*.

## WHOSE RESPONSIBILITY IS IT TO ASSESS RELIABILITY?

All general managers are concerned, but the ultimate decision on whether we are producing an effective career planning system will rest with the Executive Committee.

The procedure I introduced, with the approval of the Executive Committee a year ago, is open to discussion. There is one limitation; the extension of the Group's career planning to grades below 14 will not be possible for another 2/3 years. We have to be sure we get the present system right. Again we have had only one year's strategic planning review, when strategic manpower planning has been integrated with strategic business planning.

For those attending their first meeting, I refer you to my procedural paper:

MANPOWER PLANNING PROCEDURE FOR SUCCESSION PLANNING

(July 1975)

Finally, may we consider some of the problems involved in career planning?

1. Managerial Hostile Attitudes are derived from:
    - 1.1 managers dislike of having to make subjective judgement about others;
    - 1.2 criteria for assessment not being acceptable - validity is doubted;
    - 1.3 dislike of the process of assessment being carried out, with inadequate information and understanding of scope of career opportunities across a number of Ocean business units and divisions;
    - 1.4 doubts about the commitment of some members of top management to the process of assessing potential; and
    - 1.5 resentment of existence, in some parts of the Group to what they consider is an élitist approach limited to the top cadre for succession planning.

2. Employee Hostile Attitudes are derived from:
    - 2.1 exclusion from Ocean's annual assessment of potential generating grievance;
    - 2.2 employees resenting subjective assessment of potential;
    - 2.3 resistance to assessment which has vague criteria - e.g. what is meant by 'in the field of selection for promotion?' - Uncertainty about time dimension and level to which judged to be promotable;

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2.4 objection to a system introduced by management, without prior consultation with employees; and

2.5 argument that assessment of potential leads to disunity of work groups.

Many of these issues have been debated in our previous meetings, but it is appropriate that we are agreed on our approach for the next round of assessments in a few months' time. My notes of guidance on Potential Review will be reissued, with the amendment to the agreed framework of factors.

As a personal comment, I was pleased to learn that some general managers are arranging for the review of potential to be carried out, at a time some weeks apart from the review of performance.

DJR July 1976

A4-11

## Discussion Guide: IMS Research Project

1. What are the present ways in which potential is assessed?
2. What characteristics are you looking for in people thought to have potential for development?
3. How long have you been operating this procedure?
4. How frequently is the potential assessed for any one individual?
5. How does the procedure relate to the performance appraisal system?
6. How does the procedure relate to the manpower planning system?
7. Approximately how long is spent assessing the potential of each individual?
8. Is there any formal or informal link between the assessment of potential and any training or developmental activities?
9. If formal assessment data exist, who is allowed to have access to them?
10. If formal assessment data exist, how long are they kept? and for how long are they held to be valid?
11. Who actually makes the assessment of potential?
12. Do they get any specialized training to use the system?
13. Who is accountable for seeing that the system works?
14. What levels of employee have their potential assessed? Are there any levels excluded, or given special emphasis?
15. What types of job are done by the people having their potential assessed? Are any types of job excluded, or given special emphasis?
16. Does the assessment of potential of any particular level of employee typically cause problems?
17. Does the assessment of potential of any particular level of employee give rise to outstanding successes?
18. Does the assessment of potential of any particular type of employee (e.g. salesmen, engineers, clerks, etc) cause special problems?

19. Is there any particular type of employee job where the assessment of potential typically gives rise to outstanding success?
20. In general, what aspects of your present system would you say you are most dissatisfied with?
21. And what aspects of your system would you say you are most satisfied with - what successes are you most proud of?
22. Have you made any changes in the system recently?
23. What validity data do you collect on the workings of the system?
24. What business measures, in your opinion, are associated with the performance of a firm where employee potential is assessed accurately?
25. Have you any data on employee reactions to the system?
26. Is there an appeals mechanism for employees who don't agree with the assessment made of them (assuming they are told of it)?
27. What is the stated purpose of the system - as communicated to employees?
28. What improvements would you like to make to the system?
29. Would you rather have a system that missed the occasional high flyer or one that promoted the occasional dead-weight - in other words, would you rather people were generous or parsimonious in their assessments?
30. Is there anything else of importance about your system not covered in these questions?

## References

1. Edgar Anstey, Clive Fletcher and James Walker: Staff Appraisal And Development Chapter 13
(George Allen & Unwin 1976)

2. Lyman W. Porter, Edward E. Lawler III and J. Richard Hackman: Behavior in Organizations Chapter 7
(McGraw-Hill 1975)

3. Marion Kellogg: Career Management
(AMA 1972)

4. M. Scott Myers: Every Employee a Manager
(McGraw-Hill 1970)

5. BIM: Management Survey Report No. 27 Identifying Managerial Potential
Roger W. Holdsworth

6. Institute of Manpower Studies: Cooperative Research Programme - The Assessment of Potential
(Internal circulation GCC)

7. Andrew Stewart and Valerie Stewart: Tomorrow's Men Today
(Institute of Personnel Management and Institute of Manpower Studies 1976)

8. Bernard Ungerson: Assessment Centres - A Review of Research Findings
(Personnel Review Vol. 3 No. 3 Summer 1974

AW4

Appendix 50

CONFIDENTIAL

# REPORT ON STAFF ASSESSMENT SEMINARS

held at

BURTON MANOR RESIDENTIAL COLLEGE

22nd to 26th November 1976

## PURPOSE

1. The seminars aimed to:
   1.1 review the interviewing skills required for successful staff assessment
   1.2 provide practice in
      1.2.1 assessing and evaluating job performance, and
      1.2.2 the diagnosis of training and development needs
   1.3 enable participants to examine their key result areas and targets in conjunction with the operational plans and targets of their business/activity.

## INTERVIEWS

2. Each participant was required to interview an assumed job holder whose performance and individual training and development needs had been studied in conjunction with the job description and key results and targets agreed for the twelve month period.

3. In general, these interviews directed by Harry Middleton, Director of Management Studies at Burton Manor Residential College and assisted by Ann Blair, Roger Morris and D. Lawrence of Ocean, were highly rewarding and effective learning experiences. There was a significant element of reality in the interface situation between the role-playing job holder and the assessor. The interviews were conducted in small groups and the essential confidentiality of the discussions was preserved. A minority view was that data derived from the interview recording could be used to relate to actual persons. Here it was emphasised that the

primary purpose was the evaluation of assumed performance and the association with any member of staff was to be totally disregarded. In this way, the learning experience was enhanced compared with the much less effective use of a set of tutorial profiles. It meant that interviewers were able to develop their skills in context with real jobs for which they were responsible, that is, real learning in real situations.

4. The general consensus was that the interviewing sessions should be a feature of Ocean's executive training and development and a prerequisite for this would be the provision of training studio equipment in India Buildings coupled with appropriate accommodation.

## INDIVIDUAL PERFORMANCE PLANNING

5. Participants discussed the application of the process of setting key result areas and related targets under the guidance of John Rees and David Jones (Collinson Grant Associates). As the Ocean system of individual performance planning has been in operation for three years, it was surprising to find that many participants found it difficult to determine the specific areas i.e. key results and targets for which they were responsible in conjunction with the business/activity plans and budgets.

6. There was some uncertainty about the way the HAY/MSL job description related to the performance planning process.

7. Useful discussion took place on the process of setting key results and participants were able to resolve most of their uncertainties: there is, however, a need for the individual performance planning process to be firmly established by senior management.

8. The relation between the business/activity planning process and individual performance planning needs to be clarified and managers and other staffs would welcome more counselling on the delineation between the general objectives of their work, i.e. the nature and scope of their job, and the specific short-term objectives, i.e. key results and targets.

9. A set of notes on performance planning was issued to participants. There was a consensus favouring the publication of a short Ocean booklet on the performance planning process to include examples of key result areas and targets which could be related to varied businesses and activities.

TRAINING AND DEVELOPMENT NEEDS

10. Participants worked in small groups with John Rees analysing the knowledge, skills and attitudes related to a number of job descriptions prepared in the HAY/MSL format. To assist in the analysis, a man specification form was used; this required the participants to identify the critical, essential and useful inputs of knowledge, skill and attitudes related to job performance.

11. Where the HAY/MSL job description identifies the challenging areas of a job, it is made easier for managers to identify the requirements in relation to knowledge, skills and attitudes.

12. It was found that existing job descriptions, some prepared in context with the Boston Consulting Group format, were not as helpful in determining the man specification.

13. The five-fold process of development and training:

    13.1 on-the-job experience and counselling
    13.2 self-development
    13.3 cross-postings to other business/activities by secondment or substantive posting
    13.4 assignment to project groups, e.g. liaison team, and
    13.5 education and training programmes

    was discussed and emphasis was given to the importance of the first four as primary inputs.

14. The general consensus was that managers required more information about the scope of Ocean's businesses and activities and specialist advice in determining training needs in relation to both current job and those to which job holders could be promoted.

## CONCLUSIONS

15. The seminars highlighted a gap between the assumed and actual effectiveness of the staff assessment process. The main areas requiring reinforcement are:

    15.1 correlation between business planning and individual accountability

    15.2 individual performance planning - determining key result areas and targets, and

    15.3 diagnosis of development and training needs.

16. The success of the staff assessment system stems from senior management playing a vital part in establishing an effective process which matches the needs of the business/activity with the needs of the individual. The principle is clearly defined in the revised statement of Ocean's management system and group structure. It remains that management must fulfil the obligations set out in the manual.

## RECOMMENDATION

17. It is recommended that General Managers review the revised Group Appraisal System with those who will carry out annual assessments and reviews in January/February 1977.

## ADDENDUM

18. General Managers will wish to combine the review under 17, with managers' responses to the seminars and workshops on 'Potential Review' conducted by the MDA, during 1976.

19. There will be a review of the views of managers/assessors operating the revised scheme, in May 1977.

DJR

8 December 1976

Appendix 51

## Ocean Management Training Programme

(in conjunction with PA Management Consultants)

## DEVELOPMENT AND TRAINING

### INTRODUCTION

Ocean's management and supervisory development and training programmes provide the means of developing people as individual members of management teams and work groups. It calls for sustained enthusiasm and support from Ocean's top management, and each line manager is responsible for seeing each subordinate:

> "knows what he (or she) is supposed to be doing;
> understands how this contributes to the aims of the business;
> understands how **his/her** performance is to be measured;
> knows whether he/she is or is not doing a good job."

Managers have to be trained in the ways of making the best use of their resource in people. Training in the sense used here ranges from the formal training received outside Ocean, through in-company courses, to the informal discussions (or counselling) with a superior.

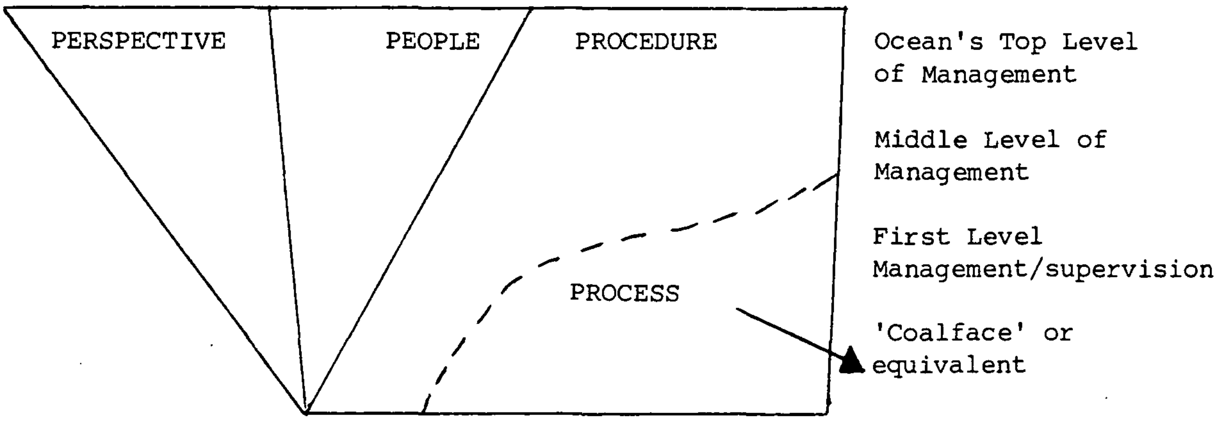
Two separate aspects are also relevant to development - managers act as individuals and as members of a team at each level in the management hierarchy. Training caters for both aspects.

### INDIVIDUAL DEVELOPMENT

At every level of management, skill (and hence training) is required in the "4Ps". These are:

| | |
|---|---|
| Process | skills involving a knowledge of the specific operational and service activity in unit businesses |
| Procedural | skills required to do the job |
| People | skills to obtain optimal performance by subordinates |
| Perspective | skills involving a knowledge of the environment in which the manager operates. |

The relationship of the "4Ps" alters with each level of management. Knowledge of process skills diminishes the more senior a manager is in the organization. On the other hand, knowledge of the other three "Ps" broadens with seniority in the unit or division, as shown in the diagram.


PERSPECTIVE
PEOPLE
PROCEDURE
PROCESS
Ocean's Top Level of Management
Middle Level of Management
First Level Management/supervision
'Coalface' or equivalent

The diagram illustrates that the scope of a job in terms of the 4Ps is greater at the top than at the botom. In addition, one of the Ps - Process - diminishes and is replaced in greater measure by the other 3Ps as Oceans' managers move from the lower to the senior level of management. The diagram does not represent the absolute amounts at any level - this varies with many factors such as type of unit business, size, complexity, technology and age. Also the lines dividing the skills are almost certainly not straight but flexible and depend on the individual manager.

Process and Procedure skills are almost synonymous at the various levels in an organization. At lower levels, managers require a deep knowledge of the process and some knowledge of procedures such as recruitment and cost control. At higher levels, procedures such as investment appraisal, strategic planning or financial control take over, with the senior manager knowing less of the detail of the specific commercial (or other) process. While this is generally true, there are some exceptions in which detailed process knowledge is available or is required in senior management (eg. in Fleets Division). It also applies in the newer or fast-developing businesses, eg. computers, applied electronics. In these cases a high degree of process skills needs to be combined with a wide knowledge of the other Ps, particularly perspective.

People skills are less tangible but are of prime importance, particularly at senior levels. They are associated with leadership, communication, persuasion, counselling, motivation and sensitivity. Much research, particularly in the area of behavioural science, is being done.

Perspective skills involve a widening of the manager's horizons. At the operational level, a section supervisor needs to know about other departments who serve his own, or whom he serves, and specialist services such as budgetary control. At top level, horizons extend beyond the boundary of the manager's organization, and will include the national and international scene.

The skills of the 4Ps are largely individual skills, and training needs are discovered in informal discussion between manager and superior, and in the formal assessment of management performance. Failure to achieve agreed targets may be a sign of the lack of a particular skill.

## TEAM DEVELOPMENT

In some unit businesses the drive and enthusiasm of one or two individuals make for success. Little team working is involved as one man may dominate the operation, and all pull together under him.

But with increasing size (eg. Henry Long & Co.), one man can no longer dominate, although he may provide drive and momentum. Subordinate managers have to work together to achieve the organization's objectives. The individual skills are extended and inter-personal relationships now assume a more important aspect. Cooperation, communication, understanding another's viewpoint also play major parts.

Team skills are largely developed on the job when the team is working together. In some cases, business games or exercises designed to highlight team skills can be used, but these are only second best to the real thing.

An essential basis for team development is knowledge and practical experience of the people skills mentioned above.

## RELATIONSHIP BETWEEN INDIVIDUAL AND TEAM DEVELOPMENT

Ocean's Management Development programme, and in particular the dynamic aspects, requires the manager or team to:

- know what is expected, i.e. "let us agree my targets"
- measure how he/she is doing, i.e. "let me see how I'm doing"
- have the authority and will to achieve, i.e. "let me have a go"
- be able to work together, i.e. "help me where necessary".

These are linked with the various parts of Management Development in the following table:

| Feature | Individual | Team |
|---|---|---|
| Know what is expected | Job Description<br>Individual Performance Plans<br>Key Result Areas | Organization Structure<br>Business and Unit Objectives |
| Measure how he/she is doing | Controls<br>Performance Review | Management Information Systems<br>Controls:Annual Accounts periodic reviews |
| Authority to achieve | Job Description<br>Individual Performance Plans | Organization Structure<br>Business Plans |
| Will to achieve | Motivation<br>Manpower Planning | Motivation<br>Competition |
| Working together | Training in interpersonal effectiveness | Training in communication and team effectiveness |

Management Development provides the means of identifying needs in individuals and teams, and ensuring that they are trained, using the various types of training available.

## TYPES OF TRAINING

Training is the process of developing a manager's knowledge, skill and changing his/her attitude through instruction, demonstration, practice and planned experience. It follows from this that theoretical instruction is not enough - it must be supplemented by practical experience on the job with guidance from a manager's superior. The guidance is essentially counselling by the superior, and can be quite informal.

There are three main types of training for an individual or team:

- Management training courses - internal or external
- Projects - individual or team } Group Action Centred Training -
  } Performance Development
- On the job development } Projects

Courses need to be pre-evaluated to ensure that they meet the needs of the individual or team. Follow-up is required to ensure that the learning experience is being used in the work situation, and to enhance performance.

Some formal training is done on all Management Development programmes either during the initiation of the programme, or in follow-up sessions. Training is of two types - training in the procedures of Management Development, for example in performance review, writing of job descriptions, or counselling; and training in management techniques, the need being identified during the annual staff assessment, eg. budgetary control, manpower planning.

In the first type - training in the procedures - the sessions introduce managers to the procedures, and enthuse them in their use. The Management Development Adviser and senior managers and Ocean's top management should be involved.

In the second type - management techniques - gaps in the manager's knowledge are identified during the review meetings on target achievement and/or in discussion with superiors during the annual performance reviews.

Subjects range from the general to particular techniques needed by individual or groups of managers. Examples of the topics to be covered by Ocean Management Development programmes are:

- The fundamentals of management
- The financial aspects of management
- Planning, Budgetary Control and Information Systems
- Problem-Solving and Decision Theory
- Creative and Innovative Thinking
- Communication
- Managing People
- Leadership
- Marketing

Course sessions are conducted as discussion groups, with a core of 'doing' rather than listening. In between sessions, practical tasks, eg. in problem-solving, are set with the object of obtaining practical benefit from the training sessions. Audio-visual aids will be used where appropriate, eg. in counselling or in training for the performance review.

Projects These are planned to be individual or team and will be chosen to fit the needs of the individual or team. Ocean's Performance Development Projects must:

- be clearly formulated with the authority to obtain any facts required to complete them
- have a completion date set
- stretch the manager or team
- be relevant to the activities of the manager of the unit business/service ; academic exercises merely bore and are a waste of time.

The project will be monitored by a superior or the management development adviser who can provide specialist advice and assistance where necessary. Ideally, a project will include implementation. This will ensure that the manager or team have to make their suggestions work, and enables further development - eg. in persuasion - to be done.

On-the-Job Training Once the basic skills have been acquired, on-the-job training is the best way of learning a job - the manager learns as he goes. The essential requirements are:

- the manager must have a clear picture of the results expected and the time scale
- the superior must delegate responsibilities and authority
- the superior must be prepared for the manager to make mistakes - he will learn from them when they are discussed sympathetically
- the superior must monitor progress to provide guidance and help, and to prevent major mistakes.

This kind of training will be the principal form for career development.

DJR
April 1974

Appendix 52

A Comment on:

## MANAGEMENT OF LEARNING

by A.K. Davies

The key aspect of change in education and training has been the emergence of new information skills and changing knowledge technology, in the past 25 years.

The relatively stable mechanistic arena of education and training has been replaced by an adaptive response to change and innovation. The emergence of twentieth century 'knowledge man' (a Druckerism) has called for new mechanisms to evaluate the effectiveness and efficiency of the learning process. The cry of the engineer is for an adaptive skills-learning process and the end of the traditional closed apprenticeship system. The need for the late 1970s and beyond is an open system approach to the development of vital skills, with agreed standards for learning achievement, i.e. achieving an agreed level of competence. Learning objectives have to be clearly stated and the changing nature of these objectives acknowledges, in short, there has to be flexibility.

Most importantly, the individual has to be integrated into the organization.

Davies compares today's education technology with Argyris for whom an organization must accomplish three essential aims:

1. To achieve its goals
2. To maintain itself internally
3. To adapt to its environment

Davies contends that educational technology is concerned with the same range of problems in an educational or training context. The most important development of the past two decades has been the emphasis on a systems concept of training, within which task analysis forms a key element, combined with behavioural applications - the recognition of the importance of change responses through change in attitudes and behaviour.

Two meanings are given to the term education technology:

1. the range of 'instruments' for learning in an ever-widening field of audio-visual techniques and information analysis and processing - the microprocessor is the most recent in a progressive development of micro-electronics. We await the applications of bio-engineering to the learning process.
2. applications of the behavioural sciences to problems of learning and motivation. The overall purpose of these applications is to mould the individual to respond with a predetermined behaviour pattern.

Davies attempts to give a graphic view of the consequence of the consequence of the two interpretations of education technology.

Since he wrote his book in 1971 there has been a number of studies which has aimed to bridge the gap between the two interpretations. The work of the research staff at Lancaster University, Sheffield Polytechnic and the East Anglian Management Centre and Thames Valley R.M.C. (Bennett *et al.*) are but a few examples of work being done in the field of management learning.

Davies provides a useful analysis of:

## THEORIES OF ORGANIZATION AND THEIR APPLICATION TO LEARNING SYSTEMS

He quotes from W.G. Scott: Optimization Theory - A Behavioural Analysis for Management.

For Scott, a key objective of organization is the resolution of conflict. He writes:

> "Regardless of the interpretation of the cause or effect state of conflict, contemporary administrative theorists generally agree that it is a major element in the process of organizational adaptation."

The resultant organization can, assumedly, provide for stability or equilibrium and a measure of certainty, over short periods. The indices of stability and predictability says Davies "are highly valued concepts in the industrial context." It helps in understanding the current approach to education technology - an adaptive process with short-term rather than long-term stability - but one in which the learner can respond to the rhythm of change and not be submerged in a welter of disparities.

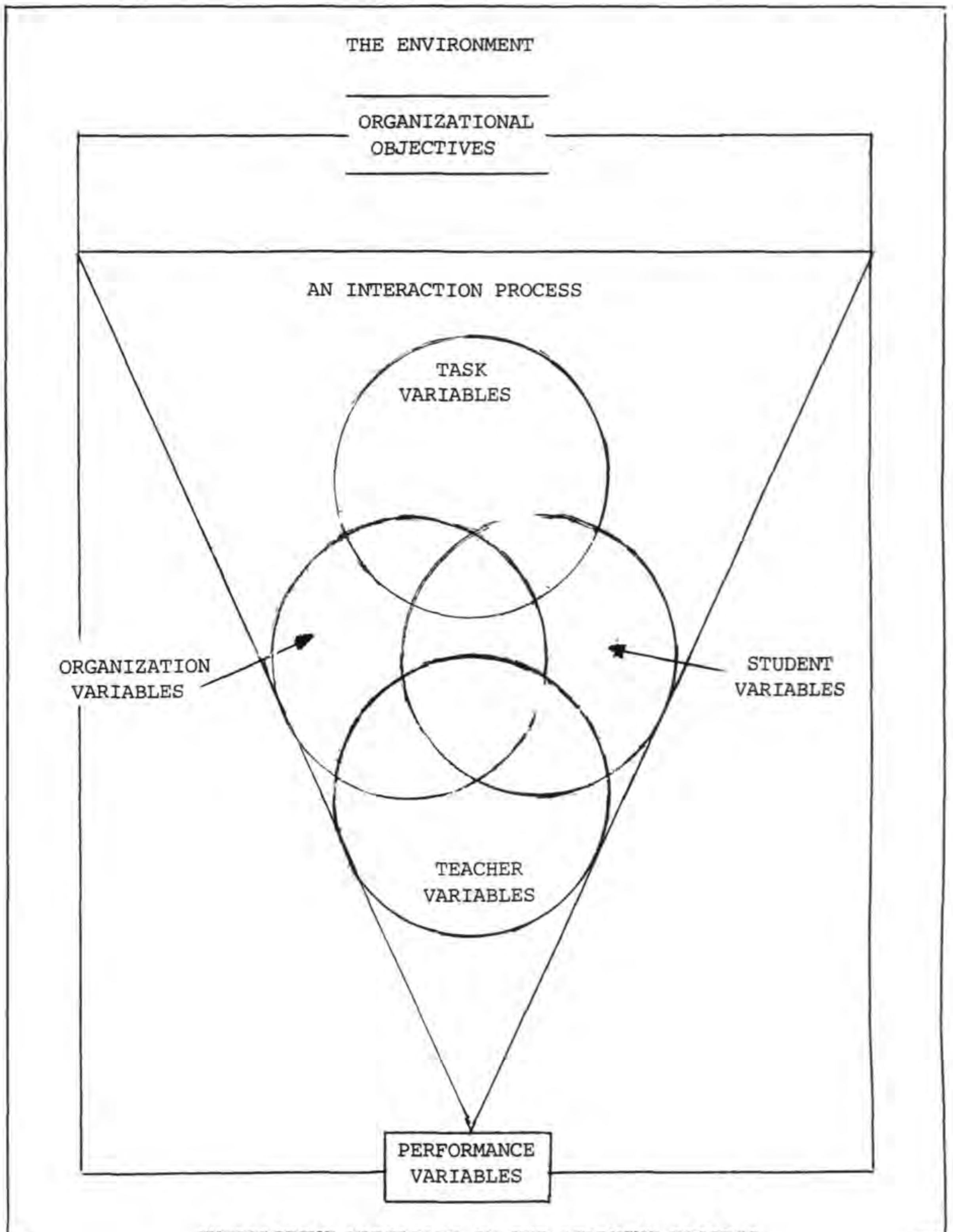
Davies also uses the work of March and Simon (1958) to identify a classificatory system of learning derived from:

1. classical theory of organization
   - predictive rather than situational (= responding to rapid change)
   - a mechanistic approach with little or no discovery learning, and the
2. human relations approach in which the differences in ability and aptitude are accepted and the learning system aims to stimulate the individual's initiative.

The differences were more obvious in the educational technology of the early 1970s; the decade of the 1980s is likely to see some interesting interaction between the normative approach of classical learning systems and the phenomenological approaches that enhance the individual's contribution as decision-maker and holistic job-doers (e.g. work structuring). The system concept is likely to provide an avenue through which the two learning systems can be most effectively reconciled. The systems approach has the advantage of responding to situational differences (i.e. contingency factors) where these do not respond to common solutions. Davies is offering the student of employee development a solution when he says that the modern learning system has to be student-centred and where education and training are seen as both "a social and technical system in which the needs of the task and the needs of the students have to be reconciled with the needs of the teacher and the needs of the organization."

The following diagram illustrates the interacting variables:

Figure


THE ENVIRONMENT
ORGANIZATIONAL OBJECTIVES
AN INTERACTION PROCESS
TASK VARIABLES
ORGANIZATION VARIABLES
STUDENT VARIABLES
TEACHER VARIABLES
PERFORMANCE VARIABLES

INTERACTING VARIABLES IN THE LEARNING PROCESS

Davies underlines the need for a systems approach to education and training, for this provides for an interactive learning system. There is much to commend the Gestalt concept that the whole is more than a summation of its constituent parts.

Too much time has been spent on atomizing isolated parts of the learning process within an organizational context. The systems approach is a means to a holistic study of men at work in organizations.

Davies says:

> "A systems approach enables teachers and instructors, as well as research workers and administrators, to isolate and identify problems and select optimal strategies, and evaluate both their effectiveness and their effects on the working of the overall education or training system."

Training must be seen as both an 'independent' and 'interdependent' variable.

DJR

June 1975

A430

Appendix 53

## Evaluation and Control of Training

For Ocean management and supervisory training programmes the format of a course evaluation report has been approved by the GTC. It provides for completion by the sponsoring line manager, and the individual attending the course.

| | |
|---|---|
| Section A | to be completed by the line manager will indicate the ways in which the course will meet the training and development needs of the individual |
| Section B | is a subjective assessment of the individual's reactions to the course |
| Section C | is completed by the line manager and provides data on the need for further training and development. |

(A copy of the report form is at Annexe 1)

At the meeting of Personnel Staffs in September 1974 it was agreed to use the constructs of A.C. Hamblin in the development of the Ocean evaluation system. This provides for a matrix of levels of evaluation as discussed in the Workshop with Hamblin on Evaluation and Control of Training (*vide* Annexe 2).

Personnel and training specialists should keep themselves informed on current studies in the evaluation of training. The GTC will review from time to time the results of the Group Evaluation system. For External Courses the Group will participate with the Management Courses Index, using the External course appraisal form (*vide* Annexe 3). Completed forms should be sent to the sponsoring division/unit personnel department. Reviews of external courses will be carried out at six monthly intervals and an annual survey prepared for the GTC.

The following texts and journal articles are recommended for study:

### Books:

1. Pjotr Hesseling: Strategy of Evaluation Research (Van Gorcum-Assen 1966)
2. William R. Tracy: Evaluating Training and Development Systems (American Management Association 1968)
3. Peter Warr, Michael Bird and Neil Rackham: Evaluation of Management Training (Gower Press 1970)
4. A.C. Hamblin: Evaluation and Control of Training (McGraw-Hill 1974)
5. Robert J. Kibler, Donald J. Cegala, David T. Miles and Larry L. Barker: Objectives for Instruction and Evaluation (Allyn and Bacon Inc. 1974)

### Journal Articles:

1. Peter Warr: Evaluating Management Training (Personnel Management February 1969)
2. Roger Williams: Can We Evaluate Management Training? (Industrial Training International March 1969)
3. David Kimber: Evaluation of Training (Industrial Training International June 1970)
4. Elan Shapiro: The Place of Delegate Reaction in Course Evaluation (Management Courses Index January 1972)
5. William R. Tracy: Training Evaluation - Another Perspective (Personnel Management March 1977)
6. Julia Davies: The Role of the Evaluator: A Contingency Approach (Personnel Review Volume 10 No. 2 1981)
7. Mark Easterby-Smith: The Evaluation of Management Education and Development: An Overview (Personnel Review Volume 10 No. 2 1981)

ocean

CONFIDENTIAL

# Ocean Transport & Trading Limited

## IN-COMPANY TRAINING REPORT

Ocean courses aim to meet the current and long term training and development needs of shore staff, selected sea staff and managers seconded to the U.K. from overseas. To assist in evaluating the course this form has been designed for completion by the sponsoring line manager and course member. Sponsoring line managers are asked to complete Section A of the form for the course member prior to the course and to complete Section C following the course. Course members should complete Section B when the course has ended. The completed form should be sent to the Group Management Development and Training Adviser, India Buildings, Liverpool, L2 ORB.

Course Venue

Dates

Name Age

Job title

Division

Business/Department

Location

## SECTION A

(To be completed by sponsoring line manager and returned to India Buildings prior to the course)

1. In what ways do you consider that the course will meet the training and development needs of the course member?

2. Are there any special training needs which you wish the course tutors to meet?

SIGNED.......................................................... DATE ......................................

## SECTION B

(To be completed by course member following the course)

1. To what extent were the stated objectives of the training achieved?

2. Was the training content what you were expecting? If not, how did it differ from your expectations?

3. (a) What were the most useful parts of the training for you?
   (b) How will you apply them in your present job?

4. (a) What sessions failed to meet the stated objectives?
   (b) What sessions, if any, would you omit, and why?

5. Are there any parts of the training programme on which you would benefit from additional instruction? If so, what are your training needs?

6. How adequate were the administrative arrangements (accommodation, time keeping, supporting paper work, visual aids, etc?)

SIGNED ........................................................................ DATE ..............................................

SECTION C
(To be completed by line manager following the course and returned to India Buildings)

1. What follow-up action, if any, have you agreed for the course member's further training and development?

SIGNED ........................................................................ DATE ..............................................

Appendix 53 Annexe 2

## LEVELS OF EVALUATION

Evaluation at the reactions level provides:

- a short-term subjective assessment of the trainee's reactions to the course;
- an indication of those parts of the course which need immediate alterations;
- little in the way of value if it is the sole means of evaluating training.

Evaluation at learning level obtains information on the amount of learning that trainees acquire during the training programme - measures increased knowledge. Sometimes referred to as the level of immediate outcomes.

How: usually through examination or testing systems.

Benefits: enables trainer to establish base data; provides trainee with knowledge of results which helps him to identify his own area of need.

Drawbacks: measurement of increased knowledge alone is unsuitable - does not indicate manager's ability to use or apply it to his work.

Evaluation at job behaviour level discovers whether or not trainees have applied their learning in the form of changed behaviour on the job - measures effectiveness of training programmes in terms of on-the-job behaviour. Sometimes referred to as the level of intermediate outcomes.

How: many ways, depending on complexity of job - systematic appraisal on a before-and-after basis, trainer's observations through involvement in job situation.

Benefits: indicates whether or not training programme was effective; gets top and senior management involved.

Drawbacks: more difficult to evaluate than "reactions" and "learning" levels; time-consuming for the trainer.

Evaluation at functioning level measures the effects of the trainee's job behaviour on the productivity or efficiency of the trainee's department or on the morale of his subordinates. Sometimes referred to as the level of long-term or ultimate outcomes.

How: reduced turnover, reduced costs, reduction in grievances, increase in quality and quantity of production.

Benefits: evaluates training programme directly in terms of results desired.

Drawbacks: difficult to know how much of the improvement can be directly attributed to a specific training programme - depends partly on how specific the objectives of the training are.

# External course appraisal form

A435

Appendix 53 Annexe 3

**Your company is taking part in a course appraisal scheme (the Management Courses Index). Your opinion of the course you have just attended will be combined with opinions of others who have attended this and other timings of the same course. We should be very grateful if you would complete this form as fully as possible. This will enable a comprehensive appraisal to be made to others who may be thinking of using this course in the future. Please return the form to your Company Training Officer.**

## A The course

Title

Run by (name of organisation running the course)

Brief description of syllabus

No of people present on the course

Principal lecturer(s)

Dates

Fees (Please state whether this included cost of accommodation)

Where was the course held

## B The course member

Name

Age

Job title

Department

Company

Location

## C Summary report (You may find it helpful to complete section D overleaf before giving your summary report).

Finally it would be most useful if you would summarise your opinion of the course by grading it on a 1-5 scale, ticking in the box below as appropriate.

5 = Very Good
4 = Good—minor points of detail could be improved
3 = Average
2 = Only satisfactory, room for considerable improvement
1 = Weak

| | | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| General achievement of objectives : | | | | | | |
| Effectiveness of the lecturers : | Name | | | | | |
| | Name | | | | | |
| | Name | | | | | |
| | Name | | | | | |
| | Name | | | | | |
| Supporting paper-work | | | | | | |
| Administration (timekeeping, accommodation, &c) | | | | | | |

Please turn over

## D Written appraisal

A436

**Would you please expand on the strong and weak points of the course? It will be most helpful if you can consider these comments on the basis of answers to the following questions. We are particularly interested in your answer to Question 2. The fuller the comments you feel able to make, the more comprehensive will be the reports that can be compiled.**

**1 (a) What were the stated objectives of the course?**
**(b) To what extent were these achieved?**
**(c) Was the course content what you were expecting? If not, how did it differ from your expectations?**

**2 (a) What were the most useful parts of the course for you?**
**(b) How will you apply them in your present post?**

**3 (a) What, if any sessions would you omit, and why?**
**(b) What, if anything, would you like added to the course syllabus?**

**4 (a) What did you think of the standard of instruction?**
**(b) Were any of the lecturers particularly good, or weak?**

**5 For which type of delegate (age, job-title, experience) was the course most suited?**

**6 Have you attended an external course before? If so, please give brief details.**

**7 How adequate were the administrative arrangements (accommodation, time-keeping, supporting paper-work, visual aids, etc.).**

I authorise you to make use of this report to such extent as you may think fit for the purpose of compiling records and other publications of the Management Courses Index, and to enter as my agent into such agreements with subscribers as you may consider necessary in order to protect me from any legal liability in respect of any inaccuracy or other defect in this report, whether arising through negligence or otherwise.

**Signature** **Date**

Appendix 54

# Cost/Benefit Analysis for Training

This note outlines some of the issues in Ocean's approach to Cost/Benefit Analysis.

The application in Ocean has drawn on work done on the subject by Professor Brinley Thomas, John Moxham and J.A.G. Jones.

A recent publication:

James Cannon: Cost-Effective Personnel Decisions
(Institute of Personnel Management 1979)

prompts a review of practice in Group businesses.

Firstly, one can accept the broad definition for cost benefit analysis being:

> "A comparison between the cost of providing a service or activity related to employee development and training and the value or effects resulting in financial and social terms."

There is enough in this definition to point to the need for rigorous analysis of cost elements in Ocean's training programmes. For each course, an account should be prepared, itemising direct costs and indirect costs, where the latter are included in the training budget. It is not intended to apply conventional financial appraisal, as the benefits of training are not easily quantifiable, though all management and supervisory training should improve an individual's performance. The measure of increased job satisfaction does not fit in easily with techniques of quantification.

Cannon in his chapter 2 suggests an approach to costing training programmes by layering costs. The matrix included on page 32 of Cannon's book offers a new basis for Ocean's approach; it fits in well with programmes to be run at Ashridge and Burton Manor.

In quantifying cost elements Cannon refers to three ways of quantification:

historical cost - what costs have actually been incurred in obtaining some goods, service or benefit.

replacement cost - what it would cost to replace the benefit at current prices. This takes account of inflation and shifting prices in the market place.

opportunity cost - what is the cost of something foregone to obtain some benefit.

Cannon suggests some indices of benefit under:

COST REDUCTION
PERFORMANCE IMPROVEMENT
GREATER SATISFACTION

These indices will provide Ocean with the measure of effectiveness and a response to its objective of being 'a responsible employer.'

Using Cannon's evaluation of the role of personnel, the following are activities, where evaluation criteria suggest training inputs, which can be considered valuable in cost-benefit terms in Ocean businesses.

| Activity | Evaluation | Training Inputs |
|---|---|---|
| Recruitment | Cost per person recruited<br>Lost production through poor manning | Recruitment/ Selection Techniques |
| Training and Management Development | Evaluation of cost/ benefit of training programmes | Training Needs Analysis and Identification Needs Techniques |
| Industrial Relations | Costs of strikes and other industrial action | IR Training for managers and employees |
| Individual Performance Planning and Assessment | Costs of shortfall in non-achievement of planned results | Performance Planning and Appraisal |

Appendix 55

## 1971 IN RETROSPECT - CHALLENGES OF 1972 AND BEYOND

The decade of the 1970s promises to be one of consolidation and growth in industrial activity. The prospect of a closer identification with our European neighbours adds a new dimension to our training work. Apart from this, we should be able to make, as training managers, a significant contribution to the improved climate of industrial relations. Industrial Relations Training has certainly not figured as prominently in our work as this key aspect of industrial management deserves. Many of us have been engaged with the behavioural aspects of human resources management - another area in which the years ahead should provide a field for a meaningful contribution by training managers.

Of 1971 one can speak of success in training work on management development and a better understanding of the value of in-company training schemes. The headlong and often ill-considered indulgence in external training which has been a feature of the past few years, and too often associated with the scramble for grants from I.T.B.s, has been replaced by a more sober evaluation of training courses and the identification of training needs in relation to current job performance and future job needs. It is not to our credit that we have had to undergo a chastening experience and to re-examine some of the fundamental relationships between training and the operations of a business enterprise.

Valuable work has been done by the I.T.B.s, but this has gone unrewarded as not enough explicit regard has been paid to establishing training as a critical function in achieving the profitability of a business enterprise. Alas, the downturn in economic activity has been followed in too many companies by a restriction on training expenditure. It is not, of course, the first time that many of us have been held hostage to business fortune. When profitability is soaring high, the training activity enjoys a heyday.

It is one thing to question the good sense of management which reacts to a downturn in profits by curbing an activity which should be making a meaningful contribution to business efficiency. We must question ourselves on why we have signally failed to persuade many in management that training is a critical element in the total operations of a business, and one that should not be the first sacrificial lamb, when faced with economic adversity. There are encouraging signs that,where management has carried out a rigorous analysis of organizational and individual needs, the strengths and weaknesses of its human resources are clearly defined, and appropriate training has followed. A most welcome change has been the acceptance of that aspect of our training work concerned with better managerial counselling and ongoing on-the-job development rather than recourse to some external training activity as some hoped-for panacea.

In all this one has to say that our success in the training function is much less dependent on the resources of I.T.B.s than these organizations would have us believe. In a Group with operating companies coming within the scope of eight industrial training boards, one has often regretted the time training staffs have been engaged in work which does not materially contribute to training effectiveness. On the other hand, it would be wrong not to praise many of the boards for having harnessed a wealth of guidance on how training can contribute to training efficiency. But there is more to it than that. A previous C.B.I. comment underlined the basic shortcomings of the boards. They have not been effective in encouraging industry to develop a training function which is judged by the same criteria, in terms of efficiency productivity, profitability and cost effectiveness as govern any other kind of activity. In short, training is as much concerned with overall business results as the manufacturing or marketing activities. Many now await with some trepidation the Employment Minister's review of the role of the boards. But why stand waiting in the corridors? The future success of our companies is not dependent on outside "prodders." It is in our hands as training managers within industry. It is time we recognised that whilst the boards can help with specific problems, they cannot claim omniscience in all training activities.

The bonanza for the plethora of training agencies which have earned quick profits from the credulity of many companies must surely be at an end. This is not to say that there is not in the U.K. a number of good training centres in the independent sector, no less than in the emerging pattern of business school centres in universities, polytechnics and other parts of the further education sector. We have yet to see what the Regional Management Centres can do for us. What one has seen in 1971 is a much-needed action by the business schools in reappraising their role. Some have sought to develop too remote an academic posture; they have sought to satisfy their faculties without satisfying their customers. It was understandable that some griped at the strictures contained in the Owen Report. What is needed is a much closer dialogue between industry and the business schools and it is hoped that this will emerge as the main feature of our training activity in 1972.

As a management development and training adviser I am in favour of a much clearer identification between the elements in the employment situation, which identify manpower planning needs and the associated training and re-training needs. For this I support the establishment of a Manpower Commission, with a marked diminution in the activities of the I.T.Bs.

DJR

October 1971

See: Industrial Training International - January 1972

Appendix 56

## Management Development Programmes

The Ocean Group management development programme was designed by a project group, under the chairmanship of Charles Lenox-Conyngham, a main board director, who had joined the company as a 'student prince', with an Oxbridge pedigree and a post-graduate degree from the Wharton School of Finance. Members of the group were senior managers, two with MBAs, and there were two middle managers, who had been recruited to Ocean as management trainees, plus the OCD finance controller (later appointed as Group Finance Controller and Deputy Finance Director).

Their recommendations for a management development programme had been agreed by the Executive Committee in 1974 and approved by the main board.

It was agreed to run two development programmes, one for those in grades 14 to 16, i.e. senior managers, at Sundridge Park Management Centre, and another for supervisory and managerial staff at Burton Manor Residential College. Managers attending the Sundridge Park Course in 1975/76 included a number who had been selected for career development; they were senior middle managers in grades 12 and 13.

The strategic plans for management development were, initially, projected over a 5-year period; the period was reduced to a 3-year medium-term strategic plan in 1978 (*vide* Chart 1 page 6).

The MDA drew up 18-month action programmes and was required to obtain approval of the Executive Committee for his part of the Group Personnel One-Year Budget Plan.

This appendix outlines the main programmes at Sundridge Park and Burton Manor. Both centres were to provide for some progressive treatment of Decision-Making Approaches and Analysis, together with behavioural analysis of human resource management.

The process of decision-making was a core-element in management and supervisory training from 1974-1981. The importance of decision-making was featured in the Ocean Chairman's farewell address in 1980.

The early treatment of decision theory embraced techniques of risk analysis and decision trees. Stochastic decision trees, being a development of the two separate techniques, were included for senior managers, concerned with investment decisions. The courses in 1975 and 1976, at Sundridge Park, used case study material derived from real Ocean data. At Burton Manor the training began with some basic learning approaches through the use of three texts complemented by case material drawn from Ocean data and published case material. The texts are listed on page 10.

By 1980 the courses on decision-making and decision analysis were conducted by the Director of the Decision Analysis Unit at Brunel University.

The development of a learning approach for human resource management was enhanced by the incorporation of two specially commissioned Ocean Case Studies. For these the MDA worked with two senior consultants from PA Management Consultants.

The first two case studies were chosen to illustrate problems in decision-making and managing people; both were selected to provide an input into industrial relations.

The first covered the development of a multi-purpose cargo terminal - the West Africa Terminal at Tilbury Docks. There were key strategic issues, involving working in conjunction with the Port of London Authority and, initially, working through a consortium of Furness Withy and British and Commonwealth Lines. It was Ocean who set the pace in drawing up plans for a new terminal in 1971, working in conjunction with Metropolitan Terminals Ltd. Apart from economic strategy and investment decisions, the case covered major issues in labour management.

There were two major reports which related to Government investigations, the first by the Devlin Committee of 1965, which was concerned, *inter alia*, with the decasualisation of dock workers and the Jones-Aldington Committee, which had been established in the course of a National Strike in 1972, but whose principal remit was to study the problem of dockers' job security and make recommendations. The case study also provided material on productivity agreements: Devlin Stage II covering:

(i) Agreement concluded by The Enclosed Docks Employers (LOTEA and PLA) with The Transport and General Workers Union and The National Amalgamated Stevedores & Dockers

(ii) Agreement concluded by The London Ocean Trades Employers Association (Clerical Section) with The Transport and General Workers Union and The National Amalgamated Stevedores and Dockers.

The second case study was an in-depth analysis of one of Cory Distribution Depots. At the time the study was carried out, one-third of the business was with J. Sainsbury, one-third with Woolworth, and the remaining third with some 30 other clients, including General Foods Ltd and wines and spirits, forming a bonded warehouse facility. The study was concerned with:

1. Organization structure
2. Management/worker relationship
3. Management/Union relationship

Apart from the above issues, there was an opportunity to discuss other problems encountered at Hackbridge, including intra-ethnic conflict.

The programme devised at Sundridge Park was modified in November 1975, as set out at Appendix 38, pages 8 to 10.

The GTC attached great importance to the development of decision-making practice.

The logistics of managerial effectiveness required that managers' and would-be managers' competence was assessed, in part, by their judgement in taking decisions, based on a logical analysis of situations. They were expected to apply problem-solving techniques through creative analysis in the decision-making process, where appropriate.

It was stressed, in all Ocean learning environments, on-the-job or off-the-job managers learnt by doing. A prerequisite for this is that managers be given scope within which to make decisions.

The development and training strategy requires an analysis of current training needs and future manpower requirements and the levels of competence required for effective performance. This is illustrated on Chart 2 page 7.

Development and training policy in Ocean consisted of a five-fold approach as illustrated on Chart 3 page 8. They included:

Planned job experience

Counselling and coaching

Self-development through self-learning

Participation in:

(a) action-centred training
(b) project teams

Internal/External management training programmes

The link between strategy, action plans and process is illustrated on Figure 25 page 245 in Volume 1 of the research study.

The management/supervisory development and training was linked through corporate strategic plans, unit business/departmental plans, and individual performance plans. These are conjoined in a review and assessment of the individual's present work and review of possible future as illustrated on Chart 4 page 9.

In Ocean, management development and training were interlaced with other sub-processes in the generic process of management development, including:

1. Appraisal of performance in current job
2. Review of potential for future work
3. Career planning and development
4. Counselling and coaching
5. Manpower development as this interlocked with organization development.

The MDA aimed to structure the amalgam of sub-processes within a holistic approach to:

1. management development
2. manpower planning
3. organization development.

The annexes that are included in this appendix comprise the main programmes. The MDA used seminars and workshops to provide inputs to learning processes; seminars included new knowledge inputs. Workshops were devoted to interactions on a managerial/supervisory process or technique, where the knowledge base (KNOW-HOW) had been previously inculcated.

## STRATEGIC PLANS AND ACTION PROGRAMME FOR MANAGEMENT DEVELOPMENT

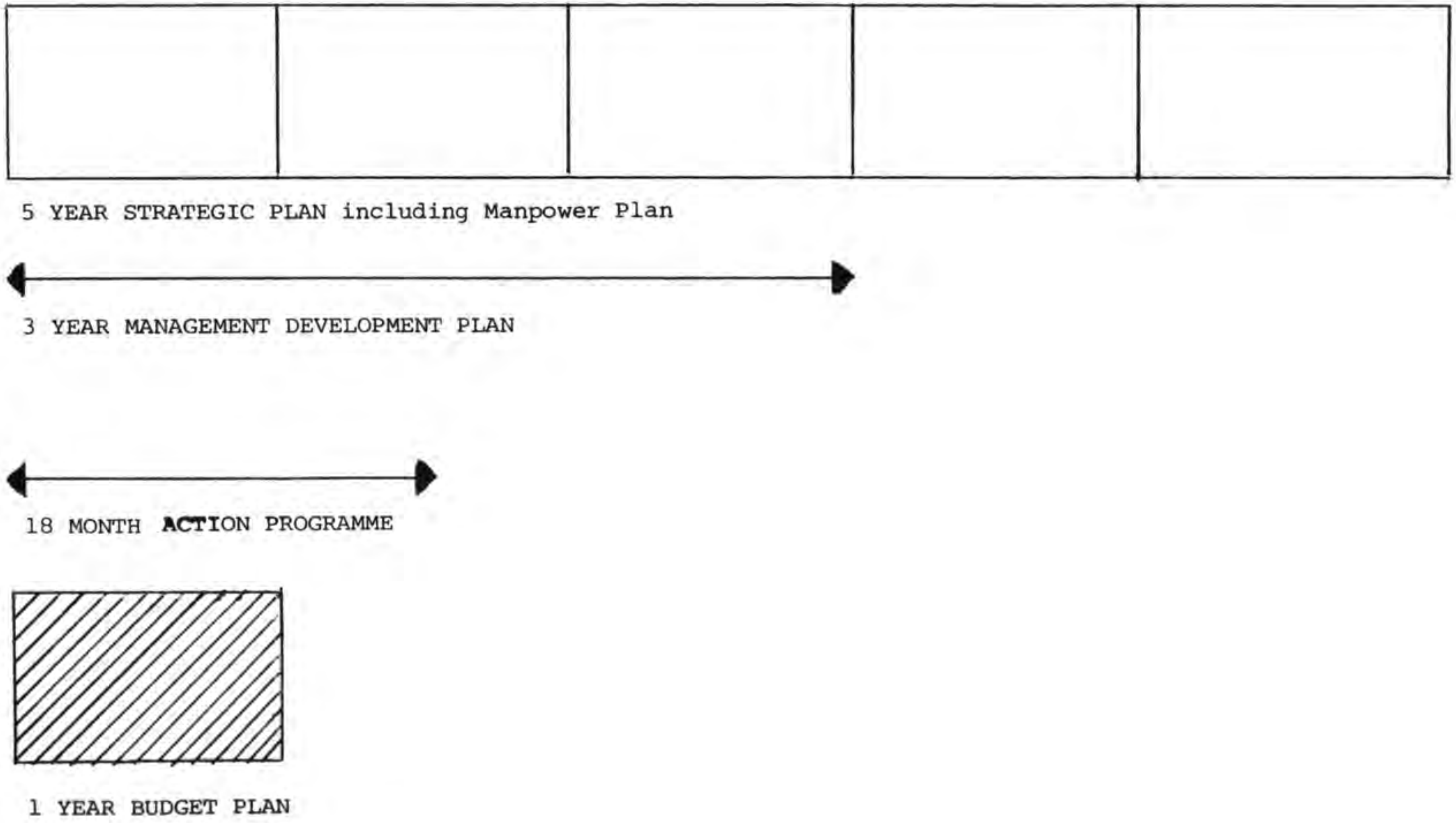

5 YEAR STRATEGIC PLAN including Manpower Plan
3 YEAR MANAGEMENT DEVELOPMENT PLAN
18 MONTH ACTION PROGRAMME
1 YEAR BUDGET PLAN

Chart 1

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Chart 2

## A DEVELOPMENT AND TRAINING STRATEGY

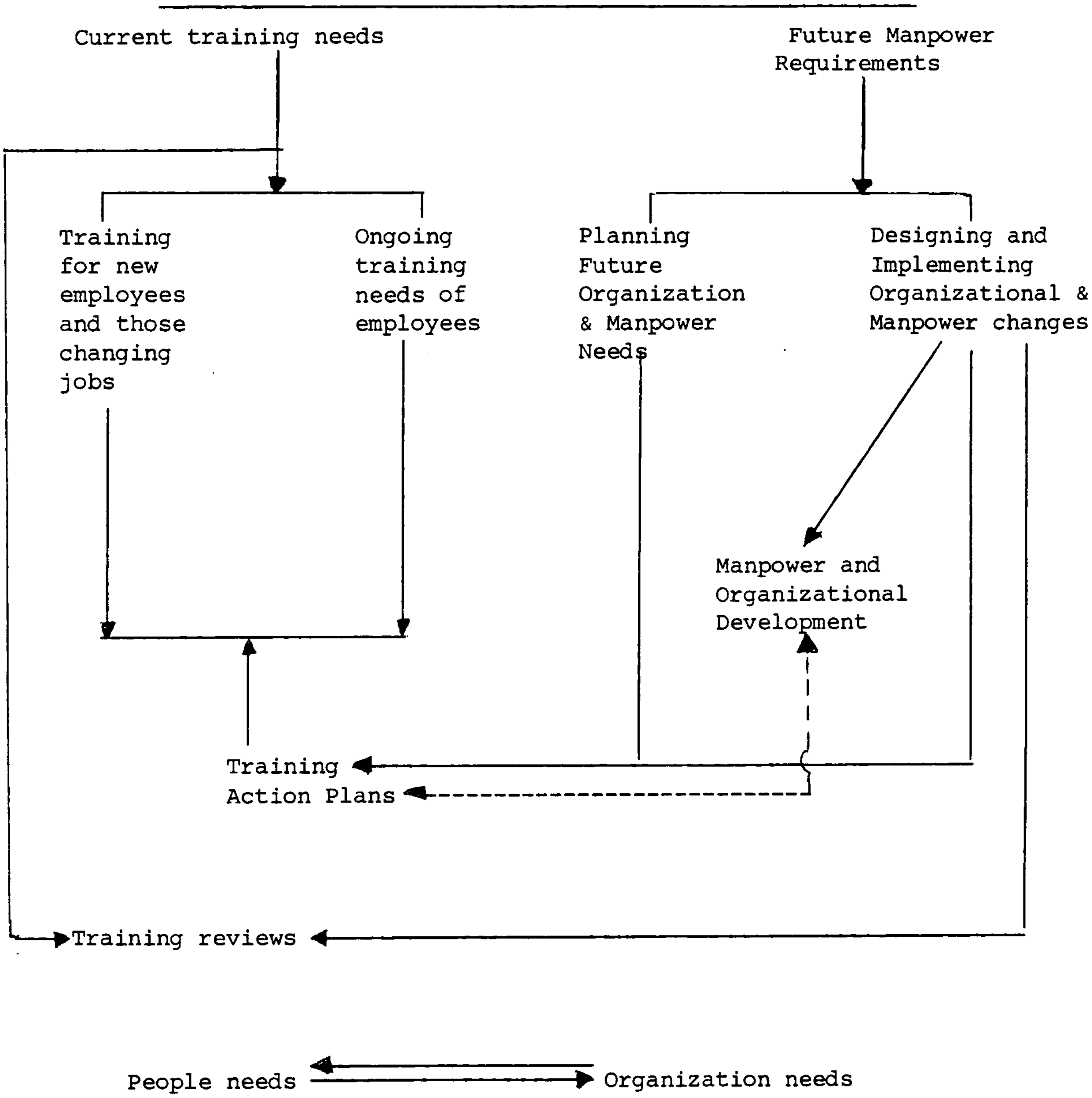
Current training needs
Future Manpower Requirements
Training for new employees and those changing jobs
Ongoing training needs of employees
Planning Future Organization & Manpower Needs
Designing and Implementing Organizational & Manpower changes
Manpower and Organizational Development
Training Action Plans
Training reviews
People needs
Organization needs

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Chart 3

## Development and Training Policy

## A FIVE-FOLD APPROACH TO MANAGEMENT DEVELOPMENT AND TRAINING IN OCEAN

1. Planned job experience

   (Cross costings)

2. Counselling - Coaching

3. Self-Development - Self-Learning

4. Participation in (a) action-centred training

   (b) project teams

5. Internal/external management training programmes

JANUARY 1974

## MANAGEMENT DEVELOPMENT & TRAINING

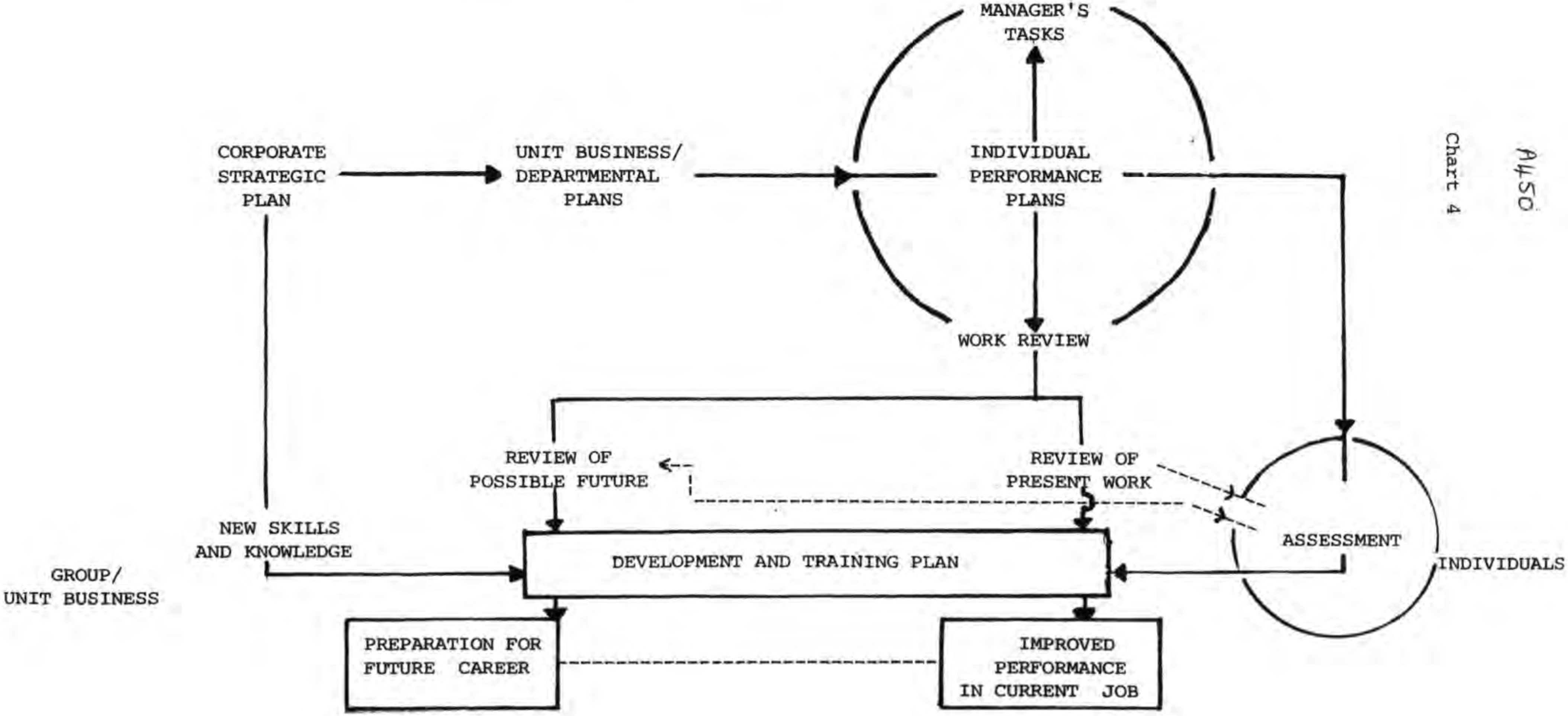
MANAGER'S TASKS
CORPORATE STRATEGIC PLAN
UNIT BUSINESS/ DEPARTMENTAL PLANS
INDIVIDUAL PERFORMANCE PLANS
WORK REVIEW
REVIEW OF POSSIBLE FUTURE
REVIEW OF PRESENT WORK
NEW SKILLS AND KNOWLEDGE
GROUP/ UNIT BUSINESS
DEVELOPMENT AND TRAINING PLAN
ASSESSMENT
INDIVIDUALS
PREPARATION FOR FUTURE CAREER
IMPROVED PERFORMANCE IN CURRENT JOB

Chart 4

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Texts recommended for Sundridge Park and Burton Manor
Courses (1974-1976)

1. K.F. Jackson: The Art of Solving Problems
   (Heinemann 1975)
2. Tudor Rickards: Problem Solving through Creative Analysis
   (BIM Gower Press 1974)
3. Harold J. Leavitt: Managerial Psychology
   (University of Chicago 1967)
4. Douglas McGregor: Human Side of Enterprise
   (McGraw-Hill 1960)
5. Victor H. Vroom and Edward L. Deci (Eds.): Management and Motivation
   (Penguin Books 1970)
6. Warren G. Bennis: Organisation Development
   (Addison-Wesley Publishing Co. 1969)
7. Paul Hill: Towards a new Philosophy of Management
   (Gower Press 1971)
8. Charles Margerison: Managing Effective Work Groups
   (McGraw-Hill 1973)
9. W.W. Daniel and N. McIntosh: The Right to Manage
   (P.E.P. 1972)
10. S.W. Gellerman: Motivation and Productivity
    (American Management Association 1963)

# A Personnel Manager's Library

The following texts were selected by Ocean personnel executives for company libraries:

1. R.L. Boot, A.G. Cowling and M.J.K. Stanworth: Behavioural Sciences for managers
   (Edward Arnold 1977)
2. John Burgoyne and Roger Smart, Eds.: Management development: context and strategies
   (Gower Press 1978)
3. David Casey and David Pearces, Ed.: More than management development: action learning at G.E.C.
4. Charles B. Handy: Understanding Organizations
   (Penguin 1976)
5. Daniel Katz and Robert L. Kahn: The social psychology of organizations
   (Second Edition John Wiley 1978)
6. Harold J. Leavitt: Managerial psychology: an introduction to individuals, pairs and groups in organization
   (Fourth Edition University of Chicago Press 1978)
7. Harold J. Leavitt *et al*: Readings in managerial psychology
   (University of Chicago Press 1980)
8. S.R. Parker *et al*: The sociology of industry
   (Third Edition George Allen & Unwin 1977)
9. Lyman Porter, Edward E. Lawler II and J. Richard Hackman: Behavior in Organizations
   (McGraw-Hill 1975)
10. E.H. Schein: Organizational psychology
    (Second Edition Addison-Wesley 1976)

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11. Leslie E. This: A guide to effective management: practical applications from behavioral science
(Addison-Wesley 1974)

12. Charles E. Watson: Management development through training
(Addison-Wesley 1979)

## A Training Specialist's Library of Twelve (1972-80)

1. John Beck and Charles Cox (Eds.): Advances in Management Education
   (John Wiley 1980)
2. James Cannon: Cost Effective Personnel Decisions
   (Institute of Personnel Management 1979)
3. M.L. and P.J. Berger: Group Training Techniques
   (John Wiley 1972)
4. Hawdon Hague: Executive Self-Development
   (Macmillan 1974)
5. Peter Honey: Solving People-Problems
   (McGraw-Hill 1980)
6. Karen Legge: Power, innovation and problem-solving in personnel management
   (McGraw-Hill 1978)
7. Sarnoff A. Mednick, Howard R. Pollio and Elizabeth F. Loftus: Learning
   (Second Edition Prentice-Hall 1973)
8. Alistair Mant: The Rise and Fall of the British Manager
   (Macmillan 1977)
9. Alan Mumford: The Manager in Training
   (Pitman Publishing Co. 1971)
10. George S. Odiorne: Training by Objectives
    (Macmillan 1970)
11. Neil Rackham and Terry Morgan: Behaviour Analysis in Training
    (McGraw-Hill 1977)
12. Bernard M. Bass and James A. Vaughan: Training in Industry: The Management of Learning
    (Tavistock Publications Ltd 1966)

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## Journal Articles

The life span of many journal articles is short, before their replacement by new thinking or replication in book form. The following lists but a few of the articles that featured in Ocean management development during the 1970s. They are listed in date order under their respective journal.

### A. Journal of Management Studies

1. John Child: More Myths of Management Organization

   (Volume 7 No. 3 October 1970)

2. John Burgoyne: An Action Research Experiment in the Evaluation of a Management Development Course

   (Volume 10 No. 1 1973)

3. A.N. Huczynski and S.W. Lewis: An Empirical Study into the Learning Transfer Process in Management Training

   (Volume 18 No. 2 1981)

### B. Personnel Review

1. John Morris: Management Development and Manager Development

   (Volume 1 No. 1 1972)

2. John Burgoyne: A New Approach to Evaluating Management Development Programmes: Some Exploratory Research

   (Volume 2 No. 4 1973)

3. Roger Stuart and John Burgoyne: The Learning Goals and Outcomes of Management Development Programmes

   (Volume 6 No. 1 1977)

4. John Burgoyne and Roger Stuart: Implicit Learning Theories on Determinants of the Effect of Management Development Programmes

   (Volume 6 No. 2 1977)

5. John Burgoyne and Roger Stuart: Teaching and Learning Methods in Management Development

   (Volume 7 No. 1 1978)

6. Mark Easterby-Smith: The Evaluation of Management Education and Development - An Overview

(Volume 10 No. 2 1981)

C. Management Education and Development (MEAD)

1. A.T. Wilson: Management education and organizational change

(Volume 1 Part 1 1970)

2. A.C. Hamblin: Controlling the Training Process

(Volume 3 Part 2 1972)

3. R.W. Revans: The Response of the Manager to Change

(Volume 4 Part 2 1973)

4. C. Handy: Educational Theory in Practice - The Design and Control of a Management Development Programme

(Volume 4 Part 3 1973)

5. M. Pedler: An Action Research Approach to Training Interventions

(Volume 5 Part 2 1974)

6. C. Handy: So You Want to Change Your Organization? Then First Identify Its Culture

(Volume 7 Part 2 1976)

7. P. McArthur: Disclosure of Information

(Volume 7 Part 3 1976)

8. M. Berger and D. Casey: The use of Action Research to Improve Project Training

(Volume 8 Part 1 1977)

9. C. Handy: Is this the Way to the Future?

(Volume 8 Part 2 1977)

(Articles published in Volumes 8-11 have been omitted as they were not key inputs to the 1978 launch of the Ashridge Programme)

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D. European Training

1. Charles Margerison: The Training Manager as an Internal Consultant

(Volume 1 Summer 1972)

2. Roger Plant and David Tuffield: Management Training and Organizational Change

(Volume 2 No. 3 1973)

3. Charles Margerison: Group Development: A Question of Consulting Strategy

(Volume 3 No. 3 1974)

4. Rolf Th. Stiefel: Learning Transfer Strategies in Management Training

(Volume 3 No. 1 1974)

5. Gordon L. Lippitt: Developing Human Resources

(Volume 4 No. 1 1975)

E. Journal of European Industrial Training

(successor journal to European Training and Industrial Training International)

1. Graeme Salaman: Management Development and Organization Theory

(Volume 2 No. 7 1978)

2. John Saynor and Mark Ryan: Management Development: A Contextual Learning Programme

(Volume 3 No. 6 1979)

3. L.T. Attwood: Management Development in British Companies

(Volume 3 No. 8 1979)

4. Mark Easterby-Smith: How to Use Repertory Grids in HRD

(Volume 4 No. 2 1980)

5. Mel Berger and Bruce Nixon: Management Development that Works

(Volume 5 No. 3 1981)

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Appendix 56 Annexe 1

# OCEAN COURSE

(in conjunction with P.A. Management Consultants Ltd)

## PROBLEM-SOLVING AND MANAGING

A residential programme for managers in grades 14 and above

to be held at Sundridge Park Management Centre

### Objectives

The course will aim to:

1. provide an understanding of the relationship of employees' needs and wants in the achievement of the company's business objectives of profitability and growth.
2. incorporate this knowledge into more effective problem-solving and decision-making in business situations.
3. examine and evaluate alternative methods of implementing decisions in order to achieve optimum results through people.

## Methods

The programme will include short lecture/discussion sessions coupled with group work in syndicates and individual work.

Use will be made of closed circuit television, individual cassette recordings, films and film strips.

Tutors will be available throughout the programme for individual coaching and counselling.

## Course Dinner

Wednesday evenings will be programmed for a course dinner when the guest speaker will be a member of the Executive Committee.

## Participants

Course members will include shore-based managers in posts at grade 14 and above, one or more Ocean ships' masters and chief engineers.

## Programme Director

Ocean Group Management Development and Training Adviser.

## Course Director

Course direction will alternate between a senior consultant of P.A. Management Consultants and Ocean's Management Development and Training Adviser.

## Residence

All course members will reside at Sundridge Park from the opening session on Sunday evening to the following Friday lunch-time.

## Work Schedule

There will be morning, afternoon and evening sessions on Monday, Tuesday and Thursday, morning and afternoon sessions on Wednesday and a morning session on Friday.

## Programme Evaluation

Course members will be asked to participate in a programme evaluation on the Friday morning and to provide a post-course evaluation three months after attending an Ocean/Sundridge Park management development programme.

## Timetable

| | | |
|---|---|---|
| Day One: | Fundamentals of Management Introductory | Lecture |
| | | Film Session |
| | The role of a manager | Lecture/Case Study |
| | The Manager and the Decision-Making Process | Lecture/Discussion |
| | Introduction to Decision Theory | Illustrated Lecture and Exercise |
| Day Two: | Analytical Problem-Solving | Exercise/Case Study |
| | Creative Problem-Solving | Audio Visual Exercise |
| | Managing Conflict in work organizations | Talk and Case Study |
| Day Three: | Some Social Science Perspectives in Managing People<br>. Leadership and Coordination<br>. Communication<br>. Motivation | Introductory Talks and Exercises |
| | Solving People Problems<br>Incentives and Remuneration | Exercise |
| | Ocean Staff Appraisal Scheme | Talk and Exercise |
| Day Four: | Individual Performance Planning | Talk |
| | Appraising Individual Performance | Individual CCTV Interviews |
| | Managing Conflict | Lecture<br>Film Session<br>'Clash at Forsyth's' |
| | Divergent Interests in Employee Relations | Talk and Exercise |
| DAY FIVE | Current Employee Relations Legislation | Talk and Discussion |
| | Preparing for a Consultative Management Style | Exercise |

Appendix 56 Annexe 2

# "MORE EFFECTIVE SUPERVISION"

14th to 18th November, 1977

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# OCEAN TRANSPORT & TRADING LIMITED

## Course on "More Effective Supervision" for Supervisors

### Objectives

The course will aim to:-

1. provide a better understanding of the role of the supervisor as part of the total management team, and to show how the supervisor's job involves "people skills" as well as "job skills",

2. develop the "people skills" of the course members by a fuller knowledge and understanding of the principles, practices and problems of these skills,

3. give an appreciation of the job "skills".

### Methods

Methods will include talks, discussions, individual and syndicate exercises. The course is planned to allow the maximum time for individual and group participation to ensure an interchange of ideas and experiences drawn from their knowledge of the many functions carried out by Ocean's businesses.

### Administration

Course Director and Administrator: D. Lawrence, Staff Training Officer;
Group Personnel Division.

## Project Work

In order to increase the effectiveness of the course and to ensure that the lessons learned carry through into subsequent job performance, each course member will be required to select and carry out a project after completion of the course. The intention is that these projects should be related to solving or overcoming real problems encountered by the course members in their day to day work, giving them the opportunity to apply some of the principles or skills covered on the course. There will be some follow-up within three months to check on progress.

Departmental managers will be asked to consider possible projects before the course and discuss with the supervisors concerned problems which might be resolvable within two to three months. Supervisors will be asked to confirm the selection of a project with their managers after the course.

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# "MORE EFFECTIVE SUPERVISION" COURSE

Venue: Burton Manor Residential College for Adult Education, Burton; Neston.

## DAY 1

### Introduction to the Course

Course members will be welcomed and introduced to the course leaders. Course members will be asked to introduce themselves, give a short personal history and state what problems they may have within their supervisory role.

### The Role and Problems of Supervision Tutor: D. Lawrence

Objectives: To discuss the definition of a supervisor and the problems associated with his role in the management team.

Methods: Talk and discussion.

### Effective Speaking 1 Tutor: A. Kingsbury

Objectives: To consider the principles of effective verbal communication in the managing and training of subordinates. To provide an understanding of the principles of successful communication techniques.

Methods: Talk and discussion.

### Communication Exercise Tutor: H. Middleton

Objectives: To practise some of the points discussed in the Communication session by role playing with a stimulated industrial relations problem.

Methods: C.C.T.V. for feedback and analysis.

## DAY 2

### Communication II - Effective Writing

Tutor: D. J. Rees

Objectives: To demonstrate the principles and some techniques of effective writing.

Methods: An illustrated talk, discussion and exercise.

### Management Fundamentals

Tutor: J. Foden

Objectives: To focus on the fundamentals of management and to understand the importance of recognising and defining problems.

Methods: Film, discussion and syndicate exercises.

### Motivation

Tutor: J. Foden

Objectives: To attempt to gain a deeper insight into those factors which motivate and demotivate people at work, knowledge of which is important for all levels of management.

Methods: Talk and discussion.

### Personality and the 'Kostick Test'

Tutor: J. Foden

Objectives: To understand more fully our individual personality 'needs' and the 'roles' we fulfil.

Methods: Talk, discussion and the use of the 'Kostick Test' as a means of identifying our 'needs' and 'roles'.

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## DAY 3

### Leadership

Tutor: D. Lawrence

Objectives: To show how to differentiate between good and bad leaders and show how the personality affects the way in which an organisation is run.

Methods: Talk, discussion and exercise to demonstrate the qualities of leadership

### Making Money Work

Tutor: J. Marsden

Objectives: To demonstrate a step-by-step build up where money goes in a business and to understand how it circulates.

Methods: Talk and discussion.

### Discussion of Project Work

Tutors: D. J. Rees
H. Middleton
D. Lawrence

Objectives: To discuss with course members what projects they can usefully carry out during their normal work as a result of participation in the course.

DAY 4

Employment Law and the Manager Tutor: H. Middleton

Discussion on the A.C.A.S. Code of Practice 1, on Disciplinary Procedures in Employment and legislation relating to Unfair Dismissal.

Discussion and tape slide presentation. Syndicate work on case studies of actual incidents.

Case Study "Officio" Tutor: D. Lawrence
H. Middleton

Objectives: To provide practical experience of organising a clerical situation and the problems of motivation and control that can be encountered.

Guest Speaker:

An informal discussion with a member of Ocean senior management.

## DAY 5

### Job Evaluation In Ocean — Tutor: D. McQueen

Objectives: To provide an understanding of job evaluation within Ocean. Discuss the methods and skills required for carrying out job evaluation and how it relates to salary structures.

Methods: Talk, discussion and exercise.

### Managing Time by Managing Ourselves — Tutor: D. Lawrence

Objectives: To give course members an appreciation of time as a resource and of the need for delegation and its difficulties.

Methods: Talk, film and discussion.

### Course Appraisal — Tutors: D. Lawrence, H. Middleton

Objectives: Summary of course and appraisal of subjects.

# "MORE EFFECTIVE SUPERVISION" COURSE

## BURTON MANOR 14th to 17th November 1977

| TIME | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY |
|---|---|---|---|---|---|
| 0900 | | | | | |
| 1000 | | Communication II<br>Effective Writing DJR | Leadership DL | Employment Law and the Manager HM | Job Evaluation in Ocean DM |
| 1100 | Introduction and Welcome | | | | |
| 1200 | The Role and Problems of Supervision DL | | Leadership Exercise DL | | Managing Time DL |
| 1300 | LUNCH | LUNCH | LUNCH | LUNCH | LUNCH |
| 1400 | | | | | |
| 1500 | Communication I Effective Speaking AK | Management Fundamentals JF | Making Money<br>Work JM | Case Study<br>"Officio" HM/DL | Review of Course and Course Assessment DJR/HM/DL |
| 1600 | | | | | |
| 1700 | Communication Exercise HM | Motivation JF | | | |
| 1800 | | | | | |
| 1900 | DINNER | DINNER | DINNER | DINNER | DINNER |
| 2000 | | | | | |
| 2100 | Communication Exercise continued HM | Personality and the 'Kostick Test JF | Discussion of Project Work DJR/HM/DL | Guest Speaker and informal discussion with a member of Ocean senior management | 26/10/77 |

A469

A470

## COURSE TUTORS AND SPEAKERS

| | |
|---|---|
| J. Foden | Director, P.A. Management Consultants Limited |
| A. Kingsbury | Principal, Burton Manor Residential College |
| D. Lawrence | Ocean Staff Training Officer |
| J. Marsden | Senior Consultant, P.A. Management Consultants Limited |
| D. McQueen | Senior Salary Administration Assistant, Ocean |
| H. Middleton | Vice-Principal and Director of Management Studies, Burton Manor Residential College |
| D.J. Rees | Group Management Development and Training Adviser, Ocean |

A471

Appendix 56 Annexe 3

OCEAN

ADVANCED SUPERVISION

COURSE

24th - 28th March 1980

Burton Manor, Wirral

GPD/DL

# ADVANCED SUPERVISION COURSE

Venue: Burton Manor Residential College for Adult Education,
Burton, Wirral, Merseyside

## DAY 1 — TUTOR

### INTRODUCTION TO THE COURSE

Welcome and introduction to course leaders. Course members will be asked to introduce themselves, give a short personal history and provide a short description of their jobs.

### THE SUPERVISOR'S ROLE — D. Lawrence

OBJECTIVES: To analyse the role of the supervisor within an organization and identify key areas for effective management.

METHODS: Talk, discussion and individual exercises.

### ORGANIZATION, JOB AND PERFORMANCE STANDARDS — J.B. Wyatt

OBJECTIVES: To examine types of organizations and demonstrate how they meet different needs and objectives. To review the setting-up of performance standards from an analysis of various job descriptions.

METHODS: Talk, discussion, individual exercises and film.

## DAY 2

TUTOR

### PROBLEM-SOLVING AND DECISION-MAKING — A. Shaw

OBJECTIVES: Introduce participants to a systematic approach to problem-solving and decision-making techniques, at work.

METHODS: Talk, film and discussion with individual and group exercises.

### SALARY ADMINISTRATION IN OCEAN — J.D.W. Edge

OBJECTIVES: To provide an understanding of Ocean's approach to salary administration and an awareness of the formalized approach to the question of "How much should an employee be paid?"

METHODS: Talk, discussion and exercise.

### TEAMBUILDING — T. Hindmarsh

OBJECTIVES: To demonstrate the need for leadership and teamwork within an organization.
To identify the areas of priority for effective teambuilding and discuss their practical application at work.

METHODS: Film, talk, discussion and syndicate exercises.

A474

## DAY 3 — TUTOR

### COMMUNICATION I

### EFFECTIVE PRESENTATION — J.B. Wyatt

OBJECTIVES: To review the principles of effective oral presentation of material.
To improve participants' ability formally to present material in public, private or committee sessions.

METHODS: Talk and discussion.

### COMMUNICATION II

### THE PERFORMANCE ASSESSMENT INTERVIEW

D.J. Rees
J.B. Wyatt
H. Middleton
D. Lawrence

OBJECTIVES: To examine the characteristics and problems of the assessment interview.
To train supervisors in assessment interviewing.

METHODS: Talk, discussion and role playing with C.C.T.V.

### "OFFICIO" BRIEFING — D. Lawrence

OBJECTIVES: To introduce participants to the management exercise "Officio".

METHOD: Talk and discussion.

DAY 4 — TUTOR

THE SUPERVISOR AND THE LAW — D.J. Rees

OBJECTIVES: To review with course participants current issues in employment law and how they relate to the supervisor.

METHODS: Tape, slide programme, lecture, discussion and syndicate exercise.

"MANAGEMENT BEHAVIOUR" — D. Lawrence

OBJECTIVES: To discuss factors which motivate and demotivate people and demonstrate how management "styles" influence these factors.

METHODS: Talk, discussion, film and individual exercises.

PEOPLE PROBLEMS — D. Lawrence, T. Hindmarsh

OBJECTIVES: To provide opportunity for participants to look at grievance handling, disciplinary situations and the results.

METHOD: Role play, C.C.T.V. and group discussion.

GUEST SPEAKER

An informal discussion with a member of Ocean's senior management.

DAY 5 TUTOR

"OFFICIO"

A MANAGEMENT EXERCISE D. Lawrence

OBJECTIVES: To provide experience in organizing a clerical operation and practice in coping with problems of motivation and control.

METHODS: Syndicate exercise.

COURSE APPRAISAL D. Lawrence

OBJECTIVES: Summary of course and appraisal of subjects.

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# COURSE TUTORS

| | |
|---|---|
| J.D.W. Edge | Salary Administration Adviser,<br>Group Personnel Division. |
| T. Hindmarsh | Administrative Assistant,<br>Personnel Department,<br>Ocean Cory. |
| D. Lawrence | Senior Training Officer,<br>Group Training,<br>Group Personnel Division. |
| H. Middleton | Director of Management Studies;<br>Burton Manor Residential College<br>of Adult Education |
| D.J. Rees | Management Consultant |
| A. Shaw | Management Training Consultant |
| J.B. Wyatt | Group Training Adviser,<br>Group Personnel Division. |

# OCEAN "ADVANCED SUPERVISION COURSE"

## 24th - 28th March 1980

| TIME | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY |
|---|---|---|---|---|---|
| 0900 | | | | | |
| | | Problem Solving and Decision-Making AS | Communication I Effective Presentation JBW | The Supervisor and the Law DJR | "Officio" Management Exercise DL |
| 1000 | Welcome and Introduction DL | | | | |
| 1100 | The Supervisor's Role DL | | | | |
| 1200 | | | | | |
| 1300 | LUNCH | LUNCH | LUNCH | LUNCH | LUNCH |
| 1400 | | | | | |
| 1500 | Organization, Job and Performance Standards JBW | Salary Administration in Ocean JDWE | Communication II<br>The Assessment Interview DJR JBW<br>CCTV Exercises HM DL | "Management Behaviour" "Styles and Motivation" DL | Course Review DL |
| 1600 | | Team Building TH | | | |
| 1700 | | | | People Problems DL | |
| 1800 | DINNER | DINNER | DINNER | DINNER | |
| 1900 | | | | | |
| 2000 | Review of Standards | Team Building continued JBW | "Officio" Management Exercise Preparation TH/DL. | Ocean Speaker DL | |
| 2100 | | | | | |

Appendix 56 Annexe 4

# MANAGEMENT ACTION PROGRAMME

BURTON MANOR

19th - 23rd May 1980

GPD/GT

[illegible] A480

# OCEAN TRANSPORT AND TRADING LIMITED

## MANAGEMENT ACTION PROGRAMME

## FOR MANAGERS

Venue: Burton Manor Residential College, Burton, Wirral, Merseyside

## OBJECTIVES:

1. To develop participants' skills in problem-solving.
2. To improve the effectiveness of managers by using a systematic approach to decision-making.
3. To create a learning situation that will improve participants' ability to conduct negotiations.
4. To examine the process of managing a meeting and to practise the preparation and running of a meeting.

## COURSE DIRECTOR:

| | |
|---|---|
| D. Lawrence | Senior Training Officer, Ocean |

## COURSE ADMINISTRATION:

| | |
|---|---|
| Mrs S.M. Fleming | Administrative Assistant, Group Training, Ocean |

## DAY ONE

TUTOR

WELCOME AND INTRODUCTION — D. Lawrence

An outline of the programme will be given and participants will introduce themselves to the group.

APPROACHES TO DECISION-MAKING: PARTS ONE AND TWO — D. Lawrence

OBJECTIVES: To acquaint participants with the main decision-making techniques used by decision-makers in industry, commerce and government.

METHODS: Video recordings, syndicate discussion and feedback

MANAGING MEETINGS — B. Gussman

OBJECTIVES: To demonstrate the characteristics of a good meeting and enable participants to practise preparing and chairing meetings.

METHODS: Talk, discussion, role play and film. Closed circuit television will be used for evaluation and feedback.

A482

## DAY TWO

TUTOR

### APPROACHES TO DECISION-MAKING

L. Phillips

(Plenary Session)

OBJECTIVES: To discuss the questions raised from syndicate discussion on parts one and two video recordings.

METHODS: Talk and discussion.

### INTRODUCTION TO DECISION ANALYSIS

L. Phillips

OBJECTIVES Introduce participants to the ten steps that constitute the technology of decision analysis.

METHODS: Lecture, discussion and case study.

### DECISION ANALYSIS, ITS PRACTICE AND USE

L. Phillips

OBJECTIVES: To provide participants with an opportunity to apply decision analysis

METHODS: Individual exercises.

### UTILITY AND ITS MEASUREMENT

L. Phillips

OBJECTIVES: To present ways of measuring utility.

METHODS: Lecture, discussion and exercises.

### DECISION ANALYSIS: CASE STUDY

L. Phillips

To give participants an opportunity to apply the day's input to a realistic case study.

METHOD: Syndicate discussion.

## DAY THREE — TUTOR

**DECISION ANALYSIS: CASE STUDY** — **L. Phillips**

(Plenary session)

**OBJECTIVES:** To review syndicate exercise and show that there are no "right answers" in decision analysis, but that some answers are more useful than others.

**METHODS:** Group discussion and review.

**MICRO-COMPUTERS AND THEIR USE IN DECISION-MAKING** — **L. Phillips**

**OBJECTIVES:** To demonstrate the role of micro-computers in decision technology.

**METHODS:** Practical demonstration on the use of micro-computers

**PROBABILITY, ITS MEASUREMENT AND USE** — **L. Phillips**

**OBJECTIVES:** To acquaint participants with probability and show them how it can be measured.

**METHODS:** Talk, discussion and individual exercises.

**TRANSFER OF TRAINING** — **L. Phillips**

**OBJECTIVES:** To encourage participants to develop possible applications of decision analysis within Ocean.

**METHODS:** Syndicate discussion.

A484

## DAY FOUR

**TUTOR**

### APPLICATIONS OF DECISION ANALYSIS

**L. Phillips**

**OBJECTIVES:** To develop application of decision analysis raised in syndicate discussion.

**METHODS:** Talk and discussion.

### IMPLEMENTATION IN THE WORK PLACE

**L. Phillips**

**OBJECTIVES:** To show participants how these applications can be cast in various structures.

**METHODS:** Group discussion of ways of implementing decision analysis

### PROBLEM SOLVING:

**J.B. Wyatt**

**OBJECTIVES:** To examine the functions of learning and perception. To practise lateral and vertical thinking as an aid to problem solving.

### DECISION-MAKING IN OCEAN

**A senior member of Ocean Management**

**OBJECTIVES:** To look at problem solving and the decision-making process within an Ocean business.

## DAY FIVE

**TUTOR**

### GROUP NEGOTIATION SKILLS

H. Middleton

OBJECTIVES: To discuss the elements of Group negotiating skills and provide opportunity for participants to practise these.

METHODS: Talk, discussion and group exercise with the use of closed circuit television for evaluation and feedback.

### COURSE SUMMARY AND REVIEW

# MANAGEMENT ACTION PROGRAMME - 19TH - 23RD MAY 1980

| TIME | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY |
|---|---|---|---|---|---|
| 0900 | | | | | |
| 1000 | Welcome and Introduction DL | Approaches to Decision-Making (Plenary session) LDP | Decision Analysis Case Study (Plenary session) LDP | Applications of Decision Analysis LDP | Group Negotiation Skills HM |
| 1100<br>1200 | Approaches to Decision-Making DL | Introduction to Decision Analysis LDP | Micro-Computers - use in Decision-Making LDP | Implementation in the Work Place LDP | |
| 1300<br>1400 | LUNCH | LUNCH | LUNCH | LUNCH | LUNCH |
| 1500 | Managing Meetings BG | Decision Analysis Its practice and use LDP | Probability - its Measurement and Use LDP | Problem-Solving JBW | COURSE REVIEW |
| 1600<br>1700 | | Utility and its Measurement LDP | | | |
| 1800<br>1900 | DINNER | DINNER | DINNER | DINNER | |
| 2000<br>2100 | "Meetings Bloody Meetings" | Decision Analysis Case Study LDP | Transfer of Training (Syndicate) LDP | Decision-Making in Ocean | |

A487

## COURSE TUTORS

| | |
|---|---|
| B. Gussman | Management Consultant<br>Gussman Associates. |
| D. Lawrence | Senior Training Officer,<br>Group Training,<br>Ocean. |
| H. Middleton | Director of Management Studies,<br>Burton Manor College for Adult Education. |
| Dr L.D. Phillips | Director, Decision Analysis Unit,<br>Brunel University. |
| J.B. Wyatt | Group Training Adviser,<br>Ocean. |

Appendix 57

## Management Development Programmes in Finance and Marketing

The programmes in finance and marketing continued throughout the period covered by the research study.

The first training course on finance is outlined at Appendix 7. Subsequent courses are outlined in Annexes 1 and 2. A case study was written for the advanced training in finance, to provide a learning input into the financial analysis required for acquisition.

The marketing courses were conducted throughout the period 1974-80 by Peter B. Kirkby of Marketing Improvements Limited. This course had a consistent high rating from course participants. A copy is at Annexe 3.

Appendix 57 Annexe 1

OCEAN TRANSPORT & TRADING LIMITED

in association with

CHARTERHOUSE MANAGEMENT COURSES LIMITED

# ADVANCED FINANCE COURSE

(for Non-Financial Managers)

A490

# ADVANCED FINANCE COURSE

## (For Non-Financial Managers)

### COURSE OBJECTIVES

The course will aim to provide managers with an understanding of:

i) the relevant principles of accounting and finance

ii) the application of these principles to the interpretation of available financial data

iii) the way in which financial knowledge can help in decision-making

iv) the way in which managers can work with accountants in the development and presentation of financial information, and

v) the issues in corporate strategy and approaches to corporate growth.

### METHODS

The principal teaching methods employed will be lectures/discussions, exercises and case study work. Prior to the course, some preliminary study through reading, coupled with the use of programmed learning texts and audio-cassettes, may be required.

### SYLLABUS

The course will cover three days and the syllabus will include:

i) the use of financial information by Managements, with particular emphasis on working capital analysis and cost/ income structure

ii) the management of cash within a business and the use of source and application statements

iii) the techniques available for the analysis and presentation of financial information contained in the balance sheet and profit and loss statements

iv) the financial planning and control of investment projects

v) a case study, devised by members of the Ocean Executive Committee staff, on the use and interpretation of financial data in the evaluation of a business.

## COURSE MEMBERS

The course is designed for managers who have had some financial training or experience, and who are currently in jobs which involve them in the application of financial data to the formulation of business plans and to the managing of unit businesses/activities.

## SESSIONS

### Tuesday 28th June 1977 - (Evening)

### Use of Accounting Information by Management

Business Model

Working Capital Control Analysis

Cost/Income Structure and Analysis

### Film: The Balance Sheet Barrier

### Wednesday 29th June 1977 - (All day)

### Examination of Ocean Group Accounts

### Management of Cash

Planning and control of cash resources

Use of source and application statements

Presentation of financial data including statements of added value

### Analysis of Financial Information

Balance Sheet

Profit and Loss statement

Use of financial ratios

Expense/Income analysis

### Planning and Control of Investment Projects

A492

## Thursday 30th June 1977 - (All day)

### Planning and Control of Investment Projects (Continued)

### Case Study

The use and interpretation of financial data

### Ocean Case Study

Introduction - Why do we plan?

Part I - Approaches to an Acquisition

## Friday 1st July 1977 - (Morning and afternoon)

### Ocean Case Study (Continued)

**Part** II - Financial aspects involved in the evaluation and formulation of an offer for acquisition

### Course Review

### TUTORS

| | |
|---|---|
| **E.** Jones | Managing Director, Charterhouse Management Courses |
| L. C. Piper | Strategic Planner, Executive Committee Staff, Ocean |

### COURSE ADMINISTRATOR

| | |
|---|---|
| G. K. Barnes | Senior Training Adviser, Ocean |

# ADVANCED FINANCE COURSE (For Non-Financial Managers)

## COURSE PROGRAMME

| TIME | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY |
|---|---|---|---|---|
| 0915 | | Ocean Group Accounts | Planning and Control of Investment Projects - Continued | Ocean Case Study Part II Financial Aspects |
| 1000 | | | | |
| 1045 | | Management of Cash | | |
| 1100 | | COFFEE | COFFEE | COFFEE |
| | | Management of Cash - Continued | Case Study - Use and interpretation of financial data | Ocean Case Study Part II - Continued |
| 1245 | | LUNCH | LUNCH | LUNCH |
| 1400 | | Analysis of financial information | Ocean Case Study | Ocean Case Study Course discussion |
| 1500 | | | | |
| 1545 | | | | Course review |
| 1600 | | TEA | TEA | Course closes |
| | | Analysis of financial information - continued | Ocean Case Study Part I Introduction and Syndicates | |
| 1900 | | DINNER | DINNER | |
| 2030 | Use of Accounting Information | Planning and control Investment Projects - Introduction | Ocean Case Study Part I Presentations and Review | |
| 2130 | Film: The Balance Sheet Barrier | | | |

A493

# FINANCE FOR THE NON-FINANCIAL MANAGER

ABBOTS WELL HOTEL, CHRISTLETON

3RD - 7TH OCTOBER 1977

7A495

## OCEAN TRANSPORT & TRADING LIMITED

in association with

## CHARTERHOUSE MANAGEMENT COURSES LIMITED

## 'Finance for the Non-Financial Manager'

### OBJECTIVES:

1. The course will aim to develop a manager's understanding of:

    1.1 the techniques of financial measurement and analysis relevant to his business or department

    1.2 basic principles and terms to communicate with his financial controller and other finance specialists

    1.3 the information required for project appraisal and the completion and interpretation of Ocean's 'P' Forms.

### METHOD:

2. The principal teaching methods employed will be lecture/discussion, individual and group exercises and case study work.

### SYLLABUS:

3. The syllabus will include:

    3.1 an introduction to the use of accounting information by management

    3.2 control of capital resources

    3.3 management accounting

    3.4 project appraisal

    3.5 case study

### PARTICIPANTS:

4. The course has been devised for managers and other staff specialists who are responsible for financial planning and budgetary control in their businesses or who assist in this work.

# DAY ONE

## Introduction to the Use of Accounting Information by Management

Introduction and Business Model

The Need for Accounting Information to:

1. Monitor Performance
2. Plan Activities
3. Control Operations

Explanation of the Profit and Loss Account and Balance Sheet in general terms, and the principles involved, including:

1. Depreciation and other Provisions
2. Fixed Asset Valuations
3. Stock Valuation
4. Accruals
5. Retained Profits

Accounting Exercises - The preparation of Final Accounts

# DAY TWO

## The Control of Capital Resources

### The Use of Capital in Business

Introduction and Business Model

The Need for Capital

- Where capital is invested
- Where capital is obtained - externally, internally

Explanation of Cash Flow in contrast to accounting profit, including the effect of valuations and write-offs

Explanation of the Balance Sheet as a Statement of funds invested and their sources

Explanation of Funds Movement

Exercises on Movement of Funds

### Working Capital Control

Introduction and Business Model

Explanation of Working Capital and the Investment Aspect

Control of Working Capital including the

- Need for Control
- Quantifying the cost of Working Capital
- Methods of Monitoring and Controlling Working Capital

Adverse effects of reducing Working Capital - the need to balance the control of Working Capital

Exercise - Working Capital Analysis and Control

### Planning and Controlling Cash

The need to forecast accurately - availability of funds and the Cost of Raising Capital

Dependence on Management for forecasts of spending

The Forecasting Procedure

Cash Management and Control

### Case Study - Polyglot Limited

An illustration of the financial planning processes within a company and with reference to Ocean systems of planning. This case study will be introduced to consolidate the delegates' studies up to this point on the Balance Sheet, Profit and Loss Statement and Cash Flow Summary, and will serve as a basis to illustrate the approach of the Ocean Group to summarizing data for the purposes of control, planning and forecasting.

### Resumé

A discussion will be held with the course tutor when the opportunity will be provided to question points of interest which have arisen in the course so far.

# DAY THREE

## Management Accounting

## Costing and Pricing

Explanation of Fixed and Variable Costs and Contribution

Break-even Analysis and Charts

Direct and Indirect Costs

Profitability Comparisons

Limiting Factors

Relevant Costing and Differential Costing

Pricing

Exercises

## Case Study - Denim Limited

An illustration of financial management processes and techniques and the development of interpretative skills.

A499

# DAY FOUR

## Budgetary Control, Project Appraisal and Planning

### Budgetary Control and Control Accounting

Explanation of Budgetary Control as a technique for planning and control

Formation of Policy - link with long-range planning

Financial Targets - the long- medium- and short-range aspects of budgeting

Formation of Budgets - the relationships with the Revenue Statement, Balance Sheet for Cash Management

The need for Management Involvement

Accountability - direct costs, delegation, responsibility and authority, budget centres, lines of communication, variances, fixed budgets, the effect of volume on limitations and variances, human aspects, level of reporting, collection of costs.

Information needs - timing of feedback, limitations of the system, management action, presentation - frequency and manner, management involvement

Organization and Management of Budgetary Control - Involvement of Management

Throughout the discussions of Budgetary Control and Planning references will be made to the uses within the Ocean Group of Financial Data.

### Revision

### Project Appraisal

Business Model and the importance of planning for long-term assets

Forecasting and Budgeting capital requirements

Criteria for selecting projects

Techniques of Evaluation

Cash Flow - the meaning and method of calculating cash flows, the assessment of relevant costs, the importance of accurate forecasts, sensitivity analysis.

Discounted Cash Flows - conventions, selecting the interest rate, the method of computation of discounted cash flows.

Calculating the internal rate of return (discounted yield) comparison with the net present value method.

Exercise - Practical aspects of project submissions - the need for liaison between Management and Investment Control Departments, the forms and procedures in use, testing the robustness of projects.

Additional complexities including inflation and technology changes, tax effects and leasing.

### Planning

### Case Study - Transylvanian Trade

An illustration of the planning process in Ocean and the use of 'P' forms.

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## DAY FIVE

Interpretation - Performance Factors

Case Study - Transylvanian Trade (continued)

Course discussion

Interpretation, the use of numerative techniques in management, performance factors and ratios.

6.495 A501

## TUTORS

| | |
|---|---|
| E. Jones | Director, Mobile Training & Exhibitions Limited |
| M. Stead | Consultant, Charterhouse Management Courses |

## COURSE ADMINISTRATOR

| | |
|---|---|
| D. Lawrence | Staff Training Officer, Group Training Department, Group Personnel Division. |

# FINANCE FOR THE NON-FINANCIAL MANAGER

| TIME | MONDAY<br>Financial and General Accounting | TUESDAY<br>Finance | WEDNESDAY<br>Management Accounting | THURSDAY<br>Budgetary Control & Project Appraisal | FRIDAY<br>Interpretation - Performance Factors |
|---|---|---|---|---|---|
| 0915 | 09.30<br>Introduction and Business Model | Sources and Uses of Finance | Costing and Pricing | Budgetary Control | Case Study - Course Discussion |
| 1045 | COFFEE | COFFEE | COFFEE | COFFEE | COFFEE |
| 1100 | Accounting Information and Final Accounts | Working Capital Control | Costing and Pricing - contd | Profit Planning | Summary and Review |
| 1245 | LUNCH | LUNCH | LUNCH | LUNCH | LUNCH |
| 1400 | Balance Sheets & Profit and Loss Account | Planning and Controlling Cash | Case Study - Denim | Fixed Asset and Project Appraisal | Course closes |
| 1545 | TEA | TEA | TEA | TEA | |
| 1600 | Accounting Exercises - Alpha Limited, Beta Limited | Case Study - Polyglot Ltd | Case Study - Continued | Fixed Asset and Project Appraisal Continued | |
| 1900 | DINNER | DINNER | DINNER | DINNER | |
| 2030 | | Resumé | Case Study - Presentations | Case Study - Transylvanian Trade Introduction and Preparation | |

Appendix 57 Annexe 3

# OCEAN GROUP MARKETING COURSE

# OCEAN GROUP MARKETING COURSE

## 1. OBJECTIVES

The prime objective of the three and a half-day course is to strengthen delegates' ability to improve profitability by:

a. illustrating the contribution that marketing makes to profitability

b. explaining relevant principles and specific techniques of marketing and how they can be used.

## 2. METHODS

The following methods will be used:

a. Lecture-led discussions on marketing principles and techniques and their application in Ocean

b. individual analysis of the existing marketing function within individual businesses followed by presentation and discussion of the findings

c. Individual analysis of a United Glass situation presented in the form of a Case Study

d. Syndicate discussions on the Case Study followed by syndicate presentations and discussion of the findings.

## 3. COURSE DIRECTION

Course Director - P.B. Kirkby, Director, Marketing Improvements Limited

## SYNOPSIS OF THREE AND A HALF-DAY COURSE

### 1. MARKETING IN THE OCEAN GROUP

The purpose of this introductory session is to identify how marketing as a concept works in practice within the Ocean Group.

The session will therefore examine:

- What is marketing?
    - Concept
    - Practice
    - Application to the transportation industry
- How does it work in Ocean?
    - Ocean's markets and market segments
    - Ocean's resources, corporate and individual businesses
    - Ocean's "marketing mix"
        - services
        - tariffs
        - methods of communication with customers
    - Ocean's marketing environment
        - demand for its services
        - resource limitations
        - competition

### 2. MARKET PLANNING

The objective in this session will be to provide a practical structured approach to marketing planning, and to use a framework to explore marketing principles in later sessions. In particular those aspects of marketing over which you exert influence and control will be highlighted. We will discuss the questions:

- Why is it absolutely essential for Ocean's operations to plan their marketing activities?
- What exactly is marketing planning?
- What distinguishes it from other forms of planning?
- How should I approach marketing planning and what are the key areas I need to concentrate upon in my area of responsibility?
- How can I structure my approach and yet be creative?

3. a. THE MARKETING AUDIT

During the session we will continue our theme on planning but start to translate it into reality by examining our company's services in relation to the way in which they meet our customers' expectations. We will be providing a marketing answer to the question "Where are we now?"

The session will cover the following aspects:

- How to specify our market segments
- How to rank services and potential prospects
- How to identify where future efforts should be directed (which services in which market segment?)
- How to specify our information research priorities

The objectives will be to categorize our existing services in terms of their future profit potential and to recognize the opportunities and pitfalls we are currently facing in our existing markets.

The concept of the life cycle of our services will be introduced. We will discuss the impact this phenomenon has on our business from the viewpoint of:

- Continually modifying our approach in marketing (particularly pricing and selling) according to the stage in the life cycle in which our services are positioned.

The objective in this session is to provide you with a practical method of reviewing your existing markets so that you can effectively target your likely key opportunities and problems.

## b. MARKET FORECASTING

Once we have established "Where we are now", and have arrived at an understanding of why we have been particularly successful with certain customer groups and why less so with others, we can then proceed to forecast "Where we are likely to be tomorrow."
During this session we will examine the nature of market forecasting and distinguish between market/forecasting and company sales (freight) forecasting.
We will discuss:

- The role of marketing research in helping to refine the key assumptions in our forecasts.
- How the two approaches to forecasting, from the top of the company down and from the field sales force up, may be co-ordinated.
- What broadly are the techniques available and when they should be used.

The objective of this session is to provide you with the skills in forecasting which will enable you to paint a picture of where your area of business is leading.

## 4. CREATIVE MARKETING

The aim of good marketing is not merely to provide a descriptive image of what is likely to happen but to use this understanding to develop real opportunities and to overcome potential threats or problems.

During this session we will focus on the elements of the marketing mix (product/service, price and presentation). We will observe how they have to be synthesised in a consistent and coherent manner to provide real marketing impact (so that the customers' perception of the value obtained is heightened while the operations concerned still achieve their profit/contribution objectives).

We will examine:

- The nature of operational marketing objectives.
- How to evaluate marketing strategies.
- Tariff strategies and other pricing considerations.
- The three basic business dynamics and their impact on contribution.
- The elements of your business's communication with the customer and their relationship.

The objective of this session is to provide you with sound principles upon which to coordinate your key marketing activities so that you can improve upon the direction in which your business is going.

## 5. SALES PLANNING, ORGANIZATION AND CONTROL

We will explore the five questions facing any sales management:

a. What is to be sold?
b. To which group of 'consumers'?
c. At what price?
d. By what method?
e. At what cost?

We will pay particular attention to a., b. and d. and discuss a method of targetting the sales effort to major customers for particular types of business.

Under question d. we will discuss the nature of the selling job to be done, the way to measure the volume of work to be achieved and how to explore alternative ways of organizing the sales activity.

Finally, we will complete this session with review of 'management by exception' and its practical application in the area of sales control.

This session will provide you with information necessary to locate the priorities when developing your own sales activities.

## 6. MOTIVATING AND DEVELOPING THE SALES FORCE

During this session we will define motivation and in a demonstration identify what are the major motivators for each of us. This will then be related to one of the more practical theories which helps direct attention to the priorities.

We will study in detail four key motivators and how these can be applied to the mutual benefit of the sales force and management.

Finally, we look at the contribution training and development can make to producing a highly motivated team when it is carried out as a continuous function of your job.

## 7. CASE STUDY

The case study is based upon an analysis of the background to a situation where marketing principles had to be applied to United Glass. Essentially you are required to take a creative yet realistic view of the marketing aspects of the business. As this is a real commercial situation there is no one right answer. However, your approach should be based upon soundly structured marketing principles well argued, take a particular stance to the business, be able to justify that stance and able to explain how it will be put into operation.

Individuals will be divided into working groups and each group will be required to present their case. When all the groups have presented their viewpoints the discussion will be widened to cover the operational aspects of marketing and in particular the approach to selling and business development.

## 8. EXERCISE - EVALUATING YOUR MARKET EFFECTIVENESS

At the end of the course you will be asked to analyse the marketing effectiveness of your own organization and make recommendations for improving it.

You will be required to present your analysis to the rest of the course.

## OCEAN GROUP MARKETING COURSE

## COURSE PROGRAMME

| TIME | MONDAY | DAY I<br>TUESDAY | DAY II<br>WEDNESDAY | DAY III<br>THURSDAY | DAY IV<br>FRIDAY |
|---|---|---|---|---|---|
| 0900<br>1030 | | Introduction and Programme Objectives<br>Marketing in the Ocean Group | Syndicate Presentations | Syndicate Presentations | Syndicate Presentations<br>Individual Study |
| 1045 | | COFFEE | COFFEE | COFFEE | COFFEE |
| | | Market Planning | Creative Marketing | Sales Planning, Organization and Control | Individual Study<br>Individual Presentations<br>Final Discussion |
| 1245 | | LUNCH | LUNCH | LUNCH | LUNCH |
| 1400 | | The Marketing Audit | Creative Marketing contd | Sales Planning Organization and Control contd | |
| 1530 | | TEA | TEA | TEA | |
| 1545 | | The Marketing Audit contd<br>Briefing for Case Study | Creative Marketing contd | Motivation and Development of the Sales Force | |
| 1900 | DINNER | DINNER | DINNER | DINNER | |
| 2030 | Informal Introductory Session | Case Study - Syndicate Work | Case Study - Syndicate Work | Case Study - Syndicate Work | |

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## OCEAN GROUP - MARKETING COURSE

## PROGRAMME TIMETABLE

### DAY 1

0900 INTRODUCTION AND PROGRAMME OBJECTIVES

0915 MARKETING IN THE OCEAN GROUP

What is marketing?

Marketing and transportation

Ocean as a marketing organization

Ocean's marketing operation and marketing environment

1030 COFFEE

1045 MARKETING PLANNING

The need for marketing planning

How to approach it

1245 LUNCH

1400 THE MARKETING AUDIT

Where are we now?

- market segments
- evaluation of services
- research priorities
- key opportunities and problems

1530 TEA

1545 THE MARKETING AUDIT

Where are we likely to be?

- market research
- market forecasting
- sales forecasting

1715 BRIEFING FOR CASE STUDY

1730 FINISH

1900 DINNER

2030 CASE STUDY - SYNDICATE WORK

## DAY 2

| | |
|---|---|
| 0900 | SYNDICATE PRESENTATIONS |
| 1030 | COFFEE |
| 1045 | CREATIVE MARKETING |
| | Setting marketing objectives |
| | Developing strategies |
| 1245 | LUNCH |
| 1400 | CREATIVE MARKETING |
| | Service development |
| | Tariff considerations |
| 1530 | TEA |
| 1545 | CREATIVE MARKETING |
| | Communicating with the customer |
| 1730 | FINISH |
| 1900 | DINNER |
| 2030 | CASE STUDY - SYNDICATE WORK |

## DAY 3

| | |
|---|---|
| 0900 | SYNDICATE PRESENTATIONS |
| 1030 | COFFEE |
| 1045 | SALES PLANNING, ORGANIZATION AND CONTROL |
| | How to develop selling plans |
| | How to organize the sales operation |
| | How to apply principles of control to sales activities |
| 1245 | LUNCH |
| 1400 | SALES PLANNING, ORGANIZATION AND CONTROL (Continued) |
| 1530 | TEA |
| 1545 | MOTIVATION AND DEVELOPMENT OF THE SALES FORCE |
| | Motivation principles applied to sales activities. |
| | The importance and special nature of sales force development. |

1730 FINISH

1900 DINNER

2030 CASE STUDY - SYNDICATE WORK

DAY 4

0900 SYNDICATE PRESENTATIONS

1000 INDIVIDUAL STUDY

1030 COFFEE

1045 INDIVIDUAL STUDY

1115 INDIVIDUAL PRESENTATIONS

1230 FINAL DISCUSSION

1245 LUNCH

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Management Development in the Organisation    David Ashton & Mark Easterby-Smith

(Macmillan 1979)

Many of the publications on Management Development in recent years have concentrated on the pet theories of their authors, and the reader has been invited to accept the ideas put forward as another step forward in the ever-changing world of management.

Although this book also puts forward two new theories - the management development audit and project-based management development - both pioneered by Durham University Business School - what is different is the considerable amount of space devoted to a comprehensive view of the subject and some expert analysis of the effects of management training on managers in organisations.

Both authors worked for some time at Durham University, where the Business School is among the country's leaders in Management Development research, and they therefore speak with some authority of the principles and practices of the subject, both in the private and public sectors of industry (the latter area has some expert comment from Mark Sheldrake of the Local Government Training Board).

Although the book contains a liberal sprinkling of jargon and some confusing diagrams, each main chapter concludes with a summary which enables the reader to easily grasp the main points put forward. The book is also notable for a number of case studies describing in some detail how different types of organisations have tackled various problems in the Management and Organisational Development areas.

The book devotes considerable space to the Management Development Audit pioneered by Durham and explains how identified sub-systems in an organisation, such as appraisal, career development and other training and development activities, can be 'audited' within the Company by the use of top management interviews and questionnaires answered by samples of managers at different levels in the organisation, with the resultant information analysed and fed back to the organisation for action.

Since the book was written, this process has developed considerably and several companies in the service sector have now participated. A new book[*] on the Management Audit, now published, chronicles the progress made in this area and should make a useful companion to this volume.

The second area Project-based Management Development (PMD) is also fully explored. The approach has been developed to try and overcome three main areas of concern in Management Development. One, its relevance to an organisation's needs for managers' skills, knowledge and attitudes; second, the fact that senior managers find it difficult to keep in touch with training courses; and third, the fact that individuals may receive substantial training away from the working situation but in isolation from their fellows. PMD hopes to answer these problems by making use of real Company problems and by setting up a project team of participating managers and a staff team of trainers who meet regularly to discuss with and present to senior management, ways of solving such problems.

The authors conclude that Management Development is beset by three problems. Confusion about its nature and purpose, conflicting objectives in designing systems, and forming a balanced judgement on its operation; by reading this book, personnel and training specialists and senior managers can perhaps sort out some of this confusion for themselves.

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[*] D Ashton, M Easterby-Smith and E Braiden: Auditing Management Development (Gower Press 1980)

Policy Paper No. 25/1 - effective June 1st, 1977

## EMPLOYEE PARTICIPATION

### 1. Purpose

The Group, being a responsible employer, is committed to the development of a working environment which contains constructive and flexible forms of employee participation, and which offers to employees the opportunity to become involved in matters which affect them.

### 2. Objectives

The Group believes that systems of employee participation should have the following objectives:-

2.1 To encourage involvement by individual employees in the content and purpose of their work, leading to a better understanding of their contribution to the success of the company which employs them.

2.2 To ensure that employees are aware of the reasons for the decisions which affect them and the factors taken into account by management in arriving at those decisions.

2.3 To inform employees of the business situation in their particular organisation, including the nature and extent of the constraints within which it operates.

2.4 To inform employees of the forward operating plans of their particular business, and to provide opportunities for discussing these.

2.5 To promote understanding by employees of the importance of the creation of wealth for the future of the enterprise and of the community.

### 3. Approach

The attainment of these objectives will depend largely upon the successful development of:-

#### 3.1 Provision of relevant information

There shall be a compatible, although not necessarily uniform, approach to the provision of financial and other appropriate information relating to individual operating units and businesses. Guidelines, based on practical experience and business needs, will be prepared by G.P.D. for approval by General Managers and the Executive Committee.

3.2 Consultative procedures

Develop consultative procedures within operating units and businesses. Initial progress in setting up comprehensive consultative procedures and also the effectiveness of such procedures will be monitored at Executive Committee and Divisional level, with a view to assessing the need for the further development of representative consultation.

## 4. Implementation

4.1 The Group accepts that the development of employee participation should build upon existing experience within operating units, and spring from the perceived needs of those concerned. The basic aim should be to involve employees at the operating levels at which most decisions affecting their lives are made.

4.2 In view of the different organisation structures within the Group, the geographic dispersion of employees and the diverse nature of component businesses, it is evident that there can be no single pattern of employee participation. Divisions are required, however, to introduce structures which ensure that the objectives set out in paragraph 2 are met.

4.3 Personnel staff at Group and Divisional level will assist in the design, implementation and support of the structures, if required. It is accepted that successful implementation will depend upon an adequate response to the various training needs that will arise.

Appendix 60

The papers that comprise this appendix illustrate the inter-related processes of career planning and manpower planning:

Pages in text

Annexe 1 - Issues in the Management of Career Planning 2

Annexe 2 - Economic Planning and Manpower Planning 5

Annexe 3 - Manpower Planning in the 1970s and Beyond 8

Annexe 4 - Notes on Manpower Planning and Succession 11

Annexe 5 - Manpower Planning Procedure for Succession Planning 16

Annexe 6 - The Human Side of Planning 22

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Appendix 60 Annexe 1

Discussion Paper PMC/1975/3

## ISSUES IN THE MANAGEMENT OF CAREER PLANNING

These notes outline some of the issues to be considered in managing career planning.

We can assume entry into middle management within the age band 25-35, resulting in a managerial career spanning 20-25 years. Some will reach top management; a few will reach top management before age 40.

The object of managerial career planning is to make each of the years of succession to senior and top jobs count and to provide each manager with a progressive learning experience.

The learning experience should provide for:

1. a productive career, company wise, and
2. a satisfying career, for the individual

Other objectives of career planning should permit performance to be carefully observed otherwise it may delimit:

3. opportunities for personal growth for those who may not go further than middle management, and
4. managers' participation in decisions affecting their own careers and so fail to provide a meaningful conjunction between individual aspirations and organizational goals.

We need to question the effectiveness of Ocean's:

1. planned job rotations;
2. performance appraisal/evaluation, and
3. development and training programmes.
4. the nature of Ocean's organizational structure and management style, and
5. the socio-economic factors which will determine the career profile of Ocean men, i.e. will the Oxbridge image remain a key factor?

### Career Planning Process

The process embraces:

1. A planned career progression - - the role of the Executive Committee, Divisional General Managers and personnel specialists

2. Provision of:

    2.1 senior management profiles and
    2.2 replacement charts or succession plans - (organigrams)

3. Self-directed career planning in which:

    3.1 open systems approaches will permit individual managers to decide for themselves which direction or career path they wish to pursue, and
    3.2 the individual managers will propose which projects they wish to tackle and which training programmes they prefer

A modern view is that management needs to create a challenging and permissive environment in which people can develop themselves. Thus, the current interest which centres on:

SELF DEVELOPMENT
SELF LEARNING

Who would we seek to change in Ocean:

THE INDIVIDUAL OR
THE ORGANIZATION?

What should be the aim of Group and Divisional career planning?

There are two perspectives, which are mutually exclusive:

1. To induce conformity within an Ocean 'pattern' and develop the Group's perceived behavioural pattern i.e. a closed system approach or

2. Encourage diversity and allow for the development of the individual's own perceptions of his/her job and career development, i.e. an open systems approach

Some situational factors affecting career planning include:

1. the critical placement in the first managerial job;

2. the need to provide increasingly challenging job roles;

3. the choice of functional or line management career paths

4. accurate information, the prerequisites being that:

    4.1 the career planning approach will provide realistic job previews i.e. manpower projections;
    4.2 potential transfer to new jobs will be supported by frank discussion on the possible job transfers and how they meet the individual's expectations and those of the manager(s) concerned, and

4.3 internal machinery for counselling about careers is provided

note: (There are dangers implicit in 4.3 - overplay in aspirations which in the event are not fulfilled)

5. Broadening the range of options to assist the sponsorship for an external management course if this is considered essential

Ocean's career planning process must be consonant with the Group Policy on career development - Policy Paper 17/1 - June 1974. Otherwise it is inter-related with manpower planning.

DJR

March 1975

Appendix 60 Annexe 2

## ECONOMIC PLANNING AND MANPOWER PLANNING

During the 1960s economic planning was elevated to a major function of Government. As a distinctive department within the machinery of government it was short-lived. It is associated with the name of George Brown (now Lord Brown). Whilst the present Government under Wilson has refrained from recreating a ministry of economic planning, the activity has continued under other guises.

Another development of the 1960s was the creation of the National Board for Prices and Incomes. The Board operated during a period when the Labour Government, under Harold Wilson and with Barbara Castle as Employment Secretary, were seeking to establish national norms for wages and prices. But the Board was to end as the Economic Department had; it was disbanded.

In the unstable years of the 1970s two bodies have been used to set pay levels relative to other organizations:

(i) Comparability Commission - (Hugh Clegg)
(ii) Civil Service Pay Research Unit

But, what you will ask has this to do with manpower planning? It is significant in that salary and wages systems constitute a major area of manpower planning in action. There is more to the subject than this. Concurrent with the setting up of the Industrial Training Boards under the Industrial Training Act 1964, was an increasing emphasis on the need for effective manpower planning at the industrial level. The late 1960s were a time when national and international bodies were showing an increasing concern about manpower planning and forecasting. Hindsight would suggest that some of the concern was prompted by panic arising from the short period in the late 1950s and early 1960s, of full employment and dearth of skilled labour for the emergent new technologies. We are now involved, in increasing degrees, with developments in information technology.

At company level there has been a growing number of industrial enterprises taking an interest in manpower planning as it concerns:

(i) information about current manpower resources and capabilities, and
(ii) forecasting future manpower needs in relation to -
    (a) changes in business objectives
    (b) technological change
    (c) economic and social change.

The books and other publications of the late 1960s and 1970s remain major guidelines for managers in the current situation of managing manpower. One must not forget some other features of the late 1960s - it saw the birth of the:

Manpower Society (emphasis more on macro-issues in the beginning) and since the early 1970s the Institute of Manpower Studies has gained a significant place among agencies in the field of manpower planning. It is not a quango, depending, in the main, on subscription from industry and commerce. Membership provides an avenue to data drawn from many businesses and there is a spin-off in direct exchange of information between companies.

Summing up the brief historical survey of macro/national manpower planning, we see how this major socio-economic activity is a mirror image of the state of the economy. During the brief period of economic expansion in the 1960s, manpower planning in macro terms expanded. There has been a retreat from indulgence in minimally controlled expenditure in the mid-1970s.

More importantly, it has been in the field of Company Manpower Planning that more and more business enterprises have become involved from the end of the 1960s. The DEP Manpower Paper No. 1 had a wide-ranging impact and as industrial and commercial enterprises have had to trim their resource allocation to maintain their activity, in the face of reducing profit margins, so manpower planning has emerged as a constituent of both strategic and operational planning - financial, physical and human resources for current expenditure in achieving budget/profit/action plans.

It has taken a lot longer for business to integrate manpower planning with overall corporate strategy. In Ocean this has been achieved in 1975.

DJR

October 1975

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Appendix 60 Annexe 3

## MANPOWER PLANNING IN THE 1970s AND BEYOND

Since the mid-1960s there have been two increasing and convergent pressures on organizations to adopt a longer term approach to the management of manpower.

1. Organizations have become more complex, requiring a wider range of specialist skills in their employees. It is now more difficult for a young person with high potential to enter at the bottom and train in all aspects of the organization, before being given an executive role. Many companies have developed automated processes for their basic processes, thus increasing the utilisation of computing and telecommunication skills. The current application of word processors and micro-processors adds yet another dimension. When skills are needed, but take a long time to acquire, organizations often respond by creating new career streams. Until recently - late 1970s and continuing - manpower has been an increasingly heavy cost item. The shedding of 'obsolete' manpower is a feature of the present-day employment scene.
2. The decade of the 1970s has been one involving an increasing volume of employment legislation. Coinciding with the business recession since 1974, there has been an emphasis on the protection of employment. The management of a company cannot easily reduce the size of an organization - there is a cost time lag, even when generous redundancy payments are offered.

Both sets of factors require management to project their manpower policies forward in time, beyond the immediate present, i.e. current financial year. This is especially true for organizations in which manpower costs form a major percentage of total costs.

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## CONCEPTS OF MANPOWER PLANNING

There is no ideal MANPOWER PLAN.

No universally applicable manpower planning system exists.

No single mathematical manpower planning model is available, that given the right data, will solve an organization's manpower.

What is the reality?

There is a collection of techniques and models which, when used within a relevant approach to manpower problems, helps in the taking of better manpower decisions.

Some authorities suggest a three-step process:

1. Establish manpower requirements of the organization - projecting forward say 3-5 years.
2. Establish the supply of manpower within the organization.
3. Develop policies to fill the gaps that exist between the supply of manpower and the organization's demand.

Sadly, the process of manpower planning is more prone to failure than success. There is no fixed relationship between supply and demand. Demand is susceptible to rapid change, as for example the sudden explosion in interest rates, which increase costs and make demand estimates for the organization's manpower suspect.

## AN APPROACH TO MANPOWER PLANNING

Although no one ideal system of manpower planning exists, one can suggest an approach for Ocean which places manpower planning in context with the total management process - planning, organizing, leading and controlling, to achieve business objectives.

Each sub-process has to be examined in relation to the relevant factors. It is important to establish the critical issues for each decision that causes a change in policy. The final part of the process (which is

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itself ongoing or continuous) is to monitor the organization's progress, comparing the current situation and its expected future.

Effective manpower has to be measured in terms of cost/benefit; it is of itself no panacea.

DJR

October 1974

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# NOTES ON

# MANPOWER PLANNING AND SUCCESSION

# MANPOWER PLANNING AND SUCCESSION

The process of Manpower Planning and Succession is a logical sequence to determining Ocean's Management System and Organization Structure as we attempt to set out strategies for some years ahead.

Manpower Planning in Ocean aims to have:

- the right types of skill of
- the right level and in
- the needed amount in
- the right place at
- the right time

It is a numbers exercise, and relates to the total staff complement in the Group. So far as Management Development is concerned, employees below manager level are not included. While this reduces the numbers covered by manpower planning, the procedures are similar.

Succession is a 'people' plan; it complements manpower planning in that it deals with the development of individuals for future jobs. It is concerned with vacancies and promotion in that it:

- estimates the number of management jobs at different times in the future
- ensures that adequate provision is made for management talents by development, promotion and recruitment
- ensures that the best use is made of management talent.

## MANPOWER PLANNING

Manpower planning in Ocean links with strategic business planning. In structuring a manpower plan the keys are judgement, estimates based on a knowledge of the people, and a forecast of the future unit business activities, incorporated in divisional strategic plans.

Knowledge of the people is obtained during the periodic performance reviews and from the staff assessment reports and other records. Available and predicted skills (after training) are known, or can be estimated. Taking into account gains (promotions, transfers in and recruitment) and losses (wastage, transfers out), the 'supply' of managers at the various levels on particular future dates can be estimated. The strategic plan, taking into account such factors as technological and market developments, economic and financial resources, organization plans, and political repercussions in the U.K., in West Africa and the Far East, enables a forecast of management 'demand' to be made. This is the data to be used in compiling unit business and divisional manpower plans. A comparison of supply and demand gives an estimate of the future manpower requirements.

A useful piece of information is the age of the manager named for each post. One or two replacements are usually sufficient - a greater number leads to confusion. An individual manager can appear in more than one place on the chart, and indicates a wider ability or a high-flier, but it is suggested that, initially, a maximum of two places should be used.

A succession chart does not solve problems, and may reveal new ones, e.g. by indicating large gaps which urgently need filling. It does provide a pointer to the action to be taken in recruitment and training, and to the time scale within which management must act.

Succession plans ensure that individual managers are prepared in advance for the next move by training and experience. Ocean succession plans will be strictly confidential and should not be disclosed, apart from limited revelation which can arise in the formal discussions of the Performance Reviews by the Executive Committee and Divisional General Managers. The publication of succession plans can discourage the poor performers - no moves are planned for them - and also the high-fliers, who may consider that they need to make no further effort.

The manager's viewpoint must also be considered. He looks to his future in Ocean, and to indications that effective plans exist. Signs are:

- effective planning, i.e. no panic when the unforeseen occurs such as calamity, death or resignation
- evidence of an effective Group personnel policy in general. Examples of this are: - rotation of managers; - provision of training (internal and external) and the opportunity to practise what has been taught: - Performance Reviews which result in action; - a clear salary policy; - superiors and personnel directors with an 'open-door' office and a willingness to listen and discuss problems.

## MANAGEMENT SUCCESSION

Management succession is a systematic means of ensuring that Ocean managers are developed for future jobs. In addition to present appointments, managers are ear-marked for one or two jumps ahead. With this knowledge, they can be trained in the new skills which will be required for the new jobs.

For staff in grades 14 and above, the Career Development Planner will provide succession plans for consideration by the Executive Committee. For those staff in grades 11 to 13 divisions should prepare succession plans in the following format (a separate form should be used for each grade)

| Post | Present Holder | Immediate Replacement | Probable Long-term Replacement |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

## KEY TO SUCCESS

Manpower planning and succession needs to be a systematic process, integrated with other aspects of management. It is a part of Management Development. It needs to be integrated with such aspects as:

- forecasting of needs
- appraisal of performance and the identification of potential
- development and training
- promotion
- salary plans
- recruitment

The key to success in manpower planning and succession is that divisional managers must be fully involved, and be seen to give enthusiastic support. This can be difficult in manpower succession, where plans must be mainly private. The involvement shows in the open application of, and enthusiasm for, all the Management Development procedures. Justice is seen to be done in promotion and salary progression with no panic when the unforeseen happens.

Forecasts of manpower will be made in three ranges:

- Now
- Within 2 years
- Within 3 to 5 years

The figures submitted to the Group manpower unit will be the global figures for each division and will not give specific figures for unit businesses/activities. Figures should relate to:

- Types of job e.g. Sales Manager, Cost Accountant, Personnel Officer, etc
- Present numbers by type of job
- Losses - wastage, transfers out
- Gains - promotions, transfers in and recruitment
- Net number of staff (= supply)
- Forecast requirement (= demand)
- Balance (+ or -).

# MANPOWER PLANNING PROCEDURE FOR SUCCESSION PLANNING

The procedure consists of five steps:-

Planning the application of the procedure.

Analysis of the present situation.

Optimisation of the present situation.

Assessment of the future workload and the necessary personnel requirement to cover it.

Planning future human resources.

1. Planning the application of the procedure.

    1.1 Decide whether the division can be covered by one analysis or by departments or sections.

    1.2 Decide who should be involved in each phase of the procedure and who should co-ordinate the operation.

    1.3 Set out the objectives of the division.

2. Analysis of the present situation. (This is no doubt, a continuing operation in all divisions but a suggested check list is given below.)

    2.1 Define the jobs which relate to the achievement of the broader divisional objectives and if appropriate sub-divide those jobs into "Support functions" and "Development functions".

    2.2 Identify and list the knowledge skills, attributes and experience needed in the division to perform all present activities fully and well.

    2.3 Note the special skills which are unusual or which are required to an unusual degree.

    2.4 If appropriate classify into "personnel groups" the broad types of people needed for effective performance of the division's objectives.

3. Optimisation of the present situation. (Again a continuing operation.)

    3.1 Review the personnel groups at present involved in each task/activity and assess the optimum level of personnel required to perform effectively.

    3.2 Examine the work performed over a typical period and identify any work which is no longer essential or has been unnecessarily duplicated.

    3.3 Identify work which was not performed and which, if it were, would make a significant contribution to the performance of the division.

    3.4 Assess the optimum human resources for the present situation.

4. Forecast future requirements.

  4.1 Identify forecast changes in objectives and policy or strategy over the plan period which are likely to influence the contribution demanded from the Division.

  4.2 Identify the probable changes in the objectives.

  4.3 In a large Division compare the revised objectives of each department or section and ensure that:-

    4.3.1 They are consistent.

    4.3.2 Any new activity is located where it can be performed most effectively.

    4.3.3 Duplication of activities is avoided.

  4.4 Identify and list the factors which are likely to influence tasks/activities and the types of personnel needed, including significant developments of techniques either within the division or in another within the Group which could reduce the work load. Note the additional tasks, if any.

  4.5 Determine the total number of people required and indicate their positions in the ranking order ie 2 persons for jobs ranking between Nos 5 and 6.

5. Planning future human resources.

  5.1 Rationalise the numbers of personnel required in the division as a whole. Check the balance of knowledge, skills and experience.

  5.2 Forecast the natural and expected wastage from the present resources and assess the development of individuals remaining in the division over the plan period and adjust with the figure arrived at in 4.5.

A check list in tabular form is attached, Sub-Annexe (a). Also attached is a specimen plan, Sub-Annexe (b).

DJR/SM
July 1975

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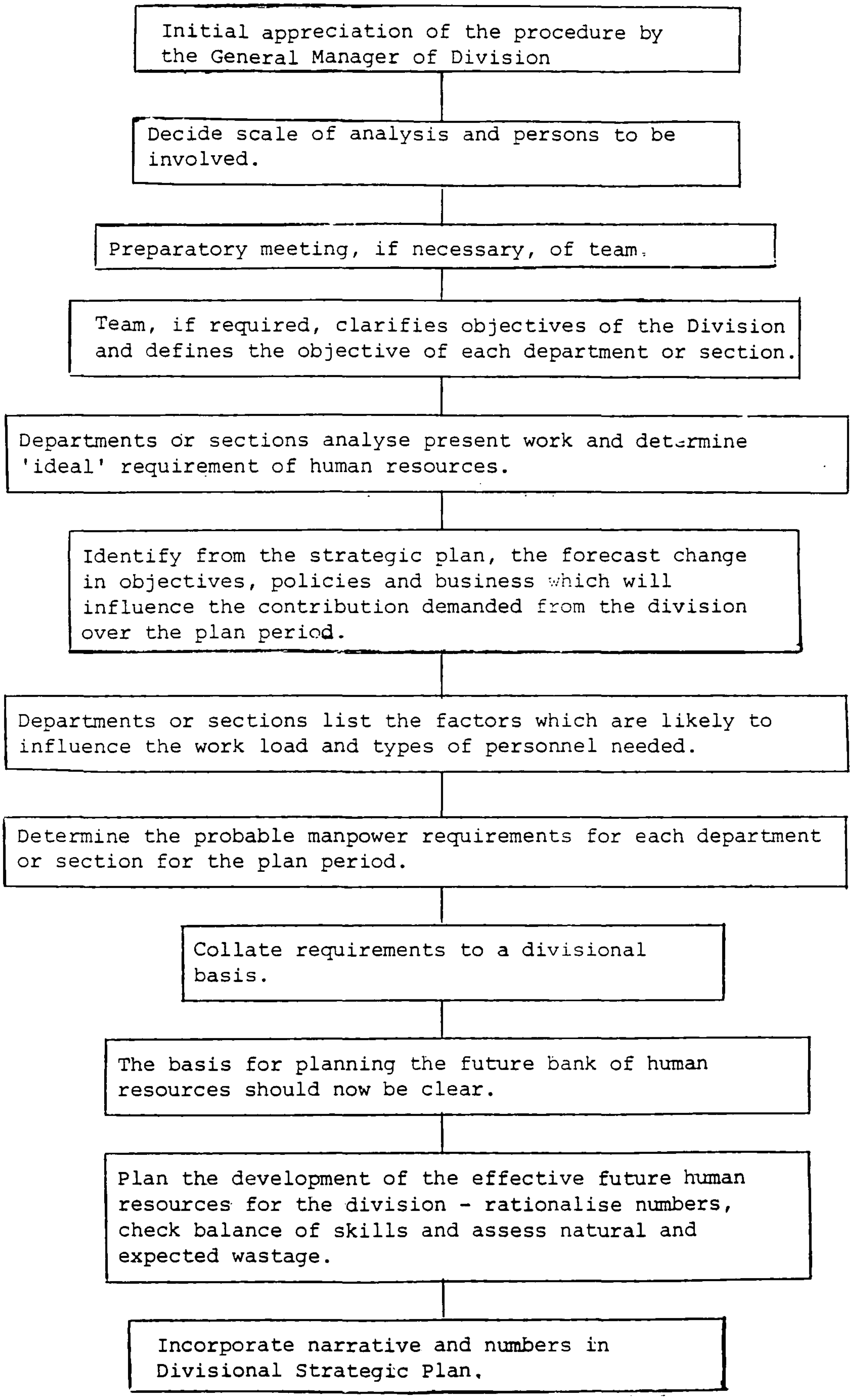
Sub-Annexe (a)

# MANPOWER PLANNING GUIDELINES



Initial appreciation of the procedure by the General Manager of Division

Decide scale of analysis and persons to be involved.

Preparatory meeting, if necessary, of team.

Team, if required, clarifies objectives of the Division and defines the objective of each department or section.

Departments or sections analyse present work and determine 'ideal' requirement of human resources.

Identify from the strategic plan, the forecast change in objectives, policies and business which will influence the contribution demanded from the division over the plan period.

Departments or sections list the factors which are likely to influence the work load and types of personnel needed.

Determine the probable manpower requirements for each department or section for the plan period.

Collate requirements to a divisional basis.

The basis for planning the future bank of human resources should now be clear.

Plan the development of the effective future human resources for the division - rationalise numbers, check balance of skills and assess natural and expected wastage.

Incorporate narrative and numbers in Divisional Strategic Plan.

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Sub-Annexe (b)

## GROUP ... DIVISION MANPOWER PLAN
(Grades 14-19)

## 1. Present State

Rankings, rather than grades, are to be shown, although the list should be in descending grade order. This method is adopted to facilitate broad evaluation of any new position before specific job descriptions have been properly evaluated.

| Name | Age | Ranking Order Grades in brackets | | Job Title | Level of Experience | Retires |
|---|---|---|---|---|---|---|
| ABC | 53 | (19) | 1 | Divisional General Manager | 15 years | 1982 |
| DEF | 52 | (18) | 2 | General Manager | 3 " | 1985 |
| GHI | 40 | (16) | 3 | Budget Manager | 6 " | 1995 |
| JKL | 58 | (15) | 4 | Marine Manager | 10 | 1979 |
| MNO | 40 | (14) | 5 | Sales Manager | 3 " | 1997 |
| PQR | 36 | (14) | 6 | Accountant | 3 " | 2001 |

Attached is the divisional organisational structure in ranking plan form.

## 2. Expected Growth/Contraction

2.1 One new project is envisaged - specify.

2.1.1 The project will develop during 1976 into a permanent function and will require in the first year one person capable of occupying a position between numbers 6 and 5 in the ranking list. In year two of the plan period it is expected that the function will assume section status with increased responsibility for the leader, putting his position at least on a par with number 5. There will also be a need for one person to strengthen the section, and although the job is unlikely to equate with even the lowest position in the ranking list, the division will be seeking a person of high potential for ultimate progression within the section.

2.2 Two existing functions of the Division are to be strengthened in 1976 and 1977 to cope with the increasing workload arising from recent Government legislation, and the additional areas for which the division is now responsible.

2.2.1 One person in 1976 to fill a position between numbers 4 and 5 but nearer 4 on the ranking list.

2.2.2 One person in 1977 with specialised knowledge to fill a position just below number 5.

2.3 The Marine aspect of the division's business is to be discontinued in 1979, and the present head of the Marine section will wind up operations before his retirement later that year.

2.4 Technological developments outside the divisions which may assist Blank Division have been considered, but it is unlikely that any use of them would render surplus anyone in the current ranking list.

## 3. Expected/Estimated losses by grades over plan period

3.1 Retirements 1 x Grade 15 (JKL) in 1979.

3.2 Resignations NIL.

3.3 Early retirement NIL.

3.4 Dismissals NIL.

3.5 Promotions 1 x Grade 16 (GHI)
1 x Grade 14 (PQR)

3.6 Transfers NIL.

3.7 Redundancies NIL.

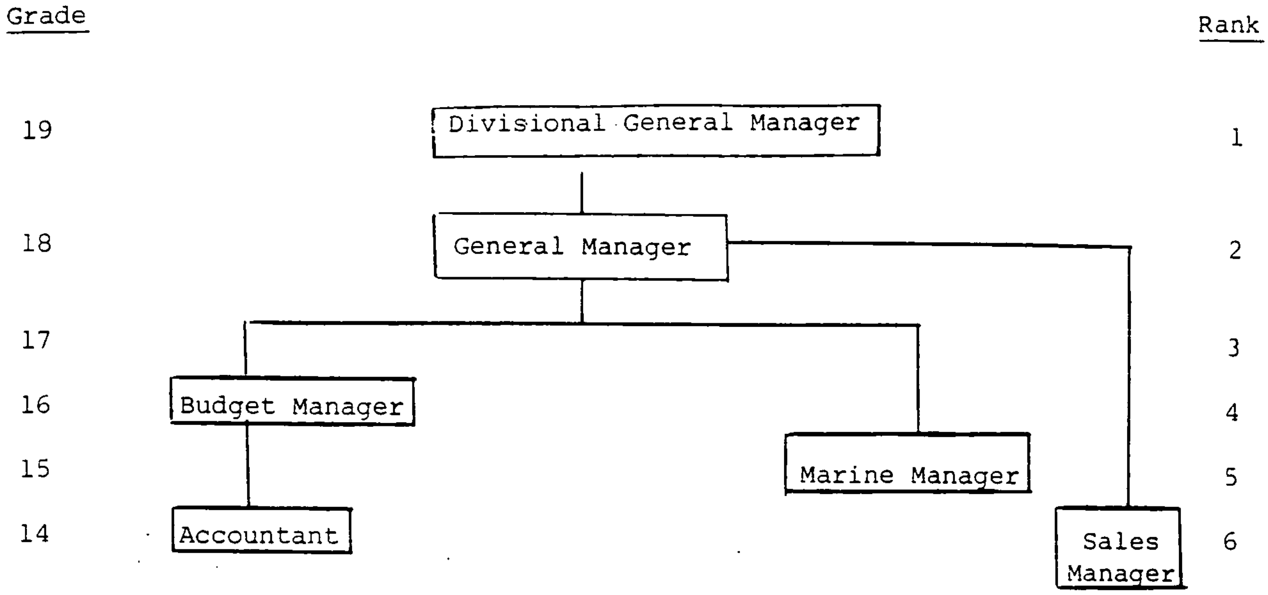
It is desirable that GHI be promoted out of the division by 1976 so that he can acquire the necessary experience to make him a contender for ABC's position on the latter's retirement in 1982. PQR should move on to a more senior position in the finance field by 1976, in the interests of his own development.

## 4. Projected Resources

| Ranking order Grades in brackets | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| (19) = 1 | 1 | 1 | 1 | 1 | 1 |
| (18/19) = 1/2 | 1 | 1 | 1 | 1 | 1 |
| (17/18) = 2/3 | - | - | - | - | - |
| (16/17) = 3/4 | 1 | 1 | 1 | 1 | 1 |
| (15/16) = 4/5 | 2 | 3 | 3 | 2 | 2 |
| (14/15) = 5/6 | 2 | 2 | 2 | 2 | 2 |
| (13/14) = 6 | 1 | 1 | 1 | 1 | 1 |
| | 8 | 9 | 9 | 8 | 8 |

## GROUP ... DIVISION

Organisational structure in ranking order


Grade
Rank
19
1
Divisional General Manager
18
2
General Manager
17
3
16
4
Budget Manager
15
5
Marine Manager
14
6
Accountant
Sales Manager

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# MANPOWER PLANNING PROCEDURE FOR SUCCESSION PLANNING

The procedure consists of five steps:-

Planning the application of the procedure.

Analysis of the present situation.

Optimisation of the present situation.

Assessment of the future workload and the necessary personnel requirement to cover it.

Planning future human resources.

1. Planning the application of the procedure.

    1.1 Decide whether the division can be covered by one analysis or by departments or sections.

    1.2 Decide who should be involved in each phase of the procedure and who should co-ordinate the operation.

    1.3 Set out the objectives of the division.

2. Analysis of the present situation. (This is no doubt, a continuing operation in all divisions but a suggested check list is given below.)

    2.1 Define the jobs which relate to the achievement of the broader divisional objectives and if appropriate sub-divide those jobs into "Support functions" and "Development functions".

    2.2 Identify and list the knowledge skills, attributes and experience needed in the division to perform all present activities fully and well.

    2.3 Note the special skills which are unusual or which are required to an unusual degree.

    2.4 If appropriate classify into "personnel groups" the broad types of people needed for effective performance of the division's objectives.

3. Optimisation of the present situation. (Again a continuing operation.)

    3.1 Review the personnel groups at present involved in each task/activity and assess the optimum level of personnel required to perform effectively.

    3.2 Examine the work performed over a typical period and identify any work which is no longer essential or has been unnecessarily duplicated.

    3.3 Identify work which was not performed and which, if it were, would make a significant contribution to the performance of the division.

    3.4 Assess the optimum human resources for the present situation.

Appendix 60 Annexe 6

Extract from: The Financial Times Tuesday 3 September 1974

## THE HUMAN SIDE OF PLANNING by James Lynch

With industrial strife never very far from the headlines, few managers need to be told that their companies must reconcile their future manpower requirements with the aspirations of individual employees. This in turn means developing a close working relationship between the planning and personnel departments.

In the sixties, Aer Lingus was a pioneer in this field. More recently British Oxygen, in the U.K., Alcan, in Canada, and Granges Engineering in Sweden, have all paid close attention to what one might term the human side of corporate planning.

One complication is that no large company is a homogeneous unit. Some parts, for example, may have a large share of a slowly growing market: others varying shares of rapidly growing markets: and others may be in declining markets.

A company's corporate planners usually try to develop a balanced 'portfolio' with the various areas of activity. This is all very fine but it raises some difficult questions on manpower. Businesses in different types of market situation need different styles of management and different mixes of manpower.

This means that the personnel manager should play an active part in strategic planning. Firms like British Oxygen, Alcan and Granges have linked the personnel and the planning departments together on strategic issues either by setting up a strategic planning department (bringing together financial marketing and personnel experts, as in BOC) through task forces (as at Alcan) or by changing all department heads every two years (as at Granges). The Granges approach may cause some headaches in a company of 22,000 employees spread over half a dozen countries. However, the company's head of personnel says that the whole top management is committed to the approach.

## DIFFERENT STYLES

Granges is trying to encourage different styles of management within the same company. This can lead to charges of inconsistency being levelled by the Trade Unions, and to insecurity on the part of managers who find that the company's expectation of them can change significantly from one division to another. The difficulty may be overcome by devising 'Management Profiles' for the different types of businesses within a company. Based on the analysis of the market situation, these profiles provide a specification of the attributes needed to run a particular type of business.

Conflicts can arise within one company between the need for company-wide personnel policies and the strategic aims of the planners. Many businesses which should be left free to exploit market opportunities are made to conform to company administrative procedures designed for another type of business. Most companies expect consistency on such matters as personnel policies. This is the reason why the personnel manager should be involved in planning: he can then forewarn top management of the feasibility in manpower terms of their business plans.

How can the personnel manager make an effective contribution to the planning activity? One approach is to reconcile as far as possible the needs of a company for human resources with the human needs of its employees. Seven factors require analysis:

(1) The total business situation
(2) The marketing and financial needs
(3) The organizational needs
(4) The managerial needs
(5) The environmental trends
(6) The human resource needs
(7) The individual needs of key employees

From these analyses a company can devise a personnel strategy which is in line with corporate strategy.

## SHIPBUILDER

One example is the Swedish shipbuilder, Kockums. This company, located at Malmo, specialises in building supertankers of over 200,000 tons. It employs almost 6,000 people. Labour turnover was as high as 50 per cent in the latter half of the 1960s. The firm was having teething troubles with a new range of tankers and as a result was in financial difficulties. In 1969 the share price stood at 39 Swedish kroner; it is now around 400 Swedish kroner.

Among the reasons for this change in fortunes was the decision made in 1968 by the managing director, Nils Hugo Hallenberg, to commission in co-operation with the Swedish trade unions an investigation into ways of improving the company.

One result of the study was the setting up of a network of committees involving both management and workers on all aspects of the business. The managing director and the three leaders of the trade unions at Kockums meet regularly on main issues.

Among the various committees is one on personnel policy. This helps to ensure that there is early consultation on personnel policy changes arising from changes in business plans. This has resulted in changes in payment systems, work organization and increased productivity. For example, in the past year tankers have been delivered up to six months before the contract date; tonnage delivered has increased by over 50 per cent since 1970 using the same plant.

It would be foolish to claim that these improvements stem solely from improved integration of the personnel and planning departments. However, the personnel director of Kockums believes that because the top management devotes at least as much attention to the long-range planning of human resources as to financial and other matters, the company has been able to achieve a 'Profit Revolution.'

It pays to treat human resources as human beings. To do this successfully demands new attitudes and skills among both planners and personnel managers. In particular, personnel staff need a sound knowledge of business finance and techniques of marketing analysis: corporate planners do not need to study human motivation in text books, but simply get to know people at work and recognise that success in planning requires the commitment of people to make the plan work.

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Appendix 61

# GROUP PERSONNEL DIVISION

# STRATEGIC PLAN 1977 - 81

October 1976

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# GROUP PERSONNEL DIVISION
# STRATEGIC PLAN 1977 - 81

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# GROUP PERSONNEL DIVISION
# STRATEGIC PLAN 1977 - 81

## PART ONE : INTRODUCTION

### 1.1 THE ROLE OF GPD

1.1.1 The Red Book states, on page 31 in the revised edition, that the emphasis of Group Personnel Division is on planning. We make three observations upon this statement.

1.1.2 First, the Division would admit that at times its planning role may have become subservient to more short-term priorities. Pay restraint and the flood of employment legislation have transformed personnel management in the last five years. There can be few personnel specialists, in any organisation, who have not at times thought themselves in the country of the Red Queen, where one had to run very fast in order to stay in the same place. But Ocean had no familiar place in which to remain. Alfred Holt, Elder Dempster, and the businesses which made up the Cory group were predominantly family firms, all with their own traditions. In dealing with people, as with less volatile matter, the merger and re-organisation in 1972 made much of the companies' past experience of little more than historic interest. From the time of its establishment, GPD has had a double task, keeping abreast of the changing requirements imposed by government and at the same time trying to establish the basic personnel policies, procedures and services required in the enlarged Ocean Group. We have, we think, been reasonably successful in both aims. It may be, however, that in so doing we have until now concentrated too heavily on immediate problems at the expense of the planning role.

1.1.3 Second, it is doubtful if the idea of GPD as a planning division is widely accepted in the Group. In part, the problem is conceptual. The purpose of the corporate staff divisions is, we suspect, the least understood aspect of the Group's management structure. In part, the problem is psychological. Managers who have been told that they are fully responsible for their own businesses will inevitably resent "interference from the centre", at least while matters are going well. When the "interference" affects the management of people, it is resented most of all. In part, the problem is intellectual. The familiar role of the personnel function is as a servicing department taking administrative and emotional pressure off the hard-worked managers who generate the profits. Against such a background, the idea of personnel management as planning-orientated can seem both strange and irrelevant, another gimmick to waste time and lessen profit.

1.1.4 The third comment can at first be shortly stated, for much of this plan is an expression of the arguments behind it. We believe that in the years ahead more attention will have to be paid to the planning aspects of personnel work, and the personnel aspects of planning, than manager have yet appreciated. The environment in which the business community operates will change, perhaps rapidly. Businesses will change to survive. The role of GPD - the reason for its planning emphasis - is to contribute to the process by which Ocean seeks to make and manage change. This plan has been designed to explain and justify our understanding of that role.

## 1.2 THE STRUCTURE OF THE PLAN

1.2.1 The plan's structure has been deliberately chosen. The best formal planning techniques are valuable because their rigour both encourages creative thought and establishes criteria by which the resulting ideas can be judged. But achieving the best is an exhausting task, and form and content can easily become stereotyped. In writing a plan for GPD there are two additional difficulties. Ocean's planning formulae were devised primarily for the operating units, not the staff divisions Many of the ideas which should lie behind personnel planning are rarely canvassed in any detail elsewhere, and so the GPD plan has few foundations on which to build.

1.2.2 The solution to these problems in previous years has been to organise the GPD plan to correspond to the departmental pattern within the Division. The weakness of this approach is that the departmental structure is decided by practical requirements of work organisation, although, many aspects of policy concern several departments. In consequence, the divisional plan tended to concentrate upon administrative matters, to the exclusion of discussion of wider polic issues.

1.2.3 In this plan, a new format has been adopted which we hope will be of greater usefulness.

1.2.3.1 Part Two consists of a survey of the working environment.

1.2.3.2 Part Three assesses the objectives of GPD in the light of the survey.

1.2.3.3 Part Four contains project proposals by which the objectives could be achieved.

1.2.3.4 Part Five discusses GPD's resources, the established work-load, and the additional burden which the proposed projects would impose. The plan ends by seeking authority to make the appropriate changes in the Division's work.

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# GROUP PERSONNEL DIVISION
# STRATEGIC PLAN 1977 - 81

## PART TWO: THE WORKING ENVIRONMENT

### 2.1 INTRODUCTION

2.1.1 The purpose of this section is to present a view of the general environment in which GPD operates. The survey is arranged under broad subject-headings, but some themes necessarily appear more than once.

2.1.2 In order to keep the plan as short as possible, we have reduced our analysis of each topic to a series of propositions.

2.1.3 In this part of the plan, we are concerned with the environment in which businesses generally operate in the United Kingdom. We are not, at this point, concerned with Ocean in particular.

### 2.2 EMPLOYING PEOPLE, THE LAW AND THE ENVIRONMENT

2.2.1 The employment of people in British businesses is now regulated and constrained as never before. This legislative intervention is arguably the biggest change in the business environment in the last decade.

2.2.2 Many of the changes are only beginning to become effective. It is doubtful if their full force is yet appreciated by managers who have not made a special study of the subject.

2.2.3 Within the next two years, the impact will be felt at all levels of general management, which in this context extends to first-line supervisors.

2.2.4 The innovations pose a major challenge to companies such as Ocean, which have traditionally combined high employment standards with line-management responsibility for people. Almost certainly, some of the traditional boundaries between specialist advisers and line managers will need to be re-drawn.

2.2.5 The full intentions of the architects of the new legislation cannot be gauged. But it is certain that

2.2.5.1 the real price of voluntary pay restraint has been the increase in the individual's job security.

2.2.5.2 the present government is increasingly prepared to treat the trade unions as the sole mediator between employee and employer.

2.2.6 If a Labour government remains in power for the plan period, it follows that British industry is likely to become 90-100% unionised. Indeed, legislation already introduced may contribute considerably to this. Companies wishing to influence this trend should be considering their strategies now.

2.2.7 In any event, other factors, including EEC membership and the trend of public opinion, will oblige businesses to become more open and to consult their employees about their objectives.

2.2.8 Whatever the conclusions of the Bullock Committee, and regardles of changes in political power, the rights of employees to some sa in company affairs will be further enhanced by legislation within the planning period.

2.2.9 Managements cannot resist these trends. What is in question is how they can be used for beneficial ends, and how the more extreme consequences are to be avoided.

## 2.3 SALARIES, FRINGE BENEFITS, AND ALLIED TOPICS

2.3.1 Incomes policy and pay restraint will remain major issues in the United Kingdom throughout the plan period, and the underlying ideological conflicts will not be resolved.

2.3.2 Despite trade union pressure, previous experience of "wages explosion" will deter any British government from returning too quickly to a "free-for-all".

2.3.3 In the short-term, the aim will therefore be a policy which is controllable, easily operated and monitored, and which permit the removal of anomalies and some restoration of differentials.

2.3.4 In practice, this is likely to mean the introduction during 1977 of a policy based on allowing overall wage costs to rise by an agreed percentage, and allowing the distribution of the increase to be settled by free processes. Some form of "productivity incentive" may also be devised.

2.3.5 Any restoration of differentials will necessarily operate against the poorer-paid who have gained comparatively in recent years. The long-term trend to limit differentials, perhaps setting maximum factor differentials between highest and lowest earnings will continue. But collective bargaining, labour market forces, and the wishes of management will combine to restore in the short-term some of the differentials recently lost by senior and middle management, skilled craftsmen, and strongly represented groups.

2.3.6 The challenge to management will be in ordering this process fairly, rewarding groups of workers according to their merits, and not succumbing to undue pressure from groups with strong bargaining power. The price of failure will be an increase in entrenched attitudes, and an extension of trade unionism into new areas.

2.3.7 In this environment, "fringe" and non-salary benefits will be of increasing importance. Lowering the age of retirement could also become a significant employee objective.

2.3.8 The design of the "total remuneration package" will be a major concern of employers. Despite the system's disadvantages, there may be a trend to "cafeteria remuneration", in which employees choose the mixture of benefits which best suit their individual needs.

## 2.4. THE IMPACT OF CHANGE

2.4.1 Business activity can be affected by any change in its environment. In periods of rapid change swift responses are essential.

2.4.2 In the next ten years, there will be large technological changes which will affect the storage, processing, transmission and reproduction of information.

2.4.3 Most businesses have no strategy for preparing for these developments, but the commercial and human implications are immense. A number of clerical jobs could disappear, with traumatic consequences for many, including managers and members of the professions.

2.4.4 New working methods will be accompanied by more advanced techniques for monitoring, analysing, forecasting and planning business operations. Management attitudes will need to change accordingly.

2.4.5 Employee response will be complex, but is likely to include

  2.4.5.1 increased concern for "job satisfaction" and acceptance of job mobility as a means of attaining individual fulfilment.

  2.4.5.2 a risk of alienation, as jobs become more specialised and decision-making techniques more elaborate.

  2.4.5.3 a wider questioning of the social purposes of business, particularly in redundancy and other crisis situations.

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2.4.6 Enterprises which intend to survive and benefit from change must be prepared for it. Their programmes should include

2.4.6.1 developing procedures for forecasting the nature and time-scale of technological, social and other changes in the environment.

2.4.6.2 monitoring trends elsewhere in the business world.

2.4.6.3 defining their own aims.

2.4.6.4 quantifying how the aims can be met.

2.4.6.5 acting on the results of this analysis, which will involve

- recruiting staff who can respond to change.
- educating staff to accept innovations.
- communicating long-term aims to all concerned.

## 2.5 THE RESPONSIBLE EMPLOYER

2.5.1 In the world at large, "business responsibility" is an inadequately defined and over-used phrase. To be meaningful, responsibility has to include

2.5.1.1 willing and genuine compliance with legal requirements.

2.5.1.2 awareness of, and response to social change.

2.5.1.3 having high and adequately defined standards.

2.5.1.4 critically measuring performance against the standards.

2.5.1.5 acceptance of long-term obligations to different groups.

2.5.2 The idea of responsibility will continue to be developed through public debate and business practice. Aspects of corporate responsibility which will come under review during this process will include

2.5.2.1 the desirability of pursuing uniform standards within an organisation. Examples would be

- comparing the behaviour of multi-nationals in different countries.
- ensuring that companies do not treat some staff well and have "second-class citizens" elsewhere.
- having similar pension arrangements for all employees

2.5.2.2 weighing the responsibility of companies to different interest groups such as shareholders, employees, and customers.

2.5.2.3 extending responsibility to include encouraging it in others. Examples would be

- using suppliers and agents whose standards matched one's own.
- only having joint ventures if the partners had a common business philosophy.

2.5.2.4 considering responsibilities in the so-called "third circle", where business can influence the development of society as a whole.

2.5.3 In the medium-term, the responsibility debate must either fade or proceed to a deeper philosophical level. The latter seems more probable, and would mean

2.5.3.1 re-defining the social purpose of all business activity.

2.5.3.2 questioning the existing philosophy of ownership.

2.5.4 Criticism of the basis for strategic decisions of resource allocation is the probable catalyst for questions such as these. If the debate does continue into these areas, the implications are imponderable. As a medium-term possibility, there could be pressure to ensure that wealth produced in one region or by one group of workers is re-invested to produce further wealth and job opportunities for that region or group. If this type of development does occur, it could be rational to split groups like Ocean up into their constituent parts, there being no benefit in union when it has ceased to be "responsible" or acceptable to use the resources or cash flow of one business to develop another elsewhere.

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# GROUP PERSONNEL DIVISION
# STRATEGIC PLAN 1977 - 81

## PART THREE: THE PERSONNEL FUNCTION AND GPD

### 3.1 INTRODUCTION

3.1.1 It will be plain from Part Two of this plan that we expect the years ahead to bring changes for which the Group, its businesses, and ourselves are at present inadequately prepared. Before making proposals to remedy the shortcomings, we wish to consider the present role of the personnel function in Ocean.

3.1.2 Ocean owes its organisational structure and the key concept of the line manager's overall responsibility for all aspects of the business, including the management of people, to the analysis commissioned from the Boston Consulting Group in 1971 - 72. The establishment of GPD as a staff division, and of divisional and business personnel departments to provide a direct service for General Managers, are worked-out implications of the Boston philosophy. We have, at this time, no wish to criticise the core of that philosophy, but it should be qualified in two ways.

3.1.3 First, the Boston theories are too intellectually complex to have been fully understood at all levels, or to have been fully implemented. The rationale behind decisions, whether relating to investment or to organisational matters, may be clear to the decision-makers, but almost invisible to the ordinary employee. Intelligent and necessary action can seem mere caprice. From a personnel standpoint, the Boston-designed structure also produces a number of policy and administrative problems, not least with associated companies.

3.1.4 The second qualification is conceptual. In essence, the Boston theories are concerned with marketing. The aim is the management of present markets and the allocation of current resources so as to gain the dominant share in the markets which will develop in the future. Organisational factors are recognised in the need to establish structures which encourage the identification of the right strategies, and in the importance attached to knowing which businesses one is good at, and which one will never be good at. But, basically, Boston offers a dispassionate analysis whose emphasis is on economic not social factors. However valid this may be, in the years since Ocean adopted its Boston-inspired management structure there have been changes in the social environment in which the Group's businesses operate. Price codes, pay restraint and new legal requirements have affected the free workings of the British market-place. The expectations of employees, customers and other interested parties are altering, and the force of government is increasingly behind those expectations. Boston preaches a philosophy of growth. Growth, rightly or wrongly, is increasingly regarded as suspect. If Ocean is committed to growth, it should expect its motives to be under continual scrutiny.

3.1.5 Three examples can serve to show the new attitude to business as a social organism.

3.1.5.1 Industrial tribunal decisions have made it apparent that, in redundancy situations, business units cannot be regarded as distinct; that is to say, a controlling employer cannot make employees redundant in one business if he is able to offer them jobs in another.

3.1.5.2 The Health and Safety at Work Act has reflected the increased interest in company organisational structure, and its social consequences, by making it a statutory requirement that each place of work should include in its written safety policy the organisational structure responsible for implementing it.

3.1.5.3 Earlier this year ASTMS announced a major initiative to pressurize Unilever's top management into regarding Unilever as one company not a series of individual parts, and in doing so indicated their intention of collaborating with trade unionists in Holland and elsewhere to achieve their aim.

3.1.6 Such examples have a clear significance for certain theories of business organisation, which hold that, in a group of companies, individual operating units should be given maximum autonomy in non-financial matters. For Ocean, which has declared its intention of operating so far as possible as a cohesive group, the implications are more subtle but equally far reaching. We shall now consider how Ocean is affected by the new climate. The discussion is in three sections - the role of the personnel function, the objectives of GPD, and the problems of personnel policy.

## 3.2 THE PERSONNEL FUNCTION IN OCEAN

3.2.1 Ocean needs a personnel function which

3.2.1.1 meets the needs of Group businesses.

3.2.1.2 enables the Group to discharge its obligations to employees.

3.2.1.3 permits personnel factors to be given adequate weight in planning for the future.

3.2.2 At present, the Group seeks to achieve this by

3.2.2.1 giving line managers a wide responsibility for the people employed in their activities.

3.2.2.2 having specialist personnel departments which deal with specified groups of employees, including all seafarers.

3.2.2.3 maintaining two divisional personnel departments to assist Divisional General Managers in all other aspects of their personnel responsibility.

3.2.2.4 operating a salary structure and job grading system which is common to all shore-based salaried staff.

3.2.2.5 assessing the performance and potential of all shore-based salaried staff through a formalised appraisal system, and linking the results to management development programmes and succession planning.

3.2.2.6 providing some personnel services, including pensions administration, welfare, and a large amount of payroll work, through central service departments.

3.2.2.7 making specialist advice on any specific matters, and general guidance on statutory requirements and Group policies, available through specialists at the Group centre.

3.2.2.8 giving the specialists at the centre certain responsibilities for planning and advising the Executive Committee on personnel matters.

3.2.2.9 propagating Group personnel policies through policy papers issued with main board approval.

3.2.2.10 improving awareness of personnel problems by visits to locations by General Managers and Executive Committee members.

3.2.2.11 co-ordinating personnel policy as a whole through the general oversight of the Executive Committee and the Group Personnel Director, the work of the Group Training Committee, and consideration of specific matters at meetings of General Managers and the Ocean Board.

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3.2.3 So the management of people receives considerable attention. However

3.2.3.1 decentralisation must mean some differences in standards, and, unless overall monitoring is exceptionally thorough, in practices.

3.2.3.2 the provision of personnel services, and the areas covered by agreed policies, have both been decided by evolution rather than by planning.

3.2.3.3 if the analysis in Part Two of this plan is correct, managers at all levels will in future need

- increasing amounts of help with practical procedures if they are to meet legal requirements as well as do their own jobs.
- more training and more help in matters like negotiating with employees and consulting employees.
- increased general support on personnel matters.

3.2.4 Other corollaries of the analysis in Part Two are that the overall importance of personnel matters to the Group will increase, and personnel implications will become a greater factor in planning the Group's future.

3.2.5 To this we have to add that, in managing people, success is attained only through constant vigilance. In particular, there is a continuing need to try and adopt the employees' standpoint, which for senior management must always be a very difficult task. There are two important levels to consider.

3.2.5.1 The first level is that of the operative and clerical grades who form the majority of the Group's employees. Almost certainly, there is a limit to the amount of responsibility which these employees want to exercise in their working lives, either because they know their own limitations, or because they are more concerned with their lives outside work, or because they find responsibility a burden rather than a pleasure. Such people do the jobs - routine, repetitive, in some cases sheer drudgery - without which the Group cannot survive. If they do their work well, they contribute greatly to the Group's overall efficiency. If they are apathetic, the whole organisation suffers. Their needs, which are essentially straightforward, can be expressed in the following terms, although not necessarily in this order:

- job security
- reasonable pay and fringe benefits
- good working conditions

- job satisfaction
- appropriate career prospects
- sense of identity with employer
- being respected by employer.

To remain abreast of the changing nature of these needs is at the same time among the most basic moral responsibilities of management, and a piece of intelligent self-interest. Consequently, in times of rapid social or economic change, such as we now have, the methods by which management maintains its contacts with employees become of greater importance.

3.2.5.2 The second level is that of junior and middle management. Senior managers, as they agree development programmes and prepare succession plans, can easily start to forget that their perspective is different from that of their subordinates. Aspiring junior and middle managers, if they receive inadequate support, if they think their potential is not being properly recognised, or if they think that external recruitment is unjustifiably high, will soon become disillusioned. Their capacity and ambition will be undermined. The perspectives of the senior and lower levels are not easily reconciled. Most managers will accept that there are benefits to be gained from "cross-fertilization" through outside recruitment, and that the problems of staff development are among the hardest, and most crucial, which senior management has to solve. Nonetheless, constant care is needed at the top levels of an organisation if newcomers are to be successfully integrated and the goodwill of existing employees retained.

3.2.6 We conclude, therefore, that the efficacy of any personnel function depends upon regular re-appraisal, and that the changes taking place in the working environment will present a major challenge to the Group's ability to manage its human resources in the years ahead. Considerable thought and debate will be necessary to identify the crucial deficiencies and decide how they may best be remedied. Alternative systems of personnel organisation, including regional personnel offices, may have greater merits in the future than Ocean has previously supposed. We cannot, without much detailed investigation, commit ourselves to any one solution. A proposal to make the study which we believe to be necessary is included in paragraph 4.2.1.

## 3.3 THE OBJECTIVES OF GPD

3.3.1 The objectives of GPD have to be defined within a double perspective:-

3.3.1.1 as part of the personnel function in the Group as a whole

3.3.1.2 as the staff division concerned with personnel matters.

3.3.2 As part of the Group's personnel function, the Division's prime responsibility is to act as a central service unit, providing other parts of the personnel function with specialised skills and knowledge which cannot be provided economically or effectively at individual business level. Without prejudice to the investigation proposed in paragraph 3.2.6, we have no doubt that the need for services of this sort will remain acute throughout the planning period. Operating divisions, even if they possess their own full-time personnel staff, will still need a central resource to whom they can turn for specialist assistance on matters such as

3.3.2.1 pension schemes, which, with the implementation of the Social Security Pensions Act, will be a major issue for at least the next two or three years.

3.3.2.2 employment law, a field in which it will be several years before even specialists can be confident that they have absorbed all the details of the new rights given to employees in the last three years.

3.3.2.3 remuneration practices, and interpretation of statutory requirements.

3.3.2.4 training, where the continued proliferation of courses and consultancy services, and the need to update existing courses to allow for new circumstances, means that the individual businesses are unlikely to have accurate knowledge outside their own main areas of interest.

3.3.2.5 specific topics such as disclosure of information, staff committees, or other aspects of consultation, where businesses will be able to gain from the wider knowledge of developments, in Ocean and elsewhere, available to the Group centre.

3.3.3 As a staff division, GPD's role extends beyond the provision of central services and specialist advice to embrace a wider responsibility for helping to make, implement, and monitor policies. Some aspects of these responsibilities will now be discussed in more detail.

3.3.4 The "framework for growth" in the current planning guidelines provides several examples of the contribution personnel planning and policy can make to the Group's future.

3.3.4.1 The preservation of existing market positions is necessarily dependent upon maintaining the calibre of the employees involved in each business. The contribution which management development and career planning programmes can make to this end is self-evident.

3.3.4.2 Development of under-used existing skills presupposes that the nature of the skills, and the extent of our need for them in our current operations, are properly understood. Where individual human resources are concerned, useful aids include purpose-oriented job descriptions, and procedures for assessing performance, career potential, and key result areas. Ocean has started to use these tools in recent years, but it is doubtful whether they are yet making a sufficiently effective contribution. Furthermore, we suspect that on a collective level we still have a lot to learn about motivating groups of employees, keeping and using our reputation, and employing existing skills in new areas.

3.3.4.3 Diversification outside the United Kingdom could require some re-thinking of our personnel philosophy, and would oblige us to buy-in knowledge of relevant personnel practices to supplement what we already possess. GPD could, however, prepare itself in advance by making studies of the problems which would occur in specific environments. A major investment in mainland Europe would present the Group with a fascinating personnel challenge, especially if the EEC eventually succeeds in establishing a "Eurocompany" structure which transcends national boundaries.

3.3.4.4 The personnel implications of major acquisitions are enormous, not least because we suspect that a large number of employees are at best indifferent to growth, organically or by purchase, unless they can see a clear personal benefit. This subject is given more specific consideration in paragraph 3.3.7.

3.3.5 The preceding analysis, although directed to the special implications of growth, serves to begin the case for personnel involvement in planning. For some aspects of GPD's responsibilities, especially in the areas of management development and career planning, the involvement should be total. Planning the progress and development of individuals is impossible except in the context of the detailed plans of specific businesses. However, as we have tried to show in the analysis in Part Two of this plan, there are other topics, such as salary differentials, legal obligations, or employee attitudes, which are within GPD's area of expertise and which could have a significant impact upon future business plans. It is not enough for the Group centre, acting in isolation,to make policy and establish procedures which businesses then implement. If Ocean is to make the optimum respons to change, avoiding the pitfalls and exploiting the opportunities, we have to develop a constant flow of ideas and knowledge between the different levels of the Group. Otherwise, managers will not acquire the sensitivity which the problems will demand. They will not question the environment enough. They - and Ocean - will respond too late.

3.3.6 From this it follows that GPD is trying to find ways of offering more planning assistance to both the Group and individual businesses.

3.3.6.1 One idea, which seems to have considerable merit, is that the staff divisions should not write their own strategic plans at the same time as operating divisions, but should work to a different cycle and present their plans in the early summer of each year. The advantages of this would be, first, that staff divisions would write their plans not in a partial vacuum, as at present, but in the light of the recently authorised Group plan, and, second, that the staff divisions' specialists would be available to help operating divisions in the early autumn planning round. At present, very few operating units see any need to consult GPD in preparing their own plans, an omission we note with some dismay.

3.3.6.2 Another contribution to wider understanding might be to make the GPD plan, with its general analysis of employment trends, available to all operating units.

3.3.7 As we have indicated, we believe that the personnel aspects of acquisition or major diversification strategy present particular problems, compounded by the need for confidentiality and perhaps at times by divisions' conflicting aspirations. We are convinced that more and more attention must be paid to personnel and social factors in this area, and we are trying to identify methods by which this could be done. One possibility is to use a set of standard criteria to compare the personnel practices of Ocean and other companies. The resulting comparisons would serve as a useful measure for evaluating our own performance against that of organisations undertaking similar activities. However, as the Group is most likely to acquire businesses of its own type, the studies could be of value in assessing merger or take-over projects, and confidentiality would not be infringed.

3.3.8 A specialised aspect of personnel planning is the means by which GPD acquires its knowledge and the other uses to which that knowledge could be put. A present example of this is the taxation aspects of redundancy and early retirement practices, a highly specialised field where we need greater knowledge than we currently possess, or can readily obtain. There is, therefore, a possibility that the solution is to acquire the knowledge, use it, and then market it to others, perhaps with the help of Ocean's high reputation on Merseyside. A proposal to this effect is included in paragraph 5.2.4.6.

3.3.9 The underlying theme of this section has been that the role of GPD has to be re-thought both by the Division and by the Group. A proposal to reconsider the Division's organisation structure in this light is contained in paragraph 4.2.2.

## 3.4 PERSONNEL POLICY

3.4.1 The processes by which Ocean documents and disseminates its personnel policies, and ensures that businesses comply with those policies, are of sufficient importance to the Group's management of people to require separate consideration.

3.4.2 At the present time, the policy is stated in a number of different places - the first parts of the Red Book, various policy papers, the U.K. Staff Policy Manual, and several ad hoc documents such as the submission to the Bullock Committee.

3.4.3 It has been the inevitable outcome of building up policy in this method that the results are uneven. There are important areas, such as the staff appraisal system, in which no formally endorsed statement of policy exists. In other areas, of which consultation with employees is the most vital, there are general statements of philosophy lacking sufficient detail to justify the name of policy.

3.4.4 Dissemination of Group policy has also been uneven. The most basic example of this is that the statutory information relating to conditions of employment is provided to staff members in Liverpool Divisions in an individual document, and throughout Ocean Cory Division by reference to a personnel manual held by managers. There is a programme of providing individual booklets on topics such as pension schemes, personal accident scheme, and appraisal, but this has been undertaken on an ad hoc basis without definite intention of covering the whole field. In consequence there is little doubt that parts of the policy remain inadequately understood by employees. General Managers also differ in their attitude to the distribution of documents referring to personnel policies.

3.4.5 One aspect of policy which has been relatively neglected, and in which political problems have generally found political solutions, is the means by which adherence to agreed policy is monitored.

In consequence both Group and divisional centres have imperfect knowledge of practices in businesses. Some of the gaps, such as in knowledge of union membership agreements (the official name for "closed shops") cover areas not dealt with by existing Group policies but which are becoming of increasing importance.

3.4.6 Proposals to study further the matters discussed in this section are contained in paragraphs 4.2.3 and 4.2.4.

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Appendix 62

# GROUP PERSONNEL DIVISION

## STRATEGIC PLAN 1978 - 82

October 1977

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# GROUP PERSONNEL DIVISION
# STRATEGIC PLAN 1978 - 82

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## 1. INTRODUCTION

The GPD plan for 1977-81 differed from its predecessors in the breadth of issues which it discussed, and in the format which was adopted for the purpose. Twelve months after it was written, that plan still reads as we would wish, both as philosophical discussion and as a general stateme of intent. But strategic plans are, rightly, supposed to be more than just confessions of faith; and, having put forward a plan which would take several years to implement in full, we now submit the next phase.

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## 2. THE WORKING ENVIRONMENT

In broad terms, what we have previously called "the working environment" is recognisably the same scene as it was twelve months ago, although several of the features have changed.

### 2.1 Industrial Democracy

Response to the Bullock Report has shown how great are the difficulties facing the supporters of industrial democracy, and we do not now expect to see any form of employee participation made mandatory by legislation within the next twelve months. On the other hand, we do foresee the publication of some type of code of practice covering participation agreements, which should pose a considerable challenge for all managements. In a related field, obligatory employee involvement in pension scheme management seems nearer now than we would have supposed a year ago - and that also is a potential source of severe problems for managers, and of complex changes in employee attitudes.

### 2.2 Pay Policy

On pay restraint and future pay levels, our assumption is that the Government, with the support of employers such as ourselves, will be able to maintain in broad terms, the policy it has adopted for the period upto mid-1978. The "twelve-month rule" will, we think, be more strictly observed than the "10% maximum".

### 2.3 Job-swapping

Turnover of employees seems to be appreciably higher in most industries than it was a year ago, but has yet to return to levels which would have been regarded as normal a few years before that. Whilst unemployment remains high, we can expect this subdued pattern of turnover to continue, and also that a wide range of reasonably qualified applicants will be forthcoming when vacancies occur. Both phenomena present a challenge to personnel managers:

2.3.1 Technological developments will make it still harder in the next few years to re-deploy the more inflexible older employees, who are also the least likely to leave to join other employers.

2.3.2 The same technological advance, if we consider its impact five or six years ahead, makes it the more desirable that advantage is taken of the currently favourable market to recruit employees able to respond to the changes which are certain to occur. Retraining and development programmes for existing employees also become more important.

## 2.4 Employment Law

1977 has seen, as we forecast, some tightening and clarification of employment law which has affected both employers and trade unions.

Case law has established - not always satisfactorily, or perhaps even intelligently - what some recent enactments mean. The screw has been tightened on employers in areas such as recoupment of unemployment pay to unfairly dismissed employees. ACAS has got into full stride, publishing its first two codes of practice, and responding, with mixed success, to a number of appeals from unions and employers. Unions, for their part, have more or less digested the possibilities of the new legislation, and the appropriate sections of the Employment Protection Act are being invoked more frequently.

1978 will see the continuation of these trends, plus four important developments:

2.4.1 The promised consolidation of existing employment legislation will be a useful long-term measure, but could produce short-term confusion, as the new documentary framework will make all existing manuals and guides out-of-date.

2.4.2 More significant, the introduction of trade union representatives to Health and Safety Committees in April 1978 offers opportunities for the development of co-responsibility and conversely for new conflict between unions and managements.

2.4.3 The indications are that the coming months will see the beginning of firm proposals - and, if necessary, interventions - by the Commissions for Equal Opportunities and for Racial Equality.

2.4.4 The various provisions of the new Companies Bill represent a significant stage in the process of defining and enhancing the responsibility and accountability of companies and their directors towards employees.

## 3. OCEAN'S OWN POSITION

3.1 Within Ocean itself, we detect four trends of consequence in the past year.

### 3.1.1 Consultation

Progress has been made in the development of management and employee attitudes to consultative procedures.

### 3.1.2 Unionisation

ASTMS activity at MCCS Liverpool brings the possibility of wider staff unionisation nearer.

### 3.1.3 Industrial Tribunals

Our record in industrial tribunal cases remains generally satisfactory, but on one occasion in the year we received severe criticism - a sign, perhaps, that the highest standards are increasingly expected of large groups.

### 3.1.4 Employee attitudes

As a continuing trend, different groups of employees' expectations of the Group are altering:

3.1.4.1 Our blue-collar employees in general are gradually becoming aware that there is an "Ocean" as well as their own immediate employer.

3.1.4.2 Our younger managers are increasingly seeking assuranc that their careers are planned with the same foresight, and using similar techniques, to those used in the planning of our businesses.

3.1.4.3 Low morale among some employees, particularly the older staff employees in India Buildings, does exist: Ocean today is not the company they joined, and they see little prospect of satisfactory advancement within it. Morale in some parts of OCD is not good, but this is due to understandable commercial reasons such as organisational changes, loss of market share, or financial performance.

3.2 In the light of this analysis it may be worth re-stating the general role GPD as advanced in the 1977-81 plan. Our argument had two themes:

3.2.1 The first was that, taking an overall view, the factors which affect the management of people will change more rapidly than usual in the next few years. Managers at all levels should therefore expect to spend considerable time on this aspect of their role.

3.2.2 The second was that Ocean's belief that General Managers carry the principal responsibility for the management of people has the corollary that GPD should be primarily concerned not with "fire-fighting", but with the provision of detailed specialist advice, policy development, and co-ordination of the Group's day-to-day management of people. GPD should aim to be both responsive (in that it should provide the services needed by employees and businesses) and innovatory (in that it should promote the importance of personnel factors in planning for the future).

3.3 There are several areas where it is important that Ocean is aware of coming developments. The most significant of these are probably:

3.3.1 The breaking down of authoritarian systems of management;

3.3.2 The emergence of consultative and consensus management processes;

3.3.3 The gradual re-assessment of traditional attitudes to business, seen, for example, in concern for job satisfaction, and in objections to proposals which put shareholders' interests before those of employees;

3.3.4 The increasing tendency for government to intervene in business operations in various ways, and for various outside pressure groups to seek to do so;

3.3.5 Changes in working methods as a result of changes in available technology.

3.4. We believe that most managers in Ocean are aware of these development What they have not yet determined is how best to respond to them. This process is inevitably gradual, as it involves managers in re-thinking their own roles and their response to apparent threats to their authority We hope that, by building contacts through help with individual problems and by discussion during visits to businesses, we can work with the divisional personnel functions to encourage Ocean's managers to react t change, and to discover the specific ways in which we can facilitate that process.

## 4. GPD's PERFORMANCE IN 1977

4.1 We turn now to GPD's performance in the current year. The 1977-81 plan contained a provisional work programme for GPD in 1977. A refined and detailed programme was then submitted to the Executive Committee in January 1977 in paper EC(77)24, and became the working programme to be followed by the division. In this section of our plan, we consider performance in the light of the agreed final programme and of the long term proposals.

4.2 Good progress has been made in most discrete areas of G.P.D's responsibility.

### 4.2.1 Hay/MSL

Introduction of the Hay/MSL system of job evaluation took longer than we had hoped. Extension of the implementation period was considered preferable to any diminution in the level of participation by line management which was vital to the successful implementation of the programme, and which has been achieved.

### 4.2.2 Pensions

The processes of consultation with employees and unions, decision making, and administrative preparation for the implementation of the Social Security Pensions Act in April 1978 have proceeded satisfactorily, and in line with our original programmed dates. Applications for contracting out certificates in respect of all Group pension schemes will have been made by mid-November 1977. The response to consultation, as we anticipated, was not great, but most employees, we believe, accepted and appreciated that a genuine attempt was being made to explain a difficult subject.

The remaining tasks are consultation with employees in areas not previously covered by Ocean Pension Schemes, and ensuring that administrative procedures are adequate for the major task of keeping track of information needed for "guaranteed minimum pension" calculations. Work on these two aspects continues.

### 4.2.3 Career Planning

In the field of career development planning, work on refining techniques for quantifying the Group's need for specialist skills has proceeded as scheduled. Substantial progress has been made in the field of financial skills, work has been done concerning personnel skills, and attention is now being paid to the technical skills needed by Ocean Fleets and some Ocean Cory businesses.

The manning of the career development function is being increased to permit extension of career planning and development work to grades 10-13.

### 4.2.4 Management development and training

The MDA carried out an analysis and diagnosis of management development needs for staff in grades 12 to 19 as identified in the annual assessment reports and from discussions with senior managers in Group businesses. This showed that progress is being made in the identification of individual training and development needs. The programme of in-company training courses has proceeded as planned, with the exception of the Management Development Course at Ashridge. This was intended as an extension of the course held at Sundridge Park, but it was agreed that it would be appropriate to defer the mounting of such a course until 1978 and the plan to programme this course is being re-activated.

An advanced supervisory and junior management course has been launched this year at Burton Manor under the title "Management Action Programme". It is evident that this course met a real need for training in decision-making, man management and financial appreciation.

It is proposed to revise the format of the five-day Finance Course for Non-Financial Managers and to re-develop the five-day Advanced Finance Course.

### 4.2.5 Welfare

The manning of the Welfare function has been increased from two to three in response to the existing needs of Group businesses.

### 4.2.6 Employee Participation

Responsibility for development has rested with G.P.D. but support from Divisions has been encouraging. We recognised at the outset that the speed at which we could proceed was a delicate balance between responding to a perceived need - rather than imposing a rigid structure - and providing appropriate channels to harness the contribution which we believe our employees can make to the success of the enterprise. We have not been over-influenced in our actions by the threat of any future legislation in this field, but our assumption that groups with over 2,000 employees will be obliged to enter into particupation agreements by 1980 provides added justification for treating the subject as a key task.

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Since the last plan review we have concentrated on building a suitable framework of policies, guidelines and advisory teams which will assist businesses to make the process of participation come alive at the operating level. Formulation of a training strategy has proved more difficult than we had expected.

Progress has been carefully paced, partly for the reasons mentioned above, and to ensure that we practice what we preach - namely to consult employees and to secure their commitment! Tasks completed so far include:

- Plan to develop employee participation submitted to E.C.;
- In depth review made of current position on provision of information;
- OCD prepared plan for consultative machinery;
- Group policy statement approved;
- Marine Divisions improved communication channels;
- Consultative committees established for all corporate staff divisions;
- Training support introduced;
- Employee councils established in Oil Distribution and parts of Cory Distribution;
- Group guidelines issued on provision of information;
- Consultative committees of pension scheme members developed

4.3 G.P.D's work-load in 1977 has had some prominent features which were not foreseen.

4.3.1 Fringe benefits

Fringe benefits have proved a major pre-occupation for ourselves and especially for the Company Secretary, whose contribution has been outstanding.

Results so far include:

4.3.1.1 - the introduction of a financial counselling service for senior staff, which will be extended to other employees next April;

4.3.1.2 - the extension of the benefits available through Ocean Nestor by the introduction of the new Additional Voluntary Contributions scheme;

4.3.1.3 - establishment of an educational trust;

4.3.1.4 - improved terms for a variety of personal insurances;

4.3.1.5 - the provision of cars for staff in grades 14-16;

4.3.1.6 - additional share option offers;

In addition, investigations are under way concerning extending holiday entitlements and the possibility of profit-sharing schemes.

4.3.2 Equal Opportunities

Response to recent legislation has included work on equal opportunities for all employees. A Group policy paper has been produced, and various contacts have been established with the bodies charged with monitoring the impact of the legislation.

4.3.3 Extension of Hay/MSL

Consideration has been given to the extension of the Hay/MSL system to other parts of the Group, and work has commenced in Straits and in Elder Dempster Agencies (Nigeria) Ltd.

4.4 The area of activity in which we are less satisfied with our performance in 1977 is the major re-assessment of the personnel function proposed in paragraph 4.2 of the 1977-81 plan, and in part re-stated in more defined form, in the 1977 work programme.

4.4.1 Although our achievement in this area has been fragmentary, work has been carried out across a wide range:

4.4.1.1 GPD organisation

The organisation of GPD itself has been altered so as to provide greater flexibility in skills and to widen the experience of staff.

4.4.1.2 Ocean Cory personnel function

In Ocean Cory, a new and expanded personnel organisation structure is in process of implementation.

4.4.1.3 Other organisations

Considerable time has been spent visiting other organisations, to see whether any of their experience

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is of relevance to Ocean, and studying developments in spheres such as equal opportunities, employee participation, fringe benefits and salary administration

4.4.2 In a number of ways, however, we have yet to meet the targets we set ourselves. The list which follows is derived from the work programme put forward in ECS(77)24.

4.4.2.1 L.P.D.

Further consideration needs to be given to the ways in which LPD can help divisions in India Buildings achieve maximum effectiveness in the management of people.

4.4.2.2 Co-ordination of personnel functions

There has been little progress in investigating the effective co-ordination between the shore and various sea-going personnel functions.

4.4.2.3 Training Manager

Although we had identified the need for a Training Manager, we have yet to make an appointment.

4.4.2.4 Salary Administration

The lengthy implementation of Hay/MSL has meant that the following Salary Administration projects originally programmed for 1977 will not be completed within the year:

- Hay/MSL audit system.
- job evaluation for grades 2-7.
- review remuneration packages.
- review statistical base.

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## 5. THE RESPONSIBLE EMPLOYER

We have indicated that we believe it is important for Ocean to define, sustain, and develop its determination to be a responsible employer.

5.1 For four years this has featured as a Group corporate aim. The philosophy behind the phrase runs deep into the organisation, and GPD is not the only division to have a duty to respond to it. But what does the phrase "responsible employer" actually mean? What are the tests of whether it is achieved?

5.2 As a preliminary proposition, we suggest that, at Group level, the other three aims - 10% growth, medium risk, and maximisation of financial resources - are more comprehensively thought out than the aspiration to be a responsible employer. It is clear that, by the evidence of its past, Ocean does want to be responsible in its treatment of employees. It is less clear how that aim relates to the other objectives. We put forward three lines of thought which might be pursued.

5.2.1 One source of difficulty is that whether or not Ocean is a responsible employer must eventually be a question of opinion. The other aims, with the possible exception of "medium risk", can be measured by finite criteria.

5.2.2 Why do the aims include specified responsibility to employees but not to other stakeholders such as the providers of capital? Is this intended to put employees in a position of privilege? Would it be better to define the aims in terms of responsibility to each group interested in the enterprise? Or should the aim be expressed as "to be a responsible business organisation"?

5.2.3 How does "responsible employer" relate to the other aims? For example, is not responsibility to employees one reason for wanting to be medium-risk overall?

5.3 There are a number of ways - including the attention paid to consultation, equal opportunities and work experience - in which Ocean has tried to be a responsible employer during 1977. These effects will be continued in 1978, but we can see two other themes becoming prominent:

5.3.1 Career and management development work will have to be extended to include much more explicit counselling of individuals, and, therefore, of training of the counsellors. The need will not be confined to the high potential manager - the requirement is equally pressing at other levels.

5.3.2 It will be increasingly necessary to consider how responsibility is to be achieved in respect of change imposed from without. Pensions can provide a concrete example. What is the responsibl employer to do about legislative intervention in the management of pension schemes (particularly the giving of powers to trade unions) and the other type of threat which inflation can pose?

5.4 We think it worthwhile to define what we mean by responsibility, not only as a management exercise, but publicly. A proposal to this effect is made in paragraph 6.2.1.4.

Author's Note:

Parts 6 and 7 and the Appendices are not included in the reproduction.

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Appendix 63

Research Note on:

## Management Development and Organization Development in Ocean

This appendix includes papers which relate to the launch in 1978 of a development programme at Ashridge Management College. It was designed to combine the interventions of the MDA in the cognate areas of management development - improving managerial effectiveness and organization development - a planned change in the culture and management style of Ocean.

1978 was a time when many companies were consciously pursuing strategies for a greater degree of employee participation in the operation of business enterprises, and the consultative policies and procedures which could stimulate more effective interaction between management and employees, in achieving planned business results. Ocean had joined the new 'enlightment.'

The success of the interventions cannot be separately assessed, as the outcomes were coloured by major changes in the U.K. Government, oil price explosion, the severe downturn in U.K. shipping, continuing general world-wide recession and an accelerated change in information technology. There were factors in the external environment directly impacting on Ocean. Its internal environment was to change in 1980 with the retirement of Sir Lindsay Alexander as chairman, and through moves to increase its industrial services as against its shipping activities.

The Ashridge link was the last of the MDA's tinkerings in Ocean development - managerial and organizational.

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### Proposed Ashridge Management College Programme on Management/Employee Consultation, Employee Participation and Interpersonal Skills

1. A memorandum from JLA on Industrial Democracy was submitted to the Bullock Committee on 28th March 1976. Explicit in the submission was the statement that Ocean accepts without qualification that there is a clear need for companies of all sizes to establish sound procedures for consultation.

2. Experience within the Group has demonstrated a need for concerted and effective consultation at operating levels, recognising that different problems arise in the various unit businesses and suggesting that a flexible approach is essential: a single pattern would have no relevance to a wide range of businesses in Ocean.

3. Taking into account the time scale of any legislative measures to implement the Bullock recommendations, it was agreed that the GPD Strategic Plan for 1976-80 would include provision for the development of sound systematic communication and, where appropriate, consultative procedures at operating levels. It was agreed that ERA and MDA would work closely in development and training aspects of employee relations. Changes were made in the Sundridge Park management development programme and some new thinking was incorporated into the GPD Strategic Plan for 1977-81.

4. As part of his audit and diagnosis of management development and training needs for 1977 and beyond, in unit businesses, MDA held a number of consultations with unit general managers in May/June 1976. The findings were presented to the Group Training Committee in June 1976. It was agreed that they pointed to a continuing need for training

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in the management of human resources. It was further agreed that a replacement of the programme developed at Sundridge Park Management Centre would call for some specific examination of Ocean's changing needs in consultative practices and the awakening interest in new approaches to employee participation.

5. In August 1976 DJR met Philip Sadler, Principal of Ashridge Management College, to explore the possibility of running a series of Ocean in-company courses at Ashridge. At the same time discussions were held with Paul Hill of MSL, to ascertain the contribution he could make in the subject area of employee relations. A report on these meetings was presented at the GTC in October 1976, when it was agreed a consolidated report on the proposals would be prepared by DJR for the GTC meeting in January 1977.

6. In September 1976 OCD's Divisional General Manager (DGM) appointed a working party to examine the feasibility of employee participation initiatives in Cory unit businesses. The MDA was told these developments would not affect OCD involvement in a Group management development programme, which it was hoped would enhance the competence of Cory managers.

7. In November 1976 ERA/MDA prepared a first draft of a paper on the provision of information; it was discussed by a working party led by DC/CACH. It was a focal point for discussions with Ashridge staff on 16th December 1976, following which ERA/MDA submitted a draft programme on Information Policy and Procedures and Consultative Practices in Ocean, to GJE and RLH.

8. The draft programme and a paper on Employee Participation submitted to the Executive Committee in December 1976 under EC(76) 390 formed the basis for subsequent discussions with Ashridge staff. An outline programme on 'The Challenge of Participation' was discussed at the

Group Training Committee in January 1977 as part of the MDA's progress report on discussions within Ocean and with Ashridge Staff.

9. Changes being made in Ocean procedure and practice on participation and correlation called for modification of the draft programme of December 1976. It was agreed that W.A. Braddick, Deputy Principal at Ashridge, would hold further discussions with ERA and MDA in March 1977. Peter McArthur, the senior tutor for the first programme, and his colleagues, agreed to arrange a series of visits to Ocean businesses. L. Handy and M.D. Osbaldeston visited India Buildings on 18th March 1977 and met senior members of OLL, OFL, GCS and GPD. Further visits were made by W.G. Braddick and P. McArthur on 26th April 1977. AJS and JBW were asked to coordinate a series of visits to OCD.

10. Discussions at a meeting of general managers in OCD, at Norbury on 22nd March 1977, when ERA and MDA were present, indicated an attitude change in OCD. There was a strong feeling that unit general managers were not supportive of the draft programme, as prepared for the GTC in January 1977, and wished to see some broadening of course perspectives for an Ashridge course.

11. Following a meeting held at Ashridge on 4th April, attended by AJS and JBW from OCD, DJR and GC, it was agreed to defer plans for drawing up a new draft programme until the autumn of 1977, by which time strategies for Ocean approaches to participation and consultation would have been clarified. RLH's memorandum of 27th April 1977 called for more deliberations with DGMs, prior to starting up any programmes at Ashridge.[2]

12. A redraft of the programme drawn up by DJR in conjunction with Ashridge staff in September 1977[3] was presented to the GTC in October 1977. It was agreed to mount the first course in April 1978.[4] There were three objectives:

12.1 to increase understanding of current and anticipated employee relations and environmental influences affecting participants' own business;

12.2 to review some aspects of employee motivation and expectations, in relation to Ocean business perspectives and individual perspectives, and

12.3 to enable managers to identify and improve interpersonal skills.

DJR

November 1977

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Appendix 63 Annexe 2

To: General Managers of Divisions

27th April 1977

MANAGEMENT DEVELOPMENT PROGRAMME 1977

Discussions have been taking place between Divisions and GPD over the past six months aimed at developing a management training programme for managers on aspects of employee participation and consultative practices. In pursuing this we have been working with Ashridge Management College, where it was planned to run a series of five-day courses.

In view of current activities in a number of Divisions, where new initiatives in consultative practices are being developed and pending agreement on guide lines for disclosure of financial information, the course at Ashridge will not now be run in 1977.

Taking into account the new initiatives and allowing time for experimentation with them, it is proposed to re-examine the management training needs for effective employee participation in Ocean businesses. John Rees will be getting in touch with your Division during the summer months to seek the views of your senior managers and I should welcome your assistance in this. We hope to report on preliminary findings at the next meeting of the Group Training Committee on 23rd June 1977.

R.L.H.

Distribution:

JG
CDL-C
WNM-W
RJFT
CDStJ

CACH/GID
RFM/GCS

KW/OTL
RJHO/ECS

cc JLA
DRE
GJE

Appendix 63 Annexe 3

## AN OCEAN MANAGEMENT DEVELOPMENT PROGRAMME

(to be organized in conjunction with Ashridge Management College)

1. Under Ocean's management system and structure a manager is required to manage the people in his business effectively. Not only has a manager to structure his work teams effectively and ensure that relevant management systems are implemented, but he must develop sound working relationships with his work groups at all levels.
2. A one-week programme offers managers the opportunity for concentrated study and practice of skills for the effective management of people in Ocean businesses. Whilst there are significant differences between our businesses in the management of physical, financial and human resources, there is much common ground for managers to master in operating agreed systems and procedures in managing people, and there is an imperative need to effect a well-based pattern of employee relations.
3. The programme will concentrate on the relationships at work which are crucial to the achievement of business objectives and is intended for managers in grades 14 and above who wish to increase their individual skills in managing people. Previous attendance on a Sundridge Park or similar course will be an advantage, but is by no means essential.

### Objectives

4. To further develop participants' skills in managing people through an examination and practice of managerial techniques to achieve a high level of competence in interpersonal skills.

Content

## A review of problems encountered in achieving business objectives

5. Participants will discuss in small teams the way in which their businesses are organized and the work planned and controlled to achieve optimum results. Each team will make a brief presentation on the way in which work groups are organized and business plans achieved.

## Motivating subordinates and managing participation

6. Teams will examine ways in which managers can motivate employees through the development of a participative approach with their subordinates in decision-making, reviewing their work performance, arranging feedback and through counselling and coaching. Role-playing sessions will be used to highlight some of the skills and techniques appropriate to this management activity in the context of Ocean policy and procedures.

## Managing conflict

7. Participants will examine in small teams solutions to:
   - disagreement over business action plans and related individual performance plans (key result areas and targets)
   - different perceptions about organization and management systems
   - handling disputes
   - personality conflict

   Simulated problems will be examined by participants and constructively criticised by colleagues and tutors.

## Current employment law and employee relations in Ocean

8. This topic will include an examination of the implications of current legislation with particular reference to employee relations' policies

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and practices in Ocean, including consultative practices, disclosure of financial information and dismissal procedures.

## Analysis of work and employee remuneration

9. Participants will discuss the implementation of HAY/MSL job evaluation procedures and salary administration practice in Ocean businesses.

## Optional sessions

10. The programme will include optional sessions to enable participants to work together in small teams to consider special topics e.g. negotiating skills.

## Method

11. The programme will be based on a diagnostic approach to problems in managing people. Participants will be encouraged to analyse their own situations and the existing Ocean policy framework by means of discussion and exercises in small teams. Use will be made of video recording techniques.

12. The role of the tutor in this programme is to provide conditions in which participants can maximise their individual learning opportunities and help in the formulation of an effective Group-wide response to effective management of people. Although the amount of formal teaching will be minimised, a number of concepts will be outlined, aimed at providing a meaningful framework for participants to examine common problems.

## Duration

13. One week.

2nd September 1977

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GLE
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DC
AGS
HM

12th December 1977

Management Development Course - Ashridge Management College

A meeting was held at Ashridge Management College between Messrs Braddick, McArthur and McGregor and DJR on Friday 9th December, to consider the development work and the final format of the first programme to be held in the week commencing 16th April 1978.

It was agreed that the trio from Ashridge would either together or separately make renewed contact with various senior managers in the Ocean Group with the aim of familiarising themselves with current business/ activities. For the India Buildings' based divisions, they would liaise with DC/DJR and for the OCD businesses with AGS/JBW. The names of suitable contacts in the different business/activities were given, including, where appropriate, DGMs. Indeed it is hoped that in as many cases as possible, DGMs will meet the Ashridge tutors.

There has been some uncertainty about the need to hold a one-day "dry run"; the date 22nd February 1978 had been provisionally set aside for this. In view of the discussions that have taken place throughout the Group, the Group Training Committee had agreed not to proceed with this, but it may be appropriate to have second thoughts and our final decision conveyed to the Ashridge tutors, say after the next meeting of the GTC on 19th January 1978. The present arrangements with the Ashridge tutors is that each of the four courses to be held during 1978 will be directed by one of the above-mentioned trio. Peter McArthur will direct the first course, the second by Bill Braddick, the third by Bob McGregor, and the fourth to be agreed at a later date.

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Appendix 63 Annexe 5

## 1978 Programme

COURSE TITLE/NO. : Management Development

FOR: Management in Grades 14 and above

DURATION: 5 Days Residential

VENUE: Ashridge Management College

FEE: £365

OBJECTIVES:

- To increase understanding of current and anticipated employee relations and environmental influences affecting participants own businesses.
- To review some aspects of employee motivation and expectations in Ocean.
- To enable managers to identify and improve interpersonal skills.

SYLLABUS:

1. Managing Employee Relations

A multiple of factors affecting employee relations will be outlined and external influences on each business will be identified. Course members will participate in a syndicate exercise designed to explore the nature and the effects of various socio-economic and political factors within Ocean businesses. Syndicates will be invited to identify the problem areas surrounding each influence and the views of each group will be discussed and recorded. The results of the analysis will be used throughout the week as a referent for inputs to subsequent sessions and there will be ongoing reference back to the problem areas identified. As found necessary, the problem areas may be re-examined and redefined for what they are, as key issues impacting on managerial effectiveness.

## 2. Individual and Group Behaviour

The nature of individual differences will be explored in relation to employee motivation, attitudes and personality. The relationship between individuals and groups will be explored and the influence of each on managerial authority and communications will be explained. Course members will apply the various insights gained in a laboratory session which will be concerned with the interpersonal skills involved in managing groups and meetings. Attention will focus on the techniques which might be used to overcome alienation or apathy and gain commitment.

## 3. Negotiation and Grievance Handling

Course members will be introduced to the nature of the negotiation process in employee relations and the uses of various strategies and tactics in preventing and containing conflict. A role-playing exercise based on a union/management negotiation situation will be used to examine the skills involved. This will be recorded on video tape for subsequent analysis and review.

## 4. Appraisal Skills

CCTV will be used to develop the appraisal skills of course members. This will be prefaced by a demonstration interview to be conducted by the course tutors. Participants will be invited to comment on the performance of the tutors involved as a preface for their own involvement in role-playing exercises.

## 5. Rewarding Employees

A Company speaker/consultant will explain the HAY/MSL job evaluation system.

## 6. Employment Law

Course members will examine certain aspects of employment law of particular concern to managers in Ocean:

6.1 recruitment implications - sex and race discrimination

6.2 discipline and dismissal, including the conduct of disciplinary interviews.

The session will be prefaced by a preparatory exercise in which course members will examine the dismissal rules through a series of Tribunal cases. These will be analysed and discussed the following day. The disclosure of information aspects of the law will also be discussed during this session.

### 7. Employee Involvement

An Ocean main Board director will outline the Company's policy on employee involvement and will explain the operation of systems and procedures designed to enhance this.

### 8. Policy Implications

As a result of the various insights gained during the course, participants will undertake an exercise designed to review the implications of employee relations developments for Group/Divisional policy. Reference will be made to the problem areas identified earlier in the week and the exercise will be concerned to generate proposals or solutions designed to overcome or contain problem areas in the field of employee relations.

### 9. The Group Perspective

A member of the main Board will discuss current issues in Ocean and the challenges and opportunities that lie ahead.

### Method

Lectures and Tutorials, Group Discussion, Case Studies, Closed Circuit Television and VCR.

Approximately half of the time will be spent on individual/group discussions; arising from this there will be opportunities to diagnose some key problems in social interaction, in work organizations, in a variety of unit businesses.

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Discussion Paper PMC (74) 14

## A Comparison of Management Development and Organization Development

W. Warner Burke
Applied Behavioural Science Vol. No. 5 1971

Burke provides a comparison with respect to six dimensions:

- reasons for use
- goals
- typical interventions
- time frame
- staff requirements
- values

He argues that modern organization needs both strategies and that they are, in fact, complementary.

OD is defined as a planned process of cultural change, the process consisting of two phases:

(a) diagnosis
(b) intervention.

OD begins with a diagnosis of the current organizational culture, i.e. an identification of the norms, procedures and general climate of the organization. This identification process becomes more diagnostic as a distinction is then made between those standards of behaviour, procedures, and so on which seem to facilitate the organization's reaching its objectives (while meeting the needs of its members) from those which do facilitate the attainment of its goals. [1] Following this diagnostic phase, interventions are planned to change those norms which are seen as barriers to effective individual and organizational functioning.

In summary, although persons may be involved in events that are properly labelled as OD technology, such activities are not considered organization development if they are not part of a planned effort at changing the organization's culture.

### Dimensions of Comparison

OD may be usefully compared with management development which is practised in various ways: managers are systematically shifted from one kind of job to another to learn different facets of organizational life; managers take psychological tests and then have sessions with a counsellor who helps them interpret their test scores; managers receive clinical counselling by psychologists working in the role of management consultants. A more common practice, however, is to provide managers with education - managers attend company training programs, are sponsored for business school courses, attend workshops. It is this educational approach to management development which will be used as the primary counterpoint in the comparison with OD.

Burke has listed six dimensions which are critical to both of these developmental strategies for change in organizations.

[1] See Argyris - Integrating the Individual and the Organization (Wiley 1964)

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## Reasons for Use

OD approaches are used when organizational problems have to be solved. As Beckhard (1969)[2] says, somebody or something is "hurting" and there is a felt need to make some organizational changes in such areas as -

(a) Organizational structures and roles
(b) Intergroup conflict or collaboration
(c) Methods of problem solving, and
(d) The way the organization handles requisitions and mergers

A management development program may be established to deal with these same needs, but the orientation typically focuses more on individuals than the organization.

The primary reason for using OD is a need to improve some or all of the systems that constitute the total organization. The main reason for using some form of management development is a need to improve some aspect of the manager.

## Typical Goals

These are summarised on the comparison chart. Useful points are made by Beckhard in his Organization Development - Strategies and Models. A useful discussion on management development objectives is included in

> W L French: The Personnel Management Process
> Rev Ed Houghton Mifflin New York 1970

Management development is a program of developing managers to contribute more effectively to their organization; OD is a continual process of developing socia conditions so that the manager can make their contributions. Although the strategies have different objectives, they are complementary, and not incompatible.

## Interventions for Producing Change

In OD there are at least five major categories of interventions:

- team building - team development;
- inter-group problem solving;
- data feedback;
- technostructure, and
- training

Team building is a well tried form of OD. One approach is the T-Group - (see Blake R R Mouton, Jane S Blansfield MG - the logic of team training in I R Weschler and E H Schein (Eds) - Issues in training - Selected Reading Series No 5 Washington DC National Training Laboratories, associated with the National Education Association 1962.

Other forms concentrate on improving the task work of the team, eg goal setting, decision making or problem solving techniques -

[2] Beckard, R - Organization Development: Strategies and Models 1969

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Burke W W & Hornstein H A (Eds)
The Social technology of organization development - Washington DC - NTL Learning Resources Corporation 1972

Schein E H: Process Consultation: Its role in organization development, 1969

Inter-group problem solving interventions are well-known - Blake R R Shepard H A Mouton, Jane: Managing Inter group conflict in industry - Houston-Gulf 1964

The ideas of Blake et al can be adapted to OD as Beckhard illustrates (1969). These interventions can be quite useful when there is unproductive conflicts between organizational units - (Ocean - Fleets versus Liners). Another example may be (faculty versus administration in a University).

Data feedback as an intervention for change is well described in:

Hornstein H A, Bunker, Barbara B, Burke, W W Hornstein, Marion G and Lewicki R J: Social intervention: A behavioural science approach, New York: Free Press 1971.

The survey feedback procedure is described by Mann F C - Studying and creating change: A means to understanding social organization in C M Arenburg and W Ellison Chalmers (Eds), Research in industrial human relations, New York, Harper 1957.

This procedure has as its primary component the analysis and discussion of self generated data by members of over-lapping organizational units.

Technostructural interventions refer to changes in the structure of an organization or of a person's job. An example of the latter is Herzberg's (1968) job enrichment technique; Trist's (1960) sociotechnical change (eg modifying work flow patterns) is an example of the former. Technostructural interventions may also include the modification of environment: eg changing the physical arrangement of an office to affect human interaction patterns.

Training is an OD intervention which takes different forms.

(a) skill training for all levels of management (eg conducting appraisal interviews)

(b) more education in substantive areas (eg systems analysis)

(c) business education courses - at eg business schools/management centres.

In the OD context, a training programme is most useful when it is designed to meet a diagnosed need in the organization eg Ocean's planning courses.
Apart from training there are other facets of management development such as job rotation, counselling and career development. The major strategy for change in management development is to improve the manager's knowledge and skill and to modify his attitudes. The major strategy for change in OD is to change the organization's culture in order to:

(a) take full advantage of the human resources available, and

(b) allow for a process to develop which will ensure that the organization can plan and implement needed change at all levels rather than having to "adjust" to change already in progress.

## Time Frame

Since OD is a process, not a program, there is an implied timelessness - it is a process of continual organizational renewal. It is a process which is constantly examining the way the organizational systems are functioning and looking for ways of improving these functions. Management development, on the other hand, usually takes the form of some program which had a beginning and an end.

## Staff Requirements

The primary areas in which an OD specialist should have competence - or the area which should be represented in an internal OD function are:

- Ability to diagnose problems of an organizational nature accurately.
- Ability to function as a facilitator or catalyst for groups in the organisation.
- Understanding of and skill in the consultative process; the ability to give help which is useful.
- Understanding of the dynanics and realities of planned change.
- Skill and knowledge in experience-based learning methodology.

Like the OD specialist the management development specialist should also have skill and knowledge in the technology of experience-based learning and human learning, in general. Management development also covers lecturing, program management, managerial counselling and career development.

## Values

The major general value which OD represents is the humane and non-exploitative treatment of people in organizations. All other values of OD seem to relate, in one way or another, to this primary value of human dignity - see chart. McGregor's "Theory Y" whilst based on some psychological principles of human behaviour also implies certain values as well (eg man is not inherently lazy; he seeks rather than shuns responsibility).

While OD does not necessarily advocate the restructuring of all organizations according to the democratic process, a goal of power sharing (eg decentralizing decision making to the lowest point of relevant information in the organization) does have a value connotation.

Identifying conflict or possible areas of conflict is an OD area and the OD specialist may prove an appropriate agent in resolving conflict - he has to be able to identify areas of conflict which have to be "lived with".

OD specialists should be able to assist an organization in making company values more explicit - (eg in Ocean to make explicit the planning system - goals and 'missions').

In management development it may be necessary to examine whether there are any postures which inhibit organizational effectiveness, eg does the competetive trust of individual managers negate or limit the overall organizational effectiveness. In the chart, under values, the management development approaches to optimizing organizational needs and the individual manager's realization of his potential can be in conflict. The aim should always be a measure of congruence between the organization's and the individual manager's needs.

In the business organization the OD and management development strategies will have complementary areas of action (eg Ocean's planning system and individual performance planning).

A Comparison of Organization Development and Management Development

| Category | Organisation Development | Management Development |
|---|---|---|
| Reason for Use | Need to improve overall organizational effectiveness. Examples of problems to be solved:<br>. Inter-unit conflict<br>. Confusion stemming from recent management change<br>. Loss of effectiveness due to inefficient organizational structure.<br>. Lack of teamwork | Need to improve overall effectiveness of Manager. Managers do not know company policy or philosophy. Managers are void in certain skills. Managers seem to be unable to act decisively. |
| Typical Goals | To increase the effectiveness of the organization by -<br>. Creating a sense of "ownership" of organization objectives throughout the workforce<br>. Planning and implementing changes more systematically<br>. Facilitating more systematic problem solving on the job.<br>To reduce wasted energy and effort by creating conditions where conflict among people is managed openly rather than handled indirectly or unilaterally.<br>To improve the quality of decisions by establishing conditions where decisions are made on the basis of competence rather than organizational role or status.<br>To integrate the organization's objectives with the individual's goals by developing a reward system which supports achievement of the organization's mission as well as individual efforts towards personal development and achievement. | To teach company values an philosophy.<br>To provide practice in management skills which lead to improved organizational effectivene<br>To increase ability to pla co-ordinate, measure and control efforts of company units.<br>To gain a better understan ing of how the company functions to accomplish its goals. |

| | | |
|---|---|---|
| Interventions for Providing Change | Education and problem solving is on the job; learning while problem solving and solving problems while learning.<br>Following a diagnosis, utilization of one or more of the following techniques:<br>. Team building<br>. Training Programs<br>. Inter group confrontation<br>. Data feedback<br>. Technostructural interventions.<br>Change in organizational structure. Job enrichment. Change in physical environment (social architecture). | Sending of manager to some educational program<br>Job rotation of managers.<br>Specialized training 'packages'.<br>Courses and/or conference<br>Counselling<br>Reading of books and articles. |
| Time Frame | Prolonged | Short, intense |
| Staff Requirements | Diognostician<br>Catalyst/Facilitator<br>Consultant/Helper<br>Knowledge and skill in the dynamics of planned change.<br>Experience in the laboratory method of learning. | Teacher/Trainer<br>Program Manager<br>Designer of training programs<br>Knowledge in the process of human learning |
| Values | Humane and non-exploitative treatment of people in organizations.<br>Theory Y assumptions.<br>Collaboration.<br>Sharing of power.<br>Rationality of behaviour.<br>Openess/candour/honesty.<br>Importance of surfacing and utilizing conflict.<br>Right of persons and organizations to seek a full realization of their potential.<br>Explicitness of values as a value in itself. | Competition.<br>Belief that 'education is progress'.<br>Belief that managers need challenging periodically.<br>Manager's right to have time for reflection and renewal. Beleif that individual should "fit" organization's needs.<br>Right of person to seek full realization if his potential. |

DJR

April [illegible]

# ORGANIZATIONAL CHANGE

# AND

# ORGANIZATIONAL DEVELOPMENT

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Appendix 65 Annexe 1

# ORGANIZATIONAL CHANGE

Many writers on organization suggest that the present and the future will require of those who direct and control enterprises a changed attitude towards satisfying people goals. Members of work groups, employees in general, are seeking new forms of cooperation and coordination other than managerially determined organizational goals. The word now being used is PARTICIPATION. The reality of participative management, in which managers and other workers interact effectively to determine the goals of the organizational units directly involving the work group is not yet a reality.

What we are seeing is a challenge between worker expectations and organizational realities. But for the worldwide economic recession of the 1970s and into the 1980s it is probable that some major organizational changes would have occurred in U.K. enterprises and the public services.

What are the major discrepancies between worker expectations and organizational realities? In an article in the Harvard Business Review (November/December 1972) R.E. Walton argued:

1. Employees want challenge and personal growth, but the reality in the work situation is more specialization, automation and limitation of the worker's opportunity to broaden or develop his job role.
2. The organizational pattern remains hierarchical - top down - and there are few opportunities for mutual influence.
3. Employee commitment to an organization - its organizational goals - is proportionate to the intrinsic interest of the work itself, the human dignity afforded by management and social responsibility reflected in the organization's products or services. The attitude of employers is centred on satisfying the workers' hygiene needs.

4. Employees want enhanced career opportunities. Organizational design of work patterns remains much the same as before - no invasion of managerial prerogatives - only they can manage.
5. Organizations do not respond readily to employees' needs for self esteem, openness between people and expressions of warmth; they emphasise rationality and disregard emotional response.
6. Employees are not stimulated by competitive urges.

The 1970s also provided some new perspectives on organizational patterns: Alvin Toffler: 'Future Shock' examined the problem of mass bewilderment in the face of accelerating change. For him the change meant the collapse of hierarchy and the new Adhocracy.

Toffler modified his prophecies of doom in his later book - 'The Third Wave' 1980 :

> "it contends that the world has not swerved into lunacy, and that, in fact, beneath the clatter and jangle of seemingly senseless events there lies a startling and potentially hopeful pattern."

But there is the portent of a 'clash of waves'. The difficulties of adaptation are recognised, but there will be a cost in not changing certain things rapidly enough.

If we question what areas in the U.K. must change over the remaining years of this century, the one most certainly to which we must adapt is INFORMATION TECHNOLOGY.

A book published before Toffler's: 'Future Shock' was Drucker's 'Age of Discontinuity' - this was a prediction of changes in:

1. new technologies
2. changes in the world economy
3. changing matrix of political and economic life
4. the emergence of men of knowledge - i.e. the product of educational change since the 1950s.

It may be true that the 1970s and early 1980s will not prove to have been epoch-making in terms of organizational change, but change has occurred. The most significant changes have been in:

1. job status - a slow but significant move towards a sharing approach and less reliance on hierarchical structures
2. job content - here there have been significant changes - e.g. work restructuring
3. job relationships - where the open systems approach has been used there has been a greater degree of interchange/interaction between work groups
4. pay systems - in the U.K. there have been moves towards improved pay structures (using job evaluation techniques), extension of occupational pensions schemes and developments in performance appraisal and review
5. working conditions - apart from the developments in automative systems of working, office layouts have been improved - a response has been made to the QUALITY OF WORKING LIFE.

The 1970s have seen many instances in engineering and manufacturing of structural change in:

1. technologies - steel industry, car manufacturing, the oil industry
2. the social structure of organizations has changed with changes in the command structure and communications - the most significant of these being a move towards divisionalization or devolution of the authority system.
3. many organizations have pursued changes in the pattern of procedural rules and regulations. Some have been instituted by organizations themselves, some such as the compliance with employment procedures, unfair dismissal etc have been statutorally imposed on organizations.

The above can be grouped together as structural changes.

The second major area of change has been in the process approach i.e. how things are done.

The 1970s were years when organizations in the U.K. carried out change in the pattern of interpersonal relationships and made positive moves to change attitudes. It was the major companies such as I.C.I., Unilever, Shell and the Nationalised Industries which were mainly involved.

The 1970s saw a response to job enlargement, job redesign and various forms of behaviour modification in the management of people problems (Training Groups - Sensitivity Training - Coverdale, Grubb Institute, Group Training Techniques and Problem-solving).

Personnel Management emerged in a broader perspective - it now embraces the new dimension of Human Resources Management. It has become the vehicle in many organizations for managing the procedural requirements of employment law.

The changes, so far recorded, have been responses to organizational patterns that remain dominated by one form or other of managerial hierarchies. Even among those organizations such as Ocean, developing towards more open system styles of management, the top managerial echelon has remained dominant. We can say that organizational change strategies have been concerned with structural change leading to changes in process. The effects of change may be seen in:

1. Change in the work process itself, involving change in job content
2. Change in the relationships within a work group and between groups in social interaction
3. Change involving increased task interdependence or more formal communication
4. Change which results in the modification of organizational policies - e.g. increased participation in operational decision-making, introduction of new performance appraisal system, as in Ocean

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## The Change Process

Organizational change is carried out in sequential steps:

1. Problem identification and a stimulus to change
2. Diagnosis of the problem as it relates to:
    2.1 the job
    2.2 interpersonal aspects of jobs - e.g. job satisfaction questionnaires
    2.3 the whole organization - e.g. the general style of management - Likert (Blake and Mouton Grid) and McGregor in the U.S.A., Alan Fox, Iain Mangham *et al* in the U.K.
3. Implementing Change - this may include job enlargement and job enrichment. At the organizational level it may include the introduction of new performance planning approaches (Peter Drucker, Humble *et al*)
4. Evaluating Change - this requires some objective analysis of change:
    4.1 the reactions level
    4.2 the learning level
    4.3 the job behaviour level
    4.4 the long-term - ultimate value levels

We now come to Organization Development and for this a separate discussion paper has been prepared.

(Note: See Annexe 1)

DJR

March 1981

Appendix 65 Annexe 1

# ORGANISATION DEVELOPMENT

A formal definition of Organisation Development is as follows:

> Organisation Development is a planned, managed, systematic process to change the culture, systems and behaviour of an organisation in order to improve the organisation's effectiveness in solving its human problems and achieving its objectives, using behavioural science knowledge.

In broad terms, OD seeks to optimise the use of the financial, physical and human resources of an organisation, without sacrificing or forgetting either concern for people or the fundamental objectives of being successful and profitable. It assumes that these aspects are not mutually exclusive or in opposition; they are viewed as being complementary and reinforcing each other.

Above all OD is a practical approach, it is problem centred and results oriented; modern concepts of commitment and competitiveness are inputs for a successful OD approach.

Having defined the subject one can examine it under three headings:

- The aims of OD.
- What is a relevant approach?
- How is one carried out?

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## 1. THE AIMS OF OD

They are deceptively simple. OD aims to create a healthy and effective organisation.

There is probably little disagreement about an effective organisation - it is one that achieves its objectives, that meets its profit and growth plans, that maintains its desired standards of quality and service, that minimises its costs consistent with carrying out its function efficiently, and so on.

In OD terms a company's "health" is a measure of how it achieves those objectives. So what is this so-called "health"? How does it show itself?

### Organisational Health

Here are some features that one would see in an ideally (idealistically?) healthy organisation:

| | |
|---|---|
| (i) Objectives | There will be well-defined objectives for all parts of the company. But not only that; there will also be well-define plans for achieving those objectives. |
| (ii) Communication | A prerequisite for business to operate effectively is good communication. It means that people actually talk to each other and, even more important, actually listen to, and truly understand, what other people have to say. And this also means: |
| (iii) Frankness | In a healthy organisation people can talk to each other openly and frankly; they're not always looking over their shoulders and worrying whether they've said the right thing or not. They feel they can say what they think, especially in: |
| (iv) Argument | Argument will certainly occur in a healthy company, but will be handled and conducted constructively. The old parochial idea of individual managers defending their territory on an "I win - you lose" basis will be reduced to a minimum. |
| (v) Motivated staff | A healthy company will seek, in planning its objectives, to incorporate the persona objectives of its members. Company procedures, salary structure, personnel policies etc should be seen to be consistent with the company's overall policies. |

(vi)/

| | |
|---|---|
| (vi) Decision making | Decisions are made and taken at the lowest level of management which has the availabl information. Managers have the responsibility and authority to take actio |
| (vii) Organisation Structure | Structure is not a sacred cow to be preserved at all costs but sufficiently flexible to be changed in order that the company can be more effective in the light of new circumstances. |
| (viii) Feedback | There will be efficient feedback systems throughout. Managers at all levels will have information available rapidly so that they know the immediate effects of decisions, results achieved, etc. |
| (ix) Change | A healthy company doesn't resist change or ignore it. It meets change directly and reacts positively to it in ways that will maintain or increase its effectiveness. |

These are ideal concepts; few, if any, companies match the specification but there are great advantages in using it as a goal. It is true that a company can be effective in the short term even though, from an OD viewpoint, it has a lot of unhealthy features. It can be extremely profitable for, say, five years before its poor health catches up with it. If led by an outstanding, hard driving entrepreneur, the period can be even longer, as long as he remains at the helm. But there is a considerable volume of evidence that the healthiest companies are the ones which show the greatest growth and profitability records, and derive their success from a planned approach to commitment and competitiveness at all levels of the work organization.

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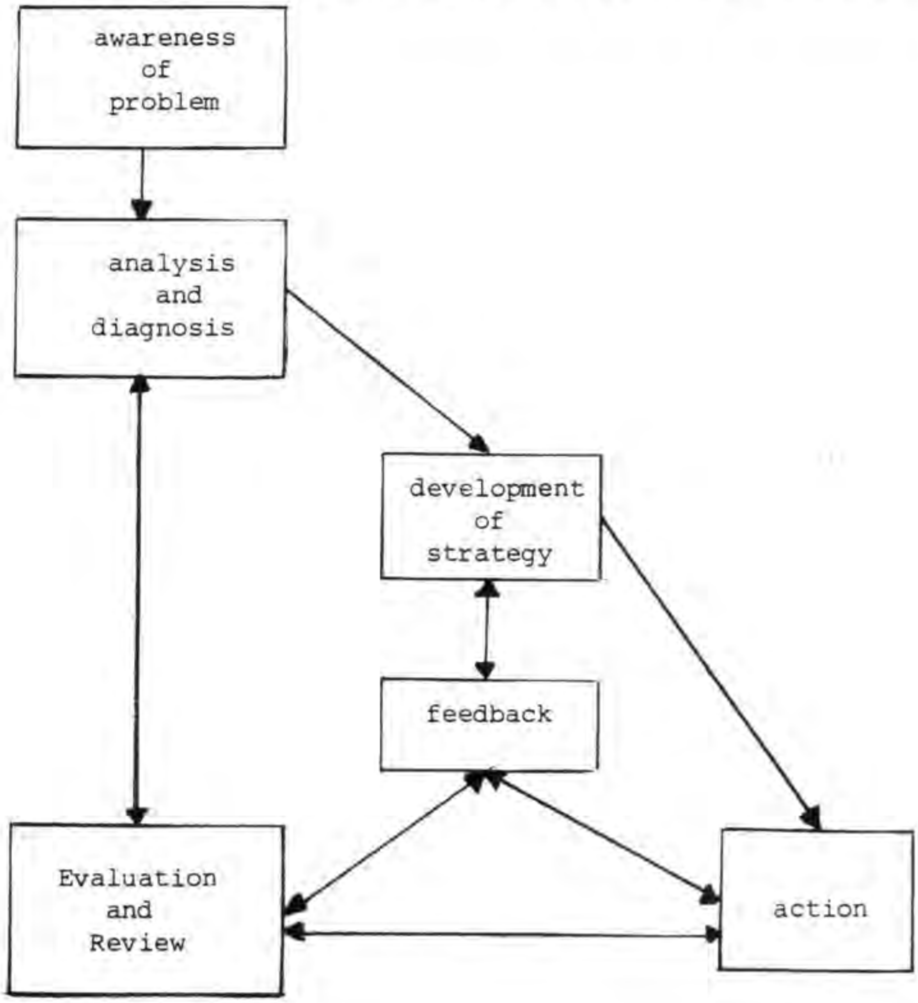
## 2. A RELEVANT APPROACH

Organisation Development is problem centred and results oriented. However, it is a systematic approach to problems rather than the application of a technique. Certainly, there are highly structured approaches which can be applicable in particular situations but these are "special cases" of the general approach, and are not universally applicable.

The diagram below shows the main stages in a full scale OD


awareness of problem
analysis and diagnosis
development of strategy
feedback
Evaluation and Review
action

Stage/

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## Stage I - Analysis and Diagnosis

(a) The first step is to carry out an investigation in depth - an organisation analysis - to probe the "health" of the Organisation.

There are a variety of diagnostic methods available; the selection of the methods being used being determined by the particular situation but those commonly used include:

- attitude surveys
- informal interviews
- discussion groups and meetings
- committees, workshops or project teams
- specially structured diagnostic meetings

As an example of the power of some of these methods, in one case a diagnostic meeting was arranged; the time required to set up this meeting and analyse the information obtained was two weeks. Using the same resources it would probably have taken four months to obtain the same information by normal interview techniques.

(b) Secondly, considerable quantitative analysis is required to interpret the situation, for instance, costs-productivity levels, labour turnover, sickness and absence rates and strikes. The aspects to be analysed depend upon the nature of the organisation and the problem being considered, but broadly the analysis will cover all the factors which contribute to evaluating the effectiveness and health of the organisation.

(c) Thirdly, analysis of the structure is needed covering:

- formal and informal organisation (power structure)
- skills hierarchy
- communication network
- controls and procedures

The diagnostic phase is, generally, the most vital of the whole approach. A given symptom may be indicative of a variety of causes of malfunctions. It is all too easy to simply treat the symptom; this will undoubtedly bring about an improvement in effectiveness but the results are likely to be below expectation, the benefits may well be short-lived and the problem will in any case erupt at some other point.

## Stage II - Development of Strategy

In any project it is clearly desirable to set clear objectives before getting immersed in detail. In an Organisation Development programme this is particularly necessary since the implementation phase can be very comple and without clear objectives and a defined strategy to achieve them, there is a real danger of the programme degenerating into an academic exercise.

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There is no "standard" strategy since people, problems and companies differ In one company it was found that the thinking of all the managers was dominated by a major "systems" malfunction. It was clearly necessary that the company initiate action to correct this problem before meaningful progress could be made in other areas; the application of a "package" to their other problems would have been entirely wrong.

### Stage III - Action Plans

This is the implementation of the strategy; the title Action Plans is used to underline the nature of the phase. All OD interventions are directed towards generating and implementing action plans.

As an example of the practical results of these interventions, on one assignment for a very large company, consultants were called in because after a major programme of systems and management development, spread over five years, they were still faced with severe output problems and there was no real drive from the managers to overcome them. Following team building and goal setting meetings a programme of 41 projects was drawn up and company wide project teams subsequently made significant progress in resolving the problems. All that had been missing was a means of getting the total organisation working as an integrated team.

### Stage IV - Evaluation and Review

Because of the nature of the programme regular evaluation and review of progress and the strategy is essential. Considerable thought needs to be given to the means of evaluation when initially planning the strategy. Unless suitable control is established it can be impossible to evaluate interim progress except on a subjective basis,

Whilst the overall objectives must be clearly kept in mind the approach must be flexible to respond to the findings of the review.

### Stage V - Feedback

Feedback is an essential feature of all stages of the approach from the diagnosis onwards. Those involved in the programme should be constantly kept in touch with all events so that they can see how their own efforts are contributing to solutions and can learn from their own experience.

In the long term companies consider that the realisation by managers of the importance of real feedback, as opposed to narrow quantitative controls, in motivating staff and gaining commitment, has been more valuable than the achievement of the initial objectives.

## 3. HOW IS OD CARRIED OUT?

Having described the aims and the approach to OD the next obvious question is "what does one actually do?". This is not the place to insert a full-scale treatise on behavioural science but it is necessary to explain the main difference between this and other change efforts and to describe some of the activities involved in the effort.

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The difference can be explained in consultancy terms but the term "consultant" is used in the widest sense of "change agent"; he might be an external consultant or a senior member of management specifically assigned to the programme. In traditional change efforts (traditional consultancy), the consultant brings to bear a body of techniques to help solve the problem, eg Production Control, Operations Control, Operations Research. This can be broadly described as "content" consultancy. In Organisation Development the role of the consultant or change agent is more subtle. He brings a body of knowledge of behavioural science and methods of approach, but his primary task is to encourage company employees to devise their own solutions within a framework which they jointly develop. This work is described as being "process" oriented.

Basically "content" is "what is done", "process" is "how they do it", that is to say:

- how a group sets its goals and objectives
- how it reaches decisions
- how it works with other groups

In approaching this process work, the change agent will use some or all of the tools shown below:

Team Building

ie internal relations; problem solving skills; conflict resolution.

Inter Group Relations and Problem Solving

ie resolving conflicts between groups, aligning objectives to corporate needs.

Group Goal and Objective Setting

ie methods of setting objectives and standards; action meetings, designing action plans.

Individual Development and Self Awareness

ie use of personality profiles and feedback; sensitivity training, eg Coverdale training.

Organisation Analysis

ie the culture and health of the working environment; perception of corporate goals and needs at various levels.

Organisation and Job Structuring

ie designing jobs to the needs of the organisation and the individual, eg job enrichment; job rotation; task groups; skills hierarchy.

Management Style

ie attitudes to authority and control; location of decision making.

A609

Communications

ie both formal and informal communications network; committee structures; education and training.

Many OD specialists believe that they should be solely concerned with process, with the people variable. The decade of the 1970s and early 1980s has shown that you cannot rigidly separate people, systems and technology.

The purpose of the diagnostic phase is to clearly identify the company problems and to then decide which problems the company should deal with by a systems approach or a change in technology and which will best respond to a purely behavioural science approach. However, any OD programme will, by its nature, be process oriented.

## SUMMARY

Organisation Development is a practical approach to improving corporate effectiveness and results. It starts from the premise that improvement implies change and that effective stable change demands the involvement and commitment of the people concerned in the change. As an approach it is people oriented because in the end change depends on people, but it is aimed at generating action within the organisation.

To be successful it requires total commitment from top management, thorough and painstaking diagnosis of the problem and highly skilled direction. Given these prerequisites Organisation Development is a very powerful concept which can lead to significant and lasting results.

DJR

October, 1975
Revised March 1982

Appendix 65 Annexe 2

# A SYNOPSIS ON ORGANIZATION DEVELOPMENT

Organization Development is a process which focuses on the "blood stream" and the "nervous system" of a business or group of businesses.

OD seeks to improve the overall effectiveness of a business by means of identifying, analysing and improving the rhythm of the enterprise, to achieve business objectives.

It examines five main areas:

- the effectiveness of the organization structure;
- the culture of the business;
- the management style on the 'chemistry' of the organization;
- the attitudes of the management team, and
- the conflict that often exists between work groups, departments, businesses etc.

The living body of a business cannot operate efficiently unless the following four constituent parts run smoothly:

(a) the resource management of a business, financial, human and technological;
(b) the structure through which decisions are taken;
(c) the plans, actions and tasks against which ultimate performance is judged, and
(d) the managers who run the business and the attitudes, style and motivation of such people.

If any one of the above four cogs are disturbed, then the impact will rebound on the other three.

## Key purposes of OD

To improve the effectiveness of a management team and its members.

To determine the ACTUAL state of attitudes, conflict, culture and style of the business and to determine an AGREED approach to optimising performance and commitments to business objectives.

DJR

March 1976

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Appendix 65 Annexe 3

## A CASE STUDY - ON EMPLOYMENT DEVELOPMENT: A NEW PHILOSOPHY OF MANAGEMENT

In his Foreword to Paul Hill's book on 'A New Philosophy of Management' 1971, Sir William Hawthorne, Master of Churchill College Cambridge referred to the Shell action research as an attempt:

> "To modify the organization and the norms of the plans responsible for the operation and maintenance of several oil refineries."

From the mid-1960s the concern of the Shell UK Ltd (until 1967 it was known as Shell Refining Company Limited) was to improve (= change) the poor industrial relations, low morale and productivity per man in their plants in the United Kingdom.

In one sense the research echoed the earlier work of the Mayo School, the intervention theory of Chris Argyris and, in the U.K., Hill could draw on the work done by Elliott Jaques: 'The Changing Culture of a Factory' 1951 - a research study carried out between the Tavistock Institute of Human Relations and the Glacier Metal Company. This study sought to analyse the psychological and social forces affecting the group life, morale and productivity of a single industrial community; to develop more effective ways of resolving social stress, and to facilitate agreed and desired social change.

At the time the Shell study was in its incipient stages Alan Flanders had published his findings on 'The Fawley Productivity Agreements' - 'A Case Study of Management and Collective Bargaining' - 1964. This had relevance for Hill's study, even though it was not concerned, *per se*, in a development programme for managers and employees.

The year before, in 1963, the Tavistock Institute's research findings on work groups at the coal face in some N.W. Durham collieries, were published under the title of: 'Organizational Choice':

'Capabilities of Groups at the Coal Face Under Changing Technologies: The Loss, Re-Discovery and Transformation of a Work Tradition.'

The main researchers in this study had been:

E. L. Trist
G. W. Higgin
H. Murray and
A. B. Pollock.

The research had been funded by a grant from Department of Scientific and Industrial Research (forerunner of the SRC and SSRC) and the study was carried out with the support of the NCB management, mineworkers and their Unions. The Final Report of the research team on their work, carried out during 1955-58, was presented in June 1958, and represented a first major study of a production system as a socio-technical system.

The Director of Research at Tavistock during this period was the Scot - Dr A.T.M. Wilson. After a few years with Unilever as their Adviser on Social Science Applications, Dr Wilson became the first Professor of Organizational Behaviour at the London Business School.

Hill was encouraged by the interest of Wilson and his colleagues, but it was with Eric Trist and Fred Emery that Hill worked most closely.

Sir William Hawthorne wrote of Trist, that "he had pioneered the study of the concept that the social organization for a given task was at least as important as the arrangement of the technical equipment ..... that machines were an extension of the minds and fingers of the men who had responsibility for the task."

The Shell employee relations planning unit, which was concerned with the research, and the Tavistock Institute team accepted their remit as being:

> "To optimise the socio-technical system and of persuading the organization of the importance of defining their objectives in these terms and of finding ways to implement them."

Paul Hill led the employee relations planning unit during the first three years of the project, which included the period of diagnosis, initiation and the start of implementation.

Hill's preface to his book suggests a wider perspective for his study:

> "To improve company performance through creating conditions in which people at all levels could become more highly motivated and more committed to their tasks."

His book was published some three years after his leaving Shell UK Limited. The absence of time may explain the concern with a perspective much broader than the original remit, agreed with Eric Trist.

It is generally agreed, among practitioners, that any programme of organizational development requires top management commitment. At the outset this was a fact in the Shell case; the agreement to engage the Tavistock Institute team in a company development programme had been taken at a top management conference. Not without significance, the idea was supported by C.C. (Michael) Pocock, then at Shell International - and who was to become later on, Chairman of the worldwide Shell Group. Pocock also took a leading role in the European Foundation for Management Development, and but for his untimely death at the age of 59, the Shell Research would most likely have achieved greater prominence. There were two main aims:

A. It was to provide a new philosophy of management.

To do this it had to satisfy two related purposes:

1. To be a guide to managerial decision-making during a period of increasing technological change, and
2. To be a stabiliser during a period of increasing industrial unrest.

To be valid, such aims had to have the support of all levels of management, workers and their trade unions.

B. The support of workers and their unions was a prerequisite to the second main proposal in the company development programme:

> "To establish conditions under which genuine productivity bargaining could take place - of a kind which would transform the relationship of the company with its hourly paid workers."

For Trist and Emery, the collaboration with Shell UK Limited offered an opportunity to extend their empirical researches into socio-technical systems. For them it meant examining how far Shell UK Limited could retain its organizational cohesion and move in an appropriate direction, if the majority of its members subscribed to a common set of values. These values would have to be relevant to the character of its tasks and to the emergent processes in its technology and environment.

There would clearly be a need to formulate a statement of policy for this.

(Note it was not until 1981 that BL, then led by Michael Edwardes, attempted to formulate such a philosophy after years of conflict between management and employees. So we note that the phenomenon of Shell UK Limited is still with us in the 1980s. In Scotland there have been success stories in the Babcock Group, a lesser degree of success in the Weir Group and, in 1982, there was a challenge to change the whole nexus of the work environment in British Steel plants at Ravenscraig in Kilmarnock. The challenge to change the work environment in the shipyards of Scott-Lithgow has not resulted in a success story.

The challenge to modify the rigidity of bureaucratic systems of management, such as those in Shell UK Limited, will remain an issue in the 1980s. It is now a critical issue, when science-based industries have to cease treating people as expendable commodities or replaceable machine parts. Without organization change, British Steel at Kilmarnock would have increased the alienation between management and workers. The meeting in the second week of March 1982 at Dunblane suggested that the two sides: management and workers could agree a new dimension of commitment.

This was the same type of setting which led to Shell UK Limited agreeing a development programme for its refinery operations in the United Kingdom.

The Shell UK Limited case study, quite apart from its being centred on an employee development strategy, was important as a major exercise in ACTION RESEARCH.

Trist, the external consultant, approached the Shell study by identifying a conceptual issue to test whether agreement could be reached on a draft philosophy statement before embarking on the main aims. For Trist, the two main aims had to be predicated on a relevant social and economic strategic objective - a philosophy of management.

Thus the appropriate hypothesis was:

> "That the assets of the company were at the same time the resources of society - for one of its assets is people."

For Shell, the utilisation of its assets in people meant employing them in such a way as to achieve mutual benefit; for the company it meant seeking ways to achieve productive efficiency and this required "joint optimisation of the technical and social systems." For people it required redesigning jobs and restructuring the organizational system so that human as well as technical needs could be met.

At the time Hill carried out his work on the project it would be true to say that the economic objectives of Shell UK Limited predominated - the co-existence of the social objective and the economic objective was not fully realised any more than they are in many UK organizations in the early 1980s. Hill's book was published at the outset of a period of escalating prices and incomes - an age of crazy inflation. Again the successful implementation of the programme required the 'architect' being on hand to chart its course. Hill resigned from Shell in 1971 and it was left to his colleagues in the Shell UK employee relations planning team to steer the programme forward. But by this time Shell's Chief Executive was engaged in other critical strategic areas.

What of the nature of Shell UK Limited in the late 1960s?

Firstly, the core task of its workers was in its process technology and this was also true for many of its maintenance craftsmen. The work situation was centred on traditional skills.

Over the past twenty years, since the early 1960s, there has been an increased requirement for perceptual and conceptual skills rather than physical or manipulative skills. In 1983 we can recognise the importance of information technology: when Hill launched out on his studies, many developments were in their formative stages only.

The successful use of information technology requires commitment, through joint activity between management and workers.

We can ask whether Shell UK Limited was ready to make a major change in its organizational system concurrent with the evolving task systems, using electronic control systems and changing the information technology. Subsequent developments indicate it was not ready for the major change.

Trist agreed that the success of Hill's action research rested heavily on the Company being willing to change its climate. Seen from his vantage point as an internal change agent, Hill considered this precondition would be met.

Secondly, the move to change the organizational climate needed to be explicit. This was achieved in October 1965 when a second top management conference was held (the first which sanctioned the launching of the programme had been held six months previously in March 1965). The second conference brought the new philosophy into existence in conceptual terms. But the new thinking had to be disseminated throughout the organization comprising 6,000 people.

The key challenge at the outset was how to design an effective dissemination process, in other words, how to design an effective communication process.

It was decided to run a series of conferences which, in the event, were spread over eighteen months.

The most important decision was that senior line managers in the different locations would assume leadership of the dissemination process. Their continued demonstration of their commitment to the philosophy would provide the most essential precondition for its acceptance by the rank and file.

After the senior managers' involvement, the intention was to involve middle managers in the development programme.

A third top management conference was convened in March 1966 to decide on the future implementation strategies.

Following an abortive experiment with pilot projects, it was decided to use departmental managers across the company as the principal change agents. This seemed to correlate directly with the philosophy. Two analytical models were developed:

(a) One for production units
(b) One for service units

and short training courses were arranged in their use.

Trist justified the use of project groups on the grounds that, apart from their being successful as a means to advancing the programme, they could provide valuable insights for the training courses. Such a view was open to criticism that those involved in employee development should eschew self-fulfilling prophecies. There is no evidence that Hill countered the simplistic approach of Trist.

The second aim of the development programme was concerned with productivity bargaining.

In Shell UK Limited shop stewards and trade union officials had taken part in the conferences. The reaction was favourable and a number of working parties was set up, consisting of managers and worker representatives. These working parties provided a number of positive recommendations for incorporation in the bargaining process.

Another operational strategy that emerged was the use of the philosophy and socio-technical systems concepts in the design process of new plants - the opportunity for this was provided at the new plant on Teesside.

As for assessing the achievements of the development programme, the chief executive, the Scot: McFadzean, agreed to hold two conferences on location attended by the respective general managers. (Date: April 1967).

It was decided to concentrate on four areas of change in seeking relevant results which reflected the influence of the new philosophy.

1. Measuring effects of the dissemination process in terms of:
    - 1.1 Organizational change
    - 1.2 Job redesign
2. Evaluating the effects on individuals of what they had experienced through:
    - 2.1 Increased personal commitment
    - 2.2 Pursuit of company objectives

Sadly, the enthusiasm for the programme waned after the chief executive was given increased responsibility for Shell's North Sea Oil developments, in addition to having to respond to other major economic challenges, the effects of civil war in Nigeria, and aggressive trade union postures.

At the same time, Trist left Tavistock for the Wharton School in the University of Pennsylvania.

In 1971 Hill joined MSL as a senior consultant in Human Resource Management, thus completing the break-up of the main agents of change.

There is much to be learnt from the Shell case, not least the methodology; the sequential stages which I suggest are relevant for employee development are:

Conception of the training strategy
Analysis of key factors leading to a plan
Report - Conferences to consider proposals
Presentation: the Training Process
Evaluation of results
Template for further development

## Note for further reading

The article by Blackler and Brown [1] provides some interesting comment on the long-term outcome of the experiment in Shell UK. This article should be read in conjunction with the one by Adrian McLean on "Organization Development: A Case of the Emperor's New Clothes?" [2].

Contemporary reviews on Hill's study were provided by Keith Thurley and by Eric Trist - the involved external agent. Leslie This' article [3] provides an interesting conspectus on the place of Organization Development at the end of the 1960s.

The Shell UK Case [4] remains the only major experiment in employee development which was fully documented. It relates to a period when top-down management was the predominant managerial system. Thus, at a time, in the 1980s, when organizations are having to adapt to more open system forms of management, the Shell Case has limited application. It remains an excellent example of an empirical study of organization development at the watershed of traditional management philosophy - the point in time when the UK was entering the post-industrial economy.

A further interesting article was written by Robin Stuart-Kotze on Five Conditions for Successful OD [5] (1974).

The best UK outline of OD has been written by I.L. Mangham, D. Shaw and B. Wilson: on Managing Change [6] as BIM Management Guide No. 3 1971.

1. F.H.M. Blackler and C.A. Brown: A New Philosophy of Management:
   Shell Revisited
2. Adrian McLean: Organization Development: A Case of the Emperor's
   New Clothes?

Both articles to be found in Personnel Review Volume 10 No. 1 1981

3. Leslie This: Organization Development - Fantasy or Reality?
   (Industrial Training International August 1969)

4. Personal Review: New Personnel Practice

(Personnel Review Volume 1 No. 1 Autumn 1971)

5. Robin Stuart-Kotze: Five Conditions for Successful OD - New Personnel Practice

(Personnel Review Volume 3 No. 3 Summer 1974)

6. I.L. Mangham, D. Shaw and B. Wilson: Managing Change - A practical guide to organization development

(BIM Management Guide No. 3 1971)

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**Ocean Transport & Trading Limited**

# Salaried staff assessment -the facts

ocean

**For internal use only**

# Introduction

Ocean's policy provides for members of staff to have their job performance assessed at regular intervals and gives them the opportunity to discuss their work with their supervisor/manager.

# SALARIED STAFF ASSESSMENT
## 'Notes for the Information of Staff'

## Objectives

1 The purpose of these notes is to help you towards a better understanding of the Assessment System and to give you some idea of the kind of questions you may be asked and the subjects that may be discussed by your Assessor, who will normally be your immediate superior.

2 With this prior knowledge, you should be able to participate in the interviewing process and benefit from your Assessment.

## What your Assessor may need to know

3 Your Assessor may discuss with you:

3.1 The scope of your present job and any major changes in your work over the past twelve months.

3.2 How successful you have been in carrying out the main duties and responsibilities of your job.

3.3 The aspects of your work in which you have achieved the best results.

3.4 The aspects of your work which need further improvement.

3.5 Any further training which might help you in your present job.

3.6 Your career development – whether you wish to progress from your present job or whether, because of domestic responsibilities or other reasons, you prefer to stay where you are.

## What you may wish to ask your Assessor

4 You may wish to ask your Assessor questions such as:

4.1 Am I carrying out my job to his/her satisfaction and if not what areas should I be giving special attention?

4.2 Will my job content remain the same in the foreseeable future – if not what on-the-job/off-the-job training will I need in order to perform well?

4.3 What promotion prospects are there and what training will I need to enable me to progress?

4.4 What should I do to contribute to my self-development?

## Preparation

5 You should take a copy of your job description and any notes on your achievements you may have made to the interview.

6 Your Assessor will be prepared similarly for the meeting, the object of which is for you both to evaluate the work done over the past twelve months and consider plans for the future.

## Recording your comments

7 After discussion on your performance you will be asked to write on the form your comments on your performance assessment and to sign the form to show that you have seen what is recorded, and have had a discussion on them with your Assessor.

## Your career development

8 After your interview your Assessor will discuss your performance and potential with his/her Line Manager. This is to secure his/her authority for the action that you and he/she have agreed, and to ensure that your development needs are met as far as possible.

## Who examines the assessment?

9 The completed form may be seen by senior managers and by senior personnel/training staff on a 'need to know basis' to enable them to carry out training analyses, development programmes, cross-postings and similar actions to help in your work with Ocean businesses.

## Can you disagree with your Assessor?

10 If you do not agree with any of the points made at your assessment, say so. You may ask your Assessor for further opportunity to discuss them with him/her or with his/her Line Manager.

## The Assessment form

11 The form is in four sections:

- 11.1 Personal information on you and your Assessor.
- 11.2 Comments on your performance by your Assessor and yourself.
- 11.3 Training and development recommendations.
- 11.4 Recommendations on those who are considered to have potential for promotion.

## Performance planning

12 If you are in a supervisory or managerial grade, your Assessor will also discuss and review with you the key result areas and targets which you had agreed with him at the beginning of the twelve month period for which you are being assessed.

## Questions to be answered

13 Any part of the assessment discussion about which you are in doubt should be clarified with your Assessor. Be sure you understand and contribute to your annual assessment.

Ocean Transport & Trading Limited

TRAINING COPY

# A manager's guide to staff assessments including notes on setting performance targets

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For internal use only

# OCEAN TRANSPORT & TRADING LIMITED
# SALARIED STAFF ANNUAL ASSESSMENTS
# NOTES OF GUIDANCE FOR MANAGERS

## Introduction

1 Ocean's policy for the development of individuals requires that each salaried member of staff is assessed annually. This assessment is an important element in the identification of the current job training and development needs of each individual and, where appropriate, in the preparation of a career development plan.

2 The purpose of these notes is to provide guidance for managers who have to make assessments.

## Objectives

3 The aim of the annual assessment is twofold:

- 3.1 to satisfy the individual's need:
    - 3.1.1 to know how he/she is doing and to assist in improving performance in the current job
    - 3.1.2 to identify and develop those individuals who have potential for promotion, consistent with the business opportunities within Ocean
- 3.2 to satisfy Ocean's needs through:
    - 3.2.1 providing for the appropriate training and development of Ocean manpower consistent with Ocean's business requirements
    - 3.2.2 relating the potential of individuals to meet Ocean's long term manpower needs.

4 The review of performance enables individuals to discuss freely with their assessors their performance in the current job and to agree what action is necessary to overcome any difficulties. This may be assisted by training and development, on-the-job counselling and, always, encouragement towards self-development. The other important feature of the assessment is a review of potential to enable Ocean to prepare realistic career development plans.

5 For individuals who have to achieve specific objectives set down as key result areas and related targets the annual review takes the form of an audit or dialogue on the previous action reviews that have continued throughout the previous twelve months between the job holder and his/her assessor.

## Assessment review process

6 The process of staff annual assessment, see form at Appendix 1 (inside back cover), covers:

6.1 information on the job holder and assessor and a note of any changes in scope of job since the last review

6.2 comment by the assessor, normally the immediate superior, on the performance of the job holder in the current job

6.3 comment by the job holder on his/her performance and, if he or she so wishes, a comment on future career development

6.4 a training and development plan which will be discussed between job holder and assessor and commented on by the assessor's line manager

6.5 a review, where appropriate, of the job holder's potential

7 The assessments will cover a twelve month period, normally a calendar year.

8 The normal sequence of events will be:

8.1 November to January — annual assessment

8.2 June to August — review of assessment forms and career development plans.

## Assessment procedure

9 Both job holder and assessor will prepare adequately for the annual assessment, knowing that it is being done for the benefit of both the individual and the organisation. The preparation will include a check on the job description to note any major changes since the last review, and an analysis of the level of achievement including key result areas and targets, where these have formed the basis for the job holder's action plans. Above all, the assessment review must be carried out with care by both job holder and assessor; it is not a mechanical process and cannot be rushed.

10 The assessor will record any major changes in the job description over the past twelve months.

11 Prior to the interview both the job holder and his/her assessor should examine the work done over the previous twelve months. For those in supervisory and managerial grades advance preparation will include an evaluation of the level of achievement of key result areas and targets over the review period, based on the job holder's and assessor's record of reviews carried out over the previous twelve months. The record may be made in the form set out at Appendix 2 (inside back cover). Separate notes of guidance on 'Setting performance targets' are incorporated at Appendix 6.

## Performance assessment

12 The performance assessment recorded on page 2 of the form should relate only to an individual's performance in his/her job.

13 The form provides for separate comment by the assessor and the job holder. A key aim of this assessment will be to help the individual improve performance. The two-way comments will relate to the previous twelve months and will be evaluated against agreed criteria, such as key result areas and targets. The assessor's line manager should be consulted about the job holder's performance prior to the interview. If the assessor does not directly supervise the job holder, then the job holder's immediate superior should also be consulted, to obtain accurate information on the level of performance achieved. The job holder should be invited to include a comment on particular training and development plans if he/she so wishes. Formal completion of the comments should await the interview.

14 For assessing those in managerial jobs a guideline of factors relevant to job performance is set out at Appendix 3 and a glossary of terms is at Appendix 4. For assessing those not in managerial or supervisory jobs, the table and related notes at Appendix 5 (inside back cover) should be used as a guide for a preliminary analysis of factors relating to performance.

15 The assessor will record a performance rating at the end of his/her comments on page 2 of the form. The rating *Good* will indicate a job holder has achieved a standard performance, i.e. has done the job properly and achieved agreed objectives. There will be two ratings above and two below *Good* as shown in the table below:

| *Outstanding* | *Very Good* | *Good* | *Fair* | *Unsatisfactory* |
|---|---|---|---|---|
| superlative achievement of all objectives | exceeding the required standard performance | satisfactory standard achieved and evidence of commitment to his/her job requirements | weaknesses which could have been surmounted | job requirements not being met |
| The following percentage distribution of ratings gives an approximation of the spread which can normally be expected: | | | | |
| 1% | 19% | 70% | 10% | Should normally be minimal |

The achievement of standard performance and, therefore, the rating *Good* records consistent effort and commitment by the job holder and benefit in job satisfaction for the job holder. There will be, of course, individuals who will exceed the standard performance and those who will not achieve this, on whom special comment will be made.

## Training and development plans

16 Page 3 of the form provides for a discussion between job holder and assessor on training and development plans for the present or similar job. The latter might be arranged by a lateral move from one business activity to another. The assessor's recommendations on training and development should be indicated to the job holder. This section of the form is completed by a comment from the assessor's line manager.

## Potential review

17 The aim of the potential review on page 4 of the form is to:

17.1 identify promotable staff

17.2 assist in the preparation of career plans for individuals

17.3 indicate development and training needs for promotion.

18 The assessment of potential for promotion to jobs with higher levels of responsibility embraces factors much broader in effect than the review and report on the previous twelve month's performance. The latter does give, of course, some indication of the individual's suitability for promotion. Assessors reporting on potential for promotion should consider the individual's –

18.1 track record, i.e. his/her performance over the previous three years, taking into account, as appropriate, the factors listed in Appendix 3 (page 7)

18.2 ability to see problems from a higher vantage point than required in present job and to shape his/her work accordingly

18.3 ability to inspire and to lead others effectively

18.4 suitability for promotion, bearing in mind the scope of responsibility in more highly graded jobs

18.5 availability and mobility, both in the immediate future and long term, and

18.6 adaptability in meeting demands of businesses with differing patterns of organisation and work environments.

19 The assessor should endeavour to indicate the type of job, nature of work and time scale of promotability.

19.1 The following matrix is provided on the assessment form:

PROMOTION POTENTIAL (if applicable)

| Time Scale | Type of Job and Nature of Work |
|---|---|
| Now | |
| Within 2 years | |
| Within 3 to 5 years | |
| Eventually | |

19.2 An indication of the development and training needed to prepare for promotion should be suggested.

19.3 The assessor's line manager should add his comment on the potential review and indicate, where possible, suitable cross postings, secondment, project work or special training courses to help the individual realise his/her potential.

## Comments by the line manager

20 The comments by the assessor's line manager on pages 3 and 4 of the form will be completed after the interview with the job holder. In practice, there will be discussion between an assessor and his/her line manager before the former completes his/her comments on page 3 on training and development for the present or similar position and his/her recommendations on page 4 to realise the job holder's potential.

# Assessment interview

## Primary purpose

21 The primary purpose of the interview is to help the individual to improve future performance. A successful interview will achieve:

21.1 a better understanding between job holder and assessor on job performance against agreed criteria

21.2 agreement on plans to improve current job performance and future job performance

21.3 agreement on training and development plans to complement 21.2

21.4 a mutual understanding of the individual's potential corresponding with opportunities in Ocean businesses.

## Preparing for the interview

22 In preparing for the interview assessors should:

22.1 arrange a time which will enable the job holders to prepare in good time for the interview and be suitable for uninterrupted discussion

22.2 examine the record of the previous year, and, where key result areas and targets have been agreed, summarise the level of achievements, i.e. above or below agreed objectives

22.3 build on strengths and, where it is necessary to discuss weaknesses, assessors should make sure they have examples to illustrate their case

22.4 draw up outline training and development plans to discuss with job holders

22.5 discuss prior to the interview, where possible, proposed career development programmes with their line managers.

## Interview style

23 There is no set prescription for interviewing, but, above all, an assessor should be relaxed and:

23.1 where the job holder is being assessed for the first time, allow for anxiety and curiosity and counter these with a friendly and sympathetic manner

23.2 should not rush through the interview

23.3 stress the role the job holder has to play in the dialogue and demonstrate that his/her conclusion stems from the discussion with the job holder and is not pre-determined

23.4 avoid argument and an inquisitorial style

23.5 be prepared to listen.

## Interview process

24 Set the stage to ensure the job holder can participate in a comfortable setting, in the usual place of work, if convenient for interviewing and:

24.1 explain the objectives of the assessment procedure and purpose of the interview, giving the job holder an opportunity to put questions on purpose or procedure

24.2 open the interview by mentioning some of the successes or achievements over the previous twelve months which will encourage the job holder to contribute his/her own assessment of his/her performance and potential

24.3 lead the job holder forward into discussion on his/her review of the performance over the past twelve months

24.4 get the job holder to propose his/her own suggestions for performance improvement

24.5 ensure job holder reads the comments on performance and agrees the training and development plan and adds his/her signature to the form.

## Closing the interview

25 Summarise the main points discussed and allow the job holder to note any requirements for action and close the proceedings on a friendly note.

# Guide line of factors relevant to managerial jobs

1 The assessor should consider the manager's performance under the following headings:

## 1.1 Problem analysis

effective use of analytical thinking in the manager's work and the application of this to the formulation and achievement of business objectives

## 1.2 Application of analysis through judgement and decision taking

competence in basing actions on sound judgement which commands respect and commitment of others and ability to take effective decisions

## 1.3 Managing people

effectiveness in dealing with human resources, ability to communicate effectively and quality of leadership

## 1.4 Developing human resources

ability to develop people in conjunction with organisational development of the business

## 1.5 Understanding the environment

level of understanding of the external and internal environment affecting the business

## 1.6 Range of adaptability and innovative skills

ability to look at situations from a higher level and relate actions to more than one level in the organisation of Ocean and capability in applying innovative skills to managing change and diversification

## 1.7 Commercial ability

competence in managing and improving existing commercial activity and ability to plan and control sound strategic plans embracing profitable operational activities.

# Performance review and assessment

1 Assessors and job holders should relate the performance review and assessment to the following:

1.1 **Responsibility and accountability**

What is the nature and scope of the job holder's duties and for what is he/she accountable?

1.2 **Authority**

What decisions can the job holder take without reference to his/her superior?

1.3 **Duties**

What are the routine activities to be carried out by the job holder?

1.4 **Standards of performance**

How is the job holder's overall achievement to be assessed?

1.5 **General objectives**

What are the general objectives of the job and how do these relate to the business objectives?

1.6 **Specific objectives**

What are the key result areas or criteria for performance on which the job holder will be assessed?

1.7 **Targets**

What specific short-term results has job holder to achieve?

1.8 **Tasks/Action plans**

What actions must be taken by the job holder to achieve his/her key result areas and targets?

1.9 **Performance assessment**

To what degree has the job holder achieved his/her key result areas?

1.10 **Training and development**

What steps can be taken to improve the job holder's performance?

# NOTES FOR MANAGERS DETERMINING INDIVIDUAL PERFORMANCE PLANS

# Agreeing individual performance plans and setting performance targets

## Introduction

Within the Ocean Group business plans are initiated by accountable units and submitted for approval to Divisional General Managers, the Executive Committee and the Ocean Board of Directors.

Once agreed the unit plans specify the objectives and targets to be achieved. 'The plans and budgets are the standards against which the performance of the operating unit is measured and evaluated.'

It is appropriate that the process of clarifying individual performance plans and agreeing objectives and setting targets for performance should be extended to all management staff.

The annual assessment system provides for assessing performance against key result areas and targets defined as:

> Key Result Areas:
> The specific objectives to be achieved and forming part of the general objectives as set out in the nature and scope of the job.
>
> Targets:
> The short term results to be achieved, expressed where possible, in time and cost within a key result area.

## Summary of benefits of target setting

The major benefits include:

1. Specifying objectives and targets for a manager which help to ensure that he/she concentrates on the critical areas of performance.
2. Defining individual key result areas and targets to avoid unnecessary duplication and barriers of effort between managers and their staffs, increasing the range and effectiveness of delegation and facilitating effective co-ordination.
3. Setting targets through a dialogue with the individuals concerned to help to commit them to attain the specific objectives.
4. Providing information on individual training and development needs.

## Basic principles of target setting

The essential stages in setting performance targets are:

1. Agreement between manager and subordinate on the scope of the latter's job.
2. Identification of the key result areas, i.e. the major make or break aspects of the job.
3. Determination of the specific short term results – the targets – within each key result area.
4. Provision of the necessary resources in manpower, money and materials and the facilities for performance, and an agreed system for controlling performance in relation to budgets.
5. Review of performance periodically and updating targets where necessary, e.g. in relation to quarterly forecasts.

The all important ingredient for success is the effective co-operation between managers and their subordinates.

## Stages in target setting

### The job

Each manager's job should be re-examined, at least annually, to ensure that the nature and scope of the job, the responsibilities and levels of authority are clearly defined and congruent with the job holder's position. It is essential that a manager and his subordinate agree the requirements of the job.

### Key result areas

The key result areas have been referred to as the make or break elements in a job. As such, they must be identified as consistent with the scope of work to be performed by the job holder.

As such the key result areas are those more important elements in an individual's job which directly contribute to achieving the business objectives. There is a risk that individuals will devote too much time and energy to tasks which make a minimum contribution to achieving business objectives. This is not to say that aspects of an individual's job not specified as a key result area can be by-passed, but merely that certain specific objectives are critical over a period of time. There are key result areas which are repeated for each performance period. They are enduring features and must be included in the criteria for performance.

Key result areas differ from a list of duties which may be included in a job description, in that they are the individual's contribution to the short term business objectives, requiring special attention for a period of time, normally one year.

### Targets

Managers recognise the value of being specific about the job and tasks which they expect their subordinates to perform, but find difficulty in distinguishing between key results and targets. For some managers there will be further confusion between Business Plans, Objectives and Individual Action Plans on the one hand and Key Results and Targets on the other. In effect, the sum of individual key results should correspond with the short term business objectives. The purpose of identifying key results for individuals is to determine performance targets. They should be quantifiable or measurable providing specific goals of time and cost. Targets may also be set in Service Departments which are measurable in other terms such as quality and acceptability. In all cases targets will highlight some of the grey areas of management, since individuals depend to some extent on another individual's performance. A collection of targets is the means by which a key result area is achieved. A ten point plan for target setting follows as Appendix 6, Annexe 1.

### Resource provision

To achieve targets, individuals may require manpower, money and materials. Another resource will be the agreed type of control information by which managers and their subordinates can monitor performance. Without this control information target setting is a pointless exercise.

### Review

The periodic performance review, not less than quarterly, is the most important part of the process. Successes and failures are registered when there is a sympathetic performance review between a manager and his/her subordinate. The review is an essential element in motivation.

# Process of target setting

## Performance Reviews

The process of target setting, as indicated in the previous section, is:

1 Closely related to business planning and budgeting.

2 Effective when jointly agreed by a manager and his subordinate.

The mutual agreement on targets by a manager and his subordinate requires a flexible management system. It requires commitment in time and the mutual confidence in each other demanded by the system.

The discussion on key result areas and targets for each twelve month period, should be preceded by preparation by the manager and his/her subordinate in the same way that preparation is an essential prerequisite to the annual assessment interview. In most cases the discussion on key result areas and targets for the next twelve month period will take place following the assessment interview on the previous twelve months' performance. In some businesses managers will find it appropriate to deal with the ensuing twelve months' performance on a separate occasion.

All discussions should follow the order of: Job – Key Result Areas – Targets. Managers should ensure that key result areas and targets are specific, measurable and critically important. Individuals must be guided to set targets that are demanding but neither nonfeasible nor too easy. The key aim is to achieve a high performance within feasible limits that provide a challenge for improvement and a pride in achievement.

A manager should agree with his/her subordinates the frequency of performance reviews. There is no set time scale as this will vary according to the jobs concerned.

The periodic review is not an occasion for the manager to pass judgement on the performance of his/her subordinate. It is an opportunity for a dialogue on the work done and results achieved. An individual will more easily seek to improve his/her performance when he recognises his/her own weaknesses. A manager should not participate in a periodic review without having examined performance against targets and analysed relevant facts and figures. He/she should be sensitive to the priorities to which an individual has worked.

The periodic review is the occasion for discussion on ways of improving; merely recording past performance is a profitless operation. Managers must be capable of identifying causes of problems and agreeing with subordinates ways of solving problems. It is the occasion when information control data can be checked to see if it is timely, adequate and provided at the right level.

A subordinate will respect and respond to the manager who is prepared to discuss his/her own performance achievements as well as those of the subordinate.

## Documentation

Most managers prefer having some record of target setting. At Appendix 2 (inside back cover) is an Ocean form designed for this purpose. Whatever form of recording is agreed a copy should be retained by the manager and his/her subordinate.

The record is of importance to the manager and his subordinate only; it is not one that should be circulated within a business. It is not the kind of documentation to be administered by a Personnel Department.

# Ten point plan for target setting

For individuals in managerial jobs, i.e. those with responsibility for directing and controlling the work of others, the general objectives determine the nature of what is to be achieved and the key result areas indicate the specific goals for the ensuing twelve months. Targets set the optimum results the job holder can achieve. They in turn call for action plans to achieve the key result areas and targets.

It is of critical importance to the assessment system that Key Result Areas and Targets should not be imposed but agreed between the manager and the job holder. It means that:

1. The manager's objectives and targets must be correlated with those of the job holder: they are a synthesis of all subordinate job holders' key result areas and targets.

2. Targets must specify results to be achieved not describe an activity.

3. Targets must set short-term priorities, whether or not these can be measured by quantum and time.

4. Targets must be congruent with the span of the job holder's responsibility and they must be aimed at performance improvement.

5. Targets must be limited in number, normally not more than five.

6. Targets must be matched with the key result areas and be related to the short-term business planning and budgeting process.* (The budget should reflect the sum of the targets quantified in financial terms. The target aims to achieve a better than agreed budget performance).

7. Targets must be realistic, demanding real effort but feasible in the light of all foreseeable problems and constraints.

8. Targets may overlap jobs, departments or divisions.

9. Targets must be consistent with the short-term business objectives and must not militate against achievement of long-term plans.

10. Targets can be defined in qualitative as well as quantitative terms. The results to be achieved by an O.R. Manager and a Sales Manager cannot be measured in the same way, but each can be set realistic short-term priorities or action programmes.

---

***BUDGET**

A financial and/or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital.

AA 1

# OCEAN TRANSPORT & TRADING LIMITED

# SALARIED STAFF ANNUAL ASSESSMENT

**STRICTLY CONFIDENTIAL**

Division

Business/ Activity

Location

Name of Assessor

Job title

Name of Assessor's
Line Manager

Period reviewed

Surname

Forenames

Mr/Mrs/Miss

Date of birth

Date of appointment
to present post

Job title

Job grade

Is the job description up to date?

Summary of major changes, if any, in scope of job since the last review.

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## PERFORMANCE ASSESSMENT

Assessor's Comments (See notes paragraphs 12 to 15)

Performance Rating ............................................. for period...............................................................

Signature Date

Job Holder's Comments

Signature Date

Division Name

Business/Activity

## TRAINING AND DEVELOPMENT

Indicate training and development needs of job holder to improve performance in PRESENT or SIMILAR POSITIONS (See notes paragraph 16) and give suggested dates

What training and development, recommended earlier, has not been completed?

Comment by Line Manager on Assessment and Training

Signature Date

Division:

Name:

Business/Activity:

Grade:

## POTENTIAL REVIEW

(See notes paragraphs 17–19)

If you judge promotion to be unlikely, please state the reason:

Where previous reviews have indicated that promotion is unlikely and re-assessment is not required, please indicate with a tick in the space below:

| | |
|---|---|
| No promotion foreseen | |

When reporting on those with potential for promotion, please indicate the type of job and nature of work according to your evaluation of the time scale:

| Time Scale | Type of Job and Nature of Work |
|---|---|
| Now | |
| Within 2 years | |
| Within 3 to 5 years | |
| Eventually | |

Development and Training proposed, if any, with timing:

Comment by Line Manager:

Signature:

Date:

Recommendations noted by Personnel Department

Signature:

Date:

# Ocean Transport & Trading Limited

STAFF DEVELOPMENT

---

MAN SPECIFICATION

Division

Date Completed

Activity/Department

Age Range
(if applicable)

Job

---

1. Personal Characteristics

Essential

Desirable

---

2. Education and Professional Qualifications

Essential

Desirable

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3. Experience

Essential

Desirable

4. Special Aptitudes

Essential

Desirable

5. Other Comments

6. Training and Development Requirements for the Job

Indicate degree of relevance to the job

| Areas | Critical | Important | Useful |
|---|---|---|---|
| Knowledge | | | |
| Skill | | | |
| Attitude | | | |

## GUIDE FOR PERFORMANCE ASSESSMENT OF SALARIED STAFF
## (FOR USE WHEN ASSESSING STAFF NOT IN MANAGERIAL OR SUPERVISORY JOBS)

The assessor should complete the following table. It provides for a preliminary analysis of factors relating to staff not in management or supervisory jobs. The grid allows for additional factors which the assessor may wish to include in the matrix. Where a factor is judged not to be strictly relevant it may be deleted. The table and summary section are for completion by the assessor as an aide-memoire for his/her comments on the assessment form. It is not intended as a formal document for inclusion with the assessment form sent to personnel managers.

| Factor | Outstanding | Very Good | Good | Fair | Unsatisfactory |
|---|---|---|---|---|---|
| Job Knowledge | | | | | |
| Volume of work achieved | | | | | |
| Quality of work | | | | | |
| Accuracy | | | | | |
| Initiative | | | | | |
| Judgement | | | | | |
| Attitude towards own working group | | | | | |
| Co-operation with other working groups | | | | | |
| Motivation and self development | | | | | |
| Punctuality and attendance | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Summary:

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Appendix 5
Annexe 1

## INDIVIDUAL ASSESSMENT OF STAFF NOT IN MANAGERIAL OR SUPERVISORY JOBS

1 The following provides a guide for performance assessment of staff not in managerial or supervisory jobs. It is based on a group of factors which can be realistically assessed and used as a measure for the performance assessment and the performance rating.

2 The following factors are suggested as relevant to the majority of jobs. Assessors may wish to add further factors; some of those listed may not be relevant to certain jobs.

2.1 **Job knowledge**

to what degree does the individual display competence in the job and understanding of the job elements?

2.2 **Volume of work achieved**

this is a measure of the work carried out i.e. throughput of completed tasks

2.3 **Quality of work**

this indicates the neatness in presentation of work by the individual, coupled with

2.4 **Accuracy**

which indicates the degree of precision and care exercised in the performance of tasks (whereas a junior clerk may produce neat work it is not necessarily accurate)

2.5 **Initiative**

to what degree is the individual evincing qualities of enterprise and willingness to take a lead?

2.6 **Judgement**

to what degree are the actions of individuals, in their jobs, based on sound appraisal of the situation and do their actions command respect from others?

2.7 **Attitude towards own working group**

how does the individual respond to working as a member of a group?

2.8 **Co-operation with other working groups**

does the individual adapt easily and mix easily with others in the organisation?

2.9 **Motivation and self development**

what sense of accomplishment has the individual and to what degree is he seeking to achieve a higher level of job accomplishment?

2.10 **Punctuality and attendance**

this is a measure of reliability and commitment to the job.

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12 JUN 1987

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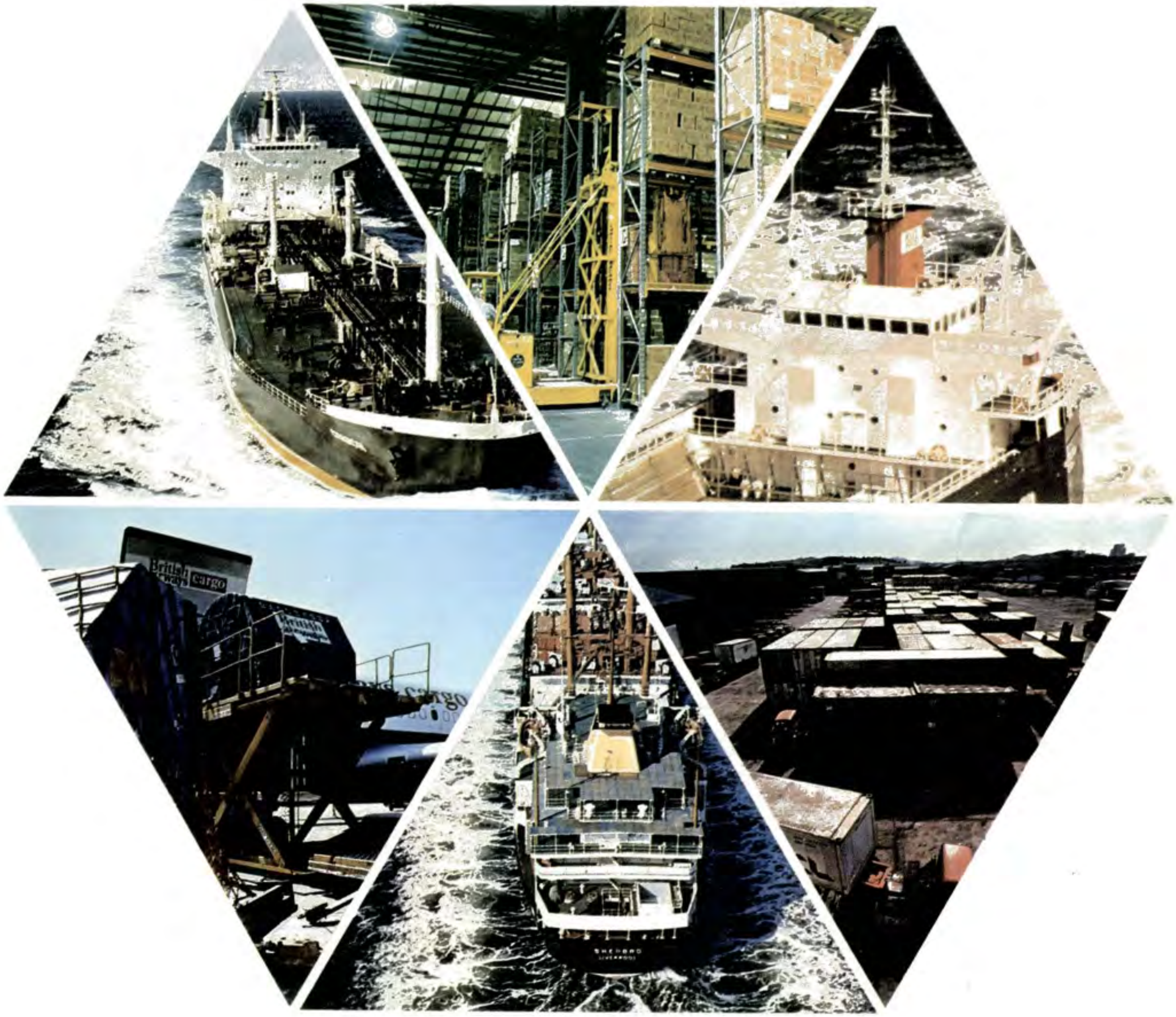

a worldwide service in transportation

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India Buildings, Liverpool
Head Office of the Ocean Group

# Ocean Transport & Trading Limited

ocean

India Buildings Water Street Liverpool L2 0RB England Telephone 051-236 9292 Telex 629236 Cables Odyssey Liverpool

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# The Wide World of Ocean

Ocean Transport & Trading Limited is one of Britain's major shipping, transportation and distribution groups, with international interests covering the world's markets in the Far East, South East Asia, Australia, Africa, Europe and America.

With a history stretching back over a century, the Group has grown from the original Alfred Holt & Co. (the Blue Funnel Line) into a large number of companies involved in freight distribution by sea, land and air.

Ocean's head office in Liverpool is the centre for a worldwide network of locations. The Group employs over 16,000 men and women and has total assets exceeding £300 million. The current fleet of over one million tons includes containerships, cargo liners, bulk carriers, product carriers, parcel tankers, tugs and offshore supply ships.

In addition, Ocean has numerous other interests, including fuel distribution, High Street distribution, road transport, warehousing and airfreight. An overseas division of the Group, Straits Steamship Co. Ltd., is based in Singapore.

## Group structure

The Ocean Board of Directors is made up of executive and non-executive directors and its functions are:

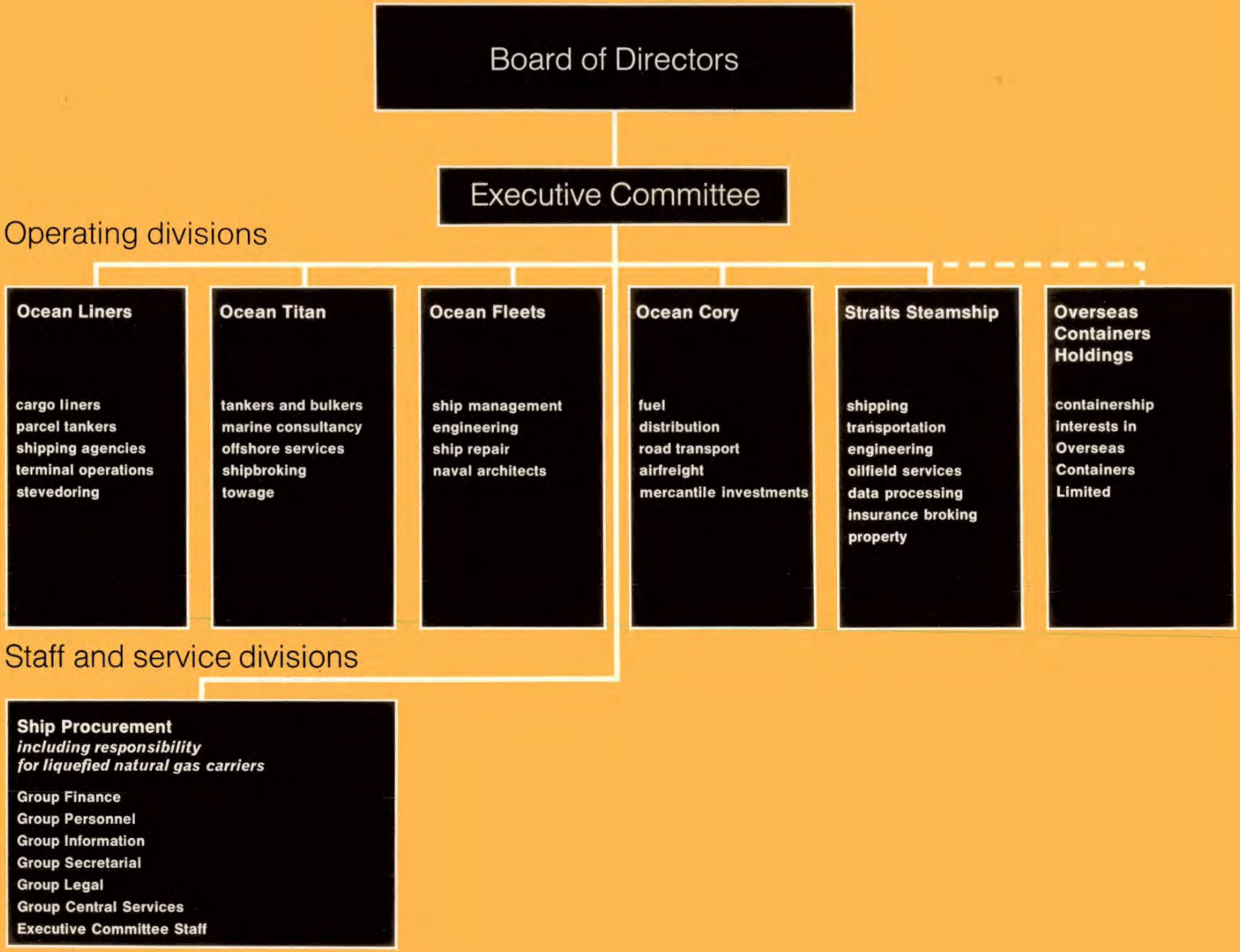
to determine Group policies
to approve Group plans
to hold ultimate authority within the Group
to be ultimately responsible for the effective management of the Group
to appoint a Chairman and an Executive Committee

The Executive Committee of the Board is appointed by the Ocean Board of Directors, acts on their behalf and is fully answerable to them. It consists of three Ocean Board directors, who are not directly responsible for any individual business and who devote full-time attention to the Group as a whole. The Executive Committee acts as the focal point for the Group's –

strategic planning
resource allocation
budgetary control
performance review
management career development

Divisional management is responsible for the plans, operations and results of individual businesses, which are grouped into large operating units or divisions.

There are also corporate staff divisions which provide specialised services for the Group. These include ship procurement, finance, secretarial, legal, personnel, information and office services.



**Board of Directors**

**Executive Committee**

## Operating divisions

**Ocean Liners**
- cargo liners
- parcel tankers
- shipping agencies
- terminal operations
- stevedoring

**Ocean Titan**
- tankers and bulkers
- marine consultancy
- offshore services
- shipbroking
- towage

**Ocean Fleets**
- ship management
- engineering
- ship repair
- naval architects

**Ocean Cory**
- fuel
- distribution
- road transport
- airfreight
- mercantile investments

**Straits Steamship**
- shipping
- transportation
- engineering
- oilfield services
- data processing
- insurance broking
- property

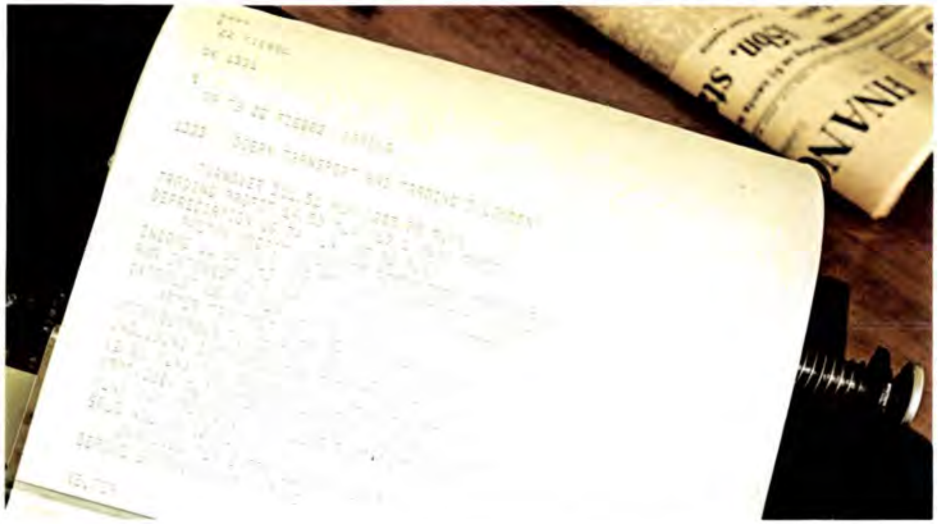
**Overseas Containers Holdings**

containership interests in Overseas Containers Limited

## Staff and service divisions

**Ship Procurement**
***including responsibility for liquefied natural gas carriers***

**Group Finance**
**Group Personnel**
**Group Information**
**Group Secretarial**
**Group Legal**
**Group Central Services**
**Executive Committee Staff**



# Financial Resources

Capital employed by the Group was £312 million at the end of 1975, of which £249 million relates to fixed assets and assets in the course of construction. The remainder is represented mainly by investments in associated companies and in working capital.

Group liquidity has been improved by the successful £23 million rights issue in early 1976 and is ample. The past financial record is impressive with a growth trend in pre-tax profits from £7.2 million in 1971 to £22.6 million in 1975, while revenue cash flows have also risen during this period from £21 million to £41 million.

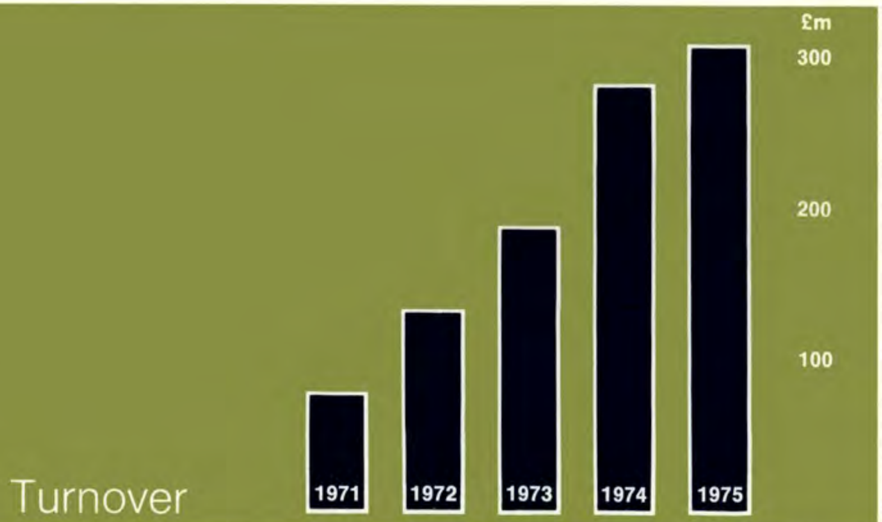
Group borrowings amount to £98 million at December 1975, mainly in respect of shipbuilding loans.

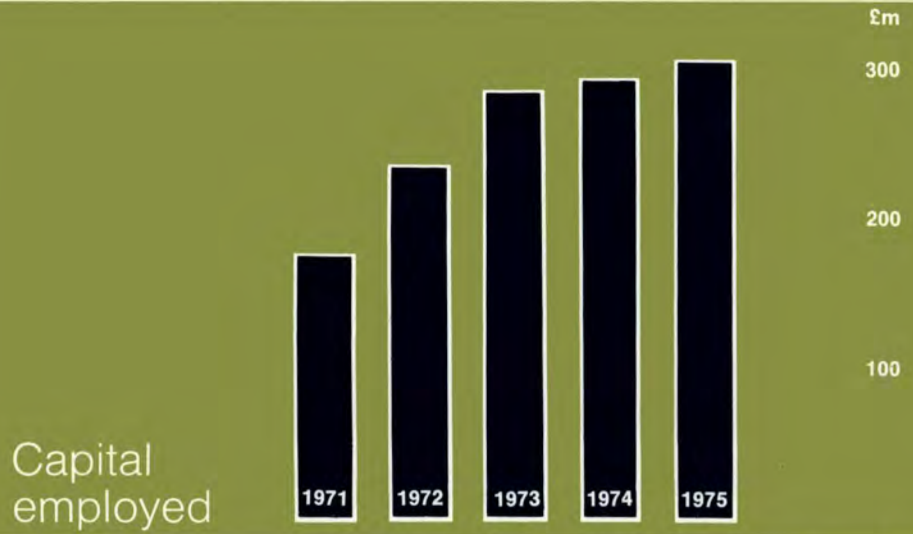
The Group makes a substantial contribution to the UK balance of payments. In 1975 its net contribution to the UK's current account was £79 million.

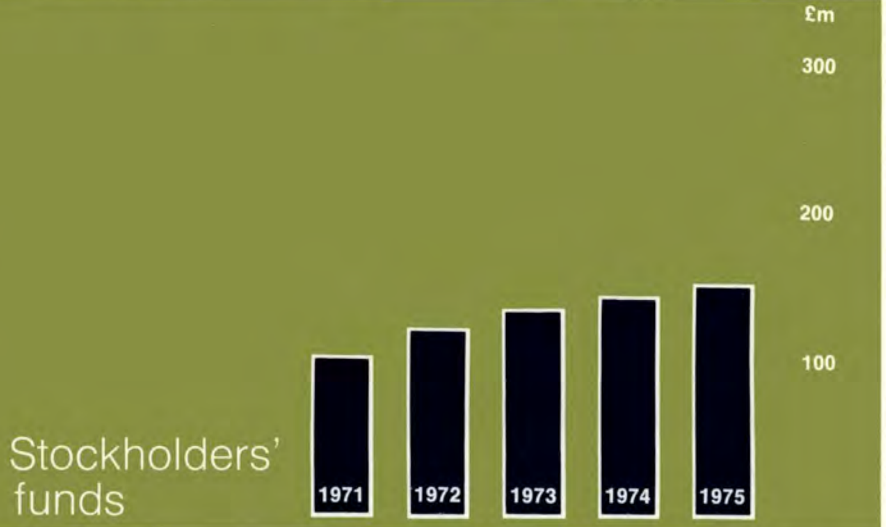
| | 1971<br>£m | 1972<br>£m | 1973<br>£m | 1974<br>£m | 1975<br>£m |
|---|---|---|---|---|---|
| Turnover | 82.8 | 136.9 | 192.5 | 285.3 | 311.5 |
| Profit before taxation | 7.2 | 10.4 | 19.1 | 29.0 | 22.6 |
| Revenue cash flow | 21.2 | 19.5 | 31.6 | 31.1 | 41.3 |
| Capital employed | 171.0 | 240.0 | 290.0 | 299.0 | 312.0 |
| Stockholders' funds | 109.0 | 128.0 | 142.0 | 150.0 | 157.0 |

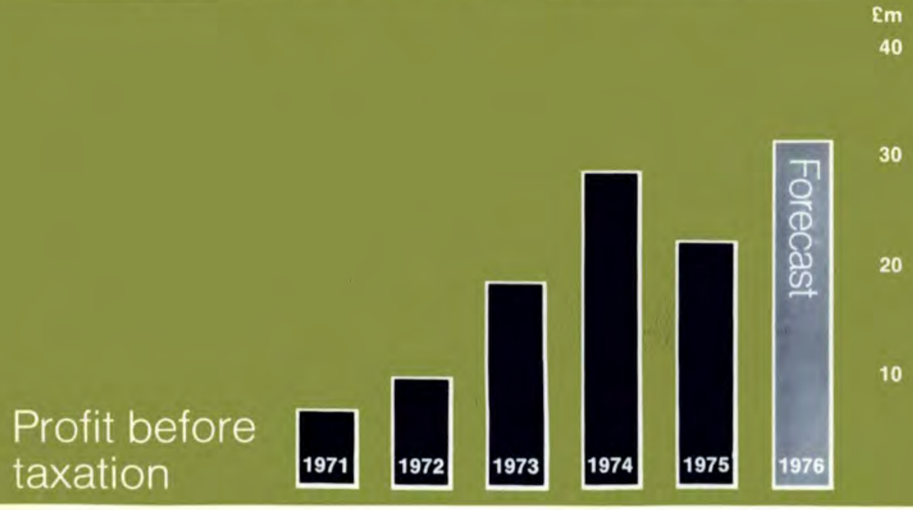
The forecast of profit before taxation for 1976 is £32 million.

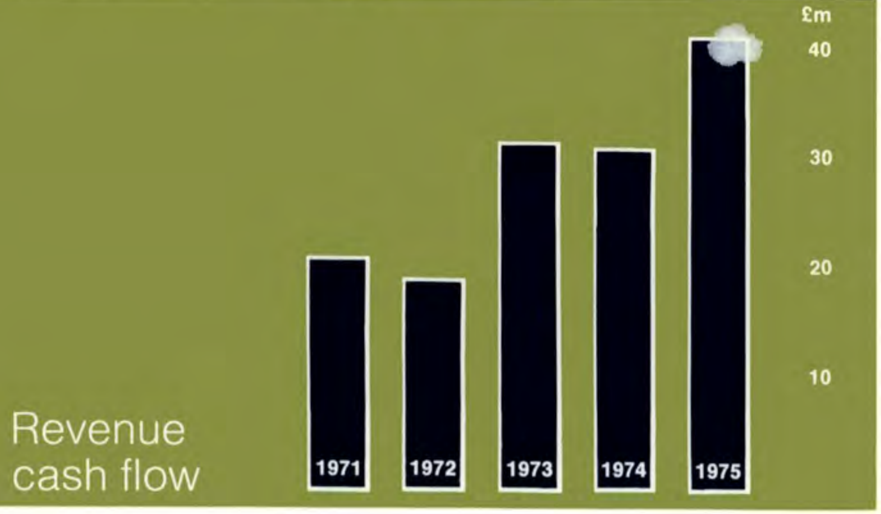
# Five-Year Record 1971-1975


Turnover


Capital employed


Stockholders' funds


Profit before taxation


Revenue cash flow

# Liner Shipping

Ocean's conventional cargo liner companies, Blue Funnel Line, Glen Line, "Oceaan" (a Dutch subsidiary), Elder Dempster Lines and Guinea Gulf Line, form the Ocean Liners Division.

Blue Funnel, Glen and "Oceaan" operate liner services between Europe and the Far East and South East Asia as part of the Ben Ocean joint service. Blue Funnel also operates a containerised service between UK and Jeddah in the Red Sea.

Blue Funnel has a commercial trading link with Norway and Sweden through Barber Blue Sea Line, a service which Blue Funnel operates in conjunction with Barber Lines A/S of Oslo and the Swedish East Asia Company of Gothenburg. Barber Blue Sea Line provides cargo liner services between North and Central America and the Far East.

Elder Dempster and Guinea Gulf operate services between West Africa and UK/Europe/North America. Elder Dempster serves these trades as a member of the following shipping conferences – UK/West Africa Lines (UKWAL), Continent/West Africa Conference (COWAC) and America/West Africa Conference (AWAFC).

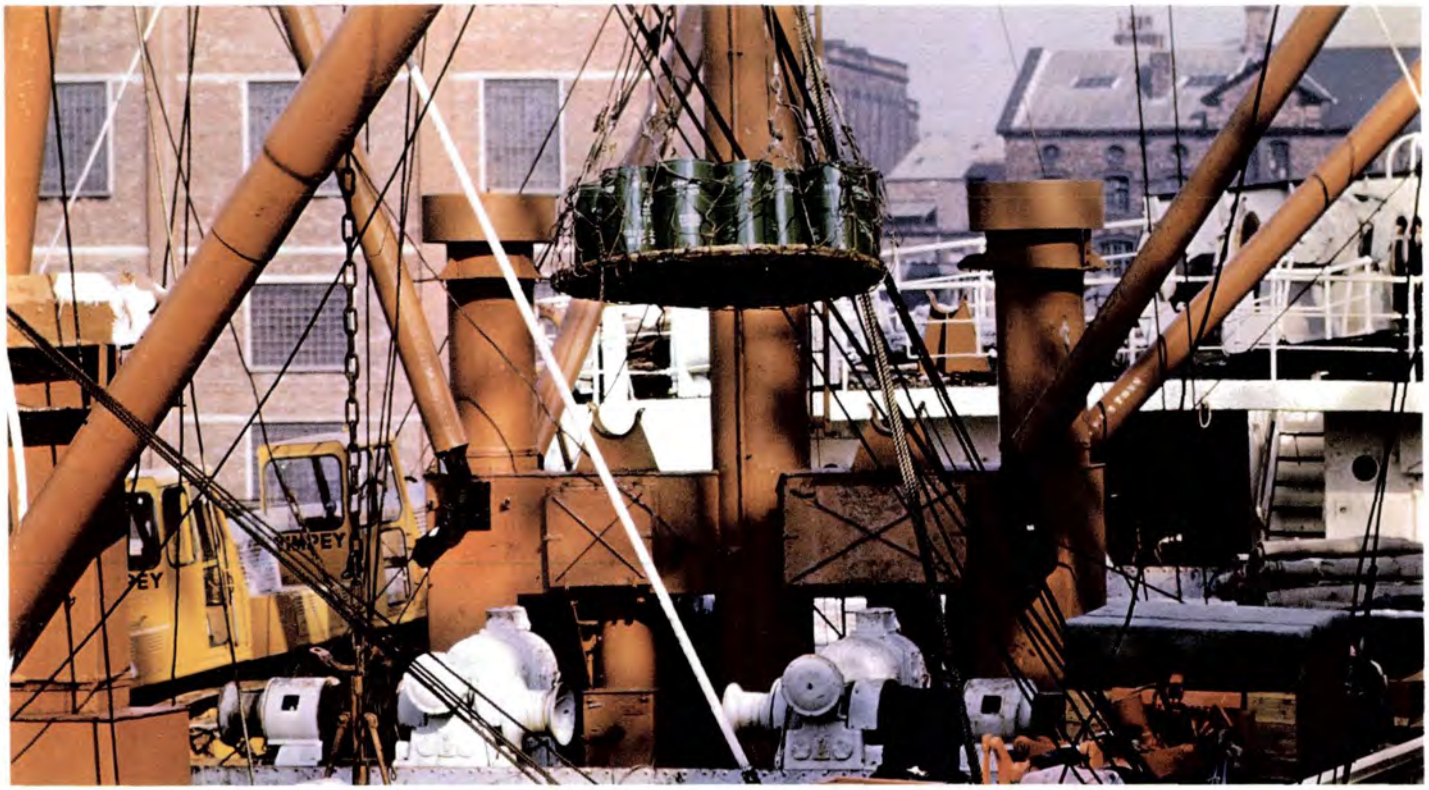
Also within Ocean Liners are the various shipping agencies with offices throughout the UK, in Holland, and in West Africa.

*Prometheus* (12,094 grt) is a Blue Funnel cargo liner operating in the Barber/Blue Sea Line service. This is a joint service of Blue Funnel, Swedish East Asia Co of Gothenburg and Barber Lines A/S of Oslo, and operates services between North and Central America and the Far East. This joint service started in 1974.

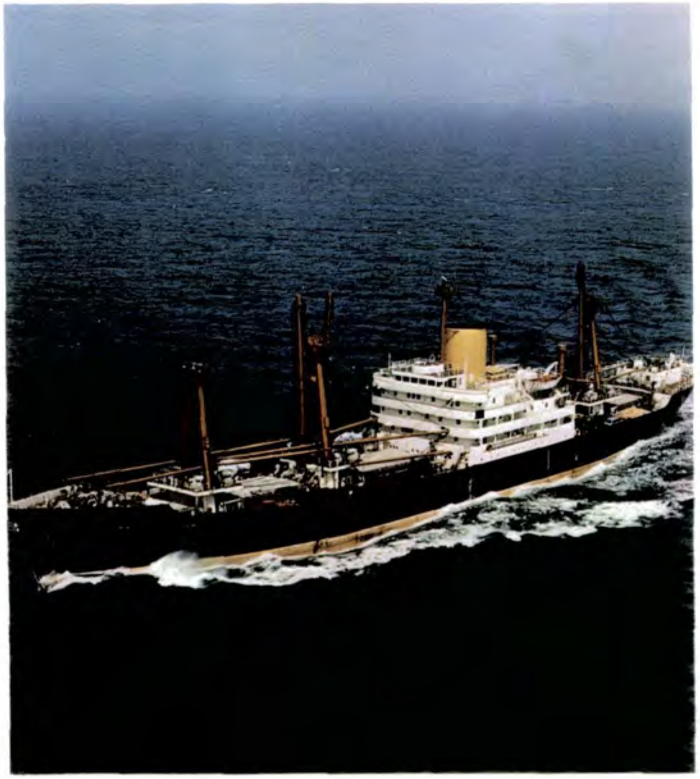
*Shonga* is one of Elder Dempster's two multi-purpose/semi-container freighters which entered service in 1974. Both vessels operate on UKWAL's Express Service from London to Apapa, Nigeria. They can load 396 containers and, when utilised to their best advantage with a mixture of general cargo, 290 containers.

A Blue Funnel cargo liner discharging cargo from the Far East. Blue Funnel, Glen Line, 'Oceaan' and Ben Line of Edinburgh operate a joint conventional cargo liner service under the name Ben Ocean. It was set up in 1975 to rationalise the service for the remaining break bulk cargo between UK/Europe and Far East and South East Asia, following the containerisation of the majority of the trade.

*Glenlyon* (11,500 grt) is one of Glen Line's general cargo liners. Glen Line has been an integral part of the Ocean Group for over forty years and its vessels now operate with those of Blue Funnel, 'Oceaan' and Ben Line on the Ben Ocean joint service to the Far East.

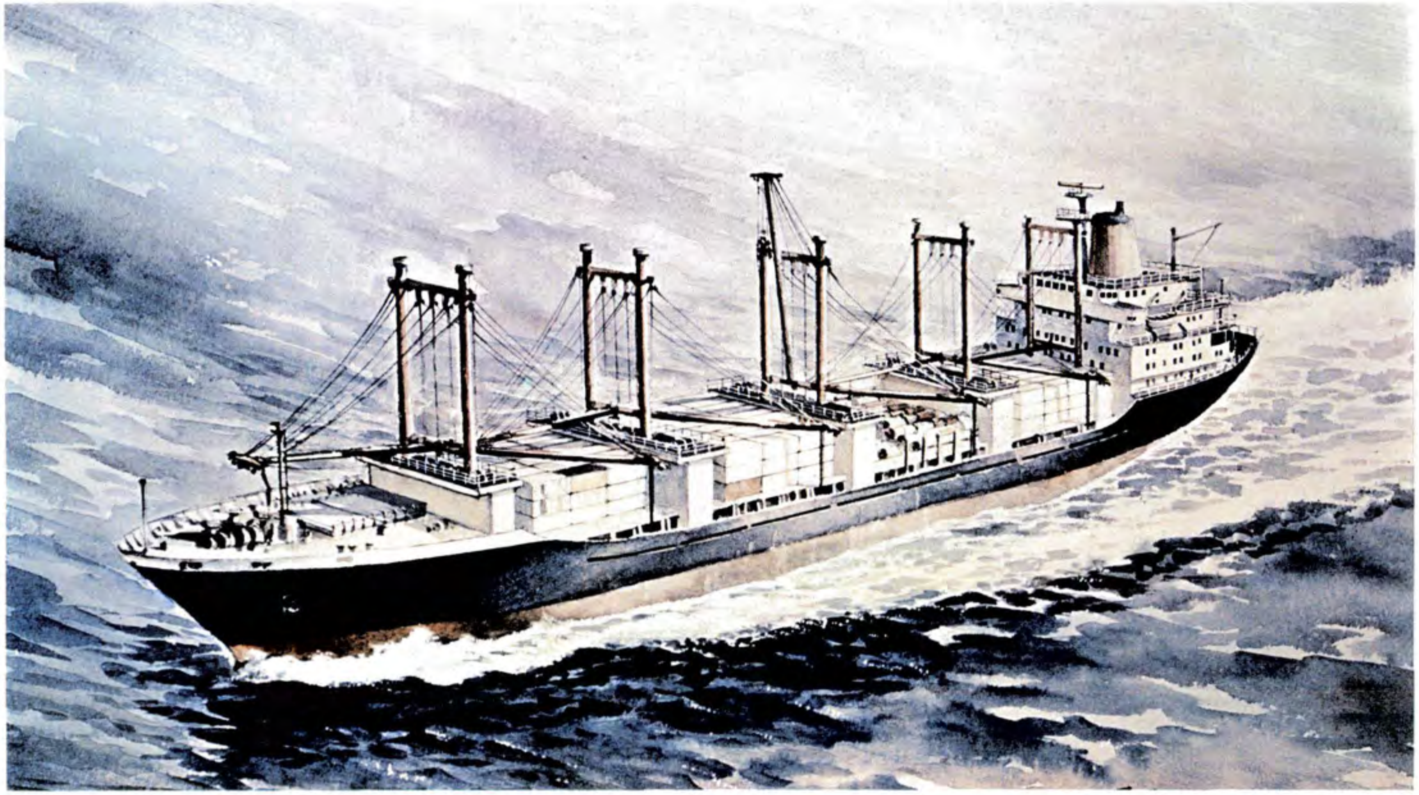


Cargo for West Africa being loaded into an Elder Dempster ship at Liverpool.



*Left*
*Freetown* is one of Elder Dempster's conventional cargo liners operating in UKWAL's Express Service from UK to Apapa, Nigeria. In the trade from West Africa to the UK the ship loads at ports between Apapa and Dakar.

*Right*
*Clearway* is Elder Dempster's 1,160 grt roll-on, roll-off car carrier, which operates direct from Poole in the UK to Apapa in Nigeria. The vessel, which came into service in 1970 and can carry more than 400 vehicles, is on charter to UKWAL.



An artist's impression of one of four multi-purpose cargo liners, which joins Ocean's liner trades in 1977. The vessels will have a service speed of 18 knots and be suitable for carrying break bulk, palletised and containerised cargo as well as grain and ore. They will be capable of operating in any of Ocean's trades.

Ocean Shipping Agencies Limited (OSAL) was formed in 1974 from the Blue Funnel and Elder Dempster freight departments. It operates as an independent shipping agency with offices in Liverpool and Manchester and provides a full range of agency services, handling all types of ships from cargo liners to bulkers. It also provides a range of travel services through Elder Dempster Travel.

Bulk cargo being discharged by Rea Bulk Handling at the company's terminal in Birkenhead, Merseyside. Rea Bulk Handling has the capacity to handle most types of bulk cargo at its three berths and has extensive outdoor and covered storage facilities.

*Left*
The £4½ million West Africa terminal was set up at Tilbury in 1974 by a consortium of the member lines of UKWAL. Designed to cater specifically for the West Africa trade, the 39 acre site is divided into import and export areas. The import area includes 90,000 square yards of open storage space.

*Right*
*Dunkwa* is one of Elder Dempster's cargo liners operating in the Continent/West Africa service.

# Containerisation

Overseas Containers Limited (OCL) was formed by Ocean Transport & Trading Limited, The Peninsular and Oriental Steam Navigation Company, The British & Commonwealth Shipping Company Ltd and Furness Withy & Company Ltd in 1965 to containerise the trades between the United Kingdom and Europe and Australasia, Far East and South East Asia. It is one of the UK's big post war success stories. Ocean has a 49 per cent shareholding in OCL, which is now one of the largest container operators in the world.

OCL's existing business is in the container trades between:–

Europe – Far East
Europe – Australia
Australia – Japan – through Australia Japan Container Line

ACE Containers (African Container Express) was formed by Elder Dempster (an Ocean company), Palm Line and The Nigerian National Shipping Line in 1964 to facilitate the movement of containers between UK and West Africa.

Ocean's interests in containerisation also include the operations of Repcon (UK). This company specialises in the repair and maintenance of containers and trailers. It operates a network of nine purpose-built workshops throughout the UK. Each workshop is strategically sited to provide service for major ports, container bases, rail heads and other freight movement centres.

*Left*
*Tokyo Bay* is one of Ocean's four 59,000 grt containerships which operate on OCL's Far Eastern service. These vessels are each capable of carrying about 2450 20ft containers and have a service speed of up to 26 knots.

*Right*
*Flinders Bay*, a 26,750 grt containership, passing under the bridge at Sydney, Australia. The ship is owned by Ocean, operating on OCL's service between UK/Europe and Australia. The vessel came into service in 1969 and can carry 1500 20ft containers.

*Centre*
An OCL Far East containership at the Southampton container terminal.

*Right*
OCL Far East containership being loaded by gantry crane at *Southampton*.

FIRE ALARM
3 SHORT BLASTS

*Left*
ACE container being stripped at Apapa, Nigeria. ACE Containers (African Container Express) is UKWAL's container operator and was set up in 1964 for the West African trade.

*Centre*
View of a Repcon paintshop showing a trailer, which has been refurbished and modified.

*Right*
A Repcon engineer preparing a top rail for the welding of new roof panel sections on a maritime steel container.

# Bulk Trades

Blue Funnel Bulkships is responsible for the development and commercial operation of the Group's liquid and dry bulk ships.

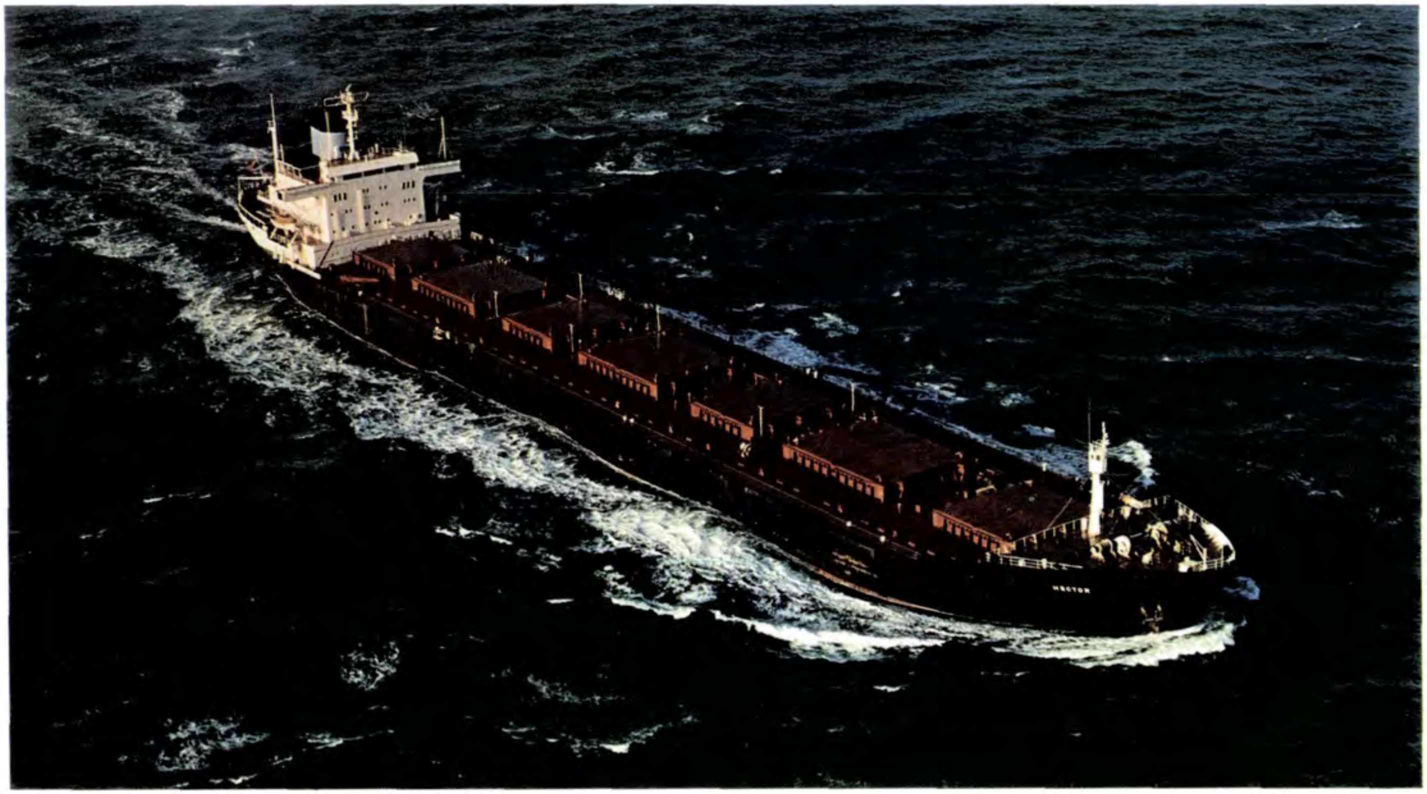
Ocean's investment in bulk shipping exceeds £50 million, and among the vessels in service are an ore/oil carrier; seven bulk carriers; three product tankers; and a mini-bulker.

Blue Funnel Bulkships also provides a marine consultancy service for third party customers seeking advice on worldwide bulk cargo movements by land and sea.

Ocean McGregor is a shipbroking company whose activities include chartering, sale and purchase and newbuilding contracts.

An Ocean subsidiary has a 122,000 cu. metre Liquefied Natural Gas (LNG)-Liquefied Petroleum Gas (LPG) ship on order in France. The building and commissioning of this vessel are supervised by Ocean's Ship Procurement Division.

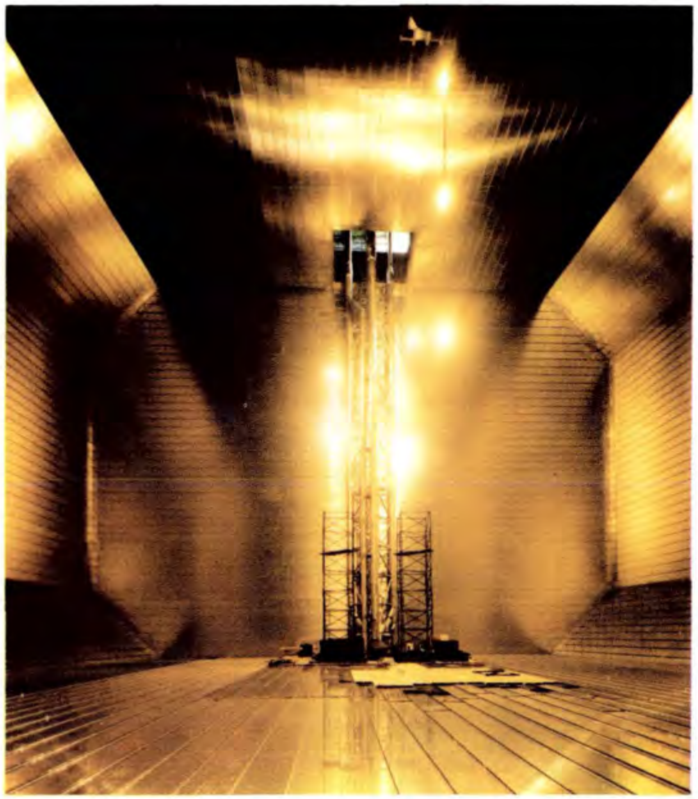
Marketing of the marine transport of LNG/LPG is handled by Gastransco, a company set up in association with the Netherlands Shipping Union, which has a similar LNG/LPG vessel under construction at the same French shipyard.



*Hector* is one of two 51,000 dwt bulk carriers owned by Ocean. These vessels came into service in 1973 and have the capacity to carry 62,500 cubic metres of grain. *Hector* and her sister ship *Helenus* are currently on a long term charter to Rosshavet of Norway.

*Antenor* is one of Ocean's five 26,700 dwt bulk carriers.

*Charon*, a 41,000 dwt product carrier, came into service in 1975. The Group's first product carrier, *Charon* was built in Japan, and trades in the USA Gulf and Caribbean.



*Left*
The first of two Liquefied Natural Gas/Liquefied Petroleum Gas carriers built at St Nazaire, France, for a joint project between Ocean and Netherlands Shipping Union. The vessel being built for an Ocean subsidiary is due for delivery in 1977. From 1979 the vessel will be on a 20 year time charter to carry LNG from Indonesia to the USA. This charter is subject to the approval of various US governmental agencies.

*Right*
Interior of one of the LNG cargo tanks. The cargo containment system in these vessels makes use of primary and secondary barriers of Invar steel and insulation consists of two layers of perlite-filled plywood boxes to a total thickness of 40cms.

*Left*
*Clytoneus*, the third of Ocean's product tankers, being fitted out at the Dutch shipyard.

*Right*
A scene inside the Baltic Exchange where representatives of Ocean McGregor, the Group's shipbroking company, charter vessels for clients inside and outside the Group.

*Left*
Ocean Titan planners discussing a marine consultancy project with one of the Ocean Fleets' operations managers.

*Right*
*Tantalus* is a 215,000 dwt ore/oil carrier. Built in Japan, *Tantalus* entered service in 1972.

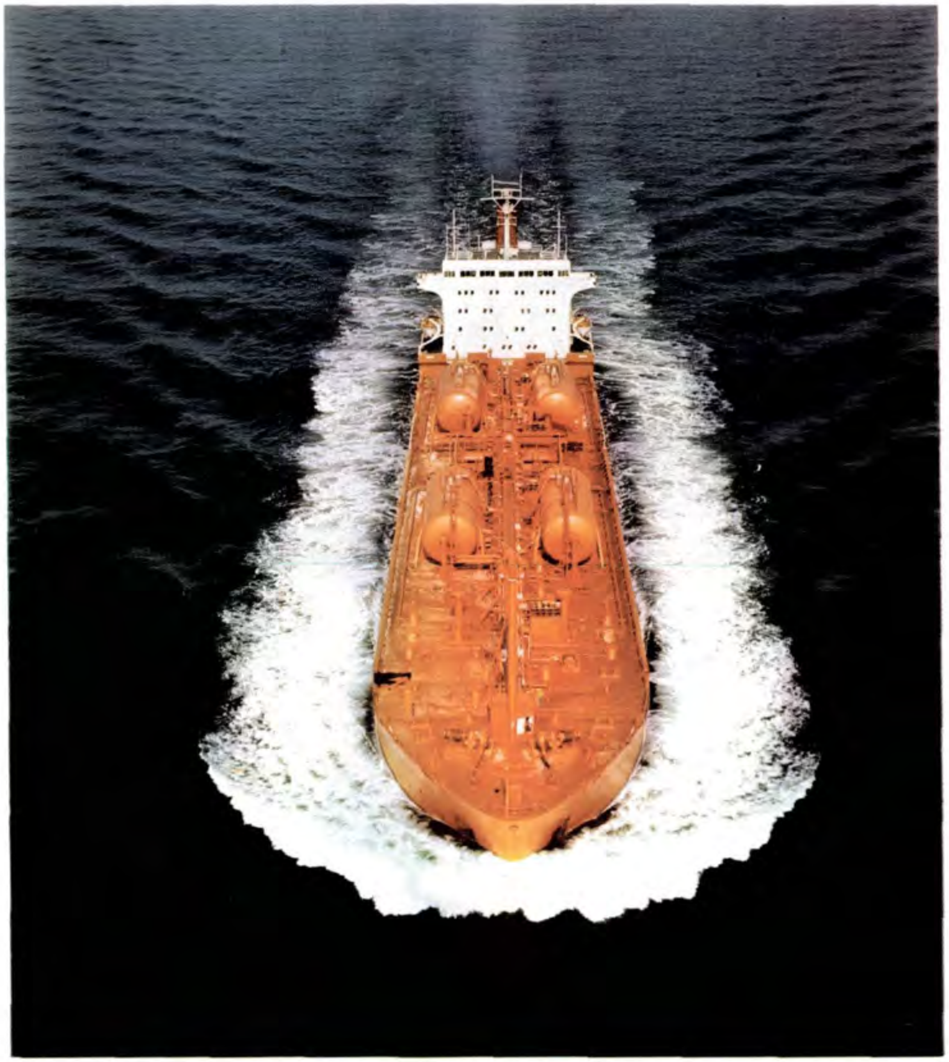
# Parcel Tankers

Panocean-Anco is a joint venture between Ocean, P & O and Tate & Lyle. It controls a fleet of deep sea parcel tankers engaged in the worldwide carriage of chemicals, edible oils, lubricants and other bulk liquids.

The fleet is one of the most modern of its type in the world and represents a total investment of about £80 million. Panocean-Anco provides services on the following routes: USA – South America; Transpacific – USA/Japan/S.E. Asia; Japan – Europe; S.E. Asia – Europe; Europe – USA – Australasia – S.E. Asia; and Europe – Africa.

The storage and handling of bulk liquids are carried out by Panocean Storage and Transport Ltd., a company jointly owned by Ocean and P & O. The company has terminals in UK, Holland and Belgium. It also operates a fleet of coastal tankers.

An associate, Panocean Lloyd, manages a fleet of five specialised liquid chemical barges for use on the Rhine and other European waterways.



*Left*
One of Panocean-Anco's fleet of parcel tankers. These ships have 41 separate tanks and are capable of carrying more than 25 different products without risk of contamination.

*Right*
Panocean-Anco parcel tanker at Panocean Storage and Transport's terminal at Eastham, Merseyside. Panocean Storage & Transport has over 750,000 cubic metres of tank capacity at its terminals at Rotterdam, Antwerp and on Merseyside.

New chemical tankage at Panocean Storage and Transport's Eastham terminal. This has a total capacity of 75,000 cubic metres.

ST LIVERPOOL
LONDON

*Left*
One of Panocean-Lloyd's advanced chemical barges, *Alchimist Liverpool* (1880 dwt). She is seen receiving petrochemicals from Panocean-Anco's *Post Champion* (25,300 dwt) at Panocean Storage and Transport's Botlek terminal in Rotterdam. This modern installation has a capacity of 195,000 cubic metres.

*Right*
Panocean operator opening valve to discharge palm oil from *Bunga Kesumba* (29,957 dwt). This is a specialised vegetable oil carrier belonging to the Malaysian International Shipping Corporation Sdn Bhd (MISC). Three sister ships, *Bunga Selasih*, *Bunga Kesumba* and *Bunga Sepang*, are operated by MISC- Panocean Sdn Bhd. based in Kuala Lumpur.

# Towage

Cory Ship Towage is one of the largest ship berthing companies in Europe, with a fleet of over 50 tugs.

The fleet provides harbour towage facilities in UK and Irish ports; and the work includes the berthing of oil tankers and other large vessels. In addition Cory Ship Towage undertakes specialised work, including coastal towage and support operations for the offshore oil industry.

The company's interests include Cory Ship Towage (Clyde) in Scotland, Rea Towing on Merseyside and Bantry Bay Towing in Ireland. A small fleet of tugs is also owned and operated in Scotland through an associate, Grangemouth & Forth Towing Co. Ltd. Another associate, Shetland Towage Limited, is involved in the development of shiphandling facilities in the new oil port of Sullom Voe.

Smit & Cory International is an associate company, with a fleet of tugs operating in the Maritime Provinces and Gulf of St. Lawrence area of Eastern Canada. These are available for harbour and coastal towage, and salvage.

Cory Ship Towage handle oil tankers at major terminals such as Milford Haven, Hound Point and Bantry Bay.

*Left*
Many of Cory's tugs have firefighting and oil dispersal facilities.

*Right*
In Canada, Smit & Cory tugs serve oil terminals, grain ports and general harbour traffic.

*Left*
Towage for the offshore industry is a growing business in the United Kingdom. Special facilities are available for handling oil production platforms.

*Right*
Tug crewmen handling oil tankers at Milford Haven.

# Offshore Services

The Group's involvement in offshore oil and gas is operated by Ocean Inchcape Limited, known as O.I.L.

This associate company, owned in conjunction with the Inchcape Group, provides offshore supply services in the North Sea and other parts of the world, including West Africa, the Middle East and South East Asia. The company operates under contract to oil companies, drilling contractors and others engaged in the exploration for and extraction of oil, gas and other underwater mineral resources.

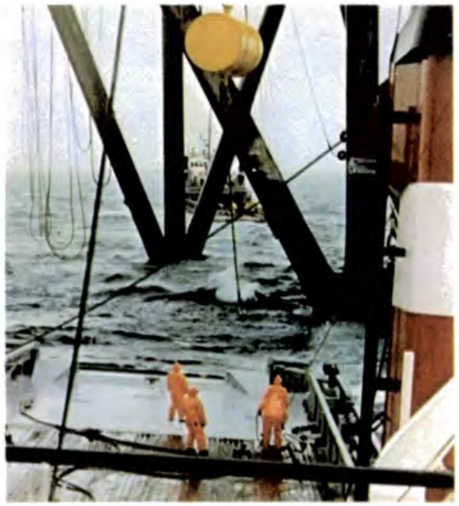
O.I.L.'s fleet includes new and powerful tug/supply vessels; also, highly specialised ships such as a pipe carrier, a seismic survey ship, a production testing vessel and a submersible and dive support vessel. Marine contracts are operated in Nigeria and the Arabian Gulf; and supply bases are located in places such as Dundee, Shetland, Ireland and Egypt.

In South East Asia, Straits Steamship (a subsidiary of Ocean) and the Inchcape Group have formed a separate company known as OIL (Asia). This sister company of O.I.L. provides similar services, including the ownership of supply ships and a coring vessel in South East Asia, and the operation of a major supply base in Brunei.

*Left*
*Oil Challenger* is a pipe-carrying vessel, specially built to service pipe-laying operations in the North Sea.

*Right*
*Oil Hunter*, a seismic survey vessel, has carried out a series of surveys of potential production areas, primarily in the North Sea.

*Oil Hustler* is one of O.I.L.'s latest supply vessels, developing 8000 bhp. Among other contracts, this vessel has provided support services for underwater inspection of production platforms in the UK sector of the North Sea. O.I.L.'s supply ships are fully equipped for anchor handling and towing in addition to their supply duties for drilling rigs and production platforms.



*Left*
In the Arabian Gulf, *Oil Dragon* operates as the world's first fully mobile marine production well-testing unit. She is engaged in testing offshore discoveries, and the analysis of gas/oil/water content.

*Centre*
Bulk plant at the OIL (Asia) base at Muara, Brunei, where cement barytes are blown under pressure into a supply vessel.

*Right*
Supplies for an oil rig being unloaded in the North Sea from an O.I.L. supply ship.

# Ship Management

Ship management of the Group's deep sea vessels is handled by Ocean Fleets Ltd.

The company employs 4,000 seafarers, including over 250 with British Master's Certificates and more than 250 with Chief Engineer's Certificates.

For the past 100 years, the success of the Group's shipping operations has been founded on good ship management and the safe operation of its ships. Ocean Fleets is heir to this unparalleled reputation and has built up a body of seafarers whose quality and motivation are second-to-none; an insurance record which is the envy of the marine world; and a shore staff which is highly qualified in the specialist fields relating to ship management.

Performance is founded on good training, and Ocean Fleets has a cadet training establishment, known as Aulis, which is unique among British shipping companies. At present there is residential capacity for 280 cadets.

To back up its seastaff, the company has a large engineering workshop (Odyssey Works) on Merseyside from which 'flying squads' can be sent to ships abroad; and a purchasing, storage, despatch service for stores for worldwide distribution.

Until recently Ocean Fleets concentrated on the operation of the Group's wide range of ships but the company now offers its services to other shipowners.

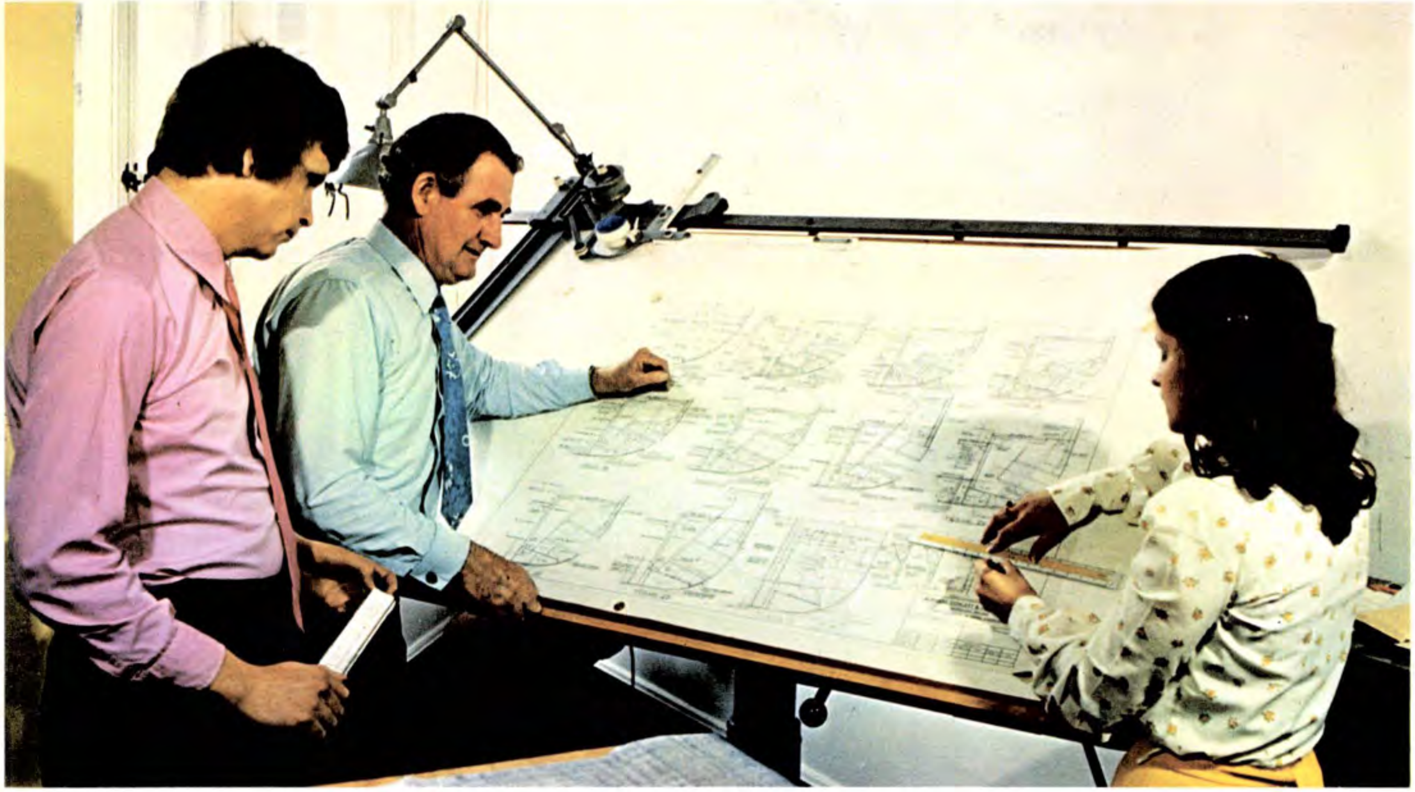
*Left*
Ocean Fleets' master and officers at work on the bridge of one of Elder Dempster Lines' general cargo liners.

*Right*
Aulis, Ocean Fleets' residential cadet training establishment, was set up over 50 years ago and provides a comprehensive pattern of training for deck and engineer cadets. The courses are of four years duration, including time spent at sea on ships manned by Ocean Fleets for the Group and third party owners.

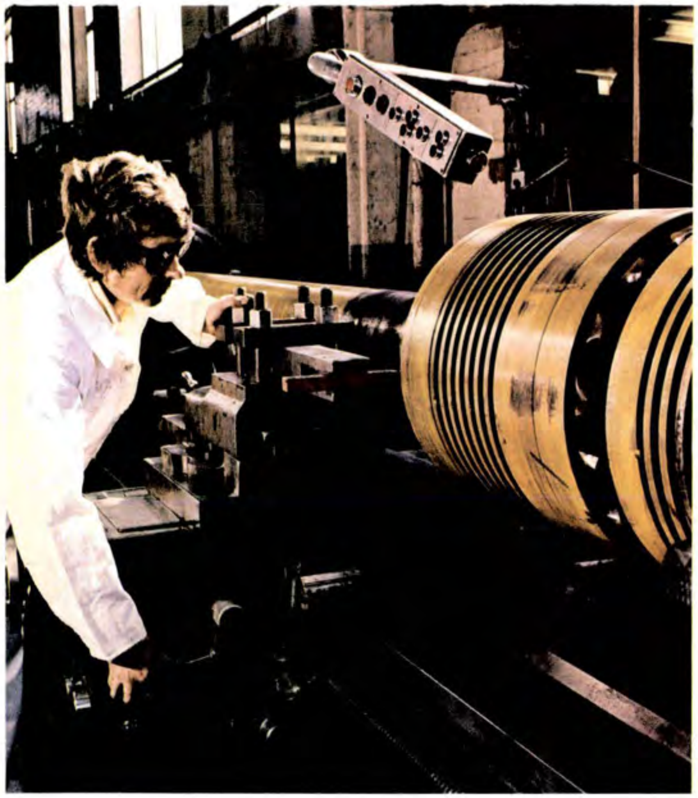
LISTER BLACKSTONE

*Left*
Ocean Fleets' engineer cadets working on a marine engine.

*Right*
An Ocean Fleets' engineer at work in a ship's control room. All the company's chief engineers hold the Department of Trade's combined first class certificate of competency and all second engineer officers are certificated.

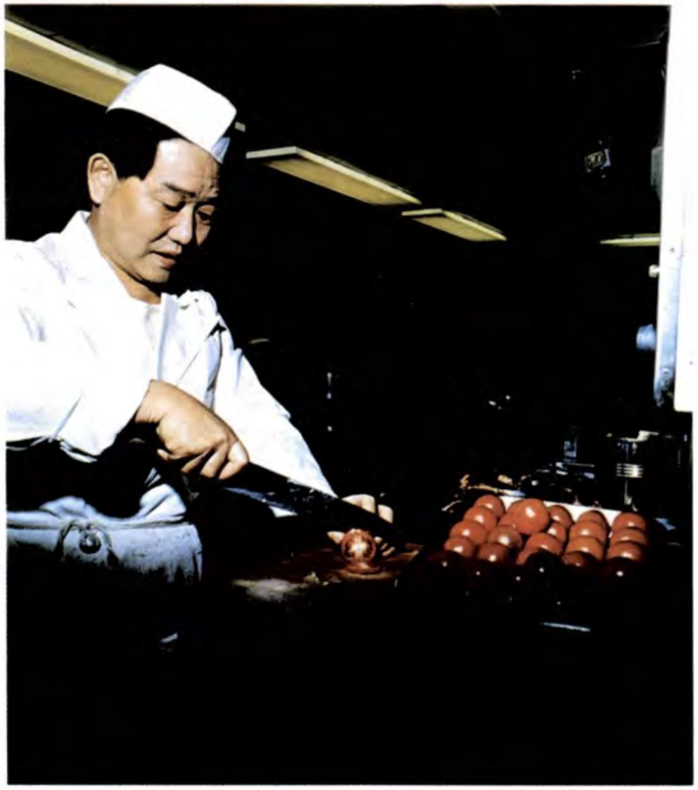


Members of Naval Architects department discussing design of a ship. Ocean Fleets is one of the few shipping companies with its own team of professional naval architects.



*Left*
Machining a main engine piston in the engineering workshop at Odyssey Works, Merseyside. The Works offers a complete range of ship repair and engineering services and has a highly-skilled workforce of 370, backed up by an expert management team.

*Right*
Interviews with ships' masters before and after voyages are an essential part of Ocean Fleets' ship management policy. Here a ship's master (second from right) is interviewed by the nautical adviser, an operations manager and an engineering superintendent.



*Left*
Odyssey Works Laboratory. The laboratories offer a complete range of metallurgical and chemical consultancy advice, backed up by practical testing facilities.

*Right*
Dinner being prepared in the galley of one of Ocean's Far East containerships.

*Left*
Ocean Fleets' radio officer on watch on board one of the Group's 'Liverpool Bay' class containerships.

*Right*
Ocean Fleets' officer being X-rayed in the company's medical department at India Buildings, Liverpool.

COMMER
CORY
Shell
ORD 567M

# Fuel

Wm Cory has had a long-established reputation in both solid fuel and oil distribution activities.

Cory handles several million tons of solid fuel each year. Most of the sales are to power stations, paper mills, cement works, Government establishments, hospitals and many other industrial outlets. Cory also import and export coal to and from the UK and trade in solid fuel worldwide. In the USA, Cory Mann George Corporation operates as a general agent, and is based in New York. An associate company, John Kelly, has coal importing and shipowning interests in Northern Ireland.

Cory is also involved in oil distribution and operates as an authorised distributor for Shell UK Oil in the south of England. Central heating oil is delivered to private homes; and the company also supplies fuel to agricultural and industrial consumers. In the Channel Islands a variety of oil products are distributed by Fuel Supplies (CI); and Rea is an authorised distributor in the north west of England.

Associated Heat Services specialises in the efficient generation of heat/steam and air-conditioning. The company manages large district heating schemes and provides complete responsibility for the operation, maintenance and replacement of boiler plant on a period contract basis.

*Left*
Industrial coal being discharged at Wm Cory's Bow depot – one of a dozen depots in England, Scotland and Wales.

*Right*
A Trislander aircraft of Aurigny Air Services being re-fuelled by Fuel Supplies (C.I.) aviation service at Jersey Airport on behalf of Shell UK Oil.

COMMER
CORY
Shell
DRD 567M

*Left*
Tanker delivery of central heating oil to a domestic consumer. Cory Oil Distribution is an authorised distributor for Shell UK Oil.

*Right*
Part of a district heating scheme in Nottingham managed by Associated Heat Services.

# Airfreight

McGregor Swire Air Services (known as MSAS) is an international airfreight forwarding company.

With over 160 offices and agents in more than 45 countries throughout the world, it has consistently out-performed the industry in growth of consignments handled since its inception in 1968. Nearly half a million consignments were handled in 1975, which represents a threefold increase in traffic during the previous five years.

MSAS is owned by Ocean and the Swire Group, the latter having widespread interests in the Far East. The portfolio of airfreight services available to exporters and importers worldwide includes regular consolidation, economy, charter and air/sea, with an emphasis on door-to-door distribution through in-house customs clearance at major destinations. As a consolidator of freight, MSAS is able to offer rates which compete favourably with the airlines' own rates. The company employs over 15 different nationalities in its offices around the world; and more than 850 people are situated in the four operational regions: The Americas, Continental Europe, the Pacific and UK/Africa/Middle East.

MSAS was the first British forwarder to be granted operating permits by both the American and the Japanese civil aviation authorities.

MSAS
MSAS
McGregor Swire Air Services Ltd

*Left*
Many of the MSAS airfreight offices are situated at or near the world's major airports.

*Right*
An exclusive international telecommunications circuit, known as UNITEL, allows MSAS to control the movement of each consignment and keep customers informed.

Rapid customs clearance and delivery are essential to any airfreight service. Automated systems such as LACES (London Airport Computerised Entry System) help MSAS to achieve this.

PAN AM
PAN AM
MSAS
MSAS
McGregor Swire Air Services Ltd.
TATA

MSAS
McGregor Swire Air Services Ltd

*Left*
MSAS staff loading palletised cargo at the Singapore International Airport. MSAS is the largest forwarder operating in and out of the Pacific Basin.

*Right*
MSAS trucks provide a comprehensive pick-up and delivery service for all kinds of industrial products which are suited to airfreight. These include electronics, machine tools, fashion goods and a wide range of high-value commodities.

# Distribution and Road Transport

Cory Distribution provides distribution services to the High Street in England, Scotland and Wales. Clients include grocery and confectionery manufacturers, wines and spirits suppliers and consumer durable suppliers. The company also provides stockholding and delivery services for retailers. A separate company, Archbolds (Storage), provides storage and distribution services in the north of England. Ocean also has domestic haulage interests in the United Kingdom.

In the Caribbean, Ocean has certain interests in cold storage and food distribution. Further distribution activities are carried out in Singapore (see South East Asia) and Ireland (see Irish trading). McGregor Cory Europe provides European road transport forwarding services. From depots in the United Kingdom the company operates scheduled export and import routes to and from many European commercial centres, primarily in the EEC.

Ocean's other international freight forwarding interests (except airfreight) are managed by McGregor Cory Cargo Services. This company's other major business is warehousing in England and Holland. In addition Ocean has associate companies in the United Kingdom and Germany which cover such activities as container handling, wharf operations, warehousing and wool storage.

An overseas parcels service is provided in south east England by Continental Express for exports to European countries; and an export packing service is operated by Castree Brothers in north west England.

*Left*
A Cory Distribution vehicle crosses the Severn Bridge on its way from one of the company's depots at Newport in Gwent. Regular deliveries are made to High Street outlets from a network of depots throughout Britain.

*Right*
Inside the Cory Distribution depot at St. Albans. Bonded areas are also available in the company's depots.

McGregor Cory
Europe Limited
Tel BRADFORD 0274 75677
LONDON 040 26 4313

McGregor Cory Europe specialises in groupage services between European countries. A fleet of trailers is employed on selected routes. Exports from the UK are carried via ferry services at Immingham and Dover.

ARCHBOLDS
ARCHBOLDS
STORAGE & DISTRIBUTION

*Left*
McGregor Cory Cargo Services handle various commodities, such as tea at this warehouse in Avonmouth.

*Centre*
Archbolds (Storage), based in Leeds, has 150,000 sq feet of storage space. The company, whose delivery area covers the north of England, is a specialist in grocery, confectionery, pharmaceutical and electrical products.

*Right*
Henry Long, a Bradford-based group of companies, provides a daily delivery service to Boots in the north of England. Henry Long's other activities include haulage, removals and storage, and truck dealer interests.

# Irish Trading

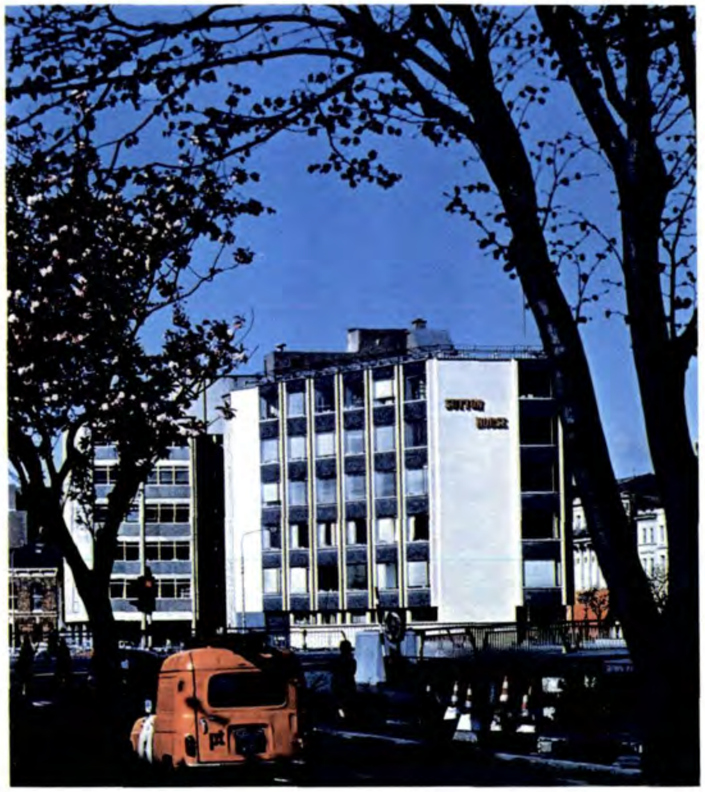
In the Irish Republic a group of companies trades under the name of Suttons. These companies span a wide variety of activities, including coal distribution, hardware, agricultural and horticultural seeds, fertilisers, agro-chemicals, new and remoulded tyres, oil distribution and ships' agency work.

Suttons has been operating since 1845 and has headquarters in Cork. Branches cover the Republic from Sligo in the north west to Dundalk in the north east, with a concentration in the south.

# Aggregates

The production of land-based aggregates is carried out by Cory Sand & Ballast, a company which operates in south east England.

Three associate companies (owned jointly with Ready Mixed Concrete) dredge, process and distribute marine aggregates to wharves on the south coast, River Thames and the Continent of Europe.



*Left*
Sutton House, the headquarters of the Suttons group of companies at Cork in the Irish Republic.

*Right*
Grass seed being bagged in the seed warehouse at Suttons' Monahan Road site on the outskirts of Cork.

*Left*
A new aggregates plant, which handles 150,000 tons per annum for Cory Sand & Ballast at Barling in Essex.

*Right*
Discharging marine aggregates, which have been dredged off the south coast of England.

# Shipbuilding and Ship Repair

James W. Cook is a small shipbuilding company which specialises in vessels such as mini-bulk carriers, coasters, dredgers and tugs. The shipyard is situated at Wivenhoe in Essex, where a large number of vessels for overseas customers have been built.

Cory Barge Works, based on the River Thames, is a ship repair company which undertakes on-voyage repairs as well as maintenance work on historic ships such as the *Cutty Sark*.

Ship repair is also provided on Merseyside by Odyssey Works, where surveys, drydocking and engine room repairs are carried out (see Ship Management).

# Lighterage and Refuse Disposal

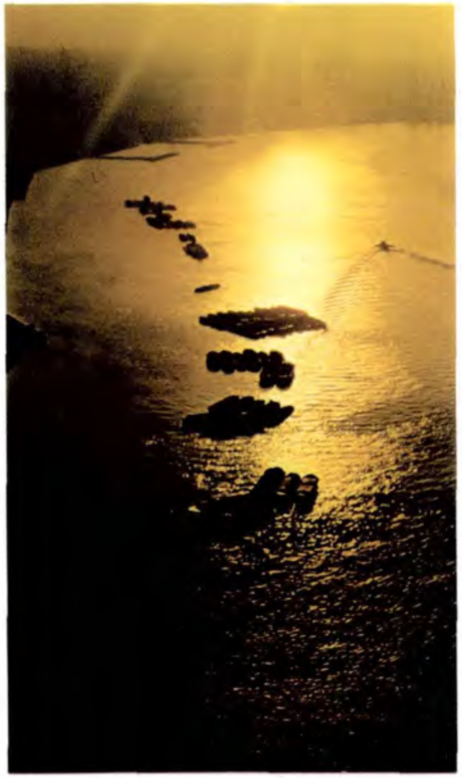
Mercantile Lighterage has a fleet of tugs and barges, carrying all kinds of cargo on London's River. The company also undertakes civil engineering contracts which require waterborne servicing, such as the Thames Barrier project.

Another lighterage company, Cory Lighterage, disposes of London's refuse – transporting it by barge to land reclamation sites in Essex.

Saunders Transport also disposes of refuse from the London area, using a fleet of specialist vehicles, and packing the refuse in demountable containers. In addition, Saunders hires and sells lorry wheelcleaners.

*Left*
A coaster being built at the Wivenhoe shipyard of James W. Cook.

*Right*
*Cutty Sark* is one of several historical vessels on which Cory Barge Works has carried out restoration work.



*Left*
Excavated chalk from the riverbed at the Thames Barrier site being dumped by a drop-bottom barge with the aid of one of Mercantile Lighterage's tugs.

*Right*
Cory's riverside companies have a total fleet of 350 barges and 12 tugs. These operate from a base at Charlton on the south bank of the Thames.

# South East Asia

Ocean has a majority shareholding in Straits Steamship Company Limited, a Singapore-based public company which was established in 1890.

The Straits Group provides a wide range of services and skills embracing shipping, transportation, engineering, oilfield services, property development, data processing and insurance broking.

The shipping services cover dry cargo, bulk liquid and passenger trades; ship agency and management services are also provided. Transportation includes freight forwarding, distribution, warehousing, packaging, container leasing and repairs, travel agency and car rental.

Watt & Akkermans, jointly owned by Straits and General Electric of USA, specialises in precision engineering services.

Oilfield support and marine services are provided by OIL (Asia), a partnership with Inchcape Bhd, which operates specialist vessels and supply bases for the offshore oil industry. APSCO (Asia), a partnership with Brown Oil Tools of Houston, handles sales, rental and servicing of oilfield equipment.

Straits Properties is in property development and management, including Ocean Building (the regional head office of the Group).

A full range of data processing facilities is provided by Computer Processing Services with bureaux in Singapore, Kuala Lumpur and Hong Kong.

Insurance broking is a joint venture with the Sedgwick Forbes Group.

*Left*
*Centaur*, the Straits Steamship passenger liner on the Singapore/West Malaysia/ Western Australia run.

*Right*
Packing a standard OCL container at the Port of Singapore. Straits' ship agency companies represent leading shipping lines including OCL, Blue Funnel and P & O.

AVIS
RESERVED

An Avis rental station outside a Singapore hotel. National Car Rentals holds a franchise for Avis Rent a Car.

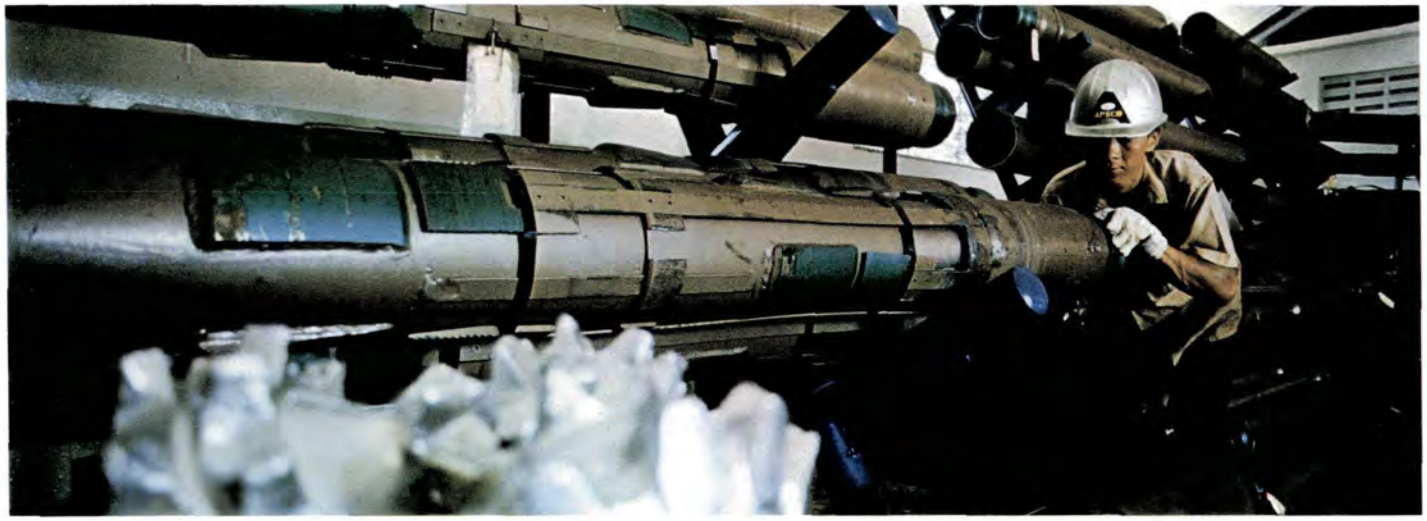
*Left*
*Perak*, a vessel of the Straits Shipping unit load fleet lifting cargo for East Malaysia.

*Right*
Operating the IBM 370/135 system at Computer Processing Services.

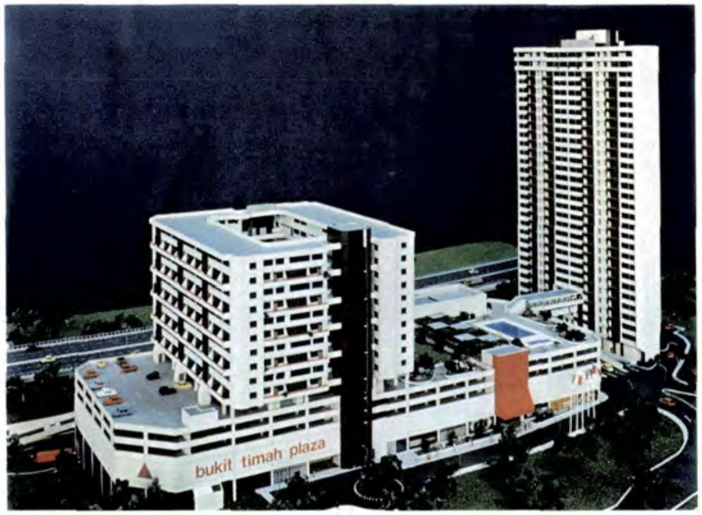
The regional head office of Straits Steamship is in Ocean Building, a 28-storey complex on the Singapore waterfront.

WATT & AKKERMANS APPARATUS SERVICE

Artist's impression of Watt & Akkermans' new 50,000 sq. metre service complex at Jurong industrial estate, Singapore.

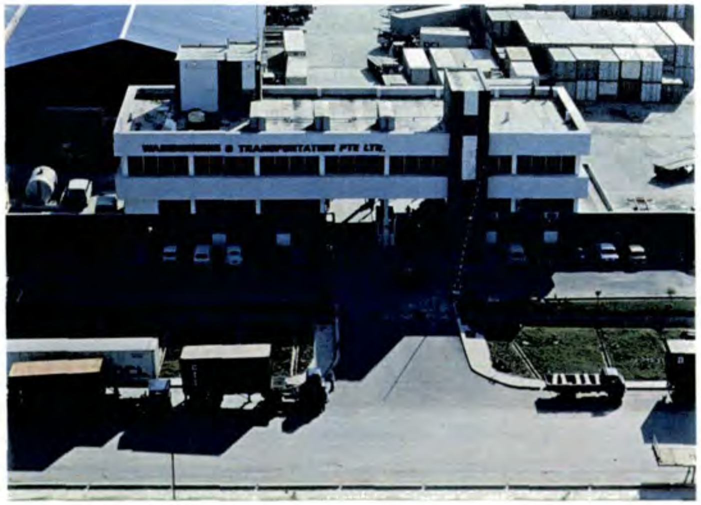


An APSCO technician checking oilfield equipment at the company's Singapore stockpoint.



*Left*
A technician checking a marine alternator at the Watt & Akkermans' workshop.

*Right*
A current project for Ocean & Capital Properties is the integrated residential and shopping complex, Bukit Timah Plaza.



*Left*
The Mansfield Travel office in Ocean Building, Singapore. With other offices in Kuala Lumpur and Penang, Mansfield Travel offers a full travel agency and tours service.

*Right*
Aerial view of Warehousing & Transportation's purpose-built 40,000 sq. metre freight forwarding complex. This company specialises in transportation, warehousing and distribution, container leasing and servicing, packing and removal of household effects.

ocean mail
No. 59
MAY 1976
GROUP WORLD WEATH
1975 pre-tax pr
'All our employees have responded quite magnificently'
See special 12-page supplement on 1975 Annual report & acc

# Corporate Staff

The corporate staff divisions provide specialist advice and services for the Group, divisions and businesses.

Group Finance Division has an accounting, taxation and treasury role with an emphasis on financial control.

Group Personnel Division's responsibilities include the formulation of policies in general conditions of employment, as well as job evaluation, salary administration, manpower planning, industrial relations (including employee participation), management development and training.

Central Services Division includes operational research, central purchasing, office services and property departments of the Group. Within this division the computer department provides computer services, including systems analysis, computer programming and data processing.

Group Information Division provides a range of public relations, advertising and publicity services at central and business levels.

Group Secretarial provides and co-ordinates secretarial advice and services to the Group; the Group Legal Department provides legal advice.

Executive committee staff assist the Executive Committee in the investigation of new business ideas and in the operation of the strategic planning and control systems.

*Left*
Part of Ocean's computer room in India Buildings, Liverpool.

*Right*
Representatives from Ocean's businesses around the world attending an in-house marketing course in Chester.

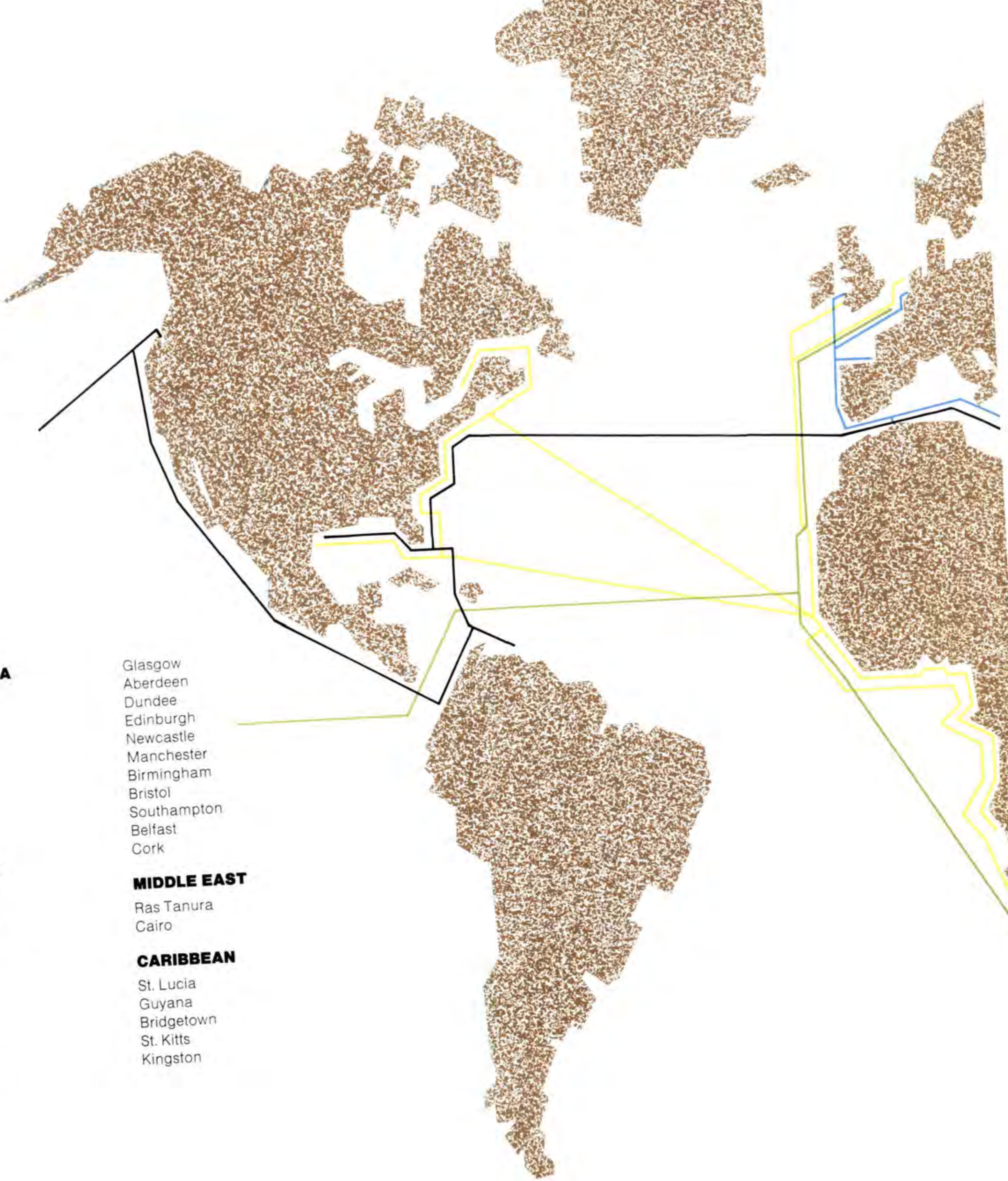
GROUP WEATH
WORLD RECES

Ocean Mail, *the Group's tabloid newspaper,* is published monthly for Ocean's 16,000 employees.

*Left*
The Staff Consultative Committee for India Buildings in session at Ocean's head office in Liverpool.

*Right*
A solicitor providing legal advice, one of many specialist services within Ocean for the Group's various businesses.

# Ocean Worldwide



## Principal Locations

**USA**

New York
San Francisco
Chicago
Los Angeles
Phoenix
Detroit
Houston
Cleveland
Newark

**SOUTH EAST ASIA**

Singapore
Bandar Seri Begawan
Sabah
Selangor
Jakarta
Malacca
Penang
Seoul
Kuala Lumpur

**FAR EAST**

Ichikawa City
Tokyo
Hong Kong
Osaka

**AUSTRALASIA**

Melbourne
Sydney

**AFRICA**

Lagos
Banjul
Accra
Freetown
Port Harcourt
Johannesburg

**EUROPE**

Amsterdam
Rotterdam
Paris
Mainz
Dusseldorf
Frankfurt
Munich
Hamburg
Gothenburg
Setubal
Malta
Milan
London
Liverpool
Glasgow
Aberdeen
Dundee
Edinburgh
Newcastle
Manchester
Birmingham
Bristol
Southampton
Belfast
Cork

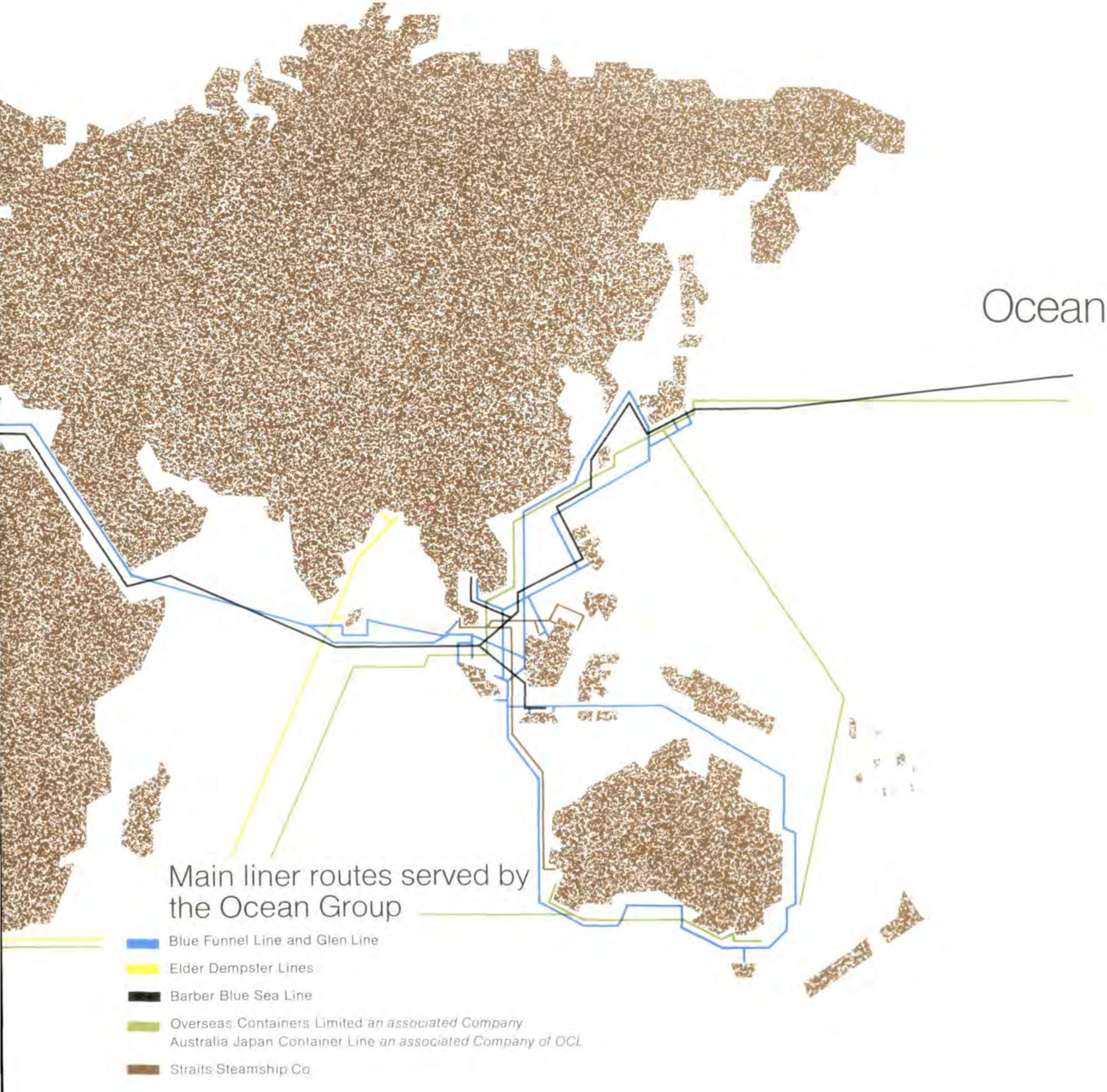
**MIDDLE EAST**

Ras Tanura
Cairo

**CARIBBEAN**

St. Lucia
Guyana
Bridgetown
St. Kitts
Kingston

# Ocean Worldwide


Main liner routes served by the Ocean Group
🟦 Blue Funnel Line and Glen Line
🟨 Elder Dempster Lines
⬛ Barber Blue Sea Line
🟩 Overseas Containers Limited *an associated Company*
Australia Japan Container Line *an associated Company of OCL*
🟫 Straits Steamship Co

# History

Ocean's history is a long one. The Ocean Steam Ship Company was established in 1865 by Alfred Holt of Liverpool, with his brother Philip. The most important dates in the last century or so are as follows:

| | |
|---|---|
| 1865 | Alfred Holt founded The Ocean Steam Ship Company, for trade with China. |
| 1866 | The first Blue Funnel ship, *Agamemnon*, sailed from Liverpool to Penang, Hong Kong and Shanghai. |
| 1869 | Alexander Elder and John Dempster set up the British and African Steam Navigation Company for the West African trade. The Glen Line was founded by Alan C. Gow. |
| 1883 | Blue Funnel began weekly sailings to the Malay Straits and China. |
| 1890 | Blue Funnel inaugurated the Australian/Far East service. |
| 1891 | Formation of the Dutch subsidiary Nederlandsche Stoomvaart Maatschappij 'Oceaan' (NSMO), for the trade between Europe and the Dutch East Indies (Indonesia). |
| 1900 | The British and African Steam Navigation Company merged with the African Steam Ship Company under Elder Dempster control. |
| 1902 | Ocean amalgamated with the China Mutual Steam Navigation Company. |
| 1903 | Ocean's links with the Singapore ships' agents, Mansfield, were formalised. |
| 1911 | Alfred Holt died, having seen his fleet grow to 62 blue-funnelled ships. |
| 1914-18 | Ocean lost 16 ships and had 29 badly damaged during the First World War. |
| 1915 | Ocean bought the fleet of the Indra Line. |
| 1917 | Ocean bought the fleet of the Knight Line. |
| 1932 | The company's head office in Liverpool, India Buildings, was rebuilt. |
| 1935 | The Glen and Shire Lines joined Ocean. |
| 1939-45 | Ocean lost 44 ships during the Second World War. |
| 1945 | Ocean began reconstruction of the Blue Funnel fleet. |
| 1952 | British and Burmese Steam Navigation Company joined Elder Dempster. |
| 1965 | Guinea Gulf Line joined Elder Dempster. Elder Dempster Lines joined the Ocean Group. |
| 1965 | Ocean became a member in a new containership consortium, Overseas Containers Limited. |
| 1968 | McGregor Swire Air Services, Ocean's airfreight subsidiary, was formed. |
| 1969 | Ocean became a partner in Panocean Shipping and Terminals to carry bulk liquids. |
| 1971 | Ocean Inchcape Limited, a joint company serving the offshore industries, was formed. |
| 1972 | Ocean acquired Wm Cory & Son Ltd (established in 1838) and so moved into new fields of freight distribution. |
| 1973 | The Ocean Steam Ship Company changed its name to Ocean Transport & Trading Limited. |
| 1973 | Straits Steamship acquired all the Mansfield interests in South East Asia. |
| 1974 | The Barber Blue Sea Line service was formed, to operate between the USA and the Far East. |
| 1975 | Blue Funnel, Glen and NSMO Lines began operating a joint service with Ben Line under the name of Ben Ocean. |
| 1976 | Formation of Ocean Cory Division, to co-ordinate the majority of the Group's non-marine interests. |

Alfred Holt

*Africa*, an early Elder Dempster vessel.

AGAMEMNON
1866

The bell from the first *Agamemnon*, which is permanently sited in the Group's headquarters at India Buildings, Liverpool. Each day at noon the bell is rung once, to signal an Ocean Liners' management meeting.

Philip Holt

*Orwell*, a collier built for the Cory fleet in 1864.

# Ocean Companies and Services

## OCEAN LINERS LIMITED

**Far East and Indonesia**
**Ben Ocean Joint Service**
Blue Funnel Line
Glen Line
Nederlandsche Stoomvaart Maatschappij 'Oceaan'

**Straits – Australia**
Blue Funnel Line

**USA – Far East – USA**
Barber Blue Sea Line

**West Africa**
Elder Dempster Lines
The Guinea Gulf Line
Elder Dempster Lines (BV)
African Container Express*

**UK – Jeddah**
Blue Funnel Line

**Parcel tanker service**
Panocean-Anco Ltd*
Panocean Storage and Transport Ltd*

**Shipping agencies**
Ocean Shipping Agencies
McGregor, Gow and Holland
Roxburgh, Henderson
Bellamy & Co
William Hurst
Meyer & Co
Elder Dempster Agencies (Nigeria)
Liner Agencies (Ghana)*
Sierra Leone Shipping Agencies*
West African Properties
West African Lighterage and Transport (Nigeria)

**Wharf operation**
Rea Bulk Handling

**Stevedoring**
Liverpool Maritime Terminals*
West Africa Terminal

## OCEAN TITAN LIMITED

**Shipping**
Blue Funnel Bulkships
Cory Maritime
St Denis Shipping*
Liquid Gas Tankers

**Offshore supplies and services**
Ocean Inchcape Limited (O.I.L.)

**Shipbrokers, sale and purchasing**
Ocean McGregor

**Harbour Towage**
Cory Ship Towage *including*
Rea Towing and Bantry Bay Towing
Smit & Cory International*

## STRAITS STEAMSHIP CO LIMITED
## Singapore

**Shipping**
Straits Shipping
Mansfield Shipping Services
Mansfield Container Services
Syarikat Perkapalan Kris

**Transportation**
Warehousing and Transportation
Mansfield Travel
National Car Rentals*

**Engineering**
Watt and Akkermans*

**Oilfield Services**
OIL (Asia)*
APSCO (Asia)*

**Data Processing**
Computer Processing Services

**Insurance Broking**
Sedgwick Forbes*

**Property**
Ocean and Capital Properties
Ocean Properties

## OCEAN CORY LIMITED

### Fuel

**Solid fuel buying, selling, transport, factoring, technical service, exports**
Wm Cory & Son *including*
Rea *and* Mellonie & Goulder

**General agents in USA**
Cory Mann George (NY)

**Oil distribution**
Wm Cory & Son *including* Rea

**Oil distribution (Channel Islands)**
Fuel Supplies (CI)

**Solid fuel distribution (Northern Ireland)**
John Kelly*

**District heating**
Associated Heat Services*

**Lighterage and barge repair**
Mercantile Lighterage
Cory Lighterage
Cory Barge Works

**Aggregates**
Cory Sand & Ballast
Saunders Transport

**Shipbuilding**
James W. Cook

### Distribution

**High Street distribution**
Cory Distribution
Archbolds (Storage)

**International freight forwarding, road haulage, warehousing and cold storage, overseas parcels service and export packing**
McGregor Cory Cargo Services
McGregor Cory Haulage
Continental Express
Castree Brothers
Arbuthnot Storage*

### International Road Transport
McGregor Cory Europe

**Internal road haulage**
Henry Long Group

### International Airfreight
McGregor Swire Air Services (MSAS)
McGregor Chartering

## Ocean Cory (Investments)

**Container/trailer repair and maintenance**
Repcon (UK)

**Caribbean distribution**
Ocean Caribbean
Barnard Sons & Co
Ocean (Guyana)
Ocean Trawlers
Ocean Cold Storage (St. Kitts)*

**Irish trading**
Suttons

**Overseas trading**
Condor*

**Container handling**
Lager and Speditions*

**Warehousing**
Weber, Smith & Hoare (Overseas)*

**Wool storage and brokerage**
Weber, Cook and Garnham*

**Sea dredged aggregates**
South Coast Sand & Ballast*
Cory Hall Aggregates*
South Coast Shipping*

## OVERSEAS CONTAINERS LIMITED*

**Container services from Britain/Continent to Australia**
**Container services from Britain/Continent to Japan, Hong Kong and Singapore**

## OCEAN FLEETS LIMITED

**Ship management**
**Engineering and ship repair**
**Naval architecture**

## STAFF AND SERVICE DIVISIONS

**Ship Procurement**
Gastransco*

**Finance**
**Personnel**
**Information**
**Secretarial**
**Legal**
**Central Services**
**Executive Committee Staff**

**Associated company*

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