This year’s Barclay Lecture celebrated the naming of the College’s lecture theatre in honour of Clifford Barclay, the original benefactor of the Oxford Centre for Management Studies (OCMS) – now Templeton College.

In paying tribute to Clifford Barclay, Sir David Rowland contrasted Clifford’s attitude with the atmosphere presently surrounding much of public life. Clifford was concerned only with the reality of achievement. He desired no public reward. He would have abhorred the concept of spin, the claims made in advance for achievement probably never to be realised.

Clifford Barclay’s principles allied to those of Norman Leyland, the first director of OCMS in 1965, still inspire the atmosphere in which the College conducts its business; hard evidence that good leadership leaves a lasting imprint.

David Rowland went on to reflect on the changes which had taken place in his own working lifetime, having started in the City of London in 1956. He quoted at length from the recent series of Reith Lectures given by Baroness Onora O’Neill, Principal of Newnham College Cambridge, on the subject of Trust. Baroness O’Neill ranged widely over the manner in which all human activity is based on a degree of trust in the conduct of others, the lecturer speculating whether the apparent crumbling of trust in many aspects of society was more a product of the media’s concentration upon it than the reality of decline.
Using the lectures as background, he considered his own working life. He suggested that some of the very changes for which he had striven contained within them the seeds of the problems which we now face.

David Rowland illustrated this by discussing the differences in attitude between ‘partnerships’, ‘private family companies’ and ‘public companies’ with shares quoted on the Stock Exchange. The gains in wider ownership, transparency and opportunity come with the loss of trust and longevity.

Similarly, the obvious value of wider share ownership and real incentives for executives had been corrupted into the excesses of grotesque reward where the object of identity of interest between executives and shareholders had long since been lost.

The core of David Rowland’s thesis was that the greatest failing in today’s society is the cult of perfection, the inability of leaders in business or politics to admit to any error or failing and to take personal responsibility. As everyone lived every day with evidence of their own fallibility, the presentation of the fiction of public perfection, in judgement and personal conduct, itself eroded trust.

He illustrated his argument with personal examples of the manner in which trust is built by the frank admission of error and the genuine search for aid and support from others. He ended his lecture by saying:

‘No human is perfect. Leaders have always had failings. Today their sins are instantly displayed and they are vilified because they fail to attain the unattainable. How much better it would be if trust were built because leaders risked telling their audience the reality that tomorrow might be better – just a little better – than yesterday, that perfection is unattainable, and that when mistakes are made they will be admitted. Then, and only then, will we have a chance of rebuilding a society where trust is properly given to those who lead us.’
People ask about Enron. They ask about Andersen, and Global Crossing. Editorial sleuths go about unearthing dirty secrets, investigators piece together shredded paper, and politicians pontificate. In this collective shaking of heads, it becomes bafflingly clear that values have been disregarded by a whole army of middle-class professionals who are just like you and me. Baffling indeed, for values, after all, are a middle-class fetish. But who’s stolen our very own crown jewels? Amidst all the finger pointing, I see an unlikely culprit: the calculator. The miracle machine that allows us to deduct cost from benefit, loss from gain, lets us merrily trade-off one good for another, has turned us into a new species – Homo Calculus – and set us down the road to ruin.

There was a time when it was fashionable to speculate on the sources of human behaviour. Philosophers and psychologists spent careers trying to capture the complexities of human motivation within their models. Arch rivalries grew out of contending views, some of which have remained with us – Plato’s Kinship, Maslow’s Needs, Marx’s Class War, to name a few. If anything, these models have served to illustrate the point that we, Homo Sapiens, can be wonderfully diverse, and rather slippery to mould. Of late, however, a specific model has taken hold of our collective imagination, threatening to erase all that we knew to be true, even partially true, about us. And, it has come from the pen of two business professors.

In a widely cited article written in 1994*, Michael Jensen and William Meckling argue that all behaviours of all humans can be successfully explained by a model that describes us as resourceful, evaluative, maximising beings (REMMs, in short) who are always willing to trade-off a quantity of one good for that of another. We respond to our environment, they claim, by seizing opportunities that maximise personal gain, which we are able to perceive clearly through evaluating our choices and by displaying the flexibility of substitution. The REMM is willing to give up some sufficiently small amount of any good for some sufficiently large amount of other goods. Inside our minds are smart calculators, which operate not on the basis of absolute needs, but temporary wants. Jensen and Meckling, in fact, hail the Homo Calculus as a far more liberated species than the Homo Sapiens, unencumbered as it is by the messy business of

---

irrational needs, ideologies, and quaint values. Behaviours of REMMs are championed as rational, flexible, and downright efficient – qualities that have of late taken over the hallowed seat of values.

Like it or not, REMMS we have become, and unwittingly. Think of any domain of our lives, and you’ll see the indelible trace of trade-offs. The calculator has made it easier to make and justify our decisions, from choosing a car to buying a house. Armed with information, a list of costs and benefits, we have managed to eliminate anxiety from choice. The culture of managerialism within which we exist, has heightened our challenge to ‘achieve goals with limited resources,’ a task well suited to the spirit of smart choices. Trade-offs, in fact, have come to govern large swaths of management practice: long-term vs. short-term, market share vs. profitability, make vs. buy, cash flow vs. ROI, and so on. Listen to any management guru and the message that’ll come through is that there is no absolute good, simply actions that might deliver the goods. The challenge of management then, as with much else in life, is to figure out what works best where and rid us of the useless. Jensen and Meckling, while certainly not responsible for the cult of the calculator, aren’t too far off describing our world that has increasingly come to resemble a giant Weight Watcher’s diet, with an exciting variety of trade-offs that can help us reach the target number of points.

What about items that shouldn’t be traded, that can’t be entered into our calculators? Despite numerous treatises on Value-Based Management, values themselves – such as truthfulness and integrity – are too unwieldy when it comes to combining them with other decision factors. They are unwieldy because they suggest fixity while all else is variable; they carry the unpleasant whiff of dogma in an open-ended setting. Additionally, they don’t promise to maximise anything, offering simply psychic gratification. When was the last time we heard of a CEO being congratulated by his/her board or fêted by the media for incurring a loss on the back of a value-based decision? Yet values, drawn from human experience and/or faith, could very well lead us to defeat just as they might to success. History is replete with martyrs, who have done just that – died for their values. Yet nobody, not even the harshest critic of corporate governance, would deem that to be appropriate.

It is important to realise that Enron et al aren’t simply corporate perversities, or the mischief of a few wayward managers. They illuminate a deeper question: can the conduct of business be any different from our conduct of life? Will the model we enshrine invariably percolate everywhere, finding its way from the supermarket to the boardroom?

It’s time for the Homo Sapiens to stand up to the Homo Calculus.

‘Listen to any management guru and the message that’ll come through is that there is no absolute good, simply actions that might deliver the goods’


Balancing Relevance with the Wider View:

an interview with
Timothy Morris,
Professor of Management Studies; Director, Centre for Professional Service Firm Management; Saïd Business School; and Professorial Fellow, Templeton College

Tim Morris took up his appointment at Saïd Business School as Professor of Management Studies and Director of the Centre for Professional Service Firm Management at the beginning of Michaelmas term. He joins Templeton as Professorial Fellow. Previously Professor of Organisational Behaviour at Imperial College, London, he anticipates taking an active part in the Templeton community, and is looking forward to working with other members of the faculty – reestablishing relationships with those he already knows, and getting to know those he doesn’t.

Tim, whose background is in organisational behaviour – ‘looking at how organisations work, how they are managed and led, how they respond to the demands of the outside world’ – and who taught on numerous executive programmes when he was on the faculty at London Business School, will be dividing his time between the Saïd Business School and the College.

At Saïd, he will be setting up and running the new Centre for the Management of Professional Service Firms, as well as teaching on University programmes.

‘The Centre will pull together Oxford scholars from all disciplines who are interested in how professional service firms are working and evolving. It has a broad remit, which encompasses the established professions, such as lawyers, accountants and architects, cross-sector services such as marketing and advertising, financial services and investment banks, consultancy and IT services, and will produce world class research on the governance, internationalisation and regulation of professional firms. These are topical issues of relevance to academics and practitioners alike – particularly in the light of the recent Enron and WorldCom debacles. I’m going to spend a lot of time over the next couple of years talking to practitioners, as well as other academics, working with them to shape this agenda and raising funds.

Our intention is that the Centre becomes a real centre of excellence, a well-resourced place where people from professional firms and scholars from other universities will want to visit.’

Why did he choose Templeton as his college? ‘I’ve known of the College for many years. It has a fantastic reputation and many advantages – it’s at but not in Oxford, has excellent people, and is known for the quality of its work with clients. Reputation, good people, the ability to deliver what clients want – all these things combine to create a solid basis for future growth.

Putting together good close teams of executive teachers is essential – one person can’t possibly have the necessary expertise in every area! Templeton has the reputation, and, with its extensive network of associates, the ability to do this.’

Tim sees executive education – itself a professional service – changing. There is a danger, he feels, of following fashion and becoming a slave to the latest trend. Although it is necessary to interpret where change is taking place and why, it is essential to understand the underlying continuities.

‘The world of executive education is becoming more international. Clients are becoming much more discerning and more sophisticated in their demands. They want the people who deliver their executive programmes to have a thorough understanding of their business, while being able to stand back and take a broader view.

Balancing immediate relevance with this wider view is Templeton’s strength, and I think it is also the key to the College’s success in the future.’
In July, Templeton College announced the appointment of Vernon Ellis, International Chairman, Accenture, and Richard Lambert, formerly Editor of the Financial Times – both Oxford graduates – as Barclay Fellows.

As one might expect, Richard Lambert, who edited the Financial Times from 1991 to 2001, can tick all the usual Templeton College compatibility boxes and then some.

As a journalist he is interested in the big management issues such as corporate governance and corporate social responsibility. As a manager, he was committed to business education and development, regularly participating in programmes himself (though not at Templeton) and introducing the FT journalists to internal training, including a series of ‘Masterclasses’ on business issues. Indeed, the Financial Times actually won an Investors in People award, which is almost unheard-of for a newspaper.

He is hoping to extend his relationship with Templeton beyond the Governing Body’s formal meetings. ‘I am making a presentation to the Oxford Business Alumni next year, which will be fun, and I would be happy to contribute to some of the executive programmes if it would be helpful,’ he said. Presumably we could count on him to ask the participants some penetrating journalistic questions? ‘Oh, I could give them a thorough mauling,’ he said brightly.

Vernon Ellis is hardly a stranger to Templeton as he has sponsored Accenture’s relationship with Templeton for more than ten years. He has contributed to programmes, spoken at events, and commissioned research. However, he is looking forward to broadening his involvement with the College as a Barclay Fellow. ‘What attracted me to Templeton is that it combines executive education with academic research in business, but it is small enough that one can really get involved,’ he said.

He brings to Templeton not just his considerable experience in the range of business with which Accenture is involved, but also a firm belief in corporate citizenship and the responsibilities of business, especially in developing countries. As Chairman of the Board of the Prince of Wales Business Leaders Forum and in major speeches at the World Economic Forum he translates that belief into action.

And he joins at an exciting time. ‘With the agreement between the Saïd School and Templeton College and the formation of Oxford Executive Education, there is now an opportunity for Oxford to be really distinctive in business. As a Barclay Fellow at Templeton College, I am looking forward to being part of that.’

Barclay Fellows are non-executive members of the College’s Governing Body who are elected from the business practitioner community. They are chosen in recognition of their experience of business or public service and for their interest in the advanced study of management.
OEE Goes Live

an interview with Paul Willman, Chief Operating Officer

Michaelmas Term 2002: Oxford Executive Education (OEE) goes ‘live’.

An advertising campaign over the summer in the Financial Times and the Economist has ensured that the OEE name is now becoming familiar. The October 2002 Oxford Advanced Management Programme at Templeton is the first open programme to be presented under the new brand, while the first OEE programme at the Said Business School will be the Samsung Oxford Programme.

Templeton Views spoke to Paul Willman, Chief Operating Officer of OEE, about the significance of this and why OEE is more than just a name.

‘OEE leverages the knowledge base of the whole of the University of Oxford,’ he explained. ‘Through it, the client has access to all the intellectual resources of a major first-class university.’ He pointed out that, elsewhere, executive education tends to be treated as an element of the curriculum of a business school, which in turn is usually run entirely separately from the university of which it is nominally a part. Not so in Oxford: ‘OEE genuinely plugs executive education right into the heart of the University,’ he said.

OEE reflects the values of the University as a whole. It is research-driven. It is distinctive, particularly in its inter-disciplinary approach. ‘We don’t see executive education in narrow, technical terms,’ said Paul. ‘We are aiming to offer a set of products which might draw on the resources of any or all parts of the University.’ It is international. And, most importantly, it is committed to excellence, both intellectual and operational.

He describes the structure of OEE – the management team comprises Michael Earl, Dean of Templeton College, Anthony Hopwood, Dean of the Said Business School, the University Registrar, and Paul himself – as ‘the consummate collaboration’. All parties are envisaging growth, but it is going to be steady growth, based on the outstanding quality of the products. Quite simply, ‘Oxford is a world-class university. Its executive education programmes are world-class – and the OEE brand is the guarantee of that quality,’ said Paul.

For more information visit www.execed.oxford.edu
Email info@execed.oxford.edu or call +44 (0)1865 422776
Good Conversation, Good Food ....

Major Projects Association and Templeton Host Discussion Dinners
by Chris Sauer, Fellow in Information Management

This year has seen Templeton combine with the Major Projects Association (MPA) to host a series of discussion dinners. Held at the College, a small group of invited members of the MPA, typically senior executives of large engineering and consulting firms, assemble for pre-dinner drinks and a structured discussion led by a Templeton fellow on a specialist topic. Jointly chaired by Chris Sauer and Martin Barnes, Executive Director of the MPA and Associate Fellow of the College, the conversation continues over dinner, coffee and port.

The April event was led by Keith Ruddle, Fellow in Leadership, Organisation and Change, who took as his topic Leadership in a Complex World. Drawing upon extensive practical experience combined with his academic research, Keith painted a picture of a complex and chaotic environment that resonated strongly with those present. Much discussion centred around appropriate models of organisational change for different circumstances. Where chaos prevails, control was seen to be an inappropriate form of management. Rather, Ruddle suggested, leaders should adopt new roles. These include context setter, creator of learning experiences, and champion of risk and experimentation. If one idea to take home emerged from the discussion it was that if we believe that a firm in equilibrium is a firm approaching death, leaders must learn to ‘disturb the system’ to engender continued adaptive behaviour.

In July, Michael Earl, Dean and Professor of Information Management, offered a different group his perspective on Knowledge Management – From Promise to Practice. At the core of the initial discussion was Michael’s own framework and examples of seven distinct approaches to knowledge management. These ranged from technically-led internal ‘Yellow Pages’ initiatives to spatial design to encourage impromptu sharing of ideas such as at British Airways Waterside Headquarters to development of a strategic knowledge management mindset. A recurrent theme in the subsequent conversation centred on whether examples from non-project businesses were transferable to companies whose focus is major projects. Any initial doubts were dissipated as participants offered a variety of examples. Graham Dalton, Director of Project Implementation at the Strategic Rail Authority, explained how in projects involving the replacement of thousands of sets of points across the rail network knowledge management was essential to enable shared best practice to deliver improved efficiency and effectiveness. Others involved in construction acknowledged that developing and retaining project management knowledge was key to their competitive advantage. By the time he summed up at the end of dinner, Martin Barnes felt confident that all around the table agreed that knowledge management was crucial to the MPA’s member companies and that examples from non-project sectors offered fruitful avenues for the project sector to explore.

The success of the discussion dinner series derives from the benefits all participants enjoy. With guests from companies who have a longstanding relationship with the College, including Thames Water and British Energy, as well as organisations less familiar with Templeton, such as Balfour Beatty, Sir Robert McAlpine, Atkins, Mouchel, the Strategic Rail Authority, Mott MacDonald, High Point Rendel and Arup, it has proved a great occasion for everybody to get to know each other better. For MPA members it is an opportunity to take some time out to think about challenging issues in the company of a small group of peers. With an initial kick-start from a Templeton fellow, it has been easy to develop an effective exchange of ideas, views and experience. In turn, speakers enjoy the chance to test their ideas on seasoned executives and particularly to check how well they extend into the project sector. For all concerned it is a reminder that Templeton College and the Major Projects Association share far more than just the Kennington site.

For further details about MPA contact Martin Barnes at Templeton College, email mpa@templeton.ox.ac.uk
How Do You ‘Architect’ a Solutions Business?

by Chris Sauer, Fellow in Information Management, and Marc Thompson, Research Fellow in Employee Relations

As sophisticated customers of business services, we can all be excused for having a jaundiced view of companies which offer us ‘solutions’. But, few businesses have been untouched by the pressure to offer more assistance, more service to the customer. In practice this has meant that most businesses have been obliged to become solutions providers to a greater or lesser extent. This has been particularly noticeable in the information and communication technology (ICT) sector where just selling a computer is no longer enough.

Customers want suppliers to solve their business problems with a combination of hardware, software, business process design and implementation. It has also become apparent in the automotive industry where the OEMs (original equipment manufacturers), that is the big brand name companies such as Ford, DaimlerChrysler and Toyota, have for some years passed off their most challenging engineering problems to their first tier suppliers. Today, in developing a new car, Ford is most likely to ask its gear box suppliers to solve the problem of designing, prototyping and testing the whole transmission assembly. Likewise, construction companies are increasingly able to act as the designers, developers and operators of infrastructure, because they are able to integrate the specialist skills and knowledge of an array of partners and subcontractors.

The aerospace industry is also pursuing the solutions route, to some extent following the path forged by the automotive sector. Here the primes (e.g. Airbus, Rolls-Royce, BaeSystems) are pushing out more innovation and risk-sharing in new product development to suppliers. This is leading to a reconfiguration of the supply chain through mergers, acquisitions and joint ventures. The challenge for the primes is to develop ‘systems-of-systems’ capability and provide complex solutions to civil and military customers.

Solutions businesses, sometimes referred to as systems integrators, are distinctive in a number of ways. First, they require companies to extend their areas of commercial activity beyond their core competencies – computer hardware companies now offer advice on business strategy and execution. Second, solutions results in the need for collaboration across companies – rather than get into too deep water many IT companies partner with consultants. Third, the creation of solutions to what are usually complex problems is necessarily knowledge intensive – computer systems need to be tailored to specific customer needs and conditions. Fourth, as a result, the supplier needs to know much more about the customer’s business – SAP can’t hope to implement its software successfully without significant understanding of the customer’s business, its organisational structure and its business processes. Fifth, because different specialist knowledges are required, integration into a solution is itself a distinctively demanding challenge – getting different pieces of equipment and software to talk to each other often requires knowledge of distinct linking technologies such as middleware and Enterprise Application Integration (EAI) technology.
management technologies require appraisal and compensation systems that recognise and reward sharing of expertise. Or again, structures that rely upon external networks to deliver specialist knowledge need both technologies to coordinate the sharing and HR processes to develop and reward relationship management skills.

Coordination is a particularly important element of architecture because of the complex knowledge dependencies involved in systems integration in high-tech. What we call ‘social capital’ (networks, communities of practice) also becomes critical as a resource to foster knowledge sharing and integration. HR processes such as career management and practices that build high levels of trust across the organisation can help to create knowledge assets.

Our approach to this research is to immerse ourselves in fieldwork so we really understand the nature of the issues and firms’ architectural responses. While we are concentrating on ICT and aerospace, managers from other solutions-based sectors are also welcome to contact either of us to discuss the work further.

If you would like to know more, email chris.sauer@templeton.ox.ac.uk or marc.thompson@templeton.ox.ac.uk
Mid-July saw something of a stir in the centre of Oxford as ten MINIs, filled (though observers would not have known this) with adrenalin-fuelled senior executives, zoomed up and down the High Street. Was it for an advertisement? The remake of *The Italian Job*? No: it was simply proof that the pilot Company Project, a new action learning component of the Oxford Advanced Management Programme (AMP), had been a spectacular success.

The Company Project, devised by Gerd Islei, was designed to provide an opportunity for AMP participants to work on a ‘live’ business problem with a major corporation. The idea was that they should work as consultancy teams on a brief agreed with a client organisation. ‘Working with a company on a current issue – as opposed to a paper case study – tests participants’ ability to identify quickly and closely with the culture of the organisation,’ explained Gerd.

For the pilot, BMW, which manufactures the new MINI at its plant in Oxford, challenged participants to recommend ways of bettering its performance in three key areas: loyalty and performance, internal communication, and reward management. The project ran throughout the four weeks of the programme and culminated in a presentation to BMW management in the final week.

In retrospect, participants admitted to a sinking feeling when they were first briefed about the Company Project. The AMP schedule was already hectic: how on earth were they going to find the time for this extra work? And, if they had time, wouldn’t it be better to spend it in quiet reflection, reading, or discussions with their tutors?

However, the overwhelming feeling in the group, particularly after they had visited the BMW plant and met their ‘sponsors’, was that if they had been tasked to complete this project, then they were going to do it supremely well – and indeed they did. The day-and-a-half officially allocated to the project was supplemented by discussions over meals and late at night. People worked at weekends. Someone was deputed to ring the head offices of Japanese car manufacturers to
compare their experiences of manufacturing in the UK. Other people concentrated on research in the College’s Information Centre.

Everyone found their preconceptions challenged: ‘I’m afraid that I was guilty of making assumptions,’ said one participant. ‘Before I went to the plant, I thought I knew what we were going to find, and I had all the solutions mapped out in my head. Then, when we actually visited the plant I was so impressed – it was fantastically well run and I thought there was nothing we would be able to add. Eventually, as we were taken deeper into the situation we began to see areas where perhaps we could offer some insights, particularly in the area of cultural differences.’

Perhaps BMW, too, got more than they had bargained for: ‘I am not sure what they expected from our presentation. I like to think that we surprised them with the amount of thought that went into the project, and the professionalism with which we delivered our conclusions. All credit to them, though, that they sat through over three hours of presentations – in which we were very frank and forthright – with great good humour.’

Monika Lampe, one of the sponsors of the project for BMW, said: ‘We enjoyed working with the group. It was particularly interesting to see how senior managers of different nationalities and from very different industries approached some of the issues we are dealing with at BMW. Their presentations were well thought out and several practical recommendations were made. We will certainly consider their findings in our future project work.’

Indeed, BMW managers professed themselves so pleased with the project that they lent the teams ten MINIs to test-drive over the remaining three days of the programme – with somewhat mixed consequences: ‘Driving the MINIs was the best fun ever. The problem was that it scuppered the remainder of the programme – all we wanted to do was drive the MINIs for the rest of the week!’
Focus on OXIFER:
Redefining Employment Roles

Since the Oxford Institute for Employee Relations (OXIFER) was founded in 1985, working practices have become the subject of ever more intense scrutiny and debate. Increased competitive pressures in the private sector and the search for a more efficient public sector have had a major effect on every area of work. The traditional roles of government, employer, employee and unions are being redefined. And ideas as to what comprises the most appropriate form of employee relations management remain as contentious as ever.

OXIFER’s research focuses on these issues. Recent projects have examined the psychological contract, reward strategies in high technology firms, how knowledge workers can be managed, employee information and consultation in four countries, and relations between government and unions. This research has implications for many sectors and organisations.

‘OXIFER is committed to bringing its research findings, and those of colleagues working in related fields, to the attention of practitioners,’ says Roger Undy, Director and founder of the Institute and Fellow in Industrial Relations. A former Dean and Senior Tutor, Roger has been at Templeton since its early days, joining as a research associate in 1972.

‘Since I joined OCMS, the emphasis has swung away from studying unions to studying managers and employees. Given that the subject area has tended to focus on ‘problems’ this change reflects the decline in overt industrial conflicts, for example strikes, and the growing interest in employees as a source of competitive advantage. Several of our projects have followed this trend – for example, Marc Thompson’s study of human capital and performance (page 16), drawing on his continuing research in the aerospace industry, which he describes on the following pages, and Ian Kessler’s new research into recruitment in local government (page 15). However, the recent upsurge in workers’ militancy and the election of several left-wing union leaders may be heralding another change of direction.’

In 1997 OXIFER organised the first of its Future of Work series of seminars on a social partnership basis. This brought together captains of industry, general secretaries of trade unions, civil servants, and, on occasion, government ministers to examine trends in different aspects of work and employment. Last year’s seminar examined the gender gap; the associated research, funded by a consortium of organisations and conducted by Templeton fellows, produced five case studies of different organisations’ initiatives. This showed that the business case for diversity management was a live organisational, and not just an academic or political, issue and that in different environments different types of skill development were required to help women break through the ‘glass ceiling’. A report highlighting the key findings was submitted to the UK Cabinet Office in late 2001 and is due to be published later this year.

At recent meetings of the Personnel Directors’ Forum (PDF), members have debated the role of Human Resources in building an organisation’s strategic capabilities, and a new European Directive on employee information and consultation.

The latter forum followed a pattern established for such events by combining presentations from a civil servant with...
Meeting the Recruitment Challenge in UK Local Government

by Ian Kessler, Fellow in Human Resource Management

Fundamental changes in the structure and operation of UK local government in recent years have radically altered the roles and responsibilities of senior managers. New forms of local governance, increasing pressure on corporate performance, a growing need to engage with diverse community issues, and emerging modes of service delivery based on innovative partnership arrangements have dramatically extended the complexities, uncertainties and risks associated with management jobs in this sector. Clearly, the ‘war for talent’ is not limited to the private sector. The days of the administratively proficient town clerk leading a team of professionally qualified service heads responsible for discrete service areas have long gone. Chief executives and chief officers in local government now require a wide array of new skills and capabilities allied to a considerable depth and breadth of knowledge.

Local government’s ability to meet the challenge of recruiting and retaining high calibre senior managers in an increasingly precarious environment is the subject of a new research project being undertaken by Ian Kessler. Commissioned by the Society of Local Authority Chief Executives (SOLACE), the research addresses three main sets of questions: What kind of recruitment and retention difficulties are local authorities facing? What accounts for these difficulties? How are authorities responding to them?

The research will be divided into a number of parts. Initially interviews will be undertaken with around 20 chief executives from different types of authority. These will be followed by a survey of senior managers in local government. Finally, a series of in-depth interviews will explore the themes that emerge from the survey and pursue cases of ‘good practice’ in dealing with recruitment and retention issues. A report for SOLACE will be produced by the end of the year.
Lean and Mean or Soft and Sweet?

Lean manufacturing has revolutionised production in recent years in its pursuit of operational economy. But at the same time business is constantly being urged to increase its ‘soft’ investments in human resources. Are these two management philosophies opposed or are they complementary? Marc Thompson has come up with some fascinating hard new evidence from the UK aerospace industry.

Lean manufacturing aims to deliver variety and quality but without the high costs involved in craft production. As well as improving quality and reducing waste, lean systems are claimed to make more efficient use of working capital, to reduce lead times and to help firms become more customer-focused.

Operationally, lean manufacturing eliminates anything that does not add value to the end-product. Buffer stocks are kept low through the application of just-in-time inventory techniques. Multi-tasking using a variety of machines is common, and scrap and reworking are minimised. A common feature is ‘cellular’ team production, as is the ‘extended enterprise model’ that aligns both company and suppliers in order to target tightly changing market demands.

By contrast, the ‘human capital’ school stresses the value of involvement, communication and individual development. Allowing employees more freedom and encouraging them to acquire and use skills independently are seen as cardinal virtues. This approach receives its most coherent expression in a set of HR and employee management practices known as high performance work practices (HPWPs). They range from information sharing and job rotation to personal development plans and communal eating arrangements.
Advocates of HPWPs point to a swathe of surveys that show operational efficiency in itself does not account for differences in productivity. One study of SMEs in the UK, for instance, found that HR management factors accounted for some 17 per cent of the variation in productivity between comparable plants. To examine HPWPs and their impact, and explore their relationship with lean production, Marc Thompson turned his focus on the UK aerospace industry. In 1997 he embarked on a survey funded by the DTI and co-ordinated by the Society of British Aerospace Companies that was to last five years.

As a sector, aerospace was an inspired choice. It is a high skills industry at the forefront of the knowledge economy but at the same time solidly bottomed in manufacturing. One of the UK’s bellwether industries but involved in increasingly complex and often global organisational relationships, aerospace is facing perhaps a key business challenge of our times – to deliver complete, technologically advanced and price-competitive ‘systems of systems’ solutions to its customers. Hit hard by September 11 and recession, the industry faces a range of problems, including a crisis simultaneously of recruitment and of downsizing. ‘Aerospace,’ says Thompson, ‘now has less human capital than when I started.’

Because Marc Thompson carried out repeated surveys of the same companies, he was able to track performance over time and to assign cause and effect with greater precision. So what did he find? In a nutshell, that high performance work practices, while by no means uniformly adopted across the sector, are having a significant financial impact. Companies that made most use of HPWPs in 1999 two years later were recording sales per employee of £162k, compared to £62k for those that made least use – a difference of 161 per cent. In value-added per employee, the figures were £68k and £42k – a difference of 62 per cent.

But Thompson also found that lean systems were gaining ground, especially cellular and just-in-time manufacturing and Kaizen practices. Their growth was particularly evident in large companies and – rather surprisingly – in unionised workplaces. His most important discovery, however, was that high performance work practices and lean systems go hand in hand. He found hard evidence of the connection. Companies that made most use of HPWPs were, he found, four times more likely to use lean systems than others.

‘If high performance work practices are to diffuse more widely and become institutionalised, the main stakeholders in the sector need to work together,’ Thompson concludes. ‘Employers, trade unions and government collectively need to create the conditions that support the further adoption of these practices and ensure that the UK aerospace industry remains a leading-edge competitive global force.’

Marc Thompson’s report will be launched at the House of Commons on 6 November, followed by a two-day workshop at Templeton bringing together industry, union and government representatives to debate the issues it raises.

For further details of the report and conference contact Marc Thompson at Templeton College, tel +44 (0)1865 422728, email marc.thompson@templeton.ox.ac.uk
E-tail E-volves

by Richard Cuthbertson, Senior Research Associate

The bursting of the dot.com bubble has concentrated the attention of e-tailers on the current and future profitability – or otherwise – of their customer base. The attitudes and practices of these retailers towards creating and maintaining a profitable and loyal customer base have been explored in research funded by KPMG’s Global Consumer Markets Group and conducted by the Oxford Institute of Retail Management (OXIRM). Based on interviews with directors and senior managers of multi-channel and pure-play online retailers from across the world, the programme, led by Richard Cuthbertson and directed by Jonathan Reynolds, was conducted in partnership with teams at the Australian Center for Retail Studies at Monash University and the Retail Management Institute at Santa Clara University, USA.

The research focused on the experiences and practices of e-tailers during the fourth quarter of 2001: this quarter was chosen because it is often critical for retailers in terms of sales. The companies interviewed were from different market sectors and all were trading online. Interviews focused on the e-tailer view of customer loyalty.

The researchers found that, in general, e-tailers experienced higher than anticipated sales over this quarter, though this appeared to be due to cautious sales forecasts rather than exceptionally high sales. The relative importance of new customer acquisition and customer retention (loyalty) differed, depending on how long each company had been operating online. Mature e-tailers placed more emphasis on customer retention than recent start-ups.

E-tailers in general aim to create customer loyalty by implementing actions and changing behaviour throughout the organisation, rather than relying on isolated marketing campaigns. For example, many e-tailers consider that effective back office operations are more important than targeted promotions in creating customer loyalty. Customer trust in the consistent delivery of the overall retail brand is perceived as vital.

Much online marketing has similarities to traditional retail marketing, but two important areas stand out: fulfilment and direct marketing. Effective fulfilment is critical, while direct marketing online – unlike store-based direct marketing – can cover the whole of the existing customer base and is relatively cheap to implement. So e-tailers can communicate with all customers, via promotions and feedback, at a frequency appropriate to individual customer purchasing frequency, while measuring and monitoring individual customer sales, satisfaction and value, in relation to models of overall customer trends. Successful e-tailing exploits the information advantages of the digital channel.

As far as multi-channel e-tailers are concerned, customer retention is essential to the integration of digital channel activity – including marketing – into the overall retail brand. This creates a more cost-effective, consistent and complete retail offering. The digital channel is becoming important to the overall marketing strategy, as well as to incremental sales.

Finally, e-tailers have a positive outlook. The future looks set to see more sales combined with fewer technological and deliver problems. Further mergers and acquisitions also seem likely.
Rob Follows, Templeton MSc (in Management Research) student, recently won his Blue for polo playing in the Oxford team at the Varsity Match. Despite lively Oxford support, including a minibus full of Templeton fellows and students, the game, which took place at the Guards Polo Club in Windsor, was won by Cambridge 2–1.

‘I was introduced to Templeton through participating in the Oxford Strategic Leadership Programme in November 2000. I loved the College and conversations with Keith Grint and Sue Dopson eventually resulted in me coming back to school to work on making a contribution in one of the areas that I am passionate about – encouraging more philanthropy, specifically corporate philanthropy,’ says Rob.

‘Before coming to Oxford, I learned to play polo and got hooked on the sport. Last year I met the Oxford polo team who needed graded players – players with an official handicap. I joined the team and we beat Cambridge in the Winter match at Inglesham and Cambridge and Yale at an invited tournament, the Atlantic Cup at Yale early in April. Unfortunately we were outgunned in the summer Varsity Match. It was fabulous to have so many people supporting us from Templeton – and I would like to thank everyone who came. Hope everyone will come to the winter Varsity Match in February and see Templeton well represented on the field.’
Daniel H Case III, 1958–2002

by Michael Earl, Dean and Professor of Information Management

We learnt with sadness in June that Dan Case had died after battling with brain cancer. Dan completed his MPhil in Management Studies in 1981 and will be remembered by his contemporaries as well as fellows and staff for his maturity, ambition and focus. A Rhodes Scholar, Dan was especially keen on the economics-oriented courses on the MPhil (he had read economics and public policy at Princeton) and he wrote an impressive dissertation on 'Strategic Management and Competitive Performance in the US Securities Industry' – a topic deliberately chosen with his career in mind.

As his tutor, I had intermittently followed his career with admiration. Dan spent more than 20 years in investment banking, mostly at the boutique firm Hambrecht and Quist. H&Q was legendary for financing companies in hi-tech and biotechnology, including Apple Computer, Genentech and Netscape Communications.

Dan became CEO at the age of 34 and later Chairman of H&Q (more recently JPMorgan H&Q) and in the 1990s was one of the pioneers in financing and commercialising silicon valley. His younger brother Steve, founder of American Online and now Chairman of AOL Time Warner, reflected: ‘Like everything else he did in his life, Dan gave this battle of brain cancer everything he had. He fought for a cure, knowing that he might not live to see it, but with a determination to make a difference in the search.’

Dan Case was a member of New College; like all graduate students of the MPhil/MLitt era he spent most of his time at OCMS. Besides receiving many business awards during his career, Dan was a supporter of several charities and causes, especially in the Bay area. He is survived by his wife Stacey Black Case and his four children. Like many who have remembered Dan, with admiration and gratitude, in his business career, we will remember Dan in his formative years at Oxford, a smart, focussed and friendly student who was a delight to teach and a leader among his fellow students.

Faculty News


Keith Grint, Fellow in Organisational Behaviour, gave a talk at the Helsinki University of Technology on Leadership in May, at the Management School of Imperial College in June and was co-presenter at a Leadership Masterclass to the NHS Leadership Centre in July. His article, ‘Management and Leadership’ is forthcoming in the Journal of Health Services Research & Policy.

Ian Kessler, Fellow in Human Resource Management, was recently commissioned to carry out a research study for the Society of Local Authority Chief Executives on ‘Recruitment and Retention among Senior Managers in Local Government’. He presented a paper on ‘Workplace among Teaching Assistants’ at the British Universities Industrial Relations Association Conference at Stirling University in July.

Janine Nahapiet, Fellow in Strategic Management, has been appointed a member of the ESRC Commissioning Panel for the Evolution of Business Knowledge Programme. She recently attended the Academy of Management meeting in Denver, Colorado, where she presented a paper ‘Towards a Framework for the Institutionalisation of Renewal – Designing for Emergence’ and chaired a session on social capital and its effects. Her paper, ‘Strategy as Practice – A New Perspective’, coauthored with Paula Jarzabkowski, Richard Whittington and others, was presented at the 22nd Annual Conference of the Strategic Management Society in Paris in September.

Robin Pedler, Associate Fellow, has recently published two books. European Union Lobbying – Changes in the Arena (London, Palgrave 2002), which he edited, is a collection of 14 case studies which has been well reviewed. Como Tratar con Bruselas (Barcelona, la Caixa 2001) is a business guide to dealing with the European Union, published in Spanish and Catalan. It was very well reviewed in the leading Spanish dailies El País, ABC and la Vanguardia.

Jonathan Reynolds, Fellow in Retail Marketing, has been invited to give a keynote paper in November at the 2002 Forum on Asian Retailing and Distribution in Taiwan. He presented a joint paper with Templeton doctoral student Muriel Wilson entitled ‘Wealth creation for e-customers’ at the 9th International Conference on Retailing and Services Science in Germany in August and has published a chapter entitled ‘Retailing wakes up late to global ambitions’ in the new Mastering Management 2.0 published in the FT Mastering series. Jonathan has had an article accepted in the International Journal for Retailing and Distribution Management. The article, entitled ‘Charting the multi-channel future: retail choices and constraints’, updates his critical review of e-commerce which was published in the same journal in 2001. This review remains in the top five of all MCB University Press articles accessed electronically during 2001–02.

Chris Sauer, Fellow in Information Management, has recently joined the Editorial Board of the Journal of the Association for Information Systems. The first fruits of his research collaboration with colleagues at the Queensland University of Technology were presented at the 10th European Conference on Information Systems held in Gdansk, Poland in June. The article, which he co-authored with G Gable, G Timbrell and T Chan was entitled ‘An Examination of Barriers to Benefits – Realisation from Enterprise Systems in the Public Service’.

Marc Thompson, Research Fellow in Employee Relations, gave a paper co-authored with Templeton researcher Paul Heron ‘The employment relationship and knowledge creation’ at the European Academy of Management conference in Stockholm in May. He also wrote an introduction to a forthcoming report on the state of the psychological contract for Industrial Relations Services.
**Diary Dates**

*Michaelmas term 2002*

- Templeton Alumni Association Reunion
  18 October
- Personnel Directors’ Forum
  21 October
- Dining Nights
  31 October
  5 December
- OBA/Templeton College Business Networking Lunch
  ‘Oxford Executive Education’
  27 November
- The Oxford Advanced Management Programme
  6 October – 2 November
- The Oxford Strategic Leadership Programme
  10 – 15 November
- The Oxford Senior Executive Finance Programme
  17 – 22 November

For further information, email enquiries@templeton.ox.ac.uk or contact Dorothy Cooke tel +44 (0)1865 422734 or visit our website www.templeton.ox.ac.uk

**Appointments**

**Barclay Fellows**

In July, Ashley Raeburn stepped down as a Barclay Fellow. The Governing Body is delighted to announce that he will continue his long association with the College in his capacity as an Honorary Fellow.

The Governing Body has elected two new Barclay Fellows, Vernon Ellis, International Chairman of Accenture, and Richard Lambert, until recently editor of the Financial Times. *(Feature page 7.)*

**Senior Tutor**

Sue Dopson, *Fellow in Organisational Behaviour*, has taken over as Senior Tutor from Jonathan Reynolds, *Fellow in Retail Marketing*. Sue has just returned from maternity leave, following the birth of her son William, and this will be her second term of office as Senior Tutor.

**Vice President**

Roger Undy, *Fellow in Industrial Relations*, has stepped down as Vice President. Marshall Young, *Fellow in Strategic Management*, has been elected Vice President for the second time, following two years as Dean.

**Alumni: News and Comments**

From Hilary 2003, Templeton Views will regularly feature alumni news and letters. We always like to hear from you. Please send any items for publication to the editor, Helen Gough – email helen.gough@templeton.ox.ac.uk
Now available to alumni via our website Templeton’s range of merchandise includes fleeces, rugby shirt, polo shirt, t-shirts, caps, cuff links and key rings.

Please visit www.templeton.ox.ac.uk/merchandise or email Elaine Bowerman for a brochure and order form.

elaine.bowerman@templeton.ox.ac.uk