
This month,

1 of 3 - Behaviour and decision making (Part 2 - ongoing)

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Appendix 1

attached

2 of 3 - Induction and training

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Appendix 2

attached

3 of 3 - The FSA story - an Editorial viewpoint

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Appendix 3

attached

And now for something different

Appendix 4

attached

Thought for the month: *Another “Tale of the unexpected” (with respect to Roald Dahl)*

Some years ago, your editor knew a man who had worked for a long time in the steeplejack and demolition industry and was also an accomplished motorcyclist and racer. One day I came across him with his leg in plaster and I thought, “well it could have been worse”. We both had a smile on our faces when he recalled the story of how he had tripped over a tree root whilst walking his dog in the local park - things so often happen when they are least expected!

We all have to relax at some time, but to what extent there should still be an element of instinctive vigilance is perhaps something that we could look into at a later date.

Eagle eyed readers will have spotted that the last “Thought of the Month” duplicated the March issue – still, decision makers thinking of possible knock on effects of their actions is an important message. However, the advance announcement that the next *NEWSLETTER* will be in June was accurate .

Your contributions are always sought on any subject related to our sphere of research.

Bruce Widdowson

Secretary

e-mail bruce.widdowson@btinternet.com Tel. 0115 986 3254

Appendices follow:

1 of 3 – Behaviour and decision making (Part 2 - ongoing)

“Cost Benefit Analysis” is an important stage in the decision process. Whilst there should never be any attempt to disguise the facts, we will have a much greater chance of obtaining agreement to any changes in behaviour training and incentives if the proposed benefits are at least proportional to any initial extra costs. It is argued that any decision information needs to be looked at both *objectively* and *perceptively*:

Much current media attention has been focused on the £50billion Government support to the Banks and Building Societies. In our previous issue mention was made of behaviour of the workers and “performance” of management. The press have shown no such distinction, they are baying for the Government to put some sort of *banking behaviour* conditions on the “handout”.

Your editor feels that much of the problem in the banking sector is the lack of old fashioned intuitive judgement (*perceptive*) – long gone are the days of the customer going into see the bank manager and having a chat in a plush back office over a cup of coffee – the manager would have excellent local understanding of customers within the old “overgrown village” scenario that business was transacted in.

Yes, I know we cannot go back to those days with the sheer volume of customers requiring service and the speed that society requires that the service is delivered. What I feel is the problem, is the *way* the process for making banking decisions has evolved, not so much the fact that it had to evolve *per se*. More thoughts in the next issue, but in the meantime:

* If any of our banking people would like to make input here, I would be very grateful.

Returning to the main thread, whilst *objective* considerations usually rely on statistics and accounts, these often don’t tell the whole story, especially in the context of a particular problem or location. Indeed, local *perceptions* may even have been wrongly influenced in the past by a lack of information, as the people involved were outside of the original need to know list.

Before extending this theory in the next issue, readers may be interested in [Appendix 3](#).

2 of 3 - Induction and Training

Induction and training does not only happen at the commencement of employment, but is on-going to provide solutions to problems as the job duties change, as more efficient practices or machinery equipment is introduced, or to allow the individual to cope with expansion of his/her role.

There are a whole host of subjects which need to be covered to effect the smooth induction of an individual into an organisation. Some will have to be carried out immediately on commencement, especially if there is a high health and safety risk; others are suitably dealt with later on.

A properly planned and executed *induction programme* will ensure a more relaxed and confident employee, comfortable with their new colleagues and their own role within the organisation. It also provided a statement of main terms and conditions of employment including supporting policies and rules so that the employer can prove, should it ever become necessary, that the employee was fully aware of the standards required of them. Finally, it ensures that the employer complies with relevant statutory obligations in respect of health and safety regulations and safe systems of working.

Anyone feel that such induction programmes should also ask employees to look for opportunities (perhaps the more advanced ones? See below "over period of time") Ed

Some induction subjects are common to all starters whilst some will only apply to that job in that department. Inevitably, induction will be carried out over a period of time and will almost certainly involve more than one person. It is therefore vital that it is properly planned in a sensible order and recorded as completed, including the signature and date of the newcomer confirming that it has indeed been done.

The theory of training pre-supposes that skills must be taught to individuals and if one adult has learned them then another can also – there the theory falls apart as others have a long and painful learning curve and some may never learn!

My thanks to Marcel Le Roux, Head of Intermediary Business Development at "Peninsula" for this article, the concluding part of which will follow in the next issue. A good point about the employees signing for the training. Probably a good idea for communication and basic RM awareness skills to be included within the induction!
Ed

Later in the year, a feature from Marcel on "Absenteeism" will appear.

3 of 3 - The FSA story - an Editorial viewpoint

It may be unfair to lay so much of the blame for the failures at *Northern Rock* at the FSA's door. In actual fact, I thought that the decision taken by the Arrow Panel to extend the review period from two to three years, perhaps wasn't so irresponsible after all. By then the damage was no doubt well and truly done and there was a

small chance that the negotiations under European rules to release cash from the balance sheet, might just have worked.

History has so often shown that problems start long before they reach the regulators. I would further argue that regulators tend to look at situations "through accountants' eyes." Take the tale of the "Equitable Life" - this one time well respected, direct selling, pension and assurance provider failed, in essence, following declaring too high bonuses during the 1990s, no doubt to meet the challenges from other competitive insurers. Yet there had been early rumblings within the industry as far back as the mid 70s, yes the 1970s!. At that time, the "Equitable Life", who were under increasing competition from the broker supported, "with profit" insurers such as "Standard Life" and "Norwich Union", changed their marketing and staff policies, placing much more pressure on the sales people - hence a change in basic culture - it sometimes takes a long while for such change to eat into a large organisation - in the last *NEWSLETTER* I mentioned British Leyland where a not dis-similar time scale was involved from the beginning to the end of the epoch.

Back to the "Equitable Life", in 2003/04 it was decided that there could be no reasonable claim made against the various regulators on behalf of policyholders, so perhaps we have to rely on *perception* as well.

For the future, we should ask "why did the regulators fail?" Looking back, there was actually nothing wrong (yet) with "The Equitable" in the '70s, just signs of change, but there was a lot wrong by the '90s - at some point between those dates, a "smart" regulator might have noticed something. I would argue the case, that we need to extend "accountants' eyes" to include cultural, marketing, human resource (including salaries policy) and other dimensions of an organisation - [that is what our mission at this SIG should be all about.](#) Ed.

And now for something different:

Mallory Park - Silver Jubilee 52/25 Classic Car race meeting and parade.

Your editor is involved with the organisation of this landmark motor sport event on **Sunday 18th May 2008** at the Leicestershire circuit. There are a number of complimentary tickets available to members as guests of the Secretary, (normal admission on the day is £12-00 per person) with free car parking - maximum two tickets per member and supplies are limited.

If interested please contact me by e-mail or phone. [Ed](#)