

mch consulting

**Corporate Social
Responsibility
Report**

2006/7

About mch

mch consulting is a management consultancy firm that specialises in assisting charities, not-for-profits and social enterprises to increase their positive impact. Specifically, we assist clients with intrinsic issues such as:

- Clarifying overarching vision and mission
- Developing strategic and business plans
- Ensuring the organisation has the right number of people with the right skills to achieve its vision
- Fostering an appropriate culture
- Developing routes to financial sustainability and improving financial management practices
- Conducting feasibility studies and project evaluations.

Our offices are located in Bath and although we work primarily in the South West of England, we have clients throughout the UK and have advised organisations situated overseas.

Previous clients have ranged from large non-profit organisations, with a turnover in the millions, to social enterprise start-ups that have yet to generate any income. Furthermore, we have assisted trusts to improve the effectiveness of their donations. Consequently, we have an excellent working knowledge of the sector from both a donor and a recipient perspective.

About this report

This Corporate Social Responsibility (CSR) Report is intended for those with an interest in our approach to social responsibility. It describes the progress we are making in managing our CSR responsibilities as an integral part of our business.

CSR involves operating a business in a manner that meets the ethical, legal, commercial and public expectations that society has of business. It also provides a framework to ensure that a company's economic activity and development is sustainable.

Within the context of CSR, we monitor our economic, client, supplier, employee, community and environmental impact using key performance indicators. Where possible, these indicators are compared with external benchmarks so our performance can be directly compared.

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Highlights

Within the context of CSR, we monitor our economic contribution to society, our client, supplier and employee relations, our community involvement and environmental impact. Key achievements for 2006/7 include:

Financial and Economic

- Profit before tax but after dividends = £8,498
- Value of dividends awarded = £6,000
- Estimated taxes to government = £2,498
- Investment in pension fund = £2,057

Stakeholders

- 100% of clients were satisfied or very satisfied with our services
- 100% of clients believed mch was quick to gain an accurate understanding of their organisation and the issues required to provide assistance
- 90 hours per employee were invested in staff training
- 100% of supplier invoices were paid on time
- Key suppliers were notified that their own commitment to CSR is a key factor in retaining our custom

Community Involvement

- The equivalent of 2% of pre-tax profits were donated to charitable causes
 - This compares with a private sector average of only 0.44%
- Each employee volunteered 17.5 hours of their work time to community activities
 - This compares with an average of 7.5 hours per employee for organisations with a volunteering scheme

Environmental Impact

- mch produced an estimated 1,501kg of carbon dioxide per employee
 - Analysis of the Financial Services sector (the closest comparable sector for which data exists) shows average carbon dioxide emissions per employee of 2,545kg
- Initiatives used to reduce our environmental impact include:
 - Use of public transport
 - 89% of mch travel was conducted by public transport (train or bus)
 - Buying supplies locally
 - 29% of mch supplies were bought locally, with travel to and from the supplier being on foot

Business Description

Our Vision, Mission and Values

mch's vision is:

'To increase the positive impact of charities, not-for-profits and social enterprises.'

We aim to achieve this vision through our mission, which is:

'To assist clients with discreet management and leadership issues and to develop genuine relationships so clients benefit from our advice on an ongoing basis.'

mch consulting has three core values:

Quality

We take pride in our work and are proud of the standards we maintain. A consequence of this value is that we only take on work when we believe we have the expertise and time to do an outstanding job.

Integrity

In our view, integrity involves being true to oneself and to the client. In this respect, we only take on work if we believe it will make a sustained, lasting and distinctive improvement to the client.

Balance

We are mindful of the fact that our consultants and client members have a life outside work. Consequently, we endeavour to operate in a way which allows individuals to balance the needs and rewards of family, friends, hobbies, community service, individual time and work.

Through our vision, mission and values, we bring the best of *mch consulting* to clients and demonstrate a genuine care and concern for both the organisation and its people. We maintain this concern even when we are not actively working with them.

Structure

mch was founded by Dr Mark Hughes. Mark is currently our primary consultant, although we also have associate arrangements with other non-profit and social enterprise specialists. mch is a private company limited by shares. There are currently only two shareholders, Mark Hughes and his wife Sophie. mch is registered in England and Wales as M.C. Hughes Consulting Limited and its registration number is 5455273.

Customers

We almost exclusively serve charities, not-for-profits and social enterprises. We work across the whole spectrum of non-profit areas and indicative clients include:

- A non-profit library
- An inner-city youth project
- A health related social enterprise
- A coaching and mentoring charity for the socially excluded
- A Christian trust

We only work with the public and private sector organisations if the proposed projects have a clear social benefit. To date, we have not worked directly with the public sector and our only private sector client has been a renewable energy company.

Corporate Governance

Corporate governance is designed to ensure we meet our legal and strategic responsibilities. From a legal and financial liability perspective, insurance has been taken out to cover the following issues: professional indemnity, public liability and employer liability.

Regulatory Compliance

mch consulting has complied with all relevant legislation under the Companies Act 2007. It has also paid all PAYE, National Insurance and other taxes due.

Investments

Our company pension scheme represents the only current investment made by mch. The GAEIA Partnership Limited, an independent financial adviser which specialises in ethical investments, was contracted to identify the most suitable socially responsible pension fund. A fund was duly chosen which only invests in companies which have a commitment to a truly sustainable society.

Managing Our Environmental Impact

Key Performance Indicators and Benchmarks

Carbon Dioxide Emissions

- mch produced an estimated 1,502kg of carbon dioxide/employee
 - Analysis of the Financial Services sector (the closest comparable sector for which data exists) shows an average of 2,545kg of carbon dioxide/employee (1)

Initiatives to Reduce Environmental Impact

We have developed a number of initiatives to reduce our environmental impact including:

- Use of public transport
 - 89% of mch travel was conducted by public transport
- Buying supplies locally
 - 29% of mch supplies were bought locally, with travel to and from the supplier being on foot. For supplies that were delivered, attempts were made to reduce the number of deliveries by purchasing multiple products for each order
- Maximising paper usage
 - mch uses non-confidential scrap paper for draft copies, thus ensuring both sides of a page are used
- Using utilities only when needed
 - The lights, computers and printers in mch's offices are switched off upon finishing work
- Recycling
 - mch uses paper from sustainable sources for its working documents
 - mch recycles non-confidential documents and its printer cartridges

Our policies to reduce our environmental impact compare favourably with the statistic that only 36% of small businesses take action or expect to take action to reduce their environmental impact. (3)

Comparisons with 2005/6

Comparable Data

Performance Indicator	2005/6	2006/7
Carbon Dioxide Emissions	1,273 kg	1,502 kg

Initiative	Output/Practice	2005/6	2006/7
Use public transport	% of travel by train or bus	94%	91%
Buying supplies locally	% of supplies bought locally with travel to and from supplier being on foot	69%	29%
Maximising paper use	Using both sides of a page for working drafts	Practice implemented	Practice maintained
Using utilities only when needed	Switching off electronic equipment upon finishing work	Practice implemented	Practice maintained
Recycling	Using recycled paper	Practice implemented	Recycled paper or paper from sustainable forests is now used
	Recycling non-confidential documents and printer cartridges	Practice implemented	Practice maintained

Comment

Key Performance Indicator

mch was directly responsible for over 200 kg more carbon dioxide emissions in 2006/7 relative to 2005/6. This is almost completely accounted for by a Bristol-Edinburgh return airplane flight. Unfortunately, due to client scheduling commitments a plane rather than a train had to be taken.

Public Transport

The very high levels of public transport use have been sustained and this initiative represents a continued success.

Buying Locally

The amount of supplies sourced locally has reduced dramatically. This is largely due to the fact that in 2006/7, *mch consulting* moved offices and in doing so, lost the use of an excellent local stationary and office equipment store.

To counter the environmental cost of having supplies delivered, we have endeavoured to increase the number of items ordered for each remote delivery. The table below illustrates how the number of items ordered for each remote delivery has more than doubled from 2.1 to 5.1 items:

	2005/6	2006/7
Number of transactions made locally and on foot	36	12
Number of transactions made remotely/requiring transport	9	8
Number of products bought locally	44	17
Number of products bought remotely	20	41
% of products obtained locally	69%	29%
# of items ordered per remote batch	2.2	5.1

Using Recycled Paper

We have received conflicting reports in relation to whether the benefits of using recycled paper are outweighed by the energy and chemicals required to recycle it. While this dilemma is resolved, we now use either recycled paper or paper from sustainably managed forests.

Previous Commitments

Commitments made in 2005/6 for 2006/7:

Commitment 1: To investigate whether *mch consulting* can obtain its gas and electricity from renewable sources

Action:

mch consulting moved offices in July 2006. The location of the new office is such that it only uses electricity and not gas. Electricity is now obtained from a provider that uses 100% sustainable sources.

Result: Commitment met

Commitment 2: To ascertain whether to invest in a separate heating system for its offices, rather than a central heating system

Background:

Previously our office was a single room in a large building. In winter, our office could only be heated if the whole building was heated, which was obviously inefficient.

Action:

Our office is now a single roomed, standalone building which is heated by an oiled filled radiator.

Result: Commitment met

Future Commitments

We are committed to maintaining all the initiatives mentioned above and will endeavour to ensure that offices supplies purchased remotely will be made in batches of at least 5 items or more.

Stakeholder Engagement

Employees

Overview

mch recognises that the quality of service we provide to our clients is directly linked to the skills and experience of our consultants. This is why training and personal development is a key strategic priority. In addition to their skills and qualifications, we also believe that consultants with high energy and enthusiasm deliver better results. Consequently, we try to operate a flexible and genuine balance between a consultant's work and the rest of their life. In practice, this takes the form of keeping the number of weekends worked to a minimum. We have set a target that no consultant will work more than 5% of weekends during any given year.

Key Performance Indicators and Benchmarks

Training and Personal Development

- The total amount of training and personal development over the last year = 90 hours/employee
 - This compares favourably with the statistic that 51% had arranged or delivered any staff training during the course of the year (3)

Balancing Work with the rest of life

- % of weekends worked in 2006/7 = 8%
 - This is higher than the internal benchmark set of 5%

Comparisons with 2005/6

Comparable Data

Initiative	Benchmark Set	2005/6 Result	2006/7 Result
Devote time to personal development	-	122 hours/employee	90 hours/employee
Minimise the number of weekends worked	Less than 5% of weekend days worked	2%	8%

Comment

Personal Development

While the level of personal development conducted in 2006/7 is lower than in 2005/6 we believe it is still a satisfactory level.

Weekend Working

Our weekend working target was not met. This was largely due to a two month period when there were not only intensive commitments from four clients, but unforeseen additional commitments with two of these clients.

Previous Commitments

Commitments made in 2005/6 for 2006/7:

Commitment 1: Maintain commitment to existing training plan

This commitment has been met.

Commitment 2: Maintain policy of striving to work less than 5% of weekends

While the commitment to this policy was maintained, the target itself was not reached.

Future Commitments

We commit to maintaining the existing performance indicators and benchmarks. While we will aim to continue to try and achieve our target of working less than 5% of weekends we acknowledge that some client engagements do necessitate weekend working. With this in mind, mch will aim to adopt a time *in lieu* system, where by any weekend working is compensated for by time off during normal working hours.

Associates

During 2005/6 and a significant part of 2006/7, we focussed on developing associate arrangements with other specialist non-profit and social enterprise consultants. In all, over 45 consultancies were contacted but only one piece of work was generated and it was far removed from the geographically desired South West of England. From our approaches, it appeared that consultants within the South West either did not have capacity issues or viewed other consultancies purely as competitors rather than potential collaborators.

Due to this lack of success, *mch consulting* is now focusing largely on developing its own clients. A consequence of this strategic decision is that it has not been necessary to develop a formal set of criteria for associate arrangements.

Clients

Key Performance Indicators

Customer Satisfaction

- Since beginning operations in 2005, 92% of clients have been satisfied or very satisfied with our work. No clients have been dissatisfied or very dissatisfied
- 100% of clients in 2006/7 were either satisfied or very satisfied with our work
- 92% of clients would recommend us to other organisations

Specific Competencies

- 100% of clients either strongly agreed or agreed that mch was quick to understand their organisation and the issues associated with the consultancy
- 100% of clients either strongly agreed or agreed that mch was polite throughout the consultancy
- 92% of clients either strongly agreed or agreed that mch showed good time management. No clients strongly disagreed or disagreed with this statement.

No external benchmarks were able to be obtained.

Comparisons with 2005/6

Data

Indicator	2005/6	2006/7
% of Clients that are either satisfied or very satisfied	80%	100%
# Clients that are either satisfied or very satisfied	4.00	8.00
# Clients that are indifferent	1.00	0.00
# Clients that are either dissatisfied or very dissatisfied	0.00	0.00

Comment

The low number of responses for each year means that a single response can have a dramatic impact on the overall percentages. Consequently, although the above figures for 2006/7 are encouraging, we believe that overarching client satisfaction for all clients to date, will prove to be the most meaningful and reliable indicator in future.

Previous Commitments

Commitment 1: To continue to measure client satisfaction and specific competencies and endeavour to improve upon current levels

This commitment has been met.

Future Commitments

To continue to measure client satisfaction and specific competencies.

Suppliers

Key Performance Indicators and Benchmarks

Ensuring suppliers know the importance of their own CSR in retaining mch's custom.

- To date, our bank, pension fund, mobile phone company and utility provider have been informed

Respecting the financial needs of suppliers

- 100% of supplier invoices were paid on time

No external benchmarks for either performance indicator could be found.

Previous Commitments

Commitment 1: Extend CSR scrutiny to telecommunications and utilities suppliers

Action:

In 2006/7 we changed mobile phone and utility suppliers purely on the basis of their differing CSR policies.

Result: Commitment met.

Commitment 2: Maintain 100% on time payment levels

Result: Commitment met

Future Commitment

We will endeavour to maintain our 100% record of paying our bills on time.

Community Involvement

mch supports a range of community groups, both through donations and the involvement of our employees.

Corporate Donations

Overview

mch has donated money to a number of charities. These include:

- Oxfam
- Cancer Research UK
- Bristol Community Family Trust (which aims to prevent family breakdown through relationship education and mentoring)
- The Guidepost Trust (which provides services to people with dementia, mental health problems and learning disabilities)

Key Performance Indicators and Benchmarks

Value of Donations

- We donated £272 to charity this year. Our donations were the equivalent of 2% of our pre-tax profits
 - This compares favourably with average UK company donations of 0.44% of pre-tax profits (4)

Comparisons with 2005/6

Comparable Data

Direct Financial Donations	2005/6	2006/7
Donations made direct from mch	255	272
Donations made through associate work	467	0
Total Financial Donations	721	272
Donations as a % of pre-tax profits	24%	2%

Comments

While the total financial amount we contributed to donating has decreased, the amount mch is directly responsible for donating has increased. The reason for this discrepancy is that in 2005/6 we worked with an associate that wanted to donate 10% of the agreed consultancy fee to social enterprises. We agreed to these terms and so indirectly raised our donation contribution.

Previous Commitments

Commitment 1: Maintain actual amount of money donated

This commitment has been exceeded in terms of our direct donations but has not been met in terms of our overarching donations.

Future Commitments

Donate £300 to charitable causes.

Volunteering

Overview

mch realises that donating time can sometimes be even more valuable than money. Consequently, we have volunteered our time to a wide range of projects. Specific activities included:

- Mentoring a management consultant as they tried to transition from the private sector to the charitable sector
- Mentoring the winner of the University of Bath Student Business Plan Competition 2007. The mentee's plan involved the development of a social enterprise

Key Performance Indicators and Benchmarks

Company time spent volunteering

- mch gave 17.5 community hours per employee
 - This compares with an average of 7.5 hours/employee for organisations with a volunteering scheme (5)

Previous Commitments

Commitment 1: Volunteer at least 20 community hours/employee

Regrettably this commitment has not been met

Future Commitment

Volunteer at least 20 community hours/employee

References

1. The carbon dioxide emissions per employee were obtained from the Corporate Social Responsibility Reports of the following banks: HSBC (CSR Report 2004), Barclays (CSR Report 2005) and LloydsTSB (CSR Report 2005). The individual values were combined and then averaged.
2. 'Energy Consumption Guide 19 – Energy Usage in Offices'. Printed by Action Energy, which is now part of the Carbon Trust.
3. Annual Small Business Survey 2004/5, Small Business Service, Department of Trade and Industry.
4. The Guide to UK Company Giving, 4th edition, John Smyth, published by the Directory of Social Change.
5. Home Office Citizenship Survey 2003.