



mch consulting

**Corporate Social
Responsibility
Report**

2007/8



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 the 2007/8 accounting year include:

Financial and Economic

- Profit before tax but after dividends = £5,168
- Value of dividends awarded = £12,000
- Taxes to government = £3,462
- Investment in pension fund = £1,780

Stakeholders

- 88% 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
- 72 hours per employee were invested in staff training
- 99% 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 24 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 1,741kg 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
 - 64% of mch travel was conducted by public transport (train or bus)
 - Buying supplies locally
 - 63% 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 work with 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 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. Bromige Limited, an independent financial advisory 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 1,741kg of carbon dioxide/employee during 2007/8
 - Analysis of the Financial Services sector (the closest comparable sector for which data exists) shows an average of 2,545kg of carbon dioxide/employee/year (1)

Initiatives to Reduce Environmental Impact

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

- Use of public transport
 - 64% of mch travel was conducted by public transport
- Buying supplies locally
 - 73% 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 Previous Years

Comparable Data

Key Performance Indicator	2005/6	2006/7	2007/8
Carbon Dioxide Emissions	1,273 kg	1,502 kg	1,741 kg

Initiative	Output/Practice	2005/6	2006/7	2007/8
Using public transport	% of travel by train or bus	94%	91%	64%
Buying supplies locally	% of supplies bought locally with travel to and from supplier being on foot	69%	29%	63%
Minimising the number of remote supply orders	Office supplies purchased remotely will be in batches of 5 items or more	2.2	5.1	4.2
Maximising paper use	Using both sides of a page for working drafts	Practice implemented	Practice maintained	Practice maintained
Using utilities only when needed	Switching off electronic equipment upon finishing work	Practice implemented	Practice maintained	Practice maintained
Recycling	Using recycled paper	Practice implemented	Recycled paper or paper from sustainable forests is now used	Practice maintained
	Recycling non-confidential documents and printer cartridges	Practice implemented	Practice maintained	Practice maintained
Usage of renewable energy	Source 100% of electricity from renewable sources		Practice implemented	Practice maintained

Comment

Key Performance Indicator and Public Transport Usage

mch was directly responsible for over 240 kg more carbon dioxide emissions in 2007/8 relative to 2006/7. In part, this was due to *mch consulting* having a higher workload in 2007/8 than in 2006/7. In consulting, workload is generally measured by consultant utilisation. Consultant utilisation is simply the number of hours of client work the consultant conducts divided by the total number of hours the consultant works. Consequently, it is proposed that this key performance indicator is adjusted to take into account utilization, by 'breaking out' emissions due to office costs and those due to travel (which is the main source of increased emissions when utilisation increases). Such an adjustment leads to the following results:

Performance Indicator	2005/6	2006/7	2007/8
Total Carbon Dioxide Emissions	1,273 kg	1,502 kg	1,741 kg
Utilisation	58%	50%	65%
Emissions due to office	611 kg	611 kg	159 kg
Emissions due to travel	662 kg	891 kg	1581 kg
Travel emissions per unit of utilisation	11.4 kg	18.0 kg	24.2 kg

Breaking out the results shows two key trends. The first is a dramatic reduction in emissions due to office use. This is a result of *mch consulting* moving to a dedicated office/shed at the end of 2006/7. Previously, *mch consulting* operated from a room within a larger building and thus the heating of the new office/shed is far more energy efficient.

The second trend is a significant rise in emissions due to travel. Even accounting for a higher utilisation, emissions due to travel have increased. This is largely explained by the reduction in public transport usage from 91% in 2006/7 to 64% in 2007/8 and a subsequent increase in car usage. Unfortunately, certain client engagements made car usage essential as public transport was consistently unable to provide services to enable *mch consultants* to make early morning or late evening commitments.



Commitments made in 2006/7 for 2007/8

Commitment 1: To maintain all environmental practices operating in 2006/7

Result: Commitment met

Commitment 2: Office supplies purchased remotely will be made in average batches of 5 items or more

Results:

	2005/6	2006/7	2007/8
Number of transactions made locally and on foot	35	10	10
Number of transactions made remotely/requiring transport	9	8	5
Number of local purchases	43	17	35
Number of remote purchases	20	41	21
% of products obtained locally	68%	29%	63%
# of items ordered per remote batch	2.2	5.1	4.2

The results show that this commitment was not met. However, the significant increase in the number of items purchased locally goes some way to countering this commitment breach.

Future Commitments

To maintain existing initiatives designed to reduce mch's environmental impact.

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 = 72 hours/employee
 - This compares favourably with the statistic that only 51% of small businesses 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 = 7%
 - This is higher than the internal benchmark set of 5%

Comparisons with Previous Years

Initiative	Benchmark Set	2005/6 Result	2006/7 Result	2007/8 Result
Devote time to personal development	-	122 hours/employee	90 hours/employee	72 hours/employee
Minimise the number of weekends worked	Less than 5% of weekend days worked	2%	8%	7%

Comment

Personal Development

While the level of personal development conducted in 2007/8 is lower than in 2006/7 we believe it is still a satisfactory level, especially when one considers the direct financial cost and the cost associated with the time spent:

Personal Development Measures	2005/6	2006/7	2007/8
Direct Financial Cost of Personal Development	£411	£228	£275
Number of Hours Spent on Personal Development	122	90	72
Financial Cost Associated with Time Spent*	£2,495	£2,379	£2,555
Total Cost	£2,906	£2,607	£2,830

*The financial cost associated with the time spent conducting personal development is calculated by multiplying the number of hours by the average hourly consulting fee for that year.

Weekend Working

Our weekend working target was not met. This was largely due to a particular client engagement where weekend working was essential.

Commitments made in 2006/7 for 2007/8

Commitment 1: Maintain existing performance indicators and benchmarks

Result: Commitment met.

Commitment 2: Adopt a time *in lieu* system, where by any weekend working is compensated for by time off during normal working hours

Result: Commitment met.

Future Commitments

mch consulting is committed to allowing its employees flexible working practices where possible. To this end, the organisation is committed to allowing lead consultant Mark Hughes to reduce his work load from 5 days/week to 4.5 days/week so that he can play an active part in caring for his young son.

Clients

Key Performance Indicators

Customer Satisfaction

- Since beginning operations in 2005, 90% of clients have been satisfied or very satisfied with our work, 10% of clients have been neutral and no clients have been dissatisfied or very dissatisfied
- 88% of clients in 2007/8 were either satisfied or very satisfied with our work, 12% of clients were neutral and no clients were dissatisfied or very dissatisfied

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
- 100% of clients either strongly agreed or agreed that mch showed good time management and could be trusted with confidential information

No external benchmarks were able to be obtained.

Comparisons with Previous Years

Indicator	2005/6	2006/7	2007/8
% of Clients that are either satisfied or very satisfied	80%	100%	88%
# Clients that are either satisfied or very satisfied	4	8	7
# Clients that are indifferent	1	0	1
# Clients that are either dissatisfied or very dissatisfied	0	0	0

Comment

The low number of responses for each year means that a single response can have a dramatic impact on the overall percentages. Consequently, we believe that overarching client satisfaction for all clients to date, is the most meaningful and reliable indicator.

Commitment made in 2006/7 for 2007/8

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

Result: Commitment met.

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

- 99% of supplier invoices were paid on time. Furthermore, there was a strong mitigating factor for the single late payment, namely that the invoice was sent the day Mark Hughes (mch's sole employee) started 4 weeks of paternity leave.

No external benchmarks for either performance indicator could be found.

Commitment made in 2006/7 for 2007/8

Commitment 1: To maintain our 100% record of paying our bills on time.

Result: Commitment was not met: 99% of supplier invoices were paid on time. There was however a strong mitigating factor for the single late payment, namely that the invoice was sent the day Mark Hughes (mch's sole employee and thus the person responsible for invoice payments) started 4 weeks of paternity leave.

Community Involvement

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

Corporate Donations

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

- The British Red Cross
- 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 £276 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 Previous Years

Direct Financial Donations	2005/6	2006/7	2007/8
Donations made direct from mch	255	272	276
Donations made through work conducted with associates	467	0	0
Total Financial Donations	721	272	276

Commitment made in 2006/7 for 2007/8

Commitment 1: To Donate £300 to charitable causes.

Result: Commitment not met

Future Commitment

mch will again set a target of donating £300 to charitable causes for 2008/9. It will also aim to meet the £24 shortfall for 2007/8 and thus donate a total of £324.

Volunteering

Overview

mch realises that donating time can be 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 2008. The mentee's plan involved the development of a social enterprise

Key Performance Indicators and Benchmarks

Company time spent volunteering

- mch gave 24 community hours per employee
 - This compares with an average of 7.5 hours/employee for organisations with a volunteering scheme (5)

Commitment made in 2006/7 for 2007/8

Commitment 1: Volunteer at least 20 community hours/employee

Result: Commitment 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.