



***mch consulting***

**Corporate Social  
Responsibility  
Report**

**2008/9**



## 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 not-for-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 2008/9 accounting year include:

### Financial and Economic

- Profit before tax but after dividends = £-4,071
- Value of dividends awarded = £4,000
- Taxes to government = £1,138
- Investment in pension fund = £2,007

### Stakeholders

- 100% of clients were satisfied or very satisfied with our services
- 190 hours per employee were invested in staff training

### Community Involvement

- £290 was donated to charitable causes (up 13% from last year), despite *mch consulting* making a significant financial loss
- Each employee volunteered 7.9 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 626 kg 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 1,500 kg
- Initiatives used to reduce our environmental impact include:
  - Use of public transport
    - 98% of mch travel was conducted by public transport (train or bus)
  - Buying supplies locally
    - 41% 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 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**

To date, we have exclusively worked with charities, not-for-profits and social enterprises (The Third Sector). We work across the whole spectrum of Third Sector 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 would only work with public and private sector organisations if the proposed projects had a clear social benefit.

## **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 626kg of carbon dioxide/employee during 2008/9
  - Analysis of the Financial Services sector (the closest comparable sector for which data exists) shows an average of 1,500kg 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
  - 98% of mch travel was conducted by public transport
- Buying supplies locally
  - 41% of mch supplies were bought locally, with travel to and from the supplier being on foot.
- Minimising the number of supply orders requiring transportation
  - 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, its printer cartridges and old mobile phones. Recycling the latter also raises money for charity.

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

Key Performance Indicator	2005/6	2006/7	2007/8	2008/9
Carbon Dioxide Emissions	1,273 kg	1,502 kg	1,741 kg	626 kg

Initiative	Output/Practice	2005/6	2006/7	2007/8	2008/9
Using public transport	% of travel by train or bus	94%	91%	64%	98%
Buying supplies locally	% of supplies bought locally with travel to and from supplier being on foot	69%	29%	63%	41%
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	3.2
Maximising paper use	Using both sides of a page for working drafts	Practice implemented	Practice maintained	Practice maintained	Practice maintained
Using utilities only when needed	Switching off electronic equipment upon finishing work	Practice implemented	Practice maintained	Practice maintained	Practice maintained
Recycling	Using recycled paper	Practice implemented	Recycled paper or paper from sustainable forests is now used	Practice maintained	Practice maintained
	Recycling non-confidential documents and printer cartridges	Practice implemented	Practice maintained	Practice maintained	Practice maintained
Usage of renewable energy	Source 100% of electricity from renewable sources		Practice implemented	Practice maintained	Practice ended



### Key Performance Indicators and Utilisation

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. Such an adjustment leads to the following results:

Performance Indicator	2005/6	2006/7	2007/8	2008/9
Total Carbon Dioxide Emissions	1,273 kg	1,502 kg	1,741 kg	626kg
Utilisation	58%	50%	65%	26%
Emissions due to office	611 kg	611 kg	159 kg	175 kg
Emissions due to travel	662 kg	891 kg	1581 kg	451 kg
Travel emissions per unit of utilization	11.4 kg	18.0 kg	24.2 kg	17.6 kg

Breaking out the results shows that a key reason for mch's lower emissions was due to a dramatic reduction in client utilisation. However, even allowing for the lower overall utilisation, emissions per unit of utilisation compares well with the last two years.

## **Commitments made in 2007/8 for 2008/9**

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

Result: Commitment not fully met – perceived sourcing of electricity from non-renewable sources was ended when mch changed electricity suppliers.

Comment: This is a case of two mistakes cancelling each other out. In 2006/7, mch thought it had switched its electricity tariff to 100% renewable energy. If such a switch had actually occurred, the emissions due to office use should have been listed as zero for 2006/7 and 2007/8, as no carbon dioxide would have been emitted in the production of the electricity. However, emissions were calculated based on the non-renewable sourcing of electricity. This constitutes the first mistake.

During 2008/9, mch was dissatisfied when its supplier put up its electricity prices due to the rising price of oil. mch was unable to obtain a clear answer as to why 100% renewable energy production should be influenced by oil prices. Consequently, it decided to switch providers. During the switching process however, mch discovered that, despite requesting a 100% renewable energy tariff, it had not actually been on such a tariff and that less than 10% of its electricity had come from renewable sources. This constitutes the second mistake.

The result is that the initiative to use 100% renewable energy was never actually implemented, however the figures presented are actually still relatively accurate. If anything, the figures overstate emissions as they assume 100% non-renewable fuels were used for electricity generation, when a supplier using approximately 90% non-renewable fuels was used.

## 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 = 190 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 = 2%
  - This is lower than the internal benchmark set of 5%

#### Comparisons with Previous Years

Initiative	Benchmark Set	2005/6 Result	2006/7 Result	2007/8 Result	2008/9 Result
Devote time to personal development	-	122 hours/employee	90 hours/Employee	72 hours/employee	190 hours/employee
Minimise the number of weekends worked	Less than 5% of weekend days worked	2%	8%	7%	2%

## Personal Development

Given the low demand for services, mch consciously used the spare time to invest heavily in personal development. The commitment to personal development is clearly shown when one considers the direct financial cost and the cost associated with the time spent:

<b>Personal Development Measures</b>	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>
Direct Financial Cost of Personal Development	£411	£228	£275	£558
Number of Hours Spent on Personal Development	122	90	72	190
Financial Cost Associated with Time Spent*	£2,495	£2,379	£2,555	£5,252
<b>Total Cost</b>	<b>£2,906</b>	<b>£2,607</b>	<b>£2,830</b>	<b>£5,810</b>

\*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.

## **Commitment made in 2007/8 for 2008/9**

*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.

Result: Commitment met.

## **Future Commitments**

Maintain existing commitments

## Clients

### Key Performance Indicators

#### Customer Satisfaction

- 100% of clients in 2008/9 were either satisfied or very satisfied with our work
- Since beginning operations in 2005, 91% of clients have been satisfied or very satisfied with our work, 9% of clients have been neutral and no clients have been 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	2008/9
% of Clients that are either satisfied or very satisfied	80%	100%	88%	100%
# Clients that are either satisfied or very satisfied	4	8	7	7
# Clients that are indifferent	1	0	1	0
# Clients that are either dissatisfied or very dissatisfied	0	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.

## ***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

- Only two invoices were issued to mch in 2008/9 (the rest of payments were made either by direct debit or at point of sale). One of the two invoices was paid late, however there was a strong mitigating factor for the late payment as the initial payment (which was submitted on time) was lost in the post.

No external benchmarks for either performance indicator could be found.

## Community Involvement

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

### 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 £300 to charity this year, despite mch making a loss this year
- This compares favourably with average UK company donations of 0.44% of pre-tax profits (4)

### Comparisons with Previous Years

<b>Direct Financial Donations</b>	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>
Donations made direct from mch (£)	255	272	276	290
Donations made through work conducted with associates (£)	467	0	0	0
<b>Total Financial Donations (£)</b>	<b>721</b>	<b>272</b>	<b>276</b>	<b>300</b>

### Commitment made in 2007/8 for 2008/9

Commitment 1: To Donate £324 to charitable causes.

Result: Commitment not met. However the fact that direct donations from mch were the highest in its history, despite it making a loss for the first time, is considered a satisfactory outcome.

### Future Commitment

To donate £300 in 2009/10.

## ***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 social entrepreneurs participating in the University of Bath Student Business Plan Competition

### **Key Performance Indicators and Benchmarks**

Company time spent volunteering

- mch gave 7.9 community hours per employee
  - This compares with an estimated 30 hours per year for every employee that participates in an employer volunteering scheme and 12 hours per year per employee for an organisation that has a volunteering scheme. (5)

### **Commitment made in 2007/8 for 2008/9**

Commitment 1: Volunteer at least 20 community hours/employee

Result: Commitment not met.

Comment: Given the lack of client utilisation in 2008/9, it may be surprising that more time was not spent on *pro bono* activities. The reason for the relatively low figure is two-fold. Firstly, since its founding, mch has taken a reactive approach to *pro bono* work i.e. it has responded to opportunities that presented themselves rather than proactively looking for opportunities. This approach continued in 2008/9 and during this year, very few opportunities presented themselves. The second reason is that although client utilisation was low, the amount of time spent trying to gain client work was high. Thus in part, trying to secure client work took priority over *pro bono* work.



## References

1. The carbon dioxide emissions per employee were obtained from the Corporate Social Responsibility Reports of the following banks: HSBC (CSR Report 2008), Barclays (CSR Report 2008) and LloydsTSB (CSR Report 2007). 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 2005.