

MAKING SENSE OF

**Dental**

**Practice**

**Management**

**RAJ RATTAN**

Foreword by Kevin Lewis

The Business Side of General Dental Practice

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MAKING SENSE OF

# Dental Practice Management

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Foreword by

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## About the author

Raj Rattan qualified from UCH in London in 1980. After two years as an associate, he went into a partnership in a practice in Oxford. Four years later, a second practice was established in London. Today, the group comprises dental surgeons, practice managers, hygienists and an ancillary team of support staff. The practice has featured in a number of educational and instructional video programmes over the years.

After ten years in full-time practice, he now practises on a part-time basis to fulfil his other professional commitments as Regional Adviser for North Thames (East) Region to the British Postgraduate Medical Federation (BPMF) and managing the vocational training scheme based at Whipps Cross Hospital in London. He is also a dento-legal adviser for Dental Protection Ltd, and dental adviser to Bromley Health Authority.

The author is also a member of the Faculty of General Dental Practitioners and a member of the panel of examiners for the Diploma in General Dental Practice (DGDP) (UK) examination, as well as a contributing member of the editorial executive for its distance learning programme, *Pathways*. He serves on a number of committees including the Local Dental Committee (LDC), the publications sub-committee of the Committee on Vocational Training (CVT) and is Chairman of a Clinical Audit and Peer Review Assessment Panel. He is a regular contributor to *The Dentist* magazine and its longest-serving editorial adviser. He has published over 100 articles on all aspects of practice management and lectured nationally and internationally on this and other topics.

*In memory of my father*

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# Foreword

Dentistry is by its origins and nature a healing art. It shares its present philosophical and ethical core with the medical profession and acquired its professional status and scientific backbone along the way, having had its origins in the hurly-burly of the fairground, and beneath the red-and-white striped 'pole' of the 'barber surgeons' who for a fee would remove teeth for those in pain.

Dentistry has never been slow to embrace new technology, materials and techniques and in recent years the pace of change has been breathtaking, both within the National Health Service and the private sector. Meanwhile, the demands of practice management have changed – just as dentistry has changed – and it is neither prudent nor realistic to seek to manage a dental practice today, in the same way as it might have been managed in the past. Our colleagues in general medical practice still work largely or wholly within the NHS, with their services free to the patient at the point of delivery. This is no longer true of general dental practice; many dentists spend a significant part of their time in the private sector, and 'free' dentistry is very much the exception, rather than the rule. The fact that money often changes hands in the dental practice, but not the medical practice, might help to explain the media's preoccupation in recent years with presenting dental practitioners as being somehow too businesslike – a strange paradox, given the fact that most dentists have received little or no formal training in practice management either at undergraduate or postgraduate levels.

The general dental practitioner walks a difficult path in seeking to deliver high quality health care in a market environment while remaining an independent contractor with his/her own small business to run, and from which to generate profit. The possession of clinical skills alone – no matter how excellent – is no longer enough to guarantee success. On the other hand, the establishment of a secure and effective management framework which delivers good and consistent financial results alongside a pleasant and efficient working environment is the best possible platform for the provision of high quality dentistry, and for the attraction and retention of the high quality staff which such dentistry demands. Patients care little about whether or not the practice is profitable and they are often unable to measure clinical outcomes –

but they will be the first to notice the shortfalls in service and organization which are the hallmarks of poor practice management.

I have for many years respected Raj Rattan for his boundless enthusiasm for dentistry, and for his insatiable appetite for postgraduate education. In addition to his expertise in practice management he is a knowledgeable and skilled clinician, an outstanding communicator, and a worthy ambassador for the cause of the general dental practitioner. In recent years I have come to know him also as a friend and colleague, as a fellow dento-legal adviser with Dental Protection (a division of The Medical Protection Society). He is a most gifted teacher, and a superb role model to the cohorts of vocational trainees (and trainers) who have been fortunate enough to come under his care and guidance.

The reader can reap the rich harvest of this wide experience and depth of knowledge and should not squander the opportunity to do so. This book draws inspiration from management in its broadest sense, and applies it skilfully to the circumstances of general dental practice.

*Making Sense of Dental Practice Management* is an ambitious and confident title and the reader can be assured that Raj Rattan has done ample justice to it, avoiding the trap of shell-shocking the new or recent graduate and/or patronising the more experienced practitioner. The emphasis is in all the right places, with a refreshing focus upon the 'people' and 'strategic' aspects of effective management, and the approachable style allows the reader to appreciate that practice management is not so much a necessary chore to be fitted in between patients, but in fact a potential source of additional job satisfaction.

I am sure that this excellent book will help you to make sense of practice management not only today, but for many years to come. Anyone still confused about the nuts and bolts of dental practice management obviously has not read this book.

*Kevin Lewis*  
Dento-legal Adviser, Dental Protection  
General Dental Practitioner  
Associate Editor, *Dental Practice*

*January 1996*

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# Preface

This book is for dentists who have an interest in practice management. I hope it will be of interest to experienced practitioners, recent graduates who may be on the verge of buying or starting their own practice and to vocational trainees who are starting out in general practice.

The book gives an overview of many aspects of management and how these general principles can be adapted to meet the demands of dental practice today. Rather like the landscape artist who works to borders of imagery and well-defined horizons, I have tried to give one perspective on a vast and varied landscape, the features of which are constantly changing. If I am asked one reason why management in practice is an important discipline, it is simply this. There is no doubt in my mind that future success in general dental practice will rely almost entirely on the effective management of changes within the profession – changes which will have far reaching consequences on the organization, management and funding of general and specialist dental services. The preparation for this future begins with the disciplined management of the present situation, to avoid the pitfalls of a heuristic approach which has characterized many of the less consequential challenges of the past.

General dental practice is a pendulum which swings between the extremes of imperatives and evaluations, the continuance of its oscillations is wholly dependent upon the forces which act upon it. I hope this book gives the reader some insight into these vectors.

Raj Rattan

*January 1996*

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# Acknowledgements

I would like to thank my wife, Nicola, and my two children for their tolerance and patience during my many sessions of solitary confinement in the study.

I should also like to thank my many professional colleagues who have influenced and encouraged me in a positive way, but particularly those who inspired me during my formative years.

Thanks to Mansoor Ishani and Roger Cutler for the valuable experience and happy memories, and to Jonathon Portner for sharing his expertise in general practice.

Thanks also to Kevin Lewis who has been an oasis of inspiration not only for myself but for thousands of colleagues. I am especially grateful to him for writing the Foreword to this book.

I am also indebted to Robin Nagi, my partner at the Oxford practice, who has unselfishly assumed greater responsibility at that practice as my career has diversified.

In addition to the specific citations in the text, I am obliged to the publishers and editor of *The Dentist* for granting permission to adapt some of my articles which have been published in the magazine.

PART 1

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Introduction



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# An introduction to practice management

The earliest writings on management date back to the late nineteenth century, when management doctrines evolved, shaped by the observations of the era. The fundamental tenets of management remain concerned with controlling human, fiscal and material resources in order to achieve defined objectives. No single approach or theory of organization and management applies universally.

Modern dental practice, with its emphasis on quality in all activities, demands a quality-centred approach to management as dentists continue to acquire new clinical skills and help shape the future of professional care.

Management challenges which affect dentists at the present time include:

- changes in NHS dentistry
- developing the private sector
- managing social and regulatory changes
- professional development
- financial performance
- promoting quality in practice
- health and safety legislation.

The future always promises new and more demanding professional challenges fuelled by the speculative changes to the NHS, EC legislation and directives, the development of career pathways and continuing professional training.

The business challenges of dentistry are concerned with the creation of wealth, and the function of business management is to control costs, manage human resources, take decisions and monitor performance. The conscientious practitioner must be committed to this function of management because only through the creation of wealth can practice development and growth take place. Remember the old adage – *no profit, no practice!*

## Efficiency and effectiveness

Two concepts which are frequently discussed in this book are those of efficiency and effectiveness. Efficiency is a measure of doing things right in an appropriate time scale and effectiveness is concerned with doing the right things. Efficient practice results in:

- optimum use of time
- reduction in wastage of resources
- a balance between time spent and results achieved.

Effective outcomes manifest in:

- improved performance
- increased profitability
- attainment of goals
- proper use of resources.

## Management theories

A detailed review of management theories is beyond the scope of this text, but a discussion of some of the leading theories and how they relate to modern management thinking is fundamental to understanding how they have shaped the processes and systems involved in modern management.

### **FW Taylor (1856–1917)**

Taylor's scientific approach made certain assertions, namely that manual workers were solely motivated by financial reward, and this led to a payment method which was in direct proportion to work output. One hundred years after his proposals, the piece-work system of pay remains popular today. Indeed the NHS remuneration system for general dental practitioners was 100% dependent on this approach before October 1990 and 80% dependent on it since.

The basis of his 'scientific approach' reflects Taylor's view that work methods should be studied and analysed to improve speed of output in carefully controlled environments. The role of management was to provide the conditions for optimum performance and Taylor's approach left little to the discretion of the workers.

Taylor's views were adopted in the United States and parts of Western Europe but, interestingly, not in Japan. The consequences of this were much in evidence during the 1970s and 1980s when the Japanese approach to management was carefully studied by the West and many of the principles were then adopted and adapted by these countries.

Taylorism is still studied today, and many of his principles continue to colour the fabric of today's management principles. The theory can undoubtedly be applied to the practice of dentistry as it is carried out in general practice. Manual tasks often of a repetitive nature lend themselves to this approach but there are disadvantages. These are:

- work simplification routines may mean that new skills and techniques are not developed
- the emphasis on speed of output is inappropriate for a professional person. Efficiency in work methods is more appropriate
- the work atmosphere can be dehumanized, focusing on levels of activity other than total patient care
- clinicians and administrative staff do not discuss aspects of management together and this can alienate members of the dental team.

## **Henri Fayol (1841–1925)**

Fayol dissected five types of functions which he believed to be common to all organizations, irrespective of the nature of their business. These activities were identified as:

- technical
- commercial
- financial
- security
- managerial.

He further sub-divided the management activity to include planning and forecasting, organization, command, co-ordination and control.

Fayol's approach was entirely different to that of Taylor. Whereas Taylor focused on output and activity, Fayol preferred to look at organizational aspects of the workplace, and in this respect his approach complements Taylor's scientific theory.

The functions of management can be easily applied to the modern dental practice, and indeed the format of this book, with its sub-sections, owes much to how Fayol saw the prime functions of management.

## **Mary Parker Follett (1868–1933)**

In the 1930s, Mary Parker Follett was a prolific writer and researcher into management in the UK. Follett adopted a holistic view of management, placing emphasis on human relations within the workplace and the management of conflict.

Follett coined the term ‘the law of the situation’ where ‘orders’ became part of the product and part of the situation so that individuals did not feel that someone was giving commands and someone else was receiving them.

This approach can be beneficial when small teams are closely involved in working together for a common goal – a typical scenario within a practice. If unforeseen conflicting situations arise, then procedures and ‘rules’ automatically kick-in without the team leader necessarily giving a command. It reduces perceptions of hierarchy and subordination and creates a more harmonious team spirit.

## **Tom J Peters (b. 1942) and Robert H Waterman (b. 1936)**

Best known for their work *In Search of Excellence*, Peters and Waterman set out to investigate what made companies successful.<sup>1</sup> They studied 43 of the leading and most successful US organizations to ascertain what factors contributed most to their successes. They concluded that successful companies had several common characteristics.

At the head of the list was a commitment to carrying on the business that they were best at. The authors used the expression that the firms ‘stick to their knitting’. Other characteristics included:

- simplicity of corporate structure
- overriding concern for customer care
- policy to encourage entrepreneurial activity
- hands-on management where senior management is personally involved at all levels
- productivity through people; that is focusing on the team as a resource for quality and productivity.

A survey of some of the country’s most successful practices reveals very similar factors. Interestingly, the authors’ perception that the secret of success is to ‘stick with one’s knitting’ is well supported by a number of accountants specializing in dental practice affairs. They report a number of failed business ventures where practitioners have ventured further afield on the back of their practice successes, only to discover that practice management experience does

not necessarily guarantee equivalence in other fields. Sticking to one's knitting would appear to be sensible advice.

## Functions of dental practice management

Dental practice management is concerned with:

- setting professional and business objectives
- taking calculated business risks
- team building
- communication with peers and patients
- relating to outside agencies and organizations
- developing strategies for change.

The dentist must accept the responsibilities that go hand-in-hand with running a successful practice. These appear in the acronym POSDCORB (originally developed by L Gullick during the 1930s as a system for summarizing executive activities) which summarizes the processes which should be designed to fulfil management objectives.

Planning – Organization – Staffing – Directing –  
Co-ordinating – Reporting – Budgeting

Management techniques vary according to the nature of business activity. In reality, no single technique can cope with the vicissitudes of dental practice and the reader will prefer to adopt a technique suited to the situation.

## Management by crisis

A fire-fighting approach to the problems of everyday practice. Sometimes there is no option as situations that could not have been predicted develop and decisions have to be taken in the short term. Unexplained or unexpected absence of key members of the dental team, equipment breakdown or malfunction, clinical emergencies – all demand an immediate input from the practice manager to rectify the problem. The major disadvantage of management by crisis is that it does little to achieve long-term goals, but concentrates on short-term remedies which may not necessarily be in the long-term interest of the practice.

There is also the danger that situations are developing because there is a more fundamental problem. Crisis management in these circumstances

provides only symptomatic relief but fails to address the underlying cause. For example, repeated absence of a key member of the dental team can be disruptive in a busy practice and short-term solutions may include agency staffing or diverting another member of the team from another role. In the short term, the *status quo* may be restored, but the fundamental problem is one of staffing and must be addressed with a different management technique, as the diversion of one member of the team may create problems elsewhere.

## Management by exception (MBE)

In this technique, the principal only becomes involved in decision making under exceptional circumstances. The day-to-day running of the practice and the decision-making processes involved therein, are delegated to another member of the team. The practice manager usually fulfils this role and refers back to the practice principal only in exceptional circumstances.

The overriding advantage of MBE is that it frees valuable time and enables the dentist to devote more time to aspects of clinical care, which are less easily delegated. The disadvantage lies in the degree of overseeing that the principal may have to do if the practice manager does not have the necessary decision-making skills and experience. The 'it's quicker if I do it myself' anecdote is often heard in practices where delegation has been unsuccessful and management by exception has not worked. Other disadvantages are:

- 1 There is invariably a time lag from the time that a problem is discovered, the decision made to refer it to a higher authority (the principal), and the final solution. It is not a technique renowned for immediacy of action.
- 2 Minor variations in performance may never come to the notice of the principal because these fall within the tolerances allowed by the manager. This means that there could be a minor problem which ought, but fails to be, addressed at senior level.

One notable example of this disadvantage occurred in a large practice where the manager handled all queries involving outstanding accounts. The practice set the 'exception limit' at any one outstanding account as in excess of £100. Only three queries were referred to one of the partners, whereas the practice had total debts amounting to almost £3000, the vast majority being made up of less than the threshold value set for referral. The exception clause should, of course, have focused on the total value of the debt rather than looking at individual accounts over £100.

## Management by objectives (MBO)

The MBO technique offers many advantages in modern practice. The manager and subordinate jointly agree specific subordinate goals. Achievement is assessed by regular appraisal. A practice manager and dental assistant can discuss the formal job specification and identify result areas and set performance standards. The sequence for implementing this technique is set out below:

- principal defines practice objectives
- job specifications are produced
- outline responsibilities of individual personnel
- set performance standards
- agree targets
- co-ordinate individual targets with practice objectives
- introduce control systems to monitor performance
- revise targets and performance standards.

Alongside this routine it should be possible to develop the role of a senior member of the team with a view to delegating responsibility so that the principal then becomes responsible for managing one person, who in turn exercises control over the remainder of the team. In this way, management by exception is possible, with the manager reporting to the principal when circumstances demand.

The advantages of MBO include the following:

- 1 All practice employees have a key role to play and set targets.
- 2 The factors contributing to the success of each employee can be identified.
- 3 The practice principal is forced to sit down and think about practice objectives and the role each member of the dental team must play to achieve those objectives.
- 4 Employees participate in setting personal objectives.
- 5 Employees become better motivated.
- 6 Performance can be appraised.

Some of the disadvantages of MBO are:

- 1 A comprehensive MBO programme is time-consuming to develop.
- 2 It is not always easy to quantify targets for some aspects of dental work.
- 3 Appraisal can be difficult in certain procedures such as the efficacy of cross-infection control measures. Processes and procedures can be evaluated but absolute assessment is not possible unless culture tests are carried out at key sites.
- 4 Employees may not always be given the resources or the authority to achieve their targets, e.g. a dental assistant may find it difficult to maintain an adequate level of stock in the surgery if the main stock cupboard is locked and access is denied.

## Management audit

The process of audit is an important part of today's dental practice both at a clinical and managerial level. A management audit is a systematic review of an organization's management structure, policies and administrative procedures. A management audit in general practice should examine:

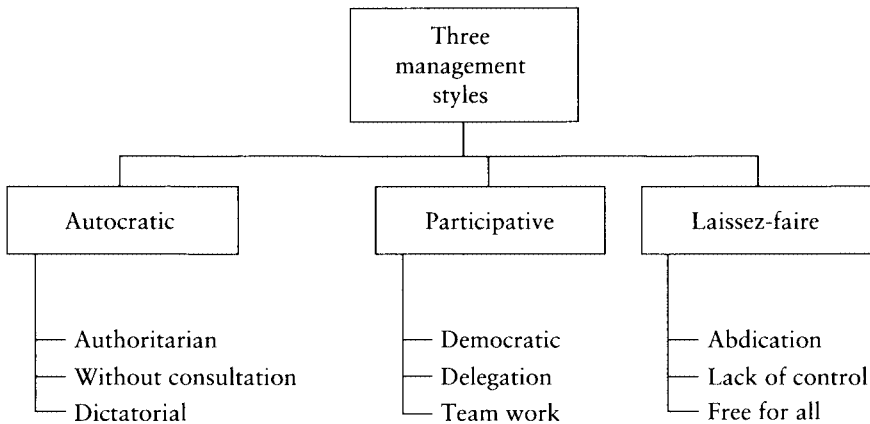
- span of control of key members of the dental team
- levels and extent of responsibility
- possible duplication of responsibility and activity
- level and quality of decision making
- ergonomic design of the workplace.

## Management styles

Style refers to the manner of execution of a management technique. Styles vary in degrees from the authoritative to the democratic with the laissez-faire approach representing a style of its own. It is a mistake for the dentist to adopt a particular style in the hope that a consistent style will establish consistent patterns of problem solving and management within the practice. Research suggests that the most successful managers are those who are able to adapt their style to suit different situations and different employees.

Some employees will respect and appreciate the participatory approach to management and will be motivated by being involved in decision making. Others will respond better to receiving instructions and directives and find it easier to act upon firm instructions. The characteristics of the different management styles are shown in Figure 1.1. A preferred style(s) of management is also influenced by concern for the people and the productivity of the practice. The managerial grid (Figure 1.2) developed by Robert Blake and Jane Mouton in 1964 is a taxonomy of management styles which reflects the balance between productivity concerns on the one hand and a concern for people on the other.

A 9,1 co-ordinate reflects an overwhelming concern for productivity and demonstrates scant regard for the people; a 1,9 co-ordinate reflects the opposite. Managers with a 5,5 rating have a 'firm but fair' approach to management, preferring to take a balanced view within the parameters of the grid. The ideal combination is found in the 9,9 manager whose commitment to maintaining a satisfied team is matched by an equal commitment to maintaining productivity. This is the optimum style in dental practice where a commitment to productivity should be matched by an equal commitment to quality.



**Figure 1.1** Characteristics of different management styles.

## Total quality management (TQM)

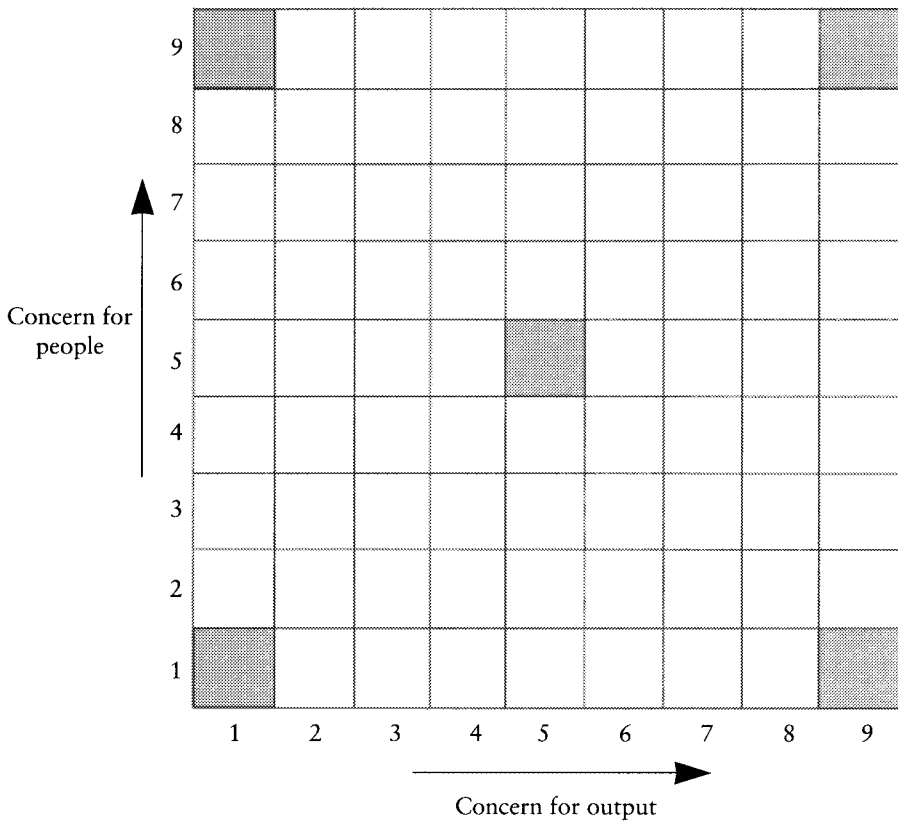
The emergence of total quality management techniques will have a major impact on practice management methodology. The introduction of IS 9000 has steered a number of practitioners away from the traditional approach to management towards the concepts of TQM. The TQM practice has the following characteristics:

- it is patient-centred
- it focuses on quality issues in all its activities
- every member of the practice team is dedicated to delivering a high quality of service.

The key features of TQM are shown in Figure 1.3.

TQM can be achieved by focusing on particular aspects of practice which include:

- **Interviews.** With members of the dental team to ascertain their levels of motivation, attitudes to work and knowledge of the common goals.
- **Statement of policy.** The dentist should make a statement which sets out their commitment to quality. This should be treated as a mission statement and its subtle connotations should be explained to all members of the dental team.
- **Practice meetings.** There should be opportunities for joint discussions between members of the team in how quality standards can be introduced to the practice. Many practices have a combination of experienced and less



Examples

The shaded areas represent differing styles and foci of activity:

- (1,9) people-centred management
- (9,1) production-centred management
- (9,9) integration of both – ideal
- (5,5) compromise management

Figure 1.2 The managerial grid.

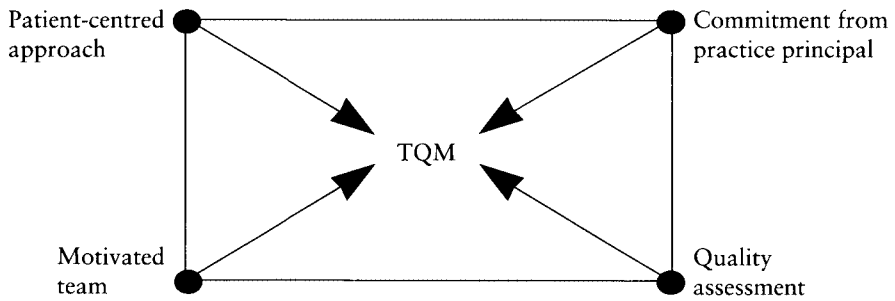


Figure 1.3 Key features of total quality management.

experienced personnel. Others may have progressed through the ranks, say, from dental assistant to receptionist to manager. These key people have much to offer their peers as far as quality issues are concerned.

- **Training opportunities.** The interview process will identify training needs, and opportunities should be provided for this. Training is an important part of TQM.
- **Monitoring.** Feedback and assessment are important if the practice is to make significant strides forward and embrace the concept of TQM.
- **Emphasis on team approach.** This is underlined by the contention that TQM is at its most effective when supported by a Quality of Working Life (QWL) background.<sup>2</sup> The creation of this background culture in general practice with a supportive team is one of the great challenges of modern practice management.

## IS 9000

The IS 9000 is a quality standard equivalent to British Standard 5750, published by the British Standards Institution (BSI). The IS 9000 does not set absolute standards of performance, nor does it give guidance on what constitutes quality. Instead, it focuses on administrative procedures as demonstrated by the need to prepare and produce a comprehensive procedures manual against which performance can be monitored. It highlights three areas of management:

- development of systems and procedures
- maintenance and monitoring
- evolution and improvement.

The five key criteria for acquisition of the standard in dental practice are:

- 1 Practice policy on quality assurance. This should be in a published format and signed by the practice principals/partners.
- 2 A comprehensive assessment and evaluation of administrative practice procedures and systems.
- 3 A thorough investigation of all practice activity, managerial and interpersonal including practice – patient interactions, to ensure that the quality ethos is reflected in all these areas.
- 4 The appointment of a quality standards supervisor who monitors standards and evaluates outcomes for improvement. The person designated this role may be an experienced practice manager/manageress or a dentist with management responsibility.
- 5 The standards and quality assurance processes should be fully explained in a practice manual or handbook.

The emphasis of IS 9000 is administrative, but clinical issues can be addressed through the process of clinical audit (see Chapter 26).

IS 9000 does have its critics who argue that as a package it is incomplete and offers only limited benefit to the professions.

The benefits of IS 9000 are that it is at least a structured programme and involves audit activities, and will help put in place procedures and protocols that will facilitate the day-to-day management of practice. In this respect, it has been suggested that the *process* of acquiring the standard has itself as much if not more value than the achievement of certification. It demands a policy statement to reflect quality assurance.

Practitioners committed to the TQM philosophy will find that it considerably facilitates the process of acquiring IS 9000 certification.

IS 9000 has been criticized because it does not address some key questions. For example:

- what are the baseline quality standards?
- what constitutes quality performance?
- do the procedures and organizational systems yield the maximum benefit?

IS 9000 is equivalent to the European Community Standard 29000 (EN 29000).

## Golden rule management

In the last decade major corporations have focused on people-centred management. Leading exponents of this philosophy have been Anita Roddick of The Body Shop and Lord Sieff, formerly of Marks and Spencer.<sup>3</sup> What emerges from an analysis of their philosophy (and those of many others) is the concept of profitability without undervaluing the human relationships. This approach has led to what has been described as Golden Rule Management, an approach which sets out to:

- treat people fairly and in a courteous manner
- treat people according to merit
- offer praise and feedback to motivate them
- have an open-door policy
- blend criticism with praise.

Lord Sieff adds what he considers to be the most important principles in business:

- never forget the importance of satisfying the customer
- simplify procedures for maximum efficiency