



**REALISE  
YOUR  
POWER.**

**AIM  
RESEARCH**

Prepared for:  
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Australian Institute of Management  
Date:  
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**ORGANISATIONAL  
CAPABILITY  
BENCHMARKING  
REPORT  
2015**



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## Introduction

This report compares the differences between ratings on management capability (MCI scores) provided by your organisation against the national MCI scores recorded by organisations that participated in the 2015 Australian Management Capability Index (AMCI) Survey.

MCI scores are based on an organisation's self-assessment of ten key drivers (categories) of management capability that contribute to sustainable performance and (where relevant) business growth. All ratings are out of a total possible score of 100.

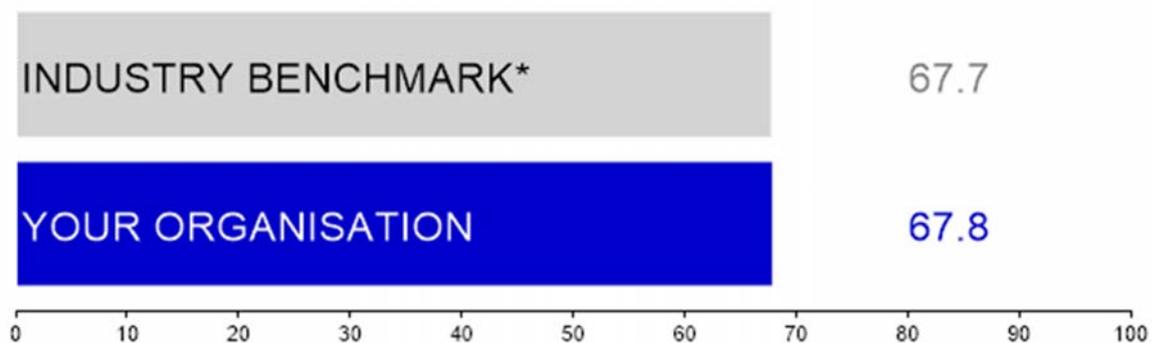
The overall (all categories) MCI score, recorded for your organisation has been weighted, in line with relevant AMCI Survey weightings, for accurate comparative purposes. Refer to the Appendix at the end of this report for details of the weightings used to calculate the overall MCI for your organisation.

Where multiple surveys have been completed by decision makers in your organisation, the results have been aggregated into overall organisation scores.

Details of the AMCI Survey report and category definitions are also included in the Appendix at the end of this report.

## Summary of Results

An overall (all categories) MCI score of 67.8 was recorded for your organisation. This compares to the 67.7 national MCI score recorded in the 2015 AMCI Survey.

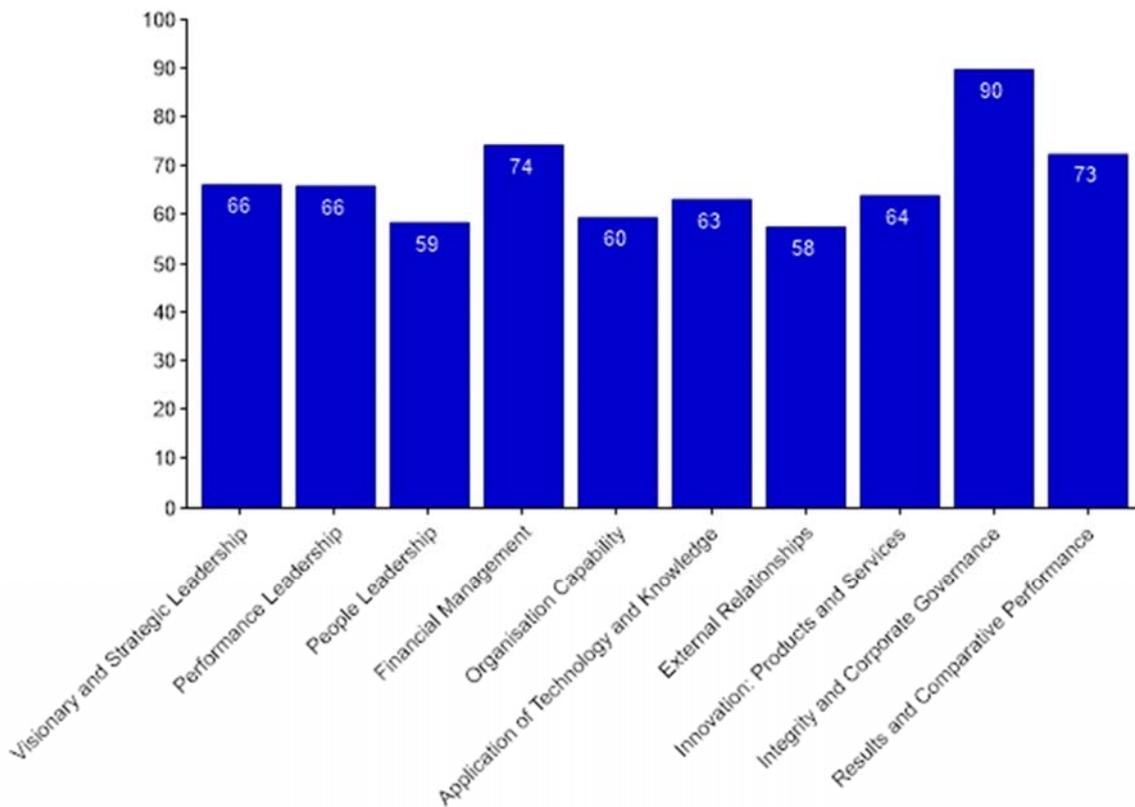


On an individual category basis, your organisation assesses itself as being most capable in:

- Integrity and Corporate Governance
- Financial Management
- Results and Comparative Performance

Your organisation assesses itself as least capable in:

- External Relationships
- People Leadership
- Organisation Capability



At a category level, the most concerning variation between your organisation and the AMCI Survey results were recorded for *External Relationships* category (a variation of -13.9)

The following two tables use colour codes to highlight the degree of variation between your organisation score and the benchmark score.

Red is displayed for any of your scores that are more than 5% below the benchmark score.

Orange is displayed for scores that are up to 5% below the benchmark score.

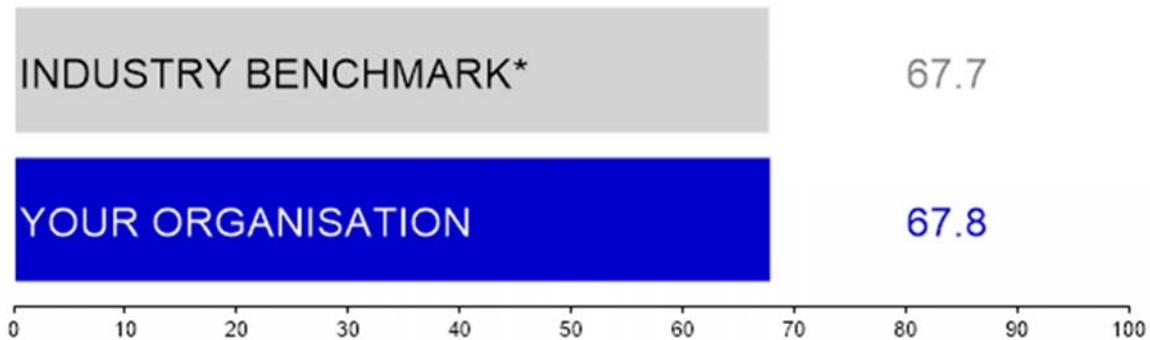
Green is displayed for any of your scores that are the same or higher than the benchmark score.

Category Score		
1.	Visionary and Strategic Leadership	
2.	Performance Leadership	
3.	People Leadership	
4.	Financial Management	
5.	Organisation Capability	
6.	Application of Technology and Knowledge	
7.	External Relationships	
8.	Innovation: Products and Services	
9.	Integrity and Corporate Governance	
10.	Results and Comparative Performance	

## Report Results

### Overall Comparisons

An overall (all category) MCI of 67.8 was recorded for your organisation. This compares to the 67.7 national MCI score recorded in the 2015 AMCI Survey.



### Comparison by Category

On an individual category basis, your organisation assesses itself as being most capable in:

- Integrity and Corporate Governance (89.8)
- Financial Management (74.3)
- Results and Comparative Performance (72.5)

Your organisation assesses itself as least capable in:

- External Relationships (57.6)
- People Leadership (58.5)
- Organisation Capability (59.5)

Category (Drivers of Management Capability)	Your MCI	AMCI (2015)	Difference in Scores	% Difference
1. Visionary and Strategic Leadership	66.3	64.6	1.7	2.6%
2. Performance Leadership	66.0	67.8	-1.8	-2.7%
3. People Leadership	58.5	64.7	-6.2	-9.6%
4. Financial Management	74.3	74.8	-0.6	-0.7%
5. Organisation Capability	59.5	62.9	-3.4	-5.4%
6. Application of Technology and Knowledge	63.3	64.4	-1.2	-1.8%
7. External Relationships	57.6	71.5	-13.9	-19.4%
8. Innovation: Products and Services	64.0	65.8	-1.8	-2.7%
9. Integrity and Corporate Governance	89.8	82.9	6.8	8.3%
10. Results and Comparative Performance	72.5	66.6	5.9	8.9%
<b>Overall MCI (All Categories)</b>	<b>67.8*</b>	<b>67.7*</b>	<b>0.1</b>	<b>0.2%</b>

\*weighted

The greatest variation in MCI individual category scores, recorded between your organisation and the national AMCI Survey results, was for the *External Relationships* category (variance of -13.9).

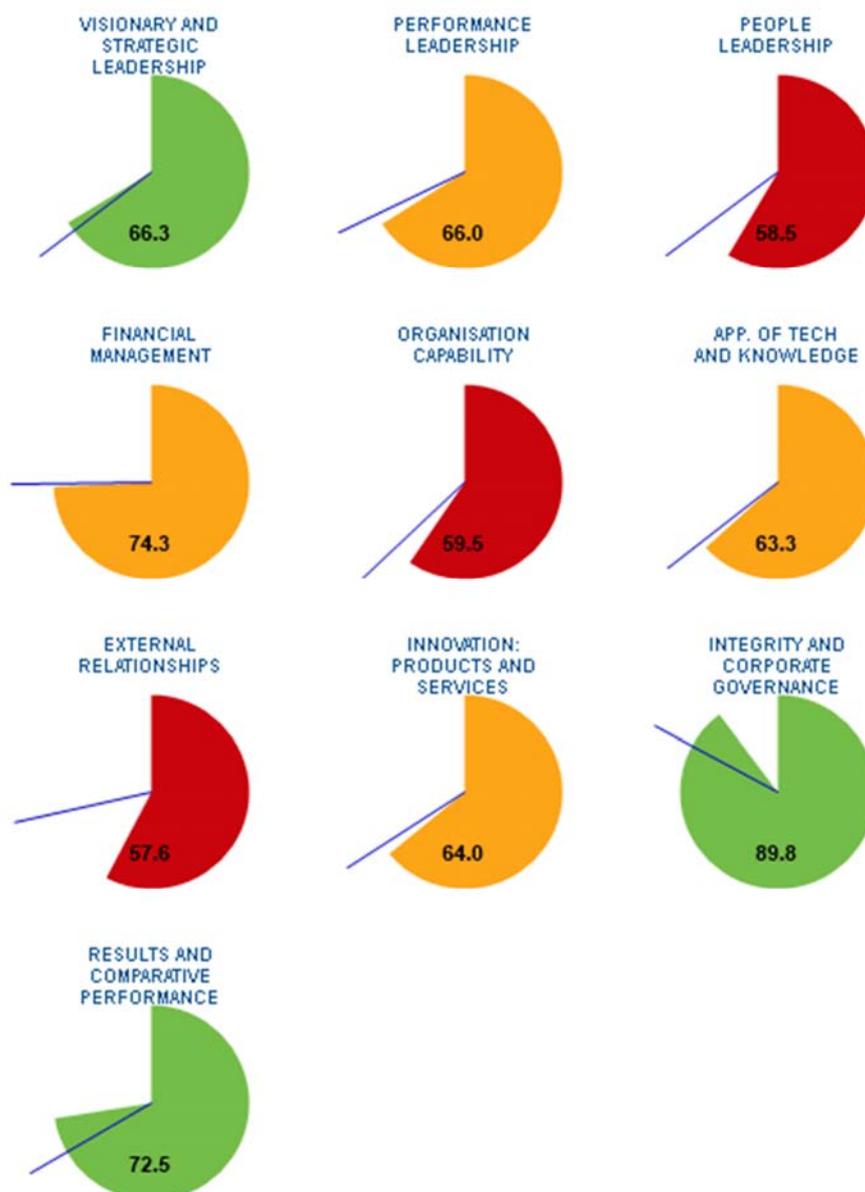
The following charts illustrate the difference between your organisation scores and the benchmark scores.

Red is displayed for any of your scores that are more than 5% below the benchmark score.

Orange is displayed for scores that are up to 5% below the benchmark score.

Green is displayed for any of your scores that are the same or higher than the benchmark score.

The blue line is the benchmark score.



## Comparisons by Sub-Category

On a sub-category basis, the variation that deserves most attention was *Management practices corporate social responsibility*, which is part of *External Relationships* category (a variation of -63.8% from the national score).

The following table uses colour codes to highlight the degree of variation between your organisation score and the benchmark score.

Red is displayed for any of your scores that are more than 5% below the benchmark score.

Orange is displayed for scores that are up to 5% below the benchmark score.

Green is displayed for any of your scores that are the same or higher than the benchmark score.

Module	Question Topic				
Visionary and Strategic Leadership	1.a	1.b	1.c	1.d	1.e
Performance Leadership	2.a	2.b	2.c	2.d	2.e
People Leadership	3.a	3.b	3.c	3.d	3.e
Financial Management	4.a	4.b	4.c	4.d	4.e
Organisation Capability	5.a	5.b	5.c	5.d	5.e
Application of Technology and Knowledge	6.a	6.b	6.c	6.d	6.e
External Relationships	7.a	7.b	7.c	7.d	7.e
Innovation: Products and Services	8.a	8.b	8.c	8.d	8.e
Integrity and Corporate Governance	9.a	9.b	9.c	9.d	9.e
Results and Comparative Performance	10				

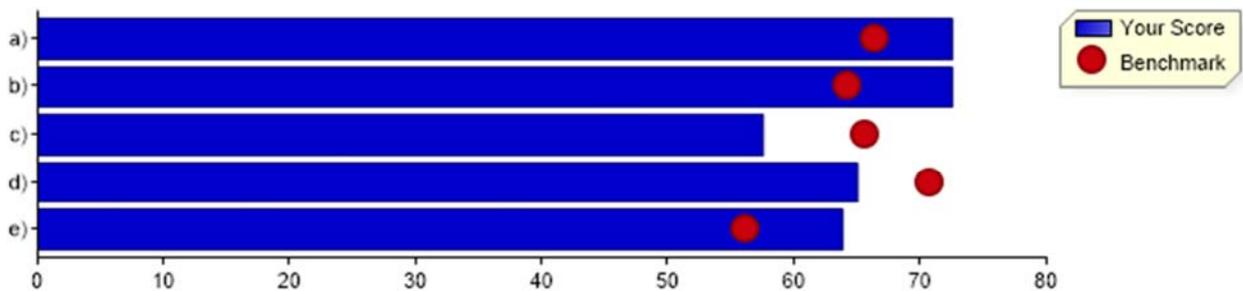
### Visionary and Strategic Leadership:

Your organisation recorded a variation of 2.6% to the 2015 AMCI overall category score for the *Visionary and Strategic Leadership* category.

The greatest variation in MCI sub-category scores recorded within the *Visionary and Strategic Leadership* category, was recorded in the sub-category *The vision and supporting goals underpin and guide managerial decisions and behaviour*. (-12.5% variance).

Category: Visionary and Strategic Leadership		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management articulates a clear and inspiring vision that is well understood.	72.5	66.4	6.1	9.2%
b)	Management actively fosters and encourages ownership of the vision by staff.	72.5	64.3	8.2	12.8%
c)	The vision and supporting goals underpin and guide managerial decisions and behaviour.	57.5	65.7	-8.2	-12.5%
d)	Management plans with a view to growing the business while meeting the needs of shareholders/owners, taking into account employee, supplier, customer, and other shareholder interests.	65.0	70.7	-5.7	-8.1%
e)	Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking.	63.8	56.1	7.7	13.6%
<b>Overall Category MCI</b>		<b>66.3</b>	<b>64.6</b>	<b>1.7</b>	<b>2.6%</b>

The following table highlights the difference between your organisation score and the benchmark score.



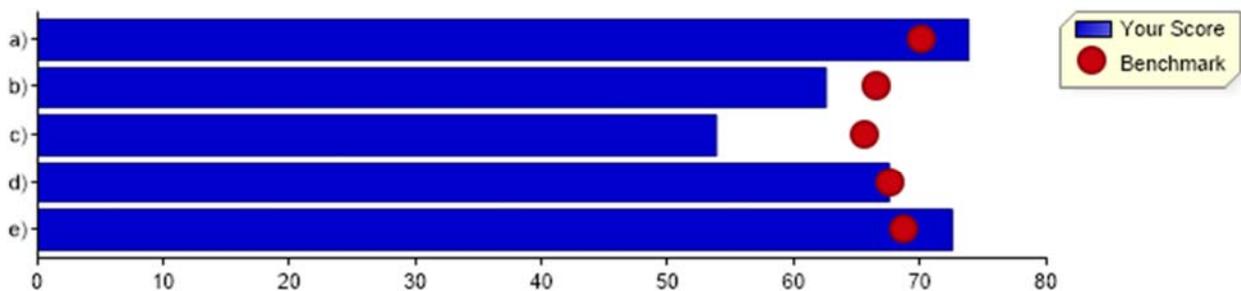
## Performance Leadership:

Your organisation recorded a variation of -2.7% to the 2015 AMCI overall category score for the *Performance Leadership* category.

The greatest variation in MCI sub-category scores recorded within the *Performance Leadership* category, was recorded in the sub-category *Management balances risk with achievement, not risk avoidance (i.e. management is not risk averse)*. (-18.2% variance).

Category: Performance Leadership		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management ensures the organisation is strongly goal, performance, and achievement focused.	73.8	70.1	3.7	5.2%
b)	Management demonstrates the ability and attitude to lead the achievement of challenging goals and change.	62.5	66.6	-4.1	-6.2%
c)	Management balances risk with achievement, not risk avoidance (i.e. management is not risk averse).	53.8	65.7	-12.0	-18.2%
d)	The organisation consistently meets its performance goals and has a performance track record of growth and of continually improving performance.	67.5	67.6	-0.1	-0.1%
e)	The organisation consistently performs better than its competitors or other comparable organisations.	72.5	68.8	3.7	5.4%
<b>Overall Category MCI</b>		<b>66.0</b>	<b>67.8</b>	<b>-1.8</b>	<b>-2.7%</b>

The following table highlights the difference between your organisation score and the benchmark score.



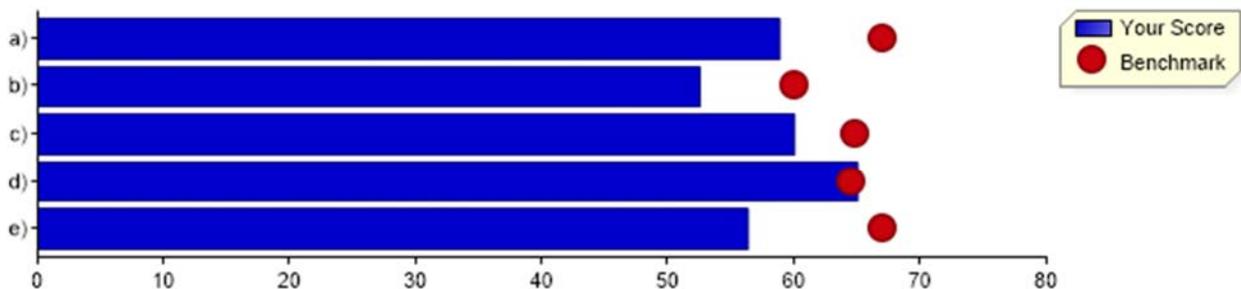
## People Leadership:

Your organisation recorded a variation of -9.6% to the 2015 AMCI overall category score for the *People Leadership* category.

The greatest variation in MCI sub-category scores recorded within the *People Leadership* category, was recorded in the sub-category *Management maintains a culture supportive of today's employee values - not stifled by structure and hierarchy*. (-16.0% variance).

Category: People Leadership		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management attracts, retains, develops, motivates, and leads an effective team capable of achieving company objectives.	58.8	67.1	-8.3	-12.4%
b)	Human resource planning is an integral part of the annual business planning process.	52.5	60.0	-7.5	-12.5%
c)	Management provides enhanced leadership - acts as a role model, is committed to developing subordinates and leading people.	60.0	64.8	-4.8	-7.4%
d)	Management is strong on empowerment - allows scope for people to grow and contributes toward employee's growth and therefore enhancing their CV.	65.0	64.5	0.5	0.8%
e)	Management maintains a culture supportive of today's employee values - not stifled by structure and hierarchy.	56.3	67.0	-10.8	-16.0%
<b>Overall Category MCI</b>		<b>58.5</b>	<b>64.7</b>	<b>-6.2</b>	<b>-9.6%</b>

The following table highlights the difference between your organisation score and the benchmark score.



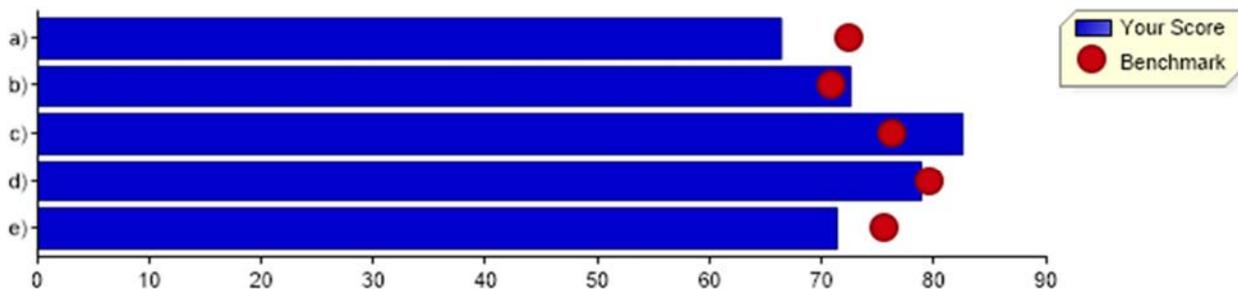
## Financial Management:

Your organisation recorded a variation of -0.7% to the 2015 AMCI overall category score for the *Financial Management* category.

The greatest variation in MCI sub-category scores recorded within the *Financial Management* category, was recorded in the sub-category *Management develops and commits to plans and goals that support sound growth and continuing performance improvement*. (-8.6% variance).

Category: Financial Management		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management develops and commits to plans and goals that support sound growth and continuing performance improvement.	66.3	72.5	-6.3	-8.6%
b)	Management leads and manages the business to consistently achieve or exceed these goals.	72.5	70.9	1.6	2.3%
c)	Management practices sound and effective management of the organisation incl. financial planning, accounting, cash flow management, investment, financial reporting, and liaison with financial institutions.	82.5	76.2	6.3	8.3%
d)	Management has experienced accounting and financial personnel for its financial management.	78.8	79.6	-0.8	-1.1%
e)	Management has in place sound and effective internal control systems through supervision and internal audit.	71.3	75.5	-4.3	-5.6%
<b>Overall Category MCI</b>		<b>74.3</b>	<b>74.8</b>	<b>-0.6</b>	<b>-0.7%</b>

The following table highlights the difference between your organisation score and the benchmark score.



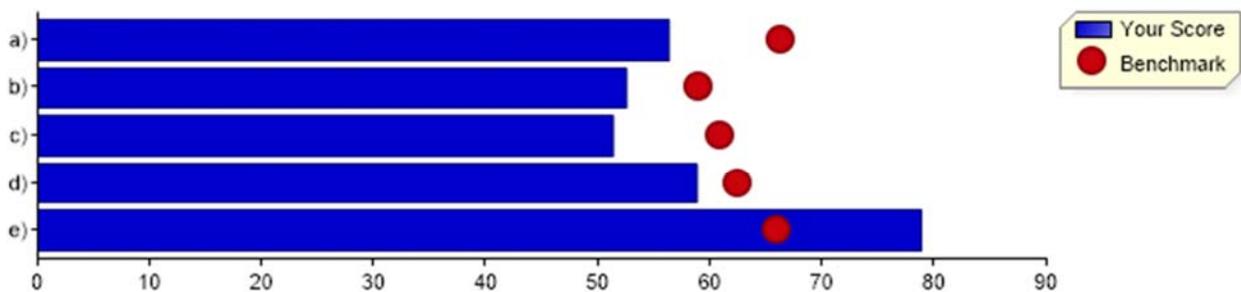
## Organisation Capability:

Your organisation recorded a variation of -5.4% to the 2015 AMCI overall category score for the *Organisation Capability* category.

The greatest variation in MCI sub-category scores recorded within the *Organisation Capability* category, was recorded in the sub-category *Management builds organisation capability, a culture of innovation and research, and an organisation dedicated to continuous improvement*. (-15.2% variance).

Category: Organisation Capability		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management builds organisation capability, a culture of innovation and research, and an organisation dedicated to continuous improvement.	56.3	66.3	-10.1	-15.2%
b)	Management brings about and maintains a "boundary-less" organisation, which is confident and effective in leading and managing a non-hierarchical structure.	52.5	58.9	-6.4	-10.9%
c)	Management effectively balances strong effective teams with free (independent) individuals.	51.3	60.9	-9.7	-15.8%
d)	Management has a sound understanding and effective application of best management practices to achieve organisational goals and objectives.	58.8	62.5	-3.8	-6.0%
e)	Management demonstrates strong commitment to continuous learning for both individuals and the organisation.	78.8	66.0	12.8	19.3%
<b>Overall Category MCI</b>		<b>59.5</b>	<b>62.9</b>	<b>-3.4</b>	<b>-5.4%</b>

The following table highlights the difference between your organisation score and the benchmark score.



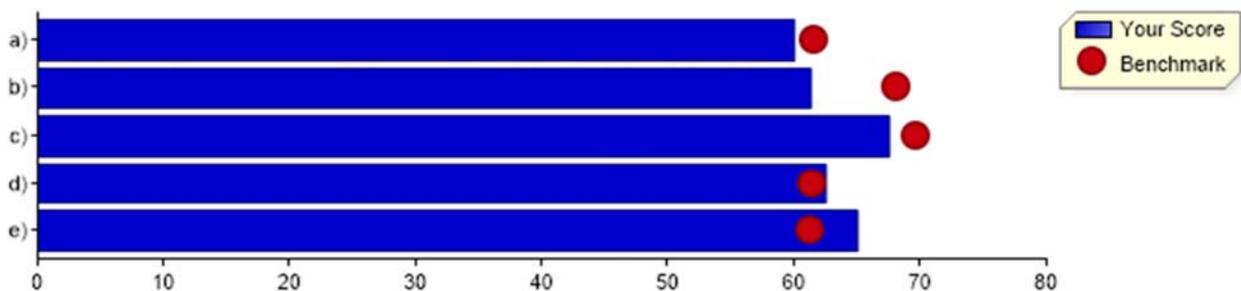
## Application of Technology and Knowledge:

Your organisation recorded a variation of -1.8% to the 2015 AMCI overall category score for the *Application of Technology and Knowledge* category.

The greatest variation in MCI sub-category scores recorded within the *Application of Technology and Knowledge* category, was recorded in the sub-category *Management understands the impact of technology on organisations and on work itself*. (-10.1% variance).

Category: Application of Technology and Knowledge		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management exploits information technology and brings about a knowledge driven organisation.	60.0	61.6	-1.6	-2.6%
b)	Management understands the impact of technology on organisations and on work itself.	61.3	68.1	-6.8	-10.1%
c)	Management understands the value and application of knowledge in organisations.	67.5	69.6	-2.1	-3.0%
d)	Management applies effective knowledge and information management.	62.5	61.4	1.1	1.8%
e)	Management practices knowledge management and promotes a learning organisation culture.	65.0	61.3	3.7	6.0%
<b>Overall Category MCI</b>		<b>63.3</b>	<b>64.4</b>	<b>-1.2</b>	<b>-1.8%</b>

The following table highlights the difference between your organisation score and the benchmark score.



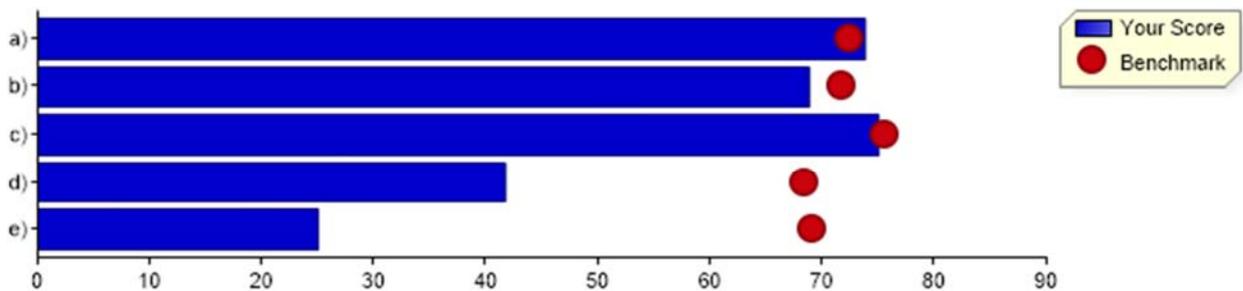
## External Relationships:

Your organisation recorded a variation of -19.4% to the 2015 AMCI overall category score for the *External Relationships* category.

The greatest variation in MCI sub-category scores recorded within the *External Relationships* category, was recorded in the sub-category *Management practices corporate social responsibility*. (-63.8% variance).

Category: External Relationships		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management develops networks and spheres of influence with stakeholders.	73.8	72.5	1.3	1.7%
b)	Management maintains networks and spheres of influence with stakeholders.	68.8	71.7	-2.9	-4.1%
c)	Management ensures the organisation has a positive external image through the building of effective relationships with all stakeholders including customers and suppliers.	75.0	75.6	-0.6	-0.8%
d)	Management ensures the organisation has a positive external image through the fulfilment of community and social obligations.	41.7	68.4	-26.7	-39.1%
e)	Management practices corporate social responsibility.	25.0	69.1	-44.1	-63.8%
<b>Overall Category MCI</b>		<b>56.8</b>	<b>71.5</b>	<b>-14.7</b>	<b>-20.5%</b>

The following table highlights the difference between your organisation score and the benchmark score.



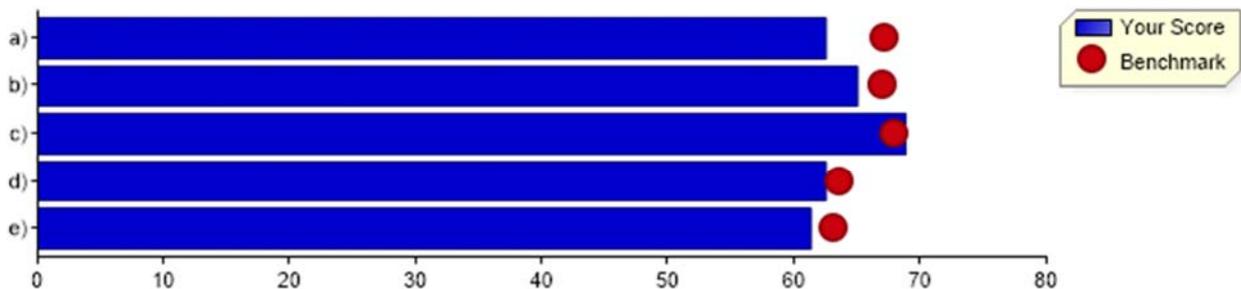
## Innovation — Products and Services:

Your organisation recorded a variation of -2.7% to the 2015 AMCI overall category score for the *Products and Services* category.

The greatest variation in MCI sub-category scores recorded within the *Innovation: Products and Services* category, was recorded in the sub-category *Management and employees create the climate for and encourage continuous innovation in products and services*. (-7.0% variance).

Category: Innovation — Products and Services		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management and employees create the climate for and encourage continuous innovation in products and services.	62.5	67.2	-4.7	-7.0%
b)	Management and employees recognise innovation as an important aspect of business and for all the organisation's processes - innovation is part of the organisation's culture.	65.0	67.0	-2.0	-3.0%
c)	Management and employees recognise that innovation leads the business to new dimensions of performance.	68.8	68.0	0.8	1.1%
d)	Management and employees practise innovation to create new value for the business, customers, and shareholders.	62.5	63.6	-1.1	-1.7%
e)	Management and employees practise innovation to expand the market and increase the market share.	61.3	63.2	-2.0	-3.1%
<b>Overall Category MCI</b>		<b>64.0</b>	<b>65.8</b>	<b>-1.8</b>	<b>-2.7%</b>

The following table highlights the difference between your organisation score and the benchmark score.



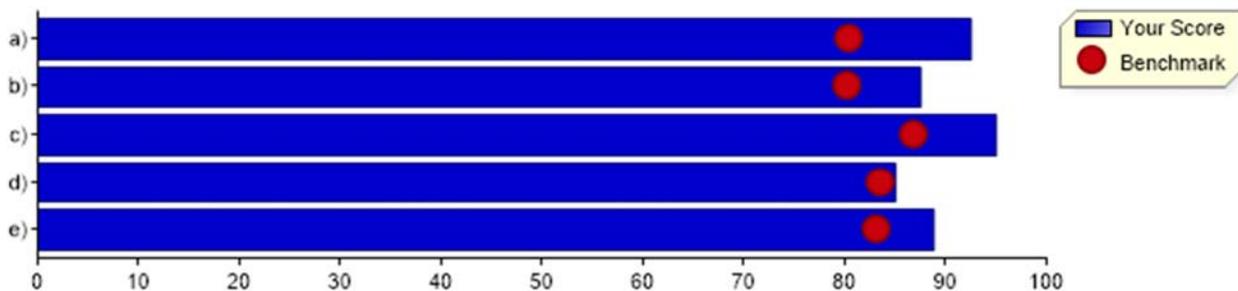
## Integrity and Corporate Governance:

Your organisation recorded a variation of 8.3% to the 2015 AMCI overall category score for the *Integrity and Corporate Governance* category.

All subcategory scores within the *Integrity and Corporate Governance* category recorded for your organisation are the same or higher than the relevant benchmark scores. The subcategory that recorded the least variation was recorded in the sub-category *The organisation promotes an established standard of ethical behaviour for directors, management and employees, based on integrity and code of proper conduct.* (1.7% variance).

Category: Integrity and Corporate Governance		Your MCI	AMCI (2015)	Difference in Scores	% Difference
a)	Management and employees understand ethical principles in making decisions on the organisation's affairs.	92.5	80.5	12.0	14.9%
b)	Management and employees follow ethical rules and procedures for making decisions on the organisation's affairs.	87.5	80.3	7.2	9.0%
c)	Management and employees adhere to legislation, regulations, and guidelines in administering the business of the organisation.	95.0	86.8	8.2	9.4%
d)	The organisation promotes an established standard of ethical behaviour for directors, management and employees, based on integrity and code of proper conduct.	85.0	83.6	1.4	1.7%
e)	The organisation practices integrity and ethical behaviour as being good for long term business and profitability.	88.8	83.3	5.4	6.5%
<b>Overall Category MCI</b>		<b>89.8</b>	<b>82.9</b>	<b>6.8</b>	<b>8.3%</b>

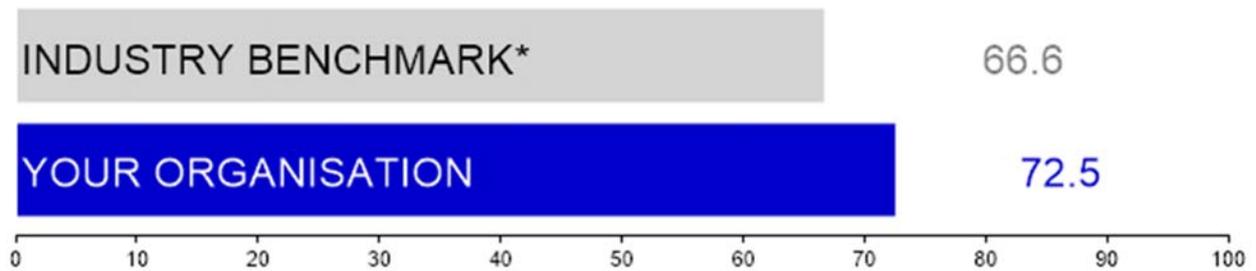
The following table highlights the difference between your organisation score and the benchmark score.



## Results and Comparative Performance:

Your organisation recorded a variation of 5.9 to the 2015 AMCI overall category score for the *Results and Comparative Performance* category.

Category: Results and Comparative Performance	You MCI	AMCI (2015)	Difference in Scores	% Difference
The performance results are the most important measures of management capability. Please reflect on the key measures your organisation uses to quantify performance results (for example, growth in revenue over the past 5 years) and rate your organisation's current position.	72.5	66.6	5.9	8.9%



## Appendix

### About Management Capability

Management capability refers to the potency of an organisation's collective management competencies as they can be applied to achieve desired outcomes.

Management capability, therefore, does not simply reflect the total sum of a management team's competencies or required abilities.

Management capability describes how effectively the management team puts into practice its combined competencies to deliver business results.

All competencies are important. But without the ability to apply them—to actually have the organisation, the people and the processes in the organisation deliver performance in order to make things happen towards some purpose, vision, strategic goals and shorter term performance goals—these competencies would not be of much value to the organisation.<sup>1</sup>

A high functioning management team will effectively harness its different abilities, preferences and strengths to meet the changing demands of the operating environment and achieve its outcomes.

As captured in the MCI category *Results and Comparative Performance*, the measurement of management capability must link the application of competencies with performance results.

### About the Australian Management Capabilities Index

The Australian Management Capability Index (AMCI) measures and sets the baseline for ten categories of management capability. Organisations can use it to identify areas where managers can improve and track their performance over time.

The AMCI is adapted from the Management Capability Index (MCI) established by the New Zealand Institute of Management (NZIM). It was first administered to Australian organisations in 2011/12. This year's AMCI is the third consecutive Survey conducted on Australian organisations.

The 2015 AMCI survey was conducted online in early 2015. A total of 429 respondents from across the breadth of Australian organisations took part.

Senior decision makers (Managers) within the organisation completed the AMCI survey online and self-assessed ten categories of management capability that contribute to sustainable performance and, where relevant, profitable growth.

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<sup>1</sup> Malaysian Institute of Management and Malaysian Productivity Corporation, October 2010, *Malaysian Management Capability Index 2010*, p 7.

The AMCI report compares results by ownership type, industry, employee numbers, annual \$ turnover, managerial level and gender. It tabulates and averages survey responses and uses prescribed weightings to generate a potential score out of 100.

## AMCI Weightings

The weighting of the ten categories (indicating their degree of importance in the final index) are as follows:

Category Weightings		
1.	Visionary and Strategic Leadership	15%
2.	Performance Leadership	10%
3.	People Leadership	10%
4.	Financial Management	10%
5.	Organisation Capability	5%
6.	Application of Technology and Knowledge	5%
7.	External Relationships	5%
8.	Innovation: Products and Services	10%
9.	Integrity and Corporate Governance	5%
10.	Results and Comparative Performance	25%
<b>Total</b>		<b>100%</b>

## Report and Category Definitions

The definitions that form the basis for the AMCI are as follows:

<b>Management capability and related concepts</b>	
<b>Management capability is the capacity to apply management competencies within an organisation to achieve desired results.</b>	
<b>Competencies</b>	These are general descriptions of the abilities necessary to perform successfully in a particular job or position. Competency profiles are used as the basis for defining the requirements of a particular position and for predicting individual performance in the position.
<b>Competence</b>	This is having the requisite or adequate ability or qualities to perform well or to a required standard.
<b>Capability</b>	This is the demonstrated capacity to achieve through effective use of abilities or competencies for a particular purpose.

<b>Australian Management Capability Index categories</b>	
<b>Definitions for each of the ten categories that make up the AMCI are as follows:</b>	
<b>Visionary and strategic leadership</b>	Articulates a clear and inspiring vision for the organisation and team, and identifying the best ways to move towards the organisation's vision, mission, objectives and goals while at the same time taking into account the needs of all stakeholders. Demonstrates a global perspective and understanding of global markets and global thinking.
<b>Performance leadership</b>	Ensures an achievement oriented organisation and team that is able to manage risks and constant changes, while consistently striving for performance excellence and continuous improvement.
<b>People leadership</b>	Makes human resource planning, talent management and development an integral part of the organisation. Maintains an open structure that encourages growth and empowerment of its people.
<b>Financial management</b>	Practices sound and effective financial management of the organisation. Leads and manages the organisation to consistent performance improvements and profitable growth.
<b>Organisation capability</b>	Builds a culture of innovation and research with emphasis on continual improvement and learning both for the individual and organisation. Maintains a 'boundary-less' organisation with effective application of best management practices to achieve organisational goals and objectives.
<b>Application of technology and knowledge</b>	Brings about a knowledge driven organisation that understands and exploits information technology and knowledge management to improve performance of organisation.
<b>External relationships</b>	Builds effective relationships with all stakeholders and develops and maintains networks and spheres of influence.



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<b>Innovation – products and services</b>	Encourages continuous innovation in products and services in creating new value for the organisation.
<b>Integrity and corporate governance</b>	Consistently adheres to ethical principles having set specific rules and procedures for making decisions on organisation’s affairs. Has an established standard of ethical behaviour for directors and stakeholders based on trustworthiness and values that are accepted or upheld. Adheres to legislation, regulations and guidelines in administering the business of the organisation.
<b>Results and comparative performance</b>	Measures and monitors business performance and goals as the key performance indicators and scorecard of the organisation. Recognises that performance results are the most important measures of management capability.