

SOUND MANAGEMENT CONCEPT AND FRAMEWORK

ALL YOU HAVE EVER WANTED TO KNOW ABOUT THE SOUND
MANAGEMENT BUT HAVE NEVER DARED TO ASK

Part 1

Introduction to the Sound Management Concept

Version revised by DeVeaux Brault & Associés on April 1st, 2010



ALL YOU HAVE EVER WANTED TO KNOW ABOUT THE SOUND MANAGEMENT CONCEPT BUT HAVE NEVER DARED TO ASK

Part 1 : introduction to the concept

More than ever, the directors of companies and the professional managers will have to face a need for accountability. In fact, managers will have to prove from now on a sound management of the assets and resources that were entrusted to them. For 20 year now, the [Ordre des administrateurs agréés du Québec](#) have developed and collated the generally accepted Sound Management principles.

This presentation was revised and generously enriched by the INSTITUTE OF SOUND MANAGEMENT. We divided it into three major parts: the introduction to the concept of Sound Management, the implementation of the Sound Management using the [Management Framework](#)©, and the [Sound Management Audit](#)© .

Accordingly, the first part is a simple and visual introduction to the Sound Management concept and model. You are invited to get acquainted to the concept and to forward this document to your colleagues and friends. Please, let us know your comments or any other questions.

Bernard Brault, F.Adm.A., F.CMC

Institute of Sound Management

[Management Framework](#)© *Deveaux Brault et associés*

[Sound Management Audit](#)©. *Ordre des Administrateurs Agréés du Québec*

Part 1: Introduction to the concept of Sound Management:

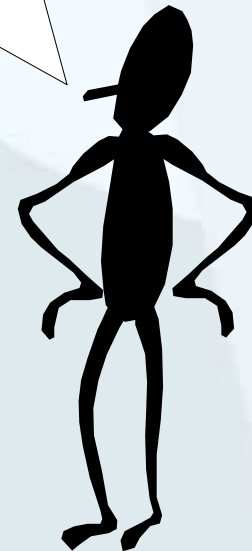
Hello, I will be your guide for this presentation. I'm going to accompany you along the following pages to help you understand the concept of Sound Management as presented by the ISM and the OAAQ's fundamental principles.

For more information: two more presentations are available:

Part 2: The Sound Management Framework
Part 3: The Sound Management Audit®

The Sound Management Audit® is registered trademark of the Ordre des administrateurs agréés du Québec

This professional act enables all chartered administrators to issue a conformity opinion attesting to the compliance of a management practice or framework with the generally accepted Sound Management principles.



Here are the items that we are going to review together in the part 1.



Table of contents

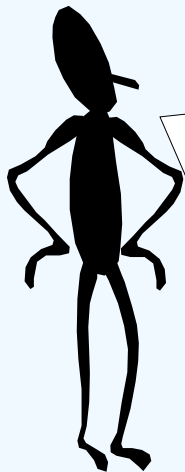
1. The Sound Management concept
2. The Sound Management model
3. The OAAQ's Sound Management principles
4. How to implement the Sound Management model

The Sound Management concept was born in the late 1980's. The concept has been developed in order to bring consistency and responsibility in the managerial profession. Today, the concept is well developed and can be applied through the use of effective guides and tools.

GAPSM. This is a guide of Generally Accepted Principles of Sound Management edited by *L'Ordre des Administrateurs Agréés du Québec*

A Sound Management framework standard to Sound Management principles:

In the form of *action to be taken*, it acts as a guide to practically apply Sound Management in governance and management.



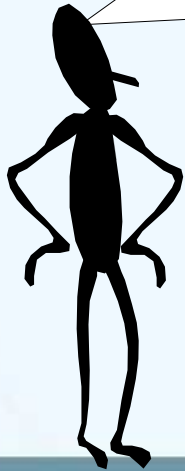
GASMP

1. Sound Management concept

Essentially, the concept of Sound Management refers to:

- 1) Virtues which are always valid in a society of right and wrong
- 2) Characteristic of ethics and trust.

Those are the origins of a trusty management obligation



1. Sound Management origins

What were the objectives of the OAAQ when they decided to develop the Sound Management principles and rules?

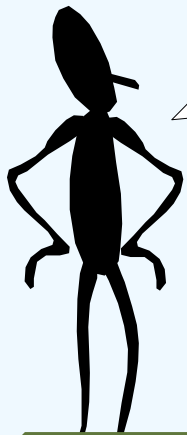
1. Determine conventions of managerial best practices
2. Establish a generally common vocabulary in order to describe management cases otherwise impossible to clearly describe
3. Organise and control management practicing
4. Establish a credible management diagnostic that will later become the 'Sound Management Audit®'



1. Sound Management origins

The process of elaborating norms based on management best practice while starting from the classical approach (i.e. the managerial functions) proved quickly to be useless.

In order to be able to qualify management as being SOUND, we had to find and to apply the universal values of probity and integrity for each administrative act.



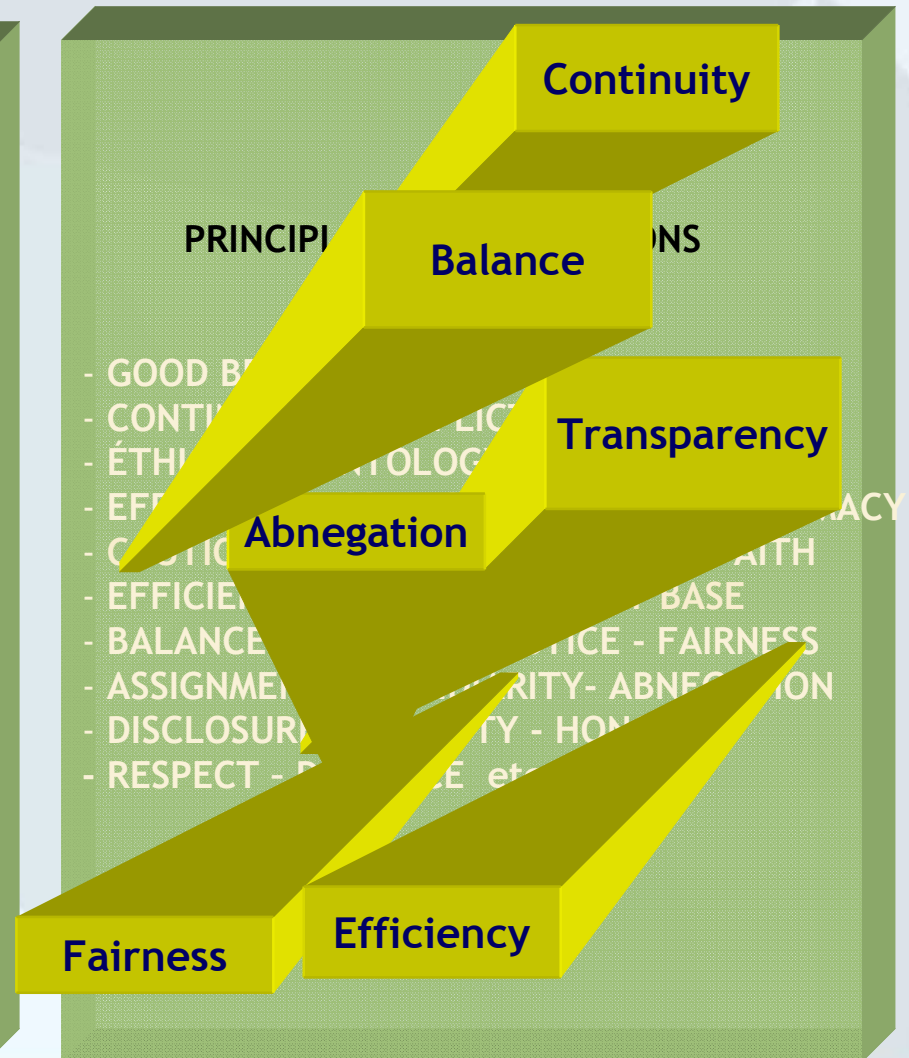
PODCC



Analysing the origins of the obligation and selecting the fundamental principles among the miraculous formulas for success

BUSINESS PRINCIPLES (How to succeed)

- Listen to your client
- Build your business productivity on motivation
- Do what you know!
- Consider ethics among the management values (Law of the shared values)
- Collectively own solutions in order to manage ambiguity
- Emphasize the importance of fairness for a better working climate
- Managing means negotiating (3rd type manager)
- Have a strong sense of what excellence means
- Motivate by encouraging employees to assume more responsibilities
- Be proactive in order to win!
- Making money is not the only success (Beyond the 30 attributes listed, without taking into account the outdated values)



1. Sound Management Concept

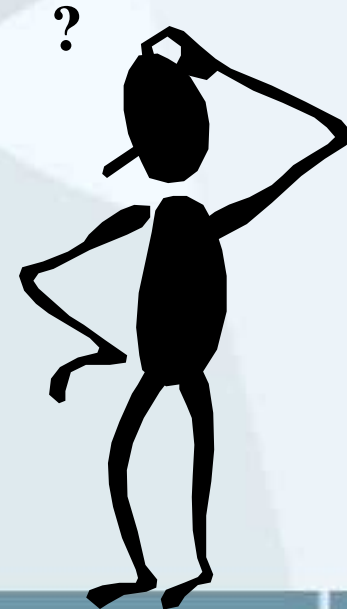
It relates to the origin of the manager's obligation

**SOUND MANAGEMENT
Concept**

What is the difference between the Sound Management Concept and the Sound Management Model?

It relates to the need to define the management practice as a profession

**SOUND MANAGEMENT
Model**



2. How the Sound Management model was born

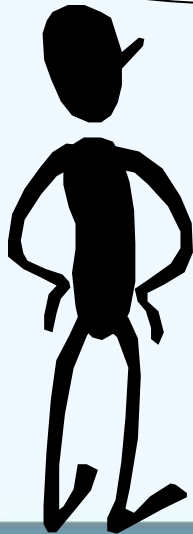


2. The Sound Management model

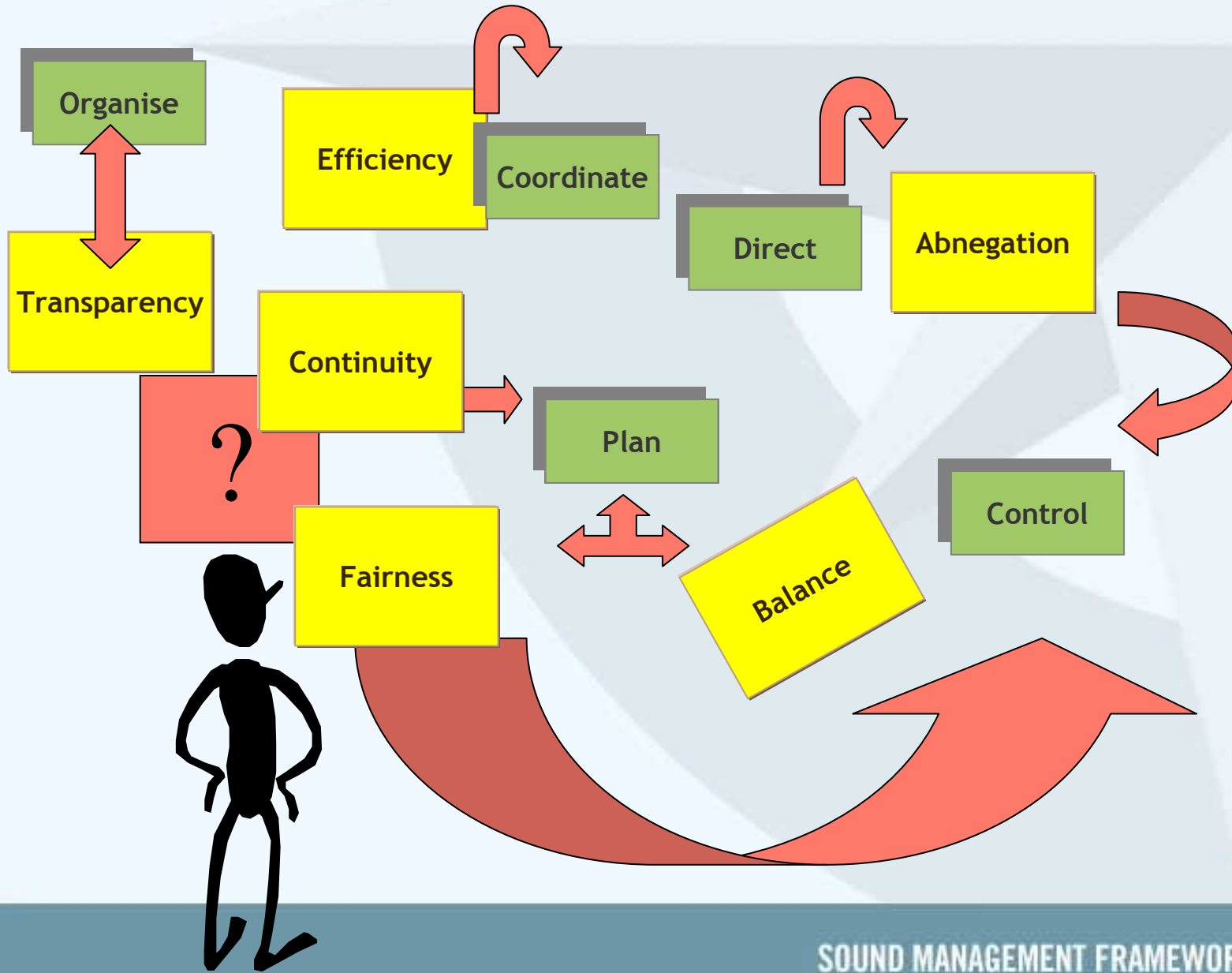
We understand by the Sound Management model the way to implement the Sound Management concept on a daily basis.

The model combines fundamental Sound Management principles: Transparency, Continuity, Efficiency, Balance, Fairness, and Abnegation **with** the classic theory, generally called managerial functions: Plan, Organise, Direct, Control, and Coordinate (PODCC).

Basically, the practice of Sound Management evolves around the combination of the fundamental principles and managerial functions.



2. How the Sound Management model was born

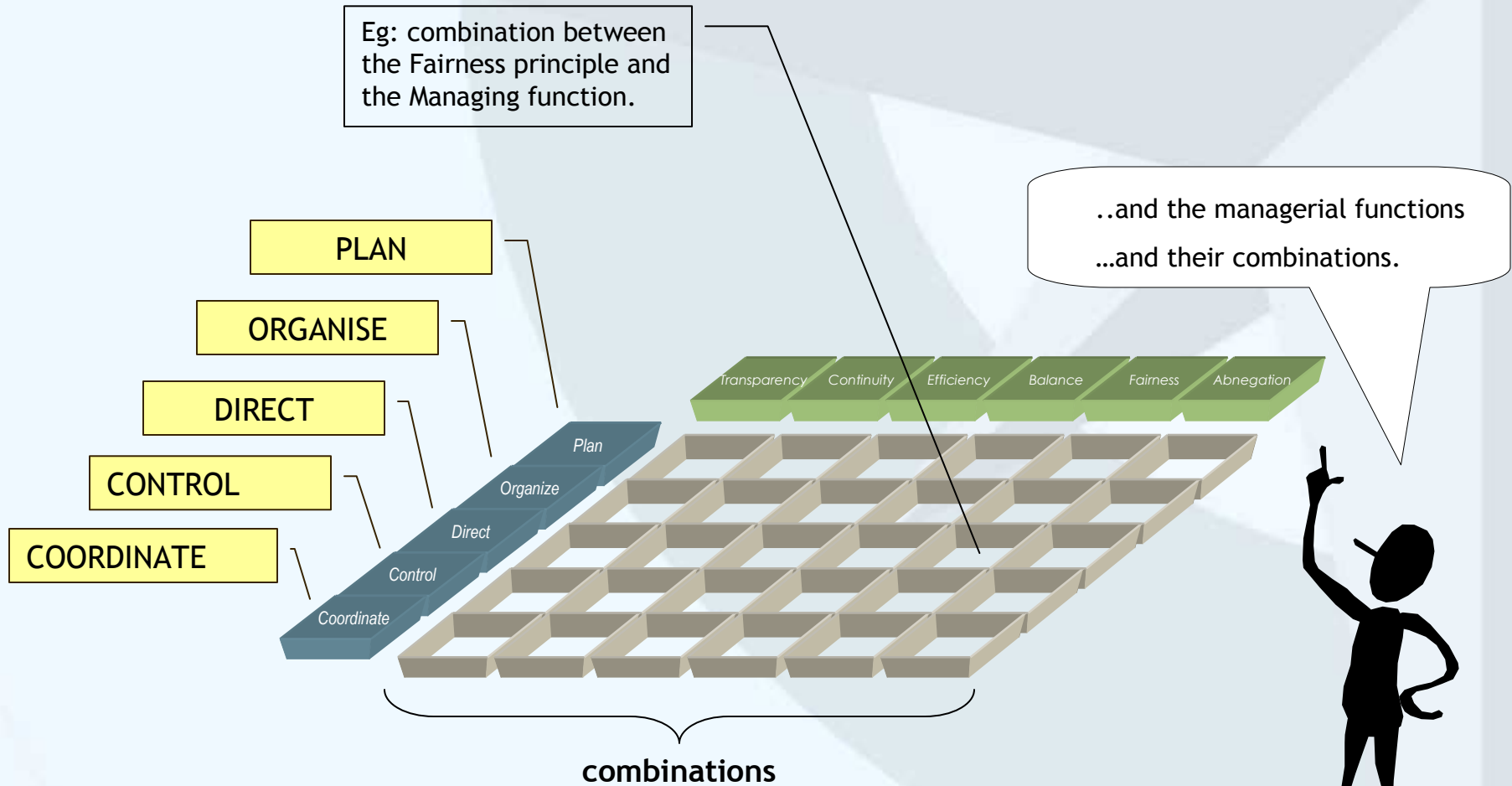


2. How the Sound Management model was born

	Transparency	Continuity	Efficiency	Balance	Fairness	Abnegation
Plan						
Organise						
Direct						
Control						
Coordinate						

Organizing in accordance with a matrix management approach

2. The Sound Management model



MANAGEMENT BEST PRACTICE

METHODICAL APPROACH TO SOUND MANAGEMENT SYSTEM (MODEL)



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MANAGEMENT CONSULTANTS

Fundamental Principles

Functions of Management

	1 TRANSPARENCY	2 CONTINUITY	3 EFFICIENCY	4 BALANCE	5 FAIRNESS	6 ABNEGATION
PLAN 7	Planning while keeping Transparency in mind 8	Planning while keeping Continuity in mind 9	Planning while keeping Efficiency in mind 10	Planning while keeping Balance in mind 11	Planning while keeping Fairness in mind 12	Planning while keeping Abnegation in mind 13
ORGANISE 14	Putting procedures in place while keeping Transparency in mind 15	Putting procedures in place while keeping Continuity in mind 16	Putting procedures in place while keeping Efficiency in mind 17	Putting procedures in place while keeping Balance in mind 18	Putting procedures in place while keeping Fairness in mind 19	Putting procedures in place while keeping Abnegation in mind 20
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CONTROL 28	Verifying procedures are respected while keeping Transparency in mind 29	Verifying procedures are respected while keeping Continuity in mind 30	Verifying procedures are respected while keeping Efficiency in mind 31	Verifying procedures are respected while keeping Balance in mind 32	Verifying procedures are respected while keeping Fairness in mind 33	Verifying procedures are respected while keeping Abnegation in mind 34
COORDINATE 35	Coordinating the functioning of procedures while keeping Transparency in mind 36	Coordinating the functioning of procedures while keeping Continuity in mind 37	Coordinating the functioning of procedures while keeping Efficiency in mind 38	Coordinating the functioning of procedures while keeping Balance in mind 39	Coordinating the functioning of procedures while keeping Fairness in mind 40	Coordinating the functioning of procedures while keeping Abnegation in mind 41

There is the representation of the Sound Management Model that we sometimes call **Sound Management grid**. Notice that it consists of a combination of the fundamental principles and the managerial functions.



COMPANY FUNCTIONS : MARKETING

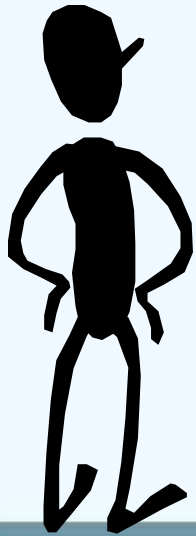
DEPARTMENT OR SERVICE

PRODUCTION FUNCTIONS

R&D FUNCTIONS

2. The Sound Management model

Finally, it is by combining the fundamental principles and the managerial functions that the application model is born. If we add the business functions, we get a real functional tool.



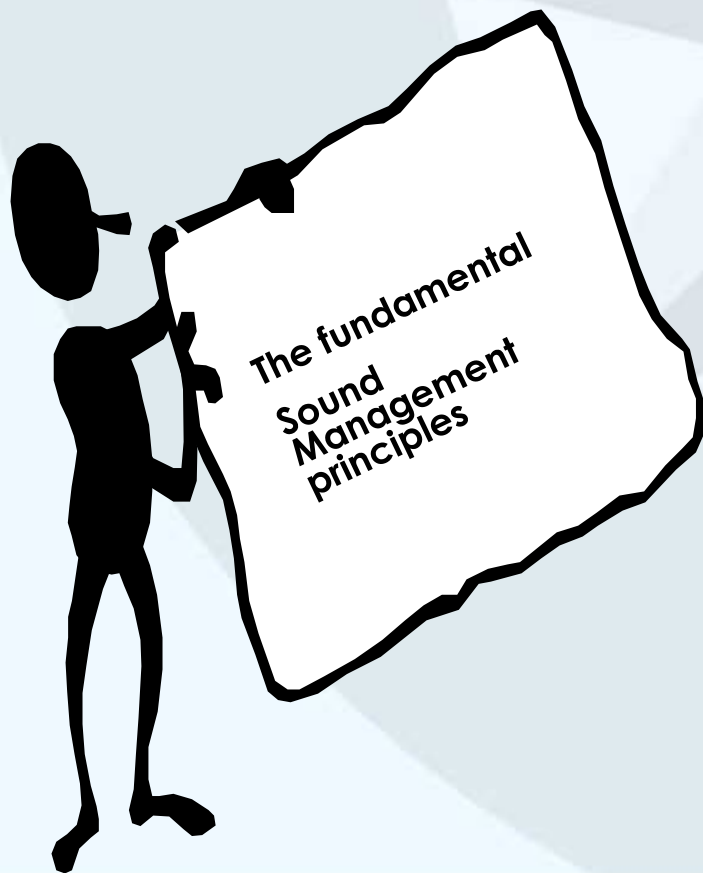
Functions

**SOUND MANAGEMENT
model**

Combination

**Six fundamental
principles**

**Managerial
functions**



GAPSM

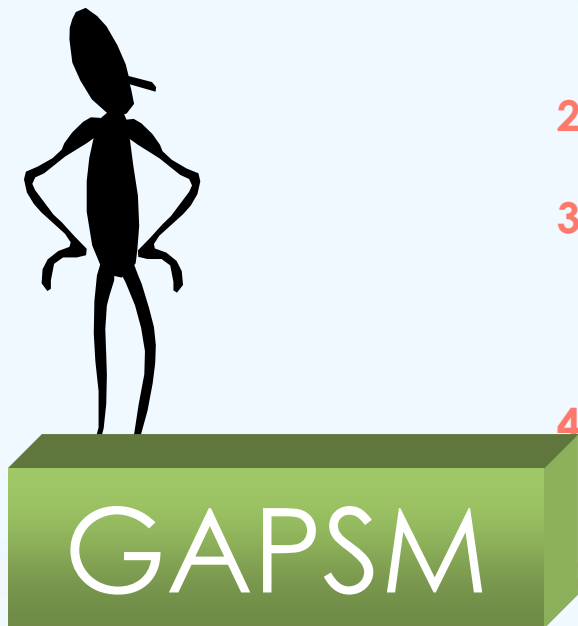
SOUND MANAGEMENT FRAMEWORK



3. Sound Management principles origins

Back in 1989, a multidisciplinary team mandated by the OAAQ established the six fundamental principles according to a certain intellectual strictness and to the following identification rules:

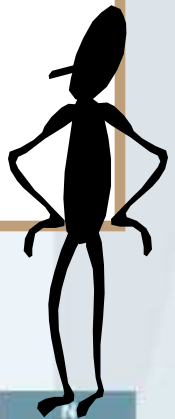
1. A fundamental principle was meant to represent a value to be found at the origins of the individual's obligation to behave in a certain way.
2. A principle was meant to describe a behaviour based on integrity and probity.
3. A fundamental principle was meant to express a management value; it shouldn't stand for the means or the process allowing to respond an obligation.
4. A principle wasn't meant to express by itself a management practice, but it was meant to underline the ethical acts and practices.
A principle wasn't meant to be the latest formula for success, but it was meant to be universal and time-independent.



The Sound Management basic principles.

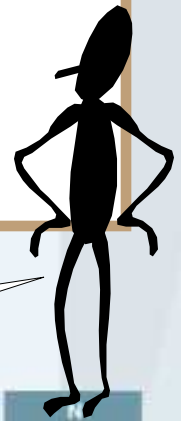
The concept	Words	Practicing
Transparency	<p>...the one who is empowered with this task must render account for their actions (GAPSM 2.2.1)</p>	<p>Glass chamber Accountability Render account</p>
Continuity	<p>The organisation must survive those who manage it. (GAPSM 2.3.2)</p>	<p>Transfer and shift of power Documentation and files Conflict resolution</p>
Efficiency	<p>The manager, aware that every resource is limited, must systematically be concerned (...) make minimum use of those resources (...) in order to optimise the achievement. (GAPSM 2.4.2)</p>	<p>Every resource is limited Especially resources which have been trusted Effectiveness</p>

Here are the first three principles



The Sound Management basic principles.

The concept	Words	Practicing
Balance	<p>.....The manager must differentiate between means and ends (GAPSM 2.5.3)</p>	<p>Check and balance Help for other fundamental principles application. In medio stat virtus</p>
Fairness	<p>No one may discriminate when it comes to employment , training, duration of a probation period etc. (GAPSM 2.6.3)</p>	<p>Canadian and Quebec Charter of human rights Rule of law Abusive or arbitrary exercise of power</p>
Abnegation	<p>...foregoes, in favour of the organization, any personal advantage or interest other than that which has been contractually or explicitly granted ...(GAPSM2.7.1)</p>	<p>Conflict of interest Subordinate his interests Potential or real conflict.</p>



The three last principles

MANAGEMENT BEST PRACTICE

METHODICAL APPROACH TO SOUND MANAGEMENT SYSTEM (MODEL)



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For instance, let's see what cell 23 says
MANAGE AND CONTINUITY

		Fundamental Principles					
		1 TRANSPARENCY	2 CONTINUITY	3 EFFICIENCY	4 BALANCE	5 FAIRNESS	6 ABNEGATION
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COMPANY FUNCTIONS : MARKETING
DEPARTMENT OR SERVICE
PRODUCTION FUNCTIONS
R&D FUNCTIONS

Extracts from
GAPSM

GAPSM

...manages, without bias or omitting any information which, if known otherwise, would cause his personal interest to make an altogether different decision.

4.4.9 DIRECTING AND CONTINUITY

NORM

4.4.9-1 The deciding manager must ensure the survival of his business beyond his administration. He will act in such a fashion that his main assistant and subordinates are adequately prepared to ensure the execution of his tasks and to take over his managerial responsibilities during his absence or after his departure.

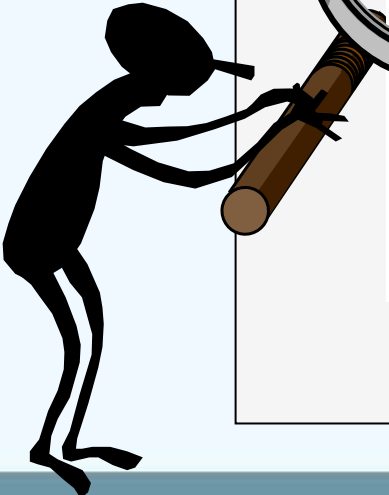
4.4.10 DIRECTING AND EFFICIENCY

4.4.10-1 The deciding manager must employ in a rational manner, the means and resources to achieve optimum results as per the anticipated objectives.

4.4.11 DIRECTING AND BALANCE

NORM

4.4.11-1 The deciding manager must judiciously assess each of his actions and decisions relative to the company's means and resources. This is how the deciding manager exhibits balance in exercising the practice of sound management.



First extract
from GAPSM



which he manages, without bias or omitting any information which, if known otherwise, would cause his principal to make an altogether different decision.

4.4.9 DIRECTING AND CONTINUITY

NORM

4.4.9-1 The deciding manager must ensure the survival of his business beyond his administration. He will act in such a fashion that his main assistant and subordinates are adequately prepared to ensure the execution of tasks and to take over his managerial responsibilities during his absence or after his departure.

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MANAGEMENT BEST PRACTICE

METHODICAL APPROACH TO SOUND

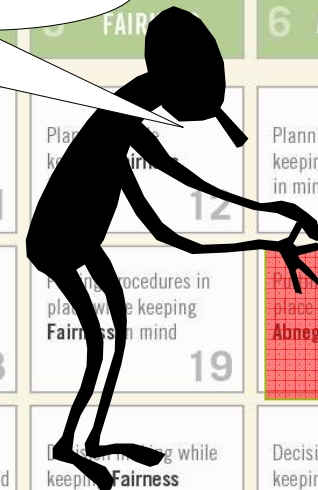
ARMA



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Let's take another example: What shall we find in cell number 20
ORGANIZE AND ABNEGATION?

		Functions of Management					
		1 TRANSPARENCY	2 CONTINUITY	3 EFFICIENCY	4 BALANCE	5 FAIRNESS	6 ABNEGATION
Functions of Management	PLAN 7	Planning while keeping Transparency in mind 8	Planning while keeping Continuity in mind 9	Planning while keeping Efficiency in mind. 10	Planning while keeping Balance in mind 11	Planning while keeping Fairness in mind 12	Planning while keeping Abnegation in mind 13
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COMPANY FUNCTIONS : MARKETING

DEPARTMENT OR SERVICE

PRODUCTION FUNCTIONS

R&D FUNCTIONS

Second extract
from GAPSM



4.3.3-1 As provided in paragraph 2.6, the principle of fairness implies a fair and equitable treatment for every individual working in the organization.

4.3.3-2 The manager who has the power to assign resources must ensure that each individual involved, has access to equitable and sufficient resources in accomplishing their task. Moreover, he must make sure there is no iniquity as to:

- employment
- allocation of tasks and responsibilities
- salaries, wages, and other remuneration
- material resources
- financial resources

Situations provided in the Law and specifically those mentioned in paragraph 2.6.7 are not considered as unfair.

4.3.4 ORGANIZING AND ABNEGATION

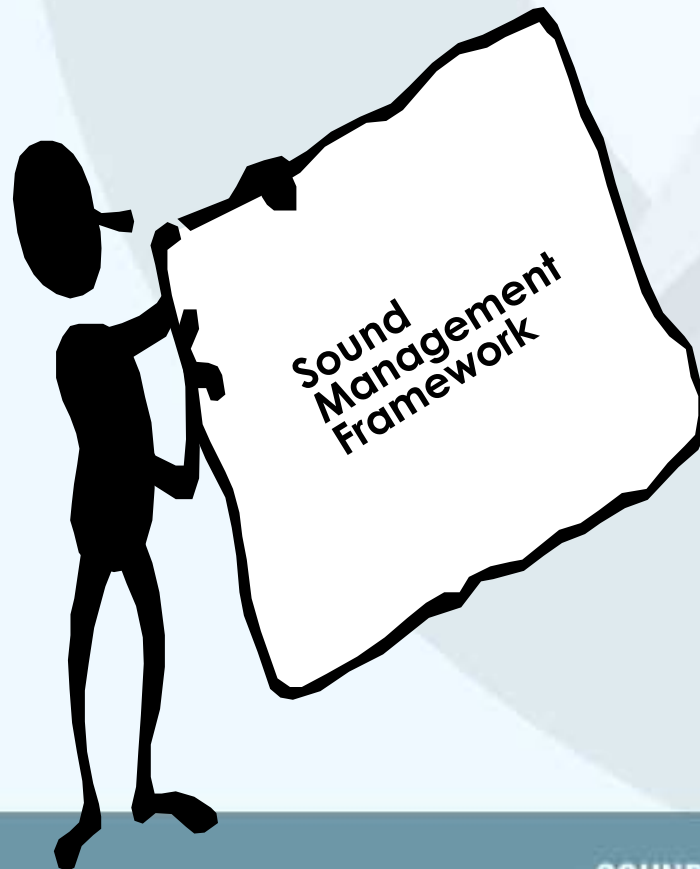
NORMS

4.3.4-1 The manager who has the power to secure and assign resources must ensure that such resources are used for no other purposes than that of the organization.

4.3.4-2 The manager who acts in a reasonable and prudent fashion will not use his power to obtain benefits, directly or indirectly, at the expense of the business or of the organization.

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4. Brief presentation of the Sound Management Concept applications



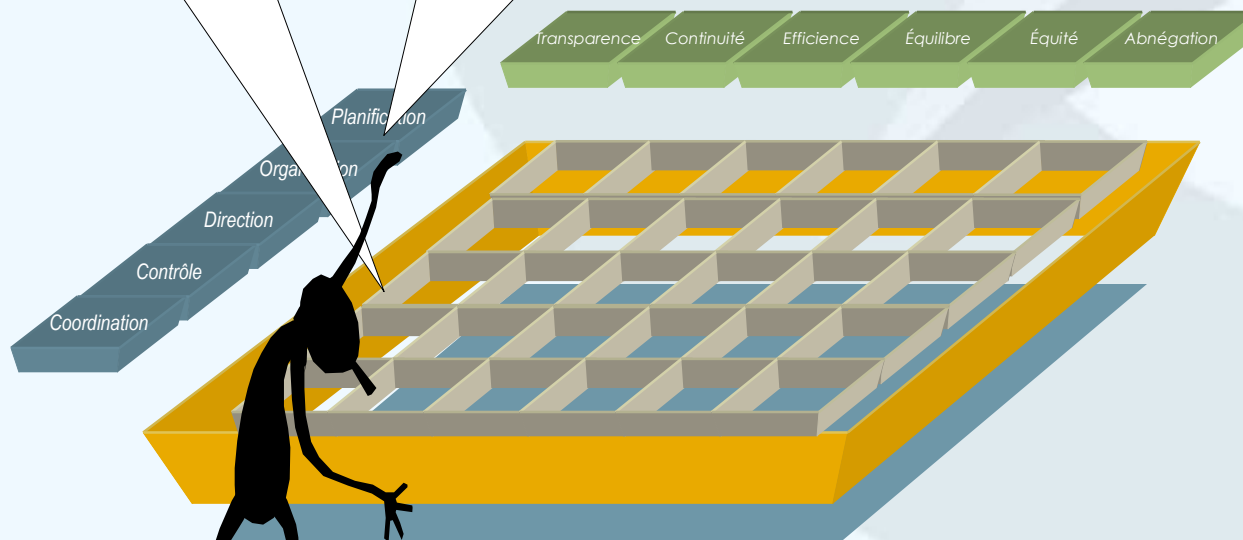
4. Sound Management model application – the management framework

The WHAT to do and HOW to do it!

A management framework is a definite area.

Within which an organization management develops.

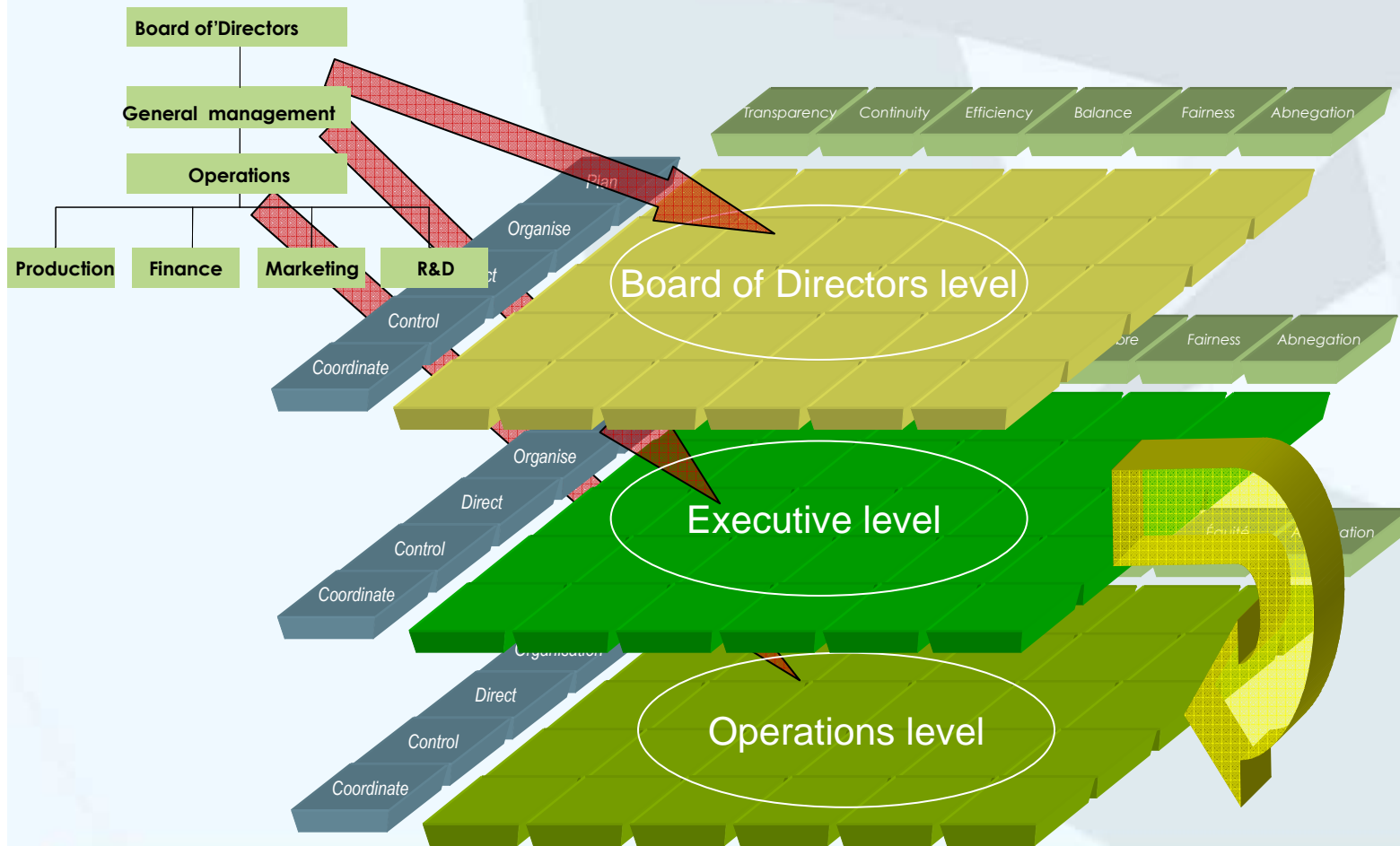
The management framework is overlapped by the Sound Management Model, and the WHAT to do and HOW to do it are indicated there!



4. The **Sound** Management framework

Content

Division by management level



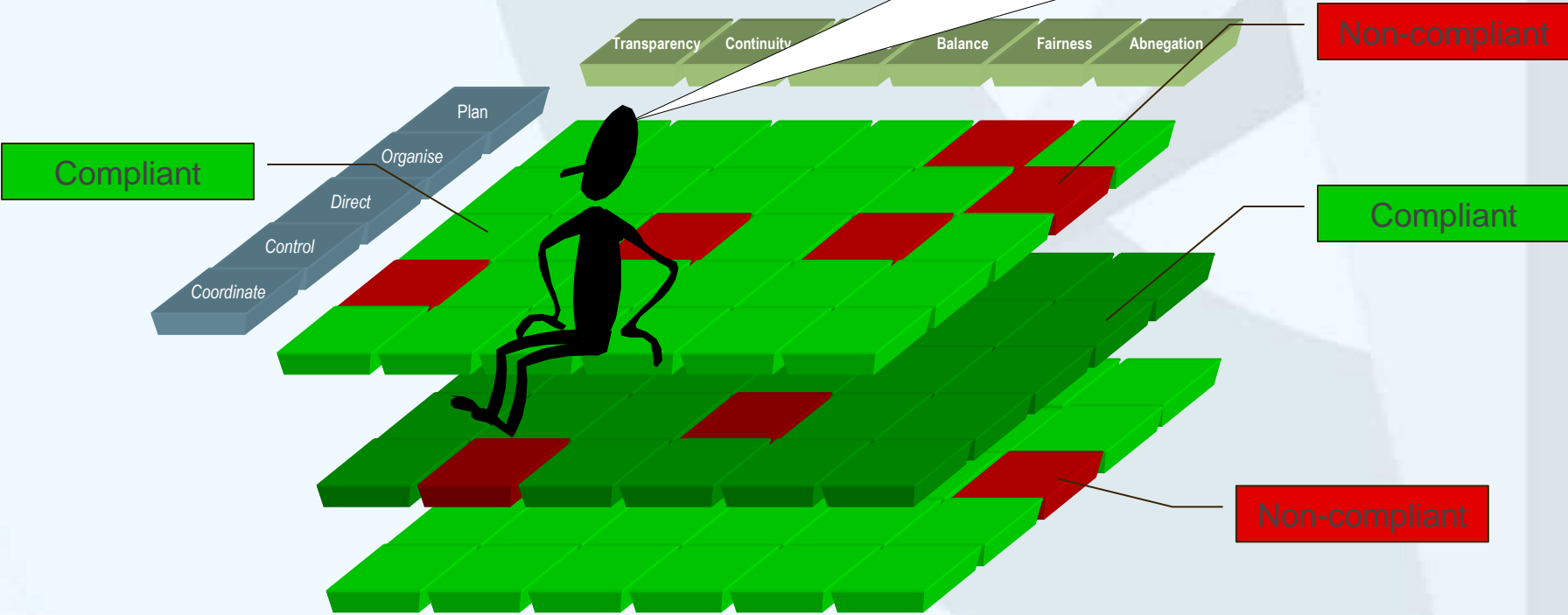
4. Sound Management model application – Sound Management Audit®

The Sound Management Audit is practically an audit of the management framework.



4. Sound Management model application – Sound Management Audit®

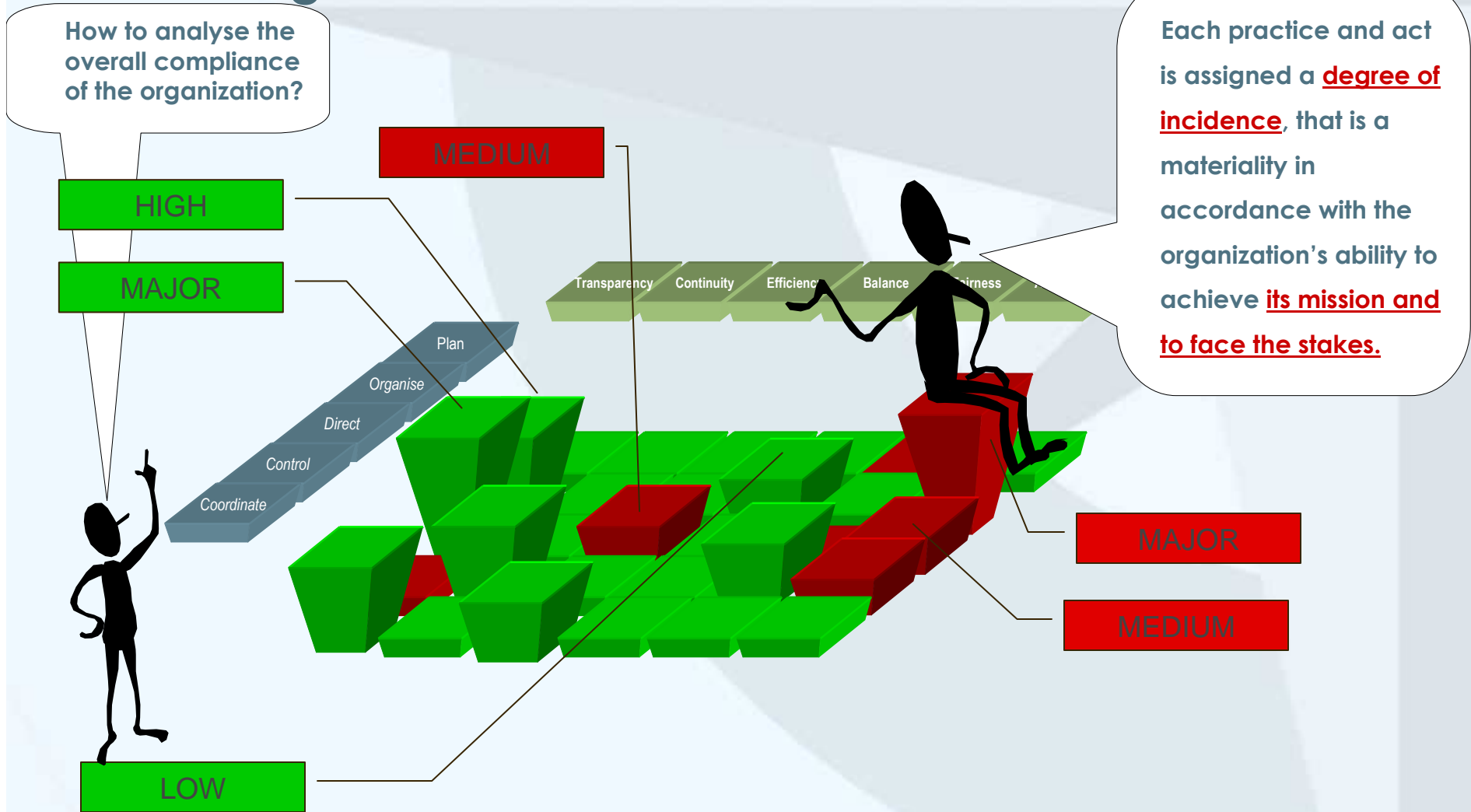
By a compliance analysis, each management case, practice or decision are analysed and considered to be compliant or non-compliant with the GASMP.

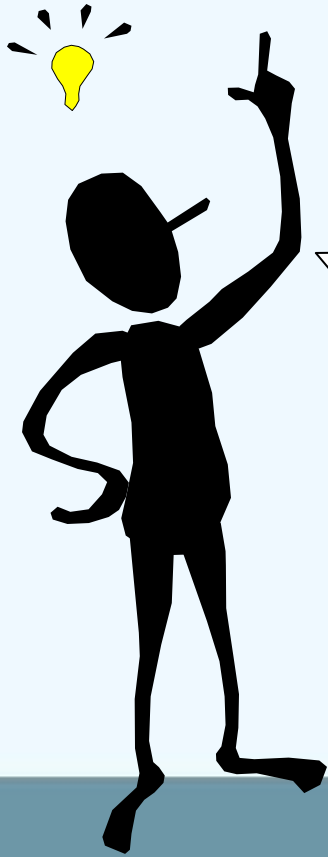


4. Sound Management model application – Sound Management Audit®

How to analyse the overall compliance of the organization?

Each practice and act is assigned a **degree of incidence**, that is a materiality in accordance with the organization's ability to achieve **its mission and to face the stakes**.





Well, now I understand what the Sound Management concept and model stand for.

- The Sound Management concept allows you to guide, clarify, and structure your management in accordance with the generally accepted values and principles. It also allows you to establish a mutual trust between the members of the management team and other stakeholders.
- Without limiting the manager's power of decision, the implementation of these principles ensures, among other things, protection of the shareholders' contribution, as well as an increased trust in the organization.
- The organization proves that it disposes of all the basic pre-requisites necessary for the economic viability.
- From another perspective, different from other managerial approaches, the Sound Management concept is auditable, measurable, and adaptable according to the organization's everyday reality.

For further information regarding:

- the training session « *Exercer la Saine Gestion* » of the ISM,
- the book « *Exercer la Saine Gestion* » and « *Le cadre de Saine Gestion* »

Please, communicate with the ISM at 514.286.1376

INSTITUT
**SAINE
GESTION**

To share your comments with us or to obtain more information, please, communicate with Mr Bernard Brault, F. Adm.A. CMC at: info@sainegestion.org

The end of the presentation! I hope you have enjoyed it! See you soon!

