I HAVE it on good authority that it is a close run thing whether appearing before this Society or appearing before the Public Accounts Committee of Parliament is the more daunting prospect for a Deputy Master of the Royal Mint. Also when considering your President's invitation to deliver the Linecar lecture, I had visions of the speaker's nightmare – addressing a subject of which the audience would be more knowledgeable than the speaker.

Nevertheless, I was honoured by the invitation and came to agree with Dr Challis that perhaps a view of coins and minting from the viewpoint of the Mint might provide for you a perspective with a difference. I must, however, make one thing clear at the outset. I am not a numismatist, neither am I a numismatic historian, although a degree in history may just have helped to shape my approach to my job. You will hear nothing this evening that will embellish your chosen field in the strictest sense.

You see before you a professional manager who has been privileged to be asked to manage one of the country's finest institutions. I hope to create that 'wider context' of which Dr Challis spoke by a straightforward statement of the principles and philosophies that have driven the management of the Royal Mint and by conveying something of the vision that has driven me. I hope and believe that the common interest of the minter and the collector will be evident.

First a word about the background, the economic and political environment in which today's Mint operates. It is very different from even ten years ago. In the United Kingdom we have had for thirteen years, and for the whole of my term as Deputy Master, an administration with a firm belief in the validity of market forces, in removing the involvement of government in our daily lives as far as this is possible and in efficiency and quality of public services. Today's Deputy Master has to be very concerned about costs and about his accountability to the taxpayer for giving good value. It is much more necessary today than in the past that the Chief Executive of the Royal Mint be first and foremost a businessman.

The Mint and its function

The Royal Mint at Llantrisant is the largest, most technologically sophisticated integrated minting facility in the world. 'Integrated' means that the Royal Mint is one of the few mints in the world that is involved in the whole process: from virgin metal to finished coin through the processes of melting, rolling, production and treatment of blanks (including plating) to striking on coin presses that each produce coins at the rate of 700 per minute. It is able to produce over 3000 million coins a year of virtually any shape, size, composition or design. It is a business that employs 1000 people and is run like any other manufacturing business of its size.

The Mint's function is enshrined in statute and essentially has not changed for 1000 years. It is the provision and maintenance of the United Kingdom coinage in accordance with statutory
requirements and to the standards considered necessary by the Government of the day. Maintenance of the coining involves putting coins into circulation and in this respect the United Kingdom is unique. It is an activity that is in this country entirely led by demand over which the Treasury does not exercise control. You and I make demands upon the retail trade, the retail trade upon the clearing banks and the banks upon the Mint on a weekly basis. That is why, interestingly, the Mint’s issue of coingage to the banks is an excellent guide to the level of activity in the high street and to growth or decline in consumer spending.

These days, of course, it does not stop there. The Mint is also charged with using its capabilities and expertise in related fields to improve the return to the taxpayer and to make that return substantial in real terms. It is these additions to the basic function that give rise to the production of circulating coingages for up to 100 countries overseas and to a range of products for the collector worldwide. These are activities which, last year, were responsible for 80 per cent of the Mint’s sales and a confidential proportion of profits!

I described the Mint in terms of capability and size and its function in practical manufacturing terms. In my belief it is at least as important to add that the Royal Mint has the longest continuous tradition (although I am sure our French colleagues would question that) and a very high reputation for quality. The Deputy Master is a servant of the Crown in a very real sense and is always conscious of the high profile of coinage matters. It follows that a vital part of the Mint’s function is to protect that heritage and that reputation. Finally it is an important responsibility of the Deputy Master of the Royal Mint to provide advice to Government on development of the coinage—a part of his function of topical interest at the moment on a number of counts. Few things attract more interest and comment than changes to the coingage and there have been seven changes in the last decade. In the normal course of events I would have to say that this is too high a frequency. But, as a consequence directly and indirectly of decimalisation twenty years ago, the changes have been proper and necessary.

There are only two issues that govern a proposal to make a change—public acceptability and cost. Over the last ten years, introduction of the 20 pence piece, withdrawal of the halfpenny, and reduction in size of the 5 and 10 pence coins are in the former category; introduction of the £1 coin and change of 1 and 2 pence coins to copper plated steel are in the latter. Perhaps that should be the end for a while? Unless, of course, the United Kingdom is to participate in a single coing for Europe.

The vision

These days the management consultant would call this ‘The Mission’. I do not. A mission is corporate, a vision is personal and from the outset I have sought to reach the point where all of the superlatives are combined into one—BEST—best in the world at what we do. The neat trick involved is significantly to improve sales and profitability without compromising an unremitting drive to better and better quality of both products and services.

We are proud of the international recognition of the Mint’s expertise and of the part we play in worldwide minting matters through the Mint Directors’ Conference, of which the Royal Mint was a founding member. This is a professional community in which the Mint is held in high regard and, indeed, as a model by many—which, in my belief, is just as it should be.

The more this vision can be made a reality, the more is the Mint able with confidence to play its part in the wider creative aspects of the business and to invest resources with an eye further into the future. By wider creative aspects I mean those qualities of the Mint’s work which bring a return after sometimes many years: the aesthetic features of the coins we design and produce; the quality and historical integrity of designs; the creation of processes that will improve efficiency and environmental acceptability; the creation over time of a coinage that
our children’s children will be proud to use. Because we must never lose sight of the fact that, whether produced for the United Kingdom, Ukraine or Uganda, coinage is probably the most notable symbol of national identity after the flag.

This is all about striving for excellence in everything we do as an article of faith.

The Mint’s characteristics as a business

I would like to say a word about the characteristics of an organisation that has such an ambition as this.

1. It must employ high calibre technical resource and use the most modern of technology to produce a broad-ranging capability. We have fine engineers, metallurgists and chemists who, wherever possible, have the latest of equipment from spectrometers to coining presses to plating facilities for copper, nickel and brass. We live in a changing world and the nature of coinages is no exception. Over the past five years, the Royal Mint has invested many millions of pounds in order that its customers can have coinage in any configuration, of any composition, always to the highest quality standards.

I like to think that the Royal Mint is at the leading edge of the technologies that can deliver coins with high security characteristics, using more than one metal in concentric rings and with edge configuration to provide both security and aesthetic advantage. Coins we produce are also increasingly adapted to be appropriate for, and efficient when used in, coin-operated equipment of all kinds. This latter is an area of growing concern to mints around the world.

2. In an atmosphere of change in the demands or potential demands of the customer, the business must be prepared to spend money on research and development of both products and processes. Whatever the commitment, of course, it will never be enough. We do, however, try very hard to satisfy ourselves that the fruits of that investment can be put to use to generate business. Over the next four years the Royal Mint expects to spend over one million pounds on a combination of internal and external research and development activities.

Spent carefully and always with an eye to future viability in the market place, this expenditure should give us a portfolio of new products, new processes, cost saving product or process developments and the capability to use a wider range of materials. In planning and implementing an R & D programme we are concerned to make the best use also of University Research Departments.

3. Every member of the organisation, from the Chief Executive to the foundryman, must be concerned about and involved in the process of quality control. As you walk about the Mint you will see, wherever you look, a reminder on the wall of responsibility for quality. We know well that achievement of consistent quality is not the result of a process, it is the product of an attitude of mind. The processes and capabilities must be there, though, if the Mint is to achieve the objective of matching its products and services to the highest expectations of its customers. That is why last year the Mint sought and achieved accreditation to British Standard 5750 and International Standard 9000 – the first mint in the world to do so.

The objective is perfection which is unattainable. Very stringent quality targets are therefore set for both circulation and collector coins. In the case of the former the discipline is entirely internal and relates to the proportion of production that has to be reprocessed before leaving the Mint. For collector coin it is external in the sense that we are concerned with complaints from customers who, like ourselves, are perfectionists. Here we are concerned if more than one quarter of one per cent of collector products issued are the subject of some complaint. Control is on this basis more about the cost of maintaining high quality than delivering on it.

As a statutory feature of quality monitoring we heartily approve of the Trial of the Pyx.
Over 700 years old it may be, but its power as a discipline upon the Mint is undiminished. As an illustration I will mention an experience in the 1991 trial. One of the silver coins submitted for trial was found to be above the standard weight by one hundredth of a gramme or less than half of one per cent. A small error you might think, but the cause of acute embarrassment to the Deputy Master.

4. We must have available to us a design resource of character, integrity and distinction, both now and in the future. The Royal Mint is proud of the ability of its own engravers and grateful to be able to call upon the skills of distinguished outside artists – we are privileged also to have available to us the accumulated knowledge, wisdom and expertise of the Royal Mint Advisory Committee of which your President is a member. I well understand the critical importance to the Royal Mint’s standing in the world of minting of quality of design. That is why, with apologies to all of them, I feel distinctly vulnerable when reminded of the average age of this resource. It is this concern that lies behind our efforts to foster the interest of young artists and designers in the art of medal and coin design. We really do try quite hard, through sponsorship of all kinds, to identify and encourage the talent that unquestionably exists.

Over the past few years the Mint has, I believe, established a reputation with the artistic community for being ready to support worthwhile efforts to develop interest in and the standard of medallic art. We now have joint activities with both the Royal Society of British Sculptors and the Royal College of Art which have generated some outstandingly creative contributions to the contemporary art of medal design.

Last month the Royal Mint sponsored a major exhibition of contemporary medals, the largest ever held in this country, on conjunction with the Congress of the Fédération Internationale de la Médaille. This occasion was both a demonstration of the problem and an encouragement for the future. Despite the United Kingdom’s involvement in foundation of the Federation fifty-five years ago, this was the first time that the Congress had been held in this country, hardly a fulsome tribute to our standing in this field. On the other hand, it was a success. The exhibition contained 1100 contemporary entries and three of the six prizes went to British artists.

5. Management skills must be of a high order and aided by timely management and financial information. These days the effective use of information technology is critical and the console, the terminal and the screen are common sights throughout the Mint. Believe it or not we live in the age of the computer-literate silversmith.

The Royal Mint is still a Department of Government and part of the Civil Service. Two years ago it became an Executive Agency as part of the Government’s initiative to improve management of the executive functions of the Civil Service. This is all about developing management skills across the public service of a class which we like to think has been part of the Mint’s consistent success.

6. Finally, perhaps the most important characteristic is a firm belief that the market place and the customer are the controllers of our destinies. No business can achieve its financial and other objectives, and the Mint would be hard put to meet even its statutory obligations, unless it is consistently able to satisfy its customers in all respects. For a business like the Mint’s, which is operating in a free market place worldwide and which develops up to three-quarters of its business overseas, this means meeting the customers’ requirements in a competitive environment.

This characteristic has been of critical importance over the past two years of recession in the United Kingdom. I think it has been generally true that those United Kingdom companies with large and thriving overseas businesses have withstood recessionary conditions better than those whose profits are earned largely in the United Kingdom. Relatively speaking the Mint
has had two good years over this period and I think it is no accident that we have at the same time put emphasis on our overseas customers and the quality of our service to them. The Mint is, of course, a Department of Government and there is great drive in the present administration to have the Civil Service become more responsive to its customers. The Royal Mint likes to believe that this was a lesson learned the hard way long ago.

The processes of management

In observing the way the Mint goes about welding these characteristics into a force that gets results you would have difficulty in distinguishing us from any well-managed manufacturing business of our size.

Corporate and Business Planning covers a rolling cycle of four years. It sets objectives and delineates the strategies that will be used to achieve them. The Corporate Plan aims to analyse all the known factors that will influence the business, assess the nature of their impact and make key assumptions on which to base forecasts of sales and profits.

The minting business never was as simple as it may have appeared and the planning assumptions in today’s environment have to encompass: inflationary effects on the cost of labour and materials; the price of precious and base metals; exchange rates; product pricing; interest rates; potential changes to the coinage and the impact of outside factors such as Hong Kong’s changing relationship with China or the prospect of European Monetary Union. All of this over the four years ahead.

Always in the background is the requirement of a financial objective set by Government every three years – an objective set as a real return on assets at current cost over a three-year period. It is I suppose a tribute to the Mint’s record that the present objective is more than twice as demanding as that set for any other executive department of Government.

Incidentally, part of this process involves making some assumptions as to what changes to the coinage will take place over the medium term future and what special, usually commemorative, coins will be issued. It is in this planning document, therefore, that the longer range policy affecting the nature and design of UK coins is initiated and reasoned.

It is here that proposals to lighten the coinage, to move the coin/banknote boundary upwards, to make the lowest denomination from copper plated steel instead of bronze, to commemorate the 40th Anniversary of the Coronation or the 300th Anniversary of the founding of the Bank of England will first appear.

It should be some reassurance and may come as a surprise to this audience to know that decisions to change coins, add new denominations or issue coins to commemorate events in which the United Kingdom is materially involved, are not taken without much reason, thought and planning.

The strategic objectives of the business which ought to be clear from the Corporate Plan are then translated into specific departmental objectives for which managers will be held accountable. Hopefully in this way the management group will feel a degree of ownership of the objectives and of personal responsibility for achieving them. It is of not negligible significance that pay is affected also!

Revenue and Capital Expenditures are the subject of annual budgets. Nothing is spent by accident, at least I hope it is not, and every penny that is spent is part of a pre-planned budget, has usually been the subject of a value evaluation and is the accountable responsibility of an individual. I venture to suggest that there is nobody in this room who is unaware of the importance of budgetary discipline. It forces forward planning and demands everyday control. During its monthly review of the business the Board of the Mint addresses budget cost control as a critical measurement of performance. Although the Mint spends money to generate more than its equivalent in sales, it is still your money and mine as taxpayers. Sometimes this puts heavy strain on plans for which an early return cannot be expected.
Treasuries are accustomed to expecting the bacon to be brought home in the same year that the pig is fattened. This, however, can never be true of either marketing investment, investment in research and development or, significantly, of investment in the future of design capability. This latter can be a long time bringing results and, like fostering an interest in numismatics among young people, involves a degree of faith. Neither is the cost small when the opportunity cost of resources other than money which are applied is included. I am sure you can understand the difficulties of justifying some of these costs where public funds are involved — it is critical, though, to the future health of the Mint that we do so.

The interest of the collector

All of this has been a general statement of how your Royal Mint works and how it thinks on a year to year basis. What value is this to those who have a special interest in coins from a numismatic standpoint? You will have to forgive me if my concentration is upon managing a successful business, executing my statutory responsibilities with efficiency and effectiveness, and being alive to my accountability to the taxpayer, to the Mint’s customers and to its staff.

Yet this very commitment is surely a massive reassurance to those whose interest is in the Mint’s less commercial and immediately profitable activities, since it involves:

1. A deep awareness that the Mint is more than a business — it is a great institution with a long and proud heritage. To a degree, success will be measured by the quality of our trusteeship of that heritage.

2. A commitment to quality, accuracy, consistency and reliability in everything that we do. And that includes the quality of the artistic design content of what we produce. Almost every day I am reminded of this commitment by an oil of Isaac Newton looking down upon my endeavours from the wall of my office. At least in accuracy and attention to detail he has not been the easiest act to follow.

3. The integrity of design and commemoration policies. I think that the record shows that these have never been and are not governed by primarily financial considerations.

4. A belief that, for any nation, the coinage is far more than the oil that lubricates the wheels of our daily lives. It symbolises national heritage and should have the dignity of character that that demands.

The achievements

It is all too seldom that I have a platform from which to blow a trumpet or two for my hard-worked and long-suffering organisation. Thank you for the opportunity to record some of the achievements of the last decade.

Over the past decade, the United Kingdom coinage, including seven changes or additions to it, has been produced and distributed at a steadily reducing unit cost to the taxpayer. And it is not just the cost efficiency that qualifies this as an achievement. The environment for changes to the coinage is a distinctly hostile one and adverse publicity can, at such times, be part of everyday life. That significant changes have been successfully accomplished, with the Deputy Master of the Mint scarred but still in one piece, I count as a considerable achievement.

The Royal Mint has become the coinage supplier of choice for overseas monetary authorities to the extent that it has more than 50 per cent of the available market. The volume of the Mint’s production in each of the last three years has been of the order of 3,000 million coins, which compares to less than 2,000 million a year ten years ago. The use of modern
technology and improvements in manufacturing productivity that are a credit to the people who work in the Mint has accomplished this 50 per cent increase in output with a reduction in manpower. Profitability has improved markedly to the point that return on both sales and assets is now at a level that would do credit to any company in the private sector of the economy and has enabled the Royal Mint, over ten years, to pay £68 million to the Treasury as dividend. Through all of this, quality has steadily improved and has never been higher, something that has received official recognition.

Using solely its own resources, the Mint has invested quite heavily in extending and diversifying the nature of its capacity and is now, we think, better equipped than any other mint to handle the projected needs of our market place for at least the rest of this decade.

Success in improving profitability, and the consistency with which objectives have been met or exceeded, has given the Mint the swinging room to tackle the issue of design quality. Our efforts are concentrated upon young artists and are already meeting with some success. The annual competition run in conjunction with the Royal College of Art has become a regular feature of the College’s calendar. It has produced some fine talent and it was significant that the British entries to the recent exhibition of contemporary art medals contained several medals that were the product of this competition. Small beginnings perhaps but beginnings none the less.

I take some pride in the fact that the Royal Mint’s performance is against a background of five years of which three will have been recessionary. Although the Mint has, I think, performed well over this period, it is not by any means insulated from recessionary pressures which have also affected the significant business that we have in the United States. I derive great satisfaction from the fact that, at least so far, common casualties of difficult business conditions – quality and training – are still healthy at the Mint, including an apprenticeship scheme of long standing to protect the depth of craft skills.

There are many achievements too, the effect of which will not surface until after I have long departed.

The future
I have pointed to identification of future trends and opportunities as one of the strengths of a successful business and perhaps I might share with you some developments that we foresee. Three are of potential significance:

1. Increasingly coins will be manufactured from mild steel plated with non-ferrous base metals. This is a development that is driven by cost and an increasing concern among treasuries that the cost of producing particularly low value coins is exceeding their face value. This development, which has seen its first application to the United Kingdom coinage this month, is changing the structure of capacities, the nature of processes and the direction of research and development.

2. Developing national identities in Eastern and Central Europe present a tremendous opportunity to the Royal Mint. Predictably the newly independent republics put coinage high on their list of priorities and seldom have the capability to provide it themselves.

   It is not widely known that the Royal Mint and Thomas de la Rue have a joint venture company – Royal Mint Services – which provides consultancy services and professional expertise in the creation and enhancement of minting and security printing facilities. It is possible therefore for the Mint to play a part in the short, medium and long term development of the currencies of these nations.

   The Mint has always tended to be the beneficiary of political turmoil and, particularly in the case of erstwhile Soviet republics, we hope to be a positive contributor to the creation or restoration of national identities.
3. In Europe, on the other hand, there are those who are committed to the opposite direction: the potential subordination of national identities to greater political and monetary union. The symbol of this is, of course, a single European currency and the potential effect of that on the Royal Mint’s operations is huge. In concept it appears simple – in execution it approaches the impossible – a logistics problem of enormous dimension. Previous conversions of currencies, our own decimalisation for example, are small by comparison.

In the twelve present member states of the European Community there are upwards of 180,000 million coins in circulation in more than 85 denominations. The ECU does not have and is unlikely to have a simple, easily comprehensible value relationship to any of them. People can be highly critical of their own currency but very possessive of it when faced with the prospect of its being entirely replaced with another. If the practical problems of replacing the mark and the franc, the drachma, the krona and perhaps the pound with the ECU are great, the problems of acceptance may be even greater. I am reminded that twenty years ago we attempted to persuade our people to measure temperature in Celsius instead of Fahrenheit and only now have weather forecasters finally stopped giving it in both.

As we have seen in recent weeks, the issues raised are explosive and one is tempted to lean towards those who remind us that the emu is a bird that cannot fly. Of course, they do say that also about the bee and it is the job of the Royal Mint to be prepared for any eventuality.

Conclusion

Managing the Royal Mint today is in many ways a balancing act. This is particularly so if one believes, as I do, that it is much more than producing high quality coinage cost efficiently. There is a price to pay for progress and often that price is the disappearance or transformation of some much loved part of our past. This can be especially hurtful if it involves something that was part of our own personal experience.

The Royal Mint has existed for more than 1100 years and yet it must survive and prosper in a hard commercial world. It is not surprising to me that, increasingly, in minting and the coinage the past must give way to a necessary future. It is not a matter of satisfaction to me that my period of stewardship should have seen the final break with coinage of the pre-decimal era. What it is possible to do, however, is to ensure that the balance does not shift more than it has to, that, if it has, action is taken to restore it and that reputation, stature and history are not unnecessarily compromised in the interest of cost and profit.

I think we have today officers of the Royal Mint who understand that.

There is a definition of an optimist that I find particularly agreeable: an optimist is someone who is not in possession of all the facts. Despite this, as regards the Royal Mint’s ability to continue to reach the highest standards of excellence in all that it does, I am, ladies and gentlemen, a confirmed optimist.