

apse One size does not fit all:

**Attitudes and opinions towards service transformation
in local government front line services:**

**Research report number 1: Findings of the APSE service
transformation survey 2010**



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Foreword

As local government faces budget constraints councils and other public services are striving to deliver 'more for less'.

There is a debate as to how 'more for less' can be achieved. The term 'service transformation' has been widely spoken within local government but it can and does mean different things to different people. That is why APSE has attempted to pull together some of the views and perceptions of frontline service providers, predominantly from those managers charged with delivering in-house frontline services.

The survey results scratch below the surface of what 'service transformation' means and show that there is widespread knowledge about the challenges that service providers face.

Rather than a simplistic approach to simply reducing staff costs through job losses or changes to pay and rations the survey outcomes suggest that managers are actively exploring ways and means to drive up productivity, exploit new technologies, apply both tried and tested and new forms of service management tools and techniques and take tough decisions on future service delivery.

With 80% recognising the need to achieve more for less, how we achieve this is vital. The fact that 76% strongly agree or agree that continuous performance improvement is the way to achieve transformation is a finding that sits well with APSE's own beliefs as to how we tackle the current financial crisis. With 90% strongly agreeing or agreeing that performance management is key and 81% seeing themselves as responsible for driving change. The recognition by 76% of the importance of focusing services on the citizen is also positive, along with 87% recognising the crucial role that technology has to play. There is also a growing recognition that change has got to be sustainable in the long term with 81% emphasising this.

This e-publication is the first in a series and over the coming weeks and months APSE intends to build on these initial findings and to provide further support on transformational issues to our members.

Paul O'Brien Chief Executive

Section 1

Introduction

This publication is intended to inform APSE members and generate a discussion about the opinions and circumstances facing frontline service providers within local government.

The survey received almost 360 responses and allowed respondents to comment on issues in addition to their survey responses. These comments are included where appropriate.

Responses were received from across APSE's area structures which cover Wales, Scotland and Northern Ireland as well as English Regions divided into Northern, Central, South and South West areas. Details of survey methodology are found in section 2.

Section 3 details the survey findings and demonstrates the views of survey respondents. It identifies that managers and directors of front line services have an acute awareness of the current financial difficulties of operating public services at a time of severe pressure on public finances and that they are considering a range of responses. These include

- Better use of resources
- Increased productivity and smarter working methods
- Shared services
- Greater use of trading and charging powers and maximising income
- Better and joint procurement initiatives
- Use of new management tools and techniques

There is a consensual position on the use of new technology and interestingly some scepticism about the ability of choice in public services to sit alongside service efficiency.

The final section covers a short literature review of the different strands being utilised under the broader term of 'service transformation'

Mo Baines, Principal Advisor

Section 2

Survey methodology and sample group

APSE conducted an electronic survey of senior managers, service directors, and heads of service, elected members and other contacts within local government.

359 responses were received though the individual survey questions show some differences in response rates.

The aim of the service transformation survey was to ascertain opinions and evidence of service and organisational transformation approaches within local government. In particular how service transformation, budgetary pressures and service delivery issues were considered by those managing or having responsibility for frontline services within local government.

The highest proportion of respondents are from the North / North East of England at 38% of overall respondents, with a relatively fair distribution amongst Scotland, Wales, Central and South / South West regions.

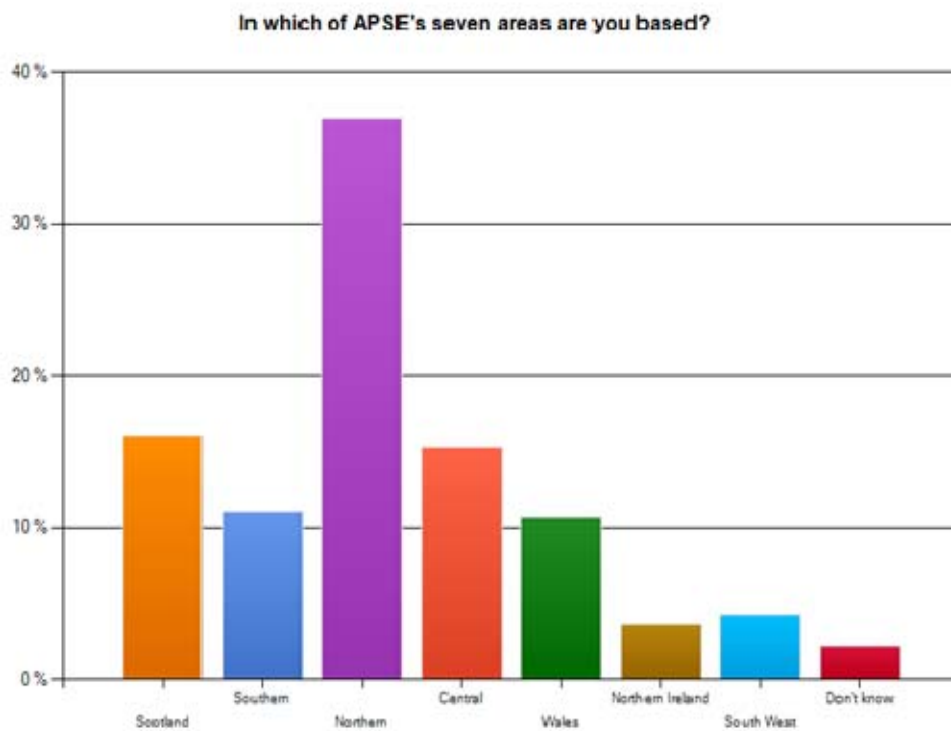


Figure 1 Geographic spread of respondents

Responses were also reflected by authority type with the majority of respondents from unitary or districts, with near to 40% from unitary authorities, 20.6% from metropolitan authorities, 16.9% from districts and 11% from County Councils.

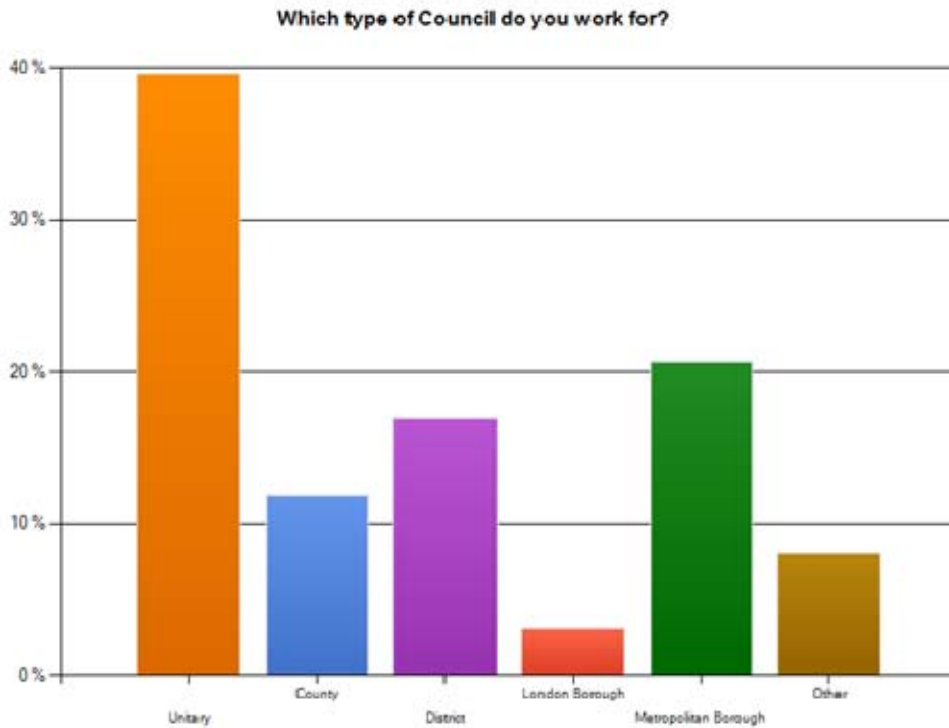


Figure 2 Council type

79.7% of respondents described themselves as Head of Service or Service Manager level with the remainder of respondents drawn from Chief Executives, Elected Members, Executive Directors, Assistant Executive Directors and Trade Union Representatives. This makes the survey results particularly reflective of managerial attitudes towards service transformation issues within frontline services such as street scene and environmental , highways, leisure, culture and civic venues, facilities management, building and grounds maintenance as well as those managers working in the fields of performance management and improvement.

Section 3

Survey findings

1. Service transformation and continuous improvement

75.5% agree or strongly agree that ***'transformational government is about continuous improvement in public services with the public sector being the main delivery agent or maintaining core capacity to delivery high quality public services.'***

'Continuous Improvement' is seen as an ongoing effort to improve products, services or processes. It is closely associated with the principles of Best Value in local government which relied upon incremental improvement over time as well as 'breakthrough' or rapid improvements. Continuous improvement stems from the book of *'Masaaki Imai Kaizen: The Key to Japan's Competitive Success.'* Kaizen advocates that customer valued processes are constantly evaluated and improved in the light of their efficiency, effectiveness and flexibility. Continuous improvement is a well established management theory extolled by ¹Deming and others.

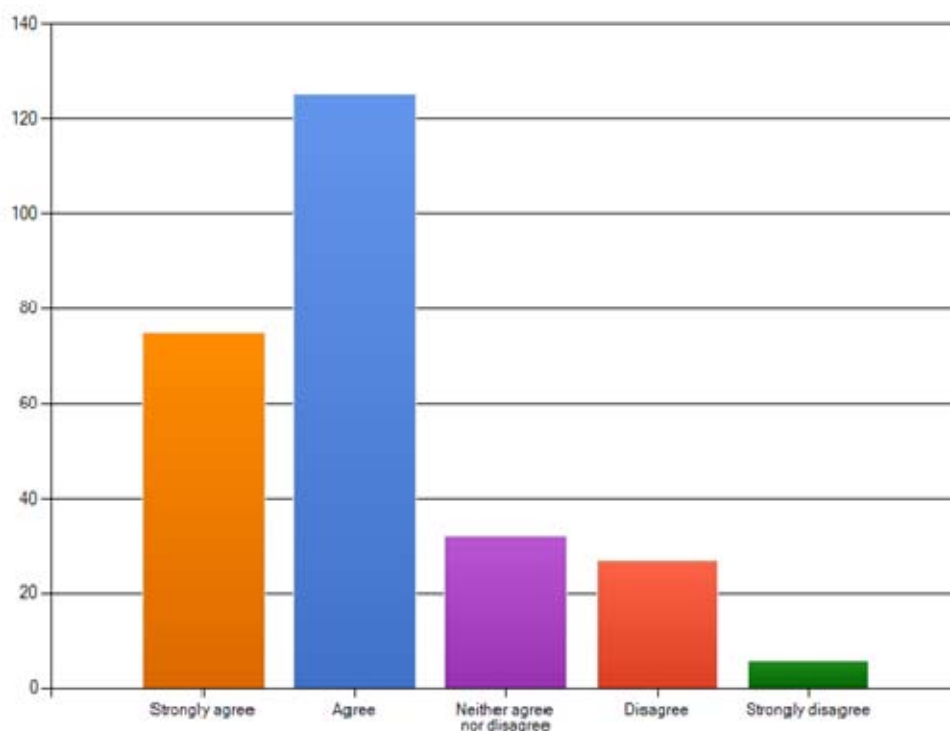


Figure 3 Attitude to continuous improvement

Respondents were asked to comment on the issue of service transformation and the interface with continuous improvement methodologies. A selection of comments is provided overleaf but it would appear that whilst there is an acceptance of service

¹ Professor Deming

transformation as a 'new approach' the rapidity of change is potentially problematic. Some of the messages surrounding service transformation are viewed as new ways of describing service improvements which local government frontline services are already committed to.

'Whilst recognising that the transformational programme is a step by step process, there is a limit to what can be changed over a measured time scale without impinging on the overall effectiveness of the organisation.' (Northern, District Council, Elected Member)

'Transformational government is in my view the latest way of describing what we strive to do all the time. i.e provide value for money, quality services in a way in which customers want them, whilst making sure we squeeze every last drop of efficiency out that we can. Quite why it has to be given a new name I am not sure. Transformational could just be substituted for something like good or effective' (Northern, District Council, Head of Service)

'Stability is required following the CCT period and Best Value period. Are we now going to go through it all again and waste valuable time and resource when we should be delivering quality services?' (Northern, Metropolitan Borough, Service Manager)

2. Transformation and performance management

The survey questioned opinions on performance management within local government. 89.8% of respondent believe that transformational government relies on effective public sector performance management and the sharing of best practice including the design of business processes.

This would appear to show a strong culture amongst front line service managers to engage in and develop performance management. Comments from service managers included:

'It (service transformation) should combine effective performance management and best practice sharing with an analysis of stakeholders - the business is about people.' (Central, Metropolitan Borough, Service Manager)

'To coordinate the work of private and 3rd sector groups in service delivery, strong performance management and best practice processes need to operate'. (South West, District Council, Service Director)

'I don't agree this [performance management] happens sufficiently, but I agree it should happen for effective delivery'. (Trade Union Respondent, District Council)

3. Transformation and access for citizens

A number of recent government papers² have pursued the issue of access to services by citizens and have explored how the public sector can better open up access to services. 88.3% of respondents agreed that 'Transformational Government should widen and improve access to services for local citizens with identifiable outcomes'. Comments included:

'Yes of course however there has to be some prioritisation as the resources will not be around to do everything and there has to be some clear plan of prioritisation and delivery together with managing the level of expectations that occur once people see statements like this' (South West, Unitary Authority, Head of Service)

This wider and improved access will have to be managed with ever decreasing budgets, is this do-able? (Northern, Metropolitan Borough, Service Manager)

'But in the climate of budget pressure, this might mean a reduction in the numbers of services' (Wales, Unitary, Head of Service)

'Provided that more modern processes do not continue to work in parallel with established processes, when the former have bedded in' (Northern, District Council, Elected Member)

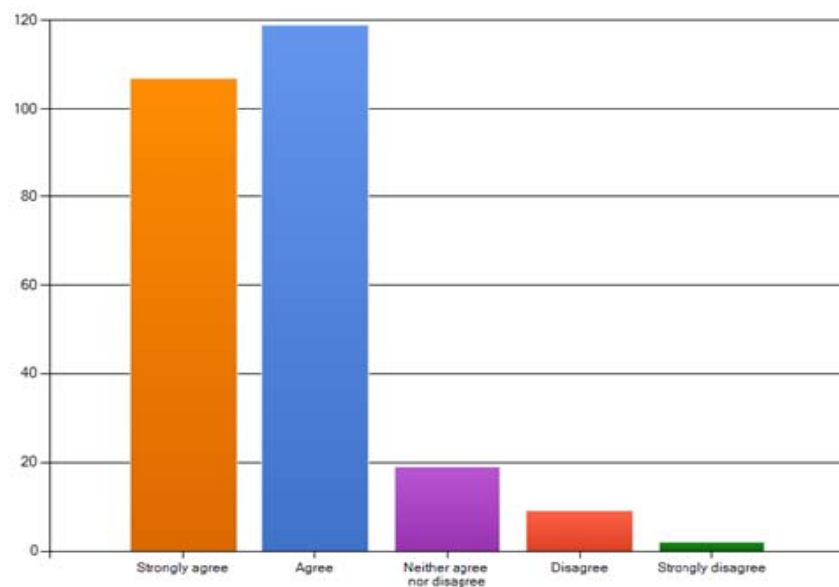


Figure 4 Citizen access to services

² Strong and prosperous communities - Department for Communities and Local Government: White paper 2006 and Implementation plan, March 2009, Equity and excellence: Liberating the NHS White Paper August 2010

4. Transformation and step change

61.2% of respondents agreed or strongly agreed that 'Transformational Government is about rapid step-change in how services are planned and delivered. Step change is defined as when a situation changes in a fundamental way over a short period of time'. However respondents were quick to caution against too much rapidity in the process of change.

'There is too much emphasis on changing things for the sake of it. When things are either broken or likely to break they do need to be changed and very quickly. Just introducing change because it's the thing to do isn't big or clever!' (Northern, District Council, Head of Service)

'You can't rush genuine citizen involvement in decision making and without that, step change would be a sidestep and would cause us to lose what footing we have' (Central unitary services manager)

'Rapidity is not always possible or appropriate.' (Northern, Unitary, Service Manager)

'Systems and processes often need time to plan and activate. Sometimes "make haste slowly" is the right attitude.' (Northern District Council, Elected Member)

5. Transformation and citizen focussed services

Building service around the needs of the Citizen has been a recurrent theme within all central administrations³. When asked if they agreed with the statement that 'Transformational government will ensure that at a local level all public services will be joined up and designed around the citizen focusing on process, enhancement and empowerment of their experience of service delivery' 69.8% agreed or strongly agreed with the statement. However comments from respondents provided some notes of caution

'Not necessarily. Public services should be joined up when it's appropriate to do so and also at the appropriate levels. Too much effort is wasted in the process of trying to 'join' things up for the sake of saying we are 'joined up'. What matters is the outcome from the customer's perspective. If the customer gets what they want they are not bothered whether it's 'joined up' or not.' (Northern, District Council, Head of Service)

³ Strong and prosperous communities, Department for Communities and Local Government, White Paper 2006, 'choice and Voice in Public Services Parliamentary Select Committee, Transforming public services: The Next Phase of Reform, Scottish Executive, Edinburgh 2006

'Depends upon circumstances. Delivering services by a committee of partners may be bureaucratic and inefficient.' (Central, Unitary, Elected Member)

'Don't assume that this will happen through transformational government! It will require an edict and strong top down working to ensure it happens. People's natural tendency is to focus on their area without working together to ensure that wider and adjoining services can work together to improve services to the customer and reduce costs.' (South West, Unitary, Head of Service)

6. Transformation and choice

Respondents were asked to confirm their agreement or disagreement with the following statement: 'Transformational government should ensure that consumer choice has priority over managing scarce resources in service delivery'. The answers show a very distinct split on the issue of choice and service transformation and improvement strategies.

Only 37% agreed or strongly agreed with the statement whilst 33.9% disagreed or strongly disagreed with a further 29.2% neither agreeing nor disagreeing. This looks to be almost a three way split between those who advocate choice; those who do not believe that choice is essential to transformation and a further third that are undecided. Typically comments are as follows:

'Resources must be allocated on a priority basis identified by the Elected Members and in accordance to their mandate.' (Central, County Council, Elected Member)

'No point in having choice without resources. Resources will guide choices available.' (South, District Council, Services Manager)

'Phraseology such as 'consumer choice' is especially inappropriate in times of scarce resources and reducing budgets; whilst we should be seeking to improve citizens' experience of our services, there can be no doubt that provision of statutory services will need to be prioritised.' (Scotland, Unitary, Director)

'Councils will be unable to continue to provide services across every possible sector as present. Consumers need to understand and accept 24/7 choice has a significant price. The lack of tolerance of the general public having had expectations unreasonably raised over recent years against what the customer is prepared to pay for.' (Northern, Metropolitan Borough, Director)

'Consumer choice is often very expectational and outside the reach of the local authority. To try to serve all consumer choices could result in too many priorities and scarce resources being spread too thinly. It would be better to work to reduce the dependency culture and promote individual responsibility.' (Northern, Unitary, Service Manager)

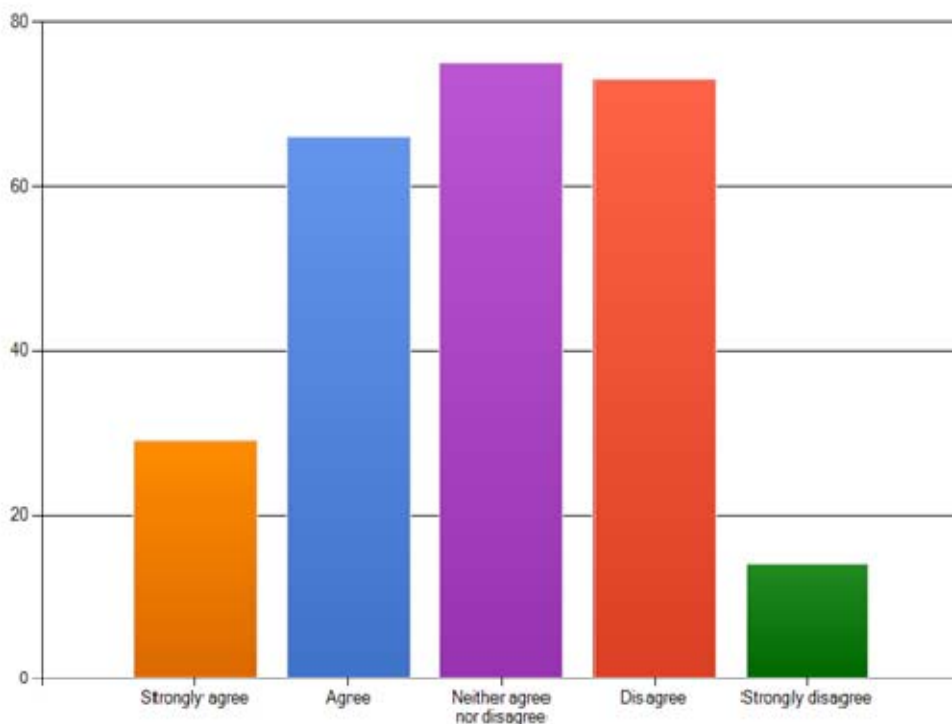


Figure 5 Choice and transformation

7. Service transformation and technology

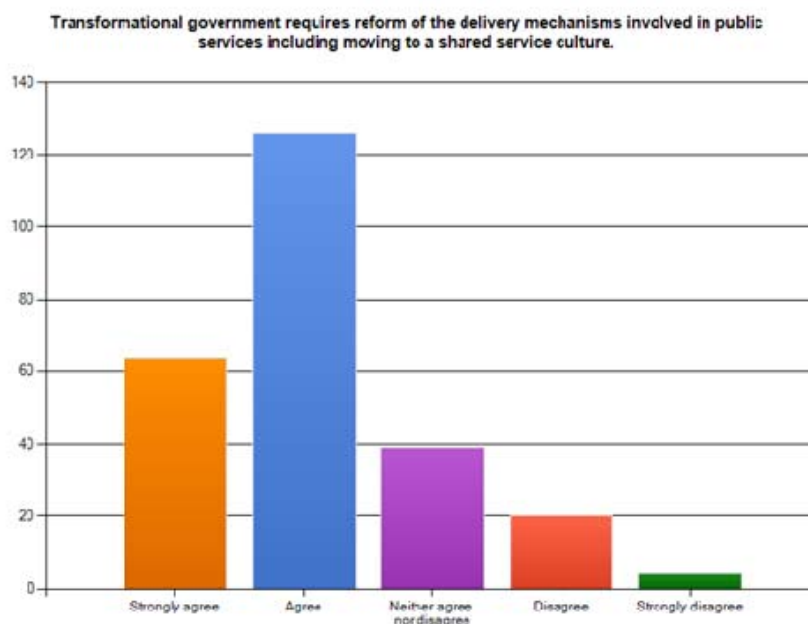
'Technology alone will not transform government, but government cannot transform to meet modern citizens' expectations without it.' 87.6% of respondents agreed with this statement; however respondents warned that technology is merely a tool and not a substitute for effective systems and people. Comments included the following:

'My experience is that the IT services in local government are not agile enough, procurement contracts not flexible enough nor are there enough skilled ICT professionals to deliver the transformational changes needed.' (Northern, Metropolitan Borough, Head of Service)

'Unfortunately the track record of central government or NHS of large ICT solutions has not delivered within budget. Temptation is always to recommend a technological solution as some sort of panacea.....but staff then find constrained by system requirements e.g. Police Officers, NHS nurses and now Social Workers claiming they have to spend too much time on the computer rather than face to face professional interaction'. (Northern, Metropolitan Borough, Director)

8. Transformation and shared services

75.1% agreed or strongly agreed that 'Transformational government requires reform of the delivery mechanisms involved in public services including moving to a shared service



culture.'

Figure 6 transformation and shared services

However whilst shared services are seen as a part of the transformation agenda there are concerns that shared services will be a necessity due to financial constraints rather than a delivery option for service improvement reasons. Comments included:

'This will probably be the only way of affording the future financing of local government.' (Northern Metropolitan Borough, Service Director)

'It would appear that cost reduction is at the heart of many of these transformational exercises rather than improving services or access to those services by the public'. (Northern, County, Trade Union Representative)

9. Transformation and plurality of provision

There was strong recognition that future services will require some form of plurality of provision. 71.3% agreed or strongly agreed with the following statement: 'Transformational government requires plurality of provision including the involvement of the private, voluntary and third sectors in service delivery.' However whilst recognising the changing landscape in public service provision the issue of control and capacity within the public sector led to a number of additional comments, typically as follows:-

'The deciding factors should always be who has the skills or the best track record, not the artificial boundaries that we put around public, private and third sector.' (Central, Unitary, Head of Service)

'Depends upon circumstances. No one size fits all. This must not become an ideology!' (Northern, County, Director)

'All options to service delivery should be explored but overall control should be kept within local government control.' South West, Service Manager)

Plurality of provision including the involvement of the private sector needs to be more precisely defined / explained. Transformational government should not mean a private sector bonanza in service delivery (Wales Unitary, Head of Service)

10. Service transformation and budgets

Respondents were asked 'What is your expectation of the level of funding in service budgets in the coming five years?' 48.3% see budgets in frontline services will decrease by up to 15% and a further 19.7% think that they will see budgets decrease by up to 20%.

Only 3.7% believe that they will see an increase in budgets

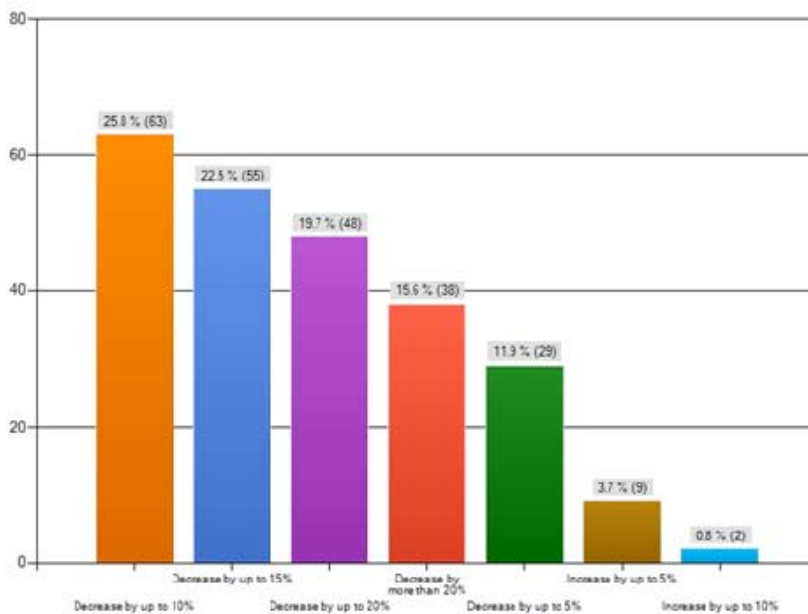


Figure 7 transformation and budgets

In light of budget restraints 80.1% of respondents have adopted a 'more for less' approach to deliver services.

40.8% of respondents believe that this approach of 'more for less' is driven at a corporate level whilst a further 20.4% believe this is driven at a political level. Whilst 25.6% of

respondents say that they see 'a mixture of both corporate and political drivers' to deliver 'more for less'.

11. Sharing the budget pain

When asked specifically 'has your authority adopted an 'equal misery' approach to budget reductions / efficiencies? (For example top slicing all budgets by a set percentage that applies across all services) 70.3% of respondents said that the local authority had not adopted an 'equal misery approach' thus it would appear that certain services will be targeted for a greater proportion of cuts overall. Interestingly however, only 49.1% of respondents say that specific ring-fencing arrangements for departments are not yet in place. Comments included:-

'Based on financial and performance comparison information we are targeting efficiencies where we firmly believe they can be achieved.' (Northern, Metropolitan, Service Manager)

'We still continue to protect some services - usually the ones that are responsible for the most heavy overspends, hence there is no incentive for them to cut costs, and so the cycle continues....' (Northern, Metropolitan Borough, Service Manager)

'Nothing is out of bounds but we recognise that there are some services which actually require investment at this time (i.e. Adult Social Care as we work towards establishing a more prevention lead approach.' (Northern, Unitary, Director)

'Every department has to justify its budget bidding on evidence. No more "Sacred Cows".' (Wales, County Borough Council, Director)

12. Transformational strategies and approaches

Respondent were asked about their approach to service transformation and were told that they could identify as many approaches / strategies as were applicable to them. The most common approach was that of internal service transformation through internal service improvement planning with 78.1% of respondents adopting this approach. 70.6% identified some form of business process re-engineering whilst 64.5% identified that the completion of more transactions on line and better use of internet technologies would be the way forward. A further 62.7% thought that the integration of performance data, performance management and service improvement planning would drive service transformation strategies.

When asked if they saw themselves as transformational leaders or agents of change an encouraging 81.4% of respondents see themselves as having responsibility as a transformational leader or agent of change. A typical comment stated that:-

'I am a Transformation Manager with a brief to cover one directorate within the authority, performing a bridging role between the central transformation team and the directorate.'

This appears to be an important point where frontline service managers are given the responsibility to deliver the corporate approach to transformation within front line services.

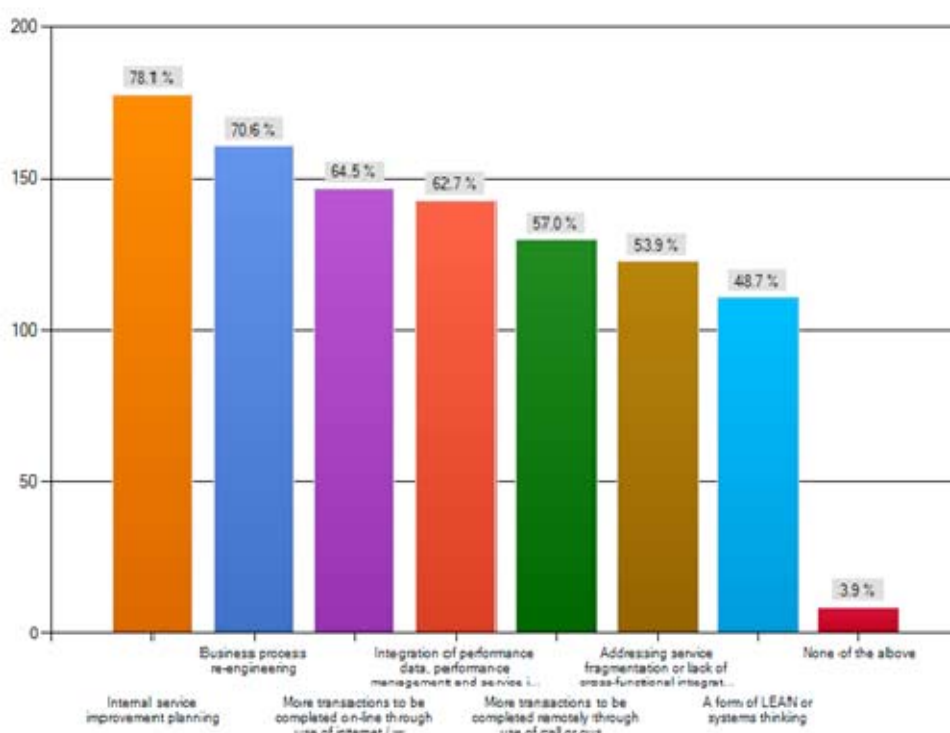


Figure 8 Strategies towards transformation

13. Service transformation and delivery options

The survey attempted to establish forms of future delivery options and respondents were provided with a range of options as shown in figure 9 overleaf.

44% will consider 'de-commissioning' a service where there is no obligation to provide that service with 68.5% considering sharing service provision with another public provider. 75% however still wish to see an internal service improvement strategy. This appears to reflect concerns that the level of flexibility in public service provision is safeguarded allowing local solutions to be developed. As one southern district service manager noted:-

'There is no one size fits all and we are making the strategic choices that best achieve our quality goals, while maintaining flexibility (where required) and cost leadership'.

Interestingly more than 42% of respondents will look to see if they are able to provide services to other public bodies as a means to generate income. 44% may consider only providing services at a minimum or basic level.

A further 21.8% will also consider insourcing services provided by an external provider to generate savings. This appears to support earlier APSE research on service insourcing⁴ to improve quality and generate cash savings.

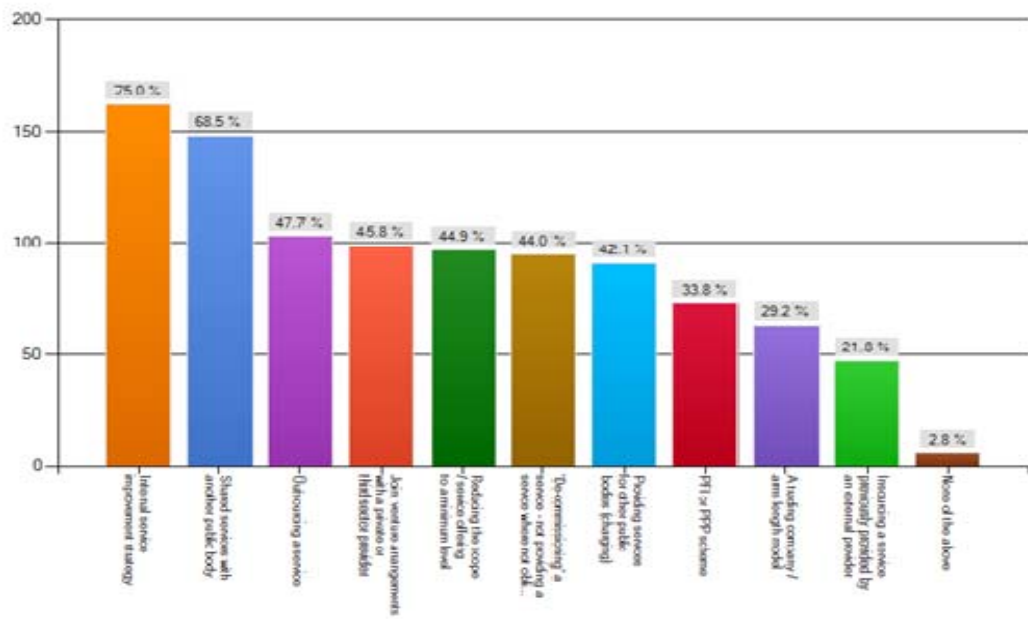


Figure 9 Service delivery options

⁴ APSE / CLES 2008, Insourcing: A guide to bringing local authority services back in-house

14. Service transformation and the workforce

Respondents were asked 'whether they had or were proposing to introduce within the next six months a range of measures' relating to workforce issues. Respondents were able to provide multiple answers. 75.6% believe that there will be a reduction in employee numbers with 72.7% believing that there will be a reduction in managers and managerial establishments. Over 62% will adopt some form of hot-desking, homeworking, or flexible rostering policies. A further 35.6% see a reduction in working hours as a possibility with 27.8% will look to annualised or seasonal hours. 5.4% will look to annualised or seasonal hours.

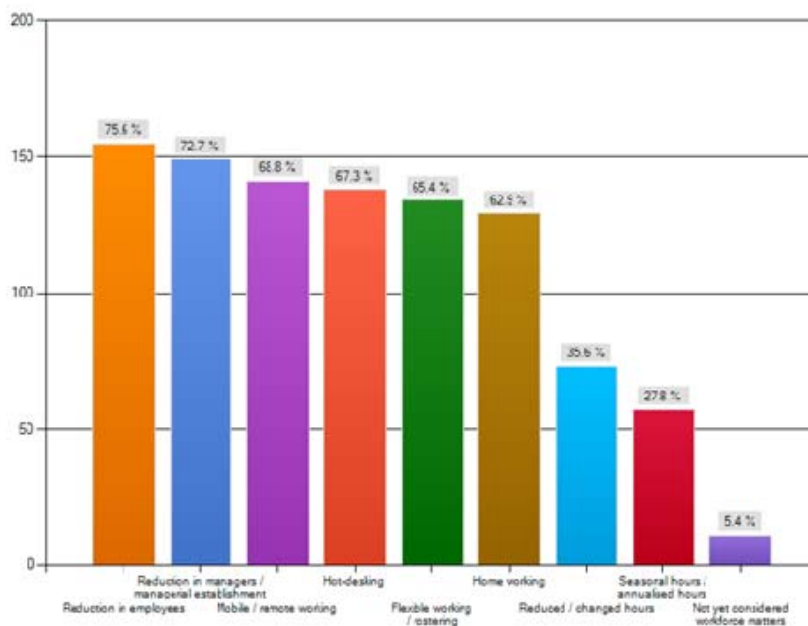


Figure 10 Service transformation and the workforce

There are clearly a range of measures being considered and many authorities will look at multiple changes to working arrangements. Some interesting comments were received which suggest that flexibility and mobility of the workforce will be of paramount importance whilst managerial levels will be 'slimmed down'.

'Management quantity and levels need to slim down. "Coal Face Workers" will be protected as far as we are able to do so'. (Wales, County Borough Council, Elected Member)

We have already implemented mobile/remote working, flexible working, seasonal/annualised hours and reduced/changed hours for cost efficiencies (Northern, County Council, Head of Service)

'Nothing is off the radar and every opportunity is being investigated/challenged' (Northern, Unitary, Director)

'We have been operating an agile working policy for some years and urgency of new buildings is encouraging wider and more urgent escalation of working smarter.' (Northern, Metropolitan Borough, Service Director)

15. Involving the workforce in service transformation

When asked 'how do you formally involve the workforce and trade unions in transformation?' 54.3% of employers appear to have adopted specially convened committees or working groups to engage trade union representatives and employees. Just over 49% of such committees operate at a departmental level with 48.2% using the existing Joint Negotiating Committees (JNC) to discuss service transformation issues.

There is however a recognition that the practicalities of involving the workforce are less than smooth. Some trade union respondents however complained that 'consultation' is often a 'fait accompli' leaving them frustrated at the processes. Comments include:

'We are currently working to improve these mechanisms.' (Northern, Metropolitan Borough, Manager)

Unfortunately where any proposals may identify potential 'detrimental' implications to any one particular employee or group of employees the Trade Union are unable to deliver any collective agreement. Indeed Toolkits supplied to one TU insists on balloting before any proposals can be even contemplated for agreement. Who will actually vote for some cost cutting initiatives even where these are being considered as alternatives to job losses? The whole process is unsatisfactory and takes far too long. This sort of situation and machinery is unsatisfactory in these fast-moving times and when we need to be more responsive to fast-changing circumstances (Northern, Metropolitan Borough, Director)

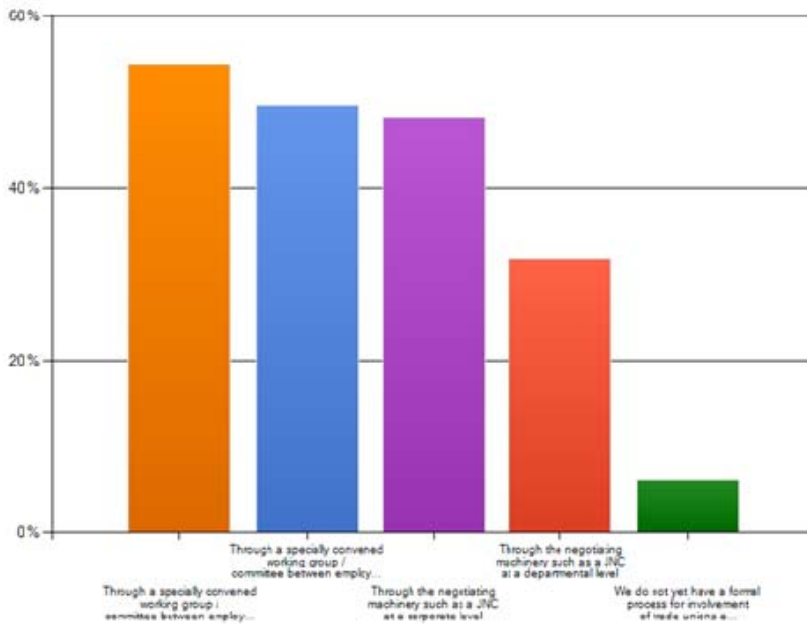
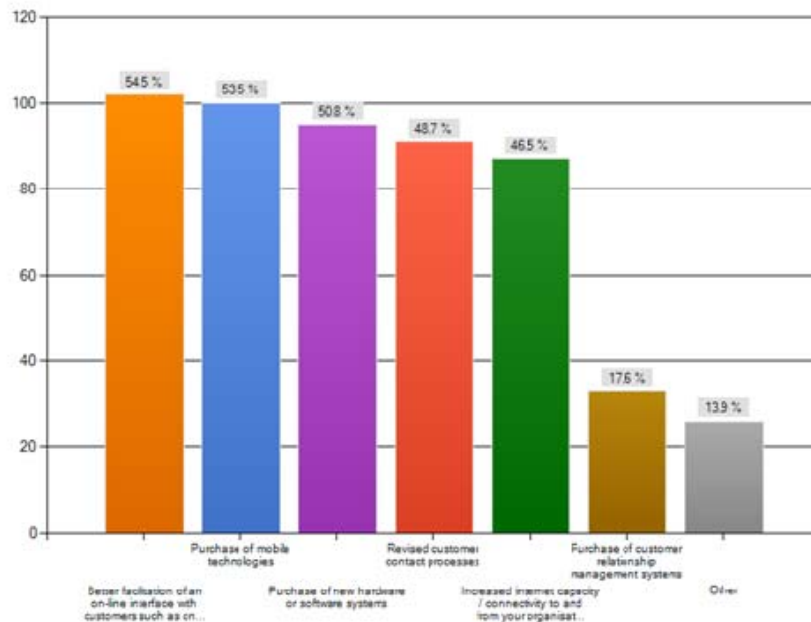


Figure 11 How do you engage the workforce

16. Service transformation and investment strategies

Investment strategies appear to be focussed on better customer outcomes with 54.5% seeing investment in better online customer interfaces. And 48.7% seeing investment in revised customer contact processes. Over 50% want to see investment in mobile software or new software and hardware purchases to improve service delivery. 17.6% plan to purchase a customer relationship management



system.

Figure 12 Investment strategies

Respondents typically commented that customer service investment would produce dividends elsewhere in a 'right first time' culture.

'One of our Transformation themes is Customer Services. A whole host of improvements is planned. We already have a CRM system in place.' (Northern, Metropolitan Borough, Service Manager)

'These investments will be subject to the benefits released from the various projects. We have procured a new strategic technology partner through competitive dialogue who is insourcing resources into the Council. As part of this it is anticipated that a new CRM will be developed but this may take longer than the next 12 months'.

(Wales, Unitary, Head of Service)

17. Use of integrated procurement and efficiencies in service transformation

Over 80% of respondents view shared procurement as a means to make savings with 22.3% viewing e-auctions as a means to achieve savings. This may however reflect the use of e-auctions within more corporate level procurement strategies such as energy or telecoms purchasing rather than the supply of goods or services at a front line service level. 38% of respondents also consider the use of purchase cards and revised product specifications as a means to make savings.

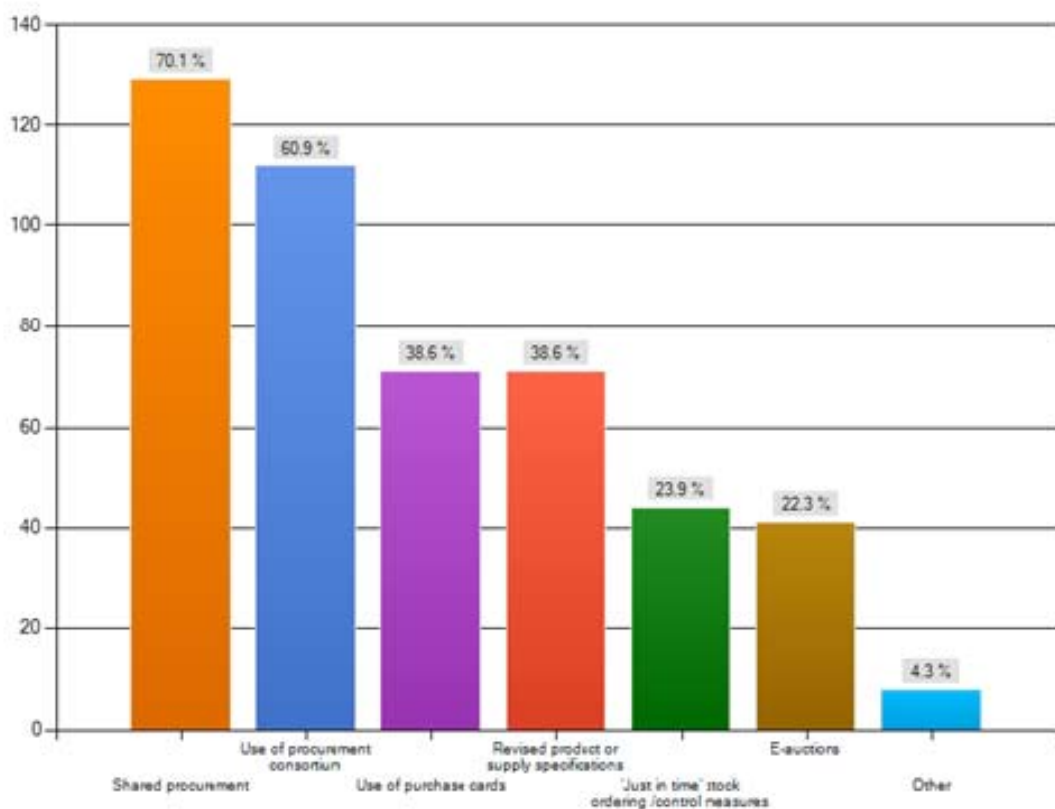


Figure 13 Use of integrated and procurement efficiencies

18. Procurement strategies and service transformation

81.4% of respondents envisage that they will adopt greener approaches to procurement. 70.7% will look to use procurement to integrate training and skills whilst 49.7% will work towards local employment and 34% will work towards better use of community benefits in procurement.

Community benefits could however be interpreted to mean employment, environment and training issues so this figure may be unduly low and a question of interpretation.

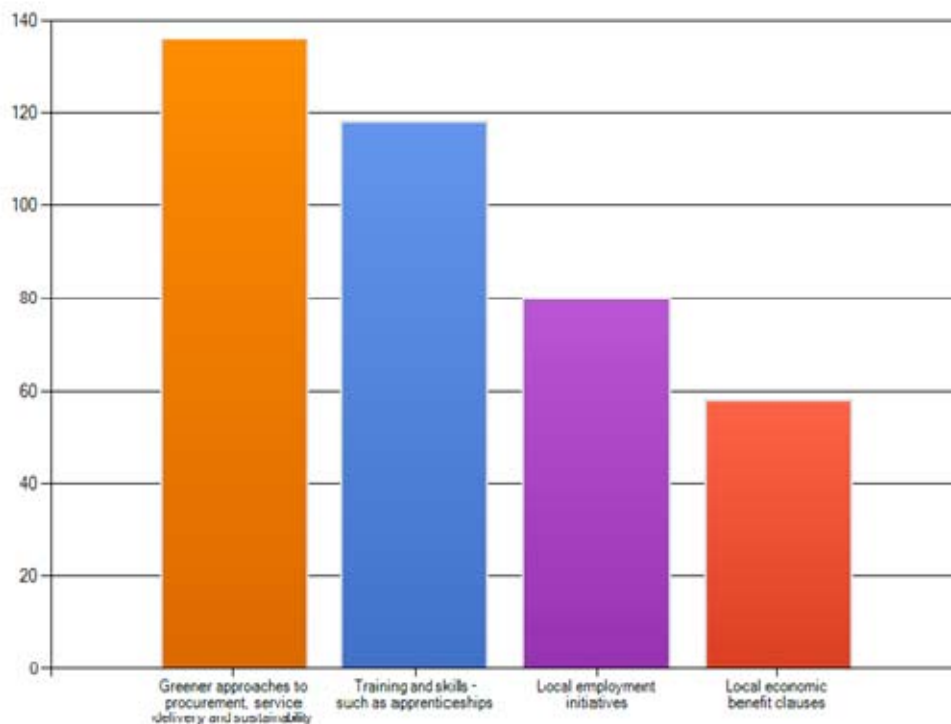


Figure 14 procurement strategies

19. Service delivery model and service transformation

Respondents were asked how their service is currently delivered with 71.5% indicating that the service is delivered mainly in-house. However when asked if they expect to see the service delivery arrangements change within the next two years the same figure 71.5% thought that it would.

44.9% of respondents also felt that contracts with external providers would make changes costly and or complex to change to respond to changing circumstances.

19. Barriers to service transformation

Over 72% of respondents felt that lack of money to invest to change would be a barrier to service transformation followed by 57.9% believing that the workforce would be resistant

to change with a further 52% believing that lack of capacity or expertise would also be a barrier to change.

Whilst there is evidence in the survey response to support resistance to change as a barrier it would appear the overwhelming barrier is one of needing money to invest.

Transformation is being accommodated by allowing experience to leave posts in early retirement packages. This further undermines the council's ability to deliver quality services and to maintain standards. This is not being offset by investment in apprentices etc. (Scotland District Service Manager)

Capacity is a major issue, as managers are frequently asked to provide resource from their normal business to progress change without backfill. This can be supported for a limited number of projects, but change agenda is so resource intensive at the minute there are real strains on ongoing business provision as a result. (Scotland Unitary Head of service)

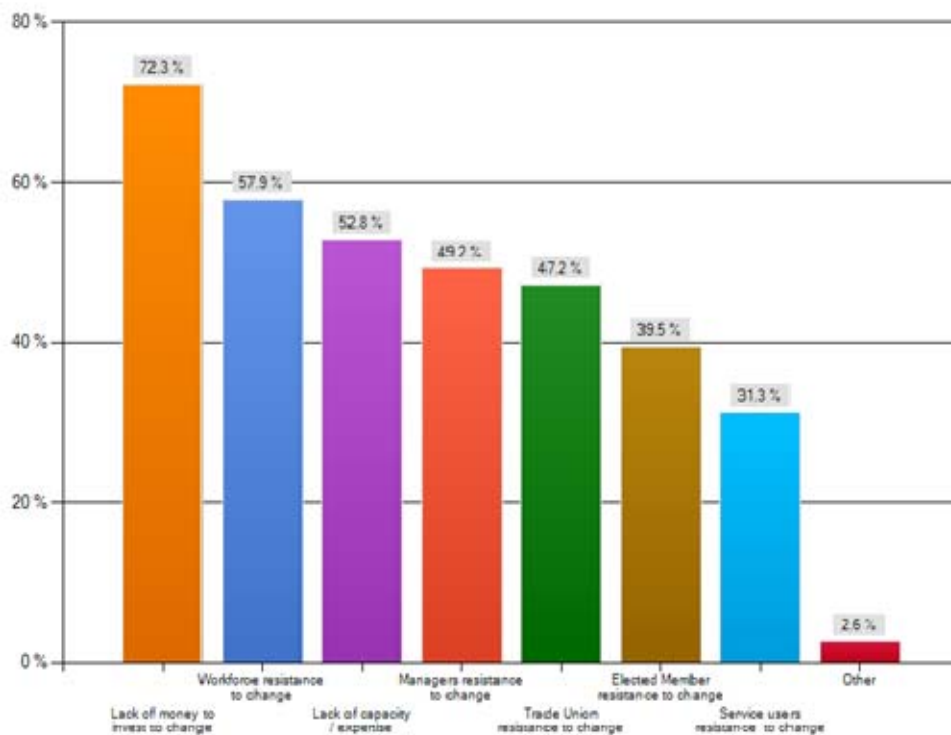


Figure 15 Barriers to transformation

Section 4

Service transformation in the public sector

This section is intended to provide a brief overview of some of the commonly applied management techniques or theories to encompass a transformative approach in service delivery. Many of these techniques have been developed within a manufacturing rather than a public service industry base. Therefore there may be circumstances in which these different methodologies will find less synergy within public services than more bespoke methods of service transformation.

Continuous Performance Improvement

Perhaps one of the most well known and acknowledged techniques is that of '**Continuous Performance Improvement**' which is described as an ongoing effort to improve products, services or processes. These efforts seek continuous 'incremental' improvement over time. Customer value or delivery processes are constantly evaluated and improved. Within a Best Value context within local government this was often taken to mean economy, efficiency and effectiveness though flexibility is also featured within the original thinking behind Continuous Improvement.

Deming (William Edwards Deming October 14, 1900 – December 20, 1993) was an American statistician, professor, author, lecturer, and consultant. Deming is widely credited with improving production in the United States but is also well known for his work in Japan. He specifically assisted his clients on design improvements, product quality, testing and sales using a range of methods including the application of statistical methods.

Deming and continuous improvement models are viewed as something of a meta-process for management systems such as Business Process Management, Quality Management, and Project Management. All of these processes have featured strongly during the Best Value years within local government and in the early days of Best Value within English, Scottish and Welsh authorities the procedural elements of the Best Value regime embedded these principles into processes of continuous review.

Within a continuous improvement process feedback from the process and customers are evaluated against organisational goals. Within the public sector this can be applied to external performance targets but equally can be applied against customer or citizen satisfaction or quality measurements. Responding to needs to allow for service improvements on a continuous basis has been a trusted process within local government. Indeed amendments to the Best Value Act through the Local Government and Public Involvement in Health Act in 2007 placed a new statutory duty on local authorities to consult with communities. This is perhaps a means by which to 'regulate' voice of the customer techniques within a public sector environment.

Deming's approach to continuous improvement is also related to the Kaizen approach (the translation of kai ("change") zen ("good") is "improvement"). This method became famous by the book of Masaaki Imai "Kaizen: The Key to Japan's Competitive Success."

Continuous improvement has a set of principles based on

- Self-reflection of the processes (feedback)
- Identification reduction and elimination of suboptimal processes (efficiency)
- Incremental , continuous steps to improvement rather than giant leaps (evolution)

Kaizen's theory is more developed in that it suggests that:-

- Improvements are based on many, small changes rather than the radical changes
- As the ideas come from the workers themselves, they are less likely to be radically different, and therefore easier to implement
- Small improvements are less likely to require major capital investment than major process changes
- The ideas come from the talents of the existing workforce, as opposed to using research and development consultants or equipment – any of which could be very expensive
- All employees should continually be seeking ways to improve their own performance
- It helps encourage workers to take ownership for their work, and can help reinforce team working, thereby improving worker motivation

Kaizen elements are often part of the same strategies employed in the use of continuous improvement techniques. Within the context of Best Value and within the developing role of service transformation within the public sector the Kaizen elements or techniques for business improvements are a common and useful resource.

Six Sigma

Service processes play integral roles in almost every company and can consume a large portion of a company's operating margin. Six Sigma efforts are often directed at these processes in an effort to model, measure, modify and improve them in order to make savings and therefore make business more efficient.

Typical problems in the use of Six Sigma in service processes arise in the selection of qualitative and quantitative measures appropriate to the business and the service process being improved. Within the public sector for example the speed with which an inquiry is dealt with by a service desk may be an appropriate indicator but a 'speed' indicator in a field such as a social care assessment for an older person may in fact make clients less than happy if they feel important decisions are being rushed through.

Six Sigma uses a number of tools in exploring how a service may be improved:

- **Careful Characterization of Defects:** Six sigma will typically characterise what a defect is - qualitative or quantitative. The measurement data can be discrete or

continuous depending upon the context. Customer satisfaction when measured qualitatively needs to be converted into an equivalent quantitative measure such as "overall satisfaction on a scale of 1 to 7." Any score below 6 could be considered a defect in the case of a strong customer service-critical process; while in a less customer service-oriented process a lower score could be acceptable.

- **Use Appropriate Level of Measurement** - The measurement needs to be at the right level for it to be meaningful. There are usually many end-to-end processes across organizations. The right level of abstraction is usually necessary for measurement to be meaningful. There could be many intermediate steps and manual steps. Measurement of these process steps at very low levels of detail may not add much value to what is being measured. As in other areas in life, the 80/20 rule applies to service processes - 20 percent of the steps may contribute 80 percent of the time taken to execute service processes, 20 percent of the customers may account for 80 percent of the customer dissatisfaction when qualitative measures are used. Focusing only on some key elements may get you a large percentage of the payoff. Getting into more detail than that usually does not add significant incremental value.
- **Account for Variability** - Service processes may have significant variations in how they are executed, depending upon the complexity of the tasks they handle. For example, in the case of automobile insurance underwriting, the underwriter could be considering a run-of-the-mill case such as a regular passenger car for a driver with no accidents on his record. Or it could be a motor home or a customized vehicle that needs to be handled as a special case. Six Sigma assessments of these cases could be significantly different, and the usual measures may not be applicable across both cases. Adjustments may have to be made as to what is being measured and how.
- **Put Strategic Emphasis on Quantitative Versus Qualitative Measures** - The right mix of quantitative and qualitative Six Sigma measures is important to get meaningful results. Nordstrom, the apparel store chain, prides itself on the service it provides customers. Qualitative measures may be more important in customer-facing service processes there. Quantitative measures are more important in a company that specializes in quick service, such as a speedy oil change business.
- **Emphasize Management Communication and Support for Change** - Service processes, especially on a large scale like insurance claims processing, involve so many different groups of people inside and outside the company that any Six Sigma process improvement could face significant resistance. People involved in executing the same process step for a long time may not know how they fit in the bigger picture. If Six Sigma practitioners suggest process changes, the status quo may be threatened and therefore may need significant management support for implementing changes. This is where information sessions that provide the bigger picture to all those who may be affected by the process changes will help.

Lean Principles

Lean principles are often considered to be interchangeable with Six Sigma though management experts practised within both techniques would argue that there are considerable differences. Taiichi Ohno (1912 – 1990), a Toyota executive and considered to be the founder of Lean management principles identified seven types of waste found in any process:

- Transportation: Unnecessary transport of parts under production.
- Inventory: Stacks of parts waiting to be completed or finished products waiting to be shipped.
- Motion: Unnecessary movement of people working on products.
- Waiting: Unnecessary waiting by people to begin the next step.
- Over-Processing the product with extra steps.
- Over-Production of products not needed.
- Defects in the product.

A further one commonly cited by management and academic writers is 'waste' which is identified as goods and services that do not meet the customer's needs. Other authors have added underutilization of people.

Lean Thinking is considered to be the antidote to waste. There are (5) Lean Principles:

- **Specify Value:** Value can be defined only by the ultimate customer. Value is distorted by pre-existing organizations, especially engineers and experts. They add complexity of no interest to the customer.
- **Identify the Value Stream:** The Value Stream is *all* the actions needed to bring a product to the customer. If the melter, forger, machiner, and assembler never talk, duplicate steps *will* exist.
- **Flow:** Make the value-creating steps flow. Eliminate departments that execute a single-task process on large batches.
- **Pull:** Let the customer pull the product from you. Sell, one. Make one.
- **Pursue Perfection:** There is no end to the process of reducing time, space, cost and mistakes.

Lean is doing 'more with less'. Using the *least* amount of effort, energy, equipment, time, facility space, materials, and capital – while giving customers *exactly* what they want.⁵

Systems thinking

According to leading writer John Seddon, 'Systems Thinking' underpins 'lean' management and is best understood through action-learning as the ideas are counter-intuitive. The Toyota Production System is just that—a system; the failure to appreciate that starting-place and the advocacy of 'tools' leads many to fail to grasp what is, without doubt, a significant opportunity for learning and improvement.

Writing in a '*Freedom from command and control: a better way to make work work*' John Seddon and Simon Caulkin said:

'Leaders and managers often make the mistake of supposing that tools and techniques can deliver this profound shift in thinking; especially when, for example, consultants teach 'lean' as a collection of techniques—kanban, kaizen, TQM, Five S, Six Sigma. Yet such 'tools' are only the outward manifestation of the underlying systems logic, developed to solve system problems. But unfortunately they can be, and often are, used in a non-systems way

⁵ An outline of: *Lean Thinking Banish Waste and Create Wealth in Your Corporation*
By James P. Womack and Daniel T. Jones New York, NY: Free Press, Simon & Schuster, Inc., 1996, Second Edition, 2003

as just another means of control. Tools are the least important element in systems thinking (and it may be better to avoid the term altogether (see Seddon, 2003); the most important part is understanding of the organization as a system and thinking in terms of systemic cause and effect. At this point managers can 'pull' together a number of useful learning aids according to the context and circumstances. At Toyota, Ohno preferred the term 'limited' to 'lean' because the TPS was about increasing capacity and responsiveness in the system and not about cost reduction. The difference is subtle but crucial, not least in convincing employees to participate wholeheartedly in the learning-action cycle without fear of being eliminated. Companies that use only the toolbox without embracing the underlying philosophy are unlikely to gain more than limited and temporary results. For many managers 'lean' has come to mean cost and job reduction programmes.⁶

Practical Application of Lean Thinking – an NHS example

Alongside local government examples the NHS has also started to embrace lean systems in order to improve performance and service delivery. The following is an extract of the application of lean systems in an NHS context:

⁷In most organisations of whatever type, there is at least nine times more non value-adding activity than there is work that actually meets the patients' needs. So even if the value adding component is improved by 50 per cent this will have a very small impact on overall productivity. Improving value adding components in isolation without addressing the whole process may not improve efficiency at all. A faster machine in pathology or a quicker transfer from accident and emergency to a ward may simply mean that the specimen or the patient wait somewhere different and longer for the next stage in the process. Lean focuses the improvement effort on things that matter to patients and clinicians, and on the things that cause them stress and get in the way of care – as opposed to external benchmarks or national targets which tend to be expressed in terms that are only indirectly related to improving patient care. There is one other key insight I have gained from talking to people developing Lean approaches. Lean has to be locally led and be part of the organisation's strategy. It cannot be imposed from outside: a sure way to kill it would be for there to be national or regional programme. The Lean Enterprise Academy has set up a Lean Healthcare Network to help people exchange ideas and experience. The NHS Confederation's Future Healthcare Network is also investigating the very significant implications for the design and size of buildings. '

⁶ Note Freedom from Command and Control: a better way to make the work work', by John Seddon. (Reference: Seddon, J, Caulkin, S, 2007)

⁷ Nigel Edwards, Policy Director NHS Confederation Note: Lean thinking for the NHS Daniel Jones and Alan Mitchell, Lean Enterprise Academy UK

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