



# **Competitiveness 2009 Style**

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# What Does it Mean: Some concepts



- Competition
  - A market mechanism
  - Link with profit levels
- Competitiveness
  - Fitness to compete in market
- Contestability
  - Barriers to entry and exit
  - With high contestability short term profits will be normal to deter new entrants
  - Ergo monopolists can operate in contestable market and retain dominant position (W. Baumol)

# Competitiveness and public services



- Procurement of supplies
- Procurement of services
- Value for money
- Economy
- Efficiency
- Effectiveness



# Competing Approaches

- Competitive tendering
  - CCT
  - VCT
- Service review
  - Best value approach
  - Make or buy decision
- Commissioning
  - Reintroduction of purchaser/provider split
  - Market making
  - Solving the 'client problem'

# And Competing Ideologies



- Private good/ public bad
  - Faith in competitive pressure as a mechanism to drive price
  - Faith in competition to drive quality, innovation etc
- Direct services right or wrong



# Contestability

- How contestable are public sector markets?
  - Administrative barriers
  - Legal barriers
  - Resource barriers
- Impact on competition
- Impact on cost and quality

# So is competitiveness a helpful concept?



- Public service provision context
- Infinite demand for services
- Pressures on budgets
- Service continuity
- Link with other allocation mechanisms
- Public benefit criteria

# Demonstrating competitiveness



- Through CCT style competition?
  - Contestability issue
    - Price but also quality
    - Vulnerability to cartel problems
  - Client problem
  - Service continuity
- Through a commissioning approach?
  - Thin/intelligent client
  - Long term contracts
  - But other issues remain

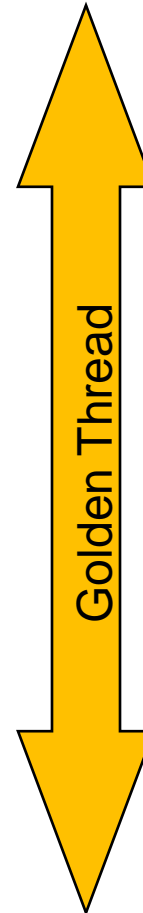
# An evidence based approach



- What do we need to know?
- What we are trying to do
- Whether we are doing it
- How we might do it differently

# What and why?

- Council objectives –community value approach
  - Council
  - Local partners
  - Government/social policy
- Business objectives – delivering
  - Economy
  - Efficiency
  - Effectiveness
- Service imperatives – organisation
  - Business processes
  - Service delivery
- Business plans – nuts and bolts
  - Financial
  - People
  - Marketing
  - Communications
  - Review and continual improvement



# Whether and how well we are doing it?



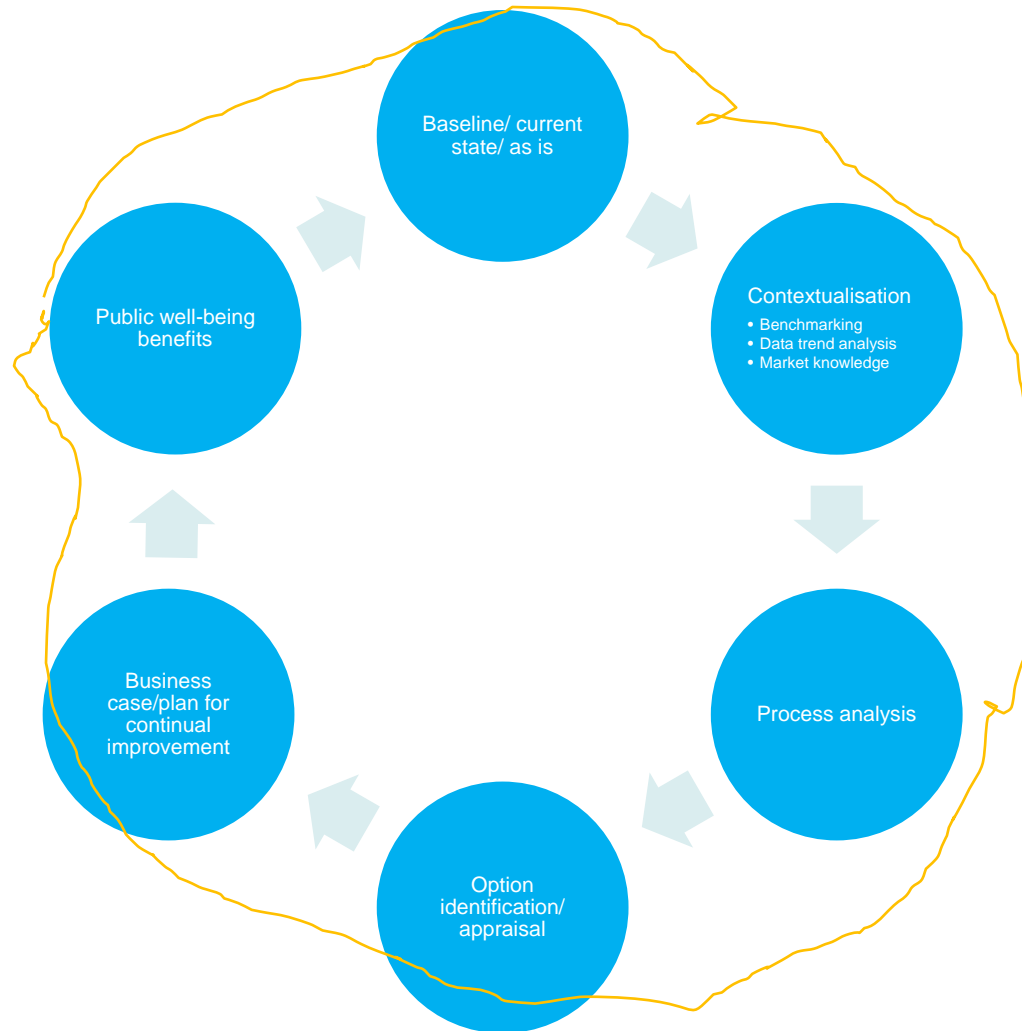
- Performance data
- Cost data
  - SoRs
  - Total cost of service provision
- End user perception and satisfaction
- Contextualisation
  - Trend
  - Benchmarking
  - Market knowledge

# Contestability/Continual Improvement

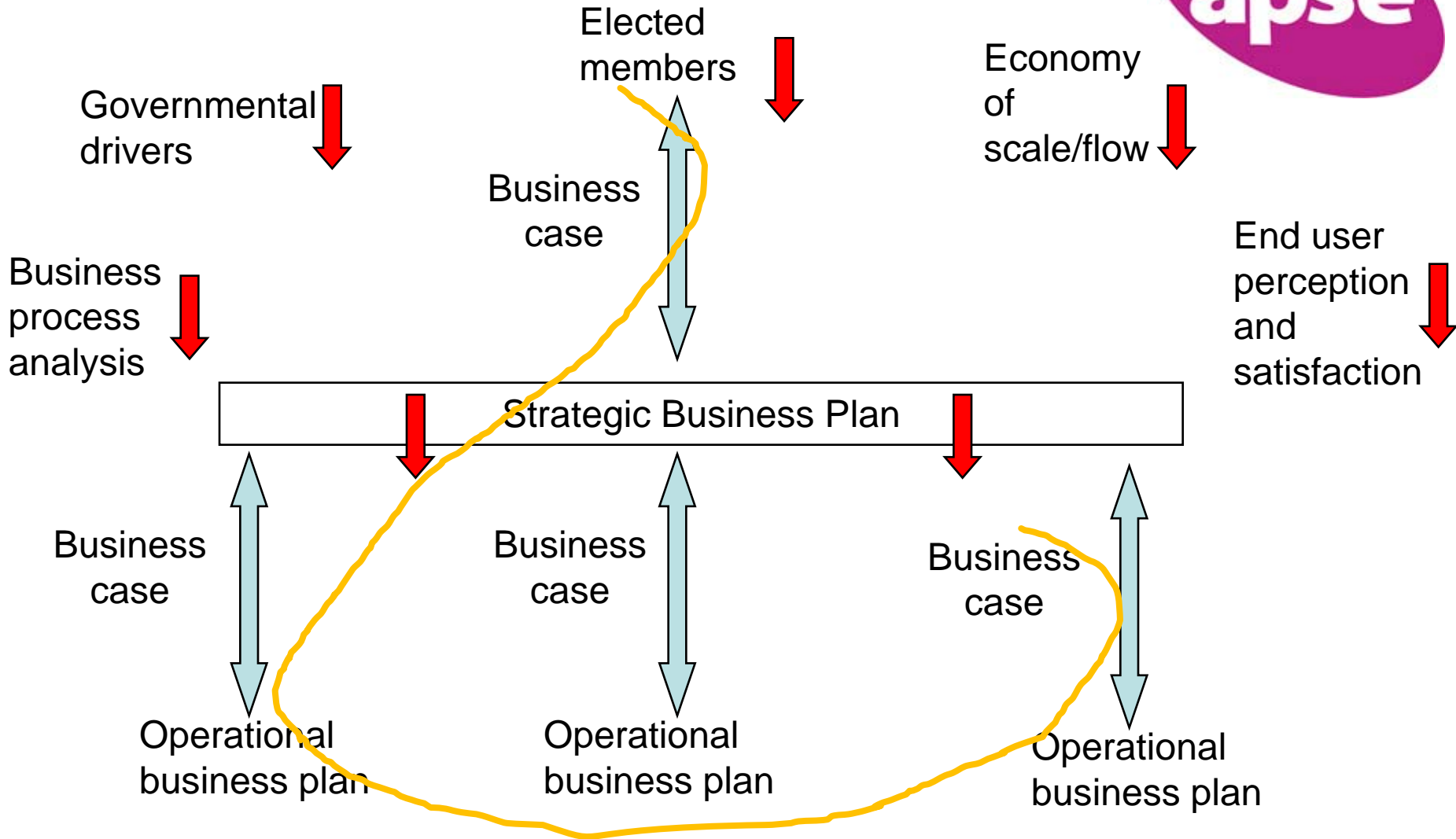


- Economy, efficiency, effectiveness
- Business processes
- Economy of scale
- Economy of flow
- Supplier markets

# An Evidence Based Approach




# A business case driven approach



# Making a Judgement



Performance Block	Direction of Travel	Detail of Performance Block/Evidence	Level
Service achieves synergy with other services and external partners	<div style="text-align: center;">  <p>Contestability</p> </div>	Outward looking with all other blocks in place	10
All data drives business improvement through robust service improvement planning		Culture of continual improvement in terms of economy, efficiency and effectiveness	9
Continual improvement of processes/ Business process analysis undertaken		Clear description of processes with inefficiencies identified/ efficiency gains	8
Quality service delivery meeting needs of end users		Effective mechanisms in place to establish customer/end user satisfaction and perception. Quality systems in place	7
Best practice/ benchmark data used as basis for comparing processes		Detailed understanding of why others perform better/worse than Preston	6
Performance indicators benchmarked (including year on year trends)		Nationally recognised benchmarking arrangement Ad hoc benchmarking with neighbouring or small number of authorities	5
Public reporting of results against targets		Reporting to public through elected members Reporting at officer level	4
SMART targets in place		Balanced performance/cost targets Performance or cost targets	3
Performance indicators developed		Local PIs relating to local priorities National PIs	2
Performance Data Collected		Data on service costs Data on service performance	1

# Some Key Questions for Discussion - Benchmarking



- What are the key criteria for an effective benchmarking arrangement
  - Size?
  - Ubiquity?
  - Validation
  - Scrutiny/Audit?
- Do we have arrangements that meet them?



# Some Key Questions - Business Process Efficiency

- What are the key criteria for business process efficiency?
- How do we measure it?
- How do we report it?
- How can we make appropriate changes?

# Some Key Questions – market analysis



- How good is our knowledge of the wider market place?
- What information do we need?
- Can we be sure the information we have is reliable/accurate?

# Some key questions – End user perception and satisfaction



- How can we measure end user perception and satisfaction?
- What do we need to know?
- How can we be sure information is reliable?
- How do we use the what we learn effectively?

# Some key questions – Peer review and challenge



- What do we mean by peer review and challenge?
- Can it be robust enough to be an effective challenge?
- How do we make best use of it?



# Some key questions – Elected member review and challenge

- What is the legitimate role of members?
- How do we ensure elected member involvement?
- How do we make it effective?
- What judgments should we expect?

# Some key questions – Effective business planning



- What are the key elements of an effective business plan?



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