



# **Demand Management**

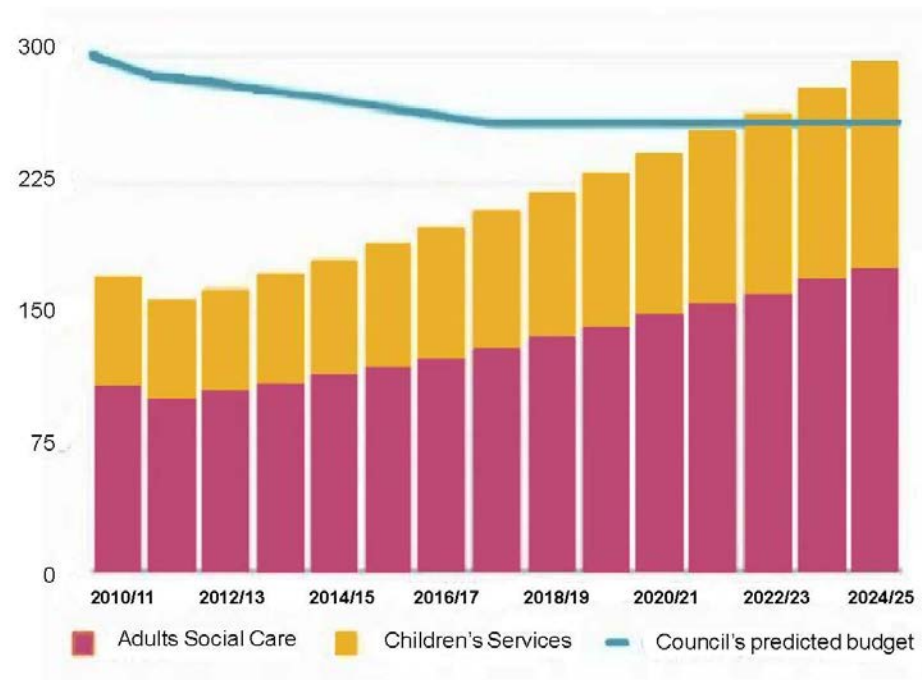
Andy Mudd, APSE Solutions



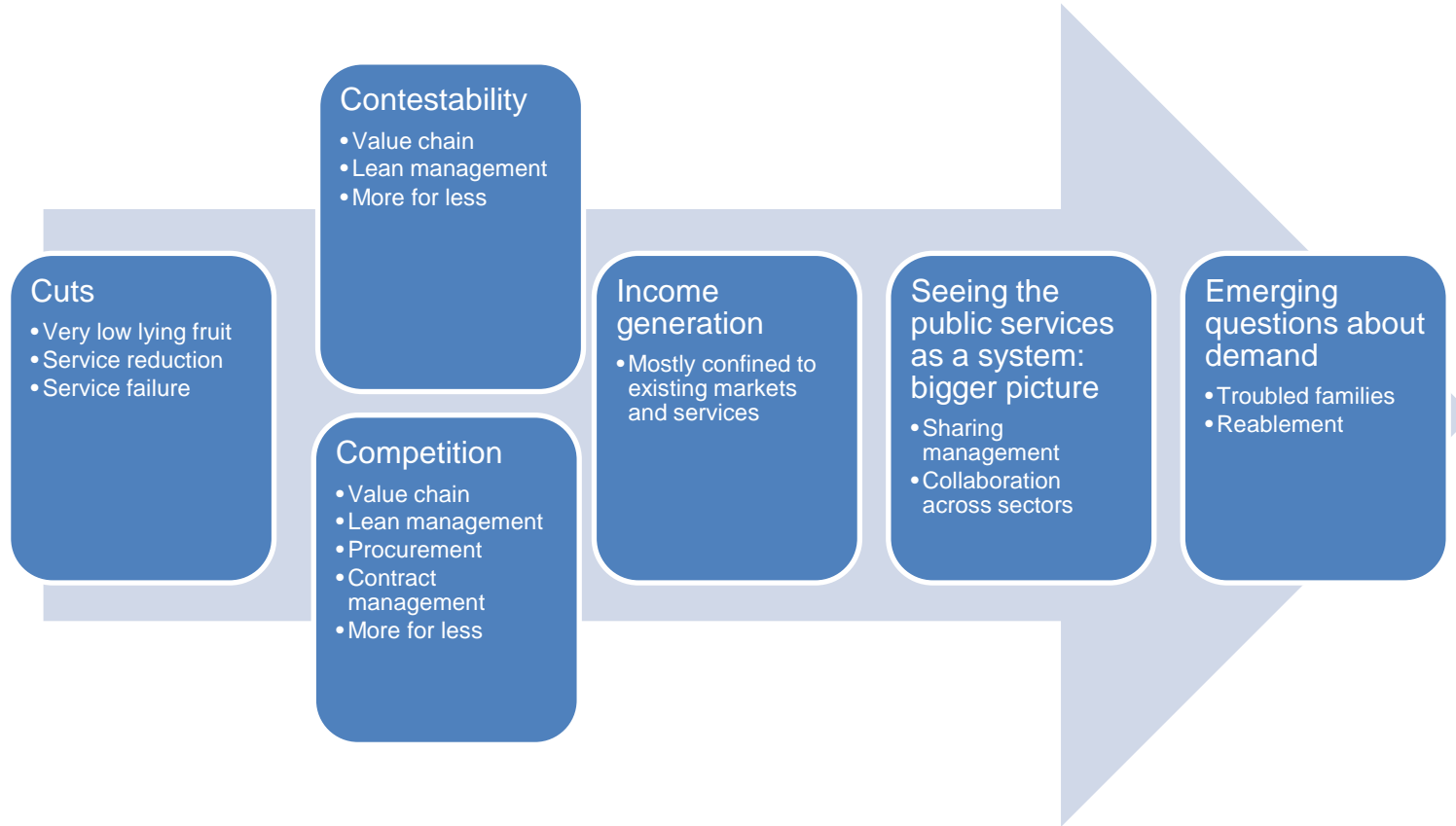
# The problem

- The age of austerity
- Coupled with rising demand
  
- Graph of doom
  
- Or .....

# Is this where we're heading?



# The response so far



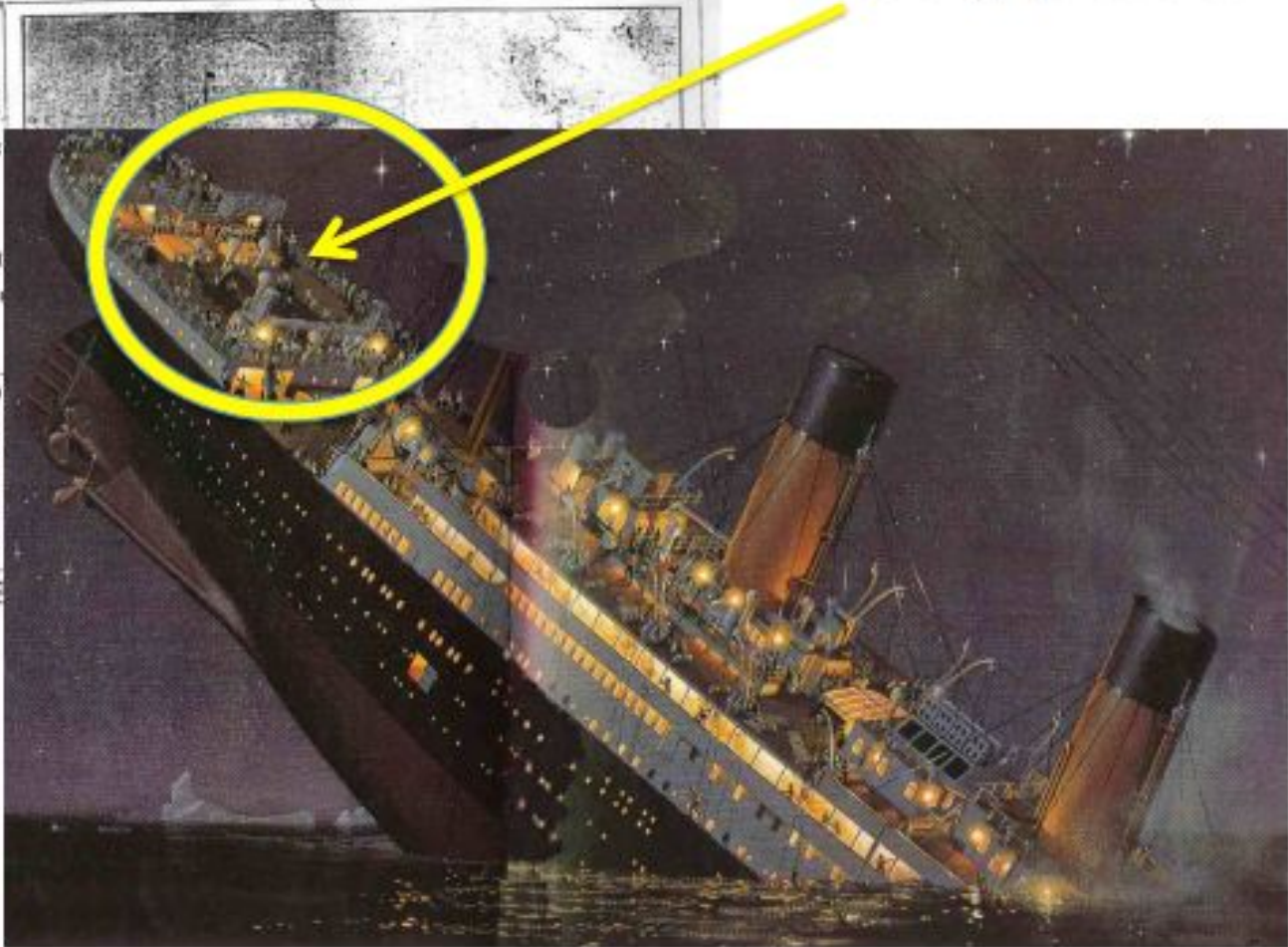
# Structural Solutions



- Outsourcing/insourcing
- Arms length delivery
- What do they actually change?



Rearranging the chairs?



# So is failure an option?



# What is demand management?





**Why would we want to do it**



# Back to basics: why we what we do



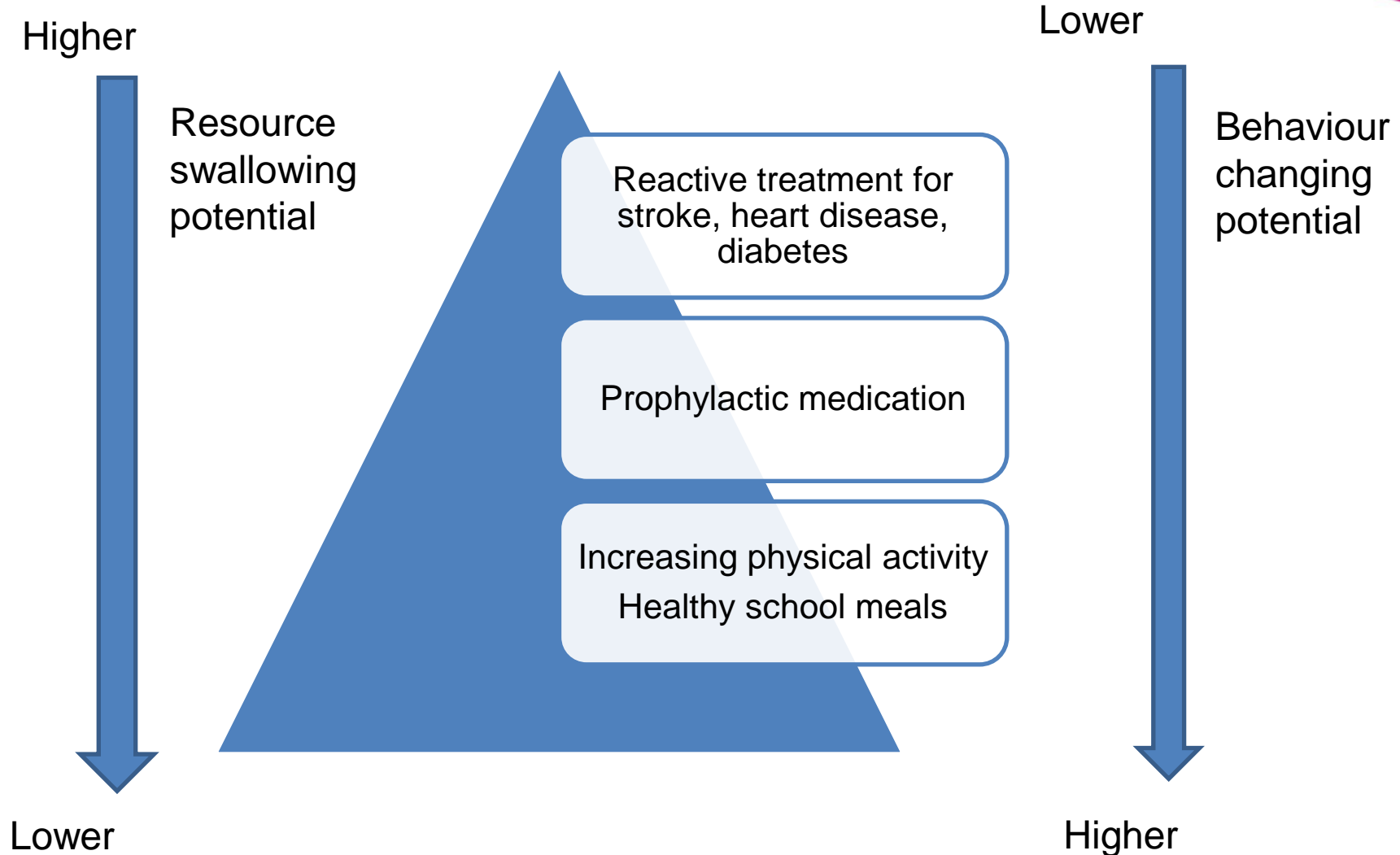
- Social policy
  - Some things are important to everybody
  - Public health
  - Social well being
  - Economic well-being
- Cost/benefit of public services
  - Public provision can be more efficient than the market

# Beyond supply side efficiency



- Prevention rather than cure
- Nudge theory and behaviour change
- Income generation

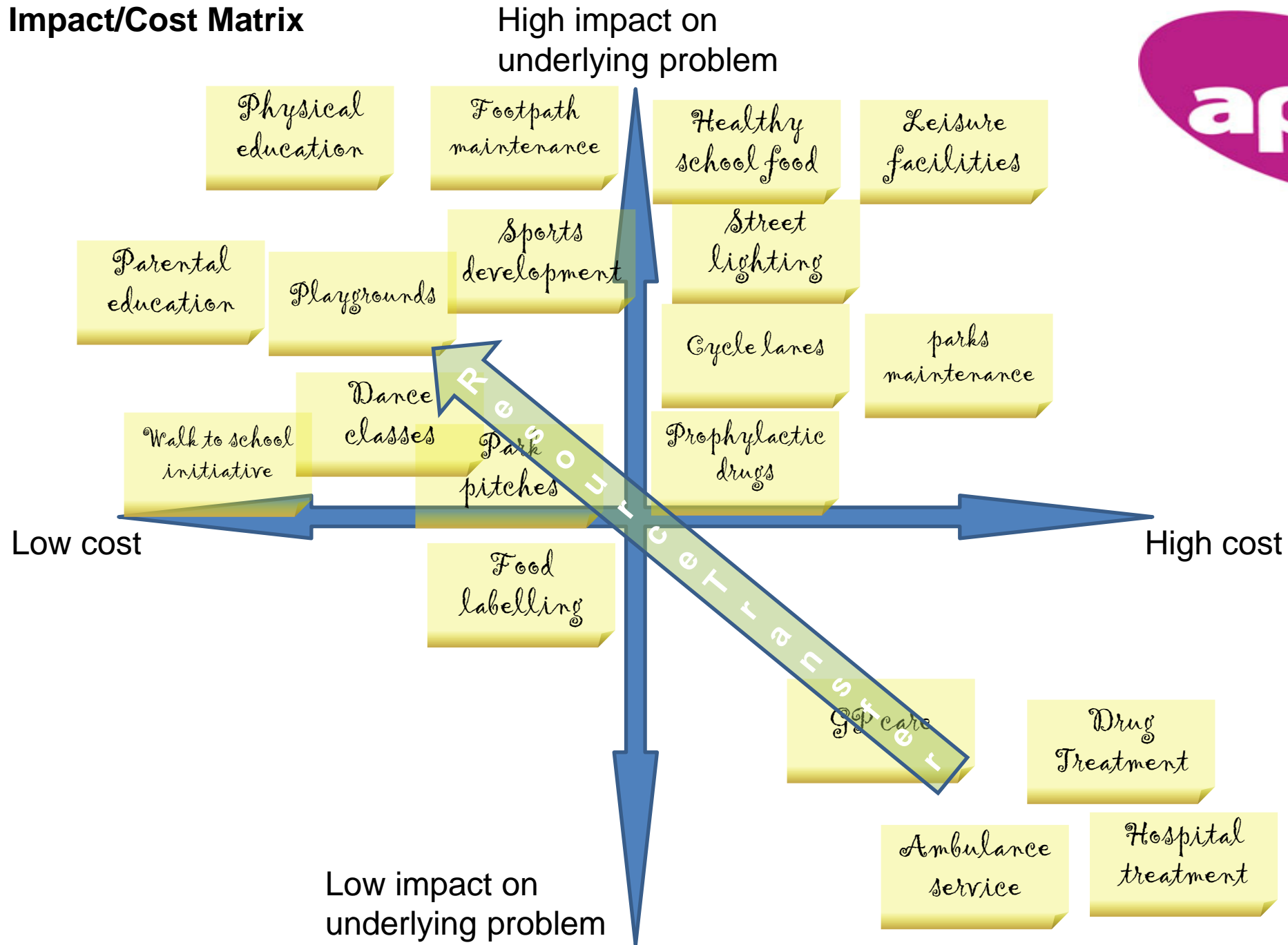
# On a bigger scale: tackling causes saves money



# Activities to tackle lifestyle diseases



# Impact/Cost Matrix



**“If a man sees a fly, he aims at it”**

**“Schhpillage  
was down by  
80%...”**



# What's he eating?





# What does batman eat?



**Chips**



**Or apples**



# Can a carrot be more effective than a stick?



# Cleaning Demand

- What is the point of cleaning?
  - Utility
  - Health and safety
  - Income generation?
- Council buildings?
  - Minimise
  - Council budget
- As a commercial venture?
  - Maximise?
  - Customer utility



# Less waste, happier customers



**livekitchen**

*primary catering solution*

**Does the eating environment make a difference to demand for school meals?**

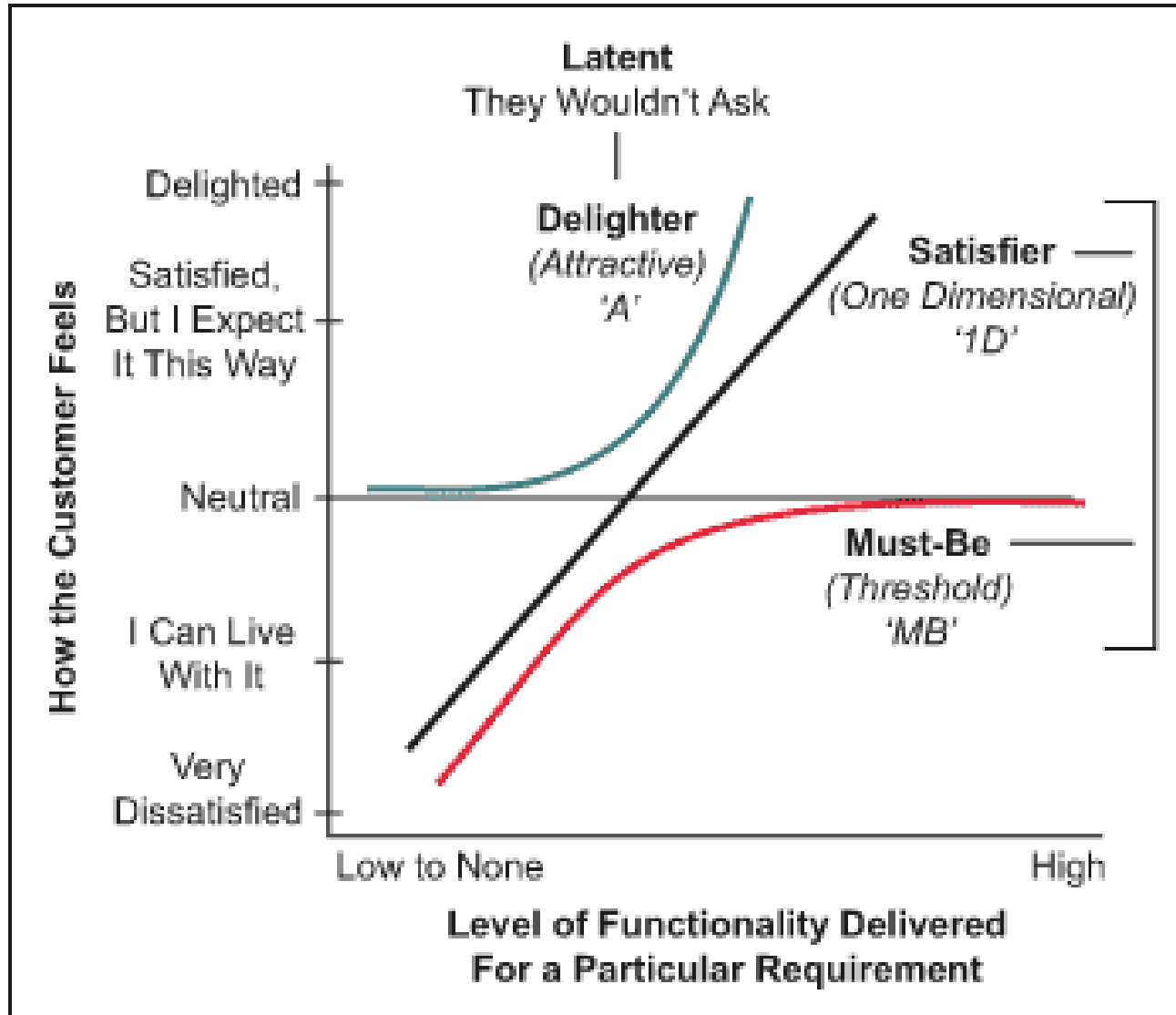


# Developing a systematic approach



- Understanding demand
- Changing the nature of demand
  - Reducing it?
  - Growing it?
  - Redirecting it?
- Looking to the future

# Kano analysis



# Blue Ocean Strategy: Demand Innovation





# In a public service context



- Trade off between cost and service quality
- Ever increasing pressure on demand
- Ever increasing burden on staff
- Repeated service failure
- Ultimate organisational failure

- Pursuit of excellence *and* low cost
- Management of demand
- Empowerment of staff
- Innovation in service delivery
- Organisational change



**Key principles: W Chan Kim and  
Renee Mauborgne  
Blue Ocean Strategy Unit: INSEAD**

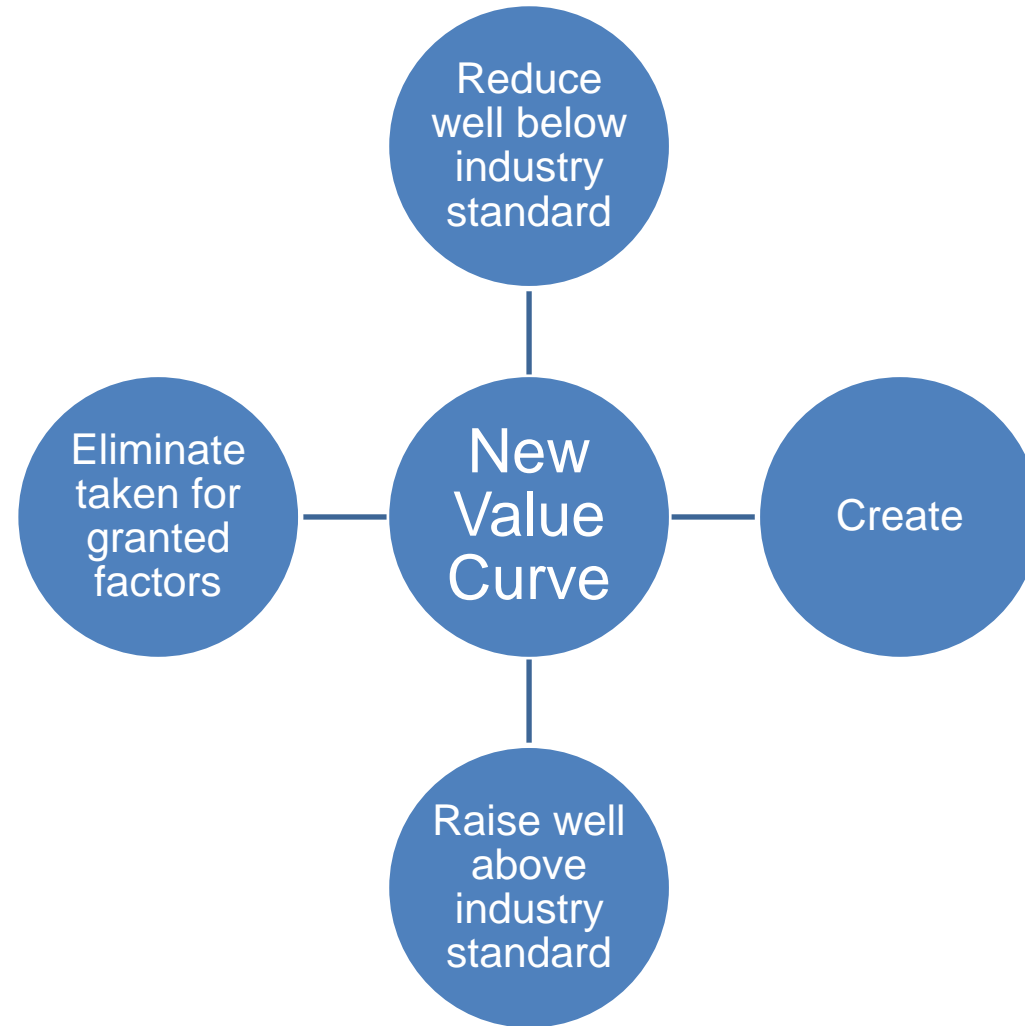
- Value innovation
- Thinking beyond competition strategy
- Creating new demand
- Finding uncontested market space
- Avoiding commoditisation of product



# Key relevance to public sector

- Blue ocean is consciously concerned with demand side
  - Creating new demand
  - Managing demand through re-focussing
- Transcends marginal savings available on supply side
  - Competition and contestability theory focus on cost control and efficiency – not enough
  - Entrenches current approach to delivery

# 4 Action Framework



# Strategy canvas



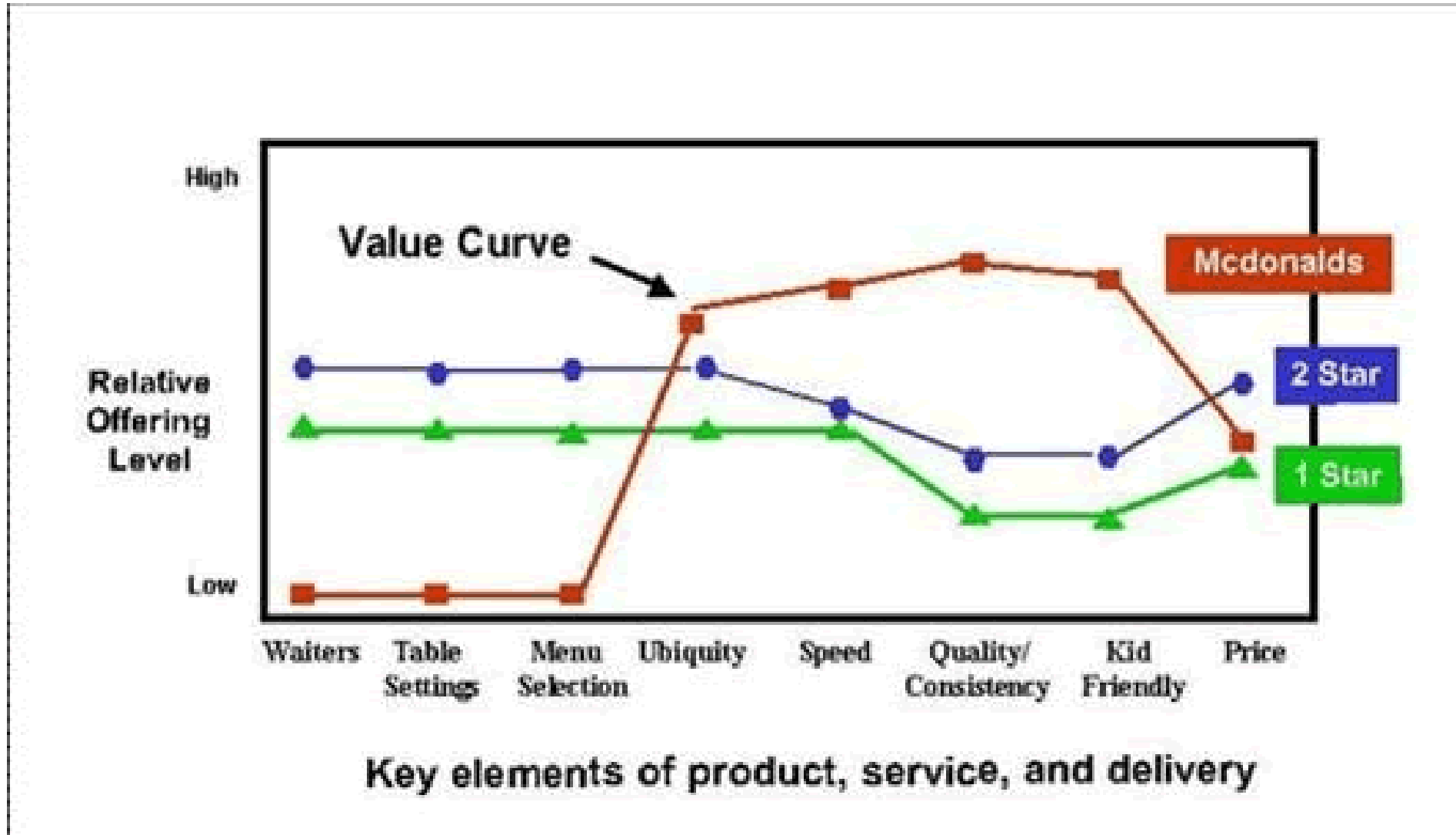
High

Focus

- Analyse an industry
- Analyse chain of buyers
- Analyse and develop new strategy

Value factors

# Strategy canvas: McDonalds



# Qualities of blue ocean strategy



- Focus
- Divergence
- Compelling tag-line

# 6 Path Framework



|                                    | Head to head competition  | Blue Ocean Creation   |
|------------------------------------|---|---|
| Industry                           | Focus on industry rivals  | Looks across industry boundaries                                |
| Strategic group                    | Focus on competitive position within strategic group                          | Looks across strategic groups within industry                   |
| Buyer group                        | Focusses on better serving the buyer group                                    | Redefines the industry buyer group                              |
| Scope of product or service offer  | Focusses on maximising the value of product within the bounds of its industry | Looks across to complimentary products and service offerings    |
| Functional – emotional orientation | Focusses on improving price performance within existing orientation           | Rethinks the functional – emotional orientation of its industry |
| Time                               | Focusses on adapting to external trends as they occur                         | Participates in shaping external trends over time               |

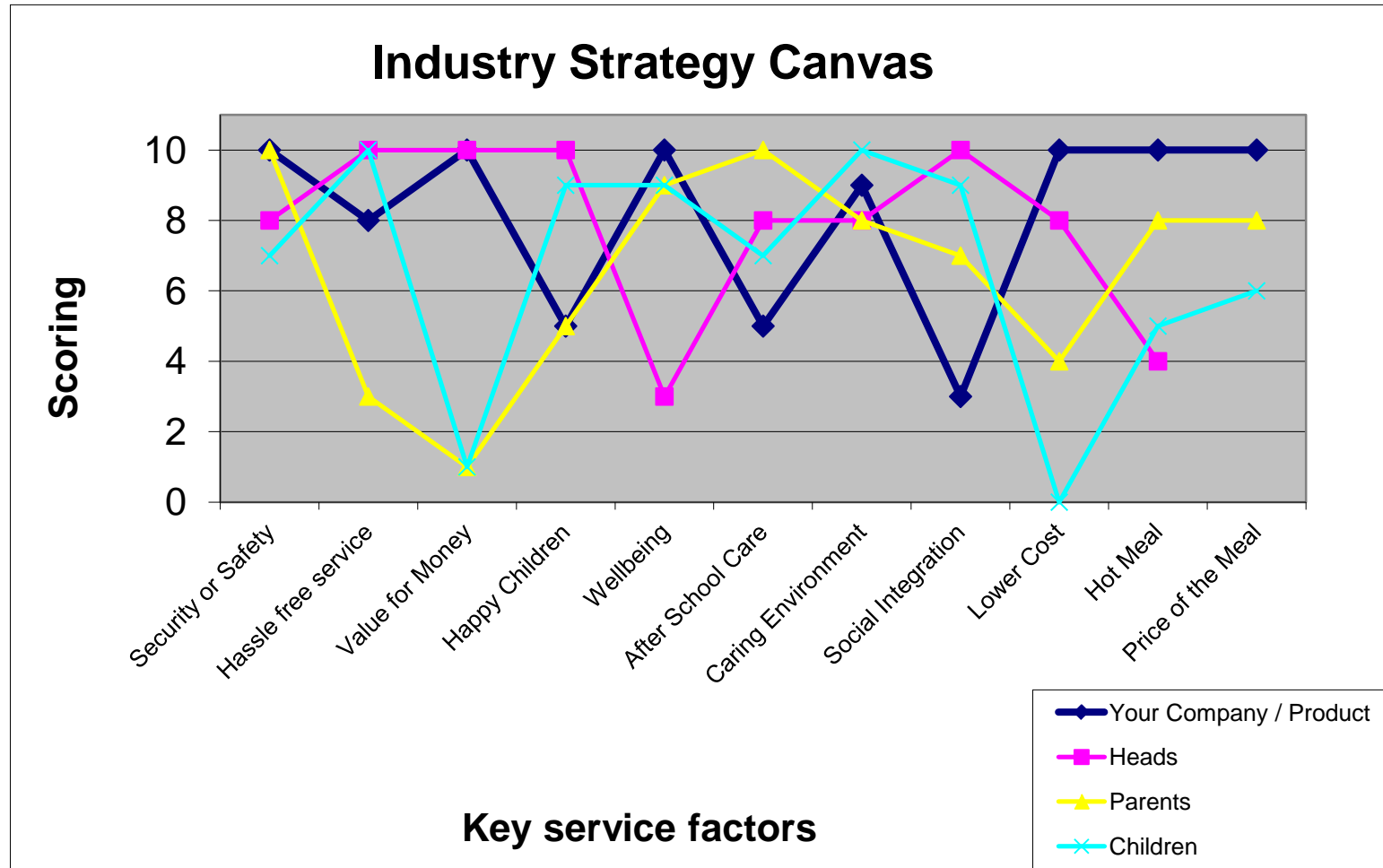


# To reconstruct market boundaries

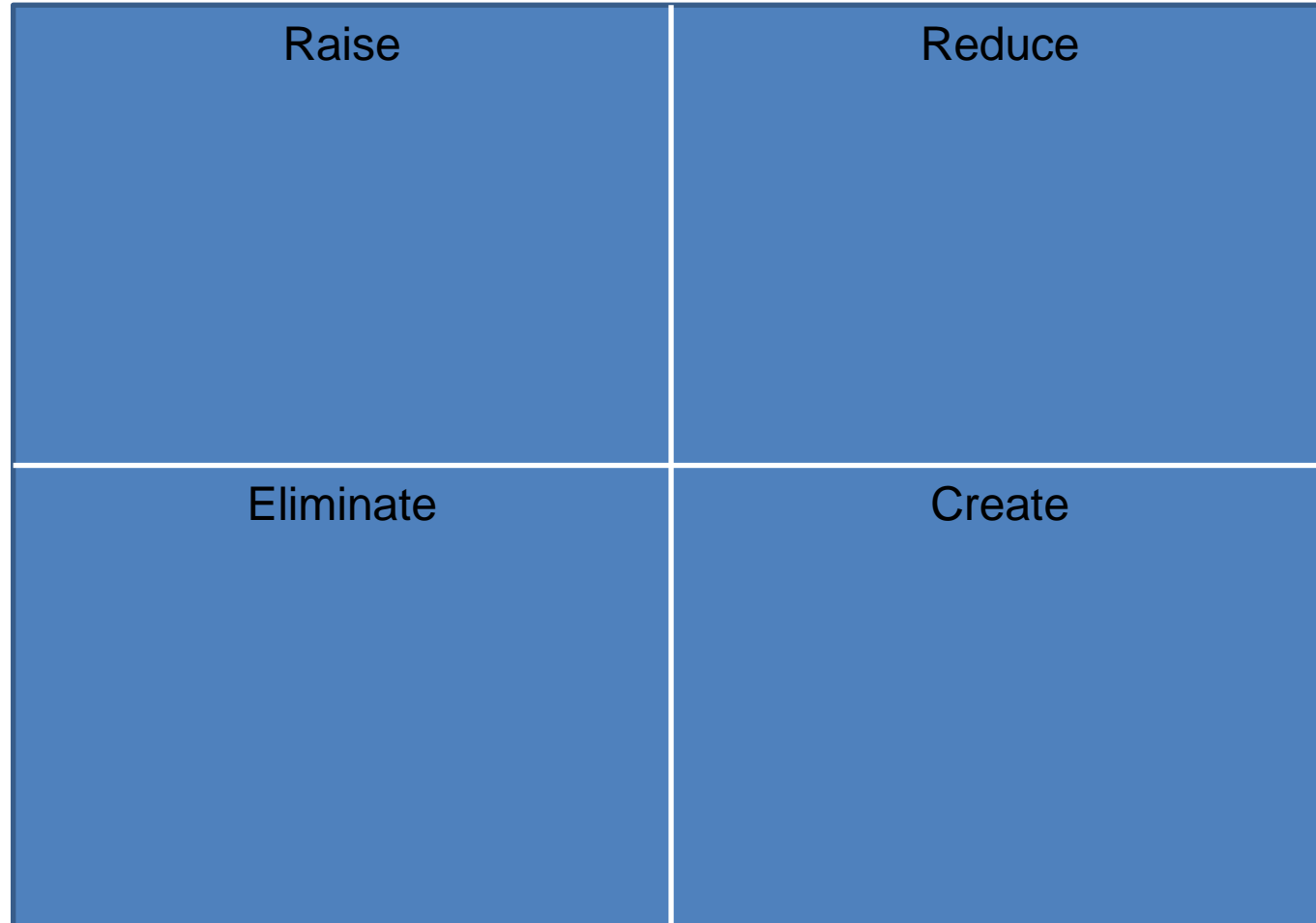


- Look across alternative industries
- Look across strategic groups within industries
- Look across the chain of buyers
- Look across complimentary product and service offerings
- Look across functional or emotional appeal to buyers
- Look across time

# Strategy canvas



# Four action framework



# Reconstructing market boundaries



Look across alternative industries

Look across strategic groups within industries

Look across the chain of buyers

Look across complimentary product and service offerings

Look across functional or emotional appeal to buyers

Look across time



# Consultancy

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## Interim management requirements

**Roads & Highways, Building Maintenance, Bereavement Services, Environmental,  
Parks & Open Spaces, Waste, Facilities & Leisure etc.**

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