Building an effective management system

Insights and learning from UK government

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Quick quiz - name that government.....
Share our insights from across sectors

Central and local UK government:

Private sector:

International:
What to focus on

- Customer focus
- End-to-end perspective

How to change

A whole management system approach

- Management and leadership environment
- Using information to improve
The role of the National Audit Office

- We scrutinise public spending on behalf of UK Parliament
- We help to hold government departments to account for how they use public money
- Our work helps public service managers to improve performance and service delivery, nationally and locally
What we mean by ‘Government’

• It is big
• It is complicated
• It does everything
• It has all the complications of a multinational corporation…
• …plus some more
A lot at stake for government

- **Value for money at stake** - £600 billion spent on providing services 70% of staff in operational roles

- 2005 – **growing use of principles** such as lean thinking **across UK government**

- 2011 - all **departments must have a continuous improvement strategy**

- **Using these principles** to manage and improve **is a good thing**……..if done well
The questions we’re interested in answering

1. How capable is an organisation in managing and improving business operations?

2. What are an organisation’s priority business problems?

3. How can this understanding be used to achieve sustainable improvement?
Our components of good operations management

1. Using **Strategy** to define and focus process activity

2. Using **Information** to manage and improve performance

3. Helping **People** manage and improve process performance

4. Ensuring the end to end **Process** has the capacity and capability to meet demand

5. Using continuous **Improvement** to target areas of most benefit
Testing 40 questions across the 5 areas

- **Strategy**
- **Information**
- **People**
- **Process Management**
- **Improvement**

Alignment of the organisation across the 5 areas – the ‘corporate centre’

Alignment between the ‘corporate centre’…

....and operational delivery

Alignment of operational delivery – services / processes
UK government capability 2015

Percentage of ratings within each maturity category

Audit analytic questions
Using information

Percentage of ratings within each maturity category

Organisational questions
Base = 25 assessments

Operational questions
Base = 32 assessments, 86 processes

- No Evidence
- Partial maturity
- Partial maturity and improving
- Full Maturity
Helping people lead and manage

Percentage of ratings within each maturity category

- Q13: 50% No Evidence, 50% Partial maturity
- Q14: 70% No Evidence, 30% Partial maturity
- Q15: 60% No Evidence, 40% Partial maturity
- Q16: 70% No Evidence, 30% Partial maturity
- Q17: 80% No Evidence, 20% Partial maturity
- Q18: 90% No Evidence, 10% Partial maturity

Organisational questions
Base = 25 assessments

Operational questions
Base = 32 assessments, 86 processes

Legend:
- Red: No Evidence
- Yellow: Partial maturity
- Orange: Partial maturity and improving
- Green: Full Maturity
Improving the business

Percentage of ratings within each maturity category

Q29 Q30 Q31 Q32 Q33 Q34 Q35 Q36 Q37 Q38 Q39 Q40

Organisational questions
Base = 25 assessments

Operational questions
Base = 32 assessments, 86 processes
Relevant for all types of organisation

Average process management maturity

Audit analytic - operational question
- Policy
- Delivery
Relevant for all types of work

Average process management maturity

Audit analytic - operational question

- Low complexity
- High complexity
What to focus on

Customer focus

End-to-end perspective

Management and leadership environment

Using information to improve
Key theme: customer focus

- Use a strong focus on customers when creating new policy, changing or designing new services
- Build an understanding of the true user experience and how users interact with the service
- Measure performance of the service based on what the customer wants
Key theme: end to end system

- Develop a better shared understanding of how entire end-to-end systems work
- Build a service-focused, end-to-end view of delivery beyond organisational boundaries
- Align objectives throughout the end-to-end system
Key theme: management and leadership

- Build an inclusive environment involving everyone across the system in making change happen
- Get leaders to engage with operational delivery and make sure they know and ask the right questions of the organisation
- Develop the people managing the business so that they have the required operational skills and time to use them
Key theme: using information

- Have balanced measures, including quality and customer perspectives, to understand how you are performing
- Make informed decisions using that information which take account of the operational consequences
- Use an understanding of operations management performance gaps to change the organisation in a sustainable way – not just one off tactical or structural changes
Improvement programmes ≠ more capable organisations

Average process management maturity

Audit analytic - operational question
- Improvement programme
- No improvement programme
Doing it right or doing it now?

Improvement

‘applying tools’

‘building a better organisation system’

Time

Improvement

Time

Improvement
Moving on from a localised benefit approach

Approaches to improving or cost reduction

1. Tactical efficiency savings
   - Quick wins
   - Prioritisation, localised cost savings/process improvement/performance improvement

2. Strategic operational realignment
   - Cost: value ratio – better utilisation/optimisation of people, processes, technology, procurement, capital assets
   - Change customer expectations/consider alternative delivery models/shift customer channels

3. Sustainable cost reduction
   - Structured cost reduction programme/transformational change programme
   - Ongoing embedded cost management and continuous improvement

Operational / specific process focus
Implementation time/cost
Organisation approach
Challenge – how are we doing now....

Understanding and achieving benefits does not start with doing improvement activity...

...and embedding the thinking as part of an effective management system
Thanks for your time

Want to continue the conversation?

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