



AMTEC Consulting *In View*

In this issue ...



AMTEC Consulting works at the heart of the public sector to enable organisations to embrace current initiatives within the Transformational Government agenda. In this newsletter AMTEC focuses on three agenda issues and shares lessons learned from recent and current projects.



Organisational transformation

Lessons learned from change programmes – pages 2 to 3



Business process improvement

Using Lean and Six Sigma techniques – pages 4 to 5



Right-Sourcing

An opportunity to review sourcing strategy – pages 6 to 7

Business transformation: taking the pragmatic approach

Government policy is continuing to drive through a wide range of reforms that require the entire public sector to transform the way it operates. In many cases this can only be achieved through a step-change from the current way of working. How can this step-change be achieved?

Current drivers

Key drivers affecting the public sector landscape include the following initiatives and programmes:

- Service Transformation Agenda – designed to ensure that services are more personalised and meet the needs of citizens and businesses.
- 2008-2009 Draft Legislative Green Paper on Preparing Britain for the Future – identifies four themes that reflect the core direction of the current Government.
- Gershon 2 Review – focused on driving out further efficiency savings from the bulk buying power of the government, and through improved back office and IT systems.

Translating drivers into desired change

For many organisations this agenda translates into complex change programmes covering organisation-level restructuring, mergers and demergers, service improvement, service rationalisation, improvements in operational efficiency and office re-locations.

When devising strategies to address these programmes, senior executives recognise that change can be intellectually straightforward to produce, but experience shows that it is hugely difficult to deliver. As a result, the desired change can take many years to complete or may never fully realise the intended benefits. For example, an organisation can exhibit several distinct

cultures many years after a merger or similar restructuring.

The pragmatic approach

Addressing these issues with a pragmatic approach combining best practice and experience paves the way for a successful outcome.

In this newsletter we highlight three aspects of business transformation and their impacts. In each case, best practice methodologies are a key component of the change, for example: *Managing Successful Programmes™*, *Lean* and *Six Sigma*. However, strict adherence to best practice will not necessarily deliver success.

Experience shows that organisations benefit significantly from the deployment of experienced consultants who can bring skills, innovative ideas and a pragmatic application of best practice. Through this approach, senior management is encouraged to own the new directions and take control of delivering change.



Learning lessons from other change programmes can deliver real benefits.

Organisational transformation: the power of a benefits-led approach



Transformation programmes are by their nature complex and demanding initiatives that challenge prescriptive or traditional management techniques. The business urgency for change, and the temptation to “get on with the job”, can easily lead to false starts and embarrassing failures. Today’s modern thinking is to blend change and programme management disciplines with a clear focus on leadership and the planned delivery of tangible benefits.

The broad scope of change

Public sector change programmes are often characterised by: broad scope (size) and profile; complexity (inter-dependencies); and staff related issues (culture). For example, a programme designed to merge two organisations to address a service improvement objective, will be required to address the following issues:

- The creation of an entirely new organisation operating from new locations, with new staff.
- The cultural challenges of merging different attitudes, beliefs and ways of working.
- The design and delivery of new services.
- The setting up of an effective corporate service function (Finance, HR and IT).

In this article we have set out some of the lessons learned by other organisations, covering the appointment of the senior management team, leadership and direction, programme management, benefits realisation and cultural change.

Appointing key managers early

It is not uncommon for merger programmes to employ large teams, incur associated costs and begin decision-making prior to the new CEO or Board taking control. In this scenario, there is a significant risk that, once appointed, the new management will require a different approach and solution. Appointing the new senior management team at the earliest possible opportunity could save huge amounts of time, money and effort, and avoid a negative impact on morale.

Providing clear leadership and direction

Leaders should not underestimate either the challenge of identifying the right path for the change programme or how much effort is required to get staff to understand and promote the change. The “vision” of the outcome often fails to inspire staff if it is too generic or too detached from everyday life.

One way of cutting through the confusion is for leaders to produce “destination statements” that clearly and concisely explain the future state. This has the benefit of providing a clear visualisation for all staff without getting caught up in the detail that is often associated with such programmes.

Finding a pragmatic approach to programme management

Successful programmes find a balance between the business urgency for change and the adoption of a pragmatic approach to programme management.

There is no one solution to fit all scenarios, but an appropriate approach will mitigate risks, demonstrate effective governance to internal and external stake-holders, prevent issues falling between the cracks, and avoid potentially embarrassing public failures or delays.

To assist in addressing transformational change in the public sector, OGC has recently updated *Managing Successful Programmes™*. The update recognises key differences in transformational programmes, not least that they involve a marked step-change or break with the present state.

Adopting a benefits-led approach

The adoption of a benefits-led approach is one of the best ways to ensure that resulting change delivers the greatest results to the end client.

The importance of the business change role in developing or transforming organisations cannot be underestimated and is crucial if the change is to be embedded properly. The business change manager works alongside the implementation managers.

Staff should be provided with a change framework before they undertake a wide range of transformation tasks. The framework provides a solid context or “framing” for the change.

Managing the cultural change

Senior managers should not underestimate the challenge of bringing disparate cultures together, nor the time-scales for reaching a business-as-usual state. The management of cultural change requires a clear strategy, extensive communications throughout the programme and emotional “visioning”. Some programmes have gained high value from deploying local change managers, champions and other stake-holders to support and re-enforce the implementation of change. Remember that permanent change is best delivered from within the organisation and not by third parties.

In summary

Transformational change should be a planned journey that takes an organisation from where it is today to an envisioned future destination. The key challenge for leadership is to communicate the benefits and “logical path” to the new organisational destination – and also to prepare and support the organisation through the “emotional journey” that its members must travel. Following the key points described above can help to ensure that the journey will deliver the benefits.

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NHS programmes get the ISIP treatment

AMTEC Consulting was asked to provide service transformation support to the NHS Integrated Service Improvement Programme (ISIP), a national initiative designed to deliver improvements in different aspects of patient care.

About ISIP

NHS Connecting for Health introduced ISIP to support the implementation of complex service transformations and improve different aspects of patient care in the NHS.

A national ISIP team worked with directors and managers in Local Health Communities (LHCs) to identify service priorities and put in place structured change programmes to deliver them. Prioritised programmes included: long-term conditions, urgent care, scheduled care, “closer to home” treatment and the national 18 week (referral to treatment) target.

The Approach

AMTEC Consulting provided support and capability to the core national ISIP programme and oversaw progress in one of 10 regional areas – Yorkshire and the Humber Strategic Health Authority (SHA), which covers 14 PCTs.

Support ranged from initial ISIP promotion to the development of detailed change plans for each service priority. Priorities were assessed and aggregated nationally, with

support from AMTEC in its central ISIP role.

Developing and sustaining good relationships with senior managers in the constituent health organisations was key to success and AMTEC planned accordingly.

As the assignment evolved, AMTEC provided leadership and mentoring skills and worked with LHC managers and clinicians to produce transformational change plans for each priority.

The Outcome

The national ISIP initiative proved highly successful and progress in Yorkshire and the Humber SHA was indicative of typical outcomes elsewhere.

Almost all of the communities in Yorkshire and the Humber submitted full plans for their service priorities. Some completely revised their service planning processes to reflect an ISIP approach.

The momentum for service improvement has been considerable and AMTEC is regularly asked to share experience of the programme deliverables and lessons learned.

Need to improve operational efficiency?
Learn how to apply process improvement techniques, such as Lean and Six Sigma.

Process improvement techniques: the public sector embraces Lean and Six Sigma



Until recently, the concept of lean working was largely confined to commercial companies. However, with the potential business benefits now widely acknowledged, public sector organisations are adopting both Lean and Six Sigma techniques to deliver efficiency and improve service.

Why Lean working?

Public sector organisations must be efficient and fit-for-purpose. Many are looking to acquire new skills to deliver continuous improvement and meet their organisational targets.

Lean working provides a set of tools and techniques designed to reduce and eliminate waste or “non-value” activity in any given process. Improving a process can lead to significant efficiencies and service improvements.

There are five principles that underpin the use of Lean:

- Specify value in the eyes of the customer.
- Identify the value stream and eliminate waste.
- Increase performance and capacity by creating a continuous flow of “value-add” activities.
- Involve and empower employees.
- Continuously improve in the pursuit of perfection.

Lean is seen as an attractive option for many organisations because start-up is relatively easy, skills can be transferred to staff (making it an accessible tool as part of the improvement agenda) and the benefits are significant in terms of improved performance and efficiency.

Who uses it?

Though originally a concept used in the automotive industry in post-war Japan, the tools and techniques were quickly adopted by logistics, military, construction and financial organisations. Only recently have UK public bodies, particularly in health, started to use the tools that have readily crossed sectors to good effect.

What is Six Sigma and how does it differ from Lean?

Six Sigma is also focused on process improvement, but tends to be data-driven and is concerned with eliminating defects in the process. By comparison, Lean is more visual and more aligned to mapping core processes as a means of identifying value and, in particular, non-value aspects of any given process.

Unlike Lean, there is a formal accreditation of Six Sigma professionals rising from *Yellow Belt* to *Master Black Belt*.

Ideally, a process improvement project would use the tools available from both disciplines and this is AMTEC Consulting’s preferred approach. There is increasing convergence between the two techniques, with the concept of Lean Sigma fast becoming the adopted term used by clients and practitioners alike.

Don’t get taken in by jargon – both are tools to support performance improvement and in AMTEC’s experience (and the documented case studies of others) do so to good effect - see below.

“*Staff involvement throughout the process leads to real questioning around why processes are delivered in a particular way, for example: “Looking at this, I am not sure why we do it this way.”*”

“*One local authority pilot project, tracked by the Audit Commission, halved the number of steps in the re-housing process and reduced average end-to-end time for housing repairs from 46 to 5.9 days. (www.idea.gov.uk)*”

“I believe the trick is to apply the right tools and techniques to address specific problems and goals. In a complex business environment this is challenging, but our partnership with AMTEC is helping us to learn and apply these skills whilst providing an appropriate level of support and guidance.” *Ged Malone, HSE*”

What is the best way to approach Lean and Six Sigma?

Tools such as Lean will by their nature result in change and impact upon service organisation and delivery. Lean working should not be seen by staff as something that is “done to them”, but as a technique that they can deploy to bring about real improvement in the way they deliver services.

While many organisations try and turn process improvement tools, such as Lean and Six Sigma, into a science and “black art”, AMTEC seeks to apply the principles in a practical way, ensuring that the skills can be readily transferred to staff.

AMTEC adopts the DMAIC approach, which is underpinned by a number of best practice tools. This approach is applied systematically to the core processes of any organisation:

- **Defines** (what are the value added processes?)
- **Measures** (what is the cost of input and the results achieved?)
- **Analyses** (what are the opportunities for improvement?)
- **Improves** (what projects will lead to improvement?)
- **Controls** (how do we realise the benefits and continuously improve?)

AMTEC and Lean in the public sector

AMTEC consultants are experienced in delivering significant process improvement by pragmatically applying industry best practice and realising benefits through change and effective performance management. The team is deployed across central government, local government, health and defence.



Pilot project assesses the potential for process improvement at HSE

Skills and knowledge transfer were key components of a project to explore the potential benefits of applying process improvement techniques at a public body.

About the HSE

The Health and Safety Executive (HSE) wanted to explore the possible application of process improvement techniques to produce simpler and fit-for-purpose processes that would enable staff to focus on delivery.

A pilot project within the contracts and procurement function aimed to generate real improvements to key processes, while ensuring an alignment with customer expectations and HSE strategic goals.

The Approach

AMTEC Consulting was appointed to deliver an accessible and pragmatic introduction to process improvement tools and techniques (including Lean, Six Sigma and Change Acceleration) and to enable staff to realise the benefits of improved process and performance management, with an ability to apply the learning in practice.

An “Open House” session began the process of awareness building and helped to

identify members of staff who would work closely with AMTEC.

Specific, highly interactive training followed and was well received by staff at all levels. The training attendees generated a phenomenal number of potential applications! Once again, Lean Six Sigma process improvement principles were used to facilitate this in an accessible, pragmatic and user friendly way, and continued to demonstrate how this methodology could add value in everyday situations, not just projects.

The Outcome

Through this pilot exercise, AMTEC generated an appreciation of process improvement principles and transferred skills and knowledge to those seeking to replicate benefits across other areas of the organisation.

There is a momentum to using the tools and techniques as a means of driving improvements and efficiencies. This commitment will be key to embedding the organisational approach to continuous improvement.

Is your organisation obtaining the best possible combination of service and value-for-money from its sourcing arrangements?

Right-sourcing: the right solution at the right price at the right time



“*In practice, the “best possible solution” is usually a mix of several of the options available. The different characteristics of the organisation’s many services need different solutions and a one-size-fits-all option is unlikely to be the optimum whether the criteria be value for money, manageability, risk or any other.***”**

Many public sector organisations are re-assessing their sourcing arrangements to drive out further efficiency savings. Right-sourcing recognises that hybrid solutions often provide the best fit, particularly in the public sector where value-for-money must be balanced against manageability, risk and other considerations.

Choosing the right sourcing option

For any service combination, choosing the right sourcing option depends on a number of factors, including: the volume of transactions, the degree of specialisation needed to deliver the service, the degree of risk associated with timely and accurate delivery and the degree of flexibility possible in “fitting” the services to available sourcing options. The generally recognised options are as follows:

- Outsource to a commercial provider.
- Join a shared service.
- Establish collaborative arrangements.
- Retain the in-house provision.

The “best possible option”

In practice, the “best possible option” is a combination of the four options listed above. It matches the sourcing solution to the needs of the organisation and the characteristics of the service. Each component will have its place and the benefits of each one are described below.

No one option will perfectly fit all needs. The aim must be to obtain services from the best possible source in terms of value, service and risk, i.e. to design an optimum hybrid solution of one or more of those options.

Whether the perfect hybrid solution is worth pursuing will depend on cost/benefit and risk analysis of the implementation and ongoing costs. In this analysis it should be recognised that doing nothing really means to retain the existing services – which is itself probably a hybrid solution but not of optimum design.

Outsourcing

In-sourcing and outsourcing were really the

only two sourcing options until 2000. While outsourcing was financially attractive in the right circumstances (for example, for large volume commodity services), it was all too often forced to requirements, leading to bad press when the promised efficiencies were not delivered. Outsourcing is most successful when:

- The economies of scale available to large, specialist service providers offer potential benefits in service costs and resource cover.
- An effective outsourcing contract can provide cost and service certainty to the business.
- The outsourcing supplier can make up for the organisation’s deficit in specialist skills (e.g. IT) and can handle upgrades (e.g. technology refresh) as a part of the contract.

Shared services

Shared services provide a way around the perceived inflexibility of outsourcing, not least the possibility of fitting demand to a number of services that would not be economically viable as a dedicated outsource solution. Bad press resulted from early attempts to fit a problem to a shared service solution. However, shared services provide an attractive solution for those with lower volume work or a large specialisation that is shared with others.

Collaborative working

Collaborative working is a collective form of shared service, where there is no single supplier, but a virtual supplier made up of the pooled offers from the collective. It is increasingly used to pool resources and services within local and central government. Collaborative working can deliver

Exploring ways in which collaborative working can improve performance.

the same benefits and efficiencies as outsourcing and shared services but with simpler contractual arrangements. It addresses several issues not easily solved by outsourcing or shared services:

- It provides greater flexibility in the choice of services, and allows different participants to utilise different services.
- It provides time-flexibility – utilisation of a service may be temporary, occasional, or periodic, although participation in the overall scheme is continuous.
- It allows the smaller participants a degree of influence on services that they usually lose in shared service arrangements.
- Because the collective participants are in the same “business”, it works for core and specialised services as well as commodity.

The in-house solution

This option should not be overlooked. In-sourcing was traditionally represented as the “do-nothing” or baseline option, against which the benefits of an alternatively sourced version were presented. However, maintaining a service in-house can sometimes prove highly cost-effective and has other advantages that can outweigh purely financial considerations, for example:

- In-house provision can provide the best fit to business requirements and removes possible conflicts of interests. Specialist staff can be used on both strategic and operational tasks, maximising their value to the organisation.
- For many organisations, managing an in-house operation is easier than managing an external supplier; senior managers may also perceive that there is less risk of losing control.

In summary

There is no single *right* source for services – but this article has suggested some simple rules for avoiding the *wrong* ones. Understanding these rules is critical to the risk management needed when in practice it proves impossible to follow the rules exactly.

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Hampshire Planning Officers embrace collaborative working

Working individually and collectively with 14 local planning authorities in Hampshire, AMTEC developed a robust business model to facilitate the sharing of valuable internal resource and the joint procurement of external support.

About HIPOG

The Hampshire and Isle of Wight Planning Officers Group (HIPOG) comprises the Chief Planning Officers from each of the 14 county, unitary and district councils.

HIPOG wanted to explore ways in which the 14 local planning authorities could work more “collaboratively” in town planning, an area in which there are significant recruitment and retention challenges.

The Approach

AMTEC Consulting was appointed to carry out the collaborative working assignment for HIPOG.

The study followed five key steps: scoping, baseline review, options appraisal, development of recommended model and final reporting. The final report and business case detailed the recommended business model and included a costed roadmap. The business case demonstrated that the greater the engagement across organisations, the more benefits

were possible.

The critical success factor implicit throughout the assignment was the need to gain consensus to a new collaborative business model.

AMTEC engaged all participating authorities at every step of the project. An inclusive approach meant that a model was developed that was practical, sensitive to the requirements of each authority and yet robust. Early wins and longer-term goals were set and, crucially, a consensus was achieved.

The Outcome

A clear momentum was established across the region to put in place pilot arrangements that would test the model at the levels recommended and reap the anticipated benefits.

The approach is a potential model, not only for other planning groups, but also for other service areas as authorities continue to explore opportunities for improved customer services and greater efficiencies.

Emerging issues and challenges for the public sector

We explore more issues and challenges facing business managers in the public sector today and those expected to emerge during the coming months.

Targeting data security

Recent breaches of data security by public bodies, and the introduction of a series of information security measures by the Cabinet Office, have led many public bodies to implement initiatives relating to the security of information assets:

- developing policies relating to risk, incident reporting and forensic readiness,
- introducing annual risk assessments,
- reviewing access to information assets,
- publishing an information charter,
- identifying and assigning owners to all assets,
- providing information management training.

AMTEC Consulting has seen increasing demand for information security management gap analysis, overall review of information security management and for advice and support in specific areas, such as information risk and forensic readiness policy.

Tracking performance against targets

Performance management is the process of assessing progress toward achieving predetermined goals and is now part of a concerted strategy to improve organisational performance in the public sector. Organisations are required to set and communicate targets for success, produce delivery plans and implement reporting mechanisms that highlight areas for intervention and action.

AMTEC Consulting is working with central and local government and the NHS to implement performance frameworks, utilising recognised tools such as the Balanced Scorecard.

Sustainability—turning debate into action

As the emphasis shifts from debate to action, organisations are endeavouring to develop a strategic, yet practical approach to meet the complex challenges of sustainable development.

Sustainability must lie at the heart of business decisions. Social, environmental and well-being impacts have to be quantified and managed like any other business risk.

AMTEC Consulting is working with organisations to understand the issues that will have the greatest impact and to offer the professional support necessary to deliver against the sustainability goals.

New focus on programme management

Following the OGC refresh of *Managing Successful Programmes™* in 2007, there is a noticeable focus on programme management as an instrument for transformational change in the public sector.

A programme can only succeed if the projects within it succeed and a balance between programme and project management is needed to ensure the successful delivery of *all* the building blocks. Equally important is the continued delivery of those projects not considered part of a programme but as “business-as-usual”.

AMTEC Consulting’s “management by projects” approach to business-as-usual uses project management tools and techniques to deliver projects that form transformational programmes as well as those that stand alone.

Recent clients

- Acas
- Communities and Local Government
- Crown Prosecution Service
- Department for Business, Enterprise and Regulatory Reform
- Department for Children, Schools & Families
- Department for Culture, Media and Sport
- Department for Environment, Food and Rural Affairs
- Department for International Development
- Department for Transport
- Department for Work and Pensions
- Department of Health
- Foreign and Commonwealth Office
- HM Revenue and Customs
- Health and Safety Executive
- Highways Agency
- Home Office
- Identity and Passport Service
- Learning and Skills Council
- Ministry of Defence and the Armed Forces
- Ministry of Justice
- NHS Business Services Authority
- NHS Connecting for Health
- NHS Information Centre
- National Policing Improvement Agency
- Natural England
- Office for National Statistics
- Office of Fair Trading
- Office of Government Commerce
- Treasury Solicitor’s Department
- UK Border Agency
- Welsh Assembly Government

...plus sector-specific organisations throughout the UK –

Local and regional government –

Regional government and county, unitary and district councils

Health –

Strategic Health Authorities, Primary Care Trusts, NHS Trusts and Arm’s Length Bodies

Education –

DCSF and DIUS agencies and NDPBs

Emergency services –

Fire services and police constabularies

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