Improving Service and Public Sector Organisations

By Stephen Halliday

Traditionally, business improvement has been applied to manufacturing organisations due to the ease of measurement and a tangible product at the end. However, for many years it has been known that far more 'waste' and inefficiency exists within transactional processes. In the early 80's it was estimated that whilst manufacturing wasted 20-25% of its sales value, service organisations wasted 40-50% of their sales value or income for the Public Sector.

Since then, improvement methodologies have flourished within manufacturing reducing waste to 10 – 15% of sales value. Motorola now estimate that they have reduced their waste to 8%. Yet, with a few exceptions, the non-manufacturing organisations have shown little improvement. So, why when manufacturing can make improvements do the Service and Public sector struggle?

- **Difficulty in recognising processes**
- **No tangible product at the end**
- **Difficulty in measuring improvement**
- **Lack of understanding as to who their customer is**
- **Lack of effective teamwork**
- **Failure to identify and correct the root cause of problems**
- **Poor leadership**

The above points are not confined to non-manufacturing organisations. They were prevalent in manufacturing before improvement and are still present in many manufacturing companies. Wherever, they exist they need to be addressed and this is of particular importance for the Service and Public Sector organisations.

Basic principles:

- **All work is a process**
- **Understand what the customer wants and deliver it**
- **Get it right first time, every time**
- **Aim at prevention not detection**
- **The customer wants nothing to go wrong**
- **Focus on value adding not cost-adding**

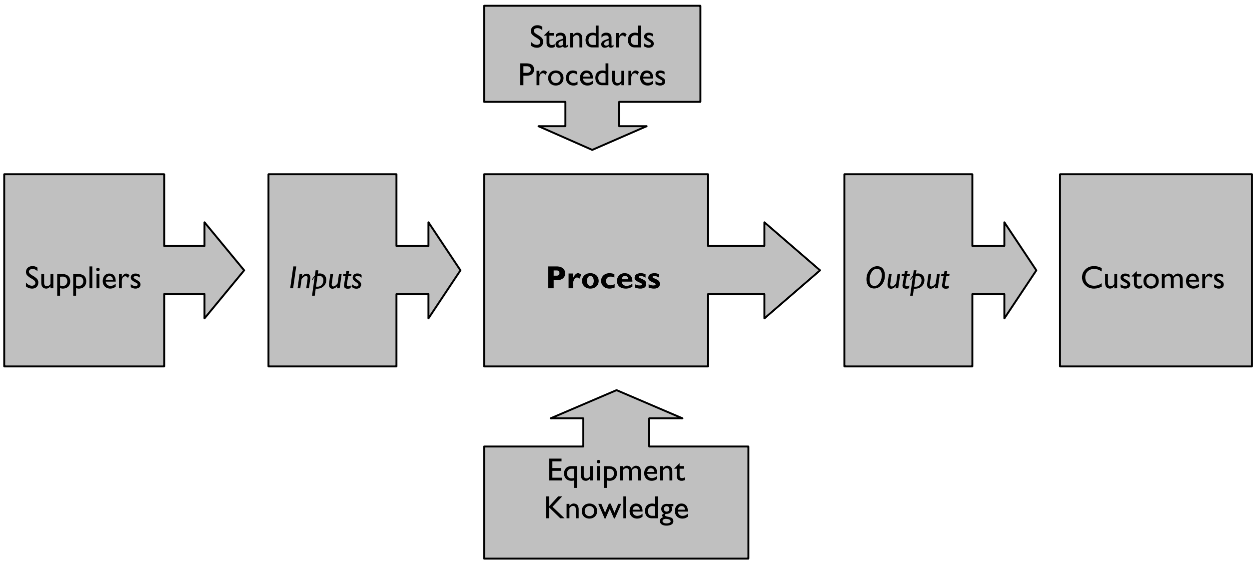
The above principles can and should be applied to Service and Public Sector organisations.

But we don't have a Process!

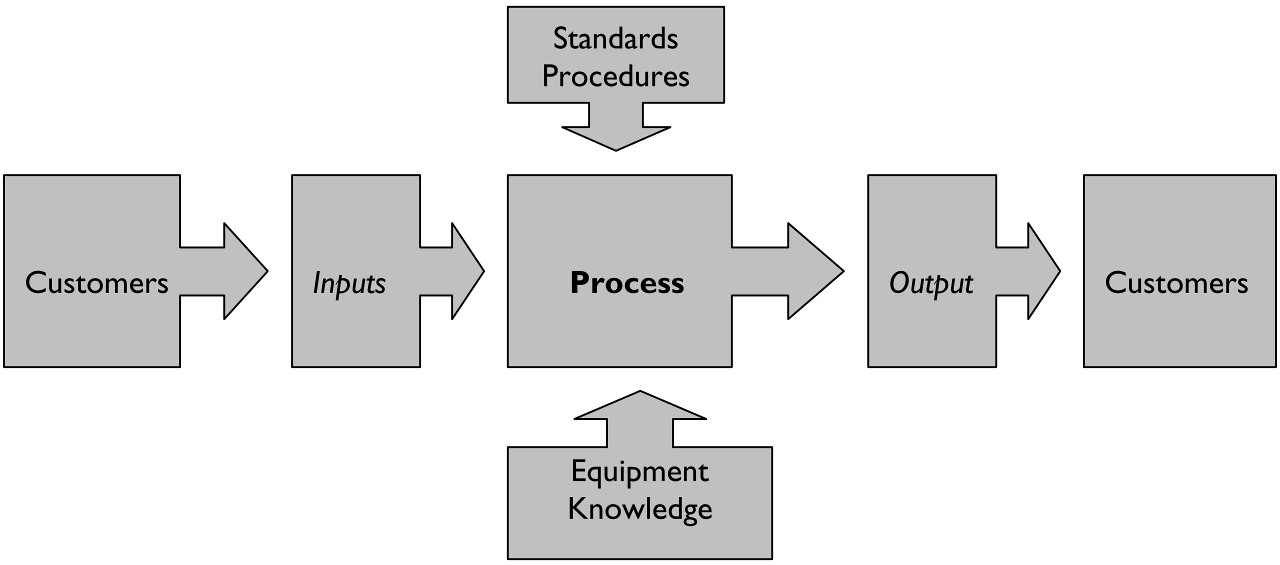
Within manufacturing, a process is easy to understand. It starts with raw materials that pass through several transformations and end up as a product that is then sold to a customer.
When speaking to people in the Service or Public Sector organisations, there can often be a blank look when the subject of s process is raised. But we all work within a process and the act of recognising and defining it is a key to improvement.

A generic model for a process is that of SIPOC.

S.I.P.O.C.

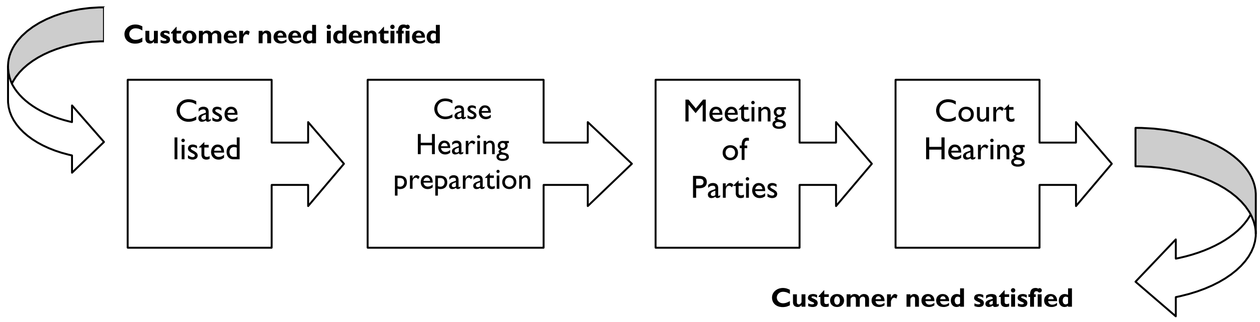


For transactional processes this model may not be very helpful since the customers are often the suppliers.



For example, depositing money in a bank. The customer brings the money in the form of cash or cheque along with a deposit slip (*inputs*) and hands it to the Cashier. The cahier, following the Bank's procedures, undertakes a number of tasks (*the process*) and may give the customer a receipt (*output*) or it may simply be that at some point the credit appears in their account. Within the Public Sector the process may be less clear.

Dr. M. Dyason of the Bedfordshire Magistrates Courts showed an internal business process as:



Each of these steps is a process in itself. But, just as in manufacturing, one can identify customers, suppliers, inputs and outputs as well as the steps within each process.

Who is the customer of this process?

The plaintiff? What about the defendant or society?

Who are the suppliers?

Legal profession? Court personnel? Police, external agencies, witnesses?

The key is to understand the needs of the customers and what the suppliers can provide. The steps of the process once identified, can themselves be a great source of improvement as different people realise that they have differing perceptions of what the steps in the process really are. Simply agreeing the process steps and who does what and when, can bring benefits almost immediately.

A bank couldn't understand why requests to a particular department received an erratic response. Sometimes it was quick and other times a similar request took forever. It was only when the two administrators were asked how they dealt with such requests they discovered the source of the erratic response. One person put the request on the top of the pile and worked from the bottom, the other put the request on bottom of the pile and worked from the top. The solution was simple and the process was improved.

Value in a process

Once a process has been identified and agreed then the actions within the process that add-value can be considered. Or, looked at in another way, which actions are wasteful? It is commonly accepted that there are seven or eight areas of waste:

- **Waiting** – for a decision or a document to arrive
- **Transporting** – documents from place to place (it is amazing how far documents travel in an organisation)
- **Overproduction** – how many reports are sent out that are never read?
- **Inappropriate processing** – checking and rechecking information and documents
- **Unnecessary inventory** – storing things just-in-case
- **Unnecessary motion** – wandering around the building to find things
- **Defects** – not getting it right first time and having to redo the task
- **Not utilising human resources** – failure to involve those closest to the process in making improvements

Again, for some organisations it may be difficult to identify some of the wastes but a good test of where waste exists is to ask individuals:

What do you have to do on a regular basis, which if you didn't have to do, would allow you to focus on the important aspects of your work?

or simply

What winds you up in the way you have to do your job?

It will not take long before areas of waste are identified.

One methodology that can help both manufacturing and non-manufacturing to reduce waste is good housekeeping – a place for everything and everything in its place. Within manufacturing this is known as **5S** and this can be used within a Service or public sector to create a well-organised workplace.

Who is my customer?

For some organisations this is easy, for others not so. Take the example of the court hearing. Is the customer simply the plaintiff? Depending on the issue then others may have an interest (stakeholders in business terms). If a crime has been committed then society, as well as the victim, has an interest in the outcome, so do the government, police force and welfare organisations.

So for any process it is necessary to identify the customers or stakeholders. Once these have been identified then their expectations (requirements) of the process can be determined. Where there are several stakeholders then the expectations can come into conflict.

Customers are not simply those outside of an organisation

Customers are not simply those outside of an organisation. There may be those within the organisation who have some 'stake' in the process and look for certain requirements from it.

A key step to improve a process is to understand the needs of the stakeholders / customers through what is sometimes called the 'Voice' of the customer. Once needs have been identified then it is necessary to prioritise the many and often conflicting needs.

What can we measure?

This is, perhaps, the most difficult part of any transactional process. The 'Voice' of the customer must be converted into something that is understood within an organisation and can be measured. For example, we want the service in a bank to be 'quick'; but what is 'quick' – one minute waiting? Five minutes waiting? Less than ten minutes? If something cannot be measured it becomes difficult to see where things go wrong or simply disappoint or even anger a customer.

Areas that are important to customers are often referred to CTQs (Critical to Quality) or CTCs (Critical to Customers). Although identification of CTQs can be difficult for those embedded within a process – it only takes a step into your customers' shoes to start to recognise what is important.

In the banking process –	No errors are made Money is available quickly Transactions are handled quickly
In the public services -	Resources are put to the most appropriate places Best Value is achieved

For these CTQs it is then necessary to put them into measurable values such as number of errors, time taken…. etc.

There are many measures been applied to the public services by government and it useful at this point to add a note of warning.

Whilst it is true that 'what gets measured gets done' it is also true that 'tell me how you will measure me and I will tell you how I will behave'. Sometimes the most bizarre behaviour is induced by bizarre measures. In one company, a rule was issued to the stationery department to halve all issues of stationery to departments. It was not long before people realised and so doubled their orders. Beware a measure may well create an unintended action.

Once measures have been established it is possible to collect data. Again, the process must be considered as to where the most appropriate place is to collect data. Having collected data there is a need to analyse it. The very word analyse may put people off, but the simple Ishikawa or Quality tools bring both simplicity and insight to a confusing amount of data. Simple tools such as a Pareto can bring understanding as to where improvement should be focussed.

Things gone wrong?

One of the outcomes of measurement will be to identify where processes fail. The next step is to understand why – maybe more data collection, maybe an application of knowledge, but whatever is done the key is to identify the root cause and remove it forever. This requires particular problem solving tools such Kepner Tregoe, Global 8D and R.I.S.E., which are somewhat different from the process improvement tools. Without root cause identification then the situation will appear time and time again, which in turn leads to fear and frustration often destroying any improvements made to a process. Think; are there any unwanted events that repeatedly face you? Action may have been taken but the root cause has not been removed. Resolve the root cause and the situation will improve.

Who is needed for Improvement?

In order for improvement to be achieved, there are two additional requirements:

- **Teams**
- **Leadership**

Teams

Many people are part of a process especially within Service and Public sector organisations. Thus if a process is to be improved then these people need to be involved otherwise a change may be implemented that makes the job of someone further downstream difficult if not impossible. So teams need to be used in improvement. However, most people do not work well in teams. For many it is not something they naturally do. A team is not the same as a committee – it is not simply about talking but implementing change – possibly radical change. I am still amazed at the one-day meeting that was held by the public sector on the issue of 'the risks to rail users from vehicles obstructing the railway'. Pretty high, I think!

People need to be involved

There is a need to train team leaders and team members as to how to give the best and get the best from a team.

Improvement can be lost through poor teamwork.

Leadership

This is the most important issue surrounding improvement.

Teams cannot achieve their aims unless there is a positive and visible management support. This must go beyond the acknowledgement that a team has been given responsibility for some particular improvement. The senior management must constantly have the drive for improvement on their agenda. In fact, it should be written into their own objectives. These improvement objectives must align themselves with the organisation's strategic goals. All of which must be communicated, not only to the process members, but also to the entire organisation.

If the leadership takes its attention off improvement then it will fail. In one organisation a group of site managers spent two days developing a European improvement strategy. Nine months later, I was asked to see what improvements had been made. A tour around Europe revealed that little had changed in connection with the strategy. Why, because other things had taken their place. Why did this happen? A question was put to the European management. 'In the twenty meetings you have held since the strategy was developed. How many times has it been on the agenda?' It was not surprising to receive the answer – never!

Ownership is the key

Summary

Service and Public sector organisations may feel lost in the world of business improvement. There is so much jargon; Six Sigma, Lean, Business Excellence, Theory of Constraints… Yes, these methodologies have proved themselves in manufacturing but they are as valid for the Service and Public sector organisations with a small amount of realignment. As pressure mounts from outside, whether competition or the Government, it would be preferable that the need to reduce the 40 –50% wastage is started sooner rather than later. The gains are there and with a little bit of help and direction these can be achieved.

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