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*“Simply, improvement...”*



# Process Improvement in the Public Sector

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**An in-depth Whitepaper by Improvement Skills Consulting Ltd.**

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## Learning Outcomes

This Whitepaper will enable the reader to...

-  Explain why public sector organisations are using process improvement techniques to help deliver their performance objectives
-  Describe what process improvement is
-  Describe different “types” of process improvement and when each might be used
-  Explain the different possible starting points and implementation approaches for process improvement
-  Identify the factors required to ensure success

## Introduction

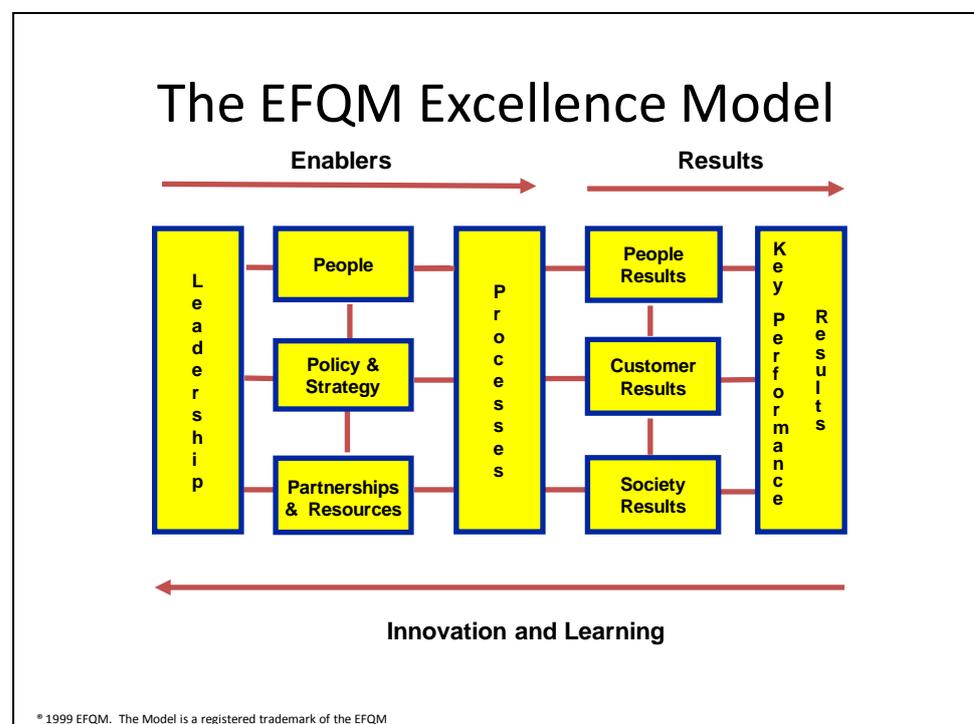
Back in the 1980s, the “Quality Movement” began to emerge in the UK, with manufacturing organisations in the first wave, followed by private sector service businesses. A few public sector organisations, led by visionary leaders also became early adopters.

The approaches were typically based on the principles of Total Quality Management (TQM) with its underpinning principles of:

- Identifying and meeting customer requirements
- Reducing costs by ensuring work is done “right first time”
- Involving staff at all levels in improving performance

These approaches emphasised “Prevention” of quality problems, in contrast to historical Quality Control techniques which were based on “inspecting” and “checking” for quality.

In the early 1990s, the European Foundation for Quality Management’s Excellence Model came to the fore and was actively promoted by the Cabinet Office as an improvement tool.



This model was used as a self-assessment tool to help organisations identify their strengths and areas for improvement against an holistic framework for excellence. Unfortunately, too many organisations (in private and public

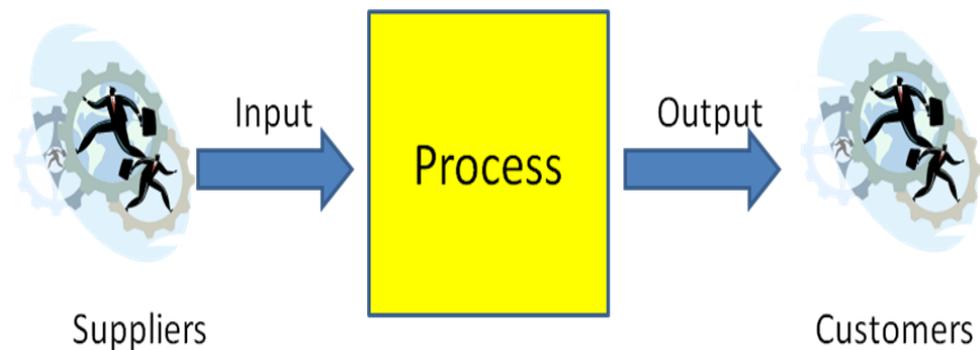
sectors) got no further than self-assessing themselves. They lacked the skills that the model's architects assumed would be in place to drive continuous improvement.

One of the commonly recurring themes from self-assessments, particularly in the public sector, was that the understanding of processes and process improvement was poor. Many people believed that they either didn't have processes, or that, if they did, their work could not be analysed and improved through the process thinking which is at the heart of the EFQM Excellence Model.

Today, virtually every public sector organisation understands that if it wants to improve its performance, it has to improve the way its people design, operate and improve its processes.

## What is Process Improvement?

Processes exist to achieve performance **OUTCOMES**. Processes take **INPUTS**, do **WORK** to them, and produce **OUTPUTS** for **CUSTOMERS**.



Inputs are the triggers for a process; they may be tangible (e.g. a letter from a customer) or intangible (e.g. a need to develop a new service). Action is taken by people operating the process, often using Information Technology, to produce an Output. Outputs are usually the tangible results of operating the process, delivered for the benefit of customers.

Public sector organisations continue to be subject to government initiatives and legislation which results in the need to improve processes. Sometimes it is necessary to design new processes.

Changing legislation, improved technology, pressure to reduce costs and the desire to eliminate hierarchical structures are all potential drivers of change.

Additionally, customers increasingly want suppliers to provide services sooner, better and cheaper. Customer demands and expectations also continually change which means organisations must provide services in the most efficient and effective manner through continuously improving processes.

Process Improvement is one of the ways an organisation can address the challenges of increasing:

-  Effectiveness
-  Efficiency
-  Capacity
-  Flexibility
-  Responsiveness

Process Improvement is a term that covers a range of approaches, many of which are being adopted across the public sector:

Approach	Characteristics
BPI: Business Process Improvement	A project team based approach to improve processes incrementally; e.g. “we need to reduce delays in processing customer enquiries by 15%”. BPI improves an existing process.
BPR: Business Process Re- engineering	An approach to achieve step-change performance improvement through developing a “clean sheet” design of a process; e.g. “we need to reduce delays in processing customer enquiries by 85%”. BPR throws away the existing process and starts again.
Process Management	An organisation-wide approach to design, operate and improve all the organisation’s processes. The focus is on improving process capability. Any of the other process improvement approaches may be needed to enable changes to be implemented.
Six Sigma	Another team-based approach to reduce errors and process variation, with the ultimate aim of having processes with no more than 3.4 parts per million defects/errors (6-Sigma performance).
Lean	A “whole systems” approach that has evolved from the Toyota Production System. It focus is on standardising processes, driving out waste and developing “flow” systems, driven by customer demand.
ISO 9001	A “quality systems” approach which develops standardisation of processes though the use of policies, procedures and audits.

There are, of course, other “flavours” of Process Improvement, some using specific tools and techniques, while others are really only variations of those listed above. Ultimately, though, the aim of all of them should be to create an environment where staff are actively involved in identifying improvement opportunities and using the tools to deliver sustainable benefits.

It has been interesting to watch the trends across the public sector in how process improvement has been adopted and what has been successful, or not.

At the time of writing (2008), the efficiency agenda is still a major driver of improvement all across the public sector. The Comprehensive Spending Review in 2008, with three-year settlements for many departments and agencies running through to 2010-11, has put further pressure on achieving real efficiency savings and service improvements. A number of organisations are realising that techniques they have used in the past to deliver the usual “2% efficiency savings” will not work when challenged to achieve much more substantial improvements.

Approaches such as “Charter Mark” and ISO9001 may have been good enough in the mid 1990s, when improving consistency of service delivery was important, but efficiency savings were less so. Business Process Re-engineering (BPR) was also a hot topic in the early to mid 1990s, perhaps more so in the private sector than the public sector. BPR didn’t get a great reputation; all too often it was an excuse for making staff redundant, rather than actually re-designing processes.

By the turn of the century, most public sector organisations had done some form process improvement; usually through BPI projects to tackle priority issues. For example, in the criminal justice sector where many targets were cash-linked, BPI projects proved to be a useful way to get performance back on track.

### Case Study – BPI in the Probation Service:

*The Bigshires Probation Region had cash-linked targets to meet in relation to Drug Treatment Programmes, Victim Contact and Enforcement of Breaches of Court Orders. The Region set up a number of BPI Teams, each Sponsored by a Chief Officer, focussing on the individual processes that affected the targets. The teams were set relatively short timescales to deliver their recommendations (3-4 months) to ensure focus and momentum. Teams of staff from across the Region worked together to map existing processes and analyse why performance was below target. Each team made recommendations for improvement and it was then up to individual Areas in the Region to implement those recommendations.*

*As a result of the team-based approach, with improvement ideas being developed by staff, most of the Areas managed to get their performance back on track. The BPI approach also helped establish “process thinking” among management teams and staff. That additional benefit was really useful when the Criminal Justice Act 2003 was enacted. The Act introduced a split between Offender Management processes and Interventions processes, so all the skills of designing processes were very relevant in helping Bigshires’ Probation Areas to design the required new processes.*

As we move into the late 2000s, there is an emerging trend in the use of process improvement approaches. Two are recurring across widely different parts of the public sector:

-  Lean
-  Process Management

#### **Lean...**

Major government Departments are adopting Lean techniques (sometimes called “Systems Thinking”) in wide-scale implementations. Among the biggest are those in HMRC and DWP. DWP has agreed with HM Treasury to reduce staff numbers by some 30,000 and its senior managers have established a major change programme, within which Lean is being adopted to improve process performance. The approach is focussed on engaging staff in applying Lean techniques to improve customer service and reduce cost.

However, the Public and Commercial Services Union (PCS) said in 2008 that staff were unsure about the implementation of Lean, claiming there had been overzealous implementation in other departments, such as HMRC where someone was asked "to take a banana off their desk because they were not eating it."

A PCS Spokesperson said "We have had real issues with Lean in Revenue and Customs, where it has been taken to ludicrous lengths. The system has been imposed on staff and turned people into robots. Work on tax claims has been broken into individual tasks and de-skilled the workforce".

Numerous Local Authorities are also implementing Lean techniques under the banner of Systems Thinking. It is being applied in processes as diverse as enquiry handling and housing benefits.

In the Health Service, they established a Lean Academy to share good practice and provide education on Lean thinking, and there are well-documented examples of improvement delivered in leading edge organisations such as Bolton NHS Trust.

Implemented well, Lean does have the potential to transform performance, as Toyota's experience proves. However, it cannot simply be transported from a manufacturing environment into the public sector and imposed on staff by managers and consultants.

Lean has evolved out of the Toyota Production System (TPS) and has moved from its manufacturing roots into service organisations and the public sector. Toyota's successes inspired many others to follow, with a desire to eliminate waste and implement flow. Lean is based on:

-  A focus on identifying and delivering customer value
-  Managing horizontal value streams
-  Aligning capacity to match demand by segmenting tasks and creating flow
-  Engaging front-line staff in daily improvement and problem-solving
-  Using "visual management" approaches to ensure real-time performance can be tracked
-  Managers, at all levels, who "go and see" where problems are and enable their people to use systematic approaches to solve problems

Lean is certainly not a quick fix. Although there are many tools in the Lean toolkit, which ones you need to use, and in what order, will depend on your organisation's starting point and needs.

Those who have successfully applied Lean thinking report reductions in defects of up to 90% and capacity increases of 30-40%. As with all improvement approaches, the successful organisations have demonstrated leadership by example. Fujio Cho's (Toyota Chairman) three keys to Lean Leadership are:

-  Go see
-  Ask why
-  Respect your people

### **Process Management...**

Process Management is also gaining adoption across the public sector. The European Foundation for Quality Management (EFQM) defined Process Management as “How we design, manage and improve processes in order to support our Policy and Strategy and fully satisfy, and generate increasing value for, our customers and stakeholders”. Process Management implementation is described in more detail later as it provides a strategic improvement approach. One of the implementation components is a process model.

Many local authorities have been working with a Business Process Architecture (BPA) Model developed in 2006 as part of a project sponsored by the ODPM. This BPA describes a series of standard processes across local authorities and enables a whole-organisation perspective to be taken. It also provides a common language for different authorities to use when discussing their processes and performance.

The Police Service was among the earliest developers of a BPA; ACPO developed their Police Process Classification Framework in 1998 and this was a useful framework for identifying priority areas for review and improvement.

## Why Process Improvement?

Experience tells us that establishing a process-managed organisation does not happen as a quick fix. It takes time, planning and commitment, particularly from senior management who have to take on roles as Process Owners.

The potential benefits of Process Improvement can be summarised as:

- Improved Customer Service
- Increased Efficiency
- Engagement and empowerment of staff

Improved customer service can cover a wide range of potential improvements, but they all focus on ensuring an organisation consistently adds value to its customers.

Many service organisations fail to satisfy their customers because they do not understand the customer's requirements, expectations and needs.

- Requirements: are those aspects of a service that can be clearly defined and specified (e.g. written as a Standard); often related to the tangible outputs of the service
- Expectations: are the less tangible aspects of a service, which are more difficult to specify; often related to the way the customer/service user experiences the service, or how they are treated when they use it
- Needs: are aspects of a service that the customer/user has probably not even thought of; these are the little things that, if met, really 'wow' the customer

It is relatively easy (or should be) to meet requirements because that is what core processes should be designed to do. It's less easy to meet expectations, and it's the sign of a truly customer-focused organisation when needs are met.

A useful model for understanding what customer service means in a service organisation is the Determinants of Service Quality framework, based on research by Ziethaml, Berry and Parasuraman (*Delivering Quality Service*, Free Press 1990). This is also sometimes known as the ServQual Model and identifies five factors that customers use to assess service quality:

- Reliability – does the organisation do what it promises?
- Assurance – does the organisation deliver in a way that creates confidence?
- Tangibles – do the physical elements of the service (paperwork etc.) meet requirements?
- Empathy – does the organisation understand the customer and interact with them in a “user-friendly” way?
- Responsiveness – does the organisation react quickly to meet needs and address problems

Each customer will have a different set of requirements across the five factors and a service organisation needs to understand customers’ priorities in order to focus its delivery efforts.

Increased efficiency means increasing the value added and reducing the cost per transaction **without** adversely affecting quality.

You identify value add by examining everything you do, from the customer’s perspective. That means you have to understand what work gets done in your service delivery processes and why it is done.

The simplest way is to map your processes and classify each step as Real Value Add, Business Value Add, or No Value Add.

- **Real Value Add** activities are those which must be done in order to meet the customer’s requirements. Without these activities, the customer wouldn’t get their desired output. A good question to ask is “would the customer happily pay us to do this activity?”
- **Business Value Add** activities are those which have to be done because of some business or governance requirement. They don’t contribute to delivering the customer’s requirements. A good question to ask is “would we get locked up, fined or put ourselves at major risk if this activity wasn’t done?”. If the answer is “yes”, it’s probably a business value adding activity.
- **Non-Value Add** activities are waste! They don’t contribute to the customer’s requirements and the business doesn’t need them to be done either.

Staff engagement and empowerment are a further area of potential benefit from implementing process improvement. They come about by:

-  Involving staff in process improvement projects
-  Seeking staff ideas about how best to meet customers' requirements
-  Implementing staff ideas that deliver real benefits to customers and the organisation
-  Ensuring staff are regularly involved in process management activities such as process reviews

**Case study examples of benefits achieved:**

**Case Study – Criminal Justice Sector: Reducing Ineffective Trials**

*A Local Criminal Justice Board was concerned about the number of trials that were “cracking” or “ineffective” (where offenders admit to an offence just before going to court, or a trial can’t proceed for some reason). The impact of these failures included waste of court time and delays in bringing offenders to justice.*

*A group of staff were brought together to map the process and identify the root causes of the problem. They met over a period of two months and, working with external consultants as facilitators, captured the current process and provided performance data from the previous twelve months.*

*An analysis of the data highlighted a small number of causes of problems, such as Police Officers not being available to attend court hearings and information not being available in a timely fashion.*

*The team met to discuss the data and to propose improvement ideas. These included some communication of requirements to key stakeholders (e.g. Police, CPS, Lawyers) and better ways to track and manage cases from start to end. Identification of some early warning indicators of cases that may cause problems were also proposed.*

*All the team’s ideas were built into an Action Plan for the LCJB to implement and to reduce cracked and ineffective trials.*

### **Case Study – Health Sector: Using Lean techniques to improve a care pathway**

*A team of staff from a Healthcare Trust worked together in a one-week Blitz event to map, analyse and improve a care pathway for fast-track Colorectal Cancer patients. They mapped the “current state” and collected examples of the paperwork used throughout the process. They discovered more than 30 routes through the process for patients and typically 9 visits for treatment.*

*They captured actions and issues that needed to be addressed in order to improve the patient’s experience, including how patients were communicated with by healthcare professionals and support staff.*

*Taking account of their improvement ideas they designed a “future state” process map and the majority of improvements related to improved documentation and patient flows, rather than the need for more resources.*

*The improvements were expected to halve the time taken to diagnose a patient and reduce the number of treatment visits by one third.*

### **Case Study – Local Government: Designing a Business Planning Process**

*A County Council Directorate decided to apply process management techniques to design and implement a new business planning process.*

*Starting from a blank sheet, they created a hierarchical process map to define the end-to-end planning process, including all aspects of strategic planning, operational planning and in-year performance management.*

*They identified the templates required and “attached” these to the appropriate process steps, creating a single source of all the information required to produce a business plan. The individuals and teams responsible for carrying out each process step were also identified on the map, together with the target timescales. The map also identified linkages with other council planning and budgeting processes, to ensure the Directorate and Council’s plans were aligned.*

*Following a number of management workshops to deploy the new process, the next year’s plans were produced on time and with a high degree of staff buy-in.*

**The drivers for Process Improvement:**

All across the public sector, the language of “value” is more and more common. Local Authorities and Police Forces have been challenged to demonstrate Best Value for a number of years now and in the Criminal Justice Sector the theme of Value for Money is high on the agenda.

At a time when budgets are under scrutiny and when the demand for services seems to increase year on year, public sector organisations will have to find effective ways to balance the books and meet the expectations of customers and communities.

Process Improvement is not the panacea, but it is likely to be one of the important tools to help deliver sustainable performance improvement.

## How to implement Process Improvement

For process improvement to deliver sustainable benefits organisations really need to take a more strategic approach and implement Process Management. Process Improvement is a sub-set of Process Management and many organisations are very familiar with how to involve teams of staff in improvement projects. What they may be less familiar with is how to create a process managed organisation and how to manage processes on a daily basis.

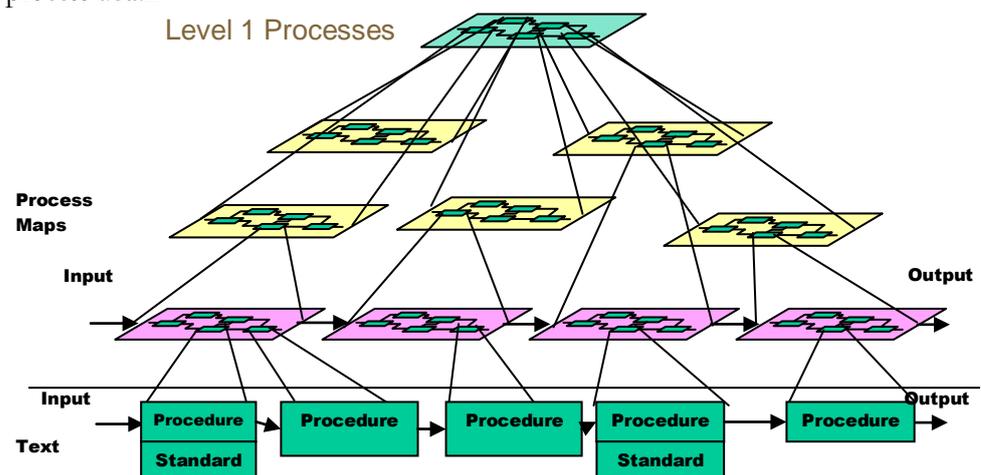
Organisations need three elements in place for successful process management:

- A business process model and supporting infrastructure
- An approach for team-based process improvement
- An approach for day-to-day process management

We give an overview of each of these elements, below.

### A Process Model and Infrastructure

All organisations can be described through a business process model. This is a hierarchical diagram developed from a high level and drilled down to lower levels of process detail.



The top-level diagram is typically split into customer-facing and support/enabling processes. Some organisations add a third type: management/governance processes.

Customer-facing processes are those in the “value chain” that enable the organisation to add value for its external customers

▪ They’d typically include:

- Developing products and services
- Winning business and new work from customers
- Delivering customers’ requirements
- Providing post-delivery services (e.g. technical support)

Support processes usually reside in the functions such as IT, HR, Finance, Procurement

Management processes include business planning, performance management and performance improvement

There are unlikely to be more than 8-12 processes, in total, on the top-level model (ideally, fewer than that).

The other infrastructure element you would expect to see in place having developed a process model, is the role of Process Owners. They exist to be champions for end-to-end performance and improvement of their process. Each top-level process should have a single, named Process Owner.

Education for Process Owners and their teams should include:

Principles of Process Management

Their role and responsibilities

Tools and techniques for process definition, analysis and improvement

A useful tool for helping Process Owners to assess the health of their process is a Maturity Model:

## Process Capability & Maturity

Continuous process improvement (incremental and innovation) Common causes of variation are identified and improved Processes are agile and “best in class”		Optimising
Targets, standards and measures are used Special causes of variation are identified and corrected		Quantitatively Managed Performance is predictable
Organisation-wide focus Value chains are identified	Defined	All processes are documented Measurements are defined
Departmental & Team focus	Managed	Some organised processes Performance is repeatable
Initial	No organised processes Ad hoc and reliant on “heroics” Performance is not repeatable	

There are several variations on this approach, but they provide a set of staged criteria to define increasing levels of process maturity and capability. Process Owners should have agreed targets for the health of their processes.

### A team-based process improvement approach

Some processes are inevitably “broken”. Perhaps they are prone to errors, are very expensive and slow, or simply don’t deliver what their customers require.

For these, you need process improvement teams whose task is to re-design the process to overcome its deficiencies. One of the improvement approaches teams might use is DMAIC:

-  Define the process, the problem and the customer’s requirements
-  Measure current performance
-  Analyse performance to identify root causes of deficiencies
-  Improve the process by re-designing it to meet customer requirements
-  Control the process to ensure it continues to meet requirements

Teams might use this approach to carry out an improvement project over a period of several weeks or months; or they might adopt a Kaizen Blitz (rapid improvement project approach) to deliver benefits in a week, or less.

These teams will also need training and facilitation support in how follow the DMAIC approach and to use a range of improvement tools and techniques relevant to the process being worked on. The tools could include those from the Lean or Six Sigma toolkits, but you should only use the ones that will really help you achieve your improvement objectives.

There are many tools and techniques that can be used in process improvement projects, for example:

Define	Measure	Analyse	Improve	Control
SIPOC Process Definitions	Customer Surveys	Pareto Analysis	Creative Thinking	Statistical Process Control
Process Maps	Focus Groups	Value-add Analysis	Clean Sheet Design	Visual Management
Improvement Project Definitions	Data Collection Checksheets	Line, Bar & Scatter Charts	Force Field Analysis	Plan-Do- Check-Act Problem Solving
Current State Value Stream Maps	Interviews	Cost & Cycle-time Analysis	Risk Analysis	
	Activity Sampling	7 Wastes	Future State Value Stream Maps	
		Cause & Effect Diagrams	Poka Yoke (Mistake- proofing)	

We don't have space to explain all of these here and there are numerous other books and articles devoted to how to use these, and other, tools.

### **An approach for day-to-day process management**

All processes need to be “managed”; some will need to be improved first as there is little point in stabilising an inherently broken process.

Day-to-day management is the responsibility of the local Process Owner whose task is to ensure the process operates to meet its customers’ requirements. The Maturity Model described above provides a useful framework for gradually improving the capability of any process.

Day-to-day management is then likely to include performance monitoring and corrective action – checking/measuring to see that standards and targets are being met and taking appropriate action if they are not. It also means recognising when corrective action is no longer enough and initiating a process improvement project team (using DMAIC).

Other activities for the Process Owner include carrying out regular reviews to ensure any new customer requirements and performance targets are identified, understood and built into the process operating standards.

Key skills for Process Owners and staff are data collection, measurement, analysis and the use of a systematic corrective action cycle.

### **Where to start...**

If your aim is to create a process-managed organisation, you’ll need all three elements of the model. The order in which you do things will depend on your improvement priorities. If you have “broken” processes, don’t wait too long before setting up process improvement teams. But, having fixed your process(es), they will then need to be managed day-in, day-out.

If you want to take a more strategic approach to process improvement, for example to consider how processes might be re-engineered to achieve step-changes in performance, you will need a business process model. It provides the context within which all process management and improvement is done.

### **The role of software and technology in process improvement**

There are numerous process flowcharting tools available which can be really useful to help capture and share processes. However, for any organisation interested in implementing process management, much more functionality will be required. Any software should enable the organisation to create an environment where:

- All process maps are available, in real-time, up-to-date, on everyone's desktop, in a commonly understood language
- Supporting documentation (e.g. checklists, policies) is directly available from maps
- The costs and other resources required to operate each process are quantified on each map
- Anyone can comment on, input ideas and seek improvement to a process at the touch of a button
- The ownership and accountabilities for processes and performance results are visible on each map
- Performance data can be attributed to specific processes, so it's easy to see what to fix when things go wrong
- Teams and individuals can try out improvement ideas on process re-designs before going live and rolling them out
- Managers can quantify the FTE required to operate existing, or proposed, processes
- Improvements and changes can be rolled out in a controlled way, after authorisation by key stakeholders
- Training and re-training on working practices can be carried out using electronic "storyboards"
- Key activities that are critical business controls (e.g. specific compliance points) can be identified and highlighted to managers and staff
- Good practices can be shared and their impacts measured

This functionality should also enable process improvement projects to go through all the stages of DMAIC.

The best software is available with web-enabled components, so that staff can access process information on their desktops, via an internet browser.

#### **People skills for Process Improvement**

Clearly, successful process improvement requires more than "process mapping skills" and any introductory development programme for staff involved should cover:

- Process Improvement principles
- The process for process management
- DMAIC projects
- Tools and techniques
- Leadership and change management

The “process for process management” provides an overall picture of what needs to be done, systematically, both at an organisational level and for individual processes. Tools and techniques include mapping, measurement, analysis and improvement, usually within a DMAIC project.

All the technical and process skills in the world will make no difference if the Leadership and Change Management skills are not also implemented.

In particular, Process Owners need to be able to create the vision and enthusiasm among process stakeholders for them to want to improve performance. There is also the challenge of reconciling process and functional responsibilities as the organisation moves towards a process managed environment.

Usually, learning by doing is the most effective way to develop new skills and ensure they can be applied in practice, so all process skills development should involve working on “live” process as part of the programme. That way, people can learn new skills, while improving the capability of the process for which they are responsible and, importantly, demonstrate their leadership of that process.

Such programmes are a significant investment in staff skills to ensure processes can be managed and continuously improved over a sustainable period.

#### **Critical success factors**

For process improvement to be successful; i.e. to deliver tangible benefits and to be sustainable in the long-term, the following factors need to be in place:

-  A senior management team who understand how to lead as Process Owners
-  Clear objectives for process improvement and process management, with quantified measures of success
-  People who are given the skills and time to take part in improvement activities, focussed on delivering tangible organisational benefits
-  A means of communicating and recognising success and improvements
-  Technology tools (software) to enable deployment of processes throughout the organisation

## Our track record

Our consultants have been helping organisations in the private and public sectors to manage and improve their processes for nearly two decades. We have supported Quality Award winners in their approach to process management and improvement

We are not wedded to a particular methodology. We help clients identify their improvement goals and then develop an approach to achieve these; invariably ensuring their people develop the skills to make further improvements themselves.

Please contact us for more information about how we can help you to manage and improve your processes.

SIMPLY, IMPROVEMENT...

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