

Freedom from command and control

**John Seddon,
Managing
Director,
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reflects on the
difference
between setting
targets and
achieving them...**

In the name of modernisation, the public sector has been subjected to 'command and control' management thinking. It is a regime of targets, specifications and inspection that has, in truth, undermined public sector performance.

The bureaucracy associated with the regime consumes resources across the whole of the public sector. This waste is just the tip of the iceberg. The costs of demoralisation are incalculable. People are demoralised because so much of what they do has little bearing on the purpose of their work. Imagine what it feels like to get an ambulance to a person in more than eight minutes when, regardless of the care you give, you are deemed to have failed. By the same token, you could get to someone in seven minutes, who dies, and you have succeeded. Targets remove people's sense of purpose.

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Command and control is appealing; you set targets and then expect people to achieve them. If, as is to be expected, resources become an issue, you engage in discussions about increasing resources and, whenever possible, tie resources to particular 'solutions' or specifications. But are such 'solutions' based on knowledge? Local authorities have been told by Government to have call centres by 2005. Many local authority services, like planning, benefits, housing and so on, don't work very well and so have high levels of 'failure demand' – demand caused by a failure to do something or do something right for the customer. The consequence of moving that work to a central location, providing only electronic means for people to talk to each other, is the institutionalisation of waste. It is no wonder the dialogue moves to resources: more work has been created. The right answer is to improve

the services – removing all the causes of failure demand, and then to decide whether they are best provided through a call centre or not. Those authorities that are following this route will have better service at lower cost, but will fail to meet the Government target.

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Benefits processing is just one example of bad specification. The Department for Work and Pensions (DWP) has promulgated manuals detailing the requirements in managing benefits. The Chancellor, Gordon Brown, insists on no investment without reform. He is investing in excess of £200m in implementing centrally specified alterations to the way benefits processing is managed. I am confident he will not get a return. The specification makes the work worse, as I shall illustrate.

If we think of benefits processing as a system, at a high level, it has three parts: a front office, where claimants are dealt with; a back office, where the benefits are calculated and paid; and these two are usually connected by electronic means – a document image processor¹; documents are scanned and held on a central database. As is the case with all specifications, those who write them think of things they can measure which seem consistent with doing things properly. While there are a massive number of standards and targets in the DWP specification – all of which need establishing and monitoring, creating a bureaucracy – here are the essential few that sub-optimize the system:

- Front office – time to see claimants and time to respond to correspondence;
- Back office – the percentage of claims paid in a certain time.

I have little doubt you will be thinking 'why?', for these seem like quite reasonable things to focus on. Yet, as with every example of public services I have studied, these kinds of measures actually create disorder. When

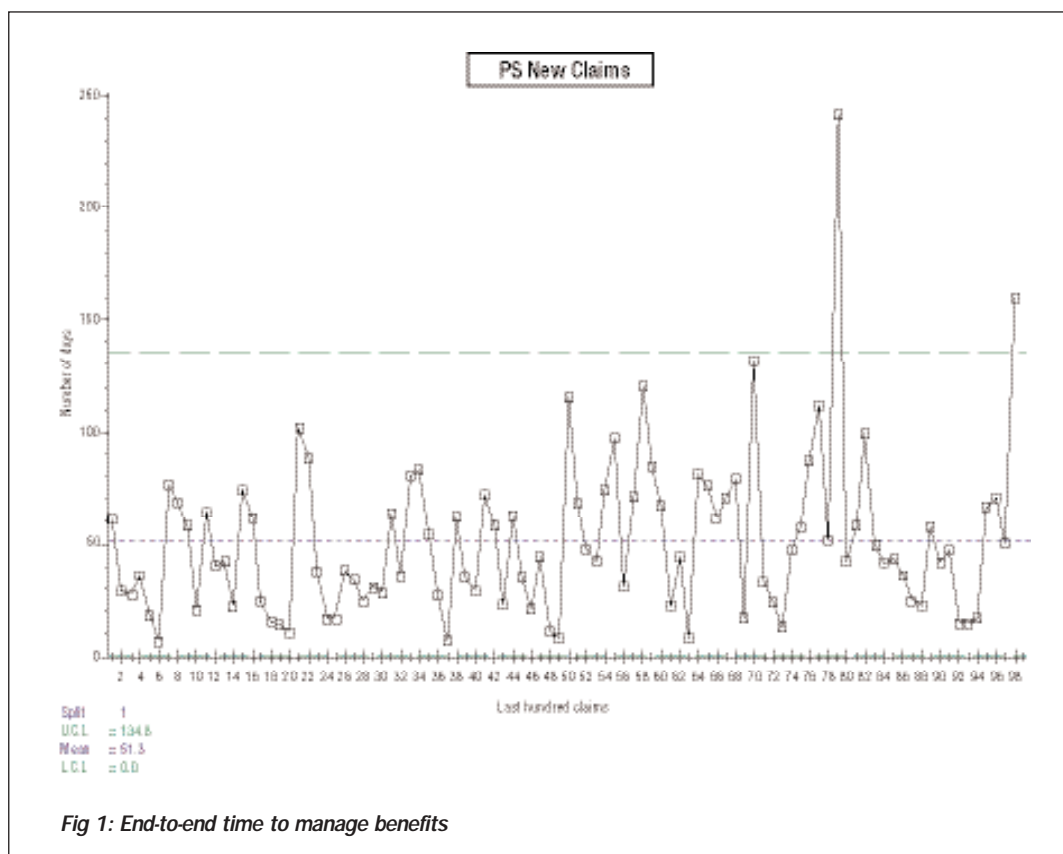


Fig 1: End-to-end time to manage benefits

local authority personnel study benefits processing as a system, they learn that there is a high level of failure demand in the front office, people 'progress-chasing' and, more importantly, waste ('dirty input') – people not coming in with everything that is required to determine their claim. People in the front office send what they have for scanning, to meet service requirements, and ask the applicant to return with whatever else is required. Document image processors – 'scanners' – require that work is sorted and batched into like work types: driving licences must be scanned as a batch, bank statements must be scanned as a batch, and so on. This means that applicants' information is separated and thus needs to be re-connected electronically. Inevitably, documents are poorly scanned, duplicated, lost or wrongly sorted; applicants are frequently asked to bring in things they have already provided. In the back office, the clock for the performance measure begins when all of the required information is to hand. Achieving this is hampered by the way work is designed and managed.

To open up these problems, you need to start by looking at the end-to-end time for processing benefits from the applicants' point of view, establishing a measure of capability. Fig. 1 is the capability chart for one local authority.

The capability measure shows that it could take anything up to 134 days to process a benefit from the

applicant's point of view. Anything from one day to 134 days can be expected from this system. The causes of variation are in the way the work is designed and managed. The DWP specification is creating disorder in benefits processing.

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The local authority whose data is reported in Fig. 1 has re-designed benefits payment processing, removing all major causes of variation and, as a consequence, removing failure demand. Their customers are happier and they process all benefits in eight days. The national average, I am told, is 60 days. As with many local authority services, the essence of the solution is to control the work at the start of the flow. If benefits applications arrive 'clean', they flow easily and time is reduced. As a consequence, quality and capacity improves. Nothing in the DWP specification would have aided these people in making this change; following the specification obviates improvement. As with all government specifications, the focus is on activity management and measurement. Managing activity always sub-optimises flow.

Ministers have been attracted by the idea of economies of scale. Aping what has been done in the private sector, they encourage the creating of front

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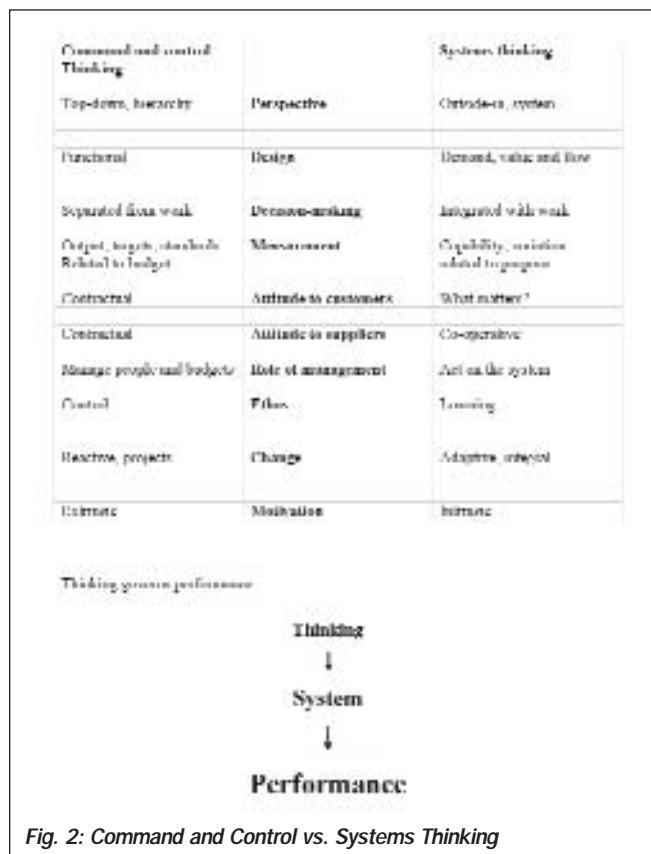
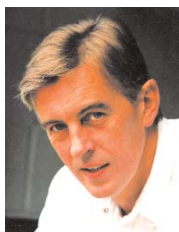


Fig. 2: Command and Control vs. Systems Thinking

'Designing against demand is a smarter and more practical way of improving public services than that dictated by the current specifications.'



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and back office 'factories' for service provision. But it is often a mistake to treat telephone work as functionally separated from other work. In the private sector, service has worsened as costs have risen. To attack costs, the private sector now outsources work to India. Is this a solution? Does it pay to outsource high levels of failure demand?

In the police, we have a problem with 999 services getting clogged with 'non-999' work. The proposed solution is to have a new number. It is a mad idea. In the few forces where demand has been studied, the demand into 999 lines and non-999 lines is essentially similar.

The solution is to design against demand, to turn off the causes of failure demand – it's all under your control – and to design your services against the value demands. This is a simple idea that organisations in the private sector are using to improve service and reduce costs. Think of any service you encounter; if the organisation you are trying to get service from knows what matters to you – the value work – and does that and only that in responding to your demand, the service will be good and it will be provided at the lowest cost.

Designing against demand is a smarter and more practical way of improving public services than that dictated by the current specifications. Ministers like the idea of asking communities what they want. It creates a rod for the organisation's back; you end up with 'wants' that cannot be delivered and colossal waste

associated with sending annual reports to people who have no interest. Designing against demand ensures that those who transact with the services have a good experience and will thus talk well of the fact.

Giving up targets

When I gave evidence to the House of Commons Select Committee, reviewing the impact of targets on public sector performance, I noticed that all of those giving evidence who sat atop the public sector hierarchy accepted that there were problems with targets. They even accepted targets caused 'cheating'. But they also claimed the cheating was minimal. All of those giving evidence who actually do the work in the public sector gave examples to show that cheating was ubiquitous and systematic.

The question I always ask is 'how do you set a good target?' I have never had any-

body convince me that there is a good method. If you rely on experience, your past will constrain your future. If you involve those who have to deliver (the new 'localism'), you are involved in a negotiation; you are not involved in developing knowledge about how the work works and how to improve it.

Instead of targets, people need what I call 'capability measures' – they are not like targets. Targets are arbitrary: capability measures tell you the truth about what you are achieving. Targets are plucked from the air: capability measures are derived from the work. Targets require a separate bureaucracy for reporting: capability measures do not – they can be used by those who do the work to understand and improve the work, something that is impossible with targets. Look at the results in the case of benefits. Would anyone have given a rationale for a target to process all benefits in eight days?

The first requirement in improving the public sector is a fundamental change in thinking. It begins with Ministers; we shouldn't hold our breath.

This article is based on extracts from 'Freedom from Command and Control: a better way to make the work work', by John Seddon.

Reference:

'Freedom from Command and Control: a better way to make the work work', Vanguard Education, 2003. www.lean-service.com

¹ The DWP guidance provided a field day for IT suppliers selling scanning equipment.