



From recession to recovery: tangible transformation in organisational performance

Philip Atkinson, Robert Mackenzie and James Thomson present the ACP change model and highlight key areas paramount to change that need to be addressed to rise to the challenge of organisational change, especially in the public and third sectors.

We are going through difficult times and many organisational leaders appear unaware of how much change will have to be implemented in order to rebuild their organisations. Although this is a challenge for many of our financial institutions, there are also huge challenges waiting for senior management teams in the public and third sector where, some would suggest, the challenge is much greater. Companies have already committed to the actions necessary to get them back on the road to recovery. The same cannot be said for the public and third sectors. To meet current and escalating Economic Policy pronouncements to reduce debt and borrowing, will

take more than making 2-3% savings through headcount reduction.

The Coalition Government is demanding such significant cutbacks that we think many in the public sector will find the changes that have to be implemented not just painful, but also beyond their current capabilities to implement and manage. There has to be major organisational re-design, together with developing automated processes that flow across the organisation.

This paper outlines key areas that we believe are central to driving change, so that organisations can take charge and streamline performance. Of particular note is the 'Accelerated Change Process' or ACP, plus the 'Discovery

Review Process' the 'Report for Business Improvement' which leads to 'Strategy and Implementation of Change'

Structural change & organisational design

The strict requirement to prune back an 'over expanded' public sector will see reduction in front line services. It will require changes at the top of organisations with new Non Executive appointees, and new CEO's with commercially active backgrounds who have driven such changes.

Focus for change is on Local Authorities, the NHS, the Police, the Armed Forces and other statutory bodies, quangos and government departments. Much of the public sector is labour intensive, so budgetary

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cuts will naturally lead to reductions in headcount. At this stage, sophisticated diagnostics work has to be employed in order to differentiate high value added services, structures and processes from those which consume resource but add little value.

Major themes for change focus on the sharing of services between Local Authorities, Health bodies and the Police – but whether they are being or can be implemented fast enough is debatable. The Scottish and UK Governments requested Local Authorities to band together to reduce costs of consumables and other products by developing an integrated procurement policy to drive best value. NHS bodies could do likewise. By banding together, one can cut costs, promote efficiencies and

develop a preferred supply chain. Again, no one seems to be leading the way.

Service provision problems: achieve more with less

To achieve the required changes requires quality of management that it is difficult to attract and retain. They require the best advice and expertise in change and programme management. They need cutting edge thinking and experience in organisational redesign, re-engineering processes so they are customer facing and, at the same time, changes must flow seamlessly across the organisation in a highly efficient manner. To achieve this matrix culture requires silos to be broken down, bureaucratic practises banished, turf wars and ‘empires’ eliminated and a

fresh performance culture installed. This requires leadership of the highest calibre and a major culture change. We outline below how this can be achieved with a methodology driven by the ‘Discovery Review Process’.

Overview: discovery review process

This is a multi stage process which will enable any organisation to take action now to improve performance beyond 2011. It assesses current capabilities and the outcome is the formulation of sustainable and robust strategies that can be implemented. These strategies are both ‘corrective’ and ‘preventative’, with the overall aim of improving the financial health and growth of the organisation. This process works because it is based on best practise in the commercial sector, with



companies such as Volkswagen, Diageo, Clydesdale Bank and General Electric, as well as NHS Trusts and other public sector organisations.

The challenge to business in 2011 and beyond

We outline the major forces. This section outlines the major forces for change and some of the strategies that may be used by a multi-disciplinary team to support organisations in overcoming the challenge.

Central to this approach is the tailored nature of the change project. Significant and precise measurements and analysis has to be developed and accurate diagnosis is critical if the organisation wants to recover quickly and deliver excellence in service provision. It's important to recognise that the public, members, 'end user', consumer or customer is the focus for

improvement. It is about streamlining structures, processes and the culture and is about leading change and recognising that 'until behaviour changes, nothing changes.' The diagnosis will speedily highlight those areas which are holding the organisation back from achieving its potential, and isolate the leverage points where change can have greatest impact.

Before we move into the specifics of the diagnostics we would like to explore one of our core change models which is referred to as ACP.

Accelerated change process (ACP)

This is a six-stage process that employs very powerful methods for driving large scale changes and is adopted by leading companies across the world. It is the result of organisations deliberately seeking out best practice in change management.

The concept was driven by companies becoming concerned that change was not happening fast enough for them, and that change initiatives took longer than they should, and if specific attention was paid to certain elements of the change process, change could be introduced very, very quickly.

A six step model for change

This six-stage model is a hybrid developing from the initial work, where a real drive for continuous improvement started. As well as being applied to large scale, high payoff projects, this model works well for much smaller projects. The reality is that if you do involve everyone in the change team right from the start, you can have an enormous impact.

1. Driving for change

- Work on building a strong change team;

- Scope out projects with an initial vision.
- 2. Generate a shared need**
- Identify all who will benefit from, have an impact on, or will be affected by the change;
- Develop a communications strategy to make the benefits of buying into the change compelling.

3. Create a vision

- Check for strategic vision;
- Align everyone in the same direction.

4. Align commitment

- Win commitment;
- Identify and resolve all resistance;
- Build models to ensure closeness to your public.

5. Sustain implementation

- Develop an implementation plan;
- Focus on accuracy and speed for implementation.

6. Continuous improvement

- Set up measures milestones and reviews to ensure the changes are implemented;
- Assess best practice and benchmark with others.

Diagnostics – create your organisation's future

Every day you fail to take action increases the risk of discontinuation of business. Organisations that have been around for a long time are just as much at risk as new start ups.

You may want to consider how best to improve the performance of your organisation. Your organisation is special and has its own unique history and culture. Events and key people have shaped how it has fared in good and bad times. Now might be a good time to re-evaluate how you could achieve more with fewer resources.

Multi-disciplinary team of change makers

Now might also be the time to invest the energies and methodologies of a multi-

disciplinary approach to enable you to make the required transition.

What is required is a Partnership in 'diagnosis and action'. Expert change makers can listen to your problems and help design processes which will provide you with a precise and accurate assessment of your organisation's strengths, core competencies and identify those precise elements that hinder performance. Together, you could explore where you are most at risk, the opportunities you could pursue through reassessing your portfolio of services, and how to minimise any threat to service continuity.

Indecisive leadership in some businesses

Some resignedly accept that what will happen to them is inevitable, and they are not in control of circumstances. This paradox in organisation development has a special term which is 'cognitive dissonance.' This means that those individuals know they have to change their behaviour as a organisation, but at the same time fail to do so. They become 'stuck' or 'frozen'.

Addressing this starts with asking the right strategic questions of yourself, your organisation and your management team. It continues when you tackle the difficult organisational questions and commit to taking positive action and sustain the momentum until you have achieved your objectives.

Change strategies drive business results

To be effective, change strategies have to be robust and build resilience into your organisation or corporate culture. They must have substance. What is really required is an appraisal of the organisation's current



performance and the help needed to enable you to build a culture where high performance and service excellence is the norm.

Strategy and scenario planning

If you use this approach, you will be in a much stronger position to build your organisation. From initial diagnosis you need to build several plans for change and ensure that these are implemented in your organisation speedily and completely.

Precision in diagnosis and in the formulation of action plans is critical. There is probably no time better than now to drive relentless improvement in how you do things – from adding value, delivering service provision, cutting down radically on rework and waste, and generally harnessing all the potential of staff to build a secure future.

Business analysis: discovery review

A 'Discovery Review' is what we refer to as using a variety of diagnostic tools or instruments that aid the diagnosis of core organisational problems and designing processes for more effective delivery of service. The important issue is that every organisation is different, and may experience some unusual problems specific to that organisation. This requires a bespoke approach, drawing up a multi-disciplinary view of the organisation.

Partnership in design

It is also critical that the senior management of the organisation commit to the process and facilitate the collection of accurate data, information, opinions and viewpoints. Data collection is organised precisely to generate accurate and

relevant information, both quantitative and qualitative.

Change must be owned by the key players. It is vital to match external change agents with senior team players and their people to make change stick. In organisations which are dispersed in several locations, it is best to appoint a Steering Group to ensure that communication and actions are coordinated efficiently.

Undertaking the discovery review

From an early stage the senior manager or Steering Group have to agree to the focus, the content and the tools which will be used to collect data and viewpoints. It is usual to collect information from a customer or users of the service and an internal perspective of the organisation other than financial analysis. Below is an example, but every intervention has to be tailored to the organisation and the context in which it operates.

Data collection methods

The tools differ depending on the issues requiring exploration, and can range from one-to-one interviews to questionnaires, focus groups and surveys, internal and external, to your organisation.

At this stage, the senior manager or Steering Group agree the scope and depth of the process, and commit their energies to ensuring that accurate information is collected which will later become the subject of a report and presentation back to the Steering Group.

The basis of this report will be to examine and gain a clear understanding of the challenges facing the organisation, and also the actions that can be taken to move swiftly and painlessly towards a resolution of the problems.

Focus	Methodologies
Strategy & business objectives	Strategic analysis swot, vulnerability & risk assessment
Branding and identity	User group reviews & focus groups, questionnaires
Stakeholder, customer & regulatory, statutory review	External communications assessment, marketing, risk management, audit
Reviews of service provision: portfolio of services	User groups, questionnaires
Structural, vertical and horizontal reporting relationships	Organisational design review
Review critical processes & systems	Process assessment & design, supply chain
External communication: Web technology and presence, digital strategy and telecoms, customer relationship management	Website review. SEO Communications process and database review
Business culture, motivation, teams, communication and people	User group reviews & focus groups, questionnaires, culture assessment

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The report for business improvement

The purpose of the report is to highlight the actions that can be taken and the route adopted to best introduce these changes. An Implementation or Project Plan can then be designed and used as a template for measuring improvement. It is suggested at this time that a scorecard or dashboard of business metrics should be developed by which to measure improvement.

We find that useful measures fall into these categories.

- 1) Business results, audit, risk assessment, financial and non financial measures and ratios, best value
- 2) Analysis of user groups, customer, stakeholder (if appropriate) measures
- 3) Structural process and work stream measures
- 4) Internal business culture, team and people metrics

Agree a strategy and goals for change

Based on the report it is important for senior decision makers to agree to a process whereby a change programme can be designed specifically to address the core problems, and ensure that the changes are planned and introduced.

The management of project implementation is critical, and for this reason, you have to work tirelessly with the senior manager or the Steering Group, to ensure that they can map progress and, if required, take remedial or corrective action if some areas of the business resist or have more difficulty introducing the changes.

A timetable of events is agreed and frequent interaction would permit speedy resolution of the problems hampering or hindering the organisation from achieving its potential.

Implementing the change: assessing readiness and resistance

Although some attest to enjoying the whole concept of change, many resist its introduction for a variety of reasons, most of which relate to the organisation not communicating sufficiently well with the key people needed to implement the change, drive it and own it. It is important to have in place all the necessary behavioural tools and processes to make this happen.

Development and implementation

It is critical for external advisers driving the change to have a strong background in organisational change so they can tutor, coach, liaise, and influence to ensure that the changes are implemented. It is important to sustain motivation, and that requires leading edge learning and change strategies.

Measurement and continuous review

'That which gets measured gets done.' Focus on measuring improvement and then start differentiating those tasks that add value to those that do not. The change initiative and project take on a momentum that is sustained, delivering significant business improvement.

Agreement of measurement and metrics

Agree the most appropriate measures based on a tailored balanced scorecard. It is

important to incorporate these measurements into monthly reporting of the organisation's business planning process, and amend process improvement to take account of that.

It is also essential that key are responsible for the update and keeping of such data as is pertinent to the measures defined, and those which are most appropriate to their role in the organisation.

Communication of progress

It has to be agreed which data will be public and that which should remain private and confidential, thereby avoiding putting your organisation at risk. Internal communications is important in sustaining the drive for change, maintaining motivation and building on success and stifling the grapevine. When staff experience tangible results and can witness improvement, then the change has started to be absorbed into the fabric of the organisation and has been accepted as a necessary and important part of maintaining a strong and healthy future.

Summary

We have outlined the four key areas that we believe are central to driving change, with the ACP model highlighted as particularly valuable for the public and third sectors. Its rigour lies in its precision in collating diagnostics and analysing creative strategies to promote effectiveness and efficiencies in a challenging world.

Philip Atkinson specialises in strategic cultural and behavioural change. For the last 20 years he has been engaged as a consultant supporting companies in strategic development, leadership, organisational design, post-acquisition integration, quality management and culture change. He has partnered with a variety of blue chip companies in industries ranging from pharmaceutical to genetics, and the automotive industry to finance and banking. He regularly presents at conferences and workshop sessions. **Contact:** 0131 346 1276, AtkinsonConsult@aol.com or philip@philipatkinson.com

Robert Mackenzie FIIA, QICA is client service partner responsible for leading the business technology and consulting team at accountancy firm Scott Moncrieff. He has over 25 years experience of organisational change,

performance improvement, internal audit, computer audit, and risk management and is a key member of the firm's Public Sector Audit Group. **Contact:** 0131 473 3500 Robert.mackenzie@scott-moncrieff.com

James Thomson ACMA, PGCE(S) works across all areas of Scottish public sector and within the private sector. James specialises in providing qualitative assurance and direction for effective governance arrangements and management structures. James helps organisations develop appropriate methodologies to measure progress and demonstrate continuous improvement. James uses his knowledge and experience to deliver tailor made solutions that reflect the unique position of each organisation he works with. **Contact** 0131 473 3500, Email: james.thomson@scott-moncrieff.com

