Case Studies

Designing Backwards from the Customer

A housing association, a registered social landlord, was seeking to improve its performance and to be able to demonstrate that performance at audit – the key to continued good funding support for their residents. We worked with them to develop ways of operating that were service user led, essentially putting control in the hands of the customers, instead of the traditional bureaucracy. This transformation was a big shift, and required the alignment of the board and management with the vision and ambitions of the CEO. The upshot was a sustainable reduction in annual operating costs of £1.5 – £2million. Because they are a non-profit organisation, all that surplus is now being reinvested in the housing stock, which is improving the lives of the 40,000 residents.

Simulation for Optimisation

A company delivering sterile supply services to the National Health Service needed to understand how to optimise performance in new facilities. Modelling of existing facilities across several locations led to a realisation that some 'improvements' led to a deterioration in performance. The whole process was modelled in order to understand this and to resolve it, leading to a revised model with the realisation of potential savings in existing facilities – realisable savings in one case of £300k per annum found in 30 minutes. The model provided to the client the ability to:

- recognise and manage the counter-intuitive impacts of changes;
- optimise design of new facilities 'on the fly';
- simultaneously manage multiple dimensions of the facility in 'real-time' – throughput, queuing & delays, staffing, processes;
- immediately understand the impact on viability of customer driven changes.

The CEO's Homeostat

The CEO of a major transport business wanted to have a simple picture of the performance of the organisation based on key indicators of past performance and predictors of the future. A system was built which, drawing data from across the business, compared current achievements with both targets and trend indicators, turning good numbers green and bad numbers red! A 'bad' number indicated a process which was failing or trending towards a failure point. A 'good' number indicated 'on-target' performance. This simple system enabled the CEO to focus attention on those things needing expertise whilst being aware of every facet of performance.

Logistics: Overnight Success

The general manager of a large logistics business needed better information to manage the performance of a major distribution hub. The traditional, very functional approach to performance reporting had proved unsuccessful, taking too long to produce and not enabling resolution of the apparent problems. A process-based modelling of the whole system showed that there were only five possible process route 'types' overlaid on an organisational structure dictated by the parcel handling machines. The only variables under the control of the GM were the total number of staff and how they were deployed around the hub. The solution lay in creating a reporting tool which reported volume along the various process routes, calculated the number of staff required and compared this with the number of staff actually used – by line, by section, by shift and by manager – and all before the commencement of the next working day. The use of this tool enabled a reduction in operating costs of £4m (about 25%) in 6 months with the same volume of activity.

(Re)Designing the Organisation

A major transport operator wished to realign its structure to become fully focused on effective delivery of services to customers. A review reflected on the purpose and vision of the organisation and recognised that any redesign needed to encompass the established primacy of service quality.

Far from simply reducing numbers to make the existing structure more 'efficient', the project considered the long-term effectiveness of the organisation. This led to a radical redesign of the roles of directors, managers and front line staff each having greater freedom and discretion. For the organisation to be both more effective AND efficient AND to respond more appropriately to its customers, front-line staff needed greater discretion in their interactions with clients. Whilst to ensure a successful future, the organisation was divided into operational and developmental functions – the first focused on delivering current products to current customers, the second on delivering a range of major change projects to create the future.

Information Strategy

The newly appointed finance director of a major public service provider rapidly became aware that the ICT department he had inherited was not fit for purpose. Its reputation in the business was very poor and it appeared focused on its own issues and problems rather than those of the business it purported to serve.

Working with the finance director and the board, an initial review highlighted a number of problems. The departmental head (a hardware specialist) believed that the business was there to support ICT, was disengaged from the objectives of the organisation and had a negative attitude which cascaded

through the department – the whole was dysfunctional. Customer service (internal) was non-existent and its performance was holding the business back. From an information systems perspective, there were numerous systems but these were poorly understood, managed and documented – and other parts of the business were pursuing independent initiatives – unable to get service from the ICT team.

It was considered that the position of the departmental head was unsustainable and, whilst the search went on for a replacement, an interim manager was appointed. An information strategy was developed to address the issues, this encompassed:

- Staffing – structure, numbers, skills, training
- Infrastructure – the hardware platform, resilience and business continuity
- Software – industry and organisational systems, core business systems
- Presentation – MI, intranet, communication devices

Over three years the department (now called Information Services) has been transformed. It has a new head, is totally customer focused, has delivered several major systems projects – on time, to standard, on budget, to specification and has a solid and growing reputation – not just within the business but also in the parent company and the industry.

Optimising Performance

A plant was continually failing to achieve desired budget targets. The managers did not properly understand their production capacity nor the impact of interactions in the processes. Taking high level measures across the organisation from the first process through each stage to the final product it became clear that built into the business were tensions that meant a manager at a late stage in the process could only succeed by ensuring the manager in front of him failed.

Modelling capacity and then simulating performance throughout the process allowed us to see the capacities of each of the stages, the limits that cannot be exceeded with current conformations. In operational terms we were able consider performance against current capacity, and in strategic terms, we could consider how to improve capacity. In the case of this plant, over time they ended up wondering what to do with the extra production!

Business Analysis – Shared Services Modelling

A transport provider was considering the development of a shared-service centre for its existing businesses and the subsequent integration of further operations – subject to successful acquisition. A consulting enquiry rooted in process analysis, interviews and discussions was supported by development of an integrated model of the existing organisations. Capability was included

in the model to simulate changes at the individual process level, at the level of the company and at the level of any combination of companies within each process.

Whilst the analysis showed that the NPV on that particular investment was inadequate, the model can be used to analyse the cost and investment issues of performance and integration problems and develop the business case.