



National Audit Office

# Building an effective management system

## Insights and learning from UK government

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**Quick quiz - name that government.....**

# Share our insights from across sectors

## Central and local UK government:



Department of Health



Department for Education



HM Revenue & Customs

## Private sector:

LLOYDS BANK



M&S



TOYOTA



JAGUAR

## International:



*Liberté • Égalité • Fraternité*  
RÉPUBLIQUE FRANÇAISE



CITY OF MELBOURNE



# What to focus on

Customer focus

End-to-end  
perspective

Management and  
leadership environment

Using information  
to improve

How to change

A whole  
management  
system  
approach

# The role of the National Audit Office

- We **scrutinise public spending** on behalf of UK Parliament
- We help to **hold government departments to account** for how they use public money
- Our work **helps public service managers to improve performance** and service delivery, nationally and locally

# What we mean by 'Government'

- It is big
- It is complicated
- It does everything
- It has all the complications of a multinational corporation...
- ...plus some more

# A lot at stake for government

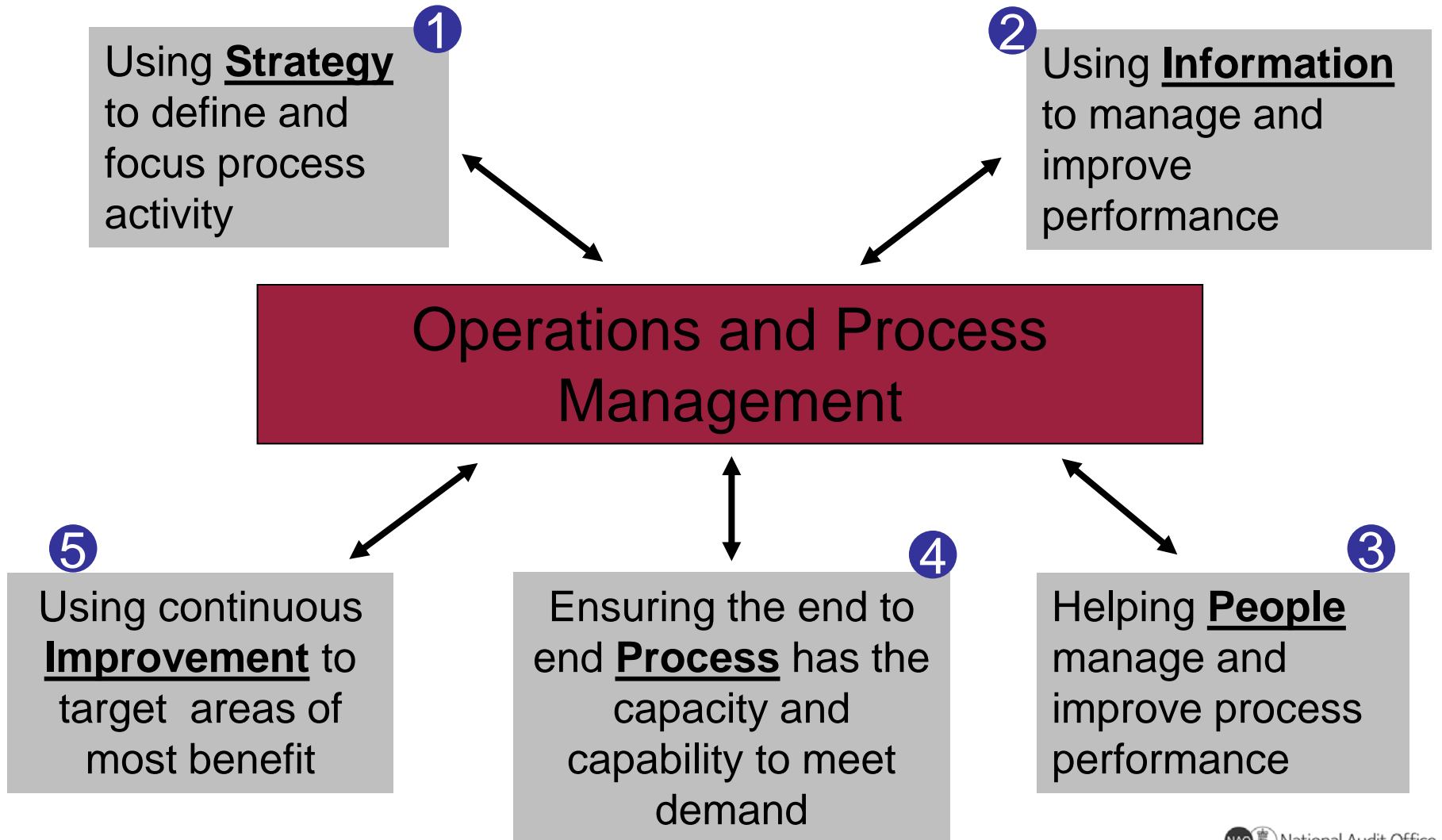
- **Value for money at stake** - £600 billion spent on providing services 70% of staff in operational roles
- 2005 – **growing use of principles** such as lean thinking **across UK government**
- 2011 - all **departments must have a continuous improvement strategy**
- **Using these principles** to manage and improve **is a good thing**.....if done well

# The questions we're interested in answering

1. **How capable** is an organisation in managing and improving business operations?
2. What are an organisation's **priority** business problems?
3. How can this understanding be used to achieve **sustainable improvement**?



# Our components of good operations management



# Testing 40 questions across the 5 areas

Strategy

Information

People

Process  
Management

Improvement



Alignment of the organisation across the 5 areas – the ‘corporate centre’



Alignment between the  
‘corporate centre’...

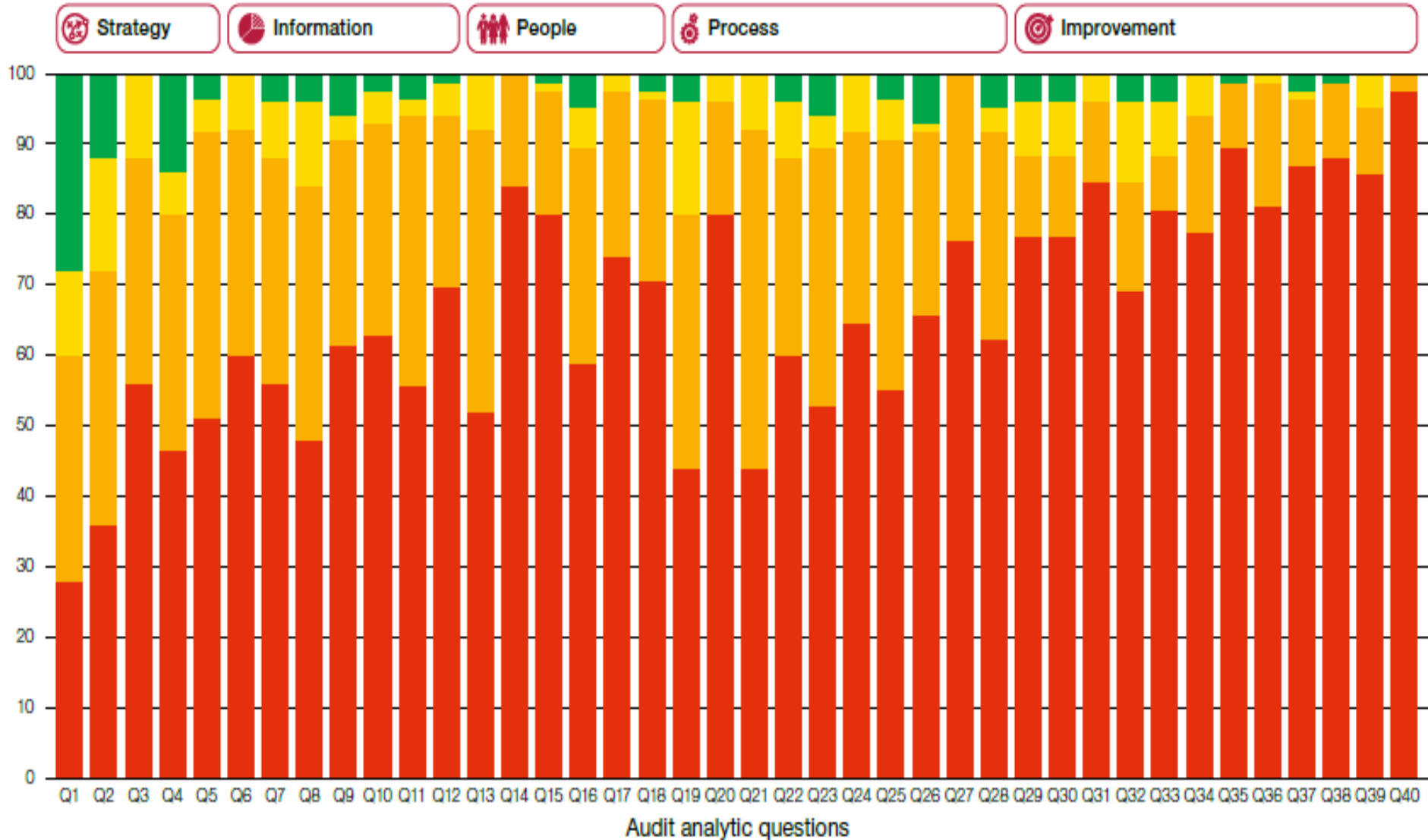
....and operational  
delivery



Alignment of operational delivery – services / processes

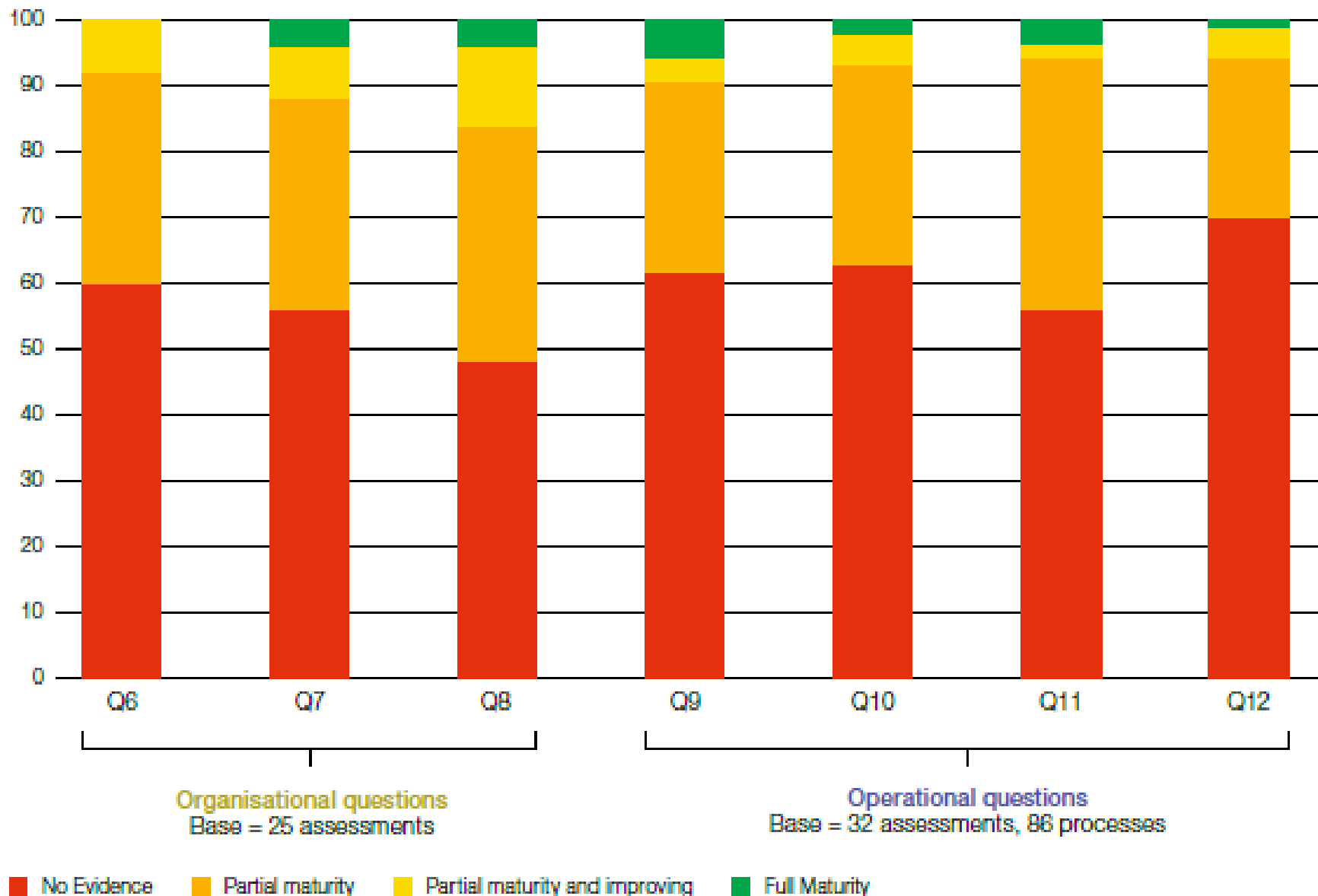
# UK government capability 2015

Percentage of ratings within each maturity category



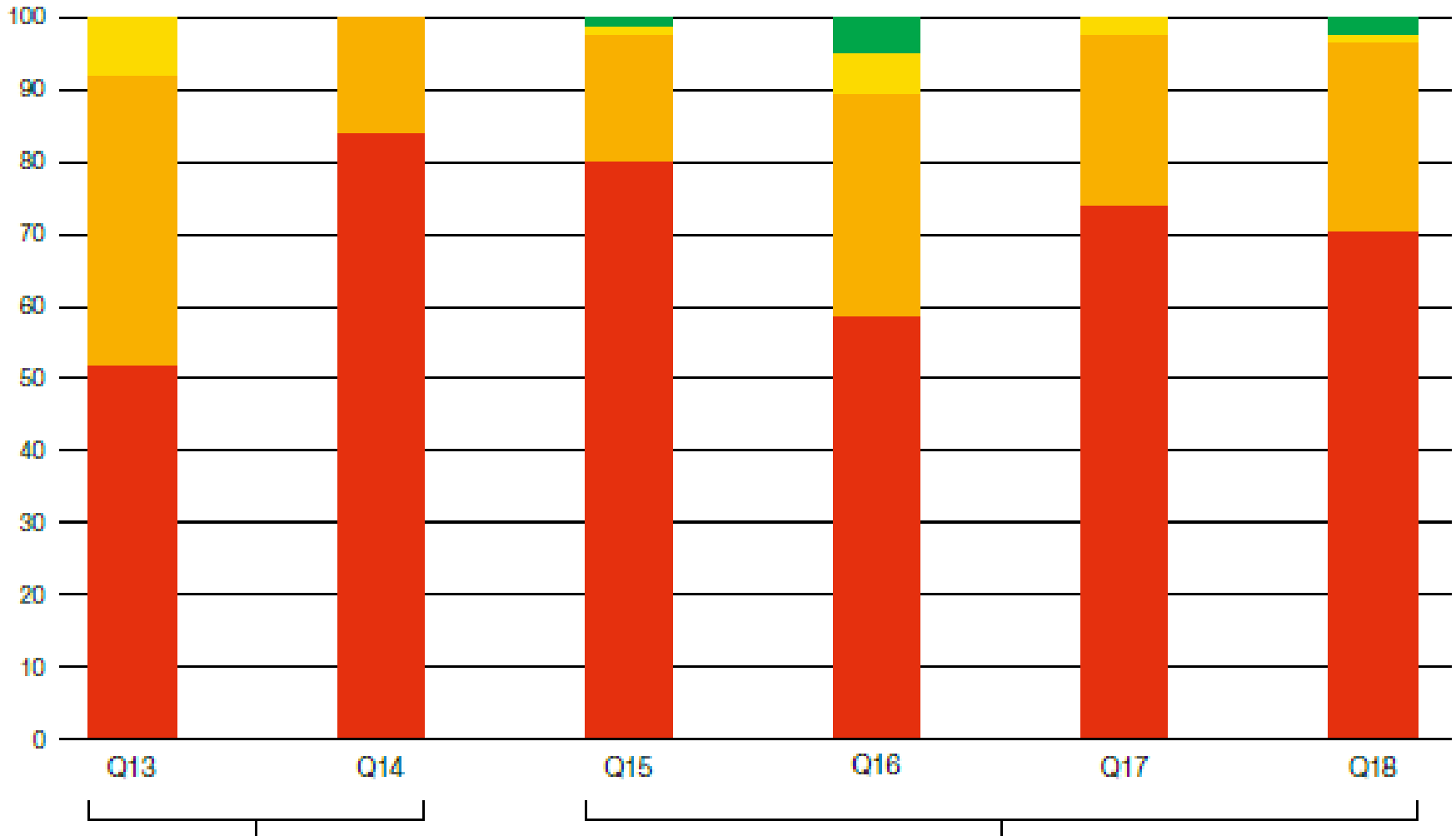
# Using information

Percentage of ratings within each maturity category



# Helping people lead and manage

Percentage of ratings within each maturity category



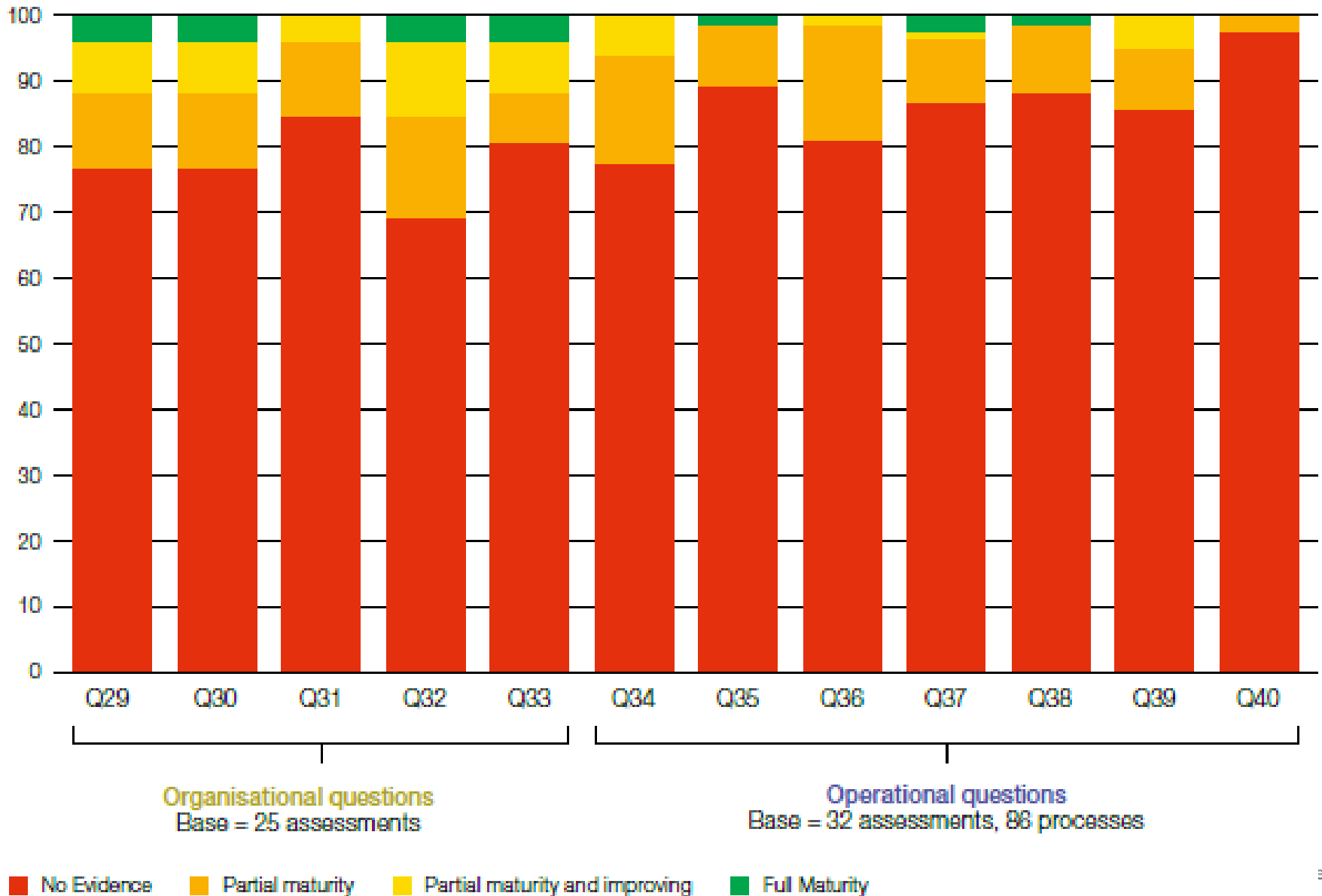
Organisational questions  
Base = 25 assessments

Operational questions  
Base = 32 assessments, 86 processes

■ No Evidence ■ Partial maturity ■ Partial maturity and improving ■ Full Maturity

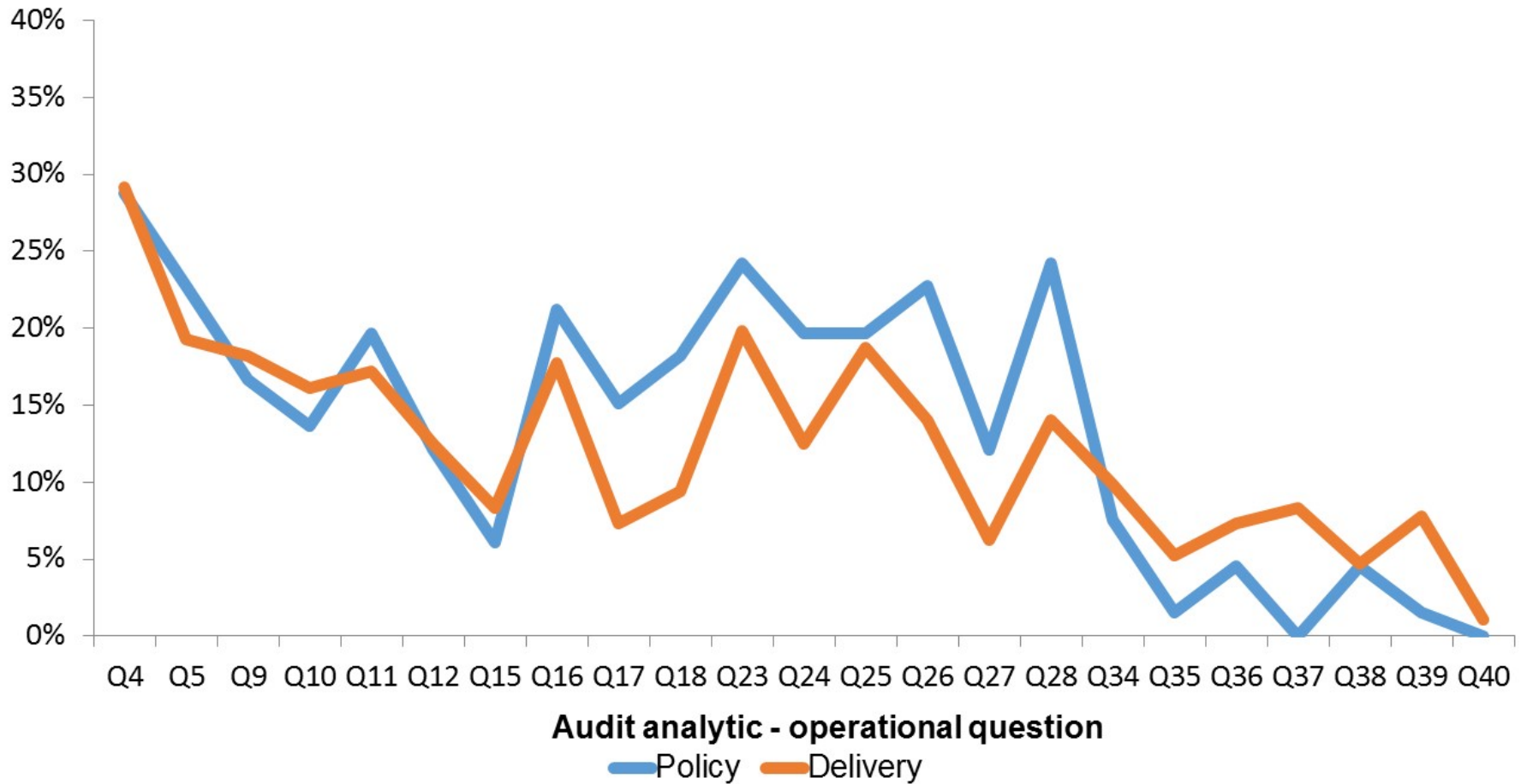
# Improving the business

Percentage of ratings within each maturity category



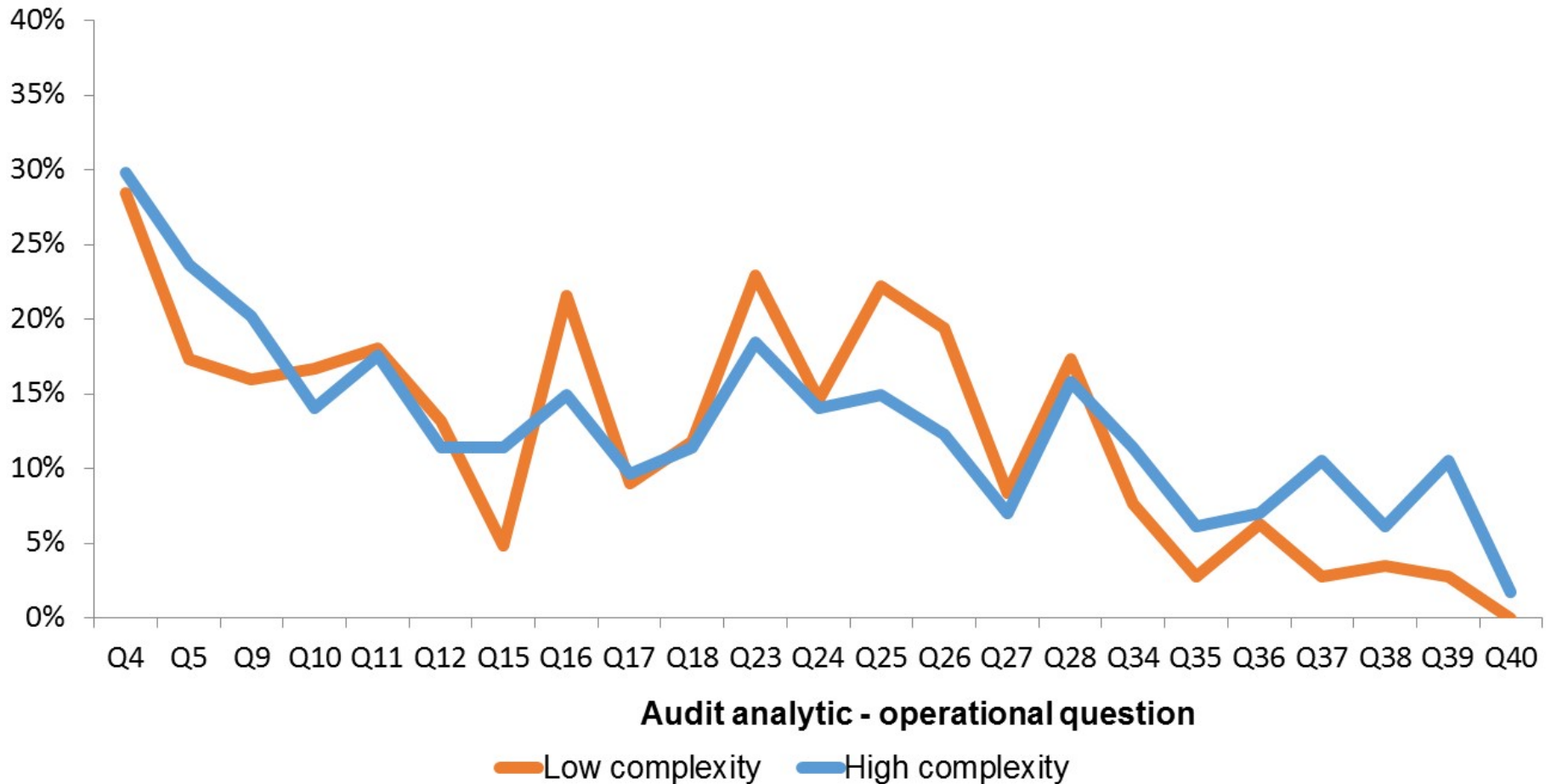
# Relevant for all types of organisation

Average process management maturity



# Relevant for all types of work

Average process management maturity





# What to focus on

Customer focus

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# Key theme: customer focus

Customer focus

End-to-end  
perspective

Management and  
leadership environment

Using information  
to improve

- Use a strong focus on customers when creating new policy, changing or designing new services
- Build an understanding of the true user experience and how users interact with the service
- Measure performance of the service based on what the customer wants

# Key theme: end to end system

Customer focus

End-to-end  
perspective

Management and  
leadership environment

Using information  
to improve

- Develop a better shared understanding of how entire end-to-end systems work
- Build a service-focused, end-to-end view of delivery beyond organisational boundaries
- Align objectives throughout the end-to end system

# Key theme: management and leadership

Customer focus

End-to-end perspective

Management and leadership environment

Using information to improve

- Build an inclusive environment involving everyone across the system in making change happen
- Get leaders to engage with operational delivery and make sure they know and ask the right questions of the organisation
- Develop the people managing the business so that they have the required operational skills and time to use them

# Key theme: using information

Customer focus

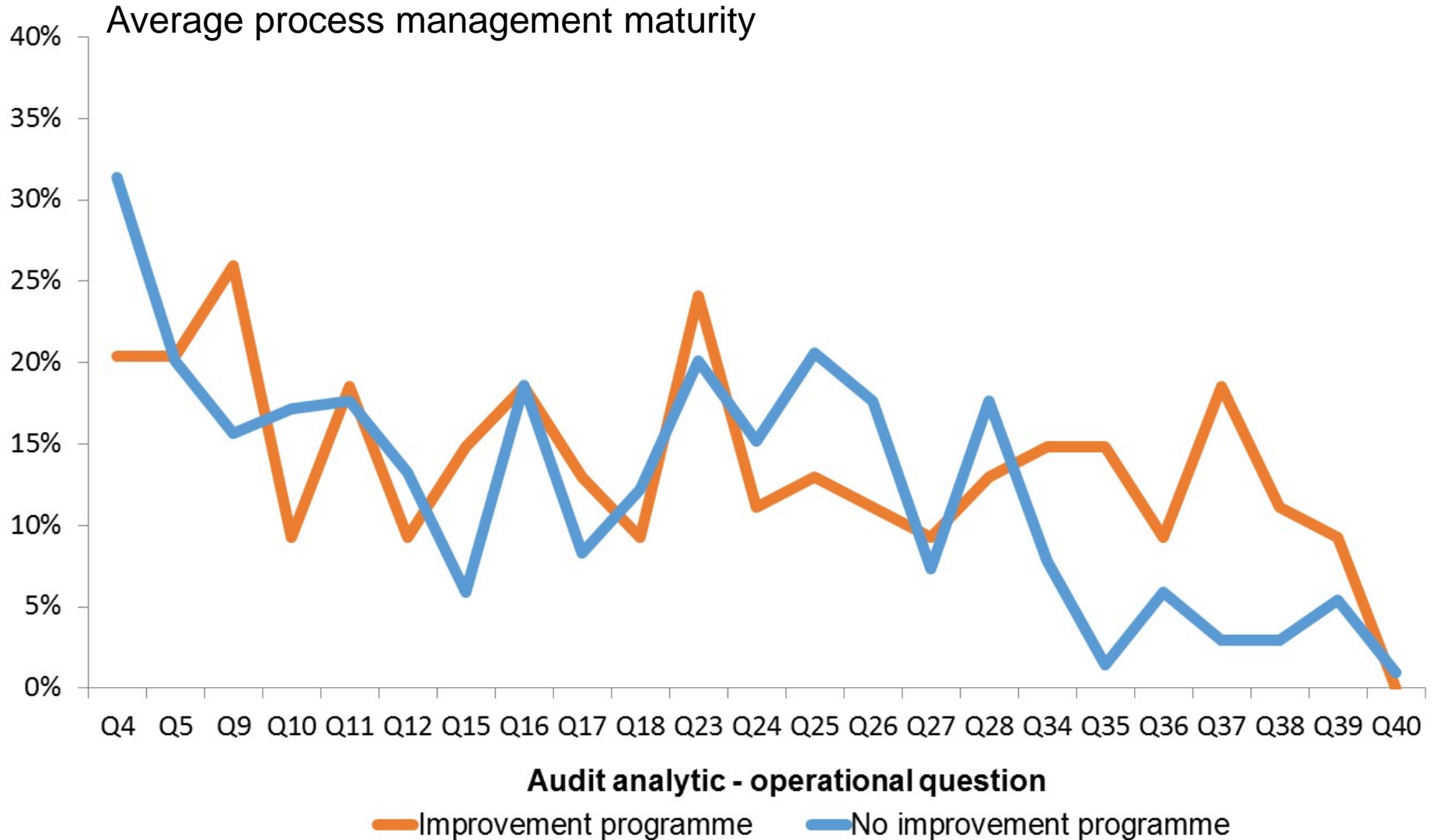
End-to-end  
perspective

Management and  
leadership environment

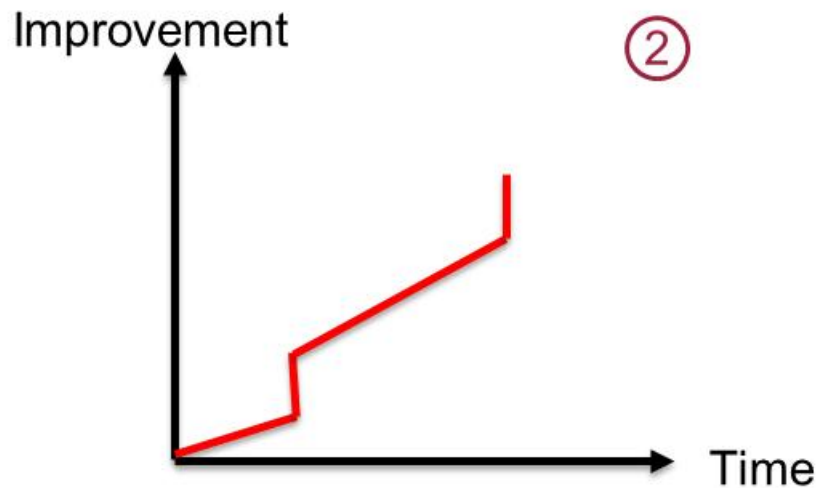
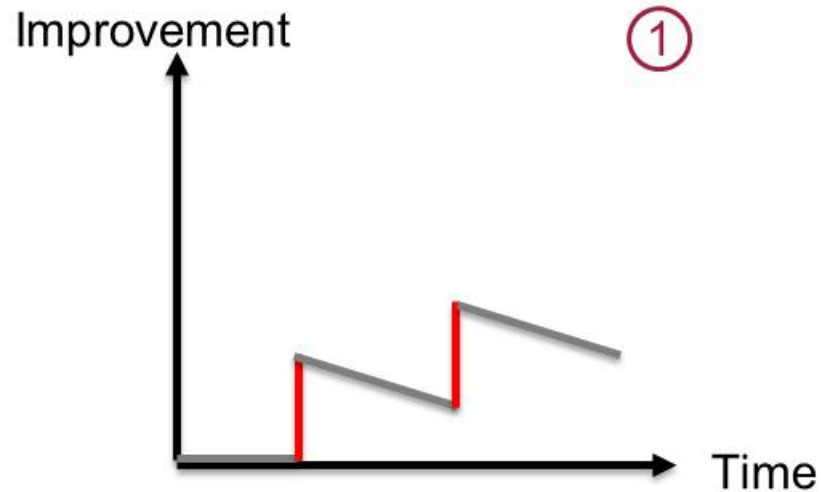
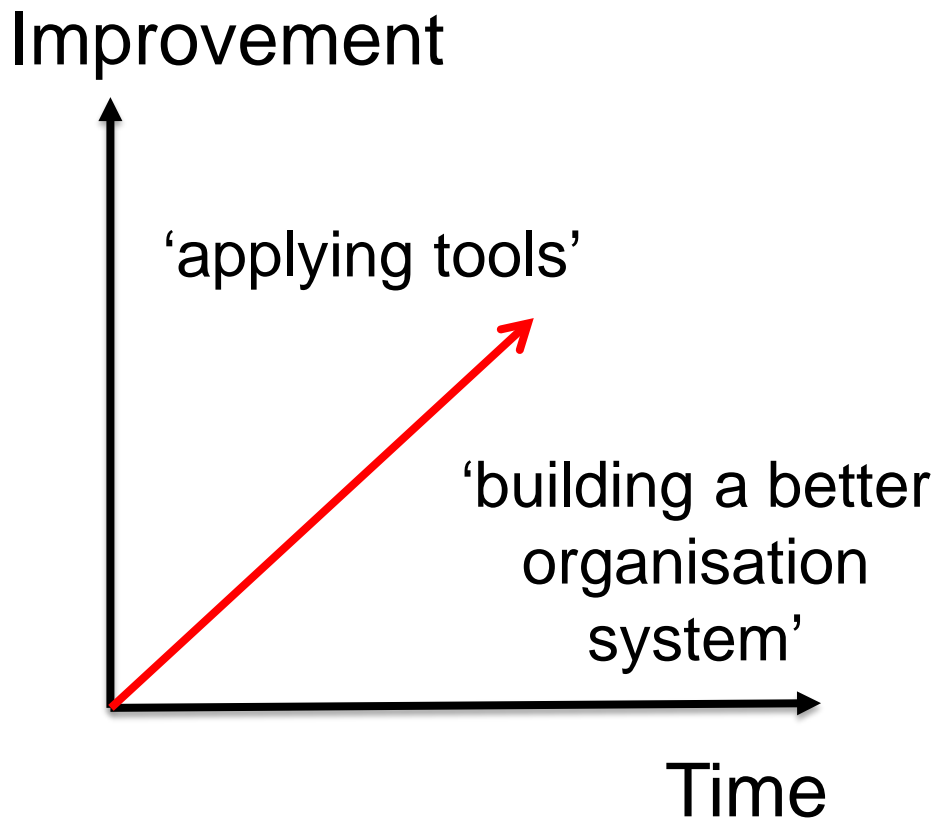
Using information  
to improve

- Have balanced measures, including quality and customer perspectives, to understand how you are performing
- Make informed decisions using that information which take account of the operational consequences
- Use an understanding of operations management performance gaps to change the organisation in a sustainable way – not just one off tactical or structural changes

# Improvement programmes ≠ more capable organisations

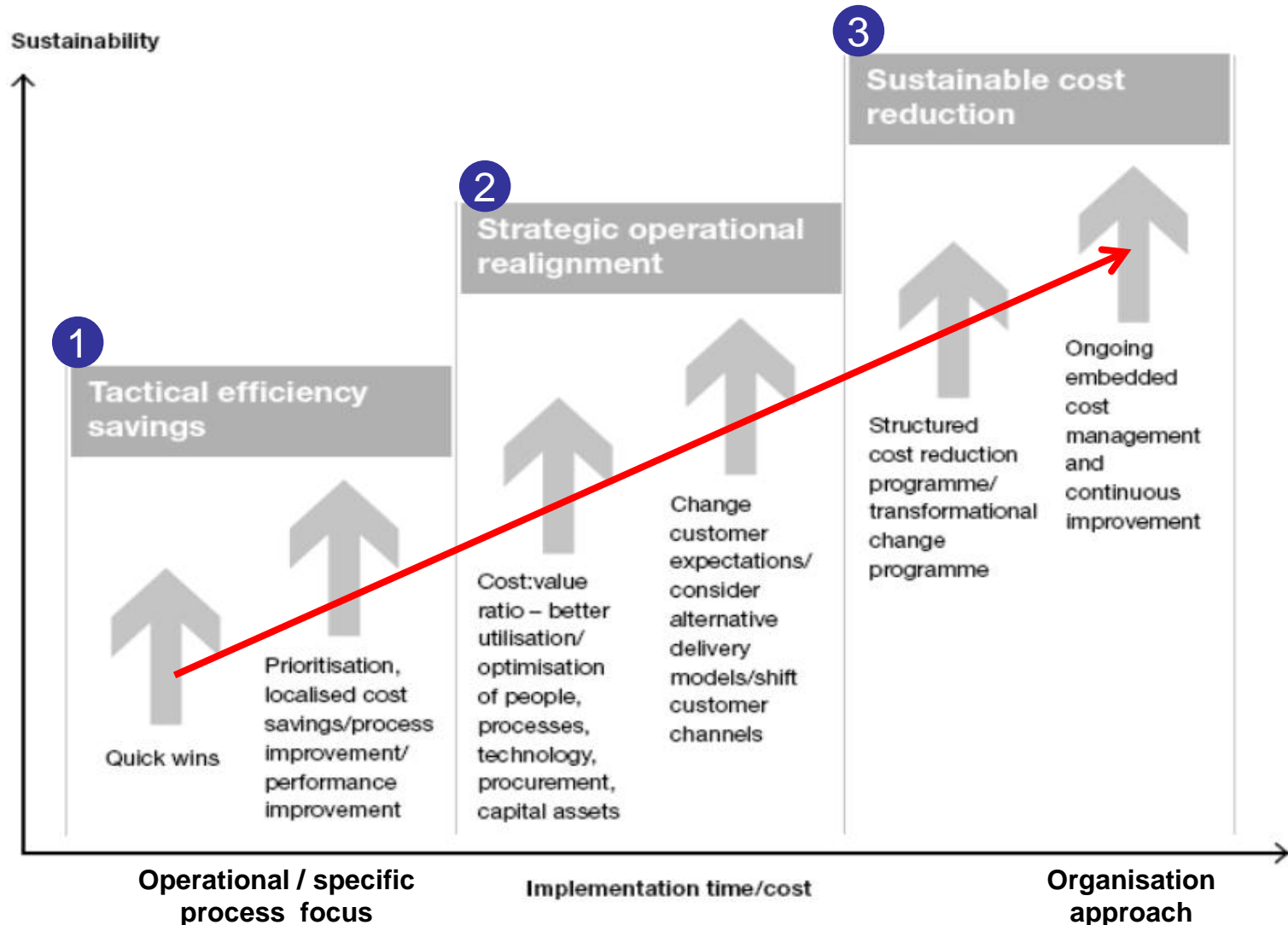


# Doing it right or doing it now?



# Moving on from a localised benefit approach

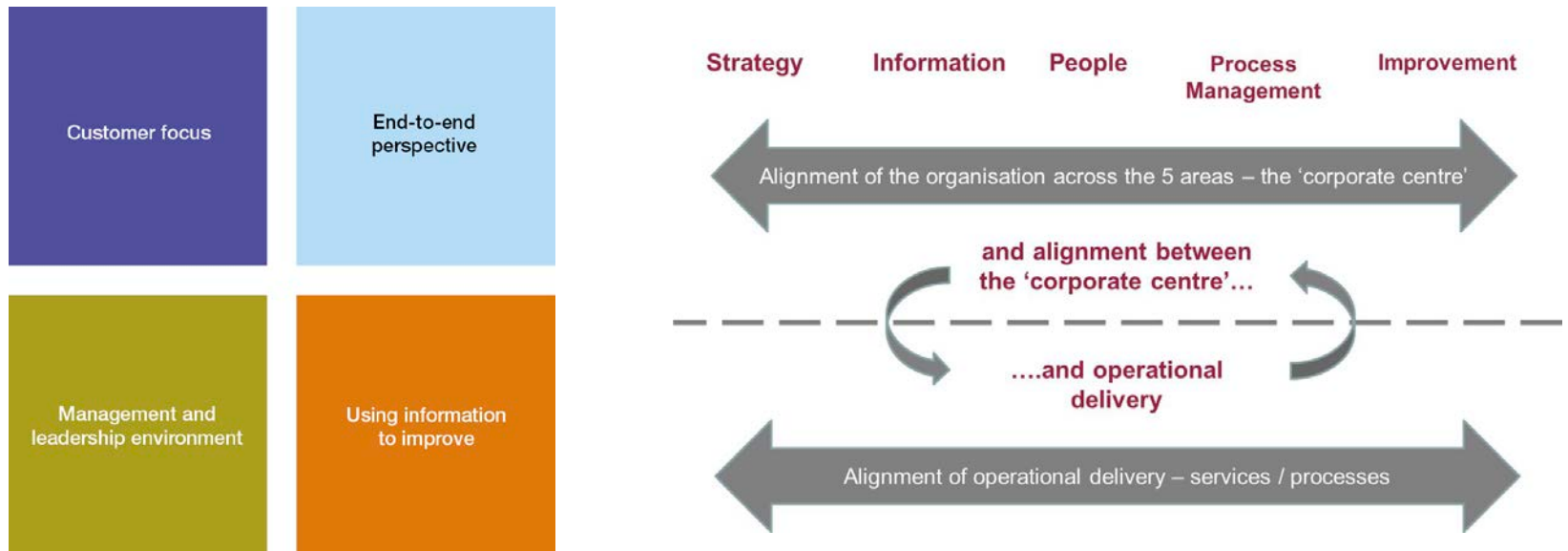
Approaches to improving or cost reduction





# Challenge – how are we doing now....

Understanding and achieving benefits does not start with doing improvement activity



...and embedding the thinking as part of an effective management system

# Thanks for your time

Want to continue the conversation?

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