

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 13 May 2013

<b>Portfolio:</b>	Policy, Strategy and Finance
<b>Subject:</b>	<b>Improving Customer Satisfaction</b>
<b>Report of:</b>	Chief Executive Officer
<b>Strategy/Policy:</b>	Efficiency Plan
<b>Corporate Objective:</b>	Dynamic, prudent and progressive council

**Purpose:**

To outline a new management approach to improving services to the Council's customers, using the "Vanguard method."

**Executive summary:**

The Chief Executive Officer has recently been exploring methods of improving the customer experience when dealing with the Council, and has been particularly impressed by the work of a company called Vanguard. At the core of the Vanguard approach to 'systems thinking' is the belief that all services and procedures should be designed from a customer's perspective.

A number of informal discussions were held with representatives from the Vanguard Consultancy, and Executive Members were briefed accordingly. It was felt that if the Chief Executive and Senior Managers were to fully understand the 'systems thinking approach' known as the "Vanguard method" then it would be necessary to participate in a three day familiarisation session.

This took place in the Civic Offices from 18 to 20 March 2013 and involved all senior managers experiencing customer transactions on the 'front line', learning how customers felt in their dealings with the Council, and identifying areas for improvement.

It was clear from this brief exercise that there are many opportunities where customer transactions could be improved. It is therefore recommended that the Vanguard Consultancy be appointed to lead managers and employees through a longer term approach to transformational change.

**Recommendation:**

That the Executive waives contract procedure rules and approves the appointment of Vanguard Consultancy to provide guidance, expertise and support in implementing a fundamental change to the way the Council delivers its services to customers.

**Reason:**

Whilst the Council's customer satisfaction levels are high, there is still room for significant levels of improvement, and as customers become both more demanding and discerning, it will be necessary to work harder to maintain or increase levels of satisfaction.

**Cost of proposals:**

In 2013/14, the cost will be £190,000. In 2014/15 the cost will be £90,000, and in 2015/16 the cost will be £20,000.

The funding for the first phase of work during 2013/14 will be met from the funds earmarked for "Improving the Customer Experience" (£100,000), and "Invest to Save" (£100,000). This was approved by the Executive on 16 July 2012. The balance of funding required will be considered as part of the budget setting cycle for 2014/15, and when the outturn position for the last financial year is considered, in July.

Costs reduce year on year, as the organisation becomes more self-reliant in its ability to use the Vanguard method independently of consultants.

**Appendix A:** Key stages of the Vanguard method

**Background papers:** Costed proposal from Vanguard

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## BOROUGH COUNCIL

### Executive Briefing Paper

**Date:** 13 May 2013

**Subject:** Improving Customer Satisfaction

**Briefing by:** Chief Executive Officer

**Portfolio:** Policy, Strategy and Finance

#### INTRODUCTION

1. The purpose of this report is to outline a new management approach to improving services to the Council's customers.
2. In order to implement the new approach it will be necessary to appoint specialist consultants to work alongside managers and employees to provide guidance and support throughout the period of change.

#### BACKGROUND

3. The Council has a good track record of providing high quality services. Customer satisfaction levels were last measured in 2011, through a postal survey, with 92% of respondents indicating that they were happy with the way in which the Council runs things.
4. This was an excellent result, and a reflection of all the hard work and commitment of both members and officers in delivering a wide range of services to Borough residents. It is important, however, that complacency is avoided. There is still room for significant levels of improvement and as customers become both more demanding and discerning, it will be necessary to work harder to maintain or increase levels of satisfaction.
5. With this in mind, the Chief Executive Officer has been investigating different approaches to the way services are designed and delivered, specifically aimed at improving levels of customer satisfaction.
6. As a result of this investigation, the Vanguard method, which is loosely based on a systems thinking approach to service redesign, appears to provide an appropriate framework to help managers and employees to implement the necessary changes to improve service provision and customer satisfaction.

## THE VANGUARD METHOD

7. At the core of the Vanguard approach to 'systems thinking' is the belief that all services and procedures should be designed from a customer's perspective.
8. By its very nature, the Council is a bureaucracy. It provides a wide range of services supported by structures, systems and processes which have been built up over many years. It is very easy to lose sight of the customer's needs. Often, when asked why we follow a process in a specific way, the answer will be "because we have always done it that way". This fails to recognise that the working environment and customer expectations are constantly changing and that there is a need to regularly challenge ways of working.
9. It is important to recognise that the Vanguard method is not just a traditional process improvement exercise that focuses on 'doing things better'. Council Officers have been using different business transformation techniques for many years.
10. Instead, it is a fundamental rethink of service provision through the eyes of the customer which leads to doing "better things". As well as creating better processes, the adoption of 'systems thinking' can lead to changes to measures, costs, structure and the role of support functions such as ICT, Finance and Human Resources.
11. The Vanguard method is not based on a traditional approach where the consultants come in and tell managers the answer. Instead, Vanguard representatives will work alongside managers and employees as a coach, guide, and facilitator so that officers are able to make changes themselves based on the knowledge and understanding gained from taking a different perspective.
12. The key to success is to design services "outside in" from the customer's point of view, rather than "inside out" for the benefit of the organisation.
13. Such a logical approach appears to be simple but this will require a step change in thinking by managers, employees and members who have been involved in designing and operating current systems and processes for many years. The role of consultants is essential in providing a new perspective.
14. Vanguard Consultants have worked with a number of local authorities. More recently this includes councils at Exeter, East Devon, Portsmouth, Stoke on Trent and Bracknell Forest. They have also worked with significant clients in the private sector such as Glasgow Housing Association, Aviva Insurance and O2, as well as Cheshire, Manchester and West Midlands Police.
15. Evidence suggests that where the 'systems thinking' approach has been used there are tangible improvements in both customer satisfaction levels and the morale of the workforce. The latter benefit stems from the fact that, following implementation, front line employees feel more empowered to solve a customer's problem.

16. An added benefit of adopting the 'Vanguard Method' is that the costs of providing services are normally reduced in the long term. It is important to stress that this is not the main purpose of introducing such an approach, but any savings achieved will be captured as part of the Council's efficiency programme.
17. The key stages of the Vanguard method are described in Appendix A.

## **WHY VANGUARD?**

18. There are many methods used to drive improvement in the public sector. These include, for example, lean thinking, Six Sigma, business process re-engineering (BPR), PRINCE2, total quality management (TQM) and the theory of constraints (TOC).
19. These methods have been investigated by officers but it is felt that the Vanguard methodology is unique in that it gives an easy to follow framework for understanding the true nature of the Council's current performance (which will be quite different to current perceptions).
20. Managing by targets has the unintended consequences of poorer service to customers, unnecessary extra work and a disrupted work flow preventing employees from acting on what matters to the customer. By focussing on the customers, and how the processes flow, it is possible to deliver dramatically better results.
21. The 'Vanguard method' emphasises the need for the thinking of managers and employees to change before acting on a system and being able to improve performance in a 'Check-Plan-Do' cycle.
22. At first glance, other consultancies using terms like 'systems thinking' and 'lean thinking' appear to do similar things to Vanguard. In bringing forward proposals to adopt the 'Vanguard method', officers have given consideration to alternative service providers, but concluded that there was not a direct comparison which met the needs of the organisation, for the following reasons.
23. Most other companies tend to use an off the shelf set of tools, designed as a "one size fits all" solution, rather than delivering a more tailored approach to the client's needs. With other companies, the emphasis appears to concentrate more on turning a businesses finances around than effectively meeting customers' needs.
24. Some companies takes a holistic approach combining both hard and soft 'systems principles' to design highly effective services and to support employees through the necessary change process. They place great emphasis on the people issues inherent in developing a successful and sustainable lean thinking approach with the prime purpose of achieving cost savings.
25. On closer inspection, the Vanguard method contains key differences that make it unique in helping organisations change from command and control to a 'systems thinking' approach.

26. Methods developed for manufacturing systems do not easily translate into people-based systems. The language and approach of the Vanguard method is more closely aligned to public service design thinking than traditional management approaches.
27. The Vanguard method has its roots in lean thinking but uniquely emphasises particular approaches in improving public services such as a profound understanding of the purpose and demand in service delivery.
28. In contrast to other systems, there is no toolkit to be applied and no training course for managers or employees to attend. Participants are engaged in the study of their service in a systematic way. A key feature is the emphasis placed on 'effectiveness thinking' as opposed to 'efficiency thinking'. Becoming closely familiar with the customers and their demands is at the heart of the approach.
29. The Chief Executive has had a number of informal discussions with representatives from the Vanguard Consultancy, and a briefing session was held with Executive Members. It was felt that if the Chief Executive and Senior Managers were to fully understand the 'systems thinking approach' then it would be necessary to participate in a three day familiarisation session.
30. This took place in the Civic Offices from 18 to 20 March 2013 and involved all senior managers experiencing customer transactions on the 'front line', learning how customers felt in their dealings with the Council, and identifying areas for improvement.
31. It was clear from this brief exercise that there are many opportunities where customer transactions could be improved. It is therefore recommended that the Vanguard Consultancy be appointed to lead managers and employees through a longer term approach to transformational change.
32. In addition to the above, the Deputy Executive Leader agreed to champion the introduction of the Vanguard method, and has been fully involved in discussions with the Chief Executive Officer, who he meets with regularly. Such meetings will continue to take place, should the proposed recommendations be agreed, and members will be kept up to date with progress within the Council.

## **RISK ASSESSMENT**

33. An assessment of the risks and opportunities associated with this decision has been undertaken.
34. The key risk to be managed is a possible decline in employee morale as significant changes to methods of service provision are introduced. This risk can be mitigated through clear and regular communication, employee involvement in reviewing services and proposing changes, and regular opportunities to discuss progress with senior management.
35. This has already commenced with details of the scheme being shared with employees via the Chief Executive Officer's monthly newsletter, plus workshops with senior managers and Trade Union discussions.

36. There is a low risk of challenge from third parties, as to the Council's interpretation of market providers and therefore the approach to procuring the services of Vanguard. The consequences, if this were to happen, would be to put the Vanguard appointment on hold, take legal advice and, if necessary, invite expressions of interest to supply the Council. Once the successful consultancy was appointed, then the work would recommence, but it would give rise to a delay in the work programme.

## FINANCIAL IMPLICATIONS

37. The maximum costs of appointing the Vanguard Consultancy would be as follows:-

Year	Estimated Cost £	Focus of the Work
2013	190,000	<ul style="list-style-type: none"> <li>• Fundamentals of the Vanguard method with senior managers</li> <li>• Workshops as required with Members and managers</li> <li>• Diagnostics and scoping of priority service areas</li> <li>• 2 x in depth service interventions</li> </ul>
2014	90,000	<ul style="list-style-type: none"> <li>• 3 x in depth service interventions</li> <li>• Workshops as required with Members and managers</li> </ul>
2015	20,000	<ul style="list-style-type: none"> <li>• Vanguard consultant on 'pull' to advise as required by Senior Management</li> </ul>

38. It is important to note that these would be the maximum costs. The faster Fareham Borough Council officers become familiar with, and self-sufficient in, the Vanguard method, the lower will be the costs associated with support from the consultants.
39. Since the approach is based on informed choice, the Chief Executive Officer would be making decisions on further spend, within the budget outlined above, based on the demonstrated value at the time.
40. To this end, the funding for the first phase of work during 2013/14 would be met from the funds earmarked for "Improving the Customer Experience" (£100,000), and "Invest to Save" (£100,000). This was approved by the Executive on 16 July 2012. The balance of funding required would be considered as part of the budget setting cycle for 2014/15, and when the outturn position for the last financial year is considered, in July.

## **CONSULTATIONS**

41. All Directors and Heads of Service have been consulted on the proposed implementation of the Vanguard method of 'systems thinking' and are supportive of using such an approach.
42. Trade Union representatives will also receive an overview of the methodology prior to the Executive meeting and their views will be made available to members prior to any decision being taken.

## **CONCLUSION**

43. According to the 2011 Residents' survey, customer satisfaction levels with the Council are high. In order to maintain and/or increase these levels it is considered necessary to undertake a fundamental review of services, roles and structures. The Vanguard method of 'systems thinking' appears to provide an appropriate framework to help managers and employees to implement the necessary changes to service provision.

### **Reference Papers:**

Report to the Executive on 16 July 2012 - Actual General Fund Revenue Expenditure 2011/12



# The Vanguard Method

