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How do local authorities bring about improvements in performance?

Briefing Paper 3

“Achieving excellence what the excellent say”

Alan Boyd and Adrian Nelson
April 2009
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Alan Boyd and Adrian Nelson
Manchester Business School, April 2009

Further information:

Further information about this evaluation, and copies of this briefing paper, are available at http://www.mbs.ac.uk/research/hsi/research/NWIN.aspx

Help us to develop this research further by visiting http://tinyurl.com/bluyg5 and telling us about your experiences of improvement.

If you would like to discuss any aspect of the research, or this briefing paper, please email alan.boyd@mbs.ac.uk
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Executive Summary

Background
The research outlined in this paper forms part of a wider evaluation of local authority performance which was funded by the North West Improvement Network (NWIN). This strand of the research investigates what factors lead to high performance and how high performance is brought about in practice.

Methods
Data was gathered during the autumn and winter of 2007, through interviews with over 160 managers from six high performing local authorities in the North West of England. The findings identify the key factors that these managers believe contribute to service improvement. These findings will be tested and developed further during the second phase of this strand of the research, which will involve studying, in-depth, specific examples of improvement projects within each local authority. Another briefing paper will then be produced.

Key Findings
Analysis of the data revealed that the factors which managers regard as important in contributing to service improvement related to three broad domains: people, the environment, and systems to support improvement. Each of these domains presents its own opportunities and challenges, yet there are common principles which can be applied across all of them.

The role of People
Where people are concerned, it was of primary importance to have a good understanding of customers, their needs, and how those needs might be best addressed. For example, it was suggested that only by trying to put yourself in the customer’s place; to understand their experience of engaging with services, can real improvement be brought about. As one of the participants said, “What if it was your mum?”

Frontline staff were viewed as crucial to achieving this, since they are the ‘eyes and ears’ of the authority in terms of delivering services to customers. There is a need to create an ethos of improvement across the whole organisation. This is an ethos where improvement is continually being sought by every employee – where improvement is ‘everybody’s job’, not just within the gift of senior managers.

In order to enable these conditions it is important to remove what was termed the ‘blame culture’, and create the conditions in which ‘all ideas will be heard’ and where no one is afraid to try things out if it might mean a better service to the customer.

The role of the Environment
The environment was seen by managers in these authorities as a source of opportunities to learn from others, both within and outside the local government sector. It was felt to be important to evaluate the authority’s assumptions and practices by gathering evidence and feedback from a variety of sources. Moreover, challenging feedback should actively be sought as a means of facilitating the questioning of those assumptions. In addition, it is important to be open to new ideas, from outside the organisation. This did not mean assuming that ‘what worked in A would work in B’ or about slavishly copying, from other organisations. Rather, it is about understanding the
underlying causal mechanisms and having a clear awareness of what is being done, why, whether it can be done better, and how.

Managing relationships, both externally and within the authority, is crucial to creating the space to innovate and the resources to do it with. Local partnership working, developing shared services and providing services for other organisations are aspects of this, where recognising and working with differences in values is important, as is identifying shared goals and a common purpose.

The role of Systems to support improvement
In terms of systems to support improvement, authority-wide strategic planning, performance management and project management systems were in place in all of the authorities. These were widely used, and regarded as making a useful contribution to improvement. What is important is that genuine improvement remains the purpose, rather than meeting the requirements of these systems. Use of formal improvement approaches such as Continuous Improvement, Business Process Re-engineering, and quality standards (ISO, EFQM etc.) was however largely limited to particular service areas or projects. It is arguable whether this relative lack of use of such approaches is a missed opportunity, or a suitable matching and adapting of given tools and systems to particular circumstances.

Conclusions
These managers felt it was their primary role to build the most effective conditions in which improvement could be enabled. Many talked about this in terms of creating the right ‘culture’ for their service. Still others talked about the need for a clear vision of purpose based on creating the best service for the community which the whole authority could ‘buy in’ to. Their observations also suggest the need to create a balance between the need for systems of control, such as performance management, and the facilitation of ideas and innovation at all levels through encouraging staff to contribute to the improvement process. While targets and performance measurement were seen as important, they should not be seen as ends in themselves, and for many, meeting national performance targets was the beginning rather than the end of the improvement journey.

Managers also generally emphasised the need for an outward focus rather than a parochial or silo mentality. This meant having an openness to new ideas and learning from outside and that the authority should create the conditions in which new knowledge and expertise is effectively assimilated and utilised with the aim of improvement.

In conclusion, improvement can viewed as resulting from “intelligent application”. Thus, problems can best be solved if one has a clear, in-depth understanding of the situation, which is intelligence-based i.e. through continually gathering and analysing data about the situation. Such knowledge is not however sufficient by itself, but needs to be applied effectively in order to bring about change. In other words, for improvement to happen, it is necessary to both ‘do the right things’ and to ‘do things right’.

Next Steps
We are currently engaged in further in-depth case study work with these six authorities, focusing on a variety of specific improvement initiatives currently in progress. Our next report will incorporate the lessons learned from these initiatives in order to assess whether ‘intelligent application’ works in practice.
The authorities and how they were studied

In 2006 the North West Improvement Network (NWIN) commissioned Manchester Business School (MBS) to conduct an evaluation in order to learn from and about improvement in local government in the North West of England.¹

This briefing paper describes initial findings from one strand of that evaluation, which considers how local authorities use improvement processes, systems and tools to bring about improvements in performance.

Data was collected predominantly through interviews with staff from six local authorities. This was supplemented by an analysis of relevant documents provided by each local authority. Each authority had attained a Comprehensive Performance Assessment (CPA) rating of either “good” or “excellent”. This provided the possibility of understanding what approaches to improvement can make a good authority great, and keep it that way. There are two main reasons for this choice. Firstly, much of the research conducted to date has looked at turning around “weak” or “failing” organisations; and secondly there was a good degree of consensus among observers consulted during the planning of the research, together with indications from previous research²: that there is a qualitative difference between approaches that can get an authority to a “good” level and those needed if it is to become truly “excellent” and continuing to improve. While all of the 6 participating local authorities were performing well, they were chosen with a view to them having some diversity with regard to:

- their approaches to improvement: the extent to which a particular, approach to improvement (e.g. continuous improvement, EFQM) appeared to be embedded throughout the organisation; and the strength of more traditional performance management
- their improvement trajectory over recent years (CPA scores)
- party political contexts (party in control; stability of political control)
- types of authority (district, unitary)
- geographical spread³

This diversity should mean that the findings should be applicable more widely.

A selection of officers and members from the participating authorities, and where feasible some staff from external organisations, such as Auditors, Councils for Voluntary Service and Trade Unions, were interviewed during Autumn and Winter Government Association, Tavistock Institute and Warwick Business School. ISBN 1 84049 501 4.

¹ In 2008 NWIN merged with the North West Centre of Excellence to form the North West Improvement and Efficiency Partnership (NWIEP). The Partnership is funded by Department of Communities and Local Government and will work with councils from the region to deliver a three-year strategy that will focus on shaping improvements and efficiencies around the priority outcomes from North West LAAs and the broader transformation agenda.


³ Some of the authorities we approached originally decided not to participate, and this did reduce the diversity of the sample to some extent. For a variety of reasons, we were unable to secure the involvement of a county council that met our inclusion criteria. We were also unable to secure the involvement of councils that we thought might perhaps be having some difficulty in maintaining their high level of performance.
2007. The interviews were conducted in two rounds in each organisation, firstly with people who had a role in supporting improvement activities or who had an overview of improvement activities (e.g., senior managers, performance and planning officers, scrutiny officers) and secondly with line managers who were responsible for bringing about improvements in their service areas. Most interviews were conducted face-to-face, with the remainder being done by telephone.

Interviewees were asked to talk about their experiences of trying to improve functions or services in their organisation, particularly where specific approaches, methods or tools had been used. A semi-structured interview guide was used.

Interviews were recorded and transcribed, then analysed in order to identify the theories of improvement that underlay each person’s approach. All of the theories for each interviewee were brought together in the form of a summary or map that best encapsulated the totality of their theories, coherently and succinctly. All of the individual summaries were then analysed in order to identify common themes and the linkages between them.

Key Findings

The analysis of the key messages to emerge from our research led to the conclusion that participants consistently focused on three key domains which, for them, required consideration in bringing about improvement. These were: People – defined both in terms of the those people who work within local authorities, and also customers; Systems – in particular the systems in place which are designed to facilitate performance improvement and the Environment which relates both to the ‘internal’ environment of the local authority, in terms of creating the right conditions for improvement to flourish and the external environment, and in particular being sensitive to both the demands and needs of the local community and balancing these with the wider policy demands of central government.

People

*Everyone recognises the value of improvement*

Improvement needs to be seen as important by the organisation - a focus for everyone, an essential part of what they do at work. It was felt that it should be something that people do continually, rather than something to be picked up and put down; taking the initiative, rather than having to be told ‘here’s a project, now it’s time to try to improve things’.

"Improvement is our day job"

More than this, ideally staff themselves need to be committed to improvement. This is encapsulated by a quote from one of our interviewees:

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4 By “theory” we mean the underlying rationale for the improvement i.e. the answer to questions such as "how does improvement happen?" and "what brings about improvement? How does it work?"
“Every single person who works for us, who has anything to do with us ... needs to have that hearts and minds approach to improvement, so we are continually improving.”

This commitment to improvement should be part of the culture of the organisation, woven into its very fabric. Senior managers have an important role to play in generating and sustaining that culture, visibly and repeatedly:

“Every seminar, everything that you go on, this very clear message that this is an exciting place to be, we are moving, we have got to keep on moving and we want to take everybody with us, and that message is everywhere”

More than delivering passionate, inspiring rhetoric, senior managers also need to live up to that message in their own actions. This means not only their day to day managerial practice, but also by committing necessary resources, such as time and expertise, for improvement activities (see below for other aspects of management style that were viewed as important). The value placed on improvement was expressed very straightforwardly by many of our interviewees through the sentiment:

“We want to make things better for the people of [borough name]”

This was not said tritely, but appeared to be a genuine expression of what guided and motivated people (see below for the importance of having a vision). The organisations we studied either exhibited, or aspired to, a positive ‘can do’ energy, whereby improvement was seen as a challenge to be taken up, and indeed where there was a confidence and expectation that improvements would happen.

“The desire to provide and improve services and to show 'We can do something different, we are going to be better’”

“Don’t stand up and say ‘they can’t do this’.”

Focus on customers

Our interviews highlighted the importance of action to bring about improvement being informed by knowledge. A clear focus should be maintained on:

1. Customers
2. Staff
3. The environment

Most important of these is to understand customers, i.e. the people who are receiving a service. This means trying to see things through the eyes of the customer, identifying with and empathising with them – genuinely caring about people and their wellbeing.

“The manager ... got the staff together and said, 'What would you do if it was your mum?’ ... And that was all he needed to do really. And they said, 'Well we wouldn’t do it this way’ ... It’s something that was fundamentally very different and much more effective, and he radically transformed the process”

It is not however, simply a case of doing what the customer wants, but of redesigning services based in part on an understanding how customers think and operate. Customers are not perfect, and their views of what constitutes a high quality service may be misplaced in various ways. For example, professional staff have knowledge of technical aspects of services that customers may not understand.

5 “Customer” in this context may also refer to internal customers
quality that customers are likely to be ignorant of; and managers will know more about organisational aspects of efficiency and effectiveness. If, as is often the case, customers are co-producers of the service (i.e., service outcomes depend on what the customer does), then account needs to be taken of what customers can realistically be expected to contribute to the service process.

"What we do is look at customer behaviour. ... We all bought in to 'the customer is always right' if you actually buy in to 'the customer is always wrong' you are going to be nearer the accuracy levels you need to re-engineer services"

This can be interpreted as not just doing what the customer wants, but understanding customer behaviour and what the customer needs. The above example related to the level of potential errors and wasted time which can accumulate as a result of customers misunderstanding what they need to do to make the best use of a given service. Removing the potential for such misunderstandings to occur in the first place is one way of improving services. The general point is that improvement requires knowledge, based on good intelligence, of what the customer’s behaviour is likely to be, and the service to be designed in the light of that behaviour.

Focus on staff

While the principal focus of local authority services should be on their customers, our findings strongly suggest that it is also crucial for management to focus on their staff if improvement is to happen. Frontline staff in particular play a pivotal role, because they are in a good position to contribute to the knowledge about customers, due to their frequent interactions with customers. And these interactions also constitute the primary means by which customers receive and experience services, so staff are also key to the delivery of improved services. It was seen as important by many managers interviewed that staff were given their voice in contributing to improvement; because they were the ones delivering the service:

"Front line staff they are generally bright ... and they know the front line far better than the managers do, and you listen ... I can give it the corporate weight but some of my ideas might not work"

As a manager, it is not enough just to understand your customers, to improve services you also need to understand your staff. There need to be appropriate mechanisms in place to enable staff to contribute their observations on how improvements could be made. Many of the managers interviewed recognised this, and actively promoted a culture of dialogue, involving and encouraging discussion at all levels of their organisations, adopting a ‘listening’ management style and trusting staff to be able to come up with intelligence about customers and ideas for improvement.

Management style

Our interviewees generally espoused a management style wherein managers were open to the possibility of staff being self-motivated and seeking autonomy, and wanted to encourage this. While customers must come first, improvement can often be to the benefit of staff too, rather than being at the expense of staff; a ‘win-win’ situation. Staff will get greater job satisfaction the better they meet the needs of their customers rather than having to bear the brunt of complaints.

"Understanding your processes are good, looking at your customer viewpoint, that your customers are
happy. But actually your staff are really happy as well because you are empowering them to understand what customers want, you are empowering them to then give them what they want.”

Given the chance, employees have the desire to be creative and forward thinking in the workplace. There is a chance for greater productivity by giving employees the trust and freedom to perform at the best of their abilities without being bogged down by rules. On the other hand managers were also aware that some staff might be motivated primarily by extrinsic factors such as getting a wage and might not want responsibility. Different management styles will therefore be appropriate in different situations, depending among other things on the manager and the particular set of individuals they are managing. Managers in our study wanted to harness and develop the talents of their staff, through encouraging a “no blame” culture where staff are confident to put forward ideas.

"Nobody is frightened ... to suggest an improvement that is going to make things better for residents"

Coupled with, and reinforcing this, is the need to develop a clear, inspiring, vision that everyone can ‘buy in’ to, thus providing a reference point and direction where the improvement task is to challenge the gap between the vision and the reality, creating a source of “creative tension” which may further motivate staff.

"You have got to have the vision of where you are going and what you are trying to achieve ... it is the metaphor of the camp fire - the light, the warmth and it brings everyone together, it is driving people towards one destination.”

It is important also that there is visible progress towards making the vision a reality, so that staff are not discouraged (see below). Managers should give positive feedback to staff: celebrating successes, and acknowledging the effort that people have put in; and learning from failures, so that things can be done better in the future.

“I think celebrate it as well, telling people what you have done because ... [if] nobody tells you that it actually made a difference, the next time somebody comes around you say 'It's just another one and just more work and we don't see why.’”

Managers can maintain a suitable balance between autonomy and control through the practice of “earned autonomy”, whereby staff are progressively given more autonomy as they demonstrate the capability to make good use of that freedom to deliver results. In this way trust and individual skills can be developed and maintained.

"[others'] confidence [in me] doesn't just appear out of nowhere, I think it is based on history so that actually having delivered things in the past and knowing that if I am asked to do something (1) it will be done in a way that stands up to scrutiny around accountability, transparency and (2) that it will actually deliver something which is going to improve a service.”

Managers should allow their staff to take risks, as long as they are calculated risks that have been thought through carefully.

“Get rid of the blame culture and let’s take some calculated risks as long as you don't cause massive financial damage or hurt service users or staff.”

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Ultimately this may produce an ideal of “distributed leadership”, where staff and managers engage with each other in an open, constructive way, each recognising and valuing what the other can bring to the relationship. As one senior manager put it:

“a leader who creates leaders rather than a leader who creates followers.....because in turn those new leaders promote leaders, you get an organisation which is led in a network sense rather than just by one person.”

The need for questioning, evaluation, reflection and learning

Managers within these authorities saw the value of questioning what they were doing and creating opportunities to review, analyse and learn with the aim of continually improving the operation of their services:

“A lot of evaluation, anything new that we bring in, we review it informally at three months then we do a full review around six months just to get user views, customer views and just general is it actually making a difference, are we doing what we said we would do?”

“If you don't understand what is going on at the moment how are you going to change whatever it is that you need to do”

“So again we have the question 'We have got a symptom here, what is the cause of this?’”

These views sit well with more general theories of how organisations learn and improve, such as the idea of single and double-loop learning. If a problem is identified with the way an organisation conducts its operations, single loop learning leads to the modification of those operational activities to address the inherent problem. With double loop learning there is questioning not only of the way the activities are carried out, but also of the underlying assumptions (or strategy) which led to those activities. This may lead to transformative, step-change improvements provided there is the energy and perseverance to put what has been learned into practice. Thus mechanisms need to be developed for the generation, assimilation and utilisation of knowledge, leading to informed, affirmative, action. As one senior manager put it:

“Let’s ‘QUARREL’ (acr.)- Let’s Question everything, Understand, Analyse, Re-engineer, Remodel, Evaluate and Learn”

The Environment

As a source of knowledge

Although they may be sources of demands and constraints, the external environment and the wider organisation structures within which a service operates are also potential sources of new ideas and of resources. New ideas may be stimulated by contact with external organisations and actors. This might be through networking or visiting others outside the local authority, or through either voluntary or compulsory external reviews of the service. The findings suggest that rather than keeping their heads down and maintaining business as usual, it is those authorities that are open to external sources of knowledge, advice and critique that are more likely to have the capacity for improvement:

“We are also open to the external environment so it is about
understanding how our services compare to others, what examples of good practice we feel we can pick up elsewhere. ... It is about making sure that we get out of the place and see what is happening. It is about being open to peer review and external challenge.”

The Association of Greater Manchester Authorities (AGMA) was frequently cited as a learning resource, as were professional associations. Services performing similar functions in local authorities beyond the North West were sometimes identified through mechanisms such as the Improvement and Development Agency (IDeA), and contacted with a view to identifying potential improvements. Contact with local authorities in other regions appeared however to be less frequent, due in part to the greater expense of making a visit, getting together face to face with others, which was the preferred mode of learning. In some, but not all, of the authorities there was a conscious effort to learn from organisations other than local authorities, and businesses in particular. Examples cited by managers including the Body Shop and Disney.

“It is going out looking at other organisations, it is about things that I read but these things wouldn’t literally be confined to a local authority, they wouldn't be confined to the public sector because there is things in the private sector I can read or look at or see and I think ‘Actually that could work for us I wonder why we don’t do it?’”

In some cases, with the aim of bringing in new expertise, some managers either consciously tried to recruit staff from private sector backgrounds, or did this indirectly through emphasising the value of qualities such as innovative thinking rather than experience in the local authority sector.

“The other thing as well is what I have got in terms of my management team here now in this directorate is I have consciously engaged people from the private sector. So we have that mix and that challenge I suppose of ‘Why do you do that?’ and ‘How about doing it a different way?’”

Although in some cases, consultancy firms were engaged where particular expertise for a project was felt to be lacking within the authority, in one authority in particular, there was scepticism towards contracting out frontline services. This was expressed in terms of the potential danger of losing control over the operation of the authority where expertise and knowledge was held by external agents rather than within the authority which may in turn restrict the transfer of expertise and inhibit building up in-house capacity. Also in some cases the engagement of external services was resisted on account of the influence of the ideology of executive councillors to maintain operations ‘in-house’.

Managers stressed however the need to adapt what they learned (e.g. about service models or management tools) to local circumstances.

“You can't just pick up somebody else's tool and drop [it] in because it might not fit. So we have got to look at actually what would work at [Local Authority name] before putting something in that might look great on paper, and it might work really well for another organisation, but if we know it wouldn't work for us there is no point in using it.”

The need for such local adaptation has been identified by previous research.
on local authorities, and this further emphasizes the importance of local intelligence. Appropriate adaptation can also be facilitated by having a proper understanding of the mechanisms underlying the approach being used in the originating organisation. When an example of ‘good practice’ is found, there is often a mistaken assumption that simply copying what was done and how it was done, is adequate. However, since local conditions are different, ‘best practice’ is unlikely to work in the same way in another authority and the results may be disappointing. A better approach is to understand the underlying causes of why something works well. These underlying principles may then be used as insights to guide the adaptation of the practice to a new context, perhaps through small scale experiments in the first place, rather than immediate full scale implementation.

Our analysis suggests that excellent authorities are constantly open to new ideas, rather than maintaining a closed parochial outlook. Active knowledge gathering, through visits and direct personal contact, with opportunities to ask questions and observe, provide greater scope for developing such understanding than simply reading reports or email and phone conversations. In addition to new ideas, the environment is also potentially a source of other resources, and while improvement is about much more than funding, lack of funding can be a constraint.

"A lot of these services have never been properly financed from the beginning so they are never going to improve them. There is just physically not enough money gone in and demand is so high."

Getting hold of financial and other resources is a matter of influencing the decision makers that allocate those resources – principally senior managers within the local authority, and regional and national government bodies. This 'managing upwards' is about making a convincing case and communicating it. Reputation is important, encompassing not only good ideas and a track record of achievement, but also getting noticed. Strategies include meeting government targets, whether or not they are regarded as appropriate in terms of local service quality; alliances with other local authorities or perhaps other organisations; and entering high profile competitions for awards. If positive relationships can be developed with policy makers, then there is also the possibility of having more influence over policy and of getting advance notice of new policies.

**Partnership working**

A vital and salient aspect of a local authority’s engagement with the external environment is its collaborative relationships or partnerships. A customer-focused approach means that services are likely to cut across organisational boundaries, so those organisations need to develop mechanisms to enable them to work together effectively. The key factors that were viewed as essential to effective partnership functioning were similar to those identified in the literature on partnership working, such as the need for the partnership to have clear goals, for all partners to realise tangible benefits from the arrangement, and for partners to work...
towards such a “win-win” situation in a spirit of trust.

“I feel partnerships are about giving away power to a degree and by giving away power we actually get a lot more and I think [Local Authority name] now realises that. Instead of protecting the power it has got it is giving it away and by giving it away is actually getting more strangely and it is realising that.”

Some interviewees also saw collaborative ventures such as shared services in a more entrepreneurial way. If their authority’s own in-house service is both high quality and efficient then it might potentially be able to make a good case to provide that service under contract to other organisations. In addition to generating some income, such expansion might, through realising economies of scale, also make the in house service less vulnerable to competition from external organisations and enable the local authority to maintain control of the service.

“One of our other ambitions ... is to actually provide those services to other organisations. Again it is not limited to public sector or local authorities.... the voluntary sector, it is about other public sector organisations like the PCT and it is about how we can work more closely with them from a business sense because it helps our financial position.”

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**Systems and Processes**

The systems and processes that interviewees talked about most were strategic/business planning, performance management and project management, and these seem to be “embedded” throughout the organisations.

**Strategic/Business Planning**

Planning was commonly seen as a way of providing a “golden thread” through the organisation, i.e. connecting front line staff with the vision of the organisation, and engaging them in thinking not just in terms of their functional outputs, but also of the wider outcomes they could contribute to. Most of the authorities had also restructured at least once within the last few years. Some had done this pro-actively, others in response to the need to create children’s departments, but all with at least an eye to binding the organisation more closely together into a single entity, characterised by allegiance to the whole and inter-departmental cooperation, rather being a disconnected collection of departments prone to thinking in “silos”. The extent to which these vertical and horizontal connections had been made varied between authorities and between services within each authority.

“This is the reporting framework. Just the basic flow from the golden thread stuff from sustainable community strategy and LAA, corporate plan, departmental plan, service down to individual and the kind of things where progress is reported to.... So trying to get a link through from what people do to key outcomes for the organisation.”

Strategic planning was also seen as being a way to make the best use of
scarce resources, informing resource allocation decisions and staff development programmes.

"So try and identify some of those things so we can focus strategies on the things that matter because ultimately we are dealing with limited resources that we need to focus as best we can and make strategic decisions about sharing those resources out to best effect."

Performance Management

Performance management appeared pervasive, and was seen as a way for the organisation to identify areas that needed either management attention or additional resources. Interviewees generally subscribed to the principle of performance management, and to its practice within their own local authority, with the key being to actually measure what is important. National targets and Comprehensive Performance Assessment (CPA) could have value in giving authorities the means to focus attention correctly:

"CPA has been a godsend to some of us... There have been occasions... when we haven’t been focused on communities, not focused on customer outcomes, customer experience... CPA has given a focus to all of that"

However to focus purely on targets could also be inappropriate and actually serve as a disincentive to better performance since it was felt that as long as authorities met their targets there was no incentive, and therefore no intention, to do more than that:

"What about the other 40% who didn’t get their payments on time?"

CPA was regarded as a blunt instrument that could be useful in giving some impetus to improvement, but little more than that. Locally or internally determined measures were regarded as appropriate and relatively unproblematic by all bar a handful of interviewees.

"CPA got us so far but the job of improvement starts rather than stops there... Let’s find out if the community would give us four stars"

All recognised that government targets should not be ignored, because of the importance that national government places on them, and the powerful influence that national government has over local authorities. It was seen by many as necessary to 'play the game', and indeed in some authorities internal resource allocation decisions were directly influenced by the likely impact on achievement of national targets. In others, national targets were a constraint rather than an aim – the focus was on genuine improvement, in the knowledge that this would probably result in targets being met.

"You can't ignore targets, we might not like them, we might disagree with them but actually our world is we need to make sure we are attending to those..... but if your only way of thinking is about targets then actually that is going to be contrary to continuous improvement, contrary to empowerment, contrary to all of those things which we know or our belief is will empower people to make this work."

Project Management

Interviewees were largely positive about project management, seeing it as a useful way of getting things done on time and to budget, and providing structured consideration of important aspects, such as risk, that might perhaps otherwise be overlooked. It
can also provide a common language that helps communication and avoids misunderstandings.

“A lot of the success I have had is about making sure that the people that need to be engaged are engaged and that everybody’s kept in the loop. ... So I came up with a work flow ... and each one of those had 15/20 actions that were identified as having to be done on projects or to jog people’s memory that it might need to be done ... some project managers knew all that and did it ... but some missed things out because they forgot to contact people. So we have come up with a process which we are driving the whole delivery of the project from start to finish.”

On the other hand, while project management tools may usefully direct thoughts, there is also potential for them to divert thinking away from real, substantive issues, or for them to produce a mechanical, unthinking approach. Project management systems were regarded as too bureaucratic for all but the largest projects, and needed to be tailored proportionately to the problem in hand.

"It is based heavily on PRINCE2 and in my view too heavily ... So to me it has felt like there is a real discipline in it that ‘wants you’, which is the irritation, I think it does help clarify a lot of the time that otherwise would continue to be confused. ... The processes need to help the people and for me the systems, processes and tools are fine, there is always danger that they end up being an end in themselves.”

Creating the right relationship between systems and people
From what our interviewees said, both systems and people are important, but there needs to be the right relationship between them. In particular, systems should serve people, rather than the other way around, enabling the organisation to function smoothly and people to do their jobs better, not creating unnecessary bureaucracy.

“Something that gives the authority ... backbone and skeleton which holds it all together, and I think that is the performance thread that goes through it and the rigour of the performance management regime and the communications thread that runs through it. So good communications and how that is managed via team briefings and all the rest of it is pretty important, that is one part of the skeleton, the performance management framework is the other part.”

And if systems are the skeleton, then people are the heart:

"For me it’s largely people based and it’s not about processes and systems, it’s about good leadership at all levels of the organisation, cos’ if you’ve got that you get improvement and creativity, so for me it is about living and breathing the values and challenge, you know they’re really good people who are developed well and motivated to perform at the highest level”

Specific improvement approaches and tools

Strategic/business planning, performance management and project management were the only systems that seemed to be used routinely across all of the organisations. Standards-based quality improvement systems such as ISO, EFQM, and Chartermark were in fairly common use, but had generally been adopted by individual managers or by service areas where particular systems (e.g. QUEST for Leisure, ITIL for IT) had been developed and promoted
nationally for that service area, rather than by the organisation as a whole. In only one of the six authorities had there been (some years previously) a concerted attempt to put in place an organisation-wide quality improvement approach. The consensus of opinion was that this approach had been useful in some ways (e.g. emphasising the importance of quality, and providing appropriate measurement tools), but neglected softer people management issues that are also important. Most interviewees in this authority did not mention the approach unprompted, and it would appear that it is not now much used as an explicit, step-by-step method. It is not clear whether some of the broad principles of the approach have been internalised, or whether it has largely been forgotten. Senior managers were intending to bring in “refresher” training for managers, suggesting that they did still see some value in the approach, but it was not seen as a means through which “transformational” improvement would be achieved.

A second authority had made fairly extensive use of EFQM, but again this was not seen as a major component of future improvement efforts. In all of the authorities there were examples of process mapping being used, and occasionally more extensive business process re-engineering (BPR), but these seem to be used only in pockets and on particular projects. Experiences had been largely positive, and in three of the authorities there were plans to make greater use of process mapping in the future. One authority has recently begun a pilot of a lean systems thinking approach.

It is difficult to draw firm conclusions about the reasons for the general absence of organisation-wide improvement approaches. This may in part simply be a reflection of the wide variety of functions provided by a local authority, and the fact that efforts to develop a more integrated organisation are relatively recent and have had variable success so far. The authority that had an organisation-wide quality improvement programme and the authority that had made extensive use of EFQM also appeared to be the authorities with the strongest sense of staff identification with the organisation as a whole, rather than with a particular service area or profession for example. On the other hand, one of the other authorities also had quite a strong sense of identity, and all of them had organisation-wide strategic planning and performance management and project management approaches, despite in two instances being very aware of divisions within the organisation.

The take-up of such tools and techniques was sometimes the result of the efforts and enthusiasm of a particular manager, who could ensure its adoption within their area of the authority’s operations. Other managers might lack knowledge of such tools or be sceptical about their appropriateness for other service areas, particularly those in which demands are unpredictable or where professional judgement is important.

Summary

In this paper we have endeavoured to codify the theories of a wide variety of managers within high performing local authorities with the aim of identifying their views on the factors which enable improvement to take place. It is clear that these managers saw their role as to create the conditions in which the contribution of staff, customers and systems can be maximised and where knowledge acquisition and the opportunity for learning are effectively utilised. Often, during our interviews, managers would intimate to the importance of the culture of the organisation in enabling
improvements to be brought about. However, when pressed, they were largely unable to clearly define what it was specifically about their organisation’s culture that enabled improvement to happen.

We believe that our research provides a description of such a culture, because culture can be defined as “The way we do things around here in order to succeed”\(^\text{10}\), and this is what we asked managers to talk about to us. The key aspects of an improvement culture are described below.

**The need for a unifying vision and purpose**

The local authorities in this study appear to be striving for a greater sense of shared identity and purpose among their staff, expressing this in terms of overcoming ‘silo thinking’ and working towards overarching strategic aims based on a continual search for ways to improve. For example, managers in our study were clear about why they were taking the course of action they were taking. It was their role therefore to share and operationalise that vision in the form of enabling concrete improvements to occur. In an organisation with a strong vision and values, the need for bureaucracy diminishes since people rely less on rules and written procedures and more on shared understandings; based on principles and values rather than edicts. Such a collaborative culture can facilitate coordination with minimal levels of bureaucratic control. People ‘know’ what the organisation needs to do, rather than needing to be told what to do through strategic plans and policy documents. Particularly in periods of change and turbulence, organisations which possess a clear set of values and a vision are able to maintain a sense of purpose and direction\(^\text{11}\).

Our data hints that these organisations align around an ethic of public service improvement, building on and extending the traditional (and perhaps mythical) idea of a public service ethic\(^\text{12}\). In addition to facilitating improvement within the organisation, wider adoption of such an ethic would also facilitate partnership working across organisations and with communities too.

**External focus and learning = internal improvement**

The majority managers in our study were aware of the value of learning and maintaining an outward looking perspective with regard to acquiring new expertise or knowledge which would benefit the authority. None of the authorities conveyed the impression that ‘they knew best’ and that just maintaining business as usual was acceptable. Instead there was a ‘hungry’ need to constantly question their assumptions and ways of working, with regard to people, particularly customers and staff delivering a service; systems, particularly those whereby services are delivered; and the environment, particularly resource opportunities and organisational constraints.

A wide range of approaches were cited. These included engaging with collaborative networks such as AGMA, and the utilisation of knowledge from


other sectors, such as banking and entertainment, in a persistent search for external knowledge. In some cases, the managers we interviewed had been recruited expressly for their private sector expertise in customer service. Coupled with this was perceived to be the need to establish mechanisms to enable functions and services to learn from their own activities through data gathering, evaluation and review.

The importance of organisational learning has been consistently cited by researchers as a key factor in organisational performance. The type of performance gain depends on whether it is single loop or double loop learning that has taken place\textsuperscript{13}.

- **Single-loop learning** is present when goals, values, frameworks and, to a significant extent, strategies are taken for granted and not open to question. The emphasis is on established techniques and making those techniques more efficient. Any reflection is directed toward making the existing strategy more effective and as a result, improvements will be largely incremental.

- **Double loop learning**, in contrast involves questioning the basic assumptions underlying ideas and strategies and these are questioned through a reflective process (why are we doing it this way? is our actual strategy appropriate?), which has the potential for releasing creativity and producing step change improvements and transformation.

For an organisation to improve transformationally, however, it is not enough that individuals within the organisation engage in double loop learning; individual and collective learning needs to be ‘memorised’ by the organisation and be accessible to other members of the organisation. Organisational culture is a key factor in the relationship between individual learning and organisational learning. Firstly, the beliefs and norms of staff are the basis of an organisation’s culture and these are based on assumptions regarding how things should be done. And furthermore, as double loop learning changes beliefs, it may therefore result in culture change. Indeed, unless the culture changes then such learning will remain at the individual level rather than being institutionalised and constituting organisational learning.

If learning is the fuel of improvement, as suggested above, then an organisation’s culture will be related to its ability to improve and hence its performance. However, tensions can arise from the attempted implementation of organisational learning. These include: an orientation towards change at the same time as a need for stability; supporting individual empowerment and autonomy within the organisation at the same time as promoting compliance to organisational norms; and recognition of the value of collaboration at the same time as a powerful urge towards control\textsuperscript{14}. It may be that high performing organisations tend to be able to recognise and manage those tensions – choosing what is appropriate for the particular context and conditions in which the organisation operates.


Trust and empowerment

It was clear that the leadership of the local authorities recognised the importance of enabling staff and managers to formulate ideas and work towards improvement. Empowerment and decentralisation of decision making is one of the factors that have been identified as relevant to improvement\(^\text{15}\). Despite our interviewees espousing the devolution of power to staff, our observations suggest however that top down control is still relatively strong in these local authorities, as reflected in the emphasis on strategic planning and project management. It may be that our participants were more likely to report high profile transformation projects sponsored by senior management, and some authorities did have staff suggestion and awards schemes, but our impression was of an absence both of “bottom up” initiatives and of a shared belief in the benefits of small step improvements. Authorities appear to be pursuing ‘top down’ improvement more than ‘bottom-up’ improvement (Table 1).

<table>
<thead>
<tr>
<th></th>
<th>“Bottom-up” Improvement</th>
<th>“Top-down” Improvement</th>
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<tbody>
<tr>
<td>Improvement</td>
<td>Improvement</td>
<td>Improvement</td>
</tr>
<tr>
<td>Improvement</td>
<td>belongs to people working in a process</td>
<td>belongs to experts – corporate or external</td>
</tr>
<tr>
<td>Improve</td>
<td>Improve</td>
<td>Targeted large improvements</td>
</tr>
<tr>
<td>everything all the</td>
<td>everything all the time</td>
<td></td>
</tr>
<tr>
<td>time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on local</td>
<td>Based on formal</td>
<td></td>
</tr>
<tr>
<td>experience</td>
<td>technical knowledge</td>
<td></td>
</tr>
<tr>
<td>Harder to</td>
<td>Easier to</td>
<td></td>
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<tr>
<td>copy/transfer</td>
<td>copy/transfer</td>
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<td>between</td>
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<td>organisations</td>
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Again it is the organisations which are able to recognise and manage the tensions between the two approaches to improvement which are likely to demonstrate significant improvements. At best, both approaches may not only co-exist, but constitute an insightful dialogue between frontline staff and sources of expertise that produces the double loop learning that our analysis suggests underpins improvement.

\(^\text{15}\) Middel, R., Boer, H., and Fisscher, O., 2006, ‘Continuous Improvement and Collaborative Improvement: Similarities and Differences’, Creativity and innovation management, 15/4, 338-347.

Conclusions

**Improvement through ‘Intelligent Application’**

At the highest level of generality, it seems that interviewees’ beliefs about how improvement happens can usefully be thought of as two factors: **intelligence** and **application**. In the relevant literature, intelligence has been defined as:

"Intellectual competence must entail a set of skills of problem solving - enabling the individual to resolve genuine problems or difficulties that he or she encounters and, when appropriate, to create an effective product—and must also entail the potential for finding or creating problems—and thereby laying the groundwork for the acquisition of new knowledge."

In the context of this research and with regard to understanding how improvements are brought about by people in local authorities, “intelligence” concerns obtaining data and understanding this evidence through analysis, turning it into useful information. Basing what you do on a grounded, coherent model of “reality”, rather than a false or superficial view; understanding the underlying mechanisms that produce the observed results.

In practical terms, intelligence means developing a true understanding of customers, the service (staff and systems), and the environment of the service, in order to identify both improvements that will be widely beneficial, and practical ways of bringing about those improvements.

Understanding results from gathering relevant local data and making sense of this by applying relevant models or theories of the way the world works (drawn from personal experience and from academic research). This should be an ongoing, reflective learning process of double loop learning that seeks to challenge the assumptions embedded in those models or theories.

“Application” is related to the idea of implementation, but it would be an over-simplification to regard intelligence generation and application purely as separate activities, carried out sequentially. Application is also about discipline: making improvement a focus of attention, channelling efforts into productive activities, and managing change. Application means expending effort and resources to develop those understandings and apply them in the cause of genuine improvement.

Another way of expressing this is that for improvement to happen it is necessary both to “do the right things” (based on intelligence) and to “do things right” (application, or implementation). The two activities can support each other – intelligence gathering is a task that will benefit from application, and implementation will benefit from being done intelligently! Table 2 considers the possible impact on improvement of different levels of intelligence and application.

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18 Similar ideas have been also suggested by others. E.g., Pfeffer and Sutton suggest that being able to turn knowledge into action is crucial, and identify 8 guidelines for doing this that are related to the factors identified in our research. See Pfeffer, J. and Sutton, R. I., (2000) *The Knowing-doing Gap: How Smart Companies Turn Knowledge Into Action*. Harvard Business Press. ISBN 1578511240, 9781578511242
### Table 2: Hypothesised impact on improvement of different combinations of intelligence and application

<table>
<thead>
<tr>
<th>Intelligence</th>
<th>Low</th>
<th>High</th>
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<tbody>
<tr>
<td>Low</td>
<td>- No improvement.</td>
<td>- Good ideas, but not fully implemented.</td>
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<tr>
<td></td>
<td>- Relative or even absolute decline in performance.</td>
<td>- A shelf-load of unfinished projects.</td>
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<tr>
<td></td>
<td>- Apathy and ignorance rule until a crisis point is reached.</td>
<td>- No processes in place to drive through changes; determined by individual willpower.</td>
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<tr>
<td></td>
<td>- The leadership thinks it knows best.</td>
<td>- Slow or patchy improvement. Tendency to lose intelligence as frustration sets in (good people move on) unless intelligence is topped up through recruitment.</td>
</tr>
<tr>
<td></td>
<td>- Things done as they’ve always been done.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Think no further than what is required (targets).</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>- Implementation is based on conjecture rather than evidence.</td>
<td>- Good ideas are fully implemented.</td>
</tr>
<tr>
<td></td>
<td>- Slow or patchy improvement.</td>
<td>- Strong cycle of improvement. Virtuous cycle of positive reinforcement.</td>
</tr>
<tr>
<td></td>
<td>- May be some “wins” by chance, but inefficient, and catastrophes are possible.</td>
<td>- Need to guard against over-reaching ambition (we can do anything) and complacency (this is easy, we don't need to try).</td>
</tr>
<tr>
<td></td>
<td>- Tendency to lose application as frustration sets in, unless application is toppled up through recruitment. Or may not recognise own shortcomings and repeat mistakes.</td>
<td>- Constant questioning, evaluation and review not only of how things are done but why they are done.</td>
</tr>
</tbody>
</table>

There are strong echoes in our data of the three key principles of Total Quality Management (TQM): customer focus, continuous improvement, and employee involvement; with customer focus being the most central\(^{19}\). Yet TQM has not proved to be a panacea for improvement of public services.


The apparent lack of success for TQM may be because of the hierarchical and political nature of public sector organisations. Despite espousing flexibility over control, improvement initiatives still tend to be “top down”. An alternative means of control that may be more productive may be the nurturing of an organisation-wide culture whose principle characteristic is truly valuing real improvement. Such a culture would intrinsically support intelligent application and
recognise the importance of having a unifying vision and purpose, of external focus and learning, and of trust and empowerment.

**Next Steps**

Middel (2006) reports that improvement is aided by the availability of a wide range of tools that can be applied, and by the use of a formal problem solving cycle, yet we found little evidence among our interviewees of either the use or espousal of either of these. Other research suggests that while improvement is not just about tools and techniques, because deeper factors such as vision and focus on customer satisfaction are critical, it is not that improvement tools cannot add value, more that they are not implemented fully by means of a substantial organisational change initiative, within the context of genuine organisational commitment to quality. The potential of quality improvement approaches and tools to support improvement is one of the issues currently being investigated in the second phase of this research.

A limitation of the research presented in this paper is that the perspectives on improvement outlined here are largely from a managerial perspective, one that may downplay other perspectives, particularly more “bottom up” perspectives which might show frontline staff, communities and customers being more active in bringing about improvement. Studying particular improvement projects in the participating authorities as they happen, which constitutes the second phase of the research, should provide a more rounded picture of how improvement happens. From this second phase, we plan to produce a further briefing paper on our findings during the summer of 2009.

**Help us to help you**

Please help us to develop this research further by taking 5 minutes to tell us how your experiences of improvement relate to what has been outlined here. Visit [http://tinyurl.com/bluyg5](http://tinyurl.com/bluyg5) and complete our short online questionnaire. All survey respondents will receive a copy of our next briefing paper as soon as it is published and notification of any workshops and other events organised as part of the evaluation, where you can learn further about our research and findings regarding service improvement.

**Alan Boyd**

**Adrian Nelson**

Manchester Business School

February 2009

Further information about this evaluation, and copies of this briefing paper, are available at [http://www.mbs.ac.uk/research/hsi/research/NWIN.aspx](http://www.mbs.ac.uk/research/hsi/research/NWIN.aspx)

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