Process Management in the Public Sector: The Role of Management Consultancies

Dr. Zoe Radnor

Reader in Operations Management,
Advanced Institute of Management Practices Fellow
Warwick Business School.
Warwick, Coventry
CV4 7AL, UK
E-mail: Zoe.Radnor@wbs.ac.uk

Dr. Joe O’Mahoney,

Lecturer in Organisation Studies
Advanced Institute of Management Practice Fellow
Cardiff Business School.
Colum Drive,
Cardiff. CF10 3EU.
E-mail: joeomahoney@gmail.com

Short Abstract

Recent studies have shown that Western governments have turned to management consultancies to achieve efficiency savings. However, there is a dearth of material detailing the impact of public sector engagements on the consultancies and their products and services. This paper through rich, qualitative material from 5 consultancies examines this and, finds that consultants identify the offering to the public services is similar to private sector organisations but the terms of engagement are different. The focus with private clients is far more tangible and faster pace than public service clients where the focus is on capability building and softer deliverables. Whilst this engagement has an impact at the process level of the organisation frustration was noted regarding strategic impact.

Key Words: Public Sector, Process Management, Management Consultancies, Lean.
PROCESS MANAGEMENT IN THE PUBLIC SECTOR: THE ROLE OF MANAGEMENT CONSULTANCIES

ABSTRACT
Recent studies have shown that Western governments have turned to management consultancies to achieve efficiency savings. However, there is a dearth of material detailing the impact of public sector engagements on the consultancies and their products and services. This paper through rich, qualitative material from 5 consultancies examines this and, finds that consultants identify the offering to the public services is similar to private sector organisations but the terms of engagement are different. The focus with private clients is far more tangible and faster pace than public service clients where the focus is on capability building and softer deliverables. Whilst this engagement has an impact at the process level of the organisation frustration was noted regarding strategic impact.

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MANAGEMENT CONSULTANCY IN THE PUBLIC SECTOR

Over the past few years public sector organisations have engaged with elements of operations and process management particularly process improvement methodologies including Lean and Six Sigma at process or operation level (Radnor and Boaden 2008). In developing understanding and knowledge of process management public sector managers and leaders have looked towards management consultancies (Radnor 2010). This marks the starting point of the paper whereby we consider the changing context for management consultancies engaging with operations and process management products and service. The aim of this paper is to consider how the increasing engagement with the public sector has impacted on the process management products and services of management consultancies. Through interviewing over 40 management consultants from 5 large management consultancies firms we find that there are significant differences in the type and style of engagement between public and private sector organisations leading to frustrations and concerns over the long term viability of operations and process management in public services particularly at strategic level.

The evidence of the implementation of process management and improvement methodologies includes Health (Guthrie 2006; Fillingham 2007), Central Government (Radnor and Bucci 2007) and, Local Government (Office of the Deputy Prime Minister 2005). The drivers for introducing process improvement methodologies within the public sector often include government agendas (e.g. in the UK the Gershon review in 2004 (Gershon 2004) and more recently the Efficiency Agenda (HM Treasury 2008), struggle with performance indicators, introduction of new leadership or technology, threat of competition, demand for increased efficiency and the need for service expansion with limited resources (Radnor and Walley 2008).

Management consultancies have been shown to be central to both the creation and dissemination of process management concepts (Suddaby and Greenwood 2001; Kipping and Engwall 2002; Clegg, Kornberger and Rhodes 2004; Haas 2006). The growing impact of consultancies upon the public sector can be evidenced from both the exponential increase in revenues received from government departments (MCA Management Consultancy Association 2010) and the concerns voiced by both academics and journalist about the impact of their interventions (Saint-Martin 2000; Craig and Brooks 2006).

Yet whilst there has been some studies detailing the impact of consultancies on the public sector, there have been few which examine the impact of the public sector on consultancies and their process management products. Such a study is, however, crucial if we are to understand both the changing face of operations and process management interventions and the processes which enable such changes. This research, taking an exploratory and inductive approach aims to answer the following research question:

How has increasing engagement with the public sector impacted on the process management products and services of management consultancies?
In responding to this question the paper first provides a review of operations and process implementations in the context of the public sector showing that consultancies are increasingly crucial to such interventions. Next, the paper introduces the research methodology: an inductive and qualitative enquiry at five large UK consultancies undertaking process management interventions in the public sector. Using this data, the paper then identifies both the changes that have occurred to consultancies and their products and the reasons why these changes have happened. Finally, the paper examines the implications of these trends, for both consultants and clients.

PROCESS MANAGEMENT IN THE PUBLIC SECTOR

There is a growing pressure on public service to increase efficiency by adopting management concepts, both within the Europe as well as abroad. In the UK, the Operational Efficiency Report (HM Treasury 2009) in April 2009 for example stipulated that potential savings of around £10 billion a year should be sought over the next 3 years. In order to achieve this public sector organisations have turned to process improvement methodologies including Lean Thinking, Six Sigma, Business Process Reengineering (BPR), Kaizen and Total Quality Management as well as blended approaches such as Lean Six Sigma which have primarily been developed within the manufacturing industry. Their application without appropriate adaptation for service organisations has been widely questioned (Radnor 2010). Some authors argue that service characteristics are not an excuse for avoiding manufacturing methodologies as a means of efficiency gains (Levitt 1972): any organization can gain substantial benefits from at least some new practices (Waterson and Clegg 1997) whatever the size or sector of the organization (Hogg 1993; Swank 2003).

Where process improvement methodologies have been implemented in public services focused around processes and departments, the evidence indicates significant impact related to quality, cost and time and even satisfaction of both staff and customers. Many of the impacts reported have been in terms of tangible outputs such as reduction of (processing or waiting) time, increase in quality through a reduction of errors, reduction in costs as well as intangibles such as increased employee motivation and satisfaction and, increased customer satisfaction (Radnor and Boaden 2008).

By way of an illustration table 1 gives some examples of the implementation of one process improvement methodology, Lean in, mainly UK, public services showing both the approach and the impact. The table also illustrates the breadth of the implementation across government departments, health and local government organisations.

<table>
<thead>
<tr>
<th>Table 1: Examples and Impact of Lean Implementation in the Public Sector</th>
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The UK is a rich source of information about public service ‘reform’ and change over the last two decades (Boyne, Farrell, Law, Powell and Walker 2003). It provides a valuable context in which to explore how practices ‘take’, or are adapted or adopted, and for what reasons, across a whole institutional field. In the UK, 18% of the workforce are employed in the public sector (MacGregor
2001) with around half of the workforce, or 2.8 million, working in local government and 1.5 million in the health services (Massey 2005).

Table 2 summarises the key differences between the private and public sectors. Often the accepted role of the private sector is to engage in commercial enterprise, for profit. Firms are generally free to engage or not engage, purchase inputs at the market price and abandon activities at will. Principally accountable to their owners, business is held accountable by the market against several ‘hard’ indicators especially profitability (Steward and Walsh 1994). Whereas the key purposes of public services is to undertake activities in the areas where profit cannot be made, but the interests of society demand that the activities occur (Drucker 1993; Box 1999). Unlike the private sector, Smith (1995) argues public sector services must continue to operate however difficult the local environment or even client’s ability to pay, delivering nationally and regionally.

Kelly et al (2002) suggest that most public sector enterprises have multiple objectives with no single ‘bottom-line’. Even though financial indicators and ratios are widely used in the private sector with ratios permitting comparisons between choices and market accountability within the public sector, profit is an oxymoron (Johnson and Broms 2000). Therefore often financial indicators and ratios have limited application and receive effective little attention within government. This lack of use and monitoring of data could potentially have an impact on the justification of investment and resources required by programmes such as Lean and will be explored later in the paper.

<table>
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<tr>
<th>Table 2: Key Differences between the Private and Public Sectors</th>
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<tr>
<td>Comparing the two sectors, ‘from the bottom up’ or process level, managerial requirements are similar between the two sectors – e.g. management of human resources, budget, project management, service delivery, etc. However, from a ‘top-down’ or strategic perspective, democratic values, ministerial/politics, laws and rights, etc. shape a much different picture of focus (Savoie 2003; Good 2004).</td>
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**CHANGING PUBLIC SECTOR USE OF CONSULTANTS**

One of the biggest drivers for change in public services over the last ten years has been the growing use of management consultants to transform business operations. Globally, the public sector spend on consultancy accounts for around $57bn (Kennedy Information 2008) which represents a global average of 19 per cent of consultancy revenues. This figure excludes healthcare which, in some countries, can bring the total public spend on consultancy up to over 50 per cent. Whilst the proportion of total consulting spend ranges from 43 per cent in Greece to 5 per cent in Portugal, globally public sector spending on consultants has rocketed. In the UK, for example, the market grew in double digits each year 2002–5, increasing revenue from £562m in 2001 to £1.58bn in 2005 (MCA 2010).

| Figure 1: Growth in UK Public Sector Spend on Consultancy (£m) | around here |
There are two main reasons for this increase. First and foremost is cost. Faced with growing expenditure on operations, governments have attempted to cut costs by implementing ambitious IT projects to enable activities such as tax payments, licence applications, and passport applications to be done on-line. Second, many new governments have faced strong opposition from their own civil servants and public sector workers to proposed reforms. The use of consultants was used, in the early 2000s, as an explicit strategy to by-pass bureaucratic resistance and enforce faster reforms (Craig and Brooks 2006).

Yet, causal influences between consultancies and the public sector have not simply been one way. A blend of proactive strategies and cultural specificities in the public sector have meant that it has provided consultancies with a considerably different engagement to that which they find in the private arena. As well as the rapid accumulation of experience and expertise in dealing with consultants, the public sector has necessarily focused on high levels of accountability, transparency and traceability when sourcing and implementing projects. Central to a different style of engagement has been the increased and rigorous use of procurement for finding and using consultancies.

In the UK, partially in response to criticisms of the growing spend on consultants and a number of high profile failures, the government created the Office of Government Commerce (OGC) in 2000 to help public sector organisations develop procurement expertise and reduce spending. The effectiveness of the OGC in achieving cost reductions is a moot point (Craig and Brooks 2006; PAC (Public Accounts Committee 2007) but consultancies are increasingly subject to a formal ‘tendering out’ of work in which required services are defined by the client in a structured and simplified manner so that they are more easily comparable and more effectively controlled. Such efforts are distinct from those used in the private sector, not simply in the rigor by which procurement is used but in the different cultural and strategic practices that accompany such practices. The consequences of such practices are explored in more detail later, but a key theme of the paper is to show how the increased engagement in public services has impacted on the consultancies and the process management products and services they offer.

METHODOLOGY
Our study is of an exploratory nature as we are looking into how concepts were being applied in to a new context and so are interested in how contextual factors modulate that implementation. Therefore, a case study approach was taken as this ensures the ability to assess the organisational dynamics of the implementations at multiple levels simultaneously (Voss, Tsikriktsis and Frohlich 2002). Five large consultancies were identified which have implemented process management solutions within the public sector. Two of the organisations are dedicated management consultancy firms whilst the other
three operate management consultancy as part of their portfolio of activities. However, all are and have been engaged with public sector clients and perceive them to be a growing revenue stream. Table 4 below gives an outline of the organisations and who was interviewed.

Table 4: Outline of Case Study Consultancies around here

In total 40 interviews were conducted across the five organisations with senior partners, directors and consultants who had responsibility for development and delivery of process management products and services in public services. All consultants interviewed had experience of both private and public sector clients. An interview schedule was developed which asked a set of questions related to the implementation of operation and process management products in general in public services and then asking about one, often Lean, in more detail.

The research focused on an over-arching enquiry: ‘how have consultancies changed their products and services when working with the public services?’ To support this enquiry, the following interview questions were asked:

- Would you describe xxxx as a product? Give an outline of what this product is?
- How has this product been amended for the public sector? Were changes and intentional plan or did changes simply evolve?
- Give up to 3 differences you have found between selling and implementing this product in the public and private sector?
- Considering the implementation of xxxx: Do you work differently in the public sector: in the consultancy team, in relation to your consulting company and in relation to the client? Have you changed your language and the material you use?
- Considering the implementation of xxxx: What different expectations do clients have of you as a person in the public and private sectors? How does this make you feel?
- What has happened to xxxx when you have implemented it in and across clients? Have clients spread the product within their own and to other organizations? Did it fizzle out in some companies/sites?

Where necessary, these questions were followed up by delving into issues that emerged. All interviews were transcribed and ‘reflective notes’ were developed during the case study. The transcripts and notes were then amalgamated and common issues were chunked together and coded (Radnor 2002). Case study reports were produced for each organisation which were validated by senior management.

FINDINGS AND DISCUSSION

The findings will be presented under the key themes that emerged from the interviews: what services the consultants offered and if they differed for public services, the differences between selling and
implementing them in the public sector, about the relationship between them and the public sector staff and organisation and, the sustainability of process management.

Product for Public Services
We found that the majority of respondents did not feel what they offered was a ‘product’ but an ‘offering’ or ‘approach’. However, they were very clear that something was sold to a client which was often described as a set of principles and ideas enacted through a set of tools.

“It can be a product when we take it externally, but it's more of a whole offering” (Managing Director, Consultancy C)

“If you asked me to describe it in as package I'd say it was more of a philosophy” (Consultant, Consultancy U)

Interesting, many of consultants stated that they would like clients to see what they sell to be an offering, more than tools, a package which influences the behaviour or practices of an organisation.

“It’s a philosophy and way of working which is unpinned by a set of tools and techniques; so it’s more around a philosophy and principles – but there are tools” (Director, Consultancy U)

“That’s how I would describe it, personally; a philosophy, something, reference points to be able to look to as well” (Consultant, Consultancy U)

When asked if the product or offering was amended for public services the answer often was that the principles or the essence of the offering stayed the same whatever the organisation. However, the tools and techniques changed depending on the client and the situation. For public services in particular there was a feeling that some translation was needed in order to create an understanding of the principles and concepts. Overall, the fundamentals of the offering were adhered too.

“It is the practical applications, rather than fundamental philosophies or approach that changes dramatically” (Consultant, Consultancy U)

“The changes are more on a tool rather than on a principle level (Consultant, Consultancy P)

Differences between selling and implementing process management in private and public sector
Each consultant was asked to give up to three differences of selling and implementing the process management product or offering in private versus public sector organisations. Table 5 highlights the differences noted. The table is ordered so that the difference mentioned the most is at the top and the least at the bottom. The first difference, pace, was mentioned by just over half of the consultants.

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<tr>
<th>Table 5: Differences of selling and implementing process management in Public and Private Sector</th>
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around here
Overall, there was a feeling that the pace of the change in the public sector was a lot slower and more risk adverse. The consultants felt that when selling and implementing process management approaches the focus for public services was much more about capability building developing knowledge and understanding. Whereas in the private sector the demands on the consultants were much higher, in terms of commitment, time and knowledge with a focus on achieving a tangible return on investment and a impact on the bottom line. In terms of engagement and implementation within public services it was much “more about leadership than partnership” – the client wanted to be told what to do and even shown basics such as IT skills and managing meetings. Many of the consultants interviewed mentioned the lack of awareness of some of what they described as the ‘basic’ elements of operations and process management such as defining a process, the difference between capacity and demand and, even clearly defined requirements of the customer or the process.

Relating back to the product, even though the consultants said that they wanted the product to be considered as an offering/ philosophy in that it was important to develop understanding regarding behaviours beyond the tools, in answering the question regarding the differences they appeared to be frustrated about the level of ‘softer’ behavioural input they had to give in public services. In particular, they were frustrated about the engagement with the change by senior managers and leaders who in public services were perceived to be more detached. Another issue raised was regarding the outcome – in the private sector the impact was monitored more closely and by more senior people so it was easier to judge and manage level of success of the consultancy engagement. Within public services the ability and desire to track benefits was lower and less interesting to leaders which appeared to have made ‘selling on’ (important to the consultancy) more difficult.

Overall, as table 5 reflects, the consultants’ view which was that although the impact in the public sector was greater in terms of engaging staff and changing their behaviours, there were frustrations regarding the ability to measure or account for the level of impact or even influence the wider picture. Also the ability to implement the changes in practices originally planned or promised were not always possible due to the understanding of the staff, commitment of the leadership and span of control.

Relationship Management

The consultants were then asked if they worked differently in public services. In particular did they change their language and material? The responses were that although the offering did not change the vast majority felt that they changed their language and material, often just for training, to suit the need and context of the client. This was for all clients not just public services and was important to do so.

“Certainly your language does change. You know, you have to take time to understand the environment that you’re working in and align yourself with that environment. The material would change, as well, I guess, depending on the audience that you’re working with and the level that you’re working with” (Senior Consultant, Consultancy U)
“Yes – to suit the need and context of the client, must change it especially the language, need to remove the jargon” (Consultant, Consultancy F)

Although an interesting point was raised regarding the number of reference points available for public services which was felt to be much lower than for the private sector. This meant that often material had to be co-developed.

“We co-developed the training so that it was fed in the right language and with the right underpinnings” (Senior Consultant, Consultancy C)

Regarding the expectations of the consultant and consultancy the difference in the attitude towards the consultants was mentioned time and time again. This meant for a private sector organization staff expected the consultants to delivery hard tangible benefits, to solve problems, deliver what they promised and work long hours. They often also had a greater understanding of what and why things needed changing. Whereas staff in the public sector were much more unsure why the consultants were there, wanted to learn new skills from the consultants so sometimes saw them as trainers, wanted the consultants to deliver the change away from them and were not prepared to give extra hours and time.

“It feels to me more like in the private sector they expect you to come in and deliver exactly what’s been sold to them, delivering all of the tools, the techniques and the training. And obviously they do have the same expectation in the public sector but they also seem to need, or want you to, engineer that change. ….. Engineer the change and really... really deliver their benefits for them. They seem challenged in doing those things for themselves.” (Managing Consultant, Consultancy U)

“In the private sector they will definitely be expecting me and the delivery team to deliver results, and, you know, they’d be quite hard-nosed about monitoring that we’re doing that. In Health, it’s less so ….. and it feels that ….. they are much more interested in building a relationship with us ….. rather than the commerciality of the relationship. (Senior Consultant, Consultancy F)

Again this raised a tension for the consultants between developing a more sustained approach through changing behaviours and attitudes as well as, explicitly showing the benefits of the changes.

“I think initially maybe private sector looked forward (using us) to help solve the burning platform not necessarily to engage.. Public sector is about skills transfer.” (Senior Consultant, Consultancy P)

“In the private sector, they expect quick results. They would also be far more benefits-focussed. That’s not to say the public sector isn’t, just that it’s not quite as patently obvious.” (Consultant, Consultancy C)

Sustainability of Operations Management
When asked what the sustainability of the process management product would be in the public service, the consultants recognized that they had an impact on some of the processes when they were present, especially regarding time reduction and quality improvement but they also felt that regarding overall impact in terms of the offering it was limited. Sustainability and developing the product further was really about having really strong local leadership which was often felt to be lacking.

“It’s a lot to do with the people that are involved in the Continuous Improvement team that you work with as you go through the journey internally, as to you know their networks, their ability to engage. It’s a lot to do with the senior team and how they communicate and engage down and whether they’re taking feedback up” (Partner, Consultancy C)

“I think the main success factor is probably the leadership, which is actually one of the challenges in the leadership and commitment to it… but that’s where the sustainability will come from.” (Consultant, Consultancy C)

CONCLUSION
This paper aims at highlighting the changing face of management consultancy through an analysis of the growing trend of its use in the public sector. Rather than consider the implementation within one particular public service this research has given an insight from the perspective of management consultants who are in position to compare and contrast their experiences of implementing similar process management practices across the private and public organisations. The findings indicate that although consultants aim to implement the same ‘product’ or offering, there are some key tensions and frustrations in the implementation process. Although they enjoyed the level of influence within public services there was frustration over the degree of their impact (especially at senior level) in relation to what they experienced in private organisations. This was felt probably due to lack of leadership engagement and the low starting point of the engagement.

If we consider the differences between private and public sector (table 2) it was noted that at comparing the two sectors, at a process level managerial requirements are similar between the two sectors. However, from a strategic perspective, democratic values, ministerial/politics, laws and rights, etc. reflect a much different picture. This appears to be holding true when considering the results of this research regarding management consultancy engagement i.e. consultants are finding that they are able to impact the process management elements at a process or operational level but are struggling to engage and sustain engagement of process management offering at a strategic level.

This paper suggests that this tension could be addressed by developing and creating a greater understanding of the factors around readiness and success for implementing process management in the context of public services. Cinite et al (2009) in their study on organisational readiness in the public sector found that organisations “should pay close attention to the behaviours of their leaders, change agents, immediate supervisors at all levels, organisational practices around the change, and how these practices impact people’s daily work” (pg 274). Other authors have found organisational readiness
related to antecedents such as flexible policies and procedures (Eby, Adams, Russell and Gaby 2000), resource levels and personality attributes of leaders (Lehman, Greener and Simpson 2002).

A number of authors stress the importance of committed leadership to enable the success of process management implementations in public sector. Process improvement leads to a significant change in culture, so require strong leadership, visible support from management and patience. It is vital for senior management to show genuine interest, support and act upon the results delivered and ensure the sustainability of the changes (Bateman and Rich 2003; Bateman 2005; Fillingham 2007). This was supported by the findings from the evaluation within Scotland’s public services and H.M. Revenue and Customs (HMRC) – both clearly indicating the importance of senior leadership support (Radnor et al, 2006; Radnor and Bucci, 2007).

From the evidence presented here it is apparent that the understanding of process management concepts are fairly low but where engagement with them is taking place the impact is high (Radnor, 2010). Theoretically, there is little doubt for the need of process management approaches within public services in order to address the growing demands for efficiency and effectiveness. However, in practice due to the complexities of power, span of influence and political leadership, the ability and opportunity for process management to have real impact may be limited (Allison, 1997; Box, 1999). Management consultants may have to change the focus of their engagement from one just at an operational level to also at the network or strategic level, yet the obvious challenges of this may make it not such a lucrative prospect. Management consultants may need to manage expectations more clearly and, in some cases, work at developing the client’s understanding of the ‘basic’ process management concepts. They may need to be more sensitive to the public sector context in terms of the policy environment and influence how benefits are measured and tracked.
REFERENCES


TABLES AND FIGURES

Figure 1  Growth in UK Public Sector Spend on Consultancy (£m)


Figure 2  % Regional Consulting Spend From Public Sector

Source: Kennedy Information (2009)

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Methodology</th>
<th>Impact</th>
</tr>
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<tbody>
<tr>
<td>Central Government</td>
<td>Lean in its Processing Directorate</td>
<td>Headcount savings of nearly 2,500 full-time equivalents, increased productivity by up to 50% and quality by an average of 40%. Processes and practices clearer and new ways of working. Also uncertainty and anxiety amongst staff.</td>
</tr>
<tr>
<td>Ministry of Defence (MOD)</td>
<td>Lean practices to improve the efficiency of the repair process</td>
<td>A fall in the cost of support from £711 to £328 between 2002 and 2007 and the reduction of manpower by 21% (for one aircraft).</td>
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<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Department of Works and Pensions (DWP)</td>
<td>Lean</td>
<td>For one site (out of 80) employing cria. 400 staff 101 improvement opportunities, £575K in cost savings, reduced customer journey times including change of address to 1 day from 9.</td>
</tr>
</tbody>
</table>

**Healthcare**

<table>
<thead>
<tr>
<th>Royal Bolton Hospital</th>
<th>Bolton Improving Care Systems (Lean)</th>
<th>Direct savings of £3.1m Death rate for patients fell by a third. The time taken to process important categories of blood fell from 2 day to 2 hours.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska Medical Centre</td>
<td>Lean principles to redesign the work area in the sterile processing centre and in the clinical laboratories</td>
<td>Reduced staff walking by 167 miles a year. Reduce lab space by 825 sq ft and specimen processing turn around time by 20% Reduced manpower by 11 Full Time Equivalents (FTEs), who were redirected to other critical work. Average length of stay decreased from 6.29 days to 5.72 days.</td>
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**Local Government and Others**

<table>
<thead>
<tr>
<th>Leeds, Preston and Tees Valley</th>
<th>Lean in Housing Directorates</th>
<th>Efficiency gains of approximately £200,000. Actual cost savings estimated to be £180,000. End to end repair time was reduced from 46 days to 5.9 days. Customer satisfaction following repairs showed that 90% rated the service 8 out of 10. Process steps were reduced from 64 steps to 32.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut Department of Labour</td>
<td>Lean</td>
<td>119 steps eliminated, redesigned, or automated; 1,181 cycle time hours eliminated, redesigned, or automated; 33.5 staff hours eliminated, redesigned, or automated on a unit basis for four processes and more. $500,000 in staff time saved over a year.</td>
</tr>
<tr>
<td>Solihull Borough</td>
<td>Lean</td>
<td>For the fostering service savings of £500K</td>
</tr>
</tbody>
</table>
Council but 25% increase in fosters per month. Reduce in post costs by £135K.

| Thames Valley Police | Lean (called Quest) | 93% of attended ‘By Arrangement’ incidents dealt with as a scheduled appointment
| | | Excellent feedback on scheduled appointment customer satisfaction questionnaires
| | | Quest interventions supported a more integrated approach to policing between reactive and neighbourhood.

**Table 1: Examples and Impact of Lean Implementation in the Public Sector**

(sources include Radnor and Bucci, 2007; Radnor et al, 2006, Guthrie, 2006, Hasenjager, 2006; Fosdick and Ellen, 2007)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Private Sector</th>
<th>Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Direction</td>
<td>▪ Profit ▪ Some attention on future profit</td>
<td>▪ Government / Minister establish directions ▪ Long term frequently limited to next election ▪ Subject to contradictory pressures ▪ Highly adversarial relations between political parties ▪ Direction may be at policy not administrative level</td>
</tr>
<tr>
<td>Legislative and judicial</td>
<td>▪ Minimum set of law constraining all business (tax, environmental, employment, etc)</td>
<td>▪ Citizen ‘rights’ ▪ Government managers must conform to legislation regardless of costs ▪ Generally subject to scrutiny by legislative oversight groups or even judicial orders</td>
</tr>
<tr>
<td>Authority</td>
<td>▪ Authority is generally invested in one CEO ▪ Can operate in any sector / market</td>
<td>▪ Authority is often shared between Senior Officers/ Managers and professional people (politicians, lawyers, doctors/ surgeons, academics etc..). ▪ Limited authority to expand / contract ‘sphere of operations’ and to disengage from activities which are not meeting current goals.</td>
</tr>
<tr>
<td>Overall Goal</td>
<td>▪ Profit ▪ Application is also measured by in/decrease in Net Returns on capital invested &amp; Shareholder / Economic</td>
<td>▪ Create and sustain citizen satisfaction ▪ Economic, efficiency and effective ▪ Value for Money ▪ Ethical and Equitable</td>
</tr>
<tr>
<td>Issue</td>
<td>Private Sector</td>
<td>Public Sector</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Value Added           | **Profit based**  
**Entrepreneurial**  
**Managerial style matches business needs**  
**Innovative**  
**Quicker decision making** | **Values based**  
**Bureaucratic**  
**Risk adverse** |
| General Culture       | **Through clear objectives**  
**Owners, shareholders**  
**Legal reporting requirement** | **Central Agencies, Parliament/ politicians, citizen**  
**Information generally ‘acquirable’** (e.g. Access to Information laws)  
**Role of media** |
| Account-Ability       | **Shareholder is dominant stakeholder** | **Conflicting and shifting stakeholder interests and dominance**  
**Potential with conflict with government policy**  
**Public media opinions influence decision making** |
| Primary stakeholder   | **Most held in internally and remains confidential** | **Exposure to intense public scrutiny – “managing in a fishbowl”**  
**Access to Information Act - managers must, and do, consider every memo, letter, briefing note, presentation and e-mail a public document.**  
**Consideration must always be given to public perception and the potential for political embarrassment, even for logical and sensible decisions.** |
| Role of Information   | **Flexible, based on expected Profit, ROI, EVA**  
**Budgets subject to significant changes** | **Relatively fixed, stable budgets**  
**Frequently budget based on previous year plus inflationary adjustment** |

Table 2: Key Differences between the Private and Public Sectors
(Source: various including (Rainey, Backoff and Levine 1976; Dunlop 1979; Allison 1997; Box 1999; Larson 2002; Kroeger and Heynen 2003)

Table 3  UK Public Sector Spend on Consultants

<table>
<thead>
<tr>
<th>2008 fee Income (£K)</th>
<th>2009 fee Income (£K)</th>
<th>% change 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government</td>
<td>594,680</td>
<td>546,302</td>
</tr>
<tr>
<td>Local government</td>
<td>240,141</td>
<td>267,705</td>
</tr>
<tr>
<td>Defence</td>
<td>175,335</td>
<td>206,649</td>
</tr>
<tr>
<td>NHS, exec agencies &amp; NDPBs</td>
<td>445,884</td>
<td>438,142</td>
</tr>
<tr>
<td>Other*</td>
<td>573,382</td>
<td>509,800</td>
</tr>
</tbody>
</table>

* Other includes: education (including further and higher education), devolved administrations, public corporations and non-UK governments
**Source:** MCA 2010

<table>
<thead>
<tr>
<th>Name</th>
<th>Size</th>
<th>Markets</th>
<th>Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consultancy C:</strong> Operational Excellence</td>
<td>3,500 consultants in total in the group</td>
<td>Consumer products and retail, Energy and Utilities, Financial Services, Healthcare, Manufacturing, Public Sector, Telecommunications, Transportation</td>
<td>12 interviews including the Vice President, Managing consultants and Principals</td>
</tr>
<tr>
<td><strong>Consultancy P:</strong> management Consultancy, Operations Management</td>
<td>1,900 consultants in total in the group</td>
<td>Communications, Defence, Energy, Financial Services, Government and Public Services, Healthcare, Manufacturing, Transport</td>
<td>5 interviews with senior partners and directors</td>
</tr>
<tr>
<td><strong>Consultancy F:</strong> Business Service, Operational Excellence</td>
<td>100 consultants (but part of larger group who offer other services beyond consultancy)</td>
<td>Central Government, Defence, Financial Services, Local Government, Retail, Transportation, Telecommunications, Utilities</td>
<td>4 interviews with senior partners and directors</td>
</tr>
<tr>
<td><strong>Consultancy U:</strong> Operational Performance and Transformation</td>
<td>200+ consultants in UK (but part of larger group who offer other services beyond consultancy)</td>
<td>Healthcare &amp; Life Sciences, Financial Services, Central and Local Government, Utilities, Consumer &amp; retail, Manufacturing, Rail</td>
<td>15 interviews including Managing Director and Senior consultants</td>
</tr>
<tr>
<td><strong>Consultancy I:</strong> Business Services</td>
<td>200 consultants but part of larger group who offer other services beyond</td>
<td>Aerospace, Automotive, Banking, Education</td>
<td>4 interviews with senior partners and directors</td>
</tr>
<tr>
<td>Table 4: Outline of Case Study Consultancies</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>---------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consultancy</strong></td>
<td><strong>Electronics</strong></td>
<td><strong>Finance</strong></td>
<td><strong>Government</strong></td>
</tr>
<tr>
<td>Pace and risk</td>
<td>Slow/ Softer</td>
<td>More risk adverse</td>
<td>Quick/ Aggressive/ demanding</td>
</tr>
<tr>
<td>Benefits</td>
<td>Focus on quality of service</td>
<td>‘Softer’ benefits</td>
<td>Commercial drive for costs and incentives/ deadlines</td>
</tr>
<tr>
<td>Understanding of Process and project Management</td>
<td>Low level of understanding</td>
<td>Higher level of understanding</td>
<td></td>
</tr>
<tr>
<td>Selling requirements</td>
<td>Focus of the sell is around engagement and up skilling of the staff</td>
<td>Focus is ensuring the client gets Return on Investment.</td>
<td></td>
</tr>
<tr>
<td>Span of influence/ Power base</td>
<td>Wide and large power structures consisting of management, professional staff and, civil servants leading to a lot of negotiation and difficulty in influencing people. Lots of people involved in the decision making process</td>
<td>Senior Management/ Executive Team usually on site (some if not all the time) who have much more ability and power to make decisions.</td>
<td></td>
</tr>
<tr>
<td>Motivation and commitment to change</td>
<td>Low level of motivation due to level of naivety about the need and focus of the change. Rework and mistakes are acceptable Staff feel they have a job for life so less willing to change.</td>
<td>More open to change as more acutely aware of who their customers are, the changing need to reinvent themselves on a frequent basis, and the need to be competitive and have the right quality</td>
<td></td>
</tr>
<tr>
<td>Data – collection and use</td>
<td>Poor quality of data and little understanding of how to use it.</td>
<td>Acceptable level of quality of data.</td>
<td></td>
</tr>
<tr>
<td>Leadership commitment</td>
<td>Unclear who the sponsor is or who is leading the change.</td>
<td>Clearer focus on who is driving and responsible for the change.</td>
<td></td>
</tr>
<tr>
<td>Capability of Staff</td>
<td>Low levels of capability</td>
<td>Higher capability but less desire to</td>
<td></td>
</tr>
<tr>
<td>Challenging/Questioning of changes</td>
<td>Low and often they just want to be told</td>
<td>Questioning and demanding</td>
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<td>-----------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Understanding the customer</td>
<td>Not clear – multi customers</td>
<td>Clear focus on who and what their requirements are</td>
<td></td>
</tr>
<tr>
<td>Building capability and understanding in OM/Lean</td>
<td>Not many reference points</td>
<td>Lots of reference points</td>
<td></td>
</tr>
</tbody>
</table>

**Table 5: Differences of selling and implementing process management in Public and Private Sector**