

Example Performance Improvement Methodology

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Performance Improvement Framework

Grey Advantage has developed a six-stage framework to assist in-house project teams to scope and implement a focussed business improvement project over a 6-8 week period. An experienced Executive Consultant from Grey Advantage works with the project team during the 6-8 week period as a performance improvement mentor, to equip team members with the skill sets required to completed the project and to ensure that the project remains focussed on achieving its intended outcomes. These outcomes are agreed with a senior project sponsor at the commencement of the project. At the completion of the project feedback is provided to the team and the project's sponsor. The benefit of this approach is that it enables the transfer of skills to Departmental staff. It also ensures that results are achieved in a timely manner to a high professional standard.

Overview Performance Improvement Process



An overview of the key activities and deliverables applicable to each stage are provided in the table below.

Project Stage	Key Activities and Timeframe	Deliverables
Stage 1 Project Initiation	Project Initiation meeting by completion of week 1.	Agreed scope of work. Agreed project plan and timetable. Agreement to project management protocols. Preliminary identification of benchmark partners.
Stage 2 Current State Assessment	Research by project team, review of data, workshop. Completion within three weeks of starting project, +3wks.	Documentation and analysis of how business is currently undertaken.
Stage 3 Future State Assessment	Research by project team, review of data, workshop. Completion within 1 week of Stage 2, +4wks.	Identification of where the business is going and its expected key future features.
Stage 4 Cap Analysis and Value Propositions Identification	Assessment, including workshop. Completion within 1 week of Stage 3, +5wks.	Development of value propositions and identification of gaps in existing product development/service delivery to take the current state to the desired future state.
Stage 5 Further Information Gathering and Analysis and Testing	Data collection including interviews, surveys, benchmarking visits and analysis of findings and costs. Completion within 7 weeks of Stage 4, +12wks.	Collection and analysis of relevant data to support/refute previous assumptions.
Stage 6 Finalisation of Performance Improvement Agenda	Review of data and documentation and future project planning. Completion within 4 weeks of Stage 5, + 16wks.	Performance Improvement Agenda. Report to Executive.

Although the project timetable identifies discrete stages, it is likely that individual projects will vary in the level of data that can be readily captured at each stage. For example, some areas may already have process maps to support their current state assessment; others may need to develop these from scratch. Of utmost importance is that all research processes and data collection and analysis is completed by the final date of Stage 5. This is critical to allow the project team's final report to be submitted in line with the requirements of the overall output-pricing timetable.

The following sections provide more detail on each of the individual project stages and identify tools and techniques that may be employed in undertaking the performance improvement project. Individual project stages identify the extent to which individual tools or techniques may be employed.

The project team should also include participation of key members of other Departmental operations, for example systems or legal input, if the area under review frequently uses the support of these areas.

While it may present good ownership of results if many staff from the area under review wish to participate in the project, this can also lead to difficulties in project management and focused information sharing. Project team members should be aware that they are representing the whole area under review from a performance improvement perspective, not only those areas represented by project team members. It will be the responsibility of team members to canvass relevant details from non-participating members.

The project team should also have a nominated leader responsible for ensuring the team works effectively to deliver the required report on time. That leader would normally chair team meetings but different groups may choose to share this role among team members. **The important thing to recognise is that all team members have an equal and shared responsibility for the quality, content and timeliness of the report.** All project team members share equal responsibility in the delivery of tasks and these should be allocated on an equitable basis each week.

Project Management Arrangements

Experience has shown that team meetings are most effective when they have formal agendas and aim to report on the progress of tasks to date, discuss critical aspects and allocate tasks in order to ensure that project deliverables are completed in a timely manner.

Effective progress in such performance improvement reviews, however, is dependent on individual team members working on assigned tasks outside of team meetings. **Individual team members should be ready and able to commit at least the equivalent of 2 days a week to OPR activities for the full duration of the project** (approximately 16 weeks)

Experience also shows that at least one weekly team meeting of approximately one hour is necessary to keep track of work in progress, to share key insights and to resolve issues and agree on next steps and responsibilities. Through the course of the project it will be necessary to hold workshops to consolidate findings. It may therefore be necessary to extend some regular weekly meetings. The most appropriate timings and formats for workshops/meetings will be at the discretion of the project team.

The need for a strategic focus

It is important that a strategic focus is employed to the performance improvement project and that key issues needing consideration are identified at the outset to minimise/eliminate unnecessary efforts/focus on the wrong things. Critical considerations include:

What is the business/function being improved?

- Is the business/function likely to change fundamentally over the next 3 years and why? If so, make sure that your improvement focus/effort is related to what is to be your business, not what it is today. At best, improving your current business processes might help transition to the new business/functions.

Are there pressures for change and from whom and why?

- What are the views of key stakeholders regarding the business/function and related performance? How does current business/function performance compare to leading practices and benchmarks [internal and external]?

What staff effort and costs are involved in the business/function currently, including in each major sub-process?

- What is the cost of producing our different outputs and on what basis are we satisfied that this represents value for money?
- Materiality is important. Make sure we are focussing on issues that will make a material difference in output and cost terms.

The nature and pace of envisaged change/performance improvement

- Are we talking about significant change and substantial improvement in a relatively quick time or measured, incremental improvement over an extended period?
- The strategic focus can be facilitated through a strategic diagnostic workshop detailed below.

Strategic Diagnostic Workshop

Aims

To identify from available insights/knowledge, the key areas [in relation to the review subject(s)] which warrant performance improvement attention and why?

- To identify initial performance improvement hypotheses/propositions for further testing, including through more detailed data analysis.
- To gain a shared sense of the potential nature and scope of prospective improvement and change – is it fundamental, radical, major innovation or more incremental business process improvement?
- To provide some context and impetus for work in the Current State Assessment and Future State Assessment stages.

Approach

Facilitated group discussion under the following broad headings. **(Ensure that someone is tasked to document workshop findings for subsequent reference.)**

General identification of areas warranting attention

Consider current approaches to the business and how it is being undertaken and identify in general terms which areas/aspect warrant improvement attention and why.

If we had a blank sheet of paper to start the business concerned and manage it, what would we not do that we are currently doing?

Consideration of issues from the perspective of different stakeholder groups

What changes/improvements/don't wants have been identified by different stakeholder groups in relation to the area[s] under review? [Eg Ministers, Departmental Executive, clients, State Governments, contracted providers, Finance, others?]

Leading practices that should be more widely adopted

Based on insights gained from effective operation/management of similar business areas within the Department or elsewhere, what processes/practices should be adopted and why?

Data Collection Requirements

At the Project Initiation Stage, team members should be tasked to embark on research for the Current State Assessment, including but not limited to:

- organisational/ unit objectives
- business plans
- products and service definition
- client/stakeholder needs analysis
- legislative/regulatory framework
- process maps
- links or interdependencies with other areas of the Department
- use of internal/external resources
- costs of operations – and categories of expenditure
- systems use, and
- benchmark considerations.

Within this context it is also critical that the area under review is aware of performance indicators against which its service delivery is assessed, including any quantitative or qualitative expectations as specified through regulations, application processes etc. These will form the basis for the identification of performance improvement initiatives and allow quantification of recommendations against this defined framework.

(For example, if an application process indicates that responses will be provided to the client by the Department within 5 days but currently the Department can only achieve 10, then this is an area that will require investigation. If an automated system is proposed to resolve this problem instead of the current manual system, the cost of implementing this would be compared to the savings in staff effort and qualitative benefits of improving the end service to the client, i.e. being able to process responses in 5 days. If the cost of implementing such an improvement far exceeded the perceived benefit then review may need to be given to the performance measure of 5 days itself.)

Tools and Techniques

As identified in the tools and techniques section of the guidance notes, benchmarking can be quite a time consuming process, particularly if new relationships have to be established. It is therefore essential to commence on this exercise at the earliest opportunity. Within this stage, project team members will need to give some preliminary thought as to who might be appropriate benchmarking partners. Team members should also be encouraged to review their own research material to identify whether some benchmark data is already accessible.

Identification of critical components of service delivery, (eg system usage, application review), or key outputs, (particularly those where a fee for service is charged), or possible gaps or identified issues will provide an initial indication of where benchmarks will add value to this project.

While like operations of overseas governments provide an obvious first point for benchmarks, traditional comparisons should also be challenged and expanded upon. For example, in the case of a work unit processing applications, comparison may be drawn to similar agencies or even a home loan-processing centre of a bank. Work units who are reviewing call handling systems may decide to benchmark against comparable public and private sector organisations. This preliminary assessment will allow identification of possible benchmark partners and the subsequent development of benchmarking relationships, if appropriate.

Stage 2 – Current State Assessment

A Current State Assessment is an analysis of current business processes. Through undertaking a current state analysis the organisational unit is able to:

- Determine the efficiency and effectiveness of the process
- Establish a need for change
- Establish a baseline for improvement
- Identify quick hit improvement opportunities, and
- Provide input into the future state decision in terms of things to repeat and not repeat.

A Current State Assessment also allows the establishment of a baseline for cost/benefit and risk assessment purposes and identifies how rules, policies, skills and behaviours impact upon final service delivery.

The framework of a Current State Assessment is illustrated in the table below.

Aims

To understand what the current business is, how we go about it, how current performance is viewed by different stakeholder groups and to establish a resource/cost and performance baseline against which to judge improvement options.

	Issues and Aspects to Understand	Tools, Techniques, Hints, Information Sources
Why?	<ul style="list-style-type: none"> • What are the goals, objectives of the business/areas under review and what are the needs/expectations being met by Government/departmental involvement? 	Corporate/Business Plans Program Budgeting Statements
For Whom?	<ul style="list-style-type: none"> • Who are the major stakeholders/ clients and what do they think of current services/products, their delivery and Government/ departmental performance? • What other areas of Government/the Department and other parties have an “interest” in the business and what are their views, issues and concerns? 	Stakeholders' Needs and Don't Wants Analysis SWOT analysis
In What Context?	<ul style="list-style-type: none"> • What is the legislative/regulatory framework and/or context of agreement[s]/understandings within which the business is being conducted? 	

Data Collection Requirements

In defining the current state, the project team will need to be aware of how the business is currently managed, including but not limited to review of:

- organisational/ unit objectives
- business plans
- products and service definition
- client/stakeholder needs analysis
- legislative/regulatory framework
- process maps
- links or interdependencies with other areas of the Department
- use of internal/external resources
- costs of operations – and categories of expenditure
- systems use; and
- benchmark considerations.

Such research was initiated in the Project Initiation stage.

Tools and Techniques

The following tools and techniques will provide triggers at this stage to possible performance improvement opportunities, which will in turn require further refinement and research through later project stages.

Benchmarking

Initial identification of possible benchmark partners will have occurred in Stage 1. Further thought should be given to this and alternative partners identified, as appropriate.

By completion of this stage of the project, the project team should have a plan in place to approaching possible benchmarking partners with an aim of having relevant material as soon as possible.

Process mapping

If process maps do not exist for the area under review it may be necessary to develop these. Where process maps do not currently exist, high level maps should be developed identifying the key points in the process.

It is not critical to develop process maps using the full suite of standard process mapping symbols; squares or rectangles will be sufficient for a working document. The aim is to generate maps with all the key stages identified, as a mechanism for identifying obvious improvement opportunities or inefficiencies or red flags. Team members should confirm that process maps reflect current processes and make an indicative assessment of the level of staff effort involved. These process maps can be augmented with effort, time, value added/non value added data either at this stage or, augmented throughout the remaining stages of the project.

As a second step, teams should be formed representing a combination of staff who are familiar with the process and those who are not so familiar. The staff who are not involved in the process can then play “devils advocate” to interrogate whether the process may be performed in an alternate fashion, as a means of identifying improvement opportunities.

Warning bells for focussing on processes and/or process elements include:

- Same process – different place
- Back-up processes and safety nets
- Same person/group handles information/product/service multiple times
- Identification of “R” words, such as: rekeying, reconciliation, review, recheck, rework
- Cases involving disproportionate shares of resources, or
- High ratio of elapsed time to proportion of time adding value.

Identification of these issues may act as a trigger to performance improvement identification.

At this stage it is also appropriate to undertake a SWOT analysis.

Stage 3 – Future State Assessment

A Future State Assessment reviews where the business is going and what internal or external factors influence its development.

Aims

To understand what is the future business [at least over the next 3-5 years], how we best satisfy stakeholder/client needs, how we might best go about our business and to identify resource/cost requirements and performance criteria relating to future achievement.

	Issues and Aspects to Understand	Tools, Techniques, Hints, Information Sources
Why?	<ul style="list-style-type: none"> Over the next 3-5 years, in what respects if any are there likely to be changes to the current goals, objectives of the business/areas under review and the needs/expectations being met by Government/departmental involvement? 	
What Services Products?	<ul style="list-style-type: none"> What services/products will be provided to whom to satisfy/meet what needs? 	<ul style="list-style-type: none"> Starting with a Blank Sheet /“Blue Sky”/Business Innovation techniques Stakeholders’ Needs and Don’t Wants Analysis [SW]OT analysis
For Whom	<ul style="list-style-type: none"> How do we best satisfy stakeholder/client needs? 	
IN What Context?	<ul style="list-style-type: none"> What is the legislative/regulatory framework and/or context of agreement[s]/understandings within which the business is to be conducted? 	
How We Do business?	<p>Business processes</p> <ul style="list-style-type: none"> What are the major business processes <p>Links and interdependencies</p> <ul style="list-style-type: none"> What are the key links/interdependencies within and outside the Department? <p>Balance of internal and external responsibilities for achieving business outcomes</p> <ul style="list-style-type: none"> For what, if anything, are external contractors/providers used? Delegations and accountabilities? 	Process Mapping and Analysis

	Issues and Aspects to Understand	Tools, Techniques, Hints, Information Sources
	<p>Resources and staffing</p> <ul style="list-style-type: none"> • Staff numbers, classifications and overall costs • Departmental expenses • Administered expenses • What are required skill sets/capabilities needed to undertake the future business effectively? <p>Systems</p> <ul style="list-style-type: none"> • What systems are to be used in the achievement of business purposes/service delivery ? 	Major processes X Full Time Equivalent Staff matrix
Performance	<ul style="list-style-type: none"> • Which performance standards/benchmarks is the future business to meet? 	<ul style="list-style-type: none"> • Benchmarks and leading practices • Stakeholders' Needs and Don't Wants Analysis [see also FOR WHOM section]
Risk Consideration	<ul style="list-style-type: none"> • What are the major risks in how we undertake future business currently and what will be our key risk mitigation strategies? 	Risk Management Plans and risk assessments
<p>Products/Deliverables</p> <p>Key features/characteristics of how business might best be conducted in future [i.e. over the next 3-5 years].</p>		

Issues for consideration

The key features of our future state business in 3-5 years and how we undertake it might be derived from a blank sheet of paper approach, but more likely will be informed by insights from the following:

- Consideration of the strengths and weaknesses in how we do business currently and the implications for how we should do business in the future.
- Identifying key developments in our operating environment and their implications for our future business.
- Identification of relevant leading practices and benchmarks and relating these to our current performance and practices.
- Consideration of the needs and “don’t wants” identified by our different key stakeholder groups, including clients, consumers and staff.
- Improvement opportunities and initiatives already identified and in varying stages of initiation and/or progress.

The “blank sheet of paper” approach starts totally afresh, unconstrained by current systems, rules, ways of doing things and resource limits. It focuses on what are the required outputs/services to be delivered and identifies the most effective way[s] of achieving these ends, regardless of current practices/historical commitments. In designing the future state the project team must not view itself as limited by resources (dollars or people) or by “the way the department has always done things”. The framework for the future state design should, however, be constrained by the combination of known internal and external factors and the quantified or qualified performance measures against which the area’s performance can be judged. The challenge is to deliver services as efficiently and effectively against this framework.

Tools and Techniques

A “Future State” Business Features worksheet is included in the Tools and Techniques and is a useful framework from which to focus upon key influencing variables. At this stage continued research should be undertaken to progress the process maps, including cross-reference against a FTE x Major staff effort table.

Stage 4 – Gap Analysis and Value Propositions

The Gap Analysis and Value Propositions Stage focuses the project team on those things that need to be performed, and consequently reviewed, in order to get from the current state to the future state.

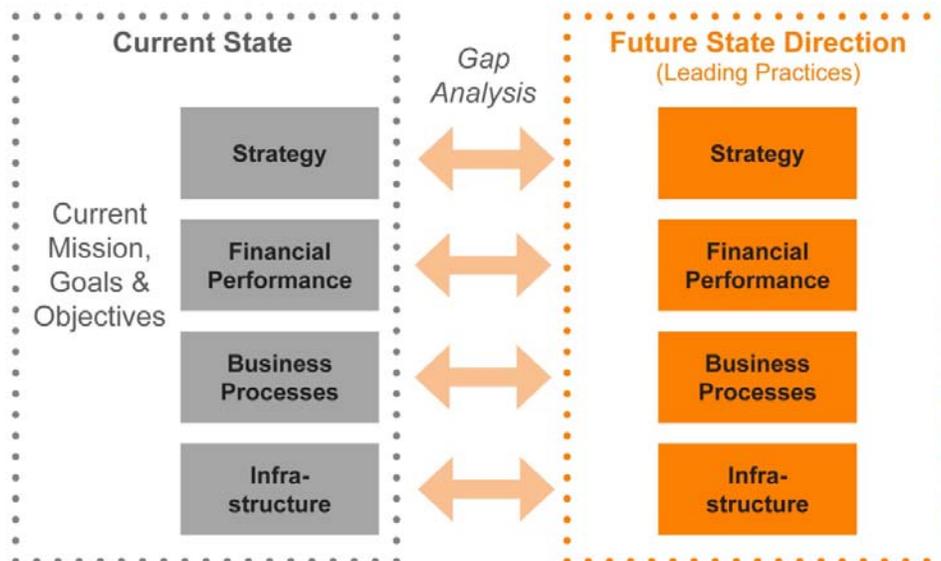
Aims

To identify gaps between the current service delivery and that required in the future state and to propose performance improvement opportunities to enable us to achieve these.

Gap Analysis and Value Propositions Identification		
Why?	Identifying the “gap” between key features of current/future state assessments	Gap Assessment Report
	Developing initial “value propositions” for further testing/validation	
	Confirming additional information requirements, sources and collection/analysis responsibilities	

GAP Analysis

A Gap Analysis in the context of the Performance Improvement Project identifies the differences between the current state and the desired future state and identifies the operational/strategic requirements which need to be put in place to move from the current to the future as illustrated below.



The nature of the Gaps will influence the nature of the improvement opportunity. The elements that will fill the Gaps represent possible changes to processes that would allow the increased efficiency or effectiveness to be evidenced; for example, computerisation of forms, rationalisation of external call handling, review of existing computer system functionality. Alternatively, Gaps may be filled by more strategic changes, for example the in or outsourcing of functions or the establishment of operations in regions/States or Territories.

Questions that may assist in the identification of Gaps include:

Are we talking about a fundamental change to the business or key elements of it? For instance:

- We are no longer going to be directly undertaking “inspections’ but rather “accrediting third party certifiers” whose job will include to undertake inspections.

Are we envisaging additional/new ways of delivering services? For instance:

- Even though we recognise there are currently insufficient providers in the community who might be contracted to administer certain grants or undertake certain activities, a key new dimension of our business and approach is to help create viable [community] organisations to administer grant funds on our behalf.
- Significantly increased partnering with other entities [e.g. State Governments, research bodies] to undertake activities on our behalf.

Are we envisaging making more efficient/streamlined one or more major sub-processes in our business that consume substantial staff resources?

- For instance, which of the following major sub-processes under Program Management and Delivery or Policy do we need to process map in greater detail to identify non value-added activities and/or better/different ways of undertaking key aspects of these?
- How much full time equivalent [FTE] staff effort is devoted to each of these sub-processes and is this still warranted and why? What adjustments, if any, in overall numbers, classification levels, skill requirements of FTEs is required and why? Examples of sub processes for Branches within the Department being: What are the key operating principles/rules/assumptions underlying our business, are they still valid and how do they need to be tested and/or changed?

For instance, the Program Management and Delivery Team developed the following “rules” or “hypotheses” for testing:

- The greater the level of [Ministerial] discretion, the higher the costs.
- The stricter the guidelines/legislation/Ministerial directions, the greater the opportunity to outsource.
- The greater the flexibility in programmes the higher the costs and less likelihood of out-sourcing.
- The greater the level of sensitivity, the less the opportunity for outsourcing delivery.

- The greater the number of funding parties, the greater the cost in time/duration for delivery and risk of rework.
- The greater the co-operation and collaboration between interested parties, the less risk of duplication on the ground.
- The more programme managers, the higher are running costs.
- Well-established programs should be cheaper to administer/deliver.
- Periodic review of every programme will ensure desired outcomes are [still] being achieved, confirm the effectiveness of service delivery, allow identification of better ways of undertaking operations and provide feedback of findings/lessons learnt.
- Risk Management strategies are integral to effective ongoing programme management.
- The better the planning, the greater the opportunity for efficiencies in delivery and better achievement of programme outcomes.
- Justify that existing mechanisms for assessment and process delivery are inappropriate prior to establishing new mechanisms.

Value Propositions

Value propositions are specific, desirably quantified, opportunities to improve business results. Developing them enables:

- Focus on improvement opportunities that will maximise value to the Department;
- Facilitate more focused data collection efforts; and
- Provides direction and motivation for the project team.

The framework of a value proposition is as follows:

IF (high-level solution), THEN (benefits and business results).

An example of a value proposition is illustrated below:

Objectives	Reduce time spent on responding to standard ministerials and ensure that complex issues are more speedily addressed thereby reducing changes to proposed replies and the number of follow-up ministerials
Issues	How do we improve customer satisfaction with our responses and our responsiveness to questions?
Opportunities	Introduction of a new automated Ministerial logging and document handling system.

<p>Key Questions</p>	<p>How many ministerials are received, how many are “standard”, how many are “complex”, what are the average turn-around times, how often are there follow-up ministerials due to unresolved questions?</p>
<p>Potential Answer to Key Questions – Value Proposition</p>	<p>IF we implement a new automated Ministerial logging and document handling system with topic tracking capacity and standard paragraphs for inclusion in replies THEN we will be able to more readily prepare standard replies and better identify and track all complex matters requiring responses. Turnaround times for replies are expected to reduce by an average of # days. There will be on-going salary and salary on-costs savings of \$yy,000 p.a. The up front system investment of \$zz,000 will be fully offset by projected savings within ** months.</p>

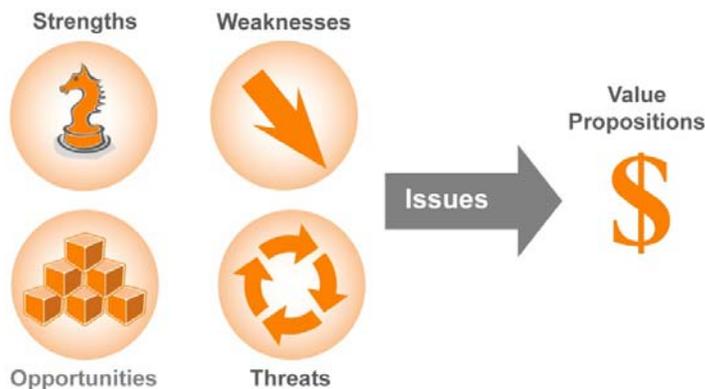
Identification of Value Propositions

The insights gained from the Future State Assessment and Gap Analysis will allow the initial development of the value propositions. At this stage, however, it is not essential to complete all variables (eg in the above example it would not be necessary to know the dollar figures). The articulation of the value propositions, however, allow a focus on those elements which require further investigation and quantification/qualification in support of the proposition being pursued.

Prioritisation of Value Propositions

Once all value propositions are developed, the Project Team should determine those which are to be further investigated. The following considerations are relevant in determining the relative priority of different value propositions:

Translating Direction into Action



- Strategic alignment with Department's goals and core business[es]
- How much benefit is realised
- How soon benefits are realised
- How certain are the benefits
- Impacts on stakeholders
- Impacts on the systems and infrastructure of the Department
- Resources needed
- Interdependencies between the initiatives
- Change readiness, and
- Management priorities.

Stage 5 – Further Information Gathering, Analysis and Testing

This stage allows the project team to research their value propositions in further detail. While the project framework allows assessment of both the current and future state prior to completion of this stage, the extent to which project teams have been able to complete all requirements will depend to a great extent on the information available to them at the commencement of this review. In addition, project teams will use this stage to collect all remaining research data in order to ensure that their conclusions are validated and to confirm that no significant alternative performance opportunities exist.

By the end of this stage all process mapping and research should have been completed, sufficient to substantiate value propositions or alternative performance improvement scenarios. This also includes the analysis of benchmark data.

In all cases, scenarios must be fully substantiated. This includes explanation of the dismissal of obvious recommendations.

Tools and Techniques

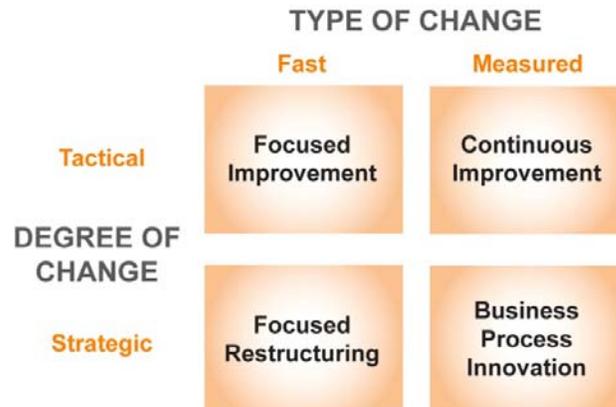
All benchmarking, data gathering and analysis and process mapping tools are relevant to this stage. The extent to which any or all are engaged, however, will depend upon the information sought to validate possible improvement scenarios or to reject others.

In reviewing performance improvement opportunities it is also useful to focus on the critical enablers and barriers of the improvement opportunities, in order to identify how an improvement will be measured as a success, how can we justify the recommendation so that it can be adopted? This can be facilitated through using the Performance Improvement Agenda Group Work as a framework. This can be further refined in Stage 6 if appropriate.

Stage 6 – Performance Improvement Agenda and Report

Once all research has been completed the project team will need to consolidate its performance improvement agenda and document its report.

Improvement Portfolio



Perspectives on the nature and degree of change

The diagram above provides perspectives on the nature and extent of change associated with performance improvement initiatives.

Often, a portfolio of changes across all four quadrants is the outcome of performance improvement reviews. A key challenge is aligning, resourcing and appropriately sequencing implementation of the different initiatives. A performance improvement plan or agenda is a critical output of the review process.