ROUTEMAP FOR APPLYING VALUE MANAGEMENT TO PUBLIC SERVICE IMPROVEMENT

INTRODUCTION

THIS ROUTE MAP

This 'route map' outlines how to apply value management to improve the productivity and quality of the service activities, as opposed to construction activities, of the public sector. It is based on UK experience of value management in the NHS, central and local government and the police and fire services. Although the focus is on public sector applications the approach is equally applicable to any service organisation.

PUBLIC SECTOR USAGE

Councils and NHS trusts first discovered the effectiveness of value management for service activities from the mid-1990s in the context of compulsory competition. Here it was used to improve quality and productivity to win bids in areas such as building maintenance, catering, building cleaning and porter's services. It has also been used in areas such as pharmacy. Productivity improvements of 15% were typical with improved quality and service function.

The advent of the Best Value policy encouraged some councils, police and fire services to use value management to address specific service reviews – albeit here the focus has tended to be on service quality rather than productivity. Later on interest grew in housing associations as they too pursued Best Value. Under Best Value, value management was applied on a tactical basis to address specific service reviews. However, the lax nature of the regime in terms of demands for productivity provided little incentive for authorities to pursue a discipline as rigorous as value management. Given the new impetus to secure improved value for money this may now change.

APPLYING VALUE MANAGEMENT

1 – THE STRATEGIC LEVEL

The programmed use of value management to address the long-term ongoing performance of an entire organisation calls for full top management involvement and commitment. This would typically include:

- A top-level steering group to initiate and review projects
- Awareness training for top management and the organisation
- The training of team leaders to undertake specific projects
- The appointment of a manager to oversee the operation of the programme

The details would of course depend on the size of the organisation, how it is structured; the demands for improved performance it faces and so on. Best Value Authorities would recognise much of this – the outline principles of the Best Value policy are very similar to those of value management. There were differences, however, in terms of skills and methods and tools. Guidance is available in BS EN 12973: 2000 on the strategic usage of value management. There is also a European system of training available thanks to development work initiated by the European Commission.

2 – REVIEW LEVEL ACTIVITY

Public sector value management reviews or projects include strategic, operational, organisational and technical reviews. These can vary in size from wide ranging and cross-cutting studies affecting hundreds of staff with tens of thousands of service users and customers, through to low-level internal processes within a small department. Whatever the project, the following factors are vital:

- Good team leadership – this will unfold as we explore how projects are run later on.
- Adequate skills and training for team members
- Top management support

Large-scale complex projects may last several months and involve several teams or sub-teams co-ordinated by a senior team leader. To illustrate value management in practice the outline below assumes a single team with a single project. Please note that the 4Cs – Comparison, Challenge, Consult and Compete – are long-standing value management issues as well as featuring in Best Value. These are dealt with as they arise in the table below. This table is fairly comprehensive in order to highlight what can be involved. The seasoned value practitioner will know how to compress and shorten the process without loss of project performance.

ROLE OF THE TEAM LEADER

The role of the Team Leader includes:

- Managing the service review project-wise to make the best use of resources. The Team Leader agrees the overall objectives, times-scales, consultation plan, team composition, etc with top management beforehand – also addressing any team training needs.

- Planning each review workshop, keeping to the job (project) plan, ensuring that necessary information is made available to team members before workshops, and ensuring appropriate facilities, rooms, etc are made available.

- Facilitating workshops (or a separate facilitator can be used) and ensuring that policy objective are met – the 4Cs, national and local policy, etc – and that performance objectives are met – also that all team members are kept informed.

- Ensuring that review reports are prepared on time for top level challenge and approval – stating the processes used in the review, and linking objectives and key outputs.

THE TABLE BELOW SETS OUT THE KEY PHASES

PHASE	NEED	TOOL/TECHNIQUE	OUTPUT
Initiation	Establish parameters of study: • Meet high level sponsors • Consider which aspects of the Service to study. • Appoint Steering Group, with Terms of Reference	• Initial Stakeholder Analysis to aid decision on members of the Steering Group, both essential and desirable • Selection of tools to be used and any training needed.	• Initial Mission Statement or objectives • Broad criteria and requirements • Sensitivities • Givens and constraints
Planning	Clarification of: • Information - available and required • Consultation Needs and actions – for current service and required service • Customer requirements	• Stakeholder Analysis to identify project team – essential and desirable groups and individuals to involve • Value proposition analysis • Value profile – what adds value • VM Job Plan or Work Plan • FAST diagram methods • Consensus seeking methods	• Refined Mission Statement • Objectives for the Study • Scope of study or project • Significant strategic issues • Consultation needs defined • Action Plan for collection and analysis of information • Agree briefing and training needs for project team, in advance of VM1; and actions • Budget for review or project
Information	• Customer requirements • Information on resources and costs	• Process Mapping of current service (process steps, functions)	• Process Maps • FAST diagrams with costs

PHASE	NEED	TOOL/TECHNIQUE	OUTPUT
	(This invokes Consult)	• Value chain analysis • Consultation • Data collection and analysis • Marketing and Public Consultation methods such as Public workshops	• Knowledge of customer / user profile • Potential for growth • Customer complaints and service problem areas • Latest technology and new methods • Benchmark data
Analysis Workshop VM1	Confirmation of: • Scope of the study, the Service value and indicators of performance. • Team skills and buy-in Post VM1: *(Compare)* 1. Develop Performance Indicators for Service under review 2. Assess current performance 3. Identify Benchmark comparators	Activities: • Review Information and Consultation Results *(Challenge)* • Confirm or develop Objectives and deliverables *(Challenge)* • VM Plan of Work • Value profiling • Benchmarking	• Identified Issues to address • Confirm Scope, Givens and Constraints for Study • Value Tree • initial view on performance measures • Benchmarked Value Tree and weights against similar value trees from similar organisations and services
Analysis - Workshop VM2	To understand the functions performed by the Service Inputs from VM1: • Weighted Value Criteria • Objectives • Givens • Summary results of post VM1 work. • Agree actions to cost the functions	• Summarise current performance, compare performance to need *(Challenge and Compare)* • Identify Strengths, Weaknesses, Opportunities and Threats *(Challenge)* • Ensure team is fully up to speed with findings	Functions for the service under review are classified as follows: • Primary • Required supporting functions • Consequential independent functions • Undesirable functions • The build FAST diagram and insert costs

PHASE	NEED	TOOL/TECHNIQUE	OUTPUT
	• Detailed comparison of Function Costs against those from comparator Authorities		

PHASE	NEED	TOOL/TECHNIQUE	OUTPUT
Speculation and Evaluation phases Workshop VM3 *(Challenge)*	Plan Workshop VM3 taking account of : ● Process ● Tools/techniques ● Team ● Preparation required ● Briefing ● Recording	Activities for VM3: ● Generate ideas ● Agree evaluation criteria ● Evaluate ideas ● Review the most significant ideas ● Agree Development criteria ● Idea Development and Decision Building NB Competition may be a key option *(Compete)*	Agreed Action Plan for post workshop phase: ● Preliminary option selection ● Selecting champions for groups of options ● Initial costing and option appraisal ● Feasibility studies where needed ● Checking options with stakeholders *(Consult)*
Decision Building And Implementation Phases	Final option work and selection the best value option for further development. :	Seek top management approval, showing how SMART methods prove the consensus on b**enefits.**	● Develop consensus on best value option ● Agree actions for implementation
Review (*Challenge & Compare)*	● Assess actual value improvements across all value criteria, compare against planned ● Learn lessons	Learn form the review – have new projects been highlighted?	● Complete project records