

IMPROVING SERVICE DELIVERY IN THE PACIFIC



Service Improvement is a Government priority in Papua New Guinea as the National government strives to lift the quality, accessibility and timeliness of key services in selected provinces. With funding from the Asian Development Bank, ACIG International consultants, led by Gerard Colla, are helping to launch and train service improvement teams in Morobe, Western Highlands, Milne Bay, New Ireland and Eastern Highlands. Concurrent with this service focus, assistance is also being provided to the Department of Personnel Management, the Public Service Commission and the Institute of Public Administration to finalise a Corporate plan, assess training needs and advise on restructuring proposals. Techniques being applied in achieving change include process mapping, barrier analysis, policy development and adult training approaches.



A team from Milne Bay (PNG) working on improving the delivery of medical supplies.

In beautiful Vanuatu, Health, Education and Trade/Agriculture ministries are also working to achieve real improvements in service delivery. ACIG International consultants have been training and supporting three Service Improvement Groups ("SIGs") in these ministries so they can address specific services such as the inspection and reporting of services in Education. Amongst the tools being applied are employee surveys, process mapping and performance indicator assessment templates. The templates help the improvement teams choose suitable indicators to plan and monitor service delivery performance.

A quite different type of need has been addressed in Samoa. There, management and senior staff training has been provided by ACIG International consultants for the Central Bank Samoa. Key subjects included managerial roles, developing plans, problem solving, personnel appraisals and leadership. Investment of superannuation funds is another priority matter for Samoa. With technical assistance funded by the Asian Development Bank, ACIG International has provided expert assistance to provide guidance on policy, strategy and processes in these important aspects of Government.



Issues workshop in Port Moresby

SERVICE LEVELS AGREEMENTS

Our next addition will include the effective use of service level agreements by Government Agencies.

These help clarify customer needs and expectations, set a minimum operating standards and are essential in creating a customer focus culture

Australian Continuous Improvement Group is a specialist group addressing the best practice needs of the public and private sector. Our skills cover implementing continuous improvement processes which have a customer focus, meet strategic goals and achieve culture change. For advice, contact any of our named Directors, Consultants or Managing Director, Bob Hood.

These notes are not intended to be comprehensive. Readers are therefore advised that before acting on any matters arising from these notes, they should discuss the situation with a director of the firm.

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SERVICE LEVELS AGREEMENTS

MUNICIPAL MONEY WORRIES - Reaching for a remedy

According to the Australian Local Government Association, municipalities are wearing significantly increased liability for the maintenance and renewal of ageing infrastructure as well the higher costs of current services. Reasons for this are many but they include increasing customer expectations to name one.

Coping with the cash crisis is urgent. Lifting rates and charges will get adverse public reaction. Saving costs through streamlining operations is the other alternative.

Municipalities need to look outside their traditional frame of reference in choosing how to best reduce costs. The present strategy used in Victoria called "Best Value" was intended to provide a systematic process spread over time to streamline operations,

select least cost suppliers and eliminate waste. This strategy seems to be too slow and ineffective.

Municipalities can learn from the manufacturing sector that has continued to evolve better ways to tackle costs without impairing quality. Their success secret is a change strategy called "Lean Thinking".

Lean Thinking is fundamentally about eliminating waste. Waste is any activity or output that adds cost but does not add value as perceived by the end customer. There are 12 waste targets for municipalities.

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| 1: Waste of Doing More than Needed – or doing work not requested. How many people spend hours perfecting a presentation, making sure the colours are right, the text is right etc. when something that took half the time would have suited? | 6: Waste of Errors. Errors have to be fixed or they reduce the value of the output. Even errors when typing in a computer are waste, even with a spell checker. |
| 2: Waste of Waiting – waiting for an input, or waiting for the next step. Waiting in a meeting is a classic time waster, time that could be used to add value for the customer instead. | 7: Waste of Unwanted Human Potential. This refers to the many good ideas and capabilities that people have but are not used. |
| 3: Waste of Inappropriate Processing. – or having too many steps in the process. Eg: checking someone's work, or signing off a report by several layers of management. | 8: Waste of Inappropriate Systems – eg putting up with old computers, different operating systems, etc. |
| 4: Waste of Storing Too Much. For example, a backlog of work (just check most people's in trays). | 9: Wasted energy, water, poor use of land & buildings. |
| 5: Waste of Unnecessary Motions – refers to the ergonomics of activities – eg turning, reaching, stretching. This of course is also a health and safety issue. | 10: Wasted Materials – eg: excess copies of reports, or council papers copied in volume for information only. |
| | 11: Wasted Customer Time – at the front desk. |
| | 12: Waste of Poor Leadership. This refers to management behaviours that demotivate people or fail to motivate people to perform their best. It is hard to measure but it is a very real problem and can be seen in many managers if you reflect on the way they behave. |

MUNICIPAL MONEY WORRIES - REACHING FOR A REMEDY

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'Lean' has already been applied in local government, certainly offshore. UK municipality Haringey needed to reduce the costs and increase the quality of its benefits administration. It has, through applying lean thinking lowered administration costs by 20% and sees potential for more. Costs were not saved at the expense of service, quality or responsiveness. Service processes are more robust, service credibility is higher and better performance is visible.

It did this by starting with a training session on Lean techniques, the twelve wastes and the application of process mapping techniques. The main processes were mapped and an action plan was drawn up to implement improvements in the paper processes.

Process mapping proved a powerful tool, not just for identifying waste but also for helping everyone involved in the process to understand what went on. The real challenge was to sustain the strategy until 'lean' became the culture throughout the organization.

For Australian local governments, faced with tough times, 'Lean' cuisine is a healthy choice.

ACIG has considerable experience in applying Lean Thinking. We can help you apply our Waste Health Check to identify waste sources and opportunities. Then we can work with you to design and implement a Lean program. Call Local Government Practice Leader - Bryn Campbell or Gerard Colla on 9650 7222.

FLEET FACTS

ACIG director, Bryn Campbell spoke on 'whole of life costing for fleets' at the recent Australasian Fleet Managers Association ("AfMA") Conference. From the conference, the key issues facing the fleet manager today are:

- Managing a diversified fleet rather than a standard fleet;
- Purchasing new vehicles based upon their whole of life cost;
- Developing strategies for alternative fuels;
- Monitoring driver performance and training drivers; and
- Integrating new telemetry and communication technologies.

Background to these issues are:

- Vehicle re-sale values are diminishing so that means higher ownership costs;
- Because of diminishing vehicle resale values, fleet operators are seeking new options for re-marketing their used vehicles such as in-house auctions, in-house re-sale lots and private sales;
- Vehicle manufacturers and re-sellers are moving towards selling on a "whole of life cost" basis, rather than "entry price". Fuel consumption, depreciation expense, accident repair costs, insurance premiums and finance costs are all taken to account to present the "life cycle cost" to the prospective buyer. The astute buyer is now evaluating the whole of life cost of the vehicle rather than the simple entry price;

- Fleets are more difficult to manage because of the growing trend for vehicle users to select their own vehicle type, particularly in the case of a novated lease. These people are now referred to as "user choosers". As a consequence of this trend, and the continuing popularity of the Sports Utility Vehicle ("SUV") there are resale problems and greater depreciation costs;
- Better fleet usage is possible through technology. Computer and communication technologies are allowing more and more functionality in routing and tracking, and driver monitoring and education. It is now possible to record driver speed, location and distance traveled and to automatically e-mail the driver warnings about driving technique and productivity. Vehicle routing and re-routing can be dynamic by using in-vehicle Global Positioning Satellite receivers and vehicle transmitters and
- Use local but buy global. Large vehicle manufacturers are now offering Global fleet deals; vehicles are now designed and manufactured for the Global market; and manufacturers' sales, support and service is managed at a Global level. Huge economies of scale in fleet operations will be possible if the fleet operator participates in the Global market place.

Continuous improvement and innovation is alive and well in the automotive sector. Fleet operators and managers must monitor the features of emerging offerings to achieve lower investment cost, lower operating costs, less accidents, less driver injury and a faster, more reliable service.

In conjunction with the professional local government managers association [LGPro] ACIG has assisted in benchmarking fleet operations. For more information, contact Bryn Campbell on 9650 7222.

MANAGING OUTSOURCED CONTRACTS IN GOVERNMENT

Municipal chief executive officers worry about the risks that outsourced contracts may fail to deliver to specification and on time. Because every municipality relies upon many suppliers and contractors to provide a variety of products and services, councillors and municipal officers need reassurance that outsourcing is not going to give them unexpected headaches.

East Gippsland Shire Council, that has a higher than average reliance upon external providers of products and services, was alert to this concern.

They tackled this issue by firstly recognising the interdependency [a virtual partnership] nature of contractors and the Municipality. This meant that any proposals to build municipal confidence had to be approached on a cooperative rather than a confrontationist attitude and on a win-win basis.

Next, the Shire established a program to have its contractors install and maintain simple quality systems that complied with AS/NZS ISO 9001. The Municipality went out of its way to provide expert help [using ACIG senior consultant Ken Conolan] to contractors for awareness on quality systems, training of personnel and provision of guidance on processes and documentation. Part of the program included the conduct of management system audits that provided useful feedback to both contractor and Council.

The outcome was win-win. The shire has achieved a risk scenario through assurance about contractor adherence to contractual obligations. Increased

assurance is a result of contractors now having quality management systems that are an integral part of their operations. Contractors benefit too. They enjoy a high level of trust between themselves and the Municipality. They share with the Shire the mutual aims to a) resolve incidents and complaints quickly b) sustain a continuous improvement culture and c) maintain the customer/citizen as their primary focus.

Following on from the quality systems program above, has been a move to make the tender process more efficient. This has involved implementing a pre-qualification program covering services as diverse as ferry operations, airport management, road repairs, bridge maintenance, waste landfill and transfer station operations, maintenance and cleaning of public facilities, maintenance of parks and gardens and street sweeping.

Managing risk is a critical aspect of professional municipal management and the need for it has certainly grown as more and more outsourcing has occurred. The experience of East Gippsland may be useful to you.

For discussion on your assurance needs, contact: Ken Conolan on: 9650 7222



RESULTS BASED MANAGEMENT FOR GOVERNMENT

Governments at all levels, inside and outside of Australia, continue to seek better ways of achieving results. One approach being adopted throughout South East Asia is actually called 'Results Based Management' to emphasise its clear intention.

Simply put, this approach seeks to establish direct linkages between inputs in the form of resources and institutional capacity, to outputs [delivered by the government entity] and finally the outcome sought.

Outcomes reflect government objectives in terms of benefits for all citizens or sections of its public or business community. Typically, they require the community to use the delivered outputs [often in the form of services or projects] to gain the benefits.

Though the concept is easy to understand, it is the implementation that poses the problems. There are practical difficulties in defining services and particularly measuring them; there are difficulties in getting governments to change budgetary practices to tie resources to outputs; and there is the broader cultural challenge of having government institutions accepting and applying accountability for results. Finally, there is still the matter of political interference in the inputs and activities of government institutions and the weakness of many government information systems.

Governments are beginning to tackle these practical problems. As one step in the process, ACIG International has recently been involved in presenting a number of awareness sessions for senior ministry officials and government enterprise managers in Bangladesh, Cambodia and for the State of Kerala in India.

For further information, contact Bob Hood or Gerard Colla 9650 7222

