

Lean is not the only (nor maybe even the best) systems approach

Systems ideas are a crucial part of determining how public services – especially those provided by local authorities – are delivered. But, as **Brendan McCarron**, an associate with CIPFA Training and Development examines here, the tricky issues of value measurement and the choice of system approaches need careful consideration by all public sector organisations.

Apart from the public sector, my professional life includes working in the aerospace and high-tech manufacturing industries. Systems ideas have been thoroughly internalised by these industries, in which manufacturers are lucky in that they deal in tangible products which can be easily understood and measured. They have ridden successive waves of innovative approaches to improving manufacturing operations to arrive at state-of-the-art facilities that are well thought-through to maximise long-term profitability.

As the social sciences are the source of many systems ideas, it is not surprising that public sector organisations have also been using systems ideas for many years. But they are saddled with the problem of producing services which are less intangible than products which makes understanding and measuring these services more difficult. In addition, there is no public sector equivalent of long-term profitability as an aim or as a measure in the public sector. Instead, we are faced with a confused not-quite-consensus about what public sector organisations exist to provide and lots of possible ways of measuring how well the services are provided.

What is 'value'?

Lean is based on a relentless focus on optimising profitability by systematically improving the way value is created for customers with the minimum of wasted effort. Central to this approach is the idea of value. In the commercial world, where customers pay for products, value is fairly easy to determine. In the public sector, the 'not-quite-consensus' and payment through taxes and grants makes determining value harder.

In the public services, lean and systems ideas have been used by assuming that the user of a service is the 'customer' and that whatever benefits them must therefore add 'value'. I have just started working with a group of services for local



authorities, in which staff are making this assumption. This works because they are drawing the boundaries of the systems they are working on very tightly. For example, consider a planning function of a local authority as a system. If you include in the 'planning system' everything from political policy through planning application processing to enforcement, then there will be many potential customers who value different things. By reducing the scope of the system it is possible to be fairly clear about customers and what they value. The danger of breaking a service function into a series of smaller systems is that you risk sub-optimising the whole system.

The Choice of Systems Ideas

The complexity of the system and the level of agreement about its purpose can be used to identify where various systems ideas can be used. Lean systems ideas are useful in situations where the work systems are fairly straightforward, where there is a clear customer and where there is a consensus about the purpose of the system. Where services are complex and there is little agreement about the purpose or even who the customer is, then other systems approaches such as Soft Systems Methodology (SSM) may provide more insight.

The limitations on the type of system where lean systems ideas can be used are not an issue in most manufacturing, and indeed most of the profitability-focused private sector organisations, because their purpose, to make money, is clear. But this is a serious issue in the public sector because, as Henry Mintzberg continually points out, many services are in the public sector because of measurement problems and these are themselves caused by the intangibility and disagreement about the desired outcome.

Brendan McCarron is a Senior Associate with CIPFA Training and Development where he runs CIPFA's open courses on lean systems approaches in public services as well as courses on performance management and the application of the balanced scorecard. He also consults, writes and teaches widely in the areas of performance management, leadership and improvement.

Brendan.mccarron@cipfa.org.uk or mccarronb@gmail.com and on 01249 783489.
Cato the Younger Blog: www.localgov.co.uk

Lean post-Spending Review

At the moment, in the wake of the Spending Review, the public sector is concerned with how to make significant cuts to spending while, at the same time, it is under pressure to maintain or even expand services. A local authority using lean ideas to improve the processing of planning applications is not going to solve this political dilemma. The big savings will only come from profound changes to large systems. The Government's proposals on changing the housing benefit cap and other tax changes are examples of decisions that profoundly alter the system; whether for better or worse we will see.

Thinking differently about what we want the state to do, and the goals we set for public services, has a large impact throughout the machinery of government. Higher political goals shape the objectives for public sector organisations which, in turn, determine the type and volume of services required. These requirements determine the specifications of services which are straightforward enough in terms of the number of competing requirements users and stakeholders place on them and in terms of their complexity, that it is possible to use lean systems ideas to help design, manage and improve them.

I am not setting out a manifesto for inaction; I just want to recommend some care before applying any systems idea - not just lean systems thinking to the public sector. The purpose of the larger system (and there always is a larger system) needs thinking-through before embarking on reducing the system scope, so that hard systems ideas like lean can be applied to a manageable area of work. Knowing what the overall purpose is will be a useful check on any changes made to the manageable area to ensure improvements are really made.