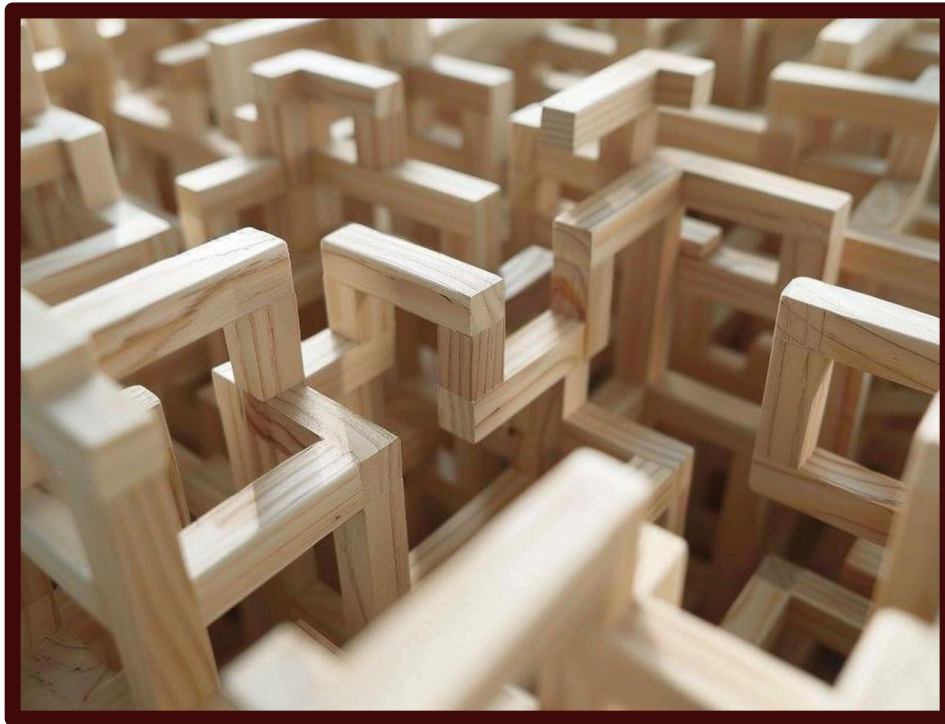# Resource Optimisation

Because there are always choices

A method for taking a resource-based view of the organisation

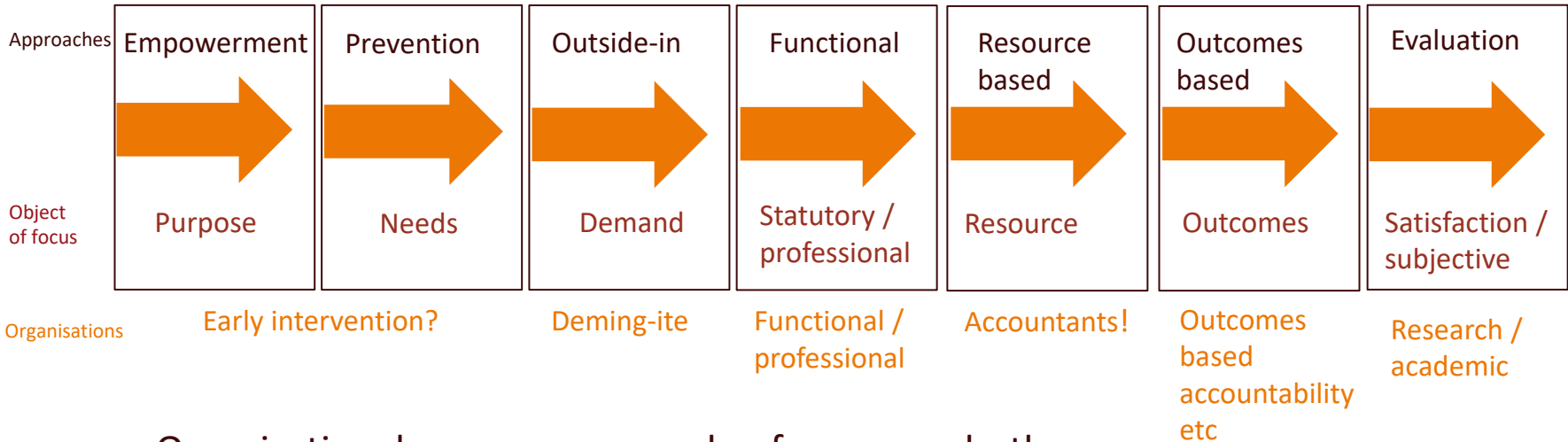Based on a model developed by Basis Ltd, work led by Andy Jess.

Why focus on use of our human effort?

- There are many ways to look at organisation.

- We often jump straight to 'resource-based' –whether that's a budget salami-slicing exercise or a big consultancy 'six box model' approach.

- The limitations of those models are clear: zero-sum, reductive, reductionist, and missing the 'Deming equation'

  Focus on outcomes / quality -> quality rises, costs fall.
  Focus on costs -> costs rise and quality declines, over time.

- But taking an 'on-the-ground' perspective of how time is allocated and building a shared understanding of how that relates to organisational priorities is really valuable, and helps employees at all levels to objectify and refocus their work.

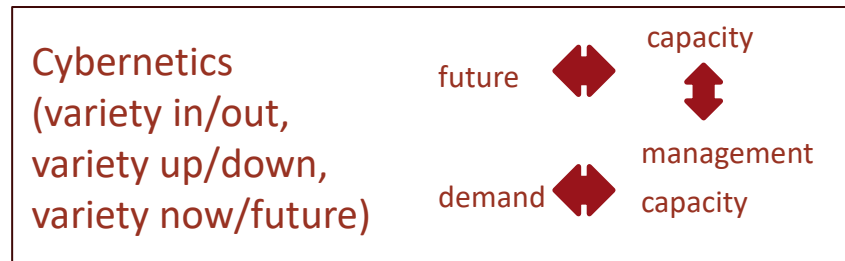- This work *has* to be done inclusively and intelligently to add value.

A resource-based view adds value to all involved when done well

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Multiple ways of looking at organisations

- Each of these ways of looking has a different object of focus
- All have some validity – but **muddling them up** gets you into trouble!

Approaches	Empowerment	Prevention	Outside-in	Functional	Resource based	Outcomes based	Evaluation
Object of focus	Purpose	Needs	Demand	Statutory / professional	Resource	Outcomes	Satisfaction / subjective
Organisations	Early intervention?		Deming-ite	Functional / professional	Accountants!	Outcomes based accountability etc	Research / academic

- Organisational purpose approach – focuses on both financial (resourced based) and outcomes
- Historical / iterative – what happened last year, changed a bit…
- And, additionally… social, metaphor, risk, sustainability, culture…

Cybernetics
(variety in/out,
variety up/down,
variety now/future)

future
capacity

demand
management capacity

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Resource Optimisation

- By breaking down work into Work Packages, and working through them (boringly!) to help us to prioritise and look at overall allocations, we can improve our overall focus and effectiveness.

- By objectifying all our work packages, we can build a work visibility and distribution system to ensure the right work is done by the right people, at the right time.

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Clear principles we need to stick to

- Client work always comes first, and we always meet client deadlines

- Direct business development comes second

- Cover generally means keeping up with the relevant work

- We set and maintain reasonable expectations of good 'service' with consultants

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1. IDENTIFY STRATEGIC PRIORITIES

First, identify how you should be spending your time

- Work out the strategic priorities of your organisation
- Against what criteria can you evaluate whether a piece of work contributes to your strategic priorities?
- Ideally you want 5-7 and you want to do them and weight them relative to each other prior to listing work packages
- You will inevitably come back to review them once you have the work packages clear
- There's no need to include things you 'would rather not do, but have to do' as strategic priorities – they are evaluated differently
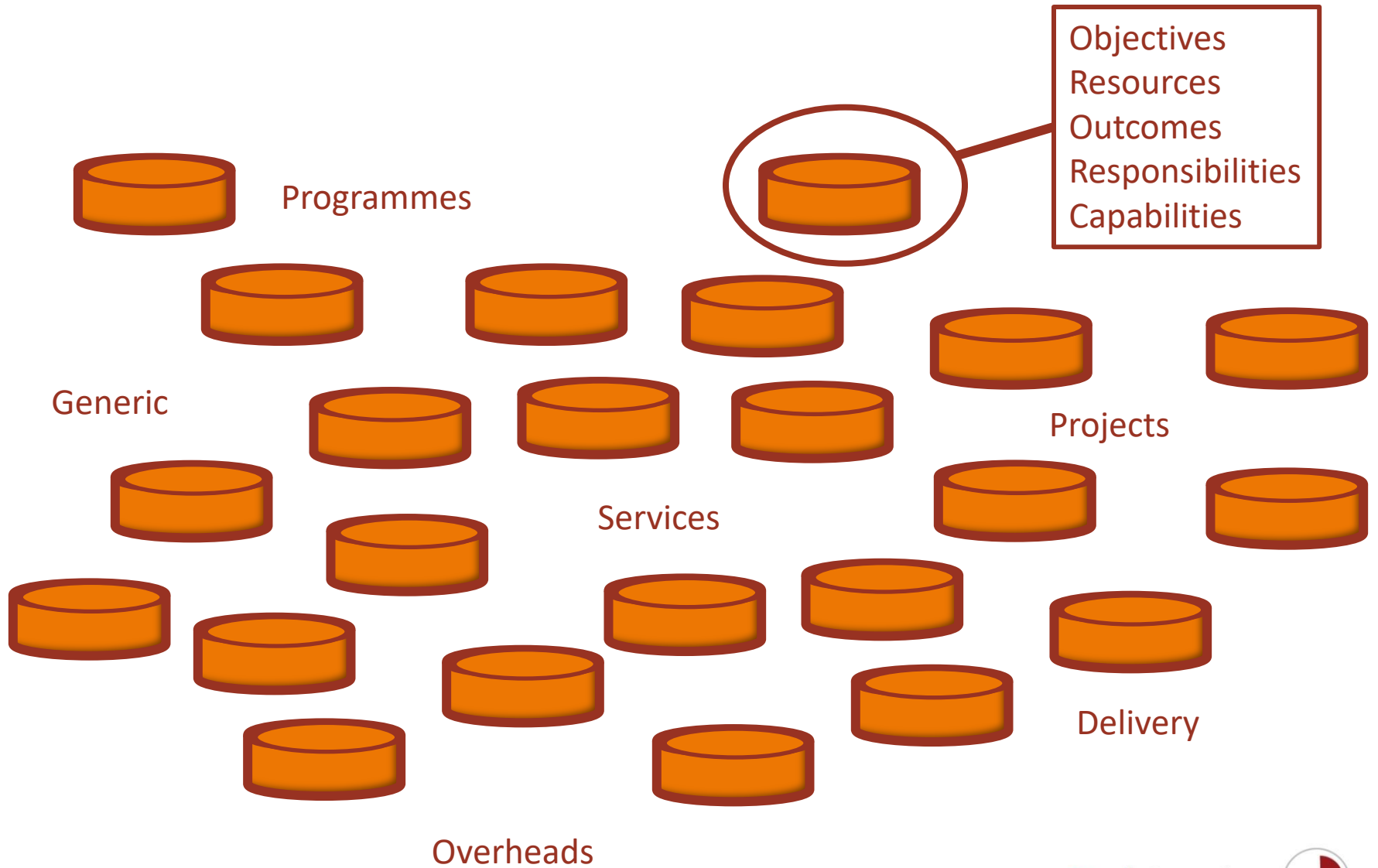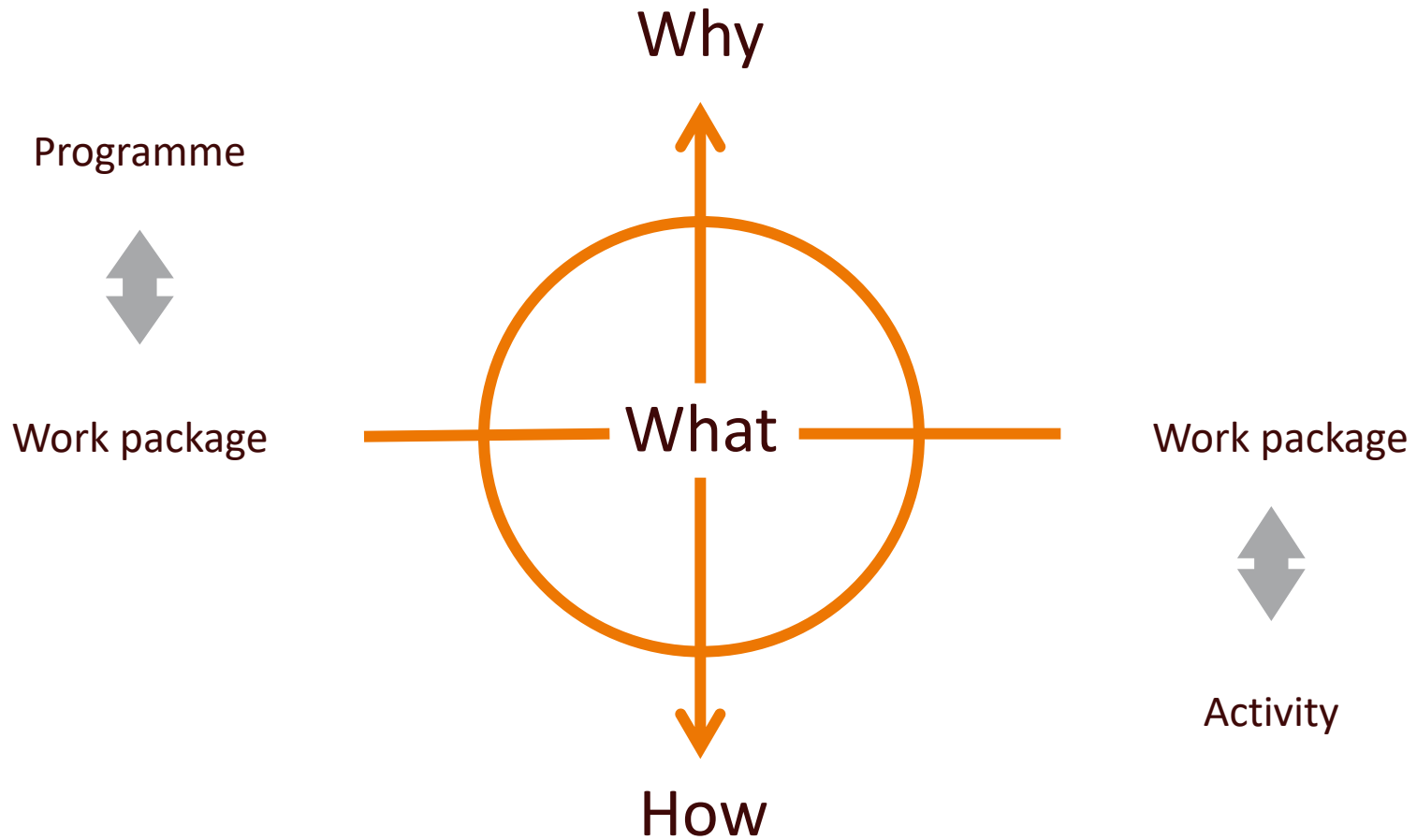
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The process

2. IDENTIFY ALL WORK PACKAGES

Identify all the work packages

Objectives
Resources
Outcomes
Responsibilities
Capabilities

Programmes

Generic

Projects

Services

Delivery

Overheads

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Work Package granularity

Identify all the work packages

A work package is an identifiable package of work specific enough to work on in the steps below. The scope should be:

- narrower than a 'programme' (i.e. it should not be 'Green Transport Programme')

- wider than a 'task (not 'set up committee meeting')

- more specific than 'check emails' (though some allowance can be made for types of specific 'admin'), bringing together relevant linked tasks (e.g. monitor public feed and respond)

The first task is to make a **list** of work packages per person.

You should base this on recent timesheets, role description, and general brainstorming – this should be a breakdown of how each person **actually** spends their time.

You should err on the side of thoroughness and, within the guidelines above, on the side of detail.

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Work package breakdown

- You want to list work packages that take up 100% of your working time, and add those which are 'not done' or done in extra time

- Be realistic, and combine bottom-up and top-down calculations to get 'roughly right' rather than 'precisely wrong'

- Assume you are calculating time per working week (or month if it makes better sense) – add an attribute for tasks that are seasonal etc

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Typical attributes of work packages

Where and **when** does it need to be done?

Who is **responsible** for the work?

How **important** is this work?

Could we use less **resource**? At what **risk**?

What **discretion** do we have?

- Does it have **inter-dependencies**?
- What **capabilities** does it need?

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Attributes of work packages

Work together to brainstorm which attributes are the most important for your organisation.

Suggested starting point:

- What are the technical requirements to do the work

- Time taken (suggest weekly as the basis)

- Whether they are time-fixed or variable time

- Whether they are location-fixed or flexible

- Specific capabilities needed for the work

- Specific interdependencies

You will need to develop a spreadsheet to capture all of this.

There should be one single list, flagged by person / role.

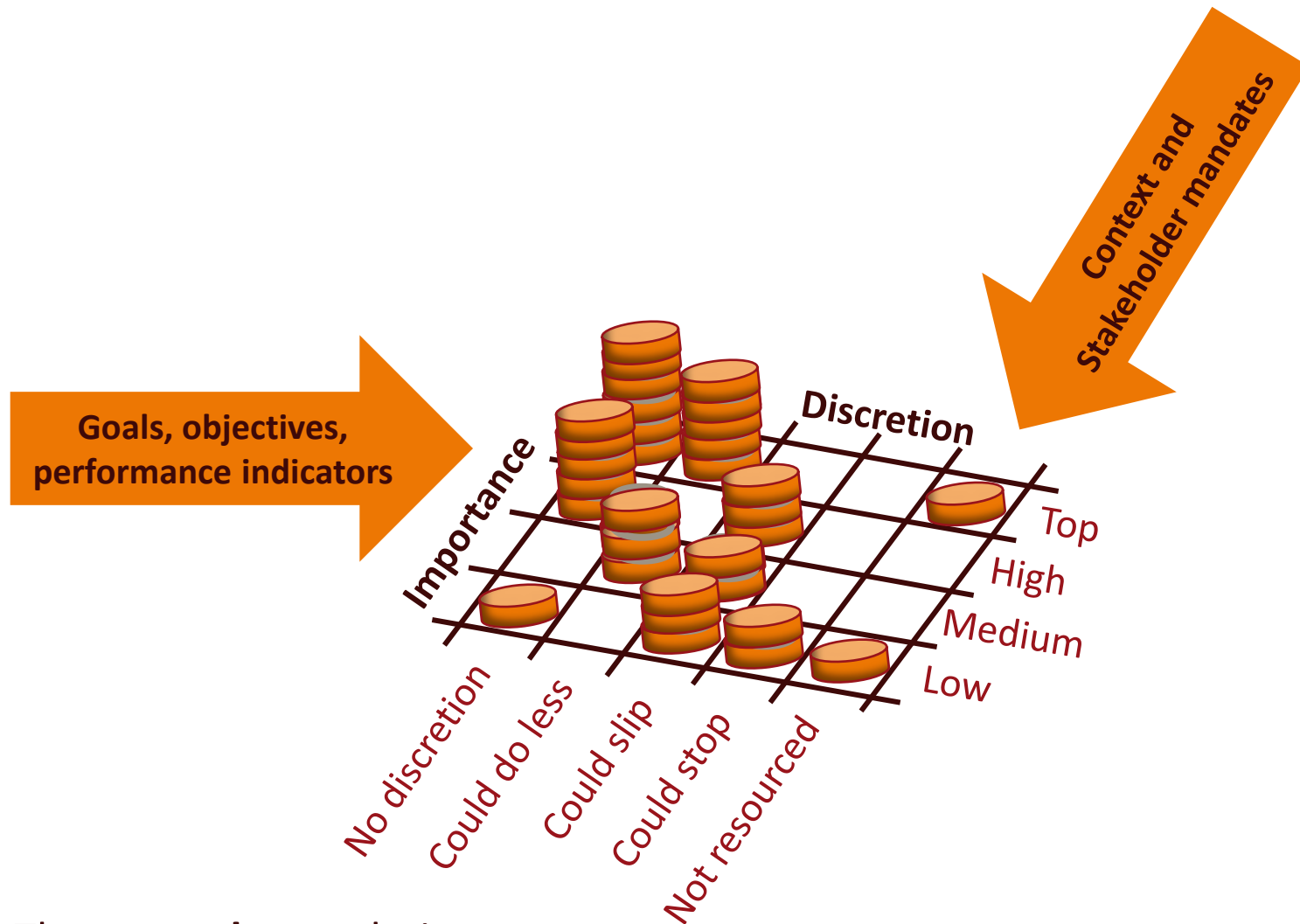Do a sense-check with each other and against the requirements below

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3. PRIORITISE
WORK PACKAGES

Prioritise the work packages

- In this step, we identify the extent to which each work package contributes to our strategic priorities.

- Each work package should be weighted against each of the priorities.

- Each can be compared against the models set out below:

  - The Ts – options for productivity

  - Seven ways to save and improve – which is appropriate?

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Prioritising every work package – weighting and Ts

Context and Stakeholder mandates

Goals, objectives, performance indicators

Discretion

Importance

No discretion
Could do less
Could slip
Could stop
Not resourced

Top
High
Medium
Low

There are **always** choices

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How to analyse

- Prioritise against

- The Ts – options for productivity

- Seven ways to save and improve – which is appropriate?

A holistic view of options – informed by those who know!

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Options for action – the seven 'T's

tolerate but tweak

- must do work, no immediate saving potential but look for improvements

trim

- reduce level of resource, but beware the cliff edge

transform

- seven ways to save and improve

transfer

- collaboration or outsourcing, passing to community or other organisation

terminate

- stop the work package

timescales

- prioritise *when* to manage workload

take on

- future work packages or incoming increased demand

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Seven ways to save and improve

1. All work is triggered by some external demand...

Shape demand

2. which hits a contact or touch point in our organisation...

Create economies of flow

3. which triggers a process or project to deliver results.

Cut waste, automate

4. These processes require the use of organisational assets...

Resource optimisation

5. Which have to be structured in our organisations...

Economies of organisation

6. ...and which have to be procured or sourced from somewhere.

Better procurement

5   Organisational structures

1   Demand →

2   Contact

3   Process /project

4   Resources

← **Source   6**
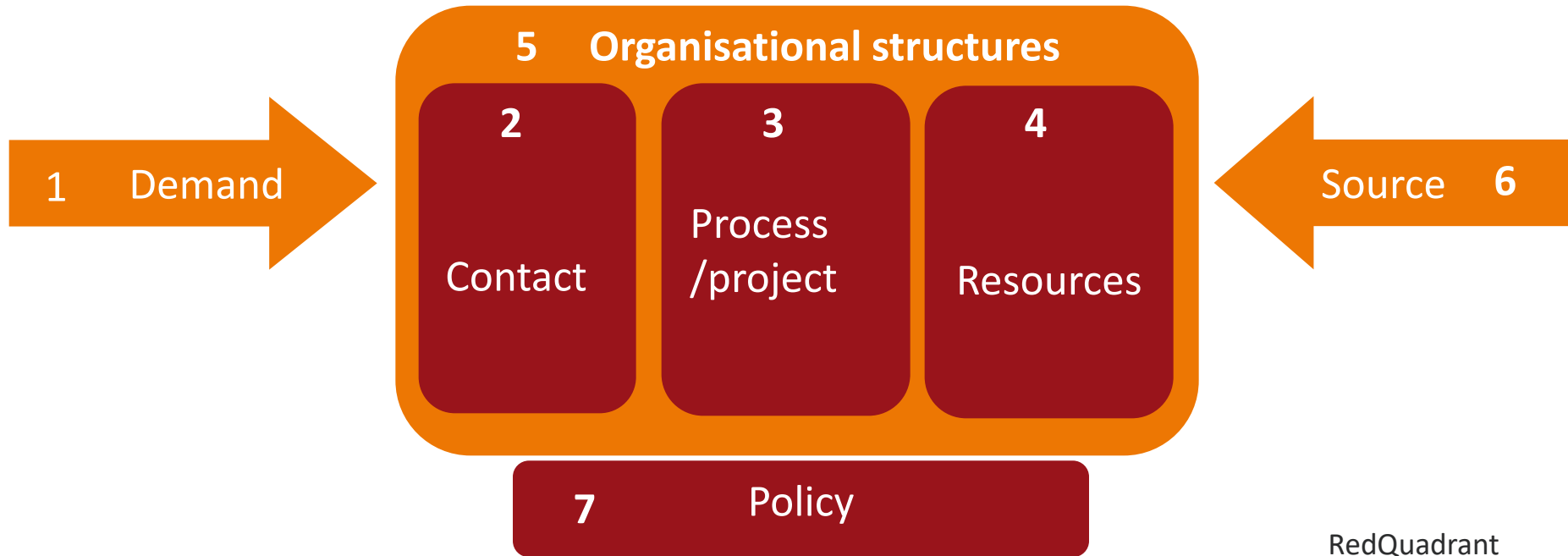
7   Policy

7. And what is offered in response to demand is determined by policy.

Change policy

RedQuadrant Savings Framework™ © RedQuadrant, 2010-2014

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Seven ways to save and improve

1   **Shape demand:** effect behavioural change, reduce failure demand

2   **Create economies of flow:** match capacity and contact points to demand

3   **Reduce waste:** re-engineer processes or develop a whole lean system

4   **Optimise the use of resources:** buildings, IT, vehicles and other assets, people (scheduling, downtime, contracts and management)

5   **Economies of organisation:** appropriate grouping and sharing of activities and services, organisational structures, role and task clarity

6   **Optimise procurement:** procure volume, shape the market, reduce or standardise specification, share services, outsource, mutualise, use the third sector, or multiplying effects

7   **Change policy:** stop, ration, reduce eligibility, delay, or charge, develop to better meet organisational purpose, demand and underlying need

...8. Income generation

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Summary – potential dimensions of analysis

Basics
- Team
- Work package name
- FTE (and weight by service)
- Mandate
- Start and end date
- Owner
- Customer

Fundamental analysis
- discretion – what freedom of choice do we have over whether or not we do this Work Package?
- strategic importance – to what extent does this Work Package contribute to our strategic goals?

Analysis for action
- The Ts – options for productivity
- Seven ways to save and improve – which is appropriate?
- Options for sourcing – privatise, bring in house, partner, joint venture, mutualise, commission etc

Values and behaviours

Politically sensitive

Risk

Other analysis typically undertaken includes:

1. Hybrid working – what are the location requirements for undertaking the necessary work?

2. Professional qualifications or expertise – can this work be done by anyone, or only a qualified professional or expert?

3. Customer segments – who is the Work Package typically serving?

4. Technology requirements – what ICT systems need to be used in delivering this work

5. Key dependencies – what work depends on this Work Package? What does it depend on?

6. Core, support, and discretionary activity – how much are we able to focus only on the value-adding activity, and to what extent does this Work Package include workarounds

7. Other analysis – can include issues of delivery quality, associated spending, risk, staffing sources (employed, interim, agency etc), staff turnover, training requirements, activity costing, organisation design thinking, shared services, and more.

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4. BUILDING A WORK MANAGEMENT SYSTEM

Building a workflow system

The above work should have clear recommendations for how we can maximise the impact of our limited time.

We can then use the work package system to design **work allocation**, **visibility**, and **handovers** to ensure we:

- have good visibility of tasks and who is doing what
- review and manage workload and allocate work when it comes in
- ensure appropriate cover for tasks when people are on leave or sick
- prioritise the right person doing the right work at the right time

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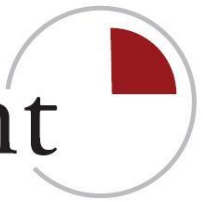
Resource Optimisation: introduction
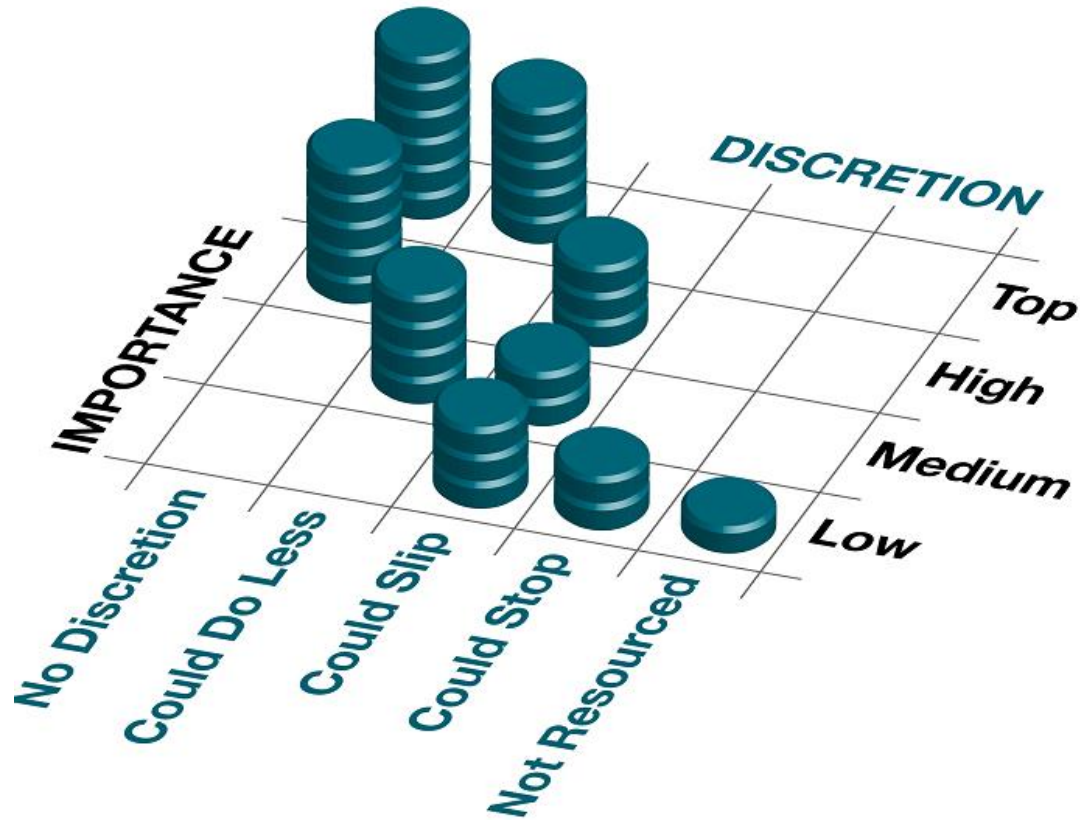
What is Resource Optimisation?

A tried and tested approach to prioritising work

- wider public sector
- private sector
- voluntary sector

Simple, rapid, structured common sense

- complements strategy and business planning
- identifies choices and acceptable levels of service

Enables stakeholders to engage in Service Reviews

- Councillors
- Senior and middle management
- Team members
- Customers

Uses the wisdom of the organisation to make radical change palatable

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What are the key questions facing managers?

1. When I need to increase productivity and save money, what work can I stop/reduce/defer?

2. What are the risks of a focus on resources on delivery quality?

3. Are all my people fully utilised?

4. Are we doing the most important things?

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Improving productivity

- do you <u>know</u> if your people are being used to best effect – i.e. working on your <u>highest</u> priorities?

- do you know if you have the right balance of resources across your business objectives?

- are your people doing what you and your stakeholders want them to do?

- could you deliver <u>more</u> with the same number (or <u>fewer</u>) people?

- do you have the capabilities you need?

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What's the problem?

- there is an unprecedented on-going challenge to public sector capability

- traditional approaches are indiscriminate

- 'everything has been tried' in transformation

- there is little or no clarity on the effect of input upon output

- the public sector struggles to prioritise resources and stop tasks

OUTCOME

Work Package "A"

Value For Money

Work Package "B"

COST

80:20   20:80
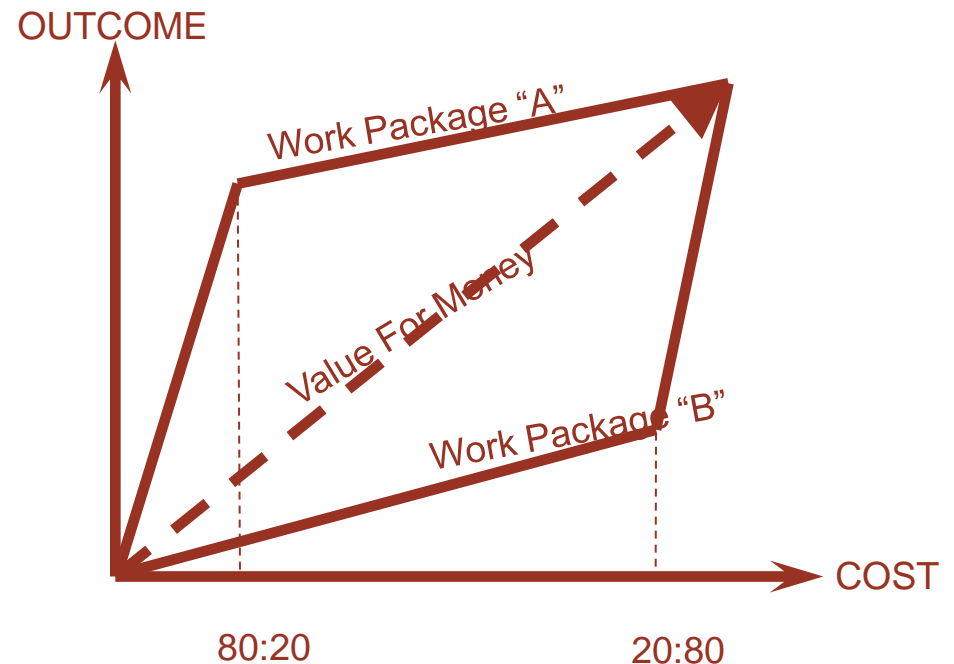
'We used to make decisions on the basis of who shouted the loudest. That will not happen any more - now it must all be evidence-based' Chief Executive of an NHS Trust

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A new solution

- Give team managers simple, practical decision-support tools to:

  - prioritise their work in accordance with strategic aims and objectives

  - identify where resources can be reduced with minimum risk

  - maximise the utilisation and productivity of their people

- Ensure the tools are:

  - transparent and auditable

  - consistent and easy to use

  - compatible with existing business and people management best practice

- Enable stakeholders to verify and validate decisions

Effort and spend alignment to new strategic priorities?

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Evidence – City Council case study

- Pilots in three business areas – successful
- Extended to full roll-out across all business areas as a key part of service reviews
- 30 one-day facilitated workshops with 30 teams
- Team Leaders owned products and prepared proposals for reducing costs and innovations to service delivery
- Total of £5m viable, realisable savings identified
- Programme presented to new Council and approved
- Chief Executive and Head of Strategic Planning 'delighted'
- Cost of support £25k – ROI of 200:1

Real returns, real opportunities, real savings

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THE BUSINESS CASE FOR RESOURCE OPTIMISATION
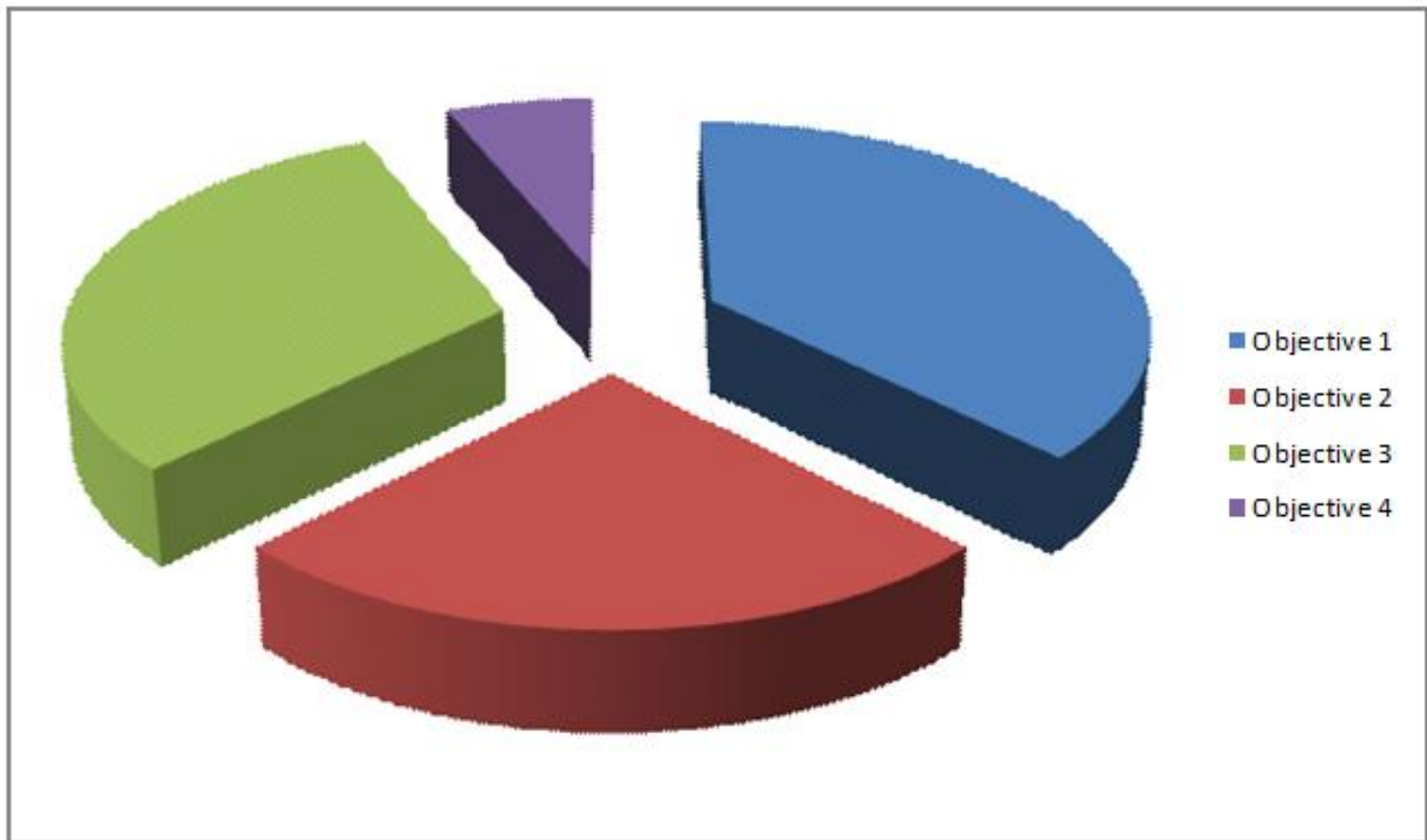
The business case for Resource Optimisation

- For every hundred people…
  you have 22,000 days' effort per year at your disposal…
  getting the best from those 22,000 days requires effective management
  tools and robust data to make informed decisions

- Every hundred people represent at least £3million per annum

5% productivity is worth at least £150k per hundred people, every year
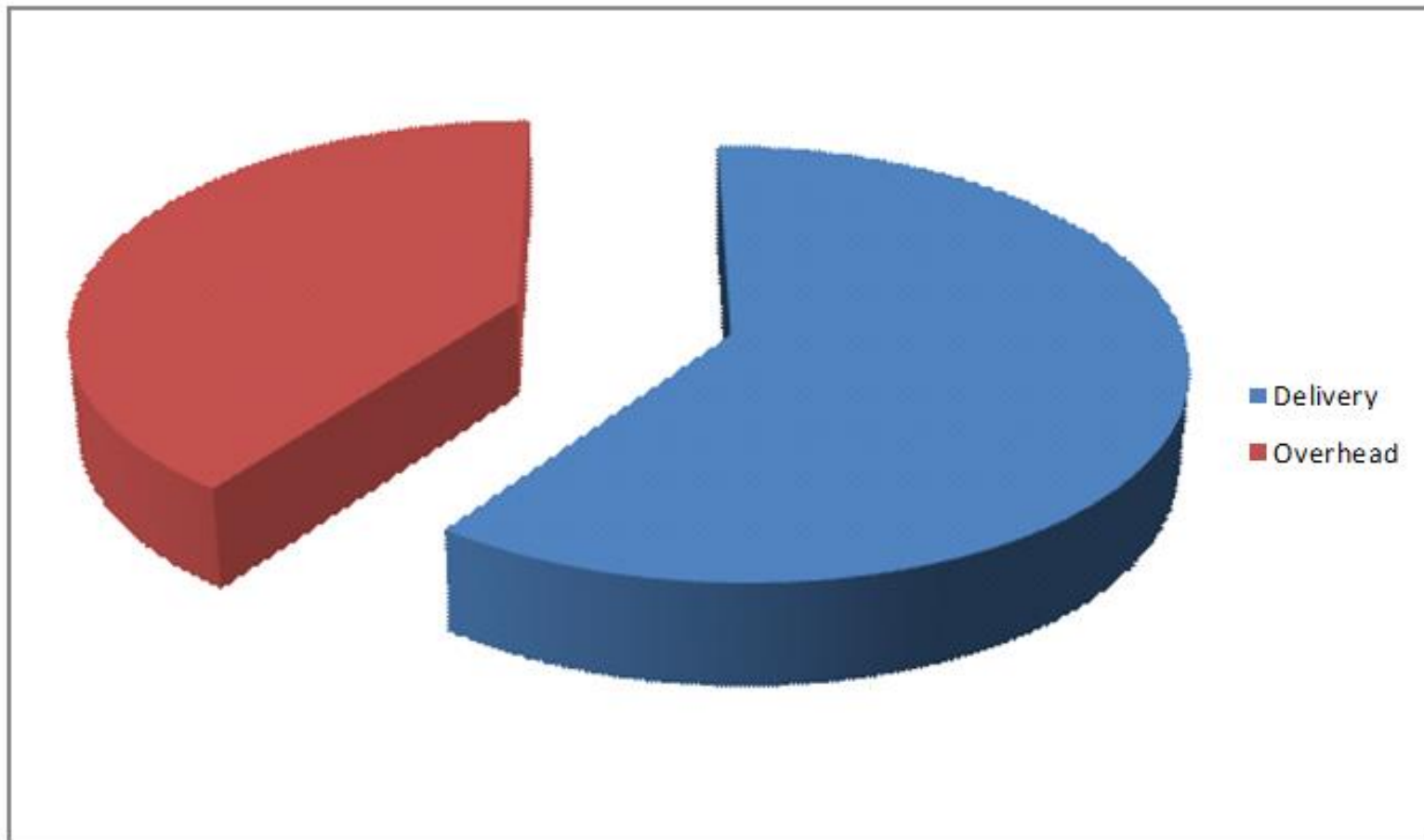
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Resource Optimisation benefits – summary

1. Focus attention on core business delivery - people and work are explicitly and directly focused on delivering strategic objectives and core business

2. Evidence-based auditable decisions on what work must be done and not done – a discriminating approach to workload prioritisation, in-line with mandates and stakeholders' expectations

3. Evidence-based business planning and estimating – the right level of resource is deployed to deliver business objectives

4. Balance people and work to maximise productivity – productivity is measureable and enables comparison across the business

5. Identify where savings could be made with minimum adverse impact on delivery:

   - Explicit link between resource inputs and work outputs
   - Identifies where savings could be made
   - Evaluates options to reduce resourcing levels
   - Rapid assessment of implications of new work, additional work or changes in objectives

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(Re)alignment of resources to corporate objectives

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Distribution of resources – delivery vs overhead

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Resource Optimisation – incremental analysis

15. Activity Costing

3. Resource Estimates

4. Resource Capacity

2. Work Priorities

8. Resource Utilisation

1. Work Packages

11. Benefit Realisation

7. Work Allocation

5. Work Capability

14. Performance Management

6. Resource Capability

13. Risk Management

9. Capability Development

12. Organisation Development

10. Flexible Working

People

Work

People and work

Resource Optimisation – credentials

- Leading best practice and a proven methodology

- Integrates business planning, organisational capability and personal development

- continuous and sustainable resource management approach

- focuses on priorities, productivity and capability

- scaleable – from teams to departments

- structured common sense

Questions?

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Always happy to talk…

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