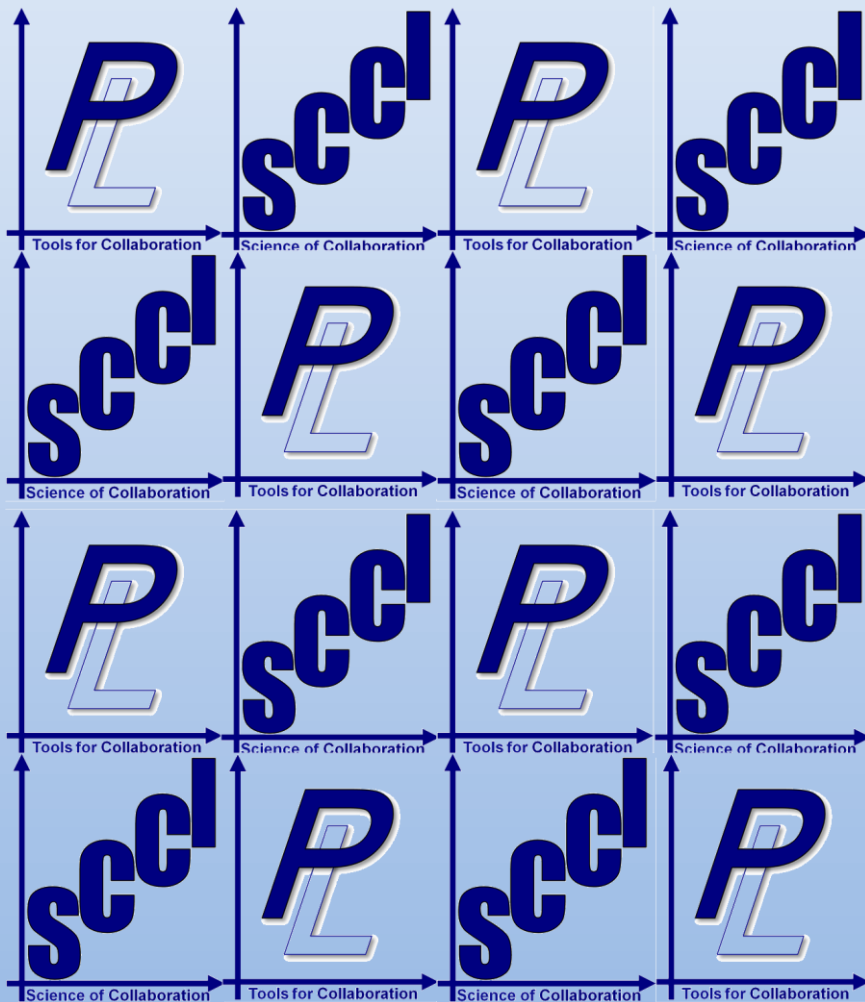


Case Study: Public Sector 'The Big View'



Andrew Humphries & Linda McComie



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Case Study – The Big View

By Andrew Humphries & Linda McComie

Long-term relationships between a government department and 54 major industry partners – value p.a. £575.8m:

- Customer – UK Government Department
- Suppliers – Specialist Engineering, Design, Manufacture and Maintenance Companies

Objectives:

- To expose for the first time relationship performance characteristics
- To understand the missed opportunities for managing a portfolio

Issues Revealed:

- High staff turnover and movements not conducive to building long-term relationships that develop sound working practices and innovation
- Patchy performance measures, quality standards and monitoring systems
- A major obstacle to improving business performance are commercial attitudes, practices, risk aversion and lack of flexibility leading to significant effort and delay in agreeing contracts

“Our fear is the feast and famine situation of departmental spending. There are times when we must stop work, lay off experienced staff and then race to get back going again”

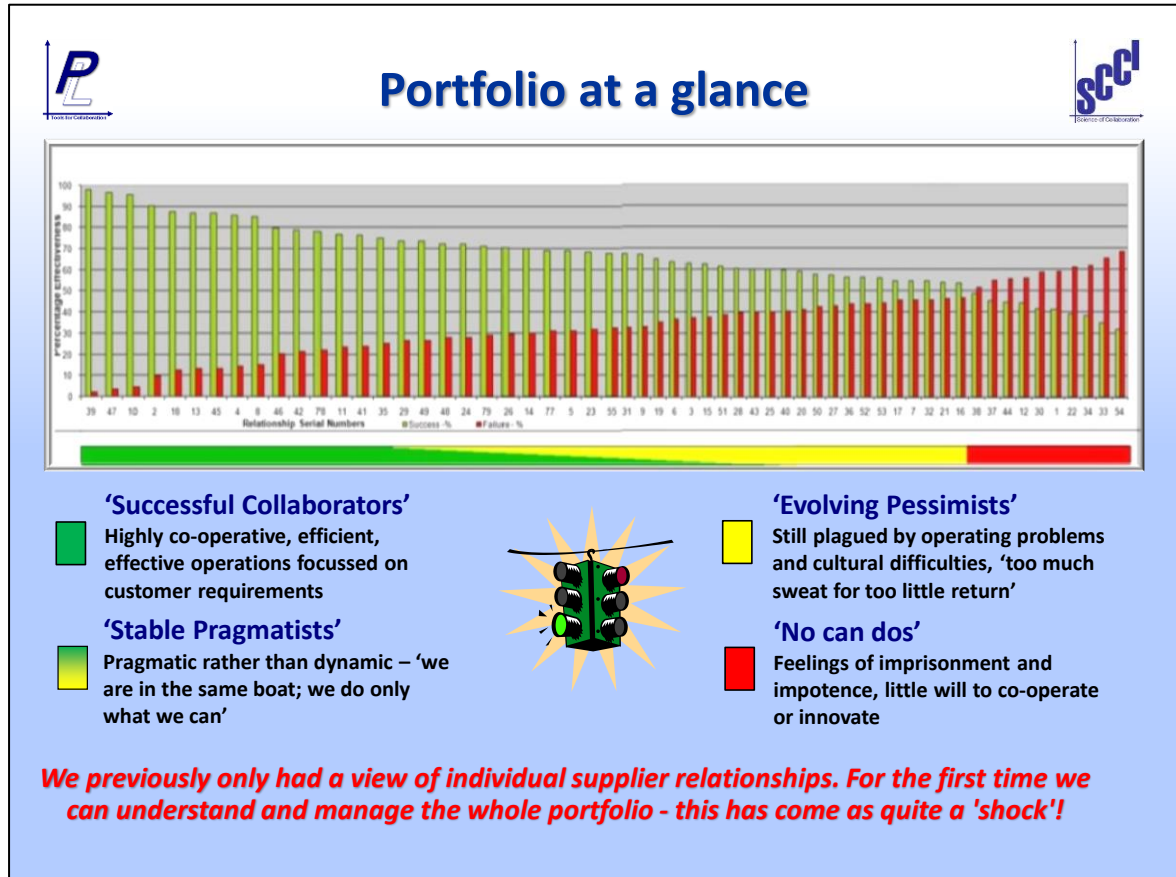
Notes

The Customer’s management was confined to individual relationships with some overview of performance within sectors. A series of government spending reviews resulted in a number of organisational upheavals leading to head office concentrating on fire-fighting.

In the face of the Customer’s inability to focus a number of Suppliers took advantage to further their own ends resulting higher costs, lower reliability and a breakdown in trust.

The portfolio organisations are as a whole quite homogeneous and contain many strong, high performing relationships. However, a sizeable proportion are performing below or well below potential. This situation is particularly worrying because these relationships are potentially the most valuable in the portfolio.

Performance at a glance



The graph above shows the PartnerLink positive and negative survey scores for each relationship so that it is possible to see the broad distribution of performance across the portfolio.

Almost 25% of the relationships fall into the ‘Successful Collaborators’ banding which suggests that some extremely co-operative behaviours and very good practice is present in the portfolio. A further 25% of the relationships fall within the ‘Stable Pragmatists’ banding which suggests that they are coping well with challenging operating environments. A further 35% of the portfolio relationships fall within the ‘Evolving Pessimists’ banding. This indicates that these partners are not coping well with difficult business and relationship conditions and as a result are performing significantly below their potential. The last 15% of the portfolio relationships are in the ‘No can dos’ banding where very poor practice is rife and low performance is the norm.

Recommendations

Using the portfolio performance overview approach, the Customer's corporate HQ should develop strategic initiatives within for instance procurement, IT and HR, that are more dynamically targeted to meet the needs of the business.

A suggested plan of action is as follows:

- Present the results of the Portfolio performance assessment exercise to the MDs and relationship managers of all the relationships and obtain high level endorsement to a plan of action.
- A leader and steering committee to co-ordinate all plan activities should be appointed. Intensive efforts to spread best practice and support struggling relationships need to be resourced.
- Convene a workshop of the 'Successful Collaborators' relationship managers and agree a list of their operating and relationship management best practices.
- Carry out SCCI Partnership appraisals in each of the 'No can do' relationships and selectively use the best practice list to develop get well projects. The use of laboratory techniques to develop and pilot specific approaches should be considered.
- Carry out appraisals in a sample of 'Evolving Pessimist' relationships and selectively use the best practice list to develop get well projects and roll out these projects to the remainder of banding relationships.
- Carry out a single appraisal in a candidate 'Stable Pragmatist' relationship under the scrutiny of the other relationships in the banding. Collectively use the best practice list to develop get well projects for all the relationships.
- As part of these activities, each banding should develop their own performance improvement targets to be measured by annual, rolling appraisals.
- Progress should be reviewed periodically by individual relationships and collectively at an annual conference. Targets should be reviewed upwards and promotion to the next banding applauded.

Outcomes

- A further spate of Central Government spending cuts and the subsequent turmoil in the Customer organisation prevented any progress on the recommendations being implemented.

"I am intrigued by the findings of this study and can clearly see the potential benefits of following the recommendations however, we are once more entering into a radical re-organisation and I fear that nothing will be done"



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