Case study: Improving performance in HR London Camden

The London Borough of Camden is in the heart of London and employs over 5,000 people. The borough’s HR directorate has a major influence on the core functions of the council, helping it to deliver excellent customer service and supporting organisational change initiatives.

In July 2012 Lisa Freshwater, HR Head of Service at Camden, had been hearing great things from colleagues about the results they were getting from applying some new thinking; the Vanguard Method. Those who had adopted it were consistently delivering better service at lower costs. Curious about what impact she might be able to make with it in her department she decided to take a closer look.

Initially starting with just 3 days of scoping to see what potential there was, Lisa told us, “it immediately became really clear that there were wasteful practices we could tackle across the whole service”. She decided to introduce the Vanguard Method to her department and use it to reassess processes and then redesign an improved system and working methods.

The results achieved in just the first 4 months following adoption have been impressive.

- Reduction of wasted capacity by 50% (10 FTE).
- Better service for the customer.
  - The number of queries successfully resolved for the customer at the first point of contact rose from 56% to 96%.
  - The number of progress chasing and complaint calls (failure demand) fell from 44% to 17%.
- Staff are reporting better job satisfaction and higher morale.

Assessing the existing system:
Overview of the Camden HR Service structure:

1. General advice and Payroll:
   - HR Direct Contact Centre.
   - Employee Maintenance.
   - HR Payroll.
2. Recruitment.
3. Advice and Case.
4. Change management.
This first phase tackled the low level advice and payroll functions which were split into 3 teams. HR Direct was the first point of contact via phone, mail or e-mail. Employee maintenance was responsible for the data input and timesheets of the borough’s 5,000 employees. The Payroll team was responsible for the accurate payment of staff salaries.

**Purpose:**
The first step in the successful transformation of any system is to understand what the true purpose of the service is from the customer perspective. In a support service like HR this raises an interesting challenge. The automatic reaction will most likely be towards an internal customer. However, we must also consider how an organisation responds to the external customer.

So when we ask the question – what is the purpose of the HR service in customer terms, the answer should be something like: “Get me the right job, pay me, look after me and help me to do my job effectively”

However, the de facto purpose that existed at the front end of the system was: “Move stuff out of my work queue into somebody else’s”

In other words the front end of the system had become about managing work flows and allocation of work.

**Demand and Capability**
The current capability of the system to deal with calls or e-mails in one stop was poor. Only 56% of the demand was dealt with at the first point of contact. 44% was handed over to the next function and/or required to contact them again. Overall the working purpose of the system had become more about moving work around HR rather than adding value by addressing incoming demand from customers. Some distance from what the organisation, or the department heads, wanted...

“Going out and talking to people and finding out what their experiences are was really powerful, as was following work through HR from the beginning. I think the process mapping was quite helpful in terms of what we identified and it’s actually only when you pulled it all together in one process that you could realize how the system wasn’t fit for purpose and was no longer adding value..”

Matt Green, HR Team Manager

**Waste and system conditions**
Most sources of waste are built in to the traditional way in which many of us have been taught to manage our services. The Vanguard Method allows us to shine a light on the root causes of waste and the assumptions that surround them. Most of the waste generating system conditions discovered in Camden’s HR processes are common, not only to the rest of the council but to many offices across the western world.
- **Functionalisation / Specialism:**
The system had been designed with multiple hand-overs to functionalised ‘specialist’ areas. The hand-overs produced a lot of waste, often creating double or rework. HR Direct itself was operating more like a post office exchange; handing over emails or phone calls rather than being able to answer queries directly in one stop and add value.

- **Targets:**
The payroll team worked to a monthly deadline for payroll entry, where all queries had to be processed in order to get paid on time. But targets drive behaviours. In this case the focus on the payroll close down drove a certain way of working within the payroll team. Instead of processing a change as and when it came in from the customer, the team collected the changes until a few days before payroll close down and then processed them in a large batch. The idea was that doing the payroll alterations all together before the close down was more efficient. But staff often only realised at the last minute that the information given about many changes was not sufficient for them to complete the task. As a consequence they had to chase information which often didn’t get back to them in time for the deadline.

This resulted in over and under payments to staff, leading to confusion and queries and a lot of time wasted on fielding those contacts and on making manual adjustments.

- **Checking:**
There were multiple check points when processing a pay change. Some forms were even checked 3 or 4 times. Doing this cost the service a lot of capacity. The thinking behind the policy was ‘we need to have 100% accuracy’. However, on investigating the volume of errors, the team found there were hardly any human errors. Most of the errors were predictable and one of the main causes was that the IT-systems needed some adjustment.

The checking affected people’s behaviour as well, because the staff knew that someone would check their work, it removed their responsibility for building quality into the work.

- **Audit & Legal requirements:**
A big excuse for unnecessary checks, double work, or unnecessary scanning or storing of information was it was the requirement of the Internal Audit team. By stepping back and really understanding the risk of fraud in some processes or understanding the real legal requirements, the team was able to eliminate huge amounts of waste.

“The biggest lesson for me was the amount of waste that goes on and the lack of challenges to process, like ‘why are you doing this, if it doesn’t add value...?’ People don’t come forward and challenge, they just accept the status quo: ‘we have always done it this way’ or ‘we don’t even know why we do that!’”

Lisa Freshwater
Why the system was designed this way?

From a systems thinking perspective the basis for waste and a bad system design is the management’s thinking, which is mainly based on flawed assumptions rather than on knowledge of the real purpose of, and customer demands on, the service.

In Camden HR the main leverage for change was in addressing functionalisation. In the old system there were 3 functions, each with different skills and knowledge. The thinking behind this was that using cheaper resources at the point of customer contact would deal with most of the customer demand. In this case this assumption did not work out and most demand was being passed over to the back office, where people with higher expertise like payroll were sitting. These workers were more expensive and the idea was that they could be isolated to just do payroll work, which they would be able to do faster and therefore more efficiently. There would then not be a need for high numbers of these more expensive staff. But because of the huge volume of email contacts needing their expertise, rework had to be done which resulted in a lot of waste processes as well as non-value ‘failure demand’ work. The design of the system was not working out.

“In theory, the front/back office concept is a great idea. But actually, I’ve never seen a system where it worked. In most redesigns we change the principle to bring the expertise to the front end. The client gains reduced costs and increased customer satisfaction.”

Vicky Harston, Vanguard Lead Human Resources Consultant

What changed when Camden experimented with a new way of working?

The internal team, having applied the Vanguard Method to assess, or ‘Check’, their systems now decided to plan out new operating principles and create a live test area. One of the largest problems discovered during check was the volume of emails being shuffled from one team to another, adding no value at all to solving the customer’s problem. The new principles addressed this problem by minimizing hand-offs and doing as much as possible in one stop. In other words, instead of handing queries over, the person who picked up a demand had to deal with the demand until they solved the problem for the customer (= one stop). If they were not able to, because of a lack of knowledge, they had to pull on colleagues help and learn how to do it.

New Operating Principles:

- Minimise hand-offs.
- Do as much as possible ‘One Stop’.
- Checking should be done only if it adds value.
- Challenge the current system (Policies, Procedures, Audit).
- Work first-in should be work first-out.
- Question constantly: Does this create value? (e.g. Authorisations).
As a consequence of the redesign, staff felt able to question the way they were processing queries, challenge policies and reduce a lot of unnecessary steps with the support of their leader. Processes began running a lot more smoothly.

The experiment was an enormous success. As a result the whole system was rolled in and staff who had not been in the initial test area were trained in the new working methods. Currently they are able to deal with 96% of customer demands in one stop, operations are more effective, customers are happier, staff morale has improved, capacity has increased and the culture has changed.

The application of the Vanguard method has not only improved the department’s costs and performance. It has created a legacy of more engaged staff who are now independently spotting more potential for further improvements in processes and interfaces to other functions. Department head, Lisa Freshwater counts herself amongst them and has been delighted with the results.

**Interview with Camden’s HR Head of Service, Lisa Freshwater and HR Team Manager, Matt Green:**

*Why did you start the intervention with the Vanguard Method?*

**Lisa Freshwater:** We had heard from our colleagues about this Vanguard method that’s actually working. I was curious, I thought, ‘Let’s give it a go’. And then we had the 3 days initial scoping and it immediately became really clear that there were wasteful practices we could tackle across the whole service. You want to do it. If you discover a way to realistically cut this amount of waste, improve efficiency and cut the operational burden in half, who wouldn’t?

*What was your overall experience of working with Vanguard Method on your systems?*

**Lisa Freshwater:** It’s really interesting and enlightening, it all make sense, it all fits, about following the workflow, studying it, understanding it, making evidence based decisions... so now I would always apply these principles to the next area of work.

*What was different from other change programs you had experienced before?*

**Lisa Freshwater:** This approach studies demand, this allows us to study the work and understand what customers actually need rather than assumptions that people make; because you put people into boxes, and then things fall between the boxes because no one is mapping the full process... Other projects have been focused on cutting costs or reducing the workforce rather than understanding ‘what is this service about? What is it delivering and how well?’ if you want to make change that works do it based on knowledge!

**Matt Green:** The biggest difference for me with this project was that rather than spending ages planning and discussing things we got on with it and launched into the work. We did not worry so much about all the Gantt charts and all that sort of thing and delivered it quite quickly...

The feedback I got from people was that it was really nice to do this kind of work, because people got frustrated in the past that projects had been initiated but they didn’t see the outcome. But with Vanguard support we delivered the outcome quickly and were able to demonstrate significant tangible benefits from the change.
What was your biggest learning from the ‘Check’ assessment and analysis?

Matt Green: Going out and talking to people and finding out what their experiences are especially around recruitment was really powerful, and also following things through from the beginning and I think the process mapping was quite helpful in terms of that we identified. And it’s actually only when you pulled it all together in one process you could realize how much room for improvement there was. Lots of these processors operated in little silos and by mapping it you could see how it fitted all together. The way the work was structured we were encouraging information to be passed around.

Lisa Freshwater: The biggest lesson for me was the amount of waste that goes on and the lack of challenges to process, like ‘why are you doing this, if it doesn’t add value…?’ People don’t come forward and challenge, they just accept the status quo: ‘we have always done it this way’ or ‘we don’t even know why we do that!’ We’re helping to change that now.

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