



# TIME FOR TRANSFORMATION

As what can be described as the ‘public sector recession’ encroaches, the sector needs to learn from the past and alter its tactics for success in the future, say the experts

A concrete proposal for best practice in public sector outsourcing and the changes needed to provide a higher standard of service in the area, are aspects that are still going through a process of determination. What’s clear though, is that this transformation must take place.

“The lack of an already-existing best practice model is not a reason to shy away from outsourcing,” argues NOA Chairman Martyn Hart. “The pressure is only going to increase and outsourcing will have a part to play in the public sector’s future.”

With this in mind, industry experts have united for the NOA’s Public Sector Steering Committee, which aims to focus on helping the public sector positively transform the way it delivers services to the public, through different sourcing models.

“The choice for those on the front line is: do I get involved now, learn how to make the changes needed and chase success? Or, do I wait to be pushed into the inevitable confusion that inaction entails? It’s up to the industry to decide,” adds Hart.

So what are the changes that must take place, and how will the industry go about making them?

## TRANSFORMATION TARGETS

The findings from the committee’s meeting was that, to truly transform the face of public sector outsourcing, targets need to be set not just to restructure but to change the entire existing operating model. Alongside this, taking into account the psychology behind such dramatic transformation needs to be held up as an important part of the process.

## BEST PRACTICE GUIDE

### PUBLIC SECTOR OUTSOURCING

People are clearly a huge part of the transformation process and any significant changes will need people from the supplier side to be transformational in nature within the governance structure of the public sector.

Furthermore, true change will require a better knowledge of the stakeholders involved in an outsourcing project, who they are and how it is possible to mature people's thinking to put in place the governance structures that will enable future success.

At the heart of everything, though, is getting those in charge to the point where they can take the steps necessary to transform.

### THE CHALLENGES

The transformation process for the public sector looks set to come up against its fair share of hurdles along the way, though. The importance of cost, for example, should not outweigh quality. Budget cuts are likely to force those in the public sector to make rash decisions before they are ready, and there have been examples of public sector organisations re-engineering to remove cost rather than transforming – clearly a backwards step.

Another challenge is to preserve and demonstrate good transformation practice and what the benefits are. Those in the committee agreed they must be constructive about helping people balance the needs for short term savings against transformative activities. Helping organisations to obtain a level of maturity and arrangement that allows space to work could also help.

The importance of structured planning cannot be over-estimated in the course of making changes – without a plan to start with, it is difficult to even start incremental change. You need a plan to achieve buy-in in the first place, and one of the biggest challenges in place is ensuring that all individual activities contribute to the overall goal.

However, it's not always as easy as drawing up a plan for all to follow. For many organisations, the luxury of having a vision simply does not exist, as transformation is often foisted upon them. For this reason, it's important to look

at current relationships and how well they are working, whether they need to expand or whether they need changing completely.

### LOOKING AHEAD – THE KEY TO SUCCESS

Here are the factors the steering committee identified as important for the growth and improvement of public sector outsourcing best practice:

- Realism is vital – don't try and force suppliers into arrangements outside what they are supposed to be doing
- Communicate – work out in broad terms what type of organisation you are and communicate this to the marketplace, to ensure you bring together the right people and partners for the job
- Get into the community early – talk to the suppliers before you get into the procurement process and do this early before any kind of 'vision' is put together. Do it two or three times before getting into it. Get the numbers down to two as soon as possible to remove complication
- The dialogue process is not a competition but a co-design process. This means everyone can understand the risks in the arrangement much more easily
- Create shared incentives for partners – public sector should not get funny about suppliers getting an ROI.



## TOP TIPS FROM THE NOA:

**Martyn Hart, chairman of the NOA, gives his thoughts on public sector outsourcing:**

From our steering committee's work with the public sector, it is clear that what 'best practice' and 'transformation' actually look like is still going through a process of determination. Here are some tips from the NOA on successful public sector outsourcing for the future:

- Having a clear vision of goals – do not outsource for the hell of it; understand where you want to be and why outsourcing can help.
- Being realistic about what can be achieved – outsourcing won't solve everything in one fell swoop. Savings from outsourcing can take time to feed through so look first at maintaining and improving service.
- Make sure you understand the benefits and communicate them. Small steps, benefits flowing, often are better than Nirvana an eternity away.
- Not seeking to outsource a problem – problems cannot be outsourced easily, and you will pay for that. The outsourcer can work with the outsourcee and advisors to solve the problem, then work out how to outsource it.
- Communicating early with outsourcing bodies; advisors and prospective partners – advice and best practice is vital.
- Seek to create a partnership – negotiation is not a competition but a co-design process; there must be incentives for both sides to participate.