

Case Study: helping create the potential to turn around the DIO's biggest outsource contract

The context

A struggling, complex and diverse £1.2bn outsourcing contract, with the relationship rapidly deteriorating.

The challenge

Re-engaging potentially jaded front-line stakeholders in new ways and on a new scale as a first step in identifying issues, realigning expectations, agreeing solutions and establishing accountability.

Working with NIP

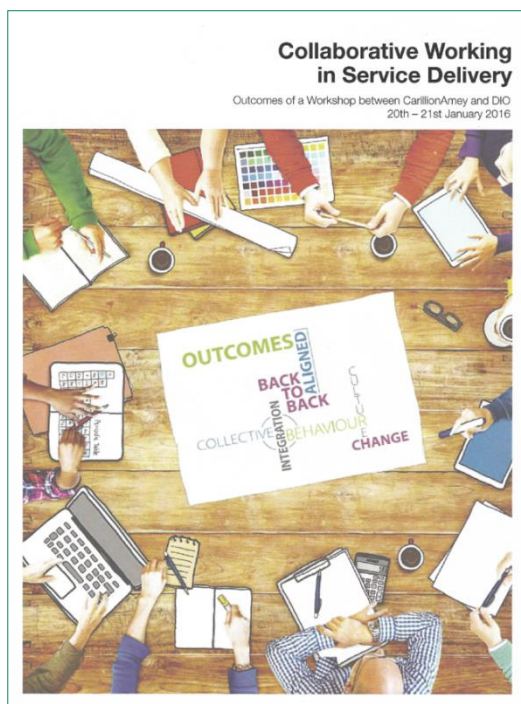
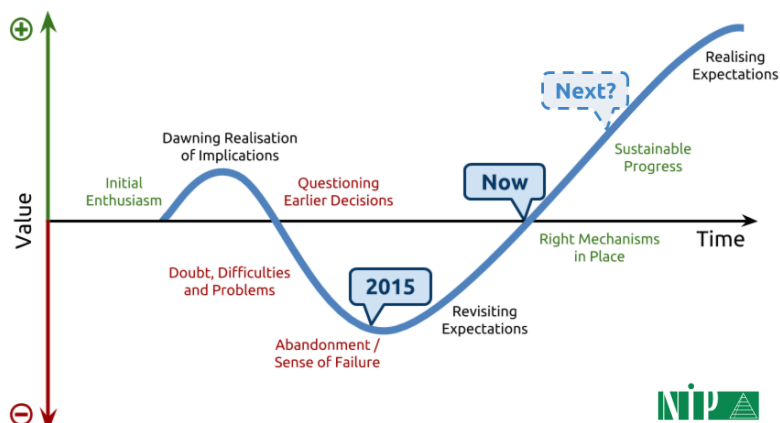
Using a new diagnostic approach to engage stakeholders in previously impractical depth and breadth about what mattered most to them (~900 individual responses, with 4200+ comments and suggested actions); exploration of issues and root causes; distilled management headlines and in-depth analysis of detail.

The results

Pan-region and region-specific issues and patterns identified, confirmed and evidenced; improvements and the value of collaborative working substantiated; rich context for further improvement activity; transformative potential delivered through a new combination of evidence and engagement.

Conclusions and the future

Value of diagnostic process proven, but many challenges remain; progress needs to be consolidated by the relationship leads; opportunities sought to achieve similar results elsewhere – especially before relationship issues develop.



Tim Seabrook of Capita – strategic business partner to the Defence Infrastructure Organisation (DIO) – and Steve Fulcher of CarillionAmey (CA) identified how the ARC diagnostic approach from New Information Paradigms (NIP) would contribute to turning around the struggling £1.2bn DIO and CA relationship.

In keeping with the DIO's Supplier Relationship Management strategy, and underpinned by the BS11000 standard (now ISO44001), a collaborative working programme and management system had been established as part of contract mobilisation, including measurement, analysis and corrective action.

However, aspects of the DIO-CA contracts were often at odds with embedding collaborative working, there were KPI shortfalls, and the quality and consistency of the relationship was deteriorating. There was an urgent need to powerfully and swiftly re-engage potentially jaded front-line stakeholders to start turning things around.

Using NIP's ARC diagnostic approach to complement and go beyond other improvement activities and interventions, the DIO and CA were able to progressively:

- Engage hundreds of front-line stakeholders in a previously impractical combination of depth and breadth.
- Generate thousands of pieces of detailed and actionable feedback.
- Identify and evidence issues both within and beyond the contract's scope.
- Provide powerful management headlines and "crowdsource" analysis of the detail.
- Help focus scarce resources and achieve fuller collaborative working engagement.

Having proven the value of the diagnostic approach and put in place the foundations for transformation, progress now needs to be consolidated in continuing to address the remaining challenges.

Next steps include extending the diagnostic approach further and looking where else to realise its transformational potential.



The context: a £1.2bn relationship in trouble

In summer 2014, the Defence Infrastructure Organisation division (DIO) of the Ministry of Defence (MoD) awarded CarillionAmey (CA) five of its thirteen new, restructured Next Generation Estate Contracts programme (NGEC) contracts.

Launched the previous August, with Capita appointed as lead strategic business partner, the NGEC programme aims to transform the long-term management, maintenance and development of the UK defence estate by 2020.

Worth over £1.2bn, the five NGEC contracts awarded to CA made it the DIO's single largest outsourcing partner, and presented Tim Seabrook, responsible for the collaborative working aspects – and Steve Fulcher, his counterpart at CA – with a huge challenge:

Tim: “As well as the pressure of the size and value of the contracts – and their associated governance and regulatory considerations – they're spread right across the UK, and range from commodities through to highly specialised services. Each has a very different customer community, and a unique and complex delivery and extended supply chain environment.”

Steve: “In addition, the contracts were often at odds with embedding BS11000 and collaborative working principles, and – even then – contracts can't anticipate every detail, especially at the front line. Nor can contracts define, measure or address crucial 'softer', perception issues, many of which aren't clear upfront, remain unspoken, and change over time.”

Within a year of the contracts coming into service, the combination of these factors had led to persistent struggles meeting KPIs, the quality of the relationship was inconsistent and deteriorating, and there were potentially serious consequences looming.

Things needed to start turning round, and soon. The (literally) billion-pound question was: how...?

The challenge: how to engage?

With their extensive operational and collaborative working experience, Tim and Steve intuitively knew that they first needed to focus on re-engaging potentially jaded front-line stakeholders. This would in turn allow issues to be fully surfaced and evidenced (**Fig 1**), expectations clarified and re-aligned, solutions identified and accountability established.

However, Tim and Steve also knew that – alongside the more “traditional” mechanisms that were already in operation – something new and different was needed to achieve the required impact and the necessary breadth and depth of engagement here (e.g. see **Surveys vs Diagnostics**):

Tim: “The DIO and CA are committed to collaborative working standards and training to improve performance, but these are resource-intensive. Even when you know exactly what the issues are – and we still needed to explore that further – you can't reach everyone. Even more so with workshops. On the other hand, whilst a survey can go out to lots of people – and we needed to give as many people as possible a voice – they lack the depth and analytical power we knew was needed, and people have 'survey fatigue'.”

Steve: “Also, surveys and our other existing measurement tools mostly target standard, quantitative areas. These are important, but they're what are easiest to focus on, and we knew we needed to bring in the 'softer' areas that are harder to measure, but often matter even more - behaviours, underlying values, and expectations.”

It was with this background that Tim and Steve approached NIP:

Tim: “To engage the numbers of people we needed to, and in the necessary depth, we knew we needed a new approach. This was exactly what we identified that NIP could provide – not just through the scalability of their online diagnostic approach, but also their experience and knowhow about how to engage people, what questions to ask and how to present them.”

Key People

Tim Seabrook, Director
Capita Property and Infrastructure



Tim is part of the senior leadership team supporting the DIO's 10-year transformation programme, and leads the collaborative working aspects across the £3.3bn supply chain, which has recently been certified to ISO44001. A Chartered Engineer, a Fellow of the Institute of Mechanical Engineering, and a member of the Institute of Directors and the Institute for Collaborative Working, Tim is at the forefront of industry thought leadership and best practice, frequently speaking at industry events on a diverse range of topics.

Steve Fulcher, Operational Relations Manager & Collaborative Working Lead

CarillionAmey

With his extensive military, professional and commercial experience – including over 30 years in the RAF – Steve leads the development of CA's programme of collaborative behaviours and processes throughout its partnerships. The major focus of his 2012 MBA research was collaborative working, allowing him to mix the practical with the academic, become a trusted voice within and beyond CA, and engage with the military community effectively. Steve sits on the DIO-CA relationship JPB, actively using his experience and influence to help establish routes to mutual success.



Top Management



know 4% of everyday problems/issues

Middle Management



know 9% of everyday problems/issues

Supervisors



know 74% of everyday problems/issues

Workers



know over 95% of everyday problems/issues

Fig 1: workers know what's really going on

Surveys vs Diagnostics

Surveys tend to be:	Diagnostics tend to be:
Broad / general	Specific / focused
Emotive / venting	Constructive / suggesting
Predefined / imposed	Driven by context
Canvasses of opinion	Factual / evidential
A snapshot of topics	Routes to root causes
Icebreaking / occasional	Regular / embedded
Surfacing issues	Resolving issues
For the surveyor	For the participant

Working with NIP

In consultation with NIP, Tim and Steve agreed that the best way to engage the community as widely and as deeply as possible was to start simply, whilst – in so doing – elicit compelling feedback by consciously probing areas that would complement and go beyond the contract’s coverage.

NIP began by synthesising and adapting two variants of the MoD’s existing Relationship Measurement Matrix (RMM) tool within its online diagnostic management framework. Whilst there were only six broad evaluation parameters, they were deliberately provocative and evocative, carefully balancing recognisable operational detail with perception-based scoring - immediately distinct from a typical “survey”, and far more powerful.

This eRMM was then sent to 350 influential DIO and CA representatives – drawn from most ranks within four of the five contracts – and an unusually high response rate of over 60% confirmed that the initial goal of engaging the community had been more than achieved.

NIP’s online reporting engine was then used to analyse the feedback and 35 key relationship issues were highlighted – some new; many already known or suspected – which also demonstrated that what mattered to those at the front line had been successfully pinpointed and evidenced.

To consolidate this groundwork and further build trust, the Joint Partnering Board (JPB) put more resources in place to help address some of the high impact issues and produced a key booklet that affirmed the importance of collaborative working, ready for a second eRMM that would be more focused.

This time, NIP worked with Steve and Tim to design the diagnostic from scratch, selecting twenty focused parameters from its extensive library of business value codes (BVCs; Fig 2) to reflect, and more precisely and deeply explore, the original 35 issues identified. To further encourage compelling engagement and feedback, participants were also invited to suggest improvement activities.

Announced by a formal letter that emphasised senior management buy-in and included a commitment to share the results, eRMM 2 was sent out even more widely, resulting in over 650 comprehensive responses (covering all ranks and contracts), with almost 3300 comments and suggested actions.

NIP’s diagnostic management framework made it easy to understand, analyse and leverage this unprecedented amount of high-value information:

- Assisting Steve and Tim in distilling headlines and summary management information, both across the board and for each contract.
- Enabling “crowdsourcing” of the analysis of the detail by providing key contract representatives with access to their data via an easy-to-use online interface, ahead of workshops to develop action plans.

The results: potential for transformation

Steve: “Going into even more detail really helped us confirm our areas of strength and weakness, and provided evidence beyond our gut feelings about root causes and what to do next. It also really clarified our different priorities and perspectives on things like cost and value – not just the gaps between the DIO and CA, but also the various groups within each.”

Both across and within contracts, key issues and patterns were further confirmed and evidenced, and even more new insights were revealed – especially in areas outside direct contract coverage.

Since the benchmark of the first eRMM, some notable performance improvements were highlighted, the positive impact of collaborative working initiatives was confirmed (Fig 3) – so much so that all regions are now actively committed to it; not just most – and ongoing relationship workshops and training programmes have been directly influenced by the output, too.

In summary, familiar approaches have been given a powerful and detailed reference point – helping to provide context, impetus, precision and impact in focusing scarce resources more effectively.

NIP’s Agile ARC Diagnostics

The effectiveness of traditional business structures, approaches, priorities and tools is eroding in the face of new challenges.

NIP’s **ARC solutions** deliver a new, situation-specific approach, using online diagnostics and knowhow to engage the right people, motivate them about the right things, and help them achieve change by:

- Identifying and focusing on the things that matter, many of which are usually unaddressed.
- Articulating and evaluating what good looks like which is otherwise unclear and/or unmeasured.
- Surfacing and achieving purposeful and effective improvement activities.

Diagnostics consist of **Business Value Codes (BVCs)** – assessment parameters with progressive scoring statements that capture, manage and drive the meeting of agreed expectations for both tangible and intangible aspects of value creation and waste reduction.

Risk Management

The extent to which the parties identify factors which may compromise the solution or performance, gauge their likelihood, analyse their consequences, and subsequently manage them.

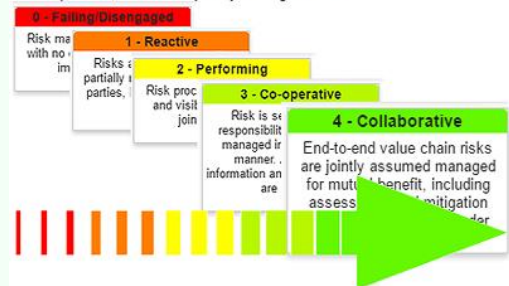


Fig 2: example Business Value Code content

Fully configurable to reflect purpose, context and any domain-specific detail, BVCs can be written with NIP’s guidance, or selected and adapted from NIP’s extensive libraries – distilled from 50+ cross-mapped industry capability and performance tools.

Diagnostics are then delivered through a fully-scalable, secure and intuitive online interface that also includes a comprehensive suite of analytical tools to help interpret feedback and provide reports.

Incorporating NIP’s 25+ years of experience supporting professional teams, **ARC diagnostics** empower individuals, teams, organisations and value chains of any size to deliver comprehensive upfront and longer-term savings, achieving:

- **Alignment** of priorities, goals & behaviours.
- **Resilience** in capability & best practice.
- **Coherence** in performance & relationships.

Configurable and applicable to any industry, domain or initiative, current applications include capability development, cultural and behavioural assessments, and standards implementations and certification – internally, for supply chains, sales channels and alliances.

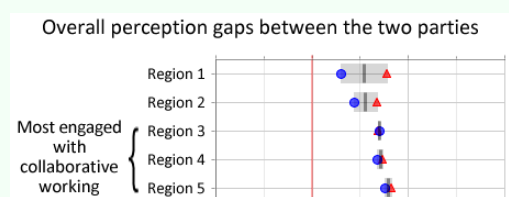


Fig 3: positive impact of collaborative working

But perhaps the biggest single benefit of the diagnostic process has been successfully engaging a huge community in a previously impossible way, with all the potential for transformation that this brings.

Tim: *“What we’ve learned and already been able to use it for has been really important, but probably the most profound outcome has been sustainably engaging our community in a combination of breadth and depth that I think is genuinely new. For most of them, it won’t have even taken an hour of their time, but we now have both the evidence and the engagement we need to support moving forward. It’s a powerful solution to relationship management and sustaining collaboration.”*

Conclusions and the future

The diagnostic process has therefore played a key role in helping start to turn around the relationship between the DIO and CA:

Steve: *“What we’ve done has delivered a huge amount of value. It’s helped us efficiently clarify the map of where we are, where we want to be, and how to start getting there together. We’re also starting to grow a culture of people that ‘get it’, above and beyond the reach of workshops and our other standard communication tools, and I’m far more optimistic about the future than I was two years ago.”*

However, there remain many challenges, and Tim and Steve are very aware that there’s still a way to go and many potential pitfalls to avoid:

Tim: *“Having done something new to get all this input on the things that matter most to those at the front line, we need to make sure we carry that momentum forward. Engagement on its own doesn’t achieve anything, and the detail needs to keep getting back out to those on the ground so that they can take responsibility and ownership. That means continuing to move beyond familiar ways of doing things in getting the right mechanisms in place to deliver real and sustainable change. That’s what we promised, and we need to make sure we follow through on it.”*

Whilst plans are in place to run another eRMM to gauge and sustain progress, Tim and Steve are therefore keen to extend its reach and impact even further:

- Balancing evaluation parameters that are common to each contract - e.g. for benchmarking purposes – with those that more deeply explore and target improvement areas specific to each one.
- Opening-up the participation, results and analysis even more widely.
- Considering how to use NIP’s tools to make follow-up activity even more transparent and accessible.

And, finally, they are also actively looking at how NIP’s diagnostic approach can be used to help prevent relationship issues arising in the first place:

Steve: *“Collaborative working isn’t about ‘just getting on’; it has a real and significant commercial and competitive advantage – creating huge value and eliminating a huge amount of waste, all of which contributes to the bottom line. But to maximise that, you need to get it right from the start. By the time contracts begin to mobilise, it’s often too late, so I’m looking at how to get things off on the right foot from the moment the contract is awarded – or even during the bidding process...!”*

What’s been achieved so far has helped create many opportunities, but also the challenge of sustaining a new approach: watch this space!

Key Facts and Figures

	eRMM	eRMM 2
When?	September 2015	November 2016
What?	Online engagement diagnostic-survey	“Full” online diagnostic
	6 broad assessment parameters	20 focused assessment parameters
Who?	4 contracts	All contracts
	Most ranks	All ranks
Response?	221 responses	654 responses
	941 comments	3294 comments and suggested actions
	Reviewed by Joint Partnering Board (JPB)	Reviewed by JPB and key relationship personnel
Results?	Performance benchmarked	Performance improved
	Perception gaps identified	Perception gaps narrowed
	Most contracts actively engaged with collaborative working	All contracts actively engaged with collaborative working
	JPB action plan	JPB and contract-specific action plans

For more information



Stephen Bruce, NIP
stephenb@nipltd.com
01344 753724

www.nipltd.com

www.capitaproperty.co.uk

www.carillionamey.co.uk

