# GETTING
DIGITAL TRANSFORMATION PROGRAMMES
RIGHT FIRST TIME

In August, Nick McGrath, Director of the MyCO Programme, spoke with Amit Kapoor (Director – Mindful Contract Solutions) to discuss how Digital Transformation programmes can be delivered right first time. The current backdrop of Covid-19, recession, Brexit and IR35 makes this an especially pertinent conversation.
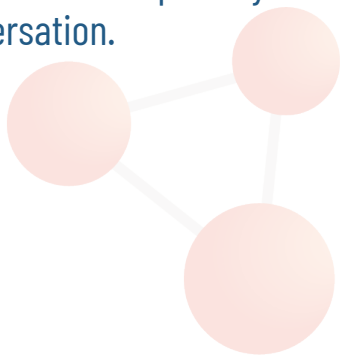
Nick McGrath's background is in business change and programme leadership, primarily relating to shared services and corporate systems. He has worked in large consultancy organisations, as an independent contractor, and as a Civil Servant supporting policing in adapting to digital communications. For the last 5 years he has been a Senior Civil Servant, implementing Cloud SaaS across the Home Office and now as Director of the MyCO Programme, enabling improvements to the Cabinet Office's ways of working in HR, Finance and Procurement.

STRATEGY

We have seen a lot of world events in the last twelve months that influence the digital transformation space. What of all those things most impacts the Government's direction on digital transformation going forward?

I think it's a combination of factors but I think that in government now it's going to be necessary to inform decision making based on data. With everything that's happened in the last twelve months and what that means for the economy it is going to mean that we need to be able to do three things. We're very quickly going to have to learn how to deal appropriately with citizens much more efficiently, capture their data in a much more consistent way, and use that data to help us drive decisions about what the most effective way to spend money is. This may mean a transparent debate about what we capture and why.

Let's use health outcomes as an example. What does the data indicate is the most effective spend of the taxpayer's money? Is it about education, or is it about social work? There is a realisation that to deal with your user group in the most efficient manner, it is necessary to have access to the correct and appropriate data. However, everything that's happened means it's much more urgent because we no longer have the luxury of being able to make decisions without really understanding whether that is a good spend of the taxpayer's money. We're no longer going to have the luxury of lots of different ways of contacting the same citizen because we are going to be under enormous financial pressure due to the pandemic and the impact of it.

If the direction of Digital Transformation so far can be said to be about new ways of working to increase efficiencies; going forward is the theme broadly likely to be the same or different? And is the focus more likely to be on people, process or technology?

We work in the back-office space, so let's consider transformation in this space. Fundamentally, exploiting a new technology is now possible at an affordable price point; this wasn't possible previously. Other industries have been able to afford these technologies for longer but the price point has now come to a point when we (in Government) can start to exploit them.

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For me, the really important learning point is that the things you need to do to exploit that technology and to find better, more efficient ways of working, should be aligned to how we interact with digital technology at home. And not only that. The bigger goal is to build a data-driven business where you make decisions based on what the data tells you rather than through intuition and guessing.

I think the reason to exploit the technology doesn't need to be enormously strategic. It could be that we want more efficient ways of working. But also, you have the opportunity to make those more efficient ways of working, the first step in a longer-term initiative. If you make your processes and services accessible through mobile and create genuine digital workflow with no forms to fill, no more emails and no more spreadsheets, then all of the data is in the system. At the immediate point of entry, there's nowhere for it to hide. You can see that data across your services and systems; be it your people data, your financial information, or your spend data. Once you've got that 'back-office data' then I think (a) that enables you to be a lot smarter about the way you actually manage corporate services. But (b) it also gives you the right 'back-office data' to combine with 'front office data' about the work that we're doing for the citizens to see where you are getting the best outcomes for the spend.

There are three parameters for measuring projects: time, quality and cost. You could either aim for quicker turnaround time, deliver the biggest ambitions, or instead make execution cost-effective. Is anything going to change in terms of what the balance is going forward?

Firstly, I think that HMG is looking again at how business cases get evaluated. Does the old-school principle of demonstrating a fast return on investment in cashable terms drives the right behaviours? Or optimism? And sometimes, perhaps, a little bit of underestimating complexity. I also think we need to give more weight to non-cashable benefits because in the past, taking money out of the organisation to pay for having more modern or newer systems achieved making things cheaper. But if we look at the wider outcomes, I am not sure whether we made things easier or quicker for the workforce. And the wider workforce represents a much bigger spend than corporate services.

I think that if we're going to focus on actually helping people in the organisation get on with the day job and spend less time on back-office activities, then that's not a 'cashable' saving to them.

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It's a great thing for a Government Department if we make it really easy for people to engage with HR, finance and procurement services and they all save a bit of time. But it doesn't mean you can lose five hundred staff out of citizen-facing work. It doesn't work that way. So, I think we're going to have more emphasis on the less cashable, less tangible benefits around the quality of the employee experience. The fact that they have fewer distractions and so they can concentrate on their core activities. And the fact that there will be better data that will allow us to do better decision support and better service level management. And we can claim this because we'll be able to see how long things take and we'll be able to monitor where services are going wrong. As we'll have all of the digital data through the workflow, I think it's going to be much more about less-tangible benefits than just the black and white "can you make corporate services cheaper?"

Civil service has gone through a lot of change and transition as it supports multiple initiatives and challenges not encountered before. Do you believe there is absorptive capacity within the civil service to embrace major operational change in the near to medium term?

It is definitely effortful to understand new things and move to new ways of doing things. You hear of people talking about or experiencing change fatigue. But I think that digital technology offers us an opportunity because everybody has got accustomed to using it in their personal lives. For most of our workforce, moving to the new ways of working that are embedded in using a mobile device to enter something once, rather than finding a form and filling it out, is probably an easy type of change to accept and absorb.

At home, in many ways we've all actually been prepared to do free work without being paid (that used to be done by travel or estate agents) and in many cases actually to allow others to see and use our personal data to be able to do things more easily. I think digital offers an opportunity to implement change in a way that users will be able to absorb quite easily. I don't think it's going to be difficult for people, individual managers, or employees to absorb a change where you're starting to do things at work in a more similar way to how you do them at home. And we ought to be confident in being clear how we will be using corporate data to make life easier because that's less contentious than personal data.

STRATEGY (CONTD.)

Nick Smallwood, who is the CEO of the IPA, says that the success or failure of programmes is determined in its early stages. As such, the IPA advocates to spend a lot of time planning. What do you believe programmes should focus on at that time to increase their odds of success?

This relates to planning for change to peoples' ways of working. Stakeholders sometimes think managing change means a comms and training plan. Now you do need these, but we've learned you do also have to explicitly plan for changes to people's roles and changes to the way that both shared services, the HR and finance functions (as well as end users) are structured and are organised into teams. That's what we meant by managing change.

Before you compile the plan, it is important to make sure that the stakeholders understand all of the different things that are going to have to happen for you to realise benefits beyond implementing the IT. That's the critical time. If you get started and you have a plan which doesn't include the changes that they need to make to realise benefits, then it doesn't matter how well the rest of the plan goes. You could deliver all of the IT team to budget and you still wouldn't get the benefits. Therefore, it is important to make sure that everybody's expectations are clear and aligned about what needs to happen for benefits to be delivered. This is especially true for business preparation of things like data cleanse and improvement.

PLANNING

It can sometimes feel like quite a challenge to extricate your department from existing arrangements because of the scale and complexity of the works involved. What's your view on how Programme Leaders should deal with this?

I agree with you that it is difficult. I think what's important is sponsorship and leadership. If I'm running a programme it's really important to be given a mandate to spend money or resource in ways that are not necessarily guaranteed to deliver an old school business case saving. If you are looking to try new things it's equally as successful as an outcome for you to learn that the new thing you're trying doesn't actually work, if it is experimentation.

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If I reflect on some of the work that we did at the Home Office on automation, what was important was having an executive sponsor who enriched and recognised the value in spending money on proof of concepts, and actually proving or disproving a concept. It doesn't necessarily mean you're going to end up then rolling that concept out across the organisation. I think it will be quite difficult with the way that business cases are construct-ed to be given that permission because at the end of the day the programme works is going to pay for itself. We were only able to do it because within our wider business case there was scope for us to be able to spend some money in that way. So, for me, probably more than actually the planning of it, the important thing is the mandate and the sponsorship.

What key messages should Programme Directors bring forth in their business cases when seeking funding approval?

We know there is a strong desire from Ministers for us all to challenge the traditional way that the civil service works. Partly through making the service more geographically diverse and to really ask the question "why does any part of the civil service need to exist in terms of how we help the public?"

From my point of view, the messaging in terms of strategy is very much about removing unnecessary work and removing unnecessary effort. Not necessarily so that we can just take money or further resources out of the system. For us, it's very much about the messaging around people being able to focus all of their time and energy on the core citizen activity that generates outcomes for the citizen, and not the back-office activity that is just a distraction really.

I think many programmes like ours fit that agenda because it's about saying we're going to let people focus their energy on the activities they do, but also support citizen outcomes. When we're giving them those tools that help them focus that, and spend less time on this stuff, we're also going to be able to make better, smarter decisions. This is because we'll have access to the data set which will allow us to conduct the right analysis to know how to spend money smarter in the future.

PLANNING (CONTD.)

Research from Harvard Business Review suggests that in the region of seventy-five percent (75%) of Digital Transformation programmes don't achieve everything they set out to achieve. Given Digital Transformation programmes have statistically low odds of success, what mechanisms should be built into programmes to assure success?

I think you've got to be really specific about what it is you're trying to achieve. It's very easy to think that implementing the technology will deliver benefits and I would say that Digital Transformation isn't any different from anything we've been doing for the last fifty years. First of all, you have to understand the IT and what new ways of working the IT will enable, because the thing that delivers the benefits is people moving to new ways of working, and not the IT. One of the things I've learned is that it's really important upfront to make sure that you are not saying that when we switch on this new system these benefits will flow. Instead, what you're saying to the organisation is that when we test this system that it is going to show that the IT and the business processes that are embedded in that IT are working the way that we specified them. That's what user testing is. The other important thing for realising benefits is that the people who work for you in the organisation are moving to the new ways of working that IT enables. And if they don't move to those new ways of working then you wouldn't get the benefits from it.

This probably sounds quite basic but if you think about a lot of programmes it is based on "we'll move to the new technology and then we'll get the following benefits". However, a lot of the time when you don't get the following benefits it's not because the technology doesn't work. And it's not because the technology doesn't do what you thought it was going to do. It's because your organisation hasn't reorganised itself in order to exploit it properly, and to work in a different way. I can say that it will save everybody time to move to mobile-enabled digital self-service instead of filling out a form and sending it to an admin team to check, who then email it to the shared service centre and then the shared service centre read it and re-key it. I can say that it will save time and money not to do it that way anymore but if the local admin team and the shared service centre don't reorganise quite fundamentally the way that they work, we wouldn't see any of those benefits. So, setting up a programme with a focus on benefits means facing the fact that you will have to make decisions about how people work and how they are organised, and reorganising the way that the people in our team's work. These are really all of the things that deliver the benefit. The digital stuff and the IT stuff is just an enabler to that.

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PLANNING (CONTD.)

The irony is that when you're making a business case to seniors and you're saying this will bring lots of benefits with it, you may be met with scepticism. Actually, you need to turn the tables on your stakeholders and say whether this has got benefits is really down to you. I can show you the way this IT will enable different ways of organising your people and different ways of working for them. But the key to whether that delivers any benefit at all is whether or not you are prepared to reorganise the way that you work and tell people that we are now going to do things in a different way. As a Programme Director, taking that challenge to your stakeholders at the start is probably quite a smart move. But if the organisation isn't up for that challenge then it may mean some projects shouldn't go ahead until they are.

EXECUTION

We tend to hear about the role SIs play in Digital Transformation. However, not much is said about the role of client-side teams. How important you have found the client-side team to be in your experience as a leader of Major Government Programmes, and how vital that is to programme success?

I think it's fundamental. System integrators are often able to operate effectively because they share knowledge within their organisations really well. They're able to deliver big, complex projects more easily because they do it often. And they're not having to figure out what approach to take and what methodology to take every time. The consultants' incentives are focused on sharing knowledge and developing methodologies, and then applying those to each customer's situation in a way that is much more efficient than the customer trying to do it themselves. However, what it sometimes means is that their motivation is not to deliver the benefits that you are looking to get. Instead, their motivation can understandably be to hit milestones, then charge their people to another client. So even though they are behaving in an entirely honest and appropriate way, their motivation may not be the same as yours.

It's always been challenging for HMG to work with SI's collaboratively. To ensure the standard methodology that they are applying in your situation is focused on and geared towards your benefits, and your outcomes.

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The consulting industry is a great industry and I really enjoyed working in it. I think it's great to work in an organisation where your capital is knowledge and your people have to try and exploit that. You share that knowledge with as many different customers as possible, and as quickly and efficiently as possible. Finding ways of sharing knowledge and applying other people's learning and methodologies is good fun. But at the end of the day, as soon as you're on a client, what you're all about is finishing, getting paid and getting on to another engagement there, or with another client. I'm not criticising them, but the nature of their business is such that you've got to be able to keep checking all the time that all the decisions they're making, and the way that they're working, is focused on your outcomes and your benefits, and not just theirs.

The one thing we've observed from a client's perspective is that the SI's have competing priorities. Unlike that, the client-side team is a part of "your" team, because they are aligned to your purpose from nine to five.

That's right, it's like good contractors are literally on the client's side. I do think it's really important to say that this is not a criticism in any way of SIs. I think it's just fundamentally the nature of their business and that's what they're focus is on. The way the marketplace works, the more efficient and effective they are at reusing knowledge and applying it elsewhere or on a further engagement with you, the quicker they can meet their targets. You need people to balance this, who are able to understand what the SI is doing, and to keep course-correcting and checking that it is about your outcomes. The motivation of a client-side person is much more individual. It's true that SI's want customers to think they do a good job as that means they'll get more business. But if you're an independent contractor, it is much more real and, in your face, to make sure that the customer sees that when you're helping them, they get the outcomes you want.

Can you broadly describe the considerations you use to define a target operating model? And do you believe that a core-periphery model (core: civil servants, periphery: contractors) is the kind of model you would want for your client-side team?

I think it has to be a blended approach. There's no other way of doing it. If a government department is going to be able to exploit and get the best out of digital technology, then we're going to have to develop new capabilities that we've never had to have before. IT enables different ways of working, for example, having all your data available so that you can analyse and interpret it in order to make better decisions. Sometimes we've never had that data before so we haven't needed to be good at analysing it and interpreting it. That's a whole new area. In corporate services you can think about using that data as a way of managing service levels and identifying bottlenecks and diagnosing where there are problems in a process that are leading to poor service delivery. Again, we've never been able to do that before. We don't have those skills to work in an agile way where you can respond quickly to indicators that you get from the system because it's digital. As we've never done that before, it is really important to be open to bringing outside knowledge and expertise in. It would be hugely inefficient and much more expensive for us not to. I've never really bought into the thing that says knowledge transfer means that you then have no reliance on external people. There's always going to be new elements to the work that someone who is a specialist will be better able to learn than a generalist can while it's still novel.

You could try to take the time and money to train up the civil service to be able to do these things. However, there is a risk that acquisition of new skills and qualifications will make them attractive to other employers in the private sector, who can always afford to pay more. So, I think we will always need temporary resource unless we change the way that we pay the civil service, by paying market rates for technology specialists.

One of the things we are trying to do at Mindful is preserve the on-demand talent pool. We believe that all of the changes in regulations in respect of IR35 will have the effect of drastically depleting that talent pool. Without this pool, specialists will simply be locked into organisations and not available when you want them.

No, that's right. To innovate or deliver technology-enabled programmes without having access to client-side expertise that's available quickly, one way or another. There is a balance in terms of procurement etc. but this is one of the biggest challenges any Programme Director faces.

EXECUTION (CONTD.)

What we have found in our experience of working in programmes is that a lot of time is spent on staffing your team. Do you support Major Programmes that act as temporary organisations to have a dedicated highway to external talent for programmes?

Yes. It's a fact of life that there are processes that can make it difficult for you to get the right resources. That is an enormous distraction from being able to get on with the work. We are not yet managing PPM, or technical specialists as a group of resources who can be scheduled around different parts of one department, or even better, all departments. We're some way from being able to do that. Even if we could, we would not have all the specialisms and skills, particularly in terms of novel IT, that we would need to operate. So obviously it's a challenge and there are rules that must be followed. But if there was a way of expediting that then it would save time and be a saving for the taxpayer.

Nick McGrath is the Director of the MyCO Programme. This interview was conducted by **Amit Kapoor**, Director of Mindful Contract Solutions.

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