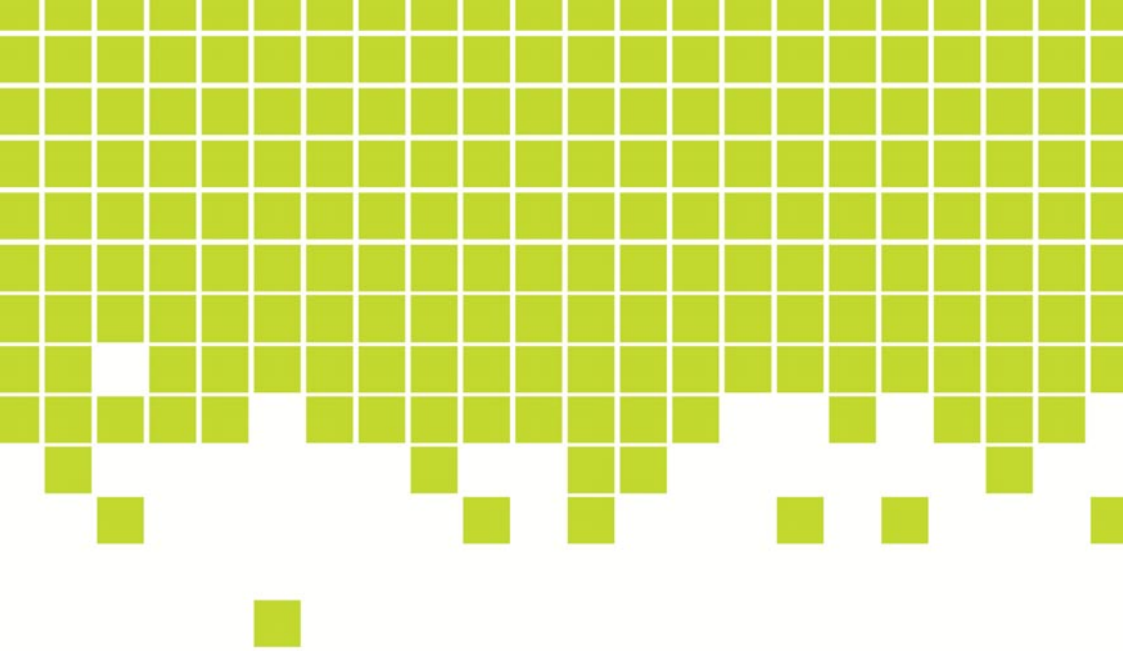




DIGITAL DEMAND MANAGEMENT

iMPower Consulting

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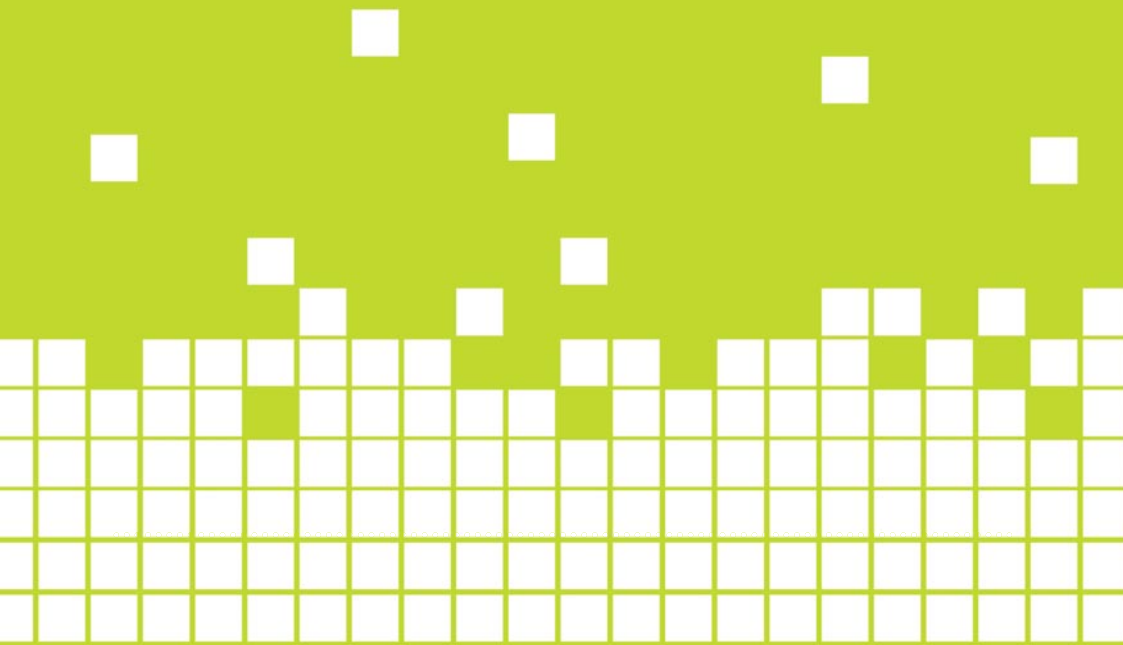
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This paper provides a summary of iMPower’s point of view on digital, our approach to unlocking the real value digital can bring to the public sector, the necessary outcomes and benefits that can be achieved.



1. OUR POINT OF VIEW

At iMPOWER we have a different perspective on digital change that can bring new thinking and additional value to the digital ambitions of public service transformation.

DIGITAL INFLECTION POINT

The public sector can continue to focus the application of digital solutions on *complicated* transactions or it can choose to move towards facilitating *complex* transformation.

To unlock the real value of digital in public services councils need to:

1. Move towards **radically different models and structures** and accept that we cannot continue to organise ourselves as we have done in the past.
2. Recognise that the majority of value that digital can realise is in the **blurring of the boundaries between the citizen / community and state**.
3. Accept that digital transformation is change just like any other; it is ultimately **about changing people and behaviours**.

This paper outlines iMPOWER's unique thinking, experience and approach to help councils move towards *complex* digital transformation and unlock the real value of digital.

'DIGITAL BY DEFAULT' IN THE PUBLIC SECTOR?

In recent years we have witnessed significant investment in digital solutions by local government. Much of this investment has focused on the digitisation of existing processes, pushing transactions online. Although there is value in delivering such a channel shift, the real opportunities for digital change and innovation are being missed. By moving from *complicated* transactions to *complex* transformation there is an opportunity to use digital to drive real innovation and enable change in how we do things.

We start with the clear assertion; digital innovation in the public sector to date has not been radical enough and the real 'disruptive' nature and value of digital is yet to be realised. In the private sector digital has and continues to disrupt organisations and business models in a profound way. When complemented with culture and behavioural change, demand management and data insight techniques, the end result is often more radical innovation and sustainable change.

There are several reasons why digital has not yet had the impact it could have within the public sector. The hypothesis 'if you don't engage with digital and innovate - you will be overtaken and become obsolete' is just not a reality in the public sector. Budgets, political accountability and statutory obligations do not lend themselves to radical re-organisation internally or with partners. You could also argue (even in a world of social media) that customers have a quieter voice - they can only vote once every 4 years and they would find it hard to 'vote with their feet'.

NOT ENOUGH IMPACT... YET

We have seen some innovation and value delivered through digital change. We have seen councils begin to experiment with digital solutions such as mobile apps, community platforms and social media, and we have even seen some good examples of new data insights being developed.

All too often, however, this value has been limited to front office savings associated with channel shift and self-serve. This narrow focus does not put digital at the heart of changing the relationship between the citizen and state, nor will it help us address the financial challenges of the next few years.

Perhaps worse, it simply reinforces the council as a supplier of services to meet need and create dependency, as opposed to acting as a facilitator in a world where the customer is empowered to remain independent and take greater control.

THE GAP

The current design and implementation of digitally enabled transformation in public services is missing a number of key elements:

- There has been a lack of focus on culture and behavioural change through understanding the values and motivations of customers and staff.
.....
- Digital has been deployed without embedding an underlying demand management ethos through design and implementation. Thus, it has primarily focused on supply side efficiencies.
.....
- There has been a lack of traction and demand for digital within the larger budget areas of Adults, Children's, and Health because staff can often feel like that they lack the *bandwidth* to engage properly.
.....
- There has been a rush to pool data rather than focusing on root cause issues and using these insights to ask the right questions of new data.
.....
- Current solutions do not always help us better understand our customers and their communities or help us to organise ourselves around customer cohorts.

At iMPower we have un-paralleled experience in culture / behaviour change and the application of demand management thinking across local government. We have grounded this thinking and experience in our digital proposition.

This approach can deliver real innovation and optimise the long term value our clients can realise through digitally enabled change.

2. UNLOCKING THE REAL VALUE OF DIGITAL

We can better realise the opportunities digital offers through application of the following design principles.

DESIGN PRINCIPLES:

1. **Self-organisation - changing the relationship between citizen and state requires local government to organise around customer cohorts and for communities to self-organise. Digital is critical to enabling these outcomes.**

We can break down organisational, service and departmental boundaries and organise ourselves around customer cohorts. We can empower communities to *self-organise* and ultimately shift the relationship between the citizen / community and state.

2. **Behaviour change - all change requires a fundamental shift in culture and people behaviours if we are to realise benefits and sustain change over the longer term.**

We should not overcomplicate this. Digital is simply change, just like the many other iterations that have come before. As with all change, delivering sustainable success is ultimately about people (not technology) – it is achieved through creating a shift in culture and behaviours.

3. **Demand management - the application of demand management techniques is the primary way that councils can continue to reduce budgetary pressures and efficiently provide public services.**

Demand management techniques should be embedded within all digital solutions (existing and new) to optimise their impact and help achieve this shift.

4. **Data and insights** – through taking a customer cohort led approach and asking the right questions, we can determine new insights that will help us innovate, using data and analytics to show us things we couldn't see before.

Digital does present us with the opportunity to pool new sources of data and uncover new insights. However, all activity should be driven by an understanding of the customer cohort. Specialist insights into root cause issues, values and motivations for different customer cohorts should be used to inform the consolidation and improvement of customer data held between organisations, functions and departments.

By firstly asking the right questions before pooling the right data, we can uncover important new insights which drive innovation in service delivery.

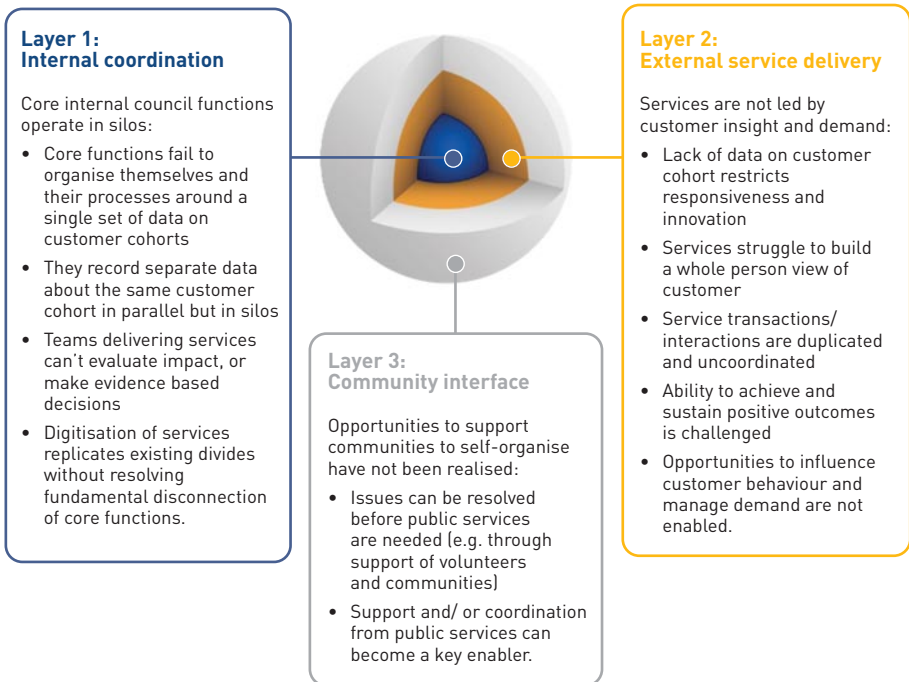
5. **System wide ownership of data**

Once organisations, functions and departments have reorganised around a customer cohort and have a clearer view of the needs of this cohort, services, partners, communities and customers can take greater ownership of performance and outcomes. The state can provide communities with the insights needed to *self-organise* and resolve problems.

3. INTRODUCING DIGITAL DEMAND MANAGEMENT

To fully realise the potential of digital as an enabler of public service transformation, our view is that councils need to consider the design principles outlined above within the context of the three layers described in diagram 1. It is also important that these layers are not considered in isolation.

Diagram 1: Demand management – key digital challenges



The following table provides some specific examples of challenges we have worked on with clients that address challenges within each layer. We have also included some key questions that need to be answered.

Table 1 – Example of challenges faced by councils at each layer

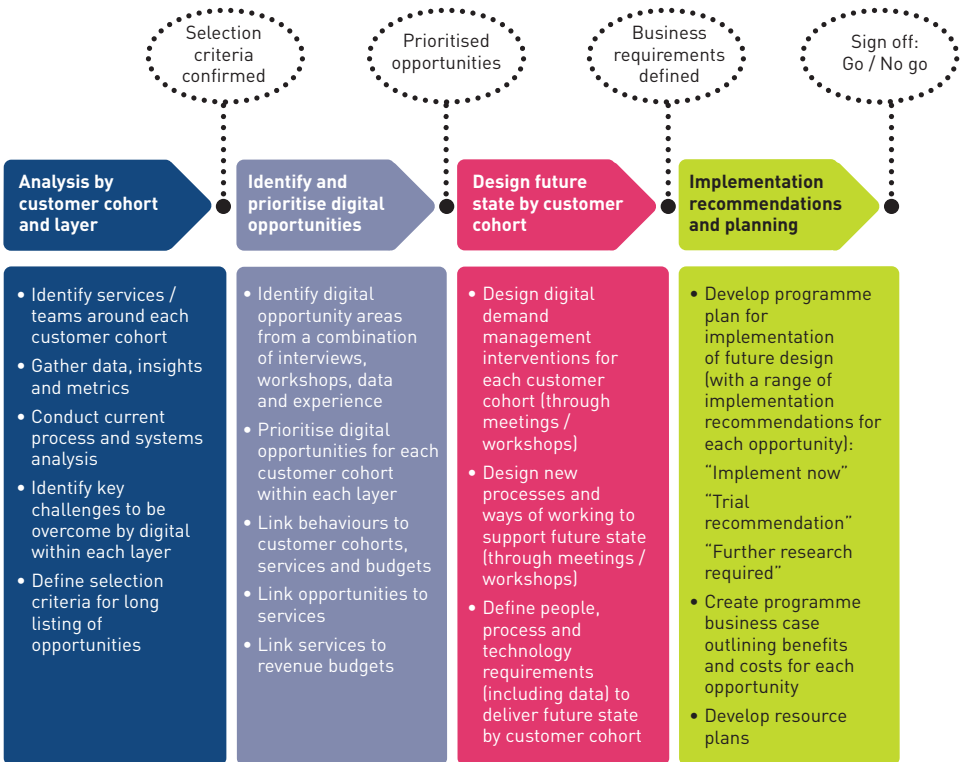
Layer	Example challenge	Key questions
Layer 1: Internal coordination	Encouraging businesses to switch to direct debit: iMPower recently delivered a campaign with a London borough aiming to encourage businesses to pay commercial waste rates by direct debit, using behaviour change and demand management techniques. A disconnect between council data recording systems meant the switching of businesses to direct debit could not be tracked and measured. While the desired outcome may have been delivered, it wasn't possible to produce data to demonstrate this. Understanding of customer cohort and evaluation impact of demand management interventions is prevented. Proving the digital business case is undermined.	• What data/ metrics are needed to track the impact delivered by this campaigning activity? • What core council functions / systems need to be engaged? • How can core council functions reorganise around a shared customer cohort to capture and report on this data? • How can these reorganised core functions support and sustain service innovation and improvement?

Layer	Example challenge	Key questions
Layer 2: External service delivery	Delivering better outcomes for families: iMPower has worked extensively with local authorities on the design and delivery of the Troubled Families Programme. Many families receiving support have received interventions from a large and diverse range of services, which have failed to prevent needs from escalating. This means that family outcomes are not improved and public services receive a poor return on investment. At the heart of this challenge is the inability of services to view and understand a full picture of needs/ issues or information on the customer's interaction with other services.	• What information do frontline workers need about families to maximise the impact of their interaction? • What information, devices, capability can help frontline workers to share information about families more readily? • How can shared insight and data around customer cohorts help frontline services to coordinate their interventions?
Layer 3: Community interface	Encouraging residents to become foster carers: iMPower has delivered extensive work with local authorities to improve outcomes for children and reduce the costs of looked after children through the recruitment of foster carers. Traditional approaches to recruitment employed by local authorities have frequently failed to achieve the impact targeted. Our experience in this field has shown us that one of the most effective approaches to recruitment is by working with existing foster carers.	• What information, support, guidance and resources do foster carers need to deliver recruitment? • What information, support and resources do foster carers need to stay in foster caring? • What channels do foster carers use to access information/ support (e.g. social network sites, instant messaging, telephone, text)? How can these be utilised?

In essence we would argue that; reorganised core functions (layer 1) are needed to support a different approach to service delivery (layer 2), and that service delivery needs to align with and complement community *self-organisation* (layer 3). The diagram above provides a view of some of the common challenges that exist within each layer – that could be overcome through digitally enabled change.

THE VALUE CREATED BY OUR APPROACH

The following illustration provides a high level view of our unique approach to delivering digitally enabled change.



iMPOWER's Digital approach

It is unique because:

- It puts the customer at the heart of all digital design activity helping us to move away from silo service or team led design.
.....
- It takes into account the 3 council layers identified above which helps us to move away from delivering digital within organisation, function or service boundaries (or as an access channel), to something that enables change across the whole system (and identifies the business requirements to enable it at all levels).
.....
- It provides a method for embedding demand management thinking throughout the digital design. This helps us move away from simply digitising existing processes to a place where new processes are designed with demand management at their core.
.....
- It includes the application of behaviour change techniques so that we are focused on people and culture change as opposed to being led by technical solution delivery.
.....
- It recognises that the maturity of digital within community networks is a key enabler of *self-organisation* and therefore our ability to ultimately change the relationship between citizen and state.
.....
- It focuses on firstly identifying the key insights we want to understand from new sources of data, as opposed to simply creating new databases that add little additional value.
.....
- It can be used to develop a digitally enabled change programme at a system or organisation level, customer cohort level or as a way of delivering specific tactical interventions within individual services.
.....
- It uses an implementation approach that trials the majority of interventions prior to their wider rollout, therefore minimising costs of failure through implementation.

4. OUTCOMES AND BENEFITS

THE OUTCOMES

- **A change in the relationship between citizen and state.** A move away from meeting need and creating dependency to empowering independence and *self-organisation*.
.....
- **Organisation around customer cohorts.** A breakdown of organisational, functional and service boundaries, putting the customer at the heart of new ways of working.
.....
- **Demand management ethos.** Achieving what the majority of CEX's believe is an essential move away from supply side efficiencies to understanding and managing demand in new and innovative ways.
.....
- **Correct financial focus.** A shift away from the *complicated* transactional, front office and channel savings (that focus on 10% of organisational budgets) towards digital change in more *complex* areas of service delivery, social care and health (and a focus on 90% of the organisational budget).
.....
- **Digital maturity of people and place.** Improving the digital maturity of individuals and community networks.

THE BENEFITS

- **Financial return on investment of £10 saved for every £1 you invest.** Our analysis has shown that a 5 year business case typically provides this level of return when given a transformation programme of significant scale.
.....
- **Demand management trials break even.** Often the savings realised within a demand management trial prior to full implementation are enough to cover the external support costs of designing and facilitating the trial itself.

- **Extracting additional value from existing digital solutions.** We can further optimise your previous investment in digital by complementing them with behaviour change and demand management techniques.
.....
- **Optimising the design and implementation of new digital solutions.** We can optimise your planned investments in digital through the use of behaviour change and demand management techniques through design and implementation.
.....
- **De-risking commercial and procurement activity.** We can provide impartial advice to help you navigate the digital options available in the market, before supporting the selection and procurement of specific digital solutions that meet your requirements.

5. APPENDICES

The following sections provide a summary of the potential areas of scope that could form part of iMPower’s support to the council, further definition of the tools and techniques we use to support design and delivery, and some case study examples of our previous work.

1. DIGITAL DEMAND MANAGEMENT

Digital demand management focuses on shaping the design and implementation of digitally enabled change so that we maximise benefits through achieving the desired cultural and behavioural change of customers and staff. Typical activities that would support our approach outlined in Section 6 would include:

- The application of demand management and behavioural change techniques through the digital design approach.
.....
- The grounding of design activity around customer cohorts as opposed to organisations, services or existing business processes.
.....
- The basic design and implementation of transactional digital solutions for ‘self-serve’ access to information and services (where appropriate).
.....
- Reviewing the effectiveness of existing digital solutions through the application of demand management and behaviour change techniques to identify current drivers of wrong behaviour (in customers and staff) before developing interventions to drive desired behaviours.
.....
- Conducting a diagnostic of the information and advice offer across the customer journey / pathway to understand what we need to tell people at different points in their journey (using demand management and behavioural techniques) and implement using digital solutions.
.....
- Social media or other channel campaigns using values mode and segmentation type insight to target change (e.g. of hard to reach communities).
.....
- Design and facilitation of community digital platforms to encourage ‘self-organising’ and the uptake of community and peer to peer support.

2. DATA INSIGHTS AND ANALYTICS

Data insights and analytics is about helping our clients develop richer insights through pooled data and analytics (including predictive). However, our key point of differentiation is that we believe you should firstly determine what questions you want to ask and which insights you wish to understand, before investing in pooling data and conducting analytical work. Typical activities that would support our approach outlined in Section 6 would include:

- Working with frontline staff to define and agree the key questions they want to ask and the key insights they need to extract from any data that is pooled together. Our specialists in health and social care, children's and environmental services work side by side with frontline staff to share our experience and thinking on what these key questions and insights should be.
.....
- Determining which data sources should be pooled together to provide the insights we need (rather than pooling lots of data together that actually provides little value).
.....
- Pooling data around specific customer cohorts and using this data to drive new insights and outcomes at a cohort level.
.....
- Helping organisations share information across organisational or service boundaries, breaking down the myths around data sharing and achieving an 'appropriate' single view of the customer.
.....
- Helping organisations design and implement new data and insight processes, structures (including an insight function), skills, data models and analytics.

3. COMMERCIAL ADVISORY SUPPORT

Our Commercial Advisory practice can support the process by providing of impartial advice to help navigate the digital options available in the market, before supporting the selection and procurement of specific digital solutions. Typical activities that would support our approach outlined in Section 6 would include:

- Helping our clients understand the value that digital solutions can provide through the development of realistic and prudent business cases that are based upon actual customer and staff behaviour change.
.....
- Helping our clients navigate the range of digital providers and solutions that exist within the market and aligning their evaluation criteria to their specific business requirements.
.....
- Managing and mitigating the risks inherent within the commercial process and shaping a suitable commercial model to maximise benefits whilst appropriately incentivising the partner

4. OUR DESIGN AND DELIVERY TOOLS

At iMPower we pride ourselves on using innovative tools to support the design and delivery of transformational change. These tools are grounded in a focus on customers, demand management and cultural / behavioural change. They enable us to design truly innovative ideas and solutions with our clients.

Through innovative tools and techniques, we find ways to change people's mind-set and patterns of behaviour. We have invested in a number of organisations that have given us exclusive rights to use their tools. Cultural Dynamics have granted us exclusive rights to use **Values Modes** in the Local Government and Health markets and we are currently developing an agreement with Influence At Work to use **MINDSPACE** exclusively with our clients.

Examples of the tools we would use include:

- **Demand management and behavioural change**

This includes the application of tools such as MINDSPACE and Values Modes to understand how we can most effectively influence the behaviours and motivations of customers and staff. Behavioural science argues that in order to understand how people will behave in a given future context, you have to observe them rather than simply ask them. The use of these tools and demand management trials moves us beyond asking customers how they will behave in a future context (customer insight), to actually observing what they do (behavioural insight).

.....

- **Customer journey mapping**

The use of customer journey mapping helps us to move beyond organisational and service boundaries through the design process. It also ensures that we understand the end-to-end process impacts of any changes we are considering. The customer journey map can also be used to map change activity against, identifying gaps and duplication in activity and the helping align change activity to the achievement of desired customer outcomes.

.....

- **Customer cohort design**

The design and use of customer cohorts enables us to deeply understand the key customer groups that exist within a particular geography. This informs how we can personalise and tailor the experience for different cohorts. It also enables us to prioritise our focus for design and change activity, for example, focusing on those cohorts that create the highest volume of demand, the highest cost to serve, or are simply the most vulnerable.

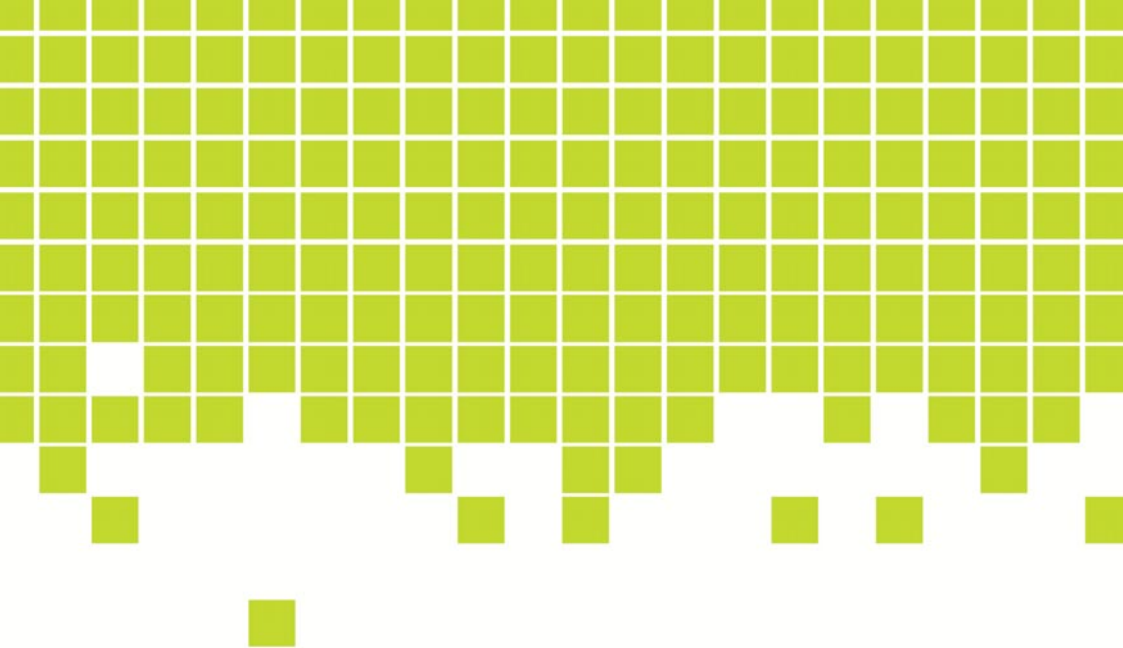
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- **Lean process design**

Process re-design is the bedrock of any transformational change as the future design of people and technology relies upon business processes. Applying lean thinking through the design approach provides a clear focus on customer and value.

- **Culture and communications**

Effective transformational change cannot be achieved without changing culture and behaviours. We embrace working with our clients to tackle behaviour change of front line staff and customers. We deploy tools such as MINDSPACE and Values Modes in this area, but also focus on performance management, communications and leadership to drive the cultural change process.



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