Knowing and doing: the value of intelligent application in local government improvement

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Little is known about what distinguishes managerial thought and practice in successful councils, as opposed to poorly-performing or failing organizations. Managers in high-performing councils in England were interviewed about their improvement practices. Their responses highlighted the importance of an in-depth understanding of customers, staff and the organizational environment; coupled with an inspiring vision of a better future. A commitment to learning was fundamental, forming the basis for an ‘intelligent application’ model of the improvement process.

Improving the performance of services has been a continual theme in UK government policy toward English local authorities since the 1980s, when compulsory competitive tendering (CCT) was introduced. While CCT focused primarily on reducing costs, subsequent policies placed greater emphasis on the value element of value for money. There have been some reductions in the number of nationally-determined performance indicators and the introduction of some local negotiation through local area agreements, but there has also been a strong emphasis on targets and performance management.

Performance management approaches to improvement may, however, lead to a relatively narrowed focus on outputs and control through performance measurement, with few customer-related or growth measures and a lack of emphasis on innovation, learning and outcomes (Sanderson, 2001; Rashman and Radnor, 2005; Broad et al., 2007).

Other aspects of the Labour government’s modernization programme can be seen as trying to address some of these concerns and build capacity among local government to achieve genuine improvement. Best Value, introduced in 2000, provided a systematic, multi-faceted methodology for service improvement, similar in many respects to quality management approaches such as total quality management (TQM) (Lewis and Hartley, 2001; Boyne et al., 2002). The ‘compare’ element of Best Value, the beacon councils scheme, support from the Improvement and Development Agency, regional improvement and efficiency partnerships, and input from external auditors all potentially provide opportunities for learning from practice in other local authorities (Rashman and Radnor, 2005).

Grace and Martin (2008) argued that organizational learning needs be at the centre of future local government improvement—improvement purely through incremental change will not deliver. Reliance on regulation and local authorities’ compliance to standards of performance is not enough. Instead, new ways of thinking about improvement through transformational change and innovation are required. Central government needs to allow local authorities greater autonomy to shape their own futures in order for local government to move beyond the ‘compliance mentality’ and engage in ‘self-improvement’. Organizational development and peer learning are therefore likely to be vital components of future improvement, but that ‘at present we lack a coherent theory of improvement or innovation to underpin them’ (Grace and Martin, 2008, p. 6).

The role managers play in creating an enabling organizational culture and promoting learning has been identified as a vital factor in effective improvement (Downe et al., 2004; Rashman et al., 2005). Increasingly, innovation is as much a bottom-up and ‘sideways-in’ process through lateral networks of staff, as it is a top-down process. Many innovations come from middle managers or front-line staff, and need political support and championing to drive change through, with politicians and senior managers creating the organizational climates or critical mass which support bottom-
up innovation (Bartlett and Dibben, 2002; Hartley, 2005). Middle managers themselves are also important in shaping change, as they re-interpret initiatives through lateral, informal processes (Balogun and Johnson, 2005) and their sense of professional and personal identity (Thomas and Davies, 2005). But the reconstruction of power relationships that is entailed in organizational learning may be inhibited by the hierarchical nature of public services (Reeves and Boreham, 2006)—Best Value appears not to have operated in a way that is likely to engender staff commitment, neglecting ‘softer’ people-management aspects of quality improvement (Higgins et al., 2004). Understanding how local authority managers see their role in relation to improvement is therefore an area of research with important practical consequences.

Research aims and methods

The study described in this article was part of a large-scale programme of research funded by the North West Improvement Network. The aim was to identify the underlying theories and experiences of managers with regard to the effective implementation of improvements in six high-performing local authorities in the north west of England. In particular it aimed to discover the participants’ views about the key contributory factors to the successful delivery of improvement initiatives, eliciting specific examples that exemplified their approaches to delivering improvement.

Focusing on high-performing authorities enabled the factors associated with sustaining high performance and consistent improvement to be examined. Much of the previous research on public sector improvement has considered the turnaround of poorly-performing organizations and may not apply to organizations that are functioning well (Swann et al., 2005; Grace and Martin, 2008).

All participating authorities had attained a high performance and consistent improvement rating of either ‘good’ or ‘excellent’ when last assessed. The sample was selected so as to cover a range of improvement trajectories over recent years (as indicated by CPA scores) and a variety of approaches to improvement, in terms of the extent to which a particular approach to improvement appeared to be embedded throughout the organization, and the strength of more traditional performance management. Consideration was also given to reflecting a range of party political contexts (party in control and stability of political control), types of authority (county, district, unitary) and geographical areas. Some of the authorities approached originally decided not to participate, and this reduced the diversity of the sample to some extent. For example, it proved impossible to secure the involvement of a county council that met our inclusion criteria, or of a council that seemed as if it might be having difficulty in maintaining a high level of performance.

Data collection and analysis

Data was collected predominantly through semi-structured face-to-face or telephone interviews with officers from the participating authorities. The officer group comprised both senior, strategic-level managers such as heads of directorates, and operational managers such as heads of service. Where feasible, interviews were also conducted with elected members and representatives of external organizations, such as auditors, councils for voluntary service and trade unions. Relevant plans and policy documents produced by each local authority were also reviewed.

The interview topic guide consisted of open-ended questions regarding the main drivers or demands for improvement in the interviewees’ area of operations, their approaches and underlying theories regarding the delivery of effective improvement, and examples of improvement from their own experiences.

The interviews were recorded on digital data recorders and transcribed. A selection of the resulting texts were analysed using data analysis software to identify both espoused theories (what interviewees explicitly said) and theories in use (theories implied by interviewees’ descriptions of actual improvement activities), which may be different (Argyris and Schön, 1996). A ‘theory map’ was produced for each interviewee, showing how their theories linked together to form causal chains of reasoning. The individual maps were then merged, and the combined map analysed to identify features such as clusters, which might be elements of higher level theories; the starting points of chains, which might indicate fundamental assumptions; self-reinforcing positive feedback loops, which might suggest particularly potent strategies; and concepts having a high link density with other concepts, which might indicate actions with wide impact. The remaining interview texts were compared with the emerging findings from this analysis, noting any differences and updating the findings accordingly.
Findings

Analysis highlighted three key domains that managers perceived to be particularly important to focus on in order to bring about improvement:

- The customers receiving the service being provided.
- The staff providing that service.
- The organizational and external environment in which the service operates.

Irrespective of the domain, improvements were regarded as resulting from an underlying process of understanding that domain. This provides knowledge of whether candidate actions will or will not work, enabling the selection of feasible actions. If there are commonly held values and a clear vision of the desired future service model then actions that are not simply feasible, but also desirable can be selected. Nothing will actually happen, however, unless actions are implemented, so the vigour with which improvement is pursued is also important. An inspiring shared vision can help to motivate staff, with successful improvement creating a positive feedback loop which increases energy levels further.

Managers also identified the importance of challenging existing practices and desired service models through exposure to different ideas about how to do things. It is this that creates options for action which have the potential to fundamentally change the service, giving rise to transformation, rather than incremental improvement.

In the following paragraphs each of these aspects underpinning effective improvement is described, with illustrative quotations from managers.

Understanding customers, to redesign services

Managers emphasised the idea of developing a deep and systematic understanding of service users and beneficiaries, who in many instances co-produce service outcomes as much as staff do. This meant trying to see things through the eyes of the service user, identifying with and empathising with them in order to understand their experience:

The manager…got the staff together and said, ‘What would you do if it was your Mum’…And that was all he needed to do really. And they said, ‘Well we wouldn’t do it this way’…It’s something that was fundamentally very different and much more effective, and he radically transformed the process.

Making an emotional connection with service users and beneficiaries created a sense of motivation through personalizing the relationship with the customer, with the primary task being to benefit the customer*. However, this did not simply equate with doing what the customer wants, rather it was also seen as important to develop a detailed understanding of the way customers think and behave when engaging with services, based on good intelligence:

What we do is look at customer behaviour…We all bought in to ‘the customer is always right’. If you actually buy in to ‘the customer is always wrong’, you are going to be nearer the accuracy levels you need to re-engineer services.

Services should then be redesigned taking into account what customers’ behaviour is likely to be, so that the service–customer interaction produces the best outcomes.

Understanding staff to develop their contribution

Managers recognized the potential of frontline staff through their frequent interactions with customers, to contribute to redesigning services based on a good understanding of customers. Many interviewees said that they actively promoted a culture of dialogue with their staff, adopting a ‘listening’ management style, and some aimed to facilitate improvement rather than to direct it:

Front-line staff they are generally bright…and they know the front line far better than the managers do, and you listen…I can give it the corporate weight but some of my ideas might not work.

But the management style adopted should also be based on an understanding of staff capabilities. If this is the case, then autonomy is earned rather than assumed, with staff progressively given more freedom as they demonstrate that they can make good use of that freedom to deliver results. Many interviewees wanted to develop the talents of their staff so that they could be given greater autonomy, and encouraged them to put forward ideas and make changes, as long as they had been thought through carefully:

Get rid of the blame culture and let’s take some

*Although service users and beneficiaries may not always be the same people, for simplicity of presentation in most of the article we take them to be the same, referring simply to ‘customers’.
calculated risks as long as you don’t cause massive financial damage or hurt service users or staff.

Some managers emphasised the need to create a culture of learning and, in particular, learning from failures so that problems do not repeat themselves. Furthermore, many managers espoused the need to providing positive feedback, celebrating success, and acknowledging the effort that people have contributed:

I think we should celebrate it as well, telling people what you have done because... if nobody tells you that it actually made a difference, the next time somebody comes around you say ‘It’s just another one and just more work and we don’t see why’.

Understanding the organizational environment to acquire resources
The external environment is potentially a source of resources, and while improvement is about much more than funding, lack of funding can be a constraint:

A lot of these services have never been properly financed from the beginning so they are never going to produce, ever, however much you improve them. There is just physically not enough money gone in and demand is so high.

Acquiring financial and other resources is in part dependent on reputation, encompassing not only good ideas and a track record of achievement, but also getting noticed. Strategies include meeting government targets, whether or not they are regarded as appropriate in terms of local service quality; alliances with other local authorities or perhaps other organizations; and entering high profile competitions for awards. If positive relationships can be developed with policy-makers, then there is also the possibility of having more influence over policy and of getting advance notice of new policies:

We do value and work very hard at our relationships with our partners both locally, subregionally, regionally and nationally... [It] gives us the fast track into some of the government’s thinking, into some of these initiatives that you see coming up and also helps us to shape the development of policy and strategy in central government and in and out of local government.

The sharing, or co-ordination, of resources through shared services or partnership working is often needed if services are to be customer-centred, and some managers also saw such collaborative ventures in a more entrepreneurial way. If their authority’s own in-house service is both high quality and efficient, then it might potentially be able to make a good case to provide that service under contract to other organizations. In addition to generating income, such expansion might, through realizing economies of scale, also make the in-house service less vulnerable to competition from external organizations and enable the local authority to maintain control of the service:

One of our other ambitions... is to actually provide those services to other organizations. Again, it is not limited to public sector or local authorities... the voluntary sector, it is about other public sector organizations like the PCT and it is about how we can work more closely with them from a business sense because it helps our financial position.

Creating a vision to guide and motivate action
There was a need to develop a clear, inspiring, vision that everyone can buy into. The gap between the vision and the reality provides direction and is a source of ‘creative tension’ (Senge, 1990) which may motivate staff:

You have got to have the vision of where you are going and what you are trying to achieve... it is the metaphor of the camp fire—the light, the warmth and it brings everyone together, it is driving people towards one destination.

It was important for the whole organization to be committed to improvement, with a culture where ‘improvement is our day job’. Senior managers recognized the importance of their role in creating a vision and in consistently reinforcing the message that improvement should be owned by everyone within their authorities; that it was a continual process rather than a project or a palliative response to poor performance:

Every single person who works for us, who has anything to do with us... needs to have that hearts and minds approach to improvement, so we are continually improving.

The organizations in our study either exhibited, or aspired to, a positive ‘can do’ energy, whereby improvement was seen as a challenge to be taken up, and indeed where
there was a confidence and expectation that improvement would happen.

Challenging existing understandings to create possibilities for transformational improvement

The importance of challenge extended beyond simply engaging seriously with the possibility of improvement; it was fundamental to improvement. Interviewees saw the value of questioning what they were doing and creating opportunities to review, analyse and learn with the aim of continually improving the operation of their services. This questioning concerned not only the way activities are carried out, but also the underlying assumptions (or strategy) which led to those activities. As one senior manager put it:

*Lets ‘QUARREL’—let’s Question everything, Understand, Analyse, Re-engineer, Remodel, Evaluate and Learn.*

Many managers cited the importance of looking outside of their own organization and identifying opportunities to learn from others. The Association of Greater Manchester Authorities was frequently cited as a learning resource, as were other professional associations. Services performing similar functions in local authorities outside the north west were sometimes identified and contacted with a view to identifying potential improvements:

*We are also open to the external environment so it is about understanding how our services compare to others, what examples of good practice we feel we can pick up elsewhere…It is about making sure that we get out of the place and see what is happening. It is about being open to peer review and external challenge.*

Contact with local authorities in other regions appeared however to be less frequent, due in part to the greater expense of making a visit, which was the generally preferred means of learning. In some of the authorities there was a conscious effort to learn from organizations other than local authorities, and from businesses in particular. Examples cited by managers including the Body Shop and Disney. In some instances the managers we interviewed had been recruited expressly for their private sector expertise in customer service:

*I have consciously engaged people from the private sector. So we have that mix and that challenge, I suppose, of ‘Why do you do that?’ and ‘How about doing it a different way?’*

Managers, however, stressed the need to adapt what they learned to their own contexts. Appropriate adaptation can be facilitated by having a proper understanding both of these contexts (customers, staff and environment as suggested above), and of the mechanisms underlying the new approach being considered:

*You can’t just pick up somebody else’s tool and drop [it] in because it might not fit. So we have got to look at actually what would work [here] before putting something in that might look great on paper, and it might work really well for another organization, but if we know it wouldn’t work for us there is no point in using it.*

There is the danger that simply copying what was done and how it was done will be insufficient. Since organizational and local conditions are different, ‘best practice’ is unlikely to work in the same way in another authority and the results may be disappointing. A more reliable approach is to understand the underlying causes of why something works well. These underlying principles may then be used as insights to guide the adaptation of practice to a new context, perhaps through small scale experiments in the first place, rather than immediate full-scale implementation.

Discussion

The findings of this study have highlighted the importance of understanding and action, characterized by a motivated energy which is channelled productively. Three domains were identified which needed to be understood and acted upon: customers, staff, and the organizational environment. Challenge was regarded as fundamental to making improvement transformational, and this can be interpreted as understanding and acting on a fourth domain: that of current understandings and practices with regard to the service and the improvement process.

The notion of ‘intelligent application’ may help to encapsulate this idea of energetic, directed understanding and action by juxtaposing the concepts of intelligence and of application. The concept of intelligence itself brings together two meanings: the mental processes of learning, reasoning and understanding; and the activities of gathering and distributing information.

It thus captures much of the improvement process of obtaining data, then analysing it to
understand the underlying mechanisms that produce service outcomes and gain new insights to support new ways of working. The concept of application also brings together two meanings: the act of putting something to use; and also that of paying close attention and making a persistent effort. It thus can be seen to describe not only implementation of insights but also a discipline and direction which helps to develop intelligence and improvement through activities such as making improvement a focus of attention, channelling efforts into productive activities, and managing change. Application should not be regarded as a junior partner to intelligence. The two activities can support each other—intelligence-gathering is a task that will benefit from application (learning by doing), and implementation will benefit from the effective application of valid evidence (knowing before doing). Table 1 considers the possible impact on improvement of different levels of intelligence and application.

However, intelligent application is insufficient on its own; it is also crucial to have a guiding vision and values in order to channel effort productively. This can produce additional benefits. The need for bureaucratic control diminishes since people rely less on rules and written procedures and more on shared understandings. Such a cohesive culture can facilitate co-ordination with minimal levels of bureaucratic control. People ‘know’ what the organization needs them to do, rather than needing to be told what to do through strategic plans and policy documents. Particularly in periods of change and turbulence, organizations which possess a clear set of values and a vision are able to maintain a sense of purpose and direction (Ouchi, 1980).

The data from this study suggests the potential usefulness of organizations aligning themselves around an ethic of public service improvement, building on and extending the traditional idea of a public service ethic (Pratchett and Wingfield, 1994), which was espoused by a number of our interviewees, such as the head of performance and improvement who said:

*It sounds really, really cheesy, but I think there is a real ambition to make things better for the people.*

An interviewee from one of the most successful authorities singled out an ongoing commitment to improvement among staff as what really made the difference to its performance, rather than the use of management tools and techniques:

*[External inspectors say that the staff] all seem to have this thing about—‘well we are here to make it better’...We are talking about thousands of people here. They are not all off doing flow charts everywhere...but what they are saying is*

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<th>Table 1. Hypothesized interplay between different combinations of intelligence and application.</th>
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<td><strong>Application</strong></td>
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<td><strong>Low</strong></td>
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<td>• No improvement.</td>
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<td>• Insularity—lack of openness to new ideas.</td>
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<td>• Staff need to be told what to do and how to do it.</td>
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<td>• The leadership thinks it knows best: change and improvement is largely top down.</td>
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<td>• Things done as they’ve always been done.</td>
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<td>• Think no further than what is required (targets).</td>
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that actually at some fundamental level ‘we realize that somehow we have got to make this better and we probably expect our managers to tell us that’. That is what I think is different here.

A critical mass of staff practising intelligent application and motivated by a desire to improve public services would appear to be needed if there is to be sustained organizational learning. This should encompass front-line staff, because of their closer and more frequent interactions with customers.

Other research has identified empowerment and decentralization of decision-making as one of the factors relevant to improvement (Middel et al., 2006), and the leadership of the local authorities studied recognized the importance of enabling staff to formulate ideas and work towards improvement. Yet despite managers espousing the devolution of power to staff, the emphasis on strategic planning and project management in their accounts suggests that top-down control is still relatively strong. There appeared to be an absence both of bottom-up initiatives and of a shared belief in the benefits of small step improvements. The apparent lack of success for TQM in the public sector may be instructive. The key principles of TQM are similar to those identified in this research: customer focus, continuous improvement, and employee involvement, with customer focus being the most central. But the hierarchical and political nature of the public sector may militate against such emergent approaches to improvement (Maram, 2008).

It may be that those organizations which are able to recognize and manage the tensions between bottom-up and top-down approaches to improvement are likely to demonstrate significant improvements. At best, both approaches may not only co-exist, but constitute an insightful dialogue between front-line staff and sources of expertise that produces the in-depth understanding that our analysis suggests underpins improvement.

The generalizability of the findings from this study may be limited by the data being drawn from particular types of high-performing councils from a single region of England. These authorities did, however, include organizations part way through a journey towards being rated ‘excellent’, as well as others that had maintained a top rating. And the managers interviewed represented a variety of services, not all of which were regarded as performing well.

Furthermore, the findings do resonate with popular theories from the literature, and this gives added confidence in the results. In line with Argyris and Schön (1996), this research highlights the distinction between learning purely in order to improve already established approaches incrementally (‘more of the same—but hopefully better’), as opposed to learning in order to question and reflect on the assumptions underlying established approaches with the aim being to create opportunities to transform both assumptions and therefore approaches (‘double-loop learning’). The managers in our study were driven not only to question how well things were operating, but were also reflecting on why, and whether, given new knowledge, completely new ways of operating might be appropriate.

In addition to double-loop learning, intelligent application is also related to ideas that have been suggested by other researchers. It extends the use of the term by Collier (2006) to describe making knowledge actionable, by incorporating the need to gather and understand local data, and make sense of this by applying relevant models or theories of the way the world works (drawn from personal experience and valid evidence). This should be an ongoing, reflective learning process that seeks to challenge the assumptions embedded in those models or theories.

A number of the core principles of evidence-based management (Tranfield et al., 2003; Pfeffer and Sutton, 2006) were also espoused by managers in this study. For example, Pfeffer and Sutton emphasise the importance of removing the blame culture and examining ‘what happens when people fail?’ For them good leadership is about creating the conditions in which people feel safe to openly talk about what went wrong. Mistakes are inevitable: it is what is learnt from them that is crucial, so as not to make the same mistakes again is crucial. In this context, they also cite the need for the organization to remember. Aligned with this notion is the requirement for the leadership of local authorities to encourage a culture of learning and dialogue with staff, where staff can share experience, insights and learning. Pfeffer and Sutton also emphasise the importance of stepping outside the organization to see it as others do. Managers in this study actively sought challenge, external review and learning from outside of the local government arena rather than assuming just because their authorities were performing well, that they therefore ‘knew best’.
Conclusion
This article presents findings from an investigation of local authority managers' theories of effective improvement. These theories combine to constitute an 'intelligent application' model of improvement whereby improvement results from energetic, directed understanding and action with regard to: customers, staff, the organizational environment, the service model and the improvement process. This may provide researchers and practitioners interested in local authority service improvement with additional concepts which usefully complement those from organizational learning and evidence-based management. Further research could investigate the application of such principles in practice, examining improvement efforts in local authorities and the communities they serve. The model therefore awaits intelligent application!

References