



Gloucester City Council transformed their Financial Services to achieve 'more work' with 'improved quality & accuracy' and with 'less total resources'

"Working with LT has been an important part of our ongoing desire to improve efficiency at the Council and having delivered both cashable savings and process improvements it has importantly freed up valuable resources and capacity to focus on further improvement work."

Pete Gillett, Director of Resources, Gloucester City Council.

SUMMARY

Focus

Gloucester City Council Financial Services.

Challenge

Develop a fully utilised, simple & robust, easy to audit procurement process with less manual handling and smoother budget management process.

Process

EQLean™.

EQ stands for 'Emotional Quotient' but is better known as Emotional Intelligence

Outcomes

- 390% improvement in quality of procurement information through system use.
- 32% less time to process a procurement payment.
- 40% reduction in procurement administrative staff costs.

The Background

Gloucester City Council (GCC) stated in the 2011-2014 Council Plan "we will be spending more time *driving the improvement of services* that really matter to Gloucester".

GCC realised that they needed to become a leaner and more focused organisation in order to adapt to the challenges of the 21st century.

The financial procurement process was seen as an ideal place to start. There was already a strong desire to use less red tape, shorten lead-times, make a better decision making process, utilise less paper work/space/resources whilst developing the staff in applying Continuous Improvement practically and build momentum for further change.

Work began in December 2010

Activity Start Up

A team of 10 people was formed: 40% from Financial Services and 60% from non-financial managers that used the current procurement system in their daily job.



The scene was established using our culture survey and a thorough introduction to the EQLean™ System was given.

... the impact was amazing in such a short period of time.

All EQLean™ training was hands on – initially a Council based simulation task provided a firm foundation of the key Lean principles involved and was subsequently built upon to deepen knowledge and understanding.



This team activity also developed a level of enthusiasm and motivation for change within the group and was the start of understanding and management of their own and one another's behaviours for the most positive impact.

When asked which aspect of the EQLean™ System training had the biggest impact, the Administration Manager said

"I really enjoyed seeing the business advantages directly in the simulation that we did – the impact was amazing in such a short period of time. Everyone in the Council should go through this training."

Grasping the Situation

The group quickly got to grips with the current situation. *How the procurement system works* and its effectiveness (through the eyes of the user) was understood, using a variety of mapping techniques, but most importantly by viewing the process first hand.

The facts of the system were made transparent and were a shock to the organisation.

- Procurement system not being used for 80% of purchases; causing major control and commitment concerns.

Case Study

Gloucester City Council

- Huge number of invoices being paid per year (>18,000).
- 25% of payments being made by manual cheque process.
- No visual monthly reporting of Directorate budget or major contract status.
- High workload to close year end accounts with unpredictable year end result.

Making Changes

Identifying the problem areas, waste within the process, and system disconnects helped the team to redesign and simplify the process using a Lean approach.

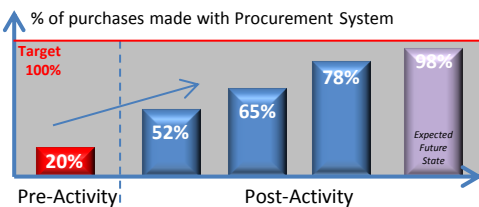
... changes were developed with staff and not *done to them*.



Fundamental changes were made to the current way of working: budget holders being given increased responsibility, real time management of status using facts and data, technical changes to processing methods and systems; increasing the level of BACS payments, consolidation and reduction of small value high frequency invoicing like mobile phones for example.

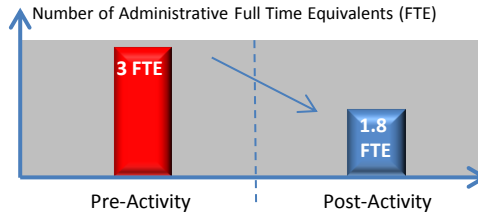
The Results

Robustness of Procurement System



- Number of purchases made through the Procurement System increased by a factor of 3.9, vastly increasing information quality and is still continuing to improve at a fast rate.

Administration Costs



- 40% reduction in administration staff costs.

Process Simplification – Average Time Per Purchase

	BEFORE (min)	AFTER (min)	REDUCTION
Service User	40.5	37.2	8%
Non Service User	30.6	11.1	64%
Overall	71.1	48.3	32%

- A smooth joined-up process, focusing on the customer and eliminating wasteful activities gave these productivity gains.
- Number of invoices being processed dramatically reduced, example: volume of mobile phone invoices reduced by 96%.
- Number of *manual cheques issued* reduced by 75%, visual reporting introduced and smoother year end as a result of greater process robustness.

Directorate #1	1	2	3
Budget Holder 1	●	●	●
Budget Holder 2	●	●	●
Budget Holder 3	●	●	●
Budget Holder 4	●	●	●
Budget Holder 5	●	●	●
Budget Holder 6	●	●	●
Visualisation	●	●	●
% Completion	100%	80%	90%

- Visual monthly reporting with escalation controls built-in driving improved accountability.

Next Steps

On the topic of the future, Pete Gillett, Resources Director of GCC said

"I have enjoyed working with LT as I genuinely believe they have an empathy with the business, the organisation and our people. Their preparation and ability to engage with the team at all levels has created a legacy where staff are enthusiastic and continue to focus on challenging waste & inefficiency. Our staff are now driving change with their new skill and knowledge"

It's already been applied successfully to other areas of the Council such as Payroll, Guildhall, TIC, Petty cash process etc. EQLean™ principles are being used and adopted in the *day jobs* as part of the GCC working culture with more activities in the pipeline.

If you are interested in this case study, other examples of our work or EQLean™ please do contact us.

Clive Whereat

(Finance Project Advisor)

"Throughout the process and follow up work LT engaged positively with all staff, from the most senior to the most junior, and achieved enthusiasm and buy in."

Not least because the changes were developed with the staff and not done to them."

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