



Are you match-fit for commercialisation? What does the future hold post COVID 19?

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Extraordinary times

- The supply side
 - Lockdown has suppressed supply side in many sectors
 - Restarting may be impossible/unviable for many businesses
 - (Maybe decisive) shift away from office based working
- The demand side
 - Some sectors experiencing suppressed demand – buildings based commerce
 - Others doing well – e-commerce
 - Pent up demand or lost demand?
- The likely consequences
 - Lack of supply but recovering demand
 - Inflation but also unemployment – we called it stagflation in the 70s
 - Significant market gaps in some key sectors
 - A shift into defensive sectors



Sectoral crisis

- Hospitality
 - Supply side restraints
 - Debt financed
- Leisure
 - Business cases depend on assumptions about throughput
- Culture
 - Already very tight margins
- Commercial property

Council financial picture



- Renewed revenue pressure
 - Lost income
 - Covid 19 related costs
- Short run
 - Continued loss of income
 - But rapid increase in demand for support services
- Medium run
 - Pressure to fill market gaps
 - Deepening recession
 - Inflation?
 - Capital and liquidity?
- Long run???



Business is still business

- Importance of a robust business case
 - Risk management
 - Accountability
- A balanced approach
 - Strategic
 - Commercial
 - Financial
 - Operational
 - Legal



Strategic issues

- Services under renewed financial threat
- Shift in assumptions about risk
 - ‘Safe’ property investments?
- Economic development and employment issues
- Market gaps

Commercial issues



- Customer need
- Supply side
- Links to efficiency and cost control



Commercial imperative

- Don't get caught out on commercial property investments
 - Some opportunities – distribution centres, cloud kitchens
 - But some taking a nose dive - retail
 - Capital preservation v market differentiation
- Relieving revenue pressures
- Filling gaps in commercial markets
- Supporting local businesses – equity models of investment
- Rethinking existing business models



Commercial imperatives

- Get into the head of the customer
 - Tailor the offer to their needs not your own
- Avoid the King Cnute approach
 - Adapt to make the most of new environment
 - Stop waiting for it to go back to 'normal'
- Flexibility in uncertainty
 - If one thing doesn't work do something else
 - Spread the risk
- Agility to move quickly
 - Customer need can change overnight



Financial case

- Success is when more money comes in than goes out!
- Cost control, efficiency and profit
- Need to spend money to make money
 - Risk appetite
 - Business case clarity



Operational issues

- Empowerment and subsidiarity
- Agility and the ability to make a deal
- Avoiding recklessness
- Horizontal integration

- Skills and skills shortages
 - Operational
 - Commercial



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Managing Service Level Agreements in a post Covid-19 world

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Managing Service Level Agreements in a post Covid-19 world



What is a Service Level Agreement?

- *'An agreement between the provider of a service and its users which quantifies the minimum quality of service which meets business needs.'*
[2000]
'Andrew Hiles 'Service Level Agreements: Winning a Competitive Edge for Support & Supply Services'
- An agreement negotiated between two parties where one is the customer and the other the service provider. The SLA records a common understanding about services, priorities, responsibilities, guarantees and warranties. SLAs can be binding contracts but are often used by public sector bodies to set out their relationship in a given project without the intention to create legal relations.

What is a Service Level Agreement?



Contract	SLA
Formed between two or more separate legal entities (e.g. a school and contractor)	Formed between two parts of one legal entity
Normally prepared by the client	Should be created by both parties
Terms set by the client	Terms negotiated
Control by one party	Shared objectives and responsibilities
Inflexible	Flexibility can be incorporated
Highly detailed	More user friendly



What else are they?

- Communication Tool
- Expectations – Managing Mechanisms
- Conflict – Reduction Tool
- A Living Document
- Objective Process for Gauging Service Effectiveness

Planning for a post Covid-19 world



- Business Rationale
- Identify all the relevant stakeholders
- Activities and Processes
- Capabilities Question
- Impact Question
- Risks Question



So what might be different?

- Everything? Somethings? Nothing??
 - Demand
 - Service levels
 - Resource requirements
 - Ability to pay

How might that impact on your Service Level Agreements?



- Service trading and reporting
- Service standards
- Staffing arrangements
- Payment arrangements
- Review processes
- Change processes



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