



Demand management or extra resources: Intelligent Approaches

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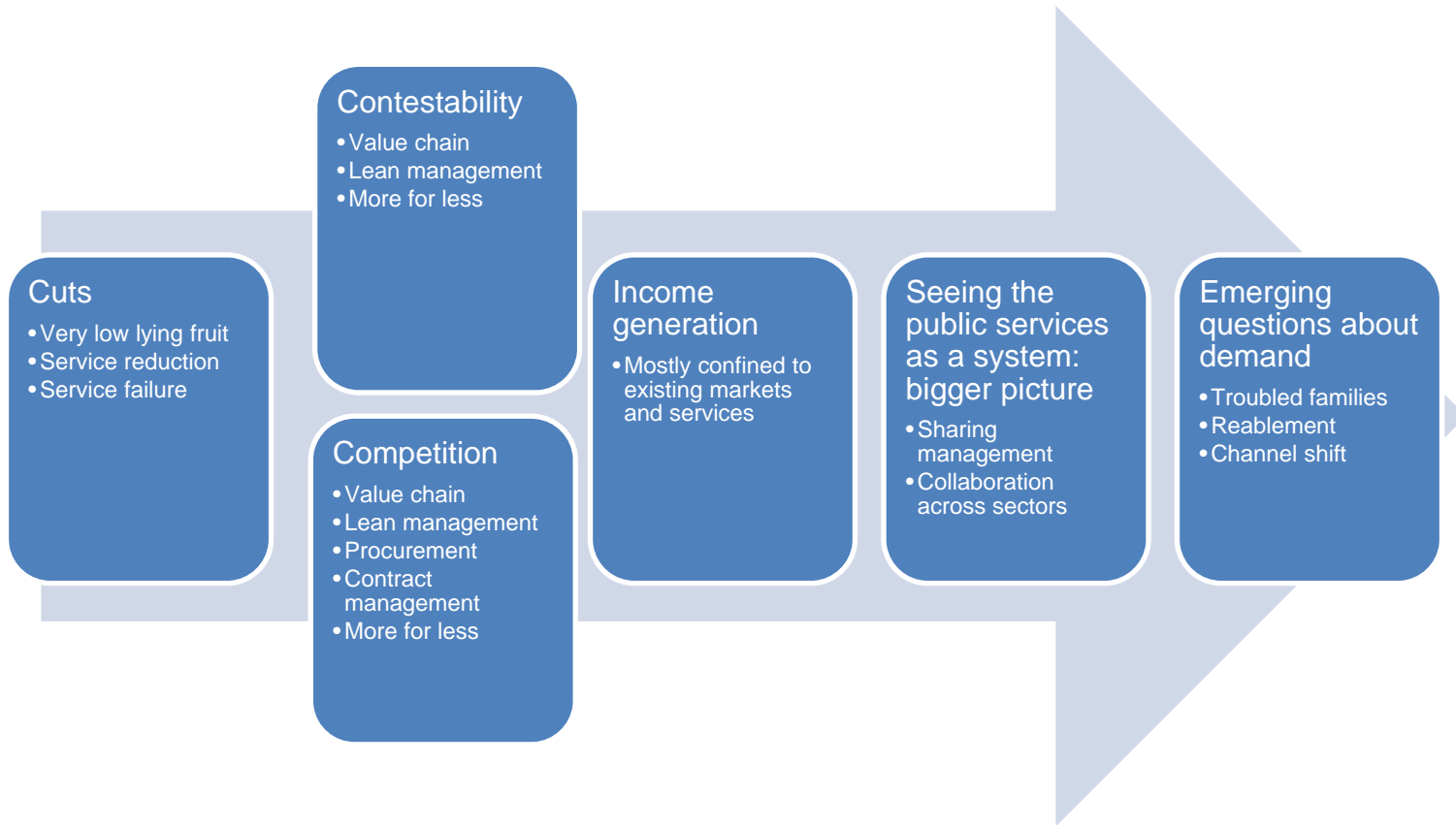
The problem

- The age of austerity
- Coupled with rising demand

- Graph of doom

- Or

The response so far



Back to basics: why we what we do



- Social policy
 - Some things are important to everybody
 - Public health
 - Social well being
 - Economic well-being
- Cost/benefit of public services
 - Public provision can be more efficient than the market

So is failure an option?



What happens when the salami runs out?



So we need to be more efficient in the way we use resources?



- Right first time approaches
 - Work planning
 - Process engineering
- Permanent rather than temporary repairs
 - Better to cure than to patch
- Avoiding reactivity in favour of preventative maintenance
 - Better to prevent than to cure

What if supply side measures are not enough?



- Demand
 - Infinite?
 - Uncontrollable?
 - Unchangeable?
 - Unmeetable?
- Supply
 - Rationed by funding
 - Sole focus of managers
- Understanding demand
 - Where does it come from – demand chains?
 - What adds value?
 - Whose value?
- Nudge theory, behaviour change, channel shift
- What factors influence choices?

“If a man sees a fly, he aims at it”

“Schhpillage was down by 80%...”



Application to highways: Drachten Intersection



And to litter



- Original experiment in Copenhagen reduced littering by 46%

And recycling



Calderdale Home To School Transport

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The Evidence – create moments

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It helped me gain more experience and confidence..

Its more grown up...I will keep fit

I like travelling with my friends on the buses

I never thought he would be able to travel independentlyit will open up so many doors for him

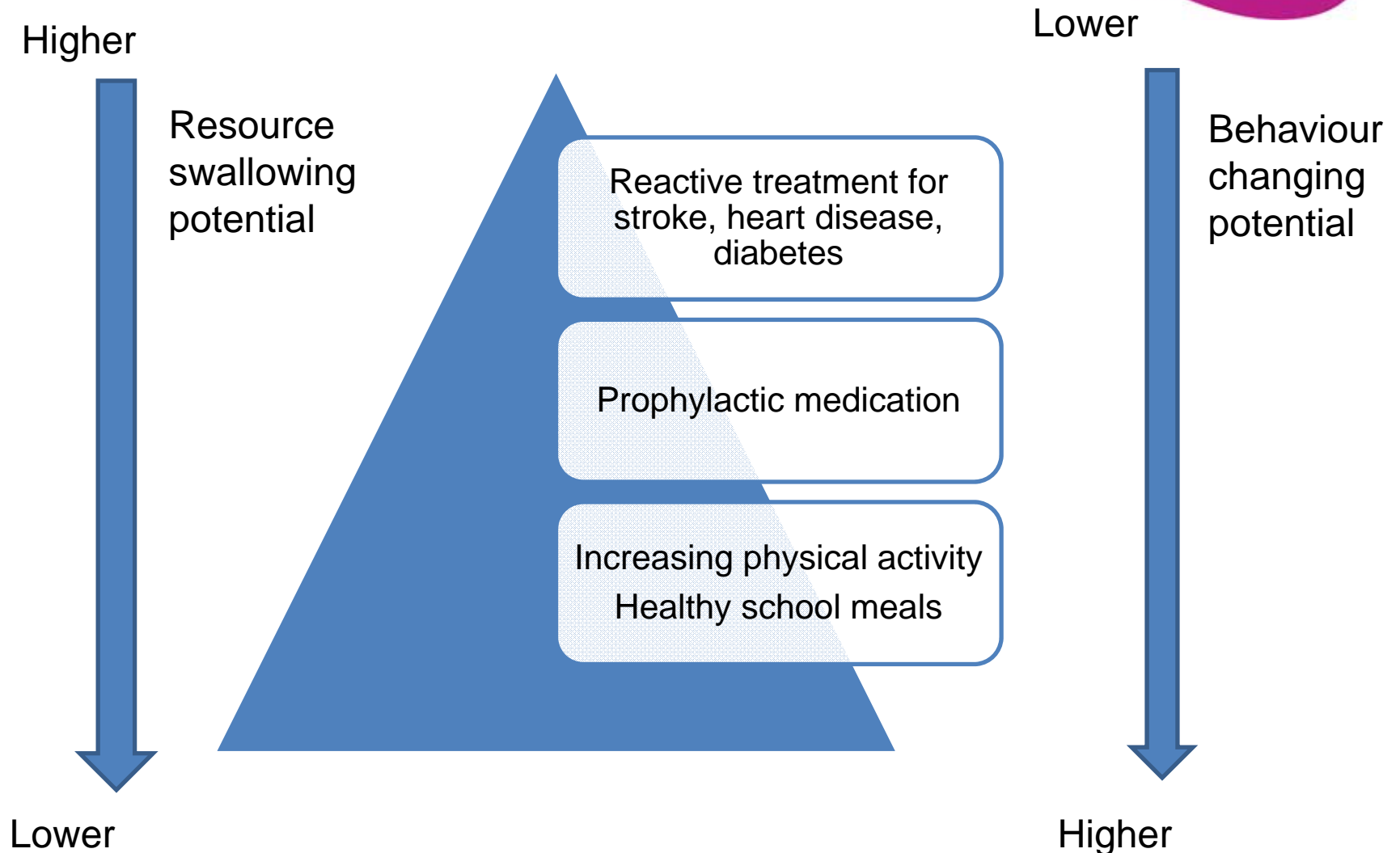
As parents we were worried....but the travel team were professional and reassuring...when we saw him walking home on his first unaccompanied journey his face was beaming....we knew we had made the right decision

Developing a systematic approach

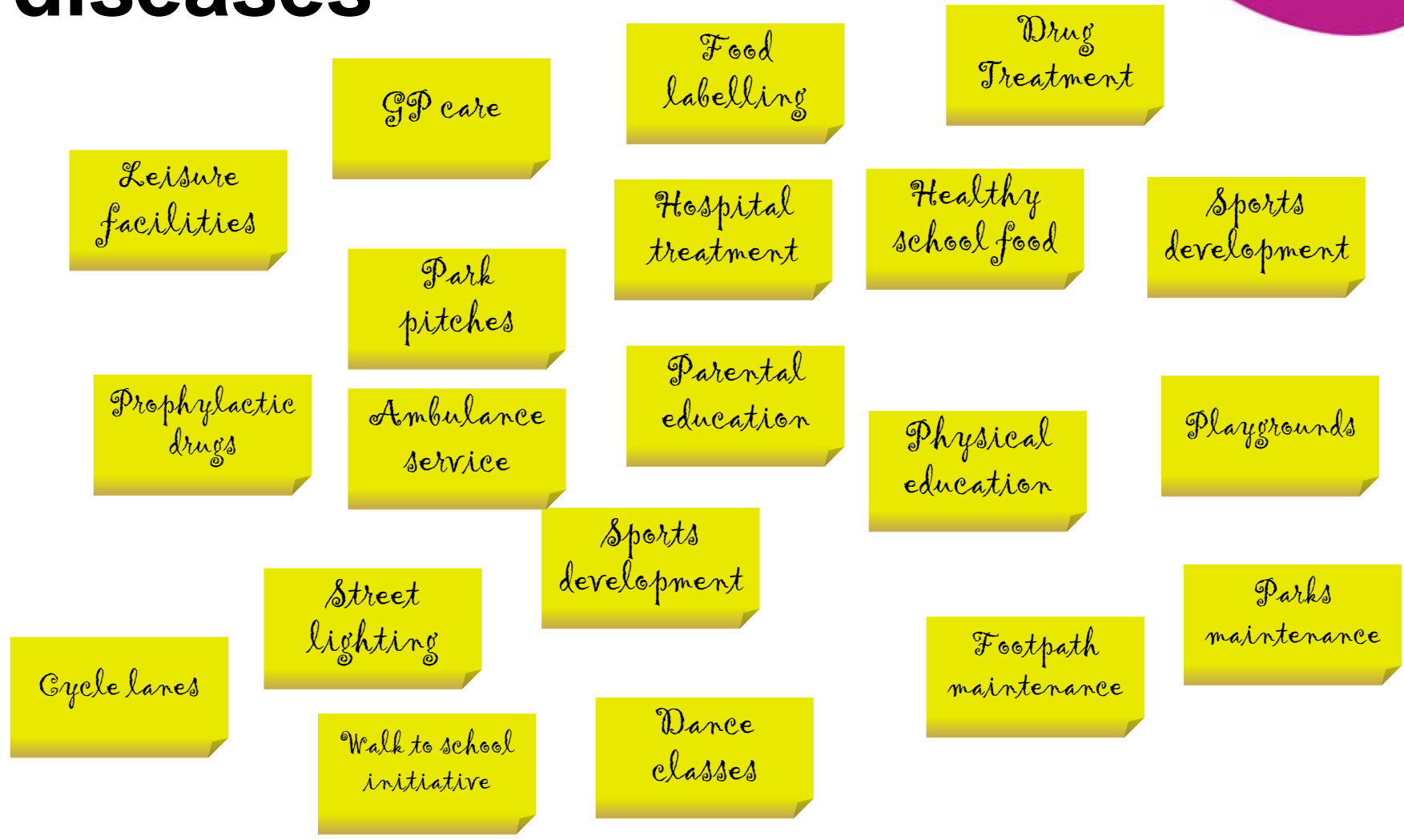


- Understanding demand
- Changing the nature of demand
 - Reducing it?
 - Growing it?
 - Redirecting it?
- Looking to the future

Tackling causes saves money



Activities to tackle lifestyle diseases



GP care

Food labelling

Drug Treatment

Leisure facilities

Hospital treatment

Healthy school food

Sports development

Park pitches

Parental education

Prophylactic drugs

Ambulance service

Physical education

Playgrounds

Sports development

Street lighting

Parks maintenance

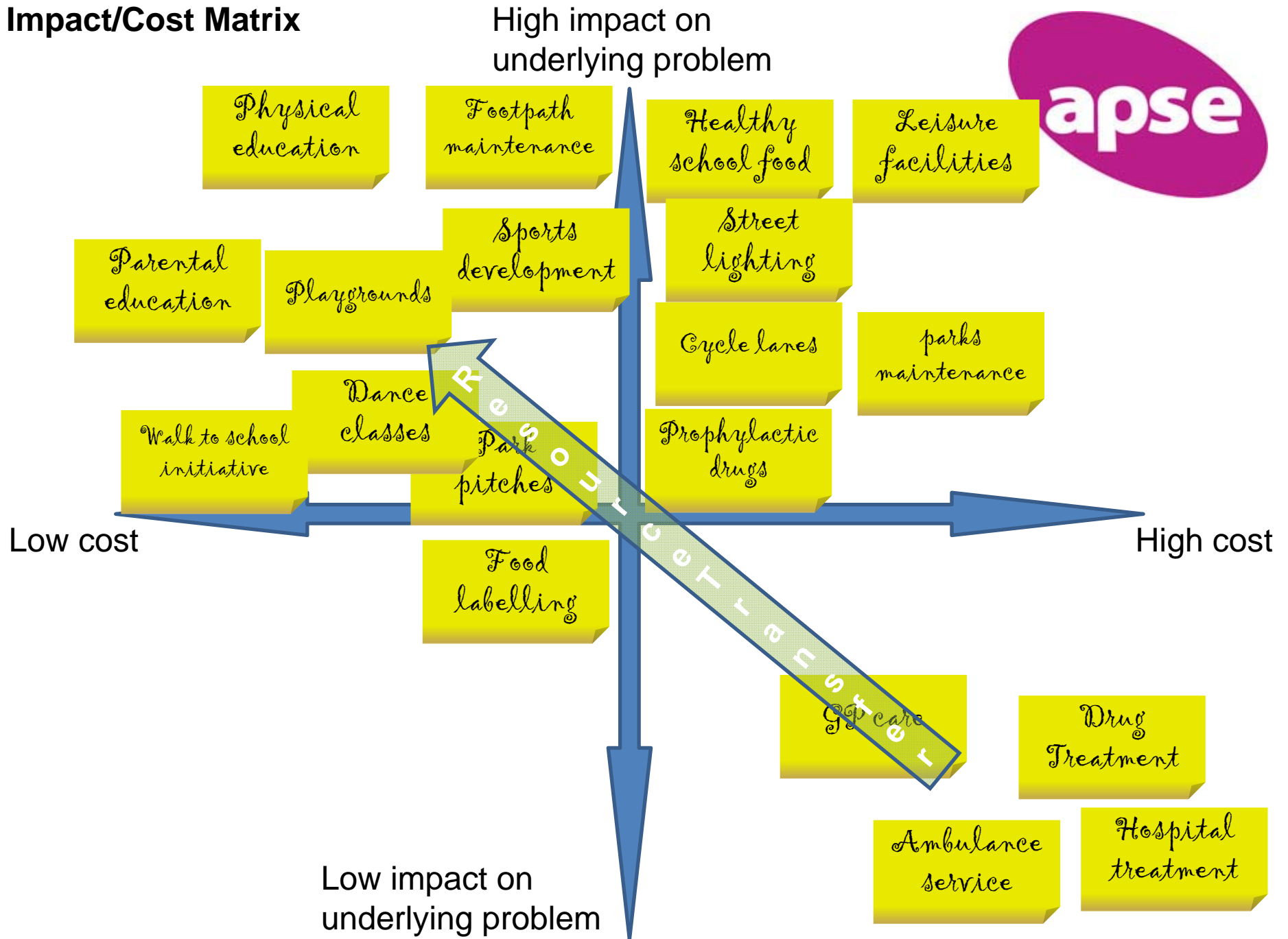
Cycle lanes

Walk to school initiative

Dance classes

Footpath maintenance

Impact/Cost Matrix



Blue Ocean Strategy: Demand Innovation



In a public service context



- Trade off between cost and service quality
- Ever increasing pressure on demand
- Ever increasing burden on staff
- Repeated service failure
- Ultimate organisational failure

- Pursuit of excellence *and* low cost
- Management of demand
- Empowerment of staff
- Innovation in service delivery
- Organisational change

**Key principles: W Chan Kim and
Renee Mauborgne
Blue Ocean Strategy Unit: INSEAD**



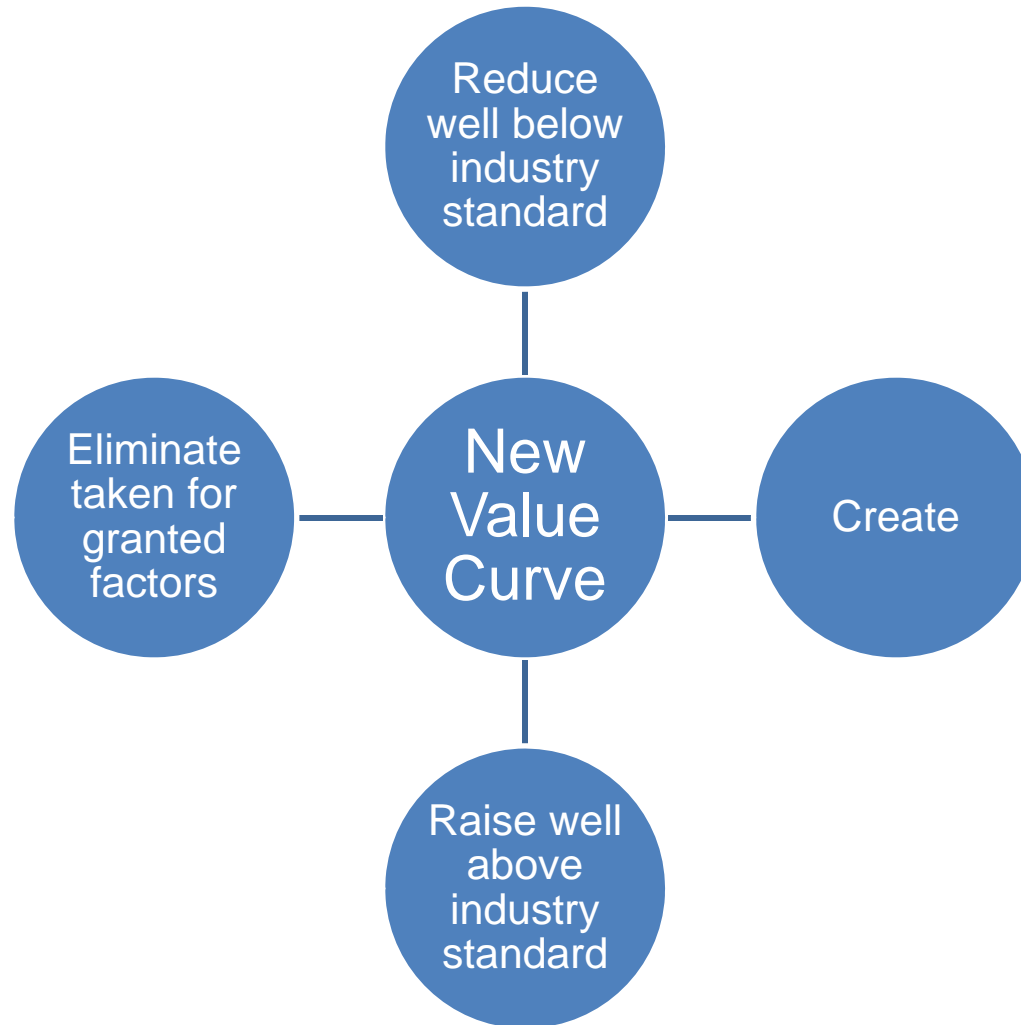
- Value innovation
- Thinking beyond competition strategy
- Creating new demand
- Finding uncontested market space
- Avoiding commoditisation of product

Key relevance to public sector



- Blue ocean is consciously concerned with demand side
 - Creating new demand
 - Managing demand through re-focussing
- Transcends marginal savings available on supply side
 - Competition and contestability theory focus on cost control and efficiency – not enough
 - Entrenches current approach to delivery

4 Action Framework



Strategy canvas



High

Focus

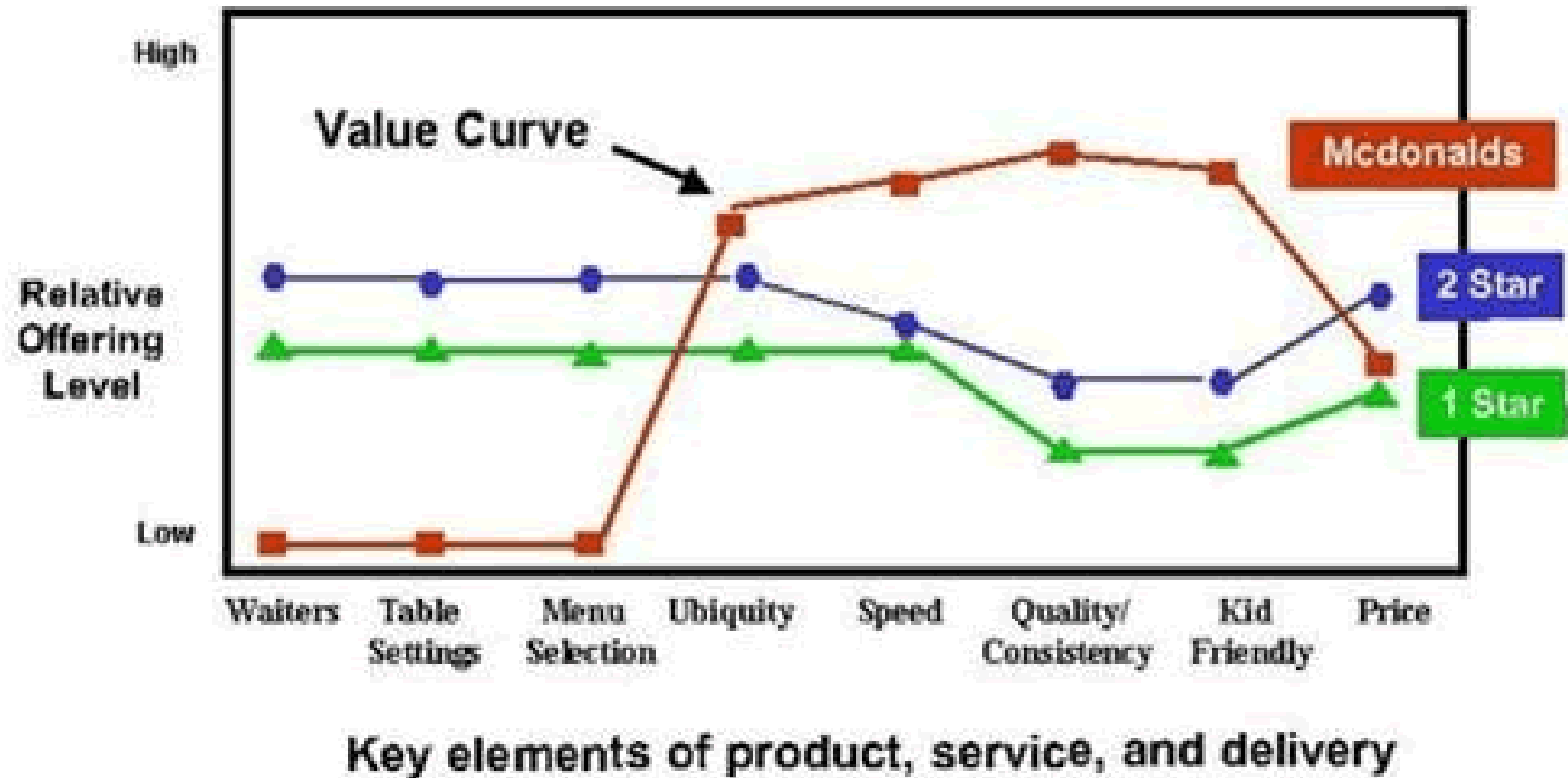


- Analyse an industry
- Analyse chain of buyers
- Analyse and develop new strategy

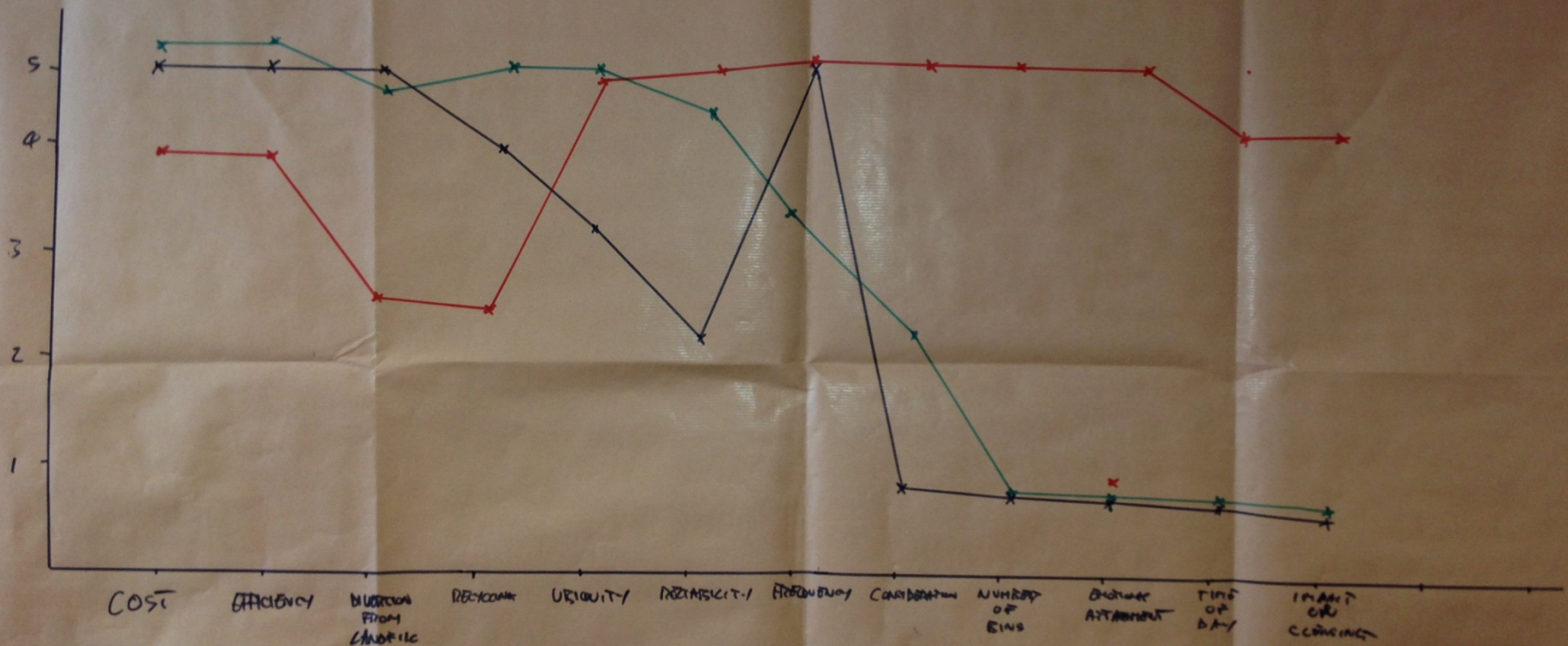


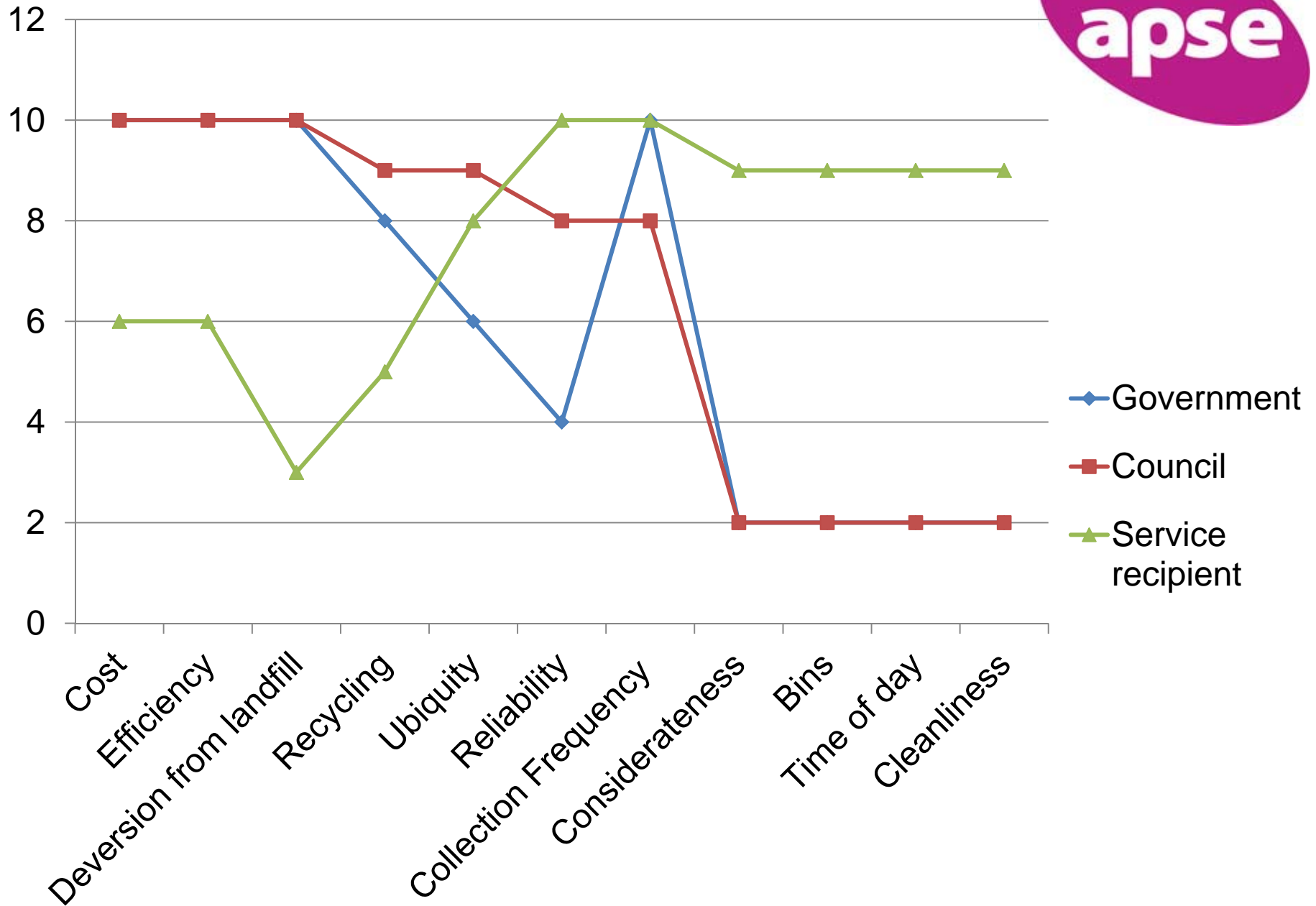
Value factors

Strategy canvas: McDonalds



DEMAND CHAIN = GOVERNMENT → LOCAL POLITICIANS → SERVICE RECIPIENT





To reconstruct market boundaries



- Look across alternative industries
- Look across strategic groups within industries
- Look across the chain of buyers
- Look across complimentary product and service offerings
- Look across functional or emotional appeal to buyers
- Look across time

Reconstruct market boundaries



Look across alternative industries

- Bring sites
- Skip hire

Look across strategic groups within industries

- Domestic collection
- Recycling
- Trade waste

Look across the chain of buyers

- Government
- Council buyers
- Councillors
- End users

Look across complimentary product and service offerings

- Street cleansing

Look across functional or emotional appeal to buyers

- Opportunity to save the planet

Look across time

- Increasing number of bins for recyclables

Qualities of blue ocean strategy



- Focus
- Divergence
- Compelling tag-line

6 Path Framework



| | Head to head competition | Blue Ocean Creation |
|------------------------------------|---|---|
| Industry | Focus on industry rivals | Looks across industry boundaries |
| Strategic group | Focus on competitive position within strategic group | Looks across strategic groups within industry |
| Buyer group | Focusses on better serving the buyer group | Redefines the industry buyer group |
| Scope of product or service offer | Focusses on maximising the value of product within the bounds of its industry | Looks across to complimentary products and service offerings |
| Functional – emotional orientation | Focusses on improving price performance within existing orientation | Rethinks the functional – emotional orientation of its industry |
| Time | Focusses on adapting to external trends as they occur | Participates in shaping external trends over time |

Conclusions: A strategy?



- Supply side efficiency – crucial for any business
- Removing failure demand – tackle causes not symptoms
- Focus on changing behaviour rather than accommodating or reacting to the bad behaviour of a minority
- Actively manage demand
 - Upwards where desirable i.e. income generating or to avoid future cost
 - Downwards where service tackles a symptom
- Identify new demand curves to alter underlying demand



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