

# DESIGNING YOUR SUCCESS MEASURES FOR THE NEW SERVICE



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You've established a vision for a shared service or collaborative effort, you have worked to build trust between the partners, and the business case proposal has been approved.

Now the real fun starts! Before launching into a full-blown collaboration, it's important to consider how you'll measure the success or failure of the effort.

There are three key areas to consider:

- Cost
- Quality
- The intangible benefits of collaboration

Plan up-front how you're going to define and measure success, although it's also worth bearing in mind that there may be benefits you didn't anticipate in the planning – keep an eye open for these and don't be afraid to highlight and celebrate them when they occur.

## Comparing Apples with Apples

At first sight, a comparison of cost before and after should be easy. However, it's important to ensure that you're comparing like-for-like.

Many services within an existing organisation will not incur a charge. Payroll, HR support, ICT equipment and support, finance and legal support are all services that are often funded centrally and provided without an explicit charge being levied.

In a new collaboration, the venture will need to provide these services itself, use an existing partner to provide them, or may go to an external organisation.

Therefore, identifying an exact figure from within an existing organisation can be challenging. For example what if the level of HR support that is used by different partners isn't currently measured.

One solution could be taking the total cost of a service and dividing by the number of employees and may be a reasonable starting point. This usually works better for functions like HR than it does for legal or IT, where demand may vary significantly by department or function.

In addition, make sure all the costs are captured in the comparison. If the new collaboration is being charged for desk space, or heating, make sure at least an estimate of this cost is included in the 'before' analysis. Getting to a perfect picture probably won't be possible. A comprehensive and pretty good understanding of the 'before' picture is essential.

## Save Quickly, Fail Swiftly

Cost is the one item that it's very easy to control. Decisions can be made about the level of staffing and associated budgets.

However, it's very tempting in today's cash-strapped public sector to plan to make significant savings very quickly. As a new venture is being established, do you really want to be short-staffed and struggling to make ends meet? One of the three key reasons why so many private sector collaborations and mergers fail is that the projects are under-resourced at inception.

Any venture will have a much better chance of success if modest savings are planned initially. Further reductions can be made within the next couple of years once the venture is up and running.

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### **Beauty is in the Eye of the Beholder**

My preferred definition of quality is simply 'fitness for purpose'. This definition reminds us that what's delivered only needs to be good enough. We shouldn't measure success as looking like a Rolls Royce when a Ford Focus or a Volkswagen Golf will do the job just fine.

The most important measure of success is the view that the customers hold about the service.

A good way to get a handle on this is by surveying customers. As surveys are often disliked, keep them short.

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Scoring an average of 6.8 out of 10 is meaningless if you don't know what the score was prior to the new venture.

Expect and plan for some deterioration in quality during the transition to the new venture. Be realistic and set customer and stakeholder expectations.

There are many other measures of quality where it's possible to collect and measure firm figures:

- How quickly was the phone answered?
- How many repeat calls occur in relation to ICT problems?

It's important to remember, though, that these measures are proxies for customer satisfaction. Before establishing them, talk to customers and find out what's important.

Don't measure how quickly you answer the 'phone if the real issue is whether an enquiry is answered satisfactorily on the first call.

There are a few exceptions where hard measurements may be required as part of externally set targets, but always keep in sight the most important measurement – the view of the customer.

### **Don't forget the intangibles**

Collaborative working can bring all sorts of other benefits. Simply getting partners round the table can open opportunities for broader benefits, from sharing best practice to enabling full shared-service ventures. Recognise and celebrate these successes.

#### **Top five tips for measuring the success of collaboration**

1. Plan in advance and measure beforehand to ensure a like-for-like comparison
2. Make sure you have comprehensively considered the hidden costs in the 'before' picture
3. Measure the customer's satisfaction – this is the key measure of success
4. Other measures are proxies – make sure they're relevant to the customer
5. Expect and plan for a dip in service quality during the transition to the new venture