Improving operational delivery in government:

Our approach to assessing government's operational management capability

NAO
National Audit Office

Annex

March 2021

This guide builds on our 2015 publication, *Managing business operations – what government needs to get right*, updating the analysis to include assessments through to 2020.

We have applied the insights from our analysis to the challenges senior leaders face in improving operational delivery within their organisation and engaging effectively with the wider system.

We are the UK's independent public spending watchdog

The basis for our capability assessment

We assess the capability of organisations using a structured analytic. This provides a point in time assessment of an organisation's maturity in operational management.

We assess performance against five interrelated areas: strategy, information, people, process and improvement (**Figure 1**).

We built our analytic by:

- reviewing existing models and approaches for assessing an organisation's capability;

- drawing on our own experience and that of world experts, other public and private sector organisations and academia;

- establishing a test for 'world class' operations – not just 'good for government';

- piloting our approach with government organisations – applying learning on the reasonableness of our 'world class' test, how we apply the approach and our own capability for carrying out the assessment; and

- using lessons from applying our analytic to continually improve how we use it with government – this ensures rigour in how we apply the test and how we interpret the findings.

We have applied our analytic with:

- 40 government organisations incorporating 115 assessments of operational processes; and

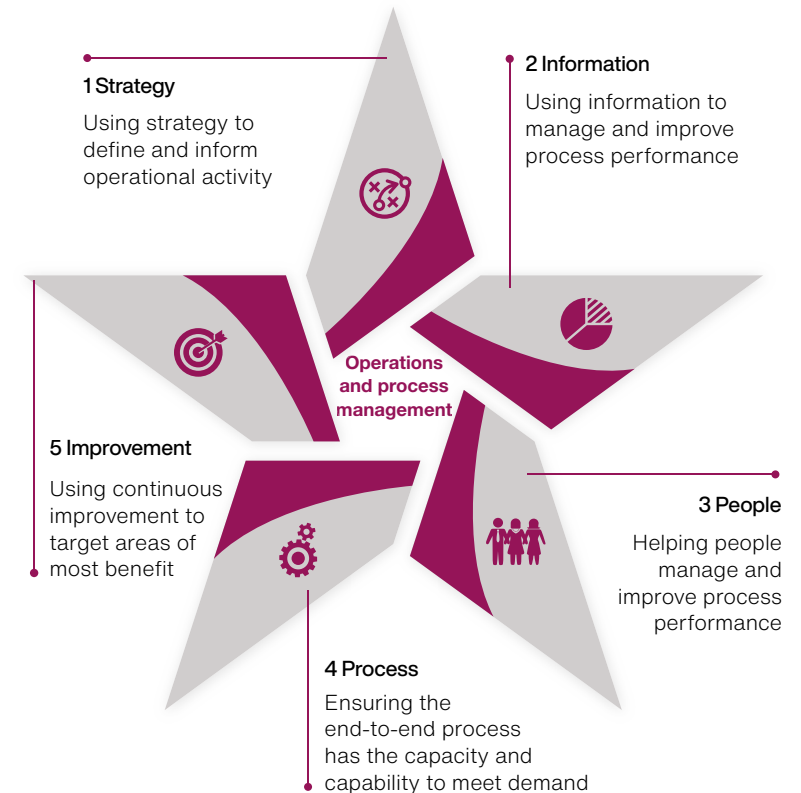- many different types of organisations and operations (from policy-making to service delivery).

Our emphasis when assessing capability is on what we observe happening, rather than what we read or are told. We are not looking for predetermined artefacts. Our role is to understand how organisations are trying to solve their business problems and to ask, 'So what?' How is operational management capability helping to achieve business impact?

We make evidence-based judgements on 40 questions across the five areas of our assessment. Each question includes a set of guiding characteristics. A full assessment comprises 288 characteristics.

Figure 1
The five areas of our analytic

We use a structured analytic that provides a point in time assessment of operational management capability in five interrelated areas

1 Strategy
Using strategy to define and inform operational activity

2 Information
Using information to manage and improve process performance

3 People
Helping people manage and improve process performance

4 Process
Ensuring the end-to-end process has the capacity and capability to meet demand

5 Improvement
Using continuous improvement to target areas of most benefit

Operations and process management

Notes

1   We have applied our analytic with 40 government organisations incorporating 115 assessments of operational processes.

2   See source below for more detail on what we test and why maturity is important.

Source: Comptroller and Auditor General, *Managing business operations – what government needs to get right*, National Audit Office, September 2015

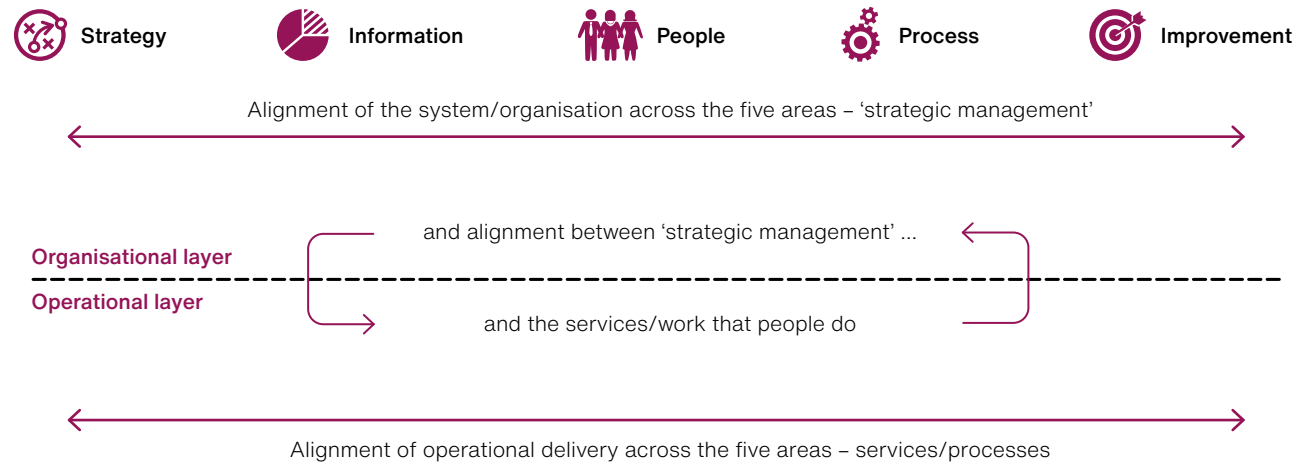# Auditing the 'management system'

Our audit approach assesses alignment between strategic management, and service design and delivery. Organisations that develop policy may not be the ones providing services.

We assess the capability of an organisation by applying our test across the full management system. By that, we mean looking for characteristics of good operational management within both 'organisational' (typically the corporate centre or 'head office' of the organisation concerned) and 'operational' (where services or processes are provided) layers of the system. We can then assess if there is an effective, integrated management system in place (**Figure 2**).

Using this approach provides scalability. The two layers of our test can comprise one or more organisations that are part of the whole system. We can also apply our analytic to each layer alone. Good operational management requires all parts of this management system to work together.

Figure 2
The management system

We assess whether an effective, integrated management system is in place, and we check alignment both across the five areas of our analytic and between strategic management and operational services.

Strategy   Information   People   Process   Improvement

Alignment of the system/organisation across the five areas – 'strategic management'

Organisational layer

and alignment between 'strategic management' ...

Operational layer

and the services/work that people do

Alignment of operational delivery across the five areas – services/processes

Note
1   We have applied our analytic with 40 government organisations incorporating 115 assessments of operational processes.

Source: Comptroller and Auditor General, *Managing business operations – what government needs to get right*, National Audit Office, September 2015

Government can significantly improve its operational management capability

The overall picture of government's aggregate maturity against the 40 questions of our audit analytic is similar to when we published our evidence in 2015 (**Figure 3**). (**Figure 4,** on pages 5 and 6, details the 40 questions in our audit analytic).

Overall maturity varies across the five areas of our audit analytic, but there is no significant variation in maturity between types of process or organisation.

We found relatively more instances of maturity in the strategy area and fewer instances of maturity in the improvement area. Government performs better against our organisational level questions. The patterns of performance and problems are also similar to what we have seen in our work with public sector organisations overseas and private sector suppliers to government.

Figure 3 rating

Full maturity

Good evidence against all criteria. Full maturity equals world-class operations and process management as detailed in each of the five areas

Partial maturity and improving

Good evidence against a range of maturity criteria, and assurance that the organisation's past and current activity is likely to move the organisation towards full maturity

Partial maturity

Good evidence against a range of maturity criteria
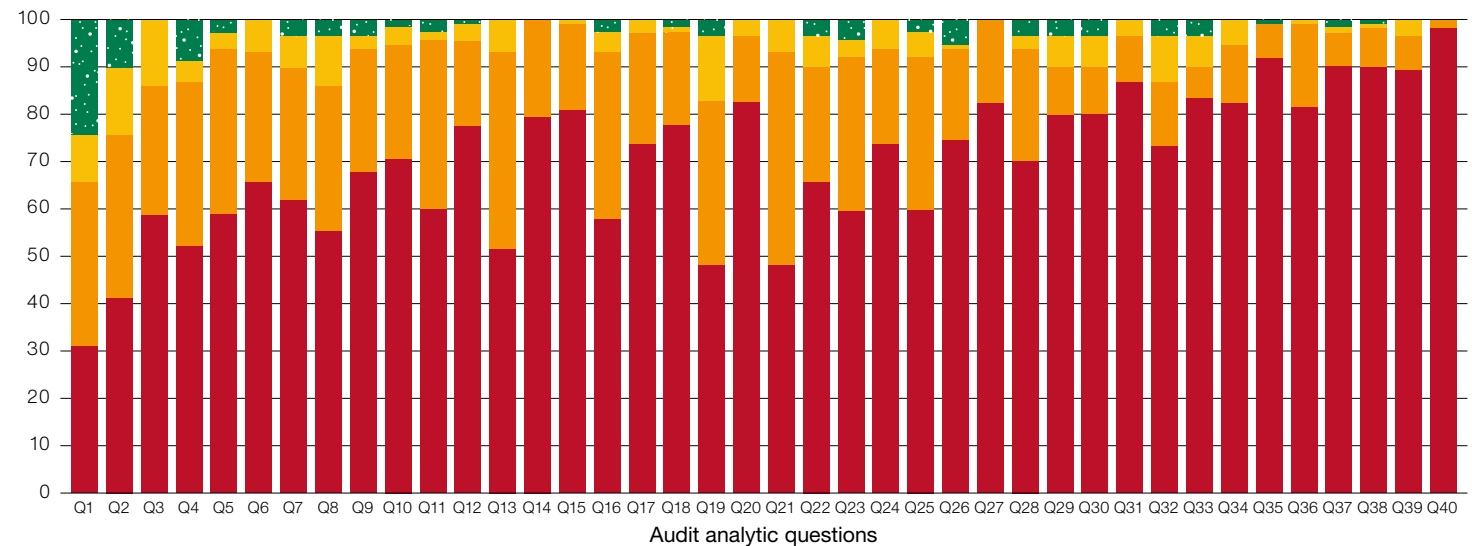
No evidence of maturity

Limited evidence against the maturity criteria for the question

Figure 3

Government's operational management capability

Our aggregate assessments of organisations and services, using 40 audit analytic questions, show low levels of maturity

Percentage of assessments within each maturity rating
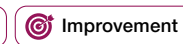

Strategy | Information | People | Process | Improvement

Notes

1. We have completed 40 assessments of operational management maturity in organisations, including 115 assessments of services since 2010, judging the maturity of organisations or services against 40 questions.

2. The questions cover five interrelated areas of strong operational management: Strategy (using strategy to define and inform operational activity); Information (using information to manage and improve process performance); People (helping people manage and improve process performance); Process (ensuring the end-to-end process has the capacity and capability to meet demand); Improvement (using continuous improvement to target areas of most benefit).

Source: National Audit Office analysis

Figure 4
The 40 questions of our operational management analytic

We have developed a set of questions, across five areas, that are addressed at either organisational or operational levels.

Area	Organisational level questions	Operational level questions
Strategy	1 How do you know that the organisation has a clear strategy and strategic objectives? 2 How do you know that there is a link between strategic objectives and processes? 3 How do you know that customer needs are considered when setting the organisation's strategic objectives?	4 How do you know there is a link between the process and the strategic objectives? 5 How do you know that the process meets customers' needs?
Information	6 How does the organisation assess performance against strategic objectives? 7 How is information used to monitor performance regularly through all levels of the organisation? 8 How is information used to trigger continuous improvement activity?	9 How do you know that measures link from the organisation level to the operational level? 10 How do you know that measures assess performance against customers' expectations? 11 How does the organisation regularly monitor process performance? 12 How is management information used to trigger continuous improvement activity at process level?
People	13 How do you know that leaders are creating the right environment for effective process management and continuous improvement? 14 How do you know that leaders value good operations and process management?	15 How do you know that staff have the right environment for effective process management and continuous improvement? 16 How do you know that operational staff have the necessary skills to complete the process? 17 How do you know that operational staff are encouraged to improve the process? 18 How do you know that there is a process owner with defined roles and responsibilities?
Process	19 How do you know that business plans link to operational activities? 20 How do you know there is clarity on how operational processes flow end to end to the customer? 21 How does the organisation manage changes in operational requirements when government priorities change ('demand from above')? 22 How do you know that there is clear accountability and ownership of processes?	23 Can staff articulate how their part of the process contributes to the end-to-end service provided to the customer? 24 How do you know that the process has the capability (ability to meet quality of service) and capacity (to cope with volume) to meet customers' demands? 25 How do you know that there is consistency in how the process is completed? 26 How does the organisation check process compliance (i.e. that completing the process is producing what is expected)? 27 How do you know that there is the necessary operational knowledge and agility to change processes in response to changes in customers' demand? 28 How do you know that operational areas understand what customers want and when their requirements change?

Figure 4 *continued*

The 40 questions of our operational management analytic

We have developed a set of questions, across five areas, that are addressed at either organisational or operational levels.

Area	Organisational level questions	Operational level questions
Improvement	29 How do you know that the organisation has a consistent approach to continuously improving?	34 How has the process been improved?
	30 How does the organisation measure, monitor, report and use information from continuous improvement activity?	35 Is there a consistent approach for improving the process?
	31 How do you know that results of continuous improvement projects are shared across the organisation?	36 How does the organisation allocate the relevant resources and time for continuous improvement?
	32 How do you know that continuous improvement activity is a high priority within the organisation?	37 How does the organisation support staff to develop the necessary skills to continuously improve processes?
	33 How do you know that there has been a return on investment from continuous improvement activity?	38 How is improvement measured, monitored and reported?
		39 How do you know that the results of continuous improvement projects are shared across the organisation?
		40 How do you know the costs and benefits of continuous improvement activity on the process?

Source: Comptroller and Auditor General, *Managing business operations – what government needs to get right*, National Audit Office, September 2015