ACHIEVING A SMARTER DIGITAL FUTURE

Huge disruption to transformational change programmes because of cultural resistance especially among middle managers is revealed in an exclusive survey of local authority chief executives and directors by The MJ and BT

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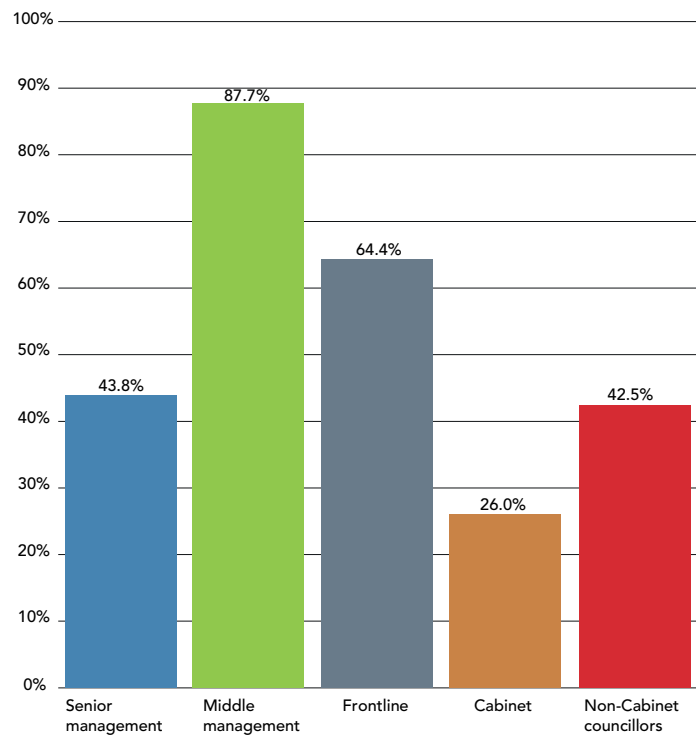# Cultural resistance a huge block to major change finds The MJ/BT survey

Organisational culture is seen overwhelmingly as the most important issue when it comes to implementing digital transformation with 80% of respondents citing it as a top priority. This comes perhaps as little surprise since almost half also said they have experienced 'a lot' of cultural resistance to change and another 42% 'some' resistance.' Not a single respondent said they had experienced no resistance at all.

The blockages in the system have as a result held up transformation programmes. Over two thirds of respondents said such resistance had disrupted their plans with a quarter saying the disruption had been considerable. Only 4% said it had made no difference while a further 25% said the disruption had been minimal. Nonetheless in total a staggering 96% of respondents admitted to various levels of disruption caused by resistance among their staff.

So what are the reasons for such resistance to digital change? A staggering 71% of respondents said it was because staff simply fail to see the need for change, suggesting a major communications breakdown between senior management and their workforce. Almost two thirds of respondents also said it was because staff cannot understand technology which reveals a dire need for better training. Another reason given by staff for resisting transformation was lack of time while over half of respondents said staff were unable to understand the point of the change in the first place. The survey reveals a major disconnect between the aims of change programmes driven by senior management and the staff asked to implement them.

Where therefore reside the blockages in the system? Overwhelmingly they are in middle management named by 88% of respondents, with frontline not far behind, named by almost two thirds as also resistant to change. Not surprisingly since respondents were senior directors, senior management was cited by only 44% as a block to change.

The task of having to unblock the blockages falls to the chief executive according to 71% of those polled. Half of them also named the head of HR and the head of transformation as being responsible while only 36% thought the job was

down to the head of IT and digital. Clearly – and rightly - respondents believe dealing with cultural change is a managerial, not a technical issue. As one respondent commented: 'Resistance to change needs to be tackled by senior leaders as exemplars who in turn lead middle managers to make change happen. And all need to listen to the frontline.'

Looking on the positive side, respondents were asked what methods were used to encourage staff to embrace organisational change. An overwhelming 87% named in-house group training, though as we see above, its impact appears to be mixed. Other answers in order of descending priority were peer-to-peer support groups, external change experts, one-to-one in-house training and external IT

trainers. Respondents expressed a clear preference for in-house training rather than using external technology providers to help overcome cultural resistance. Since the survey clearly showed a deep problem about staff resistance to embracing change this approach might need revisiting or providers might need to modify their training offering to be more attractive.

However the local government sector certainly welcomes help from technology providers during transformational change programmes. In descending order of priority respondents named providing training during implementation, support during the pre-implementation stage and training afterwards as key areas. ●

An overwhelming majority of respondents cited middle management as the source of resistance to change

KEY FINDINGS:

- 79% think organisational culture is critical to implementing digital transformation
- 86% have experienced some or a lot of cultural resistance to change
- 69% say cultural resistance has disrupted their transformation plans
- 71% say their staff don't see the need for change
- 62% say their staff don't understand technology
- 88% say resistance comes from middle management
- 71% believe it is up to the chief executive to manage the problem
- 87% use in-house training to encourage staff to embrace organisational change

How to improve services and save money

A housing authority has proved it is possible to save money, raise productivity, and improve customer service all at the same time

THE CHALLENGE

Dealing daily with vulnerable people with real problems means calls must be dealt with sensitively and efficiently. Imposed spending cuts make that task more difficult, but they also open the door to innovation.

Sean Nolan and Ian McCrickard were on the team that revolutionised the way the Northern Ireland Housing Executive (NIHE) deals with its customers. Concentrating customer service advisors into fewer specialist centres, and using the BT Inbound Contact platform has twinned increased productivity with improved customer service.

Along the way Sean and Ian have been able to move a million calls off the public network, which has saved a considerable amount of money as well as making the organisation more resilient.

The NIHE is one of the largest public housing authorities in Europe. It looks after people living in socially rented, privately rented, and owner-occupied accommodation. Landlord to over 90,000 dwellings, the organisation has a vital role in ensuring its residents enjoy decent living standards.

In 2005, NIHE entered into a 10-year technology partnership with BT, which saw a new IT infrastructure implemented with on-going support from the BT Belfast office. The programme included the transition of all existing systems to a fully BT-managed service, along with the replacement of a number of core business applications including grants and housing management.

However, with spending cuts of between 3% and 5% per annum looming over the next four years NIHE is facing a torrid time. Maintaining customer services was the primary concern.

> ' We needed to find ways to use technology to reduce expenditure without impacting frontline services.'
>
> Sean Nolan
> IT Manager at NIHE

THE SOLUTION

NIHE had 40 public offices, each with its own telephone number and switchboard. Not only was this confusing for customers, but also it was not possible to transfer callers to people in other offices better qualified to handle their queries.

Monitoring call handling quality across so many sites was rudimentary, performance was inconsistent, and deployment of staff inefficient. 'Technology was vital to addressing that fragmentation,' says Ian McCrickard, Modernisation Programme Manager at NIHE.

Working with BT, specialist customer service units took over call handling for both repairs and housing benefit services from the district office network, while 40 telephone numbers were rationalised to three – one each for repairs, housing benefits enquiries and general enquiries.

Existing voice switches were enhanced to run voice over IP, and linked together using a BT IP Metro VPN network. Forming a virtual BT Inbound Contact platform this means calls can be distributed and transferred to any location as necessary. In conjunction with calling line identity (which identifies where a person is phoning from) 50 per cent of calls are routed direct to dedicated agents assigned to specific geographic catchments.

Moving to specialist customer service units with far fewer incoming telephone numbers has enabled NIHE to optimise resources and reduce switchboard staff from 45 to 18. The volume of incoming calls has halved to 1.2 million, as interoffice traffic has moved off the public network and onto the converged NIHE infrastructure, saving considerable sums of money.

Making these changes has enabled the NIHE to reduce staff costs while improving the quality of service. Call abandonment has been reduced from 12 per cent to five per cent; at least 80 per cent of calls are answered within ten seconds; and 90 per cent of queries are resolved at first point of contact. Together the changes have resulted in the achievement of customer satisfaction ratings of up to 97 per cent.

Sean Nolan, IT Manager at NIHE, says: 'We needed to find ways to use technology to reduce expenditure without impacting frontline services.'

In January 2011 the UK faced its coldest winter in 30 years; the people of Northern Ireland endured snow and sub-zero temperatures for weeks on end. Burst pipes and flooding took their toll. Call volumes to NIHE out-of-hours services increased by a factor of 20, while vital agents were unable to reach their places of work.

The soft reconfiguration function inherent in the BT Inbound Contact platform allowed BT to rapidly re-route calls not only to agents at remote locations but also to other NIHE staff acting as virtual agents.

A regional response can be implemented within minutes through the use of soft phones, with priority routing for calls to emergency services and community workers placed at the top of the telephony queue.

'We were able to cope by using those best placed to react quickly to local conditions,' adds Sean Nolan. 'That amazing flexibility meant we weathered the storm, and emerged fitter and better equipped for the next time.' In fact, NIHE business continuity plans have taken on board the lessons learned.

Ian McCrickard concludes: 'By working closely with stakeholders and using innovative technology we've improved people's everyday lives while driving up productivity. We now have a platform that can cope with virtually any demand even in the most difficult of circumstances.' ●

Why business transformation makes for better government

THE CHALLENGE

Effective IT systems play a vital role in helping government bodies deliver top quality services while driving down costs. The Department for Work and Pensions (DWP) is the largest UK public service organisation, with over 20 million customers. It has an exemplary record in using technology-based business efficiency gains to release funds for investment in frontline services.

A prime example is the value it derived by replacing separate voice and data infrastructures with a converged wide area network (WAN) architecture, under an agreement with BT. That undertaking, known as ICONS (Integrated Communications Network Services), created an IP-based platform that according to Kable1 is the largest of its class across Europe, the Middle East, and Africa (EMEA).

The IP-based WAN infrastructure serves 145,000 ports across in excess of 1,000 sites and uses elements of BT's next generation network platform. This allows different media types to be prioritised so that time critical traffic, such as voice, can be mixed with less time sensitive data such as email and web browsing over a single unified network.

The initial ICONS transitional phase lasted five years. This transformation also enabled customer service improvements, supporting rapid access to appropriate systems, tools, and information anywhere in the UK. The success of the project was recognised when a three-year contract extension was subsequently awarded.

The relationship with BT has already played a major role in modernising the department's operations, enabling it to become ever more customer focused and meet its customers' increasingly complex communication needs. The extension of the BT contract will ensure that the DWP is able to continue the transformation, with a focus on exploiting the technology to further improve customer service.

THE SOLUTION

An early ICONS deliverable was the implementation of an IP telephony platform. Centrally hosted by BT, this now regularly supports around two million calls a day. With the IP telephony platform in place, BT set about creating an IP contact centre (IPCC) architecture for the DWP. This brought together 184 call centres with nearly 30,000 agent positions between them into a single virtual IPCC. According to Kable2 this makes it the largest IPCC deployment in the world.

Such an IPCC solution means optimised workflows by, for example, multi-skilling agents to handle more than one type of task. Similarly, workload peaks can be managed by distributing call overflows to other contact centres. Skills-based routing means that calls reach the right agent first time, reducing the need for transfers and further improving customer service. At the same time, integration with DWP systems gives agents access to the information they need.

The ICONS infrastructure has played a vital role in helping the DWP deliver much improved customer service. The infrastructure provided by BT is also helping the DWP to transform the way it works. For example, with the new platform contact centre managers now have a wealth of real time information on call flows and performance that can be used to optimise the use of contact centre agent resources. In the future the IPCC architecture will allow multimedia traffic such as text and email to be handled in contact centres, providing for greater customer choice.

Meanwhile, the ESA solution is revolutionising the way benefits are managed, with all initial claims handled over the telephone. Across the department information is now available at people's fingertips, improving efficiency and speeding up decision making. As a consequence the DWP is becoming a more flexible and agile organisation, better equipped to meet its customers' needs.

That success has not gone unnoticed. In early 2011 the DWP was selected as a winner at the seventh annual eGovernment National Awards. From a strong field of seven nominees the DWP Economic Downturn Programme, which was underpinned by the ICONS infrastructure, won the Central eGovernment excellence: Take-up and usage growth category. This recognises the delivery of high and growing take up of e-enabled services through effective delivery and marketing.

The ICONS architecture in summary

- In excess of 1,000 managed MPLS WAN (BT IP Connect) sites connected at speeds between 2Mbps and 1Gbps through 1,500 routers, the largest network of its class in EMEA

- BT One Enterprise managed LAN provided by 3,000 LAN switches and incorporating 202 miles of patch cabling BT One Enterprise managed IP telephony platform now regularly handling around two million calls daily with 130,000 IP phones, 145,000 ports, and 350 IP-based operator consoles

- BT Contact IP contact centre platform connecting 184 DWP contact centre locations and almost 30,000 agent positions to create a single nationwide virtual contact centre

- Employment and Support Allowance (ESA) IP contact centre platform linking 64 Jobcentre Plus offices

> Effective use of technology has enabled DWP to release funds for investment in frontline services and become more customer-focused

BT

We need to give more attention to our middle management and frontline teams

If we want to land changes across our organisations then we have to take people on the journey says Danny Longbottom who looks at some of the key messages from The MJ/BT survey into cultural obstacles

Danny Longbottom is director, local government & health, BT, the largest division in BT's major & public sector business.
The local and devolved government and health team serves around 1800 customers in the UK.

In my role I have the privilege of meeting lots of people across local government organisations across the UK. More often than not the subject of digital transformation is one of the most common conversations we have, and whilst most organisations' journeys are different there are some key themes and challenges which are common.

Before we talk challenges, it is worth reminding ourselves why such transformation programmes are now running and what the benefits are. From a local council's perspective they have the potential to deliver; greater efficiency, agile and flexible working, collaboration, increased productivity, and better job satisfaction all of which hopefully lead to greater employee engagement.

Not only for local authorities, but as residents the benefits include: improved customer experience and customer journeys, better and more cost effective services, improved and easier access to information, self-service and on-line tools ultimately making the council an easier organisation to interact with.

So with a prize for both the organisation and the resident, it's surely a no-brainer. But there are some challenges facing organisations in delivering this step change.

As with all major change programmes you need to resource them accordingly, have a clear set of objectives and outcomes, strong leadership and a nerve to drive through knowing there will be unknowns to overcome.

Our research with The MJ looked specifically about the importance of an organisation's culture and the impact it can have on an organisation's ability to deliver transformational change.

From organisations we surveyed, when asked 'How important is organisational culture when it comes to implementing digital transformation?' a massive 80% said it was critical. When asked 'When implementing transformation have you experienced cultural resistance?' 44% said a lot and 42% said some, with no responder saying they had had no resistance across their organisation. The killer question however is what impact this resistance is having. Only 4% or people felt that their plans were not impacted and over 70% said their plans were impacted a lot or in some way as a result of this cultural resistance.

Interestingly when we asked organisations why they believe cultural resistance exists, we get some real powerful insight. The obvious issues such as lack of time and that people aren't paid to deliver change ring through, but most compelling is that people neither understand the need for nor understand the point of change. So it is very clear that if we want to land changes across our organisations then we have to take our people on the journey. The best plan, with clear outcomes and leadership, on its own will prove difficult to implement across without the buy-in of our people.

So it's a frontline issue? While it's true that 64% of people believe that cultural resistance exists at the base level, this isn't the community that's seen to have the highest resistance. 88% of people

responding believed cultural resistance exists across middle management – the very people we want to take our frontline teams on the journey. Coupled with over 43% believing that it also exists at senior management level then we have a problem.

As I said earlier, I have been faced with many different views of what digital transformation is and I respect that for some organisations it will clearly be a unique journey. Our start points differ, we have regional and demographic differences, various degrees of financial challenge and the legacy of our predecessors' decisions. But the thing we share regardless of our organisations is a resistance to change, and if we don't firstly recognise this and take action to tackle it, then our transformation programmes will be harder to implement.

Joining the dots for people in our business and taking the necessary time to explain to them why we need to change, what it means for them, why it's important for our customers and what the process of implementing change will be, is the key to success. As organisations we spend time making decisions, writing business cases, assessing risk, benchmarking and challenging ourselves on the impact of doing nothing. Perhaps we should then all take more time to sit down with our middle management and frontline teams and take time to help them understand what we are doing and why.

Cultural resistance could be the biggest reason you don't transform your business, but manage to work through these challenges, and both your organisation, and your residents will truly start to reap the rewards. ●