

Notes from Interview with Glyn Evans, Corporate Director of Business Change,

Birmingham City Council, Birmingham, UK,

Jan. 5, 2011, Henry Chesbrough

{I introduced the topic of business model innovation, and asked about his experience with it}

My role is Corporate Director of Business Change. We are quite confident with notions of business models. However, in the City of Birmingham we provide a variety of services, each of which has its own business model. Child care provision, for example, has a model quite different from that of refuse collection.

We started a program to transform our business models in 2006, covering about 2/3 of our business functions and delivered through 9 different work streams. These changes were very much enabled by IT, but I was careful not to say this to the council, for fear of having their eyes glaze over. We have developed our own methodology (Champs 2, see below) that goes through 1) visioning, 2) design, 3) build, 4) testing, 5) implementation, and 6) realization of benefits from the business model change.

For example, in child social care, we serve three different groups: disabled children, antisocial behavior in children, and children suffering child abuse. One of our business model changes was for the second and third groups, to move from a reactive model to a more proactive model, where we would utilize analytics to identify at-risk children and households. Then we would make interventions long before the behavior occurred, such as providing coaching on parenting skills to the parents. Of course we still need to react too when problems arise, but we are trying to shift to a prevention focus. We are running a series of concurrent pilot programs in schools to test this, and to compare which interventions are most effective in reducing later incidence of anti-social behavior or abuse.

One thing we have learned is the importance of establishing the building blocks required to undertake these business model transformations. One example is that of governance. Every project team has its own project board. Some of these teams are as large as 150 people, from IT, from the business unit being changed, and every team is lead by a business manager who is focused upon achieving the desired impact (and may know little about the workings of IT). This can sometimes mean a steep learning curve for that leader, but we have learned to give the leadership role over to the business, vs. the technologists. We had a couple of false starts on start programs before that got sorted out. [see later section for the political sponsor in the project]

We have developed our own change management methodology out of this, Champs 2. This is a process that both defines the process to achieve the intended outcomes, and focuses on realizing those outcomes. I have learned that most project management methods do a superb job of managing the inputs to a project, but take the realization of the desired outcomes from those project inputs for granted. Champs 2 is a holistic change management method that looks at the tasks, roles, job requirements, reporting relationships, funding requirements, etc. To date we are on target to achieve 95% of our expected benefits from our change efforts, though sometimes it takes longer to achieve

these than we originally envisioned. [there is a chapter on this change management process that Glyn will send to me that describes this in more detail]

[I asked more specifically about the role that IT played in this change process, both positive and negative]

I used to be the CIO of the Council, with the title of Director of Business Solutions and IT. I outsourced the technology element in order to allow myself to focus more on the solutions element. But you have to be careful. No one wants to hear about the benefits of business model change if their email system has been down for three days. You have to deliver the bread and butter IT properly before anyone will take you seriously on these other matters. It's like Maslow's Hierarchy of Needs.

Three of our core change programs depended heavily upon SAP. The financial back office change was a big bang approach, with no pilot testing. Happily it has delivered the goods, for example reducing our headcount in the back office finance functions by 28%. The people management changes we are doing with SAP, by contrast, we are rolling out one directorate at a time. We started with the corporate directorate, where there was strong support for the change. Having brought that off, we rolled it out to other directorates.

We have also learned to take the time to define our goals clearly. When we looked at our program for adult care for the poor aged and infirm, we thought we were in the business of delivering care to them, and our offsite expected to take 30 minutes to discuss this. After seven hours of introspection, we decided that our purpose was the well being of the people of Birmingham. This is a major shift in how we approach what we do.

[I observed that Glyn appeared to take real satisfaction from his work]

Today it is satisfying, but if you had spoken with me two years ago it would have been a different conversation. It was quite rough there for a while. One critical factor has been to keep senior management onboard throughout the process. When times are rough, you need their support to tide you over.

I have organized the project teams so that they have their own boards, but still have a dotted line report to me. This allows us to address interdependency issues across the services, and to share effective practices from one service with others. I tend to take the blame when things go wrong, and the teams get the credit for realizing the successful outcomes. Each project team has a corporate management sponsor and a political sponsor (one of the ten senior councilors in the City). Our rule is that one of the sponsors has to turn up for programme board meetings, or the team lacks a quorum to make decisions. This forces their involvement upfront, vs. simply reacting late in the process to things gone wrong.

None of this is to say that we have it all figured out. Our core skill on occasions seems to be building siloes, where each of us has our own fief which is going great, it is the others that are doing awful.