

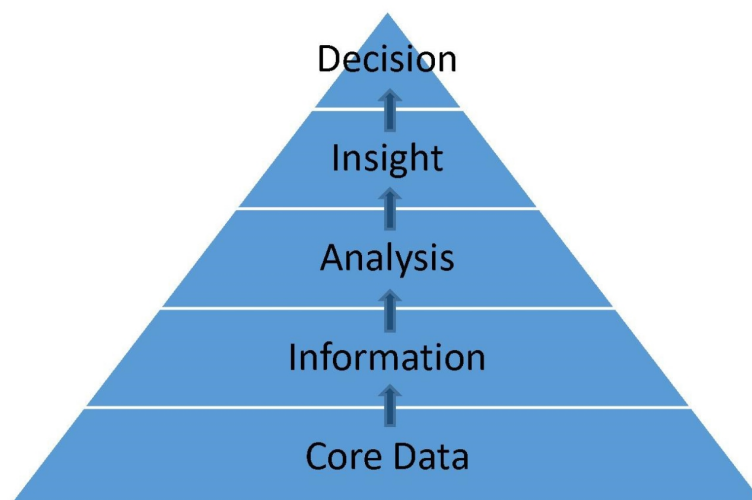
**Confidential****POST OFFICE LTD GROUP EXECUTIVE****Management Information Review - DRAFT****1. Purpose**

The purpose of this paper is to update the Group Executive on the findings of the recent Management Information (MI) Review and to recommend next steps and a longer term route map to improve the MI which is available to steer the Post Office to meet its strategic objectives.

**2. Background**

- 2.1. A review of Management Information has been carried out at the request of the Group Executive. This has been carried out over a 7 week period under the sponsorship of Alisdair Cameron.
- 2.2. The Terms of Reference for this review are attached in Appendix 1. The overall objective of the review was to analyse the 'as-is' MI landscape and to make recommendations for improvements in the short, medium and longer term.
- 2.3. The scope set out in the Terms of Reference was restricted and specifically excluded:
  - data analytics
  - individual customer information,
  - operational reporting
  - programme status reporting
  - budgeting / target setting

However, as the review has progressed, it has become increasingly clear that a holistic approach is required and the above areas have therefore been included at various levels of detail. In particular, **it is important to consider the hierarchy from high quality core data through to high quality decision making:**



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- 3.1. The review has been conducted by Peter Goodman through a series of interviews / discussions with ET, SLT and other colleagues as set out in the Terms of Reference. Discussions have taken place with additional colleagues as appropriate as the review has progressed.
- 3.2. The findings and recommendations included in this paper have been reviewed with a number of the original interviewees who have indicated their agreement.
- 3.3. Due to the limited timescale and resource available for this review, the findings and recommendations are at a relatively high level. Further work will be required to develop these in more detail. See section 8 below.

**4. Analysis of Current MI landscape**

- 4.1. A common approach to this type of analysis is to present findings against a number of dimensions using a maturity scale. Due to the lack of a benchmark against which to rate Post Office MI, this has not been done in a quantified way. However, the review has identified that Post Office is at the low end of maturity on all dimensions. The findings against each dimension are detailed in the table below.
- 4.2. A more detailed log of findings regarding 'MI content' is included in Appendix 2 reflecting comments received during interviews
- 4.3. A summary of current MI reports, by whom they are produced, and the systems used to produce them is included in Appendix 3

Maturity Dimension	Findings
<b>Content</b>	<ul style="list-style-type: none"> <li>• Too much focus on sales volume / value and income</li> <li>• Insufficient focus on               <ul style="list-style-type: none"> <li>○ Back book / retention income</li> <li>○ Profit / Margin</li> <li>○ Pipeline / conversions</li> <li>○ Promotional effectiveness</li> <li>○ Cross selling effectiveness</li> <li>○ Churn / retention</li> <li>○ Trend analysis</li> <li>○ External benchmarks</li> <li>○ Agent compliance</li> <li>○ Programme reporting</li> </ul> </li> <li>• There is no single, comprehensive, reliable view of our customers</li> <li>• There is no single comprehensive, reliable view of our branches</li> <li>• There is no single comprehensive, reliable view of our colleagues</li> <li>• There is no single comprehensive, reliable view of our agents</li> </ul>
<b>Timeliness</b>	<ul style="list-style-type: none"> <li>• MI is too late – this means that actions are delayed</li> <li>• Information on the previous week is not available until Tuesday c.f. Monday for most retailers</li> </ul>

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Maturity Dimension	Findings
	<ul style="list-style-type: none"> <li>Weekly information is incomplete (e.g. no back book info) and does not build up to monthly numbers such that the first realistic view on monthly income / profit performance is on WD3 after month end</li> <li>Client data which is key to providing weekly performance data is often delayed</li> </ul>
<b>Accuracy / consistency</b>	<ul style="list-style-type: none"> <li>Too many versions of the truth (Credence, Finance, local spreadsheets, client info – e.g. Supply Chain and Royal Mail maintain own branch databases in addition to Network owned database)</li> <li>Lack of clear definitions (e.g. income gross or net of cost of sales)</li> <li>Lack of confidence in accuracy / completeness of MI – leads to people creating their own versions</li> <li>Income factors (notional income) add confusion rather than clarity particularly in FS as they do not align to real income (e.g. income factors for mortgages reflect expected future income)</li> <li>Too many errors e.g. financial mis-postings undermine confidence in MI</li> </ul>
<b>Organisation</b>	<ul style="list-style-type: none"> <li>Too many providers of MI – people don't know where to go</li> <li>Currently ca. 70 people across multiple teams involved in data maintenance, MI production and analysis (including outsourced resources)</li> <li>No single person / team with a focus on leading to ensure that we have the right MI for the business</li> <li>Very limited resource applied to Digital MI and analytics despite it being a key growth channel</li> </ul>
<b>Capability</b>	<ul style="list-style-type: none"> <li>It is likely that we don't have the capabilities required (data, MI and analytics / insight generation). However, it is difficult to assess as the good people we have are hampered by other factors (particularly systems) so do not have the capacity to carry out more value added work</li> <li>Lacking leading edge capabilities in advanced analytics of unstructured data</li> <li>Lack of training and education on what is available, what it means and how to use it – exacerbated by staff turnover in key areas (the limited self-service capabilities are not widely used)</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>There is no single person / team taking a business wide view about what is needed / prioritisation / strategy / governance</li> <li>Lack of GE sponsor for MI</li> <li>There is no cross functional governance group for MI</li> <li>GE do not insist on information coming from the 'official sources' – behaviours need to change and that needs to start at the top</li> </ul>
<b>Core Data</b>	<ul style="list-style-type: none"> <li>Getting basic data right is critical to MI, insight and decision making but it has insufficient focus in the business</li> </ul>

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Maturity Dimension	Findings
	<ul style="list-style-type: none"> <li>• Basic data design / governance is flawed e.g. use of FAD (branch) codes – there is no clarity on the usage of FAD codes and they are now being used for FS Specialists etc.</li> <li>• There is a significant amount of missing / out of date data (e.g. customers, employees, agents)</li> <li>• Data is fragmented as some originates with clients and there is no process / system to bring it together</li> </ul>
<b>Systems</b>	<ul style="list-style-type: none"> <li>• Lack of self-serve availability (both reporting and data maintenance). Need to submit a request and wait for results</li> <li>• Significant level of manual work to capture data (e.g. sales leads) and to produce MI</li> <li>• Heavy reliance on Excel, MS Access and local data stores.</li> <li>• Need more flexibility on how we cut the data. Changes in org structure take too long to flow through to MI</li> <li>• Credence is not fit for purpose – too slow due to data volumes</li> <li>• Sales people (e.g. FS, Crown, Agency area managers) don't have the tools they should have for conversations with managers (e.g. Ipad with all info in one place). They have laptops with multiple sources of info</li> </ul>
<b>Value delivered</b>	<ul style="list-style-type: none"> <li>• Too much data – too little information / insights</li> <li>• Too much time on reporting, too little time on analysis / insights / challenge</li> <li>• Lack of comms approach to MI – i.e. converting from numbers into a story which is actionable</li> <li>• Processes do not use MI available e.g. product teams plan without any customer insights</li> </ul>

**5. Proposed End-state MI landscape**

5.1. The following table presents a 'from-to' analysis. The 'Findings' are repeated from section 4 for reference. The 'Recommended End State' is the proposed long term end state based on an internal view of best practice as well as input from the interviews carried out

5.2. More details regarding a future MI suite is included in appendix 4

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Maturity Dimension	Findings	Recommended End State
<b>Content</b>	<ul style="list-style-type: none"> <li>• Too much focus on sales volume / value and income</li> <li>• Insufficient focus on               <ul style="list-style-type: none"> <li>○ Back book / retention income</li> <li>○ Profit / Margin</li> <li>○ Pipeline / conversions</li> <li>○ Promotional effectiveness</li> <li>○ Cross selling effectiveness</li> <li>○ Churn / retention</li> <li>○ Trend analysis</li> <li>○ External benchmarks</li> <li>○ Agent compliance</li> <li>○ Programme reporting</li> </ul> </li> <li>• There is no single, comprehensive, reliable view of our customers</li> <li>• There is no single comprehensive, reliable view of our branches</li> <li>• There is no single comprehensive, reliable view of our colleagues</li> <li>• There is no single comprehensive, reliable view of our agents</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated MI suite driven by strategy priorities starting with high level KPIs and a hierarchy cascading down to MI for branch managers, product managers, etc.</li> <li>• MI to include leading indicators / drivers and to be balanced across financial, sales and other measures, including key ratios and penetration / conversion rates</li> <li>• More focus on performance relative to market and external benchmarks</li> <li>• An approach which aligns to accountability and influence and reconciles to financials (e.g. branch recognised for future value of a mortgage sale but that value not included for profit tracking)</li> <li>• A single comprehensive, reliable view of customers, branches, colleagues and agents</li> </ul>
<b>Timeliness</b>	<ul style="list-style-type: none"> <li>• MI is too late – this means that actions are delayed</li> <li>• Information on the previous week is not available until Tuesday c.f. Monday for most retailers</li> <li>• Weekly information is incomplete (e.g. no back book info) and does not build up to monthly numbers such that the first realistic view on monthly income / profit performance is on WD3</li> </ul>	<ul style="list-style-type: none"> <li>• Daily view of previous day's sales volume / value</li> <li>• Weekly view of sales volume / value and income and profit (contribution) available Monday which build up to month actuals</li> <li>• Client data received to same time scales as internal data</li> </ul>

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Maturity Dimension	Findings	Recommended End State
	<ul style="list-style-type: none"> <li>Client data which is key to providing weekly performance data is often delayed</li> <li>No daily sales visibility</li> </ul>	
<b>Accuracy / consistency</b>	<ul style="list-style-type: none"> <li>Too many versions of the truth (Credence, Finance, local spreadsheets, client info)</li> <li>Lack of clear definitions (e.g. income gross or net of cost of sales)</li> <li>Lack of confidence in accuracy / completeness of MI – leads to people creating their own versions</li> <li>Income factors (notional income) add confusion rather than clarity particularly in FS as they do not align to real income (e.g. income factors for mortgages reflect expected future income)</li> <li>Too many errors e.g. financial mis-postings undermine confidence in MI</li> </ul>	<ul style="list-style-type: none"> <li>Single version of the truth</li> <li>All MI sourced from a single well governed 'repository' – likely to be multiple sources / physical data stores due to business model but must be brought together consistently and seamlessly</li> <li>A single agreed definition for all measures</li> <li>Rigorous focus on 'right first time' transaction processing and data quality</li> </ul>
<b>Organisation</b>	<ul style="list-style-type: none"> <li>Too many providers of MI – people don't know where to go</li> <li>Currently ca. 40 people across multiple teams involved in data maintenance, MI production and analysis (plus outsourced resources)</li> <li>No single person / team with a focus on leading to ensure that we have the right MI for the business</li> <li>Very limited resource applied to Digital MI and analytics despite it being a key growth channel</li> </ul>	<ul style="list-style-type: none"> <li>A single 'Business Intelligence (BI)' team within the CFO function, very closely aligned to IT, covering: <ul style="list-style-type: none"> <li>Data governance (definitions, agreed ownership, quality metrics, maintenance processes, etc.)</li> <li>MI governance (definition of MI suite, agreed report ownership, change control, set client standards, agree standard analytics tools)</li> <li>MI production</li> <li>Basic analytics e.g. overhead variance analysis</li> <li>IT requirements</li> </ul> </li> <li>Local small, specialist analytics teams in Commercial, FS, Network deriving insights from centrally provided data / MI. This should include a small pool of highly</li> </ul>

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Maturity Dimension	Findings	Recommended End State
		skilled 'data scientists' to interrogate data <ul style="list-style-type: none"> <li>Data and MI is a discrete workstream in all major change programmes e.g. Front Office</li> </ul>
<b>Capability</b>	<ul style="list-style-type: none"> <li>It is likely that we don't have the capabilities required (data, MI and analytics / insight generation). However, it is difficult to assess as the good people we have are hampered by other factors (particularly systems) so do not have the capacity to carry out more value added work</li> <li>Lacking leading edge capabilities in advanced analytics of unstructured data (e.g. social media)</li> <li>Lack of training and education on what is available, what it means and how to use it – exacerbated by staff turnover in key areas (the limited self-service capabilities are not widely used)</li> </ul>	<ul style="list-style-type: none"> <li>Highly skilled central BI team – combination of upskilling some existing resources and supplementing with new resources</li> <li>Highly skilled local analytics teams</li> <li>All relevant people (product managers, sales managers, etc.) able to self-serve for basic MI / analysis</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>There is no single person / team taking a business wide view about what is needed / prioritisation / strategy / governance</li> <li>Lack of GE sponsor for MI</li> <li>There is no cross functional governance group for MI</li> <li>GE do not insist on information coming from the 'official sources' – behaviours need to change and that needs to start at the top</li> </ul>	<ul style="list-style-type: none"> <li>A cross functional Data and MI Steering group chaired by CFO or CIO and Operations Director with SLT members from each function supports the Head of BI in delivering the changes required to achieve the recommended end state. This Steering Group would also approve all MI and data governance standards (see next two bullet points)</li> <li>Strong Data governance (definitions, agreed ownership, quality metrics, maintenance processes, etc.)</li> <li>Strong MI governance (definition of MI suite, agreed report ownership, change control, set client standards, agree standard analytics tools)</li> <li>A cross functional 'working group' supports the Steering Group and Head of MI</li> <li>GE mandates that all information presented to it is based on the central MI sources and for regular reporting does</li> </ul>

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Maturity Dimension	Findings	Recommended End State
		not use any information other than from the central team <ul style="list-style-type: none"> <li>Mandated to 3rd parties how they hold / provide data</li> </ul>
<b>Core Data</b>	<ul style="list-style-type: none"> <li>Getting basic data right is critical to MI, insight and decision making but it has insufficient focus in the business</li> <li>Basic data design / governance is flawed e.g. use of FAD (branch) codes – there is no clarity on the usage of FAD codes and they are now being used for FS Specialists etc.</li> <li>There is a significant amount of missing / out of date data (e.g. customers, employees, agents)</li> <li>Data is fragmented as some originates with clients and there is no process / system to bring it together</li> </ul>	<ul style="list-style-type: none"> <li>The importance of high quality core data as a driver of quality decision making (See pyramid in section 2) is recognised by GE and appropriate funding and resources are committed</li> <li>Data quality and improvement thereof is driven by the central BI team but it's importance is recognised and supported across the business</li> <li>Data quality metrics and targets are used to drive improvement and are reported to GE on regular basis</li> <li>Data definitions are clear, unambiguous and consistent</li> <li>Regardless of its source or physical location, there is a single logical set of core data used to drive MI and analytics</li> </ul>
<b>Systems</b>	<ul style="list-style-type: none"> <li>Lack of self-serve availability (both reporting and data maintenance). Need to submit a request and wait for results</li> <li>Significant level of manual work to capture data (e.g. sales leads) and to produce MI</li> <li>Heavy reliance on Excel, MS Access and local data stores.</li> <li>Need more flexibility on how we cut the data. Changes in org structure take too long to flow through to MI</li> <li>Credence is not fit for purpose – too slow due to data volumes</li> <li>Sales people (e.g. FS, Crown, Agency area managers) don't have the tools they should have for conversations</li> </ul>	<ul style="list-style-type: none"> <li>Systems enable a single logical view of core data (products, branches, customers, financials, etc.) regardless of its source or physical location</li> <li>Systems enable a single point of access for all MI</li> <li>Systems enable analysis of core data and MI as well as unstructured data (social media, web analytics, external data, etc. – 'big data') – potentially different systems for the two requirements</li> <li>Systems provide 'push and pull' functionality i.e. users prompted by e-mail that standard reports are available for them to view as well as reports on demand</li> <li>Systems are 'tomorrow's technology' – not extensions of</li> </ul>

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Maturity Dimension	Findings	Recommended End State
	with managers (e.g. Ipad with all info in one place). They have laptops with multiple sources of info	today's technology
<b>Value delivered</b>	<ul style="list-style-type: none"><li>• Too much data – too little information / insights</li><li>• Too much time on reporting, too little time on analysis / insights / challenge</li><li>• Lack of comms approach to MI – i.e. converting from numbers into a story which is actionable</li><li>• Processes do not use MI available e.g. product teams plan without any customer insights</li></ul>	<ul style="list-style-type: none"><li>• Data and MI production is automated reducing cost and liberating resource to deliver value through analytics and insight</li></ul>

**Confidential****6. Recommendations**

6.1. To achieve the recommended end state will require a multi-year change programme. The following table presents a proposed high level plan as to what changes could be implemented in the short (0-6 month), medium (6-18 months), longer term (18 months+) timescales

6.2. As organisation is a key component of the proposals, more detail on this aspect is included in section 7 below.

Maturity Dimension	Short term (0-6 months)	Medium term (6-18 months)	Longer term (18 months +)
<b>Content</b>	<ul style="list-style-type: none"> <li>Structured analysis of MI requirements hierarchy based on business strategy (to feed into medium term)</li> <li>Commence design of medium / long term MI suite and underlying data / systems to support</li> <li>Continue development of offline pipeline / conversion MI</li> <li>Implement weekly contribution reporting (initially excel based)</li> </ul>	<ul style="list-style-type: none"> <li>Complete design of medium / long term MI suite and underlying data / systems to support</li> <li>Deliver key components of required MI suite – moving from manual preparation to automation over the period</li> </ul>	<ul style="list-style-type: none"> <li>Deliver full MI suite automatically</li> </ul>
<b>Timeliness</b>	<ul style="list-style-type: none"> <li>Review opportunities for enhanced daily sales reporting and deliver</li> <li>Review opportunities to accelerate weekly reporting to Monday and deliver subject to feasibility</li> <li>Set WD improvement targets for all key reports and start delivery of improvement</li> <li>Engage with clients to improve timeliness of their data</li> </ul>	<ul style="list-style-type: none"> <li>Complete improvement in timeliness of all reporting</li> </ul>	

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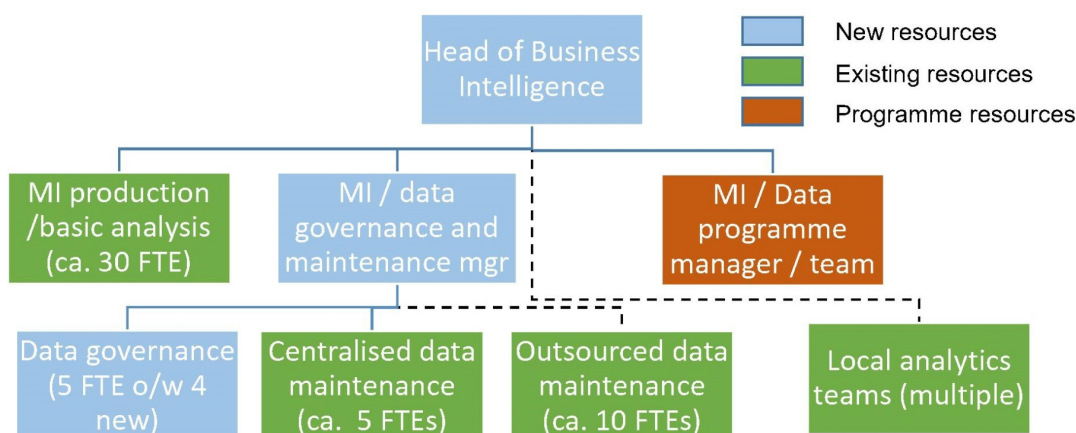
<b>Accuracy / consistency</b>	<ul style="list-style-type: none"> <li>Income reporting from single source (SAP BI) – may extend to 12 months due to complexity of targets</li> <li>Commence standard definition of measures</li> <li>Initiate 'right first time' initiative to eliminate errors</li> </ul>	<ul style="list-style-type: none"> <li>Complete definition of all measures</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Organisation</b>	<ul style="list-style-type: none"> <li>Appoint head of BI</li> <li>Create single central BI team and local analytics teams</li> <li>Ensure data and information is a key workstream in Front Office programme</li> </ul>	<ul style="list-style-type: none"> <li>Embed new organisation</li> <li>Ensure data and information is given sufficient focus in future programmes</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Capability</b>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Once new organisation is in place, carry out full capability analysis and address gaps through people changes and training / education</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Initiate Data and MI Steering Group (SLT level)</li> <li>Redefine Terms of Reference for existing Information and Data Improvement Steering Group to support SLT Group</li> <li>Increase focus on Data and MI at Transformation Committee and TMG – Head of BI to join TMG and Design Authority</li> </ul>	<ul style="list-style-type: none"> <li>Set up full Data and MI governance framework (definitions, ownership, quality metrics, maintenance processes, change control, etc.)</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Core Data</b>	<ul style="list-style-type: none"> <li>Structured analysis of core data required to support MI requirements (to feed into medium term)</li> <li>Initiate core data quality improvement project</li> </ul>	<ul style="list-style-type: none"> <li>Detailed data strategy developed defining master (reference) data sources, data flows, and related system requirements</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

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<b>Systems</b>	<ul style="list-style-type: none"> <li>• Define MI / Data systems strategy /architecture</li> <li>• Define requirements / commence design for 'Virtual Data and Information Warehouse'</li> <li>• Early consideration of Data and MI implications of Front Office programme (especially with respect to future of Credence)</li> <li>• Conduct feasibility study into interim MI portal</li> <li>• Review analytical tools and recommend standard tool (s)</li> <li>• Define requirements for sales teams</li> </ul>	<ul style="list-style-type: none"> <li>• Implement interim MI portal subject to feasibility</li> <li>• Design and commence implementation of Long Term Data and MI solution</li> <li>• Decommission legacy applications (potentially MDM, Credence, Access)</li> <li>• Implement standard analytical tools</li> <li>• Deliver requirements for sales teams (subject to business case)</li> </ul>	<ul style="list-style-type: none"> <li>• Complete implementation of Long Term Data and MI solution</li> </ul>
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**Confidential****7. Organisation**

- 7.1. The organisation below is proposed, to bring together the multiple teams currently engaged in MI production. The head of BI could potentially report to CFO or Transformation Director.
- 7.2. To create the proposed organisation (excluding the programme team which is assumed to be funded from 'Transformation funding' – see section 9 below) would require an estimated additional 6 roles:
- Head of Business Intelligence (SLP)
  - MI / Data Governance and Maintenance Manager (band 4)
  - MI / Data governance specialists (5 x band 3A/3B, of which 1 already exists in Finance, covering Customer, Branch / Agent, Product, Finance, Other domains)
- 7.3. As further detailed work progresses, synergistic headcount reduction opportunities may be identified. However, it is prudent to assume that any such savings should be re-invested in driving improved analytics and insights in the short to medium term.
- 7.4. There is a risk that once the central BI team is created, skills gaps will be identified. It is not possible to assess this currently without a more detailed capability assessment.
- 7.5. The proposed organisation does not include provision for any increase in local analytics teams which would need to be considered separately



**Confidential****8. Recommended implementation approach**

8.1. If the GE accepts the recommendations in this paper, the proposed next steps would be:

- Appoint a Head of Business Intelligence
- Set up business as usual Data and MI governance
- Appoint a GE sponsor for this initiative
- Following approval through appropriate TMG Clearing House gates, initiate a programme team with appropriate governance (e.g. Steering Committee) to start delivering against the recommendations contained in section 6
- As part of the programme, procure an external Data / MI partner to bring external best practice and assist in the design of the proposed solutions
- Ensure that the programme is appropriately integrated with other programmes, particularly new Front Office, Back Office and Back Office Tower implementation.

**9. Commercial Impact/Costs**

- 9.1. It is always difficult to quantify the financial benefit from high quality Management Information. It is clear, however, that a combination of the scale of transformation required in Post Office over the coming years, the number of different markets in which we operate, and the fast pace of change in those markets, means that there will be many commercial decisions to be made. Even a relatively modest improvement in decision making in a £1bn business will have a significant impact on profitability.
- 9.2. The high level nature of the work to date does not provide the basis for an estimate of the costs to implement the proposed changes. What can be said at this point is that it will require a significant, £multi-million investment. An estimate of cost will need to be made in the next phase as a business case is prepared.
- 9.3. The 3 year plan includes provision for ca. £8m of funding in 2015/16 and 2016/17 for improvements in Data and Analytics within the IT enablement funding stream. There is currently no specific provision for MI. To deliver the improvements identified in this paper will require significant funding and an element of re-prioritisation may be required.
- 9.4. The additional BAU cost for the Head of BI plus the Governance team (6 roles) is estimated as £0.5m. Additional cost savings over and above those already targeted will need to be identified across the business to fund this.
- 9.5. It is recommended that in the short to medium term the focus is on driving the quality of MI rather than on BAU cost reduction. In the longer term cost reduction may be possible.

**Confidential****10. Key Risks/Mitigation/ CSFs**

10.1. There are a number of critical success factors to deliver the desired end state for MI. These are expressed below as risks with the mitigations representing the success factors

Risk	Mitigations
MI and Data is given insufficient priority by GE leading to its de-prioritisation across the business	<ul style="list-style-type: none"> <li>• GE level sponsor to drive the MI and Data agenda</li> <li>• As improved MI becomes available, GE mandate its use and will not accept papers / proposals using other information sources</li> </ul>
MI and Data not seen as a priority amongst the other Transformation initiatives required to deliver the Post Office strategic outcomes and therefore is de-prioritised over time	<ul style="list-style-type: none"> <li>• Upfront agreement by GE / Transformation Committee that MI and Data is critical to Post Office Transformation</li> <li>• GE sponsor champions MI and Data at Transformation Committee</li> <li>• SLT level sponsor (Head of BI) champions MI and Data at Transformation Management Group and Design Authority</li> </ul>
There is insufficient funding to deliver the required transformation in Data and MI leading to only parts of the recommendations being implemented which will not deliver the transformation required	<ul style="list-style-type: none"> <li>• Investment required is identified early and re-prioritisation is carried out as required to ensure availability of funding</li> </ul>
Interdependencies with other elements of Transformation are not well understood leading to fragmented solutions and / or delays	<ul style="list-style-type: none"> <li>• Programme is clearly defined and interdependencies clearly described</li> <li>• Programme is fully integrated into the overall Transformation Programme plan</li> </ul>
Time pressure to implement Horizon replacement prevents the opportunity being taken to assess the optimum provision of MI from Front Office data (including consideration of the future of Credence	<ul style="list-style-type: none"> <li>• Carry out early assessment of optimal system solution for the provision of MI from Horizon data including a strategic decision on the future of Credence</li> </ul>

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### 11. Conclusion

- 11.1. High quality Data, MI, Analysis and Insight is critical to quality decision making
- 11.2. The current maturity of MI provision in Post Office is low on all dimensions
- 11.3. To transform from the current state to the proposed end state will be a multi-year £multi-million journey.
- 11.4. There are steps which can be taken in the next 6 months which will start to deliver immediate improvements and start the journey towards the desired end state
- 11.5. A high level of commitment and sponsorship will be required to achieve the required transformation
- 11.6. Savings of £0.5m will need to be identified to fund the BAU cost of the proposed BI team to drive the required improvement in MI.

### 12. Recommendations

The Group Executive is asked to:

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- 11.
- 12.

- 12.1. Note the results of the review set out in this paper;
- 12.2. Agree the recommendations set out in section 6 of the paper, or if necessary agree further work required to revise the recommendations
- 12.3. If the recommendations are agreed, initiate the implementation approach described in section 8 above

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**Peter Goodman**  
**May 2015**

**Confidential****Appendix 1 – Terms of Reference****Management Information review – Terms of Reference****1. Background**

An opportunity has been identified to streamline Management Information (MI) across Post Office. This has the potential to:

- Improve the quality of MI in terms of its relevance and clarity – only produce the MI that is used and can drive decision making and business performance management
- Improve the quality of MI in terms of information integrity and consistency – one version of the truth and high level of confidence in the accuracy of the information
- Provide greater clarity across the business on where to go for MI
- Reduce the cost of MI provision by rationalising the number of reports and simplifying the organisation for the production of MI

**2. Purpose / Objectives**

The purpose of this review is to:

- Analyse the 'as-is' MI landscape in terms of:
  - Report 'catalogue'
  - Organisation / roles and responsibilities
  - Systems
  - Data
  - Governance
  - Capabilities
  - Process
- Analyse the gap between the 'as-is' and optimal end state for MI against the above dimensions
- Make high level recommendations on how to improve MI against each of the dimensions, splitting the recommendations into:
  - Quick wins (0-6 months)
  - Medium term (6-18 months)
  - Longer term (18 months+)
- Give specific focus to the organisational dimension and include a recommendation on whether a centralised MI function should be created and, if so, the design of the organisation
- Make high level recommendations on implementation approach
- Make high level recommendations on interdependencies / requirements for MI considerations in major programmes e.g. Front Office

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### 3. Approach

The review approach will be:

- Carry out a number of structured interviews to collect information and views from stakeholders (see below)
- Analyse inputs and prepare preliminary recommendations
- Discuss preliminary recommendations with Sponsor and ET Stakeholders
- Refine recommendations
- Finalise and present recommendations

### 4. Scope

The following areas are **in scope** for this review

- Regular Management Information (daily , weekly, monthly, quarterly, annual)
- Sales volume, income, P&L
- ET level business wide reporting e.g. queue times, easy to do business with, etc.
- ET level customer MI i.e. summarised info on customers e.g. products per customer, customer satisfaction, retention

The following areas are **out of scope** for this review

- Data Analytics
- Ad hoc analysis
- Individual customer level information (e.g. what information is captured and held for individual customers)
- Operational reporting i.e. non-financial / sales volume MI below ET level e.g. supply chain operational (routing etc.), network operational (absence reporting etc.)
- Programme status reporting (programme financials in scope)
- Budgeting / target setting

### 5. Assumptions

The following assumptions will be made whilst carrying out this review:

- MDM, Credence, SAP BI will co-exist at least until the Back Office tower provider has taken over back office systems and has made a recommendation on approach
- There will be no material change in the structure of call centres in the timelines under consideration in this review i.e. product related call centres will continue to be managed by clients
- Funding for investment in MI technology will be limited in the 15/16 – 16/17 timeframe

**Confidential****6. Risks**

The key risk to delivery of this review within the timescales specified and to the quality required is the availability of stakeholders to engage in the process given other priorities e.g. year end, other programmes.

**7. Governance / Reporting**

This review will be governed as follows:

- Sponsor: Alisdair Cameron
- Review Lead: Peter Goodman
- Approach: Weekly meetings between Lead and Sponsor to review direction and progress supported by a simple weekly progress report

**8. Stakeholders**

Input will be sought from the following in conducting this review:

- ET
  - Kevin Gilliland
  - Martin George
  - Nick Kennett
  - Neil Hayward
  - David Ryan
  - Paula Vennells
  - Lesley Sewell
  - Pete Markey
- SLT
  - Dave Hulbert
  - Neil Wilkinson
  - Nick Sambridge
  - Sarah Hall
  - Colin Stuart
  - Sharon Bull
  - Rod Ismay
  - Angela van den Bogerd
  - Harry Clark
  - Roger Gale
  - Michael Larkin
  - Henk van Hulle

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- Julie Thomas
- Giles Dunning
- Jeremy Law
- Other
  - Nina Trueman
  - Kevin Lenihan

**9. Deliverables**

The deliverables from this review will be:

- A Report to ET covering the areas described in the 'Purpose / Objectives' section above
- A PowerPoint presentation summarising key points from the report to facilitate a discussion at ET meeting

**10. Timescale**

The review will be carried out to the approximate timescales below:

- |   |                  |
|---|------------------|
| • Agree TOR                                     | 2 April          |
| • Set up interviews / meetings                  | 2 April          |
| • Interviews / Analysis                         | 13-24 April      |
| • Collate findings and prepare draft report     | 27 April – 1 May |
| • Socialise draft findings with ET stakeholders | 5 May – 8 May    |
| • Send report to ET                             | 13 May           |
| • ET presentation                               | 15 May           |

Peter Goodman. 1 April 2015

**Confidential****Appendix 2 – MI content detailed findings**

The following provides more detail on the feedback from interviews on MI content

Too much focus on sales income and insufficient on retention / back book income
Too much focus on volume and income, not enough on margin / profit / contribution
Get good product MI (but not customer MI) from Bofl but not integrated with ours
Need pipeline and conversions reporting
Need more and better MI on sales drivers e.g. sales leads -> appointments -> applications -> sales or digital page hits -> product page -> application start-> application completion -> sale (e.g. amazon focus on page visits and conversions)
No single view of branch e.g. Types of customers, demographics, nearby businesses
Very lacking in customer info
MI not aligned to accountability e.g. need branch MI to reflect what branches can influence
Lack of structured hierarchy of MI from GE level KPIs down to branch etc. (consistent info)
Level of detail not tailored to level in org – ExCo should get high level dashboard – branches get detail
Lack of hierarchy of performance drivers (Business scorecard is outcomes / historic)
Don't have any way of measuring cross sales although a lot of new business cases are based on it
Difficult getting HR data (for Finance) e.g. headcount, absence, joiners and leavers, cost per employee
Lack of ability to analyse impact of promo activity
Need more driver info e.g. telephony churn, sales conversions
Clients also have requirements for MI e.g. Flightpath (RMG)
Lack of trend analysis and rolling trajectories
Need more reference / measurement vs. external benchmarks
MI requirements for digital: <ul style="list-style-type: none"> <li>• System availability</li> <li>• Page response times</li> <li>• Traffic levels</li> <li>• Page conversion</li> <li>• Customer satisfaction</li> </ul>
Need improved agent compliance information
Back book / retentions of increasing importance as want to drive business to continuing income products

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Too much info missing at Trading Board

Need branch P&Ls

Programme reporting is unwieldy, cumbersome, duplicated, manual

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## Appendix 3 – Current MI reports, Teams and FTEs

Function	Team	Reports	Recipients	Systems used	# reports (routine)	# people MI systems / data	# people MI prodn	# people analytics	# people total
Network	Sales Planning & Analysis (Nina Trueman)	Sales and analysis Penetration External market data	Network - Crown, Network - Agency, Kevin Gilliland, Commercial, FS, GE, Comms	Credence / Excel / Microvision / Mapinfo	20	0.5	3.5	3	7
Network	FS Performance and Planning (Dave Burford)	FS / MS performance	FS, Crown Network	Credence / Access / Excel / SAP HR / Bofl data	10		1		1
Network	FS Sales( John O'Neill)	FS Leads, appts etc.	FS	Salesforce		1			1
Network	Branch standards (Dearne) (Andy Kingham)	Branch Conformance	Branch Standards advisors, Kevin Gilliland, Martin	Credence, client data			1	2	3
Network	Agency team (Karl Oliver)	Ad hoc analysis e.g. Mails promotion impact	Agency LT	Credence					limited
Network	Network Design and Analysis (Kjetil Fuglestad)	Branch modelling (self serve), Network statistics	NTP, Network, BIS, Regulators, Product Managers, Managed Services, IT	Imaps, Credence, SAP HR, Excel, Access, SQL, Mapping for Professional	40	1.5	1.5	11	14
Network	CTP programme	Crown branch info ROI for branch conversion		Multiple			2		2
IT	Information Services - In House	Sales Volume and Income	GE, Network, Commercial, FS	Credence, Excel	40	3	1	1	5
IT	Information Services - outsourced to Atos			Horizon / MDM		10	1	1	12
Finance	FSC - Accounting & Reporting (Phil Birds)	Crown P&Ls, Income Pack, Standard cost reports, project spend reports, Stock reports (Swindon)	Other Finance teams, CC Managers, Project Managers, Product Managers, Crown BM/AM/RM/GM, Supply Chain	SAP BI, SAP CFS, Excel, Credence, ESFS	30	3	14	1	18
Finance	FSC - Other	Debt, Transaction corrections, Losses	Network, Security	POLSAP, SAP CFS, Excel	3		2		2
Finance	Financial Control	Monthly Performance Report (inc scorecard) Flash performance report	GE and Board	Multiple sources into Excel	2		1		1
Finance	BPM	Product P&Ls MS / FS sales analysis	Commercial teams / Product Managers, GE	SAP CFS, SAP BI, Excel	2		0.1	0.15	0.25
Finance	NTP (Tim Branch)	Converted branch performance	NTP team	Credence, Agent Pay, Excel				0.25	0.25
HR	HRSC	Attrition, absence, headcount, diversity, engagement, H&S	Finance (for ExCo and Board reporting) ExCo members (for their function) HR Business Partners Line Managers (ad hoc requests)	SAP HR, IRIS (Lumesse), Orbit (Saba), Academy (Working Mgr), Learning Mgt (Totara)	60		3		3
Commercial	Digital (Giles Dunning team)			Credence Site Catalyst (Adobe)			1		1
Commercial	Chris Howard in Nick Beal's team								
Commercial	Marketing - Customer Analytics (James de Souza)	Post Campaign Analyses, Product Marketing KPIs (Sales, Cross Holding, Contactability etc.)	Product Teams (Commercial and FS), Marketing Planning function	BRANDS, SAS (by 3rd party), Excel	1	2	0.5	1	3.5
Commercial	Customer Experience / Insight (Andy Viggars)	Voice of Customer, Voice of Visitor (web)		External	2				
Commercial	Simon Phillips (EMC)		Sub-postmasters	Subspace on-line					0
Commercial	Mind Share (external)	Media spend and ROI		External					0
Supply Chain	Multiple	Multiple Operational metrics e.g. orders, customer service, stock value, returns	Supply Chain internal GE Clients Marketing Bank of England	POLSAP, Transtrak, CashMan, Galaxy, MS Dynamics, Access, Excel, WCS, Mercia, New Voice Media, Remedy, NIPS				1	1
<b>Clients</b>									
Bank of Ireland		Insurance Other							
Other clients (tbc)		Telephony Other							
<b>TOTAL</b>					<b>210</b>	<b>21</b>	<b>32.6</b>	<b>21.4</b>	<b>75</b>

Rows highlighted are those with high numbers of reports produced and / or largest number of people

**Confidential****Appendix 4 – Possible future MI reporting suite**

To define the future MI reporting suite is a significant project in its own right and cannot be covered within the scope of this review. However the diagram below shows key elements of the future design:



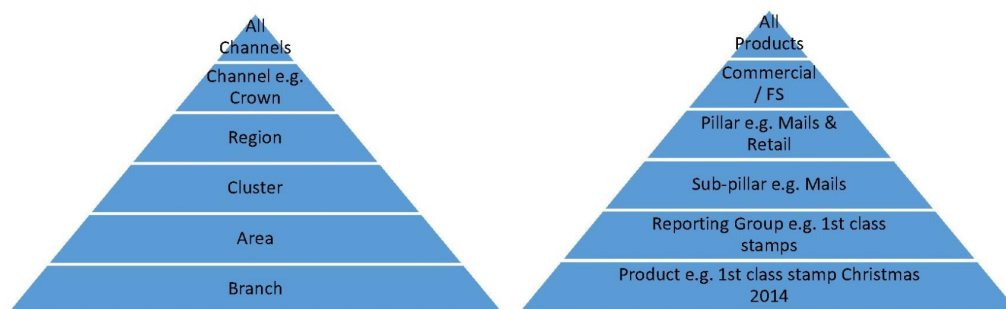
Each of the boxes around the edge represents both a dimension for reporting / analysis purposes **and** a master data store which must be complete, consistent, of high quality and easily accessible to the organisation (with relevant access rights / security). This represents the main dimensions but is not exhaustive – others would include projects, marketing campaigns, etc.

The 'income source' dimension is particularly important as it does not currently exist in any of our MI systems. This would include sales, back-book, retentions, fixed agreements and would allow the drivers to be collated and income to be calculated and reported correctly against each of these income drivers. This would allow different but consistent views of income / profit depending on accountability e.g. branches could see their performance based solely on sales income whilst a product manager could see their performance based on all income streams

Some of the dimensions will require a full hierarchy to be established and maintained (some of which already exist) e.g.

Note that the following areas have not been specifically included in this review and will need to be factored into future work:

- budgeting / forecasting / target setting
- requirements of the Security team who carry out significant analytics work
- InfoSec aspects of Data / MI (Data Protection Act, Data privacy, etc.)

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The following table shows examples, but not an exhaustive list, of potential financial and non-financial KPIs / measures:

Financial measures / KPIs	Non-financial measure / KPIs
Income Cost of goods sold Direct product costs Direct product contribution Indirect product costs Indirect product contribution Overheads EBITDAS EBIT Cash Flow Staff cost / income ratio Direct Product Contribution / income Losses	Sales volumes Customer metrics Pipeline / conversion metrics Penetration rates Market and market share Pricing vs competition Promotional effectiveness Customer Satisfaction Easy to do business with Net promoter score Queue time Branch compliance People indices (Attendance, diversity, engagement, H&S, ER, Leadership, Talent, reward) Branch transformation metrics ROI on branch transformations Stock

Top level KPIs are being defined as part of the strategy / 3 year plan work currently in progress.