

CEC(96)31

Automation Change Programme
Organisation and Control

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Purpose

1. This paper provides an update on the approach being taken to manage the transformational programme based upon our planned investment in automation, and the proposed organisational arrangements for monitoring achievement of agreed programme targets.

Focus

Introduction

2. The planned investment in automation to which we are committed will have considerable impact upon our business at all levels. As well as changing our systems it has implications for our people, processes and organisational structures. Its success underpins our business plan and the key performance targets set for the future. We have previously agreed that co-ordination of this transformation programme requires a separate approach which builds upon our experience of large scale change management, for example during the launch of Customer First, as well as the established disciplines of programme management. The plans for this are described in summary below.

Plan

Organisation

3. Project management structures are already established for each of the strands of the automation programme, with a CEC champion acting as sponsor for each initiative. A summary of the component projects supporting the automation programme is provided at appendix 'A'.

4. The job of automation co-ordinator, now filled by Ian Gibbard, will address two areas outside the remit of the individual automation projects ie;

- change management, including :
 - clarifying the vision for automation
 - alignment with other strategic initiatives
 - communication planning and leadership support
 - setting measurement frameworks
- programme management, including :
 - co-ordinating cross-project plans and dependencies
 - programme assurance and reporting

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External consultancy support to this work is also being recruited to provide additional resource and further experience of large scale change management through the use of new technology. Responses to the tender issued for this purpose will be evaluated during September with an appointment planned for early October 1996.

5. It is planned to reconstitute a steering group with responsibility for the leadership of the programme. A copy of the draft purpose statement, already supplied to CEC attendees with dates for future meetings, is reproduced at appendix 'B' for information. The proposed steering group membership provides for the attendance of process sponsors as change owners within the scope of the automation programme. As the draft statement of purpose indicates, it will also provide a focus for review of the automation strategy as input to CEC in this area.

6. Co-ordination of policy issues and decision taking between the separate steering group responsibilities of the PDA and those described in this paper will be the responsibility of Paul Rich, supported by the formal change management processes which are now being established.

Communication

7. Proposals for regularly communicating progress to CEC will be developed as one of the early tasks of the steering group. Wider communication of the automation programme, including its structure and objectives will be undertaken as part of the change management activities now being planned.

Summary

8. CEC is invited to note the present organisational arrangements for the automation programme and endorse the proposals to establish a steering group with responsibility for leading this transformation.

Bob Peaple

August 1996

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POCL Automation Programme

Appendix 'A'

Scope

1. Automation of post offices

The project introduces a capability to pay state benefits to 19 million recipients using card based technology at 20,000 post offices through 40,000 counter positions across the UK. The lifetime cost of the project is valued at more than £1 billion.

The business objectives of the project are:

- fraud free benefit payment with lower end to end processing cost
- increased commercial opportunities arising from an automated delivery capability
- enhanced benefits reconciliation and accounting practices
- improved customer service

The project is jointly managed by POCL and the Benefits Agency (BA) with the Pathway consortium acting as prime contractor under a Government Private Finance Initiative, and responsible for developing, implementing and operating the automated system.

2. Transaction Information Processing (TIP)

The project seeks to transform the existing, largely paper based, process for proving and consolidating the weekly accounts produced by all post offices. These accounts, together with a large volume of supporting documentation, are used to support the settlement of funds between POCL and its clients as well as providing a source of information about the performance of the post office network.

The project will replace the existing mainframe based computer environment and equip the business with the capability to validate and process the automated streams of data available from the post office automation programme. The cost of the project through to implementation is estimated at £25 million. Its business objectives are:

- To reduce the cost of processing client transaction data, including the amount of re-work due to errors.
- To develop a capability to support an automated customer interface (via the BA/POCL project)
- To generate added value opportunities through improved MIS

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The project is undergoing a requirements planning phase with support from SEMA Group as the appointed suppliers.

3. Distribution Systems

The project addresses the logistics and inventory management of the cash, foreign currency and other value items that are the essential 'stock in trade' of the post office network. At present this core process is supported by a variety of computerised and paper based systems operated through business owned warehouses (or cash centres).

The project will introduce industry best practice through the re-engineering of the existing processes around a world class software package as well as providing the basis for a rationalisation of the existing distribution infrastructure.

The cost of the project through to implementation has been estimated at £16 million. Its business objectives are:

- to re-align the the business process to best industry standards
- to enable the centralisation of the management of stocka and cash as a means of reducing holding costs
- to reduce operational costs and staffing levels
- to support Post Office group strategy in this area

The project is approved to proceed through a pilot stage and a support from third party suppliers is presently being sought.

4. Finance Systems

A project to replace the outdated business accounting processes is also currently underway. This project initially contained three strands:

1. the introduction of the SAP (R3) software as the basis for financial reporting - successfully achieved in 1995
2. the development of a local management information database for regional reporting - successfully achieved in Q1 1996
3. the introduction of activity based costing using a proprietary software solution - presently being implemented

It is apparent, following a review of the IS strategy, that a reconfiguration of the SAP financials will deliver a more effective interface to the new projects now being developed. This reconfiguration will also seek to maximise the benefits to be gained from use of SAP software in other

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business processes, including distribution. The scope and scale of the work is presently being addressed.

5. Reference Data

This project has been established to ensure that the business has clear ownership and definition of the data that is to be managed through the use of automation. Initially it will ensure that processes are in place to maintain a single, consistent source of 'standing data' around the key elements of the company data model. In this way it is intended that interfaces between the different automated processes will be more effective and company information will be capable of being routed and accessed across process and functional boundaries.

The project will deliver a mechanism for storing and maintaining key data about product, network and client. It will introduce systems for interfacing this data to the other elements of the automation programme. The cost of the project is assessed at £1 million.

Timescales

The projects are designed as far as practical to avoid inter-dependence. As a result of the scale of the programme it is necessary to plan for a relatively lengthy migration period in which both the 'old states' and the 'new states' can co-exist. Nevertheless the projects all conform to a single IS strategy, the benefits of which depend upon a full implementation of all projects. In support of this ambition, all of the system components depend upon a single definition of key business data and therefore upon the Reference Data Project.

Broad timescales and milestones are as shown (finance project to be defined):

Automation of post offices

operational trials - Q3 1996
roll-out commence - Q1 1997
roll-out complete - 1999

Distribution systems

prototype - Q2 1997
complete pilot - Q4 1997
Roll-out - 1998

TIP

requirements - Q2 1996
prototype - Q3 1996
rescaling - Q1 1997

Reference data

Complete development - Q4 1996
Go-live - Q1 1997

APPENDIX B

AUTOMATION TRANSFORMATION STEERING GROUP: TEAM PURPOSE

PURPOSE

TO PROVIDE LEADERSHIP AND DIRECTION TO THE TRANSFORMATIONAL PROGRAMME, AND SHARED OWNERSHIP OF THE BUSINESS VISION WHICH IT SUPPORTS. THE STEERING GROUP IS RESPONSIBLE FOR MONITORING AND REVIEWING OVERALL PROGRESS TOWARDS THE SUCCESSFUL COMPLETION OF THE AUTOMATION PROGRAMME AND ACHIEVEMENT OF THE STRATEGIC TARGETS WHICH HAVE BEEN SET.

OUTPUTS

- A VISION PRODUCED WHICH COMMUNICATES TO EVERYONE THE CHANGE TO BE UNDERTAKEN THROUGH THE PLANNED INVESTMENT IN AUTOMATION
- AN AGREED PLAN PRODUCED FOR CLARIFYING AND COMMUNICATING THE VISION FOR AUTOMATION
- TOP MANAGEMENT COMMITMENT TO THE PROGRAMME OBTAINED
- TARGETS SET FOR THE CHANGE PROGRAMME, WHICH LINK TO BUSINESS MISSION, OBJECTIVES AND RESULTS
- MILESTONES AND CRITICAL SUCCESS FACTOR IDENTIFIED FOR THE TRANSFORMATION, BASED UPON THE INDIVIDUAL STRANDS OF THE AUTOMATION PROGRAMME
- PRIORITIES FOR INDIVIDUAL CHANGE PROGRAMMES DECIDED
- BLOCKAGES TO CHANGE IDENTIFIED AND RESOLVED
- MEASURES OF PROGRESS AGAINST PROGRAMME TARGETS, PLANS AND RESOURCE SCHEDULES REVIEWED
- PROPOSALS FOR ALIGNING THE AUTOMATION PROGRAMME WITH RETAIL, HR AND OTHER STRATEGIES DEVELOPED
- PROGRAMME RISKS IDENTIFIED AND COUNTER-MEASURES DEVELOPED
- AUTOMATION STRATEGY DECISION REVIEWED (FEEDBACK LOOP)
- PROGRAMME CONTRIBUTORS RECOGNISED

INPUTS

- PROGRAMME MANAGEMENT REPORTS, PLANS AND RISKS REVIEWS
- REPORTS AND PROJECT PROGRESS STATEMENTS FROM PROCESS SPONSORS
- MAJOR PROGRAMME CHANGE PROPOSALS (HAVING A DEFINED LEVEL OF INPUT UPON BUSINESS TARGETS)
- OPINION SURVEYS OF PROGRAMME STAKEHOLDERS AND RELATED SATISFACTION MEASURES
- GROUP TRANSFORMATION PROGRAMMES AND STRATEGIES

CUSTOMERS

- COUNTERS EXECUTIVE COMMITTEE (PRIMARY)
- PROCESS SPONSORS/PROCESS OWNERS
- PROJECT CONTROLLERS
- GROUP

MEASUREMENT

AGREED OUTPUTS DELIVERED TO TIME (BASED ON PROGRAMME DEVELOPMENT STRATEGY PRODUCED FOR CEC ENDORSEMENT).

STYLE

- PRINCIPLES OF EFFECTIVE MEETINGS
- AGENDA AND PAPERS ISSUED A WEEK BEFORE THE MEETING
- PROCESS SPONSORS TO 'OWN' PROPOSALS WITHIN THEIR OWN AREAS OF ACCOUNTABILITY
- VISIBLE ACTION POINTS AND MINUTES PRODUCED WITHIN 3 WORKING DAYS

MEMBERSHIP

BOB PEAPLE

DAVID TAYLOR

ROGER TABOR

JONATHAN EVANS

PAUL RICH

IAN GIBBARD

WENDY POWNEY

PETER TURGOOSE (as required)

EXTERNAL CONSULTANT

Dick WHEELHOUSE

JUNCAW HINE

SUBSTITUTES

BOB - DAVID

DAVID - BOB/LESLEY LAWSON

ROGER - DAVID SMITH

JONATHAN - CHESTER WALLACE

PAUL - MENA REGO

IAN - WENDY

WENDY - IAN

Belcher
line
quarterly
report.

MEETING FREQUENCY

MONTHLY (or as circumstances require)