

The Vanguard Method

Beyond Command and Control

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John Seddon's 'Vanguard Method' [1,2] shares several of the fundamental propositions common to the systems thinking tradition [3] such as:

- Taking a holistic rather than reductionist view of phenomena, where the essential features of an entity are recognised not to be in their components but in their whole (in other words, where 'the whole adds up to more than the sum of the parts') [4];
- The related systems principle of 'emergent properties' [5,6];
- Recognition that all systems work to a purpose: 'a system is a set of things interconnected for a purpose ... when you are confronted with a set of components and you want to find ways of working with them, or making them work better, it is always useful to look at them as if they had a purpose' [7];
- Recognising the existence of feedback loops which inform the future workings of systems [8]; and
- The need to understand and deliver requisite variety [9], to allow for what some systems thinkers have termed 'variety engineering' [8,10,11].

However, Seddon's theory and practice has different antecedents to the systems thinkers, most prominently drawn from a twentieth century figure who may be classified as a statistician and management theorist: W Edwards Deming, who recognised and stressed the importance of understanding organisations as systems.

Seddon first trained as an occupational psychologist. His work led him to become engaged in an evaluation of the reasons for the failure of Total Quality Management (TQM) programmes at the height of their popularity in the 1980s. At that time, people were being trained in TQM tools and sent on projects to solve problems as defined by their managers. In auditing these programmes, Seddon discovered a problem: it was not possible to know whether a change initiative had succeeded or failed unless you had knowledge about how an organisation actually performed – how well things worked and why.

When Seddon conducted interviews with managers, he found that they would describe what they did, which was not the same as knowing what impact these actions were having on performance. For example, managers said they spent time monitoring their staff's activity, or that they focus on keeping within budgets. However, the effectiveness of these actions had not been evaluated in terms of the impact on performance; and, given Seddon's interest in service organisations, particularly how they performed from the customer's perspective. Seddon could see that managers were used to performing rituals, but these rituals were disconnected from knowledge of performance as experienced by the end customer.

As part of his research into TQM, Seddon read the works of the leading lights of the then popular quality movement including Crosby [12], Juran [13] and Deming [14]. Of these three, it was Deming's work that resonated most profoundly with Seddon, especially statements such as the one below:

'Most people imagine that the present style of management has always existed, and is a fixture. Actually, it is a modern invention – a prison created by the way in which people interact.' ([15] p. xv)

Deming pointed out many of the dysfunctions of conventional Western management thought such as the damage caused by managing through functional hierarchies or the use of arbitrary measures. He would teach massed ranks of Japanese senior managers of manufacturing organisations, using his famous diagram 'Figure 1: Production as a system' which showed a high-level flow of work for a manufacturer, orienting his audience to what they should be paying attention to in their manufacturing operations. In short, Deming was teaching them about the need to manufacture at the rate of customer demand.

Deming's book 'Out of the Crisis' [14] compiled cogent criticisms of Western management thought and had resonance with what Seddon was witnessing in service organisations. However, Seddon could see that Deming's work had little to say about how to make his systems ideas work in a service environment.

Seddon identified the 'present style of management' that he witnessed as all-pervasive within conventional service management. Table 1 shows the various logics of what Seddon terms 'command and control thinking' [1]. It represents a narrow reductionist worldview, where parts can be controlled in isolation from each other without concern for unintended consequences.

Perspective	Top-down, hierarchy
Design	Functional specialisation
Decision-making	Separated from work
Measurement	Activity management, service levels, targets, standard times: all related to budget
Attitude to customers	Contractual
Attitude to suppliers	Contractual
Role of management	Manage people and budgets
Ethos	Control
Change	Reactive, through projects
Motivation	Extrinsic

Table 1: The features of command and control management.

As Seddon began to articulate dysfunctional features (for example that targets make performance worse) he saw that the dissonance created amongst managers led to denial, rationalisation or even 'shooting the messenger'. Drawing on the work of Chin and Benne [16], who had postulated general strategies for effecting change in human systems, Seddon argues that such defensiveness is a consequence of a 'rational' change strategy. What is explained is mapped on to the mental model of the recipient, the very thing that needs to change [17].

Chin and Benne identified two other change strategies: ‘coercion’, which drives compliance through sanctions – for example with public sector reform in the UK [18] – and ‘normative’ which is to help people see for themselves the dysfunctional consequences of their theories in action. Normative approaches are consistent with another branch of occupational psychology, the work of Argyris and Schön [19] on intervention theory and method. Argyris and Schön describe the need to achieve ‘double-loop learning’ through feedback loops that create a change in a people’s ‘governing variables’, assumptions and implicit theories.

Seddon’s ‘Vanguard Method’ is built upon the need to create a series of normative experiences for leaders within an organisation: it is done by helping the leaders study their organisation as a system. It is to make the connection between the ‘thinking’ in the system, the manifestation of that thinking in the actual system, and the resultant performance as experienced by the customer, as represented in Figure 1.

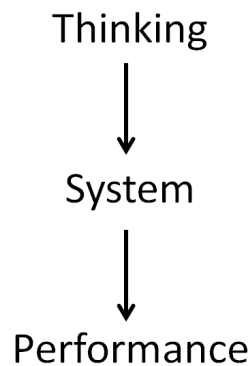
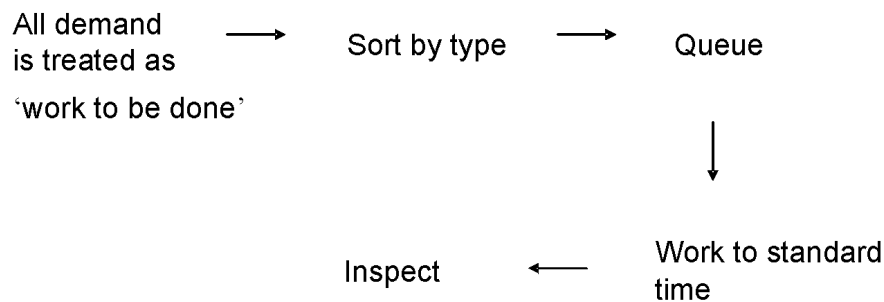


Figure 1: The fundamental relationship between Thinking, System and Performance.

A typical command and control service archetype would include such common features as a call centre at its front-end, where customers are routed to various service agents who are monitored for adherence to activity measures, scripts, protocols and the like and ‘back offices’ (inspired by the work of Chase [20], who argued back offices would improve productivity by decoupling customers from service work) where similar measures of activity governed performance. Managers of these ubiquitous systems focus on the amount of work coming in, how many people they have and how long people take to do things (described by Seddon as the ‘Core Paradigm’ for conventional service management [18]).

Regardless of particular variations these organisational designs follow an archetype, as shown in Figure 2.



Key measures: Activity and cost

Figure 2: An industrial service archetype.

Conventional service managers, possessing a ‘command and control’ mindset, will look to improve performance using these general strategies:

- Standardising work processes;
- Using I.T. to replace, support or control the service agent;
- Attempting to reduce average activity time (through procedures, job aids, call coaching and targets);
- Outsourcing activity to lower-cost organisations/economies; and
- Increasing functional specialisation (to reduce training costs).

The main driver is a push to reduce unit costs through managing activity against financial targets and the creation of supposed economies of scale. Scripts, procedures, targets, standards, inspection and compliance typically govern the way these organisations work. However, these features all have deleterious effects on the service provided to the customer, sub-optimising at a systemic level. Deming’s writings show that efforts to control work through the use of arbitrary measures will only distort the system and create suboptimal outcomes [14].

Studying service organisations from the customer’s perspective reveals the phenomenon of ‘failure demand’, something Seddon first discovered and wrote about in the 1990s [21], and which was later defined as ‘*demand caused by a failure to do something or do something right for the customer*’ ([1], p. 26). When service organisations do not do something that the customer has been expecting, customers call back, turn up again, or otherwise create more demand and hence more work. These, and failures to do something right from the customers’ point of view - not solving a problem, sending out a form that a customer has difficulties with and so on - represent a significant opportunity to improve service delivery and reduce costs if dealt with in a more effective way. Treating failure demand as though it is indistinguishable from all demand is to fail to see a powerful economic lever for improvement. However, this inability to see is a direct result of managers operating within the ‘core paradigm’ mentioned above, where all demand is treated as work to be done.

The concept of failure demand is a potent one that easily gained wide recognition. To a conventional command and control thinker it exposes a significant problem of cost: failure demand consumes precious resources. Their minds are therefore immediately drawn to the causes and, consistent with the consequences of a 'rational' intervention their command and control mindsets generally place the blame for failure on their people and their processes.

However, failure demand is systemic [22] and a signal of ineffectiveness, by definition. The causes of ineffectiveness are in all of the features of the service operations, in the system as designed and managed by its leaders. For example, imposing a front office/back office split for work (following [20]) necessitates different parts of the organisation taking different views of their customers, with the front office workers working directly with customer needs but the back office operating purely to rules. Activity management and standardisation of tasks leads to an inability to absorb the variety of customer needs, but services face a variety of problems that require bespoke solutions. Specialisation of work means separate teams dealing with ever narrower aspects of a customer's original demand, creating handovers, re-work and losing sight of the customer's purpose. Inspection focuses service agents on compliance with work specifications regardless of customer needs. All of this will mean, in many instances, an inability to solve a customer's problem, thus generating more failure demand within the system.

Command and control managers believe the features listed above to be effective means of control. In sum, these represent the ethic of managing through attention to controlling costs. This is why Seddon's Vanguard Method sees it as essential for leaders to study their organisation as a system, to have a normative experience and to see for oneself the problems caused by command and control ideology. Seddon describes the requirement for managers to 'unlearn' before they can learn: unlearn command and control by seeing how ineffective it is before then learning the things that need to be paid attention to in any new, replacement design. In this systems approach, mental models are changed by doing (normative change): it is only by doing that managers can unlearn, can find out for themselves where their current beliefs about the design and management of work are flawed, in order to put into place something that works systematically better, and can systemically be further improved. A counterintuitive truth to be discovered through study is that cost comes from the flow of the work – the number of transactions it takes for a customer to get a service.

New designs are built around an understanding that customers determine what matters to them, and how they want to receive a service (what Seddon terms their 'nominal value' [1]). Knowledge of customer demand enables leaders to design a system that will absorb variety. The right expertise is provided where the demand occurs. Instead of working to arbitrary measures, only one measure – achievement of purpose in customer terms – guides decision-making. As a consequence of working in this way, service improves and costs fall.

The design represents an alternative model (or archetype) for service management:

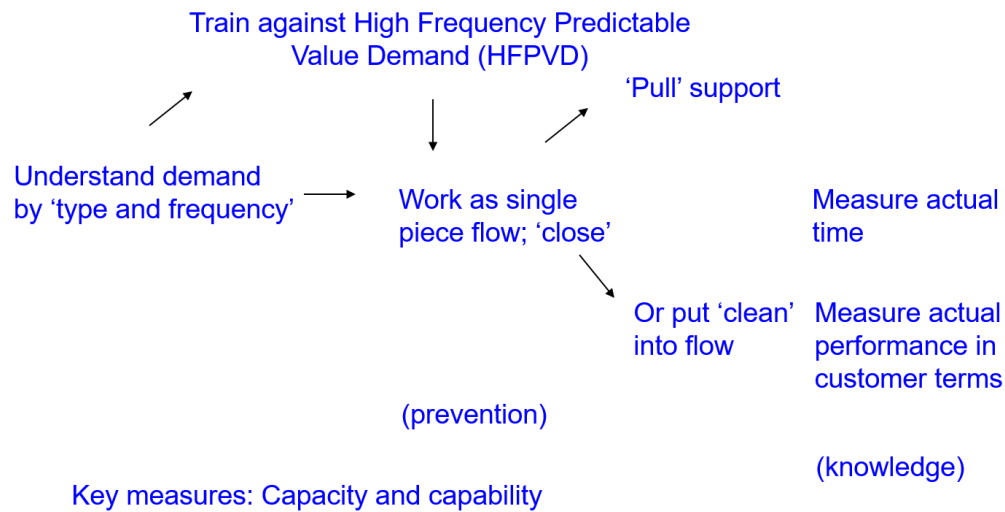


Figure 3: The systems archetype for transactional service systems.

Front-line agents are trained to handle high-frequency predictable value demands – things leaders know they will get a lot of. For everything they are not trained to do agents ‘pull’ help. They and their leaders have only one focus, how to solve more problems for customers more quickly. Instead of constraining the system with activity targets, the actual time taken becomes the basis for effective resource planning. Anything that has to be sent elsewhere to deliver a service is the subject of relentless attention to how to send things on perfectly for the recipient. Inspection is replaced by prevention, responsibility rather than accountability.

In a system designed in this way, management is confronted with new and different problems to solve. No longer concerned with commanding and controlling activities, managers can instead start to focus on issues such as:

- Is demand changing? Does this have implications for the way we train service agents?;
- Could more be done to build the necessary expertise, enabling customers to get what they need at their first point of contact?;
- What expertise needs to be available to be ‘pulled’ in to support the front line?; and
- Does work, when it is passed on, arrive ‘clean’ (i.e. in such a form that the recipient has everything they need to process the work)?

There are three primary controls in this better design: knowledge of demand, relentless focus on only doing the work that is of value to the end customer, and achievement of purpose in customer terms. These three controls are system controls, speaking directly to the purpose of any service organisation. Seddon describes them as leading measures. In sum, they represent a focus on managing value to the customer rather than managing costs. Cost belongs in its rightful place as a lagging measure: the impact on costs will be seen once the service to the customer has been improved. The purpose of this new system becomes ‘design to absorb variety’, in accordance with Ashby’s concept of requisite variety [8,9].

The following example shows the impact these ideas can have in practice.

An insurance company had outsourced its work to India in the (command and control) belief that this would lead to lower costs. The work, in its outsourced form, required 700 people to service it: 500 service agents in India and 200 in the UK. In response to adverse customer experiences and thus customer losses, leaders had a plan to repatriate the work. On advice the plan was put aside. Instead leaders followed the Vanguard Method, studying the work as a system. They found that failure demand accounted for around 70% of the total demands. One demand from a customer required two and a half transactions to be satisfied, on average. By working in a new, more effective way for customers (so that the end design was a version of the systems archetype in the above diagram), the volume of failure demand consequently fell, and therefore the capacity in the service to handle 'value' demands was increased. The outcome was such that, when the work was repatriated to the UK in this new design, only 300 service agents were needed to achieve better performance for customers.

The example illustrates the principle of emergence which is present in Seddon's approach: following conventional methods, no leader would have predicted in a plan that the service would need nearly 60% fewer service agents while providing an improved service after the changes. Seddon emphasises that no plan is required – it is only by studying that the opportunity for improvement reveals itself, and this opportunity is almost always much greater than would ordinarily have been proposed in a planned change. The emergent design is based on knowledge gained through studying, a 'normative' experience [16]. Seddon describes them as having crossed a metaphorical Rubicon: once they have seen a new way of managing services, they cannot go back to the old.

Another example, this time from a housing repairs service, shows the redundancy of arbitrary measures in systems designs.

An English council provides repairs and maintenance service to tenants living in social housing. Studying this service revealed to the leaders that the purpose from the tenant's point of view of the reactive repairs service was 'turn up when it suits me and fix the problem in my house'. Repairs systems like this one commonly have around 50% failure demand, and it was found here that trades operatives were only able to complete jobs on their first visit 40% of the time. As well as exposing problems like these and their causes, the study phase opens leaders' minds to a different way of thinking about the system. Studying demand revealed its predictability, which in turn taught them about the expertise they needed. Studying the time taken to complete work led to knowledge about capacity which, in turn, meant the leaders were able to design a system that delivers repairs on the day and at the time the tenants want. The consequences were that completing jobs on first visit rose to 95%, 80% were attended within 30 minutes of the scheduled time, the value of the materials held in stock halved and demand into the call centre dropped by half. In examples of this kind the result is a better service with a 30 to 50% fall in operating costs.

(From [23])

There are many other examples of profound results achieved through adopting the Vanguard Method in a variety of service systems. See for example the method's application to:

- insurance claims [24];
- utilities [25];
- banking [26,27];

- logistics [28];
- higher education institutions [29,30];
- housing ([31–33];
- local authority services [24,34–37]; and
- people-centred services such as social care/health, citizens’ advice, charities [38–44].

The results are the consequence of shifting management’s mental models from command and control principles to systems principles.

Command and Control thinking		Beyond Command and Control thinking
Top-down, hierarchy	Perspective	Outside-in, system
Functional	Design	Demand, value and flow
Separated from work	Design-making	Integrated with work
Output, targets, standards: related to budget	Measurement	Capability, variation: related to purpose
Contractual	Attitude to customers	What matters?
Contractual	Attitude to suppliers	Co-operative
Manage people and budgets	Role of management	Act on the system
Control	Ethos	Learning
Reactive, projects	Change	Adaptive, integral
Extrinsic	Motivation	Intrinsic

Table 2: Command and control thinking versus beyond command and control thinking.

Current research: Beyond budgeting

Central to this shift in mental models is management’s thinking about control. As has been illustrated, the key controls in a systems design for transactional services are knowledge of demand, a focus on doing only the value work, and achievement of purpose in customer terms. Conventional controls are abandoned as they are revealed, through studying, to fail to control. Budget management is arguably the skeleton of all management controls – measures of activity, standard times and so forth being derivations of budgetary control.

As leaders make the transition, the traditional concerns about working to budgets fall away (indeed, they could be described as being ‘dissolved’ as systems thinker Russell Ackoff would term it [45]. For example, the repairs service described above came in under budget for five consecutive years. It obviated the need for monthly budget reviews as leaders and representatives of the finance function came to realise it served no useful purpose. Future costs are now projected based on predicted, stable demand: the organisation has knowledge of the state of their housing stock and therefore can predict the necessary expenditure with a degree of certainty. As Deming taught, management is prediction:

‘Management is prediction. The theory of knowledge helps us to understand that management in any form is prediction... Rational prediction requires theory and builds on knowledge through systematic

revision and extension of theory based on comparison of prediction with observation.’ ([15], p. 101-2)

The problems with conventional budget management are well documented [46,47]. The capacity to predict how a service system generates and uses money opens a novel window on re-thinking budget management [23].

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