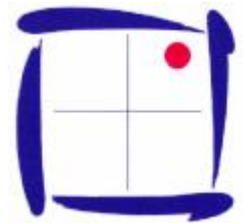


# Case Study: Metropolitan Council Payroll and Personnel Administration



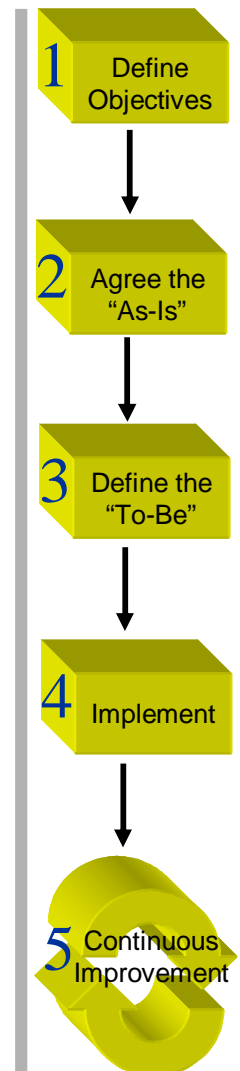
## The Challenge

As part of its efficiency drive, this Council with over 15,000 employees wanted to streamline its Personnel and Payroll procedures. 3 different departments existed to serve the three main directorates within the Council (Social Affairs and Health, Life Long Learning and Central Resources). In addition a Strategic Finance department was responsible for overseeing the running of the payroll and dealing with corporate matters. Over time each of these departments had developed its own procedures and processes and the Council now wanted to bring them together into one Shared Service Centre.

## The Solution

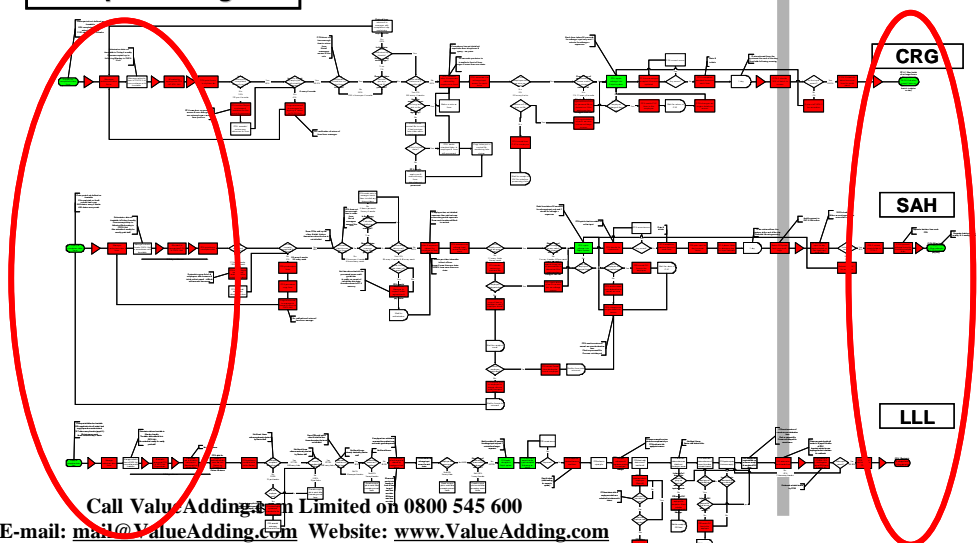
A "Stage 1" study had told the Council that efficiencies could be achieved through bringing together staff who were operating similar processes but in order to realise greater savings the Council decided to introduce a full BPR programme by training a small in-house team who would then be charged with leading and facilitating the changes required to create one Shared Service Centre. A three year savings programme of £500,000 was set and the programme commenced. Our task was to redesign the processes so that the savings could be achieved. We trained the in-house team in our 5 step approach and within 4 months helped them to produce a detailed implementation plan of change that would achieve the Council's goals:

- ∅ The in-house team were trained in the ValueAdding.com methodology;
- ∅ Staff from all departments were involved in workshops to verify the As Is processes and to help generate ideas for the To Be;
- ∅ Rough cut Activity Based Costing was used to quantify the savings that could be made and to illustrate how they would be made;
- ∅ A three year change implementation programme was developed and presented to the Project Board.

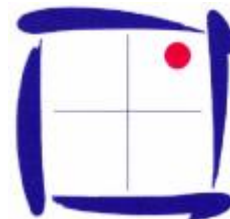


### Example: Mileage

The As Is processes were mapped in detail to identify Non-Value Adding activities that might be eliminated through BPR. The process for each procedure was seen to be different in each department



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## Redesign and Implementation

The three year programme of change was designed to achieve the savings targets in a realistic way.

In year 1 the processes were to be standardised so that each department was achieving the same process result at the lowest cost. Low level Non-Value Adding activities were to be eliminated. Rough cut ABC showed the potential for improvement here.

Standardise at lowest cost	As Is	Frequency	Cost per unit	To Be Final	Saving over As Is
Maternity	£ 19,595	234	£ 60.82	£ 14,232	£ 5,363
Starters	£ 148,026	5527	£ 23.92	£ 132,220	£ 15,806
Leavers	£ 54,918	4501	£ 9.14	£ 41,124	£ 13,794
Changes	£ 172,047	18959	£ 6.92	£ 131,122	£ 40,925
Timesheets	£ 163,680	173503	£ 0.59	£ 102,512	£ 61,168
Overtime claims	£ 92,019	28971	£ 2.52	£ 73,070	£ 18,950
Expenses claims	£ 77,426	52472	£ 0.77	£ 40,279	£ 37,147
Sickness	£ 116,031	68150	£ 1.40	£ 95,090	£ 20,941
	£ 843,743			£ 629,649	£ 214,094

In year 2 a Front Office / Back Office structure was to be introduced and processes which were wholly Non-Value Adding were to be reduced in frequency of occurrence.

In year 3 IT improvements would be made to embed the new ways of working into the culture of the Council

## The benefits

The Council now has:

- Ø A clear plan of how to implement their internal Shared Service Centre
- Ø A view of how their savings target of £500,000 is to be achieved realistically
- Ø A trained in-house resource who can facilitate the changes