

Sketch – Now the wheels have fallen off, let's fix the punctures

Based on the introduction to the UK TRANSFORMATION 2010 conference held in May.

A great deal has happened in the last 12 months. A year ago we were steering our way through an unprecedented series of blow outs; a full financial crisis in banking, an economic crisis in industry, a debt crisis in government, a warming crisis in the environment and a political crisis in parliament.

Here we are a year later and it is difficult to tell whether the vehicle of our economy has more punctures or not. The worst of the recession appears to be over for now and the 30-year north pacific cooling cycle may be taking some of the heat of out of global warming, but the financial crisis has progressed in the normal fashion from the private sector to the public sector, the budget deficit has spiralled and we are only just emerging from the longest election in our history. If you recall it was originally scheduled for October 2007 - I could understand someone wanting to win it back then.

The new Conservative-Liberal coalition (or Liberal-Conservative depending on who is boasting) took shape after the disastrous Liberal Democrat election result brought them their best chance of success yet. The press was starting to get impatient after 4 days of flirting, but as one European delegate at the conference said, "what's the hurry, it hasn't even been a month yet". In April Private Eye advertised its "Election Special" with a cover picture of the three party leaders in debate. Nick Clegg was saying, "Vote for one party ..." whilst Gordon Brown and David Cameron were saying in unison, "... and get another one free".

It is surprising to many that the Conservatives and Lib Dems teamed up after such a promiscuous courtship. Apparently David Cameron swung it with the promise of a referendum on the alternative voting system. He has now put the offer in writing and sent it to Nick Clegg via royal mail with insufficient postage.


So now we have our first coalition for over 50 years, our youngest PM for 200 years and the most indebted government since the last one. Labour MP Stephen Pound said on the day of the announcement that Lib Dems entering government with the Tories will feel like "vegetarians who've just got jobs at McDonald's".

Commentators are now asking whether we are at the dawn of a *new politics*. The Times describes this as a hybrid government – presumably meaning an environmentally friendly political alliance. The comedian John Bird provided a more pragmatic explanation. He said that it is the same as the old politics except that we don't know who anyone is yet.

But what we need as much as a new politics is a new management. The problems and inefficiencies in government, as in so many of our institutions and businesses, are long-standing and deep rooted. Instead of instigating real change we tend to focus on the reorganisations, performance targets and incentives that reinforce our silo thinking. The news is full of the bizarre consequences of these.

For instance it has been reported that Kings College Hospital has recently started clamping its own ambulances for parking too long. Last year a council got caught out as one employee painted a newly designated double yellow line underneath a parked car and then another employee gave it a ticket, but on reflection maybe that is an example of teamwork.

Our response to the big challenges too often fails to address the problem. Obesity is becoming more of an issue in the UK – both Labour and Conservative presiding over a 'big society'. A recent report



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from Alder Hey hospital warned that the unhealthy epidemic will lead to a generation of children dying before their parents. The local NHS responded by launching a health programme. The Department of Schools and Families responded by introducing more healthy school meals. But the local authority responded by banning the word 'obesity', on the grounds that it had "negative connotations". I thought that was the point.

The recent volcanic ash incident highlighted another manifestation of *sub optimisation*. Dominic Lawson of The Times claims the disruption to flights occurred because of a zero tolerance approach. Air Traffic controllers apparently had a policy to let no aircraft fly in a region affected by volcanic ash. That sounds OK on paper but once the ash was in the air neither the National Air Traffic Service nor the engine manufacturers were keen to volunteer any guarantees of safety. The psychology of the blame culture meant that no one wanted to be accountable for causing a possible accident, however unlikely. Risk assessment was replaced by risk aversion and a blanket flight ban remained until the CEO of British Airways went on a reconnaissance flight on board one of his 747s. When he emerged from the ash cloud unscathed, to a mixed reception of militant cabin crew, all flights were resumed.

BBC presenter Andrew Neil reported that the issue erupted from a simple language problem. For months the UK was putting pressure on Iceland to return six billion pounds of *cash* that the country's banks lost during the credit crisis. He suggested they misheard and thought we said *ash*.

The banking sector took the process of disconnection to an impressive new level. Convinced it was elite, the banks tried to outperform the global economy even though the sector is fundamentally part of that economy and its job is just to shuffle the money around. The banks were so creative that they found a way to shuffle more money than actually existed. When their system broke, their derivatives trading contracts were worth almost 10 times the GDP of the whole world.

Regrettably financial crises occur on a regular and predictable basis. Each time we vow that it must never happen again. Unfortunately neither our political leaders nor our captains of industry seem to have a comprehensive method for dealing with the complex challenges we face. The poet Ogden Nash said that "history repeats itself. It has to – no one listens".

But there is a method available and it promises real results and a profound change in the way we manage our organisations. This thinking can be applied to any field of human affairs – economic, social, political, environmental and even financial.

Management philosophers such as Deming articulated the transformational disciplines that will focus businesses and governments on the right action. They contain the thinking, methods and techniques to revive our economy, refresh our institutions, stimulate education, strengthen our communities and protect our environment.

But transforming our organisations is not easy while they are still trying to drive ahead at full speed. Davis Balestracci likened this to driving in a car down the motorway at 70mph with 4 flat tyres. The driver asks us to change the wheels, with one caveat – he cannot slow the car down. Other than that we are fully empowered to do whatever it takes. Is it any wonder that we often have to wait until the car breaks down entirely to get the chance to do it properly?

Luckily for us the wheels have now spectacularly fallen off the economy so we may get a chance to modernise our public services and businesses at last. Let's seize the opportunity.

Written by James Crawford for The Deming Forum, and **Change!** – the newsletter of Touchpoint Change Consulting. Touchpoint Change helps organisations in the private and public sectors to prioritise change, engage their people, develop good partnerships, transform their operations and become self sufficient in continuous improvement.