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Case study – HMRC

September 2015

Landing
transformational
change: Closing
the gap between
theory and practice



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Acknowledgements

The report *Landing Transformational Change: Closing the gap between theory and practice* was written by Professor Julia Balogun, Professor Veronica Hope Hailey and Dr Imogen Cleaver, with help from Ruth Stuart, Lead Consultant for Strategic Projects at the CIPD. We would like to thank Julia, Veronica and Imogen for providing such a depth of expertise on the topic. In particular we would also like to thank the four organisations that participated in the report, generously sharing their time and their experiences. These include BBC Worldwide, HMRC Personal Tax, News UK and Zurich UK Life. We would also like to extend our thanks to the individuals within these companies who made the research possible. At BBC Worldwide we would like to thank Kirstin Furber, People Director, and

Noreen Riordan for managing the arrangements. At HMRC we would like to thank William Hague, Chief People Officer, Caroline Murray, Head of Employee Engagement & Culture, Judy Greevy, Deputy Director Talent, Engagement and Diversity (recently retired), Gill Nicholson, Deputy Director Talent, Engagement and Diversity, Debra Lowery, HR Business Partner in Personal Tax Change, and Sarah-Jayne Williams, HR Business Partner. At News UK we would like to thank Sophie Knight, the Programme Director, Robert Hands, Executive Managing Editor at *The Times* and *The Sunday Times*, and Natalie Rider for managing the arrangements. At Zurich UK Life we would like to thank James Sutherland, Head of Corporate Governance.

HMRC case study

1 Context

The Personal Tax (PT) division of HMRC handles tax relating to individuals, such as PAYE, Self-Assessment and National Insurance. PT Operations employs about 14,000 people:

'We run all the customer-facing contact centres for HMRC, so that is for the whole organisation and not just for personal tax. We deal with about 70 million contacts a year through the telephony contact centres. We handle around about 10 million or 12 million items of post a year.'

Their work is intertwined, therefore, with other parts of HMRC, such as Benefits and Credits. PT is based in offices across the UK, from Cornwall to Scotland. There are 12 large offices and a number of smaller ones.

During the recession HMRC were tasked with cutting 20% from the cost base:

'We lost 5,500 people out of PT Operations last year.'

Both customers and the workforce were frustrated. Often customers would not be able to get through on the phones. When they did get through, the advisers on the telephones were highly knowledgeable and experienced but had to stick rigidly to prescribed scripts and guidance.

Customers would be asked to write in or would be referred to a different office, leaving the customer query unresolved after that first contact and the call

handler frustrated because they could see how to progress the query but were not allowed to do so:

'Our contact centre staff were telling us how awful it was to have to say to somebody, "I'm not allowed to give you that information over the telephone," or, "I can't see the letter that you sent in ... while you are here on the phone now." ... It was also causing repeat demand into our system.'

In addition, customers wanted to be able to interact with HMRC in new ways, such as online, and at different times of day, for example between 7pm and 9pm. HMRC PT needed to be more customer-focused.

2 Preparation for change

Overview

There were a number of change initiatives running concurrently: automating work items, such as scanning in the post; a new telephony platform; and using digital technology, for example to enable someone who is 'a normal Pay As You Earn employee ... to go online and serve themselves'.

Alongside these was Once and Done. Once and Done looked at changes which were more in the hands of PT and not dependent on investment approval. It looked at the culture and ways of working needed to reform PT and was run simultaneously with a mass conversation across HMRC called Building our Future. Both of these were in the top leadership team's tasks for the year.

Once and Done: May 2013

Ruth Owen arrived as the new director general for Personal Tax in 2012. She had seen a scheme in the Department for Work and Pensions which sought to reduce handovers, that is, the experience of being passed from department to department without the issue having been resolved, wasting the customer's and adviser's time.

In PT she found the guidance for contact centres had become complex and unwieldy. As a member of the change team described:

'We've had more and more stakeholders build into our various processes, from "musts" to "nice to haves", and it's created some monsters.'

PT needed to find a better balance for customer experience versus preventing error and fraud: an increased focus on the customer journey; giving the workforce greater discretion in how to handle calls; and simplifying processes. To do this, potential improvements needed to be identified, guidelines changed and people management systems reformed.

The adviser of the future would be able to work flexibly, on telephones, post and online, rather than being allocated to just one of these. Advisers would be in customer service centres in fewer locations. In the future the levels of trust between the workforce and senior leaders would be better.

Big assumptions would need to be tackled. Was there any real benefit

to requiring a piece of information to be provided by letter rather than by telephone? The risk-averse culture and governance processes would need to be changed.

The team

The senior manager appointed to lead Once and Done was chosen carefully:

'He's got this kind of inspirational leadership quality.'

'[He] is brilliant at being (a) persistent but also (b) helping people understand that this is a good thing we are doing together and that they want to be involved.'

Ruth gave and continues to give her personal backing to Once and Done.

'Ruth said to me ... "I absolutely give you an undertaking, now. I will support you."'

Ruth wrote a letter confirming this, to which he could refer people.

He would report in to the director of all the change programmes in PT. Ruth recruited a new director of change in to PT, who had also worked at DWP.

Until August 2014 the set-up was small, initially only about five people. The group set out to:

'...allow our staff to put their ideas on the table, turn the guidance on its head ... not quite renegades, but a few people together who had a different mindset.'

Idea generation

There were three parts to this. Essentially idea generation was from the bottom-up.

The initial focus was on telephony.

'So we ... started on Manchester and we said, "we need you to give people

time off the phones to come and concentrate" ... To ask them, what are the ideas that will make a difference?'

'We all got into a room ... and just talked about things that we couldn't do over the phone and things that they did with the post ... things that frustrated us.'

It was like opening a fizzy drink; the ideas shot to the surface.

Second, in 2014 HMRC tested Fresh Thinking, an online idea generation system. Anyone in HMRC can enter a suggestion. Fresh Thinking then triage the suggestions, deciding whether to send them to Once and Done or a different change team. People can track the progress of their idea, comment on each other's ideas and vote for ideas. The icon is on the desktop of all staff.

Third, in March 2015 Once and Done set up a review team:

'It's a small team of six front-line people ... reviewing all of our guidance and all of our processes to see which ... tells the customer to write in, tells the adviser to tell the customer that we'll write to them, or we have to do a referral to another part of the business. ... They're the churn team ... already they've made 55 key changes.'

This team turns the pages of the guidance and can identify 'easy' changes, within remit, to maintain momentum and to keep alive the message that change is happening.

The following is an example of the type of thing Once and Done might tackle: a customer telephones about a company, ABC Services, which was closed down three years ago and the tax affairs need closing down. When asked for the name of the company, the customer says just 'ABC' and automatically fails security for

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failing to say ‘Services’ as well. Under the old guidance the adviser could not tell the customer why they had failed security so the customer and the adviser both got frustrated. Once and Done might ask: can we give the adviser the discretion to say, ‘Is that the full name of the company?’

Not all ideas have merit and that has to be acknowledged, but all ideas are logged. The energy generated even by asking front-line staff for ideas is palpable.

The first trials: August 2013

Ruth visited Manchester to find out why the team had made just one change in three months. They were struggling to get changes implemented. Although stakeholders might agree in principle that Once and Done was desirable, when an idea was actually put on the table, objections would be made by stakeholders. As Director General PT, Ruth could go to her opposite number at, say, Benefits and Credits, and draw on the philosophy of Building our Future as One HMRC to seek help on clearing the stakeholder obstacles. However, what the team needed was test data. She said:

‘From Monday you can do this on the phone; I’ll take responsibility.’

Ruth gave the team permission to start trials in a live PT Operations team in Manchester, without getting stakeholder agreement first.

‘She’s put herself out.’

Once the team had the data, they got the stakeholders together and gave them the evidence that there was no impact on error and fraud. The meeting took four hours.

That early success showed it could be done.

3 The change process

Trial data

There are now over 150 advisers in Manchester doing trials and more in other locations. The trial teams have a list of Once and Done trial topics. During a call the adviser will be scanning the list to see if an item is there, switching from the guidance to a crib sheet if it is, and completing a log of the call afterwards so data on the trial can be generated.

As the number of trial teams grew, advocates were appointed in the trial teams with allocated time in the week to concentrate on the updates from Once and Done to get a deeper understanding, and in turn to channel questions back to the Once and Done team.

Challenges included the impact on the trial teams’ call handling times. The change team had to agree with Operations that the trials were sufficiently important for the strict call handling times to be relaxed, but the service still had to be delivered. As these challenges arose they were addressed, for example, with different ways to log the calls.

Also, trials were dependent on people ringing with relevant queries. For topics which get fewer calls there is now scenario testing where teams can try to break guidance changes.

If a trial was successful, the idea would then be worked into guidance and help cards would be created. The idea would go live in Manchester initially before going live nationally.

Phone First is an example of an initiative which was trialled in Manchester and has since been rolled out nationwide. It was not a Once and Done generated idea, but it later came under the remit

of the team. Phone First was a drive to get advisers to telephone instead of writing a letter to request further information, potentially saving time and money. To get approval to go from trial to live, the report on the trial had to be of a sufficient standard to satisfy the executive committee. The resource implications had to be considered carefully, for example needing more people on the phones and fewer people handling post. Small changes to call handling times can have a big impact when there might be 70 million calls a year.

Customer and employee satisfaction levels in the Once and Done trial teams improved and these improvements were the trigger for nationwide rollout of many of their ideas. Evaluation of the changes continues.

Clearing obstacles

Ruth could not personally clear every obstacle. Director-level support helped. One director recalls a lack of progress in a particular PT office. The director visited the site, tackled a stakeholder issue by writing to them to get the guidance changed, addressed a personnel issue and then went back to recognise the progress:

'They were really proud to show me all of their things that were moving on.'

Finally, the director publicised the good work of the new manager to several hundred senior managers at an event, saying:

'Instead of just being a victim of the fact that everybody was really, really busy, the manager in that site pulled somebody offline, helped to redraft ... the guidance, and everybody had a win-win because they got the changes through that they needed.'

All these actions of the director sent a clear message that Once and Done work had support from the top.

More generally, a director commented:

'We were all very visible, going to meet the teams ... making sure that we were celebrating successes and putting our own shoulders behind it as a senior management team.'

Agreeing a methodology

Over time the team has developed a detailed methodology for getting ideas processed. There are protocols for consulting stakeholders and time limits within which stakeholders must respond to suggested changes. Likewise, there are protocols around how quickly Once and Done must respond to Fresh Thinking.

'It holds us to account that in eight-week tranches, we'll get these ideas out.'

Using the methodology, they are collaborating successfully with stakeholders and regularly landing changes to guidance.

Using discretion

Once and Done also wanted front-line staff to be able to use their expertise more flexibly. The desired direction of travel was towards a place where the boundaries of an experienced adviser's remit are clear and within that they can use their discretion to reach the right answer. If they make a mistake, put it right and say sorry. The director of operations issued a written instruction three times to Operations staff to think more about the end result and less about whether the guidance was adhered to rigidly. The rule is known as 'Dorothy's Law'. However, change proved difficult.

Metrics and staff performance reviews

There were two problems here: call handling times and the assessment of the quality of a call. The metrics by which PT people were assessed were devised under a different philosophy.

The challenge was to look at the whole picture, not just the call handling times in one contact centre or at one time of year. However, the manager of a contact centre team was used to being assessed more narrowly.

The second challenge was call quality:

'Part of those quality checks will be to have followed the guidance as set out.'

Quality checks are still important but made in a different way:

'And, as people have got more and more confident, then those checks have gone through a lot better. And I think people feel a lot more secure, that they won't be reprimanded in any way for making either a mistake or going a different way ... to get the right answer.'

The Director of Operations PT, to whom each manager reports, has repeated this message through the various communications channels:

'For example, Building our Future ... the front-line staff had some real issues about checking and people being failed. They raised it in the open forum and I very publicly said, "This is unacceptable and I have written to managers. If you are telling me it is still happening then I need another conversation."'

This challenge was still being tackled in summer 2015:

'We have introduced a new quality approach. ... About three weeks ago I did a dial-in inviting every single manager in PT Ops ... so several hundred dialled in, to say, "Let's talk about ... what you are allowed to do and why it is okay." That made a really big difference; you just have to keep giving the message and keep reassuring.'
(Director of Operations, PT)

Leaders

For Once and Done to be successful, everyone needed to change the way they worked. The leaders in the middle, however, had not, perhaps, been brought on the journey.

There were two elements to this problem. The first was how to facilitate leaders allowing their people to use more discretion, discussed above. The second was that Once and Done needed the leaders with people management to be creating an atmosphere in which idea generation was welcomed, rather than treated as less important than getting on with the job.

PT used a workshop. The leaders at deputy director level, who number about 100, experienced the workshop first. They in turn took the workshop to the next level of leaders and so on:

'This is what it means to lead in a Once and Done way. This is ... why it's good.'

They received a deadline for delivering the workshop and a pack with PowerPoints:

'They can use storytelling to advise their staff on how they've been impacted by ideas generation. We've asked them to sit down and listen to calls ... to demonstrate with some ideas.'

Senior leaders who have gone back to the phones and seen the problems for themselves have then engaged fully with the programme.

In the pack:

'We talk about what our aim is ... the challenges that as a business we face. ... We give them hints and tips on how they can perhaps develop their people and develop themselves ... by being open to challenge and being honest in our answers, by empowering our people, allowing them to be creative.'

It used leadership statements:

'We'll be visible and approachable and welcome challenge, however uncomfortable.'

They were encouraged to get mentors for themselves and their people. PT Ops has committed to every person having ten days for learning and development in the next 12 months. Leaders were challenged to think creatively about ways of meeting key performance indicators:

'They think it's really good.'

The creator of that workshop is a former PT tax professional, who is now on the Once and Done team.

Finally, the Director of Operations PT and her deputy directors started 'manager cafes':

'The middle managers are the ones you don't see as much and actually need your help a bit more. We ... listen to them and what their frustrations are ... things like performance management, having difficult conversations, engagement and managing attendance.'

They want to know they will be supported by senior management and to understand how, for example, to blame less and engage more.

Line of Business Hubs

The Once and Done team was now being replicated:

'We've created what we call Line of Business Hubs ... to roll out Once and Done more widely into NI, employer helpline, tax credits.'

Expansion required buy-in because anything to do with VAT is 'owned' by Business Tax; anything to do with tax credits is 'owned' by Benefits and Credits. However, there are more calls each week on PAYE and SA than these so it could be said that HMRC have tackled the biggest challenge first.

The Hubs were groups of three or four people. Fresh Thinking would now send ideas to the relevant specialism Hub and the Hub would decide whether it had merit. These were sources of expertise. The members of a Hub group were given the Once and Done methodology. They trained by doing a work-shadow in Manchester for a week, to learn how to weigh the merits of an idea, consult stakeholders and, if appropriate, organise a trial of an idea.

The National Insurance Hub had already implemented about 30 ideas. Within local office Hubs they celebrated their own successes:

'What the teams tend to do is, on battle boards and walls in corridors, have the visuals. ... "These are our top ideas, here are our successes, get involved, come and see us."'

Communication

Once and Done always thank the person who had the idea:

'When that idea goes live, nationally, that day you get a certificate saying, "Your idea, well done. Today, everyone in the country is following your new approach."'

A problem with previous schemes had been that advisers felt their ideas disappeared into black holes.

Once and Done also publicise the ways in which individuals contribute to change:

'On our intranet pages we have little storyboards and pictures of the people who've been involved in some of the success.'

Mass communications of change were managed carefully to avoid overwhelming staff. Communications were, say, fortnightly instead of weekly; indeed, a minor change in the guidance might not be proclaimed to all, for example, moving 'how to make a change of address' from 'D' for 'designatory' to 'C' for 'change of address'.

As well as communications from the change team there are also communications about the Once and Done team. As one director observed:

'We were saying, very visibly, this is important to us because we've got them up on stage and they are part of our nominations, so those big national awards that send a lot of signals across the organisation.'

Building our Future

Concurrent with Once and Done in PT, there was a programme of mass communication about the changes across the whole of HMRC. Building our Future involved everyone in a conversation about the future, not only what was known (such as online services were launching imminently) but also acknowledging what was

uncertain (such as which offices would close when they merged into fewer sites).

This programme sought to improve communication between senior leaders and the workforce. It was sharing information with and gathering information from the workforce:

'When we did Phase 1, from April 2014 through to September 2014, all 50,000-plus staff attended an event.'

Prior to April 2014, there had been ten months of work on it at HMRC Executive Committee to clarify what the future might hold for the organisation, what the culture would need to be, and so on. They did not use consultants. They developed a narrative and agreed it would be delivered face to face to every employee and captured in a booklet:

'[HR] did a lot of the practical stuff too. The upskilling of people to deliver this story and helping comms write the story.'

Each phase started at the top with the chief executive and cascaded down:

'We ... went to a senior leadership group event, where Building our Future was delivered. ... We were then required to ... develop a delivery programme, using the people who were at that event as presenters and facilitators.'

The logistics of working through 50,000 HMRC employees in a few weeks were complicated. In the call centres in PT, with offices from Portsmouth to East Kilbride, being sensitive to busy times meant:

'We had about 17 or 18 working days, because we couldn't do Mondays and Fridays, to get 10,500 people through.'

They were taken away from their desks for two and a half hours and told about the future of HMRC and how it might impact them. There were directors at every event and the attendees could interact with them:

'People were allowed to ask you any question they wanted and you were not briefed.'

The presentations were followed by table talk sessions. The facilitators on each table gathered information from the events and the feedback improved the change programmes; for example, feedback from one of these events led to changes in the training around the new digital scanning of post.

Since then Phase 2 has been completed and in 2015 Phase 3 was being rolled out to all 50,000. Phase 2 focused on the successes from Phase 1. By providing prompt feedback to the staff in Phase 2 on the changes made as a result of suggestions gathered from the staff in Phase 1, Building our Future facilitated the staff experiencing a sense of having made a real contribution:

'You said this training wouldn't work for this particular project, so we've changed it, and we changed it the week after you told us it wouldn't work. You told us you were having a specific problem with IT in Dundee, so we got the IT team up in Dundee the week after.'

Having this programme of communication running at the same time as Once and Done meant that employees across HMRC felt informed about the changes to come, understood the role of Once and Done in the overall change programme and saw the directors' support for working in a Once and Done way.

Evaluation of change

In terms of measuring the change achieved, there are various sources of data, for example the number of ideas implemented. For 2014–15, the team smashed through the target of 100 to successfully implement 137 ideas nationally. It is estimated the changes have resulted in 100,000 fewer referrals, stopped 600,000 letters to HMRC and avoided 100,000 letters being sent out. However, it is difficult to evaluate the impact in the last few months:

'We had a new telephony platform introduced at the end of last year that had some real technical problems in the early days. ... We have also had a new scanning system put in ... and that had an effect on performance.'

For evaluating increased customer focus, customer exit surveys track customer satisfaction:

'The evaluation of the Phone First ... customer satisfaction ... it's gone from quality 82 to 92, that's huge.'

Customers are enthusiastic:

'We get customers calling saying, "I want to speak to a Once and Done team.'"

Finally, to assess the impact on employees, absence rates were tracked. Between 2012 and 2013 in the teams in the contact centres trialling Once and Done, the number of days lost to employee absence fell by 19%.

4 Change achieved

The new philosophy is to try to deal with everything in one contact with the customer:

'We make sure that we deal with everything that might be outstanding on that record and make sure that the customer goes away a lot happier.'

'What it is has done is let people follow their own initiative, using their own knowledge and guidance, to actually deal with the customer's query; which has actually sort of torn apart the previous way of working.'

'To date, we've [had] over 200 ideas in the last two years and we've landed every one of those safely.'

The experience of both customers and staff is improving. As a result, trust between staff and leaders is improving:

'I think it tended to generate trust amongst our people, because they saw ... senior leaders like Ruth taking action.'

Building our Future has also improved trust as HMRC has become *'more open, more honest, more transparent now'*.

The employees feel valued:

'A sense that they're ... being listened to, and their concerns and ideas have been acted upon.'

In addition:

'I think actually it has broken down a lot of barriers between contact centre and processing.'

There are now ideas coming through in other HMRC departments:

'We've got two huge ideas on the go in Benefits and Credits ... which will hopefully shave quite a bit of time off the call handling time.'

The mass conversation with the HMRC workforce is itself a big change:

'We've never done anything like that before. ... "This is what we're going to look like ... What do you think?"'

Across all the change programmes, there is an increased emphasis on the customer experience:

'We've implanted, in Personal Tax, customer insight in every single one of our change programmes. So that has begun to make a difference ... we won't sign off a change unless we've done that customer research.'

With regards to Once and Done, the Director of Operations PT summarises the change as follows:

'It is considered a huge success, Once and Done, because we have implemented those 140-plus ideas. We have changed the culture and we are now rolling it out. Staff love it.'

The Once and Done team have been nominated for the PT Achieving Excellence Awards, HMRC People and Civil Service Awards.



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Incorporated by Royal Charter
Registered as a charity in England and Wales (1079797) and Scotland (SC045154)
Issued: September 2015 Reference: 7101 © CIPD 2015