

[Spring-cleaning: The missing trick](#) [1]

Written by [Tim Ambler](#) [2] | Wednesday 24 November 2010



Incoming management typically regards the inherited HQ as idle, over-staffed and unproductive. They seek to reduce overheads, which seems so much easier than increasing sales, and re-focus the frontline teams. In the event, especially if they are inexperienced in these matters, the new management, and their shareholders, are disappointed.

Some readers will be familiar with the three brown envelopes story: the message in the first is 'blame the previous management?', then 'say that things are about to turn around?' and finally 'write three brown envelopes?'. This same old sequence applies to government just as much as commerce. The leaders of the Coalition are exceptionally bright and talented but, Ken Clark aside, have little relevant experience from commerce or government.

The wrong but typical approach is to decide to cut costs by X, which translates to reducing the headcount by Y. Since, initially, headcount reduction costs more than it saves due to redundancy payments and notice periods, management announces it as medium term savings, i.e. the benefits without the costs. Non-replacement of leavers mitigates the pain and the cost.

The surviving old guard of senior managers bide their time but eventually stoke up the fury when expected work is not completed on time or adequately. Consultants are then hired to get it done and, eventually, are replaced by payroll workers to save money cost. We are back to square one, or at least another brown envelope. The missing trick is that the spring-cleaning of government departments needs to be driven by removing work first, and people second. Each HQ unit should be considered in the light of 'if this work was not done at all, what would be the consequences?? Where the work disappears, so can the headcount. It needs to be that way round.

Closing quangos or primary care trusts and transferring their work to departments and doctors' practices respectively will achieve nothing unless the work itself is also eliminated. A dead giveaway is the phrase 'working with?'. The people being worked with may well be grateful not to be worked with. The Eastern Strategic Health Authority claims to 'work with' 46 other NHS bodies.

Rolling back government should be about reducing what government does first and worrying about headcount and savings second.

[blog comments powered by Disqus](#) [4]

Source URL: <http://www.adamsmith.org/blog/politics-and-government/spring-cleaning-the-missing-trick>

Links:
[1] <http://www.adamsmith.org/blog/politics-and-government/spring-cleaning-the-missing-trick>

[2] <http://www.adamsmith.org/taxonomy/term/5859>

[3] http://disqus.com/?ref_noscript

[4] <http://disqus.com>