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Embedding design capacity in public organisations

EVALUATION BY DESIGN FOR PUBLIC SERVICES

Exploring the need of a culture of service assessment

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ABSTRACT

The paper reflects about the need to introduce and develop approaches and tools for public services evaluation. Starting from the acknowledgment that investments in public services has dramatically increased over the last decade, we could state that they must also respond to new varieties of societal challenges and rising demands coming from service users. This pressure makes a strong push upon innovation considering that, if services must be designed to meet the complex needs of users, they also must reach a high rate of delivering cost efficiency.

This article proposes an approach based on qualitative and quantitative measurements throughout the whole service design process in which service evaluation may represent a tool for value creation and a driver for innovation in public sector.

Considering the emerging interest on evaluating design and innovation (OECD, 2010; European Commission, 2012) the authors try to explore existing evaluation methods for services in public sector, in order to define an evaluation framework that could support new innovation patterns.

INTRODUCTION

Public services are a central question for governments and policy makers that have to face the increasing amount of public expenditure and have the necessity to reduce costs (Design Commission, 2013). In most of the OECD countries, public investments have been strongly reduced (OECD, 2011) forcing the governments to restructure their role with the imperative of *doing better with less* (money, human resources) (Colligan, 2011). In this problematic context, innovation becomes fundamental to improve the public sector efficiency and to define new ways of organizing, providing and delivering services. Moreover governments and public bodies need new processes and tools to foresee and manage risks in investments and rapidly adapt to the changing conditions.

INNOVATION IN PUBLIC SERVICES

Innovation is an important issue for both public and private sector organizations. Till now literature on innovation in the public sector mainly derives from that in the private one, which largely focuses on technological and product improvement, highlighting the limitations in applying it to service and organizational innovation, typical of the public sector (Hartley, 2005).

Services are what products are not (Vargo, Lusch, 2004). They are intangible and distributed in time and space. They cannot be owned, stored or perish. Services are consumed as they are produced and sold, and the customer typically needs to be present for the service to be delivered (Shostack, 1982; Manzini, 1993; Kimbell, 2009; Meroni, Sangiorgi, 2012).

When it is referred to public sector, innovation is defined as new ideas aimed at creating public value (Mulgan, 2007). It requires a change in the relationship between service providers and users and judgements have to be made about processes, impacts and outcomes, as well as products (Hartley, 2005).

There are important differences between public and private sector innovation. Innovation in the latter is driven primarily by competitive advantage tending to restrict the sharing of good practice to strategic partners. By contrast, the drivers in the public sector are to achieve widespread improvements in governance and service performance in order to increase public value (Moore, 1995).

Nevertheless, in the contemporary service-dominant logic (Vargo and Lusch, 2008) in both private and public sector, the customer is the main creator of value (Holmlid, 2010) and innovation requires a systematic approach, where the process of change and its enabling factors are understood, as well as the users' needs (OECD, 2011).

If service innovation derives from a planned process and requires a disciplined approach to rigorously identify and execute the most promising ideas, the right development process, the right level of risk management, the right target, etc. (Jones and Samalionis, 2008), then firms and countries need to develop strategies to facilitate it. Involving citizens and stakeholders in decision making to offer creative solutions, enabling organisations to provide better services (OECD, 2009), improving the productivity of services reducing their cost, or supporting the use and the diffusion of digital technologies (OECD, 2011).

To reach these purposes, public leaders need to know how to match the delivery (quantity and quality) of services - given the resources available - to society expectations (OECD, 2011). Moreover, they need to consider new government forms based on transparency and inclusion, where strategies and performances evaluation will be also crucial (OECD, 2009).

Notwithstanding the measurement of service qualitative-quantitative aspects is not defined and the relatively tight and rigorous methodologies typically used in other disciplinary fields may not be always applicable to service innovation (Blomkvist and Holmlid, 2010). Hence, new approaches and methods should be developed.

PUBLIC SERVICES NEED TO BE DESIGNED

Design is a discipline which shapes ideas to become practical and attractive propositions for users and customers (Cox, 2005).

It is commonly recognised that design as a corporate activity is part of the innovation process (Freeman 1982; Roy and Bruce, 1984).

During the last decades there has been a shift towards a more strategic view of design: it is considered as an essential activity for user-centered innovation (OECD, 1992), as a value that precedes the business one (Holmlid, 2010). This is particularly true when referring to the public sector, where innovation is aimed at generating public value.

Design as a driver of innovation is strengthening its role in service industries and in the public sector also thanks to the consolidating discipline of service design (Commission of the European Communities, 2009).

Service design is a collaborative activity incorporating many disciplines with a bundle of skills and practices (Mager, 2004; Thackara, 2007). In public sector a great deal of service design happens without any professional design input (Commission of the European Communities, 2009). Most of public managers and insiders ignore how to add basic design methods to their activities and processes. Neither they know when and how to introduce professional designers (Brown, 2009). The benefits of service design are not yet sufficiently perceived by public actors. Similarly, investors often do not know how to evaluate design projects and design-driven activities (Commission of the European Communities, 2009). But public services, as well as the others, must be designed in order to meet the user needs, the efficacy of the performance, the quality of the offer, and the cost efficiencies.

Recent evidences show that design approaches can drive innovation even in public services (Design Council, 2008): for example service design methods like prototyping are useful to define problems at early stage, before significant public funding is committed and media attention is attracted (Jones and Samalionis, 2008).

In UK, interesting experiences about service design-led innovation in public services are supported by the Design Council and Nesta.

Over the last few years, Design Council has piloted a range of public sector projects, to support the role of service design in public services. One of them, the Move Me project in Northumberland region, has improved transport systems in a small rural community by creating a toolkit for service providers[1].

Moreover Nesta has designed People Powered Health programme to support the design and delivery of innovative services for people living with long term health conditions[2], through patients involment in developing and delivering their own care.

Both represent an innovative and potentially radical intervention in public services and demonstrate that design can generate cost and organisational benefits.

Despite these cases, there is a lack of evaluation tools and methods available to institutions and citizens supporting the adoption of service design in a systematic way and subsequently to foster service innovation (European Commission, 2012).

DESIGN EVALUATION AND EVALUATION BY DESIGN IN THE PUBLIC SECTOR

Innovation does not always lead to success, but it is useful to learn about and understand failing innovations, as well as successful ones. The failures may help to understand the innovation process, its barriers and enabling factors (Hartley, 2005).

This is the purpose of evaluation: to understand how good or bad activities, projects, products, services are working in order to better comprehend what is going wrong and then improve it (Bezzi, 2007). A company that does not manage the customer evaluation in producing goods and services will not generate sales (Holmlid, 2010).

Evaluation can help designing and generating value, but needs to be designed in turn.

In recent years, there has been increasing pressure on design to show meaningful results, not only in raising interest on design discipline, but also in making a significant contribution to national development (Raulik et al. 2008) through guidelines and evaluation methods (Palfrey, Thomas, Phillips, 2012). Before introducing the issues about service evaluation, a clarification is needed, describing the differences between *design evaluation* and *evaluation by design*.

The term *design evaluation* refers to design practice evaluation at micro and macro scale i.e. applied to individual firms and specific public policies or to a larger scale, namely to a national system scale. The EU is promoting some significant experiences related to these issues (EDII -

1. Case study available at: www.dott07.com/go/public-commissions/move-me
2. Case study available at:
http://www.nesta.org.uk/areas_of_work/public_services_lab/health_and_ageing/people_powered_health
3. http://ec.europa.eu/enterprise/policies/innovation/policy/design-creativity/index_en.htm

European Design Innovation Initiative[3]), such as the DeEP Project, which explores the opportunities to fill the lack of evaluation in design innovation policies defining specific frameworks and tools (www.deepinitiative.eu).

Always concerning the growing recognition that design helps both companies and nations compete, recent research led by the University of Cambridge has attempted to produce an *International Design Scoreboard* (Moultrie and Livesey, 2009), providing a proof of principle to measure design at national level.

The term *evaluation by design* refers to design-led evaluation methods applied to design products and services. If there is a rising tradition of measuring and comparing aspects of national competitiveness related to design, to date there has been no comprehensive collation of available data for evaluating design performance in services (Moultrie and Livesey, 2009). As a matter of fact, the *International Design Scoreboard* outlines that data on the design services sector is typically not available through any national statistics agencies.

In spite of the existence of a British Standard guide (BS-7000 part 3 "Guide to Managing Service Design") aiming at educating service providers to the importance of total design, service design is still not managed in an organised manner.

For this reason we are going to focus on *evaluation by design*, as a medium to give evidence to the service design value for improving innovation.

Referring to that, the *Magenta Book* (HM Treasury, 2011) provides a guidance on how evaluation should be designed and undertaken for public policies, programmes and projects and presents standards of good practice in conducting evaluations. It states that a good evaluation can provide

"reliable understanding of which interventions work and are effective. […] Developing an evaluation plan at an early stage will help to ensure that all the important steps have been considered" (HM Treasury, 2011:12).

A further approach is given by *Project Oracle* (www.project-oracle.com), a London-based endeavour to bring evaluations of youth programmes. It is attempting to change the mindset of public providers, together with the wider community of decision makers and funders, in order to signal the importance of good evidence and to stimulate a demand for it (Ilic and Puttick, 2012).

Evaluation by design is certainly an important issue, long overdue, that deserves public attention.

Starting from the existing evaluation approaches, the authors' purpose is to describe an on-going reflection about an evaluation framework for services.

EVALUATING PUBLIC SERVICES: A FRAMEWORK FOR SERVICE DESIGNERS AND PUBLIC ACTORS

As the previous paragraph shows, making better use of evidence is essential if public services are to deliver *more for less* (Nutley, Powell and Davies, 2013). The UK Civil Service Reform Plan (HM Government, 2012) suggests that there is a need for an improved infrastructure to trial and assess what works in major public areas, aiming at ensuring that governments have the evidence to support effective commissioning.

By defining an evaluation framework for services, the authors hypothesize how this needed infrastructure should be.

Starting from a service design approach, which includes actions to unveil opportunities, produce ideas, solve problems and create implementable solutions (Goldstein et al. 2002; Moritz, 2005), we can assume that evaluation process have to consider the different steps of the service design process, from the ideation to the final delivery.

The hypothesis is to consider the evaluation through three design levels (strategic, development, execution). These correspond to different focus of evaluation regarding *enabling conditions* (the resources needed to operate your program), the *inputs* (namely the design activities), the *outputs* (the service delivery results) and the *impact* (related to the long term perspective).

The idea is to shift the service evaluation focus from functional characteristics, technical components, flow of processes and relationships, to the potential impact (social, economic, organizational, educational) that services can have on individuals, communities and organizations, offering new patterns of behaviour and interaction (Anderson in Ostrom et al., 2010).

As the *Magenta Book* outlines (HM Treasury, 2011:39) there are number of stages in planning and undertaking an evaluation. A first important step is to define a *logic model* to design the evaluation process, analysing data and interpreting results.

Referring to the Kellogg Foundation (2004) *logic model* for innovation, a set of indicators could be used to describe the framework (see Figure 1), coming from the discipline involved in service design process like management,
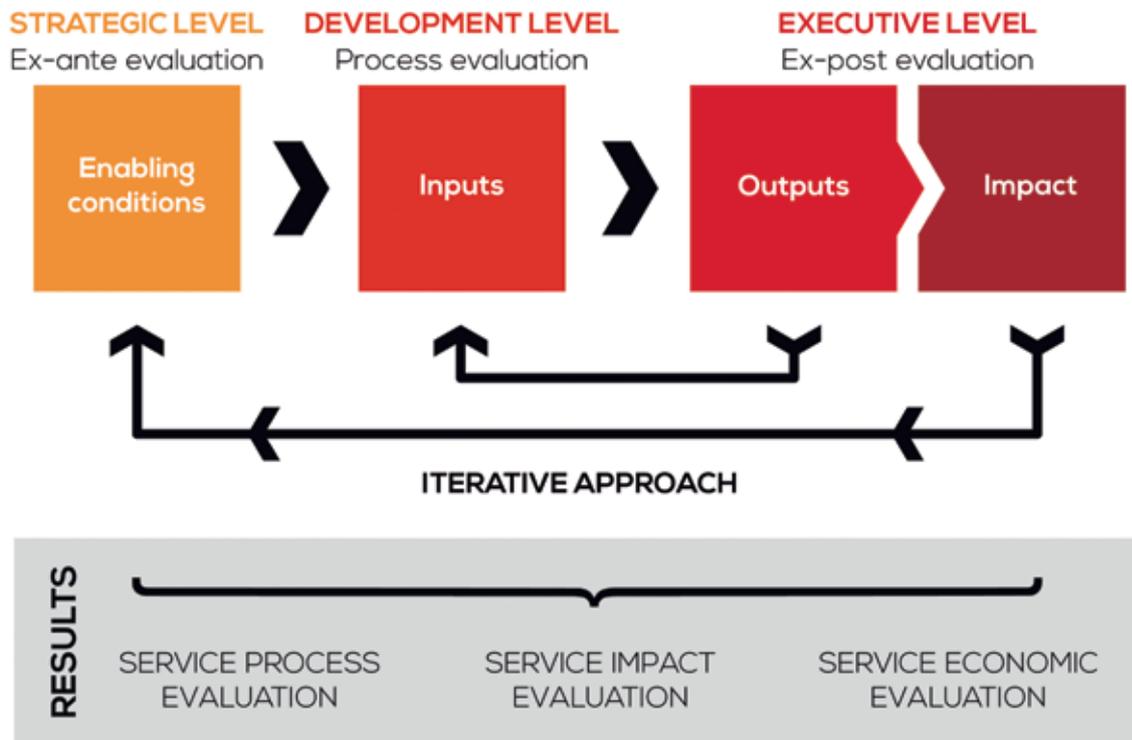
Figure 1: Service evaluation framework by service design

psychology, marketing, architecture, engineering, ethnography (Mager, 2004; Moritz, 2005; Schneider and Stickdorn, 2012).

Indicators have to be developed to help organisations and service providers answer some key questions like: what key outcomes have we achieved? How well do we meet the needs of our users? How do people use the service? How good is our delivery of services? How good is our leadership? What is our capacity for improvement?

At the strategic level – the ex-ante evaluation useful to understand the context in which services will be developed – indicators are related to the *enabling conditions*. These could evaluate for example the quality of the leadership, the participation of the community, the efficiency of the organization, the use of technology. To define indicators at this level, techniques derived from market and management studies like benchmarking and technology foresight should be considered, in addition to other qualitative analysis like surveys, focus group and interviews.

At the development level – which monitors the design

process – indicators are related to the *inputs*, hence the public organization capacities to design and develop the service. In this case indicators could state for example the knowing of the user needs, the centrality of the user in the process, the interaction between user and organization, the quality of the communication evidences. At this stage service design tools like stakeholders maps, service prototypes, cultural probes (Schneider and Stickdorn, 2012) should be useful to set the indicators, as well as techniques like *Customer Journey Mapping* (HM Government, 2007).

At the execution level – the evaluation of the service delivery and the ex-post evaluation – indicators are related both to *outputs* and *impact*. The *outputs* are the direct result of the design activity and coincide with user perception of the service. The *impact* of the service has implications at different levels and in a long-term perspective, (social, economic, political, educational, organization). Quantitative indicators here could come from management methods like *Cost Benefit Analysis*; qualitative indicators instead could be inspired by customer satisfaction surveys or the *Bottom-line*

Experiences method provided by Live|Work[4].

The results of the evaluation process produced by the framework refer to:

↘ a service process evaluation, including the collection of qualitative and quantitative data from different stakeholders considering the different elements of the service system (organizations, physical evidences, quality of interactions and so on);

↘ a service impact evaluation, demonstrating the added value of the service provided, related to a specific context and target;

↘ a service economic, evaluation measuring the outputs/outcomes generated by the service using quantitative data.

The approach described is iterative; hence outputs of early activities can become inputs for later processes, as well as outcomes can become strategies. Moreover, it needs to be further explored to suit different situations and organisational structures, to better define tools and indicators and to adapt its applications to public services or other service sectors.

FINAL REMARKS

Focusing on service evaluation creates new research opportunities related to the service innovation issues. The framework proposed suits the decision makers' need of a descriptive evidence about social problems, why they occur, and which groups and individuals are most at risk. Evaluating public services could help decision makers in understanding why, when and for whom services work, and whether there are any unintended side-effects to be considered together with costs, distributional effects, risks and consequences.

From a design point of view, the adoption of a more systemic service assessment process could increase providers and users awareness on the importance of service innovation and quality. It could even facilitate the evaluation of the service outputs and the impacts, finally enabling the capacity to understand the real effectiveness of intangible elements.

Furthermore, the spread of a culture of service assessment may expand the demand of a service design excellence for those providers that traditionally have never minded design, for those that still do not know its potential as a driver of innovation, and for other actors, such as institutions, organizations, educational systems or individual citizens.

4. See Bottom-line Experiences: Measuring the Value of Design in Service (Lavrans Løvlie, Chris Downs, Ben Reason), DMI Review Article, Vol. 19, No. 1, Winter 2008

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