



# The S2M Model

A SERVICE DELIVERY METHOD SELECTION  
 METHODOLOGY

## **THE S2M MODEL – AN OBJECTIVES BASED TECHNIQUE**

### **1.1 OVERVIEW**

Governments play a significant role in the water industry in Australia. Government agencies purchase the great majority of the goods and services in the Australian market, and also supply a major portion of the market for services through various authorities and business enterprises.

With the impact of National Competition Policy and other government reforms agendas, the way in which government monopoly agencies affect the market is changing - as has been the case overseas in other mature economies - and a greater depth in the private sector infrastructure and services delivery market is appearing. Additionally, the commercialisation of many government water businesses has seen these competing in the general market to supply services in competition with private sector companies.

Paralleling this change in the public infrastructure market has been the emergence of a number of alternatives to the more traditional methods for infrastructure and service delivery. Within the water industry, the 1990's saw an increasing number of competitors willing to offer alternative contract packages. Tender outcomes across the country during the 1990's and 2000's indicates that there is now a fully competitive marketplace for all forms of delivery at most contract values.

The emergence of these alternative delivery models, in the context of a competitive marketplace, offers Water Agencies (Corporations, Authorities and Local Governments) a useful opportunity to re-evaluate the effectiveness of their current practices. The opportunity exists to reassess how to achieve best-value.

The S2M Model is fundamentally structured about the selection of a preferred delivery method based on targeting the achievement of service objectives. This approach recognises that the best outcome for an agency will logically be achieved by focusing on the desired outcomes for a project rather than the immediate issues surrounding it.

Such a 'service objectives' methodology allows all relevant project-specific issues as well as numerous corporate agendas to be considered with equal intensity in the decision-making process. That is, rather than seeking to allocate responsibilities between purchaser and provider on the basis of which party is best able to bear them, the approach taken is to evaluate what the purchaser hopes to achieve by the purchase, both in the delivery of the project and as its final outcomes, and to assess in a holistic fashion how each alternative delivery method might be likely to ensure those objectives are achieved. This approach is essentially one of comparison, a method that identifies what is wanted, and then compares all the available alternatives to assess which one provides the best solution.

This approach is particularly suited to any project likely to be subject to a wide range of corporate pressures for non-technical outcomes.

The S2M approach emulates the classical business management approach to achieving desired goals; selecting the most appropriate delivery strategy only when the purchasing objectives for the project are thoroughly understood. When the purchaser clearly understands

these needs, then a rational decision can be made as to the form of delivery model most likely to ensure the water client's needs are achieved. In effect, the 3 DM Model:

- seeks to establish the needs of the purchaser, then
- establishes the core issues driving the decision-making process, and then
- compares how each of the available delivery models is likely to fit the purchaser's needs.

As simple as the above explanation may seem, identifying (through the application of the Model), the real balance of corporate and project drivers behind the project purchasing criteria has proven to be the real feature of the process. The following diagram shows how the S2M methodology mimics these established business management principles.

## 1.2 PRINCIPLES OF THE S2M MODEL

The **S2M** Model is a decision-making tool that provides a clear, rational, repeatable process useable by both executive and elected officers of an agency to determine the most suitable form of contract, or delivery method, for delivery of services through specific infrastructure. As well, it resolves the hurdles to effective decision making that were described in the Introduction, viz.

- The “Lack of Authority” perspective, which typically arises from the segmented recommendation-and-approval business cycle of most agencies, is neutralised by a decision methodology which fosters collaborative decision-making rather than the usual hierarchical process.
- The “We don't have time for this” perspective, which typically forces ongoing continuation of the status quo due to a lack of knowledge on how to otherwise proceed, is addressed in part by this Model. By providing a new management tool that comprises both a broad overview of the various alternatives as well as a rational method of evaluating their likely suitability for the Agency's project, the time restraints become less significant.
- The information provided also assists in the resolution of the “Devil you know” concerns; clarifying the various delivery models offered by service providers, and enabling them to be competently applied to new projects. The information provided on alternative delivery models in the *Review of Service Delivery Methods and Decision Making Processes* also addresses this concern.
- The “Corporate Agenda” positions that typically arise from an incomplete appreciation of the key service issues are neutralised by a process that gives equal consideration to all issues before establishing the critical decision making issues. This approach allows all issues to be considered holistically, with no issue placing an untoward or inappropriate emphasis in the choice of delivery model.

## S2M MODEL PRINCIPLES

