



CUSTOMER-FOCUSED GOVERNMENT

From policy to delivery

by Lynton Barker



Public Services Productivity Panel

About this report



Lynton Barker is head of PwC Consulting in the UK, a business of PricewaterhouseCoopers. Previously Lynton led PwC's Government Services management consultancy practice. His client work was in the Government sector covering strategic advice and transformation services.

HOW TO APPROACH THIS REPORT

This document is more a framework than a conventional report. It offers high level ideas and guidance to help transform public service delivery. It asks politicians and civil servants to base their policies and operations around the needs of customers - informed by customers wherever possible. It lays out a path where the detailed recommendations must be defined by each public sector organisation. It is structured in two parts:

Part I describes the overall concept and highlights core recommendations. It is directed at Ministers, senior public sector managers and policy makers.

Part II is a self assessment model, a practical tool to help apply the concept as part of a change programme. It helps define a direction for the development of specific recommendations for each organisation.

BACKGROUND TO THE PROJECT

In late 2000, the Public Services Productivity Panel together with the Ministry of Agriculture, Fisheries and Food (MAFF), now part of the Department for Environment, Food and Rural Affairs (DEFRA), agreed to look at the performance of a policy making function from the perspective of external stakeholders. We looked in particular at MAFF's Agriculture Group, which sets policy for agricultural commodities, including the administration of the Common Agricultural Policy. Our brief was:

- How is its performance perceived by its stakeholders / customers?
- How do they define good performance?
- How can lessons be applied across Whitehall?

Our assessment of stakeholder views was based on interviews with a wide range of external organisations including industry bodies, interest groups, Non Departmental Public Bodies, other departments and No. 10 Downing Street. We also consulted the Department for Education and Employment (now the Department for Education and Skills), the Department for Environment, Transport and the Regions (now the Department for Transport, Local Government and the Regions), HM Treasury and the Cabinet Office to ensure wider applicability.

ACKNOWLEDGMENTS

I would like to thank David Varney for his support and the highly motivated project team of Nadia Zahawi of PwC Consulting and Karen Lepper, Anna Longman, Erica Mallon and Karl Nsiah from a combination of DEFRA and HM Treasury. We are very grateful to all stakeholders who gave their time and to Brian Bender, the staff in Agriculture Group and other parts of DEFRA, without whom this project would not have been possible.

Foreword by the Chief Secretary to the Treasury



This Government is committed to deliver the biggest reform in public services for a half century. To do this leaders need to acquire new ways of looking at what they do, implement new ways to manage their organisations, develop new solutions that provide a 21st century service for the people of this country.

There is a huge amount that is good in our public services, but under investment has run down the infrastructure and the public's expectations have grown. The Government has responded by announcing a large investment in public services. But investment can only work if it levers change.

The Government has set out the key targets for organisations in the Public Service Agreements. These are, and are intended to be, challenging, and we do not underestimate the scale of change required. I am therefore very grateful to have the Public Services Productivity Panel to advise organisations on how they can meet these expectations, and deliver a better service for the consumer. The Panel members with their experience of managing large private and public organisations can bring a fresh and valuable perspective.

This second Panel has identified a theme of "securing ownership for performance" throughout the organisation and has been looking at accountability, flexibility to innovate and incentives for delivery.

I am very grateful to Lynton Barker (senior partner, PwC Consulting) for preparing this report and to David Varney (Chairman, mmO2 plc, formerly BT Wireless) for his contribution. The report takes a new look at customer focus, in particular the need to radically shift the whole of an organisation – strategy, policy and front line delivery - to face its customers. It lays out a path to a powerful transformation of public sector services, providing practical guidance for developing and using a better understanding of customers to deliver results.

This is the type of change that organisations will need to consider if real and lasting improvement is to be achieved.

A handwritten signature in black ink that reads "Andrew Smith". The signature is written in a cursive, slightly slanted style.

Rt Hon. Andrew Smith MP
Chief Secretary to the Treasury

Contents

PART I Report

Executive summary	4
Context	8
Building customer-focused government	10
Understand the customer	13
Build operations around the customer	20
Manage stakeholder relationships	22
Use customer understanding to deliver target outcomes	25

PART II Self-assessment model

How to get started	30
Overview of self-assessment model	31
Self-assessment model	32
Feedback	44
Bibliography	45

Executive summary

THE PROBLEM

There is a widespread perception that public services are not meeting public expectations of performance. The public is becoming more exacting in its demands and disillusioned when reality does not match them. The Government is clear that if it is going to provide first class public services it needs to redesign the system around the user.

The 'user as customer' theme is already familiar in government reforms. But in general the concept has been limited in scope and focused on front line service delivery, with little consideration of the role of policy making. That is unlikely to deliver the sustained improvements that the public demands.

The Public Services Productivity Panel has investigated what 'customer-focused' should mean and what is required to focus both the organisation as a whole and the individuals within it more clearly on the public, the ultimate customer.

DELIVERING RESULTS MEANS TRANSFORMING GOVERNMENT TO FACE THE PUBLIC

To deliver lasting results, organisations need to embed customer focus throughout the system. Implementation must start by understanding the needs, expectations and behaviours of the public and then by adjusting every aspect of the organisation to align with customer values. This includes the entire delivery chain from policy through to front-line services – including strategy, performance measures, information systems and support processes.

This is a significant development on previous customer-focused initiatives. It:

- **focuses on delivering results** by ensuring a clarity of focus on the public as a customer from policy through to service delivery.
- **is broad and integrated**, recognising that a step change in performance requires many co-ordinated changes, beyond wider consultation and improved front line systems.
- **is based on the fundamental values of the civil service** by helping to strengthen its independence and the quality of its advice to Ministers.
- **encourages tailored solutions**, specific to each organisation's current practice, rather than standard recommendations.
- **addresses implementation** by focusing on what makes customer focus sustainable, and providing a self-assessment model for the first step of implementation for any public sector organisation.
- **is cross-cutting** by being independent of traditional silos of responsibility.

Customer-focused government should be seen as one aspect of a successful approach to government in response to rapidly growing public demands.

Choosing words carefully: The term 'customer' is tricky. It is primarily associated in people's minds with the receipt of goods or services in exchange for payment. Patient, student, passenger have been used as more neutral - and inclusive - words for the users or consumers of health services, education or transport which focus on the individual's need rather than the business transaction. However these terms only cover some front line services.

The use of 'customer' as a wider term for the ultimate beneficiaries of public services is gaining currency. We also prefer customer to 'citizen' as the latter is too focused on political identity and to 'stakeholder' as that is not always seen to include ordinary members of the public, or to engage them.

HOW IS CUSTOMER-FOCUSED GOVERNMENT ACHIEVED?

Customer-focused organisations demonstrate four critical strengths. They:

- **Understand the customer** – clarity about who customers are, how they are defined, their interests, needs and behaviours and what government wants to do for/with them, for each major function within the organisation.
- **Build operations around the customer** - ensuring that the basic building blocks of the organisation – such as strategy, performance measures, systems, processes, structure and behaviours - support a focus on delivering desired customer objectives.
- **Manage stakeholder relationships** – making it important to manage relationships openly and communicate effectively, both with end customers and with other stakeholders such as industry groups and service partners.
- **Use customer understanding to deliver target outcomes** – exploiting the investment in the previous areas to improve performance against objectives and maximise efficiency.

This report looks more closely at each of these components and makes some specific recommendations.

WHAT WE FOUND

“Ministers are not the main or the ultimate customers – nor are senior officials. They have important roles, but the customer is the public out there and the stakeholders we work with. That must be the approach for officials at all levels – and indeed for Ministers. I think getting that embedded in the way that we work and having the right sort of relationship with those customers is going to be an absolutely crucial element in whether we can be successful.”

Brian Bender
Permanent Secretary, DEFRA

We recognise that existing practices vary across government and that there are certainly examples of good practice from policy and service delivery. The report focuses in particular on policy making where the concept of customer focus is unclear and demonstrable successes are limited. We highlight two findings which have not been addressed consistently by reforms to date:

- **Clarity of purpose:** We found considerable ambiguity in parts of all the consulted departments around who the main customers/clients/stakeholders are (regardless of terminology) and what government is trying to do for, or with, them. Some policy makers cite Ministers, others cite pressure groups, ‘the public’ or service users. There is no simple answer, but that does not preclude the need to be able to answer the question. We suggest that without knowing that, priorities shift to short term tasks and consistent achievement of target outcomes is very unlikely.

- **Motivators:** Outward focused action requires outward focused motivators. We found that although policy makers are sympathetic to the principle behind customer focus, in practice many existing motivators keep civil servants inwardly and upwardly focused. The report makes clear how policy makers in particular should be encouraged to look outward to their customers as well as upward to senior officials and Ministers, while offering Ministers more in the process. For many this will be a significant cultural change.

For policy makers, customer-focused government does not automatically imply “the customer is always right”. At the highest level, decisions will always be based on trade-offs in the allocation of risk and resource between competing interests. We suggest an approach that puts the focus on understanding and engaging customers.

WHAT DOES CUSTOMER-FOCUSED GOVERNMENT LOOK LIKE?

Overall	
<ul style="list-style-type: none"> ■ Clearer, outward focus and vision for public servants and their Ministers ■ Deeper, shared understanding of main customers ■ Information is organised by customer groups, across government where required ■ Higher stakeholder satisfaction ■ What is measured and rewarded is driven by what customers value ■ Better alignment of resources to objectives ■ Different staff motivation and improved morale 	
Policy	Service delivery
<ul style="list-style-type: none"> ■ Proactive, outward driven policy processes with high stakeholder and public engagement ■ Clear approach to defining the ‘public interest’ in terms of customer needs ■ Ministers are involved in structured process of customer identification and management ■ Ministers and officials at all levels seek to foster a team approach to understanding and meeting customer needs ■ Staff have particular relationship management and/or customer representative roles ■ Promotion is based on new values and skills ■ Risk management focused on customer values and concerns ■ Closely managed partnerships and exchanges with external organisations ■ Policies that are more likely to be workable and achieve their objectives 	<ul style="list-style-type: none"> ■ Services are designed and delivered around customer needs and interests ■ Common definition and information about customer segments is shared across organisations from policy to delivery ■ Effective channel strategy (management of different methods of communicating and transacting with customers, e.g. telephone, web, paper, face-to-face) ■ Policy teams use abstracted operational data from delivery systems ■ IT and e-government projects are embedded in wider transformational projects which address people, processes and performance management ■ Large IT projects achieve measurable gains in effectiveness

IMPLEMENTATION

Example:

Department for Work and Pensions (DWP)

DWP is preparing for the arrival of Pensions Credit, an important part of the Government's agenda, by creating a totally new customer experience for pensioners. It is designed to give customers a lasting impression that they are dealing with a high quality organisation which will treat them fairly and with dignity.

To deliver this new customer experience, it must be supported by a new way of doing business which involves changing almost all aspects of the current business. This includes:

- culture and values
- management processes
- business processes
- staff processes - including recruitment, training and reward
- working environment
- supporting technology

The self-assessment model in Part II of this report helps public sector organisations set a customer-focused direction for change. It helps organisations assess their current level of customer 'maturity' in each of the four categories and generate the detailed changes required to align the organisation with its customers.

The approach to implementation is critical to success - it will not work as an add-on initiative. The potential changes resulting from application of the self-assessment model must be prioritised, grouped into a set of coherent projects and managed as a co-ordinated change programme, integrated with other internal change programmes within or across public sector organisations.

The Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Education and Skills (DfES) are planning to launch pilot projects which take forward the approach in this report.

Context

THE CASE FOR A NEW APPROACH TO CUSTOMER FOCUS

"...more people voted in the Big Brother elections than in the European elections."

The Independent

WHAT WE FOUND IN POLICY MAKING

EXTERNAL DEMANDS

Societies are changing rapidly. People are demanding higher levels of personalised service, wider choice, more information, greater voice. They want to feel in control of an increasingly complex life, at the centre of their own worlds. This is more than a passing fad. The power of the customer in a competitive world is changing the way both the private and public sectors operate.

In the private sector, the effect of competition and the direct link between customers and revenue act as strong incentives to meet such changes in service expectations. For the public sector, the motivation is less immediate. In addition a democratic government must aim, with a limited budget, to serve all citizens, with often competing interests and service requirements. But in the minds of individuals, the quality of front line public services such as health care or benefit payment is compared against other service experiences, such as banking or shopping.

The nature of democracy is also changing. Much has been written about voter 'apathy' and the declining view of elections as the primary instrument of democracy. This has direct implications for the design of public services - there is an assumed contract between public and government which requires the public to participate, directly or indirectly, in an ongoing dialogue to help the government define and implement its policies. The relationship between government and the public will change, whether or not government wishes it. But each side's expectation of what participation means is unclear and changing. Increased transparency is now lifting some of the mystique which has surrounded government in the past; e.g. reports and consultation papers on the internet are giving the public a better insight into decision making. But policy makers are facing increasing dissatisfaction from the public. From the public's perspective, high profile policy 'failures' are becoming common.

The customer representatives we spoke with (often called "stakeholders" – a mix of industry bodies, NDPBs, lobby groups, etc) recognised the challenges that policy makers face. Ideally they all want open, frank relationships with policy makers, sharing information and expertise. They are keen to work in constructive partnership, to be involved informally early on in the development of policy and for their ideas to be actively considered. They want policy makers to present a co-ordinated front, within departments and across government, and to demonstrate a clear vision and shared objectives.

"I'd like to spend more time discussing long term strategy, but we have no time. It gets pushed out of the way by events."

Civil servant

"The Minister is our main customer for policy."

Senior civil servant, Whitehall

"I can't believe they would consider the Minister as their main customer. I have never heard anything so incestuous in my life."

External stakeholder (NDPB)

"I'm staggered to think that officials see Ministers as their customers – generally we are crying out for more engagement with officials, focused on the needs of our customers – and we see ourselves as battling with bureaucracy on behalf of the public. Ideally, officials are our partners in that endeavour."

Minister

"I would like more focus on outcome and less on existing constraints"

"I'd like up-front meetings on narrow issues with a small set of other organisations"

"If everyone was involved... it would be much lower risk in the long term."

External stakeholders

We also spoke with internal policy staff across several departments, who were very open about the issues and concerns they faced in meeting these increasing demands. Without overlooking exceptions, we found that:

- They have insufficient time to develop policy consistently in line with generally accepted best practice.
- Policy makers find it easier, and are often implicitly encouraged, to focus on day to day demands and on satisfying short term Ministerial requirements rather than on longer term delivery of desired outcomes.
- Ministers in contrast sometimes feel that they are outsiders, driven by the day-to-day requirements of the administrative machine or having to push to be heard on behalf of stakeholders.
- They are concerned with being too close to stakeholder organisations because of perceived (and actual) risks to Civil Service independence and hence to the public interest.
- Engaging stakeholders is seen as a luxury which time rarely affords. Consultation is sometimes seen as a last minute tick-the-box exercise after the basic policy has been defined.
- There is evidence of an underlying lack of clarity about strategic objectives.

Many of these are self-reinforcing. We found that the fundamental civil service values of integrity, honesty and impartiality were also bound with a concept of performing the indefinable "art of the senior civil servant" to define the criteria for determining the public interest. This approach could work for a small group of experienced policy makers, but its opacity makes it difficult to teach, to appraise and to communicate to others.

Customer focus is part of a vision of a much more open government, with processes and thought patterns opening up to ideas from outside on an unprecedented scale. This is not new – it is already happening with Ministers using alternative sources of policy ideas, secondments to and from the private sector, private and voluntary sector organisations as partners in delivery, as well as numerous public participation initiatives. As this process accelerates and traditional boundaries are eroded, there may be a need to look at the wider issue of how the public interest is protected. In this report we suggest that as a minimum, regardless of organisation and ownership, it requires a consistent clarity of purpose, a clear understanding of the interests under consideration and frequent reassessment of relations with stakeholder groups.

Building customer-focused government

As a way of testing whether you are focused on delivery to customers, can you answer 'yes' to all the following for your organisation and your local group?

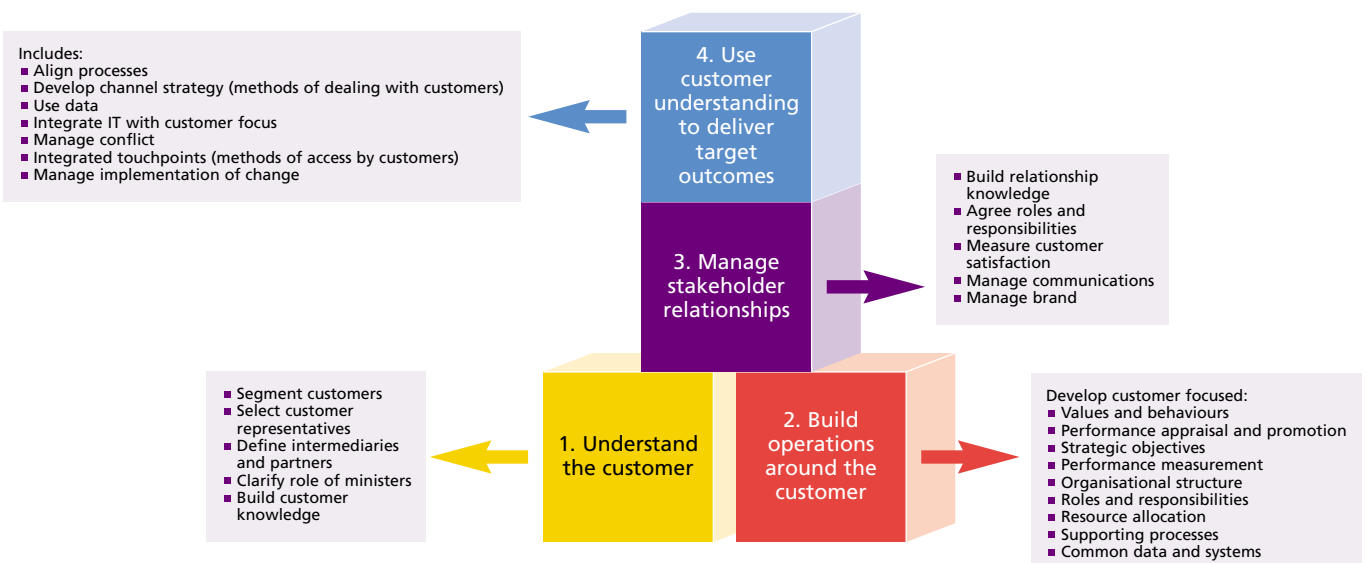
- Do you all agree who you mean by "stakeholders" and "customers"?
- Do you have a detailed set of key customer segments or groups which is used in practice?
- Do you set target outcomes or goals for each group or set of groups?
- Do you have a clear strategy for achieving these?
- Are your staff strongly motivated to achieve them?
- Do your values, objectives and performance measures reflect these goals?
- Do key stakeholder groups feel engaged in the process of achieving these goals?
- Do you measure stakeholder feedback, and act on it?
- Do you have the capacity – [skills, motivation, leadership, resources] – to achieve change?

"While I was at BT, there was a time when we failed to spot that consumers had changed, and that was my biggest mistake. We thought that if we delivered the same service, but improved the productivity by introducing new technology, that would be good enough. And it wasn't."

Ian Smith
MD, Oracle UK
The Independent 13 June 2001

The approach to customer-focused government in this report draws on some of the principles applied in the private sector. A business which is designed for customer focus is one which has shaped its organisation and people to support being proactively in touch with its chosen group of customers, profitably adapting its products/services to meet their needs. The organisation, culture, knowledge and performance management systems need to support innovation, responsiveness to change and the maintenance of effective customer relationships. This idea is well established in principle and in practice in high-performing businesses.

We suggest that the same principle holds for government, but with some differences in the drivers of performance – the lack of a profit motive and the search for the best interests of the public as whole.



THE COMPONENTS OF CUSTOMER-FOCUSED GOVERNMENT

In practice this means that the organisation must develop and co-ordinate four areas of activity across its various functions. These are building blocks, or components, which depend on each other in order to deliver benefits:

Component 1

Understand the customer: Develop a clear, coherent understanding of customers and other stakeholders at an organisational level. Segment into useful groups for each level and area of the organisation, build knowledge of those segments and set objectives for each.

Component 2

Build operations around the customer: Align performance management, strategic objectives, organisation, processes and systems to face outward to ensure that outward focus is supported and valued.

Component 3

Manage customer relationships: Identify customer representatives and ensure that they understand your objectives and constraints. Co-ordinate targeted communication and solicit feedback from all major stakeholder categories. Manage services as brands. Manage risks, such as increased lobbying, pressure for more Government intervention and loss of impartiality.

Component 4

Use customer understanding to deliver target outcomes: Adjust the core processes of policy and service delivery to build in customers. Ensure implementation of any internal or external change is focused on ultimate outcomes while considering the overall public interest as represented in high-level aims and objectives - which themselves need to be tested from time to time against the changing views of stakeholders and wider public policy.

Where will this work?

The implementation of customer-focused government would work in any department, with the focus of implementation differing to meet specific needs. Front line services (such as health, education, social services) and internal service functions (supply of materials, human resources, legal services) would probably focus around developing components 2 and 4. Public services more distant from the public, such as foreign affairs and public finance, where the definition of customer is more challenging, might focus on components 1,2 and 3.

THE SELF-ASSESSMENT MODEL

The self-assessment model in Part II provides a set of 'maturity models' which allow each implementing organisation to assess its current ('maturity') level in each component. It does not make specific recommendations, e.g. for specific processes or organisational structure. Customer-focused government will mean different changes for different organisations. It is up to each organisation to set a desired level of achievements and define recommendations to meet them.

PLANNING FOR IMPLEMENTATION

Application of the self-assessment model will generate a potentially large set of related changes across many aspects of an organisation, including human resources, information systems and processes. Selective implementation to one division or dimension of an organisation is possible, but isolated changes could lead to a drop in performance, and may deliver proportionately less value for money (e.g. a requirement to record new information which is never used). As a minimum the unit to which any implementation is applied must have a degree of freedom to adjust its personnel policies, processes and systems, and strong commitment from across the organisation to the change, otherwise implementation is likely to fail.

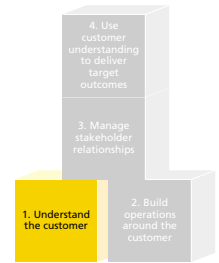
The resulting recommended changes must be prioritised and grouped into a set of rational projects and managed as a co-ordinated change programme. Individual departmental programmes should be co-ordinated across government to ensure common customer groups are consistently defined and managed. This report assumes that the implementing organisation will have the change capacity (ability, motivation, supporting processes, resources) to implement a change programme.

WHAT ABOUT THE COST?

Customer-focused government is about doing things differently to increase the probability of a successful outcome, not necessarily about doing additional things. This is consistent with better risk management - harnessing innovative ideas and reducing the risk of expensive policies and projects which are not what the public wants. But as with any major transformation, there will be an initial cost to designing and implementing the customer centred government, even where the organisation decides upon relatively simple changes.

Component 1:

Understand the customer



HOW NOT TO DROWN IN 'STAKEHOLDER SOUP'

"When our department tried to clarify its customers it ended up with an enormous list, a sort of stakeholder soup. We need practical help in what to do with it"

Civil servant

For government to deliver effective, targeted outcomes it must understand who are the targets of its objectives. We found that many civil servants find it (justifiably) difficult to define who their customers are – or in other words, in whose interests they are ultimately working. Ministers? The general public (and which bits)? Industry? Elected representatives? Taxpayers? Pressure groups? Brussels? All of them? There is no simple answer, but that does not preclude the need to be able to answer the question. How can government provide a better service if it isn't absolutely clear who its customers are, let alone that what they are proposing meets their needs? A clearer understanding of the customer is not an end in itself, but it is a mandatory first step to defining objectives, building knowledge and exploiting that knowledge to deliver better results.

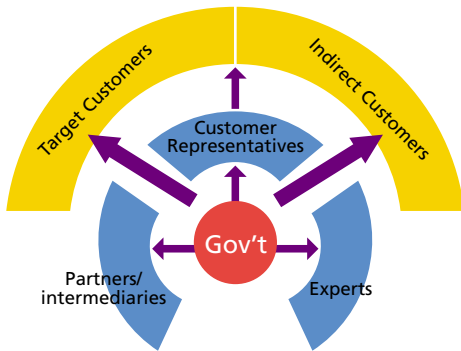
CUSTOMER SEGMENTATION

Customer segmentation is about dividing a market into distinct groups with different needs, characteristics or behaviour, which might require separate services. It should also help identify those services which might be joined up across government by virtue of the fact that they are being provided to a common customer group. The process of segmentation also helps build a common sense of purpose and direction.

We suggest that all public sector organisations *and each main service/function within them* should have clear and consistent answers to the following:

- In whose interests are we working? (segmented in greater detail than 'the public'), i.e. who are our customers?
- What are their main interests/needs and behaviours and what are we broadly trying to achieve for/with each of them in terms of outcomes?
- From where or from whom do we get our understanding of their changing needs and interests which drives the services we provide? Is this source close enough to the actual customer and complete enough to give customers confidence?

TERMINOLOGY



There is no ultimate truth behind the terminology used in this report, but we found it useful to clarify commonly used terms in a way that highlights the difference between segments of the public ultimately affected by outcomes and those who are primarily part of the process of government.

We use the word **stakeholder** as the widest term to cover all bodies or groups with any interest in the work of the organisation. We use **customers** to cover those groups which have some stake in the ultimate outcome of the organisation's work (generally the public). As a guide this should cover all the interests considered when determining the 'public interest'. **Partners and advisers** cover those groups which have a stake in the process of achieving that outcome (e.g. partners, intermediaries, interest groups, independent experts).

CUSTOMERS

We defined two categories of customers.

Example: Public as guardians of the environment and its natural resources, UK farmers as managers of the farmed environment, UK farmers as generators of income



i) Target customers, the intended ultimate beneficiaries, consumers or users of the service/s provided, e.g. patients of healthcare services, recipients of benefits. The objective of the public service will be to provide something of use to target customer segments or intended to have an impact on them. This could include reluctant customers (such as prisoners as recipients of rehabilitative services), unaware customers (such as children as future generators of income) and unformed customer groups (such as the public as protectors of human rights).

Example: Public as taxpayers, other businesses in a supply chain, public in other countries
DEFRA: small tourist businesses and road hauliers who were impacted by the outbreak of Foot and Mouth Disease



ii) Indirect customers (not targeted but affected): are impacted, or potentially impacted, by the services to target customers, intentionally or unintentionally. The organisation's objectives will not specifically include services to these groups, but the organisation will have working objectives that ensure their interests are considered, e.g. that the approach is 'inclusive', considers the impact on partners in service delivery, the environment etc. This category will include a long and changing list of segments, probably always including the public as taxpayers, internal staff, other government departments, agencies, local authorities and other organisations in the delivery 'chain', underrepresented socio-economic groups, the public of other countries. This list could be long – it should be prioritised and tailored for each service function.

PARTNERS AND ADVISERS

Examples: NDPBs, unions, interest groups, trade associations, consumer groups, Ministers (see below)

Examples: Agencies, local government, outsourced functions

Example: Academics, think tanks, other independent specialists and advisers and in some cases the media as individuals with specific information

There are other stakeholders who could not be considered customers, but who have some stake in the process of providing the customer service. We divided these stakeholders into three categories:

i) Customer representatives - organisations or individuals used by government to reflect, or to represent informally, the opinions or interests of a large or diffuse customer (or other stakeholder) segments. This is an 'intelligent customer' role of particular value to policy makers.

ii) Intermediaries and partners in the provision of government services including service delivery partners, the media as transmitters of government information, contractors and suppliers. Management of stakeholders in this sector, and their management of customers, is becoming more important as government increases its level of engagement with and dependence on the private sector

iii) Independent experts – Experts are consulted for independent information because of what they know (or assert), not as a target or representative customer of any particular segment. They are important in the process of determining the public interest where there is an element of uncertainty or complexity in the underlying evidence.

DEFINE CUSTOMER SEGMENTS

As a first step the major target customer segments within these categories should be identified top-down for the organisation as a whole on the basis of its objectives (PSAs, SDAs, business plans etc). These should be sub-segmented where appropriate for each service function or policy area within it, such that the main segments broadly cascade down in greater detail through the organisation. This is a fluid process – the list of major segments and the choice of segmentation criteria will vary over time, by division and priority.

Segments should be clearly described by specific need, interest or behaviour beyond standard socio-economic classifications, e.g. 'farmers' have many, and often conflicting, interests which can be usefully considered separately. (See box on page 18 for further tips on segmentation).

Example: Department of Work and Pensions. Future Pensioners: High-Level Customer Segmentation

DWP is undertaking work to understand who its customers are in order to achieve its strategic objectives. Segmentation of future pensioners has helped DWP to:

- develop more effective strategies for achieving its objectives
- look at customer needs in new or different ways
- ensure that channels provided for communicating with the Pension Service reflect customers’ needs
- target communication material more effectively
- organise the Pension Service and concentrate resources where they will be most valuable

DWP is using a combination of employment status, current pension position and type of pension scheme as ways of segmenting the customer group. A range of other key factors (e.g. income, age, employment pattern and history) will also be used to develop targeted messages for these groups.

SEGMENTS	PRE-WORKING AGE	NOT IN PAID EMPLOYMENT 9.2m		WORKING FOR AN EMPLOYER 24m		SELF-EMPLOYED 3.2m	
SUB-SEGMENTS	Under 16s	Not seeking work	Jobseekers	With Private 2nd Pension	Without Private 2nd Pension*	With Private 2nd Pension	Without Private 2nd Pension*
and numbers		7.7m	1.5m	14.4m	9.6m	1.6m	1.6m
Objectives by segment	To help them make financial decisions in the future	To ensure that those who should have entitlement to S2P are getting it (carers and disabled)	To prompt thinking about saving for retirement on point of return to work (or shortly after)	To prompt thinking about the adequacy of provision made for retirement, and whether saving in an appropriate type of scheme	To encourage saving for retirement through an appropriate type of scheme	To prompt thinking about the adequacy of provision made for retirement	To encourage saving in an appropriate type of scheme

Source: Department for Work and Pensions

IDENTIFY/SELECT PARTNERS AND ADVISERS

Customer representatives for each major customer segment require careful selection and management in order to ensure that they reflect, but do not supplant, the views of specific customer segments, and are supportive of the need to reach a workable outcome (i.e. recognise the conflicting interests of the public as a whole). Where there is no clear representative body and direct customer involvement is limited, the policy maker may him/herself seek to represent those views or invite another person from inside or outside government to think into their shoes and represent their perspective at specific points.

BUILD CUSTOMER KNOWLEDGE

Identifying customers is only a means to an end. A clear, shared definition of customers is the first step to building knowledge about them (subject to confidentiality regulations) and then exploiting that knowledge to deliver results. In particular it should include evidence or assumptions of current interests and behaviours for each major segment, where these are relevant to policy areas, e.g. pensioners’ ideas of acceptable income levels and their current preferences for communication with government.’

The Office of the e-Envoy is planning two e-strategies that are focused on common customer segments across government – pensioners and young people. This pilot approach will focus service delivery to high priority groups which do not fall neatly within the jurisdiction of any single department.

SET OUTCOME-FOCUSED OBJECTIVES FOR CUSTOMER SEGMENTS

“Every person we hire, even if it’s a backroom finance department person or a mechanic, we talk to them about customer service. And...we’re talking about internal as well as external customers.... For example, we might tell a mechanic that a pilot is his customer, or we’ll tell our provisioning agents - the people who stock the plane - that the flight attendant is their number one customer.”

Colleen Barrett, president and COO of Southwest Airlines
Business 2.0, 10 July 2001

This information should be accessible by major customer segment/s wherever possible and shared across government for common segments. It could include basic economic and social statistics, summary customer feedback data, working assumptions re interests and needs, notes of meetings, Ministerial and official correspondence, forecasts and scenarios, external assessments of the impact of specific policies, information from front line systems. Such data is already accessed for evidence-based policy-making in accordance with the PIU’s recent ‘Adding It Up’ report.

Define desirable government objectives (focus on outcome based, rather than output based) for each target customer segment (or combination of segments) and for the major indirect customer segments. These may not all be achieved in practice, particularly where conflicting interests are involved, but are an essential part of the process of maintaining a strategic focus. They could reflect a combination of up-side and down-side management, i.e. aim to maximise particular benefits and/or limit specific risks, or be articulated as a scenario involving several customer segments. They could involve desired future behaviours, such as increased use of the internet as a form of communication with government.

This should be linked to business planning and risk management processes, and discussed with customer representatives, as covered in other components of customer-focused government. For example: where the overall objective is to improve competitiveness of a given industry, simple objectives might be:

- **Target customers:** *Public as purchasers of services:* to secure lower price. *Public as consumers/users:* maintain quality of service/product. *Public as taxpayers:* to reduce government support. *New/potential entrants as generators of revenue:* to ensure a level playing field and reduce entry barriers. *Existing players:* to encourage exit of inefficient providers; to facilitate industry restructuring at a local level, including developing new skills, etc;
- **Indirect customers:** *Local community:* to minimise social/economic impact. *Suppliers:* to help develop new markets and increase competitiveness. *Other employers:* to maximise value of labour pool; *Public as guardians of the environment:* to reduce environmental impact of a specific process.

For central government departments these objectives should be consistent with the PSA objectives and the business planning process, but should not be constrained by either, e.g. in terms of timing, area of application or individual responsibilities. This is an internal exercise which helps clarify direction at any time, at all levels, including the level of individual objectives. Policy makers should be encouraged to bring this focus explicitly into their papers and discussions with Ministers at a formative stage in policy development

HINTS AND TIPS FOR SEGMENTING CUSTOMERS

- Customer segments should be identified from first principles, i.e. from high level organisational aims and objectives, rather than by listing all current contacts. This will ensure that the status quo is not automatically replicated.
- Broad segments should be identified first for the organisation as a whole, then broken down into more detailed segments for each relevant service division and/or policy area according to its own objectives. This includes internal services such as HR and finance. Related policy and service delivery functions should coordinate customer definitions.
- Do not be limited to defining customer segments in terms of common socio-economic groups or existing interest groups, e.g. “the public as supporters of human rights” could be a useful customer segment for the Home Office, Foreign Office and Ministry of Defence, although not a recognisable group of individuals.
- A good gut feel test for checking whether all customer segments have been identified, think about who/which groups you consider when determining the public interest.
- Customers may move between these categories as objectives change over time or across the organisation (e.g. internal staff will be the direct customers of the HR function but not of the organisation as a whole)
- The list of indirect customers could be long - potentially endless. It is not necessary to consider them all. Prioritise according to relevance and current events.
- Some broad segments will appear in multiple stakeholder categories in different roles, ‘wearing different hats’, e.g. For DfES, teachers may appear as several target customer segments (as requiring professional education, a salary, decent working conditions, etc) indirect customers (affected by changes in services to children), experts (in the theory of education), as customer representatives (within a teachers’ union on behalf of teachers) and as partners (with DfES in meeting government objectives). Multiple roles should be clearly defined and have implications for relationship management.
- Segments can be ‘cut’ in multiple ways to highlight different needs or interests, e.g. teachers by years of experience, teachers by location, teachers by employer (public/private). Again this could be endless – prioritise, and remain flexible.
- It is particularly challenging to define customers who do not have a strong or coherent voice, e.g. ‘children’, ‘future generations’. If in doubt, include them with the assumption that the government must act as the main representative of the segment when defining the public interest.
- Do not be tempted to define customers or priorities according to their ‘strength of voice’. This risks discriminating against underrepresented segments.
- For some public services, it is difficult to consider the end users as target customers, e.g. prisoners and children, but it is important to include those who do not necessarily request the services themselves. By this definition prisoners are target customers, specifically of rehabilitation services, as defined in the objectives of the Home Office (and they are also customers of basic services such as sanitation and food in line with human rights). The public would also be considered as target customers with an interest in a service which protects them.
- It may be difficult to define target outcomes for each customer segment. There need not be a one-to-one relationship between segments and outcome objectives. If there is no definable target outcome or scenario for the segment, question whether this is in fact a direct customer – it may be an indirect customer segment for which you are minimising additional risk. Alternatively, question the higher level objectives.
- Check whether nominally independent experts are in practice representing the interests of a single customer segment. If so, ensure there is a balance in expert advice, or treat as customer representatives.
- Customers are not all equal. There will of course be priorities, driven by political principles and varying in response to changing objectives and external events.
- Don’t aim for perfection, or for complete consensus. This is not a science.

WHERE DO MINISTERS FIT?

Senior policy makers often name Ministers as their 'main' customer (although Ministers would not necessarily share this perspective). At first glance this seems consistent with the chain of accountability and with the Civil Service Code – civil servants have a duty to assist Ministers in formulating policies, subject to providing honest, impartial and objective advice.

But they are not target customers as defined above (except for Private Office and specific briefing, speech writing services etc). The line of accountability from civil servants through the Minister to the public is clear and inviolate - Ministers must take the final decisions on policy and hold officials accountable, just as Parliament holds Ministers accountable for the actions of officials. But Ministers also see themselves as having a wider role representing the interests of ordinary people, or the port of call for MPs speaking on behalf of constituents. Accountable themselves both to constituents and the wider public through MPs, Ministers must bring a non-bureaucratic and non-Departmental focus to the process of both policy-making and delivery.

Ministers rely on officials to provide information and advice as part of the decision-making process. This requires a strong alternative link to customers if it is to inspire confidence of the Minister and the public. Being clear exactly who is the 'customer' is an important part of that link. The challenge is then to increase the engagement of Ministers and officials as partners in meeting both the public interest and customer needs.

Even where there is a clear understanding of the public as the target customer, there is still a risk that under the pressure of limited resources, policy makers focus overly on providing papers in the day-to-day service for Ministers. This may be an unavoidable short cut at times, but can create problems in the longer term:

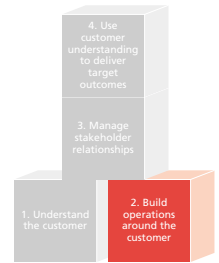
- the creation of an upward-facing culture that values satisfying the immediate demands of the process (seen as serving the needs of Ministers or senior officials) above delivering to ultimate objectives, e.g. where promotion is primarily based on demonstration of good writing skills, debating abilities and political sensitivity.
- Ministers have multiple roles and insufficient capacity to represent the interests of all direct customer groups
- Ministers cannot be involved in detailed policy implementation which may be as critical to success as the policy itself. It is up to officials to ensure this is customer-focused.

SUMMARY

- Define your customers clearly by segmentation according to interest/need in the context of your objectives. These customers are looking to you for support. Achieving something for these groups is your ultimate goal. Co-ordinate customer definitions across government. Build knowledge about them.
- Set outcome-based objectives for each major customer segment (or set of segments). These are your working goals. Define a broad strategy for achieving them. Share this with customer representatives wherever possible. Identify the major public risks perceived by each customer segment. Decide what level of risk is acceptable. Define a strategy to achieve this.
- Ministers are not the main or ultimate customers. Nor are senior officials. Work closely with Ministers to identify customers, objectives and strategies. Creating a team in which Ministers and officials share a sense of purpose should improve not only the policy outcomes, but the quality of official advice, Ministers' confidence in it and Ministers' sense of being a part of an active team.

Component 2:

Build operations around the customer



FACING THE WHOLE ORGANISATION TOWARD THE CUSTOMER

In any organisation, change of any kind will not stick unless it is firmly supported by changes in the underlying building blocks of the organisation - strategy, performance management, organisation, processes and technology. These are outlined in the self-assessment model in Part II. In many public sector organisations, this will require a number of changes to make a significant shift in the way the organisations works, in order to translate an understanding of the customer into improved performance. We highlight two critical areas which must be customer-focused in any successful organisation:

1. Performance management: measure what matters to customers
2. Motivation: encourage customer-focused behaviours

MEASURE WHAT MATTERS TO CUSTOMERS

Public sector organisations should set out an internal vision and performance management systems which reflect what customers value. For example:

- The management team are motivated to achieve the desired outcomes for specific customer segments.
- The aims and objectives reflect the focus on achieving what matters most to direct customers, and are updated regularly on the basis of changing customer needs.
- What is measured and rewarded is what customers value, e.g. waiting times, rather than length of waiting list.
- The management reporting system is designed to track critical indicators for customer focus, e.g. the number of times a key word or phrase appears in the press per week (e.g. "recession" for Bank of England).
- Resource allocation is driven by a formal process which prioritises work most likely to deliver value to customers.

The maturity models in Part II provide some additional guidance.

ENCOURAGE CUSTOMER FOCUSED BEHAVIOURS

"I know I'm doing well if I just keep the Minister happy"

Senior civil servant

"I feel driven by the daily imperative to clear submissions and sign papers, or I feel I'm letting my officials down"

Minister

The issue of motivation in the public sector is well recognised. There has been some good progress in updating the formal appraisal systems in many government departments to reflect the changing skills demanded of civil servants. But we found that in practice promotions in many policy functions still reflect traditional upward-facing values such as writing skills, risk avoidance, political sensitivity and size of empire. It relatively undervalues skills such as facilitation, innovation, general management, project management and open communication. The former are seen as 'Minister-focused', yet Ministers also value the latter. With role models in the former mould, staff find it frustrating and demoralising to be told officially to demonstrate the latter.

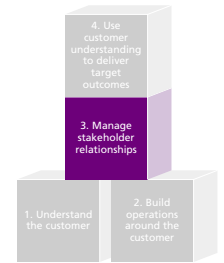
We recommend that the performance management of individuals is aligned to support customer focus. For example:

- Performance feedback, appraisal and promotion: 360 degree feedback should include confidential feedback from a range of external and internal contacts.
- Promotions and new recruits must have demonstrated target behaviours and skills which customers value, confirmed by 360 degree feedback.
- Secondment and staff moves: there should be clear incentives for staff to develop new skills and knowledge by moving jobs within and outside the public sector.
- Coaching and supervision skills should be defined, encouraged and valued.

SUMMARY

Support the achievement of customer objectives by aligning operations to face the customer. A number of things may need to change – performance management, processes, information systems, strategy, organisation. In particular, ensure staff are motivated to value delivering ultimate objectives by adjusting appraisal and promotion systems. Without this, little will happen.

Component 3: Manage stakeholder relationships



“We are increasingly publishing legislation in draft. We are experimenting with a whole range of special committees that take evidence and bring different views in...and the whole thing is a process that allows far more input from people other than government ministers before decisions are made than has ever been the case before”

Rt. Hon Margaret Beckett MP,
as Leader of the House of
Commons, BBC Online

The benefits of well-managed relationships of any kind are well recognised, and fundamentally all deliver the same benefits:

- Deeper knowledge and understanding on both sides - “myth busting” and clarification of needs
- Opportunity to build trust and respect through open and frank discussion
- Generation or exchange of ideas for meeting mutual needs
- Sense of inclusiveness and value (with a risk of customer frustration if they feel their participation has little value)
- Insight into what drives assessment of good performance.

Government organisations already maintain relationships with most stakeholder groups. But not all these relationships are proactively managed or sufficiently two-way to deliver value. Stakeholders we spoke with said that they often felt talked ‘at’ rather than ‘with’, putting them on the defensive from the start. Several also mentioned that successful relationships were very dependent on individual officials who invariably moved on, leaving stakeholders to “start from scratch” with a replacement official often with little knowledge. Some depend on a relationship with a particular Minister which is also vulnerable to change.

We identified five high priority areas for relationship management. These are not new, but there is room for improvement.

ENGAGE CUSTOMERS

“We recommend... a code of guidance which expresses the fundamental importance of involving the public in decision-making wherever and however it can be made feasible at reasonable cost and in a timely and responsible manner.”

Select Committee on Public
Administration (Sixth report)

There has been much attention recently across government on the need to engage customers more directly in key government processes which affect them. Different approaches will suit different circumstances and the many options for (and risks associated with) doing this will not be discussed here; we take it as self-evident that this is generally desirable and an underlying principle of customer-focused government. In general:

- Engage customers throughout, including in early, strategic stages. People will generally be delighted to feel they are being involved early in the process and not being asked to rubber stamp something that’s already been decided.
- Be open with information and uncertainties.
- To minimise conflicts and avoid lowest-common-denominator compromises, focus on target outcomes rather than on specific issues or positions. Provide guidelines for the negotiation process, rather than rigid procedures.
- Communications groups and brand managers must share understanding of segments with the whole organisation and integrate closely with other forms of communication across the department’s ultimate and intermediate customers.

MEASURE STAKEHOLDER SATISFACTION

Potential techniques for gathering feedback:

- Market research
- Feedback from policy specific focus/user groups
- Reverse seminars (where customer representatives give a presentation to staff)
- Meetings/interviews with representative stakeholders
- Attendance at customer/trade meetings or events
- Systematic feedback (e.g. questionnaires)
- "Mystery shopper"/undercover work

By inviting evaluations of current services, any organisation gets the opportunity to improve. What is generally missing in government (and often in the private sector) is a systematic approach to gathering and assembling this data from a variety of sources into useful information that can be used to direct strategic thinking and adjust working practices.

Public sector organisations should manage a mix of techniques to gather feedback from all major customer and other stakeholder segments (including representative stakeholders) on specific and general questions. Analysis and responses should be co-ordinated within and across government (for common segments). Feedback and actions should be discussed with major stakeholders.

BUILD RELATIONSHIP KNOWLEDGE

Information about individual relationships, particularly with organisations acting as important representative customers, should be tracked in a common format and coordinated across organisations (within the constraints of the Data Protection Act).

The same principle applies to case-management based front line services, (e.g. benefits, health, tax) where the ultimate customer wants a relationship with the organisation, not with its individuals. This means that information about contact with the customer (e.g. questions, preferences, special requests) should be easily stored and retrieved by all relevant staff.

DEFINE ROLES AND RESPONSIBILITIES

DEFRA (as MAFF) was an early adopter of the trend to include an active consumer representative on advisory committees. Committees also have regular Open Meetings with published proceedings.

Broad objectives (and constraints) should be set for the management of major relationships, particularly with representative customers. This should include the use of public servants as representatives for customers who would otherwise be underrepresented (e.g. future generations). Objectives could also be set for relationships which foster teamwork between central and regional or local levels and encourage front line input or decision making.

Customer relationship management responsibilities and objectives should be clearly defined for all staff with external contacts and form part of appraisal frameworks. This will be particularly important for the growing number of public sector posts with high public profiles.

MANAGE THE BRAND

A brand is more than just a name or a logo. Brands communicate values and hold the promise of a particular experience for customers (and staff). This is based on a combination of actual performance, reputation and advertising. In the public sector the pressure to manage the brand is low, yet most public services already have at least notional brands which should be proactively managed in order to achieve maximum impact.

- Define desired brand values and ensure the organisation 'lives' them. This is a significant task which should be outlined elsewhere for public sector organisations. For example, Southwest Water's new environmentally friendly offices convey its brand values to customers and staff.
- Service-specific branding and sub-branding opportunities should be investigated. 'Kew Gardens', for example, was one brand featured at an exhibition on branding at the Victoria & Albert Museum last year.

Example: Engagement of customers at Department for Education and Skills (previously DfEE)

The Connexions Service supports young people in making choices about further/higher education and careers. Young people have been directly involved in many aspects of the development of the service, for example:

- DfEE and South East Careers Services worked together on a "Walking Through What Happens" model to support the development of the Connexions Service. Edward de Bono's 6 hats were used to structure the thinking from the perspective of a range of different stakeholders (e.g. disaffected young person, social services, and youth service). The idea resulted in a thoroughly developed model, which showed how young people would be tracked through the system and when and how interventions would occur. The model is now being used with partners, including Local Learning Partnerships, at a local level.
- DfEE hosted a group of students from inner-city London on a Summer School. The school aimed to raise the aspirations of bright youngsters who were unlikely to go on to University. The practical approach - a case study on Personal Advisers - brought a lively response and some key points for the Department's thinking.

SUMMARY

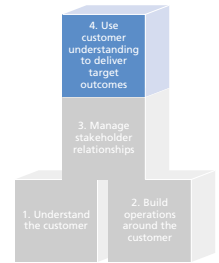
Set up mechanisms to **gather feedback** in order better to understand customers needs and values, and to deal with inevitable conflicting interests. Build knowledge from a range of sources and co-ordinate across government. Carefully select and manage customer representatives who will work with you. If there are no external representatives, explicitly carry out the role internally. Use the feedback to inform Ministers and to enable them to share in the development of a customer-focused approach.

Engage customers directly wherever possible. Try different participation mechanisms. Be open with information and encourage discussion around ultimate objectives, rather than specific issues.

Build relationship knowledge about customer representatives and direct customers (within the constraints of the Data Protection Act).

Component 4:

Use customer understanding to deliver target outcomes



The Department for Education and Skills is seeking to deliver its policies successfully through effective project and programme management, with teams structured around the skills and experience required to deliver the task rather than primarily by grade as in the traditional Whitehall model.

This component focuses on exploiting the investment made under earlier components in order to deliver results, effectively and efficiently.

Specific recommendations will vary greatly according to the type of public service (e.g. policy, front line delivery) and its existing operations but might commonly involve:

- Process redesign to link functions which share customer segments (e.g. cross-functional teams)
- Link policy making to the front line
- Minimise tasks of low added value to customers
- Tailor customer interfaces and exploit available data and customer contacts
- New front line systems or services
- Adjust policy-making processes to incorporate customer-focused principles, e.g. customer segmentation, outcome-based performance measures

As a starting point for identifying potential changes it is useful to approach the task from a customer's perspective:

SET A VISION FROM THE CUSTOMERS' PERSPECTIVE

An effective way to define a vision for operational changes is to envisage the experience from the viewpoint of the main customer segments. Compare it to the current experience and then use the self-assessment model in Part II to help identify the changes required to deliver the vision.

Example: The Department for Work and Pensions

The Department for Work and Pensions is developing a radically different customer-focused business in preparation for the arrival of Pensions Credit, an important part of the Government’s agenda. As a first step the Department is defining a vision based on the target customer’s desired experience. At the highest level the vision is being articulated as objectives and principles, for example:

Objective: to protect and enhance pensioners’ dignity by ensuring full pension entitlement and approaching them as individuals.

Principles:

- Dignity: take the time to understand fully the situation
- Trust: ensure the service is accurate and reliable
- Accessibility: ensure quick responses and turn around times
- Transparency: ensure customers know where they are in the process and what follows
- Clarity: communicate information very clearly

Each principle is being translated into aspirational customer-focused service standards and targets. These will be used as a basis for future performance measures and will drive changes to all parts of the organisation, including processes, IT systems, values, strategy and organisational structure.

e.g. Principle: Trust

TRUST - ensure the service is accurate and reliable	
Example service standard	Aspirational performance targets
Support accuracy and consistency through automated processes	95% accuracy of assessments (sample check to assess performance) 100% consistency of awards (mystery shopping to assess performance)
Deliver service to the customer within projected timeframe	e.g. 80% of claims processed in 5 days, remaining 20% within 15 days (All assessed through case management and workflow systems)
Demonstrate knowledge of all the pensions related products and issues	95% of all customer enquiries on Pensioner related matters successfully sign-posted to 3rd parties or addressed directly. Supporting check - 95% customer satisfaction (measured by customer surveys)
Support customer interaction with local insight or special need support	95% of customer requests for "special needs" met successfully (measured by customer surveys)

Example: The Department of Education and Skills The National Literacy Strategy

The Department for Education and Skills (DfES) introduced the National Literacy Strategy in all primary schools in September 1998 to improve standards of reading and writing through more effective teaching and management of literacy. National Curriculum tests results in 2001 showed that 75 per cent of 11 year olds reached the expected level for their age group in English compared to 65 per cent in 1998. The example illustrates the importance of supporting measures and processes, as well as strong focus on the objective for pupils, in order to achieve change.

DfES believes this success is due to several factors, including:

- A clear objective based on target customers: to improve the reading and writing skills of primary pupils by establishing a daily, dedicated Literacy Hour in schools.
- Good understanding of the problem: identifying why so many children could not read and write as well as they should and analysing domestic and international research and good practice to define what was most likely to deliver improvements.
- Managing barriers to change: tackling barriers to change head on, such as resistance from some teachers. The Department adopted a “high challenge – high support” approach by setting challenging goals and providing strong support to improve teachers’ skills.
- Introducing flexibility based on different customer needs: tailoring the approach based on segmentation of schools by amount of support required. Specific materials and training e.g. on writing were provided in response to feedback from teachers.
- Agreeing clear roles and responsibilities: publishing an implementation plan for the Strategy setting out the responsibilities of all those involved – the Department, local education authorities, schools, head teachers, teachers, pupils, parents and OFSTED.
- Communication with front line: appointing regional directors, running a highly visible programme of visits and conferences for all involved groups, using local literacy consultants for specialised training and using feedback from pilots to refine the materials.
- Internal performance management: ensuring that the Department’s achievement-based PSA target was supported by strong, public commitment of Ministers and senior management and practical implementation support. A new Standards and Effectiveness Unit was set up to provide strategic direction and management of the implementation. Performance measures were directly linked to achievement of the objective.

**LINK E-GOVERNMENT
PROJECTS TO WIDER
CUSTOMER-FOCUSED
TRANSFORMATION**

Much has already been said about revolutionising the technology of service delivery, in the public and private sectors. ‘Modernising Government’ assigns a high priority to new technology and information-age government. Large efficiency gains then become feasible, and customers are provided with higher quality front line services.

During 2000, the Office of the e-Envoy tasked all departments with producing an e-business strategy, which sets out how they intend to deliver their services electronically by 2005, including how these are based on their customers’ needs. To improve the customer focus of the e-business strategies, the Office of the e-Envoy is helping departments develop a common understanding of the techniques and language of customer segmentation. Departments have reviewed and updated their initial strategies and the next set will be published in Autumn 2001.

WIDER IT-ENABLED TRANSFORMATION

“The objective of re-engineering services around the citizen rather than automating existing services should become the central focus of future efforts to make e-government work.”

Demos, ‘Transformation not Automation’

The MAFF website was the most accessed government website in the UK during the early stages of the outbreak of Foot and Mouth Disease.

Jupiter MMXI monthly figures

“During the outbreak of Foot and Mouth Disease, tourism was devastated when people were unable to visit and walk in the countryside. The public needed information. But it proved very difficult to provide full, detailed information – checked and verified – on the websites and answering services. It exposed a gap between existing information systems and what the public needed.”

Rt. Hon Alun Michael MP
Minister of State for Rural Affairs

There are risks in using the internet, and IT in general, purely as a way of doing more cheaply the same old things in the same old ways. It does not guarantee better policy outcomes. The impact of new technology must be both wider and deeper: it must be linked across the chain from policy to delivery, and embedded in wider transformation of the underlying organisation.

Bridging the operational gaps between policy and delivery teams is now simpler: there are great opportunities for knowledge sharing across government, improved low cost methods of public communication, and a strengthened democratic process through new forms of feedback, consultation and decision making.

In addition, successful delivery of any system requires more than plugging in a system. Investment in information technology works best when it goes hand in hand with wider organisational change, and the return is far bigger where companies are prepared to align all the different dimensions of change, including working practices, strategies, behaviours and services. Investment in IT and ‘organisational’ investment complement each other: each feeds the return on the other.

This is consistent with the approach to customer-focused government in this report. In order to deliver customer-focused transformational change through internet service delivery, we recommend that e-government and other customer facing projects are integrated with the implementation of customer-focused government and should not be the responsibility of the IT department. This will help ensure the following:

- **‘Joined up’ view of customers** i.e. closer horizontal and vertical links between policy making and delivery, by common definitions of customers, shared customer information, and consideration of front line staff as stakeholders and partners in the outcome.
- **Better services:** Development of a vision, channel strategy (i.e. choice of public access methods) and detailed system designs based on common customer segments, information and objectives. Performance measures and incentives aligned with customer values.
- **Better information for policy makers** through use of information from front line systems to review progress and develop policy based on common customer definitions and shared information.

SUMMARY

- Set a vision from the customers' perspective to help align processes with objectives e.g. minimise tasks of low added value to customers, link functions which share common customer segments, tailor customer interfaces, clearly identify customers for policy areas, and exploit available data and customer contacts.
- Ensure that your e-government and other customer facing projects are integrated with the implementation of customer-focused government. This will help ensure that you do not simply automate existing services and that there is a 'joined up' view of customers from policy makers to the front line.