

Government

# Transforming the public sector

By Jane C. Linder and Jeffrey D. Brooks

A select group of government agencies has achieved remarkable results through reform initiatives that have dramatically increased the value of the services they provide. Here is a framework, based on their experiences, that gives public-sector leaders a practical and comprehensive view of the principles and capabilities that contribute to high performance.



Today, public-sector organizations everywhere find themselves squeezed between their constituents' rising expectations and their own financial constraints. Citizens' needs are ever increasing. Yet continuing fiscal pressures limit government's ability to maneuver.

Many governments are responding by trying to radically improve their performance. They are embracing innovative reforms—everything from making services like motor vehicle registration and corporate filing less cumbersome to privatizing transportation, energy and communications agencies.

Despite the widespread commitment to change, however, many reform initiatives have not lived up to expectations. In some cases, external constraints, such as new administrations or shifting legislative priorities, have created obstacles that stifled progress. Meanwhile, internal constraints—such as skill gaps, resistance to change, time-consuming processes and inadequate technologies—have also undermined many well-intentioned reforms.

Still, some government leaders have overcome these obstacles and achieved remarkable results, dramatically increasing the value of the services they provide and transforming their organizations into high performers. Having analyzed their experiences, Accenture has created a framework that gives public-sector leaders a practical and comprehensive view of the principles and capabilities that contribute to high performance.<sup>1</sup>

### **Managing for value**

Government managers have long known that defining and quantifying value in the public sector is particularly challenging. Our research suggests that high performers in the

public sector base the value they create on two criteria: the outcomes they deliver and the cost-effectiveness they achieve (see "A value model for the public sector," *Outlook*, January 2004). They look at value from the perspective of the citizen—the primary stakeholder and most important beneficiary of government activities. By focusing also on cost-effectiveness, high-performance government organizations strive not only to do the right things but to do them in the right way.

These high-performance government organizations have six key principles in common that they rely on to achieve public-sector value. The principles reflect the high-performance organization's strategic intent, and they shape every facet of its behavior—its objectives, its disciplines, its appetite for change and its interactions with citizens, partners and other stakeholders.

#### *1. Client-centered*

High-performance government organizations define their mission in terms of the needs, expectations and perceptions of their constituents.

For government at all levels, of course, the citizen is the most important client. Top performers in the public sector see citizen-clients in two ways: as the primary stakeholders (in their role as taxpayers) and as the main beneficiaries of government services. High-performance organizations actively seek out their clients to understand their short- and long-term needs and expectations. The resulting service requirements become the chief barometer for establishing performance goals.

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<sup>1</sup> This article is based on "Achieving High Performance in Government," by Jane C. Linder and Jeffrey D. Brooks, Accenture 2004.

### *2. Outcome-oriented*

High-performance government organizations design all their activities to deliver outcomes that directly support their mission.

Government organizations traditionally have measured their performance in terms of inputs and outputs, rather than on results constituents actually value. However, citizen-clients are far less concerned with how much government spends on food subsidies, for example, than with how effectively it feeds the hungry. By focusing on results, high-performance government agencies create a virtuous cycle that encourages policy makers to set more precise and far-reaching objectives for government programs and services.

### *3. Accountable*

In the public sector, high-performance organizations make their outcomes and the cost of achieving them visible, and they actively accept their role as stewards of the public trust.

Government accountability traditionally has been equated with financial accounting—keeping careful track of how much money is spent on which specific budget items. High-performance organizations not only measure and report expenditures; they also track how efficiently and effectively money is being spent. By combining a focus on cost-effectiveness with the relentless pursuit of outcome-oriented objectives, government organizations close the loop on value. This shows citizens what they're getting for their taxes, and it provides the organization with the information it needs to increase the value it delivers.

### *4. Innovative and flexible*

High-performance government agencies actively seek new opportu-

nities and respond creatively to new challenges.

Innovation at top performers springs from all levels of the organization, and all employees are actively encouraged to think creatively about how they can work more effectively. These organizations enthusiastically experiment because they understand that testing new ideas is the only way to gauge their potential. In sharp contrast to the cumbersome processes and structures typically associated with government bureaucracies, these agencies boast agile structures that respond quickly to opportunities.

### *5. Open and collaborative*

High-performance public-sector organizations understand that they operate as part of a larger system, and they cultivate working relationships with other agencies and stakeholders.

Public-sector organizations operate within an extensive network of constituencies that includes other government agencies, political entities, nongovernmental organizations, private-sector companies and the general public. These constituencies assert a variety of influences upon one another, including financial and political pressures. High performers recognize the importance of engaging the larger community and cultivating good working relationships.

### *6. Passionate*

High-performance government organizations are infused at all levels with enthusiasm for the work of delivering public-sector value.

Although leadership plays a critical role in nurturing enthusiasm in the employees of high-performance agencies, the organization's clarity of purpose and the actual work it does also inspire this passion. As a result, these organizations buzz with

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an excitement and commitment that translates into a drive to add value at all levels.

We expect emotional commitment from government workers such as firefighters, schoolteachers and medical professionals. But it also pervades high-performance organizations that provide child-support payments, track down criminals and even collect taxes. Further, the passion these agencies and their workers exude engages both internal staff and external stakeholders in active support of the organization's mission. And it moves senior officials in high-performance agencies to anticipate problems before they occur—to willfully fix what is not yet broken.

#### **From concept to action**

High-performance government organizations infuse their operating capabilities with these six principles. And through these capabilities—the processes, practices and structures that embody an organization's know-how and deep expertise—the agency or department does its work.

As at any highly effective organization, these capabilities, taken together, form a coherent whole. They will vary by organization, and they will not be as effective if mastered in isolation from other agencies. On the contrary, high performers in the public sector shape their capabilities both to complement one another and to meet the organization's unique needs.

High-performance government organizations not only carefully tailor these critical operating capabilities to fit their purpose, they also look forward and develop capabilities they will need in the future. They build strong foundations today that their government will need to serve its citizen-clients in the coming years. This type of leadership not

only requires taking a long view for planning and investments. It also demands the ability to rally organizational will, manage pace and timing, build and leverage readiness, and create and sustain momentum.

These capabilities are:

#### *1. Strategy and policy making*

High performers set clear, far-reaching goals, and they do so inclusively. They recognize that organizational mission and values may evolve from several sources, including broad public processes, internal discussions and measurable goals set by lawmakers. They do not simply react to stakeholder requests; they influence aspirations and expectations. They engage with policy makers, offering information and guidance from their own experience to promote sound policy decisions.

The result is a well-defined mission that is aligned with administrative and legislative priorities. Having a well-defined mission provides the organization with a foundation for developing its strategy and a related set of targets for performance and accountability. Internally, a clear mission helps the organization's employees at all levels understand how their particular contributions fit into the whole.

Over the past five years, the police in the United Kingdom have shifted their priority from solving crimes to preventing them. As one chief constable explains, "We want to exert less effort on investigating each individual crime and more on understanding the criminals, particularly the 5 percent of them responsible for 50 percent of British crime."

#### *2. Organization and process design*

High performers use the six principles to frame all organizational and process

models. At the outset, they eliminate functions that fail to contribute to their core mission. When they streamline operations, they redesign processes and use new technologies deliberately to stimulate new ways of working. For example, Canada's Government On-Line initiative has distilled the process of registering a business to a single, integrated task that can be completed over the Internet. Businesses can also manage their postal accounts fully online.

Top-performing agencies and departments also design their organizational structures to be flexible, and establish pilot programs to test new ideas and innovations. Structurally, they are often decentralized, empowering employees at all levels of the organization to take

personal responsibility for the processes and activities in which they are engaged—thus stimulating a culture of entrepreneurship.

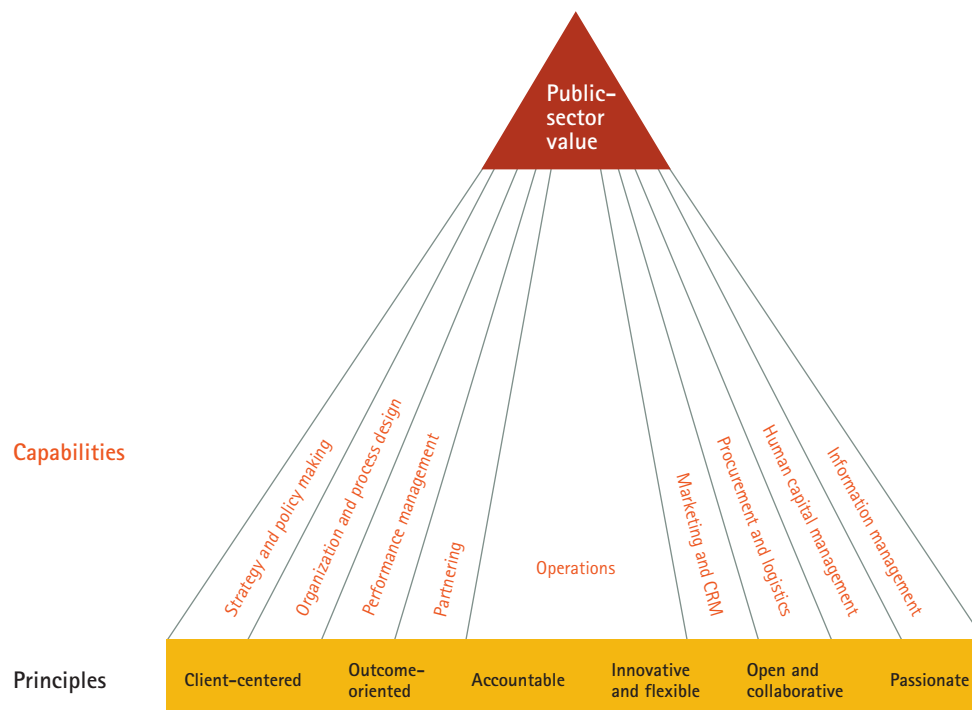
High performers not only design organizations and processes progressively; they relentlessly change them to improve outcomes and value for their constituents. Canada has found a way to provide inexpensive tax-preparation assistance by creating a voluntary network of retired accountants that citizens can call on.

### 3. Performance management

High performers take a broad view of performance management to keep their organizations on the right track. Within a strong, value-centered culture, they develop planning and governance processes that ensure

## Getting to the top

High-performance government organizations deliver peak levels of public value through nine capabilities based on six foundational principles.



their short-term goals are neatly aligned with their long-term agenda. And they use a wide variety of proven tools and techniques, including project management methodologies, balanced scorecards and customer feedback surveys, to focus and guide their activities.

No matter which performance management tools are used, the fact that they are used at all—and that they are used effectively—is most important. In many cases, these organizations openly share their performance results with constituents. As one official notes, “Some of our numbers don’t make us look so good, but nothing is hidden. Now we can focus on improving where we stand.”

For example, one pension agency developed a comprehensive case management and payment process model designed to calculate resource needs based on work volume estimates. But before the agency began using the model to make resource decisions, its managers undertook a broad search for other organizations that had implemented a similar approach. This way, they could make sure the model provided the best possible standard against which performance could be managed.

#### *4. Partnering*

Partnerships take many forms—from using private-sector suppliers or

service delivery contractors, to joining forces with volunteer organizations on community policing initiatives, to collaborating with other government agencies on projects that serve multiple missions. High performers identify, attract and engage with partners across a variety of sectors to increase the value they deliver to the public. Breaking down the barriers between organizations expands their reach as well as their cost-effectiveness.

In Australia, for example, the Department of Employment and Workplace Relations works with other government units and third-party companies to deliver services—the process of moving people from income support benefits to self-sufficiency. As a result, from 1998 through 2002, the agency reduced spending by 44 percent and recorded \$7 billion in savings.

The Spanish government established conveniently located, one-stop centers at which an entrepreneur could complete all the forms needed to launch a new business. These spanned state, regional and local levels of government. In the United States, the San Diego police force in California makes extensive use of citizen volunteers to handle everything from bicycle registrations to graffiti control, for an annual savings of more than \$4 million.

## **Our methodology**

Accenture did a thorough review of the latest literature in this domain to understand what characteristics and actions other experts believe are common among high-performance public-sector organizations. We combined this information with insights from our own extensive research and practice in the public sector to form the framework. In particular, we relied on the Accenture Public-Sector Value Model, a unique approach to defining value in the public sector. It was designed to help government organizations direct their focus toward producing high-value outcomes in a cost-effective way. We are completing original research to validate the framework. At this point, readers will want to consider it a set of well-grounded hypotheses.

Nevertheless, high-performance government organizations also understand that identifying potential partnerships is only the first step in realizing value. High performers recognize that they must articulate the strategic value of the collaboration and ensure it complements their operating model, while continuously managing the evolving relationship to capture the value being created.

##### *5. Human capital management*

Some public agency executives manage in the presence of highly cooperative union representatives, flexible personnel systems and adaptive employees who are attracted to government jobs by the opportunity to innovate. High performers forge lively, engaged organizations out of career civil servants. They attract the country's brightest graduates, provide demanding assignments, and recognize and reward ability.

High-performance government organizations reward individuals and teams for substantial contributions. Many have adopted incentive-based pay schemes for senior leaders, for example. Others use job enrichment and promotion opportunities to encourage employees who demonstrate their ability to deliver.

These organizations also lean heavily on shared values as a tool for human capital management. One progressive organization sends out its client-service charter to job applicants with the following advice: If you do not subscribe to the values in this charter, you should probably look elsewhere for employment.

##### *6. Information management*

Many public-sector organizations struggle to get the information they need to manage effectively. Information technologies can provide efficient transaction processing

while offering better service to citizens and constituents. Executives can also use these tools to develop insights that help them challenge existing approaches and methods.

However, Accenture research has found that many organizations have failed to realize the full benefits of their implementations because they have focused more on the technology itself and less on how they intended to use it. Technology upgrades in government agencies were often not paired with changes in business processes that would have exploited new systems capabilities.

High-performance government organizations nurture a research-based culture so that employees will seek, produce and use high-quality information. For example, they train personnel on the importance of data quality and its impact on service delivery and cost; they relentlessly solicit relevant external data; they require executives to support decisions with evidence; and they give employees the tools to capture information easily. To orchestrate an increasingly complex process of service delivery, high performers adopt information architectures that pull together data from disparate and widespread sources.

In addition, high-performance agencies and departments manage IT initiatives to maximize their value. They create and implement an IT architecture and development plan that supports their organization's strategic plan, and they choose initiatives through the rigorous analysis of their contribution to both outcomes and cost-effectiveness.

##### *7. Marketing and client relationship management*

A recent Accenture study found that government executives are increas-

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These organizations exploit their deep knowledge of customers to frame marketing and communications efforts that improve service acceptance.

ingly embracing improved customer service as a primary goal. Many government agencies, however, are still struggling to implement the mechanisms they need to take an integrated view of their clients.

High performers actively use customer information to shape their services, channels and operations. They organize teams to gather and analyze data from many sources—including transaction records, satisfaction surveys and outcome studies—to develop insights into client needs. They then use these insights to understand different client segments, and to design and target services as well as to tailor delivery channels to maximize the overall value they deliver. They also exploit their deep knowledge of customers to frame marketing and communications efforts that improve service acceptance.

In New Zealand, for example, Inland Revenue has begun segmenting taxpayers into categories based on their payment history. Instead of pestering compliant taxpayers with penalties when they slip up, the agency sends a friendly reminder. In contrast, it dispatches an enforcement agent when an inveterate scofflaw misses a payment. By differentiating among taxpayers, Inland Revenue provides a more convenient and helpful experience to most people, and can target its compliance resources where they will have the most impact.

#### *8. Procurement and logistics*

Improving the procurement function in government has been high on the public-sector agenda for some time, and with good reason. In the typical government institution, between 5 percent and 10 percent of its workforce is involved with procurement in some manner.

Still, despite their obvious importance, many purchasing decisions are uncoordinated, ill-informed and mired in bureaucracy.

High performers, in contrast, operate flexible, cost-effective sourcing processes and streamlined supply chains. These organizations take advantage of proven supply chain innovations like fluid inventory management that involve strategic suppliers in both forward stock-staging, just-in-time customization, and full, in-transit visibility. They use software tools to integrate purchasing processes, from strategic vendor management and shipment consolidation and tracking to convenient e-buying applications that steer personnel to qualified vendors.

These practices not only improve convenience, they bring increased rigor, accountability and cost-effectiveness to purchasing activities. For example, in the United States, the state of Virginia lowered procurement costs by consolidating vendor contracts and reduced maverick buying by making e-procurement mandatory for all state agencies. This generated savings of more than \$6 million annually on office supplies alone.

#### *9. Operations*

High performers deliver the goods. Operations is where it all comes together, where the rubber of coherent, principled design meets the road of pragmatic, everyday execution. Superior government organizations manage all their resources to fulfill their commitments and achieve the outcomes they promise. They integrate all their capabilities at the front line to solve crimes, collect taxes, deliver the mail, distribute pension payments, register motor vehicles, inoculate children against disease,

and reliably execute many, many other activities that keep our societies strong.

For example, in 2003, the port of Singapore, one of the most advanced in the world, received more than 135,000 vessels with almost 350 million tons of cargo. In establishing the first container berth in Southeast Asia in 1972, the Port of Singapore Authority launched an operational capability that today processes 18.4 million containers a year. The port boasts advanced information systems that enable it to attract global shippers with convenience, speed and efficiency. It now ranks, by volume, as the busiest port in the world.

Public-sector officials who want to put high performance on their organizations' agendas are entering semicharted territory. Government organizations around the globe will find themselves at different way stations on the journey. Their particular histories, stages of development, government structures, social and economic structures, national and local priorities, and current political and economic circumstances will color both what they want to do and what they can do.

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Because of the differences between countries and agencies, there is no one right step to take or single path to follow. We have designed our high-performance government framework as a compass rather than a roadmap. Its purpose is not to delineate the steps to success but to offer some helpful guideposts as executives undertake their own mapmaking and subsequent journeys. We do believe the trip is worth the effort. We hope that governments will embrace these ideas to engage their citizens and businesses

in building a healthier and more vibrant global community. ■

## About the authors

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