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Service Strategy & Research

WHITE PAPER

Why Service Matters for Government

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1. Abstract

Both academic and market research studies suggest strong links between Government customer-centric service delivery, citizen effect and organisational outcomes. Those Government organisations which have adopted a transformational approach (Gartner, 2001) to service delivery utilising contact centre and online channels report to have:

1. Customer Effects including:
 - a) more effective relationships with customers; and
 - b) the potential to provide constituents with a better standard of living.
2. Organisational Outcomes including:
 - a) greater operational efficiencies;
 - b) a stronger Government brand reputation; and
 - c) a higher potential to influence voters' preferences.

One of the defining truths underpinning a customer centric approach to service delivery is that Australian citizens want a relationship with Government, they want to be treated as a customer not as a 'constituent' or 'citizen' and they want this relationship to be facilitated through both good policy and effective service interactions.

Generally, many Governments lack formal strategy or organisation around the delivery of voice or contact centre channels. This lack of what a 'horizontal' contact centre sector within Government has resulted in considerable inefficiencies in service delivery, poor relationships with customers, employee frustration and potential voter disenchantment.

Research demonstrates (callcentres.net 2008-2009) that specifically, Government customers want 1) first contact resolution of their enquiry, 2) accurate identification of who they are and 3) they want Governments to demonstrate that they want a relationship with them. Currently, these attributes are not being delivered to citizens.



In presenting the case for Why Service Matters, a pertinent question is: What is the impact of the Government not implementing a contact centre strategy? Evidence (callcentres.net 2008-2009) suggests that poor service delivery will result in the following outcomes:

- a) Poor customer satisfaction; and
- b) Low level of customer engagement (rational + emotional + value assessment by customers);
and
- c) Poor relationship with customers.

These three factors are statistically significantly correlated with a Government customer's:

- a) likelihood to recommend the department they have interacted with to other people with similar needs, and
- b) likelihood to re-use the department's products or services again.

A lack of positive recommendation (or more significantly recommendation to others not to use the Government services) and a reluctance to use the Government service again may result in:

- 1) other citizens not knowing how to access or use Government services;
- 2) citizens lacking confidence in Government;
- 3) citizens' needs of Government not being met; and
- 4) a negative Government brand impact.

These unmet needs of citizens may result in:

- 1) issues of citizen health and well-being;
- 2) lack of compliance to laws;
- 3) additional expense to Government through inefficiency and customers using face-to-face service channels; and,
- 4) citizen disengagement resulting in negative orientation to citizens giving voting preferences to the incumbent Government.

Each of these factors has serious implications and consequences for Government.

Thus, it is imperative now that the Government addresses its contact centre service strategy to realise the inherent benefits of increased efficiencies, improved relationships with customers and a strong brand reputation which potentially influences voters.

2. The Service Shift in Government

Traditionally Governments were set up as passive and reactive information providers to citizens. Today, on a global scale, this paradigm has dramatically shifted. Even the language of Governments has changed. Citizens are now customers and quality has replaced the traditional focus on the quantity of services delivered.

The mandate for change in Government service delivery has been driven by,

- a) an increased citizen demand for services;
- b) greater consumer sophistication in understanding and participating in Government processes;
- c) Governments' understanding that poor service means poor efficiency; and
- d) the strong media and political backlash from poor service delivery which ultimately may influence voter's preferences.

This paper presents the case for 'Why Service Matters' for the Government sector. The paper will briefly profile the Australian and Government contact centre industry, discuss the customer demand for effective Government phone service, draw on global research supporting the 'service shift' in Governments and argue the case for change in service delivery for the Government sectors.



3. The Australian Contact Centre Industry

There are about 1840 organisations in Australia that have a contact centre and there are about 3,860 individual contact centres. Australia has about 260,000 workers employed in the contact centre industry, which is estimated to be about 193,000 seats (contact centre workstations or 'agent positions') in size.

The operating value of contact centres in Australia is \$15billion, making it one of the most important industries domestically.

Over 80% of all customer contacts are handled by contact centres, hence the contact centre is now regarded as an organisation's most strategically important business unit. This trend has been made all the more significant during the economic downturn as organisations sought the most cost effective channel to market for service and sales, which is the contact centre. Year on year, the percentage of customer contacts handled by traditional channels such as face to face service at branches and stores (8% of all interactions), or field sales forces (4% of all interactions) reduces.

The contact centre industry in Australia in 2009 generated \$49billion of revenue, a 7% increase on revenue generated in 2008.

Contact centre operating budgets constitute 69% human resource related expenses, 11% expenditure on technology, 10% on telecommunications and 10% on other costs including rent which is about 4% of total budget.

About 12% of all contact centres in Australia are outsourced to a third party provider. Three in ten organisations in Australia include outsourcing as one of their top ten priorities going forward.

The major challenges over the last few years have centred on high levels of employee attrition, which was 49% in 2008, and is now 28% in 2009. In 2009-2010, the major challenge will be budgetary constraints and the expectation to "do more with less".

In sum, the contact centre industry is regarded as one of the fastest growing and fastest changing industries in Australia and globally.

4. The Australian Government Contact Centre Industry

The Australian Government contact centre industry is about 34,000 seats or 17% of the total industry. The Government sector grew 6% in 2008-2009, a significantly higher growth rate than the private sector at 1% growth in seat size.

Whereas private sector contact centre operating budgets decreased by 5% in 2009, Government contact centre operating budgets increased by 17%.

Government contact centre employee attrition is about 15% per annum, significantly less than private sector (28%).

Human resource expenditure is 78% of total budget, significantly higher than private sector (69%). Technology expenditure is about 6% of total budget, which is significantly lower than private sector (11%).

Although the Australian Government sector is expected to grow 3% in 2010, the challenges are similar to the private sector including, 1) budgetary constraints, 2) change management and 3) inadequate head count.

In sum, despite the Global Financial Crisis, the Australian Government contact centre industry grew strongly with increasing and ongoing investment in infrastructure and operations made by Government at Federal, State and Local levels.



5. The Australian Government Customer Experience

This section of the paper discusses the results of an in-depth study of 300 Australians as to their Government customer contact centre experience, conducted by callcentres.net in 2008-2009.

callcentres.net Contact Centre Consumer Index for Australian Government customers (including Federal, State and Local Government) for 2008-2009 reveals the following:

- a) 62% of Government customers express that they want a relationship with Government;
- b) Only 23% of Government customers believe that service has improved from Government over the last 12 months;
- c) Only 12% of Government customers state that contact centre service is better than face-to-face service; and
- d) 53% of Government customers would interact more with Government if Government had more extensive opening hours.

Currently the Australian Government customer, when considering contact centre service, is regarded as a 'Detractor', (they have a negative orientation towards contact centre service delivered by Government departments). Australian Government customers score 38/100 on their rating of their overall experience dealing with Government contact centres.

Australian Government customers say they expect a 'Fairly Good' level of service, an expectation which is heavily influenced by their expectations in dealing with other contact centres in private sector organisations, where they also expect 'Fairly Good' service, albeit a marginally higher expectation (5.3/7 for private sector compared to 5.0/7 for Government). Hence it is fair to say that the service standards provided by the private sector heavily influence the expectations of Government customers.

Australian Government customers currently rate as average, the level of service they receive from Government contact centres on the following service attributes:

- a) the variety of methods available to me to contact the Government
- b) Governments efforts to build a relationship with me
- c) the Government has my best interests at heart
- d) the offering of additional services that I need
- e) waiting on hold to speak to someone

The service attributes listed above are rated at a higher level by customers of private sector contact centres, thereby highlighting the gap between private and public sector service delivery. In particular the greatest gaps are around a lack of relationship with Government and the customer's sense that the Government has their best interests at heart.

Government customers state that 'Good' experiences they have with Government contact centres include (in order of magnitude):

- 1) the call being handled efficiently
- 2) a friendly and polite customer service representative
- 3) a helpful customer service representative

Contact centre service attributes Government customers rate as being 'Poor' include:

- 1) waiting on hold for too long
- 2) poor communication skills of customer service representatives
- 3) no resolution to their enquiry

Statistical modelling of the Australian Government contact centre customer experience shows that the key drivers of their overall experience are (in order of strength of influence):

- 1) having my query resolved on the first call
- 2) easy and accurate identification of my details
- 3) Government's efforts to establish a good relationship with me

Overall, the Australian Government customers rate their:

- 1) relationship with Government based on their contact centre experience as 58/100
- 2) value for effort expended in dealing with Government in a contact centre interaction as 60/100
- 3) likelihood to recommend Government to people with similar needs as 58/100
- 4) likelihood to consider using a Government department again, based on their contact centre experience as 63/100

These indicators demonstrate the current lack of effective relationship and engagement that Government has with its customers. Best practice scores are around 85/100 for each indicator.

Government customers stated the three top reasons why they would not interact with a Government department again include:

- 1) poor customer service in a branch or office (53% of respondents)
- 2) poor contact centre service (48% of respondents)
- 3) not being treated as an individual (38% of respondents)

Australian Government customers state their ideal experience with Government would include (in order of importance):

- 1) interacting with a knowledgeable customer service representative
- 2) answering the call quickly
- 3) a friendly and polite customer service representative

Australian Government customers state that if their contact centre experience involved a knowledgeable customer service representative who answered the call quickly and was friendly and polite that:

- 1) their likelihood to recommend the Government department to friends and colleagues would increase from 58/100 to 78/100; and
- 2) their likelihood to re-use or interact again with the Government department would increase from 63/100 to 82/100.

Therefore, the focus on effective service delivery to Government customers must focus on building relationships and quickly and effectively resolving enquiries. If this is achieved it means Government has created 'Advocates' who have a positive orientation and will speak openly, actively and positively about Government.

Thus, good service not only creates operational efficiencies for Government it may considerably influence citizens' orientation towards Government thus influencing their voting preferences.



6. Supporting Literature

Although the study of the direct relationship between the quality of service delivered by Government and the affect on citizens and on business results for Government has not been well researched in an Australian context, there is evidence from other countries that demonstrates a growing emphasis of Governments focusing on service delivery. The key findings from a number of these studies are summarised below:

- 1) Kannabiran, Xavier and Ananthraaj (2004) in their paper titled, “Enabling e-governance through citizen relationship management-concept model and applications”, note that:
 - a) The broad exposure the public has to private sector products and services in the new economy has caused its expectations of Government products and services to rise;
 - b) When people see efficient systems in the business world, they expect the same from Governments. The public has come to expect a much greater level of convenience, availability and reliability of Government products and services; and
 - c) Governments now recognise the need to improve their relationship with the citizens and to put the citizens’ needs as the centre of all Government thinking, providing one-to-one services for citizens; services that cut across departmental hierarchies.

- 2) Gartner’s 2000 report on Government e-service concludes that Governments must be focused on the continuous optimisation of service delivery, constituency participation and governance by transforming internal and external relationships through technology.

- 3) Gartner (2001) identifies the phases through which Governments should progress, with regard to their citizen relationships and these include:
 - a) presence: Government is simply there;
 - b) interaction: citizens can interact with Government;
 - c) transaction; citizens can conduct transactions with Government; and
 - d) transformation; Government can transformation the relationship they have with citizens thereby potentially transforming aspects of the citizens life.

- 4) Kannabiran, et al (2004) describe a similar Transformative Model of Government as being:
- a) Automation for control and governance: basic information: low technology sophistication;
 - b) Citizen-centric: multi-channel and personal touch: reactive need fulfilment; moderate technology sophistication; and,
 - c) Participative democracy: proactive and participative with citizens: high technology sophistication.

- 5) In their study, *"Measuring Citizen Satisfaction with Aspects of Public Services and Determining their Importance"*, Giannoccaro, Constantino, Ludovico and Pietroforte (2008) state, "In recent years public enterprises have spent much effort in enhancing processes and services to customers. In the future the competitiveness of countries will be evaluated on the basis of the quality rather than the quantity of services provided to citizens."

Giannoccaro, et al's (2008) study shows that, "From a statistical perspective, citizens consider the aspect of 'Timely delivery of requested service' as the most essential factor that influences their satisfaction with a Government service. The performance level of this driver, consequently, must be maintained or improved."

Giannoccaro, et al's (2008) research also states, "Communities value the quality of life also according to their Government's ability to provide services that maintain the welfare of its citizens. The purposes and methods of administration should be derived from citizens. Good Government depends on the quality of its organisation".

Giannoccaro, et al's (2008) study of Italian Government revealed that:

- a) Citizens want to play an active part in the relationship with Government by demanding service quality, efficiency and effectiveness and, at the same time, have continuous interaction with the public provider;
- b) Consequently, the primary thrust of the Government should be to nurture a culture of service excellence in meeting the needs of the citizens with high standards of quality and courtesy, and to foster an environment that induces and welcomes continuous changes for greater efficiency and cost-effectiveness;
- c) These two goals are met by employing modern management tools and techniques. Information and Communication Technology (ICT) plays an important role in the reengineering process of public administration; and
- d) The use of ICT facilitates the relationship between Government and citizens and also improves both the accessibility and quality of public activities.

Giannoccaro, et al (2008) conclude that, “The thrust toward “quality service” is growing rapidly among public administration systems, with an increasing use of tools and methods to support this objective.”

- 6) Jakka’s (2004) study, “*Client-quality Dimensions: Empirical Evidence from the Public Sector*”, states, “Around the world many Governments compete in promoting new initiatives aimed at improving the standard of services that meet or exceed the expectations of the recipients. A crucial element of service quality, therefore is its continuous maintenance or betterment.”
- 7) In Olsen’s (2003) study, “*Citizens, public administration and the search for theoretical foundations*” Olsen notes that, “The theory of administrative organisations should specify the proper role of citizens and how their relationship with administration could be best organised.”
- 8) Muldrow, Buckley and Schey (2002) conclude in their study, “*Creating High-Performance Organisations in the Public Sector*,” Governments have an increased emphasis on organisational outcomes, which means, that all organisational functions will be judged on their contribution to business results such as customer satisfaction.”
- 9) For nearly a decade, Accenture has tracked Government customer service around the globe and ranked the top performers. The company found four pillars to quality public sector customer service:
 - a) a citizen-centered perspective in which "necessary" information is organized around the citizen;
 - b) cohesive multichannel services that are fast, efficient and convenient regardless of the chosen channel;
 - c) fluid cross-Government service at the local, regional and national levels, in turn providing integrated services; and
 - d) proactive communication and education, which ensures that citizens are well informed about Government services.
- 10) Accenture's newest report (2009) on serving citizens, *Leadership in Customer Service: Delivering on the Promise*, ranks 22 countries based on scores taken from three components:
 - a) Service maturity: measures the level to which a Government has developed an online presence;
 - b) Customer service maturity: measures the extent to which Government agencies manage interactions with their customers (citizens and businesses) in an integrated way;

- c) Citizen voice: is based on results from surveys that measure citizen feedback based on the quality of digital Government service delivery.

Australia is ranked 8th on this list constructed by Accenture who state that customer service maturity takes 1) a customer-centric vision, 2) an enabling infrastructure and 3) a high-performing work force. Accenture states,

"Governments should put a reasonable amount of effort into developing a vision, but they should also set parameters around the time it takes to do it. Rather than spending endless cycles striving for perfection, Governments should not be uncomfortable starting with a good enough vision and refining as they go. A tentative wait and see attitude will manifest itself very quickly in citizens' disappointment: Their expectations are accelerating, and no progress is akin to falling behind."

Accenture's work with Governments which have adopted customer E-centric (electronic commerce) approaches have resulted in the transformation of the customer's experience through the provision of:

- a) offering a simple and clear point of access;
- b) improving the consistency and quality of service;
- c) eliminating or reducing form-filling and lengthy waits for replies;
- d) obtaining immediate answers to questions because information and citizen history are available to agents;
- e) eliminating the need to travel to access a face-to-face service; and
- f) offering a convenient time for interaction, such as evenings and weekends.

11) Work done in the UK on developing the Best Practice Guidance for Government Contact Centres report (CIO Communications and Office of the e-Envoy) reports that transforming the organisation of Government contact centres inevitably lead to ongoing cost savings, but other indirect cost savings include:

- a) reducing space needed to deliver service;
- b) reducing the number of delivery locations, possibly to one centralised location;
- c) reducing the number of interactions needed to deal with each individual case.

In sum, there is empirical evidence globally from academic and market research studies that strongly suggests that Governments are on a path of transformation with regard to the servicing of their citizens. This service transformation is enabled by technology and telecommunications and follows an e-commerce strategy, which is the enablement of service through electronic voice and online channels. Organisational outcomes for Governments internationally now are heavily skewed to the

customer experience. An assessment of the effectiveness of service delivery may strongly influence how the international business and Government communities perceive the competitiveness of the country.

7. Concluding Comments

Generally, Government's service delivery through contact centre channels utilises organisational models which are classified as being at least 5 years out of date. Citizens experience poor service, frustration and currently have unmet needs from Government.

Some Australian State Governments are significantly ahead in their consideration and implementation of customer-centric models of service delivery.

Academic research, market research and evidence from Governments internationally demonstrate a significant Service Shift for Governments, that many Governments have not yet undertaken.

Benefits from undertaking a service shift or transformation include greater customer engagement, increased efficiencies, cost savings, better standard of living for constituents and a positive influence on potential voting preferences.

The risks of Governments not undertaking a transformation of service delivery, through contact centre channels include:

- 1) issues of citizen health and well-being;
- 2) lack of compliance to laws;
- 3) additional expense to Government through inefficiency and customers using face-to-face service channels; and,
- 4) citizen disengagement resulting in negative orientation to citizens giving voting preferences to the incumbent Government.

Therefore, the design and implementation of a Contact Centre Service Strategy is strongly encouraged and endorsed.

8. About Fifth Quadrant

Fifth Quadrant is a Service Strategy and Research Consultancy and Fifth Quadrant | callcentres.net is our online publishing and social media division.

We are changing the way organisations think about Service Strategy and are dedicated to ensuring that Service has on-going presence at the Boardroom table.

Working across Voice, Face-to-Face, Online, Correspondence and Social Media service channels, Fifth Quadrant delivers an unrivalled level of knowledge, subject matter expertise and proprietary methodologies to ensure organisations have highly effective Service Strategies.

Fifth Quadrant has five core divisions: Consulting Services | Service Research | Analyst Services | Training | Online Publishing & Social Media



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