

The Transformation Agenda: Today's Winners, Tomorrow's Casualties

**Assessing the implications of the Varney Report and the 2007
Comprehensive Spending Review**

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Executive Summary

This Briefing Paper analyses the practical implications of Sir David Varney's Treasury report, *Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer*. Built around in-depth discussions with key customer service managers in the public sector, it asks whether the delivery of public sector services can be radically improved by transforming the main channels – e-services, contact centres and face-to-face – which citizens and businesses use to interact with government.

Sir David, former chairman of HM Revenue and Customs (HMRC), was asked by then chancellor Gordon Brown to look into opportunities for transforming the delivery of public services in the UK. His report, published in December 2006, was intended to inform this autumn's Comprehensive Spending Review. It comprises four key areas:

- The case for transformation
- Inadequacies in existing service delivery
- A transformation agenda
- A set of recommendations designed to deliver transformation in the short and long term

While transformation is generally welcome, this Briefing Paper argues that the practicalities of implementation need careful consideration if the agenda is to be achieved. In particular it finds that:

- While Sir David's efficiency goals are achievable, some of the assumptions on which they're based may not be universally applicable. For example, some service centres have already been through a first round of efficiency savings similar to those identified by the Varney report, and will not be able to achieve similar radical improvements the second time round
- Cultural and political challenges, including the political will to consolidate service centres, are likely to prove a serious impediment to Sir David's transformation agenda. The idea of developing super centres may encounter most resistance in local government, where there is concern that the service centres would take the credit for improving quality, yet responsibility for delivering those services would remain with local authorities
- The Varney report moves the e-government agenda forward in ways that have significant implications for central and local government. Issues such as channel neutrality (which mandates that citizens are offered the same quality of service regardless of what channel they choose to communicate through) will climb up the agenda

- Many of the goals outlined by Sir David have significant technology implications. The design and capability of organisations' IT infrastructure and their approach to challenging issues such as systems integration may well make or break many government initiatives
- Similarly, government will need to get a greater return from its investment in the customer relationship management (CRM) software that underpins service delivery. Until now, many CRM projects have been focused primarily on internal process automation and efficiencies, with improved customer experience a lower priority: that will need to change. Adoption of the principles of Service Resolution Management, which aims to create a converged platform for dealing with queries across multiple service channels, is likely to become more widespread

Introduction: Playing catch-up?

Sir David Varney's report, *Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer*, outlines the current situation in public sector service delivery across the main channels through which citizens interact with government: e-services, contact centres and face-to-face. It makes proposals for improvement, and concludes with a series of 39 recommendations and a timetable for change.

This Briefing Paper provides a practitioner-level reaction to Sir David's recommendations, and it comes with a degree of scepticism. On reading the Varney Report, one contact centre manager's response to his director was: "Thank God they've caught up with our thinking." There's little in the Report, he argues, that his organisation isn't already doing or considering.

However, the Report represents a significant development, for several reasons. It is one of the first government publications to recognise the tools and techniques already employed by more progressive organisations as they strive to make their citizen interactions more efficient. It hints at the organisational, cultural and political challenges they face in these endeavours. And it gives some indication of the shape of things to come for customer service managers.

Intended as a bridge between the 2004 Gershon and Lyons Reports and this autumn's Comprehensive Spending Review, the Varney Report aims to show how service delivery can be made more efficient through better co-ordination of front-line e-services, contact centres and local offices, and, in the long-term, how radical improvements can be delivered in the back office.

Its key proposals include:

- Achieving £400m savings in contact centres, with a 25% reduction in running costs
- Greater efficiency through the consolidation of smaller contact centres
- Grouping service offerings around common citizen and business service areas, or 'themes'. For example, citizens should be able to inform government just once about a change of life circumstances such as bereavement, birth or change of address
- The elevation of the electronic channel (website, email and mobile messaging) as the primary point of contact
- A new performance management framework and new forms of accreditation criteria

However, the Varney report does not attempt to tackle in detail the practical challenges faced by government organisations as they seek to achieve these goals. Because very few public sector organisations – or private sector

companies, for that matter – have the luxury of building service operations from scratch, they will need to build their capability on the back of their existing organisational structures and supporting infrastructures. This raises a number of challenges.

To begin with, there will inevitably be political opposition to Sir David's recommendations. In the case of unitary authorities in local government, for example, district councils with different political leanings may not be willing to share the delivery of services or hand over control to a third party. (The local government perspective is explored in Part Four below.) Webster Buchanan Research has previously demonstrated¹ that cultural and political challenges are often the greatest barrier to successful adoption of shared services.

There is also likely to be resistance to making widespread organisational change. Many public sector bodies have already examined how they can better address their customer contact points in response to existing e-government targets. Some may have chosen to consolidate their corporate contact centres, giving them a mandate to manage customer contact across multiple channels: others might have kept their internet-based 'self-service' channels separate from their mediated channels. Either way, those that have made significant investments will be reluctant to make further structural changes in response to a new set of government targets, which means new initiatives will most likely need to work within the confines of the existing set-up.

In addition, procurement policies and existing agreements often present legal and contractual barriers to joined-up government, which requires a greater degree of collaboration between government organisations.

Finally, the Varney report envisages two phases of transformation: simple customer contact, and a deeper level of customer interaction typically known as Service Resolution Management. The latter requires a degree of technology sophistication which may be out of the reach of many first-generation customer management efforts. The technology foundation is explored in full in Part Three below.

¹ See 'Implementing Shared Services', a Briefing Note from Webster Buchanan Research in May 2007, <http://www.websterb.com/articles.php?ID=7e649c674de695f2>

Part One: Transformation and Efficiency

1.1 Different interpretations of efficiency

On the face of it, Sir David Varney's claim that another £400m savings can be made in the delivery of public services, with 25% more efficiencies from running contact centres alone, is a reasonable if somewhat headline-grabbing figure. Clearly, though, the major savings will come from Whitehall, where big departments like Sir David's previous charge, HMRC, have already made significant cuts. Under the new agenda, rationalisation of central government back-office functions will now be repeated in the 'front-office' service delivery areas, where the use of electronic communications methods can bring significant improvements.

Elsewhere, applying these same principles across the multiple types of organisation which make up the public sector will be a challenge. Some government organisations are already grasping the mettle. Mark Andrews, head of mediated channel strategy at Cambridgeshire County Council, says the council's four year-old contact centre recently kicked off an assessment of how it can deliver further economies of scale. "I'm pretty sure we can deliver the contact centre in a more efficient way," he says. "As we've built out, to a certain extent we've put some of the silos into the contact centre that we tried to break down in the services themselves. We've been looking at how we can backtrack and open that up again."

That said, some public sector managers interviewed by Webster Buchanan Research were concerned that, because they'd already been through significant improvement programmes, the next set of savings would be less dramatic. Improvement may be a continuous cycle, but the biggest gains typically come in the first tranche. Kevin Gibbs, head of contact at Islington Council's consolidated corporate contact centre, says the services that have been brought into the centre have experienced improvements in efficiency of up to 30%. But he adds: "In some senses [Sir David's transformation goals are] achievable – but [the report] does talk about centres that are flabby in operation and haven't made that step change in service delivery."

1.2 The spectre of consolidation

The Varney Report has raised the spectre of consolidation of smaller contact centres and customer service operations, fuelled in part by an accreditation scheme. While consolidation will in many cases drive efficiencies, in some cases it could be an inappropriate strategy. It's unlikely, for example, that large contact centres could cater to the diversity of contact requirements many public sector organisations currently deal with, nor provide the depth of local or departmental expertise they currently enjoy. After all, in any consolidation

exercise driven by the need for economies of scale, some compromises in service delivery are inevitable.

Concerns have also been expressed about using the size of a contact centre – calculated on number of active agents or ‘seats’ - as a metric. Sir David identifies a 200-seat threshold as optimal. With just 72 seats, Islington’s contact centre would certainly come below that threshold – yet with 1.5m contacts a year, it actually ranks as one of the most efficient. As Gibbs says: “The worry is that if you’re being judged on the number of seats in a contact centre versus the number of contacts, you could have a very flabby contact centre that just keeps going because it’s of a certain size.” And as Andrews says of Cambridgeshire’s 80-seat contact centre: “We could make it 200 seats and be very inefficient but there’s no benefit in doing that.” In light of Sir David’s findings, some contact centres may well be able to make a credible business case against the spectre of consolidation.

1.3 Joined-up government

One area where efficiencies have been, and can continue to be, delivered is joined-up service delivery. But this involves significant political, cultural and practical challenges, particularly in trying to glue different, largely independently run service centres together. Joined-up government is great in theory, but in practice it can be counterproductive if it’s not accompanied by joined-up thinking.

In practice, the type and scale of efficiencies Sir David envisages will most likely be achieved through regional or national hubs, which raises a new area of political debate. The Worcestershire Hub is cited in the Varney Report^[3] as an example of best practice in joined-up service delivery. Starting in 2002, it has built a network of customer service centres that handle face-to-face contact, both for the district and county councils and other services. It has also established a virtual telephony contact centre based on a network of smaller centres. The same customer service staff deal with both county and district enquiries. In all there are approximately 130 customer service staff making use of a single customer relationship management system.

Rachel Hill, head of customer services at Worcestershire County Council, points out that changing the physical infrastructure was particularly helpful in demonstrating the change in customer focus and joined-up service delivery. The Worcestershire Hub programme has established customer service centres in each of Worcestershire’s main towns, replacing the multiple contact points that different councils ran for cash offices, planning receptions, social services, highways, registrations, and so on.

² Service Transformation: A better deal for citizens and businesses, a better deal for the taxpayer, page 72

Hill argues that the main challenge in such an initiative is not so much getting buy-in from the partners but working through the practicalities of how the set-up will work. Worcestershire went through a joint procurement for a customer relationship management and telephony system and focused its efforts on the outputs it wanted to achieve rather than the detailed specification of the systems. “We were keen to engage with a single, prime contractor to implement and support our customer relationship management system as we had little experience of these sort of systems a few years ago.”

“There’s still work to do,” she adds, “but we’ve already rationalised our accommodation base in each of the towns so we now have a single front door for members of the public.”

1.4 Procurement challenges

Procurement policy can also become an issue in transformation initiatives, particularly in terms of altering existing supplier contracts to accommodate new partners. It’s sometimes hard to extend two-way agreements struck between a supplier and government customer to include new partners, for example, unless this kind of flexibility was specifically built into the contract from the start. Similarly, where a single agency is empowered to procure on behalf of multiple partners, the partners need to agree common goals – but this may be a challenge in the light of the restrictive procurement rules under which the public sector operates. As one contact centre manager says: “There has to be some agreement about methodologies and ideologies – and that takes you into the political arena.”

It’s particularly important to ensure that legalities don’t obscure the real objectives, and contract formalities can become a big distraction. The outsourcing sector has long argued that if too much focus is put on the wording of a contract, customers tend to reach for the small print when problems emerge rather than concentrating first on working with the service provider to find a solution. “We do have this partnership contract and it’s called a contract because it’s binding,” says one manager. “But that doesn’t necessarily help things. That’s maybe where we’re going wrong.”

Snapshot: Performance management at Worcestershire County Council

While there are plenty of differences between public and private sector customer management environments – and Varney makes a great deal of them – perhaps the most telling contrast is the absence of competition and the subsequent risk of complacency for government organisations. If your bank isn’t picking up the phone to you, you can switch your account – but if your council won’t tell you when the rubbish is being collected, there’s nowhere else to turn.

That's a contrast that Rachel Hill at Worcestershire County Council is acutely aware of. "We are working to create more of a culture of performance management. This is not just about the initial contact with the customer, but also the overall performance of services. Performance measures also assist with the training and development of staff as well as identifying opportunities for redefining business processes and practices."

That's quite a challenge for local government because it's not what the public sector typically thinks of as performance management – all the targets and indicators it needs to report on. It's about more proactive, dynamic monitoring of agents at an individual level.

1.5 Conclusion

Transformation will impact organisations at two fundamental levels.

Those that have yet to seek out significant efficiency gains in their service operations, or have yet to deliver tangible benefits, will come under growing pressure to act – and for many of them, the threat of consolidation will be very real. In many cases, however, it will still be possible to build a compelling business case for managing change by focusing on the fundamentals of CRM, combining traditional process efficiency and the benefits of improved information management with tangible service quality improvements (*see Part Three*).

For those that have already achieved tangible savings by embracing change and fear that further dramatic improvements are unachievable, it's worth:

- Auditing your progress. Inefficiencies are often reinforced by – or in some cases unintentionally built into – change management programmes. It's not unheard of for customer service initiatives to replace one set of departmental silos with another, for example. It may therefore be possible to deliver further efficiencies by reassessing the impact of the change programme and identifying areas for further improvement
- Developing a business case against consolidation based on incremental change. The low-hanging fruit may already have been grabbed, but smaller initiatives will continue to deliver cumulative benefits
- Examining the practicalities of launching further joined-up government initiatives with local partners in the voluntary sector and elsewhere

Part Two: The e-government Agenda

2.1 Choice of channels

The adoption of electronic communications channels is now widespread in the public sector. Until now, the implementation of e-government targets has been largely focused on ensuring that key services could be accessed through electronic means; Sir David is taking this to a new level by suggesting electronic channels could be the *preferred* method of service delivery for a majority of the population. If adopted, his recommendation would represent a subtle but important shift in policy. In many cases it will lead to significant cost savings (the use of directgov and businesslink.gov are expected to deliver another £400m in savings over three years). But in some cases, there's a danger that it could be socially exclusive.

One of the biggest challenges in developing a communications strategy in government is that consumer preference differs markedly from one demographic to another. So hard and fast rules – or 'principles' as Sir David calls them – cannot always be easily applied to different constituencies.

At the London Borough of Islington, for example, roughly 50% of the population is professional and IT literate, while the other half falls into lower socio-economic strata but is still relatively young and technology-savvy. Both population demographics are receptive to e-services.

By contrast, in Huntingdonshire District Council, where the average age of the population is approaching 70, Andrews says the older demographic has a marked preference for using the telephone. Huntingdonshire shares Cambridgeshire County Council's contact centre infrastructure, and Andrews adds that in Cambridgeshire generally, it does push towards electronic service delivery because it's a cheaper method of delivering services. But in common with many others in government, he points out: "Our approach is about being able to deliver services to the customer how they want them. If we push them down the electronic route, it may be more efficient – but do they want that?"

2.2 Encouraging online adoption and 'channel neutrality'

Converting an aging population to new ways of interacting with the government is going to take time. And monitoring take-up is only one side of the coin: in order to achieve cost savings, organisations need to be sure that an increased level of activity through electronic channels leads directly to less activity elsewhere. This requires comprehensive data usage analysis, comparing, for example, e-channel activity with contact centre telephone call statistics.

In measuring performance, it's particularly important to differentiate between online *presence* and online *transactions*. One customer service manager, for example, warns of citizens simply "browsing" services online. "I think there's

an awful lot of browsing that goes on when people use websites; it's not necessarily transactional. A lot of people aren't comfortable transacting over the web – they need personal contact for certain enquiries."

Hill at Worcestershire County Council adds: "The approach taken through the Worcestershire Hub is to offer customers a choice of access channels, recognising the importance of each. In addition there is a drive to encourage greater use of online services, However it is acknowledged that for some people (and for some services) this may not be the most effective option."

Organisations are adopting a wide variety of techniques to promote their online services. HMRC, for example, offers taxpayers who submit their return online an additional three-month window to do so: others offer incentives for making payments by direct debit. Recent research by the Society of Information Technology Management has demonstrated a significantly improved take-up when these kinds of promotions are used.³

This does, however, need to be handled with care given the requirement for 'channel neutrality' – ensuring customers receive the same quality of service regardless of how they choose to communicate with government. As Gibbs points out, the danger in making individual services dependent on specific channels is that you can end up with bias.

Take the example of an online service for paying parking fines. If it uses a different payment system to a physical cash office where citizens pay fines in person, then it may process the payment more quickly. This provides an advantage to the online payer, because it means they can pay their fine later and still avoid additional penalties.

Islington has tackled the issue by creating a customer experience team located alongside its corporate contact centre, whose job is to incentivise customers to use more cost-effective channels. This separates the promotional activity from the operational. "I don't think it's wrong to encourage people to shift channels," says Gibbs, "but it's wrong if the customer service managers are trying to lead that."

Part of the customer experience team's role is to analyse why channels are being used the way they are. "The contact centre is currently much more widely used than the web – that's not an issue for us, because we can both benefit. But the customer experience team asks what's holding people back [from e-channels]. Is it fear, not knowing – or just that, as an organisation, we need to grasp the mettle and do something to encourage them?"

³ See 'Better marketed: achieving success with online services': www.socitm.gov.uk

To an extent, the principles of channel neutrality mean that it doesn't ultimately matter what direction government policy takes. As Gibbs explains: "Those who want to move will do so, and will free up the more expensive channels for those who aren't able to."

2.3 Conclusion

Sir David is keen to move the e-government agenda up to the next level, where online interactions become the preferred communications channel. While embracing this objective, public sector managers should bear in mind that:

- Expanding online communications will not automatically save money – the savings only come if it's accompanied by a reduction in the use of more costly channels. Getting a true picture of costs requires comprehensive analysis of transactions through different channels
- Encouraging adoption of online channels – with or without incentives – is a solid business strategy, but it has its limitations. It works for certain groups of customers – those who are open to making the transition but haven't got round to it, for example, or those who may not be aware of the potential benefits. But there are segments of the customer base that simply can't or won't make the shift.
- As a result, the technology and organisational structure that's developed to manage a shift to online interactions needs to be sufficiently flexible to handle multi-channel communications – including traditional techniques – for years to come

Part Three: Technology and Service Resolution Management

3.1 Improving quality through Service Resolution Management

One of the big dangers with the current transformation agenda is that authorities and agencies may end up improving the customer experience at the point of interaction, without necessarily improving overall service delivery. For example, a customer service agent may be able to log a request for a large waste item collection in the system – but can they also action the request and tell the customer when the waste will be collected?

The CRM industry's best kept secret in its early days was that much activity, particularly in the private sector, was less about improving the customer experience and more about automating internal processes and improving efficiencies – usually through initiatives such as managing the sales pipeline, monitoring call centre volumes, or tracking marketing campaigns. More recently, the focus has shifted in favour of the customer, particularly in the service environment where many organisations are looking to deploy a range of tools to improve the quality of response.

This activity falls under the banner of Service Resolution Management. SRM is designed to help service and support functions solve customer problems more quickly and efficiently. It aims to extend the case management functionality traditionally contained in customer management software suites by creating a converged knowledge platform for dealing with queries across multiple service channels – such as Internet-based self-service, assisted service and field service. SRM is not necessarily about developing an encyclopaedic knowledge – it's about being able to provide a pointer to the foremost expert in a particular service area.

A second key benefit of SRM is the ability to route queries down the most cost-effective service channel. Many public sector organisations are already making inroads here, measuring the performance of different channels such as drop-in centres and one-stop shops, and opening new lines of communication such as directgov. But SRM takes this a step further by attempting to understand the context around a particular query – is it a sensitive issue that will need human interaction, for example? – and then provide escalation to the most cost-effective channels.

3.2 Strategic technology requirements

Sir David's ideas around common citizen and business service areas – or 'themes' – are not entirely new, but in putting a timeline on one specific suggestion he is firmly pushing the concept forward. The idea is to improve interactions around key life events or issues. He proposes, for example, that

citizens should be able to inform government once about a change of circumstances, beginning with bereavement, birth and change of address.

The Pension Service has already taken this kind of service in a slightly different direction through the extensive work it's carried out on predictive analytics, using technology to anticipate when a citizen will require particular services and prompting them as to their availability⁴.

These kinds of initiatives will require an advanced level of technical sophistication, both within public sector organisations and between different organisations. The infrastructure requirements are far-reaching:

- At an agent level, all relevant customer details need to be made available within a few clicks. Agents shouldn't have to open up several different back-office software applications or make calls to colleagues to answer a customer query or action a service request
- At a data level, systems need to be designed around the customer, rather than around the service they are accessing. Most IT systems are still wrapped around the service, and as a result, customer data is copied from system to system – that means data is duplicated, often contains inaccuracies and is hard to keep up to date. When changes need to be made, such as a change of address, they have to be manually applied across multiple systems
- From the perspective of IT system design, the underlying architecture needs to be as flexible as possible. With the increasing focus on service 'themes', managers need to be able to pick and choose different services when they require them – but in older IT set-ups, processes tend to be built in a specific way and can be hard to change
- This requirement for flexibility extends to CRM software applications. Customer-facing agents should be able to link into different knowledge bases and back-office processing systems according to customer need
- Where different agencies and councils need to collaborate for joined-up government initiatives, they will require a certain level of sophistication in their CRM systems. Islington, for example, was involved in a proof of concept for the failed Government Connect initiative. The idea was to set up roles within councils' HR systems for specific individuals who were authorised to initiate a change of address action: ultimately, named agents would then be able to move a citizen out of one borough's CRM system and into another. But one of the reasons the initiative stalled, says Gibbs, was that "there wasn't the maturity of CRM usage to make it happen."

⁴ See *Process Improvement in Government: The Insiders' Perspective*, by Webster Buchanan Research, March 2007 www.websterb.com

3.3 Pragmatic approaches to integration

A key requirement behind each of these technology requirements is the ability to link together different systems, helping organisations exchange data and manage cross-departmental business processes. But it's an activity which, handled badly, can consume vast amounts of resource for little perceived benefit.

Integrating data and processes has long been a major challenge for IT departments, and approaches vary from short-term tactical fixes to implementing sophisticated integration technologies. For the purposes of delivering the quality of service envisaged by the Varney report within government budget and time constraints, however, pragmatism has to be the watchword.

Integration projects can get complex very quickly and there's a pervasive tendency towards 'scope creep', where projects extend beyond their original remit. A pragmatic approach means building manageable projects around specific integration points linked to closely-defined business objectives. There are good examples in local government. Several local councils have connected their CRM systems with the software that manages highways, for example, allowing agents to deal with queries about street signs and other street furniture. This doesn't require full-blown integration between the two systems: rather, the agent can simply view data in the highways application through a portal (*See Part 4.2*).

Many software developers are now taking a 'service-oriented' approach to software design in an effort to tackle some of these issues, breaking their software down into multiple components of functionality. These components are made available as individual 'services' using industry-standard communications techniques: different services, or pieces of functionality, can then be wrapped together to carry out specific tasks. There are a number of technical issues that impact the effectiveness of this design approach, but with careful development a service-oriented architecture brings significant benefits in terms of system flexibility and integration.

Snapshot: Managing knowledge at Cambridgeshire County Council

Although Mark Andrews, head of mediated channel strategy at Cambridgeshire County Council, admits it's an uphill task persuading some services of the value the contact centre approach can bring, his unit is enjoying considerable success. Its work in social care is particularly impressive. Here, it has created a duty team within the contact centre that deals with queries for low-risk services that have been handed off from front-line agents. These queries would previously have been referred to back-office specialists and Andrews estimates

that, by locating a small team within the contact centre, Cambridgeshire is making as much as a 75% efficiency gain.

That said, he concedes that the Council could still do more to persuade back-office functions to take advantage of these new diversified team structures and make better use of the information the contact centre can feed back. "If the service isn't onboard and doesn't want to make use of the masses of management information we can provide about the way their services are delivered, then it won't." He adds this will be a particular area of focus going forward, because "there's much more we can do with the information."

3.4 Conclusion

Technology underpins much of the service improvement envisaged by Sir David. In order to build a platform for change, organisations will need to:

- Ensure your technical infrastructure is fit for purpose at every relevant level. This means, for example, taking account of agent usage requirements; managing data around the customer rather than the service; building on a flexible architecture, particularly one that allows for continual process change; and ensuring that the customer management software you deploy is capable of handling increasingly sophisticated requirements for data access, process integration and collaboration
- Assess the benefits of Service Resolution Management as a means of managing customer service queries in the most cost-effective manner
- Take a pragmatic approach to integration, focusing on projects that deliver tangible benefits.

Part Four: The Local Government Perspective

It's easy to see why some local government professionals are bemused by the findings in Sir David Varney's report. While there has been consultation with both central and local government, Sir David's transformation agenda is inevitably seen by some as a Westminster initiative, with broad brush recommendations that don't fully take into account the peculiarities and complexities of the local government sector.

As we outlined in Part One above, the contention that an optimum size for a contact centre is 200 seats and above, and that smaller centres should share services with others, is particularly contentious. This threshold effectively excludes the vast majority of local government set-ups – even those like the Worcestershire Hub, which have managed to team up county and district councils. To reach such a size, local government centres would need to hand over their contacts to regional or even national hubs, an approach which is likely to be widely opposed among members and employees.

"If everything becomes regional and sub-regional, then it's an easy way of getting rid of some small district councils," says Gibbs, who used to be part of the county/district mix in a former role at Hertfordshire County Council. Worse, he points out that even if the initial customer contact was moved to a regional set-up, service delivery would still be the responsibility of the back office functions – so the new super contact centres would get all the plaudits, while local government would have to deliver. "Your contact centre and broader customer service environment is one of the few things that allows you to go out into the local community and shout about what you're doing. Once you start losing your brand identity in terms of political relevance and importance, it's like turkeys voting for Christmas."

Apart from organisational concerns, there's evidence that regional or sub-regional hubs are not welcomed by many citizens who prefer to elect local councillors to be responsible and accountable for delivering local services. Cambridgeshire County Council, for example, has a strong local identity, and with an ageing population, Andrews says moving contact to national helplines and websites is not something his citizens would welcome: "Maybe it's because of our skewed demographic, but our citizens don't necessarily trust the answer if they can go anywhere and get it because it's not connected to the local authority. That's why we're considering our position with regards to directgov and government connect, because we want to wait and see what the fallout is going to be."

Part Five: Conclusion

Like the Gershon Review before it, the Varney Report is set to have a significant impact on the delivery of government services. And wherever they are on the transformation roadmap, there's no escaping the fact that public sector managers face significant challenges going forward. Those that lag in terms of delivering efficiency gains have to move fast to head off the threat of consolidation – and ironically, those that have led the way in transformation now need to think creatively about where the next generation of efficiencies and service quality improvements will come from.

With the right culture, organisational structure and technology platforms in place, it's possible to meet both challenges – delivering wholesale change and delivering a series of additional incremental improvements – but it's important not to underestimate the scale of the task ahead. It's also important not to misjudge the potential for fundamental change to the way the public sector functions in the years ahead. As one transformation director at a central government department pointed out, it would have been difficult to envisage providing services in the way we are ten or even five years ago, before the internet evolved into a credible platform for mainstream business and next-generation call centre and customer management technology emerged.

Meanwhile, the tension between local and central government is likely to grow as new measures are introduced and the political agenda moves forward, and public sector managers will continue to find themselves fighting their corner. They will need to stay on top of the latest thinking in government – but just as important, they will also need to analyse how it pans out in practice around the country, whether through initiatives such as directgov and government connect, or new shared services programmes. Disciplines such as Service Resolution Management, now supported by a new breed of software, are one example of the way that CRM thinking and practice is continually evolving, in this case to ensure that customer queries are not just responded to, but actually resolved.

Whatever targets are put in place as a result of the Varney Report, the full ramifications will take some time to play out. But time is limited. The transformation agenda is about to enter a new era, and forward-thinking public sector managers are starting to prepare for the potential implications now.

Appendix: The Vendor Perspective

Webster Buchanan Research's independent report is sponsored by Consona CRM. Here Richard Furby, VP EMEA of Consona CRM, gives his perspective on the Varney Report

Today, local authorities face significant challenges in the way they operate and interact with the citizens they serve.

From the challenge of meeting an increased volume of requests and the growing expectations of citizens, through to meeting the demands of central government as it strives for continuous improvement in service delivery and cost reduction, local authorities have never faced such a demanding and dynamic operating environment.

At Consona, we are working with our local authority partners to meet these challenges head on. We are committed to supporting the Transformational Government Strategy within the UK local government sector by delivering world class CRM and Knowledge Management solutions.

Our OneServe solution offers:

- Award-winning contact centre centralisation
- A single holistic view of the citizen (or business, where appropriate)
- Multi-department case and workload management
- A true shared services platform to support County and District as well as Agency-Partner configurations
- Industry leading process management capability, driving and monitoring service delivery across departments
- World class analytics to support operational and strategic decision-making

Going forward, we will continue to expand our presence in all areas of citizen interaction, starting with the release of OneServe KM, our self-service and knowledge management solution that will enable citizens to serve themselves online. We will continue to support our customers in the area of citizen-centric process improvement and we will expand our supporting services to ensure that our customers are maximising the benefit from their investment.

End Notes

About Webster Buchanan Research

Webster Buchanan Research is a market intelligence company specialising in business management and the supporting role of technology. Our primary focus is on Customer Relationship Management, Human Capital Management, Financial Management and Workplace Management. Webster Buchanan is based in London, San Francisco, and Hong Kong. For more information and copies of recent research reports, visit www.websterb.com.

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