

Dispelling the Myths Preventing Government Transformation

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The challenges public services organizations are facing in today's climate are profound and urgent. With increasing budget pressures, public service organizations can no longer delay fundamental reforms that are required to meet the demand for delivering public service for the future. Accenture recognizes that government transformation is challenging, even more so due to the complex stakeholder environment in the public sector and the need to achieve varied outcomes. As a result of these unique pressures and despite the overwhelming need for public sector reform, it remains limited today.

Several myths that are deeply rooted in public sector culture contribute to the challenge. Leaders must address these myths as they contemplate how to improve performance in their organizations and ensure a lasting legacy.

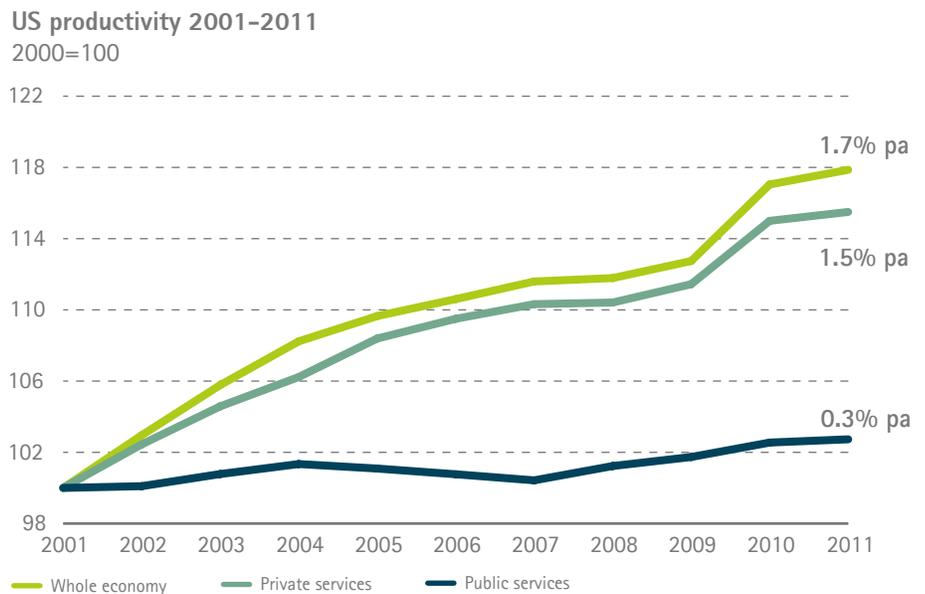


Exposing the Myths that Hinder Government Transformation

Governments worldwide are at a tipping point that calls for radical transformation. Citizen demands are rising, driven by aging populations, increased unemployment and other pressures. At the same time, government productivity has remained relatively constant while there was a steady improvement in the private sector (see Figures 1 and 2). Incremental improvements or stopgap measures simply aren't enough to close this widening gap. The need for governments to transform their models of delivery to improve service levels for citizens—and to survive this fiscal challenge—is very real and urgent.

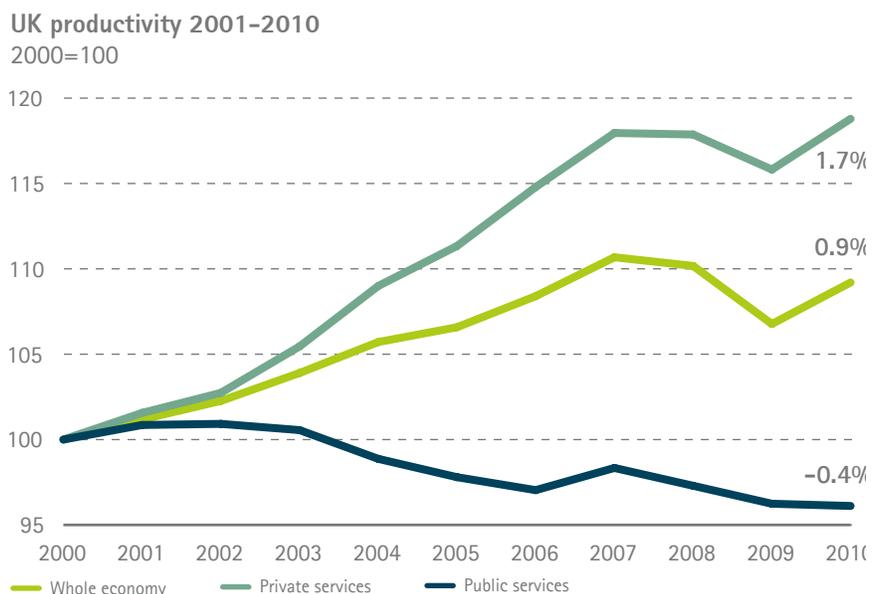
Accenture's Delivering Public Service for the Future research reveals opportunities where governments can make significant shifts that take into account what really matters for their citizens: improved delivery and a balance between deliverables and the cost of delivery.¹

FIGURE 1. The US Productivity Gap



Source: Oxford Economics/Haver Analytics

FIGURE 2. The UK Productivity Gap



Source: Oxford Economics, ONS

Radical transformation, while unpopular in some government circles, is needed to solve this crisis. Government transformation can help leaders fulfill their promise to deliver flourishing societies, safe and secure nations, and economic vitality to their citizens efficiently and cost-effectively. Now is the time for public service leaders to take bold steps toward a new vision of public service for the future.

In our work with government departments and agencies all over the world, Accenture has come across pervasive myths regarding government transformation. These myths act as stumbling blocks on the road to transformation, providing those resistant to change with a convenient set of reasons for avoiding action. In the following sections, we illustrate that government organizations can achieve true transformation if leadership is committed to change and addresses these myths head-on.



Myth: "My organization cannot afford transformation."

Given the current cash squeeze, governments do not have great freedom to invest in every opportunity. However, government organizations cannot afford to further delay transformation. Innovative supplier contract arrangements are making it easier to fund transformational projects. "Value-based" contracts, where the supplier and the public organization share the upfront investment, are one example. These types of arrangements can also tie a portion of the service provider's fees to the benefits achieved as a result of successfully delivering the program and its performance milestones. This aligns both parties' interests with the delivery of common goals, as well as reducing the financial risk involved.

Agencies with limited budgets are increasingly investing in government transformation programs with the savings realized through co-funded, initial quick-win initiatives. This approach enables the organization to not only reduce costs, but also reallocate funds to other areas that are critical or offer higher value. Examples of innovative value-based arrangements include:

- The City of London used a value-based arrangement with Accenture to deliver in-year cash savings and identify further procurement savings over the next 10 years. Accenture worked closely with the City to conduct a detailed analysis of spend data and the procurement environment with the aim of saving the City of London Corporation more than £30 million over five years.
- In Spain, the Basque Regional Government engaged Accenture to develop a strategic cost transformation program. Through this value-based arrangement, Accenture will tie a proportion of its fees directly to the savings achieved.
- The Florida Department of Business and Professional Regulation adopted a value-based approach for a technology and business process reengineering project. The service provider was compensated from savings gained from a net \$65 million of benefits delivered to the state over the five-year project.

Myth: "My organization does not have time for transformation. We have too much else to do, and we need results now."

A predominant perception is that government officials have too many urgent priorities to also deliver on a long-term strategy for government transformation. Can they run day-to-day operations and transform at the same time? To date, organizations have seen outsourcing as a solution to this challenge as it transfers the responsibility for the transformation effort to a third party. However, depending on specific circumstances, there are more appropriate and more effective solutions to this challenge.

For instance, where there are opportunities to realize considerable savings through economies of scale and economies of skill, a shared service program can deliver a more flexible transformation solution while allowing the organization to retain control.

Accenture believes that governments are more than just ready for shared services—they need shared services. Shared services can help governments become more effective and efficient in their operations, reducing redundancy and breaking down organizational silos, quickly freeing up resources that can be reassigned to address critical demand and improve service levels.

A number of innovative governments and educational institutions are working with Accenture to implement this alternative delivery model:

- As part of its public sector reform program, the Irish government is currently implementing a cross-civil service human resources shared service center that will move high-volume, non-complex human resources activities into a single center. The program is expected to achieve €12.5m in annual net savings and allow customer-facing employees to focus on their service delivery mission.²

- In Singapore, the Ministry of Finance has consolidated the IT systems and operating environments that 19 agencies used to manage human resources, payroll, finance and procurement functions into a common shared system operating off a shared service center. Accenture has helped the ministry cut IT infrastructure costs by up to 30 percent.
- In southeast Minnesota, 12 counties are exploring implementing a collaborative shared services approach across human services delivery. A detailed business case among the 12 counties showed that there is an opportunity for cumulative savings of \$35M over 5 years.



Myth: "Our organizational culture is incapable of change."

There is a persistent perception that government organizations cannot change internal behaviors, or that significant change would cost too much (or take too much time) to truly deliver value. The reality is that change can and must happen. There is a growing acceptance of the need for profound change among public sector employees.

There are many levers that organizations can pull—both cultural and structural—to help navigate this journey and add significant value now and in the future. These include performance management frameworks, leadership development programs and departmental mergers.

Example outcomes achieved:

- Accenture helped the United States Transportation Command (USTRANSCOM) through broad change management, moving it from a top-down, command-and-control environment to a customer-centric culture marked by transparency and empowerment. In a 2012 questionnaire, 89 percent of USTRANSCOM staff said leadership communication efforts were effective, while 95 percent of USTRANSCOM's partners and customers agreed that USTRANSCOM met its customers' needs.



- In France, Accenture supported the merger of two institutions into a new national employment body, Pole Emploi. Covering 26 regional management units, the program performed an administrative and financial merger at national as well as regional levels. Accenture helped with the implementation and the management of the merger and contributed to the development of the merger's framework. This effort involved detailed organizational planning—supported by gap analysis and change management programs—and the development of a joint communications strategy used to inform internal agents and managers of the merger. The program successfully created an integrated national body without interrupting services for the more than 5 million jobseekers and employers nationwide.

Now is the Time

No matter what it is called—“European austerity,” “country bailout” or “sequestration”—there will be a continuing cash squeeze brought about by lingering deficits (see Figure 3) and high liabilities. A strategic approach and roadmap are essential tools for governments to leverage as they strive to deliver more efficient, flexible and high-quality services. Facing reduced budgets, demographic changes and rising citizen expectations, governments can no longer afford to wait to transform, and can no longer allow these myths to obstruct action.

Government transformation is challenging, but it will create a real opportunity to drive deep, meaningful change—sustainable, long-term value for governments and the citizens they serve.

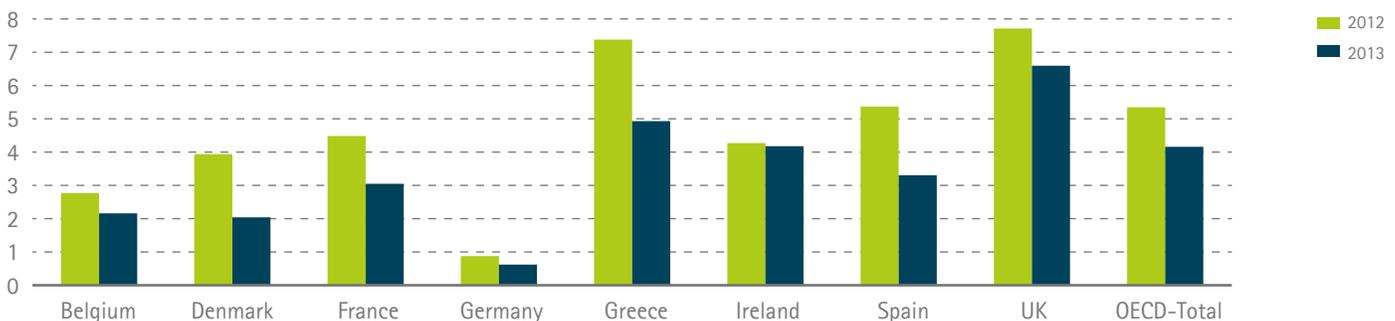
Several critical success factors must be considered as governments begin the journey to high performance:

- Clear direction and leadership support from the top to ensure the transformation approach is communicated and reinforced throughout the entire organization, underpinned by a transformational roadmap.
- Accountability and strong management, in the form of a center of excellence or delivery unit, to drive results and maintain pace.
- The right collaboration—including value-based commercial arrangements to address funding constraints—to kick-start the journey and ensure its long-term benefits.

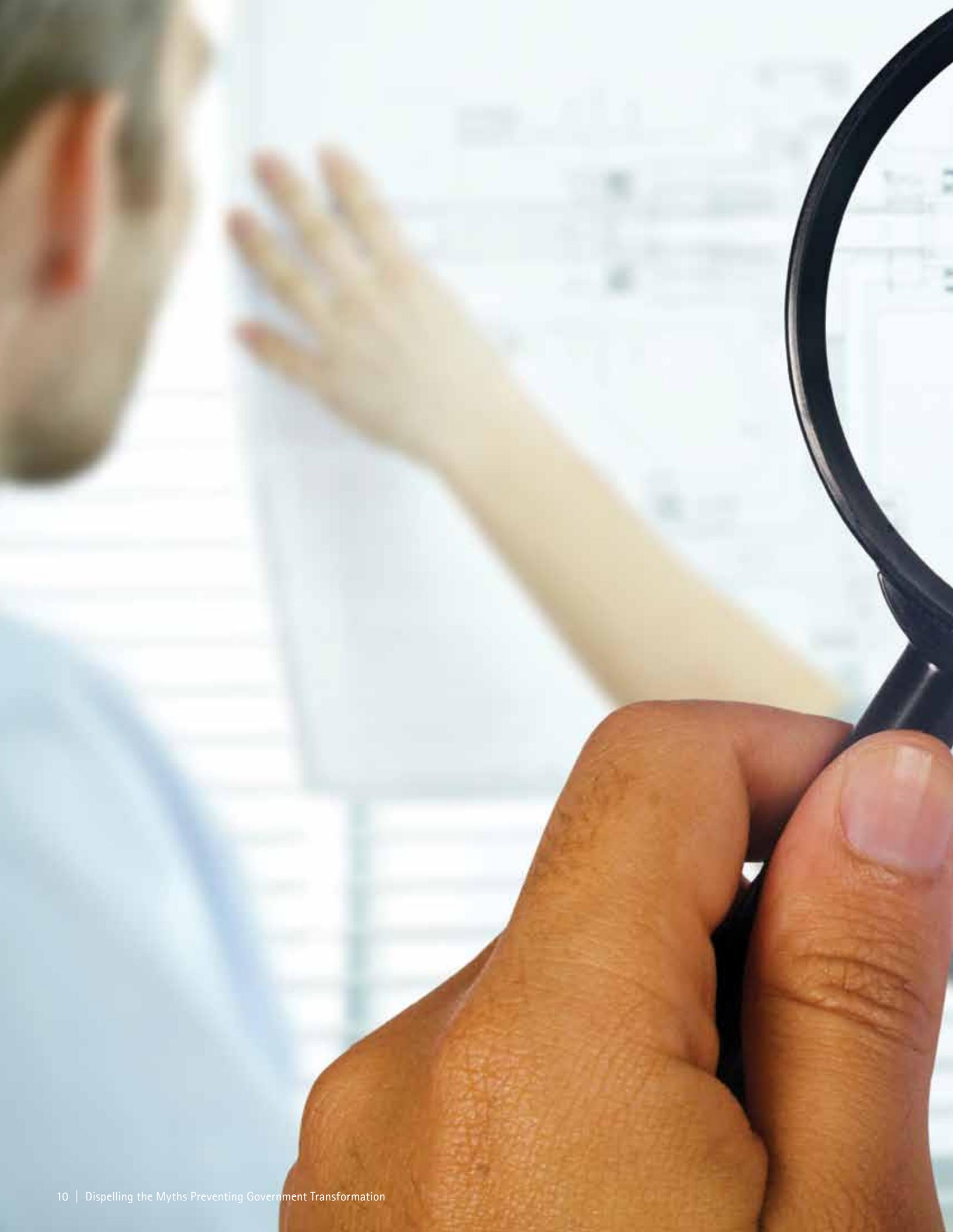
Accenture Government Productivity Services partners with governments to deliver successful transformation and build the platform for delivering public service for the future. We enable governments to prove these myths wrong by achieving real government transformation, as outlined in the examples above. The opportunity is real and the timeframe for transformation is short; the time to act is now.

FIGURE 3. The Continued Cash Squeeze in Government

Government Budget Deficit Projections as a % of GDP



Source: OECD, May 2012



For more Information

Accenture Government Productivity Services

John Murray

Managing Director—Accenture Government
Productivity Services

jj.murray@accenture.com

+1 312 693 7700

Shannan Poteran

Senior Manager—Accenture Government
Productivity Services, Development Lead

shannan.h.poteran@accenture.com

+1 703 947 2777

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- 2 <http://per.gov.ie/2012/09/06/progress-on-the-implementation-of-the-governments-public-service-reform-plan/>

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