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Change Management for e-Whitehall

Delivering change in the public sector

Summary

Delivery of government services electronically implies far more than simply automating existing practices. It requires a fundamental behavioural transformation. The move to e-government comprises a change to citizen-centric working and accountability. Therefore government must adopt a marketing approach to working and delivery to meet the increased expectations of citizens and to ensure the competitiveness of UK plc in a global marketplace.

E-government constitutes a major challenge to the Civil Service, which is responsible for delivery of both government policy and services. Civil Service procedures were successful in yesterday's more static society. Applying them in today's era of rapid change risks government being superseded by alternative services and models.

How Can this Transformation be Achieved?

Drastic change cannot be effected successfully without strong leadership and compelling motivation. In the private sector, motivation has usually taken the form of a major threat to survival. In the public sector, ICT can be seen as both threat and driver for change because it permits groups to bypass government functions.

The following procedures must be adopted by the Civil Service to achieve the required transformation:-

- The most senior politicians and officials responsible for change must personally and repeatedly identify themselves with that project and with the measurable outcomes its success will generate.
- Goals must be clearly defined, with progress towards them measured regularly and objectively and the findings published.
- Role models and champions should be more widely used throughout organisations.
- Lessons from other private sector restructurings should be exploited.
- Internally, departmental boundaries must be broken down so that delivery is focused around the citizen, not the administrative structure.
- Externally, collaboration with other bodies and staff movement between civil service and agencies/private sector should be increased.

Barriers

- Absence of motivation for change in the form of perceived major threats.
- Traditional focus is on administrative process rather than the end user.
- Failure to encourage and reward innovation are part of Civil Service culture, so there is no incentive to seek new solutions or take any risks.
- Politically motivated premature publicity creates initiative fatigue and puts undue pressure on pilot projects to succeed at all costs.
- Excessive delegation dissociates those in top positions from the change in behaviour they are trying to achieve among their subordinates.
- Treasury funding mechanisms effectively control business planning within the outdated silo structure.

Change Management for e-Whitehall

Delivering Change in the Public Sector

1 Introduction

The new possibilities opened by the Internet impact on government by changing notions of sovereignty, application of fiscal policy and trade and tariffs. ICT supports this transformation; it cannot lead it.

Governments lie at the heart of social and economic activity: attracting investment, supporting trade, and ensuring the value of the currency and an adequate welfare system. As capital flows more globally, so governments overtly compete with each other to attract investment. This requires a move from the traditional administrative way of working to a 'marketing' approach. Coupled with this is an increased expectation of high levels of service by the public, derived from their experience of the service levels they enjoy as consumers and are expected to deliver at work.

The move to e-government is thus a fundamental transformation of government and governance such as we have not seen since the start of the Industrial Revolution. It is a radical transformation of government services based around the citizen rather than around administrative convenience. It implies a very profound change in the behaviour of the Civil Service and this change has to be demonstrated from the top. It demands, as essential enablers of this transformation, the re-engineering of processes and investment in ICT such as to achieve a transformation to citizen-centric working, not merely automation of existing practice¹.

HMG has made an explicit commitment to modernise government and provide a public service fit for the 21st century, thus creating within the administration a compelling need for change. Some elements within the public sector - particularly a number of agencies and local authorities - are already beginning to achieve this, but Whitehall in particular appears not to view citizens as customers, or to be accountable to them. Rather, Ministers are customers and accountability is to them, to the NAO and to the Commons Public Accounts Committee.

So far, there has been temptation for politicians to commit the Civil Service to this transformation without the essential follow-through of leadership, motivation and training.

2 Government versus the Private Sector - Differences and Common Factors

We have defined e-government as essentially e-business for government. E-business incorporates but goes beyond e-commerce, the part covering financial transactions via electronic media. In the application of this technology, we see some common factors and some essential differences between e-business and e-government.

Common Factors

Change

E-government and e-business are both about transformation and altering frames of reference. Neither is particularly about the Internet or automation although these are essential to implementation. Merely putting services on-line is not the answer².

Customer Focus

Both are based around end-client (customer/citizen) need. Just as e-business is customer-driven, so e-government is concerned with "citizen-centric" service delivery. The traditional 'one size fits all' approach to government service delivery is no longer appropriate. As mentioned above, government needs to move to a 'marketing' approach nowadays, and in marketing terms, we are talking about 'niche of one' segmentation, whereby every citizen is treated as an individual with different needs. The priorities and expectations of citizens must be identified anew since these have changed with use of the Internet. Therefore the first task is to discover what it is citizens want, and the form in which they want services delivered. The medium of delivery – government, agency or private sector - is not important to the citizen – provided it works.

¹ "Transformation not Automation – The e-Government Challenge", Daniel Stedman Jones with Ben Crowe, DEMOS, 2001

² Inland Revenue set up online tax returns, but the procedure was absurdly cumbersome, involving CD-Roms and additional software packages. Of 160,000 people who started the process, only 38,000 completed it, less than 0.5% of their target audience. The IR have learned from this and have since produced a radically different online service.

Process Management

Policy, procedure and process are driven by customer activity and not by what suits the policy-maker or service supplier. Process that supports policy needs to be flexible and not just convenient to the administrator in this new world where an active, real time link exists between client demand and the policy outcome. The Civil Service must reorganise around the processes for service delivery to customers by addressing customer goals and must redefine their objectives: to serve the citizen.

Abandoning Silo Mentality

Just as in the private sector some years ago, the removal of departmental 'silos' is a painful but unavoidable prerequisite to enable effective service delivery. Effective service delivery goes smoothly across departmental boundaries, and data sharing should ensure that the customer does not have to make multiple applications, repeatedly defining their personal details, in order to effect what is to them one process.

Essential Differences between E-Business and E-Government

The Profit Motive

Shareholder value in terms of a competitive return on investment is a fundamental pre-requisite and differentiator of the private from the public sector.

Public Accountability

Governments are publicly accountable and this responsibility is far more onerous than shareholder accountability. For most governments, the administrative process is transparent. Some decisions may be made under a cloak of national security; most are not.

Security and Privacy

In government, the issues of security and privacy are paramount, given that governments hold some of the most sensitive information about people, their health and their income. Governments recognise their obligation to protect that. Importantly too, governments do not typically have the right to combine different bits of information about an individual to create new information unless there is some legally acceptable and publicly accountable reason to do so. Codes of Conduct for information sharing across the public sector are needed if concerns over data protection are not to inhibit the joining-up of government.

Legislation

Governments can legislate. They have the ability to create their own environment. This is somewhat similar to an enterprise's ability to create a market, but potentially more intrusive.

Deliverables

The commercial world and the public sector have different deliverables, but within the public sector there is a markedly different approach to management in Government Agencies, which deliver services and more closely resemble the private sector, from that in Whitehall, which delivers policy. Agencies should be able to act as missionaries to Whitehall to demonstrate that solutions can be found in the public sector, not just the commercial world.

Keeping the Customer in Sight

Whitehall has a problem identifying who its customers are, how to communicate with them and how to get feedback from them. In today's world, customers include a variety of stakeholders including other government intermediaries (e.g. the Post Office) with certain expectations of service, as well as the political masters of the Civil Service.

Change Management

Applying change management processes to the unique Whitehall environment presents a number of challenges. Standard management texts from leading business gurus need to be applied selectively - but nonetheless applied - to the Civil Service. These texts are aimed at the corporate, not the public sector, environment; but the staff in both environments serve people whose time is increasingly short and expectations increasingly high. Mandatory training for high-level staff in Change Management and an exercise to identify the crucial differences between the public and private sector may be helpful starting points.

Accountability

Public sector accountability appears to be concerned more with the proper administration of processes than with achieving proper outcomes from the investment. In government currently, the project manager and the accounting officer are too far apart. The real focus should be on delivering “what users want from services and on their experience of them”³. At present, staying out of trouble is more likely to secure an official’s career than is successful project delivery. The Clive Ponting experience is still seen as a warning even against telling the truth!

Implementing Strategy

Top civil servants are good at writing strategy but rarely have any opportunity to gain the skills for implementing it. Governments have increasingly expected civil servants to engage more effectively in management but without equipping them to carry out the necessary tasks (i.e. defining how the strategy will be achieved, how they will measure success, what evidence will be used to qualify this success, how processes and behaviour will be developed to guarantee delivery, etc.).

3 Creating the Climate for Successful Change

“... in my 20 years in the Civil Service I do not think anybody could ever tell me what my professional and constitutional role was - even though everybody assumed that I knew it and had acquired it by osmosis on entering the Civil Service ... they have rather lost the sense of what their professionalism is, what the specific skills are that they bring to the job”⁴.

Implementing e-government implies a major cultural and behavioural change across government administration. From experience, this relies on two factors – leadership and motivation. Modernising Government is about modernising the people who govern.

Strong Leadership is Needed

Whatever the institution, such change demands top-level personal leadership and demonstrated commitment: “70% of culture is down to leadership style”. The Civil Service needs strong leadership to bring about the required transformation and these leaders must also be role models for the behaviour they want their subordinates to adopt. Government needs to identify role models and copy or implement the exemplary practices. The armed forces’ use of role models illustrates their importance in leadership and motivation.

Without the consistent demonstration of these human skills by those at the top of the organisation, not just those leading change projects, the result (see Kotter⁵ in Appendix) is likely to be that:-

- o strategies are not implemented well;
- o re-engineering takes too long and costs too much;
- o downsizing fails to get costs under control;
- o service improvement programmes do not deliver the desired results.

These are of particular importance in e-government, given the unavoidable public accountability.

Therefore, the primary issue is that the attributes most associated with effective leadership are not necessarily those inherent in senior civil servants or politicians - nor in business executives for that matter – but in Whitehall, arguably, leadership is not allowed. (See Coleman in Appendix).

³ “Making Government Work: The Emerging Issues” - Seventh Report of the Public Administration Select Committee, April 2001, Section 40

⁴ From “Making Government Work: The Emerging Issues” - Seventh Report of the Public Administration Select Committee, April 2001, quotation from one of the architects of recent changes interviewed by the Select Committee.

⁵ JP Kotter, US Management Scientist

Threats and other Motivations

Without threat there is much reduced motivation for change – Whitehall has not, until very recently, perceived itself as being under threat. Enterprises that have successfully effected drastic change had the motivation of an extreme crisis and the benefit of strong leadership and organisational discipline and also, often, degrees of internal competition that are not permitted in the public sector.

Civil Service management structures and culture must empower and motivate those in charge to bring about change. How do we encourage the Civil Service to abandon its traditional hierarchies and implement citizen-centric processes? Perhaps by educating it to see ICT as both a threat and the driver for change that will overwhelm short term “improper professionalism that defends its own interests and resists public scrutiny”⁶. Modern communications technology permits small groups of citizens to bypass government functions, as seen by the effect of such single-issue campaigns as the September 2000 Petrol Crisis.

Training

Massive investment in training is needed for all engaged in public service, providing on-line and off-line training modules and skills development programmes for all staff.

Politicians are happy to promise change but often fail to take into account the implications of that change in terms of training for the civil servants who have to implement it.

4 Implementing Successful Change

There is a whole behavioural context that needs to be transformed to bring about successful change – a strongly-led shift from a vertical hierarchy to horizontal, flexible, team-based working. This is the biggest challenge to the Civil Service, as it was to the private sector. To achieve the new way of working implied by e-government, Whitehall needs to:-

Define Objectives and Measures

Successful change requires a clear definition of the objectives and the measures of success (reflecting today’s emphasis on service to the customer/citizen) and rewarding success in the new ways of working. The requisite strategy could be summarised as the principles of CRM (Customer Relationship Management):-

- o identify who the customer is;
- o bear in mind that all sections of society have a claim on government service;
- o establish what they value;
- o create a measurement system that proves that they are getting what they value;
- o continually check that these measures remain valid.

“Keep Citizens at the Front of the Picture”

As in the private sector (which must serve both shareholders and customers), the public sector has to look two ways, serving the Minister as well as the Citizen, who may not have immediately compatible needs. This also involves developing customer relationship management capabilities, including segment analysis, customer satisfaction surveys and understanding how to meet efficiently the needs of particular client groups.

Use Performance Models and Leadership.

Performance models of how a modern organisation needs to be structured, managed and measured have proven of great value in the private sector. They must be explicitly backed and demonstrated by the organisation’s leadership. Champions throughout the organisation - clearly endorsed by the leadership - are then needed as role models to encourage follow-through. The Cabinet Office Service First Unit possesses considerable expertise in the structure and application of one - the European – model. Valuable lessons can be learned cheaply from large private sector restructurings where these changes have already been made⁷.

⁶ “Making Government Work: The Emerging Issues”, Seventh Report of the Public Administration Select Committee, April 2001, section 13.

⁷ IBM, AA and HBSC are all examples

Cope with Change

Kotter's Rules for leading successful change (see Appendix) are largely about effective leadership of a continuous improvement culture. Success equally relies on continuous measurement⁸ and corrective actions to keep citizens at the front of the picture. There has been too much focus on input measures rather than output measures (e.g. in the NHS, emphasis on the number of new doctors being taken on rather than service delivery to patients.)

Collaborate for Success

Rotation of staff - although the Civil Service is no longer a closed shop and there is rotation both within and between departments and recruitment into the Service, there is still room to bring more customers into this rotation. Also, Whitehall staff might benefit from more secondments into Agencies; the current trend is for agency staff to be seconded to Whitehall.

Work Across Departmental Boundaries ('Silos')

This implies organisational redesign, such as from geographically founded structures to organisational structures based on customer segments. This implies many changes, moving:

- from a clear authority hierarchy to a flatter, more blurred hierarchy;
- from strict functional specialisation of units to a breakdown of barriers between units;
- from lifetime employment in one area to shifting work teams and flexible tasks;
- from restricted access to information, based on the job, to open access to information across the whole organisation.

Making these deep-seated changes requires significant investment of management energy, of time and of funds.

Review Funding Procedures

Treasury funding mechanisms set the business planning patterns for departments and until funding structures move away from silos, people will not change the way they organise themselves. This calls for a fundamental review of the funding philosophy of the Treasury, and of the recognition and reward system for those officials running departments.

Get / Give Value For Money

Funds voted by Parliament should be subject to audit by an enlarged National Audit Office, reporting to the Public Accounts Committee, with the emphasis on value for money. There should be no place for secrecy or commercial confidentiality when public money is spent on a non-competitive contract, or after the award of a competitive contract.

Use ICT for what it can do

ICT permits and facilitates change, but its implementation itself cannot bring about the changes needed in human behaviour. The technology must be positioned for what it will do, but it is not a substitute for thinking or leadership; it is only a facilitator or an accelerator.

So, successful change is driven by listening to clients, is realised or constrained by the capabilities of the organisation's personnel, especially the leadership, and is at best enabled by ICT.

⁸ e.g. Performance is measured by a rolling review process with two sets of measures: one to assess what the customers want, and the other to assess how the company thinks it is performing. Then routinely, the discrepancies between these two measure performance against targets but also show how relevant the perceived "targets" are to the evolving need of the customer base, and identify need for change.

5 Current barriers

Funding Procedures

These generally reinforce silo mentality and actively discourage joined up government. Current cross-departmental funding allocations are evidence of this – in the words of one official, “not so much the icing on the cake as the “hundreds and thousands” on top of it”.

Culture of Avoiding Blame

Given the imbalance between weak rewards for achieving success and draconian public disgrace for failure, the Civil Service has an understandable culture of avoiding blame. This must be changed since implementing strategy – particularly an innovative strategy - is conditional on attributing personal responsibility, which deserves reward for courage as well as for success.

Failure to Encourage and Reward Innovative Solutions

Currently there is little if any reward for initiative in the Civil Service, but plenty of risk. This must be changed.

Perceived Politically Motivated Premature Publicity

Pilot projects and initiatives are learning exercises. It is very damaging to publicise them as instant solutions, which creates pressure to have them demonstrate unrealistic success as completed projects. That is not what they are set up for. Success will be in terms of lessons learned to apply in future. Closing a pilot down after it has yielded valuable lessons for future implementation, albeit not a total answer, is not a ‘failure’, and certainly not worthy of retribution.

Excessive Delegation

The change in behaviour cannot be delegated; it must be demonstrated from the top. Thus successful change requires close personal identification by the political leadership and by the most senior officials who must associate themselves closely with the project and take a leadership role in managing - and constantly measuring the success of - the whole change project.

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APPENDIX

Notes

A Coleman's work (Harvard Business Review, Nov-Dec 1998 "What makes a Leader?") has identified 'emotional intelligence' as the key attribute of successful leaders, comprising:

1. self-awareness - the ability to recognise one's moods and drives and their effect on others;
2. self-regulation - the propensity to suspend judgment, and think before acting;
3. motivation - a passion to work for reasons beyond money and status, a propensity to pursue end results with energy and persistence;
4. empathy - the ability to understand the emotional makeup of other people, skill in treating people according to their emotional reactions;
5. social skill - proficiency in managing relationships and building networks, and ability to find common ground and rapport.

B Rules for Leading Successful Change - JP Kotter, US Management Scientist

The work of the management scientist J P Kotter provides a useful summary (his 'eight stage process to creating change') of the scope of the task in hand, and a useful benchmark against which to compare how the public sector operates at present:-

1. Establish a sense of urgency.
2. Create a guiding coalition, with enough power to lead the change, and work together as a team.
3. Develop a vision - to focus the change effort - and strategies for achieving that vision.
4. Communicate the change vision constantly, using every vehicle possible, not least by the guiding coalition demonstrating the new behaviour asked of the rest of the organization.
5. Empower broad-based action, removing obstacles, changing systems that undermine the vision, encouraging non-traditional ideas, activities and actions.
6. Generate short term, visible improvements in performance, creating them and visibly recognising and rewarding those who made these 'wins' possible.
7. Consolidate gains and produce more change, using the increased credibility to accelerate and spread change, to develop and promote people who can implement the change vision, to reinvigorate the process with new projects, themes and change agents.
8. Most important in terms of a real return on the investment – anchor the new approaches in the culture through client and outcome orientated behaviour, more and better leadership, more effective management. Articulate the connections between new behaviours and organizational success, and develop means to ensure development and succession of leadership into the future.

C EURIM working party comment on Kotter's Rules:

Using the Kotter rules as a benchmark, the EURIM working party identified the following inhibitors to applying them in the public sector.

Point 1: Currently there is massive "initiative fatigue" from too many announcements by politicians. This exhausts any sense of urgency. Projects should be broken into smaller chunks with feasible timetables within a guiding framework. An example of a success was Y2K, where there was a real sense of urgency - no procrastination was possible. This also achieved exemplary collaboration with the private sector.

None of the points 2 - 5 is difficult to achieve but all appear alien to the Civil Service culture at present. A high-up culture shift is needed to achieve a guiding coalition. We don't see the most senior officials personally identifying themselves with the delivery of the e-government project. Our impression so far of the Information Age Champion and subsequent champions is that their motivation and progress are unclear. These points are cumulative. Given that a vision has not been developed (point 3) it is impossible to communicate what it is (point 4).

Recognition and reward (point 6) and consolidation of achievements (point 7) are usually missing from most public sector change management strategies.