



Whether in the private or public sectors, customers are the source of all value. Meeting customer expectations is essential if waste and over-engineered services are to be eliminated.

CUSTOMER INSIGHT IN PUBLIC SERVICES

By **Edward Rutherford**, Senior Manager

Understanding customer needs and meeting or exceeding their expectations is the touchstone for all successful service provision. This should be a key strategic priority in the delivery of public services in the difficult economic times ahead.

Customer-centricity is about placing the customer at the centre of everything an organisation does. It is the most critical aspect of rigorous cost management processes.

When hard decisions are being made in relation to product and service provision to the public and across government, the challenge is to ensure that the outputs people receive are as good, if not better, than they have experienced previously.

This is particularly acute in today's economic environment since the resources and effort required to deliver such outputs will be much reduced.

Every area of an organisation impacts on the flow of customer services: from the design of products and services to the way they are delivered, communicated and received.

Being customer-centric is not about giving customers the best product or service at whatever cost; it is about the effective and efficient delivery of a service that is most valuable to them.

Traditional and non-traditional customers

Traditional customers in the public sector are citizens who "pay" for public services through taxation – hospitals, schools, housing and so on. These external customers come in a variety of guises: patients, students, householders, voters and other sections of the community.

But equally and critically important for the public sector are "internal" customers – those who are concerned with the effective delivery of services to others within government departments, local authorities and agencies.



Customer-centricity is about placing the customer at the heart of everything an organisation does.



The delineation of customer and supplier along traditional lines has been made in a number of government departments through the creation of executive agencies, trading funds and other types of government companies.

This is a tool to stimulate behavioural change from one of managing budgets to one of delivering a competitively superior service to customers to win business.

Customer-centricity and the NHS

To see what a comprehensively consumer-facing public service might look like, it's perhaps worth considering ideas floated by CVA at a Reform seminar on what is probably the most scrutinised institution of them all: the NHS.

We argued that to ensure and enhance its delivery as a public service, the NHS should be driven by customer expectation and not by imposed targets or managerial constructs.

A basic framework might be to segment the NHS, focusing on the needs of the patient to ensure that maximum value is delivered at all stages of the patient's experience.

Based on well developed customer insight, one might envisage a situation where, say, leading specialist hospital "brands" such as Great Ormond Street, the Royal Marsden or the Royal Harefield are rolled out across the country and run by regional NHS or Foundation Trust "franchisees".

The availability of world-renowned children's, cardiology or cancer care, all within easy reach and as part of a region's established primary and secondary care framework, would be a huge plus in the public perception of the NHS.

Such a scheme would free up clinics to concentrate on their core business, reduce management overheads and allow the NHS to generate scale for its services.

Aligned to franchising, this approach demonstrates how innovative business design solutions can be created where customer expectations are exceeded and the method used is cost effective and efficient. Franchising is very effective where resources are scarce or where close monitoring or control is necessary.

Another strategy might be to adopt the practice of "co-optition" where organisations simultaneously co-operate and compete, to their mutual benefit.

In the context of the NHS – say when operating theatres are stretched – co-optition might involve the sharing of private hospital facilities for NHS patients at no extra cost. This would be a win-win situation: helping the patient, generating economies of scale and maintaining the integrity of the NHS.

Addressing the challenge

The above is a notional framework. But whatever future policies are devised for public service delivery, they should embrace the concept of maximising resources for the full benefit of the recipient and the taxpayer.

Factors that should be addressed when considering customer-centricity in the public space include:

- ◆ The concept of the "customer" is generally not as advanced to the same degree as in the private sector;
- ◆ The customer-centric benefits are not always purely financial;
- ◆ The customer-centric benefits require service redesign to access them.

A key challenge for public sector organisations is how to manage behavioural change amongst staff.

This is a challenge worth meeting since the customer is the best judge and arbiter of value.

FIVE ELEMENTS TO DELIVER CUSTOMER-CENTRICITY IN THE PUBLIC SECTOR

01:

Understanding customers' needs, attitudes and behaviours

Needs, attitudes and behaviours change over time so it's important for organisations to fully understand their customer base. Customer-centric levers include speed, quality, attention, responsiveness and accessibility.

02:

Shaping the organisation to provide the optimal experience

An organisation should have three main considerations relating to the customer experience: organisational structure, policy and process. Each of these must be aligned to deliver an effective customer service. Reorganisation can also have a dramatic effect in breaking down an institutionalised silo mentality.

03:

Enabling the organisation

The capability, understanding and motivation of staff are key factors in helping an organisation meet customer needs and expectations. These can be achieved through the active engagement of staff in the overall customer-centric vision of the organisation. A commitment to training and the adoption of bespoke technology can further contribute to this enabling process.

04:

Delivering change

Embedding a genuine customer focus at the heart of an organisation requires significant change and can take years to effect. Change can be managed through the effective prioritisation of activities, the communication of success across the organisation and the harnessing of appropriate resources to meet targets and deadlines.

05:

Continuous monitoring

The continuous monitoring of customer perception and behaviour is an important way of demonstrating progress. Negative customer feedback, whilst never desired, is an opportunity for improvement and greater effectiveness.