

Building Value Into E-Government: *An Australian Case Study*

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Abstract: This paper looks at the implementation of a new customer value based model in e-government. Firstly we review the issues of e-government and the drive towards customer centric organisations in the context of multiple government agencies. A model of change is reviewed and extended to the development of a virtual organisation model which can be applied along the customer value chain across multiple service agencies. A case study is used to demonstrate how traditional Government organisations are set up with a focus on Government agencies in Western Australia and how the concept of a virtual organisation as a value-alliance model can improve customer service. Finally, we examine how the Aboriginal Affairs Department, a Western Australian Government agency is implementing this model as a virtual organisation and the implications of this model for the management of change in a developing e-community.

1. INTRODUCTION

Following on from e-commerce and e-business the latest “e”volution is e-Government. With in the next five years the Internet will transform not only the way in which most public services are delivered but also the fundamental relationship between government and citizen (Von Hoffman, 1999). With few exceptions, however, governments have arrived late on the scene. As monopoly suppliers, none were worried about being “Amazoned” by a new web-based competitor. Transactions with government are rarely a matter of choice and government employees are unlikely to be rewarded for devising innovative web based strategies to replace them in their jobs. Nevertheless the drive is now on for radical government change (Sprecher, 2000). A major driver has been the desire to reduce costs and make revenues go further. Savings of 20% are not unusual in the e-business community as they network their supply chains (Burn and Hackney, 2000).

U.S. federal, state and local procurement spending on materials and services in 2000 was estimated at around \$550 billion, and in the European Union member states' combined procurement spending was around \$778 billion (Symonds, 2000). With a 20% cut in costs we are looking at savings of around \$250 billion.

An additional driver comes from customer expectations. Customers now have far greater access to information and demand personalised experiences as opposed to simply acquiring goods and services. A customer driven organisation is one that maintains a focus on the needs and expectations of customers both spoken and unspoken in the creation and/or improvement of the product or service provided. Successful organisations, state or municipal governments and federal government departments and agencies have recognised that developing customer focus is an absolute necessity (Cavanagh and Livingston 1997).

One of the proposed solutions has been the creation of government portals such as the Singapore or UK portals. These have been designed around "life events" such as changes in marital status and allow users to find what they are looking for by using "How do I - - ?" type questions rather than by forcing the client to search through complex organisational structures possibly linking up to 50 different departments in one search. In reality the government portal acts as a virtual organisation front interacting with customer driven demand. This type of solution requires major changes within and without the government organisation and as yet, there is no clear evidence of success. (Jellinek, 2000). The failure of a massive government IT outsourcing project in Australia has highlighted the enormous difficulties of implementing cross-agency collaboration. The proposed solution is to return autonomy to the individual government agencies.

This paper looks at a specific e-government solution in the context of the West Australian Government. Firstly we review the issues of customer focus and utilising external organisations in the context of government agencies. Ostensibly government agencies are service driven organisations with a major goal of providing a service to the public. We then discuss how traditional Government organisations are set up with a focus on Western Australia and how the concept of a value alliance network can improve customer service. Finally, we examine how the Aboriginal Affairs Department, a W. A. Government agency is implementing a value-alliance model as a virtual organisation and the implications of this model for the management of change.

2. DEVELOPING A CUSTOMER FOCUS

Pralhad and Ramaswamy (2000) suggest that organisations need to "create their future by harnessing competence in an enhanced network that includes customers". They developed a three-stage model which we have adapted to a government context and summarised below in Table 1.

Table 1 shows that the idea of extending the government services network and changing the nature of its usage to improve core competencies is a central component of this model. In the past, most government agencies had a traditional focus where they have embraced the concept of the extended enterprise and have been primarily concerned with alliances, networks, and collaborations among other agencies and services. The old idea of the "extended enterprise" should give way to the idea of an enhanced network of traditional agencies, other services, funding bodies and customers. Government managers need to recognise that consumers are a source of competencies. They must focus on developing relationships with the customer as the agent that is most dramatically transforming government as we know it and leading the e-government and governance revolution.

	The Agency	Network of Agencies B2B	Enhanced Value Network e-Government
Unit of analysis	The government agency	The extended enterprise:- the agency, its agency partners and other service providers	The value alliance:- the agency, its partners, other funding and service providers and its customers
Resources	What is available within the agency	Access to other agencies' competencies and funding	Access to other agencies' competencies and funding, as well as customers' competencies and investments of time and effort
Basis for access to competence	Internal agency-specific processes	Privileged access to agencies within the network	Infrastructure for active ongoing dialogue with diverse customers
Added Value of managers	Nurture and build competencies	Manage collaborative partnerships	Harness customer competence, manage personalised experiences, and shape customer expectations
Value creation	Autonomous	Collaborate with partner agencies	Collaborate with partner agencies and with active customers
Sources of managerial tension	Service-unit autonomy vs leveraging core competencies	Partner is both collaborator and competitor for value	Customer is both collaborator and competitor for value

Table 1. Developing Model of e-Government

3. TRADITIONAL SITUATION

Organisations, particularly Government organisations are typically structured in a top down bureaucratic style, creating a barrier between the customer and the organisation and forcing customers to develop a knowledge of the structure to be able to seek services (Barreyre, 1988). The Western Australian Government has established 53 agencies to provide a variety of Government services to the public. Each agency reports to a Cabinet Minister, has a Chief Executive Officer accountable for all aspects of the agency and a corporate executive team responsible for the operation of the divisions within the agency. Each agency is charged with a specific function or service and has responsibility for setting Policy in relation to

their function, providing the Minister with responses to correspondence and assisting the public. As an example the Aboriginal Affairs Department has responsibility for assisting all Aboriginal people within the state to access Government services; ensuring the welfare of Aboriginal people, their culture and heritage and maintaining traditional Aboriginal sites. The Ministry of Sport and Recreation are responsible for increasing the participation of all West Australians in sport, maintaining sporting venues throughout the state and assisting elite West Australian athletes. Whereas the Education Department is responsible for the education of all primary and secondary aged children in the state. All Western Australian Government agencies have similar structures that comply to a traditional organisational structure and for the main part work in isolation from each other. Both the Education Department and Ministry of Sport and Recreation have an Aboriginal affairs section which work in isolation of each other and the Aboriginal Affairs Department.

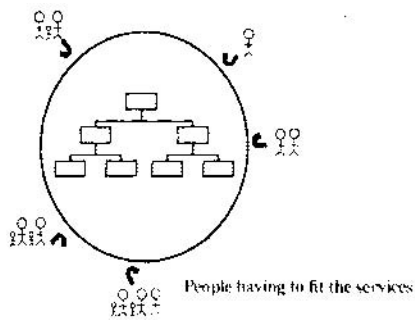


Figure 1. Traditional Agency

This approach forces the customers to fit or break into this structure if they require a service (figure 1). Customers must seek out the area that deals with their particular requirement. They must move between many organisations to in access to all the services they need. As an example a company within Western Australia seeking to explore mineral deposits on Aboriginal Lands would need to seek approval and apply for appropriate permits through the Department of Minerals and Energy, the Department of Land Administration and the Aboriginal Affairs Department. This requires the customer to discover which Departments need to be approached, to approach each individually and to locate the appropriate section within each organisation to obtain the correct advice.

There is a need particularly within a service environment such as Government agencies to move the customer into the centre and to offer a wide range of services across agencies (Hopkins and Jamil, 1997). This requires agencies to develop close

working relationships and implement a structure based on the idea of collaboration. (Figure 2).

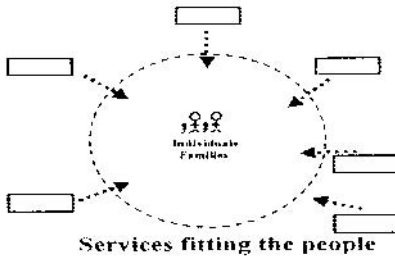


Figure 2. Customer-Centric Agency

4. ACHIEVING A SERVICE DRIVEN ENVIRONMENT

Many companies already focus on core value adding processes, working with external partners to jointly bring forward a service. These companies believe that a more flexible organisation built around a series of alliances and business relationships, is the most effective way to respond quickly and creatively to constantly changing market conditions (Miles and Snow, 1995). The conventional, vertically integrated corporation may be too slow, or have too much retained infrastructure to allow it to compete with companies who can quickly put together a customised response to its clients (Campbell and DiNicola 1997). If Government agencies are to provide a public service then they must embrace wholeheartedly the notion of the value alliance. The value alliance emphasises the decentralisation of control, the creation of more flexible patterns of working, a greater empowerment of the workforce and the customer, the displacement of hierarchy by teamwork, the development of a greater sense of collective responsibility and the creation of more collaborative relationships among co-workers and customers (Burn and Barnett, 2000).

To initiate such developments an agency needs to perform a full customer value chain analysis in order to set up a number of different agency alliances through an electronic network. This may form the basis for a one-stop portal where the alliance

combines a range of services and facilities in one package forming one single customer supply chain. Participants may come together on a project by project basis but generally the general contracting agency provides coordination. Where longer term relationships have developed the value alliance often adopts the form of value constellations where agencies and funding services have multiple interactions and a complex and enduring communications structure is embedded within the alliance (Burn and Barnett, 2000) – see Figure 3. Substitutability has traditionally been a function of efficiency and transaction costs: searching for, evaluating, and commencing operations with potential partners has been a costly and slow government procedure, relying as it does on information transfer, the establishment of trust and policy rules across states, time zones, culture, and legal frameworks. These have determined the relative positioning of partners on the chain and the reciprocity of the relationship.

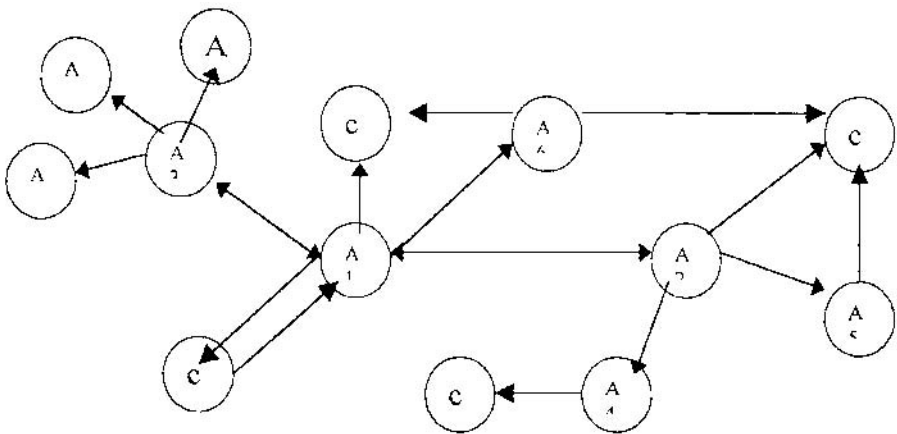


Figure 3. Value Alliance Model

This value-alliance will be built around customer value chains and enable the sharing of resources, skills and knowledge to produce a ‘best’ customer solution and enable agencies to be more responsive to customer requirements and offer superior quality of service. Each agency may be required to form several value-alliance virtual organisations depending on what has been identified as requiring one stop processes for clients.

5. MANAGING A VIRTUAL AGENCY MODEL

In order to achieve a successful value-alliance it is essential that a business planning model is established that ensures each member agency has 'buy-in' to the desired outcomes. The first step to achieve 'buy-in' is to establish a high level committee comprising of the Chief Executive Officers from each of the member agencies. The committee is charged with the responsibility of identifying the virtual organisation's goals. These goals must then be meshed into the individual agency's processes.

Therefore any business planning must be built on services, delivery goals and objectives that focus on its customers through direct customer and front-line employee input. To achieve this there must be a fundamental shift in management and workforce thinking and practices that include:

- Pervasive knowledge sharing, feedback and communication;
- Integration of environmental considerations at the earliest stages of design;
- Effective partnerships with customers.
- Commitment to using customer feedback to drive changes in operations, goals and vision; and
- Frontline employees given the authority to deal with customer issues.

It is essential that each agency is represented by the Chief Executive Officer. Without the commitment and support of the CEO it is highly unlikely that the agency will implement processes in line with the goals of the committee nor will the committee have 'buy in' from the senior executive of the agency. Commitment grows as employees understand what is being developed, this understanding is achieved through communication and commitment from the top. In order to achieve the most appropriate goals that focus on the customers' requirements and establish a one stop shop from the clients viewpoint a model (figure 4) must be established that passes information between all levels both within each agency and between the agencies. It is important to recognise the customers as integral members of the virtual organisation.

This model establishes information flows that:

- Ensure customers and front line staff can impact on the strategic planning process through passing information upwards;
- Agreed goals are passed to all levels of each agency;
- These goals are articulated to clients; and
- Planning takes place across agencies at all levels



Figure 4. Virtual Organisation Planning Model

A key to the success of an organisation is a network of open communication, a combination of sharing and listening flowing both horizontally and vertically through the organisation. Management must share details with employees. A workforce that is involved is much more likely to ‘buy in’ to management’s vision and work together for results. Management must be able to combine the differences in diversity and organisation structure, in order to make the virtual organisation reach its target. Virtual teamwork places a particular emphasis on communication and the development of ‘awareness’ skills. It is critical that front-line employees have immediate access to current information.

The key groups in this model are the Strategic Planning Committee (SPC) and the local staff. Key responsibilities of the SPC are to develop goals that reflect customer needs, all members are committed to the goals and each member ensures that their agency implements processes aimed at addressing the goals. Local staff have two key responsibilities:

1. Ascertain needs and provide information, advice and advocacy support to groups, communities and individuals within their area; and
2. Inform government of unmet needs and priority issues (figure 5).

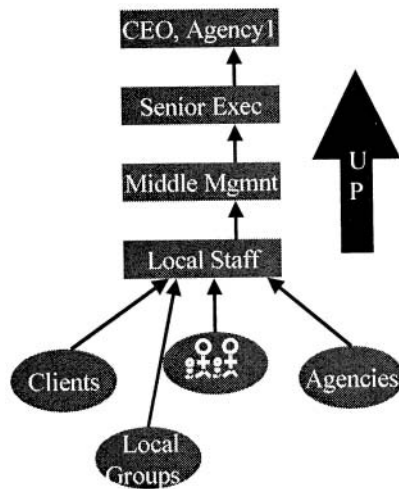


Figure 5. Informing Government

The following case study serves to explicate this model.

6. CASE STUDY – THE ABORIGINAL AFFAIRS DEPARTMENT

The Aboriginal Affairs Department (AAD) is a Western Australian State Government Agency. In 1994 a taskforce on Aboriginal Social Justice was formed. The terms of reference for this taskforce was to review the activities of the Government of Western Australia in relation to the social conditions and development of Aboriginal people and to recommend a strategy for implementation of Government's programmes. Recommendations of the taskforce included:

- The need for high calibre regional coordinators with a role to include breaking down barriers between Government agencies and reducing waste and duplication;
- A regional structure be implemented to undertake regional liaison and co-ordination across Government agencies in co-operation with local Aboriginal communities;

- The establishment of an Aboriginal Affairs Department structured as a planning, advisory, co-ordinating and monitoring agency and not responsible for administration of specific programmes.

In order to implement these recommendations the Government established AAD. AAD has utilised the virtual organisation planning model (figure 6) and established the Aboriginal Affairs Co-ordinating Committee (AACC). The AACC consist of Chief Executive Officers from all State Government agencies that have a role in Aboriginal affairs including education, justice, police and housing. The major role of the AACC is to establish a set of strategic goals for Aboriginal affairs and to ensure that each of their agencies implement processes aimed at achieving the goals.

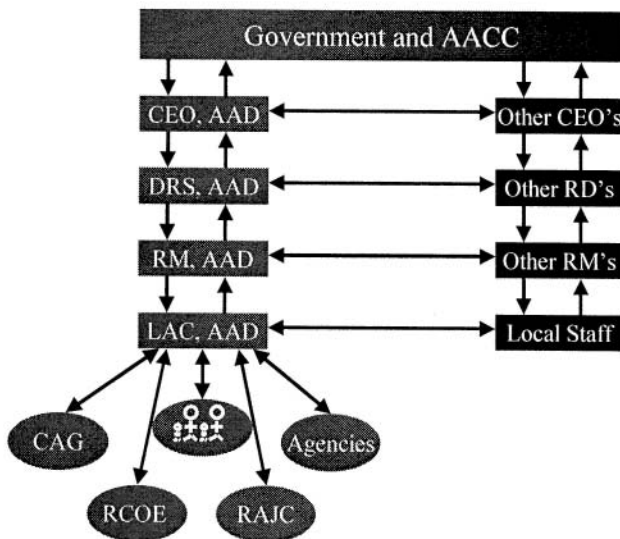


Figure 6. Aboriginal Affairs Virtual Organisation

Within AAD a structure known as a local area co-ordination approach (LAC) has been established to ensure:

- Pervasive knowledge sharing, feedback and communication;
- Integration of environmental considerations at the earliest stages of design;
- Effective partnerships with customers.
- Commitment to using customer feedback to drive changes in operations, goals and vision; and
- Frontline employees are given the authority to deal with customer issues.

This structure includes a Regional Services Director (DRS) that can operate at the state level, Regional Managers (RM) operating at the regional level and working

closely with the regional offices of the other organisations within the virtual organisation and Local Area Co-ordinators working locally with the clients.

A major component of the model is the strategic transfer of information. From the management perspective information regarding broad organisation goals, policy initiatives, inter-agency agreements, central/regional office issues is passed down (figure 7). It is critical to ensure information has been made available to LAC and properly understood.

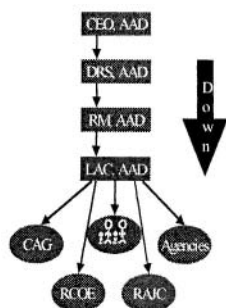


Figure 7 – Management Perspective

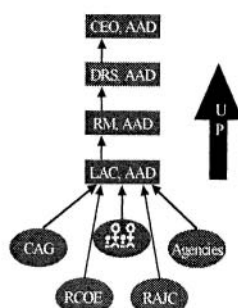


Figure 8 – Service Perspective

From the service perspective LAC holds crucial information on local needs and priorities, local service initiatives, inter-agency co-ordination, community development and heritage issues. This information must be collated from each LAC to develop an accurate and current profile of local issues, priorities and initiatives.

The key responsibilities of the LAC are:

- Monitor and facilitate co-ordination of services across agencies (figure 9);
- Promote greater involvement of Aboriginal people in policy development, programme design and project management;
- Develop strategies to promote and conserve Aboriginal sites, culture, land access and land ownership; and Administer the Department's services in the local area.

The key differences in the LAC approach are:

- People focused, not service focused;
- Area focused, not project focused;
- Generalist, not specialist;
- Flat not hierarchical;
- Localised, not centralised

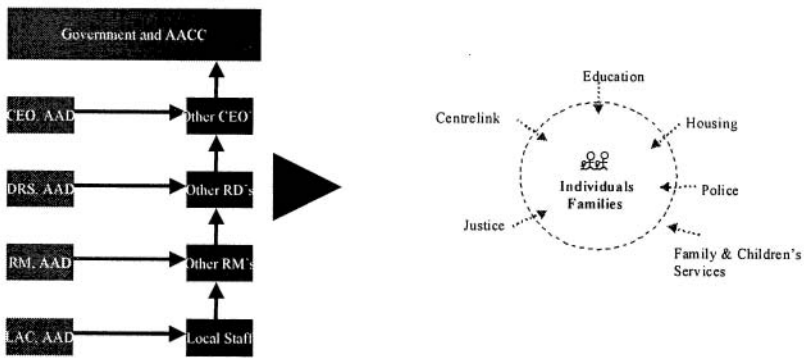


Figure 9 – Co-ordination of services

The approach taken by AAD ensures close collaboration between participating organisations. By implementing an overarching planning committee appropriate goals can be developed to achieve what is the agreed role of the virtual organisation (VO). This committee should monitor the progress of each partner in the VO, adjust the goals as dictated by the continual flow of information they receive and be prepared to bring in other members of the VO if required.

An important aspect of the approach is that of establishing solid information flows. It is imperative that information flows down from the AACC through all parts of each organisation. Along the way this information must be value added to by collaboration at the various levels across the member agencies of the VO. This also holds true for the upward movement of information. Without this collaboration between like entities across the member agencies it is unlikely that client needs will be met nor will there be a consolidated approach to achieving the AACC goals.

At the grassroots or local level this collaboration is even more important. Without collaboration at this level it will not be possible to develop a one stop service for the clients. This one stop service is crucial to developing the trust of the client group, providing them with a quality service experience and importantly gathering information in regard to their current and future requirements. The major focus of the model is to develop this one stop service that meets current and future demands in a proactive manner. Of prime importance is the ability of the Local Area Coordinators to link up with other members of the VO at the local level to satisfy requests from local customers for services that cross functional boundaries.

7. LESSONS LEARNED

The primary aim of the Aboriginal Affairs Department is to ensure that all Government services revolve around its customers as opposed to establishing bureaucracies that customers need to break into to obtain the services they require. That is to establish a mechanism that will:

- Assist AAD's customers receive equitable services from Government agencies;
- Inform Government of unmet needs and priority issues; and
- Facilitate co-ordination of services across agencies.

To achieve this the Department has looked at ways to best share resources, skills and knowledge to provide better access to a wide range of Government services for their clients. This fits with the developing model of e-Government (Table 1) as follows:

That is each partner in the value alliance :

- brings its core competence - Aboriginal Affairs Department is not required to have expertise in areas such as Education, Health, Housing or Justice;
- has access to other competencies and customer life cycles
- flexible collaborative partnerships – the amount of involvement each agency has in each of the goals varies depending on the agency's specific skills and over time the amount of involvement will change as progress is made towards achieving the goals.
- Trust – for this co-alliance to be successful mutual cooperation will need to develop. This has started to develop through the coordinating committee. All Chief Executive Officers have participated in the meetings and not sent a representative, and agreement has been reached on the primary goals. It remains to be seen if this mutual cooperation does flow down through each organisation. The Local Area Coordinators are working with their local counterparts on common goals however sections of each organisations central office are yet to develop mutual cooperation.

The key issues that the Aboriginal Affairs Department case study has highlighted are:

- The first step in achieving a commitment from each participating organisation is to ensure the Chief Executive Officers are directly involved at a strategic level, however each must be committed to the goals and actively sponsor these goals in their organisation. This will assist in filtering the commitment down to the key stakeholders within each organisation;
- For the model to work appropriate communication links must be established and all stakeholders have evidence of information flowing up and down the model;
- The client group must see immediate benefits and be able to impact on the goal setting process;

- The Local Area Coordinators must be able to establish a high level of trust with both clients and their counterparts in the participating organisations;
- The Local Area Coordinators are the key to gaining an insight in client requirements and must be able to establish a close working relationship with the local staff from the other organisations to establish what the clients perceive as a 'one stop shop' for service. Therefore the recruitment process is vital to identify the required personnel.

8. CONCLUSION

As a study in progress the establishment of this model is in its infancy. It is currently too early to tell what impact this model has had on the goals AAD have set out to achieve nor the effect it has had on the Department's primary client base – Aboriginal people. Further research is required as AAD further implements its LAC model and establishes appropriate communication procedures.

There is much research left on the subject of the implementation of the value alliance model in a government agency, especially the distribution of information and communication within the virtual organisation. Managing a virtual organisation may require a whole new set of virtual information leadership skills (Morin et al, 2000). Storing knowledge and expertise from both partners and customers are also important areas of consideration.

When considering these matters, several questions arise for future research:

- How will agencies deal with information and communication that must be passed both up and down, and across functional boundaries, so that close co-operation and team work can be increased?
- How can the value alliance store knowledge and expertise and provide this to all members of the virtual network?
- How can the alliance capitalise on customer competencies and improve both government and governance?

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