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From Ideas to Action: Towards Seamless Government

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Introduction

It is not everyday that public servants and elected officials come together to write a discussion paper. Our roles are different—and for important reasons. Nevertheless, we feel that the time has come to discuss publicly some issues that could significantly change and improve the way government delivers services to citizens, and should therefore be of immediate interest to Canadians, their elected representatives and public servants. The issues in question are the ways and means of effecting real transformations within and across governments so that we can achieve truly citizen-centred service delivery.

In recent years, governments have worked very hard to improve service delivery. Federally, the Government-On-line initiative has been the main vehicle for service improvement. Provincial, territorial and municipal governments have also made significant progress in putting government services on-line by setting targets and undertaking concentrated initiatives. These efforts have led to many individual successes, and even international recognition of a leadership role that Canada is playing in achieving on-line access to government services.

Nevertheless, constituency office phones are still ringing with questions from citizens wanting to know where to go to get what they need. Demand for timely, personalized and cost efficient services is increasing, and citizens, businesses, elected officials and public servants all see the need for greater change than what we have achieved so far.

On-line access is necessary, but it is not a sufficient response to the kind of transformation of service delivery that Canadians are seeking. Canadians want seamless government, where the organizing principle is around the citizen or their business, not the department or ministry or individual program. Citizens want to be able to find the services they want and get the information they need regardless of the lines drawn within and between governments. The question now is not whether seamless, citizen-centred government is a good idea. It is what has to happen to make it a reality.

Seamless Government and the Case for Business Transformation

What might the world look like if the seamless government vision came to be? Rather than forcing entrepreneurs to go to a multitude of different agencies and departments in different levels of government to start a business, all of the forms, information and services required to start a business would be available from all departments and levels of government through a single point of access. Registration and permit applications would be completed and received in 'real time' in a single interaction. Someone who has lost their job could file for EI, find out about job opportunities, and register for classes to upgrade their skill sets, all through another single point of access. Referrals for special assistance would be accurately directed based on information provided once.

The problem is that governments aren't organized to deliver services this way. They are organized around programs, departments and Ministers.

Programs that can meet a citizen's particular needs may reside in several departments. Silos continue to reign, within departments, across departments, and across levels of government, despite a decade of discussions about the importance of "horizontal government". So, moving government towards this vision requires a willingness and ability to make some pretty profound changes. Management experts call it a 'business transformation.' It means that government must fundamentally alter the way it views itself and the work it does, and develop the tools it needs to create the transformation that everyone wants to see. To be successful, it requires the integration of government information systems and the co-ordination of policy, thus providing citizens with better-organized, more easily accessed information and services. It means rethinking programs entirely within departments and across levels of government to achieve the desired outcomes. And it means finding new ways for government and the private sector to work together in order to maximize the value of this relationship, and asking about what this might mean for new forms of procurement.

Making these changes will require billions of dollars in investment over the next decade, and a transformation not only of the way governments deliver services, but also of the internal and political cultures within government that are critical to its institutional capacity to succeed at change. This is not simply an issue for public servants. Re-thinking government to achieve real service transformation has political dimensions. It will be important to engage a broad constituency in debating, understanding, and ultimately agreeing on effective strategies for making real change. What is necessary now is sparking a discussion to achieve a vision of government that is truly citizen-centred and seamless. With this paper, we will begin to identify some of the issues that are likely going to be encountered in that discussion.

On the Way to Transformation—Two Current Examples in the Government of Canada

Modernizing Service at Human Resources Development Canada (HRDC)

As a department, HRDC has already embarked on an ambitious agenda to modernize and transform its services. This initiative is called Modernizing Service for Canadians (MSC). Its goal is to deliver its human services programs such as Old Age Security, the Canada Pension Plan, and Employment Insurance in much more integrated ways. In contrast to the program-by-program approach it has taken in the past—where performance measures, quality controls and management practices have been developed for specific programs—HRDC calls the plan laid out in MSC an "enterprise level" approach, in which solutions are developed across the whole of the department (the "HRDC enterprise"), and potentially across the whole of the federal government and with other levels of government.

The Opportunity

If the Modernizing Service for Canadians initiative is successful, what could it mean in real terms? Aside from projected increases in efficiency and cost savings to the taxpayer through automation and integration, HRDC believes that Canadians would no longer need to provide their personal information again and again when applying for services. Subject to privacy concerns, providing personal information once would be sufficient to satisfy the information requirements of all of HRDC's programs. If service delivery can be properly integrated, it will be possible for government to respond to citizen's needs proactively—according to the particular needs of the person seeking those services. For instance, a woman who has filed for the EI Maternity Benefit might be contacted by an HRDC representative about meeting her and her child's needs through local support initiatives (such as daycare), and guidance about how to obtain a SIN and birth certificate for her child. These are but two of a very large number of examples of the kinds of benefits that are possible through business transformation.

The Challenge

The challenge HRDC faces, which is similar to the challenges faced in most federal government departments, is the complexity of its programs as well as its service and program delivery network. For instance, HRDC has over 500 points of service (over 23 call centres, 320 Human Resource Centres of Canada and 229 Service Canada sites). There are approximately twelve hundred 1-800 numbers, and the department's Internet presence is located on at least 150 independent sites. Information is often repeated across these 'channels'. The result often leaves Canadians unsure about who to call or where to get assistance in order to receive the services they want or need. This situation did not happen by design in HRDC, or in any other department. It is the result of many years of ad hoc program additions or modifications that were often based on political or department-driven requirements.

Compounding the problem is a multiplicity of different program information requirements and systems. The department currently employs over 150 mainframes, some of which are over 30 years old. Most of its information systems were designed and customized for the particular program for which they were intended. Building an integrated, seamless set of human services requires replacing and updating these systems and rethinking program requirements. Doing it one program and system at a time guarantees that the silos will remain intact.

Equally challenging are the human and cultural dimensions that stem from the fact that over eighty discrete programs are now delivered by one department operating in ten regions across the country. Responsibilities and accountabilities are program or regionally-based. Changing the nature of those responsibilities to achieve a more horizontal and integrated approach requires a transformation of organizational culture that is every bit as difficult as integrating systems.

Implementing new tools will mean new training for staff and, more broadly, engaging them in making the transformation successful. Staff attitudes form the bedrock of culture in any organization, and working with them will be crucial in making lasting change.

If one thing should be clear from all this, it is that innovative approaches will be required at all levels of HRDC, which is why the MSC initiative has been launched, and why this kind of public discussion is so important.

Shared Services for the Government of Canada

Led by the Treasury Board of Canada Secretariat, the Government of Canada is reviewing how it delivers its corporate administrative services, such as human resources, finances, and information technology. Where in the past, different departments and even different divisions within these departments might have had discrete in-house corporate service delivery systems, in the future, the federal government wants to create what it calls Shared Service Organizations.

A Shared Service Organization (SSO) would consolidate the internal services normally provided in different departments, freeing them to focus their resources on delivering their mandates rather than on maintaining their administrative needs. Importantly, shared services are not a centralization of services in the classic sense. Rather, even though the SSO would be wholly committed to delivering corporate services, they could be delivered either from within a department or, in whole or part, from third parties. This flexibility overcomes the historical complication of centralized service delivery, where business units react to the perceived loss of control by duplicating centralized services in-house, or by instigating a subsequent wave of decentralization. By allowing departments choice about how they want to organize, those concerns can be reduced.

The Opportunity

The shared service approach has swept the corporate world. In 2000, 90% of Fortune 500/Europe 500 companies were planning or in the process of implementing a shared service strategy, and 81% were operating or were planning to operate a shared services centre. The trend has also found its way into government. Provincial governments in Alberta, British Columbia and Ontario have implemented shared services, and several municipalities have also followed suit.

Why? The incentive for this movement has been significant savings thanks to streamlining of processes and a redistribution of staff. In the Government of Canada's case, projected savings (provided all departments move to the SSO model) could exceed \$2.5 billion after 10 years.

Further, creating SSO's is a necessary step towards seamless, citizen-centred government. If MSC is about how government will organize itself outwardly, creating SSO's is about how government will organize itself inwardly. Clearing away the necessary but cumbersome worries of administration for departments will mean more resources dedicated to serving citizens and an increased capacity for horizontal initiatives. Successfully implementing a shared services strategy means that managers will have more time to devote to improving services. Opportunities will present themselves to reduce the number of discrete systems across government. Information that is required to measure and report publicly on management and internal effectiveness will be more easily available across government.

The Challenge

The challenges associated with transforming how internal services are delivered are very similar to the ones outlined in the MSC example, above. If anything, they present an even more ambitious change agenda because of the number of departments involved, and the need to reflect individual department requirements in a government-wide initiative. All the human and systems issues that are present in the MSC initiative are also reflected in the shared services approach.

Creating the Conditions for Success

These two examples set out some of the reasons for, and the challenges in, implementing a service transformation agenda in government. They also offer a glimpse of what needs to be in place for those transformations to succeed. An informed discussion around business transformation should include a consideration of the factors for success—the obstacles or challenges that must be overcome and the conditions that must be present. Some have described this as the institutional capacity to succeed in creating the right conditions for real

transformation. Some of these conditions include:

- 1. Establishing Clear Goals and Plans that Support them** - Being clear about what the transformation is trying to achieve will foster understanding of the transformation, set benchmarks for measuring progress, and help to define the scope of what can and cannot be done in the course of the work. Developing a plan that can reflect the goals and map them into manageable steps will be what guides the transformation from its beginning to its conclusion. Having the right plan that can evolve as progress is made could be the difference between success and failure.
- 2. Commitment and Leadership** - Strong leadership and commitment by elected officials and senior management will be crucial to transforming services and their delivery. It will mean a solid commitment by all parties to stay the course, and to confront the predictable opposition or inertia associated with any change initiative of this proportion. Horizontality, integration, and seamless government can no longer be buzz-words for politicians and public servants—they must become the results that cannot be compromised.
- 3. Identifying Roles and Priorities** - Politicians, public servants, business, the media and other stakeholders must be clear about the role they are to play in business and service transformations. Politicians and public servants, in particular, will need to work together to make these projects successful, and understanding the role of the other will help them co-operate. Politicians will need to understand the case for change, and support the public service in achieving its goals, even though there may be bumps along the way. Public servants must be forthcoming with progress reports, and ensure that elected officials are informed to make the political decisions necessary for success.

Additionally, the perspectives of each group of players could mean their visions of a successful transformation could be very different from one another. Communicating these priorities will be

key to creating a result that works for everyone.

4. Resources and Capacity - A successful transformation will require mustering huge levels of financial and human resources and capacity. There must be a realization and acknowledgment that business transformation requires a very substantial investment in new technology, training and development of existing human resources, and a very significant change management effort throughout government.

We suggest that the above list of conditions for success is likely only a starter-set description of the factors that must be taken into consideration for there to be successful business transformation. We would hope that the discussions that unfold around this topic will provide a way of identifying all of the components of an agenda that will create the institutional capacity to succeed.

Modernizing Services— A Partnership Approach

We believe that the federal government cannot successfully undertake business transformations of this magnitude alone. In part, it lacks the tools, the knowledge, and the expertise to drive a change agenda of this magnitude. It is unlikely to be able to finance the technology investment alone—its resources are devoted to doing the basic work of government. The federal government will need the right information technology infrastructure and business transformation expertise to support its move to seamless services.

If these ingredients are in short supply in government, that is not necessarily the case for large parts of the private sector. Many large private sector organizations have been engaged in business transformation and change management projects for a long time. A body of practical knowledge and experience exists in the private sector as does the technological and information expertise. Many private sector organizations know how to drive and manage change, and how to effect it quickly. They are, for the most part, fiscally disciplined, and have the potential to be able to identify and remove redundancies and duplication. Furthermore, the private sector has access to financing to augment

what government is able to provide by way of new investment dollars.

All of this to say that, in principle, involving the private sector in government's transformation begins to make a good deal of sense. Government knows that its goal is seamless government, and is becoming articulate about how to get there. Properly done, involving the private sector in government's business transformation could be the best option for meeting key conditions for success.

To tap into this source of expertise, experience and capacity, options for new kinds of relationships between the private sector and government need to be explored—relationships that compel and provide incentives for the parties to work on an enterprise-wide basis and fashion solutions across the range of departmental programs and services. To expect or encourage the private sector to become involved in such a comprehensive way requires a willingness and a commitment by government to view private sector participants not so much as contractors, but as partners in business transformation arrangements that are characterized by common goals and objectives, agreed-upon sharing of risks and rewards, and openness and transparency in the partnership relationship.

We believe creating a partnership between the government and private sector organizations holds the promise of achieving the scope of business transformation contemplated by initiatives like MSC or Shared Services. However, moving to new partnership arrangements requires a full understanding of the implications of these new relationships, and serious engagement from elected officials, senior public servants, and other stakeholders or interested parties.

Partnership Considerations

Partnering with the private sector in the drive towards seamless government will raise a number of important issues and questions. From a review of public-private partnership initiatives in other jurisdictions, it is possible to identify the kinds of factors or considerations that need to be addressed to ensure a successful public-private partnership venture in the federal government.

Additionally, reports from a recent workshop hosted by HRDC on this very issue have provided some important insights. The issues we have identified in this paper should not be regarded as definitive; rather they are conversation starters.

- **Creating a Success Formula for Business Transformation Partnerships** -

There has been limited successful experience where the basis for a government / private sector partnership is business transformation. Unlike partnerships involving specific revenue-generating assets, the goals and objectives of business transformation initiatives tend to be more difficult to crystallize and make certain. By their very nature, they produce significant changes in the organization, and those changes are often difficult to manage. The financial benefits arise from savings that are generated primarily through reductions in operating costs.

Our review of other attempts to undertake partnership approaches to business transformation suggests that tracking and measuring the savings is critical condition for success. However, if the past can show us the mistakes that were made, perhaps it can also reveal the way forward. Accessing good research about what works and what doesn't will be a key to success, as will ongoing discussions with organizations that have tried or are in the process of attempting similar kinds of partner relationships.

- **Determining the Most Appropriate Partnership Model** -

There are many ways of forming and structuring partnerships between government and the private sector. The business plan and objectives of the business transformation initiative and the expectations of the partners will determine the precise nature of the partnership model. Factors such as financial expectations of the parties, willingness / interest in sharing decision-making, ownership of intellectual property, and risk tolerance of the individual partners will be key considerations in determining the most appropriate partnership arrangement.

- **Change Management** -

Effective management of the transformation is critical to successful

change. This involves understanding the existing culture, governance, competencies, skill sets, and employee relationships in an organization and setting out the vision as well as undertaking a detailed human resource plan to achieve the transformation. The private sector has significant experience in this area but the public sector context and the broader public interest may require an approach where both private and public sector experience and expertise are brought to bear. Setting out the right private / public approach to change management is key, as is ensuring employees receive the support, training and new tools to be able to take advantage of the opportunities that present themselves in the transformation.

- **Benefits Sharing** -

Benefit sharing is one of the most important matters that must be addressed in any partnership arrangement, because the partnership's financial basis will be founded on the degree of certainty around realizing savings from the transformation. The private sector will be concerned about ensuring there are defined and concrete savings in order to realize an agreed-upon return on investment. Realizing the savings created by automation and streamlining is therefore particularly important. How can this be done reliably and with assurance that the benefits will be there?

Citizens, politicians, and others who are concerned about taxpayer value will have concerns about the potential cost of the benefits sharing arrangement. If the financial arrangement is very attractive to the private sector, there will be questions about why government is turning over taxpayer dollars to the private sector in the form of return on investment when those dollars could have stayed inside government, if government had used more traditional procurement practices. If the private sector has contributed an up-front investment and begins to receive significant amounts of money several years later when the benefits begin to occur, how can the public accounting reflect the net return to the private sector, so that the business arrangement will be fairly assessed?

- **Openness and Transparency** - Because of the magnitude of the undertaking, business and service transformation will, and should, be closely scrutinized. It will be very important that there be openness, transparency and fairness in the selection process at the front-end of the partnership, and disclosure to the public of the financial arrangements as they unfold. Those who monitor these types of activities, such as elected officials and the Auditor General, will need to understand the reasons for the partnership arrangement, and be satisfied that it is in the public interest. This paper is intended to start the discussion and lead to the understanding. What else needs to be done to promote this understanding?
- **Role of the Private Sector — Maintaining the Public Interest** - A point that was stressed many times during the HRDC procurement workshop was that a partnership means sharing decision-making and risk. However, private sector partners whose return on investment comes from workforce reductions will be reluctant to leave it to the government partner to have the final say in how or when the benefits are realized. There will need to be contractual provisions that may affect, to some extent, a minister's and a department's control over aspects of their operations that previously were entirely their decision to make. The private sector partner might well be involved in program delivery design. That partner will likely not be involved in policy matters related to the programs. How will the line be drawn between a policy matter and a program design issue?
- **Privacy and Charter Concerns** - Integration of, and coordination across, programs will be seen by the public to involve the potential for unanticipated sharing of personal information. For instance, for some members of the public and media, the idea of providing one set of personal information to access the Canada Pension Plan, Employment Insurance, and the Old Age Supplement might raise the spectre of information use that goes beyond what was contemplated when the information was initially provided to the particular program. Charter and Privacy Act concerns will surface—particularly where there is a private sector partnership. How will these be addressed?
- **Procurement Practices and Procedures that Facilitate Partnerships** - What we are suggesting is a relatively new way for government to relate to the private sector. At the end of the day, the relationship will need to be reflected contractually and the contractual arrangements will need to satisfy procurement requirements. Until now, the government—private sector procurement relationship has been transaction oriented: government needs goods or services, issues an RFP, and then selects its vendor. These processes are guided by various rules, principles and values. Yet the partnerships we are suggesting go much deeper than simple transactions. So we think it is important to ask whether the existing rules around procurement enable the kind relationship we are proposing. If not, what should be done about it?

Conclusion

Government is at a turning point. Now is the time to bring the larger community's expertise to bear on what we will be doing to achieve the kind of government that will give Canadians what they want—citizen-centred and seamless services. We know there are issues and concerns about public-private partnerships—indeed, we have attempted to set out in this paper the ones we know are on the minds of public servants and elected officials. We also know we won't succeed if we don't confront and resolve them.

Business transformation must occur. Initiatives like Modernizing Service for Canadians and Shared Services must move forward - and do so quickly. We don't think they can occur without new forms of relationships and business arrangements between government and the private sector. That is why we need timely, informed discussions to occur now—and why we hope this paper may provide the impetus for those discussions to occur.

Ce document est également disponible en français à www.crossingboundaries.ca.

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Maryantonett Flumian was appointed Associate Deputy Minister of Human Resources Development Canada and Vice-Chairperson of the Canada Employment Insurance Commission on July 3, 2001. Maryantonett Flumian has held senior posts in several departments, including the Department of Fisheries and Oceans, Western Economic Diversification, and Chief Executive Officer of the Canadian Firearms Centre at the Department of Justice.

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About this Series Policy, Politics & Governance

Over the last decade, governments in OECD countries have been experimenting with "new tools," ranging from Internet technologies to community partnerships. They could greatly improve government and democracy. But it is increasingly clear that these tools change how modern governments work, what they do and how they make decisions. Learning to use them well will require experimentation and careful analysis from the public service. It will require informed debate, strong leadership and good decision-making from politicians. This series is dedicated to exploring the issues from both points of view.

KTA Centre for Collaborative Government

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