

Joint Launch by the ANAO, the  
Department of Industry, Science and  
Tourism and the Management Advisory  
Board

**The Better Practice Guide to  
Quality in Customer Service**

28 November 1997

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## Introduction

I am pleased to be associated with the launch of the Better Practice Guide to Quality on Customer Service, the MAB/DIST report and associated tool kit. I should point out that the ANAO was not only involved with MAB in jointly developing the Better Practice Guide but is also supportive of the report and toolkit produced under the auspices of MAB as timely initiatives which will be of general interest and assistance to many in the public sector.

As with other elements of a more contestable public service environment, such as contract management, customer or client service to Australia citizens is not a discretionary activity. Nor is it some naturally occurring skill or something we can simply put on like a coat and acquire instant expertise. The evidence is quite to the contrary.

The notion of customer or client service is also not just a process. For example it does not begin and end with a service charter. At the risk of using a much over-used phrase, it is a cultural change for most public servants. To an extent it is a mindset problem but, as the package of material being launched today shows, quality service also demands different skills to those that have traditionally been required in the public service.

As with many elements of the reform process, contestability and customer or client service are not new concepts to a number of agencies, although many of us have only had to think seriously about them in recent months or years. Consequently, there is experience we can draw on in the application and adaptation of the approaches and techniques involved to public service activities. The diversity of such activities means that there is no universal panacea or model for establishing a service culture.

However, the material being launched today does reflect better practice in the public and private sectors which is aimed at providing guidance and ideas about the development of a culture and approach that is relevant to your agency.

The Better Practice Guide has been compiled from a variety of sources including two audits conducted by the ANAO which were tabled last year. The first audit was undertaken in the Australian Taxation Office<sup>1</sup> and the second in the Department of Social Security<sup>2</sup>. Both audits sought to identify opportunities to improve the quality of those agencies' customer service, administrative effectiveness and overall performance.

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For those of you who are already down the track in implementing a suitable customer or client service environment, the package of material should provide a handy checklist or reference for further improvements in your approach. In particular, I have no doubt the package will help in developing and successfully implementing the Government Service Charters.

## **Accent on Performance**

Client service is becoming an increasingly important aspect of public sector performance. Delivery of quality service that represents value for money is now central to the way the Australian Public Sector does business. The ANAO strongly supports the need for the public sector to recognise the rights and obligations of the general public as citizens, but also their treatment as clients in the typical private sector sense. My personal preference is that the term 'client' better indicates this relationship than the word 'customer'. As a result, I will be using the term client rather than customer in this paper.

As a result of government reforms the community has heightened expectations that agencies will provide services which are relevant, responsive, accessible, cost-effective, equitably delivered and generally of high quality. These expectations will undoubtedly increase as new delivery systems and related technologies are introduced. Inevitably, comparisons will be made with the private sector, particularly where there is contestability and, more so, under direct competition.

The public service environment is often constrained by legislation including Constitutional limitations, government policy and Parliamentary approved budgets. The Better Practice Guide recognises these facts of life. However, service delivery and legislative compliance are not necessarily incompatible in terms of client satisfaction. To the contrary, these requirements can be complementary. For instance, both the Department of Social Security and the Australian Taxation Office have used client focus as a successful strategy in improving compliance with legislative requirements. At the very least, client understanding and appreciation of their entitlements are enhanced.

## **Client Focus and the Reform Environment**

Developing a client service focus cannot be viewed in isolation from other reforms which are taking place in the Australian Public Service. The changes mooted in the Public Service Bill 1997 and in the Workplace Relations Act 1996 provide agency management both with an opportunity and an increased capability to be more flexible in their client relationships. Agencies should therefore be better placed to meet client expectations.

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An increasing focus on the contestability of public services, including the use of competitive tendering and contracting-out, are added disciplines on agencies to ensure that high quality services are delivered at a competitive price - no matter who delivers the services. Nevertheless, such an environment is a particular challenge to public servants to show they are quite capable of delivering high quality service cost-effectively.

By adopting a client focus together with appropriate risk management approaches, agencies can gain the confidence of, and mutual understanding with, their clients. This outcome can be achieved through better knowledge of who the clients are, their needs, behaviours, and expectations and having the necessary flexibility to tailor services to the individual client. Together, these two management approaches should be endemic to an organisational culture which strives to be responsive to changes in the public sector environment.

Both also encourage continuous improvement and innovation by continually seeking to improve systems, processes and procedures to better meet client expectations and to effectively manage the risks involved. These are important elements of any corporate governance framework in that they are directed at major stakeholders and focus on performance.

Innovation is an important element of client service. It allows agencies not only to improve existing service delivery mechanisms but also encourages development of different approaches to service delivery. Initiatives can include rationalisation of administrative processes, taking advantage of relevant developments in technology or seeking changes in legislation to focus better on client needs.

## **Client Focus and Risk Management**

As I have just suggested, adopting a greater client focus should be undertaken in conjunction with implementing appropriate risk management strategies. Being a client focussed agency can also encourage a greater level of risk taking by employees as they seek to better meet client needs. Agencies must be cautious that this risk taking is effectively managed and does not result in risky practices. Development of systematic risk management procedures and plans and clear guidelines to staff should assist in assuring management that appropriate decisions are being made.

Having a well structured client focus also requires agencies to facilitate effective decision-making by those delivering client service. A systematic approach to risk management should assist agencies to determine the

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nature and scope of decisions that can be taken by relevant staff to meet client expectations in a flexible but comprehensive manner. In particular, agency staff should be able to tailor available services much better to the client's situation.

Whether better managing risk or developing an effective client focus agencies must be willing to learn both from their own mistakes and the experience of others. The shift in attitude from that of assigning blame to an approach where errors of judgement are viewed as a learning opportunity can require a substantial change in organisational culture. As the former JCPA Chairperson has also recently observed, this could also be encouraged by a shift in the way Parliament responds to public service mistakes or errors of judgement when they come to its attention.

## **Performance Measurement**

Client focus necessarily requires the development of performance indicators which preferably measure how efficiently and effectively client services are being delivered and how well client expectations are being met by an agency. This is an important element of accountability for performance and, in turn, of an agency's Corporate Governance framework. The key concerns are effective integration of all elements of that framework and clear recognition of stakeholders' interests.

Performance monitoring and review are important elements in ensuring that the performance specified is actually achieved. While it is very useful to measure performance, we have to be careful that performance indicators or targets do not become the sole focus and encourage inappropriate actions or behaviours. Simple service targets, such as the time to answer telephone calls, need to be complemented by service quality data. In this respect, the following observation bears thinking seriously about, particularly in the context of any client surveys:

*'...the task is to find a vocabulary (or way of talking) that can encompass performance measures but can also encompass the softer views of opinion'<sup>3</sup>.*

## **Applying Good Practice to Customer Service**

The Better Practice Guide uses the five key good practice principles for developing a client focus identified in the DSS audit referred to earlier. These key principles for creating a customer service culture were used to form the structure of the Guide. They could be broadly described as follows:

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- creating a customer service environment through the alignment of employees around customer-focussed objectives;
- ensuring human resource management practices are in place which give staff the competence, capacity and empowerment to serve customers well;
- communicating with customers to understand their needs and expectations, receive feedback from them and provide them with relevant information;
- being a customer friendly organisation through making it easy for customers to undertake their business and to make complaints; and
- adopting systematic approaches to continuous improvement that take account of customer needs and expectations.

My Office has and will continue to review the progress of agencies towards adopting and implementing a client focus as part of our audit processes. This Better Practice Guide will be used as a framework for comparison and to determine progress being made. As the concept evolves in the public sector, we will continue to identify better practices and promote them to all agencies.

I should add that the ANAO is itself seeking to improve its own client focus in a more pro-active association with the Parliament, agencies and entities by using some of the approaches articulated in the Guide.

Agencies should adapt the Guide to suit their own specific environments. One size does not fit all. I would encourage agencies to use the Guide as a reference point and, hopefully, as a series of building blocks to create their own customer focus strategy which best meets their particular internal and external environments.

## **Conclusion**

I commend to you the MAB/DIST report, the Better Practice Guide, and associated tool kit. I am sure they will be useful in helping your organisations to be more client focussed and assist in the development of your Service Charters. They are basically tools to help improve our performance and our effectiveness in delivering public services to

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Australian citizens using better practice client-based approaches adapted or adopted from the private sector. I am confident we will lose nothing in comparison. On the other hand, we would do well to heed the following observation made by the Canadian Clerk of the Privy Council and Secretary to Cabinet in her Annual Report to the Prime Minister on the Public Service of Canada:

*'Public servants want to meet citizens' expectations and are ready to remove barriers to more effective service delivery, but it must be done in a manner that is true to the roles and values of the public sector'.<sup>4</sup>*

## REFERENCES

1. Australian National Audit Office Report No.22 (1996-97) *'Client Service Australian Taxation Office'*, AGPS, Canberra.
2. Australian National Audit Office Report No.25 (1996-97) *'Customer Service Department of Social Security'*, AGPS, Canberra.
3. Ranson, S and Stewart, J 1994. *'Management for the Public Domain'*. Macmillan, London. (Quoted in Zifcak, Spencer 1997 *'Managerialism, Accountability and Democracy : A Victorian Case Study'*. Australian Journal of Public Administration, Vol.56, No.3, September - page 118).
4. Bourgon Jocelyne 1997. *'Fourth Annual Report to the Prime Minister on the Public Service of Canada'*, Ottawa. 3 February (page 24).