

DELIVERING INCREASED VALUE THROUGH ENHANCED PUBLIC SERVICE OFFERINGS

A transitioning economy is resulting in pressure to reduce costs in the public sector. This places pressure on public organisations to find ways to demonstrate and increase the value of their services.

Communities expect more from less.

Budget constraints are driving a push for efficiency gains and rationalisation of both services and service providers. However, the expectations of customers are only increasing. More than ever, public sector organisations need to demonstrate the value they offer and become truly customer centric.

This is not always easy. Legislation or regulation may oblige public sector organisations to act, but is often silent on the outcomes sought. This can create confusion around what services are provided, the levels of such services and who should pay.

Focus on value and meeting user needs.

Service delivery strategies benefit from being based on a clear understanding of value, and a focus on the customer. This helps to ensure service offerings are resilient over both the short and long-term.

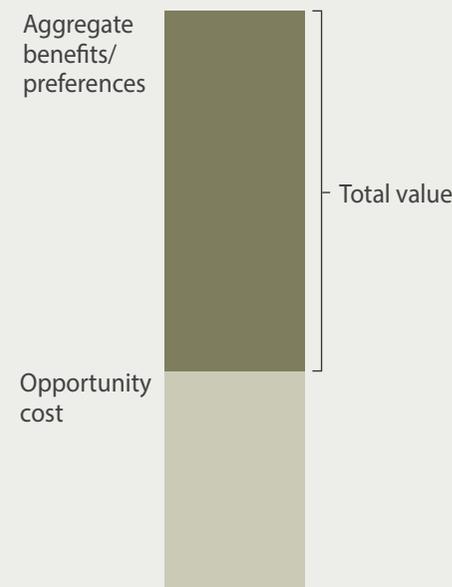
Understand value and how it is

distributed. Value is derived when agencies deliver services where benefits outweigh the costs. The corollary is that services that cost more than the benefits they deliver reduce value and should be revised or discontinued. As shown in the diagram, value accrues in part to the service provider, and in part to the customer:

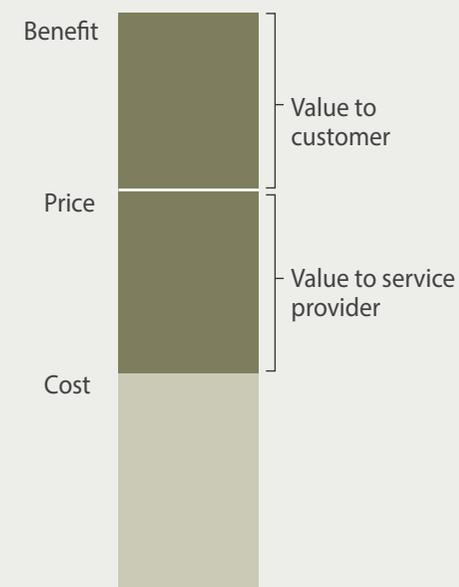
- Value to a customer is the benefit from using the service less the price (or time and effort costs if there is no charge) of accessing it. It is also important to recognise different customer groups and the different types of benefits they receive.
- Value to a service provider is the price achieved (or other benefits, such as meeting obligations or requirements) less the costs of providing it.

Understanding value

What is value?



How is value distributed?



Services are most valuable when they meet customers' needs. For services to be effective, customers must recognise value and express demand. For service providers this means understanding current and potential customers and their needs, and ensuring service outcomes meet these needs.

Understanding, measuring and meeting customer needs is challenging. In environmental and other public sector services, demand is not necessarily revealed in markets – there may not be an obvious good to purchase or benefit to pay for. However, applying a customer or demand-driven logic can help to identify and leverage existing or new customer groups through a deeper understanding of what they need and how they derive value, both at present and in the future.

Limiting duplication can be a quick win. As an optimisation strategy, organisations can look to reduce duplication between their own services and those offered by other similar agencies.

Many public sector organisations take a 'one size fits all' approach. More tailored solutions could extend the value of existing service offerings and deliver substantial benefits to all parties. Aspects that can be varied include price, speed and quality.

Re-imagine services by optimising, extending or transforming current offerings. Organisations can critically assess the value of current service offerings, and consider opportunities to re-imagine these over different time horizons. Different levels of value might be associated with different degrees of divergence from current approaches – explore the full range of opportunities and understand what customers value.

Don't just talk about it; do it. Considering different time horizons helps to identify different implementation pathways, but organisations need to make a concerted effort to instigate change. Delivering enhanced value and being more competitive means acting. There is often considerable risk in 'do nothing' or 'do what you have always done' strategies.

Change involves making difficult choices. Making changes to services on the basis of customer needs provides confidence that the approach is more sustainable and effective.

Monitor value being provided, and be adaptive in delivery. It is critical to monitor and analyse customers' use of services over time, to seek feedback on the value those services provide, and to adapt. Adopting an [adaptive management delivery model](#) ensures that statutory obligations are being

achieved, and customer preferences are being incorporated in a flexible and cost-effective way.

Demonstrate and communicate value. Customers need to know what is on offer and where change has been made. Governments or funding partners need confidence and assurance that value is being delivered. This means connecting with customers and communicating in meaningful ways. It requires clearly demonstrating to stakeholders how and why services are valued by customers.

Seize the opportunity for distinction. There is now a growing distinction between organisations that are successfully applying these concepts, and those that are not. Those improving their offerings will always fare better in a constrained environment, resulting in a greater slice of the budget pie and higher levels of customer satisfaction.



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