Build a case, build a following: Laying the groundwork to transform customer experience in government

Transforming government agencies to serve people better relies on making a compelling business case and inspiring supporters willing to champion the change. Here's how.
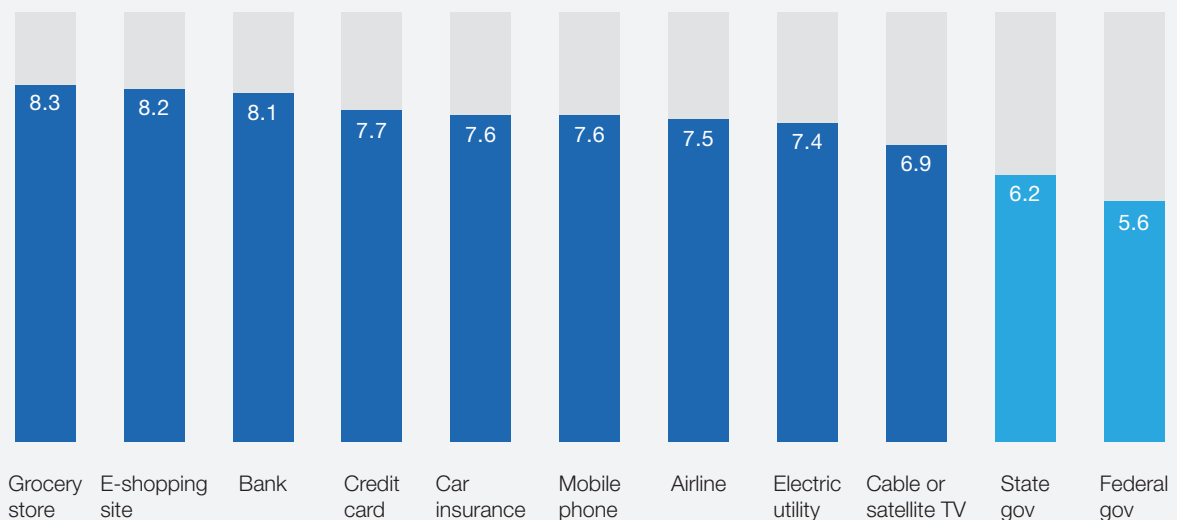
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Organizations of all types have amped up their focus on understanding and improving the experiences of the customers they serve. Private-sector innovators like Amazon and Apple continually set the bar on what constitutes superior customer experience, and choosy consumers push it ever higher. Government agencies are by no means inured to these rising expectations, but evidence suggests that they have a long way to go to satisfy their customers' demands.[1] In a recent survey, we found that government agencies ranked last for satisfaction among 11 researched industries (Exhibit 1). A recent study by the Pew research center found that only 18 percent of Americans trust the government to do the right thing.[2]

But making the case for reforming an agency's approach to customer experience is not as simple as pointing out shortcomings. Improving customer experience is a complex task, since it requires employees to change mind-sets and behaviors, and requires organizations to rewire operations with the customer in mind, rather than adhering to traditional functional silos. Delivering transformational change is also difficult. According to our research, only 30 percent of organizational transformations are successful, and of the 70 percent that fail, nearly three-quarters do so due to unsupportive management behavior or employee resistance to change (Exhibit 2).[3] In government, these obstacles

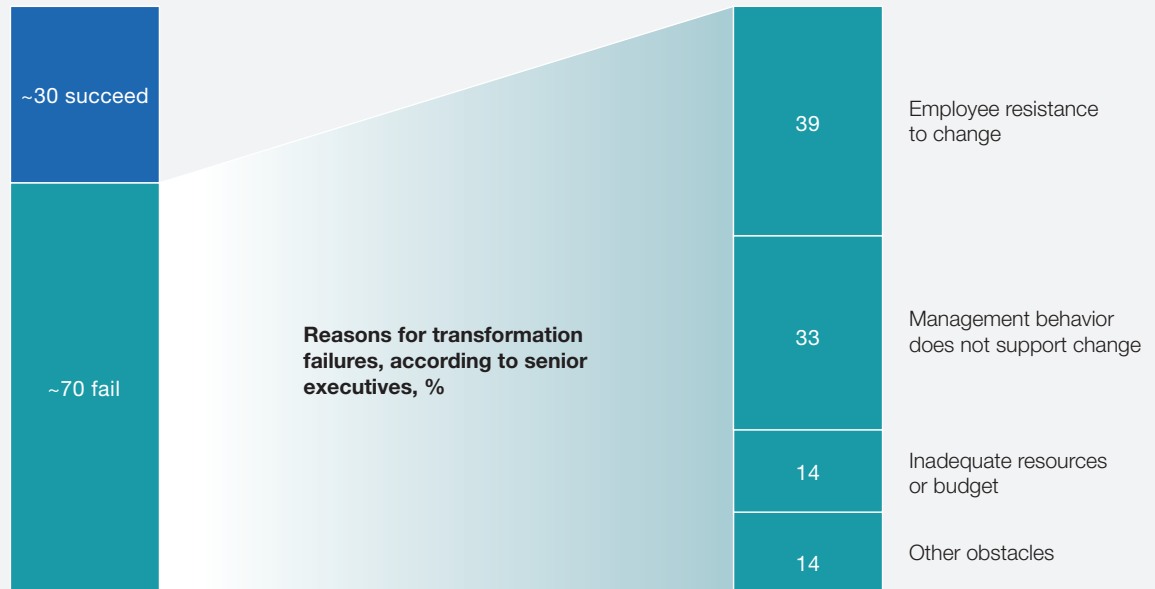**Exhibit 1**   **Public-sector services have ground to make up relative to private-sector industry leaders.**

Customer satisfaction with industries by industry sector, average score out of 10

Grocery store	E-shopping site	Bank	Credit card	Car insurance	Mobile phone	Airline	Electric utility	Cable or satellite TV	State gov	Federal gov
8.3	8.2	8.1	7.7	7.6	7.6	7.5	7.4	6.9	6.2	5.6

Source: McKinsey Public Sector Customer Experience Survey, December 2016; McKinsey Cross-Industry Customer Experience Survey, 2016–16

Exhibit 2 **Around 70 percent of transformation programs don't succeed, mostly due to employee resistance to change, and management behavior.**

Transformation success rates, %

~30 succeed

~70 fail

Reasons for transformation failures, according to senior executives, %

39	Employee resistance to change
33	Management behavior does not support change
14	Inadequate resources or budget
14	Other obstacles

Source: Scott Keller and Colin Price, *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage,* Hoboken, NJ: John Wiley & Sons, 2011; McKinsey analysis

can be compounded by the constraints of public-sector service, as well as by the predictable cycle of leadership changes that inevitably shift priorities and organizational focus.

So, given the task of shifting an agency toward a more customer-centric focus, how can leaders succeed in making the case for change and building the momentum necessary to spark a customer-experience transformation at any scale? From our research and work, we have distilled what we believe are the fundamental elements in laying the groundwork for a successful customer-experience-improvement effort in government agencies. We find that successful transformations start off with

a compelling business case that builds a value-based argument for improvement and secures the operational outcomes to create momentum. Leaders then finish the groundwork for success by building the organizational following essential to inspire colleagues to support change and win the organization's emotional support to advance it. This article will explore these two interlocking efforts critical to launching a government agency's efforts to build a superior experience for those it serves.

Building a business case
Changing the way a government agency works means facing challenges that may not exist within the typical firm. While private-sector organizations

may be willing to place a bet on improving customer experience based on the promise of increased revenue, government-agency leaders must consider a broader set of factors. In the case of a customer-experience-improvement effort, the task would be to show how a focus on customer experience would create real value in order to secure budget dollars for a new program, or to defend against the critical eye of a congressional inquiry.

A strong business case can help agencies stay on track and avoid false trade-offs between customer experience and mission outcomes. At the US Transportation Security Administration, for example, the progress of a transformation effort was threatened by long security lines and failed security tests. It would have been easy to shift priorities away from the transformation work during that time. Instead, the transformation team maintained strategic focus and kept momentum going by recognizing the closely linked value created by succeeding in their core mission (that is, security effectiveness) while simultaneously driving operational efficiency and delivering an improved customer experience at checkpoints.

In our experience, three elements are critical for building a compelling business case that demonstrates the value for investment in government-agency customer experience. They include the contribution to achieving an agency's stated mission, meeting or exceeding financial goals, and deepening employee engagement.

Achieving stated missions

US government agencies have vital missions to execute, and our research has shown that a positive customer experience can have a direct impact on mission outcomes. In 2016, we found satisfied customers of the US Department of Veterans Affairs (VA) were 44 percent more likely to feel secure in their healthcare coverage, and customers who were satisfied with the US Citizenship and Immigration Service were 14 percent more likely to apply for citizenship (Exhibit 3).
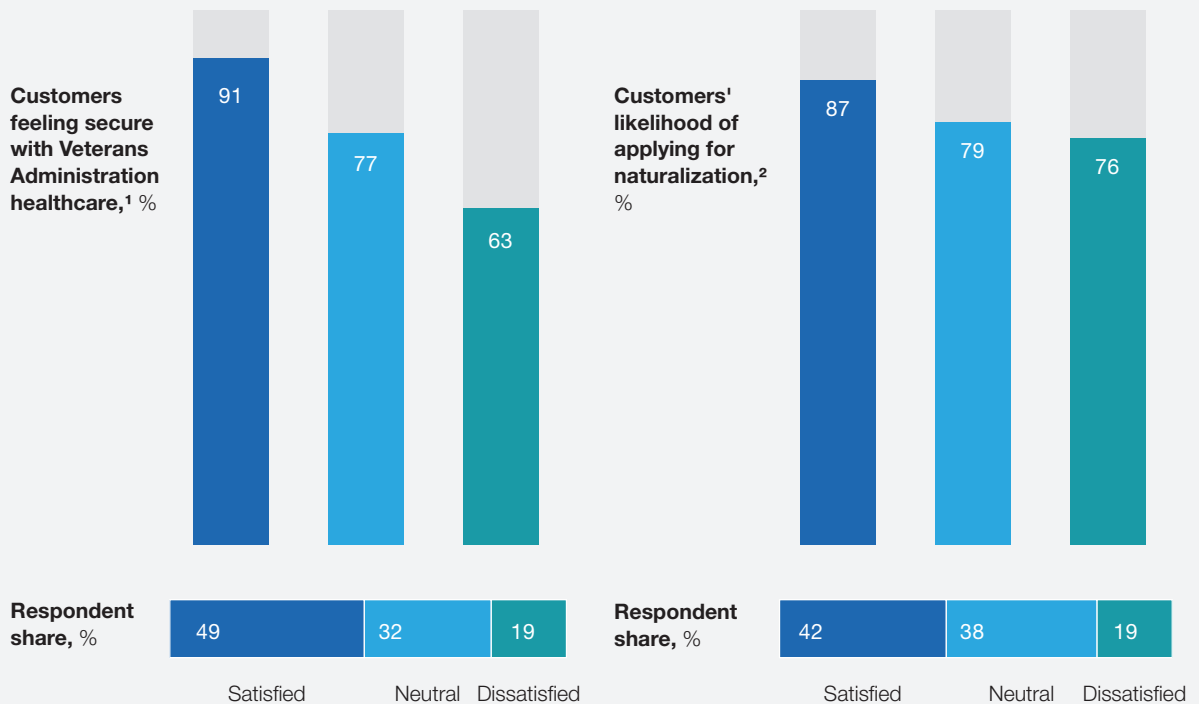
Some agencies have put this connection into practice to gain momentum and advance their customer-experience programs. For instance, in the early days of the US Social Security Administration's (SSA's) customer-experience-improvement program, then-acting commissioner Carolyn Colvin focused the organization with a strategic plan. As part of the plan, the team outlined the ways the SSA's customer needs were changing in the marketplace and the impact of those changes on the SSA's work and mission execution. The plan produced an aspiration for the SSA's future built around three pillars: superior customer experience, exceptional employees, and an innovative organization. Establishing such a link between customer experience and positive mission outcomes can serve as a cornerstone for any business case to start a transformation within a government agency.

Meeting or exceeding financial goals

Customer-centric programs can also have a concrete impact on budget goals, providing a tangible outcome against which appropriators can build proposals. For agencies with revenue responsibilities, such as the US National Park Service or the Export–Import Bank of the United States, a focus on improving the customer experience can create opportunities to sell additional services or reduce churn, thus improving revenue-generating opportunities. Survey respondents who were satisfied with the service of the United States Postal Service, for example, engaged it for their shipping needs 67 percent more often than those who were not satisfied. Across private industry, successful projects for optimizing the customer experience typically increase revenues by 5 to 10 percent.[4]

Efforts to improve experience need not come at a heavy cost to operating expenditures, nor do they necessarily involve large capital investments. When experience-improvement programs are executed systematically, they reduce costs or, at worst, are cost neutral. (Across private industry, successful projects to optimize the customer experience typically reduce costs by 15 to 25 percent within just two or

Exhibit 3   **Not a surprisingly, more satisfied customers are more likely to continue with a process.**

Customers feeling secure with Veterans Administration healthcare,[1] %

	Satisfied	Neutral	Dissatisfied
	91	77	63

Respondent share, %

Satisfied	Neutral	Dissatisfied
49	32	19

Customers' likelihood of applying for naturalization,[2] %

	Satisfied	Neutral	Dissatisfied
	87	79	76

Respondent share, %

Satisfied	Neutral	Dissatisfied
42	38	19

[1] Based on response to "I feel secure in my healthcare coverage": dissatisfied is customer-satisfaction score (CSAT) 1–6, neutral is CSAT 7–8, satisfied is CSAT 9–10; n = 462.
[2] Based on average response to the question "I am commited to becoming a naturalized US citizen"; n = 396.

Note: Figures may not sum to 100%, because of rounding.

Source: McKinsey Public Sector Journey Pulse Survey, Nov–Dec 2016

three years.)[5] An effective program can identify the experiences that matter most and focus investment on improving them while demoting, automating, or eliminating operations that customers don't value. For example, one federal agency was able to realize a cost reduction of about 20 percent over a three-year period due to efficiencies identified by its customer-experience program, while also boosting customer-satisfaction scores. Another federal insurance agency achieved around a 30 percent reduction in claims-processing costs through its customer-experience initiatives.

Deepening employee engagement

The US Office of Personnel Management's 2017 Federal Employee Viewpoint Survey found that for government employees, levels of engagement have hovered around 65 percent since 2012.[6] Like most private-sector companies, many government agencies struggle to make significant strides in promoting an engaged workforce. A focus on the customer experience can help to reverse slumping employee-engagement numbers because superior employee engagement and a superior customer experience reinforce each other. Through our work in

the private sector, we've found that programs to improve the engagement of frontline workers can have a significant positive impact on the customer experience.

We've also found the reverse to be true: a focus on the customer experience has an equally important impact on employee engagement and satisfaction. A well-run customer-experience program can give the staff a common, unifying, and customer-centered purpose while reducing complexity and unnecessary work in frontline processes. One federal agency held a cross-functional journey-mapping workshop to launch a transformation effort and focus on customer needs. After the session was complete, one of the more vocal participants, a 25-year veteran of the organization who had recently tendered his resignation, requested to revoke his resignation and continue on with the team. When asked why, he replied that the new focus was a complete change in the way the agency was approaching its work and that he was excited to follow it through. Stories like these are common, and the increased employee engagement from customer-experience efforts can drive real improvements in employee satisfaction, morale, and turnover rates. One federal insurance agency, for example, saw a more than 50 percent increase in its organizational health over a two-year period as a result of its customer-experience program.[7]

Building a following
Our research has shown that successful change programs do not focus only on financial performance and operational outcomes. To be truly successful from the start, transformations must manage the organizational dynamics of supporting positive change at scale once a compelling business case is made. In other words, a strong business case supporting change is not enough if you don't create the groundwork within your organization that inspires colleagues to support the change. In fact, change efforts that balance these two factors are on average 1.5 times more likely to succeed, compared with those that focus on one of the two.[8] There are many practical steps that can build momentum and support throughout a customer-experience transformation. Here we'll explore two change-management topics that we believe are critical to get customer-experience programs off the ground within government agencies: establishing the right leadership and creating "evangelists," or vocal advocates for the program within the employee base.

Establishing the right leadership
If a third of failed transformations are due to unsupportive leadership behaviors, it's clearly important to establish strong leadership from the outset to ensure success down the road. In most successful customer-experience improvement efforts, someone at or near the top of the organization champions the change, models supportive behaviors, and inspires the organization as the face of the transformation effort. For example, at the Federal Emergency Management Agency's (FEMA's) insurance and mitigation unit, the chief executive of the national flood-insurance program championed the "survivor experience" as his number-one priority, sponsoring new customer research, creating a new customer-experience office, and dedicating a

A focus on the customer experience has an equally important impact on employee engagement and satisfaction.

significant amount of his energy and time (across internal and external audiences) to driving a step-change improvement in the experience of five million flood-insurance policyholders covered by the program. Another example of this top-level support can be seen within the VA, where the former secretary, Robert McDonald, focused on driving a better experience for veterans. Such firm top-leader support sends a clear signal that customer-experience efforts are a top priority, establishing the credibility and inspiration needed to ensure that transformation programs get off to a strong start.

Securing an inspirational top-executive champion is necessary, but not sufficient to establishing the right leadership mix for a successful transformation. Customer-experience programs are by nature multidisciplinary and require cross-functional collaboration to drive improvement across customer journeys. To effectively advance change, a day-to-day leader is needed who can create the connective tissue across functions and produce results. Without establishing this kind of tactical day-to-day leadership, change programs can feel like a "flavor of the month" and lose the emotional support of the organization due to lack of follow-through. At the VA, McDonald was the face of change for the veterans experience program, but he quickly established a chief veterans experience officer, Tom Allin, who built the VA's customer-experience office from the ground up. Allin defined functions to harvest insights, propose new designs, measure problems and responses, build community, and establish enterprise operations. He also worked across the other major departments at the VA to establish the customer-experience office as an internal consultant and advisor, helping his colleagues understand what underlies satisfaction across customer journeys and acting as a catalyst for improvement. Establishing an effective tactical leader in this way is critical to ensure focused momentum on the things that will drive early progress and keep the organization engaged on the vision set by the executive champion.

Calling all evangelists

Some 40 percent of failed transformations stumble because employees resist the proposed changes from the start.[9] So, hand-in-hand with establishing strong leadership within the organization goes the need to create a network of influencers within the employee base to serve as advocates for the daily series of changes that transformation brings. Within public-sector customer-experience programs, we've seen a few simple strategies excel at creating a groundswell of support. First, invest in developing individual leaders at the front line. For example, find influencers in the organization and give them leadership roles in the program. At one airport, transformation team leaders intentionally sought out frontline managers who displayed support for customer experience and influence within the organization to lead change teams that drove enhancements to the passenger experience. Nearly four years into a transformation effort in one of the toughest customer-satisfaction settings, those leaders continue to recruit other passionate individuals from among the airport's more than 18,000 employees to design and take part in new and ongoing customer-experience initiatives. In 2017, the airport was rewarded for its efforts when it achieved the number-one ranking for customer satisfaction among its peer set from J.D. Power.[10]

Second, make sure to celebrate successes publicly, especially in the early days. During recent interviews, leaders from the VA and the Social Security Administration emphasized the importance of town-hall meetings to energize their efforts. These events prove critical for sharing stories of success and creating a sense of excitement and ownership while also providing a forum to hear real feedback from frontline staff who are taking on the challenges of the transformation program.

Finally, try to communicate changes and progress to the full organization, and don't forget to demonstrate how input from frontline employees is being recognized and applied. In a recent interview, leaders

at the SSA talked about the importance of focused methods for gathering ideas from the employee base. The Commissioner's Challenge, a unique employee-feedback program created at the SSA, gives the entire base of employees the chance to provide input on what they would change if they were the commissioner. Again, this helps to create a sense of excitement and ownership among the full base of employees. But gathering input is only the first step. In addition to celebrating progress and input from the front line, don't forget to revisit ideas that may have been made less of a priority at the start of an effort. Through these closed and updated feedback loops, leaders can help ensure that frontline workers feel they have been heard and that they have an emotional investment in the success of the customer-experience improvement effort.

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Building a compelling change story for taking on a customer-experience transformation is not always easy. Leaders build both a fact-based and emotional commitment to positive change across their organization when they establish compelling business cases across mission, financial outcomes, and employee experience while at the same time engaging employees to advocate for the program and recruiting influential supporters. ■

[1] Governments serve their citizens as well as an array of other constituents and stakeholders. In this article the term "customer" refers to all those who make use of government services.

[2] "Public trust in government: 1958–2017," Pew Research Center, May 2017, people-press.org.

[3] Scott Keller and Colin Price, Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage, Hoboken, NJ: John Wiley & Sons, 2011.

[4] See Ewan Duncan, Harald Fanderl, Nicolas Maechler, and Kevin Neher, "Customer experience: Creating value through transforming customer journeys," July 2016, McKinsey.com.

[5] Ibid.

[6] In the study, engagement has been relatively flat, hovering around 65 percent, ranging from a low of 63 percent to a high of 67 percent, since 2012.

[7] Measured by McKinsey's Organizational Health Index, "health" refers to how an organization aligns itself, executes with excellence, and renews itself to sustainably achieve performance aspirations.

[8] Keller and Price, Beyond Performance.

[9] Ibid.

[10] "North American airports effectively navigating construction, capacity challenges, J.D. Power finds," J.D. Power, September 21, 2017, jdpower.com.

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