WITH William D. Eggers, Senior Fellow, the Manhattan Institute

WILLIAM D. EGGERS is a Senior Fellow at the Manhattan Institute for Policy Research, where he examines the use of technology to re-invent government structures for greater efficiency. He is also the global director at Deloitte Research, where he is responsible for research and thought leadership for that firm's public-sector practice. The former Director of Government Reform at the Reason Public Policy Institute, Eggers has also served in performance measurement projects for the U.S. Office of Management and Budget and the state of Texas. He is the author of two recent books on transforming government: *Government 2.0: Using Technology to Improve Education, Cut Red Tape, Reduce Gridlock, and Enhance Democracy* and *Governing by Network: The New Shape of the Public Sector* and the co-author of *Revolution at the Roots: Making our Government Smaller, Better, and Closer to Home*. He addressed a Frontier luncheon June 6, 2005.

Frontier Centre: You distinguish between the industrial era of government and the network era of government. What do you mean by the first term?

Bill Eggers: I am referring to the "assembly-line" model of government that originated at the turn of the last century. It followed many of the changes taking place in the private sector at the time; changes which led to very large corporations and bureaucratic government which was based on a lot of things we knew at the time about organizing large processes. We saw further changes in government after World War II, with government mirroring some of the changes in mass consumer production. The private sector has changed dramatically since that time, yet the structures and processes and organization of government have not changed to the same extent. We are still mired in a model of government that no longer fits our economy and society.

FC: What is governing by network or the network era of government?

BE: A movement to a model of government where the state more and more accomplishes its goals through multi-governmental, multi-sectoral networks of public agencies, private providers and non-profit organizations. Government addresses major challenges not by first looking inside at government capability but instead by looking at how the capabilities in the greater community and in the marketplace can be leveraged to create greater public value. It's a fundamentally different model—one driven in many respects by the technological changes of recent years, which have reduced the transaction costs of partnering with people outside the walls of an organization. Networked government has also come about in response to the greater level of complexity of the problems government faces today. Whether it is homeland security or issues like child welfare or education, these are simply not issues that government can address solely through siloed bureaucracies.

FC: This will require different skill sets as the public sector moves to a facilitating instead of delivery role. How do we get there?

BE: A number of things need to change. First, we need to rethink the kinds of people we hire into government today.

Traditionally you got ahead in the civil service by being very good at advising leaders on policy or by managing a large group of employees. But what is increasingly important now is the ability to manage across sectors and to co-ordinate networks to produce public value. These activities require a whole different set of skills: the ability to design complex systems and manage them, and to do so with a lot more discretion than was ever possible before. We first need to look at our job specifications and who we recruit into government. We need to look for a different set of skills and train existing employees in negotiation, mediation, collaboration, contract management and project management.

It's also going to require organizational changes. Now, most government employees are essentially stuck in fairly narrow positions. You get ahead by having a specialization. There are no incentives for people to work on cross-sectoral, cross-governmental projects (in fact, doing so could even hurt them career-wise). We need more career paths that allow people to move ahead who are very good at project and network management. Government agencies should be internally structured more as a series of projects that employees are brought into to address a problem or issue and then the project team is disbanded once they are finished. It is essentially moving more towards a consultancy model rather than the old-line bureaucratic model we see today.

We are beginning to see a movement in this direction in the United Kingdom where they are aggressively moving towards this model in agencies like the Ministry of Education. We are seeing some of this in the U.S. military, where they are creating communities around certain competencies in the Navy and Army.

FC: How do we overcome the inertia of politics where various interests groups, particularly government unions, have a stake in continuing in old ways? How do we get buy-in from the civil service?

BE: It first needs to be recognized that while this new role is different for civil service employees it is equally as challenging and important as the role they played before-- even more challenging in many respects. Civil servants can contribute as much, if not more, to overall public value and

be satisfied in their jobs, just in a different way. When you look at the young people coming into government today, managing across networks is the kind of role they find very fulfilling. This model of government can actually help recruit the best and the brightest out of the universities because they like situations like this, with more dynamic management models where they're working inside and outside agencies.

For high-level people, it may require salaries that are more comparable to their counterparts in the private sector, which should obviate some of the opposition to this. In my trips to Canada over the last six months, where I've been to six provinces, I didn't find a lot of opposition to this concept from senior civil servants. I think most opposition might be at the political level or lower down the ranks of the civil service.

FC: Some would say most governments in Canada are still in the industrial-era mode. Manitoba's civil service, for example, has thousands of job classifications for about twelve thousand positions. Can we assume a radical simplification and downsizing of government as the network era arrives?

BE: Not necessarily. Some governments will reduce the number of employees; others will increase the ranks. It depends on the extent to which they develop and change. In the United Kingdom, as they move towards a new consultancy-like model for civil servants in policy and a shared services model in HR, Finance, IT and other corporate services, senior officials believe they can reduce the numbers in the civil service by twenty-five to thirty thousand people.

But you won't see that across all governments. It's going to depend on the extent to which agencies use more private partners in service delivery; the extent they engage in public-private partnerships; and the extent to which they use shared services. It will take a lot of political leadership.

FC: How do you deal with issues of interagency and intergovernmental collaboration?

BE: Intergovernmental collaboration is much harder to do well than public-private partnerships, because it requires a lot more real collaboration. In the realm of partnerships and contracting, government can set the terms and conditions and essentially be very much in charge of the relationships. You can't have that kind of approach with intergovernmental collaboration and so those have proven more challenging.

We can learn a lot of lessons from the private sector where long-time competitors, whether it's Microsoft and Oracle or consulting firms and others, now regularly team up in different engagements and alliances. Why? Because it's in their economic interest to do so. We've seen that you can take organizations that don't have great amounts of affection or trust with each other and collaborate in certain areas.

I think governments will need to do a few things to increase intergovernmental collaboration. First, they need to put in place budgetary incentives for collaboration, which aren't there right now. Second, shared outcomes and shared goals should be incorporated into performance measurement systems to change the incentives to do things in a more collaborative way. Third, measures to encourage collaboration need to be written into performance agreements for chief executives and others in government running agencies. Fourth, I think that they need to tie individual agency performance measures more closely into shared government goals, into key results for the government at large.

FC: You maintain that distinctions like "right" and "left" are now archaic. Why?

BE: When you consider the dominant Canadian political parties' current stances on most big issues of our time -- education, the size of government, pensions, health care, you name it –- it's hard not to get a sense of *déjà vu* about arguments that haven't changed in decades. What's more, in one issue after another the two sides line up at nearly even strength, a recipe for slow and ineffective change, even gridlock – and voter futility. Technology-enabled transformation promises to change all that, not so much by shifting alliances along the left/right spectrum (though that almost surely will happen); or by helping one side finally win the left/right debate once and for all (that almost surely won't happen); or by offering mushy, "Third Way" technocratic answers to policy questions. On one issue after another, eGov will change the terms of the debate itself, by blurring the sharp lines that previously defined the high-octane debates. By changing the very terms of the debate, electronic government could eventually render many of the most intractable public policy disputes moot.

FC: What is the purchaser-provider split?

BE: The purchaser-provider split removes a conflict of interest that occurs when a government agency is funding or regulating and producing a service at the same time. This conflict of interest often results in a bias towards in-house production. Separating these two hats provides a more even playing field for making the "make" or "buy" decision.

FC: You are quite keen on many of Britain's Tony Blair Labour-government policies, particularly its enthusiasm for public-private partnerships. Why have the Brits embraced them?

BE: The Blair administration has made improving public services one of its major goals, and the officials there realize that they can't do that without dramatically changing how they go about doing service delivery. The government is injecting markets into services, opening up services to choice, trying to move from one size fits all to more personalized service delivery and increasing the use of public-private partnerships for everything from hospitals to schools. The ultimate goal: the radical improvement of public services. The Blair government is the first Labour government to adopt such far-reaching, market-oriented

public service reform since the New Zealand reforms of a few decades ago.

FC: New Labour is also for "patient power" in healthcare and "parent power" in education. How does Tony Blair get away with this? These concepts are challenged by the union-dominated labour party in Canada.

BE: Blair is certainly facing some opposition within his own party but this also has some of a "Nixon goes to China" element in it. Blair should be able to retain the support of the Tories for much of this; their main argument seems to be that they want to go further than Blair might want to go around choice and other areas. So then he just needs to keep a good percentage of his own party on board and so far he has been able to do so. As long as he shows continuing improvement, it's going to be hard to oppose this. Take the National Health Service, where the private sector has been brought in and is now up to about twelve percent of the overall spending on health services and the results have been quite positive. Certainly there are a lot of people who are watching this very closely a little more from the left who believe Blair is going too far.

FC: What is e-government?

BE: E-government is a way for citizens to go directly into the core of the bureaucracy and extract the information they want and the tools they need and not have to waste time standing in line at City Hall or in some government department. Eventually it could mean a world of toll roads without tollbooths, schools without classrooms, issue campaigns without lobbyists and elections without voting booths.

FC: Why do you say that the federal government in Canada is about the best in the world in e-government?

BE: Number one, it has put a lot more attention at senior levels into electronic government than most other countries. Canada was able to break through some of the barriers very early on that other countries have faced, one of them being to make sites very user friendly. In most countries when you go to different departmental web pages they all look very different. It's very hard to navigate them. All their transactions and information are at different places on different pages. The usability is very poor. This causes a lot of people to give up and start making phone calls. In Canada, the government decided early on that it was very important to have a single look and feel to the federal government portal. This is termed enterprise-contact management. Through the Canadian portal, you can go from department to department, from agency to agency, and for the most part down to a number of levels they will look the same. There is a single look and feel, just like you would see when you go to E-bay or Amazon. That's really important for making it easy for people to navigate and use them.

Number two, Canada has done a really good job in government-to-citizen services and government-to-business services. Citizens are able to go online and sign up for certain issue areas that interest them a lot, whether it's for the environment or natural resources or health care. You will actually get automatic e-mails sent to you about hearings that are coming up, about bills, and other things of interest. They've done a lot to try to make it very easy to stay involved with what the government is doing.

The government has also created a gateway for businesses that provides some degree of one-stop shopping and tries to reduce the compliance costs with government rules and regulations by making it easier to find and understand them. They've had a very strong dedicated effort towards this from a very early stage. And they haven't rested on their laurels; they continue to try to innovate in this area.

FC: One can imagine a citizen going to single web portal and accessing services from all different levels of government. Can we predict such a morphing of government? What does it mean in a broader sense? Will it matter what level of government is responsible for what?

BE: We are already beginning to see this taking place. Most citizens don't always know or care what level of government they are dealing with. They don't know necessarily that cities do building inspections or that provinces maintain the highways. Some do, but not all of them. What citizens really want is to abide by the law and do these transactions as easily as possible. Online services should eventually allow citizens to conduct transactions with local governments on provincial government websites or provincial government transactions on federal websites. The technology is already available to allow that.

When this happens, the lines between governments are going to blur—a lot. Online service centres will integrate transactions from various government agencies that cross government borders. That's going to create a lot of issues. Consider the politics alone. If you're a local tax assessor, for example, you want people to have to pass through either your doors, make a check out to you or go to your website to pay taxes electronically. This is the way to ensure some degree of name recognition come election time. However, if I can pay my local taxes on the provincial government website, then no one will necessarily know the name of the local tax assessor. We'll see some big political issues and battles along these lines. The fight ultimately will be between citizens and others who want to be able to do these transactions anywhere and very easily and politicians and government officials who are worried about losing power and control.

FC: Many people worry about security of information. Critics of reform often say that there is a real problem with allowing sensitive data to be held and managed by the private sector. What is your thought?

BE: The security concerns are real and they are important. Some people are very worried about the data held by private firms, but more I think are more worry about the security and confidentiality of the data held by government.

The really big concern is the mixing of public and private data—the every breath you take scenario in which governments are able to track the activities of individuals and compile complete dossiers on them, regardless of whether they are suspects in a crime.

The bottom line is that electronic government won't reach its full potential until citizens have more faith in the ability of government and private-sector partners to secure their information. A number of high-profile break-ins will really hurt confidence levels. The good news is that there has been a lot more attention, money and resources dedicated to security in recent years and so systems are more secure than they were just two or three years ago. But we need to continue to lock them down.

FC: You talk of hospitals and school report cards today provided by governments. This has not happened yet in this part of Canada. Why would governments shine a light on such results if they run these facilities?

BE: The report-card movement is the kind of Internet-driven transparency we're seeing all over the world right now. In the information age, information becomes an important product and governments hold all sorts of information right now that it is locked away in file cabinets. There is huge pressure right now to open that up and to provide performance information about government services. We are seeing, for example, a movement towards injecting more choice into government services in countries all over the world. In order to have increased choice, you need to have information about prices, quality and performance. Right now a lot of that information doesn't exist in a lot of public services. As governments capture more of that information, providing it online in a user-friendly way will enable individuals to make better choices.

Citizens will simply demand that government put this kind of performance data up on the web. In the United Kingdom and especially in U.S, there's a strong movement toward increased transparency of government performance. Every day, you see a new example of a governmental entity putting up very detailed information about the performance of schools, hospitals and nursing homes. Dozens of governments now provide detailed information online about whether government agencies are meeting their performance targets. This will come to Canada. I am very confident about it.

FC: Is this an argument for getting government out of direct delivery?

BE: It enables a shift from direct delivery to choice-based delivery because you're essentially demolishing one of the arguments against choice: that people lacked sufficient information to make choices themselves. It enables governments to offer more choices of providers which in turn should generate more competition and customer responsiveness. Once people are given choice, providers—whether public or private—who fail to deliver high quality services will lose business. Information is providing a way to open up this kind of service.

I think that we're going to see this changing policy in all sorts of ways, not only service delivery but also possibly in the regulatory arena. At Harvard, for example, they're doing a lot of work around how to use transparency as an alternative to traditional regulation

FC: What sorts of reductions in the costs of government services through high-tech efficiency should we expect in the future?

BE: We've seen billions of dollars in reductions in the private sector from the use of technology. Similar savings should be possible in the public sector.

FC: How about a percentage? Can we say something like 25%?

BE: In some areas you will see upwards of a 70 to 80% reduction for areas that have a high number of transactions and paper processing. Achieving these savings however does require some initial investment in developing these technologies. The savings are also dependent on customer adoption. You need people to migrate to the online channel in large numbers in order to begin to phase down or phase out some of the physical channels and mail channels.

FC: What are the most important barriers to e-government?

BE: First and foremost is politics. Some people and some special interests will lose out in this new world and fight any reduction in their power. That is a very big barrier. A second is culture. Some agencies still have a cultural bias against putting services and information online. Others will resist the kind of technology-enabled transformation we've discussed. You have to fight through these issues. A third and very big obstacle is the way legislatures fund programs. E-government, when done right, tears down walls. It smashes the silos between agencies. It makes government more citizen-centered. You're not going to have to go to five different agencies to renew your driver's license or change an address or register your business. But those changes require sustained cross governmental effort. Legislatures, however, fund programs through individual silos. As long as the funding encourages a more siloed approach, it can be very difficult to do e-government.

FC: How does e-government alter the relationship between civil servants and their clients?

BE: For one thing, it takes a lot of services that were going through a civil servant and makes citizens able to do them themselves through self-service Web-based transactions. They don't have to go through a government bureaucrat. They get the information they want 24/7. They get their business done on their own time. They get uniform answers. It enables civil servants to spend their time on more high-level areas: government reform, greater collaboration, strategy and other issues.

FC: In most jurisdictions in Canada the pace of transformation of state agencies and services is very slow. Are things any better in the United States?

BE: There are some trailblazers in Canada. "Service New Brunswick" is considered one of the leading e-government agencies in the world in terms of joining up government services together electronically, offering one-stop services and reducing the maze that it takes for actually accessing services. You also have the federal government, where at least from an electronic government standpoint, they have shown global leadership. Some of the other provinces are not as far along as the federal government in electronic government, but some, such as Alberta, are ahead in other areas of reform.

The U.S is a mixed bag, which is not surprising given the size and diversity of the country. Some states have been very aggressive in enabling and transforming systems. The federal government, which was slow getting started, has moved pretty aggressively over the last four years in this direction. I think it just takes political leadership. The entities that have moved quickly have had a lot of leadership at the senior level. You've had politicians who understood the importance of technology, politicians who have been willing to expend political capital and to have elevated this task from an IT issue to an issue of government transformation.

FC: I recently tried out e-government on the City of Winnipeg's portal after a snow plough damaged a sprinkler on the corner of my property. After calling and talking to two departments, I was told they had the information and that I would have to talk to the private contractor, if indeed that party was responsible. Nothing had happen for a long time. How would this process work at a city with practices e-government well?

BE: The government is ultimately responsible for the provision of that service and so a best practise would be a system where you had a 311 telephone system tied in with an electronic government system, where you go to one place and you don't need to know the right department and they take your complaint and within 24 hours they get back to you saying they are working on it. Then within a week, they should have been able to go back out to the contractors and get more information and then come back to you with a resolution of the issue. You should have a case number around it. That is what is called customer-relationship-management. It should be irrelevant from the citizen's standpoint whether it was a contractor or governmental entity. In either case, it is the local municipality that is responsible.

FC: What city in the U.S. would have a system like that?

BE: Chicago and New York both have pretty strong customer relationship management systems.