Understanding customer needs and meeting or exceeding their expectations is the touchstone for all successful service provision. This should be a key strategic priority in the delivery of public services in the difficult economic times ahead.

Customer-centricity is about placing the customer at the centre of everything an organisation does. It is the most critical aspect of rigorous cost management processes.

When hard decisions are being made in relation to product and service provision to the public and across government, the challenge is to ensure that the outputs people receive are as good, if not better, than they have experienced previously.

This is particularly acute in today’s economic environment since the resources and effort required to deliver such outputs will be much reduced.

Every area of an organisation impacts on the flow of customer services: from the design of products and services to the way they are delivered, communicated and received.

Being customer-centric is not about giving customers the best product or service at whatever cost; it is about the effective and efficient delivery of a service that is most valuable to them.

Traditional and non-traditional customers

Traditional customers in the public sector are citizens who “pay” for public services through taxation – hospitals, schools, housing and so on. These external customers come in a variety of guises: patients, students, householders, voters and other sections of the community.

But equally and critically important for the public sector are “internal” customers – those who are concerned with the effective delivery of services to others within government departments, local authorities and agencies.
Customer-centricity is about placing the customer at the heart of everything an organisation does.

The delineation of customer and supplier along traditional lines has been made in a number of government departments through the creation of executive agencies, trading funds and other types of government companies.

This is a tool to stimulate behavioural change from one of managing budgets to one of delivering a competitively superior service to customers to win business.

Customer-centricity and the NHS

To see what a comprehensively consumer-facing public service might look like, it’s perhaps worth considering ideas floated by CVA at a Reform seminar on what is probably the most scrutinised institution of them all: the NHS.

We argued that to ensure and enhance its delivery as a public service, the NHS should be driven by customer expectation and not by imposed targets or managerial constructs.

A basic framework might be to segment the NHS, focusing on the needs of the patient to ensure that maximum value is delivered at all stages of the patient’s experience.

Based on well developed customer insight, one might envisage a situation where, say, leading specialist hospital “brands” such as Great Ormond Street, the Royal Marsden or the Royal Harefield are rolled out across the country and run by regional NHS or Foundation Trust “franchisees”.

The availability of world-renowned children’s, cardiology or cancer care, all within easy reach and as part of a region’s established primary and secondary care framework, would be a huge plus in the public perception of the NHS.

Such a scheme would free up clinics to concentrate on their core business, reduce management overheads and allow the NHS to generate scale for its services.

Aligned to franchising, this approach demonstrates how innovative business design solutions can be created where customer expectations are exceeded and the method used is cost effective and efficient. Franchising is very effective where resources are scarce or where close monitoring or control is necessary.

Another strategy might be to adopt the practice of “co-optition” where organisations simultaneously co-operate and compete, to their mutual benefit.

In the context of the NHS – say when operating theatres are stretched – co-optition might involve the sharing of private hospital facilities for NHS patients at no extra cost. This would be a win-win situation: helping the patient, generating economies of scale and maintaining the integrity of the NHS.

Addressing the challenge

The above is a notional framework. But whatever future policies are devised for public service delivery, they should embrace the concept of maximising resources for the full benefit of the recipient and the taxpayer.

Factors that should be addressed when considering customer-centricity in the public space include:

- The concept of the “customer” is generally not as advanced to the same degree as in the private sector;
- The customer-centric benefits are not always purely financial;
- The customer-centric benefits require service redesign to access them.

A key challenge for public sector organisations is how to manage behavioural change amongst staff.

This is a challenge worth meeting since the customer is the best judge and arbiter of value.