



**GOVERNMENT PERFORMANCE SOLUTIONS, LLC**

ENHANCING GOVERNMENT SUCCESS

## **Current State of Government Receivables Management**

Accounts Receivables Management, what was called “collections” in the 20<sup>th</sup> Century, is alive and well in the 21<sup>st</sup> Century. But it sure looks and operates different! Collecting past due financial obligations, whether that’s taxes, credit card debt, or student loan debt, is still a necessary activity today. People get behind on their financial obligations for a myriad of reasons, mostly honest life challenges or mistakes.

As we entered the 21<sup>st</sup> Century, government’s relationship with constituents began a slow but clear evolution as constituents demanded greater transparency, higher levels of customer service and experience, and modern communication/service channels.

These perspectives and desires are causing government agencies at all levels to undergo a cultural transformation from presiding over the law to behaving more like a commercial service provider. This cultural shift requires government agencies to seek delivery methods for services and information focused on educating and training constituents on how to comply, redirecting approaches to look and feel more like a top-performing customer service operation, and modernizing and increasing communication/service channels to meet expanding constituent expectations for interaction. While expanding constituent access allows for greater opportunity to comply with applicable laws, it also creates greater potential for ID theft and unauthorized access which can significantly damage a government’s reputation and severely impact their ability to operate. Additionally, governments have created more transaction-based taxes and fees which create added administrative and operating infrastructure. Unfortunately, these new revenue streams have created more opportunities for noncompliance which mean there are more delinquent taxes, fines and fees which must be collected. In short, the collection process is undergoing a major sea change in how it interacts with constituents.

Yet, government agencies and their collection partners still need to collect outstanding obligations. Cities, counties and states rely on these revenues, among others, to keep our society running. Moreover, it is still incumbent upon agencies to ensure appropriate collection to maintain a level playing field for all residents. Our system still needs to be fair.

The 21<sup>st</sup> Century challenge is to recognize that transparency, customer service, and new communications and tools are the new drivers while at the same time working to both collect revenues appropriately due and move constituents to compliance (where that is appropriate).

### **The changing nature of government transparency and constituent service**

Constituents are pretty demanding of their local and state governments. And they should be - their taxes pay for the activities and services provided by those entities. Yet it is becoming clear that constituents are becoming much more expectant of quality customer service from their government representatives.

Moreover, as the movement by commercial entities has transitioned (or is transitioning) to quality customer service, so too are government’s constituents coming to expect that from their governments. After all, residents get their impression, and thus their attitudes

about value, of their governments not from elected officials but from those day-to-day interactions with government entities. The visit to the Bureau of Motor Vehicles, the call to the Department of Revenue for clarification, the application for a fishing license, etc., those are the interactions that matter most to constituents, and so providing a quality experience leads to positive attitudes about the value of government. And, of course, failure to provide a quality experience leads to dissatisfaction.

### **Changing nature of taxpayer expectations**

So, what is it about those pesky constituents that has changed? There are four major areas where their attitudes and expectations have changed:

Accountability. Increasingly, constituents expect their government to be accountable to them for their actions. In this case, accountable for their collection activities. Few would suggest that we should not collect what is due. But almost everyone reacts negatively when government agencies cannot behave appropriately in the process. Overbearing attitudes, imperious agents, unwillingness to accommodate circumstances, inflexible rules and regulations all lead to negative impressions. And those impressions are now, more often than not, communicated freely and quickly via modern communication channels like Facebook and Twitter - leading to a more vocal public.

Responsiveness. The public now expects a responsive government. Interactions with the commercial work and their immediacy of communication and action (read: Amazon and their ilk) have led our constituents to expect a similar experience from their government.

Performance. Our constituents have a “git ‘er done” attitude now about all things pertaining to themselves. Again, this is a result of the commercial/retail sector moving to a more robust customer service model. Expectations developed there translate to their relationships with government.

In making this transition government has learned that leveraging “Big Data” leads to a better understanding of the public and how to engage and deliver services. By taking a page from private sector actors such as Amazon, Netflix and others (and banks and utilities), government is developing and deploying “Big Data” initiatives designed to organize and analyze vast amounts of data about their constituents. These tools will allow government to understand how best to engage people in order to achieve outcomes which serve their missions and are uniquely suited to their constituents at an individual level.

Channels of communication. Of course, in this century, communication is immediate and multi-channeled. The commercial/retail sector has driven this to a whole new level with multi-channel offerings designed to give the customer many options to communicate -- telephone, email, snail mail, text messaging, chat, interactive online portals, and others. And many of them are immediate. Government needs to move to these new channels as quickly as possible consistent with security and privacy concerns. But those concerns cannot be used as an excuse to avoid moving to new communication channels. Our constituents have expectations and we need to meet them. They don’t want to hear excuses when commercial/retailers can do it.

### **Results of Failure**

In any government agency, leadership needs to remember an old dictum: Public trust erodes as service erodes. Some will remember the old adage about city Mayors: Pick up the trash, fill the potholes, clear the snow and you’ll get reelected. Today we add “provide good customer service” to that list. And it applies at all levels of government.

- Every complaint erodes public trust.
- Every rude agent erodes public trust each time it occurs.
- Every time it takes multiple contacts to resolve an issue public trust is eroded.
- Every time a web function/application fails to work, or is difficult to use, public trust

- is eroded.
- Every request for information or assistance that is ignored erodes public trust.

All of this is true of collections activities on behalf of government at every level. Every failure leads to an erosion of public trust, confidence and reputation. Worse, every such failure ultimately requires management intervention.

**So, what does all this mean?** It means it's time to do a 360-degree review of your collection processes, policies and activities. It means:

1. Governments must become more transparent and accessible.
2. Governments must be accountable for their behaviors and actions.
3. Governments must acknowledge the vested interest each constituent has in the outcome.
4. Governments must use new communications tools effectively and efficiently.
5. Governments must use new data tools to enhance their positive relationships with constituents.

All of this is possible. Governments can and will do a better job of receivables management in the future with enhanced access for constituents, greater understanding of constituent behaviors via Big Data, improved transparency, and better constituent access and communication tools.