

# **CPMR Discussion Paper 24**

## **DEVELOPING AN EFFECTIVE INTERNAL CUSTOMER SERVICE ETHOS**

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## Foreword

This paper is the twenty-fourth in a series undertaken by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future developments of the Irish public service. Committee members come from the following six departments: Finance; Environment and Local Government; Health and Children; Taoiseach; Transport; Communications, Marine and Natural Resources; and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. The papers may outline experience, both national and international, in dealing with a particular issue. Or they may be more conceptual in nature, prompting the development of new ideas on public management issues. They are not intended to set out any official position on the topic under scrutiny. Rather, the intention is to identify current thinking and best practice.

We would very much welcome comments on this paper and on public management research more generally. To ensure that the discussion papers and wider research programme of the Committee for Public Management Research are relevant to managers and staff, we need to hear from you. What do you think of the issues being raised? Are there other topics you would like to see researched?

Research into the problems, solutions and successes of public management processes and the way organisations can best adapt in a changing environment has much to contribute to good management, and is a vital element in the public service renewal process. The Committee for Public Management Research intends to provide a service to people working in public organisations by enhancing the knowledge base on public management issues.

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General information on the activities of the Committee for Public Management Research, including this paper and others in the series, can be found on its world wide web site:

[www.irlgov.ie/cpmr](http://www.irlgov.ie/cpmr); information on Institute of Public Administration research in progress can be found at [www.ipa.ie](http://www.ipa.ie).

## Executive Summary

‘Ensure that staff are recognised as internal customers and that they are properly supported and consulted with regard to service delivery issues’ (Internal Customer Principle, of Quality Customer Service, July 2000).

The internal customer is not new, nor is it a purely public sector concept. The idea was first used almost forty years ago to describe different forms of administrative relationships within the private sector (Sayles, 1964). It stemmed from an understanding that in any organisation all staff are both the providers and receivers of services and, critically, if poor internal service exists, then the final service to the external customer will be diminished.

The concept of the internal customer is however particularly helpful in a public sector environment where the connection between those for example in policy making or corporate service divisions, and external customers may not be readily apparent. Developing an internal customer ethos serves to emphasise the idea that government departments cannot expect to meet targets in respect of delivering a quality service to the public if the needs of staff are not met with similar standards of timeliness, courtesy and consultation. However, the internal customer is not just about ensuring an organisation meets the needs of its external customers more effectively. The concept also highlights the fact that a duty of care is owed to staff as colleagues.

The definition of the internal customer used in this report is consistent with that found in the international literature. Internal customer services are understood as covering those services provided by distinctive organisational units/sections, or the people working therein, to other units/sections or individuals within the same organisation (Strauss, 1995). In relation to the Irish civil service, this means that all civil servants working within the same department, or in offices or other bodies coming under the aegis of the department, are internal customers. Those working in the wider civil service, semi-state or other public service bodies can, however, more appropriately be regarded as external customers.

The Quality Customer Service (QCS) Initiative was launched in 1997. Part of the process involved the drawing up of a set of guiding principles, to be reflected in departmental Customer Action Plans (CAPs). In 2000, prior to the preparation of a new round of plans, three new principles were added, in respect of equality and diversity, the Irish language and the internal customer. With regard to the latter, the intention was to acknowledge formally the importance of giving an excellent service to colleagues in furthering the objectives of the QCS Initiative.

CAPs produced by departments for the period 2001 to 2004 were the first to include the three new principles. Virtually all departments commit to consulting with staff in relation to the delivery of services to external customers and also to providing training in respect of customer service. However, a small number of departments indicate an awareness of the need to develop internal customer service in a broader sense. Where this enhanced understanding of internal customer service delivery pertains, a wide range of initiatives are being progressed, including proposals to improve departmental communications and consultation, the introduction of service delivery standards and internal customer service charters, staff networks and welfare issues.

Butler (2002, p.40) in his review of Customer Action Plans notes that they ‘will not assist in the delivery of service if there is no determined, open and honest follow up on their intentions and commitments’. Butler distinguishes between commitment, which he describes as ‘buy-in’ or internalisation of the ethos of quality customer service, and simple adherence to functional tasks, termed compliance. While the point is made in relation to plans in general, it is particularly relevant in respect of sections dealing with the internal customer principle where specific action points and performance indicators are, in general, absent.

The development of an internal customer service ethos takes time. Operationalising a commitment to regard colleagues as customers, to whom a duty of care is owed, involves cultural change and commitment at all levels in an organisation. Drawing from international literature on the topic and the experiences to date within the Irish civil service, this study sets out a number of actions that can be taken to promote the internal customer concept within organisations.

This research reveals a general lack of clarity in respect of the internal customer principle, and ongoing guidance and support from the centre is identified as important. In addition, the QCS Officers network acts as a helpful forum for the sharing of experiences and the dissemination of information in respect of best practice. However, it is at organisational, and more especially business unit level, that commitment to the internal customer principle is particularly relevant. While no one style of approach suits all organisations and each department needs to develop the initiatives most suited to its circumstances and staff, a number of important considerations/suggestions are presented in the paper. These are briefly summarised below:

#### *Organisation level*

- the importance of pro-active management support;
- use of the partnership process;
- the need to dedicate resources, in particular staff time, to the initiative;
- having commitments to improvements in internal service delivery in an action plan and monitoring its implementation;
- considering ways of improving internal communications;
- encouraging and acknowledging excellence in internal customer service delivery by individuals and teams;
- commitment to a long-term programme of service delivery;

#### *Business Unit level*

- encouraging units/teams to identify their internal customers;
- having actions address internal customer needs included in business plans;
- using the Performance Management and Development System to assist in the identification of skill and training needs of staff in respect of internal customer service delivery;
- holding workshops, customer panels or joint training sessions with internal customers to identify, discuss and resolve problems;
- conducting benchmarking and subsequent surveys to determine internal customer satisfaction;
- establishing cross-team service improvement groups;
- developing service level agreements and/or service commitments between service users and providers.

# 1 Introduction

## 1.1 Policy background

*Delivering Better Government* (DBG) (1996) recognised that ‘ensuring the provision of high quality services to all those who are its customers and clients ... is the essential task of the civil service’ (p.10). In recognition of the need to enhance service delivery, the government in 1997 launched the Quality Customer Service (QCS) Initiative. The aim of the initiative is to promote the wider adoption of improved customer service standards by government departments and offices. As an initial requirement, all departments were asked to produce a two-year Customer Action Plan (CAP) indicating how full effect would be given to a number of guiding principles for the delivery of quality customer service. Essentially these principles addressed three QCS-related themes: information, consultation and participation.

Initially, the QCS Initiative focused primarily on improving the quality of services delivered to external customers (citizens, agencies or organisations external to the department). To assist in informing this process, the Committee for Public Management Research (CPMR) has undertaken a number of studies focusing primarily on external service delivery issues: *Improving Public Service Delivery* (Discussion Paper No. 7); *Improving Public Services in Ireland: A Case-Study Approach* (Discussion Paper No. 11), *A QCS Mark for the Irish Public Service* (Research Report No. 4) and most recently, *Effective Consultation with the External Customer* (Discussion Paper No. 23). However, increasingly it is being recognised by practitioners, within Ireland, that the delivery of quality services externally is inextricably linked to achieving significant progress in the development of an effective customer service ethos internally.

## 1.2 Defining the internal customer

While the concept of the internal customer will be discussed in more detail in Chapter Two, it is useful at this stage to clarify the definition of internal customer services used in this study. In line with the international literature on the topic, internal customer services are understood as covering those services provided by distinctive organisational units/sections, or the people working therein, to other units/sections or individuals within the same organisation (see Stauss 1995). For the civil service, this definition would include all civil servants working within the same department as well as those departmental civil servants working in offices and other bodies coming under the aegis of that department. Such a definition would not, however, include those working in other civil service departments, semi-state or other public service bodies. Such organisations would be external customers.

## 1.3 Importance of the internal customer in Ireland

In seeking to move forward with the QCS Initiative, some departments are becoming increasingly aware that they can only truly be effective in relation to their external customers if the needs of internal customers are met with similar standards of service. For example, front-line staff, dealing on an on-going basis with external customers, will be greatly limited in their effectiveness without the necessary internal supports, e.g. from corporate services such as human resource management (HRM)/personnel, training, accommodation and information and communication technology (ICT). Likewise, the work of policy units can be

critically dependent upon the development of an effective internal customer service relationship with operational and/or service delivery units within the same organisation. Additionally, on issues requiring a 'joined-up' approach to government, operational units need to be able to work together effectively in the delivery of services in cross-cutting policy areas within departments. Furthermore, from a wider corporate perspective, the development of an effective internal customer service ethos can fundamentally transform the cultural values of an organisation and the quality of working life for its staff, with a consequent positive impact on productivity and the quality of service delivery.

#### **1.4 Unfinished business**

In general, many departments have been slow to fully embrace the concept of the internal customer. References to the internal customer in Customer Action Plans (CAPs) tend to be brief and unspecific. Furthermore, there is a lack of recognition of the full implications of the internal customer principle, which involves not only the need to consult staff in relation to the delivery of external services, but also encompasses internal communication, co-operation and participation. Sections of action plans dealing with the internal customer are presented somewhat as an 'add-on', rather than as an integral aspect of the QCS Initiative and of the wider public service modernisation programme or Strategic Management Initiative (SMI).

The evaluation of the SMI carried out by PA Consulting (2002) notes that: 'only limited progress has been achieved with the concept of internal customer and with the government as customer. While QCS has sharpened the concept of the internal customer ... much remains to be done' (p. 47). A similar point is made by Butler, (2002), in his evaluation of CAPs on behalf of the Department of the Taoiseach. While acknowledging that the principle is still at an early stage of development, Butler emphasises that the internal customer 'should be regarded as a priority area for follow-up research' (p. 21).

#### **1.5 Research background**

This discussion paper is intended to complement earlier CPMR studies (see References) and, in particular, Discussion Paper No. 23, *Effective Consultation with the External Customer* (Humphreys, 2002), which sets out in detail developments in relation to the QCS Initiative and places the Irish experience in this regard in an international context. However, in recognition of the comparatively unfamiliar nature of this concept, and its potential to improve the outcome of the entire QCS Initiative, the CPMR decided to prepare a discussion paper focusing specifically on the internal customer. In particular it requested that the paper would be largely practical in its approach, outlining the business case for developing an internal customer ethos, while also exploring the ways in which departments could improve the manner in which services are delivered to internal customers. The findings of the PA Report and the Butler review have further confirmed the need for this study.

#### **1.6 Research terms of reference and approach**

Within this context, the terms of reference agreed by the committee were to:

- review and evaluate national/international documentary material, identifying and discussing the key issues to be addressed in the effective implementation of an internal customer ethos in public service organisations;

- consult with key personnel in order to identify examples of good practice in Ireland and overseas;
- explore the implications of different approaches to the effective introduction of an internal customer service ethos through in-depth discussions in a selected number of public service bodies, and
- identify and discuss key issues to be addressed by public service bodies to facilitate wider adoption.

To deliver on these terms of reference, the agreed research approach involved:

- the review and analysis of available hard-copy information and web-based material;
- a number of briefing discussions with key informants;
- a review of the experiences of a small number of departments who have been to the fore in developing and implementing initiatives in relation to the internal customer

## **1.7 Report structure**

- *Chapter Two* explores the development of the concept of the internal customer within an Irish policy context. Here, it is argued that the concept of the internal customer is important not only to progressing the QCS Initiative, but also to the wider agenda of public service modernisation.
- *Chapter Three* reviews the development of the internal customer concept internationally, particularly from a business perspective.
- *Chapter Four* provides an overview of how the internal customer principle is being addressed across the Irish civil service at present. It also highlights a number of developments being implemented in departments that, for a variety of reasons, have been to the fore in addressing internal customer issues.
- Finally, *Chapter Five* provides guidance in relation to further progressing the development of an internal customer service ethos across the civil service.

Detailed information is annexed to the paper and a full list of references provided.

## The Developing Concept of the Internal Customer in Ireland

### 2.1 Introduction

The purpose of this chapter is to discuss the developing concept of the internal customer, a concept that remains comparatively unfamiliar and under-developed in many areas of the Irish civil service. In so doing, the emergence and evolution of the Quality Customer Service Initiative within the public service modernisation programme is examined. The importance of developing an effective internal customer service ethos within individual departments is also discussed.

### 2.2 Public service modernisation and Quality Customer Service

The current public service modernisation programme or SMI requires all departments and offices to examine their role in relation to:

- delivering better quality service to customers
- providing better value to the taxpayer
- improving their contribution to national economic and social development.

Linking all of these tasks is a new approach to strategic management, which encompasses:

- strategy statements outlining the key objectives, outputs and related strategies of a department over a three-year period;
- business plans describing the main activities and developments planned in each unit in the coming year;
- the Performance Management and Development System (PMDS) for the civil service, which enables departmental goals and commitments contained in business plans to be translated into individual role profiles and objectives;
- Customer Action Plans outlining a department's commitment to customer service and details of the key actions required to implement the twelve new guiding principles of quality customer service. (See Annex 1).

In essence, strategy statements outline, at a high level, the priorities of the department. Customer Action Plans contain commitments in respect of the delivery of a quality customer service. Business plans show how each unit or section will contribute to the implementation of the strategy statement and Customer Action Plan. Finally, PMDS shows the role of each team member in achieving the objectives set out in business plans. It is further envisaged that each of these stages will be achieved through a participative and consultative process, facilitated by the departmental Partnership Committee. Effectively utilising these interlinked initiatives to assist in moving forward the public service modernisation programme is an important element in supporting the development of an effective internal customer service ethos in government departments and offices.

### 2.3 The evolution of the QCS initiative

DBG (1996) specifically advocated the adoption of a customer service initiative to drive future approaches to quality service and to ensure the implementation of a number of best practice principles. Underlying the approach in DBG was the need to ensure meaningful evaluation of standards of service delivery. The QCS Initiative was launched in May 1997 and was followed by a first round of Customer Action Plans for the period 1998-2000. A detailed review of this process is contained in Humphreys (2002), *Effective Consultation with the External Customer*. While the production of CAPs did serve to raise awareness in relation to the QCS principles, Humphreys (2002) notes that 'Quality customer service was still too often seen as an issue only for the large operational departments ... Overall there remained a marked reluctance to engage effectively with external customers in the development and evaluation of services' (p. 38).

Given the significance of the challenges to be overcome in adopting a quality customer service approach, a top-level working group, under the aegis of the Department of the Taoiseach, was convened in autumn 1999 to further develop the QCS Initiative. The working group examined the principles adopted in 1997 and recommended a number of revisions to ensure that the next phase of the QCS Initiative reflected subsequent developments. In particular, three new QCS principles were enunciated:

#### *Equality/Diversity*

Ensure the rights to equal treatment established by equality legislation, and accommodate diversity, so as to contribute to equality for the groups covered by the equality legislation (under the grounds of gender, marital status, family status, sexual orientation, religious belief, age, disability, race and membership of the Traveller community).

Identify and work to eliminate barriers to access to services for people experiencing poverty and social exclusion, and for those facing geographic barriers to services.

#### *Official Languages Equality*

Provide quality services through Irish and/or bilingually and inform customers of their rights to choose to be dealt with through one or other of the official languages.

#### *Internal Customer*

Ensure staff are recognised as internal customers and that they are properly supported and consulted with regard to service delivery issues.

The revised QCS principles were adopted throughout the civil service in July 2000 and departments were asked to produce a new round of CAPs reflecting these changes. *Practical Guide for the Development of Quality Customer Service (QCS) Customer Action Plans (2001-2004)*, produced by the Department of the Taoiseach, emphasised the key points to be addressed in the new CAPs. These included the role of consultation, opportunities presented by e-government, evaluation, the embedding of QCS issues in strategy statements and annual reports and the incorporation of the three new principles.

## **2.4 The internal customer principle**

As previously indicated (see Annex 1), the latest round of CAPs, prepared as part of the QCS Initiative, are required to 'ensure that staff are recognised as internal customers and that they are properly supported and consulted with regard to service delivery issues'. Operationalisation of this new Guiding Principle for QCS requires that public service bodies give recognition to the importance of the internal customer and clearly detail the standards of service that the internal customer can expect over the term of each plan (2001-2004). As the guidance notes prepared to assist departments/offices in the preparation of their Customer Action Plans make clear, each organisation needs to ensure that these values are properly communicated and understood and that they are internalised through clear leadership, increased management support and effective business planning. In particular, action to address the needs of the internal customer should be integrated into the overall business planning process and PMDS should be used to assist in the identification of the skills and training needs of staff in delivering a quality customer service.

## **2.5 Link to other principles**

In her report on *Equality/Diversity and Quality Customer Service*, Pillinger (2001) identifies a number of shortcomings regarding external customer service: 'Staff ... need to have knowledge about the services offered and where to direct customers. This means developing a culture of working that does not assume knowledge of what the customer wants, rather that the customer can be asked and involved in a decision' (p. viii). Action to address these shortcomings requires improving internal customer service, for example, through training, staff development and awareness-raising; institutional supports; information and communications; partnership and consultation.

The QCS Working Group *Support Pack on the Equality/Diversity Aspects of Quality Customer Service for the Civil and Public Service* (2001) makes the point that the application of the equality/diversity principle to serving the internal customer must first address the identity of the internal customer. The equality/diversity principle for customer service is consistent with human resource policies in relation to equal opportunities, diversity in the work-place and anti-harassment and bullying.

## **2.6 Evaluation of Customer Action Plans (2001-2004)**

By the end of 2001, the vast majority of departments had produced their (second) CAP and the Department of the Taoiseach commissioned an evaluation to examine, among a range of questions, 'the extent to which, and the character in which, the new twelve guiding principles for Quality Customer Service have been addressed in the plans ... and the potential of the plans to assist in the delivery of high levels of quality customer service' (Butler, 2002). In his concluding chapter, Butler notes that 'the CAPs are, in the main, serious attempts to communicate a customer-oriented ethos and to foster customer-focused practices at all levels in the organisation. [Furthermore], they are also, critically, the output of a process of analysis, discussion, research and consensus-seeking among teams of civil servants ... which is of tremendous value to the public service' (p. 39).

However, in reflecting on the weaknesses of plans/areas for improvement in the preparation of future plans, Butler comments that 'plans were unchallenging, lacking sufficient content and detail' (p. 40). More specifically, he criticised the lack of measurable performance

indicators, the absence of references to staff input and consultation in the preparation of plans, and more critically, evidence in some instances of compliance as opposed to commitment, that is an adherence to the twelve guiding principles rather than a concerted effort to embed the principle of quality customer service in all aspects of the work of the department.

The section of the Butler report dealing with the internal customer principle is brief (p. 20). It is noted that the idea of the internal customer appears from its treatment in CAPs to have different meaning, with some departments taking the term to apply only to colleagues working in the same department or organisation, while in other cases it is assumed to refer to all civil servants. However, it is concluded that ‘whichever aspect is emphasised, and whatever the extent of interaction, internal customers in the public service are deserving of the same treatment as ‘conventional’ customers, and relevant measures to promote and put into practice these ideals should be supported’.

## **2.7 An internal customer service ethos**

From the outset, the QCS Initiative has sought to highlight the point that all public service employees have customers. While this is most evident in the case of front-line staff working in large operational departments like the Office of the Revenue Commissioners or the Department of Social and Family Affairs, all civil servants deal with customers, in their own organisation, from other departments or agencies or external to the civil service. However, particularly in the case of policy or corporate service divisions, frequently those looking for information or advice are departmental colleagues. These are ‘internal customers’. While a duty of care is owed to these staff as colleagues, there is also, in effect, a double obligation, as departments cannot expect to meet targets in respect of delivering quality service to the public if the needs of internal customers are not met with similar standards of timeliness, courtesy and consultation.

This point is emphasised in research commissioned by the Department of Enterprise, Trade and Employment (DETE, 2001), which found that internal customer service issues were considered by external customers to impact adversely upon the quality of service they received. For example, it was felt that, ‘internal delays in responding to staffing needs and the filling of vacancies, especially in areas of specialist expertise, meant that the Department was at times unable to respond to the needs of customers in a timely way’ (p.35).

Implementing the new internal customer principle, at a basic level, implies consulting with staff in relation to the delivery of services to external customers and ensuring that they are given the appropriate supports, including training/development and ICT assistance, to do so. This approach is reflected in several departments’ current CAPs. However, a small number of departments are committed to developing enhanced internal customer service in its broadest sense. Where this more developed understanding of internal customer service pertains, a wide range of initiatives has been developed, including, improved departmental communications and consultation, agreements between areas in respect of the standard of service provided, help desks and the establishment of internal customer service panels. These initiatives will be discussed in greater detail in Chapter Four.

## 2.8 Developing the concept

Butler (2002) notes that ‘customer service activities must be linked explicitly to the Strategic Management Initiative and related reform programmes for civil servants to achieve an internalisation of the service ethos’. This highlights the fact that the QCS Initiative cannot be considered in isolation from the rest of the public service reform process. In relation to the internal customer concept, this is particularly relevant a propos of human resource management (HRM) reform.

Many departments refer in their CAPS to the completion of their HR strategy as a performance indicator in respect of the internal customer principle. While the development of a HR Strategy is a requirement in its own right under the *Programme for Prosperity and Fairness* (PPF), it is also the case that a number of areas of HR policy and practice have an internal customer dimension. These include staff deployment, manpower planning, succession planning, training, mobility, equality, performance management and the general support and promotion of employee welfare. The implementation of the Performance Management and Development System (PMDS) will assist both in identifying the necessary skills and training needs required by staff to deliver quality customer service, but, also, in tapping in to the wider opportunities within each role to improve the customer service ethos within the department.

It is noted above that front-line staff can only meet the needs of external customers, with standards of timeliness, courtesy, consultation etc., if the same level of service is given to them by colleagues in policy-making or support functions. In other words, the development of an internal customer service ethos is necessary to guarantee the delivery of quality service to the public. However, as highlighted by Butler (2002), this has deeper implications. He distinguishes between commitment, which he describes as ‘buy-in’ or internalisation of the ethos, and the adherence to functional tasks, which he terms compliance, and concludes that: ‘compliance alone to set standards, without commitment to the service ethos, is insufficient for sustainable reform in this area’ (p.1). Butler further stresses that it takes a long time to operationalise and embed radical change and that compliance alone is not enough. Rather, commitment to the development of an internal customer service ethos, out of a sense of mission and engagement with quality service, is necessary for success.

## An International Perspective

### 3.1 Introduction

The discussion to date has focused on the developing concept of the internal customer within the context of the current Irish public service modernisation programme. However, it is important to appreciate that the concept of the internal customer is not new, neither is it unique to the public service nor to Irish experience. Before exploring specific initiatives taken in Irish public service organisations in Chapter Four, it is valuable to capture some of the relevant international thinking and experiences, to inform later discussion.

### 3.2 Business-case arguments

Much of the international literature on this topic is from a private sector perspective and focuses on the important role the development of an internal customer ethos plays in the wider quality movement. In broad terms, the concept of internal customer service reflects the assertion by Heskett et al (1994) that 'internal service quality is characterised by the attitudes that people have towards one another and the way people serve each other inside the organisation' (see also Marshall et al, 1998).

#### 3.2.1 *Internal customers need to be valued*

The 'internal customer' first originated as a concept nearly forty years ago. Sayles (1964) used the term when analysing different forms of administrative relationships within departments. Sasser and Arbeit (1976) suggested that the concept of the internal customer evolved originally with the intention of making jobs in the services sector more attractive, thereby promoting the recruitment and retention of staff. Berry (1981) argued that organisations should view employees as internal customers, jobs as internal products and thereby seek to provide internal products that satisfy the needs of internal customers at the same time as progressing the aims of the organisation itself. As Bowen and Johnston (1998) have put it, 'The idea is that if management wants employees to deliver an outstanding level of service to customers, then it must be prepared to do a great job with its employees' (p.120).

Vandermerwe and Gilbert (1989) argue strongly for a customer-driven system within organisations that matches internal services to user needs in order to help achieve success in the market. Indeed, it is clear in the literature that a successful internal customer service system has been seen as a key component of Total Quality Management (TQM) for some years and not just in relation to the service sector (see Chaston, 1994). At the macro-level, quality management systems were reviewed in CPMR Research Report No. 3 (see Humphreys, Butler and O'Donnell, 2001). Among the primary goals of TQM are, of course, customer satisfaction and a company-wide orientation towards customer requirements. In order to accomplish these goals, the TQM approach adopts 'the basic marketing axiom of customer orientation and applies it within the firm. Therefore, we have to deal with internal customer orientation and internal customers. Organisational units and their employees are seen as service providers, the users of these services as internal customers, and the activities as internal services' (Stauss, 1995, p. 62). In TQM systems, therefore, all staff are encouraged

to see each other as important customers throughout the production and/or service delivery processes (see Marshall and Miller, 1991 a and b).

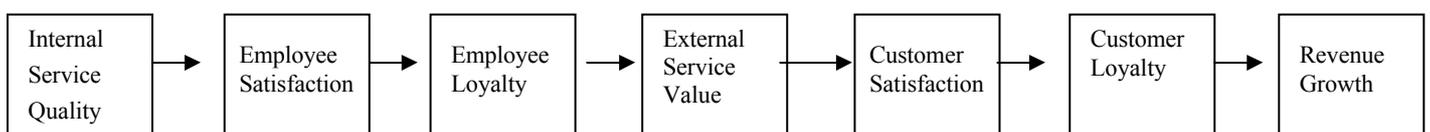
Put simply, in any organisation, all staff are both the providers and receivers of services. Based upon original research, Grönroos (1990) found that every service operation comprises internal service functions that mutually support each other. If poor internal service exists, then the final service to the external customer will be diminished. Likewise, George (1990) points out that while many employees do not directly come in contact with external customers themselves, what they do or do not do indirectly influences the quality of service delivered. To address this issue, such personnel need to recognise, value and treat other employees as internal customers.

It is however also important to acknowledge that internal customers are as varied and diverse in their individual characteristics as external customers. Just as the ‘general public’ can be a misleading generalisation, likewise it is important to recognise and respond positively to diversity in the internal customer base. It is also important to acknowledge different types of internal customer service relationships, some of which may be more urgent and mission critical in their character than others. For example, a system-wide ICT failure has different implications for service delivery than poor relations between policy and operational units. Additionally, it is important not to assume that external and internal customer service relationships are directly equivalent in character. For example, internal customers are paid consumers of the services they use. As such they are, in general, more familiar with, and knowledgeable about, the services that are provided than external customers. As a result they may be more demanding customers than ordinary citizens.

### 3.2.2 *Internal customer services’ impacts upon external customer service*

A number of key commentators on private sector quality management have, in recent years, stressed the importance of internal service quality as one of the key, but also least understood, determinants in the provision of quality goods and services externally (see, for example, Albrecht, 1990, Berry, 1995 and Cespedes, 1995). In other words, research evidence indicates that there appears to be a positive relationship between employee satisfaction and customer satisfaction (see Schneider and Bowen, 1985, 1993 and Wiley, 1996). In particular, favourable internal perceptions of an organisation’s HRM practices can be significantly correlated with customers’ perception of service quality (see Bowen, 1996 and Mohr-Jackson, 1991). ‘To attain sustained excellent customer support requires internal systems that are aligned to serve the external customer, with each internal subsystem adding value to others within the organisation who are dependent on it (Gilbert, 2000, p. 178).’

Figure 1: The service profit chain



Source: Loveman (1998)

As Figure One indicates, a positive perception by employees of an organisation's approach to business and the climate in which it operates has beneficial effects on external customers' perceptions of service quality. Conversely, ‘back-office operations, management systems etc.

may be the cause of service failure, but the front-line employee is the target of the customer's dissatisfaction, even anger. Furthermore, the employee often has not been provided with the autonomy, resources or training to handle external service recovery' (Bowen and Johnston, 1999, p. 119). In fact, negative feedback from external customers can induce in the service providers, i.e. the internal customers, an attitude of learned helplessness, where a member of staff believes a given outcome (e.g. a satisfied or dissatisfied customer) is independent of what they themselves do. They become frustrated and disillusioned by service failures to the development of which they have had no input and little control over their mode of delivery.

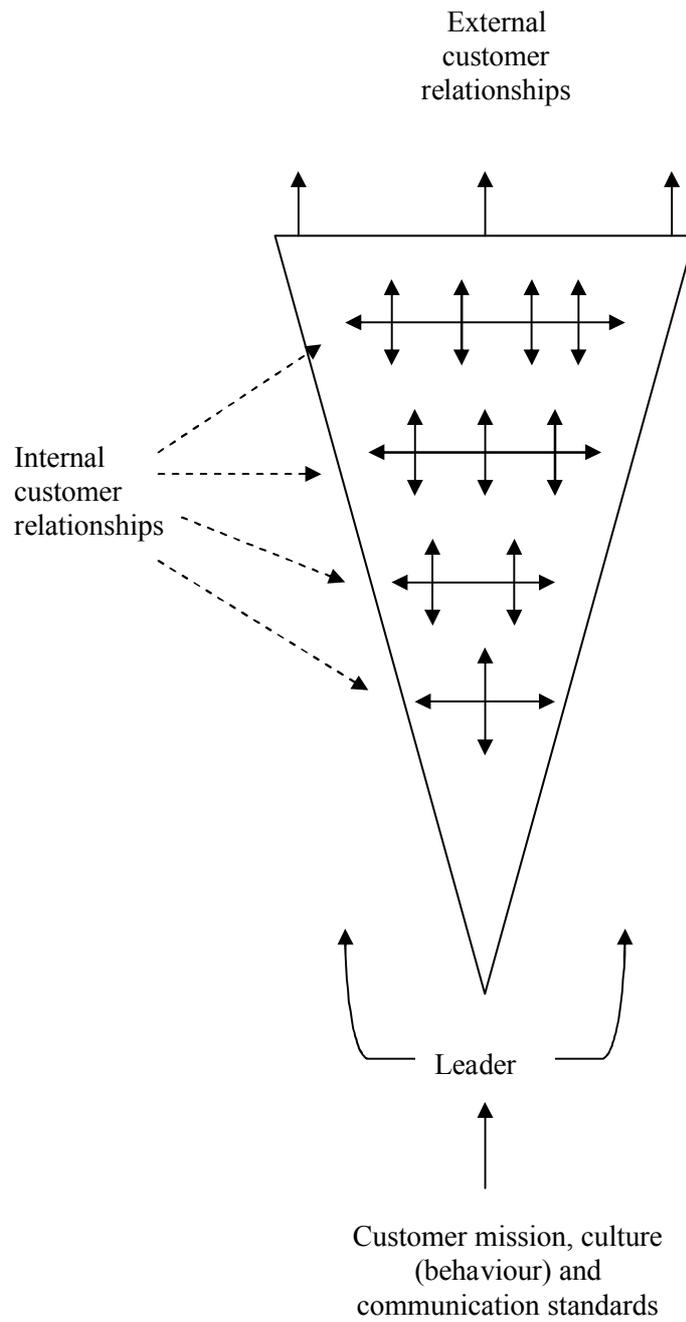
In addition

... it is sometimes difficult for employees to appreciate the impact of their performance on the actual service quality delivered to the customer, particularly for those who do not come into direct contact with customers. Although these internal relationships may sometimes be very straightforward, in many cases they can be quite complex; for example, when both parties service each other or when one part of the organisation depends on the internal service provided by some other part. Therefore, the responsibility for service delivery, and the achievement of customer satisfaction, needs to be spread throughout the entire organisation (Lewisjohn and Reynoso, 1995, p. 18).

### *3.2.3 Developing an effective internal customer service ethos requires cultural change*

In discussing the training requirements for commercial organisations seeking 'sustainable competitive advantage', Morris (1996) makes the important point that 'Genuine customer care is a by-product of internal relationships and culture. The way customers are treated is closely allied to the way staff feel about their jobs and the situation in which they do them. This atmosphere, which is a feature of every company, is reflected at all levels but is cascaded from the top. Hence ... it is a leadership issue. Customer satisfaction is unlikely to happen by chance. The effective leader ensures that it is never left to chance' (p.8). Morris (1996) also stresses the vital role of organisational leadership in creating a 'caring culture' for all stakeholders in the achievement of mission (see Figure 2). In such organisations, the inverted pyramid is a useful way of indicating the role of the leadership in achieving a customer-focused organisation. Leaders support the efforts of the entire organisation, while in most cases having little direct customer contact. Their job is to commit their organisations to a customer-focused mission and to empower their teams to deliver it.

Figure 2: Leadership behaviour affects customer service



Morris (1996) adds that

... leadership behaviour at all levels is a key element of effective customer care. For better or worse, a manager, who has to be a leader as well, becomes a role model for the team. Their behaviour towards their staff, or internal customers, will be reproduced by those same staff in their transactions with their customers. It matters little that those transactions may be with colleagues. Internal care eventually impacts on customer-facing staff ... the most dangerous manager in any company is the one who believes that they have no impact on customer care because they never have any contact with customers ... once the mission is agreed, it has to be communicated both clearly and regularly. It must become a belief and value for the organisation rather than the latest initiative or bright idea from management. This will happen when management behaviour towards internal customers and the reinforcement of standards at all levels is seen to happen. If the leader's behaviour suggests, 'do as I say, not as I do', the initiative is doomed (p. 8).

#### *3.2.4 Incentivisation of an internal customer service ethos*

In CPMR Discussion Paper No. 7 it was noted, when reviewing differences between public and private sectors regarding service provision, that 'the monopolistic, oligopolistic and involuntary/mandatory nature of many service relationships between the public service and the public can limit the appropriateness of the concept of customer choice' (Humphreys, 1998, p. 14). There can be a similar lack of choice and exit strategies for internal customers within a public service body. Rarely is the opportunity available for internal customers to pursue alternative and/or competitive ICT or HR solutions to their needs outside the organisation concerned.

The same CPMR study points out that, 'Within the public service system, a different culture also prevails internally. This can place demands upon the management of public service delivery systems, which are not characteristic of the private sector. For example, public service managers often have to ... operate within an entirely different financial framework and industrial relations climate, from that which prevails in the private sector' (Humphreys, 1998, p.10). In such circumstances, identifying and using incentives for the adoption of an internal customer ethos become critically important.

Within the public service in particular, internal service provider-customer relationships are often not directly market driven. As Stauss (1995) points out

Incentives to perform internal services in a customer orientated manner are created by the competitive situation of the department, i.e. the availability of alternative supply sources to internal customers ... The intensity of competition is higher when more alternatives for supply are available to the internal customer. Internal suppliers can achieve monopoly status if the customer is completely limited to this source ... other internal or external sourcing might be forbidden or is precluded because service suppliers are lacking or they are unable to provide the services in the quantities, qualities and at the times when they are needed ... With this kind of monopoly, there is no incentive to adjust internal service offerings to the requirements of internal customers, since customers cannot move to internal or external competitors (p. 69).

Faced with such situations, it remains a very real challenge for public service bodies to be able to incentivise the adoption of an internal customer service ethos. As Stauss (1995) points out

Customer-focused supply of internal support/advice centres can only be expected with appropriate incentives. Firms promoting internal customer service orientation must above all be sure to have the right incentives implemented, e.g. by creating freedom to choose sources for services and by increasing internal or external competition (Vandermerwe and Gilbert, 1991). This is not feasible or desirable in all cases, because control for certain core functions, such as personnel management tasks, is to be considered necessary (p. 70).

The development of an internal customer service ethos within non-commercial organisations therefore presents particular challenges. One response to this situation has been the exposure of internal service providers to external competition through the introduction of compulsory competitive tendering arrangements whereby services are normally delivered by the provider with the lowest costs. Any consequential outsourcing of service provision effectively externalises previously internal services. A less radical approach is the creation of quasi-internal markets within organisations through the development of service level agreements (SLAs) which formalise intra-organisational provider-customer relationships by establishing specific standards of service delivery.

Other forms of incentivisation evident in the literature include engagement with quality management frameworks, and addressing internal customer service issues as part of a wider programme of organisational development. Existing international frameworks that implicitly or explicitly incorporate internal customer service elements include the European Foundation for Quality Management (EFQM) Excellence Model, the Malcolm Baldrige National Quality Award (MBNQA) and the Common Assessment Framework (CAF) (see Humphreys, Butler and O'Donnell, 2001). Allied to, but not necessarily dependent upon, external accreditation schemes can be the use of award or other recognition schemes for exceptional performance in the area of internal customer service delivery, either for teams or individuals. At the individual level, performance management and development systems can be used to enhance the profile of internal [and external] customer service and link progress to improved opportunities for career enhancement. At the organisational level, objective studies can be undertaken to assess current levels of satisfaction with the quality of internal service delivery and the results used to establish a benchmark, to stimulate debate within the organisation and as a lever for progressive change.

### **3.3 Is the internal customer always right?**

It is clear from the above discussion that a considerable body of available international research evidence indicates that there are significant potential benefits to be gained from the encouragement of an effective internal customer service ethos within organisations. Research evidence also indicates that, particularly but not uniquely in the public service, the development of such an ethos raises special challenges. In concluding this chapter, it is however also important to acknowledge some of the shortcomings with the internal customer service approach that have also been identified in the literature.

A useful summary of these arguments is provided by Management First (2002) which notes that

... getting departments to work together is not always easy. Many employees have little incentive to co-operate and don't view their function as 'serving' others as they have never been in a customer service position. It isn't easy for an organisation to alter these deeply ingrained perceptions. And even if you overcome these perceptual and inter-group difficulties, are there deeper, more detrimental, reasons for rejecting the internal customer service approach? Four reasons against internal customer service immediately spring to mind:

- It diverts attention away from the real customer who pays the bills - market forces are changing so quickly today that everybody's focus needs to be on the outside. Internal satisfaction could be irrelevant to the end goals of the organisation.
- It can foster a climate of 'turfism' - departments that don't deal directly with external customers may feel that as long as they can document service to an internal customer, their service must be legitimate and necessary.
- There will be general organisational deficiencies - instead of isolated departments and internal groups, why not have cross-functional, multidisciplinary teams?
- It can foster a dominant-subservient relationship in organisations - think of the consequences of carrying over the statement 'the customer is always right' into a traditional, internal organisational structure. We should forget about 'serving' colleagues and consider them equal partners with the same goal.

In addition to amplifying the types of potential shortcomings referred to above, Guaspari (1995) makes a telling point which wholehearted advocates of the internal customer approach need to bear in mind.

While the internal customer service model can help ensure that John serves Mary well and Mary serves John well, it begs the question of whether or not John ought to be serving Mary in the first place. Because it is a fundamentally conservative model, is it biased towards steadily improving the John-Mary working relationship (continuous improvement) rather than challenging it to achieve dramatic progress (breakthrough improvement)? Ultimately, the logic of the model can lead to the world's best and most efficient bucket brigade - when a fire-hose might have been more useful (p.20).

Thinking outside the box therefore also remains critically important, and it is to address such problems that the development of an internal customer service ethos is undertaken most effectively as part of a wider programme of modernisation and organisational development.

## The Current Civil Service Experience

### 4.1 Introduction

The purpose of this chapter is to examine the manner in which the requirement to implement the internal customer principle has been addressed in departments since its inclusion among the twelve guiding principles of QCS in July 2000. Following a general overview of the way in which departments are addressing the new principle as described in their current CAPs, a range of specific initiatives are examined which have been implemented, or are in the process of being implemented, in a number of departments, namely the Departments of Social and Family Affairs (DSFA), Education and Science (DES); Environment and Local Government (DELG) and (the former) Arts, Heritage, Gaeltacht and the Islands (DAHGI). Each of these departments in different ways can be placed to the fore in developing an internal customer service ethos.

### 4.2 General overview of departmental approaches

A majority of CAPs for the period 2001-2004 make reference, as required, to the internal customer principle, evidence at least of raised awareness of the need to develop an internal customer service ethos. In most instances, the principle is restated and a general commitment made to consult with staff in relation to the delivery of a quality service to external customers, and to provide them with appropriate supports (in particular training and IT) to enable them to do so.

However, with a small number of exceptions, plans tend to lack specific action points or performance indicators. In fact, Butler (2002, p. 40) describes this as being a weakness of CAPs in general, noting that, 'These plans will not assist in the delivery of service if there is no determined, open and honest follow up on their intentions and commitments'. In many cases, where specific actions are alluded to they are in respect of HR and training. While it is notable that the link between the QCS Initiative and HR reform is widely recognised, references to the development of HR and training strategies and the implementation of PMDS represent pre-existing commitments under the Programme for Prosperity and Fairness (PPF).

Ideas in relation to staff consultation are expanded on in about half of the CAPs. This is principally to be carried out via partnership processes, with a number of departments, in particular the larger ones, establishing partnership sub-committees to address a broad range of QCS related issues. Though not mutually exclusive, a slightly different approach is to be found in a smaller number of departments, namely the establishment of an internal QCS Officers' Network. This involves designating individuals from each, or a majority of, divisions/sections as QCS Officer for their area. This particular approach is potentially valuable as it helps to ensure that information in relation to QCS reaches all areas of a department.

A number of departments describe the carrying out of staff surveys as an important aspect of their approach to developing an internal customer service ethos. While in a number of cases, surveys to explore staff responses to internal customer service, communications and consultation have taken place, in other instances the reference is less specific and it is unclear whether it represents a definite commitment or merely something that is under consideration.

Other proposals, which can be described as coming under the general heading of consultation, include staff suggestion schemes and in the case of one department, an internal customer service staff panel.

Only one department to date has committed to, and produced, a separate Internal Customer Action Plan, which is published in addition to its general CAP, and which outlines the commitments of each section of the department to its internal customers in the rest of the organisation (see DSFA later). However, a small number of other departments are committed to developing internal services guides, which will describe what each section does and relevant contact details.

In other cases, priority has been given to the need to improve internal communications (see also 4.3 below). For example, the Office of the Revenue Commissioners has produced an Internal Communications Policy and is developing a Charter of Rights for the Internal Customer. Several departments and offices are actively developing their Intranet sites to improve internal communications. In two instances, specific reference is made to exploring/implementing service level agreements (SLAs), that is agreements between supplier and customer areas in relation to standards of service to be provided. A small number of other plans make vague allusions to this concept, for example, references to 'recognition of interdependencies', the 'need to develop standards and codes of practice' and a commitment to 'implement an internal customer service standards regime'.

Several departments make commitments in relation to staff welfare issues, for example, the finalisation of Health and Safety Statements, the introduction of stress management guidelines, and in one instance the examination of the possibility of a department crèche. While important, it is felt that the connection between some of these ideas and the development of an internal customer ethos is tenuous. More clearly relevant are a range of other commitments which appear in a number of plans, including the regular publication of an internal staff magazine, the possibility of staff exchanges and staff briefing sessions or meetings.

In summary, a review of the treatment of the internal customer principle in CAPs highlights a wide variety of approaches. It is evident that a number of departments have engaged with the concept and have developed several interesting ideas in respect of which they have made commitments or set out action points. However, having regard for Butler's reservation in relation to the absence of concrete performance indicators, it will be important to monitor actual progress made over the lifetime of the current CAP. In order to assist departments in implementing some of the commitments contained in their plans, Section 4.3 examines in further detail some internal customer initiatives implemented to date.

### **4.3 Internal customer initiatives developed/implemented to date**

In researching this chapter, and in addition to documentary-based analysis, the QCS Officers' Network, established as part of the national QCS Initiative, was consulted to help identify different types of approach being adopted by departments/offices in seeking to operationalise the internal customer service principle. A number of specific good practice approaches identified in this way are now outlined. While not exhaustive, these examples are indicative of the types of approaches currently being adopted in the Irish public service to support the development of an effective internal customer service. They are described here in order to share information on good practice and to encourage the efforts of others.

#### 4.3.1 Department of Social and Family Affairs (DSFA)

In October 2001, the DSFA launched its Internal Customer Service Plan 2001-2004, to operate as a companion volume to its (external) customer action plan. The internal plan, subtitled 'Supporting Each Other' identifies specific performance indicators and key action points relevant to the internal customer (see DSCFA, 2001a). These are:

- strengthening and extending the partnership process and continuing the programme of staff consultation, including staff surveys;
- promoting initiatives such as internal customer service panels (mirroring the approach successfully adopted for some years in relation to external customers) and staff exchanges, to foster effective cooperation between different areas of the department;
- implementing standards of service agreements between supplier and customer areas within the department;
- pressing forward with related PMDS, HR, health and safety and ICT initiatives and
- improving internal communications.

The internal plan is premised on the belief that, 'in order to deliver an excellent service to the customer our internal customer service must be of a similar standard. It is clear that good external and good internal customer service share the same qualities (e.g. timeliness, courtesy, informing and consulting with the customer)' (DSCFA, 2001b, p.4). The plan recognises that the development of an effective internal customer service ethos is not just a question of the provision of services internally but also how these services are delivered. In other words, it is a quality issue.

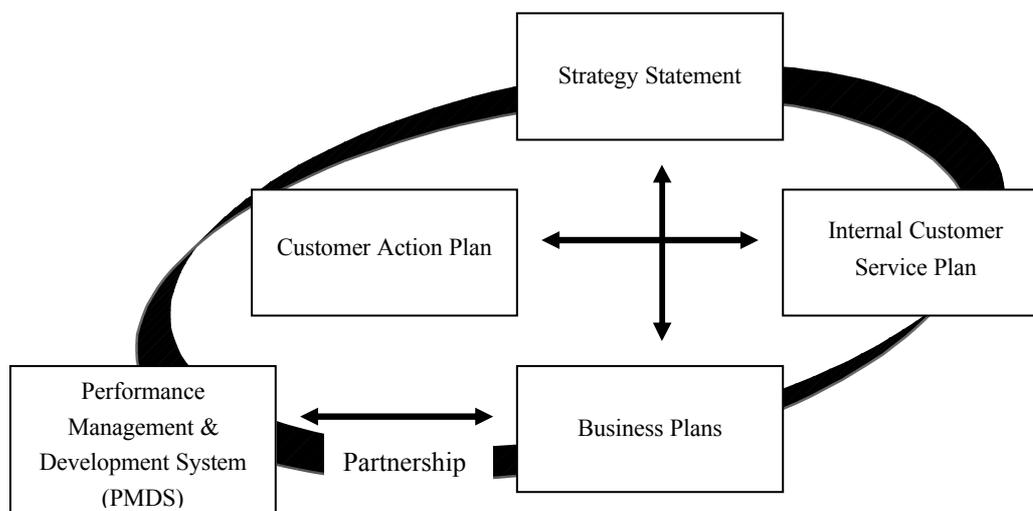
In recognition of this and drawing upon an extensive phase of internal consultation, the department has identified a list of 'Personal Internal Customer Service Commitments' that acknowledges a basic reality of organisational life, that 'good internal customer service to your colleagues deserves the same treatment in return' (See Annex 2). Produced in poster format, these commitments have been extensively circulated to all offices throughout the department. Reflecting the complex organisational and geographical character of the organisation and the importance of effective internal communication, the plan also contains a detailed listing and breakdown of the role, service commitments and contact details of sections and units throughout the organisation. An extensive training and awareness-raising programme has also been rolled out within the department to support the launch of the internal CAP. Another interesting feature of the plan is the proposal to develop an award for sections seen as providing excellent internal customer service. One option is to use the department's employee recognition scheme for this purpose.

The *Internal Customer Service Plan 2001-2002* was given a high-level launch within the organisation and its implementation is being monitored by a specific cross-departmental committee, established under the partnership process. The terms of reference for the committee, as agreed by the Partnership Steering Committee, are as follows:

The monitoring committee will: (a) record internal customer service (ICS) plans as identified in the business plans of all areas; (b) carry out regular assessments of, and monitor, progress to date of the ICS as recorded in the business plans; (c) report on a regular basis to the partnership structures of progress to date and issues arising; and (d) ensure that staff across the department are aware of ICS initiatives through all the various communication channels.

The overall approach adopted by the DSFA is summarised in Figure 3.

**Figure 3: DSFA Approach to Mainstreaming ICS**



#### 4.3.2 Department of Education and Science (DES)

Prior to the advent of the QCS Initiative, the DES had acknowledged the importance of effective communications for the department by commissioning an independent review focusing primarily on communications with external customers. Through the instigation of the partnership process, a sub-committee was established to examine internal communications and services. An early task of the group was determining its objectives. These can effectively be summarised as:

- Highlight good practice in relation to internal services and communications.
- Set objective standards for the department to work towards.
- Determine a common template for the delivery of information internally.
- Streamline communications.
- Increase staff awareness of the briefs and needs of other areas.
- Keep staff informed.
- Make peoples' jobs easier.

The group decided to conduct a new staff survey focusing on internal communications. The results from this study (DES, 2000) highlighted a number of shortcomings including:

- issues around document management and the use of shared folders;
- lack of information; hearing things on the 'grapevine' rather than officially;
- lack of awareness of the modernisation programme (why there's a strategy statement, how it affects me, my job etc.);
- information overload - people receiving too much/not relevant information (e.g. too many people being 'copied in' on e-mails);

- lack of consideration in relation to making information sent to colleagues accessible and user-friendly;
- staff not knowing what other units do or where they are;
- inadequate induction of new staff;
- inefficient management of crosscutting issues (i.e. issues affecting a number of units in the department).

However, the survey also found that there was a strong sense of belonging and commitment to the department and a considerable desire for improved internal communications both horizontally and vertically. Such issues were felt to be particularly important given the geographical spread of department staff between Dublin, Athlone and Tullamore. Staff were also strongly in favour of communication initiatives such as an internal newsletter, regular staff meetings, divisional/sectional working groups and the development of an intranet.

Following the publication of the survey findings, the communications sub-committee set about formulating an appropriate response and acting upon staff recommendations. Two early actions were to invite personnel, IT and training representatives to act as permanent observers at their meetings and the establishment of an internal QCS network. This group includes representatives of all sections and rotates its meetings between the department's three primary locations.

In order to deal with a number of the substantive issues emerging from the staff survey, it was decided to develop an internal communications strategy and supporting action plan. The strategy is in effect a good practice guide, highlighting the standards of internal service delivery which the department is aiming for. It also aims to heighten staff awareness and streamline internal communications, e.g. through setting out appropriate procedures in respect to phone and e-mail queries, determining a common template for the delivery of information and making recommendations in respect of staff briefings and team meetings. The accompanying action plan examines what needs to be done in order to ensure objectives in the strategy are met. In particular, it addresses infrastructure and resource issues (e.g. the development of an intranet and staffing resources).

A number of further proposals being explored by the partnership communications committee include

- a 'Services Guide', which will describe the work of each section and include appropriate contacts;
- a 'Directory of Staff Services', which will provide useful information for staff, for example in relation to accommodation, equipment and services;
- enhancement of the department's intranet site, including a searchable database of parliamentary questions;
- encouraging the further development of departmental networks which act as important fora for information exchange.

At the moment there are networks for staff at HEO level and above.

Finally, the DES's Customer Action Plan clearly highlights that 'standards applied to external customers will apply equally to internal customer' (DES, 2001) and these have been developed into a specific set of service standards for the internal customer. These cover equality and diversity, information, accessing information, consultation and evaluation,

internal communications, transparent policies and procedures, personal development and support (see Annex 3). This approach provides an interesting comparison to that adopted by the Department of Social and Family Affairs.

#### *4.3.3 Department of the Environment and Local Government (DELG)*

In May 2000, the DELG undertook a staff survey on internal communications. This issue had been identified as a priority by the partnership committee who felt strongly that the department needed to:

- create a culture and climate in which information and knowledge is available and where there is a positive attitude to its dissemination;
- create a high performance organisation where information is a tool, not a privilege (DELG, 2000, p.1).

Once more, issues of geographical dispersal between Dublin, Ballina, Shannon and outdoor staff needed to be addressed. This internal communications audit identified four main areas for further action: access to information technology, informal communications, work practices and management/leadership.

In response to these findings, and to assist in moving forward, the partnership committee has agreed a phased approach to developing a communications strategy for the department. Phase one identified specific actions under each of the four themes. For example, an important early priority has been the development of a comprehensive intranet site.

The intranet site includes:

- press releases
- organisation charts
- a department diary to keep staff informed of what's on, where and when.
- ministers' diaries
- the phone directory
- minutes of management committee meetings
- minutes of partnership committee meetings
- guidelines in respect of parliamentary questions
- business plans.

A further objective has been to ensure that all staff, including non-office based employees (e.g. driver testers and Dúchas employees) have access to the intranet and e-mail.

In order to ensure information is shared more effectively at all levels within the department, communications co-ordinators have been nominated for each division. The role of coordinators is to:

- coordinate presentations on disseminating the results of the staff survey across the divisions concerned;
- liaise with the department's change management unit in the development of communications plans/initiatives within divisions;
- review current practice, identify minimum standards and develop guidelines to assist staff in effective communication;

- track progress and report at regular intervals to the relevant assistant secretary and, through the change management unit, to the partnership committee.

The department has also prioritised training and has produced an information brochure on courses and other supports available from the change management unit (DELG, 2001). Emphasis has also been given to customer care training, with workshops being held, initially for staff from corporate services (ICT, personnel and change management), with a special focus on the needs of internal customers. Finally, it is proposed to use the scheme for Recognition of Exceptional Performance by Staff (REPS) to acknowledge sustained and exceptional contribution to quality customer service.

#### 4.3.4 *Department of Arts, Heritage, Gaeltacht and the Islands (DAHGI)*

Following the re-organisation of government departments in June 2002, the functions previously carried out by DAHGI have been allocated to a number of new departments. However, these changes do not invalidate the approach adopted by this former department and the lessons that can be learned for the future.

During the 1990s, the DAHGI had approximately 2,000 staff spread across 100 locations, in Dublin and throughout the country. Improving poor internal communications was identified, through the partnership process, as a priority and in 2000 an *Internal Communication Strategy* was launched. The report particularly emphasised the need to maintain information channels at all levels of the organisation: ‘All of us identify at one time or another with the guy who complains ‘nobody ever tells me anything’. Yet how often do we ask ourselves if our failure to communicate has provoked such a complaint ... No organisation can afford to ignore the need for effective communication without becoming dysfunctional ... Information exchange enriches the quality of the organisation’ (DAHGI, 2000, p.2). Following the results of an internal staff survey, organised by the communications sub-group of partnership, an external review was commissioned to examine the extent to which the strategy was being implemented throughout the organisation and to further emphasise the need for improved internal communications.

The department’s CAP, *A Strategy for Enhanced Customer Service*, was published in 2001. While primarily addressing the needs of external customers, there are a number of specific actions in relation to the internal customer. In particular, the cross-departmental focus group, established to develop and monitor the implementation of the CAP, would specifically consider internal customer issues and make recommendations. The CAP also contained a commitment to develop a programme of training to address both internal and external customer service needs. In Spring 2002, the QCS focus group also began work on the development of a code of practice for internal customer services, similar to the one already in existence in respect of external customers. There were also considerable ICT related initiatives, including the establishment of an IT help desk and the development of a customer charter for IT support. Finally, the department’s bi-annual newsletter represented an important means of keeping up to date on the activities of the diverse range of areas in the department.

## **Moving Forward: Key Issues to be Addressed**

### **5.1 An emergent issue**

As the preceding analysis and discussion indicate, the development of an effective internal customer service ethos can fundamentally transform the cultural values of an organisation and the quality of working life for its staff, with a consequent positive impact on productivity and the quality of service delivery. Put at its simplest, development of an effective internal customer service ethos involves recognition amongst public servants of the duty of care they owe to each other. However, while acknowledging it as an emergent issue, many departments have been slow to fully embrace the concept of the internal customer.

References to the internal customer in the most recent series of Customer Action Plans tend to be brief and rather vague. Furthermore, there appears to be a lack of recognition of the full implications of the internal customer principle, which involves not only the need to consult staff in relation to the delivery of external services, but also encompasses internal communication, co-operation and participation etc. This discussion paper has sought to identify and review some of the key issues that need to be addressed if public service organisations are to make significant steps in moving forward in this area. These steps are best viewed at the civil service wide, organisational and business unit levels.

### **5.2 Civil service wide support**

The inclusion of a new Guiding Principle relating specifically to the internal customer, and the need to reflect this in Customer Action Plans prepared by departments/offices in 2001, was a major development in the long process of raising awareness and encouraging innovation across the civil service on this important issue. While endorsed by government decision in July 2001, the proposal to adopt such an approach originally arose from the deliberations of the QCS Working Group, and in particular its best practice sub-group, following a review of progress made under the first phase of the QCS Initiative. On the initial evidence provided by the most recent Customer Action Plans, this development has been valuable in drawing attention to the need for action on the internal customer service issue. However, as this study has pointed out, there is a lack of clarity in the system as to what constitutes an internal customer and only limited and sketchy appreciation of why internal customer service issues are crucially important both on their own merits and for the achievement of a quality service for external customers. Further guidance and support from the centre could prove valuable here.

The QCS Officers Network appears to be an appropriate forum for the dissemination and sharing of business case arguments for the adoption of an internal customer service ethos in public service bodies. Through use of the central Change Management Fund, resources could also be made available to support appropriate training and other relevant initiatives by public service bodies in this area, particularly if for example the experience gained from this training could be used to encourage similar initiatives on a wider scale in individual departments.

Finally, as the discussion in Chapter Three indicated, progress in developing an effective internal customer service ethos is often best achieved within the wider context of involvement with quality management frameworks. Efforts are already in hand within the

Irish public service to promote wider use of quality accreditation and recognition schemes, including the entry-level Common Assessment Framework (CAF). Through approaching the promotion of an internal customer service ethos in this way, the linkages can be more clearly established at organisation level between action in the inter-connected areas of the internal and external customer, as well as the need for related action in areas such as strategic planning, leadership and human resource management.

### **5.3 Organisational level support**

In looking at the experiences of, and different approaches adopted by, individual public services bodies in Ireland, it is clear that no one style of approach necessarily suits all organisations. Each body needs to develop the approach most appropriate to its business profile and the needs/preferences of its internal/external customers. However, the analysis and discussion presented here demonstrates that there are certain common features of successful approaches to the promotion of internal customer service within organisations.

- Whether as part of a wider Customer Service Action Plan, or as a separate but related document, it is important for organisations to develop, in close consultation with their internal and external stakeholders, an action plan, which specifically addresses the development of internal customers services, with appropriate quantitative and qualitative performance indicators. Such a plan needs to be effectively integrated with objectives contained in the organisation's strategy statement. Progress against internal customer service goals, objectives and targets should be monitored in annual reports. The inter-relationship between the achievement of progress on internal customer service issues and progress on the wider modernisation agenda, in particular the need to develop a more strategic approach to HRM, is also extremely important.
- Available evidence also emphasises the critical role played by those in management at all levels within an organisation. Improving internal customer services is a leadership issue. Changes in organisational practice and culture will only happen when management adopts a pro-active approach to internal customers and the reinforcement of standards at all levels is seen to happen. If the leader's behaviour suggests 'do as I say, not as I do' the initiative is doomed.
- Experience in Irish public service bodies to date has shown the value of partnership as a suitable forum for addressing and moving forward on internal customer issues. The successful adoption of an effective internal customer service ethos takes time. However, there is little doubt that its chances of success are considerably increased if ownership throughout the organisation is encouraged and staff consistently share with each other a mutual duty of care.
- The enhancement of internal customer services, for example through the development of an intranet site, enhanced information channels, briefing sessions and training, are all resource dependent and rely upon infrastructure and staffing requirements being met. However, internal customer service can also be enhanced through individuals performing their jobs effectively and with regard for the needs of others.

## **5.4 Business unit level action**

While the correct support environment needs to be provided sectorally, and individual organisations need to commit to the internal customer as a priority and act on that commitment through leadership, strategic planning and their partnership structures, it is at the business unit level that action is extremely important. Drawing upon available research evidence, it is possible to identify some practical, and largely sequential, steps that need to be considered seriously in moving forward at business unit level (see Cook, 2000).

- Encourage teams/business units to identify their internal customers.
- Actions to be taken to address the needs of the internal customer should be integrated into the business planning process.
- Use PMDS to assist in the identification of the skills and training needs of staff in respect of internal customer service delivery.
- Hold workshops, customer panels and/or joint training sessions with internal customers to identify, discuss and help resolve problem areas.
- Conduct benchmark and subsequent surveys to establish levels of satisfaction with internal customer service provision.
- Set up cross-team/business unit service improvement groups.
- Encourage and acknowledge excellence in service by individual champions as well as work groups.
- Develop service standards in consultation between service users and providers.
- Develop an action plan committing sections/units to specific service improvements and regularly review and update these.
- Use service level agreements, as appropriate, to help in defining roles and responsibilities and help drive up standards for internal suppliers and customers.
- Commit to a long-term programme of service improvement including, as appropriate, seeking accreditation by external quality management schemes.

The above list is not exhaustive. However, it is indicative of the types of approach that are required to begin to develop an effective customer service ethos over time.

## **5.5 Some concluding remarks**

In reviewing some of the challenges that need to be met in seeking to develop an effective internal customer service ethos in organisations, a number of pertinent questions can be asked, which readers of this paper are encouraged to answer in the context of their own workplace experience.

Do you relish or dread work with other sections? Does it seem their aims are contrary to your own? When other sections contact you for help, do you regard it as a nuisance and a drain on your valuable time? Can you see the greater good that comes from helping them solve their problems or fulfil their needs?

In developing their internal customer action plan, the Department of Social and Family Affairs estimates that, broadly speaking, as an organisation they are about eight years behind the level of awareness and action they have reached in respect of external customer service. Changing ethical values in an organisation takes time and requires long-term commitment. Indeed, it may even prove a lengthier and more challenging process than responding

effectively to the external customer. However, it is hoped that by reviewing good practice and exploring some practical ways forward, this discussion paper will help in stimulating debate, thus informing the next phase of this important element of the QCS Initiative.

## **Annex One**

### **Guiding Principles for Customer Service Action Plans**

In July 2000, following work undertaken on its behalf by the QCS Working Group, the government agreed a new set of Guiding Principles for Departments and Offices to use in preparing and implementing their second round of Customer Action Plans (CAPs). To assist in the preparation of these plans, Guidance Notes were published (see Department of the Taoiseach, 2001a). These notes are additional to and supplement those provided (see *Guidelines on Planning for Quality Customer Service*, 1997).

#### The Principles

##### *1. Quality Service Standards*

Publish a statement that outlines the nature and quality of service which customers can expect, and display it prominently at the point of service delivery.

##### *2. Equality/Diversity*

Ensure the rights to equal treatment established by equality legislation, and accommodate diversity, so as to contribute to equality for the groups covered by the equality legislation (under the grounds of gender, marital status, family status, sexual orientation, religious belief, age, disability, race and membership of the Traveller community).

Identify and work to eliminate barriers to access to services for people experiencing poverty and social exclusion, and for those facing geographic barriers to services.

##### *3. Physical Access*

Provide clean, accessible public offices, which ensure privacy, comply with occupational and safety standards and, as part of this, facilitate access for people with disabilities and others with specific needs.

##### *4. Information*

Take a pro-active approach in providing information that is clear, timely and accurate, is available at all points of contact and meets the requirements of people with specific needs. Ensure that the potential offered by Information Technology is fully availed of and that the information available on public service websites follows the guidelines on web publication. Continue to drive for simplification of rules, regulations, forms, information leaflets and procedures.

##### *5. Timeliness and Courtesy*

Deliver quality services with courtesy, sensitivity and the minimum delay, fostering a climate of mutual respect between provider and customer. Give contact names in all communications to ensure ease of ongoing transactions.

##### *6. Complaints*

Maintain a well publicised, accessible, transparent and simple-to-use system of dealing with complaints about the quality of service provided.

7. *Appeals*

Similarly, maintain a formalised, well-publicised, accessible, transparent and simple-to-use system of appeal/review for customers who are dissatisfied with decisions in relation to services.

8. *Consultation and Evaluation*

Provide a structured approach to meaningful consultation with, and participation by, the customer in relation to the development, delivery and review of services. Ensure meaningful evaluation of service delivery.

9. *Choice*

Provide choice, where feasible, in service delivery including payment methods, location of contact points, opening hours and delivery times. Use available and emerging technologies to ensure maximum access and choice, and quality of delivery.

10. *Official Languages Equality*

Provide quality services through Irish and/or bilingually and inform customers of their rights to choose to be dealt with through one or other of the official languages.

11. *Better Co-ordination*

Foster a more co-ordinated and integrated approach to delivery of public services.

12. *Internal Customer*

Ensure staff are recognised as internal customers and that they are properly supported and consulted with regard to service delivery issues.

## Annex Two

### Department of Social, Community and Family Affairs: Personal Internal Customer Service Commitments – ‘Our commitments to each other’

‘Good internal customer service to your colleagues deserves the same treatment in return’

‘We value openness, consistency, fairness and courtesy in our dealings with each other’

#### TELEPHONE

An essential factor for the success of this Plan is for YOU to play your part in making it happen. To assist you in identifying YOUR part in the Plan you will find listed below a number of Key Commitments, which we should take on board as

‘Our Commitments to Each Other’

We are all customers of each other, regardless of grade or section. Every contact (telephone, fax, letter, e-mail or meeting) has an internal customer service best practice requirement.

The telephone is still our most frequent point of contact. Your commitments should be to:

(as the caller)

- make sure you have the right extension before you make the call
- identify yourself and your section
- explain/introduce the call you are making/forwarding
- be aware that the recipient is in the same position as yourself; ‘doing their best’

(as the recipient)

- identify your section and yourself
- be mindful of the caller’s need for a timely and full response
- return calls as soon as possible
- let callers know if you cannot give the response within the expected timescale
- if unavailable, agree phone forward arrangements (where possible) with colleagues

#### E-MAIL

the use of e-mail is extensive within the department. your commitments should be to:

- make the message as short as possible and place the distribution list after the message
- always respond to your mail as soon as possible
- consider how necessary it is to copy the message to colleagues
- regularly review your own distribution lists
- update your corporate directory entry when changes occur
- where appropriate, use the absence register.

#### MEETINGS

Increasingly, consultation is part of this department’s decision-making process and meetings are a regular feature of our work at all levels. your commitments should be to:

- prepare properly to participate in the meetings you attend
- if delayed, try to let people know
- aim to discuss the topic(s) of the meeting fully while finishing within a reasonable time
- be mindful of attendees who have to travel long distances
- switch off your mobile phone.

## CORRESPONDENCE

Notwithstanding the widespread use of technology, we still communicate by paper. Your commitment should be to:

- attach a cover note when sending letters/notes/faxes between sections
- always make sure your name and extension number are on the cover note
- respond to correspondence as soon as possible
- when sending a fax, always make sure you clearly identify the intended recipient or section
- when using a shared printer, collect your output as soon as possible.

## HEALTH and SAFETY

Ensure that your acts or omissions will not adversely affect the health and safety of yourself or your colleagues.

Finally:

‘Good internal customer service to your colleagues deserves the same treatment in return.’

*NOTE: These commitments (in poster form) have been distributed to offices across the Department*

## **Annex Three**

### **Specific Service Standards for the Internal Customer (DES)**

#### *Equality and diversity*

- We will ensure that all processes and services involving the internal customer comply with the provisions of equality legislation.
- We will promote a culture of respect for diversity among all internal customers.

#### *Information*

- We will undertake to provide timely staff briefings in the event of policy, programme or service changes.
- We will provide regularly updated service directories and contact details.

#### *Assessing information*

- We will maximise the use of technology to facilitate simple and timely access to all internal information.
- We aim to provide appropriate filing and document management systems.

#### *Consultation and evaluation*

In involving the internal customer in the development, delivery and review of services:

- we will ensure representative consultation and briefing of all staff in the modernisation process including the Strategy Statement, Business Plans and Customer Action Plans
- we will empower and support staff to be involved in decision-making as appropriate.

#### *Internal communications*

- We will publish a good practice guide on internal communications.
- We aim to ensure that the appropriate communications mechanisms and infrastructure are in place to support internal communications, e.g. the use of technology, clear communication channels and regular staff meetings and briefings.
- We will provide training in communication skills.

#### *Transparent policies and procedures*

With regard to all internal processes:

- we are committed to best practice protocols and procedures for dealing with issues such as merit pay and promotions
- we will provide review mechanisms for internal procedures
- we will publish a directory of services for staff.

#### *Personal Development and Support*

In relation to the personal development of individual staff:

- we aim to ensure that staff have clear job descriptions
- we will ensure that performance management systems are supported and we will address the needs of individual staff in this regard
- we aim to develop personal development programmes to facilitate career planning
- we aim to provide feedback to staff in relation to their personal development plans.

Source: Department of Education and Science (2001).

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