



How to Start Building the Government of the Future

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It's no secret that many current government structures are ill-suited to the modern world. What may be surprising is that many governments acknowledge an overhaul is overdue. But it's easier said than done.

Boston Consulting Group outlined a new blueprint for government to help leaders meet the challenge. Two of the recommended paradigm shifts—creating priority clusters around critical citizen needs and adopting a single face of government—call for revamping government structures. But how do leaders implement an overhaul? How do they get from here to there?



Leaders can use periodic, smaller-scale restructurings to spur a gradual, sustained shift.

As many government leaders are well aware of, a radical big-bang transformation is rarely feasible. But leaders can use their periodic, smaller-scale restructurings to spur a gradual, sustained shift toward a government that is built around priority clusters and that presents a single face of government. In doing so, they will build organizations that are better suited to a world with increasing complexity, rapid technology advances, and rising citizen expectations.

Shifting to Priority Clusters

Priority clusters bring together the entities or departments that have a role in supporting the same citizen need or priority. In the future, for example, people will likely have multiple careers, which will require lifelong learning. To address such employment changes and enable a good outcome for citizens and the country, a government could consider bringing the education and labor departments together under one human capital cluster.

Governments can use their periodic restructurings to create priority clusters by taking four steps.

Identify key topics for priority clusters. A government should analyze the megatrends, demographic patterns, and other forces that will significantly impact the country and the lives of its citizens in the years ahead. The results of that analysis will help the government identify the topics that will need to be addressed comprehensively and holistically in order for it to sustain the well-being of its citizens.

Most countries, for example, are confronting at least one of two significant workforce-related challenges: an aging population and the rapid obsolescence of worker skills in the face of constant technological change. Both trends make it critical for people to regularly develop new skills and expertise to continue working. A government that identifies such a link may want to create the human capital cluster described above.

Determine which entities fit in each priority cluster. A government should examine its long list of entities and figure out which ones could potentially be part of each priority cluster. This determination should not be based on what makes sense for government bureaucracy, but rather on what makes sense for citizens and society as a whole.

Consider a government entity with a mandate for advancing the development of professional and amateur sports. In theory, the entity could be part of a cluster focused on the nation's youth, given the high participation rates of young people in sports. The entity could also be part of a cluster focused on health, in light of the effect that exercise has on reducing disease and improving well-being.

Ultimately, the government should make decisions about the composition of new clusters by assessing how various entities can best help address the most pressing citizen needs. Deciding where the sports entity fits best, for example, could depend on whether it is more pressing to increase youth participation in sports or to use sports as a way to address the nation's health challenges.



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It is important to note that placing an entity in a cluster does not preclude linking the entity to departments outside that

cluster. If the government places the sports entity under a health cluster, this does not mean that the connection between sports and the nation's youth must be lost. The sports entity could have KPIs linked to supporting youth participation in sports—but that would be a secondary priority, compared with the overall focus on health.

Evaluate whether the services and activities of each entity are a necessary government function. For every entity, the government should step back and evaluate whether it is responsible for providing the entity's services. If the central government is not required by law to provide the services directly, perhaps a regional government can take over the responsibility. Or, if the government finds it can privatize an operation, it may want to consider spinning the entity off as a private- or social-sector organization that can manage the mission and delivery of services.

Find the right approach for creating the cluster. For those entities that are both necessary and suited to a cluster, the government must figure out the right way to integrate them. The best approach will depend on a number of factors, including the strategic importance of each entity, the associated legal requirements (such as mandates that an entity be a standalone organization), and whether each entity is at scale.

The issue of scale is particularly important. The optimal size of an entity—in terms of the number of full-time equivalents and budget—can vary by country. But there are a couple of common yardsticks used to determine whether entities are at scale or not. Some countries, for example, define the smallest 20% of entities as subscale. Others label the 20% of entities that employ 80% of the government staff as being at scale, with the remainder being subscale.

Regardless of how a government defines what constitutes being at scale, it should tailor its integration approach to the specifics of the entities involved. In cases where a subscale entity is suited to a priority cluster, for example, the government may want to consider folding that entity into a larger department to make it part of the new cluster. But if the government wants to create a priority cluster with two entities that are at scale, it may want to stop short of merging them outright to avoid creating an organization that is too large and difficult to manage. Instead, it may make sense to create a number of topic-specific committees with representatives from each entity to facilitate cooperation. Alternatively, if greater integration is required, the government may opt to form a joint board that manages both entities or combine both entities under one operating budget.



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Most governments that undertake this restructuring create one priority cluster at a time, in part to avoid creating too much disruption at once.

Adopting a Single Face of Government

Just as the structure of a government should reflect the needs and priorities of its citizens, so, too, should the ways in which services are delivered. This means moving from providing services through a plethora of separate departments, agencies, and ministries toward a more integrated system—what is known as a single face of government.

The shift to a single face of government does not, however, necessarily mean centralizing everything—all data processes, citizen interactions, and the like. Rather, governments have options when deciding how much they will integrate the front end (the channels through which a government interacts with its citizens) and the back end (the systems and processes for delivering services). We've identified three options:



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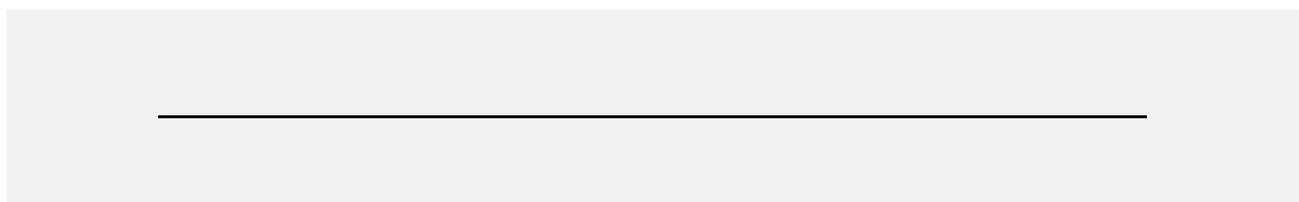
- **The Integration of Customer-Facing Activities.** Using this approach, a government provides access to public services by integrating all front-end channels, including its web portal, call centers, and physical offices. The back-end systems and processes for delivering services are left largely unchanged.
- **End-to-End Integration Within Priority Clusters.** Using this approach, a government integrates the front end and the back end, respectively, for specific priority clusters.
- **The Creation of a Single End-to-End Provider for All Services.** This is the most ambitious approach, with the front-end channels and back-end systems and processes for all government services being brought together under one entity.

To determine which approach is best, governments need to analyze each option, assessing its costs (which stem in part from the number of entities involved, the complexity of those entities, and the implementation effort required) and its benefits (which are reflected in cost savings and higher citizen satisfaction). The following are among the factors to consider when performing this analysis:

- **Volume of Transactions.** Larger transaction volumes tend to yield larger cost savings—but also greater complexity.
- **Similarity of Services.** When multiple government entities offer similar services, there is often a good opportunity to embrace end-to-end integration, because both the front and back ends will likely be similar for those entities.
- **Population Served.** In general, countries with small populations (and therefore a relatively small network of service centers) face less complexity in integrating systems than countries with large populations.
- **Use of Electronic IDs.** Such systems allow countries to expand their online, self-service offerings—and ultimately create a valuable tool for moving toward more ambitious integration.

Although these factors are important, there is no simple formula for determining the right approach. A country with a large population, for example, may stand to reap the greatest savings from a single end-to-end system, but the complexity of such an undertaking may make that very difficult to execute. Meanwhile, a country with a small population may know it would be relatively easy to build a single end-to-end system, but the cost savings may be small. As a result, both might reasonably opt for the middle-of-the-road approach that integrates the front and back ends only for specific priority clusters.

If government leaders were starting with a blank piece of paper today, few would build the structures that are in place currently. Of course, virtually no one in government has the luxury of working with a blank slate. What leaders can do, however, is use their periodic reviews and small-scale restructurings to begin implementing a new blueprint. Such restructurings are executed on a regular basis, of course, because governments are better at launching new departments and initiatives than they are at shuttering or terminating entities that have outlived their usefulness. These restructurings can also provide the perfect opportunities for beginning the critical evolution of government structures that is required to meet the challenges ahead.





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