



Think Paper 7: ‘Consumizens’: Taking Ryanair to the Public Sector?

Michael Blakemore

Version No. 2.0

<http://www.ccegov.eu/>



Think Paper 7: 'Consumizens': Taking Ryanair to the Public Sector?

Michael Blakemore, February 2007

Version 2.0.

Prepared for the eGovernment unit, DG Information Society and Media, European Commission
http://europa.eu.int/egovernment_research

"Think Papers" aim to present strategic issues that will be explored with stakeholders and researchers. They are intended to be high-level summaries both of the issues and challenges, and of the ongoing work undertaken by the project team. They will be updated on the project web site <http://www.ccegov.eu/> where registered participants can contribute to interactive explorations of definitions and issues.

This paper explores the paradoxes between service delivery expectations from the public and private sectors, in particular examining some of the contradictions of service quality and organisational change using the low-fare airline business as a metaphor.

The opinions expressed in this study are those of the authors and do not necessarily reflect the views of the European Commission. Reproduction is authorized, provided the source (eGovernment unit, DG Information Society and Media, European Commission) is clearly acknowledged, save where otherwise stated.

Think paper series editors: Trond-Arne Undheim and Michael Blakemore

TABLE OF CONTENTS

Key messages	1
Citizens, customers, and reform	2
Double-standard consumer behaviour?	3
Deconstructing the low-fare airline model	6
Conclusions	9

Key messages

- Focus on re-building and strengthening relationships between citizens and government, including eParticipation, social partnerships, ethics, to provide citizens with abilities to help them evaluate their roles and responsibilities in service delivery.
- Maintain attention to back-office and process reform, along with IT efficiency gains through interoperability, to help deliver cost efficiencies while the longer-term, more contentious issues of organisational and labour reform are explored.
- Use comparative research of reform in the public and private sectors, through the unpacking of the metaphors that they provide, to understand better the values that both sectors can provide to each other.
- Continue debating about the civil service that we want, versus the civil service we have, so that we build a service portfolio that provides both operational flexibility and public value.
- Develop a deeper focus on public value, to move attention away from the politicisation of cost savings and performance targets, towards independently validated outcomes for service delivery.

Citizens, customers, and reform

Consider three recent events:

- The USA government is following globalising businesses into the area of 'offshoring' some work, in spite of the political sensitivity involved in sending such tasks as data management and analysis beyond national borders: "offshoring lets governments provide more service for less money"¹. The UK Government is also promoting 'flexible working'².
- At the end of January 2007 UK civil servants went on strike over the nature of organisational reform in their agencies. Reform covered job reductions, redeployment, agency restructuring, and performance assessment. Although employees experience these processes in the private sector a Trade Union representative noted the "depth of anger over the damage crude job cuts {and} below inflation pay offers"³.
- Early in 2007 the political contest over reform was evident in Wales, where the devolved Government decided to provide citizens in Wales with free medical prescriptions from April 1st 2007. This creates a situation where neighbours on the Welsh side of the border will pay nothing for drugs, and their English neighbours will continue to pay around 10 Euros for each item⁴. Quite apart from creating a service anomaly, how the new policy can be realistically funded seems to be lost in the politicisation of the service decision.

These are challenging times for governments and civil servants. Like airlines the public sector has 'frequent flyers'. However, for the airlines they provide profits, while for the public sector they consume resources. Citizens increasingly expect to receive more service quality for less money. It is not just in areas of cost reduction that expectation is high – it is in doing things much better, through processes such as eVoting, eProcurement, and their expected efficiency gains⁵. The political message is championed by the European Commission (EC), and the Information Society and Media Commissioner Viviane Reding said: "On-line service delivery is now a mature service delivery model in the EU, and a new paradigm of 'intelligent', user-oriented e-services is beginning to emerge". She further argued that by 2010 the overall economic impact of eGovernment projects should be around 1.54% of the EU's GDP⁶.

¹ Lake, Alison. (2006). *Why Not Mumbai?* (December 19) Public-cio.com, [cited January 31 2007]. <http://www.public-cio.com/story.php?id=2006.12.19-102966>

² HEADSTAR. (2007). *e-Government Bulletin - Issue 231, 05 February 2007*. (February 5) Headstar.com, [cited February 5 2007]. <http://www.headstar.com/egb>

³ BBC. (2007b). *Civil servants strike over cuts*. (January 31) BBC, [cited January 31 2007]. <http://news.bbc.co.uk/1/hi/uk/6315901.stm>

⁴ BBC. (2007a). *AMs vote for free prescriptions*. (January 23) BBC, [cited February 1 2007]. <http://news.bbc.co.uk/1/hi/wales/6288663.stm>

⁵ Europe. (2006f). *Your Voice on eGovernment 2010: Online Public Consultation October – December 2005*. Brussels: European Commission. January, 26 p. http://ec.europa.eu/information_society/activities/egovernment_research/doc/highlights/your%20voice_egov%202010%20report.pdf

⁶ Europe. (2006e). *Online public services are increasingly interactive: "intelligent delivery" is the next frontier, says latest e-Government report*. (June 29) European Commission, [cited July 4 2006]. <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/875&format=HTML&aged=0&language=EN&guiLanguage=fr>

Furthermore, “public sector purchases in Europe account for 15-20% of GDP and electronic public procurement can reduce costs by as much as 5%”⁷. Also expected are indirect benefits through reduced costs to business (procurement) and improvements in the quality of life for citizens. These are high expectations being built on behalf of citizens that government can, like business, reform, reduce costs, and deliver better services. The EC noted in 2006 that there must be a rigorous approach to competitiveness in “the emergence of innovative services for the benefits of citizens and for growth and jobs”⁸. A robust mechanism for measuring impact and value of innovative services was proposed, examining financing mechanism, expenditures and cost monitoring related to eGovernment⁹.

Earlier *Think Papers* examined arguments that government should ‘be more like business’¹⁰, the citizen as customer and consumer¹¹, and the citizen as a participant in society and governance¹². This paper explores the paradoxes between service delivery expectations from the public and private sectors, in particular examining service quality and organisational change using the low-fare airline business as a metaphor.

Double-standard consumer behaviour?

Why are behaviours seemingly so different between our citizens-public and consumer-private personae, or are we merging them to become hybrid ‘consumizens’? Citizens have high expectations about government service delivery, while often not seeming to be aware of the cost-benefit relationship. That is not surprising, since the financial relationship between citizen and service is mostly indirect – the service is funded through taxation of some form, whereas a commercial service involves a direct relationship between payment and service. Further confusion may emerge with calls for “completely personalised services and a ‘one-to-one’ relationship with their own government representative”¹³. Does that mean the equivalent of a ‘personal shopper’ in a high-end retail store, or informational personalisation as with Amazon.com? It is therefore logical for governments to introduce some mechanism by which citizens appreciate the real cost incurred when consuming services.

Charging for some of the cost is one mechanism, for example the (2006 rates) charges for accessing health services in Sweden: “It costs less to see a nurse (around £6) than a GP

⁷ Europe. (2005). *Ministerial Declaration: approved unanimously on 24 November 2005, Manchester, United Kingdom*. (November 24) European Commission, [cited November 25 2005].
<http://www.egov2005conference.gov.uk/documents/proceedings/pdf/051124declaration.pdf>

⁸ Europe. (2006d). *i2010 – First Annual Report on the European Information Society*. Brussels: European Commission. May 19, Report COM(2006) 215 final, 12 p.
http://ec.europa.eu/information_society/eeurope/i2010/docs/annual_report/com_2006_215_en.pdf

⁹ Europe. (2006a). *eGovernment Economics Project (eGEP): Expenditure Study Final Version*. Brussels: European Commission. May 15, 68 p. http://217.59.60.50/eGEP/Static/Contents/final/D.1.3Expenditure_Study_final_version.pdf

¹⁰ Blakemore, Michael. (2006). *Think Paper 2: Customer-centric, citizen centric. Should Government learn directly from business?* (October) Ccegov Project, [cited November 22 2006]. <http://www.ccegov.eu/thinkpapers.asp>

¹¹ McDonald, Neil. (2006). *Think Paper 5: Is Citizen-centric the same as Customer-centric?* (October) Ccegov Project, [cited November 22 2006]. <http://www.ccegov.eu/thinkpapers.asp>

¹² Hall, Nicola. (2007). *Think Paper 6: The participative citizen*. (January) Ccegov Project, [cited January 31 2007]. <http://www.ccegov.eu/Downloads/Think%20Paper%206%20v2%200%20Jan%202007%20Final.pdf>

¹³ Millard, J, R Warren, C Leitner, and J Shahin. (2006). *Towards the eGovernment Vision for the EU in 2010: Research Policy Challenges*. Seville, Spain: Joint Research Centre (DG JRC), Institute for Prospective Technological Studies. August, xii+276 p. <http://fiste.jrc.es/pages/documents/eGovresearchpolicychallenges-DRAFTFINALWEBVERSION.pdf>

(around €14) or specialist (around €24). A&E visits are charged at around €22 (there is no charge for under-16s)¹⁴. A rationale for such charging is that people appreciate a service more if they have to pay something directly, and may change their consuming behaviours. This is a logic now extended in the UK to a consideration of road charging (pay by use, rather than indirectly through car licenses and fuel taxes), since by changing behaviours a “5% reduction in travel time for all business travel on the road network alone could generate €3.5billion of cost savings - equivalent to some 0.2% of UK GDP”¹⁵.

Like so many government services, access to health services is a deeply emotional experience for citizens. Being able to see the general practitioner (GP) of your ‘choice’ is often regarded as a ‘right’, but many UK GPs opted not provide access outside normal working hours. This was good for the well-being, efficiency and effectiveness of GPs who no longer work excessive hours. But it was not popular with patients who now use ‘out-of-hours’ surgeries. They do not perceive ‘quality’ of that service in terms of skilled, but anonymous, GPs in the ‘out-of-hours’ service, but in familiarity with ‘their’ GPs in a particular medical practice. Early in 2007 the poor citizen reactions led to the UK government “surveying 5 million patients and asking them if they would like GPs to open on Saturdays”¹⁶ - a political reaction in the face of hostile consumer responses to a logically planned service change.

Ethical arguments about abuse of service consumption run deep in the media, ranging from ‘scroungers’ of social and unemployment benefits, to those deemed to have inflicted a problem on themselves. People then subjectively classify ‘obese’ people as all excessively eating food, when obesity can be caused also by a range of medical conditions. This typology generates righteous indignation, for example in a NW England newspaper complained “health bosses have spent €660,000 in four-and-half years on drugs that stop obese people feeling hungry”, with the inevitable quote from a doctor who recommends exercise and dieting instead¹⁷. In defence of such views the British Medical Journal argued that “the rising levels of obesity could bankrupt the NHS if left unchecked”¹⁸, and the US Federal Reserve Chairman reported in January 2007 that Medicare and Medicaid programmes would increase from 8.5% of Federal budget to 15% in 2030, unless the situation was dramatically altered through changing behaviours towards personal health and well-being¹⁹.

¹⁴ COMMONS. (2005). *Third Report: Annex 2: Health Committee Visit to Sweden*. (June) House of Commons, Select Committee on Health, [cited January 31 2007]. <http://www.parliament.the-stationery-office.com/pa/cm200506/cmselect/cmhealth/815/81513.htm>

¹⁵ Eddington, Rod. (2006). *Speech by Rod Eddington to the Commonwealth Club in London*. (December 1) HM Treasury, [cited December 1 2006]. http://www.hm-treasury.gov.uk/independent_reviews/eddingon_transport_study/eddingonreview_speech011206.cfm, and by February 8th 2007 this emotional issue had attracted over one million signatures on the ePetition site <http://petitions.pm.gov.uk/list/open?sort=signers> asking for rejection of such a policy. See <http://news.bbc.co.uk/1/hi/uk/6349027.stm>

¹⁶ Cox, Simon, and Richard Valdon. (2007). *What happened to the Saturday surgery?* (January 21) BBC, [cited February 1 2007]. <http://news.bbc.co.uk/1/hi/health/6311115.stm>

¹⁷ Evans, Oliver. (2007). *Blast over £470,000 spent on obesity drugs*. (January 27) This is Lancashire, [cited February 1 2007]. http://www.thisislancashire.co.uk/news/localnews/display.var.1150151.0.blast_over_470_000_spent_on_obesity_drugs.php

¹⁸ BBC. (2006). *Obesity 'could bankrupt the NHS'*. (December 15) BBC, [cited December 15 2006]. <http://news.bbc.co.uk/2/hi/health/6180991.stm>

¹⁹ Kirchoff, Sue. (2007). *Bernanke: U.S. needs to act fast or face budget 'crisis'*. (January 19) USA Today, [cited January 20 2007]. http://www.usatoday.com/money/economy/fed/2007-01-18-bernanke_x.htm?POE=NEWISVA

But changing behaviour is challenging. Even sport can be dangerous²⁰. Is breaking a bone while playing football self-inflicted, and should the cost of treatment should be paid by the player? Maybe rather than to stigmatise a condition, we should focus on particular overarching themes that encourage behaviour change: “emphasis on avoidable injury, emphasis on food and health, emphasis on physical activity, emphasis on workplace health”²¹. Then the citizen becomes a partner in the service delivery, realising that individual behaviour helps to shape the service delivery both for themselves and the wider community.

Another area of behaviour change in health is to encourage citizens to confront their own contributions to waste and inefficiency. In the UK the National Health Service spends €11.3billion a year on pharmaceuticals, and investigations into the amount not used by patients resulted in a conservative estimate of at least 1%, with quantified amounts in one county (of 66 in the UK) being €4.5million a year. This does not include the costs of collection and incineration of drugs, just the purchase cost, and the volume of unused drugs is increasing, showing a worsening of citizen understanding of the real costs of their behaviour²².

Changing behaviour subtly can be beneficial, There are problems in patients not turning up to appointments, and (as with airlines) overbooking can try to compensate for ‘no-shows’ there are better ways to engage patients and to remind them, for example by sending text messages²³. Such a process acknowledges that citizens are overloaded with tasks, so forgetting to attend an appointment may not be deliberate. A multi-channel approach can help build citizen trust in, and compliance with, services, especially where the service disintermediates long-established trusted sources such as a family doctor. For example, in 2000, the early years of UK NHS Direct service (a quality controlled online source of medical advice), the service was used not by people wanting to diagnose symptoms, but by those who already had a diagnosis and wanted “to know more about their medical problem”²⁴. Over subsequent years the service became multi-channel, extending to Internet and telephone, to television²⁵, and statistics on access over Christmas 2006 note that “The number of calls to the 24 hour {telephone} helpline service were 15% lower than last year, but the NHS Direct website received a 30% increase in visitors”²⁶.

The examples used in this section are, admittedly, UK oriented, but taken as a whole they show the complex interplay of behaviours, and the often contradictory attitudes of citizens who want services more cheaply, but who may not readily confront their own agency in achieving efficiency of services. The examples also show how a service can develop organically, and sensitively, to engage citizens’ trust, and to help them participate in a service that delivers demonstrable cost benefits. The next section starts to unpack the service expectations of

²⁰ For a very satirical view on this see <http://www.utterpants.co.uk/news/science/sickbritain.html>

²¹ <http://www.emphasisnetwork.org.uk/index.htm>

²² Manel, John. (2007). *Waste in the NHS*. (February 1) BBC, [cited February 1 2007]. http://www.bbc.co.uk/radio4/today/listenagain/ram/today3_health_20070201.ram

²³ Kablenet. (2006a). *GPs embrace text messaging*. (November 23) Kable Government Computing, [cited November 23 2006]. <http://www.kablenet.com/kd.nsf/Frontpage/9D7DB174AB7FB29F8025722F003A509A?OpenDocument>

²⁴ Bossley, Sarah. (2000). *Virtual Healing*. (January 18) Guardian (London), [cited January 15 2001]. <http://www.guardian.co.uk/health/story/0,,240571,00.html>

²⁵ Kablenet. (2006b). *NHS goes direct to Freeview*. (December 22) Kable Government Computing, [cited December 22 2006]. <http://www.kablenet.com/kd.nsf/Frontpage/B2BDE671C24BBCAC8025724C003FB201?OpenDocument>

²⁶ Kablenet. (2007). *The sick went direct to NHS*. (January 4) Kable Government Computing, [cited January 5 2007]. <http://www.kablenet.com/kd.nsf/Frontpage/1A473720C224B14780257258005F790D?OpenDocument>

citizens as commercial customers, thus exploring an apparent paradox that we expect quality and customer satisfaction at low price from government, but often are content to sacrifice customer satisfaction for a low price when consuming commercial service.

Deconstructing the low-fare airline model

Low-fare airlines are a successful business model. Many have growth rates (but many also fail), and are putting the long-established 'full-service' airlines under significant pressure. They are 'popular' with customers, who patronise them in ever increasing numbers, but at the same time the level of service that they offer is not 'popular' with some customers who fly with them. Why is there an apparent paradox whereby low-fare airlines, selling services without frills, are used by citizens who then expect government services at low-fares, yet still with all the 'frills'?

One reason is that, like government, there is no guarantee that a full-fare, full-service, offering will always deliver consistency, quality, and value for money. For British Airways, recent years have seen the same pressures as government – do more for less – and have included substantial job cuts, new working arrangements, revised business arrangements with travel agents (the abolition of commission payments), new IT investments to integrate all operations from online booking, through to check-in (generating €140million in IT savings)²⁷. This has been a turbulent time for British Airways, with uneven profits and disputes with staff²⁸.

By contrast, Ryanair, Europe's fastest-growing, airline, started anew with a detailed understanding of the failings of legacy full-fare airlines²⁹, and therefore is able to operate a highly flexible business strategy³⁰. 40 million customers a year³¹ indicates a popular service offering, and Ryanair services a customer base larger than the population of many EU states. Customers consume a 'no-frills' service, and the business model constantly challenges costs and efficiencies, both in the context of behaviours of the workforce, and of the customers. As we unpack that business model there are some clear lessons for any customer service organisation wishing to become 'lean', and it is not surprising that many legacy airlines now copy many of the characteristics of Ryanair³², such as charging for hold baggage. There are four general areas of action where efficiency is challenged.

The first area of action is to move away from paying people a salary to be at work, to paying them for the transactions they undertake, and employing them only when they are fully trained. This is very much a return to the former manufacturing industry policy of 'piece-work', and it

²⁷ Editorial. (2004). Industrious times at British Airways and Ryanair: Winning the battle for the skies. *Strategic Direction* 20 (4): pp. 4-6.

²⁸ BBC. (2007c). *Profit fall for British Airways*. (February 2) BBC, [cited February 2 2007]. <http://news.bbc.co.uk/1/hi/business/6323015.stm>

²⁹ In much the same way as we have noted in other Think Papers that countries such as Estonia and Latvia could develop a clean-sheet eGovernment strategy, having dispensed with the legacy of communist systems. However, that is not to assert that they operate a low-fare eGovernment service portfolio!

³⁰ <http://en.wikipedia.org/wiki/Ryanair>

³¹ <http://www.ryanair.com/site/EN/about.php>

³² Soerensen, Vagn. (2004). *The Flag Carrier Challenging the Low-Cost Concept*. (August 30) International association of Airport Executives, [cited November 23 2006]. <http://www.iaae.org/meetings/CEOAEChairmanCPH.ppt>

works if you know the number of core transactions to be undertaken (e.g. return flights). Newly recruited crew are not paid a basic salary³³, instead being paid through 'sector pay' which in late 2006 amounted to €34 return for short €44 return for long flight. As the airline states: "You can typically expect to earn approximately €1,400 per month after tax in your first year"³⁴.

Cabin crew, and passengers³⁵, therefore absorb much of the cost impact of any delays to flights, and are then incentivised through commission payments to market other services and products to passengers. On a short 45 minute flight I took from Newcastle to Dublin in December 2006 this retail offensive included food³⁶, drinks, onboard shop purchases, scratch-cards, phone-cards, and bus tickets. Flexibility is also helped by not recognising trade and professional unions. Consequently organised labour both aims to gain recognition among new, low fare airlines, and to focus "on upholding existing terms and conditions and saving jobs in the more established airlines"³⁷, so protecting labour interests in legacy organisations.

The legacy issues with civil service unions and organised labour in government certainly persist, as the initial example of this paper shows³⁸. However, there are strong similarities between the approach of Ryanair and government agencies in the context of contracting out service delivery, or privatising services. That process can disintermediate the power of organised labour, although even that can be restricted in its impact through legislation such as TUPE³⁹ (Transfer of Undertakings) where some employment rights are carried over into the private sector when people cease to be civil servants and become private sector employees.

Another approach is to minimise direct payroll staff, paying people only when they become useful to you – make them pay the entry costs of processes such as training, and items such as uniforms. Make them sign contracts where you are "prepared to work unsociable hours, any day of the year, at any time including weekends"⁴⁰. Only employ people once they prove their usefulness: Ryanair uses the company Crewlink⁴¹ which provides cabin staff, who are "now employed on temporary contracts for three years"⁴². Prospective cabin crew pay for their training which takes place in Pisa, London or Frankfurt-Hahn at a cost of €1,400 or €1,500 with a €400 deposit and "the remainder being deducted from your salary over the following year (assuming successful completion of the course)"⁴³.

The second area of action is to enforce staff and customer flexibility, rather than service flexibility. Be very, very, specific about what you will deliver in your service package. Ryanair

³³ <http://www.itfglobal.org/campaigns/twotier.cfm>

³⁴ <http://www.ryanair.com/site/EN/about.php?sec=careers&ref=10003>

³⁵ Read the terms and conditions of your booking!

³⁶ And the fact that you pay for food is not wholly negative. Fly from Stansted airport in the UK (heavily used by low fare airlines). There is an excellent food-court with high-quality outlets where you can construct your own meal.

³⁷ Broughton, Andrea. (2005). *Industrial relations in the airline sector*. (September 20) Eurofound, [cited November 27 2006]. <http://www.eiro.eurofound.eu.int/2005/08/study/tn0508101s.html>

³⁸ And we could explore what political system is best suited to enforcing a 'clean-sheet' strategy with government employees and organisations.

³⁹ <http://www.cipd.co.uk/subjects/emplaw/tupe/>

⁴⁰ RYANAIR. (2006). *Cabin Crew Recruitment: The sky's the limit*. (November) Ryanair.com, [cited November 27 2006]. <http://www.ryanair.com/site/EN/about.php?sec=careers&ref=10003>

⁴¹ <http://www.crewlink.ie/>

⁴² ITF. (2004). *Ryanair and the Two-tier Workforce - Could this Affect Safety?* (November 18) International Transport Workers' Federation [cited November 27 2006]. <http://www.itfglobal.org/campaigns/twotier.cfm>

⁴³ <http://www.crewlink.ie/>

terms and conditions in February 2007 covered 16 pages⁴⁴, and it is your fault if you do not read the document and realise that you can only obtain repayment if the airline has changed “the scheduled departure time by more than three hours” – in effect you are agreeing to allocate six hours of your time as the ‘departure window’ in which you consume the service.

Thus the emphasis is on the compliant customer. Subtle behaviour shaping can even be achieved through staff responses to pressures of work. The turnaround time of Ryanair planes generally is 20 minutes, and given then cabin crew are paid by sector flown, not time worked, it is in their interest to be as efficient as possible. On the flight to Dublin in December 2006 I boarded the plane to find the first six, and the last four rows, tied off. The crew said this was “to balance the plane”, which was a new Boeing 737-800 - strange indeed. Later I was told: ‘we must count the passengers. We know how many in advance, so tie off enough rows to make you all sit together, That makes it both easier to count you – saves precious seconds – and also means there is less of the plane to clean’. So, staff multi-task, and must clean the plane. This is part both of the need to maximise staff utility and reduce overhead costs, but also to flattening the organisational hierarchy and to make staff become customer-facing and clearly responsible for the service delivery: “if they make a bad job of it they have to face complaints from passengers. In more traditional airlines the cleaners never see the passengers”⁴⁵.

The third area of action is to continually identify service components that add value for customers, and then charge for them. This includes charging for priority check-in on the Internet⁴⁶, and charging for hold baggage. The latter process, by encouraging passengers to fly only with hand-luggage, both transforms the passenger cabin into the baggage hold, and makes the passengers act as unpaid baggage handlers. The next challenge will probably be to find a new way of selling the hold-space that is no longer occupied by much luggage.

Other small changes can save a business more money. Online booking means customers print travel documents at their expense, and there are surcharges for booking through call centres. There is further disincentive to talk to a human being, since call centres often use premium rate phone lines to receive complaints. And, by focusing only on current business costs, push many of the global warming costs onto later generations. Lastly, take an often confrontational view of customer perceptions⁴⁷ and consumer reporting sites, focusing on your business success. But, this is not really different to political spin, or citizen resistance such as the ‘Say No To 0870’ site in the UK showed – people angry about calling government agencies using premium rate phone lines share knowledge of low-cost numbers⁴⁸.

The fourth area of action is to pass on marginal business cost to the customer as a form of social inclusion charge, and focus continually on the ‘bottom-line’. Ryanair was criticised when

⁴⁴ http://www.ryanair.com/site/conditions/docs/ryanair_carriage.pdf

⁴⁵ Economist. (2006b). *Thinking for a living*. (January 19) Economist, [cited January 20 2006]. http://www.economist.com/surveys/displaystory.cfm?story_id=5380450

⁴⁶ Which was criticised as now stopping the previous process where families with young children could board first Hodson, Mark. (2006). *Ryanair tells kids: pay up or queue up*. (December 3) Sunday Times (London), [cited December 3 2006]. <http://www.timesonline.co.uk/newspaper/0,,176-2481318,00.html>.

⁴⁷ <http://www.airlinequality.com/Forum/ryan.htm>

⁴⁸ Reed, Tom. (2006). *Faceless Britain*. (November 29) MSN News, [cited November 29 2006]. http://news.uk.msn.com/Faceless_Britain.aspx

“it charged a man with cerebral palsy €25 to use a wheelchair”⁴⁹, but when you book a flight now it is clear that the cost of delivering service to disabled passengers is ‘shared’ by enabled passengers. The extra costs of a fare include “Ins & Wchr Levy”, indicating that the greater body of passengers are contributing to a fund which then subsidised the extra costs for disabled passengers. To what extent this is conceptually different to eInclusion⁵⁰ strategies is worthy of debate, and it is similar to policies of hotels that automatically add \$1 for UNICEF to your bill – the hotels in challenge you to NOT be willing to support and fund inclusion.

Make it absolutely clear what is acceptable behaviour by staff. Ryanair ban staff from recharging their mobile phones at work, regarding it as “theft of its electricity”⁵¹. However, it could be argued in defence of Ryanair that they are unequivocal in their view of what is theft. Such a debate extends to all workplaces, where the personal use of a paper clip is legally theft, and in the UK “up to €1.7bn-worth of property goes home with employees each year”⁵². Lastly, ensure that your infrastructure to deliver services is homogeneous. Ryanair has a modern fleet of Boeing 737-800 aircraft, which then allows it to claim that it is a ‘green’ airline with such fuel-efficient planes and high load factors⁵³.

It is easy to demonise businesses such as Ryanair, but the business model works well in service relationships that are short-term and generally largely devoid of emotion – although passengers can become very emotional about problems⁵⁴. Furthermore, some of the business processes being used by governments indicate a strong crossing-over of strategies, ranging from flexible working, creating new agencies, and market testing service delivery.

Conclusions

There is much more to be gained in developing a reasoned comparative critique of service delivery, customer expectations, and behaviours in the public and private sectors. It often is easier to write about stereotypes, such as the inefficient bureaucrat⁵⁵ who can waste public money because they do not directly suffer from the waste (by losing their job), or the democratisation of consumer power in the travel sector that allows real choice between service offerings⁵⁶ – if you do not like Ryanair you generally have the choice of other carriers.

Both sectors focus consistently on back-office reform and process reorganisation. In Portugal a pilot programme on electronic invoicing has shown 12% productivity increase, with up to

⁴⁹ Milmo, Dan. (2006). *Ryanair - the world's least favourite airline*. (October 26) Guardian (London), [cited November 27 2006]. <http://www.guardian.co.uk/airlines/story/0,,1931641,00.html>

⁵⁰ http://ec.europa.eu/information_society/soccul/eincl/index_en.htm

⁵¹ Clark, Andrew. (2005). *Ryanair's latest cut on costs: staff banned from charging phones*. (April 23) Guardian (London), [cited November 27 2006]. http://www.guardian.co.uk/uk_news/story/0,3604,1468517,00.html

⁵² BBC. (2004). *Are you stealing from your boss?* (April 21) BBC, [cited April 21 2004]. <http://news.bbc.co.uk/1/hi/magazine/3645523.stm>

⁵³ <http://www.ryanair.com/site/EN/environment.php?pos=ENVIRONMENT>

⁵⁴ Simpson, Cameron. (2006). *Lecturer on Ryanair 'flight from hell' is admonished*. (December 7) Glasgow Herald, [cited December 8 2006]. <http://www.theherald.co.uk/news/76186.html>

⁵⁵ Economist. (2006a). *Never doubt the power of bureaucrats to waste your money*. (November 23) Economist, [cited November 23 2006]. http://www.economist.com/world/britain/displaystory.cfm?story_id=8329090

⁵⁶ Bailey, Jeff. (2006). *Net-savvy U.S. travelers drive down airline fares*. (November 23) International Herald Tribune, [cited November 24 2006]. <http://www.iht.com/articles/2006/11/23/business/fares.php>

35% expected from the full programme⁵⁷. The UK Cabinet Office, in its Transformational Strategy, noted “the web has created a whole new model (Amazon, Ryanair etc) where the customer is put even further in the driving seat”⁵⁸. Self-service, as the previous example of NHS Direct over Christmas 2006 shows, can be an attractive option.

Business has greater flexibility in driving down costs through the management of labour. The book *Reinventing Government* reaffirmed the basis of Weberian bureaucracy, emerging in the early 20th century US to avoid political patronage with jobs, through “civil service systems, with written exams, lockstep pay scales, and protection from arbitrary hiring and dismissal”⁵⁹. Nearly 100 years later in the *Efficiency Review* of the UK civil service, a deep cultural change was required, for “efficiency is not something that ends after the current spending period. It has to be part of the public sector’s DNA beyond 2008”⁶⁰. This demands a deeper focus on public value, and a move away from the politicisation of cost savings, along the line ‘if we need to fund this, we must sacrifice that’. For example, in Southampton (UK) cost-savings were to be made by closing sports facilities⁶¹, a decision guaranteed to generate public hostility, and also being a challenge to the Government ‘healthy living’ strategy.

Beyond the debates about the changing nature of bureaucracy, there are underlying democratic principles about non-discriminatory full-service government. But, as the sports facilities example shows, being non-discriminatory has financial and political limits. By polarising issues as ‘this or that’, responses become similarly polarised - ‘well, just become more efficient at managing citizen taxes’. Cole and Martin, in *Unlocking Public Value*, acknowledge the complexities of “sweating assets” to meet the “value squeeze”, of “balancing objectives of social outcomes and service delivery against resource demands” to meet the “entitlement crunch” where an ageing population consumes ever more public services⁶².

Richard Sennett’s *Culture of the New Capitalism* identifies many of the important processes in transforming relationships between employer and employee, government and citizen. While current eGovernment focus is on service transformation, Sennett observes that pyramid and welfare state bureaucracies are poorly structured to deliver transformation, especially if they use “three building blocks of {modern} institutions – casualisation, layering, and non-linear sequencing – {which} shorten the organisation’s time frame; immediate and small tasks become the emphasis”, and “three deficits of structural change are low institutional loyalty, diminishment of informal trust among employees, and weakening of institutional knowledge”⁶³. These observations warn that over-emphasising process re-organisation may dilute the knowledge base that supports citizen engagement. Furthermore, citizens themselves see a

⁵⁷ IDABC. (2006). *Portugal puts eInvoicing to the test*. (November 27) European Commission, [cited November 28 2006]. <http://ec.europa.eu/idabc/en/document/6298/194>

⁵⁸ CABINET. (2006). *Multichannel Transformation in the Public Sector: Principles and an Emerging Framework for Practical Use*. London: Cabinet Office, 28 p.

http://www.cabinetoffice.gov.uk/publications/delivery_council/multi_channel_trans/pdf/multi_channel_trans061129.pdf

⁵⁹ Osborne, D, and T Gaebler. (1992). *Reinventing Government : How the Entrepreneurial Spirit is Transforming the Public Sector*. New York: Addison Wesley.

⁶⁰ Anon. (2006). *OGC Chief Executive asks civil servants' trade union to look at efficiency*. (November 28) Public Technology, [cited November 29 2006].

<http://www.publictechnology.net/modules.php?op=modload&name=News&file=article&sid=6922>

⁶¹ Newble, David. (2006). *Footballers' anger over plans to axe city soccer pitches*. (November 30) This is Hampshire, [cited December 3 2006].

http://www.thisishampshire.net/display.var.1048860.0.footballers_anger_over_plans_to_axe_city_soccer_pitches.php

⁶² Cole, Martin, and Greg Parson. (2006). *Unlocking Public Value*. Hoboken, NJ: Wiley.

⁶³ Sennett, Richard. (2006). *The Culture of the New Capitalism*. New Haven: Yale University Press.

weakening of commitment from government and employers in the abandonment of long-term pension schemes. Sennett argues that low wages historically were tolerated by many workers because there was the “delayed gratification” of a pension on retirement, and more worrying is that through automation “modern workers are finally facing the spectre of uselessness”⁶⁴.

While this may paint a bleak scenario, it does add credence to many of the activities that aim to focus on re-building and strengthening the relationships between citizens and government. Behaviour changes are central – building participation, partnerships, ethics, and providing citizens with the educational and intellectual skills that help them objectively evaluate, rather than to generalise about major societal issues. Thus there is value in developing “innovative eParticipation schemes aiming at increasing participation in democratic processes focusing on tools and addressing citizens' demands”⁶⁵. A continuing emphasis on back-office and process reform, along with IT efficiency gains through interoperability⁶⁶, will help deliver cost efficiencies while the longer-term, more contentious issues of labour reform are explored.

Comparative research between public and private sectors, through the unpacking of the metaphors that they provide, may help to show the values that both sectors can provide to each other. While Ryanair is a successful business model for short-haul, point-to-point flights, it is not clear that it will work for a longer-term service offering, such as travelling from Europe to Australia. But, as the boundaries between public and private blur, there is little remaining logic in arguing that the two are totally different. In the post-Enron atmosphere, where the worst excesses of executive greed are scandalised, corporate social ethics are increasingly promoted for business and government alike, for example by the United Nations in the context of international development⁶⁷, and there is much to be transferred from governance.

Richard Sennetts' research warns that we degrade the long-term relationship between citizen and government at our peril. eCommerce businesses are continuing to explore their customer relationship and business strategies, including “how customers shape their experience of different technology-mediated interactions”, and “the effect of relationship features and opportunities for telephone and e-mail communication on the nature, extent, outcomes, and evaluation of the e-service experience”⁶⁸. The development of a hybrid citizen-consumer term, the ‘consumizen’, may help us focus on the fluidity of service delivery in all sectors, and help understand the deeply long-term emotional nature of service relationships between government and citizen. For that reason alone there will be continuing questioning about the civil service that we want, versus the civil service we have, so that it delivers the service portfolio that provides both operational flexibility and public value.

⁶⁴ Ibid.

⁶⁵ Europe. (2006c). *The eParticipation Initiative*. (August) European Commission, [cited August 17 2006]. http://europa.eu.int/information_society/activities/egovernment_research/eparticipation/index_en.htm

⁶⁶ Europe. (2006b). *Enterprise Interoperability: Research Roadmap. Final Version (Version 4.0)*. Brussels: European Commission. July 31, vi+39 p. http://cordis.europa.eu/ist/ict-ent-net/ei-roadmap_en.htm

⁶⁷ UNRISD. (2004). *Corporate Social Responsibility and Business Regulation*. New York: United Nations Research Institute for Social Development. March, 4 p.

⁶⁸ Rowley, Jennifer. (2006). An analysis of the e-service literature: towards a research agenda. *Internet Research* 16 (3): pp. 339-359.