



# Local Government “Back To Basics” Revenue Management

# High level Over View

(CoGTA Back To Basics –Discussion document)

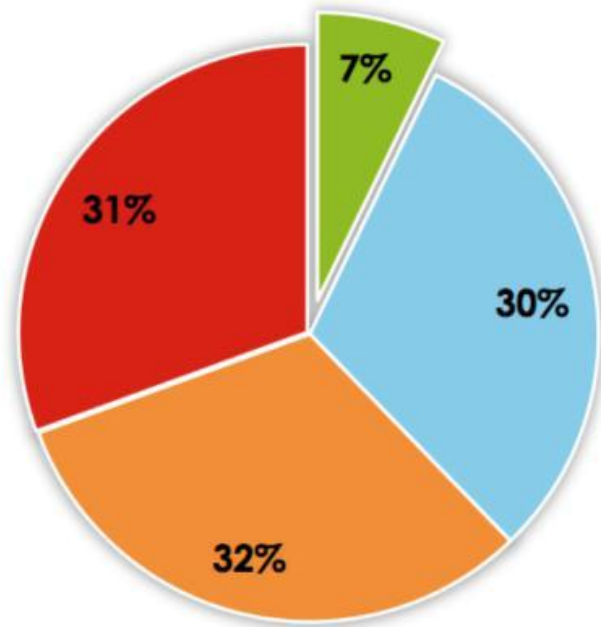
“Our National Development Plan makes it clear that meeting our transformation agenda requires **functional municipalities** and a **capable machinery** at a local level that can create safe and healthy and **economically sustainable areas** where citizens and people can work, live and socialise.”

(Back to Basics)

“Our goal is to **improve the functioning of municipalities** to better serve communities by getting the basics right.”

**The Challenges:** “Institutional Capacity, Poverty, Breakdown in Services, Municipal Viability, Low Rate of Collections, Escalating Debt, Breakdown in Trust (Institutions, Municipalities, Customers), Social Distance of Public Representatives(poor community engagement),

# High Level Over View Continued



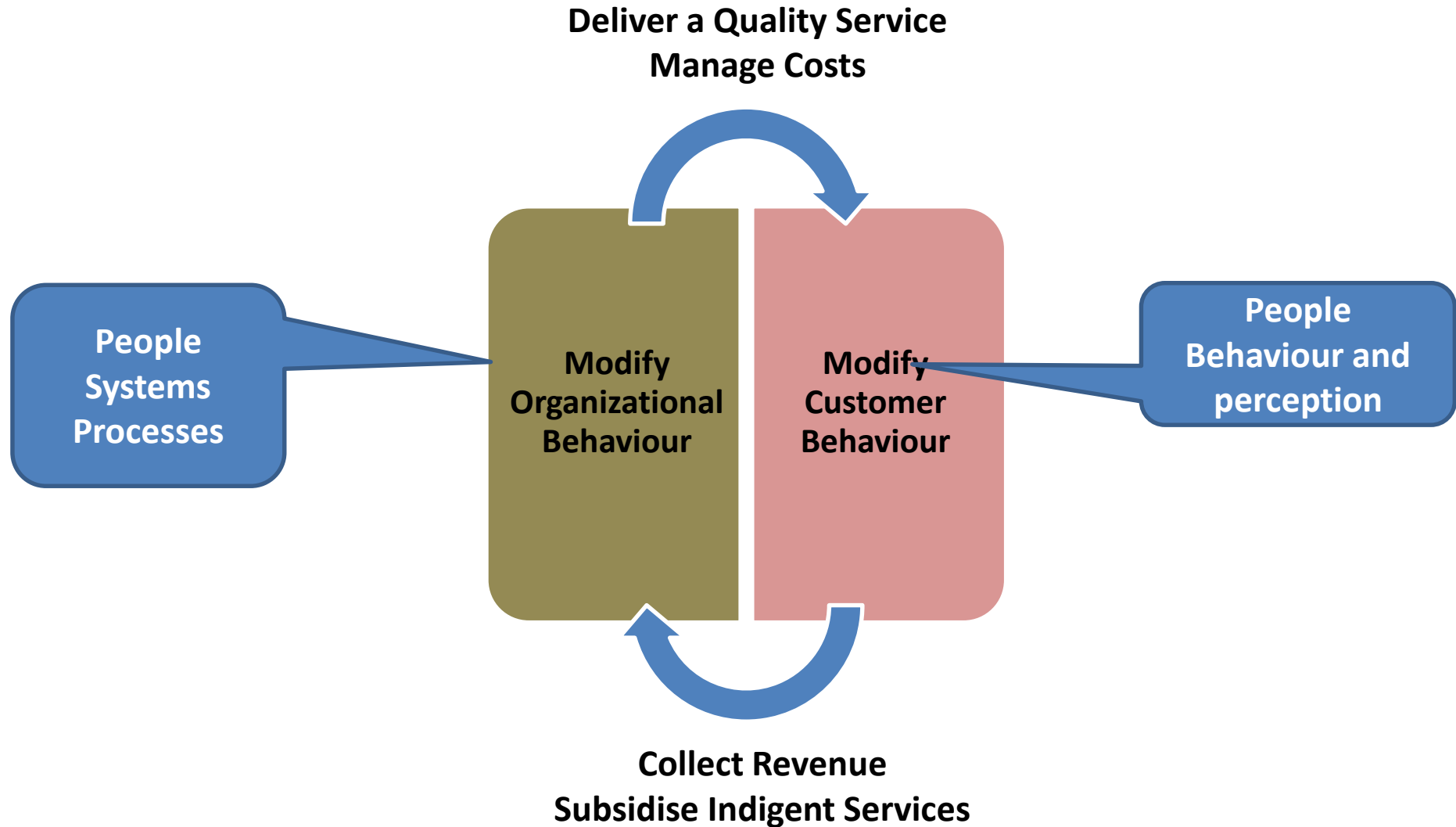
- Doing Well
- Reasonably Functional
- Almost Dysfunctional
- ICU

These indicators will measure whether municipalities are performing in terms of the 'back to basics', namely:

- Putting people first
- Delivering basic services
- Good governance
- Sound financial management
- Building capacity

**“We need to do things differently if we want different results”**

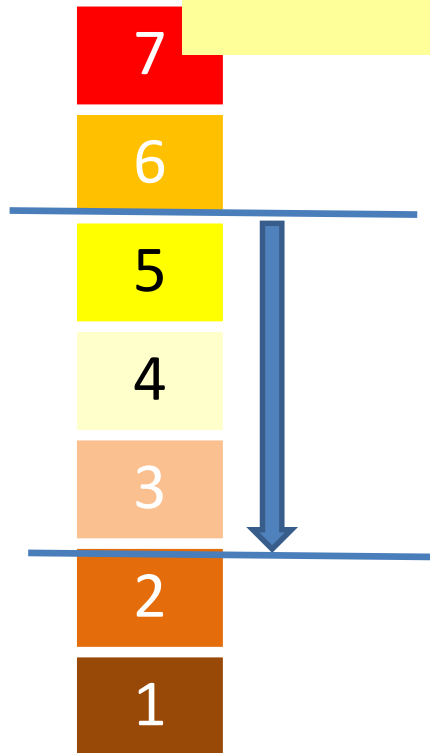
# What Business Model Changes must be adopted to make a difference



# Organizational Performance = People Performance (Staff and Customers)

The organization will perform at the level  
of the employees  
If you are not performing  
Look at your staff and customer levels of  
performance

Level of Business  
Complexity and  
performance  
(1=Low: 7=High)



Level of staff  
ability and  
performance  
(1=Low: 7=High)



**Interesting Note** : Carnegie Mellon Report soft skills report 21<sup>st</sup> Century Skills  
**NB: Success is 60 Soft Skills and 40% qualification**

# What Type of people do we need in Municipalities?

## Critical 21<sup>st</sup> Century Skills



## The Seven Cs – 21<sup>st</sup> Century Lifelong Skills

Seven Cs	Component Skills
Critical Thinking-and-Doing	Problem-solving, Research, Analysis, Project Management, etc.
Creativity	New Knowledge Creation, "Best Fit" Design Solutions, Artful Storytelling, etc.
Collaboration	Cooperation, Compromise, Consensus, Community-building, etc.
Cross-cultural Understanding	Across Diverse Ethnic, Knowledge and Organizational Cultures
Communication	Crafting Messages and Using Media Effectively
Computing / ICT Literacy	Effective Use of Electronic Information and Knowledge Tools
Career & Learning Self-reliance	Managing Change, Lifelong Learning and Career Redefinition



## A Task for Organizational Leaders

- Do you have this type of person in your organization?
- What can you do to change the people in your organization?

# Some Concrete Steps to take to Organizational Reform

## Change The Reward System

Group achievement & group reward as part of employee benefit system

**Promote organizational efforts**

## Collaboration

Communication

across the organization & encourage employee networks and cross-functional teams.

**Incentivise collaboration and Build Teams**



## Get Personal

Hold off-site retreats promoting organization-wide collaboration, build camaraderie & personal relationships. (Start with Management)

**Staff make personal commitment to improved performance to achieve company goals & Motivate staff.**

**Management Must Take the lead and execute the changes**

**Management teams must own Organizational performance**

## Common Organizational Goals

Create Alignment understand how Individual roles affect the organizations performance.

**Orientate staff to understand the importance of all functions with in the organization**

## Be Customer Centric

Avoid focusing on internal issues only.

Share market information and customer feedback with staff. Engage a customer user group to provide feedback on how the organization is meeting it's needs

**Refocus the organization on Customer needs**

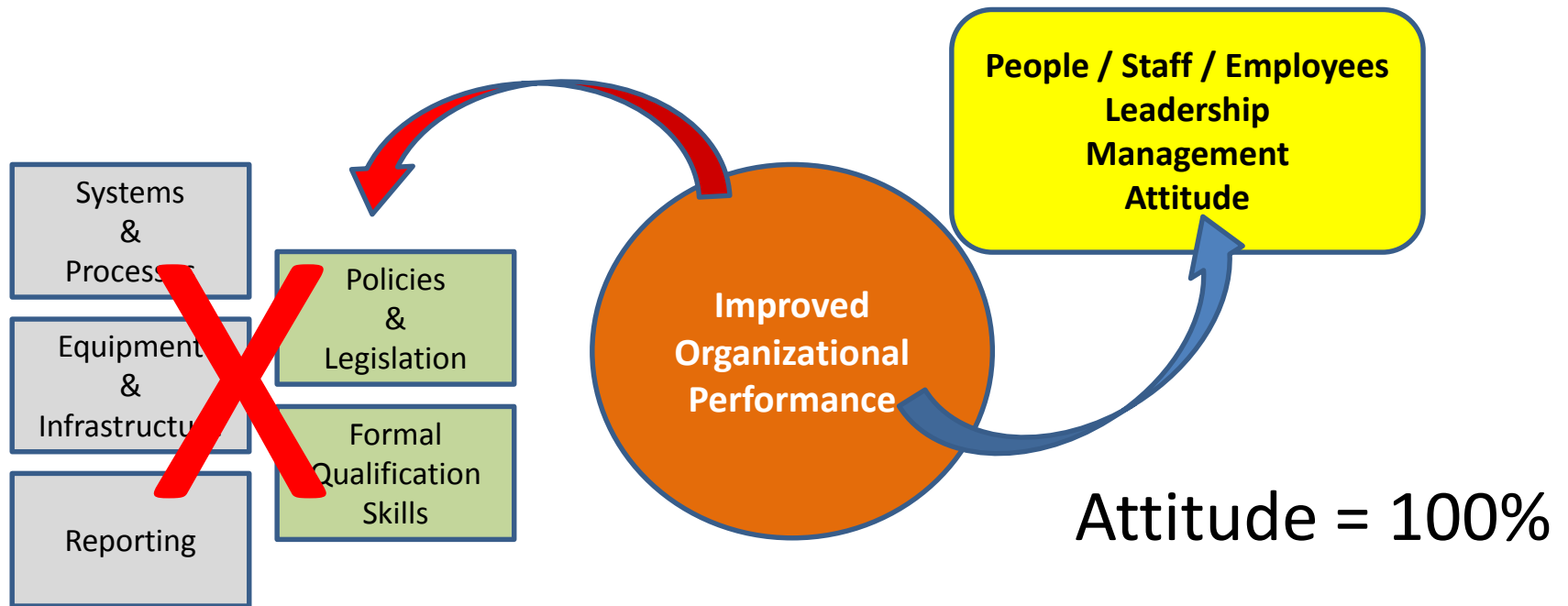
## Promote Innovative Individual Thinking

Encourage Staff to come up with innovative thinking to solutions.

**Incentivise, Reward & Promote Innovation**



# Organizational Development Focus





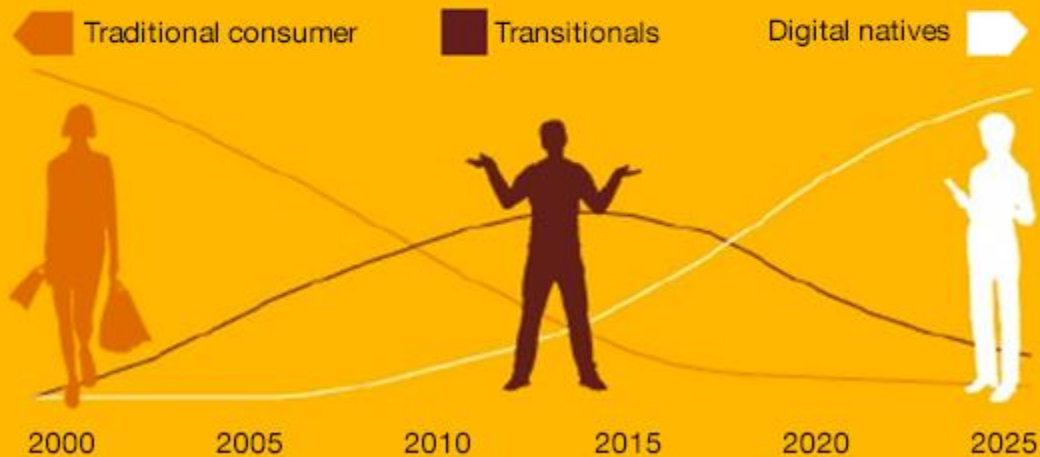
**“People do what they do for reasons. If you want them to do something different, take away the reasons they're doing what they're doing, and give them reasons to do something different**

**The solution starts with Management and Leaders**

# Customer Change

Has our Customer Changed?

**By 2017 a new breed of customer will dominate – we call them Digital Natives**



Municipality

**Municipalities must meet the customer Mobile digital demands and exploit the opportunity to derive value from the change.**



# How do we tackle the Opportunity?

## Municipalities Should Ask themselves the following questions

- Is the current model working?
- Will it survive the digital trend?
- Does my current customer communication work?
- What customer trends / behaviour are we trying to modify?
- Are you customer centric and are you allowing customers to create part of the value?
- Does your customer trust you enough to use your information for their benefit?



## Create Value for the Customer

- Relevant Accurate Data
- Provide a service that the customer can use
- Provide rewards that benefit the consumer
- Promote desired responses from the customer.

## Future Successful Municipalities Will

- Articulate how adding value will transform inputs into outputs (to staff and customers)
- Manufacture a relationship between suppliers, municipality and the customers to create value for all parties and modify customer behaviour.

# Historical Municipal Customer Communication



Municipality



- **One Way Communication**
  - Traditional Bill Posting
  - MMS Billing
  - Email Billing
  - SMS reminders
  - Traditional limited Credit Management
- **Often with incorrect information.**
- **Limited Value for the customer.**
- **Dissatisfied Customers, non payment, escalating debt**

# Creating Value for The Greater Value Eco System

## Communication Intention

Value for the greater Eco System  
Change customer behaviour into  
desired behaviour.

Municipality

New Digital Approach  
Communication

## Municipal Value

- More Revenue collected sooner
- Greater Customer Compliance
- Reduction in cost of providing services (Indigent Management)
- Efficient reliable communications with customer
- Access to accurate data on a regular basis
- Plot Trends and stay abreast of change
- Ability to receive and react to customer queries

## Create Customer Value (Rewards for compliance)

- Pay by 15<sup>th</sup> receive a reward.
- Send me data and receive a reward
- Register for indigent subsidy and receive a reward
- Comply with indigent policy receive a reward
- Report technical problems and receive a reward (potholes, burst pipes).
- Customer Satisfaction receive something for nothing that they care about
- Select applicable range of suitable rewards

## Create Partners Value

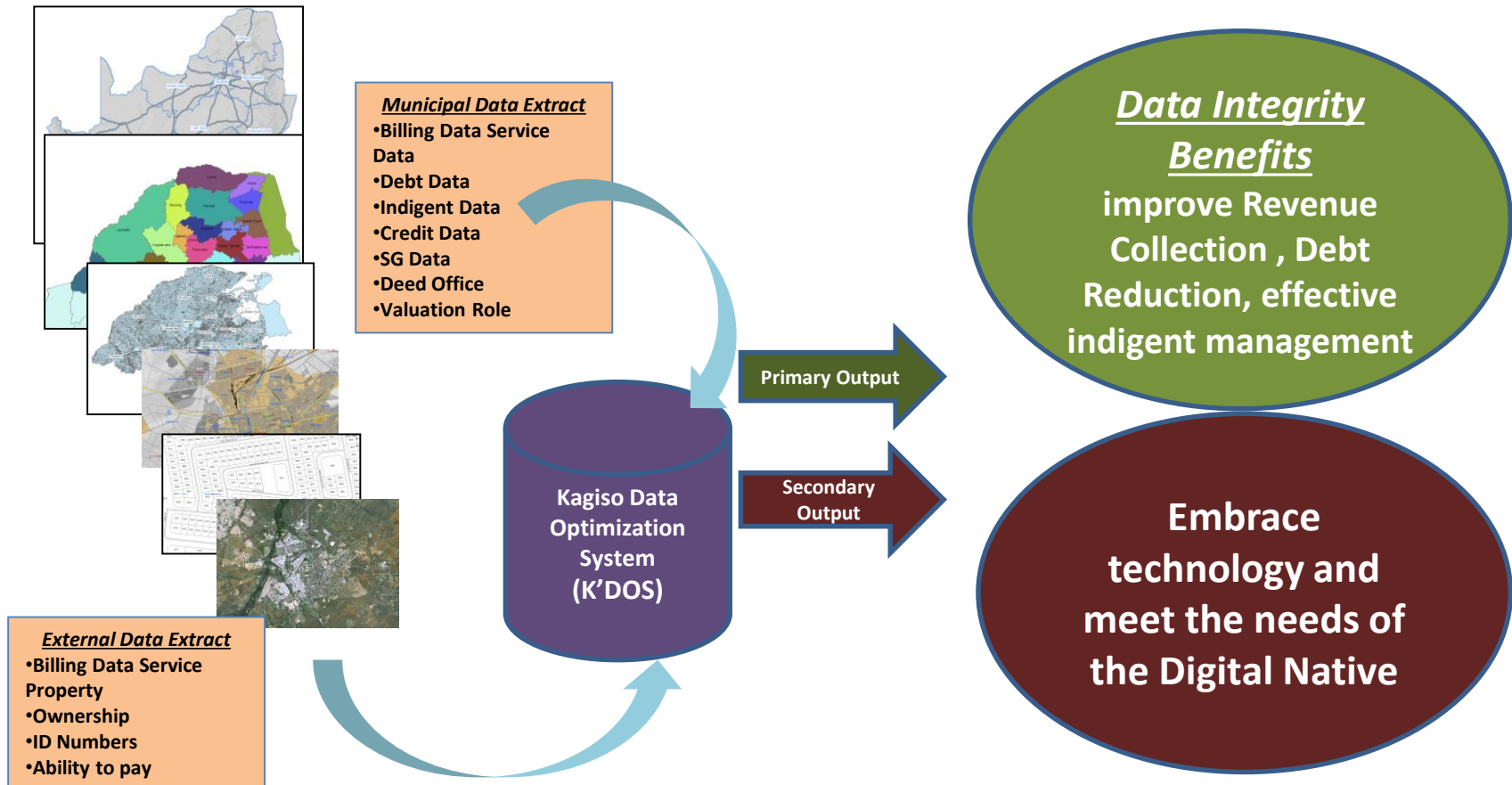
- Increased business Turnover
- New customers
- Brand Awareness



# The Importance of Accurate Data:

Kagiso Data Optimization System (K'DOS)

**NB:**  
This is only  
Possible with  
Accurate Data



# Catalysts For Positive Change

**Innovative Leadership**  
**institutional Capacity and Good Attitude**  
**Accurate Data**  
**Effective & Relevant Customer Engagement**  
**Relevant Technology**  
**Good Service**



## Thank You

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