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Stand and deliver: Three imperatives for civil servants

Today's governments face increasing obstacles to achieving their primary mission: serving the public. Refreshed management approaches and new technologies can help.

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Around the world, governments play a critical role in people's lives and in tackling society's most pressing challenges. At their best, governments can spark scientific innovations, enable economic growth for millions, and provide individuals with security, a safety net, and hope during difficult times. Civil servants devote themselves to stable, well-functioning government, and their professionalism and commitment provide an indispensable public service. Their work touches almost every aspect of people's lives and can measurably improve the quality and length of people's lives, expand livelihoods, and create resilient communities.

Yet these dedicated professionals face a growing burden of challenges, including declining trust in government, increasingly strident calls to "do more with less," technological changes, polarization, geopolitical tensions, energy transition demands, and urgent pressure to deliver sustainable and inclusive growth. Against this backdrop, many government agencies strain to deliver program benefits, meet the public's rising expectations of customer service, and build and procure technology and infrastructure on time and on budget.

The good news is that some public sector organizations are breaking through, with refreshed management approaches and new technologies, effective collaborations with the private sector, and advances in attracting and developing talent. By taking advantage of these newer tools and tactics, the modern civil service can help governments better deliver for their people. In this article, we discuss three imperatives that may be critical to success in this effort:

— *Systematically tackle shortcomings in customer and citizen experience.* Advances in digital service delivery by tech firms and others in the private sector have changed customer expectations. Governments have a growing ability to make services faster, more accessible, and easier to use. Improving the citizen experience can help boost trust in government and reduce costs. In the United

States, every percentage point increase in customer satisfaction with a federal agency increases trust in that agency by as much as two percentage points. Elevating customer service to this level could require leadership on new frontiers—from increasing the speed of response to weather disasters and health crises to more efficiently delivering driver's licenses and camping permits.

— *Improve government productivity under increasing fiscal pressure.* We estimate a productivity improvement opportunity of $725 billion to $765 billion in the US government alone, worth roughly $2,000 per American citizen. Many government departments may be overlooking proven operational tools and ways of working that could be put to good use. We could see a potential for global productivity improvements of up to $3.5 trillion if all countries were to raise their productivity at the rate of their fastest-improving peer.

— *Support innovation.* By working with the private sector and adopting an investor mindset, governments can play a crucial role in catalyzing sustainable and inclusive economic growth through a thoughtful economic development and innovation agenda. For example, the US government has partnered with private payers to create markets such as Medicare Advantage and has moved to derisk the investment in social goods, such as through the Inflation Reduction Act.

The customer experience: Improving engagement with government

Positive interactions and experiences with government are more likely to spur public trust and trust in government. While some public sector agencies have made progress in service delivery, many government services fall short of customers' rising expectations. In the United States, Americans rank state and federal government services last, behind their experiences with airlines, banks, and car insurers.[1] Satisfied users of government

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[1] "The call to rethink government customer experience," McKinsey, July 28, 2022.

services are nine times more likely than customers overall to trust the agency providing the service and nine times more likely to agree that an agency is achieving its stated missions. Dissatisfied customers are two times more likely than customers overall to request help three or more times, which could cost agencies money and time.

Much can be learned from the private sector, which largely sets the benchmark for customer service. Although the public sector has unique considerations and guardrails, an approach centered on the customer journey could help governments deliver a better experience. Two steps are critical. First, establish a link to value—for example, increasing trust in government, reducing wait times, improving access, or bolstering civic engagement. Second, identify high-impact opportunities to reimagine the user journey and the bottlenecks that could impede progress. Leading public sector practitioners understand current customer experiences, determine what is most important to their target audience, and consider the potential for a cleansheet process redesign that takes advantage of digital, analytics, and new technologies such as generative AI (gen AI).

Technology platforms are a key enabler. Historically, governments have often underinvested in technology, relying instead on an aging technology infrastructure, which can have longer payback periods than the traditional political cycle. McKinsey research, conducted with Oxford Global Projects, suggests that only one in 200 IT projects delivers the intended benefits on time and within budget, a figure that becomes worse in governments.[2] Public sector technology adoption can often require going through complex bureaucratic processes, but governments cannot ignore the profound and positive transformations induced by digital and AI. To speed up user adoption, the public sector could develop six critical capabilities: align top leadership and agencies on a business-led road map, fine-tune existing processes to acquire the right digital talent, create and deploy agile teams, develop technology for speed and distributed innovation, make interoperable and connected data a priority, and scale digital solutions across government departments.

Boosting government productivity under increasing fiscal pressure

It can be difficult to measure productivity in government since inputs and outputs cannot always be quantified, as they can in the private sector. Still, cost efficiency, quality outcomes, and service throughput can, if systematically captured, spur some of the productivity improvements seen in private-sector organizations. Our research suggests that in addition to the policy function that

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[2] Kerstin Balka, Breanna Heslin, and Sina Risse-Tenk, "Unlocking the potential of public-sector IT projects," McKinsey, July 5, 2022.

Case study: Gen AI speeds up frontline operations

A European government agency that serves tens of millions of customers each year is evaluating the potential efficacy and feasibility of generative AI (gen AI) to address common pain points affecting customers, employees, finances, and the agency's resilience. The agency plans to select a high-impact near-term opportunity for gen AI deployment to support its frontline operations, such as building an assistant for its call center agents. Currently, agents spend several minutes searching complex guidance online and in the agency's files while facing high demand from inbound calls. They also must spend considerable time summarizing their customer conversations and next steps. A gen-AI-backed assistant could produce a quick and accurate synthesis of guidance to help agents with customer questions and provide an instant postcall summary with automated reporting on satisfaction and customer attributes. Pilot results suggest that using a gen-AI-backed assistant could shorten the average call time by several minutes and increase productivity by 30 percent or more. Furthermore, the gen AI app could reduce the amount of subject-specific knowledge necessary for call handlers, allowing for greater workforce flexibility and resiliency.

has historically been at the heart of government, four functions could be strengthened to pursue efficiency and drive better outcomes:

— *Finance.* Beyond budgeting and fiscal stewardship, the finance function could help departments and agencies map clearer routes to better outcomes, measure progress, make strategic budget or investment trade-offs, and warn of potential problems ahead.

— *Purchasing.* By cultivating excellence in commercial skills, governments can help ensure that big-expenditure items such as procurement of goods and services, major projects, and IT programs deliver tangible value.

— *Technology.* Digital capabilities can rapidly transform peoples' experiences, save money for people and governments alike, and boost outcomes for government agencies, while analytics can help reduce waste and pinpoint which government activities work well to enhance people's lives.

— *Talent management.* A strategic HR function can help ensure that the entire government attracts and develops the talent needed to deliver better, more cost-effective outcomes—and then manages and motivates that talent to drive ongoing productivity gains.

Injections of funds during the COVID-19 pandemic helped set the stage for a favorable environment for governments to increase their productivity. Government expenditures as a share of gross domestic product reached historic highs during the COVID-19 pandemic (Exhibit 1).

Once-in-a-generation increases in capital expenditure, made possible through spending

Exhibit 1

Government expenditures as a share of GDP reached historic highs during the pandemic but have since begun to decline.

Government expenditure, by country, 2000–22, % of GDP
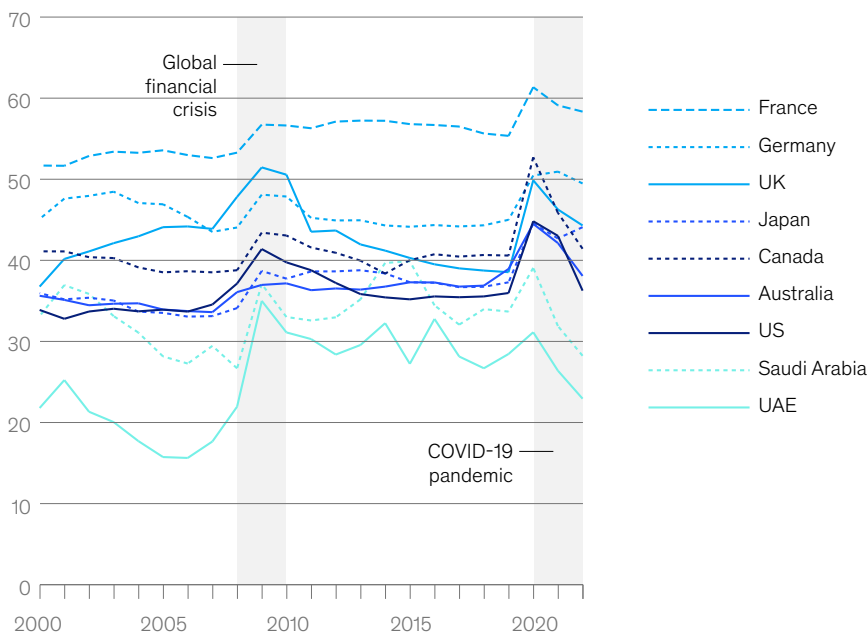
Source: International Monetary Fund, Public Finances in Modern History Database, Dec 2022

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bills and recovery acts in many countries, offer the potential to accelerate inclusive, sustainable economic growth (Exhibit 2).
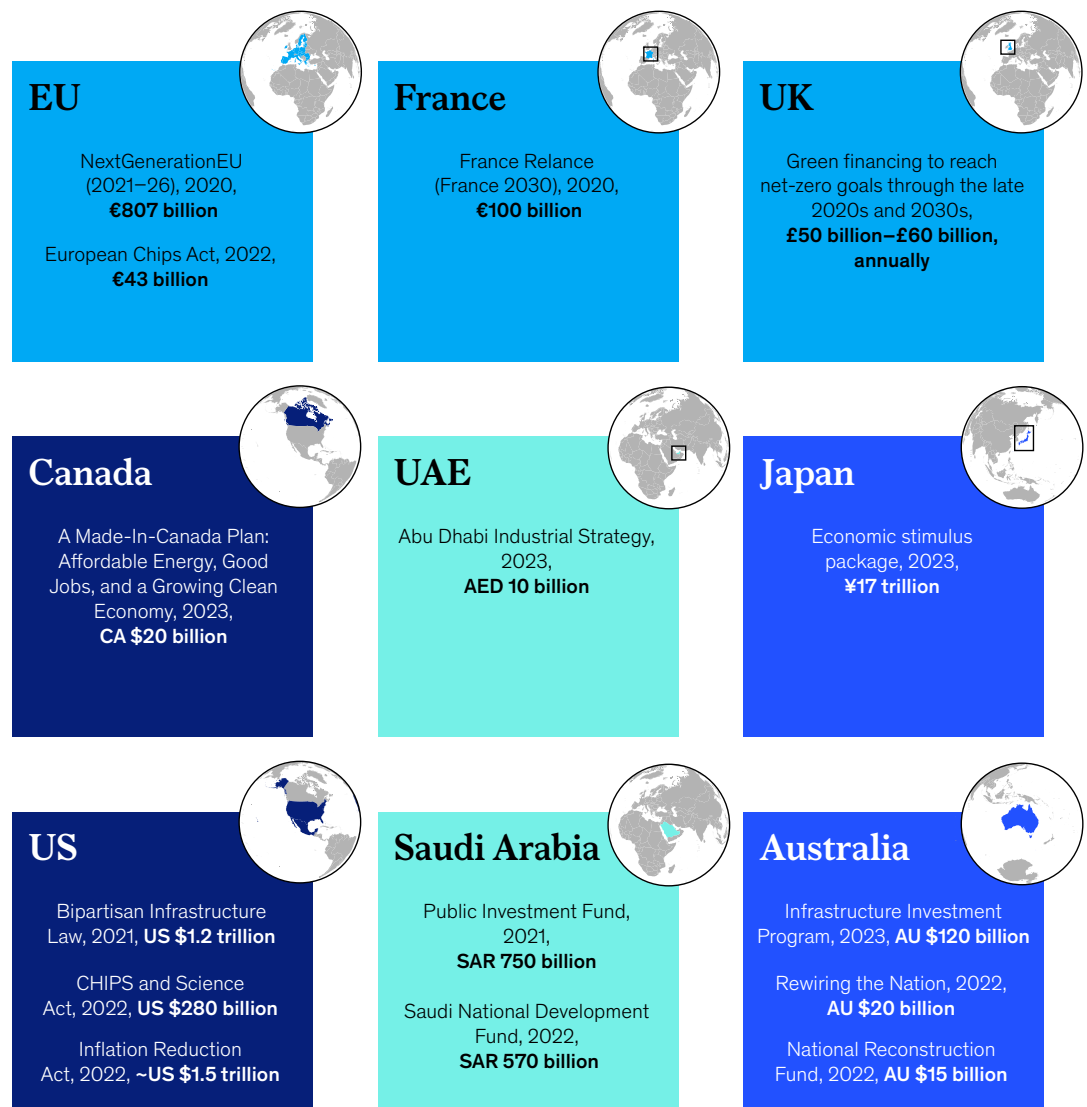
Government departments and agencies can benefit from a range of no-regret moves to improve efficiency. Our latest research shows that governments can employ seven levers to improve productivity throughout their operations: transform digitally and automate, optimize organizational structure and governance, invest in and deploy the right talent, enhance process efficiency, manage

Exhibit 2

Governments worldwide announced major investments and increases in capital spending between 2020 and 2023.

Worldwide green investment highlights,[1] value in local currency

EU

NextGenerationEU
(2021–26), 2020,
€807 billion

European Chips Act, 2022,
€43 billion

France

France Relance
(France 2030), 2020,
€100 billion

UK

Green financing to reach
net-zero goals through the late
2020s and 2030s,
**£50 billion–£60 billion,
annually**

Canada

A Made-In-Canada Plan:
Affordable Energy, Good
Jobs, and a Growing Clean
Economy, 2023,
CA $20 billion

UAE

Abu Dhabi Industrial Strategy,
2023,
AED 10 billion

Japan

Economic stimulus
package, 2023,
¥17 trillion

US

Bipartisan Infrastructure
Law, 2021, **US $1.2 trillion**

CHIPS and Science
Act, 2022, **US $280 billion**

Inflation Reduction
Act, 2022, **~US $1.5 trillion**

Saudi Arabia

Public Investment Fund,
2021,
SAR 750 billion

Saudi National Development
Fund, 2022,
SAR 570 billion

Australia

Infrastructure Investment
Program, 2023, **AU $120 billion**

Rewiring the Nation, 2022,
AU $20 billion

National Reconstruction
Fund, 2022, **AU $15 billion**

[1]Noncomprehensive data, all based on public sources.
Source: Government publications; McKinsey analysis

Case study: Singapore e-government services improve productivity

Although the Singapore government had carried out multiple e-government programs by 2014, two factors—growing urban challenges and digitalization across the economy—called for a more comprehensive digital transformation, motivating the city-state's launch of the Smart Nation Initiative.[1] The program strove to improve productivity through four levers: online platforms to manage demand, such as expanded self-service options; an e-payment platform that allowed residents to complete transactions online, reducing processing time to one day, from a week[2]; consolidation of different services, which simplified organizational structure and governance[3]; and the introduction of a database service to store personal information collected by multiple organizations. As a result of this transformation, as of 2020, service throughput improved, with 94 percent of government services digitized. In addition, quality outcomes improved, with 85 percent of residents reporting that they were satisfied with government digital services and 80 percent of businesses noting a reduction in digital transaction times.[4]

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[1] Woo Jun Jie, "Singapore's Smart Nation initiative—a policy and organisational perspective," National University of Singapore Lee Kuan Yew School of Public Policy, November 2018; Et Wu, "Digital transformation in Singapore: An unstoppable mega trend," Choco Up, July 26, 2022.
[2] Ibid.
[3] Ibid.
[4] "Digital government," Smart Nation Singapore, accessed April 3, 2024; "Digital Government Blueprint: 'A Singapore government that is digital to the core, and serves with heart,'" Smart Nation Singapore, December 2020; McKinsey analysis.

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customer demand through mechanisms such as self-service, source smarter, and consolidate support services.

A September 2023 survey of more than 50 US government leaders revealed that respondents do not employ these levers at consistent rates.[3] In general, respondents implemented ways to enhance processes and optimize organizational structure and governance, with more than 20 percent reporting that they had taken action in these areas and less than 6 percent reporting that they had not. On the other hand, less than 10 percent of respondents reported implementing processes to manage demand and to source smarter.

Changes in government productivity can often require a transformational approach. Yet our experience shows that only 30 percent of private-sector transformations and 22 percent of public sector transformations succeed in meeting their objectives. Capturing new opportunities calls for a change in the typical government operating model. Governments may need to overcome institutional habits that limit transparency and promote incrementalism. While this can be difficult to achieve, the returns can be outsize. Key success factors include aligning on bold goals, shifting the best people to focus on driving improvement initiatives, rewarding smart risk-taking, increasing transparency into progress, and investing in tools and systems.

Catalyzing economic growth and innovation in the private sector

Sustainable, inclusive economic growth fuels the opportunities and funding to tackle today's dizzying set of challenges. Governments play an important role in creating an enabling environment and adopting policies that support private companies and help them to thrive. In addition to allowing for a balanced competitive playing field, governments in many countries, as we have seen, are making a return to industrial strategy. They are more actively supporting key sectors and are

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[3] Based on results from a survey of participants at a McKinsey government leaders forum, September 2023.

encouraging investment opportunities and the development of new technologies to help secure a competitive advantage in crucial industries and to better manage the energy transition. For example, the United States has enacted the CHIPS and Science Act to support its manufacturing and semiconductor industries.[4] Similarly, the European Union has enacted the European Chips Act to support its semiconductor industries.[5] Several countries are also thinking about how to grow strategic and future sectors (for example, in space technology or biotechnology), such as the United Arab Emirates, which has developed a list of promising sectors prioritized for investment and economic acceleration.[6]

To effectively execute on this evolving mandate, we see a potential need for government leaders to take on more of an investor mindset when enacting new programs, which in turn can help leaders do the following:

— Strike the right balance between providing a competitive playing field for all businesses, investing in a supportive and enabling environment, and placing select bets on potential future strategic opportunities.

— Bring clarity on where to best catalyze growth—for example, by unlocking gaps in a value chain or kick-starting an innovation ecosystem.

— Be clear-eyed on the right to succeed and on the unique sources of competitive advantage (for instance, natural endowment, privileged market access, cost advantage, productivity advantage, first-mover advantage).

— Assemble privileged insights gathered from close consultation—in this case, with individuals and businesses—to help inform decisions.

— Consider where to complement and "crowd in" (versus crowd out) capital from the private sector and where this capital is impeding private investment.

— Use stage gating with clear indicators of progress, along with being willing to release more resources for proven results and to cut resources when there is insufficient progress.

— Create the right innovation ecosystems for future economic sectors to emerge.

Thriving in a new era of government: Actions leaders can take

To act on these imperatives, the skills of the modern civil service may need to evolve. We suggest several key capabilities that government leaders could invest in to help enable the civil service to rise to the occasion.

Strengthen and expand partnerships between government and the private sector

The answers to today's big problems will likely require coordination among the public, private, and social sectors for capital, ideas, and expertise. While there are often barriers to people moving among these worlds, it is possible to achieve a high degree of collaboration through rotations, secondments, and formal and informal engagement and convening. One way to effect such collaboration is through public–private partnerships (PPPs). These arrangements have successfully delivered major public-infrastructure projects in many countries. Successful private contractors often have strong capabilities in risk management across the entire life cycle of a project, generating efficiency gains for the public sector entity. PPPs can also spread a project's cost over a more extended period and can thus free up public funds for investment in sectors in which private investment is impossible or otherwise inappropriate.

Unleash the power of data for faster, better-informed decision making

In the 1980s and 1990s, there was a shift from dogmatic decision making to evidence-based decision making in the public and private sectors. It's now time for another shift to enable robust and iterative processes. Leaders can use real-time data,

[4] "The CHIPS and Science Act: Here's what's in it," McKinsey, October 4, 2022.
[5] "The European Chips Act," European Commission, accessed April 17, 2024.
[6] "Investment opportunities in promising economic sectors," United Arab Emirates Ministry of Economy, accessed April 11, 2024.

predictive modeling, unstructured data, and real-time performance monitoring to support iterative decision making.

The COVID-19 pandemic may have helped highlight the notion that for governments, traditional indicators such as GDP can run several months behind and be too slow to predict short-term economic impact and inform decision making. Several governments innovated by tracking real-time activity through credit card data, container traffic in ports, or airport arrival figures to project near-term economic activities. For example, in Australia, the Treasury and the Department of the Prime Minister and Cabinet supplemented data from Services Australia, a government department, with anonymized credit-card-spending and debit-card-spending data from financial institutions. This linked spending patterns to the receipt of government stimulus funds, allowing the Australian government to understand the real-time efficacy of the stimulus packages, inclusive of nuances among states.[7]

Another example can be found in the advances in digital twins, which can help streamline decision-making processes—driving more effective planning and delivery of services and infrastructures. Digital twins are virtual models of products or processes. They can empower government leaders to plan better and for cost-effectiveness, stress-test scenarios, visualize outcomes, deliver services faster, and improve outcomes for people and the economy.

Build stronger government delivery muscles

The modern civil servant skill set includes far more than just policy design. Increasingly, it demands expertise in managing large, complex organizations and driving transformational change programs that often depend on technology.

Nearly 80 percent of major change efforts in the public sector fall short of meeting their objectives. Public sector leaders can triple the success rate of these transformations by following five proven disciplines: committed leadership, clear purpose and priorities, cadence and coordination in delivery, compelling communications, and capability for change.[8] After a transformation strategy is defined and aspirations and budget are in place, public entities may need to follow three important steps:

1. *Discover.* Establish the trajectory and full potential of the transformation.

2. *Design and decide.* Develop a bottom-up plan, detailing initiatives and financials, fully owned by the line leaders.

3. *Deliver.* Launch the full-scale effort and monitor progress, driving value against strategic objectives.

Rethink organization and talent attraction

There is a public sector talent shortage around the world, the effects of which are amplified by

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[7] Jenny Child, Roland Dillon, Eija Erasmus, and Jacob Johnson, "Collaboration in crisis: Reflecting on Australia's COVID-19 response," McKinsey, December 15, 2020.

[8] Roland Dillon, Elizabeth Murray, Scott Blackburn, and Neil Christie, "Transforming government in a new era," McKinsey, September 14, 2022.

Case study: Digital twins offer data visibility

A rapidly growing North American jurisdiction is pioneering the use of digital twins as a service in the public sector. Using digital twins, the jurisdiction brings together hundreds of data sources spanning all levels of government and the private sector into a single source of truth. It then forecasts hundreds of scenarios in seconds to optimize for the desired outcomes of public sector entities and leaders. For instance, in determining where to invest in the coming decades for clean and safe water for everyone, digital twins enabled budgets to be allocated against shared performance indicators. The technology enabled full visibility into the assets' conditions and the impact of the service level and allowed multiple simulations and scenarios to be run against a large set of parameters in only a few minutes.

the digital skills gap. In February 2024, the United States had approximately 8.8 million job openings, 10 percent of which were government jobs. However, only about 4 percent of hires were in government—leaving more than 500,000 government jobs unfilled.[9] In the United Kingdom, the Public Accounts Committee estimates that the number of digital, data, and technology professionals in the civil service is 4.5 percent, less than half the number it needs compared with an equivalent industry average of between 8 and 12 percent.[10]

Both managerial and nonmanagerial civil servants report that digital skills are increasingly necessary for their learning and development, with 86 percent of countries ranking it in the top five for nonmanagers (the highest response) and 51 percent for senior managers (the second highest).[11]

To respond, governments can consider a talent agenda that matches the demands of this era, including the following elements:

— a refresh of the employee value proposition that captures what is special about working in government today, while reinforcing the essential role the public service plays in fostering public trust

— a coherent strategic workforce plan that invests in and ensures that the right capabilities are matched to the strategic goals of the organization

— a more diverse set of career pathways, rather than the traditional career ladder, that allows staff to develop the breadth of expertise needed to support a focus on policy and cabinet leadership

— a more contemporary operating model that balances speed and stability to allow governments to make the right decisions at the pace required, with a clear path to measuring and understanding how they are delivering on public expectations

— a leading position on diversity, equity, inclusion, and access to ensure that governments' decision making is representative of the societies they serve, as well as to safeguard equitable service delivery

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Governments in many countries are at a turning point when it comes to gaining the public's trust and achieving the satisfaction of consumers and businesses. Public sector leaders face considerable pressure from their constituents and stakeholders to improve socioeconomic growth and increase prosperity for the people they serve. While governments face stiff challenges today, new technologies, business models, and practices offer unique opportunities to deliver services more efficiently, enabling civil servants to accomplish their mission of better serving the public in an era of empowered consumers.

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9 "Job openings, hires, and separations levels, seasonally adjusted," US Bureau of Labor Statistics, accessed April 11, 2024.
10 "Digital transformation in government: Addressing the barriers to efficiency," House of Commons Committee of Public Accounts, September 13, 2023.
11 *Public employment and management 2023: Towards a more flexible public service*, Paris, France: OECD Publishing, 2023.