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A report from the Deloitte Center for Government Insights

Compliance without tears

Improving the government-to-business experience

Part of a series on customer experience in government

ABOUT THE DELOITTE CENTER FOR GOVERNMENT INSIGHTS

The Deloitte Center for Government Insights shares inspiring stories of government innovation, looking at what's behind the adoption of new technologies and management practices. We produce cutting-edge research that guides public officials without burying them in jargon and minutiae, crystalizing essential insights in an easy-to-absorb format. Through research, forums, and immersive workshops, our goal is to provide public officials, policy professionals, and members of the media with fresh insights that advance an understanding of what is possible in government transformation.

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Deloitte Digital uses strong technology and industry knowledge to help businesses and governments engage their customers with data-driven messages and experiences that span across channels. Through its full spectrum of services, from strategy to enablement to operations, Deloitte Digital helps businesses and governments create the experiences, relationships, insights, and delivery needed to be effective. Learn more at deloittedigital.com.

Introduction

FOR virtually every business, government regulation is a painful fact of life. Consider just a partial list of the various ways that government oversees business operations:

- Registration
- Credentialing/licensing
- Permitting
- Reporting
- Paying, not only taxes, but fees and assessments such as unemployment insurance and workers' compensation

Often, a business must comply with thousands of overlapping regulations at every level of government—plus file reports documenting that compliance.

The costs to business are enormous. In the United States, manufacturers spend an average of $19,564 per employee every year to comply with federal regulations.[1] All in all, these rules cost citizens and businesses in the United States $2 trillion annually.[2] Adding state and local regulations brings the cost of compliance to nearly 17 percent of US GDP, according to some estimates.[3]

Those costs destroy jobs. According to research by the American Action Forum, an increase of $1 billion in regulatory burden can eliminate over 8,000 positions.[4] In an op-ed in the *Wall Street Journal* announcing plans to reduce regulations, President Barack Obama wrote, "Sometimes, those rules have gotten out of balance, placing unreasonable burdens on business—burdens that have stifled innovation and have had a chilling effect on growth and jobs."

Even if you could eliminate all of the unnecessary regulations—no easy task—there would still be a significant need for government oversight. While most businesses would welcome fewer regulations, what they really want is to spend less time and effort on compliance. Most businesses want to adhere to government requirements, but they don't always know how. The result is anger and frustration for business, as well as reduced compliance.

While most businesses would welcome fewer regulations, what they really want is to spend less time and effort on compliance.

By adopting a "customer experience (CX) mind-set," governments can make business compliance much easier, boosting accurate, voluntary compliance rates. The cases we analyzed also show that improving government-to-business (G-to-B) interactions can:

- *Increase* regulatory compliance
- *Reduce* the burden on business
- *Enhance* consequences for true scofflaws, as opposed to accidental violators

Adopting a CX mind-set involves taking advantage of developing technologies and borrowing tactics from the private sector's CX toolkit. Let's take a closer look at those strategies.

Business as customer

Applying the customer experience toolkit to G-to-B interactions

BUSINESSES subject to government regulation aren't customers in the traditional sense. They don't have a choice. By definition, government regulators hold a 100 percent market share.

As a result, government employees aren't always aware of the difficulties businesses face when they deal with government. Adopting a CX mind-set can unlock a nuanced understanding of business as customer.

One approach is human-centered design, a multidisciplinary practice rooted in a deep understanding of the customer. Human-centered design is built around users' needs and experiences. For example, rather than require businesses to adapt their behaviors to use a new system, the system is instead designed with the existing behavior in mind. Embracing a set of three principles for improving the G-to-B relationship could bring powerful results.

Figure 1. Understand your customer

Understand customer needs and environments. Connect with them in a meaningful way with the right tone and channels.

- **Voice of the customer**—capturing VoC data via multiple mediums
- **Action segmentation**—grouping customers by behaviors rather than demographics
- **Journey mapping**—to highlight the end-to-end customer experience as it stands today

Graphic: Deloitte University Press | DUPress.com

Principle 1: Understand your business customers

Leading public and private sector organizations are using new tools and approaches to answer the most fundamental questions behind better customer service: Who are my customers? How do they behave? And what do they want?

Insights gleaned from firsthand experience can also provide a way to reach the employees responsible for delivering that experience. Recordings of call center conversations, video footage of different aspects of the experience, customer journey maps that depict the experience from the business's vantage point, and personas that provide a face to the data and include quotes from customer interviews can make CX real for employees in a way nothing else can.

WATCH AND LEARN: WHAT DO YOUR CUSTOMERS NEED?

Those working on the inside of an organization may not immediately grasp the difficulties businesses face or have an awareness of the informal workarounds they may have created to get something done. While focus group discussions and surveys offer valuable data on customer *opinions*, they don't necessarily reveal *motivations* or *actual behaviors*.

Leading organizations use human-centered design to gain a more nuanced understanding of the variety of customers they serve. Rather than requiring users to adapt their behaviors and preferences to a tool or system, a human-centered system *supports* existing behaviors. It involves a deep understanding of customers' needs and experiences—both the ones they tell you about and, perhaps more importantly, the ones they don't.

To understand how businesses experience a service or program, you first need to identify the transactions involved. This entails gathering and analyzing existing data on business interactions, as well as reviewing survey data, call center and issue tracking analytics, help-desk interactions and resolutions, social media scans (or digital listening), and web analytics. It is also important to learn what kind of experience businesses desire for a particular transaction. Is it one that is memorable and curated over a long period (think frequent-flyer status)? Or an *embedded* experience—small but meaningful interactions repeated over a period of time (think Waze).

Firsthand insights from businesses, using ethnographic research techniques to capture the journey across the entire service interaction, can help government agencies understand the business user experience. What contributes to confusion or frustration? What leads users to turn to certain channels? What elements of the experience please them? This research will reveal pain points, as well as opportunities for customer service improvement. Our research suggests some common problems that frustrate business users when they interact with government (see the sidebar "Common government-to-business pain points").

DEFINING MEANINGFUL AND ACTIONABLE CUSTOMER SEGMENTS: WHO ARE YOUR CUSTOMERS?

When defining business customer segments, governments can use analytics to determine the likelihood of compliance and the consequences of noncompliance. Different types of businesses are very different when it comes to compliance—some might strictly follow the laws of the land, whereas others might be repeat offenders. A risk-based approach aims to group businesses into segments according to the risk of noncompliance so that customized strategies can be developed to increase compliance and reduce the friction and cost of compliance. For example, a business that's at a high risk of noncompliance might need frequent inspections, whereas a low-risk business might get the benefit of rapid approval for its licenses or permits.

Each business has a unique set of characteristics, such as size, geography, years in operation, industry sector, financial circumstances, and tax and regula-

PRINCIPAL G-TO-B INTERACTIONS

- **Registering.** Legally forming and operating a business requires registering it with multiple agencies across multiple levels of government.
- **Credentialing/licensing**. Many occupations, including architect, land surveyor, barber, lawyer, real estate broker, and taxi driver, require a license or credentials from government.
- **Permitting**. Governments require businesses to obtain permits for thousands of different activities, from renovating an office to transporting nuclear waste.
- **Reporting**. Businesses must file reports on everything from environmental impacts to compliance with labor rules.
- **Paying**. Tax and fee payments, of course, will often overlap with the other four categories.

tory compliance history. A company's location and business environment and its community of trading partners further shape its character.

Customer segmentation can help an agency tailor its initiatives to specific business customer groups. It helps translate the unique needs of each customer sub-group into service offerings that benefit that group as well as the government agency.

When the State of Ohio decided to modernize its business gateway, the team started by examining the pain points that business users faced. The state employed interviews, focus groups, and a survey to investigate users' needs. The analysis identified five clusters of end users based on their priorities and their satisfaction with the current gateway.

For instance, a cluster called "corporate employees" comprised people who worked for companies with a larger geographic footprint. These users were mostly satisfied with the business gateway, but they wanted functional tweaks, such as easy password resets and log-ins, confirmation mailers for saving and uploading data, and the ability to create customized alerts. They were focused on making sure their company complied with state rules and regulations.

Another cluster, called "aspiring entrepreneurs," consisted of young, educated, and tech savvy entrepreneurs. Their needs were completely different. They wanted relevant resources, step-by-step guidance for navigating the gateway, and a dynamic help function to address their problems. They were more interested in using state services that could streamline their interactions and enable them to realize their dream of starting a business.

After going through this detailed need analysis, the state incorporated the needs of each of the five clusters into a revamped gateway.[5]

Segmentation is more art than science—not a one-off event, but a continuing exercise, performed at regular intervals to keep pace with changing customer populations and evolving needs and preferences.

JOURNEY MAPPING: WALKING IN A BUSINESS USER'S SHOES

Journey maps are designed to show the customer's end-to-end experience interacting with a product, service, or system, providing a unified picture of a customer's engagement from beginning to end, when many organizations only see the sliver they work within.

There's no one way to do a journey map—it depends on the problem you are trying to solve. But in each case it offers an anchor and a compass and can be the jumping-off point for developing a blueprint that helps define the path forward.

COMMON GOVERNMENT-TO-BUSINESS PAIN POINTS

Delays

Licensing and permitting can be a confusing, non-transparent, and unpredictable experience. The never-ending wait for approvals extends a business's go-to-market time. Uncertainty caused by lack of transparency may sabotage investment projects. For example, the Government Accountability Office (GAO) found that it takes, on average, 558 days from the time a company files the first paperwork for an interstate pipeline to the time it receives a "pipeline certificate." Developers must allot seven to eight months to "pre-filing" an application. Jason Thomas, director of research at The Carlyle Group, explained the challenge this presents to investors. As he told Congress, "The uncertainty created by the permitting process makes it harder for projects to secure capital early in the planning process. Investment firms seek to deploy their capital as rapidly as practicable and cannot afford to segment large portions of their dry powder to future projects that may not come to fruition."[6]

Lack of transparency in the approval process

While businesses wait for licenses and permits, they struggle to plan. A business typically has no idea of its application's status, how much time to budget for the review, and if (or why or where) the application is stuck. A key element is the idea of why the decision is made. The "why" is very important to both business and the general public. This would create more trust and social license around the decisions of government.

Paperwork burden

Businesses must also report on their compliance efforts. They send financial statements to the Securities and Exchange Commission (SEC), employee retirement plan data to the Internal Revenue Service (IRS), and to the Environmental Protection Agency (EPA), notices of construction that might alter the flow of storm water. The Office of Management and Budget (OMB) estimates that in 2013, citizens spent 9.453 billion hours completing the paperwork requirements from 22 executive departments and six independent agencies.[7] The Department of Treasury represents 75 percent of that paperwork.[8]

Duplication

Businesses provide the same information to numerous agencies several times over, multiplying the effort required to begin work. For instance, if you wanted to start a business in the City of Los Angeles, you would spend eight days completing six different procedures with five different agencies. In New Zealand, a business owner can register a business in under a day by interacting with a single government department online.[9]

Consistency

Consistency is a huge pain point for business. Speed too is highly important, but for more complex regulatory issues, businesses understand it will take time. What they do want to know, however, is how much time it will take and for that to be consistent each time.

Complexity

The University of Chicago's Steven Davis notes that "as of 2011, it takes 70,000 pages of instructions to explain the federal tax code."[10] The Tax Policy Center reports that in 2012, business tax returns cost an average of $420 each just to prepare.[11] That's a regulatory cost of about $4.4 billion to businesses and nonprofits.[12]

Complying with the law should not require specialized legal understanding or a consultant's advice. But often, the interpretation of regulations is subjective, making compliance tricky. Agencies may tell you when you are wrong, but few tell you how to achieve a course correction. Businesses are stuck wondering whether, say, a ship is both an "ocean-going vessel" according to the EPA or a "Jones Act" ship according to Customs and Border Protection. And is the cargo "government-impelled" according to the US Maritime Administration?

Principle 2: Tie CX to specific mission outcome metrics

Imagine two permitting offices in two different cities. Both ensure that all new businesses receive the required permits prior to launching. But in one city, the process entails long wait times, unclear instructions, and repetitive filing of paperwork. In the other, an easy-to-use website offers clear instructions and lets applicants know how their permits are progressing through the process.

Clearly, one agency is providing superior service while the other is causing a hidden drain on the economy. When a public agency serves its customers well, the agency saves money, becomes more efficient, and [fosters better employee engagement](). Outstanding customer service may also promote economic development and better business compliance.

In competitive markets, companies focus on customer service because it is vital to their economic success. In a regulatory agency, however, performance metrics that measure customer service can help ensure a similar focus.

By looking at the businesses they interact with through the lens of customer experience, [government agencies can better meet their mission goals]().

For example, the New York City Department of Transportation (NYCDOT) issues almost 400,000 street excavation permits to construction contractors every year. The agency wants to issue these permits on time, to avoid construction delays. In 2014, the city replaced its 30-year-old mainframe-based permit management system with a state-of-the-art permitting solution. The new system lets contractors apply for permits 24x7 though any device—desktop, tablet, or smartphone. Once permits are approved, contractors can print them to post at their construction sites. The system also helps city staff speed up the permitting process at the back end. For instance, it provides an integrated interface based on Google Maps and Street View, which city staff use to evaluate potential conflicts.

These features on the front and back end help NYCDOT process applications faster while improving the experience for construction con-tractors.[13] Maintaining these key performance measures allows agencies to enhance the G-to-B experience for its customers.

Figure 2. Tie CX to a specific business outcome

- **Prioritization** of CX iniatives by business impact
- **Budget optimization** by customer needs
- **Improved decision making** through customer analytics

Graphic: Deloitte University Press | DUPress.com

Principle 3: Create a unified vision for change

The private sector is ahead of government when it comes to providing a great customer experience. This isn't surprising when you consider the resources available to chief marketing officers for customer segmentation and market research. In the public sector, leaders need to make the case for budgets that invest in improving the G-to-B customer experience.

Creating a unified vision starts with assessing an agency's current state and maturity with respect to customer experience.

Figure 3. Create a unified vision for change

Implement the right business models. Align funding and performance metrics, create integrated business teams, and co-design solutions with the customer to support the desired CX.

- **Defining the current state** and "to be" service culture and enviromental shifts
- **Determining key process changes** and identifying technology supporting requirements
- **Defining and tracking** metrics for evaluation

Graphic: Deloitte University Press | DUPress.com

ASSESS YOUR CX MATURITY

Experience is the way we feel about events and our interactions with people, organizations, facilities and technology. It can be defined. It can be designed. And it can be *improved*.

But is improvement possible if you don't know where you are today? Probably not. That's why professional athletes analyze their individual scores and performance statistics. It's not just about winning or losing, but understanding how far they are from the goal, what is and isn't working, so they can recalibrate their performance. The same is true for organizations.

The journey to becoming a more customer-centered organization should start with an assessment of an organization's commitment to customer experience, its current capabilities, and its vision for its business user and employee experience.

LEADERSHIP AND CX

Meaningful CX improvements in government require executive support, preferably through the creation of a chief customer officer with a mandate and the resources needed to drive agency-wide improvements.

As a result, it's important for someone—be it a chief customer officer or a CX council comprised of leaders who collectively own all the touchpoints across the customer journey—to have a horizontal view across the entire agency and responsibility for ensuring that the business customer experience is consistent across touchpoints that may span multiple business units.

DEFINE THE CX FUTURE STATE

After defining the "as is" state, assessing CX maturity and generating a clear picture of the organization's core customer segments and their interactions with the system, an agency can define a more effective experience.

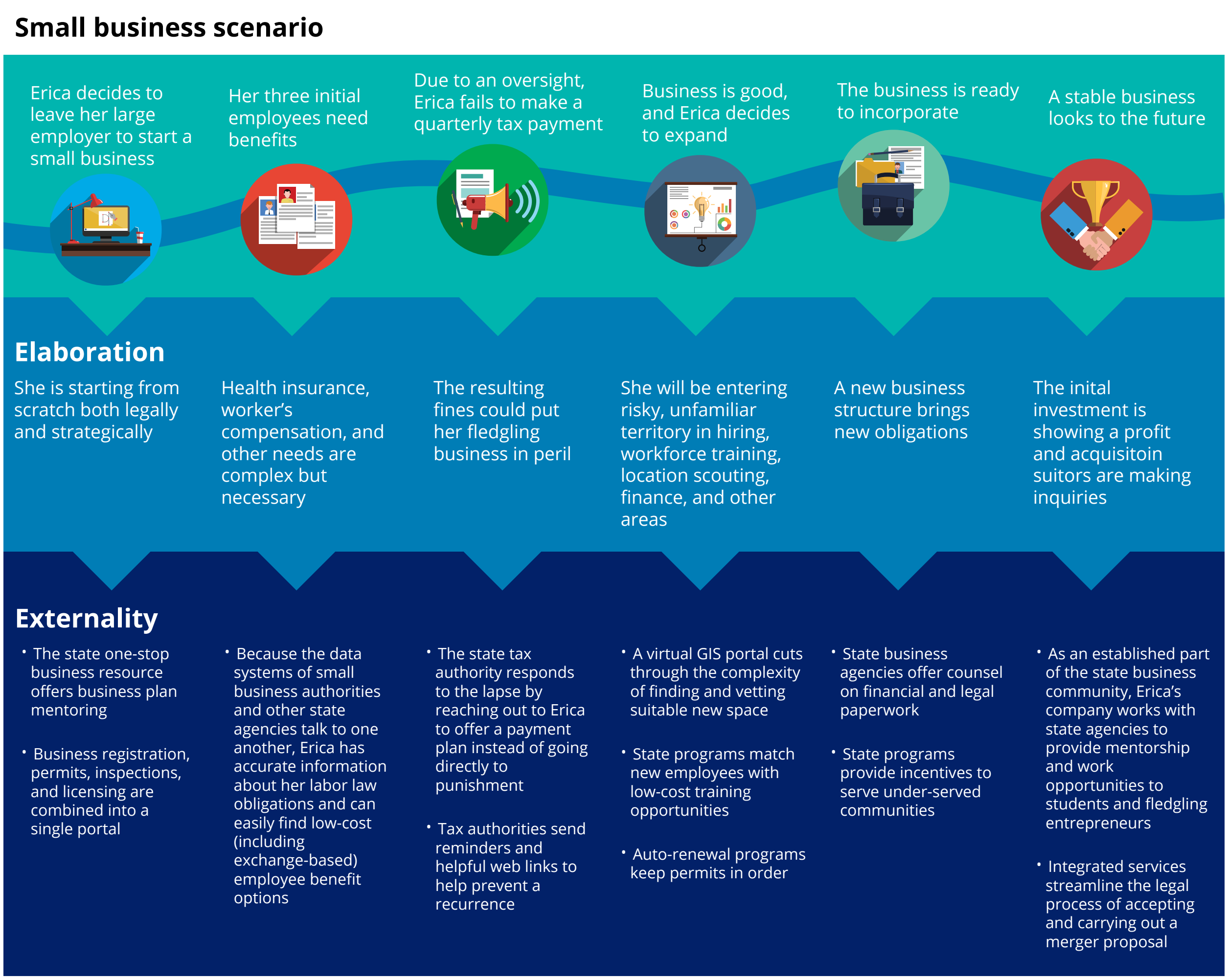
The future state vision or blueprint begins with basic design principles—core statements of what the system and culture will do. These principles become the basis for measurement and the test against which the program should be evaluated. A service design blueprint should address both front-end customer experience as well as the back-end operations, supporting decisions on business models, staffing, operations, training, and new services. For example, BusinessUSA aimed to connect businesses with government assistance services to virtually "join up" siloed government programs. The team conducted extensive usability testing, focus groups, and surveys to gather feedback. It analyzed the collected data and continuously improved the site to suit users' needs.[14]

Improvement in customer experience doesn't happen just once—it happens continuously. By pinpointing the elements that matter most to its customers, and then measuring those indicators over time, a government agency can learn whether its CX strategy is effective and course-correct as needed. (See the "New Zealand's Better for Business program" section.)

Figure 4 shows how a CX approach based on design thinking might work for a small business, from incorporation through its growth stage.

In the next section, we'll explore some real-world examples of governments using CX principles and tools to improve the G-to-B experience.

Figure 4. A nextgen CX approach for small business



Source: Deloitte analysis.

Graphic: Deloitte University Press | DUPress.com

Five ways CX can transform the government-to-business experience

Increase compliance: E-Verify

BY listening to user concerns, governments can learn to develop better compliance tools and communicate how rules apply in specific circumstances. This is what the United States Citizenship and Immigration Services (USCIS) did with its E-Verify program.

E-Verify is a free and easy-to-use tool that electronically verifies whether an employee is eligible to work in the United States. An employer just enters details from an applicant's Form I-9 into E-Verify. The system quickly compares the submitted details with databases at the Department of Homeland Security, the Social Security Administration, and certain state Department of Motor Vehicles, and then confirms a hire's eligibility for work.

From an employer's perspective, E-Verify represents a much easier path to compliance. Traditionally, employers had a difficult time knowing if those they were offering employment to were legally eligible to work. The employers themselves had to decide whether the documents presented by a potential employee were genuine or counterfeit.[15]

More than half a million employers use E-Verify at more than 1.9 million hiring sites.[16] The system reviews more than 25 million cases annually.[17]

Although the tool is largely voluntary, USCIS's focus on employers' needs has hastened its adoption. (At

Figure 5. Case at a glance: E-Verify

Desired outcome		Increase compliance
Business pain points		• Slow verification • Time and effort required for compliance
Type of experience provided		Embedded
Types of tools used	**Feedback loop**	The program launched a companion website E-Verify Listens to let users provide feedback and suggest changes in the E-Verify tool.
	Human-centered design	As regulated by immigration and DHS laws, employers need to know whether their employees are eligible to work. E-Verify provides this information within seconds after an employer enters basic details about an employee.

least 10 states have made it a requirement for certain employers as a condition of business licensing, which has helped hasten adoption.[18]) The key features of E-Verify are speed and ease of use. It delivers results within three to five seconds.[19] About 99 percent of the cases are authorized instantly, or within 24 hours.[20] Many businesses that use E-Verify give it positive reviews. In a 2014 survey of American Customer Satisfaction Index (ACSI), the program scored 87, compared with the federal government average of just 64.[21] Since participation in E-Verify is largely voluntary, the fact that half a million companies use the system is impressive.[22]

Employers' confidence in E-Verify comes thanks to a serious focus on user experience. Nearly every new visitor to the site encounters a satisfaction survey. In 2012, the USCIS launched a companion site, E-Verify Listens, to crowdsource improvements to E-Verify.[23] The site allows users to suggest changes—for example, allowing the Somali alphabet in online forms. Users discuss and vote for these suggestions, and E-Verify posts its progress on implementing changes. By January 2016, the site had received 246 ideas from community members and implemented 22.[24] The tool has been enhanced and upgraded more than 30 times based on survey results, user research, and evolving regulations.[25]

Reduce delays and increase transparency: Boston's permitting reforms

Alex Tsalagas owns a construction company in Boston. The time he spends standing in line to get permits "adds tremendously to the cost of doing business," he says. That, in turn, increases costs for his customers.

In Boston, even a residential renovation requires permits for plumbing, fire safety and, in certain neighborhoods, integration with historical architecture. There are elevator permits, sheet metal permits, and duct permits. It's difficult to track an application or verify which additional applications are required. In 2013, the city had a backlog of thousands of complaints about buildings.

Tsalagas's main problem has been with building inspections. In addition to the delays, the inspections can be inconsistent. One inspector might say a project requires plans. Tsalagas tells his client that this requirement will delay construction and add cost. But then a second inspector tells the client the plans were unnecessary. "It makes the contractor look bad," he says. He loses business to contractors who don't bother applying for permits. Rather than endure the hassles of the permitting process, they perform work without a permit and hope they don't get caught.

These problems are exactly what the city is trying to fix through its new permitting system. "We want something that is understandable and predictable, where customers can figure out what they need, and have a clear understanding of how long they can reasonably expect those things to take," says Alex Lawrence, the city's permitting project manager.[26]

On taking office, Boston's new mayor, Marty Walsh, made streamlined permitting a top priority. The quest began with the HubHacks Permitting Challenge, a hackathon co-hosted by the Department of Innovation and Technology (DoIT) and the Mayor's Office of New Urban Mechanics (MONUM).[27] "We decided we really wanted to both generate some interest in this specific problem as well as get some folks in the technology community interested and engaged in a hackathon for specific permit pain points," says Lawrence.[28] Over two days, experts attempted to reinvent the city's permitting. They used a new application program interface (API) that allowed programmers to create custom applications that feed directly into the city's permitting system. Then hackers just aimed at pain points.

The city already had a website for permitting, but users found it so frustrating that they preferred to visit offices and wait in line. Contractors needed help for chores like finding the "address of record" for buildings. As one respondent told researchers, the address on his restaurant door wasn't the address on file. "They said, 'You're gonna need a change of address form.' Well I don't know what the [original] address is!"

Figure 6. Case at a glance: Boston's permitting reforms

Desired outcome		Easier, faster permitting
Business pain points		• Slow • Fragmented • Lack of visibility
Type of experience provided		Embedded
Types of tools used	**Co-creation**	The City of Boston ran a "hackathon" to engage citizens, businesses, and the tech community to streamline the permitting process.
	Customer segmentation	The city created customer segments based on the size of businesses, tailored to suit specific segment needs. For instance, a separate zoning board subcommittee hears appeals only from small businesses. The time was set after normal working hours so that small business owners not having the services of attorneys can attend hearings without wasting their working hours.
	Feedback loop	Boston launched a new online permitting system and reached out to businesses to be beta users. The goal: iterate, enhance, and add the capabilities in the system based on users' feedback.
	Human-centered design	City officials interviewed many end users, including homebuyers, developers, and small businesses, to understand their pain points.

The hackathon's prototypes included a Find My Address tool to identify the address of record, an app that explains which permits a project needs, and a program to track applications through the permitting process. The latter now provides anxious construction agents with a "baby monitor" for their projects.[29]

Some fixes are extremely simple. After the hackathon, Boston expanded the hours for the zoning board of appeals from half days to full days. This eliminated a backlog of more than a 100 zoning cases.

Boston also revealed a beta version of a new online permitting system to correct the clunkier aspects of the old system. "A business might need permits from six different departments," explains Lawrence. "The online user experience was really bad, paper copies of forms were often required. It was a long, unpredictable, fragmented process."[30]

The new system allows users to apply for multiple permits at once, organize permits by project, and include multiple people—say, a contractor and a homeowner—on the account.

The effort to create a better customer experience has yielded significant results. The Inspection Services issued 12,500 more permits in the first year of improvements than in the previous year. The average review time for long-form permits was cut by five days, or 20 percent. Permits are now issued on time 75 percent of the time. And the building complaint backlog? It has shrunken from 3,500 to 212.[31]

Customer segmentation helped the city ease the permitting process for very small businesses. "One of the biggest complaints that we've heard was if you are a small business owner or somebody who's just trying to build an eight-foot fence outside of your house . . . going through the whole appeal process is something that's gonna be intimidating, confusing, and time consuming," says Lawrence.[32] Based on the feedback, the zoning appeals committee created a special subcommittee tailored to the unique needs of small businesses, making the zoning process less intimidating for those customers.

Boston's smoother permitting process shows how a determined municipality can improve the business experience. By listening, and then tailoring an approach to its businesses' needs, Boston is starting to become an easier, friendlier environment for local businesses.

The US federal government is nudging cities across America to transform their permitting processes for small and medium-sized businesses. The "Startup in a Day" challenge launched by the Small Business Administration (SBA) aims to make it easier for businesses to obtain licenses and permits at the city level. More than 50 cities pledged that within the next 12 months, they would launch an online tool for business startups. Entrepreneurs would be able to identify all the licenses required to start a business, and then apply for all those licenses in just one day. The SBA awarded $50,000 each to 25 cities and two Native American governments to fulfill their pledges.[33]

Cut business costs: New Zealand's Better for Business program

When the World Bank scored governments on regulatory quality and efficiency in its "Doing Business" study, New Zealand ranked near the top. One reason: The country is reshaping its government to put customer service first. Extensive research underpins this transformation. Surveys found that while many businesses appreciated the service of individual agencies, they didn't like having to start from scratch each time they worked with a new government organization.[34] Reformers identified common pain points across businesses and set to work.

First, the Ministry of Business, Innovation and Employment (MBIE) instigated the "Result 9: Better for Business" program, which also gained support from seven other federal agencies.[35] Their goal: to reduce the cost of dealing with government by 25 percent and match private sector customer performance by 2017.

The initiative helped spearhead more than 80 initiatives, unleashing "accelerator teams" of experts—each including an entrepreneur—to make government transactions simpler. Principles of the program include:

"Join up" government services. "Join up" is just Kiwi for collaboration. For example, three large federal agencies all now allow a business to register with the same identification number. Soon, data from one agency database may update across government. When a business changes its name, for example, it need only inform one agency.

Joined services don't just combine processes and share data. They also coordinate tasks, aligning them to a user's needs. For example, when a shipping vessel arrives at a New Zealand port, the company can securely submit the cargo information required by entities such Customs, Maritime New Zealand, and the Ministry of Health through a single online process called Trade Single Window.[36] "The goal is to not have to ask businesses for the same information time and time again," explains Andrew Bardsley, who runs the Better for Business program. "We've started to pull together pictures of a more complete way of understanding the customer."[37]

Simplify. When applying for building permits, 41 percent of New Zealand's applicants mess up their paperwork, causing costly delays.[38] So the program's accelerator team created Vizbot, an application that town councils can incorporate into their websites. Vizbot walks contractors through applications, then tracks the application's journey across desks like a Fed-Ex package through a warehouse. The program even displays the notes officials make during processing, so the architect can see that a deck may violate zoning laws well before snail mail delivers the verdict.

Figure 7. Case at a glance: New Zealand's Better for Business program

Desired outcome		Reduce costs of dealing with government by 25 percent
Business pain points		• Tax compliance and tax filing • Lack of visibility in patent filing process • Hassles of interacting with multiple agencies • Burden of providing the same information multiple times
Type of experience provided		Curated
Types of tools used	**Co-creation**	The R-9 accelerator program was launched to co-create services with businesses. The teams, consisting of business owners and government officials, developed minimum viable products in 12 weeks. The myIR app was also developed by hosting a competition.
	Feedback loop	In the R-9 accelerator program, every team included one entrepreneur, whose role was to guide the team through the market validation process and provide user perspective.
	Human-centered design	The process started with a series of interviews and surveys to identify pain points. These pain points were then converted to user statements, and five major themes were identified to solve business problems.

Prioritize digital. A bias for simplicity often means a bias for the Web. An effort similar to Vizbot transformed the Intellectual Property Office of New Zealand (IPONZ) into the world's first 100 percent online IP office.[39] Businesses can file patent applications, monitor their progress, and update their contact details online. Businesses and IPONZ staff track a case through a single "inbox."[40] The shared window makes the process transparent and predictable for business, while reducing transaction costs.[41]

With more time to examine IP rather than just administrate, IPONZ employees are responding faster and more accurately. Over 98 percent of applications receive a response within 15 working days, and 99 percent of decisions to grant or deny IP are upheld.[42]

A STRATEGY OF TESTING

Redesigning the business experience requires journey mapping ("that's where some of the gold is," says Bardsley), beta testing, consultations with stakeholders, and user feedback. Better for Business leaders closely collaborate with users, seeing businesses as customers as opposed to always the bad guys. Getting there "has been a massive cultural change," says Bardsley.

Thanks to this program, as of December 2015, businesses have seen the cost of dealing with government fall by 12 percent. The service performance gap between the government and the private sector has also narrowed.[43] Between 2013 and 2014, respondents to surveys reported a 23 percent reduction in perceived effort to deal with Inland Revenue, approaching the performance of private industry.[44] Construction agents using Vizbot reported a 30 percent reduction in time spent.[45] The Trade Single Window has processed more than 1.7 million inbound transactions, getting ships turned around faster.[46] Using design thinking to reorganize around customers not only increases satisfaction, but can also speed an economy forward.

Join up government: BusinessUSA

Remember those late-night infomercials featuring a guy in a suit covered in question marks, peddling a catalog of government programs for businesses?[47] Years later, it's still hard to find all that information in one place. The Department of Commerce alone has more than 60 business-assistance programs. Federal, state, and local opportunities number in the thousands.

Coordinating those services is a daunting challenge. Early attempts, in 2009, to connect businesses with individual ombudsmen proved too expensive and labor intensive.

In 2012, Commerce launched a program called BusinessUSA, aiming to rapidly connect businesses with government assistance services. BusinessUSA would virtually "join up" siloed government programs, so businesses would seem to be interacting with a single entity.[48] "The idea was to make it easier for businesses to access all manner of government resources that could help them in their business," explains BusinessUSA executive director Dennis Alvord.[49]

President Obama's memorandum creating the initiative *required* the "active feedback of US businesses."[50] By taking an iterative approach, the team ensured that business leaders would participate in every phase of design. The site, which launched in just 90 days, let each business choose its method of interaction, from online tools and chat windows to email.

After the launch, the team spent the next year conducting extensive usability testing, focus groups, and surveys to gather feedback, as well as doing customer segmentation. Armed with this information, the development team conducted an

Figure 8. Case at a glance: BusinessUSA

Desired outcome		Make it easier for businesses to access government resources and programs
Business pain points		• Fragmentation • Non-interconnected programs • Siloed departments and portals • Difficulty finding relevant government assistance programs
Type of experience provided		Curated
Types of tools used	**Personalization**	The site has customized online wizards. Based on answers to a few questions, wizards direct users to the most relevant resources.
	Data-enabled	The site uses web analytics to understand where the users are coming from, which devices they use, and how their usage pattern changes over time.
	Feedback loop	User feedback was sought to augment and enhance the site's existing functions. The site released 41 new enhancements and capabilities based on this feedback.
	Human-centered design	The department spent a year conducting usability testing, focus groups, and surveys to understand business needs and improve businesses' experience.

extensive redesign by following design thinking. It released 41 new or enhanced capabilities, including:

- An easier-to-use home page
- New tools, wizards, and interchangeable tiles to facilitate easier navigation
- A responsive web design that automatically adapts website views to the user's device (Analytics show that more than 30 percent of users access the site from their mobile phones.)
- Google translation capability

To sort its impressive array of content, BusinessUSA used quick-search tools called "wizards," which ask a series of questions and then return customized results. For example, the site launched a wizard called "Healthcare Changes" to identify regulatory obligations with the Affordable Care Act (ACA). The employer enters details like the state where the business operates, the number of employees, and whether health insurance is presently offered or not. Based on these inputs, the wizard creates a list of regulatory obligations and directs the employer to the resources which would enable her to comply with those regulations.[51]

The site essentially outsources design to the people who understand businesses needs best—operators of business. A common complaint from these users, says Alvord, was "they would get a different answer to the same question depending on what agency or individual they spoke with." To fix this problem, BusinessUSA created a shared knowledge base across programs. BusinessUSA uses analytics to determine how usage patterns evolve over time and to track how well its products and initiatives are received.[52] It also continuously solicits and analyzes user feedback.

Knowledge thus acquired inspired a tool in which users enter a ZIP code to find nearby resources and events, such as a free web design event sponsored by the Small Business Administration, or a tax preparation workshop sponsored by the IRS. "We aggregate huge amounts of information," says Alvord, "and narrow it down to the few resources that will be most valuable to the particular business."

Joining up two dozen cabinet-level agencies and many more sub-agencies involves a massive amount of stakeholder work. More than 140 federal employees got involved just to launch the beta version. "One of the biggest challenges is interagency coordination," Alvord says. "It's hard work but pays enormous dividends in better customer service."

Starting a business: New York City Business Atlas

They say the three most important things in real estate are "location, location, location." While a business may succeed or fail because of where it is, surprisingly, small businesses often choose their locations based on little more than gut instinct. According to one survey, 72 percent of small and mid-size businesses make decisions that way, and 90 percent say that data-based decisions are the sole preserve of big companies, due to the costs involved.[53] But if you want to start a business in New York City, City Hall has you covered. The city government offers a nifty tool called "Business Atlas" to help businesses research the economic conditions of neighborhoods where they might set up shop.[54]

The free, online portal shows a map with interactive data on demographics, density of restaurants, income, and even foot traffic. This helps businesses determine what type of shop would thrive in a particular area, or which area might best nurture a new idea.[55]

The tool combines business filing data from the Department of Consumer Affairs, sales tax data from the Department of Finance, demographic data from the census, and traffic data from Placemeter.[56] Although this information is publicly available, pulling files from each department, neighborhood by neighborhood, is a huge hassle. Some corporations dedicate entire offices to researching locations for new franchises. New York's tool allows small businesses to compete.

The Business Atlas can help entrepreneurs gain crucial knowledge before making a costly investment. Its searchable data go as deep as percentage change

Figure 9. Case at a glance: NYC Business Atlas

Desired outcome		Enhance economic development
Business pain points		• Fragmented data sets • Limited resources required to conduct research • High failure rate of businesses
Type of experience provided		Embedded
Types of tools used	**Human-centered design**	Small businesses with limited resources and technical skills cannot afford to conduct exhaustive research. The city developed a free, easy-to-use tool to facilitate better business decision making.
	Perform voice of customer interviews	The city did ethnographic research to understand what is most relevant for business users. For example, initially some of the demographic data, such as population and household income, were given scores based on a geographic location. But interviews revealed that businesses were more interested in the underlying raw data than in scores.[60]

in population, median income, existing businesses, new businesses, and taxable sales revenue. The atlas provides data on how many households have children, rent their apartments, or include people who work from home. It even provides real-time information on traffic.[57]

For example, for an area near East 8th Street, the map shows that 10 percent of households have children, 55 percent moved within the past eight years, 59 percent rent their apartment, 6 percent work from home, and the median income is $108,450. Businesses in the area have a combined taxable sales revenue of $45 million, and 12.4 percent of the area is zoned for commercial use. Restaurants outnumber laundries, grocery stores, and child care facilities.[58] Such data are invaluable to a small business that cannot afford costly feasibility studies.

Nearly all data on the tool have been available for years through NYC's open data portal, but one needed to be an analytics nerd to make sense of it. "It takes a certain amount of sophistication to leverage all the data out there," ex-chief of the Office of Data Analytics, Michael Flowers, says in a *New York Daily News* article. Making data available helps small businesses compete on a level playing field with their larger competitors. "Most people who come for small business services assistance want to open in their own neighborhoods," said Flowers. "They make assumptions. Sometimes it's right, sometimes not. The data helps [them] test those assumptions."[59]

New York City isn't the only jurisdiction making public data more accessible to business. The State of Utah is also helping businesses select the most appropriate locations, launching an interactive online economic development map. The site provides information on the state's broadband services, utilities, transportation, workforce, and lifestyle features. It allows businesses to compare and evaluate the features of multiple locations and print personalized reports with summaries of available infrastructure.[61]

Strategies to get from here to there

THE cases above demonstrate that by deploying the customer experience toolset, government can increase compliance and improve the business experience. To maximize the potential of CX initiatives, governments should consider adopting the following strategies grouped around three main buckets:

Focus on business as customers

1. MAP THE BUSINESS JOURNEY

Walk the path to compliance from the business user's perspective. Journey maps, a tool of design thinking, reveal the steps businesses go through when they interact with government over time, the pain points they face, and opportunities to remove that pain by improving customer service. For example, New Zealand's Ministry for Primary Industries (MPI) gathered feedback from 2,000 users of its six legacy websites and mapped their journeys. It then merged the sites into a single, customer-centric one, organized by the tasks businesses wanted to execute—importing, exporting, producing, and processing.[62]

2. ASK WHAT KIND OF EXPERIENCE BUSINESSES WANT FOR EACH TRANSACTION

All G-to-B experiences and services are not alike. Agencies should interview customers to learn whether businesses want ongoing curation, or a quick or one-time embedded experience, for a particular service. Some services involve a few clicks and take just minutes to complete. One example is the Singapore government's LicenseOne, which lets businesses apply for licenses from multiple agencies, track the status of their applications, and make payments. They can also amend, renew, and cancel licenses.[63] This tool provides an embedded experience, as it is simple, facilitates frequent interactions, takes minimum time and, of course, solves the challenge of interacting with multiple agencies.

Others services are more complex, involving multiple interactions with government. These range from getting construction permits for a new building to the drug approval process.

3. ITERATE

Don't let the perfect solution be the enemy of the good. Digital technologies and agile methodology let organizations iterate toward the best approach. BusinessUSA started with one of the most pressing problems of modern government, connecting fragmented departments. The US government launched this portal in just 90 days, but that was only the start. As the portal generated feedback from users, the project team kept making iterative improvements.

4. PROACTIVELY HELP BUSINESS NAVIGATE GOVERNMENT

Guiding businesses—especially small businesses—through the bureaucracy is often the best way to improve the business experience and encourage accurate compliance. New York City's New Business Acceleration Team (NBAT) helps new restaurateurs navigate the city's permitting process quickly, cutting the time to open a new restaurant from six months to four. The city council envisaged NBAT after receiving voluminous complaints from restauranteurs about permitting delays. Under the NBAT program, each new application is assigned a caseworker, who guides the restaurant owner through the entire process, including scheduling appointments with agencies. The Department of Buildings, the Fire Department, and other relevant agencies coordinate their inspections, producing much faster results. For example, a fire safety inspection used to take a month; now it takes just a few days.[64]

Moreover, governments should help businesses understand what they need to do to comply. This is a big issue in longer regulatory compliance processes. Businesses get told late in the game that they need some new study or piece of information. This costs them more money and delays the process; it is far better if they understand the information they need to obtain up front.

Instill a customer-centric culture

5. TO CREATE A CUSTOMER CULTURE, FIX THE SYSTEMS AND PROCESSES

Government agencies need to align operations, processes, and systems to support customer-centric initiatives. To provide excellent customer service, they need to empower their employees with the right tools and incentives.

6. RECRUIT PEOPLE WITH A CUSTOMER MIND-SET

Aligning processes and systems is just one piece of the puzzle; the other is people. Agencies should hire people with a customer service background (market research, customer segmentation, account management) and leverage their customer experience mindset by making them agents of change. They should be used to spread the principle of human-centered design "What made a big difference was that every person we brought on our team was very customer focused—it was in their genes," says Dennis Alvord, director of BusinessUSA. (For a detailed account of how improving employee experience in government can have a positive business outcome and improve experience for businesses, see *Employees as customers: Reimagining the employee experience in government*.)[65]

7. TRANSCEND THE SILOS

Too often, government agencies fail to share relevant information among themselves, increasing the reporting burden on businesses. One way the New Zealand government is addressing this issue is by allocating a unique 13-digit identifier to every business. This ID allows multiple agencies to cross-reference data they hold on the same business. The initiative is expected not only to make government transactions faster and easier for businesses, but also to save around $60 million a year once fully implemented.[66]

Evolve policies based on user input

8. PURSUE LEGISLATIVE CHANGES WHEN NEEDED

Legislative change is a critical part of the regulatory compliance transformation. Services and processes are often designed to support legislative silos. For example, in many jurisdictions you need to put a project out for public comment numerous times, since many projects require authorization under multiple statutes. This creates delays during the overlap for the comment period, which doesn't create any value. Small legislative changes can redress this issue without compromising public input. Often legislative change is also need to get out of regulating something that doesn't make sense for governments to regulate anymore.

9. ENGAGE BUSINESSES WHILE FORMULATING RULES AND REGULATIONS

Involving businesses while formulating regulations can help government understand business pain points. The Ontario government announced the review of condo regulations in 2012. The government engaged condo developers, owners, property managers, and other experts over a period of 18 months to suggest changes in the existing laws. Based on these discussions, the government streamlined the dispute resolution process and provided more flexibility to condo boards to decide how to invest a corporation fund.

10. BRING POLICYMAKERS AND THE OPERATIONS SIDE OF THE GOVERNMENT ONTO THE SAME PAGE

Policymakers in government and those who implement the policies need to be in sync with each other. Often, policymakers bring in the right regulations or amendments to suit the needs of the businesses, but those implementing government policies are slow to adapt to changing regulations and fail to communicate the change in regulations to businesses.

Conclusion

THERE is widespread agreement that government needs to focus on the economy and jobs.[67] According to a Gallup poll, 87 percent of voters say the economy is extremely or very important; 84 percent say employment and jobs are important.[68] Elsewhere around the world, from Japan to the United Kingdom to Canada, citizens cite the economy and jobs as their leading issue.[69] One way government can help is to remove the obstacles that businesses face as they fulfill their many legal obligations.

Government can do only so much to create jobs and boost economic competitiveness. But it undoubtedly has a major—and sometimes defining—role to play in fostering an environment conducive to creating jobs.

As long as government requires businesses to get licenses and permits, pass inspections, pay fees, and comply with other regulations, it's in that government's interest to make those transactions as painless as possible.

Successful companies such as Amazon and Apple invest huge sums in discovering what their customers want, and on strategies to deliver those desired experiences. Tools developed in the private sector, such as human-centered design, personalization, data analytics, and the use of a feedback loop, can make a powerful difference for governments trying to engage their own customers—the businesses that operate within their boundaries. Treating businesses as valued customers can create better outcomes for business and government alike.

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ACKNOWLEDGEMENTS

A number of Deloitte colleagues generously contributed their time and insights to this report, including **Greg Pellegrino**, **Nishita Henry**, and **Sucha Kukatla** from Deloitte Consulting LLP; **John O'Leary** of Deloitte Services LP; and **Andrew Medd**, **James Gordon**, and **Richard Carson** from Deloitte Canada.

The authors would also like to thank the following individuals for their insights and input on the report: **Alex Lawrence**, **Susanna Ronalds-Hannon**, and **Kelly Mackey** from the Department of Innovation and Technology, City of Boston; **Dennis Alvord**, the director of BusinessUSA, US Department of Commerce; and **Andrew Bardsley** from the New Zealand Ministry of Business, Innovation & Employment.

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