

The Auditor-General

Audit Report No.4
Performance Audit

Client Service Initiatives

Australian Trade Commission
(Austrade)

Australian National Audit Office

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GPO Box 707, Canberra ACT 2601.

Canberra ACT
10 August 1998

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit of Austrade in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Client Service Initiatives*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage - <http://www.anao.gov.au>.

Yours sincerely



P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations/Glossary

ANAO	Australian National Audit Office
Austrade	Australian Trade Commission
Best in Class	Highest rating given in the Forum Corporation data base of companies
BPG	Better Practice Guide
CBS	Core Business System
CIMS	Client Information Management System
Client or customer	Any internal or external user of Austrade's services or products
CSI	Customer Satisfaction Index
CSIS	Client Service Improvement Study
CSP	Client Service Policy
DFAT	Department of Foreign Affairs and Trade
EAMU	Export Advisory and Marketing Unit
EFIC	Export Finance Insurance Corporation
EGM	Executive General Manager
EHS	Export Hotline System
EIM	Export Impact Measurement
EMDG	Export Market Development Grant
Hotline	Austrade Export Hotline
KAI	Key Activity Indicator
KPI	Key Performance Indicator
MAB	Management Advisory Board
MOG	Major Opportunities Group
RTC	Regional Trade Commissioner
Tiers (1, 2 & 3)	Groups of clients segmented by Austrade to reflect their level of export development. Client subsidies are adjusted according to their tier level.
Workflows	Austrade information system designed to link a number of customer-to-client and client-to-customer processes.

Summary and Recommendations

Audit Summary

Austrade (The Australian Trade Commission)

1. Austrade's mission is to 'help Australians win export business and generate inward and outward investment'. It aims to:

- represent the trading and commercial interests of Australia in foreign countries;
- assist Australian organisations in trade negotiations;
- participate in projects designed to promote Australian export trade;
- obtain and disseminate information about current and future opportunities for Australian exporters;
- support and facilitate investment in foreign countries and facilitate foreign investment in Australia; and
- administer the *Export Market Development Grants (EMDG) Act of 1974* (as amended).

2. Austrade seeks to provide practical export assistance and advice to Australian enterprises through its network of overseas and Australian based operators. Services provided include an Export Hotline, an Export Advisory and Marketing Unit, assistance with the capture of large trade and investment opportunities, and, through Investment Australia, seeking to attract productive overseas investment.

3. Austrade works closely with several Commonwealth departments and agencies, including Foreign Affairs and Trade (DFAT), Industry, Science and Technology (DIST), Primary Industries and Energy (DPIE), and the Export Finance and Insurance Corporation (EFIC) to implement the Government's trade agenda and promote Australia as a destination for foreign investment. Austrade also maintains contact with state and local governments, chambers of commerce and industry groups to extend its reach into regional Australia.

4. Responsibility for overseeing Austrade's operations rests with the Austrade Board which comprises senior representatives of business and the heads of DFAT, DIST and EFIC.

5. Austrade employed around 1000 staff at 30 June 1998. About 60 per cent of these staff were deployed overseas, where Austrade has 81 offices located in 59 countries. Austrade also has offices in all Australian States and Territories, including a presence in regional Australia through a Regional Trade Commissioner network of 21 offices.

6. Austrade's budgeted revenue for 1998-99 totals \$321.4 million. Of this, budget appropriations account for some \$282.8 million; the balance is derived from fee-income from client services, joint marketing initiatives, asset management and treasury operations. Operating expenses amount to \$149.6 million (of which around 71 per cent is for the overseas network). Expenditure on various specific export programs is budgeted at \$161.7 million, of which \$153.0 million relates to the Export Market Development Grant program.

Austrade's Client Service Policy (CSP)

7. Austrade introduced its Client Service Policy (CSP) in July 1995 to address a number of deficiencies in Austrade's operational procedures for service delivery. The CSP recognises that enterprises need different services as their exporting experience matures. It does this through a pricing regime that segments clients into three tiers to reflect their degree of export development. Services are charged at a standard rate of \$150 per hour, but most clients receive free or subsidised services (Austrade's fee income accounts for around 7 per cent of operating revenue). The CSP guidelines have been revised twice since the policy was introduced in 1995, but Austrade has not formally evaluated the policy either for cost effectiveness or for success in improving service quality.

Audit approach

8. The objective of the audit was to evaluate the efficiency and effectiveness of Austrade's management of customer services to Australian exporters, with particular reference to:

- Austrade's performance as a customer-focused organisation;
- Austrade's achievement of quality customer service through client service initiatives; and
- Austrade's measurement and evaluation of customer service performance.

9. In undertaking the audit the ANAO engaged specialist advice on assessing organisations' capacity for quality customer service. The approach included a survey of staff and managers across Austrade's global network, based on research which demonstrates that a range of measurable organisational characteristics are linked to the determination of customer service outcomes. The ANAO also conducted a survey of clients and stakeholders supplemented by personal interviews.

10. The audit criteria were based on the customer focus research methodology and the *Better Practice Guide To Quality In Customer Service*

which was developed jointly by ANAO and the Australian Public Service Management Advisory Board.

Overall conclusion

11. The Client Service Policy is the foundation of Austrade's client service approach. Through this, Austrade has made good progress in creating a customer service culture, demonstrated by the customer focus survey results which show an above-average level of customer focus compared to benchmark data. Austrade also rates highly in terms of reinforcing ownership of its strategic direction and ensuring key decisions are aligned with that direction ('strategic alignment').

12. The principal challenge for Austrade is to strengthen those efforts to ensure they present a coordinated strategy consistent with the principles and accepted better practice associated with quality customer service to enhance customer satisfaction through further improvement in the quality of service delivered. For example, strategic alignment and customer focus is weaker in operations in Australia compared with Austrade's international network.

13. Austrade's client services are meeting the needs and expectations of a majority of their users. However, views expressed by some stakeholders and clients indicate that delivery of Austrade's services falls short of consistently high standards and does not necessarily represent value for money. Smaller and less export experienced organisations have lower levels of satisfaction. Variability in the level, quality and charging of Austrade's services is attracting criticism from clients.

14. Austrade measures client feedback through an annual survey and other means. It also has a complaints mechanism designed to satisfy the client quickly. However, the survey and its use does not provide sufficient information to identify problems in delivery of services to clients or encourage continuous improvement in service delivery across the global network. This is also the case for the use of information from customer complaints.

15. An integral part of the CSP is the recovery of a proportion of the costs associated with the provision of client services. The ANAO considers that the current approach to recovering costs does not assist Austrade to evaluate effectively the cost-effectiveness of its service delivery activities. Also, Austrade's approach to measuring the export impact of its activities can be substantially improved to reduce costs and increase reliability.

ANAO recommendations and Austrade response

16. The ANAO has made twelve recommendations to improve the efficiency and effectiveness of Austrade's customer service delivery. Austrade is in agreement with all recommendations.

17. Responding to the proposed report, Austrade has commented that:

Austrade is reassured by the overall conclusion of the report that through its Client Service Policy Austrade has established the sound basis of a client service culture.

The establishment and development of a client service culture is an on-going process, and poses many challenges to a global organisation like Austrade. Austrade operates in an increasingly integrated global community of trade and investment, characterised by rapid technological change, ever-faster international communications, rising expectations and for budget dependant agencies, fiscal constraint. To achieve and maintain 'leader' status in any endeavour requires careful planning and use of resources over several periods of time; similarly, to attempt a measurable shift in performance will usually have significant resource implications, and the desired outcome will usually only be achieved over time. Changes involving large capital investment and staff profiles and deployment are subject to these considerations.

Austrade has had a continuous improvement program in place since the early 1990s, focussing entirely on improving its client service. This improvement program has involved radical and extensive changes to Austrade operations. Avenues for service improvement continue to be pursued. The main features of the Improvement Program include: the introduction of the Client Service Policy with a repackaging of the range of services tailored to the needs of clients as they progress through the different stages of the export learning curve; a pricing structure which links client needs to the Government's priorities for Austrade; getting new companies into exporting and extending existing exporters into new markets; the development of the Best Practice Program; the Client Information Management System to provide a seamless service to its clients, improving knowledge of client needs and saving clients the trouble of having to brief new Austrade contacts on their companies each time they want a different Austrade service; the redesign of work processes according to the needs of the Australian exporter and overseas buyer, resulting in a major change to Austrade's organisational structure in Australia and in the way in which Austrade works worldwide; and the development and refinement of Austrade's six Key Performance Indicators, including Client Satisfaction.

The insights provided by the process of the ANAO report have enabled Austrade to commence action to address areas of improvement: to emphasise the need for quality service and service delivery in its key planning documents; the perceptions of staff in Australia versus staff overseas; consistency in pricing of products and services; and integrating staff across functional areas through team training and exchanges. The diversity of the tasks undertaken by Austrade in the discharge of its business requires specialist skills and dedicated activity, including information systems and operational procedures, which at one level apparently limits the 'sameness' of Austrade staff but at another level does not in any way detract from client focus or organisational efficiency.

While Austrade finds that it is in less than total agreement with several statements and conclusions contained in the report, in overall terms these are a very minor proportion of the report. Austrade believes that the important issue now is to get on with the job and implement the recommendations of the report within the opportunities of time and resources.

Key Findings

Client focus - strategic focus and alignment

18. Austrade's strategic direction is focused largely on meeting the goals of the Government's Trade Objectives and Outcomes Statement - the corporate objectives cited in Austrade's corporate plan are a summary of the statement. Although it is clearly important that the organisation's objectives are linked to Government policy decisions, the ANAO considers the corporate plan does not clearly communicate the necessary link between Austrade's performance and the provision of quality client service. From a customer service perspective, the corporate objectives do not set a strategic focus for managers and employees that links the overall performance of the business directly to meeting the needs and expectations of the clients.

19. Reinforcing ownership of strategic direction through sustained promotion and ensuring key decisions are aligned with that direction is a key attribute of customer focused organisations. The ANAO found that Austrade compares favourably with international benchmarks in terms of such strategic alignment. Overall, Austrade's managers and employees are strategically aligned around the key objectives of obtaining increased export results, satisfying customers and growing Austrade's business. However, strategic alignment is weaker in operations in Australia compared with that in Austrade's international network. A diversity in the views of managers in Australia may arise because of their roles in various organisational units but strong alignment at the centre is essential for communicating an organisational focus.

20. Strategic alignment is also less for employees than for managers: that is, employees had a more varied view of Austrade's operational objectives. This indicates a problem with internal communication - the organisation's messages regarding strategic direction and operational focus are not consistently getting through to employees. Further, there is evidence of different work cultures associated with different functions, suggesting the need to strengthen strategic linkages to ensure Austrade operates as a single coherent and consistent organisation.

21. The ANAO also noted that only around half of Austrade's staff considered that satisfying clients was one of Austrade's top three objectives.

Client focus and expectations

22. The Client Service Policy is the foundation of Austrade's client service approach. Through this, Austrade has made good progress in creating a customer service culture, demonstrated by the customer focus survey results which show an above-average level of customer focus compared to benchmark data.

23. The principal challenge for Austrade is to strengthen those efforts to ensure they present a coordinated strategy consistent with the principles and accepted better practice associated with quality customer service. For example, the Australian region is significantly less customer focused than regions in the international network. Also, the uniformity of customer focused behaviour varies across regions, with staff in Australia in particular recording a below average level of uniformity. There is scope for Austrade to explore the differences in the consistency of application of customer focused practices and to implement an appropriate improvement strategy.

24. The ANAO also found that while staff generally consider that Austrade is improving its delivery of services to customers, this view contrasts with the trends in client satisfaction ratings of Austrade work units. These latter ratings are declining and there has been a large increase in the proportion of clients who are not able, or not prepared, to offer an opinion on performance (although in part this response may be influenced by changes to the survey used to measure satisfaction).

25. The ANAO considers that Austrade's efforts in those areas can be strengthened through a review of the CSP. Austrade can also enhance its communication with customers, through further customer research, to guide the development of more customer focused strategies. The research should be an ongoing feature of Austrade's customer service regime.

Service delivery

26. There is evidence that Austrade's client services are meeting the needs and expectations of a majority of their users. However, views expressed by some stakeholders and clients indicate that delivery of Austrade's services falls short of consistently high standards and does not necessarily represent value for money. Smaller and less export experienced organisations have lower levels of satisfaction. The stakeholder survey indicates that these views may be influenced by a lack of client awareness of Austrade services. There is scope for Austrade to enhance client awareness through an appropriately targeted marketing campaign.

27. Variability in the level and quality of Austrade client services is attracting criticism from clients. Variation in the application of Austrade's

charging practices is also of concern to clients. These factors have recently been identified by Austrade as a matter warranting attention. The ANAO agrees this warrants attention, given that a key objective of the CSP was the introduction and application of standard customer focused practices, including pricing of services.

28. Since the implementation of the CSP, Austrade has placed greater emphasis on the client focus aspect of recruiting and promotion. However, responses to the customer focus survey indicate that managers and employees consider there is scope for further emphasis to be placed on client focus. Responses to the stakeholder survey also indicate that improvement is desirable. For example, client performance ratings on the capacity of Austrade's staff to help and their understanding of client needs suggest the need for more attention to training, customer focus and commercial experience of staff.

29. Austrade has implemented a number of new information systems over the last two years to improve service delivery but further work on integrating the systems is needed as the systems do not support, or encourage, sharing information. There is some need for the Export Hotline System to be upgraded - it currently cannot handle the workload of the area. Austrade is preparing functional specifications on its Core Business System aimed at improving, among other things, the integration of current systems. The ANAO also found some work processes are creating difficulties for users and adversely affecting service delivery. A review of processes and the development of structured operational guidelines are warranted.

Performance evaluation

30. Austrade's principal client feedback mechanism is an annual survey called the 'Client Service Improvement Study'. The survey provides a key performance measure of client satisfaction which is distributed to regional offices, serving to increase awareness about client satisfaction. The ANAO considers the survey provides an overview but is not detailed enough to be useful beyond that. It does not provide Austrade with sufficient information to identify problems in delivery of services to clients or encourage continuous improvement. Analysis of the available data could also have addressed trends in more depth. The ANAO also considers that Austrade's monthly Export Hotline survey contributes little to systematic improvement of the Hotline.

31. Austrade's current complaints mechanism is designed to satisfy the client quickly. Staff are empowered to resolve complaints and are conscious of the need to remedy complaints quickly. However, Austrade

does not have a coordinated approach to monitoring and evaluating client complaints, such that the analysis of complaints data leads to systematic improvements in service delivery across the global network.

32. Export impact is a key Austrade performance indicator and measures Austrade's contribution to export sales written by Australian enterprises. Austrade engages a market research agency to annually review export impact measures reported by Austrade offices. However, the effort and duplication of work involved by posts and Austrade centrally could be detracting from the core work of the organisation. The ANAO considers the approach to measuring this business-critical performance indicator can be substantially improved in terms of reduced costs and increased reliability.

33. An integral part of the CSP is the recovery of a proportion of the costs associated with the provision of client services. The ANAO considers that the current approach to recovering costs does not assist Austrade to evaluate effectively the cost-effectiveness of its service delivery activities. The methodology offers little assurance that Austrade is appropriately recovering costs, nor does it encourage efficiency in the provision of services. In particular, Austrade is unable to determine the full costs of providing individual services, partly because it is unable to accurately apportion the activities of staff to products or services. The ANAO notes that less than 10 per cent of all available hours are billable to clients (some of it at less than full rate). The ANAO considers that a major review of Austrade's cost recovery methodology is necessary, in order to contribute to development of an appropriate cost/pricing framework.

Recommendations

Set out below are the ANAO's recommendations with report paragraph reference and Austrade's abbreviated responses. More detailed responses and any ANAO comments are shown in the body of the report.

Recommendation No.1
Para. 2.29 The ANAO recommends that Austrade clarify its corporate objectives to provide a direct and clear link between the overall performance of the business and the provision of quality customer service.
Austrade response: Agreed.

Recommendation No.2
Para. 3.29 The ANAO recommends that Austrade review the implementation of its current client service policies and supporting practices for cost-effectiveness and efficacy. As part of the review, Austrade should look closely at the apparent customer focus disparity between staff in the Australian and international regions.
Austrade response: Agreed.

Recommendation No.3
Para. 3.31 The ANAO recommends that Austrade undertake further client research to guide its customer focus strategies, particularly into:

- potential and actual clients, specific client categories and key client characteristics;
- client perceptions of their service needs and client expectations of service quality;
- client views about the profile, reputation and performance of Austrade;
- client attitudes to existing and possible future services, products and communication messages; and
- client behaviour that affects agency performance and objectives and other factors that influence client behaviour.

Austrade response: Agreed.

Recommendation No.4
Para. 4.21 The ANAO recommends that Austrade review the results of its marketing campaign to enhance client awareness of Austrade's products and services and, as necessary, develop other initiatives to ensure that its clients have a proper appreciation of Austrade's activities.

Austrade response: Agreed.

Recommendation No.5
Para. 4.35 The ANAO recommends that Austrade resolve, as soon as possible, any inconsistent application of the current Client Service Policy, including policy relating to pricing of products and services, to provide uniform service to clients.

Austrade response: Agreed.

Recommendation No.6
Para. 4.53 The ANAO recommends that Austrade strengthen its client focused culture by:

- ensuring personnel practices strengthen linkages of between functional areas of Austrade; and
- reviewing and enhancing training programs across its global network to maintain currency in export related issues and reinforce customer focused behaviour.

Austrade response: Agreed.

Recommendation No.7
Para. 4.63 The ANAO recommends that Austrade, in developing an integrated information system to support service to clients, should give priority to developing a common client database accessible to all functional areas in Austrade. This should include upgrading the technical infrastructure for the Export Hotline to eliminate data input limitations.

Austrade response: Agreed.

Recommendation No.8
Para. 4.73 The ANAO recommends that Austrade review work processes and provide structured operational guidelines for functional areas such as the Export Hotline and EAMU, to ensure consistent quality of services to clients.

Austrade response: Agreed with qualification.

Recommendation No.9
Para. 5.14

The ANAO recommends that to provide input to Austrade's continuous improvement processes Austrade improve its client survey methodology through:

- a) redesigning the surveys to provide sound data that will identify specific service deficiencies; and
- b) ensuring survey results are analysed and reported to provide insight into performance.

Austrade response: Agreed.

Recommendation No.10
Para. 5.23

The ANAO recommends that Austrade improve its complaints mechanism to ensure complaints data are monitored and analysed to identify service deficiencies and provide input for consideration in Austrade's continuous improvement processes.

Austrade response: Agreed.

Recommendation No.11
Para. 5.31

The ANAO recommends that Austrade review the methodology for the Export Impact Measurement Review to simplify the collection and validation of data, and minimise duplication of effort, consistent with the accuracy required of such estimates.

Austrade response: Agreed.

Recommendation No.12
Para. 5.45

The ANAO recommends that Austrade review its cost recovery methodology and practices to ensure:

- full costs are identified and used for Austrade's products and services;
- costs are appropriately attributed to all products and services based on the assessed contribution those costs make to the product/service; and
- that such information is used to develop an appropriate cost/pricing framework (including for notional pricing as applicable).

This will require Austrade to implement appropriate information systems such as time recording and activity based accounting.

Austrade response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter provides the background to the audit including a brief description of Austrade and its client service policy, and the audit objectives and methodology.

Austrade (The Australian Trade Commission)

1.1 Austrade was established by the *Australian Trade Commission Act 1985* to assist Australian exporters and potential exporters gain entry into new overseas markets, position them to capture major opportunities overseas and provide financial support for those export initiatives.

1.2 Austrade's mission, described in its Corporate Plan is to 'help Australians win export business and generate inward and outward investment'. It aims to:

- represent the trading and commercial interests of Australia in foreign countries;
- assist Australian organisations in trade negotiations;
- participate in projects designed to promote Australian export trade;
- obtain and disseminate information about current and future opportunities for Australian exporters;
- support and facilitate investment in foreign countries and facilitate foreign investment in Australia; and
- administer the *Export Market Development Grants (EMDG) Act of 1974* (as amended).

1.3 Austrade works closely with several Commonwealth departments and agencies, including Foreign Affairs and Trade (DFAT), Industry, Science and Technology (DIST), Primary Industries and Energy (DPIE), and the Export Finance and Insurance Corporation (EFIC) to implement the Government's trade agenda and promote Australia as a destination for foreign investment. Austrade also maintains contact with state and local governments, chambers of commerce and industry groups to extend its reach into regional Australia.

1.4 Responsibility for overseeing Austrade's operations rests with the Austrade Board, which comprises senior representatives of business and the heads of DFAT, DIST and EFIC.

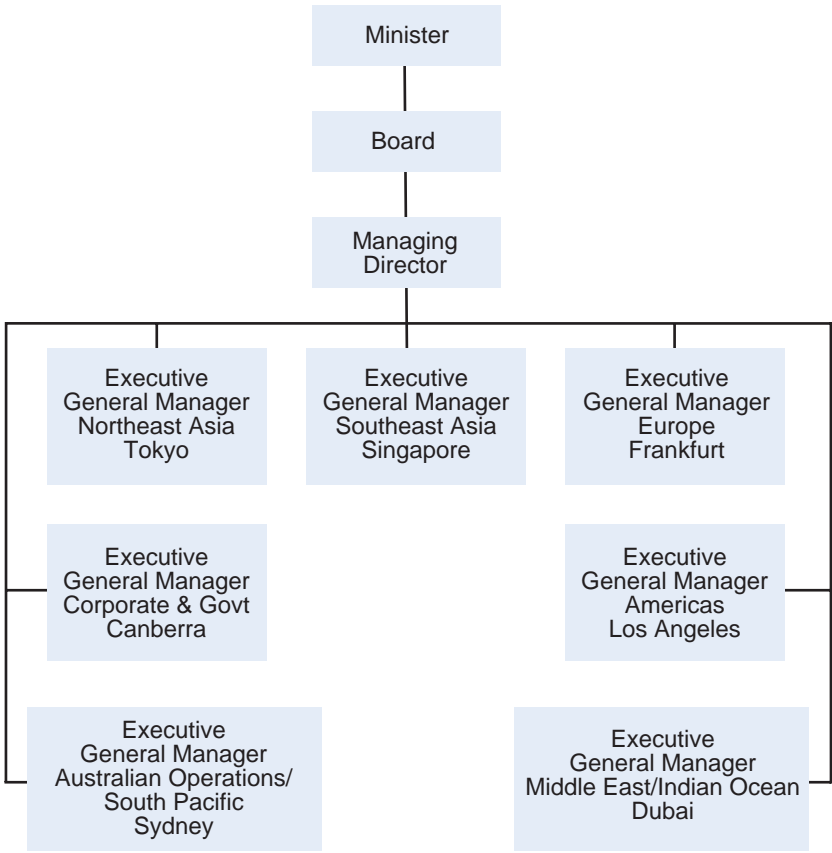
Organisational structure

1.5 Austrade employed around 1000 staff at 30 June 1998. About 60 per cent of these staff (including some 90 Australians) are engaged

overseas, where Austrade has 81 offices located in 59 countries. Austrade’s overseas network is divided into six regions: North East Asia, South East Asia, Americas, Europe, Middle East/Indian Ocean and the South Pacific. Through this network Austrade provides practical assistance and advice to enterprises thinking of getting into export markets or expanding their export business. Austrade has offices in all Australian States and Territories, including a presence in regional Australia through the Regional Trade Commissioner network of 21 offices. Austrade has also recently opened seven TradeStart offices in selected areas of regional Australia (these seek to take advantage of the local knowledge, resources and contacts of existing business development groups).

1.6 Austrade’s management structure is illustrated in Figure 1. Seven Executive General Managers (EGMs), five of whom are located overseas, report to the Managing Director. Each EGM has between five and twelve direct managers; consequently there are nearly 100 managers across the organisation one reporting line from the Managing Director.

Figure 1
Austrade organisation chart



1.7 The Australian Operations Division (as well as managing the South Pacific Region) provides the following services:

- an Export Hotline, the Export Advisory and Marketing Unit (EAMU), the Australian network of offices, international trade exhibitions, seminars and visits (Export Services);
- helping enterprises capture large and complex trade and investment opportunities by developing markets where there is a potential for Australian suppliers (Major Opportunities Group);
- attracting productive overseas direct investment (Investment Australia); and
- developing and maintaining the systems that provide access to Austrade's global information database (Information Management).

1.8 The Corporate and Government Division administers the Export Market Development Grants (EMDG) program along with residual payments and loan recovery activity under the International Trade Enhancement Scheme and the Innovative Agricultural Marketing Program. It also works in conjunction with other Regions and Divisions to maximise efficiency and effectiveness of support and policy/parliamentary related functions, and assists the deployment of staff to work with exporters.

Funding

1.9 Austrade's budgeted total revenue for 1998-99 is \$321.4 million. Of this, budget appropriations account for some \$282.8 million; the balance is derived from revenue from the provision of client services, joint marketing initiatives, asset management and treasury operations.

1.10 Austrade's operating expenses amount to \$149.6 million (of which around 71 per cent is for the overseas network). Expenditure on various specific export programs is budgeted at \$161.7 million, of which \$153.0 million relates to the Export Market Development Grants program.

1.11 Austrade is required to make an annual dividend payment to the Government. This started at \$2 million for 1997-98 and will rise each year to reach \$5 million in 2000-01. Austrade intends to meet this commitment from revenue earned from its services to Australian exporters.

1.12 In 1995-96 Austrade had its appropriations reduced by 14 per cent. This overall reduction was directed in the main towards its Australian operations, which translated to a 40 per cent reduction in resources. Staff numbers in Australian Operations were reduced but services were required to be maintained as the demand from clients remained constant. Some re-engineering of Austrade's work practices was already under way at that time and the focus of this was intensified. As a result, Austrade maintained

its range of services notwithstanding the large staff reductions. Austrade has a policy of continuous improvement in its working systems and expects further efficiencies.

Operating environment

1.13 Austrade, like many other public sector service entities, has become increasingly aware of the importance of quality service delivery. In response, Austrade has moved towards a more entrepreneurial/commercial mode of business and a more contestable operational environment. Although it must be noted that Austrade is not competing against Australian export consultancy firms, current and potential clients have a greater choice of whether they will do business with Austrade. The decision to do so will be based on expectations and experience with the quality and value for money of the products and services that Austrade can deliver, further emphasising the importance of a customer focused business approach.

Austrade's Client Service Policy (CSP)

1.14 Austrade introduced its Client Service Policy (CSP) in July 1995 to address a number of deficiencies in Austrade's service delivery. These included a perception that Austrade was not meeting the needs of clients, was only assisting larger firms, and was applying a fee structure that resulted in inconsistent application of fees and confused clients. There were also concerns that Austrade's previous approach to negotiated agreements was not always consistent and Austrade faced ongoing challenges in avoiding conflicts of interest.

1.15 The launch of the CSP was supported by an extensive internal retraining program and operational instructions designed to prevent official and standardised services. Austrade considered the new practices introduced by the CSP represented an important step in bringing their international network closer to their client base and in achieving organisational goals.

1.16 The CSP operational instructions also established a set of service standards. These are shown in Table 1.

Table 1
Austrade client service standards

In achieving consistency and excellence in client service we will:
<ul style="list-style-type: none"> • answer all telephones within four rings; • always be courteous and attentive; • reply to or acknowledge all requests within 48 hours; • tailor service solutions to individual needs; • explain the benefits of Austrade services; • disclose all delivery dates, fees and costs in advance and explain why a fee is charged; • maintain the highest standard of ethical behaviour and ensure the confidentiality of client business activities.

1.17 The CSP recognises that enterprises need different services as their exporting experience matures. The CSP establishes a pricing regime that segments clients into three tiers - shown in Table 2 - according to the degree of client export development.

Table 2
Austrade's client segmentation

Tier	Service characteristics
One	Clients require information and guidance to take the first steps
Two	Clients require practical support to enter new markets
Three	Clients require intensive assistance to internationalise and pursue opportunities

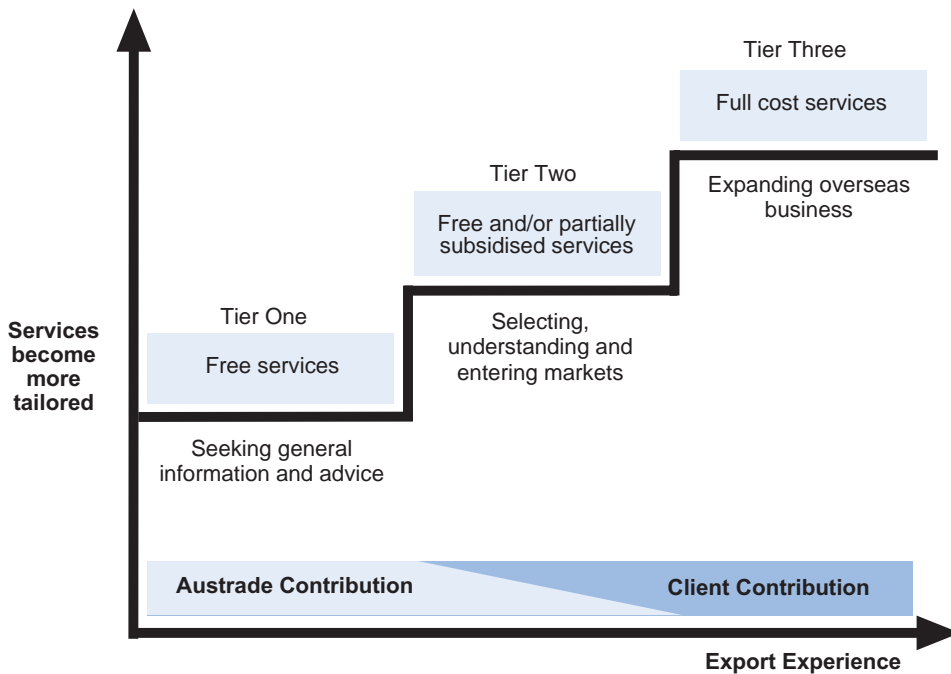
1.18 The intention is that as clients grow in export capability they are provided with increasingly tailored services. The services would be charged at a standard rate (currently \$150 per hour). However, Austrade applies a charging subsidy for tier one and tier two clients which reduces their charges; for example, tier one clients receive a subsidy of 100 per cent. (As discussed in Chapter 5, in practice the great majority of clients receive free or subsidised services.) Clients are eligible to receive a subsidised service when they are new to the market and an Austrade standard service package meets their needs.

1.19 Austrade's charging regime is illustrated in Figure 2.

1.20 The CSP guidelines have been revised twice since the policy was introduced in 1995, but Austrade has not formally evaluated the policy either for cost effectiveness or for success in improving service quality.

1.21 Austrade has begun work on a service charter which is due to be released in 1998.

Figure 2
Austrade's CSP charging framework



Audit objective

1.22 The objective of the audit was to evaluate the efficiency and effectiveness of Austrade's management of customer services to Australian exporters, with particular reference to:

- Austrade's performance as a customer-focused organisation;
- Austrade's achievement of quality customer service through client service initiatives; and
- Austrade's measurement and evaluation of customer service performance.

Audit methodology and criteria

1.23 The audit involved:

- a survey of staff across Austrade's global network;
- a survey of Austrade clients;
- consultation with clients and stakeholders;
- interviews with Austrade staff, examination and review of Austrade documentation; and
- comparison with good practice and international benchmarks.

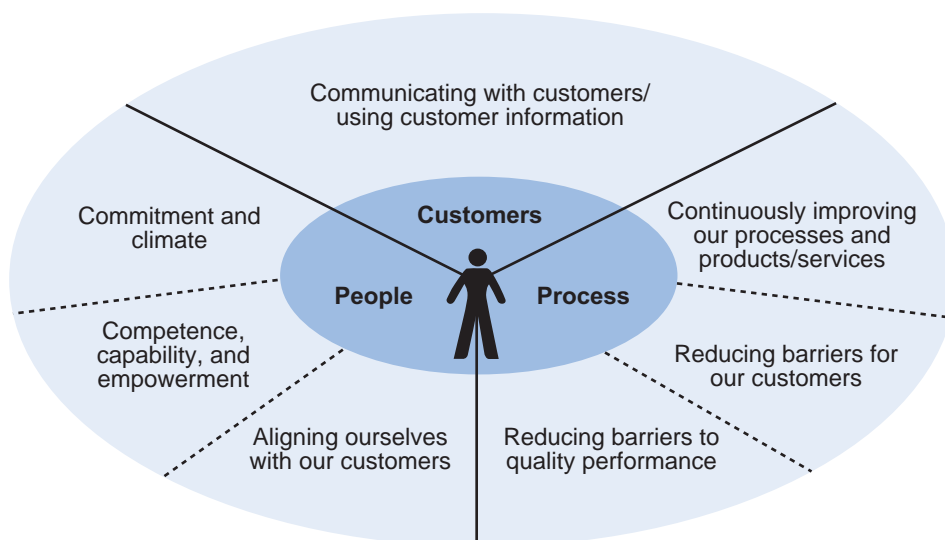
1.24 The ANAO engaged the Forum Corporation to provide advice on assessing Austrade's capacity for customer service. The Forum Corporation has undertaken research which demonstrates that a range of measurable organisational characteristics are linked to the determination of customer service outcomes.

1.25 The audit criteria were based on the Forum Corporation methodology and the *Better Practice Guide To Quality In Customer Service* which was developed jointly by ANAO and the Management Advisory Board (MAB). The criteria reflect the organisational characteristics identified by Forum Corporation's research and detailed in the better practice guide, including:

- a customer service environment, measured through the alignment of employees around customer-focused objectives;
- human resource management practices which give staff the competence, capability and empowerment to serve customers well;
- communication with customers to understand their needs and expectations, receive feedback from them, and provide them with information;
- ensuring operations make it easy for customers to undertake their business, and quality complaint handling; and
- systematic approaches to continuous improvement which take account of customer needs and expectations.

1.26 The customer focus survey of Austrade's staff was undertaken during December 1997 and January 1998 by the Forum Corporation based on their research into factors that differentiate high-performing customer-focused organisations. The Forum Corporation has shown that the degree to which a company is customer focused can be assessed by measuring performance on seven dimensions of organisational actions (see Figure 3).

Figure 3
Customer focus dimensions



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1.27 The survey of Austrade clients was developed to obtain feedback on various aspects of Austrade's client services. The survey instrument was distributed to organisations or agencies during November / December 1997 who were either using, or had the potential to use, Austrade services. The survey was supplemented by interviews with clients and stakeholders.

1.28 The audit was completed in accordance with the ANAO Auditing Standards at a cost of \$379 000.

Structure of the report

1.29 The report is organised into four further chapters. This chapter provides background information on Austrade and the audit. Chapters Two and Three examine the degree to which Austrade is a client focused organisation. Chapter Four considers Austrade's delivery of services to clients and Chapter Five addresses the manner in which Austrade evaluates its performance. Appendices to the report provide further detail on the methodology employed for the audit and the observations from the two surveys.

2. Client Focus - Strategic Focus and Alignment

This chapter considers the degree to which Austrade presents and functions as a client focused organisation. It concludes that the strategic focus and alignment of Austrade's managers and employees can be strengthened by clarifying its corporate objectives to provide a more direct and clearer link between the overall performance of the organisation and the provision of quality customer service.

Introduction

2.1 In parallel with the growing awareness in the private sector over the past ten years of the requirement to provide a high-quality customer service, there has been a recognition of the requirement for improvements in customer service delivered by public sector agencies. This is reflected in the development of a framework for Government Service Charters as a way of promoting a more open and customer focused Commonwealth Public Service. From July 1997, all Commonwealth bodies that provide services to the public will be required to develop individual charters. These charters will represent a public commitment by each agency to deliver high quality services to their customers. Where relevant, the charters will guarantee specific standards for service delivery. Austrade has begun work on a service charter.

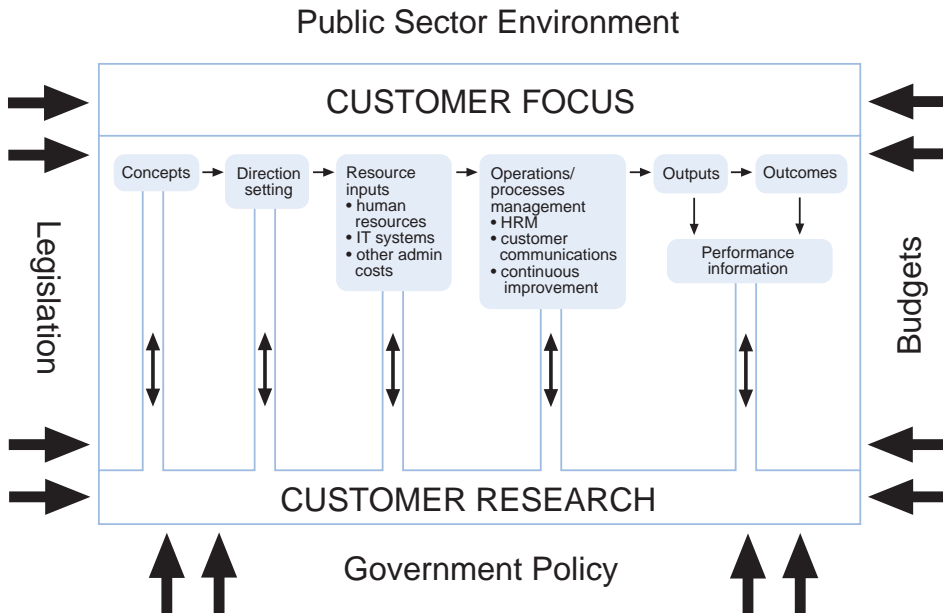
Characteristics of a customer focused organisation

2.2 The ANAO and the Management Advisory Board have jointly published a better practice guide on quality customer service. Research in the private sector has shown that companies that demonstrate superior performance in the organisational characteristics relevant to customer focus/quality tend to outperform other companies on financial measures. In the public sector there is increased recognition that although public sector agencies deliver service within environments which are constrained by legislation, government policy and allocated budgets, service delivery and legislative compliance need not be seen as opposing forces impacting on customer satisfaction. Rather, if all aspects of service delivery management and administration, including compliance and resource allocation, are undertaken using the principles of customer focus, customer satisfaction can be enhanced.

2.3 Figure 4 shows a framework for applying the principles of customer focus to a public sector agency. Although the principles of customer focus differ little between the public and private sectors, the environment in which they are applied varies.

Figure 4

Suggested customer service framework for the public sector



2.4 Client focused organisations are ones which provide quality customer service.¹ Research has shown that client oriented organisations focus simultaneously on:

- people:
 - by creating a customer service culture; and
 - ensuring that the human resource management practices and support structures for everyone in the organisation give staff the competence, capability and empowerment to serve clients well;
- seeking information from and providing information to clients by:
 - determining customer needs and expectations, and which of these needs and expectations matter most to clients;
 - determining the perception of clients on how well the organisation is meeting those needs and expectations; and

¹ *The Better Practice Guide to Quality in Customer Service*, Management Advisory Board/ Australian National Audit Office, November 1997, p. 2.

- ensuring that clients are consistently satisfied by meeting or exceeding their expectations or alternatively shaping client expectations in line with what the organisation can deliver;
- processes:
 - to ensure that their processes are client friendly; and
 - to ensure organisations have in place a robust method for undertaking continuous improvements of those processes.

Creating a customer service culture

2.5 To create a strong customer service environment, customer-focused organisations generate a high level of alignment around key customer-focused strategic objectives by:

- developing a strategic direction which takes account of customer needs and expectations as identified through customer research and which takes account of stakeholders' views; and
- reinforcing ownership in the strategic direction through active and sustained promotion by senior management and ensuring that key decisions, initiatives and other actions are in line with the strategic direction.

2.6 The audit sought to determine whether:

- plans and strategies emphasise the need for different parts of Austrade to work together;
- functional groups cooperate to reach shared goals; and
- there is cooperation between different work units of Austrade.

Strategic direction

2.7 A range of documents seek to articulate Austrade's operational policy and approaches to its relationships with clients. These include the Corporate and Annual Operational Plans, Annual Reports and staff handbooks and guides (particularly the Client Service Policy and related documentation). These documents are readily available to all Austrade staff.

2.8 In accordance with requirements of the *Australian Trade Commission Act 1985* the Austrade Corporate and Operational plans spell out Austrade's Key Priorities and planned activities and programs for Australian and overseas operations. The Government's Trade Objectives and Outcomes Statement is cited by Austrade in its corporate plan as the organisational objectives. Better practice suggests that objectives should be linked to Government policy decisions and form the basis for performance

reporting.² From a customer service perspective, the corporate objectives should set a strategic focus for managers and employees that links the overall performance of the business to meeting the needs and expectations of the clients. The ANAO considers it is arguable whether the Corporate Plan, in particular, and the Annual Operational Plans clearly establish a sufficiently effective framework for client focused performance and accountability across Austrade.

2.9 Corporate governance procedures emphasising organisational values and ethics are covered in the Corporate Plan. The values call on Austrade's staff to, among other things, responsively and professionally serve the export community and to operate in such a way that Austrade is seen as a single coherent organisation. The Client Service Policy and supporting documentation provide a customer focus.

2.10 Austrade has established Key Performance Indicators (KPIs) and Key Activity Indicators (KAIs) at an operational level. These are included in the corporate and operational plans. The KPIs are outcome focused and include client satisfaction ratings. The KAIs are focused more on work throughput, such as the volume of client contact.

2.11 However, with the exception of the documentation related to the Austrade values and the Client Service Policy, Austrade's strategic planning material does not have a strong customer focus. The ANAO considers there are opportunities for Austrade to enhance its strategic direction to better emphasise the customer focused nature of the organisation.

Strategic linkages between functional areas

2.12 Notwithstanding the availability of information regarding Austrade's strategic directions, formal and informal communication channels do not consistently assist staff to work towards the same goals.

2.13 The Export Finance Assistance Programs Division is electronically distant to the other functions of the organisation. For example, the information system used by the Grants staff (the EMDG database) is not integrated with Austrade's main reference database, the Client Information Management System (CIMS). Austrade advised this was to conform with the requirements of the Australian Trade Commission Act and the Privacy Act which seek to ensure that information provided for the purpose of obtaining a grant is not used for other purposes. This means both the EMDG database and CIMS contain information on potential and current exporters which is either duplicated or cannot be accessed by staff of other functional

² Further details can be found in *Performance Information Principles - A Better Practice Guide*, Australian National Audit Office, November 1996.

areas, and opportunities identified are not passed on to some EMDG recipients through CIMS. To address these problems, Austrade has written to new EMDG applicants advising them of the benefits of CIMS and inviting them to be included in it. A fax-back invitation will be included with the EMDG application form. In addition, Austrade has instigated a pilot project to identify potential exporters through the EMDG database and offer specific services on markets relevant to those clients.

2.14 The ANAO also noted that Grants staff who need to communicate enterprise information to overseas posts need to re-key that data from their database into Workflows, Austrade's organisation-wide system. This duplication is not only time consuming (representing two staff years per annum) but also hinders cooperation between different work areas. Austrade intends to design an electronic interface between the EMDG data base and the Core Business System (CBS) currently being developed.

2.15 The Forum Corporation's research indicates that customers expect staff of an organisation to be fully conversant with the products and services they supply. Customer dissatisfaction will be high where this does not occur. The ANAO found there is to some degree a cultural gap between Grants and other Austrade operations that potentially impacts on this issue. For example, many Grants staff answer the phone as 'Grants' officers rather than Austrade staff and other Austrade officers are not fully aware of the service offered to exporters through the EMDG system or did not consistently market the financial assistance available through the EMDG scheme. Austrade has advised that this is largely historical and is reflective of the different operational framework within which Grants operates. Austrade is seeking to address this through means such as staff rotations and secondments and regular information sessions.

2.16 The ANAO considers these instances indicate different work cultures, and that strategic linkages between Grants and other functions of Austrade are not as cohesive as would be expected from an organisation that is committed to fostering seamless client service.

Audit conclusions - strategic direction

2.17 Austrade's strategic direction is focused largely on meeting the goals of the Government's Trade Objectives and Outcomes Statement - the corporate objectives cited in Austrade's corporate plan are a summary of the statement. Although it is clearly important that the organisation's objectives are linked to Government policy decisions, the ANAO considers the corporate plan does not clearly communicate the necessary link between Austrade's performance and the provision of quality client service. From a customer service perspective, the corporate objectives do not set a strategic

focus for managers and employees that links the overall performance of the business directly to meeting the needs and expectations of the clients.

2.18 The ANAO also considers there is evidence of different work cultures associated with different functions, suggesting the need to strengthen the strategic linkages between Austrade organisational units to ensure Austrade operates as a single coherent and consistent organisation.

Strategic alignment

2.19 The Forum Corporation’s research shows that managers and employees in customer focused organisations are strongly aligned around business objectives based on meeting or exceeding customer expectations. Typically, however, organisations find it difficult to focus on more than about three objectives at a time. To test the alignment of employees and managers around Austrade’s business objectives the customer focus survey asked each of them, among other things, to select three objectives (from a list of eighteen possible objectives, customised in consultation with Austrade) which, in their opinion, Austrade is trying hardest to attain.

2.20 The survey results are in Appendix 2. Table 3 summarises alignment on the top three ‘key objectives’ by region, benchmarked against the Forum Corporation’s survey database.

Table 3

**Managers/employees who selected the top three objectives
(compared with the Forum database of results)**

Region	Percentiles ^(a)	
	Managers	Employees
North East Asia	93	45
Middle East	82	73
Americas	83	40
South East Asia	82	77
Europe	74	78
South Pacific	54	50
Australia	50	53

(a) This figure represents the percentage of organisations in the Forum Corporation database whose average score on this item was below the Austrade score.

2.21 Table 3 shows that, comparatively, the alignment of managers in Austrade is quite good, but it is distinctly lower in Australia and the South Pacific region than for most of the international network. Although this may be due to a diversity in the views of managers in Australia because of their roles in various organisational units - many of a corporate nature - it

is desirable to demonstrate strong alignment nonetheless. Managers in Australia have a significant role in affirming the strategic direction of the organisation as they are more directly involved in establishing policy (including administrative policy), organisational infrastructure and support mechanisms than managers in the regions. Strong alignment at the centre is essential for communicating an organisational focus.

Managers' strategic focus

2.22 The survey results show that managers are foremost aligned around the objective to 'increase export impact'. This is an appropriate result given that this objective defines Austrade's program objective.³ However, the level of alignment around this objective in Australia and the South Pacific is significantly lower than in other areas of Austrade.

2.23 The objective which ranked second in management alignment is to 'satisfy customers'. However, there was less alignment for this objective than for 'increase export impact'; only around half of Austrade's managers view satisfying customers as one of the top three objectives of the organisation.

2.24 The third-ranked objective for overseas managers was to 'increase revenue' although there was markedly less alignment than for the first two ranking objectives. Australian managers, however, rated 'improve our capacity to meet the Government's trade objectives' as the third most important objective.⁴ The objective to 'increase revenue' was ranked fourth, but with significantly lower consensus than in most other regions. Austrade considers this is in part explained by the fact that Australian staff would be more oriented to satisfying Government objectives. Nevertheless, the ANAO considers that it would be appropriate for Austrade to further examine the reason for this divergence since it is a sign of potential misalignment in the organisation.

Employee's strategic focus

2.25 The strategic focus of Austrade's employees generally followed that of their managers. That is, employees chose the same three objectives as their managers although the ranking of the objectives varied slightly in some regions.

³ 'To increase the international success of Australian business' - Portfolio Budget Statements 1997-98, Foreign Affairs and Trade Portfolio, Program 7.

⁴ The objective has some importance in other regions as well - it rated in the top five objectives but fewer managers and employees in the regions saw it as one of the three objectives Austrade is trying hardest to attain.

2.26 It was noticeable, however, that there was a lower level of alignment among employees, particularly for North East Asia and the Americas. That is, proportionately fewer employees chose these three objectives, or put another way, employees had a more varied view of the operational objectives of Austrade. Further, these two regions have the greatest variation of alignment between managers and employees. This appears to be more of a communication problem than misalignment among the managers, particularly in North East Asia, because in both cases there is agreement about the top three objectives.

Audit conclusion - strategic alignment

2.27 Overall, Austrade's managers and employees are strategically aligned around the key objectives of obtaining increased export results, satisfying customers and growing Austrade's business. However, the alignment in Australia and the South Pacific region is at a markedly lower level than for the rest of the international network. Austrade has advised that the contrasting alignment of staff in Australia and the South Pacific relates to their differing emphasis on key objectives. Nevertheless, the ANAO considers this disparity warrants further review by Austrade. Further, the ANAO considers it is significant that, for an organisation where customers provide the basis for its continued operations, only around half of Austrade's staff rated 'satisfying customers' as one of Austrade's top three business critical objectives.

2.28 The affect of this view of Austrade's strategic alignment can be illustrated in Figure 5, which shows the responses to the customer focus statements concerning organisational commitment and climate (one of the seven dimensions of customer focus - see Figure 3). Although staff generally accept the organisation's commitment to quality and customer focus, the disparity between operations in Australia and the international network is evident. And while overall Austrade compares very favourably to the survey database of companies (as indicated by the high percentile ratings), reinforcement of the importance to Austrade of customer focus will allow Austrade to move closer to best practice.

Customer focus dimension overview - interpreting the figures

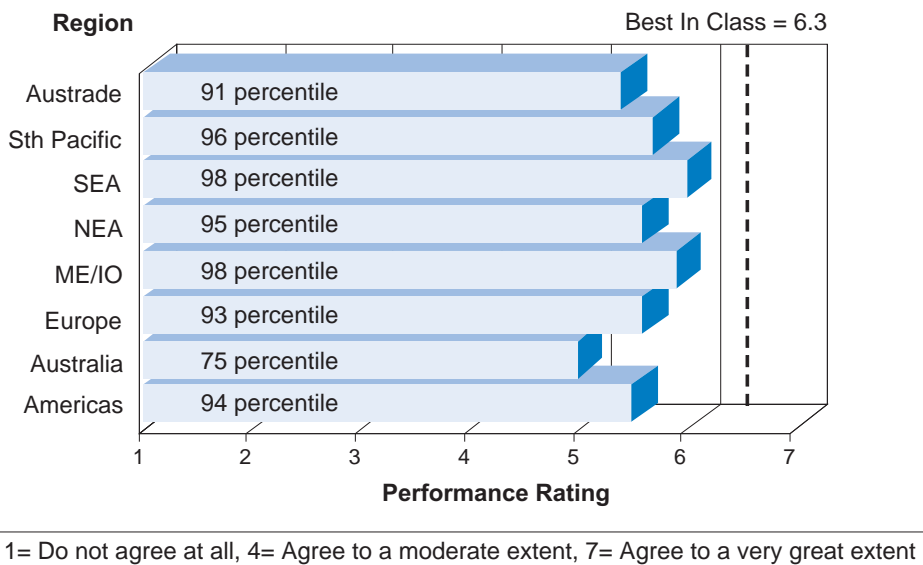
(see Figures 5, 6, 7, 17, 23, 24 and 25)

The dimension overview aggregates the customer survey results to various statements reflecting the particular customer focus dimension:

- the 'Best in Class' line indicates the highest average score on this area by any company in the Forum Corporation data base;
- the bar indicates how Austrade's regions rated on the seven point scale (where a score of 1 indicates respondents 'do not agree at all', 4 indicates respondents 'agreed to a moderate extent' and 7 indicates respondents 'agree to a very great extent');
- the percentile score indicates the percentage of companies in the comparison data base whose average score on this item was below Austrade's. (Thus a high percentile rating indicates that Austrade compares favourably against companies in the database).

Figure 5

Customer focus dimension overview - commitment and climate



'Commitment and climate' aggregates the customer focus survey results to the statements:

- our organisation is totally committed to the idea of quality;
- our organisation is totally committed to the idea of creating satisfied customers;
- serving customer needs takes precedence over serving our internal needs;
- our goal is to exceed the expectations of our customers in the things that matter most to them;
- being customer-focused is an important factor in determining who gets ahead in our organisation;
- rather than having to undo mistakes, we aim to 'do things right' the first time; and
- executives demonstrate with their actions that customer satisfaction is important.

Recommendation No. 1

2.29 The ANAO recommends that Austrade clarify its corporate objectives to provide a direct and clear link between the overall performance of the business and the provision of quality customer service.

Austrade response

2.30 Agreed.

3. Client Focus and Expectations

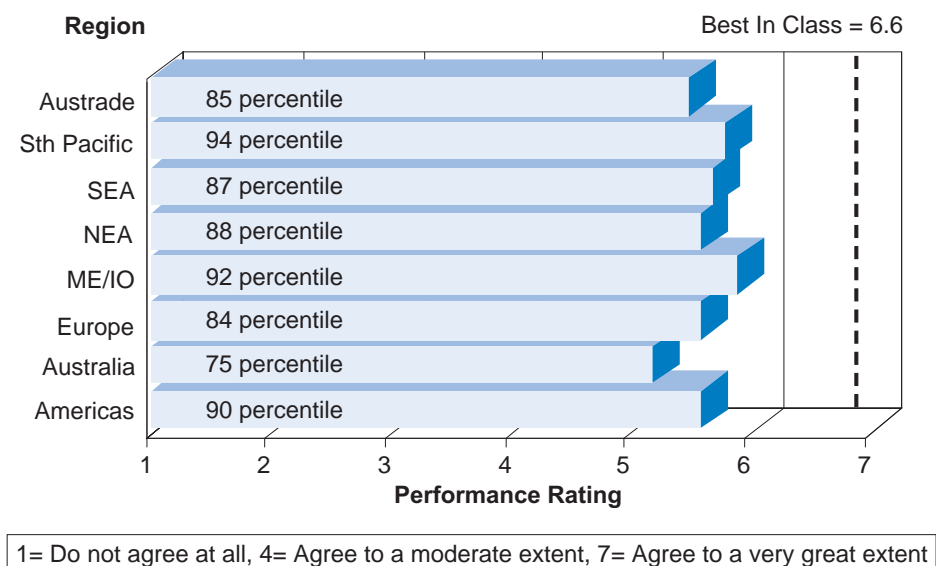
This chapter considers the results of the customer focus survey as they relate to characteristics identified as important to the establishment of a strong organisational focus on clients and service delivery. It concludes that Austrade has made good progress in creating a customer service culture, but needs to strengthen those efforts to ensure they present a coordinated strategy consistent with the principles and accepted better practice associated with quality customer service.

Assessments of customer focus

3.1 The customer focus survey of Austrade’s managers and employees asked them to indicate the extent to which they agreed with a series of questions based upon characteristics the Forum Corporation has established to be related to customer focus.

3.2 Figures 6 and 7 provide a broad overview of staff perceptions of Austrade’s performance against two key customer focus dimensions illustrated in Figure 3.

Figure 6
Customer focus dimension overview - aligning ourselves with our customers

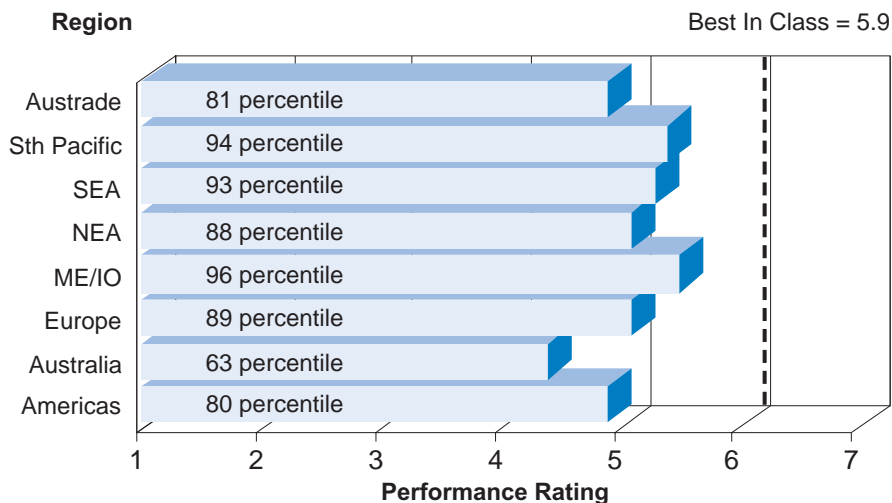


'Aligning ourselves with our customers' aggregates the customer focus survey results to the statements:

- in our advertising and promotional materials, we avoid promising more than we deliver;
- we strive to be a leader in our industry;
- we know which attributes of our products or services our customers value most;
- information from customers is used in designing our products and services; and
- when it comes to selling, we play a consultative or partnership role with our customers.

Figure 7

Customer focus dimension overview - competence, capability and empowerment



1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

'Competence, capability and empowerment' aggregates the results of the customer focus survey responses to the statements:

- employees at all levels are involved in making decisions about some aspects of their work;
- even at lower levels of our organisation, employees are empowered to use their judgment when quick action is needed to make things right for a customer;
- employees are cross-trained so that they can fill in for each other when necessary;
- employees at all levels have a good understanding of our products and services;
- employees feel they are involved in an exciting enterprise;
- employees are treated with respect; and
- employees who work with customers are supported with resources that are sufficient for doing the job well.

3.3 As in the previous chapter, the customer focus survey results have shown a distinct difference between Austrade's International and Australian operations. Overall, the international network compares very favourably relative to the Forum Corporation's database of companies. Indeed, managers' and employees' ratings, which are in close agreement, indicate a comparatively superior level of customer focus.

3.4 This is encouraging given the extensive training program Austrade implemented in conjunction with the launch of the Client Service Policy. However, it is important to note that the Forum Corporation's survey is essentially a self-assessment. Although a strong customer focus among employees is essential if the organisation is to deliver quality services, customer perceptions of the service represent the primary indicator of the success (or otherwise) of the organisational acceptance of the approach. Other feedback sources, such as Austrade's client surveys, indicate that some customers believe that the organisation is not consistently providing them with the quality of services they expect (see Chapter 4).

International network

3.5 The survey results show that the international regions have a consistent pattern of strengths and weaknesses. Employees and managers hold generally similar perceptions about how their region performs in respect to each dimension of customer focus, although managers tend to have a slightly more positive judgement. Managers and employees see their region's performance as fairly uniform across the dimensions, although the dimension of 'competence, capability and empowerment' has a slightly lower rating than the other dimensions, while the dimensions 'aligning ourselves with our customers' and 'commitment and climate' have a slightly higher rating. This result suggests that Austrade's intentions for customers may be somewhat stronger than the organisation's ability to implement the processes necessary to achieve those intentions.

3.6 The customer focus survey shows that the key opportunities for improvement in each of the international regions lie commonly in improving practices in the following areas:

- *continuous improvement practices* such as learning best practices from other enterprises, investing in developing innovative ideas and eliminating internal procedures and systems that do not create customer value. Opportunities may exist to introduce training and education for employees and managers to learn a consistent methodology to do these things and to encourage their application;
- *serving customers better* by making it easier for customers to complain, resolving all customer complaints, multi-skilling employees so they can

fill in for each other where necessary to support customers and resourcing employees sufficiently to do a good job for customers; and

- *internal procedures to emphasise the importance of customer focus* such as being explicit about the relevance of a customer focus competency when promotions are considered and recognising that serving customers takes precedence over internal requirements.

3.7 The customer focus survey supports the results of Austrade's customer satisfaction data, particularly that arising from the Client Services Improvement Study (CSIS). The CSIS is used to generate four indicators of customer satisfaction:

- a rating of the overall performance of Austrade;
- a rating of how Austrade overall compared with client expectations;
- a rating of the performance of each individual work unit, which can be combined into regional and total corporate figures; and
- the Client Satisfaction Index (CSI), which is a measure of the average level of satisfaction of clients with the services included in the study, weighted by the level of importance attributed to each service by the client. Individual work unit CSI figures can be combined to give a regional figure and corporate figure.

3.8 These measures all show that the six international regions are quite close in their grading and clearly superior to the Australia region - this is consistent with the customer focus survey results. The CSIS measures, however, do not provide sufficient information to identify areas for improvement. That is, they identify general areas for improvement but do not identify what it is about that service that needs to be improved.

Australia

3.9 The customer focus survey indicates that Australian managers and employees have similar perceptions about performance in respect to each of the dimensions of customer focus. In general, the customer focus in Australia is notably less than the international regions. Like the international regions, managers and employees in Australia consider the dimension 'Competence, Capability and Empowerment' to be weaker than the other dimensions, but even more markedly.

3.10 The customer focus survey indicates that the opportunities for improvement in Australia fall within the following themes:

- *understanding customers better* by knowing how they define quality and understanding their requirements through having better customer data and more direct staff contact with customers;

- *systematically improving processes* by monitoring customer complaints and solving quality problems quickly;
- *improving customer service* by making it easier for customers to complain and resolving all customer complaints, and encouraging employees to go the extra mile to serve customers, supporting them to do so by giving employees sufficient resources to serve customers well and multi-skilling employees to fill in for one another when necessary; and
- *management commitment* to the notion of customer focused quality could be increased and supported by, for example, linking promotion to the idea of being customer focused.

3.11 Some specific practices recorded lower ratings. These include:

- ‘employees are treated with respect’ - see Figure 8;
- ‘in our advertising and promotional material we avoid promising more than we deliver’ - see Figure 9; and
- ‘employees feel involved in an exciting enterprise’ - see Figure 10.

Figure 8

Employees are treated with respect

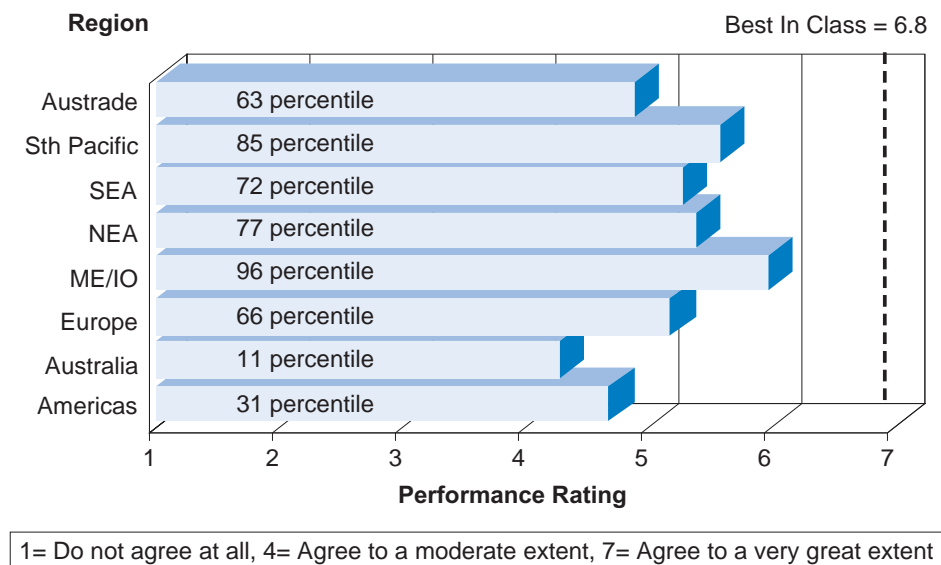


Figure 9
In our advertising and promotional material we avoid promising more than we deliver

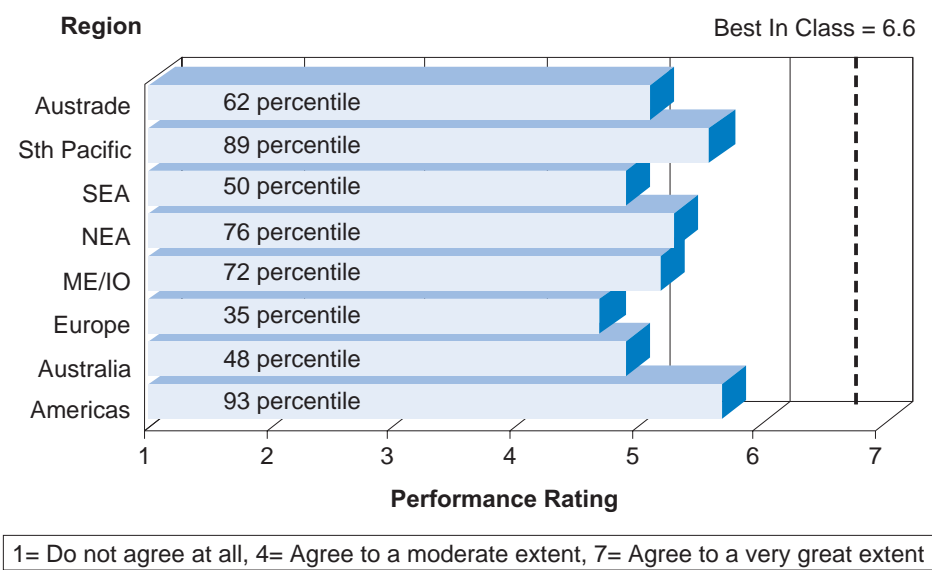
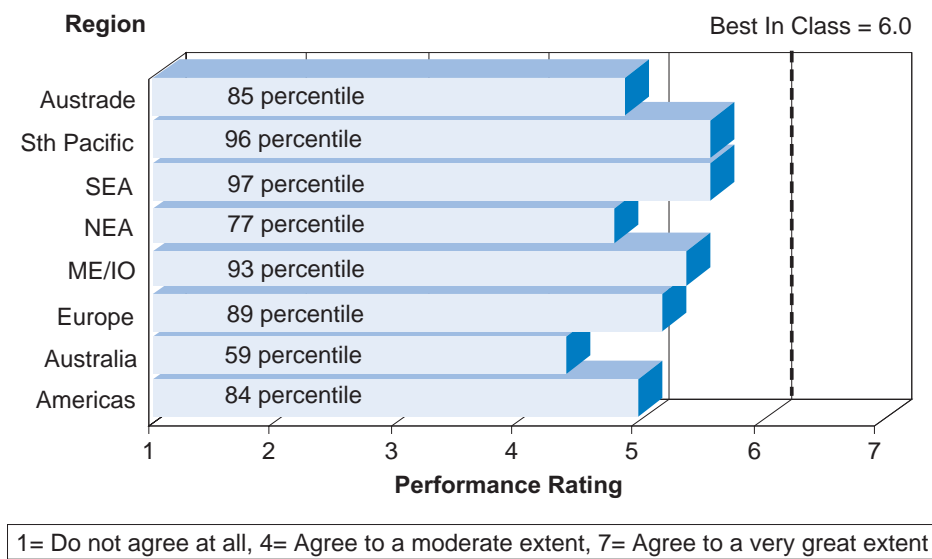


Figure 10
Employees feel involved in an exciting enterprise



3.12 Potentially, the lower ratings against these practices raise issues that impact on employee morale and customer service. The low comparative rating by Austrade staff in Australia to the statement that employees are treated with respect warrants consideration by Austrade to understand the reasons behind such results.

Audit conclusion - customer focus

3.13 For the international network, the principal challenge is to continue to build on Austrade's performance by examining existing practices and improving them. For example, Austrade already applies customer segmentation and collects information to try to understand how customers in those segments want to do business with Austrade. The organisation responds by trying to align its activities to meet the needs of those segments. By improving its customer data collection methods, richer and more effective data could be obtained.

3.14 The survey results for staff in the Australian region show an above-average level of customer focus compared to that in the Forum Corporation's database of companies, although they are significantly less customer focused than staff in the international network.

3.15 The survey results have also been compared with the Best-in-Class level identified in the Forum Corporation's research. The Best-in-Class level establishes a very high benchmark but also indicates what is achievable. It is relevant to note that all of the Austrade regions have further improvements to make before they reach that level.

Uniformity of customer focused behaviour

3.16 The customer focus survey also provided information on the uniformity of customer focused behaviour within each region. Managers and employees in three regions - South Pacific, Middle East and South East Asia - perceive a noticeably higher level of uniformity of behaviour. Managers in the North East Asia and Europe regions claim an above average level of uniformity of use of the customer focused practices, while managers in America and Australia recorded below average uniformity of practice. Employees in these four regions generally show a below average level of uniformity. This is consistent with other survey results which generally show that managers have a more positive viewpoint than employees.

3.17 There is scope for Austrade to explore the differences in the consistency of application of customer focused practices and to implement an appropriate improvement strategy.

Client service levels

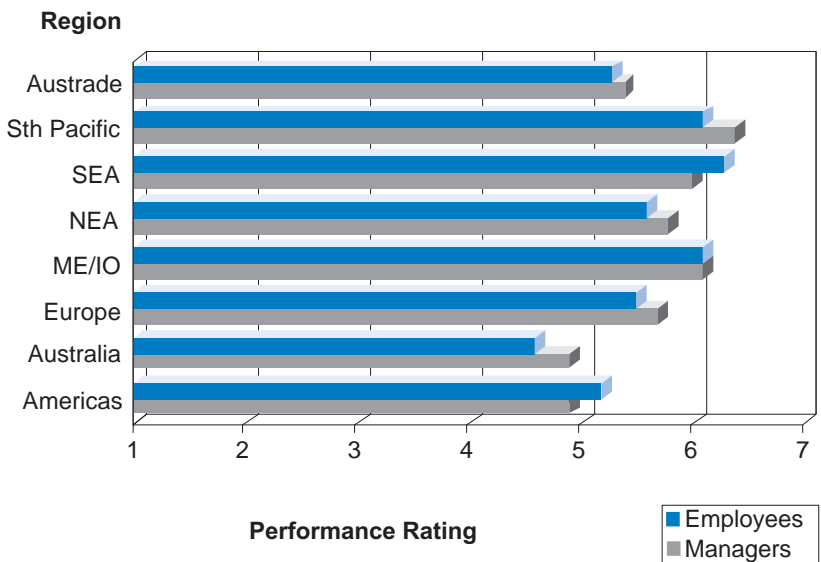
3.18 The ANAO examined the information available from the customer focus survey and Austrade’s own client study to identify trends in quality of client service and potential areas for improvement.

3.19 The survey allowed staff to express their views of the service offered to clients by responding to the following statements:

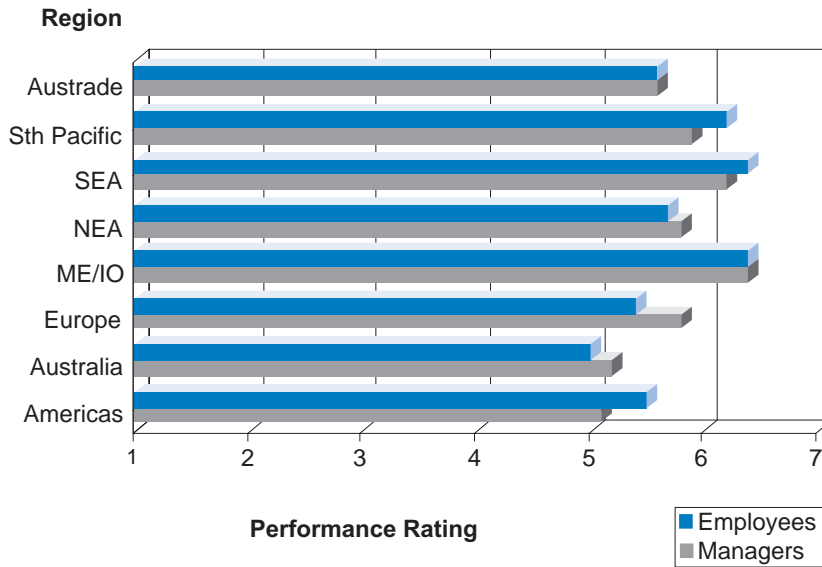
- ‘when it comes to serving our customers we are doing better today than we were a year ago’ - see Figure 11;
- ‘when it comes to serving our customers I expect that we will be doing better a year from today than we are now’ - see Figure 12; and
- ‘we consistently exceed our customers’ expectations in the things that matter to them most’ - see Figure 13.

Figure 11

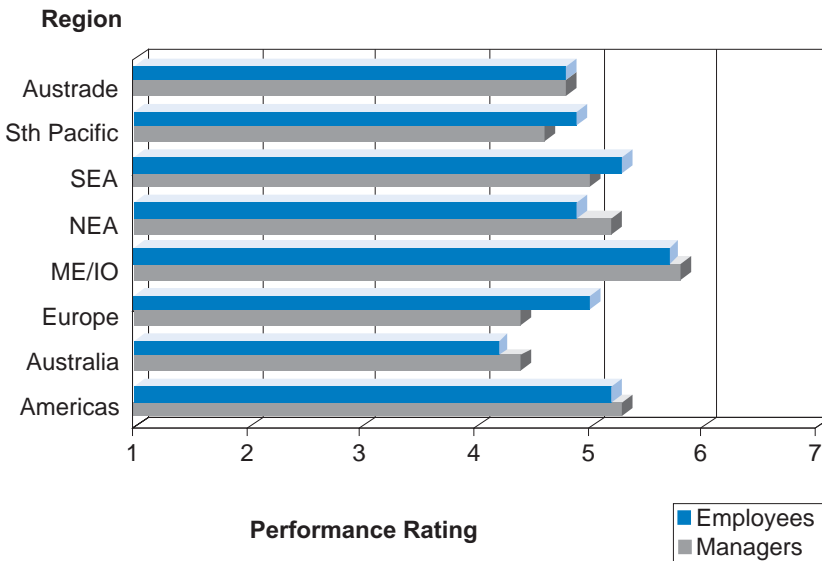
Our service is better today than a year ago



1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

Figure 12**Our service will be better a year from today than it is now**

1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

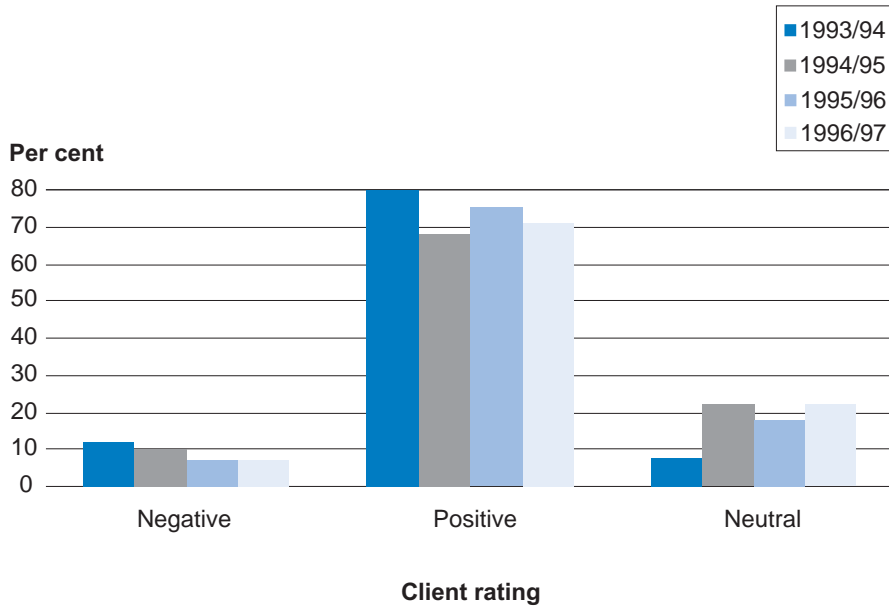
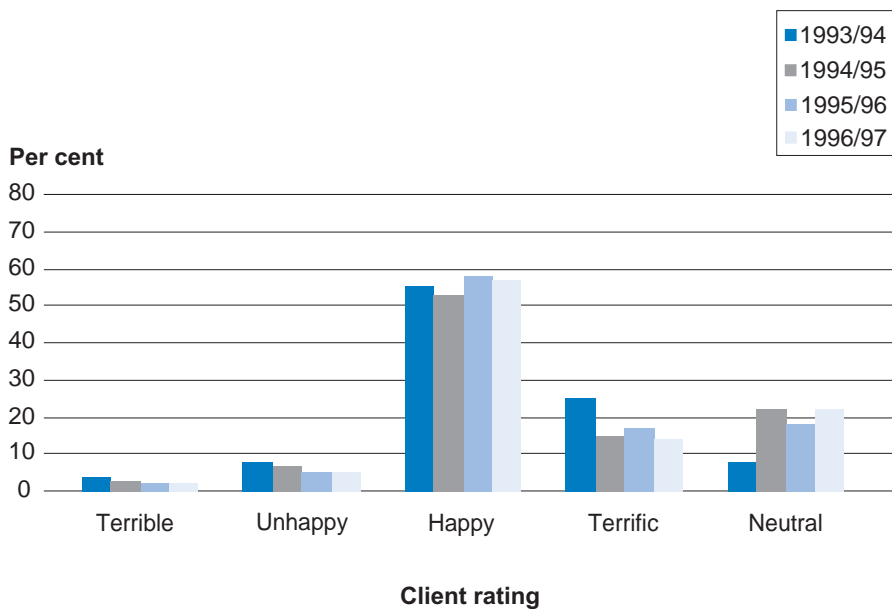
Figure 13**We consistently exceed our customers' expectations**

1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

3.20 As summarised in Figures 11 and 12, employees and managers across Austrade's network on average consider that Austrade is improving its customer service levels - that is, they are doing better this year than last year and expect to do even better next year. However, the Australian and American region results are less positive. In particular, staff in Australia responded to the statement 'we consistently exceed our customers' expectations in the things that matter to them most' at a noticeably lower level than the international regions (Figure 13).

3.21 The ANAO notes the views of managers and employees that they are improving the delivery of services to customers contrast with the trends in client ratings of Austrade work units as demonstrated in its Client Service Improvement Study (CSIS). This allows clients to rate the performance of work units on a scale from 'terrific' to 'terrible'. The trend shows a decline in clients' rating of the performance of Austrade's units since 1993-94. Viewed in terms of positive or negative feedback, as shown in Figure 14, it can be seen that clients' positive perceptions of Austrade's service fell from 80 per cent in 1993-94 to 71 per cent in 1996-97. Over the same period, neutral responses – those clients who were not prepared, or able, to offer an opinion - rose from 8 to 22 per cent. The ANAO notes that this increase may in part be influenced by changes to the Client Service Improvement Study in 1994-95 when, for the first time, a neutral rating was specifically offered to clients. Austrade considers that one impact of this was to increase significantly the number of neutral responses in 1994-95 over those received in 1993-94. The ANAO notes that this could suggest that many clients may have previously preferred to provide a neutral response, but as it was not offered as an option, gave a positive response rather than a negative one.

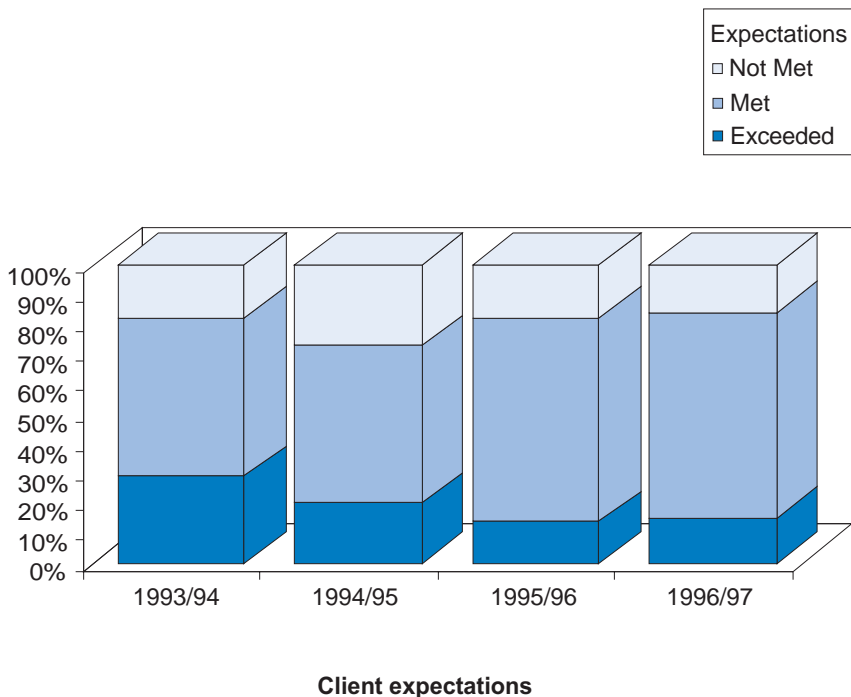
3.22 A more detailed analysis (Figure 15) shows that the proportion of clients who rated the services of Austrade as 'terrific' fell from 25 per cent in 1993-94 to 14 per cent in 1996-97, a proportional decline of 44 per cent. The decline does not necessarily mean clients were displeased with the service, as the proportion of clients who rated Austrade as 'terrible' or were 'unhappy' with the service also decreased; the major shift has been in neutral responses.

Figure 14**Client service ratings of Austrade units 1993-94 to 1996-97****Figure 15****Detailed client service ratings of Austrade units 1993-94 to 1996-97**

3.23 Austrade also compiles a Client Satisfaction Index from its CSIS data. This is a measure of the average level of satisfaction of clients across all the services included in the study, weighted by the level of importance attributed to each service by the client. The Index relates the client performance ratings of individual work units to a satisfaction rating of Austrade overall using three categories; whether clients' expectations were exceeded, met or not met. As an example, the performance rating 'terrific' is translated as 'expectations exceeded'. Recent results are illustrated in Figure 16.

Figure 16

Austrade's Client Satisfaction Index 1993-94 to 1996-97



3.24 The CSI shows that, overall, client satisfaction with Austrade has been relatively steady over the four years (that is, the index level of clients whose expectations were met or exceeded is little changed). However, there is a noticeable shift between the two positive ratings, with the index for clients whose expectations have been exceeded having almost halved.

3.25 In summary, Austrade staff's perspective of past and prospective trends in customer service is not fully reflected in the data from Austrade's CSIS. The ANAO also notes that the introduction of the Client Service Policy in 1995 has not had an appreciable affect on client satisfaction levels - the proportion of clients who rate the performance of Austrade's work units positively has increased only slightly since then. The ANAO considers there

are two likely interpretations, not necessarily mutually exclusive. First, Austrade staff may have a more positive view of their performance than their customers - that is, there is a misalignment of views. Second, while Austrade's services may be improving, client expectations are also increasing. However, it is apparent from the figures above that client perceptions of Austrade's performance are that it is not improving. This poses a significant risk for the organisation and warrants further analysis by Austrade.

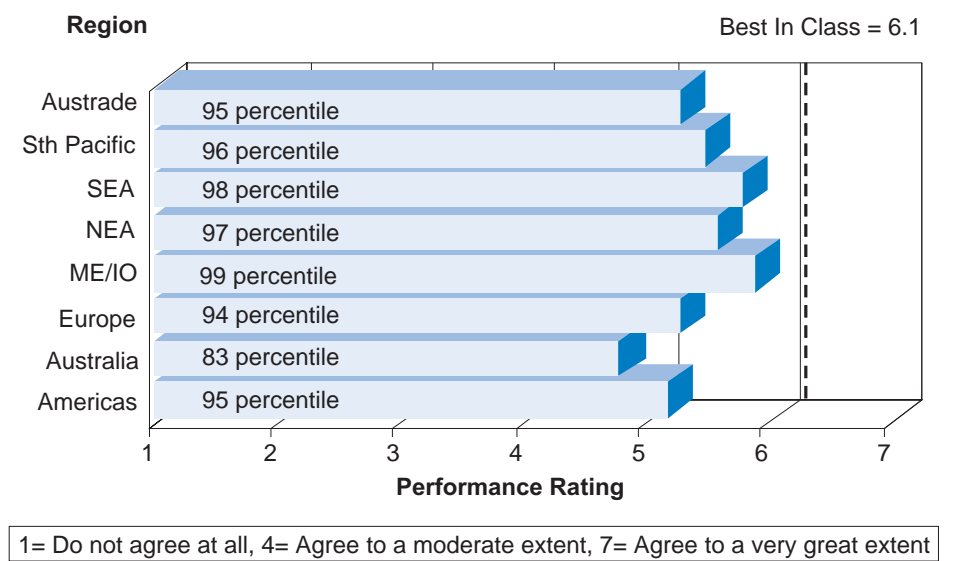
3.26 Austrade is not currently in a position to analyse the above information because its client surveys do not provide sufficient data to evaluate authoritatively service performance or to identify clearly customer expectations. Furthermore, the information that has been obtained has not been rigorously analysed by Austrade, compounding the difficulties in assessing performance. Revising its survey methodology and analysis will provide Austrade with the opportunity to make significant improvements to its customer service practices. This is discussed more fully in Chapter 5. The ANAO notes that Austrade has not evaluated the CSP for effectiveness since its introduction. In the light of the trends in the above data, such a review would seem timely.

Audit conclusion - uniformity of customer focused behaviour

3.27 Austrade has made good progress in creating a customer service culture, but should strengthen those efforts to ensure they present a coordinated strategy consistent with the principles and accepted better practice associated with quality customer service. This would be timely, given the period since the introduction of the CSP, and appropriate, given the initially limited focus of the policy and the weaknesses in client service (including declining aspects of client satisfaction) identified during the audit.

3.28 Importantly, Austrade can enhance its communication with customers through further customer research. This is illustrated in the responses to the customer focus survey which addressed communicating with customers and using information from customers. Although Austrade staff consider their communication with clients is a strength, the disparity between Australia and the international regions is again apparent, and there is scope for Austrade to move further towards best practice. The research should be an ongoing feature of Austrade's customer service regime to guide the development of more customer focused strategies.

Figure 17
Customer focus dimension - communicating with the customer/
using customer information



‘Communicating with the customer/using customer information’ aggregates the results of the customer focus survey responses to the statements:

- we have a clear understanding of what our customers expect of our organisation;
- employees at a variety of levels and functions are provided opportunities to meet with customers;
- we know how our customers define ‘quality’;
- our executives have frequent contact with customers;
- our key managers have a clear understanding of customer requirements;
- we regularly give information to customers that helps shape realistic expectations; and
- within the organisation there is agreement about who our ‘real’ customer is.

Recommendation No. 2

3.29 The ANAO recommends that Austrade review the implementation of its current client service policies and supporting practices for cost-effectiveness and efficacy. As part of the review, Austrade should look closely at the apparent customer focus disparity between staff in the Australian and international regions.

Austrade response

3.30 Agreed.

Recommendation No. 3

3.31 The ANAO recommends that Austrade undertake further client research to guide its customer focus strategies, particularly into:

- potential and actual clients, specific client categories and key client characteristics;
- client perceptions of their service needs and client expectations of service quality;
- client views about the profile, reputation and performance of Austrade;
- client attitudes to existing and possible future services, products and communication messages; and
- client behaviour that affects agency performance and objectives and other factors that influence client behaviour.

Austrade response

3.32 Agreed.

4. Service Delivery

This chapter considers whether Austrade is delivering services to its clients to a consistently high standard. Client awareness of Austrade's services are examined and client views concerning the uniformity and quality of Austrade's services are discussed. Human resource management issues relevant to client focus are reviewed as well as information systems and work processes. It concludes that service delivery is good but further gains are possible.

Introduction

4.1 Service delivery in the public sector may be influenced by environmental factors such as legislative compliance government policy and allocated budgets but these factors need not be seen as opposing forces impacting on client satisfaction. Rather, client satisfaction can be enhanced if all aspects of service delivery management and administration, including compliance and resource allocation, are undertaken using the principles of client focus.

4.2 To provide quality client service, an organisation needs to constantly update its understanding about what their clients want, need, expect and value. In seeking information from clients, client-focused organisations focus on four key questions:

- a) who are our clients;
- b) what are the clients' needs and expectations (by client segment, if applicable), and which matter most to clients;
- c) what are the perceptions of clients and how well is the organisation meeting needs and expectations; and
- d) how can the organisation use the information obtained to ensure that clients are consistently satisfied by meeting or exceeding their expectations or alternatively to shape client expectations in line with what the organisation can deliver?

4.3 Organisations manage these issues in a number of ways, including:

- customer research;
- providing opportunities and encouragement for all staff and managers to meet with and receive feedback from customers;
- communicating with customers to help shape their expectations;

- the development and setting of performance indicators that take account of customer needs and expectations; and
- the development and promulgation of customer service charters.

Client awareness of Austrade services

4.4 The ANAO examined aspects of Austrade's marketing approach to provide an overview of Austrade's public profile, identify good practice or, alternatively, possible areas for improvement. The aspects examined were:

- the level of knowledge clients have regarding Austrade products and services;
- Austrade marketing products; and
- the coordination of marketing within Austrade.

4.5 In 1996 Austrade conducted a survey of 250 clients and potential clients/exporters and subsequent workshops to gain an appreciation of Austrade's profile in the community. The main finding of this survey was that people were aware of Austrade, but not of what Austrade provided. Further:

- although many Australian firms recognise the name, they have only the most general notion of what Austrade does, and how it can help their businesses;
- previous marketing efforts were fragmented; and
- there was a cultural gulf between posts and Australian based operations.

4.6 Based on the survey and workshops, Austrade developed a Communication Plan during late 1996 and early 1997. This included a Marketing Plan which identified the key problems for Australian businesses as a lack of specific knowledge about what Austrade does, and how it could benefit their business; and knowledge and use of only a narrow range of the services Austrade provides. Delays in finalising the Communication Plan meant that the Marketing Plan did not commence until January 1998, with the first advertisements appearing in April 1998 and expecting to be concluded in November 1998. Austrade proposes to test the impact of the marketing campaign by survey in August 1998.

4.7 During the conduct of the audit, it was evident that awareness of Austrade's purpose, services and products remains low in the exporter and potential exporter community. Although some current exporters surveyed by the ANAO stated they had a good knowledge of Austrade's purpose, products and services, 80 per cent of current or potential exporters surveyed stated they had limited or no knowledge of Austrade. What

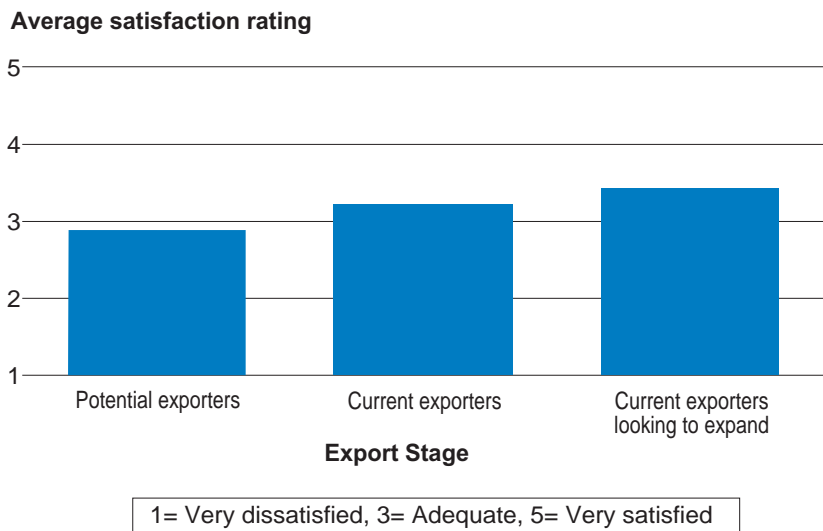
knowledge they did have was usually restricted to the specific issue they were dealing with at the time. Further, clients that have had limited contact with Austrade stated that Austrade staff do not take the opportunity to promote other Austrade services and products.

4.8 Interviews with exporters and non-exporters also indicated that many felt that their expectations of Austrade were somewhat influenced by their level of knowledge. For example, some Australian organisations receiving information from Austrade on prospective overseas importers expect information on the commercial aspects of the overseas importer, such as reliability for payment. When this type of information is not supplied by Austrade, the Australian organisations believe their expectations have not been met. This view reflects a lack of awareness of what Austrade does, and does not, provide to exporters.

4.9 Results from the ANAO stakeholder survey show that the average overall satisfaction rating with Austrade increases as an enterprise progresses through the export cycle - see Figure 18. The ANAO concludes that, as an enterprise becomes more familiar with the services offered by Austrade, through increased contact with the organisation, service expectations are better founded, resulting in increased satisfaction.

Figure 18

Respondents' exporting stage and average satisfaction rating

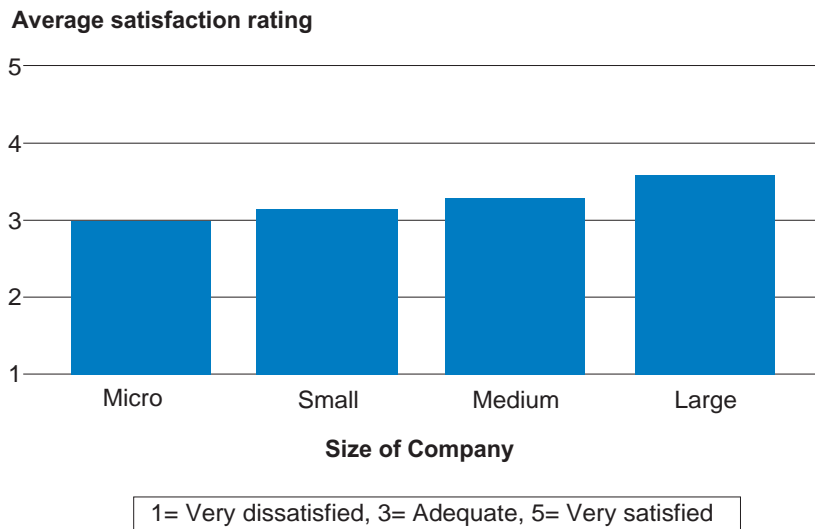


⁵ Survey respondents were asked to rate Austrade's services using a five-point scale from 1 (very poor/very dissatisfied) to 5 (very good/very satisfied). A rating of 3 equates to 'adequate'.

4.10 Results from the survey also show that the larger the organisation's size (determined by the number of employees), the more satisfied they are with Austrade - see Figure 19. This view is reflected in respondents' comments which suggest Austrade is geared more towards the 'big' organisations, rather than small to medium enterprises.

Figure 19

Respondents' size of organisation and average satisfaction rating



4.11 The ANAO notes that Figures 18 and 19 indicate an average satisfaction rating marginally above adequate. These results reflect the findings in the previous chapter regarding the decline in higher satisfaction ratings from the CSIS. The ANAO considers these results are significant, as research has shown that customer loyalty is strongly linked to satisfying the needs of the customer. In a competitive environment, Austrade's client loyalty would be likely to be at risk for the majority of these clients.

4.12 Details of the ANAO stakeholder survey are at Appendix 1.

Marketing

4.13 Better practice suggests customer focused organisations should minimise customer dissatisfaction by ensuring customers are provided with information that helps shape realistic expectations in line with what the organisation can actually deliver. There are four steps to ensure this is achieved:

- realistic outcomes for products and services are set by the organisation based, where possible, on customer needs and expectations;

- the limitations of products or services are acknowledged forthrightly;
- the uses of products or services are clearly communicated to customers; and
- information is given to customers to explain what is feasible and reasonable for the organisation to do and how it might decide the best approach.

4.14 As discussed in paragraph 4.6, Austrade's marketing approach has been the subject of an internal review. As a result Austrade formulated a new communications plan which included a revised marketing plan which commenced in early 1998 and is intended to be evaluated later in the year.

4.15 The ANAO found that Austrade's performance in raising the awareness of its current and potential clients is variable. Previous promotional activities appear to have resulted in a general recognition of Austrade in the market-place, but a low level of awareness concerning actual services available. Further, clients and potential clients may have unrealistic expectations of Austrade, as indicated by the ANAO stakeholder survey, and Austrade may be inadvertently contributing to this misunderstanding. For example, results from the Forum Corporation survey of Austrade staff shows staff within Australia and the Europe region have some concerns that Austrade promised more than it could deliver - see Figure 9.

4.16 Marketing to date has been ad hoc and dictated by individual regional needs. For example, some regional managers have indicated that they do not have the resources to effectively service the new clients an increased marketing effort may generate, but other regional managers would like greater marketing. This is reflected in the results from the customer focus survey; the organisational objective 'attract new customers' was accorded a significantly lower priority in most regions than the top three objectives (see Appendix 2).

4.17 Austrade has a considerable variety of promotional material. However, the ANAO considers that aspects such as content of the literature, standardisation of literature throughout Austrade, the marketing medium, and target audience should be reviewed to ensure it presents a coherent and realistic view of Austrade's products and services. A 'Marketer's Tool Kit' has been developed by Austrade to assist in addressing these issues.

Audit conclusion - client awareness of Austrade services

4.18 Exporters and potential exporters reflected a lower level of knowledge regarding Austrade's purpose, services and products than is desirable for effective delivery of service to its clients. The ad hoc nature of previous marketing programs may have been a contributing factor to

Austrade's low public profile. A Marketing Plan was prepared but was not implemented until January 1998.

4.19 The client survey data indicate that smaller and less export experienced organisations have a lower level of satisfaction with Austrade, perhaps because they have a lower level of knowledge of Austrade services and products and hence, less realistic expectations. These issues warrant further consideration by Austrade through directed market research.

4.20 The ANAO considers Austrade would benefit from marketing its purpose, services, products, and capabilities to the public to enhance exporter awareness and achieve realistic expectations of service available and, by these means, more effectively meet its objectives. Any marketing activities should be based on a sound knowledge and understanding of clients, their needs and expectations. Customer research is a key methodology in gaining the required information and understanding.

Recommendation No. 4

4.21 The ANAO recommends that Austrade review the results of its marketing campaign to enhance client awareness of Austrade's products and services and, as necessary, develop other initiatives to ensure that its clients have a proper appreciation of Austrade's activities.

Austrade response

4.22 Agreed.

Uniformity of service

4.23 Research on service provision indicates that one of the most important factors is the provision of a uniform and high standard of service. In the commercial world, research sponsored by the Forum Corporation indicates that almost 70 per cent of the identifiable reasons that customers left organisations was not product related. Quality of service was the main factor that determined whether clients returned with their business to a company.

4.24 Better practices related to consistent service delivery were taken into account during the audit. These indicated, for example, that:

- the organisation should ensure that clients are consistently satisfied by meeting or exceeding their expectations or alternatively shaping client expectations in line with what the organisation can deliver; and
- the organisation should ensure it has in place a robust method for undertaking continuous improvement of those processes.

4.25 Austrade is aware of the need to provide consistent service and pricing in their dealings with their clients; background documents supporting the CSP regularly refer to the need for consistent service. In April 1995, the then Managing Director of Austrade stated 'the days when every Post was a bit different from every other must slip into the past'.

4.26 Austrade's launch of the CSP was accompanied by an agency-wide training program costing over \$1 million. The program included the distribution of documents designed to inform staff on the operations of these initiatives. Other documents were designed to guide staff on how to ensure that clients were provided with a uniform standard of service throughout the world and also indicated the level of service staff were expected to provide to clients.

Client comments

4.27 The ANAO conducted interviews with current and potential Austrade clients to gather views on Austrade's performance to supplement the stakeholder survey. Several peak bodies (for example, Chambers of Commerce) which had regular contact with Austrade both in Australia and overseas were also contacted.

4.28 Many interview and survey respondents were complimentary of Austrade's products and services. However, clients also commented on variations in the quality and cost of services provided by Austrade in Australia and at overseas posts. Some 43 per cent of respondents to the ANAO survey offered comments as to what Austrade might do to improve its services. The ANAO recognises that dissatisfied customers are more likely to have given detailed responses to the survey, but notes that the comments support areas of concern also identified by Austrade itself. The areas of concern suggested by the ANAO survey, with examples of the adverse comments received, are:

- failure to supply information

'Wrote to four overseas posts and never received a reply. After waiting a few months contacted Austrade in Australia to complain. A few weeks later received some obsolete information.'

- unsuitability of information for markets

'Information on companies from Japan, which consisted of name, address, phone and fax number, cost me \$100 per company - irrespective of whether they were good, bad, indifferent or just about insolvent.'

- variability of service delivery

'Overseas posts more interested in how much they can charge than in quality of information given'

'Service varies from post to post, from excellent and committed to average and indifferent.'

- failure to demonstrate to the business community that Austrade understands the issues facing exporters and has the tools to increase the level of exports

'We find it a generalised service that has difficulties providing specific needs of potential exporters'

'Austrade needs to demonstrate to the business community that it understands the issues facing exporters and has the skills to actually increase the level of exports.'

- variability from post to post in the ability and motivation to help exporters

'We use Austrade to set up appointments for us in Asia. The support we get from posts ranges from highly professional and fully committed, all the way to incompetent and disinterested. We pay for the service and should not encounter the low end of the scale.'

4.29 Respondents' ratings of Austrade services in terms of importance to the client and performance are shown in Table 4. Of the services offered by Austrade, those most used by respondents to the survey related to the provision of information and advice. For most services, clients rated Austrade's performance below the level of importance they attached to the services. Further, most services rated around the 'adequate' mark. Some 10 per cent of survey respondents indicated they would not use Austrade again.

4.30 Internal client surveys conducted by Austrade have previously highlighted problems with service delivery, especially in Australia. For example, Austrade has collected information on client expectations as part of their annual survey, and in 1996 a paper set out, among other things, the dissatisfied remarks noted from the monthly Hotline client survey. Notwithstanding the importance of this information the ANAO understands that resource constraints have prevented further analysis leading to corrective action.

Table 4
Client rating of Austrade services

Statement	Importance ⁽¹⁾	Performance ⁽²⁾
Austrade's services provide value for money	3.9	2.8
Austrade's Hotline is useful	2.8	2.7
Austrade's web site is useful	2.5	2.9
Austrade's assistance is timely	4.2	3.1
Austrade's information is relevant	4.4	3.0
Austrade's information is accurate	4.5	3.0
Austrade's information is useful	4.4	3.0
Austrade's staff are willing to help	4.4	3.2
Austrade's staff have the capacity to help	4.4	3.0
Austrade's market knowledge is useful	4.4	3.1
Austrade's staff understand your needs	4.3	2.5
Austrade's services compare well with other export assistance agencies	3.8	2.7
Austrade's pricing rate compares well with other export agencies	3.7	2.5

(1) Rating — 1 = not important, 5 = most important

(2) Rating — 1 = did not perform at all, 5 = performed to a very great extent

Audit conclusions - uniformity of services

4.31 Variability in the level and quality of Austrade client services is attracting criticism from clients. Variation in the application of Austrade's charging practices is also of concern to clients. This has recently been identified by Austrade as a matter warranting attention. The ANAO agrees this should be of concern in terms of client service, as well as having revenue implications, given that a key objective of the CSP was the introduction and application of standard customer focused practices, including pricing of services.

4.32 Clients responding to the stakeholder survey expressed considerable variability in rating Austrade's service performance and Austrade overall. Some were highly supportive, others markedly less so. On average, they rated Austrade's services as less than adequate and overall performance as a little above adequate. Although this does not necessarily mean Austrade is providing unacceptable quality services (Austrade's CSIS shows that Austrade is meeting the expectations of most clients), there are clear indications of uneven service delivery that warrant further investigation by Austrade. Customer focused organisations aim to meet, if not exceed, their customers' expectations, because dissatisfied customers

are likely to take their business elsewhere. Research in the United States has shown that although only four per cent of dissatisfied customers complain, for every complaint received a further 26 customers were unhappy. Further, from 65 to 90 per cent of the unhappy but non-complaining customers would not buy again from the company they felt had wronged them.⁶

4.33 The ANAO considers Austrade should investigate the specific areas of service delivery that are not meeting some client requirements. Possible methods of pursuing this include:

- focus groups;
- visits to clients;
- training of grants staff and Regional Trade Commissioners to explore client requirements;
- improved survey techniques; and
- improved complaints mechanisms including analysing complaints.

4.34 Action against these items will supplement the additional client research also recommended by the ANAO in Chapter 3.

Recommendation No. 5

4.35 The ANAO recommends that Austrade resolve, as soon as possible, any inconsistent application of the current Client Service Policy, including policy relating to pricing of products and services, to provide uniform service to clients.

Austrade response

4.36 Agreed.

Human resource management issues

4.37 Appropriate human resource management (HRM) needs to underpin customer-focused strategic objectives to give staff the competence, capability and empowerment to service customers well. The ANAO examined how aspects of Austrade's HRM support effective client service, including staff selection, training, utilisation and support.

⁶ Research quoted in 'The Customer Driven Company: Moving From Talk to Action' by Richard C Whiteley (The Forum Corporation), Century Business, London 1991.

Recruitment

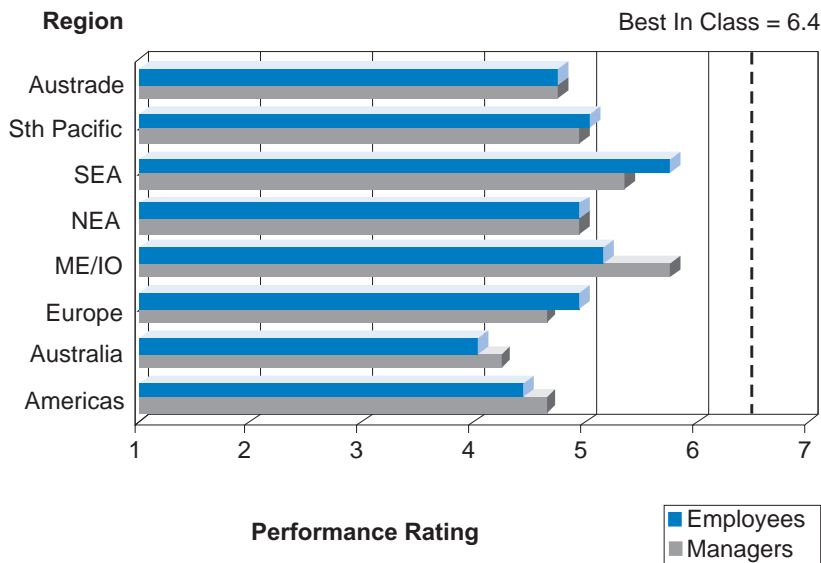
4.38 Quality selection of personnel is a critical success factor in securing good customer service staff. Recruitment criteria should be linked to job competencies and give prominence to customer service qualities and behaviours. For customer focused organisations such as Austrade, demonstrated commitment to customer service outcomes should be considered in staff recruitment and promotion. A key way to achieve this is to ensure that the customer service commitment is reflected through the selection criteria for all positions.

4.39 The ANAO reviewed Austrade's selection process to determine the methods and key criteria used in the selection of staff. The ANAO found that client focus is one of the generic selection criteria and there was also evidence that it was given prominence.

4.40 However, the impact of this has not fed through fully into organisational attitudes as reflected in the customer focus survey. Responses to the statement 'being client focused is an important factor in determining who gets ahead in our industry' are shown in Figure 20. Overall, Austrade managers and employees agreed with the statement, but the extent to which they agreed varied considerably (staff in Australia recorded the lowest agreement). Austrade's overall rating is strong (around the 93rd percentile) compared to the survey database. However, 'best in class' for this organisational characteristic was 6.4, which, when combined with the variation in rating, indicates that Austrade has scope to reinforce this aspect of customer commitment. The ANAO considers Austrade should examine how consistently customer focus is presented in recruitment and selection processes, particularly in Australia, as a means of moving towards best practice.

Figure 20

Being client focused is an important factor in determining who gets ahead in our industry



1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

Commercial experience

4.41 Criteria such as trade promotion, business skills and market knowledge were evident in all advertisements and selection criteria examined. However, a common criticism of Austrade staff expressed by stakeholders was a lack of commercial or ‘hands-on’ business experience. This is reflected in the fact that a high proportion of staff vacancies are filled by internal promotion or rotation (around 70 per cent of Australian based vacancies since 1994), potentially limiting commercial experience or knowledge. The ANAO considers Austrade should consider placing more emphasis on commercial experience in its HRM practices. In responding to the proposed report, Austrade said that to meet the needs of current and future exporters, Austrade both develops its existing staff through training and new assignments and recruits specialist business and technical personnel to broaden and strengthen its skill base. Austrade considers that its recruitment processes have provided personnel with appropriate levels of business skills and overall market knowledge.

Utilisation and support

4.42 Client focused organisations recognise that a key to providing quality client service is satisfied and motivated client service staff. These staff are not only motivated and trained to serve clients but are provided

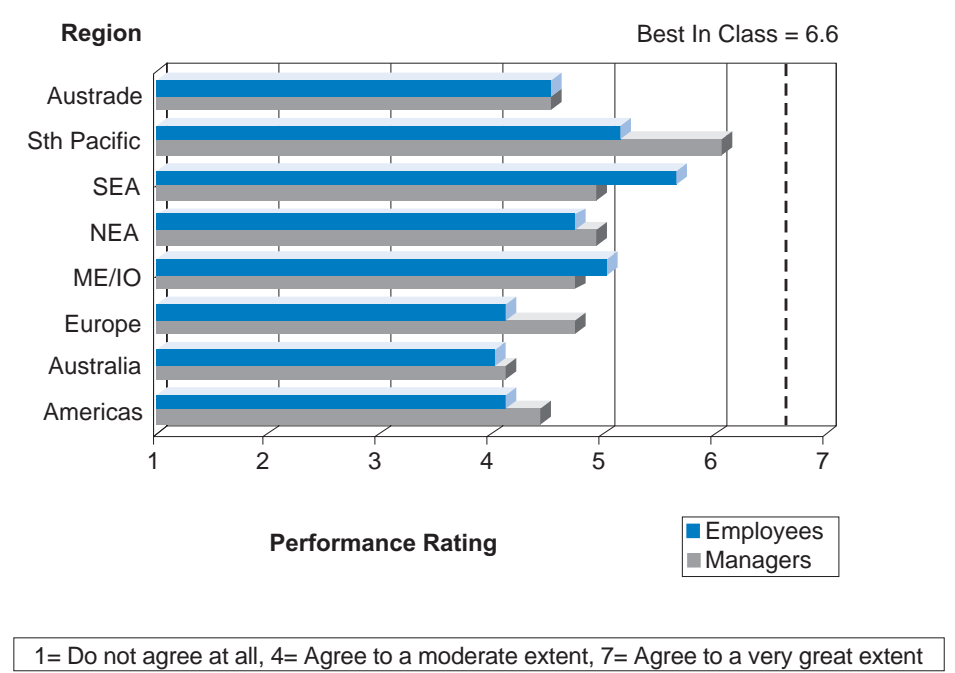
with the tools and support to do their jobs well. In addition, they are supported by such resources as reliable systems, supportive managers, and staffing resources which reflect their workloads.

4.43 The customer focus survey considered, as an element of ‘competence, capability and empowerment’, support for staff. Responses to the statement ‘employees who work with customers are supported with resources that are sufficient for doing their job well’ are shown in Figure 21. Overall, Austrade managers and employees agreed with the statement, but the support was not strong (a rating of around 4.5, indicating slightly better than agreement to a moderate extent). In Australia and the Americas region responses were around 4.1 and 4.4 respectively. ‘Best in class’ for this organisational characteristic was 6.6, suggesting that Austrade can significantly improve this perception among staff. Austrade’s overall rating places it around the 85th percentile compared to the survey database, although the variation is large; responses for Australia, for example, place that region in the 65th percentile.

4.44 Notwithstanding the progress being made to develop more efficient and user friendly information systems, the ANAO considers the lack of integration between information systems, as discussed elsewhere in this report, is a major factor in this response.

Figure 21

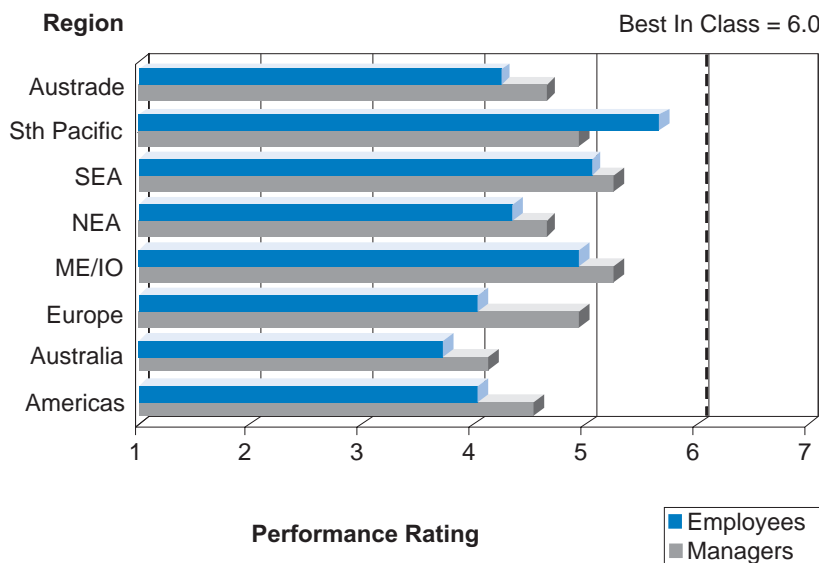
Employees who work with clients are supported with resources that are sufficient for doing their job well



4.45 A further element of ‘competence, capability and empowerment’ is whether staff have the skills necessary to carry out the duties of other officers. Responses to the customer focus survey statement ‘employees are cross-trained so that they can fill in for each other’ are shown in Figure 22. Again, overall Austrade managers and employees agreed with the statement but the agreement is noticeably lower in Australia than the international regions. ‘Best in class’ is 6.0. The overall Austrade rating places it around the 79th percentile but this drops as low as the 52nd percentile in Australia and is as high as the 92nd percentile in the South Pacific region.

Figure 22

Employees are cross trained so they can fill in for each other



1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

4.46 The ANAO considers that Austrade should address the cross-training of staff to improve client service, and to promote enhanced knowledge of other Austrade services, notwithstanding the need for industry specialists in some areas.

Training

4.47 Customer-focused organisations recognise that customers expect staff to display a sound knowledge about the organisation’s products and services and skills. If customers do not have confidence in the member of staff who is dealing with them it reflects in the confidence that they have in the organisation as a whole.

4.48 In addition to knowing about the expectations of customers, staff need the following skills and knowledge:

- technical knowledge and skills;
- knowledge of the organisation's products and services;
- knowledge about the business of the organisation; and
- customer interaction skills, including problem-solving, teamwork and complaints handling.

4.49 Austrade staff were interviewed to determine the adequacy and timing of training. Intensive training in customer focus issues followed the launch of the Client Service Policy in 1995, but the intensity has since dropped. Austrade staff indicated the organisation generally provides adequate formal training to meet specific needs, although the timing of training may not always be optimal. Hotline staff indicated that informal training, such as that required to ensure advisors remain current in export related issues, should occur more frequently using a structured approach. As the stated first point of contact for new and potential exporters, the Hotline staff in particular require timely training to ensure optimum client service.

4.50 The ANAO considers there is scope for improvement in the availability and timing of training and development activities necessary to ensure staff provide optimum client service at the earliest opportunity. This could include, where appropriate for operational needs, greater use of rotations through Austrade work units to allow staff to gain a more comprehensive knowledge of the organisation.

Audit conclusions - human resource management

4.51 Since the implementation of the Client Service Policy, Austrade has placed greater emphasis on the client focus aspect of recruiting and promotion. However, responses to the customer focus survey indicate that staff consider there is scope for further emphasis to be placed on client focus. Responses to the stakeholder survey also indicate that improvement is desirable. For example, client performance ratings on the capacity of Austrade's staff to help and their understanding of client needs (see Table 4) suggest the need for more attention to training, customer focus and commercial experience of staff.

4.52 Training is generally regarded as adequate although the timing of training could be improved. Staff would also benefit from a more structured approach to training to maintain currency in export related issues and to reinforce customer focused behaviour. The possibility of cross training of staff should be investigated to further benefit the organisation.

Recommendation No. 6

4.53 The ANAO recommends that Austrade strengthen its client focused culture by:

- ensuring personnel practices strengthen linkages between functional areas of Austrade; and
- reviewing and enhancing training programs across its global network to maintain currency in export related issues and reinforce customer focused behaviour.

Austrade response

4.54 Agreed.

Information systems

4.55 Austrade has several information systems that directly influence client service. These systems are outlined at Appendix 3.

4.56 In the past two years Austrade has invested in excess of \$4.5 million to simplify work processes and implement new systems. A key element has been the Workflows project which identified four essential work processes that cover the work that Austrade does for its Australian clients and overseas customers. Work practices have been modified to concentrate on those business processes with supporting information systems been developed.

Integration

4.57 At present, many of the Austrade systems are not integrated. This gives rise to inefficiencies and duplication, with some systems containing information that is not readily available, or not available at all, to other Austrade information systems. For example, the lack of integration between the Grants and Workflows systems has meant that staff have to manually re-key data for referral to other Austrade work units.

4.58 Austrade aims to integrate all operations systems through development of a Core Business System which will make relevant/required information available to staff at the time of performing their tasks and avoid where possible data transfer between systems.

Capability

4.59 There is also a need to increase the performance of information systems. The ANAO noted that the Export Hotline System, for example, can often be so slow that Hotline staff are unable to input information directly into the system - they are forced to make notes for later input. The inability to directly input information can lead to a delay in accurate information being placed on the system, or information not making it onto

the system at all, with a risk not only to efficiency but to effective delivery of the required service to the client.

4.60 The ANAO also noted that some information systems were not being used to their full capacity, due to the omission or untimely updating of some information. The ANAO considers that consistent monitoring of the implementation and use of information systems is important to ensure they are used to their maximum potential, resulting in benefits to both Austrade and clients.

Audit conclusion - information systems

4.61 Austrade has recognised the importance of effective information systems in delivering quality customer services and is seeking to develop an integrated business system. The ANAO considers that, until the full and effective implementation of the CBS has been completed, gaps will remain in the services that could be offered to clients.

4.62 Austrade advised that the rate at which new systems can be introduced and validated is subject to budgeting limitations, particularly for capital intensive operations. The new Core Business System will be introduced over a two-year period and will not be operating fully until 2000-2001.

Recommendation No. 7

4.63 The ANAO recommends that Austrade, in developing an integrated information system to support service to clients, should give priority to developing a common client database accessible to all functional areas in Austrade. This should include upgrading the technical infrastructure for the Export Hotline to eliminate data input limitations.

Austrade response

4.64 Agreed.

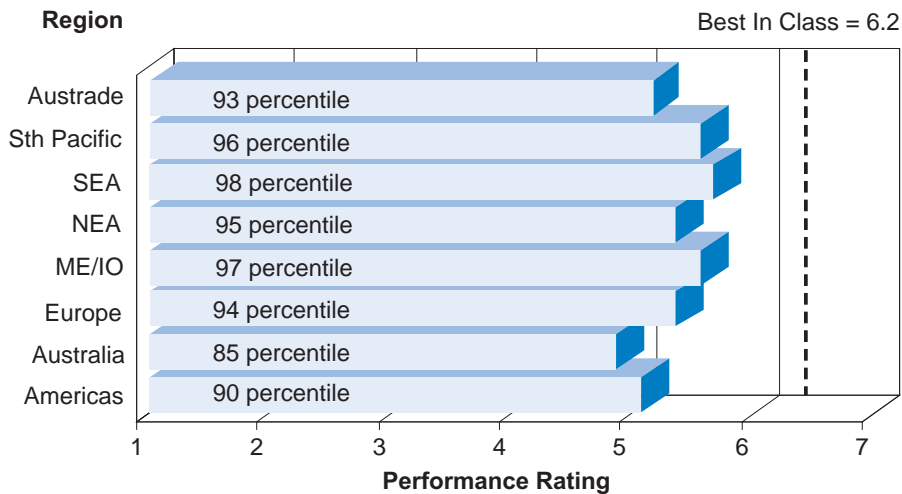
Processes

4.65 Client focused organisations understand the impact of their processes on customers and what customers need and expect from the output of those processes. Information is sought from customers to gain an understanding of the problems of doing business with the organisation and the gaps between customer expectations and perceptions of service. Information is also sought from the staff who serve customers directly, as these people have valuable views about sources of frustration and rework in the organisation and any gaps between what the organisation is trying to achieve and customer satisfaction. This information is used to implement continuous improvements.

4.66 Responses to the customer focus survey indicate that Austrade's performance in continuously improving processes and eliminating procedures and systems that do not add value to the customer is relatively strong, particularly across the international network - see Figure 23. However, the rating is lowest in operations in Australia, where many of the processes are concentrated. This warrants further consideration by Austrade.

Figure 23

Customer focus dimension overview - continuously improving our processes and products/services



1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

'Continuously improving our processes and products/services' aggregates the results of the customer focus survey responses to the statements:

- we study the best practices of other companies to get ideas about how we might do things better;
- we invest in the development of innovative ideas;
- we work to continuously improve our products and services;
- in the process of serving customers we cooperate with others in our organisation rather than compete with them;
- when problems with quality are identified, we take quick action to solve them; and
- we systematically try to reduce our research and development cycle time.

Export Hotline

4.67 The Export Hotline was established to be the main point of first contact for any individual or organisation seeking assistance from Austrade. Requests for information may be made by telephone, letter or facsimile. The Hotline receives around 4500 telephone calls per month. The Export

Hotline System (EHS) is not integrated with the major Austrade client database (CIMS) and its capacity is frequently overloaded. This technical restriction limits the efficiency and effectiveness of the system.

4.68 The ANAO also noted that the absence of data entry protocols created difficulties for EHS users, particularly in retrieving client information. This led to situations where enterprises that had provided information to the Hotline were requested to provide the same information again. Such duplication impacts on client satisfaction ratings. Austrade has acknowledged the problem and is defining more specific data entry protocols as part of the Core Business System.

4.69 The ANAO noted that Hotline staff make considerable use of the electronic Austrade staff list, particularly for referring public contacts to the relevant action officer. However, the database provided to Hotline staff was out of date, resulting in confusion for staff and clients. Austrade has advised that consideration is being given to an improved interface with the Core Business System.

Export Marketing and Advisory Unit (EAMU) operations

4.70 The Export Marketing and Advisory Unit (EAMU) was recently established to provide centralised export counselling for Austrade clients. EAMU is important in Austrade's effort to increase Australian exports; among other tasks, it follows up possible export opportunities identified by overseas posts. These opportunities are transmitted electronically to EAMU from the posts and it is important, to maximise the potential opportunities, that Australian business be advised of market possibilities as soon as they are known.

4.71 However, the ANAO noted that there was an appreciable number of recognised export opportunities that had been entered into the network by posts for action by EAMU but where the transmission to EAMU had been delayed, in some cases by up to 14 days. Given the role of EAMU, such delays are unacceptable, and could adversely impact on the opportunity for an Austrade client to win an export contract, as well as create perceptions of limited interest by Austrade and/or Australian business. Austrade has indicated that some system errors result in dispatch delays and it is reviewing the process as part of the CBS to make it speedier.

4.72 EAMU staff have access to electronic templates to support consistent service. However, there are no supporting processing guidelines, which the ANAO considers are an important tool in ensuring work units provide clients with consistently high quality services. The development of more extensive and authoritative guidelines should be given consideration.

Recommendation No. 8

4.73 The ANAO recommends that Austrade review work processes and provide structured operational guidelines for functional areas such as the Export Hotline and EAMU, to ensure consistent quality of services to clients.

Austrade response

4.74 Agreed with qualification. While this recommendation is sufficiently generalised to accommodate a variety of forms of operational guidelines, Austrade will continue its policy of not providing detailed operational manuals as there is no evidence that benefits exceeds costs in producing such manuals. Austrade will further refine its current procedures of providing concise guidelines for the operations of its front line units including the Export Hotline and the Export Advisory Market Unit, complemented by structured, on-the-job enhancement, mentoring and networking of personnel.

5. Performance Evaluation

This chapter considers how Austrade evaluates its client service performance and the Export Impact Measurement. The ANAO concludes that processes are useful and significant, but Austrade has not taken full advantage of them. Improvements to the export measure should be taken to increase reliability and reduce costs.

Introduction

5.1 Client focused organisations ensure that their operations are client friendly by making it easy to do business and by analysing client complaints and feedback. Client focused organisations ensure their operations are client friendly by:

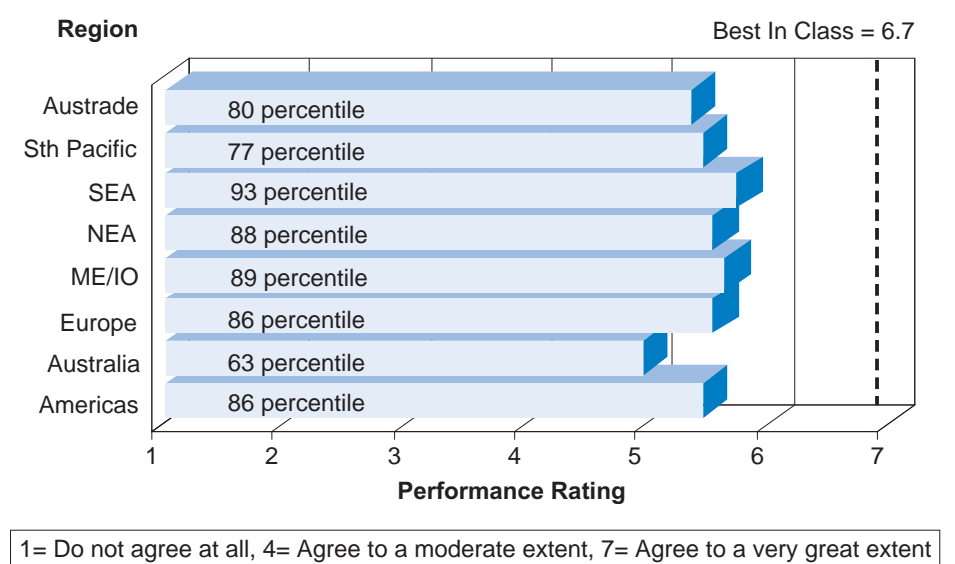
- analysing and changing their operations, including the interface with clients, to ensure that client interactions are as smooth as possible and do not contain steps which do not add value to the internal and external clients;
- examining their policies in order to eliminate those which are unnecessary and unfriendly to clients. It is acknowledged that in most organisations there are policies which are necessary and unfriendly to clients because of regulations, legislation, or simply to ensure profitability. However, client focused organisations examine each of their policies to minimise the number and impact of policies which are client unfriendly; and
- ensuring that operational areas are focused on the key aim of serving clients rather than on internally competing with one another. The performance indicators by which the success of the operational areas are measured also need to reflect the level of client satisfaction.

Performance information

5.2 Client focused organisations constantly update their understanding about what their clients want, need, expect and value. They seek information from clients and other stakeholders regarding their performance in order to ensure they are meeting clients' needs and expectations. There are several qualitative and quantitative mechanisms for gathering information on clients needs and expectations. These include client focus groups, quantitative client surveys and the analysis of complaints and compliments. Importantly, information gathered needs to be disseminated throughout the organisation in such a way as to command attention, result in action, and be reflected in decision-making.

5.3 The customer focus survey offers an insight into the views of Austrade staff in terms of gathering customer feedback and using the information for continuous improvement of processes and services - see Figures 24 and 25. Staff generally agree that Austrade has reduced barriers to customers and quality performance through, for example, asking for feedback from customers, resolving complaints quickly and using complaint information to identify quality problems. However, Austrade’s performance in this area falls well short of the ‘best in class’ identified in the survey database. The ANAO’s observations support this comparative analysis and indicate that improvements are needed.

Figure 24
Customer focus dimension overview - reducing barriers for our customers

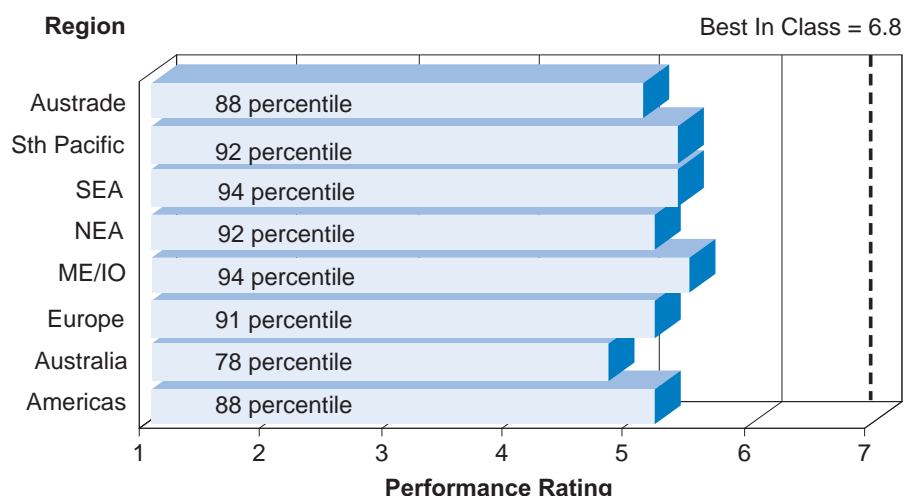


‘Reducing barriers for our customers’ aggregates the results of the customer focus survey responses to the statements:

- we make it easy for customers to complain to us about our products and services;
- we make it easy for our customers to do business with us;
- we try to resolve all customer complaints; and
- employees are encouraged to go ‘above and beyond’ to serve customers well.

Figure 25

Customer focus dimension overview - reducing barriers for quality performance



1= Do not agree at all, 4= Agree to a moderate extent, 7= Agree to a very great extent

'Reducing barriers to quality performance' aggregates the results of the customer focus survey responses to the statements:

- customer complaints are regularly analysed in order to identify quality problems;
- we monitor customer complaints;
- we look for ways to eliminate internal procedures and systems that do not create value for our customers; and
- we regularly ask customers to give us feedback about our performance.

Client Service Improvement Study (CSIS)

5.4 The Client Service Improvement Study is the principal client approval investigative mechanism used by Austrade. Its overall objectives are to produce:

- Client Satisfaction and Customer Satisfaction Index (CSI) data for Austrade, its regions, and major work units;
- the information required for Austrade's ongoing improvement program, including client satisfaction with Austrade services and client perceptions on value for money; and
- demographic information on Austrade's client base.

5.5 The segmentation of client needs into Tiers 1, 2 and 3 is reflected in the survey, linking the services offered and fees charged.

5.6 CSIS results are distributed to regional offices, serving to increase awareness about client service issues and providing regions the opportunity to address service issues identified through the survey. The CSIS results have also been used for product development work, including developing the Client Service Policy and the Client Service Charter, the Best Practice Program and the Workflows Business Process Reengineering project.

5.7 The ANAO considers that the CSIS fails to meet a significant element of its objectives. The Study at best gives Austrade offices an indication of the areas in which to look for improvements but it does not provide sufficient information to enable Austrade to identify problems in its delivery of services to clients. As a general observation, the CSIS provides an overview but is not detailed enough to be useful beyond that.

5.8 Central to the Study is an overall rating of a client's experiences in dealing with Austrade. This is expressed as an overall rating of Austrade by comparison against a client's expectations and as a rating of the performance of Austrade work units. However, the information generated is not actionable. For example, if clients think that they do not receive value for money when charged for a service, it is not possible to deduce why. Further, clients are asked to rate Austrade overall against their expectations of dealing with the organisation. However, these ratings offer Austrade no objective benchmark for performance, as it is not possible to deduce the clients' expectations. The Study does not permit a differentiation between changes in service delivery and client expectations, and thus improvements in one could be offset by a movement in the other. There is no way of exploring the extent of this as a relevant issue based on the existing methodology.

5.9 Also, as discussed in Chapter 3, Austrade has tended to group client responses and focus on the level of positive or negative responses rather than a breakdown by individual rating scale. By grouping responses the level of satisfaction can be masked and the importance of client loyalty overlooked. For example, the proportion of clients responding most positively has decreased over recent years suggesting declining client loyalty. However, placing emphasis on the large majority of clients who make 'positive' comments may seem less concerning, and also tends to downplay the impact of an increasing proportion of clients who provide neutral responses.

5.10 During the course of the audit Austrade acknowledged that there are deficiencies in the Study and it is reviewing the CSIS to ensure that it provides sufficient detail as a basis for significant improvement.

Hotline survey

5.11 The operations of the Export Hotline service are surveyed each month. If necessary adverse comments are followed up to endeavour to rectify problems. Constructive comments are also noted and passed on to the respective work unit.

5.12 The Hotline survey has contributed to Hotline staff training and has the potential to provide sound and actionable data on the operations of a vital business component. For example, Hotline survey results are regularly reported to the Service and Quality Unit. The Unit uses the reports to assist in developing improved client handling processes and to set the platform for Service Charter standards.

5.13 However, the ANAO found that the Hotline Survey was set up as a low cost generic survey. It did not have the benefit of qualitative research to support the development of questions and ensure maximum benefit was being gained. Thus, although there is a general consistency in the information being collected over time, Austrade has little assurance that the survey is addressing appropriate concerns. The ANAO considers the survey could be of more value to Austrade in better understanding client needs and expectations, and in improving service delivery. Redesign of the survey would be necessary.

Recommendation No. 9

5.14 The ANAO recommends that to provide input to Austrade's continuous improvement processes Austrade improve its client survey methodology through:

- a) redesigning the surveys to provide sound data that will identify specific service deficiencies; and
- b) ensuring survey results are analysed and reported to provide insight into performance.

Austrade response

5.15 Agreed.

Complaints mechanism

5.16 Complaints handling processes are the methods used to manage client dissatisfaction with an organisation's services or products. Adequate handling of complaints can rebuild client confidence and satisfaction. The Senate Finance and Public Administration Committee report in 1995 on

service delivery in the Australian Public Service recommended that agencies establish appropriate internal complaints mechanisms.⁷

5.17 Customer focused organisations ensure that their operations are customer friendly by making it easy to do business, by making it easy to complain and by analysing customer complaints and comments. To ensure that problems for customers do not recur, leading organisations record and track the causes of problems and comments to identify service deficiencies. This provides a key source of information driving the organisation's continuous improvement process.

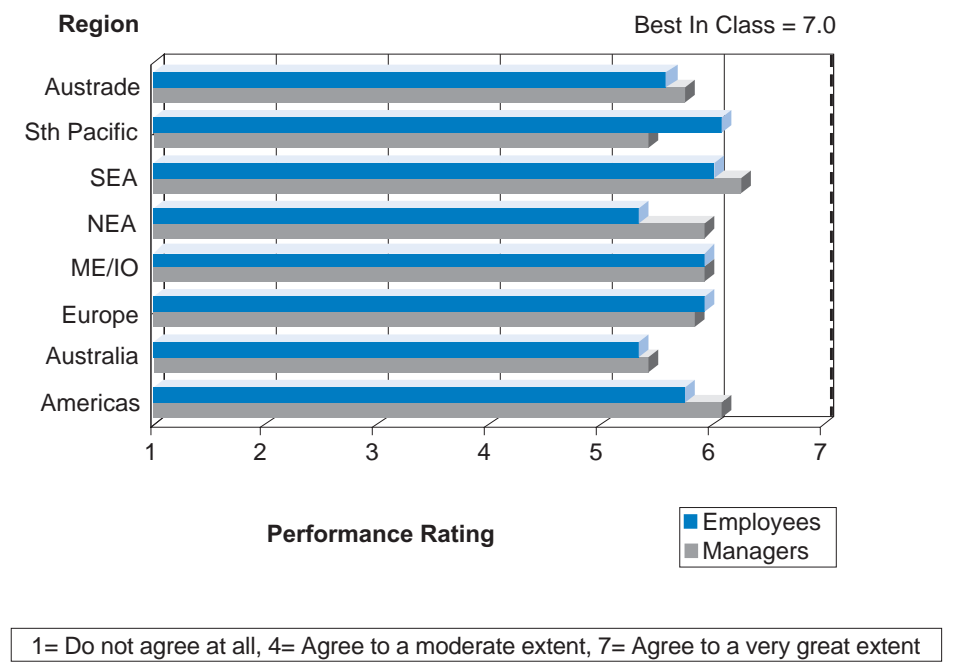
Austrade complaints processes

5.18 Austrade's complaints policy encourages staff to discuss problems with the complainant and, if possible, provide a remedy on the spot. Passing the complainant on is recognised by Austrade as poor policy and is not encouraged. The ANAO observed this system in operation and concluded that staff are empowered to handle most situations. However, the customer focus survey shows considerable variation in responses to the statement 'we try to resolve all customer complaints' - see Figure 26. The rating of individual regions compared with the benchmark database varied from as high as the 92nd percentile in South East Asia to as low as the 42nd percentile in the South Pacific. The overall Austrade rating showed staff agreed with the statement 'to a great extent' (around the 66th percentile).

5.19 The Workflows information system also provides potential electronic support to complaints processes, with officers able to transfer comments to Austrade management. However, it is not achieving its overall intention. Officer knowledge of the relevant screen and how to access it was patchy and the system is not in regular use.

⁷ Senate Finance and Public Administration References Committee, Service Delivery, p. 80.

Figure 26
We try to resolve all customer complaints



Analysis of complaints

5.20 Austrade does not have a coordinated approach to monitoring and evaluating client complaints such that data from the analysis of complaints leads to systematic improvements in service delivery across the global network. The absence of a coordinated monitoring and evaluating approach restricts Austrade’s ability to accurately measure the Key Performance Indicator of ‘Client Satisfaction’.

5.21 The ANAO also noted that in 1995 a report was forwarded from the Export Hotline detailing various topics arising from the client satisfaction survey, including complaints on Austrade services and products. This was not actioned by Austrade, limiting the opportunities to implement improvements to Austrade service delivery. Austrade has advised that there has since been a significant change in the follow-up of individual complaints, which are dealt with by the Hotline manager or passed on to the manager of the appropriate work unit.

5.22 Austrade has indicated that it has recognised the requirement for a system to harness information on client feedback, leading to further improvements. A Workflows training package includes a feedback section which acknowledges that there has been shortcomings in the mechanisms for channelling staff and client feedback. The Service Charter currently

being developed by Austrade is expected to include a section setting out the need to provide a complaints system which is publicised and readily accessible to clients. The ANAO considers that any enhancements by Austrade to the complaints process needs to provide for more regular and reliable analysis of complaints data, leading to systematic improvement.

Recommendation No. 10

5.23 The ANAO recommends that Austrade improve its complaints mechanism to ensure complaints data are monitored and analysed to identify service deficiencies and provide input for consideration in Austrade's continuous improvement processes.

Austrade response

5.24 Agreed.

Export Impact Measurement (EIM)

5.25 Export Impact Measurement (EIM) is one of six key Austrade performance indicators. Austrade uses EIM as a measure of export business written by Australian enterprises, including contracts written for delivery in future years. Austrade has engaged a market research agency to contact Austrade clients annually to confirm Austrade export sales reports (submitted by the various regions) and to rate the level of Austrade's contribution to the sales. Sales in which Austrade made at least a 'positive contribution' are deemed to constitute Export Impact. In 1996-97 Austrade reported an EIM of \$8.0 billion.

5.26 The confirmation procedures, which focus on interviews with clients, are designed to provide 100 per cent assurance for the EIM figures. However, in practice, it is not possible to contact all relevant enterprise representatives. For example, in 1996-97 only 66 per cent of the reported sales subject to client interviews were verified as having taken place, with Austrade involvement, at the reported or an amended amount. When the market research agency is unable to contact the client, export impact is modelled based on the rate which had been confirmed. On the other hand, it is not uncommon for the client interviews to identify additional sales that have not been reported by the regions.

5.27 Where an enterprise does not confirm a sale, the post loses the EIM credits for the amount involved. Austrade's Strategic Development area has very strict guidelines regarding the acceptance of EIM credits and even where posts have alternative confirmation of a contract it will not be recognised unless confirmed during the survey exercise. ANAO was

informed by overseas officers that they considered there were many reasons why contracts could not be confirmed during the survey process, including:

- the survey could be seeking to confirm information over fifteen months old;
- where enterprise representatives change the new contacts may not have any knowledge of Austrade's involvement; and
- Australian contacts may not have knowledge of Austrade's involvement where Austrade dealt with an overseas agent.

5.28 Since morale at a post suffers when post EIM figures are reduced, some posts advised the ANAO that EIM reports were only made where the post had obtained independent proof of the post's involvement in the contract, often after an extensive and time consuming process. This could mean that valid export impact may not be reported because the posts could not be guaranteed that claimed figures would be confirmed. On the other hand, Austrade's practice of estimating sales on the basis of the research agency's verification rate where the enterprise could not be contacted creates some potential for the EIM figures to be overestimated.

5.29 The EIM confirmation process is, for all practical purposes, carried out twice; by the staff of the post who actually provided the original service, and later during the survey by the market research agency. One Austrade officer informed ANAO that a major component of his position was ensuring that EIM figures submitted by the post could be substantiated in the event that the survey verification was not obtained.

5.30 The effort and duplication of work involved in EIM estimates by posts and the Strategic Development area could be detracting from the core work of the organisation. ANAO considers the approach to measuring this business-critical Key Performance Indicator can be substantially improved in terms of reduced costs and increased reliability.

Recommendation No. 11

5.31 The ANAO recommends that Austrade review the methodology for the Export Impact Measurement Review to simplify the collection and validation of data, and minimise duplication of effort, consistent with the accuracy required of such estimates.

Austrade response

5.32 Agreed.

Revenue from client service policy activities

5.33 Austrade, in common with many public sector bodies, is seeking to recover from clients the costs (or a proportion of the costs) associated with provision of client services. The user-pays regime is an integral component of Austrade's CSP. It is important for the effective management of the CSP that Austrade is in a position to evaluate its performance regarding revenue generation, including review against annual revenue targets set in operational plans. Effective client service in an environment involving full or partial cost recovery is also dependent on information systems which support an appropriate cost/pricing model.

5.34 As discussed in Chapter 1, Austrade's CSP segments client needs into three categories, based on the level of export and/or investment maturity of the client in a particular market. This export experience influences both the nature of the services offered by Austrade and the fees charged by Austrade for the services delivered - client needs often become more intensive as export experience increases, and thus the degree to which Austrade 'tailors' the services to fit the client increases. Concomitantly, the fees framework moves from a subsidised service to cost recovery. Tier One clients - those new to the market seeking general information and guidance to take the first steps - receive free services. Tier Two clients, who are seeking practical support to select, understand and enter markets, will receive free or partially subsidised services. The partial subsidy will vary between 33 per cent and 67 per cent. Tier Three clients, who require intensive assistance to internationalise and pursue export opportunities, are offered services on a cost recovery basis.

5.35 Austrade's service fee is currently \$150 per hour. With the exception of recovering actual costs in some circumstances, this rate is the basis of all CSP revenue. Austrade calculated the hourly rate in 1995, with the introduction of the CSP, on the following basis:

Total operating costs for the financial year 1993-94 (\$166 million) was divided by the total number of 'frontline' hours available (1.1 million hours). Available hours was calculated by multiplying the number of frontline staff capable of earning revenue (736) by the number of billable hours per person per year (1500).

$$\frac{\$166\text{m}}{736 \times 1500} = \$150$$

5.36 The accuracy of this rate in terms of cost recovery is declining since it is based on data now four years old and has not been revised since its introduction, notwithstanding the substantial changes to Austrade's operating parameters (such as operating costs and staffing levels). Austrade

advised that the rate had not been changed because it had taken a significant amount of time to educate clients and staff on the concept of user pays, the CSP and the fee structure based around the hourly rate. Austrade also advised that the pricing policy was being analysed to see where improvements could be made, with due regard to the Government's policy on encouraging and assisting exporters and potential exporters.

5.37 The ANAO considers that the calculation underlying the hourly rate has limitations since an important element is an estimate of available billable hours which has not been verified. The calculation assumes a very high proportion of hours worked are billable. In practice, service delivery agencies recognise that not all paid time at work involves directly billable time - there are corporate and strategic overheads, professional development activities and so on, which impact on cost recovery calculations.

5.38 The ANAO considers that it is important that the full costs of operating Austrade are taken up in determining the cost of Austrade's individual products and services. Once the full costs of operating Austrade are established, it is then possible to consider, on an informed basis, how and what costs should be recovered.

5.39 It is important that cost attribution to products and services is based on the contribution those costs make to the product/service. This demonstrates the real cost of the product/service and assists decision-making on whether delivery is efficient. Under this principle, costs would be allocated to individual products and services based on formulae developed which reflected the use of the resources, including physical assets and corporate services. This would also include application of a realistic staff capacity level, based on experience. This does not mean that Austrade must price its products and services on an individual regional basis and discontinue the uniform pricing policy across its international network.

5.40 At present, Austrade is unable to determine the full costs associated with its various activities. Austrade does not have a time recording system or an activity based accounting system that would provide management information sufficient to allocate staff activity to client segments. For example, although Austrade was able to advise the ANAO of estimated hours involved in providing products and services to subsidised and unsubsidised Tier Two clients and Tier Three clients during 1996-97, and the revenue generated by these activities, Austrade was unable to estimate either the staff input to servicing Tier One clients or the cost involved. Less than 40,000 hours were billable, leading to the conclusion that Tier One and other activities occupied Austrade's staff for well over 90 per cent

of their available hours; yet this is the area where Austrade has least information.

5.41 Similarly, without a sound analysis of the costs of service delivery, it is not possible for Austrade to evaluate the efficiency of service delivery to clients. Current data is flawed because regions are not applying pricing policy consistently. For example, Austrade is aware that some regions are providing additional or 'after sales' services at a subsidised rate to give extra client service, or are not billing smaller tasks which over time can represent a significant component of their activities. Further some CSP 'service packages' obscure the true cost of the services provided. For example, there is concern that some regions are over-using pricing packages that provide for an average of 40 hours service at a subsidy level of 67 per cent.

5.42 Client reactions to Austrade's pricing policy are mixed. This is understandable in the process of moving from the provision of free services to user-pays. As a client focused organisation, Austrade needs to ensure consistent application of the pricing policy in the CSP and the 'value for money' of the services provided. An effective cost/pricing model and supporting information systems are vital to this. Responses to the ANAO stakeholder survey indicate that improvement in this area is required. Respondents considered that it was important that Austrade's pricing compared well with other export agencies, but rated performance in this respect as below average.

Audit conclusion - revenue from CSP activity

5.43 The ANAO considers that a major review of Austrade's cost recovery methodology is appropriate. Under the current approach Austrade is unable to evaluate effectively the cost-effectiveness of its service delivery activities. The methodology offers little assurance that Austrade is appropriately recovering costs, nor does it encourage efficiency in the provision of services. In particular, Austrade is unable to determine the full costs of providing individual services, partly because it is unable to accurately apportion the activities of staff to products or services. The discipline of an effective cost/pricing framework is beneficial in corporate and financial management because it:

- identifies actual costs incurred and therefore encourages efficiencies;
- improves funds allocation to identified priorities;
- maximises use of all resources (time, money and material); and
- assists transparency and therefore accountability in the context of budgetary control and performance management.

5.44 An effective cost/pricing framework is also likely to be critical to providing appropriate performance information consistent with the accrual budgeting reforms.

Recommendation No. 12

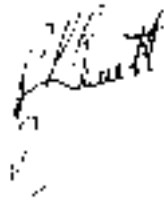
5.45 The ANAO recommends that Austrade review its cost recovery methodology and practices to ensure:

- full costs are identified and used for Austrade's products and services;
- costs are appropriately attributed to all products and services based on the assessed contribution those costs make to the product/service; and
- that such information is used to develop an appropriate cost/pricing framework (including for notional pricing as applicable).

This will require Austrade to implement appropriate information systems such as time recording and activity based accounting.

Austrade response

5.46 Agreed.



Canberra ACT
10 August 1998

P.J. Barrett
Auditor-General

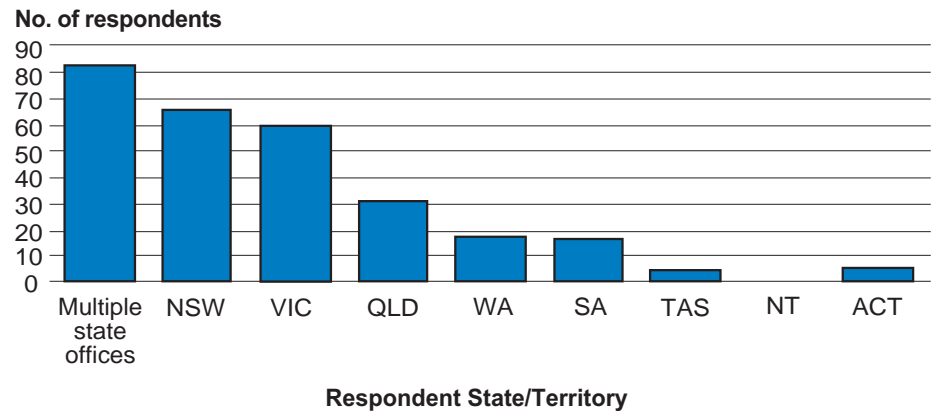
Appendices

Appendix 1

The ANAO stakeholder survey

1. The stakeholder survey was developed by the ANAO, with advice from the Forum Corporation, to obtain structured feedback on various aspects of Austrade's client services. The survey covered a wide cross section of the export community. The survey instrument was distributed by mail to organisations or agencies either using Austrade services, or having the potential to use Austrade services. The survey was supplemented by a series of face-to-face and telephone interviews with stakeholders.
2. Survey recipients were identified from a variety of sources, including the Austrade Client Information Management System (CIMS), the Austrade Export Hotline database and general forms of advertising. Survey instruments were also distributed by several peak industry bodies and associations to their members. The survey reached a broad cross-section of industries, and covered large and small businesses at various stages of the export cycle.
3. The survey sought responses on the range of Austrade services used by respondents, views on how important each service was to the respondent, and how well Austrade performed those services. Respondents were asked to give an overall satisfaction rating of Austrade, and indicated whether they would use Austrade export assistance services again. Respondents were also invited to comment on what they believe the 'ideal supplier of export assistance services' should provide, and whether any changes should be made to improve Austrade's services.
4. Approximately 2100 survey forms were distributed. In total, 285 responses were received representing a response rate of 13.6 per cent; these responses formed the basis for analysis. In addition, approximately 30 face to face or telephone interviews were conducted with stakeholders, bringing the total number of stakeholders consulted to around 315.
5. It is important to note that the survey was intended to be an indicative instrument, that is, primarily showing areas that may require further investigation by Austrade.
6. Chart A1.1 shows the breakdown of survey respondents by State or Territory.

Chart A1.1
Survey respondents by State or Territory

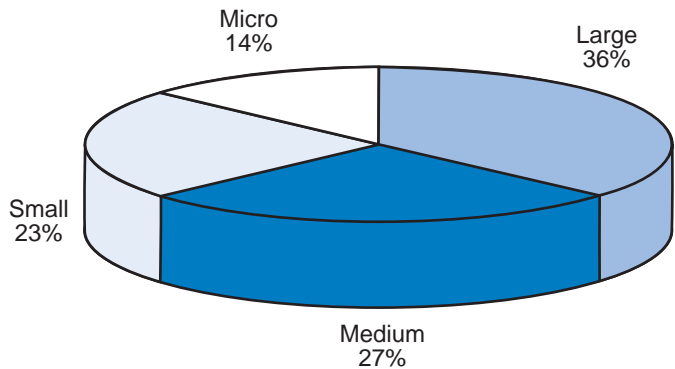


Enterprise size

7. Respondents were asked to indicate the size of the organisation or enterprise, as shown in Chart A1.2. Enterprise size was defined as:

- micro (less than 5 employees);
- small (between 5 and 20 employees);
- medium (between 21 and 100 employees); and
- large (more than 100 employees).

Chart A1.2
Respondents by enterprise size



Respondent’s industry type

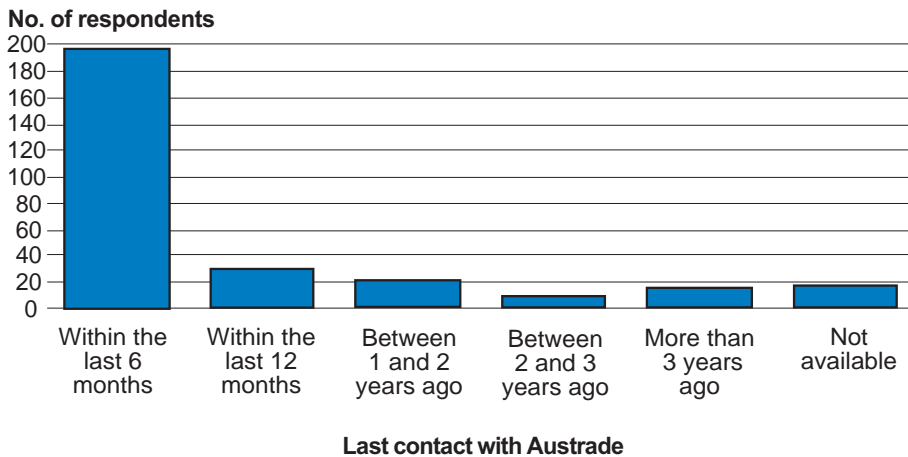
9. Survey respondents covered a wide range of industries, including agriculture, information technology, mining, manufacturing, wholesale and retail trade, and recreational, personal and services. The most numerous industry types were agriculture, manufacturing, wholesale and retail trade, and mining.

Contact with Austrade

10. The last time the respondent had contact with Austrade was an important factor in considering the validity of the survey data. As can be seen from Chart A1.3, almost 80 per cent of respondents had contact with Austrade within the last 12 months.

Chart A1.3

Last contact with Austrade

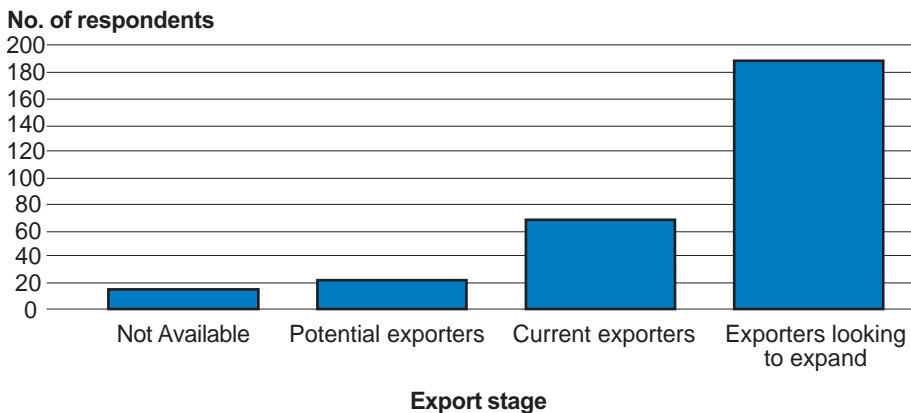


Export stage

11. Chart A1.4 shows that of the survey sample, 7.4 per cent were potential exporters and 88.4 per cent were either current exporters, or current exporters looking to increase exports. The sample therefore indicates that these responding organisations fall well within Austrade's target population.

Chart A1.4

Survey sample by export stage

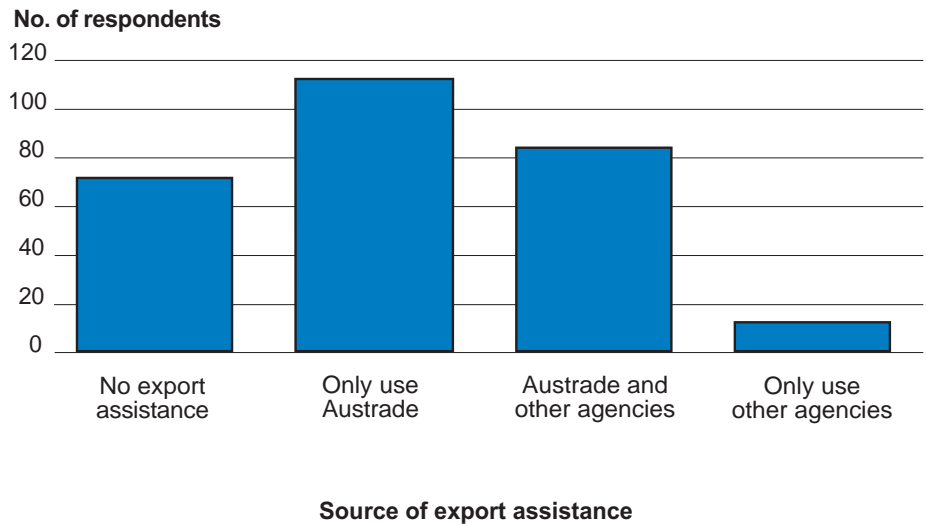


Respondents’ source of export assistance

12. As shown in Chart A1.5, 40.5 per cent of respondents used Austrade as their sole export assistance agency. About 30 per cent used Austrade in addition to other export assistance agencies. Some 25 per cent used no export assistance agencies and 4.3 per cent used only export assistance agencies other than Austrade.

13. Although some respondents indicated they either had no export assistance or only used other export assistance agencies, it was interesting to note that most had used Austrade in some form (for example the Export Hotline).

Chart A1.5
Source of export assistance



Use of Austrade services

14. The services provided by Austrade were included to allow respondents to identify which Austrade services were used. Table A1.1 shows the various services provided by Austrade and the number of respondents that have used each service. It also shows that the most used services are those connected with the supply of information and the provision of advice. These results are consistent with the findings of Austrade’s latest Client Service Improvement Study 1996-97.

Table A1.1
Use of Austrade services

Service	No. of respondents using this service
The Export Hotline for existing and potential exporters	58
Export counselling to help clients assess their export capability	29
Information on markets suitable for a particular business	141
Advocacy	17
Advice on how to go about establishing a presence in potential markets	70
Information about current and future opportunities for Australian exporters	87
Bringing together a network of companies to take advantage of opportunities	38
Assistance with foreign direct investment in overseas markets where that investment is likely to enhance Australia's exports	15
Assistance with foreign direct investment into Australia, through the Investment Promotion and Facilitation Program	4
Financial assistance to exporters through grants and loans (eg Export Markets Development Grants Scheme, the International Trade Enhancement Scheme, and the Innovative Agricultural marketing Program)	121
Administration and coordination of government funding for industry organisation trade promotion programs	25
Matching opportunities identified offshore with Australian industry capability	44
Promoting Australia's image as a supplier of high quality commodities and high value and sophisticated products and services.	61

Note: the numbers are higher than the respondent population of 285 as respondents may have used more than one service.

Respondents' rating of Austrade services

15. Table A1.2 shows how Austrade services were rated by the respondents, indicating how important they are to the organisation, and how well Austrade performs those services. The results show that Austrade has significant negative performance gaps, that is, a difference between the importance rating and the performance rating, in respect to these statements dealing with the provision of information and staff behaviour (willingness/capability). The Austrade web site is the only service which shows a positive difference. Respondents have indicated that all other services are performing below the average performance rating. The Austrade Export Hotline has only a very minor negative difference.

Table A1.2
Ratings of Austrade services

Statement	Importance ⁽¹⁾	Performance ⁽²⁾
Austrade's services provide value for money	3.9	2.8
Austrade's Hotline is useful	2.8	2.7
Austrade's web site is useful	2.5	2.9
Austrade's assistance is timely	4.2	3.1
Austrade's information is relevant	4.4	3.0
Austrade's information is accurate	4.5	3.0
Austrade's information is useful	4.4	3.0
Austrade's staff are willing to help	4.4	3.2
Austrade's staff have the capacity to help	4.4	3.0
Austrade's market knowledge is useful	4.4	3.1
Austrade's staff understand your needs	4.3	2.5
Austrade's services compare well with other export assistance agencies	3.8	2.7
Austrade's pricing rate compares well with other export agencies	3.7	2.5

(1) Rating — 1 = not important, 5 = most important

(2) Rating — 1 = did not perform at all, 5 = performed to a very great extent

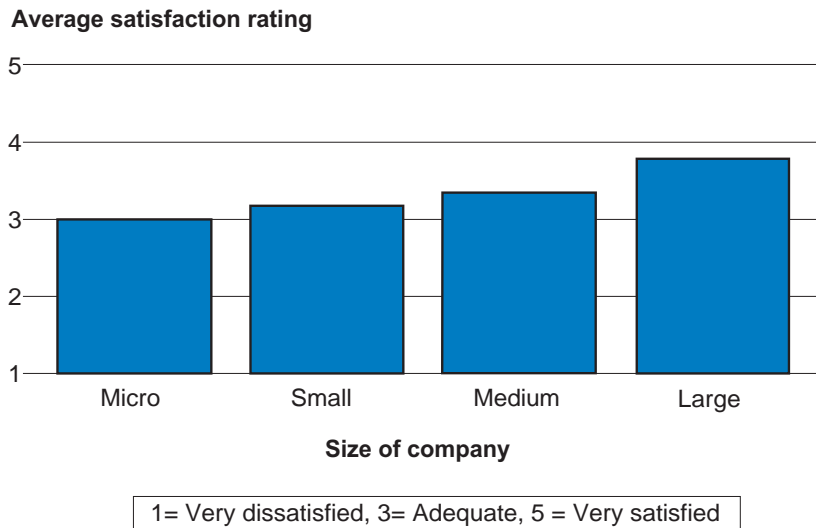
Respondents' overall satisfaction

16. Respondents were asked to rate their satisfaction with Austrade overall. This rating has been analysed using variations such as enterprise size, location and export stage of the enterprise.

17. Chart A1.6 shows that the larger the organisation's size, the more satisfied they are with Austrade. This is reflected in respondents' written comments which suggest Austrade is geared more toward the 'big' organisations, rather than small to medium enterprises.

Chart A1.6

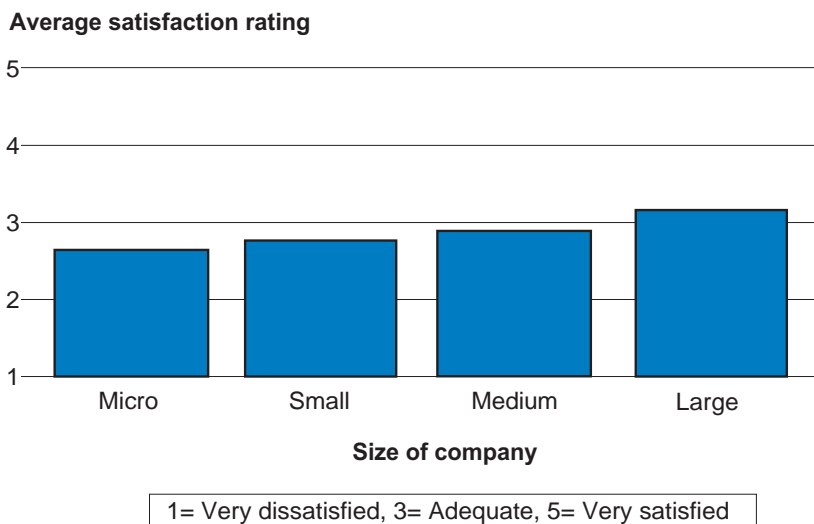
Average satisfaction rating by enterprise size



18. Chart A1.7 shows that organisations with offices in multiple states or territories have the highest average satisfaction rating. It would be reasonable to assume these are larger organisations as mentioned in the previous paragraph. Northern Territory (NT) did not rate, as all NT responses were included in organisations with offices in other states or territories. The average satisfaction ratings for each State or Territory were either only adequate or marginally above adequate.

Chart A1.7

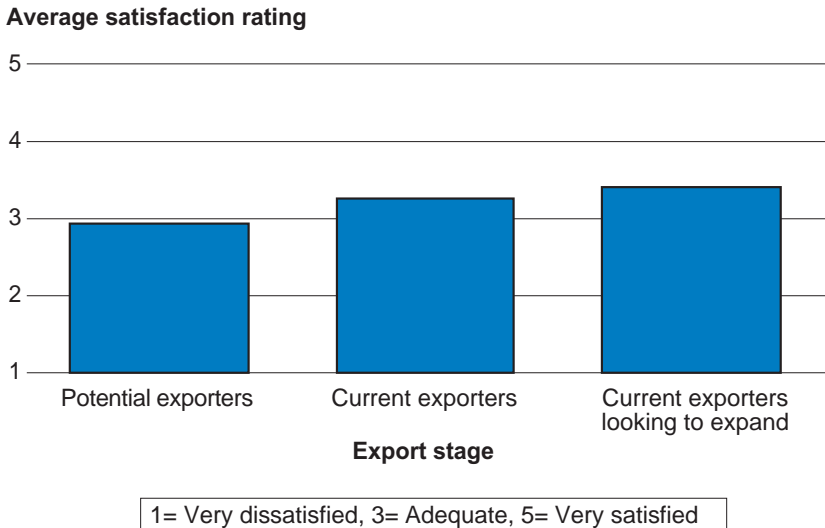
Average satisfaction rating by State or Territory



19. Chart A1.8 shows that the average overall satisfaction rating increases as the organisation progresses through the export cycle. The trend of this data should be of use to Austrade when revising their client awareness program.

Chart A1.8

Average satisfaction rating by export stage



20. The survey sample did not show any correlation between respondents' export gross revenue dollars and average overall satisfaction ratings.

Respondents' use of Austrade

21. Of the 199 respondents that indicated they have used Austrade for export assistance, about 10 per cent indicated that they will not use Austrade again. Respondents did not indicate why they would not use Austrade again, for example, whether Austrade did not provide the services they required, or whether Austrade did not provide the services adequately.

Appendix 2

The Forum Corporation 'Assessment of customer focus' survey

Introduction

1. In undertaking this audit, the ANAO adopted the approach developed and used by Forum Corporation to assess organisations for their customer service capacity. Forum Corporation has undertaken world wide research which demonstrates that a range of measurable organisational characteristics are linked to customer service outcomes. So called 'customer-focused' organisations satisfy their customers' needs and expectations on aspects of service which matter most to the customer. The staff and managers of such organisations rate their organisation on indicators which measure these characteristics using a survey instrument.

2. The audit criteria were based on the Forum Corporation methodology and the *Better Practice Guide To Quality In Customer Service* which was developed jointly by ANAO and the Management Advisory Board (MAB), in part, from audits of customer service in the Department of Social Security and the Australian Taxation Office. The criteria closely reflected the organisational characteristics identified by the Forum Corporation's research and detailed in the better practice guide. They include criteria in the following categories:

- customer service environment, measured through the alignment of employees around customer-focused objectives;
- human resource management practices which give staff the competence, capability and empowerment to serve customers well;
- communication with customers to understand their needs and expectations, receive feedback from them, and provide them with information;
- customer-friendly approaches through ensuring operations make it easy for customers to undertake their business, and quality complaint handling; and
- systematic approaches to continuous improvement which take account of customer needs and expectations.

The Forum Corporation assessment of customer focus

3. The customer focus survey of Austrade's staff and managers is based on research into factors that differentiate high-performing customer-focused organisations. The research includes:

- a correlation analysis of surveys conducted among the customers and the employees of 15 companies;
- a survey of the senior executives from 43 major companies;
- an analysis of some 700 case studies drawn from the experience of several hundred companies; and
- the lessons learned from the Forum Corporation's consulting work.

4. The individual questions and scales are tested for validity and reliability and are predictive of customer orientation and financial success. Some of the conclusions drawn from the research are:

- the degree to which a company is customer focused can be reliably assessed by measuring performance on seven dimensions of organisational actions (see Figure 3 in Chapter 1);
- companies that demonstrate superior performance on the seven dimensions of total customer focus/quality tend to outperform other companies on financial measures;
- customer-focused companies get that way by systematically attending to:
 - customers;
 - process; and
 - the people in the organisation; and
- continuous improvement in all action areas is required to maintain a competitively superior level of customer focus.

5. The Forum Corporation's research has shown that 40 characteristics of corporations are highly correlated with success in being customer focused. These characteristics can be grouped into seven basic behavioural patterns, as follows:

- *communicating with customers and using customer information* - agreeing on who the customer is, understanding customer expectations, providing information to the customer and opportunities for management and employees to meet the customer;
- *vision, commitment and climate* - establishing an organisational commitment to satisfying the customer, to quality and doing things right the first time;

- *aligning the organisation with its customers* - developing a partnership role with the customer, using customer information to design products and services, promising only what can be delivered;
- *readiness to find and eliminate customers' problems (reducing barriers to quality performance)* - asking customers for feedback on performance, monitoring and analysing responses and complaints; eliminating procedures that do not create value for customers;
- *reaching out for customers (reducing barriers to customers)* - making it easy for customers to do business with the organisation, making it easy for customers to complain, resolving complaints;
- *competence, capability and empowerment of people* - ensuring employees are empowered to deal with customers, are competent in their skills and understanding of products and services, providing the resources to support employees; and
- *continuously improving processes and products* - ensuring the organisation has the commitment, skills and practices to continuously improve processes, products and services.

Pilot survey

6. Familiarisation visits were conducted by the audit team to Austrade's Sydney and Melbourne offices and three overseas posts in the lead-up to conducting the staff survey. During these visits the ANAO conducted a pilot survey to identify ethnic, language and other issues that could affect the wording of the survey instrument and the conduct of the survey.

Survey of staff and managers

Survey instrument

7. The survey instrument was modified to take account of the pilot survey results. Care was taken to ensure that the modifications would not impact on the ability to benchmark the information against the Forum Corporation database.

8. The survey instrument had two separate parts:

- Part One was used to measure strategic alignment: respondents were required to nominate the three objectives which Austrade was working hardest to attain. The standard list of 19 objectives was slightly modified in conjunction with Austrade management to ensure that staff could identify these objectives in relation to Austrade's mission; and

- Part Two was used to measure customer focus: respondents were asked to indicate the extent to which they agreed with statements reflecting customer focus action areas, the audit criteria and the customer-focused organisational characteristics. Respondents were able to nominate their level of agreement based on a score of 1 ('do not agree at all') to 7 ('agree to a very great extent').

Analysis of the survey

Strategic alignment

9. The Forum Corporation's research and experience have shown that organisations have difficulty maintaining their focus on more than three strategic objectives at a time. Managers and staff in customer-focused organisations will be strongly focused and aligned around their key strategic objectives. In such organisations, managers and staff will nominate the same three objectives when choosing from a list of possible objectives; that is, when the percentages of staff/managers who nominate particular objectives are summed for the three most nominated objectives, the result is at or close to 300 per cent, with the same top three objectives nominated for each grouping of employees across the organisation.

10. The level of alignment is measured by the extent to which the sum of the percentages of respondents nominating the three most commonly selected objectives is close to 300 per cent, and the extent to which groupings of employees nominate the same three objectives most frequently. The analysis was conducted for the seven separate Australian and overseas groups of staff which were divided into both management and employees. Detailed results are included in Chapter 2.

11. The sum of percentages of the three most nominated objectives was then compared against the Forum Corporation's database.

Table A2.1
Strategic alignment - Austrade managers

Objectives	Percentage of managers who selected the objectives as one of their 'top three'						
	Australia	Americas	Middle East	North East Asia	South East Asia	South Pacific	Europe
Increase export impact	77.8	84.6	95.4	95.4	90.9	66.7	94.1
Increase revenue	23.3	53.8	45.5	53.5	27.3	50.0	29.4
Attract new customers	-	53.8	36.4	20.9	22.7		17.6
Satisfy customers	48.9	38.5	50.0	58.1	72.7	50.0	58.8
Improve our capacity to meet the Government's trade objectives	35.6	15.4	22.7	30.2	18.2	33.3	23.5
Improve productivity	18.9	-	-	-	-	33.3	17.6
Increase market share	-	-	13.6	-	-	-	-
Find new markets for our organisation's products and services	16.8	-	-	11.6	-	-	-
Emphasise quality	-	-	-	-	18.2	-	-
Keep or get costs low	-	-	-	-	-	-	-
Develop new products	-	-	-	-	-	-	-
Keep existing customers	-	-	-	-	-	-	-
Be the industry leader	-	-					
Become a much larger company	-	-	-	-	-	-	-
Concentrate on fewer products or services	-	-	-	-	-	-	-
Develop employees' knowledge or skills	-	-	-	-	-	-	-
Restructure the company	-	-	-	-	-	-	-
Reduce work force size	-	-	-	-	-	-	-

Notes: Only the six most popularly selected objectives are listed for each region.

Table A2.2

Strategic alignment - Austrade employees

Objectives	Percentage of employees who selected the objectives as one of their 'top three'						
	Australia	Americas	Middle East	North East Asia	South East Asia	South Pacific	Europe
Increase export impact	77.0	63.4	88.4	80.9	83.9	43.7	84.0
Increase revenue	19.9	53.7	34.9	37.2	33.9	56.2	52.0
Attract new customers	-	34.1	34.9	23.4	14.5	43.7	22.0
Satisfy customers	47.4	36.6	58.1	42.6	67.7	62.5	50.0
Improve our capacity to meet the Government's trade objectives	41.8	26.8	14.0	23.4	16.1	-	22.0
Improve productivity	19.9	-	-	-	-	25.0	16.0
Increase market share	-	-	-	-	-	-	-
Find new markets for our organisation's products and services	16.8	-	18.6	21.3	17.7	-	-
Emphasise quality	-	-	-	-	-	-	-
Keep or get costs low	-	22.0	-	-	-	-	-
Develop new products	-	-	-	-	18.7	-	-
Keep existing customers	-	-	-	-	-	-	-
Be the industry leader	-	-	-	-	-	-	-
Become a much larger company	-	-	-	-	-	-	-
Concentrate on fewer products or services	-	-	-	-	-	-	-
Develop employees' knowledge or skills	-	-	-	-	-	-	-
Restructure the company	-	-	-	-	-	-	-
Reduce work force size	-	-	-	-	-	-	-

Notes: Only the six most popularly selected objectives are listed for each region.

Customer-focused action areas

12. For each of the customer-focused action areas, the mean and variance were calculated for each particular group of employees (Australian and overseas groups).

13. The calculated mean of these results was compared with the score of the top-ranking organisation in the Forum Corporation's database, and the Austrade calculated percentile compared with the database overall, to identify how Austrade had scored. The results are discussed throughout this report.

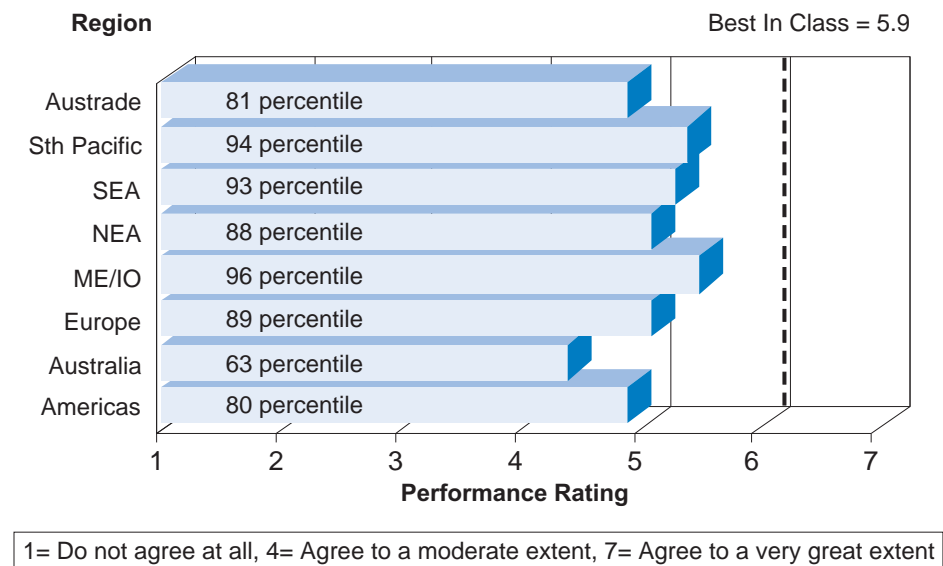
14. The customer focus survey required Austrade staff to rate organisational performance against various statements. The statements can be incorporated into three broad dimension: clients, process, and people. The 'people' dimension is further broken down into three issues: 'aligning ourselves with our clients', 'competence, capability, and empowerment', and 'commitment and climate'. The 'process' dimension is similarly broken down into three issues: 'continuously improving our processes and products/services', 'reducing barriers for our customers' and 'reducing barriers to quality performance'.

Interpretation

15. The following Figure is a representation of Austrade's survey responses to one of the customer focus statements. The Figure can be interpreted as follows:

- the bar indicates how the respective Austrade's regions rated on the 7-point scale;
- the percentile score indicates the percentage of companies in Forum Corporation's comparison data base whose average score on this item was below Austrade's; and
- the 'Best in Class' line indicates the highest average score on the dimension or action area currently attained by any company in the data base (the Forum Corporation's 'best in class').

Figure A2.1
Dimension overview - sample



Appendix 3

Major information systems influencing client service within Austrade

System Name	Purpose	Users	Interface with other Austrade systems
Client Information Management System (CIMS)	Client management database system for Austrade. Contains data on about 30 000 Australian exporters, supporters and affiliated overseas enterprises. Updates are sourced from all users and data quality control managed by a Corporate Data Unit in Canberra.	All Austrade posts and offices with a server.	None at present (will be linked to Workflows and Export Opportunity System (EOS) as part of the Core Business System). There is already a CIMS to Workflows link and a static link to the Export Management Development Group (EMDG).
Workflows	Prototype of a number of client-to-customer and customer-to-client processes. Although it is currently being used as a production system, it is to be included in the Core Business System (CBS) within 1-2 years.	All Austrade staff.	None at present (will be linked to CIMS and EOS as part of the Core Business System).
Core Business System (CBS)	New system being specified now, that incorporates CIMS and Workflows into one integrated system.	All Austrade staff.	Proposed to link CBS with financial management systems. Phase 1 scoping study has identified: Workflows (incorporated); CIMS (incorporated); EOS (incorporated); Export Hotline System (EHS) - (data transfer); Invoices (data transfer); Associates (some data transfer); and Customer Data Bases (basic facilities).

Appendix 3 (contd.)

System Name	Purpose	Users	Interface with other Austrade systems
Export Hotline System (EHS)	Used to provide a public Hotline advisory service for Australian callers. The system is only used in Melbourne (the Hotline is based in Melbourne but has a toll free number from all of Australia) and allows users to quickly search and browse databases, previous calls and help files.	Export Hotline staff only.	E-mail facility to Export Advisory and Marketing Unit (EAMU). Ability to transfer files through to EAMU for automatic loading into Workflows. The Hotline personnel also access and use Workflows. Part of the specification for the CBS includes full data transfer between EHS and CBS. By using Workflows (including the correct protocols) all Austrade staff are able to see in basic detail the level of contract the Hotline has had with any particular client.
Export Management Development Group (EMDG) database	Used to administer the Commonwealth EMDG scheme.	EMDG staff only.	None.
Export Opportunity System (EOS)	Used in the State offices and posts to capture potential export opportunities. It is a delivery mechanism for the relay of opportunities from posts to clients. Function to be replaced by/included in the CBS.	EAMU, MOG and most Posts.	EOS is used as the delivery mechanism for the Workflows prototype. It will be absorbed into CBS and will not be a separate function.
Major Opportunities Group (MOG) database	To maintain information on major export opportunities and Austrade resources.	MOG.	None.
Stand Alone Databases	To record customer details.	Individual Posts	None. CBS will incorporate some aspects of a customer database.

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