



Do **more** with **less**

How it's possible to achieve financial efficiency

by David Gourlay

FINANCIAL EFFICIENCY IS THE NEW 'gold standard' by which organizations are measured. While this is true for both public and private sector organizations, it's often the public sector that comes under the most intense pressure and scrutiny to achieve the highest levels of efficiency.

Government organizations are expected to deliver an increasing array of responsive, citizen-centric programs and services and they're expected to do so safely, securely, transparently and at a lower cost. Doing more with less is the new paradigm and the reality in which we now operate.

There may be naysayers who take the view that this is not possible and that there is an inevitable trade-off between

the quality of public services and the cost of providing them. However, in my opinion this belief is without merit. We have too many success stories in government, education and healthcare that show that with the right vision, leadership and partnerships it is indeed possible to provide enhanced services at lower costs and achieve the desired financial efficiencies.

The key to success lies in partnerships. By partnering with thought leaders and service providers that understand the unique and complex demands of public service organizations and can respond to them creatively, public sector organizations can reap multiple benefits. They get the benefits of tailor-made solutions designed to meet the specific needs of

their customers and constituents, combined with the reassurance that these solutions live on robust, tried-and-tested technology-based platforms that have been used in multiple public sector jurisdictions around the world.

Partnerships allow the public sector to engage the market in ideas, innovations and global best practices to re-engineer internal business operating processes and reduce administrative costs. Governments and public sector organizations in Canada can achieve operational and financial efficiencies in many ways: for instance, through leveraging technology to centralize and automate processes; by replacing labour-intensive paper-driven activities with electronic processes; by using busi-

ness intelligence and treasury analytics to improve decision making; or by adopting a shared-services approach for finance activities.

The imminent influx of retiring baby boomers is seen by many in government to be a stark reality check, and a catalyst for change – how will we service this important and demanding demographic as they retire and draw their pensions? The boomers have been responsible for change in so many areas of life, and public sector pension administration will be no exception. Servicing the pension requirements of the vast number of retiring boomers will require robust, state-of-the-art pension delivery systems. Retiring boomers – many of whom may plan to spend part of the year abroad – will expect their pensions to be delivered securely, electronically, in multiple currencies, to different bank accounts and to different countries. Developing an in-house system with this level of functionality would be a daunting and costly endeavor. But by partnering with a global financial services provider who has the platforms, payment services, expertise and track record, the Canadian public sector can achieve both the enhanced service delivery demanded and the desired financial efficiencies.

A central area of focus for achieving financial efficiency is to leverage e-procurement models in public sector business workflows on purchasing. For example, supplier finance and payment programs can deliver improved financial efficiencies and cost savings while aiding and assisting their suppliers and local businesses. This area has grown in importance in the last two years where the economic downturn has strained many suppliers and small and medium sized businesses cash flows and abilities to tap into credit markets. In response, many governments are using their superior credit ratings to create financing programs for their suppliers that both secure their supply chains and provide a boost for smaller and medium sized businesses.

Shared services is another area that's ripe for growth and where private sector partnerships can help improve financial efficiencies. In Canada we've already made big strides in using shared services to drive efficiencies in government, but there's still more that can be done. Shared Service Centres incorporate treasury functions

such as improved risk management, standardization of policies and technology, identity management, enhanced cash flow forecasting and payroll processing. By creating a single approach for finance activities, organizations can achieve improved cost management as well as improved data management, business intelligence and analytics. This frees up resources for the provision of enhanced services – again, doing more with less.

And finally, let's look at treasury analytics. This involves leveraging business intelligence to improve operational efficiency and decision-making. It's crucial in the Canadian public sector, but many organizations don't have the tools or capabilities to translate the large volumes of raw data into useful analytics and actionable information. What's needed are partnerships with organizations within the banking sector, that have a track record in helping governments at municipal, provincial and national levels streamline and automate many of their reporting processes. For example by streamlining and automating fiduciary, compliance, risk and performance reporting systems, treasury staff would be able to spend less time monitoring accounts and creating reports, and more time in actively managing portfolio risk and investment compliance. By providing easier access to, and greater control over cash flows and financial data, public sector organizations can optimize their operations, improve risk management and generate sustainable cost savings. Just as important, they can demonstrate greater accountability and transparency for their constituents.

The stakes are high, but the rewards are greater. Achieving financial efficiency is a tangible goal for all public sector organizations that are facing the unrelenting call to do more with less. I believe that the secret to success lies in developing close partnerships with organizations that have the proven track record to help deliver on this promise. 

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