

Government inspectors are crucial to a successful society. They ensure business compliance to rules and regulations in order to protect the public from corporate misconduct. For example, food inspectors make sure restaurants keep up healthy conditions, and safety inspectors make sure companies provide safe environments for their employees and the public.

While the role of inspector is not new to the public sector, how inspection departments operate is in the midst of change. Inspection entities around the world face increasing pressure to undergo operational transformations as a result of new social, economic, and business developments. Rising public expectations about service quality puts pressure on government entities to operate effectively and efficiently, while growth in the number of registered businesses and their geographical dispersion means more monitoring and compliance are needed. And, in MENA in particular, increased migration of workers from other countries creates an imperative to protect workers' rights with new laws.

To overcome those complexities with limited resources, governmental entities can tap into new technological advancements to raise awareness and compliance, and optimize the phases of the inspection cycle itself. We offer best practices in communication strategy, along with concrete steps to improve inspection operations and increase citizen involvement that will streamline effectiveness and elevate the overall experience.

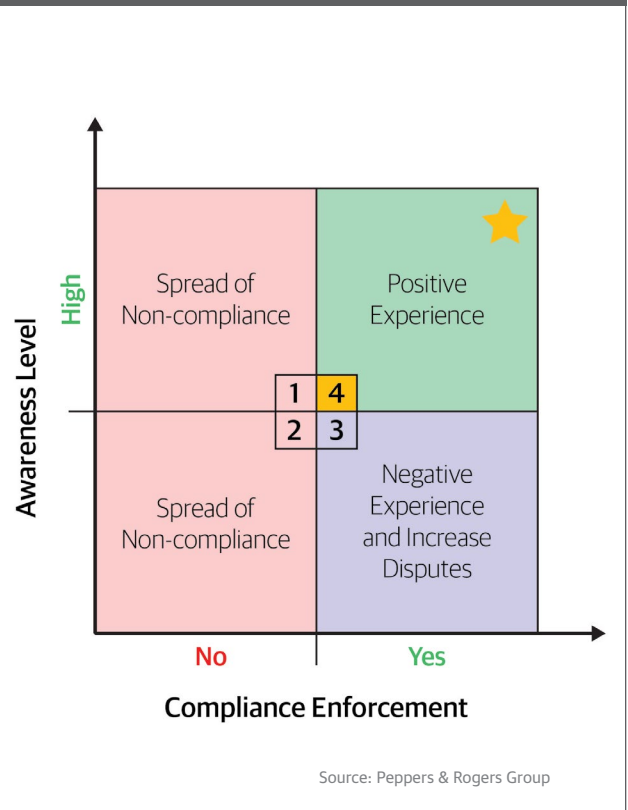
New ways to boost awareness

A vast majority of organizations strive to be compliant and provide good experiences for users. However, in many cases, the recipients of inspection penalties are not aware of their non-compliance. One study suggests low taxpaying compliance to be a possible consequence of low awareness regarding tax regulations and a low rate of penalizing non-compliant tax payers.¹ In other cases, groups knowingly remain non-compliant because enforcement is lax. Awareness and enforcement of non-compliance must therefore be dealt with by inspection agencies in order to make improvements for the public. Figure 1 summarizes the effects of actions taken against non-compliant entities based on their compliance awareness.

FIGURE 1:

Inspection Awareness and Enforcement Quadrants

Both awareness and enforceability influence the quality of the citizen experience and volume of disputes



Peppers & Rogers Group's analysis reveals the relationship between awareness and enforceability and the quality of the citizen experience and disputes. Quadrant 1 and 2 show how not enforcing rules influences the spread of non-compliance, potentially putting the general public at risk. Quadrant 3 demonstrates how penalizing non-compliant entities without them being aware about rules and regulations might lead to a negative experience, which will likely increase complaints and disputes among the parties involved.

The best case scenario results from enforcement of non-compliant entities that are aware of rules and regulations, as

¹Kasum, Abubakar, Hamidat Abu-Kasum, and Olubunmi Osemene. Demographic Factors and Tax Awareness and Compliance Behaviour of Nigerian Taxpayers. Rep. N.p.: n.p., n.d. Web. 29 Jan. 2015

illustrated in Quadrant 4. This also helps spread compliance as entities become aware of the consequences of non-compliance and take the necessary actions to avoid it.

A best practice is to ensure awareness to start with. To do so effectively and in a scalable way, inspection functions can use advancement in technologies to conduct smart awareness campaigns in multiple channels including social media, SMS messages, email, websites, and inbound and outbound contact centers.

But new communications channels aren't enough. It's critical that entities receive the right messages at the right time to be most effective. We recommend two best practices to improve inspection functions in this regard (as illustrated in Figure 2):

1. Periodic social awareness campaigns to remind citizens/establishments about relevant regulations and the

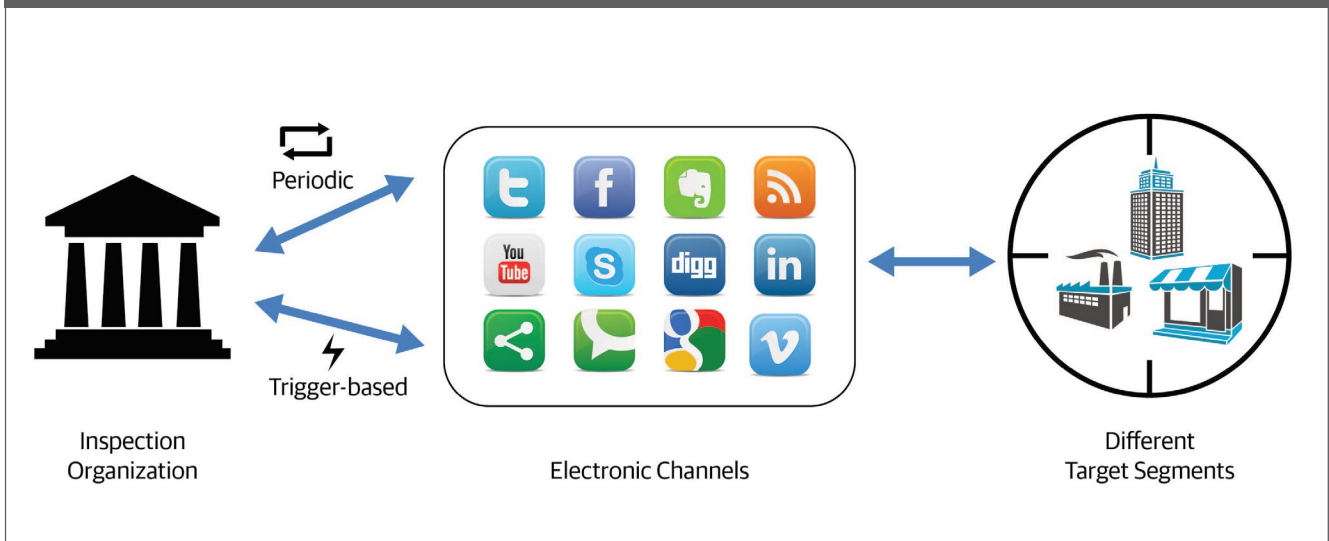
importance of compliance. For example, the labor inspection department can send periodic messages to establishments, highlighting the importance of paying wages to their employees in a timely manner and the consequences of not doing so. It can at the same time send periodic messages to employees, emphasizing their rights in receiving their wages on time, and how to report non-compliance from employers in this regard.

2. Trigger-based social awareness communications, which are automatically triggered by an event such as a change in regulations, the establishment of a new entity, or a change in an entity's characteristics, making it subject to new regulations (e.g., increase in an entity's number of employees, resulting in moving it from one employee bracket to another). For example, when a new regulation regarding food safety takes effect, automatically triggered messages can be sent from the food safety inspection department

FIGURE 2:

Improve inspection effectiveness with enhanced relevant communication

Use social media channels and relevant outreach to raise awareness, of and adherence to, rules and regulations.



Source: Peppers & Rogers Group

to restaurants and other appropriate stakeholders highlighting the new regulations and the consequences of non-compliance.

The effectiveness of communication can also be improved by segmenting entities and targeting each segment with customized messages and channels. Segmentation can be simple, based on apparent entity characteristics (e.g., size of company) or more complex, using analytical models that take into consideration an entity's behavior and trends (e.g., companies with high risk of non-compliance based on historical data).

Inspection functions should also capitalize on the increasing penetration of social media and smartphones to increase entities' awareness, respond to their inquiries, and collect their (and the public's) feedback. This is particularly relevant in the Middle East, which has one of the highest mobile phone usages in the world, and continues to grow². In addition, inspection functions should ensure stakeholders have easy access to regulatory and procedural materials by making them electronically available and accessible.

Optimize the inspection cycle

Figure 3 depicts the typical inspection cycle. To apply it effectively in the face of emerging challenges, inspection departments should employ more effective communication channels, powerful analytical tools, and automated workflows. These will result in more timely planned, better targeted, and more efficient inspections.

Identify inspection targets with advanced analytics:

The first step in the inspection cycle is to identify which entities to inspect. This task is typically done by planning inspections for a sample of businesses on a rotational basis. Yet the growing number of companies and their geographical dispersion, coupled with limited inspection resources, make it very difficult to cover even a representative sample set of companies within an acceptable period of time. What's more, traditional inspection methods fail to prioritize inspection targets, and do not take into account unique attributes of each inspection site. This results in less effective inspection visits, since only a

small number can be detected, as well as an unsatisfactory number of compliant businesses.

Moving forward, focus on identifying high-risk targets and allocating resources accordingly through use of analytical models and insights. More specifically, algorithms can run through the inspection department's collected data, such as companies' historical fine record, size, and location, in an effort to detect entities that possess attributes historically associated with a high degree of non-compliance. Inspectors can then allocate more resources to these high-risk targets. Such intelligent targeting enables inspection functions to cover a more relevant segment of target companies with

FIGURE 3:

The inspection cycle

Most inspection operations follow this four-step model. There are opportunities to improve efficiency and effectiveness in each step.



Source: Peppers & Rogers Group

²Rise of Mobile Internet Use in Middle East Region" Digital Portal. Digital Portal, n.d. Web. 9 Nov. 2014. <http://etc-digital.org/digital-trends/mobile-devices/mobile-smartphones/regional-overview/middle-east/>

the right number of resources and expertise. Inspection functions can reduce the number of inspection rounds needed while maintaining the same level of compliance to rules and regulations.

Analytics enable risk scoring to prioritize inspection targets.

Example: Though it's not an inspection group, another government entity — the Los Angeles police department — uses analytics to target high-risk areas to reduce crime. Analytical tools run algorithms across historical crime data in an effort to predict high-risk crime areas. The information is then used to place police officers in the highest probability areas. Following these measures, one of the department's divisions saw a 20 percent drop in predicted crimes year over year from January 2013 to January 2014.³

Optimize planning with automated workflows. During the planning and dispatching phase of the cycle, the focus shifts to allocating targets among inspectors. This task is traditionally done manually by inspection officers located in disparate compliance offices. This approach is time consuming and sub-optimal when it comes to resource allocation.

Instead, we recommend implementing automated workflows when assigning inspection targets to available inspectors. Jobs can now be automatically dispatched by fewer people in a control room connected to the centralized inspection database to ensure the right number of inspectors with the right expertise get assigned to target sites. They can also plan the trips to optimize the time needed to conduct all visits. What's more, these control rooms can be used to track and assist inspectors when needed (more details in the following section). This new approach can significantly reduce the time needed to plan and execute inspection strategies, in addition to allocating resources more efficiently, using improved technology.

Example: A control room with a computer-aided dispatch was implemented by the City of Ventura, CA Police Department, which serves more than 110,000 residents and handles 7,500 emergency and non-emergency calls per month. The system automatically dispatches jobs and shares information with on-ground police officers, reducing the time needed to dispatch jobs from hours to a few minutes, and increasing the effectiveness of resource allocation among police officers.⁴

Streamline inspections. Inspection departments can now utilize centralized high-tech operation centers and special handheld devices during inspections as well. Embedded with a GPS tracking system and Internet connectivity, the devices can be used by the operation center to track and guide inspectors to reach their intended destination in real time when needed.

Control rooms help inspectors reach their intended targets and guide them while inspecting, should any complications arise.

In addition, inspectors can connect to trained personnel through the device to get live assistance while inspecting the site, should any complications arise. Such technology has been long in the service of commercial enterprises and today it can enable governments with faster and more efficient inspection visits, with less room for inspection errors.

Example: The Ministry of Labor in the Kingdom of Saudi Arabia installed a centralized control room for its labor inspection services. Employees in the control room dispatch assignments among inspectors across the kingdom, and then assists inspectors in the field in reaching their intended destination and detecting violations, resulting in more efficient and effective inspection visits.⁵

Real-time reporting and scheduled follow-up. The last phase of the inspection cycle is reporting the outcome of

³Beales, Howard. The Value of Behavioral Targeting. Rep. N.p.: n.p., n.d. Web. 18 Sept. 2014. PREDPOL. Web. 9 Nov. 2014. <http://www.predpol.com/>

⁴Ventura Police Department Saves Seconds and Lives." Motorola, n.d. Web. 08 Feb. 2015.

⁵Mohammed, Irfan. "High-tech Drive to Track Labor Violators." Arabnews. 23 Aug. 2014. Web. 2 Sept. 2014.

site visits and following-up with violating entities. These two tasks were previously done manually as inspectors file paperwork and then

Handheld devices allow inspectors to fill out their reports on-site using smart forms, reducing reporting errors and time.

hope to remember to follow-up with violating entities at the appropriate time. Besides being prone to reporting errors, this manual reporting system poses tremendous administrative burdens in handling, analyzing, and archiving all the reports. In addition, this reporting approach means allocating a big portion of an inspector's time to administrative tasks, as opposed to inspecting.

With the introduction of automated workflows and handheld devices, reports can now be filed on-site through an electronic form and fed in real time to inspection databases. This new initiative reduces the number of reporting errors, as the electronic form dynamically interacts with the inspector to ensure complete data is filed. Plus, through the automated workflows, notifications can be sent at the right time to inspectors to ensure timely follow-up visits to violating entities. These initiatives result in better resource utilization, faster and more accurate reporting, and timely follow-ups.

Example: New York City's Department of Transportation uses tablet devices in its inspection activities to reduce paperwork and accelerate the flow of information. City transportation workers use tablets while inspecting street construction projects to access and review construction permits in real time, issuing violation notices and other request on the fly⁶.

Involve Citizens in Community Action

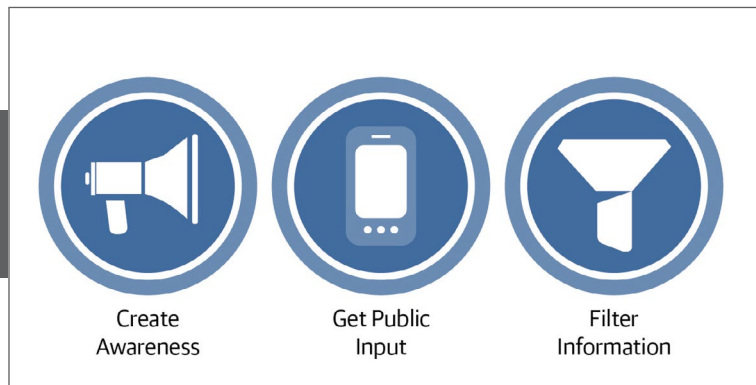
One of most apparent limitations facing inspection functions is their inability to cover all companies within their operational area in a timely manner due to lack of resources. But, there are some creative ways to inexpensively increase operational reach. As mentioned earlier, analytical modeling is a key enabler, but the challenge becomes the availability of data to analyze. One solution is to reach out to the general public and entice them to share information about workplace violations, then use this as input in analytical modeling for inspection targeting.

To make this possible, inspection departments should:

1. Spread awareness among the general public about workplace regulations and their ability to participate in reporting violations.
2. Provide effective communication channels for the general public to report violating companies.
3. Analyze and validate data submitted by the public before using it in targeting entities.

FIGURE 4:

Steps to Foster Community Involvement in Inspections



⁶Wong, Wylie. "How the NYC Department of Transportation Used Tablets to Go Paperless." StateTech. Web. 9 Nov. 2014.

With nearly 35 percent of the Middle Eastern population using social media on a daily basis in 2014⁷, it has become an attractive means of communication to reach a wide range of audiences in a short period of time. To gather information about violating companies from the public, inspection departments can develop and make available to the public mobile applications, social media pages, and websites intended for that matter. Inspection departments can, for example, create and manage a Twitter account or a Facebook page to promote the importance of reporting non-compliant entities, and interact with the general public on those social media channels by taking their input and replying to any rising concerns.

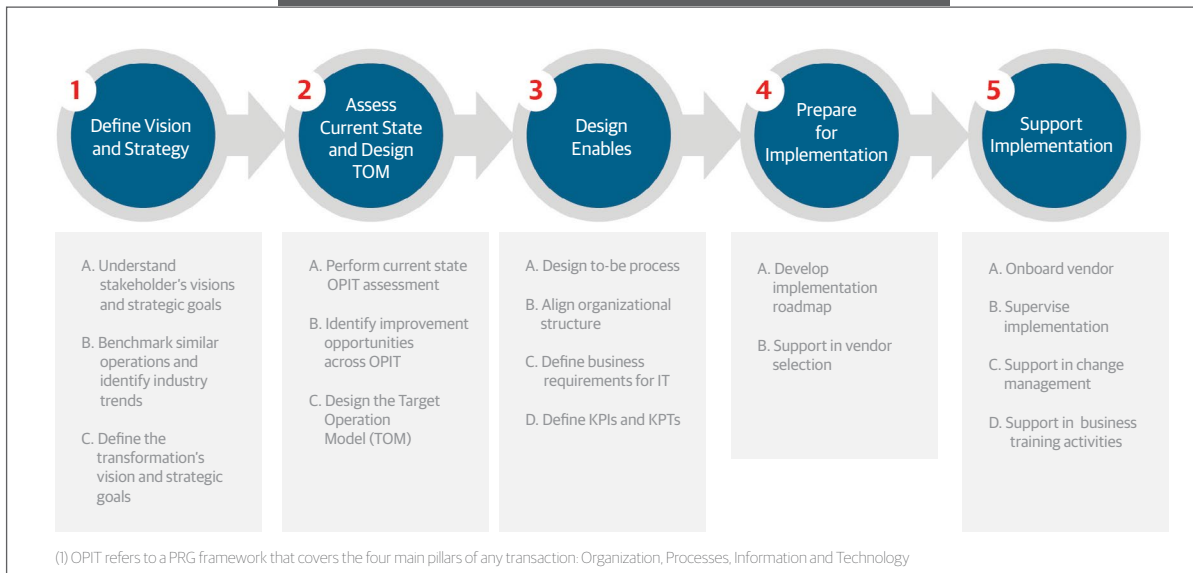
To confirm its authenticity, collected data should first be analyzed by trained personnel, and all ambiguous or

suspicious information should be further investigated. Unconfirmed or ambiguous data should be filtered out, and accurate data passed on to inspection databases to be used by analytical tools for targeting purposes.

Taking the Initiative

If implemented correctly, the preceding initiatives will result in much improved inspection efforts. But, they shouldn't be done in a vacuum. They require a holistic transformation across the organization, taking into account strategy, design, current and future state assessments, and measurement. To make this transformation as seamless and effective as possible, we have developed a proven approach summarized in the steps below (see Figure 5):

FIGURE 5:
Peppers & Rogers Group inspection methodology
 A strategic approach to revamp current processes and workflows



⁷ 'Social Media Usage in Middle East - Statistics and Trends' GO-Gulf. GO-Gulf, n.d. Web. 9 Nov. 2014.

Conclusion

To improve operational efficiency and effectiveness, governmental inspection departments can use smart and diversified communication, analytical tools, automated workflows, and high-tech control rooms and mobile devices. They will be able to offer a more pleasant experience to all stakeholders by increasing the general public's and target entities' awareness about rules and regulations; use its resources more efficiently by focusing on high-risk inspection targets; reduce inspection errors and reduce time spent on administrative tasks; and increase their operational reach by making use of the general public's input on violating entities. All while realizing a high compliance to rules and regulations.

About Peppers & Rogers Group

Peppers & Rogers Group is a leading management consulting firm, dedicated to helping its clients improve business performance by acquiring, retaining, and growing profitable customers. We help clients achieve these goals by building the right relationships with the right customers in the right channels to maximize customer relationship and financial performance.

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