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IRS Case

The IRS is making the transition to an Automated Collection System (ACS) in order to reduce the mountains of paperwork that the IRS is continually generating. The old Collection Office Function (COF) had 6 functions: 1) process review units 2) outgoing call units 3) office field units 4) incoming call units 5) walk-in units 6) research units. This separation of functions created buffer stocks, which creates slack in the system (Morgan, pg. 210) as employees could spend a good part of their day just trying to find a case. The six major functions of the COF were reduced to three in the ACS: 1) Contact 2) Investigation 3) Research. The ACS randomly assigned a case to an employee on a day. This resulted in an employee getting new cases every day and rarely would an employee follow a case to completion. The ACS is having benefits such as increasing dollars collected by 33% and doubling the total number of cases. The ACS was not well embraced by the veteran employees with many opting to transfer to another department.

This new technology has brought with it an emphasis on employee monitoring in order to improve performance. This monitoring however is too intense and is having a negative impact on employee morale in general. Turnover in some cases has reached 100%. This is not surprising because according to the Dilbert Survey reengineering how work is done annoys employees very much (Adams, pg. 112). Computer monitoring encompassed all work activity such as average call length and time spent away from the computer. Telephone monitoring consisted of recording phone calls. Then there were weekly performance reviews. “One of the most frightening and degrading experience in every employee’s life is the annual Performance Review.” (Adams, pg.101). Performance reviews should be done sparingly and only when needed.

The new emphasis on computer interaction led to an environment where employees were spending all day attached to their terminal. This created institutionalized conflict (Morgan, pg. 165) in that employees felt they had to stay in front of their computers to show they were working. Small talk and friendly interaction became a thing of the past as it would be reflected as wasted time not using the computer. Supervisors began to feel like glorified watch dogs. Feedback became something that was required weekly rather than when needed. This became a psychic prison as the needless constant reviews trapped the way employees were thinking about their job (Morgan, pg. 211). Telephone monitoring became overbearing, taking up to 60% of supervisors time. These controls became redundant. Employees felt they had to be in front of their computer. Most employees recognized monitoring can have benefits but in this case it became overbearing. The new technology became a gotcha tool. The ACS is creating work-place culture problems that didn't exist before and any solution will have to consider the organizational structure. The archetypes of computer monitoring, and repetitive meetings created a reality that was agitating and frustrating for employees and supervisors (Morgan, pg. 232).

Mission: To collect the proper amount of tax revenues at the least cost to the public, and in a manner that warrants the highest degree of public confidence in our integrity, efficiency, and fairness.

The IRSs generic strategy is cost-leadership. They are providing a standardized service with an economy of scale approach in the most efficient way possible.

There is no competitive rivalry. The IRS competes with no other tax collecting government entity.

There isn't a threat of new entrants, unless the government creates a new tax collecting entity.

There isn't a threat of substitutes unless the government creates another tax collecting entity.

There is moderate bargaining power of suppliers because the tech firms that supply the software to the IRS could decide to raise prices, but the IRS could decide to transition to a new software, although this would take time and effort.

There is no bargain power of customers as all citizens that make an income over $600 are required to file taxes.

The IRS has a Divisional Structure with branches in most major cities that perform the same services and operations as other branches.

The Stakeholders are the employees/supervisors in the ACS branch and the American taxpayer. The employees/supervisors are directly impacted by using the ACS on a daily basis. The taxpayers are affected by the success or lack thereof from the improved performance that the ACS provides.

First Alternative: Do nothing. This alternative will not solve any of the issues facing the ACS department. Employees will continually feel like they have to be in front of their computers at all times and supervisors will continue to over monitor phone calls at the expense of focusing time on other issues. This Alternative will negatively impact employees. This alternative will negatively impact taxpayers as performance in the ACS department will decline.

Second Alternative: Restructure the ACS department so each supervisor is assigned a team to work with. Each team member will be assigned a case from beginning to end. This will create a sense of responsibility amongst team members as well as greatly reducing the time that employees spend looking up and familiarizing themselves with cases. A program should be created that all employees can use to lookup who is assigned to what case, and if no person is assigned to a case, then an employee can then be assigned a case. There should be an incoming call center for answering routine questions and routing individuals to their case manager. Each team will perform all 3 functions except the routing of calls. The supervisor can then work more closely with team members.

There should be grace periods of a half hour each day so employees can perform basic tasks that don't involve staring at a computer such as: socializing, building rapport among team members, and going on a routine walk to maintain circulation and give the mind a break. Give supervisors the flexibility to choose how much time they spend doing reviews a week and who they review. If an issue does occur a review should be done in a relevant timeframe because the employee will have a better recollection of why the issues occurred. Veteran employees don't need as much attention as new or struggling employees. The employee monitoring in itself is fine, but the way it is implemented and intensity of it needs to be relaxed and more flexible.

This alternative would give employees a better sense of ownership as they would be in charge of a case form start to finish and also give supervisors more flexibility in how they approach their jobs. This would benefit the taxpayer by assigning a team member that the taxpayer can work with till their issue is resolved.

Third Alternative: Revert the ACS back to the COF systems approach of having 6 functions: 1) process review units 2) outgoing call units 3) office field units 4) incoming call units 5) walk-in units 6) research unit. This process will let the employees better specialize in their respective roles and supervisors can be assigned to monitor a particular role and provide feedback. The ACS can be designed so each different step can be performed by a different employee but in one system. Each employee can go and look at the case in the system, see who worked on which aspect of the case, and thus coordinate from there. This specialization would allow simple tasks to be completed quicker increasing taxpayer satisfaction.

Monitoring should be relaxed. Employees need some time away from the computer in order to socialize or just walk around and clear their head. Supervisors should be allowed more freedom in who they are monitoring and how often reviews need to be performed.

This approach benefits employees by better defining each role and allowing employees to specialize and also by relaxing the monitoring environment. This benefits the taxpayer by providing more specialized and quicker service.

The Second Alternative is the best option. It focuses on employee empowerment as well as a reduced focus on monitoring. This team-based approach will increase morale as well as cohesion among coworkers. By implementing new allotted time to allow employees to walk around and socialize a little, morale will be increased.

The First alternative will result in greater stress among the workforce and supervisors will continue to spend too much time focusing on performance reviews which provide very little benefit.

The Third Alternative reverts back to the COF style of 6 functions. Although this will create employees with specialized skills at each function, it will not save time as one case could be worked on by many employees. It is better to have one person to see the case through. This organization structure is not team based either. Relaxed work guidelines do help though. However, the team-based approach would better suit the IRS employees.