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Case 6: IRS

CIS 410-50

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**Problem**

IRS has implemented a new automated collection to improve their efficiency and customer service. “The Automated Collection System (“ACS”) is essentially a large call center (located in multiple cities) where ACS agents can contact taxpayers, review cases, and issue notices and collections actions on behalf of the IRS.” (Cross Law Reno) They have been doing all of their tasks mainly using pen and paper. Implementing Automated Collection System inserts all taxpayer info in the database and makes retrieving data much easier than finding it on the paper. But the main problem is that employee doesn’t like this new system. When they had no system, employees used to interact with colleagues to solve a case but after ACS system they have to stay in the cabin and work on it by themselves. They also had less free time between the cases. They also felt like their freedom was taken away because their phone call is recorded and monitored all the time.

**Industry Competitive Analysis (ICA)**

**Mission Statement**

The mission for IRS is to collect tax revenue for the US government. Their goal is to collect a proper and fair amount of tax without harming the people.

**Porter’s Five Forces**

**Bargaining Power of Customers:** Low

The bargaining power of customers is low because customers doesn’t have any other alternative than to pay the taxes to IRS. Customers could refuse to pay the taxes upfront, but IRS still has ways that they can use to recover the taxes.

**Bargaining Power of Suppliers:** Low

The Suppliers had a really low bargaining power because there isn’t any supplier for IRS. They are a government entity, so they don’t have to rely on anyone.

**Threat of new entry:** Low

The threat of new entry is low because there can be only one organization that could collect taxes in the US and that is IRS. If some other company collects the taxes on behalf of US government then it could be considered fraud and illegal. So, people can’t pay their taxes to anyone other than IRS.

**Threat of substitutes:** Low

The threat of substitute is low because there can be only one agency that collects the taxes for the US government.

**Competition:** Low

The threat of competition is low because there is no competition for IRS. There can be only one agency to collect taxes so it’s basically like a monopoly in collecting taxes.

**Stockholder Analysis**

There are different stakeholders in IRS.

**US Government** – IRS is a tax collection agency working for the US government so they have the biggest stake in the success of IRS.

**Employees** – Employees are a big part of the IRS. They do all the work in the agency.

**Taxpayers** – taxpayers are required to pay their taxes by law but might try work their way around it but IRS have to make them pay their taxes.

**Solution Alternatives**

There are multiple solutions for this problem. Regardless, the main goal for the company is to maximize profit, increasing efficiency, and get a great return on investment. I have three different solutions for this problem.

**Alternative 1 :** Do nothing

One of the solutions is to do nothing. This solution would mean to leave the IRS in its current state and run things as they have been. Using ACS system might be good for the IRS, but the employees aren’t happy in using this system. “It's important to fix the problems before the staff quits in frustration.” **(Sherman**) They feel that their freedom has been taken away with using this system. “The effort involved in taking action could be more work than sorting it out if the problem did occur. You have to weigh up whether it is really worth investing time and 4 effort in moving forward with a solution when the alternative is to sit tight and carry on as you are.” **(Account)**

**Stakeholder Consequences:**

Employees – Employees would not benefit from this solution because they think that using ACS system takes away their freedom and privacy. They also feel frustrated because they don’t communicate with their peers.

US Government – They also wouldn’t benefit from this solution because if employees are unhappy then it would mean that employees wouldn’t do their job correctly and there would be less taxes collected.

Taxpayers – taxpayers would benefit from this solution because if employees don’t do their job right then they could get away with paying less taxes.

**Alternative 2**: Retrain Employees

Another solution would be to retrain all the employees to learn different ways of collection strategies. They would also train them everything about the ACS and how to collaborate with their colleagues and use the system at the same time. Retraining them would make them more skillful at handling each case regardless of their complexity. “Effective training saves labor by reducing time spent on problem-solving and saves money in the long run by producing a better workforce.” **(Shaw)**

**Stakeholder Consequences:**

Employees – Employee would benefit from this solution because they would learn more skills and it would increase their worth.

US Government – They wouldn’t benefit from this solution because they would have to spend a lot of money on retraining the employees.

Taxpayer – This wouldn’t benefit them because the employees would be more skilled so they can’t escape from paying taxes.

**Alternative 3**: Change management system

This solution would be to change the way that ACS is managed. “Change management addresses the people side of change.” **(Prosci)** Good management system would improve customer service and employee satisfaction. If management system is changed then employees would be more comfortable to work under ACS system. Employees also won’t feel that they are being monitored all time.

**Stakeholder Consequences:**

Employees – Employees would benefit from this solution because they wouldn’t have to feel uncomfortable under ACS system.

US Government – Government would also benefit form this solution because there would be better management system which would make the employees happy.

Taxpayer – It wouldn’t affect them much

**Recommendation**

My recommendation for IRS is to change the current management system. Everyone seem to benefit from this solution and it does not require much investment as retraining the employees. Using this solution also makes employees comfortable at work and they don’t like that they are being monitored all time which therefore it would decrease their stress and improve work quality. “Change Management helps organizations understand and work to minimize risks of changes to the IT environment.” **(UIT)** Using this solution would increase employee satisfaction and their efficiency which would make them do their job better than before.

**Rejected alternatives**

Doing nothing wouldn’t help IRS in any way because if employees aren’t comfortable in their work environment then they can’t focus on what they have to do and they wouldn’t be able to handle each case correctly. Doing nothing would lead to loss of lot of tax money.

Retraining the employees is a good option but it could be too costly for the IRS. If they are retrained, then they wouldn’t have any more problems. But if the same result is achieved without a huge investment then it would be a better option such as changing the management system.

**Work Cited**

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