

CRM AND THE SERVICE TRANSFORMATION EXPERIENCE PROGRAMME

Danny Budzak, Project Co-coordinator, Leeds City Council, Civic Hall, Calverley Street, Leeds, LS1 1UR, UK
danny.budzk@leeds.gov.uk

Abstract - Building a CRM community of practice in local government

This paper is an outline of STEP – Service Transformation Experience Programme – a national project led by Leeds City Council. STEP is working to create a community of practice around CRM and the related issues of transformation, cultural change, benefits realisation and integration. The paper is based on workshops and events that STEP has organised and the knowledge, ideas and experience captured on discussion forums and extensive email correspondence between STEP and the local government community. The community of practice is working at the moment as a relatively informal network and at this stage of its development (it is only two months old), it is still at a very formative stage. Much of the content of this paper therefore is anecdotal and some of it is impressionistic, based on face to face discussions and telephone conversations. As the project develops, the content of these discourses will be captured and transformed into information products. This paper is part of that process and also attempts to outline some of the issues raised so far, but in particular the topics of cultural change, benefits realisation, data and information management.

Keywords: CRM, community, business benefits, integration.

1 WHAT IS CRM IN THE PUBLIC SECTOR?

1.1 Modernising, Transforming and the Efficiencies Agenda

A spectre is haunting local government; the spectre of reform of public services. This agenda has survived cabinet reshuffles and two elections. It is likely it will survive even a change of government. The politics of public sector reform is out of scope of this paper; but it will cover some of the practical issues of how change in the public sector comes about through the activities of individual councils working within a policy framework driven by central government. Three of the key papers which define this context are *Modernising Government*¹ and the more recent *Gershon Review*² and *Transformational Government – enabled by Technology*³.

The issues and challenges for local authorities are to simultaneously become more efficient and reduce costs.

A major proposal to achieve these ambitions is the introduction of CRM (Customer Relationship Management) systems to each local authority in the UK. To date, there is a great deal of unevenness as to how successful this has been. There are definitely a layer of councils which have moved forward successfully and can point to increased customer satisfaction, improved CPA (Continuous Performance Assessment) ratings and a change of culture which is not only seen to be beneficial to customers and staff, but can also be supported by research and evidence.

1.2 Defining CRM

Definitions and keywords are important both to understand and continue a discourse about CRM. There is often no clear definition within a local authority as to what exactly a CRM system is. This is problematic. Without clear definitions, what exactly is being implemented and how will the success or otherwise be measured? CRM could be defined as:

CRM is set of methodologies and techniques, supported by an integration of people, processes, technologies, information and partners. The aim is to provide a general framework of service provision across the organisation which will improve customer service, reduce costs and increase revenue.

It is not intended to be definitive. Local authorities vary in terms of size, demographics, wealth and a host of local issues. Some areas must concentrate on regeneration as traditional industries decline; others must develop strategies for dealing with an ageing population; others experience high levels of transient populations. However, it is important for the council itself to have a clear definition.

1.3 CRM in the Public Sector

There are many differences between CRM in the public sector and the private sector, but also significant similarities. One participant in STEP pointed out 'the council cannot turn anyone way; we have to deal with everybody'. This is a difference with the private sector where the relationship between companies and their customers are cemented by financial obligations on the latter.

2 BEGINNINGS: THE CRM NATIONAL PROJECT

The Customer Relationship Management National Project (CRM NP) was one of the OPDM's (Office of the Deputy Prime Minister) original national projects. Established in March 2003, it set out to help local authorities in England with the complex task of understanding, implementing and developing CRM systems. The term 'systems' was defined to mean the whole framework of CRM including customer services, integration, business case, technologies, the internet, applications and information management.

The outputs of this project were a set of reports based on pilots and proof of concept work involving a large number of local authorities directly and indirectly. These reports, or 'products' are still available and still being used⁴. They include an introduction to CRM, developing a business case, technical integration, information management standards and a business benefits calculator.

The CRM NP effectively came to an end in July 2005.

2.1 Local Government, Knowledge Creation and Knowledge Sharing

Local authorities have learned a great deal from the national projects; in fact the learning is in some ways an understated and undervalued part of the whole e-government programme. Most local authorities now have a much better understanding of the way technologies can be used and the impact of technologies on the structure of their organisations and the way that customers and councils interact and transact.

However, for many local authorities, it is now that they feel the need for further help and assistance with the critical issues of implementation and development. For some local authorities the critical problem is one of starting in the first place. This need is felt particularly acutely in CRM projects where the integration of people, processes, information, technologies and partnerships can be complex both technically and culturally.

During the final phase of the CRM NP, a series of workshops were held around the country and it became clear that there was a demand for some central knowledge hub and forum to continue with a focus on CRM. As one person said at one of these events 'I've come to learn from other people's mistakes so that we don't repeat them'.

'Learning from other people's mistakes', 'the chance to network', 'the ability to cherry pick answers and quick solutions'. These were all cited by local authority CRM practitioners as reasons why they would like a community of practice.

There was a feeling among some of the councils which had been the original partners, that it would be worth putting a bid together for some additional funding from the ODPM. Not to develop further reports, but to create a community of practice around CRM and the related issues of change management, integration, benefits realisation and transformation. This proposal was accepted and funding agreed. STEP started in April 2006.

3 DEVELOPING STEP, DEVELOPING CRM

STEP is attempting to be a live group of practitioners for the purpose of developing CRM in real environments. The aim of STEP is to build a community of practice, but only in so far as this has a practical use for CRM practitioners in local government.

STEP built upon the work of the CRM NP and used the existing contacts as the starting point. It was also decided to work closely with the SPRINT (Salford Process Re-engineering Involving New Technology) group as this is a more mature community working specifically in the areas of transformation and change management. SPRINT was originally established by Salford City Council with involvement from the Manchester Business Council.

At the beginning of the project there were around 500 names on the mailing list, representing around 60% of councils in England and some from Wales, Scotland and Northern Ireland.

STEP is not a resource intensive project, and part of the 'experiment' of building the community is to test how effective the technologies can be in building communities within local government. To date, almost all of the interaction that STEP has had with councils has been electronic.

From the beginning of the STEP project there have been two principle aims. The first is to define what the key issues are around CRM for local authorities. The second is almost experimental; can a community of practice be build around the key CRM issues which local authorities raise?

3.1 What are the Key CRM Issues for Local Authorities? – Initial Findings

We start with the key CRM issues, because for the local authorities, that is what they are interested in. At the beginning of the project, this was approached in a non-proscriptive way, people were asked about the CRM issues, problems and questions which faced them in their individual councils and work environments. Some of the responses included:

- what are the CRM issues for district councils?
- how to convince people to start with Business Process Re-engineering (BPR) and not the technology?
- Information governance, data management and data sharing – how to do this effectively between a group of authorities?
- How can CRM be used to support Human Resources?
- How can we prove the return on investment of CRM?

- What are the issues between CRM, GIS and emergency planning?
- CRM – what are the usability issues for customers and staff?
- How to capture the efficiencies provided by a successful channel shift from face to face, to phone to web? How can the real costs of this be calculated?
- How can CRM be used to transform service delivery?
- Where can we find good examples of partnership working?
- What is involved in creating a 'clean' dataset of customer's data? Is it better to start from scratch or with existing data?
- How can a classification scheme be created which covers CRM, CMS (content management system) and council data?
- How can integration be approached to ensure duplication is avoided?
- How can a clear ownership of a process be achieved?
- Can CRM be used to support the Electronic Social Care Record for Adult Social Services?
- How can we achieve 'identity management' (in particular, the safe linking across back office systems) and 'governance'?
- How do we achieve management and user buy in, overcome suspicion and doubt and manage change?

This list continues to grow, in both more general and more specific ways. STEP is currently receiving two or three questions a week of the complexity and originality of those above. There is no sign of CRM projects producing less questions. As CRM becomes more successful, there will be greater demands and expectations on systems, people, processes, technology and information. We were recently asked how a CRM system could be given an interface to the DWP (the Department for Work and Pensions) to help validate claims for free school meals.

3.2 What are the CRM issues – Findings as STEP develops

As the project develops, different relationships have emerged among active participants. Events have been organised which have brought people together and created a stronger and more informal network. Group discussions in particular have enabled an exploration of issues in much greater depth and from different angles and perspectives. Hopefully STEP is creating a framework where people can have the confidence to raise issues in a broad supportive group who have an understanding of CRM and the political and social culture of local authorities.

New issues which emerged beyond the initial fairly impersonal email contacts have included some of the areas outlined below.

3.2.1 *What is the Role of CRM?*

CRM is an integration of methods, technologies, people, processes and information. It has a multiple dimensional set of roles when used effectively. As the community has developed, this discussion has become more and more wide ranging, and consequently more useful to the community itself.

The roles for CRM within the local authority has included some of the following statements from the STEP community:

- a set of techniques and technologies to improve service to customers
- a way to improve the working environment of staff

- a system to increase revenue within a local authority area, for example, by helping with benefit take-up. By integrating CRM data about people with welfare rights data, one local authority with large areas of deprivation was able to increase benefit take up by £500,000 year on year. This is money that was not previously being claimed and would have remained within the coffers of central government, rather than being given to those who were actually entitled to it. This increases the income of local people which will have many beneficial impacts upon the local area. There may also be less demand on certain council services as a consequence.
- reducing fraud – CRM has made it harder to instigate benefit fraud, it makes it harder to make multiple claims from the same address
- CRM can be used to leverage capacity by helping to move high volume, low intensity contacts from expensive channels such as face to face, to lower cost channels such as the web, sms, email, without affecting the quality of service. In fact, if done properly, it can also improve the quality of service by enabling customers to interact and transact over the web and by email, without the need to visit council offices, take buses, queue up and so on
- it can focus the organisation on the need to have quality data of a high standard and to have core central depositories of data rather than disparate silo systems
- it can encourage organisations to consider how they can share services and work with partners
- it can be used to help measure customer requirements
- CRM can be the driver for the need to produce high quality management information about the volume of contacts, the classification of contacts, the time and place of contacts
- a system to help manage staff who are delivery information and services to customers
- a means to profile customer needs
- a single system which helps to manage the existing and developing channels across the organisation

Within the above discussion however, there are opposing views and discourse. While some local authorities have used CRM as the driver for partnership working, others have questioned this as the most suitable starting point. One local authority suggested that a joint web portal, say between districts, county and city in a two tier authority would be a better starting point. It is probably much less costly and there is generally a better understanding of the uses of the web both among local authority staff and customers. If authorities cannot produce a portal which answers basic questions ('I want to report a broken street light, but my local council website doesn't seem to even include this as a category', 'that's because it is dealt with by the county...'), then how can they hope to use CRM for shared services to create a single view of the customer as they interact with different councils who provide different layers of service? Examples of this complexity can include where a district is responsible for planning, and a county for highways.

The question has been raised as to exactly what efficiencies are going to be realised by CRM, and at exactly what point, given the high costs that some councils have incurred and the further high costs they face for full integration. Is it worth it? some ask.

While CRM may improve customer relationship management, does it actually improve the product? The council may be more efficient at dealing with applications for services, such as housing; is the housing stock itself any better, do people have more chance of getting social housing or is there still the same depressingly long queue?

The fact that these questions are being asked is important. It will enable councils to consider how to measure the relationship between dealing with requests and providing services which will resolve those requests. This is part of a much wider agenda.

Some councils are already beginning to look at the role of CRM and building community cohesion and working towards satisfying community aspirations. At least one council has asked this question; 'What are the social benefits of understanding the customer'. This is moving the discussion of the role of CRM way beyond the dimension of using it to report a missed bin collection.

3.2.2 Cultural Change

Cultural change is an ongoing and potentially fractious activity. There are definitely some who believe that there can be no cultural change flavoured omelette without breaking eggs. People make casual remarks about 'jobs will have to go' (although not necessarily within the STEP community, more people within the community passing on remarks they have picked up).

At times it can feel as if there are two mutually irreconcilable tendencies; those who see Gershon as a way to save money by making people redundant (but also 'making services more efficient') and those who believe that the technologies can be genuinely empowering for customers, staff and can change the relationships and power balances between people and bureaucracies. There are contradictions and tensions within both camps; it is speculative to say how these might resolve themselves, but the two positions will not exist side by side indefinitely.

While there is a recognition that cultural change is one of the most difficult parts of CRM implementation (although some would argue technical integration is not far behind), councils have approached this in different ways. Some small practical examples follow.

What can cultural change involving CRM and the related issues of transformation, integration, improving customer services, create? These are all terms captured at STEP workshops when this question was asked:

- resistance
- hostility
- fear

The following comments have been made:

'Service areas already feel they have systems and don't want to change them'

'It is difficult to convince a well performing service to change'

'There is a fear there will be a dip in performance while change is happening'

'Members and senior managers think they have already done it – they don't see it as being an iterative process'

'There are lots of silos and they all think they are doing well'

'People are worried they might lose their jobs'

It is recognised by those who have to 'implement' cultural change that it is complex within local authorities. In some councils there is a perceived lack of leadership, or a failure of the leadership to understand and implement change. In other councils middle management is cited as the main obstacle to change, in other cases, front line staff.

But for every example of one of those groups being problematic, there are examples of where any one of those groups has embraced and supported cultural change and innovation. The most useful stories to

the STEP community are where initial resistance and hostility and fear have been overcome without creating dissatisfaction and alienating staff, but have proved useful opportunities to clear the air, or to find the real reasons why a piece of technology is not working, or to listen carefully to the problems front line members of staff face. In these examples, scepticism has been replaced with supportive buy-in.

There is no magic button which can be pressed but one council did a lot of BPR work before introducing CRM, and it helped. Another council was honest enough to admit that the technology had been introduced with BPR and listened to and accepted the criticism from frustrated users. They then worked very closely with staff to put things right. Once staff were convinced they really were going to be heard, they responded very positively. Now the technology is being used effectively and real efficiencies have been calculated.

One local authority has helped to increase the understanding between staff by taking those from the front office to show them what the back office does and vice versa. It has been described as 'opening up the kitchens', an analogy with restaurants when they show diners where and how the meals are made.

3.2.3 *Data and Information Management*

Data, information and knowledge all need to be defined by the organisation. It is impressionistic evidence, but there is a feeling from various events that STEP has been involved in, that information management is still not a core activity for all councils. Within the STEP community itself however, there is a demand to discuss this. Workshops covering this have already proved to be popular and further events are planned on the theme of 'CRM and Information Management'.

To date, some of the issues have included how to deal with the following:

- data quality
- duplication of data
- how to identify all the information within the organisation?
- lack of standards
- inconsistent data formats
- no clear authorisation, authentication or identification protocols
- lack of policies around information management
- no information governance
- inadequate records management
- ambiguous interpretations of data protection
- existence of data and information silos

STEP is working to create briefing papers and case studies in this area. These will be published as dynamic documents, enabling further commentary and inputs. It is hoped that eventually a small and concise library of briefing papers can be built up covering all the main points.

3.2.4 *Benefits Realisation*

The CRM National Project had developed a Business Benefits Calculator which was used with a number of councils in 2005 to help them assess what benefits CRM might realise. The calculator itself is a free to download Excel spreadsheet which makes use of pivot tables to calculate factors such as tangible and non-tangible benefits, cashable and non-cashable benefits. It also encourages thinking

around who the stakeholders are in different benefits and suggests methods which can be used to measure and calculate benefits.

Two examples will illustrate how this works.

In the first, the calculator has been used to show that by re-engineering processes for pest control officers and introducing mobile technologies, they can deal with more actual environmental problems, spend less time travelling to and from a depot or office and reduce the amount of administration they have to complete, enabling them to concentrate on their primary front office role.

The calculator can be used to show how much these functions cost per hour, how many hours could be saved by new ways of working supported by CRM, and how this will translate into real efficiencies.

In the second example, the benefit calculator is used to calculate an intangible benefit. The example is of a local service centre which introduces a children's play area. It is difficult to number crunch in this example, but the assumption is that if someone comes for a face to face interaction, if they are able to leave their children in the play area, the interaction will be more productive, possibly resolving an issue in one visit, rather than generating further visits. Who are the stakeholders? The customers and the staff.

When the calculator was first used, it was noticeable that large numbers of benefits could be described, once people tuned in to what benefits are, how they can be defined, and how they can be described as tangible, non-tangible, financial and non-financial. Many councils commented that they had expected to identify a dozen or so benefits with the calculator. In fact, many identified 80 or 90 benefits and understood how the calculator could be used on an iterative way to regularly assess new benefits and how benefits measurement was progressing.

3.3 Beyond CRM

The above list of topics is not exhaustive. There are a number of people who are approaching CRM at an extremely high level of understanding and are pushing every part of a CRM project to its limits. In conversation and discussion, this has begun to be characterised as 'beyond CRM'. The following paragraph, from an email correspondence with a local authority describes what may be at stake:

'...but integration to meet these and other corporate needs will be viable only if we have strong governance controls over user registration, authentication, user roles, legitimate relationship, consent, privacy and audit. Also it will carry high risk unless we can manage identity across systems so that records about the same person can be linked correctly where it is appropriate to do so. Arguably, identity management and governance are the 'killer functions' that will open the door to business transformation. Hence they are a high priority objective in the drive for ICT integration'.

4 BUILDING THE STEP COMMUNITY

As this paper is being written (May 2006), STEP has moved from general 'CRM problem solving workshops' to more specific workshops about particular topics. Some are aimed at particular types of council, some are open to the whole community, some will be with individual councils. These include:

- CRM and Information Management
- CRM – What are the Issues for District Councils?
- Technical Integration for Non-Technical People
- CRM and Transformation
- CRM – How to Calculate the Costs

A series of briefing papers and case studies are being planned and developed. A number of councils have agreed to be the subject of particular case studies. In some cases this has already involved preliminary interviews and discussions.

A web prototype has gone live. It has an a-z of CRM which is being used with the community to help develop a taxonomy of CRM. The website is in a prototype stage so that the community can interact with the information architecture and feedback as how usable it is. As the site develops, more functionality and design will be added.

An embryonic database is being produced called STEP Share; people are being asked to contribute some basic information about themselves, the CRM projects they are working on, their main areas of interest and some technical details about the applications in their council.

A regular fortnightly bulletin is being produced with three main sections. These cover events, new web content and 'question time'. This includes questions which have been picked up through emails, or added to the CRM discussion forum on the esd-toolkit but have not received answers.

5 CONCLUSION

CRM in the public sector is still relatively new. Even those councils which have CRM success stories continue to learn and be challenged by new(er) technologies, increased customer demand and expectation, changing social relationships and the way that technologies are restructuring work, leisure, consumption, production and distribution. There is still a great deal of learning to happen. STEP participants have pointed out that the learning around CRM is not likely to ever be complete. In some instances people have said that the right questions still need to be formulated and asked.

Individuals are often involved in complex problems and need fellow travellers and the input of expert opinion. This may not be available in the particular council they work for, but it will be available somewhere. It will take time for STEP to become that place. There is a risk that it will not succeed, not because of lack of interest but because of lack of time and resource from the people who would be expected to gain.

STEP is trying to help with this joining up of thinking, knowledge, experience and practice of CRM, bringing the best practice together, helping people to exchange the war stories and giving people a space where they can meet physically and virtually and critique what they and others are doing in a safe environment.

There is already a rich, but disjointed CRM landscape across local government. If CRM makes the claim to lay the basis for integration and 'joining up' of services, data, processes, organisations, partners, then there needs to be integration and joined up thinking, knowledge and experience of how CRM itself is being developed and implemented within local government and strategic partnerships.

References

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