crm

customer relationship management

national programme

Local e-Government National CRM Programme

P1.0 CUSTOMER RELATIONSHIP MANAGEMENT - CRM VISION

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Purpose of Document

The purpose of this document is to clarify what is meant by Customer Relationship Management (CRM) and what can be achieved through its application in Local Government.

TOWER HAMLETS

Hull   Newham   Salford City Council

TABLE OF CONTENTS

1   INTRODUCTION

This vision statement of Local Authority Customer Relationship Management (CRM) capability is far from scientific. The hard and more numerous soft benefits of CRM are explored, but not quantified, as they will vary considerably from authority to authority. It is therefore partial and based primarily upon the experiences of a small group of key individuals. However, those individuals work in some of the authorities that have travelled furthest down the path of CRM exploitation. Additional input has been provided by the NCC group and a number of UK authorities who are currently implementing CRM.

An executive summary of the vision statement proved not to be feasible. CRM in local government is a complicated subject, and it was not felt possible adequately to express the capabilities and associated risks within a short summary

1.1 READER

The target audience of this document consists of project managers, executive management and members. It is intended to clarify the capabilities of CRM in local government.

1.2 RELATED PRODUCTS & ADDITIONAL READING

This document should be read in conjunction with the following outputs from the CRM National Project:

- ❑ P2.0 Introduction to CRM and P3.0 CRM Roadmap, which expand on this vision statement and explain how to implement CRM.

- ❑ K1.0 CRM Business Case on how to justify the associated expense of implementation or further exploitation.

- ❑ further background including case studies can be found in the CRM baseline scan, which contains case studies from a number of the authorities who have already begun the CRM journey.

1.3 BACKGROUND

The Office of the Deputy Prime Minister (ODPM) has identified CRM as a key building block in modernising local government, and helping councils streamline service delivery. To that end it has sponsored a national e-Government project that aims to provide local government with the essential tools and know how that will enable accelerated modernisation plans. These are required to underpin the provision of a local public service that is customer-focused, open, accessible, seamless and consistent across all points of service delivery.

For many local authorities, CRM is still a new concept and requires taking a radical new approach to the way services are delivered. Knowledge of implementing CRM, particularly within local government, is still in its infancy, yet local authorities need to understand the fundamentals of implementing CRM in order to gain the greatest benefit from it.

Ultimately it recognises that CRM is a key component that will help transform the customer experience of local government.

2 THE CRM ENABLED AUTHORITY

2.1 THE CUSTOMER EXPERIENCE

> *"The introduction of service centres was the best thing the Council has ever done, and it has made all the difference. You no longer have to make appointments, you don't have to go to different departments, you just go to the service centre and no matter the problem, it gets sorted!*
>
> *"The staff are so helpful, they make suggestions and the service is quicker. I no longer feel like a commodity, I feel like I am treated as a person."*
>
> *Les Rogers, Newham resident*

In the fully CRM enabled local authority of the future, all council customers should feel this way. Of course 100% customer satisfaction is an unrealistic target. This is after all an environment where taxes and fines are collected, the authority also has a duty to decline certain applications for benefits or care. However, experiences to date suggest that nearly all of the customers can be satisfied nearly all of the time. The route to this Utopian vision is Customer Relationship Management (CRM).

Customer expectations have been raised through experiences provided by the best of the private sector CRM deployments. Therefore the quality of customer experience delivered by local authorities must rise to meet this enhanced service expectation, or be viewed as second rate.

2.2 HOLISTIC

The Council's services should be presented to the Customer as a cohesive portfolio, with services provided by partner agencies seamlessly integrated. The Customer should not be expected to know or understand the complexities of the Council's inner workings. As many services as possible should be capable of delivery via a single contact (face to face, by telephone or electronically).

When customers contact the Council, they expect the customer services staff (or ICT system if self-service) to have access to comprehensive, accurate, and up to date information, about them and their interactions with the Council and associated agencies.

2.3   WIN-WIN SITUATION

There are ways in which a superior customer experience can be delivered while at the same time reducing the cost of service delivery. For example, business intelligence derived from a CRM system can enable segmentation of customer types. This segmentation allows the customer services staff to pre-empt customer needs by proffering a basket of relevant service offerings. The customer wins, as they receive a proactive intelligent service, removing the need to keep visiting/contacting the Council. The Council also wins, because it does not have to bear the expense of the future visits or calls.

The financial and social implications of proactive support and timely intervention will sometimes be far more significant than just reducing interactions. A seemingly small element of proactive support from the Council, at the right time, could change the path of a persons life. This could be physically in the case of a care package from Social Services, financially in the case of benefits, or socially through education or even sporting opportunities. Avoidance of a path which that leads to crime or other anti-social behaviour will save significant resources across the Council and other agencies as well as improving quality of life.

2.4 CUSTOMER ACCESS AND CHOICE

Once the CRM solution is successfully implemented the customer will know how to contact the authority and will be able to do so via their preferred access channel, at a time of their choosing. It should be remembered that there are many different types of customer with differing needs. These include citizens (residents and visitors), business users, and tourists. Despite the choices of channels available, the Council must ensure that responses to customer requests remain consistent irrespective of the access channel.

2.5 SERVICE QUALITY AND CONSISTENCY

Once customers access the service, they should be greeted by courteous and knowledgeable staff, who want to help and take pride in their work. Questions should only be asked once as all previous information should have been captured centrally and made available to relevant staff. Information should be used in the interest of the customer wherever legislation allows and the customer should be allowed to opt in or out where legislation is unclear. To enable the customer care approach highlighted above, there should be a defined customer care guide or charter, owned by senior management, known, understood and believed by all front line staff.

2.6 ADVOCACY

The first member of staff contacted should be able to resolve multiple service requests. When an enquiry needs to be referred to a specialist in the back office (or other agency) then the initial contact should become the customer's advocate or champion and own the enquiry until it is resolved. Some authorities will prefer to use workflow solutions and consider that the enquiry is owned by whomever is currently active. Where this is the case the process should be transparent and the customer should be able to track the progress of their request (ideally, using self-service and on-line access).

3 WHY SHOULD CRM BE CONSIDERED

"Public Services need to respond to the challenges and demands of today's society, as those who work in them are the first to recognise. They have to be refocused round the needs of the patients, pupils, passengers and general public, rather than the problems of those who provide the services."

The Prime Minister's Office of Public Services Reform

3.1 WHAT CHALLENGES CAN CRM ADDRESS?

CRM should be considered where an authority is looking to address problems such as those listed below.

- inconsistent customer experience.

- fragmented service delivery intelligence / patchy or inconsistent metrics.

- technically skilled staff spending significant time interacting with customers, while talented customer facing staff spend lots of time working on specialist systems and administration.

- confusing contact information for customers.

- absence of corporate image and joined up service delivery requiring the customer to contact various council staff in order to complete transactions.

- lack of ownership of customer enquiries, lack of accountability of staff to the customer.

- high levels of customer complaints.

- expensive services due to duplicated call centres and other functions across departments.

- poor consistency of data across back office systems because the customer will rarely if ever tell every service area/department of a change in circumstances.

- high fraud levels enabled by lack of corporate management of customer data.

- anecdotal evidence used to support proposed business cases and subsequent decisions.

❑ customers needs assumed rather than known.

CRM can help to optimise service delivery mechanisms, enable better understanding of the customer and provide a more joined up service. CRM can support a front/back office split that allows staff with the best customer facing skills to spend more of their time using those skills. Likewise professional staff skilled in administration are largely uninterrupted by routine customer enquiries.

Savings can be made by consolidating common business processes into the front or middle office (back or front). Examples include authentication, payments handling and eligibility checking.

4   CRM EXPLAINED

4.1 WHAT IS THE SCOPE OF CRM?

All local authorities are probably using Customer Relationship Management techniques to some extent, but it is generally fragmented, inconsistent and not applied at a corporate level.

CRM should take the customer information and best practice which exists at a departmental level and manage it on a corporate basis. Ultimately the customer should be able to view and interact with the Council as a single entity.

CRM should incorporate numerous components including customer care standards, a channel strategy, supporting ICT Infrastructure and business transformation support skills. The change support resources will in turn include business analysis, project management, communications and programme and project management.

4.2 CHANGE OF PERSPECTIVE

CRM in a local government context requires a Council's service delivery mechanisms to be organised around the needs of the Customer, rather than reflecting its internal structures. To achieve this requires a complex set of changes which will include culture, philosophy and strategy as much as process transformation, restructuring or technology.

4.3 IS CRM A COMPUTER SYSTEM?

There is often some confusion over whether an ICT system is required in order to implement a CRM solution. It is not, or at least not at first. Indeed there is a good argument for doing as much as possible manually before investing in a CRM system.

Eventually, however CRM will need to incorporate an ICT system and other supporting technology as a facilitator to help deliver the business objectives, but the technology is merely a component of the solution and is not in itself CRM.
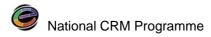
4.4 JOINING UP INFORMATION

Information and feedback from the customer is a key corporate asset. It is the lifeblood of an organisation, and when used well, assists in the delivery of more targeted help as well as more relevant and responsive services to customers. By combining information about how individual sections or departments interact with the customer, CRM enables an authority to gain a holistic view of the services delivered.

A more customer focussed service, as well as being an end in itself, also reduces the transaction costs of the service. This is due to the resolution of a greater proportion of requests at first point of contact, thereby reducing follow ups due to incomplete transactions, or even worse, complaints.

4.5 CONSISTENT ACCESS AND CHANNEL STRATEGY

CRM is used to improve the quality and consistency of the customer experience. This requires an organisation that is focussed on providing a consistent resolution to as many of the customer's service requests as possible from the first point of contact. Therefore the Council's knowledge and systems should be available to a customer through all relevant

delivery channels, which will often include a contact centre, One Stop Shop, internet and digital TV. The information should ideally be held just once, for consistency, then styled appropriately for presentation over each channel (re-purposed).

Some access channels are far cheaper to service than others. Therefore as part of the CRM solution a channel strategy should be drawn up to create an incentive for the customer to use the Council's preferred channels. As a rule of thumb a face to face transaction can often cost 5 times as much as a telephone call, which is in turn around ten times as expensive as a self service electronic transaction.
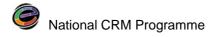
4.6 BUSINESS INTELLIGENCE

Another key benefit of CRM is that it enables an authority to better quantify, understand and therefore manage the entirety of the service delivered to its customers. These improved metrics support the reengineering of business processes and organisational structures. At first this will be in order to reach optimum efficiency and then to continuously refine delivery mechanisms in line with changes in customer needs, legislation, technology and other drivers. Ultimately if the business is better able to measure what it does then it can make more informed decisions both at a corporate and at an individual level.

4.7 CRM AND E-GOVERNMENT

CRM fits very well with the overall e-Government programme given that it is designed to join up information and service delivery mechanisms from across a council's departments and beyond. CRM should therefore be viewed as a major component in the Council's e-Government programme.

4.8 THE ROUTE TO FULL DEPLOYMENT

In simplistic terms CRM implementations tend to start off as either wide and shallow (with or without a supporting ICT system) or narrow and deep. This means that the initial focus is either on the provision of multiple services to the customer or on creating a showcase of effectiveness for the full exploitation of CRM within a narrow area of service delivery. The choice of which way to go will depend on the local opportunities that exist when the implementation starts. There is therefore no right or wrong way to progress, the important factor is the shared end point. The goal is an organisation that is able to deliver all relevant services to the customer through all appropriate access channels. On route to this endpoint

service delivery metrics will be collected which enable the effect of any changes to be measured. In turn this enables continuous improvement and process optimisation.

4.9 IT SYTEMS INTEGRATION

CRM collects together a summary of all the customers' interaction with the Council. This requires integration of line of business applications with the CRM system. In addition the front office staff using the system should have controlled access to back office systems in order to maximise the transactions that can be processed at the customers first point of contact. This requires process re-engineering and systems integration. Otherwise, the operator acts as the manual integration point and has to learn how to use numerous systems with their different interfaces. This also results in double entry and potential inconsistency. Either migration of back office functions into the CRM system or integration/workflow are required so that the CRM systems and the owner of the enquiry can be updated when a transaction referred to the back office has been completed. The alternative is to check periodically, which is clearly inefficient. (Note that the "owner" refers to the officer in the front office who first handles the customer's query/request).

4.10   CONSOLIDATED DATA

To avoid duplication of information and the resulting difficulties of synchronisation and inconsistency, master data sets or knowledge bases should be maintained wherever possible and re-purposed for delivery over the various channels.

A CRM solution should access primary data regarding people and properties from the most trusted data sets using the appropriate standards. This will mean referring to the LLPG and potentially NLPG for addresses in the standard defined by BS7666. Names and other demographics should be selected from a consolidated customer database and should ideally adhere to the BS8766 de-facto naming standard.

As well as improving data integrity within an authority, this will also ease future data sharing and co-operation with other partner agencies.

4.11   CORPORATE DEPLOYMENT

Common ICT systems such as the CRM system itself, document management and workflow systems should be deployed on a corporate basis.   Apart from the obvious

economies of scale, this also enables consistency of service provision and availability of information plus collection of enterprise-wide management information.

CRM IN LOCAL GOVERNMENT

4.12 THE SAME BUT DIFFERENT

CRM in the public sector is quite different from CRM in the private sector. Many of the mechanisms used are the same, such as gaining a holistic view of the customer and the use of segmentation: however there remain fundamental differences. In the private sector the overriding objective is often to maximise profits for owners or shareholders. CRM is used in this instance to segment the best (or most profitable) customers and effectively provide them with a premium service, intended to ensure they are retained as customers and increase the amount of business that they carry out with the company.

In the public sector it could be argued that the reverse is true, the best customers are in fact the worst customers! This means that the Council does not make a profit from serving its customers, in fact the more the Council interacts with the customer the more it costs. All is not lost however, if CRM is used to better understand the customers then the Council is able to offer them a more complete service at the first point of contact and thereby reduce the likelihood or frequency of subsequent visits.

4.13 COMPLEXITY

Local Government is far more complex in terms of the variety of services that it delivers compared with most private sector companies. It is generally accepted that local authorities deliver upwards of five hundred different services. The challenge of managing in a co-ordinated and efficient manner this diverse range of interactions that the customer can therefore undertake, in a co-ordinated and efficient manner, explains why CRM really comes into its own when used in a local authority context.

4.14 MATURITY

CRM in a local Government environment has not been in widespread use for as long as it has in the private sector so it is less well understood and hence less well catered for in terms of packaged software solutions. However, this situation is changing, and in part this change is due to the work carried out by the CRM National Project.

5 STAFFING IMPLICATIONS

5.1 FRONT/BACK OFFICE SPLIT

CRM allows council employees to work to their strengths. The staff with the best customer facing skills occupy the front office, (call centre/contact centre and one stop shops), spending most of their time interacting with the customer and acting as their advocate. In turn the skilled managers, administrators, specialists and experts occupy the back office, where they are not regularly interrupted by customer contact. Ultimately if staff are allowed to work to their strengths then they will feel more fulfilled and become more productive.

5.2 TRAINING

Customer facing staff require more, however, than just customer skills. They need to understand the business and the ICT systems. This means training, lots of it! The actual amount depends on the strategy for implementation. If the wide and shallow strategy is adopted then generalists are required who will need training in a wide variety of systems and services. If narrow and deep then the initial training requirements will be less onerous.

5.3 CHANGE MANAGEMENT

The introduction of CRM is likely to require radical changes to working practices. Therefore change management skills and resources are essential in order to lead the organisation through the changes in mindset, duties and business processes. Initially these skills will be in particularly high demand and then over time as the changes become more focussed on continuous improvement they will require lower staffing levels.

Whatever the future may bring, change in public service will always be a significant feature.

5.4 CUSTOMER SERVICE CHAMPION

A customer service champion should exist and be sufficiently influential to convince management and other staff to ensure that their working practices support both the customer and corporate needs, ahead of their departmental needs.

6 POTENTIAL OPPORTUNITIES AND BENEFITS

6.1 REDUCING TRANSACTION COSTS

The use of customer intelligence collected via CRM makes it possible to change the ways in which customers interact with the Council. This involves migrating transactions from the most expensive delivery channels (face to face), down through the sliding cost scale of telephone, to the cheapest, electronic self service delivery channels. This may be achieved by providing incentives for the use of the Council's preferred channels and providing disincentives for or even removing the most expensive. In addition the Council's employees can become more proactive in the use of the cheaper channels to prevent future contact through the more expensive routes. An example might be the use of a cheap SMS text message to confirm an appointment time for a Housing repair, thereby reducing the likelihood that the customer will not be in and that there will be a subsequent need to re-arrange the visit.

6.2 CALL VOLUMES

This document has consistently referred to "transaction costs" rather that just "costs". The reason for this is that the improved service quality and accessibility delivered through CRM has a tendency to untap latent demand. Therefore the transaction cost may go down but the overall service delivery costs may go up. Pre-CRM customer enquiries or service requests may have been lost because customers gave up before getting through to the right person. Before CRM is implemented local authorities rarely have access to metrics to show how often this happens.

Fortunately experience of those authorities who have travelled furthest down the CRM route shows that once the service quality rises to a high enough level the call volumes drop off again as the customers' confidence grows and the number of chase up calls and complaints reduce.

6.3   EFFICIENCIES DERIVED FROM PROCESS RE-ENGINEERING

End to end business process reengineering, particularly involving high volume, low complexity processes can yield considerable efficiency savings.

Targeted investment based upon measurable knowledge of customer needs and desires can enable processes to be optimised in order to reduce transaction costs and/or improve service quality.

Savings can be made by consolidating common business processes into the front or middle office (back or front). Examples include authentication, payments handling and eligibility checking.

7   THE FUTURE OF CRM

7.1 TAKE UP

By the end of 2005, virtually all of the English authorities will have implemented CRM or be in the process of doing so. This means that the market will become far more mature. The systems should therefore be a better fit for authorities needs and also considerably less expensive.

The use of self-service facilities through e-Channels is expected to increase with self-service tracking of customer requests becoming more common.

7.2 INTEROPERABILITY

As e-GIF standards are followed by more suppliers, systems should integrate more readily and enable the "hold one publish many" philosophy to be more commonplace.

The use of consolidated, definitive data sets for key information assets such as people and properties should be the standard rather than the exception.

7.3 PARTNERSHIP WORKING

Collaborative working will be more commonplace both in terms of geographic and thematic partnerships. Multi-agency service provision will increase across LSP's, government agencies and the voluntary sector. This will be facilitated by changes in technological standards and willingness to join up supported by changes in legislation and clearer guidance around ethical data sharing.

7.4 COST

The total cost of ownership for CRM is expected to reduce. It should become easier, quicker and cheaper to implement due to shared learning and other resources developed though the CRM National Project.

8 THE HEALTH WARNING

Customer experience and the resultant customer satisfaction are of course extremely important, but at what cost? CRM is not just about making the customer happy. The fully CRM enabled authority should also result in fully optimised end to end business processes, supported by appropriate, reliable, cost effective technology. The Introduction of a CRM system without reorganisation of the back office and overall processes is likely to increase costs, but not improve the efficiency of the overall service. Indeed the worse case scenario would see an authority's CRM investment delivering little more than a really nice way of saying sorry to the customer.

The ICT, change management and BPR resources required to support the implementation of CRM should not be underestimated. Programme budgets usually range from £50k to over £5 Million. This cost depends greatly on the starting point in terms of the ICT infrastructure, processes, staff skill levels and initial choice of CRM deployment strategy.
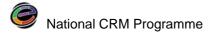
If a packaged CRM system is implemented then the authority is recommended to do as much as possible "out of the box". Otherwise bespoke development (and re-application after upgrades) can significantly increase implementation and ongoing support costs.

Better knowledge of/access to services can increase demand, a good example is the collection of bulky waste items.

The full benefits of CRM may well take many months or years before they are realised and the benefits are often more likely to be measurable in terms of service quality than financial savings. However, CRM can transform a council's service delivery quality, management information resources, process efficiency and customer satisfaction levels.

8.1 CONCLUSION

The above warnings should be considered as risks when defining a CRM business case and implementation plan. However, they should not deter forward thinking authorities from placing a CRM programme at the centre of their e-Government and overall corporate improvement plans.

Unless an authority is already delivering a consistently excellent service (as judged by its customers and taxpayers), and possesses high quality corporate business intelligence, then the question should not be whether to implement CRM, but how and when to start.

The products developed as part of the CRM National Programme should greatly assist those authorities that are ready to take the next step. Much learning from the early adopters has been incorporated into the products, and should prove invaluable both to authorities just getting started with CRM, and to those who are planning to further exploit CRM tools and techniques.

When stumbling around in the dark, the shins can provide an effective navigational device, but there is no substitute for turning on the light!

ANNEXE 1. AUTHORS, CONTRIBUTORS & ACKNOWLEDGEMETNS

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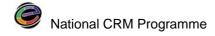- ❑ Shane Mills, Newham LBC

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ANNEXE 2.   GLOSSARY OF TERMS

The following terms were extracted from the CRM Glossary in January 2004. For the most current definition, please refer to www.crmacademy.org/glossary

BPR - Business Process Re-engineering	The ideas of BPR came into being in the 1990s. It has been defined as "The aim is to maximise the efficiency and effectiveness of the business by exploiting the potential of IT to enable radically new organisational structures and processes".
Business Case	A Business Case is a formal report that sets out the information needed by policy and decision makers to decide whether to approve a project proposal.
Call Centres	A generic term used to describe customer service centres and help desks. The term Call Centre implies one central place where all calls are dealt with. However, in physical terms, a call centre may be located over more than one site. A call centre may also deal with other things besides incoming telephone calls, such as outbound calling associated with campaigns. For the customer or citizen, the idea of a call centre is that they only have to phone one central number and will receive a seamless service rather than being shifted around the organisation in a seemingly haphazard way until they find the right person to talk to. Call centre staff would be expected to have access to all the relevant information about the caller, and CRM is designed to help this happen.
Change Management	Change Management (CM) is the practice of ensuring all changes to configuration items are carried out in a planned and authorised manner. This includes ensuring that there is a business reason behind each change, identifying the specific configuration items and CRM Services affected by the change, planning the change, testing the change, and having a contingency plan should the change result in an unexpected state of the Configuration Item. An example of a change made to a CRM system could be the addition of a new "contact channel", this could be the internet or PDAs and installing software that is compatible with this channel.
Channel	A channel is a means for customer to contact the council. This could include the use of technologies such as the internet, mobile phone, telephone or it could be face-to-face. Each of these different ways of communicating is described as a channel. Also known as Access Channel.
Customer Care	Looking after customers through the provision of a fair and effective service that is responsive and sensitive to individual needs.
Customer Facing Staff	Staff on the 'front-line' who have direct contact with customers/citizens. This might, for example, be face-to-face at a walk-in centre or via the telephone. They are often the customer's first point of contact for information.
DPA - Data Protection Act	The DPA is the key piece of legislation regarding the collection, storage, retrieval and sharing of information about people by organisations.
eGovernment	e-Government is the objective of getting all public services online where appropriate by 2005. e-Government is also about improving delivery and quality of services and therefore considerable emphasis is also placed on non-electronic ways of delivering service. For an A-Z of e-Government see: www.beingdigital.co.uk/egov/
ESD - Electronic Service Delivery	The delivery of services using electronic means. For example, providing an online form for the citizen to use to apply for a service over the internet.
FOI - Freedom of Information Act	The FOI became law in 2000 and will become live in January 2005. Organisations have until then to ensure compliance. www.tso.co.uk
Front Office	These are systems that are public facing and the public can see and use.

Systems	See also Back Office System
Joined Up Services	Joined Up Services A principal objective of e-Government is joined up services, joined up information and joined up government. The principle is that the citizen and customer will receive a seamless and joined up service for a range of different service and information providers.

ANNEXE 3.   METADATA

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