

Programme Stream 6

Remodelling of Customer Services Programme – CRM Procurement

Recommendations

That the Executive note CRM procurement will be put out to tender in 2010/11 and note the proposed phasing of the project

1.0 Introduction

- 1.1 Central Bedfordshire Council is committed to placing the customer at the heart of all of its activities and deliver a high quality, value for money service. The ability for customers to be able to access multiple services and achieve enquiry resolution at the first point of contact is a key part of delivering efficient service.
- 1.2 In the context of improving service, whilst reducing costs, an operational review has been undertaken in Customer Services. It has been identified that the range of services currently delivered through a Customer Services environment can be extended significantly, delivering efficiencies to the authority and through a more consistent approach to customer management, an improved customer experience.
- 1.3 Historically, the legacy Councils of Mid Beds and South Beds have had an aim to install a Customer Relationship Management (CRM) system for some time, however the project was delayed because of the issue of Local Government Review. It is considered that a CRM will be essential for Central Bedfordshire Customer Services with the number of services proposed to be handled. In the “Creating Central Bedfordshire Implementation Strategy” presented to the Executive on the 10th April 2008, the report stated the following first had to occur before a CRM was implemented:
 - agreement and documentation (but not necessarily implementation) of new common process for Central Bedfordshire;
 - choice of strategic application infrastructure (corporate and service). This is because for CRM to be effective it is essential to integrate it with all core application infrastructure. This is by far the most expensive and difficult part of a CRM installation and we should not waste money integrating with applications due to be phased out. We cannot go out to tender for the CRM until the strategic application choices are known.
- 1.4 The former legacy County Council had a CRM implementation as part of its “ICT Strategy” presented to the Executive as far back as January 2007. It implemented a CRM solution in Highways for the Demand Responsive Public Transport” (DRT) project.
- 1.5 The experience gained by the County Council by its limited CRM implementation and the fact that both of the issues mentioned in the “Creating Central Bedfordshire Strategy” have, in the main been addressed, indicates that we are now in a position to move forward with a CRM

procurement and implementation in 2010.

2.0 Scope

- 2.1
 1. Identification of benefits of implementing a CRM.
 2. Identification of costs of implementing a CRM.
 3. Recommending next steps for CRM procurement.

3.0 Reasons

- 3.1 Central Bedfordshire Council must ensure that all services are delivered in the most cost efficient way, whilst continually improving the experience of its customers in interacting with us.
- 3.2 A customer wants to contact the council in the way and at a time that is most convenient to them and receive resolution of their enquiries or requests at the first point of contact. Many of these enquiries will span different service areas and a customer does not want to have to repeat information or be passed from one area to another.
- 3.3 Customer Services provides the same level of service across its telephony, face to face and e-mail channels for the services it operates, and by extending this range, will improve accessibility for the customer, whilst achieving the economies of scale of a multi skilled multi channel group of advisors.
- 3.4 Customer Services has a culture of adding value to every transaction undertaken and seeking the root cause of a customer's issue, rather than just resolving the presenting need.
- 3.5 By having a system that can track every customer interaction through Customer Services it is expected that a more efficient and improved service can be delivered to the Customers of the Council.
- 3.6 The new CRM hopes to accommodate the Performance / Customer Feedback system functions.

4.0 Benefits

- 4.1 The central component of a CRM solution is generally the creation of a single shared customer database – allowing information to be collected once but used many times. The sharing of this customer data across the authority, in conjunction with the functional tools provided by a CRM solution, allows the authority to make gains in both efficiency and effectiveness e.g. by improving the ability of front line staff to resolve issues at first contact or dealing automatically with enquiries that originate over the web.
- 4.2 The benefits of implementing a CRM system are:

- A single system to capture all customer contacts. This will enable the authority to start to perform Customer Management which is much

wider than customer services.

- A CRM solution will quickly capture service user record and therefore provide the vehicle for a corporate complaints system as the majority of complaints received are related to service delivery issues.
- A CRM used for corporate complaints resolution provides the council with the opportunity to have a consolidated view of corporate complaints and customer service history use.
- Simplified service delivery in Customer Services by providing a single application for all Customer Service Advisors to use as the primary system for capturing service user details and service requests.
- Improved performance management information and customer history. Deployment of CRM will automate contact record keeping and aid management reporting on individual service transaction volumes.
- Improved audit ability and security of transactions through Customer Services. Implementation of a CRM, its associated workflow and back office system integration will aid the recording of audit trails and provide and enhance security mechanisms outside the normal security functions within line of business systems.
- Separation of Customer contact management from significant system changes in line of business systems.
- Consistent call answering processes because of the scripting capability of a CRM that Customer Service Advisors will use to ensure every transaction is delivered to the same consistent high quality.
- Increased call efficiency and value for money delivered by efficient service user and service request capture.
- Ultimately the use of a CRM should lead to increased customer satisfaction and improved reputation as we service customer requests more consistently and efficiently.

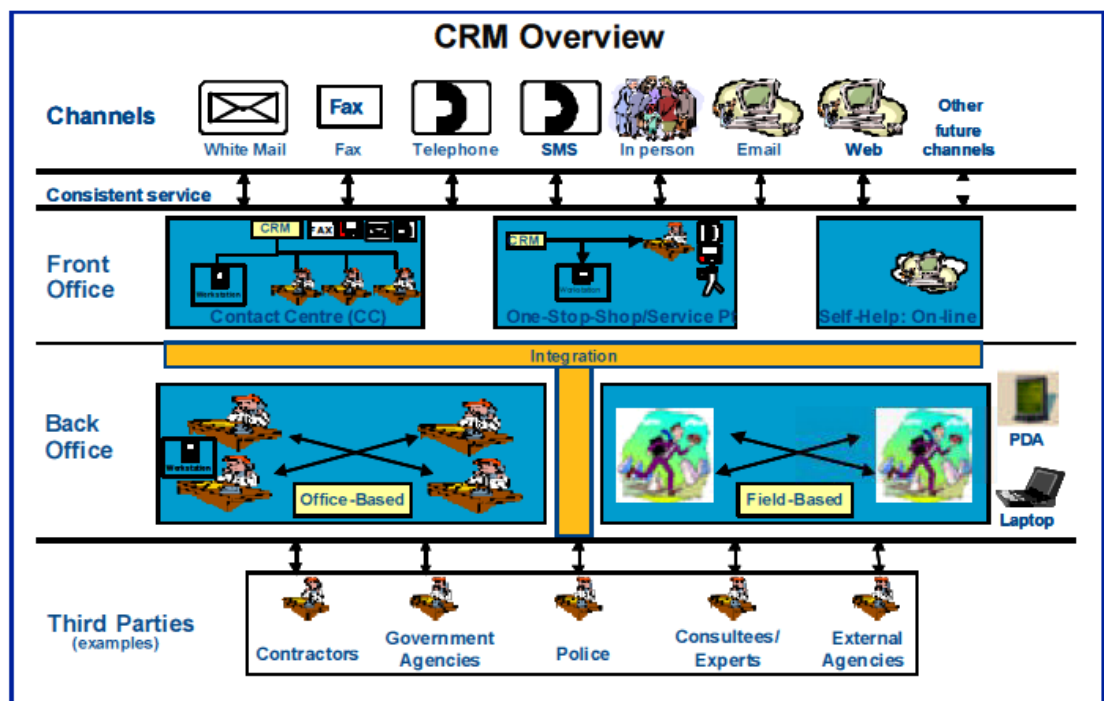
4.3 There are many CRM type applications on the market some of which lean heavily to the commercial model of CRM and others than have been designed with local government working in mind. Equally, some of these applications will enable easier and cheaper integration with the Council's back office data whereas others have not been designed with wider data integration in mind. Also it should not be assumed that the most expensive CRM solution would provide the Council with the most functionality and the best toolset for fulfilling the overall customer service goal.

5.0 CRM Functions

5.1 Any CRM implementation would be expected to deliver as a minimum:

- Customer Index (Name and details)
- Link to LLPG for location based incidents and enquiries
- Contact history for all enquiries
- Scripting and micro process workflow where appropriate
- Context sensitive links to FAQ and a knowledge base system
- Master record of customer interactions for consistent service delivery by all channels
- Corporate customer complaints functions
- Index of links to back office systems and the ability to access these systems and data exchange
- Integration to back office and other corporate systems where required.

5.2 A typical deployment of a CRM is shown below. This diagram is from the “Benefits of CRM” Local e-government project report published in December 2004



6.0 Proposed Implementation

6.1 It is proposed that the project is split into three distinct implementation phases. This will enable the Council to monitor progress against each phase and ascertain value before the commitment of additional funding for latter phases.

6.2	<p>Phase 1 will consist of:</p> <ul style="list-style-type: none"> • The deployment of the base CRM database and application with the standard features you would expect such as basic scripting, knowledge management and linkage to intranet and internet pages. • The implementation of Customer Relationship Management Corporate Complaints solution. • The possible use of a CRM solution for Performance Management. • The training of officers and Members on the corporate complaints solution. • Council wide use of the corporate complaints system. • The ability of Customer Services to log customer details and their enquiries. • Ability for Members to log and track enquiries.
6.3	<p>Phase 2 will consist of:</p> <ul style="list-style-type: none"> • The use of CRM by Customer Services for new services migrated into the customer services where no back office integration is required. • The ability for the public to log and track enquiries via the internet.
6.4	<p>Phase 3 will consist of:</p> <ul style="list-style-type: none"> • The use of CRM by Customer Services for services where back office integration will be required to improve service efficiency.
6.5	<p>It is proposed that each phase is completed before moving onto the next phase of the project to ensure the anticipated benefits are achieved.</p>
6.6	<p>The proposed activities under phase one of the project are:</p> <ul style="list-style-type: none"> • Scoping & User Requirement Gathering <ul style="list-style-type: none"> ○ Scoping Meeting ○ Scope user requirements ○ Scope document requirements ○ Gap analysis • Communication & Change <ul style="list-style-type: none"> ○ Brief Director's, A.D's and HoS of the project objectives ○ Agree communication approach ○ Project objectives communicated to users ○ Briefing to super users • Procurement <ul style="list-style-type: none"> ○ Obtain 3 quotations ○ Options Appraisal ○ Assess financial position of vendors ○ Organise a demo to stakeholders ○ Make decision ○ Raise purchase order ○ Support contract agreed and signed • Project Initiation <ul style="list-style-type: none"> ○ Set up project files

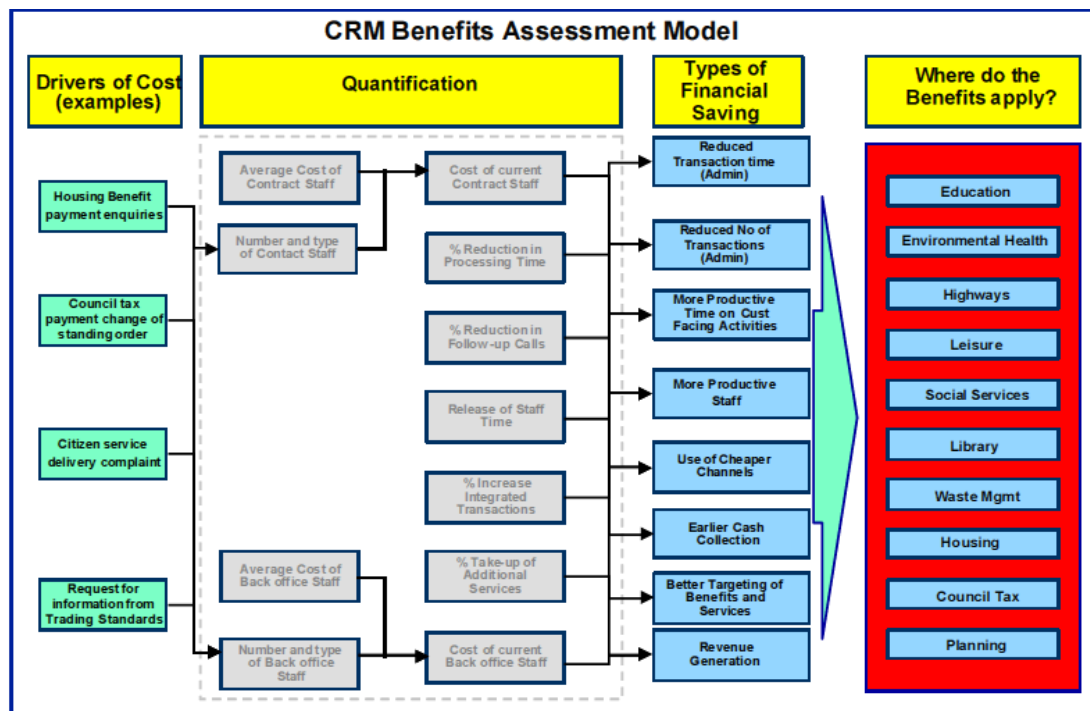
	<ul style="list-style-type: none"> ○ Prepare draft project plan ○ Finalise project plan ○ Set up project team ● BPR <ul style="list-style-type: none"> ○ AS IS Mapping ○ Identify bottlenecks/inefficiencies ○ Produce TO BE process ○ Sign off ○ Facilitate TO BE workshop ● Installation <ul style="list-style-type: none"> ○ Define database requirements ○ Solution installed and hosted ○ Test environment available to staff ○ Set up document register for the teams ● Data Migration <ul style="list-style-type: none"> ○ Identify data sources ○ Data Cleansing ○ Data entry into new system ○ QA ○ Sign off ● Training <ul style="list-style-type: none"> ○ (Train the Trainer) ○ Training needs analysis ○ Review the training materials and manuals ○ Book Training ○ Training delivery ○ Asses training feedback ○ Set up dates for refresher courses ○ Sign off ● UAT <ul style="list-style-type: none"> ○ Test plans ○ Create test record sheets ○ Identify users for testing ○ Run testing scripts ○ Asses Snags List
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7.0 Timescales

7.1	At this stage in the project it is difficult to be precise with timescales for the project as the supplier has not been selected but an outline set of Key dates is given as an indicative guide below:	
7.2	Date Completed	Phase 1 Activity
	End of July 2010	Scoping & User Requirement Gathering
	End of August 2010	Procurement
	End of December 2010	Implementation
	End of February 2011	Training
	End of March 2011	UAT
	End of March 2012	Phase 2 Activity
	End of March 2012	Phase 3 Activity

8.0 Costs and savings	
8.1	<p>Calculations of CRM systems costs and their return on investment are particularly difficult for three reasons:</p> <ul style="list-style-type: none"> • there is no baseline data prior to the use of the system, making before and after comparisons impossible • there are too many other independent variables • many benefits are soft or intangible and hard to quantify.
8.2	<p>The implementation of CRM solutions in local authorities enables potential savings through more efficient use of resources for example:</p> <ul style="list-style-type: none"> • Consolidation of contact centre/front-office operations • More productive time on customer facing activities and more productive staff time. • Insights into the drivers of calls, and therefore ideas for call avoidance <p>The increase in productive time results from reduced errors and rework due to consistent information and data capture, increased speed of access of information and more effective 'one-and-done'</p>
8.3	<p>Efficiency savings alone are rarely sufficient to make a really compelling case for CRM. Efficiency savings and service improvement are frequently linked. For example, if you can migrate 10% of your calls to the web, you could reduce unit cost, but if a further 20% of calls were previously being abandoned, you may choose to service these calls. The result would be an improvement in service but a reduction in the efficiency saving.</p>
8.4	<p>The "Benefits of CRM" report stated: <i>"Anecdotally, it is common for the number of transactions to increase after the implementation of CRM by as much as 30%. This is because of latent demand - customers are now receiving a better service and hence are more willing to contact the authority. "</i></p>

8.5 The benefits logic that can be applied to a CRM deployment is shown in the diagram below from the “Benefits of CRM” report:



8.6 The “Benefits of CRM” report also estimated the potential savings that could be derived from a CRM deployment in the following table.

Per Local Authority Annual Cost Reduction & Efficiency Savings			
	Low (£k)	Average (£k)	High (£k)
County	82	163	245
Unitary	228	457	685
District	83	166	249

8.7 In 2007 a detailed study of the potential costs and savings that could be derived from the implementation of a CRM solution was undertaken by Modena Consulting for the legacy district councils. The report estimated a cost of £350,000 would be incurred for the implementation of all three phases of the project. The largest cost being associated with the back office integration implementation currently known as phase 3 in this business case. This for a District authority made the payback period 3-5 years. In Central Bedfordshire’s case as a unitary authority the payback period should be between 1-2 years.

8.8 *The “Benefits of CRM” report stated; “The financial efficiency savings were calculated using CIPFA data, which provides cost of handling transactions in different service areas in a sample of local authorities. Average transaction costs were calculated separately for county, unitary and district councils and an average saving of 20% assumed. Estimated savings were*

	<i>cross-checked against a range of typical CRM solution implementations in the public and private sector.”</i>
8.9	Phase 1 of the proposed project is for a basic performance management and Corporate Complaints system and the authorised budget in the Capital Programme for 2010 / 11 should cover this basic procurement. The budgetary figure is not reproduced in this business case on commercial grounds as this business case will be in the public domain and would be likely to prejudice our negotiating position in the proposed tendering exercise.

9.0 Barriers to the project (Risk)

- 9.1 **Insufficient Stakeholder Management.**
The implementation of CRM requires the involvement and buy-in across the organisation to ensure success. There is rarely one single sponsor of CRM. Ownership is typically shared by several Departmental Directors, who each have their own financial and non-financial targets.
- 9.2 **Failure to Recognise the Degree of Change Involved.**
The implementation of CRM requires substantial process and skill change to deliver benefit. Cultural change is also likely to be required.
- 9.3 **Lack of Measurement of Benefits.**
Delivered benefits need to be measured over the duration of the project. It will be essential to demonstrate some quick wins to ensure that all stakeholders remain committed and engaged. It is also necessary to report on and adhere to one or two tried and tested metrics that can demonstrate the service is improving, once accurate baseline measurements have been established. It is important to note that, following many CRM implementations, service levels often deteriorate temporarily while the technology and processes are bedding in.
- 9.4 **Scope Creep.** CRM projects are often the casualty of an ever creeping scope, because the organisation is tempted to add on ‘nice to have’ requirements to keep improving the customer experience. Improvement to customer experience must be done in a controlled, focussed and planned way to avoid scope creep and overstretching of limited resources.

10 Conclusion

- 10.1 CRM deployment is part of our Customer Services strategy. The deployment will bring efficiency savings and service improvement for our customers.
- 10.2 The benefits will only be realised to their full potential if all of the Directorates are involved in the implementation of a CRM.