An e-government briefing paper

Customer relationship management

Basic definition
Customer relationship management (CRM) is an approach to doing business and providing better customer service. The technological solutions badged under the CRM header are enablers of this approach. As an approach to doing business, CRM implementation is as much about cultural and process change as it is about new technology.

Within the context of local government, customer relationship management (CRM) aims to improve customer service by encouraging a higher quality of customer interaction, and smoother internal operations. The emphasis is on improving service to the individual customer. This requires a shift from department-centric operations, to a more customer-focused approach.

Deployment of successful CRM can result in:
- better customer information – better customer engagement strategies
- better productivity – better communication with customers
- better customer care – for each customer

Technical definition
There are three main components of a CRM system:

Analytical CRM – which provides information about service demand and performance, and includes the following elements:
- customer segmentation
- trend analysis
- data warehousing
- management information systems (MIS)

Operational CRM – which automates elements of the service:
- activity and time management
- information and service request processing
- service delivery
- customer service and support
- remote access to services and information

Collaborative CRM – which allows joined-up working:
- neighbourhood portals
- customer access
- partner/contractor access
- e-business
- personalisation of CRM

And there are five types of data to consider:

1. Customer data - customers can be anyone you transact with including partners and suppliers, and data about customers is continually outdated. Constant maintenance is required to prevent the system from overflowing with useless information.

2. Relationship (or transactional) data - all of the touch points with customers can be considered as transactions as they have an effect on the customer and the authority. They are history and they can help to predict future trends.

3. Management (or category) data - data within the system is classified by categories - allowing structure, data quality, analysis and segmentation. Authorities can expect to add any number of categories to the system and can choose from many when classifying material. Good use of categories aids an efficient system.

4. Meta data – it is one of the most financially and operationally important sections of the system, as it stores the system's configuration. It is imperative that the metadata it is not corrupted or lost, as this would result in system failure.

5. Unstructured data - allows customer service staff to make notes on the system and store documents against data.

It is also important to remember that the needs of the IT platform are very different to the needs of the users:

Platform needs:

- thick client or browser (preferably browser)
- an operating system (for example, Windows, Linux, Unix)
- a database
- integration to back-office systems.
- aim for e-government interoperability framework (e-GIF) compliance.

User needs:

- a system that is easy to use
- control of the telephone as a tool
- ability to get data to whoever needs it
- navigation to (and through) other applications
- a harness on the internet
- the reporting required
- a help function that is understood and understands the user
- the right hardware – for example, hand-helds for field based users
- diary management – integrated to corporate diary software

Benefits to the local authority
The most obvious benefit is that of improved customer service. By providing current information through several access channels, available services can become more flexible for the customer, which in turn encourages greater interaction between the local authority and the user. For example, one stop shops and authority websites offer varied means by which to contact the authority. Expansion of available communication channels can create an increasingly citizen centric service, with less emphasis upon the authority and more upon the service user.

CRM can also encourage customers to try new access channels, such as the internet, which can be both more time and cost efficient from the point of view of the authority.

In addition to improved customer service, CRM can also ensure greater accountability. A CRM system provides a consistent and current source of information concerning a specific service and user, which in turn can create a more responsive service.

Implementing a CRM system encourage greater integration between back and front offices. The constant exchange of information within the system demands a more connected and integrated organisation.

Summary of benefits of implementing a successful approach to CRM

- less internal administration costs
- better cost per response ratios for marketing
- improved customer issue resolution times
- higher service quality ratings by customers
- better timeliness of service-request followed-ups
- improved visibility of the authority with customers
- better internal communications and improved job satisfaction
- standardisation of business rules and processes
- providing a single point of access to information for customer service
- improving the customer experience through whichever access channel is chosen
- supporting better-informed business decisions by providing a cross-authority view of the customer
- enabling real-time transactions between customers, employees, partners and the enterprise
- personalising the delivery of services to customers

Strategy
The implementation of a successful CRM system is reliant upon a well planned strategy that reflects the authority's short and long term objectives – and it is more than just a technology project.

One of the key components of effective CRM implementation is change management. Without effective change management, the system will not be implemented or managed efficiently. A CRM system is a technological enabler for a new way of doing business – and

implementation will not result in improvement unless sufficient effort is also put into changing the cultural and process elements of organisational behaviour.

In addition, a flow of information from external sources to internal staff must be created, which is available to access by the whole authority, instead of being individually owned by departments. A corporate approach to information management is required. Too many CRM systems fail to become fully implemented because of both a lack of strategic visibility and whole organisational support.

Effective implementation of CRM is one means to improving to customer services – and this is a core part of any e-government strategy.

User friendly

Finally, in order to develop a customer-centric CRM system, the system should be driven largely by the user community. Basic requirements of the system should include:

- screen design - sensible positioning of key data
- graphical user interface – wanting it to look like browser
- easy movement between related areas
- obvious ease of use
- customer self-service via the web
- a help function that reflects the system
- tools to train themselves
- scenario-based user documentation
- simple synchronisation with lap-tops / handhelds
- easy visibility of new data/alerts
- tools that allow problems to be reported
- painless release of new versions

Users might be infrequent staff, partners or customers. Users know their jobs and they know when tools are poor. Listen to them and act.

With thanks to Pyinna for supplying most of the information in this case study.

http://www.crmbible.com