Citizen Relationship Management: The Rocky Road from Transactions to Empowerment

Dr Stephen King
Leeds University Business School
England

Presentation to the Kennedy School of Government
Harvard University
17th May 2006

eGov monitor paper at:
www.egovmonitor.com/node/1055
Agenda

- Electronic government in the UK
- Customer Relationship Management (CRM) in UK local government
- Evidence of a problem
- Co-Production & E-Democracy
- A new model of CRM progress
- Current research at Leeds
- A research programme for Citizen Relationship Management
1. E-Government in the UK
E-Government in the UK

- Aims to enhance through ICT:
  - Customer service
  - Social inclusion
  - Democracy & accountability (ODPM, 2002)

- UK spent:
  - £12.2 billion in 2003/4
  - Rising to forecast £17.9 billion in 2007/8
  - £3.2 billion on local authorities in 2004/5 (KableNet, 2005)

- Target: “100% capability in electronic delivery of priority services by 2005, in ways customers will use” (ODPM, 2005)
Targets …

100% e-enablement (IEG5 Results, Dec 2005)

Achievement against December 2005 target for 100% e-enablement of local authority services (BVPI 157)
Added *Priority Service Outcomes* from 2004

- Community information
- Democratic renewal
- Benefits *(CRM)*
- Support for vulnerable people *(CRM)*
- Accessibility of services outside of working hours *(CRM)*
- Web-based transactional services
- Making it easy for citizens to do business with the council *(CRM)*
- And 7 more areas ...
Targets ... **Required Outcomes**

(IEG5 Results, Dec 2005)

Achievement against Required
Priority Service Outcomes in December 2005 (IEG5)

Benefits (R16, R17); Vulnerable People (18,19); Access (23, 24); Ease of doing business (28, 29)
And Yet More Targets … Good Outcomes (IEG5 Results, Dec 2005)

Progress Against Good Priority Outcomes in December 2005 (IEG5)

Benefits (G15); Vulnerable People (16,17); Access (19-21); Ease of doing business (24,25)

“integration”
Targets are Dead … Long Live “Transformation”! (Cabinet Office, November 2005)

- “The future of public services has to use technology to give citizens choice, with personalised services designed around their needs not the needs of the provider.” (Tony Blair, Foreword to Transformational Government, November 2005)

1. **Designing** services around the citizen or business
2. Moving to a shared service culture, releasing efficiencies through standardisation, simplification and sharing
3. Improving government’s ability to plan and deliver ICT-enabled change.
- Annual progress report each November
So What Has Changed?

- Less money?
- Lots learned?
- Simpler agenda now?
- Less bureaucracy?
- Focus has moved from technology … to councils … to citizens?
- Some interesting ideas emerging around citizen-centricity, engagement, empowerment, choice, customer insight …
And so to Transformational Local Government – Discussion Paper March 2006

- National government “broadly sympathetic” to value of local public services, devolution of power, renewed focus on communities and neighbourhoods and encouraging partnerships
- But “expectations high”
- Rising demands from communities to regenerate their areas, deliver cleaner safer streets and join-up services
- But council tax “tight” and staff recruitment problems in key areas e.g. social care
- Local authorities must take the lead “or have it imposed upon them”
Transformational Local Government

(Transformational Local Government discussion document, March)

**Transformed Local Government**

- Engaging with community and citizens
  - Knowing our communities better
  - Giving local people more power
  - Making performance more visible
  - Citizens are informed and engaged

- Reshaping service delivery
  - Increasing choice
  - Joining up service provision
  - Achieving effectiveness and efficiency
  - Services are tailored to local need

- Making it happen
  - Finding the resources
  - Getting the relationships right
  - Managing the change
  - Organisations are fit for purpose

**“Insight”**

- Personalised services, choice of provider, predict future service needs ...

**“Co-production?”**
2. Customer Relationship Management (CRM) in UK Local Government
Customer Relationship Management (CRM)

- A way of maintaining positive relationships with customers, increasing customer loyalty and expanding customer lifetime value
- Acquire – Retain – Extend model
- Multi-channel, single view & right first time
- Customer segmentation and “insight” are central to private-sector CRM e.g. supermarkets and banks
- Offer differentiated customers different “value propositions”: cross-sell and up-sell
Boots the Retail Chemist’s “Segments”

- **The deal seekers**
  - who only ever buy promotional lines

- **The stockpilers**
  - who buy in bulk when goods are on offer and then don’t visit the store for weeks

- **The loyalists**
  - existing buyers who will buy a little more of a line when it is on offer but soon revert to their usual buying patterns

- **The new market**
  - customers who start buying items when on promotion and then continue to purchase the same product once it reverts to normal price

Using behavioural data/insight to change customer behaviour
The CRM Process
So What is Happening in UK Local Government?

| Environmental Health | Book a pest control appointment  
|                      | Make a complaint about noise & bonfires  
|                      | Report a lost or found dog  
|                      | View details of lost or found dogs  
| Waste & Recycling    | Check refuse collection dates  
|                      | Make a complaint about the refuse collection service, eg missed bin, no sack left, etc  
|                      | Make a complaint about the kerbside recycling service, eg missed box, request new box, etc  
|                      | Register for the kerbside recycling scheme  
|                      | Request and pay for a special collection of bulky waste  
| Council Tax          | View banding details of a property  
|                      | Check the balance of a Council Tax account  
|                      | Make on-line payment of Council Tax  
|                      | View Direct Debit details  
|                      | Report a change of address  
|                      | Claim a discount or exemption  
|                      | Report a deceased taxpayer  
| NNDR                 | View valuation details of a commercial property  
|                      | Check the balance of an NNDR account  
|                      | Make on-line payment of NNDR  
| Electoral Registration | View the Electoral Register — temporarily withheld pending outcome of new legislation  
|                      | Request Voter Registration form  
|                      | Request Postal/Proxy Vote form  
| Common Functions     | Register to use the site for viewing personal information  
|                      | View previous enquiries (registered users only)  

CRM Pathfinder Programme (June 2001 – June 2002): Three Rivers’ Online Services

But the early attempts at “CRM” were simply online transactions.
CRM National Project: January 2003 – April 2004

CRM aim: “Citizen-led” services

- None at stage 4 yet?
- Stage 5 Advanced Business Intelligence “forecast but not witnessed”
- Still “transactional”
- Council-led, not citizen-led
CRM National Project: CRM Impacts (survey – early 2004)

- But only 27 “live” in early 2004 (out of 388 in England)
- Typically focus on “right first time” call resolution
- And increased customer satisfaction
CRM Benefits - Cap Gemini

Green circle: £49m - £146m national annual savings
Orange circle: £195m - £650m savings
Implementation barriers (109 respondents):
1. Cost or budgetary constraints (68 responses)
2. Problems with information sharing and management (60)
3. Joining-up services (52)
3. Legacy system integration (52)
5. Lack of skills and resources (50)
5. Change management (50)
7. Difficulties developing business processes (46)
Etc.
CRM Critical Success Factors – Cap Gemini (The Benefits of CRM, CRM National Project, December 2004, p. 12)

- Genuine customer focus
- Cross-authority CRM vision and buy-in at all levels
- Strategy and roadmap for achieving that vision
- Evidence-based understanding of how customers want to interact with the local authority
- Key Services and Channels identified
- Formal change management plan
- Current performance baseline available or planned
3. Evidence of a Problem
Technical Problems and Insight Problems

- **Slow progress** (*Computing*, 15 November 2005)
  - Many CRM project two years behind schedule
  - Many councils struggling with systems integration

- **Insight problems**
  - Few councils at CRM “Stage 5” (insight)
  - “Insight is not cost effective” (ex-Head of CRM NP)
  - Service heads see “one single, big segment” (large council)
  - Yet “customer insight” and “tailored services” central to new *Transformation* agenda
And Service Redesign is Still Council-centric

- “… much of our current engagement remains fragmented and superficial and does not make a significant impact on the design of our services. Some groups remain “hard to reach” with our services. The challenge is to empower our communities, our staff and our partners much more” (Transformational Local Government discussion document, March 2006, p.12)
- Co-Design/Co-Production not mentioned in any of the Transformational Government documents – but it may offer some fresh ideas?
4. Co-Production & E-Democracy
What is Co-Production?
- New relationships between professionals and patients/citizens
- Participation / joint problem solving / radical organisational innovation (true “Transformation”)
- Social support networks, not public lectures (e.g. NHS Expert Patients, Alcoholics Anonymous, National Childbirth Trust)

Why Co-Production?
- Public service reforms “are reaching their limit”
- NHS cash crisis
- Turning off the demand “tap” – self-management
- 12 million Britons suffer from chronic conditions
- Diabetes consumes 5% of NHS resources in Bolton
Diabetes Co-Production in Bolton
(The Diabetes Agenda, RED Design Notes 01, Design Council, 2006)

- The Cards
  - Break down “entrenched protocols” of consultation
  - Describe patients’ current life situation e.g.:
    - “I’m addicted to sugar”
    - “I want to have someone to talk to about this”
    - “Shopping for food can be hard”
  - Patients “positive”, some professionals felt “undermined”
  - Enable co-production of “personalised care plan”

- The Coaches
  - Have skills to connect to people’s change agendas one-to-one

- The ICT
  - Internet database
  - Patients: keep own records, test results, obtain advice, learn online, communicate with peers
  - Professionals: share information with colleagues, conduct online surveys, analyse trends
  - Coaches: keep blogs, guide patients to relevant online resources
Co-Production in Local Government: Kent County Council

*(Health: Co-creating Services, RED Paper 01, Design Council, 2004)*

- Incentivise 50-70 age group to keep healthy and active
- Focus on a deprived community
- Issues of security on the estate and relationships between young and old
- Manage relationship between locally developed solutions and GPs and Social Services
- Exploit parallel innovations:
  - online self-assessment tools
  - healthy living centres
  - new community workers
E-Democracy in the UK

- Local election turnouts often less than 30%
- The *Local e-Democracy* project encourages citizen participation
- e-Democracy pilots include:
  - e-Consultation
  - e-Citizens' Panels
  - e-Petitioning
  - Online Councilors' surgeries
  - Issues forums
  - Blogging
  - Webcasting
- mySociety.org: TheyWorkForYou.com, WriteToThem and PledgeBank
- New *Centre of Excellence for Local eDemocracy*
5. A New Model of CRM Progress

Council-centric CRM

The “Responsive” council

Information & Transactions

The “Insightful” council

THE WALL

Insight

Citizen-centric CRM

Co-production

The “Insightful” citizen

The co-ducer democracy?
New ways of “relating” to citizens I: *Informational/Transactional relationship*

- Types of contact in last 12 months (e-Citizen National Project, 2004):
  - Making a payment (e.g. Council tax, removal of bulk household waste): 25%
  - Reporting a problem or issue (e.g. Faulty street lighting, vandalism): 13%
  - Asking for information about services: 12%
  - Registering (e.g. For council tax or electoral roll): 12%
  - Making a complaint about a service: 8%
  - Applying for benefits: 8%
  - Asking for advice/help about an issue: 8%

- Plenty going on already, especially via Contact Centres

- Also *Local DirectGov* website: pay council tax, calculate benefits entitlement, apply for a school place, report an abandoned car or a street light not working, submit a planning application, check out entertainment etc.
Local Directgov website:
http://local.direct.gov.uk/mycouncil/
New ways of “relating” to citizens II: *Insightful relationship – council-driven*

- No evidence from UK survey in 2004 (“Stage 5”)
- But Hammersmith & Fulham could be leading the way in 2006? (12 customer segments using internal data and external socio-economic data)
- And *Customer Insight* and *Customer Group Directors* are part of the *Transformational Government* agenda
- RFC segmentation? – Recency, Frequency, Cost
- Target “most costly” citizens (£££s and Quality of Life)
- Requires council to understand their service process costs
- And to target “offers” at these citizens e.g. drug users, vandals, noisy neighbours etc.
New ways of “relating” to citizens III: Insightful relationship – citizen-driven

- Radically different model to traditional CRM
- Discontinuity – hence “The Wall” (CRM proponents can’t see over it!)
- Direct citizen access to information and systems
- Participative design of services and systems to include citizens (e.g. Bolton diabetes co-production project)
- E-Democracy ideas
- Community portals based on GIS including performance data on local services (e.g. Wandsworth council)
- Community holds council to “account” for Quality of Life issues e.g. anti-social behaviour/poor schools/health/crime (e.g. North Lincolnshire council)
Summary & Conclusions

- Heavy investment in CRM by UK local authorities
- Some progress made to date
- But focus on technical integration, information and transactions
- Little evidence of “insight” yet
- More radical futures possible:
  - Co-production and greater citizen engagement (“Citizen-led services”)
  - Appropriate ICT here: Internet “database” enabling citizens to keep own records, participate from home, obtain advice from professionals, communicate with peers, learn online and more
  - Explore synergies with e-democracy initiatives too
6. Current Research at Leeds

- Case study of CRM at a large English Local Authority
- Evaluation of Diabetes Co-Production with Bolton Primary Care Trust
- Social Network Analysis of Local E-Government Partnerships
- Development of CRM Benefits Framework and modelling of benefit flows over time
Social Network Analysis of Local E-Government Partnerships

- PhD study by Sarah Cotterill, funded by ODPM, ESRC and PWc
- Successful e-Government adoption influenced by:
  - Leadership commitment
  - Participation in networks beyond locality
  - Support of directorates outside IT
  - Existence of a strategy
  - Population size
  - Staff workloads

(Ho & Ni, 2004; McNeal et al., 2003; Hinnant & O’Looney, 2003; Moon & Norris 2005)
Questionnaire

- Frequency of Communication
- Seeking information
- Who has influence?
- Previous work together
- Understanding each other’s skills
- Involvement in other work-related social networks.
Close working
(communicate more than monthly AND seek information AND know each other’s skills)

Key
Council a
Council b
Council c
Council d
Council e
Health
Fire Service
Shared Service
Police
Transport
Preliminary findings

- Leadership commitment
- ICT Focus – barrier to knowledge sharing?
- Role of individuals
- Importance of continuity
- Reliance on a few key people
- Staff workloads
- Need for legitimacy:
  - ability to take decisions
  - influence

The “Trust” Question
Longitudinal studies
Development of CRM Benefits Framework and Modelling of Benefit Flows Over Time: A “Conceptual” Model

**Organisational Context**
- Knowledge management capabilities
- Willingness to share data
- Willingness to change processes
- Technological readiness

**Supporters**
- Top management support

**Project Organisation (Innovation Process)**
- Communication of CRM strategy
- Culture change capability
- Process change capability
- Systems integration

**Outcomes**
1. Development stage
   - Schedule
   - Cost
   - Quality
2. Operational stage
   - Improved service
   - Increased customer satisfaction
   - Increased revenues
   - Better targeting
   - Better management information
   - Process improvements
   - Cost savings

**Influences**
- Change

**Knowledge Management**
- CRM processes & systems

**Interaction Management**
- Interactions with CRM processes & systems
7. A Research Programme for Citizen Relationship Management

- Research Questions:
  1. Where are we now?
  2. Who are the leaders and laggards? Why?
  3. How can we move forward?
  4. How can we break down the “Wall”?

- Research Programme stages:
  1. Systematic literature review
  2. Survey of local authorities
  3. Case studies of leaders & laggards
  4. Action research with “willing” authorities to move forward (incl. SNA of both provider and client sides of the Wall?)
  5. International comparison (UK, USA, Canada)
Questions?

Dr Stephen King
Leeds University Business School
England