Title of Nomination: Applying Customer Relationship Management (CRM) Technology to the Art and Science of Economic Development at the Kansas Department of Commerce.

Category: Cross-Boundary Collaboration and Partnerships

State: Kansas

Executive Summary:

The Kansas Department of Commerce is charged with leveraging state resources to expand the state economy at all levels. Our business development “tool-set” includes dozens of programs to provide economic assistance and incentives to companies and communities. Programs were historically managed by dozens of “home grown” Microsoft Access databases and spreadsheets. It took a reporting requirement and a customer complaint to bring focus to our need for a new design. In 2007, the legislature sent over a request for a report on our activities, by county, for the previous 5 years and their impacts. Two weeks later we were still trying to merge the data. Meanwhile, across the state, two Commerce representatives from different divisions were visiting the same company, on the same day, with the same questions. The company left us with an important quote: “Don’t you folks ever talk to each other?!!”

Commerce set out to find a Customer Relationship Management (CRM) application that could be extended into a detailed project tracking and reporting system. We interviewed a number of states who were using CRM technologies. After an extensive review of options we chose the Microsoft CRM 4.0 platform as our core engine for its flexibility and rapid development tool set. We also hired Tectura as our system integrator because of their previous work with this CRM engine used in Economic Development applications.

An internal project team of 13 division heads was formed to drive the project and to find common ground between our divisions. Starting from a traditional CRM base, a key early step was the identification of a “Master Project” that could bridge the divisions within the CRM. However, it was determined that a single Master Project object could not contain all of the unique calculations and records for each type of program. The Master Project model was then extended with unique assistance program objects that could contain their unique requirements. This new model with general project information at the Master level, and unique program information at the Program level met all of our teams needs. It also extended the benefits of the core CRM functionality and built-in automation to all areas.

The Commerce CRM project allowed us to rapidly create a platform where information sharing happens automatically and where activities can be monitored at all levels. The project was started in December of 2007 and was fully operational by December of 2008. However, our system continues to evolve as new assistance programs are created and old ones are discarded. We are currently tracking 3,500+ historic and active projects, 5,000+ companies in need of assistance, thousands of potential jobs and more than a Billion dollars in potential capital. Every detail of these entities is now instantly available to the Commerce team. Most importantly however, it has changed the level of information we have available to develop business opportunities in Kansas.

Description of the Business Problem and Solution:

For more than 5 years, the Kansas Department of Commerce had been attempting to create a single platform to manage its major economic development incentive programs and dozens of smaller assistance programs. In 5 previous attempts, using everything from AS/400 "green screen" technology to more recent home-built web-based solutions, it was clear the problem was anything but simple. Economic Development programs in most states are a patchwork quilt of various types of grants, loans and tax relief incentives. They can change with every legislative session. Each program is funded independently, and hence has its own independent infrastructure. Historically, there was little reason to coordinate activities. What grew out of this environment was a collection of largely "home grown" Microsoft Access and spreadsheet-based activity tracking "systems" that were unique to each program. Each program had its own contact, organization, financial and activity tracking systems. Some programs tracked their impact on the state economy, but most just accounted for their individual needs.

In 2007, two events were to change our agency's approach to managing programs. During that year our new Secretary was asked to provide detailed reports on our activities by region, industry and calendar year. Two weeks later, we were still trying to assemble the data. Across the state, another event was to give us further direction. Two different Commerce associates, from different divisions, visited with the same company in a 24 hour period. Some companies might have been impressed with our concern for their well being, but this was not the case. The company left us with an important quote: "Don't you folks ever talk to each other?!!" While we talk all the time, the amount of information we shared between divisions about projects was extremely limited. Our separate systems not only created reporting issues but limited our ability to share information about our customers: the businesses, communities and people of Kansas.

With growing pressures on all fronts, and a history of projects that failed to achieve critical mass, it was clear that we needed to start from a strong technology base that would provide the needed customer tracking functions, and yet also provide an excellent platform for customization to meet the needs of each respective program. A survey of other state's solutions led us to consider a Customer Relationship Management (CRM) type of solution. For one thing, it would fit many of our needs out of the box. However, CRMs can be expensive and problematical in other ways. In our survey we had found that two of our neighboring states had been able to apply the Microsoft CRM platform in a way that looked like it would meet our needs very cost effectively and fit within our existing database platforms.

After an extensive review of options, the Microsoft CRM 4.0 program was selected as the base, and we retained a system integration firm by the name of Tectura to assist with the design and initial installation.

In December of 2007, the project was initiated with a team of 13 division managers, 4 consultants and 2 IT representatives. Our initial design concept was to merge all of our existing programs into a single Master Project concept while taking full advantage of the core functionality of the CRM engine. One of our first discoveries was that our program managers did not speak the same language. Each program had its own terminology for very similar concepts. What emerged from these early design sessions was a powerful common lexicon of terms that could be applied across each program.

Design moved rapidly forward for the first two months. A Master Project object was architected which would feed data to both our fiscal systems, and to a common reporting environment based around the concept of Key Performance Indicators which could be sliced by any number of economic criteria. However, by the third month, it was becoming painfully obvious that a single Master Project one-size-fits-all strategy would not meet the individual program needs. It was going to leave us with a hybrid of dual data entry systems at best. This option was not acceptable to anyone.

During a week in early March, the Commerce Team came together without our consultants to discuss options. As the reality of merging programs into a common platform began to sink in, it was clear that there were a number of unacceptable compromises that would have to be made in a single Master Project design. What emerged from these discussions was a powerful model extension that created a new tier of assistance program sub-objects to the Master Project. Each of these new sub-objects could contain the unique processing and accounting functions required for each respective program. With the appropriate linkages, the information at the Master Project level and the core CRM functions would still be available to each program. In addition, while the processing within each program object could be unique, common information such as our fiscal data and key performance measures could still flow to our common measurement objects.

From this new concept a universal program object was designed with defined inputs and outputs. This universal building block was then used to create the conceptual starting point for each unique program object. Our consultant team had never extended the CRM processing model in this way, however they found the idea “interesting.” Over a two day period, a second development system was created with the proposed changes so that we could push the limits and test the design. The model performed exactly as needed.

What followed was extremely rapid and parallel progress. Each team was now confident that their needs could be met within their individual custom objects without the need to debate each function and feature with the other teams at the Master Project and output levels. Each of our major programs was queued in a staggered way for final design, coding and testing so that all divisions were kept moving along without impacting each other.

Our 6 most complex programs were added first. Each team designed their process flow for their unique objects with IT assistance. This was followed by a rapid proto-typing of their respective user interfaces. The designs were then converted to J-Script code and generally tested within two business days. This allowed teams to try alternative designs while at the same time filling in procedural gaps that had been missed in their initial designs.

The core CRM components and the Field Office systems came online in June of 2008. This was followed rapidly by the Economic Opportunity Incentive Fund programs in July, which completed the consultant engagement. The remaining programs were built with IT staff. The Rural Opportunity programs were added a month later and the Training and Retraining incentive programs followed by December of 2008. Along the way, proto-type objects were created for several minor programs which were out-of-scope for the original project. We anticipate that these will be built as we continue to extend the successes of the CRM project.

The biggest discovery along the way was that it is very difficult for people who have been working with total control and in relative isolation, to find ways to work together. One manager took me aside early in the project and exclaimed, “If everyone knows what I know, what will be my purpose, my value?!!” Over the project year, we collectively learned that the sum of our knowledge is infinitely greater than what we individually contribute. Information collected in the field during initial customer interviews, is now built upon by program managers as they create proposals. Details of available funding options are shared with field staff and impact their discussions with potential customers. Our successes and failures are tracked and now more directly impact how we approach new businesses we want to attract to Kansas. Up to the minute information on our contacts, businesses, communities and programs is available to all our agency decision makers 24x7.

The Commerce implementation of the CRM system has become such a vital part of our operations that we now wonder how we functioned without it. But it was not easy. Shining a light on data contained within old systems that crashed and had frequent personnel changes, yielded a number of surprises for us all. Duplicate accounts and contacts with alternate addresses created additional challenges. Data cleanup and correction will be an ongoing effort. But by far the hardest element was breaking down the human walls between programs to share information and to redefine how our associates value their contributions. Our CRM project did that for Commerce.

Significance to the Improvement of the Operation of Government:

Out of the box, the CRM system provided a strong set of standard components that provided for the tracking of leads, contacts, organizations, competitors, email and correspondence, notes, calendar reminders, marketing lists, campaigns, event queues, data reporting, workflows and even links to instant messaging for questions relative to elements of our projects. We more than doubled these capabilities with the additions of our custom Master Project and numerous assistance program objects. This created a highly functional management reporting and information exchange environment, where day-to-day program management added to the overall body of agency information on our projects. This environment quickly replaced our standalone systems because the custom objects had been designed by our users, and the new functionality offset their reluctance to change.

However, the overall significance of the CRM project to the operation of Commerce and to the people and organizations we serve in Kansas, has been far greater than the efficiencies gained by the system. We believe that its importance will continue to grow as we accumulate knowledge and experience within the CRM. We know that we have always made solid, strong decisions with verifiable outcomes and excellent rates of return. However, the CRM tool now allows us to view our decisions from even more dimensions and to work toward an even higher level of state-wide optimization within any bundle of opportunities. In addition, with decreasing resources, we are now readily able to compare options and to provide a balance of assistance from a number of programs. Finally, we can view trends over time to see which options are providing the best outcomes.

But the CRM is not limited to the past. The CRM allows us to compile strategic information on what our customers are thinking about the future and their expansion or divestiture plans. These observations are now analyzed across the state and across the depth of our industries and communities. We can now monitor how these early observations impact their ultimate decisions and our abilities to help them remain competitive in tight global markets. Finally, it gives us a new resource to use in the development of future programs at all levels.

It has given us new leverage in economic development.

Benefit of the Project – In this section please address the financial and non-financial reasons why this project was worthy of the investment made.

The direct cost of the Commerce CRM project was significant, but relatively minor in the bigger picture of our agency operations. Software, user licensing and consultant expenses totaled approximately $135,000 for our 100 key users. Commerce contributed 2 full time IT programmer/analysts to the project for the year. Softer costs included the design assistance contributed by the 13 division managers during the first 6 months. In short, the commitment for us was not insignificant. However, the efficiencies gained by consolidating information from dozens of programs into a common system of information tracking and reporting is substantial. The direct savings in IT cost avoidance from managing the dozens of independent systems has provided a 1.3 year payback for the CRM project. But apart from the direct savings, the operational efficiencies of our CRM have allowed us to achieve a number of key agency goals including:

1. Providing a single source of both project and assistance tracking information across divisions,
2. Minimizes the double counting of benefits by programs,
3. Eliminating redundant non-productive customer contacts,
4. Providing a common rapid response system for reporting by county, by region, by industry, by district, by company, by community, by team, by scale for any available project data.
5. Tracking near real-time progress for all aspects of key projects and programs.
6. Greatly increasing the quantity and quality of information used for decision making.
7. Creating the ability to monitor trends over time.

Fundamentally, our CRM engine has altered the way we do business by bringing information and people together to solve economic development issues in ways that were very difficult before. It has altered the way we view our jobs and view the information we collect. In this process it has changed our ability to create economic opportunities and the ways in which we work together. It is now very clear that we operate as a team, with shared responsibilities. An incomplete profile delays our ability to respond. A detailed explanation provides a greater opportunity to create jobs.

In the words of one of our Deputy Secretaries, “This is not to imply that we have all the answers or that the system is perfect.” Truer words have not been spoken. We continue to refine our model and our business processes. It is a journey rather than a destination. But it is rare that an organizational vision and a system come together with so much immediate impact.