



Representing Chief Information Officers of the States

Issue Brief

October 2006

NASCIO Staff Contact: Drew Leatherby, Issues Coordinator, at dleatherby@AMRms.com or (859) 514-9187

Relationships Matter: Customer Service Strategies to Promote Enterprise Services

Many states are implementing IT consolidation and shared services as a means to reduce costs and improve efficiencies. Whether by legislative mandate, executive directive or as a course of action initiated by the state's IT office, CIOs must first sell the concept to agencies by promoting and marketing the new business model for the enterprise. Although cost savings and improved efficiencies should be a sufficient sales pitch, the truth is that the road is much more difficult.

Customer relationships matter, and customer service as a business strategy and associated tactics are essential parts of any statewide consolidation or shared service effort. Customer service is a business strategy that requires the implementation of internal employee training and processes that integrate customer interactions, marketing, service delivery, and support. Establishing buy-in from the agencies and promoting your service offerings should be done in an atmosphere similar to a vendor-client relationship. Ultimately, though, the success of any customer service strategy requires changing the attitudes of the stakeholders and getting internal staff to buy into the customer centric philosophy.

In today's siloed environment, state CIOs must use planning strategies to get the benefits of consolidation and shared services down to plain English; not just the financial ROI, but the benefits that agencies are going to care about. It's not always a cost issue; agencies want to know if they can join in on an enterprise initiative and receive the benefits without losing the customer responsiveness they're used to or their autonomy. This issue brief examines the different ways these objectives can be reached and the types of business processes that it takes to really launch and promote the idea of consolidating and sharing enterprise services using proven customer service strategies.

The Challenge of Promoting and Marketing Enterprise Services

States can approach enterprise IT services from two different perspectives: one being in the case of consolidation where the services are most commonly mandated legislatively or by executive order, and the other in the case of shared services where the services are offered as a voluntary activity. The course state CIOs take to promote either approach can be entirely different depending on whether they have a carrot or a stick to promote the enterprise. If CIOs have a mandate to consolidate they can start with a variety of approaches; some CIOs go after the largest agencies first to build a foundation, and others go after the smaller agencies first to gain quick wins and build a customer base; in either case allowing the remaining agencies to fall into place by the force of necessity and momentum. When an IT service is not mandated, the approach is more of promoting the business case and why it would be beneficial for the agency customers to participate. Promoting the business case and benefits using proven customer service strategies is a wise course in either case and should involve the CIO agency leading by example and making sure their organization is the first on the list.

Copyright © 2006 NASCIO • All rights reserved

NASCIO • 201 East Main Street, Suite 1405 • Lexington, KY 40507

P :: (859) 514-9153 • F :: (859) 514-9166 • E :: NASCIO@AMRms.com • W :: www.NASCIO.org

Mandates Don't Always Make the Road Easier

A legislative mandate from state leadership certainly makes some aspects of the selling process smoother, but it certainly doesn't end the need for demonstrating the business and functional benefits derived from sharing services in a consolidated enterprise environment. One element mandates support is an enterprise approach from the start. But life is definitely easier and the ability to focus on the statewide strategy is stronger with explicit buy-in from the state leadership.

Even with mandates, selling services may still be difficult. A required consolidation doesn't necessarily stay mandated forever, and mandates are sometimes intentionally vague, so customer service strategies are still a vital part of the process. CIOs need to have their service strategies organized and there has to be a demonstrable reason why a consolidation or shared service makes sense to the average agency IT employee. CIOs have to have a way to articulate that through ongoing metrics and measures because they're typically going to be held to a greater accountability under a mandate. CIOs need to pick and choose the selling points that work for them, but also be aware that they have diverse audiences and mandates can change over time.

Selling enterprise services with or without a mandate is an uphill battle. CIOs need to market their services and need good customer service strategies to support the effort – focusing more on understanding the business case and why it would be a good thing for the customers to participate in the enterprise. Principles of operational business strategies such as service level management, process improvement, change management and customer feedback are all important elements.

Is Everyone Counting the Dollars the Same Way?

A consolidated or shared services enterprise often has to account for its own cost of capital and fully burdened costs of operations (for example: power, water, cleaning, rent – the whole package). Because many of those services typically are provided from a centralized entity through general fund appropriations and provide services back to the potential customer base, the way agencies count cost and approach billing is very different than the way the central IT entity providing the service has to count costs and account for overhead support. Agencies don't necessarily see the electricity that they pay for, or the rent that they paid in the same budget line items that they would see in billing from a consolidated center.

There's often a working assumption amongst agencies, "*That if I have the labor here, it's free.*" And that has become a huge uphill communications battle for many state CIOs. An agency can be shown what the fully loaded costs of operating racks in a data center are, and the agencies may come back and say, "*The only cost we have is the capital investment we have to make in the UPS and the chiller system.*" When CIOs market enterprise services they should have agencies counting costs the same way. And CIOs may have to get billing and accounting procedures mandated into law to assure that the service provider is able to count the same way the agencies are.

It's difficult getting agencies to see the costs as net, net the same, but what a CIO may say is, "*If you do feel as if you're paying more, know that you're getting value for your dollar. Here are the things in our data center that we do above and beyond your remote locations or your other locations where you feel your costs are so low; but you don't have air-conditioning, a backup generator, etc.*" A CIO may also commission a study to find out exactly what capabilities exist within the agencies, to make it possible to specifically state what agencies are getting for their hosting dollar.

CIOs must clearly demonstrate how prices are established; somehow benchmark or connect services to market prices. One of the most common complaints about enterprise services is, "It's going to cost me more and it's going to deliver me less service." If CIOs have a way to show how they're going to

continue to compare themselves on a price level or continue to aggressively renegotiate with vendors that are helping them to provide the service, this helps to build confidence for the services. It's all about change and CIOs want to convince the agencies that they are getting better service at a better price. The process is both operational and analytical and involves people and common business practices. Examples may include elements such as a customer interaction lifecycle or the creation of a customer service portal.

Don't Be Afraid of Your Customers! – Your Organization Might be Customer-phobic if you Hear:

1. **"We already know the answers."** – How do you know? Could it be that you are asking the same questions in the same way, almost guaranteeing that you'll hear the same answers? Are you analyzing the data objectively, or are you reading what you want to hear into the results?
2. **"We just don't have the time."** – We hear you! The demands on each of us after years of increasing workload and fewer available resources have made this a very familiar mantra. Rich input at the Fuzzy Front End can, however, save months or years in getting a new direction "right". Make the best use of the time that you do have. Then try to find some more.
3. **"We don't have that kind of budget."** – As it turns out, nobody has "that kind of budget." There are an infinite number of questions one can ask at this point in the process. There are also an infinite number of ways of interpreting the results when you are casting your net this widely.
4. **"Our customers/ consumers can't see the forest for the trees. They don't know what they will want in the future."** – Maybe, but the answers, early in the process, are quite often in the trees, in the branches, in the leaves, or hidden in the roots.
5. **"The boss' mind is already made up or she/he doesn't believe in the Voice of the Customer."** – This syndrome is also sometimes known as "we don't dare learn that we're working on the wrong problem."

If your organization has one or more of the above symptoms, run, do not walk to your nearest customer, and then:

- Apologize for your past indifference
- Promise to be more attentive
- Ask a bunch of the right questions (even wrong questions are better than no questions)
- Get ready to deal with a bunch of opportunity laden surprises

Source: Unknown

Making the Business Case

It is imperative to have a solid understanding of the “as-is” environment, a consideration of alternative approaches, and a justification for the vision of something different. Having a logical business case supporting a strategic vision is critical to building a relationship with state leadership and agency executive directors.

Data centers have to be compared on a class basis. Comparing a server closet to a full Class III data center is not a fair comparison. CIOs have to have a Class II data center to compare to a Class II data center, and this may have to be defined for the agencies. Fundamentally if agencies don't see the costs, they don't believe they exist. And if the legislature is appropriating the dollars, the typical mind set is, “*Then it's not my cost,*” regardless of whether it's a true cost or not. It may be a true cost to the state but they're going to look at it in terms of their department.

It's fundamentally a check book issue – agencies operate on a cash basis – they don't have to have full accrual accounting. And anything that's not a bill to them isn't a cost. That's one of the things that CIOs have to look at in the promotion and marketing of enterprise services, to come to a common agreement on

how to count the dollars. From a CIO's perspective, as you begin to go down this path, that's a very important element to come to terms with on the front end.

CIOs should work with the executive and legislative budget boards to redesign cost categories and towers in IT and try to get a much better grasp of the overall cost of IT along with allocating FTE's and other incidental costs along the towers.

Coalition Building

Do you sell to the large agencies or the small agencies first? Typically CIOs will go for the big agencies, critical functions and mainframes first. If CIOs take on the large agencies first – from a marketing perspective versus a project perspective – they're going to have to have an ROI, because typically if CIOs are dealing with the big agencies they're dealing with their most critical systems. So, CIOs are going to have to have a key financial argument for that. They're going to have to have a detailed plan for the actual migration and conversion that at least addresses the risks that everyone is going to see.

Another consideration: Is your strategy big or small? Begin with what you know that you can realistically accomplish so that you can build trust with your key stakeholders and prove that you can deliver. A CIO may not get anywhere with their centralization efforts unless they can prove in the field that it works. It can be a higher risk to take on some of the larger systems, and if you feel that it's high risk, then you might look to have a consolidated group established before you take on a big one. You build up trust in the overall process, migration planning, and in your ability to deliver, and then execute it.

One key way to get agencies on board an enterprise initiative is to form teams who agree in advance on what the outcome will be and then involve the technical staff from the agencies to break that down. If CIOs involve people, they minimize the risk of their initiatives unraveling. Even for agencies that typically are very autonomous, they may become a CIOs best friend on enterprise architecture, directory services and network consolidation because it's become clear to them that participating in those types of activities do not threaten their autonomy. They may understand that you're not taking their major systems; you're taking their maintenance functions, their e-mail, their networks and achieving cost savings and efficiencies for which they can still take credit.

Overcoming Perceived Loss of Control

Even with a mandate, the fastest way for a CIO to lose that mandate is to wield power capriciously; using the proverbial "Big Stick Method." There are no dictatorships in state government. When CIOs are identifying small or large agencies, they need to take into consideration who's going to be willing to give up the control.

As CIO, you should establish a steering committee made up of representatives from every agency, the judiciary, and the legislature to provide feedback on your direction, commenting on your strategic plan, and dealing with the tougher enterprise budget issues. Part of this interaction can be overcoming the issue of perceived loss of control. As part of the state enterprise, the IT organization has to let the business managers do their job and set priorities, and as partners with them, CIOs have to be able to put solutions on the table that matter to them. So, the issue of perceived loss of control can actually go both ways. IT's role is to be there for the business, yet, the more CIOs give agencies a place at the helm on the business side, the more technical control the CIO will receive in return.

CIOs need to make it obvious to affected parties that the daily hassles of systems being up, response time, and security – issues agencies are dealing with on a daily or weekly basis – they no longer have to worry about. Focus on all the administrative hassles that will be off their plate; they just direct the service level agreement and expect results.

Also, when CIOs are facing agency models where the customer is used to solving a problem by walking down the hall and telling a person to get it done, and they're going into an environment that's managed by service levels, you need to set up multiple levels in the organization. A lot of the technology people may not have much experience in the contract management side, but may have a lot of experience in the direct service side. Sometimes the customers you're dealing with don't have the frame of reference for the viability of managing a relationship through a contract as opposed to just putting the spurs to somebody.

Another aspect to perceived lack of control is that the agencies think that central IT is taking control of their desktops. Essentially you are, but the message should be that, "Things have changed, and we're in a different world. There are so many things that can attack your desktop and potentially impact everybody, that there is a certain amount of control with the desktop you have to be willing to give up in order for the enterprise to be secure."

Agencies usually can't articulate how loss of control of basic IT functions affects their business; it just affects their control. Using customized service level agreements with each of your customers; focusing on what it is they're trying to accomplish in terms of programs and deliverable products; coming to an agreement about what measurement tools would allow the department head to understand whether the service is on track; will eventually shift their focus from all the things they're giving up, and create an environment where they feel like they have control over their destiny and what's important to them.

Keys to Successful Promoting and Marketing of Enterprise Services

CIOs have several key selling points:

- Improved performance
- Predictable budgeting
- Improved disaster recovery
- Reduced need for capital funds
- Agency focus on its core mission, not operational detail

When you're talking about the marketing of enterprise services, the question arises of when does the marketing begin? Ideally, marketing the service begins before the service even exists. Find ways to identify the key stakeholders. Even if the consolidation is mandated, try to work with the stakeholders to have them involved in setting the scope, in definitions or evaluations. If the customer is more invested in the outcome, then it's not being "done to them." Marketing doesn't just start after the service is there and you have a pricing catalogue. If CIOs have the opportunity to start marketing before they even have a service, it's just that more likely to succeed. The people CIOs are going to have trouble reaching are the 'long-timers' who built their systems and personnel over years of going through the budget process. They are the ones who suffer the loss of their "child" the most and who will try to undermine what you're doing.

CIOs Should Continue to Sell and Resell the Enterprise View

Whether operating under a mandate or not, the value of the future vision has to constantly be the rallying point for the sales effort. In fact, this is especially important in situations where there is a mandate, because the temptation to tell stakeholders, "*I don't care what you think, you just have to do it,*" is high. Set up committees with agency personnel and try to emphasize discussion that's centered on the shared responsibility and shared vision – just because consolidation is mandated doesn't mean the sales process has stopped; CIOs still have to gather the trust.

Develop an Internal Education Program

Any effective customer service strategy is doomed to failure if CIOs don't first convince their internal staff of the business imperative of customer relations and that that should be demonstrated in their daily business activities. Developing a strong internal educational program on the front end that lays out your objectives and expectations is vital to a successful initiative. The customer service strategy is a joint effort that requires all central IT staff to be fully engaged and supportive.

Develop a Communications Plan: Customer Conversation

While agency heads that have been autonomous for many years are being charged with reducing costs, CIOs should be promoting a way to help them achieve those goals. Communicate to them why participating in the state IT enterprise is a good thing for them, not only in the short term but also the long term.

Effective communication includes knowing your audience and speaking to them at their 'level'. Each agency has its own acronyms and language. However, the IT industry and probably your central IT organization are near the top in the number and usage of confusing terms, acronyms, and product names. Sometimes these items become barriers because they don't translate well from customer-to-customer or agency-to-agency. Take the time to know your customers and remember that, most of the time, simple language is the best method to communicate with others.

Other Successful Strategies in the States

Iowa – Iowa has developed a tool called eDAS that not only provides a service catalog but an invoice presentation and an ordering capability. In marketing services Iowa has learned that it is just as critical that the purchasing agencies are able to drill down and understand their charges in detail and are able to allocate them across programs. So far this system has received two national awards. If you market well and bill poorly it's a bad combination.

The link shown below will get you to the eDAS web site; click on Advanced Search on the left, choose "Information Technology" in the "Enterprise" drop down box and click on "Search" to see the state's service catalog. <<https://edas.iowa.gov/intake/Process.do>>

Iowa publishes their pricing here. They are also available on eDAS but you have to logon to get them. <<http://das.ite.iowa.gov/rates/index.html>>

Texas – Texas is currently working on establishing a voluntary state-wide e-mail system where their approach is to build a coalition of the willing of five or six agencies as anchor tenants. And for them to agree to build the e-mail services collectively with the hope of establishing a utility based per seat model that others could then choose to join. One of the luxuries Texas enjoys is if they can get our Health and Human Services Commission and two or three other agencies to come together, they can pull 50,000 seats together, which maybe as large as some of the smaller states, so they don't necessarily have to have everyone on at the same time. Texas feels they have had some success on building coalitions to form a starting point that they can then use to sell out the enterprise services once they're established.

The voluntary service was the recent award of a state-wide e-mail system as a hosted, managed service. The basis for this solicitation was a coalition of 14 agencies who signed letters of intent to participate. Agencies held a substantive role in requirements development, response evaluation and due diligence. The service is available on a subscription basis for all governmental agencies, including other states.

Texas also has recently had experience in both mandated and non-mandated enterprise services. The mandated service is a direction for the state Legislature to consolidate the state data centers. Through a 6 month process, DIR and 28 agencies have completed cost analysis and RFP development for Data Center Services. The RFO for this new service was released on March 31st, 2006.

What CIOs Need to Know

Know your key selling points:

- Improved performance
- Predictable budgeting
- Better disaster recovery
- Reduced need for capital funds
- Focus of agency on core mission, not operational detail

Key considerations:

- Have a plan; make sure you know what you have to do and when you have to do it
- Have a strong financial case for what you're doing and why you're doing it
- Turn to the actual authority and power and support of the people that you work for
- Make a judgment based on the relative power and the relative willingness of the decision makers to take heat
- Conduct continuous customer service training and awareness for the IT organization

Where Can I Find Additional Resources?

There are several promotional and marketing initiatives currently underway in the states. Various pieces of information that relate to those initiatives are presented below:

Dedicated customer service representatives can help communication with agencies and several states have developed dedicated customer service sections to promote this strategy, including:

State of South Carolina

South Carolina's Division of the State CIO, Customer Care Center – a section of South Carolina's CIO Website – is devoted to their agency customers, to provide alerts of both scheduled and unscheduled maintenance, to provide contact information, and to provide general information about how to request services and report problems.

<<http://www.cio.sc.gov/cioContent.asp?pageID=425&menuID=91>>

State of Washington

Washington's Customer Advisory Board (CAB) is legislatively constituted to provide the Washington State Department of Information Services (DIS) with advice concerning the type, quality, and cost of the department's Information Technology (IT) services to other public entities.

<<http://www.dis.wa.gov/>>

Other marketing materials made available through state IT departments:

State of Delaware

Below are s materials used in Delaware's marketing efforts for consolidation:

Delaware's IT Service Catalogue – Updated July 2006

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/DEL%20Service%20Catalog.pdf>>

Delaware Service Level Agreement (SLA) – FY 2006

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/DEL%20SLA%20sample.pdf>>

Chargeback Methodology and Rates – Rates effective March 1, 2006

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/DEL%20Billing%20Rates.pdf>>

DTI Customer Care Center Team – Customer Assignments

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/DEL%20CCC%20Assignments.doc>>

Customer Relationship Specialist – Position Summary

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/DEL%20CCC%20job%20desc.doc>>

Mission of the Customer Relationship Specialist

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/DEL%20CCC%20mission.doc>>

Customer Relationship Specialist (CRS) and Information Resource Manager (IRM) Roles and Responsibilities

<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/Roles_and_Responsibilities_01-13-06_v2a.doc>

Overview of Delaware's Consolidation and Integration Efforts

<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/April_22_Consolidation_feedback_v2.doc>

Marketing IT and Sustaining Customer Relationships

<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/NASCIO_Draft - Marketing_IT_and_Sustaining_Customer_Relationships_v2.doc>

State of Iowa

Below are materials used in Iowa's marketing efforts for shared services:

General Marketing Materials

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/Ladder1A%20EGov.doc>>

Server Co-Location Service Overview

<<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/Ladder2AServerFarm.doc>>

Infrastructure Services

<http://www.nascio.org/nascioCommittees/enterpriseInfrastructure/documents/Ladder3A_Infrastructure.doc>

eDAS is a web-based customer service intake and reporting system for the Iowa Department of Administrative Services, designed to provide the customer with an accurate, timely and cohesive on-line DAS customer service experience.

Iowa's eDAS web site – click on Advanced Search on the left side – choose Information Technology in the Enterprise drop down and click on Search to see Iowa's eDAS service catalog.

<<https://edas.iowa.gov/intake/Process.do>>

Iowa's pricing schedule is available following this link. They are also available on eDAS but require that the customer logon to get them.

<<http://das.ite.iowa.gov/rates/index.html>>

Additional Websites that Provide General and Industry Related Customer Service & Relationship Management Information:

CRM Advocate <<http://www.crmadvocate.com/>>

CRM Daily <<http://www.crm-daily.com/>>

CRM Guru <<http://crmguru.com/>>

CRM Industry <<http://www.crmindustry.com/>>

CRM IT Toolbox <<http://crm.ittoolbox.com/>>

CRM Today <<http://www.crm2day.com/>>

Destination CRM <<http://www.destinationcrm.com/>>

eCRM Guide <<http://www.ecrmguide.com/>>

eCustomer Service World <<http://www.ecustomerserviceworld.com/index.asp>>

Gantthead.com <<http://www.gantthead.com/departments/departmentPage.cfm?ID=2>>

CMC – The Customer Management Community <<http://www.insightexec.com/>>

Intelligent Enterprise Magazine – Customer Intelligence
<<http://www.intelligententerprise.com/channels/customer/>>

JoAnna Brandi & Company – Customer Retention & Loyalty
<<http://www.customer-retention.com/default.asp>>

Montgomery Research Inc. – Defying the Limits <<http://www.crmproject.com/welcome.asp>>

Peppers & Rogers Group – 1to1 Media <<http://www.1to1.com>/>

Search CRM.com <<http://searchcrm.techtarget.com>>