RELATIONSHIPS MATTER MOST

THE EVOLVING STATE CIO ROLE AND GROWING FOCUS ON AGENCY CUSTOMER RELATIONSHIPS

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When it comes to managing relationships to deliver agency partner services, NASCIO has been working to positively infl uence this area for decades. However, since NASCIO's last publication on customer relationship management (CRM) 13 years ago, more and more states have adopted enterprise approaches to managing IT, priorities have shifted and technology has advanced. In addition, the role of the CIO has evolved from solely being a provider of services, to a broker of shared services who must be a communicator first and foremost above being a technologist. These changes have highlighted a greater need and desire for the CIO's office to carefully manage relationships with agency partners. Whether by mandate, executive order or as a course of action initiated by the state's IT agency, CIOs must first sell the concept to agencies by promoting and marketing the new business model for the enterprise. Although cost savings, security and improved efficiencies should be a sufficient sales pitch, the reality is, that the road is often much more difficult.

In 2019, for the first time ever, customer relationship management made the NASCIO State CIO Top 10 Priorities list. Coming in at number seven it is described as "building customer agency confidence, trust and collaboration; internal customer service strategies; and service level agreements." CIOs continue to see customer service as a business strategy that is an essential part of any statewide consolidation or shared service effort. In fact, in our 2019 NASCIO State CIO Survey around 75% of CIOs say they now have a formal CRM function within the office to manage interactions with customer agencies.

In addition, in the NASCIO 2018 State CIO Survey, we asked CIOs how they advance their agenda and drive results and what critical success factors and dimensions are needed to do so. The third most popular answer was "agency customer service and relationship management." CIOs understand that customer service must be an overarching philosophy in all work in order to be most successful.

The growing focus on CRM warrants another look at the old and new challenges facing state CIOs. We will discuss current strategies to improve customer/agency relationships and provide some key steps toward customer relationship success. We talked with several people tasked with heading up the customer service units at their state IT offices, CIOs who are focusing on customer relationships and some agency representatives to capture their experiences.

Throughout this publication as we refer to CRM, it will refer to the CIO/technology office relationship with the agency partners (customers)—not citizens or any sort of software product. When we refer to chief customer officers (CCOs) we are referring to the person in the state information technology office who is tasked with overseeing customer/agency service—though most will have a slightly different title. We also acknowledge that the term "customer" to describe the agency partner is not always ideal or refl ective of a relationship that involves joining together to meet service demands and solve problems to serve the citizen as customer. However, given NASCIO's history using this terminology, and the wider usage of CRM inside and outside of state government, we will continue to use it in this publication.

The Challenges of Promoting and Marketing Enterprise Services

Today most states have consolidated their IT infrastructure (and workforce) or are in the process of doing so. This usually means that consolidation/optimization has been mandated legislatively or by executive order. However, that is not the case with all states, and some are just in the preliminary phases. When enterprise IT services are not consolidated, the IT office has a greater responsibility to demonstrate 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.

Perceived Loss of Control

In any consolidation IT effort, there is an emotional component that must be addressed due to agency personnel experiencing a perceived or actual loss of control. Even with a mandate, establishing or strengthening relationships must be a priority. In a federated model, agencies still have control, and they embrace that control. In both circumstances, the CIO must lead with the "why" and gain the agency buy-in.

One CIO we talked with had spent many years as an agency CIO before serving as the state CIO. They said of their time at the agency, "If you worked for a large agency with your own IT, there was this mentality that if you had a problem, and shared your IT issues or problems with another agency—especially an authoritative one--then it would open the door for unwanted help." The effect of this was the creation of silos, duplicative technologies and technological sprawl.

Another state explained their evolution in their relationship with agency customers: "Historically we operated like a utility—if a mandate came down, we would deliver the message. If someone wanted to consume our service, we'd tell them the cost and constraints—take it or leave it. Our current executive team wasn't comfortable with that. We wanted to transition more to a product organization based on value, focused on where the market is headed and customer needs. We had to build that trust with the agencies."

Internal Culture

There was a consensus around the correlation of employee engagement and customer satisfaction. As one customer relations professional stated, "When there's a gap in customer service, there's almost always a gap in employee engagement." Not only is it important for employees to feel engaged and like what they are doing matters, but customer service needs to be a priority from the CIO level all the way down. As one state CCO explained, "when employees feel valued, heard and recognized as a key contributor to the success of the organization, you'll see better customer experiences, greater commitment and possibly an increase in innovative ideas put forth."

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Promoting (or Selling) Services in Consolidated and Federated Environments

A legislative mandate from state leadership certainly makes some aspects of the selling process easier, but it doesn't end the need for demonstrating the business and functional benefits derived from sharing services in an enterprise environment. Even with mandates, selling services may still be difficult. A required consolidation doesn't necessarily stay mandated forever, and mandates are sometimes intentionally vague, or include loopholes or exclusions, so customer service strategies are still a vital part of the process.

One (unconsolidated) state we talked with hired a chief customer officer from the private sector not only to improve customer relations but also to work on selling IT services to agencies. The IT office must get buy-in from enough agencies to reach critical mass, so they don't face a loss when purchasing a product or service.

Selling enterprise services with or without a mandate is an uphill battle. CIOs need to market their services and employ good customer service strategies to support the effort. They need to focus more on understanding the business case and why it would be a good thing for 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.

"It's going to cost me more and it's going to deliver me less service."

Acquisition & Funding

Acquisition (procurement) and funding can be pain points, especially from the agency perspective. It can be difficult to get the legislature or budget office to understand how much technology costs, or that additional hires are necessary to manage new technology responsibilities. One agency employee explained, "I think a meaningful wish for our state would be for the funding structure (legislature and state budget office) to understand that what they are mandating is better customer service in a way that's better for customers (citizens). The support structure has to grow with the technology footprint. We are being mandated to provide better services, but we aren't in a position to ask for additional FTEs to support that."

In addition, the acquisition timeline can cause problems. In one state, an agency has twelve months to spend their allotted funds, but the acquisition process can take up to six months. They are left with only six months to spend the money—making it difficult to be nimble or innovative.

As one state agency representative said, "Technology is changing so quickly. We have to ask for funding for a technology a year before we spend it. Technology can change before then!"

Showing Costs in a Meaningful Way

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." CIOs must clearly demonstrate how rates are established. The way agencies count costs and approach billing is very different than the way the central IT entity providing the service must count costs and account for overhead support. Agencies don't necessarily consider the overhead costs of the central IT agency, though that may be included in the bills.

There's often an assumption amongst agencies that, "If I have the labor here, it's free." That has become an uphill communications battle for many state CIOs. When CIOs market enterprise services they should have agencies counting costs the same way. CIOs must explain that even if an agency is paying more, they are getting value for their dollar—that the data center goes above and beyond the onsite locations where they feel the costs are so low (where they don't have air-conditioning, a back-up generator or automatic security patching)

As one chief customer officer explained, "We often hear 'why aren't you saving us money?' Our challenge is that all the money is saved in the program and business areas, not in IT. So, this role helps to start spreading the message and evangelizing."

Making the Case for Something New

One state did a migration of the states' unemployment system from an on-premise system to a cloud-based system in six months. The initial agency concerns were that the data would be less secure in the cloud. The IT department did a security review and penetration test of the on-premise system in a controlled environment and found gaps where security had not been updated in a long time, resulting in many vulnerabilities. By contrast, in a cloud environment, everything is up to date from the start, and security patches are performed automatically on an ongoing basis.

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.

A Roadmap to Successful Customer Relationship Management

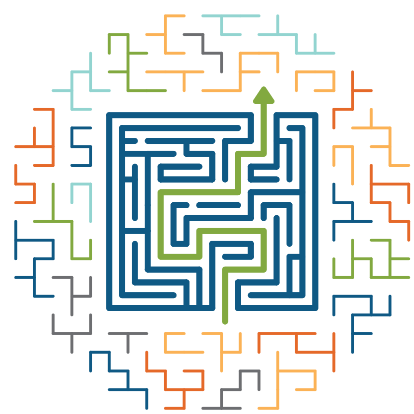
Make Customer Service the Foundation of Your Strategic Plan

One of the most effective ways to infuse customer service into everything that is done in the enterprise IT office is to incorporate it into the strategic plan. In one state the person responsible for customer service in the IT office is also in charge of strategic planning. Instead of "sitting in a tower" and assuming they know what's best for the agencies, their strategic planning process is derived through committees and informed by agencies' strategic planning. They roll those up and incorporate them back into the statewide strategic plan. Another state we talked with anticipates writing customer service training into their strategic plan.

It's All About Relationships

We talk about relationship building a lot, and it seems obvious, but it really cannot be overstated given the changing role of today's state CIO. In fact, the title of NASCIO's 2018 CIO Survey was "State CIO as Communicator: The Evolving Nature of Technology Leadership." When CIOs were asked for lessons learned that could be shared with new incoming CIOs a consistent piece of advice was the need to build strong relationships with key stakeholders not only at the Governor's office and legislative level, but at the agency level as well. CIOs consistently rank communication, relationship-building and strategic thinking as the most critical leadership traits for a successful CIO.

The State of Arizona's IT Strategic Plan clearly lays out their strategy for putting the customer first. The plan says, "We strive to have our customers at the center of everything we do and let them guide us into the future." They lay out the plan for getting there, and state evidence of how they have already made progress, including a 250% increase in agency participation in the annual strategic planning process through the use of a statewide Project Investment Justification/Strategic planning platform.



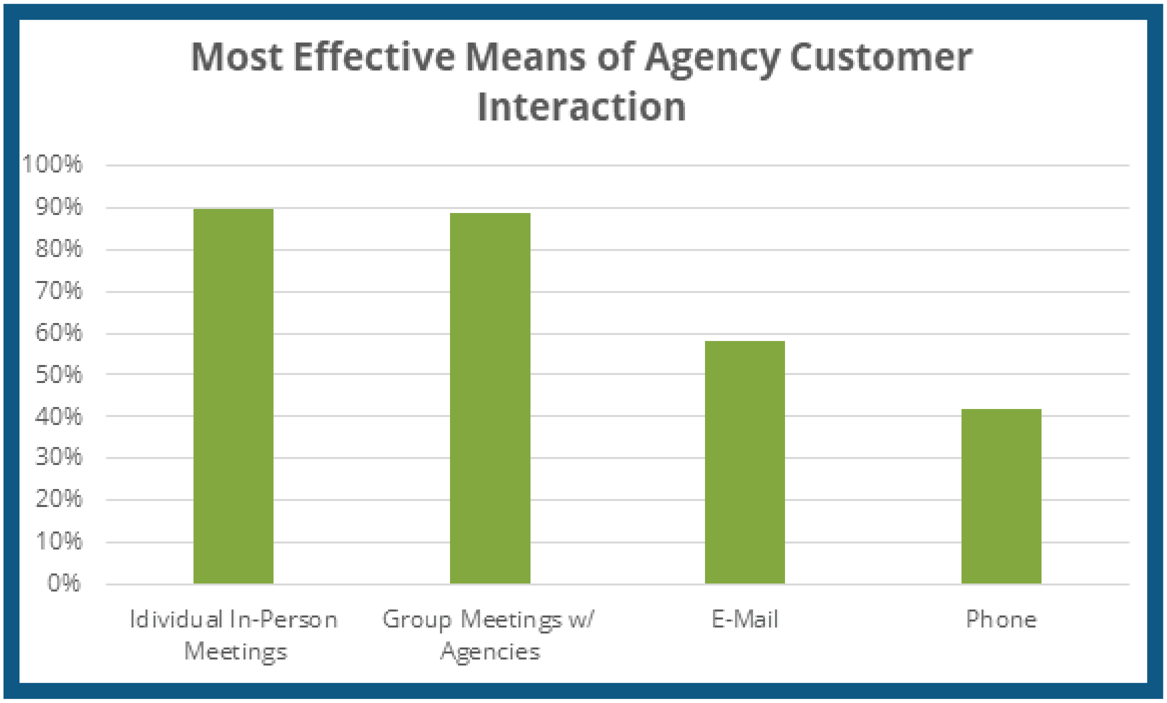
One customer relationship expert we spoke with emphasized the importance of relationships over technology when he said, “Employing a CRM tool is valuable, but without having the relationship piece and a clear understanding of how the infrastructure supports the applications, you are going to be on two separate paths.”

With the challenge of perceived loss of control, mentioned earlier, it is even more important to develop those relationships. The Colorado Office of Information Technology made the decision in the last year to stop calling agencies “customers” and instead started calling them “strategic partners.” The goal of the department is to say to agencies, “we are here to move your business to the future.”

The CIO office needs to pull in agency representatives to be involved in strategic planning and give input. As one CCO put it “We should be enablers of their business. We aren’t into roads, bridges or revenue, but we need to do all we can to enable their business. They want to be included in choosing new technology…but we have to help speed up the process, so we have to find the right balance.”

The idea of creating a partnership can be a cultural shift on its own. Some IT offices have worked to move away from the mind set of doing “anything the agency wants because they are the customer”—to working together as partners to view the citizen as the true customer and attacking problems together. One agency representative we talked with emphasized the importance of looking at the bigger picture: “When I am looking to engage with my contact in central IT, I look toward jointly examining the citizen experience and what we can do to improve on that experience.”

Finally, we heard many times about the importance of simply talking face-to-face. When we asked CIOs in our 2019 State CIO Survey what they consider to be the most effective means that their organization uses to interact with customer agencies almost all of them said individual in-person meetings at agency offices and group meetings with agency representatives.



NASCIO 2019 State CIO Survey Preliminary Data

As one CIO says, “email is evil.” Face-to-face conversations eliminate any false assumptions or interpretations regarding tone, attitude or meaning. An agency representative explained how important these conversations are: “Because I’m willing and my counterpart in the IT office is willing to sit and have the hard conversations, we’ve been able to move that bar forward. It just comes down to listening and having the hard conversations. We’ve changed the culture at our agency and the IT office because of that. Everyone thinks because I’m a technologist I’d rather do it by email or text but face-to-face is key.”

Executive Leadership

A state can put in the resources to have a CRM initiative or a chief customer officer, but if the CIO or senior leadership is not 100% behind it, it's not going to work well. As another CCO said, "if the agencies know that the CIO believes in it, then they do too. You can't have customer service buried in a division somewhere—then it doesn't carry weight. If you are going to do it, go all in!"

In addition, the CIO must clarify the role of the chief customer officer. Will the primary role be to sell to the agencies? To be a bridge between the agencies and the CIO's office? To be an advocate for the agencies? To be an advocate for the CIO's office? To oversee help desk support? Not all states will go about CRM in the same way, so it's important that the role is clear to everyone.

> "Everyone thinks because I'm a technologist I'd rather do it by email or text but face-to-face is key."

Understand the Customer Business Needs, Processes and Behavior

Different states we talked with have different strategies for understanding the customers. Some states have developed a committee or council made up of agency IT leaders to get the customers' perspective. Around half of states reported establishing this kind of group in the 2019 State CIO Survey. These states want to make sure that the customers don't feel like the IT department is making all of the decisions, but truly working to understand customers' needs. They want the agencies to have input on where to make the largest investments and where to prioritize.

Others have an IT director from their office located in each agency to serve as a bridge and liaison back to the IT office. Having someone working each day in the agency and with the agency employees can be an effective way to learn the inner workings of the agency, while keeping a certain level of consistency across state government as well.

One chief customer officer we talked with had the opportunity to fill in as shadow CIO for 6-8 months at a time for four different agencies. Not only did he get to know the agencies well, but he was also able to see that agencies face very similar challenges at the macro level. He said by the time he got to the third and fourth agency it was almost automatic because the problems were the same.

The State of Oklahoma IT department has implemented an operational intelligence video conference meeting every day with agencies. During these meetings with over 200 people they discuss what they are doing that day and share challenges and solutions. This helps to communicate that everyone is on the same team and that they are here to help one another.

At the top of every agency's wish list would be greater knowledge on the business side from the technology team. While most agency staff are probably not technologists, the technology staff often don't understand the business needs. One agency representative used a social worker as an example: "You are out on a call at two in the morning. It's dark and you are in a small town. You don't want to check 40 boxes on a small screen. Build experts on the business side. It's a rare person who can speak to both sides."

Selling the Benefits of Shared Services

CIOs have several selling points for enterprise services: improved performance, improved security, predictable budgeting, improved disaster recovery, reduced need for capital funds and allowing the agency to focus on its core mission, not operational details. As one CIO explained, "We are impressed with what the agency heads do and their challenges—I want to take IT concerns off their plate. We want to enable IT solutions. Let them focus on what they do so well already."

The CIO's office should identify key stakeholders. Even if the consolidation is mandated, they should 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." If CIOs can start marketing before they have a service, it's just that much more likely to succeed. It's most difficult to reach the "long-timers" who built their systems and personnel over years of going through the budget process. They are the ones who have the hardest time letting go of the way they do things.

Provide an Internal Training Program

Any effective customer service strategy cannot be successful if CIOs don't first convince their internal staff of the business imperative of customer relations and that it should be demonstrated in their daily business activities. Developing or providing a strong internal training 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.

For the New Jersey Office of Information Technology, customer service and employee engagement go hand in hand. They have developed a customer service week, which involves five days of activities promoting teamwork, team building, customer service, soft skills and gamification challenges. It is training made fun. They focus on soft skills like problem solving, emotional intelligence, being self-aware and having empathy as well as general customer service skills.

While most states will purchase training from vendor partners in the private sector, you can also add on some creative trainings to educate staff. North Carolina uses call recordings in training. They can score calls and use them as training for staff on what went well or what could be improved upon. As North Carolina's CCO said, "there's nothing like hearing the conversation of yourself with a customer. We can tell someone what they scored on a call, but when they hear themselves talking on a call—that has been the best tool for customer service."

Have a Communications Plan

CIOs can struggle to communicate to agency heads why participating in the state IT enterprise is a good thing, not only in the short term but also in the long term. Effective communication includes knowing your audience and speaking their language. Each agency has its own acronyms and terminology. However, the IT industry, and likely the central IT organization, tend to have many confusing terms, acronyms and product names, which can become a barrier because they don't translate well from customer-to-customer or agency-to-agency. Central IT should take the time to know their customers and consider using terminology and analogies that are easier for non-technical people to understand.

Many CIO offices do customer satisfaction surveys (over 60%) though less than half (45%) have put in place a formal communications plan according to 2019 State CIO Survey data. Several indicated that they hope to do something more formal soon or make communications part of their strategic plan.

Encourage Feedback & Establish Performance Metrics

For the offices that use surveys to get feedback from customers, it can be helpful in establishing metrics to ensure that areas that need improvement are moving in the right direction. Using surveys consistently is the one of the best ways to mark progress using available data and to identify areas that need improvement.

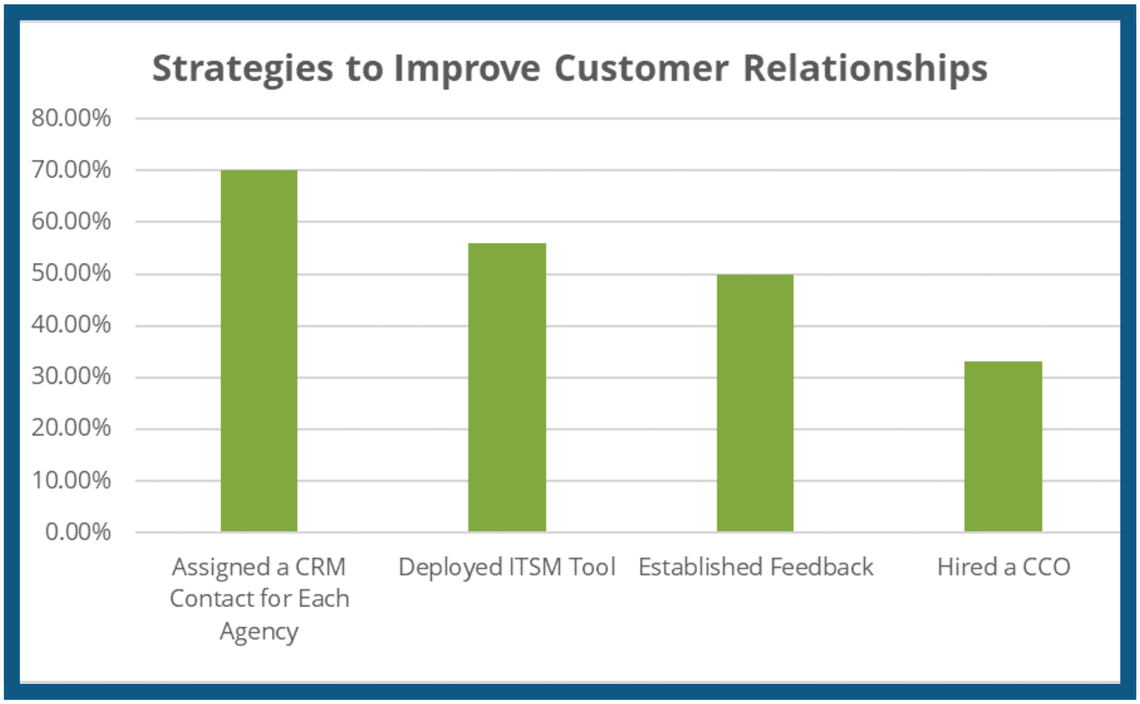
Some take things further. In North Carolina in addition to an annual customer satisfaction survey of the agency CIOs, state IT officials follow up on survey responses by scheduling on-site visits at the agency offices. They bring in the Chief Services Officer, Chief Risk Officer, Chief Solutions Officer and Chief Procurement Officer along with the Chief Customer Officer. As North Carolina's CCO stated, "We don't just take the information to take the information. We assign someone to it to ensure that whatever needs improving gets improved upon." It's important that the surveys don't exist without any follow up or action taken to improve upon results.

Another state IT office has recently created an IT User Group made of up executive directors of agencies (or one level down). They started with identifying and explaining who they are, discussing their rates and answering typical questions. Then they start identifying where they can improve and develop a prioritized list of areas to address and report back on. The CIO from this state said that people are afraid that if you get a group of IT users together it's going to be a "gripe fest." They further explained, "plan on the first one being a 'gripe fest.' Everyone needs to get everything off their chest and see us listening. But then we get into more of a statewide perspective. We want their agency perspective, but we also get to show them the statewide perspective—and they've never had that before."

"In-person meetings with representatives" was the most popular answer when NASCIO asked CIOs in the 2019 State CIO Survey how they measure the satisfaction of their agency customers. Over 80% of respondents said that these in-person meetings were the most valuable measure of satisfaction. A similar percentage said they use that feedback to create action plans and respond.

Focusing on Customer Relationships

CIOs know that managing customer relationships is important and many are doing some of the right things to improve them. The NASCIO 2019 State CIO Survey shows us that around 70% have assigned a CRM contact for each agency, over half have deployed an IT service management tool (ITSM) and about half have established a customer advisory board or other method for getting feedback from customers. That said, only about one-third have hired a chief customer officer (or similar position).



NASCIO 2019 State CIO Survey Preliminary Data

Most agencies would say even more needs to be done. Making CRM a priority starting with executive leadership, strategic planning, employee engagement and working to develop face-to-face relationships and a communications plan will set the IT office on the right track. CIOs should find effective methods to obtain feedback (and track feedback metrics) to help all parties have positive relationships that will result in a more efficient, better working government that ultimately results in better outcomes for citizens.

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