

EVOLVING RELATIONSHIPS

Business Relationship Management and the New CIO Operating Model



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Background

There has been a rapidly accelerating change in the role of the state CIO in parallel with the emergence of a new state CIO operating model. This new operating model is an evolution from owner-operator to a complex ecosystem highly dependent on effective collaboration and trust-based relationships, all intended to deliver new capabilities including rapid deployment, scalability, resiliency and innovation.

In 2021 and in response to this new dynamic, NASCIO chartered an initiative to explore the emerging discipline of business relationship management (BRM). This initiative was launched by NASCIO President Denis Goulet with the intention of building on our work in two areas- [CIO as Broker](#) and [customer relationship management \(CRM\)](#). The purpose of this presidential initiative was to emphasize the emerging need to develop and mature vendor relationship management (VRM) capabilities in states and territories.

CRM is the acronym for customer relationship management and refers to the determined discipline of managing relationships with valued customers in a proactive manner. CRM is intended to build communication that is trusted and engaging. There is a variety of technology choices for enabling CRM but the concept of CRM is founded on proactive management of the relationships with customers, understanding their needs and demands and partnering with the customer to ensure their success.

VRM is the acronym for vendor relationship management and refers to a discipline for managing the relationships with trusted vendors. As state government moves more and more toward the new state CIO operating model or "CIO as Broker," suppliers and vendors become important providers of capabilities. They are essentially a trusted strategic partner that is aware of the tactical and strategic direction of state government. Effective vendor relationship management includes collaboration, exploration, experimentation and, above all, trust.

As state governments move more toward a managed portfolio of services, more of those services are engaged through external providers. States will need to manage the different channels and supply chains for reaching services as well as the relationships that must be in place to effectively orchestrate an emerging and highly complex service portfolio. Some services will come from internal development and support. Other services will be gained through cross jurisdictional collaborative arrangements, and a potentially greater number of services will be gained through trusted private sector partners.

Essentially, the service portfolio is becoming more and more complex. This president's initiative is intended to address this complexity by examining the relationships that must be in place.

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The basic premise for this effort can be described as follows:

- Relationships are growing in importance.
- With respect to projects, programs and management initiatives, the emphasis is increasingly on value creation and achieving outcomes. Value created and outcomes achieved become the measures of success or failure. If the intended outcomes are not being achieved, course corrections can be made to avoid failure. We learn and we adjust as long as the outcomes are valid, properly articulated, achievable and relevant.
- Experimenting is encouraged.
- Collaboration is the way forward.
- The office of the state CIO is a trusted advisor to agencies and is represented as a key member of the strategy team.
- Providers, trusted private sector partners, cross-jurisdictional collaborators and internal staff are all trusted advisors to the state CIO in developing strategy, anticipating change and evaluating emerging technology.

Course corrections are made to ensure projects, programs and management initiatives don't fail but rather adjust, pivot, learn, and move on.

This research project started with a meta-analysis of what resources were already available to state government. We learned that a lot of training and reference material had been created by various consulting organizations and states themselves. Some state CIOs used their own experience and, to be quite frank, their own common sense, to create business relationship management efforts. We elected to join the BRM Institute (BRMI).

Two of our NASCIO staff joined as professional members so we could access the BRM Institute Body of Knowledge (BRMBOK). We had found through our meta-analysis that this reference was used widely by multiple industry sectors and some states as a reference.

We are defining business relationship management as a disciplined approach to proactively managing effective working relationships with internal staff, departments and agencies, suppliers and partners. The focus is more on evolving relationships that travel together, learn together, share risks and rewards. Relationships are not abandoned when failure occurs or is anticipated. Instead, course corrections are made to ensure projects, programs and management initiatives don't fail but rather adjust, pivot, learn and move on. A high priority is placed

on trust, and this requires open communication, transparency of project plans and metrics and communication about what is not working, collaborative direction setting and adjusting.

Managing relationships becomes a key enterprise capability leading to an ecosystem of relationships that deliver business value and positive outcomes for citizens.

As the enterprise relationship management ecosystem matures, states will see relationship managers, particularly business relationship managers (BRM managers) become trusted members of agency leadership.

A key outcome and motivator for BRM is value discovery and realization. Value is surfaced through collaborative exploration of potential investment opportunities that create business value.

Findings and Conclusions Regarding the Current State of the States in BRM

Maturity: One thing that was clear was the maturity of the BRM program depends greatly on the state and where they are in their BRM journey. Some states have titles and have defined roles and responsibilities for their BRM managers. Others may just be thinking beyond CRM and evolving those roles to look more like a BRM manager.

CIO Operating Model: The BRM concept is consistent and supportive of the new [“CIO Operating Model”](#) and the role of the state CIO as broker instead of the sole provider of services. As state governments rely more on matching the needs of agencies with vendors instead of providing those services in-house, this requires more strategic relationships and trusted partnerships with vendors instead of transactional relationships. As this happens the importance of the BRM manager role becomes more urgent. In a more mature circumstance, the BRM manager is working closely with the state CIO in aligning business requirements with vendor capabilities.

Value and Metrics: There is a definite focus on delivering value and outcomes. Performance metrics in the more mature BRM disciplines put a clear emphasis on achieving outcomes and generating value. These concepts are emphasized over schedules and budgets. This plays out in the definition of a request for proposal (RFP). In the past, RFPs were highly detailed with technical requirements. While that still may be the case, the emphasis on the awarded contracts is now the specific business outcome being sought. These outcomes will be detailed in the business case, the RFP, contracts, retrospectives and metrics for evaluating progress and making course corrections.

CRM to BRM: Some states include vendor relationship management (VRM) and customer relationship management (CRM) under the auspices of business relationship management (BRM).

from order taker



A multisource integrator (MSI) is a role fulfilled either by a state government employee or an outside contractor and is tasked with the goal of managing multiple suppliers of business services and technology services, integrating them together through well-coordinated orchestration to provide a seamless integration of interdependent services from a community of internal and external service providers.

Other states include only CRM under BRM and leave vendor relationship management to the acquisition process and discipline. CRM is a step in the right direction but the full role of a BRM manager is more than that. A BRM manager is representing the state CIO's perspectives and enterprise-wide directions. The BRM manager is also conferring with technology partners from inside of state government, industry and other jurisdictions to identify new and emerging technologies and business practices that can ratchet up the capabilities of state government and even deliver new value. Successful states have moved certain roles that had existed from "order takers" to strategic leadership roles.

An effective BRM manager is not restricted in their focus to infrastructure only. An effective BRM manager is a strategic business leader advising on all levels of strategy and operations. One sign the BRM manager is effective is when they are invited to participate in strategic planning meetings as a part of the agency strategy team. An effective BRM manager is also able to effectively communicate the value of IT.

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There is a mix of roles between the state and the MSI when the MSI is a private sector partner. The mix in roles depends on how the state government is planned and organized. Some of the titles we encountered are:

- business relationship manager
- customer account manager
- agency relationship manager

VRM to BRM: States that are pursuing what NASCIO has termed the "New State CIO Operating Model" or "CIO as Broker" have engaged private sector partners in what can be described as strategic, collaborative and accountable relationships. In these circumstances, these partners are brought into the project planning process early, and likely through a formal acquisition process. A key distinction in this approach is the pursuit of business value. In these early conversations with trusted

private sector partners, the state CIO and the agency will describe the strategic intent and outcomes being sought and explore what capabilities and delivery options can be provided by private sector partners. This is quite different from what has traditionally been termed “vendor relationship management.” This has been re-termed “vendor management discipline.” This “discipline” carries with it some distinct guidance that aligns with the business relationship management philosophy such as:

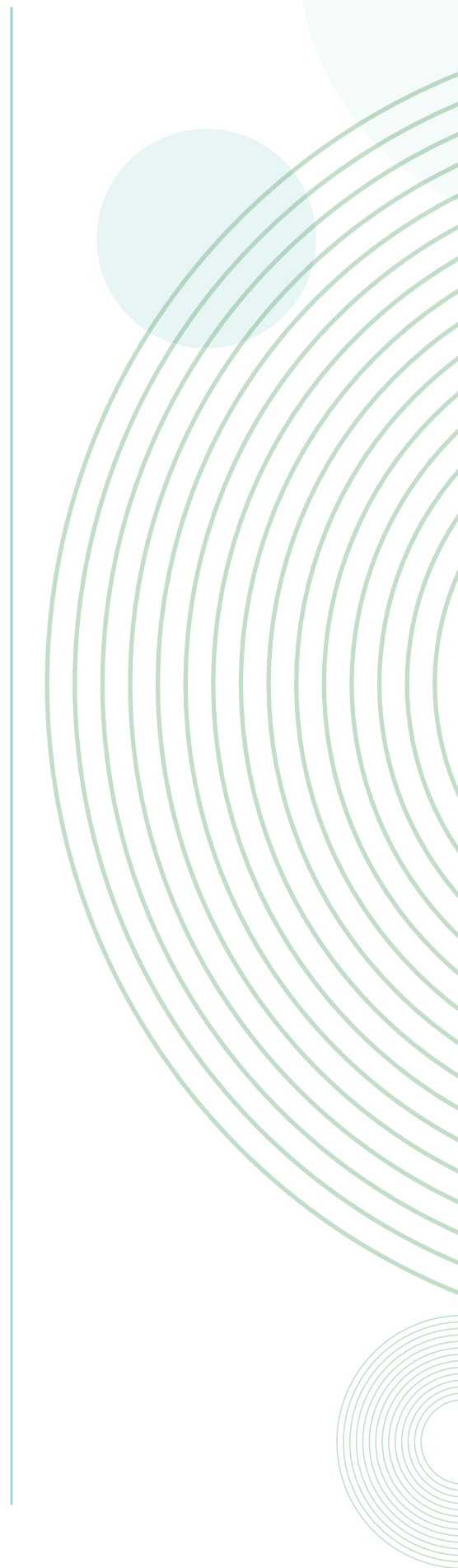
- Increase business value and enhance relationships with trusted private sector partners by implementing a standard and consistent approach to vendor performance management.
- Improve the delivery of capabilities and achieve agency customer satisfaction by implementing common vendor performance management governance, processes and metrics.
- Conduct objective evaluation of vendor performance against real business objectives and citizen outcomes and engaged commitment from all stakeholders.

It is obvious from this guidance that outcomes are emphasized, not project plan timelines or project budgets. These things are still important, but they are no longer the all-consuming metrics for determining the success or failure of a project, program or management initiative.

It is also obvious how states are evolving the role of the vendor relationship manager to the emerging role of the business relationship manager. There is a significant amount of face time through BRM governance that includes all stakeholders: trusted private sector partners; agency customers; state CIO functions such as enterprise portfolio management (EPM); project management; enterprise architecture; and importantly business relationship managers as conveners. This interaction ensures that everyone understands what state government is trying to achieve and ensures that they have the opportunity to contribute ideas.

Under the auspices of the new “State CIO Operating Model” or “CIO as Broker” model, these conversations, deliberations, consultations, and planning discussions necessarily include evaluation of any new capability within the context of an enterprise portfolio of services. This means any new service is evaluated with consideration regarding integration with other services and service providers. This then leads to the development of improvement plans and service evolutions. Therefore, contracts and service level agreements are written with a certain fluidity imbedded in the language that moves from “once and done” deliverables to the engagement of “evolutionary services” that adjust and adapt over time depending on what is necessary to continue to deliver business value and citizen outcomes.

BRM in the Middle: Some states have a clear delineation between vendor relationship management, customer relationship management, project management and enterprise portfolio management. In other



states, the BRM manager is really in the middle of all these kinds of activities as an orchestrator, or co-orchestrator, to ensure the necessary relationships sustain the characteristics of open communication, trust and collaboration. Relationships with private sector partners are forward thinking, anticipate emerging challenges and risks, make course corrections early and continue to learn.

In these circumstances, the role of the BRM manager is described by one state CIO as, “the hardest job in the world.” One state explained that they had tied the BRM manager role with technology business management, enterprise portfolio management and enterprise architecture.

Governance Varies by State: Some states have formalized their relationship management governance organization and process through forums, committees and councils.

The state of Louisiana has the most comprehensive job description for the role of business relationship management. Louisiana’s lead individual on BRM is a member of the BRM Institute and led a community of interest within the Institute.

Texas, Georgia and Virginia have a well-documented and formalized process and governance for the BRM discipline and vendor relationship management. These states also have a mature state CIO operating model, or “CIO as Broker” discipline.

Governance is essential to the effective initial definition and ongoing operations of a state government business relationship management function. We learned that effective governance structures are somewhat fluid, changing over time as the organization, and the various relationships with agencies and suppliers, mature.

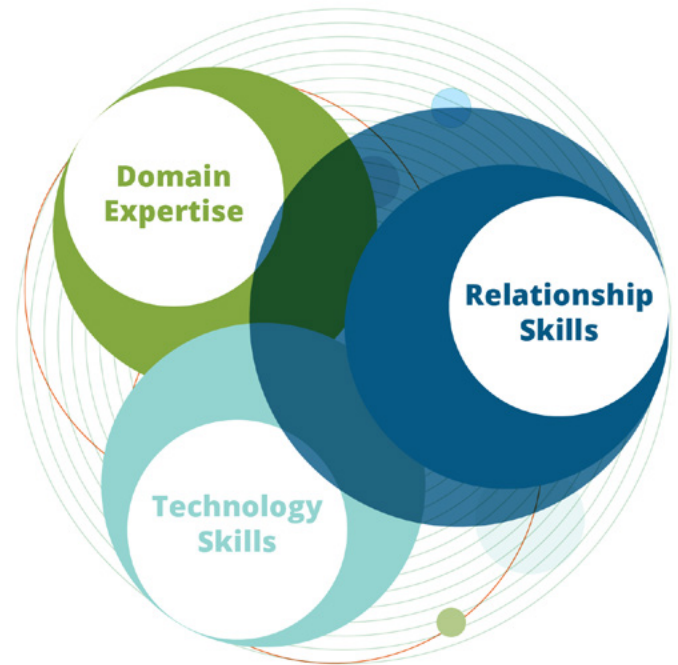
What the BRM Role Is, and Is Not

Over our conversations with many states, we gained insight on what the BRM role is and is not. BRM managers are not order takers or strictly tactical and in many cases are not necessarily technologists. They are highly effective communicators and likely to have high emotional IQ. One state CIO described their BRM managers as “extraordinarily talented people, all very empathetic, quick to pick up nuances of both people’s attitudes and technology challenges. We probably expect more from them than one would think of in merely a customer relationship role.”

Another state CIO described the ideal BRM manager as having significant strength in three areas: relationship management, technology and domain expertise. While you want to look for all three, you anticipate gaining at least two and the most important is relationship management. Technology knowledge and business domain expertise within an agency can both be taught, however the ability to manage relationships, take action and follow up on issues, is more of an inherent characteristic that is much more difficult to teach.



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One state tries to match the personality of the BRM manager to the culture of the assigned agency and has found greater success with this approach in retaining effective BRM managers. However, this approach depends on the ratio of BRM managers to agencies. In some states a BRM manager may be responsible for one agency, while there may be several BRM managers assigned to a single agency. In other cases, one BRM manager may be assigned to 25 agencies.

BRM roles have different spans of responsibility depending on how the organization defines BRM. Some are more tactical and are strictly customer focused. Others are more strategic with a long-term visionary perspective but still singularly focused on customer relationships. Others have a very broad scope of responsibilities that include managing customer relationships and supplier relationships.

The BRM role is not unique to IT. Other disciplines have a BRM role and even an MSI role. Examples include accounting, finance and legal services.

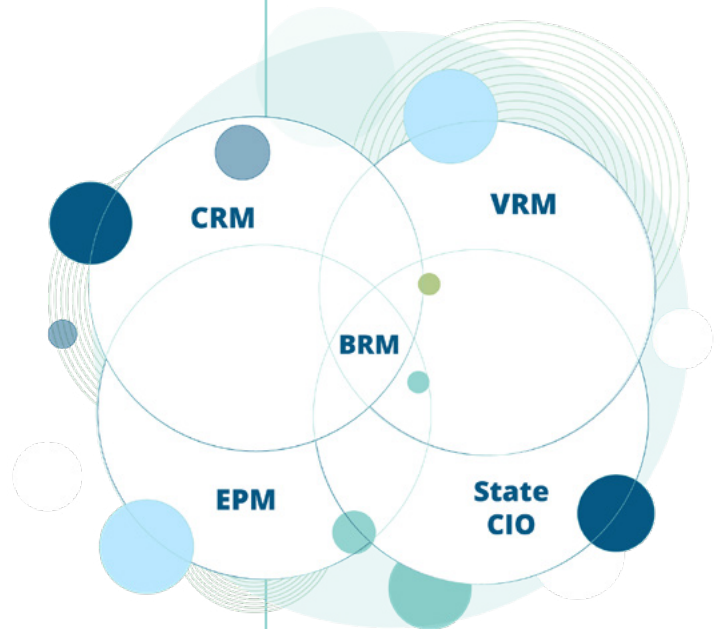
Recruiting and Training a BRM

BRM managers are often, but not always, state employees. In some cases, states are filling the BRM roles with consultants who are experts in this field. However, we've received guidance on the recruiting and training of BRM managers from states that have been at this a bit longer than most.

As one state presented, "making an effective BRM manager takes time, up to 18 months." Because the level of effort to recruit and then skill a BRM manager is a significant investment, this state does not fill that position with contractors or consultants, adding that "contractors too often leave for other opportunities." Instead, the state CIO prefers to recruit state employees into this position of BRM manager because state employees are more likely to stay in the position and grow with it.

Whether states are recruiting from within their own ranks or hiring from outside they look for specific inherent characteristics. As stated, technology and domain expertise of the agency to which they are assigned can be taught. Therefore, individuals with the ability to collaborate and learn can engage those with technology expertise and domain expertise and learn those aspects of the job. Someone with the right relationship skills will employ their collaboration skills and will eventually come up to speed.

One state not only trained their BRM managers on the concepts and philosophy of BRM, but they also trained their customers, members of the project management office, members of the enterprise portfolio management office, enterprise architecture staff and the multisource integrator, all seen as necessary for effectively embracing the culture



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of BRM. This approach creates a BRM ecosystem, where everyone is recognizing and acting on the importance of effective working relationships. The outcome can be extraordinarily effective.

One of the benefits of developing this culture is that problems and challenges are resolved sooner and by collaborative working teams before they require escalation to executive management or even cabinet secretaries. One state called this “hedging.” What this really demonstrates is empowerment. People have the authority and ability to resolve issues quickly and effectively through the people who are closest to the issues.

The ideal role as presented from our interviews has the following characteristics:

- The BRM manager knows the customer, their business, their technology, where they want to go and what is coming over the horizon.
- They are able to educate their business customer.
- They are not stuck on any particular technology.
- They understand that the tools for today are not necessarily the tools for tomorrow.

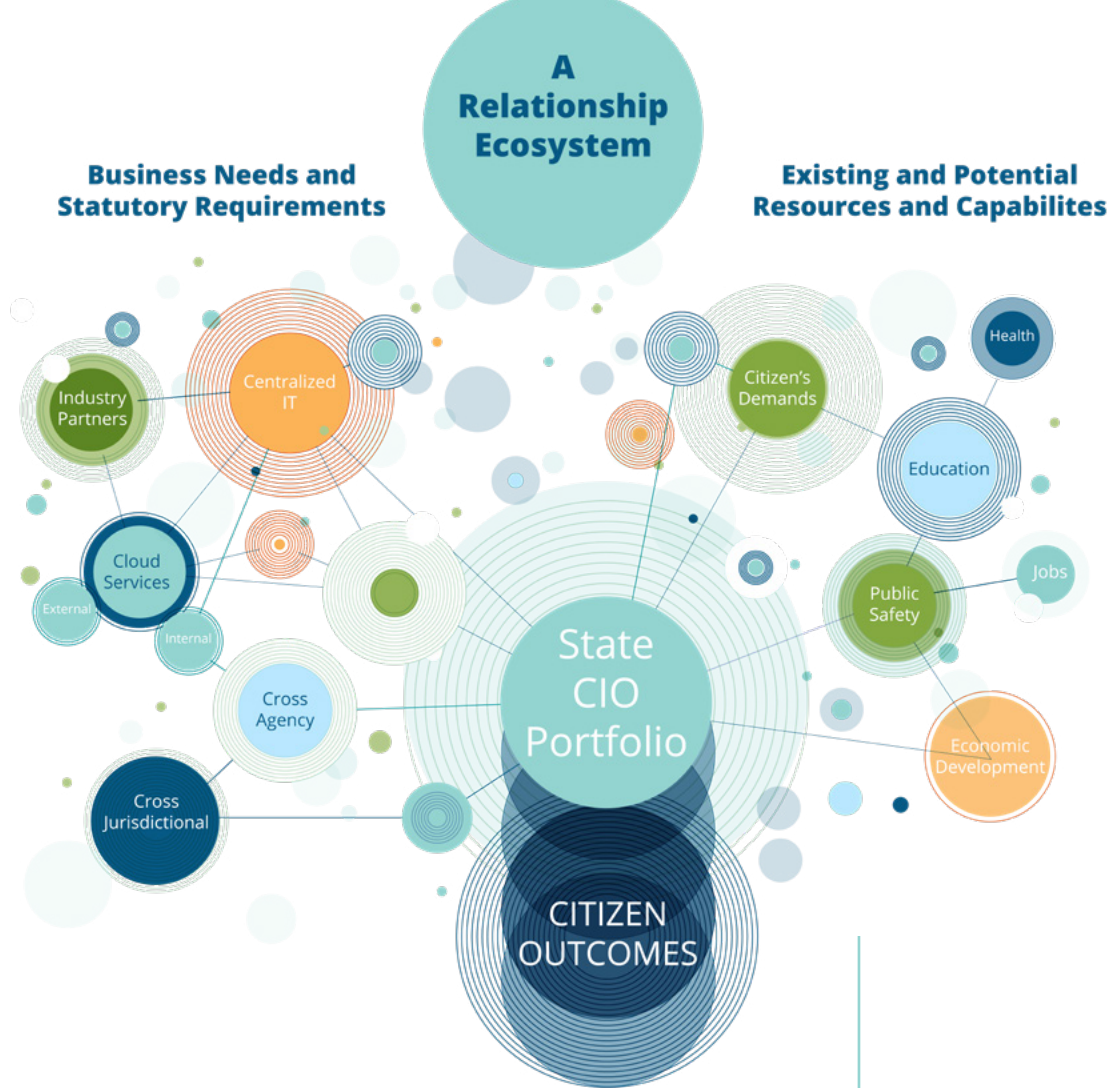
A Relationship Management Ecosystem

BRM discipline from the BRM Institute perspective encompasses all relationships in a relationship ecosystem. However, when we talked with states, there are different roles for the two sides of the state CIO’s office. There is the world of managing relationships with agencies. And there is a different world for managing relationships with partners. Vendor relationship management has different scopes. In more defined circumstances, “vendor relationship management” and “supply chain management” can be viewed differently. Supply chain management has a whole discipline defined by the Supply Chain Operations Reference or [SCOR model](#). Eventually we will need to explore the full scope of supply chain management.

An interesting aspect of this relationship ecosystem and an emerging benefit is a growing collaboration across state agencies. For example, in states that have fully embraced the philosophy of BRM, it is common practice to explore ideas collaboratively with all parties who have an interest including corporate partners, various functions within the state CIO’s office and the agency leadership and staff. When an idea is brought forth, the BRM manager will facilitate the conversation and even include other agencies to illicit other potential interests in a project idea. Collaborative work and communication within this relationship ecosystem then continues from project inception all the way through to the eventual retirement of a service. This kind of behavior and activity brings state agencies together as a single enterprise, sharing a common vision for citizen outcomes. The benefits of this broad collaborative relationship ecosystem include better risk management, stronger rationalized

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investment, more reuse, greater effectiveness, increased cost savings and ultimately – positive citizen outcomes.

How this fits in with the BRM philosophy is that the BRM role will start the conversation earlier with a definitive look to the future and to where the state agency or state CIO sees state government evolving. This set of conversations include questions like:

- What new things should we be doing?
- What should we stop doing?
- What should the service portfolio look like in future?

In contrast, vendor management and even supplier management are concerned with existing contracts and service agreements. These conversations tend to emphasize the current circumstances with an evaluation of the following:

- How do we optimize?
- How do we innovate?
- What can we do differently?
- What can we do better?



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These conversations must necessarily include, and even be facilitated by, the BRM manager, because in the ideal state this person has a full view of the enterprise, the customers, the partners and the capabilities available now and in the future. There is a tremendous amount of overlap in terms of responsibilities between BRM, CRM and VRM.

It is important to have a clear definition of responsibilities while also maintaining a collaborative attitude and a culture of teamwork focused on delivering value. The emphasis moves from “this is my role and that is your role” to “let’s see how we can create value and work together as a team.” In fact, in the more ideal setting, the definition of roles will overlap. There is this slow but deliberate migration to the relationship organization where relationships are emphasized over roles.

Some states hold the view that the BRM manager doesn’t look at work as high value or low value—they just get things done. That may be project management work, participating in a strategic conversation or chasing down tickets. If they are adding value, they are gaining trust.

Governance is an Essential Foundation

Effective implementation of the BRM philosophy and discipline includes a supporting governance structure and a very clear set of critical success factors. Decisions are made in such a way as to include all stakeholders. Various forums are put in place that bring the CIO’s staff, agency staff and trusted partners’ staff together. The actual makeup of the forum and the leadership are based on the intent of the forum. If the forum is in place to look to the future regarding emerging best practices and technologies, then the makeup of participation is much more comprehensive involving contributions from a wide span including suppliers, agencies and the management functions under the state CIO. If the intent is more tactical and day to day, then the makeup will involve more immediate contributors. Forums are co-chaired by state employees under the CIO’s office and outside contractors fulfilling the role of the MSI.

An important aspect of governance is managing risk, such as contract risk, supply chain management risk, project risk, investment risk and risk related to intellectual property. One of the more effective approaches we saw was bringing contract management under the office of the state CIO. With oversight and authority centralized under the office of the CIO, agencies and the state as an enterprise are protected from the potential risk related to independent contract commitments. The opposite of this circumstance is where agencies are contracting separately and independently with outside suppliers. This not only results in a highly complex enterprise portfolio, but also the burden of commitments and obligations that are not appropriate for state government to assume.



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Five Calls to Action for States and Territories to Get Started with BRM

While some states are well on their way to developing a robust BRM practice, others are just starting to think about it. NASCIO suggests the following five calls to action to get started.

1. Develop the business case for business relationship management. If your state is moving toward the new CIO operating model, identify how the BRM discipline fits into and improves your model and unique circumstances.
2. Identify stakeholders who will support the creation and operation of an effective BRM discipline.
3. Leverage existing organizational structures for CRM and VRM. Evolve these roles and responsibilities into broader roles of BRM. Using existing organizational structures can prove more efficient in achieving the intent of BRM.
4. Apply the BRM discipline to those relationships and projects that are of the highest priority for the state CIO. This will essentially be a starting point toward a full enterprise-wide BRM discipline. With short CIO tenures and frequent elections, smaller goals may be more sustainable.
5. Develop a governance structure for your BRM initiative. Above all, it is critical to have this in place for effective BRM. The stakeholders could be brought together to form the first iteration of a formal governance structure for BRM. In the future, such a governance structure would evolve as needs and the discipline changes.



About NASCIO

Founded in 1969, the National Association of State Chief Information Officers (NASCIO) represents state chief information officers (CIOs) and information technology (IT) executives and managers from the states, territories and District of Columbia. NASCIO's mission is to foster government excellence through quality business practices, information management and technology policy. NASCIO provides state CIOs and state members with products and services designed to support the challenging role of the state CIO, stimulate the exchange of information and promote the adoption of IT best practices and innovations. From national conferences to peer networking, research and publications, briefings and government affairs, NASCIO is the premier network and resource for state CIOs. For more information, visit www.NASCIO.org.

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