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CRM and Government

A thought leadership white paper

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Something's broken

The connection between government and constituents in modern democracies has been strained by the decline of journalism. Many would argue that the fourth estate had and still has the solemn obligation to act as the intermediary between government and its consumers, conveying information mostly in one direction from government to citizens. But that relationship has frayed. The operating premise had always been that journalism—whether print or broadcast—could pay for itself by generating sufficient audience so that advertisers would choose to buy placement for their messages in line with the news. Thus the financial health of news organizations would be assured.

But the evolution of the Internet and its advertising model has rendered much of broadcast advertising obsolete. This is not necessarily news. Publications once made a good living selling display ads, personals, help wanted, and other things that people and businesses were happy to buy in exchange for audience reach. But many of these classes of advertising have been taken over by Internet functions that are faster and less expensive or free thus reducing or eliminating important sources of revenue for news organizations.

Adwords and social media have replaced the function of old-line ads leaving journalism to seek other ways to generate revenue to support itself. At first few people noticed the problem as media cut staff, curtailed operations or quietly went out of business because many strived to continue to deliver their quality and quantity of journalism with diminished resources. At the same time, the number of journalism outlets exploded with new content sources springing up on-line and on cable while print media's footprint contracted.

Some of this has contributed to the rise of insular news, consumer groups, and slanted reporting, which has created echo chambers. Conservatives report conservative news to conservatives while liberals report liberal oriented news to liberals. Getting news that has not been predigested in some form or another is becoming increasingly difficult.

To survive journalism business models had to change and insidiously the content of the content began to change. Today, many critics agree that journalism outlets are happy to cover a controversy surrounding an issue rather than the issue itself.

With these fundamental changes it begins to strain credulity to say that journalistic outlets can still cover the news fairly and rigorously. To be sure many outlets still do a fine job of reporting.

But the recent Gawker¹ suit in the U.S. is an example of a business purporting to be a news organization which had focused on exposing salacious details of people's lives without much attention paid to the public good. Gawker was sued for running a surreptitious video of a former professional wrestler having sex with a friend's wife. Interestingly at least part of the legal bill was paid by Peter Thiel, a wealthy venture capitalist who'd been previously outed as a homosexual by Gawker. The jury in the case awarded the wrestler \$140 million in damages and an appeal is pending. Meanwhile Gawker has explored bankruptcy.

It is hard to say what the value is to the public of such salacious reporting other than to attract viewers to advertisers. But the modern example is not unique or even new. If we go back a century—to the golden age of newspapers—major cities had multiple news organizations and each one delivered news in what was sometimes euphemistically called a point of view. It was not hard to figure that some papers supported conservative or particular party ideas while others took more progressive approaches. These outlets spawned the rise of yellow journalism or the yellow press as well as muckraking.

Yellow journalism

The late historian and journalist, Frank Mott², who won a Pulitzer Prize for History for his book, *A History of American Magazines*, said that yellow journalism has five characteristics:

1. Scare headlines in huge print, often of minor news.
2. Lavish use of pictures, or imaginary drawings.
3. Use of faked interviews, misleading headlines, pseudoscience, and a parade of false learning from so-called experts.
4. Emphasis on full-color Sunday supplements, usually with comic strips.
5. Dramatic sympathy with the "underdog" against the system.

Consumers of many print and cable news sources might find a lot in common between some of their current news media and the yellow journalism of the later 19th and early 20th centuries.

¹ https://en.wikipedia.org/wiki/Bollea_v._Gawker, sampled on July 26, 2016.

² https://en.wikipedia.org/wiki/Yellow_journalism, sampled July 26, 2016

Muckraking

Muckraking³ got its baptism from President Theodore Roosevelt. A writer himself, Roosevelt had an interest in ensuring the news was accurate and he elevated Whitehouse press coverage by giving the press secretary cabinet status and other measures. He also took an active role in managing the Whitehouse press corps. When reporters went their own ways on stories investigating and reporting on things that Roosevelt did not approve of, he called it wallowing in the mud and from there it was a short hop to calling its practitioners muckrakers. In truth much of today's investigative journalism has its origins in the muckrakers of the Progressive Era.

Progressives were able to support investigative journalism because there were news outlets like McClure's, Munsey's, and Cosmopolitan magazines. They attracted some of the best journalists of the age including Ida Tarbell and Lincoln Steffens.

Modern times

Today's journalism is both the same and different. The 24-hour news cycle with its expanding number of outlets and points of view provides more information than most people can digest. Outlets interested in attracting the largest audiences possible may play loose with things like fact checking. One serious example occurred in the recent UK Brexit referendum. Proponents of leaving the European Union campaigned on, among other things, the idea that the UK was then sending in excess of 400 million pounds per day to the EU.

Proponents insisted that money could be redirected to the National Health Service when the UK left the EU⁴. But on the end of voting a leader of the Leave movement, Boris Johnson former mayor of London and conservative party member, began back tracking on the promise. The real number turns out to be closer to 150 million pounds per day, about a third of what was promised by the Leave agitators. Still the vote happened, there was a result, the government of David Cameron fell, and its successor led by Theresa May must cope with implementing the people's will.

Possible solutions

If you look at the Brexit campaign or the U.S. presidential contest, you might conclude that all parties treat the truth as a quaint artifact and plunge ahead saying

³ <https://en.wikipedia.org/wiki/Muckraker>, sampled July 26, 2016

⁴ <http://www.independent.co.uk/news/uk/politics/will-brexite-save-taxpayers-money-nhs-eu-referendum-vote-leave-a7049501.html>, sampled July 26, 2016

anything they please. But actually, for any given issue one party is telling the truth, more or less, while the other is promising to repeal the law of gravity. This sets up an unequal dichotomy since repealing gravity with all the associated chaos it would bring is much, much sexier than most forms of truth telling.

In the U.S. market, fact checking has become a part of responsible journalism though it is unevenly applied. But fact checking is an after-the-fact action that does not always yield useful results. The last 50 years have given us ample examples of why after-the-fact action, or any post event attempt to rectify an imperfection, is not a good or useful idea.

For instance, in the 1970's and 80's we discovered that quality manufacturing could not be accomplished through final inspection (another after-the-fact action). Using principles first set forth by W. Edwards Demming⁵, manufacturers eventually concluded that they had to embed quality controls and actions in manufacturing processes so that errors could be corrected or even prevented long before a final product was rolling off the assembly line.

In the CRM era we learned much the same lesson about customer-facing business processes. We've developed detailed understanding of the customer journey even modeling those journeys so that vendors can better predict customer actions and the next best possible actions and offers.

This is the fundamental problem government faces in the 24-hour news cycle with an ironically diminished capacity of journalism to inform the public. Also, older and slower forms of communication including TV, cable, radio, and print journalism are mediating the government-constituent relationship, while the news cycle operates fundamentally at the speed of social media. In all of this government is almost powerless to control its message.

A workable paradigm

All of these issues have been faced before in the private sector as customers have taken to the Internet and to social media to denounce vendors for poor service, product defects, or even simple misunderstandings. The solution for business has been to implement a series of advanced and well-integrated CRM solutions to help businesses compete in newly reoriented markets.

Now we face the same basic problem in the last bastion of old style broadcast media, government. Government still communicates with its consumers as it did in the heyday of broadcast TV or even in the golden age of newspapers. In a largely one-

⁵ [https://en.wikipedia.org/wiki/W. Edwards Deming](https://en.wikipedia.org/wiki/W._Edwards_Deming), sampled July 26, 2016

way process governments issue information that is distributed by the media. As we've seen these media are not in the best shape to perform their self-appointed duties though to be fair, results are mixed. A version of this solution could work well for the vital relationship between governments and citizens.

The conventional broadcast media may still cover the issues but increasingly they spend much time covering the controversies around the issues, which might have little to do with the issues themselves. In the process, news consumers get less of what they need to make intelligent decisions. Worse, the coverage can lag events by as little as seconds in the case of social media or days where print is concerned. True, there is greater analysis with time from an event but as is too often the case, by the time the analysis catches up, a new issue has the public's attention. In this condition, it is nearly impossible to fact check or catch mistakes before the public latches on to the new bright and shiny object.

This condition is not useful for a democratic entity like a government because it prevents the free flow of information and degrades transparency. Having the wrong information is the same as not being transparent at all.

The CRM paradigm

CRM solutions include, but are not limited to, customer databases integrated with social media, community data gathering, mobile devices, and analytics all designed to work together to capture customer data, analyze it to come up with reasonable alternatives, and to deliver the business's offers and information on the platforms where customers want to consume vendor information e.g. anything from smartphones to traditional desktop computers.

This has two advantages. First it creates the semblance of a one-to-one relationship. In reality the relationship is more one-to-many but the experience a customer comes away with is that a vendor heard a unique issue and responded to it with precision. Also, most customers and most constituents don't have time for real one-on-one relationships and studies have shown that the interaction efficiency counts for a great deal in the eyes of customers.

Secondly, using CRM provides a closed loop of stimulus-response and possibly multiple iterations. By capturing customer data and analyzing it for high and low points, vendors can understand what's trending in the customer base and perhaps take action before a trend becomes a stampede. These are all things that would benefit the government-constituent relationship as well.

As business users have seen with increasing effectiveness over the last two decades, customer relationship management tools and techniques have become increasingly effective at helping businesses to understand customers and their needs. This

understanding can lead to developing better communication and trust. But these outcomes do not happen over night; they are the result of repeated iteration, a key point that businesses have learned the hard way and that governments have yet to begin learning.

At the same time, customers have learned to be more demanding in a world where so much is available on-demand. Some people might consider this an unalloyed good but it comes at a price. When customers—or constituents—discover their freedom to change their minds and go elsewhere, the vendor (or government) has to cope with keeping order in a disorderly world. Ideally, this would be where the trust built up over multiple iterations dampens the impulse for harsh reaction.

As a practical matter, the new customer paradigm has made it imperative for vendors to collect copious amounts of customer data in order to analyze it and develop their strategies. CRM has enabled vendors to become very good at anticipating customer needs and actions and—this is important—to reduce the number of surprises that endanger revenue flow, for instance. Reducing the surprises that government is prone to would be an equally good thing.

Government is in a position similar to what business faced a few years ago at the dawn of the Internet age. The old methods of sampling constituent or voter needs, attitudes, or intents, which have included focus groups and surveys are no match for the 24-hour news cycle. Old approaches do not capture enough data and it takes far too long to extract information. With every iteration of a news cycle, governments fall further behind their more nimble adversaries, their messages don't get out, and the public is left with whatever narrative the opposition chooses to deliver.

The Brexit example

The recent Brexit situation exemplifies many of the problems found in today's journalism and government-public interactions. Of Brexit one might say that all a citizen needed to do was to read a newspaper or watch the newscasts but which ones? More importantly, what actions did government fail to take simply because it had no sense of the public mood?

There was strong division between media outlets on whether to support Brexit or not. For example, The Guardian newspaper supported the Remain position and The Daily Mail was more on the side of the Leave contingent. Almost from the beginning the sides in the debate were dug in and it was nearly impossible to get unfiltered information on which to make an opinion.

That's what happens in the heat of a campaign and it illustrates the need for engaging upstream from an event when emotions are not as raw and persuasion is possible and this is the case for CRM in government. Consistent and convenient

dialog with customers over time is the surest approach to maintaining good relations and avoiding a populist uprising.

In Brexit there were ample examples of yellow journalism as Frank Mott might have analyzed the situation. Certainly there were scare headlines and lavish use of electronic media ensured there were all kinds of pictures. But interestingly there was also disdain for expertise, another Mott tell, and ironically the very thing that all sides needed. On June 22, 2016 Oliver Wright wrote a story in The Independent with the scathing headline, “EU referendum: Economic experts warning of Brexit are like Nazis, claims Michael Gove⁶.”

Gove like Boris Johnson was one of the leaders of the Leave campaign. On the same topic Henry Mance, political correspondent of the Financial Times, wrote in a story headlined, “Britain has had enough of experts, says Gove⁷,” “Michael Gove has refused to name any economists who back Britain’s exit from the European Union, saying that “people in this country have had enough of experts.” A perfect allusion to Mott’s definition of yellow press.

Finally, there’s the issue of sympathy with the “underdog” against the system. Gove and Johnson designed their arguments to pit the older, disadvantaged middle class against the EU bureaucracy. Much the same can be said of the Trump campaign in America.

We could go on but the point is made. It’s very difficult for government to get ahead on an issue that has apparent public support and few facts in circulation, though few would assert that applying CRM at the last minute would have done much good. Generally, implementing CRM in government settings will accomplish three things in the long term.

1. It will enable government to do a better job of making its facts known.
2. More importantly, it will enable government to do a much better job of gathering facts and understanding sentiment. The sentiment blown off in the Brexit election was growing for years but it’s unlikely that politicians understood the gravity of the situation until it was too late.
3. It will engage people in ways not seen previously opening up government and furthering the cause of democracy. When people have a say in how

⁶ <http://www.independent.co.uk/news/uk/politics/eu-referendum-brexit-economy-latest-live-what-it-means-michael-gove-nazis-remain-leave-a7094931.html>, sampled July 26, 2016

⁷ <http://www.ft.com/cms/s/0/3be49734-29cb-11e6-83e4-abc22d5d108c.html#axzz4FWkchYCh>, sampled July 26, 2016

things operate they take interest and are more likely to commit to a particular direction because they have a sense of ownership.

All of this comes from recent experience with CRM in business and it can work with government. But will it?

Can CRM work in government?

Using CRM tools and strategies in government has notable advantages, but could it get over the obvious hurdles to be implemented? For instance, some sides might not see CRM as an unalloyed good given that government is more of a zero-sum game than business. So is CRM a special case of communication that can't or won't work with government or is democratic government a special case of relationship that does not fit with CRM approaches and technology?

Government may be unique in that there are potentially three sides to a discussion whereas business is more bi-polar. In business a vendor simply needs to make a case to its customers. While competing vendors each attempt to establish the same bi-polar relationships one often only needs to out compete other vendors one time to earn business. In contrast politics is always about winning the same or a similar debate over and over so government should be much more oriented toward customer loyalty, which has slightly different rules.

Government interactions are three sided. Each issue may have proponents, opponents, and constituencies who may not be the same. The opponents are always contending because one will certainly lose and there is little benefit in finishing second in a race of two. In business, markets are assumed to be expanding, at least most of the time, so while in any single instance one vendor will win while others lose, the expanding market means even the losers get to fight another day.

So even if CRM would work in government, it is hard to see how it could gain a foothold given that those with the power to make procurements will think more of the disadvantages of having a better-informed public than of its advantages. In zero-sum situations one tends to worry at least as much, and possibly more, about losing than winning. So it is questionable whether any CRM initiative could get the proper funding.

Therefore implementing CRM for government would not be easy, at least from the perspective of getting agreement and funding from the status quo establishment types in power at any moment. Also, if CRM brings more people into the political process it can also accelerate politics even more than the 24-hour news cycle—it would be a news cycle that no one controls. With the news cycle, there's a more or less hierarchical organization of the news. There are newsmakers and there are news

consumers. The newsmakers may vary from day to day but there is still a relatively small number of them to track. In true democracy everyone is equal and with CRM each has a voice.

Democratizing democracy

CRM is a democratizing influence. Wherever it is tried CRM gives voice to people who had none and that's an idea that will cause panic among people accustomed to being at the top of the pyramid. But those people may not have much choice in the matter because we've seen that without CRM the upheavals of a plebiscite can be wrenching. But with CRM it might be possible to fine tune actions. Also, there is already enough publicly available enabling technology such as social media that not to participate in some way leaves governments at a major disadvantage, which can already be seen.

One possible win-win outcome might be the further evolution of journalism as the primary keeper of CRM. If media companies were to adopt CRM technologies, especially for data gathering and analysis, they could have a unique in-house source of credible information to attract readers and viewers. Such an approach could dampen the mood-swings that yellow journalism depends on but it could also exacerbate the problem. It all depends on sample size and its homogeneity.

A small sample or one that is homogeneous would favor greater swings on any topic. One obvious example might be sampling only middle-aged white men during the Brexit campaign. Since that group heavily favored the Leave side, amplifying findings among just that group could certainly skew the results. On the other hand, media that try for the largest and most heterogeneous samples might be able to provide the most accurate polling, which still comes with its own problems. If a result of a vote is known in advance, some voters might elect to stay home in which case, the result could be modified in a kind of temporal paradox⁸.

But even if the media could take on some aspects of CRM, such efforts would not do much for personalizing the government-constituent relationship. Governments would still need CRM to provide for the ability to deliver services and information and to engage constituents to build their loyalty. This would likely amount to new costs and thus good reason for some parties to avoid implementation.

If the model for CRM adoption in business is any guide though, at some point the benefits will outweigh the detriments. Establishing the balance between enough CRM and too little is likely to be done through trial and error. At some point breakthrough success will happen in one, or more likely, several locations thus

⁸ https://en.wikipedia.org/wiki/Temporal_paradox, sampled July 26, 2016

creating enough momentum for rapid adoption. Until then we continue living in a world driven by technology and social media but mediated by twentieth century communications. It is an unstable situation and it cannot last.

About the Author

Denis Pombriant is the founder and Managing Principal of Beagle Research Group, LLC and he has been covering developments in this market since 2000. Pombriant researches and writes about the trials and tribulations of vendors and customers—two types of human separated by a common cause. He lives in the Boston area with his beautiful wife, two demanding cats, and one hyperactive puppy.