

IACA Merit Awards Submission

The Connecticut Online Business Startup Tool

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Introduction:

The phrase of the day is “Economic Development.” States are falling all over themselves to spark innovation, new business growth and startup activity. Fortunately [Happy bell rings: DING DING DING!!!], our phones are ringing every day with folks looking to form startups. Less fortunately [Sad trombone says: WHAHH WHAHHHHH...], many of these folks are do-it-yerselfers, who refuse to seek counsel and who require much hand-holding. To provide proper customer service results in very long phone calls. This hampers productivity and ties up our phone lines, resulting in work delays and unhappy customers.

Enter, The Online Business Startup Tool, presented by Secretary of the State of Connecticut, Denise Merrill! Beginning in mid-January 2014, Secretary Merrill launched a new app that walks customers through a step-by-step business creation wizard that answers all of the common questions and makes all of the necessary referrals for customers seeking to start a new business in Connecticut and for customers of existing foreign entities seeking to register their entities in Connecticut. This one-stop-shop approach physically connects the customer to all of the state and federal agencies they will need to contact in the early stages of startup, and much more!

In addition to “hooking customers up” with the agencies they might need to access in order to more fully comply with state registration, licensing and permitting requirements, the Business Startup Tool goes on to make value-added referrals to other helpful federal, state and private resources and support services. *Need help developing a Business Plan? CLICK! SBA, at your service. Need financing? CLICK! Connecticut Community Investment Corp, right here to help. Looking for tax incentives or assistance programs for minority/women/veteran/disabled-owned businesses? CLICK! You are now connected to the Department of Economic and Community Development! What’s more, after you explore these other sites, you are one click away from closing the outside window and rejoining the Business Startup Tool, right where you left off.*

The Business Startup Tool has been cleverly designed, with the assistance of vendor PCC Technology Group, LLC, to drop customers right on the appropriate landing page of each outside agency the customer chooses to access. This maximizes efficiency for customers, so they are not left to wander cluelessly through sister agency websites, searching high and low for what they need. *Need to obtain your IRS EIN#? BAM! You’re on the right page of the IRS Website; no muss, no fuss! Need to register with the state Department of Revenue Services? WHAMO! You’re there; right at the New Business Registration Page!*

All the standard questions have been anticipated and most of them are answered, all in a tight presentation using layman’s terminology and simplified explanations. The whole presentation is only

twelve slides long. And the best part of it all, from the filing office perspective? We loaded all the important admonitions into the presentation. *Don't forget that you'll have to file Annual Reports! Don't forget to file a Dissolution if you dissolve!*

The brand new Business Startup Tool, brought to you by the Secretary of the State of Connecticut...
...quite possibly a man's (or woman's!) best friend. [Dog barks: WOOF!]

To get there, check out

<http://www.concord-sots.ct.gov/CONCORD/NewBusinessFormation/BusinessRegistrationTool.jsp?pInquiry=false>

Review Of Criteria:

Eligibility Note: Sorry for the last-minute submission. Because this application was launched in mid-January, I assumed it was not eligible for consideration for this year's award. I had planned to submit this next year. However, when the submission window was extended to mid-March, this application became time-eligible under the two-month implementation rule. I had to scramble to put this together, so again, please accept my apologies for the last-minute submission.

Process Note: In order to best meet the criteria established for judging, this submission will simply follow the order of the criteria as those criteria were posted. Answers will be provided where applicable.

This year, each eligible application will be evaluated according to the following criteria:

Effectiveness (40%) - the degree to which the change has achieved tangible results

- Does it respond to needs of clients?

Yes. This application is specifically designed with the needs of the customers foremost in mind. We get many calls in a typical day from customers seeking to form entities on their own, or seeking to register a foreign entity in CT without the aid of local counsel.

- Does it improve productivity?

Absolutely. When this was launched I sent a directive to my staff: Instead of spending twenty minutes on the phone, bogged down with self-help entity formation customers, take about ten seconds to pivot them to the online Business Startup Tool. Explain that "it was developed to specifically answer many of your questions and you can call me at my direct line if you have additional questions..." The long term efficacy of this approach has yet to be measured, but staff report that early on, many customers are happy to jump online and try it. The numbers so far bear that out. At least anecdotally, staff inform me that they have been able to return to filing duties much quicker than in the past when fielding these startup/formation calls. More scientifically, we began with a "soft" (unannounced) launch on January 15, 2014, where the only people likely to "find" the Tool on our site were folks who were referred to the new button on our site by staff. During the soft launch period (three weeks in January) we had 357 hits. So, if most of those hits were referred by staff, then this saved an appreciable amount of time walking customers through labor-intensive startup calls. Even 300 calls at a LOW average of five minutes per call would have saved 1,500 minutes, or 25 hours of call time, DURING THE SOFT

LAUNCH, USING CONSERVATIVE FIGURES. That's the equivalent of over two-thirds of a fulltime document reviewer's work-week saved, calculated conservatively! In February we started advertising the tool and experienced 3,787 hits. Using the conservative 5 minute factor for time spent on startup calls, we demonstrably saved $3,787 \times 5 = 18,935$ phone minutes, or (divided by 60) = 315 man-hours of time with startup calls. Divided by a forty-hour work-week, we saved the equivalent of almost 8 fulltime reviewers sitting on the phone instead of reviewing docs in the month of February.

- Does it improve compliance?

Yes. When drafting the "story boards" for this project, I was sure to include important admonitions about Annual Report and Dissolution filing compliance, as well as licensing and permitting compliance and even a convenient link for labor law posters to comply with posting requirements (FLSA, Workers' Comp, etc).

- Does it improve the integrity of the public record?

I believe it inures to the benefit of the public record to confront new business owners right up front about their Annual Report and Dissolution filing requirements. Educating the customer about a duty is the first step toward encouraging compliance.

- Does it demonstrate its effectiveness quantitatively and qualitatively?

Since it went live on January 15, 2014 the Business Startup Tool received 357 hits in January (we did a soft launch without fanfare to make sure the kinks were worked out). We began publicizing the Tool actively in the beginning of February. For the short month of February, the Tool garnered 3,787 hits. By March 11th (the date we requested data from statewide IT), March hits had already grown to 1,000. So the known data report over 5,000 hits in six weeks of active "advertising," plus three weeks of soft launch, where customers essentially only found the Tool when referred by staff. Refer to the productivity question above for a demonstration of how many man-hours this has likely saved to date. This addresses the "quantitative" aspect of the question. As for the "qualitative" aspect, we have not had time to gather customer feedback (or really even to design a program to gauge customer feedback in any meaningful way). However, we have NOT had any complaints, which is a start (we may be alone in this, but we find that in Connecticut, our customers are not slow to raise concerns when they are not pleased), and we also submit the product itself for demonstration. Please link to it and take it out for a spin.:

<http://www.concord-sots.ct.gov/CONCORD/NewBusinessFormation/BusinessRegistrationTool.jsp?plnquiry=false>

- Please include all available metrics.

As noted above.

Originality (30%) - the degree to which the change demonstrates creativity and true innovation

- Does it represent a fundamental change in legislation, regulation or policy?

No, the purpose of this Tool is not to change law, but rather to work within existing laws to efficiently support customers with a common set of needs and to provide customers with value-added service that our staff simply do not have the time in every case to deliver by phone. But we did require an authorizing statute and bonding funds, which we obtained.

· Does it represent a significant improvement in service delivery?

Yes, for reasons already covered elsewhere in this application.

· Does it introduce a substantially new technology or service concept?

Yes. Whereas a handful of jurisdictions have “one-stop-shop” startup services available online, I believe this approach is entirely unique. It uses a wizard or tutorial, point and click user interface to allow even rudimentary Windows users and web surfers to follow along and accomplish more than they even imagined would be available to them when seeking merely to form an entity.

Significance and Transferability (20%) - the degree to which the change successfully addresses an important issue or problem and, as such, may inspire successful change elsewhere

· Does it make substantial progress in diminishing this problem/issue?

Yes. Please refer to the metrics provided above, which illustrate the early potential for this Tool to make both customers and reviewers happy, while saving hours upon hours of phone-time for staff. Our workforce has been reduced through attrition by over 25% in recent years. One response has been to automate filings, so that human service intervention is needed in fewer interactions with the office. This innovation builds on that concept, taking arguably the most time-consuming calls that we receive constantly, and pivoting those callers to a fully automated self-help wizard/tutorial to assist them in forming their entity, PLUS a whole lot more. It provides arguably better service, with less human intervention, and therefore has the potential to save a bunch of money over time.

· Does it offer a one-time solution, or will the benefits be more significant over time?

The metrics to date reflect the very outset of this new technology application. I anticipate its use will grow as more customers learn about the tool and as staff become more adept at the pivot to the Startup Tool. Moreover, at present the tool is limited by our inability to file formation docs online. You will note that the user is directed to a link that allows the user to download the actual formation document, to be mailed in. We recently conceived of ways to get around the third-party agent execution problem within our existing Connecticut laws (the requirement that an appointed agent sign the document, acknowledging her/his appointment). This has allowed us to begin development of our online entity formation module. Once that goes live, we will integrate it seamlessly into the Business Startup Tool and customers will actually be able to form their entity without leaving the computer screen, during the wizard/tutorial session. Once this last piece is put into place, I anticipate usage to grow at a greater pace.

. Does this change address a problem/issue that is likely to exist in other jurisdictions?

Absolutely. I invite other jurisdictions to copy the template we have provided. If they field long, interactive business formation phone calls from self-help filers, they would definitely benefit from deploying this solution and from encouraging their staff to pivot the customer to the online Tool.

. Can the solution be replicated?

I would imagine that, having built this solution once, PCC Technology Group, LLC could replicate the solution and retrofit it for other jurisdictions. Also, it is likely other Tech firms could build a similar product.

. Will this change serve as a model for others?

I hope so.

. To what extent are components, concepts, principles, or insights of this initiative transferable to other areas?

I am already in talks with the Secretary, Deputy and PCC about transferring this concept to an app for *existing* entities (as opposed to startups). The idea is to use a similar graphic user interface to provide value-added service to our customers by connecting existing entities to programs and resources of interest, in the name of economic development and to the benefit of Connecticut's economy.

Lessons learned (10%) - the road to implementation

. What unexpected issues arose on your journey to implementation?

The day before the soft launch of the Business Startup Tool, I walked through the app with a representative of PCC, clicking on every link. We learned that the IRS had completely overhauled their website. We had to quickly search the IRS website to find the new EIN# Form SS-4 page so we could direct the Business Startup Tool to link directly to that landing page. YIKES! Lesson learned: MAKE SURE TO DOUBLE-CHECK THE LINKS FROM TIME TO TIME TO KEEP THEM ACCURATE AND RELEVANT!!!

. If you had the opportunity to do it all over again, what would you do differently?

I'm sure something will come up as customers utilize the app with more frequency. In the meantime, I just wish we already had online formation capacity already in place so it does not seem like a letdown when folks go to the Tool to form a company, and learn that they have to print down and submit the form by mail. Then again, not many jurisdictions do (provide online formation filing), so we're not alone there...and we're presently working on it, now that the legalities have been worked out. Watch this space, as they say!

. What other valuable advice could you offer to another jurisdiction considering a similar change?

If you pitch this as the time-saver, and therefore the money-saver, that it is, I believe you will be more likely to obtain the authority and the money to add this service to your site. Also, we find it difficult to work with sister agencies in CT, so we sidestepped that problem. We loaded the authorizing bill with all the agencies and programs we wanted to link to and sought their permission at the front end, when the matter was in concept. Our bill passed almost without objection. Without any commotion or hubbub, we then linked to the relevant landing pages on the sites of the other agencies. We did not involve other agencies in the process of deciding which landing page to link to because, frankly, we didn't need to. They are public sites, after all, and the slightest of research navigated us right to where we wanted to land our customers. It is entirely possible that many of the other agencies do not even realize that this Tool is linked to them yet. I haven't heard a single gripe yet, and if I do, I will respectfully point out that the link from our Tool is likely saving that agency a load of phone calls, as well as promoting compliance with that agency's requirements. *Oh, and by the way, you are an enumerated agency in the authorizing statute. "The Secretary SHALL link to..."*. Good luck!

Here is a link to the Printer Friendly version of the Business Startup Tool (but I suggest you log in online and play around with the links to get a real feel for the designed ease of use).:

<http://www.concord-sots.ct.gov/CONCORD/NewBusinessFormation/BusinessRegistrationPrinterFriendly.jsp?pInquiry=false>

Thanks for your kind consideration of this Merit Award Application. [Dog barks: WOOF!]

Respectfully Submitted,

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