

SATISFACTION • Valuable lessons

Ensure success of CRM with a change in mindset

By MATT HASAN

Customer relationship management (CRM) has been around for more than a decade now. Still, questions remain about CRM's objectives, scope and, most importantly, whether it works. Many marketers are unclear on whether CRM is worth the necessary investments.

Simply put, CRM is the framework and infrastructure that enables businesses to target, acquire, retain and develop profitable customers with whom the company can establish a win-win relationship. CRM infrastructure integrates and aligns the people, processes and technologies of all the business functions that touch the customer—marketing, sales and customer service.

Many companies to date have sat out the CRM "revolution" because of what they cite as the high cost of CRM technology. More often than not, however, companies need to invest little in technology to initiate the fundamental principles of customer-centricity. Implementing CRM is not about implementing technology—rather, CRM needs to be seen as a business mindset. Usually, companies must make a fundamental change in the way they do business, modifying their approach to sharing information and coordinating activities within the company to enable them to deal with each customer optimally.

In the current environment of economic sluggishness and budget austerity in most companies, all projects are undergoing intense scrutiny. CRM projects, though still considered a high priority, are no exceptions. Projects have to be justified by ROI and results have to be delivered in a shorter period of time. The nine lessons discussed here, learned from a decade's worth of CRM projects, could go a long way toward ensuring the success of CRM initiatives.

◆ **Clearly define the vision and develop active strategies regarding**

customer relationships. To avoid waste, before investing in CRM infrastructure a company's management must have a clear vision about the kind of relationship structure they want to build with customers and which active strategies would yield that structure. For example, if a bank wants to build a personal relationship with customers, then an active strategy would be to enable customers to have 24-hour access to bank personnel, which could be done by increasing branch banking hours or providing 24-hour access to a call center via telephone.

◆ **Gain consensus in the company regarding CRM.** Management must agree on a common customer vision and strategies, and review department and business unit strategies to ensure that everyone works toward the common goal. This alignment is critical to orient the functioning of all departments and business units toward the goals of increasing customer retention, loyalty and profitability.

◆ **Establish measurable business goals and define metrics.** Like any other enhancement system, managers can't measure the effectiveness of CRM projects unless measurable goals or metrics are put in place. Examples of metrics for CRM projects include customer churn rate, average revenue per customer and customer profitability.

◆ **Get top executive support upfront.** Before embarking on a project to implement CRM, top executives must be squarely behind the project, sending a clear signal to the enterprise that the project is a key element of the company's overall business strategy.

◆ **Get end-user buy-in upfront and maintain it.** To ensure upfront and ongoing buy-in, marketers need to put in place a process to collect input from a diagonal cross-section of end-users. The more people involved, the better the acceptance of the initiative and the higher the chances for success.

◆ **Designate a consensus-building project manager for implementation.** One critical tactical element often overlooked during a CRM solution implementation is the need for an overall project manager who can effectively serve as a bridge among the vari-



ous end-user groups and the implementation team. An effective project manager must have credibility with the user groups as well as the implementation team, and be able to mediate and build consensus on areas of potential conflict.

◆ **Invest in training and communication plans to enable and empower end-users.** Many CRM initiatives are doomed from the beginning because of inattention to two relatively inexpensive yet critical elements of success: training and communications plans. While companies spend large sums to align technology and processes, they are reluctant to allocate a small fraction of those sums to train end-users on the solution and have a communications plan in place

to keep everyone abreast of updates, modifications, success stories and glitches. If end-users do not know how to use a solution properly, they likely won't use it as much and the solution fails to deliver its value.

◆ **Use a phased approach to building CRM capabilities.** Company executives must determine the sequence of incremental steps to take given the company's business priorities, budget constraints and organizational environment, and get to the eventual goal by demonstrating value at each step.

◆ **Continuously measure and track results.** Once the CRM capabilities are in place, continuously measure the results and track them against benchmarks and targets set for the metrics.

CRM is not a discrete project—it is a business philosophy aimed at achieving customer-centricity for the company. The implementation of CRM capabilities does not stop once the logic is understood and the concepts are rolled out to the company. In this increasingly competitive and dynamic global economy, every enterprise, big and small, has to adopt CRM as a way of doing business to survive and prosper. Doing the necessary homework reduces the potential for making costly mistakes and greatly enhances the probability of extracting maximum value from a powerful business philosophy. ■

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