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Building Effective CRM Capabilities

A dozen critical lessons learned.

by [Matt Hasan, Ph.D.](#)
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CRM has been around for more than a decade now. What follows are 12 critical lessons that have been learned from the history of CRM implementations that companies must heed to ensure that they build effective CRM capabilities.

1. Clearly define vision and develop actionable strategies regarding customer relationships.

It is imperative to have a clear vision about what kind of a relationship structure a company wants to build with its customers and what actionable strategies would yield that structure.

For example, if a bank wants to build a very personal relationship with customers an actionable strategy would be to enable them to have 24-hour access to bank personnel, which could be executed by increasing branch banking hours or providing 24-hour access to a call center. Having a noble, but vague vision like *we are going to be perceived as the customer-friendly bank* does not lead to actionable strategies. It is critical to determine both the vision and actionable strategies before investing in any CRM infrastructure.

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2. Gain consensus in the company regarding CRM.

It is quite common to find within companies that departmental or business unit goals do not align with overall corporate goals. It is imperative that management agrees on a common customer vision and strategies, and review department and business unit strategies to ensure everyone is working towards a 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. Successful execution of the common customer strategies requires the alignment and integration of cross-functional processes and organizations, as well as technology.





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3. Establish measurable business goals.

Companies cannot ascertain the effectiveness of CRM projects unless they put measurable goals in place. Examples of metrics for CRM projects are customer churn rate, average revenue per customer, and customer profitability. A recent study of insurance companies, banks, and other financial institutions revealed that 60 per cent of respondents did not have a way to measure whether a CRM project was delivering a return, and 50 percent were unable to determine whether customer churn had increased or decreased after implementing CRM. This is a prime example of how failure to demonstrate measurable results can lead to skepticism about the effectiveness of CRM.

4. Get top executive support up front.

Once an organization sets a common vision and actionable customer strategies, achieves enterprisewide alignment, and establishes metrics, it is ready to implement a CRM solution. However, before embarking on an implementation project, it is essential that top executives of the company are squarely behind the project and send a clear signal to the enterprise that the project is a key element of the company's overall business strategy. They also need to emphasize that this initiative will benefit each and every customer, employee, and shareholder.

5. Get end user buy-in up front and maintain it.

Implementing a CRM initiative without buy-in across all facets of the enterprise is almost always a recipe for failure. To ensure upfront and ongoing buy-in, companies need to put a process needs 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. And although obtaining an executive mandate is essential for success, creating a top-down push strategy without buy-in from end users often does more harm than good.

6. Actively involve end users in solution design.

Active participation of end users in designing the CRM solution is a must. It is the end users who ultimately will have ownership of the solution and will determine its success or failure. Active participation by end users in the solution design will minimize the risk of non-use or inadequate use of the solution which is the fate suffered by many solutions.

7. Let business goals drive functionality of the solution.

Clearly define functionality requirements based on business need. It is important to remember that the solution is intended to provide business benefits and is not an exercise in technological prowess. A careful and effective balance has to be struck between technical efficiency and business requirements. This can be done through cost-benefit analyses.

8. Designate a consensus building project manager for implementation.

One critical tactical element that is often overlooked during a CRM solution implementation is the need for an overall project manager who can effectively serve as a bridge among the various end-user groups and the implementation team. Territorial disputes and control issues among the various end-user groups and the implementation team can be the greatest impediment to progress of the project. An effective project manager must have credibility with the user groups and the implementation team, and be able to mediate and build consensus on areas of potential conflict.

9. Invest in training and communication plans to enable and empower end users.

Many CRM initiatives are doomed from the beginning due to inattention to two relatively inexpensive yet critical elements of success: training and communication plans. It has been seen that while companies spend large sums on technology and process alignments, they are reluctant to allocate a small fraction of those sums to train end users on the solution and have a communication plan in place to keep everyone abreast of updates, modifications, success stories, glitches, etc. If end users do not know how to use a solution properly or feel that they are not keeping up with it, they have a tendency not to use it as much and the solution fails to deliver its value.

10. Use a phased approach to building CRM capabilities .

While it is important for a company to have a grand vision of its CRM capabilities, it is critical to keep in mind that that vision probably has to be attained through a series of incremental steps.

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Reaching for too much almost always sets up the initiative for failure. A company needs to determine the sequence of incremental steps it can take given its business priorities, budget constraints, and organizational environment and get to the eventual goal by demonstrating value at each step.

11. Continuously measure and track results.

Once the CRM capabilities are in place, it is essential to continuously measure the results and track them against benchmarks and targets set for the metrics. The project leader and team must put in place measuring and tracking mechanisms to enable course corrections and making of more precise decisions.

12. CRM is a never-ending journey--don't look for a final destination.

CRM is not a discrete project; it is a business philosophy aimed at achieving customer centricity for the company. The mode of execution of this philosophy will change and evolve as customer needs, preferences, and values change. The implementation of CRM capabilities does not stop once the logic is understood and the concepts are rolled out to the company. CRM is a mindset that every employee must embrace and practice, every day.

About the Author

Matt Hasan, Ph.D., is managing principal at Sigillum Corp., a management and technology consulting firm focusing on customer-centric enterprise transformation. In his professional career of more than 20 years, he has participated in and directed more than 75 projects in CRM and related areas. Prior to Sigillum **Hasan** was a CRM practitioner at Deloitte Consulting, A.T. Kearney, and IBM Global Services. He can be reached via email at matt-hasan@sigillum-corporation.com.

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