

# CRM: Key Imperatives for Success

**Executive Summary:** With a little careful planning and execution, you can sidestep CRM failure. The first of a two-part series, this article explores the business imperatives of a successful CRM framework.

By Terry Jabali

Many organizations have spent far too much on CRM, with too little return. What were the underlying design premises and subsequent decisions that lead to the problems? How were these CRM strategies executed?

When we examine the underlying reasons for CRM failures, we see that planning and execution shortcomings are often at fault. In this two-part series, we'll discuss the business side of a sound CRM framework, and then explore the evaluation, selection, and deployment of various IT alternatives and their impact on enterprise performance.

## Valuable Visions

We've all heard of initiatives that were driven exclusively by IT and failed to meet end user expectations. In one engagement, a global client spent nearly \$10 million in licenses and consulting fees. The department's management team consulted with its staff and then signed off on the functional design documents. Workers in the affected departments, however, soon decreed that the application's interfaces and workflows were cumbersome, confusing, and unfriendly.

In another instance, a telco service provider invested significantly in a new CRM application. The entire customer base was slowly migrated over to the new CRM system, reducing the time required to retrieve customer data. The customer service reps were given an easier call-tracking interface, but they continued to use the old workflow, which was designed for the old call tracking system. As a result, any gains from the new CRM system were significantly undermined, the service quality declined, and rep turnover and operating cost increased.

On the surface, these cases were simply a matter of things not going as planned. But when we dig deeper, it's quickly evident that there was usually a lack of CRM vision, magnified by a poor execution. The lack of vision acts as a hinderer instead of galvanizing the enterprise around its CRM initiative.

## **The Quest for Success: Strategic Intent**

In dynamic organizations, leaders are responsible for painting a vision, while the first lieutenants keep them grounded in reality with their tactical and operational knowledge. Managers reporting to the CxOs translate and facilitate the interpretation of this vision.

But in one recent engagement, however, the CEO confided that he felt his direct reports spoke a completely different language. A few discussions later, this CEO sat down with his top lieutenants and began to work out a holistic CRM scope while paying special attention to customer expectations, industry trends, and competitive elements, among others. They drafted a high-level vision that was translated into sub-vision components that guided key business processes aimed at meeting and exceeding customer expectations.

Next, a project team was formed to define critical and winning employee behavior that would transcend the true potential of their CRM vision. Many group sessions later, while involving representatives from various departments, the project team articulated its vision into operational imperatives. They introduced performance metrics and linked them to employee compensation. They even went so far as to articulate their CRM vision on coffee mugs.

## **The Current and Future State of the Customer Experience**

If the technology infrastructure is the backbone of enterprise performance, then CRM is the heartbeat.

To continue with the previous example, the project team launched a more elaborate cause-and-effect assessment to reengineer business processes and workflows. The team examined the current customer experience (see Figure 1, page XX), paying close attention to the current yield, bottlenecks, etc. in critical business functions as well as assessing the behavior of the most profitable customers.

Next, the team organized the processes into three customer experience areas: acquisition, retention, and extension, associating all three to people and system performance dimensions. Finally, the team matched these ideal requirements to actual CRM systems.

Figure 1:



This project team defined the virtual customer experience (via enterprise gateways) and the agent-assisted customer experience from the time the sales is made (acquisition) to service and support (retention), extending it to cultivating long-term and profitable customer relationships (extension). The focus in this engagement was on support and service. For brevity, only process names are mentioned below:

1. Virtual customer experience: Enterprise e-business capabilities including marketing and lead generation, customer self-service and support with governing business rules and escalation
2. Customer + service/support staff interactions: first-time resolution, knowledge management tools, escalations, service-level agreement automation, and notification.
3. Customer + enterprise interactions (reporting): tracking of customer touch points.

To preserve the new mode of operation, performance measures were conceived. The project team assigned key performance indicators (KPIs) to key business processes. These KPIs defined what constituted a meaningful customer experience. As a result of well-defined processes and sound performance metrics, this team was able to meet stringent customer service-level agreements. This further differentiated this organization's go-to-market value proposition and set it on the course toward rebuilding its tarnished service and support standards.

### **Mobilize Performance and Manage Change**

Now that the company had a clearly articulated CRM model embodying strategic imperatives, optimal business processes, and effective measurement across customer touch points, it was time to focus on the people who would be disrupted by the implementation.

To galvanize the organization around its new CRM vision, the project team took its well-crafted CRM vision and mapped it to buy-in milestones and approaches across the various user groups. From here, it developed a CRM prototype that was later tested on a select customer segment.

And finally, several key project team members became "super users," acting as change agents and evangelists in their respective departments. Next, these super users teamed

with different workgroups to get cross-departmental approval on service standards. A quick win was soon followed, further fueling the momentum.

The team was successful because it established "SMART" performance standards: specific, measurable, attainable, realistic, and time-bound. These techniques helped ensure that every member of the organization clearly understood his or her role in the new CRM environment. As a result, just three months after its CRM system went live, the company experienced significant improvements in service standards, timely resolution, and operational efficiency, which also accounted for significant ROI over the investment lifecycle.

We can learn lessons from both ideal and less-than-ideal project experiences. Unless organizations revisit their past assumptions of the customer experience and then take the appropriate steps to define how the new CRM application should behave, they'll miss out on the essence of CRM, not to mention the ROI.

### **Use of Consultants / Vendors and the Knowledge Transfer Model**

Different consultancies and vendors follow different engagement models. Some are more consultant-dependent than others. Regardless, any sound CRM engagement must be in close partnership with client resources and enabling a phased knowledge transfer over a short period of time.

In cases such as the previous example, the consultant acts as a catalyst to bring about a meaningful CRM transformation, leveraging people, processes, and technology. This person should act as facilitator, coach, project manager, and consultant, preparing the client to drive the initiative and teaming with the client at all levels.

In turn, the client must acquaint staff with the process of CRM transformation and the resources required for success. The consultant/vendor is initially most effective as an advisor and coach, helping to build a cross-project team and establish a project plan with clear roles, joint success indicators, key milestones, and relationship dependencies. Otherwise, when things go sour, the finger pointing will follow.

### **CRM effectiveness and ROI**

ROI should always be a key measure of your initiative. An effective form of ROI is one that is both quantifiable in such forms as internal rate of return, net present value over a specified period, total cost of ownership, and customer lifetime value; and qualifiable in such forms as customer service standards, referral rates, and customer loyalty indicators.

### **The Ultimate Keys to Success**

By now you should have a better sense of the framework that's necessary for true CRM transformation. It always begins with a strategic intent and vision, followed by the optimizing and reengineering of business processes and the defining of the current and

future customer experience. Before it can fully embody CRM-centric behavior, the initiative must also cater to the needs of the people.

CRM should not be labeled as another facade. The fact is that enterprise initiatives depend on your ability to lead and execute effectively. The true essence of CRM is about acquiring, retaining, and developing your customers by using effective tools that will empower the people in your organization.

In the next installment, we'll explore the technology aspects of CRM including:

- Two-tier vs. n-tier
- Data architecture and customer model
- Key factors of integration and scalability
- Business intelligence, business rules, analytics, and reporting
- Implications of thick vs. thin clients
- When not to customize
- Business logic: process, workflows, and GUI relationships
- What next: wireless CRM...

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