

READY, FIRE, AIM!

DO YOU KNOW WHAT YOU'RE SHOOTING FOR AS YOU REVAMP OR IMPLEMENT CRM?

Stephen E. Lipka, Ph.D.

It's easy to get excited about buying your first customer relationship management (CRM) system or upgrading from an old one. Slick dashboards show sales going up. Wonderful diagrams show how your sales, marketing, and service teams can finally work together. There is also E-commerce, web self-service, and integration with telephony. All have reporting tools that even a businessperson can use. If you find yourself dazzled by CRM vendors' pitches but are unsure which one is right - or even how you might use the one that's most appealing - you may not have the right basis for choosing. Picking a CRM system and figuring out how to use it later is risky. Why not do some business-based analysis first? This article is a guide to the thoughtful CRM assessment.

Emotional Appeal

A quick survey taken across various vendors suggests a list of features and benefits you might think important. These include, in no particular order: (a) presenting a single face to the customer, (b) the ability to integrate the work of many organizations across the company, (c) flexibility in the face of changing conditions and processes, (d) a low-risk vendor, (e) significant ROI, and (f) easy upgrade. But -- surprise -- except for (a), virtually all vendors of major systems of any kind claim they satisfy these - ERP systems, CRM systems, and Finance systems, to name a few.

While these are all reasonable features and benefits you may require a CRM system to provide, it's useful to realize that these requirements are often emotional. To see why, we have to consider three perspectives, two of which are rich with emotion.

The top-most perspective in this three-tiered view focuses on business goals - goals associated with revenue, growth, profitability, market share, and market reputation. Those in roles focused on business goals react naturally to the promise of reducing costs, increasing productivity, or minimizing risk of expense.

The bottom tier focuses on mechanics - the systems, the organizational structure, and the procedures. Since this is where the money is spent, it's where emotions run high, justifications grow heavy, and ROI (built on however many assumptions) is king.

What's the middle tier? It's the business process -- an abstraction. The business process has to be designed to achieve the goals. The systems, the organizational structure, and the human processes are the mechanics that give the process life. Once you know your process is correct, you can implement it best by choosing the most suitable combination of organization, people, and systems. And that's the context in which you should define the requirements for your CRM system.

Why Business Process Matters

Let's take a look at three businesses to understand why the business process and the required knowledge matter most.

Example 1: Your company deals in a high-volume commodity that sells for several hundreds of dollars and that lasts for about three years. Warranties and service matter, and return business is important. Margins are tight, product life-time is short, and building what your customers want when they want it allows you to repeatedly sell to them with lower marketing costs.

Your goal is to maximize return business. To do this, you must track your customers, study what they need, manage their service requests to their satisfaction, and sense when they might respond to an offer for a replacement. You'll have to conduct customer research based on customer contact history and surveys, performing large-scale analysis of data. Opportunity management is virtually nil, there's no field sales process, but sales and service both use telephone and Internet channels to sell. This process integrates tightly with the manufacturing process, both to plan new product manufacturing and to assure rapid order fulfillment.

Example 2: Your firm is a top consulting company where relationship is king, although the company will not tolerate an unprofitable client. Everyone in the company must be aware of virtually all contacts, commitments, and past interactions with clients and prospects. Projects must be delivered without a hitch.

In this example, the "CRM" business process is rather thin. It's all about relationships, relationships, relationships. Your process is the ultimate in real-time contact

management. Relationship management is tightly integrated with finance (to allow profitability measures) and with project tracking. Opportunity management is a significant process both for new prospects and old clients.

Example 3: Your company provides a highly-capitalized transportation service. Change is slow, expensive, and undertaken only with lots of data to back up the need. You have many repeat customers, but the customers have alternatives to your service. Low profitability makes price-cutting unappealing. The company's goal is to avoid losing customers to competing services.

The business process in this example is to learn about customer behavior en masse, encourage sales through loyalty and co-marketing programs (which you must plan and execute), take reservations, and assure that service delivery anticipates demand.

The business processes in the above examples, each one clearly designed to achieve company goals, are very different. Each of the processes offers a clear image of what the required CRM system must *do* and what it must "*know*." You'll want many of the "emotional" features and benefits in whatever system you choose, but the CRM systems that satisfy these needs are likely very different. A CRM system that offers customer contact management, incident tracking and web self-service features, and customer research features would be good for the first example provided. CRM system that focused heavily on direct marketing campaigns would hold little value for the second example but would serve the third example well. Matching your process and required knowledge to the candidate system's supported process and maintained knowledge - in much more detail than these examples show - makes for a rational qualification process.

And The Key Requirements Are...

The first requirement is that your CRM system must support your process. If it can't, it must implement an acceptable process that will also get your company to its goals. And your system must measure whatever is needed to measure the success of your business process. (Note: Think outcome measurements like "customer profitability", not process diagnostics like "calls handled per hour".)

The second requirement is that your CRM system must be capable of maintaining the knowledge you need to execute successfully. If the information structure of the CRM system cannot house what you need to know to make your sales and marketing decisions - and the CRM system can't be expanded to add these - your system will be limited in its value to you.

As the above examples show, the "CRM" business process is not isolated from the rest of the business. The third requirement, therefore, is that your CRM system and its implemented process must integrate with your other systems and their processes. This is not about XML, SOA, and APIs. It is about, for example, the possibility that the candidate CRM system and the incumbent Finance system both have order processes that can't be integrated or can't be made to cooperate.

Finally, if you're upgrading from an existing CRM system, don't neglect the importance of migrating data from your old system. The candidate CRM system must have features that can help with migration and data cleansing.

Conclusion

CRM vendors' recommended criteria for evaluating CRM systems are useful, but they're not complete. You'll make a better choice if you know the cross-organizational business process you want to implement and write your selection requirements accordingly.

About the Author

Stephen Lipka is a Principal of Avatar Strategic Partners, where he serves companies that want to improve their profitability through better use of information technology.



His career spans 32 years in management, consulting, and product development. Steve received his Ph.D. in Computer Science at SUNY Stony Brook. Reach Steve at slipka@AvatarSP.com.



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