

WHAT DID YOU DO AFTER THE RECESSION?

The end of the downturn is nigh and it's time to plan your CRM future, says Rob Brickle.



Rob Brickle: be brave enough to innovate

There are signs that the economic storm is passing. This doesn't necessarily mean we are out of the woods or that people aren't cautious, but the IMF's recent *World Economic Outlook* predicts advanced economies will expand slowly through much of 2010 and that emerging and developing economies will grow 5%.

The IMF says: "The pace of recovery is slow, and activity remains far below pre-crisis levels. The pickup is being led by a rebound in manufacturing and a turn in the inventory cycle." Clearly, to progress, companies will need to make changes on the supply side – including measures to repair financial systems, improve corporate governance and financial intermediation.

So what has all this got to do with customer relationship management?

Maybe it is stating the blindingly obvious but those organisations that have invested in their relationships with customers will be the ones that come out of the recession strongest and survive in the future. That investment, however, will have to take a number of forms to be successful and provide the kind of return organisations expect. These include:

- Understanding what customers really value, how they perceive you and what they need from you in the future.

Using a combination of qualitative and quantitative data, you can discover what it is that you need to sustain performance; how you can differentiate yourself from the competition; the direction your customers are going in the future; and how you need to be positioned to retain them and grow in line with your business plans – plans that are driven by your customers.

IBM's *New Voice of the CIO* study reveals that four out of five (83%) respondents see business intelligence and analytics as the best way to enhance organisational competitiveness.

- Having programmes or processes in place that drive change.

The greatest example of this probably comes from management guru W Edwards Deming. His book, *Out of the Crisis*, redefined the performance improvement arena. This work is largely recognised today as 'lean' and although lean was made famous by Toyota, it doesn't just apply to the manufacturing industry.

Organisations such as Tesco, Vodafone and Unipart have all used lean to increase their responsiveness to customers, cut their costs and increase their profitability. Even at Toyota, lean is applied just as much in its downstream business of marketing, selling and customer service, as it is in the Toyota production system.

It may sound simple but having a straightforward 'plan, do, check, act' cycle in place works wonders. Unfortunately, there is often plenty of planning and doing going on, but little checking and acting. So many organisations think that a simple customer satisfaction survey addresses all these issues – how bizarre!

- Being prepared and brave enough to innovate.

One myth, that the current downturn has hopefully laid to rest, is that innovation should not be risked in a difficult economic climate. Conventional wisdom has it that in recession, organisations should exercise caution and wait for better times to invest in new products, services and processes.

In fact, the evidence is that those companies that maintain investment in innovation, and market that innovation appropriately, are the ones more likely to survive in turbulent times and grow again once the economy recovers.

Management consultancy McKinsey followed over 1,000 US companies over 18 years, including the last two recessions. It

found that those companies that came out in the top-quartile after previous recessions were the ones that significantly increased their spending on innovation, marketing and sales during the recession – in innovation's case, by 22% more than less successful companies.

The pay-off from this and related investments was a 25% higher market-to-book ratio in the post-recession period.

So the key question is this: are you prepared to come out of the recession in the best possible way with your customer relationships intact and getting stronger – or have you spent your time cutting back and navel gazing?

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