

GROWING PAINS

What are the pressure points now that the CRM market is maturing? Rob Brickle finds out.



Rob Brickle: companies must focus on the business imperative for going down the CRM route

CRM may have recently passed out of adolescence into some kind of teenage maturity. But isn't it strange how, like our children, concepts grow up and then appear to reach a level of maturity that people recognise as adding value rather than just cost? It is not so long ago that it was being reported that 70-75% of all CRM initiatives failed; nowadays, the reports suggest 67% of CRM implementations result in a successful ROI.

So what's changed? Maybe organisations are starting to recognise that CRM isn't purely a technology solution to help manage customers but rather an holistic approach that looks at the way organisations interface and draw value from their engagement with customers. How new is this? Well I would argue that we have been pushing this case for a number of years now. Without belittling the technology, companies have to focus on the business imperative for going down the CRM route in the first place. From that perspective, there are a number of questions that organisations should ask themselves:

- How do we implement CRM effectively?
- How do we manage expectations and organise ourselves around the customer?
- How do we recognise best practice within the organisation?
- How do we proactively drive our relationship and competitive strategy forward?

It has been reported that the current top CRM priorities are:

1. Realising the value of the investment that has been made in technology from a business perspective.
2. Focusing on customer retention, not just customer acquisition. If the bucket is leaking faster than you can fill it, where's the return on the effort expended?
3. Investing in understanding customer value and modelling customer behaviour.
4. Managing the customer across all interface points in the organisation, ensuring that the organisation communicates consistently and that the relationship with the customer is fully understood.
5. Focusing on a partnership with customers to generate a proactive rather than reactive relationship that delivers value to both parties.

Technology is important in helping companies manage the myriad of data they need to process about customers and how they react to them. That is borne out by this quote from Michael Porter, one of the recognised foremost thinkers in business strategy: "It's incredibly arrogant for a company to believe it can deliver the same sort of product that its rivals do and actually do better for very long. That's especially true today, when the flow of information and capital is incredibly fast."

However to balance this view, companies also need to recognise that technology is not the answer to the problem and that they need to collect and understand how and why their customers behave in particular ways. To finish on a quote from Fred Reichheld, a recognised guru in the area of customer management: "If growth is what you're after, you won't learn much from complex measurements of customer satisfaction or retention. You simply need to know what your customers tell their friends about you."

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