

THE GREAT CRM DEBATE

Companies still can't get their heads round CRM, believes Rob Brickle.



Rob Brickle: bad salespeople blame their CRM

Confusion still reigns regarding customer relationship management technology, with everything from salesforce automation and contact management to full enterprise solutions software falling into the CRM category.

Maybe it is easier just to ask: what do we mean by CRM?

CRM can be described as a way to identify, acquire and retain customers and, as customers are the most fundamental asset of any business, CRM is clearly of value.

There is significant research which shows that companies who create satisfied, loyal customers have more repeat business, lower customer acquisition costs, and stronger brand value. Inevitably all of this translates into better financial performance.

So that makes CRM important. By streamlining processes and providing sales, marketing and after-sales personnel with better, more complete customer information, CRM allows organisations to build more profitable customer relationships and decrease operating costs.

De-bunking the payback myth

According to a study from research firm IDC, successful implementation of CRM applications have yielded ROI ranging from 16% to more than 1,000%.

That may well be true, depending on the initial acquisition costs of the solution. Low-scale and low-functionality systems don't cost much, do they? So it would be easy in theory to attribute large paybacks against them.

Yet CRM implementations have also been costly, disruptive and embarrassing. Red ink, shareholder losses, upset customers, lost market share, lawsuits and career setbacks are all real outcomes of CRM failures.

Obviously, few companies are willing to detail their unsuccessful initiatives but the information available provides strong indications of patterns of failure. Some examples of where the impact lies and the damage caused include:

- Financial performance – market share and operating losses, failure to achieve a return on investments, budget overruns, high post-implementation running costs.
- Customer service quality – customer confusion, frustration and dissatisfaction, lower service levels, slower time to market, negative brand perception.
- Sales effectiveness – lower salesforce productivity, increased salesforce cynicism toward new systems, increased salesforce turnover.
- Cultural impacts – low morale within IT and affected departments, growing cultural cynicism within the company toward adopting business change and company-wide loss of confidence in its ability to enact change.

Finally, there is the propensity for companies to become overly conservative concerning investments in strategic initiatives – leading to dampened innovation, a failure to strengthen advantages, and deferring the update of ageing processes and infrastructure.

However, bad workmen blame their tools – and likewise bad salespeople blame their CRM, according to research from Microsoft Business Solutions.

A survey Microsoft recently carried out among 100 SME organisations with CRM implementations reveals that while 60% of

sales directors feel that CRM is fundamental to their sales processes, a quarter have lost customers directly through their ineffective use of CRM technology.

Successful CRM implementation is about more than just technology – it touches on other areas such as change management and defining business processes.

There is a view that I know I have been banging on about for a considerable time, which is that CRM as a piece of software is dead. CRM is about business process change, and frankly a lot of firms just aren't ready for it. Many organisations still find themselves stuck in the dark ages when it comes to any kind of innovation around the customer.

In fact, the biggest returns on CRM investment come from aligning the overall business, CRM and IT strategies across all departments and not just leaving it for one group to run. And it's best for the business departments who actually use the software to take ownership of a CRM project, with the IT function and CIO playing important advisory roles.

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