

WANT TO SURVIVE?...DON'T COUNT ON IT

Rob Brickle finds a frightening lack of improvement in CRM strategies.



Rob Brickle: what part of 'relationship' do people not understand?

None of us can exist in business without our customers. Isn't it strange, then, that we put a huge amount of effort into the way we manage the financial and business planning of our organisations, yet no formality, or even importance, seems to be attributed to the way in which we manage and improve our customer relationships?

Ultimately, managing customers and competing in the modern world is about two things – aligning with your customers and driving change to maintain or improve that alignment. Without this, none of us can either compete effectively or maintain our competitive edge.

An old friend of mine often puts this in the context of an old African parable. In the morning, when the sun comes up, the antelope must run as fast as it can to outdistance the fastest lion if it is to survive. At the same time, the lion must run as fast as it can to outdistance the slowest antelope if it is to survive.

It actually doesn't matter whether you are the lion or the antelope; unless you devote energy into competing in today's world, you won't survive – and you need to be as perfectly in tune with the customer as you can in order to achieve that.

Technology won't do this for you. Companies need to stand back from CRM systems and consider the broader question of what is the best way to manage relationships. The likely benefits include the ability to improve customer retention, increase profits, acquire new business and improve your operational effectiveness, ultimately leading to growth in the bottom line.

I wrote an article around this theme over two years ago and, frighteningly, nothing has changed in that time. There are people who still believe that technology is the resolution to the management of their customer relationship...what part of 'relationship' do people not understand?! And then when they do insist that the technology is the saviour, there is often an unclear understanding of the benefits and how to achieve them.

The problem with CRM software implementations is not so much identifying the potential gains, it's working out how to get to them. It's not that the business drivers have changed, or that expectations now are very different. In many cases, the business drivers are insufficiently understood – and this has been the root cause of CRM failures.

In an area where technology spend can be so significant, it is amazing that often so little investment is put into planning and strategy for the implementation of CRM systems.

Even today, with the increasing advent of CMOs (customer management officers), CRM systems are still invariably sponsored by IT and therefore seen as a technology solution. But CRM systems should be a business-driven solution requiring a cohesive customer management strategy.

Businesses need to recognise that adopting a CRM solution requires significant cultural and organisational change. So who should own this in the organisation?

Focusing on the technology for a moment, there are of course integration issues to consider and these are not new. Yet they often remain a key inhibitor to implementation. If the objective is simply to achieve some form of enterprise data warehouse to help manage customer interactions, this is hardly surprising when you consider that the data is often held in disparate source systems.

The ultimate aim should be to provide organisations with a single view of the customer, an enterprise-wide customer history available to all and a seamless channel experience for all customers. However, reaching that point is considerably more difficult than defining the goals.

Depending on the size of the organisation, the customer profile and the strategies associated with servicing the different types of customer or market segments, totally different technical and process architectures are required. Web services may be able to help alleviate problems for some organisations, but not necessarily across all industries. To succeed, of course, will require a high degree of integration between the web services and the desktop.

If all this seems rather complex and hard to assimilate, then one possible answer for potential CRM users is, and has been for some time now, to look for a hosted solution.

Small to medium-sized businesses can rarely, if ever, afford the costs associated with a large-scale CRM deployment. Hosting provides applications effectively on-demand and at low costs. But whilst this has an obvious advantage, it still requires some form of inbound and outbound integration.

For the moment CRM appears to be here to stay, although it may be argued that many other technologies have crept in under the definition. While the jury is still out on the true value and success of many of the implementations, the market is expanding and many of the recognised industry research organisations still predict growth.

Cynically I always think there is a media effect here as the more people talk about it, the more people believe it. In our work we don't find organisations (at the user end) talking about CRM implementations the way they used to.

But CRM is still being driven by the large application vendors, who are seeking new markets to sustain their revenues, at the same time as considerable integration occurs within those vendors.

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