

RULES OF THE CRM ROAD:

Field Guide to Tracking True North



**Deloitte
Consulting**

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One of the biggest factors to consider when implementing Customer Relationship Management programs is a lesson we've learned over the past few years: change is still hard. No matter where your organization falls in the CRM life cycle, maintaining project momentum is a key factor in ensuring that CRM investments produce tangible value, for both your company and its customers.

In the past, many CRM projects started with well-intended, but ambiguous, goals of increasing "customer centricity" and enhancing the overall "customer experience". Lost in the hype of getting closer to the customer were two other key components that are vital to any CRM initiative, a focus on economic return and a focus on the people internal to your organization who interact with your customers on a daily basis. Economics and People need to be added to the customer centricity equation to ultimately reap rewards from CRM investments.

Let's start with economic value. The point of most business initiatives should be to increase shareholder value, or what we like to call "True North". Your CRM efforts should be no different. However, with CRM, this is typically achieved by way of the customer, through creating more revenue generating opportunities and/or by servicing customers through more cost-effective means. Without a business case to show the financial returns resulting from a CRM investment, your focus on customer centricity is not going to take you very far in a world centered on share price and year-over-year earnings growth.

However, all the CRM technology in the world won't make a difference if your employees don't use it. Organizational issues are crucial because your employees are ultimately the real driving force behind any CRM initiative. Given that most customers still prefer personal interactions, satisfied employees will lead to satisfied customers, which, providing you did your business case properly, should lead to satisfied shareholders.

In this paper we highlight how to keep your CRM initiatives on track, keeping in mind all of your CRM stakeholders: your customers, employees, technology partners and shareholders. These pearls of wisdom are segmented into the following 5 categories: Value, Focus, Approach, Change and Vision.

VALUE:

The primary goal of every CRM project should be Value. Everything you do should be focused on

providing measurable benefits to you and your customers.

1. Master the fine line.

Translation: It is important to be good at evaluating the cost-benefit effects of every initiative. If you delight your customers with excellent service and monthly massages, they may be loyal for the rest of their lives. But watch out, if you spend too many resources on the massages, they may just be loyal until you end up in bankruptcy. There is a delicate balance between offering better service and maintaining your bottom line. That's where True North comes in again – value is a two way street and should be extracted and measured with every interaction. The point is to strategically create more value for you and your customers at the same time.

Wise words: *He who trims himself to suit everyone will soon whittle himself away.*

~ Raymond Hull

2. Follow the "80/20" rule.

Translation: Focus on low hanging fruit and customer driven issues that will deliver the most shareholder value. With CRM it's easy to become snow blind by the brilliance of the strategy, or the elegance of the design, and never get anything implemented. Focus on what you can implement NOW, with 20% of the effort that will give you 80% of the value of CRM. Make everything else a secondary priority.

Wise words: *Ten men who speak make more noise than 10,000 who are silent.*

~ Napoleon

3. Let customers drive product innovation.

Translation: The voice of your customers should be reflected in all stages of the business cycle. CRM began with sales and service because that's where the customers are. These days, sales and service is a little late in the customer interaction process. Customer information and feedback should be shared throughout the organization. For example, putting the voice of the customer into the product development

process will help ensure that your products are well received in the marketplace. Identify what creates customer passion for your products and services and continue down that road.

Wise words: *No man will make a great leader who wants to do it all himself, or to get all the credit for doing it.*

~ Andrew Carnegie

FOCUS:

A CRM journey can be a difficult thing to manage. It is very important to focus on why you are doing what you are doing. If you don't have Focus on a CRM project you'll quickly forget why you started. And if you forget, there is a good chance everyone else will have forgotten why they went along with you in the first place.

1. Do some soul-searching to know yourself.

Translation: Tailor your approach to your needs, context and objectives. Stay away from cookie-cutter solutions driven by technical requirements without doing some serious soul-searching first. Learn from your competitors and the industry, but strive to understand what could and should make you different. Link your initiatives to your own organizational objectives. If you just replicate what worked for your competitors you might not end up doing anything better.

Wise words: *Discovery consists of seeing what everybody has seen and thinking what nobody has thought.*

~ Albert Szent

2. Don't ignore the smoke signals.

Translation: Where there's smoke, there's fire. Fix the torch points in your organization, the places where customers are having terrible experiences, before they spread like wild fire. Smoke signals can be seen for miles, sending out messages to your employees and customers. Perform random check-ups on your organization. For example, walk around the office, watch your employees interact with each other and with customers, check your turnover, or pretend you are a customer. If you don't like what you see, who will?

Wise words: *An ounce of prevention is worth a pound of cure.*

~ Author Unknown

3. Really know your customer.

Translation: Brand loyalty goes beyond customer

retention. Sure it's about making money, but we all know that without customers, there is no money. You already know that CRM is about becoming customer-centric, but you might not know what that really means. Just because you have a lot of information about your customer doesn't mean you know them. CRM can help you identify more ways to grow revenue through up-selling and cross-selling opportunities, but only if you truly know who and what you're dealing with.

Wise words: *In your thirst for knowledge, be sure not to drown in all the information.*

~ Anthony J. D'Angelo

4. Stop random acts of marketing.

Translation: Marketing campaigns can account for 2%-20% of overall SG&A costs. To make sure this money is spent and measured effectively, allocation of marketing and sales resources must tie into a coherent overall strategy. Don't do things just for the sake of doing them. Consider the ultimate value – there are only so many products you can sell to your current customer, so communicate with them wisely. It's about common sense as much as it's about seeking value and returns. Get the biggest bang for your buck.

Wise words: *It's more important to know where you are going than to get there quickly.*

~ Mabel Newcomber

APPROACH:

Once you know where you want CRM to take you, it is important to know how to get there. Without a well defined Approach, you may end up going around and around in circles until you get dizzy.

1. Walk before you run.

Translation: Include scheduled, bite-sized successes in your work plan. It's important to understand the incremental steps needed to create CRM program momentum. Momentum isn't about a "bang," it's a product of the weight and velocity driving it. "100-day wins" and scheduled successes are needed to have early and frequent positive reinforcements that add velocity in your effort and help you better communicate the results within your organization.

Wise words: *A journey of a thousand miles begins with a single step.*

~ Author Unknown

2. Know where you're going, but don't be afraid to pull over for directions.

Translation: Call in the consultants when you need dedicated and experienced resources. CRM implementations are an iterative process, and your consultant must be able to stop, step back and evaluate progress towards your goal as early and as often as needed. Maintaining project momentum is easier if you take advantage of others' experience with people, process, strategy and technology.

Wise words: *To know the road ahead, ask those coming back.*

~ Chinese proverb

3. Enjoy the music, even if you need to change your tune.

Translation: Building momentum requires flexibility before, during and after CRM implementations. Sometimes you need to shift your plan when the business climate requires it. As your objectives change, your approach and methods must change with them. If they don't, you'll be playing off key.

Wise words: *If you focus on results, you will never change. If you focus on change, you will get results.*

~ Jack Dixon

4. Anticipate the unanticipated.

Translation: There will be crises on your CRM journey, and that's okay – just be prepared to deal with them and they will make you stronger. These are opportunities to learn about your organization's capabilities and agility and your project team's strengths and weaknesses. Surviving the first crisis will only make you more prepared for the next one.

Wise words: *I believe that crisis really tends to help develop the character of an organization.*

~ John Sculley

CHANGE:

To get anywhere with CRM some internal Change is needed. Without it, things can never get better.

1. Put people first.

Translation: Change management is the cornerstone of any enterprise-wide initiative. Change doesn't only affect your organization and its people, it also affects your customers and partners. Technology can be cold and impersonal - to both your employees and your customers - so make sure your internal stakeholders are actively involved in key decisions. Don't do anything at the expense of your people. Without anyone to use it, all the technology in the world is useless.

Wise words: *Man is still the most extraordinary computer of all.*

~ John F. Kennedy

2. Look for trouble.

Translation: Maintaining project momentum is often about managing political capital internally. It's unlikely that you will be able to resolve age-old territorial rivalries, but it is best to get those resistant stakeholders on your core team early. This way they know they are a part of the process and aren't being ignored or plotted against, and before you know it, they aren't trouble anymore.

Wise words: *I destroy my enemy when I make him my friend.*

~ Abraham Lincoln

3. Remove the sugar coating.

Translation: Don't downplay the complexity of CRM. With all the new technology now available, the fact is, CRM still isn't a piece of cake. The people and technologies that execute customer interactions have typically been trained and designed to support narrow ranges of service. Designing continuous, integrated processes and implementing them through a workforce is hard – and your employees, customers and partners usually pay the interim price. Let people know what to expect and why things are happening. If you give it to them straight, they may just come along.

Wise words: When you stretch the truth, watch out for the snapback.

~ Bill Copeland

VISION:

You can know what you will do and why you want to do it, but if you can't fit it into the larger picture it might not be worth it. CRM can be puzzling, but when all the pieces fit together it is a very rewarding accomplishment. What should be the picture you see when the puzzle is finally put together? That's the Vision thing.

1. See the future and picture yourself there.

Translation: Have a clear vision of the end-state of your company's customer relationship and business goals. What role can CRM play to get you there? Although it's easier to take one day at a time, it's crucial to have clear goals for your company's place in the future. If you don't know where you want to go, you'll never get there.

Wise words: *Vision without action is a daydream.
Action without vision is a nightmare.*

~ Japanese Proverb

2. Don't get satisfied.

Translation: Strive for continuous improvement in managing your relationships. CRM is a mindset and not just an isolated, one-time implementation. Don't be satisfied that your customers are satisfied. Increasing customer satisfaction is good, but it's no real measure of value to you or to them unless it leads to something more.

Wise words: *I've felt that dissatisfaction is the basis of progress. When we become satisfied in business, we become obsolete.*

~ J. Willard Marriott, Sr.

3. Don't let necessity be the mother of invention.

Translation: Don't just keep up with the competition. Sure, it's comforting to follow the leader sometimes, but why let someone else rule your destiny? At some point, you'll be tired of doing things because you have to. No one ever became a leader by waiting around.

Wise words: *The best way to predict your future is to create it.*

~ Author Unknown

The road to CRM success may be filled with some bumps and detours along the way, but if you can maintain momentum for your CRM programs while they are still in the formative stages, you will be ahead of most of the pack. And you will be that much closer to realizing sustainable, tangible benefits from your CRM investments.

If you would like to learn more about our CRM practice please visit www.dc.com/CRM.