

# Analytical CRM

*A Marketing-Driven Organizational Transformation*

By Karen Bolton

*Vice President, Global Accounts*

By Jeffery Steffens

*Vice President, Business Process Transformation*



# Contents

<b>INTRODUCTION</b>	<b>4</b>
<b>PART 1: AN ANALYTICAL CRM STRATEGIC FRAMEWORK</b>	<b>5</b>
THE CUSTOMER ECONOMY	5
OPERATIONAL VS. ANALYTICAL CRM	7
THE ROLE OF MARKETING	10
<b>PART 2: AN ANALYTICAL CRM IMPLEMENTATION FRAMEWORK</b>	<b>12</b>
LEADING AN ANALYTICAL CRM TRANSFORMATION	12
ITERATIVE TRANSFORMATION CYCLE	12
STAGE 0 – CURRENT STATE ASSESSMENT	14
STAGE 1 – PLAN & COMMIT	16
STAGE 2 – EDUCATE & ALIGN	16
STAGE 3 – DESIGN & BUILD	17
STAGE 4 – IMPLEMENT & LEARN	18
<b>CONCLUSION</b>	<b>19</b>

# Introduction

There is no denying it. The customer is calling the shots, and the relationship with our customers is the single most meaningful way to create sustainable competitive advantage in this era called the Customer Economy.

Some executives may believe they are well-positioned to compete in the new economy because they have been making investments in Customer Relationship Management (CRM) for the last five to seven years. The reality is that while CRM does provide a good foundation for winning in the Customer Economy, many of these CRM investments may have actually created barriers to developing customer intimacy.

Some barriers are created when the CRM investment has a pure internal focus on operational efficiency. Is your organization at risk of running into these barriers? Take a look at the list below. If one or more of the metrics below has been used to justify CRM investments without consideration of its impact on customer experience, you may not be prepared to compete in the Customer Economy.

- Reduced call handle time
- Reduced training costs
- Cost reduction through system consolidation
- Process efficiency (reducing the number of steps to execute a transaction)
- Reduced after call work time
- Increased customer transaction automation
- Expanded territory coverage
- Reduced lead management cycle time

Another barrier exists for organizations that have had negative experiences with CRM. For these organizations, CRM has become a bad word that is no longer achieving “top 3” status on the list of strategic imperatives. It is riddled with failed implementations, massive investments with no returns, unmaintainable solutions, and in many cases the customer has also paid the price with a comparably worse experience. For these executives, the Customer Economy represents an even more daunting challenge.

This new era demands that organizations change the way they think about CRM — shifting from an internal focus on operational efficiency, or Operational CRM, to an external focus on customer intimacy, with the ability to create and use customer intelligence to:

- Establish relevance with their customers on an individual basis whenever they interact with the organization;
- Drive differentiated treatment, taking into account their profile, segment information, and lifecycle stage; and
- Create positive barriers to exit with their customers that cannot be duplicated by the competition.

We define this external customer-centric focus as Analytical CRM. To compete in the Customer Economy, we believe the Marketing organization needs to lead this significant enterprise transformation to Analytical CRM.

In this paper, we will explore in detail the critical elements necessary to be successful in establishing and executing a customer-centric strategy that delivers durable competitive advantage and economic benefit by establishing and maintaining customer intimacy and relevance. The paper is structured in two parts:

- Part 1 of the paper focuses on the justification for Analytical CRM and the role of the Marketing organization in this transformation. It is designed to stimulate strategic thinking and to frame potential organizational challenges and barriers.
- Part 2 of the paper transitions to a framework for the implementation of Analytical CRM. It has been structured to support the people charged with responsibility for this transformation effort. We have assumed that the Marketing function will perform this role.

# Part 1: An Analytical CRM Strategic Framework

## The Customer Economy

### THE END OF THE INFORMATION AGE

Scarcity has given way to abundance. Two key forces are changing the rules under which the current economy operates. Operational efficiency has enabled supply to exceed demand and IT has created wider access to information. In his book, *The Agenda*, Michael Hammer asserts that as organizations have gotten smarter and more effective in acquiring information, the era ruled by information, the Information Age, has given way to a new era that is ruled by the demands of the customer, the Customer Age.

In the Information Age, competitive advantage has been achieved by strategies of location optimization, product innovation, and cost savings. In the Customer Age, these competitive-advantage strategies no longer sustain the same degree of relevance.

The Internet has made barriers to accessing purchase locations less relevant to customers who are now able to view product alternatives, in many cases worldwide, at the click of a mouse. Technological advances have shortened market lead-time based on product innovation to only a 12- to 18-month advantage, and competitors are now able to catch up much more quickly. The role of cost-efficiency in gaining competitive advantage has been rendered obsolete by IT, since the low cost competitor's advantage can be easily mimicked.

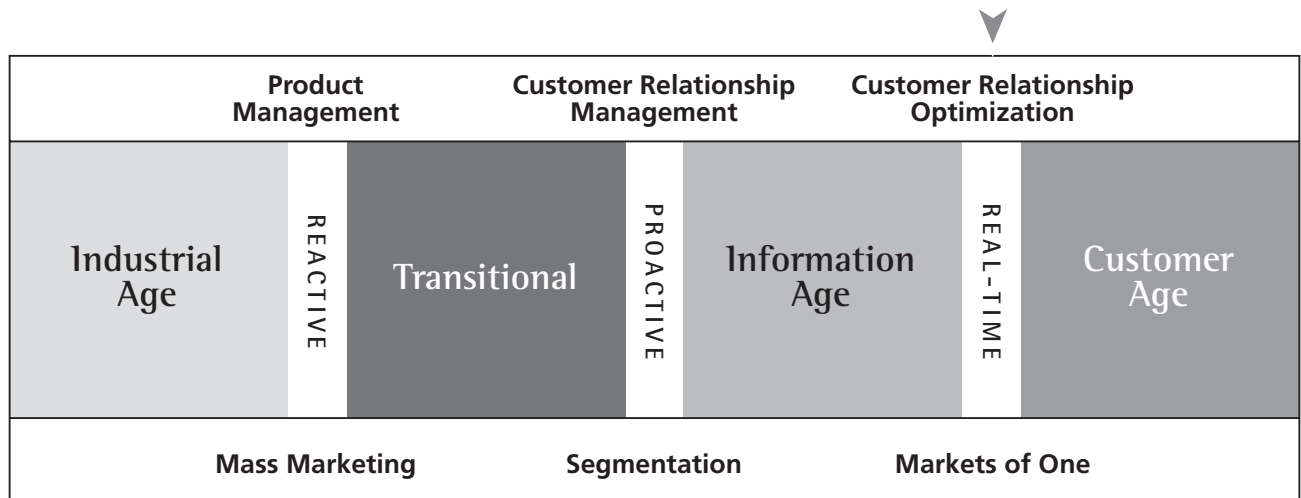


Figure 1

## THE RISE OF THE CUSTOMER AGE

In the customer demand-driven economy, the new challenge is not in accessing information, but in finding new sources of competitive advantage that meet customer demands. "Markets of One," or "Segments of One," is certainly not a new concept. It has been the holy grail of CRM from the beginning. The key source of competitive advantage in the Customer Economy will be meeting customer demands on an individual level through Analytical CRM.

**Analytical CRM helps organizations to process information effectively to provide customer intelligence and to use this intelligence to drive differentiated treatment.**

As depicted in Figure 1 on page 5, this intelligence about customers and their preferences has become the key to driving competitive advantage:

- Providing for real-time, relevant customer interactions.
- Facilitating Markets of One where the interaction and personalization management capabilities within the organization are both centralized and enable individual treatment.
- Creating positive barriers to exit that cannot be duplicated by competitors.

The major barriers to achieving true Analytical CRM have little to do with technology (not that technology is unimportant) and more to do with strategic agreement at the executive level on a customer-centric strategy and the implications on performance metrics, organizational structure, and process design. Before walking through the details of establishing and executing a customer-centric transformation, let's take some time to compare and contrast the key differences and drivers between Operational CRM and Analytical CRM.

## Operational vs. Analytical CRM

Operational CRM is the transactional focus upon customer management to drive operational efficiency. Analytical CRM is the creation, and use, of customer intelligence to drive differentiated treatment. As you can see in the figure below from Gartner, Analytical CRM is a long-term enterprise strategy that drives significant returns to the enterprise over time as your customer intelligence, and your ability to execute based on that intelligence, improves. Contrast this against Operational CRM. Operational CRM delivers returns sooner; but over time, the savings level off to a new baseline for operational efficiency.

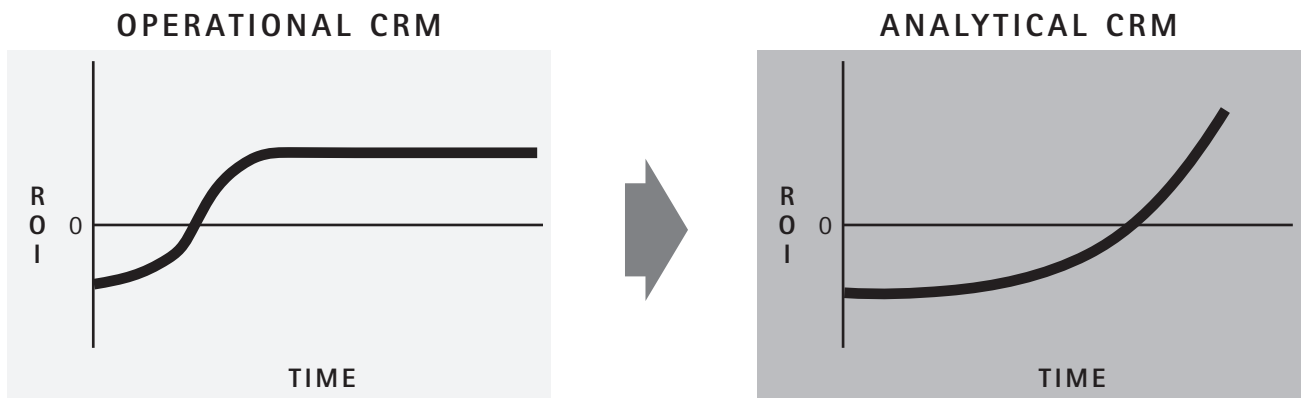


Figure 2  
Source: Gartner

We are not suggesting that an organization should ignore the gains that can be achieved from an Operational CRM program; however, undertaking this type of program in isolation is a baseline that can also be achieved by your competition (and probably has) and does not drive sustainable competitive advantage.

## Analytical CRM

### A Marketing-Driven Organizational Transformation

Figure 3 illustrates the different objectives that are created for an Operational CRM program compared to those of an Analytical CRM program. You may quickly find large gaps in your current organization that represent challenges or barriers that will need to be overcome if you wish to successfully make the transformation to an Analytical CRM-driven organization.

OPERATIONAL CRM		ANALYTICAL CRM
Focus on profitable transactions	➡	Focus on customer lifetime value
Emphasize customer acquisition	➡	Emphasize customer retention
Measure customer satisfaction	➡	Measure customer value and loyalty
Organized by function or product units	➡	Organized by customer segments
Rely on information about customers	➡	Rely on information from customers
Proactive interactions with customers	➡	Real-time, personalized interactions with customers
Internal, company focus toward improvement	➡	External, customer focus toward improvement
Long-loop learning and implementation	➡	Short-loop learning and implementation

Figure 3

Let's explore these challenges.

#### From profitable transactions to customer lifetime value:

Gathering information, conducting analysis, determining the right lifetime value formula, and then scoring your customer base are not trivial efforts. But the more challenging task is taking the next step – implementing the lifetime value score at the various points of customer interaction to influence treatment. In most cases, treatments based on "relationship rules" can be in direct conflict with existing treatments at various points of interaction, which are based on "business rules." Typically, business rules reflect treatments that deliver transactional efficiency with minimal regard to the customer experience.

#### From customer acquisition to customer retention:

In many organizations, 80% of revenue comes from existing customers vs. 20% from newly acquired customers. Additionally, the investment needed to acquire new customers is significantly higher than the cost to retain existing customers. While logically this is a compelling case for making significant investments in programs that improve customer retention rather than customer acquisition, the challenge is to overcome cultural or behavioral imprints that continue to reinforce customer acquisition at any cost.

#### From customer satisfaction to customer value and loyalty:

Customer satisfaction is not always a good indicator of customer loyalty. Satisfied customers are often only a single "loyalty event" away from going to your competition. The challenge is to develop treatment strategies based on customer value and customer intelligence that are relevant to individual customers. These efforts provide opportunities to create positive loyalty events and true customer retention.



**From functional and product focus to a customer focus:**

Organizations have historically established and maintained their identity and structure from their products or functions. Shifting to a customer-focused organization is a significant challenge because it requires single ownership of the customer experience across the enterprise. This translates to changes across all key components of strategy, people, process, and technology. The logistics and politics that may need to be navigated to achieve single ownership of the customer experience should never be underestimated.

**From information about customers to information from customers:**

Achieving the concept of "Segments of One" requires the ability to capture and mine unique data about individual customers through their personal interactions with your employees, systems, and products and services at all points of interaction, and having a framework within which this data can be transformed to intelligence about the customer. Many organizations have this information today, but it's generally in a form that is not usable or a location that is not accessible to the Marketing team that is performing customer analytics.

**From proactive interactions to real-time personalized interactions:**

The key difference between proactive interactions and real-time personalized interactions is context. Real-time personalized interactions take into consideration contextual information during a customer interaction to determine if changes to the optimal customer treatment should be considered. The challenge is accessing, analyzing, and presenting the necessary data required to provide the right context at the right time to affect real-time personalized interactions.

**From internal, company-focused improvement to external, customer-focused improvement:**

Internal, company-focused improvements are typically based on getting more efficiency out of current transactional processes or reducing the number of transactions that must be processed. External, customer-focused improvements are centered on defining treatment strategies that are based on the lifetime value (LTV) of the customer and work toward improving customer retention, increasing customer wallet share, or reducing the cost of maintaining the customer. Again, the challenge is shifting the mindset of the organization to prioritize value to the customer over value that can be gained from the customer through operational efficiency.

**From long-loop learning and implementation to short-loop learning and implementation:**

Long-loop learning describes those attributes of a customer that impact changes to customer treatment over a longer timeframe. Short-loop learning, on the other hand, includes customer attributes and events that can drive immediate or real-time changes in customer treatment, sometimes during the customer interaction. The challenge for any organization is developing the agility and responsiveness required for acting upon the changing needs of the customer in ever-decreasing learning cycles.

The change in focus that each of these Analytical CRM goals demand, and the challenges that must be overcome, requires four equally important components for the organization to successfully undergo the transformation:

- Intimate knowledge of the customer and their requirements;
- An enterprise view of how the customer is managed;
- The ability to successfully lead the organization through the transformation effort; and
- A plan for structuring the transformation program.

In the next sections, we will evaluate why the Marketing function is best positioned to take on this role and provide a blueprint to enable its leadership.

#### The Role of Marketing

eLoyalty believes that the Marketing function is the ideal candidate for the leadership role in the transformation to a customer-centric organization because Marketing typically has the best knowledge of the organization's customer segmentation, customer profitability, customer preferences, and the desired customer experience.

While it may appear logical that Marketing assumes this leadership role, Customer Service has historically been responsible for the customer experience, primarily due to its ownership of the call center environment where the majority of ongoing customer interactions have occurred. When CRM goals are focused on operational efficiency, Customer Service can be an ideal place to start. The customer-centric focus of Analytical CRM goals requires the role of customer experience ownership to be centralized. The Marketing function is typically structured to support this centralization.

If the Marketing organization's knowledge of the customer is not reason enough to assume this leadership role, the increasing requirements imposed by privacy legislation may make this ownership mandatory. The ability for the organization to understand customers' privacy preferences across the enterprise will drive centralization of campaign processes, marketing plans, and customer data management as a mechanism to minimize risk. As a result, the Marketing function will be required to maintain the essential enterprise view of the customer, the same requirement necessary for a successful Analytical CRM transformation.

Yet, as you reflect upon comparisons between Operational CRM and Analytical CRM depicted in the previous section, you may be identifying a number of inhibitors that could prevent your Marketing organization from being successful in this leadership role:

- Marketing lacks visibility to, and control over, the various customer interaction points, particularly inbound customer-initiated contacts such as call centers and sales/branch offices.
- Often, the owner of the P&L for a point of interaction dictates the customer experience at that point of interaction. This type of structure creates silos of campaigns that will guarantee that similar campaigns will be built multiple times by different groups.
- Marketing understands geography and location, including how location contributes to differences in the customer experience; however, it has historically only applied this knowledge to outbound organization-initiated contacts.
- Market segmentation information exists in silos and contributes to many different perspectives on how to think about the customer, but fails to represent a unified or consistent view throughout the enterprise.
- Marketing campaigns typically require resource-intensive efforts to coordinate, launch, and monitor, and are difficult to adjust and reuse.
- Marketing has to rely on IT to provide customer information, which increases the lead-time of an initiative.

Taking into consideration these inhibitors, Marketing will need to undergo a transformation and expand influence into areas beyond their current operational boundaries to assume a leadership role in the move to Analytical CRM. The following actions are recommended:

- **Marketing must understand the data ownership and usage rules**  
It will need to know what data is available at the point of interaction, what is needed to provide the right kind of treatment or personalization, what systems are impacting personalization, what business rules are in place at the point of interaction, how good the reporting is, and where it might be improved.
- **Marketing should be trained to deliver customer treatments**  
It needs to know the systems, data, and people involved at each of the various touch points.
- **Marketing must increase its focus on inbound communication channels**  
It must own both inbound and outbound communication channels. Currently, Marketing most likely conducts one-way communication with customers through campaigns involving direct mail, telemarketing, and the Web sites. As "do not call" lists and privacy requirements begin to reduce the impact of the outbound channel, Marketing will need to learn how to leverage inbound customer contacts to grow, add, and retain customers. This is, after all, a key moment when customers want to communicate with you. Marketing will need to understand the systems and technology for conversion of outbound opportunities to inbound opportunities.
- **Marketing must own the prioritization of customer initiatives**  
It will have to depend less on traditional business cases to validate assumptions that support its campaigns and programs. It will need to know not only the value of an initiative to the customer but also how they will impact profitability from the customer to the organization. For a detailed description of conducting a Value to/Value from analysis, please see the eLoyalty white paper *Optimizing Value TO and FROM the Customer*, available at [www.eLoyalty.com](http://www.eLoyalty.com).

The question to be answered by your organization is: Can you equip your Marketing organization with the information, authority, processes, people, and structure to lead this transformation effort? We believe, given the fact that Marketing has the best knowledge of the organization's customer segmentation, customer profitability, customer preferences, and desired customer experience, coupled with the challenges you will face as privacy laws continue to develop, you should attempt to create a platform for Marketing's success in this leadership role before looking to an alternative. In the next section, we will provide you with a program structure that can support you in this process.

## Part 2: An Analytical CRM Implementation Framework

### Leading an Analytical CRM Transformation

The transformation to a customer-centric organization has an enterprise-wide impact and the size of the endeavor cannot be underestimated. The Marketing organization will need to seek and maintain ongoing commitment from its peers in Sales, Service, and IT if it is to be successful in its leadership efforts and the expected returns from such a transformation are to be realized. While we cannot recommend a simple “silver bullet” for success, we can provide a structure for program execution and highlight critical success factors for the Marketing organization to consider. In doing so, we hope to prepare you for the journey ahead.

#### ITERATIVE TRANSFORMATION CYCLE

Becoming customer-centric is likely to be a multiyear transformation, depending upon the capabilities of your organization today. As a result, we recommend a four-stage approach, with a leading effort of understanding the current state as shown below in Figure 4.

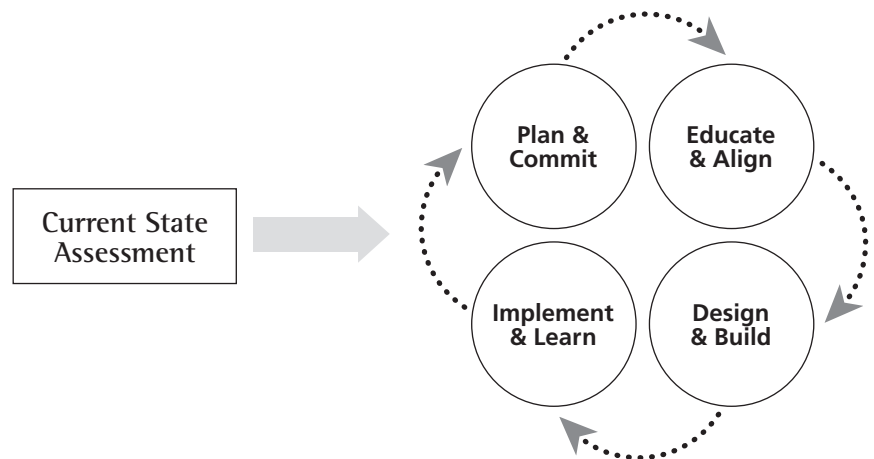


Figure 4

- **Stage 0 – Current State Assessment:** Once the future state has been defined, it is very difficult to accomplish “Plan & Commit” without knowledge of where you are starting from. Stage 0 lays the foundation for the transformation program and will be a critical component in securing organizational commitment.
- **Stage 1 – Plan & Commit:** The phase of the program where the mission, vision, objectives, and high-level plan (roadmap and financial plan) are defined. In this stage, leadership alignment and support are obtained at the highest levels of the organization.
- **Stage 2 – Educate & Align:** Educate & Align is focused on securing broad strategic agreement to the overall plan, developing a common language about customers, data, business processes, and technology, and obtaining buy-in from the owners of the customer interaction points.
- **Stage 3 – Design & Build:** Design & Build is the phase where CRM capabilities are built to enable the various phases of the program. How much will be built in each of the key enabling areas for each iteration is determined in the Plan & Commit phase.
- **Stage 4 – Implement & Learn:** Implement & Learn is the most critical phase of the program. When this point in the program is reached, program results and business benefits are determined and used as key inputs on what to do differently and how to sequence the next phase of priorities. The next iterative phase of Plan & Commit should be done in parallel with Implement & Learn.

Successful Analytical CRM transformation programs transition over time from a program-driven activity into the core operations of the business. As new processes are implemented, new capabilities are built, and the organization is aligned to drive customer-centric behavior, the iterations through the transformation cycle in Figure 4 accelerate over time. Eventually, the capabilities, processes, and organization are in such strong alignment that continued improvements become part of day-to-day operations largely in the stage of Implement & Learn as referenced by Figure 5 below.

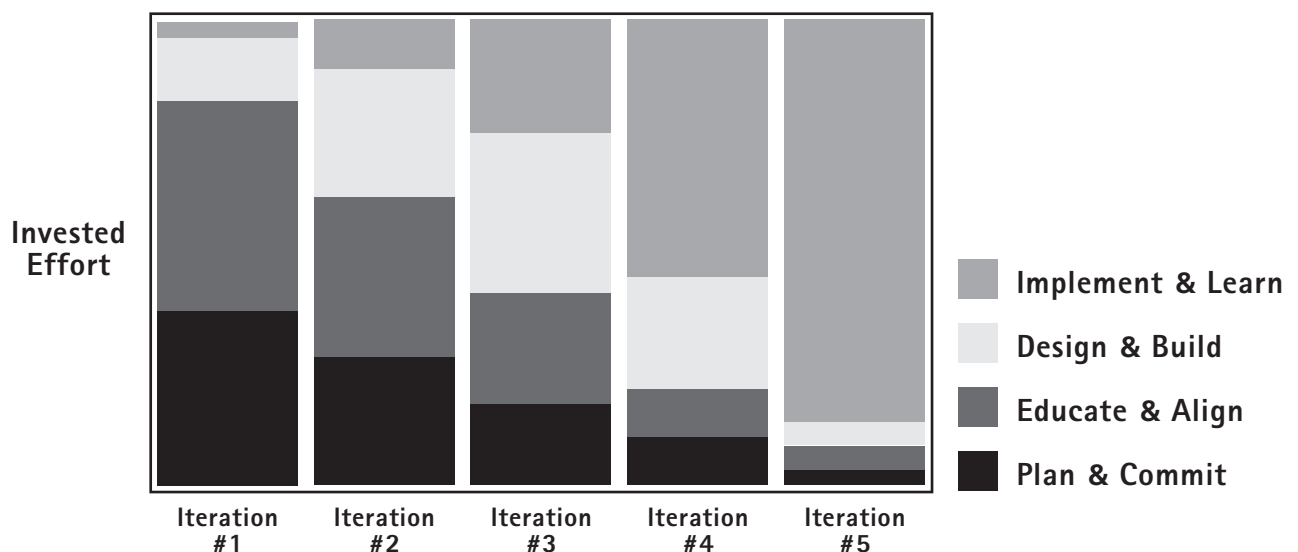


Figure 5

We will explore in detail the key activities for each of these stages highlighting some of the critical success factors that we have identified through experience in managing major analytical transformations.

### STAGE 0 – CURRENT STATE ASSESSMENT

Transforming to a customer-centric focus requires the organization to undertake a very honest assessment of its current state. The extent to which this analysis accurately reflects the performance of the organization across the dimensions of customers, processes, technology, organization, and measurement will determine how successful your organization will be during later stages of the transformation. Marketing will need to drive the assessment process across all customer-facing areas of the business including Service, Sales, and IT, as well as its own function. Throughout this stage, Marketing will need to encourage openness and cooperation between the functional areas to ensure that the current state is accurately captured and understood. This can best be achieved by addressing the following key areas:

#### 1) Customer Assessment

The goal of a customer assessment is to determine the breadth of information that you have about your customers and their current experiences across all points of interaction. This requires the following questions to be answered:

- Who are our customers and what are the various ways we segment them across the organization?
- Where do we interact with customers across the organization?
- What are the reasons and frequency of customer contact?
- What is the estimated cost for each type of customer interaction?
- What is the revenue that each customer brings to the organization?
- What information do we know about the customer at each point of interaction?
- Why do customers leave?

#### 2) Process Assessment

The goal of the process assessment is to identify and document all customer-facing processes that are executed across all points of customer interaction. Key questions to answer during this part of the assessment include:

- Are my processes consistent across the various points of customer interaction?
- Are business rules applied consistently across processes?
- Where am I delivering differentiated customer treatment based on attributes and other key information?
- What is the current state of my campaign process that drives proactive communications to my customers?

#### 3) Technical Architecture Assessment

In parallel with the customer and process assessment work, you will need to establish the current working state of the customer-facing technologies and their role in delivering the customer experience and capturing customer information for each interaction point.

Key areas of focus for the technical assessment include:

- Customer data – Where is it, what is the quality, flow, accessibility, and availability to points of interaction supporting the execution of business rules and treatments?

- Interaction management — What system or systems are responsible for managing customer interactions?
- Personalized treatment — What system or systems are responsible for driving customer treatments and other business rules for customer interactions?
- Metrics and reporting — What are the systems and tools that are used to provide reporting on the customer experience?

#### 4) Organizational Assessment

From an organizational standpoint, the key areas to address during the assessment include:

- Who is the owner of the customer experience across the organization and is this different by point of interaction, product, or functional area?
- What are the incentives and measures around the delivery of the customer experience that drive behavior?
- Are we organized in a way that supports a focus on customers or products, geographies, services, or functions?

#### 5) Measurement and Reporting Assessment

Measurement and reporting represents one of the most challenging areas for an Analytical CRM transformation. It demands the ability to view data from a customer perspective regardless of what system or systems supported the interaction, what points of interaction were involved, and what functions were leveraged to deliver the desired experience. The assessment in this area should attempt to answer the following questions:

- Do we have the ability to capture and report on the end-to-end customer experience? If not, what is missing and why?
- For the captured customer experience, do we have access to:
  - > The cost of the interaction?
  - > The business rules that were applied as part of the experience?
  - > Any personalized treatment that was applied during the experience?
  - > Other customer data that was used in support of the interaction?
- Can I report on a customer experience that starts at one point of interaction and ends at another?

#### Marketing's Critical Success Factors for Stage 0:

The Current State Assessment stage will set the foundation for all work to come and will be leveraged throughout the entire transformation process. It will provide critical input into developing a high-level business case, determining the sequence and priority of activities, and measuring benefits for each iteration of the transformation process. To ensure a strong baseline is established during the Current State Assessment, some critical success factors include:

- Executive-level sponsorship and validation of results from all functional partners in Sales, Service, and IT.
- Subject matter experts who support each point of customer interaction are part of the assessment team and remain as part of the transformation team.
- End-users, as the "face of the organization" to your customers, are directly involved in the assessment process and are responsible for validating the baseline across all dimensions.

# Analytical CRM

## A Marketing-Driven Organizational Transformation

### STAGE 1 — PLAN & COMMIT

The first iteration of the Plan & Commit stage must drive justification and support for initiating the transformation. It will leverage the results from the Current State Assessment to complete the following activities:

- Establish the vision and mission of the optimized future state
- Define the high-level, future-state architecture
- Establish quantifiable objectives, goals, and a measurement process
- Establish a high-level plan that aligns business objectives with the optimal architecture build-out sequence and ensures business value is delivered with each iteration of the transformation
- Identification of leadership and governance for the transformation

Success in executing the first iteration of the Plan & Commit stage will determine the long-term success of the program.

#### Marketing's Critical Success Factors for Stage 1:

- The established governance board members actively support and commit to the program vision, mission, and objectives, and drive the objectives down into the members' respective organizations.
- Communication and adoption of the customer-centric architecture by the IT group from the CIO down.
- The governance board must understand and commit to the investments up-front vs. other shorter-term opportunities that might deliver results sooner. An Analytical CRM transformation is a multiyear program that does not deliver large in-year benefits for the first one to two iterations of the program. (See Figure 2 on page 7.)
- Objectives of the program must be visible and tie into the strategy of the enterprise.

### STAGE 2 — EDUCATE & ALIGN

Referring back to Figure 5, you'll notice a significant investment in the Educate & Align stage for iterations 1 and 2. As we noted earlier in this paper, the objective of an Analytical CRM program is to change the way the company does business and how it thinks about its customers. This requires a significant amount of education and alignment from executives down to end-users. In this stage, efforts will mainly be spent around the following set of activities:

- Strategic agreement — Agreement by the CEO, program sponsor, and governance board is a good first step toward strategic agreement. In the Educate & Align stage, it is critical to identify and understand the overlaps and dependencies between the Analytical CRM program and other major initiatives and programs across the organization and the impact to:
  - > The capital allocation process
  - > Build-out of technology components
  - > Realization of business benefits
- Developing a common language across the organization in the areas of:
  - > Customers and segmentation
  - > Customer data
  - > Technology capabilities
  - > Architecture components



- Holistic perspective — Understanding how actions taken in one area of the company will affect performance in another.
- Aligned organization — Continual evaluation of corporate and functional alignment with strategic customer-centric goals as you proceed through each iteration.
- Feedback mechanism — Unambiguous feedback on the progress of change improves the probability of success and also speeds the pace at which change occurs.

#### Marketing's Critical Success Factors for Stage 2:

- Shifting executive thinking from short-term, in-year benefits to a longer-term view when it comes to capital allocation for enterprise projects.
- Establishing a common language around data. This is the most challenging and most critical area for iteration 1 of stage 2. For an Analytical CRM program, *everything* starts with data.
- Establishing customer-centric process owners across the organization.

### STAGE 3 — DESIGN & BUILD

All iterations of Design & Build will need to balance the investment and effort across multiple areas of focus to ensure that the combination of the investments enables the ability to deliver business value. If this is not managed as a balanced effort, business benefits will be delayed significantly, putting the overall program at risk. The areas of focus for Design & Build are as follows:

- Data Integration and Transformation (acquisition/consolidation and cleansing of customer data)
- Contextual Data (movement of data to the point of interaction)
- Standardizing Business Rules
- Personalized Treatment
- Standardizing Interaction Management
- Customer Experience Reporting
- Process and Organization

#### Marketing's Critical Success Factors for Stage 3:

- Ensure equal attention is given to all areas of the transformation during the Design & Build phase. In many cases, technology becomes the focus at the expense of the critical areas of process, organization, measurement, and results.
- When introducing new treatment strategies to customer interaction points that have historically been focused on cost reduction, ensure the performance measures for that area have been reviewed, adjusted, and approved at the executive level.
- Understand the impact that both business rules and relationship rules have on the overall customer experience.
- Ensure reporting is a high priority in the Design & Build phase, enabling the measurement of customer value and loyalty.

### STAGE 4 – IMPLEMENT & LEARN

As we mentioned earlier in this paper, the Implement & Learn stage, over time, becomes the day-to-day operations of the business as more and more iterations are deployed. Incremental changes to organizational structure, performance measurements, customer-lifecycle processes, and technology should be moving you toward an optimal customer-focused operating model.

#### Marketing's Critical Success Factors for Stage 4:

- With each iteration, ensure that the program is moving more and more into steady-state operations.
- Continually manage expectations around results, especially through the first two iterations of the program.
- Ensure results from the Implement & Learn stage are incorporated into the next iteration of Plan & Commit.

In summary, each stage of the transformation cycle is aimed at driving the organization to become one that is customer-centric in its approach to data, technology, process, and organizational structure. When customer-centric behaviors are an integral part of day-to-day operations, Marketing will have successfully led the organization to this new approach to achieving customer intimacy.

# Conclusion

In the new age of the Customer Economy, organizations have found themselves at a crossroad where they must decide whether they can continue to sustain competitive advantage by continuing down the old path or whether they will have to take a different path. If you are no longer able to rely on location optimization, product innovation, or cost savings to stay ahead of your competitors, what are your options? In the Customer Economy, the customer holds the key to durable competitive advantage. Transforming your business into one that is customer-centric in its approach to data, technology, process, and organizational structure is a daunting challenge that requires commitment, sponsorship, and prioritization at the executive level. It needs to be driven by Marketing leadership and embraced by all of the functional areas even while they are undergoing the transformation from Operational to Analytical CRM. The business benefits from this transformation will be impressive, but the process is a challenging one. In the end, it will be those businesses that stayed focused on making the transformation to a customer-centric focus that will emerge as market leaders.

eLoyalty is uniquely positioned to help companies identify and harvest the value of this innovative strategy. We have assembled a powerful combination of customer experience design, data architecture, cross-channel integration, assessment and implementation methodologies, and deep subject matter expertise to support organizations as they embark on this transformation. We look forward to talking to you to bring these resources to bear to help you create a new model of interacting with your customers for competitive advantage in the Customer Economy.

## About the Authors

### KAREN BOLTON

Karen Bolton is Vice President for eLoyalty with responsibility for eLoyalty's global accounts. Karen is a member of the eLoyalty executive team. She has extensive program management and management consulting experience, particularly within the financial services, telecommunications, and media industry sectors. Karen brings 20 years of CRM, IT, and financial services industry experience to her current role.

### JEFFERY STEFFENS

Jeffery Steffens is a Vice President for eLoyalty with over 12 years of experience in defining and delivering major CRM transformation programs for large corporations with a specific focus on the telecommunications industry. Jeff currently leads eLoyalty's CRM business process transformation practice area, which focuses on transforming organizations to become customer-centric through enterprise-level process redesign.



OPTIMIZING CUSTOMER INTERACTIONS™

**CORPORATE HEADQUARTERS  
U.S.A.**

150 Field Drive  
Suite 250  
Lake Forest, IL 60045  
Phone: 877.2ELOYAL  
Fax: 847.582.7001

**CANADA**

eLoyalty (Canada) Corporation  
90 Allstate Parkway  
Suite 301  
Markham, Ontario L3R 6H3  
Phone: 905.944.5500  
Fax: 905.944.5501

**UNITED KINGDOM**

eLoyalty (UK) Limited  
Albany House  
Market Street  
Maidenhead  
Berkshire  
SL6 8BE  
United Kingdom  
Phone: 087 0735 9526  
Fax: 087 0735 9527

## About eLoyalty

*eLoyalty is a leading management consulting, systems integration, and managed services company focused on optimizing customer interactions. With professionals in offices throughout North America and Europe, eLoyalty's broad range of enterprise Customer Relationship Management (CRM)-related services and solutions include creating customer strategies; defining technical architectures; selecting, implementing, and integrating best-of-breed CRM software applications; and providing ongoing support for multivendor systems. The combination of eLoyalty's methodologies and technical expertise enables eLoyalty to deliver the tangible economic benefits of customer loyalty for its Global 2000 clients. For more information about eLoyalty, visit [www.eloyalty.com](http://www.eloyalty.com) or call 877.2ELOYAL.*