

Customer Lifecycle Care:

Leveraging Customer Service to Achieve CRM Success

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Contents

Executive Summary	1
Customer Lifecycle Care: Fully Optimizing CRM	2
The Shortcomings of Traditional CRM	3
The Role of the Customer Service Organization in CLC/CRM Initiatives	4
The CLC Action Plan	6
About the Author	8
About RightNow	8

Executive Summary

Successful implementation of enterprise CRM is critical to the success of just about every company. Customers, after all, are any company's most important asset. Enterprise CRM ensures this asset is fully leveraged by optimizing sales, marketing and service interactions. With effective enterprise CRM, customer relationships can be appropriately managed to maximize revenue and lifespan while keeping operational costs low.

Traditional CRM initiatives have been driven by sales, IT and/or marketing departments. Such initiatives have had mixed results. Many of these CRM initiatives achieve sub-par results because the quality of the data being used isn't very good. Others fail because customer-related processes continue to be executed in departmental "silos," preventing the benefits that arise from cross-department synergies (such as increased up-sell and cross-sell) from being realized. Often, the biggest problem with traditional CRM initiatives is that the complexity of the whole system results in the customer being treated more like a number than ever—which is exactly what CRM should *not* be.

There is, however, an alternative to traditional CRM: Customer Lifecycle Care. Customer Lifecycle Care (CLC) aggressively leverages customer service best practices to fully integrate CRM business processes across sales, marketing and customer service departments. By doing so, CLC ensures that customer interactions with any department work to the advantage of all customers. CLC therefore yields better results more rapidly and with less risk and cost than traditional CRM strategies.

The tenets of Customer Lifecycle Care are:

- Give every customer-facing employee a 360-degree view of the customer
- Use customer data to optimize business processes and make better decisions on both a tactical and strategic level
- Maintain accuracy of customer data to maximize value
- Increase revenue generated during post-sales interactions when appropriate with customers throughout the lifetime of the relationship
- Leverage customer data to improve customer satisfaction, retention, loyalty and longevity

This white paper outlines CLC and the role of the customer service organization (CSO) in CLC-based enterprise CRM initiatives. It describes the importance of CSO skill sets in creating CRM processes that really work. And it explains how organizations can use CLC to avoid the silo processes, counterproductive complexity and impersonal treatment of the customer that often limit the value returned by CRM investments.

Ultimately it is the CSO, with its rich experience and expertise in caring for customers that knows how to keep the "C" in CRM. That customer care is what makes CLC a highly compelling approach to enterprise CRM.

Customer Lifecycle Care: Fully Optimizing CRM

"We want everything we do every time we deal with a customer to either help make that customer love us a little more, get them to make another purchase or teach us how to beat the competition. In the best-case scenario, they all happen at the same time."

—John B. Weber, President, Software Toolbox

Companies that are truly customer-centric use every customer touch-point to stimulate interest, close business, satisfy a need and/or demonstrate commitment to the relationship. And that's exactly what Customer Lifecycle Care does. It ensures that every touch-point fulfills its value potential—regardless of whether that touch happens in marketing, sales or customer service.

CLC does this by capturing and delivering high-value information at every touch-point across the customer relationship lifecycle. This 360-degree perspective is important, because of the cross-departmental nature of customer relationships in the real world.



Customer Lifecycle Care

The figure above depicts, in a somewhat simplified way, this 360-degree view. Marketing discovers information about prospects and feeds them into sales processes. Sales converts prospects into customers. Service cares for customers so they can be kept in the cycle. Proactive communications keeps customers engaged to drive more sales.

All of these business processes are supported by business analytics. Business analytics tracks all lifecycle processes in order to optimize performance, quality and efficiency. At every touch-point throughout the lifecycle, companies use existing information about the customer and capture new information about the customer. The goal of CRM from a business analytics perspective is to 1) effectively capture any and all useful information wherever it becomes available in the lifecycle and 2) make any and all useful information available to any employee who needs it anywhere in the lifecycle. If executed properly, this results in a true 360-degree view of the customer.

CLC fulfills this goal by integrating the capture and delivery of information across all departments. By doing so, CLC allows marketers, salespeople and service staff to treat customers as individuals—something customers really like! With CLC, each of these groups can actively help generate more revenue from every account. CLC also eliminates duplication of effort by making sure no one has to capture the same data twice. And it ensures the overall quality of the information that everyone is using by replicating best data management practices across the company.

Effective CLC also optimizes use of all communications channels, giving customers the freedom to use phone, email, online self-service, chat, fax and/or mail as they see fit at various points throughout the relationship lifecycle. In addition to catering to the customer's needs, this approach benefits the vendor by driving customer interactions to more efficient channels.

Simply put, CLC results in more revenue, greater profitability and happier customers. And, perhaps best of all, it enables companies to realize the benefits of CRM with less cost and risk than traditional CRM implementations—which typically require significant process re-engineering and major enterprise software implementations.

CLC accomplishes this by leveraging a powerful resource that CRM initiatives have historically underutilized: the customer service organization.

The Shortcomings of Traditional CRM

"CRM isn't about strip-mining your customers. It's about creating relationships that yield maximum value over their entire lifetime by selling, marketing and caring for customers based on their specific needs and preferences."

– Sheryl Kingstone, Program Manager, Yankee Group

Businesses initiate CRM projects for a variety of reasons. Many do so because they can increase revenue by better understanding their customers. By gaining insight into both individual customers and target market segments, these companies can boost sales and optimize top-line business performance.

However, CRM can do more than just improve sales. It can enhance marketing efficiency by enriching the data used to design and execute campaigns. It can reduce operational costs by eliminating redundant and/or wasteful tasks. CRM, if properly executed, can also lead to significant improvements in customer satisfaction.

The importance of customer satisfaction should not be underestimated. Happy customers buy more than unhappy ones, and they do so for a much longer period of time. They help companies win new customers, instead of sending them to competitors as unhappy customers do. They're also easier to work with when problems arise—unlike chronically unhappy customers, who will cost you money and cause you grief if you make even the slightest mistake.



Traditional CRM

Traditional first- and second-generation CRM has not generally provided this full range of business benefits. Many CRM vendors have focused primarily on sales and account management, providing sales teams with data about their customers' buying histories so that they can capitalize on re-order opportunities and discover signs that a competitor has been grabbing a piece of their business. Other vendors have come from an enterprise resource planning (ERP) background, where efficiency is king. Unfortunately, the application of ERP principles to CRM often results in the customer being treated like a number—exactly what you *don't* want to have happen in a customer relationship.

Such CRM initiatives have typically also failed to fully integrate customer-facing business processes across all departments. Marketing, sales and customer service tasks continue to be executed within their respective silos. There is little synergy between departments, and duplication of effort remains the norm. Worst of all, customers don't notice any difference in the way they are being treated. So, while salespeople may in fact be given some incrementally better data, the overall return on investment to the business as a whole remains limited.

The Role of the Customer Service Organization in CLC/CRM Initiatives

One of the most noticeable differences between Customer Lifecycle Care and traditional Customer Relationship Management is that the former focuses on "Care," while the latter focuses on "Management." Actually, the whole idea that customer relationships can somehow be unilaterally "managed" by vendors/suppliers is a myth. Customers want to and can exercise a great deal of control over their business relationships. They don't want to be "managed." They want to be listened to, understood, serviced and cared for.

That is what CSOs do best. And that is why CSOs have a critical role to play in any company's CLC-based CRM initiative.

Several factors make the CSO's active participation in CLC implementation particularly advantageous:

CSOs have the most experience providing staff with a 360-degree view of the customer. Customers have all kinds of questions. They may ask about an order they placed a few weeks ago. They may need shipping information. They may inquire about the terms of a service contract. Customers don't want to hear "I'll get back to you on that" when they call for service. They expect CSO staff to have the answers they need at their fingertips.

CSOs have therefore learned to provide their staffs with access to a diverse range of business systems—including order entry, customer service records, shipping, etc. Sales and marketing staffs, in contrast, typically don't look up shipping records as part of their daily practice. That's why CSOs have much to contribute when it comes to putting a true 360-degree view of the customer at everyone's fingertips. They've already spent years addressing the challenges associated with giving staff access to multiple systems. That experience is invaluable to any CLC/CRM effort.

CSOs have the cleanest customer data. If your name is spelled wrong on a promotional mailer you receive, you probably don't think twice about it. But if you call customer service and they have your name wrong when they look up your customer record, you're likely to react pretty strongly. That simple example points out the difference in the quality of data that marketing needs versus the quality of data that customer service needs. CSOs have the most contact with customers and can't make mistakes with addresses or order histories. So they are constantly verifying and correcting their customer data.

The data management practices that CSOs have honed over the years are highly applicable to enterprise CLC/CRM systems. If the data in these systems isn't accurate, it will undermine the entire CRM effort. That's why CSOs have such an important role to play in ensuring the quality and completeness of data used in any CLC/CRM system.

CSOs have proven their ability to get non-sales staff to drive sales.

Customer service personnel typically have no sales experience—and may not even have much sales aptitude. Yet many CSOs have transformed these employees into powerful producers of up- and cross-sell revenue. They've accomplished this by giving those employees access to the right data, clearly defining targeted sales opportunities and creating processes that drive leads to sales. In some cases, they even use sales scripts to close deals themselves.

This proven ability to pinpoint and act upon revenue opportunities is clearly relevant to enterprise CLC. If one objective of CLC is to maximize revenue, then it makes sense to leverage this ability across the entire organization. After all, if CSO best practices can deliver revenue from people who aren't geared towards selling, imagine the impact those same best practices can have on professional salespeople.

CSOs have many other important contributions to make to their company's CLC initiatives. For example, most have had to provision their multi-system access without undertaking high-risk, high-budget IT projects—since the CSO is typically managed as a cost center rather than a profit center. As a result, CSOs know how to achieve results within the kind of constraints that characterize today's more conservative IT spending environment.

CSOs also play a critical role in customer "recovery," which research confirms is actually more important to customer success than the pursuit of some impossible-to-attain goal of perfection. As Dr. J. Anton's seminal study at Purdue University demonstrated, customers who encounter a problem with a product and receive excellent service in resolution of that problem have an 89 percent likelihood of making a subsequent purchase—as opposed to customers who don't encounter a problem, who only have a 76 percent likelihood of doing so. This fact dramatically illustrates the central importance of "care" in any customer relationship management strategy.

CSOs know how to manage customer data. They know how to use that data to maximum effect. And they have done so within pragmatic resource constraints. These factors make CSO a key partner for CLC success.

The CLC Action Plan

"You're not going to optimize your CRM processes if you don't include your Customer Service Organization as a full partner in development and implementation. Service excellence is simply too important to total CRM success and must not be relegated to a secondary role."

—Greg Gianforte, CEO and Founder, RightNow Technologies

Given the obvious importance of CRM success to corporate business performance, what can managers do to get their initiatives off to the best possible start?

Build consensus around Customer Lifecycle Care

To avoid the pitfalls of traditional CRM, it's important to build consensus around a CLC strategy as early as possible. CRM should not be approached as a linear, ERP-like process. Instead, the cyclical, cross-departmental nature of customer-facing business processes should be clearly articulated, and the "care-oriented" concepts of CLC should be aggressively advocated. This has to happen from the very earliest stages of the initiative.

Ensure a lead role for the Customer Service Organization

A strong case should be made for maximum involvement of the CSO. Customer service functions should not under any conditions be allowed to become secondary components of any enterprise CRM implementation. That is simply a recipe for disaster.

Enlist a trusted advisor

Few companies have in-house experience or expertise in CLC strategy or implementation. This makes it crucial to enlist the aid of an outside partner to provide logistical, technical and political support. Such an advisor is likely to come from the customer service marketplace, rather than ERP or sales.

In competitive markets, every customer is precious. Companies that treat them that way will win. They must therefore be able to deliver individualized care at every touch-point in the relationship lifecycle. This can't be accomplished with silo processes, bad data or inadequate business practices. With a strong CLC-based strategy and the active involvement of its customer service organization, however, every company can achieve real CRM success.

About the Author

Greg Gianforte is founder and CEO of RightNow Technologies, the world's leading provider of on-demand CRM focused on customer service. Greg holds a BE in Electrical Engineering and an MS in Computer Science from Stevens Institute of Technology. He has taught Computer Science at Montana State University as an adjunct professor. Greg co-authored *Reducing the Cost of LAN Ownership and The Business of Running a Network* published by Von Nostram. Prior to RightNow Technologies, Greg was founder and CEO of Brightwork Development, a LAN Management software pioneer acquired by McAfee (now Network Associates) in 1994.

About RightNow

RightNow (NASDAQ: RNOW) provides organizations with industry-leading on demand CRM solutions to build customer-focused businesses. RightNow's acclaimed technology, comprehensive services and commitment to customer success deliver high returns on investment for its customers.

More than 1,100 organizations worldwide use RightNow solutions including British Airways, British Telecom, Cisco Systems, Continental Tire North America, The Dow Chemical Company, John Deere, Nikon and the Social Security Administration. Founded in 1997, RightNow is headquartered in Bozeman, Montana, with additional offices in North America, Europe and Asia.

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