Marijo Puleo, Ph.D.
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Peppers and Rogers Group

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Director, Change Management Practices and Learning and Innovation Group", Peppers and Rogers Group

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In her two years at Peppers and Rogers Group, Marijo has worked to accelerate one-to-one efforts in client companies. Her team has worked with a variety of companies including Xerox, 1800Flowers, Jaguar, and Wolters Kluwer. Marijo has a talent for engaging audiences and participants in lively discussions about one-to-one strategy and implementation practices.

Before Marijo Puleo became director of the Learning and Innovation Group, she forged a varied and instrumental seven-year career at Kraft Foods. Marijo directed Kraft's Information Services training program and desktop training program for 1,200 IS professionals and 6,000 desktop users. During her tenure, she was responsible for the implementation of a project management program and the creation of a skills management program. She also lead the charge to create a remote distance learning program at Kraft, at a cost savings of approximately $5 million in 1999.

Prior to this, Marijo was responsible for the Sales Force Automation project for Kraft. She also managed a North American team that was responsible for the implementation and acceptance of new analytic tools and technology with over 6000 sales people. It was also during this time that she was part of the change management efforts that merged Kraft Co. with General Foods Co.

She holds a Ph.D. and Master's degree in Industrial/Organizational Psychology from DePaul University. She also has a BS in Clinical Psychology from Purdue University.

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Marijo Puleo, Ph.D. Director of Learning and Innovation at Peppers and Rogers Group - 'CRM and Change Management'

Administrator: I'd like to welcome Marijo Puleo, Ph.D. Director of Learning and Innovation at Peppers and Rogers Group.

Marijo will be hosting today's chat and leading the discussion on 'CRM and Change Management'.

Please feel free to ask your most challenging questions and share your views!

Marijo Puleo: Hello everyone! The subject of our chat today is to talk about the importance of change management in delivering on the "CRM promise"

Also, we could talk about any aspect of CRM you wish to talk about. Does anyone have any specific questions to start off?

Ted: Hi, could you possibly elaborate on the 'CRM promise'

Marijo Puleo: Excellent! The CRM promise is different than other "business paradigms" that we have seen in the past. Other business fads tended to be limited in the applicability across the enterprise. For example, just in time inventory management was typically limited to the back office operations. What makes CRM different is that to truly apply the concept it requires that every part of your organization be involved in the change. It is not limited to customer facing personnel such as sales and the contact centre.

Chatter: I suppose the difference between JIT and CRM is goods versus services (information)?

Marijo Puleo: CRM involves goods and services, as well as information. The challenge for CRM is this: how do you understand the customer well enough across all aspects of the company so that the experiences are consistent and you can customize that experience to what the customer wants?

For example, when a customer visits the web site, and calls the contact center, does the rep know what the customer did or even that the visit was recorded? There may be information about the web visit that the rep should know.

So the change management implications are this: how do you design the web site to enhance the customer experience as well as intelligently report and dissect the information and how do you train the call center person.

Chatter: So does committing to CRM create the need for change (e.g. new IT & information systems) or act as an indicator as to when change is needed?

Marijo Puleo: To recognize and act upon that information? CRM is more than the technology.

Unfortunately, many people are under the impression that you can "buy" some CRM (software) and it somehow makes you CRM compliant. In reality, the technology is the enabler and it is the people in the organization who make it work. Because people underestimate this, the failure rate for CRM is running as high as 70% by some estimates. By committing to CRM therefore, you need to commit to change.

Would you like me to drill down on this more?

Mario: Can you start moving your organization to a CRM philosophy without specific software?

Marijo Puleo: Yes!

You are absolutely correct

CRM is a philosophy, an attitude, a cultural shift! The technology is merely the enabler.

One way to do this is to set team objectives that are cross functional and to look at what customer information that you have today. A company can start utilizing the "gold mine" that exists and look at processes from a customer's point of view. Many company processes are designed to drive efficiency and company operations. There are often opportunities to do some "quick hits" and change customer treatment and develop customer insight.

For example, we worked with a client who suspected that they had some customers who could use their services more broadly (it was a technology firm). We worked with them to come up with 3 key words that "signalled" customer needs. We worked with the company to scan the "notes" field of their call centre logs. They discovered a "pool" of customers that had mentioned these 3 words over a six month time period. The result is that they were able to go back to those customers and have more in depth conversations, resulting in approximately 25% increase in sales for these customers.

Mike: Hi Marijo...You mentioned teams. In cross-functional teams, which functions should typically be represented?

Marijo Puleo: Thanks Mike for the question…. The short answer ' "all of them"

Typically, it is marketing and contact centres that make the first link because of a marketing program that is being deployed. Sometimes the sales force is involved, but I am surprised how often sales is left out of the picture until later. The people who should also be in the room are IT, HR and Finance, as well as manufacturing, logistics or other core parts of the business. These groups represent the "capabilities" of the enterprise. If they can't deliver on your customer treatments, then you can't make the promise to your customer in the first place.

Ben: Hi Marijo. I'm surprised that so many companies and individuals commit to spending fortunes on the technology without adopting the philosophy first. What can be done to overcome this lack of understanding in senior management?

Marijo Puleo: Hi Ben!

Yes, technology is usually the bulk of the investment. In my experience, approximately 80% of the CRM budget is spent on technology. In reality, we try to help the company understand the magnitude of the change that is required. Many times, the technology is the "tangible" cost sold on the technology as the solution end when it is the enabler. The costs incurred from implementing change management do not necessarily have a tangible output, but the effects are enormous if not done well.

Mario: I understand you can set different objectives for a CRM strategy, is that correct?

Marijo Puleo: Mario I am not sure of your question… different from what?

Mario: I mean, either diversify your channels to improve satisfaction or profitability, lower costs, etc.

Marijo Puleo: Very often, when we work with companies, the CRM strategy is set in a business case. CRM often drives reduced costs, leveraging different channels more effectively - these are often the benefits of applying CRM. We advocate that applying CRM and 1to1 (our particular methodology) helps to prioritise company resources to deliver a customer experience as a customer wants to see it, given profitability restraints.

Also, it is much cheaper to focus on the customers you have than acquiring new customers especially in a "down" economy.

Thank you Mario for that question.

Nigel Manuel: Would you agree that the 80% failure to deliver expected returns reflects the majority of companies' disinclination to apply the philosophies of CRM internally? To achieve a significant decrease to this failure rate perhaps it is first necessary for HR Relationship Management strategies to become the standard 'first step'?

Marijo Puleo: Nigel suggests that the 80% failure rate is in part due to failure to adopt ERM - Employee Relationship Management. Actually, that is very true! We have found a correlation between a company's ability to deliver on CRM and how the employees are treated from a 1to1 perspective. In other words, if an employee is treated "like a number" and you ask them to treat customers differently, the result is that they probably won't why should they?

They don't feel valued... in fact, a lot of our change management work that we do with companies focuses on this very point. We look at not only the "enrolment" of employees (how can you win their hearts and minds to "do" CRM) but also what we call "workforce transition"

This work focuses on the structural aspects and HR processes. Is the organization designed to support cross-functional processes? What are the job descriptions, roles and responsibilities? How are people measured? People can be quite motivated to "do the right thing", but if they are measured for being product focused, that is the behaviour that you will reinforce at the end of the day.

Sarah: So what are the key principles to successful Change Management?

Marijo Puleo: The first principle is "focus inward as you focus outward".

Design a customer strategy based upon customer needs - look from the outside of your organization in. Then look from the inside out - if you are going to execute this strategy, how do you reorganize and reorient to support that customer strategy.

Number 2 - look for hidden CRM/1to1 efforts.

Mike: On that note, how do you use business metrics and personal rewards to drive CRM results?

Marijo Puleo: Thanks Sarah and Mike for some good questions!

Business metrics and personal rewards are two key methods to help with the alignment. If people are already practicing CRM highlight those achievements as best practices. Align roles and responsibilities and align the performance evaluation process (including business objectives, quarterly goals, etc) to help achieve those results.

Another principle to keep in mind is that this is truly a journey. This is the #1 expectation that we work to manage but it is an uncomfortable message for those who are sponsoring the efforts.

Applying CRM can be like "death from a 1000 paper cuts". The entire process (when done well) is an ongoing learning experience. How do you design your enterprise so it is one ongoing learning relationship between you and your customers?

How do you highlight the information that will give you insight without information overload? This is a struggle for many companies. And as the feedback loop gets better, the customer advocates in the organization can offer more insight and point to future capabilities (anticipate needs).

It sounds like a pipe dream, but for example, some web sites do this well. The more you use the web site, the more it adapts to what you want to see. Another principle is to understand who your advocates are and how to support them - specifically, how do you identify them? Understand their needs? How can you leverage their skills in advancing your project? This is true in any change effort, but again, think ERM. Model the concept internally before you ask people to treat different customers differently.

Ben: I have a quick question on behalf of Gerry Corcoran from Queensland Australia. Gerry is involved in implementing a CRM solution in a tertiary education institution where the students are the customers. He says his challenge is to develop staff commitment to the change process in CRM. Can you tell me where Gerry can find literature re the introduction of CRM into the higher education sector? Do you have any advice for him?

Marijo Puleo: Actually, we have a case study in our 1to1 Manager book that discusses this situation exactly. It is a college in the Northeast United States. They have assigned student advocates to dedicate himself or herself to addressing student needs during the four-year experience. They work with students to get them registered, get feedback regarding the college experience, help them through issues, etc...

In fact, most of the students are "transfers" from other colleges and they were totally dissatisfied with the experience. These advocates have made a key difference in their lives, and in fact, many go on to the graduate programs. The college has some of the highest satisfaction scores. They used the feedback to design many of the programs at the college to address their needs (full time vs. part time students, etc).

Ben: Fantastic. Thanks Marijo. How can Gerry get a copy of this case study?

Marijo Puleo: The book is available at Amazon.com, or it can be purchased through our web site at 1to1.com. The book is full of "stories" of how companies have applied CRM and 1to1.

Ben: Thanks. I shall let him know.

Marijo Puleo: Actually, there is one more point I would like to make regarding Gerry's question... (the education institution)...

When we talk about "enrolment" that is exactly the situation that Gerry describes - how do you get the education staff involved in the process? We call this "building the town" - does the staff help design the new student focused solution, or do they just show up to live in the town? We actually leverage the strategy work and the workforce transition work to get people enrolled in the new environment. They have an active role in discovering customer (student) needs, how to realign the organization, and how to design their own jobs to deliver on that.

Carlos: How do you balance the internal modelling while the software vendors are pushing for short term decisions (i.e. sell sw. licences)?

Marijo Puleo: Can you help me understand what you mean by "internal modelling"? From a company's point of view?

Carlos: In other words, the design of the CRM strategy according to the business needs.

Marijo Puleo: I take it you mean that there is pressure to purchase the software and "get on with it" vs. taking the time to really plan the strategy. Can you confirm my understanding of that?

Carlos: That's right.

Marijo Puleo: Thank you. CRM projects are typically a stream of projects that are going on all at once. When we work with our clients, they have the same issues. Sometimes, there is a pressing business issue that requires immediate action (competitor has made a move, falling stock prices, etc.). And the immediate reaction is to "do something" and somehow people believe that activity = results.

We often talk about "going slow to go fast". Take some time to work out what you really want to do, and in the end, you will execute your solution much faster and, there is much higher chance of success because people understand what you are going to do, and why (enrolment).

Start by asking questions like: "Why are we doing this?"

"What will my customers thank me for when I am finished?"

"How am I going to increase share of customer?"

Great question!

JamesPeach: How can a company best educate its customers about process improvements initiated by the adoption of CRM, having failed to do this when the changes were originally introduced?

Marijo Puleo: Well, I would start by saying that customers don't care about processes, for the most part. They want what they want, when they need it. Your challenge is to help them understand how this meets their criteria. If you answer the questions, how can this save them time / money / make their life more convenient and what can they do to help facilitate this?

I also have another suggestion. Think about applying mass customisation techniques to effectively present your situation. You probably had varying levels of response to your initial attempt. Can you capture that information, and based upon your understanding of your customers, design a communication plan that addresses their "hot buttons".

This plan may need to take into account multiple channels of communication, depending upon the relative value of this customer to you. As we mentioned early on, one of the key differences of this change effort is the scope of the effort. As we have worked with our clients, and looking at other CRM efforts, it often involves many parts of the organization - they must think out of their own silos and think across the customer experience.

One of the techniques that we employ with our clients is to create a touchmap of the organization. In other words, what are all the different ways that a customer interacts with a company?

Everyone is included - including delivery people, billing process, etc. In order to create an "integrated" conversation with your customers, each touchpoint should be examined. I often tell our clients that at the end of each touchpoint is a change management opportunity and the change management plan requires that we examine each point and plan out the transformation for those employees.

Dalpheena: Do you think CRM will become an integral part of all businesses?

Marijo Puleo: It sounds huge (and it often is) - but the opportunity is that people within an organization begin to truly work off of the same page.

It is very inspirational when it happens - I know that sounds dopey but people walk away feeling much better about their jobs and what they are doing to address customers needs - together rather than squabble with petty silo turf wars.

Dalpheena: So in effect it will maximise the efficiency of all our staff.

Marijo Puleo: Thank you Dalpheena - yes!

Often what we do is help a company figure out what are the things that impact the customer the most. Sometimes people do things, and wonder what the value is to the company and/or the customer. This is often an opportunity for people to refocus.

There is a down side to this, however, people often like to be in their comfort zones:

Change = fear
Change = downsizing
Change = I will be asked to do things that I cannot (fear of failure)

That is why the transition plan is so important.

Dalpheena: It really seems to me that it is all about improving our communication, the better our work forces can communicate, the more effective we will be.

Marijo Puleo: Yes Dalpheena - you are absolutely correct! Often the focus of a CRM project is to facilitate information through the organisation to create a "complete" view of the customer.

Mario: What would be your advice on getting up to speed on CRM and implementation issues for someone new to this in charge of setting it up in an organization?

Marijo Puleo: Thank you Mario. There are actually many web sites that can give you great information on CRM and advice on some of the issues.

There is crmcommunity.com, crmguru.com, 1to1.com

Mario: No, moving towards a CRM philosophy in a B2B organization.

Marijo Puleo: What we have found is that B2B vs. B2C is really an artificial delineation. It is more accurate to think "B2B2C" - because at the end of the day, there is a consumer who's needs you are trying to address. Someone is concerned about that - probably your customer! This is one of the first things that people need to "get". If you ignore that, you are creating a lot of channel conflict or problems with your distributor.

Dalpheena: What is "B2B2C"

Marijo Puleo: Business to Business to Consumer - it is one long chain. Thank you for asking.

Is this going down the right path for you Mario? Am I describing your situation?

Mario: Your observation on B2B is important. I was interested in CRM philosophy implementation, and you have led me to the web-sites, thanks.

JohnBeam: It seems to me that it's hugely important for every employee to buy into the CRM culture. If a company cannot get all their staff to adopt a customer focused culture then the effort is almost pointless. But how can you ensure that every employee embraces the change and adopts the company's new culture, from CEO down to customer facing agents?

Marijo Puleo: What I like to say is that you have to create the cup before you fill it - people need a context for why this change is important. That is the #1 task - you need to answer the question - why bother?

For each organization, the message will be different depending upon the competitive situation, the internal organization, profits, customer attrition, acquisition costs, etc. In other words, build the case for change. And yes, John, you are right - this has to be across the entire company in many cases. Some organizations do focus their efforts in one area - for example, the call centre, or sales force. It is great to start in one area of the company, but the true benefits most often come from integrating this program with the rest of the company.

Concentrating in one area can create a great "case for change" - demonstrate that it does work in your situation with your company, demonstrate early successes and cost savings, customer feedback and then build the solution by incorporating other areas - "if marketing were to do this, then we anticipate x results".

You also need to actively reinforce the new culture as well - look for all the different ways you can actively reinforce and reward people for customer focused behaviour. First, some people need to learn to recognize it when they see it. In our work with clients, I often look to the performance appraisal process to help with this. If designed well, and if you can get comments from the process, you can often look for critical incidents (examples) of behaviours that model what you are trying to do.

This is a SYSTEMATIC way to collect this data, which is another important point about CRM. You are hard pressed to do CRM "manually" - the point is to think about how you can design your processes and systems to systematically collect information about customers and be able to act upon it. In other words, "profit through use of the system". Again, thinking internally (ERM Employee Relationship Management) how can you develop insights about your employees that help you understand their needs, design training programs, reward great performance, etc. and at the same time, respect the employee/manager relationship.

Administrator: As we are nearing the end of the chat any last questions?

JohnBeam: A quick one... Can CRM exist without ERM?

Marijo Puleo: Thanks John for this question… it is difficult.

Employees need to feel that they are treated differently according to their needs, and it motivates them to treat customers differently. This was true when we talked about customer service, and it is still true for CRM/1to1.

JohnBeam: Thanks Marijo.

Marijo Puleo: Thanks John - and everyone who took the time to participate today. Your questions have been terrific and I have had a great time doing this!

Administrator: I'd like to thank Marijo on behalf of Webevents for hosting today's chat. Also thanks to all of you who have participated!

If you would like to contact Marijo you can e-mail her on mpuleo@1to1.com

There is also a selection of White Papers from Peppers and Rogers Group available in the Seminar Area, including the just released paper 'How to turn around your stalled CRM Implementation'.

Marijo Puleo: Thanks everyone!