

Putting the C back into CRM

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When it comes to deploying CRM, most of us always thought that buying a CRM application was step one. Once that was achieved, everything else would fall into place.

The thinking was that if the technology wasn't right, staff wouldn't use it and the business objectives would fail to be achieved and the investment would be wasted. We thought that if the technology looked good and was easy to use, staff would use it and our CRM dreams would become reality. But we were often wrong. How did this happen?

Take a look at the acronym. There's no T in CRM. Why did we think that technology was central to the strategy? Technology can't build a relationship with a customer and it can't manage a relationship. Sure, technology can facilitate and help these things to happen; but without people it can't happen. CRM is about people, not technology.

So why did we take that technology-based approach? Quite simply, we took the easy route. We ignored many of the hard questions and in doing so lost sight of customers and relationships as part of the CRM equation.

We focused on technology, spent most of our budget trying to get that right, and were left with precious little for our staff and customers to gain benefit out of it. We were lazy. We focused on what technology could do for us, rather than what staff and customers needed to do, and what the technology could do for them.

The customer experience

Meanwhile in the boardrooms and consulting circles we called ourselves customer-centric but focused on non-customer metrics to drive the strategy home. When we used our sales and marketing plans, financial reports, transactional statistics and project costs to measure the success of our CRM strategy implementation, we found we had missed the mark. In the end we really didn't understand the impact this new technology and strategy would have on our people or our customer's people.

We had ignored a fundamental principle in CRM – the customer experience. The result was a poorly executed CRM strategy that really didn't succeed in achieving objectives such as building our customer relationships and increasing our profits.

Technology has been a godsend when it comes to streamlining physical experiences for people, and we managers and executives have spent millions of dollars getting the physical and transactional aspects of our company's right. However, it is people who

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How to tell if you are customer-centric

Ask these questions of your company:

- Do we know what our customers' objectives are?
- What are we doing to assist our customers to reach their objectives?
- What information do we share with our customers that helps them and their business?
- Do we involve our customers when developing products or services that they'll use or purchase?
- How do we encourage our suppliers to understand our business and our objectives?

Measuring the customer experience

What experience do your customers have when they call your service desk? Physical aspects – is it quick, easy, accessible, available? – are measured by:

- inbound call wait time (min, max, average)
- call drop-off rate
- number of inbound call routing menus per call
- ratio of customer issues satisfied first time.

Emotional aspects – is it warm, friendly, empathy, caring? – are measured by:

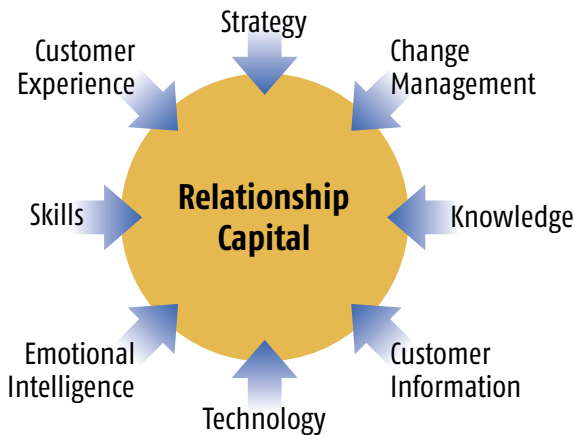
- customer survey questions
- focus groups
- call-monitoring analysis.

are required when it comes to managing the emotional aspect.

This key part of CRM has been forgotten or ignored in the past. That's why spending hundreds of thousands of dollars on technology doesn't necessarily translate into happier customers and extra dollars in profit. We have to invest in the people too (that is, in the emotional levels of CRM) to ensure that a well-balanced customer experience is assured on both sides.

Goodwill hunting

Your CRM strategy should include ways of managing or enhancing both the physical and emotional experiences customers have when they interact with you. But that's not all. CRM is not just about customer experience. It's also about the right combination of tactics and strategies to build the relationships you have with people.



Often in a company there is an intangible asset called goodwill. This is a combination of desirable attributes that a company may have, such as a manifest of existing customers, their buying patterns, product positioning, business reputation, staff knowledge and so on.

Another asset is relationship capital, the inherent value placed upon the quality of the relationship between a customer and a supplier. CRM should directly affect the relationship capital your company has, and the only way you can do that is to have people involved. While relationship capital is intangible, executives are now realising its importance and value.

To measure the effect your strategies are having on relationship capital, add these simple metrics to your regular reporting practices:

- ▣ overall market share and market share by product or service
- ▣ share of customer wallet
- ▣ number of repeat orders or ratio of customers who repeat order
- ▣ ratio of leads by referral from existing customers
- ▣ ratio of customers who provide strategic competitor information
- ▣ number or ratio of orders closed by customers
- ▣ customer turnover ratio.

Many CRM efforts have focused internally on reducing costs, increasing efficiencies, and streamlining processes, and as a result have almost excluded customers' emotional experience. This in turn has meant that the deployed strategies have failed to positively affect relationship capital and, ultimately, bottom-line profits.

If you lose focus on people while deploying a CRM strategy, all the humanistic elements that are integral to building relationship capital are affected. For example,

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managing change, building emotional intelligence and managing customer experiences become unimportant, and the knowledge or skills trained into staff do not reflect these elements. Instead, they tend to focus on technology usage and reduction in costs. The outcome becomes another failed CRM project, and technology incorrectly gets the blame.

Fire, aim, ready

Executives and managers are beginning to take a more considered approach to CRM, taking the time to understand how deploying such a strategy will affect their own and their customer's people. We are becoming more open to understanding the emotional aspect of customer experience, and realise the importance it plays in our ability to maintain and build our profit streams.

Habits are hard to change, though, and there are still many companies big and small that continue to buy technology first and seek answers to hard questions later.

Unsuccessful CRM efforts are often organised around a "fire, aim, ready" approach that revolves largely around technology. However, when it comes to building customer relationships, the emotional aspects are critical. It's not always about trust, loyalty, retention and so on, but also about delivering the right experience for people so that businesses can maximise their short and long-term



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profits (both theirs and their customers').

Companies need to build bond and trust with the right customers, those looking to have an emotionally enhanced experience, while delivering a much more transactional service to customers who just want to buy – and that's it.

Many customers want to be cared for, trust their supplier, enjoy the buying and using experiences, and return to the same trusted supplier for more. Many of us remember going to a local grocer who would know our names, our parent's names, our usual orders, our dislikes, our little quirks. They didn't have technology, but they did have a desire to please their customers through providing both good products as well as a personalised, friendly and knowledgeable service that was emotionally satisfying.

They might have had information written down somewhere but the difference was how they used this information to create a feel-good emotional bond with us that would keep us coming back – and it worked. They placed a great emphasis on relationship capital. They were practising CRM.

However, many customers don't want an emotionally enriched experience. Some buy on price, some on availability, some on specification. For them, emotional customer experience may not come into it. Some customers are not loyal and never will be. The trick is to match your customer experience to the right customer, to be flexible, understand, be available and maximise the right experience for them. That way you'll build relationship capital with them and they'll return because of it.

Culture club

CRM is a culture. It's a culture of understanding people and their emotions. Is it for everyone? The answer is yes. But it doesn't always involve technology.

Businesses are starting to have successful CRM projects because they have learned to focus on people. They're tackling the hard questions, looking for the hard answers and taking the harder route. After all, it's not easy to ask yourself or your customers hard questions that have never been asked before, and then embark on a journey where the future is not clear and quite likely will be very different from the present.

Add to that the anxiety of building an intangible asset – relationship capital. It's pretty scary, and not only for the finance executives. Two things are for sure, though. CRM is not what we thought it was, and it starts and ends with people.

Seven hard questions

1. Where will our business be in three years?
2. What will our customers demand of us in the future?
3. What information will we need to be able to satisfy them?
4. Who are/will be our most important customers, and how do we measure that?
5. How will we develop a customer-centric culture?
6. Who are the future leaders in our company, and how will we develop them?
7. How does information flow into and out of our company, and who does it touch?

Having problems with your CRM strategy or system? Here are seven possible solutions:

- ❑ Lack leadership? Do your senior executives regularly use your CRM strategy or system? They should.
- ❑ Ask your staff and your customers what the problems are – they'll know or at least point you in the right direction.
- ❑ Focus on the root causes – ask "Why?" five times to dig down to the real issues.
- ❑ Having trouble getting everyone to use the system on a regular basis? Check that role descriptions and objectives have been altered to include CRM system usage.
- ❑ Are you measuring staff compliance to your CRM strategy or system? If you don't measure – how can you improve?
- ❑ Do you have data problems? Look to reduce the number of data fields that are replicated in other systems and strive for only one point of data entry.
- ❑ Is your email, task and calendar integration causing you headaches? Lock up the email CRM address book and have one-way task/calendar data transfer from the CRM only.

The bottom line

- ❑ For CRM to be successful, the focus needs to be on people and the experiences they will have when interacting with your company. You can't build relationships without people, and your staff won't build strong relationships if they are unhappy, frustrated or confused.
- ❑ CRM is not here to make companies more efficient and reduce costs. Its function is to build relationship capital that becomes an asset to the business, helping to obtain and retain the most profitable customers.
- ❑ Budgets allocated to CRM need to be more balanced between IT and non-IT spending.
- ❑ Don't be afraid of emotion. People are emotional creatures and we all need to understand human emotions more if we wish to build relationships and have successful CRM.

About the contributors:

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