

CUSTOMER RELATIONSHIP
MANAGEMENT

**Successful CRM
Depends On
Communications**

Michael Meltzer

Techniques That Lead To Success

Abstract

Guns alone don't kill people; it's the person who pulls the trigger that kills, although the gun does help. CRM software/hardware does not kill implementations it's the people, but the way the software/hardware is implemented helps.

This article is based on hard won experience and scars. Having been involved in a number of multi-million dollar CRM implementations over the years my findings are very simple communicate, communicate and communicate some more.

Failure to manage the communications strategy, process and implementation from a human perspective has doomed too many mega implementations. Getting the software/hardware right is a smaller part of the equation today than getting the people part right. If you ever wonder where the money has gone in a CRM implementation you normally have to look no further than the technology and the systems integrators. If there is a budget to be cut it is normally the soft side that is cut. The reality is that cutting back on the technology and spending more on getting the people part right would realise the programmes benefits earlier and would probably show a greater ROI than getting all the IT solution just right. There is also the question whether the eighty twenty rule applies to CRM programmes.

About The Author



Michael Meltzer is the co founder and a managing partner of Active Management Techniques that specialises in improving organisations performance through applying the human aspects and benefits of relationship management in all its forms. He is a hands on partner who has experience spanning general and IT management, financial services, public sector, telecommunications, education and retailing. He has specialised in applying the human aspect approach to support internal and external customer relationship management, change management, customer knowledge and organisational design where innovation and learning can flourish. He is a respected author, sought after speaker, educator, consultant and experienced business manager.

AMT Consulting

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- ⇒ e-Insurance a CRM Perspective
- ⇒ What Customers Value
- ⇒ CRM managing the Benefits Part 1
- ⇒ CURARE it could happen to you
- ⇒ A CRM Approach To Customer Profitability
- ⇒ Getting Started With CRM
- ⇒ The Intergalactic Data Warehouse Here Today Gone.....
- ⇒ Mapping CRM For Success
- ⇒ CRM Projects/Programmes Mean Change
- ⇒ Data Mining Myth and Magic Version '2'
- ⇒ **Successful CRM depends on Communications**

To succeed with a CRM implementation you need to communicate, communicate and communicate.

Guns alone don't kill people; it's the person who pulls the trigger that kills, although the gun does help. CRM software does not kill implementations it's the people, but the software implementation helps.

The most important lessons from past CRM implementation failures has more to do with how people were organised, managed, trained and lead than with what software was used.

The best practice to ensure the success of your CRM system implementation, especially those that will involve human interaction, rests upon the design a robust comprehensive communications strategy and how you implement it. The plan should be to map everything you will do throughout the CRM implementation's life cycle from the very start, and you should do this before any part of your CRM system is delivered. In addition the communications program must be an integral part of any change efforts.

This paper explores why you need a communication strategy that starts early, includes well crafted messages and aims to be consistently delivered throughout the lifecycle of your program's implementation. It will additionally provide some pointers on how the odds of making your program successful can be improved.

Money Is Just One Factor

All too often, once a CRM solution has been approved and the necessary spend has been committed, there is little left in the kitty for managing the psychological transition¹ that is necessary to make the program a success. It may be a case of champagne dreams on a beer budget but many CRM failures we have read about in the past can be explained by the failure to make adequate provisions for the "human factor" rather than just not having enough money to spend. It is often the case that the real impact of the human side of the equation was just not adequately thought through, understood or funded.

Soft issues are just that soft and easy to cut back on

The Soft Issues

These "soft" issues cannot take care of themselves and survey after survey has shown that no single software package or method of implementation has a better success rate than others. "Very few CRM initiatives fail because the software

¹ William Bridges - Managing Transitions 2nd edition – Perseus Publishing

didn't get implemented," says Erin Kiniken, Vice President of CRM at the Giga Information Group. Yet getting the human aspect right can make a success of the most mediocre of technology solutions.

Customer Relationship Management

Many companies get bogged down in their CRM journey by not realising the need to put in place a customer centric strategy that is supported throughout the organisation. This strategy should underpin any investment in the people that will ultimately implement and use whatever CRM solution is implemented. This inability to clearly articulate the strategic importance of implementing CRM within an organisation is what caused many of the early failures that we have read about and that have ultimately stigmatised CRM as either a costly waste of time or at best something with low returns on investment.

CRM is just another technology?

Let's implement this SFA and all our trouble will be over. Our sales teams will sell more and management will get better oversight of the whole business.

When implemented as an operational tool, that supports retail marketing and relationship efforts, CRM has many success stories across many industries including travel, telecommunications, financial services and retailers.² This analytical, consumer-based CRM relies heavily on data-warehousing technology and the use of powerful data mining tools to identify patterns of customer behaviour and leverage them to create value.³ This type of CRM has been for the most part successful and has been implemented over the last fifteen years, showing at times enormous rates of return. However, process driven, analytical CRM relies heavily on automating functions such as direct marketing and its impact has appeared evolutionary. These types of implementations did not require the kind of psychological evolution of an organisation of the current B2B Sales Force Automation (SFA) CRM incarnations.

OK it is going to cost a lot so let's cut back on the change management elements and also the training budget can be trimmed.

And who said senior management should be involved in learning anything new now that better more focused information will be available.

This after all is a technology solution isn't it? It's just like implementing an accounting suite isn't it?

Sales Force Automation Systems

You bet it is not!

SFAs are built so as to allow customer information to be single-sourced or centralised rather than relying on multiple systems, either computer or paper based. In addition, information and reports that were hand collated or created locally in Access or Excel will all handled by the new system. Although some changes are inevitably needed, notably in processes and working methods. There will also a need in some cases acquiring new skills, knowledge and procedures. The benefits are felt over time as the data is cleansed, verified and analytical tools used to enable individuals to spend more time with the customer instead of manipulating pieces of paper. The success of an SFA enables an organisation to

The above philosophy of CRM implementations represents a roadmap to ruin.

And we wonder why some CRM programmes fail.

² How to Recreate Customer Intimacy for Profit – Michael Meltzer - www.amt.eu.com

³ Data Mining Dispelling The Myths – Michael Meltzer - www.amt.eu.com

improve on its cross-selling, up-selling, retention, acquisition, reactivation and enhanced customer experience (CURARE)⁴ activities.

Typically, SFA-based CRM systems are used by sales teams, their managers and numerous other team members to track, forecast and generally manage a business. Whilst the older CRM systems could use numerous channels to market and affect a CURARE-based success story, the SFA/CRM systems are there to support face to face communications and to support management in leading their teams.

However, the success of an SFA implementation is directly related to the people that will use it. These are those individuals who must be convinced that the new system and its accompanying new processes are ultimately in their interest.

Reasons and Pitfalls

Failure to take the needs of employees into consideration can lead to costly failures. Gartner, the research and analysis company has identified 7 key reasons for CRM failures of which the last is: "No attention is paid to skill sets. All the money in the world can't save a CRM project if, at the end of the implementation, it is put in the hands of under skilled and under trained employees. By doing so, enterprises reveal that they believe employees are unimportant. Nothing could be further from the truth. CRM is an opportunity to put powerful tools into the hands of employees...."⁵

Similarly, Jim Dickie, a partner at Insight Technology, has put forward a list of 9 pitfalls of CRM implementations. Once more, employee participation comes in at number 7. "Pitfall #7 - Avoid the Human Side of the Equation: A critical pitfall to avoid is focusing too much on process and technology, and not enough on the people who will be using the system. You can design the best process in the world, and back it with the latest and greatest technology; but if your people don't buy into the project, it won't work"⁶.

Change Issues

Many of the people issues focus on basic human nature issues felt when any change is in sight such as fear, uncertainty and doubts about the individuals own future well-being. These emotions must be planned for and addressed before any roll-

Customer Relationship Management

Benefits of involving employees in CRM planning
A leading digital phone company told us that involving employees in *capabilities and risk assessment* aided *CRM strategy development*, as well as *process change* and *change management* down the road. In the beginning of its CRM effort, the company sent a "pain points" chart to relevant business and IT groups within the company, those that ultimately would benefit most from CRM.

Each group was asked to help build and prioritize the requirements plan for CRM, acknowledging gaps that existed in their organizations and planning how CRM would help fill those gaps and improve business performance.

Because group members are the most knowledgeable about their specific business activities, sharing in requirements planning improved accuracy. Also, employees felt invested in the change because they had been a part of the planning process: "buy-in" was easier because those impacted by the change had suggested the changes.

Global Study

⁴ CURARE it could happen to you - Michael Meltzer – www.amt.eu.com

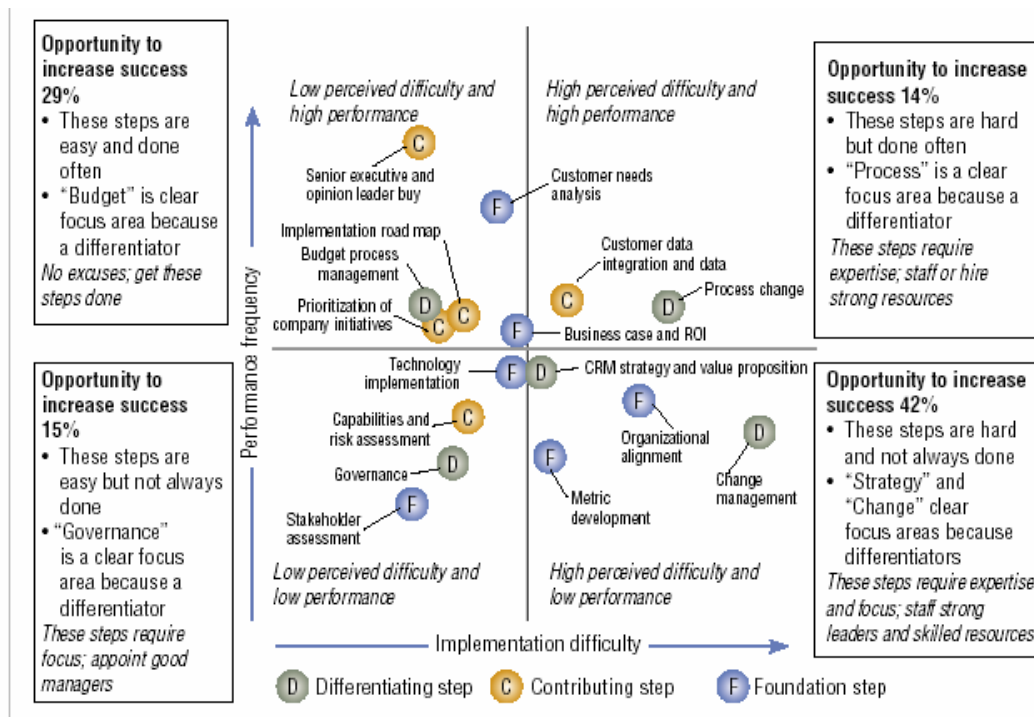
⁵ 7 Key Reasons for CRM Failures - Gartner Viewpoint October 17, 2001

⁶ **Why CRM Projects Fail** By Jim Dickie, Partner, Insight Technology Group

out of technology or training is given. The elements of the human equation that improve the chances of success revolve around a well conceived and crafted communication plan. This plan carried through to action can actually be one of the greatest tools in reducing the risk of failure in a CRM programme.

IBM Global CRM Study

They found "It turns out, doing CRM wrong is much more common than getting it right".



Source IBM Global CRM Study 2004

As can be seen above in the lower right-hand quadrant above there are a number of steps that companies apply infrequently and with difficulty. Some activities such as planned communications and training were found to be more effective in promoting success than say fostering internal performance competition. The lower left quadrant is the most difficult to achieve yet it offers both foundation and differentiation elements that were demonstrated to be important over and over again in this study.

Communication Plans

Any communication plan in support of change initiatives must demonstrate as much awareness of the as is situation as the

will be. Know the gaps that exist and build the right communication bridges for effective psychological transition.

A basic communication plan for an SFA program should clearly state to a sales team that the new system will help reduce the burden of administrative activities and improve their chances of making sales. Usually, SFA systems will enable team members to more easily handle routine tasks such as managing diaries, customer research, projecting revenues, tracking the status of an order, managing documents and will generally reduce the amount of paperwork. Where a Key Account Management structure is in place, an SFA system will help local or cross functional or cross border collaboration by centralising data in one repository. Ultimately, the implementation of any SFA should deliver what a sales team wants; such as better, more qualified leads to shorten the sales cycle, simpler ways of managing opportunities and easier means of putting together quotes and proposals. To be a success with the sales team, the system should allow them to do their job: selling, rather than spending time on back-office activities. Ultimately, this will impact the organisation as a whole and ensure that a sales process is the best it can be.

What's in it for me?

Faced with change most individuals will ask "what's in it for me?" This question should be answered early on and the message continuously repeated in any dialogue or general communiqué. Merely addressing this issue at the senior management level is not enough. The roadblocks to success can be found at every level of an organisations hierarchy and must be openly addressed and managed.

In addition to the generic buy in required but often missed another common oversight is the need to train management in the use of the newfound knowledge at their fingertips: the power of information. Any good SFA system should set managers free from the drudgery of manually collating sales figures into reports. As data was historically collated from various spreadsheets, miss keying was a real problem. Managers had little time to lead, mentor and coach their teams, or in a word to actually manage. In addition preparation for joint sales calls is often cursory and inadequate. Communicating through workshops that emphasise fair process⁷, uncover concerns, deal with them and create momentum supports the psychological transition to the new way of working.

Customer Relationship Management

Communicating the value of CRM

One national telecommunications company began CRM as a sales force automation (SFA) project. To everyone's surprise, the project is turning out to be "the single most transformational initiative" the company has ever undertaken. Using CRM, the company has gone from 8000 representative types, 100 compensation plans and 15 SFA tools to three representative types, one compensation plan and one SFA tool. In looking at quantifiable metrics, the improvements in lead generation and solution selling were so significant, the CEO became interested. It was evident that the CRM initiative was delivering on the company's big three overarching goals by which all company projects and initiatives were judged: 1) one-call resolution, 2) increased retention and 3) improved customer satisfaction. Thus, a full company-wide effort was launched, which is now in its first year.

Global Study

⁷ Fair Process: *Managing in the Knowledge Economy* was first published in the *Harvard Business Review* in 1997 and in the January 2003 Special Motivational Issue.

The New System

The new systems should provide a better means of lead management, a better view of win/lose ratios, productivity, sales to call ratios and a better understanding of the overall sales portfolio by sales person, segment, industry or by any other relevant method of segmentation. These changes to process and practices should give management the time to do the job it is paid for: to continuously improve the relationship building and professional selling skills of its team to further advance CURARE and increase the company's revenues and profits. These benefits need to be clearly communicated at all levels and continually emphasising both the benefits to the company as a whole and to the individual.

SFA systems are often sold on the promise of saving time and making sales teams more productive. Systems, however, cannot make a mediocre sales team into an elite sales team. Although training might be provided on the use of the new system, many projects fail to invest in the communication elements of the psychological transitioning or other change initiatives that team members and their leaders need for success. Merely training individuals is not sufficient to get the best from the new technology or the people who will use it as in many cases training does not prepare for the inevitable changes in working practices that are required to ensure the new system is used to its full capabilities.

If a system is not used effectively, all the investment in 'training' will ultimately lead to mediocre improvements in productivity. In fact the new systems will probably reduce productivity rather than enhance it (the productivity paradox). "One reason projected CRM returns are not being fully realized is because over 75 percent of companies are not fully using CRM once it is **implemented**"⁸. Some might believe that a training needs assessment (TNA) might uncover this opportunity – but too often you don't know what you don't know.

Training Needs Analysis

Few trainers have ever used a SFA system or have been involved in sales within an organisation's specific industry vertical. Sometimes, they may not even understand an individual's actual role within the overall process. The systems integrator that is implementing the solution or the poor IT department are often of little help in helping applying a technology solution in the real world. Coupled with the trainer's lack of knowledge about the real world application of

Customer

Fair Process is Perceived procedural fairness that positively affects people's reactions

In many studies those who were allowed a voice judged the outcome they received to be more *fair* and were more satisfied with the outcome than those who were not allowed voice

British Airways the self styled "world's favourite airline" by not following *fair process* nearly crippled a very profitable airline.

In the peak summer months of 1997, cabin crew walked out, causing hundreds of BA flights to be cancelled. Labour woes cost BA about £130m. What went wrong?

The airline's managers violated fair process - fairness in making and executing decisions. At a time when planes were full and profits were high, managers took employees by surprise when they announced a major cost-cutting programme. They did not discuss with employees why this was necessary, nor did they engage employees in the plan. Employees were not given clear messages of what they could expect. In the absence of engagement, explanation and clarity - the bedrocks of fair process - employees felt cheated, disrespected and vulnerable. They revolted.

⁸ IBM Global CRM Study 2004

the new system you are heading towards certain waste of resources. Experienced and professional training designers can overcome these handicaps if they accept input from subject matter experts to support their understanding of the industry, the culture of the company and the potential benefits of the new application. Carefully thinking about who and how training is designed and delivered should also be part of a communication strategy. It is not all about pressing keys.

Psychological Transition

As part of the change initiative and in an attempt to manage the psychological transition any communication plan must also include ways to enable a trainer to understand just what the system can do for the business. Not just "key this in and press enter" but to be able to explain what it all actually means, including the benefits of using the system for the stakeholder and the business. In this way the information paradox can be eliminated and the benefits can start to flow very quickly after the application is rolled out. Training should not be a one-off and help desks or centres of excellence should be set up as the new system is rolled out. As part of the transition many channels of communication will be used to motivate the stakeholders and the teams implementing the technologies.

The Human Transition

Overall any CRM/SFA implementation must take into account the human transition from old to new ways of working and the new performance indicators that are typically introduced along with the new system to both motivate and ensure compliance with new procedures. The communication plan is about winning the hearts and minds of the stakeholders and ensuring the success of a program. This holistic approach may seem novel but it works a lot better than 'hope'. It is an inclusive business strategy that covers all the basis of business transition under an umbrella programme designed to improve the chances of success, reduce resistance, smooth the path of the trainers and ensure that the benefits are realised early.

For a successful CRM implementation we believe you must build a robust communication strategy that permeates the whole programme. It must cover and be integrated into the whole lifecycle of the programme. Communications are not merely tacked on but the core of any CRM implementation.

To be successful you must communicate, communicate and communicate some more.

Michael Meltzer

Attempting a CRM effort without changing the culture

One top entertainment company put in "a Ferrari of a CRM system" in order to alleviate pressure from Wall Street to make better use of all of the rich customer data that was coming in the door. Senior executives approved the project because Wall Street demanded it, but did so without taking the time and effort to understand what CRM was; they thought if they had the technology, the company would "have CRM." As a result, there was no CRM strategy, the business case was built on faulty assumptions and the implemented technology is losing money. The company is now facing a big challenge: "How do we change the culture in order to make CRM a way of life?"

Global Study