

CRM software or shelfware: it's your choice

By Doug Leather, CEO of Reap Consulting

Customer relationship management (CRM) plays a major role in enabling companies to achieve the goals set out by management. While a chief goal of senior executives is to maximise shareholder value, pressure from shareholders for short-term results often takes precedence over developing the required long-term customer capabilities that form the basis of lasting and fruitful customer relationships.

The value and potential of a company's customer base is often unknown, or not actively managed. This is because companies seldom spend time gearing themselves up for an integrated customer management programme.

It is common cause that CRM programmes are more likely to fail than to succeed. This is because the first step in any CRM initiative is to assess readiness in terms of systems, processes, people, culture, leadership and information.

Only once this has been accomplished, can you think about implementing a specific programme to develop organisational maturity. And that's when you can begin to realise the full potential of your customer database.

It's estimated that about 60% of CRM projects fail to deliver business value. Despite this, research by us and our UK partners revealed that 69% of senior manager responsible for CRM believe they manage customers well and know where they need to make improvements. A Gartner study shows that 42% of CRM software licences are unused.

What is happening is that companies are being coerced into buying CRM software by bulk.

Vendors are claiming it's cheaper to buy the functionality you don't yet need than to add it on at a later stage. The point, though, is that you get caught by having to pay the licence fees for software you are not even using and, in some cases, you don't even understand.

In these cash-strapped times, it is essential to begin with an analysis of your company's readiness for customer management before embarking on any costly initiatives.

Customer management scorecarding provides a clear picture of areas of weakness and of how to address those challenges. It yields information that can be acted on, and leads to strategic planning that can result in direct bottom-line benefit through improved customer management.

Organisational assessment yields several benefits by:

- Providing an objective and quantitative measurement of how well your organisation manages its customers with a score that correlates to business performance;
- Benchmarking your organisation against a relevant set of other organisations;
- Aligning senior management behind a common understanding of what is really happening in CRM. Senior executives are made aware of their organisation's strengths and weaknesses with regard to the customer management

process. This means they can make informed decisions about improving CRM throughout the organisation;

- Identifying both quick-win and deeper, strategic actions that can and should be carried out;
- Forming a clear baseline against which improvements delivered by a CRM programme can be measured; and
- Providing a broad-based check that all the necessary CRM foundations are in place before investing in specific programmes or technology; and providing high-value input to business cases for CRM investment.

The customer management scorecard also identifies and analyses the key trends and developments shaping CRM, enabling you to take these into consideration when developing your future customer management strategy.

By revealing where your company is doing well, and where it is performing badly, where existing customer management strategies are adding or eroding value, customer management scorecarding enables you to focus your efforts more clearly and to make informed decisions about people, processes and technology.

CRM project success is poor because people do not understand their companies' attitudes to customers. There is no one-size-fits-all approach to customer management, so you have to develop a plan that is relevant to your market and your company.