



Making It Happen - Moving from the Strategic Plan to Operational Reality

Introduction

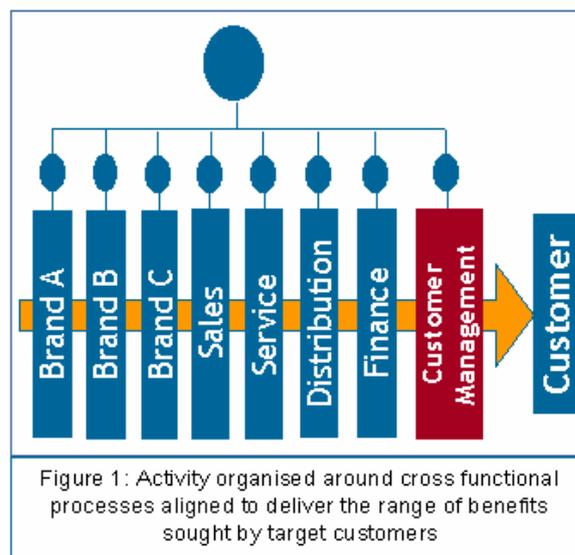
As observed repeatedly in the articles in this series, CRM is essentially a business strategy that aims to increase shareholder value by focusing the organisation upon creating value for the most profitable customers in a market in order to secure and retain the more lucrative business they offer.

However, even the most elegant strategy will fail to generate benefit for a business if it is not implemented effectively. With such implementation problems frequently a major cause of the failure of CRM programmes, this article examines some of the key issues a business needs to address if it is to operationalise its CRM strategy successfully.

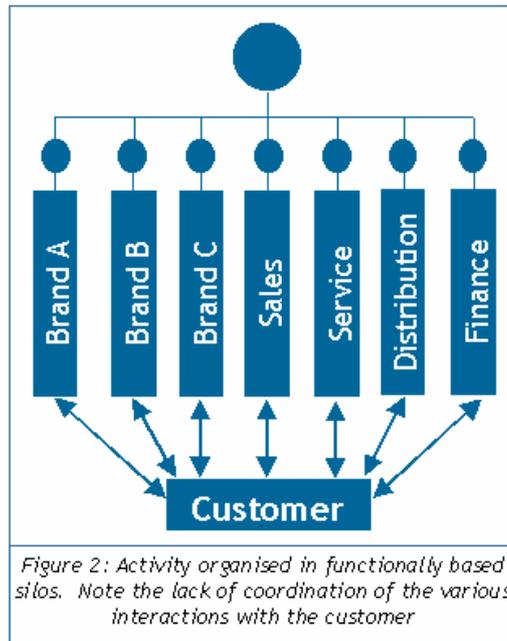
Form and Function

The value a customer derives from a company typically arises from across its operations with different parts of the business (e.g. different brands, sales, service etc) meeting the customer's assorted different needs.

Consequently, if a company is to focus on the value it is delivering to the customers targeted in its CRM programme, it needs to manage activity across the business to ensure that the assorted needs of such customers are met, as shown in Figure 1. Similarly it needs systems in place to monitor how well the company as a whole is performing in addressing these customers' various needs so as to identify any areas requiring improvement in the future.



However, many companies still largely manage their operations by dividing the organisation into discrete functional and brand silos, each tasked with achieving its own set of standalone objectives which then form the basis of the planning and management of activity in that part of the business, as illustrated in Figure 2. With each part of the business effectively operating independently, it is immensely difficult to coordinate activity between them to ensure that any given customer's range of needs is met effectively.



Similarly, although each silo may have systems to track the progress it is making in achieving the individual objectives with which it is tasked, such an organisational structure fails to monitor the company's overall performance in addressing the assorted needs of the customers targeted in its customer management programme.

What Gets Measured Gets Managed

However, simply putting in such customer management structures will be insufficient to implement CRM successfully. If a company is to achieve the coordination of effort across the business needed to ensure the various needs of target customers are met, it will also have to make corresponding changes to the objectives set within the business.

If each part of the business continues to be assessed solely on the basis of standalone performance, there will be little incentive for them to collaborate in the ways required. Establishing such cross functional team working demands charging those involved with shared objectives framed around their collective success in generating value for the customers targeted in the customer management programme.

These new ways of working will also entail changes to individuals' job roles. Again, if one is to secure such new behaviour, one needs to ensure that the bases upon which staff are appraised reflect the new ways of working required of them. Failure to do so simply places staff in the impossible position of being told to do one thing whilst being assessed and rewarded on the basis of doing another.

The Importance of Politics

Power in a company tends to arise around those individuals or functions that have made the greatest contribution to the organisation's past success and its established way of doing things. Consequently, attempting to introduce new ways of working into an organisation can quickly come into conflict with those possessing significant power in the business and who can potentially stop the project in its tracks.



If the team introducing CRM is not to join the many who have suffered this fate, it needs to develop strategies to manage the politics involved, either to gain the buy-in of such power bases to the new approach or to build sufficient support elsewhere in the business to overcome any opposition they may mount.

The Role of Company Culture

Companies are full of features that serve to communicate to staff how things are done within the business and what is expected of them. Awards, stories about key figures in the company's past and even the layout of office buildings all reinforce particular ways of thinking about the business and behaving.

Many companies have historically competed primarily on the basis of the performance characteristics of their individual products. This in turn is then often reflected in how the organisation presents itself and the nature of its business both externally to customers and internally to staff. Thus, to use a simple example, many company reception areas are characterised by displays of the company's individual products emphasising the role that product excellence and the management of individual brands plays in the business's success.

However, when introducing CRM a company needs to take care to modify such symbols to reflect the new importance attached to working collaboratively across the organisation to generate value for selected customers. Failure to do so can see the company inadvertently creating a source of resistance to the new ways of working it is seeking to introduce. Staff may interpret the maintenance of the old way of presenting the business as signifying that nothing much has changed, that the business is still viewed as primarily concerned with the management of individual brands and that the cross product and cross functional ways of working involved in CRM can be safely disregarded as just another 'initiative'.

Summary

Many companies continue to underestimate the level of change involved in introducing CRM. Often they simply rely upon end-user IT training and some workshops on customer management principles to support the introduction of the new ways of working involved.

Unless they also attend to the more fundamental issues of organisational structure, performance metrics, politics and culture, they are unlikely to succeed in operationalising their customer management strategy effectively and will consequently achieve little benefit from the typically sizeable investment they have made in CRM.

About White Whale

White Whale assists companies in the development and implementation of customer management strategy. Through its work with blue chip clients, it has developed a range of practical tools to support companies introducing customer management to ensure they achieve the business benefits they are seeking.

If you have a problem with your customer management programme and would like to discuss how White Whale could help, please call our Customer Management lead Chris Bebbington on 0800 058 8158 or contact him by email at chris.bebbington@whitewhale.co.uk.