4

CRM Strategy: So Many Choices, So Little Time

CRM strategy is complex. Not because it involves strategy and not because it involves CRM, but because it involves both. Why would it be more complex than, say, an ERP strategy or a network strategy? Because it involves our contemporaneously defined customers. If you were developing an ERP strategy, while it would be *big* and it would be complicated, the level of complexity only begins to approach CRM. With ERP, you're basically involving the back office folks, the senior management, the IT department, and a smattering of others because they are the ones who will be involved in the system, be it finances, human resources, or manufacturing processes. You can even stretch the definition to include the supply chain, but that's it. With network architecture, other than some user surveys, you're really only involving the IT department because the user doesn't know much at all how the guts of an IT infrastructure work, nor do they care.

Frankly, a strategy for network architecture is pretty narrowband when it comes to ordinary humans. But CRM begins to reach all those customers who we defined in Chapter 1, so the elements are much more involved. Of course your senior management and users are involved, but your partners, vendors, and clients are also a direct consideration for involvement in the planning of how your strategy is going to work. If your CRM strategic objectives involve customer satisfaction, it probably pays to find out from the customers what satisfies them, doesn't it? Additionally, customer-facing processes dominate most organizations—sales, marketing, customer service, and even human resources and finances to some extent are among those examples. A technology-enabled CRM strategy to meet customer-focused objectives involves the majority of any organization's people and processes.

For example, a typical grand objective of a CRM strategy is to create a unified, 360-degree view of a customer that is cross departmental. That is the holy grail for successful CRM. Ideally, if a CRM strategy succeeds, the system in place will allow any department to see whatever the appropriate view of the customer is for them in order to tend to the customer's needs, wants, and desires. However, the holy grail is something that neither King Arthur nor Monty Python ever found—or found with enormous heartache (and heartburn)—so be forewarned. There are multiple pitfalls in the path of a successful CRM strategy.

Since the customer has already been tagged with a new definition, it behooves us to move on with a definition of strategy. This chapter will cover the overview and elements of CRM strategy, not the details. To some extent, there will be elements that overlap with implementation strategy, which is covered in Chapter 17. Bear with it. The planning stages of CRM are the most important, the most dangerous, and the most involving. They are every bit as daunting as the implementation. It will keep you busy beyond belief, and you can't leave out any strategic elements or you will join the many CRM shipwrecks that litter the enterprise version of the Sargasso Sea. The package you pick will be the package you fail with, unless you plan well.

The Grand Strategy

First and foremost, remember, as Shakespeare once didn't say, "know thy customer." When you are sure of the range of customers you are going to encompass, be they your paying clients, your vendors, your employees, or perhaps your partners, you can capture the view from Everest and look for the paths for the descent. The "grand strategy" is usually the starting point: what the major objectives and results should be from implementing CRM successfully. In short, they are:

Value proposition What does the company want to get out of the project?

Business case What are the benchmarks and key performance indicators (KPIs) that will be used to determine the success of that value proposition? What will be the return on investment (ROI)?

Value Proposition

The value proposition is the result you want from your CRM implementation. Do you want to increase the number of customers by *x*-fold or make sure that your customer retention rate goes up x percent to $x + 1$ percent? Do you want to reduce the time it takes to solve customer problems? Do you want a reduction in administrative work time so the sales team can go out and sell more often? Do you want to automate the processes that measure the effect of various marketing campaigns or be able to change those campaigns actively in real time? Do you want to establish the capacity to measure the lifetime value of the customer so you can decide how to spend your carefully managed available funds for sales and marketing? Do you want to establish a pipeline to your channel partners so their contributions to your revenue are increased to some determined level? Do you want to increase customer satisfaction by some number that also makes you happy? *Ad infinitum*.

All of the above represents possible objectives that CRM can bring to fruition—hopefully. There are too many others to mention in this limited space. They will vary from company to company. But the value proposition must be established concretely before anything else is done. This provides the ground upon which a foundation can be poured.

Business Case and Metrics

Next comes the creation of the business case that will show how CRM will support the successful execution of the goals and objectives. It is here that the formal studies for ROI and the establishment of key performance indicators—those measurements that identify the tangible and intangible goals success factors—are done.

What makes this difficult is that this is the place where you quantify what can be intangible goals. How are you going to quantify customer satisfaction? Are you successful if your customer hugs you when he or she sees you? If determining how you will spend your dollars more effectively on the more important customers is your business goal, how are you going to determine the measurements of what "important" is in your business model? If there are employee self-service objectives such as reducing the amount of administrative work that the sales force does, how are you going to:

- Determine the percentage reduction number that is going to make you happy?
- Determine how that number is to be reached?
- Determine how the newly liberated sales guy will be using that extra time?

For example, is a smile on the salesperson's face an effective measurement of successful liberation? I don't think so. But how do you quantify the subjective?

Luckily, it didn't take a brain surgeon, but it did take a doctor of the Ph.D. kind, to figure out a method (one of several existing) of doing this.

The Balanced Scorecard

Back in 1996, Dr. Robert Kaplan and David Norton co-authored what has become a landmark book called *The Balanced Scorecard* (HBS Press, 1996). This book established a strategic management system that took not only the tangible objectives (financial goals and internal business processes), but also the intangible (customer appearance, learning, and growth) and developed a method to quantify these into a coherent, balanced whole.

Each of the segments had a question attached:

Financial How should we appear to our shareholders to succeed financially?

Of course, this is the historical measurement of performance for businesses. They can be such measures as return on capital employed or operating income.

Customers How should our customers see us to achieve our vision?

This is normally segmented by business unit. Measures include market share, customer retention numbers, or customer satisfaction. For a more drilled-down example, let's look at what Robb Eklund, vice-president of Product Marketing for PeopleSoft's CRM products, has to say:

> Key performance indicators for customer satisfaction might include how quickly the customers pay their bills or how frequently they buy maintenance renewals. These can be indicators of how happy the customer really is.

Internal performance management In order to satisfy the above two, what should our business processes be?

What works for the company today and what will work for it tomorrow? Which processes have value and which don't? It's the management of the present and the future and discarding of the past that can provide the basis for future success. This needs to be a key part of the CRM planning process because major cultural change is going to happen, like it or not.

Learning and growth To achieve all of the above, how do we sustain our ability to grow and learn?

Since the market has shifted from demand-driven to customer-driven in the last five years or so, the company needs to shift accordingly, which is why CRM is implemented ordinarily. Indicators of success in this venue are employee satisfaction through retention measures, information systems performance, and the organization's calibration with employee incentives that are aligned with customer satisfaction.

The measurement of KPIs has been widely adopted, with or without the rest of the Balanced Scorecard, as the framework of measurement for tangible and intangible corporate goals and objectives.

As you can see, the possibilities that are touched upon in these simple questions are enormous. The consequences of success are potentially fantastic; the results of failure potentially devastating. That's why these questions have become a bonafide development in the last five years. In response, several CRM vendors have embedded the Balanced Scorecard into their application set, notably PeopleSoft and SAP. But remember, vendor application functionality and usability cannot be a factor at this stage of strategic planning, whether they incorporate the Balanced Scorecard or not. The vendors' importance comes considerably later.

What gives the Balanced Scorecard credibility, despite its initials, is not so much the questions that are clearly being asked here but more so the idea that intangibles are not only a viable "thing" to be measured, but also are mission-critical elements of any strategic planning. Once the four questions are answered, the idea is to align the enterprise with the answers so that there is no isolation between mission, vision, strategy, and departmental actions. Continuous feedback is part of the Balanced Scorecard's plan so that adjustments can go on in near real time throughout the planning and execution of the strategy.

A good idea? Gartner Group estimates that by the end of 2000 over 40 percent of the Fortune 1000 had incorporated Balanced Scorecard applications as part of their system for corporate strategic management and planning. META Group estimates 38 percent of all companies are using such a toolset. A good idea gone mainstream.

Does Understanding Mean Action?

Despite the penetration of this important tool into the business center, companies aren't packing the stores to buy Balanced Scorecard power drills. In fact, note the number I used to show how well accepted it was—40 percent. So more than half the Fortune 1000 isn't using it and may not be using any method at all to establish a CRM strategy. More than 62 percent of companies in general aren't using it, either.

Sadly, this shows that a lot of companies aren't putting together any formal criteria, and thus, almost guarantee CRM failure before they even select the package they are going to fail with. These formal criteria are an essential part of your CRM strategic planning because it is these measurements that will be used to determine the success or failure of the CRM rollout. A formal business case is critical. A recent study by AMR Group through the CRM Project found that 58 percent of the companies that were spending countless U.S. dollars on CRM implementations hadn't done a formal business case. Another small study done by IMT Strategies of 50 CRM heads at varying companies found that 90 percent were implementing CRM on faith, with no ROI or metrics planned! This is a deadly game to play when millions of dollars, countless jobs, and even corporate success or failure are on the line. Educated guesswork is not sufficient. Keep in mind, the previous statements are coming from a guy who dislikes formality in almost anything under most circumstances. Ask my wife about my aversion to suits and ties.

In "normal" economic periods, commonplace metrics for customer satisfaction levels and retention rates and reduced costs of services and/or sales are used. In good economies, customer acquisition and increased sales and revenue are often measured. In recessionary times, head count reduction becomes a factor in CRM strategic planning.

That grim statement made, onward to the rocky path of strategic reality.

Elements of Strategy

The grandest and highest levels of strategy are the mission/vision statement and the writing of the business case. But the down-and-dirty details are the next step and the next place for a misstep. There is so much detail to be planned and so much to monitor when the plan is being executed that it is actually necessary to plan how to monitor the plan. Whoa, isn't that a bit overdone? Unfortunately, especially in the larger enterprises, the answer is no. It is not only *not* overdone, it is a necessary and important body part of the CRM strategic plan. Once the objectives are set and the metrics for identifying the successful execution of those objectives are completed, the elements of the strategic plan have to be decided, and the successful, real-time monitoring of those elements and the resultant organizational change has to occur. Because CRM is a technology-enabled strategy that encompasses the breadth and depth of an enterprise, it involves creating a unified view of the customer that is accessible across multiple departments of a company through multiple communications media. Business processes may be changed, remain, be eliminated, or added. Corporate culture may be dramatically altered in unexpected ways. The CRM technology that is agreed upon has implications far beyond what package or packages or even what approach to the packages you select. Imagine what happens if you don't really understand what is going on as you plan. If you're in charge, it's not hard to figure out what will happen to you, given contemporary corporate accountability.

A Look at Strategic Planning from an Industry Leader

For the last ten years, KPMG Consulting has played a prominent role in strategic planning for CRM. The market is barely that old and has an acronym younger than even its existence. By that token, KPMG can be called a pioneer in the planning of CRM planning. In fact, they developed a Connect-to-Customer Solution that has evolved to a results-driven holistic approach for CRM. It is instructive to take a brief look at this real-world example so you can get some idea of how CRM strategy has a genuine practical application.

CRM Strategic Planning and Getting Real

KPMG Consulting looks at how the total enterprise gains value from the application of CRM, rather than just parochial departmental gain. They investigate and create what they call Relationship Equity, which converts customer intelligence into highly differentiated, personalized, and explicitly valued customer experiences that, if successful, will translate into sustainable revenue and direct profitability because of the improved knowledge of and use of customer behavior. Okay, sure. What does that mean, though?

For example, let's look at a health services company. Suppose that this health care provider receives a request from you for a brand name pharmaceutical product. This will trigger an action that compares your request against both your purchase history and available generic brand drugs of the same type as the brand name you requested. An email will be sent to your address with the suggested alternative generic drugs, their prices, and the savings that purchasing the generic drugs will provide. In other words, you have gotten a differentiated (your drug request and the generic drug alternates), personalized (the check against your purchase history), and valued (savings on the cost of the drugs by purchase of the generic version) customer experience via one of many possible customer touch points. This is relationship equity à la KPMG Consulting.

Making This into a Strategy

Bruce Culbert, senior vice-president and CRM Global Solutions Leader for KPMG Consulting, says:

> Unfortunately, even after investing heavily in CRM initiatives, too many organizations are still struggling to define exactly what CRM is and to identify the ROI benefits it can provide. Organizations are often thrust into action by one or another market or corporate mandate, too many of which consider CRM as a project or a piece of software, rather than a strategy.

KPMG Consulting calls its enterprise-wide commitments and attitude Enterprise Value Creation (EVC) for CRM. To execute EVC, KPMG Consulting has developed a set of diagnostic tools for enterprise value that somewhat mirror Customer Lifetime Value, but for the enterprise. These diagnostic tools provide greater visibility into their customers by identifying and prioritizing the highest-impact opportunities based on what makes economic sense. Thus, the highest weights are given the highest value-creating opportunities. It's done by looking at the distributed value chain of an enterprise and identifying, coordinating, and integrating cost benefits that help clients meet long-term goals and some more immediate short-term goals. Proprietary financial algorithms and diagnostic tools are applied to the customer's current "state of business" against a projected future "state of business." What will show up as valuable in the strategic planning are projected areas of greatest business performance improvement and greatest points for optimization. This is done through incremental value creation, which sets both the long-term direction for revenue growth and enables the planning of short-term cost reduction and operational efficiencies.

While this might seem to be awfully blue blood, the reality is that metrics, KPIs, and tools for identifying and achieving those KPIs are an essential part of CRM strategic planning. KPMG Consulting uses Value Chain Blueprints and Value Realization Roadmaps for CRM as the initial business designs and financial models that offer clients both a strategic and tactical view. These tools and methods were developed using both internal and external market research and financial metrics.

Mr. Culbert again:

> We always stress with our clients the importance of having the success criteria for a CRM project identified upfront, and an agreement on how we will measure the value over time. If our client does not see the importance of doing this, we get very nervous, as we know that this is the first sign of a potentially disastrous situation. We then work with our client to make sure each initiative has a clear value proposition, an acceptable ROI, and is consistent with the client's overall CRM strategy.

Stakeholding Committee

To make sure that the business processes are re-engineered with the corporate vision, benchmarks, and KPIs in mind, the formation of a team of stakeholders that will drive the CRM strategy, planning, and implementation from the point of vision to the final rollout of the applications is the first essential step. But there is a conundrum. Since CRM is ultimately an enterprise-wide project, it needs to be driven by senior management. Yet, since the primary reason for the high rate of CRM failure is that users simply don't use it, the users have to be as involved from the beginning of the project through to the end as senior management. "User-as-stakeholder" involvement might be considered a bit of a controversial position. It is not widely recommended yet, though it is gaining credence among the integrators, vendors, and analysts. I'll drive a stake (holder) in the ground here. It is not only valid, but critical to the success of any CRM project. Let's look at it.

Who are the users? They are the employees who are going to access the CRM applications chosen to effect the changes in the business processes. They are the customers who are paying the company for products and services. They are the partners who are working in tandem with the sales team of the company. If one of the stated objectives of the CRM strategy is to improve customer satisfaction, then it makes sense to involve those customers from the beginning in helping you architect the program for their satisfaction. It becomes almost a self-perpetuating, self-contained CRM strategy because the customers are happier when they are involved in planning a CRM strategy and business approach that is aimed at their own satisfaction.

The same goes for the employees who will be using the applications and the new system. The primary cause for the 55 to 75 percent CRM project failure rate that is espoused by many analysts is that the system is not used by the users. Thus, for the CRM strategy to be successful, it must include continuous input from key user representatives. The best group to serve would be the appropriate "natural leaders," those employees who are respected in their departments, not due to their titles, but to their deeds. These natural leaders can be a powerful stakeholding voice because they know what their departments need to make the system useful to their colleagues. They can be the evangelists back in the department when the implementation is complete and the training for the system is about to begin. Why? Because they are providing input on functionality and usability from their colleagues to the system in a way that their colleagues feel empowered from the beginning of the planning. What is the likelihood of the departments using the system effectively in this scenario as opposed to a senior management mandate dictating its use?

Senior management would thus play a different role than traditional senior management stakeholders. The elements of their role would be to make sure that

- There is a clear ROI defined for the project.
- The metrics and benchmarks are crystalline and sharp.
- The mission/vision remains corporate and doesn't fall to the level of any single interest group, either departmental or external.

On the other hand, senior management would not be the people who are primarily concerned with what functionality is usable and useful and what functionality isn't. Let's face it. They are never going to use the system. They are the guardians of its ROI and normally (unless there is a chief customer officer at the company) are not going to be dealing with the customers directly in any way. Their interests are essential to the project, but fundamentally different from the people who will use the system.

Executive Advisory Board

KPMG Consulting, in addition to the normal stakeholding committees, tries to gain even more stakeholder commitment by the establishment of an executive advisory board. This is aimed at getting the continued buy-in and commitment from the executives of both internal and external stakeholders (the customer, the vendor, and the integrator, for example). An executive oversight committee should be established during the proposal and contracting phase of a large or important CRM engagement. That way the senior executives who are major stakeholders would have the opportunity to review and discuss the project's progress. If need be, they could make timely and strategic decisions to reinforce the vision and direction of the project. This takes the onus from the project teams, freeing them up to concentrate on delivering the actual goods.

A typical executive advisory board might consist of the sponsoring customer executive (usually the vice-president of CRM or the chief marketing officer [CMO] or vice-president of sales), a second non-sponsoring customer executive (CEO, CIO, COO), sales and development executives from the software vendor, and the appropriate global practice leaders from integrators. This board would meet for the first time 30 to 45 days after starting an initiative. Depending on the length of the project, this board would review the project every 30 to 90 days. As key stakeholders these executives are available and accessible for consultation during the engagement on:

- Typical items addressed by the advisory board
- Vision alignment and realignment
- Resolution of organizational and political issues
- Risk mitigation strategies

This forum also serves as an important element in the overall project communication plans and helps to keep all parties in sync with the priorities of this given initiative.

However, rest assured, this does *not* take the place of stakeholding committees that involve the users. This is another cog in the many-spoked wheel of CRM strategic planning.

Business Processes

Thorough examination of how the company does business is a prerequisite that needs to occur long before any vendor selection. There is a very strong tendency in the world of senior management to let CRM sexiness get in the way of a clear view of corporate business processes and methodology. CRM "coolness" can be incredibly hot to a senior executive who looks at the politics of success. CRM vendors' claims tease and tantalize, but often bear little relationship to what any company actually needs. All this good stuff is exciting and seems easy. On the other hand, taking a hard look at the business methods and rules of a company often is agonizing because, to accomplish the objectives set out in the value proposition, it becomes obvious that the existing system doesn't really work and the customers aren't really happy. That means major overhauls of how the company does business, time-honored or not, can be necessary. Sometimes this means tweaks and a few adjustments. But it can also mean eliminating those processes, practices, and rules that don't conform to the new mission or changing those that have some merit but aren't entirely appropriate. For example, if there are no incentives to involve the channel in selling for the company, then neither the channel manager nor the channel partners will be very effective. It may mean the creation of an entirely new channel program, the installation of a significant PRM application, and the revamping of channel partners to do the job. For example, Siebel, which was named by Forbes in 2001 as having one of the best software company partner programs, still had no qualms in axing most of their mid-market partners because of non-production. That is a significant purge. While perhaps not the answer, it is a look at what was a radical rebuilding of part of a highly touted channel program. These things might have to happen at times.

How do you know what programs and processes need to be changed or axed, kept or otherwise? If your KPIs and other objectives are in place, the changes are often suggested. It is the impact of those business process changes that has the dramatic and potentially surprising punch.

Once the assessment of business processes is complete, the next step is to be aware of what functionality is going to be necessary to successfully execute the changes. This has particular bearing later on the package selection process. Suffice it to say, if the analysis of the business has been thorough, the functionality needs will be clear.

When these steps are done, risk factors have to be assessed. By the way, this can be going on simultaneously with these other steps, too.

Evaluating Risk

CRM risk evaluation, viewed solely from an enterprise level or as a single factor, is a potentially disastrous mistake. CRM risk factors need to be segmented individually. When you are dealing with multiple modules or even a single module, the risks engendered can involve the culture, processes, technology, goals, and objectives. Some of these elements are immature, some mature. Some play a small part in the CRM planning, some a large part. Some interact with others. All of this has to be taken into account when evaluating risk. Some risk factors to consider are:

Lack of cross-functional planning Compartmentalizing things into individual stovepipes

No formal CRM business strategy Leading to arbitrary approaches and educated guesswork

Poor or no senior-level support Leading to lack of corporate vision and poor knowledge of financial factors

Poor or no user support Leading to lack of use of the final product

Blinding light of the vendor Leading to purchasing a vendor solution with no understanding of corporate objectives, goals, or vision for CRM

This list could go on extensively, but suffice it to say the risks are great and need to be identified and controlled prior to any implementation or vendor selection.

Corporate Culture and Change Management

Implementing a CRM strategy is a high-stress activity. Unfortunately, it places that stress on the workings of the company, not necessarily on the individuals doing the planning. Going to the gym is not the way to deal with the impact on your company's corporate life that CRM will have.

Most of the company is going to be impacted not just by the implementation and its execution, but also by the preparatory work for the strategy. It calls such fundamental questions into play as: How do we make our customers happy? How do we change our business model? With rare exceptions, the changes that are acceptable alter the company landscape vividly. Acknowledging and planning for this and the organizational effect is the single most complex part of creating a corporate CRM strategy. For example, the company has been focused on demand-based, company-based, or product-based business activity. The entire way the company and its employees think is embedded in its dusty past. Maybe your idea of customer service had historically been that you will take care of customer complaints within 72 hours. A change to make it a 24-hour response time will dramatically affect the corporate culture. More people have to be in for longer hours or you'll have to hire new and competent people to handle the more rapid turnaround. If you have a contact center, how you determine the numbers of personnel you need to staff that contact center at varying times of day, due to volume considerations, will be influenced.

Perhaps Excel has been your application of choice to track your sales pipeline or Outlook has been your contact manager. Senior management and sales managers realize that the company has grown sophisticated enough to need better tools for managing that pipeline or for reducing the sales team's administrative work. Yet, that doesn't really mean that much to the user. The user has been using Outlook and Excel just fine, thank you, and doesn't see that changing over to CRM is really going to make it any easier for him to do his work. It probably will make it harder. The idea that it's for their own good (and the corporate good) has to be transmitted by the CRM evangelists in the company. How?

Compensation incentives that show these loyal and productive folks that they can be more productive and that there is something in it for them sure can help here. To put them in place and to get the new CRM system up and running will change the old corporate culture and assign it to where the Roman Empire sits today—the dustbin of history. These changes, both positive and negative, have to be planned for. Managing the change as it occurs is of the essence. While the statements of the importance of change here may seem dramatic, they are actually true.

Change Management: Measuring the Comfort Zone

There is more than one kind of change management. The more familiar version is how to handle customer changes to the statement of work (SOW) during a project. That means that there is a well-established method of saying, "Okay, if you want to do this, it will cost you this much more, take that much longer, and affect the scope of the project. Are you still sure you want to, esteemed customer?" That is best left for either the implementation chapter or another book. The change management I'm going to highlight here is a well-constructed method of looking at the impact of change on an organization. Perhaps the best representative method is O^2—Opportunity Optimization. This is not a mix-up in the elemental composition of water. It is a well-established methodology owned by RWD Corporation and used by companies such as SAP as both a tool and a sales item to determine the impact that a change in a corporate culture will have on the organization of that company. It is both classic and innovative and worth a look.

We've Got Answers? You've Got Questions!

Organizational change management is a way for corporate leaders to gauge how the personnel of a company are taking to alterations in their corporate way of life. It is a real methodology, not a particularly touchy-feely exercise, as much as it could sound like one. What makes it interesting, though, is that while it is a true methodology, what it is tracking actually has a touchy-feely element embedded in it, so it is a human endeavor, not a cold capitalist corporate commercial abstraction.

O[2] works to answer a series of core questions:

- How can we quickly and efficiently gauge the organizational readiness for our change initiative?
- We're (doing the mission). How can we assess what impact this will have on our organization?
- We've just gone live with our new system. How can we test how well the organization will commit to its utilization and ensure the outcomes we expected?
- How can we ensure the communications process throughout our implementation is really effective, understood, and accepted?
- Will the solution we're implementing require us to change our organization culture, and what would we have to do?
- Is there a way of benchmarking and measuring our progress in implementing the organizational change aspects of our program in order to make the needed course corrections along the way?
- We need to assess, anticipate, and mitigate the organizational risks associated with our solution implementation program and get the key people to take ownership. How do we best do that?

Note that these questions operate in direct parallel to the overall CRM strategic planning methodology. They seem to overlap, but they don't really. For example, look at that last question. The fact that stakeholders and risk assessment are involved might seem to be enough to handle change. But what is interesting about good organizational change management is that it doesn't just identify the necessity of the task, but it specifies how to do it so that it can continuously assess organizational impact. The endgame is to align expectations with reality so that when reality does assert itself—and it always does—the stakeholders will not just be not shocked, but actually happy with the results.

Traditional organizational change techniques are often individually focused. That means that change is a matter of a smaller group (could be 10, could be 50) of stakeholders and focus groups who are worked with individually over several weeks, who then are polled for surveys. There are detailed assessments of findings published near the end of the cycle and action recommendations from the various change consultants on the job.

The O^2 methodology is designed to accelerate the process and is more dynamic than the traditional change management. The focus is to complete the entire process from preparation through summarization in roughly eight business days. The stakeholders involve a much wider group (could be 50, could be 150) and they meet all at once. The change readiness survey is already validated and there are immediate results from the meeting and an action-planning workshop over a two-day period. The detail is presented in the summarization stage (a couple of days at the end). There are defined metrics and targeted action plans based on the reality curve identified by the change consultants for the particular company—nothing generic.

Whatever methodology you use for organizational change management in your CRM planning, the one certainty is that you will need a change management program to monitor the success (or failure) of the cultural impact of the strategy.

Technology

Do you know what technological infrastructure and architecture already exists in the company? As in many companies, there has probably been a major investment in what are now legacy systems and, also potentially, third-party applications. Who among us wants to spend lots more money on IT infrastructure? Not so many since the dot-com bomb of 2001. Utilizing what you have is now very important in the CRM scheme of things. That also means that a technology survey is necessary to assess what platforms, applications, and hardware exist. Do you already have an enterprise resource planning (ERP) system in place? How easily can the CRM applications that you are thinking of implementing integrate with your existing technology infrastructure? For example, if you have an SAP Financials system in place, it might be easier or more cost effective to implement an SAP CRM solution simply because of the obvious integration points between them. There is the added benefit (particularly in SAP's case) of utilizing common data from the data store that your system uses. A complete technology survey and plan is paramount for any sort of CRM strategy. Know thy infrastructure.

Package Selection

Okay, you've decided on the value proposition, built the business case, assessed the business processes, identified the technologies, determined the risks, and looked at the cultural change that is likely to occur. Hopefully, your users were involved from the beginning or much of what I'm going to say now is moot. It's vendor time! Time to decide what is going to be implemented with what you need done, and who is going to do the implementation. Needless to say, if we lived in a perfect universe, this would be either obvious because of all the other work done so well to date, or the package picking would be done while you're completing your plan. But I'm sad to say, it isn't a perfect world and this is a particularly political part of the overall strategic planning. The politics of who likes what for whatever reasons now asserts itself. Even though it is only 24 percent of the cost of the implementation, it is about 70 percent of the aggravation and, hopefully not at your company, 90 percent of the maneuvering that will go on. Why? Careers are made and broken on these things. The wrong pick and despite all your other careful planning, your project is ruined. The right pick and the vice-presidency is awaiting you.

Prior to picking the package, the package strategy that overlaps with the implementation strategy has to be decided. Simply put, are you going to implement an enterprise-wide solution or a modular one with one or a few of the modules at a time? Are you going to implement a single package or best of breed in the areas that you identify as mission-critical for CRM? Are you concerned about the way the package integrates with what IT infrastructure you already have—or can it even integrate with it at all? All of these questions are vital and are directly affected by all the factors that have already gone into the strategy.

Don't leave out the economy here. For example, in a recessionary economy, since the value proposition tends toward customer retention and cost reduction, the approach that is often taken is modular. Find out where the bleeding is occurring in your processes and fix that with the implementation of particular modules of a CRM application. If your obvious weak points are in the production of your sales team, then sales force automation (SFA) might be the domain you want to look at. Within that context you can find modules for any facet of sales management you want. However, if your weakness is elsewhere, such as bad communication with your business partners, or you are pushing for the channel to sell about 25 percent more product than they have historically done because you let go 50 percent of your sales force, perhaps partner relationship management (PRM) is the way to go.

Once the strategy for package selection is decided, then a vendor review starts. That is a fairly obvious thing because by the time you get to the vendor selection, if you've correctly developed your CRM strategy, you will know what you need pretty clearly. There are a few salient points to be made nonetheless.

When you buy the application, you buy the vendor. This means the application isn't the only thing that must be evaluated. How good is the vendor at customer service? Do the vendor's account managers have a good relationship with the point people at the company? How financially stable is the vendor? How well do they understand the business model that the enterprise works with? What experience do they have in the particular industry? Is the vendor's CRM corporate culture customer-friendly, or is CRM just an application to them? These matter very much in the considerations that you have here. For example, what if the company CRM-appointed staff doesn't get along with the vendor's account managers? What will happen when you need something from the vendor, which is inevitable?

Most of the applications have similar functionality. Since human beings tend to give similar labels to similar things or the same labels to the same things, opportunity management features tend to be pretty standard stuff. The more pertinent question at this stage is how usable is that functionality? Can the users understand it right away (or with some training) as something important to their productivity that is not that difficult to grasp? How well the application executes the functionality is essential.

How well does the CRM architecture integrate with your existing systems? There is hardly a company that is implementing CRM that doesn't have information technology systems already in place that they've invested millions into. One aspect of package selection that is vital is how well that package fits those systems you are not replacing. If you are a mainframe-based company, does the architecture of the CRM system allow mainframe data to pass to the CRM application? Can it handle a very mobile workforce? Will it integrate with third-party systems that you bought last year? Can it gather data from multiple data warehouses or data marts? Must you have capabilities for remote synchronization or are you a one-office company? Will the hardware be sufficient for purely Web-based architecture? Most of the major CRM vendors have either or both Internet architectures, synchronization, integration "points" such as APIs (SAP calls them Business APIs [BAPIs]; PeopleSoft calls them Enterprise Integration Points [EIPs]), and toolkits that allow for customization. There is also Enterprise Application Integration (EAI) software that operates as "middleware"—passing data from one place to another in disparate systems. In any case, this is an important consideration in package selection.

While hardly the only considerations in the package selection stage, these are three critical considerations that the company stakeholders must be aware of while they are making their selections. There are many more, but that's what professionals who do this for a living are for. Engage them.

Implementation Strategy

Once the package selection is complete, the final step for the purposes of this chapter is the implementation strategy. Keep in mind that implementation services ordinarily cost about three times what the software licenses cost, so this is a critical phase. The initial questions to be asked (and these apply to all enterprise-level packages, not just CRM) are who is going to do it and how are they going to do it?

Some options are:

Internal The least viable choice. Very rarely is there an internal group of employees who have the experience and/or the time to actually implement a very CRM-complex system by themselves. The internal team should play an integral role in working with the vendor or consulting services implementation teams.

Vendor professional services This can be a good alternative and provides the customer with an experienced team with access to the latest information from the vendor. This can be very expensive, but you are pretty well guaranteed the knowledge of the product and have the resources of the vendor's entire enterprise as part of the package.

Integrators Whether large or boutique, this is often the best option for price and commitment. Look for a certified partner of the vendor you are using for the software. Be sure of their experience in implementing the CRM applications and customizing the applications in the industry that your company represents. This can be a huge plus. If you choose to go to a less experienced firm (everyone starts from somewhere), get a serious price break from the firm.

Implementation, the next step, is covered substantially in Chapter 17. Nonetheless, I would highly recommend that there is a clear statement of work as well as a well-established procedure and terms for changing what is described in the statement of work. This should all be agreed upon between parties before the implementation starts.

Summary

I've barely touched on the major elements of a CRM strategy. It may seem like a daunting task to put it together, and it is quite time consuming. But taking care to identify all the objectives, processes, cultural changes, technology biases, and so on will lead to a likelihood of success in the use of this new CRM system. That can lead to happy employees, happy customers, increased revenues, better use of those valuable dollars, and—ultimately—a successful company. That's what it's all about, isn't it?