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Top Down or Bottom Up? One Company's CRM Roadmap

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By now, most companies have decided that adopting a business model oriented around their customers promises hard and soft benefits that far surpass yesterday's product-centric business structures. In transforming their strategies, companies are turning to customer relationship management as the axis around which many of their new customer-focused business processes revolve.

The trouble is that just because a company has embraced the CRM vision – and the accompanying technologies, business processes, organizational changes and information that are the components of its success – doesn't mean it knows how to begin.

Indeed, executives have struggled to reconcile the largely vendor-driven philosophy of enterprise CRM with the more targeted and limited departmental version. Enterprise CRM is a largely top-down effort, its execution brimming with strategy and planning meetings, mission statements, consensus building and politics. By contrast, departmental CRM is more focused, bottom-up and confined to a single business problem.

Both enterprise and departmental CRM have their pros and cons.

The ideal enterprise CRM scenario is a well-oiled organization that makes customer-focused decisions based on a single corporate vision and equally fine-tuned customer knowledge. Marketing knows what sales is selling, and sales knows who's calling the call center, etc. But, by the time such a vision becomes a reality, your biggest competitor could have gobbled up your market share – and your company along with it. The truth of enterprise CRM is that by the time all the T's are crossed, it could be too late.

Departmental CRM is easier to swallow. For one thing, it's cheaper, and it doesn't mandate the political concurrence necessary for successful enterprise-wide CRM deployment. However, departmental CRM is dangerous in its own way. Often, CRM is treated as just another application and not as the rich set of customer-focused business practices enabled by CRM technology. In such cases, CRM eventually becomes yet another of the company's many legacy systems.

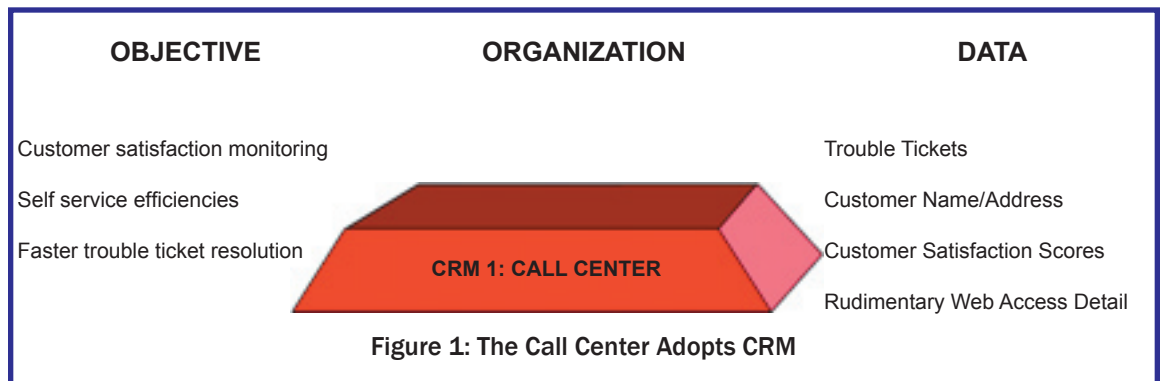
When executives ask me how they should start their CRM initiatives and which approach – top-down or bottom-up – will give them the most bang for their buck, my advice is to do both.

Indeed, CRM can be both revolution and evolution. A single department can adopt a CRM program that promises value to other organizations, which – rather than

start from scratch – can grab the proverbial CRM ball and run with it.

The wireless phone company described in the following case study illustrates how CRM can evolve from a point solution to a corporate-wide program.

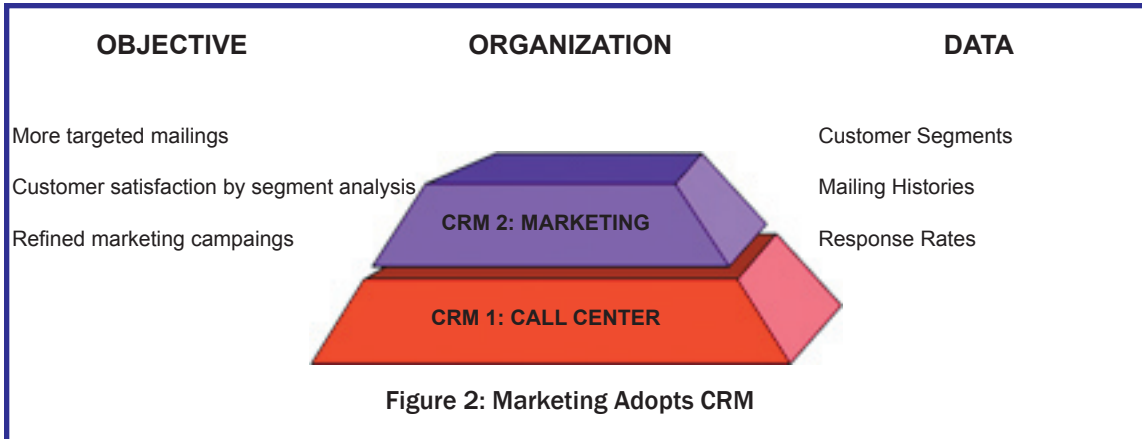
In this company, CRM started in the call center. The company's customer support organization required basic information about customers and trouble tickets. It recognized the value of combining operational CRM – the company was surveying customers at the conclusion of every Web or telephone-based contact and tracking customer satisfaction scores – with analytical CRM to streamline its call center processes as shown in the CRM 1: Call Center level of Figure 1.



The call center's goal was to use survey scores in order to analyze customer complaints and foster product and service improvements while simultaneously putting in place a Web-based customer self-service infrastructure. Over time, the company's customers could request service on the company's Web site, mitigating the need for in-person assistance, in addition to being able to order new services and add-on features such as caller ID. Customer support recognized the promise of not only cost reduction, but of higher retention rates.

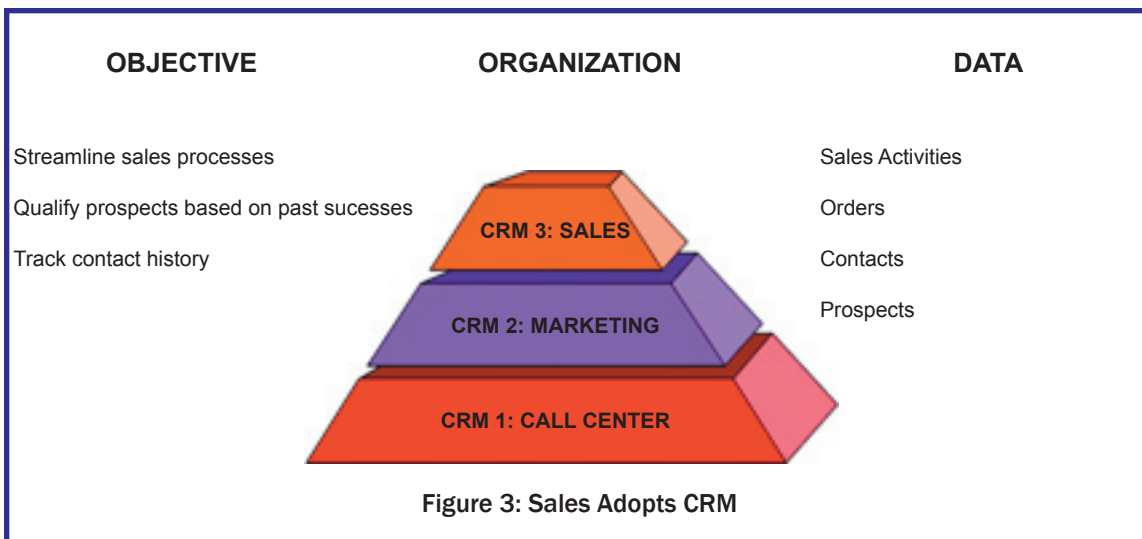
Soon after announcing its CRM project, customer support got the attention of the company's marketing department, which was interested in the satisfaction scores and their correlation to certain customer segments. Marketing convinced the call center to share its data, which existed on a server accessible by the call center transaction system. Marketing purchased an additional module from the company's CRM vendor in order to perform dynamic customer segmentation and begin more targeted customer communications and campaigns. Thus, new data was added to the existing system, enabling the introduction of new functionality as shown in the CRM 2: Marketing level of Figure 2.

The advantage of this building-block approach was that marketing could leverage the CRM product, system resources and data that the call center was already using. Moreover, by supplementing the call center's database with additional data, marketing was providing call center employees with richer customer information that they could, in turn, use to qualify higher-value customers at the time of contact.



As the call center and marketing organizations became more integrated, the two departments realized that they could be even more customer focused with more data and processing power and lobbied upper management for budget money, citing the benefits already gained by cross-functional CRM. “We’re singing out of the same customer hymn book for the first time ever!” crowed the vice president of marketing.

Members of the company’s IT governance council – an executive committee in charge of approving information technology expenditures of more than \$100,000 – recognized similarities between the evolving CRM system and the sales organization’s recent bid for a new sales force automation system. By leveraging a centralized customer database, sales could deploy sales force automation across regions and territories, ensuring access of a richer base of customer data – data that already existed on what was now known as the CRM server. The addition of sales activity, order, contract and prospecting data not only enriched the database, but offered an even more robust set of customer-focused functions as shown in the CRM 3: Sales level of Figure 3.

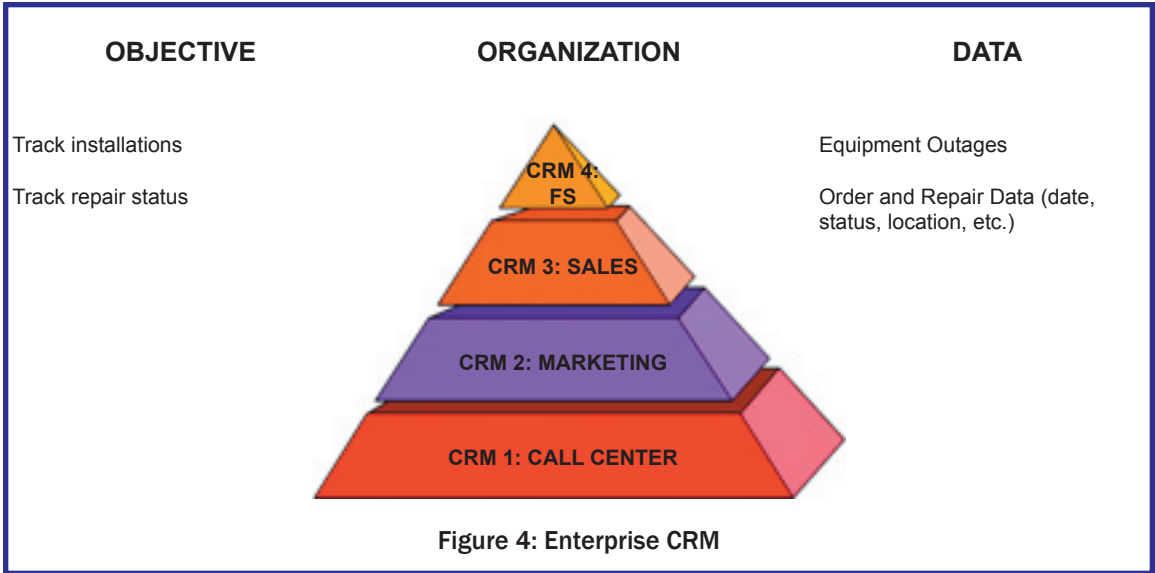


The company's IT department ran a synchronization program that reconciled customer data from each salesperson with the customer data on the CRM server. Because of the sales data added to the CRM system, now sales staff in the field could not only access centralized customer data but track outbound correspondence their customers may have received from the call center and marketing organizations. For the first time, a salesperson truly understood how his entire company – not just himself or his office – was interacting with his clients and prospects and how they were responding.

Moreover, the call center could use the new sales data to track trouble tickets on recently placed orders and could tell whether the party calling was an existing customer, a prospect or a lapsed customer. Call center management implemented call center scripts according to the caller's customer segment and status, guiding CSRs in responding to customer contacts in a way that was tailored to each customer segment.

Marketing was also able to use the new sales information to close the loop, tracking campaign responses through to actual orders. Campaign managers could refine their campaigns now that they knew which customer segments ordered which products and through which channels. This, in turn, allowed the marketing organization to establish a "segment marketing" function wherein specific customer segments were managed and communicated with separately. With this information in hand, marketing could advise sales and channel partners about the optimal sales plan given a prospect's profile and characteristics.

The sales organization went public with the improvements right away. Sales managers encouraged their colleagues in field services to use the CRM server's data remotely in order to register and track field installations and repairs. Accordingly, field services communicated their requirements: to track historical customer outages and repair histories. Adding field services data to the database made the system even more robust and useful as shown in the 4: FS level of Figure 4.



For the first time, anyone with access to the system could log on and find out whether a long-standing order had finally been provisioned or whether a repair had been made at a key customer site. Salespeople in particular were grateful that field services employees were using handheld devices to communicate remotely to the CRM server; the fast turnaround time was critical to timely customer interactions.

For the first time, marketing was able to analyze how long repairs were taking by customer segment. Soon thereafter, marketing helped drive the modification of the field services dispatch system so that high-value customer segments received higher priority for installation and repairs. In the meantime, the call center was able to correlate open trouble tickets to actual repairs, information that they fed back to R&D to foster product quality improvements.

In fact, as the wireless communications company moved “up the pyramid,” its CRM infrastructure, and consequently its customer relationships became much more robust. Not only were the planned improvements implemented successfully, but there also always seemed to be unforeseen uses for the new CRM system.

Ten months after the call center brought CRM online, the marketing department was able to demonstrate lower customer attrition directly attributable to preemptive targeted communications to at-risk customers. Marketing had never planned on stemming customer attrition, let alone quantifying these improvements. The wireless services provider continues to enrich CRM capabilities, regularly measuring profitability gains as a result of increasing customer loyalty and is now availing information on the CRM server to its financial and executive organizations in the form of a dashboard.

Your company doesn't have to start its CRM program in the call center. Indeed, you might have an organization with a customer-focused business objective not mentioned in this case study. The point here is to illustrate that, far from being a “big bang,” CRM relied on incremental delivery of functionality over time. With that incremental functionality came incremental value, the whole being worth way more than the sum of its parts.

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