

## Executive Summary

*This report examines and provides a detailed analysis of Customer Relationship Management (CRM) with respect to its implementation in the organisations. The study investigates market trends, levels of its current practice, levels of successes and failures and the factors associated with the implementation of the same. In order to gain proper understanding of the subject matter research, two different case studies are discussed in detail. At the end, the study presents a proposed model of successful implementation of CRM along with a set of recommendations following the conclusion.*

*The paper then discusses two different case studies with respect to the implementation of CRM in the financial services industry – Robeco Bank (Switzerland) & a German Bank (Anonymous). Thus, analysing the issues practically involved and raised in the implementation of the management system aimed at creating customer value, and also putting forward the experiences of two different companies in the same industry. Therefore, looking into the challenges created for the management, causes/factors associated with and resulting in the success/failure of CRM as a means of creating customer value, and overall experience of the companies attempting to implement CRM. The discussion therefore leads to a roadmap for successful implementation of CRM with a recommendation of “Ten Key Steps” for successful implementation of CRM in an organisation. Lastly, in the light of the analysis presented and case studies discussed, an independent conclusion under the subject matter research is formed along with a set of recommendations/suggestions.*

## **1.0 Introduction**

### **1.1 Project Definition, Scope, Design & Methodology**

Although Customer Relationship Management (CRM) is a recent concept, its tenets have been around for some time. Marketeers have always promoted close relationships with customers. Customer profitability has been touted as significant for many years, but has been difficult to determine as many institutions are organised along product or channel lines as opposed to customer-based lines. Similarly, the concept of mass customisation has been circulating in industry literature for nearly a decade. However, all have remained essentially theoretical concepts; aspirations rather than practical or commercial realities. Today, due to advances in information and communications technology, the promise of one-to-one relationships, customer-value analysis and mass customisation are now possible. Yet, despite the role of technology these manifestations are less a technological phenomenon than the result of a profound change in the economics of information.

New business ecology is emerging, first generation CRM was about focusing on improving the relationship, which organisations had with their customers. This was later extended to embrace the total enterprise and the concept of Enterprise Customer Relationship Management (ECRM) emerged. Based on research, a new second-generation view is proposed for financial services organisations based on incorporating e-business activities, channel management, relationship management and back-office/front-office integration within a customer centric strategy.

CRM has been growing steadily for the last few years and is now seen as the way forward for any business wishing to thrive in the 'e-future'. CRM concentrates on the retention of customers by collecting all data from every interaction, every customer makes with a company from 'all' access points whether they are phone, mail, web or field. The company can then use this

data for specific business purposes, Marketing, Service, Support or Sales whilst concentrating on a customer centric approach rather than a product centric.

Every business is different and therefore needs a different approach to CRM. Every company also has different legacy systems and has various levels of data integration within the company. This is why CRM is so hard to define, as it is all things to all companies.

According to Caulder, D. (2000) Budge explains "CRM is a way of life, not a problem for technology, what you really need is a philosophy that permeates every part of the organisation. The company needs to put the customer at the heart of everything it does. That's all CRM should be. That's what produces value at the end of the day."

## **1.2 Industry Dynamics**

A study published in Harvard Business Review concluded: "Some companies can boost profits by almost 100% by retaining 5% more of their customers". A similar study by PIMS revealed "that a dissatisfied customer would tell between 7-10 people whilst a satisfied customer would recommend a company to 3-4 of their friends" and a study commissioned by Ventura found that "eliminating all customer service problems could double profit growth over a five-year period". So CRM is purely good business sense, but it is also a means of survival. Shorter product lifecycles have robbed companies from enjoying the sustained financial benefits of being product innovators. Not only can competitors bring copycat products to market quicker, new generations of products are introduced more quickly making service and support key to the retention of existing and future customers.

In past retailers, banks, insurance companies and car dealers had a close relationship with their customers. They often knew them individually, understood what they wanted, and satisfied their needs through personal

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

customised service. As a result, they earned loyalty and a large share of their customers' business. This, however, was a costly and inefficient system and customers effectively subsidised this relationship by paying higher prices. Over the years, through mass marketing and increased consumerism, customers traded relationships for anonymity, reduced variety and lower prices.

Today, through the effective use of information and communications technology, such a trade-off is now unnecessary; organisations can offer their customers variety, lower prices and personalised service, and all at the same time. An airline gate attendant whom customer (passenger) have never set eyes on knows the customer as a valuable customer and upgrades their seat to first class in preference to a once-a-year holiday traveller. The garage reminds its customer that his car is due for service. A car hire company takes customer reservation on a dedicated line, and then presents them with a waiting rental car complete with their name in lights when they arrive at the destination. Banks inform its customers that they have excess funds in a non-interest-bearing account.

These companies are practising elements of an approach to marketing that uses continuously refined information about current and potential customers to anticipate and respond to their needs. This is the practice of CRM. Many businesses today realise the importance of CRM and its potential to help them achieve and sustain a competitive edge. These organisations are already changing their business processes and building technology solutions that enable them to acquire new customers, retain existing ones, and maximise their lifetime value.

The object of planning customer-centric business strategies is to find win-win opportunities with customers. Do more that benefits the customers so that they will do more that benefits the Organisation. The "customer relationship" planning approach is relatively simple. Its about organisations empathising with the customers by putting them selves in their customers' shoes. Seeing

through their eyes, discovering and understanding what their needs and wants are, even anticipating what they don't want yet, but will in coming future. And when the organisation has done all that, it will be ready to identify the best mutual opportunities for its customers and its self. Then it can prioritise these opportunities, picking the best and putting them into play (Lee, D. 2000).

### **1.3 System & Process Design**

CRM vendors claim to hold the keys to a firm's success. Success with this technology depends more on the implementation of well-designed, customer-centric procedures than it does on slick system interfaces. It's not just about sales and marketing automation anymore. Rather, success is contingent upon seamless access to customer information and integrated front-office/back-office functions across departments.

The effective design and integration of sales and marketing procedures is the single most important factor for the success of CRM systems. Customers expect seamless front-office / back-office systems integration. This requires clean business procedures and integrated CRM functions across departments.

## **2.0 Origin & Concept of Customer Relationship Management**

### **2.1 Origin of Customer Relationship Management – CRM**

It is very hard to trace back the actual origin of Customer Relationship Management (CRM). Many researchers state that the origin of (CRM) is found in early eighties and according to others in late eighties.

The concept was originally developed by US marketing strategy consultants, Don Peppers and Martha Rogers, and first published in the Harvard Business Review almost five years ago. “The more customers teach the company”, they explained, “the better it gets at providing exactly what the customer wants – exactly how they want it – and the more difficult it will be for a competitor to entice them away.” (Peppers & Rogers Group, 2001)

According to Davies (2001) the term was first coined in the early eighties by academics at various business schools. One of the first on the scene was Dr. Jagdish Sheth who was at the Goizeta Business School at Emory University in Atlanta.

However, the actual term CRM, according to Lee (2001), was the outcome of a contest sponsored by conference-holder DCI in 1988.

### **2.2 Brief History of CRM**

According to Stead (2001) of Secor Consulting, during late 1960s, in his seminal article on marketing, management guru Ted Levitt suggested that the purpose of a business was to “create and keep a customer”. He advocated that the modern firm should view “the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs”. Over two generations later, businesses are beginning to wake up to this reality.

With the advent of e-commerce comes the e-customer. According to Vantive, a customer relationship management solutions provider that was acquired in 2000 by enterprise resource planning (ERP) software company PeopleSoft, the e-customer expects constant access to a company through e-mail, call centres, faxes and Websites. Customers demand immediate response with a personalized touch. Meeting their needs puts new demand on the enterprise. Since traditional ERP applications did not include a customer management aspect, CRM was the next logical step. Vantive, for example started as early as 1992 in the development and implementation of these customer management applications. Moreover, Davenport states that as global competition has increased and products have become harder to differentiate, “companies have begun moving from a product-centric view of the world to a customer-centric one. (PeopleSoft, 2001)

### **2.3 What is CRM?**

“Every body who profits from CRM has their own definition of what it, is, but they’re agreed as to what it is not: CRM isn’t about technology any more than hospitality is about throwing a welcome mat on you front porch.” (Sims, D. 2000)

CRM is not simply a buzzword or business jargon, it is a new term given to an old concept that stresses the importance of relationships in transactions between individuals. The foundations of modern business began with the barter system, in which goods were exchanged between people on the basis of mutual value. Therefore mutual value was the basis for every transaction that took place in a marketplace. The repetition of these transactions developed into long-term supply and demand relationships between the individuals concerned.

Customer Relationship Management, or CRM, is an information technology industry term for methodologies, strategies, software, and other web-based capabilities that help an enterprise organise and manage customer

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

relationship. For instance, if a marketing department runs an outbound campaign, all of the information about the customers and the program should be retained for the sale staff to follow up on, the customer service representatives to answer any queries, and technical support to provide any field support. The idea is to have the same information available to all in the company so that every product or service need of the customer is met. CRM implies that everyone in the enterprise is focused on the customer (Khera, M. 1998).

Customer Relationship Management is the establishment, development, maintenance and optimisation of long-term mutually valuable relationships between consumers and organisations. Successful CRM focuses on understanding the needs at the heart of the business by integrating them with the organisation's strategy, people, technology and business process (CRM (UK) Ltd, 2000).

According to David Sims (2000), Liz Shahnam, a META Group CRM analyst, states that CRM is "a buzzword that's really not so new. What's new is the technology is allowing us to do what we could do at the turn of the century with the neighbourhood grocer. He had few enough customers and enough brainpower to keep track of everyone's preferences. Technology has allowed us to go back to the future to this model."

Customer Relationship Management (CRM), also known as relationship marketing and customer management, is concerned with creating, developing and enhancing individualised customer relationships with carefully targeted customer groups, maximising their total customer life-time value.

The traditional approach to marketing, which emphasised managing elements such as product, price, promotion and place, has been increasingly questioned in recent years. CRM recognises that marketing continues after the sale is over. Whilst recognising the above key elements till need to be addressed, it emphasises keeping, as well as winning customers. Its focus is

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
**A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

on customer retention as well as customer acquisition, with time, money and managerial resources at both resources.

According to BT Consulting Julian Garrett (2001), CRM is *“The creation of mutual exchange of value between organisations and their customers where both parties recognise that value”*, however, for the organisation, that value can be measured in terms of revenue, repeat business, referrals and the longevity of a customer relationship. For the customer, the value lies, not only in the underlying product and in the service they receive, but also in their experience as a customer of a particular organisation.

In many companies there is still confusion as to what CRM is all about. Some companies think it means a loyalty scheme, others think a help desk fulfils CRM requirements. Some limit it to a relational database for key account management, while for others. It is about mass-profiling the customer base without undertaking detailed segmentation.

CRM is both a process and a corporate mission. At its core, CRM is about finding better ways to enhance the customer experience. That means looking to make the customer interface with sales, Customer Support, Technical Support, Accounting, etc. more friendly, knowledgeable and efficient. Without question, retaining customers is far more profitable than replacing them.

CRM is a class of front-line business applications used by leading organisations to acquire and retain long-term, profitable customers. Employees use CRM applications, most frequently associated with the front office, when they are in direct contact with the customers and prospects.

Customer Relationship Management (CRM) is also often known as one-to-one marketing, because it is based on the idea that every customer is an individual with different needs and different preferences. Therefore companies need to engage in a “learning relationship” with their customers to recognise and respond to these needs.

## **2.4 Integrating People, Process & Technology To Maximise Relationships**

CRM is not merely Sales Force Automation (SFA) and customer service, however, it is about a comprehensive approach that provides seamless coordination between sales, customer service, marketing, field support and other customer-touching functions. CRM integrates people, process and technology to maximise relationships with all customers including eCustomers, distribution channel members, internal customers and suppliers (Bussiness-Intelligence.com, 2000).

Furthermore, CRM is about loyalty, having such a strong loyal relationship with the customer that acts as exit barrier for the organisations customers. Nowadays businesses are channelling all that holy zeal to efforts that promise to “increase customer loyalty,” ever since it is believed that serving customers better than the competitors encourages them to return for more and be a little less price-sensitive. In other words, through a consistent, ongoing relationship that builds loyalty business stand to benefit from many more purchases that each customer will make over the years.

David Sims (2000) quotes, when my wife and I were living in Istanbul we would walk past any number of corner markets to shop at our regular bakkal, in larger part because the proprietor, Remzi, could have written the CRM textbooks for Harvard Business School. Just as seminal Swiss psychiatrist Carl Jung, upon reading William Blake’s poetry declared “there is nothing I have said or written about the mind that this man did not know,” there’s nothing about proper, correct CRM that Remzi doesn’t do intuitively, since if he didn’t have a firm base of loyal customer relationship he’d be stocking shelves in a bakkal (grocery store) that did.

Remzi would take credit if, we were short that day. If my wife had already bought the yoghurt, he’d tell me not to. When we balked at the dubious looking – to western eyes, although they were delicious tub of fresh apricots from Kenya he let us try a couple, he knew if we tasted them he’d sell a few kilos. If we got bad egg’s he’d give us replacements. When the really good

figs and hazelnuts came in he'd point us to the right bin. Hey, he knew how many bakkals we walked past every day.

"If you're a corner store or small business, you can know your customers well and take care of the relationships you have," says Janice Anderson, vice president of CRM Solutions for Lucent Technologies. "You get more of their wallet and loyalty since you have taken the time to care about them. Your growth strategy commits to relationships with customers." This is the idea, after all, behind such "loyalty" programmes as air miles.

Julie Fitzpatrick (2000) senior vice president of marketing of Chicago-based eLoyalty, agrees. "Loyalty," she says, "is the result of building past positive experiences with an individual that builds trust and, ultimately, loyalty. Further she adds "Recognise the unique situation of a customer at any point in time," Fitzpatrick says. "Consider the customer's value, their current business situation, proximity to purchase and history of goodwill to the organisation."

When a person goes to a neighbourhood restaurant every single Saturday night and spends big and he will get the deluxe treatment. He be greeted by name, led to a good table right away and served a drink or two on the house. But if he takes to demanding items not on the menu, sending plates back to the kitchen and arguing about the check, he soon be lucky to get a glass of water at his table by the restrooms.

According to researchers, smart business owners quickly learn that the biggest profits can come from a small group of free spending, easy to satisfy patrons, and those cheapskates who tie up the staff should not be encouraged to return. But how can this knowledge be adapted to a big corporation that offers thousands of products to millions of customers who can come into contact with the company in many different ways, in person, by phone or on the Internet?

To be competitive, a company must know its sources of profit and understand its cost structure. Additionally the company must also ultimately translate its strategies into action. For outright unprofitable customers, management wants to explore the possible options of raising prices, or surcharging them for the extra work. Organisation may want to reduce the causes of their extra work for them, streamlining their delivery so its costs them less to serve their customers, or finally alter their behaviour so that those customers place less demand on the organisation.

Julie Fitzpatrick (2000) argues that, measuring the effectiveness of these actions against loyalty is "probably the most neglected area in CRM." Organisations need to thoughtfully measure if such actions actually move a customer to buy more, select other items from the company and tell their friends about them. A friend wrote complaining to barnesandnoble.com that she couldn't send a gif certificate; she'd missed a link on the site. They sent her an apology and a \$10 certificate, and it was her fault! She's spent a couple hundred dollars with them since then.

## **2.5 What is true Customer Relationship Management?**

CRM is a very popular topic in today's business environment. As it is often the case, the very popularity that is causing CRM to become the fuel for board level discussions in many organizations, is also leading to confusion and misconceptions over just what true CRM entails. A very common and natural mistake is to consider CRM from the perspective of only one business function or technology. An organization may be moving towards a customer focus if it is implementing "one-to-one" marketing strategies through a new marketing database complete with campaign management facilities. Another organization may also be moving in a CRM direction when it implements a new call centre and telephony package.

After undertaking the CRM endeavours described above, both of these organizations may call themselves "CRM ready"; however neither really is. It

is only after an organization has implemented marketing, service, sales and risk management technologies, and is able to integrate all the parts, that true CRM is approached. This type of cross-functional integration is what is required to facilitate the personalized customer contacts.

When determining a definition of CRM that is effective and can be understood and agreed upon by both the business and technology folks in the organization, it is helpful to keep in mind the three words that make up the acronym CRM: the Customers, the Relationships, and the Management.

## **2.6 Does A Company Have A True CRM?**

Before defining CRM and building the plan for transitioning its processes, it is useful to determine how CRM savvy that organization is today. The starting point for this determination lies in the CRM mantra that is introduced above:

Can we anticipate our customers' needs accurately enough to be in the Right place, at the Right time, with the Right product for them? The three R's to CRM are significantly different than the traditional reading, writing, and 'arithmetic that we learned in school. When customers start answering yes to the "Right Place, Right Time, Right Product" test, then the management will know that their organisation has achieved CRM success (Imhoff, C. et al 2001).

Imhoff (2001) suggests that, an easy way to gauge the level of CRM accomplishment in an organization is to ask the few simple questions posed below:

1. How Many Customers Do You Have?
2. How Many Products Does Each Customer Own?
3. Can Your Customers Contact You Effectively and Efficiently?

The answers that get to these questions, as well as the consistency of those answers across business and technology areas will help the management to understand how far the organisation has progressed toward true CRM.

According to Imhoff (2001), these questions provide the building blocks upon which the "Right Place, Right Time, Right Product" mantra is founded. Each question is important in and of itself; however, as with most issues relating to CRM, it is the sum of the parts that enables the management to reach the whole. If a company can't count its customers, it typically means it can't identify them. If it can't identify them, how can the management determine what products and services they own? If they can't accurately determine what products they do own or who they really are, how can they ever hope to offer the right product, much less make any determination of right time or right place? Given these considerations, lets examine each individual question in more detail:

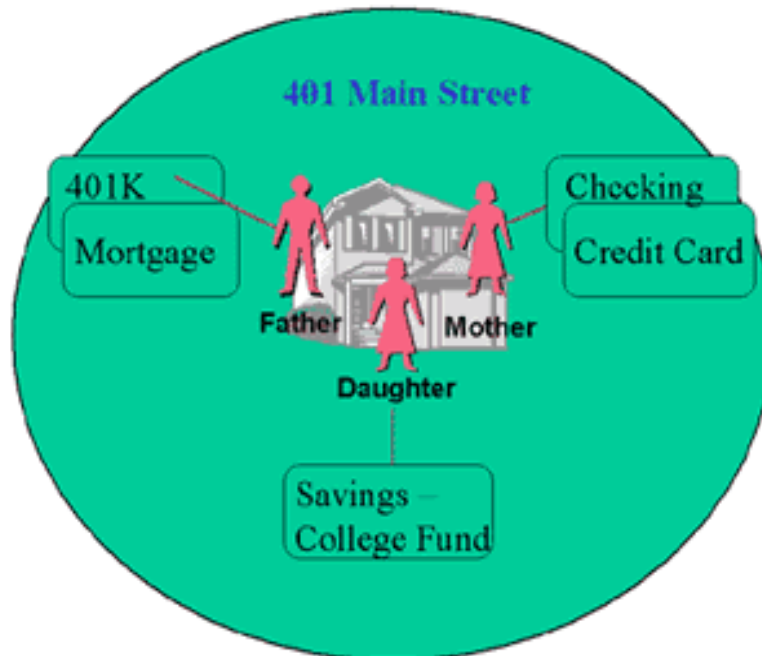
**2.6.1 How Many Customers?** The number of companies that cannot accurately determine how many customers they actually have is quite surprising. Even when an organization can determine this information, many times the actual customer count comes with various caveats. Telecommunications companies that operate from product oriented billing systems often count customers based on the number of billing accounts that exist in their systems; to them, every account is counted as a customer. In many cases the only reliable customer name on these accounts is the customer who pays the bill. If there are multiple users associated with one billing account, these additional customers may not be included at all. If an individual or company has several billing accounts, they can be counted several times, once for each account. Both situations have adverse consequences for a company attempting CRM. In the first case, the company has no knowledge of service users who don't pay the bill. In the second case, the company has no accurate way of understanding the number of products owned by a particular customer, and thus no way of understanding that

customer's true value. Either case can lead to missed opportunities to cross-sell other products and build customer loyalty.

**2.6.2 How Many Products?** The number of products owned per customer can be another tough question. Multi-line insurance companies can often determine how many Property and Casualty (P&C) policies a customer has. (Most actually go so far as to offer multi-policy discounts within business line.) However, many large organizations cannot tell how many of their P&C policy owners also have life policies, and it is the rare company indeed that can determine how many customers with individual policies of any type also participate in employer sponsored retirement products 401-k (see figure-1), health insurance products, or supplemental life products. As illustrated in the prior bullet, it is difficult to understand number of products owned when account or product based systems are the sole source of information. The examples given in this bullet also illustrate the more common difficulties faced

**Figure: 1**

### Traditional Household – Decision Making Unit




[Source: BetterManagement.com, 2001]

by organizations trying to answer this question across independent business lines or subsidiaries.

True customer value cannot be assessed without an accurate answer to this question. Without an assessment of customer value, and without knowledge of product ownership, effective action plans to maximize customer value and satisfaction are difficult to develop.

**2.6.3 How Many Contacts?** Effective and efficient customer contact across all possible contact points is another good indicator of CRM savvy in an organization. The ability to facilitate this advanced CRM concept transcends the more simplistic product and customer information issues highlighted by the first two questions. Management of customer contacts introduces organization structure and culture into the mix. A simple way to measure this is with the following question. How many phone calls does a good customer (one with multiple products) have to make to change his/her address across all the products that they own? Chances are that in any company with disparate products and multiple telephone service centres, the answer is more than one. Fixing customer contact issues like this one requires organizational policies that depend on CRM, and an organizational structure that facilitates it.



## **3.0 Importance Of And Strategy For CRM**

### **3.1 Why is CRM Necessary?**

Several companies are turning to customer-relationship management systems and strategies to gain a better understanding of their customer's wants and needs. Used in association with data warehousing, data mining, call centres and other intelligence based application, CRM allows companies to gather and access information about customers' buying histories, preferences, complaints, and other data so they can better anticipate what customers will want. The goal is to instil greater customer loyalty.

Other benefits include:

- ❑ Faster response to customer inquiries.
- ❑ Increased efficiency through automation.
- ❑ Deeper understanding of customers.
- ❑ Increased marketing and selling, opportunities.
- ❑ Identifying different customers.
- ❑ Identifying the most profitable customers.
- ❑ Receiving customer feedback that leads to new and improved products or services.
- ❑ Obtaining information that can be shared with business partners.

### **3.2 CRM Implementation Strategy**

For successful CRM, it is very important for the Organisations to have a good CRM strategy as they plan to implement CRM within their organisations. As CRM is about creating a competitive advantage by being the best at understanding, communicating, delivering and developing existing customer relationships in addition to creating and keeping new customers, similarly customers have changing needs as their lifestyles alter, the development and provision of products or services that continuously seek to satisfy those needs is good CRM.

Mission statement will focus greater attention on how to deliver customer satisfaction and organisations will begin to structure themselves around customer segments and not product lines. A good CRM strategy will take the business vision and apply it to customer base by asking the questions:

- ❑ What products and services are we offering now and in the future?
- ❑ The products that we are offering are in what market?
- ❑ What are the customer groups for these product and services?
- ❑ Which of these are of most value to the organisation? In terms of spend? In terms of reliability? In terms of profitability? In terms of growth potential?
- ❑ What additional needs do the most valuable customer group have? Additional products? Additional services?
- ❑ What different ways can we be doing business to deliver to our customers better?

### **3.3 Designing a CRM Strategy**

According to CRM (UK) Ltd, a successful customer relationship management strategy will address four key areas of the business: Strategy, People, Technology and Processes. They call this combination of elements the COG Wheel Process™ (illustrated in Figure 2 below).

**Figure: 2**



Source: CRM (UK) LTD/ SECOR

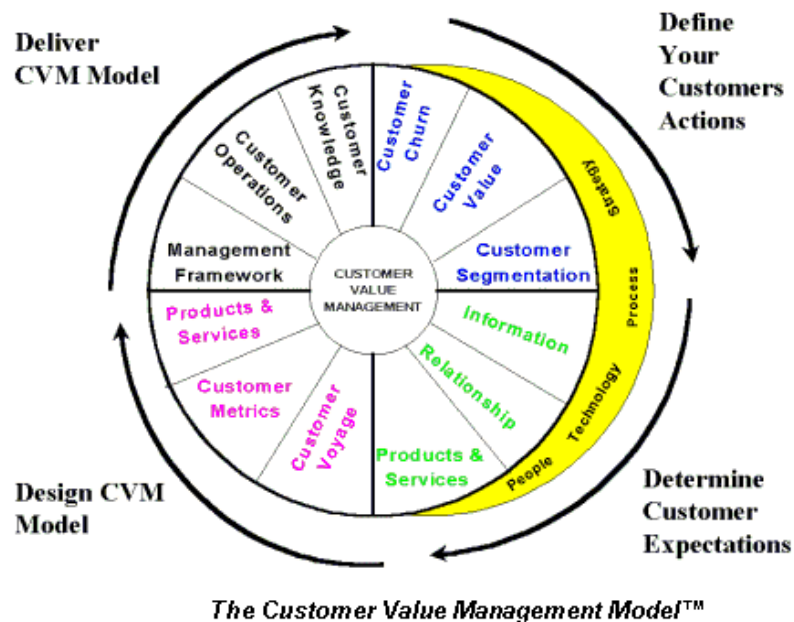
**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

The handle of the process is the "**driver**" of the corporate strategy that gives the "**direction**" to the company. In turn, the strategic direction moves the two "**enablers**": people and technology. The "**interaction**" of those elements is the business processes that sit behind successful customer relationship management.

**3.4 Creating Customer Value**

Intelligent data analysis provides the mechanisms for managing meaningful relationships with the customers. Data analysis can direct the design of marketing communications, the management of quality service delivery, establish a basis for ongoing dialogue, the development of quality products and a number of other outcomes that translate into long term profitable relationships with the only source of sustainable revenues: customer revenues.

**Figure: 3**



Source: CRM (UK) LTD/ SECOR Consulting 2001

The management of customer value is a cyclical process that has four key steps (Figure 3).

- Stage 1: Define The Customer Actions
- Stage 2: Determine The Customers Expectations
- Stage 3: Stage 3: Design The Customer Value Model
- Stage 4: Deliver Customer Value Model

#### **3.4.1 Stage 1: Define The Customers Actions**

The first stage in creating customer value is to understand the customer base. Analysis of existing data can provide information about segmentation, behavioural characteristics, profitability and churn rates that create an understanding of the customers.

#### **3.4.2 Stage 2: Determine The Customers' Expectations**

Although it is difficult to manage, expectations are often the cause of dissonance that results in loss of customers. Understanding the needs and wants of customers with regards to the organisations service delivery levels and product quality is essential if ongoing, mutual value relationships are to be established and endure.

#### **3.4.3 Stage 3: Design Customer Value Model**

The combined understanding of customers' behaviour, needs and wants, the customer value model will seek to deliver value in the most cost effective manner. Defining the customer journey, performance measurements and product offerings will all be critical at this stage.

#### **3.4.4 Stage 4: Deliver Customer Value Model**

Implementing the integration of systems, processes, service providers, business technology and infrastructure in addition to the creation of measurement systems to monitor progress.

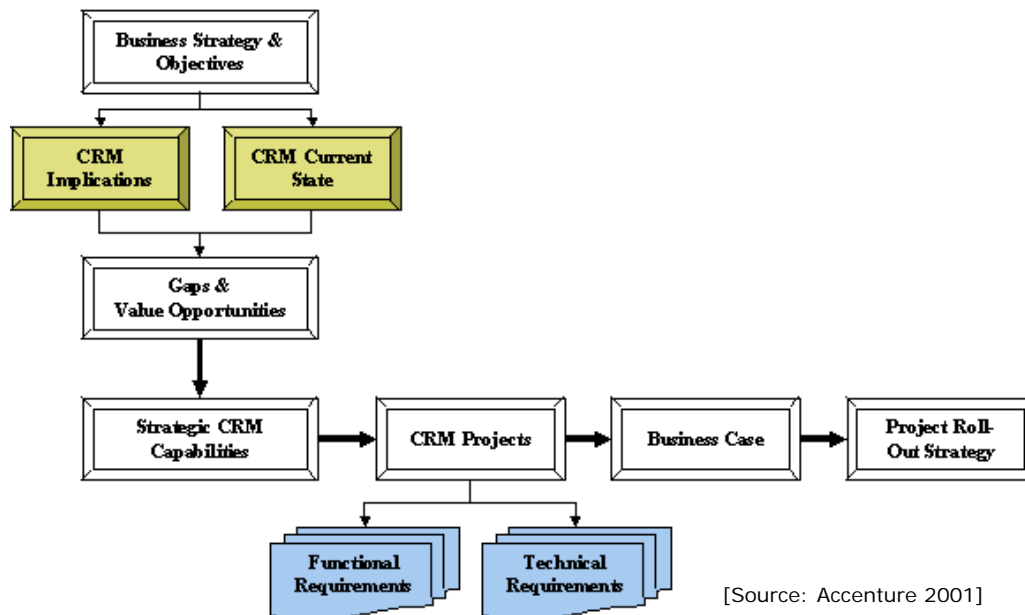
### 3.5 Road Map For Implementing CRM

McKinlay et al (2001) propose that a roadmap for implementing CRM is a strategic plan that identifies how an organization can meet and exceed its customers' needs. This includes, but is not limited to, assessing how the sales, marketing and service entities work together to:

- 1) Gain insight from their customers (e.g. purchase history, desired products/services);
- 2) Produce valuable offerings/products (e.g. personalized product), and;
- 3) Provide the ultimate customer experience (e.g. multiple touch-points, 360 degree view of the customer).

The figure 4 provides a "line of sight" that links the business strategy to customer expectations, and is described in the following pages. Following these steps can ensure that the company meets its CRM goals.

**Figure: 4**



As illustrated above, developing a CRM Roadmap involves aligning an organization's business strategy with its prioritised CRM capabilities. For example, if a company's business strategy is to develop products faster to

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

gain unique market positioning, the capabilities that the company needs to master should be aligned with that strategy, and might include:

- Leveraging customer information from the service process (e.g. integrating customer feedback during service calls with the marketing department)
- Effectively managing product mix (measure success by campaign), and
- Effectively managing sales channel strategy (eliminate conflict between distribution channels).



## 4 Best Practice In CRM Implementation Case Study Analysis

### 4.1 Case Study 1: Robeco Private Banking

This report presents IDC's (2000) detailed analysis of two client case studies of CRM implementations. The focus of the study, as originally conducted, was:

- To identify what types of metrics companies have used to measure the success of their CRM initiative.
- To understand how organizations have been able to quantify the changes that have enabled them to successfully renew customers that they might otherwise have lost or identify areas in their customer service and support processes that allow them to gain a competitive advantage.
- To identify the organizational and cultural discipline needed to ensure that everyone in the organization supports the CRM initiatives.

IDC believes that this type of review of real-life situations is essential to understanding how CRM is helping organizations develop closer relationships with their customers.

This study will therefore provide information that will support the strategic decisions eCRM service providers are making in order to compete and lead in this dynamic and growing market.

**4.1.1 Profiled Clients** The information gathered in this report is based on one-on-one interviews and discussions with five clients conducted by IDC. The client companies that participated<sup>1</sup> are as follows but only first two of them are discussed in detail in this report:

- Robeco Private Banking

---

<sup>1</sup> See Table 4

- ❑ A German Bank (Anonymous)
- ❑ Murphy's Brewery Ireland
- ❑ Philip Morris
- ❑ Global One

#### **4.1.2 Case Study: Robeco Private Banking**

In 1999 Rabobank (Switzerland) Ltd., a relationship private bank, and Robeco Bank (Switzerland) Ltd., an offshore direct private bank, merged to form Rabo Robeco Bank (Switzerland) Ltd., a pan-European personal and private bank. At the end of 1999, the bank had 160 employees with 8.0 billion Swiss francs of assets under management.

However, the following case study is based primarily on the offshore "direct" private banking operations of ex-Robeco Bank, which implemented a new client and prospect management system with Cambridge Technology Partners (Cambridge), from November 1998 to October 1999.

According to Robeco, offshore direct private banking means providing clients with services at a distance, i.e. acquiring and managing clients remotely. The product range included in-house funds and individual securities, fixed interest deposits and loans. The bank focused on cross-border marketing to wealthy individuals seeking high performance investments in mutual funds and individual securities.

#### **4.1.3 The Customer Loyalty Vision (Project Avanti)**

In 1998, the bank made a decision to integrate a program of change, which they christened "Avanti". This program was designed to focus on proactive and segmented client management and addressed key aspects of the organization, processes, systems and staffing, aimed at enabling the client relationship managers to provide a much more comprehensive service and increase revenue and profit per client. The project was really driven from top management, with some initial resistance from the bottom.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION  
A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

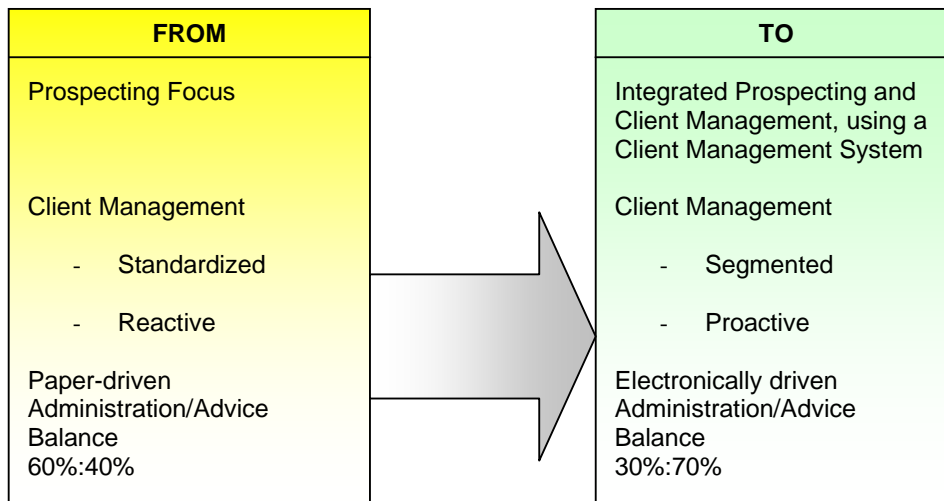
One of the major initiatives within the "Avanti" program was the implementation of a new client and prospect management system with Cambridge as the principal contractor. At the time the decision was made to go ahead with the implementation of a CRM solution, the bank was negotiating a merger with Rabobank. Initially, the bank had been spending large sums of money on client acquisition and needed to have a more integrated approach to client and prospect management.

With over 60,000 prospects and leads with a conversion rate of approximately 10% through mailings and individual contacts, the bank decided it needed to refocus its efforts to customer retention in addition to acquisition. The bank was providing its clients with a full range of offshore products, advice and assistance, transactions and interaction via phone, post, fax, email, Internet services and branches, at a distance physically but not at a distance mentally. Building relationships at a distance is becoming more complex, according to Robeco. The bank believed it needed to refocus on existing clients in addition to acquisition, by improving:

- ❑ Client retention
- ❑ Share of wallets (related to measuring customer loyalty)
- ❑ Client referrals.

The client management strategy that was enlisted can be seen in Table 1 below.

**Table 1 Client Management Strategy in the Robeco**



Source: IDC, 2000

#### **4.1.4 Service Provider Selection**

Robeco looked for external partners for guidance. The company spoke with a number of different players including PriceWaterhouseCoopers, who had earlier given advice on the entire direct business model in 1998, and Cambridge Technology Partners. At the time, Robeco wanted a more technology-oriented approach, so it decided to start with Cambridge. Additionally, it had a preference for Cambridge's fixed-time fixed-price approach.

Robeco decided on dual responsibility rather than giving full project management responsibility to Cambridge. The team included a senior and a junior project manager and two top IT people from Robeco's side and very senior project managers from Cambridge. Robeco felt it needed to be involved in the project management side and that the transferral of knowledge to internal IT people was essential.

#### **4.1.5 The Customer Care Solution**

The CRM solution that was chosen was Vantive Sales and Support version 8.0 as a base and was designed, developed and implemented between November 1998 and October 1999. The main objectives to achieve better client service and improve the overall prospect base included the following:

- **Clients**
  - Client profiling;
  - Client profitability/revenue analysis;
  - Contact management;
  - Service plans;
  - Proactive follow-up for marketing campaigns;
  - Correspondence management letters, faxes, email;
  - Reminder management;
  - End-user queries and "mini campaigns"; and
  - Compliance alerts.

- **Prospects**
  - Structured follow-up for prospecting;
  - Automated and personal follow-up.

The Vantive solution was an out-of-the-box cross-industry application, as at the time there was no application available specifically for the banking or private banking sector.

The solution did have some prospecting functionality, which was perceived to be applicable to the cross-business sector. However, the customer functionality had to be built into the Vantive product.

#### **4.1.6 Transition from Paper to Electronic**

Robeco decided to create a group called the client service department, which would be responsible for making sure everything became available online. Email response was considered to be the first functionality and providing clients access to their accounts online, which was a separate project, was the second functionality. The whole approach to ebusiness was to focus on service and advice and not on transactions.

One of the critical things Robeco noticed was that it had to change the whole processing side of its operations since everything was moving online, letters and faxes were being scanned, and the inbox was flooded with emails which created a different kind of routine. One of its priorities was to improve the servicing side of the business, create easier account access and access by email in order to provide quick and timely responses.

**4.1.7 Service Segmentation**

To further improve client service, types of clients were segmented according to separate levels of service, as illustrated in Table 2.

**Table 2 Segmentation of Services in Robeco Banking**

Personal Banking	Private Banking
<ul style="list-style-type: none"> <li>- "Call Center" approach enabled by Vantive</li> <li>- Client Management Groups by language</li> <li>- Oriented towards Fund Investments</li> <li>- Reactive service exc. selected</li> <li>- marketing campaigns</li> <li>- 1,000 clients per relationship manager</li> </ul>	<ul style="list-style-type: none"> <li>- Personal relationship manager</li> <li>- Segmentation by:                             <ul style="list-style-type: none"> <li>o Language/geography/ethnic group</li> <li>o Asset management needs</li> <li>o Advisory/discretionary</li> </ul> </li> <li>- Funds and direct investments</li> <li>- Proactive service based on needs wants and profitability</li> <li>- 250-300 clients per relationship manager</li> </ul>

Source: IDC, 2000

Clients were segmented based on transaction behaviour and the frequency of transactions. In the design phases the program also segmented people on the basis of their service needs those that were more active had a different kind of service plan than those that had a more passive approach. To a great extent there was a mass marketing campaign approach, but micro campaigns involving each desk starting a campaign on its own client base were introduced in early 2000.

This type of segmentation led the bank to develop stronger relationships with clients and become more proactive with the most profitable segments in terms of advising and selling.

**4.1.8 Customer-Centric Data Warehouse**

The bank developed its own customer-centric data warehouse solution in house. It was then able to segment its client base not only by the different levels of service but also combine this using information that was captured in the database, such as assets, revenue and the profitability of the Rabo clients after the merger. This information was vital in terms of mapping out a commercial direction for the bank.

**4.1.9 Training**

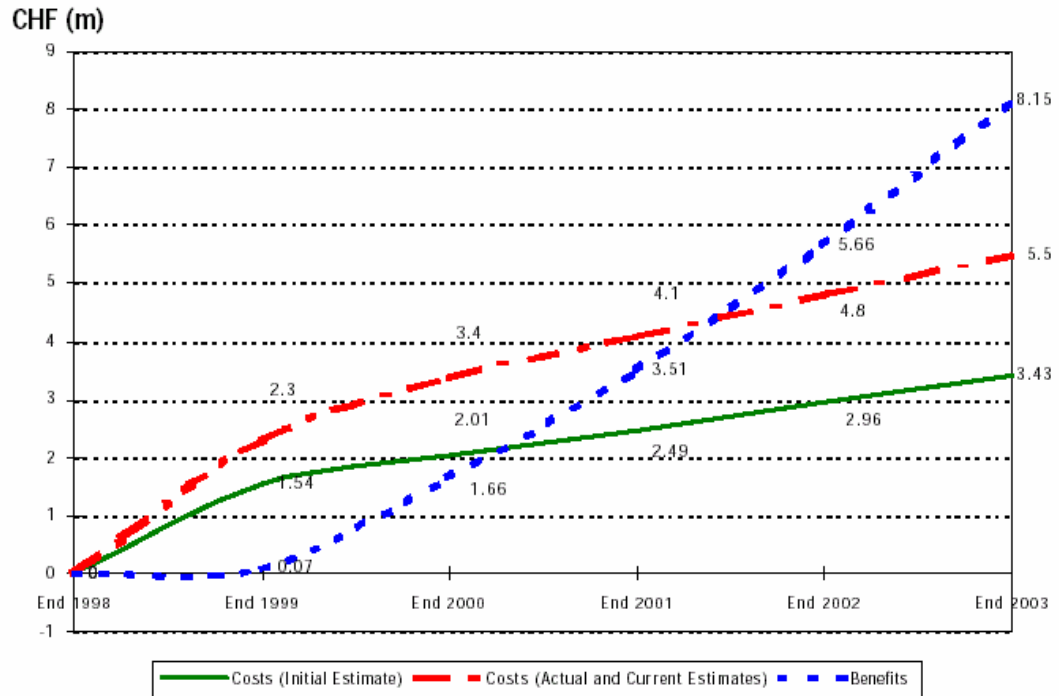
Project managers, product champions and business managers who could drive the business use of the project provided training to the end-users. Systems administrators took care of the training for the applications.

**4.1.10 Measuring the Benefits**

Through the implementation of the Vantive solution the bank hoped to realize the benefits based on its initial assumptions as represented in Figure 5.

**Figure: 5**

**Cumulative Costs and Benefits of the Vantive Solution in Robeco, 1998-2003**



[Source: IDC, 2000]

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
**A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

According to Robeco, it already knew there was nothing available in the market place and whatever solution it chose would therefore be costly, as a lot of customisation would be required. Initially it thought the project would cost around CHF 1.5 million, and grow with ongoing costs to reach CHF 3.4 million over 5 years, but after implementation the costs reached CHF 2.3 million growing to CHF 5.5 million, as can be seen in Figure 8.

The main reasons for the miscalculation in the budget were:

- Implementing while Robeco was merging with Rabobank, which brought further complications and delays
- Underestimation of the online processing side, which became complex and had to be redesigned
- The cost of customisation was not fully included since Robeco had selected Vantive, an out-of-the-box system, it needed much more customisation

Therefore, instead of the expected benefits being realized earlier, the payback reality was now from 23 years, due mainly to the merger. Based on this assumption, a benefits analysis was developed that projected the client loss rate. The benefits analysis information is depicted in Table 3 below:

**Table 3**

<b>Robeco CRM Project Benefits Analysis Main Assumptions, 1999-2003</b>					
	<b>End 1999</b>	<b>End 2000</b>	<b>End 2001</b>	<b>End 2002</b>	<b>End 2003</b>
Incremental AUM (CHF M)	27	74	144	235	347
Increase in clients by:					
- retention	163	314	516	731	960
- new clients	141	276	413	562	736
- new clients	22	38	104	169	234
Client loss rate	6.1%	5.6%	5.1%	4.6%	4.1%

Source: IDC, 2000

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

The client loss rate was calculated based on improved client intimacy. The bank expected that by having more contact with clients, and becoming proactive rather than reactive, it could then calculate the impact on a cumulative basis. An increase in clients partially by retention and by client intimacy would also lead to referrals. The client loss rate was based on the total client base and the goal was to reduce the client loss rate of 6.5% in 1998 over a five-year period to 4.1%. Based on incremental figures adding up over a 5-year period, it expected to have found 960 more clients (about 736 by retention and 234 by referrals) by the end of 2003. The impact of improving the client loss rate from 6.1% to 4.1% over time on an incremental basis was estimated at CHF 350 million in assets under management (AUM) based on the impact over five years. By clearly recording and tracing the movements in customer acquisitions and retention on a periodical basis the bank is able to quantify customer and shareholder value. Although it is a little early to measure the success of this project, all metrics have been put into place.

Robeco was also very concerned about user acceptance. It spent a lot of time with Cambridge to ensure it was building a system that would be usable in the future. At the design phase there was intensive participation from the (potential and future) users on the relationship management level, on campaign management and on the prospecting side. The company even let users sign off certain functionalities.

However, not all of the benefits have been through financial measurements, some have been accounted for by so-called "soft" benefits such as better communication with customers. One of the initiatives of the Vantive solution was to route paper requests from clients to electronic, thereby improving the processes and allowing for a better balance between "advice and administration".

#### **4.1.11 First Financial Results**

Within the first few months of implementing the Vantive solution, the bank already noticed some favourable results. Its negative cash flow from existing clients of CHF 86 million in 1998 turned into a positive cash flow of CHF 40 million in 1999. The strong involvement of the users in both the development and implementation phases of Vantive, lead to a much more "existing client" focus throughout year and not just during the last months when Vantive was live. This explains the much better CHF 126 million cash flow realized compared with the originally assumed CHF 27 million incremental impact for 1999.

#### **4.1.12 Critical Milestones and Learning**

According to Robeco, keeping within the timeframe was critical to the success of this project in light of its merger with Rabobank. The time pressure on the organization placed Cambridge at the forefront of its choice because of its fixed-time fixed-price approach. However, the project was delayed by two to three months, due to the merger.

The transferral of knowledge was another critical factor, especially on the IT side. As Robeco implied, *"going into a development project such as this is a very risky business. You have to bring the outside in to develop and when the developers are finished, if you do not have that transfer of knowledge in the IT department you get a real integration problem afterwards."*

After the project went "live" it experienced numerous small problems and the project managers and IT people had to resolve these on a weekly basis. This ongoing work on small changes to make the project smooth was the reason for some of the additional costs.

Initially, Robeco had some resistance from the users, but over time people became familiar with the system and its capabilities. The key is to keep the ongoing development as close to the users as possible and keep them continuously involved, according to Robeco.

Implementing the Vantive solution in the ex-Robeco bank was the first phase of this CRM initiative. In mid-2000, it rolled out Vantive to ex-Rabobank in Zurich and Geneva, integrating and developing a multi-channel system through which clients will have the choice of interacting through letter, fax, telephone, email and Internet.

Outstanding development work relates to giving clients access to their accounts via the Internet, receiving online advice and ultimately achieving transactions online. The latter will be implemented more for the purpose of operational efficiency than in answer to demand from clients who prefer the service and advice functionality rather than online transactions.

#### **4.1.13 Managing the Organizational Impact**

Taking the business online was a very important step for Robeco, which virtually had to reengineer its processes and ways of working. This proved to be an extremely important element for merging the two organizations properly. Once people saw the commercial impact of the CRM system, management had to have a critical discussion on whether this was something it wanted to bring to the rest of the business. Further steps for the bank in Switzerland will be acquisitions. As many private banks are using this same bank engine it would be cost efficient especially in terms of mergers as it helps to strengthen the deal.

#### **4.1.14 Summary**

The changing need of clients and competitor investments has lead banks to place more efforts on building client loyalty and retention rather than on client acquisition. Customer satisfaction to foster loyalty remains a strategic point for European banks.

As the European banking market becomes more competitive, the demand for advanced banking solutions grows. Banking customers have become increasingly aware of the most convenient or attractive financial products and

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
**A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

services currently available. In light of this increasing competition Robeco could be considered pioneers in terms of developing a CRM system in the private banking sector, well before the market even understood the potential of CRM. Its head start in this initiative has enabled it to extend its client access, over its competitors.

The partnership developed between Robeco and Cambridge provided the elements necessary for Robeco to successfully complete the project on time as well as help it set the stage for bringing its online banking into the electronic future. The challenge posed to Robeco was the merger with Rabobank, which made the situation more complex.

Despite this, Robeco believes the project ran smoothly, although it did suggest that Cambridge should force its clients to look at the transfer of knowledge, as this is essential once the service provider completes the project. Additionally, Robeco felt that Cambridge was so focused on CRM that the whole issue of integration between Web and back office did not seem to be at the top of its mind, i.e. too focused on the CRM functionality. According to Robeco, *"if you want to move your business online, CRM is just one element, integration and up-functionality is critical"*. Despite this and the fact that CRM was in its infancy stage in early 1998, Robeco believes the partnership was a "happy marriage."

The open flexibility of the Vantive solution led Robeco to build a customized system, which ultimately required a lot of maintenance and was considered a long-term burden.

On the one hand it was good as it could model the solution to meet its needs, but on the other hand Robeco was not in the systems business. One of the other frustrating concerns of the bank is the fact that it now has a custom application which it believes is difficult to bring to market standard. The bank now has a prototype product, which it is willing to share with the marketplace,

possibly through a service-level agreement (SLA) or by participating in future developments with the software providers.

However, the bank still owns the product, which has caused it to be more involved with the IT side than it would have ultimately preferred. In the long term the bank does not believe it has any value keeping a customized solution as it becomes too expensive. Ideally, a standard solution for the private banking sector would have been more appropriate, but unfortunately was not available at the time.

Organizational discipline is considered somewhat complex and it has become vital that any change initiative should be communicated and supported by everyone in the organization. Although initially there was some resistance to the CRM initiative within Robeco, employees soon bought into this concept once they could see the benefits of the system. While the change process is slow, measuring a tangible return on relationships is not an easy task. However, Robeco implemented metrics that have enabled it to justify customer and shareholder value, through the evaluation of customer retention and the number of customer referrals.

## **4.2 Case Study 2: A German Bank (Anonymous)**

This case study focuses on a German Bank, which chose to remain anonymous. IDC felt this case would still be valuable to readers, however. The German Bank is an international commercial bank for private and corporate customers, formed by mergers. The case study concerns the retail division of the bank.

### **4.2.1 Customer Loyalty Vision**

The retail division of the bank has approximately 1.2 million customers and it decided to develop its CRM strategy by engaging in a database-marketing project for these customers. The database marketing system is based on data warehouse technology and primarily supports marketing operations for private and company customers. The bank was facing more competition and its margins were decreasing, it therefore needed to devise a marketing strategy based on solid data. Through this realization the bank decided to enhance the central database marketing solution. Top management in the marketing division initiated the project.

At the time it had a centralized marketing division and needed to increase direct activities, such as mailings and call centre activities, and make this process much more efficient. At the same time it wanted to develop an interactive one-to-one relationship with its customers. The main objectives of the database-marketing project were:

- ❑ To gain a competitive edge
- ❑ To better identify hidden client potential
- ❑ To consolidate and strengthen market position
- ❑ To create more efficiency
- ❑ To implement faster response to changing market conditions

At the time, costs were an issue, and the bank needed to reduce these and raise its earnings. It realized that it required a data mining solution to discover

the affinities of its customers and what its customers needs and wants were in order to adapt processes to fulfil such needs. It wanted to attract customers and build loyalty and it realized that it was good in doing mailings to a vast number of customers, but often with poor results and high mailing costs.

Initially, this was a regional rollout, as the retail customers were located in southwest Germany, but after the merger the bank realized it had direct and online banking activities, which enabled it to rollout across the whole of the country. The bank operates its retail services through more than 200 branches, with classes of customers ranging from the average to the wealthy, and also including enterprises. However, its main focus is the B2C market, with specialization in private customers.

#### **4.2.2 Service Provider Selection**

The bank recognized that it had some in-house IT skills available, but also realized that it required the help of external providers to take care of the more complex integration and database marketing skills. At the time it didn't have special database marketing skills and needed to employ someone with these skill sets. It had to put a process in place to help employees learn the dynamics of this type of activity and how to cross and up-sell product's functions that were made more efficient by the deployment of the data mining solution.

CSC provided system integration and IT support, but also gave support to project management, the requirement definition, business concept and database marketing skills. The data mining solution selected was from the SAS Institute, which was deployed by CSC. Prior to the data mining solution the bank also deployed SAS Reporter, a project controlling tool.

#### **4.2.3 The Customer Care Solution**

The data-mining project was initiated in October/November 1999 on a relatively low scale. The bank believes that one of the problems it was facing was the fact that the data sources were coming from different databases

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

within the bank with different formats and structures. Customer information now resides in one warehouse database and the analysing of customer profiles based on types of products and services, such as credit cards, is simple. However, in April 2000, the first real activity or first analysis of customers took place. This identified the customers with investment funds and began profiling those that did not have such funds. It is now starting to make a network of activities this year, starting with its branches and now including call centres.

Through the data mining solution the bank could determine the percentage of customers buying bank products, such as accounts, investment funds and loans, prior to the merger. After the merger it gained additional customers from other banks coming from the same sector. However, to maximize the value of the data mining solution, the bank currently has three data miners, one internal and two from CSC. These data miners extract, segment and profile customer information, which is then bundled and sent through the intranet to the marketing and sales departments. Through this the bank is hoping to improve its knowledge of the customer and deepen its skills. The bank believes that the data miner market is currently very limited in Europe and that there are only approximately 200 data miners across Europe that have the skills for this type of activity.

The bank has deployed a multi-channel strategy through which its customers can interact with the institution via its branches, call centre, online banking, fax, Internet, short message service (SMS) and mobile banking. However, most of these channels are not yet fully integrated. Internet connection to the call centre for real-time benefits or online support is not yet in place. Neither are Web-based marketing capabilities, though these should be available by 2001. Further, the bank is also currently examining a campaign management tool, which it plans to integrate in the short term.

#### **4.2.4 Training**

CSC and SAS consultants have largely provided training for the bank's employees. The bank sent a number of its employees to SAS to learn some of the techniques from both technical and soft skills perspectives.

#### **4.2.5 Measuring the Benefits**

The bank does not yet measure the impact of customer loyalty through this system. However, in August 2000 the database was enlarged, capturing more data about customers and their accounts. Concepts of customer segmentation, life cycle analysis and customer values are now available, and will help the bank to gain more benefits from the system. In August a kickoff took place for another step of the project. This deals with database marketing quality management and aims to receive even more data about the customers and their contentment or dissatisfaction. The information will help to improve models about churn analysis and loyalty programs. The first results are expected in 2001.

#### **4.2.6 Critical Milestones and Learning**

Initially, the bank found it difficult to understand what it was trying to achieve with the database marketing solution, for more than a year it felt it did nothing more than spend money. At the same time, the bank needed to determine if the client was a long-term or short-term client, and by using the information that was being gathered in the database it could develop different scenarios to support its action plan.

One of the major concerns of the bank was the Y2K issue and the institution realized that it needed to upgrade its legacy system and buy new software. The system it had in place tracked and contained very poor data, which could not be analysed effectively. The bank believes that to start a project it is important to find a good integrator and an external partner as they can help to realize the bigger picture of the project and have a better knowledge of emerging technologies and business solutions.

#### **4.2.7 Managing the Organizational Impact**

The bank's employees have recognized that by filling in good data in the system they are able to gain valuable information on customers and develop better products and services that fit to the clients needs. This process is a strong learning curve, which is slowly being implemented. However, one of the bank's major concerns is building key skills in data mining and finding professional data miners.

The project was initiated in the marketing department and learning to deal with the mentality of IT people was considered a difficult task. Gaining the business value from the technology seemed to be a challenge to address at the IT level.

#### **4.2.8 Future Initiatives**

The bank believes that creating multi-channel access will be significant for the retail business of its bank. Clients are changing; some use online banking today, but may prefer offline channels during their life cycle. For the broader scope of the CRM initiative, the bank is planning to implement a campaign management solution with the services of HP and the Epiphany solution. The bank believes that the Epiphany solution is the most innovative product on the market. It considers Epiphany to be a very open tool through which consultants can design campaigns.

It plans to use HP for the deployment of the solution. CSC will be responsible for the data delivery of the system and also for the integration of the distribution channels to close the customer loop. CSC has historical knowledge of the bank and is familiar with its data pool, which is one of the reasons it is still in the project, according to the bank.

#### **4.2.9 Summary**

The market environment has changed considerably over time and requires banks to create more customer-centric organizations and become more responsive to the individual needs of their customers in order to improve

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

retention and increase business opportunities. Front-office solutions integrated with analytical tools enable a greater knowledge of customer needs.

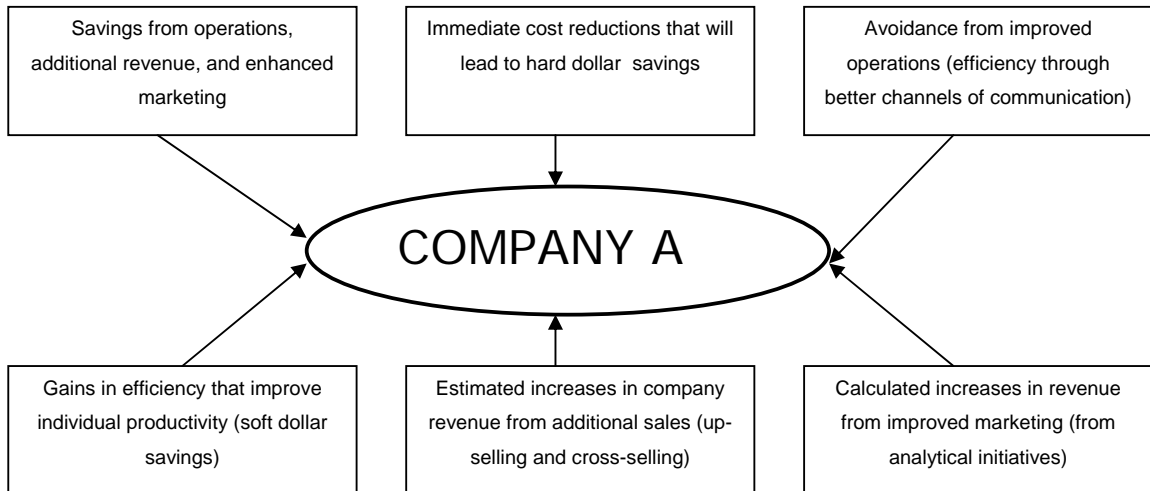
Today, companies are beginning to recognize that customer analytics is critical to the success of CRM initiatives. For the past couple of years the market has seen an influx of call centre and sales force automation deployment, mostly as standalone implementations. However, these solutions alone are not enough to gain a thorough understanding and knowledge of a customer base. They need to be integrated with a customer-centric data warehouse through which valuable customer information can be captured, translated and leveraged as a strategic resource.

The bank approached its CRM initiative by first deploying a database marketing solution with which it could capture relevant customer information and develop better products and services for its customers. The fact that the market has a shortage of data miners has allowed CSC to position itself strategically in this project. CSC has two of its consultants working with the bank to help it analyse its customer data and become familiar with its data pool. However, developing a strong data warehouse infrastructure that allows for effective CRM analytics is a challenge -- not only at a technology level but also at a business level whereby the business value of the solution needs to be recognized as a value added proposition.

IDC believes that as new technologies and markets emerge, companies will need to ensure that analytical solutions become a standard foundation of their CRM initiative. Moreover, accessing customer information in real time and developing strong customer knowledge management will become a commodity.

**Figure: 6**

**Benefits Of Calculating ROI In CRM**



Source: IDC, 2000

*Figure 6 illustrates the operational elements of CRM (contact centres, sales force automation and marketing automation) and identifies intelligent CRM as the focal point of the operational activities.*

#### **4.3 Generic Analysis of Best Practice – 5 Case Studies**

Below (Table 4) is a generic analysis of 5 Case Studies adapted form IDC (2000), giving a Glance view of customer loyalty in 5 different organisations that have implemented CRM.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
**A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

**Table 4 “Customer Loyalty Case Studies at a Glance”**

Client	Service Provider	Project Goals	Industry	Performance Management	Critical Milestones
Robeco Private Banking (Switzerland)	Cambridge Technology Partners	Initially, the bank had been spending large sums of money on client acquisition and needed to have a more integrated approach to client and prospect management. With over 60,000 prospects and leads with a conversion rate of approximately 10% through mailings and individual contacts, the bank decided it needed to refocus its efforts to customer retention in addition to acquisition.	Banking	<ul style="list-style-type: none"> <li>Client loss-rate 6.1% to 4.1%, 5 years</li> <li>Increased client retention</li> <li>Share of wallet</li> <li>Number of client referrals increased</li> <li>Stronger client communication</li> <li>End-user involvement from phase one</li> </ul>	<ul style="list-style-type: none"> <li>Transfer of knowledge</li> <li>On time, despite merge with Rabobank</li> <li>Additional costs due to customization and changes to make the service run smoothly</li> </ul>
A German Bank	CSC	To reduce costs and raise its earnings. The bank realized that it required a data mining solution to discover the affinities of its customers and what its customers needs and wants were in order to adapt processes to fulfill the needs of its customers. It wanted to attract customers and build loyalty.	Banking	<ul style="list-style-type: none"> <li>Currently does not measure impact of customer loyalty through system.</li> <li>August 2000, enlarged database, concepts concerning customer segmentation, life cycle analysis and customer values are now available, which will help it to gain more benefits from the system.</li> <li>First real results are expected in 2001</li> </ul>	<ul style="list-style-type: none"> <li>Unsure as to what it was trying to achieve from the database. Later realized it could use the information that was being gathered in the database to develop different scenarios to support its action plan.</li> <li>Needs good integrator and an external partner. The bank believes external partners have better knowledge of emerging technologies and business solutions.</li> <li>Major concerns in building key skills in data mining and finding</li> </ul>

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
**A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

					<ul style="list-style-type: none"> <li>professional data miners.</li> <li>Gaining business value from the technology seemed to be a challenge to address at the IT level.</li> </ul>
Murphy's Brewery Ireland	Pricewaterhouse Coopers	Restructure the sales organization, create a customer service department, and establish a coordinating and planning department, restructuring packaged beer logistics.	Consumer Goods	<ul style="list-style-type: none"> <li>Sales of packaged beer increased 14% on last year</li> <li>Increased customer satisfaction</li> <li>Up to 10% of customer sales reps' time freed</li> <li>Orders delivered 99.8% on time in full</li> </ul>	<ul style="list-style-type: none"> <li>Implemented call center and sales force automation (SFA) too quickly and in isolation, instead of reviewing the strategic requirements for an enterprise wide business solution.</li> <li>End-user involvement at phase one was key.</li> <li>Level of development and knowledge of Siebel application within the service provider was very limited at the time.</li> </ul>

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
**A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

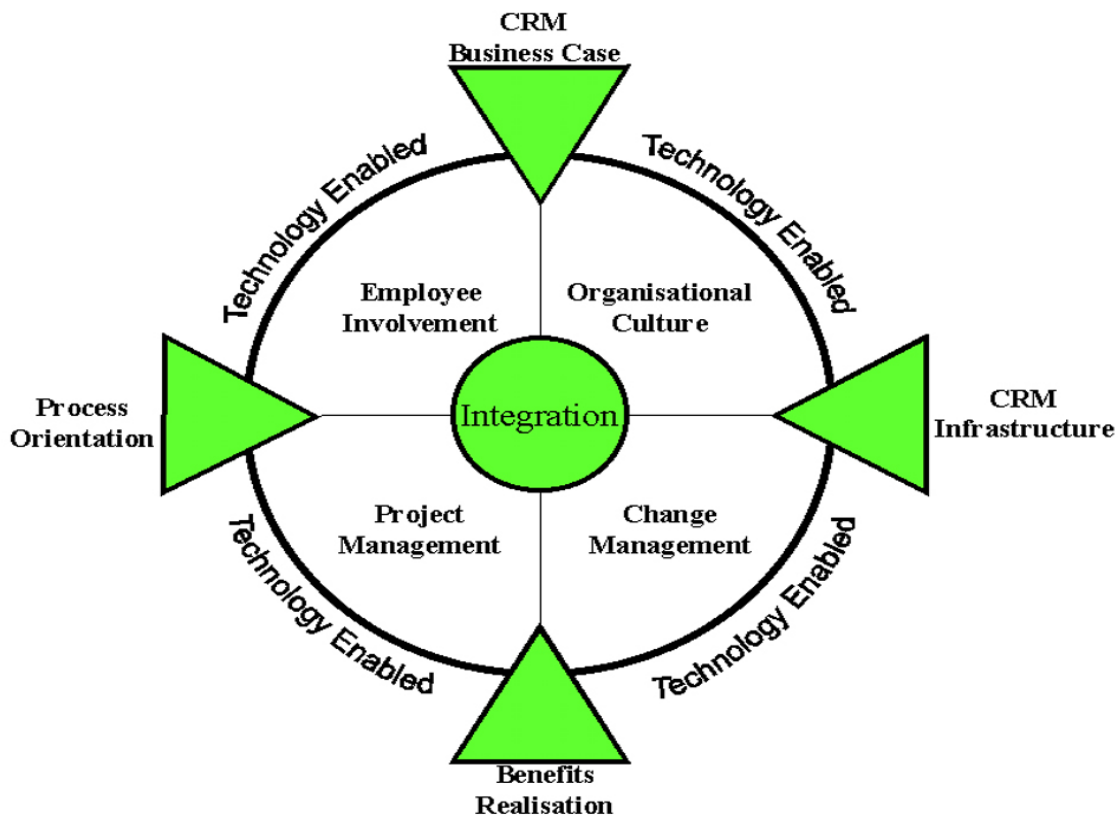
Philip Morris	Deloitte Consulting	<p>Firstly, on the technical side, to investigate the potential of using a packaged application across each of the affiliates.</p> <p>Secondly, on the business side, to evaluate the fundamental role of the sales field in the European region and to understand if there was any potential for synergy in the different countries.</p>	Consumer Goods	<ul style="list-style-type: none"> <li>• Gained better insight of its customers.</li> <li>• Increased sales revenue.</li> <li>• Increased presence through Point of Sales.</li> <li>• Project ran on time and within budget.</li> <li>• The newly created central support group allows sharing costs of application support across all affiliates.</li> <li>• The CSP, and the manner deployed, will allow all affiliates to easily take advantage of new functionality provided in future Siebel releases.</li> </ul>	<ul style="list-style-type: none"> <li>• To identify a good percentage of common functions across the countries, in order to provide similar solutions to each affiliate.</li> <li>• Needed a solution that would integrate with other systems such as SAP.</li> <li>• Initial resistance from lower levels, overcome by involvement in project.</li> <li>• PMI found it would prefer to use Deloitte Consulting for overall project management , but would look for local integrators for the more technical aspects of the project.</li> </ul>
Global One	Global One	<p>To provide customers with the ability to monitor and analyze real time information on the performance and status of their services. To generate performance and traffic reports. To use external providers for bigger outlook of CRM strategy, targeting the SME</p>	Telecom	<ul style="list-style-type: none"> <li>• Increased customer acquisition</li> <li>• Improved overall customer service</li> <li>• Customer Workstation improved workload for customer support center staff</li> </ul>	<ul style="list-style-type: none"> <li>• Testing of product is critical at customer level.</li> <li>• Performance through the Internet is a challenge.</li> <li>• Learnt that it needs to build a portal to integrate all the services it provides to its customers.</li> </ul>

Source: IDC, 2000

## 5.0 "TEN" Key Steps For Successful Implementation of CRM

Headlines abound with news of CRM application failures with failure rates as high as 80% being reported. At the same time, technology application providers continue to sell CRM as the ultimate solution for business success. CRM, when approached correctly, has the potential to significantly improve business results. If approached incorrectly, it can result in spend of considerable sums of money on expensive technology applications without ever seeing any tangible benefits.

Figure 7 - Proposed Model of CRM Implementation



The following parameters will help ensure that even if the organisations CRM initiatives don't amount to "salvation", they will yield significant, positive impacts for the business. The following 10 parameters are selected after thorough and in-depth research study (carefully comparing) of many different

factors discussed and argued by many different experts & Gurus in their publications, articles, white papers and journals regarding the successful implementation of CRM within different organisations.

Based on these case studies and literature review, this study has revealed the above-mentioned model of CRM as shown in figure 7.

## 5.1 Accurately Assess The CRM Needs

CRM is not right for every company. The management should begin by clearly defining its business issues and needs, and then determine whether CRM can and should be a part of the solution. CRM strategies that are clearly linked to business objectives have a much greater likelihood of success (Eberhardt, C., D7 Consulting LLC, June 2001).

### 5.1.1 Put a Stake in the Ground

According to Jim Dickie, (1999), David Thomas from Pitney Bowes recently offered a great suggestion at a conference where they co-presented. In reviewing his company's recent successful CRM project, he pointed out that one of the first things Pitney Bowes did was write a mission statement. The statement was as follows:

#### **Critical Success Factor [Table 5]**

- **Understanding** What CRM Is All About.
- Well **Defined** CRM.
- Management's **Accurate Perception** Of The Process.
- **Defining** The Market.
- Selecting An Outside **Consultant As A Facilitator**, To Keep The Efforts On Track.
- **Developing An Implementation Plan In Collaboration With Consulting Company** That Is Complete And Specific In The Assignment Of Responsibilities And Deadlines.
- Defining And Documenting Your **Business Goals And Objectives**.
- **Define And Document Your Existing Business Processes**.
- Keep Management Committed.
- **Involve** The Appropriate Individuals And Departments.
- Involve **Cross-Functional Teams**.
- Have **Tools** In Place To **Analyse** Collected Scalability.
- Emphasising **Business Strategies** That Focus On Coddling The Customer.
- Meeting **Customer Expectations**.

“Deliver a world-class price quote and configure solution and related supporting processes that can be implemented to a cross-section of the sales force to increase our systems business and overall sales productivity.”

The value of a simple statement like this is enormous. Forcing an organization to agree up front on the expectations of the initiative will eliminate any

misconceptions people have about the project's goal. It also becomes the roadmap for the project so that at any time in the future the management can pull it out and see if it is still on course. As one of America's great philosophers, Yogi Berra, is credited with saying, "If you don't know where you are going, you'll probably end up somewhere else." He also added that "Frequently we have seen the goal of a project shift over time from getting a system out that solves problems, to getting a system out-period."

**5.1.2 Gather Information** Alpesh Fadia, (2001), argues that it is critical to gain insights of various key stakeholders and decision-makers within the organisation. These insights can be acquired most effectively by holding one-on-one meetings. According to him, they used an "interview template" that consists of more than 30 questions, which served as the foundation for framing initial discussions with their clients. Examples of questions that helped them gauge the health of the client's CRM included:

- ❑ How would you define CRM?
- ❑ What types of customer information is captured/tracked (acquisition/retention costs, churn, cost to serve, etc.)?
- ❑ What information would you like to know about your customers that you currently do not?

Given their more frequent and direct interactions with the customer, front-line personnel may know more about customer needs, preferences and concerns that may not have been communicated to the executive level. Further, these results are then used to determine how close these organizations are to meeting and exceeding their customers' expectations, and present the gaps between their current state of CRM and their desired state. (Fadia, A., 2001)

### **5.1.3 Project Planning and Management**

According to Terrence L. Foran, (2001), successful selection and implementation projects begin with up-front planning. He strongly maintains that developing parameters for the project is important in maintaining schedules, managing scope and utilizing resources. Terrence further

recommends the following four steps for a successful project planning and management:

**5.1.3.1 Define The Project** It is important to create a clearly defined plan that is realistic, understood by all parties, and will serve as the roadmap to enhance communication and gain consensus. According to Terrence, the initial planning stages provide a forum for determining the project scope and interviewing key program participants, and can provide the following deliverables:

- ❑ A comprehensive program budget
- ❑ Measurements to compare actual performance to plan
- ❑ Agreed upon methods of project communication
- ❑ Approved issue logs and
- ❑ An organized review process.

**5.1.3.2 Review Current Systems Environment** Effective CRM solutions require a company to review existing practices and systems environments before attempting a change. Companies that forego this step expose themselves to the risk of automating "bad" processes.

Consider internal and external constraints such as organizational competencies, staffing levels and skill levels, and the specific retailer's unique elements. This will help decision-makers judge the level of CRM sophistication required. Once the assessment of current conditions is complete, it is critical to develop user requirements, plan the re-engineering of business processes, discuss platform options and determine high-level functionality.

**5.1.3.3 Formulate Grounds For Evaluation.** Building decision parameters is essential in the decision making process. It is important for a company to evaluate and prioritise the criteria for the package selection to compliment their CRM strategy.

#### **5.1.3.4 Develop Recommended Systems Architecture.**

According to Terrence, the decision to invest in a CRM software package must consider the technical logistics involved. The final decision-makers need a perspective and understanding of available systems architecture configurations. Terrence suggests that, planning activities leading up to the selection process are expected to produce documentation that describes the ultimate operating environment:

- Feature/function criteria
- Interfaces
- Operating structure and
- Platforms. Additionally, this documentation will describe required operating changes:
- Re-engineered management processes
- Controls and
- Performance measurements. Using these findings, it is then possible to perform a cost/benefit analysis to fully examine the advantages and disadvantages of all of the alternatives.

#### **5.1.4 Engaging The Right Consultant Is The Best Bet For**

**A Successful CRM Implementation** Barry Trailer (2000), states that, for every successful CRM implementation that benefited from outside consulting services, there's at least one other that's a tale of woe. What should a company do when contemplating a consulting engagement to maximize its chances for a successful project?

For finding and dealing with consultants, perhaps the best advice comes from the horses' mouths. Liz Seckler of the CRM consulting firm, GettingThere, advises clients not to expect the moon from consultants. "Consultants can't fix all their [a client's] problems or make everything happen," says Seckler.

"If the VP of sales talks of support but isn't involved in and committed to the project, a consultant can't fill that void." Vague and unrealistic expectations

are difficult for everyone. Instead, advises Seckler, you and your consultant should have an explicit mutual understanding of the project specifics, including roles and responsibilities (Trailer, B. 2000).

**5.1.5 Once Software Is Separated From Process, CRM Emerges As A Customer-Centric Business Strategy Supported, Not Driven, By Technology**

According to Dick Lee (2000), organizational development guru Bill Brendler, who specializes in rescuing technology implementations, strongly suggests that companies are racing to embrace CRM technology, but what they don't realize is they've got to redesign their company first. The real opportunity comes from taking the time to rethink their relationships with their customers, to figure out how to put them in charge of their company.

Brendler adds that software is the ultimate shortcut. So they try software first, and only start asking, "What is CRM?" after they fail to create more than misery and confusion. So let's forge a workable definition of CRM.

**5.1.6 A Working Definition**

CRM is, implementing customer-centric business strategies; which drives redefining of functional roles; which demands re-engineering work processes; which is supported, not driven, by CRM technology. This definition, expressed as four sequential steps, each driven by the step prior this definition breaks through the technology clutter.

Lee (2000) suggests the following four-step process for CRM:

1. Implementing customer-centric business strategies.
2. Which drives redefining of functional roles.
3. Which demands re-engineering work processes.
4. Which is supported, not driven, by CRM technology.

**5.1.6.1 Implementing Customer-centric Business Strategies**

According to Lee, D., (2000), this is how CRM starts, with customer-centric strategies adopted by top-level executive management. Middle managers,

even functional heads, don't have the authority to initiate enterprise-wide, customer-centric business strategies. When CRM starts at the middle management and staff levels it means one of two things: either the company is already customer-centric, which very few are yet, or it's headed down the tubes, at least with CRM.

#### **5.1.6.2 Redefining Functional Roles & + 3. Re-engineering**

**Work Processes** Most companies have a marketing department, a sales department, a customer service department, an accounting department, a credit department, and maybe a product-engineering department, each with its own leader and staff, and turf. It's almost impossible to become customer-centric while maintaining this type of organization.

Lee, D., (2000) states that a CRM initiative that starts with customer-centricity requires huge changes in the organisation such as:

- Customer service should unchain itself from accounting and move from the back to the front office.
- Some sales and service functionality should shift to the Internet, and other sales functionality should probably migrate to service.
- Order entry should move out to sales, along with product configuration.
- Product engineering may become a customer contact function, and not strictly internal.
- Product management will almost certainly scale back in importance, replaced by customer segment management.
- Manufacturing might schedule runs according to customer priorities, rather than strictly manufacturing efficiencies, which means they need sales data.
- Accounting will have to push transaction data to sales, instead of hoarding it.
- Legal will have to find accommodation with customers, rather than sticking odious contracts in customers faces.

Lee further suggests that, if the management takes step one and two carefully, process re-engineering will flow right out of redesigning functional activities, just as redesigning functional activities flows right out of developing customer-centric strategies.

**5.1.6.3 Supporting Work Processes (not driving them) with CRM Technology**

Almost inevitably, newly defined CRM work processes require more structure and information management support than old ones. And odd as it may seem, organisation can make CRM software support its work processes, not vice versa. (Lee, D., August 2000)

Lee strongly recommends, first to take control of the software buying process away from the software sellers (the best of the software companies actually encourage organisations to take the lead). Then clearly define the organisational needs and ask competing vendors to show the organisation how they're going to meet them. "Proof of concept," it's called. And if a vendor asks for a contract before showing how their system will conform to the organisational needs, show them the door.

Lee further adds, to be sure to detail both organisational process control and information management support requirements one step at a time (this is step three driving step four. And don't forget to flush up seemingly minor stuff like, "Field reps need to work offline with full data and functionality" or "Reps don't have access to telephone connections." For example, if either of these crop up, you'll want to wash your hands of "thin client" CRM solutions that relegate remote workers to accessing not only their data but their software functionality over the Internet (or dial-up connection).

## **5.2 Don't View CRM As A Technology Initiative**

CRM applications can be a viable component of a CRM strategy, but they are not the whole solution. Leading the CRM efforts with technology solutions is akin to allowing the tail to wag the dog. Understand the business requirements and design the right business processes to support relationship management, and allow technology to play the right role as an enabler. (Eberhardt, C., "D7 Consulting LLC", 2001)

### **Critical Success Factor [Table 6]**

- Perform **Gap Analysis**.
- **Defining The Technology Requirements** Based On Your Business Methodology And Priorities.
- **Starting With Technology** Changes That Have The Greatest Impact On Reaching Your Goals.
- Treat CRM As A **Long-Term Journey**
- See CRM Business Model As An Interactive One.
- **Building Relationships** At Every Point Of Contact.
- CRM Is About **Strategy Not Technology**.
- **Building** A Great Customer Relationship Management Strategy.
- **Employ Technology Wisely**.

### **5.2.1 CRM: Strategy and Implementation**

CRM is a combination of organization, processes, and roles supported by systems and technologies. Many organizations make the mistake of choosing the systems and technologies and then trying to adapt their business operations around the result, usually with serious consequences and impact on the business. It doesn't matter how efficient or inefficient the enterprise is now, it's the vision of where the enterprise needs to be positioned in its markets, how is it differentiated from competitors, and how will it achieve the vision that are the drivers for success. (Emmerton, T., 2001)

### **5.2.2 People and Processes Make CRM Work**

Focusing on technology alone could be the problem. In most companies there are many process gaps. Process gaps occur when the customer wants one thing but the process produces something else.

Managers commonly believe that deploying CRM technology will bridge these gaps. But these gaps often exist because the processes that affect the customer are poorly designed. These poorly designed processes cause wait

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

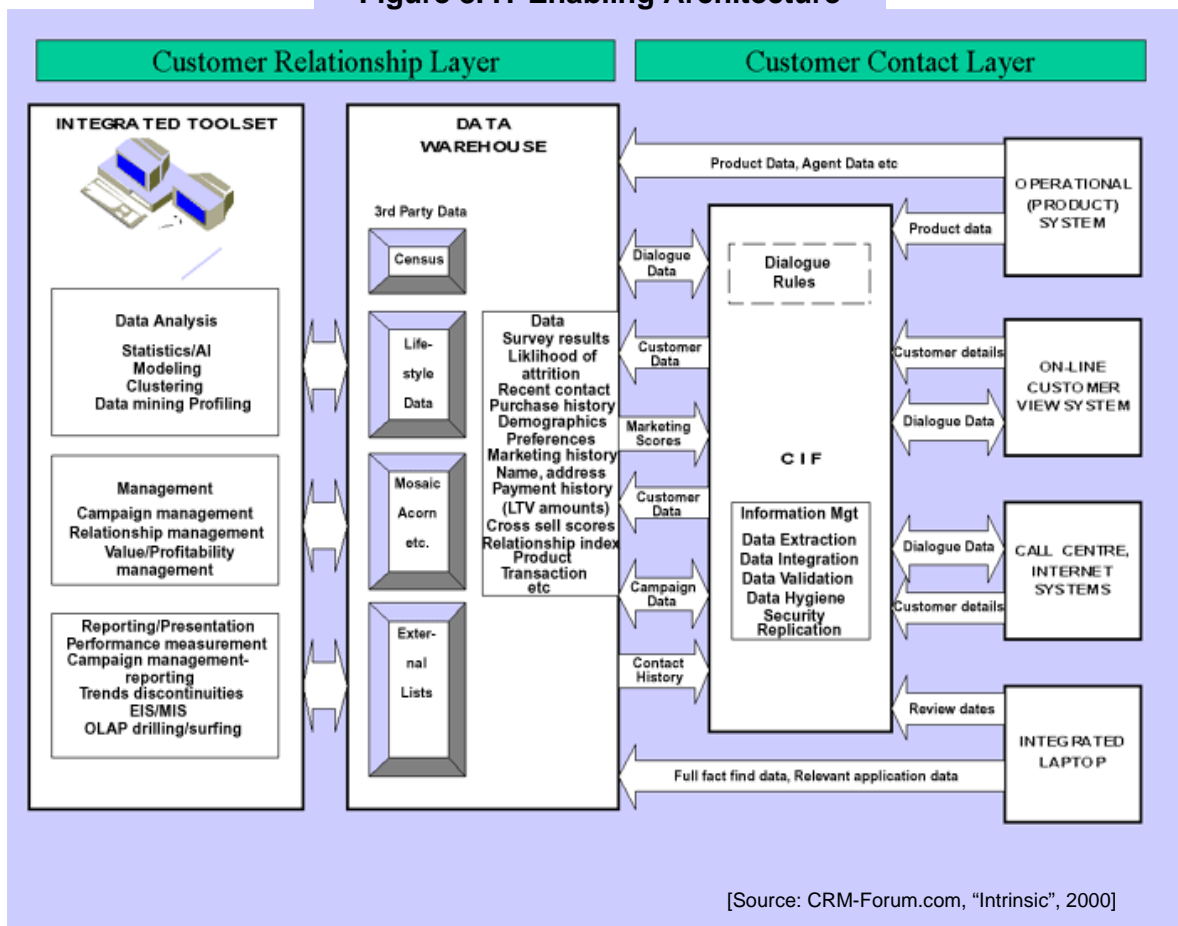
times between the steps a customer has to take to get what they want.

Examples of these are:

- Processes that require too many managers' approval
- Processes that don't add any value to the customer experience
- Processes that cannot get done properly because of poor organizational culture (i.e. a culture that rewards individuals with information, chilling collaboration)
- Processes that are not done properly because individuals do not understand the goal of the organization

According to Brendler et al (2001) implementing CRM requires discipline and a commitment to closing gaps and removing resistance to change. It involves much more than just automating existing process. Automating processes just speeds up the "old goat paths," increasing the rate at which bad processes are performed.

**Figure 8. IT Enabling Architecture**



The goal should be to close the process gaps to make it easier for the customer to do business with the company; the goal should not be installing CRM technology. The customer might want instant information, but the process takes too long to deliver it. (Brendler, W. F., "TrendSpotter", April 2001)

According to Steve Bell (2000) Professor Dr. Reinhold Rapp, German CRM pundit (Managing Partner of CRM GmbH) rails against companies throwing technology at problems, insisting that customer segmentation should come first.

Professor Dr. Reinhold Rapp defines CRM as "a strategic concept to manage the assets of a company" and is adamant that those companies, which view it only as a technology, are doomed to failure. Technology is certainly a major part of the equation, but it should only be introduced after the strategy has been determined. And this should be built on the foundation of its assets, which in the final analysis are its customers. These should be segmented according to their profitability, and then strategy and tactics can be tailored according to the value of these customers to the company.

Steve Bell (2000), states that, Bob Shaw (a visiting professor of marketing at Cranfield University), points out, that countless other factors influence financial results. "To claim that [CRM] is the 'be all and end all' of business is quite silly, although companies can certainly leverage value from CRM if they do it in a smart way."

### **5.2.3 CRM Requires a New Management Mindset**

CRM depends on management commitment to customer care. In the past a day without customers calling was a good thing, it meant nobody had a problem. Where as at present not receiving any customer complaint calls, raises the alarm bells of the company. Complaining customers shows their expectation and loyalty towards the company, and if the management don't hear from their customers, it must ring their bells asking them self if their customers are still with them or have changed their loyalty with them.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

The rate of customer turnover is particularly significant on the Internet, where the opportunities for customer loss occur at warp speed. A recent McKinsey study, ePerformance, found that 98.7% of online visitors do not become repeat customers. Another study determined that most sites would lose 60% of their first-time customers in a six-week period.

The numbers are just as dramatic in the offline world. A study by KPMG about customer defections in the United Kingdom reported that 44% of U.K. customers changed at least one of their key product or service suppliers (supermarkets, phone companies, etc.) in the past year. Cahners In-Stat Group research has found that this year, worldwide, 34 million wireless telecom customers will churn from supplier to supplier as they look for better value; and, by 2004, that number will have grown to 77 million. (Lowenstein, M., Customer Retention Associates)

According to Brendler, W. F., (2001), it has recently been acknowledged that keeping existing customers is ultimately much more profitable than the conquering of new customers, especially in highly competitive markets. Research has shown that the retention of 5% of the existing customer base can have a profit impact up to as much as 125%.

Today dealing with customers after the point of sale isn't just about answering questions. Instead it's about building relationships that transcend individual transactions and ensure customer satisfaction and repeat buying. What used to be simply customer care has become full blown CRM that hopes to improve service and reduce cost, give customers individual personalized attention and build long-term connections.

This is a mindset change for most executives. To manage complete customer relationships companies need to adopt a culture focuses on much more than just problem solving. All the technology in the world that provides automated,

profile-driven customer service will never replace human contact. (Brendler, W. F., 2001)

### **5.3 Understand Customer Requirements**

CRM initiatives are intended to drive better relationships with customers. And the relationships that are most important to a company are those that provide the greatest profit potential. To make intelligent decisions about CRM strategy

#### **Critical Success Factor [Table 7]**

- **Understanding The Customers'** Product/Service And Support Requirements.
- **Understanding Your Competition.**
- **Enhance** Customer Lifetime Value.
- Customer **Communication Channel.**
- **Integrating Customers** In To Enterprise Strategy.

and technology, it is critical that management understands its customer's value, needs, requirements and behaviours. This understanding allows the management to build systems and processes based on customer requirements and to allocate their CRM expenditures toward customer segments that are likely to yield the greatest returns. (Eberhardt, C., "D7 Consulting LLC", 2001)

#### **5.3.1 Integrating Customers into Enterprise Strategy**

The reason for company's failure at CRM or making losses is that, for most companies, customers are simply not integrated into enterprise strategy. Listening to the voice of the customer, and taking action based on that input are two very different activities. Without a top-down mindset to include the customer in every decision, managers and customer care people quickly revert to inwardly focused decision making, which is basically a financial-only focus.

An enterprise with customers integrated into strategy behaves in different ways than one cantered on efficiency, product or channel. A truly customer-centric organization designs projects from the customer interaction backward and makes the customer experience inviolate in investment decisions. (Goldberg, B., 2001)

### **5.3.2 The 360-Degree View (Identifying Customer Segments)**

The key to effective relationship management is crafting a comprehensive customer view. CRM requires that management adopt an enterprise-wide "360-degree customer view." To adopt a 360-degree customer view, start by profiling the customers and determining how they are segmented. By breaking customers into groups that differ on behavioural, attitudinal, demographic and other relevant dimensions, organizations are able to optimise their product offerings, service and support systems, order processing, marketing communications and all other significant customer interactions, thereby gaining an ever greater "share of customer". (Bibb, R. & Gehm, E., 2001)

## **5.4 Quantify Expected Returns from CRM**

The old adage "You can't manage what you can't measure" remains true today. Part of the reason CRM has failed to prove its worth has been the inability to demonstrate measurable benefits. Don't

#### **Critical Success Factor [Table 8]**

- **Monitor** Customer Retention Rate.
- **Ensure** That The Planned Strategies And Expenditures Are Clearly Linked To Measurable Business Impacts.
- **Leverage** Measurable Results

be satisfied with intuitive CRM benefits alone. Ensure that the planned strategies and expenditures are clearly linked to measurable business impacts. And, leverage those measurable results to gain support and momentum for the organisations CRM efforts. (Eberhardt, C., "D7 Consulting LLC", 2001)

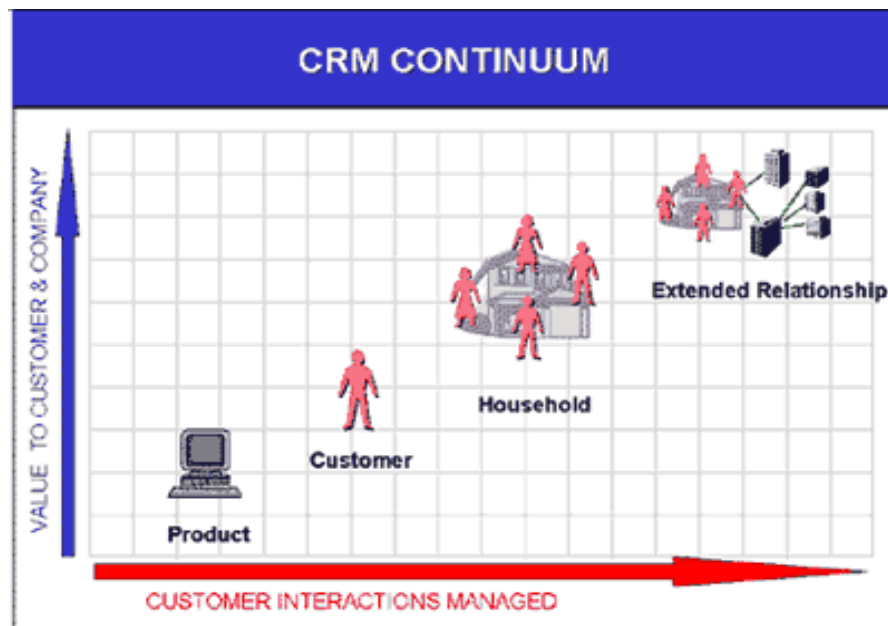
### **5.4.1 Research Reveals Reasons for Lost Loyalty**

According to Rodgers, K., "Customer Strategy magazine", (2000) loyalty guru Frederick Reichheld, author of The Loyalty Effect and the creator of Bain & Co's loyalty practice, at eGain's conference, revealed the potential risks of making bad judgement calls when it comes to retaining the loyalty of regular customers and employees. Recent research has shown that a poor understanding of what drives customer loyalty, coupled with a failure to

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

monitor retention rates, is resulting in businesses losing excessive numbers of customers and employees. According to him the average company loses 15 to 20 per cent of its customers each year, equivalent to around half its customer base over five years. The rate of attrition among employees is even higher, ranging from 15 to 30 per cent.

**Figure: 9**



[Source: BetterManagement.com, 2001]

Pointing to research due to be published in June 2000 in the Harvard Business Review, Frederick Reichheld, demonstrated that a five point increase in customer retention leads to explosive improvements in cash flows over the course of a customer lifecycle, with the most dramatic impact being felt in e-tailing. "There is a real economic underlying loyalty," he said. "And loyalty is more relevant economically in the e-space." Yet most businesses, he argued, fail to monitor customer churn. (Rodgers, K., "Customer Strategy magazine", 2000).

## 5.5 Make CRM An Enterprise-Wide Initiative

CRM efforts within an organization are often championed by one functional area, and strategies are pursued in a functional vacuum. This approach fails to consider that almost all business processes involve more than one functional area within the company. The greater the level of integration among all functional areas, the better experience they will be able to deliver to their customers. (Eberhardt, C., "D7 Consulting LLC", 2001)

### **Critical Success Factor [Table 9]**

- **Embedding Core Values.**
- **Gain Top Management Support And Commitment.**
- **Leadership Is Critical** To any Significant Business Change Initiative.
- Active **Involvement Of Executive** Level Management.
- **Involve All Levels** In The Existing Process Definition.
- Assigning An **Executive To Be Responsible** For Enterprise Business Process Development, Enforcement, And Continuous Improvement.
- **Assessing** The Company's Ability To Manage And Adjust To Change.
- Planning Must Include **Adequate Time For Testing** And Multiple **Pilot Sessions.**
- Ensuring That **Change Management Procedures** Are Clearly Defined And Followed.
- Selling To **Sales Force.**
- **Multi-Channel Environment.**
- **Organise** Project Management Team.

### 5.5.1 Getting CEOs Onboard With The Customers

Many Chief Executives Must Relearn Competitive Analysis to Become Customer-Centric. Occasionally, studies are published that capture the percentage of time that the CEO of an organization is involved in a CRM initiative; typically, it is less than 25 percent of the time. At the same time, the industry publishes initiative failure rates that approach 50 percent! Something is missing from this picture, and perhaps it is the CEO.

In reality, the involvement of the CEO should be 100 percent for those who want to be successful. Customer relationship management is not a bottom-up strategy. Although there are innumerable definitions of CRM and newly evolving definitions around some version of e- (add a favourite acronym), a customer-based focus is first and foremost a strategic business decision. Technology- and process-related initiatives are implemented to support the CRM strategic decision. Therefore, if the CRM strategy is real, the CEO must be at the forefront of the initiative. (Petersen, G., 1999)

### **5.5.2 Leadership and Management**

The most important factor in the success of a CRM implementation is leadership buy-in. Management must sell the importance of the CRM initiative to the sales representatives on business, organizational, sales, customer service and personal levels. This way, sales reps will understand how the project affects them, their sales quotas and the overall organization, and-"get on board."

### **5.5.3 Time Horizons**

It is generally accepted that CEOs are expected to address issues that are associated with longer time horizons. Many systems fail because of lack of anticipation. While this can be due to monolithic customisation time frames, more often it is a lack of synchronization with a vision for the future-or lack thereof. If a CRM system is to be implemented, it is very important to have 100 percent commitment of the CEOs, to make it a success. (Petersen, G., 1999)

### **5.5.4 Organization and People**

Create and sustain an organizational and cultural environment that will support and adhere to the new business processes and systems. One of the keys to successfully implementing a CRM project is getting the users to buy into the idea, what Dickie calls "Selling CRM Inside Your Company". Many companies get so caught up in thinking about hardware and software that they forget they are eventually going to give all this technology to the people in sales, marketing and support, who will be the ultimate users of the CRM system. (Dickie, J., 2000)

Once it is decided that change management is indeed important to the CRM initiative, having strong change management procedures in place to support this integration is critical, especially to CRM initiatives. Many CRM projects fail because most organizations do not pay attention to all the criteria needed to succeed. Companies alter processes and adopt new technologies, but do not

prepare their people for these changes or reconfigure organizational factors to sustain the change. (John H. Wheeler, Jr. and Helene Uhlfelder, Ph.D., 1999)

## 5.6 Ensure Integration Across All Distribution Channels

Customers today demand the ability to do business through more than one channel of distribution, and they expect a seamless transition between channels. Consumers will never understand why a product bought on-line can't be returned to the local store. These consumer demands require management to track information about customers across all channels and to develop integrated systems, data and processes. That way the management will be able to project one view of the company to customers, and one view of the customer to all areas/channels within the organisation. (Eberhardt, C., "D7 Consulting LLC", 2001)

### **Critical Success Factor [Table 10]**

- **Integrating** Systems.
- Ensuring That The **Re-Engineered Processes Integrate** From Department To Department. Tear Down The Existing Figurative Walls That Prevent Interdepartmental Co-Operation.
- **Ensuring That Each Process Contributes** To Reaching The Company Goals And Objectives.
- **Review Your Re-Engineered Business Process** And Their Integration Between Departments. Make Sure That The Re-Engineered Processes Should Have Provided For The Ability To Accept And Adapt To Change.

## 5.7 Employees Will Make or Break The CRM Efforts

The best CRM strategies and applications don't stand a chance of succeeding without employee buy-in. Organisations have the choice between making their employees an ally or dealing with them as an adversary. Leveraging employee input on CRM strategy development and application selection on the front-end will lead to greater buy-in post implementation. The efforts to ensure employee alignment should also include skill development, awards/incentives, tools to gather and address feedback, and ongoing communication strategies. (Eberhardt, C., "D7 Consulting LLC", 2001)

### **Critical Success Factor [Table 11]**

- **Leveraging Employee Input** On CRM Strategy Development.
- **Employee Buy-In.**
- **Selling IT Investments To The Board**

### **5.7.1 Selling IT Investments to the Board**

Finance directors must go beyond traditional cost/benefits analysis in convincing the board to invest in IT infrastructure. There is, however, evidence to suggest that board directors are not even discussing IT and e-commerce investments.

Research commissioned last year by the Institute of Directors showed that 50.5 percent of UK directors had never even had a technology briefing. This year, "ClearCommerce", a vendor of e-commerce transaction software, conducted a survey that suggested that only 42 percent of strategic e-commerce decisions are made at board level.

In fact, Y2K was the first time IT was properly scrutinised by the board, as it became increasingly clear that getting Y2K risks ironed out was critical to the survival of the business.

## **5.8 Be Willing to Change The Processes**

Using new CRM technology to enable ineffective business processes is like putting pearls on swine. Invest in designing or redesigning business processes to more efficiently and

effectively manage customer relationships. (Eberhardt, C., "D7 Consulting LLC", 2001)

### **Critical Success Factor [Table 12]**

- **Invest In** Designing or Redesigning Business Process.
- **Clearly Define** Company's **CRM Rules** of Engagement.

### **5.8.1 Defining The Company's CRM Rules of Engagement**

To succeed at CRM, first develop guidelines for engaging different levels of the company. Companies need to develop guidelines for involvement, or rules of engagement for different levels in the organization, so team members understand how and where their skills will be utilized and, more importantly,

what issues they should resolve and what issues they need to raise to the next level of management.

With most CRM implementations these rules are not clearly defined. As a result, key strategic decisions are often made by the implementation team, those least equipped to make business decisions. A well-constructed implementation allows the people who best understand the issues to make the decisions. The CEO manages the inevitable trade-offs among strategic priorities. Top operating management is accountable for the operational/tactical trade-offs. The first-line managers and implementation teams make the detailed design and execution trade-offs. (Brendler, W., December 2000)

## **5.9 Build the Right CRM Infrastructure**

There are a number of critical components to an effective relationship management system including; data warehouses, decisions support tools, links to operational systems, front-end applications, and staff to manage implementation and maintenance. Many companies spend considerable sums of money on CRM without achieving the anticipated results because they fail to address all of the basics of a strong CRM infrastructure. (Eberhardt, C., "D7 Consulting LLC", 2001)

### **5.9.1 Migrating To A Customer-Centric Model**

I. Barry Goldberg from "TrendSpotter", (2001) suggests that there are four fundamental disciplines in a framework for successful customer relationship management, in which a company must have some level of mastery in order to become a customer-centric enterprise. It is most useful to think of these as strategic capabilities. According to I. Barry Goldberg this structure can also be

#### **Critical Success Factor [Table 13]**

- **Selection** Of A Technology Solution(s) That Best Fits Organisations Methodology With The Least Amount Of Customisation. (**Best-Of-Breed**)
- **Leadership** and Adoption
- Customer **Information**
- Technology **Delivery Systems**
- **Organizational Effectiveness**

applied to any enterprise change initiative; however, it is particularly useful for the construction of a maturity model and for enabling the transition to a customer-centred strategy.

**The Four Fundamental Disciplines Are:**

- Leadership and Adoption--Cultural and strategic depth needed to execute on any enterprise initiative and emotionally mature leadership in the executive suite.
- Customer Information--An ability to capture, manage, interpret and exploit information about customers at a very granular level.
- Technology Delivery Systems--Technology architecture that makes customer information available in useful form both to planners and at the moment of truth with a customer.
- Organizational Effectiveness--Alignment and measurement of people to remove conflict from consistently excellent performance with customers.

Each of these core disciplines has both strategic and tactical implications. At a strategic level, each is required to move through the maturity model. Understanding the role that each discipline plays, depending on the initiative that is been undertaken, is key to determining the upside potential and the level of risk to which the project is exposed. A CRM project that is laid over organizational, process and technology infrastructure that is still in the product or channel stage will invariably be expensive and risky. Even when successfully implemented, these initiatives rarely see return on investment beyond simple productivity lift. (Goldberg, I. Barry,2001)

**5.9.2 Implementing CRM: Fully Integrated or Best-of-Breed**

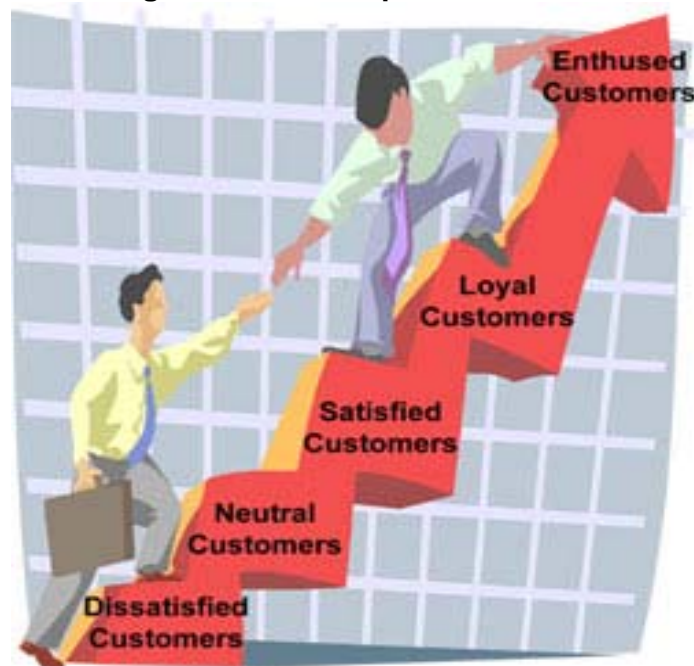
Tony Emmerton, (2001), suggests that when choosing a new CRM solution, management must ask themselves whether they go with a fully integrated CRM package or do they choose best-of-breed components that fit each functional requirement but must be integrated with each other.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

Tony Emmerton, suggests first to define What is CRM? According to him, Customer Relationship Management (CRM) is comprised of complementary layers:

- It's a philosophy of caring for and nurturing your customers.
- It's the organization and roles that deliver fulfilment of customer needs.
- It's a strategy for growth based on predicting and fulfilling customer needs.
- It's a set of best-practice business processes that support the strategy.
- It's the dialog and behaviour of all of your customer-facing personnel.
- It's a support application within the information systems infrastructure.
- It's the channels and information technologies that enable customer communications.
- It's the enterprise-wide information and data that provide you with the knowledge of the habits, preferences, and concerns of your customers.

**Figure 10. Five Steps for Growth**



Source: [www.destinationCRM.com](http://www.destinationCRM.com) (2001)

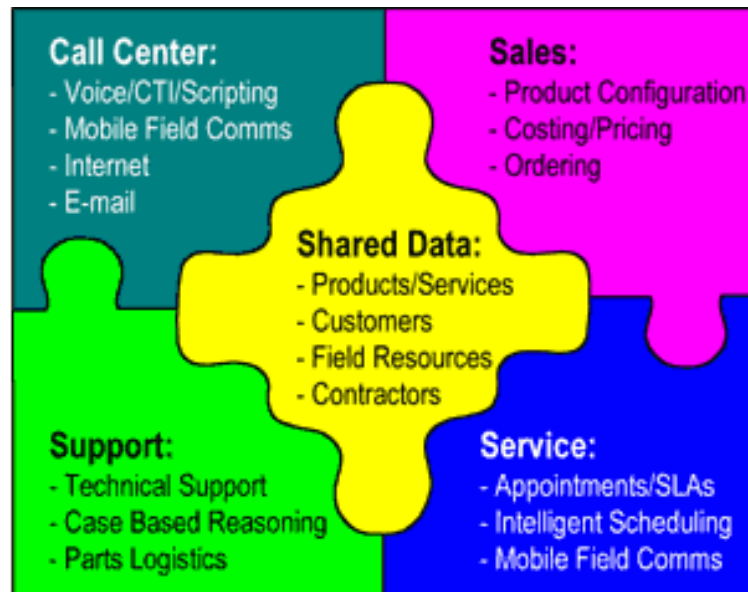
When these components are successfully combined in a business operation, great synergy is introduced into the management of customer relationships. As depicted in Figure 10, the end result is the progression through a series of

steps that leads to enhanced customer enthusiasm for the enterprise, products, and services. This, in turn, brings increased sales and profitability.

### **5.9.3 CRM: Integrated or Best of Breed?**

According to Tony Emmerton, (2001), if the organisation has an unlimited budget for a CRM solution, how would it spend? On the 'best software suite available' from a single vendor, or on 'best-of-breed applications' from multiple vendors that it would integrate to form one CRM support system. The scope of these choices across departments including the call centre, sales, support, and service is indicated in Figure 11.

Figure 11. CRM: Best-of-Breed



Source: [www.destinationCRM.com](http://www.destinationCRM.com) (2001)

Tony Emmerton, (2001) suggests to first review the strengths and weaknesses of the single CRM application as summarized in Table 14, below (note that for each strength identified, the corresponding weakness is indicated).

**Table: 14 “Single CRM Application”**

<b>Strength</b>	<b>Weakness</b>
Simplicity of choice	Standard solution across the business
Fully integrated	Lack of modular flexibility/upgrades
Single vendor	Lack of specialist expertise
Out-of-the-box CRM functionality	Difficult to change/customize
Assumes standard processes	Not necessarily best-practice processes
Mobile communications technology	Locked into communications vendor/products
Incorporates rules-based scheduling	Inefficient service schedules

The issue here seems to be that one size does not fit all enterprises, in that out-of-the-box functionality does not fulfil their strategic needs or business operations. Looking at the challenge of integrating disparate, but best-of-breed applications as summarized in Table 15.

**Table: 15 “Integrating Best-of-Breed Solutions”**

<b>Strength</b>	<b>Weakness</b>
"Best fit" for all customer service functions	Time to evaluate/select
Modules can change with the business	Time to upgrade
Multiple, specialist vendors	Time to evaluate/select
Business mapping enables best practices	Time to map processes
Standard interfaces (APIs) available	Time to integrate
Choice of communications channels	Time to evaluate/select
Can integrate intelligent scheduling	Time to integrate

The key issues here are the time and cost related to selecting and integrating best-of-breed solutions versus the relatively poor fit and inflexibility of single CRM applications. More subtle weaknesses are the key risks involved in trying to force an out-of-the box CRM application into the business, together with the missed opportunities for introducing best-practice processes and lower-cost service delivery schedules.

U.S. based publisher DestinationCRM.com recently conducted a poll on their Web site, which produced results that are surprising. They asked those polled

to assume an unlimited budget for CRM, figuring that a vast majority of respondents would eschew the complexity of tying together various pieces of software for the relative ease of architecting a solution with software from one vendor whose separate parts all speak the same language. Matt Purdue, director of content, reported the following results:

- 42% were in favour of integrating best-of-breed applications.
- 38% opted for a single CRM package.
- 20% responded with "don't know" or chose "other solution."

These results suggested a very important conclusion to Matt. "No CRM vendor has yet developed a solution that fits the diverse requirements of a 21st century enterprise," he commented. "Despite the vendors' best attempts at throwing around buzzwords like end-to-end and fully integrated, many of our respondents cannot find or do not want such a solution."

Matt's Internet poll, although not a fully scientific survey did indicate results that are consistent with the findings and conclusions discussed on the European seminar and conference circuits (i.e., integrating best-of-breed CRM components can fit businesses better than implementing single CRM applications). (Emmerton, T., 2001).

### **5.10 Recognise that CRM Is a Change Effort**

Enterprise-wide CRM can be all encompassing, consisting of people, processes and technology. Few companies are recognized for outstanding customer relationship management, as the road to CRM success is a long one. Successful companies view the path to CRM as an evolution and are willing to make mistakes, learn from them, and regroup to get closer to the goal. Treat CRM as a change effort, gain sponsorship of company leaders,

#### **Critical Success Factor [Table 16]**

- Win Executive Sponsorship.
- Executive Sponsorship Is Key.
- CRM – An Evolution Process
- Measure, Measure, Measure.
- Treat CRM As A Change Effort. Gain Sponsorship Of Company Leaders, Establish Success Measures, Recognize And Reward Successes, And Establish Processes To Ensure Continuous Improvement..
- Create the Right Environment.
- Integration Is The Watchword.
- Have A Cross-Functional Perspective On What Is Needed To Change To A Customer Centric Organization.

establish success measures, recognize and reward successes, and establish processes to ensure continuous improvement. Allocate dedicated resources toward managing change and maintaining momentum for CRM efforts and the management will be much more likely to achieve success. (Eberhardt, C., "D7 Consulting LLC", 2001)

#### **5.10.1 CRM Works Only If Right Environment is Created.**

To implement CRM successfully, management have to reorganize their customers and change their organisational mindset. The complexity of modern business and the need for quick responses to changing conditions don't allow employees to go through channels anymore. But many companies have a hard time combining information, action and interpretation across old structural boundaries. Often, the result is decisions so untimely as to be irrelevant, no matter how technically correct they are.

When CRM works, it helps to solve this problem by meshing everyone together and focusing the entire organization on the customer. Often, people are forced to cross old organizational boundaries and to deal with others they barely knew before, collaborating to make decisions that affect the customer.

But William F. Brendler, (2001), strongly suggests that, if this process of integrating employees around the customer is not done well by the leaders of the organisation, the results can be explosive. Ideally, of course, the organisations are already integrated around the customers and are seeing the advantages of working in cross-functional teams. If not, CRM will force those issues in ways that previous waves of business change, like Total Quality Management (TQM) and reengineering, never did. TQM and reengineering won't shut the business down, but losing customers will.

The new customer challenges demand dramatic changes in how organisations are organized. To ensure CRM is successful, integration is the watchword. And for some, this will require a large leap of faith. Barring the CEO, managers often don't have a cross-functional perspective on what is needed to change to a customer centric organization. The fact is that, many

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

managers are comfortable in their traditional, functional silos. Most were trained as functional specialists. In addition to that, many management systems further encourage and reinforce this functional specialization.

This traditional, functional view optimises individual functions at the expense of customers and the whole business. This narrow scope, to which so many want to cling, leads decision-makers to attack symptoms in one function but miss the causes rooted in another. This happens all the time in the silos-- sales, marketing and customer service. Making CRM work often depends on the managements openness to change and their determination to reorganize teams around their customers. Today's losers are internally focused, functionally managed and management-centred. (Brendler, William F., 2001).



## **6 Conclusion and Recommendations**

### **6.1 Embarking On A Successful CRM Implementation**

The beauty of true CRM is the promise that companies can now undertake business with the right hand knowing what the left hand is doing; serving the customer on his/her terms using complete and meaningful information.

Clearly, embarking on a successful CRM implementation requires a great deal of research, documentation, planning, and evaluation. The idea, that successful customer relationship management is a journey and not a destination, cannot be emphasised enough. Organisations need to be constantly aware of their environment, the competition and their changing customers' needs and wants. Without this awareness and constant attention to detail, complacency will set in and that can be the beginning of a dangerous, downward spiral.

Spending on customer relationship management (CRM) will soar from \$23 billion in 2000 to \$76.3 billion in 2005. This estimate from Gartner assumes that clients committed to CRM will be successful in reaping the greatest returns on their investments. To achieve these elevated returns, companies implementing CRM will have to view their markets as consisting of buyers with differing needs, economics and propensities to try new products and services. Cost-effective and profitable CRM, whether in B2B or B2C, is linked to an in-depth understanding of each customer's motivations. Knowing why targets want a product or service and the meaning it has for them enables companies to target only receptive customers in their databases.

### **6.2 Technology Initiative**

This report makes it clear that CRM is in fact about creating value for customers. CRM itself is a not a technology, no doubt technology is required to enable CRM. Technology makes it possible to integrate the large volumes

of customer information that are required for CRM, and to efficiently transform this information into useful knowledge. Technology also enables a company to interact with its customers in ways that provide value to the customer, as well as make it easier for the customer to do business with them.

However, leveraging this customer knowledge to make better business decisions and to be responsive to customers remains the responsibility of individual managers and workers at all levels within the company. Technology alone, however, cannot address the business issues presented by customer relationship management. Technology is simply an enabler that requires direction and implementation. The direction for CRM is strategy. The implementation of that strategy is the responsibility of the individuals who work for the organisation.

### **6.3 Clear Understanding of CRM & Leadership**

It can therefore be summarised that CRM failure is not a failure of technology (the technology is often extremely good and is certainly usually highly enticing), but as a failure to meet expectations. This failure typically results from expectations not being fully understood. The failure to understand realistic expectations from investment in CRM can all too readily result from a focus upon short-term gain and timidity of approach. Such timidity may well be the result of that lack of clear understanding leading to leadership of CRM initiatives being dispersed within areas of the organisation who either do not have the political mandate to enforce change across the business, or who see CRM success or failure narrowly defined by the short term impact on their budget.

The primary factor in the avoidance of CRM failure would seem to be a clear focus within the entire executive team about what the CRM vision is, the executive willingness to mandate change across the entire organisation, and the clear understanding that CRM is something that companies have to be in for the long haul.

#### **6.4 Synergistic Integration Of The Strategy, People And Technology**

A profitable CRM program however focuses on targeting qualified segments with differing motivational needs determined by an attitudinal segmentation study. Such a study explores not only buyers' motivations, but optimally ties them to behaviours and demographics, media and Internet usage, as well as other sources of information. Together, all of these critical insights concerning potential buyers gathered from one study provide the most actionable profile of the most profitable buyer.

Therefore effective Customer Relationship Management requires a synergistic integration of the strategy, people and technology of an organisation. This integration leads to the creation of business processes that seek to develop an ongoing dialogue (relationship) with customers and result in the creation of an exchange relationship that is mutually valuable for both the organization and the customer.

The benefits of customer relationship management are considered to be that it allows organisations not only to retain customers, but enables more effective marketing, creates intelligent opportunities for cross selling and opens up the possibility of the rapid introduction of new brands and products. To be able to deliver these benefits, organisations must however be able to customise their product offering, optimise price, integrate products and services and deliver on the service promise demanded by the customer base. Moreover, it should also be recognised that these competencies are all interlinked. Customising products and services alone will not provide the benefits. Linking it with the integration of delivery mechanisms will enable cross-selling opportunities and reduce the time to market of new products and services.

The advantages of developing a relationship with customers are exponential in nature. A complete customer relationship development strategy creates a positive wave effect, namely:

- Customer acquisition strategy that is targeted and based on understanding and mutual value.
- Customer retention strategy aimed at raising levels of customer satisfaction
- Customer satisfaction with the organisation that leads to customer loyalty
- Customer loyalty leading to greater share of the customer, lower customer development costs, referral business and customer partnering in new product or service development

This synergy created by relationship development leads to mutual profitability for both the organisation and the consumer. Then, finally, organisation gains the full benefit of what is described as the cheapest, most effective advertising an organisation can buy – **word of mouth**. These are the unsolicited testimonials with which Customers reward those with whom they are wholly content, those who get it right, leaving them actively satisfied. So supremely happy they want to tell the world about the company/organisation.

## **6.5 Recommendations**

Following on from the discussion and the case studies presented in this report the following is **suggested and recommended**:

- **Leadership** plays key role for successful implementation of CRM within any type of organisation. It is very important to **Win the commitment of the board of directors**, totally dedicated, “hearts-and-minds” commitment is required which needs to be extended downwards and across all customer service and project personnel, for CRM to be successful.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

- Its is important to **Chose best-of-breed applications and integrate them**, this will provide the best fit to the operational vision and business requirements that will also allow the introduction of best-practice process and will provide a more flexible, modular infrastructure that can change as the business grows.
- Processes and workflows should be **Re-engineered and streamlined** to eliminate extraneous activities and unnecessary checks. This ensures that communications and transactions keep moving. It is also important to identify where the real “pain” and root causes of problem are in the current operations and eliminate them.
- It is important to **consider the service personnel** during the process of implementation. It’s important to ensure that the call centre technologies, scripting, and support applications are friendly and easy to use (user-intuitive). It is also recommended to **use joint project teams** by structuring the CRM projects and staffing them using their own personnel in addition to vendor resources, bringing more synergy in to the project, and own personnel would learn new skills from these “outside” specialists.
- It is strongly recommended to **Pilot the CRM solution before its full implementation**. Reviewing the pilot process helps to detect any flaws or service problems, monitoring service performance, tuning the CRM applications, measuring the business benefits, and following up with a continuous improvement programme, that will contribute in maintaining a competitive edge.

In addition to above recommendations, Bruyns, T. (2001) suggests few interesting Do’s & Don’ts for implementing CRM (Table 17).

However, no matter where the organization begins its CRM journey, the benefits will start from day one, whether they are in the form of profits, decreased costs, higher staff morale or greater brand equity.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
*A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL*

By understanding how all of these dimensions work together, companies can prospect more effectively, position their offerings more relevantly and ultimately sell more. When CRM is seen as something companies do, rather than something companies implement, it becomes core to the business, and not a line in the IT budget. That is when CRM success flows.

**Table: 17 “The Do’s and Don'ts of CRM”**

There's an explosion of interest in Customer Relationship Management - identifying, satisfying, retaining and maximising the value of a company's best customers - but implementing it poorly could be a costly mistake. Computer Sciences Corporation's (CSC) CRM expert in South Africa, Tonia Bruyns, (2001) spells out some do's and don'ts, based on a CSC study tour.

Do:

- ❑ Treat CRM as a business strategy to become more customer-centric. The commercial rationale is that by delivering value to selected customers, companies can maximise their customers' profitability to them.
- ❑ It is necessary to understand what customer's value when developing the strategy. CRM is about extracting value by delivering value to customers.
- ❑ Your customer strategy and business needs to be flexible to what customers want; these needs will be uncovered over time as you implement your CRM strategy.
- ❑ CRM is most effective when implemented at an enterprise level, where the relationship can be built at every point of contact. Companies need to be bold to reap the potential rewards of enterprise-wide CRM. Point solutions can add value, but a co-ordinated solution across business units offers greater benefit from a customer and company perspective.
- ❑ The whole organisation needs to understand the benefits of CRM and why it is important, and commit to implement it. Almost all CRM commentaries warn companies not to see CRM as just a technology solution. However, technology is a key enabler for implementing a CRM strategy.
- ❑ Build a strong business case for CRM. It is most important to define the benefits you expect to achieve upfront, and ensure that measurement systems are developed to track your performance.
- ❑ Focus more on revenue growth when developing business cases, and less on cost savings.
- ❑ Treat CRM as a long-term journey during which you can learn about how to serve your profitable (and potentially profitable) customers better.

Don't:

- ❑ See CRM as an IT project. Most technology-led CRM projects focus on back-office re-engineering and improving efficiencies, whereas CRM requires an improvement in organisational effectiveness.
- ❑ See CRM as a marketing initiative. Marketing CRM initiatives tend not to realise the "learn and do" requirement of CRM that needs to permeate the entire organisation. CRM is not just about selling more for less.
- ❑ See CRM as a financial initiative. Financial models often fail to consider the benefits of referrals

## Bibliography

### Books

1. Greenberg, P. (2001)  
CRM at the Speed of Light: Capturing and Keeping Customers  
in Internet Real Time  
Osborne McGraw-Hill
2. Gosney, J. W. and Boehm, T. P. (2001)  
Customer Relationship Management Essentials  
Prima Publishing
3. Bv, S. E. (2001)  
Customer Relationship Management: The Ultimate Guide to the  
Efficient Use of CRM  
Friedrick Vieweg & Son
4. Barnes, J. G. (2000)  
Secrets of Customer Relationship Management: Its All About  
How You Make Them Feel  
McGraw-Hill Professional Publishing
5. Lee, D. (2000)  
Self-guided CRM  
High-Yield Marketing Press
6. Lee, D. (2000)  
The Customer Relationship Management Survival Guide  
High-Yield Marketing Press

### **WEB Source**

**DestinationCRM** (URL: <http://www.destinationcrm.com>)

7. Eberhardt, C. (2001) A CRM Starter Pack: Strategic Steps to Success,  
D7 Consulting LLC, June.
8. Dickie, J. (1999) A Mini Crash Course in CRM Best Practices, Jul.
9. Fadia, A. (2001) Eight Steps to Developing a CRM Roadmap, Oct.
10. Foran, T. L. (2001) A Structured Approach to Retail CRM, Apr.
11. Dickie, J. (2000) How Do I Cost-Justify This Stuff? Sep.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
***A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL***

12. Trailer, B. (2000) How to Evaluate CRM Consultants, Apr.
13. Lee, D. (2001) CRM as a Sequential Four-Step Process, Oct.
14. Brendler, W. F. (2001) People and Processes Make CRM Work, Apr.
15. Bell, S. (2000) Rapp: A CRM Strategy Beyond Technology, Dec.
16. Lee, D. (2001) It's the People, Stupid!, Feb.
17. Brendler, W. F. (2001) CRM Requires a New Management Mindset, Jan.
18. Goldberg, I. B. (2001) Part One: Integrating Customers into Enterprise Strategy, Apr.
19. Chapman, D. J. (2001) Distinguishing How You Service Accounts, Apr.
20. Britt, P. J. (2000) CRM Analytics in Action, July.
21. Dickie, J. (2000) High Tech or High Touch? Automation or Augmentation? Ask the Customer!, Feb.
22. Bibb, R, and Gehm, E. (2001) The 360-Degree View, June.
23. Cooper, G. K. (2000) The SCORE Methodology Measures Your CRM Implementation, Oct.
24. Cotter, M. (1999) The Importance of an Earnest Implementation, Sep.
25. Dickie, J. (2001) Great CRM Hinges on Great Business Processes, Oct.
26. Brendler, W. (2000) Getting CEOs Onboard With Your Customers, Nov.
27. Rodgers, K. (2000) Research Reveals Reasons for Lost Loyalty, Aug.
28. Gaeta, J. (2000) The Price Is Right, Sep.
29. Dickie, J. (2001) Five Predictions for CRM Sales Tools, Feb.
30. Pollard, L. (2001) Why We Can't Implement What We Don't Understand, June.
31. Petersen, G. (1999) The CEO and CRM: Only Leaders Need Apply , Oct.
32. Wheeler, J. et al (1999) Making Change, Nov.
33. Dickie, J. (2000) Selling CRM Inside Your Company, July.
34. Dickie, J. (2000) Standing on All Fours, Nov.
35. McWhirter, D. (1999) If It Ain't Brook, Oct.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION  
A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

36. Arnold, D. et al (2000) The Customer Interaction Center Advantage  
Dec.
37. Arnold, D. et al (2001) The Customer Interaction Center Advantage  
Dec.
38. Compton, J (2000) Cisco Connecting Channels, Sep.
39. Anderson, B. (2000) The Insurance Industry: A New Customer Policy,  
Oct.
40. Feldstein, M. A. (2000) Syncing In, June.
41. Dickie, J. (2001) Motivating Your Sales Force to Accept CRM, Mar.
42. Collins, J. (2000) Selling IT Investments to the Board, Aug.
43. Costello, D. (2000) The Well-accessorized Sales Manager, Oct.
44. Yarmoff, L. B. (2000) Learning Lessons from CRM Failures, Sep.
45. Brendler, W. (2000) Defining Your Company's CRM Rules of  
Engagement, Dec.
46. Dickie, J. (2000) Great CRM Hinges on Great Business Processes,  
Aug.
47. Krueger, M. et al (1999) E-Lectrifying Customer Relationships, Sep.
48. Goldberg, I. B. (2001) Part Two: Migrating to a Customer-Centric  
Model, Mar.
49. Emmerton, T. (2001) Implementing CRM: Fully Integrated or Best-of-  
Breed?, May.
50. Sherman, L. (2000) Is it Time to Jump on the ASP Bandwagon?, June.
51. Dickie, J. (2001) Evaluating CRM Solutions: What to Consider, June.
52. Fitzgerald, K. (2001) CRM and Field Service: The Untapped  
Connection, Mar.
53. Brendlye, W. F. (2001) CRM Works--Only If You Create the Right  
Environment, Mar.

**CRM-Forum (URL: <http://www.crm-forum.com>)**

54. Frawley, A.(1999) 1-to-1 Marketing for Masses, Mar.
55. Auro consulting (2001) 49% of contact centres failed to 'Call Me Now',  
July.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION  
A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

56. Smith, J.D. (2000) A fast track recipe to providing IP networks with Cti services, Nov.
57. Mohammad, I.S. (2000) A Methodology for integrating CRM Applications With Legacy Systems, Dec.
58. Robinson, J.F. (2000) A step-by-step guide to successful CRM, Dec.
59. Peel, A. Et al (2001) A Moving target: Valuable experience from early CRM adapter, Oct.
60. Sue, P. et al (2001) A strategic Framework for CRM, Mar.
61. Keycash.com, (2000) ASP Model Issues and Solving them via hybrid Client/servers plus ASP approach, Sep.
62. Meltzer, M. (2001) Are you customers profitable?, Mar.
63. IBM NUMA-Q (2000) Arriving at the upside of Uptime, Apr.
64. Birkhead, B.G. (1999) Behavioural Segmentation system: A Perspective, Jan.
65. Frazier, R. (2001) Avoiding a CRM Backlash, Oct.
66. Teerlink, M. (1999) Beyond Consumerism: Know your customers' needs, before they do, Jul.
67. Brewer, M. (2000) Building a customer Service Brand, Nov.
68. Blue, H. et al (1999), CRM – Hot topic or hot air?, Sep.
69. Goldenberg, B. (1999) CRM – What Is It All About?, Nov.
70. Bordoloi, C. (2000) CRM Projects: A Framework for Success, Aug.
71. CRM Partners, LLC (2001), CRM and the Brand, Aug.
72. Meltzer, M. (2001) CRM in the Age of 'E': ALM with CRM improves the bottom line, Jan.

**CRM-Guru (URL: <http://www.crmguru.com>)**

73. Sims, D. (2000) What is CRM?, March.
74. Lee, D. (2001) Why climb the CRM mountain?, Aug.
75. Fung, M. L. (2001) Measuring the Value of CRM, Aug.
76. Sims, D. (2001) E-Service: Keeping the Ugly Suckers Off Your Carpet, Aug.
77. Brendler, W. F., PhD, (2001) The Human Dimension of CRM: the Key to Success or Failure, Aug.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION**  
***A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL***

- 78.** Cusack, M, (2001) The Role of CRM in the Call Center, Aug.
- 79.** Eechambadi, N. (2001) CRM and Marketing Automation, Aug.
- 80.** Curry, J. (2001) Keys to CRM Success for Small- and Medium-Size Enterprises, Aug.
- 81.** Chang, J. (2001) The Basics of CRM Technology, Aug.
- 82.** Thompson, B. (2001) Partner Relationship Management: Bringing Indirect Channels into CRM, Aug.
- 83.** Barnes, J. (2001) Build Value for Customers To Create Lasting Relationships, Aug.

**BetterManagement** (URL: <http://www.bettermanagement.com>)

- 84.** Cokins, G. (2001) Are All of Your Customers Profitable (To You)? “ABC Technologies”.
- 85.** Silvon Software (2001) Tapping in to Website Data.
- 86.** Silvon Software (2001) Debunking the CRM Myth.
- 87.** Imhoff, C., Loftis, L. and Geiger, J. (2001) The Customer Becomes the Center of the Business Universe.
- 88.** Calif, (2001) A North American Snapshot: Customer Relationship Management, June.
- 89.** Calif, (2001) Aeroprise and Remedy Bring the Power of Wireless Workflow Management to Employees for Help Desk Applications, July.
- 90.** AMR Reseach (2001) AMR Research Unveils Enterprise Commerce Management Provides Blueprint for the Next Generation of Inter-Enterprise Systems.
- 91.** Business Wire (2001) Asset Management in a Down Market: Know Thy Customer, Aug.
- 92.** Ore, B. (2001) BetterManagement LIVE, ABC Technologies 11th Annual Conference Continues as Planned, Oct.
- 93.** Ore, B. (2001) BetterManagement.com Adds New Resource Center: Sales & Marketing Analytics.
- 94.** Chase, P. R. (2001) Beyond CRM: The Critical Path to Successful Demand Chain Management.

**CUSTOMER REALTIONSHIP MANAGEMENT (CRM) IMPLEMENTATION  
A BEST PRACTICES PERSPECTIVE AND A PROPOSED MODEL**

95. Cokins, G. (2001) Customer Relationship Management: The Missing Piece of Information.

**Better Management TV** (URL: <http://www.bettermanagement.com>)

96. Wisbach, H. (2001) Key Steps to Successful Customer Relationship Management. (Video)

**Better Management Audio** (URL: <http://www.bettermanagement.com>)

97. Cokins, G. (2001) "ABC and ABM and how it works with performance measurement systems. Part 1 to 4"

98. Raab, T. (2001) Brick and Mortar Organizations: The Value of Accurately Profiling Customers.

99. Ladley, J. (2001) Applying Knowledge Logistics, Part 3 of 4.

100. Mullane, S. (2001) Are You Targeting the Right Customers? Part 1 to 2

101. Imhoff, C., Ph.D, (2001) What are the types of Business Intelligence applications typically used in CRM? Part 2 of 6.

102. Imhoff, C., Ph.D, (2001) Where do the new CRM technologies fit in? Part 4 of 6.

**PWC** (URL: <http://www.pricewaterhousecoopers.com>)

103. Douglas, W. (2001) Customer Life Time Value

**Cognos** (URL: <http://www.cognos.com>)

104. Cognos.com (2001) Case Study: Mercedes Benz Customer Assistance Center

105. Improved Customer Relationship Management Garners ABN AMRO Bank N.V. Greater Profitability Among Existing Client Base (2001)

**CIO** (URL: <http://www.cio.com>)

106. Surmacz, J. (2001) Customer Know Best.

**SearchCRM** (URL: <http://www.searchcrm.com>)

- 107. Smalley, C. P. (2000) CRM management planning: Key to success, Sep.
- 108. Campbell, C. M. (2001) Publishers need CRM, too, Apr.
- 109. Campbell, C. M. (2001) Planning for a CRM initiative, Apr.
- 110. Campbell, C. M. (2001) Reviewing the state of the CRM marketplace, March.
- 111. Campbell, C. M. (2001) Energizing your CRM solution hosting services portfolio, Nov.

**Knowledge@Wharton** (URL: <http://knowledge.wharton.upenn.edu>)

- 112. [Knowledge@Wharton](http://knowledge.wharton.upenn.edu) (2001) Clicking With Customers: New Challenges in Online Conversion.
- 113. [Knowledge@Wharton](http://knowledge.wharton.upenn.edu) (2001) Are You 90% Sure You'll Hit That Target? Check Out Your Knowledge Calibration.
- 114. Murthy, N. R. N. (2001) Infosys' Murthy: Sharing a "Simple Yet Powerful Vision", May.
- 115. [Knowledge@Wharton](http://knowledge.wharton.upenn.edu) (2001) Making Customer Relationship Management Work.

**CRM Daily** (URL: <http://www.crmdaily.com>)

- 116. Morphy, E. (2001) Integrating CRM: The Myth of Seamlessness, Oct.
- 117. Hill, K. (2001) Customer Self-Service: Simple Idea, Complex Execution, Oct.

**IT Toolbox** (URL: <http://www.ittoolbox.com>)

- 118. Sablosky, C. (1999) Customer Relationship Management ScoreCard, Dec.
- 119. Meltzer, M. (2001) Segment Your Customers Based on Profitability, March.
- 120. Poulaos, N. (2000) How to identify your Ideal Customer (and beat everyone else to the punch), Aug.

**Information Week** (URL: <http://www.informationweek.com>)

121. Whiting, R. (2000) Best ways to serve customers, Dec.

**Intelligent Enterprise** (URL: [www.intelligententerprise.com](http://www.intelligententerprise.com))

122. Reddy, R. (2000) Herding Cats Across the Supply Chain, Sep.

**Accenture** (URL: <http://www.accenture.com>)

123. Lynch, P. D. (2001) Click, convert and continue: Winning customers online
124. Dull, S. F. (2001) Customer Relationship Management: A breed apart.

**Intelligent CRM** (URL: [www.intelligentcrm.com](http://www.intelligentcrm.com))

125. Smith, M. (2001) Branding the Customer Experience, Oct.
126. Emery, P. (2001) Customer First, Quarter 3.
127. Butler, D. (2001) Wireless E-CRM, Sep.
128. Adams, K. C. (2001) Customer Content, July
129. Silverman, R. (2001) CRM Dichotomies, May.

**HBS Working Knowledge** (URL: <http://www.hbsworkingknowledge.hbs.edu/>)

130. Stark, M. and Lagace, M. (2001) How Customer Support Puts You Ahead of the E-Commerce Game.
131. Wathieu, L. and Zoglio, M. (2001) Let Customers Call the Shots.

**Cutter Consortium** (URL: <http://www.cutter.com/consortium/bia/index.html>)

132. (2001) HIBERNIA BANK TESTING ATM CRM SYSTEM, Jan.

**White Papers**

133. Cokins, G. "ABC Technologies" Are All of Your Customers Profitable (To You)? ([www.bettermanagement.com](http://www.bettermanagement.com))

- 134.** Independent Reviews of CRM Technology  
March 2001, ([www.crmguru.com](http://www.crmguru.com))
- 135.** THE CUSTOMER RELATIONSHIP MANAGEMENT PRIMER:  
“WHAT YOU NEED TO KNOW TO GET STARTED WITH CRM”  
January, 2001, ([www.crmguru.com](http://www.crmguru.com))
- 136.** Top Trends for 2001, Vol 4.09,  
Mar 1, 2001, ([www.crmguru.com](http://www.crmguru.com))
- 137.** A Philosophical Look at CRM, Vol. 4.03.  
Jan 18, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 138.** CRM Evaluation, Digest #29  
Jun 21, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 139.** Seeing Green, Vol. 4.10  
Mar 15, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 140.** Distinguishing Success from Failure, Digest #140  
Oct 23, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 141.** CRM in Nonprofits, Digest #30  
Jun 28, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 142.** Patient Lifetime Value, Digest #124  
May 29, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 143.** From CRM to EmployeeRM, Vol. 4.04  
Jan 25, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 144.** Top 10 CRM Predictions for 2001, Vol. 4.01  
Jan 4, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 145.** What Is a CRM Strategy?, Digest #135  
Sep 11, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 146.** Origin of CRM, Digest #110  
February 6, 2001, ([www.crmguru.com](http://www.crmguru.com))
- 147.** Short-Term Profits and CRM, Digest #119  
April 17, 2001 ([www.crmguru.com](http://www.crmguru.com))
- 148.** CRM Implementations, Digest #102  
December 5, 2000 ([www.crmguru.com](http://www.crmguru.com))