



People. Process. Progress.™

A newsletter of ideas, comment, and dialogue.

# TSI Info Source

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## Welcome Back...

... to TSI Info Source. Well, 2001 has been anything but dull so far. Sagging earnings, reduced market confidence, increased customer demands, what's a company to do? Well, according to many software vendors and research experts, you should upgrade your systems with new, flexible packages that tie your customer data together, and, voila, you'll be on your way to fattening the bottom line. But is that really all it takes?

In this issue, TSI looks critically at what it takes to make Customer Relationship Management (CRM) work. Specifically, you must start by thinking strategically about your customers and your business. With that strategy in mind, this article provides a technique to help you look at the process gaps in your organization and, with the customer in mind, start addressing those gaps. It's at that point that you can look at the software tools that will give you the greatest lift. CRM is definitely more than software!!

As always, we welcome your feedback. If you would like to share your thoughts or have any questions, feel free to send us an e-mail at [info@transforming.com](mailto:info@transforming.com).

- The Editors

## More Than Software: Making CRM Work

- Authored By Christopher Walsh – Partner, TSI. ([www.transforming.com](http://www.transforming.com))

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Who hasn't seen or heard about the ultimate CRM solutions being offered by software vendors today?

- Modular systems designed to support rapid customization for your business needs;
- Analytic engines that allow you to "slice and dice" market data a million different ways for any number of your customers;
- Web phone, real-time video and other advanced interfaces that offer your customers new ways to ask questions and/or request service.

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All of these capabilities are enticing, fascinating, and, in some cases, somewhat scary opportunities for you to build a stronger bond with your existing customers. It's important to remember that technology alone is not the silver bullet. True success is created when you apply the best technology that enables the best processes that are executed by the best people.

### It's All About Change

As the saying goes, "If you always do what you've always done, you'll continue to get what you've always gotten." If your CRM efforts focus solely on applying technology to what you do today, you may get work done faster or be able to get more of the same. On the other hand, maybe you won't even get that benefit.

A recent study presented by the Gartner Group identified that in 32 percent of sales technology projects, little or no use was made of the new technology 12 months after deployment. (Top 10 Trends in CRM for 2001, November 21, 2000)

Think of that. Almost one-third of all CRM initiatives fail to make an impact or produce measureable results. The key to your CRM efforts is to identify how your customers want you to relate with them, adapt your organization to support those goals and then apply the right technology that supports those efforts.

### It's an Attitude of Focusing on the Customer

Without establishing a black-or-white definition, CRM is rooted in an organizational philosophy and business strategy that says something like "I want to get closer to each of my customers, deliver value to them now and proactively adapt to their needs." Think of the small-town butcher shop or local grocery store. These businesses understand the needs of their customers and develop close relationships to sustain that business. They don't focus on technology; they focus on customer service, on their process. You should consider the following questions long before you start making any software purchases:

- ◆ How well defined is my CRM strategy?
- ◆ How does it set my business apart from my competition?
- ◆ How will my business evolve to continue to satisfy existing customers and attract new ones?
- ◆ How will my processes and technology change to support my goals?

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### Identifying Your Process Gaps

Once you've defined an initial CRM strategy, whether you are pursuing comprehensive change or addressing targeted issues, you'll want to determine where and how to make improvements. One of the best ways to approach this is to conduct a process gap analysis for each functional area, whether it's customer service, sales or marketing. A process gap exists whenever there is a difference between what a customer expects to receive and what that customer actually gets. This approach will help you look at the interaction between departments within your organization as well as how you relate with your external customer.

Beginning at a high level for each area, ask yourself the following questions about what's being delivered:

- ◆ Who are my customers? Who else do I want as customers?
- ◆ What do they expect? (This might include current known expectations as well as additional near-term needs.)
- ◆ What are they currently receiving from us in terms of service quality, customer support, etc.?
- ◆ What gaps exist between their expectations and what they are getting? Which of these gaps are most important?
- ◆ What processes contribute to these gaps?
- ◆ What internal factors contribute to the gaps seen by my customers? (For example, what could sales do better that would help customer service deal with a new customer? Or, how well do sales and marketing work together when offering new products/services or targeting new customers?)
- ◆ What feedback (solicited or unsolicited) am I receiving from the customer?
- ◆ What type of notification and expectation setting am I sharing with my customer?
- ◆ What communication about my customers is being shared across departments?

### Improving Your Processes, Improving the Customer Life Cycle

Once you've gone through this analysis, you'll have plenty of information, but you're still at a high level in terms of understanding the problems. Start breaking down your gaps to identify the detailed process steps that contribute to your disconnects. Obviously, the greater the gap, the more opportunity there is to make improvements.

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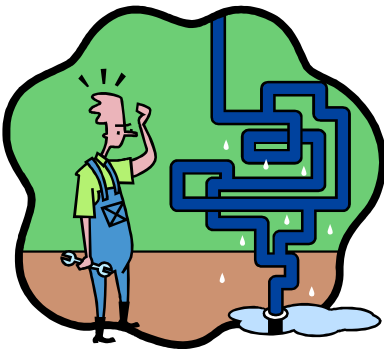
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There are many factors to consider while analyzing and improving your processes. (Please refer to TSI's newsletter archives, [www.transforming.com/archives.html](http://www.transforming.com/archives.html), for specific tips in this area.) For now, here are a few "headline reminders":

- ◆ Drive out the root causes. Make sure you first look at how things are done today rather than rushing to address your gaps. A thorough but managed analysis of your current process will set the stage for why improvements are necessary and help prepare for the cultural aspects of process change.
- ◆ Get and keep the right people involved. You'll want to avoid the ivory tower syndrome by leveraging the knowledge of those in the trenches. Make sure you include an outside perspective by involving the customer or other outside parties.
- ◆ Be specific and action oriented. As your improvements are identified, make sure that you have identified a delivery date and have assigned an owner who is empowered to make these actions happen.

It's important to prioritize your improvement efforts in the right way. Remember that the key objective for your CRM efforts is to build a stronger bond with your customers. You want to be sure that your efforts increase the "throughput" of your organization as a whole, in order to deliver maximum value to the customer. Balance is important here.



Take the analogy of a water pipe, if you're not maintaining consistent capacity from sales through delivery, you're going to spring a leak or get backed up. For example, if you enhance the customer acquisition process so that you can sign up more customers, you better be well equipped to deliver the goods or services that are expected. Furthermore, if you're not continuing to analyze your customer data and act on what it tells you, then you are missing out on the opportunity to increase that "capacity", improving those relationships and enhancing the bottom line.

### Technology as an Enabler

As you redefine your processes to increase your organization's "throughput", this is the time to consider what software can benefit your business. Use your process

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requirements as the selection criteria for new software. Don't allow the vendor's flashy demo presentation and sales pitch to drive your decision. Share your process requirements with the vendor and get them to show you how their product(s) will fit your needs directly. Given the market trend towards mass customization, you should be able to achieve a good fit with the right product but there will be some give and take. Be sure that you're flexible as well.

As you can see, technology is not a silver bullet for your CRM efforts. CRM is bigger than just software. If you're not evolving your processes as part of your efforts, you're likely to be automating inefficiencies, you're increasing your chances of being part of that 32% of failed projects, and you're not likely to develop closer relationships with your customers.

Chris Walsh ([cwalsh@transforming.com](mailto:cwalsh@transforming.com)) is a partner with TSI (Transforming Solutions Inc.), a process improvement consulting and training firm in Chicago and Denver. Chris and his partners help organizations achieve significant improvements in service quality and delivery and customer satisfaction. Visit us at our website ([www.transforming.com](http://www.transforming.com)).



Chicago Office  
935 West Chestnut Street, Suite 204  
Chicago, Illinois 60622

Denver Office  
7823 East Ellsworth Avenue  
Denver, Colorado 80230

Telephone: 312-492-6400

Facsimile: 312-492-9001

Email: [info@transforming.com](mailto:info@transforming.com)

### ***HOT LINKS (or, more places we like to surf)***

CRM Community - <http://www.crmcommunity.com/> - one of the better sources for CRM viewpoints, online discussion topics and industry news.

Assignment Editor - <http://www.assignmenteditor.com/> - a great general reference site for newspapers, online periodicals, and other interesting links

Chicago Cubs official website - <http://www.cubs.com/> - Think ivy! Think rooftops! Well, at least the Cubs aren't out of the pennant race yet?!

LocalBusiness.com - <http://www.localbusiness.com/> - a network of local business news and e-commerce portals in major cities across the United States