

# Customer Relationship Management - getting back to basics

**Because most CRM implementations fail, companies need to rethink their relationships with customers, says PA Consulting's Ian Murray**

Companies around the world have poured billions of pounds into customer relationship management (CRM) systems and technologies over the past few years, in the hope of forging closer relationships with their customers and generating more sales as a result. But their efforts represent a triumph of hope over experience: according to research group Gartner, over 70 per cent of CRM implementations fail. Undeterred, European companies spent close to £6 billion on CRM last year, but customer satisfaction is falling. Ironically, many CRM initiatives are the cause of the perceived drop in service levels and complaints handling.

We all know about the frustration of being caught in 'voice mail jail' or being passed from pillar to post in a call centre. One of the reasons for the gap between the promise and the experience of CRM is that most companies pay lip service to the idea of customer satisfaction and loyalty while chasing short-term cost and efficiency gains. This has been partly driven by over-enthusiastic software vendors peddling expensive 'off-the-shelf' technology packages, with the effect that the all-important people and process issues that are critical to CRM's success get overlooked. As a result many 'customer relationship management' systems pay scant regard to the customer.

But properly thought-through CRM approaches that are genuinely customer rather than technology-driven can actually help redress the balance. The problem is seldom the vision; it is almost always the execution. Organisations seem to have forgotten that the word relationship implies a mutual exchange of value. What should be the ultimate objective – to create value for the customer (who, in turn, remains loyal and creates value for the organisation) – tends to get hijacked in the pursuit of clever technology solutions which often become an end in themselves. CRM is often characterised by huge IT-enabled change programmes, and such programmes invariably take on a life of their own, are highly complex and risky.

No wonder the customer gets forgotten. The problems with CRM can be broken down into two broad categories – those related to sales and

marketing and those related to servicing the customer. The big allure for sales and marketing people is CRM's ability to gather and analyse customer information, and to use this to sell more to existing customers and find new customers to sell to. However, most people struggle to use this information appropriately, and it is a rare organisation where every point of contact with the customer has access to all the available and up-to-date information on any one customer.

Equally, the information is often turned into a direct marketing campaign that serves to antagonise and alienate customers by calling them at inappropriate times of the day and in an intrusive manner, and by offering them irrelevant products and services. How often have you had a phone call offering to review your mortgage just as you're sitting down to dinner? To be fair to the vendors, it is not necessarily the hardware or software that is at fault; the problem is often one of data management, and how information is used in interactions with customers. And where companies fall down on the service side is in predicating their CRM programmes on automation, process efficiency and reducing cost to serve, rather than on the experience customers receive. The former may be a nice side effect of the latter, but it should be secondary to the customer experience.

Companies can only break free of this impasse if they look at the way they execute their CRM programmes, and bitter experience has taught many CRM pioneers that incremental change is preferable to root and branch upheaval. Incremental change delivers better return on investment because you can learn, measure and adapt your programme as you go along. It also allows you to match the speed of change with the organisation's ability to change, so that change evolves rather than being imposed from on high in a way that puts undue strain on the organisation and the customer's experience. Some of the new emerging technologies, such as Process Frameworks, more readily support this kind of evolutionary change than some of the huge package implementations that have traditionally been associated with CRM.

They allow you to focus on particular aspects of the customer experience – even down to the level of a

single process – so you can prioritise those that are causing you most grief, like bill enquiries or arranging appointments. In addition to technology and processes, the third – and critical – element of successful CRM needs to be a new focus on people and culture, something that many CRM initiatives of recent years have overlooked. Training and developing people in soft skills as well as the practicalities of using new IT and running new processes is vitally important, and the company's reward and remuneration systems must be aligned to the behaviour that customers expect and value.

There are cost implications to having experienced, well-motivated staff dealing with customers, but this is money well spent. As with much else in life, CRM has become over-complicated, and it pays to go back to basics. You may well find that doing the simple things first – keeping your customer experience at the heart of your brand by dealing with them courteously, effectively and by not bombarding them with information that has no value to them, for instance – gets you 70% or 80% of the way there without having to spend much money at all.