

GAUGING CRM EFFORTS

by Sharon L. Wall, Jay T. Akridge and Paul Wang

Customer Relationship Management, or CRM, continues to get attention and still resonates with agribusiness and agri-marketers. One of the reasons — a successful CRM effort requires mastery of a number of elements, all working together, in a business environment that's always changing.

And while these fundamental elements aren't changing, the ways in which firms implement them and equip their organizations to respond always must.

In the Purdue University CRM seminar, "Strategic Customer Relationship Management," agribusiness participants explore a set of important elements as they work to bring clarity to and sharpen the focus of their CRM efforts. In an *Agri Marketing* article last year, we looked at the set of elements important to any CRM endeavor and focused specifically on the issue and importance of organizational commitment and support to CRM. Here, we'll briefly review these elements as critical to success but then offer some guiding principles found common among organizations successfully facilitating and implementing CRM in their organizations.

FRAMING CRM

There is a set of important elements that provide a structure for thinking about CRM.

Relevancy and Uniqueness: Those ideas and strategies behind establishing and communicating your firm's point of difference. In the agricultural market, where clear superiority is harder and harder to achieve for any length of time, this is an increasingly difficult task. Point: CRM can enhance and extend a unique, relevant offer but is not likely to fix a me-too value proposition.

Segmentation and Profitability: Making informed decisions about

which customers to invest in and serve and achieving a balance between high touch vs. high tech and the investment required to support both in serving various segments. Point: Without a clearly defined segmentation strategy to direct CRM initiatives, objectives are almost impossible to define and lead to a CRM solution with no clear target/purpose.

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Systems and Measurement: All those tools and techniques that enable you to collect and manipulate data, and to find out where you are, relative to where you want to be. The excitement around systems and solutions created by software companies is now over, and agribusiness organizations understand why databases and information technology are necessary, but not sufficient, for a profitable CRM strategy. Point: Once the foundation for good marketing is developed (relevancy/uniqueness and segmentation/profitability), then

information technology investments have focus.

Organizational Commitment & Support: The set of things that organizationally will either facilitate or impede your CRM effort's progress, depending on how they are planned for and executed. Point: Without organizational support it's unlikely that you will reap the maximum benefit from the work that has gone into establishing your point of difference, making decisions on which segments to serve, and investing in tools and measurement systems.

CRM GUIDING PRINCIPLES

Consider these guiding principles as you plan, invest in and implement CRM activities. Use them as a filter or gauge, against which you check your thinking. CRM involves:

Demonstrating Marketing Courage. CRM is about your ability to deliver rather than making promises you can't possibly keep. Customers are smart and see through attempts to be something you're not. Identify those things your organization is really good at and do these better than anybody else — over-investing in your strengths. Resist the temptation to copy competitors' offerings and make unrealistic promises. Expect the sales cycle (and earning credibility from the customer) to take more time. Focus on doing ordinary things extraordinarily well.

A Changing Mindset. Think about customer relationships as organizational assets with anticipation of risk and return. As you would manage any investment, consider the set of resources required to acquire, retain, and serve your portfolio of customers. Are you putting these resources against the right set of

customers and maximizing the value of the portfolio over time?

Asking Smart Questions. Simply asking for, and having information, is not enough. CRM is about moving into a unique position that is difficult to copy, or creates a barrier for a customer to switch suppliers. What information can you ask from customers that will help you take your strategy to the next level? Make sure the time and input they give you will benefit them and help you move into a unique position. Welcome customer complaints — they are gifts that give you insight and an opportunity to improve upon things important to customers.

Beginning With the End in Mind. At the highest level of CRM, nothing happens — customers are retained and business steadily progresses. Getting to this level, however, requires discipline, commitment, planning and preparation. Begin with the end in mind and work to

keep it simple. Focus on improving a process that will benefit the sales team by freeing up more of their time to solve customer problems, or on making a specific change important to customers. Define your objectives and chart a course for reaching them. How will you monitor your progress? Measure success? And as a last step, what data will you need?

Managing a River. CRM means moving away from serving all customers to focusing on the right customers, more profitably. It means knowing what you are good at and staying focused on it, learning quickly from mistakes, and making relationship-specific investments to increase customer loyalty. As you free up time or resources from serving the right customers, identify areas where you can build competitive advantage or drive growth and shift the resources there, further strengthening your relationships. Be patient and don't get caught up

in promotional ideas that simply generate response — concentrate on quality, not quantity. Focus on your customer's direction for the future.

A FINAL COMMENT

Like many business processes, CRM is complex and requires diligent planning and careful implementation over time. However, if you frame CRM broadly, considering each of the key elements and reflecting often on those principles that guide success, the process becomes less complex and far more manageable. In the end, you are much more likely to progress with your effort and succeed with established goals. **AM**

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