CUSTOMER RELATIONSHIP MANAGEMENT: Organizational Elements Hold The Key

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

If you want information on Customer Relationship Management, or CRM, you won't have to look hard. Magazine articles, journals dedicated to CRM, Internet sites, consultants offering advice and counsel, and business systems and software –- a manager can drown in resources on CRM.

Obviously, CRM isn't new, with the acronym dating back to the emergence of integrated marketing communications and growth of database marketing and information systems. And decades before CRM, agribusinesses and agrimarketers were managing, or trying to manage, customer relationships.
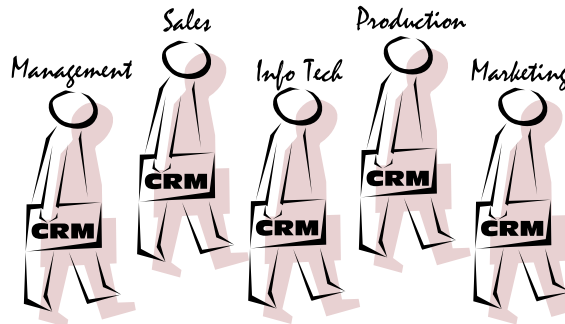
So despite a wealth of resources and seemingly adequate time to master this business process, why is it that much of the research on CRM impact indicates that results from CRM investments have been mixed at best? Why have the promised benefits to both customer and company largely not materialized?

Perhaps the answers to these questions lie in understanding that a successful CRM effort requires mastery of a number of elements, working together, in a changing environment. And while these fundamental elements aren't changing, the ways in which firms implement them and equip their organizations to respond, always must.

EFFECTIVE CRM EFFORTS

In the Purdue University CRM seminar, "Strategic Customer Relationship Management," agribusiness participants explore a set of important elements to bring clarity to and sharpen the focus of their CRM effort.

Relevancy and Uniqueness are likely at the top of the list of those CRM elements most commonly discussed. By this we mean those ideas and strategies behind establishing and communicating your firm's point of difference, an increasingly difficult task, particularly in our agricultural market where clear superiority is harder and harder to achieve for any length of time. Point: CRM can enhance and extend a unique, relevant offer but is not likely to fix a "me-too" value proposition.

Segmentation and Profitability are also essential to the CRM effort. Making informed decisions about which customers to invest in and serve has received much press, particularly as key account management strategies begin to interface with CRM and firms struggle with "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, leading to a CRM solution with no clear target/purpose.

Systems and Measurement consists of all those tools and techniques that enable you (if you're doing CRM right) to collect and manipulate data and to find out where you are, relative to where you want to be. There has been much excitement around systems and solutions. We believe the hype 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 AND SUPPORT

Having said that there are a number of important elements, the one that seems most ignored in CRM strategy is organizational commitment and support. Here we're referring to a set of things that organizationally will either facilitate or impede your CRM effort's progress, depending on how they are planned and executed. 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. Put simply, this element is key to implementation.

CRM as an overarching business philosophy. Presuming we agree that CRM is not simply software, perhaps we can think of it as a corporate philosophy or way of doing business. As such, launching a CRM effort should involve a deep look at culture, structure and process, and may involve changes in these areas. Consider the following questions:

- How will your CRM initiative affect existing business processes? Presume your CRM goals include making your relationship with the customer more seamless. This likely involves strengthening your order fulfillment process, your complaint response process, your billing process, etc. What implications will these changes have?
- The CRM effort may require behavior change among employees. What will you be asking from them that is different, and how will this impact their daily routines?

- Given the objectives and goals you have set for your CRM effort, will your current business performance measurements suffice, or will others more accurately gauge your success?

Management advocacy. Here we are talking about more than management's nod of approval on investment in a single CRM-based project. If we've said that this effort is a new way of business and involves change at all levels in the organization, even a mandate from the top to comply will reap compliance grudgingly at best. Management must advocate your CRM effort for long-lasting impact. Try the following:
- Communicate effectively to management the impact of CRM on the whole organization, and the resulting need for business processes to be re-aligned/re-engineered with CRM business objectives in order to get results.
- Pursue a step-by-step approach to grow support among management. Secure investment in smaller CRM activities where results are clearly measurable and grow your effort over time.
- Involve management in modeling new behaviors. If engaged and seeing benefit, they are likely adopters and therefore, not resisters.
- Be clear on establishing measurable results of the investments you are making. Communicate upward regularly.

Balancing technology and organization. CRM clearly involves the technical and the organizational. Neither extreme -- either expecting technology to be turnkey in your organization or, worse, attempting to adapt the organization entirely to the technology — will be effective. Some experts liken CRM efforts to ERP/SAP systems implementations. There must be changes on both sides, organizational and technical, to be effective. Some keys:
- Establish cross-disciplinary teams from the initial planning stages and throughout. Include people from all areas that will be touched by the initiative.
- Remember that change must be negotiated and adjustments made to both the technical and organiza-

tional in order to make the system fit the organization -- lack of compromise and negotiated outcomes here can create major problems.

Getting people on board. Many organizations become victims of their own structure, operating in functional silos. The business functions have distinct objectives, and as a result, employees are incented and rewarded differently. Often we hear this described by agribusiness organizations as one of the greatest barriers to effective CRM. Frequently, the outcome is a unit or department promising something that another cannot deliver or does not know about, resulting in coordination problems and ultimately leading to customer frustration. Effective CRM relies heavily on cross-company data collection, analysis, decision-making, collaboration and communication, to name a few. Think about these tactics:
- From the get-go, cross-disciplinary teams must be involved in planning. From sales and support to marketing to IT to production, your goal should be understanding the customer from every angle and determining what you have to adjust, coordinate or support to consistently over-deliver. Consider who "owns" CRM within your organization -- and the owner is not likely to be a single function.
- Employee education and training play a role -- both in terms of understanding the CRM strategy, as well as helping employees view your organization through the customer's lens.
- Involve management in consistently and frequently communicating the CRM strategy, drivers of the change, and expected results. Employees begin to internalize the need for change when they understand why and what they must do differently.
- Formalize a process where employee feedback to management is a part of your effort and successes and failures are well documented and discussed.
- Consider how you will incent and reward employees and teams that contribute to the success of the CRM effort.

Network of channel partners and customers. Managing CRM through a channel can be even more complex and may involve a perceived conflict of interest where all channel players tend to take care of their own business. Suppliers may have objectives the channel may not accept or business intelligence they do not want to share, and channel participants may not want to surrender market power. However, to effectively deliver the highest value for agricultural customers, you need to develop a meaningful network of channel partners and focus on cooperation. Consider how you can build trust and cooperation into your effort:
- All participants -- manufacturer/supplier, channel/dealer, and customer -- must benefit from CRM. Is the goal of your effort merely an attempt to extract value for your organization? What is in it for the channel partner? How can you help them understand the value?
- Early in the process, how can you bring participants together in a non-threatening way to discuss the objectives and build trust?
- What value can you create for the channel partners and, therefore, ensure their engagement in the CRM process?

Building and maintaining profitable customer relationships is a never-ending job. Ongoing change -- at the customer level, in technology and in competition -- means that there's no single right answer for CRM. However, if we look at CRM from a broader perspective at the start, considering all of the elements discussed above, then the process of framing a series of steps taking us toward an effective, profitable CRM initiative becomes far more manageable. Executing those steps successfully then is much more likely when we have carefully considered the element of organizational commitment and support. **AM**

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