

# THE BLACK HOLE OF CRM

*by Peter Neville, director of business strategy, Interchange Group*

The cat is well and truly out of the bag: CRM technology is no longer held to be the panacea touted by software manufacturers, academics and analysts over recent years.

The evidence is mounting as an increasing number of CRM projects are reported as failing and leading industry analysts are claiming that the cost of CRM systems are escalating. The search for quantifiable return on investment seems akin to the search for the Holy Grail.

Yet, a great deal of effort has been spent on CRM initiatives in the last five years. So where have companies gone wrong?

CRM has evolved from the early 1970s and today it is embraced as one of the essential components of good business practice. Since then, it has grown from its original set of underlying principles which have now been adopted across a number of different departments and enterprises. However, its roots remain the same, that knowing and understanding your customer will strengthen loyalty and lead to increased revenue and higher turnover.

But unfortunately, even now, few companies are applying the basics of CRM, failing to mould their service according to what the customer wants and not by their own assumptions. Businesses should be looking through the eyes of the customer and not their own blurred vision. If not, many will miss out when it comes to the true delivery of CRM.

Companies need to remember that customer expectations are changing along with the way they communicate and are very different to 25 years ago. Customers demand a more interactive, personalised service that is responsive to their immediate needs, and companies need to comply to these requirements in order to survive.

CRM is no longer about implementing a customer facing system to identify customers by name and recognise whether they have multiple accounts or products. Nor is it simply having services online and assuming that the demands of the 21<sup>st</sup> century customer have now been met. Internet communications are supportive of the modern day CRM strategy but it needs to be quick and responsive to satisfy the needs of a customer today.

In my experience, the web can far too often be a hindrance, rather than a help. Recently I registered online as a frequent flyer member for a leading airline and, in return, received a discounted flight. However, when checking in, my details were not found as the information captured on the web was not integrated with the airline's customer database in the airport, causing me the inconvenience of having to re-register at the desk. As a result, the company now holds duplicated details on my account, in separate departments, missing out on cross-selling opportunities and threatening future customer relations.

My colleague had a similar experience when applying for a mortgage online with a highly established building society. When he had no response after a week, he contacted the call centre only to be told that his query would be emailed to the department which handles web applications, as each division operates on a separate IT system, slowing down the mortgage application even more.

The truth is, the black hole of the service centre is merely being reapplied to e-business with a CRM label. In the past, customers that contacted a call centre operator with a query would have to wait hours or days for a response. A similar service is now being delivered within an

e-business environment except communication is via email and customers are less tolerant of sloppy service than 25 years ago.

New technology means customers expect an instant response to their emails or, even better, an online facility whereby they can get an immediate response to their needs. But, whether it is for more information, to solve a query, register a service or initiate a purchase, how does a company know that the technology in place will deliver increased customer satisfaction rather than frustration?

Strategic planning and integration is the key to any successful CRM system, whether offline or online. Software is just the enabler and it is the people and the processes behind the technology that help build a strong customer strategy and deliver return on investment.

Companies need to first identify their core business benefits to help measure, manage and control the system, to ensure it continuously delivers against the goals of the organisation and meets customer demands. Therefore, knowing and understanding core customers is also a critical piece of the puzzle.

Staff throughout the company also need to be clear on their individual role within the overall CRM strategy, the level of service that needs to be delivered to meet customer demands and how this contributes to the ultimate objectives of the business. Employees are the mechanics of the system and, in order to work, companies need to get their buy-in to the new technology and procedures.

Information needs to be accessible and shared across different departments using a central data system. This will help bridge the communication gap between operators at all touch points and the customer, ensuring that a response is available minutes after the customer gets in contact.

Like a call centre, an e-business system must be connected to the core business and not seen as a separate entity. Having a system whereby the operator has to input details from email into the central database wastes value staff time and means customer queries are dealt with much more slowly.

This is where customer portals come into their own, taking e-service to a new level. Customers can view and track developments on their accounts, check the status of any queries and see the latest product news and information via the internet. This empowers them with the knowledge to answer their own queries or solve problems which is not only beneficial for the customer but helps the company free up valuable resources, to concentrate on developing other areas of the business.

Brown and white goods servicing experts, Elect Servicing, is an example of a company that is successfully adopting e-business into its overall internal CRM strategy, after investing in consultancy expertise and services from Interchange Group.

With clients including Powerhouse and insurance giant Royal and Sun Alliance, together with local authorities and housing associations, the Interchange Information Management system enables Elect Servicing to have up-to-the-minute access to customer information and monitor call response times.

Calls are now logged via the Elect Servicing helpdesk and, using Interchange's CRM system, this information can be accessed remotely by field service engineers with hand held devices. Using a dedicated portal, Elect Servicing staff and engineers can also log IT problems and track developments online, which can be remotely accessed by Interchange, enabling them to deal with any problems instantly.

With this system in place, Elect Servicing also has the potential to roll out a portal for its customers, which it plans to do later this year. This will enable customers to register calls online and track progress via the website, while freeing up staff time to concentrate on delivering high quality customer service.

Peter Burt, managing director of Elect Servicing said, "This system has given us a real competitive edge in the marketplace and we believe the ability to offer web-based customer contact solutions in the future will really help us to secure new clients and increase our market share."

But successful online customer service can not be achieved overnight. It requires careful planning and strategic management and companies need to remember not to run before they can walk. Before offering their services online, companies need to get the basics right first and that requires a clearly defined CRM strategy that is established, and an integrated part of the overall business process. If not, the reputation and image of the business, which may have taken years to build, could be ruin in seconds along with any customer relationships.