

Straight Talk Book No.2

# How to eat the CRM elephant

(And other tips on what to do when you  
bite off more than you should chew)



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“Common sense is not so common.”

Voltaire

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# Mea culpa

## (Confessions of a CRM Consultant)

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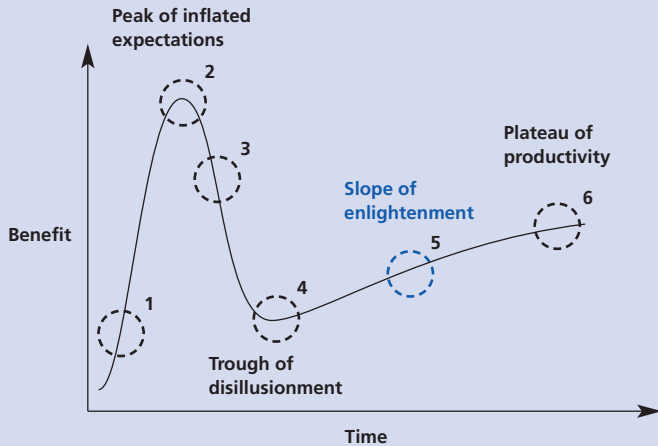
Let's start with a fundamental truth: Most of what you've been told about Customer Relationship Management is wrong. Nobody was lying. It just seems that an astounding number of experts had inflated expectations. And no one, including us, was immune.

After five years of plunging down the path to the promised land, we think it's high time we all stopped, took a deep breath, and examined the lessons of the past few years.

This book is our attempt to do just that. What has emerged, we hope, is a useful collection of common sense when it comes to CRM. We don't claim to have The Truth, but we think this book is a decidedly positive step toward finding it.

**The Consultants of Deloitte**

## CRM meets the Gartner Hype Cycle curve



Source: Gartner April 2001, The 2001 CRM Hype Cycle, S. Nelson, G. Herschel

1. Early CRM adopters are dazzled by technology.
2. The CRM hype peaks, but results are scarce.
3. The media cry foul.
4. Perception of CRM utility reaches all-time low.
5. CRM today.
6. Practical focus redefines CRM.

## Mother knows best

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Pull out your project org chart.  
Is Mom on your project team?

At one time or another, everyone involved with CRM gets infatuated with technology's bells and whistles. How could you not with all the efficient, wonderful, and truly amazing things it can do?

But technology is cold and logical, and if that infatuation becomes the centerpiece of your initiative, you're in for a rough ride. You'll miss the human touch. And so will your customers.

So before you ever, ever think about introducing technology into your customer relationships, make sure you've got the basics of customer service right.

Remember the lessons you learned from Mom.



## The mom chart

<b>What mom said...</b>	<b>...as applied to customer relationships</b>
<b>You go right over and give your Auntie Marge a big hug.</b>	You don't have to love the customer to be considerate. Start with acts of common courtesy.
<b>I'm only going to tell you this once.</b>	Listening is perhaps the most overlooked, underdeveloped social skill. Customers want to be heard, and if you listen to them, you'll find they know more about your customer service than you do.
<b>I expect your room to be clean by the time I get back.</b>	Your customers probably expect more from you than you expect of yourself. Be accountable.
<b>You wipe your feet before you even think about coming into this house.</b>	Respect your customers' personal space. Don't invade their lives without invitation.
<b>Be careful; you'll put your eye out with that thing.</b>	Bad CRM decisions can be as harmful as a stick in the eye. They'll hurt you and your customers.

**Moral:** Software doesn't build relationships. People do.

## How man becomes ape

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Has anybody noticed how many truly awful customer relationships are being produced in the name of CRM?

While the big chiefs wax eloquent about customer centricity, bizarre things are happening when their companies attempt to achieve it.

Annoying phone calls at dinner from telemarketing agents? *CRM run amok.*

Hyper-aggressive Customer Service Reps who try harder to up-sell you than to solve your problem? *CRM poorly translated.*

Infuriating 14-level voice response systems that absolutely refuse to let you talk to a human? *CRM on bad steroids.*

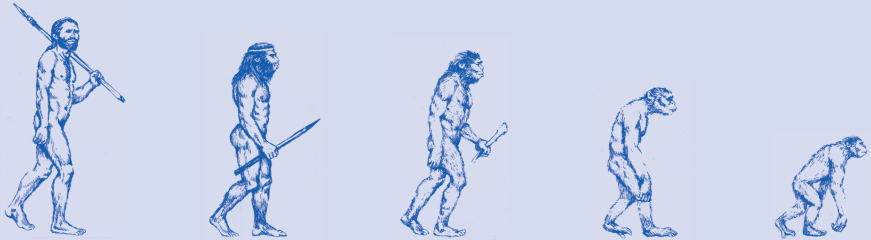
Why is this happening? Why are so many customers getting harassed rather than helped?

More often than not, it's because the people handed the CRM mandate are put under enormous pressure to quickly demonstrate bottom-line impact. So the lofty vision of customer centricity quickly devolves into short-term sales efforts and cost reduction initiatives.

And it works. For a while. Until short-term sales techniques and dehumanizing technologies turn once-happy customers into hacked-off customers.

Increasing revenue and aligning costs are imperative. But do so in ways that don't monkey with your customers.

## Reverse Darwinism



**CEO:** "We will be customer-centric."

**CSO:** "Well, not for every customer."

**CFO:** "Right, just the ones who generate the most revenue."

**Sales Director:** "Let's reach out and touch them. Telemarketing's cheap, and it's fast."

**Call Center Manager:** "If you don't call them at dinner, you'll never catch them."

At this point you're probably saying: "We would never let that happen." Hang on a second. Think back to those calls you get at dinner. And to those towering phone trees you've had to navigate, only to hang up in total frustration. Now, think about the companies that are doing the harassing. Good companies letting bad things happen. It could be you.

## The Value Power Alley

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It's not inevitable, but companies who try to be everything to everybody, everywhere, everytime, tend to fail. They don't create enough value for their enterprise. And while their customers may well have loved them, their shareholders are now wallpapering their studies with worthless "New Economy Company" stock certificates.

Oligopolies go to the other extreme. No matter how bad it gets, their customers have no choice but to take their lumps. They're too focused on themselves to notice those pesky customers. ("You don't like rolling blackouts? Well, go buy your power somewhere else.")

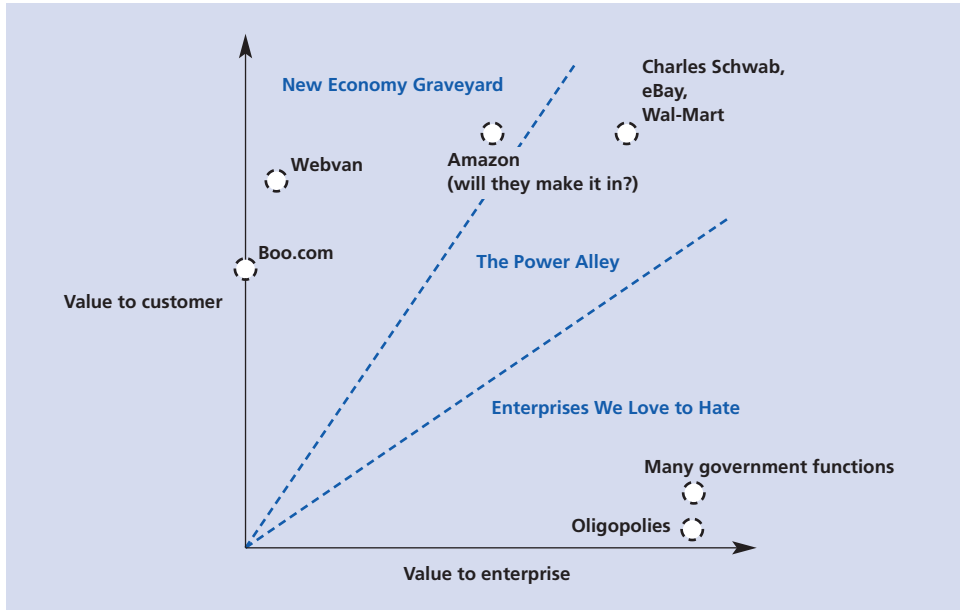
Is there a happy medium?

Yes, and it lies in the Value Power Alley. Where you'll find great companies who magnificently balance great financial returns with truly happy customers. You know them – Charles Schwab, Wal-Mart, eBay. Ever had a bad experience with them? Not likely. Own their stock? Quite likely.

If you are one of the lucky few already there, make sure your CRM initiative maintains the balance and keeps you in the Alley.

If your company has historically forsaken profits for customers, make sure your CRM initiative disproportionately creates value for your shareholders. Likewise, if you recognize your customers only by their billing number, it's time to get to know them. Your CRM efforts should create value for your customers.

## Finding the balance



Bottom line: It's important to know where you are and where you want to go. Use this chart to plot your trajectory.

# Wobbles, waggles, and CRM

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*“Astronomers have long known that the Earth wobbles as it spins. Several irregularities in rotation – small oscillations superimposed upon larger wobbles atop even larger waggles – cause the location of the true North Pole... to meander across the Arctic landscape.”<sup>1</sup>*

Too many CRM projects suffer from oscillations and end up meandering across the corporate landscape. They all start with the best intentions. But, a surprising number eventually start to wobble and waggle and lose their focus.

Don't take your eye off the customer. But keep your other one on the True North of all CRM projects – greater shareholder value.

Use the map on the opposing page and repeat these two steps often:

*1. Start at the top.*

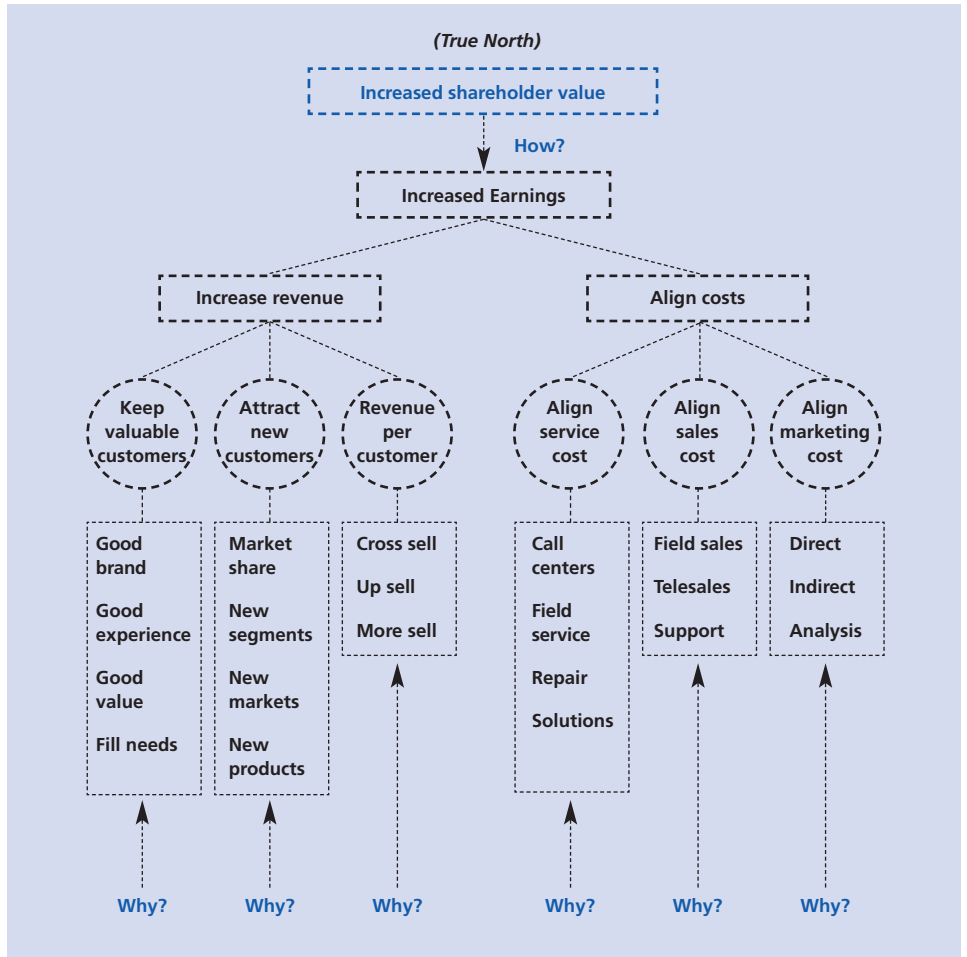
Working your way down, ask yourself “How will it get done?” at each step. This will ensure that tactics directly support your objectives.

*2. Go to the bottom.*

Working your way up, ask yourself “Why are we doing it?” at each step. This will ensure that all your CRM activities lead to True North.

1) Science News Online, August 12, 2001

## Tracking True North (The CRM Value Map)



## When touch turns to torch

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Be careful.

When you're mesmerized by the act of pulling together *The Big Solution* to *The Big Business Problem*, it's easy to miss those little flames dancing around your toes.

Most CRM projects have a Customer Experience Design Team. And they are usually hard at work, plotting out charts of the customer experience, defining the much-anticipated end-state, and preparing an enterprise-wide transition plan to get there.

Big team? *Check*. Big problem? *Check*. Big solution? *Check*.

It's a big mandate. Who wouldn't want to make the biggest difference for the largest number of customers by attacking that big bulge of average experiences?

You, that's who. Don't do it. At least not yet.

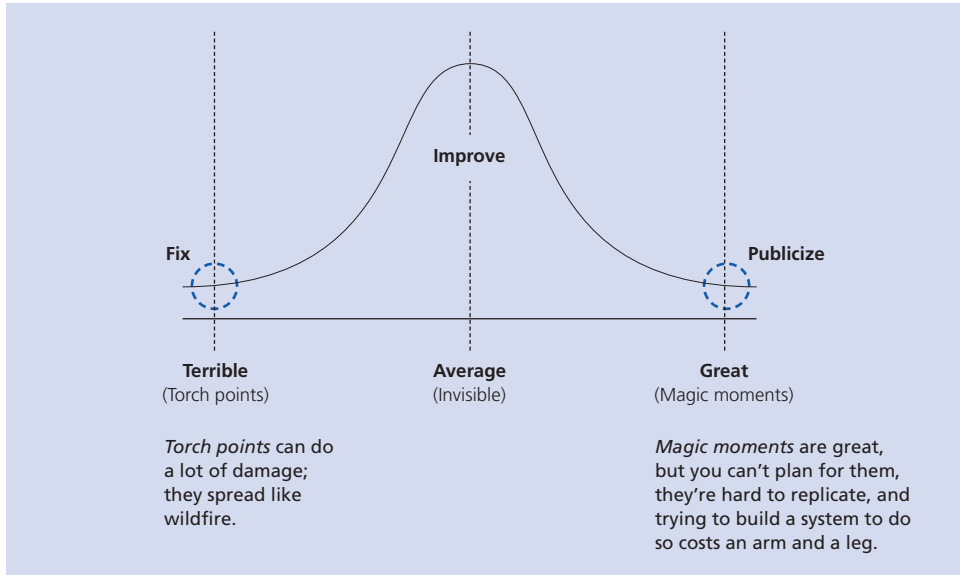
Start by looking for smoke. Do some mystery shopping. Call your call center. Interact with your receptionist. Speak to your service center. Sit through a sales call.

Find those torch points and form a hit squad to extinguish them. Do it now, and do it fast. Then, keep them in place until all the embers have died out.

In the short-term, quickly fixing your torch points is almost always the biggest impact move you can make. Once you've done that, you can figure out how to make the most out of that big team.



## Customer experiences (Where there's smoke, there's fire.)



You can achieve immediate CRM success by fixing the torch points first. Then making your average ones better. All the while, publicizing the magic moments – encouraging your people to find their own personal ways of making more of them happen.

“Promises are like crying babies  
in a theater; they should be  
carried out at once.”

Norman Vincent Peale

## Mind your gives and gets

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One morning on your CRM journey, you may wake up and ask yourself, *“How come nobody’s following my lead?”*

Consider this.

Making CRM work is a matter of effectively managing political capital.

To get your stakeholders to play the game, you need a lot from them (gives). So in return, you should be prepared to offer them something of value that you can deliver every 100 days (gets).

Once you’ve made the promises, be sure to mind your gives and your gets. Deposits must keep up with withdrawals. Because if your political balance drops to zero, you’re out of business.

And no matter how you look at it, bankruptcy is an ugly word.

## The usual gives and gets

Stakeholder	"What's my real cost here?"	What typically gets promised (and not delivered)
CEO	Huge demand on my time and (visible) commitment	A big payoff... in 18 months
CFO	A multi-million-dollar outlay up front	A big payoff... in 18 months
CIO	Disruption of my technical architecture	A big payoff... in 18 months
Marketing Executive	Complete redesign of my job	A big payoff... in 18 months
Service Executive	Distractions for my management team	A big payoff... in 18 months
Sales Executive	Loss of three top people for who knows how long	A big payoff... in 18 months
Sales Rep	Less time to sell	A big payoff... in 18 months
Customer Service Reps	Somebody looking over my shoulder	A big payoff... in 18 months

## The practical gives and gets

Stakeholder	"What's my real cost here?"	What you should promise and deliver
CEO	Huge demand on my time and (visible) commitment	A valuation model that shows what CRM means to your company's stock price
CFO	A multi-million-dollar outlay up front	Near-term cost reduction (through increased staffing efficiency and renegotiated telecom contracts)
CIO	Disruption of my technical architecture	A vendor consolidation plan (that simplifies business and drives costs down)
Marketing Executive	Complete redesign of my job	More tactical, real-time involvement with sales and service interactions with customers
Service Executive	Distractions for my management team	Fix the obvious customer torch points
Sales Executive	Loss of three top people for who knows how long	Structured account planning (so your sales people aren't redundantly pitching the same things to the same customers over and over again)
Sales Rep	Less time to sell	Automated letter and proposal templates
Customer Service Reps	Somebody looking over my shoulder	Recognition and tangible rewards

# Escaping the tyranny of averages

(Why setting CRM budgets is more complex than you've been led to believe)

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The quickest way to watch a CRM project go down the drain is to watch its costs go through the roof. Things go a lot better when initial estimates are accurate. But, the trouble is, the two most common approaches are flawed:

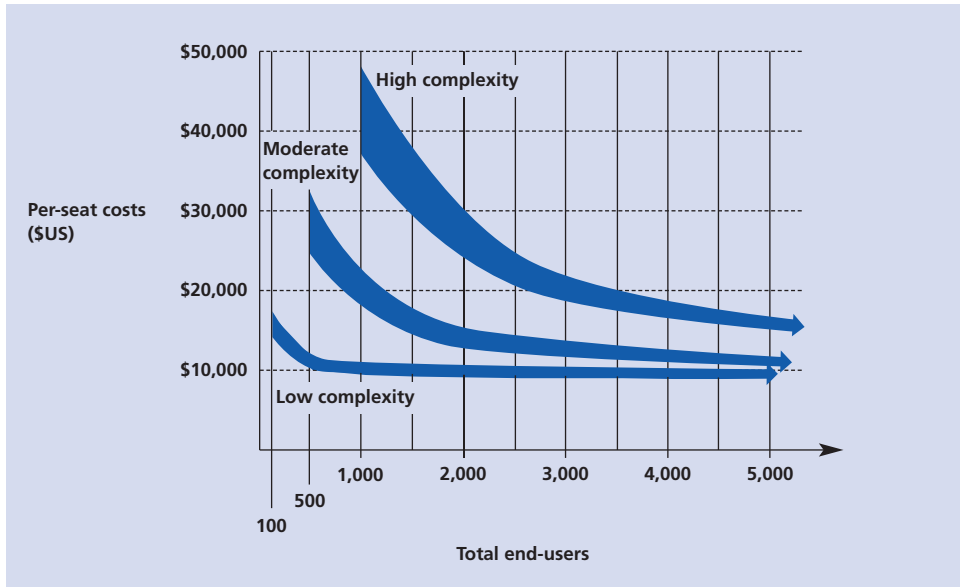
*Approach 1: Per Seat Costs (number of users multiplied by an average cost per seat)*

*Approach 2: Software Multiple (total software costs multiplied by an average all-inclusive factor)*

In reality, there is no such thing as *average*, because project costs are hugely influenced by project complexity. So both approaches give you bad numbers – usually way too low.

Use the chart on the opposing page to see if your budget is in the ballpark. Nothing revolutionary here. Just some hard-earned knowledge scraped off the scar tissue of our consultants, provided to help prevent you from getting your own budget whipping.

## What it really costs



- High complexity
  - Covers sales, marketing and customer service processes
  - Major application customization
  - Over 70 screens
  - More than 10 difficult integrations
- Moderate complexity
  - Covers two of three in sales, marketing and customer service
  - Moderate application customization
  - 30 to 70 screens
  - Two to six difficult integrations
- Low complexity
  - Covers sales or marketing or service
  - Little application customization
  - Less than 30 screens
  - Two or fewer difficult integrations

## When it comes to CRM, Murphy's Law is positively optimistic

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If you haven't been there already, you're about to discover the bewildering array of things that can go wrong with CRM.

Challenges, set-backs, and changes in direction.

Some of these will be harder to survive than others. But these are the mandatory crises.

Worry about your project only if they *don't* come up.



## The mandatory crises

### Crises of Value

- “No sale.”
- Overall project value will be challenged.
  - Cause and effect will be challenged.
  - You’ll not know actual customer value when asked.

You’ll want to know your business case inside and out – how the practical fixes you have targeted will create value for your business units and your customers.

### Crises of Technology

- “This application doesn’t work.”
- Software won’t be as great as the demo.
  - Customer data never will be quite clean enough.
  - Interfaces will be more extensive than estimated.
  - Performance will be slower than anticipated.

The technology will not be easy. Be skeptical about what your CRM software vendor and consultant are telling you.

### Crises of Change

- “Great idea. But not for us.”
- Required changes in policy will create big waves.
  - Initial system usage will be lower than hoped.
  - Users will change their minds.

Your internal customers will waffle between resisting change and wanting more of it. Sort your targets, even though they’re constantly in motion. Knowing what you want CRM to do can make this a lot less slippery.

### Crises of Politics

- “Who made you the boss?”
- Regions will fight central mandates.
  - Sponsorship will be challenged.
  - Sales, Service and Marketing will not see eye-to-eye.

Forget about winning that popularity contest. It’s unlikely you’ll be able to resolve age-old territorial rivalries. The upside? Competition for customer ownership can work in your favor because it points the project in the right direction (toward the customer).

**Warning:** If you miss one of these delightful rites of passage, it may be because you haven’t taken your plans far enough or deep enough into your organization.

“Benefits should be conferred gradually, and in that way they will taste better.”

Niccolo Machiavelli

## The Machiavelli Method

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Most large-scale initiatives follow an age-old standard methodology. You know the one; it goes something like this: *Define Vision, Design, Build, Implement, and Roll Out*. If you're patient and wait till the end, you'll get your just desserts.

How would you like a more practical approach? One that doesn't offer some far-away payoff that will be irrelevant by the time you get there?

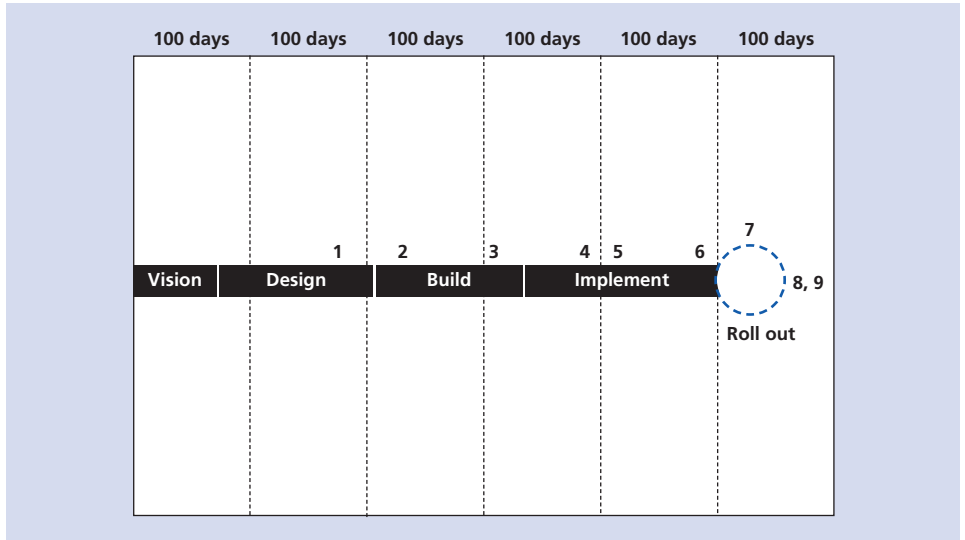
The 100-Day Solution (a.k.a. The Machiavelli Method) does exactly that. It aligns your deliverables by end date, so that every 100 days, you've finished a number of major milestones and have news to report to your organization.

This isn't just about a few gratuitous quick wins. It's about building momentum. And being flexible enough to shift your plan when the business climate requires it.

So, how *do* you eat the CRM elephant?

Break it up into little bite-sized pieces. Chew thoroughly (for about a hundred days). Swallow and repeat.

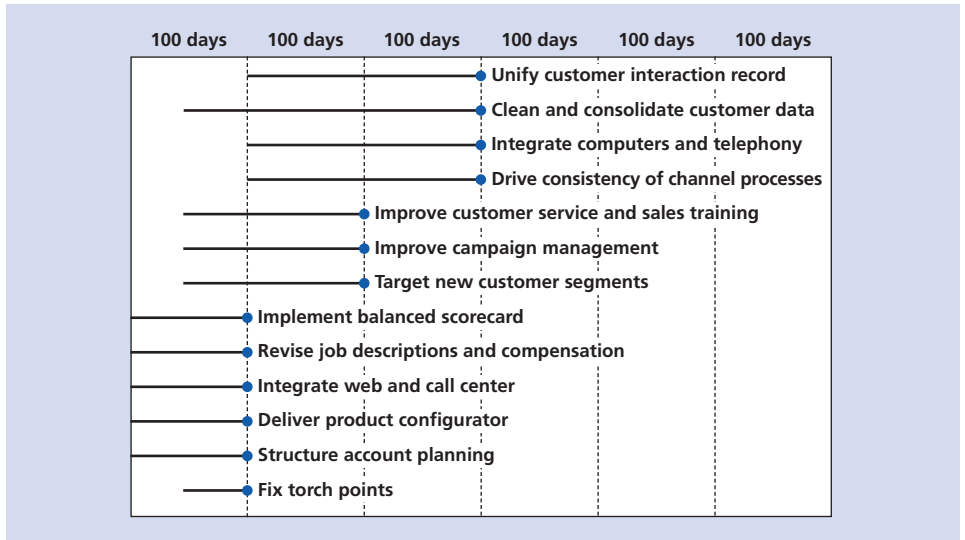
## The big bang solution



After about six months:

1. CEO starts asking for results.
2. Absent these, executive support begins to wane.
3. The corporate vision changes (do you start over?).
4. Division heads grow restless, and start their own competing initiatives.
5. Everyone distances himself from your initiative.
6. Because of the pressure to show results, you skip the pilot.
7. You go live with enterprise-wide CRM launch.
8. With little sympathy, people are asking you, "Why isn't anyone using your new system?"
9. You start distancing yourself from your own initiative.

## The 100-day wins solution (A sampler)



Every 100 days:

1. You re-scope, re-schedule, and revise the project plan to reflect the reality of what you've learned and what has changed.
2. You enter a zone of creative chaos that comes from the tension between exhilarating wins and exasperating changes to the project plan.
3. You gather your people to celebrate the hits, bury the misses, and sustain momentum.

**Warning:** The 100-Day Solution is known to produce side effects, including agility, constantly re-applied learning, and the flexibility to meet unexpected goals. Not recommended for project managers who don't deal well with momentum or frequent success.

### **Don't forget the prize inside**

On our website, you'll find a complete, downloadable set of the diagrams featured in this book. Use them in conversations with colleagues, and to get your CRM initiative into shape. For your copy, go to [www.deloitte.com/straighttalk](http://www.deloitte.com/straighttalk)

### **About this book**

*How to eat the CRM elephant* is the second in a series of books dedicated to making your experience with consultants more positive and productive.

To request additional copies of this book, or to order previous editions, go to [www.deloitte.com/straighttalk](http://www.deloitte.com/straighttalk)

### **Talk to us**

At Deloitte Consulting, we believe that great client-consultant relationships create lasting value for both parties. And in our experience, those relationships always start from good conversations. We look forward to hearing from you and learning what you think about the ideas presented in this book.

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