

CRM fails to deliver

The theory is great, but there are a host of reasons why CRM systems fail in implementation.

Mike French offers some suggestions.

It's a headline that we see frequently in the industry press, almost as often as we see articles expounding the benefits of CRM and the need to build closer relationships with our customers.

These purveyors of doom are enough to make anyone implementing a CRM system quake with uncertainty, particularly when the details of many successful CRM systems are closely guarded secrets. So why do so many CRM systems fail? To answer that question, let's step back and examine exactly what CRM is: Customer Relationship Management.

What does 'managing your customer relationships' mean to you?

Ask one person and they'll tell you it's about building loyalty through good customer service. Another will tell you it's the ability to cull loss-making accounts. Someone else will try to impress upon you the value of intelligent cross-marketing through clever database use.

CRM is all these things and much more. This is why your foray into CRM needs to start by working out exactly how your business intends to use a CRM system.

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STAYING FOCUSED

It sounds simple really. Work out what you need before you go and buy it. But it's surprising how many organisations leap into CRM and find that they've left out some basic elements in their enthusiasm, like doing the shopping but forgetting to buy bread and milk.

Once you have worked out why you need a CRM system, you must decide which one you need. To a large degree, your shopping list is going to make the selection much simpler. For example, if your top priority is finding out who your most and least profitable customers are, then you can eliminate products that focus on campaign management.

Your shopping list will help you stay focused. However, if a new possibility is raised that has not been considered, you can easily go back to step one. But if you do this, make sure that you use the same care and business justification process that you used initially, and not get excited by the enthusiasm of the CRM salesperson.

INTEGRATING THE SYSTEM

Another more common mistake made when implementing CRM is the failure to consider how the CRM system will integrate with your business. There are a few traps here for beginners and there are two important questions to ask.

- Is the system flexible enough to cater for the specific characteristics of the products and services that you sell?
- How are you going to get data between your existing systems and the new CRM system?

These two issues are rarely raised by the promoters of CRM because the answers are difficult and frequently not what you, the prospective CRM system customer, wants to hear. Let's examine the integration issue first.

Most CRM software products are designed to handle only fairly generic products.

These are usually physical products, used to make unit sales and that's it. If you're lucky, the software might also include some support for hourly services. But what if you sell something a little more complex, like magazine subscriptions or insurance? Is the system you use going to be able to accommodate the particular characteristics of these product types?

Let's say you're a magazine publisher looking for a CRM system to assist with your customer service. A customer calls and you instantly have all the client details in front of

you. But then they ask when their subscription will expire. Or worse, tell you they are going on holidays and don't want to receive editions for the next two months. Will your personnel have to switch over to a separate subscription system to answer these requests?

I have done a lot of work with some of Australia's major non-profit organisations, including The Salvation Army and Mission Australia. Building customer relationships is probably more important to this sector than any other. One of the biggest challenges for non-profits is determining the true value of each customer. This is difficult because of the variety of activities that the non-profits do.

To support each activity, the organisations frequently require separate computer systems. For example, they may have a donations system to manage their donations. And sections like pledges, bequests, events and volunteers would each have a separate system.

No CRM system is going to be truly valuable to you unless it specifically supports all types of products, services and functions. Only then can you measure the true worth of each customer. You have to do the same evaluation for your business. You might be lucky and find that your products and business processes fit the standard mould, but they might not.

MOVING DATA

The second implementation problem is getting data in and out of your CRM system. Most CRM systems are designed to work in parallel with the applications that already fulfil your main business functions. For example, take a magazine publishing house. It has a subscription system that manages the subscriptions and all the particulars involved in running a publishing house.

For a CRM system to be of any use, much of the data from the existing applications will need to be copied across to the CRM system. This sounds simple but it rarely is.

The myriad of data formats, structures and standards in the IT industry ensure that this is more complex than it sounds. You might need special software written, or the problem might be so complex that you have to upgrade or change your business systems before you can implement a usable CRM system. Many of the issues arising from data conversion might not even become evident until the system is up and running.

As well as the technical aspects of moving data, there are business aspects that must be