Designing Business Processes to Operationalise CRM Strategy

Introduction

The underlying aim of CRM is to maximise shareholder value by acquiring and retaining the business of the most profitable customers in a market. As such CRM is fundamentally a business strategy concerned with how a company will compete for the business of such customers.

However, once a company has answered the strategic questions of which customers it is targeting and what it will offer them to secure their business, it still needs to address how it will operationalise this strategy in practice. In particular, it has to determine the processes that need to be in place

- to communicate the company's offer to the customers it is targeting

- to deliver this offer to these customers in practice

- to monitor customers' satisfaction with the offer to identify any areas requiring future improvement

The following examines some of the key issues a company needs to consider when addressing these areas.

Communicating the Offer

If a company is to communicate its offer to the customers it is targeting in its CRM programme, it clearly needs processes in place to identify them in the market at large and adapt communications with them accordingly. In addition, it also needs to determine what channels to use to communicate with them.

In the course of making a decision to select a particular product, a customer will pass through a series of stages from initially seeking to identify the alternatives available to comparing them in order to determine which to choose. At each stage of this decision making process, the nature of the information sought by the customer will change. Thus when attempting to identify the possible alternatives, the customer is likely to be seeking merely general standardised information about the different products available in that area. In contrast, when the customer moves to evaluating these alternatives, they need specific information about how each alternative relates to their particular needs and their own individual situation.

Different channels are differently suited to addressing these different information needs. Thus advertising, web sites and PR are very effective at disseminating general standardised information but poor at addressing individuals' particular concerns. In contrast, face-to-face sales forces are excellent at achieving the latter but prohibitively expensive as a means of distributing general information to a large number of potential customers.

As a result, as illustrated in Figure 1, a company is likely to have to employ several different channels in its communication programme if it is to engage with customers effectively at each stage. Consequently, as well as ensuring it has the right channels in place, a company must also determine how to coordinate activity across those channels to ensure consistency
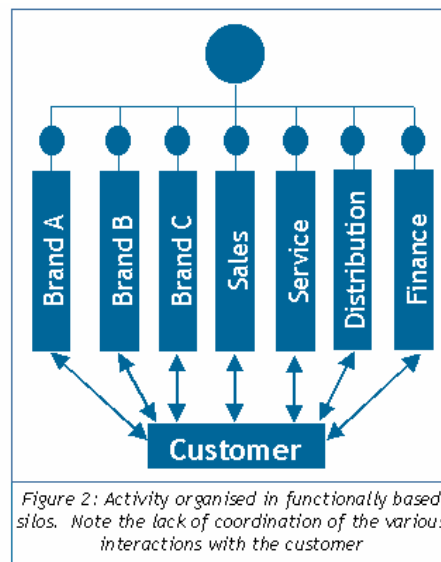
in the messages customers receive. Moreover, mechanisms must also be developed to hand customers smoothly from one channel to the next as they move through the corresponding different stages of their decision making process.
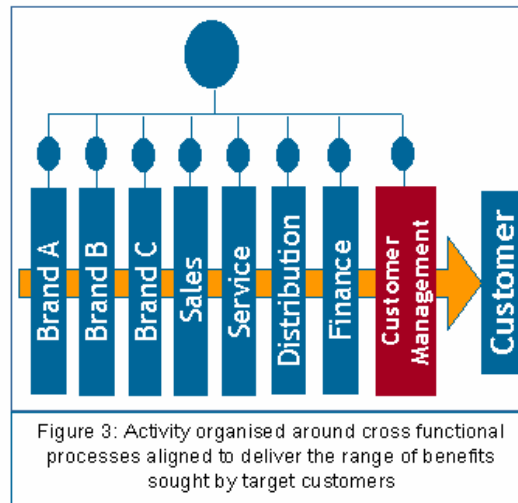

Figure 1: Typical communication channels required to engage with a customer during their decision making process.
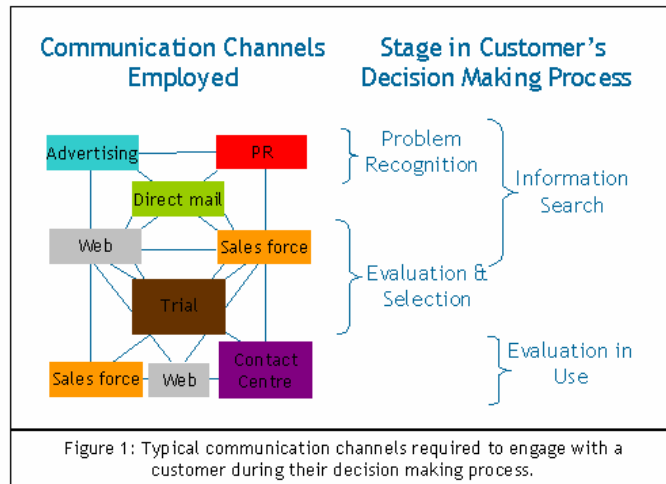
Delivering the Offer

To manage the complexity inherent in large organisations, many companies divide their operations into discrete departments or "silos" focused on particular areas of related activity.   Each silo is then charged with achieving its own set of objectives which then forms the basis of the planning and management of activity in that part of the business. Thus, as shown in Figure 2, there may be different silos for the management of different brands, silos for different management functions (e.g. sales, distribution, customer service) and so on.

Figure 2: Activity organised in functionally based silos. Note the lack of coordination of the various interactions with the customer

However, the value a customer derives from a company typically arises from across its operations with different parts of the business meeting a customer's various different needs. Consequently, delivering an offer designed to meet the needs of the customers targeted in a CRM programme entails managing activity across the business. In particular, designing processes to deliver a company's offer to its selected customers entails identifying the different parts of the business involved in generating value for those customers and determining how their various activities need to be coordinated to deliver the range of benefits these customers are seeking as illustrated in Figure 3.

Figure 3: Activity organised around cross functional processes aligned to deliver the range of benefits sought by target customers

For many companies, moving from managing the business as a set of standalone functional silos to coordinating activities across the company in such cross-functional processes will represent a fundamental change in how the company goes about its business.

Improving the Offer

Developing an offer that delivers greater value than competitors may succeed in attracting targeted customers in the short term but it will be insufficient to retain their business for long. Innovative product and service features are quickly copied and today's "breakthrough" rapidly becomes tomorrow's "industry norm". If a company is to succeed in retaining such customers, it needs to keep delivering superior value compared to competitors on an ongoing basis.

Figure 4 - Refining the Offer
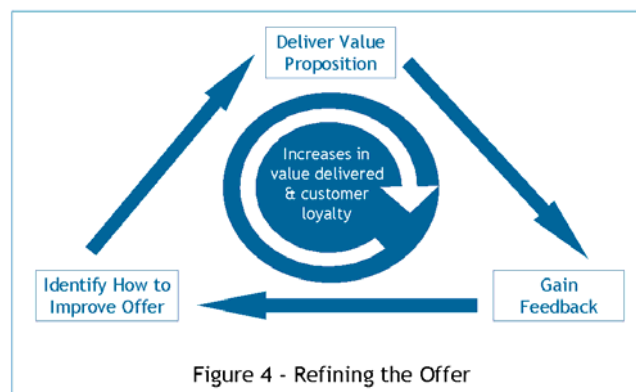
If a company is to achieve this, it needs systems in place to continually gather feedback from customers both with regard to their needs and also how well the company is performing at meeting those needs relative to competitors, in order to identify areas for future improvement to keep the company ahead, as shown in Figure 4 above. Analysing complaints, interviewing defecting customers to determine why they left and ongoing surveying of current customers all potentially offer a means of acquiring this information.

However, gaining this intelligence is only part of the picture. If a company is to derive benefit from it, it needs to translate it into the delivery of increased value to customers.

Thus as well as systems to gather such customer feedback, the company also needs processes in place to convey this information to those with the authority, skills and resources to convert it into tangible service and product improvements.

Summary

All too often, the design of operational processes in a CRM programme is driven by technological considerations with the focus falling either on automating the company's existing processes or modifying the organisation's processes to mirror those of a proprietary CRM system.

However, CRM is fundamentally a business strategy designed to increase shareholder value by attracting and retaining the business of the most profitable customers in a market. Unless process design is ultimately driven by the delivery of increased value to a company's target customers, the subsequent CRM programme is unlikely to succeed in generating the increased level of business needed to justify the investment involved.

About White Whale

White Whale assists companies in the development and implementation of customer management strategy. Through its work with blue chip clients, it has developed a range of practical tools to support companies introducing customer management to ensure they achieve the business benefits they are seeking.

If you have a problem with your customer management programme and would like to discuss how White Whale could help, please call our Customer Management lead Chris Bebbington on 0800 058 8158 or contact him by email at chris.bebbington@whitewhale.co.uk.

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