

## **Continuous Improvement: Know Thy Customer: Customer Relationship Management Pays**

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The overall mission and foundation of business today, as it was yesterday and undoubtedly will be tomorrow, is to maximize customer service. Customer Relationship Management (CRM), although a relatively new term in the world of Information Technology and Enterprise Wide Systems, has always been the foundation for business success. The basic premise of CRM is giving the customer what they want, when they want it and how it should be; for business nothing different yet a remaining challenge. With the ever-expanding use of technology, there is an overabundance of data and a challenge to disseminate this data into information.

It is almost daily that we read or hear of Information Systems not fulfilling the expectations established at the time of acquisition. In fact, despite the most diligent efforts in defining requirements, evaluating options and selecting systems, the probability of system implementation and utilization issues and higher than expected cost investments is extremely high. Accepting the premise that the customer is the reason for a business to exist, the justification for CRM is thereby validated. However, incongruent departmental goals and objectives make the probability of a successful CRM strategy difficult. The balancing and integrating of company and departmental goals with the capabilities of Information Systems and the organizational infrastructure, is the topic of this discussion.

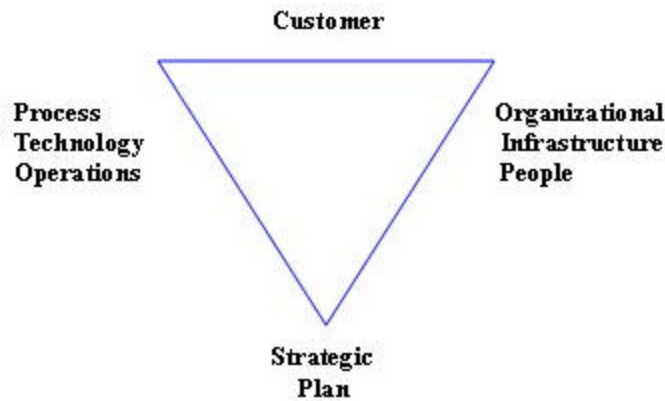
### **Improved Results (IR)**

It is fair to assume that all participants in the implementation and/or utilization of technology are focused upon improved results for their individual and collective departments. Furthermore, the aggregate of these improved results should be focused on, and result in, improved results for the company as a whole. Ultimately it is improved results in CRM that will determine the effectiveness of business' strategies and the use of technology. If there is nothing to gain then there is obviously no reason to change.

For a significant number of businesses however, changes are historically dictated by competition, customers, and vendors and for publicly traded companies, possibly the shareholders. This external pressure, when coupled with conflicting internal goals tends to increase anxiety levels and can further contribute to poor system selection and/or utilization. How often is it heard, "if we don't change we will lose?" The Internet and e-commerce are recent examples of how technology is forcing many businesses to change.

One of the ways businesses have tried to deal with change and the expected pressures is through strategic planning. When done correctly, and shared appropriately throughout the organization, the strategic plan becomes a roadmap and a source of reference throughout its life. In fact, a good strategic plan is the balancing point or fulcrum for the integration of the organization infrastructure and technology/operations in supporting the needs of the customer.

The customer is the final arbiter in determining improved results. As such, the strategic planning process represents the foundation for a successful CRM strategy. As depicted in Figure 1, the implementation of the strategic plan is a delicate balance between the operational processes and the organizational infrastructure. With the strategic plan acting as the fulcrum, the ability of a business to maintain the balance, will directly determine the effectiveness of its' CRM strategy.



**Figure 1 - Implementation of the Strategic Plan**

### **Balancing for Success**

Traditionally, organizations have focused a significant amount of attention and resources on the technology/operational side of the triangle. Expenditures and resource commitment in the selection and implementation of technology and new Information Systems have been viewed as major steps in the implementation of the strategic plan. However, in spite of the formation of steering committees, requests for proposal and numerous vendor evaluations, the odds are still stacked against the system reaching its' full potential. One of the contributing factors is reflected in the fact that although a new system will directly impact almost everyone's daily functions, little effort is given to balancing the Organizational/Infrastructure/People side of the strategic plan implementation.

It is often assumed that the adoption of the procedures and policies associated with a new system will be easily integrated as part of the software implementation process. Although vendors of technology and software do their best to provide the appropriate operational training, they are not generally in the business of assuring that the organizational infrastructure is capable of absorbing the change. This is left to the company's management team and steering committee. Recognizing that a new system carries risks as well as rewards, the management team functions under its' own level of pressure and subjective needs and may, in some cases, not be the best in, resolving the issues, concerns and securing buy-in from the affected employees.

Finally, when one recognizes that the balancing act of the triangle is to expand customer service, the strength of a new system, without the balancing investment in the organization may cause the triangle to tilt. That is, the good intentions associated with the new system may in deed be counterproductive without the corresponding balancing of the attitudes, goals, objectives and concerns of the people that comprise the organization.

### **Addressing the Organizational/Infrastructure/People Side of the Triangle**

The objective; balance the triangle on a foundation of strong strategic planning to assure the maximum return in the organization's CRM strategy. Organizations should develop a well-defined annual strategic plan that can be used rather than simply completed. The strategic plan, without a concise, workable set of deliverables will establish a fulcrum that will be unable to support the internal weight of the triangle let alone the CRM objectives. In addition, the plan must clearly articulate the way CRM will be measured and the specific strategies associated with the measurements. These definitions then carry through into both the technology and organizational sides of the triangle.

To assure the effective CRM definition, the strategic plan should contain an annual mission statement rather than the company vision statement. An example might be;

"The mission for the year is to increase sales by 10% by introducing "X" new products, opening "Y" new distribution points and adding "Z" new customers."

Specific goals, objectives, resource commitments and measurements must be included in order to assure the attainment of the mission.

As previously outlined, the process side of the triangle integrates the technology and operations to support the mission with line item goals and objectives integrated into the technology and operational plans. However, the question still remains, how to effectively integrate the Organizational/Infrastructure/People side of the triangle?

Improved results, in this case maximizing CRM by implementing the strategic plan, is a direct function of the attitudes and behavior people bring to their jobs. Improved results are also a function of assuring that personnel are able to balance their personal and professional objectives. An employee that demonstrates positive behavior toward his/her job will most likely gain improved results. However, the fear of the unknown, changes associated with new technology or the feeling of not knowing what a new system will mean and/or do to me, are all examples of contributions to negative behavior.

The most significant means of reinforcing the organizational/people side of the triangle is to implement appropriate processes that generate positive behavior and focus on the balancing of personal and professional goals. By generating positive behavior, improved results will follow. By generating positive behavior that is reinforced and not threatened by the use of technology, results in a successful system implementation.

### Affecting Positive Behavior

**Attitude is everything!** Assuming an organization employs personnel with the appropriate skills and knowledge necessary to perform their jobs, by then applying a positive attitude to this base of skills and knowledge while integrating well-defined goals and objectives, positive behavior will result. That is,

Attitude (Skills + Knowledge + Goals)  Positive Behavior = Improved Results

As a first step to the balancing of the triangle, the organization must assure that the goals are reflective of the strategic plan and are, in fact, realistic and attainable. Further, the steps should be linked to the goals established within the information technology area. Both areas must be supportive of the measurable CRM objectives. Finally, the individual(s) assigned the goals must feel that they are under his/her control and reflective of the daily tasks under his/her responsibility. As an example;

If one of the CRM goals is to measure customer service by next day product delivery, then although this becomes the goal for the shipping manager, the manager must believe that the appropriate action items required in meeting this goal, including obstacles standing in the way of meeting goals can be effectively addressed with management. Finally, the Information Systems being utilized or implemented must be able to provide the foundation necessary to meet the common CRM goal of next day delivery.

However, even with the goals, skills and knowledge in place, without the positive attitude, results may not be maximized. Attitude is reflective and contagious throughout the organization and extends to vendors and customers alike. Integrate positive attitude with attainable and meaningful goals and improved results will follow.

### Attitude

The attitude we bring to our daily personal and professional environments is a function of the behaviors and values we have developed throughout our lives. Fact: our core values are developed during our formative years and become part of our subconscious. We learn at an early age what not to do (don't talk to strangers, don't touch the fire, etc.) and we wait, in most cases, for our school days to begin to explore what we might actually be able to do. With our values and beliefs as a foundation for our subconscious behavior, and as something that has been with us all our lives, it is unrealistic to expect that raising the level of conscious rather than subconscious decision-making can occur without the utilization of a proven and effective process.

The basis of this process is repetition and positive reinforcement. Repetition is essential in much of what we have learned, the basics of mathematics or common commercial slogans. Conversely, attending a half-day seminar on behavior modification provides immediate gratification with minimal long-term affect. As an example, think back to a seminar you attended four to six months ago and list the four or five critical actions you have taken as a result. Unless that seminar was skill related, that is, essential updates for you to perform your job, then chances are you will struggle with creating this list.

To raise the level of conscious thinking and to generate positive attitude, the repetitive process and reinforcement must incorporate the following:

- Understanding what is important to the individual. The dream inventory for that individual that helps determine why he/she is investing so many hours of their life into their work.
- Understanding what personal goals are important and where that person is in their life relative to meeting these goals. These include goals in what is referred to as the Wheel of Life and include:
  - Physical
  - Financial
  - Mental

- Social
- Ethics and Beliefs
- Family
- Understanding the business goals and objectives and how they relate to you as an individual, your department, fellow employees, superiors and subordinates.
- Establish goal strategies that define the associated rewards and potential consequences if these goals are not fulfilled. This would include:
  - Potential Obstacles
  - Action Items
  - Time Frames
  - Responsibilities
  - Measurements
- Establish an environment that recognizes the completion of this process requires constant repetition and reinforcement yet does not take away substantially from the precious time needed to perform one's daily job functions.
- Create an environment that promotes positive behavior throughout the organization.

Attitude is present in everything we do. Whether it is positive, neutral or negative it will impact the end results of what is trying to be accomplished. If someone is required to put in the time or play the game, then he/she should receive the most out of the time spent.

### **Implementing the Strategy**

Regardless of the status of a company's current information technology systems, whether they are utilizing an existing system or entering into the selection process, it is essential that CRM be clearly defined. That is, how will we as an organization measure CRM and, equally important, how will our customers measure us to decide if we are in fact successful in our CRM strategy. In addition to this measurement is the strategic plan. It must be reflective of where we want the business to be and how we will measure our success. Finally, the integration of technology and infrastructure are essential to maintaining the balance of the delicate triangle supporting the customer. We must place equal emphasis on understanding and implementing positive attitude as we are in implementing technology.

The following is a guideline for implementation of the CRM triangle:

- Review the current strategic plan to assure that it is workable. It must contain clear goals and objectives and is reflective of where the organization wants to be in the next year. If required, develop a new strategic plan utilizing a proven guideline that assures the development of a practical, meaningful plan.
- Review the strategic plan with members of the management and supervisory teams to assure that the entire organization understands the elements of CRM and the expected results.
- Establish an IT/Operational steering committee to assure that the use of technology is reflective of the strategic plan. If the committee is charged with the selection of a new system ensure that the evaluation process incorporates those key business scenarios that support the strategic plan. If a new system is not required then assign the task of benchmarking the current system to the strategic plan to determine and prioritize closing the gaps.
- Identify a strategy for the implementation of the attitude development process, which is also linked to the goals within the strategic plan. It is recommended that a possible initial step be the development of the program as part of the steering committee functions, thereby further closing and linking both sides of the triangle. (In the case of a new system implementation, a good time for this process would be during the conference room pilot – that period of time where the new system functionality is being tested and implemented).
- Develop a realistic timeframe for expanding the development process throughout the system user departments customizing the content by organizational level and responsibilities. That is aligning, responsibilities within the organization to goals that the individual can monitor. (No point in giving a shipping supervisor responsibility for purchase order accuracy).
- Implement a feedback mechanism that continues to reinforce through repetition and recognition after the initial development process is completed.
- Ensure that appropriate feedback mechanisms are in place that assures the objectives behind the CRM strategy are being achieved.

### **Summary**

Defining and achieving improved results is critical to the on-going success of most businesses. To invest hundreds of thousands of dollars in technology and systems without recognizing that tools are only as good as the operator is a formula for disappointment. It has been said that the majority of systems that fail do so in that they do not meet management expectations. We invest significantly in the selection process; we need to expand that investment into our most valuable resource, our people.

Understanding the triangle and maintaining the balance between operations and infrastructure requires a solid strategic plan and a commitment to both sides of the triangle. By making the commitment, the balance will be maintained and the customer, the final arbiter, will be satisfied.

# Continuous Improvement

## Implementing & Integrating a CRM Strategy to Promote TQC

February, 2004

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# Discussion Outline

- ◆ Introductions
- ◆ Some Definitions – CRM and Quality
- ◆ The Balancing Act
- ◆ Some Thoughts on a Meaningful RFP
- ◆ People Development – High CRM & Quality
- ◆ Some Action Items to Consider

# Introductions

- ◆ Brass Ring Consulting

An organization committed to helping clients meet their business objectives by effectively integrating people, technology and overall infrastructure into a total quality solution.

*David Shaffer – Managing Director*

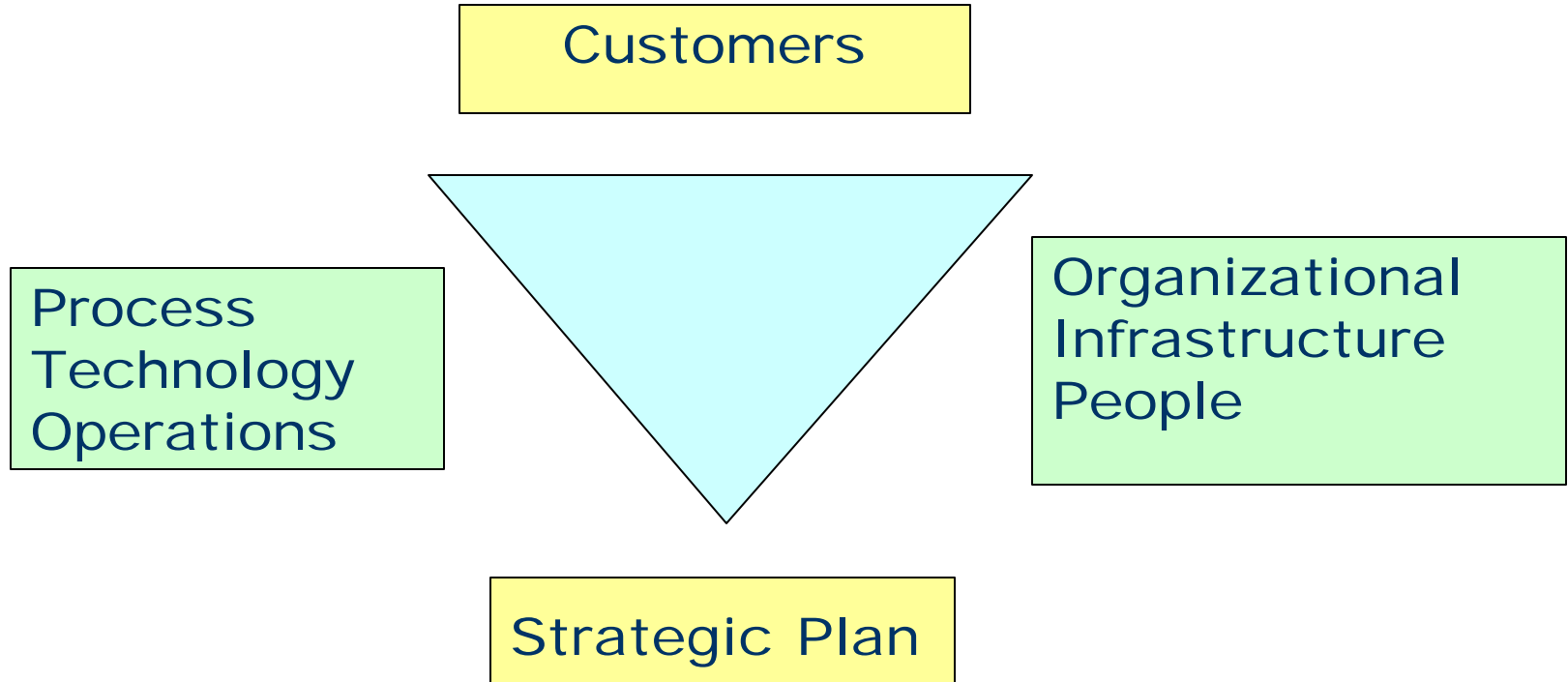
*Brass Ring Consulting*



# Definitions

- ◆ Customer Relationship Management (CRM)
- ◆ Quality – Yesterday and Today
- ◆ RFP – Meaningful or Not
- ◆ Strategic Planning
- ◆ Infrastructure
- ◆ Change Management
- ◆ Continuous Improvement

# The Balancing Act



# A Meaningful RFP

- ◆ Background
- ◆ Objectives and Measurements
  - Link to Strategic Plan
- ◆ Current Environment
- ◆ Key Application Areas
  - Key System Flows
  - Not Application Specific
- ◆ Demonstration Scenarios
- ◆ Financial Considerations
- ◆ Implementation Strategies

# The People Side

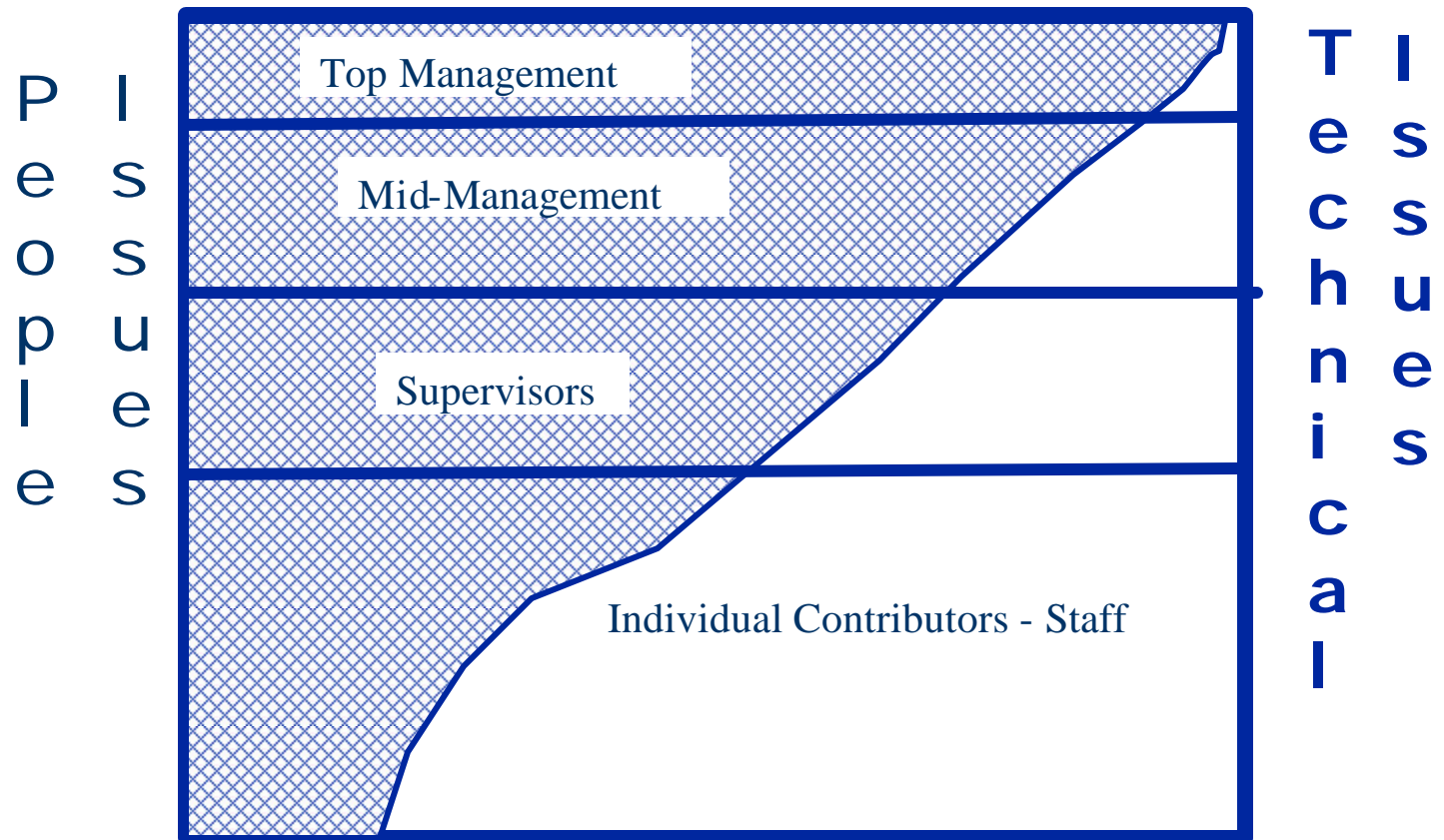
$$\underline{A + S + K + \text{Goals} = \text{PBC} = \text{IR}^B_P}$$

$$V \ \& \ B \ (f)C=88\%$$

# People Development



# People Development Traditional Promotion & Expectations



# Repetition – Linking to the RFP and Strategic Plan

## The Power of SPACED REPETITION Coke

*4 x 2 =*

*Kleenex*

*8 x 6 =*

*7 x 14 =*

*6 x 7 =*

# Action Items

- ✓ Define what CRM means to your organization
- ✓ Test the definitions against your current infrastructure
- ✓ Ask your customers – just like TQM
- ✓ Invest in your people – balance the investment
- ✓ Do a gap analysis to your existing system
- ✓ Develop a plan to monitor change





# Fact versus Fiction



95% of companies passionately believe they know how their organizations operate.

Pebble Inc. has found that, on average, less than 5% know how their organizations really operate.

*Solutions that match  
perception, not reality,  
result in high costs,  
disruptions and failures.*