

Should Systems Integrators Implement CRM?

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The trend of the 1990's, as far as business information systems were concerned, was the proliferation of Enterprise Resource Planning (ERP) systems. The need to integrate financial, production, and human resource functions within the enterprise and unite the major business processes of the back office was seen as essential to improving operational efficiencies and remaining competitive.

Today, the imperative for the corporation is to integrate the front office functions of marketing, sales, and customer service to provide a seamless 360-degree view of the customer. Known as Customer Relationship Management (CRM), the amount of software and services sold in this market will be just as big as, if not bigger, than the ERP market. Research firms such as IDC Inc., Forrester, and Gartner Group estimate the market will grow between 40 and 60 percent annually over the next five years. With such a lucrative market ahead, back office integrators are now quickly moving to integrate CRM systems. But do back office experts and technology vendors have the expertise to integrate CRM? The answer, is a resounding NO!

Back office functions are fundamentally different from front office ones. First, back office people work within highly structured processes where clearly defined rules and workflows exist (i.e. Accounting Systems). Front office staff, on the other hand, operate in a highly individualistic and variable environment and naturally resist systematic processes. Just ask a couple of sales reps in the same company about the steps they go through during a sale and chances are you will get two different responses.

Second, the focus of the back office is on improving operating efficiencies, reducing costs, streamlining procedures—in other words, finding efficiencies for the corporation. Instead, marketing, sales and service people are focused on serving the customer, and trying to find new ways to add value. These are two radically different mindsets that require radically different approaches to integration.

Third, back office integrators also use a much different skill set to implement CRM solutions. They approach CRM as a technology issue, and not a business strategy and people issue. As CRM expert Dick Lee has noted, “CRM doesn't work when we approach it as a technology. In fact, some 80% of stand-alone CRM technology implementations crash and burn. And for a very simple reason –they're not carrying out a business strategy.”

CRM is a new approach to marketing about better managing all activities surrounding customers in order to build longer and more profitable relationships. This means fundamentally changing the way most companies currently conduct business and redesigning their strategies and processes to better serve customers. E-business consultant Ravi Kalakota cleverly refers to this as Reversing the Value Chain. Instead of executives asking themselves “What are our core competencies and how do we continuously improve them to deliver exceptional value?”, they need to ask themselves “What do customers want and how do we deliver it”. He illustrates that if Folgers and Maxwell House had asked themselves this, they would have been able to anticipate the shifting consumer trend toward gourmet coffee and perhaps prevented Starbucks from capturing the market. IBM and Compaq may have prevented Dell from becoming the largest PC reseller in the US if they had had a customer-centric focus. The list goes on and on.

The point is CRM begins with strategy, and neither systems integrators nor software vendors approach CRM this way. No, their focus is on automating your processes because this, they believe, will improve operational performance. But what is not taken into account is that automating already inefficient processes will only speed up dysfunction...a recipe for failure.

In fact, a largest independent study of over 1700 CRM implementations concluded that the two most important ‘Critical Success Factors’ were the need to analyze processes prior to focusing on technology, and, having employees involved in their redesign. “The most successful projects took the time to look at how they are marketing, selling and servicing, as well as how their customers are buying. In doing so, they identified the specific problems they needed to address, and focused their CRM project on dealing with those challenges.” Source: CSO Forum

These are just some of the reasons why 80% of CRM projects fail. Another reason is that many software products contain ‘Industry Best Practices’, which simply means changing the way you do business around the way the computer system works. Essentially, these systems are modelled around the ‘best way’ a company could – in theory – do business, and employees are forced to change the way they work to meet the new system. As absurd as it sounds, this is one of the prominent features of ERP and other back-office systems. In a recent Wall Street Journal Report, uncovered were a number of high profile implementation failures with companies such as Whirlpool, Hershey Foods, and Allied Waste Industries, all of which implemented these ‘Best Practices’. Back-office integrators still have this approach to implementation, even though proven unsuccessful.

So who should integrate CRM systems? The answer is an integrated team of experts from 3 separate disciplines, Strategy, Business Process Redesign, and Technology Implementation. It begins with independent and unbiased up-front

strategic consulting with Strategists who understand front-office tasks and staff roles and needs, continues with team-built process redesign around customer needs, and concludes with the selection of the most appropriate technical system that matches your business needs and its implementation. And of course there is always service and support. As leading independent CRM consultant Jim Dickie notes, "Your success depends on the correct approach...these are the ones achieving breakthrough results".

If you've thought about how CRM can be a Strategic Advantage for your Organization, do something about it. Accelerate Business Technology Partners has developed a CRM Executive Knowledge Seminar, 8 months of intense independent and unbiased research on the How's and Why's – downloaded into your Executive Team within 4 hrs. It's only a starting point for CRM, but a starting point is better than being left behind.

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