

# **A Fragmented Approach To CRM: An Oxymoron?**

*By Glen S. Petersen*



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### Introduction

Many organizations find themselves in the position of having an obvious problem (opportunity) in one area of customer relationship management (CRM) and fund a project to “fix it.” However, when the *empowered* (go make it so) manager proceeds to find a suitable solution he is confronted with an industry that has more messages than Heinz has products. From a product standpoint, it is likely with today’s capabilities, that there exists software that addresses the issue at hand. At the same time, that manager is likely to be confronted with messages that espouse the need to seek a more pervasive or integrated solution. So what’s wrong with fixing what’s broken and getting on with things? Well perhaps nothing or perhaps everything. “Perhaps”, as used in this context can have a very large implication and the issue is, do we know what we are trading-off by taking this approach? In this scenario, neither the manager nor the organization can answer that question. As the title implies, if the organization could answer the question, it is unlikely that it would be pursuing a fragmented approach and taking the argument further, fragmentation and CRM form an oxymoron. The rationale for this contention is outlined below.

### Definitions

Both the CRM industry and management literature are filled with many vaguely defined terms; therefore, it is reasonable to start the discussion with some definitions. The reader should be aware that there is general agreement in the industry regarding the nature of this terminology, but definitions often reflect various biases’ including the writer’s.

1. CRM represents Internet based Customer Relationship Management. From a technology component standpoint, CRM includes the following applications:
  - Marketing Automation
  - Sales Automation
  - Call Center
  - Data Warehouse (repository)
  - Web capabilities
2. CRM has both long and short definitions, however, most definitions recognize two intertwined concepts:
  - CRM is a business strategy that commits the organization to a growth objective achievable through customer centric action (delivery of value).
  - Technology is viewed as an enabler that allows the organization to extend its infrastructure to partners and customers in a manner that enhances value to these respective groups in a cost effective manner.
3. A “Fragmented” approach is assumed to be one where each functional group independently implements their portion of the CRM (absent of a unifying vision or strategy).
4. An “Integrated” approach is assumed to be one where there is a system vision that matches the goals and capabilities ascribed by the organization’s business strategy.

Given these definitions, we will now explore the implications of the two approaches.

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### **The Value Delivery Issue**

Placing product and risk attributes aside for a moment, communication and service (the other dimensions of value) are delivered through processes. The majority of these processes involves multiple hand-offs and cross functional lines. For example:

- Lead management
- Collateral fulfillment
- Proposal generation
- Order entry and pricing
- Order fulfillment
- Order shipment and tracking
- Call center escalation and reporting

Leveraging these and other value impact processes is going to be difficult to achieve if they are an afterthought or require complex integration capabilities.

### **The Alignment Issue**

Further exacerbating the process issue is the non-alignment of functional goals and performance criteria. These reporting techniques are designed to influence behavior; so if the criteria lack alignment, the organization will not be pulling in the same direction from a customer value delivery perspective. To demonstrate this, consider the following:

<b>Sales</b>	The sales organization is typically revenue driven with minimal emphasis on mix or customer profitability. Quotas often drive discounting and other artificial actions that dilute perceived value and may actually reduce delivered value to the customer.
<b>Marketing</b>	Below the vice president level, there is typically a brand orientation that often has minimal focus on the bundling of capabilities and/or the provision of a total customer solution. At lower levels, the focus often centers on programs, campaigns, and leads where the quantity as opposed to the quality of the response is the driver. Again, this focus can result in a dilution of value and in fact invite churn.
<b>Customer Service</b>	Service is often viewed as a cost to be minimized as opposed to a value that should be maximized. Minimization tends to focus on productivity measures that in essence are focused on cost containment. Thus the up-side potential tends to get lost in the equation.
<b>e-Commerce</b>	e-Commerce represents a distribution channel. The question is, how does it integrate with existing channels and how does it address customer value needs? Can or should a customer be able to order something on the web and expect to receive order status information from customer service? What metrics represent success?
<b>Information</b>	It is common for the IS organization to be measured by a number of metrics

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**Services** that relate to cost containment and project related metrics such as on -budget and on-time.

As outlined, it should be clear that the major functions that comprise CRM do not have a common customer focus, at best, they may share a customer satisfaction goal; but how does this translate into action or accountability?

### **Systems and Economics**

It is hard to envision that, for a given level of functionality that a fragmented approach will result in a superior cost of ownership. However, even if this were the case, CRM is about delivering value and demand creation, not cost minimization.

### **Timing**

There is an old and unfortunately all too true adage that “there is never time to do things right the first time but always time to do them over.” If functional departments are experiencing pain and not meeting MBOs; it is going to be difficult to convince them that delay of any type or reason is acceptable. The reality is that an CRM strategy can be created in a period of 4-6 weeks. The real issue is one of leadership. Leaders tend to focus on doing the right thing while managers tend to focus on doing things right. If the organization were truly committed to the principles of being customer driven, then a delay of a few weeks would be an acceptable trade-off.

### **Agility and Adaptability**

No one can deny that change is occurring in shorter intervals. All one has to do is look at the Fortune 500 and compare who has disappeared in the last 5-10 years. The business model for whole industries has shifted in a manner of a few years whereas in the past this process would have taken decades. The issue that each CEO must constantly be concerned about is the ability of the organization to recognize (better yet anticipate) shifts in the market and adapt appropriately.

It is reasonable to believe that a collection of systems is not going to provide the integrated view of the customer needed to detect trends and it may also be a liability in terms of agility.

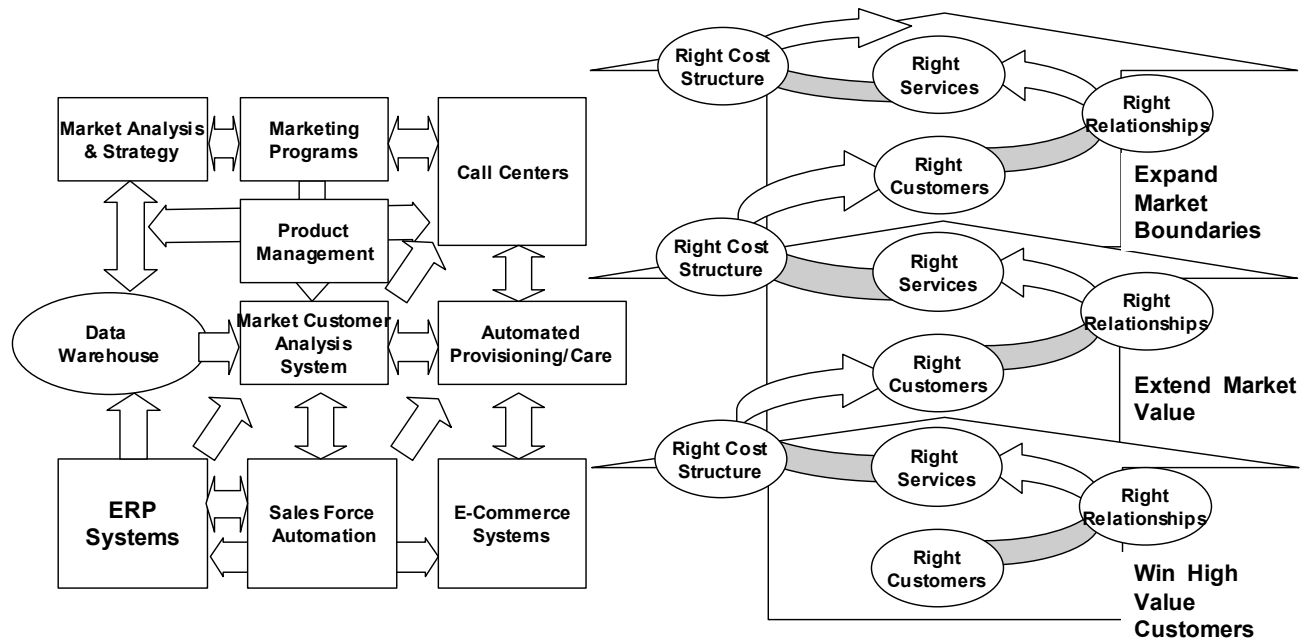
### **An Oxymoron?**

An oxymoron can be defined as combination of contradictory or incongruous words. Does the fragmented application of CRM components create an oxymoron? To crystallize this issue, consider the definition provided earlier relative to CRM. CRM implies a customer focus that starts with an understanding of customer profitability, potential, and needs. These issues drive an assessment of growth associated with value creation and customer retention. This assessment drives strategy, which in turn defines process and system capability. In addition, the organization must adopt a continuous learning orientation as graphically described on the next page.

What this diagram implies is that (figuratively) every customer interaction is an opportunity to learn and assess competitive position. Without the commitment to this iterative assessment

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process, the CRM concept is devoid of leverage and represents a capability that is relevant to one point in time. Such a capability emphasizes integration and a strategic mandate.



The ultimate aim of CRM is to **anticipate** customer needs and to **deliver superior value** in a **cost effective** manner. As the above diagram demonstrates, CRM demands the integration of these capabilities to manage this overall process of ever-increasing competitive ability. If this is the desire and intent of the organization; then a fragmented approach is an oxymoron.

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### About GSP & Associates

GSP & Associates, Inc. is a consultancy that is dedicated to helping user organizations to leverage their investment in CRM related tools. The company provides expertise in the strategic and operational application of CRM tools, sales tools, sales process modeling, and business case development and ROI analysis.



### About The Author

Glen S. Petersen is an internationally recognized speaker, writer, practitioner, and thought leader in the Customer Relationship Management (CRM) and e-Business industries. Mr. Petersen has held senior level management positions with systems integration and end user organizations. As a visionary and early adopter of Sales Force Automation (SFA), in 1986 Mr. Petersen led one of the first successful national implementations of SFA in the United States. Realizing the tremendous future of this new technology,

Mr. Petersen joined a SFA software start-up company in 1988 and had the pleasure of working with many of the pioneering organizations that deployed sales force automation at a time when most organizations were unaware of its existence. In 1991, Mr. Petersen left the vendor community to do consulting. This experience combined with his background in operational and strategic planning places Mr. Petersen in a unique position to advise and assist clients in this challenging area of change management and technology integration. During this period, Mr. Petersen has developed a number of proprietary facilitation techniques, which help organizations to better understand the potential of these technologies, and how to rally the organization around a single threaded, phased implementation approach. Prior to founding GSP & Associates, Mr. Petersen was Senior Vice President at ONE, Inc. and Ameridata, a \$1.3B provider of hardware, software, and services. In these positions, Mr. Petersen sold and directed operational strategy engagements and helped major corporations articulate and justify their CRM and e-Business initiatives.

Mr. Petersen is the author of six books:

- *High-Impact Sales Force Automation: A Strategic Perspective*
- *CRMS: ROI & Results Measurement*
- *Leadership and Alignment in a Customer Centric World*
- *ROI: Building the CRM Business Case*
- *CRM Best Practices: Self Assessment*
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