How to Create a Powerful CRM Vision

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This research provides:

- Guidance on how to develop a CRM vision
- An outline of the five critical components of a CRM vision and how they contribute to an enterprise's CRM success

Key Findings

- A well-thought-out CRM vision provides the basis for creating a customer-centric enterprise.
- Customer-centric enterprises can successfully capture, retain and grow their customer bases while realizing bottom-line growth.
- Clear customer objectives stated in a CRM vision, coupled with leadership, a supportive culture and properly oriented staff, will contribute to overall enterprise success in interacting with customers and fulfilling business goals.

Recommendations

- Create a CRM leadership team.
- Create a model customer experience.
- Create a corporate personality objective and model.
- Understand the guiding principles for successful customer-centric strategies to help compose a vision of what the enterprise wants to deliver to the customer. This will help enterprises plan and prioritize their investments accordingly, which improves their chances of success.
WHAT YOU NEED TO KNOW

Customer advocates create demand and promote retention more than any other market force. CRM initiatives that lack a strong and clear vision of how to cultivate these advocates are lost from the onset. To develop a CRM vision, enterprises should:

- Ensure that their leadership is committed to promoting a customer-centric focus and creating a corporate culture that supports the enterprise’s customer-centric objectives.
- Develop a corporate personality objective and model.
- Develop a model customer experience.
- Leverage the guiding principles for a customer-centric enterprise.
- Create a corporate organizational and employee culture that supports and executes on all these principles.

STRATEGIC PLANNING ASSUMPTION(S)

Through 2011, 80% of CRM projects will continue to deliver improvements to single points within the overall model customer experience but will fail to meet customer expectations of an integrated and contextual experience throughout the customer life cycle (0.8 probability).

Through 2011, 90% of CRM initiatives will balance the need for a valued customer experience with organizational business process re-engineering and the creation of collaborative business processes that use the total customer experience as the design point (0.8 probability).

ANALYSIS

Context

Some enterprises are often caught up in daily operational battles and view the creation of a CRM vision as a “nice to have” accomplishment, while others view it as a critical factor to their success. However, enterprises that take the former position are often caught off guard and lose customers to enterprises that adopt the latter position.

Do not dismiss the creation of a CRM vision. It is essential to successfully practicing CRM principles that deliver increases in market share, wallet share, revenue, margins, and customer retention and loyalty.

Analysis

Gartner defines CRM as a business strategy that maximizes profitability, revenue and customer satisfaction by:

- Organizing around customer segments
- Fostering behavior that satisfies customers
- Implementing customer-centric processes

Creating a CRM vision is more than just an organizational mission statement. It involves a customer-focused experience that is delivered to an individual or organization. This experience
provides the customer with value, satisfies the customer's needs, and fosters a tighter relationship between the enterprise and the customer. The CRM vision is encoded into the makeup of the enterprise and its staff.

A CRM vision must span the customer life cycle and all points of interaction, and it must use the customer experience as a design point for the vision. Without vision, there is no primary objective for customer treatments. For most CRM initiatives, this will result in limited improvements that are often isolated in a single point within a business process. This will fail to improve the overall customer experience, drive revenue or grow customer value. Some strategies focus on only one aspect of the customer life cycle (such as acquisition) at the expense of others (such as retention). The vision needs to look holistically across the customer life cycle, from selection and acquisition to retention and cross-sell, and bring about decisive change. For example, improvements made to selling a cellular service may increase sales, while poor customer service during the life of the subscription can lead to the loss of customers. For example, customers who were happy to sign up with an enterprise may become very unhappy with their overall treatment.

We address five Gartner-defined components that are critical to an enterprise's CRM vision.

**Strong Leadership**

A CRM vision begins with a strong leadership team that understands how future trends will affect the market. This team understands how customers' experiences with the enterprise drive sales and create repeat business. It sees an opportunity to build customer loyalty, while expanding the wallet share of customers.

The leadership team is responsible for creating the "company personality." This is part of the overall company branding efforts; however, it goes beyond just marketing the brand message. It is part of every aspect of the enterprise, from the marketing message to the daily operational business processes. A company personality extends itself to employees and products/services, and is always in line with the overall brand of the enterprise.

The leadership team is responsible for communicating this personality to employees. Otherwise, employees will use their own perceived company personality — regardless of whether it is correct — as their guide during customer interactions. Therefore, key attributes of the leadership team are communication and leadership by example. Additionally, the leadership team is responsible for establishing and maintaining all the other components of a CRM vision. It cannot simply push this down to lower levels of the organization, which leads to fragmented, decentralized implementations of CRM visions at individual business units, disconnected CRM strategies and initiatives, and poor customer treatment overall.

The leadership team's composition is as important to successful CRM as the team's tasks in developing a CRM vision. Often, only one leader from sales, marketing or customer service is deemed as knowing all about the customer. However, without representation from all three organizations, the complete life cycle and customer treatment are not captured. Additionally, there are two other spots needed for the leadership team:

- A representative from operations to ensure that the company can deliver the vision
- The CEO to oversee the team and cast the tie-breaking vote as the fifth member

The leadership team is responsible for:

- Creating the vision
- Defining the timeline and major milestones
• Communicating and championing an enterprise's customer-centric vision
• Creating the customer-centric employee culture of the enterprise
• Incorporating the vision into the enterprise's strategic and tactical initiatives

Corporate Personality Object and Model

A personality can be defined as "the complex characteristics that distinguish an individual, nation or group; the totality of an individual's behavioral and emotional characteristics" (Merriam-Webster's Collegiate Dictionary). A corporate personality can be the collection of an enterprise's brand, reputation, business model, business practices, people, products/services, business processes and technology all interwoven into a single entity.

Every enterprise has a corporate personality, regardless of whether they believe it. Customers interact with enterprises every day and expect certain types of behavior from enterprises based on past interactions, peer information and perspectives that have shaped corporate images for them. For example, many utilities are viewed as difficult to work with because of years of monopolistic behavior toward customers. Therefore, the leadership of an enterprise must take control of this corporate personality instead of letting it become a de facto process driven by customers' reactions to treatment.

An enterprise's CRM vision must clearly establish and communicate the model company personality to all employees at all levels, and not only to those who interact directly with customers. Additionally, direct channels, such as the Web, must support this by leveraging branding and delivering matching functionality that supports the company personality.

For example, some corporate personalities can be perceived as:

• Apple: Hip and creative
• eBay: Helpful at finding or selling anything
• Netflix: Easy to rent from

These are only examples and may not accurately reflect the personalities intended by these organizations. However, they are meant to illustrate how a corporate personality should be thought of and created by an enterprise's leadership team.

Model Customer Experience

The customer experience is the most important piece of the CRM initiative. Therefore, an enterprise should have a model of what the customer experience is and consistently monitor that model for updates to reflect changing market trends. For example, fast-food chains regularly monitor service times and introduce improvements to those services times because "fast" is what is promised as a customer experience. However, other promised aspects of the customer experience, such as quality, must not be sacrificed for the objective of speed. Instead, organizations must take a holistic approach to creating their model customer experience. Accordingly, a company in the entertainment or hospitality market may start with a company personality, such as "a guide to adventure" or "one of creating unforgettable adventures." Then, the leadership team must create a list of components, attributes and employee behaviors that make unforgettable adventures.
Understanding the Guiding Principles for a Customer-Centric Enterprise

When creating a CRM vision, there are four guiding principles for successful customer-centric strategies:

- **Extend the depth and breadth of relationships to achieve a larger share of the customer relationship:** Organizations should assume that they are under-represented in customers' thinking and that they can enlarge their fair share of the relationship.

- **Reduce delivery channel costs and create barriers to entry for competition:** Organizations should move customers and transactions from high-cost channels to low-cost channels, such as the Internet, to improve customer profitability. However, not all customers need to be moved. It depends on what value they bring to the organization.

- **Reinforce the brand:** CRM is the fulfillment of the promise created regarding the brand. This approach emphasizes the handoff from branding media, such as television, to more-interactive media, such as the call center or the Web.

- **Create customer satisfaction and loyalty:** Each interaction with the customer creates or destroys satisfaction. The goal is to have happier customers who remain loyal to the company and buy more. However, enterprises need to take a balanced customer approach that measures customer treatment against the profitability of the customer. However, enterprises must guard against driving customers away. Instead, an approach must be taken that enables a path for an unprofitable customer to become a profitable one.

Supportive Corporate Culture

Employees often save customer relationships when business processes and technology fail to meet customer expectations (for example, blocking a credit card accidentally because the data mining technology discovered a risk from someone shopping for clothes outside the customer's home state).

Employees often discover the flaws in a company's CRM implementation and can take corrective actions. Therefore, no CRM vision is complete without a vision for rewarding, educating and mobilizing employees to support and execute on all these CRM principles. The employee corporate culture vision should define the behaviors that promote CRM and assist the customer at all times.

Employees should be rewarded for delivering the model customer experience and for reporting problems to the enterprise that occur with customers at any point of interaction (face to face, over the phone or via the Web). By creating a culture that rewards and promotes employees for excellent customer treatment and problem discovery, enterprises can correct business processes, policies and systems to continually improve the overall customer experience.

Most failed CRM visions do not include or minimize employees' contributions to the customer experience. Enterprises' leadership must actively work to create a culture that is customer-focused and in line with the above components. Creating this culture can be extremely difficult for low-cost (commodity) providers because their relationships with customers are based on having the lowest prices, not on customer service. Conversely, customer-intimate organizations may already be executing on this component. However, no organization should leave a customer-centric attitude out of their company culture, regardless of their business model.
Key Facts

No CRM initiative will be successful unless it is part of a larger CRM vision that consists of:

- Strong leadership
- A corporate personality objective and model
- A model customer experience
- An understanding of the guiding principles for a customer-centric enterprise
- A supportive corporate culture

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