



Now's the time to cash in on CRM

You may have spent millions and countless hours on implementing CRM, but what have you really got to show for all this effort?

One thing you probably haven't got is Return On Investment (ROI) in the classical sense. You will have elements of Operational and Analytical CRM. Operational CRM is broadly speaking the ability to handle high volumes of customer contacts across a variety of channels and the capacity to handle the transactions that arise from these contacts.

Analytical CRM is the data infrastructure that collects together customer, contact, and sales information, and provides tools for analysis or at least management reporting.

In a word, what you have is infrastructure. One characteristic of infrastructure projects is that they typically do not provide a large ROI in themselves. Instead, they enable business solutions to be built effectively.

The good news is that the time is exactly right for many organisations to leverage their CRM infrastructure investment and actively support the business.

The business climate was different when many of the large CRM projects were initiated. Then the objectives were based around acquisition while now the economic climate is much tighter and most companies are focusing on retention and increased sales to their existing customer base. To use an American phrase, the business focus has moved from market share to wallet share.

A recent study concluded that the average American is exposed to 6,000 marketing messages each day. Whatever the comparable number is in other countries, it is clear that customers are over-saturated with undifferentiated promotions.

CRM is supposed to be about relationships. Successful

human relationships are built on deep understanding of others and the ability to perceive their current situation and to empathise with it.

However, as much as we would like to know and understand each individual customer at a personal level, that just isn't feasible in much of today's business environment. Personal knowledge doesn't scale and can't be shared, making it inappropriate for optimised environments like contact centres. Personal knowledge can't be automated which poses severe restrictions on the very successful modern self-service contact channels like the Web.

This is where the CRM infrastructure comes to the

The good news is that it is exactly the right time for CRM

rescue. Now is the right time because many organisations have a few years' accumulated data on their customers' behaviour within their Analytical CRM infrastructure.

Recent advances in analytical tools combined with new understanding of the organisations and processes that they support, allows companies to take this data and turn it into customer insights which accurately predict people's propensity to behave in a certain way – to accept a sales offer, for example – and the value of this behaviour.

This is not another large-scale CRM project. Rather, it leverages an organisation's existing infrastructure and provides new business capabilities in three broad areas.

Firstly, the analytics need to get into the business. Access to the customer data must be on the desk of everybody in the marketing groups. These people within the organisation deal with customers and are

responsible for the customer relationship. If they cannot explore the data to gain new customer insights, then why capture that data?

Secondly, these insights must take the form of predictive behavioural models; models that can be executed in real-time to take into account all the data about the customer and the context of the contact. The analytical insights ensure that the offers we will be making are relevant while the real-time execution of the models ensures that they are timely.

Thirdly, these capabilities need to be integrated into the Operational CRM environments to ensure that the insights are actionable.

A financial institution that implemented these capabilities in its existing call centre obtained startling results. Previously focused on customer service, the agents were given additional information on highly targeted, suitable offers of moderately complex financial products.

Of all the offers made, customers expressed interest in 50% of the cases. Of these, 75% purchased, resulting in an offer to purchase ratio of over 35%.

The several tens of millions of additional annual revenue speak for themselves. That call centre has changed from a cost centre to being the best sales channel for the company.

Harder to quantify, but to my mind as interesting, is the change in the nature of the organisation's relationship with its customers. Half the time they make a suggestion, the customer is interested. That is very different from the other 5,999 marketing messages the customer is going to receive on that day.

This is a new quality of relationship; one that clearly differentiates the brand in today's crowded marketplace, and one that will give the organisation a long-term competitive advantage.