



Are You Ready for CRM?

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A Real yze Consul ting White Paper

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CRM is a tough place to be sometimes. It's tough for vendors looking to sell software or services, for companies looking to deploy new systems, and—perhaps most of all—for the customer. Customers, you see, don't even know you're trying to have a better relationship with them. They just want to buy something easily, or get an answer to a question, or find out what happened to an order.

Why are times so tough? Economics, of course—but that's too simple. There are a lot of potential places to conserve when the economy slips a bit, but it doesn't appear as if CRM should be one of them. In a recent Gartner report on the retail industry, for example, 52% of those surveyed consider CRM to be their most important current business strategy¹. Another study, this one from Jupiter, claims that 74% of businesses are planning to *increase* CRM spending by anywhere from 25-50%, despite the

¹ Cited in Conlin, Robert, *CRM Crucial to Retailers—in Theory*, CRMDaily, June 18, 2001

troublesome economic climate². Yet time after time what we see are projects in difficulty: over on budget, over on time, over on promises.

It's fascinating, really, when you think about it: implementation horror stories are increasing, yet so is spending. This confluence suggests a both a heightened sense of urgency and a heightened understanding of complexity.

Like we said, CRM is a tough place to be sometimes.

Why Failure?

The failure rates of enterprise IT and Business Division initiatives recalls Santayana: we seem compelled to forget the past and therefore condemned to repeat it. Back in 1998 Davenport and Prusak talked about 50% failure rates in KM projects³, and the cost overruns and unmet expectations in the ERP world have taken on an aura of urban mythology.

Blame is rampant, of course: the software isn't quite as advertised, the processes aren't right, the culture isn't ready, there's no management support.

From our perspective it all comes down to one simple thing: the company embarked on a major initiative before it was *ready*.

² cited in Conlin, Robert and Clare Saliba, *Report: Customer Service Spending to Buck Economic Downturn*, CRMDaily, June 26, 2001

³ cited in Davenport, Thomas H. and Laurence Prusak, *Working Knowledge*, Harvard Business School Press, 1998

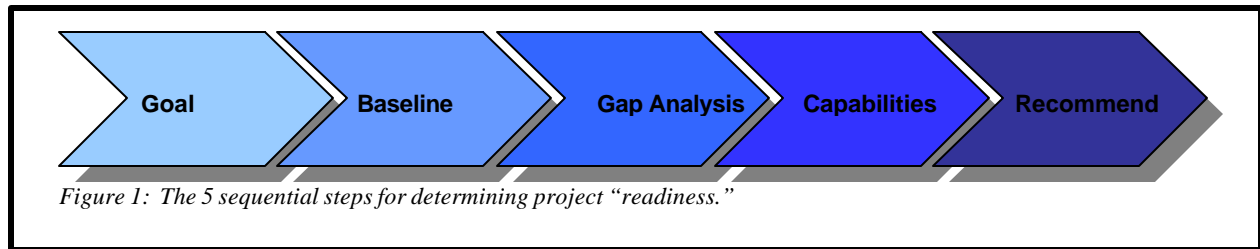
What is “Readiness”

“Readiness” isn’t a complicated idea. We determine readiness all the time, and the steps we take to determine if we’re “ready” to do something are simple and regular:

- First, we assess where we want to be. The idea is simple: you can’t be “ready” to do something if you don’t first identify what the “something” is. And yet, in our work we repeatedly see initiatives begun without clear *goals*, without some kind of destination in mind.
- Second, we assess where we are. You can’t know how “ready” you are to do something if you don’t know what you’re capable of doing in the first place. In the terminology of business analytics, you need a *baseline*.
- Third, we see what we think it will take to get from “where we are” to “where we want to be.” Again, in business terms, this is a simple *gap analysis*, followed by a *scoping* of the project.
- Fourth, we look at our *capabilities*. Do we have what it takes to get from where we are to where we want to be? If not, can we plan for how to increase or augment our capabilities? We need to know—with reasonable precision—just what kind of an effort is in front of us.
- Lastly, we have to assess the risk, both of proceeding and not proceeding with our plans. This often means reviewing competition, understanding costs, reviewing value propositions, and more. The result is a *recommendation*.

The key, however, is in establishing the parameters listed without taking forever to do it. Everyone knows the pain of over-analyzing a project before you even get started, and in

the world of CRM, that “paralysis by analysis” can lead to competitive disadvantages and disappearing customers.



Determining Readiness Quickly

Like anything in life or business, having a plan makes it easier to execute quickly, and takes much of the time-wasting guesswork out of how to proceed. Determining if your ready for a major initiative is just another example of how planning accelerates execution.

The key is a “Readiness Study,” a specific, templated project plan for how to establish project readiness in 3-4 weeks. The Readiness Study spells out specific tasks, specific roles and responsibilities, and specific deliverables and milestones. It uses “SWOT” Analysis as a model, emphasizing the *strengths*, *weaknesses*, *opportunities* and *threats* associated with the project under review. A final recommendation assesses the likelihood of success and the best way to move forward—whether it is incrementally, in total, or not at all.

It seems like a lot to accomplish in just a few weeks, but the “Readiness Study” assumes a few things up front:

- An intense, targeted effort is the best way to keep the analysis from dragging on for what can easily turn out to be several months.

- The study is led by a single individual (often an objective consultant) who has just this project—and the full eight hours each day to focus on it.
- There is already a generalized decision to do “something,” but there’s not been an objective evaluation of just what that “something” should be.

What does it mean to be CRMready?

Applying the eReadiness methodology to CRM is a simple process, and it can lead to an easily defined and highly focused project plan that will provide the greatest opportunities for success. Still, it is critical that the focus of the work remain on objectives and goals; the most important factor continues to be what the company expects to gain from embarking on or improving a CRM initiative.

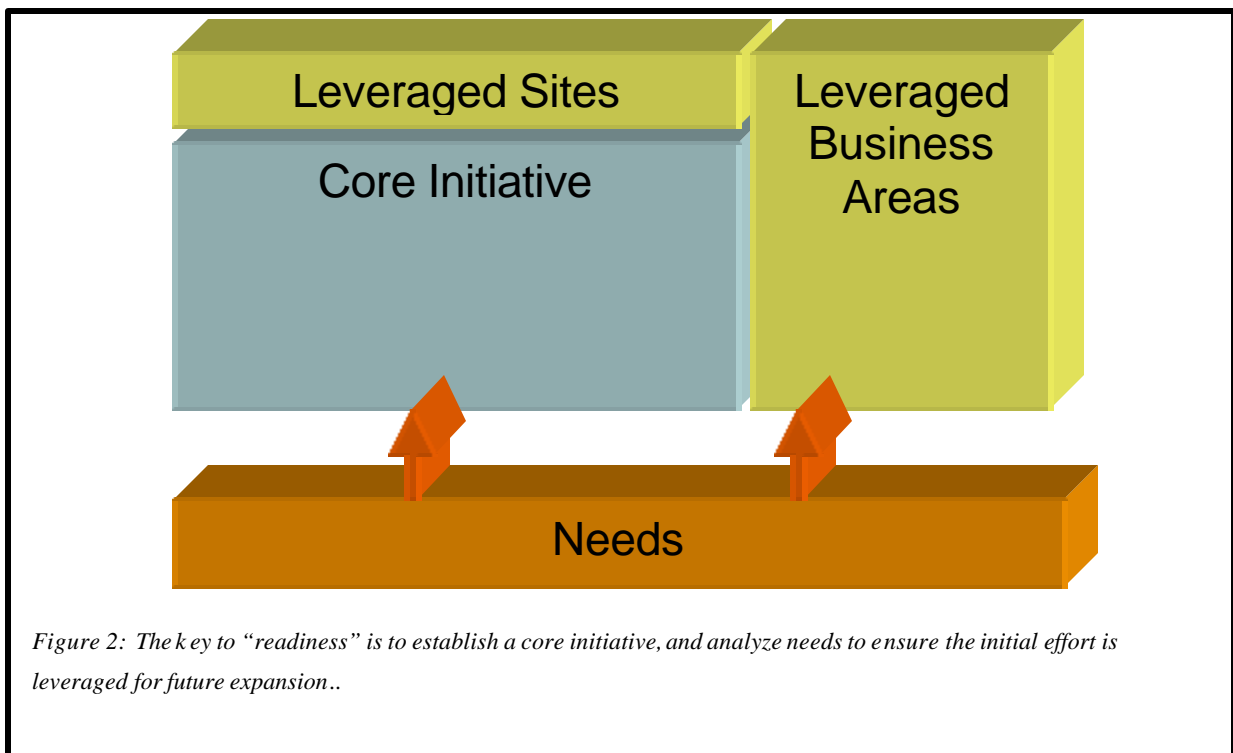


Figure 2: The key to “readiness” is to establish a core initiative, and analyze needs to ensure the initial effort is leveraged for future expansion..

In our experience, being CRM “ready” means several things:

- First, and most importantly, the company understands what CRM really is, and what it can really do for a company. CRM is *not*, as many companies fail to realize, simply about tracking and responding to customers. CRM, instead, is a business discipline that leads to using knowledge about customers and their behaviors to both improve service and increase the lifetime value of each customer. It is an exponential improvement over archaic marketing techniques; CRM relies on what companies *know* about their customers—not as groups or demographic profiles, but as individuals.

- Secondly, being CRM “ready” means that the company understands that, as a business discipline, effective CRM comes from a combination of *individuals*, *business processes*, *customer knowledge*, and *integrated technologies*. The company will assess the relative efficiencies of each with respect to the overall CRM goals, and will have developed a plan for bringing the four elements together into a cohesive program.

- And finally, being CRM “ready” means having a champion that will direct an initial project, regardless of scope, and will stick with it, having both the authority and the accountability to ensure success.

The Readiness Study for CRM™

The key to effectively jumpstarting a CRM initiative (or improvement project) then becomes an evaluation of a company’s “readiness” to move forward. Before now there has not been a carefully defined program to assess that readiness; instead, companies have either struggled internally to develop a plan (often taking six months or more in the process), or have contracted with a consulting firm on an open-ended basis to plan the project for them (again, often taking six months or more in the process).

In our experience, such an extended approach wastes time and money. It is a simple project to determine readiness, as has been described above, and we believe that it should take no more than 3-4 weeks. As importantly, it should provide specific deliverables, including project plan templates, first-tier vendor evaluations, a model Request-For-Proposal (RFP) document, and a tentative budget.

With these items—and the expertise of an individual who can execute a Readiness Study in the recommended timeframes—a company should be well positioned to make informed and intelligent decisions about its CRM future, knowing clearly what it takes to be *ready*—not just for CRM, but for successful CRM.

About Realyze Consulting

Realyze Consulting, founded by Michael Charney, specializes in Readiness Studies™ for eBusiness. Fostered from a belief that analysis and planning can be effective and fast—and that good project planning is the ultimate key to success—Realyze Consulting provides the precision and speed needed to effectively launch an eBusiness initiative.

Realyze Consulting offers Readiness Studies for:

- Customer Relationship Management (CRM/eCRM)
- Knowledge Management
- eLearning
- Organizational Change and Strategic Planning

For more information on *Readiness Studies*, please contact Realyze Consulting at www.realyzeconsulting.com or at mcharney@realyzeconsulting.com.