

High-Yield Methods

for customer-aligning business strategies, process & technology

Is It the Beginning of the End for CRM or the End of the Beginning?

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Recently, I opened a keynote presentation for a regional customer relationship management group with a slide, repeating this quote: *CRM is dead.—Tom Siebel.* My second slide, which I delivered almost immediately, deadpanned back: *Tom Siebel is dead.—CRM.* Good laugh line. But slide 3 went right to the heart of the matter: *It was nearly a murder-suicide.*

Indeed, while Tom Siebel and numerous other CRM software "luminaries" were cutting their own wrists, they were also beating the CRM goose, albeit no longer laying golden eggs, to within an inch of its life. And it remains on life support today.

All of us involved in CRM—planning- and process-type folks, technology folks and CRM adopters alike—need to reflect on this. Not just repeat *ad nauseum* how software killed CRM. Not just whimp out and flee to "CEM" (customer experience management). Not just write another article about it. But understand at a gut level why CRM, as originally conceived, has been wounded almost beyond flight—and further, be sufficiently motivated to save the patient to sacrifice some short-term interests to protect the longer term.

Now, to be sure, salesforce.com and Microsoft are still selling lots of software. The ERP-based software systems are improving and seeing more use, and a few other software firms continue to avoid the grim reaper. But that doesn't equate to a healthy CRM movement—*as originally conceived*.

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If we can remember back that far, CRM was born of a union of the relationship marketing movement of the 1980s—which was severely handicapped by lack of point-of-contact, customer information management technology—with nascent sales force automation (SFA) and slightly further along customer service automation. Implementing customer-centric business strategies was the original goal, and automation technologies were to be the enabling tools.

Then, things went to hell in a hand basket. From its original promise of helping companies bond with customers and reap the rewards of longer and deeper customer relationships, CRM tumbled to being mere software—software sold as a powerful magic potion that would lift companies to the promised land of abundant revenue and profits to match. But instead, this "potion" turned out to be a dangerous hallucinogen—delivering visions of sugar plums—only to be followed by asphalt face plants when potion-taking companies crashed back to reality.

And no surprise, once the casualties mounted among companies rash or adventurous enough to "drink the Kool-Aid," the business community finally wised up; demand for CRM software and services died down; and already-declining CRM activity (especially in the United States) completely tanked along with the economy in 2001. Unfortunately, while the U.S. economy has picked itself up and dusted itself off, CRM remains in a moribund state.

"But haven't software sales rebounded somewhat?" you ask. Yes they have—somewhat. But consider why. Salesforce.com is a good example. How did the company "solve" the problem of costly CRM flops? Easy—by making them less costly. That's right, salesforce made software less costly (at least initially) to buy and implement. So we've moved from big failures to small failures—or at best, sufficient operational cost reductions to leak out a little ROI. Hey, is that progress or what?

But seriously, even salesforce is only a short-term winner with this strategy. Right now it's the 800-pound gorilla in the CRM hosted application market. But a year from now? A year from now, Microsoft will have dropped its 8,000-pound footprint into the hosted-app segment. And RightNow Technologies will likely have integrated its recent purchase, hosted provider SalesNet, with its web-based service software—which will make it a very

formidable competitor. Commodity time.

And in the non-hosted market Microsoft is continuing to grow, but implementing software on internal servers escalates the cost of failure—failure that's almost inevitable when companies buy software thinking they're buying CRM.

So does that mean that we should pull the plug on the old goose and let software sellers fight over the droppings? Hey, people devoted to the business rather than technology side of CRM can flee to CEM instead, right?

Wrong. Wrong because CEM is nothing more than repackaged relationship marketing. And history taught us that relationship marketing produces more promise than profit without point-of-contact technology support.

In a sense, we've come full circle. But the movement to put customers first, the essence of relationship marketing, has advanced rapidly since relationship marketing and customer-related technologies first tried—unsuccessfully—to integrate. And customer-related technologies are far more sophisticated and versatile than in the past—and capable of enabling much more value delivery to customers. Add in the fact that sellers of standalone CRM software (hosted or not) are about to need differentiation beyond product and price, and potentially there's motivation all around to return CRM to its business roots.

How? Simple. If we've learned anything over the past 15 years, we've learned that *successful* CRM starts with customer-centric *business* strategies. Plus we've also learned that technology does not enable strategies directly; rather, technology enables *business* process that implements strategies. All we have to do is get these basic facts straight—and "get it" that we don't even talk technology until we fully address strategy and process. Doing so will require software sellers to adopt a "sell no software before its time" credo—and risk some short-term sales in the process. But in today's marketplace, sellers that put buyer interests first come out ahead. And if you don't believe that, you have no business being in CRM.

Consultant, author, educator Dick Lee, Principal of High-Yield Methods, ranks among the leading practitioners of CRM/CEM as well as business process design for non-

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