

High-Yield Methods

for customer-aligning business strategies, process & technology

Putting Technology in Its Place

By Dick Lee
High-Yield Methods

Technology is a bully. It pushes people around. Tells them what to do. Tells them how to do it. Then rats to management if they don't do it right. All that's bad enough. But the negative consequences of technology's bad behavior don't affect just direct users, but also they negatively affect all aspects of the enterprise, even business strategy and process. And the damage extends right down to the bottom line.

Consider what happens when technology steps outside its role. Think of a business enterprise as a human body. The brain delivers the strategies that drive the company. The nervous system—the business process environment—should faithfully carry out the brain's strategic commands. And the nervous system commands body parts to pick up tools—technology prominent among them—that should create the outcomes the brain intended.

Technology can be a "bad actor"

But in business, things rarely work that way. Rather than the brain running the show, technology often has a mind of its own. Instead of receiving and following commands, technology frequently gives counter-directions. And technology gets so full of itself that it sends impulses back up the nervous system telling the brain what it can ask for and what it can't. So it doesn't just bully users. It even bullies senior management that sets strategies.

Sounds like somebody—or something—is ready for a smackdown.

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More than a little bit of denial

Of course, most executives will deny such scenarios at their companies. “Oh, we’d never let this happen.” Wanna bet? Just think of all the companies that let technology guide their business process, at least to a significant degree. Based on High-Yield Methods' experience, at least 50 percent of Fortune 1,000 companies have technology rings in their noses. And how many more suffer self-inflicted injuries by implementing new, enterprise technology without *first* re-evaluating market conditions—including rapidly changing customer needs and preferences—to set forward-looking, rather than “rear-view mirror,” business strategies? Lots more. And how many companies implement new enterprise technology without *first* pausing to redesign business processes to carry out new strategic commands? Lots more again. And how many implement new technology based on software-dictated “best practices,” without *first* basing technology requirements and technology selection on “to-be” workflow, information flow and individual work processes? Hey, we’re up around 133 percent now.

Most companies, especially enterprise-size companies, that don't admit their technology is competing with management strategies for control of the corporate body are in denial. Deep denial. And not seeing this subterranean battle for control costs these companies dearly.

Align thyself

What’s the most common denominator among highly profitable companies in competitive environments? Alignment. Not only external alignment with customers but also *internal* alignment that matches process to strategy and technology to process like pieces of a puzzle. The superior profitability of well-aligned companies stands to reason.

When the pieces don’t fit, they fight each other for space, and corporate energy needed to focus on customers gets expended internally trying to force-fit together incompatible pieces. That’s expensive, not only because of the revenue lost shifting attention from customers to internal problems but also because of escalating internal operating costs spent attempting to manage around the misalignment.

Consider the performance of two retail financial institutions. The larger of the two began its efforts to broaden customer relationships by investing a gazillion dollars in a behemoth CRM system—a system that dictates how users conduct business. No attention paid to developing new customer-centric strategies. No effort made to change processes. Just plop this system down on top of existing strategy and process and expect it to do wonders. And wonders it did produce. It's wondrous that such a huge technology system still shows "negative ROI," after being in place for several years now.

The folks at the smaller and smarter institution mounted a major strategic review that led to significant directional changes, including a much more positive customer focus. Next, they took time to review and redesign workflow, information flow and work process—not just for customer-facing functions but also enterprise-wide. Then, and only then, did this FI look at automation technologies that would support the new business processes that support the new strategies.

And rather than just focus on CRM, this organization implemented a range of automation technologies not limited to CRM—all designed to support new business process and some designed for direct customer use. The outcome has been broader *and* deeper customer relationships that are generating new business, plus improved new customer acquisition, both of which are positively contributing to the bottom line, I'm happy to report that FI No. 1 was not our client. But FI No. 2 was.

This applies to other industries, too. Take the car industry. Many auto-dealers, often prompted by manufacturers, are slapping in either standalone CRM applications or integrated front office/back office technology. And, sure, they can remember your birthday now and even your lease end-date or likely trade-in date. That helps them sell. But it hardly encourages customers to buy because the typical car dealer is misaligned to the teeth. Lexus, on the other hand, started with a customer relationship strategy; supports that strategy with well-aligned sales, service and finance practices; and then automates process with a well-integrated application that shares customer information across all dealer functions. As a result, Lexus has amazing customer satisfaction and loyalty, which contribute mightily to its bottom line.

What should your company do to share in the "return on technology" enjoyed by the smaller financial institution, Lexus, and others such as Best Buy, the reborn Qwest and Verizon Wireless—all of which effectively support customer-responsive business strategies with effective, enabling technologies?

Alignment starts with a stiff backbone

Simple. Stand up to technology and put it in its place. Start with the belief that you run technology, rather than having technology run your company. Then put first things first by revisiting your customer strategies; redesigning business process to implement revised strategies; then letting your new business process define technology support requirements—*before* you let a software salesperson in the door. You betcha.

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