

Key Findings

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Is CRM Over?

I have heard a lot of talk in the industry lately about CRM being "over." The current phase lacks the 40 percent-plus growth rates of the 1990s, and many people have concluded that means the need for customer relationship management solutions is waning. But maybe not.

Although CRM's formal history only goes back 10 years, vendors have been trying to manage their interactions with customers since the first rug trader saddled up a camel and hit the road. I have a hunch this trend will continue.

Nevertheless, there can be no denying that the market's growth rate has slowed and, during the recession, maybe even reversed. However, mainstream adoption has been proceeding at a good clip lately, so if CRM is not exactly over, we have certainly entered a mature phase of the market.

Many people might still ask what's next in CRM, or after CRM, and that's a reasonable and productive thing to do. One way to handle the question might be to ask what's left to do in CRM, and for that there are lots of answers.

Building Relationship

Although a lot of progress has been made in CRM, the technology suite is still largely a transaction-oriented one.

As I have said before, current CRM does a great job of helping management but not necessarily a very good job of building the customer relationship. Whether you are considering sales or service, the dominant transaction to consider is the bidirectional exchange of value. It is the bi-directionality that we need to improve.

Perhaps the truest thing we can say about CRM today is that the first wave of CRM appears to be finishing up, and all indications are that the next wave will deal more with relationship building. That said here's my personal and highly idiosyncratic wish list for what the next generation should offer.

SFA

Sales force automation (SFA) is a great example of how we have automated the transaction but not necessarily done much to enhance the relationship or to make life easier for the user.

SFA is a great management tool right now. It captures and organizes data that can be easily rolled up to management, and it has been very successful in helping managers do a timelier job of identifying patterns and then better managing the sales force. But aside from countless rearrangements of the user interface, not much has been done to deliver value to the individual sales representative using SFA day-to-day. Improvements in adoption rates most likely come from reps deciding to make the best of it.

Increasing importance of integration

What I'd like to see: multiple methods for entering information into SFA, for starters, followed by integration with back office systems such as supply chain management systems. Integration will enable reps to have and provide greater detail on the big picture for their customers.

While we're at it, I'd also like to see better integration with marketing and more fidelity to methodology. Sales methodology is still only taken half heartedly in many quarters, and, as a result, too often sales automation does little more than accelerate bad practices.

Selling in general is still undergoing a transition from mostly "art" to mostly a "science." It's a long process, and too many SFA vendors are still reluctant to drive a stake in the ground on the subject of methodology, preferring a "have it your way" message for their customers.

Those vendors who take a more advanced position on methodology are the ones who have realized that there is greater revenue -- and profit potential -- in advocating and promoting a methodologically correct use of their systems; others will follow.

Low Power Platforms

There are companies that now offer voice-activated interfaces to SFA so that road warriors can simply dictate call results and other information directly into the systems with their cell phones, completely eliminating the need to be connected to the Internet or the need for a laptop. That's progress.

Other systems offer embedded analytics that critique your position in a sales cycle based on your company's sales model. The systems that I've seen run on a PDA, again eliminating the need for a laptop and providing greater flexibility to the user.

Marketing improvements

Was it W.H. Macy in New York or Marshall Field in Chicago during the 19th century who said: "Half my marketing budget is wasted. I just don't know which half." Regardless, that seems to be the mantra of CRM marketing specialists intent on capturing the ROI of their marketing programs, which they believe will justify their worth.

Well, they're right to a degree, but if we only measure the number of leads generated rather than what happens to the leads downstream, we still will not know which "half" of the marketing budget is well spent. For that we need better integration of marketing in both directions -- toward sales as well as towards service.

It is still true that sales representatives too often pick and choose which leads to follow up (a methodology problem), betting on hunches or simply excluding those leads that will close outside of a time box, such as a month or quarter.

While generating leads is obviously important, a better ability to support cooperation between sales and marketing is still needed. Also, the quality of the leads that marketing develops can be enhanced if marketing does a better job of reaching out to current customers.

Tools that capture the voice of the customer are on the market and are gaining in popularity, especially for big ticket and some consumer goods. But the techniques and technologies for getting inside of customers' heads now need to be adapted for and extended to more B2B markets and especially B2C markets. It is doubtful that any company will ever be able to know what each of its customers thinks about any particular product or service. But a statistically valid model of the customer must be an important goal.

Big Benefit, Bad Name

The objective should be to have a statistically valid view of the market, and advancing technology is making that goal more attainable and less expensive for companies of all sizes. Getting more and more frequent customer input will do a lot to ensure the ROI of the marketing spend.

Service and support is quite possibly the one area that has received the biggest benefit from CRM, and it is also the one that has done the most to give CRM a bad name. How so? Call and contact center systems have made it possible for countless companies to reduce the costs of providing phone-based and online services to their customers.

However, these are the same tools that have made it possible to send jobs overseas and effectively cut off real customer interaction when it is absolutely needed. Abuse of these systems that alternately keep customers at bay or relentlessly market unwanted products

to them has led to what Harvard Business School Professor Shoshana Zuboff has described as "relationship murder."

One of the big goals of CRM vendors as well as the companies that use their technology must be to build systems that enable customer input and interaction that will rebuild the relationship and thereby reestablish customer loyalty. Come to think of it, that's a methodology issue too.

CRM Continues to Evolve

The current technology stack of mostly Windows-based computing technology has taken us pretty far toward a greater vision of the customer relationship.

The emerging wireless infrastructure, including low-power personal devices and the new applications designed for those platforms, appear to be the next wave in our march toward greater customer intimacy.

But with enormous ability to touch the customer, we also need to develop some restraint, including the ability to figure out when a customer wants to be left alone. Statistically based systems that assist in figuring out when a customer is approachable are already on the market and may prove to be the next wrinkle in the constantly evolving practice of CRM. That sounds like a methodology requirement also.

Is CRM really over? No. But like any important practice, it is evolving. Aside from technology, the way we use the tools we have will be an important determinant in CRM's ultimate success.