

14 June 2007

### **Performance Key to CRM Success**

*Performance, not the financial stability, is the real test of your CRM initiative.*

#### **Key Learnings:**

- Customer relationship management strategy is important for any company
- There are three levels to add value in an organization with CRM strategy
- Cost structure and profit sources are at the core of CRM strategy

It is a known fact that the financial performance is the indicator of the growth and efficiency of a company. What matters most at the end is the performance to achieve a goal. Achieving a goal is of course a journey. Success of the journey is always determined by the quality of the customer relationship management (CRM). Creating real value for the customer is a job for a company.

In today's customer driven economy, companies are in a rat race to reach the top position and stay there. But few could accomplish that because of poor customer quality. Loyal customers are the way to climb to the top. Thus measuring performance of the CRM strategy is an indicator of the effective functioning of the company.

There are three levels to add value in an organization with CRM strategy. They are organizational, processes and activity. In a larger context, it means marketing, sales and service strategy. These three components together can elevate a company from a mere business organization to a performance based business service provider.

#### **How is it possible to make it happen?**

We need to ask a few questions to get an answer. What are the goals of the CRM strategy? What are the indicators to measure the result of the CRM strategy? Is the CRM strategy relevant to the present day economy? A wide body of knowledge and specialized managerial discipline is the key answer to the above-mentioned questions. Managing performance (BSC, BI), process (BPI...), cost (ABC) and finances are all part of the same game - to make a strategy and bring it to execution. All of these areas affect CRM strategies.

#### **The task of a manager**

A manager's task is to maintain a proper balance among these disciplines. For that he needs to understand the internal and external environment. By maintaining a proper balance it becomes easier to translate the strategy into measurable processes and actions. Moreover, this way it is easy to understand the cost structure and profit sources, which are at the core of CRM strategy.

The framework mentioned above will certainly improve the efficiency of the productivity and profitability. This will lead to value innovation, which is a powerful source for satisfying customers. In a nutshell, satisfied customer means growing customers and of



## TenStep Supplemental Paper

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course gaining new customers. When it comes to performance it is people who make the numbers. To enhance the performance, we should measure them.

We are used to age-old historical financial indicators, but it is not enough to measure the performance. The followings are the criteria of a perfect measurement system for CRM success:

- CRM objectives should be clearly communicated to every one in a comprehensive manner.
- The job performer must have the required skill, knowledge and experience. Some personal attributes are needed for that.
- A proper organizational structure, processes information systems and feed back mechanism should be in place
- Fairness should be the basis for measurement system.

It is not a small challenge. To achieve this goal it requires years and in fact the task never ends. It ought to be designed to display encouragement and optimistic results with business cycle.