

By BARTON GOLDENBERG

## From the CRM Trenches: A 30-Year Perspective

*Technology has changed everything but this:  
People are still the name of the game*

**F**OR THE PAST 30 years, I have been deeply honored to actively participate in our ever-changing CRM industry. What follows is part one of a two-part 30th-anniversary special (part two will be published in the August 2015 issue of *CRM*). Part one focuses on how customer engagement has changed over the years and how these changes have affected both the critical CRM people, process, and technology mix and CRM user adoption. Part two looks forward five years and focuses on emerging technologies and techniques—including mobility, social CRM, and the Internet of Things—that strive to support the new customer engagement model.

### WE'VE COME A LONG WAY!

Think for a moment about technology's progress during the past 30 years. In 1985, there was no Internet; today more than 3 billion people worldwide (40 percent of the global population) have access to the Internet. There was no Facebook; today 1.4 billion people are active Facebook users (20 percent of

the global population), of whom 890 million are on it daily. There were barely any mobile phones, and certainly no such thing as smartphones; in 2014, 1.2 billion smartphones were sold worldwide (17 percent of the global population). Business analytics was in its infancy; today, only the unwise executive would deviate from data-driven decision making that leverages the abundance of available customer, market, and competitive data. The concept of "omnichannel"—selling products and services across multiple channels—was in its infancy; today, customers expect products and services to be available in all of their preferred channels.

The impact of these and related technologies has been mind-boggling, and has forever changed the perception of what makes an exceptional customer experience. Consider the following:

- the influence that Amazon's "product pairing" based on smart analysis has had on bundled product offerings;

- how Zappos's revolutionary customer return policy has raised the bar on customer service and complaint resolution;
- how Disney's "magic" experience has changed forever the customer's expectation of brilliant service;
- the impact of FedEx's decision to offer online package tracking; and

- the arrival of Twitter, Yelp, and related technologies to usher in the era of instant customer satisfaction ratings and the "now" customer.

These new technologies and their effect on customer expectation have also forever altered the customer engagement model. In a nutshell, the customer relationship pendulum has swung away from the organization and toward the customer. The old one-way, company-to-customer dia-

logue has been replaced with a two-way dialogue via the customer's channel(s) of preference. All organizations—private, public, and not-for-profit—now face the same issue: How do we change our go-to-market strategy to ensure we're selling the right product or service to the right customer at the right time?

### HOW WELL HAS THE CRM INDUSTRY RESPONDED TO THIS PARADIGM SHIFT?

I'd give our industry a B minus for the reasons noted below, but first a reminder of the importance of the CRM people, process, and technology mix. At the core of every successful CRM implementation is this critical mix, in which 50 percent of the success of an initiative depends on people, 30 percent on process, and 20 percent on technology. Said differently, 80 percent of an implementation's success depends on getting the people and process components right; CRM is *not* a technology game.

But that's the rub—too often, organizations have failed to get the mix right, resulting in low user adoption and suboptimal CRM performance. The consequence: Most of these organizations are currently not in a position to leverage these new technologies to meaningfully adapt to the new customer engagement model.



OVER THE PAST FEW DECADES, THE CUSTOMER RELATIONSHIP PENDULUM HAS SWUNG AWAY FROM THE COMPANY AND TOWARD THE CUSTOMER.

**Technology (20 percent of a CRM initiative's success):** Technology has gone through several significant shifts. Aurum and Siebel software meaningfully changed the landscape in the 1990s; both offered robust CRM software suites as well as enhanced technology. Salesforce.com and MS-CRM did the same in the 2000s; both offered cloud-based computing and Web-friendly, easier-to-use software. CRM software vendors today offer more and better technology integration, with back-office ERP systems, social media sites, and third-party software point solutions (e.g., customer engagement software). They also increasingly address the need for mobility, multiple access platforms (e.g., laptops, tablets, smartphones), and social media integration. These are all positive developments that address customer expectation and deliver enhanced customer engagement options.

But the big technology issue hasn't gone away: Despite CRM software vendors having become increasingly sensitive to the people, process, and technology mix—especially since the dot-com bust of the early 2000s—many vendors still sell technology rather than technology solutions. And CRM users still hope and believe that CRM software will be the magic bullet that increases revenue, delivers better customer service, and so on, overlooking that software accounts for that mere 20 percent of success.

I will never forget when one of my clients insisted that because a particular CRM vendor's software was working brilliantly for its main competitor in terms of engaging with customers, the software would work equally well for it. After the client spent hundreds of thousands of dollars unsuccessfully trying to force-fit the software into its unique business processes and organizational culture, which of course differed considerably from its competitor's, executive support dried up and the plug was pulled.

**Process (30 percent of success):** As the CRM industry matures, vertical software offerings have become the norm (e.g., CRM for the financial industry, the automotive industry, the real estate industry, etc.). Vendors have done a reasonable job either building relevant business processes into their vertical offerings or integrating business process engines into their software, thereby allowing users to bake their unique business processes into the software. Vendors are also offering better processes and tools for omnichannel execution, analytics and predictive modeling, segmentation, and social media integration. Again, all positive developments. The issue on the process front: Too few organizations have thought through how customer engagement strategy needs to evolve over time, including the changes they'll need to implement internally and externally to ensure success.

One of my global B2B clients that sells its products through multiple channels was very clever and acknowledged up front that unless it offered a consistently great

customer experience in each channel, it risked turning off customers, damaging its brand image, and ultimately losing sales. It set up a global business process team to enhance its omnichannel process and insisted that CRM vendors demonstrate how they would address this requirement. Only then did the organization move forward with implementing its CRM initiative. Today this organization is considered by many to be a leader in the area of omnichannel customer engagement.

**People (50 percent of success):** People still make or break the success of every CRM initiative. To ensure high user adoption, CRM users must buy into the need early on for an enhanced CRM capability that supports an improved customer engagement model. I have stood in front of dozens of executive teams doing my best to hammer home the importance of making sure the what's-in-it-for-me component for each CRM user group is in place (the "3X factor"), that they've committed time and resources for strong governance, effective communication, comprehensive training, and meaningful incentives or rewards. But carrying out change within an organization can be challenging, and often too little attention is paid to these critical people areas.

The new technologies noted above—including the Internet and social media—have forever altered customer expectation and the customer engagement model. Now is the time for a similar mind-shift to happen within most organizations. Until it does, securing adoption of the new CRM tools and techniques that support the evolving customer engagement model will remain elusive.

Early in my career, the president of one of my global B2C clients reminded me that "what interests my boss fascinates me." This president spearheaded his company's CRM initiative because he was convinced that building outstanding customer experiences was paramount to his company's long-term success. This effort included creating the CRM Executive Steering Committee, which he then attended monthly for the next 10 years. You would be correct to conclude that CRM user adoption tops 98 percent in this company, and that under his continued tutelage it is leading the way in terms of implementing a world-class customer engagement strategy.

Let's continue the dialogue in part two! 

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