Social CRM as a business strategy

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The Customer Framework™
is a portfolio of Tools, Replicable Methodologies and Unique Intellectual Property deployed by a network of expert practitioners who support large organisations in delivering their customer management activity effectively and efficiently.

ABSTRACT **Marketers are working in challenging times. Never before have we been able to get so close to our customers and engage with them in such a timely and relevant manner. Harnessed with customer relationship management, social media can deliver financial benefits to companies no matter what sector. The benefits are centred around increasing 'customer insight and engagement' and are not peripheral but fundamental to driving business performance. Financial benefits apply across the customer life cycle, in acquisition, retention, value development and managing cost to serve. In addition, social customer relationship management (SCRM) can deliver insight, which will help drive real customer centric innovation. Finally, the knowledge gained on customer behaviour, attitudes and mood will help drive benefits throughout the value chain, impacting on suppliers (for example, forecasting demand) and intermediaries (for example, shaping in-store promotions). However, pioneers in large companies face three hurdles: (a) organisational readiness, (b) over-hype and over-expectation and (c) project management failings. At the end of it all, SCRM is about people and relationships and demands a customer focus as never before. Forget that and you have little chance of success.**

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INTRODUCTION

This article about social customer relationship management (SCRM) as a business strategy is split into the following three parts:

Part 1: Social media and CRM.
Part 2: The driving goal of SCRM – increasing trading profit.
Part 3: Three reasons to be cautious when implementing SCRM.

PART 1: WHAT IS SOCIAL MEDIA (SM) AND CRM

Much has been written about SM and its rising importance in engaging customers. A consumer's engagement with a brand can be measured along a continuum from no awareness, through to early engagement, and maybe, if you are lucky (and clever), onto advocacy. As for any relationship, the strength of feeling will develop and vary over time and, as in any healthy relationship, both parties should be aware of feelings so they can react accordingly. Consumers are much more trusting of friends and colleagues than they are of TV advertising or corporate communications. Consumers talk to each other like never before through a multitude of social channels. Social 'media' (see the Appendix for list of social media types) contains 'conversations'. Like any conversation, in a café or bar, for instance, the content varies. Some conversations are serious and some fun, some are short and some long, some happy and some angry and intense.

Thoughts, opinions, ideas, jokes, confidences, experiences, photos and videos are shared by individuals to small networks and can be rapidly amplified into larger networks of people, within a location, nationally or globally. Consumers' experiences are naturally part of this conversation and brand and service experiences are discussed openly and frankly whether organisations are involved in the conversation or not. In this way, consumers are becoming more powerful.

As opinions amplify, so brand performance will be impacted. The locus of control in the brand–consumer relationship is shifting from brands to consumers. Brand marketing is becoming less about pushing messages out to consumers within a static relationship, and more about the brand being part of the dynamic conversation, listening, serving relevant content/ experiences to earn the trust of consumers. Clearly monitoring the buzz and intervening, when appropriate, has advantages to brand managers in any b2b or b2c environment. This monitoring can lead to a better understanding of consumer behaviour and feelings of the mood in the market. It can lead to changes in strategy, services, products, promotions, pricing channels and so on.

Brands are using SM in ways other than listening and innovating. Consumers of all ages interact with SM content on mobile devices, PCs, kiosks, at home, at play, at events, at work, on holiday or when travelling – in just about any situation – in much greater, and ever increasing numbers than before. In a survey of 1700 US Internet users, Nielsen Online found that 73 per cent engaged in SM at least once per week. Engagement was defined as reading a blog, visiting a social network or reading (and/or commenting on) a message board.[1] The research estimates the total US SM audience at 127 million. Brands that really understand how their consumers behave on and offline are taking advantage of an unprecedented opportunity to engage with their target consumers, sometimes in small groups, through content and online brand experiences. The currently accepted rule is that 90 per cent of SM users just view content, whereas 9 per cent edit it (for example, provide a comment or review) and 1 per cent create brand new content. This percentage profile is very different in some segments of the population.

If the content engages the consumer, the consumer may do nothing, buy the product directly or interact in some way. The

Box 1: Procter & Gamble

In an interview with Advertising Age in April 2010, P&G Chairman-CEO Bob McDonald said that what made P&G successful in the past will not make them successful in the future. He wants to avoid the trap of leaning too heavily on the company's marketing legacy and 'it is one thing that keeps him up at night'. Increased focus on digital marketing, he said, is one of the keys to P&G's strategy to remain a leading marketer. 'Any medium that helps us create a one on one relationship with any consumers is what we want to do … an end point of marketing (or at least on the journey) is a 121 relationship with any consumer. Digital allows that relationship. I want a one on one relationship with 7bn people … where we can customise the offering'. David Hornik reports that P&G's explicit goal for 2010 is to assure that each of its brands has a meaningful presence on Facebook, as an advertising platform and a brand destination, and they are willing to pay dearly for that.
And while P&G's thought leaders expressed some scepticism about the efficacy of Facebook's 'engagement ads', they certainly view Facebook as a must have for digital advertising and brand building. They did not quantify what they are paying for that exposure, but it is quite clear that the numbers are very big.

interaction may be via a comment on Facebook, which may not require a response or it may lead to a 1:1 exchange with the organisation, through whatever channels are right for the exchange.

Traditional advertising combined with SM content and other response vehicles (for example, on pack) will generate interactions, which can be managed through a combination of SM and, for some consumers at some times, communications through more traditional CRM channels. Early pioneers have called this combination of SM and CRM, SCRM (Box 1).

Definitions of SCRM

Paul Greenberg[2] has an excellent definition of SCRM:

SCRM is the business strategy of engaging customers through SM with goal of building trust and brand loyalty.

As SM is all about customers, our definition is

'SCRM is how we…

- Help you engage with us, whenever you need to, wherever you are, in ways that are convenient to you;
- provide you with the personal experience you need to keep you engaged, informed, interested and maybe even entertained;
- transact with each other, or through third parties, in ways that are mutually valuable;
- get to know each other over time so that we can tailor what we do (and how we do it) with you in mind'.

Why do S and CRM go together and why is it so challenging?

Companies without sales data

In data poor[3] markets, such as consumer goods, pharmaceutical and most retail, brand management aims to build in consumers' minds a set of perceptions and attitudes relating to a product or service, leading to positive buying behaviour. Traditionally, the methods that brand managers use to find out who their consumers are and what and how much they buy are market research and retail audits. They influence consumer behaviour through powerful communication methods, such as advertising, sales promotion, packaging, display and the like. If there are any differences between consumers, none of these methods can be customised to deal with individual consumers. Research has always shown brand managers that consumers are not a homogeneous set; they have differing *value* to the brand (the Pareto (80/20) rule exists in some shape or form with almost all brands) and there are different levels of *engagement*[4] with the brand. Importantly, multiple bodies of research have shown relationships between engagement and value.[5] Brand advertising and sales promotion are blunt and costly tools that target the whole market. In truth, advertising dollars in these areas have little accountability and the relationship with net sales value (NSV) and gross margin (GM) is unclear, beyond a macro level.

Enter SM

SM enables the brand to extend its personality to engage with consumers on consumer terms, at the time they want, where they play, where they work, when they are travelling and through channels that they chose. Consumers can engage at a level to suit themselves; on a peripheral level or at a level that involves more interaction with the brand. Content, designed to entertain, inform, educate or provide insight, can be designed to connect with consumers, communicate relevantly with those that show interest and convert them to win sales and even advocacy. Consumer marketing experts are working with partners to develop data – light ultra low cost CRM approaches (especially when compared with CRM databases in the past), which may be able to first identify and then target high value consumers. The early adopters of these techniques will turn their category performance on their head and alter brand economics forever. Small changes in the way high value consumer groups behave will have massive impact on NSV and GM. Sales will increase, share will increase and in all likelihood, the cost of sales and advertising spend will be reduced.

Companies with sales data

In data rich markets, such as financial services, automotive, telecoms and some retail, direct marketers have for years combined sales data, profile data provided by customers and varying quality of data from external sources, such as neighbourhood, credit or lifestyle databases. They segment their customers based on value, needs and (rarely) psychographics to predict the likelihood of purchase. They then use sophisticated targeting (outbound to the customer, or inbound when the customer called in or used the website) to communicate the right offer to the right person at the right time. These techniques can uplift response rate versus random selections of contacts but they are still blunt instruments because of the difficulty of getting accurate data on how a customer is feeling, acting or thinking. The interactions are designed to sell, not to engage. So, although 'traditional' CRM helps manage customer relationships on a huge scale, it does not help in building mutual trust between buyers and sellers as it is impossible to build trust with thousands of customers over e-mail, mail or phone. For building trust, you need to know your customer well and not just be limited to mere transactions as was the case with traditional CRM.

Enter SM again

SM provides the opportunity to marketers to become 'personal', to interact with thousands of customers spread across geography on a 1:1 basis so that marketer and customer get to know each other well enough to trust each other.

The Oxford English Dictionary's definition of 'have trust in (verb)' is 'believe in the honesty and reliability of someone or something', 'have confidence in'. Customers can gain trust in a brand quite rapidly but it can be destroyed rapidly too. An organisation embarking on a strategy to build trust must stick to the strategy, take it seriously and not undermine it with inappropriate sales approaches, trivial cost-cutting or 'big corporate' type procedurally driven interventions that frustrate and annoy customers. Although we have said SCRM is a business strategy and a way of thinking and behaving for an organisation, it must be supported by IT systems.

The new SCRM IT architectures will empower marketers. SM expert Jeremiah Owyang: (http://www.forbes.com/2010/04/09/facebook-twitter-social-media-crm-dell-comcast-cmo-network-jeremiah-owyang.html) says: 'Traditional crm suppliers, such as Salesforce.com and SAP are starting to integrate data from Facebook, Twitter and other online social networks.

Dell and Comcast, both leaders in social marketing and support, have already integrated Twitter data to allow brand managers and support teams to actively track what's being said in tweets'.

Why does it matter? Marketers will have the ability to understand the mood, find new sales leads, respond faster to customer needs and maybe even anticipate needs by listening into their conversations and taking action. SCRM does not replace existing CRM efforts. Instead, it adds more value by augmenting traditional systems. SCRM is a great hunting ground and place for brands to look to acquire consumers to full 'traditional' CRM programmes (although e-mail based) … and from that then identify key influencers who can be considered as super high value customers. It offers companies an organised approach, using enterprise software that connects business units to the social web giving them the opportunity to respond in near real time, and in a coordinated fashion. What does success look like?

Marketers will be able to listen into what customers are saying, to better understand their needs, their voices and tie it back to actual customer profiles. In addition, marketers will be able to catch leads in 'mid air' by listening for keywords that suggest a customer is getting ready to buy, then sending real-time alerts to sales teams to respond. SCRM is the connection of social data (wherever it is) with existing customer records (customer database) that enable companies to provide new forms of customer insight and relevant context.

PART 2: THE OBJECTIVE OF SCRM?

Increase trading profit

SCRM supports the whole customer management strategy and lifecycle. It should lead to increased sales (through increased awareness and engagement) and decreased costs. Figure 1 illustrates the areas of benefit.

Philosophy of measurement will change

Only half of those marketers in a recent US Datran Media study believe SM would generate quantifiable results for their companies in 2010, with 37 per cent stating they are 'unsure' and 12 per cent saying 'no'. The problem with SM is that

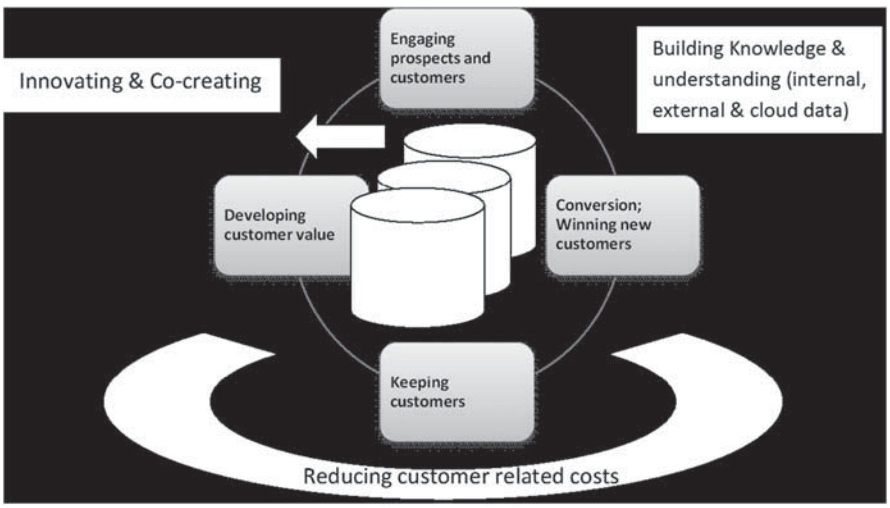

Figure 1: The benefits of SCRM.
Source: The Customer Framework 2011.

although comments, buzz, awareness, engagement and online interactions can be measured, it is very difficult to measure how this causes, rather than just correlates with sales. This article discusses the power of customer engagement, but relying on building customer engagement without the proof of sales can be an intuitive leap too far for many business leaders and will be a barrier to the take up of SCRM. SCRM should be more accountable than just 'social' because of the CRM component. SCRM supports the whole customer management strategy and lifecycle. It should lead to increased sales (through increased awareness and engagement) and decreased costs.

Our view is that the philosophy of marketing measurement will have to change. Short-term campaign ROI as the main measure for individual campaigns will evolve into correlation analysis between activities, engagement and sales. This will be unsettling for many traditional marketers. The explicit use of active and control groups, and experimentation of using different treatments will help marketers understand the impact of specific SM activities. More direct marketing type disciplines will be required, in a world where there is real-time feedback on attitude and behaviour and a plethora of data (Box 2).

Starbucks

This company's 6.5 million Facebook fans are worth the equivalent of a US$23.4 million annual media spend, according to calculations by SM specialists Vitrue, reported in Adweek. The firm has worked out that, on average, a fan base of 1 million translates to at least $3.6 million in equivalent media over a year, or $3.6 per fan. Vitrue arrived at its $3.6 million figure by working off a $5 CPM, meaning a brand's 1 million fans generate about $300 000 in media value each month.

Mechanisms for measuring sales behaviour

Mechanisms for measuring sales behaviour will emerge. Relationships between consumer products companies (driving brand experiences and footfall and measuring engagement) and wholesalers and retailers (driving point of sale (POS) experience, measuring sales) will emerge, combining their knowledge of customer attitudes and behaviours to deliver the right experiences and proof of success. Linking engagement and sales through loyalty schemes (for example, Nectar in the United Kingdom) will also become important in some sectors and markets. Mobile couponing, where a consumer's mobile phone can be used to pay, or interact, at POS will be an increasingly important way of proving how behaviour follows engagement (Box 3).

SCRM Utopia – Being able to manage high value customers

The over-riding truth (as David Ogilvy would say) from consumer and value

Box 2: Adidas

At the WFA/RVD Global Advertiser Conference[6] in April 2010, Adidas described how they recruited 200k fans to Facebook from one short campaign. Their spokesman said this would generate an incremental £13.2 m in annual revenue. That equates to 65 GBP per consumer per year.

Box 3: Procter & Gamble:

Leveraging customer engagement and bringing the power of multiple brands together into umbrella marketing efforts will be an important benefit for brand groups. In an interview with Advertising Age, Global Brand-Building Officer Marc Pritchard said P&G appears to have had a better return on investment from its corporate branding effort around the Winter Olympics than from many individual brand efforts.

research is this: few consumers make or break a brand.

Consider these four key points, which have been distiled from various research in this area:[7]

1. It is clear that the greater the consumer engagement, or emotional loyalty, the greater the financial value of the consumer. On average, consumers will spend more with you as their engagement increases, between 5.7 (mean relative value of a 'committed' customer versus an 'aware' customer) and 38 times (relative value of the highest value customer versus the lowest value) more in the example in Table 1.
2. Deeply engaged, or committed, consumers drive brand performance. Indeed, Ogilvy BrandZ[8] loyalty index can produce engagement profiles for many consumer brands in many countries around the world. If you can move consumers from mildly engaged to committed, their value leaps dramatically. A committed consumer has 5x–8x the value of an average consumer.
3. Not all committed consumers are of equal value. A consumer can be very engaged with your brand, and buy your brand every time they spend money on that category – but they may not spend much in that category! This is true of many of the Facebook 'fans' brands have today: they love the brand, but do not or cannot ever buy it. For committed consumers, if you were to split the group into high, medium and low category spenders, the high spenders may spend around 5–10 times as much as low spenders.
4. Commitment is extremely difficult to achieve. Consumers are frugal with their 'loyalty'. Only a small percentage of the brand community will be committed to any brand in the category. This loyalty has to be earned, and rarely it is earned through price or sales promotion.

Table 1: Indexed value of a consumer at each level

Emotional Engagement	Average Buyer	High	Medium	Low
		Value		
Committed	577	1067	412	212
Engaged	225	385	178	72
Like	159	271	109	40
Aware	100	179	78	28

Indexed value of a consumer at each level
(UK Insurance 2007)

Source: Ogilvy Loyalty Index, via QCi, 2007.

Commitment is driven from a combination of relevance (you cannot be committed if the category is not relevant to you), interest (you cannot be committed if you are not interested in the category – categories such as insurance may be relevant but not interesting!) and uniqueness (you cannot be committed if you think several providers have the same proposition in each category). It is more difficult to develop committed consumers in some categories than it is in others, but it is possible in all. The table shows the value of different levels of engagement in the insurance sector. Even in this 'low interest' sector, significant differences in engagement and value are apparent.

So what are the implications for brands? All brands have a Pareto (or 'power curve') of sorts. If brands can identify their high value customers (HVCs) (or a large percentage of them) and through SCRM get to know their behaviour, attitudes and feelings, then they can finely target engagement activities. If they can get to know the acquisition and retention dynamics of this group and alter these slightly through the use of components identified in the table above, the impact on NSV and market share will be very significant – enough to get any leadership and investor team interested. Wetpaint and Altimeter have prepared a report about the world's leading brands in terms of engagement and explored the link with financial benefit.[9] The Customer

Framework has shown that for a typical consumer products company, the uplift in NSV may be as much as 12 per cent per annum after the first year![10] The challenge is in finding ways to engage the HVC group (or influencers of HVCs), and identify them so you can measure the impact of your activities.

Listening to and monitoring the buzz

'Listening' is still mainly used as a by-product to aid post-campaign measurement and evaluation (that is, run a campaign and listen to see how it appealed to customers). More switched on brands are using listening to shape consumer insights up front and then using these to construct more relevant and contextual briefs for agencies centred around real engagement. This process results in more channel neutral briefs focused on customer engagement as the objective rather than a channel focused 'I want a TV ad, or DM campaign' brief. For consumer products companies, this at last marks a major shift in thinking and listening to the social sphere plays a big role.

There are a plethora of software and IT developments to support organisations operating in SM and CRM. Just take a look at the number of SM monitoring platforms reviewed recently by Mike Schwede (see Figure 2). The systems use complex keyword combinations to search through forums, blogs and micro – blogs such as Twitter, open social networks, content communities such as YouTube or Flickr, online media as well as Wikipedia. Simple tools such as Google Alerts are basic versions of this but does not provide the analysis functions of some of these tools, the workflow features being built into the latest SCRM tools or the ability to aggregate multiple streams of social data and link to a customer record (either mapping virtually or appending to records on a database) (Box 4).

Beware: If you are listening, you might not like what you hear

SM is often a channel for anger against brands from customers and/or disgruntled employees: earlier this year, habitat had some issues when it 'half launched' Twitter but got the strategy (if there was one) and

Figure 2: SM monitoring platforms.

Box 4: Budweiser

> Not everyone agrees with an HVC strategy. At the WFA/RVD Global Advertiser Conference in April 2010, Istanbul, Chris Burggraeve, CMO of Anheuser – Busch InBev pointed out that heavy drinkers do not make much impact on the firm's bottom line. Instead, promoting temperance pays for itself over time by building long-term brand reputation and trust. 'We are not interested in the 0.001 per cent of people who binge – drink', he added. 'We don't need them. Half of the world's population hasn't even tried to drink beer, so if we can get 5 per cent of those to drink one beer every day, we will be very happy'.

etiquette wrong[11] – a fairly minor thing in the scheme of things but very important in the Twitter community. Bacardi's 'Ugly Girlfriend' ads backfired (http://www.viralblog.com/social-media/bacardi-fails-with-get-ugly-girlfriend-campaign/) because of a lack of control of content. Greenpeace produced a very successful viral campaign aimed at Nestle Kitkat Killer[12] and have a similar campaign aimed at Dove.[13]
How this anger is dealt with when it shows its face whether it is justified or not is important. Southwest Airlines, often heralded when customer experience or employee engagement is discussed, handled a complaint, which was hugely amplified through SM (Twitter), very well. In the end! A fuller critique of the story is here.[14]

PART 3: THREE REASONS TO BE CAUTIOUS

Organisational culture and way of working

Organisations need to prepare for SCRM. The mind map shown in Figure 3 and Table 2 show a checklist, which large organisations have found helpful in their effort to integrate SCRM with the way they manage customers. The mind map shows the first two levels and the rest is too detailed to show in this article but more detail is included in Table 2. Please contact the authors if you would like us to send you the whole map.

Over-hype – Remember CRM projects?

Do you remember the hype associated with CRM in the 1990s? Expectations were so high that even successful projects were thought of as failures. Brent Leary, a CRM author, who has written about a possible SCRM backlash? (http://www.mycustomer.com/topic/social-crm/brent-leary-social-crm/06431) says 'Because there are more people on social networks, there are more tools that are easier to use, there is more ability to push our content out, I think what is happening is that we are getting overloaded. And because people can't really focus on the stuff that is coming at them, trust starts to go down in "people like us" because we are seeing a lot of people use these tools, maybe a little over-emphasising branding and promotion, and so with all that content coming at us we're starting to tune out a little bit'. SCRM should be treated with the respect it deserves.

SM presents unprecedented opportunities to listen to and engage your customers. 'Lite' touch CRM can take some of these relationships to the next level. SCRM will become an important element of the sales and marketing mix. It will not negate the

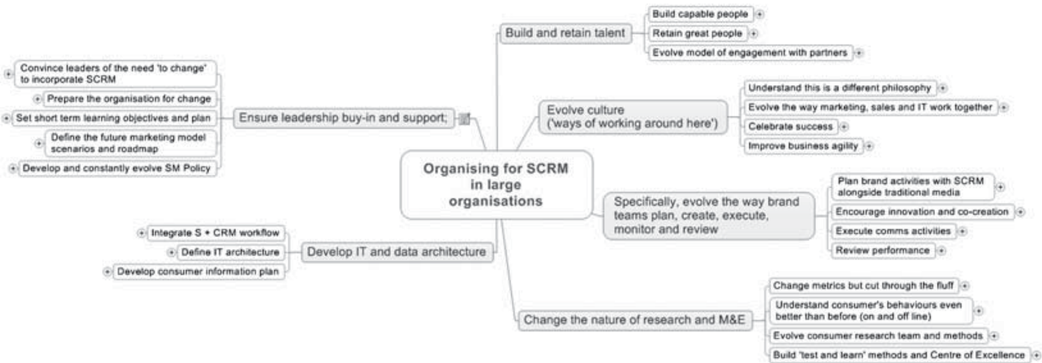

Figure 3: Organising for SCRM in large organisations.
Source: The Customer Framework 2011.

Table 2: SCRM: Organising SCRM

Ensure leadership buy-in and support	Why is SCRM so important? The pressure for change needs to be clear, together with the potential prize of getting SCRM integrated into the marketing mix. Leaders need a story for investors and a clear road map setting out short- and longer-term objectives, costs and benefits and risks. Culture, ways of working, measures and IT architecture will need to evolve and this needs leadership. They need to be aware of SM policy, because at some stage there may be negative publicity.
Build and retain talent	The capability of an organisation's people is unlikely to match the ambition of the vision. An audit of capabilities in DM, digital, CRM will identify the specific issues and plans can be developed to build capability. Capable people in this area will be a desirable commodity for others, so some mechanism to retain talent may be necessary. It is likely that the way you work with agencies will also need to evolve to the new more agile, content driven world.
Evolve working culture	The norms of 'the way we work round here' will evolve. The organisation will have to determine whether it is going to exert global control on its regions and markets, more federal control or let each brand/market become tribal in the way they develop SCRM. There are advantages and disadvantages of each. At any level, marketing (consumer champions) will work more closely with a variety of agency partners, PR, research and with their trade colleagues ('customer' champions). The 'way we work' needs to be more real time, agile, rapid response and collaborative. The close contact with and knowledge of consumers will allow for greater innovation and co-creation (for example, of content, promotions, products, offers, channels, services).
Specifically, evolve the way the brand teams plan, create, execute, review	Brand teams need to treat SCRM as a relevant and appropriate method to develop consumer engagement as part of the marketing mix. For most, this will mean altering mindsets as well as targets and traditional brand planning methodologies. The way communications are planned, executed, monitored and reviewed will need to evolve to reflect the more fragmented content and the social nature of communication activities and the need to engage as well as sell.
Change the nature of measurement and evaluation	As discussed earlier, if measurement drives marketing behaviour then measures need to evolve. Traditional brand metrics will be enhanced by other metrics such as consumer engagement, number of fans, influencer strength, content 'shares', top conversations, top channels and so on. In time brand managers will be looking at high value consumer (HVC) acquisition and retention. DM disciplines will need to be re-introduced to many companies.
Develop the right IT and data architecture	The SCRM world is open source, flexible, rapid response, 'lite' touch data (in Consumer Product companies at any rate), low cost . The organisation will have to decide on the most appropriate IT and data architecture to fit with its desired way of working. SM data and tools will need to be integrated with traditional CRM systems to paint a full picture of a consumer's behaviour.

Source: The Customer Framework 2011.

need for TV advertising, ambient media and more addressable media such as direct mail, telephone and field sales. It gives marketers more tools to engage with and sell to their customers. Successful brand teams will be led by visionary marketers able to understand the power of the whole marketing mix but grounded in the reality of accountability. The question is whether in some companies the inevitable disappointment in SM success will stop it in its tracks almost before it has begun.

Project failures

Reports dating back to the mid-1990s quote alarming failure rates for CRM programmes – depending on the definition of failure and the questions asked, between 18 and 70 per cent.[15] The trend does not appear to be improving; results for 2009[16] suggest only 32 per cent of projects succeeded in delivering on time, on budget and with all objectives met. Forty-four per cent did not meet expectations (late, over budget, did not deliver all requirements) and 24 per cent completely failed (were cancelled or delivered but never used). That almost all these reports consider CRM projects as systems implementations and the quoted statistics refer to system delivery and adoption in itself suggests perhaps the most significant cause of the failure that customer management programmes are considered, or managed as, IT projects. This statement is all the more poignant when the quoted reasons for failure over the past 15 years are considered.

The same five reasons (or variations of them) surface as causes of failure:

- poor communication of objectives and required changes;
- lack of attention to the human and organisational aspects of the project – particularly addressing the key question, 'Why should I change?'
- lack of planning the change elements needed to implement the IT developments;
- weak business case and inadequate attention to business goals and needs;
- lack of top management involvement and support.

Planning for change

To deliver any change, it is necessary to address five critical aspects. Overlooking any one of these 'pillars' will almost certainly lead to failure, whether that is inability to optimise benefit, not achieving the desired timeframes, or lack of sustainability after the project ends.

Pressure for change

This is surprisingly, often overlooked. Although most organisations have a permanent pressure to improve performance, this is not the same as having a real pressure to radically change the established and accepted way of doing things. Many practitioners assume (wrongly) that because their initiative will add value to the bottom line that it will be enthusiastically embraced by management and, naturally, become the focus of the organisation. However, it is absolutely essential to understand the strategic imperatives of the business and demonstrate how the proposed programme supports these.

It may be that, where there is no real pressure for change, one can be created by a carefully crafted and compelling business case. More often, the sponsor will need to accept that, although the benefits may be compelling, the appetite for radical change just is not there. Our experience has shown that customer management initiatives are more often seen as improvements to business as usual, as opposed to radical strategic changes of direction for the organisation.

A clear and shared vision

Even when convinced of your proposed programme, different functions and personalities often have a different perception of what the initiatives actually are and how they need to be delivered. It is therefore critical to clearly and simply paint the picture of what the future looks like, how that differs from the way things are done today and the changes necessary to transition from the current situation to the desired situation.

Figure 4 shows how, by linking the targeted outcome, to the actions/projects that will create the necessary capabilities, to the financial benefit, senior teams can easily see what they will get and what is required to get it, enabling prioritisation and alignment behind the programme activities and deliverables.

Another common cause of failure is the removal of all 'superfluous' activity and investment from the scope. Where benefits are used to justify IT costs alone, there is no perceived justification for the investment in the softer change activity like staff engagement, training and education necessary to achieve adoption of the new systems, resulting in their removal from the programme often with dire consequence to benefit realisation.

Furthermore, with as many as 55 per cent[17] of IT projects significantly exceeding budgets, the additional funds to complete them have to be found from

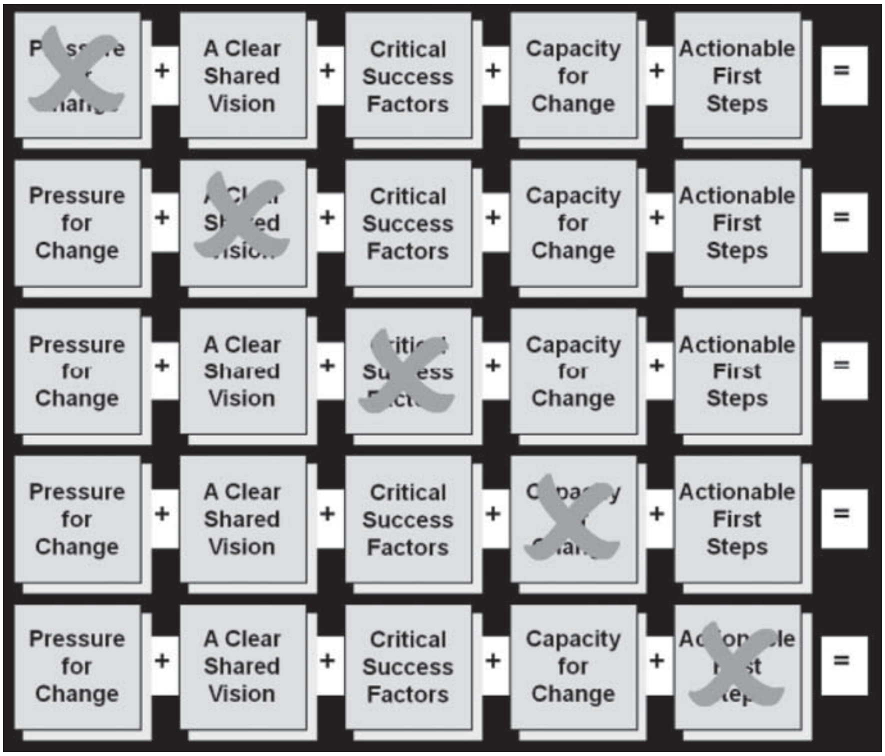

Figure 4: The Customer Framework adaptation of Quarto's model of Change Pillars.

somewhere – engagement and adoption budgets within the project are the easiest targets. Indeed, TCF have observed numerous programmes, where budget originally allocated to engagement activity was re-allocated to fund IT overruns.

A clear line of sight from benefit through outcome to activity provides a mechanism to demonstrate the financial impact on results of failure to invest in all elements of the programme as shown in Figure 5, the impact on the total scale of the benefit realised, the rate at which it is achieved and speed with which returns begin as a result of investing, or not investing in people (Box 5).

It may not be possible to obtain complete alignment of the leadership team, particularly in organisations where the management style is more democratic. This will be more likely where the programme is seen as an incremental improvement to business as usual. Although complete alignment to the vision is desirable, compromise is possible and alignment and support can be built over time using an approach that either picks off the low hanging fruit and by working with parts of the business that are supportive and using the results from these quick wins to convince others, or by implementing a pilot, or incubator approach to demonstrate benefit.

Critical success factors

These are the metrics by which the programme will be judged and the indicators that support effective management of the programme implementation. That 70 per cent of senior managers are 'not in a position to properly assess the success of their programme'[18] suggests insufficient attention has been given to defining the critical success factors.

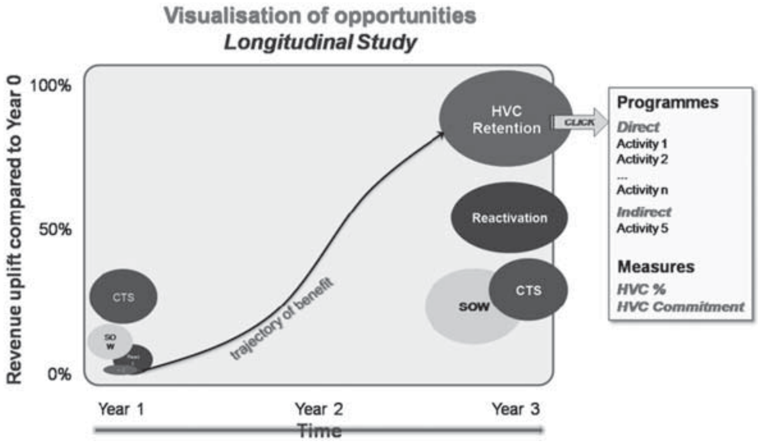

Figure 5: Longitudinal study of programme benefit linked to activity necessary to realise it. *Source*: The Customer Framework © 2011.

Box 5: Diageo

When Diageo embarked on their programme to replace their global web platform, they invested significant time and effort in co-creating with the business user community a set of critical success factors that reflected what the users wanted the resulting platform to deliver and how they would be measured and tracked through the programme lifetime and beyond. These CSFs quantified areas including:

- Flexibility
- Simplicity
- Agility
- Affordability
- Adoption
- Data
- Security

Not only did they become the criteria by which the project success would be judged, they were also translated into metrics for the project teams and incorporated in the vendor contracts.

The absence of business success criteria often results in IT centric measures (for example, costs, hitting milestones and delivery dates and so on) that frequently result in post-project debates where technically the project is a 'success', but the business does not see it as such.

CSFs are also crucial to understanding the evolution of priorities throughout the programme lifetime. Their importance increases even further where commitment needs to be built over time.

Defining success in terms that commercial people recognise and identify with – the 'how will it help me achieve my targets?' approach – is a good way to win over sceptics.

Capacity for change

Three dimensions need to be considered when planning a change programme:

1. *The ability of the organisation to change*: Organisations should reflect in their planning the history of change initiatives in their organisation. If an organisation has repeatedly demonstrated a lack of success in completing change, ambitions should be scaled back, the timeframe should be increased and be more conservative in the level of benefits promised.
2. *Fitting the programme in with other initiatives*: Usually a CM programme will coexist with other initiatives. There will be overlap: some activities will address the

same parts of the organisation being 'changed' by other projects as well. These need to be aligned and coordinated to prevent the affected staff from collapsing under the sheer weight of change.

Comparing all existing and proposed initiatives across the business usually identifies some that are misaligned with business objectives and can be cancelled to free resources, and others that are already delivering aspects of the desired CM change that can be harnessed for minimal additional cost or time investment

3. *Understand the availability of time of key personnel* to focus on the programme deliverables. In addition to the programme team, there is usually a need to draw on subject matter experts (SMEs) to support various streams in the programme. Commonly, these SMEs are the same people that are involved in every initiative that touches their area, often leading to bottlenecks, limited focus and delays. So make sure capacity planning recognises the time required of SMEs and the amount of time they are able to devote to the programme (Box 6).

Actionable first steps

It is essential to ensure everyone involved knows what they are doing the day the programme starts. Our experience has shown that attempting to create a plan for the whole programme (which may span 2 or 3 years) at a level of detail that is clearly actionable is simply not feasible. Hence, we always advocate creating a high level plan of phased work streams by the quarters they will occur in and then to use a 100-day planning horizon for detailed action steps that includes:

- real benefits in each 100-day period;
- allowance for time to plan the next 100 days in detail towards the end of each period;
- a link to the CSFs that shows how they will be driven during the period.

CONCLUSION

Marketers are working in challenging times. Never before have we been able to get so close to our customers and engage with them in such a timely and relevant manner. Harnessed with CRM, SM can deliver financial benefits to companies in every sector. The benefits are centred around 'customer engagement' and are not peripheral but fundamental to driving business performance. Financial benefits apply across the customer lifecycle, in acquisition, retention, value development and managing cost to serve. In addition, SCRM can deliver insight that will help drive real customer centric innovation. The knowledge built on customer behaviour, attitudes and mood will help drive benefits throughout the value chain, impacting on suppliers (for example, forecasting demand) and intermediaries (for example, shaping in-store promotions). However, pioneers in large companies face three hurdles:

1. organisational readiness,
2. over-hype and over-expectation and
3. project management failings.

The SCRM project is not primarily a systems project. Technology is vital because of the massive streams of data that need to

Box 6:

> Best Buy aggregates the tweets, public Facebook messages, Foursquare check-ins of a customer to understand his interests, preferences, friends, location and mood and is able to serve up contextual products and experiences on the fly both online and in store.

be analysed and mapped. At the end of it all, SCRM is about *people* and *relationships* and demands a customer focus like never before. Forget that and you have little chance of success.

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APPENDIX

SM containers

The array of SM expands daily but can be categorised like this:

- Blogs
- Social networking sites such Facebook, LinkedIn, Twitter, Digg, Ning
- YouTube
- Photo sharing (for example, Flickr)
- Interactive applications (for example, mobile apps)
- Location-based networks (for example, Foursquare, sticky pavements)
- Aggregating channels (for example, comparison sites)
- Independent and sponsored sites, communities, review sites
- Webinars
- Discussion groups/user forums
- Events (on and offline)
- Company websites
- Search (for example, Google, Ask Jeeves)