P REFACE

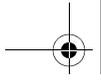**I'**ve been asked the question "Why are you writing this book?" many times in the past several months. That question was easy for me to answer, but others were harder. Questions like "What will the book be about?" and "Whom are you writing it for?" have been more difficult, and I've been wrestling with them as I've sat staring at my blank computer screen suffering the agonies of writer's block. (I'm not sure it can actually be *writer's* block before I've ever written a page, but you know what I mean.) All these questions are important, and I want to answer them all.

So Whom Is This Book For?

This book will be helpful to anyone in any company that is planning to invest in a Customer Relationship Management program. It is primarily aimed at two key audiences: business managers in the customer-facing functions (marketing, sales, service, and support) and the IT managers who support these functions. Because these two groups must work in partnership as a single team, my intent is to provide a bridge that helps each understand his or her own concerns, issues, and responsibilities as well as those of the "other half," helping to close the communications gap that often exists between them.

Business function and Information Technology professionals often have different training and experience, different objectives and rewards, even different languages. CRM is information-based and technology-based. Good communication is imperative because responsibility for various deliverables switches back and forth between the business functions and the IT department. Responsibility for a CRM program is collaborative and joint. Each member of the team must be able to fundamentally understand how his or her efforts impact others on the team – even when they speak different languages. If you are an IT manager, give this book to the business managers responsible for your company's CRM program so they can learn and understand what you

need from them and why. If you're a sales or a marketing manager, give this book to your IT team so they understand the critical transition points and the importance of using business knowledge to drive all technical decisions.
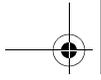
You probably chose this book because your organization has a problem with market share, profit, competitive pressures, organizational silos, product commoditization, or some other issue that you know has a negative impact on your company's ability to build strong customer relationships and loyalty. You know all the reasons why your company needs to become more customer-focused, and now you want to know how to get started doing it. My goal is to help business and IT professionals understand how to work together to build the infrastructure required to put a successful CRM program in place. Real business examples will be used to clarify key steps.

I spent the past 20 years at Hewlett-Packard working initially in Information Systems Management and data warehouse management roles. For many years, HP operated as a collection of independent divisions rather than as one company. These small business units operated like small companies. Year after year, we continued to see irrefutable evidence that neither size nor product changed the basics of the business problem (order processing, manufacturing planning, inventory control, etc.) or the basic approach required to address the problem. At the same time, some efforts had to be initiated across the entire enterprise. We were often asked to switch back and forth between the individual requirements of each of the business units and company-wide requirements. That experience showed us time and again that the business needs of the individual organizations involved all the same basics, no matter how "different" each thought it was. Of course, project scope and scale varied, but the basic tenets of managing relationships with customers are about *customers,* not about the *organization*!

Right now, you may be wondering "How is it that anything that worked for huge companies like HP would ever work for my company? We're nowhere near that size." This book isn't specifically about what HP *did,* but about the processes HP (and other companies) used to do it. Real-life examples and case studies are the best way to share information and illustrate concepts. We will use case examples from HP and other companies with whom I've worked since launching my career as an independent consultant. Finally, we'll use detailed case examples from XYZ Corporation, a mythical company founded in Chicago in 1992. XYZ's CRM program is a composite of experiences from several of my clients (mostly mid-size companies) and others whom I've met through my frequent speaking opportunities at national and international conferences. XYZ represents a broad spectrum of industries, including manufacturers, service organizations, business-to-business, and consumer. All of these companies, including HP, are looking to improve their customers' loyalty through improving the relationships they have with their customers.

What Is This Book About?

First and foremost, it's about making your business more successful. I am *convinced* that the only factor that will prove to be a sustainable differentiator in the marketplace as we enter

the twenty-first century is customer loyalty. Certainly product superiority will always play a huge role in developing a loyal customer following, but product life cycles have become so compressed that there is often little time to capitalize on having a superior product. Products become commodities too quickly, and commodities are generally purchased for one reason, the best price.

Loyalty is the one factor that will keep a customer buying from you even when the competition is fierce. (I'm a prime example; I continue to buy HP toner for my LaserJet III printer even though knock-off products are available at HALF the price. Sure, my total HP experience isn't just about being a customer, but you get the idea.) Loyalty is built on trust, which results from the total experience that a customer has with your organization.
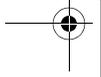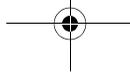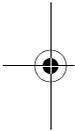
Many companies mistakenly think they can jump right into building customer loyalty and personalization programs. They can't, and neither can you. This book is intended to help you develop the strategy and build the infrastructure that absolutely must be in place before you can begin to understand your customers and start delivering effective loyalty programs.

The goal of this book is NOT to persuade you that customer relationships are important, nor is it my intention to convince you to become customer-centered instead of product-centered. I'll touch on the business imperatives and benefits as a way to set the stage, but many excellent books already address this part of the issue. We will look at the key components of a CRM infrastructure: information and knowledge management, business processes and organizations, people and change management, and technology (as an element, but not as the whole solution). This book gives you the tools you need to help define your company's goals and priorities. You'll also learn how to build the foundation to launch your CRM projects. CRM is about putting customers in the center of what your organization does. This book gives you an overview of the actions you have to take to make CRM happen.

How *do* you integrate systems, information, processes, and people's behavior across the enterprise? Why do you need to set a strategy first? What are the most common risks you should be aware of before launching a CRM program? What should you do about organizational politics? Is sponsorship important, and if so, how do you secure it? What are the special concerns of linking web data to non-web data? You'll be able to get answers to these questions and many others in this book.

Why Did I Write This Book?

During my early years at HP, information became my passion because it often was treated like something that just happens when a system is built. And yet my training as an industrial engineer responsible for making decisions based on information had taught me that this was a mistake. Bad information cannot enable good decisions. The "data happens" attitude invariably led to application software that provided little real benefit to the end user. After all, half of "Information Technology" is "information!" but that was seldom the focus for any software development project. The fun stuff was the nifty, whiz-bang technology. Information was an

incidental. Because I felt that good information was critical to good business planning, I decided to take up the challenge. I always seem to be a champion of the underdog anyway.

For the past twelve years, I've managed Database Marketing and Customer Relationship Management organizations. As the environment has changed (HP, the marketplace, and technology), we continued to learn about the problems and opportunities involved in moving toward customer-centered, enterprise-wide treatment of our customers.
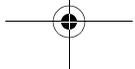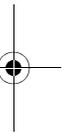
This journey has been filled with many successes and lots of not-so-successful lessons. I am passionate about the promise that increased customer loyalty holds for all companies whether they sell to consumers, business-to-business customers, or both. I'm also a fanatic about the role that high-quality customer information plays in improving customer loyalty. I'm proud of what HP accomplished. Long known as a very product-centric engineering company, HP has made tremendous progress in its efforts to create an excellent total experience for its customers. I hope you can learn from what we learned, what went well, and what didn't go so well, to aid you on your own journey.
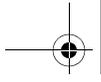
Another reason for writing this book was to explore the ways that the Internet has affected how we interact with our customers and the resulting relationships. You probably have heard repeatedly that the Internet would change everything. Well, it didn't. But one thing did change dramatically. The Internet took the people you have been counting on for years *out* of the customer interaction equation.

Historically, as companies were founded and grew, they developed processes and systems that supported a single functional area. Unfortunately, this is still true even of companies who have started up in the last five years or less. All companies have depended on their people (e.g., sales representatives, sales support, and service representatives) to build relationships with customers. People provide the glue that links together disconnected organizational silos and hides the organization's complexity from the customer.

The need to build enterprise-wide customer relationships (not just for one function or one product line) has been growing for more than a decade. However, among the many other things the web has affected is a new urgency for many companies to build strong customer relationships and to build them quickly. Expectations of "Internet speed" seem to impact everything we do. Another change that the Internet has effected is that customers are learning to expect more from each company because they can easily surf the web and compare us to our competitors. The Internet has increased time pressure and raised the level of the playing field, but it hasn't changed **all** the rules. All this change leaves many of us unsure whether we love or hate the web, but we certainly all worry about it.

Even though the web is a new and important aspect of Customer Relationship Management (CRM), it's neither the whole problem nor the whole solution. For at least two decades, and probably longer, most companies have been collecting information about their customers and trying to use that information to better understand and predict what customers might want next. This was the promise of Database Marketing programs that many companies adopted ten

to fifteen years ago. And, of course, people (vendors) have been building relationships with other people (buyers) for centuries.

What's so new about CRM? CRM involves using information you have about your customers and technology tools to deliver quality experiences to your customers. But it is not just about technology and information. Both business processes and people behavior often must also change to ensure a consistent and positive total customer experience. For the same reason, it must involve all customer interactions, on the web, off the web, and through third-party channels.

Maybe most important, CRM is about how your customers experience your company, not about how you look at your customers. Managing customer relationships today is almost like turning the management of the relationship over to the customer. One of my colleagues refers to this as *Customer Managed Relationships.* I like that term because it emphasizes that CRM is about making business decisions based on how it will look (feel, sound) to your customer. This is a CRM fundamental.

How Is This Book Organized?

This book is organized around a *CRM Program Life Cycle,* which covers all the work necessary to build a successful program. The term *life cycle* is appropriate because a complete cycle is repeated for each small project that will result in overall program success.

The first few chapters put CRM in the context of the marketplace and your overall business activities, and introduce a few key concepts and definitions. Part 2 describes the all-important planning and organizing steps that are required before you launch your program. In Part 3, we track the steps of a CRM infrastructure project development and implementation. In Part 4, we look at using the new infrastructure to deliver customer experiences. Finally, Part 5 talks about living with and caring for your new CRM tools.

A key to bridging the understanding and communications gap that often exists between the business functional team members and the Information Technology team members is creating clear definitions of important terms. It is equally important that you and I share a common vocabulary as you read this book. After all there's no guarantee that we have the same background and experiences. Key definitions are indicated by a *dictionary* symbol:
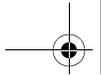
DEFINITIONS

These definitions will also be summarized for quick reference in Appendix A.

Throughout the book, you'll find important points that warrant special attention. These key concepts are identified by a *key* symbol:

KEY IDEA

At the end of each chapter is a series of reflective questions that will help clarify your understanding of where your organization is today and the steps you need to take to develop a successful program.

Why Do I Want You to Enjoy This Book?

It's my hope that we will be able to build a relationship through my investment in writing this book and your investment in reading it. Because relationships are two-way, I hope very much that we can benefit from each other's experiences. I would be thrilled to hear about the risks you've taken, the new approaches you've tried, and the new solutions (or false starts) you've discovered. If you want to share your insights or experiences, please send me an email at jkincaid@jk-associates.com.