Customer Relationship Management- A short history

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Back in the mid to late 80's, marketing concepts emerged in response to changes in the marketplace that forced many large companies to re-evaluate the way they communicated with prospects and customers. Specifically these concepts focused on how lead generation, affinity programs, customer service response and other marketing efforts could affect customer retention rates and provide insight into better customer acquisition.

These concepts developed into business processes that were mostly well received and incorporated into the offerings of many marketing consultants. After a few years, many organizations began executing customer focused marketing campaigns that moved beyond brand building into attempts to engage in real relationship building with their customer base.

As these efforts became part of mainstream marketing lexicon and strategy, technology developed to answer the call for tracking and analytics around these processes. At roughly the same time, software developers began offering first generation contact management tools targeting sales departments needs for better activity tracking, calendaring and email management.

Soon afterward, software tools began to emerge offering functionality to marketing, sales and customer support departments that purported to support these new customer relationship processes. Although the term customer relationship management was originally coined to describe a marketing focused methodology, software developers and vendor sales reps quickly attached the term to their technology.

Fast forward to the present. It is estimated that there are close to a quarter of a million software programs that carry the brand CRM or are add ons and derivatives thereof. The technology, originally simply the vehicle that carried the processes and enabled workflow automation, is now sold with the claim that it is CRM itself and that the software purchase alone will solve business problems and increase revenues (if you think I'm exaggerating, then you haven't talked to many vendor reps). This sales pitch, as implausible as it sounds, has seduced thousands of businesses over the last decade with its claims of immediate results, self-implementation and fast return on investment.

There are two main reasons this has happened in my opinion. First, the pitch is enticing to a certain executive ego- we can do it all ourselves, we don't need any outside help; and the second is the connection that vendors have made with IT staff as champions of these software sales thinly veiled as CRM implementations. In my former business, my partner and I were the perfect mark for this sales strategy. We had what I called the "17 smart people syndrome". When we grew our start up to the point that we had 17 employees there where the obvious infrastructure issues, both technical and process oriented, that we had to deal with. Our response to everything was "We've got 17 smart people. We can figure it out." That sounded good, but over time we only succeeded in continually pulling those 17 smart people away from their jobs in order to perform some task that never quite succeeded. But to assuage our egos, we just defined the criteria for success down to something we could accomplish with a half-hearted effort and patted ourselves on the back.

IT staff is very often tasked with the almost impossible burden of examining technology solutions that are designed for processes that, in most cases, they know nothing about. They perform due diligence from a technical perspective without the insight into how this will solve real business issues and more importantly how this will help the company grow. Why? Because no one is looking at CRM from its original purpose- the opportunity it gives companies to re-visit their organization as a whole to improve business processes that fit growth strategy, achieve revenue goals, and only then examine the technologies that are available to implement these strategies.

These scenarios play themselves out every day. Even a cursory reading of CRM press literature shows that this approach has failed many more times than it has succeeded. You will read of CRM failure rates as high as 70%. How does a small to medium size business get all the benefits from CRM? How do you succeed?

Here's my advice:

Get Serious. Decide if you are going to be a customer-focused company- one that shifts its business focus from "How can we increase the sales of our products" to "What do our customers need, and how can we meet those needs? Because meetings those needs will increase the sale of our products". Stated another way- "Our goal is to increase the value of the customer to our company by increasing the value of our company to the customer". Once that decision is made you need a rule written in stone that every role and business practice must be tied directly to that goal.

Get Help. CRM is a business concept that has broad- reaching impact across your organization. It's exciting and the capacities for growth are enormous but it doesn't come without cost and without honest dialogue and culture change. You need experienced and unbiased assistance to walk you through the challenges and the successes. Many companies I have known spend enormous sums bringing in accounting software and consultants to make sure they can A/P-A/R properly and manage finances (this is usually customer neutral- it has neither a positive nor negative affect on the customer), but they will skim over or totally ignore the business processes that touch their customers everyday and ultimately mean the difference between a business that's growing and a business that's stagnating.

Get Going. The marketplace will not stand still for you to slowly change the focus of your company to better serve it and neither will your competitors.

Scott Lewis is co-founder of Gilmore Lewis, LLC Sales Consultants. His strategy is to help companies understand the three parts of CRM business growth success: People, Process and Technology, and how to integrate those within each organization. Scott has used this approach with large and small companies, from Fortune 1000 to small family businesses. He has worked with more than 130 companies developing and executing strategies for business growth.

Gilmore Lewis, LLC has years experience implementing, re-implementing and improving CRM for companies in practically every industry across a dozen different CRM and SFA applications.

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