How to Develop a CRM Roadmap

The correct CRM strategy can cultivate intimate, loyal relationships with consumers and render competitive advantage in the marketplace.

It is any wonder that the new mantra in business today is to become a customer-driven company that develops enduring relationships with its consumers? An Accenture study, titled “How Much Are CRM Capabilities Really Worth? What Every CEO Should Know,” established for the first time, a strong link between excellence in a company’s overall interaction with customers, what we call Customer Relationship Management (CRM), and financial performance. It showed that companies that have not invested in developing specific CRM capabilities are leaving millions of dollars in profit on the table. And that difference in performance in executing specific CRM capabilities accounts for roughly half the inequality in financial performance between top and average performers.1

So it is no surprise that companies are investing an enormous amount of effort and money in CRM technology that aims to get them closer to their customers. In fact, some studies have estimated that the overall CRM market will exceed $180 billion by 2002 (including services, applications tools, and outsourcing) and is growing at 35% compounded annual growth rate. It is also no surprise that the top two concerns of many CEOs and CIOs about CRM are how to improve loyalty (customer retention and development) as well as the bottom line (acquiring new and profitable consumers). These two concerns summon the need for companies to consider a holistic view of their customers. This can be achieved through an innovative approach known as the “CRM Roadmap.”

But how are companies presently responding to this challenge in an environment where customers are now savvy, harder to please, more informed, have more choices, and have limited loyalty?

Some companies are implementing point-to-point technology solutions, but, while technology can play an important role, it is only a fraction of the overall solution. Companies need to ensure that technology solutions complement their overall strategic approach, and that those solutions are flexible enough to work with an evolving strategy. Companies, therefore, need to think more broadly about the potential of CRM (e.g., viewing the company as a cohesive unit rather than fragmented divisions, improving critical customer processes, etc.).

Constructing a CRM Roadmap that includes a comprehensive customer strategy is the first step in achieving the full potential that CRM has to offer in becoming a customer-driven company.

What Is a CRM Roadmap?

A CRM Roadmap is a strategic plan that identifies how a company can meet and exceed its customers’ needs. This includes, but is not limited to, assessing how the sales, marketing, and service entities work together to: 1) gain insight from their customers (for example, purchase history, desired products/services); 2) produce valuable offerings/products (for example, personalized products); and 3) provide the ultimate customer experience (for example, multiple touch points, 360-degree view of the customer).

Figure 1 provides a “line of sight” that links the business strategy to customer expectations, and is described in the following pages. Following these steps can ensure that your company meets its CRM goals.

As illustrated in Figure 1, developing a CRM Roadmap involves aligning an organization’s business strategy with its prioritized CRM capabilities. For example, if a company’s business strategy is to develop products faster to gain unique market positioning, the capabilities that the company needs to master should be aligned with that strategy, and might include:

- Leveraging customer information from the service process (for example, integrating customer feedback during service calls with the marketing department).
- Effectively managing product mix (measure success by campaign).
- Effectively managing sales channel strategy (eliminate conflict between distribution channels).

So how do companies know which CRM capabilities they have, and which they’ll need to realize their strategic goal? Below are the eight primary steps (which have been used across industries, including financial services, electronics and high-tech, consumer products, manufacturing, etc.) to follow when developing a CRM Roadmap.

Step 1: Gain Senior-Level Sponsorship

The sponsor for a CRM Roadmap effort must have a vested interest in the project and ideally has P&L responsibility for the group. This helps develop buy-in from the senior management team and the operations staff.

A roadmap effort without senior-level sponsorship and with little cross-unit influence can diminish the returns of such an effort. As with any project a company undertakes that involves significant change to business processes, organizational structures, or roles and responsibilities, the lack of key, influential sponsorship reduces the effectiveness of the project, since there is no driving force for implementation.

Step 2: Gather Information

It is critical to gain insights of various key stakeholders and decision makers within the company. These insights can be acquired most effectively by holding one-on-one meetings. We use an interview template that consists of more than 30 questions. This template serves as the foundation for framing initial discussions with the client.

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Examples of questions that help us gauge the health of a client's CRM include:

- How would you define CRM?
- What types of customer information is captured/tracked (acquisition/retention costs, churn, cost to serve, etc.)?
- What information would you like to know about your customers that you currently do not?

Step 3: Assess Current State and Define Future State Gaps

Through these meetings, we gain an understanding of the client's current CRM capabilities and significant opportunities to improve their customer relationships and map out our findings. We also strive to understand the company's future direction (usually between six months and two years).

We use the results to determine how close the company is to meeting and exceeding its customer needs, preferences and concerns that may not have been communicated to the executive level.

Step 4: Identify Value Opportunities

Value opportunities represent the potential benefits delivered by being more customer-centric. We identify and categorize value opportunities along the lines of people, process, and technology by analyzing the gaps between the company's current state and its desired future state. Once value opportunities are identified, meetings should be held with the executive team to prioritize the opportunities.

Examples of “process” value opportunities include improving how data is captured for all customer contacts, across sales functions and touch points (for example, phone, email, etc.). “People” value opportunities may involve additional training on service procedures for capturing customer data. “Technology” value opportunities might include developing a data warehouse.

Step 5: Link Value Opportunities to Strategic CRM Capabilities

Once we determine where the value opportunities lie, we map each to the 21 world-class CRM capabilities detailed in the study mentioned above. Identifying which strategic CRM capabilities are needed enables companies to more effectively direct their CRM efforts and ensure they derive the projected value of any CRM projects.

Figure 2 illustrates an example of the link between a specific value opportunity and its corresponding strategic CRM capabilities.

Figure 1 – The CRM Roadmap involves aligning an organization’s business strategy with its prioritized CRM capabilities.

Step 6: Define CRM Projects and Requirements

Once value opportunities are prioritized, specific CRM projects need to be developed. Defining and executing CRM projects will ensure the company masters the relevant strategic CRM capabilities.

An effective way to define relevant projects is through brainstorming sessions with the client. Examples of the outcome of a session might include:

- Increased understanding of customer profitability
- Enhanced call center operations achieved by implementing sophisticated touch point technologies
- Decision to establish a data warehouse
- Decision to improve sales force training

Once CRM projects are defined, it is critical to go one step further and identify the business and technical requirements needed. These requirements should be specific and address the necessary people, process, and technology components of each project.

For “Understanding Customer Profitability,” functional requirements might include:

- Creating a common definition and profitability formula for products, channels, sales staff, customer segments, individual customers, as well as ensuring consistency across the company
- Defining components of the formula (acquisition, marketing, servicing costs, etc.)

Step 7: Develop the Business Case

Once the projects and requirements are defined, it is necessary to develop the business case to support or refute the criticality of a specific project. The business case seeks to justify the dollar investment needed and the ROI that will be realized over the course of the investment (usually three to five years).

For example, a typical CRM investment ranges from $10 to $25 million (or more) over a three-to-five year period. The amount is wholly dependent upon the number and extent of initiatives identified. For instance, a marketing insight initiative is typically very expensive and often requires the creation of a company-wide data warehouse with links to legacy systems dispersed throughout the company. In addition, to perform the analysis necessary to glean insight requires specialized software and training for the staff that will use it. Other initiatives can be quite

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simple. Salesforce automation initiatives often fall into this category and offer the additional benefit of introducing CRM concepts and execution to a company on a small scale with a high probability of success.

The investment cost takes into account number of users, internal and external human resources, training, infrastructure, hardware, software, and implementation costs. The typical ROI for this range of investment, though, could vary from $22 million to $110 million.

Each business case should include:
- Details and costs of required resources (people, technology, training, outsourced resources, etc.)
- Projected duration time of each project
- Options for completing the project using internal or external resources

With the creation of a ‘value realization plan,’ client executives have a tool to judge the impact of changes to the CRM investment plan. An accelerated implementation could be modeled to quantify the effect of earlier CRM benefits. Similarly, an extended investment plan allows them to quantify the impact of a slower implementation in terms of "lost benefits" over time.

**Step 8: Develop a Roll-Out Strategy**

Developing a roll-out strategy enables companies to focus their resources, money, and time on the most important projects that help them become customer driven.

Prioritization and phasing of projects is conducted with the executive team, which evaluates the results of the business cases and considers: financial results, duration, level of effort and technical impact required for each project.

**Critical Success Factors**

To successfully develop a CRM Roadmap, several critical success factors must be kept in mind:

1. It is vital to have buy-in from top management.
2. A strong sponsor is required (skilled, knowledgeable, and politically savvy).
3. It is essential to have buy-in and involvement from all process owners.
4. It is critical to have a strong leader who can hold constructive, productive brainstorming sessions, and who is good at maximizing participation from the client team. Also, it is helpful to hold brainstorming sessions during numerous steps within the development of the roadmap.

5. Feedback from all affected internal and external parties (customer groups, other inter-dependent internal departments) must be obtained and considered.
6. Do not lose sight of your customers' needs.
7. Installing technology without changing supporting processes and people/organizational elements will not result in a comprehensive CRM Roadmap.
8. Lack of communication can be life threatening to a CRM Roadmap project. You cannot over communicate.

**A Final Thought**

Achieving success in developing intimate and enduring relationships with customers begins with a holistic consideration of a company's functions and abilities that affect its consumer's objectives. Developing a CRM Roadmap, therefore, is a continuous process and not just a one-time exercise, because customers' needs and preferences change constantly. The correct strategy can help your company form deeper relationships with its consumers, and also obtain a competitive advantage in the marketplace.

**Reference**


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