

Win in the flat world

Taking the CRM Call: Should you roll out Enterprise CRM?

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An Infosys approach to help you decide how to best implement CRM across the enterprise

Abstract

Implementing a customer relationship management (CRM) solution can be challenging for companies with multiple business units (BUs). Catering to different customers or market segments with different go-to-market strategies, selling processes and products creates complexities and raises risks that are difficult to manage even with the most robust CRM implementation strategies. The scenario gets even more demanding with mergers and acquisitions, and the imperative to keep total cost of ownership down while increasing shareholder value. In Infosys' view one size does not fit all. In some cases it makes sense to roll out CRM for the entire enterprise. In other cases, it is best to keep CRM at the BU level.

Given the unique needs of each industry, market, and organization, it is important to put a robust strategy in place prior to proceeding with execution. It is during this phase that an organization must take a call on whether it is in its best interests to opt for an enterprise-wide implementation or an independent business unit approach. This paper looks closely at both sides of the coin to help you evaluate what could be the way forward for your organization.



CRM in a Multi-BU Scenario

A large Manufacturing company's CRM Battle

The CEO of a multi-billion dollar corporation which has grown from a tin container company, by expanding and acquiring business units ranging from raw metal processing to manufacturing complex metal machining tools had a challenge at hand. His job was to keep the company growing at a steady pace and setting organizational targets while balancing costs across its nine business units (BUs). This was not an easy task as he wanted to maintain accountability along with independent leadership creativity in each of the BUs. Further complicating growth targets was the fact that the BUs operated in markets ranging from commoditized to emerging.

Strangely, despite the complexities, the company's nine business units were doing fairly well in terms of numbers, market share, and even branding. Customers knew the company well – and associated it with a quality company that was good to do business with. There were, however, serious customer issues that kept cropping up that the company was unable to address satisfactorily either at the corporate or the business level. Sales calls across the divisions were uncoordinated and often resulted in the customer receiving several appointment calls from different company reps in a week. Major customer issues were not being shared across divisions, sabotaging big deals. It could take days to get an answer on joint BU deals as the customer and the company employees themselves were often unsure of whom to escalate product questions or issues. Worst of all, the company couldn't tell which customers were their best customers as there was no centralized way to identify the customer across divisions! Internal process and system deficiencies were beginning to erode market share in multiple divisions.

The answer, the CEO knew, lay in a cutting-edge enterprise-wide CRM implementation that would provide a single window to the consumer while taking into account specific features and functionalities required for each business unit.

The trouble was, the units were headed by presidents who, in their own right, had ideas of their own. Two of the units were recent acquisitions, and were preoccupied with organizational and back-office integration pains. One BU

already had its own CRM in place and, while it was a fairly advanced package, this division was seen as "unique" in market, product and process by the other divisions. Another unit that was constrained for cash had tried to slip in a CRM solution as part of an already approved initiative. And while it was a prime candidate for a funded enterprise-CRM, this division insisted that their needs were simple and it didn't want to get bogged down by the 'bureaucracy' of an enterprise CRM program. The other divisions' attitudes ranged from curious to jaded, but all were haunted by the Ghosts of the CRM Past – a few disastrous attempts that had cost the company several million dollars and a spurt in customer and employee dissatisfaction.

The scenario above is fictitious and any resemblance to anyone or any organization is purely coincidental. The situations, however, could be uncannily similar to real-world scenarios in your own organization!

Holistic Approach to CRM

Customer Relationship Management (CRM) encompasses the people, process and technology capabilities that enable companies to organize and manage their customer relationships. A successful CRM implementation needs a holistic approach that aligns employee training and changes in business processes with customer needs through thoughtful planning. It also entails implementing and integrating relevant IT systems that will automate and consolidate customer information. If CRM isn't improving the bottom line, increasing customer satisfaction and retention or improving employee satisfaction – don't do it.

While the purpose of CRM is to help enterprises better manage customers through reliable information, systems and processes, the complexities involved can be enormous. In a scenario involving multiple business units (BU), the complexities get compounded. Permutations of different products, customer segments, market forces and business objectives can create quite a tangle of issues and conflicting interests. Acquisitions also add a twist as they may bring variations on complementary or competing products, customers, and/or go-to-market strategies.

It would be simplistic to believe that the implementation of CRM itself will help address customer needs better. What is needed prior to any implementation is an overarching view of the organization's needs and its customers coupled with rigorous planning. With a robust strategy in place, companies are better equipped to handle the transition with a clear view of the end state.

CRM Impact

There *is* a pot of gold at the end of the CRM rainbow. However, organizations need to develop the right roadmap to get to it.

A well thought out game plan for an enterprise-wide CRM can positively impact companies by:

- Increasing CRM business case realization
- Reducing enterprise CRM total cost of ownership (TCO)
- Better positioning for future shifts in business strategy, acquisitions, and changing customer needs

An enterprise-wide CRM strategy in a multi-BU environment can also increase the likelihood of successful strategy execution, higher business value realization, economies of scale, and better governance of IT services.

Why Organizations Fail to Maximize Value from CRM Initiatives

Let's face it: CRM is not a magic bullet for all the customer pain points across your organization. However, on the back of a well thought out strategy, CRM implemented in a complex environment of multiple BUs can deliver real business value. While most CRM initiatives these days have a vision, roadmap and business case, they typically fall short in terms of scale and rigor required by complex CRM programs. Lacking clarity and depth, they often end up as shelf-ware that is not widely understood, kept up to date, nor used in day-to-day program management decisions. Pitfalls such as approaching CRM tactically, uncoordinated front-office initiatives, lack of metrics, misaligned expectations, and a myopic view that technology will cure all can lead to CRM initiatives that leave money on the table.

When organizations approach CRM tactically, the belief that CRM will be able to address all the business and technical issues is rarely realized when the initiative is not aligned with overall strategic objectives.

Another pitfall is an uncoordinated CRM approach that lacks central vision or means of resolving overlapping functions. Lack of coordination can create a tangle of multiple front-office initiatives at varying levels of sophistication and maturity. The lack of roadmap depth to describe and link front and back office initiatives and dependencies is another sand-trap on the CRM greens. The roadmap needs to be thoroughly understood by program stakeholders with the benefits of each phase clearly defined and each phase prioritized. A big mistake large enterprises often make is separating an incentive compensation or product and pricing or contract management project from their SFA initiative. The scale, complexity and technology make it seductive to separate these projects. However, many commercial off the shelf (COTS) software packages have overlapping functionality, and an uncoordinated effort will lead to duplicate processes and systems that then need to be revisited when the blunder is realized (often this is at go-live!).

A very common problem is that project funding is not aligned with implementing enterprise solutions. Often, the C-suite will identify and mandate an enterprise initiative but not change the way business units can allocate their funds. This encourages covert initiatives like non-enterprise CRM being slipped in under the guise of another system. Such follies can be traced to misaligned operational enforcement of enterprise vision and strategies.

Similarly, companies that forge ahead with CRM without identifying and measuring metrics meet with failure of business case realization. Defining the business case metrics and measurement process along with resource allocation for measurement is another area that is frequently overlooked. CRM success can be seriously compromised if program management and business leadership are not held accountable by the business case metrics. When stakeholders are asked, "How would you define the CRM project's success?", unless metrics are clearly defined and communicated, the answers typically include: "Everything I want in the time I want it", "Elimination of all manual

processes”, and other fairly pie-in-the-sky answers. Answers such as these are a death warrant for any CRM initiative. Unless expectations are closely managed and concrete metrics are used to measure success, the initiative may “fail” even though it met all of its objectives.

A final common pitfall is the misplaced focus on technology. Organizational, behavioral, and process aspects are neglected in the belief that implementing technology will drive business improvement. Business improvement starts with people, you need to tell them what the vision is, you have to give them the tools to achieve the vision, and you need to reward them for the achievement. Technology is just one of the tools.

How do organisations get into this situation?

Organizations need to clearly identify their CRM path – whether to go enterprise-wide or take the BU route. Causes that lead to this fork in the road include:

- **M&A** – Lots of “A”, not a lot of “M”. This situation can get complicated when an organization with an enterprise CRM initiative underway acquires a BU with an established and/or more advanced CRM solution.
- **Independent processes** – An organization needs an enterprise view of the customer, product sales and sales forecast but is shackled by different sales processes, customer information repositories and varying levels of product information across and even within BUs.
- **Independent P&L centers** – An organization wants to implement an enterprise-wide CRM initiative across BUs or geographies that are independent P&L centers. The corporate mandate often spurs resentment because precious BU dollars could be spent on BU-specific initiatives. Often the initiative faces major adoption challenges.
- **Different priorities** – Some BUs list CRM as a high-priority initiative while other BUs have other initiatives of higher priority, such as back-office improvements, under way. If the roadmap doesn’t take these issues into consideration, the project will face major resource constraints and added integration complexities.

- **Inexperience** – The organization has limited-to-no experience or has faced disappointing results in the past when attempting cross-BU initiatives. The inexperienced organization has to realize that there needs to be a significant commitment of resources and a strong desire to change in order to succeed.

The Way Forward

Organizations will be able to drive increasing value from their CRM initiatives, from achieving consistent performance within each process, to coordinating efforts across divisions, and ultimately, driving innovation into the customer experience, regardless of cross-BU challenges. They will be able to achieve these things through a planned and continuously evaluated approach towards CRM. An assessment of the organization’s CRM strategy, people, process and technology can identify the appropriate processes, resources and tools to be put in place to champion success and maximize return.

The Infosys Approach to Fulfilling the CRM Objectives

To help their CRM initiative bear fruit, companies need to assess their CRM readiness across strategy, people, process and technology. After assessing strengths and weaknesses, supporting tools such as Vision, Program Management Offices, Solution Roadmaps, ROI & Metrics Measurement, etc., can be developed and integrated into the day-to-day management and decision making of the project. The Infosys methodology outlined below can help organizations reap the desired benefits at each milestone in their CRM journey:

1. **Developing an enterprise-wide CRM vision** – An enterprise-wide CRM vision entails clearly identifying objectives and setting appropriate guidelines to ensure predictable results. Objectives, guidelines and outcomes are largely dependent on the organization and its leadership.

Organizations must evolve guidelines to define:

- **Technology:** Future implementation guidelines, choice between custom or

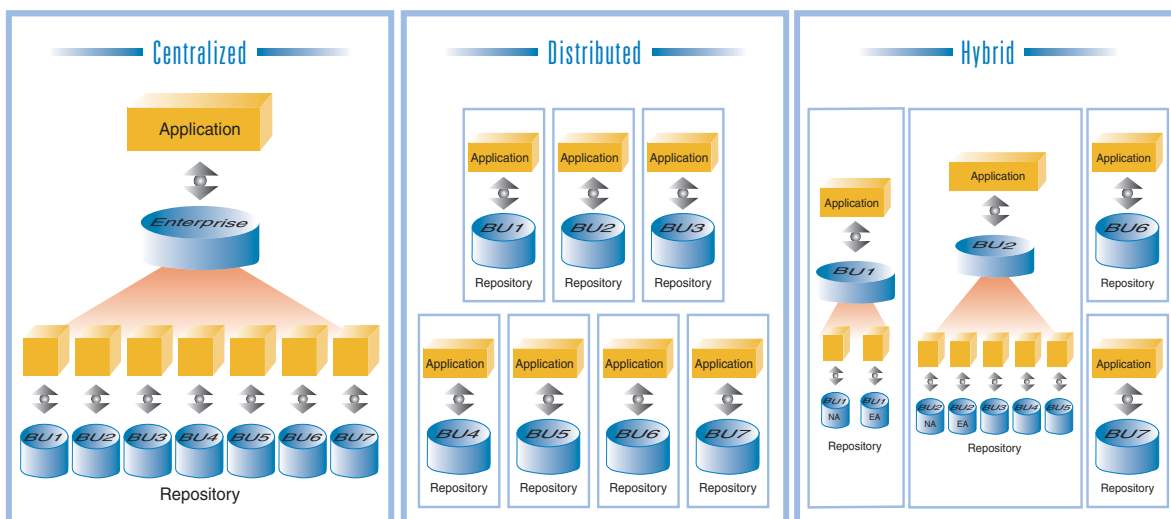
package solutions, short-listing approved vendors, ownership of the vendor relationship, ownership of customizations/enhancements, platform standards, and investments on enhancements of existing/legacy technology

- **Business:** Implementation timing: Enterprise roadmap versus BU roadmap; Standardization: What is reasonable in a BU-driven approach and how to make each BU accountable
 - **Finance:** Business case and funding
2. Outline specific CRM funding approaches, including rules and approvals/gates aligned with the guidelines
 3. Establish a central Program Management Office responsible for governance to help reduce risk and knowledge sharing for higher returns
 4. Evaluate CRM requests for success-readiness across four major areas: Strategy, Process, Technology, and People. Require each CRM request to have a well-defined business case
 5. Develop a solution roadmap that provides a centralized point-of-view on the logical steps to the end state, and identifies key benefits along the way to support successful CRM delivery

6. Define success metrics and measurement approach to achieve the business case. Instill metrics into project team members' and leadership's performance reviews
7. Conduct periodic audit/health check of the functionalities and features across BUs to ensure constant alignment with industry best practices and also to identify use and extent of usage of functionalities by end users

Enterprise-wide or BU-driven approach: depends on your business requirements

Finally, it is for each organization to determine, after rigorous evaluation, the CRM approach that will work best for its unique requirements. For each approach – enterprise-wide or BU-driven – there are different benefits, risks and challenges. There are also several innovative and hybrid approaches that can be devised given an organization's particular attributes and needs. Often companies assume that an enterprise-wide CRM means that everyone must use the same CRM technology. This is not the case. As depicted below, there are several architecture options that can be enabled as an enterprise-wide solution. The key to an enterprise-wide solution is that the effort is coordinated and governed centrally for the good of the entire organization.



The Infosys approach helps companies identify what will work best and deliver the most effective results. The following table highlights some of the differences between an enterprise-wide approach and a BU-driven approach.

	Enterprise-wide CRM	BU-driven CRM
The End State	<p>The end state of a successful enterprise-wide CRM initiative is a cohesive, cost-effective solution for enterprise, BU and user needs. The enterprise better understands customers, products and sales forecast; the BU can perform sales, service and marketing functions as required by the business model and customer needs; and users achieve greater efficiency.</p>	<p>The end state of successful BU-driven CRM initiatives is a custom solution that meets the BU's specific financial, business and end-user needs. BU-driven CRM can result in the use of multiple technologies, inability to easily gather enterprise data and different customer-facing processes across the enterprise. However, proper planning, guidelines and centers of excellence can mitigate some risks.</p>
Benefits Delivered	<p><i>The benefits of approaching CRM with an enterprise-wide approach are:</i></p> <ul style="list-style-type: none"> - Skills: Better executive and management understanding of CRM practices; IT skills better developed when focused on a few technologies - Cost: Total cost of ownership is lower due to a coordinated and defined approach - Time: The overall time it takes to get the entire enterprise to a mature CRM state is shortened by a coordinated approach - Functionality: Best practices are shared across BUs and standards coordinated across business 	<p><i>Independent BU CRM initiatives can have their advantages:</i></p> <ul style="list-style-type: none"> - Quick Turnaround: With no consensus needed across groups, implementation and enhancements are typically faster - Cost: BUs are not constrained by enterprise guidelines or budgets - Skills: Changes can be made quickly and easily as BU owns tech and analyst skills - Functionality: BU-specific processes and needs can be met with less compromise - Resources: Resource coordination during strategy, implementation and support is minimized - Leadership: Does not require cross-BU leadership sponsorship - Readiness: Typically it is a business priority for the BU with the leadership on board
Operational Challenges	<p><i>Cross-BU CRM initiatives come with their own set of challenges. They need:</i></p> <ul style="list-style-type: none"> - Resources: High level of resource commitment; strong team and communication skills for effective decision-making - Leadership: A central cross-BU leader with the authority and responsibility 	<p><i>Some of the typical challenges that BU-driven CRM initiatives face are:</i></p> <ul style="list-style-type: none"> - Roadmap: Selection of a package that is not robust enough for future capabilities - Strategy: Technology as tactical "answer" to business problems – not allocating enough resources for people and process aspects
Risk Mitigation	<p><i>Some typical risks and recommended mitigation plans for cross-BU CRM:</i></p> <ul style="list-style-type: none"> - Competing initiatives: Identify available resources and assess skills. Prioritize business needs for enterprise and across BUs. Conduct strategy planning and develop a realistic roadmap - First time cross-BU initiative: Set up and establish a governance structure and robust decision making protocols. Get a program manager experienced in cross-BU programs - Leadership commitment: Outline the level of time and activities required of the sponsor(s). Identify an executive with the authority, commitment, and bandwidth to support the initiative. Create leadership action and communication plans so that their time is well managed and their impact is maximized. Without the right leader, this is a show-stopper. - Vendor switching costs: For BUs that already have significant investments in CRM, cost-benefit of reduced functionality must be weighed. These BUs can be restricted to the enhancements they can build in their current systems – and their cut-over to the new system can be delayed until BU and end-user benefits are at par with existing systems. 	<p><i>Typical risks associated with BU-driven CRM and mitigation plans:</i></p> <ul style="list-style-type: none"> - Business case not realized: Identify metrics and metrics measurement: Realign performance metrics to business case - Implementation success: Follow leading practices in implementation. Don't cut corners on business participation and involvement - User adoption: Identify user benefits early on. Allocate budget for user involvement in all phases of the project. Identify super users. Identify business skills gaps and training (don't just focus on the technology training). Allocate budget for change management

Conclusion

Both approaches to CRM – BU-driven as well as enterprise-wide rollouts – come with their respective benefits and risks. Infosys believes organizations operating in a complex environment of multiple business units can benefit from CRM with a clear understanding of long-term strategic goals, a robust roadmap and by aligning all incentives and approaches to end goals. This approach needs to be coupled with strong processes, precise metrics, and buy-in from all stakeholders. It will enable organizations to stabilize and protect core processes, raise the performance bar and change the game for a greatly improved customer experience.

Key Success Stories

Global CPG and Raw Materials Manufacturer Lowers TCO

A large global consumer packaged goods (CPG) and raw materials manufacturer with several BUs operating as independent profit centers was considering an enterprise-wide CRM rollout. Its past enterprise rollouts with ERP and some financial packages had resulted in high total cost of ownership (TCO) or thrown up user adoption challenges.

Infosys helped the client establish robust budget approval processes to enforce guidelines and presented multiple options with regard to CRM vendors. Regardless of differences between BUs, each investment was rooted in strategy and anchored by return on investment (ROI) metrics.

The rollout steered by Infosys resulted in lower TCO for the enterprise, skill-sharing between BUs at project and domain level, increase in user adoption as well as operational and financial success on a technology solution that was both robust and scalable.

Global Transportation and Logistics Major Ramps Up Efficiency and Revenues

A leading global transportation and logistics player had achieved rapid inorganic growth through mergers and acquisitions resulting in disparate business processes at different maturity levels. Each BU with its unique marketing, sales, and service process, and operations at country levels without global processes or an IT roadmap meant the absence of a single view of the customer across geographies and BUs.

Right from the strategy phase for the CRM rollout, Infosys helped the client establish a robust governance structure incorporating regional inputs for the global roadmap. Functions across geographies were standardized to conform to global processes while a well-defined communication and change management structure ensured better user adoption.

The successful enterprise-wide CRM implementation provided the client a consistent view of customers across geographies and BUs. It resulted in an overall lower TCO, sharing of process and domain knowledge, improved usage and increased user satisfaction, higher efficiency levels, and a rise in customer satisfaction and revenues.

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