CONTENTS

Preface xxi

Acknowledgments xxvii

Part 1 CRM: Is It Right for Your Company? 1

Chapter 1 Commerce in the 21st Century 3

- 1.1 Understanding the Landscape 3
  - 1.1.1 The Internal Landscape 3
  - 1.1.2 The New (e)Marketplace 5
  - 1.1.3 The Impact 6
  - 1.1.4 The Result 7
- 1.2 Defining “Customer Loyalty” 8
  - 1.2.1 What Is a Customer? 8
  - 1.2.2 What Is Loyalty? 9
- 1.3 Loyalty in the New Marketplace 10
  - 1.3.1 Loyalty and Operational Excellence 11
  - 1.3.2 Loyalty and Product Leadership 12
  - 1.3.3 Loyalty and Customer Intimacy 13
- 1.4 Building and Managing Relationships in the New Marketplace 14
- Questions for Reflection 15

Chapter 2 The Case for Customer Relationship Management 17

2.1 Understanding Common CRM Obstacles 17
  2.1.1 Unrealistic Expectations 18
  2.1.2 Product-Centered Versus Customer-Centered Cultures 18
  2.1.3 Infrastructure 23
  2.1.4 Organization 24
  2.1.5 Impact on Customer Experience 24
2.2 Seeing the Total Customer Experience 25
  2.2.1 What the Market Says (or Does) 26
  2.2.2 What We Say 27
  2.2.3 What We Do 29
2.3 Defining Customer Experience Management 29
  2.3.1 Back Office Functions 30
  2.3.2 Front Office Functions 31
2.4 Ensuring Customer Loyalty 32
  2.4.1 Why Build Loyalty? 32
2.5 Defining Customer Relationship Management 37
Questions for Reflection 38

Chapter 3 What Is CRM? 39

3.1 Defining "CRM" 39
  3.1.1 Common Misconceptions 40
  3.1.2 Definition 41
  3.1.3 The Components of CRM 44
3.2 Defining CRM Concepts 45
  3.2.1 Customer Life Cycle 45
  3.2.2 Business-to-Business CRM 46
  3.2.3 Customer Asset 47
3.3 Understanding the Goal of CRM 49
3.4 Using Customer Touch Points 50
3.5 Deciding Who Should Lead the CRM Functions 52
  3.5.1 Marketing 52
  3.5.2 Sales 53
  3.5.3 Customer Services 53
  3.5.4 Product Support 53

3.5.5 The Channel and Other Partners 54
3.6 Creating a New Role for Marketing 55
Questions for Reflection 56

Chapter 4 e-CRM—What's the Difference? 57
4.1 Merging CRM and the Internet 57
4.1.1 New Customer Expectations 58
4.1.2 Why e-CRM Is So Important 59
4.2 Delivering CRM On and Off the Internet 60
4.2.1 Information 61
4.2.2 Process 62
4.2.3 Technology 63
4.2.4 People 64
4.3 Recognizing Barriers to Internet Adoption 66
Questions For Reflection 68

Part 2 CRM: Planning It Right 69

Chapter 5 Understanding the Method 71
5.1 Understanding the Formality of CRM 72
5.1.1 Methodology 72
5.1.2 Define Responsibilities 74
5.2 Developing Your CRM Strategy 75
5.2.1 Process Steps 77
5.2.2 What You'll Get 78
5.2.3 Transition: Launch Project 78
5.3 Building a CRM Component 79
5.3.1 Process Steps 80
5.3.2 What You'll Get 81
5.3.3 Transition: Integrate Capability 82
5.4 Analyzing and Segmenting Customers 82
5.4.1 Analyze Customers: Steps 82
5.4.2 What You'll Get 83
5.4.3 Transition: Select Target Segments 83
5.5 Taking It to Your Customers 83
5.5.1 The Process to Take It to Your Customers 84

5.5.2 What You'll Get 84
5.5.3 Transition: Evaluate Results 84
5.6 Getting Ready for the Next Project 85
Questions for Reflection 86

Chapter 6 Get Ready: Avoiding Common Barriers 87

6.1 Creating a CRM Culture 88
6.1.1 Change Management 88
6.1.2 Metrics and Rewards 89
6.1.3 Sponsorship 90
6.2 Creating Realistic Expectations 90
6.2.1 Vision and Roadmap 92
6.2.2 Internal Communications 92
6.2.3 Customer Communications 93
6.3 Building an Operational Infrastructure 94
Questions for Reflection 95

Chapter 7 Get Set: Organizing for Success 97

7.1 Defining the Organizational Scope 97
7.1.1 The Marketing Department's Role in CRM 98
7.1.2 The Sales Department's Role in CRM 99
7.1.3 The Customer Service Department's Role in CRM 101
7.1.4 The Product Support Department's Role in CRM 102
7.1.5 The Information Technology Department's Role in CRM 103
7.2 Bridging Organizational Gaps 105
7.2.1 Operating across Business Functions 105
7.2.2 The Business/Information Technology Relationship 106
7.3 Marrying Organization and Governance 108
7.3.1 Organization 108
7.3.2 Customer Steering Committee 109
7.3.3 Program Core Team 110
7.3.4 Project Teams 110
7.4 Garnering Leadership's Support 111
7.4.1 Sponsorship 111
7.4.2 Chief Customer Officer 113
7.4.3 Program Manager 113

7.4.4 Project Manager 113
7.5 Adding Adjunct Team Members (Consultants and Contractors) 114
Questions for Reflection 116

Chapter 8 Go! Developing Your CRM Strategy 117

8.1 Answering the Three Key Questions 118
8.1.1 Where Do You Want to Go? 119
8.1.2 Where Are You Starting? 121
8.1.3 How Are You Going to Get There? 122
8.2 Using Strategic Planning Tools 123
8.2.1 Tools of the Trade 124
8.3 Collecting Data 126
8.3.1 Internal Interviews 127
8.3.2 Systems Inventory 129
8.3.3 Customer Survey 129
8.3.4 Competitive Assessment 131
8.4 Assessing Findings 131
8.4.1 Summarize Findings 132
8.4.2 Analyze Findings 138
8.5 Creating a Strategic Proposal 140
8.5.1 Strategic Recommendations 140
8.5.2 The Plan 146
Questions for Reflection 150

Chapter 9 Launching a Project 151

9.1 Choosing the Right Project 152
9.1.1 Project Criteria 152
9.1.2 Why Small Projects? 153
9.1.3 Picking Your Project 155
9.1.4 “Branding” your project Internally 157
9.2 Deciding What Needs to Be Done 158
9.2.1 Project Charter 158
9.2.2 Gather Additional Requirements 161
9.2.3 Complete the Project Charter 162
9.3 Determining Component Scope 164
9.3.1 The Components 164

9.3.2 Enterprise Architecture 165
9.4 Winning and Keeping Support 170
9.4.1 Involve Key People 170
9.4.2 Leadership 170
9.4.3 Communicate, Communicate, Communicate 171
Questions for Reflection 172

Part 3 CRM: Building It Right 173

Chapter 10 Building Infrastructure Components 175

10.1 Following the Steps to Building Infrastructure 176
10.2 Gathering Business Requirements 178
10.2.1 Owner's Wants View 178
10.2.2 Owner's Needs View 179
10.3 Analyzing and Designing Components 179
10.3.1 Designer's View 180
10.3.2 Builder's View 181
10.4 Constructing a Solution 181
10.4.1 Subcontractor's View 182
10.4.2 Integrate Component 182
10.5 Putting It All Together 182
10.5.1 Project Development Framework 183
10.5.2 Managing the Project 183
Questions for Reflection 185

Chapter 11 Understanding the Information Component 187

11.1 Understanding Data and Information: What does it all mean? 188
11.1.1 Data 188
11.1.2 Context 189
11.1.3 Information 190
11.1.4 Information Is a Company Asset 191
11.1.5 Engineering Information 193
11.2 Following Information Engineering Steps 196
11.2.1 Owner's Wants View: Data Classes 199
11.2.2 Owner's Needs View: Business Subjects 199
11.2.3 Designer's View: Entities, Attributes, and Relationships 200

11.2.4 Following the Rest of the Steps 206
11.2.5 The Transition to Information Technology 207
11.3 Integrating Your Databases (The Information Gold Mine) 207
11.3.1 Integrating Data Sources 208
11.3.2 Source Data Quality 208
Questions for Reflection 209

Chapter 12 Understanding the Process Component 211

12.1 Process, Schmocess—What Are We Talking About? 212
12.1.1 Processes and Organizations 212
12.2.2 Process Engineering 213
12.2 Following Process Engineering Steps 214
12.2.1 Owner's Wants View: Business Functions 216
12.2.2 Owner's Needs View: Business Processes 217
12.2.3 Designer's View: Activities and Tasks 219
12.2.4 Following the Rest of the Steps 221
12.2.5 Making the Transition 222
12.3 Choosing Process Automation Software 223
12.3.1 Know your own processes first, and then buy a solution that fits 224
12.3.2 Technology doesn't fix broken processes 224
12.3.3 Managing processes across organizational boundaries 224
Questions for Reflection 225

Chapter 13 Understanding the Technology Component 227

13.1 Understanding the Technology... That's the IT Department's Job, Right?228
13.1.1 The Business Functions: Setting the Direction 228
13.1.2 The IT Function: Engineering the Solution 228
13.2 Following the Technology Engineering Steps 230
13.2.1 Owner's Wants View: Business Locations 231
13.2.2 Owner's Needs View: Business Networks 232
13.2.3 The Remaining Views 233
13.2.4 The Transition to Information Technology 236
13.3 Making Technology Decisions 236
13.3.1 Application Software—It's Always a Tradeoff 237
13.3.2 Where to Start—On or Off the Web 243

13.3.3 Putting the “I” Back in Information Technology 244
Questions for Reflection 244

Chapter 14 Understanding the People Component 245

14.1 Engineering People? 245
14.1.1 Understanding Why Change Is So Difficult 246
14.1.2 Supporting Change 247
14.1.3 Engineering Change 247
14.2 Following Change Engineering Steps 249
14.2.1 Owner’s Wants View: Organizations 250
14.2.2 Owner’s Needs View: Business Units 251
14.2.3 Designer’s View: Job Role 252
14.2.4 Builder’s View: Change Management Plan 252
14.2.5 The Remaining Views 254
14.2.6 The Transition to Information Technology 254
14.3 Moving Forward: Beware of Black Holes 255
Questions for Reflection 256

Chapter 15 Managing the Project 257

15.1 Beginning the Development Project 258
15.1.1 Selecting the Team 258
15.1.2 Chartering the Team 259
15.2 Controlling the Project 262
15.2.1 The Steps of an IT Development Project 262
15.2.2 Project Management Tools 262
15.3 Finishing the Development Project 269
15.3.1 Project Retrospective 269
15.3.2 Formal Signoff 269
15.3.3 Celebrate 270
Questions for Reflection 270

Part 4 CRM: Using It Right 271

Chapter 16 Integrating Components 273

16.1 Transitioning From Inside to Outside Work 273
16.1.1 Integrating Is a Partnership 274

16.1.2 Integrating the Components 275
16.2 Integrating the Information Component 277
16.2.1 Documenting the Future State: El Cid Database 277
16.2.2 Documenting the Current State: CUST800 Database 279
16.2.3 Identifying Differences: Data Mapping 280
16.2.4. Designing the Connection 281
16.2.5 Building and Using a New Tool: Data Translator 282
16.3 Combining Process, Technology, and People 282
16.3.1 Process 283
16.3.2 Technology 284
16.3.3 People 285
Questions for Reflection 286

Chapter 17 Finding the "Right" Customers 287

17.1 Creating a Customer Profile 290
17.1.1 Using Marketplace Information 290
17.1.2 Using Relationship Information 291
17.1.3 Using Calculated Information 292
17.2 Knowing Your Customers 293
17.3 Getting Down and Dirty with the Data 294
17.3.1 Determining a Customer Profile 294
17.3.2 Enhancing Profile Coverage 295
17.4 Segmenting Customers 295
17.4.1 Information Based Relationships 295
17.4.2 Defining Segmentation Strategy 297
17.4.3 Grouping Customers by Profile Characteristics 298
17.5 Targeting Customers 299
17.6 Understanding the Tools 302
17.6.1 Scoring 302
17.6.2 Recency, Frequency, Monetary (RFM) 303
17.6.3 Value 304
17.6.4 Lifetime Value (LTV) 304
17.6.5 Data Mining 306
17.6.6 Return on Investment (ROI) 306
Questions for Reflection 307

Chapter 18 **Delivering the Customer Offer** **309**

18.1 Delivering the Offer 309
18.2 Designing the Offer 311
  18.2.1 Describing Customer Segments 311
  18.2.2 Defining Segment Value Propositions 312
18.3 Preparing the Offer Message(s) 313
  18.3.1 Creating the Offer Details 313
  18.3.2 Creating the Offer Objectives and Measures 314
  18.3.3 Creating the Offer Value 318
  18.3.4 Creating the Call to Action 319
18.4 Presenting the Offer 319
  18.4.1 Selecting Communication and Response Media 320
  18.4.2 Testing the Offer 321
  18.4.3 Transmitting the Offer 321
  18.4.4 Receiving and Capturing Responses 321
  18.4.5 Fulfilling Requests 322
18.5 "Doing" CRM On and Off the Web 323
Questions for Reflection 323

Chapter 19 **Evaluating Project Results** **325**

19.1 Evaluating Performance Metrics 326
  19.1.1 Company Results 327
  19.1.2 Customer Results (Loyalty and Satisfaction) 329
19.2 Understanding Value Metrics 330
19.3 Reviewing and Tuning Your Strategy 331
Questions for reflection 332

Part 5 **CRM: Keeping It Right** **333**

Chapter 20 **Managing Quality Information As a Company Asset** **335**

20.1 Understanding Information Quality—Why Bother? 335
  20.1.1 Identifying Assets 336
  20.1.2 Getting Unbeatable Competitive Advantage 339
  20.1.3 Implications of Being a Valuable Asset 339
  20.1.4 Types of Data 340
20.2 Identifying Data Quality Issues 344
  20.2.1 Customer Data Deterioration 344

20.2.2 Source Data Quality 344
20.2.3 Trust 347
20.3 Planning Information Quality 349
20.3.1 Detail the Future Quality State (Goal) 349
20.3.2 Detail the Current Quality State (Baseline) 350
20.3.3 Identify the Differences (What Needs to Change) 350
20.3.4 Design the Data Quality Action Plan 352
20.3.5 Execute the Action Plan 354
20.4 Getting Information Quality 354
20.4.1 Building In Quality 354
20.4.2 Managing Quality for the Life of the Data 354
20.5 Using Tools to Manage Data 355
20.5.1 Measuring Data Quality 355
20.5.2 Sources of Standardized Data 355
20.5.3 Asking an Expert 357
20.6 Owning Data Versus Responsibility for Data 358
20.6.1 Who Owns the Data? 358
20.6.2 Who Is Responsible for the Data? 359
20.6.3 Customer Information Management 360
Questions for Reflection 362

Chapter 21 Designing Quality Systems for a Competitive Advantage 363

21.1 Understanding System Quality? 365
21.1.1 Identifying System Assets 365
21.1.2 Getting Unbeatable Competitive Advantage 366
21.2 Identifying System Quality Issues 366
21.2.1 Determining Cost Of Ownership 366
21.2.2 Using a System Quality Checklist 367
21.3 Planning System Quality 368
21.4 Getting System Quality 369
21.4.1 Building in Quality 369
21.4.2 Managing Quality for the Life of the System 370
21.5 Understanding Why Web-Based Systems Are the Most Demanding 370
21.5.1 Integrating Customer Experience across Channels 371

21.5.2 Humanizing Your Web Site with Virtual Reality 372
Questions for Reflection 373

Chapter 22 Customer Privacy: Seize Your Opportunity 375

22.1 Why Should You Care? 377
22.2 What Is Privacy? 378
22.3 What Do the Five Elements of Privacy Mean to You? 378
22.3.1 Notice 378
22.3.2 Choice 379
22.3.3 Access and Accuracy 381
22.3.4 Security 382
22.3.5 Oversight 382
22.4 Writing Your Online Statement 383
22.5 Managing the Balance between Self-regulation and Legislation 386
22.6 Getting Started Now 387
Questions for Reflection 388

Chapter 23 CRM: You Got It, Right? 389

23.1 Knowing Your Company's CRM Goals 389
23.1.1 Profit 390
23.1.2 Customer 391
23.2 Knowing What a Successful CRM Program Looks Like 392
23.2.1 CRM Program Life Cycle 392
23.2.2 CRM Components 393
23.3 Knowing How You're Going to Get There 394
23.3.1 There Is No Magic 395
23.3.2 Use Strategic Vision and Take Small Steps 396
23.3.3 Bridging Organizational Disconnects with Organizational Support and Communication 397
23.4 Knowing What It Takes to Achieve Success 398
23.4.1 Measure—Everything—Twice 398
23.4.2 Keep It Simple 399
23.4.3 When Have You Done Enough? 399
23.5 Knowing How to Get Started 400
23.5.1 The First Step 400
23.5.2 The Ten Commandments of CRM 400
23.6 So Where Will CRM Go from Here? 401

Appendix A Glossary of Terms 403

Appendix B Tools and Templates 407

Appendix C Self-Assessments 425

Appendix D Information: The Raw Material of CRM 435

Index 465