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Difficult Conversations: Positioning Your CEO in a CRM Implementation

Part One: Sources of Misconception and Faulty Assumptions



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Related Book

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Overview

Few experienced *customer relationship management* (CRM) professionals would argue that the CEO plays a key role in the successful deployment of an enterprise-wide CRM project. However, the CEO is often not the lightning rod for a CRM initiative and may not know his or her ongoing role in the process; therefore, it is incumbent that someone accurately communicate the nature of CRM to the CEO and outline the actions that will be necessary to achieve success.

This type of discussion is obviously laden with landmines, yet if CRM is deployed on a “go make it so” platform, it is likely to become a road kill statistic on the highway of failed initiatives. The opportunity for the organization is enormous, but success requires the active participation and leadership of the CEO. The question is how to navigate the potential landmines and position the CEO to take the right actions and assume the right level of leadership? The issue often boils down to identifying assumptions and getting through the tangle of egos and personal agendas. Once there is clarity of purpose, the roles are obvious.

Since the hype in the industry would have one believe that CRM is a pixie dust that will cure all organizational ills, the CIO (or other initiative designate) needs a pragmatic business orientation to be successful with this discussion.

This is Part One of a two-part series.

Part One will explore some of the common misconceptions of CRM that lead to faulty assumptions and ultimately, failure.

Part Two will provide a “script” for the discussion with a CEO and will identify the four key actions that need to result from it.

A Common Mechanism for Generating Initiatives

Before identifying common misconceptions of CRM, it is vital for the reader to appreciate the process by which major initiatives are developed within large organizations. It is not uncommon for large corporations to implement 10 to 20 major management initiatives at the same time and sometimes these initiatives are inconsistent, confusing the rank and file,

which leads to Dilbert-type attitudes such as token participation, indifference, and various forms of subtle sabotage.

Within any organization, there is likely to be something akin to a political swirl that is fed by the media, members of the board, anecdotes, internal reports, politics, and rumor. It is this swirl—a mix of ideas, concerns, and agendas that cloud a clear sense of organizational issues—that factors heavily into the decision-making process creating a momentum for prioritization for implementing initiatives. Over time, certain events or revelations can trigger an initiative or strategy thought to be necessary and appropriate. If there is enough management momentum—in other words, the right people—supporting the initiative, the initiative is given an identity, and is pursued by a function.

Thus, the process can be highly political in nature because functional groups are vying for resources that they view as important to their agenda. Due to the lack of clarity regarding cause and effect (swirl analogy), the process tends to spin off initiatives that may be illogical from a timing standpoint or incongruent from a directional perspective to the people in the trenches. The prioritized project can be integrated into formal budget cycles or may be funded outside operational budgets. It is important to understand how this process works within the organization because, senior management obviously perceives that they have linked cause with effect and thereby defined the scope and intent of the initiative. After the project is prioritized, senior management may not be open to re-visiting the decision because the decision itself probably required considerable management energy to generate and there is a general aversion to any appearance of second guessing.

In the specific case of CRM, the momentum for prioritization may be derived from a wide range of sources: disappointing growth performance, competitive moves, pressure from board members, industry analysts, functional requests, etc. In this environment, CRM is frequently viewed as a technology that leverages organizational performance and offers the promise of competitive advantage and improved financial performance. From the CEO vantage point, there clearly is an integrated set of tools that appear to address operational issues that face the organization, so there is an intuitive appeal to the whole initiative. Moreover, since this initiative involves technology, it seems natural to assign the CIO to implement the initiative.

Sound familiar?

However, in this scenario, , the CEO often misses the point that without an operational strategy that unifies functional effort, the potential benefits of these tools will, at best, be minimized or at-worst, will sow the seeds for organizational confusion and project costs. But, from a management text book perspective, the bases have been covered. There is clear authority and the organization has identified what it wants fixed and the initiative should be capable of following best practice implementation policies and be poised for success. Right?

So why is this initiative at risk? Well, let's explore a few of the assumptions that are likely to be here when a CEO is not made aware of his or her ongoing role:

- The CEO may feel his or her role is complete when the initiative is funded and assigned with hoped for expectations but not necessarily a clear sense of success criteria.
- The CEO could have the attitude that CRM is just a necessary tool for today's market and therefore direct the CIO to basically pursue a low cost solution. It should be

noted here that low cost does not infer inappropriate; the problem here is pre-supposing that this is the right solution. Also, this attitude can be fatalistic if failure is anticipated. The "at least we didn't bet the farm" attitude being a consolation if the initiative is perceived to fail. Note that the literature contains many horror stories of organizations that allowed CRM- and ERP- type initiatives to drain organizational resources while diluting performance.

- Similar to the orientation toward a low cost solution, the CEO may also desire minimizing the costs associated with supporting the system such as training and technical support. Even a great system will self-destruct if users do not receive adequate training and the system is not maintained.
- The CEO may use a laissez-faire approach that basically encourages each function to pursue its own strategy. This may work at some level, but it is more likely that the functions won't agree on the time of day much less more critical issues such as data ownership and the initiative can go into "analysis paralysis" or is simply rolled out in a diluted or non-integrated format.
- The CIO may view success as on-time and on-budget; therefore no one is responsible for achieving operational results. Operational benefits are typically nominal. The CRM technology is expected to do some magic because there is zero commitment for change in operational strategy. This initiative takes on the vestige of "business as usual".

These comments are not meant to be "cheap shots" at anyone or any level within the organization, but unfortunately, they are reflective of common attitudes and assumptions residing at the c-level that can torpedo a CRM initiative before it starts. Very little is written about this topic because few are willing to recognize the leadership issues required for success. In many situations, the pain of hitting the wall of failure is less intimidating than addressing the needs up-front.

As will be discussed in Part Two, the potential of an enterprise install are enormous; however, there must be a corresponding investment in system design and support, plus change management to achieve the install's potential. These systems are complex to design and install, and require significant budgets to maintain. Moreover, CRM has followed the path of ERP systems in that user organizations are finally realizing that high levels of customization involve long lead times and high initial plus maintenance costs; therefore, it is preferable to use the applications with limited customization. This infers that the organization adapt to the software. This reality is just one element of change involved with the initiative.

CRM as a strategy is alien to the thought process and mechanics of any functionally structured organization because it is based on an external (market) focus as opposed to an internal focus. The tools and applications associated with CRM are designed to support a focus on the customer and decision-making based on customer profitability (this will be expanded on in Part 2) these functions are driven by an internal set of metrics that are not consistent with this focus. This does not mean that organizations try to be antagonistic toward customers, but customers respond to the total experience with the company which is often inconsistent and incongruous. Therefore, CRM applications can lead to improvements in functional areas by offering consistency, but ultimately it is this total customer perspective that leads to competitive performance. Thus, the thought that CRM can generate substantial benefits (aside from simply economies of scale) in the absence of organizational change is a fairy tale.

Leadership is the catalyst that takes CRM as an operational strategy and a technology and combines it with the unique elements of the organization to derive a potent reaction of new

insight and performance. Therefore, though the discussion with the CEO may be difficult, it may represent the defining moment for the organization in the longer term.

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About the Author

Glen S. Petersen is an internationally recognized speaker, writer, practitioner, and thought leader in the CRM and e-business industries. As a visionary and early adopter of sales force automation (SFA), in 1986, Petersen led one of the first successful national implementations of SFA in the United States. He has held senior level management positions with system integration and end user organizations. As a consultant, he developed a number of proprietary facilitation techniques to help organizations to better understand technology, and how to rally around a single threaded, phased implementation approach. Prior to founding GSP & Associates, Petersen was senior vice president at ONE, Inc. and Ameridata. He has authored six books including *CRM Leadership and Alignment in a Customer Centric World* and *Making CRM an Operational Reality*, on which this series of articles is based. He also offers a ROI calculator that helps companies build a business case for CRM. It is available at www.competitiveperformance.com.



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