

Boosting Customer Relationship Management ROI

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Recently, I ran across an article on CIO.com called the "[Truth Behind CRM](#)." While in my opinion quite accurate, it was not your typical view of the disappointment of large scale customer relationship management (CRM) implementation projects. It was not until I'd almost finished reading it that I observed the date the article was published: May 2001. The really striking and sad part is, it could have been written last week.

Companies still attempt colossal CRM projects and, largely due to the same reasons cited in the article, still fail to deliver reduced churn, enhanced customer satisfaction, or increased customer profitability.

So how can companies reap the benefits of more mature customer management technologies? SAS for Customer Value Optimization is a strategic framework that directly addresses that question.

Competency: the only sustainable advantage

Achieving CRM success is complex and uses massive amounts of organizational resources. I've been on both sides of the fence – both as a user and a designer -- on successful and unsuccessful projects. However, in my experience, the most financially successful implementations of customer management technology are founded on a common belief:

The firm's capacity to integrate unique ideas, test, and optimize practical customer management actions is the only sustainable source of financial return on CRM investments.

In other words, CRM ROI is the result of the firm supporting the overall business strategy and objectives by:

1. Identifying the pains or needs of specific customer segments.
2. Designing actions to address those pains or needs, and estimating the financial return to be gained from taking those actions.
3. Executing the intervention.
4. Measuring the result.

The CVO Approach: Move faster, systematically, and cross-functionally to optimize performance of customer management activities

Optimizing customer value requires rallying the resources within the company that can impact churn and profitability. How? By building the competencies across functions and enabling those

competencies with underlying technology.

As seen in Table 1 below, SAS spans and supports each step and function in optimizing the customer management process, leveraging cross-departmental expertise and reducing the number of tools that have to be cobbled together to gain an understanding of customers.

No matter what skill set is involved in addressing a customer lifecycle issue, or the source or type of data needed, SAS creates an accurate, integrated view of the customer and enables the competencies needed to solve the current problem.

SAS can help your organization continuously learn and improve programs over time with a sharpened understanding of customer behavior, an understanding gained through a systematic method for building learning into your system. The technology platform increases in value over time – not just supporting the way you originally thought about churn, but adapting to the market shifts, product or service dynamics, and evolving customer relationships that direct how you compete and win in the industry.

Table 1

Capability	Diagnostic Questions	Solution Scenario	Value Creation
Discipline across functional boundaries	<p>Often the burden to reduce churn is placed in the marketing department. But it's really a company issue that requires cross-functional discipline and approach -- beyond a traditional, departmental view of the customer.</p> <ul style="list-style-type: none"> ➤ How much of a problem is it to get a cross-functional view of the reasons for churn? ➤ What kinds of practices would you like to build across the organization to impact churn? ➤ Which specific resources or expertise would you ideally like to involve across different departments or functional areas? Why? ➤ How would you implement and measure programs across those disciplines? ➤ What are the critical success factors associated with the discipline required to link those resources and 	<ul style="list-style-type: none"> ➤ What if you could quickly identify ways to reduce churn, make appropriate shifts in marketing approach with information across multiple dimensions, and implement programs that leverage expertise across the organization? 	<p>Establish a discipline across functional boundaries to both understand what's going on with the customer, and leverage the right expertise across the organization.</p> <ul style="list-style-type: none"> ➤ Quickly find opportunities to reduce churn ➤ Implement resources across the organization ➤ Develop the organizational competencies needed to systematically address churn ➤ Go beyond identifying which customers will churn to understanding what puts them at risk to churn <p>Technology:</p> <ul style="list-style-type: none"> ➤ Develop complex models based on many variables, and effectively manage the portfolio of models without need for additional systems – manage all pieces in concert rather than in isolation ➤ Use the same information objects or measures that indicate how the customer interacts with your company cross-functionally

	metrics?		
<p>Integrated technology platform to support competencies</p> <p>Opportunity identification, segmentation, program design, program implementation, program evaluation</p>	<p>It's important to talk through the competencies that are needed to understand the customer and act on that understanding.</p> <ul style="list-style-type: none"> ➤ Opportunity identification and segmentation: Do you feel that your company has the capability for a variety of people, who have to be involved in a cross-touchpoint customer campaign, to quickly assess business conditions systematically identify opportunities to reduce churn? ➤ Program design and implementation: Can the people who design and implement customer retention programs use the same understanding of customer as people who identify the market problems? ➤ How important is it to quickly and systematically translate your understanding of the customer between the people who identify the strategic opportunities to those who do something? ➤ Program evaluation: How do you retain the stream of customer understanding between the program planner, executor and evaluator? 	<ul style="list-style-type: none"> ➤ What if you could systematically understand how your customer is using new data products and entertainment services, and build that knowledge into your customer management practices? 	<p>Use technology to enable cross-functional competencies quickly and systematically, without forcing a process.</p> <ul style="list-style-type: none"> ➤ Create structure for injecting data into the analytical process faster ➤ Differentiate your services based on an understanding of the customer, who they are networked to, and how new products interact with what they already have ➤ React more quickly to market shifts – link opportunity identification with implementation ➤ Measure the effects of programs – link implementation and metrics <p>Technology:</p> <ul style="list-style-type: none"> ➤ Integrate the enormous amount of legacy data, repositories and tools to propagate an understanding of new products and services throughout the company ➤ Provide people with a way to access the same view of the customer, rather than each department with their own reporting systems, analytical platforms and processes ➤ Generate reports that get the right information to people who can impact the problem in a timely fashion
<p>Flexibility to learn and adapt programs over time</p>	<p>Sometimes program investments seem to deliver diminishing returns. Even after finding and fixing a problem, churn creeps back up – and it's difficult to understand why.</p> <ul style="list-style-type: none"> ➤ In what ways have you addressed voluntary churn? What seems to be most effective in terms of keep rates down? ➤ How important is it to look at involuntary churn? How 	<ul style="list-style-type: none"> ➤ What if you could systematically record your actions and the results of those actions, and feed them back into the next program, the next quarter, to iteratively learn and improve your customer approach over 	<p>Sharpen the pencil over time by looking at a more detailed view of the customer based on iterative learning. Ferret out different aspects of how you touch the customer so that you can invest in the programs that improve customer value holistically.</p> <ul style="list-style-type: none"> ➤ Bridge the gap between competencies by going beyond tracking responses, to incorporating them into the next competency or process step

	<p>would you do that?</p> <ul style="list-style-type: none"> ➤ Like people, organizations learn through repetitive trying and re-trying, with the goal of getting better over time. Do you feel that you have both the structure and supporting technology to improve your understanding of customers, and systematically use that experience to guide future programs? 	<p>time?</p> <ul style="list-style-type: none"> ➤ 	<ul style="list-style-type: none"> ➤ Iteratively learn from program implementation and improve – SAS enables repetitive trying and learning ➤ React faster and earlier to competitive market shifts – the value is in the speed of designing, testing, and evaluating programs faster than the competition by having the flexibility to recombine components, metrics, and customer dimensions to address new problems
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