

CRM Can't Manage Relationships

When I was asked if I could write 'something about CRM' I was faced with a bit of a quandary. That was because anyone who knows me will know my feelings on the subject, which are not very complimentary. I therefore wondered if it was a good idea to write what I think, because it could cause controversy. But I do believe in always saying exactly what I think, so here goes.

Imagine you were a software company that had created the first software that successfully managed to gather, store, manipulate and present customer information, which is basically what CRM software does. You'd want to get it out to the market as quickly and successfully as possible. But when your sales and marketing people get involved they are not likely to be very excited by the possibility of having to promote something called Customer Information Management software. I'm therefore not surprised they came up with the much 'sexier' title of Customer Relationship Management software which they knew would sell better. (I don't know if this is how it happened, but I can't think of any better explanation.)

But now there is a problem. You have a product which does not do *'what it says on the tin'* - it does not 'manage relationships'. To even suggest that it could is ridiculous. Relationships cannot be 'managed', especially by software. They may be affected, influenced, improved, damaged, strengthened, weakened, etc.but not managed!

For example, what if you and your partner were having difficulties in your relationship so you visited the local RELATE office for help? Imagine they suggested the solution was to take home a bit of software that you could load onto your computer which would 'manage' and sort out your relationship problems? I guess you would consider that as nonsense. I certainly would. But for some reason there hasn't been a similar nonsense reaction to the suggestion that CRM software can 'manage' relationships with customers.

Yet there is plenty of research evidence that indicates it is nonsense and that the majority of CRM installations have failed to achieve their implementation goals. Yet worse, according to research quoted on the website www.crimfoline.com, almost 75% even fail to create a positive Return on Investment. In other words, they cost more to implement than they make in additional profit.

So am I suggesting that we should not make use of CRM systems? You may be surprised to know that I'm not. I think that a properly understood and well-implemented system can really help in many situations, particularly if you're in a market where all your competitors have them and you may need one just to keep up. But I am recommending you think hard about its purpose and limitations. Remember that it can only do what all software does - gather, store, manipulate and present information; and no more! It certainly cannot manage relationships with customers. It could however become one of the tools that will help you to continually improve relationships with customers. But to do that effectively you will need a lot more than a bit of software. You will need a whole organisation that is focussed on the task of managing the experiences you provide customers. Experiences can be managed. But that's much bigger job than any software is capable of handling.

About Author Chris Daffy and CustomerImpact

CustomerImpact, a leader in combining customer feedback and business intelligence solutions, and Chris Daffy, a leader in customer experience management and service strategy have joined forces to show companies how to make service excellence and customer centricity deliver immediate business value and sustainable growth. From business consulting through to design and implementation services, CustomerImpact and the Academy of Service Excellence are uniquely positioned to help companies build a customer-centric culture and world-class customer service. Their individual competencies in program execution and customer service consulting combine to deliver a complete solution for companies eager to profit from lasting customer loyalty.

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