

# CRM – Don't Worry, Nobody has it Right - Yet

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*Using Data to Optimize Your Marketing*

**The purpose of this paper is to make you feel better about your “CRM” program and then to help you improve it. .**

## **What is CRM? Who Knows...**

“CRM” stands for different things to different people (“Customer Relationship Management”, “Customer Relationship Marketing”) and means different things to different people. The sales force automation software industry and telemarketing call-center software industry are just two examples of where the term “CRM” is used but means something different in each. Because of this I am not even going to bother to define the term. In general I am talking about the “Uber” version of CRM. This is the “take all your data from everywhere and make your customer happy with a tailored marketing message (or other action) ‘at every touch point’”. Sales force automation’s version of CRM (Seibel, Salesforce.com, even ACT) is a subset of the “Uber” CRM, as is telemarketing-based CRM (e.g., Kana).

**Let me let you in on a little secret.** The truth is that despite what you may be told by software vendors, nobody is actually executing the “Uber” type of CRM program. Some people are using the “CRM” software applications that are out there, but nobody has a smoothly operating, “wall-to-wall” CRM program in place.

That is the first part of this article that is meant to make you feel better. If you happen to think (or worry) that your competition is about to crush you because they are implementing a new, fully automated “CRM” program, you can stop worrying.

## **So what is happening in “CRM” in marketing?**

While nobody has a “wall-to-wall” CRM program, marketers have come a long way in the last four or five years in using data to improve their marketing. Many are beginning to be able to measure and understand both their multiple-channel marketing efforts and their multiple “touch point” customers.

Some examples:

- CPG companies measure the impact of their coupon mailing (and other aspects of their direct programs) on grocery store purchases, including market-basket effect rather than just a single product effect
- Web/Catalog companies have readings on what percentage of sales from a catalog mailing are made on a website (15%-40%)

- After satisfactory results of initial tests, a major consumer product company just moved millions of dollars of their mass media marketing budget to direct marketing and “multi-channel” programs.

These are all good examples of progress being made in the world of using data to improve marketing.

### **Do You Know the Word “Kludgey”?**

While the above are all good examples of the progress marketers have made in using data to improve their marketing, I promise you that none of the above programs run without any problems, and none is fully automated. Most, if not all, are using some type of “kludgey” process (also known as the “bailing wire and tape” method) to arrive at their answers.

The reasons for this are many (see my “Why Data and Technology are Difficult” article for a thorough examination of this topic). The main reason is that developing and implementing such a program can be a complex undertaking. But as the examples show, progress is being made. Marketers are making strides in using data and analysis to drive a “CRM” program and improve their marketing and their “relationships” with their customers.

### **The Future is Coming**

**I take the above examples as clear signs of the direction things are heading.** And as someone who is often “behind-the-scenes” I feel I have a pretty good read on how things are going. Marketers certainly do not need to worry that their competition is about to decimate them with a CRM program, but they do need to make plans and take steps to improve their efforts in using data to improve their marketing.

### **Steps to Improve Measurement in Your CRM Program**

**Designing and implementing a “CRM” system that uses data to improve your marketing requires a large amount of planning, preparation, understanding and time.** It is not something that can be “bought” from a software vendor and then easily implemented. That just is not possible.

The following steps and resources will help a marketer improve their CRM program:

#### 1) Assign/Develop/Hire a “Data Guru”

An underlying obstacle to the successful development and deployment of any type of “CRM” measurement system is the complexity of the data that is to be used. Combining data from multiple sources, producing reports, and recommending and taking appropriate marketing action requires knowledge of all of the data. This will not be possible unless a point person is familiar with

all the data. You must have a marketing “data guru” on staff to help you with all aspects of your program

## 2) Assess Your Data

- a. In order to understand what is possible to accomplish with your data you must understand what is in it. For example, if you want to conduct a telemarketing campaign to existing customers, do you know how many of them have supplied you with their phone number? If you want to measure catalog results in combination with internet results, do you have a way to connect purchase data from the same customer who makes purchases in different channels?

## 3) Decide Goals/Objectives

What, exactly, is it that you plan to measure and how are you going to do that? Are those things actually possible?

Are you going to measure “response”? Sales? “Lifetime” sales? In one channel? In multiple channels?

It is unrealistic to think you can develop and deliver a useful, automated “wall-to-wall” CRM program in one step. You need to determine some first steps (E.g. Can you already measure everything you want to within one channel?)

## 4) Roadmap based on Decided Goals

This really is not a “data” insight, but rather a management insight. You need to know what you are going to do and how long it is going to take. You need this planned ahead of time, so you can measure and communicate your progress. Often the final results of a major analytical initiative are not seen for some time (months or a year), so interim check-in points must be monitored.

## 5) Implement

If your initiatives start with a relatively achievable first step (which is recommended) you can have a team complete that specific project. This might require a careful design and execution of a special campaign, or it might just require some thoughtful analysis of existing data. Regardless, it is during the first implementations that you will find hidden problems (with data and processes) and begin to “hard-wire” a data and analytical solution.

## 6) Test/Check

- a. If you have never actually “gotten your hands dirty” and tried to analyze tens of thousands of records (or more) in a data file, you might sometimes be frustrated by how much time a data project can take. It is a fact that strange data can exist in computer files. Such data must be found, and the reasons for it must be traced. This is a time consuming process. However, it is imperative that this level of detail is examined, as without it results to campaigns can be completely erroneous. (E.g., a recent data set that passed through Teasley showed customers who had ages in the range of “-40 to -35” in addition to customers with ages of 18 to 72. If the data is not checked and examined the resulting reports will obviously be of little or no value)

## 7) Automate

Once a process can be manually executed successfully, it is time to start thinking about automating the process. It is at this stage that many packaged software products come into play. In actuality, implementing these products are just the final step of a longer and more thought-out process.

On the inexpensive end of the spectrum, automated systems can involve hand-written code and products including MS-Excel and MS-Access. On the more expense end of the spectrum, companies like Business Objects, Cognos, Siebel, Oracle, SAS and others will all be happy to bill you for products and services ranging from \$5,000 to millions of dollars.