

Focusing on CRM implementation

New companies seek to offer concrete skills in what is an often frustrating sector By Holly Acland

The phrase customer relationship management (CRM) is credited with many things, none of which are entirely positive. Massive expenditure on CRM solutions followed by minimal returns is the most commonly cited. Then there's the fact that every company under the sun, from software houses to consultants, seems to be offering CRM expertise. Yet the statistics make gloomy reading. Of the £5.7 billion estimated to have been spent last year on CRM in Europe, nearly £4 billion will not be used effectively.

However, a new breed of companies say they can offer concrete CRM implementation skills, rather than the jargon and high price tags that characterise most activity in this area.

The most recent is Proximity Consulting, which has teamed up with Customer Management Solutions (CMS). The latter has



'Putting the C back into CRM'

developed a CRM tool that enables organisations to benchmark its capability against competitors. This dovetails with Proximity's CRM Barometer, which is research-based and identifies customers' requirements both in terms of how they are communicated with and through which channels.

These two core products boil down to what an individual wants and what a firm can deliver. "If there's a complete match, the company's doing fine," says Chris Tatner, director of Proximity Consulting. "But all too often in organisations the focus is internal. It's about putting in the software and pushing it out to customers, rather than asking what the customer wants. That's why a lot of CRM schemes fail."

He describes it as "putting the C back into CRM", something that resonates with Multi Channel Communications (MCC). Launched last month, it is based around the customer delivery end of CRM. Co-founder Chris Martin says it aims to plug the gap between CRM strategy and implementation. "The investment has been made in CRM systems but in most cases they aren't being used effectively."

Implementation is the buzz-

word which companies such as MCC hope will strike a chord with marketers frustrated with their CRM efforts to date. And judging by research released by OgilvyOne, there's no shortage of companies crying out for help.

The report, entitled State of the Nation II, used OgilvyOne's customer management benchmarking tool, CMAT, to compare the customer management performance of blue-chip companies against best-practice criteria. The average CMAT score was 32 per cent. Just over 60 per cent of firms do not examine the cost of acquiring new customers so cannot determine the return generated by each new acquisition, while only 19 per cent understand lifetime value.

Forget sophisticated CRM software solutions—the message seems to be that the basics of a customer-focused strategy are sorely lacking in most firms.