IAN GORDON ARTICLE

CRM and Tech Companies

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Technology companies should be good at CRM, right? After all, it is their technology that is driving the Internet, enabling e-channels, customer contact, and e-biz. Yet, if there ever was a case where having, understanding, and using the right tools does not a masterpiece make, this is it.

1. Single, real-time customer view

As for telecom services companies, some tech companies lack a single, real-time view of the customer, so developing customer knowledge and insight is difficult or impossible. When is the customer's purchase window? What products might they be considering? How are we and competitors positioned? Who from our company was last in contact with them? When were they last in contact with us and what did they want? Questions such as these cannot meaningfully be answered when a single view is not in place. The absence of a single view also challenges the ability of a company to manage its account relationships, discussed next.

2. Channels not integrated

Even more challenging is the potential for an important relationship-sales call to be made immediately after the customer has complained via another channel. We love you, you want us not. Companies tend to drive traffic to the low cost interface, first from personal sales to call centres, now to the web. Customers are accessed via a plethora of communications and exchange channels, and the companies using these channels often do not have a strategy in place for integration and channel management, both within e-channels themselves and between e-channels and bricks and mortar. Achieving this integration requires diagnosis of the roles of the channels, with objectives, strategies, and tactics established for each. A major computer company assesses the channel roles as a matrix, with channel types on one axis and communications objectives across the top. Then, they assign specific objectives and strategies for each of the intersections. Other companies align objectives for channel types with the various steps in customer bonding from awareness to routine repeat purchase. Whatever approach you adopt, it is important that e-channels and bricks and mortar align, both in terms of the underpinning technologies and the objectives and strategies for each channel.

3. Customer value not aligned with programs

More so than companies in other industries, tech companies do not discriminate relationships sufficiently among customers according to their current and potential value to the company. Some do not design objectives according to the value of the customer: non-customer – desirable, non-customer – unwanted, new customer, returning customer, and

Low-Medium-High value customers. Question: what do you want the relationship to look like? How will you know when you have it? Vision the future state and design objectives, determine investment costs, communications, and access strategies and programs for each type of customer to achieve the vision. Software is available to help sales personnel link customer data with program implementation, so it is quite possible to simply point and click your way to more personalization and customization. Say a returning customer receives a welcome-back note, while a valuable customer is engaged with a portfolio of tailored communications, such as customized content newsletters, personal calls, call-centre interaction, and so-on.

4. Legacy investments under-cutting strategy
Some tech companies are anchored to the past by the investments they have made. For example, investments in business models, legacy technologies, channel relationships and even in relationships with some employees may be barriers which limit the company from achieving its full potential. As one tech GM said, "we must overcome success." By that, he meant that the company had to unlearn some of what had made it successful and head for new horizons to reach a higher level of performance. Sometimes the legacy can be weighty indeed. Encyclopedia Britannica, that venerable vendor of weighty tomes, would not change its focus on physical books when Microsoft launched the relatively lighter-weight, CD-ROM-based Encarta, from Funk and Wagnalls. Britannica's door-to-door sales force simply could not stomach a Britannica CD sold cut-rate through stores, as it would eliminate the commissions they were earning in hard-won, foot-in-the-door sales. So Britannica moved slowly as to not offend the sales staff. It bundled a CD with its Encyclopedia. Customers barely noticed. Britannica's sales disappeared overnight as though the collective doors of every household in the world suddenly slammed shut. With a marginal unit cost of $250 vs. a CD-ROM's cost of $2.00, and a direct channel that took $600 in commissions per unit sale, Britannica could not compete with Encarta and look-alikes. Britannica (the company) was sold and is now trying to re-emerge as a portal. The opportunity had been there for Britannica to compete on scope, by offering their customers more than physical books, but to do this, Britannica needed to change completely and immediately. It had to shed its legacy investments in its legacy business model, including a door-to-door sales force, or substantially change from an encyclopedia company into a company offering a much broader line of products or services, either physical, electronic or both. Britannica already had strong relationships with its customers, most of whom routinely bought the annual updates and companion volumes, but these relationships were wrecked by Britannica's continued and untenable commitment to a legacy business model and sales channel representatives whose short-term views they supported.

5. The employee relationship
Yesterday's technology company was focused on command and control, directing and managing employees as individuals and in small teams. Today's technology company has as its main enemy, time. The company cannot afford to be bound by anything. It is designed to be fast. Ideally, it has no centre and no commanding leader. It should expect and reward collaboration from its employees. The tech leader (the ideal one, remember) creates an environment for success and breaks down barriers to change. Employees are encouraged to challenge the status quo. Doing so is not seen as disruptive but is valued because it is evidence of a genuine desire to make the company better. Unorthodox alliances, new ways of implementing the vision, exciting intensity and boundless enthusiasm – all are much sought after by the company. But what does the employee receive in exchange for all this? For some companies, there is more work to be done here - especially for those employees whose personal journey is not exclusively one of options accumulation.

6. Brand Equity
The CEO of one of Canada's largest technology companies used to say that the company could afford not to be first to market but it could not afford to be last to learn. Few CEOs would say this today. Being second to market is no recipe for success in the e-economy. Companies such as Barnes and Noble, Borders and others surely cannot remember the day a company called Amazon launched. More than a business model, it established a

brand the equity of which continues to translate into competitive advantage. Being first to learn is no guarantee of success either, if learning is from competitors. In the e-economy, one cannot learn directly from them. By the time you find out what they did, they will have done something new again, watching you in their rear view mirror. Winners learn from excellent non-competitors and key stakeholders, such as suppliers and customers.

7. Needed: A process for innovation
Margins for almost all tech goods and services are declining and will never again hit historical levels. Commoditization has hit tech hard, and companies now know they cannot shrink and cut their way to prosperity. Now the bottom line can only increase if revenues grow. Tech companies have at their disposal the tools to do this through CRM but only if the attention is not on what technology can do. Winning starts with a clear focus on the customer relationship - not technology, and what needs to be done together to create NEW value. Some companies say they already have too many ideas. "Poor execution, not more ideas", one tech CEO used to say, "that's our problem." If your tech company has too many ideas and not enough time to pursue them, focus initiatives and align your management behind the right priorities by putting a process for innovation in place, a process that includes the customer.

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