



The CRM Maturity Scale

Many companies realize the need for customer relationship management (CRM) but simply don't know where to begin.

Your starting point should be an honest assessment of your company's situation. When performing such assessments, I use the following measures to gauge CRM maturity:

Customer Awareness. Can your company acknowledge that your customers exist? Do you have a clean source of integrated customer information for usage when interacting with your customers? If not, your company may be customer-aware challenged.

Customer Focus. Your company can acknowledge the existence of customers, but can it determine which ones are profitable and, perhaps more importantly, which ones are not? If not, your company may not have a good source of historical customer data for analysis.

Customer Satisfaction. Can you accurately measure customer satisfaction, and is customer satisfaction tied to your employees' incentives and bonuses? If not, your company may not have the right environment to be customer-centric.

Customer Worth. Can you differentiate your customers according to their economic importance to your company, and does your company deliver value to your customers based on this differential? If not, your company may not have the necessary business intelligence (BI) to make these determinations.

Customer Allegiance. Does your company benefit from repeat business and improved customer demand, and can your company prove it? Does your company command premium prices for its products and services? If not, your company may not be acting upon the business intelligence that it generates.

Let's look at what's needed to move to the next stage of CRM maturity.

Customer Awareness. To improve customer awareness, your company will definitely need a customer-oriented opera-

tional data store (ODS) – an integrated and cleansed source of current customer data. This component of the Corporate Information Factory (CIF) should be referenced every time any employee interacts with a customer to insure they are knowledgeable about the customer's current product and service situation, current contact information, outstanding issues they may have, other recent contacts, the results of those contacts, and so on. This database of current customer information will greatly improve your company's appreciation and awareness of your customers.

Customer Focus. To reach this stage, the business must recognize the need for BI. More importantly, it must support the infrastructure for a sustainable BI environment (the data warehouse) and define the requirements for the analytic applications (the data marts). For example, customer profitability, sales channel analysis and campaign analytics must be carefully crafted; and the algorithms for these must be socialized and agreed upon throughout the business community.

Customer Satisfaction. CRM requires a significant overhaul to your company's culture, organizational structure and entire compensation model in order to shift from its traditional product or service focus to a customer focus. Are your call-center personnel compensated based on the number of calls they handle in an hour or on completely resolving the customers' issues? We find this step in CRM maturity to be generally ignored or given short shrift, while significant time and money are spent installing the latest "CRM" call-center technology. No wonder these technological marvels fall short of the promised objectives. Did the technology fail or did the company neglect to change the political and cultural aspects to reflect the desired customer focus?

Customer Worth. To fully benefit from the analyses of your customers, your company will need increasingly sophisticated analytical models such as those

yielding customer lifetime value, purchasing behavior and VIP determination. Secondly, the business community must have the ability to act upon the intelligence garnered from these analyses. Customer scores, status of VIPs and recommended next product offerings generated from these analyses should then be populated in the ODS so that all your customer touchpoints (CSRs, direct sales people, collections and billing personnel, etc.) have access to these critical customer attributes. The ODS literally becomes the center of the customer touchpoints.

Customer Loyalty. The final step in CRM maturity involves the creation of the information feedback and information workshops. While this stage takes the longest to reach, it is the real payoff in terms of true CRM. You must have the full CIF in place to achieve this stage. Secondly, the business has adopted cross-functional CRM strategies that drive the creation and usage of these components. For example, the collections process is no longer identical for all customers. Rather, it is modified according to the VIP or lifetime value indicator found on each individual customer's record. Representatives dealing with high-value customers can easily view the customer's entire information, historical records and so on to assess the individual situation and act accordingly.

As corporations grow in their sophistication regarding CRM, the next level of maturity will be reached through the implementation of appropriate organizational structures, cultural changes and technological implementation. The smart corporations will recognize the steps needed to reach the next level and will make the expenditures and effort to attain that objective.



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