EXECUTIVE RESPONSE: CRM IS CHANGING OUR ERAS, THE INFORMATION WE REQUIRE, AND OUR PROCESSES...

Ronald S. Swift
Vice President
Teradata Division of
The NCR Corporation

Executive Summary
In this response to Goodhue, Wixom, and Watson, Ron Swift of Teradata affirms the challenges and opportunities of CRM implementations and adds that a major cause of failure of CRM implementations is the propensity of firms to avoid the important task of developing a cross-organizational intelligence environment. As a result of multiple industry analyses, he explains that it is through the leveraging of cross-organizational data that organizations generate measurable value.

The perspectives brought forth by Professors Goodhue, Wixon, and Watson in their study of business benefits and appropriate targets of CRM highlights the challenges, opportunities, and expectations of CRM implementations. Their insightful description of the ‘planned evolutions’ alerts readers to essentials and foibles, thereby enabling executives to understand the opportunities and risks of CRM investments. Firms should consider including every customer, supplier, partner, industry, and competitive intelligence in a long-term historical database to enable a successful CRM journey. Unfortunately, too many firms have avoided the essential foundation activity of integrating all of their disparate ‘siloed’ data together to form a “business intelligence environment.”

CRM essentially is a philosophy and a belief in understanding customers, determining needs (many times without the customer stating them), delivering to those needs, driving new opportunities, forging strengthened relationships and loyalties, analyzing past actions and behaviors, predicting future actions and reactions, and providing executives with new knowledge for decision-making. The six lessons summarized in the study provide an excellent basis for learning more about how your organization can succeed with CRM.

Defining CRM to meet short-term investment goals results in a narrow strategy, and can lead to higher overall expense. This approach, though, can be very good for firms who have difficulty adopting CRM’s real objectives: Focus on the customer, not just your product or service. CRM means much more than enhancing a call center or a sales force’s capability for up-selling, cross-selling, or prospecting acquisitions. CRM is a powerful tool for cross-organizational and analytical databases. As such it will help propel the movement from an information society to a ‘knowledge and intelligence’ era.

The propensity of firms to avoid the important ‘data transformation and convergence’ process, including all transactions, interactions, and networked touch points, has been the failure of many CRM efforts. Today and tomorrow, the big winners in the CRM evolution, ultimately with their customers and their suppliers, will be the firms that understand the vision and the information infrastructures. This is a clear message within this study and in twenty others that I have reviewed. Knowledge becomes powerful – when shared.

We have found highly positive stakeholder growth, customer value, and stock price appreciation in firms that use cross-organizational data warehousing. This has been the case, over these past few years, in multiple industry analyses that our team has completed. The positive outcomes appear to be the result of investments in truly integrated data warehousing, business intelligence, customer knowledge systems,
CRM tools, event-driven marketing, dynamic offer management, and predictive intelligence. Even in a downdraft of stock market pricing, this positive correlation between breadth of system implementation and corporate value has appeared to be true of some firms.

As firms leverage their assets to gain more customers and increase profitability, an effective approach to CRM can bring greater value than just increased efficiency. Teaching sales people to utilize tools is good, but using ‘intelligence and knowledge’ to drive the sales force brings much higher rewards. The next wave of managerial use of integrated information systems will reach beyond data warehousing and CRM applications into the realm of organizational knowledge, presenting executives with analytics to greatly enhance decision-making. This new era is upon us.

About the Author

Ronald S. Swift  (ron.swift@ncr.com) is Vice-President, Strategic Customer Relations for Teradata, a division of NCR Corporation. Following a 22-year career with IBM, Swift joined NCR in 1996, where he co-developed the process model for the firm’s “Data Warehouse Methodology.” Swift is the author of Accelerating Customer Relationships Using CRM and Relationship Technologies published by Prentice Hall and has written numerous articles in business and technology magazines.