

Involving Your CIO in CRM: The CRM-Ready CIO

As originally published in the Association for Services Management International's (AFSMI) **Sbusiness** (formerly **The Professional Journal**)

By Carol L. Johnson

Involving the head of your Information Systems (IS) function is critical to the success of any comprehensive Customer Relationship Management (CRM) program. This might seem like obvious advice since the Chief Information Officer (CIO) must not only manage the installation of new companywide computer systems, but must also play a major role in ensuring that the required data is effectively assembled to create a comprehensive picture of the company's customers.

However, the experts will tell us that the major failing of many CRM initiatives is that they are too often seen merely as "systems projects" rather than as a mechanism for facilitating business transformation. If your company is fortunate enough to have a visionary CIO, he or she will have a great deal to contribute beyond mere technical competence. Involving the CIO directly in the CRM transformation can itself be a double-edged learning experience that will create long-term benefits for the entire organization.

Among the most important elements of any CRM implementation program are:

- The establishment of a single, integrated view of the customer.
- Cross-functional processes that enable the swift delivery of integrated services offerings and support to the customer.
- A service *vs.* product orientation, resulting in the ability to deliver actionable advice to customer.
- A culture change from a "relentless focus on internal matters" (Gartner, Inc.) to a focus on "the customer relationship and understanding the customer's underlying needs".

In order to deliver this vision, the key management skills of the implementation team should include:

- Data and systems integration - to create that comprehensive view of the customer.
- Business process integration – or "good old-fashioned" Business Process Reengineering (BPR) - to develop and institutionalize new ways of doing business.
- A business solutions approach to customer service and support.
- Change management, to ensure that business stability is maintained in the face of major changes in processes, systems, jobs and environment.




William K. Pollock, president of *Strategies For GrowthSM*, a Pennsylvania-based services consulting firm, concurs that "Businesses can no longer afford to operate under the historical divisions of labor where CIOs focused primarily on responding to *ad hoc* data processing requests from their company's sales, marketing, manufacturing, operations and human resources departments. They must now be fully integrated into the corporate knowledge base, wearing not only the historical CIO hat, but the hats of all other departments as well. Just as marketing managers must now understand the value and use of information, CIOs must also be similarly adept with their understanding of the sales, marketing and customer support functions."

Not all CIOs, however, can rise to the challenge. Quite a few operate quite happily within their functional silo, oftentimes fearing to venture outside of its technical corridors. How do you know whether your organization has “Just-a-CIO” or a “CRM-Ready CIO”? There are six distinguishing characteristics that will help you evaluate whether your CIO is up to the task (Figure 1):

1. He involves himself in company initiatives outside of his functional area. Others seek him out to participate in key projects and to get the benefit of his input.
2. He has met with your company’s customers and does not view this activity as an unwelcome distraction from his job – this kind of contact invigorates and excites him.
3. He understands the business strategy and the impact that systems and services have on the company’s customers.
4. He is not satisfied to give you just what you ask for, but seeks to understand your underlying needs and your longer-term objectives. This allows him to address your immediate request within its strategic framework so that he can assess the best approach to the provision of the required systems and services.
5. He is respected as a leader, not only in IS, but in the context of the overall business.
6. He runs a service-focused, empowered IS organization and creates opportunities for IT staff to learn more about the business and its customers.

Figure 1

Six Distinguishing Characteristics that Determine Whether Your CIO Is Up to the Task

	Involves in Initiatives Outside of Functional Area
	Considers Meeting Customers a Value-Added Activity
	Understands the Business Strategy
	Not Satisfied to Deliver Only What’s Been Asked
	Respected as a Leader – Even Outside of IS
	Runs a Services-Focused, Empowered IS Organization

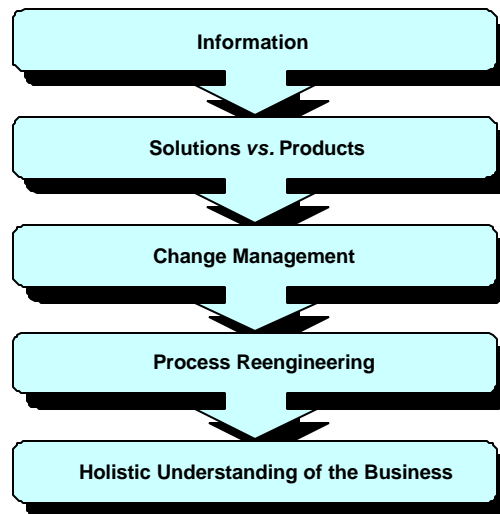
The CRM-Ready CIO has a wealth of experience to contribute to the effort to create a customer-centric, CRM-based environment. Much of this is directly related to the skills already developed to work effectively with the various functional areas within the business, as well as myriad technology and service suppliers. Some of the areas where the CIO can add the greatest value include (Figure 2):

- **Holistic Understanding of the Business.** No other executive in the company becomes as intimately involved with so many disparate functions in the business - on both an operational and strategic level - as the CIO. These generally include Corporate Strategic Planning, Sales, Marketing, Finance and Administration, Research and Development, Procurement, Manufacturing, Services Operations, Human Resources, Public Affairs, Customer Service and others. Computer systems are pervasive in business today - and increasingly interdependent. This provides the CIO with a first-hand understanding of how business processes are linked together. Any senior IS executive can tell you in vivid detail how changing one element of your company's systems and processes will have a ripple effect across all other elements of the business. This view of the "big picture" is important in understanding exactly what needs to be changed in moving to a CRM-focused business, and the impact that changes in order-taking or service delivery, for example, will have on customer service and satisfaction.
- **Process Reengineering.** From MRP to ERP, the CRM-Ready CIO has led and participated in business change projects for most of his or her career. Many CIOs already have experience in process development, documentation, training and implementation that is invaluable to a CRM program. They have typically also worked with a number of consulting groups, utilizing different methodologies, and can pick and choose those techniques that have historically proved to be most effective.
- **Change Management.** The CIO works in an environment where change is a way of life. Technology changes at a breathtaking pace and every new system introduces different ways of doing business. The CRM-Ready CIO is keenly aware of both the cultural and human transformations that will need to take place to attain the full benefits of new systems and technology. He or she frequently has skills in team-building, as well as keen insights into building incentive programs to reinforce new values. Most CIOs are also skilled in managing the introduction of change into the existing operating environment so that business stability is maintained.
- **Solutions vs. Products.** The technology industry initially made the leap to marketing "business solutions" when companies like IBM first started to realize that they were losing market share when they chose to compete solely on the basis of technical excellence. The survivors, including companies like Microsoft, understand that an integrated product/services offer is the key to establishing and maintaining customer loyalty. No CIO is going to purchase the "best PC in the world" unless it works effectively with the company's software and hardware, and is backed up by a superior vendor services and support organization. The senior IS executive also understands that installing a terrific new software product is only part of the job. Providing this perspective can prove extremely useful in configuring a company's new service and support offering.
- **Information.** No one has a better understanding of the contents of the company's databases - or their gaps - than the CIO. The CIO can readily identify these data and assess the costs and difficulties associated with pulling it all together. If he or she has been deeply involved in CRM and has a basic understanding of the customers' underlying needs, he will also be in a

position to reevaluate existing data that might then be used in innovative ways to gain competitive advantage. One example of this comes from the agricultural chemical industry. Field trials for pesticides and herbicides have long been focused on efficacy – i.e., how many bugs and weeds does a particular product kill. While the farmer is keenly interested in this information when he purchases chemicals, he is even more keenly interested in growing crops for which his customers - the food companies - pay a quality premium. Quality data has long been available in field trials, but chemical companies have not realized how much this information is ultimately worth to the grower. In one agricultural products company, the CIO involved in a CRM project helped identify this connection, and the company started to explore how quality data could then be used to improve both grower and chemical company profitability. The implications for the services and support industry are likely to be even more far-reaching.

Figure 2

Five Areas Where the CRM-Ready CIO Can Add the Greatest Value to the Organization



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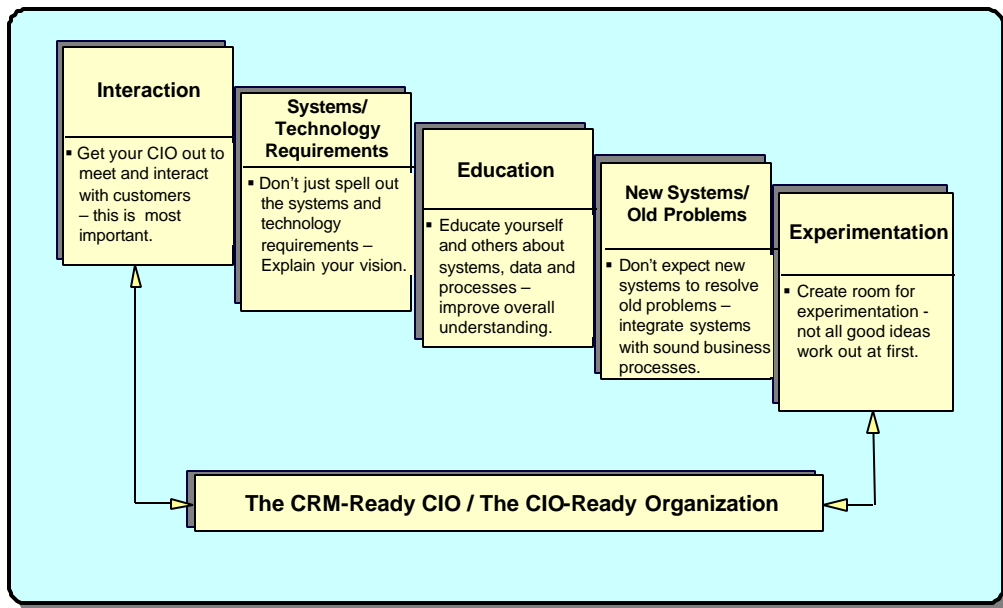
This article touches on only a few ways in which the senior IS executive can contribute to an organization's CRM program. In the business-to-business environment, there is a strong possibility that your customers will also appreciate benefiting from your CIO's interest in their informational needs. Make the CIO a member of the executive steering committee. Educate him or her from a marketing perspective so he can better understand market segmentation, customer targeting and customer satisfaction. Allow him to be a proactive - and interactive - participant in the company's quest to better understand underlying customer product, service and support needs.

Providing the right support to the CIO will also improve both his and the organization's effectiveness. Additionally, there are many CIOs who do not meet all the criteria of the CRM-Ready CIO, but are willing and able to start moving in that direction. The five actions outlined below will help those executives, as well as the CRM-Ready CIO, and also deliver direct benefits to the company (Figure 3):

1. Get your CIO out to meet and interact with your customers. This is the single most important – and the simplest - thing you can do. I guarantee that it will set off more creative thinking about how to use IS to transform the business than anything else you can imagine.
2. Don't just spell out your systems and technology requirements. People tend to get what they ask for, not necessarily what they really want or need. Explain your vision. Get the CIO and his staff to understand where you are going, what the long-term objectives and benefits are, and the strategic context. You will get much higher-quality systems and services that can grow and change along with the business.
3. Educate yourself and other employees about all of the company's systems and data, not just the systems and data in one functional area. The more they understand how business systems and processes are integrated, the better they can anticipate the impact of specific changes. The greater their understanding of the organization's knowledge base, the more effectively staff can use it to improve customer satisfaction. This will dramatically increase the company's flexibility and ability to respond quickly to changes in the business environment.
4. Don't expect new systems to resolve old problems. In some cases, automated systems actually get in the way of providing superior service – particularly when they institutionalize old ways of doing business. When this occurs all the old problems are simply magnified and happen faster. History is full of examples of major ERP implementations that failed even though the software functioned perfectly. In other cases, new systems can add valuable complexity that must be supported by new business processes. Look long and hard at the situation to understand whether automation is really the only answer. There is no substitute for sound, integrated business processes that are well understood by all participants
5. Create room for experimentation. A lot of good ideas just do not work out. Anyone who has ever put together an advertising campaign or launched a new product or service knows this. Do not expect everything your technology group implements to be a resounding success. Encourage your CIO to establish a controlled framework for innovative joint sales/marketing/IT projects.

Figure 3

Five Actions You Can Take to Help Your CIO Become A CRM-Ready CIO



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Pollock agrees that the CRM-Ready CIO “must have both a practical and interactive understanding of all the functions that ultimately drive the business in order to maximize the impact of information in supporting customer relationships.” According to Pollock, “Just as in the past when the CEOs of companies rose through the ranks of mailroom clerks, service technicians, sales reps, account managers, and department heads before they finally reached the top, any CIO that ultimately wants to rise to corporate management will also find himself in a similar position.”

While there are certainly clear short-term benefits in involving the CIO more deeply in CRM, the ultimate value will be in having a CRM-Ready CIO who is proactively looking for new and better ways to serve all customers - both internal and external - so that information technology itself can better serve the company.

Carol L. Johnson is a management consultant specializing in strategy development and technology management. She has held the positions of Senior Strategy Consultant for Syngenta AG, as well as Director of Value Enhancement, Head of Global IS/CIO, and Director of Information Services, for Zeneca Agrochemicals, Syngenta's predecessor. Carol may be reached via e-mail at carolclj@aol.com.