

# CRM Package Implementation in a Multi-National Bank

## 1.0 Introduction

**G**lobalization, the internet, lower customer transaction switching costs and more sophisticated customers are factors that are tilting the balance of power in favor of customers. In today's digital economy, companies are realizing that the customer is really in charge and that building and sustaining competitive advantage by focusing on customer value driven strategies is not only good business but also imperative.

According to a recent Financial Post poll of 656 CEOs around the world, customer loyalty or retention was identified as the top management issue. In the Canadian context, an Andersen Consulting Customer Relationship Management (CRM) survey of 204 business leaders found that retaining market share and loyalty of customers is the number one reason for pursuing a CRM strategy. Additionally, this same study found that 80% of respondents polled indicated they could be at risk without a CRM strategy.

Management researchers focusing on marketing established some time ago that it is much more cost effective to sell a product or service to an existing customer than to a new customer. Frederick Reichheld of Harvard Business School showed the significant positive impact of customer loyalty and retention on profitability [1]. In today's e-business world in which companies operate, customers are fickle, their expectations high and competition is just a click away. It is therefore not surprising to find that business leaders are striving to find innovative ways to excite and delight their customers.

CRM as a strategy is on the radar screen of the executive brass. Consequently, many CIOs are now considering CRM implementation projects and this trend is surely going to rise in the future. Today the CRM product landscape is competitive and includes products such as PeopleSoft's CRM, Siebel Systems CRM On Demand, Oracle's E-Business Suite, SAP's mySAP CRM and a number of midmarket players such as Microsoft, Onyx and Pivotal. A study by AMR Research concluded that the CRM segment of the enterprise application market is the fastest growing at 35 percent annually and is expected to reach \$21 billion by 2004 [2]. With the growing interest in CRM as a business strategy for meeting corporate objectives, it is important for managers and practitioners to understand what approach to use in order to plan for CRM projects to be successful. Most CRM software vendors and IT service organizations are strong proponents of the "out-of-the-box" approach whereby only minor modifications are made to the CRM application in order to quickly implement the software. However, it is important to note that empirical evidence on the positive impact of such an approach on CRM project success is lacking. The purpose of this article is to demonstrate that a CRM implementation project can be successful without necessarily adopting the *de facto* "out-of-the-box" approach.

## 2.0 CRM Overview - A Primer

CRM is about optimizing existing customer relationships, creating mutually beneficial interactions that attract new customers and increasing customer value at every opportunity [3]. It is not just about implementing sales force automation, call centers and marketing analysis though each of these component solutions is an important piece of the larger puzzle. Implementing CRM can be complicated as it may involve managing the customer interaction at every touch point (e.g., bank branches, automated teller machines, point-of-sale devices, self-service web sites, electronic mail, call center). Bringing together disparate customer data from many parts of the organization and across traditional and electronic channels is an important prerequisite for successfully implementing a CRM strategy [4]. Keeping this customer profile information current so as to present the customer with a consistent view of the company is the other necessary and non-trivial prerequisite. Customer information is key and can be used for different purposes allowing a company to:

- Reduce overall marketing costs by developing and executing more effective targeted campaigns,

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### Abstract

Customer relationship management (CRM) focuses on keeping customers and building a strong relationship with them, thus enhancing customer loyalty. This article describes a CRM package implementation project at a major Canadian bank that is focusing on increasing customer satisfaction among its large corporate, mid-market and small business customers. Most CRM software vendors and IT service organizations suggest adopting an "out-of-the-box" approach to quickly implement CRM software. However, following such a generic approach is dangerous because it can lead to wasted resources, missed opportunities and ultimately project failure. The analysis of the case study presented in this article suggests an alternative approach that can be used to quickly implement CRM software. This approach involves organizing the CRM package implementation project to focus on four interdependent areas - business objectives, data architecture, application architecture and technology infrastructure.

### Sommaire

La gestion de la relation client (CRM) met l'accent sur le développement d'une solide relation avec les clients, augmentant ainsi leur loyauté. Cet article décrit un projet d'implantation de CRM réalisé pour une importante banque canadienne qui préconise l'augmentation de la satisfaction de la clientèle d'affaires, de mid-market et de petites entreprises. La plupart des vendeurs de logiciel CRM et des organisations de service de technologie de l'information suggèrent d'adopter l'approche "out of the box" pour une implantation rapide. Cependant, appliquer une approche générique comporte plusieurs dangers qui peuvent se traduire en gaspillage des ressources, en occasions manquées et, éventuellement, en l'échec du projet. L'analyse de l'étude de cas présentée dans cet article propose une alternative pour l'implantation rapide de logiciel CRM. Cette approche veut que le projet d'implantation du CRM soit organisé de telle sorte qu'il mette l'emphase sur quatre aspect interdépendants: les objectifs d'affaires, l'architecture des données, l'architecture d'application et l'infrastructure de la technologie.

- Increase customer satisfaction and retention by enabling front-line employees to be more responsive to customers,
- Increase sales by offering products and services that meet the wants and needs of its best customers,
- Streamline customer communication, and
- Realize a higher net income from continuing operations by increasing profitability per customer and sale.

### 2.1 Building Customer Relationships

Customers are willing to build a relationship with a company when two conditions are met [5]. First, the sum of product or service-related benefits must be positive and greater than the associated total costs. Second, the net benefits must be superior to other alternatives available from competing firms. From the perspective of the firm, the relationship must be economically viable.

Relationships can exist at a personal level, company level and brand level. The case of exchanges between a patient/physician, investor/advi-

son, student/teacher and mentor/mentee are examples of personal level relationships because of the high degree of intimate contact. An interaction between an individual and a company as a whole is a company level relationship where product standardization and less intimate customer contact are the norm. Examples of this type of relationship include purchasing an airline ticket, shopping at a grocery store or eating at a fast food restaurant. Finally as the term brand loyalty suggests, a relationship can exist between an individual customer and a specific brand. Think for a moment about Coke, Nike and the mutual funds that make up your investment portfolio.

### 3.0 Case Study and Analysis

A single-site research design was chosen for this study as it provided a unique opportunity for in-depth analysis [6]. The data collection for this study was carried out in multiple steps using several sources of information - minutes of meetings, project plans, customer deliverables and internal company documents. Direct observation was used during field visits to the case study site to collect observational evidence.

An important pragmatic requirement in this study was to find a company willing to participate. The commercial banking division of a leading full-service financial institution operating in Canada and the US provided the CRM implementation project for detailed analysis. At the time of this study, ABC Bank was undergoing considerable change as a result of marketplace pressures. One significant and strategic initiative was to improve the customer experience with ABC Bank. The commercial banking division was viewed as a leader in adopting and deploying leading edge solutions thus it was not surprising to find it at the forefront in embracing CRM.

As part of its drive to improve the customer experience at ABC Bank, a new call center was being established to service small business, mid-market and large corporate customers. The purpose of this new call center was to support the new streamlined business processes of servicing commercial banking customers. The CRM implementation project was referred to as the call center project and received direct sponsorship and funding from the line of business executives. Additionally, this project received technical sponsorship from the director of CRM initiatives.

The call center project began in mid July 2000. The commercial banking division had just completed a CRM vendor selection initiative in June 2000 whereby Siebel 2000 Finance was selected as the CRM software for implementation. Additionally, an external systems integration firm was selected to implement the Siebel CRM software. At the end of the project, the sponsors evaluated the implementation as an unqualified success because it met the critical and immutable production live date of mid-December 2000.

Once the project team was assembled, a kick-off meeting was held to identify the implementation approach. The "out-of-the-box" approach was critically evaluated and subsequently dropped as an option mainly because of the significant mismatch between the new business processes of servicing commercial banking customers and the inherent business interaction model depicted in the Siebel software. Taking the "out-of-the-box" approach would have meant redesigning the business processes from scratch to adopt the Siebel model as a standard.

The principle behind the alternative approach is to not have the CRM technology alter the new streamlined commercial banking business process model but rather to seek an implementation where the technology would support the new way of interacting with customers. To accomplish this, four sequentially interdependent areas were identified. Knowing the Business Objectives is the starting point in this approach and the basis for evaluating, designing and establishing the data architecture, application architecture and technology infrastructure. The Business Objectives area focused on identifying, understanding and supporting the objectives of the call center project.

Data Architecture is concerned with identifying and capturing the necessary data to support the Business Objectives. Key data elements to support the business process model at various points in time were identified and later provided as a requirement to the application architecture. With the data elements identified the Application Architecture focused on customizing the Siebel CRM software. Various "out-of-the-box"

screens, views and Siebel interaction model relationships were changed to ensure that the application captured, processed and presented the necessary data to support the streamlined way of doing business. Finally, Technology Infrastructure is concerned with optimal selection and placement of technology components such as servers, networking equipment and monitoring software to support both the use of the CRM software and exchange of data between the call center application and other business applications.

### 4.0 Conclusion

Developments in communications technology, advances in transportation, the emergence of the Internet and reduced trade barriers are some of the forces leading companies to rethink how to "do business" in the 21st century. Today, the unwavering commitment to the customer is essential for organizational survival and consequently CRM initiatives are on the rise. In concept CRM is simple. It is the process of predicting customer behavior and selecting actions to influence that behavior to benefit the company. This article focuses on exploring a CRM implementation project in the commercial banking division of a Canadian bank and the main finding that there is an alternative to the "out-of-the-box" approach to implementing CRM software is important for practitioners and managers. The results of this study provide an important planning consideration for similar projects both in other lines of business within banks (i.e., retail banking, wealth management and corporate banking) and in other areas of the financial services sector - namely securities, insurance and wealth management.

### 5.0 References

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