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**Experts on Call**

**Is Too Much Reliance on Technology Giving CRM a Bad Name?**

*Alignment of customer strategies to business processes, organizational structure, and incentives is the foundation on which CRM stands.*

Response by [Dr. Matt Hasan](#), Managing Principal, Sigillum Corporation  
*Monday, June 09, 2003*

It is no secret that CRM is under attack these days from many quarters. End users are questioning the ease-of-use of CRM systems, IT departments are frustrated with the complexity and difficulty of implementing the systems and maintaining their upkeep, and senior business managers are unsure about the impact that investments in CRM are having on their bottom line. All this has started to cast a serious shadow of doubt on the efficacy of CRM and beginning to give it a bad name.

What is driving this thinking? An overreliance on technology to deliver the complete benefits of a complex and powerful business philosophy. Ever since CRM became a part of the business world there has been a tendency to believe that if companies have an integrated and complete set of data about each customer, and there is automation in interfacing with the customer through the use of contact management software, analytical decision support tools, Web-integration technologies, those technological resources will automatically yield increased customer satisfaction, retention, and loyalty. This line of thinking was fuelled in no small measure by the claims of the CRM vendors.

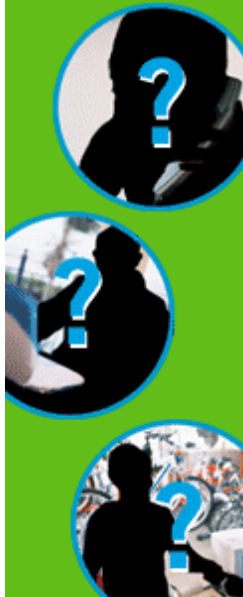
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The emphasis has been on developing a 360-degree view of the customer through the integration of all relevant data sources and touch points. There is no question that having a complete view of the customer is a benefit. It can enable the taking of preemptive measures to prevent adverse customer action, eliminate inconsistencies in dealing with the customer across the various channels and touch points, and enhance the company's capability to upsell and cross-sell.

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The problem is that while companies have made substantial investments in technology, they frequently have devoted less-than-adequate attention and resources to align their customer strategies to their business processes, organizational structure, and incentives. This alignment is the foundation on which CRM stands. Also, these firms do not do enough to ensure that the employee mindset is oriented to being customer-centric.

For example, while writing a check to pay my mortgage I made the mistake of not including 72 cents after the dollar figure. Technology and processes at the mortgage bank was very efficient in capturing this mistake and automatically generating a letter that stated that the underpayment of 72 cents was a "very serious matter" and that a late payment fee of \$15.94 was assessed. This was followed by a call from their customer service center informing me of this underpayment. From our discussion it was quite obvious that the customer service agent was working with a system that had access to all of my account and contact-history information. When I asked the customer service agent whether she thought a late payment fee of \$15.94 for an underpayment of 72 cents was reasonable, after some discussion she agreed that it was excessive, but that she couldn't do anything about it since the system was responsible for the entire process. I asked to speak to her supervisor who grudgingly agreed to waive the late fee only after I told her that this incident had provided me with such a bad customer experience that I would consider refinancing with another bank.

Although the technology at the mortgage bank is efficient in performing certain tasks, the bank's processes are not sufficiently aligned and the customer strategies and employees' mindset not customer-centric enough to achieve the goal of a win-win relationship with the customer. In this case the whole process was wasteful for the bank--almost forty minutes of customer service personnel time on the phone, not to mention the cost of generating and mailing the letter--and a very unpleasant and time-consuming experience for me, the customer.

The lesson of the story is that technology is not the magical answer for CRM. Used properly and cost-effectively it is a critical enabler in building optimal relationships with the customer. If not, it can be wasteful and yield undesirable results. In fact, customer information and technology-based customer interfaces used the wrong way may block the formation of a profitable customer relationship or lead to its disintegration.

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