Editorial

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One of my favourite business books has to be 'Fad Surfing'.¹ Along with Scott Adams (the creator of 'Dilbert'), this book eloquently catalogues the woes of contemporary management. It is as rich a source for those seeking inspiration for the future, as insight into past failure.

The book opens with one major issue: the 'vision thing', as George Bush senior puts it. It's an issue because in too many enterprises there is an ever-widening gulf between those at the top, charged with creating and expanding on the corporate vision for the future; and those below, whose task it is to make it happen.

Sometimes high ambition can join with efficient execution to produce a win-win situation for all involved. More often, the result is mutual resentment. If only the Board had a modicum of common sense. If only the IT team were prepared to take risks and put aside their foot-dragging for a while.

So organisations progress by means of a broad strategic vision, salami-sliced into a series of short-term tactical objectives. In the best of companies, there is some mechanism in place that attempts to ensure that these objectives remain aligned, with one another and with the top-down plan.

Best practice includes direct Board involvement. A programme manager. A project office. A process for flagging up any critical changes. A mechanism for re-aligning individual elements as they change. It is an approach I have rarely encountered.

The approach favoured by the majority of organisations more closely resembles the reality

described by that great Prussian commander, Helmuth von Moltke: that is, that 'no plan survives first contact with the enemy'.

Or, as former UK Prime Minister Harold Macmillan observed, on being asked what he considered to be the greatest obstacle to political achievement: 'Events, dear boy, events'.

Plan all you like. Add contingency plans on top of those plans. But unless you have the organisational flexibility to respond to real life, then don't expect what emerges from the implementation phase to be as useful as you hoped it would be.

All of the above is brought very much to mind by Bryan Foss *et al's* paper on 'CRM system success and failure'. This is a two-parter, with a follow-up and possible denouement in a future issue of the Journal. I very much hope so.

I attended a seminar in London at which Bryan Foss and Merlin Stone presented the findings of their research. The full presentation — plus the debate that followed — provided a great many insights into what may have gone wrong.

The paper published in this issue of the *Journal of Database Marketing* is excellent, in that it highlights some of the systematic differences in expectation and implementation that have led to the dramatic headline figures for CRM failure. It revisits the Gartner question of whether CRM systems worked or not: and although it echoes the conclusion with which I suspect most readers will be familiar (that the 'failure' rate is unacceptably high), it also questions just what is meant by 'failure'.

That last aspect was teased out in much greater detail through discussion. The full Gartner research question probed as to whether organisations had achieved their objectives. A typical finding would be that 40 per cent achieved their objectives — but that 60 per cent failed to do so.

This has been widely reported as ‘60 per cent of CRM projects failed’. Or 70 per cent. Or 80 per cent, depending on which study you are looking at at the time. It gives a very negative impression of CRM, which is not always borne out by what happens on the ground.

A second finding — which I observed at first hand when reviewing projects for the Business Intelligence Awards — is that projects tend to vary greatly in their size and scope. Some CRM projects may be as short, sweet and simple as ‘implement a customer handling software in a call centre’. The cost is under £100,000. Project duration is equally short — sometimes a matter of months.

Others go on for years — and are accompanied by commensurate costs. In the process, it is almost inevitable that they will change dramatically in shape. Business changes. Customers change. If the process that you set out to implement initially is no longer relevant and you need to put in a different set of processes, that is, in the most narrow definition, a ‘failure’. But then, you might as well talk of your business ‘failing’ because your customers want products that are different from what they wanted five years ago.

Success? Failure? The verdict is no longer so clear cut. To get back to the ‘vision thing’: the real issue with many projects — not merely in CRM — is that the vision was never clearly articulated in the first place. Or where it was, no one quite thought through what the success criteria should be for the project.

Yes. For small, neatly bounded projects, it might be possible to talk about the objective being faster throughput, or a

bottom line cost-saving. This is precisely measurable — and is either achieved or not. For larger projects — the ones that talk about cultural and attitudinal change as a precursor to a more successful business — measurement is often impossible.

Or a range of different measures are all valid: the balanced scorecard approach. In some organisational cultures — China, for instance — Foss found that the learning that the project engendered was itself part of the success criteria. If the project helped an organisation to work out a better approach for the future, then the very failure of one particular project could be considered a success of sorts.

Against that, one must be careful. If it sounds like I am arguing for an objective-free project environment, I am not. Another aspect of looking at the Business Intelligence Awards was the discovery that far too many governmental organisations claimed that ‘success’ was about the customer experience — and then went on to define what a successful customer experience would look like in terms of how they (the organisation) would judge it.

That way lies self-delusion and, eventually, true failure. Because that approach merely locks in bad projects, and places failures beyond criticism until the moment they backfire messily on their originator.

‘Fad surfing’ is about senior managers jumping on bandwagons — and then deluding themselves into thinking that if they have implemented the latest trendy approach, they are doing something positive for their organisation. If they do this without also paying close attention to the end result, they are often doing more harm than good.

A similar theme is echoed in our contribution from Keiningham *et al.* on the subject of Net Promoter Score (NPS). This examines two contentions: that NPS is the single most reliable indicator of a company’s ability to grow; and NPS is superior to

customer satisfaction and that the latter has no link to growth.

Let us tiptoe carefully around what this paper concludes. NPS has become, in some quarters, akin to sacred writ. Organisations have turned their customer measurement over to NPS: and it has become a major factor in determining the marketing strategy.

This paper finds no evidence to support the claims made by the advocates of NPS.

We have, in order to maintain balance, requested a response from the originators of the NPS approach — and we hope to carry this in a future issue of the Journal. So the jury remains out.

However, what are you, the practitioner supposed to make of this? My own view would be: don't jump too quickly or too far. If you placed all your eggs in the NPS basket in the first place, perhaps that was a little unwise. But equally, if you have already done so, think twice before jettisoning it.

The lesson from 'Fad surfing' is that although betting all your chips on one strategy can sometimes pay off — in the long run, it is an approach that is far too risky for most businesses. A strategic mix — combining elements from a range of tools

— is the way to go. Less dynamic. Less 'fashionable'. But also far less risky.

For the rest, there is further insight into using Customer Satisfaction measures from Ammar *et al.*: a review of outsourcing salespeople from Rajagopal; and a more detailed analysis of the factors influencing customer response to mobile advertising from Mital.

Our legal review looks at how business contacts need to be removed from departing employees.

Our next issue will be looking in rather more detail at concerns arising over Data — quality, compliance and security. A special issue later in the year will examine how organisations create a successful Customer Experience. Any input into either of those areas would be most welcome.

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Reference

- 1 Shapiro, E. (1995) 'Fad Surfing in the Boardroom: Reclaiming the Courage to Manage in the Age of Instant Answers', Perseus Books, US.