Book review

Why CRM doesn't work

Fred Newell

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Two years ago, this US-authored book would have been counter-culture. When telecommunications and computer companies were trumpeting the enormous benefits of CRM — if only you spent enough with them — Newell would have been a voice in the wilderness. Today, his view — that customers are as likely to want to manage their relationships with companies, or to refuse a relationship altogether — is quite widely accepted.

If that were all that Newell had to say, then the book would not be worth reading. But because Newell takes it as his starting point, and shows how both sides, the customer and the supplier, can do better, the book is a must-read for anyone with CRM or any variant of the term in their job description.

Part I of the book, 'What's Not Working', is introduced by chapter one, 'Why doesn't CRM work?'. It explains Newell's basic premise, introducing the idea of customer-managed relationships (CMR) and showing how often CRM initiatives fail because the idea of customercentricity is at variance with the way many companies work, with implementation problems of various kinds being the other main reason. In this chapter, Newell enumerates in

detail all the reasons for failure and shows how often the underlying reason is that the company ignored customers' needs.

Chapters two and three explain very briefly that technology and databases are rarely the reasons for success or failure of CRM initiatives, but rather may lead to the cultural problem — the tendency to talk about customers in general, as average constructs, rather than the idea of specific customers and their needs. Chapter four builds on this by stressing the need for dialogue rather than one-way communication — and this means that what the company says to the customer must be influenced by what the customer says and needs. These chapters conclude Part I.

Part II, 'What Needs to Change', is a heartening set of chapters, focusing as they do on the many different ways that customers are prepared to give information, to tell companies how they would like relationships to be managed, and to manage the relationship themselves. Themes such as privacy, permission, personalisation and loyalty cards are interwoven with insights into the internet as a customer management medium and an investigation of the power of branding to give the reader a

number of different foci for strategic change.

For me, perhaps the most important part of this book is Part III, 'How to Change'. It starts by asking the question — too rarely asked of CRM in the past — whether CMR is for everyone. It provides a list of questions which, if not all answered in the affirmative, indicate that CMR is 'not for you'! The questions range from the strategic to the practical — many of the latter relating to culture and commitment. The next three chapters in this Part suggest many ways in which the approach to CMR should be limited and/or focused to provide the right returns for the company and appropriate benefits for customers. Perhaps the most important part of the book is the second half of this part — three chapters which focus on managerial issues, from programme management to cost-effectiveness. Newell's preferred approach has much in common with that advocated by other works and consultancy reports on CRM implementation — start small and steadily, be sure you know what gains you can really expect to make, and keep the programme under tight review.

Part IV of the book, 'A Look Ahead', tries to anticipate technological and financial issues, effectively trying to future-proof the book. It encourages readers to think hard about how initiatives kicked off today will look as technology changes and as financial analysts cast sceptical eyes over business performance.

The book is racily written in the American style rather than the more measured British approach — I suppose my preference for the British approach is a matter of personal taste, but I am biased, as it is the style I use! Newell's style, however, is not extreme and certainly does not grate. The soundness of his experience and research shines through. I am sure that the majority of my clients and colleagues would read the book, nodding in agreement most of the time, making the occasional note as a particular point strikes home. That to me is a strong recommendation. I would not recommend the book if it encourages the reader to jump up and shout 'Eureka', as it is precisely this kind of behaviour that got so many CRM projects into trouble.

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