The 2005 Information Management Awards

John Ozimek

is an independent consultant and Managing Editor of the *Journal of Database Marketing & Customer Strategy Management*.

The Information Management Awards, now in their tenth year, are the premier European recognition of excellence and innovation in the management of business information. They are a showcase for the success stories of organisations that have demonstrated the vision and business skills to implement very successful projects and develop innovative new products.

The awards are managed by Elan Conferences; however, from very early on in their history, they have been supported by our journals — especially the *Journal of Database Marketing* and *Journal of Targeting, Measurement and Analysis*. Members of our editorial boards are involved in the judging and occasionally we help to hand out the awards themselves. This journal also publishes details of some of the key projects put forward for an award and the key learnings that organisations may be able to glean from them.

AWARD CATEGORIES

Awards are made in some 16 categories relevant to the way in which businesses make use of information to support themselves and their customers. These include knowledge management, mobile information, business-to-business, business-to-consumer, business intelligence and Geographic Information Systems (GIS).

The category that is likely to be most informative for readers of this journal is customer relationship management (CRM). In 2005, there were 29 entries in this category: six from the public sector (mainly councils); the remainder from private organisations. The majority restricted themselves to the CRM category — though a few, perhaps wider in their application, entered multiple categories.

CRM CATEGORY

Not only do individual projects provide specific learnings, they also provide a broad insight into what businesses are doing at present in the name of CRM. Of course, there is no guarantee that this is the same as the overall CRM field of activity right now. It is a good indicator of where a broad cross-section of organisations that feel they are deeply involved in 'doing CRM' believe it to be.

The following descriptions of projects undertaken are based on the organisations' own view of how well they have done. Readers should therefore treat the narrative with caution and remember that organisations as a whole prefer to promote good news about their activities rather than bad. The general outline is likely to be correct, but the overview may be a little more rose-tinted than an independent auditor might sometimes conclude.

John Ozimek

e-mail:
emcity@easynet.co.uk

Table 1: Analysis of projects in customer relationship management area

Project features	Frequency
Better customer information: Single customer view	6
Better customer information: Profiling	8
Targeting of message	9
Lead management	3
Customer prompts	2
Other information:	
Sales & sales support	10
Service support	4
Product	5
Customer Dialogue	6
Process:	
Service support	6
Mobilisation	3
Call centring	2
Web basing	6
Operational efficiencies	12

Types of project

One of the first and most striking observations about this area is just how broad a range of projects appear under the banner of 'CRM'. That may itself be a reflection of the state of play in this area. The scope of a Business Information project is likely to be well understood, while, in some organisations, anything that touches the customer in some way will be considered to be CRM.

In order better to understand what is going on in this field, the author looked at some of the features of projects put forward and analysed projects according to those features (Table 1). This analysis draws partly from the scope of projects set out by entrants and partly from the rationale behind these projects and the deliverables set out.

Improved customer information: Single view

Organisations appear to be attempting to improve customer information in two quite distinct ways. The first and most obvious is through the creation of a central database/single customer view. A

large number of organisations still do not appear to possess a single database that covers all customer information — and as a result, there were frequent references in projects that involved creation of such a view to the need for efficiencies in processing or accessing information.

One organisation referred to the demand creation process as 'traditionally ... a localized, or at best regionalized, activity' with 'the evolution of myriad disparate data sources throughout the regions and the three internal functions'.

Although it is over 20 years since the concept of a marketing database was first touted, this continues to be an issue for many organisations. Frequently the root cause is that the first wave of databasing swept together marketing and accounts-based operational systems, but, because the impetus for this change came from marketing, it often left sales systems completely outside of the loop.

A second, and later, wave of technological enhancement arrived with web-based systems. This means that organisations that built a marketing database early may well now find that currently their solution ignores two of the most important channels.

Improved customer information: Profiling and targeting

A somewhat different approach to using customer information lies in the way that organisations are using profiling and targeting. That is as far as the consensus goes, however. There is otherwise a sharp divide between those organisations that are developing a needs-based customer targeting system, and those that are more bottom line driven and developing either customer value or customer lifetime value models.

Both of these are legitimate avenues to explore. Each has its advantages and disadvantages, with the value focus sometimes alienating to customers and the needs focus capable of leading organisations in the wrong direction — becoming *too* oriented toward what their customers want and not enough toward their own bottom line.

Delivery of ‘profiling’ and ‘targeting’ is variable, though several organisations appear to have integrated customer profiles with either their direct marketing or their call centres and have often carried out extensive analysis of the effect of their programme. They can quote some very impressive improvements in business. For instance, one organisation comments:

£150,000 was saved on just one marketing campaign, effectively repaying in one go the IT investment. Large cost savings were also achieved in manpower.

Several of the organisations taking this approach talk of major improvements in sales, reduction in cost, or both — and it is clear that, where organisations have not previously invested seriously in customer targeting, this is a very quick, very substantial win for them.

The next two features, ‘lead management’ and ‘customer prompts’, are really just manifestations of the

overall targeting approach. Once an organisation has invested in a model to identify best prospects for its activity, it makes sense next to insert those prospects into the appropriate channel as efficiently as possible. Hence the use of automation in call centres — popping up prospects matched to product — and also customer prompts, which are about matching the message in a particular conversation to the customer.

Turning information into an asset

There are a number of other ways in which organisations are now starting to use information to differentiate themselves in their market. A major theme (in just over one-third of the CRM entries) was about making operational and/or customer information available to those working in sales/service.

The motivation was simple: by providing individuals who had direct customer contact with a fuller picture of what was happening to that customer — whether in terms of the sales or service process — the customer would be better served.

This was summed up by one company that was investing in the central customer view and simultaneously making that view available through mobile phone technology:

Helping different sales and service teams to put forward the same message and have the same ‘needs based’ view of customer.

A key phrase associated with this approach was ‘right first time’. Together with the idea that automation and a single streamlined process would (and did) reduce errors in dealing with customer requests and ultimately, this error reduction was reflected in fewer disputes over billing.

Linked to the above was an increase in product information: that is, placing information directly in the hands of the customer, either in terms of better information about the products on offer or by using web technology to allow customers to drive their own exploration process.

Opening up a customer dialogue

This feature is worth a comment in itself, as many projects had the result, intended or as a by-product, of empowering customers. An interesting feature of this approach is that it was almost wholly limited to councils or other public bodies. This is the main CRM activity put forward from the public sector; it is unlikely that Councils would have much use, in the short term, for approaches and techniques that would help to 'maximise sales'. Indeed, for council-based projects, cost benefits were rarely the motivation; rather, the focus was on delivering better services and meeting targets.

One council provided their residents with the ability to report on a variety of matters (such as faulty street lamps) directly, by-passing existing location-based council offices. Another threw open the workings of its departments to council taxpayers — again through the web — allowing individuals to become involved in tracking what was happening to a request or query as it was processed. In one instance (a council) there was also the view that it helped transform the perception of the council from that of a series of disparate departments into a more unified whole.

This approach was generally considered to have a double benefit. It was intended to change the way in which customers viewed the service organisation, feeling included rather than excluded from its inner workings. It also,

in almost every instance where it was applied, was accompanied by a sense of freeing up back office staff to concentrate on their core roles, rather than being at the beck and call of ad hoc queries.

This approach to CRM is hardly mentioned by commercial organizations. In councils, it certainly delivers benefit, in terms of customer feedback and call on staff resource. Possibly commercial organisations would argue that they have already taken this road, in part by using web services, in part by automating the interaction process. But this misses the point. Public bodies are making real step changes in the way they open up processes to clients and customers. It ought to be possible for commercial organisations to do the same.

Process improvement

A degree of process improvement is taking place in parallel with opening up customer dialogues. Streamlining of processes and making better information available to the service departments is one way of doing this. The other is through divorcing customers from direct interaction with the management in an organisation. The three routes identified in Table 1 — 'mobilisation' (or allowing access to services through the mobile phone,); call centering; and web technology — are used in a variety of ways.

In general, though, they tend to be used either to provide customers with a direct route to information (or as outlined in the case of councils, to interact with the process) or they are used to streamline support in-house.

A typical project was focused on electronic capture of all customer requests, integration with existing workflow, end-to-end processing of requests and a culture of continuous improvement.

Operational efficiencies

Last, but by no means least, were businesses that felt that one way to improve the customer experience (and so contribute to CRM) was through improved operational efficiency. Specific examples of this include a reservation enquiry and booking service for rail customers to buy and reserve seats at discounted process controlled by the train operating companies according to the demand on each service and a baggage tracking service that would streamline the process of tracking down missing baggage on plane journeys.

Both of these raise minor philosophical problems as to whether they are true CRM; ie an approach used to manage the relationship with an ongoing customer or a change to the fundamental nature of the product on offer in response to customer demand. Whichever conclusion one draws, this approach reminds us of the business basic; which is that to be successful, a business needs to satisfy customer needs. Sometimes that is about product delivery and sometimes that relates to the fundamental nature of the product delivered.

Project rationale

In terms of the rationale for carrying out CRM, four primary reasons were identified:

- 1 Efficiency: Targeting of Sales Message (9)
- 2 Service provision (16)
- 3 Force majeure (2)
- 4 Financial (4)

The first two are arguments in the direction of efficiency. Organisations tended to argue either for greater efficiency and effectiveness in terms of how their sales channels dealt with

customers, and/or greater efficiency in terms of how customers were provided with services.

The picture outlined above appears to be highly altruistic — but it should be remembered that those organisations focused on service provision include the public service bodies, which might be expected to focus on service rather than sales.

The 'Force majeure' category includes two organisations that cited either increasing regulation or market conditions as forcing them to move in the direction of CRM, whilst 'financial' was the rationale for organisations focused on major savings or revenue increases.

Again, this may not be a wholly true picture, as later in the write-up of their project, many organisations shifted the emphasis toward a financial target (though some omitted this altogether).

Operational issues associated with projects

It would be interesting to draw some conclusions on what constituted a 'good' or 'bad' model for project development on the basis of the entries provided. Unfortunately, for reasons that will become obvious, this was not possible. Projects were budgeted as follows:

- 1 Under £50,000 (3)
- 2 £51,000–250,000 (10)
- 3 £251,000–1 million (2)
- 4 Over £1 million (10)

The small but interesting observation here is how few projects were delivered in the major middle band (from £251,000 to £1 million). This tends to suggest that organisations are viewing CRM projects as either major projects (in the £1 million plus category) or medium ones (in the £50,000 to

£250,000 category) with very little in between. This may reflect on how organisations define ‘projects’ but, partly, also on how they allocate budget — with the medium band, perhaps, being most difficult to win support for.

The lowest category perhaps represents a ‘quick win’ category — since the organisations whose projects were at this level generated major benefits for their customers for minimal investment.

Did projects tend to go over budget? Not according to the sample entering this competition: not one of those that answered this question owned up to going over budget. As for meeting the project deadline, 28 out of the 29 organisations claimed to have done so, with just one reporting minor divergence from target.

One must ask how credible this is. In the author’s experience of working on multiple IT projects over nearly two decades, this degree of on-target budgeting and deadline meeting is excellent, to the point of being highly exceptional. Without follow-up evidence for how any particular project ran, it is impossible to say: but one possibility is that the report here includes all amends to project plan, both official and unofficial. That is, if one genuinely compares the outcome of a given project to what was planned at the beginning, there are often major differences. In practice, however, plans change along the way, so that by the time a project is delivered, it meets its (latest) deadline.

Whether it is a good thing to allow this to happen is debatable. It engenders a false sense of security and possibly also entrenches poor working practices. A clear recommendation here is that all organisations should preserve version zero of any project plan and use that as one of the inputs to any post-project review. The issues that such an approach turn up may be enlightening.

Approximately 12 of the projects reported significant goal change — and almost all of these related to a broadening of requirements as the project developed. This ought not to be seen as either an issue or a failing. A constant in project management is that initial engagement with a project is often half-hearted. It is only as departments and individuals begin to see directly how a project will impact their area that they take notice and provide realistic input.

This is the reality of project management. Best practice is not to wish it away or to condemn it as failing to fit with the project approach, but to devise a project process at the outset that is sufficiently flexible to take into account late changes without fundamentally altering the nature of the project.

Almost all projects were described as being part of a wider strategy — though in many cases there was a sense that strategy was being used as a euphemism for a much broader objective level of thought. For instance, one company reported that its project was part of a ‘push toward general excellent delivery’. That is certainly believable. As with over-broad mission statements, however, it adds little. After all, it would be hard to envisage a project that was defined in terms of *not* contributing toward general excellent delivery.

A number of other operational areas were looked at in judging the CRM awards. These were:

- Size and nature of project teams
- Length of project
- External involvement
- Software

In the absence of clearly defined success parameters for each project, however, it is not possible to relate any of the above to outcomes. This leaves a simple statement that all of the above varied

Table 2: Benefits accrued to the organisation by customer relationship management projects

Benefit	Frequency
Customer needs better met	12
Commercial improvement	8
Better forecasts/demand management	8
Better information handling	5
Faster campaign development	4
Common working practice	8
Frees staff	11

widely (and in some cases, the author suspects that variation had as much to do with how organisations define terms). For instance, most project teams appear to have somewhere between three and 12 individuals. But larger teams were reported, including one 'team' of 500. It seems likely that this includes a count of all users involved in the project consultation, rather than just the project management team.

There also appeared to be something of a break in the length of time allocated to projects, with many being delivered in three to six months or fewer and quite a few being delivered over 18 months to 2 years. In part, this corresponds to the break between medium budget projects and major projects.

External involvement was cited in around 13 cases — with little other than praise for the organisations concerned. The key point that organisations made here was that partnership was important, rather than a plain client/supplier relationship.

The range of software employed was exceedingly wide, with almost no two projects using the same platform or combination of software.

Benefits to the organisation

The competition entries asked organisations to consider what general benefits had accrued to the organisation, as well as new product or service

innovations that had followed. The main headings under which benefits were listed are given in Table 2. Given the focus on service improvement, it is hardly surprising that so many organisations felt that their project enabled them to better meet customer needs.

Conversely, the 'commercial improvement' category covers a range of ways in which organisations felt they were performing better (often in terms of generally higher revenue or more efficient use of sales resource). Again, given that this motivation was less common amongst competition entrants, it is not surprising it is noted as an outcome by fewer.

A key outcome from this lies in the area of forecasting. Many organisations felt that they are better able to match staff resource to customer demand, with a number of organisations commenting that this was seen at the cost benefit level, with the ability to reduce headcount — often significantly.

Better information handling was often the result of organisations centralising or combining databases, whilst faster campaign development linked to those that had taken on board specific campaign tools.

In many instances, the benefit was perceived both in terms of common working practices now being more easily applied throughout an organisation and the ubiquitous claim that back office staff

are freed to do their 'real' job, leaving customers to be dealt with by some form of interface (call centre/web site).

Quite a few organisations reported a breakthrough in terms of how they viewed their business generally. These, almost without exception, felt that the impetus for change had come as a result of delivering CRM. That is, the CRM programme was intended, initially, as something pushed out to customers. But, once customers were involved in the workings of the organisation, they had begun to pull the organisation into new and unexpected directions. The lesson here is that CRM, if it is working well, can have unintended (and presumably beneficial) consequences for an organisation.

Two further areas of benefit need to be explored.

The entry form asks specifically what level of cost savings or other financial benefit the project brought about.

Of the 29 organisations that entered the BI Awards, just eight were absolutely clear that the CRM project had had some quantifiable financial benefit. Four or five more were clear that the financial benefit was not important, as their goal was the provision of service (though this is questionable, as there is presumably some level at which the cost of service provision becomes uneconomic). Of the remainder, it is likely that one or two did know, but preferred not to say; and many reported what they believed to be a beneficial outcome. For instance, one organisation reported no cost savings but *believed* they now had more activity for the same cost. Another stated that cost benefits were undetermined, but that there was a reduction in the time taken to prepare internal reviews and better management of leads. A third claimed that cost benefits were 'not quantified, but probably significant'.

This is an interesting trend — and one

noted quite often when working with organisations on major projects. At the outset, it is an absolute requirement to put together a business case as to why a change should happen. At the end of a project, this business case is rarely revisited, or, if it is, it is only looked at in the most general of terms.

Organisations that behave in that way have definite cultural issues: because the bottom line is that their managers are not focused on the bottom line. Rather: they are focused on project delivery. This is not a bad focus for them to have, but it is not consistent, in the long run, with truly profitable business execution. If a project is going to consume £1 million-plus of an organisation's resource it really ought to be book-ended, start and finish, with clear, precise, measurable financial objectives.

The second area of benefit that is provided in some detail is that of improved customer service.

Given that the projects in question are CRM projects, one would expect a clear statement of what improvement in customer service was delivered and how that improvement was measured. On an initial reading, the description of customer service improvements is substantial. Several organisations mentioned how customers were receiving communications or offer that better matched their needs. Customers have greater choice. For instance, one project means that they can now choose the communication channel that suits them, eg voice, email or web

Wrong information is minimised by some projects, whilst others increase face-to-face time. The difficulty with all this is that almost without exception, the customer benefits reported mirror very closely the benefits stated within the initial scope for the project.

The author has no doubt that in many cases, the result of the CRM project has

been better service for customers and an appreciation of that by the customers. But, in some cases, the question remains unanswered. One organisation reports that their project has met internally set SLA levels. This is a good managerial objective, but tells us very little about how the customer has responded. If the SLA levels are good, then this objective will probably be seen as a benefit, but if they are average or minimum, then this will do little for the end customer.

This is a difficult point to make, since the author has no evidence one way or another as to how well each project has gone down. Just a couple of salutary 'war stories' from his own experience of implementing CRM. In general, organisations have welcomed Interactive Voice Response (IVR) technology as a means to streamline inbound calls and cut costs. Yet it is widely acknowledged that customers hate the technology, but still some organisations carry on using it.

In respect of the CRM projects outlined here, quite a few projects talk about allowing back office staff to do their 'real' jobs, with customer queries handled more efficiently elsewhere by a central resource. This may work, but, increasingly, analysis of centralised customer handling reveals that if under-resourced or under-empowered, these areas become perceived as a serious block to customers managing their business in the way they would like to and customers become irritated and service levels fall.

The remedy to this pessimistic outcome is for organisations to check with customers whenever they impose a service improvement on them. Customers are often deeply conservative, preferring the old inefficient but known processes to anything new-fangled and 'efficient'. The key is ensuring that your organisation knows which improvements are acceptable and which go too far.

A close reading of the entries suggest that only two of the 29 organisations have carried out any formal evaluation of customer reactions. A few more quote favourable customer reaction but these quotes are anecdotal and selective and they cannot substitute for tried and tested techniques of evaluating customer experience (including research and mystery shopping).

Obstacles

A variety of obstacles were noted as part of project implementation, including the usual list of technical issues (legacy systems, multiple systems and system interfaces). Also important were human issues, including departments refusing to get involved until too late and resistance to change by support and sales staff. Research outside of this competition suggests that it is the human factor, over and above the technical that is usually to blame for projects failing to meet their objectives.

AND THE WINNER IS ...

The overall winner in the CRM category was Nationwide Building Society's Marketing Analytics project. This is part of Nationwide's ongoing initiative to maximise its back office and customer-facing analytical CRM systems. The main goal of the project was to bring Nationwide's marketing database and campaign management systems in-house to increase flexibility but also to speed response times to customer events. In addition, Nationwide identified the following business objectives for the project:

- To deliver personalised and relevant services to customers across all communication channels
- To provide timely responses to competitor activity

- To ensure all outcomes to such targeted communications formed part of the single view of customer.

To meet these requirements, the new system uses Nationwide's CRM system to deploy personalised sales and service messages (or 'prompts') to employees at the point of customer contact — today at the branch or in the call centre and shortly online. These 'prompts' are based on events rather than customer profiles and triggers (such as renewal dates), and have been successful in efficiently tailoring marketing efforts to customer needs.

Examples of these events include:

- Follow ups to recent sales conversations where quotations or other information, such as leaflets, may have been provided.

- Follow ups to direct mail.
- Appropriate communications following a change of address.
- Prompts to check that recently re-ordered cheque books or credit cards have arrived.

Runner up

The runner up was Barclays Bank, with a project that in many respects echoed Nationwide's achievement. The Barclays project focused on lead management and sought to ensure appropriate information was delivered to staff, whilst a feedback loop would enable campaigns to be continually improved.

Full details of winning entries for the 2005 Business Information Awards, by category, can be found at <http://im2005.elanconf.co.uk/im2005winners.php>.