Creating the Foolproof CRM Business Plan

By Liz Roche, Managing Partner

Originally Published as META Group Delta 2645
December 3, 2003 by Elizabeth Roche

Note at a Glance: Successful CRM efforts are iterative in nature, continuously delivering small chunks of business value. This approach requires iterative planning, design, and implementation cycles. The adoption of a repeatable process, with defined deliverables and outcomes, will help minimize ambiguity and ensure that business decision makers partner with the IT organization to meet the vision of the firm. This process forms the basis of a CRM business plan.

The Take-Away: A CRM business plan is the only way to document CRM strategy and mitigate risk of failure to meet expectations. The business plan does not have to be a novel; it should minimally capture strategies in 10 key areas. Organizations that are unwilling or unable to create a business plan should use that fact as an early warning of impending program failure. CRM initiatives that do not have an associated business plan are at greater risk of failure, ultimately losing leverage relative to customer lifetime value and compromising brand equity.

A CRM business plan sets the foundation for embarking on a CRM program. Broadly speaking, it outlines concrete goals, responsibilities, and deadlines to guide the organization on its CRM journey. The business plan embodies the organization's customer philosophy and associated strategies as well as the expected results. It documents an organization's CRM vision. Indeed, the lack of a CRM business plan, or resistance to creating one, is an early warning sign of a CRM program at risk for failure. Without a codified business reason for doing CRM, organizations might just as well do nothing and potentially save millions of dollars and a great deal of heartburn than do something "just because." A preponderance of reported CRM failures are not actually CRM business or technology failures per se; rather, they are typically failures to meet expectations and deliver value, most often because business expectations and anticipated value were never defined and documented in a business case.

Here are some key guidelines for creating a nimble and adaptive business plan:

- Develop the business plan iteratively to avoid a protracted (greater than six weeks) planning activity. If the initial cut at the CRM business planning takes longer than six weeks, then the organization is doing something wrong (e.g., collecting too much detail, analysis paralysis). To stay within the time-boxed period (i.e., the deliverable is "done enough" when the time box expires), the length of the business plan must be limited to 25 pages or less for the first iteration, then built out over subsequent iterations.

- Ensure the plan is practical (i.e., 10 parts implementation for every one part strategy).

- As part of a project implementation, there should be regular reviews and course corrections of the business plan. For instance, to facilitate an iterative approach to business planning, each project iteration must provide three common deliverables in addition to any specific deliverables being created: 1) updates to the business plan, 2) updates to the change management strategy, and 3) updates to high-level business requirements. This way, there is a systematic process to ensure that learnings and adjustments can be made, and the business plan will not be brittle.

- A good plan is full of specifics that can be measured and tracked because tracking produces results.

The first iteration of the CRM business plan should minimally specify a few key points or areas for further investigation in each of these sections as follows:

1. **Organization-specific CRM definition:** Define CRM (and related business functions) which will serve to clearly focus the business plan). For instance, CRM will apply to consumer/customer-facing activities, partner activities, etc.

2. **Current situation:** Describe the organization's context "at play" prior to undertaking this CRM program. Build motivation and rationale for the program to establish endorsement from the senior management team. This section should identify customers and markets and associated levels of activity. It should also clarify why the organization wants to do CRM. Clearly identify goals and objectives; describe the benefits of implementing the CRM program. Highlight the impact from the customer's perspective.

3. **Strategic fit:** Describe how the CRM program fits within the established strategic direction of the organization. Create a high-level set of statements that capture the key forces driving change and the CRM linkage with other large initiatives or programs. Include any regulatory compliance issues as part of the strategic fit.

4. **Internal environment analysis:** Outline the results and recommendations of any assessments that have been performed vis-à-vis organization readiness, maturity,

---

culture, design, or technology that will impact the expected outcomes of the program. The next section, "Future View," should incorporate the accepted recommendations into both the vision and design statements. Techniques for achieving an objective internal analysis include CRM capability assessment, business/IT assessment, and identification of sales/marketing/service fragmentation across organizations and product lines.

5. **Future view:** Describe the organization's "end state" vision that sets the stage for initiating the required changes. Capture the essence of how the organization will look relative to business vision, business design, and technology enablement when the program has been completed.

6. **Opportunity analysis:** Describe the projections and the scenarios for achieving success. For instance, what is the opportunity, and why do we think the CRM program will be successful in the long term? Is this backed up by market research? Are there any partners who are fundamental to the success of this program? Are we comfortable with their financial stability, business ethics, brand, etc.?

7. **Competitive analysis:** Competition is a way of life. Advances in technology, as well as numerous other volatility factors, can send the profit margins of a successful business into a tailspin, causing it to plummet quickly. Because of this volatility and competitiveness, it is important to know the competitors. Outline what competitors are doing with respect to CRM and in general. Identify who the leader is in the industry. Identify organizations that are "doing" CRM well which are not in the industry. Competitive analysis suggested components include: years in business, brand equity, financial backing, customer exclusivity (exit barriers and switching costs), distribution channels, product portfolio, post-sales service, and support, Analyze commitment to technology, cost structure, and the selling force. Rate each component with 5 for demonstrated excellence and 1 for poor or inadequate performance.

8. **High-level business requirements:** Determine the goals and objectives of the CRM program and identify the process and organizational requirements to meet those goals and objectives. Determine goals and objectives of the CRM program (use previous sections to build these statements). Define customer processes and develop customer patterns. Identify staffing and organizational requirements. Who is required for the CRM program? What type of organization "footprint" is left behind to "run the show?" How does this impact existing CRM operations?

9. **Financial, risk, and value analysis:** Determine how program success will be measured in terms of metrics (including measurement frequency and metrics sponsor), financials (e.g., ROI, NPV, IRR for Program, risks [along with a risk mitigation plan], program budget [if end state is not known, make estimates]).

10. **Recommendations and next steps:** Include directives. Obtain executive management signoff, secure funding and human capital, and commission a CRM program management office. Create CRM program charter. Identify early iteration projects.

Conclusion

A CRM business plan is the only way to document CRM strategy and mitigate risk of failure to meet expectations. The business plan does not have to be a novel; it should minimally capture strategies in 10 key areas. Organizations that are unwilling or unable to create a business plan should use that fact as an early warning of impending program failure. CRM initiatives that do not have an associated business plan are at greater risk of failure, ultimately losing leverage relative to customer lifetime value and compromising brand equity.

About the Author
Liz Roche is an industry recognized expert in the design and delivery of comprehensive, high-value customer relationship management (CRM) business systems. Liz has 20 years of IT experience managing strategic enterprise technology and business programs, and has worked in the CRM field for the past 10 years. A leading authority on CRM business principles, enabling technologies, and related technology architectures, she is a frequent industry keynote speaker and author.

About Customers Incorporated, LLC
Customers Incorporated is a business and technology consulting firm with a singular passion — to help our clients maximize their customer equity. We start with a very simple premise: a business and technology strategy should be designed around the customer rather than an individual department, a particular product line, or a specific technology. Using a customer lifecycle lens (engage, transact, fulfill, service [ETFS^{SM}]), we help our clients compete and win by balancing their investments in customer relationships with optimizing the return on those relationships; investing in the right products with the right feature set in the right market. Our business experience is proven. And so are the results we bring to our clients. We've helped them unlock value in areas such as sales, marketing, customer service, sell-side commerce, order management and fulfillment, enterprise architecture, application provisioning and procurement, and CRM business strategy. We've shown them how to transform their business, their thinking — and their bottom line.

Customers
incorporated
designing business around customers