

## Implementing CRM: Business Change Program Not Project

**Implementing CRM as a program or an endeavor, and hooking in e-business, provides a robust framework and approach for the challenges that will be encountered when turning customers into company assets.**

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### Core Topic

Business Applications: CRM Business Strategy

### Key Issues

How will organizations develop and implement a business vision for CRM?

What will be the role of senior executives in successful CRM initiatives?

Many enterprises think that customer relationship management (CRM) is all about technology, frequently because it's pushed by software vendors. Talking "technology" is easier than discussing culture and business process changes that will undoubtedly be needed as a result of the technology and becoming customer-centric. Although it is doubtful that it would be possible without technology, CRM is not about putting in systems to support current culture and business processes. CRM, for most enterprises, is a new direction — a new strategy that will lead to greater profitability by creating customer loyalty and a customer base that is a company asset. In the Internet age, with economic power moving toward the consumer and competition increasing, such a strategy is a necessity. If enterprises do not look after their customers, the chances are that someone else will. Yet, most enterprises pursuing CRM implement the necessary capabilities via uncoordinated projects, with no strategy to provide direction. The result is that they do not identify all that needs to be done, no attention is paid to creating the right collaborative culture: Corporate politics and self-interest run rife, few enterprisewide capabilities are built to support the goal, and there is no positive change to customer satisfaction or loyalty.

The results of research conducted in May 2001 by the CRM Forum among 900 user organizations implementing CRM indicated that the top three areas constraining CRM benefits were (multiple choices were not allowed):

- Organizational change and politics, accounting for 50 percent of the respondents
- The right skills and enterprisewide understanding, accounting for 25 percent of the respondents
- Initiative planning, accounting for 16 percent of the respondents

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### Key Facts

Enterprises that find themselves agreeing with at least three of the criteria below should consider implementing CRM as a program and ensure that they possess the correct program management skills to execute it.

- The current business strategy does not emphasize CRM.
- The business case is difficult to prove at the outset, but the change needs to be done as a competitive initiative.
- Deliverables must be established, prioritized and agreed to by many areas of the enterprise.
- The benefits of the initiative must be managed as the work evolves.
- The changes identified will be disruptive to current culture and ways of working.
- Current processes must undergo great changes, and new processes must evolve.
- The enterprise as a whole does not understand what is meant by CRM, or what they will need to do differently.
- There is likely to be opposition to the change.
- Strong leadership is required to influence the enterprise.
- E-business is important in supporting CRM.

Not every CRM initiative should be run as program. If an enterprise simply wants to improve the effectiveness of a sales force by introducing key account management or changing a customer welcoming process, these can be done as projects. But this is all that will be delivered — these projects alone will not implement a new CRM strategy.

Treating CRM as a program of projects designed to build all necessary CRM capabilities and linking them to other important initiatives, such as e-business, while creating the right environment, is the best way for enterprises to face the challenges of the 21st-century economy.

For most enterprises, CRM is a strategic change that means working in a different way. Few enterprises, except new startups (e.g., Amazon.com), have a strategy and infrastructure for managing relationships with customers. For a CRM strategy to succeed, changes are required in personnel structures, company culture, customer and internal processes, reward and recognition systems, skills and competencies, information management, measurement systems, as well as technology. However, CRM implementations today do not identify all that needs to be done because few leaders of CRM initiatives have been given the responsibility to do that. In addition, e-business is often run as a totally separate project, despite its importance in developing customer loyalty, staff collaboration and systems architecture. Consequently, many enterprises have failed to achieve promised CRM benefits and customer satisfaction is falling.

To overcome this, enterprises must look at program management techniques to coordinate all the work involved in building customer management capabilities into one integrated CRM initiative. Many enterprises that spent time trying to implement CRM systems are now doing this. Program management is designed to support strategic change — to link vastly different initiatives (e.g., staff attitudinal change and Web infrastructure) to achieve corporate benefits, and manage people into a new environment. Building a house is a project, rebuilding a city is a program.

### Projects, Programs and Endeavors: What's the Difference?

Although each approach is used to deliver changes that will improve business performance, they are used in different situations, have different focuses and require different types of leadership (see Figure 1).

*Projects* are used when a specific outcome is required in a set time frame. Projects have clear and easily defined benefits and return on investment (ROI), so management focus is on minimizing risk and cost. Projects are generally managed within boundaries (such as departments) and have an easily identified and defined scope. Examples of projects include deploying Windows 2000, implementing an incentive compensation system for sales or decorating a room in a house.

Programs are used to deliver a strategic business change, where:

- The market and corporate environment is changing and so the scope needs to evolve
- Deliverables need to be continually refined and adjusted and have a long-term focus
- The business case, because of the above, is difficult to prove, and its main justification is that it is an initiative to maintain and increase competitiveness.

Programs identify, prioritize and link initiatives, many of which will be projects, but not all. The management focus in this case is on efficiently attaining corporate benefits from the new strategy. A program also provides the right environment for the change to happen, particularly in terms of the staff members' attitudes and behavior (see COM-13-9554). The nature of a program means longer time frames. Examples of programs include developing a major Web presence, rebranding or sending a space probe to explore Mars.

**Figure 1**  
**Projects, Programs and Endeavors**

Feature	Project	Program	Endeavor
Management Focus	Delivery on Time	Strategic Change	Competitive Advantage
Breadth	Functional Boundary	Across Enterprise	Complete Environment
Manages	Cost/Risk	Corporate Cost/Benefit	Stakeholder Returns
Scope	Easily Identified	Evolving	Shifting
Justification	Return on Investment	Competitive Initiative	Survival
Time Frame	3-15 Months	18-36 Months	Many Years
Leadership	Motivate Team	Influence Enterprise	Lead Enterprise
Change Focus	Reduce Ambiguity	Thrive on Ambiguity	Create Ambiguities
Links	Departments	Projects	Programs

Source: Gartner Research

**Note 1**

**Examples Projects, Programs and Endeavors**

**Consignia:** Deregulation of the U.K. postal market meant the enterprise had to set up a new global distribution company. CRM capabilities were core to the new business. This was run and managed as part of an endeavor.

**Guinness:** Wanted to completely redesign its customer proposition. This was managed as a program.

**Ford:** Wanted to install a contact center to support its current business strategy. This was managed as a project.

To face the challenges of the Internet era, some enterprises are changing their whole business model, not only their strategy, particularly business-to-business enterprises. This is particularly true where large mergers and acquisitions create a new enterprise. In this case, CRM will be part of an endeavor. An endeavor coordinates a variety of programs and projects to create a new enterprise. Often done for survival and to deliver stakeholder return, an endeavor can last for many years and requires creative leadership at the very top.

Note 1 gives examples of the different approaches.

## Different Skills Required

Enterprises cannot simply take a project manager and ask them to run a program without training and experience. Program management techniques draw on the success of project management in delivery, but add the ability to effectively coordinate strategic change — an ability missing from the project management skill set. Primarily, this involves having enough influence to lead an enterprise through the ambiguities of change management. Project management skills emphasize detailed planning, and leadership must motivate a team to achieve deadlines. Successful program management relies much more heavily on organizational leadership and communication skills — cross-functional team building, politics, diplomacy, gaining buy-in, communicating the change and public relations. Planning is also important, but it provides the framework, the detail is delivered by the associated project managers. Program managers guide in the benefits of the new strategy making use of the ambiguity created in the changing enterprise. Project managers manage cost and reduce the risks of ambiguity to ensure ROI is achieved across the multiple projects.

Running a project is likened to getting a car to a specific place on a specific date. However, a program requires the skills to get an array of different vehicles (car, bicycle, train and airplane) and drivers, from different starting points, all to arrive at the same place on a set date. Enterprises where success of CRM depends on leadership and communication should run CRM as a program. CRM program managers are rare — the best course of action is training and skills transfer from external services providers (ESPs). This does not mean the ESP comes in and runs the program, but rather that a strong internal project manager works with the ESP to learn program management skills through teaming, knowledge transfer and on-the-job training. ESPs should act as catalysts for new ideas, on-the-job trainers and quality assurers, ensuring skills and work meet standards that will ensure success. When partners are important to the business model, it is often worth seconding staff members between enterprises for greater collaboration.

**Bottom Line:** Managing a CRM initiative in the right way is vital to success and achieving (or exceeding) the projected benefits. To implement CRM quickly, and successfully gain competitive advantage in the 21st-century Internet economy, enterprises must estimate requirements and carry out actions in a framework with the right management — project, program or endeavor. All three approaches are valid in the right context. However, implementation of a true CRM strategy will require more than project management skills. Quick wins through discrete projects are a valid short-term objective but they must exist within a larger

framework, otherwise the quick wins will fizzle out and change nothing.