Measuring Return on Investment (ROI) from Customer-Centric Solutions

Achiever software

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Introduction

Understanding customer requirements is essential to deliver improved levels of customer service. Installing a Customer Relationship Management (CRM) or customer-centric system is not sufficient to make an organisation customer-focussed.

Customer relationship management (CRM) is only a small part of a wider customer service strategy. Successfully implementing a customer service strategy within an organisation involves more than buying and installing some new software. Without a clearly defined strategy and objectives it will be impossible to determine the type of solution required or to measure any benefits gained from the chosen application.

Identifying the initial objectives is only one step of the process. On-going reviews and re-evaluation of benefits and measures used are essential to ensure that maximum benefit continues to be gained from the solution as your business evolves.

It should be noted that throughout this document the terms “solution” and “customer-centric solution” can refer to business process changes alone.

More than just technology

Becoming a customer-focussed organisation involves changes to people, processes, culture and technology. Technology is one piece of the customer service jigsaw.

Successfully implementing a customer-centric solution requires an organisation to initially focus on its customer service strategy and internal processes.

Defining and documenting requirements allows organisations to understand what changes can be achieved by introducing new working practices. Incorporating updates to existing procedures or introducing new processes often involve staff training or changes in personnel.

Once the new processes have been designed and the appropriate training or communication undertaken it is then possible to identify what technology, if any, is required to enable the strategy to be implemented.

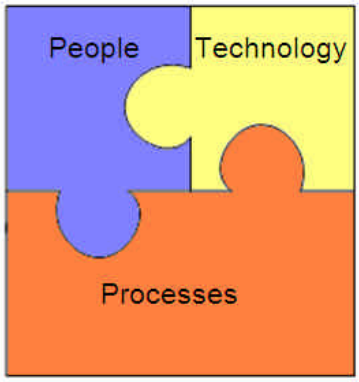

Figure 1: The Customer Service Jigsaw

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A customer-centric system is not always necessary to make an organisation more customer-focused or to deliver measurable benefits.

Aligning a customer-centric solution with your business strategy

Understanding the importance of a customer service strategy and where it fits in with the overall core business objectives is essential to ensuring the appropriate level of support is provided during the implementation of a customer-centric solution.

Recognising the importance of a customer-centric solution in achieving the overall business strategy will focus personnel on identifying solution deliverables, ensure the appropriate resource is allocated to the project, and promote user buy-in and system adoption.

Importance of buy-in

People are critical to the success of any implementation.

Senior management backing must be given to ensure the appropriate level of commitment is given to the project. Without the support of senior management, users will not be encouraged to adopt the new solution irrespective of any perceived benefits that will be gained.

Choosing a project team that will champion the new solution, including some personnel perceived as having a negative view, will assist system acceptance across the organisation. Heavily involving the team in the design and implementation process of the new solution will promote buy-in and greater system ownership, in addition to ensuring the delivered solution meets user and organisation requirements.

Establishing clear channels of communication is also essential to ensuring user acceptance of any new process or solution.

Implement in phases

Customer-centric solutions aligned with your business strategy can continuously evolve in line with enhancements to requirements, new legislation or customer-led demands. With this in mind, it is important to remember that it is almost impossible to build the perfect solution from day one.

When implementing such a solution consideration must be given to the overall objectives. However, by working in discreet phases return on investment can be achieved and measured within a shorter space of time. This allows the project to gain and maintain momentum, provides evidence for further investment and encourages user and management buy-in.

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Identifying what to measure

Return on investment (ROI) measures are individual to each organisation.

Identifying and setting benchmarks for measuring key performance indicators should be undertaken at the beginning of the implementation and these benchmarks need to complement your business strategy.

Consideration should be given to the factors affecting current figures, such as people, software and processes. This allows for more effective measurement to be undertaken.

In addition, care should be taken to identify potential conflicting performance measures, such as handling all customer calls and improving customer service. Senior management should carefully consider these conflicting measures and determine which takes precedence.

Critical success factors for the customer-centric solution may involve tangible and intangible benefits. Setting guidelines for measuring tangible goals and anticipated timescales will encourage more effective monitoring to take place. Furthermore, there may be things that you are unable to measure currently where the effective measurement can be set as an ROI itself, without any specific target quantity in the first phase. These measures should be reviewed and evolve over time and so, once effective measurement has been achieved (as an early tangible project benefit) future phases can assign specific numeric targets to build on the improvement and improve the benefits further.

Irrespective of what you chose to measure it is important to remember that all ROI measures must be realistic. Unachievable targets only leave the users dispirited and lose system buy-in. The effective setting and achieving of carefully set challenging targets can be a real motivational factor and might be linked to incentives if senior management believes such achievements important enough to the business.

Benefits of an organisation-wide solution

To be truly effective a customer service strategy should involve multiple departments within the organisation and ideally the whole organisation.

Proving ROI on customer-centric solutions implemented in isolated areas across the organisation can be difficult. However, creating an organisation-wide solution offers visible benefits by providing a holistic view of each customer to better understand their needs whilst maintaining data security and integrity.

A customer's most important perception is of your organisation as a whole and not of individual departments or staff. If any one department gives poor service then the perception of the whole organisation is affected. For this reason, all customer-facing departments at the very least should be included in an implementation. Ideally, however, even the areas of the business that are not customer-facing but have a supporting role should also be included in the overall business improvement strategy.

In addition integrating a customer-centric solution with other business applications, including telephony, email and ERP applications, can lead to improved data quality and increased productivity. Such technical integrations need to be carefully managed, however, to maximise

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data quality as ineffective record matching can lead to record duplication, which dilutes data quality and significantly impacts user confidence and buy-in.

Introducing customer, partner or supplier portals can also increase benefits offered by the solution including improved communication and visibility of information, as well as freeing up resources to concentrate on more involved tasks instead of general administration.

Before considering making a portal available first ensure that the data to be made visible is of maximum quality. If the portal were to make visible duplicate or inaccurate data it could have a negative impact on a customer's or partner's perception of your organisation.

Implemented well, a customer or partner portal can bring real tangible benefits including:

1. Improved data quality – the customer updates their data guaranteeing maximum quality and improving organisational image.
2. Customers and partners can have access to their data and, possibly, some services out of normal working hours, with resulting improved service perception.
3. Administration costs involved in maintaining customer, partner, prospect and order data is reduced if such data is updated via the portal.
4. Self entered order data can be processed much faster as delays are reduced, with better service speed improving customer loyalty.
5. Improved partnership/community relationship due to better communication channels facilitated by the portal – forums, complaint processing and a knowledgebase all improve the customer experience and promote buy-in.

Data considerations

Delivering consistently good levels of customer service relies heavily on data quality.

Data quality impacts performance across all business areas. Poor data quality leads to badly informed strategic decision-making in addition to, misunderstandings and miscommunication of information. The impact is felt throughout the organisation and cascades down to customers, partners, suppliers and prospects.

Consideration must be given to initial data cleansing when implementing a customer-centric solution and periodic data cleansing to maintain data integrity. Whether this relates to a new software application or an upgrade or renewal of an existing system, periodic data cleansing exercises are very worthwhile and offer financial and time benefits.

Integrating your customer-centric solution with other business applications may also bring additional data quality challenges that require attention.

Effectively managing your data will impact the costs of implementing a customer-centric solution, however, it can lead to reduced overheads and provide organisation-wide benefits.

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Managing costs

To get a true reflection of benefits gained by implementing a customer-centric solution it is important to consider the costs involved.

Typically costs will include software and depending on your current technical infrastructure may also require investment in new hardware. In addition, time taken to implement the solution should also be taken into consideration. This includes your resources affected and the suppliers required resources.

On-going maintenance costs and future enhancements to the solution should also be considered. User requirements evolve over time and any business processes and software applications used should also adapt to meet these. Consider the IT skills required to modify the software application(s), whether it is cost effective to retain these skills in-house, via a third party or the application supplier. Also consider implications for support contract costs of any application modifications you may want to implement over time.

Choosing a cheaper solution may appear to offer a greater cost versus benefits ratio, however, this is dependant on the individual needs of each customer, the expected growth of users and functionality over time and the longer-term support costs.

Organisations with simple business needs that can be fulfilled by an off-the-shelf solution requiring little or no customisation may discover that a cheaper solution can fulfil their current business needs or a hosted solution could be considered, reducing initial costs significantly.

Organisations looking for systems to meet the needs of multiple departments, with sophisticated data, workflow and security requirements or that have clear aims for application integration will want a medium to long-term solution offering configuration flexibility and integration options.

Careful consideration needs to be made when deciding on the type of solution. Selecting the inappropriate solution can be costly to a business and severely impact growth plans and timescales.

Cheaper, short-term solutions may seem a good option initially but may need to be replaced after a period, as they no longer fulfil the organisation's requirements. They may also fall short of delivering business-wide ROI and could lead to reduced benefit with the adoption of new, potentially non-approved systems being used to deliver the necessary benefits.

A solution that is tailored to an organisation's needs, can evolve in line with new requirements and promotes system ownership often requires greater costs earlier in the project but can provide increased medium to long-term benefits, faster visible ROI, phased costs and ultimately lower project costs and greater benefits.

Importance of the suppliers

Choosing the appropriate software application by itself does not guarantee good ROI.

The implementation methodology used by the supplier will have an impact on the ROI gained. The failure of a solution provider to understand your business processes, critical success factors and the business benefits required from the solution can lead to an inaccurate appraisal of

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business benefits required and can lead to an ineffective solution delivery. This can have disastrous consequences.

With no clear set measurements and deliverables, projects are susceptible to scope creep resulting in additional costs and delayed timescales and lack of focus leading to frustration and reduced buy-in by senior managers and users.

Measuring ROI does not stop after go live

Implementing a successful customer-centric solution involves aligning the solution requirements with your core customer service strategy.

ROI measurements should not only be set at the beginning of the implementation process but be continuously re-assessed in line with your business strategy, current legislative requirements and customer-demand and actively responding to the results of your ROI measurements.

Delivery of effective customer service requires a solution that continues to provide benefits that drive performance and efficiency improvements throughout your organisation.

Summary

Successful implementation of a customer-centric solution requires an understanding of your core business strategy to provide focussed ROI measures and to promote organisation-wide system adoption. When setting ROI measurements for your customer-centric solution the following considerations need to be made:

- Ensure the solution is aligned to your business strategy. Identify your procedures and business requirements before considering the technology required.
- Gain senior management backing.
- Set realistic measurements.
- Consider organisation-wide benefits from the solution.
- Identify the type of solution to suit your organisation's needs. Not all solutions will deliver the same ROI.
- Carefully select suppliers that understand your critical success factors and business requirements.
- Continuously re-evaluate your ROI measures.

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About the authors

Founded in 1992, Achiever Software is a UK-based Customer Relationship Management (CRM) solutions developer that has extensive experience of implementing Corporate Information Management solutions in the Private and Public sectors.

Achiever Software's innovative partnership approach to the delivery and implementation of the Achiever Anyware application facilitates the creation of a solution that suits the unique business process and data requirements of each customer. Achiever's flexible relational data structure allows solutions to be designed to suit diverse business requirements across multiple departments and industry sectors including Public Sector, Education, Contact Centres, Medical Information Systems and Financial Services.

Achiever is aimed at organisations requiring a Corporate Information Management solution capable of managing sophisticated and complex business requirements whilst allowing them to maintain system ownership.

Achiever has been successfully implemented in organisations including Surrey County Council, T-Mobile, Papworth Trust, Warwickshire College of Education, Momenta (AEAT), VisitBritain, Skillset and NECC.

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