

Ensuring CRM systems success – overcoming the difficulties of implementing a CRM system

Customer Relationship Management (CRM) is a potent business strategy. Its allure is rooted in common sense which dictates that the more an organisation knows about its customers or clients and the closer the relationships it can forge with them, the better it can serve their needs and the more it can sell.

Indeed, so powerful is the notion behind CRM that a virtual economy has formed around the systems supporting it. According to the analyst and research firm, The Aberdeen Group, the worldwide market for CRM systems and services will grow from £8.5 billion in 2002 to £17.3 billion by 2005.

Law firms have experienced widely divergent results from their CRM systems implementations. Some have been able to document return on investment (ROI) that includes significant revenue enhancements in the areas of new client development and cross selling. They also report cost savings and efficiencies in the areas of marketing, communications and operations. On the other hand, firms of equal stature and resources have floundered in their implementations, unable to integrate the CRM application into their culture and business processes.

This contrast begs the questions – why are some firms successful in their CRM systems initiatives while others fail? This article outlines some of the key factors that mark the most successful initiatives and provides recommendations as to how firms considering CRM systems should proceed.

What is CRM?

There is significant confusion in the marketplace as to what CRM exactly is. It's therefore useful to establish a working definition upon which to build. CRM is more than just technology!

Here is a working definition of the CRM business process: "The identification and systematic management of a firm's most profitable (and potentially most profitable) clients/ prospects to achieve sustainable growth in profits".

A CRM systems strategy can be defined as: "Leveraging Relationship Intelligence in a way that enables a firm to exceed client needs and expectations in order to meet revenue growth and productivity objectives". Relationship Intelligence is defined as a firm-wide asset that reveals the unique and complex connections between people, companies, competitors, relationships, experience and expertise. It empowers professionals to leverage who and what they know in order to:

- Demonstrate deep knowledge of their clients and contacts
- Coordinate themselves better across geographic and practice boundaries
- Improve teamworking
- Uncover new revenue and cross-selling opportunities

- Execute effective, tailored communication programmes
- Enhance client service, and
- Differentiate themselves from the competition.

For a CRM strategy to be successful, the firm must have a means to aggregate its collective knowledge about people, companies, relationships, experience and expertise, and transform this scattered data into "Relationship Intelligence". It must also have a means to manage this intelligence centrally and a means to deliver Relationship Intelligence to professionals, when and where they need it. This is the role of a CRM/ Relationship Intelligence system.

More all-embracing than the system, a firm will also need a CRM vision and programme that helps and motivates fee earners to want to share intelligence and work together in teams (real or virtual) using the intelligence for the benefit of their clients and their own business development activities. This programme will probably start off with a focus on key accounts – generally the starting point for any CRM programme in professional firms.

Is Technology Essential?

Why is a technology infrastructure required to support a firm's CRM strategy? When firms are small and comprise a handful of individuals, the process of leveraging Relationship Intelligence is done organically through human interaction. Firm meetings, chance conversations in the hallway or around the coffee machine are sufficient to keep everyone in touch with critical happenings within clients, important relationships being formed and matters being worked upon.

However, as the firm grows in size and expands geographically, these natural human interactions that lead to idea generation, networking and opportunity identification become impossible to sustain. As a result, one of the most natural and productive dynamics that partnerships have for leveraging their knowledge about people and relationships breaks down. To avoid this, firms must adapt by replacing the human network with a technology infrastructure capable of mimicking it on a larger scale.

But the challenge of using technology instead of human interaction is that to be successful you need to change staff behaviour – encouraging them to share, update, and use information in the system effectively. Technology without behaviour change creates stalemate instead of success.

Attributes of the Successful Firm

So, what does it take to engineer a CRM strategy within a law firm environment? Successful firms have the following attributes in common:

Strong Business Leadership: A properly executed CRM systems initiative is a big investment and can have powerful long-term impact on a firm's competitive position and future. Accordingly, at these organisations CRM is not simply viewed as a technology initiative, but as a firm-wide effort spearheaded from the highest levels of management. The firm's leadership body takes ownership of their CRM initiative, communicates its importance to the rest of the firm and then leads by example.

Alignment of Marketing/ Business Development and IT: For CRM systems initiatives, the marketing/ business development and IT departments play an integral role in the project's success. Marketing is generally driving the CRM or key account strategy within the firm's overall business strategy. IT is responsible for ensuring that the proper systems infrastructure is in place to facilitate the CRM project and integration with other applications, and to provide firm-wide technical support and training. Firms that enjoy the greatest return from their CRM investment generally have a close partnership and ongoing communication between IT and marketing.

Sufficient Resource Allocation: Firms ensure the success of their CRM systems initiatives by carefully studying the total cost of the project beyond technology acquisition. They allocate sufficient resources to rollout their plan, recognising that this is a change management project needing the engagement of all staff. Included in those costs are staffing, process changes, training, internal communication, data management, as well as installation and deployment costs. Some of these costs are ongoing throughout the life of the initiative and must be considered in resource planning. Treating a CRM systems initiative as solely an IT project and failing to consider the other organisational costs can result in underutilisation of the system and depress the ultimate return the firm realises from its investment.

Openness to Change: As firms undertake their CRM initiatives they will become more intimately familiar with their current business practices and gain greater understanding of those that need to change and evolve to accommodate a truly client-facing strategy. Organisations that are committed to their CRM vision and that are willing and able to undertake the firm-wide changes necessary to deliver their strategy will reap the greatest rewards from their efforts.

Education/ Training/ Incentives: Education and training go hand in hand with change. Firms that have successfully implemented CRM understand that it is simply not enough to be open and willing to change. They must also provide adequate and ongoing education and training on how to accomplish change.

Factors contributing to success

Technology, people/ culture, processes and data are all essential issues in the most successful CRM initiatives. How do these elements come together to result in a strong technology implementation? This section examines some of the critical success factors:

CRM Vision and Objectives: The client-focused firm has a clear picture of its unique value proposition, and how it intends to manage and develop its major client relationships. The vision must be appealing to clients and created from their viewpoint. Is the firm truly committed to client service? How is this manifest in client communications? Interactions between professionals, staff and clients? Proposals for new business? Billing practices? Obtaining client feedback? Improving Relationship Intelligence?

Beyond understanding its unique, client-facing value proposition, the firm will also exhibit strong leadership in communicating this core vision throughout the firm and gaining buy-in at all levels. The responsibility for creating this CRM vision lies with the entire management team. It should then be clear to everyone that the leadership of the firm believes in the value of Relationship Intelligence and is behind the systems implementation which will contribute to achieving the vision.

CRM Business Strategy: The CRM business strategy provides a client-facing road map to help the firm deliver on its business goals. The purpose of the strategy is to help grow and maintain a client-base that serves as a long-term asset of the firm. Individual and team efforts will be required to support the strategy.

Departmental strategies, such as the firm's marketing plan, the business development plans of different practice groups, service areas or individual professionals, and the IT plan should address how CRM and key account objectives will be met, how Relationship Intelligence will be used, how the CRM systems will be supported and data monitored and maintained. The existence of a firm-wide key account programme is helpful as it provides a focus for client and contact development, and fosters a desire for greater Relationship Intelligence.

The strategy should include plans to market the new system to internal users and clearly communicate how they will benefit from it. When systems are implemented and then simply made available to users without clear communication as to their uses and benefits, projects run a much greater risk of failure.

Keeping it Simple: Firms that implement their CRM systems in small stages, setting themselves manageable short term goals, are generally more successful. The software appears to offer so many "goodies" that it can be tempting to introduce too much data and too many functions at the outset. But staff simply won't adjust fast enough to the new system without seeing a few immediate benefits in the early stages.

The implementation plan should therefore include tactics with realistic and achievable milestones in terms of data quality and functions, that provide value along the way. This allows a firm to maintain a strategic perspective while incorporating short term objectives that provide incentive and motivation for those participating, and add real value to the firm a step at a time.

Collaboration: As mentioned earlier, a successful CRM systems implementation requires firm-wide effort and commitment. To accomplish this there must be consensus as to the firm's vision, with buy-in at all levels.

Regular communications to stakeholders on the status and benefits of the project mark the most successful initiatives. Communications (eg on the reasons behind an internal process change) must also take into account the message recipient. The benefits that a professional can expect to reap from the CRM systems will be very different from the benefits to administrative staff. If firm members do not clearly understand what they will get out of the impending changes, the likelihood that they will modify their work habits to accommodate the firm's CRM strategy and processes will be substantially reduced.

Compensation and other rewards can either facilitate or hinder organisational collaboration. A firm must ensure that the internal compensation structure is aligned with the firm's overall CRM vision and strategy.

Data Quality: Data, by its very nature, goes out of date quickly unless a firm has adequate processes in place to ensure its continued validity. Ownership of the data cannot be delegated to Marketing or IT. Individual fee earners and their secretaries need to accept responsibility for the quality of information on the contacts and clients with whom they work most closely. Defining roles and responsibilities, and achieving accountability for data quality is a serious task.

Many firms also employ data stewards, who are responsible for monitoring the data contained in the system. These data stewards can be designated people within various departments – such as PA's or marketing staff. Some CRM systems solutions also provide built-in data quality and data change management tools, which simplify the process of keeping CRM data clean and current. External agencies can assist with the task but cannot take it over entirely. Ensuring that you have a plan to clean, deduplicate and then manage data quality on an ongoing basis will be critical to the overall success of the implementation.

Processes: After undertaking the above steps, it often becomes clear that the firm has not instituted sufficient internal processes to ensure the success of the CRM systems initiative. Firms that examine their client and matter lifecycles will uncover many instances in which processes either exist or can be put into place that either enrich the firm's Relationship Intelligence knowledge base or enhance the client experience. In either case, CRM software cannot create processes. It can only facilitate them – making it easier to aggregate, manage, and deliver critical Relationship Intelligence to those who need it.

Relationship Intelligence Data: An analysis of your CRM strategy and processes will also yield valuable clues as to the types of data your firm needs to build its Relationship Intelligence assets. You may need to harvest information from your practice management, HR or document management systems. Understanding the data you need and where it comes from, therefore, will be critical to the success of your overall initiative.

Moreover, you should not only investigate what data is needed, but also how it will be used to support your CRM vision. When you understand how fee earners and staff use (or could use) Relationship Intelligence, you take much of the guesswork out of implementation planning and thereby increase the likelihood of success. Any data put into the system requires an owner and defined processes to maintain it.

The Client Experience: Firms seeking to maximise the success of the CRM initiative will go beyond their own beliefs about the client experience and actually make efforts to ascertain feedback directly from the client. For instance, the firm may presume that the lack of complaints and the timely payment of bills are indicative of client satisfaction. However, proactive client outreach and surveys might paint another picture.

Laying this groundwork is important to ensure that the CRM strategy will actually provide the results expected. Otherwise significant money and expense might be invested in a strategy that provides little impact on the client experience.

Technology Infrastructure: Once the above steps have been taken, firms will then be in a much better position to understand the technology infrastructure required to support their CRM objectives. If lawyers are mobile and require remote access to data, you will want to ensure access to Relationship Intelligence via personal information managers like Palm devices or the Internet. If Microsoft Outlook is a preferred method of access, you'll want to ensure they have Outlook-based access to the CRM application. If PA's spend much of their time writing letters and sending faxes and emails, they will need easy access to the CRM package via Word or WordPerfect integration functionality.

Metrics: When the roll-out of the CRM application has commenced, the most successful firms introduce metrics to help measure the project's ongoing success and its overall payback. Metrics serve two primary purposes. First they provide objective data as to the effectiveness of the strategy. Second, they can provide early warning signals that something in your plan is not working. This would allow you to catch problems early before they threaten the overall success of your implementation.

Metrics should be established to capture information on both the tactical benefits of your systems initiative as well as the strategic. From a tactical perspective, you will want to capture information on cost-savings and efficiency gains you have derived from the systems initiative. Examples include:

- Mailings and direct communications time savings
- Increased response rates for marketing campaigns and other initiatives
- Reduced effort required for professionals to access Relationship Intelligence
- Increased data quality and savings from reduced database maintenance

Baseline metrics should also be established for evaluating the strategic benefits of a CRM programme that impact the firm's overall strength, reputation, responsiveness, client satisfaction and revenues. Example metrics include:

- Increases in new client wins
- Increases in office and practice cross-selling revenues
- Increases in client satisfaction ratings
- Increases in the number of RFPs to which the firm can respond

Establishing these metrics requires that the firm does cost and revenue analysis both before and after the implementation. Doing so provides the comparative data essential to measure the effectiveness in real terms of the CRM programme and systems initiative.

Final Thoughts

A CRM systems initiative can be one of the most valuable strategic investments a law firm can make to improve Relationship Intelligence, increase efficiency, foster cooperation and earn greater revenues. However it takes more than putting CRM software on the desktops of the users. A firm will only achieve payback if it invests in changing behaviours. CRM technology must be implemented as part of a larger business strategy, with stated goals and objectives. There must also be clear communications throughout the firm as to the purposes of the CRM initiative and how it will be carried out. With strong leadership and processes in place to support the initiative within your firm culture, a well thought out plan and sustained commitment, you can expect significant return on investment for your efforts.

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