

Getting any business case approved can be tough, but CRM business cases can be particularly difficult. CRM can mean different things to different people and this leads to uncertainty or ambiguity over the project and the nature of the benefits. Some executives may have had, or heard about, previous bad experience of CRM projects. And unlike projects that involve changes to existing systems or business processes, there may be no internal experience to use as a yardstick for cost and benefit quantification.

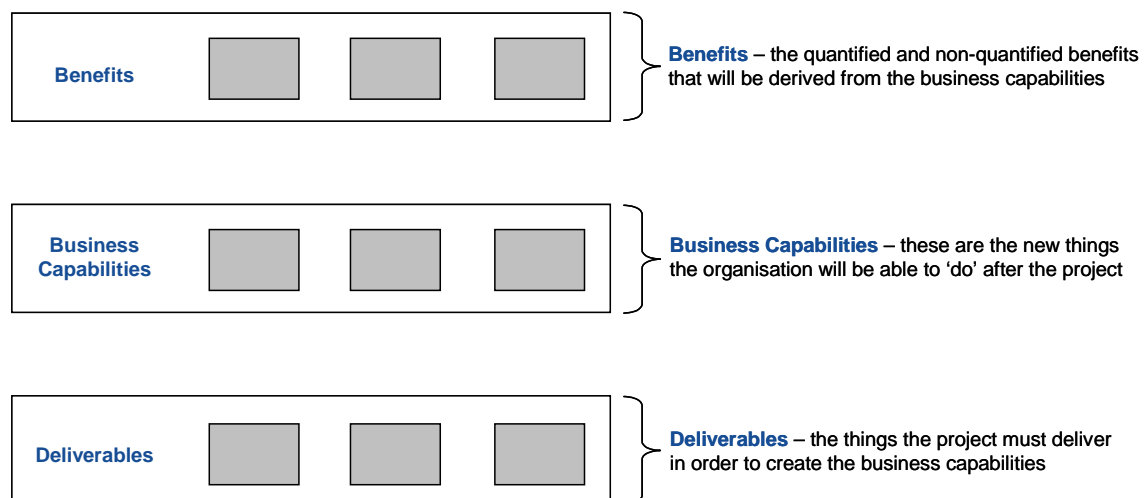
It doesn't help that CRM benefits can be seen as difficult to quantify – as a result CRM business cases often leave the reader needing to make a leap of faith in order to be convinced about the benefits of improvements in the quality of customer service or an increase in sales and marketing effectiveness. What's more, some of the dependencies required to secure full benefit realisation may be perceived as difficult to achieve (for instance changes in culture or improvements in data quality) and this may make the project less attractive to some stakeholders.

But a compelling business case can be a catalyst for getting the project mobilised and building and maintaining stakeholder support. To do this the business case needs to articulate the business vision and explain how this will be achieved. It must provide a compelling reason to invest in a way that will withstand detailed scrutiny. It must also provide a benchmark for measuring project success and the basis for maximising benefit realisation post implementation.

At 2020 Management we've helped many companies put together business cases that articulate clear and unambiguous goals and which help senior managers make the decision to commit funds.

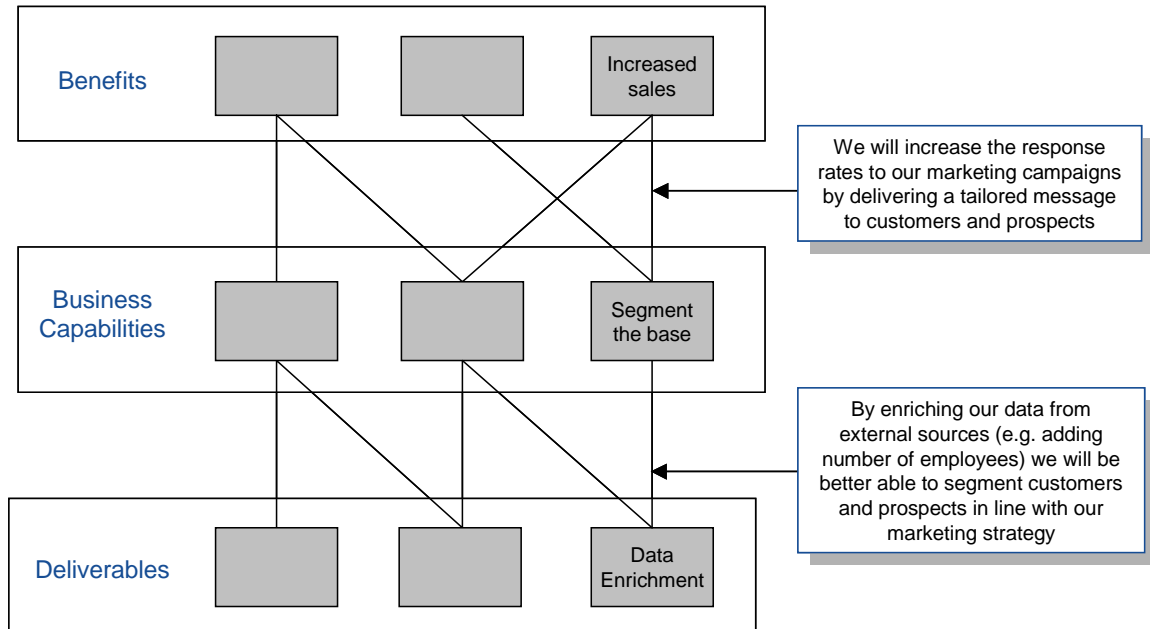
The first step is to define 3 – 6 high-level business capabilities that the project is aiming to create or enhance for your organisation. Examples might include, "Resolve queries quickly irrespective of the method of contact" or "Segment the customer base and track the impact of differentiated marketing communication". Summarise these business capabilities on the diagram below.

Next, identify the key things the project must put in place in order to create these capabilities – the deliverables. Then determine the key categories of benefit you believe the project will deliver e.g. reduced cost, increased sales – the benefits.



In order to fully populate the framework you need to do two things:

1. Identify the linkages between business capabilities and deliverables, and between business capabilities and benefits.
2. Be explicit about why any given linkage exists. This is the 'rationale' for your benefits and delivery scope.



Once you're confident that you have a robust set of linkages and rationale you can begin to quantify the benefits. Work on identifying the detailed KPIs that link the capabilities to the benefits. For example, 'We aim to reduce progress chasing calls from customers from an average of 100 per day to 10 per day'. The linkage rationale tells you how this will be achieved – the KPI defines the quantified benefit.

A typical problem in many organisations is the lack of existing management information of sufficient detail with which to quantify the benefits. If robust information is not available then try other methods e.g. ask front line managers to provide estimates. This may result in the benefit being expressed in a range – 'current progress chasing calls are between 100 and 200 per day and we will reduce these by 50-70%. The financial value of this is between £x and £y.

Communicate about the business case throughout its development – the framework is an excellent tool for doing this. Continue to iterate and validate until all the stakeholders agree:

- The definition of the capabilities, benefits and deliverables
- The linkages shown on your diagram
- The KPIs and associated financial benefits

And remember, don't try to boil the ocean! Focus the business case on the key capabilities your organisation needs to develop.

The value of external consultants

External consultants can help with the development of the business case in a number of ways. For example, educating business users on the nature of the

capabilities that can be fulfilled through a CRM solution, demonstrating alternative solutions, providing examples relevant to the organisation and by conducting internal and external research to find out which business capabilities will have the biggest benefit to customers.

In addition consultants can accelerate the process of writing concise business capability definitions and use previous experience to create the relevant linkages. They can also provide industry benchmarks on KPIs and benefit quantification and provide an impartial voice in resolving conflicts between stakeholders or driving out ambiguities in the business case.

About the author

Gary Smith is a Director and co-founder of 2020 Management. 2020 is an international organisation that enables its clients to build a world-class reputation for excellence in managing relationships with their customers. We combine blue-sky thinking with practical hands-on expertise to look beyond the rulebook and think creatively around the issues. The result is a sustainable improvement in the quality of your customer relationships – and a positive impact on your bottom line. Gary can be contacted at gary.smith@2020management.com or +44 (0) 207 869 7002