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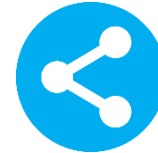
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# 15 Years of Best Practices From the Eight Building Blocks of CRM



**Ed Thompson**

Vice President & Distinguished Analyst

21 years at Gartner, 27 years industry experience

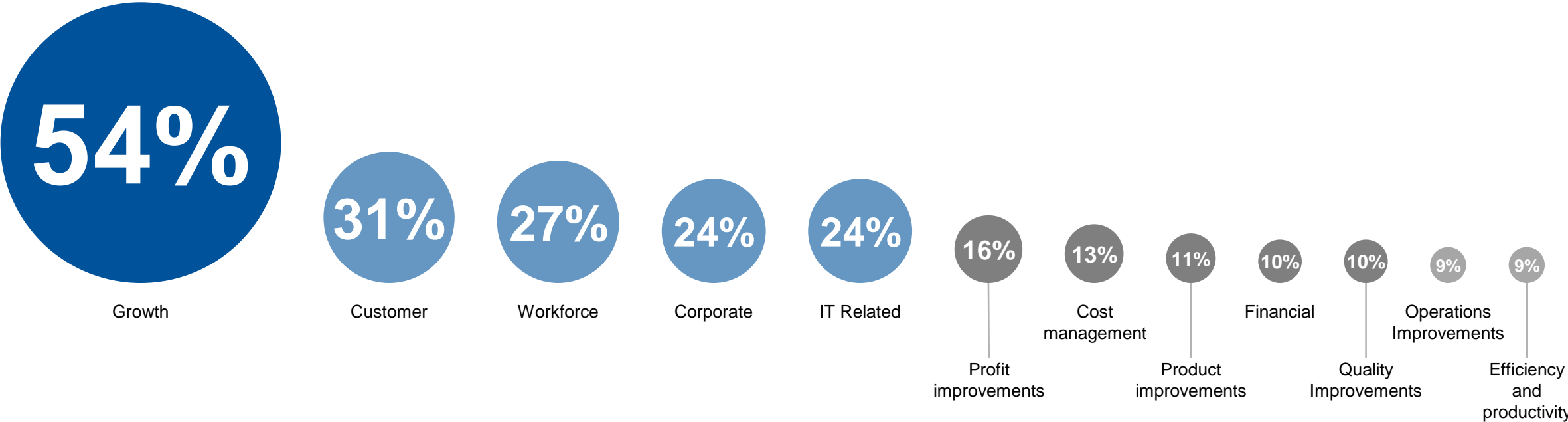
His research focuses on CRM, and he is the research leader for the Customer Experience Management and CRM Strategy and Execution topics.

<https://www.linkedin.com/in/edthompson3>



# Gartner CEO Survey 2016: Focus on Customer Increases

Tell us about your organization's top five strategic business priorities for the next 2 years (2016/2017)



#GartnerSYM



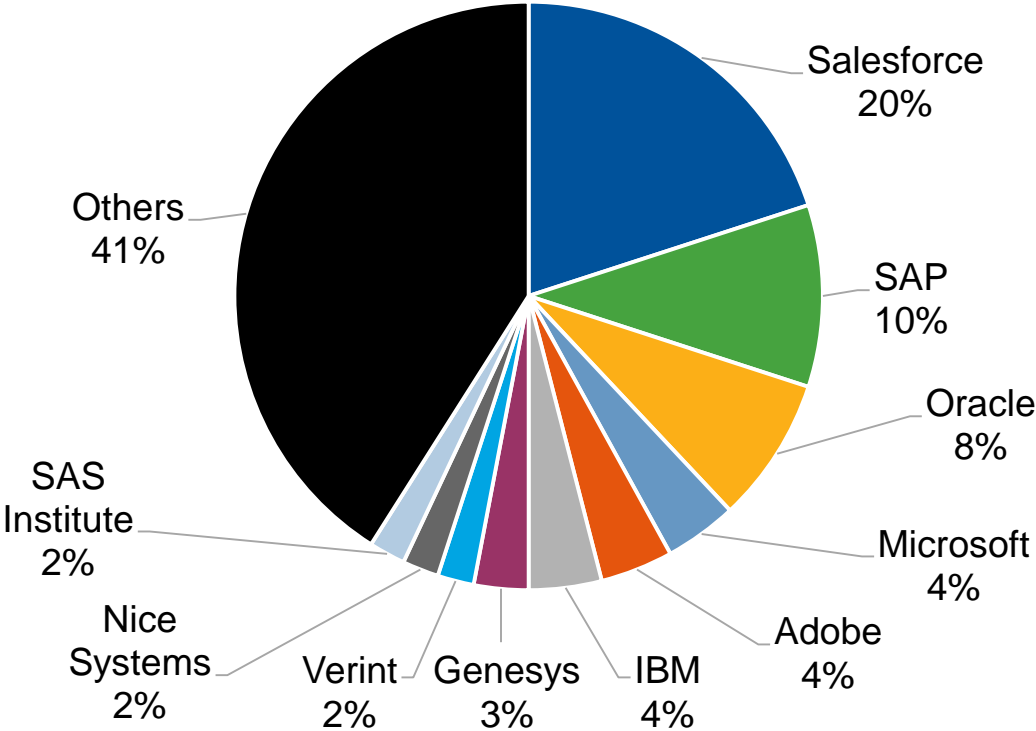


**CRM Success Has  
Nothing to Do With  
Which CRM Vendor  
You Choose**

**Gartner®**

# CRM Market: Top 10 CRM Vendors Worldwide, by Revenue and End Users, 2015

## Revenue Market Share



**Fastest Growers:** Apttus (+72%), Shopify (+68%), Zendesk (+60%), Marketo (+40%), Salesforce (Demandware) (+38%), Calabrio (+31%)

## Ranked by 2015 End-User Seats:

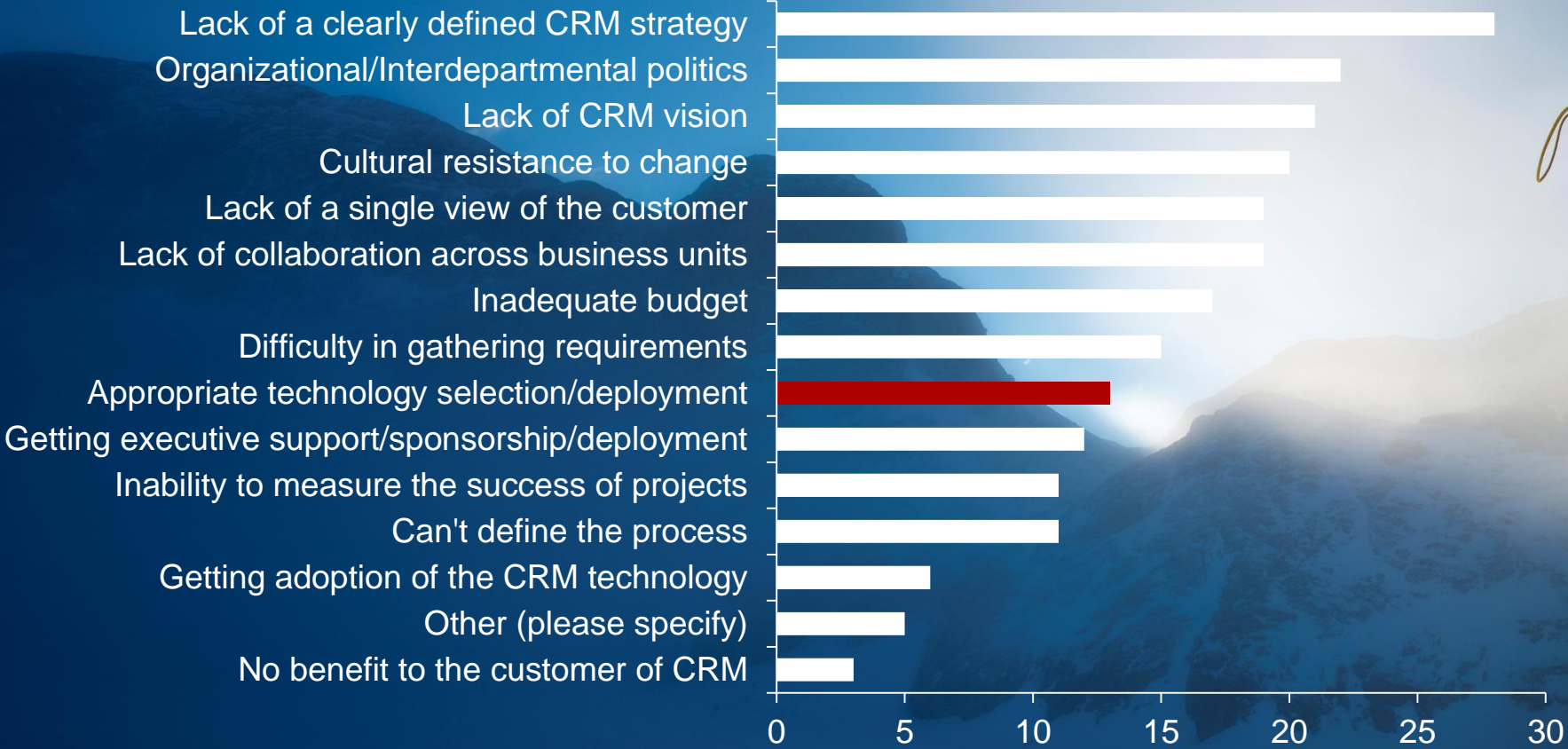
1. Salesforce (7.5M)
2. Swiftpage Act! (5M)
3. Microsoft (5M)
4. Oracle's Siebel (2M)
5. Heat Software (GoldMine) (2M)
6. SAP CRM and C4C (1.8M)
7. SugarCRM (1.5M)
8. Zoho (1M)
9. Oracle Cloud (1M)
10. Amdocs (700K)

**Market Growth:** +12.1%

**Market Size:** 2013: \$20.3B  
2014: \$23.3B  
2015: \$26.1B

# Biggest Obstacles to CRM Success — It's Not Technology

Q. What are the biggest obstacles threatening the success of your customer initiatives/programs? (Pick 3 only) n = 88



Source: The Gartner Customer Summit Survey

# Successful CRM Projects Are Managed From 8 Viewpoints

## The Eight Building Blocks of CRM



# CRM Success Has Nothing to Do With the CRM Application Vendor You Choose

1

CRM projects can be career-limiting due to the politics and power

2

Your customer strategy, if you had one, is likely to be out-of-date

3

You are unlikely to be able to measure the return on investment



# CRM Success Has Nothing to Do With the CRM Application Vendor You Choose

1

**CRM projects can be career-limiting due to the politics and power**

2

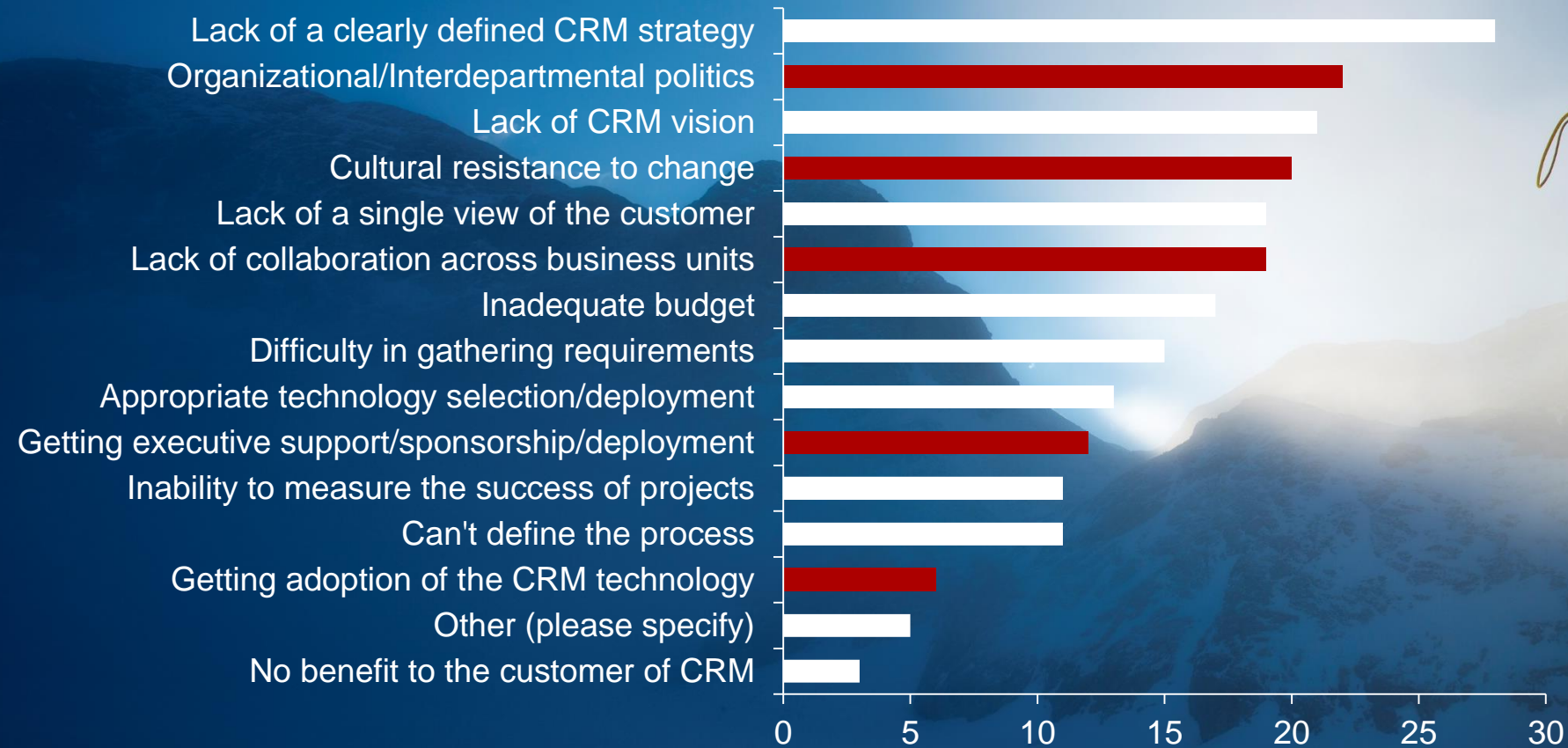
Your customer strategy, if you had one, is likely to be out-of-date

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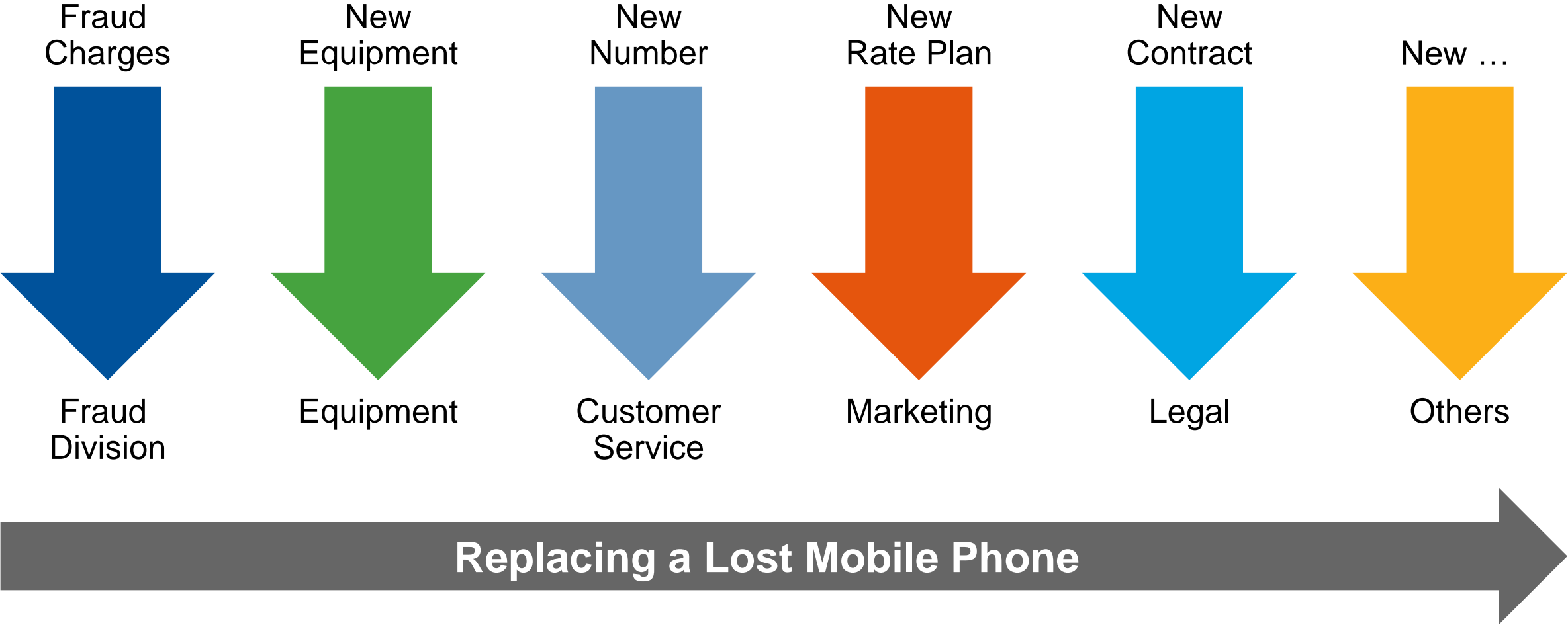
# But the Biggest Collection of Challenges Relate to Change, Politics and Sponsorship

Q. What are the biggest obstacles threatening the success of your customer initiatives/programs? (Pick 3 only) n = 88

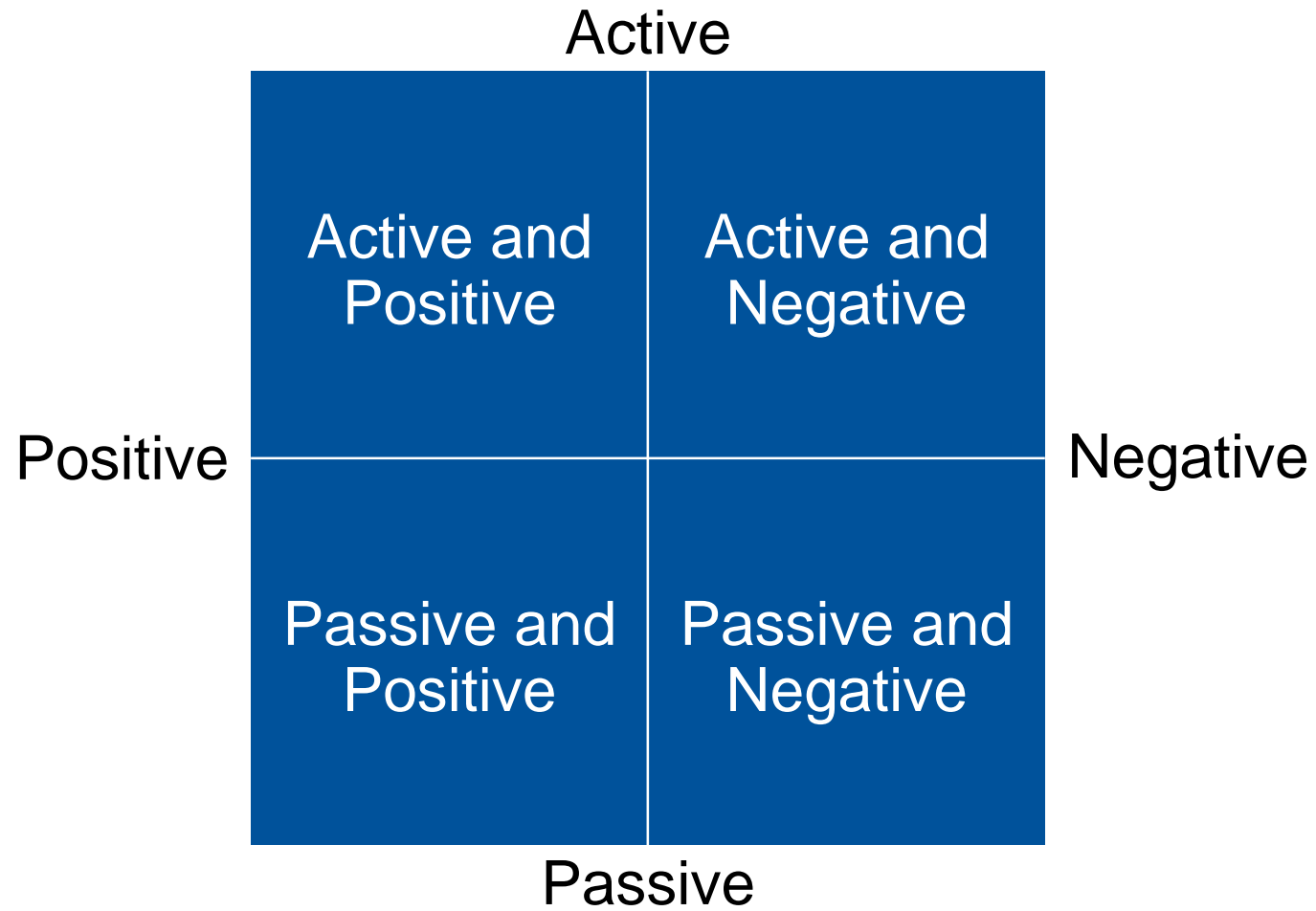


Source: The Gartner Customer Summit Survey

# Being Organized Around Your Departments Fights CRM



# Organizational Change



Source: Tim Morris, Professor of Management Studies, Saïd Business School, University of Oxford

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# CRM Success Has Nothing to Do With the CRM Application Vendor You Choose

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CRM projects can be career-limiting due to the politics and power

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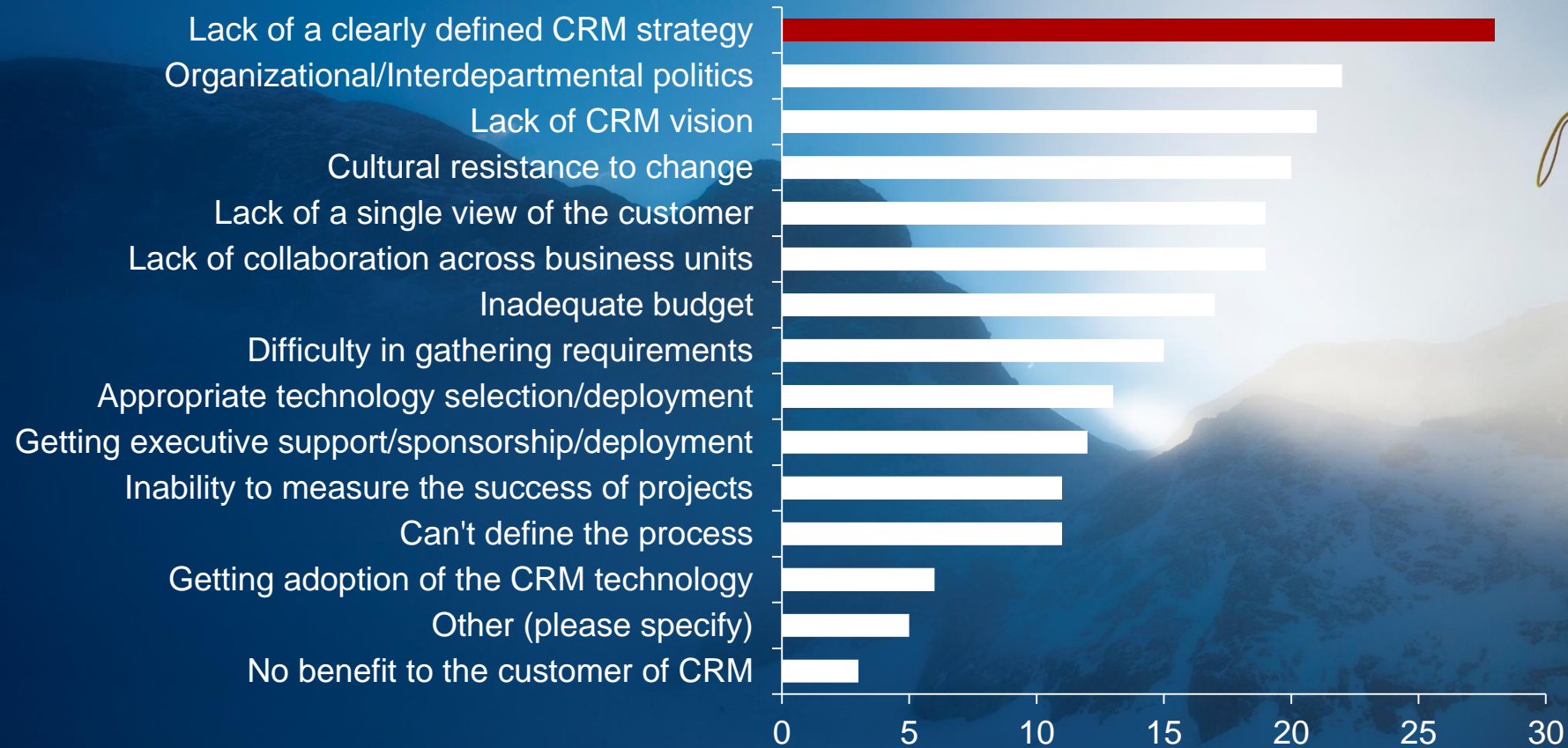
Your customer strategy, if you had one, is likely to be out-of-date

3

You are unlikely to be able to measure the return on investment

# Lack of a Clearly Defined Strategy Is the Biggest Obstacle

Q. What are the biggest obstacles threatening the success of your customer initiatives/programs? (Pick 3 only) n = 88



Source: The Gartner Customer Summit Survey

# Top CRM Objectives for 2016

Q. What are the primary objectives of your 2016 CRM programs? (Please choose the top 3 only) n = 87



Source: The Gartner Customer Summit Survey

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# Customer Asset Audit

**Customer Potential  
(Value to Company)**

**Key**  
**Large Share of Wallet**  
**Some Potential**  
**Transactional**

Protect Position	Invest to Protect	Invest to Win Over	Damage Limitation
Counter Competition	Invest to Build	Win the Opportunity	Careful Management
Manage for Profitability	Build Selectively	Manage for Revenue	Manage for Revenue
Manage for Profitability	Manage for Profitability	Manage for Revenue	Consider Divesting

**Highly Secure                      Secure                      Vulnerable                      Fragile**

**Strength of Relationship (Value to Customer)**



# CRM Success Has Nothing to Do With the CRM Application Vendor You Choose

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Over

**80%**

**of CRM projects are on-budget,  
on-scope, and on-time**

**(Well ... within 10% of target)**





Over

**80%**

will use the ROI to justify an investment in CRM

Gartner®

The background of the image is a close-up, slightly blurred photograph of Euro currency. It features several Euro coins (1, 2, and 5 Euro) and banknotes (50 and 200 Euro) scattered across the frame. The colors are primarily blue, gold, and brown. A semi-transparent dark blue vertical bar is on the left side, and a white horizontal line is positioned above the text.

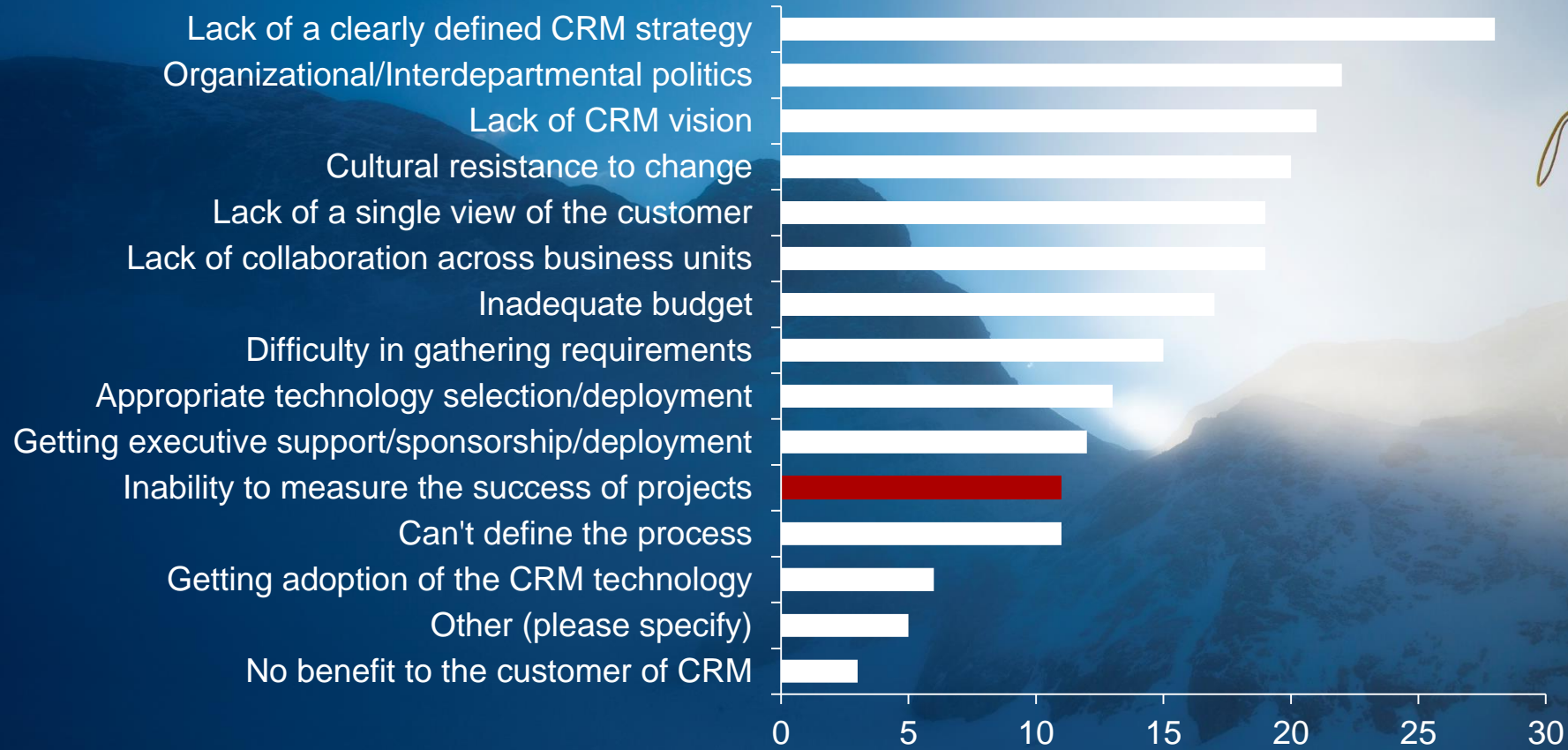
Less than

**20%**

will prove the ROI  
of CRM in 2016

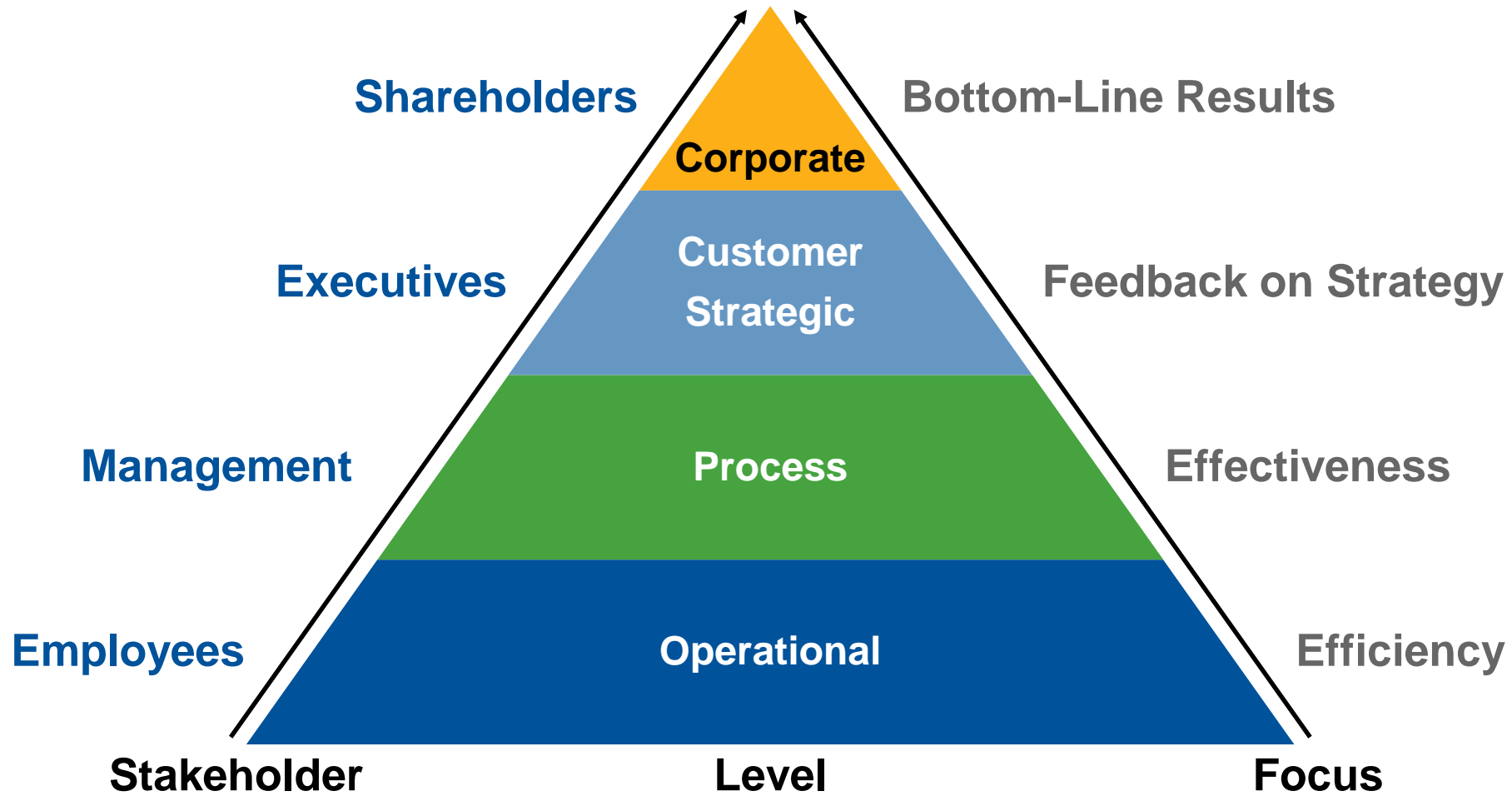
# The Most Underestimated Obstacle in CRM Is ... Metrics

Q. What are the biggest obstacles threatening the success of your customer initiatives/programs? (Pick 3 only) n = 88



Source: The Gartner Customer Summit Survey

# What Differentiates the Best: A Hierarchy of CRM Performance Metrics



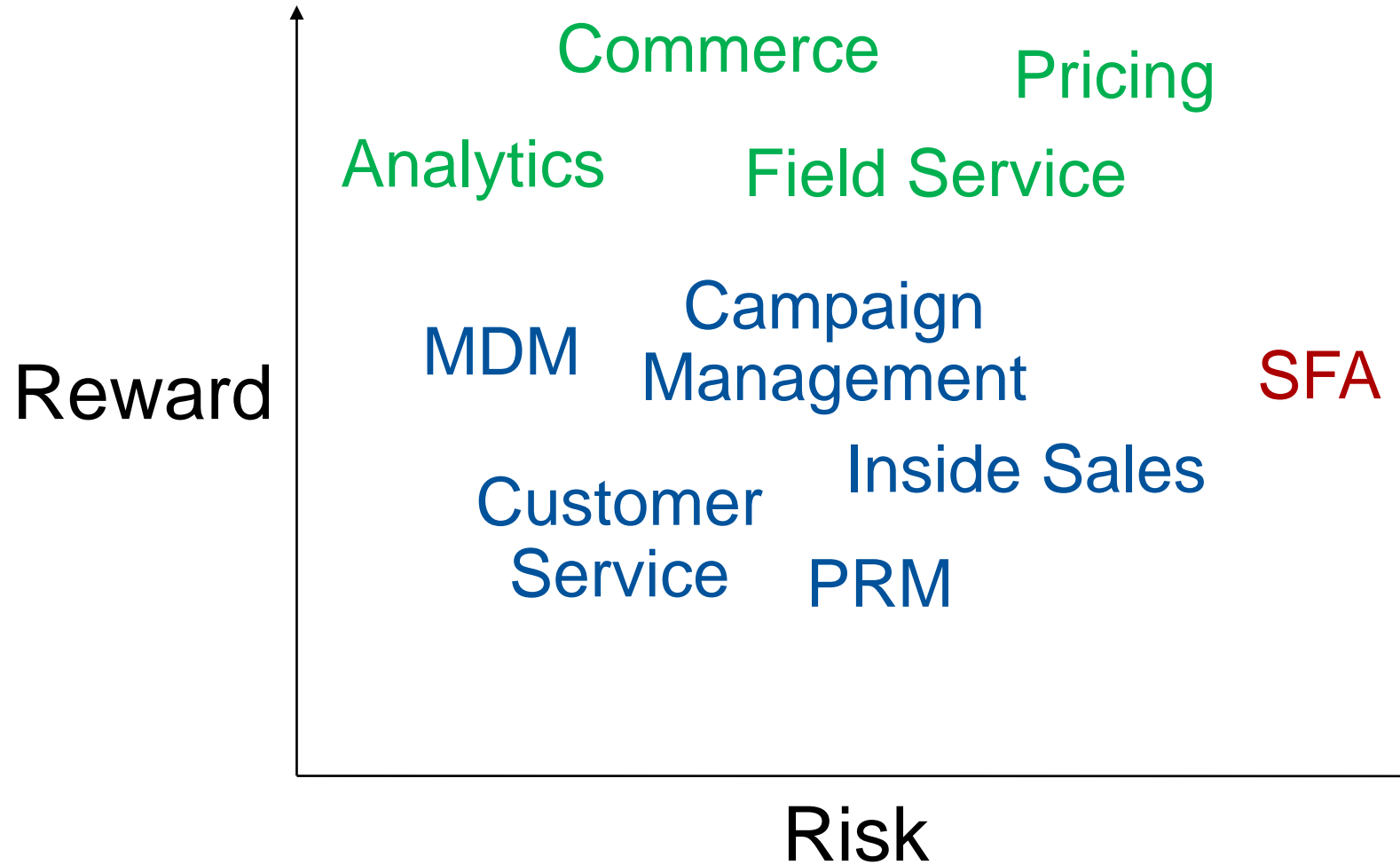
# A Few Examples

<p><b>Corporate</b></p> <p><b>Objective:</b></p>	<p>Market Share Revenue Growth</p> <hr/> <p>Increase Shareholder Value (External)</p>	<p>Profit Growth Margin Growth</p>	<p>Cost Ratios Customer Loyalty</p>
<p><b>Customer Strategic</b></p> <p><b>Objective:</b></p>	<p>Lifetime Value Customer Profitability Cost to Serve</p> <hr/> <p>Enhance Customer Value (External)</p>	<p>Acquisition Development Retention</p>	<p>Risk Profile Staff Satisfaction</p>
<p><b>Process</b></p> <p><b>Objective:</b></p>	<p>Response Levels RFM Measures</p> <hr/> <p>Effective Strategy Implementation (Internal)</p>	<p>Complaints NPD Times Levels Conversion Ratios</p>	<p>Cross-Sell Ratio Recommendation Staff Turnover Channel-Specific Measures</p>
<p><b>Operational</b></p> <p><b>Objective:</b></p>	<p>Call-Answering Times Customer Data Accuracy</p> <hr/> <p>Process Optimization (Internal)</p>	<p>Response Times "Do Not Mail" Markers</p>	<p>Staff Qualifications Staff Sickness</p>

**Acronym Key:** NPD = new product development

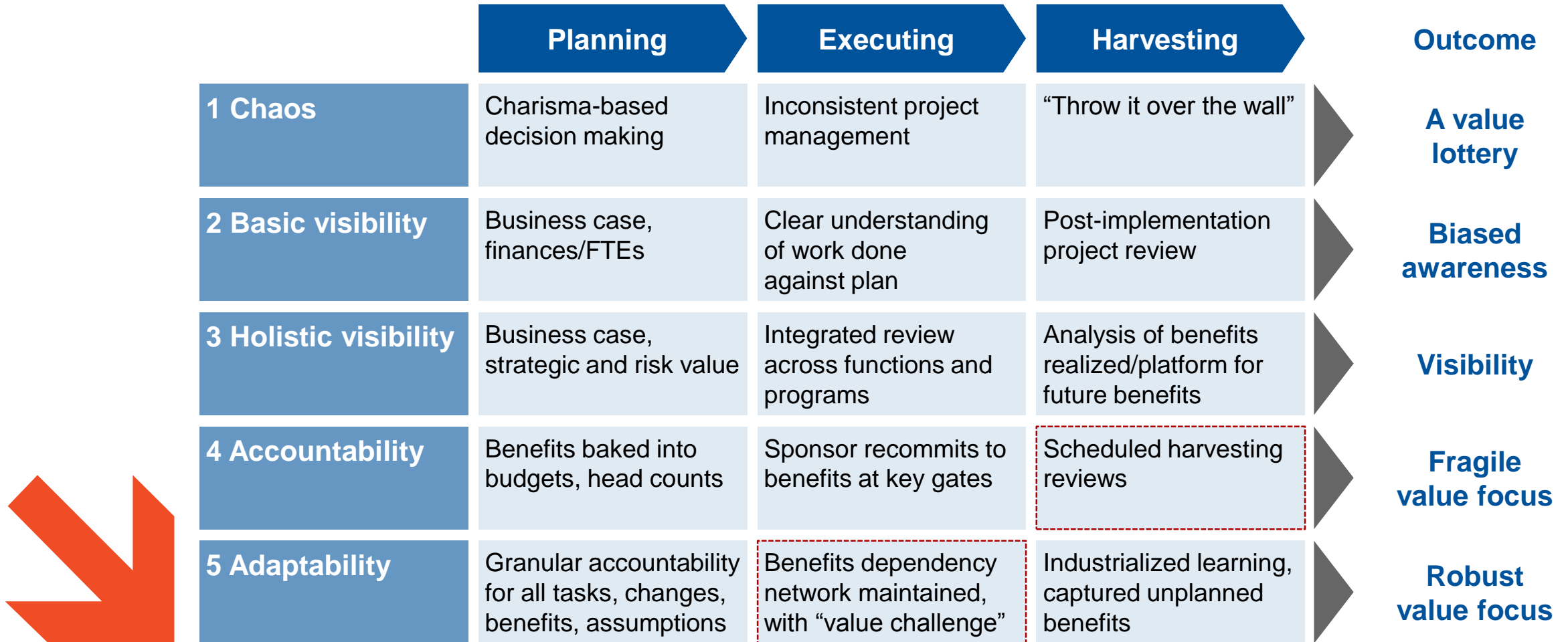
RFM = recency, frequency, monetary

# Avoid the Highest Risk CRM Projects and Gain a Track Record First





# Adopt More Mature Types of Benefits Realization



# Recommended Gartner Research

- ▶ [The Eight Building Blocks of CRM: Overview](#)  
Ed Thompson (G00313805)
- ▶ [The Eight Building Blocks of CRM: Vision](#)  
Sandy Shen (G00300292)
- ▶ [The Eight Building Blocks of CRM: Strategy](#)  
Ilona Hansen (G00311297)
- ▶ [The Eight Building Blocks of CRM: Customer Experience](#)  
Mick MacComascaigh (G00313888)
- ▶ [The Eight Building Blocks of CRM: Organizational Collaboration](#)  
Jim Robinson (G00300328)

# Recommended Gartner Research

- ▶ **The Eight Building Blocks of CRM: Processes**  
Brian Manusama (G00316534)
- ▶ [The Eight Building Blocks of CRM: Data and Information](#)  
Jason Daigler (G00299988)
- ▶ [The Eight Building Blocks of CRM: Technology](#)  
Olive Huang (G00312889)
- ▶ [The Eight Building Blocks of CRM: Metrics](#)  
Mike Lowndes (G00313925)

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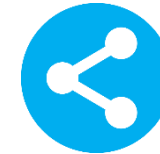
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