IBM Global Business Services
Executive Report

IBM Institute for Business Value

The path forward

New models for customer-focused leadership
The 2009 Global CRM Leaders Study

IBM Institute for Business Value

IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive brief is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. You may contact the authors or send an e-mail to iibv@us.ibm.com for more information.

By Cristene Gonzalez-Wertz

As businesses take the first tentative steps forward after the recent global economic pressures, it is time for marketing, sales and service executives to confront the undeniable market forces exposed by the downturn. Consumers are fundamentally changed, the world is increasingly digital and business models are challenged to be viable. As CRM professionals seek to develop new paths forward, they must quickly focus on developing customer insight and digital channels leadership that will allow them to transform customer experience, open new markets and reduce organizational complexity.

The 2009 IBM Customer Relationship Management Study reveals that 80 percent of global CRM leaders believe they are prepared to handle the demands of the current economic environment. However, even though most expect recovery to begin no later than mid-to-late 2010, they cite the economy as the force most likely to impact business decisions and results for the foreseeable future.

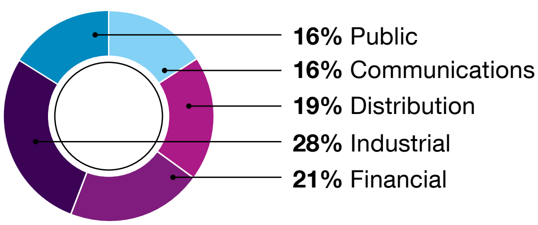
The depth of the recession and the likely-to-linger residual effects leave behind significant questions about the viability of old ways of doing business. For example, are the tried and true business models – those that created the economic boom of the early part of this decade – still valid? Do these models reflect the way consumers want to engage with businesses? Do businesses have the data when and in the format they need to create strategic insights that drive real growth?

To answer these questions and more, the IBM Institute for Business Value recently surveyed nearly 500 CRM executives – across roles, industries and management responsibilities – in 66 countries. Our goal was to assess the current state of marketing, sales and service and define the paths forward for leaders in the emerging digital age.

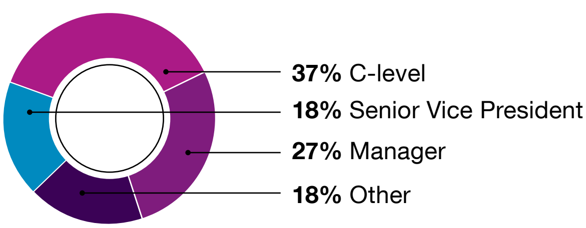
The 2009 IBM Customer Relationship Management Study methodology

Research overview: In May 2009, IBM, in conjunction with the Economist Intelligence Unit, conducted a Web survey of 478 CRM executives in 66 countries to define the emerging state of marketing, sales and service.

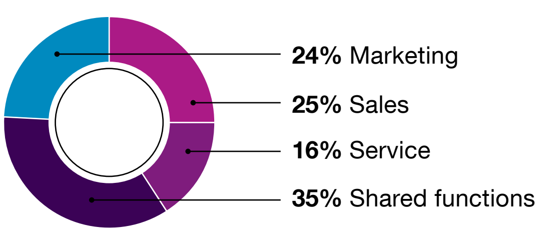
Interviews by industry



Interviews by title



Interviews by function



Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 1: **Breakdown of CRM study respondents.**

Our observation across multiple industries and geographies shows new market forces that are emerging will likely drive a major transformation of business models and customer engagement functions over the next few years. Customer interactions will have to be reshaped to address the changing dynamics of how people make purchasing decisions and engage with companies.

At the forefront of change is the digital information explosion. Consider, for example, that more data will be created in 2009 than in the past 5,000 years combined.[1] And with the world's four billion cell phones, two billion Internet users, thirty-three billion RFID tags and many billions of transistors adding data to the stream minute by minute, the information clutter is not going to abate anytime soon.[2]

Companies are inundated with so much information that making sound decisions becomes exponentially more difficult. The challenge becomes effectively mining the large mountains of data to find those bits of information and enable actions that add real customer value.

Closing this gap – from insight to action across any and all channels – is the foundation of new paths to leadership.

Today's Marketing, Sales and Service leaders, regardless of industry, business model or geography must:

- Listen across a wide array of connected people and things
- Learn by collecting, connecting and reducing data into insight made faster by technology
- Engage the customer simply and directly, moving seamlessly from decision to action in the business processes that drive relevant experiences
- Harvest these interactions to continuously improve customer engagement through all channels, devices and people.

A greater ability to mine data, leverage analytics and create an effective communications platform opens the door for three categories of leaders to emerge by 2012:

- **Customer Insight Leaders,** who optimize myriad data, transform it into something useful and create measurable value;
- **Digital Channel Leaders,** who harness new methods of creating value through customer interactions and new products, services and business models in an always-on digital world;
- **New Era Leaders,** who incorporate the best practices of each.

Further, these three segments will be able to choose – based on the business conditions they face and the market positions they want to occupy – from among three distinct levers to increase their potential for differentiation: Radical Cost and Complexity Reduction, Innovative Market Making and Strategic Service Delivery. Depending on the specific needs of the company, it may choose just one lever or combine elements from all three to craft a unique path forward.

Cost and Complexity Reduction entails taking costs out of business to make operations leaner, more flexible and more accessible to customers. Innovative Market Making focuses on social business design to engage customers, partners and suppliers in creating value. It provides the opportunity – or imperative – to cocreate solutions and products alongside customers, partners and vendors – even competitors. Strategic Service Delivery uses all available channels to improve the customer experience. Whether the customer chooses to call the contact center, visit a retail outlet or branch, find the answer via the Web or engage through social tools such as microblogging, strategic service considers the customer's goals and enables customer success. It optimizes every channel to be responsive and engaging – however, whenever, wherever and why-ever the customer chooses. It also allows the customer to move seamlessly from channel to channel – for instance, moving from the Web to the contact center or to a retailer to purchase what he or she has found.

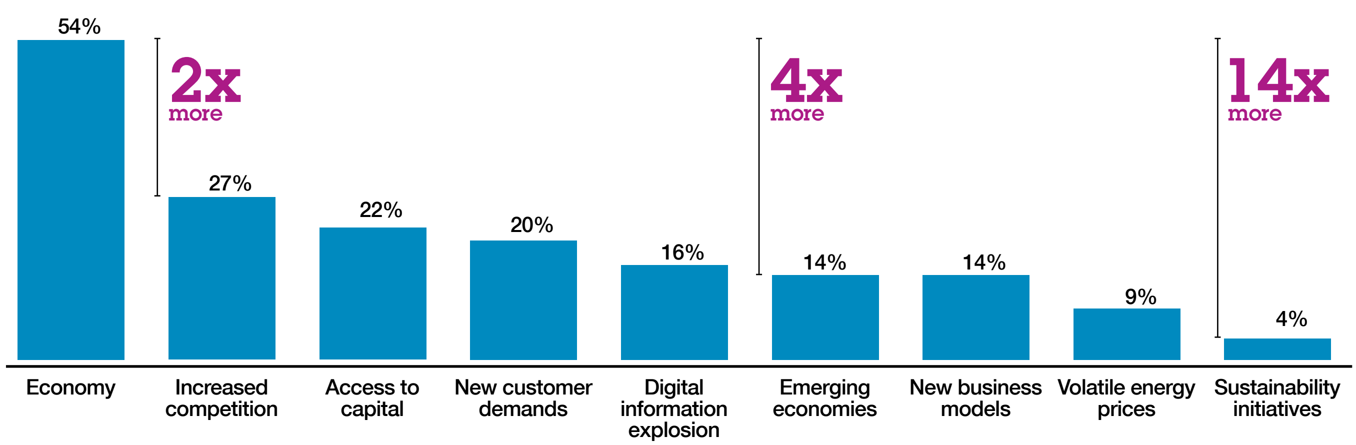
In the data-intensive, customer-friendly, digital age, leaders will be defined by how they develop and leverage insight to respond to ever-changing consumer demands. They will do this while embracing new digital communications for sales, service and marketing. Whether they focus on differentiating themselves through Customer Insight, Digital Channels or both, they will recognize the benefits by taking quick, decisive action to pursue their path forward. In this paper, we detail the categories of leadership and the levers that can be employed to get there.

The economy and market forces

Even though most of those we surveyed felt the worst of the economic downturn has passed, they still expect the economy to be a factor they must address for at least the next 24 to 36 months (see Figure 2). Similarly, it is hard to look forward and not expect that there will be less "easy money" available for large capital expenditures. Respondents also expect increased competition – not only from new entrants in emerging markets, but also from heightened pursuit of fewer consumer dollars. They recognize that the "old days" of open wallets and liberal credit are gone – at least for awhile.

Beyond the economy, increased competition and access to capital, three factors indicate the need to respond to a changing world: new customer demands, digital information and the rise of new economies as populations across the globe shift. Other external factors, such as volatile energy prices and sustainability, are critical to specific industries but are not global forces in the manner of the others.

The extent and speed with which most companies will be able to move beyond the economy and begin focusing on other factors that challenge performance depends more on where they are located than what they do. For example, when leaders were asked to assess the most important external factors likely to influence business decisions by 2012, only 36 percent of U.S. marketing, sales and service executives cited the economy, compared with 67 percent in emerging economies, 63 percent in the United Kingdom and 48 percent in Australia/Singapore. A number of factors play into these numbers, but, in general, those hardest hit by massive layoffs and financial institution collapse (such as the United Kingdom) are likely to be more wary long term of wandering their focus too far away from economic conditions when making decisions.



Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 2: **Selected market forces by 2012.**

By contrast, the United States places almost as much emphasis on access to capital and the digital information explosion (27 percent) in 2012 as the economy, significantly above the 16 percent for respondents overall and more than 3 times that of China and India.

In China, India and emerging markets, increased competition and access to capital are projected to be significant market factors.

With global focus still so heavily directed toward the economy and increased competition, three forces flew under the collective radar of our respondents that we feel deserve considerably more attention: new business models, new customer demands and the digital information explosion.

Fast forward: Three key forces driving change

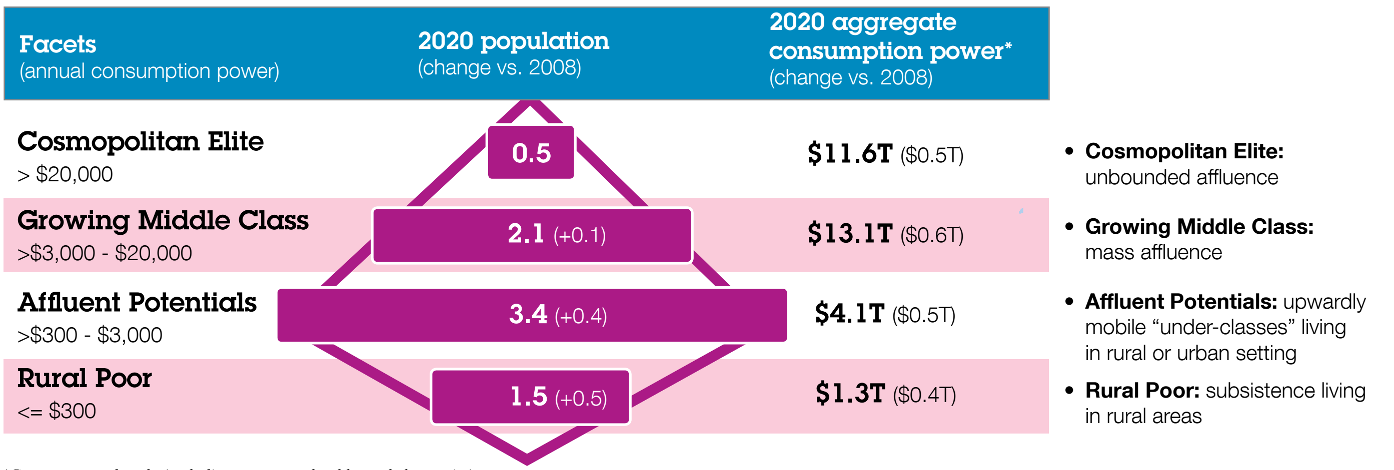
Today's empowered and enlightened consumer is driving marketplace changes we believe have a significant impact in companies' go-to-market and service approaches. Consumers today are more informed, aware and concerned about products. Faced with a deluge of product information and choices, they have the capability to tune messages in or out. They purchase products and services through an ever-growing, changing number of channels. They consume a wider range of products than ever before, and they are not easily segmented into categories or descriptions.[3]

It was, therefore, surprising that three external forces related to satisfying the needs and wants of today's consumer were not more highly considered by survey respondents: new business models (with 14 percent response), increased customer demands (with 20 percent) and the digital information explosion (16 percent).

Faced with a deluge of choices, consumers have the capability to tune messages in or out.

New business models – Many traditional business models are in decline – or are outright failing. The financial services industry, for example, has been propped up by government intervention. Healthcare, regardless of geography, is outstripping the resources allocated for its delivery. Many newspapers, slow to respond to the digital era, are stopping the presses permanently. And the music industry today has a radically different primary distribution system. The message is clear: outdated business models must be transformed to meet the evolving demands of the digital age consumer.

Increased customer demands – It isn't only a digitally savvy and informed customer who is changing the CRM outlook. Executives must also address a redistribution of wealth and population. Dramatic growth in emerging markets is being offset by stagnation, or even declines, in regions that have been among the wealthiest in the world (see Figure 3). Further, many consumers in the developed markets have radically changed their spending habits. Responding to these dynamics will be critical for companies that aspire to market leadership.



*Consumer goods only (excluding consumer durables and electronics).
Source: IBM Institute for Business Value analysis; World Bank, "Bottom Billion;" World Resources Institute; United Nations.

Figure 3: Aggregate purchasing power of a shifting global population.

Digital information explosion – It's not simply the volume of digital information, but the impact on traditional media models and on the business at large that drive needed changes. For example, airlines and hotels are impacted with new technologies that allow virtual meetings, potentially decreasing demand for business need of their services. The media industry has seen the decline of the compact disc and plummeting DVD sales as customers express their preference for digitally delivered content. Consumers are actively searching online for ways to save money across their entire spending portfolio.

Customers will expect to have a hand in developing products and service approaches that meet their needs through cocreation.

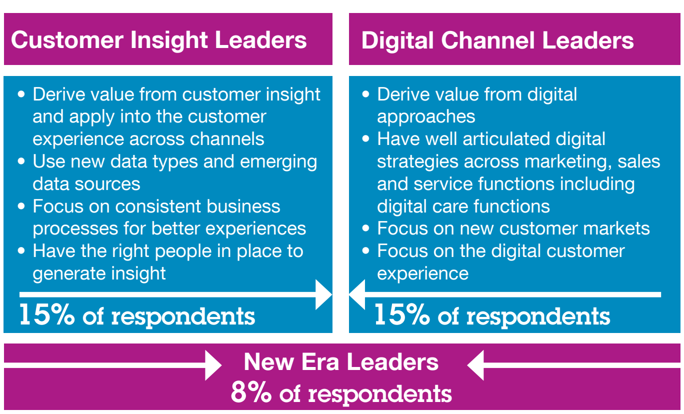
Businesses will need to harness these actions and to create usable information – listening and learning before engaging with customers to create flexible and adaptive business models. They will need to harvest what they learn and deliver content seamlessly across channels to facilitate customer interaction. Customers, on the other hand, will expect to engage the company wherever and whenever they choose and have a hand in creating products and service approaches that meet their needs alongside the company, a rising phenomenon known as customer cocreation. Customers will increasingly guide organizations to less complex approaches to meet their needs. This symbiotic approach – leveraging the customer's input – is at the heart of new social business designs that drive innovative market approaches and better strategic service.

New definitions of leadership

Demonstrating leadership: Insight, experience, channels

Those companies that respond to the market forces driving change and understand on a fundamental level how customer preferences are evolving are those most likely to be well positioned to assume leadership positions over the next few years.

The optimum path for leadership will be determined by where and how companies apply their knowledge. Ultimately, we believe three categories of leadership will emerge that have the potential to separate innovative enterprises from the pack: Customer Insight Leaders, Digital Channel Leaders and New Era Leaders (see Figure 4). Companies using these leadership models are likely to show clear performance differences over those not undertaking similar approaches. Leaders will be defined by the degree to which they embrace new digital communications, service, marketing and delivery channels (Digital Channel Leaders); cater to the needs and demands of a new breed of enlightened and empowered consumer (Customer Insight Leaders); or both (New Era Leaders).



Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 4: Leadership attributes.

Customer Insight Leaders

Customer Insight Leaders account for 15 percent of all companies we surveyed. They are most adept at capturing, using and deriving value not only by generating insight but by moving from insight to concrete business actions through their people and their business processes. They are expert in the use of emerging data sources, such as GPS, web surfing and social network analysis. Instead of simply collecting the data, they use it. Leaders leverage the right people to build and disseminate insight across the organization 83 percent of the time – versus 15 percent among nonleaders. They are better equipped to leverage the drivers of loyalty, with 67 percent reporting they understand loyalty versus 22 percent of those who are not leaders. They have solid business processes to support customer experience far more often – 75 percent for leaders versus only 15 percent for others.

Leaders start with what the customer wants and tune processes by channels – allowing better measurement and better customer experiences. They also take the opportunity to learn from customers to create better experiences by addressing what is wrong in the current experience. They are more likely by more than three times to understand where targeted improvements can improve the customer experience through delivering on “Moments of Truth.” Customer Insight Leaders can effectively deploy new paths forward with greater success because they understand where cost can be removed without risking impact to customers. They center the changes on improving service strategically. They mine customer dialogues for needed improvements and for new ideas to reshape the business.

Characteristics of CRM leadership

Our study shows that leaders, regardless of category, have a bias for action. They understand how to position their companies to withstand the rigors of an economic downturn. They provide their people with the proper tools and analytics. Leaders are more apt to use insight to determine what drives customer actions. Across industries, geographies and business models, they share common traits. Among them are:

- Leaders across models are more likely to take difficult actions early in an economic cycle that allow them to move forward quickly. For example, during the recession, they were 20 percent more likely to have made staff and budget reductions than others. Similarly, they focused on scaling back or slowing projects where possible.
- Outperformers recognize the value in focusing across the channels to make changes based on both efficiency and customer satisfaction. For example, leaders were twice as likely as others to have shifted into e-commerce and reduced contact centers.
- Leaders are two and a half times more likely than others to use insight to drive growth and are three and a half times more likely to have the right people and competencies in place. Overall, they are more likely to understand the customer lifecycle and use insight for repeatable business processes for better customer experiences by a four to one margin over their peers.
- Leaders understand customer loyalty better by a factor of three times – and do not equate it with a loyalty program. They understand, for example, that a discount program does not maintain loyalty; it maintains frequency. They know, however, that loyalty comes from making customers more engaged, smarter, better connected and more informed.
- Leaders are four times more likely to understand where they have the opportunity to learn and create better experiences by fixing what customers tell them is wrong. They know that when an organization can learn specifically where it needs to improve, it can create better experiences and richer, deeper customer connections.

Leaders in each category exhibited these traits, but New Era leaders were substantially above average in every aspect (see Figure 5).

47% versus 23% focused on increasing ecommerce	**75%** versus 14% have the analytical tools to generate insight	**83%** versus 15% have the right people to generate insight
42% versus 18% closed contact centers	**75%** versus 15% effective business processes for all experiences	**67%** versus 31% have a multichannel strategy
56% versus 30% increased promotional pricing tactics	**67%** versus 22% have a good understanding of what drives loyalty	**58%** versus 24% have a digital service strategy

Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 5: **New Era Leaders versus all other study participants.**

Digital Channel Leaders

Digital Channel Leaders encompass about 15 percent of the respondents and outperform even the Customer Insight Leaders on elements of digital and multichannel strategies. Digital Leaders show a 65 percent prevalence of a multi-channel strategy – a 20 percent increase over Customer Insight Leaders. That difference holds as well for digital marketing strategies – where 81 percent of Digital Channel Leaders report having an effective digital marketing strategy versus 65 percent of Customer Insight Leaders. Another area of difference is embracing digital service strategies, where 68 percent of Digital Leaders advanced a service strategy that encouraged customers to be served in the lowest-cost channel to meet their needs. The research showed 56 percent of the Customer Insight Leaders with a similar strategy. In particular, Digital Channel Leaders were more focused on mining online conversations for insight – with 33 percent of them indicating an interest in doing so.

New Era Leaders

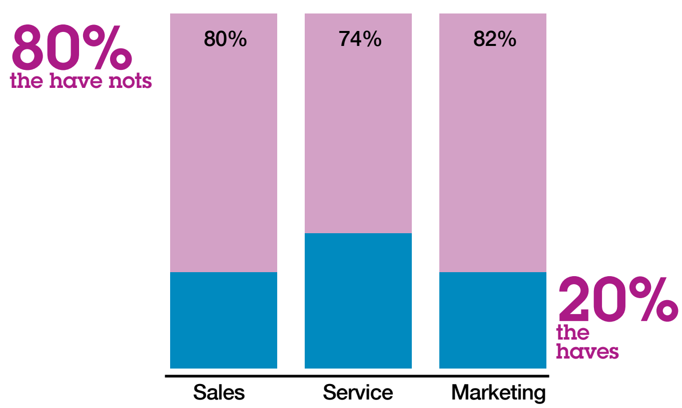
New Era Leaders, at 8 percent, are the rarest of the new generation of innovators, employing both customer insight and digital channels to respond at the highest levels in both arenas. They derive value from the same sources as Digital Channel and Customer Insight Leaders – analytics and emerging data sources. New Era Leaders are four times more likely than average to have the right analytic tools in place and have an effective e-commerce strategy. They represent an extremely powerful combination of having insight and knowing exactly what to do with it, digitally as well as across all channels.

Regardless of what leadership model they choose to employ, outperformers tend to share specific characteristics (see sidebar). They are rarely defined by role, geography, industry or business model but are identified through their willingness to take bold action and act outside of traditional boundaries.

In all categories, leaders provide the necessary tools to create impact. The gaps between leaders and others are significant when these tools are present:

- Only 20 percent of sales executives report they have the critical tools to do their jobs effectively. Yet, our findings show that well-equipped sales leaders deliver two and a half times the customer value of their peers.
- Marketing is the least well equipped, especially in analytics – less than 20 percent of respondents regularly receive analytics, compared to 63 percent for leaders (see Figure 6).

Lack of proper tools is akin to trying to drive a car at high speeds and with great precision with only one hand and no instrumentation. Similarly, leaders focus on having the right personnel in critical roles to generate and distribute insight. These people are crucial not only to creating insight, but helping make it consumable and actionable for the organization.

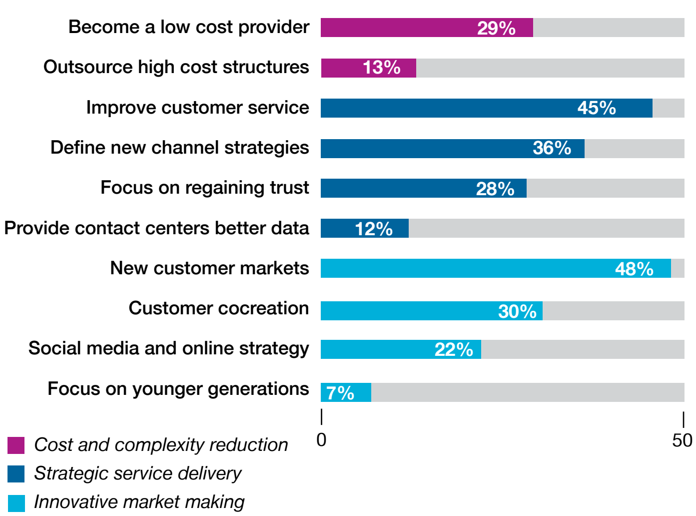


Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 6: **20 percent of CRM professionals have regular access to analytics.**

Moving forward: Three levers for success

In the data-intensive digital age, companies with leadership aspirations must decide on the levers that provide the most opportunity for differentiation. We asked participants what approaches they would take to differentiate themselves in the next three years. Entering new customer markets was the most prevalent option, selected by nearly half of respondents. Improving service was second, at 45 percent. New channel strategies and customer cocreation were the next big areas of differentiation, closely followed by becoming a low-cost provider and regaining trust, each identified by about one-third of respondents. However, with areas of differentiation reflecting a wide group of responses, it can helpful to group them into levers that reflect the intent and organization's overriding need. This leads to three core levers: Cost and Complexity Reduction, Strategic Service Delivery and Innovative Market Making (see Figure 7). Of these, Cost and Complexity Reduction is often the least customer-centric path, while Strategic Service Delivery and Innovative Market Making each offer progressively more customer engagement.



Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 7: **Three core levers to drive the path forward.**

Cost and Complexity Reduction

Cost and Complexity Reduction makes operations more flexible, leaner and more accessible to customers. While traditionally treated as solely an internal measure, increasingly the benefits of cost and complexity reduction, especially via digital channels, can decrease the costs to serve customers. This is a sizable opportunity – as 66 percent of the respondents disagreed or were neutral about their companies' abilities to offer a digital service strategy that allowed them to focus on cost-to-serve.

Businesses tend to get more complex over time. Optimization across channels and business functions can be challenging when speed is needed to enter new markets or improve service. This speed can actually suboptimize effective design in preference to "getting it done." However, creating and sustaining leadership in today's economic environment will require businesses to make complex processes more responsive to customers and global business conditions. By making Complexity Reduction a goal from the outset, entry into new customer markets and delivery of improved service allow the right processes and channel optimization at the start. The organization becomes simpler, faster, smarter and more flexible. It becomes as effective as it is efficient. Last, Cost and Complexity Reduction can be critical in freeing up capital to support and sustain these emerging operations.

Innovative Market Making

Innovative Market Making changes the way organizations enter and develop new markets. It focuses on cocreation of value and social media to engage customers and understand interactions with vendors, government bodies and competitors. This social framework allows companies to detect and predict changes in market changes and customer demands and respond accordingly. Conceptually, market making uses this collaborative paradigm to deliver new products and services to new markets faster and with greater flexibility.

Innovative Market Making has the external social media components we have come to expect, but has also enabled internal collaboration – making it easier to find information, people and ideas across the company. However, it also recognizes that regardless of how many employees a company has, great ideas, technologies and paths to interaction are often found outside the enterprise. For example, years ago, IBM physicists realized that a laser could make a clean precise cut, allowing them to engrave our name in human hair. How could this have commercial value? Well, someone else figured out that this approach could, in fact, be used to create a smooth cut in the sclera of the human eye, leading to laser vision correction. Other companies brought the technology to market and, by 2009, it represented a $US2.5 billion market in the United States.[4]

Strategic Service Delivery

Strategic Service Delivery encompasses activities that improve customer interactions through new channels to engage in dialogue creation. Strategic Service Delivery provides the interactive and data-driven means to continually learn from and share with customers how companies meet their needs.

It also allows a company to improve customer convenience. One example of this is using the Internet to deliver improved service and troubleshooting techniques. We no longer need the CD that came along with a printer to install drivers, as we can download them directly. Similarly, when individuals can categorize their credit card spending through tagging and graphing, they gain a much richer picture of their financial data and can undertake changes they desire.

	Customer Insight Leaders	Digital Channel Leaders	New Era Leaders
Cost and complexity reduction	• Focus on business process to apply insight more rapidly to all channels • Understand where to remove cost without impacting experiences	• Reduce marketing contact costs • Simplify sales process • Reduce cost in the service processes through self-service and guided approaches	• Use insight to drive cost reduction across the CRM functions and understand the dependencies • Can measure the success of channel switching programs
Strategic service delivery	• Understand and can measure consistent channel delivery • Focus on the full customer lifecycle	• Deliver Web-based content that engages across customer lifecycle • Understand cost to serve in digital channels	• Provide multipoint measurable access for service delivery across the customer lifecycle • Can combine channel specific metrics into customer-focused metrics
Innovative market making	• Actively listen and learn from the voice of the customer across channels • Collaborate with customers on products, services	• Use multiple forms of social media to engage • Harness the power of the Web-based customer advocates to engage potential customers	• Deliver new digital offerings that enable better customer value at favorable costs • Use new forms of testing and measurement to collect Web-based feedback in realtime

Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 8: How leaders can apply the three levers for success.

Strategic Service Delivery now allows customers to lead other customers to better decisions. Through ratings and reviews, whether on a company-owned site or on a social network like Facebook, customers express their preferences and brand connections, allowing those around them to leverage the wisdom of the crowds who have faced the same purchase decision.

Each path forward meets certain conditions in the market better than others. These must be matched with organizational strategy to determine the correct path (see Figure 8).

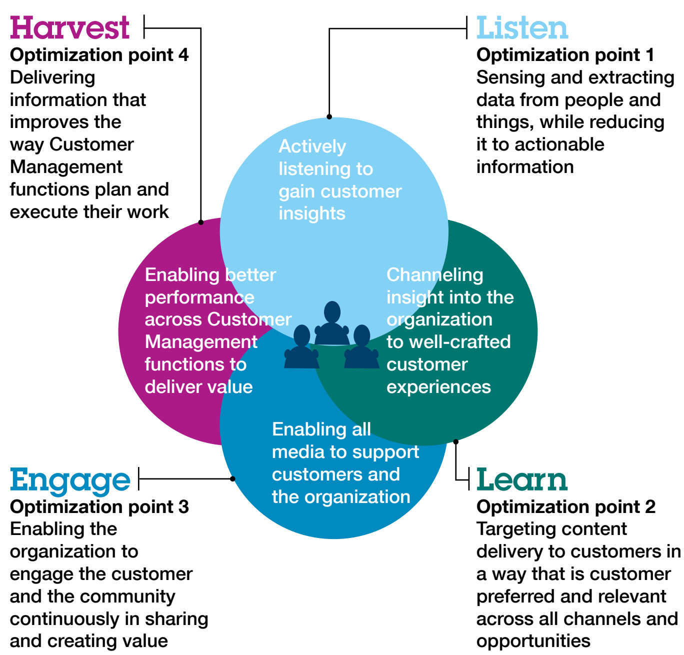
Regardless of the path selected, however, new leadership models will be needed that enable each path forward and reflect the increasingly information-rich, digital world. These models drive where the organization will invest in improvement, as well as the lens by which it will direct its human and operational assets, such as process and technology.

The roadmap forward

In examining the paths forward chosen by Digital Channel, Customer Insight and New Era leaders, we find that both market making and strategic service require four specific areas of action, with each sharing a key optimization point (see Figure 9). Companies desiring to attain leadership along these paths must:

1. **Listen:** Sense and extract data from people and things, while reducing it to actionable information, i.e., actively listen to gain customer insights.
2. **Learn:** Target content delivery to customers in a way that is customer preferred and relevant across all channels and opportunities. This enables the channeling of insight into the organization to create well-crafted customer experiences.
3. **Engage:** Enable the organization to engage the customer and the community continuously in sharing and creating value. This entails enabling all media to support the customers and the organization.
4. **Harvest:** Deliver information that improves the way customer management functions plan and execute their work, including enabling better performance across functions to deliver value.

Listening and learning are central to customer insight development and application. Engaging and harvesting are core tenets of strategic service – and especially digital delivery.



Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Figure 9: Areas of leadership action.

The path to customer insight leadership

Customer insight drives success with any of the three levers. While the listen, learn engage, harvest paradigm defines the continuum of activities, the approach relies on defining what insight is needed and when and how it can be applied. To create strategic leadership in this arena, however, requires diligent assessment and planning (see Table 1).

Activity	Actions	Accelerators
Listen	• Document and redefine the customer experience. • Identify moments of truth based on customer input, front-line personnel feedback and publicly available data. Identify emerging data sources that deliver valuable information. • Look at as broad a range of information sources as the team can handle.	• Consider working with a business partner who has a predefined event and moment-of-truth library. • Look for vendors who offer deep mathematical expertise and models to validate findings and offer templated approaches. • Listening to the voice of the customer is not only a forward-facing activity. One of the advantages of Web-based traceability is that companies can go back over a period of time and develop an increased understanding of their customers as a starting point. Similarly, mining the rich contact center data companies have using semantic engines can drive increased insight without primary research.
Learn	• Apply the findings of listening activities in combination with sales performance and industry benchmarking to create new business models, products, services and interactions. • Focus on improving moments of truth as a priority. Set learning objectives for every interaction – including outcomes, metrics and customer success criteria. • Evaluate the technologies and infrastructures that provide the best support in delivering improved customer interactions. • Include these in a business case for any necessary investments.	• Use pre-built business case templates that can be customized to the organization's need rather than starting from scratch. Working from well defined assumptions and architectures can strip weeks out of delivery timing. • Testing models should be defined enough to allow rigor, but not so complex as to prevent pursuing new ideas.
Engage	• Enable customers to participate in dialogues, not just receive content. Pursue multiple ways for customers to rate, review, share and create content. • Focus on cross-channel continuity for experiences, processes and content delivery. • Develop measurement approaches as well as predictive analytics that focus on customer experience and customer objectives as well as cost and revenue.	• Select methods and tools that are flexible with minimal reliance on other parts of the organization for enablement. • Focus on sharing knowledge across the organization.
Harvest	• Continually review listen, learn and engagement results across the organization to update the experiences, business processes, moments of truth, channel interactions and service specifications. • Share wherever possible with the customer.	• Dashboards with customized views allow multiple parties across CRM to see only the data they need based on their role and permissions. • Use informal and formal means to share results and ideas. Human interaction still counts! • The digital era has brought visibility as well to experts around the globe. Seek out those improvement approaches and share ideas. These experts may not be in the organization, but are often wiling to engage with you.

Source: IBM Institute for Business Value 2009 CRM Leadership Study.

Table 1: **Developing listen, learn, engage and harvest competencies.**

What next?

Getting started depends upon an honest assessment of where you are, how you want to lead and how you want to get there. You must make a realistic assessment of your business model and its customer-focused strategy implications and determine the level of transformation needed. To assess your readiness, ask the following questions of your organization:

- Determine which levers best match your organization based on your specific needs.
- Examine the existing business model and revenue generation approaches and compare them against the experiences that customers want to have.
- Define and address any gaps in the four areas that enable you to focus on the customer experience: listening, learning, engaging and harvesting. Identify the current and new metrics that would allow specific improvements to the ability to define and improve experiences across the channels.
- Assess the capabilities of your core organization for development of customer insight and digital channel delivery. Determine the effectiveness of existing multichannel and digital strategies to deliver your needs. Are they tightly integrated across functions? Are they delivering results?
- Realign metrics and measures across the organization around the desired customer experiences, revenue that can be generated by delivering them, the insight needed to develop and maintain them and the channels that will deliver them. Create cross functional road maps that enable the desired business model, products, services and markets to be effectively developed, deployed and measured.
- Create specific organizational change plans for the people who will deliver the strategy and develop the organization's leadership potential to tie to the roadmap.

With the paths to leadership open before you, will your company take the necessary steps to be an outperformer in the new digital age?

About the author

Cristene Gonzalez-Wertz is the Global CRM Research Leader for the IBM Institute for Business Value. She has a background in marketing strategy, science and transformation with over 20 years real-world business and consulting experience. Her experience spans retail, media and communications, financial services, telematics and travel in development of customer-centric solutions. She is considered a social media maven by clients and colleagues and can be found on her blog, twitter, Facebook and other social media spaces. Cristene can be reached at *cristene@us.ibm.com*.

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