

Customer Relationship Management...

New Wave or Old News?

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Customer Relationship Management... Gauging from the literature that is flooding the management market with treatises on the topic, you might think that CRM is a revolutionary new concept that will lead corporations to Nirvana. I find it interesting that, once again, industry is lagging a bit behind the third sector in certain areas of marketing and management practice. For decades we at McConkey/Johnston, along with many others in the nonprofit arena, have been preaching that resource development is much more than fund raising... It is, in fact, relationship management. Only in the last 10 years has the idea dawned on for-profit companies that this is an important concept, thus the "birth" of CRM as a "new" management discipline!

While some authors have rushed to add their two cents to the "discovery" that relationships are at the heart of customer satisfaction, some also have realized that the issue isn't primarily one of technology. A recent article in the Harvard Business Review by Rigby, Reichheld and Schefter (see Avoid the Four Perils of CRM, April 2002) points out, quite correctly, that developing quality customer relationships is much more than a function of the IT department.

What the article underscores is that for the company (for-profit or nonprofit), it is the CONCEPT of CRM that is the most critical issue, rather than the mechanisms (software/hardware) that are used to implement it. It is evident in our own experience, and supported by Rigby, Reichheld and Schefter, that CRM is a mindset that must shape a company, its structure, products and business practices toward true relationship development with its customers/donors. If that mindset is not grasped by organizational leadership, and throughout the organization, then the "practice" of CRM will, indeed, be stillborn. In fact, as some of the companies profiled discovered, a failed CRM effort can produce serious consequences in terms of fractured relationships with existing customers.

Rigby et. al. make several very good points... First, they emphasize the need for strategy to drive systems. CRM isn't a "project" for the IT people to implement. It is a concept that should shape the very

way a business thinks about itself. Second, and this goes back to the very concept of marketing, CRM is all about the customer. Customer needs / wants / desires / behaviors / expectations / etc. should be driving the strategy of any organization that relies upon those customers. Software and hardware are merely tools that can be used to enhance what already exists -- and the quality of the "tools" will vary widely depending upon the resources a company wishes to pour into "solutions."

What does this mean for nonprofit organizations and, especially, ministry organizations? It means that better donor software is not the answer to your needs. It can certainly be a part of the answer. But the essence of success is to found in building a strategy that recognizes the diversity of your clients / donors (segmentation) and develops appropriate company initiatives / responses to address the intricacies of their relationships with your organization.

The primary "CRM Imperative" in the eyes of most nonprofit managers, and for you, is shaping the mission of your organization as it regards your served clientele, whether they be homeless and hurting in America's cities or spiritually needy on the foreign mission field. In the development arena, Customer Relationship Management should be nothing new. But we believe there must be a sense of "mission" -- a "CRM Imperative" -- that must be pursued for your support constituencies, as well. That imperative is enacted in the form of the carefully-crafted development/marketing plan that should be continually refined and honed and shaped and implemented. Effective CRM shows up in customer/donor retention to your cause. Stunningly successful CRM efforts are evidenced by customers and/or donors whose involvement and loyalty is such that, as far as they're concerned, you HAVE no competition.

Sounds like a nice problem to have, wouldn't you say? Getting there represents the primary challenge faced by the nonprofit organization. Examining the foundations of your development and marketing efforts might be a good place to begin. Then revolutionize your efforts by placing as strong an emphasis on the "care and feeding" of those who support your work as those who ultimately benefit from your cause. You may be surprised at the outcome.
