SOLUTION OR PART OF THE PROBLEM?

David Jacobs (pictured) poses the key questions you should ask when considering new systems that have a sales or customer focus.

A new system is often seen by the modern business as a solution to its problems. But without a careful questioning approach, the introduction of such a system can easily become more of a problem than a solution.

Worse, in the customer-facing systems arena, not 'getting it right' can be more damaging than in other areas of the business – resulting in loss of sales or even complete business meltdown.

As a start point, most people accept that projects to implement customer-facing systems usually fail when run as a technical exercise. This is so well-known that we should be way beyond such misapprehensions by now. The problem is, we don't get much detail on how to run projects as a truly business-led exercise in order to end up with the perfectly aligned IS/IT and business functions the pundits talk so much about. We know we need to focus on business objectives but after that the signal goes weak.

One way forward is to ask the following key questions when you are faced with a possible systems project in the customer area. After each question, there is a short analysis describing how to get it right:

Question 1: Do you really need more 'computerisation'?

Too often the sales department believes it needs 'a new CRM system' when in fact that's not the real problem. Challenge the assumption that poor systems are to blame: is it improved business processes you need rather than improved software systems?

For example, I was once asked to specify requirements for a project to implement a package solution for a media sales business. What I found was, in fact, the client needed a new set of business processes before any new systems could be usefully considered.

The existing processes were highly complex having evolved over time in a semi-manual environment; and shadowing them in a new software system (package) would have been almost impossible without an inordinate degree of customisation.

The new system was seen by management as 'the answer' when in fact it was a delusion that a new system would clean up their processes.

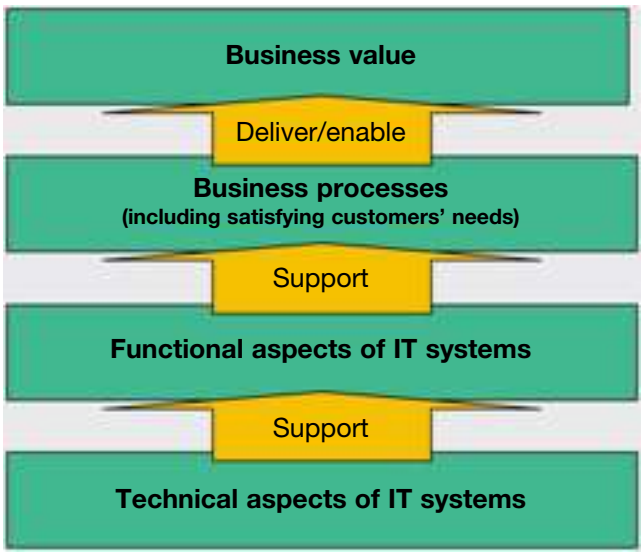
Please be aware that any remit to change processes as little as possible when matching them to incoming software is dangerous, in terms of achieving business value. Any business process in scope has to be in very good shape at the very least or you will waste time and money computerising it.

Likewise, in order to get maximum value from your project, you need to know at least roughly where value comes from.

Further on, in Question 3, I present four categories of possible value. Once you know about these categories you can see why implementing new systems against complex processes without re-engineering the processes, or at least critically re-assessing them, can be so costly.

So, ask yourself what else you could do, pragmatically, to improve the customers' experience (without making them pay for your time – there are too many poorly designed websites around where the customer is asked to do most of the work, gets frustrated and logs off!).

FIGURE 1: Simplified view of business value enablement



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There are many things business departments can do to improve their customers' experience and their internal operation, without having to commission new systems which may take so long to implement that they are out-of-date before they go live (out-of-date in the sense of out of sync with current business practices and required processes, rather than with today's technology).

We know technology on its own is not the answer – any more than a new set of golf clubs is the answer to being ropey at golf! However, a well-conceived and executed series of golf lessons is likely to be a completely different story.

The lesson is that it is the whole business that delivers value to your customers and not an individual software system or website – Figure 1 above shows the basic layers of value delivery. Either of these latter elements of course may help, but only if carefully designed and deployed.

Below are some suggested techniques for making such a move into taking the 'wider, all-encompassing view of the business process', which can reap handsome rewards in optimisation of business value. There are also some practical ideas for boosting business value that do not require new systems.

Question 2: Do you know what your customers want?

Make sure you have researched your customers' experience and understand it (preferably as it is currently and how it would be ideally), so you can identify the differences to form a macro-level roadmap, taking into account internal as well as external 'customers'.

Don't work on an imagined basis: the cost of even a slight inaccuracy in your imagined customer experience can be disastrous. A supplier of systems won't know exactly what your customers' needs are, so make sure you do.

There are plenty of external market research companies who can help if your internal resources are not up to scratch. Failure to do this research may result in an entirely misaligned project or programme, so please don't run projects on a whim.

Produce a business case that defines your goal and try to understand how you will get there (the micro elements that support the macro-level road map).

It's this 'how to get there' detail that most projects fail to identify and follow through on. And that all-important value-

related detail sits predominantly within the processes, people and use of information and not so much within the domain of the IS/IT systems.

The latter should be seen as tools to support processes rather than to drive them (that policy leads to blind alleys). And badly implemented or overly relied-on systems can easily hinder processes that are otherwise good, thus damaging the 'business value equation'.

Question 3: Do you know where value will come from in your project – how it will arise?

I mentioned above that many business organisations believe there is value in software systems (*per se*) whereas the value lies within having appropriate business processes in operation.

My organisation has run an assessment over a number of years of where value comes from in the area of business information and systems practice. It's a highly 'guesstimated' process but nevertheless the results are sobering.

We find that business value arises from four categories of activity:

1) Business processes and their re-engineering.

2) The functionality of any software systems involved in supporting business processes.

3) Combinations of business processes and software functionality subtly bound together (and too hard to separate).

4) Intangible value, such as image and morale.

Now, here's the bullet. We estimate that Category 1 (business processes and re-engineering) accounts for 65-70% of any value a business systems project might yield. Category 2 (systems functionality) accounts for a much smaller 10-15%. Finally, Category 3 (combinations of 1 and 2 too subtle to unravel) plus Category 4 (intangibles) account for the remaining 15-25%.

Now, even allowing for error, this says business processes are comparatively far more important than software systems in providing value. So, as in the analogy above where the golfer's skill is their biggest asset, so the business process is the primary provider of value. Computer information systems may help a business, but only if used in a supporting role rather than being expected to lead (this is like driving in reverse to get you to work).

Value is created by people performing business activities, using information to satisfy a customer need, at a price that is mutually advantageous.

Question 4: Do you balance people and technology (man and machine) for optimum value to the customer, without compromising internal effectiveness and efficiency?

This is where value is won and lost (and sadly, too often lost). So try keeping in mind that, as stated, business value – for you and your customers – arises from the effective and efficient combination of people, information and systems.

The successful combination of these elements in achieving optimal processes depends on a number of factors, not usually given sufficient consideration, that should be covered in the design phase. These include:

● Avoid over-automating. Do not follow the mantra 'automate as much as possible'. It is a myth that this is a good plan. It usually leads to what pundits call over-alignment – ie, inflexibility.

● Consider who controls decisions. Humans are better at some tasks (making judgements), computers are better at others (crunching numbers and searching large databases). Aim, in the production situation, to keep people in control and 'in touch' with what processes are trying to achieve, and yet supported as much as possible by the software system without people becoming complacent.

Staff believing the system will do more of their work for them than is likely to be the case has caused many an 'expectation gap' (disappointment) over the years.

● Cater for downtime. Systems will be down from time to time. I see many businesses crippled when systems are down or even when the system is slow (which is nearly always!). Expect gremlins in your use of technology and show how proactive you are at dealing with them. Too many companies will say 'Our system is down, can you call back?' – and I ask myself: is that progress? It reminds me of the current traffic speed in London; not much faster than the horse and carriages of 150 years ago. Technologies bring their own 'negatives'; providing we recognise this and react, in the IS/IT industry, we can do better.

In summary, getting real business value is simpler than many believe, providing you recognise that value comes from your business processes and the principles that they uphold.

Business value in customer management does not derive from the systems you have – although you may need them to help serve your customers' needs.

Good luck with satisfying your customers and keeping your operation effective and efficient.

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