THE PURSUIT OF EXCELLENCE IN PROCESS THINKING AND CUSTOMER RELATIONSHIP MANAGEMENT

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It is deduced from evolutionary economics theory that the first priority in sales and customer relationship management improvement is to identify, recruit, and train process thinking excellence. A method of measuring process thinking excellence is presented. We also propose a method and metric that the excellent process thinkers in sales management can use in pursuing customer relationship management best practice excellence.

How many companies can *identify with precision the core processes and related employee skills and behaviors* needed to design and deliver the required customer value exchanges? (Grant and Schlesinger 1995, p. 71, emphasis added)

In analyzing customer relationship management (CRM) successes and failures, scholars agree that CRM requires superior business process management that includes skilled selection, deployment, configuration, and implementation of CRM best practice processes (Day 1994, 1999; Grant and Schlesinger 1995; Leigh and Marshall 2001; McCormack and Johnson 2001; Reinartz, Krafft, and Hoyer 2004). Zablah, Bellenger, and Johnston observe that the academic literature has emphasized that a customer-oriented corporate culture is key to CRM success; however, much of the literature has "failed to emphasize the importance of a *process*-oriented culture" (2004b, p. 486, emphasis added). Srivastava, Shervani, and Fahey identify the CRM process of the firm as one of the three core business processes of the firm: the other two are the product development management process and the supply-chain management process: "Managers therefore must understand the domain, role, and contribution of each *core process, the connections among them,* and their broad consequences for marketplace and financial success" (1999, p. 179, emphasis added).

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Through all of this scholarship runs a common thread, a core employee skill: the skill of thinking broadly, deeply, and creatively about selecting, configuring, and implementing superior (best practice) CRM processes and the ability to lead the implementation of such best practice processes within the organization. In this paper, we build on an implication of this conclusion, which is that the first priority of senior and sales management is the pursuit of excellence in employee process thinking.

First, we explain why employee process thinking skill and implementation skill are of paramount importance across the sales force from senior sales management to sales support employees and then propose an inexpensive way of reliably identifying such process improvement thinking skill in prospective sales recruits and in current sales and customer relationship managers. In the second section of the paper, we propose a business metric for measuring the businesses' progress in its pursuit of customer relationship excellence. It takes the form of an audit of whether core CRM best practice processes are present in the organization. We thus introduce four new metrics into the discourse on sales management best practice and management: personal process improvement skill, personal process thinking skill, and personal political skill at the manager/employee level, and CRM process capabilities measurement at the organization level.

PAST AND PRESENT PROCESS THINKING EXCELLENCE

How do particular best practice processes emerge in markets and why do some succeed and others fail? In the language of evolutionary economics, the "winnowing" effects of changing environmental constraints and supply–demand disequilibrium can lead to a loss in product and service sales, a lot of financial

red ink, and the failure of enterprises whose past and present leadership have been inferior to the competition in their selection, development, adaptation, and management of business processes (Dickson 2003; Nelson and Winter 1982). For example, failure in senior sales management best practice process thinking and implementation withers an organization's CRM learning processes and culture. As a result, some or all of the firm's CRM resource deployment processes, system control processes, and added-value primary operational processes become "routinized," antiquated, and, in turn, they become a liability that leads to a loss of its offerings' competitiveness. This leads to a loss of sales and a loss of capital. Management is then either replaced or the business fails.

Either way, through management terminations or business failure, in reality, the market has winnowed out inferior process thinking (past and present). The market selects on the poor process selection skills of past and present management. It is market selection on the process selection skills of managers, thus a theory of *selection on selection* (Dickson 2003). Managers select processes, markets select on managers' selection of processes: a simple evolutionary theory of selection on selection.

So how should sales managers be thinking about business processes and best practice processes when they "select" processes? Note that when they do nothing, they select the current standard operating procedures and practices. What should be their process mind-set when selecting, deploying, configuring, and implementing CRM? Again, evolutionary economics provides such a mind-set, a schematic framework to guide management thought in their pursuit of process thinking and sales excellence.

Added-Value Process Competitive Advantage

Selection on selection (SoS) theory incorporates the industrial organization (IO) theory that it is the processes in the added-value chain that create decisive cost and quality advantage for the firm (Porter 1984; Schumpeter 1942). The primary added-value processes that IO theory studies are in-bound logistics, manufacturing operations, and CRM; that is, distribution, sales, marketing, and services that all manage customer touch-points and customer service processes. IO theory is based on the premise that inferior added-value chains will be eclipsed by superior added-value chains. Superior global supply chains will eclipse inferior global supply chains. Thus, the competitive focus should be on added-value *process* competitive advantage. For the CRM link in the added-value chain, this means developing superior marketing, selling, service, and distribution *processes.* It also means integrating these functions' processes (Landry, Arnold, and Arndt 2005) so that all of the customer touch-points are managed together rather than separately.

This leads to the following propositions:

Proposition 1: An added-value supply chain is made up of sequences of in-bound logistic processes, manufacturing/ operations processes, and customer relationship processes.

Proposition 2: Superior process management requires an understanding of a supply chain's points of best practice process strength and weaknesses.

Proposition 3: The competitiveness, evolution, and survival of unique added-value supply chains depend on the quality of its customer relationship processes compared to best practice processes.

Search and Operational Routines

There is another complementary way of thinking about organization processes and CRM systems. Nelson and Winter (1982) divided organization processes into search routines and operational routines. An organization's search routines include its research and development routines and its market learning routines. In their extensive simulations of the evolution of markets, Nelson and Winter studied large and small firms that either learned through (1) strong innovation learning processes, (2) strong imitation learning processes, or (3) search processes that included both innovation and imitation learning processes, a combined innovation–imitation learning strategy. The large firms with strong imitative learning skills almost always dominated smaller firms with innovation skills. But whatever the mix of innovation and imitation, the point is that a process hierarchy exists: the firm's search and learning processes *directed* the improvements and increased competitiveness of the firm's operational routines.

What Nelson and Winter conceptualized is a two-step hierarchy of organization processes (Nelson and Winter 1982; see also Nelson 1991, p. 68). This hierarchy was developed by Dickson (2003), who categorized the general "search routine" into a nested hierarchy of three types of processes—learning processes, resource deployment processes, and operational system control processes. The operational routines of the business are nested within system control processes, and these processes are nested within the higher-order processes of the firm, its resource deployment, and learning processes (see Figures 1 and 2).

Figure 1 illustrates that the *first-dimensional* way of thinking about the configuration of a firm's many business processes in an IO left-to-right horizontal marketing-sales-delivery-customer service-added-value chain of core processes. They are often out of sync and not seamlessly connected to each other (portrayed by them not being on the same line) because of functional silos (the vertical lines in Figure 1). The *second-dimensional* way of thinking about the configuration

Figure 1
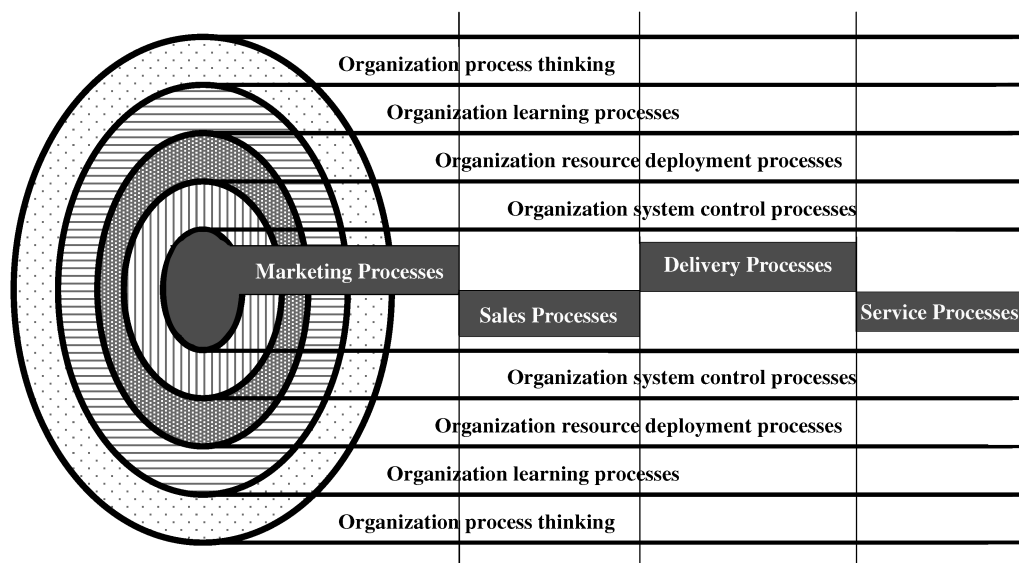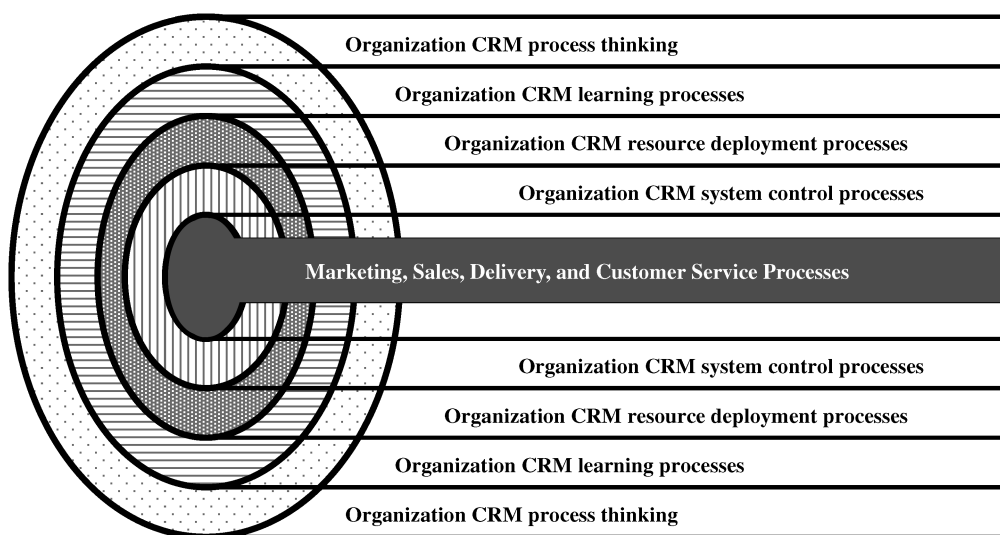**Process Thinking and the Process Learning Hierarchy**

Organization process thinking

Organization learning processes

Organization resource deployment processes

Organization system control processes

Marketing Processes | Delivery Processes

Sales Processes | Service Processes

Organization system control processes

Organization resource deployment processes

Organization learning processes

Organization process thinking

Figure 2
The Breadth and Depth of CRM Process Organization

Organization CRM process thinking

Organization CRM learning processes

Organization CRM resource deployment processes

Organization CRM system control processes

Marketing, Sales, Delivery, and Customer Service Processes

Organization CRM system control processes

Organization CRM resource deployment processes

Organization CRM learning processes

Organization CRM process thinking

of organization processes is vertically where the core, added-value processes are wrapped in system control processes that are wrapped by resource deployment processes that are in turn wrapped or nested in organization learning processes. It is as if the added-value chain is really a "cable" that has layers or processes wrapped around the primary added-value processes. All of these processes are ultimately determined by the past and present process thinking skills of key employees, particularly senior sales managers.

When CRM is done right, it seamlessly integrates the marketing-sales-delivery-customer-service core functional added-value processes by seamlessly integrating each function's system control processes, resource deployment processes, learning processes, and process thinking (see Figure 2). Dissolving functional silos requires breaking them down and rebuilding them at the operational level, system control level, resource deployment level, and learning levels of management. This is why it has been so hard to break silos down in many companies. Another important implication of the theorized nesting is that, because the learning and resource deployment processes of the firm direct the design and implementation of its CRM system control and operational processes, the first best practice

processes that should be adopted by the organization consist of CRM learning and resource deployment processes and practices. This leads to the following propositions:

Proposition 4: Superior sales management requires recognizing that there are CRM operational processes, CRM system control processes, CRM resource deployment processes, and CRM learning processes.

Proposition 5: Superior sales management involves understanding the CRM process hierarchy where CRM learning and resource deployment processes direct CRM system control and operational processes.

Proposition 6: The first focus of sales management should be in introducing CRM best practice into the learning and training processes of the firm and its resource deployment processes before attempting to improve the system control and operational processes of the firm.

Proposition 7: Firms that first attempt to improve their sales operational processes and system control processes, with the intention of introducing CRM best practices into their learning processes and resource deployment processes later, will struggle with implementing CRM.

Evolutionary Hot Spots

In evolutionary biology, survival and success depend on the entire set of configured DNA, but there can exist great points of survival vulnerability around parts of the DNA chain (Dawkins 1982). The same principle applies in evolutionary economics. Survival and success in markets depend on the firm's entire set of configured business processes, but there can exist great points of survival vulnerability around specific organization processes (Dickson 2003). We extend Dickson by identifying that a current point of such variance, mutation, and survival vulnerability is the state of a firm's processes and thinking about CRM because of the great variability across firms in their CRM processes and capabilities. CRM is at the technology ferment stage (Anderson and Tushman 1990) when the variance is greatest between competitors: from the complete absence of CRM systems or organization to highly sophisticated (but nonstandardized) CRM systems and organization. CRM is at an evolutionary stage where even its definition varies widely as pointed out by Plouffe, Williams, and Leigh (2004). There is also very mixed success in implementing CRM (Badgett, Ballou, and LaValle 2004; Dibb and Meadows 2004; Freeland and Padmore 2004; Krol 2002; Lager 2008; Sodano, Keltz, and Johnson 2003). Estimates of CRM adoption range from 30 percent to 75 percent depending on the companies and industries surveyed (Siebel 2001).

A banking example is illustrative. In the late 1990s, the Credit Union National Association (CUNA) sponsored a study that revealed senior executives within large credit unions did not take market segmentation seriously and did not even know the names of their bank's customer segments (Matsummura et al. 2005). At the same time, the Royal Bank of Canada was organizing itself around customer segments and deploying sophisticated customer relationship systems controls and management that led to new selling and CRM campaigns that have generated hundreds of millions of extra revenues and tens of millions of profits (Selden and Colvin 2002). Many markets are at the point of the diffusion curve where such variance between firms in their CRM capability has become high as innovators lead laggards in CRM best practice. This leads to the following proposition:

Proposition 8: In many markets, survival will depend on customer relationship process superiority.

Manager and Employee Process Thinking Skills

Past, present, and future competition in markets is not competition between products and customer service. It is between the process thinking skills of employees who created the processes that created the products and services that created the cash flow and accumulated assets of the enterprise. Like every other genetic-driven natural ability or aptitude combined with widely varying experience and training (that is, both nature and nurture variance), thinking ability, particularly process thinking ability varies across the adult human population. It is also greatly affected by education and training. Thus, as with any group of managers, process thinking skill is likely to vary within and across groups of sales and customer relationship managers. All practitioners know that sales and customer relationship managers vary in their resistance to process change, their process thinking rigidity, and their openness to thinking about new processes. Managers also vary in their creativity in thinking about new processes, their ability to think through the unintended consequences of changing a process on other processes. In their implementation of processes, they also vary in their ability to map processes, their ability to deploy people and technology in subprocesses, their ability to lead the introduction and routinization of new processes, and their "on-the-fly" process improvisation thinking ability. In short, they vary greatly in their process thinking abilities.

This leads us to an important implication for sales and sales management. In the resource-based theory of competitive advantage, a capability is the "capacity for a team of resources to perform some task or activity" (Grant 1991, p. 119). If the capacity for the CRM team to think about processes is low, then its capacity to perform CRM processes, tasks, practices, and activities will be low. CRM will not be the capability and competitive advantage that the chief executive officers and shareholders desire. On the other hand, consider a firm

whose senior sales management identifies, recruits, promotes, and further trains CRM managers who

- Are not resistant to process change and actually see change as very positive.
- Are not rigid in their thinking, stuck in their comfortable management routines.
- Are open to and creative in their redesign of processes and operational routines.
- Are able to think through the *unintended* consequences of introducing a new CRM process, or a new CRM reward system, or a new CRM information system on other CRM processes.
- Are able to think both *horizontally* and *vertically* about CRM processes and their integration.
- Are able to think long term about CRM.
- Are good at deploying and managing new people and new technology into new CRM processes.
- Are good at CRM process improvement.
- Are good at improvising process change to address problems that emerge in CRM implementation.

A firm with such CRM process thinking managers possesses a significant CRM capability advantage over rivals who do not have such managers. Senior sales managers who understand this and do something about it right at the outset of improving sales and CRM processes are likely to create a sustainable and permanent get-ahead-and-stay-ahead competitive advantage that is not at all easy to imitate, catch up to, and surpass.

The economic theory and commonsense conclusion and implication is that spending several thousand dollars evaluating the process improvement, process thinking skills, and political skills of the leadership of the CRM initiative is an investment imperative, not just a good thing to do but a must thing for senior sales management to do. It reduces the risk of failure and increases the likely returns from CRM. It also emphasizes to all involved, through the new measurement and management, the importance of selecting, respecting, fostering, and rewarding process improvement and thinking skill across the sales force and CRM. Such measurement creates a process thinking pursuit of excellence organization culture.

A secondary, highly positive benefit of placing process thinking excellence front and center in sales management is that such process thinking excellence will spill over into solving customer's process problems. A great deal of sales and customer service involves helping the customer improve its added-value operational processes through better use of the products and services purchased. The same process thinking excellence that helps an organization design and implement CRM best practice can be used to consult with customers and help design and implement new product and service

consumption processes and thus boost the quality of customer service and the perceived expertise of a sales force.

Measuring Manager and Employee Process Thinking Skill

The problem is the supply of tools and processes to measure process improvement and process thinking excellence. Because of the absence of a best practice literature on the subject, what we propose is simple. Every manager involved in the CRM initiative should be 360-degree rated on their process improvement, process thinking, and political skill using a scale such as that presented in Appendix A. In hiring CRM talent, references should be asked to evaluate the candidate using such a scale. The results are used to help select recruits, in promotions and in selecting special projects teams.

The scales in Appendix A are based on two national studies of sales and customer relationship managers' process improvement skills, process thinking skills, and political skills (Dickson, Miniard, and Lassar 2008). These measures were observed to be very reliable, robust predictors of process improvement skill. They also predicted managers' efforts to keep up with CRM best practice.

Candidates can also be tested using computer-based process thinking skill exercises that can also be used as teaching tools in training courses. If sales managers work with human resources and start measuring process thinking and political skill in annual reviews, then the talented process thinkers in the sales force can be identified as candidates for the CRM initiative. Again, a commonsense approach should be used in measuring and selecting process improvement and thinking excellence. The discriminating power of the proposed scale is at the extremes and not in the middle: sales managers can be very confident that the scale will identify the really superior process thinkers who should be elevated and the really inferior process thinkers who should be kept as far away from implementing CRM as possible.

What is the argument against introducing process improvement skill, process thinking skill, and political skill as important human resource metrics in sales management? Why not rely on senior sales management to intuitively identify the extremes of process thinking skills of their subordinates? The answer is that such judgments are naturally subject to bias and are not systematic or disciplined enough, or sometimes even fair enough. The 360-degree evaluation keeps the evaluations grounded by the truth triangulation effect: self-evaluations are tempered by knowledge that colleagues and subordinates are evaluating you on the same measures. It also reduces the chances that senior management are conned by subordinates who are very skilled ingratiators but are known by their colleagues and subordinates to be hopeless process thinkers, with low political skill and respect.

The more superior the process thinking skills of the elite CRM implementation team, the more likely that CRM best practice improvements will be successfully adopted. Therefore, the primary selection criteria for membership of these teams should be superior process thinking skills and political skills applied to improving business processes. A deep understanding of the current learning, resource deployment, system control, and operational processes and practices of the organization's departments and functions illustrated in Figure 1 is important. But as important is a skill in identifying problems in organization processes and coming up with very creative out-of-the-box solutions. So is a skill in being able to simplify processes, as well as a skill in being able to implement new processes and political skill that gathers resources and support and gets things done.

In summary, most CRM problems are people problems, problems with the process improvement, and thinking skills of the designers of the new CRM processes and problems with the process improvement and thinking skills of the implementers of the new CRM processes. This leads us to the following implications that we state as CRM propositions:

> *Proposition 9: The first priority of sales and CRM is for it to be led by "superior" process thinkers.*

> *Proposition 10: Senior sales managers should start measuring the process thinking skills of managers.*

> *Proposition 11: Sales management should require managers to take process thinking training courses.*

> *Proposition 12: Scholars should study the impact of process thinking skill on sales and customer relationship process improvement.*

GETTING TO CRM BEST PRACTICE

In this section of the paper, we use both theory and the consulting CRM literature to develop a metric for measuring sales management's progress toward adopting CRM control system process best practice, resource deployment best practice, and CRM learning processes. It is also a way of framing and developing a shared understanding of CRM within the organization. Is CRM a data-mining tool to leverage data to create more effective and profitable customer interactions as defined by Hewlett-Packard? Or is it understood to be a way of segmenting customers into groups and to then manage them in the most profitable way as defined by Bain & Company. Or is it all business processes used to identify, select, acquire, develop, retain, and better serve customers as defined by IBM and the Conference Board (see Plouffe, Williams, and Leigh 2004)? Notice the first is a system control process definition, the second is a resource deployment process definition, and the third is an overall definition. Perhaps some of the variance

in CRM definitions comes from the definer focusing on just one part of the process learning hierarchy rather than thinking deeply about CRM as presented in Figures 1 and 2, and explained below.

CRM Control System Process Best Practice

As a first step, the new CRM systems should record and report contact preferences and channel purchase preferences and responsiveness of customers to various direct selling campaigns. This individual customer information is then used to try to increase return on campaign and channel investment, particularly return from Internet-based, customer self-help operational processes that reduce service and communication costs, speed interaction processes, and increase automation, all more conveniently for the skilled Internet user customer.

But all of this requires that traditional ways of doing things, traditional routines, from sales practices, sales support, through marketing campaigns, and down to detail such as customer service scripts are likely to need alteration, and the needed change is often strongly resisted (Day 1999). One way of effecting such change is an open, shared CRM reporting system that can have a positive effect on the successful reorganization of frontline marketing, sales, delivery, and customer service operations (Mohamed, Stankosky, and Murray 2004). A fundamental implication of an open CRM database and CRM analysis information system is process and outcome transparency. Key functional managers see *what* everyone else is doing, and *how* they are doing. Each function's performance becomes evident to other functions, including both their successes and failures. In these circumstances, if decision making is not joint, then the different functions (sales, marketing, delivery, and customer service) will naturally start to second-guess the decision making of another function, particularly when it has adverse ripple effects, along the added-value chain on their performance. The manifestation of such second-guessing, be it frustration or open political infighting between functions, will demand resolution.

The only viable solution it seems is a serious reconfiguration of the management of the functions (marketing, sales, delivery, and service), where old practices, processes, and politics are unlearned (abandoned) and joint, collaborative team decision making and implementation is introduced, where responsibility is shared and implications are also shared:

> Companies today must begin to use a disciplined, cross-functional process to configure the offerings required by their target customers. . . . It (value exchange optimization) is a cross-functionally integrated learning process. (Grant and Schlesinger 1995, pp. 67–68)

The conclusions of Campbell (2003), who studied five Canadian companies' CRM efforts, is that team building and

teamwork are crucial and that functional area activities need to be integrated, rather than implemented by "joint committees or project teams." Many firms have had problems with such collaborative decision making in CRM precisely because they did not appreciate that openness in sharing performance information and system controls is critical to motivating collaboration between the frontline functions (Mohamed, Stankosky, and Murray 2004). It unfreezes the organization to reorganize its frontline customer interaction activities around a new collaborative team organization that is truly a team organization rather than a functions-posturing-in-teams-sometimes-collaborating organization. The result is a seamless customer interface and better coordinated campaigns—in short, a superior customer-linking capability (Day 1994).[1]

The above discussion suggests six CRM process activities presented in Appendix B whose presence in an organization is evidence that the functions involved in CRM are using CRM system controls to track and improve their operational, added-value chain processes. The sixth process activity in Appendix B is a crucial CRM capability discriminator: each function uses the CRM information system to learn about the progress and success of programs/campaigns /projects run by other functions. The presence of such a process ensures that the system controls are not siloed and leads inevitably to more cross-functional management. It is a crucial "process present" test of CRM capability.

CRM Resource Deployment Process Best Practice

Superior CRM system control processes lead to superior frontline sales performance such as better lead identification and call center response processes; decreasing quote/proposal generation process time and costs; reduced order delivery process costs; better pipeline demand forecasting; better servicing of existing customer problems; and a faster, more integrated response to customers. However, best practice CRM has a much larger and more profound effect on a firm's competitiveness by changing its product development management processes which are at the core of resource deployment:

> At a leading software company, for example, CRM technology enables the rapid exchange of information between field sales personnel and product development groups. Because the system provides a field for Product Detail in the sales opportunity screen, product development personnel get highly specific information about potential deals and customer requirements. . . . The exchange between the two functions is extremely rich. The CRM system is now really driving our product development. (Siebel 2001, p. 15)

Another fundamental change in resource deployment processes that CRM requires and leads to is taking market segmentation seriously at the strategic levels of resource deployment in the firm. The conclusion of the experts is that nothing short of reorganization around customer segments will get an organization to take resource deployment around market segments seriously. Rigby, Reichheld, and Schefter (2002) present a case study of Square D, which reorganized, reconfigured, and redeployed its resources around four core market segments—industrial, residential, construction, and original equipment manufacturer.

The next question that was asked by Square D was how CRM technology could best be used to serve each of these different segments. An Accenture report by Miller and Gist (2003) provides another example from the French telecom industry. By reorienting its sales force efforts toward using data to segment and form clusters of customers based on their needs, Bouygues Telecom more than quadrupled its number of customer contacts, tripled its segmentation accuracy, and reduced the time needed to create and execute a campaign by 75 percent (Miller and Gist 2003). It is noteworthy that in their pioneering paper on CRM, Grant and Schlesinger (1995) also emphasized the importance of organizing around customer segments and the need for deep segmentation analysis. They used as their major case study FedEx organizing around 12 cross-functional segment teams. This approach is consistent with the hybrid structure proposed by Day (1999) in his market-driven strategy, "with teams focused on managing distinct customer and consumer segment groups" (Day 2000, p. 22). What SoS proposes is that resource deployment and budgeting processes need to be changed to focus on serving and growing profitable market segments, a change that it seems many firms struggle with.

A third major change in resource deployment required by CRM best practice is, again, open sharing of segment profitability performance on widely accessible management dashboards. The alternative of having resource deployment processes not openly sharing profitability performance is not neutral but toxic to CRM. The need for real collaboration in implementing frontline sales and customer service operational programs demands a similarly open and collaborative approach at the resource deployment, planning, and budgeting levels of middle and senior management.

Finally, selling firms must apply excellent process thinking skills *before* investing in expensive CRM software solutions. CRM software vendors "hawk their wares metaphorically" based on their ability to build better customer relationships without acknowledging the true complexity of realizing such returns (Leigh and Tanner 2004, p. 259). For example, Hunter and Perreault (2007) demonstrate that even when firms realize returns on relationship effectiveness, through their positive influence on sales processes, those gains in effectiveness may come with resulting trade-off costs in efficiency. Moreover, with U.S. firms spending over $1 trillion annually on sales forces, or between 1 percent and 40 percent of the selling firm's budget (Zoltners, Sinha, and Zoltners 2001), the aggregate

costs are not only extraordinary, but may be attributed partially to failures in process thinking. Indeed, the need to align CRM processes with CRM people and CRM technologies (Zablah, Bellenger, and Johnston 2004a) is an escalating imperative as SoS will exacerbate competitive intensity over time. Clearly, academic guidance on this concern can prove useful. Senior sales and marketing managers can learn through the CRM performance metrics, aggregated in various ways, how to better redeploy resources across product-segment budgets.

We introduce this hyphenation because it is assumed that products and services are designed for specific segments. At the next level down in the resource deployment, planning, and budgeting levels, the history of past programs whose performance has been measured will be available to all, to make and argue the case or not, for further investment in a particular marketing program, sales incentive campaign, or product category development initiative. An example is Kimberly-Clark's profit calculator developed to track the return on investment (ROI) and payback profitability of specific campaigns directed at retailers (Rigby and Ledingham 2004). The customer's purchase history, purchase cycle, and purchase patterns are also analyzed using CRM systems to assess the future profitability prospects of the customer (Venkatesan, Kumar, and Bohling 2007) and resources are deployed even down to sales call cycles and timing based on the customer's purchase cycle and purchase mix.

Moreover, extant research shows that such sales-based CRM technologies can improve access, analysis, and communication of information that improves business customer-relationship-building processes (Hunter and Perreault 2007). CRM resource deployment and budgeting are customer needs oriented rather than function needs oriented.

The benefits of such coordinated deployment of interfunctional resources directed at customer service have been argued by the marketing orientation literature (Narver and Slater 1990). But this runs counter to the pursuit of "have the functions compete for resources against each other in the budgeting process" self-interest model of resource allocation presented by Anderson (1982). Think about a traditional, politicized organization where marketing, sales, delivery, and customer service functions have a long and storied history of competition for resources and budget disputes over their "pet" projects, further complicated by senior management's explicit or tacit encouragement of competition between product categories for resources. If the "competitive bidding" to senior management for resources and budgets between functions (marketing, sales, delivery, and customer service) and between product groups (Anderson 1982; Narayanan and Brem 2002) continues with the launch of CRM, then it will inevitably lead to competitiveness. Such competitiveness and internal politics are the antithesis of the collaboration and coordination of resource deployment required by CRM. Inevitably, it will also bleed downward into attitudes and behavior at the operational and sales process level. It cannot be anything but dysfunctional and create a serious weakness in organization CRM capability.

Thus, CRM requires some firms to make dramatic changes at the heart of the resource politics of the organization, from the board level down, which, while possibly initially disruptive to the sales process, improve the quality of their resource deployment and implementation. Why? Because it is based on better and forward-looking measures of performance and because it focuses on better servicing the needs of the most valued customers, through tracking their inquiries, complaints, suggestions, and communication media use. The resource deployment process becomes less competitive, less political and more informed, more market sensing (Day 1994), more collaborative, and most importantly, more discriminating in its delivery of services to customers with the highest potential lifetime value and customers with the lowest potential lifetime value.

Based on the above discussion, Appendix B offers 19 practices and processes whose presence in an organization is evidence that resource deployment has adopted a CRM approach.

CRM Learning Process Best Practice

As explained above in SoS theory, the rational and logical first process improvement that the CRM implementation team undertakes is to improve how they select superior process thinkers to join the initiative. The second is to develop a process of coming to a common understanding of what process changes they seek to implement (Plouffe, Williams, and Leigh 2004). Everyone from then on is reading the same map. The team should then develop the fundamental learning processes for the initiative: how to train managers in CRM, how to benchmark, how to apply six-sigma continuous improvement, how to use consultants on the project. Both economic theory and common sense again conclude that businesses should apply CRM learning best practice processes right from the start of the project, rather than halfway through when things are not working and need an expert to fix them. Otherwise, mistakes are more likely to be made in introducing CRM, such as not implementing it around several sure-fire winner projects that are modest in their goals and fairly narrow in scope, such as improving customer service support systems (and analysis of concerns and complaints), identifying and targeting highly profitable customers, or enabling key account managers to track recent customer–team interactions (Rigby and Ledingham 2004). An organization that learns early the obvious benefits of CRM through several focused projects and success stories is at a vastly higher level of CRM capability than its rival that does not.

The recommendation that CRM be introduced in phased, focused projects may seem to stand in contradiction to the observation that top-down learning and resource deployment process changes are needed first to implement CRM operationally. They are reconciled in the following way. A business often has to reconfigure its horizontal and vertical organization of processes in preparation for implementing CRM. But the actual introduction of CRM into this new process organization should be done on a project-by-project basis, rather than by the simultaneous launch of several CRM projects across the organization that overstretches the implementation skills of the organization. In the following section, we develop a metric for measuring a firm's progress toward such process reconfiguration excellence.

Higher-order learning process improvement was popularized in the management literature and across practicing American management by Senge's (1994) guidebook to organization learning processes and earlier by Argyris (1977). An example of a learning process that many firms are attempting to institutionalize and embed in their organization learning processes is the six-sigma "define-measure-analyze-improve-control" higher-order learning routine. Another is best practice (process) benchmarking.

The ability to learn faster than competitors is a major source of sustainable competitive advantage (DeGeus 1988; Dickson 1992, 1996; Slater and Narver 1995). Good luck or good fortune advantages from being in-the-right-place-at-the-right-time often provide significant competitive advantage, but luck is always transitory. The source of sustained, non-transitory, long-term advantage is the organization's learning capabilities, routines, and processes. What is often not fully appreciated is that successful CRM implementation has to transform and revolutionize a firm's learning processes, as well as its operational processes and resource deployment processes. For example, with the right metrics, and with a supporting costing system, the varying profitability of different test campaigns undertaken by customer service/call centers or by Internet direct selling channels can be measured, again allowing better redeployment of resources. It is calculated learning and experimenting and improvisation on the fly. In addition, the system will capture the history of the success of various sales, marketing, and customer service campaigns directed to particular customers or segments. This is a learning library far superior to an individual manager's memory and experiences:

> To generate maximum campaign ROI (whether these campaigns are acquisition-focused or retention-based), marketers must pay close attention to how and why actual results vary from goals. Once the underlying causes are understood, successful campaigns should be run multiple times and constantly tracked against historical data and expected results. (Siebel 2002, p. 10)

The importance of doing this, along with the many benefits, have been discussed by Gary Loveman of Harrah's in what he calls "data-driven marketing": "[We] gather more and more specific information about customer preferences, run experiments, and analyses of the new data, and determine the best ways of appealing to players' interests" (Loveman 2003, p. 5). He particularly stresses experimentation and testing:

> When I meet with our marketers to discuss anything that we've done that is new, I ask, "Did you test it first?" And if I find out that we just whole-hog went after something without testing it, I'll kill 'em. No matter how clever they think it is, we test it. . . . We run everything with control groups. (Chang and Pfeffer 2003, p. 7)

CRM best practice learning processes involve experimentation/innovation with various collaborative functional programs and the pulling or expanding of investment in the program almost in real time. It enables much better experimenting and learning at the implementation and resource deployment levels of management and breaks down current learning resistant routines trapped by current performance metrics and benchmarks (Morgan, Anderson, and Mittal 2005).

CRM's effect on collaborative team management at the implementation level must also inevitably lead to much better team collective learning, where each function encourages the other functions to think a little outside their traditional boxes/silos and face the performance realities. This will create an ongoing positive learning dynamic (Dickson, Farris, and Verbeke 2001) that grows the company's collective customer service capabilities.

The above discussion suggests nine process activities presented in Appendix B whose presence in an organization is evidence that the organization learning processes have adopted a CRM approach. They are largely associated with learning by doing, tying rewards to the learning, and training.

Analyzing the CRM Audit

There are several ways of analyzing the resulting CRM audit. The first is in the consistency of perceptions across the organization, particularly between levels of management and functions. Do some managers say yes the organization has adopted a specified best practice, and others say no? Does it mean that the organization has adopted the best practice in some parts of the organization but not in other parts or divisions? Is it evidence that a complete function is resisting adoption of CRM best practice? Does it mean that senior management think the practice has been adopted but lower management know that operationally it has not been adopted? Or does it mean that lower management have adopted the best practice but senior management are not aware of it because CRM improvement is not their interest or priority?

Another analysis perspective is to measure the extent to which best practices have been adopted in CRM learning and resource deployment compared to CRM system control processes. If the best practice present scores are higher for the CRM system control measures than for the CRM resource deployment measures or learning measures, then it suggests that in its pursuit of CRM excellence, the firm has put the cart before the horse and its needs to change its process improvement focus.

CONCLUSION

Senior sales management should hire managers, consultants, and employees who are superior process thinkers and thus will embed customer relationship best practice processes up and down and across their organization. They should also measure progress in the pursuit of CRM best practice excellence by identifying best practice CRM processes and activities across their businesses learning processes, resource deployment, and system control processes. Recruiting firms that specialize in recruiting salespeople and sales managers should develop metrics, scales, and tasks that measure process thinking skills. Sales training should develop and make a market in process thinking workshops and courses.

NOTE

1. We acknowledge that there are problems with CRM team management such as how to reward individual initiative within teams, which means a problem with a key part of CRM learning processes, strong individual positive reinforcement for high performance. We thank the Editor for this insight.

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APPENDIX A

Self-Reported Process Improvement, Process Thinking, and Political Skills

How often have the following ever happened to you? By recognized we mean recognized by colleagues, your bosses, or those who report to you. Please use the following scale: 1 = never, 2 = very infrequently, 3 = infrequently, 4 = frequently, 5 = very frequently.

1. Other managers come to you for advice on how to solve operational problems.
2. You have been recognized for the improvements you have made in the processes/programs that you have managed.
3. You have been recognized for your creative how-to-do-things thinking.
4. You have been recognized for improving the design of organization processes.
5. You have been recognized for thinking of cost-saving ideas.
6. You have been recognized for thinking of ways of adding customer value.
7. You have been recognized for thinking of quality improvements.
8. You have been recognized for ideas that have simplified work programs, standard operating procedures, routines, and processes.

How good are you at the following? Please use the following scale: 1 = very bad at, 2 = bad at, 3 = average at, 4 = good at, 5 = very good at, 6 = excellent at, 7 = superb at.

9. Finding where the problems are in a work process.
10. Understanding the logic underlying a work process.
11. Quickly understanding complex processes at work.
12. Creative and out-of-the-box thinking about how to do things at work.
13. Simplifying a work process (a way of doing something).
14. Thinking about how one task in a work process affects future tasks.
15. Using connections and networks to make things happen at work.
16. Being genuine in communicating with others.
17. Instinctively knowing the right things to say or do to influence others.
18. Intuition or savvy about how to present to others.
19. Sensing the motivations and hidden agendas of others.
20. Developing good rapport with most people.

Note: Items 1–8 measure process improvement skill recognition, 9–14 are process thinking skills, 15–20 are political skills (drawn from Ferris et al. 2005).

Colleague Process Improvement, Process Thinking, and Political Skills Evaluation

In working with _____, how often has the following happened? By recognized, we mean recognized by colleagues, bosses, or subordinates. Please use the following scale: 1 = never, 2 = very infrequently, 3 = infrequently, 4 = frequently, 5 = very frequently.

1. Other managers came to him or her for advice on how to solve operational problems.
2. He or she was recognized for the improvements you have made in the processes/programs that you have managed.
3. He or she was recognized for his or her creative how-to-do-things thinking.
4. He or she was recognized for improving the design of organization processes.
5. He or she was recognized for thinking of cost-saving ideas.
6. He or she was recognized for thinking of ways of adding customer value.
7. He or she was recognized for thinking of quality improvements.
8. He or she was recognized for ideas that simplified work programs, standard operating procedures, routines, and processes.

How good is _____ at the following? Please use the following scale: 1 = very bad at, 2 = bad at, 3 = average at, 4 = good at, 5 = very good at, 6 = excellent at, 7 = superb at.

9. Finding where the problems are in a work process.
10. Understanding the logic underlying a work process.
11. Quickly understanding complex processes at work.
12. Creative and out-of-the-box thinking about how to do things at work.
13. Simplifying a work process (a way of doing something).
14. Thinking about how one task in a work process affects future tasks.
15. Using connections and networks to make things happen at work.
16. Being genuine in communicating with others.
17. Instinctively knowing the right things to say or do to influence others.
18. Intuition or savvy about how to present to others.
19. Sensing the motivations and hidden agendas of others.
20. Developing good rapport with most people.

APPENDIX B

CRM Process Capabilities Metrics

If your answer is "I do not know" or "not sure" to any of the questions, then please answer no.

Organization CRM System Process Capabilities

1. Sales has learned to use CRM information systems to improve the way they sell to the customer and reduce selling costs.	Yes	No
2. Customer service has learned to use CRM information systems to improve the way they service the customer and reduce service costs.	Yes	No
3. Service support has learned to use CRM information systems to improve service quality and reduce its cost.	Yes	No
4. Marketing has learned to use CRM information systems to increase customer satisfaction.	Yes	No
5. The organization has learned to use CRM information systems to integrate marketing, sales, delivery, and service processes.	Yes	No
6. Each function can use the CRM information system to learn about the progress and success of programs/campaigns/projects run by other functions.	Yes	No

Organization CRM Resource Deployment Process Capabilities

1. Product development uses the CRM information system to design new products and services.	Yes	No
2. Everyone knows the names of the major market/sales segments and how they are growing.	Yes	No
3. Cross-functional segment teams manage customer relationships.	Yes	No
4. . . . and marketing campaigns.	Yes	No
5. . . . and product development.	Yes	No
6. There is a CRM team that manages unprofitable customers.	Yes	No
7. Resources are deployed and budgeted for segment marketing rather than product marketing.	Yes	No
8. Segment teams use data mining in their direct marketing and selling.	Yes	No
9. Costs of doing business with individual customers are measured and used.	Yes	No
10. Customer purchase history is used to rate each customer as a prospect.	Yes	No
11. Customer profitability is measured.	Yes	No
12. Business process costs are measured.	Yes	No
13. Return on investment of customer service and promotion campaigns is measured.	Yes	No
14. . . . in real time.	Yes	No
15. . . . against control groups.	Yes	No
16. A CRM dashboard has been created.	Yes	No
17. . . . that measures performance in real time.	Yes	No
18. . . . that is broadly available.	Yes	No
19. . . . that is used by middle managers.	Yes	No

Organization CRM Learning Process Capabilities

1. The success of CRM campaigns is extensively reviewed.	Yes	No
2. . . . is financially analyzed.	Yes	No
3. Bonuses, rewards, and promotions are linked to CRM performance measures.	Yes	No
4. . . . and individual initiative and skill are well rewarded.	Yes	No
5. Training to use CRM information systems is extensive and high quality.	Yes	No
6. Training in company CRM processes is extensive and high quality.	Yes	No
7. CRM success stories are written up and widely circulated.	Yes	No
8. The CRM initiative is led by the sales and marketing senior executive.	Yes	No
9. . . . who is a process thinking expert.	Yes	No