

What Is Senior Management's Role in Cultural Change?

By Silvana Buljan, Buljan&Partners

CRM cannot be implemented within an organization without any effort in cultural change management. Why? Because, rather than being just another system implementation, customer relationship management means a substantial change in the company's culture. You are moving from a short-term view on annual sales objectives and volumes—transactions—to a long-term view on customer retention and value--relationships.

When you view it this way and recognize that true CRM puts the customer in the heart of each business, you understand that you must facilitate changes all down the line, including customer processes, interdepartmental roles and responsibilities and job profiles. To put it into a nutshell, CRM goes along with reorganization. The objective of this reorganization is to put the customers' needs high above your marvelous products and services. Without responding to customer needs, you will not be able to retain and loyalize your customers, which, in the long run, will lead to a decline in your business.

How do you begin? To seed this cultural change in the organization, senior management must start with ... themselves.

A good example for this approach is Embraer, a Brazilian airplane manufacturer, which, in 10 years has completely turned from huge losses to huge profits. It has done so by making the voice of the customer and employee commitment top action points on the CEO's agenda.

The CEO began the company's reorganization by defining a clear and compromising five-step action plan including objectives for short-term profit increase (get more contracts and cut down costs and salaries) and measures for long-term increase of quality and profit (innovation by listening to customer needs; improving the relationship between management and employee; and changing the company's organizational structure). To get the whole company's buy-in for the reorganization, especially for the cost cutting, the CEO started with cutting off his own salary, giving his employees the perfect example for strong leadership and commitment for the future.

Also, he interviewed his main 45 customers—airlines—to know their needs for an improved product and service offering. What did they expect of a manufacturer of 70- to 100-seat airplanes? The result is that Embraer is a serious market player now, giving its main competitors a hard time. That's because the CEO has understood that if there weren't a customer, there would be no one to send bills to. And fulfilling customers' expectations would only be possible if the customers would be directly involved in product innovation and long-term business performance.

Senior management cannot expect employees to move to a long-term view of the business if employee and company performance is measured only by short-term achievements. A sales representative will never put the customers' needs above the product if he or she is evaluated by the number of products sold at the end of each month.

Nor can senior management expect employees to deliver high-class customer service and orientation if no motivation or incentive is given to employees for delivering premium CRM. No perfect database and no perfect CRM front-line application can substitute for having customer contact at the main touch-points and delivering the CRM experience real time. When has your CEO visited the call center to handle a customer call or attended a customer buying your product or service?

So how do you establish organizational change? Here are five steps that senior management must take to develop a change plan that is coordinated with the CRM implementation.

Five-step action plan for senior management

- 1) **Get down to earth with the customer.** Look for direct contact, find out what the main issues your customer complains about are and, most importantly, *understand* your customer.
- 2) **Be the living example in your organization.** Any company can put its customer above the CEO in the org chart or in the center of its business processes description, but only the company whose senior management is directly involved will truly go the furthest on the CRM journey.
- 3) **Give strong support to CRM processes in your organization.** Define the resources responsible for CRM delivery and give them their own budget, so they don't have to beg marketing, finance or sales for a piece of the cake.
- 4) **Get your employees' buy-in.** When you are reorganizing, you must explain *why* you are doing what you are doing and what the benefit of it is to each individual in the organization. Explain that, without the customer, you have no one to send bills to and no one to cover overhead costs.
- 5) **Define a bonus based on CRM performance.** The whole organization has to get the feeling that the company wants to share the benefits related to perfectly delivering CRM. If you improve your results and take employee commitment for granted without incentives, you are heading in the wrong direction. And just as you must have a two-way relationship with your customer, the relationship between employee and management must not be a one-way street.

These are not easy steps, but they are necessary steps to achieve the success anyone who implements a CRM system or solution is seeking. And, in fact, it is hard to find companies who truly apply an integrated CRM view, methodology and clear organizational definition within their internal organizational setup. But there are some good examples, including Embraer, the Marriott Group, BMW Group Spain, Ericsson and still many more who are "on their way." Consider these companies the model for others seeking to improve the perception of their customers on their business and laying the foundation for good CRM within the organization.

Silvana Buljan has been working for more than eight years in CRM and eCRM projects, as project manager and consultant for blue-chip clients. Her industry expertise is in the automotive, air transport and services sectors. She worked for PwC Consulting and Pixelpark before founding her own consultancy, [Buljan&Partners](http://www.buljanandpartners.com), which specializes in CRM organizational change management and training. Buljan's focus is in supporting her clients in making CRM work throughout the whole organization.