Forget E-business; Make the Customer the Design Point With C-business

By Liz Roche, Customers Incorporated

Back before the dot.bomb and during the heyday of all things "e," I had a lot of fun contradicting analysts who opined that "CRM is dead, long live eCRM." My point was simple: If you accept that channel integration and hybrid go-to-market systems are the way of the future (and back in 2000/2001, this was pretty radical thinking), then why elevate "e" over all other channels? In other words, the channel shouldn't be the design point, the *customer* should be.

It was also during these years that CRM took a real beating because of "irrational enthusiasm" for all things "e"—which led to over-investment in under-performing technology at the expense of strategy and process change. CRM became a bad acronym, and if it *was* uttered in a board room, it was in such hushed tones that it sounded like "e-business." Maybe that wasn't so far off….

Back then, and to this day, most companies working on customer-facing projects still haven't internalized the idea that CRM is not a bumper sticker. It's not about delighting the customer; not about the customer always being right; it's not even about loving your customers. CRM is about improving the economics between buyers and sellers, making customer relationships and, by extension, business, itself, more profitable. In a nutshell, CRM is applying the right business treatments to the right customer segments at the right time for the purpose of optimizing the economic value of those relationships. If a company does this correctly, mutual value is created. Given that, how do we realistically separate CRM from "business?" I guess the real question is, "Should we?"

Focal point
Companies known for customer-centricity have one thing in common: the customer has become the business' primary design point. This business philosophy recognizes the fact that from the customer's perspective, the economic value is not in individual composite business processes, but rather in how they are organized to support a customer's needs.

Best Buy reorganized around customer segments, creating five strategic personas and focusing its business processes—everything from merchandising to the channel experience—around those personas.

Starwood created customer centric brands. Starwood was the first hotel group to break from the traditional price-point segmentation model and adopt a lifestyle segmentation scheme

P&G transformed its traditional supply chain into a customer-centered value chain, recognizing that its supply chain requires input from its customers and its output affects customers directly.

These companies represent a more radical departure from traditional business practices than you may even realize: Each one has not only gotten CRM right, but also it has

actually transformed its entire modus operandi. You could say each has become a customer-centered business or a c-business for short.

Unlike "traditional" businesses, a c-business aligns business processes and technologies around a customer lifecycle:

- Engage: mindshare capture
- Transact: exchange of currency
- Fulfill: delivery
- Service: post-sale service and support

A useful acronym is ETFS. There is a lifecycle for every customer interaction, regardless of how granular, and these lifecycle treatments differ based on a customer's (or segment's) current and future value. While perhaps not using these exact words, a c-business organizes internally (usually virtually, rather than physically) as follows:

- Engage = front office (sales + marketing)
- Transact = back office related to making product and taking an order (e.g., manufacturing, supply chain, order management, accounting)
- Fulfill = back office related to pick, pack, ship (inventory management, logistics, warehousing, distribution)
- Service = front office related to call center, field service, self-service

By organizing a c-business according to ETFS, an organization is then able to quite nimbly bring teams together to serve particular customer segments—for instance, all processes related to interacting with "high value" customers. The customer (as expressed by a lifecycle) is at the center of virtually every operation.

And isn't this the whole point of CRM?

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