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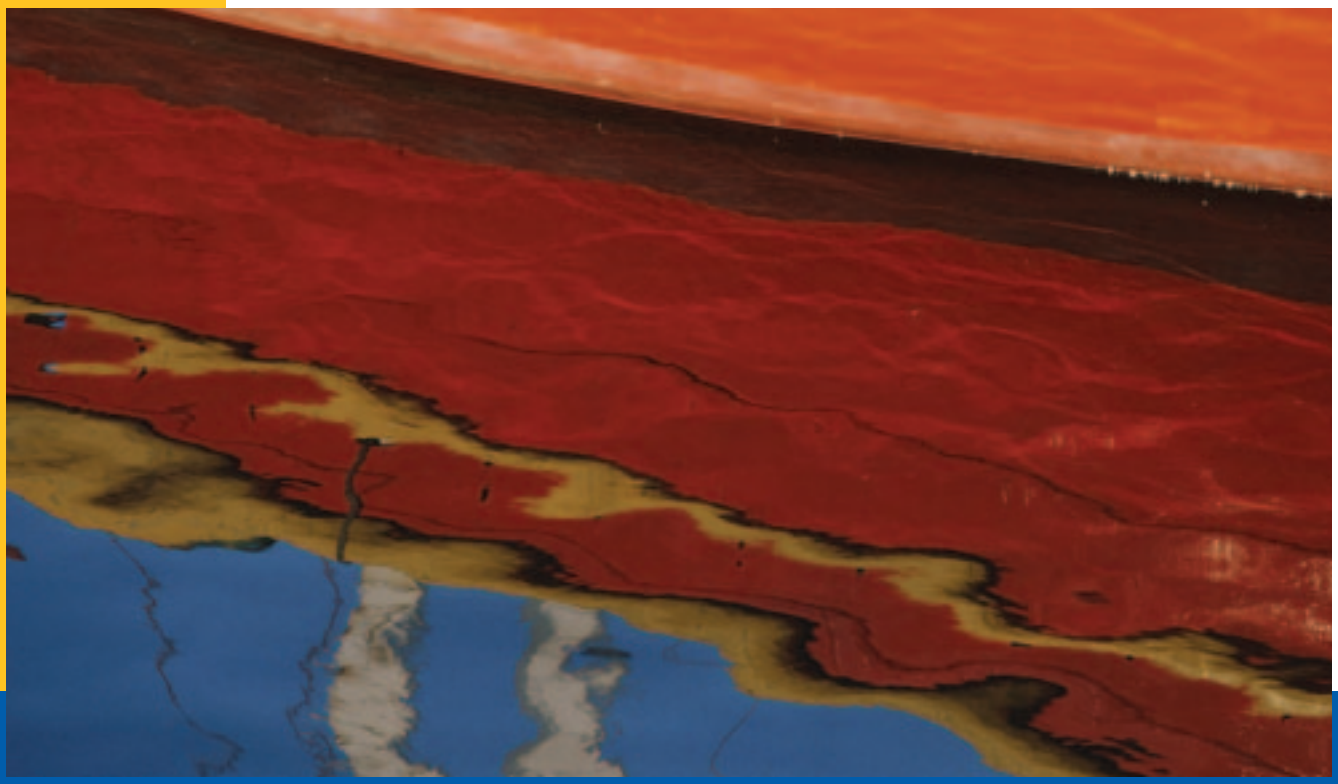
Making Technology Effective

By Patrick J. Dowling, Jr.



Gain Leverage on Existing Infrastructures

Understanding Customers

Leveraging Technology

Customer Communications

Operational Efficiency

Distribution Productivity

Organizational Flexibility

=

Improved Profitability

About the Author

Patrick J. Dowling is the Managing Director of Cincom's Financial Services business. Because of Mr. Dowling's extensive experience in financial services and his proven leadership within Cincom, Mr. Dowling was chosen to lead this new group as Cincom moved away from product-focused marketing and sales to a more industry-focused model. Before assuming this role, Mr. Dowling held the position of Managing Director, *i*D Solutions™, Managing Director of CinAPPS™, and various Sales and Customer Relationship Management positions within Cincom.

Before joining Cincom in 1995, Mr. Dowling held positions with Fifth Third Bank and the David J. Joseph Company. At Fifth Third, he became Operations Officer responsible for Corporate Trust – earning promotions faster than any other associate at the time. During Mr. Dowling's tenure at Fifth Third, he was solely responsible for creating a large and profitable business within the Corporate Stock and Bond Trusteeship. While at the David J. Joseph Company, Mr. Dowling was Business Manager for its Plant Operations Division, and was responsible for all business activities, including opening/closing plants, union negotiations and capital purchasing. Additionally, Mr. Dowling was the president of his own small business-consulting firm that focused on strategic planning and financing for entrepreneurs. The success of the firm included the launch of three mortgage companies, the re-launch of several businesses, and corporate financial restructuring for a major international corporation.

In addition to Mr. Dowling's business activities, he is also active in the community. He has served on candidate election campaigns for the US Senate, Ohio Governor, and Cincinnati Mayor and Council. Mr. Dowling has also assisted with the National Center for Missing and Exploited Children, the Boy Scouts, Executive Mentoring programs and the St. Patrick's Day Parade. Most recently, Mr. Dowling served in a leadership role on the E-Commerce Ohio Committee and on the State of Ohio Third Frontier project.

Our Background

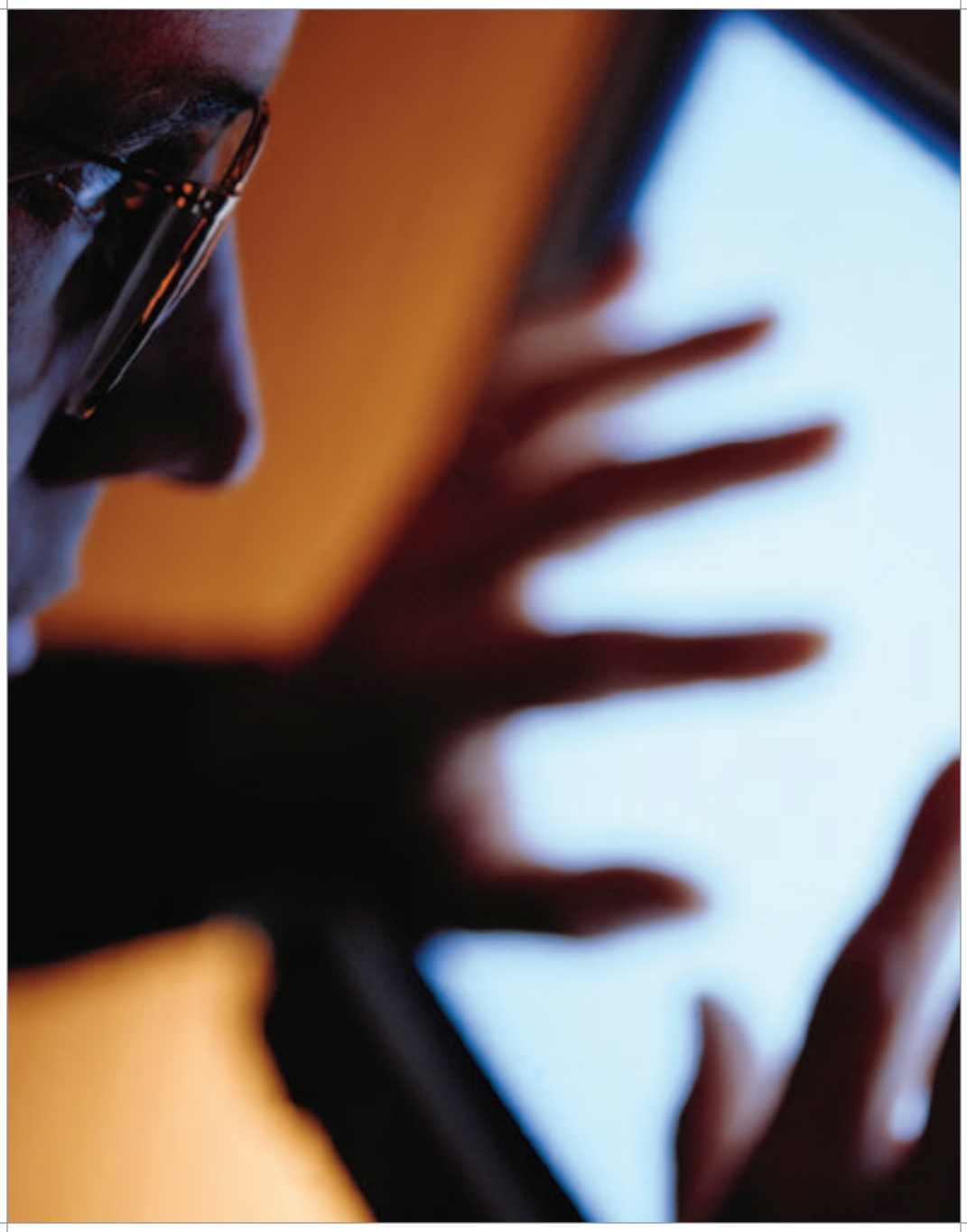
Founded in 1968, Cincom started with a simple idea that blossomed into a multinational enterprise. That simple idea was selling software separately from hardware, an idea that revolutionized how computers and their components were sold. Since our inception, we have provided software solutions that help our clients create, manage and grow customers. Our software products include manufacturing control systems, databases, document management, sales knowledge systems and e-Business solutions.

Cincom has provided mission-critical software to over 1,000 firms in the banking, insurance, security and allied services industries. To help them succeed, we've conducted a comprehensive analysis of the issues currently plaguing financial services organizations. During our study, we examined scores of analyst briefings and research documents to identify the foremost customer problems affecting financial services providers, as well as possible solutions to those issues. To increase our knowledge, we've interviewed over 40 financial services organizations and have learned a lot from our own customers, that include:

American Bankers
AmerUS Life Insurance Company
Aurora Healthcare
Cap Gemini Ernst & Young
Dun & Bradstreet
Federal Reserve Board
Highmark
Kaiser Permanente
Morgan Stanley & Company
Northwestern Mutual Financial Network
Sallie Mae
American Community Mutual Insurance
Atlantic Mutual Insurance Company
Blue Cross Blue Shield of South Carolina
Citibank
Fannie Mae
Great American Insurance Company
Ing (U.S.) Financial Holdings Corp.
MetLife
Nationwide
Prudential Financial

The information presented in this paper is based on proprietary research conducted in the United States, the United Kingdom, Germany, Spain, France and Italy. In addition to the information gathered from research and interviews, we've also included information from current news articles, the expertise of Cincom staff, consultants and business partners, including BearingPoint, Doculabs and Fujitsu Consulting.

The experiences of our own financial services customers have taught us that success can be achieved by implementing technology appropriately and effectively. We hope our knowledge and insights assist you in implementing sound business strategies that enable you to maximize the potential of your organization.



Executive Summary

"While we look for new ways to serve customers, I don't want to do anything to upset what is already working." This comment came from the CIO of one the world's largest financial services providers and one of Cincom's largest accounts. The COO of a nationally recognized insurer gives us another equally revealing comment by saying, "We now have 28 different mainframe databases. We spend half our annual budget accessing information on these systems. How can we gain leverage when we are fighting every day just to do the basics?"

Competition today requires improvement. Not for the sake of change alone, but for the sake of survival. Corporations are looking for growth, not just status quo. However, even the best practices of yesterday, do not guarantee survival today. Facing runaway complexity and acting with information that is hard to get, or worse yet, without the accurate information, usually results in acting incorrectly. The proof of this in our own industry is that 60 percent of all customer relationships are unprofitable. Two-thirds of all cross-sales are unprofitable. Seventy-five percent of activities performed in the branch are unprofitable[1]. Eighty percent of products offered are unprofitable. That's a pretty bleak picture.

I've seen each of these facts in isolation. But together, this is one of the most troubling pictures I have seen since I first worked in the financial services industry. The majority of things we do *every day* have the potential to harm earnings. Our business is so complex, it changes so quickly, the link between cause and effect is so obscure, and the interplay of variables so intricate, that when we act without complete, accurate, and timely information, we usually act incorrectly.

The myth of the power of technology to drive corporate success is a pervasive one. Those of you who have passed through one or more IT re-engineering projects are sensitive to the reality that there must be something missing from that story.

The missing element, of course, is that technology operates through and for people on its way to serving its corporate purposes. Depending on how it is applied, technology can serve those people well or poorly. The foundation reality is that to gain any kind of leveraging effect from technology for your business, the starting place must always be the relationship of the technology you use to the purpose of the technology and its impact on the people who use it.

That said, what empowers technology is that which enables you to leverage it to enhance the affairs of your enterprise – data, information, and knowledge. It is through these channels that decisions become possible. Therefore, the story of leveraging technology is substantively the story of how you enhance the data-information-knowledge circle that is mission-critical to your enterprise.

[1] First Manhattan Consulting Group

Leveraging technology is the story of true knowledge management

Achieving leverage begins with an understanding of how technology systems support knowledge management in your firm. Shading the whole debate is a radical change in the customer/vendor relationship. Where once, corporations kept information from their customers (as they still do in media advertising), now they must enter a dialogue where they listen and talk to their customers. This yields a positive result, as they are now able to capture and manage this new data and turn it into useful information. Plus, with the newly acquired personalized customer information, they are now poised to engage in true Customer Relationship Management (CRM).

So, more and more, the point of leveraging technology is to find ways to identify and establish profitable customer relationships; to turn customer interactions (data) into customer information and that information into effective business knowledge. And, to do so in a way that keeps you ahead of the competition, or at least, in possession of sufficient market share to let your corporate executives and shareholders sleep well at night.

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Technology, a Double-Edged Sword

Why play the technology card at all?

One could be cynical and say that it is the fantasy of getting something for nothing – or at least, at a bargain price. Theoretically, technology lets a company produce more, or produce a better product, or deliver better service at less cost. And this is accomplished either as a function of greater efficiency and cost-effectiveness, or by the time-honored strategy of doing more with fewer workers.

The promise is to be more profitable; to achieve a higher ROI.

The embracing of technology is driven by inflation, competitive pressures, cheap offshore labor, profit, and the serving of the customer. The engines underlying it are the computer, telecommunications, the tradeoffs between shipping costs and manufacturing costs, and the accelerating globalization of the business world; even a certain explosion of invention and new ideas.

In any individual instance, leveraging technology is motivated by present hurt as evidenced in higher labor costs, higher material costs, and lower profits. By the desire to maintain or increase market share. By the sheer need to survive. In a few carnivore cases, by a compulsion to be top dog at all costs.

Looking around, every company sees other companies using technology to beat them at their own game.

Evidence abounds that technology has been one of the primary contributors to the surge in productivity by helping us all manage enormous volumes of data and by promoting more efficiencies in operational processes. The financial services industry has been a leader in technology adoption and was among the first industries to build powerful mainframe backbones to handle millions of complex transactions. These systems are now aging, but few businesses can afford to jettison them. The hue and cry we hear from our customers is "give me solutions that make my existing investments deliver more value."

So much promise … what barriers hold it back?

All too often, we are frozen in place, unable to take advantage of new technologies because of failed projects from the past, or the tremendous time and cost of integrating with existing infrastructures.

Many well-intended efforts have foundered on what, in retrospect, seems like obvious stumbling blocks[2]. They are obvious only with hindsight and to be understood here not so much as cautions against committing the same errors, than as a warning that even the best conceived plan may contain within itself unsuspected perils.

[2] Corporate Executive Board - The Problem: Six Impediments to Strategic Operation/Essay Section II

Barrier 1 - Not all customers are the same

Profitability analysis has revealed huge skews among customers. Executives at one bank confirmed that some 40 percent of their customer base was either marginally profitable or marginally unprofitable. Further analysis revealed that part of the difference came from the very different motives/priorities driving different customer segments.

A Canadian bank found five different segments in its market: partners, traditional customers, demanders, price shoppers, and access freaks. The price sensitivity, service demands – and profit potential – of each group differed dramatically. In the words of the relationship manager at the bank, "It was not until we more accurately classified customer behavior that we realized why we were unsuccessful in improving (middle market) profitability. Now we are targeting each micro-segment separately."

Barrier 2 - Frontline proliferation challenges back-end operations[3]

With technology, better database management, and more effective analytics enabling ever more accurate insight into customer needs, the front line begins to proliferate products and services. This multiplicity of directions reaches a point where it overloads the back office due to the lack of integration and capability.

- In the 1970's, banks offered an average of 22 products and services.
- By 1998, they were offering 186 product variables!

Channel proliferation compounds the problem.

- In the 1970's, the customer dealt with a teller, branch manager, and perhaps a call center.
- Today, customers deal with a call center, relationship manager (if they have one), direct and electronic mail, PDAs, cellular telephones, PC banking, and the ubiquitous ATM.
- This leads now to over 4,000 product-to-channel variables.
- Compounding that further are the effects of global mega-mergers.

It used to be thought that the customer would welcome all this products-services value, and that value could be created by pushing ever-greater volumes of business through high-capacity equipment. The ability to do this, starts to break down as communication from the front line becomes inadequate for operations to satisfactorily perform, especially as customers migrate unpredictably to new channels created by a rapidly evolving marketplace.

[3] Financial Services Industry Council

The following scenario illustrates the domino effect that comes into play:

- **Time 0:** Marketing initiates a campaign in a new market without consulting operations.
- **Time 1:** Loan documentation volume rises above peak as transaction volume heterogeneity and sheer volume overwhelm staff.
- **Time 2:** Call center volume skyrockets as angry customers call to complain about delays in processing loans.
- **Time 3:** As problems are resolved and loans approved, the wire transfer area struggles to fulfill funding of new loans.
- **Time 4:** Errors caused by a rushed process overload the processor and underwriting department.

The demand complexity ripples out into the industry, causing the predictive services of the banks to vary to such a degree that it muddies current process analysis and technology investment decision-making!

Barrier 3 - Increasing intensity of competition

The problem is highly visible in the banking industry, but it is endemic to all financial services industries whose products are impacted by the acceleration of technology. The last decade has seen a sharp rise in both the number of entrants into the financial services industry and the threat of banking-product substitutes. Look at the impact of companies such as Visa or MasterCard that were once just "credit card" companies. In their latest incarnation, these companies have become "lenders and electronic payment" companies[4]. Making competitors out of partners, along with the side effects of driving-down margins and allowing customers to be more price-sensitive, has changed the whole banking and retail landscape.

Barrier 4 – Drawbacks of outsourcing

It used to be a sufficient advantage to be big. The availability of outsourcers and the proliferation of services they now offer weaken scale advantages, giving smaller competitors the benefit of the outsourcers' broad reach and end-to-end capabilities. Virtual or internet providers now are taking market share from traditional brick-and-mortar institutions. And, with globalization, the outsourcing company is as likely to be located in India or the Philippines with a resulting strong impact on labor costs.

Barrier 5 – Accelerating market change

Nothing stands still any more – it's sad but true. This makes it difficult to recover investments in standardization. Worse yet, the relentless pressure for rapid innovation slowly but surely shifts the emphasis away from a cycle of product improvement to one of continuously developing new products or new capabilities. Worst of all, the accelerating change has left our customers feeling that they are being played with, neglected, and in many cases, abandoned.

Tom Slywotzky, in his book *How Digital Is Your Business?*, observes: "It used to be true that a business design had a 20- to 30-year economic life – think of banks, insurance companies, brokerage houses, chemical companies, or automobile companies. Today, it's more like five or six years in many industries, and often business winners are finding that maintaining competitiveness means a constant evolution of the business design."

[4] Visa chief sees revolution in credit-card business, Carl F. Pascala, August 31, *St. Louis Post Dispatch*

Barrier 6 - People failure, the ubiquitous impact of corporate culture

One of the hidden negatives of change is that someone's ox always gets gored. Private personal structures and power relationships are upset and threatened. Quite often, especially when it comes to sharing information between groups and divisions, there is the fear that income will be threatened; that the corporate gain in better use of information will be a hit in the personal pocketbook; that the individual contribution will be depreciated by the loss of its exclusive ownership. MCI's attempts in the 1990's to develop its long-term customer business foundered on the fact that the sales force was evaluated based on its short-term sales and no politically acceptable means to resolve the conflict of goals could be put in place.

Roman Zuzak summed it up in a fairly succinct manner[5]: "The corporate culture is established by people in the company and considering that each person is original and different, each and every corporate culture is unique. At the same time, it reflects the conservatism of people's thinking and acting. This makes it impossible to react quickly to the changing conditions and make the appropriate alterations in the corporate culture." And, if the changes are not accepted, believed in, and supported by those involved, the IT initiative will inevitably fail.

Barrier 7 - The fragile customer relationship

Implicit in every change is the hope of making your customers happier and the fear that it's going to "cost you." The allied fear is that change will upset your customers or confuse them and drive them into the arms of the competition. So a problem that quickly surfaces with any technological implementation is that of striking a balance point between effective or superior Customer Relationship Management (CRM) and achieving the desired ROI.

Barrier 8 - The right solution to the wrong problem

Then, there is the issue of solution mismatch. This is clearly seen when corporations merge and the data management, warehousing, and distribution system that worked for, say, one of the partners, does not scale up to fit the needs of the new, larger entity.

Barrier 9 - Data incompatibly stored in too many places

The most self-evident obstacle to leveraging technology in any company is that company data resides in multiple sites, sometimes separated by global distances and frequently – if not usually – on different computer platforms. The burden of existing legacy hardware and the software it requires to operate can seem at times insurmountable – especially for financial organizations with massive legacy systems, and perhaps, millions of accounts spanning decades of operations.

[5] Corporate Culture as a Source of Crisis in Companies – Roman Zuzak, Research Assistant at the faculty of Agricultural Economics and Management, University of Agriculture, Prague, Czech Republic; posted to http://www.crisisnavigator.org

Barrier 10 - The silo effect

Less obvious, but sometimes more fatal, is the historical fact that most financial services organizations exist as discrete units – "silos" of information with little desire or willingness to share the data that resides in one silo with managers of another silo, despite cross-sell and up-sell opportunities, even if some way can be shown to do it.

Barrier 11 - Rapid technology change

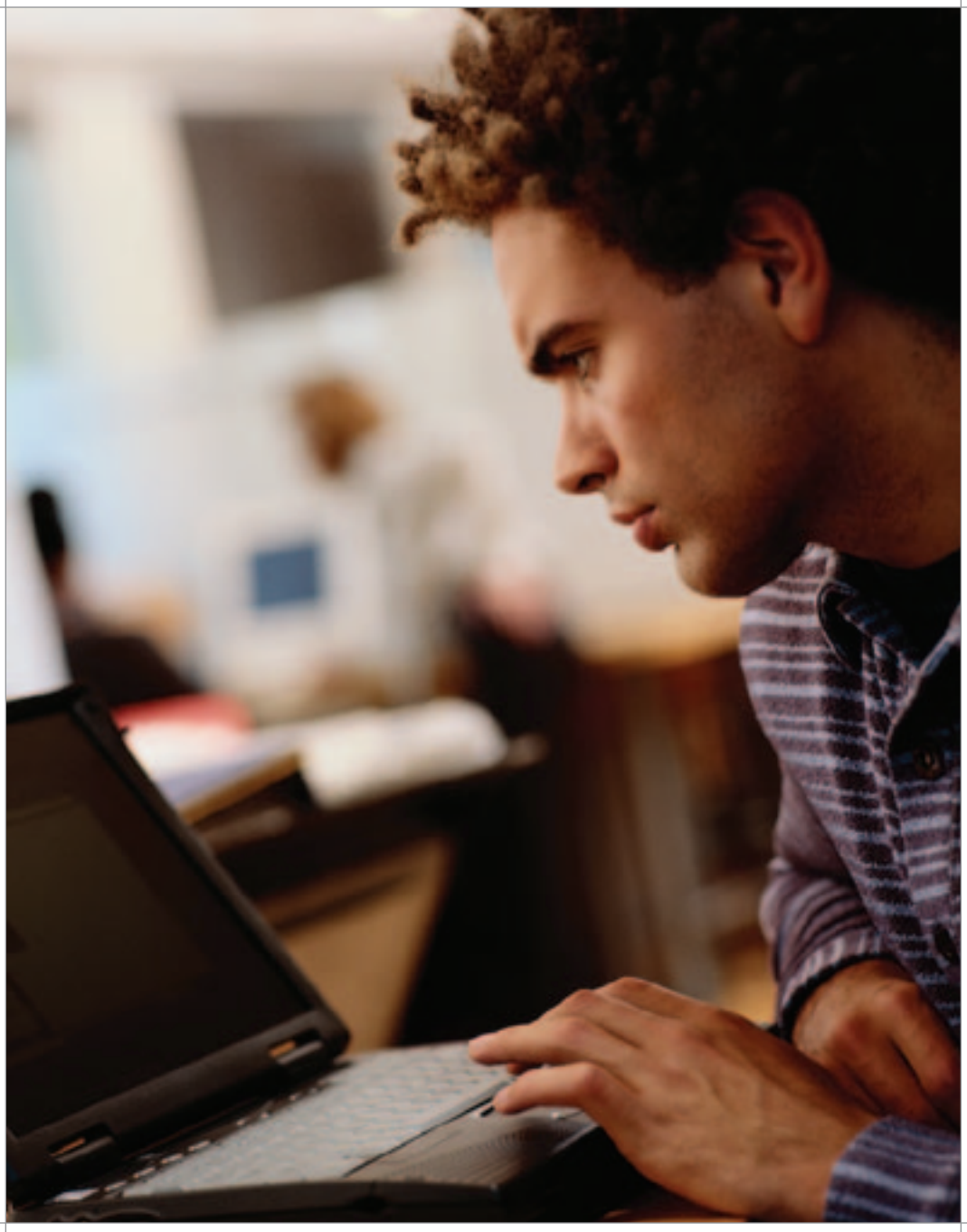
Technology brings with it its own family of booby traps. First is the pressure it applies to pick what is popular, or what seems superficially attractive because you know that if you delay, it will only diminish your personal stature or raise the cost of the solution. The nightmare twin of this effect is that technology seemingly becomes obsolete at a frighteningly rapid rate – not a negligible consideration when you are looking at corporate-wide implementation of changes. This brings with it the pressure to make the quick, "right" choice. Implicit in this is the knowledge that the "wrong" decision might not only be politically incorrect or ineffective, but that it can potentially destroy the organization.

Barrier 12 - Underestimated costs

Next to the failure to take sufficient account of cultural issues, the next most common area of technology failure results from underestimating the cost of the technology and its implementation. This holds true whether the technology is being built from scratch, bought off the shelf, or is a result of customizing some existing product. While leveraging existing infrastructures is an ultimate and optimal goal, in an attempt to hold cost down, it often comes with some surprising and unintended consequences, especially if done hastily.

Barrier 13 - The pressure for immediate results

The final obstacle in our list to success is the pressure for short-term, immediate results. This is as often driven by management's focus on shareholders and the ubiquitous pressures of the financial marketplace as it is by any objective reality. Management is all too often forced to choose between actions with long-term and sustainable payout with those that promise more immediate results in terms of increased profits, ROI, and dividends. Ironically, the quest for immediate results helps with the achievement of short-term market expectations, but all too often significantly impacts the long-term rewards of the very same stakeholders.



Making Technology Work for You

Laying the groundwork for success

Whether your company's products include stock options, term life insurance, home mortgages, or debit cards, what makes the corporation's foundation technology work are the action decisions that are taken around your product. It is the process that converts the data your business generates or consumes into information, which in turn serves as the basis for the knowledge that drives the decisions that make systems flow, financial transactions take place, shipments go out the door … the sales happen.

Leveraging technology comes down, in the end, to the effective application of knowledge. Doing it successfully builds on five fundamentals, only one of which is the technology itself. The other four are, as you might expect, human factors.

Fundamental One: Identify the true problem to be solved

Is the problem to process the mortgage loan, or to process it correctly, letting the customer know and understand what is happening every day? Make sure the analysis of your needs is one that allows you the broadest possible scope for finding a solution – or, ideally, for sidestepping the competition by seeing an industry problem from a new and liberating perspective. Put your energy into mission-critical problems not simply "interesting" ones. Look behind the obvious problems and see if there is not some more- or less-obvious fundamental issue underlying it whose resolution is required to generate the desired payback.

At what level is your concern? Does it require a strategic approach with global, mission-critical implications? Or, is it more appropriately considered a tactical issue? Do the issues revolve around data acquisition? Storage and transmission? Ways to more effectively transmute data into information? How to make information leverage into knowledge and make that knowledge accessible to corporate decision-makers? At what point does wisdom enter into the mix and from where (or whom)? Apply tough analytics against your problem's real numbers. Ask yourself if your problems obscure what are, upon closer analysis, opportunities waiting to be exploited.

Check out the competition. Do they have the same concerns? How are they dealing with them? Is their perception of the problem congruent with your own? If not, what is the significance of the difference?

Fundamental Two: Develop a strategically supported plan

Plans are not cost-effective applications of corporate resources when they devolve to one-shot affairs that solve an immediate problem, then go nowhere. Create a plan hierarchy in which each tactic supports some larger strategic goal and, therefore, every other tactic. Give your plan real-time checkpoints and feedback mechanisms so that its effectiveness can be assessed while it is possible to make painless changes and course corrections. Establish metrics ahead of time to enable you to gauge success.

Incorporate into your plan, the flexibility to respond to market changes, technological advances, and even the success of your own changes, to move on to different, better, or stronger solutions.

When possible, model your technological innovation. Get someone on the outside's take on it. "Outside" meaning, not necessarily the perspective of outside the company, but someone who is not a stakeholder in your proposed change.

Fundamental Three: Gain support from executive leadership

It is stating the obvious, but nothing of significance happens in any organization unless it is driven by the vision, will, and purposes of an individual with power, i.e., someone at the top. In most corporations, this individual is the CEO. Nothing will happen and nothing can succeed without the initiative, support, and partisanship of that CEO. However, since we are concerned with technological change, the CIO's responsibilities to the corporation and his/her contribution to the leadership partnership with the CEO are certainly pivotal. The overriding pressure for the CIO is to help the CEO "make the numbers" without diluting the enterprise initiative essential to the company's long-term competitiveness.

At the heart of the CIO's effectiveness and value to the CEO will be that person's ability to get a handle on the company's computer clutter and to find ways to transmute the data in those legacy behemoths into actionable information at a cost and with a minimization of complexity that is compatible with the organization's resources and the timetable for meeting its goals.

The CIO mandate:

Everything that has been said about the CIO's role to this point can be condensed to four action tracks. The CIO is responsible for

Identifying the IT projects that have strategic substance and the ability to reaffirm the business:

This will generally be projects that are relevant to CRM, system architecture, data access and integration, data knowledge management, and portals.

Directing discretionary IT funds toward the most promising projects:

Promising projects would include those with the highest cost-savings and revenue-enhancing potential, or those giving the most significant boost to customer loyalty. Items likely to be in the "discretionary queue" will include sales productivity, remote collaborations, employee self-service initiatives, and e-procurement.

Streamlining IT operations to the bone:

This, of course, covers the gamut, but will likely involve attempting to standardize infrastructure, rationalize application portfolios, consolidate user support, and re-negotiate vendor contracts, in an effort to boost operational efficiency and exploit outsourcing opportunities.

Subsidizing next-generation enterprise architecture:

Solving today's problems is an obvious necessity. However, given the rapid pace of technological change, a primary goal for IT management must be to anticipate the future and to invest in the research and prototyping needed to be ready to implement the next stage of change.

Fundamental Four: Gain support from those impacted

The fact that somebody has to lead implies that someone else has to follow. But, if your IT initiative is to succeed, the followers have to follow where you are leading, not down some contrary but (to them) familiar path that has worked in the past and with which they are comfortable.

Staff buy-in

Consider what one major European bank did[6] to engage its managers and cause them to support its CRM initiatives aimed at reducing its high client attrition rates.

The bank pinpointed the problem as being the size of its relationship manager's books of business, which had grown too large for them to handle adequately. Modern Customer Relationship Management (CRM) seemed to the bank's management as the way to go, but they found a great reluctance among the relationship managers to use CRM. To expedite the adoption of the CRM system, the bank had to somehow affect a major shift in the corporate culture.

They approached the problem not simply by promoting it as a policy issue, but by shifting accountability for CRM adoption and performance to the sales manager at the office level. It was incorporated into their performance evaluations. The sales managers, in turn, encouraged the relationship staff's adoption of the CRM platform. The sales managers' performance reviews and incentives were tied to the relationship manager's adoption of the CRM. This was reinforced by incenting the relationship managers to work through CRM.

On top of this, they developed a training system designed to educate relationship managers about the benefits of conducting business through the CRM. As part of this scheme, relationship teams were encouraged to volunteer for internships with the bank's centralized analytics team, where all CRM-related analytical analysis is conducted, for up to two months.

On their return back to the front line, internship participants encourage their colleagues to adopt CRM techniques and become the "go-to" for other relationship staff. Additionally, CRM advocates promote successes and the benefits of using CRM techniques to achieve sales goals.

[6] Corporate Executive Board - Fulfilling the Promise, Leveraging Investments in CRM Technology to Deepen High Net-Worth Relationships

The upshot of this top-to-bottom promotion of the CRM initiative was that bank management was able to achieve a complete buy-in in about a year and a half. On the bottom line, in the end, this bank found that 45 percent of its service regions experienced an increase of several hundred percent in prospective client contact rates due to the adoption of CRM strategies. This rapid adoption of CRM allowed their CRM investment to go cash-flow positive in just two years, half the time originally anticipated.

Customer buy-in

Employee or team buy-in is "halfway there." The other significant technology buy-in that is essential is that of the customer.

Customer buy-in is crucial. The customer has to see how what you are doing can benefit them, and the benefit has to be easily accessible and "not confusing." It cannot be so radically different from how they have done business with you before that the customer is completely lost in trying to engage you. And finally, they have to perceive that they are getting good service, which comes down to having their questions answered and their problems resolved "immediately" and quite often on a 24x7x365 basis.

Business-partner buy-in

And, finally, distribution networks (both internal and external) and the relationships that drive them must be considered. Communication within the distribution network faces extreme pressure to standardize data-exchange formats. Customers expect accurate, up-to-date product information, whether they are using a purchasing system, a provider's website, or an agent's site. Companies in the distribution network need to exchange product information across organizational boundaries to get customers the information they need when they need it.

Conversely, there is a deep fear that underlies the attitudes of agents, brokers, or other distribution partners, that if they share their customer information, the provider corporations will use this acquired knowledge to "go direct" and steal their business. This paranoia may be slightly overstated, but there is some basis in reality. So it's kind of a no-brainer that to involve the distributors in any technological change – and all substantial technological change involves the interchange of information – requires both strong reassurances and the communication of clear mutual benefit.

Fundamental Five: Pick an appropriate technology for the problem

And finally, we come to the essence of it all – the technology itself. Here's how the chief architect of one of the top five insurers in the United Kingdom describes his plight and direction[7]:

"My biggest issue is ensuring that the target architecture meets the business needs in their time scales, and that the solution is cost-effective in terms of total cost of ownership, and that we have the credible migration path to it from our current legacy which, like many companies our size, is pretty much a nightmare. We have over 1,500 applications of various size, shape, and age. Some were inherited with mergers, others not. A few years ago it was fairly fashionable to offer managers of different business units ownership of their own technical solutions. Now, we have a huge legacy of unconnected systems with a high cost of ownership that is not sustainable. We also have initiated a policy of re-using existing solutions if possible, before buying new. When we need a new solution, we check with each group within the company that has done a similar thing and try to re-use their solution. This has saved us millions."

The technology (or technologies) you are considering requires the legs to leap past the immediate problems:

- Connection points for future growth?
- Time to productivity?
- Have you made an inventory of your available resources?
- Are the tools for a solution already in existence somewhere in your company?
- Do you have the staff resources? Or do you need to bring in added staff or hired guns?

If nothing from within the financial services industry seems to fit your needs, have you looked over the wall at other industries? Somewhere, another industry's bright idea might just connect with your own insights and … Hey! You're off to the races!

[7] Cincom EMEA Research Project, 2002

Leveraging Technology for Better Business Decisions

Once you have laid the groundwork that enables technology to prosper in your particular corporate environment, getting results from it is largely a question of the wise management of the corporate knowledge being made available by your chosen technology to drive better decisions. And, of course, those better decisions can result in better products, better service, happier customers, increased sales and profits, and all the other trophies of a smartly run corporation - resulting in some companies becoming clear winners where others are not.

The knowledge environment

A number of issues arise in connection with knowledge as being one of the most far-reaching factors in leveraging technology:

- The sudden visibility of the long-term significance of the customer relationship and the many touch points within your organization that impact that relationship, hide significant information about it, or suffer from the lack of it.
- A growing, irresistible need to find some way to transform the operational and customer data scattered around your company in a dozen (or thousands) of locations, into information, and an accompanying need to identify the data (hence information) that you do not have and to find some way to acquire it.
- The need to transmute that information – assuming it is timely and correct – into the improved business strategies, tactics, and practices your company needs to succeed and thrive and satisfy its customers.

The knowledge management hierarchy

A story is told of the time that Sherlock Holmes and Watson decided to get away from it all with a weekend camping trip in the peaceful woods north of London. Waking in the middle of the night, Holmes was struck by the multitude of stars overhead.

"Watson, are you awake?"

"I am now, Holmes. What is it?"

"Watson, look to the stars. What do you learn?"

"Well, Holmes, chronologically, they tell me that it is about two o'clock in the morning.

Meteorologically, they tell me that it is going to be a beautiful day tomorrow.

Astronomically, they tell me that our solar system is just a small part of a vast cosmos.

And theologically, they tell me that God is great, and we are insignificant. How about you Holmes, what do the stars tell you?"

"Watson, you idiot! Someone has stolen our tent."

As Watson's behavior reminds us, data, insight, and wisdom are not necessarily the same thing.

At the top of the heap, so to speak, is knowledge management which is defined by the Gartner Group, Inc. (October 1996) this way: "… a discipline that promotes an integrated approach to identifying, managing, and sharing all of an enterprise's information assets. These information assets may include databases, documents, policies, and procedures, as well as previously unarticulated expertise and experience resident in individual workers."

Further elaborated by D. Skyrme[8], "Knowledge management is the explicit and systematic management of vital knowledge and its associated processes of creating, gathering, organizing, diffusion, use, and exploitation. It requires turning personal knowledge into corporate knowledge and can be widely shared throughout an organization and appropriately applied."

And, just what is knowledge?

According to Davenport and Prusak, authors of *Working Knowledge,* knowledge is, "a fluid mix of frame experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of thinkers. In organizations, it often becomes embedded not only in documents or repositories, but also in organizational routines, processes, practices, and norms."

I. Nokama[9] expands this with the observation that there is a difference between explicit and tacit knowledge. "Explicit knowledge is formal and systematic. For this reason, it can be easily communicated and shared, in product specifications or a scientific formula, or a computer program. Tacit knowledge is highly personal. It is hard to formalize and therefore difficult, if not impossible, to communicate."

The data-to-wisdom hierarchy

Sheila Corral in an excellent article[10], "Knowledge Management," sums up Davenport and Prusak's line of thinking this way: "[They] distinguish 'knowledge' from 'information' and information from 'data,' on the basis of value-adding processes which transform raw materials (for example transaction records) into communicable messages (such as documents) and then into knowledge and other higher-order concepts.

Some opposing views

Commentators on Davenport and Prusak have pounced on their rationale pointing out, quite rightly, that "one man's knowledge is another man's data." Equally aggressive, in "The Case Against Knowledge Management," Thomas A. Stewart ripostes, "Technology is just an enabler." True enough – and that disclaimer discloses part of the problem: enabling what? One flaw in knowledge management is that it often neglects to ask what knowledge to manage and toward what end. Knowledge management activities are all over the map: building databases, measuring intellectual capital, establishing corporate libraries, building intranets, sharing best practices, installing groupware, leading training programs, leading cultural change, fostering collaboration, creating virtual organizations – all of these are knowledge management, and every functional and staff leader can lay claim to it. But no one claims to answer the big question: "Why?"

Not a bad question, but certainly one that you will answer for your purposes. At the worst, such criticism merely establishes the cautionary perspective that you need to be clear in your situation, what you are about and what significance lies in the semantic classifications and tools that you employ when leveraging technology.

[8] D. Skyrme, Knowledge Management – Making Sense of an Oxymoron, 1997 (Management Insight 2nd Series, No. 2) Web page ref: http://www.skyrme.com/insights/22km.htm

[9] I. Nokama, The Knowledge Creating Company, *Harvard Business Review,* 69 (6) 1991

[10] Knowledge Management; Are We in the Knowledge Management Business; Shelia Corrall, University Librarian at the University of Reading; posted to http://www.rdg.ac.uk/libweb

Caveats about knowledge management

Information management isn't knowledge management

This should be self-evident from what has just been said. It is reiterated here because it is a critical distinction and a trap that is easy to fall into. Why? Because information is a discrete and visible corporate product/possession that can be clearly manipulated to obvious ends.

The application and purposing of information is a tactical act with potentially short-lived benefits. It may, for example, help address a customer's ostensible needs today. It will not cause actions to be taken that will retain that customer and make them a loyal, long-term contributor to corporate profits. That comes from viewing information in a knowledge-based context, from which it is possible to view the decisions that must be taken strategically. In that context, everything you know about the customer can surround the fulfilling of their needs and allow the service or product to be delivered in a way that particularly acknowledges each customer's idiosyncrasies.

Pitfalls on the knowledge management highway

Liham Farley and Laurence Prusak, in their book titled *The Eleven Sins of Knowledge Management* offer these insights:

1. No working definition of knowledge
2. Emphasizing knowledge stock to the detriment of knowledge flow
3. Seeing knowledge as primarily outside people's heads
4. Failing to see that managing knowledge must also be about creating contexts for sharing
5. Not heeding role and importance of tacit knowledge
6. Separating knowledge from its uses
7. Downplaying thinking and reasoning
8. Focusing on the past and the present, and not the future
9. Failing to recognize the importance of experimentation
10. Replacing human contact with technological contact
11. Seeking to develop direct measures of knowledge

Better decision-making from analytics

The goal is to put the information needed to make better decisions on the desktops of the people responsible for making decisions. Regrettably however, much of that data still lies trapped in multiple and variant data sources and platforms. These data repositories, such as those on mainframe systems, manage their transactional roles with precision, but are difficult to tap into, and therefore cannot easily assist in other operational and marketing programs. Few industries pump out more direct-mail campaigns than financial services, but all too often the messages are not relevant to the recipient, the timing is off, or the offer is not compelling. With good information, all this waste can fade into history.

Some issues are worth careful consideration:

- Identify critical data through extensive preliminary data analysis.
- Identify the root causes of poor data quality and attempt to set up permanent improvements.

- Attempt to solve quality issues in pragmatic ways, using reasonable assumptions.
- Validate the success of various approaches.
- Carefully deploy new models using “champion/challenger” programs - that is, the new models are not fully trusted initially. Instead, they are tested against a small percentage of the business.
- Recalibrate based on changed market conditions (for example, new products, competitors, business cycle, or season).

Applying technology in your world

Improve the effectiveness of marketing, sales, and service

According to the Financial Services Industry Council, we have already won when it comes to operational efficiency. As an industry, providers have mastered the single-minded task of operational efficiency to the point where there is little incremental reward for continued progress. Now the battle shifts to differentiating the business based on improved customer acquisition and service, and yet, information systems are still largely optimized for operations. "Many institutions have no precise understanding of customer service needs, nor the operational levers available for fulfilling them."

The mainframes put in place in past decades do a fine job at running the business from a transactional point of view. But they fail to drive outstanding customer service because they exist within silos that represent past management goals. The data residing in these systems must be put to new use; they are too expensive to dump; there is no sense to a rip-and-replace strategy.

There is one rule that is constant when marketing, selling, and servicing your customers: It depends.

Everything you do depends on who your customers are, what they want or need, what they expect from you, and when they want it. Everything depends on the context of each customer’s personal situation. When you know the context, you can market and sell more effectively. Manage each customer’s contextual situation well and you will have a happy customer for life and a competitive advantage in the marketplace.

Use the power of context in leveraging technology to support *four* critical business issues:

1. Implement data access, integration, and analytics for better decision-making;
2. Understand changing customer needs for retention, up-sell, and cross-sell;
3. Improve distribution channel productivity; and
4. Enhance ability to communicate and deliver a consistent value proposition.

1. Implement data access, integration, and analytics

A marketing officer at a large insurance company confided what seems to be a major problem across the industry. "The improved analytical and campaign planning tools improve management information so we can know what is happening out there. We still have a lot to do in automating these functions, but if the quality of the customer information is poor, we're wasting our time. It doesn't keep me awake at night, because if it did, I'd never get any sleep."

There are several different paths you can take to access data currently "trapped" in disparate data systems.

- Implement a comprehensive CRM solution that replaces existing systems. While many are pursuing this direction, many are also failing at it and find the disruption to business and the cost of execution prohibitive.
- Use an external service bureau to amalgamate changed customer data (merge, de-dupe, scrub, and match to standardize addressing; supply missing postal codes; add missing phone numbers; and provide a mosaic financial profile of customers). While such outsourcing gets the task done, the problem with this approach is as one provider we interviewed describes: "Typically there are eight weeks between when our customer gives us a fact before we have that fact into our operations. It would be nice to know that a customer is still alive before we mail to them."
- Install a data warehouse that replicates existing data from disparate systems. Many companies are headed in this direction, but setting up a warehouse from pre-relational files requires specialized knowledge, custom development, and a lot of time before the warehouse is functional. One corporate executive we interviewed said, "It's just a snapshot which becomes anything from four weeks to nine weeks out of date over the course of working with it. And the cost, oh the cost."
- Create a portal that can access and input data through a browser. While being friendly to users, this solution puts additional transactional load on the existing systems that are often already near capacity.
- Create a simpler data cache that lets you access, integrate, replicate, and refresh data across heterogeneous platforms and file systems. This gives you a relational interface to non-relational data, and a fast means of accessing mainframe data through industry-standard methods (SQL and others) usually in less than an hour instead of days or weeks. Such an approach should include components for data access, data integration, data transformation, and analytics. These data caches can be up and running quickly and offer significant value to cost, without the infrastructure requirements of a data warehouse. This also provides a good interim solution for companies already embarked on a long-term data warehouse implementation, without sacrificing investments. It also gives business managers the ability to access and use data while the long-term warehouse is being completed.

2. Understand changing customer needs

Once you have the data in a single view, managers can convert their knowledge into a set of business rules that automate complex processes to market, sell, and service customers, more effectively responding to each individual's contextual situation while working within parameters that assure appropriate profitability.

The following is an example of how providers still struggle with process-flow issues, as heard from a European insurer[11]: "We are working on improving sales channel information sharing. Things like lead generation, lead passing, and lead tracking have a high priority. At the same time, we are working on customer-servicing processes. We need to extend image processing so we can shorten disintermediation and more manual ways of working. Right now, we have a lot of staff in customer services to cover up for the lack of automation and the lack of thoroughly modern processes."

At the heart of process automation should be advisory modules that allow expertise to be distributed consistently, quickly, and cost-effectively throughout all contact channels. This improves the ability to sell to and serve the customers. By converting unique customer requirements into product offerings, you provide the customer with accurate, relevant, and timely information, while reducing the cost of the sale and reliance on internal expertise. This also results in a variety of outputs including: quotations, pricing, and proposals that include product configurations; contracts, drawings, and other forward-facing, business-specific documents; as well as sales orders, supplier orders/bills of material, and routings.

3. Improve distribution channel productivity

Communications into channels or to consumers have not served businesses or the targeted individuals well. Response rates across all industries, all media, and all communications disciplines are poor. Response rates universally hover in the 2 percent range. At the same time, recipients tend to see most communications as not being relevant to their needs. Lack of relevance is a major reason for poor response rates.

The head of strategy for a UK insurance firm notes how the volume of direct customer interaction events impacts technology requirements[12]: "We believe coordination of marketing and sales is important, but it's just as important to understand that the customer that phoned us last week to notify us of a new address expects that information to be recognized whenever she next contacts our firm. We have around 30,000 phone calls a week and another 10,000 mailed or e-mailed contacts into service every week. That's 40,000 contacts that must be entered in all our systems every week and distributed to every potential channel so the customer does not have to repeat the entry. We see making such improvements as a three-year initiative and we are still at the beginning stage."

[11] Cincom EMEA Research Project, 2002

[12] Cincom EMEA Research Project, 2002

Two interrelated strategies can help you attain productivity gains: Customer Centricity and Contextual Communications. By shifting the messages and offers to a customer point of view and then personalizing these messages and offers so they reflect the individual's situation, you will increase the relevance of your communications. Our experience indicates that response rates can improve from 2 percent to 10 percent, and sometimes as high as 50 percent when communications are made more relevant to customer needs and customer context.

(NOTE: See separate Cincom Analysis Reports on Understanding Customers, Improving Channel Productivity, and Improving Customer Communications. These are available via the Financial Services Learning Center at www.cincom.com/financial.)

4. Enhance ability to communicate consistently

Unified Customer-Centered Databases

London Life Insurance Company implemented an integrated customer information file system. The system consolidated information relevant to a customer into a single view and also provided a consistent operational view across the organization. This resulted in:

- Increased data integrity across all administrative systems
- One-touch functionality for updating or changing customer information
- A reduction in mailing expenses
- Ready access to statistics for retention and cross-selling
- Improved call center support

Multi-Channel Customer Communications

Companies that leverage the technologies necessary to interact with their customers across all contact channels stand to reap huge rewards. But new methods of contact mean an increased volume of messages, and an increased responsibility for integrating and managing customer interactions from multiple channels.

Companies can also consolidate mailings and other customer communications. Why waste money sending a mailing to a customer about a product of which you know he'll have no interest, or for which he isn't eligible? Knowing your customers can help you target mailings and marketing promotions to get the most for your money and the best return on your marketing campaigns. Document automation enables organizations to automate high-volume, high-value, personalized customer communications, delivered via web, print, fax, e-mail, or other communication touch points. Leveraging existing systems, hardware, and databases has enabled several Cincom financial services customers to achieve cost reductions of up to 80 percent.

Don't bite off more than you can chew

Make changes in modules within a framework instead of initiating huge global structural changes that push the business into expensive confusion and poor ROI.

The decision path for leveraging technology is mined with distractions that look vital.

Keep focused. Stay the course. Begin with vision. Fix what's broken today. Manage simplicity out of complexity. Learn from others that have come down the path.

Few IS departments are sitting around waiting for something to do. One insurer put it this way: "Integrating all these systems is a huge task because the scale is so big. All our salespeople carry laptops with a good point-of-sale system, but none of these integrate in a comprehensive way … they came with a merger, and the system is really good, but now they are part of a big problem."

A bank executive reported: "Architecturally, for the first time, we have installed middleware solutions with an eye on the downstream, plug-and-play environment. This is a result of cost; it is expensive to change core systems. If we can get our investment and mortgage systems, for example, communicating through common middleware, then eventually we can pick one component and replace it with another rather than replacing the whole lot. We focus on designing the interface between our CRM system and the middleware. The trouble is that this adds a cost to your first implementation, but you get the return on the second."

Here is a third confirming point of view from the Director of Services at another global insurance firm: "If we had jumped into CRM two years ago, we would have done it from a focus on customer contact; now it seems more to be about the relationship. Because we have taken the time and learned so much on the way, we have discovered that our real priorities are actually in getting our sales and marketing databases in order and knowing what we want to do with them. The risk is if you jump too quickly, you don't know quite what it is you want and you bite off more than you can chew."

Moving from concepts to actions

While the initiatives for change must start at the top and demand the support of every management member, it must be made clear that these initiatives are to be treated as priorities throughout the company. To this end, management must always hold the following perspectives in clear sight:

- If any strategic plan is to work, goal-setting partnerships must be established among three pivotal corporate communities: the information systems department, the user community, and the executive staff. Organizations succeed, not plans[13].
- The information systems strategic plan must be seen as being driven by the organization's business goals and directions. Only then will technology – and the IT department itself – be seen as a true, acceptable, and worthwhile cost of doing business.
- To the extent that the organization's business objectives clearly intersect with the deployment of the IT strategic plan, it will be possible to view the implementation and leveraging of technology as a success.

[13] Leveraging Technology for Success; Pamela Matthews, *Journal of Healthcare Information Management*, Vol. 14, No. 2, Summer 2000

- Any plan that involves a significant change in the corporate culture must have buy-in by everyone affected. This means that upfront selling and education is required and that evangelists for the change must seed the impacted groups. Furthermore, there must be clear rewards for the individuals impacted by the change. Ideally, everyone must see themselves coming out as a winner.
- The assumed perspective must be broad enough to encompass and accommodate both the organization's functional needs (application development, operations support, project management) and those of its support infrastructure (marketing, distribution, administration, sales unit support).
- Best practices within each business area must be acknowledged and accommodated.
- Structure must be set into place that addresses both the issues of project governance and responsibility. The desks where the buck stops have to be identified!
- All organizations are document ridden; financial services companies more than most. Any solution implemented to leverage existing technology that touches on the company's data management must clearly address the issues of document production, document workflow, document storage and, above all, the services and activities those documents support.

Long-term implications

Over the long haul, technology implementation is likely to drive a shift from simply making transactions easier to making it easier to acquire and service profitable customers through the use of knowledge to drive better decision-making.

This is an indirect and probably inevitable result of the changed relationship with your company's customers that technology both makes possible and creates. This will likely become visible in a variety of communications-related areas:

- Technology, properly applied, will in many cases permit customer interactions to be dealt with and customer problems to be resolved at a lower level. This means that customer responses will be faster and, hopefully, since the situation is being dealt with by people on the front line, more satisfactory.
- The ubiquity of the internet and its significance as a channel for company communications with customers will increase as access to it becomes increasingly wireless.
- In an internet-ubiquitous world, a likely vehicle for leveraging marketing effectiveness and customer service will be XML-enabled web transactions.

Again, the issue is inextricably bound to your corporate culture. If it is a flexible and vigorous one, evolution is a viable option. If it is reactionary and fearful, you might need to go as far as creating a new entity unburdened with legacy perspectives – and that might even be beyond reach.

It is also worth the effort to see what others are doing, have done, and with what degree of success. If your marketplace is by its nature a conservative one, it will be worth the effort to go further and see what is happening in other arenas. But, set close deadlines and keep your momentum for change moving.

A Cookbook for Fast-Track Starts

What are you going to make happen next week? Obviously, you must find specific solutions to match your particular needs. However, on the principle that stealing a good idea is worth nine points out of 10, what follows is a potpourri of practical technology-related strategic and tactical ideas that have been successful for other companies and which may work for yours – or, at the very least, serve as discussion prompts and idea starters. Take what works for you and prosper!

Provide a 360° view

A single customer data store, a single location for synthesized customer information, whether it is a wholly separate system or one that pulls information from multiple sources, is a powerful competitive tool. Research analyst, Datamonitor, in its 2002 report, "CRM Strategies in Insurance," says that the key focus for insurers must be the development of a single customer data store. Without it, the richer functionality CRM offers will be difficult to achieve and personalization will be impossible. The more companies know about their customers and what they're buying, the better prepared they are to develop new products and to identify sales opportunities.

Single customer data stores facilitate cross-selling. And, customer-centric information retains the assets of customers by providing products and services to meet their changing needs. By knowing where your customer is in his or her "life cycle," you can target the right product and service at the right time, while keeping a long-term, profitable customer in the process.

The single-view savings factor

Customer-centered databases can reduce expenses and duplication of work. For example, London Life Insurance Company implemented an integrated customer information file system. The system consolidated information relevant to a customer into a single view and also provided a consistent operational view across the organization. This resulted in increased data integrity across all administrative systems, one-touch functionality for updating or changing customer information, a reduction in mailing expenses, ready access to statistics for retention and cross-selling, and call center support.

You can also consolidate mailings and other customer communications, thus eliminating waste, the needless duplication of effort, and a redundant application of corporate resources. In the long run, the power of this approach may really be that it makes it much easier to identify points at which customer service and products can be improved. It also permits these opportunities to be acted upon with a timeliness immediacy that is lost when the information is hidden away in disparate corporate silos. The potential contribution to a more efficient operation and better customer service can not only result with a management energized to use this broad sweep of information in more profitable operations, but also the kind of actions that will position the organization applying this strategy as a market leader.

Set standards; insist on conformity

Identifying best practices is less difficult than it is tedious. It requires making the effort to look at the individuals and groups within the organization who are most successful in meeting the organization's objectives and disseminating this learning everyplace it applies. The difficulty comes less in discovery and dissemination than in getting everyone to act on the new learning. The value of the exercise is particularly obvious during periods of merger or downsizing. What worked at one scale of operations may not be an effective approach to the new one.

Automate what can be automated – but not needlessly

Sometimes, it's not a question of introducing new technology but of using what you've got better and more efficiently. It is worth the effort to analyze each of the organization's processes and procedures and ask, "Can this be automated?" To the extent that it can, the responsible managers will be empowered to make better (i.e., more profitable) use of their time.

Cut the costs of data access; outsource when it works

To the extent that outsourcing is a viable option for your organization, it offers the following benefits: 1) It allows a more flexible deployment of corporate assets, freeing up money that would require significant outlays of capital to be applied to financing growth rather than operations, 2) With the right contractual arrangements, it can allow you to always have available access to the most current technology without paying the heavy capital investment costs of continuous upgrades, 3) It can permit access to resources that, on its own, your company simply cannot afford, and 4) it can, with the right partners, give you access to connections and marketing opportunities that would otherwise be unavailable to you.

Don't try to do everything

What is true for the organization as a whole is especially true for the IT function. At some early stage, an assessment should be made of the core competencies of your IT organization. The decision should be made as to what it is important for the group to specialize in and the rest should be ignored – or put on a slower track for accomplishment. In the words of one IT manager, "We succeed because we've chosen to ignore 90 percent of the things we once did and now focus on a few things and try to do them extraordinarily well." In this connection, at least one broad-based study, part of an analysis of the issues involved in implementing strategic plans, discovered that the most successful companies were not those that tried to be equally competent at addressing all of their market issues, but rather those who identified what they did best and focused their resources on supporting that (singular) competency. The other product and marketing issues were not ignored, but to some extent, followed along in the wake of the success of the company's most visible strength.

Scrutinize for Value[14]

Treat each IT project as an investment, and recognize when it's time to cut loose of projects that aren't delivering sufficient value.

Require Formal Project Requests

By creating a requirement for a written proposal, you force managers to line up support and develop their ideas before making their requests.

Reuse Whenever Possible

The opportunity to reuse software and hardware – the CIO's equivalent of getting a box of hand-me-downs – is resourcefulness defined. A well-governed IT shop will make consideration of reuse a part of its standard operating procedure.

Mandate Speed With Short Deadlines

Time is money, so a company that completes IT projects faster is doing a better job of managing its resources.

Adjust Budgets to Reflect Benefits

At one company, if an IT project proposal claims it will save $1 million, then $1 million is taken from the project owner's budget once the project is approved – period. "It's a significant sign-up by the functional owner, who is then committed to deliver." No one proposes a project unless they believe in it."

Manage Projects as a Portfolio

Instead of asking for an advisory committee's feedback on one project at a time, review 20 to 30 large projects in context, showing their estimated dollar value and how they align with the company strategy. Think of an IT portfolio in terms of projects that run the business (operational) versus those that grow the business (transformational).

Close the Loop With Postmortem Audits

Checking to see whether IT projects deliver on promised value may seem like an obvious best practice, but such auditing is relatively uncommon. If a team spends more than planned, blows the deadline, or doesn't deliver promised quality or financial benefits, it gets a zero for say/do on that project. Another equally effective approach is to consider only hard-dollar ROI when analyzing projects.

Avoid Draconian Measures

A governance structure that is too constraining or Draconian will alienate the businesspeople you're trying to engage to help set IT priorities. Success or failure delivers only a partial value to you unless you know why you succeeded or failed. Build into every plan, mechanisms for follow-up activities that will turn your experiences into knowledge.

[14] Deciding Factors - Alice Dragon; August 15, 2003 issue of *CIO Magazine;* posted to http://www.cio.com

Consolidate when practical

The duplication of staff, software, and database is sometimes stunning, particularly in large enterprises with national or global extension. Eliminating duplication of this kind can potentially result in tens of millions of dollars in savings.

Establish metrics

Metrics are best, milestones are O.K, but in either case, set them in place on an ongoing basis. Without them, you have no basis for knowing what you've accomplished or whether your initiatives are beneficial. It goes without saying that the most meaningful metrics start with benchmarks instituted before you initiate your changes.

Set realistic expectations

Everything always costs more and takes longer than before-the-fact paper exercises promise. Always. Implementation always runs into unexpected circumstances that change both delivery times and the significance of what's being done. Any plan that does not allow slack for such realities is bound to disappoint.

Propagandize change; reward success; provide incentives

There's an old public-speaking strategy that is relevant to the success of IT initiatives. It comes down to: 1) Tell them what you're going to tell them, 2) Tell them, and 3) Tell them what you told them. Half of success is getting the message across. Part and parcel of this has to be, in addition to evangelizing your initiatives, reward those who successfully apply them, and give new audiences incentives for coming on board and trying what you're selling. What it comes down to is not fighting human nature at its most simplistic level, but taking advantage of the common predispositions that everyone has to prefer the spoon with honey on it.

The Tests for Success

When the dust settles, the criteria for success are fairly simple and obvious and, if you have done your homework, hopefully satisfying.

Are you making money?

Have you improved your ROI? Is your business more profitable? That was a primary point of the whole exercise. If you haven't achieved positive financial results, analyze what you've done and identify where you went wrong. It may not prevent future mistakes but it should at least keep you from repeating the same mistakes again. Conversely, if you are succeeding, confirm why success is happening. Is it what you think it is? Then, make sure you continue doing it!

Are your employees satisfied?

Happy employees are more loyal, do their jobs better, and help you acquire and keep your customers. Over the long haul, they can be the difference between your company being an industry leader or being an also-ran.

Are your customers happy?

As Willie Sutton is reputed to have said about banks, "That's where the money is." If you make it easy for your customers to do business with you, make their business profitable and encourage their loyalty. By doing this, your cost of customer acquisition will stay low. Also, consider doing this on top of providing a product or service they want and find attractive. Then, as they say, "You have it made!"

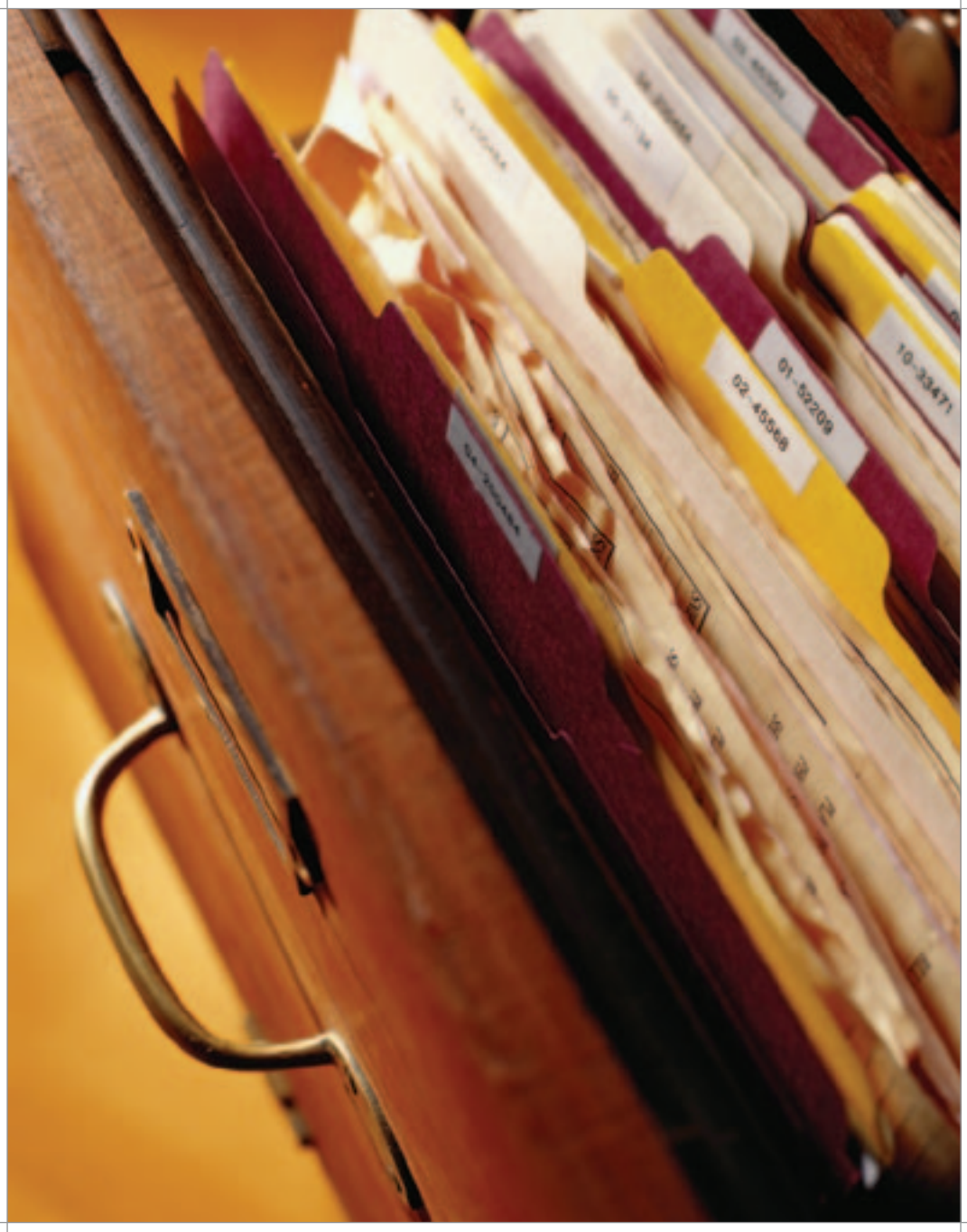
Do you have a plan for what you do next?

According to a Gartner Group report titled "CRM Analytics – New Insights for Better Relationships," complacency is the silent enemy. Change is inevitable. The way to stay a winner is to prepare for change and to always have a plan in place for what comes next. Unlike individuals, corporations need not age. When they do, it is often from dwelling on past successes rather than future opportunities.

Mini-Case Study

U. S. Insurance Company Cites Five Goals

1. We do not want to upset what we are doing, where it is working. Our mainframe systems work just fine. We just need to get more productivity from this infrastructure.
2. We need to improve our ability to support our existing agents and to find and support new distribution.
3. We need to help our distribution move into new markets and to sell new products such as mortgages and investments.
4. We need to build internal knowledge management that will make us more responsive and more flexible so we can shift directions faster, based on economic conditions and market requirements.
5. We need to get better at creating customer value and delivering it consistently.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This is the fourth in a series of six white papers that delve into the insights, strategies and solutions for overcoming the roadblocks to your overall success. This paper discusses how to effectively leverage technology to create a business environment that promotes financial success and satisfaction within your organization. Be sure to look for the other helpful and informative documents in this white paper series:

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