

Removing Silos: A Big Box Retailer That Didn't Know Jack Now Knows Him Very Well

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Jack is married with two children. He earns an above-average income and enjoys spending a good portion of that income at a major U.S. big box retailer. This retailer identifies Jack as one of its marquee customers; its marketing aim is to understand and market to whatever he wants and needs. However, as company leaders shifted the business' focus from mass-marketing retail to customer-centric retailing, they came to realize they just didn't know Jack.

Customer-centricity is the latest CRM buzzword, and nowhere is it more high profile than in the world of retail services.

A CRM strategy objective

In my seven years of experience as a retail CRM development consultant, my premise for success is that customer-centricity begins and ends with information content and flow. Capturing detailed customer information enables companies to segment their customer profiles into a variety of target categories; provide custom products and service offerings; and structure operational processes to best support these segmented groups.

This effort, in turn, drives revenue, offers insight into customer behavior and interests and bolsters customer loyalty and retention. But customer information must be captured consistently for all channel interactions (store, web, phone and email) and be accessible from any one place with one reporting system.

The big box retailer that didn't know Jack is a real U.S. chain that hired me to help identify its customers. We did this by helping the company move away from a departmental silo mentality to a streamlined, cross-departmental CRM strategy driven from a no-nonsense business perspective.

Sharing information

I found that each business unit in this retailer—Store Operations, eCommerce, Repair Services and Specialty Services—knew Jack, captured information about Jack and managed a relationship with Jack, but they handled it all within their independent business silos. The IT department also contributed to this disparate disarray by creating customized systems and applications for most new efforts. Coordinated customer-centricity seemed like a far-flung goal at best.

Nevertheless, my team—the strategic business development group aligned with a leadership group of marketing and store operations experts—plowed ahead. We were challenged by the existing CRM strategy on two fronts:

1. **Data integrity.** Customers had multiple appearances in divergent systems and multiple purchase histories. Oftentimes, interactions were not even attached to the correct customers or tracked at all.
2. **Access to the information.** As we continued down our development path, we recognized that all the customer information was controlled and maintained by the IT department. Getting access to the information and making any systemic changes was challenging, costly, and often felt

impossible. This restrictive control was one symptom that the company did not have a solid CRM strategy in place. And the effort required to course-correct and consolidate would not be easy.

Our team spent several months laboriously consolidating and analyzing data from all channels about each customer segment. We developed a two-part information landscape, including an executive overview depicting customer-segment purchase propensity, behavioral trends and problem areas. The analysis also included what systems housed the informational elements—and who had responsibility for each system. This information landscape demonstrated the complex technical environment that supported the CRM strategy: 16 operational systems, four reporting systems and no consolidation strategy whatsoever.

My team worked as solution creators, IT interpreters and life cycle specialists. We witnessed the retailer's modus operandi truly shifting, step by step, from business unit objectives to a new, disciplined end-user focus:

1. We mapped business processes with associated informational elements, significant and not so significant.
2. We linked technology systems to the business processes that each supported, with capabilities and limitations highlighted.
3. We gathered requirements from each customer-centricity working team and consolidated them into one centralized development plan.
4. We constructed a "to-be" business and technology model detailing how responsibilities for certain business processes should be re-purposed under the new customer-centric plan. We also specified a migration path and the necessary funding to effect the changes.

Consolidating and centralizing customer information for this retailer improved how it reaches out and markets to customers. Channel interactions, combined with purchase activity, behaviors and demographics, contribute to customer value and segmentation. The company has instituted a scoring system that helps categorize individuals and groups of buyers.

For example, a buyer who comes to the store for large items once a quarter may be given a lower score than a customer who repeatedly buys once a week in small quantities. This repeat buyer might be sent specific coupons or emails directing him or her to the next logical purchase—and linked to the customer's loyalty membership ID, in turn increasing the repeat-buyer's score.

A customer who buys one big item with high margin but calls four times, emails once and then redeems all of the rebates may get a negative score. This information is all calculated by the marketing department. But it has to be collected first before marketing can arrive at any informed conclusions.

Our changes also enhanced marketing campaign management. By taking into account two marketing triggers—customer value score changes and loyalty membership purchase preferences—the retailer built specific campaigns to the entire customer segment and specialized campaigns directed to individuals (based on parameters such as redemption of coupons).

With a CRM consolidation and growth strategy roadmap in hand, the retailer had begun first-year implementations apace. Even so, already, the retailer is realizing some benefits of the changes:

- The company now has one top-down view for existing systems capabilities.

- One cross-functional business and IT team governs strategic development and consolidation.
- Managing by business process, instead of allowing systems to manage the process, is the byword of the day.
- Business development and marketing teams have significantly improved access to customer-centric information.

And most importantly, the company is starting to really know Jack.

If I have one caveat to share, however, it's this: Successfully completing a transformation of this magnitude is often at least a three-year effort. The process at this one retailer is still unfolding. That's all the more reason for you to use alacrity when segueing from outmoded silo CRM mindsets to streamlined customer-centric information management. In the world of retail, the fourth quarter is the optimal time to capture the most information about your customers, so you can reap the rewards in the new year with a new strategy.



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