



# Winchester Bank?

## Executing a Cohesive Strategy in the Post-CRM World

by Nick Wilde, Managing Director and Keith Von Seggern, Managing Principal

*In San Jose there sprawls an architectural curiosity called The Winchester House. Intended as a home, it is a brick-and-wood maze continuously constructed for nearly forty years without a master plan. It has stairways that lead to ceilings, doors that open to sharp drops-offs, a chimney that ends short of a ceiling, double-back hallways, and trap doors. It is testimony to a strategy of one thing after another.*

*Nick Wilde and Keith Von Seggern find easy parallels in the Winchester House to what they call today's "post-CRM environment" in banking.*

### **Question: First, the phrase "Post-CRM" — what's behind your declaration of a new era?**

Wilde: We see widespread recognition in the banking industry that an era has passed, an era when executive conversations about customer management quickly devolved toward "initiatives." A CRM technology initiative, a front-line sales training initiative, a central marketing campaign, and so on. Those initiatives have been done, and they have had results, no doubt about it. But few believe those initiatives are delivering the added customer value they told the analysts to expect.

One global-bank CEO claims that a brand-new product innovation buys you ninety days' competitive advantage in the marketplace. To really derive sustainable competitive advantage, you have to, in Michael Porter's words, offer a differentiated customer experience. CRM was a start, but not the end.

### **Question: So this new era, does it have a name?**

Von Seggern: We'll let history name it, but it's about what we call "assembly" — a conscious process of assembling all the components — knowledge, technology, people, strategy, tactics — all the pieces it takes to go from a Winchester maze to an organization

coherently managed around the brand promise or consistent customer experience.

That takes strong leadership across the enterprise. One of our clients recently said, after we walked them through the process, "Maybe we have been trying to substitute compensation for leadership."

That's not an unusual epiphany. No matter how many rooms you add to a Winchester House, it's still unlivable. No matter how many initiatives you unspool at your bank, if they are not all tied to the same vision, carried out in the same language, and measured by matching metrics, they will ultimately disappoint.

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### **Question: After all those CRM investments with their uncertain outcomes, how do bank executives make the next decision?**

Wilde: Metrics. This time around, they have to know, before they invest, what's working and what isn't. Which of their customer management practices actually build value, and which ones destroy value. They need benchmarks for each of the many activities that add up to the customer experience — activities proven to correlate significantly with financial performance. This way, they can quantify their performance objectively. If they already outperform on global benchmarks for, say, sales incentives, they need to know that. Or if they underperform in goal-setting at the middle manager level, or are favorable in retention. With a baseline assessment, they can begin with a lot of conviction about their starting position and their ultimate destination.

## Question: Once that happens, what are the pitfalls?

Von Seggern: There are at least two pitfalls that we see a lot of well-meaning, well-managed organizations encounter. You can imagine what happens if a benchmarking spotlights a significant gap. It is tempting for executive management to sound the alarm, create a project, and throw resources at the gap, wherever it is, until it's fixed. They erect another room, if you will, in Winchester terms.

The problem with that is "the missing middle." Between executives devising the strategy and the front line trying to deploy it are the ranks of dedicated, educated middle managers whose role in customer management is often barely defined and loosely connected. As we have written in "The Missing Middle" ([www.carreker.com](http://www.carreker.com)), it is as if the composer has produced the sheet music, and the orchestra shows up to play, but nobody shows up to conduct. Delivering a solid, differentiated and consistent brand promise is a strategy with a lot of moving parts. Middle managers are the vital conductors.

So the pitfall of the missing middle is the tendency to attack a customer management deficiency where it happens to show up, rather than deploying a comprehensive process for helping each part of the organization execute its part of the strategy. A U.S. banker put it this way, "No matter how great our new front-line technology is, if it doesn't change the customer experience, we won't make more money."

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## Question: You mentioned a couple of pitfalls?

The other one we call "pride and prejudice." No matter how deep the organizational commitment to change, or how sincere individuals' commitment, that commitment will be tested, and when it does, pride and prejudice

tend to follow. Most of us are pained to discard things that have served us well. When asked to do it in our profession, it's even harder. We're used to the way our reports look. We're comfortable with our process. We are proud of what we're doing and prejudiced in favor of continuing. We're team players and will make adjustments, but nothing disruptive.

Multiply that perfectly human reaction across a few dozen areas and even the most change-committed organization is unlikely to see a strong measure of end user adoption absent a comprehensive process.

So the pride and prejudice pitfall is to back away from the more uncompromising areas of the bank, and foist the change on that familiar target, the front line, and to mandate end user adoption, rather than "conducting" it.

## Question: When you take the challenge of the post-CRM environment down to concrete next steps, what are they?

Wilde: First, of course, is benchmarking. Get an objective assessment of how you rank on proven metrics of customer management. Then in an open, facilitated session, inspect your earlier CRM-related initiatives. Which ones delivered early bursts of improvement but later faltered? Which ones worked in some parts of the organization but not others? Resist the urge to reorganize. Stifle the tendency to make the past fit your current strategy. Objectively looking at the past helps you understand your current state. Then with a clear picture of where you are, compare it to your strategic goals. Set your priorities. Ultimately, what you want to arrive at is a comprehensive methodology for applying a master plan rather than a Winchester House of CRM initiatives. ■



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