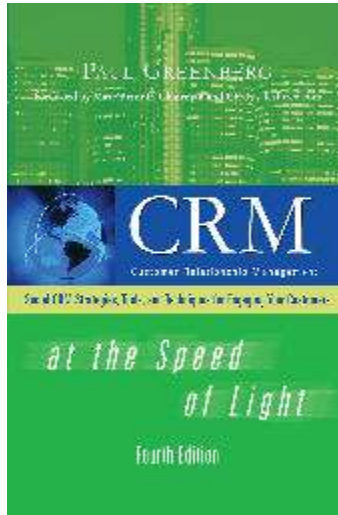


The Best Practices of a Social CRM Strategy



In the era of the social customer, companies need to rethink their approach to customer relationships.

"We are now living in the era of the social customer," writes Paul Greenberg in *CRM at the Speed of Light, Fourth Edition: Social CRM Strategies, Tools, and Techniques for Engaging Your Customers*. "The customer seized control of the business ecosystem and it was never the same."

Interacting with and engaging the social customer requires companies to rethink their approach to customer relationships. In this excerpt from *CRM at the Speed of Light*, Greenberg defines the best practices associated with an effective Social CRM strategy:

Introducing Strategy

At its broadest, a Social CRM strategy is one focused around customer engagement. It differs from more traditional CRM strategies because the primary concern is not managing relationships that are based on understanding a customer's transaction history and behavior, but instead is founded on treating the customer as a partner who will, in return for benefits of some kind, provide value to your company.

CRM 1.0 strategy was operational and tactical but was at its core a strategy for actually managing corporate transactions with customers—and at its best a strategy for managing the interactions with customers. The software associated with it was based on process efficiencies and interaction effectiveness. Pretty much the best you could expect from it was a greater knowledge of a customer via the 360-degree view of the single customer—

which still is in woeful short supply at the companies that claimed CRM in their portfolios. A McKinsey study placed it at 38 percent. On the other hand, the February 2009 Speed Trap/Econsultancy Social CRM study (a slideshow summary is available at www.slideshare.net/econsultancy/speedtrap-crm-20-survey) found that 70 percent of their respondents had at least centralized storage for customer data—which isn't the same as a single customer record but at least shows some promise of progress.

But that was CRM 1.0. Social CRM is widely recognized as a strategy for encouraging the customer to participate with your company in making decisions that affect the particular customer. What it does is take CRM 1.0 and extend it far beyond its original bounds.

Social CRM *as a strategy* (less so as a technology) is actually maturing as more and more companies are adopting at least some facets of it. But to do it successfully, the implications need to be clearly recognized by the companies embarking on developing the strategy. For example, it assumes the existence of a social customer who controls their own interactions with other customers and with the company, which CRM 1.0 strategy did not. In fact, the fundamental idea behind Social CRM strategy is that the customer will engage with the company in a way that provides mutually beneficial value, rather than a strategy for the optimal extraction of value from a customer in exchange for, at best, a delightful experience. Not that there's anything wrong with that—it just limits what the customer and the company can do.

In a Social CRM strategy, the company's skin in the game is to be honest and straightforward with the customer (authenticity is the buzzword *du jour*), to be open with the customer and reveal more of the inner workings of the company to the customer so that they have the information they need to make intelligent decisions on how they are going to interact with the company—in the context of their personal agenda.

This doesn't mean giving away every secret the company has. Transparency doesn't mean slutty behavior. In the electronic chapter called "Honestly, I Want This Chapter to Be on Privacy, but if I Wrote It, I'd Have to Blog About You, there'll be more on transparency. Suffice it to say, what it means for strategy is at least an understanding that the customer needs to know more than they have traditionally in order to have a great enough personalized experience to want to continue to do business with you—at a minimum. Optimally, your KPIs will be around advocacy, not just retention. But we'll see about that, won't we?

The Social CRM definition from the CRM 2.0 wiki (<http://crm20.pbwiki.com>) bears repeating:

Social CRM is a philosophy and a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It's the company's response to the customer's ownership of the conversation.

Increasingly, companies are incorporating customer engagement strategy into their efforts to develop customer value. There are an increasing number of companies, large, medium and small, using blogs, providing podcasts (both audio and video), developing communities, and participating in communities not built by them, such as Facebook or more specific communities that cater to the company's interests. What does that mean? It's recognition that the customer is now not only the owner of the business ecosystem but is controlling the chatter going on. What they don't control is the traffic flow—and that's where engagement comes in.

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About the Author: Paul Greenberg is President of The 56 Group and a founding partner of BPT Partners. He is co-chairman of Rutgers University's CRM Research Center, the Executive Vice President of the CRM Association, and a Board of Advisors member of the Baylor University MBA Program for CRM majors. He blogs at [PGreenblog](#) and ZDnet (<http://blogs.zdnet.com/crm>).

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