The Elusiveness of CRM

Customer relationship management (CRM) as a practice and focus has been around for decades. So it's surprising how much improvement is still needed in this crucial area at most organizations.

The idea of focusing on your core constituents and then analyzing, honing and automating the processes around how you relate to customers has been a key focus for many companies. Yet, there are still very few off-the-shelf solutions that really work.

An example of one of the most successful products (and still beloved on a small scale) is Cupertino, California–based Symantec Corporation's ACT! Long seen by many as the best CRM software in the market at a personal level, ACT! to date has not been able to make a leap to an enterprise application.

Likewise, Redmond, Washington–based Microsoft® Corporation's Outlook® keeps trying to catch ACT!, and it works well at the enterprise level—but it has not been able to bridge the CRM functionality gap. On the other hand, Microsoft's SharePoint® has done a lot to address these functionalities recently.

Once you get into enterprise CRM, you either have the budget to spend up to millions on companies such as Oracle® Corporation, Redwood Shores, California; PeopleSoft®, Dallas; or SAP AG, Walldorf, Germany; etc., or you do what most companies do—cobble something together with ACT!; Microsoft Outlook, Excel® or Access®; your loan origination system (LOS); accounting/general ledger (G/L) system and others.

San Francisco–based Salesforce.com Inc. is an example of a successful Cloud/software-as-a-service-based (SaaS-based) sales-oriented CRM, but typically it is not integrated well with the other systems (if at all). (Cloud computing takes SaaS to the next level by localizing products and services for a common purpose; see my column, "Look! Up in the Sky! It's a Cloud!" in the May 2009 issue of *Mortgage Banking.*)

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In today's financial market, where companies are continually challenged to do more with less, there has been a renewed interest in gaining additional value out of each and every customer—not only for cross-selling and up-selling existing customers, but also for helping do a better job at prospecting for additional opportunities. A lot of the challenge in succeeding with CRM is in the organization of customer data. Often the production systems are organized around the widget that is being manufactured for a particular business—a mortgage loan, an insurance policy, a bank account—but are not typically organized around the customer as an entity or business object.

Relational database management systems have come a long way, but cannot automatically correlate whole lines of business yet. Therefore, a lot of CRM functionality is executed as data warehousing and mining operations against multiple data sources. That is not to say that a manufacturing system, for example an LOS, doesn't have robust CRM capabilities around the consumer obtaining a mortgage loan; it is just that once the loan closes and is otherwise transitioned out of the system, that consumer is usually "lost" to the rest of the enterprise.

From a mortgage banking standpoint, lenders have a renewed interest in several aspects of CRM technologies and processes, such as looking at customers across channels. Even being able to look at the customer just across front- and back-office operations is hugely beneficial.

Typically, customers are maintained in multiple "stove-piped" systems, and because they don't talk to each other, data have to be maintained manually across the systems. The systems are typically organized around time frames with regard to the customer; for instance, in mortgage banking, origination and servicing functions and systems are handled separately. Secondary is another good example as the customer changes from a

borrower/consumer to a trading partner/investor.

As a result, data quality is a major breaking point in many CRM initiatives. The biggest issue cited within the realm of CRM data quality is currency or "freshness" of the data.

Once you have all your systems coordinated around the customer, they are talking to each other and the data are current and of high quality, then you can start to look into the world of customer analytics. This includes trend analysis, forecasting, predictive analysis, behavioral trends and more, which can lead to competitive business benefits.

An example of this type of advanced analysis is lead-conversion rates. If a lender markets through a certain channel—for example, radio or direct mail—what gets converted to actual business? If the conversion rates can be determined, return on investment (ROI) can better be assessed on that channel and its marketing strategy.

Software technology is maturing in relational modeling best practices and techniques. Libraries published by Microsoft and other companies allow for better coordination and consolidation of customer-based data. Standards such as structured query language (SQL) and open database connectivity (ODBC) allow for standardized movement of customer information between systems.

If you are looking to make a new technology investment, entity-based data structures are one design pattern that you can use to improve overall CRM within your enterprise. This is when software is designed with reusable core data structures that share functionality across business boundaries. The entity can be a loan object, a customer object, a loan pool object, virtually any business object; the software runs independent of the business objects you are working with.

Vertical standards such as MISMO are not as helpful in this type of application, because CRM terms and definitions are all defined at an independent business level and are often separate from specific mortgage loan data. If a CRM solution exists that can talk MISMO and talk a standardized language around customers, this would be a huge benefit in a CRM implementation.

Certain key considerations should be addressed prior to implementing a CRM solution. One of these areas is information privacy, which needs to be considered as many elements of the customer data structures are considered legally sensitive by many state governments.

An effective tool to employ in a CRM project is a specific CRM business plan. This document looks at ROI from a customer-relationship level. Many times these projects (especially if implemented in SAP/Oracle, et al) are multi-year and can cost millions of dollars, so obtaining ROI is an important factor to consider.

Defining metrics that can objectively measure success is also an important step to take prior to the start of the project. Lastly, having all parts of the organization on board with a shared vision of how and why CRM will be implemented can mean the difference between success or failure.

Where there's a will, there's a way. This financial market has forced a lot of companies to think outside the box, and the face of mortgage lending is evolving to meet new demands. Fortunately, the mortgage industry is creative, and vendors and service providers such as Sedona, Arizona–based The Turning Point, Los Angeles–based Leads360 Inc. and others are constantly creating new solutions to address this key and constantly emerging area of differentiation for lenders.

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