

The ultimate guide for customer data management.

*A roll-up-your-sleeves workbook to managing data
for great customer experiences.*

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The operation behind the experience

For decades, businesses have known they need rich, reliable customer profiles to fuel their customer interactions. And over the years, the pursuit of these profiles has been called many things: ‘customer relationship management,’ a ‘single view of the customer,’ and most recently, the ‘360 customer view.’

While the emphasis has traditionally been on department-specific customer interactions, more recently companies have started to realize that the real value lies in delivering consistently excellent customer experiences — across channels and departments.

It’s a paradigm shift. And it makes one thing abundantly clear: great customer experiences depend on great customer profiles. And great customer profiles depend on great customer data. This is for two reasons:

First, because according to Gartner, “Eighty-nine percent of companies plan to compete primarily on the basis of the customer experience by 2016.”¹ And the smartest ones know that means they need to start using their data in far more strategic ways. So we can safely say you’re going down the right path.

Second, because through this workbook, you’ll learn how to build a foundation of great data that serves your customer strategies now and in the future. But we’ll also show you how to make sure your customer initiative succeeds within your company.

So by the end of this workbook you won’t just know you need to build a 360-degree view of your total customer relationships — you’ll know how to make it happen.

Let’s dig in.

Part 1

Starting on the right foot

Why creating a view of your total customer relationship is so hard

If the notion of a rich, reliable customer profile has existed for decades, why do so few companies actually use them? In fact, only 18 percent of companies reported using a single customer view across their marketing applications.²

The trouble is, most customer relationship initiatives fail because of five crucial misconceptions.

1. They think about it from an application standpoint

When it's really about the data. You can't expect your CRM system or marketing automation platform to give you a single source of truth on its own — for one very straightforward reason.

Any given application can only present a view of the data that's stored in it. And in most large companies, the data needed for a view of the total customer relationship lives in several applications.

In fact, marketing departments in large companies use an average of sixty-five different applications.³

2. They think data can be managed casually

When the fact of the matter is that it requires constant diligence. Data erodes and changes all the time. Your customer profile for 18-year-old Sophie Mullen who lives in Kansas won't be relevant next year when she's a 19-year-old college student living in New Jersey.

When your customer information changes within an individual application, you need to make sure it's updated across all of your applications, otherwise, only the team that uses that application will know about the change of address.

If you aren't intelligently managing your customer data across the company, it can become useless or misleading very quickly.

Which means your customer experience efforts will fail too.

Why creating a view of your total customer relationship is so hard

3. They think they can do it manually

You can't keep throwing people at the problem. Manual processes are usually slow, inflexible, and filled with errors—typos, wrong information, missing fields—the errors add up.

Moreover, if you're making manual corrections to the data (as is sometimes done in Microsoft Excel for analytics), you need to feed those corrections back to the original data source. Otherwise, the next person who uses that data source is going to have to start from scratch. That's a huge productivity drain.

You can't insist on better quality data and better customer profiles without investing in a way to automate these processes.

4. They think customer profiles are only about customer data

When we talk about the total customer relationship, it's the 'relationship' part of it that's the trickiest to solve.

Once you dig in to the data, you realize the total customer relationship actually extends well beyond the customer.

You need to be able to relate what you know about your customer within a complex network of products and locations and stakeholders. You need to be able to understand her preferences, her household, the people who influence her, the products she bought, the services she uses, and the channel or partners who made the sale or delivered a service.

In practical terms, the customer data is really just the starting point.

5. They think they can easily adapt to tomorrow's innovations

This is rarely the case. If one thing is clear about the history of marketing, it's that there will always be a new channel and a new data source.

Today you may be using your data to support your marketing campaigns. Tomorrow your product team might introduce a new mobile product that needs to be fueled by great data to meet customer needs. And next year, you might be leveraging a social network to find new customers based on look-alike modeling.

If your customer experience struggles to extend itself enough to take advantage of new opportunities, you'll be losing out.

Part 1

Future proofing your foundation

*Your applications will change.
Your data sources will change.
Your channels will change.
But most importantly, your
customers will change.*

The success of your customer strategy will depend on your ability to deal with all these variables. In order to build and maintain a foundation of great data that works for you, we recommend you keep five essential criteria in mind:

1. Automation

As we mentioned, manual data management is time-consuming and error prone. It just isn't scalable. Build a flexible foundation of automated processes and repeatable best practices, and you'll be making it incredibly easy to adapt to change.

2. Centralization

Think of strategically building and managing your customer information in a central location on an ongoing basis. That way you can fuel your applications with customer data you know to be clean, complete, and up-to-date.

Centralizing your foundation of great data gives you a dedicated place to intelligently manage complex customer relationships, track where the information came from, and identify changes as they're made.

Future proofing your foundation

3. Alignment

When the people using the data aren't aligned with the people managing it, everything suffers. Right from the start, the customer-facing lines of business and analytics teams need to collaborate with the people in IT managing it.

There needs to be alignment around a common definition of who the customer is, what represents high quality data, and what security policies need to be implemented.

4. Flexibility

If you set up your customer data in a rigid data model that's built to meet only the needs of your current processes, you set yourself up for failure.

At the heart of your view of the total customer relationship there needs to be a flexible data framework that can cope with new customer attributes, new relationships, new applications, new data sources, and new use cases.

5. Governance

Data governance is crucial if you're trying to maximize your data's value. It covers the processes and policies you need so you can manage data as a business asset.

It's about defining and managing the right data quality rules, standards, and privacy requirements that will keep your data clean, safe, and connected.

The complexity of definitions

It doesn't sound like a big deal, but getting everyone to agree on common definitions isn't always easy. Take the definition of customers as an example:

- If you sell to other businesses, the people who use your product probably aren't the people who bought it.
- A billing system may define a customer as someone who pays and has a physical address. The ecommerce division may define a customer as someone who's created an account on the company's ecommerce site.
- Employees and partners may also buy products from your company—these people now play dual roles and your data should reflect that.

These are non-trivial questions that need to be answered at the most foundational level, before you embark on a customer data initiative.

'Just enough' data governance

If you've heard of data governance before, you might be imagining big, bureaucratic processes, and councils. But boiling the ocean isn't necessarily what you'll need to succeed.

We're big believers in the concept of 'just enough' data governance. That is, applying the appropriate amount of data governance best practice to get your initiative off the ground, while also measuring and evangelizing the value it's delivering to the business.

But 'just enough' doesn't mean stop when you're done. It means do enough governance to build a strong foundation to serve your current business objectives. Then leverage that early success to build the necessary support and momentum you need, when you need to expand your program.

If you're in a highly regulated industry with massive scrutiny into how secure and trusted your data is, you need to invest significantly more than others. But if those external pressures don't apply to your industry, you may find a more focused program allows you to be more agile.

We've written about Holistic Data Governance in more detail elsewhere and we'd recommend learning a little more about it.



**Get the
whitepaper.**

Part 1

Four lessons to bulletproof your initiative

In our experience working with executives to support customer data initiatives, we've found that the difference between success and failure usually comes down to four timeless lessons.

1. Be clear in your vision.

Vague goals and an ambiguous scope will hurt the success of your initiative. So it's always best to tie your initiative to a clearly defined set of specific business goals you're trying to achieve. In the next few sections, we'll help you tighten your vision until it's bulletproof, but this lesson bears repeating.

For instance, at one leading global insurance company with more than 90 million customers, the vision was to align their customer centricity strategy to grow share of wallet from 1.3 products per household to 3.8.

By understanding the total customer relationship across their portfolio of products, their demographics, and life stages, the company could refine its customer segmentation for targeted marketing offers and improved its cross-sell and up-sell success rate.

2. Start small. Grow fast. Prepare for the journey.

Customer experience initiatives are journeys. So it's essential that you break your initiative down into smaller, achievable steps. Instead of spending 18 months on one big-bang project that may or may not pan out, it's better to aim for quick wins that prove your initiative's value every few months.

Consider this example from the automotive industry. A customer executive in a company that grew through acquisition decided to focus on one line of business first.

Once he'd demonstrated how his initiative boosted sales success and customer satisfaction, he found it a lot easier to build a business case and engage the other lines of business.

Now the company has a solid customer data foundation in place — one that will actually make it easier to onboard customers from future acquisitions and quickly identify opportunities for cross-sell and up-sell.

Part 1

Four lessons to bulletproof your initiative

In our experience working with executives to support customer data initiatives, we've found that the difference between success and failure usually comes down to four timeless lessons.

3. Measure. Prove. Share.

Throughout your initiative, make sure you're measuring key performance indicators that prove why what you're doing matters. Measure the impact you're making and then demonstrate it to anyone who has any doubts.

More importantly, share it with the people who support you so they can articulate why it matters too.

In one case, an insurance executive started an initiative that identified customers in affluent zip codes who held homeowner's policies but weren't life insurance customers. This helped call center sales and service teams make more relevant product recommendations.

But crucially, this executive made sure they proved the value of their cross-sell efforts by demonstrating the impact on revenue and the number of products per customer.

4. You need visible executive support from the start.

Most successful customer experience initiatives are driven by someone at the top of the organization. If you're in one of those companies, you've won half the battle. If you're not, it's imperative that you get buy in from the C-level.

Align your initiative's objectives and goals to those of your champion at the executive level. You may be building from the ground up, but you need to be aligned with the top to make it work.

For instance, one regional bank focused on creating a strong, competitive position by making a significant investment in a fast, easy, simple, and secure customer experience. But crucially, the CEO drove this investment.

The strategy was shared both internally and externally with financial analysts and shareholders. And now the bank is empowering all of its team members to be even more responsive to customers' individual needs across lines of business, channels, and touch points.

Part 2

Getting specific

The three core components of a total customer relationship

When we talk about a total customer relationship we mean relying on insights that come from:

A trusted customer profile that is up-to-date, accurate, complete, and consistent across the company, across all systems, on-premise, or in the cloud.

A trusted customer profile extends further and wider than the boundaries of any single application.

It brings together the fragmented and inconsistent data scattered across siloed applications, identifies the relationships between your customers, products, locations, and preferences, and it manages all of it in a central location so that it can fuel key applications — across marketing, sales, customer service, and even finance.

That profile is going to be based on three core components:

1. The data sources

The data used to build this profile will come from multiple systems and applications that create and update the information you need. These systems and sources will be scattered across your company and will likely be managed and owned by different lines of business, functions, and regions.

This includes CRM applications, order management applications, finance and billing systems, call center systems, and marketing automation platforms. But it may also include external data sources like third party data providers for demographics, income, education level, and the social networks your customers are using.

2. The entities represented by the data

You need data about the people, places, and things that matter most to your business to feed your customer profiles. While most companies begin with customer data, they quickly add new subject areas.

You may need data about your products, employees, retail locations, branches, channels, and distribution partners to enrich your understanding of your customers and the business they do with you.

For instance, if one of the goals of using your customer profiles is to improve the quality of your cross-sell and upsell recommendations, you'll need to have clean, consistent, and connected data on your products to determine your customers' past purchases.

3. The target applications that need the data

Once you've built a foundation of clean, consistent, and connected data, it needs to be shared with the business and analytical applications that run your business.

To deliver great customer experiences, it's important that your customer profiles fuel target applications like CRM, point of sale, customer service helpdesk, campaign management, and marketing analytics. It's the only way to make sure everybody's working with great customer data that's come from a single trusted source of truth.

Part 2

Defining the problems you need to solve

As we mentioned earlier, the success of your initiative depends on the clarity of your vision.

So grab a pencil and let's try and define the problems you're trying to solve here.

These statements are based on some of the challenges our customers have approached us with and clearly define what needs to be done.

Bad problem statements

What you aren't trying to come up with is a generalized statement that only vaguely explains what's actually wrong.

For instance:

- Our customer data is a mess.
- We need a single version of the truth for our customers.
- We aren't acquiring or retaining enough customers.

While indicative of serious challenges, these problem statements don't force you to get to the heart of the issue.

Great problem statements

Specificity is key. Define what isn't working clearly and concisely, and you'll know exactly what to fix.

For instance:

- We have duplicate customer records and we are missing key information about our customers, which make it difficult to segment customers for targeted marketing campaigns. It's making our marketing less effective.
- Our sales team has to check multiple systems to understand which products our customers own. It's impacting the effectiveness of their cross- and up-sell efforts, and hurting sales productivity.
- Our customer service agents have to check multiple systems before they can resolve a customer issue, lengthening the amount of time our customers are placed on hold. It's impacting our customer satisfaction ratings.
- We can't identify disappointed customers that are at risk of leaving us to do business with our competitors and our customer retention efforts are suffering.

Part 2

Defining the problems you need to solve



Now write your own:

A large area of the page is filled with horizontal dotted lines, providing space for the user to write their own responses.

Part 2

Defining the problems you need to solve

What you have to gain

Once you know what to fix, it's important to identify the specific impact it should have in terms of business results. Consider this as the beginning of your business case to support your initiative.

For instance, here are sample performance gains of companies with successful initiatives.

↑ 30% boost in marketing campaign effectiveness

↑ Uplift in customer share of wallet

↑ 20% improved lead to opportunity conversion rates

↑ Improved customer satisfaction rates

↑ 5% improved in cross-sell and up-sell success

↑ Increased customer loyalty

↑ Improved sales across all channels

Part 2

Defining the problems you need to solve



Now write down three metrics that align with your problem statement.

A large area of horizontal dotted lines for writing.

Part 3

The building blocks

Part 3

Seven steps to build your view of the total customer relationship

Now we'll get to the heart of the challenge — the seven things you need to do to your data for a reliable view of your total customer relationship. In this section, we'll tell you why each step matters and what you should do next.

So keep that pencil handy.



Seven steps to build your view of the total customer relationship

02

Clean it

The next step is about making sure the data you need is accurate and complete. The trouble is that data erosion is usually so silent and insidious most companies don't realize they can't trust their own data until it's too late.

For instance, the marketing team at Citrix⁴, a high growth technology company wanted to improve its conversion rates, but found it was being held back by incomplete prospect profiles, and duplicated prospect account information. Moreover, it found that 40 percent of its CRM contacts were inactive.

After the company set up the intelligent data management needed to clean its data, it saw a 20 percent improvement in its lead-to-opportunity conversion rate.

Clean data is crucial.



What to do next

There are a couple of ways to assess the quality of your data. But bear in mind, these are very basic approaches and you'll only learn about some of your data, not all of it. But it will be enough to give you a decent understanding of the state of your data.

1. Pick a system that contains sales or marketing leads (for instance, Salesforce or Marketo) and ask the application administrator to help you set up a report for bad data based on the dimensions you care most about. These could include things like how recently customers were active, bad addresses and duplicated data. For instance:

- When were your marketing leads last 'active'? If they haven't interacted with you (or you with them) in a few years, the data's too old to be trusted.

- How many incomplete or invalid phone numbers and email addresses exist? Your sales productivity could suffer if the team is wasting time verifying information. And marketing may be experiencing higher than standard bounce back rates.
- How many bad mailing addresses do your sales and marketing teams rely on? One of our customers realized its salespeople were using the company's own address for nearly 40 percent of leads. Another company realized it could save \$50 million if they reduced duplicate and returned mailings.

Seven steps to build your view of the total customer relationship

02

2. Do a quick test to find out the state of your address data. You can do this in a couple of different ways:

- Measure the quality of your contact data. [Contact us](#) to schedule a data consultation on a sample of your customer information to verify accuracy.
- If you're in the retail industry, measure your Bad Addresses Return Rate (BARR). For a given period of time, find out how many product returns have occurred as a result of an incorrect or incomplete address. Then use this formula:

Bad Addresses Return Rate (BARR)=

$$\frac{\text{Returns due to bad addresses in given period}}{\text{Total returns in given period}} \times 100$$

You can read more about measuring your BARR in our eBook: [“Three Ways to Measure Address Quality.”](#)

Seven steps to build your view of the total customer relationship

03

Master it

'Mastering' is the process of automatically reconciling business-critical data that's scattered, fragmented, and inconsistent across different systems to create rich, 'master' profiles. Based on pre-defined business rules, a master data management (MDM) system matches and merges duplicate customer records (like 'Adam Harrison' and 'A. Harrison') to give you a consolidated view.

But rather than doing it once, it's designed to listen to your data and constantly update your profiles with new information collected by your colleagues:

- The leads collected by your marketing campaigns.
- The information your sales team gathers about prospects and customers.
- The conversations recorded by your customer service teams.
- The information your customers provide on your e-commerce site.

It's the crucial piece that sits right at the heart of the customer experience puzzle.

According to Gartner: "Requirements for a trusted 360-degree view of the customer to enhance the customer experience (CX) are forcing information leaders to initiate or expand master data management (MDM) programs at an increasingly rapid pace."⁵



What to do next

When the senior vice president of strategy and analytics at Hyatt Hotels and Resorts first joined the company, he searched for himself in the hospitality company's central customer database and found 13 different versions.

Do a quick test to get a hint of the scale of your customer duplication problem:

- Run a search of your own name (or pick a customer name at random) to find out how many duplicates are spread across your systems. Use nicknames, past names, initials, alternate spellings, etc.
- Alternatively, if you sell to other companies, pick a company name that's frequently referred to by various names (for instance, GE, General Electric, and The General Electric Company) and search for the number of duplicates with different variants.

Seven steps to build your view of the total customer relationship



04

Relate it

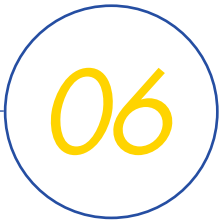
Master data management doesn't just create 'master' profiles of your customers. It does the same for all the other domains or entities you care about too (the ones mentioned in Part 2, page 13) like products, locations, channel partners, and employees.

It manages all those master profiles and can identify the relationships that exist between them. Relationships like:

- B2B customer 'Adam Harrison' is married to 'Hannah Harrison,' a B2C customer.
- For the past three years, 'Adam Harrison' has been buying 'Product 82341EX' from our 'Omaha' location from our sales associate, 'Peter Smith' and 'P. Smith'.
- 'H. Harrison' most frequently buys products in Category X through our online channel and returns in-store.

Finding the relationships between these 'master' profiles is the next crucial step for your view of the total customer relationship. Once you know which dots matter, you can leave it to the system to connect them.

Seven steps to build your view of the total customer relationship



Share it

A foundation of great data and trusted customer profiles is useless if no one can actually use the information.

So a crucial part of your strategy needs to be about delivering all this great data to the business and analytical applications that need it.

It's where the tools you used to connect the data come back in to play to give everyone access to the single source of truth.

As we mentioned earlier (in Part 2, page 13), these target applications will likely be some of the source applications that fed fragments of customer and other data in the first place.



What to do next

Based on the problem you're trying to solve, identify the target applications that would immediately benefit from access to the view of the total customer relationship you want to create. Think of operational systems, such as salesforce automation as well as analytical applications.

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Seven steps to build your view of the total customer relationship

07

Govern it

As we mentioned earlier (in Part 1, pages 8-9), data governance is about proactively guiding the way your data is managed and used across the enterprise. It bears repeating that you should aim for 'just enough' data governance to deliver immediate value and build from there.

The initial data governance program will depend on the problem you're trying to solve, the data you need to solve it, and the individual and departmental stakeholders necessary to your initiative.

So it's critical that you have the ability to monitor ongoing compliance with your processes, rules, and policies for data governance.



What to do next

If your company already has some data governance processes in place, use a data governance maturity assessment tool to find out how mature your efforts are. For instance, there's one on [GovernYourData.com](https://www.governyourdata.com), an open peer-to-peer community of people involved in and interested in data governance, that's sponsored by Informatica.

On the other hand, if you don't have any data governance processes in place, we recommend using [SiriusDecisions' Data Management Proficiency Assessment Model](#) to determine how mature your current data management efforts are.

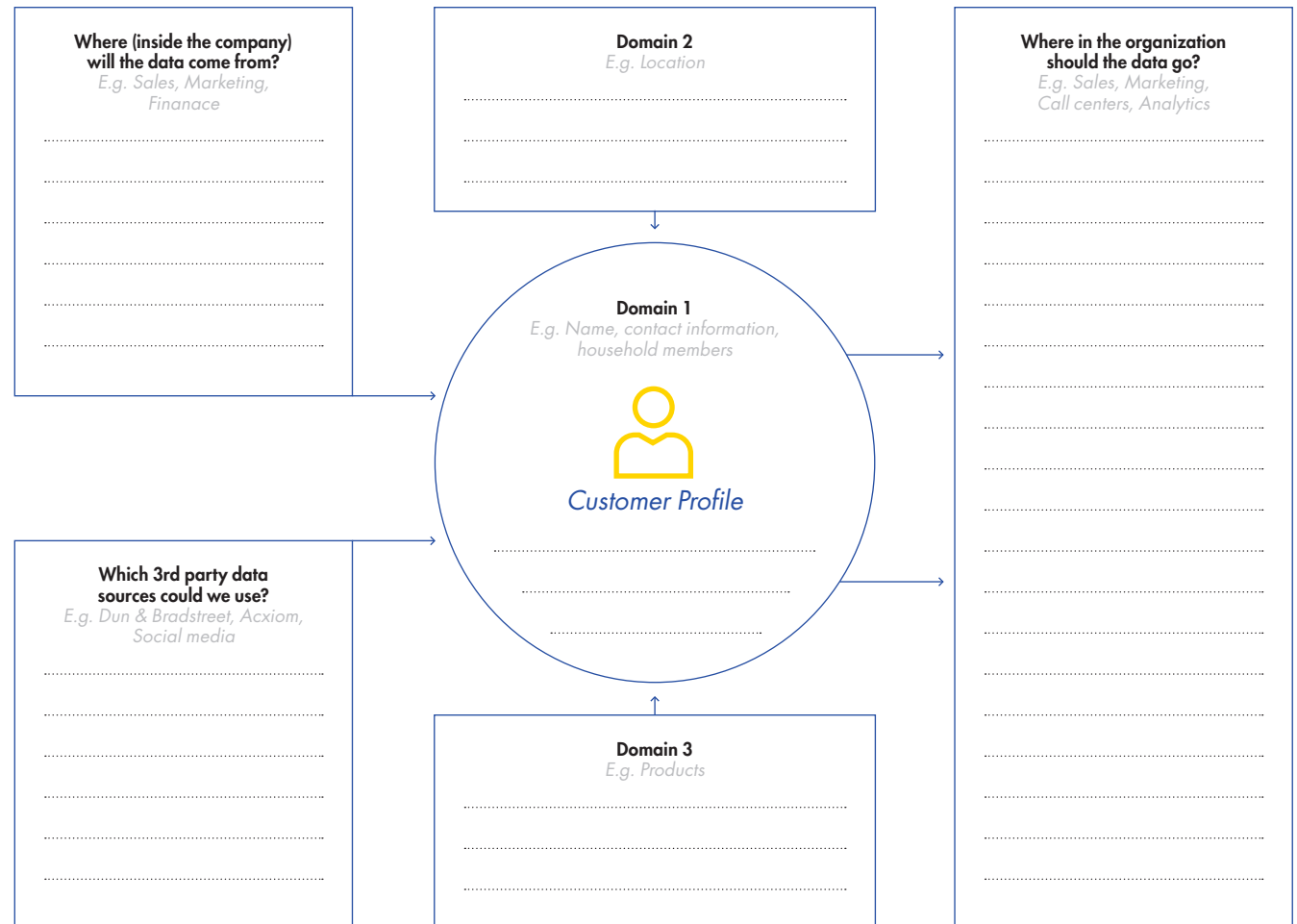
Part 3

Mapping your view of the total customer relationship



Now let's put everything you've been writing down to good use. Before we get started, grab your 'problem statement' from earlier. Then, use this template and fill in the information you've written down earlier.

Once you've filled it out, use this page to guide conversations with other stakeholders and show them the vision behind your initiative.



Part 3

Building the right data architecture

In the map you just filled out, you outlined the components of your total customer relationship.

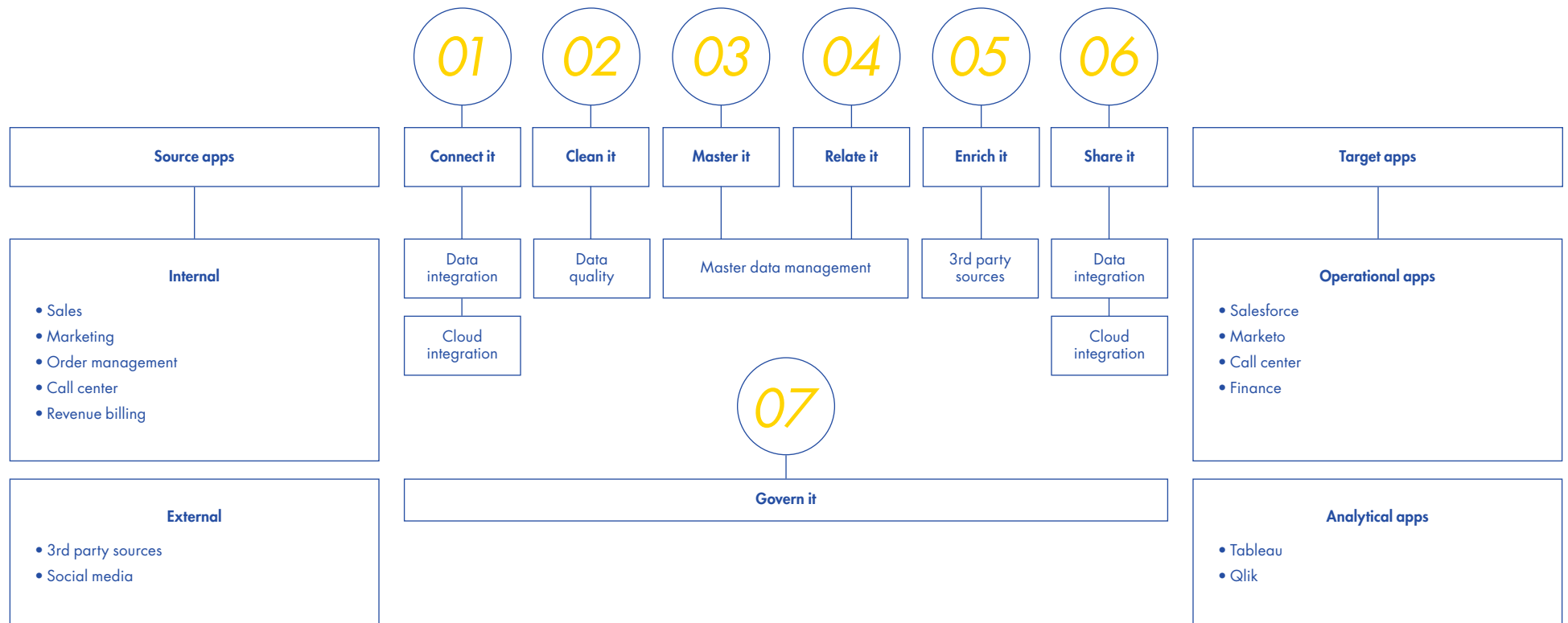
Next, you'll see a blueprint to support the data management strategy needed to get there — in the context of the seven steps we just detailed.

The following illustration is a highly simplified version of the data management blueprint you need — no two businesses are alike and we wouldn't want to suggest there's one blueprint to rule them all.

You should be able to use this simplified diagram to talk to your IT leaders and find out what they need to help you accomplish all seven steps.

Part 3

A simplified architecture



Part 3

Building the right data architecture



Now that you've seen what an idealized blueprint looks like, work with your colleagues in IT to understand your current data management blueprint, and what gaps need filling.



Conclusion

*Master the data, master
the experiences*

Conclusion

Master the data, master the experiences

There's no doubt that the winners in every market will be the companies who deliver the best customer experiences. But only the smartest companies will successfully navigate the various misconceptions, traps, and obstacles that make great customer data so hard to create, manage, and share.

Often the most difficult step is just getting started. We wrote this workbook so that people like you could start your journey with a clear view of what it takes to win. Armed with the lessons, lists, and maps you've created during the course of this workbook, you should be ready to continue the conversation with your colleagues.

The opportunity ahead of you is a big one. Get it right and you'll have built a solid foundation of great data and rich, reliable customer profiles that drive your customer experience strategies. A foundation that can fuel the people, processes, and applications you need to engage your customers.

With hard, smart work, the right tools, and the support of the right stakeholders, none of these challenges are insurmountable.

By following the guidelines we've outlined here, companies from all industries are starting their journeys towards becoming customer ready.

And if there's anything else you need to know before you get started, we're happy to help.

Further reading

The value of trusted customer profiles and clean, connected customer data may be clear as a day. But proving the business value of your data initiative is still a crucial step. Read our white paper to find out how to demonstrate the value of your initiative and get C-level support.



**Requires registration*

About Informatica

Digital transformation changes expectations: better service, faster delivery, with less cost. Businesses must transform to stay relevant and data holds the answers.

As the world's leader in enterprise cloud data management, we're prepared to help you intelligently lead—in any sector, category or niche. Informatica provides you with the foresight to become more agile, realize new growth opportunities or create new inventions. With 100% focus on everything data, we offer the versatility needed to succeed.

We invite you to explore all that Informatica has to offer—and unleash the power of data to drive your next intelligent disruption.



Sources

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