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## **Make Change Stick: How Toyota Implemented Lean CRM**

By Graham Hill, CACI Sophron

Think about the past five years. I'm sure you have changed quite a lot, and most of it, no matter how daunting it may have seemed at the time, was pretty painless in retrospect. Change is a fact of life. So why do companies make such a meal of it? Why do they get it so wrong, so much of the time? And what do the companies that get it right do that is different?

This is a story of one of the companies that get it right. It is the story of how Toyota introduced Lean CRM into one of its European markets.

Toyota in Europe developed Lean CRM in response to the growing volume of customer information collected at the many touch-points during the customer lifecycle. It allows Toyota to sense changes in individual customers' behavior and to respond in a way that increases customer retention. It has enabled Toyota to sell significantly more vehicles, with a shorter trade cycle and higher repurchase rate, all at significantly lower costs.

In 2003, Toyota carried out an audit of customer management in its European markets. It identified a number of key customer management processes that, if improved, would contribute significantly to its bottom line. But rather than start an inside-out re-engineering project immediately, company management decided to canvas Toyota dealers in the affected markets to see what they thought. After all, they are the ones who have daily contact with drivers. They are Toyota's internal customers. To anyone who has worked in the automotive industry, canvassing dealers for their thoughts is practically unheard of.

Dealers were a little suspicious at the start, but 20 pilot dealers were persuaded to work closely with Toyota in an advisory board. Many discussions, visits and workshops were held to identify ways to radically improve the processes. They identified a whole host of things dealers were already doing to improve the processes that Toyota management had no idea about. These ideas were to form the foundation of the whole Lean CRM program.

### **Collaboration**

Most large companies have many different departments that deal with customers. The division into marketing, sales and service is typical. Toyota had the three, plus a number of others. All would have to be involved in the Lean CRM program if it was to be a success. The program sponsors from marketing set out the problem, its origins, the chosen solution and how it would be implemented on a single sheet of A3 paper. The Lean CRM A3 was then discussed with each of the affected departments through a process Toyota calls "*Nemawashi*." *Nemawashi* is part of the fabled "Toyota Way." Through this process, a problem or opportunity is explained in detail, with each party committing to support the program in the form of a binding signature on the A3. One by one, each of the departments signed up to the Lean CRM A3 and agreed to loosely coordinate their own customer management activities with the program.

Big bang implementations of CRM don't work. There are too many variables that just can't be controlled. Toyota decided to go for a step-by-step approach that would still shoot for the big Lean CRM prize but one shot at a time. A series of back-to-back pilot projects were developed in close collaboration with the pilot dealers. The first pilot involved extracting whatever data was available from source systems in Toyota and the pilot dealers, loading it into an analytical data mart and analyzing the data to see what could be done with it. Once the step had been piloted and proven, it was industrialized for general use by the program.

Each subsequent step, thus, built upon the infrastructure, experience and knowledge developed in the previous steps. This iterative approach allowed the program use what had already been developed to create value immediately through eliminating costly waste on the one hand and expeditionary marketing campaigns that create revenue on the other. It also allowed the programme to alter its direction when a piece of technology ran significantly over budget and was cancelled.

As the Lean CRM program progressed through a number of industrialised steps, other groups were integrated into it. Chief of these was the marketing agency that ran the Toyota Customer Contact Program. Other programs, such as the Toyota Experience Program, were also integrated into it. A part-time CRM coordinator had been recruited from within the business to manage the collaboration required within the program, and with other partners and programs. Toyota management also

established a customer management forum alongside the dealer advisory board to provide a framework to manage collaboration on a larger scale, now that the programme was already delivering results. The more successful the program was, the more other departments wanted to piggyback on its success and closely integrate their own customer management activities with the program. Each time one of the earlier steps in the program was industrialized, it went through a "*Kaizen*" process. Formal lean tools were applied to identify waste, to remove it at the source and to increase its efficiency and effectiveness. This wasn't carried out by a special *Kaizen* team but by the program team members, themselves. As the Lean CRM program proceeded, *Kaizen* was increasingly applied as a daily activity by all those involved in the program's activities.

The Lean CRM program is a success within Toyota. It now manages all of Toyota's outbound contacts with customers and an increasing number of inbound ones. The efficiency and effectiveness of marketing activities have been greatly increased, with a halving of costs and a doubling of response rates to marketing campaigns. Dealer contacts with customers are shortly to be brought into the program. And other parts of Toyota are now being integrated into the program at a managed rate. Other Toyota national marketing and sales companies are also interested to see how they can implement it at home.

The secret of success was not only the new CRM capabilities introduced through Lean CRM, but also the step-by-step way in which the changes associated with the program were implemented. Just as with individuals in everyday life, corporate change does not have to be painful.

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Fonte:

[http://www.customerthink.com/article/make\\_change\\_stick\\_toyota\\_lean\\_crm](http://www.customerthink.com/article/make_change_stick_toyota_lean_crm)