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Protocol to Manage Relationships Today

Modern Relationship Management Based Upon Traditional Values



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Relationship management in the age of big data and artificial intelligence: CRM transformation, from database to virtual assistant

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Introduction

Getting people to use your CRM system is challenging. But, with the rise of big data and artificial intelligence (AI) the need to find a solution to this challenge is quickly deteriorating. A CRM system is simply a well-branded database that contains information about your stakeholders and, today, such information doesn't just live in one place and it doesn't rely on your networkers' willingness to enter it into a system. It's time to start basing relationship management efforts on empirical, rather than anecdotal evidence.

Anecdotal versus empirical evidence

Traditionally, a CRM system contains stakeholder information entered manually by networkers after they obtain the information. Until recently, there wasn't really an alternative and, if done diligently, the information proved to be useful when stakeholders interact with multiple people across the organisation. Today, extracting anecdotal evidence from such personal interactions is still valuable; however, stakeholders leave obtainable traces about their preferences in many other ways. Some of this information, such as activity on social media and news sites, is available publicly; email and telephone interactions or past event visits, on the other hand, are unique to your organisation. Such empirical evidence allows you to create a more holistic and verifiable view on your network, reducing the need for extensive manual interventions to gain insights about your network's preferences and potential value.

Data-driven relationship management

The introduction above outlines the need for a new paradigm on CRM systems, which I call data-driven relationship management. There are two key differences between them:

- The information that is used to inform relationship management decisions is much more varied and not found in one place.
- The insights obtained from the data are not only used to reflect on what has happened in the past, they are used to prescribe what should be done next.

The degree to which you will be successful at applying data-driven relationship management depends on two dimensions: your ability to collect valuable data and your ability to extract the right information from that data (and act on it accordingly). Assuming that you can score high or low on either dimension, organisations can be grouped into four levels: Beginners (low on both dimensions), Academics (high ability to extract information from data but unable to collect valuable data), Practitioners (high ability to collect valuable data but unable to turn it into actionable insights) and Experts (high on both dimensions). This framework is visualised in figure 2.29.

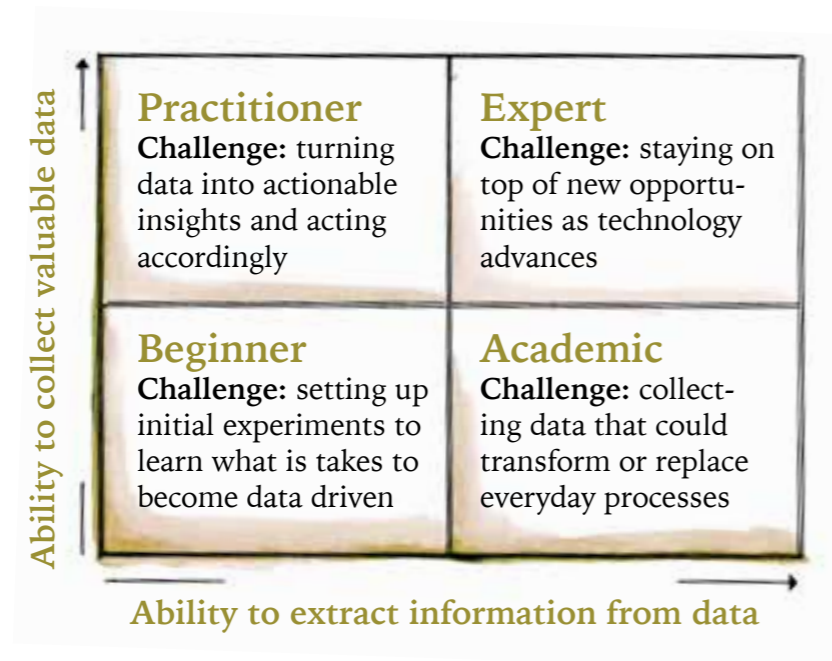


Figure 2.29 The four levels of data-driven relationship management ⁹

This simple ‘maturity scan’ provides a starting point for the discussion on how to accelerate your organisation’s transition

towards data-driven relationship management: collecting more valuable data, extracting better insights, or both. Now some suggestions on how to do this.

Moving along the first dimension: collecting more valuable data

With the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018, the European Union led the way towards a much-needed paradigm shift about ownership of personal data. Until then, companies freely collected and resold whatever personal data they could get their hands on. With the introduction of the GDPR, individuals, theoretically, regained control over their personal data. Although the reality is that it is still relatively simple to obtain consent from users and such regulation is unlikely to be introduced anywhere else in the world anytime soon, it has made people more aware of the value of their personal data. To mitigate reputational risk, it will, therefore, become essential for organisations to acquire and use data transparently. This doesn’t mean that data shouldn’t be obtained anymore ^A, it just means that a fair reward should be provided to the subject whose personal data is used. In that context, consider the following three solutions to obtaining more valuable data.

Solution 1 for collecting more valuable data: collect-ing what’s relevant

‘Data is the new oil’ is an often-heard statement, frequently followed by the supporting argument that the world’s largest companies are data companies. And indeed, data is the business model of some of the world’s most powerful corporations and yes, they only use their products as a means to collect more data. Not every organisation, however, is, and should be, a data company, because we cannot eat data, put it on our bodies to keep us warm and it doesn’t provide a roof over our heads. And it will be a long time before we will be comfortable letting robots do all that. Therefore, for most organisations, data should be used to create value indirectly. This doesn’t mean

A/ On the contrary, collecting personal data benefits us all when used for the good; I’m simply advocating that companies and governments obtain and use such data transparently, as opposed to current practices where personal data is resold without the subject’s explicit consent.

that data cannot be a strategic asset, just that it shouldn't be a goal in itself, as is often suggested by the data-is-the-new-oil advocates. Thus, unless data is your business model, I suggest collecting data with your overall strategy in mind.



Figure 2.30 Developing a data strategy

When collecting data with the end goal in mind, as visualised in figure 2.30, you ensure that the data you collect is valuable. Going back to the example of the British Royal Family, who want to develop a programme of activities which allows The Queen to meet, encourage and ‘say “thank you” to all those who have contributed to the life of the nation and the Commonwealth’^B, the challenge is to determine who is worthy of a ‘thank you’ from The Queen and who is not. A traditional data strategy could be to allow certain bodies and individuals to nominate candidates, or to simply wait for requests to come in. A more advanced strategy could be to trawl social media platforms for worthy candidates using sentiment analysis¹. Regardless of the strategy chosen, it is clear that information about charities is more useful to the British Royal Family than information about for-profit corporations. When collecting data with your organisation’s relationship management goals in mind, the chances of the data you collect being valuable increase significantly.

Solution 2 for collecting more valuable data: harnessing the power of technology

When looking at potential data sources to gain information about your network, consider if the information can be obtained

externally or through a proxy variable. As an event organiser, for example, you might be interested in the extent to which your event facilitated new connections and produced high-quality conversations. You could conduct a survey amongst your attendees to gather this information. Alternatively, you could analyse your attendees’ LinkedIn networks systematically to gather the answers you are looking for, such as whether the guest list provided ample opportunity for relevant conversations (e.g. by checking for shared interests and connections), or if the event resulted in new connections. This way, you circumvent the motivational problem, while collecting information that is unbiased, using a process that can easily be repeated. As a result, you will be able to run the same analysis many times over, eventually identifying predictors of value much earlier on.

There are many other examples of how technology can help you learn about your network, such as using bracelets with movement sensors to track to which music event visitors responded positively, tracking behaviour on your organisation’s website, using voice-to-text and text analysis to capture caller sentiment, analysing tone of voice and choice of words on social media platforms, or location tracking to determine when and where your products or services were used. Obviously, these innovations will themselves become outdated, however, what matters is that you seek creative ways to apply new technologies to learn about your network. When collecting such information, the amount of data expands rapidly. Therefore, in addition to being critical of the value of the data you collect, it is important to ensure a scalable data infrastructure^C and corresponding internal processes to make it possible to start collecting new types of data without too much effort.

Finally, there is information that is still best collected through personal interactions. To ensure the relevant information from these interactions is recorded in an accessible manner, we now turn to suggestions on how to motivate your networkers to do so.

^{B/} Sentiment analysis is “the process of computationally identifying and categorizing opinions expressed in a piece of text, especially in order to determine whether the writer’s attitude towards a particular topic, product, etc. is positive, negative, or neutral”.¹⁰

^{C/} How to set up a scalable data infrastructure is beyond the scope of this book but, conveniently, many CRM vendors and data-integration platforms now take this into account.

Solution 3 for collecting more valuable data: motivating your networkers

If you have determined that personal interactions provide the most valuable information for your organisation, think of how to circumvent the motivational problem described earlier. Although I'm not an expert in psychology, the following suggestions will help you design an attractive and valuable data-driven relationship management process.

- Use technology to remind your networkers to give instant feedback. For example, use AI to call them right after a meeting or event to ask a set of standard questions: the relevant information can be extracted by applying voice-to-text and text analysis. In the future, as this technology matures and people become accustomed to dealing with AI, it might even be used to call external stakeholders directly. For many event managers, for example, surveying is an integral part of relationship management and such technology would drastically improve scalability.
- Give them something in return. For instance, provide your networkers with important social media information about the person they are about to meet, such as who their new connections are and what content they liked. This could just be an overview at first but could eventually include strategic advice based upon the information obtained.
- Don't ask for information that you can find elsewhere, such as corporate addresses or phone numbers. For example, if everyone within an organisation has the same email-address structure, just prepopulate it for them. Extract information from phone calls and emails automatically, rather than requiring a standard format to fit the structure of a database.
- Ask them for relevant information only. This comes back to the point discussed previously, that you should collect data with a clear purpose; a purpose your networkers are aware of and buy into. Then, entering the requested information makes sense to them. And implement a feedback loop: regularly question the added value of each bit of information. If information proved

to be valuable, inform your networkers about it; if information wasn't as valuable as envisioned, stop asking for it.

- Make it easy and fun^D to enter the information. For example, through apps with information that is prepopulated by an AI, adding real-time intelligence as soon as the information is entered (e.g. a prediction based on what you enter that tells you how likely that person is to donate to your charity), or a location sensor that notifies the networker when leaving the meeting location.

Once valuable data has been collected, it is a matter of extracting the right information and acting upon it. But how to do this?

Moving along the second dimension: extracting actionable insights

Having valuable data, or knowing where to find or acquire it, is the first step towards adopting data-driven relationship management. The next step is to extract actionable insights from that data and act on it accordingly. There are three parts to achieving this: technology, algorithms and processes, with processes being the main determinant of whether the technology and algorithms will prove to be valuable. Therefore, this section focuses on processes that will help to implement valuable data-driven relationship management.

Solution 1 for extracting actionable insights: choosing the right level of complexity

Data becomes valuable for relationship management once you extract information from it that helps you strengthen your relationships. For example, user feedback can be used to improve your product or service, or to target a different market altogether. Job changes within your network may make people more or less interesting for a certain event that you're hosting. Therefore, when deciding what data to analyse and how, the information you are hoping to obtain is important. If this information can be obtained easily, there is no need for a complex AI application.

D/ Making processes fun is often referred to as 'gamification': 'the application of typical elements of game playing (e.g. point scoring, competition with others, rules of play) to other areas of activity, typically as an online marketing technique to encourage engagement with a product or service'.¹¹

When deciding on the right level of complexity, the following framework by Gartner is useful.

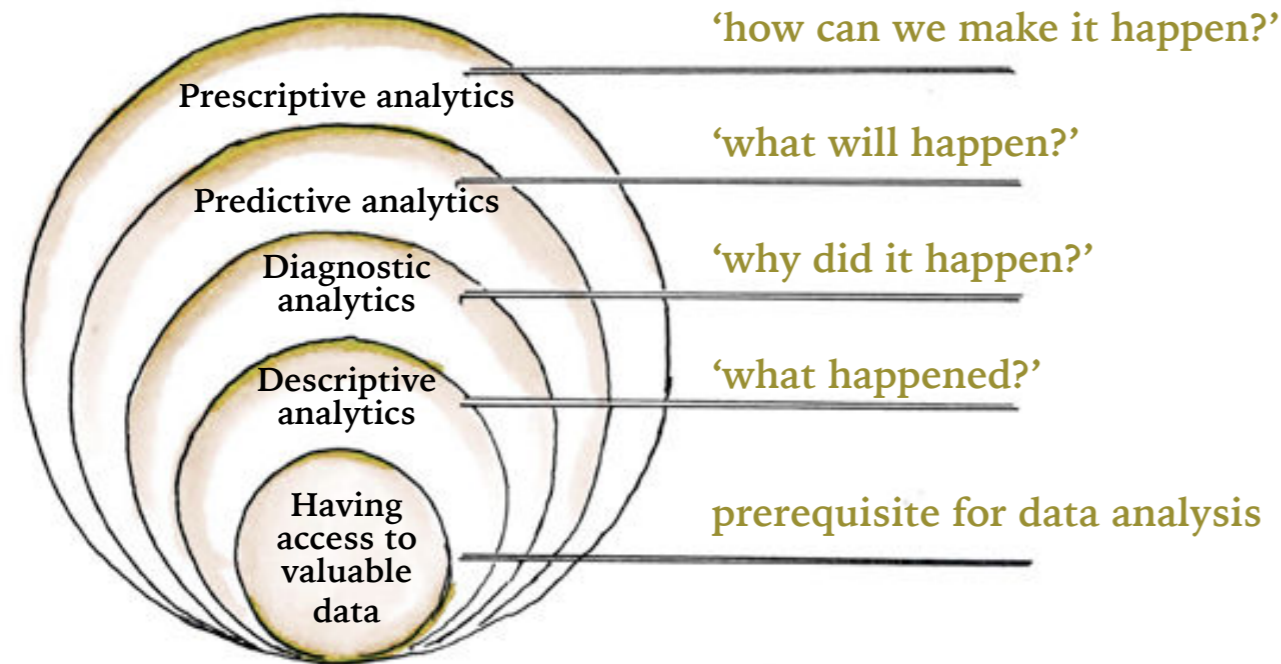


Figure 2.31 Levels of analytics ¹²

For instance, if you are the organiser of an annual event, data analysis could tell you ‘what happened’ (e.g. number of visitors and the new connections made between them) and ‘why it happened’ (e.g. visitor feedback). But an algorithm can’t come up with creative ideas for next year’s event. You should, therefore, stick to descriptive and diagnostic analytics. If you’re a presidential campaign manager, however, hoping to maximise donations from people who land on your candidate’s website, more advanced analytics might inform you ‘how to make it happen’. For example, AI could personalise the content each visitor sees by quickly predicting how positively they’ll respond to the different video and donation options, based on their on-website behaviour, and then recommend the best course of action. And because you need millions in donations, investing in an AI application could quickly pay for itself. What these two examples aim to demonstrate is that the complexity of your setup depends on the complexity of the data and the frequency with which you need to decide on a course of action.

Solution 2 for extracting actionable insights: creating an integrated data value chain

As displayed in figure 2.30, by collecting data with a clear strategic purpose in mind, data is purposeful by design. The true value, however, can only be determined after the information obtained from the data has been used. Therefore, it is key to create a feedback loop between the data users and the data collectors and creators. As a result, an integrated data value chain is created, which becomes more valuable and tailored to the needs of the end user over time. This avoids a gap being created between data users, e.g. networkers and management, and data scientists.

Solution 3 for extracting actionable insights: running efficient experiments

What is the best next move in a chess game? And the one after that? If you are an experienced chess player you are likely to have a pretty good answer to these questions. If, however, you are unsure whether the black queen starts on a white or black square, you will probably have a pretty hard time coming up with a valuable answer. I often use this anecdote to encourage people to start experimenting with advanced data analytics, because if you have never thought of how AI could improve your business, it is highly likely that your first guess will not be the silver bullet. In other words, coming up with useful applications of AI requires practice. Figure 2.32 provides a process to efficiently design and run experiments, with the end user in mind.

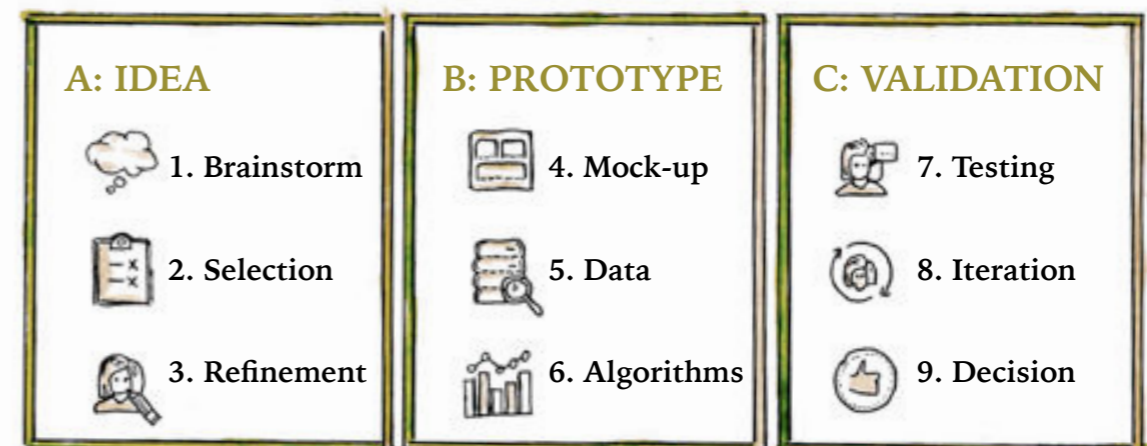


Figure 2.32 Process for building a pilot with the end user in mind ¹³

Advanced analytics applications are developed to efficiently extract reliable, unique and valuable information from complex data structures. Developing such applications can be a lengthy process that requires multiple iterations and complicated systems integrations. By focusing on the essential features only and starting with an easily accessible subsample of data, you can get from the idea to the solution much quicker and validate your assumptions before requiring substantial investments. If the ‘validation’ phase (steps 7-9) has given you the confidence that the application efficiently extracts reliable, unique and valuable information from complex data structures, you can apply the Lean Startup approach ¹⁴ and move towards a final version.

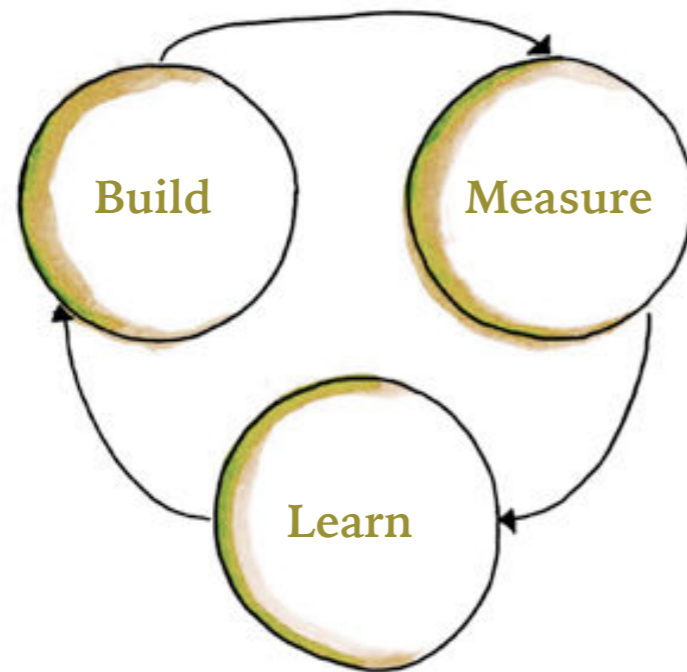


Figure 2.33 Lean Startup approach to product development ¹⁴

Conclusion

Data-driven relationship management has moved beyond the traditional CRM system. There are two main challenges to effective data-driven relationship management: gaining access to valuable data and converting that data into actionable insights and acting accordingly. Key to overcoming these challenges is designing a data strategy that supports your organisation’s overall and relationship management goal and harnessing the power of technology and AI to automate processes and gain cutting-edge intelligence that inspires.

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