

# An Executive Perspective

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## **Overview**

The concept of Customer Relationship Management (CRM) has been around for years, but the term is relatively new. So new in fact, there is really no one definition for what Customer Relationship Management actually is. Want to test this theory and have some fun? Ask four executives to describe what CRM means to them and you will get four different answers. The one thing that is clear, however, is that Customer Relationship Management has become one of the most talked about and fastest growing segments of the software and services industry.

## **Why CRM?**

Every executive knows that treating their customers right can have a long-term positive impact on the growth and profitability of their business relationship. To build loyalty and value, a company must respond quickly and efficiently to the needs of their customer. But this is becoming increasingly difficult. Customer expectations have moved beyond offering a good product at a competitive price. Customers now analyze how you interact with them before, during and after the sale and expect your service personnel to be friendly and informed. In order to meet these growing expectations, sales and support personnel must have immediate access to complete customer profiles without having to move from system to system. Yet in most organizations the sales, marketing, and customer service departments have operated as separate entities, perhaps sharing contact information but minimally. This makes it virtually impossible for sales or service personnel to properly assist their customer or to provide a quality experience to a potential one. This requirement for the consolidation and sharing of customer information is fueling the rapid growth of CRM.

## **CRM to the rescue**

Customer Relationship Management solutions hold the promise of data consolidation and data mining. Comprehensive CRM solutions are designed with this in mind and provide the ability to capture vital customer information at the point of contact whether it be telephone, fax, e-mail or the web. This information is then stored in a central database where it is immediately available to the people and departments who require it to efficiently do their jobs. Only then can your business expect to meet your customer's expectations for high quality sales and customer service. With competition turning more and more products into commodities, providing a better customer experience may be the only thing that differentiates you from your competition.

Two years ago several executives I had spoken with agreed that creating a customer-centric business model and implementing a CRM solution could help differentiate their business. Today, executives in companies of all sizes and across all industries have recognized that this is no longer an option. It's survival. They need their sales efforts to be more incisive, their marketing campaigns more effective and their customer service more efficient.

## ***Are you ready for CRM?***

CRM is not about technology. It's about creating a culture that is focused on becoming a customer-centric organization and transforming the people and processes necessary to effect this change. Successful CRM implementations start right at the top. They start with a philosophy that all employees in all departments must understand that the quality of their products and the quality of their service are the two most important ingredients that help build valuable customer relationships. Technology can help execute this change in philosophy and culture, but without management's commitment to become more customer-centric you will never realize the benefits of any CRM solution. And what about infrastructure? A company's CRM strategy will only be as successful as the infrastructure that supports it. Yet most companies fail to devote sufficient time and resources to needs assessment and strategic planning. Before moving forward with any CRM initiative make sure you carefully think through your:

<b>Strategy</b>	CRM objectives
<b>Processes</b>	Business rules or guidelines for managing customer interaction
<b>Organization</b>	Sales, marketing & support personnel responsible for maintaining a customer-centric business model
<b>Technology</b>	That will enable you to execute and maintain your CRM initiative

## ***Selecting the right solution for your business***

The rapid growth of the CRM industry has paved the way for the introduction of hundreds of new solutions. Even companies providing basic e-mail services claim to be in the CRM market. So how do you decide what's right for your business? Well, I have a few suggestions that will help narrow down the field.

- First, start with a proven solution. The web site CRM4SME.COM lists CRM solution providers with a proven track record serving small to mid-size companies around the world. Look for companies that have experience in providing services to businesses of your size or in your industry and talk with references to understand how the implementation went and how quickly they were up and running.
- Don't get "wowed" by the company with the "coolest technology" or the largest advertising budget. Most of the time these features look better than they are and you will end up paying a premium for functionality you may never use. Remember that CRM is about transforming people and process, not technology. The more complex the application the harder it will be to implement and utilize. So don't buy a Ferrari if normal transportation will meet your needs.
- Integrating your CRM strategy. The right solution should at a minimum integrate with your existing e-mail and word processing software. It should also allow you to capture information at the point of contact and store it in a centralized database where it is immediately accessible to authorized users. Look to see how well marketing is integrated with the sales process, and sales with customer service. Good CRM solutions provide tight integration between these application areas and offer the ability to integrate with other applications as well.
- Keep in mind that all CRM solutions are not alike. Some solutions that have been designed for larger enterprises have recently been scaled down to meet the budget requirements and simpler needs of smaller businesses. If you are not part of the Fortune 500, a solution designed from the ground up for small to mid size businesses is more likely to suit your requirements for rapid implementation, ease of use and low cost of ownership.
- Find out how quickly and easily the solution can be implemented and when you can expect to realize a return on your investment. Implementation of your CRM system should take weeks, not months.

- Will the system grow along with your business? A solution that is easy to implement and modify is essential for a fast-paced business environment. Business requirements can change overnight, and your CRM solution must be able to adapt just as quickly. Make sure the solution you select can be tailored to your needs and can be modified quickly without costly development efforts.
- Does the sales and service channel for the vendor's solution meet your needs? The majority of CRM installations are managed by value added resellers, consultants or system integrators. A good working relationship with the company providing this service is essential to the success of your implementation. Ask if the company is certified. Most manufacturers insist that their business partners are properly trained and pass a certification test before being allowed to sell and implement their system.
- Lastly, find out what the total investment will be for implementing and maintaining the system. CRM solutions vary in cost, from under \$500 to more than \$3,000 per seat. Implementation, training, options, and customization can add thousands of dollars more. Make sure you understand your resource requirements and responsibilities before, during and after the implementation is complete. Also, understand the fees associated with annual support and upgrades.

The benefits of CRM are clear and companies that have implemented successful programs have reported an increase in sales, a higher level of customer satisfaction, and a decrease in overall sales and support cost. Finding the "winning" formula for the successful implementation of a CRM initiative, however, will depend on management's leadership, the company's infrastructure and selecting a vendor whose software, technology and implementation process matches well with your business strategy and objectives.