Netpolis

Ten Steps to CRM Success

A Customer Relationship Management White Paper

CRM Effectiveness White Paper

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Ten Steps to CRM Success

Customer Relationship Management

What is Customer Relationship Management (CRM)? The Wikipedia definition of customer relationship management states, "CRM consists of the processes a company uses to track and organize its contacts within its current and prospective customer base." CRM software is used to support these processes - managing information about customers and customer interactions to be entered, stored and accessed by employees within different departments. Typical CRM goals include optimized services provided to customers, targeted marketing programs and improved sales engagement. CRM is not just about technology, but rather the union of people and processes, supported by technology. Without a solid understanding of the business requirements and metrics for a CRM initiative, companies run the risk of a failed implementation. By not providing the context, support and understanding for employees – a company can risk limited use of the technology and a frustrating deployment experience, resulting in the lack of adoption of both processes and technology.

Step1: It's all About the Customer

The goal of any CRM system is not only keeping track of customer information, but also enabling ease of doing business for your customers. Enabling companies to easily work with you and develop a powerful relationship between your customer facing divisions and their employees will have them coming back to you for future business.

Who Are Your Customers?

In order to achieve this open, forthcoming relationship with your customers, you must capture aspects of these companies that help you better target their needs, allow your marketing teams to personalize business messages and enable your customer service divisions to provide offerings that set you apart from your competitors. Understanding your client requirements goes beyond capturing basic business card information, such as location information, or contact point information. In today's business landscape of complex business relationships, you must capture company information including purchasing history, lifetime revenue streams and profit information. In most cases, this accounting or ordering information is not driven by a CRM system, but by a back-office accounting or order fulfillment system such as ERP. A CRM system must be able to integrate into these systems for you to combine CRM and ERP information together in one, easy to access and view system. After all, a true 360-degree view of a client does not just include sales, marketing and customer service information; it also combines accounts receivable, invoice history, and ordering information.

Define Customer Attributes

In order to better sell to, market and service your clients, your CRM system must capture all types of company information from address, phone, and email information, to organization hierarchies, past sales, lifetime values, and client issues. To be successful with this endeavor a company should define the information required specifically for the CRM system, as well as key information captured in other systems within your company, enabling customer facing teams be more successful. Companies with successful CRM initiatives use these client profiles as a corporate memory of every client and prospect. In order for a CRM initiative to be successful, you should leverage this corporate memory to personalize your marketing messages, improve sales relationships and enable your customer service teams to improve service offerings.

Step 2: Build a Business Case

Building a business case for any CRM implementation is necessary to understand how effective and successful the implementation can be. The business case commonly involves a few concepts like project costs, business requirements and key performance indicators. Before you can truly obtain a cost analysis, you need to understand what business requirements you are attempting to implement in your CRM system. In order to create a business requirements document you need to capture and prioritize all the processes for your sales, marketing and customer service teams. It can be as easy as identifying what processes you have today, what you need, and what are your priorities. Structuring these business requirements is necessary. After the requirements are understood, you must then understand the data required to analyze the performance of your process. This analysis is commonly referred to as key performance indicators (KPI's). Analyzing and reporting customer sales, marketing and service efforts will enable you to understand if your business is on the correct course for revenue goals and high customer satisfaction levels, or if you need to adjust your approach to improve the business. Yes, CRM systems can perform many powerful and complex business processes, but do not forget that people are involved in aiding these processes throughout the customer lifecycle.

Technology, People and Process

Implementing a CRM system is not only about building a business case, but also about understanding your business process, the people involved in this process, and the technology used to drive the process. As the opening paragraph stated, you may often hear the term 'technology' when choosing an IT system. However the CRM technology is only a portion of the puzzle, the business requirements defined and the people driving these processes are just as important, if not more important than the technology itself.

Soft vs. Hard Metrics

There are distinct differences in KPI's. Some metrics involve hard metrics like a customer's lifetime revenue or actual marketing costs, while others are soft metrics such as client satisfaction levels or sales force productivity. Both measurements should be quantifiable and captured in the CRM application so you can get a clear understanding of how effective your CRM implementation is. A successful implementation should involve understanding your business pains, leveraging technology to automate those business pains, analyzing the business and helping people to be successful in the business.

Step 3: End Users

A common mistake made by many CRM purchasers is not obtaining end user buyoff or feedback up front. Since users are key to creating and capturing customer information while running business processes within the CRM system, it makes plenty of sense to understand what they need and why they need it from the start. The implementation team should consist of user or advocates from each division, including management, and should focus on their business process, not just the features of a

CRM system. They should focus on the context of the CRM system intent. For example, management needs higher-level analysis while end users typically need help managing day-to-day business. Considering roles and balancing the business requirements when working through your CRM initiative will help you achieve greater success.

Different Usage for Different Users

A successful CRM implementation must take into consideration how different users will use the system. End users can come in many forms, such as executives, customer service agents, marketing managers, or sales vice presidents just to name a few. Each group of users will leverage the CRM system in different ways. Your CRM implementation should consider this so each set of users is provided the most appropriate data, business processes and reports for them to most effectively do their jobs.

Step 4: Client Communication Channels

After you get a clear understanding of your customer's purchases, locations, and CRM activities, it is then best to understand how those customers interact with you. This helps two things, builds customer loyalty since your customers can do business with you when, where and how they feel comfortable doing business with you, and second, it will enable you to put your customer facing agents at the best, most cost effective place for your to do business with them. Implementing cost effective client communication channels is vital to the success of any CRM initiative.

Email, Phone, Web or Self-Service

Again, the key to high customer satisfaction levels and keeping your customer interaction costs down is for you to be open and accessible to all types of customer communication channels. These client interaction channels can include the phone, email, or the web and self-service. Interacting through these various channels enables smarter marketing, more cost effective marketing, better customer service interactions and improved sales revenues. Why? Because your team interacts with their clients how, when and where they wish to be engaged. By capturing customer source information, you can target your marketing communication efforts further. By capturing customer's needs and communication preferences you can reduce cost of service and enhance quality and time to client resolution. In addition, by keeping the sales force focused on the right client communication mechanism you will help increase sales and close rates as sales maximizes their time with qualified prospects and lessens the time spent with unqualified leads.

Voice Enabled CRM

As stated before an important part in any CRM initiative is client communication through various client touch points. One of the most important touch points is the phone. Even with the increase in email, web and self-service usage, the phone is still commonly the most used communication tool. Integrating your CRM system with your voice systems helps lower costs and improves client relations and satisfaction. With available Voice over IP (VoIP) technology, you can drastically cut costs since calls are made over your existing internet / communication infrastructure and you may no longer be required to pay per minute. You can also boost employee productivity with Voice enabled CRM features such as screen pop's that immediately display customer & call information, or skills based routing which enables the call to be sent to the right employee the first time. Both inbound and outbound features allow marketing, sales and customer service teams to quickly perform their client communications. Not only can you achieve greater productivity internally, externally your clients will be satisfied since they can leverage voice enabled CRM features like interactive voice response systems, or automatic information updates to obtain or submit information directly to your company quickly and easily. Improve customer loyalty by anticipating customer's needs with voice integration, and analyze client interactions to better match client needs, where required and when desired. Voice enabled CRM systems can go a long way in achieving greater CRM success.

Step 5: Drive Sales Effectiveness

Sales Force Automation (SFA) tools of a CRM implementation can improve efficiency and effectiveness of your sales team by helping sales track client activities, manage customer communications, or maintain a consistent selling approach. Other organization benefits for SFA tools include sales management's ability to understand the pipeline and forecast their business properly. CRM business functions can help increase meetings, improve close ratios, and cut sales cycle times.

The Marriage of Marketing and Sales

The key to easy, successful sales can often reside in the hands of the marketing team. Better sales starts with well-qualified leads and these well-qualified leads can be created based on the definition of an opportunity with a high closing percentage. The only way to capture this definition is for your sales and marketing teams to sit together in a room and for your sales representatives to openly discuss what a high percentage opportunity is, and is not. This definition can then be used by your marketing team to create campaigns with the right target audience, via the right channel and with the right messaging. If implemented correctly, a CRM system can help sales managers clearly understand a good opportunity. Then marketing managers can leverage this definition to create campaigns that are more effective. Thus, delivering better qualified leads to sales quickly.

Sales Coaching: Guided Selling Tool

Your CRM system can be used as a sales coach. Sales methodologies and systematic processes can improve your sales agents selling capability and can be implemented directly into your CRM application. Any relevant task, meeting or sales activity within each selling stage can automatically be exposed to the end user so they retain key steps in the selling process, ultimately allowing for better management of the entire selling process. Companies that leverage a sales methodology are proven to increase sales revenues. Major successes of your CRM initiative can be tied directly to closed deal performance and the increased revenue gained by implementing a proven sales coaching mechanism.

Step 6: Marketing Costs vs. Revenue / Profit

Not many companies can ask their marketing managers how much revenue has been generated by a specific campaign and get an accurate response. It may be difficult to measure true, tangible values the marketing team offers to your company. Intangible benefits like stronger brand recognition or enhanced product positioning are much easier to produce. CRM systems can enable marketing managers to better understand the measureable benefits of any marketing campaign. CRM systems can tell marketing managers what leads were generated from a campaign, the source of those leads, how many leads were converted to opportunities, and how much revenue was generated because due to that activity.

Marketing Campaigns and Analysis

Your CRM initiative can be successful for your marketing teams since it enables marketing managers to initiate and automate the campaign process within a CRM system. CRM systems should provide features to maintain marketing activities, associate costs and expected returns to the campaign, process the lead flow through various client channels such as the web, email or phone, as well as build the lead and opportunity pipeline. A CRM application can help automate the marketing launch with features such as email / word-merge, lead distribution and capture from all channels, and the automatic routing and ranking of leads. Moreover, in order for you to understand the revenue stream generated from a campaign, the CRM system can be integrated into your revenue booking systems so the revenue orders linked to the campaign can be calculated.

Marketing analysis within a CRM system should enable marketing managers to work closely with sales and customer service teams to determine how their expenditures and efforts are resulting in improved sales revenue, increased customer loyalty, profitability and lifetime value. Your marketing success can be understood by trustworthy lead to revenue information, win / loss ratios, as well as lead source and interaction analysis.

Step 7: Leveraging the Loyalty Effect

Studies show it can be 7 to 10 times more expensive to secure new clients when compared to keeping your existing customers. CRM initiatives can help enhance customer service. Customer service features of your CRM system can help customer service teams manage customer support tasks such as issue tracking, service activities, call-volume and time-per-call for customer-service representative. “Soft” metrics can be achieved as well through improved customer loyalty and client satisfaction, achieved through improved service efforts from the CRM system process and control.

Customer Service for Your Other Teams

Not only can CRM systems help your customer service teams manage the service process and costs, but also the customer service information can be shared across other customer facing teams within the organization. By allowing your sales team to view open client service requests and issues, the sales agent can address any customer issue up front before proceeding to offer the client additional goods and services. Nothing can ruin a sales meeting like lingering client issues that have not been addressed by your company. Not only can customer service features help you sell better via the sales team, your CRM system can help improve your wallet share by enabling the customer service agent to create quick, easy to sell and easy to close revenue generating opportunities from their normal service job responsibilities. The sales of additional or extended warranties or small add-on services to a clients existing portfolio can go a long way in adding new profit streams to your bottom line. These selling opportunities can be quick and painless, and can help turn your service cost center into a profit center. In addition, marketing managers can use the information stored in your customer service process to help create up-sell and cross-sell goods or service promotions. In order for CRM initiatives to be successful, all business functions across sales, marketing, and customer service teams need to come together to measure the success from the entire customer relationship lifecycle.

Step 8: Choose the Right Tool and Approach

As discussed earlier, one of the more important factors driving CRM success is having your CRM strategy led by the business executives who manage customer interactions, more specifically Marketing, Sales and Customer Service. However, your IT department should be involved early on since IT plays a major role in implementing and supporting your CRM initiative. The IT team should treat CRM as they would any other technology purchase, like security and infrastructure management, evaluating its features and benefits, how does it work with the overall IT infrastructure and what are the key technical requirements to fully implement.

Choosing the right approach to CRM and defining the business drivers and requirements provide much of the definition for what the right CRM tool should be. CRM manufacturers provide multiple methods of accessing CRM business functions over the web, while mobile or in the office, and choosing the right access method plays another part in the success of your overall CRM initiative.

For many businesses, flexibility, adaptability, integration and economies of scale play important roles when choosing a CRM solution, with each option requiring a bottom line investment. There will be benefits obtained from your CRM initiative, and there will be costs. The cost/benefit analysis must be another important attribute for your implementation as it not only aides in the overall structure, but a cost/benefit analysis can also help prioritize business needs during your purchase and implementation phase.

Phased Approach

CRM implementations are proven to have a higher rate of success when the implementation is done via a phased approach. Do not boil the ocean and try to accomplish all your sales, marketing and customer service needs during one, big bang CRM implementation. During your requirements gathering stage you can prioritize each requirement. This prioritization can help you understand which aspects of a CRM initiative can immediately help your organization, and which requirements may be better delivered at a later point in the implementation. CRM is a journey involving people, processes and technology, it is not just a single event undertaken by the IT department.

Key Initiative Attributes

Key attributes to your CRM implementation should include an easy to use user-interface, a secure, real-time analysis platform, and should include a configurable (both simple and complex) application ranging anywhere from the screens and labels to third party system integrations. As discussed prior, multiple access options are essential to the process since users need ways of getting to their data in different environments.

Step 9: Build the Team

Gaining buyoff from top to bottom within your organization is important. Even though not all of your teams sign the check for a CRM initiative, securing stakeholder engagement from each division is important. Just as important in gaining approval and insight from teams that will be affected by a CRM system, is the assembly of this team before you buy the technology. Unfortunately, some companies do just the opposite; purchase the technology first, meeting their immediate requirements, and then assemble the team. This could wind up costing more in the long run if you don't ensure you capture everyone's needs in the up front requirements spec.

Where to Start: Executive Buy-off

It is important to start with leadership when preparing a CRM initiative. The project will have a much higher rate of success if you obtain management buyoff, and more importantly a CRM champion from management to help drive the process. This person can play an important role as the overall owner and internal advocate of the project.

The Team

Other members in your organization to round out your CRM project team should include Sales, Marketing, Customer Service, and IT. Even if your CRM initiative is heavily weighted towards a sales force automation implementation, your marketing and customer service teams should also be involved as you may find these divisions can benefit from other aspects of CRM such a centralized customer database or activity management. They can also prepare for future integrations to their systems, or potential process automation for that division into the CRM system directly. Financial teams, executive and legal teams should also be involved to help insure that the investment is sound and the client – vendor / manufacturer relationship is constructive.

Step 10: The Experts

After you get your local input, gain the global view too. In today's climate – most companies operate on a global basis and the input and the perspective of teams outside of your own can add immeasurable value. Companies who succeed with their CRM initiative enlist outside expertise to help in decision-making, requirements gathering, process understanding and advice. Expertise, knowledge and learned lessons from prior CRM initiatives can be invaluable. This advice can also be obtained from the vendor / software manufacturer, industry reviews, industry associations, and peer-to-peer relationships. Honest input can be found in these areas listed, but more important the clearest inputs can be found internally. Leveraging both internal and external resources will help your CRM initiative be successful.

Conclusion

Your business can establish a successful CRM initiative with a few easy to leverage steps. As pointed out in several sections of this document, the CRM system plays a vital role in marketing, sales and customer service business functions. The CRM system can help manage the process across teams, your interactions with clients through all client communication methods, as well as capture all customer sales, marketing and customer service transactions. CRM applications will help you analyze and report on every component of your customer process so you can make well-informed business decisions and improve your entire customer facing business. In order for you to execute a successful CRM initiative, you must leverage knowledge gained from people, establish a clearly defined process and implement the right technology.

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Somos uma empresa do sector das tecnologias de informação, com quase 20 anos de experiência no mercado nacional. Temos sede em Lisboa e um escritório no Porto. O nosso negócio assenta em duas vertentes:

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Contactos

Morada: Rua Soeiro Pereira Gomes, lote 1, 8º C
1600-198 Lisboa

Telefone: (+351) 217 828 100
Fax: (+351) 217 828 109
Email: info@netopolis.pt