



An explanation as to why implementing CRM may or may not be easy....

I was asked this week what the pit-falls were of implementing CRM technology. This is the sort of question that can tempt you into gushing out a long list of potential hazards, but, when you come to think about it, for many, maybe most people there are very few pit-falls in implementing CRM. If all you are looking to do is to keep track of your contacts, or remember to call Fred again in January when we know he's go some more budget, then it's pretty hard to go wrong.

Where CRM can have a far bigger impact is managing the wider range of business processes involved in winning and retaining customers. And since whenever I mention the term 'businesses processes' people's eyes tend to glaze over, and I generally sense they are losing the will to live, I'll try and illustrate what I mean with a few use cases:

A capital goods manufacturer spends a significant sum on marketing in order to generate leads for the sales force. The sales force is very good at following up leads where there is an *immediate* intention to buy. They are very bad at managing leads where the interest is longer term. The company uses CRM technology to help it better track those leads. It creates processes to ensure leads are never lost, and that longer term leads are returned to the marketing department, who, through carefully developed campaigns, nurture them until they are sales ready. Lead to sale conversion rates increase significantly, and since small changes in conversion rate have a highly leveraged impact on profitability the company grows significantly.

A company sells a wide range of IT products and services. It has a large customer base, but the sales team tend to focus on winning new business. Relatively little attention is given to expanding the range of products it sells to its existing customers. The company introduces a

Explanation of CRM

Written by Cecilia Chee, Singapore

Wednesday, 28 September 2011 17:04 - Last Updated Thursday, 03 November 2011 17:27

new set of account management processes. These require the sales team to identify for each of the customers the products and services they *might* buy, but currently don't, and plan how these will be promoted. This planning process is managed through the CRM system. The shift to a proactive planning approach generates a significant growth in sales.

A membership organisation offers a help-desk service to its membership. Contact with members is not systematically recorded. The company introduces a CRM system to ensure all calls to the help-desk are logged. The company automatically generates customer satisfaction surveys for all calls. The statistics for the number and type of calls received, and the related satisfaction levels are carefully analysed. The company is able to improve the quality of its service, and reduce call volumes by proactively addressing common issues. Membership renewal rates increase.

A housing association has a legal obligation to track and address complaints in a timely way. Complaints are logged in a spreadsheet and allocated to staff to follow up. The administrator spends a lot of time chasing up responses, and from time to time complaints fall between the cracks. The association implements a CRM system. The system tracks not only complaints, but also other less 'formal' expressions of dissatisfaction as well as the compliments it receives. Careful monitoring of this process allows it to increase compliance, and improve its services based on better visibility to what it's getting right and wrong.

A company selling marketing services has a complex order fulfilment process which needs careful managing. The company uses hard-copy files. The work is time-consuming and prone to error. The fulfilment process is embedded in the CRM process. Orders are delivered quicker, at a higher quality level, and with less work. The company scraps plans to hire new staff to help it manage an increase in orders.

In essence, in order to attract and retain customers, organisations operate a myriad of business processes. In the absence of effective systems to manage these processes they are often inefficiently or inconsistently performed. It comes down to the maxim – you can't manage what you can't measure. The customer facing operations of a business can often be considerably improved by embedding them in a CRM system where they can be more effectively monitored and managed. However, and coming back to the pit-falls of implementing CRM technology, this more process oriented approach throws up issues that don't arise if the use of the system is more limited.

Explanation of CRM

Written by Cecilia Chee, Singapore

Wednesday, 28 September 2011 17:04 - Last Updated Thursday, 03 November 2011 17:27

Firstly, you have to think through what you want the processes to be, and that may be very different to what they are today.

Secondly, as each process is generally unique, there's a need to tailor or customise the system to support it.

Thirdly, you need to get everyone using it in a structured and consistent way, which is no small undertaking.

Fourthly, you need to develop a reporting suite in order to help monitor the processes, because the out of the box reporting isn't likely to reflect how you do business.

Fifthly, once your processes are being run through the system, you have to manage it in a way that quickly adapts to the inevitability that things will change over time.

Which is why a process oriented approach to CRM is not for everyone. The potential benefits of doing it are huge, but there's an overhead as well. For organisations that are rapidly changing, and/or don't feel they can persuade their employees to consistently use a system, this is not a good approach. The key is to know what camp you are in. It's a lot better to recognise up front that it's not in your DNA to use CRM technology in this way, than spend a lot of time and money proving it.