

# Introduction to CRM (Customer Relationship Management)

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# Gordon Stoddart

## Innergy

- ▶ Director of Innergy, a consultancy and training firm which helps organisations improve performance, increase profitability and enable change.
- ▶ Specific expertise in Customer Service Management.
- ▶ Visiting Faculty at Europe's leading University which specialises in Service Management.
- ▶ Has worked in the UK and abroad helping develop organisational excellence in this field.



# 3 types of organisations ...



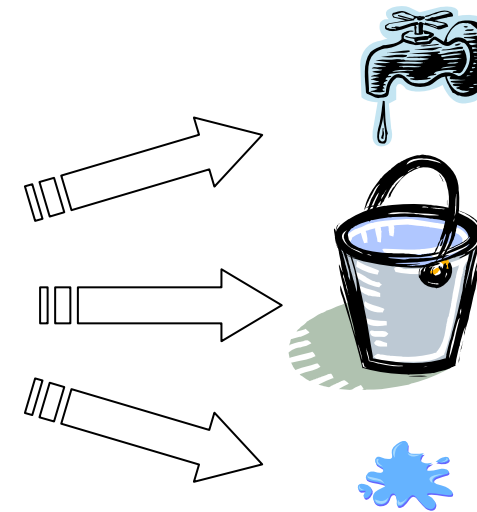
# Why bother?

Benefits of getting this right:



# The Customer Experience – filling your bucket

- ▶ Why bother?
  - Need to differentiate
  - Reputation:
    - Retention/Related sales/Referrals/word of mouth
  - Reduced costs (marketing etc)
  - Charge more
  - Happier team



# What holds us back?

- ▶ Leaders don't understand how to manage it.
- ▶ People aren't engaged.
- ▶ Systems/processes (including CRM) don't deliver



# What it looks like...



CRM helps pull it all together ...



# Roy Casella

## Designated Associates

- ▶ Technical Director of Designated Associates, an IT Consultancy and Training company that specialises in CRM Solutions as one of their Business improvement approaches.
- ▶ Actively implemented and developed CRM strategies for clients as well as project managed implementations and has a decade of experience in this field alone. This results in a complete understanding of the entire CRM implementation process.
- ▶ Worked with large Corporate's to smaller SME's covering a variety of IT services including CRM so understands the needs and requirements from both ends of the scale.

# What is CRM?

- ▶ CRM is short for **Customer Relationship Management**.
- ▶ There is a vast amount of information on this subject. Hundreds of books, thousands of learned academic papers/documents and scores of Websites dedicated to the subject of CRM.
- ▶ Essentially, CRM aims to put your customers at the centre of the information flow of your company.



# Where is the data?

- ▶ In a typical company, it is not unusual to have the following scenario:

SALES	MARKETING	FINANCE	SERVICE	WATER COOLER
				
<p><b>Have Laptops</b>            Have lots of customer information stored on laptops: Contact info, names, telephone numbers, addresses, quotations, letters, emails.</p> <p>Only accessible by individual salespeople</p>	<p><b>Have a database</b></p> <p>Have lots of information about customers - what they have bought, what they are interested in, what sectors they operate in, what information they have been sent</p> <p>Only accessible by marketing personnel</p>	<p><b>Have a database</b></p> <p>Have lots of information about customers - names and addresses, what they have bought, how much they owe</p> <p>Only accessible by finance personnel</p>	<p><b>Have a database</b></p> <p>Have lots of information about customers - names and addresses, issues, complaints, feedback, project progress</p> <p>Only accessible by service personnel</p>	<p><b>Have no database</b></p> <p>Share lots of informal and formal information about customers - gossip, market information, people moving, new contract opportunities</p> <p>Have no way of sharing information outwith the water cooler group</p>

# What is CRM? cont.

- ▶ In short, the company or organisation is very rich in information about customers. It knows lots about them. But the information is not shared.
- ▶ It's only available to specific job functions.
- ▶ If a sales person wants to know about what issues are outstanding with customer service for a particular customer, then they have to make contact with the holders of that information and wait for a response.
- ▶ If the salesperson is chasing the information in response to a question from the customer, then the customer also has to wait.
- ▶ So, although many companies are information rich, the information is compartmentalised. It is not corporate knowledge and the ability to access information and to deliver it rapidly to customers is low – High quality customer service is compromised.

# Customer focussed company

- ▶ In a customer focused company, the information flow and the ability to access information is very different:
- ▶ CRM is an application that enables companies to make the move towards being a customer centred organisation by putting the customer at the centre of all the information that relates to them and allowing authorised people within the organisation to access the information.
- ▶ In a customer centred organisation, salespeople, support staff, administration would have access to all the information that affects their relationship with their customer.
- ▶ The conversations, the emails, the complaints, the complaint resolutions, all the information that had been sent to the customer, who else in the company the customer had spoken to ..... everything that affects their ability to service the customer and sell more product or services to them.
- ▶ Customers of a customer centred organisation feel more valued. Their requests are dealt with more rapidly and accurately because all the information required to service the request is in one place.
- ▶ Customer centred organisations may have a higher customer retention rates than competitors organised along traditional lines because of this.

# Customer/Contact centric



# Discipline: The Right Information

- ▶ Your CRM system is a place for storing all the customer related information. There will be a temptation to record everything customer related in the database. Resist the temptation.
- ▶ If you have received an email from a customer with “The 100 best crude and rude jokes” – **PLEASE DON’T store it in the CRM system.**
- ▶ There is no hard and fast rule. However, focus on the commercial relevance to your company, buying trends, “interests” or “no interest in” information should be stored. This includes emails with regard to purchases, contracts, negotiations, commercial information should be stored. Quotations should be stored. Details of relevant conversations should be stored. Letters to customers should be stored.
- ▶ Anything that adds value to the customer relationship.

## Legal Notice

- ▶ **DO NOT** record information that is of dubious legality about your customer or competitor. There have been cases in the recent past where organisations have been successfully sued for sending internal emails that contained questionable information about a competitor. There is little reason to believe that this could not be extended to the CRM system.

# More Discipline

- ▶ *CRM is a habit*
- ▶ Make your CRM system a central part of your working life and you will get tremendous value from it.
- ▶ Make your CRM system an incidental part of your working life and watch your CRM-friendly colleagues make more sales, earn more commission and get faster promotion. Knowledge is power and CRM is a hugely powerful corporate knowledge system .... Use it or lose it.
- ▶ **Six good habits of effective CRM users**
  1. When you are at your desk, or are otherwise connected to the Internet, **ALWAYS** have the CRM application open.
  2. Record information when it happens or as soon as possible afterwards. **DO NOT** write everything down on bits of paper and try to update the system at the end of the week.
  3. Use the CRM system to record all your planned activities – if you just told John Smithers that you would call him at three-o-clock in three weeks time – record it on the CRM system – it, in turn, will remind you to call John Smithers on the right day at the right time.
  4. Use the CRM to plan your activities – at the start of the working day and the working week, look through the CRM system for all your meetings, for all the calls you have to make, for all the reports you have to prepare. You'll be impressed by how much more organised and focused you can become.
  5. If you are in sales – pay particular attention to the pipeline .... It will always tell you where to focus for gain.
  6. There is no such thing as too much detail – i.e. when you enter a sales lead – record as much relevant information as possible. Where did the sales lead come from? If you learn to record the smaller items such as this, you will build up a picture about how and where you get your best business from. Is it from exhibitions, cold calls, customer referrals? ... absolutely vital information that will help you sell more.

# How a CRM benefits you

A correctly implemented CRM solution for small and medium size organizations can help to acquire, retain and grow more profitable customers and increase both revenues and profits while lowering the cost of marketing, selling to and servicing customers by better aligning business processes and managing customer data across the enterprise.

# A few figures

- ▶ CRM can help increase sales effectiveness and based on recent studies firms have achieved a 16% increase in closed business when using tools that support sales methodology
- ▶ Run much more effective marketing campaigns that will help you improve your marketing ROI
- ▶ Reduce costs while providing better Customer Services and build customer loyalty which studies show a 5% increase in customer retention can mean a 25 to 75% increase in profits

# Features of CRM software

- ▶ Contact/Customer centric with sufficient information
- ▶ Opportunities and leads management
- ▶ Forecasting
- ▶ Marketing, campaigns and processing
- ▶ Customer service and support
- ▶ Integration with common workplace products e.g. Microsoft Office
- ▶ Synchronisable and/or Remote Access to CRM data
- ▶ Project management
- ▶ Linked tasks/actions to contact/opportunity (scheduled and historical activity lists linked to users and the contact)
- ▶ History of dealing with clients calls/literature and shared email
- ▶ Linked documents: Quotations, letters, faxes, Offers, Attachments
- ▶ Shared, viewable and editable calendars
- ▶ All information viewable by appropriate staff. Central Store

# CRM and Sales Force Automation

- ▶ Statistics: Sales Persons / Areas / Providing vital information to Sales People and Managers
- ▶ Automated procedures/processes
- ▶ Different customer tracks
- ▶ Automatic communications with client

# System integration

- ▶ CRM and/or SFA alone
- ▶ Integrated to quotation, ordering and order processing systems, plus more
- ▶ Integrated to accounts systems
- ▶ Integrated to website for leads and resources made available
  
- ▶ Entire internal running of company can be integrated or even implemented directly into the CRM solution. After all, as a business we are locating opportunities and selling to our customers so the focus is here already

# Modules within CRM products

- ▶ Marketing Automation: Campaign Management Mass Email Auto Response Email Sales Force Automation Lead Management Contact Management Account Management Opportunity Management Quote Management Product Database Forecasting Commissions Management Customer Service Case & Incident Management Solution Management Knowledge Base Management Analytics: Reporting & Analytics Dashboard Reporting Collaboration: Shared Calendar Instant Messaging Web Self-Service

# Modules cont.

- ▶ Complete Customization Workflow  
Automation Web Site Integration Document  
Management Profile Based Security MS  
Outlook Integration Microsoft Mail Merge

# Questions to consider

- ▶ What are your customer satisfaction levels?
- ▶ What is your customer attrition rate?
- ▶ What are your customer's needs?
- ▶ Do you focus new product development around customer feedback?
- ▶ Do Sales, Customer Service, and Technical Support work together to provide outstanding customer service?
- ▶ Do you build and modify work processes around servicing the customer better?
- ▶ Do you currently consolidate all customer related data into one repository?
- ▶ Do you integrate key front office, back office, and web office systems to interact with each other?

# What is CRM?

- ▶ **CRM** stands for Customer Relationship Management. CRM is about better understanding of customer's behaviour and needs, and developing and implementing business strategies and supporting technologies that close the gaps between an enterprise's current and potential performance in customer acquisition, growth, and retention. Its centre of attention is managing and optimizing customer life cycle and building proper relationship among company departments, sales forces, and customers which in turn helps increasing company productivity.
- ▶ Customer Relationship Management has increasingly started to become an important business approach. Its goal is to return to one-to-one personal marketing. The idea is to create a customer centric marketing and sales approach based on cumulative vital information about a customer such as her previous purchasing trend, preference and needs.
- ▶ By implementing a CRM solution a company may expect to:
  - Increase the company's ability to retain and acquire customers
  - Maximize customer life cycle
  - Personalize and improve customer service without increasing cost of service
- ▶ In order to receive these benefits from a CRM system a company has to clearly understand its need. CRM is not a technological miracle that will bring dramatic change in company productivity. CRM is about sweeping change of mindset across the company and make it a customer-oriented enterprise. That's why before installing a CRM system the company should understand what it wants to achieve. Does the company want to make selling process more efficient? Is it trying to target and acquire the right customer segment or the goal is to improve customer service?

# Why a company needs to adopt a CRM solution?

- ▶ A CRM solution is capable of providing real-time access to the stored data about a customer and related matters. Sales force by analyzing the data can create sales forecast, manage interaction with the customer more effectively, develop and manage sales pipeline. Support team thanks to the information available at their fingertips manages to give personalized customer care. According to Pareto principle 20 percent of customers are responsible for 80 percent of company profit. It is absolutely necessary to do everything possible to retain loyalty of these customers. Why retaining an existing customer is so important?
- ▶ It takes on average 7 to 8 calls in order to close a deal with a new customer and only two to three in the case of an existing customer.
- ▶ According to a Boston Consulting Group conducting studies of customer trends globally, the cost of selling to an existing web customer is around £3 and cost of acquiring a new web customer is around £18.
- ▶ A five percent increase in expenses in keeping existing customers translates into 25 percent or more increase in profitability.
- ▶ Other clear advantages of a CRM solution include its ability to:
  - Provide improved customer service
  - Increase revenues per customer
  - Manage sales efficiently
  - Sell products more effectively
  - Help sales staff close deals faster
  - Make call centres more efficient
  - Streamline marketing and sales processes

# What should a company know before adopting a CRM solution?

- ▶ As mentioned earlier CRM is not a panacea to company productivity improvement. In order to get maximum result, the company must clearly understand its requirement and then only adopt a CRM system. No matter how good the CRM solution the company chooses if the solution does not correspond to the staff mindset i.e. if they don't receive required training and don't clearly understand the changes in business processes, the risk of good technology going bad is pretty high!
- ▶ Often, senior management do not take a real participation in the process of CRM implementation. This has a real knock on effect! If management does not take advantage of the CRM, it's very likely that operational staff will not take the system seriously too.
- ▶ The present customer related information that is going to be integrated with the CRM system also should be carefully analysed, consolidated, structured and cleaned up prior to adoption. Bad data is capable of creating a mess even in the best CRM solution.

# How should a company adopt a CRM system?

- ▶ The best option is to adopt a CRM system phase by phase. The company needs to identify the areas where the return on investment would be highest and adopt CRM technology there. Another good approach is to automate one of the key departments with inexpensive CRM solution and if the project becomes successful adopt a cross-company CRM solution

# Better Management of Customers

- ▶ Customers are NOT a rolodex of numbers.
- ▶ Customers have profiles, buying habits, services/products that they deal within, needs that should be identified, things that result in decision making, a HISTORY of buying things and a history of things they have been interested in.

# Organise and identify customers

- ▶ Long gone are the days of Customers being a collection of business cards. They are different. They may have different industries. They have different needs and requirements. They may also have different expectations. These should be logged managed and always available to the people interacting with them. Identify your customers, their interests, their spending and the opportunities that have failed.

# Identify and target new customers

- ▶ Can be same customers with new service that you offer.  
New customers
- ▶ If you locate information 'buy lists' etc... then this needs to be managed to ensure that this information source and success or not is evaluated (Records are tagged). Also from a list lead to a potential/suspect, prospect and then customer, the transition is managed and appropriate next steps are identified and are put in place.
- ▶ A volume of orders can allow this potential customer to be still regarded as a list lead and the requirement unfulfilled. They are now a potential new customer. Manage the suspect / prospect / customer cycle.

# Increase customer retention and referral

- ▶ Customers like to be spoken too
- ▶ Customers like to have dialogue
- ▶ Customers wish to be cared for and feel that their suppliers think of them, all of them, not just the big spenders
- ▶ Follow up when advised, regardless of product, diary, sickness etc... Enable others to take over this procedure
- ▶ Incorrect information being supplied
- ▶ Different people not aware of full story or details
- ▶ Problems... Opportunities to create a loyal customer
- ▶ Referrals are qualified sales. This is a company referring another company to you, not a yellow pages ad or Google sponsored link. Identify your customers, ask, educate, create incentives, plan and track the ongoing campaign.
- ▶ Turn your customers into salespeople.

# Best Customers

- ▶ Easy... Look at accounts. Actually, I need to speak to someone. Actually, I cant get that data. Actually, I need it to be produced by someone.
- ▶ It is not just about the spend. It is about referrals.. How much communication is put into discussing with the customer. Any possible complaints, pay on time.. Etc... Not just a value.
- ▶ What's the relationship like?

# Track their activity

- ▶ What can be common knowledge is: .... order won... client name .... last week.
- ▶ Who is dealing with it! what are the tasks that are required, for whom and when for.
- ▶ Many business are not aware and cannot check at a glance so the answer returned is, I don't know!
- ▶ When there are amendments and documents relating to the quote and then the sale. Where are they? How are they recorded? Can we obtain them from one point?
- ▶ John said he would do it... John's sick/out of the office/on a job. How did we pick up the process and continue ... minus John.
  
- ▶ Businesses need to log information; all communications with client. Promises of tasks/actions and dates and time.
- ▶ Also, what has customer responded to regarding your offerings.. Just because someone does not buy at this point does not mean they are not interested.

# Improve efficiency of processing Customer requests

- ▶ Jeremy writes down on a piece of paper
- ▶ Possibly schedules something for Jeremy to do
- ▶ Jeremy forgets, misplaces that sheet of paper.
- ▶ Jeremy is ill
- ▶ Jeremy does not appreciate importance due to lack of information
- ▶ Where are actual opportunities stored.. Who manages them.. Who is working on them... what stage are they at.. Is customer expecting something on Wednesday .. Who knows?

# CRM configurations

- ▶ Hosted service (remote access or can link to data offsite)
- ▶ Certain products can be run as an application on the computer workstations alone.
- ▶ Server dedicated computer to act as application and/or database server and repository.

# Off the shelf packages

- ▶ Depends on requirements, budgets, functionality and integration (Prices exclusive of VAT):
- ▶ SalesOutlook. Outlook based. Current Microsoft Exchange server.. Use your own Outlook. Approx. £400 per license.
- ▶ GoldMine. Full SFA and Customer Service Management.. Automated processes, campaign management etc... Start from Approx. £470 per license.
- ▶ Microsoft Dynamics. Customisable. Integrated with whole office. Not an off the shelf package but one to be considered depending upon size and requirements. £900 – £1500 setup and then between £400 and £800 per license.

# Off the shelf packages cont.

- ▶ [www.SalesForce.com](http://www.SalesForce.com). Internet Hosted solution. Approx Start of £550 for fuller featured CRM functionality.
- ▶ Sage Act. £180 per license. Beginning of CRM. Sales, Marketing and Customer Service Operations
- ▶ CRM is not really an off the shelf package. It is a company approach and behavioural change. Each solution needs to have a strategy and be implemented, not installed.

# Ability of CRM

- ▶ CRM includes following customer related applications:
- ▶ Sales Force Automation
- ▶ *Contact Management*: Helps maintaining, tracking and managing customer information and contact histories for present customers.
- ▶ *Activity Management*: A combination of calendar, task and scheduling management solution for sales people.
- ▶ *Communication Management*: Uses for eMails and messaging management
- ▶ Sales forecasting: Helps analyzing and projecting future sales goals and targets
- ▶ *Lead Management*: Helps managing leads and potential business opportunity
- ▶ *Document Management*: Helps creating, storing and managing documents
- ▶ *Pipeline Management*: Uses for managing and analyzing sales pipeline
- ▶ *Product eCatalog*: Necessary for accurate product specification and prices

# Ability of CRM cont.

- ▶ **Customer Service**
- ▶ *Call Center Management* Provides automated, end-to-end call routing and tracking Captures customer feedback information for performance measurement, quality control, and product development
- ▶ *Field Service Management* Allocates, schedules, and dispatches people, parts and time Tracks materials, expenses, and time associated with service orders
- ▶ *Help Desk Management* Solves a problem by searching the existing knowledge base Keeps logs of problem reports

# Overview of CRM

- ▶ **Customers:**
  - Find Them
  - Keep Them
  - Gain More From Them
- ▶ **Sales Effectiveness:**
  - Remove The Limits To Your Sales Potential
- ▶ **Marketing Effectiveness:**
  - Evolution of a Customer Focused Marketing Vision
- ▶ **Customer Loyalty:**
  - Reduce Churn
  - Understand your Customers
  - Improve Customer loyalty
- ▶ **Interaction Management:**
  - Optimise Real-Time Customer Interactions

# Introduction to CRM

- ▶ Questions
- ▶ Comments
- ▶ Thank you

