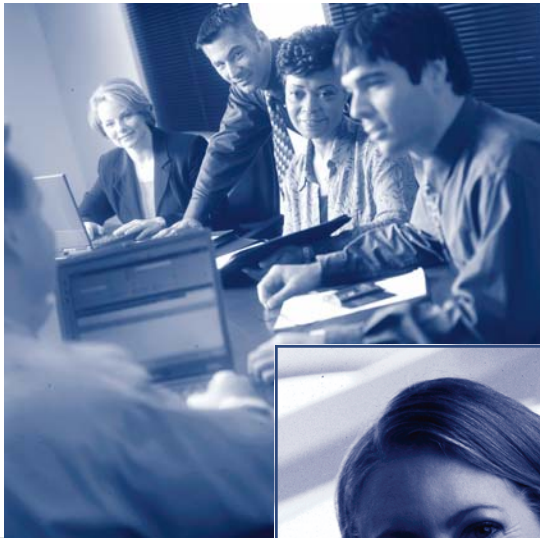


CRM SUCCESS GUIDELINES



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**Integrated Sales
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"Helping You Grow!"

CRM Success Guidelines

Customer Relationship Management (CRM) has evolved dramatically recently as many companies are beginning to discover the competitive advantages available when business strategy and available technology are successfully blended. Unfortunately, there are many examples of companies that have failed to produce results and have wasted valuable resources in the pursuit.

CRM Defined

CRM is the successful blend of business strategy and technology that enables a company to achieve measurable business results by aligning People, Process, and Technology. This takes many forms, however, CRM success is driven more by strong strategy supported by appropriate tools versus slick technology and flawed business rules. The power and promise of CRM comes when companies deliberately create powerful strategies and select the right CRM technology to help employees execute.

The CRM Lifecycle

When looking at the principles that drive CRM successes it is helpful to put these principles into the framework of a Lifecycle. This helps to quickly assess where an organization is in the evolution of combining strategy with technology. By clearly establishing an organization's "place" in the lifecycle, proponents of CRM can begin to focus on the most valuable actions that will lead to commitment and buy-in from key stakeholders.

The CRM Lifecycle includes four key elements. These include CRM Discovery, CRM Strategy, CRM Technology, and CRM Execution. Regardless if a company is using a rolodex with no standard processes or a highly organized firm with custom technology, companies exist somewhere along this Lifecycle. Additionally, the cycle is revolving, which means the process of defining and improving CRM strategy is an on-going event.

The following table outlines the key principles within each stage of the successful CRM Lifecycle.

CRM Success Lifecycle

CRM Discovery	CRM Strategy	CRM Technology	CRM Execution
<ul style="list-style-type: none">• Corporate Priorities• Business Case• Written Plan• Stakeholder Commitment	<ul style="list-style-type: none">• Growth Strategy• People, Process & Technology• CRM Roadmap	<ul style="list-style-type: none">• Technology Selection• Customize Data/ Reports• Convert Data / Implement• Training	<ul style="list-style-type: none">• Plan vs Actual• Metrics Driven Decisions• Identify, Diagnose, & Execute• On-Going CRM Discovery

CRM Discovery

CRM Discovery establishes the foundation of a CRM initiative. Successful discovery includes aligning the priorities of the company with a compelling business case. Followed by a written "discovery" plan that enables key stakeholders to commit to the necessary changes to make CRM valuable.

The following guidelines outline the key elements that, when complete, lead to revenue increasing opportunities and reduced CRM costs. The purpose of a discovery plan is to provide the key stakeholders within the organization with a clear picture of the high-level benefits that CRM provides.

There are four fundamental principles involved in successful CRM Discovery.

1. Establish Corporate Priorities
2. Create Business Case
3. Written CRM Discovery Plan
4. Establish Stakeholder Commitment

Establish Corporate Priorities

Initially it is important to establish a summary overview of what the key priorities are for your organization. This might include business growth from new markets or expanding “share of wallet” within existing customers. These key priorities will lay the initial foundation from which the overall CRM initiative will receive its justification.

Develop a Business Case

A Business Case should then be developed that aligns the benefits offered by CRM to the specific priorities of the organization. The initial business case should successfully outline the key areas within the business that CRM will impact. If the business case lacks clarity, many decisions are likely to be made without the benefit of really “knowing” what the result will be.

The purpose is to provide enough information combined with a preliminary budget to give decision makers the information they need to justify moving forward with CRM Strategy and Technology. An effective business case should also include a general overview of potential phases by loosely establishing which areas of the business may need CRM and when.

Written CRM Discovery Plan

With a written plan you will be able to clearly identify the key milestones that should be included in your CRM Discovery. A successful plan includes an overview of each milestone followed by an estimated date for completion. It is also valuable to establish key points where you may decide to move forward or abandon the discovery process. Finally, if you’re using outside services to help in the evaluation it is important to determine what activities might be considered billable and estimate those costs. Below you will find an example of a Written CRM Discovery Plan.

Example Written CRM Discovery Plan

Milestone	Description	Date	Go/ No Go	Outside Costs
Outline Corporate CRM Priorities	Define Corporate Priorities.	1/1		
Develop Business Case	Contact and prepare necessary staff to assess CRM impact and preliminary costs	1/15		
Establish Stakeholder Commitment	Review Business Case establish commitment to CRM Discovery Plan.	2/1	?	
Develop CRM Strategy	Build Goals, Strategies, Tactics, and Metrics into a CRM Roadmap that also aligns People and Process with measurable results.	2/15	?	
Select CRM Technology	Confirm selection of CRM Technology outlined by CRM Strategy requirements.	3/15	?	
Execute CRM Implementation Plan	Launch CRM. Customize data and reports, convert data, and prepare training materials.	4/1	?	
Begin Training	Train staff on new processes and technology.	7/1		
CRM Execution	Establish on-going review of CRM metrics and objectives.	7/15		

A successful CRM Discovery Plan will provide the framework necessary to establish the critical executive commitment and outline the milestones to prepare effectively.

Establish Key Executive Commitment

One of the leading reasons CRM fails is inconsistent commitment by key executives. At this point, the Business Case and Preliminary Budget will give the key decision makers enough information to make initial commitments to “explore” CRM further. Executive commitment at this point simply means that support has been given to determine exactly how CRM Strategy and Technology will drive measurable business value for the firm.

CRM Strategy

A lot has been written about what causes organizations to fail when attempting to implement CRM. One of the leading reasons is that companies fail to adequately address the strategy element of CRM.

CRM Strategy is simply the alignment of business goals with the tactics and measurements necessary to create results. Developing and defining CRM strategy is the heavy-lifting of CRM. It is difficult because it requires organizations to dig into some of the issues that cause success to evaporate. The good news is that organizations that select the right priorities and focus on these areas are likely to see better results.

Growth Strategy

The foundation of an organization's CRM Strategy represents the key building blocks that will enable growth and performance. A firm foundation includes the Goals, Strategies, Tactics, and Metrics involved for each key initiative.

Goals: *Corporate business objectives.*

Strategies: *Approach used to support the business goals.*

Tactics: *Specific actions required to implement each strategy.*

Metrics: *Measurements of the effectiveness of each tactic.*

The combination of these four elements forms the foundation of the Growth Strategy. These elements will clearly define how each business objective will be broken down into a workable and deliverable plan.

People, Process, & Technology

With a firm Growth Strategy in place, alignment with People, Process, and Technology can begin. The People involved in CRM include the specific members of the team that will be responsible for the tactics outlined in the Growth Strategy. These team members might include sales people, customer service, field engineers, or executives. It is also important to establish which roles and individuals will be held accountable to the specific results outlined above.

Process involves defining existing business rules or developing new ones to support the new strategy. These existing or improved processes will be measured by the metrics outlined. Process is what gives context for the people and also defines “how” work is supposed to be accomplished.

Finally, technology outlines how the tools should support the people and the process. This might include data fields that are required to be captured or define integration requirements with information from other systems. This is an ideal way to define “how” the tools must support specific employees and provide relevant feedback on critical business rules.

By combining the fundamentals of the Growth Strategy with the People, Process, and Technology, a viable business scenario can then be developed to demonstrate the impact CRM will provide. The following example was provided by Giga Information Group.

The figure below provides an example illustration focused on increasing sales margins for a high-tech, business-to-business (B2B) manufacturer. In this organization's environment, the direct sales force with a fully loaded cost of more than \$400/hour handled all customer relationships and product sales. The company estimated it could increase its margins by at least 20 percent by offloading appropriate (e.g., simple, repetitive, low value) transactions to its contact center. The customer would not be forced to use a specific channel, but price incentives would be used to drive customer behavior toward the desired channel. While the organization did have several large contact centers, the

existing expertise was service, not sales. Therefore, while the contact center facilities and infrastructure were already in place, the application functionality to support the sales capability was required. Furthermore, the people skills and processes required for the inside sales capability had to be developed. This also represented a major change for the sales force, which was compensated based on individual revenue sold. To reduce the likelihood of conflict between the direct sales force and the new inside sales channel, the company decided to realign customers with integrated sales teams (cross-product and cross-channel) and revise compensation structures based on total revenue by customer.

Goal:	Increase sales margins						
Strategy:	Focus direct sales force on high-value customer relationships and purchases by shifting appropriate purchases to contact center						
Tactics:	Implement sales capability in the contact center and initiate activities to identify and shift appropriate purchases while providing integrated customer information between channels						
Value Metrics:	Revenue/sales rep, sales margin, customer lifetime value (LTV)						
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;"><u>Current Environment</u></th> <th style="text-align: center;"><u>New Environment</u></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Not possible today. • Customers are managed by business unit as opposed to complete relationship. • Contact center is service oriented with only top-level customer information and no access to product portfolio. • Sales force incentives are based primarily on gross revenue from individual purchases. </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • People: Profitability based compensation; contact center restructured with inside sales skills; benefits-based education program initiated • Process: Lead escalation processes; pricing or discount structure revised based on channel utilization; account team escalation processes implemented • Information: Customer view incl. products, service, offers, value, channel, and product recommendation indicators • Functionality: Sales force automation (SFA) with heavy focus on sales enabled contact center and synergy with outside sales; analytic models for customer value, channel alignment and recommendation indicators; campaign mgmt. • Technology: Customer view must be consistently shared between contact center and outside sales systems; contact center application requires near real-time integration with order entry and fulfillment systems </td> </tr> <tr> <td style="vertical-align: top;"> <p>Impact: All sales direct; average sales person cost > \$400/hour; negative profitability for some transactions and high cost of sales</p> </td> <td style="vertical-align: top;"> <p>Impact: More profitable transactions, more profitable customers, lower cost of sales, increased margins, improved bottom-line performance</p> </td> </tr> </tbody> </table>		<u>Current Environment</u>	<u>New Environment</u>	<ul style="list-style-type: none"> • Not possible today. • Customers are managed by business unit as opposed to complete relationship. • Contact center is service oriented with only top-level customer information and no access to product portfolio. • Sales force incentives are based primarily on gross revenue from individual purchases. 	<ul style="list-style-type: none"> • People: Profitability based compensation; contact center restructured with inside sales skills; benefits-based education program initiated • Process: Lead escalation processes; pricing or discount structure revised based on channel utilization; account team escalation processes implemented • Information: Customer view incl. products, service, offers, value, channel, and product recommendation indicators • Functionality: Sales force automation (SFA) with heavy focus on sales enabled contact center and synergy with outside sales; analytic models for customer value, channel alignment and recommendation indicators; campaign mgmt. • Technology: Customer view must be consistently shared between contact center and outside sales systems; contact center application requires near real-time integration with order entry and fulfillment systems 	<p>Impact: All sales direct; average sales person cost > \$400/hour; negative profitability for some transactions and high cost of sales</p>	<p>Impact: More profitable transactions, more profitable customers, lower cost of sales, increased margins, improved bottom-line performance</p>
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Source: Giga Information Group

CRM Roadmap

The CRM Roadmap will provide the direction and clarity necessary to begin the journey of the CRM initiative. A well written roadmap will outline the specific areas in which CRM will impact the business and will define the measurable results to be expected. The roadmap ties the corporate priorities from discovery to the training requirements in implementation and should provide a clear path to achieve measurable business results.

A well written Roadmap will include a phased set of initiatives that will combine the Growth Strategy and People, Process, and Technology elements into a focused plan to achieve measurable results. The plan will also define the critical elements required in any technology selection.

CRM Implementation

The CRM Implementation is where the CRM “rubber meets the road”. While briefly outlined here, readers can get more detailed implementation information from [Successful CRM Implementation Principles](http://www.ismsystems.com), available at www.ismsystems.com.

Technology Selection

As many people begin to evaluate CRM technology they quickly realize that many of the vendors offer very similar capabilities. The sheer volume of available CRM products can make selection difficult. A clearly defined CRM Strategy with Roadmap will reduce a lot of confusion. Although many factors influence technology selection, given the variety and number of available CRM technologies, it is often preferred to go with well established and proven vendors. As the CRM

technology space matures it is often more prudent to select technology that is supported by a well established vendor with proven flexibility than newer products with similar offerings.

Customization

Customization includes defining not only the key data fields and screen layout but also building tools to display the key metrics outlined in the CRM Strategy. Customization is an important step because this is where the tools are modified to support the business rules that drive measurable results. If a technology has been selected that doesn't support the flexibility needed to support the business rules then adoption and business results will suffer.

Data & Integration

Converting existing data into new CRM applications is a vital and important element to CRM Implementation. It includes scrubbing current data as well as mapping legacy information into the new tool. With current technology there is virtually no reason existing data cannot be captured, manipulated, and converted. A clearly defined implementation plan will outline what data currently exists and how it should be included moving forward with CRM.

Integration is the vital connection of information contained in other databases the CRM system. This information may include critical billing information, shipping status, or credit performance. The consolidation of front and back office information provides the foundation for a 360° view of Prospects and Clients that is vital to executing customer retention and cross-selling strategies. Integration also includes the mapping of this valuable information and establishing business rules for updating information across the organization.

Training

Training is a powerful resource when developing and deploying new strategies and technologies. When developing a plan for training, special consideration should be made not only for users but also for "power users". Power users are often vital to the on-going development and learning across the entire organization. These users are often skilled in both the processes and technology and provide a level of support directly to the users that reduce the pressure on system administrators and dramatically improve the level of adoption.

Training is often an area that receives initial interest but diminishes over time. Training is an investment that will continue to generate dividends if provided frequently. Many organizations incorporate CRM process and technical training into their quarterly and semi-annual meetings with much success.

CRM Execution

After an implementation is complete, the real execution of CRM Strategy and adoption of CRM Technology begins. It is helpful to consider CRM Execution an on-going discipline that leads to revolving discovery of new areas to realize improvement.

Metrics Driven Decisions

With the CRM initiative under way the focus quickly turns to using the information and feedback from CRM to make better decisions. The metrics outlined during CRM Strategy begin to reveal opportunities and threats that require interpretation and decision-making. It's important to note that metrics simply reveal symptoms of issues that need to be resolved. It's up to an effective leader to commit his or her team to the on-going diligence of using the information provided to make the best decisions possible. Experience has also shown that the level management uses CRM information to make decisions also drives adoption by the users who are being held accountable by this information.

Identify, Diagnose, and Execute

During the execution phase of any CRM initiative it is critical to evaluate the performance of any planned strategy with the results expected during planning. This includes identifying the symptoms of any results that are below standard followed by a diagnosis of the causes. With the cause of any performance issue identified plans should be defined and executed to resolve the issue. Using the example provided under CRM Strategy from Giga Information Group, we see the closed-loop analysis.

For example, the B2B high tech manufacturer introduced above, while moderately successful at increasing its sales margins, was not seeing the dramatic improvement it expected as a result of shifting transactions to its new inside sales

capability. Once this was known, the next level of detail was analyzed and the company found that a large percentage of the transactions that were targeted for the inside sales force were being escalated to direct sales instead of being closed by the contact center. Upon further analysis, the company found that a business rule threshold had been implemented within the sales force automation application to automatically escalate leads that had no activity notations within a 24-hour period. While this rule made sense for some of the products that the contact center was selling, some of the products were expected to have a longer sales cycle. The company addressed the issue by overriding the threshold for products for which a longer sales cycle was expected. While further tuning was required over time, the company ultimately exceeded its original expectations by more than 10 percent.

On-Going CRM Discovery

As CRM Execution continues new opportunities will present themselves. This brings the CRM Lifecycle full circle. With new opportunities presenting themselves, companies can then begin to incorporate these new possibilities into their priorities and begin to construct strategy to achieve growth. These strategies can be integrated into the existing technology infrastructure and the cycle continues...

As we have seen companies are successfully leveraging the power of CRM to define company priorities, build effective strategy, and implement solutions to take advantage of business growth opportunities. The CRM Lifecycle serves to identify where companies exist in this cycle and establish a framework for identifying where an organization should focus it's resources. Research shows that many companies have failed to see any measurable results from their CRM investments. By following the guidelines outlined in this article successful growth can be achieved with a dramatic reduction in the risks encountered by many others.



About Integrated Sales Management (ISM)

Integrated Sales Management helps our clients grow by focusing People, Process, and Technology to successfully leverage CRM and Process Improvement. Please visit our web site at www.ismsystems.com to learn more about principles and concepts that will help you successfully implement CRM to grow your business. Also feel free to contact us directly via sales@ismsystems.com or **877-553-0485**.