CRM Buyer's Guide Volume I:

Volume I: What Is CRM and How Can It Improve My Business?

GoldMine®

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What is CRM?

Customer Relationship Management (CRM) is one of the most widely used and most widely misunderstood terms in today's corporate environments. Put simply, 'CRM' is a catch-all term used to describe software and related technologies that manage customer-facing business functions (most notably Sales, Customer Service and Marketing), business processes and data.

When done right, CRM allows companies to increase revenues and profits while lowering the cost of marketing, sales and service. The payoff is clear - by better aligning business processes and managing customer data across all customer-facing functions, companies can build successful, profitable, and long-term customer relationships.

Unfortunately, CRM has also gained a bit of a mixed reputation – and one of the most-often-cited statistics regarding CRM is how often these solutions fail to meet their objectives. There is no denying it – getting CRM right is a significant challenge. CRM strategy is about much more than just selecting the right technology - rather, it is a business strategy that may very well necessitate a complete reinvention of how your company does business.

While CRM is not without challenges, it remains a business essential – without it, your business will be unable to provide customers with the level of service they desire. Despite the challenges, the fact remains that many companies have seen tremendous success with CRM.

A Brief History of CRM

The term 'CRM' first emerged in the mid-1990s, created with the intent of describing how Sales, Marketing and Customer Service technologies could integrate into a single system. Prior to the advent of CRM, some companies had begun to deploy Sales Force Automation (SFA) applications to automate the selling process and track prospect data, but that data often didn't leave the sales department – thus when the customer called to complain the Customer Service department would be unaware of any interactions with Sales. This led to many situations where, from the customer's perspective, the company was acting in an incompetent and/or uncoordinated fashion. The result – the 'right hand doesn't know what the left hand is doing' syndrome – would often result in a frustrated customer departing for the competition.

Early customer-facing applications—SFA, telemarketing, marketing campaign management, help desk and others—served their individual purposes, but were unable to provide the integration that allowed companies to serve their customers with a single face. In response, CRM 'suites' were developed that promised to automate not just one but (purportedly) all customer-facing departments and functions.

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Unfortunately, while the idea made sense, the implementation proved much more difficult. Many early CRM initiatives became bogged down by companies trying to do everything at once. Particularly in larger companies, there are many stories of companies spending millions of dollars and years of time in attempts to replace their entire sales, marketing and customer service infrastructures – and becoming overwhelmed by the challenges (sometimes technological, but more often organizational) in doing so. The '360 degree view of the customer' so often promised by CRM solutions became for many an unattainable goal as initiatives grew needlessly complex and prohibitively expensive.

What are the advantages of having a Customer Strategy?

Having a customer strategy enables all customer-facing teams to understand their role when working with a customer. After all, customers should be the focus of any successful business, and a customer strategy should be a major part of this success. The strategy helps individual business units focus on their goal of establishing customer rapport and building customer satisfaction in all three pillars of customer relationship management: Sales Force Management, Marketing Automation and Customer Service and Support. The end goal should be to enable all client divisions to serve, sell, and/or market to their respective client base.

A proper customer strategy will help companies reduce operational costs, improve customer loyalty levels, and improve revenue streams. Naturally there is cost involved with all customer strategies. Simple customer strategies geared at single, one-time customer engagements may be cost effective to the company and gain quick wins, when compared to more complex, longer term (lifetime value) customer strategies which will be more costly in terms of labor and understanding across company employees.

Technology and Your Customer Strategy

A variety of technologies exist that can help your business create a high-impact customer strategy, but the benefits you may receive and the costs you will spend will vary. Many simplistic CRM approaches act as little more than an electronic rolodex with basic business card information about clients, doing little to help you calculate the overall lifetime value of a customer, or when, where, and how each customer-facing team interacted with the customer. More robust CRM technologies provide customer methodology functionality, automatic processes and in-depth client knowledge features. These functions help sales, marketing and customer service team members perform daily job activities quickly with the most up-to-date customer information and analytic tools to analyze all CRM information and make better business decisions.

The cost of your proposed CRM strategy should be compared to all potential benefits in a way that helps you decide which CRM technology and strategy should be deployed within your customer-facing divisions.

Reduction in Costs

A robust CRM solution coupled with an intelligent customer strategy can dramatically improve your business bottom line. With lower training costs and quicker ramp up time, companies can cover the initial out of pocket technology cost quickly. Cost savings can also come in the form of employee productivity gains when technology is leveraged inside the company to produce quicker, timelier results. Productivity gains may be related to a more streamlined communication with customers, automatic processes implemented in the CRM technology, or better training based on analytics.

Increase in Revenue

Selling is not an exact science. With the various types of selling methodologies, different selling personalities and vast array of markets to sell into managing revenue streams is a difficult task. CRM applications will help produce better selling outcomes with a more streamlined selling methodology and better selling activity management. Technology can help keep sales teams on track and effectively target the correct selling market. Opportunity and Forecast management capabilities help clients understand and manage the overall selling process and differentiate your sales business from the competition.

- Achieve higher close ratios and quicker client response time
- Improved efficiencies and better forecasting capabilities
- Sharing of Best practices throughout the sales organization
- Increase average value of an order

Improved Marketing Effectiveness and ROI

Marketing costs to actual revenue gains are sometimes difficult to establish. It's often a guessing game when attempting to understand which marketing campaigns generated the most revenue, which captured the best qualified leads or which campaigns effectively targeted the install base or new prospect business the best. CRM systems can help in improving marketing effectiveness. Technology will aid in understanding the best targeted market, the lead generation flow and the overall return on investment for each campaign.

- Capture costs vs. actual revenue gains
- Produce well qualified leads based on optimal opportunity characteristics
- Quickly pass leads to sales for immediate selling action
- Analyze marketing characteristics based on actual data vs. assumptions

Improved Customer Service and Customer Retention

As customers become savvier, they expect customer service to keep pace with their expectations. At the same time, contact centers usually have the same budget (or less) as they did the previous year to cover people and technology. CRM technology can help customer service divisions improve agent efficiency, capture service issues through various client communication touch points, and lower the overall cost of service with automated workflows and knowledge management systems available to

service agents who need to handle and answer various request quickly and effectively. Every customer service engagement is geared to improve customer satisfaction and retention levels.

- Better customer interaction can increase profitability
- Provide better service to your BEST customers
- Consistent communication from all customer facing team members
- Make it easier for your customers to do business with you

Do I need a CRM System?

On one hand, CRM implementation can reduce costs, improve productivity, and boost revenue. On the other, spending money on technology that will not improve your ability to enhance your customer's experience or your customer facing teams productivity is a very poor investment. Thus we arrive at the most important question regarding CRM system evaluation—does your business need it? If you cannot answer yes to at least one of the following questions, your business probably is not well suited for a customer relationship management system:

Do I have a relationship with my customers? Will they contact me again in the future?
- Do I need to understand how my products meet my customer's needs?
- Am I asked to report on the customer services my team provides?
- Do my customer facing teams have room for improvement?

If you find that you answered yes to some or all of the above questions, your business will benefit from a CRM solution and an overall customer strategy.

Whether you are implementing CRM for the first time, or are already utilizing some kind of CRM solution and are considering a new one, the most critical success factor will be in defining what improvements you want to see, ensuring these are measurable improvements, and communicating these needs to your prospective vendors. Good vendors will work with you to determine whether their products will allow you to meet these goals and to help you make the best CRM choice for your business needs.

About GoldMine

GoldMine is a leading provider of mobile relationship management solutions designed for small businesses. With over 1 million users managing over 1 billion relationships, the GoldMine CRM application is one of the most widely used relationship management technologies in the world.

The GoldMine solution enables organizations to build enduring relationships which enhances business performance through the improvement of employee productivity, customer and partner loyalty and better management of the entire business ecosystem. GoldMine is a division of FrontRange Solutions and is headquartered in Pleasanton, Calif.

To learn more about GoldMine CRM small business software for contact management and customer management, visit us at www.goldmine.com or call:

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