

# crm best practice

prepared by: jason kemp

[www.crossware.co.nz](http://www.crossware.co.nz)

# CRM – Best Practice

Rudyard Kipling said:

“I keep six honest serving-men. They taught me all I know. Their names are What and Why and When and How, and Where and Who”. We have used this structure for the review.

- What is CRM used for?
- When should we use it?
- Where does it fit best?
- How to have successful CRM?
- Who should be involved?
- Why Does the Research Matter?

This presentation brings together a collection of best practice materials based on Crossware experience, Personal experience in CRM, Research by Independents, Research by IBM

# What Is CRM?

- Single point of contact
- A key touchpoint at “moments of truth”
- Process based rather than transactions
- Structured communications to support workflow
- Used as glue to tie other systems together and link teams across departments
- Support a methodology or culture in the business
- Context and history – corporate memory
- Manage changes to support staff and customers
- The best CRM captures the company mission and provides a competitive advantage

# When Do We Use CRM?

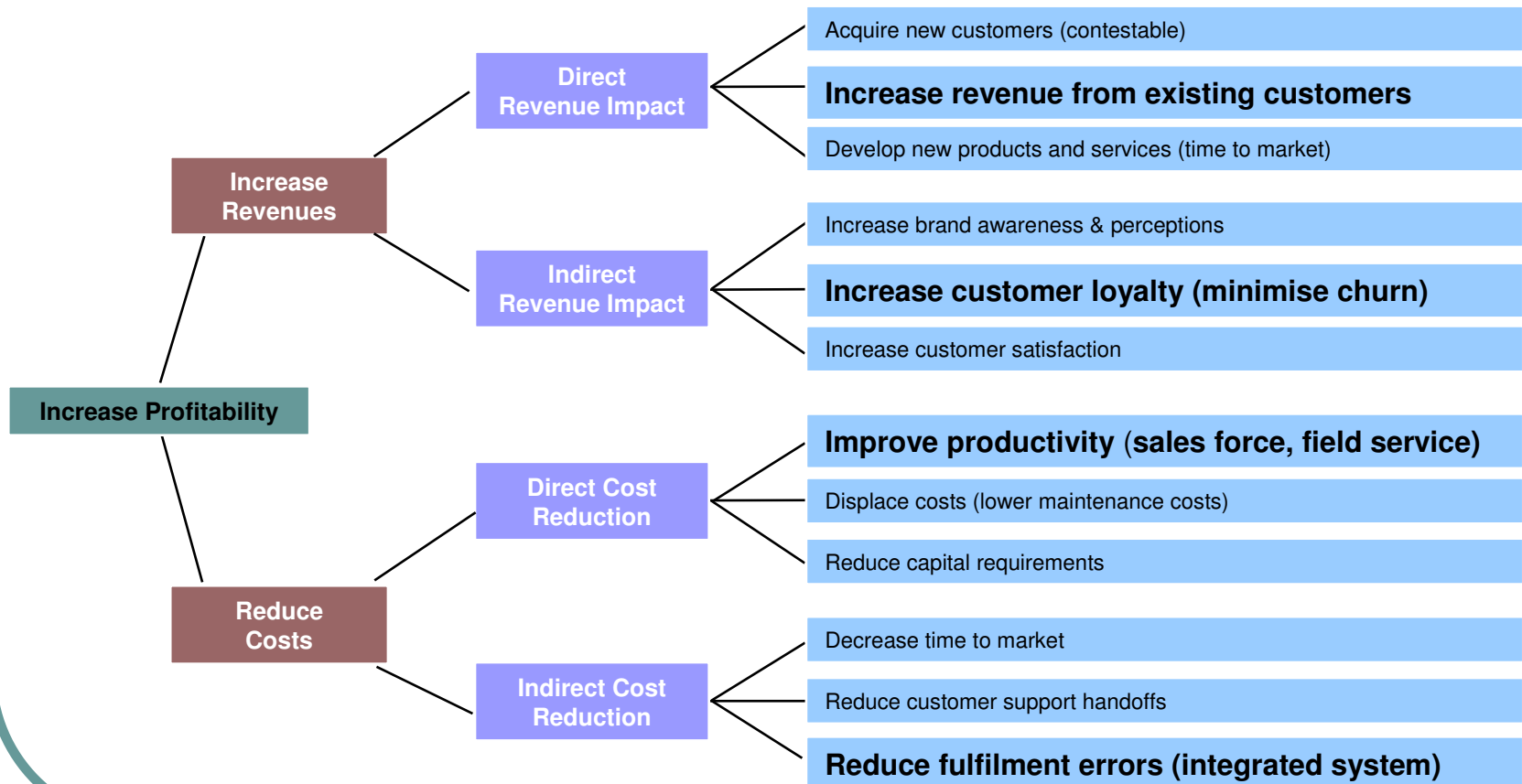
When we need to:

- Support staff with daily structured activities
- Provide marketing support for campaigns & loyalty
- Provide sales and services a consolidated view of the customer
- Provide all management with key information to review processes and results
- Structure all customer facing activities
- Provide a platform for customer self service
- Provide a partial view of joint processes to partners
- Centralise key information in a safe and secure place so that the company holds the “IP” rather than a staff member
- Can be used to provide external view for shareholders and others as well

Source: Copyright Gartner 2002

# What Is the Business Case?

Use CRM to improve bottom line



# What Are the Metrics? (Gartner)

## Strategic metrics

- Return on investment; Total cost of ownership
- Customer satisfaction; Customer retention
- Increased revenues; Decreased costs
- Increased addressable markets
- Increased market clout
- Increased business through indirect channels

## Tactical metrics

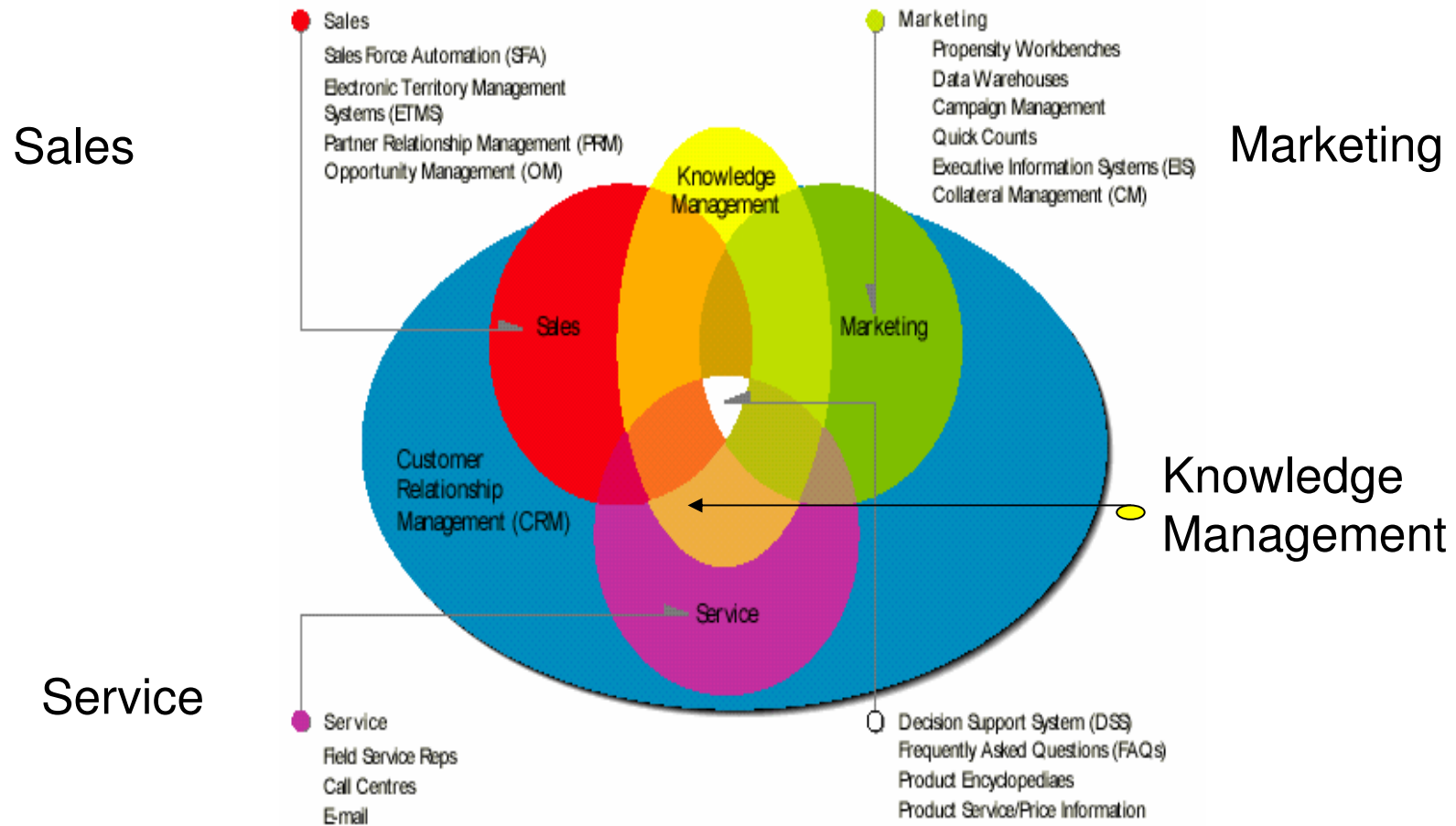
- Number of contacts to close a service case
- Revenue per salesperson; Revenue per partner
- New business from channel partners
- Percentage of contacts handled by self-service
- Number of FTEs to support CRM-related applications
- Increased prices; **Increased percent of customer's business**

Source: Copyright Gartner 2002

# A Key Metric Is Lifetime Value

- Sales to existing customers generate higher margins than sales to new customers because they don't carry the burden of acquisition costs.
- The basic objective of retention (and growth) campaigns is to increase the lifetime value (LTV) of existing customers.
- Lifetime value is sometimes called “share of wallet over time.”
- The basic elements of LTV are the amount a customer spends, and the period of time that the customer is actively purchasing.
- Some of the key ROI drivers are:
  - Increased sales/customer – calculates the result of increased transaction levels , higher values.
  - Higher margins/sale – calculated from cross-sales of higher margin products through better targeting of offers.
  - Ultimately: higher profits for all.

# Where Does CRM Fit?



# How: CRMGuru.com Study\*

Success boils down to four key elements:

- **A clear, well-articulated strategy;**
- **strong executive support;**
- **training for line-level implementers of the strategy;**
- **and a well-defined plan for measuring success.**

The first 3 are well understood; however - where plans often fall apart, is in the area of measurement. As initiatives hit the inevitable difficulties that come with tremendous organizational change, a lack of CRM metrics often leads to the wrong conclusion: abandon the customer initiative.

True customer insight -- **which is the execution of strategies for treating different customers differently** is next key initiative (and this requires measurement.).

\*Based on results from 600 companies.

# How: Top 10 – Giga, Forrester

1. Strong executive commitment
2. Measurable project goals
3. Clear customer focus
4. Incremental approach
5. Business process, not technology, focused
6. Build the right team
7. Organizational incentives match customer goals
8. Treat different customers differently
9. Build in and monitor success metrics
10. Don't under-staff the rollout CRM is all about change.

Source: Top 10 CRM Success Factors - doing it right. Erin Kinikin, 2000 (VP & research leader at Giga/Forrester Research.)

# How: IBM Study - 2004

The global “Doing CRM Right ” survey had a response rate of 20 percent with a total of 373 responses.

Panel teamed with the economist intelligent unit (EIU) to gain access to their panel. The panel was global; focusing on respondents from Americas, EMEA and Asia Pacific. Panel was comprised of CRM decision-makers from EIU ’s executive global 2000 database. Asia Pacific 92 companies.

## **Key Findings** – (23 page PDF available)

- One reason projected CRM returns are not being fully realized is because over 75 percent of companies are not fully using CRM once it is implemented.
- Companies having the most success with CRM are aligning with the business objectives of employees, with customer alignment a close second.

Source: From "Doing CRM Right: What it takes to be successful with CRM" (IBM 2004)

# How: IBM Study – Key Findings

- Over 50 percent of companies believe CRM is relevant or highly relevant to improving performance from a shareholder value perspective.
- Sixty-five to 75 percent consider CRM important in delivering revenue growth.
- CRM success can be improved significantly in companies, 55 to 65 percent by prioritizing key CRM approach steps.
- CRM approach steps having the greatest impact are not the big ticket items, but the human-oriented steps. Such as change management and process change
- Senior management, in over 35 percent of companies, is actually impeding the success of CRM because it views CRM as useful, not critical.

Source: From "Doing CRM Right: What it takes to be successful with CRM" (IBM 2004)

# How: Our CRM Research (300)

We called 300 companies during Oct/Nov 2005 with a number of questions to Sales Managers, Company Owners and IT Managers such as:

- Does your current system support sales and customer service?
- Is your system any good? 30% plus didn't think their systems were
- Does everyone use it? More than 50% answered no.
- 30% of the companies we have talked to didn't have a CRM in place. 42% using some part of their finance, ERP or quoting system.
- Only 10% on a specific CRM application
  
- It is also clear from comments that CRM objectives are not well supported and most of the companies we talked with needed help in managing change and getting the best out of their current systems.
- This confirms the international research and reinforces our view that CRM system needs to be very closely aligned to employees so that customers can get the best deal and staff can feel supported and customers then also get the best level of support.

# Who Should Be Involved?

- Corporate management – bottom up and top down – internal alignment
- All staff so that system is enriched by each contact – horizontal alignment
- Customers – focus on needs, goals and problems and show them how the system can deliver value to them
- Partners – where delivery includes them
- Crossware on enabling technology to support and reinforce behaviors by using system to articulate key objectives and priorities

# Why Does the Research Matter?

- CRM is not just a technology investment and requires a more strategic approach
- Our customers and own experience confirms the research
- We are in the business of sustainable CRM
- CRM is more of a journey than a destination
- We build exactly to your requirements using flexible “jumpstart code” and work from the floor up
- Easy to add extra stages as processes and needs change as you will have a living system
- Best CRM results come when people and plans are supported by the technology and best practice
- We believe in CRM and are passionate about getting the best results for our customers

Thank You