How to select a CRM solution... and how to make sure you get the results you want.

"You only need to search the internet to see how many CRM solutions have failed – even at large companies with huge resources. The reality is that SME's can ill-afford such IT failures – they need success first time round".

Too many failed CRM Projects...

How many times have we heard about failed CRM projects? How many times in fact have we heard about failed, over-budget or under-performing IT Projects? Plenty I am sure! But for every failure there are tens or even hundreds of successful projects – whether we are talking CRM or anything else. So, as a potential CRM buyer, what is it that differentiates success from failure and how can we ensure that our CRM project delivers real, tangible business success?

> Typically, survey results say that anywhere from 60% to 80% of CRM projects fail within their first 12 Months.
>
> www.crmblogger.com

What goes wrong?

The reality is that very few companies actually select poor software. Most software on the market is pretty good at what it is intended to do – the real question is whether the buyer is selecting the right tools for the right job. The most likely causes of dissatisfaction with a CRM purchase are:

1. Choosing perfectly good software (perfectly good, that is, for someone else's business) but one that is wrong for your business.

2. Setting your sights too low – looking only at tactical issues and failing to see CRM as a strategic tool to deliver business advantage.

3. Failing to plan, implement and use new systems effectively and simply not being in a position to take advantage of what has been purchased.

There are clearly some poor software packages on the market, but in reality most businesses don't actually buy poor software, they just buy the wrong software, perhaps for the wrong reasons, or are simply implementing their systems inadequately. Even worse... many businesses are selecting the wrong software, for the wrong reasons and then implementing it poorly too! Inevitably this is a result of both poor customer awareness and poor advice from a vendor or reseller.

CRM Made Easy

So, what can you do to ensure you implement the right CRM for your business and avoid becoming just another statistic?

This guide is based on over 10 years experience in selling, implementing and maintaining successful CRM Software. In the following pages, we reveal what we have found to be the best practice for selecting and implementing successful CRM, and take the first step to unlocking the potential lifetime value of your CRM investment.

So...How can we plan for success?

Ok, you guessed it, we need to spend a little time before implementing our CRM project deciding what our business really needs. But...before you go off looking for a pen and writing out a long list of requirements for your CRM software, there is most definitely a right and a wrong way to do it.

The wrong way...

The wrong way is to start writing out a list of actions and processes that need to be supported, defining what you do and how you do it, perhaps even listing what you do within your current system and where it needs to be better. Despite the fact that this seems a very logical plan, it is perhaps the worst plan you could come up with – perhaps worse than no planning at all.

Why? The problem with this classic approach (taken by many companies all over the world) is that it typically results in:

1. **Automation for automation's sake** - simply automating the current manual processes, without asking whether automation is actually going to help this particular activity or taking full advantage of how the technology could improve and alter those processes, and consequently generating very little in the way of real efficiency gains.

2. **An over-budget and expensive implementation** – defining the processes in detail before making a tentative CRM software selection usually leads to trying to use the software in a different way to which it was designed. This results in a complex and heavily bespoked solution which rapidly becomes overly expensive and even difficult to use. If you have unlimited budgets and time go ahead!

3. **An inflexible system that slowly falls into disuse** - by being too specific up front, you risk implementing a system that is inflexible and unable to evolve with your business over the years to come.

4. **One step forward, two steps back**. Most critically, you will implement a system that keeps you where you are, or if you are lucky moves you forward a small step. You could even take a few steps backwards. Rather than providing a medium for growth and change, you will put a shackle around your corporate neck and hold yourselves back.

A poll of 100 SME organisations with CRM implementations revealed that while 60% of sales directors insist that CRM is fundamental to their sales processes, a quarter have lost customers directly through their ineffective use of CRM technology.

Microsoft Business Solutions

The right way...

The right way is to forget about the detail for a while (don't worry we will come back to it later) and concentrate on the bigger picture... The really important question is what are you trying to achieve? Why are you looking to spend so much money and expend so much effort? You *must* have a good reason! Don't you? After all you are thinking of committing your business to expense in both time and money along with the frustrations that go with any changes in practice! Or, maybe you are sure there is a good reason, you just can't say what it is?

Implementing a CRM system is not going to be easy and even after it is working, you will go on spending time, effort and money tweaking it and adjusting it as your market and customers change, and as you continually evolve the customer-facing side of your business.

Most importantly, you need to realise that implementing a CRM system will *NOT* improve or grow your business. In the same way that a hammer on its own will not nail two pieces of wood together; you need to wield the hammer, hold it the right way round, take aim and add some effort to swing it. Similarly, in order for your CRM system to improve your business, you need to see it purely as a tool to be used the right way, aimed at a target and wielded for maximum impact. <u>CRM is a tool, not a strategy</u>.
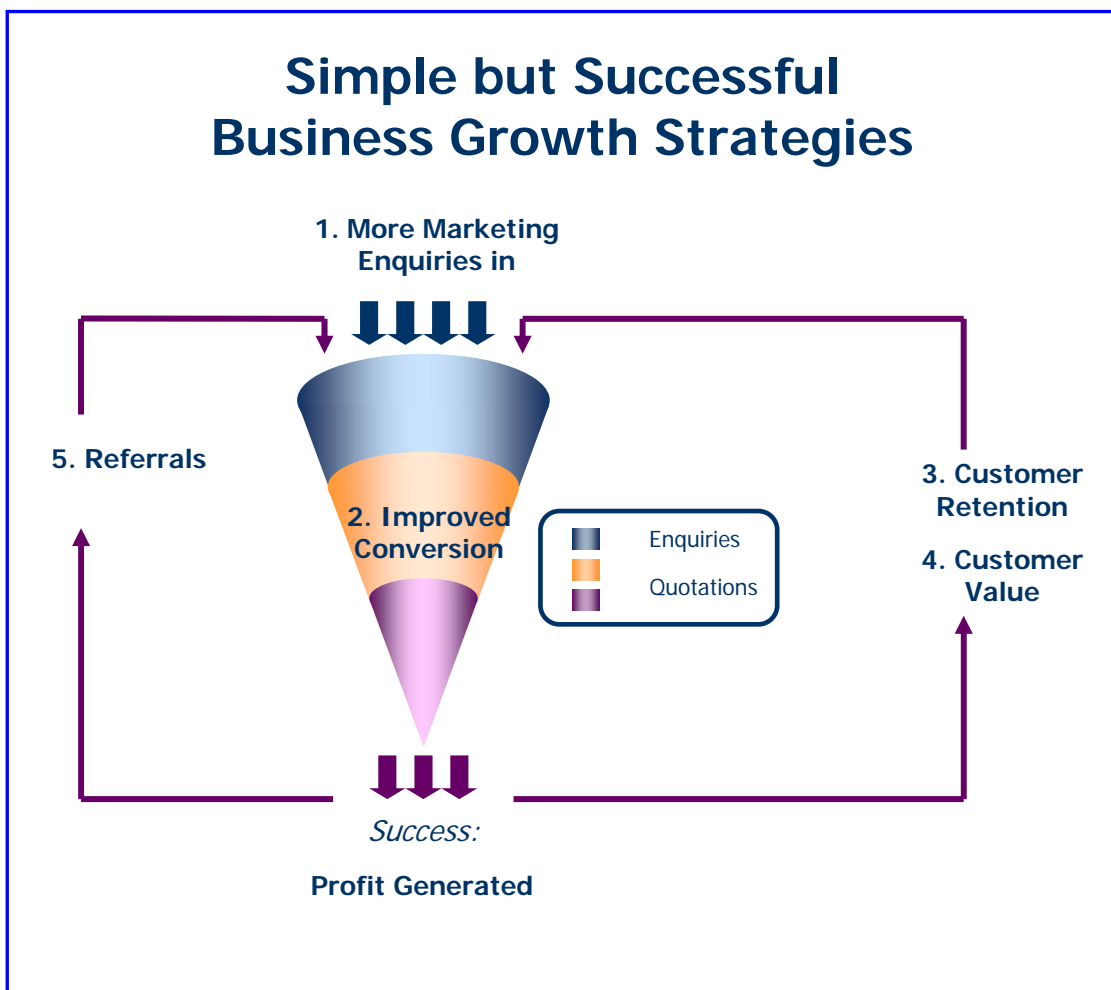
So, what's our CRM Strategy?

You may already have a good business strategy and know what needs to change in the next two years to grow and improve your business. In which case you can skip this section. However, if you are like most SME's - run a good business; make a good profit; but rely (at least partially) on lady luck for strategy and improvement - then now is a good time to make some more concrete plans about which areas of your business you would like to impact with a CRM solution.

The first step is to open your mind and unleash your imagination. What do you want your business to look like? If you are after growth, how much and how are you going to achieve it? If you are after stability, what changes in your business will be required to get there?

For example, if you are after 50% growth over the next 3 years then how will this be achieved? If it was as simple as installing a bit of software and automating a few processes then everyone would be able to do it! We all know that any Venture Capitalist investing in a business looks at the management team and the business plan long before they worry about the business' systems – why? Because without a plan for change and the will to implement it, the systems alone will achieve nothing than perpetuating the status quo.

If you haven't already thought about it, or you are in a hurry, then there are a few ready made strategies that CRM is generally well-equipped for. The diagram below shows the key strategies that any business could deploy for growth:

Simple but Successful
Business Growth Strategies

1. More Marketing Enquiries in

5. Referrals

2. Improved Conversion

Enquiries
Quotations

3. Customer Retention

4. Customer Value

Success:

Profit Generated

So CRM could help grow your business through:

1. **Generating more enquiries** - this will inevitably increase the number of customers gained and consequently the profit in almost any business. Even without increasing your sales capacity, it will allow the sales team to go after the best opportunities, acquiring more and higher value customers.

2. **Improving the conversion ratios and value** – ensure that more of the enquiries that you get turn into customers – increase your value per sale and simultaneously reduce your cost per order.

3. **Retaining each customer gained for longer** - whatever your current rate of gaining new customers, retaining each customer for longer will ensure that lost customers do not detract from this success. On a rolling basis, the average customer base will be higher, resulting in more sales opportunity.

4. **Increasing the value of each customer** - with greater up-selling and cross-selling of your products and services, or simply increasing the frequency of purchase will grow your business. You can dramatically improve profit - even without gaining any new customers.

5. Finally, **leveraging your customers as a sales and marketing force** can generate referrals, recommendations, testimonials and references. This can become a strategy on its own or a great way to increase the success of any of the other four strategies.

Of course, you could choose to tackle more than one, or even all of them. Although, be warned - biting off more than you can chew, especially with software, can lead to an inevitable consequence of achieving very little in any area.

> "Efficient processes are crucial for any business, but they won't spell success unless efficiency is considered secondary to the result. A successful business needs to consider what's important before considering what's efficient."
>
> Peter Thompson, one of the UK's leading authors and strategists on business and personal growth.

Try answering these questions:

1. What do you want your business to look like in 3-5 years time? What's different?

2. What level of growth are you looking for? 10%? 30%? 50? 200%?

3. How many leads does your business receive per month? How many would you like?

4. How good are you at converting enquiries to business? Are some sales people better than others? Why are they?

5. How long do you keep your average customer for? How much is each customer worth per annum? What impact would keeping each one, one year longer make?

6. How could you raise the average customer lifetime value by 10%? Identify up-sell and cross-sell opportunities? Identify and target customers who stop buying or buy less?

7. How could you actively target your customer base for more references, referrals and recommendations?

The devil in the detail...

Having selected a high level strategy, we now need to spend some time and effort deciding on what activities and changes to our business practice are going to deliver on these strategies and how CRM might help with these activities. We can't simply say "Make it so!" and expect more leads or a better close-rate to magically appear. However, in our experience, working out what we need to do differently is not hard...and most business owners and managers have plenty of ideas on what could be done better. Often the remedy is simply sending more mailers, better customer profiling, better customer intelligence, better proposal documents, more regular and timely chasing up of proposals, up-sell product matrices etc. and you can be certain that CRM (if well implemented) can help with all of these.

So we won't dwell on the detail of each strategy here – every business will be different and you will, I am sure, have plenty ideas. If you would however, like some inspiration and ideas for each of these strategies, you can download Special Reports on each of these growth strategies from www.prospectsoft.com/specialreports.

We have our strategy, so let's select a CRM system to support it...well not quite yet!

Unfortunately, knowing what we want to achieve, and even having a plan as to how to get there isn't the whole story. Almost every business I have ever met has at some time or another (if not constantly) had one or more good ideas on how they could improve their business. I know that I am always thinking up things that we could do better! But, time and again, these businesses then fail to implement their great ideas. The question is why? And how can you make sure your ideas get off the starting blocks?

So, why do most businesses fail to implement their good ideas and strategies?

Well the answer as always is obvious. Implementing any sort of change takes time, energy and focus – if not a little money. Everyone comes up with good ideas, but the only companies that can make them stick and become truly successful are those that create the space to make those ideas become a reality.

Creating the space for change requires two slightly different but related steps:

1. **Free up the Directors and/or Managers** from worrying about the business you already have – at least for some of the time in order that they can spend part of their time and focus on planning, communicating and driving the changes that you need.

2. **Make the staff who do the work more efficient** in order that they can spend time supporting the change through their activities and behaviour. It takes longer to do things differently, people may need training or mentoring and they will certainly need to think about what they are doing before the new strategy becomes second nature.

Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns -- the ones we don't know we don't know."

Donald Rumsfeld, former US Secretary of Defence (on the importance of accurate reporting – there are plenty of business managers who know just how he feels!)

Strong, fast and accurate reporting

Quite simply, while trying to expand, change or just improve our business, as business owners and managers, we need to ensure that the organisation doesn't lose focus on what's important. We need everyone to keep doing whatever's required to keep the existing business running smoothly and profitably. Instead of having to spend all day worrying about the business, we need strong, fast and accurate reporting on day-to-day activities. Ideally we would be able to spend just 10 minutes every day, or every week looking at key business metrics and key activity reports that gives us confidence that our business is going to generate the desired results this month, next month and some way into the future.

Once we have this information, accurately and succinctly presented on a regular basis, we can shift our focus from worrying about what the business is doing today, onto what we want to do differently tomorrow; from chasing everyone to do their jobs, on to communication, mentoring and strategy.

So how does this need to report on and mange the business impact our CRM system selection? Generally speaking, if you select appropriate software that allows you to record the right level of detail, the reporting capabilities will be quite good. The real challenge of course is to know what reports are needed, and to ensure that the system selected will be flexible enough for these reporting requirements to further evolve over time. So before or during your selection process you will have to answer the vital question "which business metrics are important for measuring day-to-day business activities and progress towards our strategic plan?"

Improving staff efficiency with CRM

Once our managers and directors are ready to roll out their growth strategies, someone has to be ready to take on these new or improved activities and processes. That means they have to be able to spend time in training, thinking about what they are doing, making the effort to act differently and perhaps taking on new activities.

In any business today, there isn't normally a lot of slack to make these things happen, so creating this time through making what we do more efficient is an essential step in allowing our growth strategy to take effect.

Fortunately, process and staff efficiency is where most CRM systems excel. You can gain vast efficiency savings by automating some of the little tasks that your staff currently perform many times each day. Every CRM system is different and will offer different efficiency savings, but if you work closely with your vendor, it should become apparent where these savings can be made.

Curious Facts

From a recent series of studies focusing on organizations that are currently measuring and monitoring business activities and processes, one survey asked participants to provide their top three business reasons for doing so.

Out of 713 respondents, improving efficiency and managing or reducing costs ranked highest, followed by increasing focus on revenue opportunities. Retail and professional services were the only industries placing a higher priority on increasing focus on revenue opportunities than improving efficiency and managing or reducing costs.

Organizations cannot afford to emphasize efficiency and managing costs at the expense of other priorities, such as responding to competitors or aligning individual actions. Balancing these priorities is the way to ensure success.

www.intelligententerprise.com

Efficiency is doing things right; Effectiveness is doing the right things.

Peter Drucker – Legendary Management Consultant

So, if efficiency is easy to deliver with CRM, why is efficiency the last item on our list? Because while CRM systems do it really well*, it is actually the least important*!

Despite the fact that most companies setting out on a CRM project start with this fine detail of processes and efficiency, this is a very short sighted and deluded approach and will deliver very limited results. In the worst cases, it will simply transfer your processes to a computer and make your organisation a slave to the system.

Sure, every business needs efficiency gains. But in reality you will gain some efficiency from almost any system you choose.

You should, before making your final decision expect your chosen vendor to demonstrate efficiency gains (we guarantee they will be able to). However you should not put this first on your list.

As a final tip you should also not try to pre-determine what these efficiency gains might be. Until you have made your initial selection you will have little or no prior knowledge of how the system is designed to work or what efficiency gains the system offers. Your best approach is to leave efficiency to the end of your process and ask your vendor (who knows the system best) to demonstrate the areas in which the system will make your business more efficient.

Now we are ready to select our CRM system

Having considered our overall strategic aim and how we might get there, plus how we can ensure our management and staff can give the strategy their focus and attention, we are finally ready to select our CRM system. Use the checklist below and your chances of getting real results from your CRM project will be greatly improved:

1. Do NOT begin with a list of required features, have a clear business strategy for change and look for a CRM system to help you drive it forward.

2. Decide what changes you need to make in order to implement your strategy; then look for a CRM system that will underpin each of these activities (i.e. view the system as a tool to support your strategy – not a strategy in itself).

3. Decide what reporting you need to help better manage your business and free up director and senior management time.

4. Ensure that the final CRM system you select will bring some increased efficiency but don't start worrying too early on what those efficiencies might be, at least not until you have an initial selection, have seen the software in action and have an idea how it will work for you.

5. Finally, make your vendor work hard for you – don't let them take the easy option of just trying to impress you with a flashy demo – use their experience and expertise to refine your strategy, help you build your plan, define your reporting needs and identify potential efficiency savings. After all, they have done it plenty of times before and challenging them to help early on will give you confidence that they can deliver as the project progresses.

Good Initial Requirement Examples

- Increase customers 11% p.a. through more effective marketing

- Raise average quotation value by 15% through offering up-sell combinations

- Increase quotation close rate by ensuring that all quotes are followed up quickly

- Reduce customer attrition by improving customer service responsiveness and tracking

Poor Initial Requirement Examples

- Quotation outputs need to be Excel format...

- Customer records need fields for...

- Pie chart report of x against y in date range...

In defining the detail of how you want the system to work, you can overly restrict the solution and fail to benefit from different ways in which CRM systems can help you.

What next?

If you would like to find out more about ProspectSoft CRM and how we can help you define and implement a great CRM project, then we would love to help you start off on the right foot. We won't just turn up and start trying to impress you with great CRM features; we promise that we and our partners will spend the time necessary to help you establish what your company needs, and then see if we can genuinely help you achieve your goals and ambitions. To book a consultation, please visit www.prospectsoft.com/consultation.

Alternatively, if you are not sure if CRM is right for you, or how it might be able to help you grow your business, then why not download one of our Business Growth Special Reports from www.prospectsoft.com/specialreports or book a place on one of our many Workshops and online events via www.prospectsoft.com/events.

About ProspectSoft

ProspectSoft Ltd is the Number One supplier of CRM systems for growing businesses. With a genuine focus on business needs, ProspectSoft is committed to helping businesses to succeed, develop and grow. Based in the UK and supported by a national and international network of committed resellers, we are here to help, wherever you are, and whatever your business needs.

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"ProspectSoft is widely recognised in the CRM and mobile solutions market with high appreciation from prominent customers."

Florian Piroth, Intel Software Enabling Team

ProspectSoft™ is the No. 1 supplier of CRM for Growing Businesses!

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