



Value to be Had

You can extract the maximum ROI from CRM if you implement wisely.

In a world full of acronyms and abbreviations, some are more important than others. And in the realm of customer relationship management (CRM), nothing is more important than the return on investment (ROI). After all, CRM systems are often a very expensive proposition, which leads many decision-makers to be skeptical of their value. But there is tremendous value to be had, provided companies do their due diligence when selecting and implementing a CRM program.

CRM Defined

Not long ago, CRM referred to the technology that allowed businesses to track their customers better. Today, CRM refers to the overall business process that uses software coupled with traditional marketing, sales, and support methods to improve customer loyalty. Data collection on a massive scale is one of the hallmarks of a CRM system, with the ultimate goal of connecting as many links as possible regarding the customer's experience with the organization.

This data provides an all-encompassing view of the customer/business owner relationship and gives each department within the business an integrated view of that relationship. Businesses that are successful at CRM recognize it is a multi-pronged process

involving employees at all levels in a systematic and disciplined effort to understand and better serve clients.

Making the Case

Many companies are understandably hesitant when it comes to implementing a CRM system. After all, we've all heard stories of CRM failures, of the system so complicated and cumbersome that no one in the company could stand to use it, so it was left to rot.

How can you be sure that not only will you make the right technology decision, but also the right business

decision? What processes in your company will be improved by the implementation of a CRM system? Will the expense be worthwhile? Will your business and the process exist harmoniously?

A decade ago, software creators were making bold predictions that technology would completely transform the way we sell. Was it all hype? Apparently not: A survey conducted several months ago by CSO Insights of 457 firms that recently had implemented a CRM system indicated that nearly 72 percent thought CRM was improving their performance. Topping the list of benefits is improved communication, followed by improved forecast accuracy, reduced administrative burden, and increased revenue. Rounding out the list of benefits is improved best practice sharing, shortened sell cycles,

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reduced new rep ramp-up, improved win rates, improved order processing, and increased margins.

A common pitfall is misunderstanding the role of technology in the overall CRM strategy. A CRM system is a tool that supports the initiative, it does not replace it. For a CRM initiative to succeed, it must have companywide support at all levels of the organization. After all, your customers—your bread and butter—are the reason you have a CRM initiative in the first place. Your goal is to keep them happy by supplying products and service that not just meet but anticipate and exceed their expectations. You also want to attract new customers.

Employees at each link in the customer relationship must give their full support to the initiative. One weak or absent link will cause the initiative to falter or fail. Employees should understand the CRM process and the ways in which it helps your business and, in turn, themselves. Pre-implementation discussions are essential, as is ensuring that your CRM system is practical for your employees.

Before implementing a CRM system, you should consider the type of information most valuable to your company. Certain categories are universal, but others may be specific to your market. You should also evaluate your current process for the collection and dissemination of customer data. What are you doing well? Are there areas that require improvement? A new system provides the perfect opportunity for re-engineering a process that has not been performing up to par. Remember, however, that a CRM system is a tool that facilitates the dissemination of information across an organization; it should not drive the effort. A CRM system should be a slave to your employees, not the other way around.

Taking the Plunge

The CRM product landscape is now varied enough to offer products and services for businesses of all sizes. Many are—or can be—customized for certain industries. Clearly, the first priority when selecting a CRM system is to choose a system geared to the size of your company. Most CRM providers tend to view companies as small, medium, or large, and therefore tailor their offerings to organizations of a specific size. Narrow your search to a few respected providers who offer services for businesses of your size. Large corporations typically spend millions on their CRM programs, while small businesses may find the perfect fit for less than \$1,000 per month. Also make sure that your provider has experience in your particular field. There are a lot of CRM providers out there these days, so make sure your provider understands the kind of work you do and offers software appropriate for your industry and your customers.

When evaluating a CRM system, you must also take into account the total cost of ownership (TCO). The TCO addresses things such as licenses, implementation costs, support costs, and the cost of keeping the system up-to-date with changing business conditions. For example, when considering a hosted vs. in-house solution, you should consider the long-term cost of each. Hosted solutions, where you “rent” the software, are frequently more costly than in-house solutions through several years. In each of the areas, it is a system’s underlying technology that is the most significant factor in keeping the TCO down.

A CRM system can deliver a healthy ROI in a reasonable amount of time, but don’t let anyone—least of all a vendor—tell you that your results will be immediate. And don’t fall for the common belief that

all CRM technology is the same. Find a vendor that offers customizable solutions based on sound underlying core technology. Systems that have a solid design upfront will save you the costs of redesigning it later.

Off-the-shelf packages can be attractive because of their ease and speed of implementation; however, many are built on inflexible software architecture and are therefore quite difficult to customize. You don't want to find yourself having to change your business processes to fit in an inflexible system or, worse, having to scrap the system altogether.

At the other end of the spectrum are the systems that offer all the bells and whistles imaginable. CRM vendors like to call this "shelfware" because most of the modules and functions never get taken off the shelf. Software crammed with complex functionality is difficult to use and train users on. It can also be expensive to maintain because the unneeded bells and whistles must be updated and modified during the product's life.

The best approach is to partner with a vendor that offers a flexible architecture coupled with a solid foundation functionality that can get you started on the process of designing a solution that is specific to your needs. Look for an architecture that supports an object-oriented data model design tool, which is more flexible than traditional design methods.

Make certain that business processes and logic can be changed and that the interface is flexible enough to

offer user customization. By using these standards to choose your software, you'll not only end up with a product that is cost-effective to implement and support, but also fits your business.

Long-Term Benefits

If you implement a system that integrates smoothly with your business processes by virtue of its flexible architecture, you'll save money on training and support costs. How? The system will be configured based on your existing business processes, so your employees will feel comfortable with it right away. And when a system is tailored to the business and the users are comfortable with its functionality, the need for help desk support is reduced dramatically. Money will also be saved on data cleansing and maintenance. The more users understand the system and its functionality, the better your data will be. TCO and ROI are inextricably linked, so don't let the former overshadow the latter. Avoid this by choosing a solution that is flexible enough to be molded around your existing business processes and culture. A system's value can be measured by how often it is used, so choose wisely and the ROI will follow.

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Principal



David Rubin, principal, has been consulting on organizational issues for over 20 years. To date, he has worked with over 500 client companies and has been responsible for a broad range of assignments including strategic planning, process reengineering, sales and profit improvement, and human resource management.

David's client experience includes organizational restructuring, corporate reengineering, development of policies and procedures, and complex technology implementations. David has worked with clients in a wide range of industries including engineering and architecture, construction, manufacturing, distribution, and life sciences. His clients range in size from small start-ups to Fortune 100 companies. David is an advisor to numerous companies and serves on several corporate boards. He has written many articles on management issues and is frequently invited to speak before professional and trade groups.

Prior to joining Cohn Consulting Group in 2003, David worked for an organizational management consulting firm. David joined as a staff consultant and was named President of the firm in 1998. David has also held positions in corporate planning, business development, and research with leading marketing and advertising firms. During his tenure in the advertising world, David represented a large tour operator to coordinate the revitalization of travel to the former Soviet Union, following the 1980 Olympic boycott.

David holds a Bachelor of Arts degree from William Paterson University and a Master of Business Administration degree from Seton Hall University. David was a founding member of Seton Hall's Institute for International Business. Following his graduate studies, David became a member of a joint business and faculty advisory board for the graduate school of business. In 2006, David was named the Board of Trustees of the Independent College Fund of New Jersey.

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