

The Five Principles for CRM Success

Without customers, a company cannot survive. So it's no surprise that customers influence the way companies in every industry conduct business. The challenge is how to effectively manage interactions to best serve customers and prospects while staying aligned with evolving business goals, including growth and profits. The customer-centric companies achieving the greatest success today use flexible customer relationship management (CRM) solutions to manage the customer-facing processes of their business and implement their customer-centric vision.

Companies need to take a strategic and informed approach to their customer relationships and CRM selection. Over the years, some companies have spent large sums on CRM only to have it fail to deliver the results they had hoped for. When CRM deployments do not meet expectations, it is often due to a lack of clear business strategy or executive sponsorship, poor technology fit, inadequate planning, or a combination of these factors.

To avoid common pitfalls, it's important to be aware of this and other core CRM success principles summarised in this article.

1.

Principle 1: CRM Is Not a Software Purchase. It's a Strategy.

Start by focusing on the strategic foresight to ensure a CRM solution meets stakeholder expectations, define how CRM plays a key supporting role in the corporate strategy, articulate the ultimate state of the customer relationship, and consider its effect on all business units and end-users from the start.

Key questions to consider:

- How will CRM support your corporate strategy?
- Which departments or functional groups need to be involved in system design and who will use it?
- Which processes will be impacted or require change?

- Have customers been asked for feedback about the level and quality of service they receive and expect?
- Do you have a strategy and communications plan that includes employees and partners in the CRM selection and rollout process?
- What are the training requirements to drive user adoption?

2.

Principle 2: CRM Must Fit the Way You Work—Today and Tomorrow

Choose a CRM solution that includes a flexible architecture and platform technology. This allows organisations to more cost-effectively tailor the system to their unique business process and to be adaptable and competitive as needs change. Growth, competitive changes, and new mandates can place a strain on some companies as they struggle to accommodate these changes within an inflexible technology structure. Forward-thinking enterprises select flexible CRM systems that will enhance their business agility.

- Key questions to consider:
- Are your market conditions stable or dynamic?
 - Will you need to change the way you do business to keep pace with or outpace the competition?
 - What is your plan to keep up with regulatory pressures in your industry?
 - What technology infrastructure is needed to support new systems, new data sources, and new users?
 - Can all important and relevant customer information be collected and combined within this technology infrastructure?

3.

Principle 3: Define Measurable CRM Business Benefits

Consider the anticipated ROI (Return on Investment) of a CRM project during the selection process. By defining CRM success and identifying corresponding metrics up front, companies can help ensure their ability to demonstrate ROI when they need to. Management, business users, IT staff, and the CRM vendor must work together to pre-set the right indicators and targets and to tie the CRM technology to appropriate business processes and data requirements. This approach will validate a CRM investment in terms of business value executives and stakeholders can appreciate.

Key questions to consider:

- Are your ROI metrics derived from a corporate mandate?
- Have you established key business metrics? How will you report on them?
- Have you benchmarked current conditions and metrics for future comparison?
- If you choose not to adopt CRM, what might the long-term cost be to your business?

4.

Principle 4: Consider Total Cost of Ownership (TCO) Carefully

Determining the TCO (Total cost of ownership) for a CRM system can be hard to predict, due to the uniqueness of each implementation and the differing levels of complexity among enterprise technology environments. However, analysts estimate that up to 90% of total CRM costs are associated with customizing, integrating, deploying, supporting, and maintaining a CRM system. Companies selecting on-premise CRM (software is purchased up front and installed on the company's own servers and infrastructure) face the majority of their CRM costs up-front.

Although sometimes daunting, this allows companies to budget for and address most of their CRM costs at the outset, measuring ROI against the initial investment and declining costs over subsequent years. In contrast, a hosted or “Software as a

Service” CRM delivery model typically requires a smaller up-front investment and attractive monthly cost, but over a three-year period, may actually have a comparable or higher total cost of ownership than an on-premise solution. In addition, with hosted solutions, your company does not own the software or the infrastructure on which it is hosted - providing a different value proposition to on-premise solutions.

Key questions to consider:

- Are you considering costs over a three-year period?
- Have you planned for change or growth? Could you outgrow a “quick fix” and wind up spending more money a few years down the road?
- Have you considered the costs of data security and the cost of potential security breaches?
- Does industry-specific CRM make sense for your company?

5.

Principle 5: Think Beyond Features: Pick the Right Partner.

It's important to assess business objectives, technology strategy, IT budgets, opportunity costs, customisation requirements, and industry-sector requirements before selecting a CRM solution. But beyond that, it's important to ensure that you're picking a solid partner you can work with now and in the future. The right partner will help you determine the appropriate CRM Solution to fit your business needs, and be able to assist in leading you to establish and define the business objectives for the project.

Key questions to consider:

- Does the vendor have experience in my industry?
- Does the vendor have strong, current references from reputable customer companies?

- Has the vendor worked with companies our size?
- What kinds of implementation support can the vendor provide? Does the vendor follow a defined implementation methodology?
- What kinds of training options are available, and how flexible are they?
- What kind of technical support options and resources are available post-implementation?
- What if we don't have the skills in-house to support or manage the system?