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Abstract

CRM (Customer Relationship Management) is an emerging business concept very frequently written about. Authors discuss its importance, definition, and reasons why CRM efforts succeed or fail. This article discusses the impact technology has upon the general CRM effort. It further goes into detail about the importance of selecting the most appropriate software product and vendor. The author proposes that once the decision to adopt a CRM philosophy has been made there are a series of important steps to follow in order to ensure CRM success.

Article

INTRODUCTION

Today's world has become increasingly filled with various acronyms for business concepts. From SFA to USP to SME, the list seems to grow daily. Most recently, CRM has been the new acronym of choice. These three letters have been the foundation for many discussions, articles, and debates (1-4). Given that CRM is still an emerging business discipline, it is to be expected that practitioners brood over the concept.

A shift in paradigms has taken place over the past few years in business (2,3). With this recent paradigm shift, client relationships have been placed at the forefront. Where CRM's role was once limited to a customer service or a customer help phone line, companies are now responding and are creating overall, a more customer-focused business. Choosing to create a more customer focused business means you are intent upon building and maintaining quality one-to-one relationships with customers.

CRM translated means customer relationship management and championing this initiative within your organisation can make all the difference. Adopting CRM will soon be what keeps a business successful simply because those that do, realise it is the customer who is the driving force for the enterprise (4).

According to an Altman Weil survey conducted among Fortune 500 general counsel, 85% of firms' revenues derive from existing clients, whereas only 15% come from new clients. With the costs of advertising and marketing being so high, most firms agree that it is substantially more costly to find new clients than to build relationships with existing ones (5).

CRM is not just a theory. Yet, it is not just technology either. CRM is a comprehensive business philosophy. One cannot simply purchase one of the CRM software packages, install them onto a PC and assume the business will then profit from CRM. Making such an assumption would be preposterous since CRM technology was simply designed to

assist businesses with this initiative (6). The goal is to combine a philosophy and a software product in order to give companies the ability to create and maintain long-lasting bonds with clients both old and new.

Let us assume that a company has made the decision to implement a CRM strategy. Likely, they have firstly adopted a corporate philosophy to make the customer of primary importance, and are ready to start establishing and maintaining quality relationships. Step one is now complete. The next step is to incorporate CRM technology. This requires selecting a software product that is going to best assist with this scheme. The remainder of this article will deal with CRM technology and how to select the most appropriate vendor and product for your business.

CRM TECHNOLOGY

How does CRM technology work? In essence, CRM software systems provide a centralised database in which all customer information and interactions are maintained. All employees who have any contact with the customer have easy access to this information. CRM software packages come in all shapes and sizes and offer a plethora of features. For example, they can store every piece of correspondence that has ever been mailed, faxed, or e-mailed to or from a customer, schedule appointments or reminders for yourself or any other employee, and document the details of every phone conversation that has been held with a customer. Some software packages even offer helpful extra features that complement these items such as: sales forecasting, marketing and employee productivity monitoring.

CRM software really works and is not just a passing fad. Thousands of businesses and organisations both large and small will attest to the fact that utilising CRM technology has benefited their ability to manage and sell into customers. According to a study published in the Customer Relationship Management Software Report, research predicts that vendors selling packaged CRM applications will fire up the market to 16.8 billion U.S. dollars by 2003 (7).

Depending on your company size and price range, there are various products to choose from when selecting a CRM software product. Claire Cobb, Managing Director of Canonbury Services in London, and leading authority on CRM and GoldMine software, believes one should take three things into account when making such a decision.

First, you should establish what your immediate CRM needs are. Second, you should choose a piece of software that not only fulfils those immediate needs but also provides for additional functionality than is actually required. This will help keep your product from becoming obsolete and also allow your business additional features for use in other areas like sales and marketing. Lastly, you should choose a software vendor who is not interested in box-shifting, but rather has the desire to practice what they preach and actually build an on-going and meaningful relationship with it's clients (8).

SOFTWARE VENDORS

Many leading authorities in the field would concur with Cobb's assertion that selecting the right software product is important. But, making the overall installation and

implementation a success depends heavily upon selecting the right vendor. A software package can be purchased at any software retail outlet. However, if purchased in this manner, you will be lacking other factors that contribute heavily to the project's success. Important items such as: consultancy, installation, training and technical support.

There are millions of vendors to select from once making the decision to embark on the CRM journey. Once on the path to vendor selection, the buyer has a number of key items to consider (9). First, accumulate information on potential CRM software products that would benefit your particular company size. Second, locate potential vendors selling the products which you have become interested in and who are able to offer you a complete solution package, not just a piece of software. Third, establish what kind of monetary investment you are prepared to make. Next, begin to establish relationships with each potential vendor (9). Fifth, prepare information on your needs and desires and submit them to each vendor. Sixth, ask each vendor to prepare a proposal for your total CRM implementation that details each step taking you from the initial consultancy through to service and support. Lastly, take a few weeks to carefully comprehend what each vendor is recommending before making the final decision. (See figure 1)

Claire Cobb, Managing Director of Canonbury Services also recommends viewing case study examples with the proposals. "We show all of our potential customers documented proof of how our expertise and product has actually made a difference in other companies. It is important that they know exactly what we can do for them" (2001, pers.comm., 4 Oct).

CONCLUSION

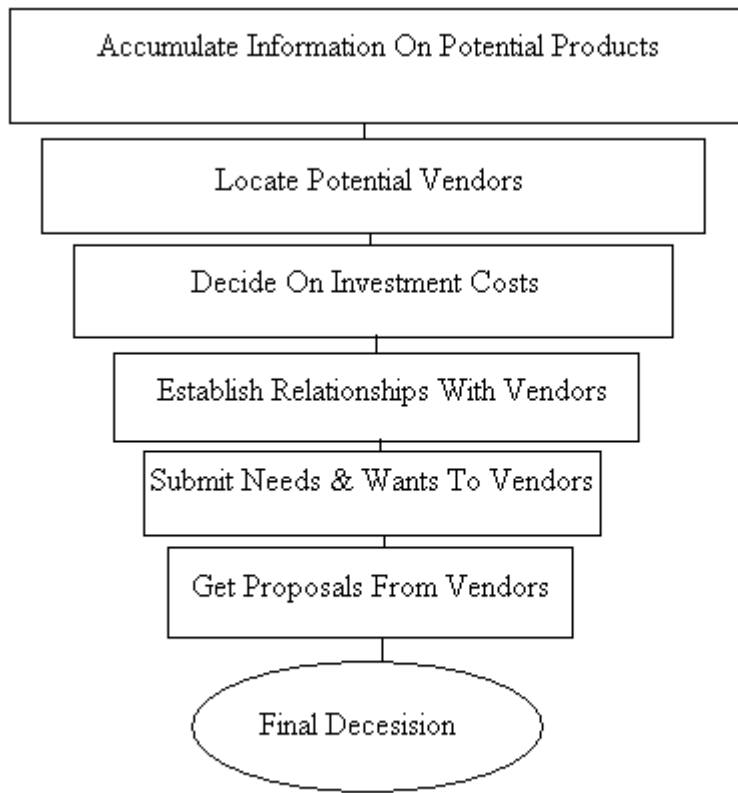
No matter which product you select, few business users will dispute the importance of implementing a customer relationship management philosophy and total solution. CRM software allows companies to manage the massive yet critical task of maintaining client relationships (1). However, simply having a philosophy and a piece of software will not guarantee success. A business must select a vendor who will assist them throughout the entire installation, implementation and continually offer services and support years down the road (9). A “true” CRM solution will only succeed when all of these components are securely in place.

Creating, managing and maintaining profitable customer relationships are objectives shared by business around the world. CRM is a process with the goal of making relationships profitable. To reach this goal, all employees of the company must have the tools to share information and work as a team. A computerized CRM application helps to efficiently achieve this goal (1).

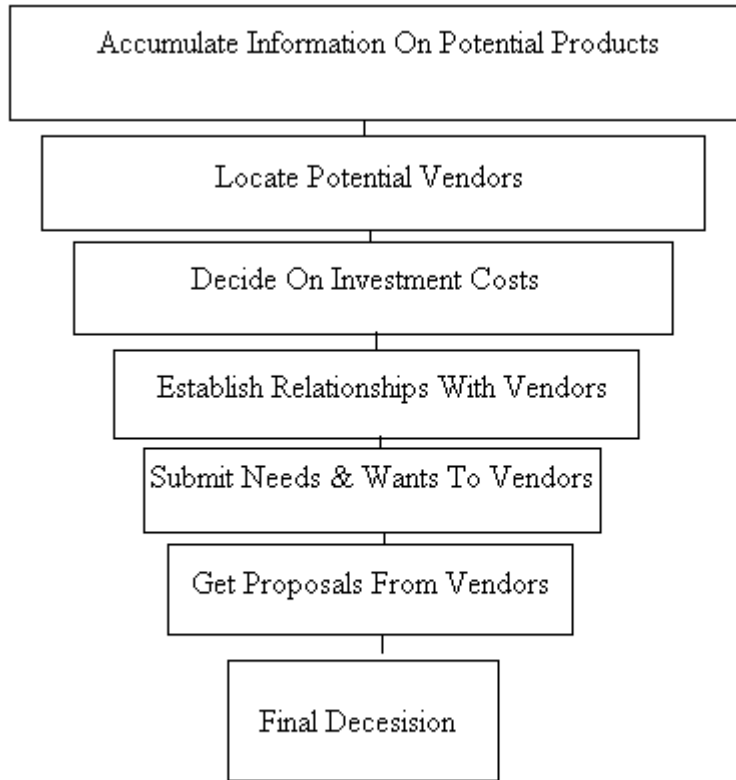
CRM, when approached correctly, has the potential to dramatically alter the way a company does business and thus have a profound impact on its bottom line (10). If approached incorrectly, you will most certainly join the ranks of those who have spent a considerable amount of money on CRM technology without ever reaping the full benefits (4).

Studies have estimated the overall CRM market beyond 2002 will continually rise at a 35 percent compounded annual growth rate (11). This is proof positive those who have not yet seen the benefits of CRM, certainly will in the near future.

When the customer is placed at the forefront of a business' effort, the result will most definitely be that of financial growth. This is simply because...a satisfied a customer will be a buying customer. Perhaps those three little letters, **CRM**, should also be the acronym for **customers really matter**? After all, without the customers, all of our businesses would fail.



(Figure 1)



{Figure 1}

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