
Customer Relationship Management Can Work For You, But Is It?

by CAMILLE SCHUSTER

In 2003 some studies reported that only 30 percent of Customer Relationship Management (CRM) implementations were successful. That is an extremely low satisfaction rate and points to the fact that installing a CRM system does not necessarily result in success. Ensuring a good match between the company's needs and the software's capabilities is critical for success. Determining that match requires careful preparation.

Some businesses have realized a good ROI on their CRM system in a reasonable amount of time. Some companies have even experienced better customer retention. To achieve these benefits, however, you need to choose the correct CRM system for your company's needs and constantly re-evaluate the system to make sure it's providing your company with the maximum benefit.

It's not as simple as doing a few minutes of research, placing an order, and never thinking about it again. To get the optimal benefits, you need to evaluate a set of criteria to determine your best option and then make modifications needed over time. The following will help you choose the best CRM system for your company's needs.

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Choose Your Vendor Carefully

Most software companies entered the CRM market with a handful of basic products. However, end-user companies found these products didn't always meet their unique needs — resulting in a low success rate and discouraged company leaders. Variations of CRM software, designed to meet a broader range of needs, were created and had varying degrees of success.

CRM software is only successful when it meets a company's goals in managing relationships with its customers. But not all software manages customer relationships or provides managers with the same data. For example, some software:

- Specializes in data-mining, so that a company can identify characteristics of different customer segments.
- Specializes in collecting and analyzing information from customers who visit web sites.
- Is linked with enterprise management software so consumer data from accounting, shipping, invoice processing, marketing research, and customer service can be combined to get a 360-degree view of your consumers.
- Specializes in matching incoming consumer calls with designated customer service reps.
- Specializes in automatically generating responses to consumers.
- Provides a combination of these services.

As you can see, the choices are plentiful. Choos-

ing the right CRM vendor for your company will make all the difference between a successful implementation and an unsuccessful one. Just as not all CRM software is the same, neither are the vendors. As you choose a vendor, consider these questions:

- Does the vendor who is selling CRM software ask you about your company's goals or the kind of customer relationship management you are attempting to create?
- Does the vendor explain the advantages and disadvantages of different analytical processes in terms of the kind of data generated and what it tells you about your consumers?
- Does the vendor explain the use of the data in terms of business processes?

If the vendor can't explain how the data generated by their company's software enables you to manage the kind of relationship you want with your consumers, then talk to another vendor.

Focus on Your Customers and Your Goals

Now that you know which vendor is best for you, you need to determine which product the vendor offers will meet your needs. Remember that most vendors offer several solutions. An effective CRM system identifies customer demand and maintains customer loyalty. Using CRM software is not a matter of describing a target market by identifying consumer characteristics. It is not a matter of using software to computerize current business processes. It is not a process of matching consumers with products. Rather, CRM software needs to accomplish the following:

- It needs to gather, process and analyze all customer information to create insight as to how and why customers make purchases.
- It needs to create a simplified process for consumers to do business with your company.
- It needs to make relevant customer information available where and when it is needed throughout the organization.

To uncover which CRM software will help you focus on your customers and your goals, consider the following questions:

- What customer relationship do you want to manage? Do you want to attract more customers? Do you want to encourage current customers to purchase more often? Do you want to turn occasional customers into loyal customers? Do you want to manage the

lifetime value of your customers?

- What data do you need to gather? What information do you need for decision-making? What process will you use to manage your customer relationships? What kind of ongoing communication do you want to have with your consumers?
- What business processes are necessary? The processes need to enable employees to respond to customers' questions, capture customers' responses, and to create ongoing two-way communication between your company and your consumers. Who in your company interacts with customers? For what purpose? What information do those employees need to respond effectively to customer questions? How is the consumer communication captured? Who analyzes it? How does it become part of an ongoing communication process?

Now that you have identified what you need CRM software to do to achieve company goals and what information you need to create and manage relationships with your customers, you can now effectively evaluate products and determine which software best fits your needs.

Practice Relentless Evaluation and Modification

Customer relationships are not static. Like any relationship, they change, evolve and either strengthen or weaken with the passing of time. Customer relationships need to be nurtured. The CRM software you choose must be able to keep up with changing times to be successful.

Whether your market includes global consumers, consumers under the age of 25, "baby boomers" moving into the senior citizen stage, or various ethnic groups, the customers you have today are different from the ones you will have three years from now.

Not only will the faces of your customers change, but so will their shopping habits. People no longer have their product choices limited by their geographical location. Each year, the number of people who

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use the Internet to purchase products rises. Currently, about 30 percent of Internet users are making purchases online. By 2008 that percentage is expected to jump to 50 percent. Consumers can now buy what they want, when they want, at the price they want, from the merchant of their choice — regardless of location. The mass market is now becoming a market of one, or at least a market of increasingly smaller groups, with

each Internet user able to search for the specific product or service that satisfies his or her needs.

Keeping up with this changing market is challenging and demands constant attention. Using CRM tools as a way to promote two-way communication can be very effective in keeping abreast of changes that are taking place among your current customers. As you sense shifts within your customers or customer groups, you need to change your processes, change your product offerings, change your pricing, or change your message. You may need to collect additional data, allow an additional department or division access to your database, or change patterns of interaction within your company.

Choosing the CRM software that best fits your goals is an important first step. However, constant

attention to your customers may reveal that you need additional software, modification of the current software, a different translation system, or a different type of software. You may need software that can:

- Link the disparate databases within your company.
- Direct phone calls to specific customer representatives.
- Categorize new information and integrate it with existing databases.
- Facilitate new processes.

Be aware that as your business progresses, so will your CRM software needs change.

CRM software has evolved to where it now provides different versions serving different goals. Satisfaction with the implementation of CRM software depends upon how well a company can answer questions about the kind of customer relationship it desires, and the business processes and/or data that needs to be involved. Once businesses know what they need and make an appropriate choice, then the satisfaction level with the CRM software is high.

Companies need to know their customers well, create strong relationships with valuable consumers, develop business processes that manage these relationships, and attend to the relationship over time. An effective CRM system can do just that.

Spend Time Creating the Best Business Process

You need to figure out the best way to manage customer relationships before you purchase and implement CRM software. This way, the software works for your goals rather than having to streamline your company processes to fit the software. Once you know the processes that make it easy for the customer to do business with you, once you know who needs what data when, and once you know how the data will be used, you can choose and implement the software so it works for your goals.

Is CRM worth it? After following the above steps, you should now have an idea of which CRM system will work for your company and what you need to do to maintain its effectiveness. When companies focus on their customer relationships, determine how their business can best develop strong relationships with customers, identify the relevant business processes, and choose wisely among the CRM software available, they can be rewarded with CRM software that makes their business more efficient and profitable, and their consumers more loyal.



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