

## CLAIMING BENEFITS

*It's basic, but many companies don't check the benefit of their CRM software says Rob Brickle.*



**Rob Brickle: are we failing to see the bigger picture?**

Many organisations still do not know how to effectively measure the benefits of CRM. Of course there are many easily identifiable ways of achieving this using hard measures such as:

- Reduced cost of sales.
- Improvements in self-service.
- Reduced sales administration overhead.
- Increased utilisation of sales staff.
- Improvements in sales closure rates.
- Better sales pipeline ratios.
- Increased customer retention.
- Reduced customer churn.
- Improved customer satisfaction.
- Improved customer lifetime value.
- Reduction in customer complaints.
- Faster servicing.

However, the view is that CRM is not like ERP or similar applications where you may be able to identify some even harder and often larger benefits such as reduced inventory. But is this right? Or are we failing to see the bigger picture?

To quote Dror Orbach of Amdocs, a market leader in customer experience systems innovation: "CRM is not something you just buy in a system. It relies on understanding who the customers are and using that knowledge to differentiate the services provided."

### Daunting

Assessing the return on investment (ROI) for CRM initiatives can be a daunting task and attempts to offer a framework to help business managers achieve this is difficult to do.

There are many reasons why CRM systems defy easy ROI calculation, most of them stemming from just how vast and far-reaching the benefits of CRM can be.

A lot of companies tend to believe that the software itself is actually going to manage their customer relationships better, and that's simply not the case. If you put a CRM system in, probably the biggest mistake you can make is trying to manage the system and forget about managing your customers.

So it is extremely important to consider the wider benefits associated with a CRM implementation and actually step outside of just the technology solution.

You cannot view CRM as a standalone initiative, it's part of an over-arching customer management strategy. And when you start to think like this, it's clear that there are other potential benefits that may ensue such as:

- Reduced operating costs.
- Increased stakeholder value.
- Improved market perception.
- New proposition development.
- Development of a customer centric organisation.
- Improved customer perception and intimacy.
- Increased ability to target.
- Increased profits.

- Ability to manage customer behaviour to achieve profitable results.
- Referrals.
- Improved and measurable competitive position.
- Innovation.
- Increased customer confidence.

Of course, many of these are 'soft' or intangible benefits which are hard to measure...or they are if you haven't thought the strategy through and adopted not just the technology but a whole series of processes, disciplines and measures that enables you to do so!

The problem is that companies are often still too narrow in their focus when it comes to customer management and take a 'technology' view. Even when we try and assess the problem we can be guilty of a blinkered approach.

One consultancy looked into CRM implementations success across nearly 200 European organisations, and concluded that over 66% of companies could not identify the ROI from their CRM investments. It's not that there is no ROI – but that these companies have not put in place metrics to measure the ROI of the technology.

So what is needed? It is not unreasonable to expect projected benefits to be twice the expected cost of any solution. Again, to assure success, solutions should take less than six months to deploy (if more time is needed, phased rollouts will drive a steady-state of success).

Solutions should provide a positive payback on the investment in less than 12 months from deployment. A pre-project and post-project ROI analysis – including net tangible benefits, intangible benefits and risk measurement – is essential to ensure success.

It is also important to establish benchmarks and baselines in order to reveal the benefits associated with introducing a customer management strategy and any CRM system in order to acknowledge how they have been achieved.

And lastly, as the focus of this site generally is about technology, here are some thoughts from Siebel on the key success factors associated with CRM implementation:

1. Establish measurable business goals.
2. Align business and IT operations.
3. Get executive support upfront.
4. Let business goals drive functionality.
5. Minimise customisation by leveraging out-of-the-box functionality.
6. Use trained, experienced consultants.
7. Actively involve end users in solution design.
8. Use a phased rollout schedule.
9. Measure, monitor and track.

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