How to Choose a CRM System

sage
software

Understanding CRM

CRM is more than just software or a set of processes – it's a business culture solidly focused on winning and keeping the right customers. A good CRM solution builds value for your business by opening up vital communication channels and creating a common client-focused knowledgebase to better serve your clients.

CRM is about understanding the buying habits and preferences of your customers and prospects, so you can:

- Build and strengthen customer relationships to keep them coming back.
- Provide value-added services that are difficult for competitors to duplicate.
- Improve your product development and service delivery processes.
- Increase your staff's awareness of customer needs.
- Reduce customer frustration by not asking the same questions over and over.

By effectively integrating your marketing, sales and customer service functions, a good CRM system makes it easier for everyone inside your company to work together and share critical information.

An effective CRM system empowers your customers and prospects to do business with you – the way *they* choose. Imagine connecting your customers to your employees and business partners across any department, through any process and via any communication device – phone, fax, e-mail, text chat and the Web.

A properly installed and implemented CRM system can contribute many benefits to your organization, including:

New sales opportunities

The more you know about your customers and their buying habits, the better prepared you'll be when they're ready to make a purchase. A good CRM system will classify your prospects and help identify your best customers. With detailed information on your customers, you can accurately project and respond to their buying needs throughout the sales cycle. A good system also acts as a sales assistant to help you automate routine sales tasks – allowing you to spend more time focusing on strategic sales issues.

Improved customer service

Customer satisfaction is a critical success factor for all businesses. The right system allows your team to take a proactive approach to customer service. With up-to-date customer information at their fingertips, your employees can resolve customer issues more quickly and successfully. Improved customer service also opens doors for revenue-generating loyalty campaigns and long-lasting relationships with your customers.

Better decision-making

CRM systems provide a single view of the customer across all touch points and channels, as well as delivering comprehensive reports of customer behaviors, marketing campaign results and sales activity. Each of these elements are necessary for smart decision-making and long-term strategic planning.

Greater efficiency

With an integrated CRM solution, you can gain immediate access to your organization's critical customer information. A good CRM solution also creates internal efficiencies by automating workflow processes, reducing human error, decreasing process time and providing consistency throughout the entire organization.

A foundation for growth

The right CRM solution can help you manage the growth of your organization. Effective CRM systems allow for additional users and modules, and provide the option to integrate with other crucial business systems.

Getting Started

Most companies require that you justify the need for a new system before you make a purchase. That's why it's important to determine all the different ways your company will benefit from a CRM system. Building a case for CRM provides the necessary background information to help you define the need, justify the cost and demonstrate the value of the investment. For best results, get the key people in your company to agree on and share a unified vision for customer relationship management – from executives to programmers to customer care personnel. Everyone should have the same goal in mind and agree to work to that end. This is, of course, always easier said than done!

Elect a core team

There's nothing worse than having a great plan, and no one to follow through on it. With that in mind, establish a core group of individuals dedicated to driving the CRM project to completion. Before planning your strategy and implementation, make sure your team includes a project leader and project managers to oversee the functional divisions of your organization – such as marketing, sales, customer service and technical departments. Since a CRM system generally integrates across multiple functional systems, having a project manager from each group ensures all processes are accounted for that affect their division.

In addition to the groups directly affected by the CRM system, it's wise to include representatives from other major departments or divisions in your project team. Without buy-in from top to bottom and across all divisions, the success of your project may be limited. In addition, consider picking people for the team who are *not* in favor of a new system, in addition to those who are excited about the change. Open dialog and honest criticism will increase your chances of getting the job done right.

Set your goals

Your team should have a shared understanding of your CRM goals. To achieve this, the core group should identify your organization's objectives, focus on processes that require reengineering and discuss the appropriate courses of action.

Examine your current processes

Analyze your existing business processes from many viewpoints, both internal and external, to find out how they impact both your organization and your customers. Ask your sales force, marketing and customer service teams to identify and document best practices. By evaluating your processes now, you can identify what's working and what's not, and prepare to implement a new CRM system that emulates the most effective strategies for achieving success.

Ask questions

It's important to ask questions, especially if you're finding that your organization is not as productive as it can be. Think about the challenges your organization is currently facing in marketing, sales and customer support. Here are some questions you may want to address:

- How are inaccuracies negatively impacting your organization?
- What do you need to accurately track your marketing campaigns?

Understanding the Core Components of CRM

CRM helps to increase productivity across your marketing, sales and support functions. By understanding the many ways CRM can improve your company's effectiveness, you can better communicate those benefits to key decision makers.

Marketing Automation

In order to build lasting – and more profitable – customer relationships, you need to identify, execute and replicate effective marketing initiatives across all your sales channels. An automated CRM system provides the tools for marketing teams to:

- Develop, target and implement campaigns.
- Manage and analyze marketing budgets.
- Maintain lists and track responses.
- Track collateral distribution.
- Analyze campaign results.

Sales Force Automation (SFA)

SFA enables you to analyze the entire sales cycle and successfully manage your sales pipeline – from first contact to final sale. SFA systems provide the tools for sales teams to:

- Perform analysis to ensure time and energy are spent on the deals most likely to close.
- Improve lead distribution and tracking.
- Analyze training and performance.
- Centralize contact and interaction management.
- Effectively process quotes and orders.
- Provide remote sales staff with instant access to corporate information.

Customer Support Automation

Your customer support department must develop the relationships that create customer loyalty and generate repeat sales. Automated CRM provides customer support teams with the tools they need to:

- Increase call center efficiency.
- Create cross-sell and up-sell opportunities.
- Better manage interactions and call escalation.
- Deliver higher levels of customer service.

8 Helpful Hints for Promoting CRM as a Business Culture:

1. Build a case for change. Think about the impact of the CRM strategy on people – the benefits and consequences of changing, or not changing.

2. Hold regular meetings across all departments to communicate project progress, problems encountered and resolutions for any outstanding issues.

3. Keep employees in the loop by providing information and clarity about what is happening, when changes will take place and how they will be impacted.

4. Encourage employees to speak up about the changes and listen to what they have to say.

5. Give employees time to make the transition and adjust to the new approach.

6. Support the managers who are leading the CRM march. Do your best to provide them with the necessary tools to successfully implement the strategy.

7. Understand that effective implementation of CRM is a cultural process; it will take time for everyone to adjust to new ways of doing business.

8. Inform customers about the company's vision for a customer-centric organization. Ask for customer feedback and then use that information to improve your customer interactions.

- What information or reports are being requested that currently cannot be generated or delivered?
- Which reports are produced that include information that exists "somewhere" and needs to be manually completed?
- How can your current system integrate with your e-business initiatives?
- What information do you need to make strategic decisions?

You may want the help of an experienced consultant during the analysis. Refer to page 5 for more information about choosing a consultant.

Don't forget about hard-to-quantify benefits

The right CRM system can greatly increase internal efficiencies. It can open your communication channels and allow information to be shared across systems, departments and multiple interaction points. This increased productivity can allow your company to focus on winning new customers, improving customer retention and drastically reducing the amount of time and money spent on sales, marketing, service and support.

Involve the Right People

A true CRM strategy involves the collaboration and support of multiple groups throughout the organization. The decision to choose a specific CRM solution should be delegated to a core team of individuals to serve and represent the functional needs of various departments throughout the organization.

For a smooth process, you'll want to involve and interview the people that will be directly and indirectly affected by the new system. This requires full cooperation and collaboration among the following five groups:

System users

This group interacts with the system most often, serving one or more functions for a particular department. System users tend to be on the front lines, dealing directly with your customers. A few examples of system users are customer service agents, field and inside sales representatives and marketing associates.

System managers

While this group oversees activities for their department, they are also responsible for providing business analysis and reports to upper management. System managers supervise and direct (and sometimes train) system users how to effectively use the system.

System integrators

Responsible for ensuring all technical considerations are met, system integrators oversee and contribute to the implementation and integration of your CRM system, and provide regular maintenance. They are usually IT staff – depending on the scope of the project, you may want your system programmers and system architects involved in the process. Very often, it is the software reseller that does the bulk of the work to integrate a CRM system, as this is their area of expertise. The level of reseller involvement in your deployment will depend on whether your IT staff have the relevant skills and how much time they can give to the project.

System customers

Any person who requires information supplied by the CRM software is a system customer. This group relies on reports, summaries, account status and other data generated by the system. System customers can be found in almost every department within the organization, particularly marketing, sales, customer service, accounting and human resources – as well as outside the organization, such as your business partners. During internal interviews, find out how your system customers use the data and which types of data they require to do their work. These interviews will help you gain a clearer picture of the capabilities your new system should include.

System signoffs

These individuals make the final purchasing decision. Usually, system signoffs are the same people to whom you presented your initial business case for the project, and can include senior management and directors, board members or other advisors.

Choose a Consultant

Consultants offer specialized expertise in evaluating and implementing CRM solutions – bringing considerable value to your organization. These experts can help your organization in three important ways:

- Evaluate your needs and suggest the best CRM solution for your specific situation.
- Save your company time and money during system install and subsequent training.
- Help you get the most out of your CRM implementation, based on your organization's requirements.

Even if your internal staff have the time to implement your new CRM system, you still may want to seek an outside expert who can focus on analyzing, installing and maintaining your system.

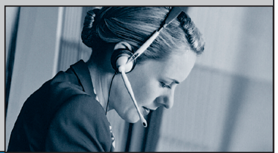
Some of the best CRM consultants are software resellers. Software resellers have a valid stake in your organization's success – they want to be the company you turn to for additional services in the future. Many resellers also offer a range of services, including strategy development, business process management, technology implementation and training.

For larger CRM systems, resellers often have the additional consulting support of their software vendor to help manage the complexities of the implementation. A good software vendor will have a highly experienced professional services group whose focus is on education, training and systems implementation.

Narrow the Field

The best CRM solutions are those that go beyond fulfilling the basic CRM functions. Look for a system that integrates your back-office accounting software and other business systems – so customer information can be updated in real-time, while being shared and employed effectively across the entire organization. With this in mind, be sure that your solution is robust and versatile enough to:

- Be accessed from any location – from headquarters to remote locations and mobile workers.
- Seamlessly integrate with your back-office accounting system.
- Integrate with a wide range of third-party software, or other internal systems.



What to Look for in a CRM Reseller

The ideal reseller is someone who has knowledge of front- and back-office operations and experience with integrating CRM solutions for businesses in your industry. When evaluating a software reseller, ask yourself these questions:

Can the reseller provide my company a complete service package?
Critical elements of any software implementation are product training, technical support, and future maintenance and upgrades. Look for a reseller who wants to assist you not only with the immediate sale and installation, but also with longer-term training and service.

Does the reseller listen effectively?
To make the best recommendations for your organization, a reseller must first learn about your organization – including its current capabilities and those items and functions that are missing (but required). Has the reseller attempted to learn as much as possible about your organization? Has the reseller spoken to more than one person within your company?

Does the reseller communicate clearly?
Be wary of resellers who spend all their time discussing the features of a program. Your focus during discussions with a reseller should instead be directed toward the benefits a CRM solution can bring to your organization.

Can I work with the reseller?
You will be working closely with the reseller over a period of days, weeks and maybe even months. That's why it's important to find a reseller you enjoy working with, who is a good fit with your company's philosophy and culture, and who you feel will provide the necessary expertise and consultation in a professional manner.

Solutions with these capabilities will enable your organization to operate more efficiently and realize greater economies of scale.

Increase communication channels

The ideal CRM solution will integrate your multiple business channels and provide your users with seamless remote access to up-to-date customer information. This approach enables you to provide the kind of informed and personalized service that customers appreciate. Think about the different interaction points your customers are currently using – and likely to use in the future – to communicate with your organization. The mix may include your corporate Web site, text chat, e-mail, fax, phone and postal mail, among others.

Also, look for a system with the ability to support multiple communication devices (such as Web browsers, handheld computing devices and WAP-enabled phones) to give users the convenience of accessing customer data in various ways. A good system will allow you to retrieve real-time information at any time, and from anywhere. Choose one that will meet the functional needs of your system users.

Keep a global perspective

As advanced Web technologies become more accessible and easy to use, companies will increasingly interact with customers in countries around the world. The ability to support a global reach, even if not essential now, is a vital investment in your company's future.

When reviewing CRM features, find out if:

- The company sells and supports products in the countries in which you do business.
- The software provides multicurrency support.
- The software is available concurrently in languages other than English.

Look for maximum flexibility

Evaluating the architecture of a CRM solution is one step you cannot afford to skip. Look for a system that is built specifically for the Web so it can provide maximum accessibility for your users.

One of the key benefits of a Web-based solution is that it requires only a single server installation. A Web-based architecture allows you to make changes to the software on the server just once, and then simply refresh the browser for the changes to take effect system-wide. Web-based systems are also easily accessed with a wireless device or PDA.

In contrast, a client/server-based architecture requires changes to *every* client machine each time you upgrade, customize or maintain your system – taking additional time and using valuable resources.

Advantages of Web-based solutions also include low-cost, rapid and global deployment, and effective remote administration of software, configurations and security.

Take the time to consider the architecture of the systems you're evaluating. Ask your consultant or reseller about the benefits and limitations of each system to determine which one best suits your organization.

Consider implementation time

To be successful in today's competitive market, you need your business systems up and running smoothly and rapidly. The less upfront customization your system requires, the more quickly the implementation process can be completed. Ask your reseller how long the implementation will take and what factors may increase or decrease the amount of time needed.

Choose the best deployment option for your company

As part of the evaluation process, you need to determine the best way to deploy a CRM system for your organization. Today, there are deployment alternatives for companies of any size. Here are the three most common methods:

■ Build your own

If you run a large enterprise and require complex customization and integration, you'll probably need more than a basic CRM package. Many times companies will purchase CRM solutions and hire consultants to build on the core functionality, customizing the system to serve the unique needs of larger-sized organizations.

■ One size may fit all

Not all organizations need extensive customization to implement a successful high-performance CRM solution. Today, there are many off-the-shelf CRM packages to choose from – all supporting and fulfilling the sales, marketing and support functions of an organization. If you're tight on cash and can do without the bells and whistles, you may be better off with a packaged solution.

Some solutions also include back-office integration capabilities and built-in customization tools so you can modify the system to suit your unique requirements. These solutions are usually ready to install and use right out of the box – saving you time and reducing implementation costs.

■ Outsource your CRM system

Another option is to outsource all the technology related to your CRM solution to a hosting service provider. The service provider hosts and maintains your CRM system in a secure data center and allows your employees to access it remotely. In return, you pay a subscription fee on a per-month, per-user basis.

Using a hosting service has a wide range of financial benefits that include:

- Minimal up-front investment.
- Lower total cost of ownership.
- Faster implementation schedule.
- Predictable cost model.

Other benefits include guaranteed uptime, regular data backups and maintenance, software upgrades and customer support. The hosting model is particularly beneficial for businesses that need to conserve capital or need to get up and running quickly.

Before you decide to purchase or build an in-house CRM system, evaluate your hosting options carefully and consult with your reseller to determine if hosting is right for your organization.

Top 10 Features to Look for in a CRM System

1. Sales cycle analysis
2. Integration to your back-office accounting system
3. Open, industry-standard technology
4. Seamless flow of information between corporate systems and remote employees
5. Real-time reporting and analysis
6. Automated workflow
7. Contact and campaign management
8. Multiple language and multicurrency capabilities to support global business
9. Ability to easily customize your solution to fit your business needs
10. Scalability to accommodate future business growth

Remember – The customer is why CRM exists. As you choose a solution, think about the impact each feature will have on your customers!

How to Prepare for Product Demonstrations

The software demonstration is an excellent time for your team to understand the features and capabilities of a particular solution. Take full advantage of this opportunity by following these guidelines:

- **Inform software resellers about your specific needs in advance.** A software demo is a reseller's opportunity to profile their products and services. By informing them ahead of time about your specific needs, you direct the demonstrator's attention to *your* interests, not theirs.

- **Make sure your core team is able to attend the demos.** Make it a priority to keep your core team up to date about their appointments. Since each team member has a different area of expertise, it's important for everyone on the team to be at the demonstrations in order to get the most out of each demo. Encourage team members to remain in the room through the entire demo; shared concerns can be flagged more effectively if everyone is present to hear questions raised by others on the team.

- **Plan your questions.** Have the core team come up with questions for each product demonstrator. You may also want to plan the sequence in which the questions will be asked, to ensure that everyone stays on topic during each demonstration.

- **Establish a system for scoring each issue addressed by the demonstrator.** Keeping tally for individual issues makes the entire scoring process efficient. It prevents situations in which someone from your team forgets how a particular demonstrator addressed an issue. The scores will also come in handy when it's time to decide which of the short-listed solutions is best suited for your organization.

- **Ask the reseller to follow up on issues not fully addressed.** The reseller may need to consult with colleagues or the software manufacturer before providing answers to more in-depth questions. Be sure someone on your team follows up on any unanswered questions after the demo.

Select a System That's Right for You

Now that you've done your homework and evaluated a number of possible solutions, it's time to make a decision. Remember that you're not just selecting a CRM system – you're also choosing a business partner.

Consider the following when selecting a software vendor:

Interview resellers before the demo

Familiarize yourself with the various CRM solutions available on the market so you can be confident about your top picks when you short-list the best options for your company. By interviewing as many software resellers as possible in advance, you can avoid time wasted by sitting through lengthy, irrelevant demonstrations.

Pick the best three systems and ask each reseller to provide the following information:

- Estimated license costs for your implementation.
- Estimated build-out costs to adapt the system to your requirements.
- Timeframe for implementation.
- Annual support and maintenance costs.
- Training methodology and training costs.
- A plan for integrating your back-office systems, as required.

Get to know the software manufacturer

Are you familiar with the company that makes the software? Are they a respected name in the software industry? How long have they been in business? What is their vision for the future – for their products and for the company? These are just some of the questions about the manufacturer you want to address when evaluating CRM solutions. Clearly, you don't want a "here today, gone tomorrow" organization.

Insist on user-friendly software

Regardless of the number of features your system promises, if your system is not user-friendly, your staff won't be able to maximize the full benefits. Make sure you select a solution that's logical and easy to use. Ask these questions during your interview process:

- How easy to use is the software interface – the primary screens where data is entered or otherwise managed?
- Can the interface be modified to more closely match the needs of my organization?
- How easy is it to navigate between modules of the software?
- What type of software documentation and training will be provided?

Evaluate their technical support
Your consultant will be a good resource regarding technical questions or other issues that arise. But you may still need to rely on the software vendor's technical support team as well.

Here are some questions to ask regarding the vendor's support team:

- How quickly do they take calls from customers?
- What are their hours of operation?
- What options are available for after-hours questions or concerns?
- What charges or service plans are involved?

Inquire about their customer service department
Does the software developer have a team devoted to non-technical inquiries? Look for a company that is dedicated to regularly providing high-quality service to customers and has the resources to deal with product questions, customer feedback, order tracking and software registration.

Get flexible reporting
Look for a solution that has the capability to produce the reports your organization requires. When reviewing your options, find out if customized reports can be created with a minimum of time and effort. Also see if the system will allow you to manipulate the data any way you choose.

Ask about customizability
Does the software allow you to modify all aspects of the system? Are customization tools easy to use? Do you have the ability to create and modify fields, screens, tables, views, scripts and security settings on the fly?

Look for e-business strength
Does the CRM vendor sell other e-business solutions that complement and integrate with their CRM solution? Can they extend the capabilities of their solutions to connect your existing back-office systems with advanced solutions such as electronic commerce and automated warehouse management?

If the company offers a line of e-business products, it's a good indication that the company is committed to its customers by developing products that can further enhance and expand their customers' e-business capabilities.

Ensure options for growth
A good software company invests heavily in engineering and develops new product features and enhancements regularly. They stay abreast of new technologies and make sure their customers do too, particularly those customers with fast-growing businesses. The opportunity to move to a similar but more powerful product can give your company flexibility as it grows. Often, software upgrades cost far less than the retail price of the full program. Some vendors even provide upgrades within their support programs. Imagine purchasing a new car a year ago, and then seeing this year's model and wanting some of the new features. You can't have those new features unless you purchase the new model! In contrast, a good software manufacturer will provide product upgrades at reasonable prices or as part of a yearly service agreement.

Does it fit your budget?
Sometimes what it all boils down to is price. If this is the case and your first choice costs more than you can afford, reprioritize your list of requirements and compare them with the features of applications that do fall within your budget range. Then determine which features or modules your organization can live without, and which are essential for the success of the project.

Justify the investment

Once your evaluation team has reached an agreement about which product to purchase, you may find it helpful to create a document or presentation to explain your choice. This document needs to clearly detail the features of the system, the direct fiscal benefits of these features and the resulting long-term benefit to the company. It should also outline the total cost for initial implementation, training and ongoing maintenance. You can use this type of summary document to help you get final approval and buy-in from upper management.

Implementing Your System

You're almost there. Once you have chosen the vendor and product, and purchased the software, it's time to install the solution. It will take time to adequately install the new software without compromising or otherwise invalidating your existing system. Inevitably, there will also be a few kinks to work out.

What is the best way to make the implementation process a smooth and successful one? Consider the following guidelines:

Create a blueprint

To smooth the implementation process, create a "blueprint" of your CRM-related business processes with your consultant and/or software reseller. This document gives the team a pre-determined plan and a set of guidelines to reach your CRM goals. This process allows you and your consultant to draw on past experience to determine the best plan for you. The expectation is that the plan itself may change, but if the goal and guidelines remain the same you will have a short and successful installation.

Appoint a primary contact

Another way you can help speed implementation is to appoint someone from your core team to be the primary contact for any questions the consultant may have. Providing a single contact for questions not only saves time getting the right answers to the consultant; it also keeps members of the implementation team from being interrupted with questions for which they don't have answers.

Prepare for modifications

Each organization has very different business processes. Consequently, no "vanilla" CRM package can address all of your needs. One of the most common mistakes companies make is trying too hard to limit modifications to the selected packaged software. CRM software generally comes with some core functionality and toolboxes for adapting to your organization's requirements. Some CRM solutions also offer additional feature sets that can expand system capabilities. So, if you need software that can meet the unique requirements of your business, be prepared to make modifications after installing the "out-of-the-box" solution.

Get everyone involved

Getting employees to understand and support the new CRM solution is an important step in the implementation process. It's safe to say that employees who don't feel confident using the new system won't use it. You can avoid this situation by continuing to get everyone involved. Communicate the CRM vision and progress to your staff, explain the advantages for the organization and the functional benefits for the users. Also, reassure them that proper training will be provided. This is a sensitive and crucial step involving the heart of your organization – your employees. Consider how the changes will negatively and positively impact your staff, and plan to resolve anticipated problems early-on to ensure a smooth and favorable cultural adjustment.

Provide good training

People are key to the success of any CRM solution. Good training is essential and provides the information, practice and involvement needed for your staff to get the most out of the software.

Keep in mind that your employees will have different skill sets and levels of computer experience. One training class will probably not be right for every system user. You'll want to familiarize computer novices as early as possible, rather than waiting until your system is ready to be rolled out.

Bring people up to speed

Regular review meetings during the implementation stage will also help people become familiar with the new system. Keep your users informed – let them know when changes will occur. As well, encourage the management team to stay involved during the implementation process by attending meetings and training sessions.

Test before you launch

When it comes to something as valuable as your customer data, you will want to beta test every system component and make certain it is functioning properly before you take the system live. For example, you can have your field salespeople enter mock customer data and see how well the system receives and processes the information.

Integrate the back-office

Direct your efforts toward integrating your new CRM solution with your back-office accounting data. Most organizations want the ability to push transaction data from their accounting database to their CRM system and vice versa. You will need to have this critical piece completed and tested before launching the CRM system.

Find a good rollout time

Schedule an appropriate time to roll out your new system. It may be difficult to schedule a "right time" to do this, but at the very least, plan to install your new software as close as possible to your organization's slowest time of year, to minimize business interruptions. You may even consider executing the new system on an incremental or feature-by-feature basis.

Plan for ongoing evaluation

Plan to regularly review and evaluate the system based on desired criteria, such as one month following implementation, three months, six months, etc. Be sure to inform your consultant and vendor of any challenges you encounter along the way. Keep in mind that your CRM system will always be evolving. As a result, implementation never completely stops. Ongoing evaluation of your business processes will help you maximize the benefits CRM can bring to your organization.

Hot Tip!

Before launching your new system, do a trial conversion of your existing data into your new database. Then ask your employees to explore the database. They will already be familiar with the customer information and it will help them to learn the new system. It will also help you to identify potential conversion problems.