CRM Planning Guide

ascendix technologies

Your Road Map for Success

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Introduction

Due to ever-increasing costs and competition, organizations now must sell more products, and provide a higher level of service than at any time in the past. Fast delivery of information and service are now just as important as price. Without current technology, the increasing demands placed on the people in your Customer Facing Departments would make the job almost impossible.

Software now allows sales departments, marketing departments, consultants, support reps and anyone else who interacts with customers and clients to enhance their productivity beyond what many people could have imagined just a few short years ago. Collectively, this technology and the tools associated with it are known as *Customer Relationship Management Software* or *"CRM"*.

CRM Defined:

"The business strategy, process, culture and technology that enables organizations to optimize revenue and increase value through a more complete understanding and fulfillment of customer needs".

There is a "Revenue Gap" that exists in most companies today. It is the difference in revenue that could be derived if all of a company's Customer Facing Departments were working with optimum information and at peak efficiency.

Many companies understand that the greatest competitive advantage they have is what they know about their customers and how they use that data. However, most companies have not established the systems and methods necessary to capture customer centric information and leverage it into higher revenues and profits. Once captured, this information may be used to strengthen customer relationships that will then help to differentiate your offering and decrease the necessity to engage in costly price wars. Your ability to capture and leverage this customer information will become the measuring stick for your company's future success.

Communication is the foundation of any successful relationship and business relationships are no different. Many companies are transitioning from the traditional one-way mass marketing communication model to a two-way communication model that engages their customers in an ongoing dialogue, creating a learning relationship. Every contact with the customer, whether it's e-mail, phone, Web, or face-to-face, is an opportunity to learn more about the customer's unique preferences, values and expectations. It is also an opportunity for the customer to gain valuable insight into a company's product or service offering. Enlightened companies are refining their product or service offerings based on what they learn, and they're using this greater understanding to create deeper, more profitable long-term customer relationships. The more your customers invest in these learning relationships, the greater their stake in making the relationship work, and the harder it becomes for your competitors to place a wedge between you and your customers.

Ascendix starts with the goal of helping companies develop comprehensive Customer Relationship Management strategies and solutions that focus on improving four key areas:

Communication – or the exchange of information that in turn builds a greater understanding for both parties.
Efficiency – those areas for improving productivity while <u>not</u> in front of the customer.
Effectiveness – those areas for improving productivity while in front of the customer.
Decision-Making – leveraging the information derived to set future direction.

A focus on these four key areas will help your company narrow the Revenue Gap by decreasing expenses and increasing revenue.

It's All About Perception…

Perhaps more critical than narrowing the Revenue Gap, improvement in these four areas will result in tremendous gains in the perception for your company by its prospects and customers. A CRM system serves as the tool for achieving gains, not only in the revenue and cost side of the business dynamic, but in your company's perception among the buying public. The system will act as not only the central system for gathering and acting on customer data, but automating the simple, mundane tasks that become efficiency drains on the process and detract from your company's image. Below is a list of the benefits that many companies realize as a result of implementing a CRM solution. Each benefit may be realized as a cost saving, revenue enhancement or an improvement in customer perception.

Automate Your Best Sales Practices

Standardizing and automating your best sales practices will have many desired effects on your company. A more consistent message creates a greater perception of competence and reduces the negative effect of employee turn over. Automated sales processes also help the company more accurately measure results against activities. In addition, many companies realize that automating best sales practices, reduces inefficient time wasting and focuses sales energy on activities historically proven to provide positive results.

Better Trained Employees

The most important factor in maintaining positive customer relationships are the people you employ. CRM automation reduces the "trial-by-fire" training methods used at many companies, and leverages the accumulated knowledge of the company. A variety of training benefits can be derived from CRM automation. New employees that start with a systemic standardized set of processes, methodologies and routines, generally come up to speed much more quickly. In addition, they are much less likely to make critical errors during their ramp-up phase. In addition, employees with standardized processes and adequate access to information are happier and more satisfied with their jobs.

Increased Customer Satisfaction

CRM systems hold at their heart, the customer. Automating key functions such as quick access to critical information and fast turn-around on requests greatly enhances the customers experience while interfacing with your organization. It also gives them greater accuracy in the result.

Increasing Efficiency

Reducing those administrative time wasters will not only increase employee productivity, but will increase their job satisfaction. In return, they will be able to spend more time doing core activities such as interfacing with your customers.

Reduced Sales Cycle

Improved Communication and rapid delivery of information will reduce the time necessary to close even the largest of deals. Fast delivery of requested information will result in the competitive advantage that may just push those key sales over the top. In addition, the enhanced professionalism and accuracy will enhance your image, shortening the time it takes to earn a prospects trust.

Improved Communications

Since all corporations have perfect communication pipelines any gain here would be nominal. Just seeing if you were paying attention! Communication is the key element in building greater understanding between internal organizations and between you and your prospects and customers. It is also the hardest element to quantify; but the benefits are tremendous, and for the most part fairly obvious.

Improved Management Decision Making

You need the latest and most accurate information to make sound management decisions. All of your customer and forecast information is consolidated within the CRM solution, so you can receive up-to-date forecasts and generate reports automatically. Also, through consolidation of this data, management can get a more global view of the factors driving real purchase decisions. This greater knowledge will give your management the ability to make decisions based on real data, rather than guess work.

Simplified Order Processing

CRM solutions streamline and simplify the ordering process by embedding commissions, discounts and order requirements into the system. Integrate the solution with your corporate accounting system so orders get to accounting faster, customers receive product sooner, your company gets paid more quickly and salespeople receive commission checks earlier.

These are only a few of the benefits that companies are realizing by launching CRM initiatives utilizing specialized tools, technologies, and techniques. CRM systems that are properly designed, implemented and supported can "Close the Revenue Gap", enhance profits and increase overall customer satisfaction and retention.

Planning Your CRM Project

Ascendix created a guide because we understand the importance of pre-implementation planning and believe it is the foundation of a successful CRM project. The first section will take you through the steps of evaluating, selecting, successfully implementing and maintaining a CRM solution. The second section includes worksheets designed to help you organize your implementation plan.

A well-defined and thought out plan out-lines the following:
• *The general business goals and objectives*
• *The necessary people involved*
• *A date for implementation*
• *A budget for all phases of the solution*
• *A Technical Inventory*

The General Business Goals and Objectives

The first step in implementing a successful CRM project is to conduct an internal analysis. From this point you can begin to outline your project goals, objectives and requirements.

Current State Analysis

Successful solutions begin with analysis. This usually starts with an assessment of the current state of things. These most usually include the "aches and pains" that hinder your team's productivity and detract from your company's goals, but they might also include certain strengths within the current system. It is important to identify both. How do you know what the current state is? Begin by asking your sales, marketing and customer service teams a few key questions:

• *What are the strengths and weaknesses of your company's current processes?*
• *How can the processes be improved?*
• *What administrative activities are detracting from their productivity?*
• *What is the competition doing?*

Desired State Analysis

Your desired state will establish and define the ultimate project goals. This analysis will result in a clear direction for the project and be the foundation for measuring the projects success. This analysis will also define the "Gap" between the Current and Desired State. Also, as a result of this phase of the analysis, the areas where the Revenue Gap can be narrowed will become obvious.

Technology is an enabler, not a solution in itself.

Automating an inefficient process will only speed up the wrong activity. On the other hand, automating very strong processes can be easy and early victories for your system.

Examples:
- *Higher sales per rep*
- *Increased customer satisfaction*
- *Increased revenues*
- *Shorter sales cycle*
- *Improved management information*
- *Simplified order processing*
- *Stronger relationships with partners*

Project Goals

Your project will begin to come into focus once you begin to drill down into the measurable, tangible project goals that address your CRM solution's unique requirements and specific needs.

Example Objectives:
- *Reduce the time required to disseminate leads to the sales team*
- *Automate quote and proposal generation*
- *Create and distribute reports electronically*
- *Cut the time required to generate forecasting reports*
- *Eliminate duplicate data entry*
- *Distribute pricing information, collateral materials or inventory catalogs more quickly*
- *Facilitate group scheduling and activity calendaring*

Your project objectives will become your project's critical success factors. You'll use these to evaluate CRM solutions, and in turn, they will become the benchmarks or criteria that the solution must meet in order to be considered successful. If you don't identify the project's objectives, you'll never know if you've achieved them.

Project Deliverables

Your project deliverables drill down further into the specific business needs that your system must address. This detailed list of features and functions will sometimes serve as the body of an RFP used to evaluate and compare CRM applications.

Example Deliverables:
- *Classify contacts by type, such as prospect, customer, reseller, supplier, business partner*
- *Automatically notify other team members of important plans, events or customer interactions*
- *Run reports automatically and distribute electronically*
- *Track customer referrals and lead sources*

- *Manage multiple marketing campaigns, projects and activities*
- *Create mailing lists and generate targeted direct mailings using fax, e-mail or standard mail*
- *Maintain an online encyclopedia of all marketing and sales materials including slide presentations, videos, graphics and audio clips*
- *Synchronize data changes, additions, deletions and modifications to records with mobile users*

Cost Justification

Your CRM solution plan should also provide a basis for justifying the expense associated with your initiative. Increased revenues and decreased costs are the obvious ROI indicators but more must be understood. To justify the costs, first determine your ROI expectations. Begin by outlining your project goals and defining your measurable objectives. Convert the measurable objectives into a dollar amount that reflects the operational savings and increased sales that you anticipate. Now you can calculate how quickly you will realize a 100% ROI.

Example ROI Equation:

Company XYZ automated 20 salespeople with a CRM solution. As a result, each salesperson reduced his or her administrative tasks and non-selling time an average of 4 hours a week.

4 hours X 20 salespeople = 80 extra selling hours/week

That's equivalent to hiring two additional salespeople without the overhead.

Next, add to your ROI analysis, the less tangible benefits that your organization will derive.

Examples:

- *Enhanced communication*
- *Greater Responsiveness*
- *Better-informed employees*
- *Better-informed management*
- *Happier Employees*

Involve the Appropriate People

The most important factor in a successful CRM implementation is the people involved.   Involvement has to start at the top with management and include relevant parties all the way to the user level. As a rule, successful CRM projects have an executive as the project champion. They make sure the project stays on track by setting the initial project goals and objectives, and eliminating obstacles that arise. Executive support and endorsement ensure that the CRM solution becomes a part of the corporate culture.

To achieve success, the CRM initiative must be endorsed and used at the highest level.

Prioritize

Plan meetings where the teams can discuss the opportunities to improve your current system and have them establish the priority of some "must-do's." Since the CRM project will also impact management and information services (IS), poll them individually or create representative teams to compile their critical success factors as well. Early participation by everyone affected by the CRM solution promotes a sense of ownership and stimulates enthusiasm before the solution is implemented. Failure to involve the users during the project development leads to user resistance when you roll out the solution.

Involve users in the analysis. Create a system that becomes a tool for them, not just a repository for management information.

Establish a Timeline

Implementing a CRM solution, or any automation project, without pre-implementation planning is a sure-fire way to set out on the road to failure.   An effective planning process includes creating the project calendar, complete with established deadlines and scheduled meetings. If your decision process will be by committee, delegate the appropriate tasks to the members. The length of the planning process can range from a few weeks to several months depending upon the complexity of your company's processes.

A solution may take as little as 45 days to implement, all the way up to 120 days based on complexity.

Low-end contact management applications that are implemented "out-of-the-box" require less time than high-end enterprise solutions with complex customizations.   Implementing the typical middle market CRM solution, not including your pre-implementation planning, usually requires 45 to 120 days to complete.   Many factors can affect the implementation timeline, including the depth and breadth of your customizations, amount of your internal IS department's participation, the number of users to automate, the amount of data to convert, and the degree to which the CRM solution will be integrated with existing systems.

To help our clients begin realizing the benefit of their CRM solution quickly, Ascendix recommends a phased implementation approach. In a phased approach, we begin by implementing the solution with only the minimum amount of customization necessary to meet your projects most critical success factors. Your employees begin using the CRM solution quickly and your company starts to realize ROI immediately.   As the users become familiar with the system's capabilities and features, additional customizations are made in subsequent phases.

The most successful CRM projects only attempt to implement in each phase as much as the users organization can absorb. A phased implementation can also help your project avoid the "scope creep" that can occur when you attempt to address too many requirements all at once. If you approach your CRM project with a long-term vision, then segment that vision into prioritized phases; you'll be less likely to overwhelm your organization with massive changes.

Take a Technical Inventory
One area that's often overlooked prior to selecting a CRM solution is the technical inventory. It is critical to know the current components and age of your company's technical infrastructure. This information will directly impact both the cost and operability of any CRM solution.

Enterprise wide CRM solutions are designed for the client/server environment, Web-based environment or combination of the two. While some products will function in a variety of technical infrastructure configurations, others are designed for a limited number of configurations. If your technical infrastructure will not support the application you select, you may have to decide whether to change your infrastructure or choose from a more limited list of solution options.

Some solution providers or software publishers offer system-hosting services. This alleviates your internal IS department's responsibility for the maintenance and administration of your CRM solution.

Rapidly implement, grow and customize over time.

Establish a Budget

Front-office automation solutions vary from low-end, "off-the-shelf" products to high-end, customizable solutions. The cost of these products will vary significantly based on functionality, scalability and architectural elegance. While the CRM marketplace is crowded and fragmented you should be able to compile a short list of systems to review based on your specific CRM objectives, business requirements and technical infrastructure. The greater your functional requirements, expect the cost for the system to increase.

Your CRM project budget will need to account for the following components:
• Software
• Consulting (analysis and project management)
• Customization, Integration and Data Conversion
• System Implementation
• User and Administrator Training
• Technical and User Support
• Software Maintenance

There are two categories of costs commonly associated with a CRM project:
• Implementation Costs: These are the costs associated with the initial system implementation.
• Annual Costs: These are the ongoing costs associated with the long-term maintenance and support of the system.

Implementation Costs
To make sure that sufficient resources are available from the outset of the project, it is important to consider the solution's total cost. In addition to the software licenses, other costs associated with the initial implementation of a CRM solution include customization, implementation, training, support, and maintenance. These additional costs over and above the software will generally be 1 to 3 times the cost of the software. A typical middle market CRM solution implementation costs from $2,000 to $6,000 per user.

Annual Costs
Once you've completed your implementation there will be annual expenses required to ensure the long-term success of the solution.

Support – Typical support agreements give you direct access to technical analysts for problem resolution, bug reporting, documentation clarification and technical

Maintenance – Typical maintenance agreements include software updates, software upgrades and new versions. Without a maintenance agreement, you will have to purchase separately the software upgrades and new versions required to keep your system current. Industry standards are two to three software updates per year, one software upgrade per nine months to one year, and a new version every 18 months. A support agreement usually costs 10-15% of the software publisher's current suggested price for the software.

Professional Services – In addition to the support and maintenance agreements, you will want to budget annually for the professional services necessary to implement the upgrades, updates, and new versions.

Ongoing Training – When new versions or customizations are planned, you will need to include additional training for your users in the annual budget. New employees will also require user training to ensure they are using the solution successfully.

Select a CRM Solution and Solution Provider

There are over 600 front-office automation solutions on the market today. Keep in mind…"Execution is more important than vision". Your success depends on the ability of your company, and the selected business partner to successfully integrate the new tool into your existing ecology. So it starts with the planning process, the more planning that is done, the more obvious the selection will be. The "must-do's" are the benchmarks used to evaluate each solution's ability to effectively support your business processes and address your automation requirements.

Solution evaluation processes range from an informal discussion among the project leaders to a formal rating procedure involving the entire project team. The complexity of your business processes, the amount and detail of your project requirements, and the number of solutions you plan to evaluate will guide the format of your evaluation process.

Establish benchmarks for evaluating a solution. The evaluation should include all factors that could impact your solution.

Proprietary Systems

You may be considering designing your CRM solution from scratch. The initial cost of developing a proprietary system may look attractive, but many companies find that after they "re-invent the wheel" they face ongoing development costs to keep the system functioning. Most of these proprietary projects fail because of one or more of the following reasons:

- *Lengthy design and implementation cycle*
- *Resource draining maintenance requirements*
- *Future platform incompatibility*
- *Inability to integrate system with other enterprise applications*
- *Reliance on a single custom developer*

Packaged Solutions

Implementing a packaged CRM solution with customizations to accommodate your business practices will save you both time and money. Customized solutions can be implemented in less time than it takes to develop and implement a proprietary or homegrown system. Customized solutions also require fewer resources to maintain and can be readily integrated with back-office automation solutions such as MRP/ERP and accounting/finance systems.

When evaluating a CRM solution, you want to consider the software developer's market leadership or position, the long-term growth goals and financial stability. It is also important to purchase a mature product, not some late entry into the middle market CRM space. You will also want to be comfortable that the solution is scalable and will grow with your company.

Selecting a Solution Partner

Selecting a knowledgeable, reputable solution provider or systems integrator is more important than even selecting the best solution for your project. You will want a partner with the resources to provide full implementation support, including system design, customization, data conversion, installation and training. Look for the following in a CRM partner:

Specialized resources – Companies and organizations that have consultants who specialize in Customer Relationship Management understand how to implement successful solutions. Organizations with resources dedicated to supporting CRM solutions are able to provide comprehensive services and ensure the long-term, ongoing success of the system.

Current certifications and training – Maintaining a staff of trained and certified professionals requires a significant allocation of a company's resources and is a strong indicator of their commitment to servicing the CRM solutions they represent. It is important that the team assigned by your CRM partner to implement your system includes experienced professionals certified to customize, integrate and provide training for the solution you select.

Experience – The CRM industry is growing exponentially, and so are the numbers of solutions and solution providers. It is important that your partner has the experience, both with implementations and with the product offered to understand both the technical and strategic aspects of CRM.

Documented methodology – The solution provider that you choose should utilize a proven and documented project management system. Development of a successful, repeatable methodology is a strong indicator that they will deliver a reliable solution form start to finish and that they are committed to the CRM market.

Client references – The best way to assure that your implementation experience will be positive and professional is to check client references. Ask the reference questions such as:

- *Did the solution provider meet the project deadlines?*
- *How were last minute changes handled?*
- *How well did the solution provider communicate with them?*
- *Was the final project cost in line with the estimate?*
- *Did the solution provider meet the critical success factors that were established for the project?*
- *How well have they provided "after sale" service?*

Training

Once you've implemented a CRM solution, the real work begins. Your customized system will be full of timesaving, moneymaking features, but without training, no one will be able to take advantage of them. Without a doubt, training can make or break an automation implementation. Successful CRM projects set aside 10% to 20% of their overall budget and plan 1 to 3 full days for training when the system is rolled out.

The number one predictor of system failure is a lack of use. Lack of use is a direct reflection on the effort directed towards training.

Keep it simple at First

Front-office automation won't come naturally to most of the people in your organization, especially if they are not currently automated. These systems require change management on your end. Change management starts with training. Your CRM solution provider can help you foster self-sufficiency and computer confidence in your users, so they won't be intimidated by the new required change.

Re-enforce Over Time

Failure to provide ongoing training is a common mistake that companies make after they implement a CRM solution. First, they forget that change is an evolutionary process requiring re-enforcement. Second, they neglect to properly train new employees, relying on other users to fill in the gap. Third, they continue to customize and update the system without giving users training on the new features.

Planning Worksheets

When you are ready to begin your CRM project, use the following worksheets to organize and form your project plan. You may want to make copies of these worksheets before you start.

Project manager

Name:

Title:

Dept:

Phone:

E-mail:

Review team/steering committee

Name:

Title:

Dept:

Phone:

E-mail:

Review team/steering committee

Name:

Title:

Dept:

Phone:

E-mail:

Review team/steering committee - cont.

Name:

Title:

Dept:

Phone:

E-mail:

Name:

Title:

Dept:

Phone:

E-mail:

Name:

Title:

Dept:

Phone:

E-mail:

Departments that will be using the system

_____   _____

_____   _____

_____   _____

What systems do these departments currently use? Version?

Department	System	# of Users
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total number of users that will be automated?

Workgroup Clients*: _____

Remote (Mobile) Client(s): _____

Total: _____

Also refers to workgroup clients operating from a remote office (list offices below).

Remote office(s):

City	# Workgroup users
_____	_____
_____	_____
_____	_____
_____	_____

CRM Project Goals (Use separate sheet if necessary)

-
-
-
-

CRM Project Objectives (Use separate sheet if necessary)

-
-
-
-

Timeline

Selection Date: _____

Target Implementation Start Date: _____

Phase I Completion Rollout: _____

Technical Inventory

Client computer (user workstation) operating environment:

_____

_____

Example: Windows NT Workstation™, Windows 95™, Windows 98™

Network Operating System:

_____

_____

Example: NT Server 4.0™, Novell NetWare 5.0™

Database system(s):

_____

_____

Example: Microsoft SQL 7.0™, Oracle 9i™

Messaging (E-mail) system:

_____

_____

Example: Microsoft Exchange 5.5™

Internet server:

_____

_____

Example: Microsoft Internet Information Server 4.0™

What is the lowest powered client computer that you will run the new system on?

_____

_____

Example: Pentium 166 Mhz with 64mb of RAM and a 6gb hard drive.

What other applications will the new system need to integrate with?

_____

_____

Example: Great Plains, Sage

Budget (indicates per user or total)

Software/Licenses   _____

Professional Services   _____

Training   _____

Maintenance   _____

Support   _____

Total   _____

CRM Resources

If you are interested in more information about Customer Relationship Management, contact the following industry experts or reference these industry links:

CRM Experts

- *CRM Community: www.crmcommunity.com*

- *CRM Daily: www.crmdaily.com*

- *CRM Forum: www.crm-forum.com*

- *CRM Guru: www.crmguru.com*

- *Destination CRM: www.destinationcrm.com*

- *Front LIne Solutions: www.frontlinehq.com*

- *Real Market: www.realmarket.com*

CRM Experts

- *Customer Interface: www.c-interface.com*

- *Customer Support Management: www.customersupportmgmt.com*

- *Information Week: www.informationweek.com*

- *Sales & Marketing Management Magazine: www.salesandmarketing.com*

- *SalesDoctors Magazine: www.salesdoctors.com*

- *Selling Power Magazine: www.sellingpower.com*

- *SellMoreNow.com: www.sellmorenow.com*

- *Software Strategies Magazine: www.softwarestrategies.com*

Analysts

- *Aberdeen Group: www.aberdeen.com*

- *AMR Research: www.amrresearch.com*

- *Gartner: www.gartner.com*

- *IDC: www.idc.com*

- *Meta Group: www.metagroup.com*

- *vSente: www.vsente.com*

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