How to Choose a CRM System

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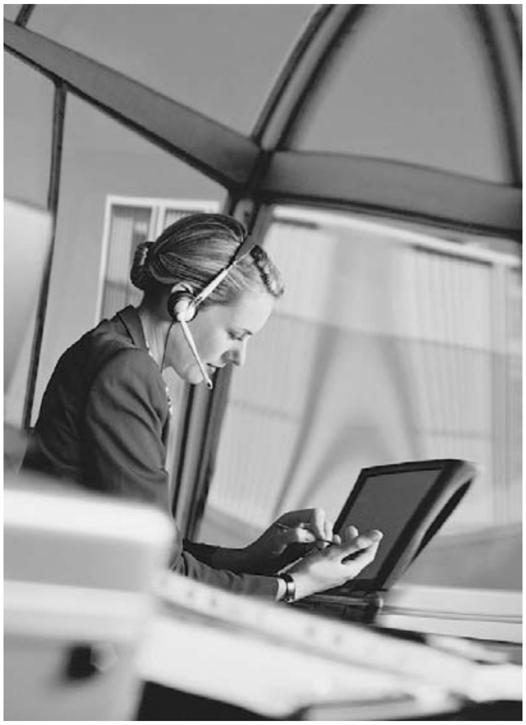


How to Choose a CRM System

When it comes to customer relationship management (CRM), it's important to understand all the benefits of an integrated CRM system before beginning your selection process. That's why we created this guide—to provide you with the essential information you need to make the best decision possible.

This guide is designed to help you build the business case for a CRM system, form an effective project team, ask the right questions, identify the challenges involved, and much more.

You may be wondering, "Why would Sage Software distribute a booklet that doesn't promote its own products?" We know how important it is to have great information before making great decisions. What's more, we're confident that the more you know about CRM systems, the more likely you are to seriously consider—and ultimately choose—Sage Software. In other words, our software stands up to the most stringent selection criteria.

We look forward to helping you succeed in choosing the CRM system that's best for your organization.

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 system builds value for your business by opening up vital communication channels and creating a common client-focused knowledge base 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 through 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 about 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 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 deliver 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.

Understanding the Core Components of CRM

CRM helps to increase productivity across your sales, marketing, 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.

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.

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.

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 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.

- **Greater efficiency**

With an integrated CRM system, you can gain immediate access to your organization's critical customer information. A good CRM system 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 system 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!

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?
- 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.

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 system 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, typically 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

System managers oversee activities for their departments and provide 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 all technical considerations, system integrators oversee and contribute to the implementation and integration of your CRM system and provide regular maintenance. They are usually IT staff; however, you may want your system programmers and system architects involved in the process. In some cases, the software reseller may perform the bulk of the work to integrate a CRM system.

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 inside the organization, in marketing, sales, customer service, accounting, and human resources—as well as outside the organization, such as your business partners. To gain a clearer picture of the capabilities your new system should include, find out what data your system customers use most and how they use it during your internal interviews.

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 systems—bringing considerable value to your organization. These experts can help your organization in three important ways:

- Evaluate your needs and suggest the best CRM system 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 vendors 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 systems 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. Be sure that your system is robust and versatile enough to:

- Be accessed from any location—from headquarters to remote locations and mobile employees.

What to Look for in a CRM Reseller

When evaluating a software reseller, ask yourself these questions:

▪ Can the reseller provide a complete service package?
Critical elements of any software implementation are training, technical support, and future maintenance and upgrades. Find a reseller who can assist you with the immediate sale and installation and with longer-term training and service.

▪ Does the reseller listen effectively?
To make the best recommendations for your organization, a reseller must learn about its current capabilities and what is still needed. Has the reseller attempted to learn as much as possible about your organization?

▪ Does the reseller communicate clearly?
Be wary of resellers who spend their time discussing the features of a program. Your reseller should focus on the benefits a CRM system 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 who fits with your company's philosophy and culture, and who you feel will provide professional expertise and consultation.

- Integrate with a wide range of third-party software, or other internal systems.

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

Increase communication channels

The ideal CRM system will integrate your multiple business channels and provide your users with seamless, remote access to up-to-date customer information.

Look for a system that supports multiple communication devices (such as Web browsers, handheld computing devices, and WAP-enabled phones) to let users access customer data anytime, anywhere. Choose one that will meet the functional needs of your system users.

Keep a global perspective

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 system is critical. Choose a system that is built specifically for the Web so it can be accessed using a wireless device or PDA.

Deploy Your System

Today, there are more ways than ever to deploy a CRM system. Before you make a decision, be sure to evaluate your alternatives carefully and consult with your reseller to determine which method of deployment is best for your organization.

▪ Build it
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 systems and hire consultants to build on the core functionality, customizing the systems to serve their unique needs.

▪ Purchase it
Not all organizations require extensive customization to implement a successful, high-performance CRM system. 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 application.

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

▪ Outsource it
You can purchase a hosted service from an Application Service Provider (ASP). ASPs host and manage applications and coordinate the support, maintenance, upgrades, and administration of your CRM system in a secure data center, allowing your employees to access the system remotely. In return, you pay a subscription fee on a per-month, per user basis.

Weigh your options

How you decide to deploy your CRM system will depend on many factors; for example, the size of your organization, your time frame, and your budget.

Benefits of on-premise: Control of data, customizable/configurable, advanced integration, robust report capabilities, less costs over time. For example, using a hosted solution has a wide range of financial benefits that include:

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

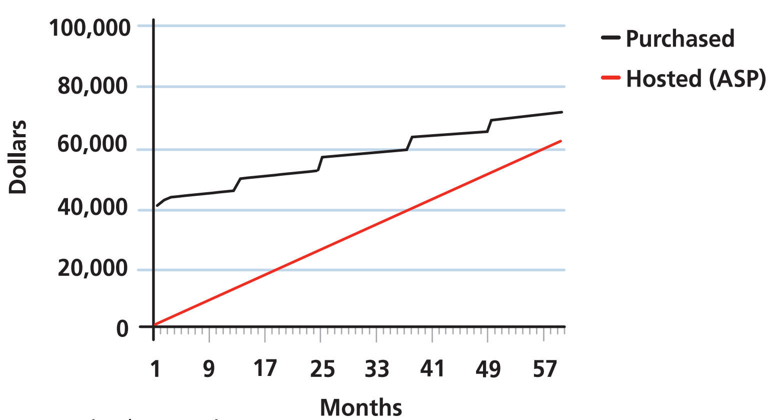
Other benefits of hosting include guaranteed uptime, regular data backups and maintenance, software upgrades and customer support. The hosted model is particularly beneficial for businesses that need to conserve capital or need to get up and running quickly.

However, keep in mind that all hosted solutions are not created equal. Know what services you are paying for before you commit to a provider. For the same fee, some providers may offer only the traditional sales force automation modules, while others may provide a much more comprehensive CRM system that is better suited to your organization's needs.

Consider the big picture

The two graphs show the monthly running total expenditures from two different size CRM implementations. Figure 1 represents a basic 15-user system. Figure 2 represents a larger 60-user implementation. Considering a hypothetical five-year snapshot, the option of purchasing becomes more attractive to the larger sample organization, all other factors remaining equal. Conversely, a smaller organization may prefer the reduced monthly payments that a hosted solution provides.

Figure 1 – Cost Comparison Between Purchasing and Hosting



A 15-user implementation

Source: Joel Scott, President, CRMworldclass LLC

Top 10 Features to Look for in a CRM System

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

Remember—the customer is why CRM exists. As you choose a system, 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 system. 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 products and services. By informing your reseller of your specific needs ahead of time, you direct the demonstrator's attention to your interests, not your reseller's.

- 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.

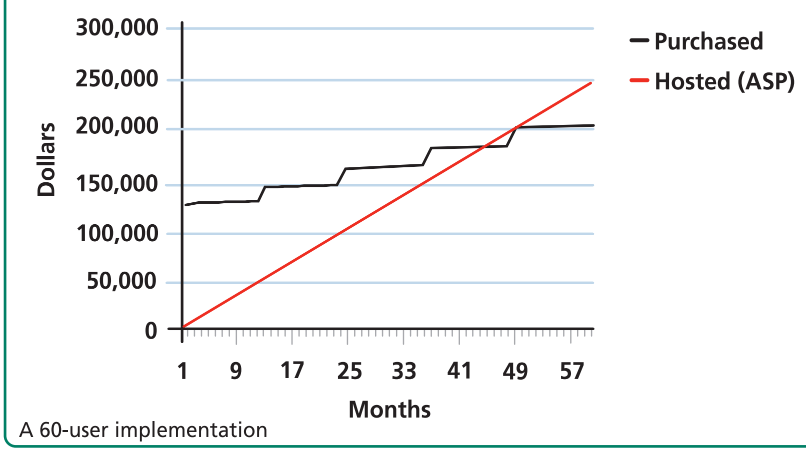
- Plan your questions. Have the core team come up with questions for each product demonstrator. You may also want to plan the sequence in which the questions will be asked, to ensure that everyone stays on topic during each demonstration.

- 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 systems 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.

While using a hosted CRM solution allows you to test the system and determine whether or not it meets your needs before making a large capital commitment, not all service providers offer their hosted solutions as full systems. Likewise, not all full systems are offered as hosted versions. If you are in the market for a hosted solution, be sure that you understand the migration path should you decide down the road to purchase and implement the system within your organization. Understand the fee schedule and how your data will or will not be affected by the migration.

Figure 2 – Cost Comparison Between Purchasing and Hosting



Source: Joel Scott, President, CRMworldclass LLC

Select a System That's Right for You

Now that you've done your homework and evaluated a number of possible systems, 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 systems 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? Is it a respected name in the software industry? How long has it been in business? What is its vision for the future—for its products and for the company? These are just some of the questions about the manufacturer you want to address when evaluating CRM systems. 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 system that's logical and easy to use. Ask these questions during your interview process:

- How easy is it to use 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 the 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 are calls taken from customers?
- What are the hours of operation?
- What options are available for after-hours questions or concerns?
- What charges or service plans are involved?

Inquire about the 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 system with 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 applications that complement and integrate with the CRM system? Can the vendor extend the capabilities of the system to connect your existing back-office functions?

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

Ensure options for growth

A good software company invests heavily in engineering and develops new product features and enhancements regularly. It stays abreast of new technologies and makes sure that its customers do, too. Often, software upgrades cost far less than the retail price of the full program. Some vendors even provide upgrades within their support programs. A good software manufacturer will provide product upgrades at reasonable prices or as part of a yearly service agreement.

Does it fit your budget?

Remember that your CRM system is a business investment. As such, your return on investment (ROI) should be a major component in determining which CRM system you select and how you choose to deploy it. Spending too little could result in an inadequate system that does not meet the needs of your customers or your organization, while overspending may put your business at risk. If you are honest with your reseller about the factors that will ultimately influence your decision, you should be able to make an informed decision that fits comfortably within your budget.

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

Once you have chosen the vendor and product, and purchased the software, it's time to install the system. 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. CRM software generally comes with some core functionality and toolboxes for adapting to your organization's requirements. Some CRM systems 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" system.

Get everyone involved

Getting employees to understand and support the new CRM system 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 system. 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.

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, perform a trial conversion of your existing data into your new database. Then ask your employees to explore the database. Since they will already be familiar with the customer information, this exercise will help them to better learn the new system. It will also help you to identify potential conversion problems.

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