

Leveraging CRM for MidSize Company Growth

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Introduction

If a company does well, it grows. But growth isn't inevitable; in fact, growth is selective. It involves countless factors that go far beyond merely having good products and services. Economic conditions matter. The company's staff quality matters. Managerial vision matters. Identification of change and the ability to adapt matters. Capital market health matters. The good news: If you're reading this guide, you are either experiencing growth, see it approaching on the horizon, or are ardently attempting to orchestrate it within your organization.

Studies have shown that organizations in the growth stage of their lifecycle typically need to formalize their information technology systems. In this Guide, we've recruited some Customer Relationship Management (CRM) thought leaders to explain in detail what you must consider when enabling and accelerating your growth through CRM strategies and technology.

This guide focuses on real-world issues that surround such a period of growth, and how to apply systems and systematic thinking when dealing with those issues. For example, how do you incorporate processes into what has been historically an ad hoc business? What kind of information will you need for customer records? What kind of system will handle your customer service operations; or your sales operations? Do you need to run marketing campaigns now? What measurements matter? And how will all these pieces work together?

We'll provide a set of guidelines that will assist in helping you make the sustainable transition from a small business into a midsize business – and hopefully lay the framework for sustained growth and maturity after that.

Starting with the “C” in CRM (Understanding and identifying customer needs and experience)

You're likely reading this guide because you want to manage customer information better internally. You want to drive more profits by unleashing the chains; operationalizing and simplifying how you execute your sales, marketing, and/or customer service activities. These things are absolutely necessary and critical to your growth, and we'll get to them. But before we dig into some of those concepts and discuss how you are going to get from here to there, let us interject an obvious, but often overlooked reminder. Sadly, what's happened so often over the course of the thousands of CRM implementations over the past 20 years is that somewhere along the way, the customer was forgotten. With the focus on managing activities and pipelines, internal collaboration, marketing campaigns, support tickets, system integration, and unifying data records, often the most important constituent in the discussion ironically has been forgotten, or simply ignored.

If you are reading this guide, you are getting ready to embark on somewhat adventurous journey. It's one that will involve excitement, frustration, setbacks, challenges, and ultimately progress and growth. One chapter of the journey will end, and another will open. Done right,

optimizing your CRM strategy, systems, and processes becomes an exercise in continuous improvement; as progress is made, new opportunities for growth and optimization emerge.

At the center of what you're beginning to embark on is change. Change in the way you work. Change in the way you manage information. Change in the way you communicate, both internally and externally. And, done right, all of these changes WILL affect your customers (hopefully for the better). While you're preparing for all of this change internally, consider involving your customers in the process. After all, they are almost certainly the entire reason your business exists in the first place.

Some questions to consider:

- Do you know what jobs your customers need to get done?
- Do you understand how your customers find you?
- Do you understand what your customers like most about your product?
- Where is customer information stored?
- What are your customer's expectations of you?

Since you have made it this far as a business, you probably have some idea of what the answers to these questions are. However, some of your assumptions or knowledge may be outdated, incomplete, or perhaps not quite right at all. Hopefully you are about to increase your capacity to relate with your customers better, be more nimble in response to their needs, and shorten feedback loops, both internally and with your extended stakeholder community. Gaining a clearer understanding of the answers to the questions above, subsequently institutionalizing this knowledge, and including customer feedback into your ongoing initiatives are critical, and surprisingly often overlooked requirements. Don't fall into this trap. Reach out to your customers and involve their input before, during, and after your CRM initiative(s).

Designing for Growth (Retrenching for the next phase in your journey)

It's impossible to cover every aspect of CRM for companies making the transition from a small to a midsize business. However, there are guidelines that will have value to you as you travel the road before you. Before you begin your initiative, keep in mind the far-reaching implications of the project you are about to embark on. When introducing new kinds of structured organizational procedures, the resulting cultural change is substantial.

As we begin to look to the future, let's quickly look back at the typical journey organizations like yours have taken.

The early days were hard work, but managing relationships with your customers was relatively simple. Your sales team was small, and you let them manage their day-to-day activities as they saw fit. They managed their own activities, and if you needed to know what they were working on, you simply talked about it, or reviewed a couple of emails or spreadsheets.

If your team needed answers, new products, flexible pricing or alternative packaging, they had a direct line to senior leadership who could respond quickly to customer needs and requests. You were small, agile and nimble. You moved more quickly than your competitors and earned business and grew your market share because of it. Most likely, your customers appreciated the response, cohesiveness and level of service they received from you and your organization.

But the resultant growth has also brought new challenges that your organization hasn't encountered before. You're not quite as agile as you once were. You've probably expanded into new regions, opened new offices, hired more people, expanded your product or service offerings, and have a longer list of issues that you're trying to solve internally, as well as for your customers and prospects.

While you've obviously gained revenues and profitability, you've potentially reduced your ability to provide your customers and prospects with the same level of service and care that you were able to provide when you were just a few like-minded, hard-working individuals trying to build something big.

So how do you continue to grow, while still providing the same (or better) customer experience that you did when you were a small business? The next stage of growth requires a new set of rules, guidelines, processes and supporting information systems. The good news is that CRM can add tremendous value in conquering these new challenges and establishing a platform for sustained growth.

If your business is like others in your growth stage, you've likely begun to encounter several glass ceilings: a revenue target, employee headcount or some other measure, target or objective, that proves to be elusive. To break through these barriers, an understanding of how organizations mature is required, as this will help you to successfully achieve results. After all, a glass ceiling should not be hard to break through.

A brief introduction into organizational models can help provide insight at this point. In 1988, Robert Kazanjian, an Assistant Professor at University of Michigan Business School, suggested a lifecycle model describing the discrete stages of organizational development.

While information technology has an obvious crucial role within each stage, technology was not the focus of his primary research at that time. However, this model is of particular interest because of its simplicity and focus on small to midsize businesses. Kazanjian describes the stages as:

1. Conception and Development;
2. Commercialization;
3. Growth;
4. Stability

In 2008, Middle Tennessee State University's Donald L. Lester and Thuhang T. Tran took the model and overlaid technology to each stage of Kazanjian's model. The evaluation of both literature and primary research focused on what an organization needed from an information technology perspective at each stage. What was proposed is that in the growth stage (stage 3), organizations require an investment in IT; specifically, in the areas of CRM, sales and marketing.

This exact growth stage is where your systems and processes need to expand for you to achieve results — unfortunately; you start to feel growing pains here as well. And while technology is critical, people and process are even more so, especially at this stage of growth at your company. People within different parts of the organization, as you are no doubt aware, grow and mature at varying rates. The characteristics of the people — by culture, discipline and methods — may or may not continue to fit as your organization works to break through the ceiling.

Organizations that are able to create an environment, with proper levels of structure, information systems, communication protocol and reporting capabilities are the ones that are able to make the leap into the growth and stability phases. Others stay perpetually stuck, or worse, fade away over time as their competitive advantages are eroded by more nimble and responsive competitors. Step back from the chaos and ask the tough questions, with a focused eye on the brighter, bigger future.

Sources for research (other than general reading and concepts): Lester, D. and Tran T. (2008). An Information Technology Solution to SME Growth. Institute of Behavioral and Applied Management. (paper); Kazanjian, R. (1988). Relation of Dominant Problems to Stages of Growth in Technology-Based New Ventures. *Academy of Management Journal*, 31(2), 257-279.

Championing the Initiative (Getting Buy-In with a gaze towards the future)

Why are we doing this again? If you're part of the team championing this internally, it's a question you'll have to answer explicitly and implicitly over and over again.

Culturally, you are at an inflexion point; the entrenched veterans may be resistant to change and the newbies are clamoring for a more progressive environment. While you might not be referring to the daily routine as processes, the processes are there; you simply may not have identified them as practices or patterns.

You are managing people, tasks and customers because manual, multistep processes require management. As your team matures, so do the routines, thus progressing from non-repeatable processes to barely repeatable. This is a step in the right direction and will lead to automation, even if everything is not integrated technologically. You have identified goals, but measuring progress isn't always complete or accurate, because the data requires manual input. Some of your teams are hitting their objectives, but not consistently; this is a critical point in the maturation process as well as a good time to take action and show value.

Businesses looking to make the leap from being a small business towards a new phase of growth and prosperity need to help their teams to see the value in the coming transition:

- **Putting data into the system will help your teams get more out of it.** Having easily accessible, accurate information is critical to the success of organizations of any size. When a customer calls on the phone, more than one person needs to be able to help the customer. If the customer has a support issue, it is important for the sales/account team to be aware of the event.
- **Lead nurturing will bring more qualified leads, and is a team effort.** No one likes to waste time on the phone or writing emails. While every lead may not be perfect, knowing which ones to spend time with and when to spend time and engage is important. Spending time on dead leads is time wasted.
- **Success breeds success; happy customers are vocal and powerful.** Your teams need to understand that happy customers are a valuable asset. As the organization grows, companies sometimes take their eye off the ball. The executive team must work hard to prevent this from happening. There will come a time when each sales team member will need a reference from someone else's customer in order to close a deal.

Looking Ahead: Beginning to See the Light

If all goes well, the customer-centric processes that you began defining will ultimately mature into more concrete and identifiable steps, and the teams will begin to see the value. Depending upon your approach, you may begin to automate and enable these processes within the context of your CRM technology. Teams will then have the increased ability to collaborate within and across departments, maybe even your customers, because they will

have access to the same data. From a cultural perspective, it is very important to watch and encourage this type of behavior.

The organizational veterans may have a long history of leveraging proprietary information as their main value or currency within the organization. Data and information sharing is a powerful capability within any organization, but while it is extremely valuable to the whole, the parts (individuals within the organization) may still need some convincing. Use examples and stories to make your point: for instance, the value to a salesperson when a customer support case is visible prior to making a call, or the value to marketing when sales hears of a successful use of the product. There are many more examples that you can use to make your point. The benefits that management gets are obvious: visibility into processes and the ability to predict and forecast future success with accuracy. Your company has the ability to be more responsive than ever to prospects and customers, and your customer acquisition and retention rates will likely grow. This is not an overnight event. It takes energy, shepherding, executive sponsorship, and participation from all levels within the organization.

Here are a few tips to help nurture the evolution:

1. **Put solid performers in a position of leadership and set them up for success.** Do not make it taboo for your team members to take risks (calculated risks of course). Do not punish people for initiative, or even failure.
2. **Don't automatically convert solid performers into managers; this may not their strength.** Consider cultivating a culture of entrepreneurs. Your best team members are self-starters. They got you here and they will help you get through the glass ceiling.
3. **Take definitive action, as indecision is not going to get you there.** You and your team need to be willing to make mistakes. While all initiatives do need to be supported by a business case, by encouraging and supporting a culture of freedom and trust, your team will get you there.

As one or more parts of the organization become more organized and streamlined, other parts will begin to stand out. Often, one of the first parts of the organization that experiences growing pains is the sales force, as they have constant pressure to close deals and bring in revenue. Your best deal-closers have their little black book, Rolodex or handheld contact management system. As a leader, you may not be too keen on rocking the boat, as they bring in deals. Many executives, especially coming out of the recent economic downturn, live by the mantra: "Do more with less." Again, sales, support and marketing functions also fall prey to this philosophy. Unfortunately, you may need to make hard choices and push the issue. A critical step is to get everyone on-board with the changes that need to be made, and strong leadership is a critical element.

Looking further ahead: We Have Arrived

You have the potential to ultimately form and cultivate a dedicated team focused on continuous improvement, with a strong focus on customer success. The team will not only see the value they bring to their customers, but the value the system brings to them on a daily basis. The previous changes will likely be driving measurable growth in the company, without disintegration of the core values or tenets of the organization. Your processes are neither so rigid that they get in the way of helping your customers, nor so methodical that your teams lack creativity.

Your processes will ultimately mature and be described as efficient and differentiated such that you can align and alter them according to market and customer needs. From a data perspective, we are hopeful that there is only one version of the truth. The systems required by your teams will be fully integrated from both a data and process perspective. Management will have the visibility it requires, and will be able to make more informed decisions and continually reinforce the company's positive growth trajectory.

Change: Culture, Process, and Management (Assessing and preparing for the coming change)

Once upon a time, your team had a few, passionate, multitalented people who shared the burden of marketing, sales and customer service/support. They wore multiple hats, and they did whatever it took to get the job done, to find and acquire new customers then keep them happy. As your organization has grown, departments have blossomed and specialists who focus on one job function have emerged. What may have once been a naturally collaborative and integrated environment has probably begun to divide, as individuals and departments now have a laser focus on their specific job function.

In some companies during the growth stage, departmental rivalries can develop. Combative political factions can even emerge. Most often, this is a natural progression that develops as people naturally tend to focus on their duties, tuning out what others are doing and keeping communications "vertically" focused within their department or group (instead of sharing information "horizontally" throughout the company). Functional groups become information "gatekeepers," creating informational silos that stymie coordination among departments.

Functional Silos

The job functions that were once performed by one or two people are now distributed across multiple functional groups with several people in each group. Each individual takes and performs his or her own sliver of the operational pie. The implication of this growth progression, as you may have learned, is that the potential for decisions to be made in a

vacuum by each functional area has now increased. Accountability can be lost. Fingers can start to point. Marketing, sales and customer service aren't quite on the same page anymore, and ultimately the customer suffers.

In order to truly realize the full potential of your next CRM initiative, you must unify the functional silos that have developed in the front office (and throughout your entire organization).

Four Considerations for Unifying Functional Silos:

1. Take a close look to determine what functional silos have developed within your organization.

Look first at the typical cohorts. Silos tend to naturally develop around functions. Sales and Marketing can often be at odds. Customer Service and PR couldn't be further apart in many situations. Geography can often play a part as well. Take an honest look and consider bringing in an outsider who has a set of "fresh eyes."

2. Elect a champion to bring the parties together to create a cross-functional task force or CRM steering committee.

The champion is someone who understands multiple facets of the business, is well-respected and has leadership capabilities. In most situations, the person is a senior-level employee, but not too far removed from department managers or line staff.

3. Map and redefine an integrated and systematic approach to meeting the needs of your customers.

Gain consensus on what your current and ideal customers really want (when, how, why), and think about how your people can work together to help deliver these things enveloped in a better customer experience. Think outside of today's business, economic or structural constraints.

4. Encourage employees within each department to understand not only their roles, but also the part that they play in your overall value delivery chain.

Develop a semiformal program that educates employees about mission, vision and the importance that all roles and functions play.

Information Silos

As roles become distributed across functions and individuals, the corresponding information associated with each of those distributed roles becomes equally distributed and decentralized. What was once contained within the minds and systems of one or two people may now be distributed across five or ten or fifty customer-facing individuals, and their respective “systems.”

If you're like most companies in your growth stage, customer information is fragmented across dozens of data repositories; spreadsheets and word processing documents are buried in ad hoc folders on laptops, shared network drives, and workstations across multiple physical locations. Emails, stacks of scribbled notepads, proprietary or homegrown databases, contact databases such as ACT!, and perhaps small- business accounting packages such as QuickBooks or Peachtree contain bits of data about your prospects and customers. Perhaps you even have a few cubicles plastered with layers of sticky notes.

These disparate data sets, combined with insights nested deep within the crevasses of the creative and talented minds of your employees contain the institutional knowledge that you are dying to have access to. And your customers increasingly expect every one of those individuals that they interact with to be able to reference information about them in real time.

Bringing People and the Right Information Together

If you are able to create alignment between the people within your organization across functional roles and departments, then you must enable them to share and collaborate around a central customer information repository that contains customer information from both inside and outside of your organizational walls.

This may require not only the adoption of new integrated information systems, but also a new standardization of data sets, naming conventions and data maintenance guidelines.

This alignment and organization of your information is critical to not only gaining efficiencies now, but also providing the platform and framework for continued growth. When everyone who interacts with your customers and prospects has access to a holistic view of customer information, this has the potential to create a superior customer experience, and restore that small and intimate culture that originally propelled your historical growth.

Four Considerations for Unifying Data

1. Identify all the places where customer information is stored today (use the aforementioned examples as a starting place). Create grids and visual representations of what information is stored where.

2. Seek to understand how each department manages and interacts with subsets of that customer information. Extend the visuals to include stakeholders and how they create, consume and distribute information.
3. Begin to lay the groundwork for a unified data model that works for all constituents who will be using the CRM system. Create a unified taxonomy agreed upon by stakeholders and governed by IT and IS.
4. Define a clear road map for change. This will potentially include data cleanup, new governance guidelines, ongoing data cleansing activities, and a formalization of how data is allowed to be input into the system.

CRM Is Different This Time

The biggest difference between how you are viewing CRM this time around versus previous efforts is that you need to move everyone to a centralized platform, maybe for the first time ever. The front office system has to serve more constituents with more disparate roles than it ever has before. Systems likely initially served an individual or very small workgroups. Then systems may have stretched their reach to the departmental level. Now it is critical that everyone collaborates and works from an integrated system to enable “oneness” as if you were still a small business.

As you move toward creating alignment between your cross-functional customer-facing personnel and departments, it's important that stakeholders from all roles are represented in the requirements planning. From a strategic perspective, the job is different and more complex than it has been before. There are more moving parts to bring into alignment.

From a systems perspective, you'll have a longer list of requirements that come from a wide range of stakeholders that need to be met. You'll also need to make sure that your new system not only enables the functions that you need today, but also where you'll be heading over the next few years. Integration with accounting and back office systems, web services, social networks, and mobile capability will likely be critical as your organization continues to grow and evolve.

Three Considerations to Ensure Success

1. Make sure that you understand the voices of all the constituents. Select a cross-section of representatives from each function and level in the organization. That will likely include people's names and titles to be included in each box of the grid below:

	Marketing	Sales	Customer Service	Technical Support	PR	IT/IS	Engineering/Accounting
Executive Team							
Management							
Front Line Staff							

2. Prioritize and gain consensus on core requirements. With someone in the lead, mutually agree on requirements. Group priorities according to buckets such as Critical, Very Important, Important and Nice to Have.
3. Formalize and document your requirements. This can be as formal as you'd like them to be and can vary from a well-written email to a formal 50-page RFP. Don't forget that new or evolving processes should work their way into the conversation. The key is that you have created a document that by the time to you get to the technology selection stage, you have already defined the organization's collective requirements for your new CRM solution.

CRM: The Technology (Determining and selecting)

Most of this guide so far has talked about the organizational and cultural dynamics that take place within a growing organization. The topics above are important and too often overlooked. Instead, decision makers attempt to use technology as a panacea to growing pains and the persistent structural challenges.

But alas, technology does play a pivotal part in enabling organizations to transition from the relatively ad hoc small business environment to a more formalized business environment poised for sustained growth.

Making the Move: Migrating to or broadening your CRM footprint

As you move towards a more robust CRM technology environment, or simply implement a CRM system for the first times, there are a number of challenges that you may be wrestling with. Below is a list of some of the most common challenges. You may find your organization is currently wrestling with many of these.

1. It is time for the company, not the individual salesperson, to own the customer data.
2. Rather than managing a contact, the account or opportunity is the core focus of the sales management. That simply means you probably know more than one person at the company and you have multiple opportunities to juggle.
3. Customization is increasingly necessary as you begin to establish a branded identity that must be seen “out there” at all times and as best practices and repeatable processes are identified and employed.
4. Metrics and benchmarks are needed to measure the success or failure of sales opportunities, salespersons, marketing campaigns and customer satisfaction with support and the company as a whole.
5. Seventy-five salespersons with six or seven opportunities each is a lot more than five or six with two or three. Opportunity management is now actually managing a pipeline that can include not only multiple sales per salesperson, but team sales that are allocated unevenly in how the compensation is associated.
6. Multiply the number of salespeople by the number of individual contacts and the transaction records and attachments, and you will see that a flat file database even with a 300,000-record limitation is no longer too swift a choice. Relational databases with millions of customer records as a limit are now often the needed norm. If you plan to continue to grow, scalability is more than just an option, it is a requirement.
7. The sales force is increasingly mobile and wanting to use their own devices for business purposes. The need to access and synchronize data via corporate issued and employee owned tablet and smartphone devices is increasingly mission-critical.
8. The historic holy grail of CRM was the single customer record with a consistent view of the customer across stakeholder channels. Where in the past that meant transactional information, it now also means that you need to consider including social information – such as that garnered from LinkedIn, Facebook, Twitter, or potentially a myriad of other niche social networks or communities.
9. Sales forecasting is something that your small business needed only informally, but now you need to consider two things that you didn't have to consider in the past. First, pipeline management functionality – which means that you can clearly (and dynamically) see how each salesperson is doing and what they are doing and how overall you can expect to do the next quarter. Second, as you grow even larger, analytic tools that aid you in forecasting (and/or collaboration tools) are

needed to improve the chances you have of success in closing particular opportunities out there.

10. Marketing Automation / Revenue Performance Management is the latest growth engine for sales and marketing professionals. The ability to understand and respond at more granular levels of the sales process opens up new opportunities and challenges for marketers. There are a growing list of marketing automation vendors that integrate with today's most popular CRM platforms.

Migration and Adoption

Whether or not you decide to go with either the full suite or just a component of the broader CRM universe, there will be migration and adoption issues that you will run across. The likely reality is that your salespeople have invested a lot in developing their individual databases and their individual territories. Most salespeople, being the competitive and fiercely independent people they are, are not going to be so willing to give that data up to “corporate Big Brother.” The cultural issue around technology will be their willingness to change from a contact manager that was designed to enhance their individual productivity (regardless of the company ownership) to a CRM sales application that may enhance their individual productivity, but will be biased towards assisting corporate productivity. Often this comes with some sacrifices. Sometimes, a battle ensues in the change of requirements or rules around system usage by sales. This underscores the importance of identifying, prioritizing, and articulating the needs and desires of all stakeholders throughout the organization. While this section has focused on the sales person's perspective, the potential for similar issues to arise with marketing, customer service, or other system users is equally appropriate.

Technical Questions: Looking at Data

Somewhere to put all that data you're harvesting from the individual desktop farms is critical. In fact, a data repository of some sort is as close to something that a newly born midsize company needs to survive (technologically) as the authors of this Guide can possibly think of. Also important are data mining tools and, for more advanced midsize businesses, analytic tools, to assist with deriving useful insights from all of the new unified and richer data sets.

Often, there has been considerable investment in creating various flat file databases, spreadsheets, or other proprietary databases. These are going to have to be mapped to the CRM application and transferred appropriately. The cost of doing it manually or re-inputting them into something else can be staggeringly high. That means selecting a CRM application with strong migration paths and tools is essential.

The central data repository, and customer records associated with the data, will provide you with the important view of the information that you need to make critical business decisions.

Technical Questions: Using the Application

The back end is solved with the data repository and customer records, but what about the all-important look and feel of the applications? The single most important universal feature of CRM needed for any company that is newly adopting it is intuitive use. Simple contact management and email solutions are often easy on the eyes, and, most frequently easy on the brain. It can guide your hand to automatic pilot when it comes to data entry, simple queries and contact history. CRM can be a much more complex and far more feature rich set of applications, often linked to other functions such as finance or supply chain. Finding a CRM solution that provides an easily understandable interface and usable set of commands via point and click can make or break your company's sales processes. For example, a familiar interface is helpful because so many people are used to using it. Additionally, graphic representation of processes such as the sales pipeline and its current state are essential to understanding what to do about the pipeline's current state. Rather than the drier numbers in a spreadsheet, the graphics let you see in a single moment the status of every potential deal that exists and whether or not any red flags loom or deal completions close.

Technical Questions: Automating Processes and Workflow

Let's assume that you've now identified the processes that you need to make your business successful. But you've also realized that you are in the midst of dynamic growth and thus, the processes that you are using now may evolve to a different group later on and you have to have the tools to handle that. This means that the business processes are not entirely form-fitting yet. This points to selecting a CRM application that has a toolset for customization, thereby making the solution flexible enough to handle ongoing changes – either additions to the processes or modifications and subtractions of processes that no longer work. For example, you might want to look for a CRM solution that incorporates one or more of the selling methodologies that have time-tested validity like solution selling or Miller-Heiman. Whether or not you prefer to use the embedded methodology is up to you, but make sure that you have the choice to use a standard selling methodology or that the tools to build your own version are there.

You've also got to consider the workflow built into the application. Roles and responsibilities have meaning at your company now, so security is going to be part of what you have to consider in the application. With a centralized data repository and workflow, you can assign security to individuals to allow them various levels of access, based on their specific roles and

assigned responsibilities. So the sales director might be able to see the entire pipeline, but the senior salesperson might be able to only see his or her current opportunities or those that are shared by a sales team.

Technical Questions: Features & Functions

CRM is noted for the amount of functions it can provide. Most companies only use a subset of the functionality. However, there are some essentials that you must look for in an appropriate solution. Below are some of the basic features and functions that you should be looking for when you're choosing your technology. This is by no means complete, but will provide you with some idea of what typical midsize businesses should be looking for.

The chart on the following page can serve as a guide to essential features and functions as you plan your move to a CRM solution.

CRM Features & Functions

Features/ Functions	General	Sales Force Automation	Marketing Automation	Customer Service
Foundation	Search functionality, preconfigured reports, remote synchronization, import & export many major file types (including .xls, .csv, .txt, xml), basic formatting templates	Contact management, opportunity management, account management, pipeline management, dashboards, calendar	Campaign management, email marketing, mail merge	Case management including escalation, visibility into customer record for service incidents, simple knowledgebase creation tools (e.g. ability to create FAQs)
Integration	MS Word, Excel integration	Outlook, Exchange, back office functionality e.g. financials, billing/payment	With sales force automation application or other specific marketing apps (e.g. email marketing)	Integration of service data with sales data, including service queries

Features/ Functions	General	Sales Force Automation	Marketing Automation	Customer Service
Migration	Export to Excel, data migration tools (handles multiple formats)	Same as General	Same as General	Same as General
Mobile	Should be able handle most mobile OSes (e.g. BlackBerry, iPhone, Android, Windows 7; at least BlackBerry and iPhone)	Basic PIM functions plus contact, account, opportunity management	Not as important as SFA	Not as important as SFA
Security	Minimum user level security: roles/responsibilities (permissions based access); preferred-security at individual level or for team	N/A	N/A	N/A
Workflow/ Business Rules/Process	Business rules and workflow creator, triggers & alerts	Baked-in sales methodologies	N/A	N/A
Useful Optional Functionality	Analytics; customized reporting, data cleansing/de-duplication; availability of ancillary business services via an app store	Quote generation, mobile apps with location-specific information	Lead scoring, nurturing, routing; social marketing	Service Level Agreement (SLA) management, knowledge management, Web self-service

Features/ Functions	General	Sales Force Automation	Marketing Automation	Customer Service
Web Access	Info available via browser, remote synchronization	N/A	N/A	N/A
Database	Relational DB best option, some user-definable customization	User-definable customization at contact level	N/A	N/A
Delivery Method	Options should include SaaS or cloud	N/A	N/A	N/A
Pricing	Monthly subscription per user via SaaS, license fee plus maintenance via on-premise	N/A	N/A	N/A

Technical Questions: Should You Use Social Functionality?

Should you use social functionality? It depends. If you don't feel that you need to monitor conversations by your customers about your brand – then don't. Are your customers, prospects, partners, and suppliers having digital conversations somewhere? The number of companies and organizations who can answer no to this question is shrinking rapidly.

Social technologies manifest themselves in a number of ways. Most people are familiar with the large social networks like Twitter, Facebook, and LinkedIn, and more recently, Google+ and Pinterest. But there are thousands of digital communities emerging around common interests or purposes. Listening, interacting, and integrating these digital conversations into your CRM strategy is increasingly an opportunity for competitive advantage and in the next few years will simply evolve into table stakes for organizations that are relevant in a digital world.

So then, the question is not really if you should use social functionality, but rather a question of when. There are increasingly compelling arguments for now. While most organizations have some presence on social networks, many are still wrestling with how to incorporate conversations and interactions with the rest of their corporate activities. Below is a list that may help you consider to what extent you will leverage and include social functionality in your technical implementation and use. While the social technologies market in maturing, it is still an environment where there categories and use cases and still being defined.

The Value of Social Functionality

Social Features You Might Consider	Relative Value	Notes
Email sharing	High	This is a highly valuable feature that allows the recipients of your email blasts to share the email with their friends/followers on social networks or elsewhere.
Social Network Dashboard	Medium	Shows all the social network activity on a single screen. Valuable if you're interacting with modestly high volume or greater on multiple social networks.
Social Media Monitoring	Low-Medium	This is a decision that is important if you have either a robust customer service environment or need a lost-cost channel to communicate with your audience. But make sure your audience is active on Twitter. Sounds like a truism, but it's overlooked all the time.
Text/Sentiment Analysis	Low	This is very valuable for monitoring what is being said and how people are thinking about your brand. Given the size of your company, though, it's not all that likely that the cost of developing the appropriate schemas to monitor this to the best accuracy possible (around 40 percent) is worth the dollars – yet.
Social Marketing Plugins	Medium	For products and/or services that have a great story or mass appeal, social amplifiers have proven to have a meaningful impact on campaign effectiveness.
Internal community	Medium	If you have a highly specific customer base that you interact with and a valuable one – a small community that might be focused on aggregating knowledge.

Again, by no means is this a complete list, but it can be of value to a growing midmarket business. The costs range from low to high for each of the categories shared above. Many of

the tools are free and pricing models vary as much as the functionality. Of course, the age-old adage applies: You get what you pay for.

Training: Don't Even Try to Avoid It

“Out with the old and in with the new” is often easier said than done. Training sales, marketing, customer support and other users of your CRM package is no small undertaking. While product interfaces have improved, and many vendors offer free online videos and tutorials, training is often an area where inadequate investment is placed.

Some can make a compelling argument that good training might be the most important part of the process when it comes to implementing and using any new system. User adoption depends on the comfort level that the users have with the new systems. Training is obviously a critical component to user adoption and comfort. Don't scrimp here. You'll be better off for it.

Evaluating the Costs

Costs of CRM implementation are often more difficult to calculate than they initially appear. While software licensing or subscription costs are generally straightforward, it's the additional costs that often lead to cost overruns and unforeseen expenditures. Beyond the software licensing, maintenance and support, you can often expect some investment in additional hardware (depending upon your deployment strategy), calling upon external service providers and engaging the software vendor's professional services for consulting and customization, employee training and internal staffing to maintain and upgrade the system.

Depending upon your deployment choice, people costs to manage the infrastructure should not be underestimated, as not only do you need hardware specialists, but also security expertise and so forth. The Total Cost of Ownership (TCO) should be calculated over the course of a minimum of three years, and ideally over five years. Many of the associated costs require important capital investments that could be applied more astutely to contribute to achieving business objectives. Managing the IT infrastructure can be a daunting task to the point where you could become distracted from enhancing your business processes.

One way to achieve software licensing or subscription cost savings is to reduce the cost of the software licenses and maintenance by deploying an open-source solution. If the necessary skills are available within your company or through a third party, you could buy and customize the base code of open source CRM software so that it meets your needs precisely. Another advantage of this approach is that you have direct access to integrate whichever legacy systems you have running on-premise. Although this option may seem thoroughly

enticing at first, you should take into account the time-to- implement, lack of product support, employee training and documentation, cost of upgrades and modifications of customizations (they may be incompatible with the code base in case of a new release).

Earlier in the decade, there were heated discussions around utility computing and its promise of turning IT into a commodity. In May 2003, writer Nicholas Carr caused quite a stir with his Harvard Business Review article “IT Doesn’t Matter,” in which he argued that, in the future, companies will purchase information technology as a utility service from outside suppliers. With the rising popularity of so-called “cloud computing” and changing pricing structures, the CRM industry is now starting to make true on the promise. Midsize businesses can compete against far bigger rivals using exactly the same tool-set at a more predictable IT cost.

These applications, which employees can access securely through the Internet, are often referred to as Software-as-a-Service (SaaS). In principle, they allow companies to purchase units of a service and to account for them as a variable cost rather than undertake large capital investments; but in practice, IT buyers are still acting as though they are acquiring conventional licensed software on long-term contract terms (with potentially a lot of so-called ‘shelfware’) without realizing there are alternatives. On-demand CRM platform provider RightNow set the stage in March 2010 with its Cloud Services Agreement, which guarantees forward price visibility, the ability to adjust numbers of seats in line with usage, and the right to walk or get cash refunds in case of Service Level Agreement breach. For the time being, other CRM vendors are not mimicking this yet, most likely because they are waiting to see how the market reacts.

SaaS CRM does not, however, solve the issue of reducing the costs of application customization, which can still be an expensive affair. SaaS vendors are reacting to this challenge to more affordable platforms in three main ways: by providing rapid development environments integrated directly into the platform; by providing an Application Programming Interface (API) that allows you to connect to your legacy systems; and by stimulating the creation of a lively marketplace such as Salesforce’s AppExchange, where third- party developers can propose extensions to the core product at a reasonable price, rather like Apple does for programs for its popular iPhones and iPads. You would be advised to go through these marketplaces before deciding on a vendor to see whether any missing features are already available in this manner. Other CRM vendors have since followed suit, and most have varying levels of partner add-on solutions to their core technology suite.

Finally, you must find a platform that is not only affordable, but that can grow as your company grows. For example, you may soon need to integrate and analyze social data and compare it with transactional data to better understand customer context and better meet their needs. This wave will be followed by a need to collaborate with, around and for your customers — between them, your employees, partners and suppliers — in order to provide the customer

experience they expect. Your CRM system should be able to open up channels to third parties' information sources in a managed manner that does not require that you "give away the shop." Utility or commodity-priced computing will open up a world of new opportunities to better engage your customers, all at a price level more affordable than ever.

Four Ways to Achieve TCO Savings

1. Negotiate flexible term contracts with the ability to adjust license numbers.
2. Investigate how third-party App Store applications could meet your needs to avoid custom development.
3. Take your company's midterm plans into consideration when determining the required feature set.
4. Ask service providers to provide clarity around implementation costs and deliverables, including change management processes and procedures.

Six Added Costs not to leave out

1. UI Customization
2. Workflow Customization
3. Legacy System Data Integration
4. Staff Cost for Ongoing System Maintenance
5. Training and Implementation Costs
6. Opportunity cost of capital investment and long implementation cycles

Conclusions

Customer Relationship Management (CRM) strategies, principles, and technologies play a pivotal role in helping organizations grow from small, entrepreneurial companies with ad-hoc processes, into several hundred million dollar powerhouses.

In this document, we've tried to cover the basics, provide some helpful guidelines, and provide a rough, general framework for you to begin your initiative. There are literally hundreds of unmentioned details, tips, tricks, pitfalls that you'll need to navigate along the way, but this should help to get you started.

Along your journey, use this guide as a reference point, and feel free to contact the authors for clarification or to ask more specific questions relative to your specific organization and situation.

Best wishes along your journey to sustained growth and market dominance.

Meet the Authors



Paul Greenberg

In addition to being the author of the best-selling CRM at the Speed of Light, Paul Greenberg is the Managing Principal of The 56 Group, LLC, a customer strategy consulting firm, focused on cutting edge CRM and Social CRM strategic services. He is a founding partner of the CRM training company, BPT Partners, LLC, a training and consulting venture composed of a number of CRM luminaries that has quickly become the authoritative training for the CRM industry.

His book, CRM at the Speed of Light: Social CRM Strategy, Tools, and Techniques for Engaging Your Customers, now in its fourth edition, is in 9 languages and been called “the bible of the CRM industry”. It has been used by more than 70 universities as a primary text. The Asian edition of CIO Magazine named it one of the 12 most important books an Asian CEO will ever read. Paul has also authored two other books including “E-Government for Public Officials” (Thompson Publishing, 2003).

Paul is the Executive Vice President of the CRM Association. He currently is the Chairman of the Advisory Committee of the University of Toronto's Rotman School of Management CRM Centre of Excellence. He has been a Board of Advisors member of the Baylor University MBA Program for CRM majors, and the co-chairman of Rutgers University's CRM Research Center.

He is a core member of the Board of Advisors for the Center for American Progress, the leading policy think tank in Washington D.C.

Paul has developed strategies and helped define CRM and social CRM products for all the major vendors in CRM and in social media. He has developed broad CRM strategies and programs for a significant number of larger enterprises and worked with them from inception of the idea of a CRM strategy through vendor selection when needed.

Paul Greenberg (continued)

Paul is considered a thought leader in CRM, having been published in numerous industry and business publications over the years and having traveled the world speaking on cutting edge CRM and topics geared to the contemporary social customer. He has been called “the dean of CRM” and “the godfather of CRM” and even the “Bob Dylan of CRM” by analysts and organizations throughout the industry. In fact, at the end of 2007, he was the #1 non-vendor influencer, by InsideCRM in their annual “25 Most Influential CRM People” announcement. He was also named one of the most influential CRM leaders in 2008 by CRM Magazine and was elected to magazine’s CRM Hall of Fame in 2010 – the first non-vendor related thought leader in its history.

He is known particularly for his work on the use of social media, such as blogs, podcasts and wikis and social networks in CRM as tools for customer collaboration with a company. He is seen often as the “voice of the customer” and is well known within the CRM industry for this work. His blog, PGreenblog (the56group.typepad.com) was named the winner of the first annual CRM “Blog of the Year” in 2005 by SearchCRM and the 2007 “WhatIs” Award for CRM Blogs, by their parent company, TechTarget. He also received the #1 CRM Blog Award from InsideCRM at the end of 2007 and in 2008 and was named #1 CRM blogger by ForecastingClouds in January 2010. He now also writes the CRM blog, “Social CRM: The Conversation” for high profile CBS-owned technology media property, ZDNET (<http://blogs.zdnet.com/crm>)

He is also the founder of the very popular CRM Idol competition, first held in 2011.

Greenberg also thinks that a sense of humor is necessary when it comes to CRM and its social antecedent so he is the host of an edgy podcast called Experience on the Edge and co-hosts the totally insane “CRM Playaz” with fellow thought leader Brent Leary.



Mitch Lieberman

Mitch Lieberman is Chief Executive Officer and Founder of Comity Technology Advisors and has 15 years of experience in CRM. He has social business expertise to offer analysis and strategic advice to companies of all sizes, helping them leverage social technology to better manage their relationships with individual consumers and their business customers.

Mitch works with clients including software vendors, to whom he provides analysis and strategic advice on product direction and market position, working with them to help them understand how businesses will utilize their solution; and businesses, to whom he provides analysis, strategic direction and implementation services in order to help them leverage social technology to better manage their relationships with their individual and business customers.

He was previously the Vice President of Strategic Solutions at SugarCRM, and he is also a Technical Advisory Board member of TRA; and an adjunct Professor at Champlain College, teaching "Systems Analysis and Design in a Modern World." Mitch holds an Electrical Engineering degree from University of Vermont.



Mark Tamis

Mark Tamis is an Associate, Social Business Strategist at Net-7. As a social CRM and social business consultant, Mark worked for several U.S. software publishers in the areas of Enterprise 2.0, collaboration, CMS, KM, EAI and BPM before focusing on the use of Web 2.0 technologies to improve customer experience.

His expertise includes defining and implementing a social CRM and social business strategies, and managing its impact on the organization in an international environment.

Mark has earned different degrees in International Business (BA, MSc) from French, English and Dutch business schools, and he most recently worked in for Oracle in the Enterprise 2.0 sphere. His first run-in with computers was at the age of 12, when he learned how to use a Commodore VIC20 (with the 16Kb memory extension cartridge).



Brian Vellmure

Brian Vellmure is the Principal and Founder of Innovantage / Initium LLC. For much of the last two decades, Brian Vellmure has been helping organizations accelerate growth through customer focused initiatives. He is an accomplished business leader, management consultant, and award winning and syndicated blogger. He is often referred to as a Social CRM and Social Business thought leader & pioneer.

Specializing in strategy, process improvement, & technology selection, Brian works with executive and senior management teams to create competitive advantage through leading sustainable and disruptive innovation initiatives. A specialist in leveraging emerging technology to enhance customer experience, acquisition, & retention efforts, he is also a sought after speaker, writer, and contributor to several media properties. In addition, he often serves as an expert advisor for software and technology vendors, providing thought leadership content, and market and product strategy guidance.

Brian was a founding board member of International Princess Project, a social enterprise that aims to restore hope & dignity to women formerly enslaved in prostitution, and advocates for the worldwide abolition of human trafficking and forced prostitution.

Brian is based in Orange County, CA, has traveled to more than 40 countries, is a real estate investor, and was an award winning NCAA Division 1 football scholarship athlete.

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