

CRM: THE ESSENTIAL GUIDE

Five Principles for CRM Success



INTRODUCTION

Without customers, a company cannot survive. So it's no surprise that customers influence the way companies in every industry conduct business. The challenge is how to effectively manage interactions to best serve customers and prospects while staying aligned with evolving business goals, including growth and profits. The customer-centric companies achieving the greatest success today use flexible customer relationship management (CRM) solutions to manage the customer-facing processes of their business and implement their customer-centric vision.

This guide provides insight to help you take a more customer-centric view of your business. It walks you through how to weigh and consider your CRM options, answering questions such as:

- How can CRM address customer-facing processes unique to your industry?
- How can CRM work with your company's specific business processes?
- What CRM capabilities are available that will help you keep pace with rapid changes in your business and market?
- How can CRM deliver quantifiable business results?
- Are there CRM implementation approaches that mitigate the expense and risk for your business?

Companies need to take a strategic and informed approach to their customer relationships and CRM selection. Over the years, some companies have spent large sums on CRM only to have it fail to deliver the results they had hoped for. When CRM deployments do not meet expectations, it is often due to a lack of clear business strategy or executive sponsorship, poor technology fit, inadequate planning, or a combination of these factors. As explained in this paper, CRM is first and foremost a strategy, and CRM technology enables and supports this unique business strategy—not the other way around. To avoid common pitfalls, it's important to be aware of this and other core CRM success principles discussed in this guide.

With an ever-increasing number of factors to consider in CRM system selection, it can be difficult to navigate technology options with confidence. One of the best ways to learn how to achieve CRM success is to look at how other companies have made it work for them. Our customers and prospects continually provide us with insight that we've used to refine our CRM solutions to better fit their needs. With the complexity of CRM system evaluation in mind, we've gathered a combination of our customers' success stories, research, and our own CRM insights (gathered across more than 2,000 implementation experiences) to create this guide to help companies like yours take a considered approach to CRM evaluation, informed by real-world success.

This guide distills insights from customers, prospects, industry analysts, and the press down to five key principles for CRM success. Use these five principles as a guide for selecting the right solution and, ultimately, deploying CRM successfully. These principles will help you develop a CRM strategy that is executable, measurable, and aligned with your company's strategic goals.

Among the companies profiled in this guide, one calls CRM the "glue" that holds their business together. Another describes CRM as their "backbone." One more states CRM "has opened many doors." For all of them, CRM is fundamental to their business success.

Featuring real-world CRM lessons from:	
» Allianz Dresdner Asset Management	» Savills
» Beazer Homes	» Micro Focus International
» Boca Developers	» North Shore Credit Union
» Calamos Investments	» Regus Group plc.
» Centex Homes	» Sage Products
» Centra Software	» Sharp Electronics
» ESRI	» Softrax Corporation
» Farm Credit Services of America	» Syngenta
» Flag Choice Hotels Limited	» Warehouse Stationery

PRINCIPLE 1: CRM Is Not a Software Purchase. It's a Strategy.

No technology—no matter how sophisticated—can be successful without a strategy to guide its implementation and use. Business strategy and technology must always work hand in hand to bring a customer-centric plan to fruition.

CRM solutions can help you get to know your customers better, understand their needs, and respond to those needs to create a valuable customer experience. But without a solid CRM strategy based on clear goals and a particular vision of the customer experience, technologies alone will fail to achieve a customer-centric outcome. As Gartner Research advises, companies evaluating CRM options should “[k]eep in mind that CRM is—and will continue to be—a business strategy that requires the proper alignment of people, business processes and technology to create long-lasting, profitable relationships.”¹ Consequently, before your company even considers assembling lists of requirements or evaluating available solutions, it should take the time and effort to clearly articulate its CRM strategy and goals.

With this understood, how should you embark on defining your CRM strategy?

Companies looking to become customer-centric must develop CRM strategies that make customers—more than products, processes, or even profits—the focal point of their business. Start by looking at how your enterprise can build value through stronger customer relationships and improved customer loyalty. Then define the full arc of the experience you want your customers to have: an experience distinctive, consistent, and positive enough to cement deeper relationships and enhanced loyalty. Above all, it is this experience—from first encounter through post-sales service—that will determine whether your customers buy more, stay longer, or recommend you to others.

In the words of Gartner Research, a customer-centric CRM strategy “aims to effectively manage the customer life cycle from selection and acquisition through retention and cross-sell.”² It takes its direction from the company’s business goals and aligns those goals with the company’s customer-facing channels and processes.

To develop a solid CRM strategy, you must understand the market, industry, and customer drivers that influence the selection and use of your company’s products and services. You should also understand your competitive environment and consider how your firm can differentiate itself from competitors through the customer experience. You should carefully consider the impact and requirements of your strategy across different geographies, languages, markets, and channels.

Developing your CRM strategy is one of the most difficult building blocks of CRM success, because it cannot merely be based on a simple set of rules or mirror another company’s strategy. Your CRM strategy must be informed by your company’s goals, customers, conditions, and environment—as such, it must be unique. If you asked ten of our customers to describe their CRM strategies, you would likely get ten different answers, which merely goes to prove that when done right, CRM helps create differentiation across firms, not uniformity.

Though each CRM strategy is unique, there are often similarities in the kinds of goals companies are looking to achieve. Gartner surveyed mid-sized businesses to learn about their CRM goals and objectives. Not surprisingly, top CRM objectives among these firms included a desire to obtain a 360-degree customer view and to automate and manage sales-related processes. Other common goals include reducing cost of service, improving collaboration and efficiencies, accelerating the sales cycle, managing leads more effectively, and deriving greater insight into sources of value and opportunities for cross-selling and up-selling within the customer base.

¹ Robert P. Desisto, Tom Berg, Michael Maoz, Alexa Bona, Ben Pring, Christopher Ambrose, John Pescatore, Lydia Leong, Kimberly Collins, Joanne M. Correia, “CRM on Demand: The Myth and Promise of No Software.” Gartner Research, G00136707, 23 March 2006, p. 3.

² Kimberly Collins, “How to Develop a CRM Strategy.” Gartner Research G00145702, 16 February 2007, p. 2.

Beyond just benefiting customers, a successful CRM strategy must be congruent with an organization's greater business goals. As Gartner Research notes, "CRM benefits come from using customer insight to deliver relevant, value-added products and services that benefit the organization making the investment as well as the customers affected."³ Companies need to define their business needs first to ensure their CRM investment aligns with the people and processes that support their objectives.

Our most successful customers have been those that have taken this principle to heart and taken a strategic approach to CRM. Their experiences show a close correlation between CRM vision and business strategy.

CUSTOMER INSIGHT: Build your CRM vision by first defining a valuable customer experience.

Your CRM vision should be more than an organizational mission statement. Too many companies create a great customer-centric slogan without any supporting initiatives—an approach that can create more backlash than goodwill. CRM is about more than optics and claims—it's about aligning your organization's data and processes to create a customer experience that supports these claims.

A CRM vision is not a "nice-to-have" element of a CRM strategy; it's a necessity. As Gartner Research notes:

A CRM vision must span the customer life cycle and all points of interaction, and it must use the customer experience as a design point for the vision. Without vision, there is no primary objective for customer treatments. For most CRM initiatives, this will result in limited improvements that are often isolated in a single point within a business process. This will fail to improve the overall customer experience, drive revenue or grow customer value. Some strategies focus on only one aspect of the customer life cycle (such as acquisition) at the expense of others (such as retention). The vision needs to look holistically across the customer life cycle, from selection and acquisition to retention and cross-sell, and bring about decisive change.⁴

Your CRM vision provides a rationale for your strategic and tactical CRM initiatives. It helps avoid the pitfall of focusing CRM activities too narrowly on a single part of the customer experience or lifecycle. Without this vision, a CRM implementation's full potential for revenue growth and customer loyalty cannot be realized.

For many of our customers, CRM is a driving force of their corporate vision and has enabled a multi-channel approach for customer interactions that span customer-facing departments.

“With Pivotal CRM, we can handle any of our business processes, workflows, and data integration. From a business perspective, users can ask for new functionality in the software and we can give it to them quickly. This is one of Pivotal CRM's strengths.”

Dario Vettor
Director of IT, Mold-Masters

» CASE STUDY: ESRI

ESRI is the world's leading producer of geographic information systems (GIS), serving 300,000 organizations around the world with more than one million users. For them, CRM supports core operational and business functions, but just as importantly, it enables ESRI to serve its customers better.

“You can never look at anything related to CRM as a departmental implementation—if it can't go company-wide, then it doesn't belong,” explains ESRI's director of sales operations, Jeff Peters. “We have always been very customer-driven. The problem was finding a system that could support this customer-driven company approach and then reengineering our approach to data, to architecturally support that solution.”

» CASE STUDY: Farm Credit Services of America

Jim Greufe, vice president responsible for CRM at Farm Credit Services of America, views CRM as a fundamental strategic asset. Their corporate mission statement bears this out: “Serving rural America with financial solutions, one relationship at a time.”

³ *Ibid.*

⁴ Gene Alvarez, “How to Create a Powerful CRM Vision.” Gartner Research G00146362, 1 March 2007, p. 3

“Our customer relationship management strategy is a driving force of our corporate vision,” explains Greufe. “We continuously strive to deliver a higher standard of customer care to more than 59,000 farmers and ranchers that live and work the rural areas of the Midwest. Pivotal’s CRM solution is the cornerstone to the success of our CRM strategy.”

For both ESRI and Farm Credit Services of America, CRM is not a technology; it’s a fundamental driver of their corporate mission.

CUSTOMER INSIGHT: Conduct business on your customers’ terms.

It’s no surprise that in looking for areas of improvement, most organizations will focus primarily on the things that they can understand and influence most easily, such as technology and processes. Unfortunately, this can be an error, resulting in inwardly focused CRM initiatives that provide minimal value to customers and prospects. Identifying and meeting customer needs should be the primary goal of relationship management. Successful CRM strategies take the customer’s point of view into consideration and build it into the company’s business processes.

Understanding your customers’ needs allows you to provide a relevant and differentiated experience. Building this understanding into your CRM system and processes can also improve the effectiveness and efficiency of your interactions with customers. This can thus result in a “win-win” scenario: the right CRM tools support marketing, sales, and customer service practices that please prospects and increase customer satisfaction, while keeping the company productive, effective, and efficient behind the scenes.

Gathering information about your customers’ needs and preferences through your CRM system enables you to focus efforts on providing solutions for the customer, rather than pushing product—an approach that often improves sales figures. For one of our customers, understanding clients’ needs fundamentally changed how they think about customer relationships and how they provide their services.

» CASE STUDY: Farm Credit Services of America

Farm Credit Services of America, one of the largest farm credit organizations in North America, has a clear objective to become more accessible, more responsive, more service-oriented, and more competitive. They want to be a vital partner to their customers and the entire agriculture business.

In the rural farm credit industry, customer interactions are largely face-to-face. When Farm Credit Services of America evaluated where to open retail locations, they consulted customers and discovered that rather than visiting a branch, they wanted to carry out banking and financial services dealings at their own place of business. And by implementing a mobile CRM solution, that’s exactly what Farm Credit Services of America has been able to provide.

“Our customers are proud of their operations; they want to show us their business,” explains Greufe. “So we knew we had to have the ability to transact commerce at their place of business, on their terms.” Mobile CRM provides a fully integrated, web-enabled CRM solution for real-time access to critical data with or without a network connection.

By listening to customers and conducting business on their terms, Farm Credit Services of America has created a clear competitive advantage, enabled by CRM.

CUSTOMER INSIGHT: One global view. Myriad local relationships.

CRM should allow you to easily share customer information across organizations and geographies. When devising a strategy to connect customer-facing employees in one country with counterparts in another, it's important to remember that most customers are served locally—and often in their local language. Tailoring the customer experience to local languages and unique business requirements is a natural extension of orienting business processes around customer needs.

To effectively meet the expectations of customers in every corner of the world, sales, marketing, and customer service departments need the ability to work together as a single, coordinated team. CRM needs to be a unified customer information repository that can be accessed by corporate and regional employees alike, while creating a personally and culturally relevant experience that will strengthen the customer relationship and improve customer satisfaction.

For CRM technology to be considered a viable option for global organizations, vendor experience working with global deployments is necessary. Vendors must also have the ability to deliver and support implementations around the world.

“Before Pivotal CRM, we were like an eight-cylinder car that was operating on only two cylinders. When we jumped into the Pivotal CRM solution, there was an immediate impact and we became more effective.”

Bill Kale
Director of IS, Sage Products

» CASE STUDY: Syngenta

Syngenta is a world leader in agribusiness and crop protection. Through their CRM implementation, their staff of more than 21,000 people in over 90 countries has up-to-date access to customer data. With different products, customers, preferences, business models, regulatory climates, and, of course, geographic boundaries, every office needs to operate effectively at a local level while also embodying consistent corporate practices.

“We had a range of processes and tools in place,” says Syngenta's IT director, Larry Reeves. “However, the approach was ad hoc and there seemed to be a disjoint—we were not performing as efficiently as we could and were missing market opportunities.” Local Pivotal CRM partners helped implement the right technology and workflows. This enabled all local offices to take an active and unique approach to service and sell to their individual markets while maintaining a single view of the customer.

CUSTOMER INSIGHT: Make user adoption a top priority.

Installing a full-featured CRM technology platform does not guarantee that it will be used properly—or at all. Many companies still underestimate how important end-user acceptance is to the success of a CRM initiative. In fact, the most commonly reported obstacles to CRM success are non-technical: change management, internal politics, and uncoordinated departmental processes, systems, and databases.

Involving end users in the overall system design greatly affects success. An intuitive interface, for example, is critical: one that can be personalized to reflect the way different users work—not the way the vendor thinks they should—will gain high marks. Ease of access to important information anytime, anywhere is another key user concern. To identify potential barriers to user adoption and ensure the CRM system will provide optimal benefits to users, organizations should involve users and other stakeholders in designing and championing CRM strategies and solutions. By involving employees in the CRM vision and implementation, organizations can gain valuable insights and deliver a more beneficial solution, while giving employees a sense that the system is being built by them, not for them.

It is also important to recognize that implementing a CRM solution does not entail changes merely to process and technology, but to the entire corporate culture. The transition to a

customer-centric culture can in itself be a major hurdle for many companies. This underlines the importance of having a unified and thorough CRM strategy that includes a commitment to leading, training, and supporting employees and partners through the cultural transition of rolling out a CRM solution. Proper change management also requires alignment of all stakeholders from the executive level down through end users. To ensure a smooth roll-out and user adoption, companies need to dedicate sufficient time up front to detailing all regional, international, internal, and external processes and roles that will be impacted by the transition and planning for effective transition.

How to best manage change and promote user adoption depends on a range of factors, including company size and geographic spread, the complexity of the implementation, and the degree of cultural and process change effected by the CRM deployment. In working with customers of all sizes across a range of industries, we have seen many different approaches achieve success.

» CASE STUDY: ESRI

ESRI ensured CRM success by introducing their CRM solution in stages and by having those who use the system participate closely in customizing it. “CRM champions” from each department were selected, and employees were included in system design. As a result, the adoption rate was strong, and the employees who use the system have benefited directly from the input they provided.

Ensuring success at ESRI was about more than just end-user buy-in; it was about executive and management buy-in. “We are implementing CRM one bite at time, not waiting for the whole meal,” explains ESRI’s director of sales operations, Jeff Peters. “People are looking for success—and it’s the process, not the event, that ensures success. If you view CRM as a one-time event, you are doomed. Management wants to see successes. When they see them, they stay engaged.”

» CASE STUDY: Syngenta

Syngenta knew that getting CRM results meant winning over the hearts and minds of their employees. With roots over a century old, the company is the result of a merger between two leading names in the agribusiness industry—Novartis and Zeneca. Integrating silos of information and a range of tools and processes posed more than just technological challenges when these companies joined forces. To overcome resistance, Syngenta needed to achieve a series of milestones and show hard results.

“Our people had to adopt new work processes and attitudes towards how they interacted with our customers,” explains Syngenta’s CRM manager, Scott McKinnon. “It helped that we had some quick wins with the solution right in the beginning that proved to [management] that the solution would make a difference to our business.” He adds, “For CRM to achieve the desired results, it requires a cultural shift, a different way of thinking and acting throughout the company. It’s not just about the technology; it’s about people using technology in clever ways. We understand this and are committed to the hard part—making it work.”

By involving users in the process and implementing at a pace that made sense for their business, Syngenta and ESRI ensured user adoption.

PRINCIPLE 2: CRM Must Fit the Way You Work—Today and Tomorrow

New software often brings new benefits, but it can also bring new inconveniences, if it forces you to change the way you work to fit the software. In addition to being disruptive, if rigid new software is “imposed” on your employees, this can breed resentment against the new tools and hinder user adoption. With CRM, where success is closely tied to user receptivity, this can present a significant obstacle.

Furthermore, your business processes have often been built up over years of experience and have been honed and refined over time—in many cases, they are part of your competitive differentiation. In this light, changing the way you work to fit a software system is not just a nuisance—it can be seriously detrimental to your operations.

CRM needs to work the way you do—the way your employees work and the way your business operates—without changing the processes that make you unique. Your employees should have access to all the customer data they require, whenever they require it, and in their preferred view—and it should make it easier to do their jobs. While CRM may bring about process refinements and new efficiencies, it should still mold to the unique characteristics of your business processes.

Business processes, however, are not static. In fact, a company’s ability to reconfigure processes quickly in reaction to changing needs, priorities, and external factors can produce a significant competitive advantage. A CRM solution built on a flexible technology platform can easily be modified to suit your current workflows and business needs, while also providing the flexibility to respond quickly to future events and evolving demands. By prioritizing flexibility in your software selection, you can support a more adaptive, agile enterprise.

Deploying the right CRM solution should enable you to bring all of your existing, time-proven customer-facing processes and procedures, from lead management through quote and contract generation, the sales process, and customer service, under the umbrella of a single, integrated system that makes your processes more adaptable, not rigid.

“Customization is the strength of Pivotal CRM—that’s why we chose it. We would never have gotten out of the gate if we had a pre-canned system that forced us to tell people that they had to change the way they do things. People are smart and want to feel like they are influencing things, so if you come in with a top-down sledgehammer, you might as well uninstall the software from the system because they’re not going to use it.”

Jeff Peters
Director of Sales Operations, ESRI

CUSTOMER INSIGHT: The right CRM architecture can work the way you do.

If your organization requires robust sales, marketing, service, and channel management capabilities, the ability to easily and cost-effectively customize your CRM solution is essential. You will derive more value from your CRM system if you model your unique business processes within it, using the CRM system to standardize, streamline, and refine these processes, rather than to override them. You may also benefit from integrating your CRM solution with other enterprise applications, such as your back-office systems, helping to make all relevant information available through a single application.

The flexibility of a CRM solution—or lack thereof—is determined by its underlying architecture, which directly affects the extent it can be customized and integrated. Many Pivotal CRM customers have taken advantage of its flexible architecture to model their unique processes and consider themselves well positioned to meet evolving demands.

» CASE STUDY: Centra

Centra, a leading provider of software and services for online business collaboration, has embraced CRM across all customer-facing aspects of its business, automating its sales, marketing, and service departments. Centra’s director of business systems, Todd Williamson, describes Pivotal CRM as a “springboard” for their ongoing service and

support strategy. He says that the Pivotal CRM architecture allows Centra “to quickly adapt our technology to ever-changing business needs.”

Centra uses Pivotal CRM to manage all marketing projects and campaigns, deliver opportunity management and forecasting support to sales, track incidents and manage contracts for the support team, extend a knowledgebase to all employees, and provide customer enhancement requests and technical issues report to the product development group.

When asked what they use Pivotal CRM for, Williamson notes, “It’s probably easier to define what we don’t use it for.” He adds, “Today, Centra has the most maintainable and extensible architecture to move our CRM application forward. As business rules change, we now have the lowest total cost of development and administration environment within which to grow our internal systems and processes.”

CUSTOMER INSIGHT: Your system must be flexible to build in complex business processes.

“Our greatest challenge was dealing with other financial institutions that were globalizing, reducing costs, and therefore providing their services at a cheaper price. We countered by adopting an innovative model of service excellence that relies on CRM to provide timely, customized information to our staff so that they can respond in a very member-intimate fashion. Pivotal CRM met our key criteria for a CRM solution because it was faster to implement, less expensive than other alternatives, and it wasn’t bulky. It allowed us the flexibility to take what we needed and ignore the other screens and capabilities for which we really had no need.”

Chris Catliff

President & CEO, North Shore Credit Union

Companies with complex processes and customer relationship cycles stand to benefit considerably from CRM, provided it is capable of modeling this complexity. CRM can streamline and simplify complex processes with features that improve the way users target new customers, drive sales activities, and respond to service requests. With the right CRM system, modeling even the most complex of processes is simply a matter of modifying application forms, data fields, and relationships and adding new activities and objects. In less flexible systems, a high degree of complexity can take many months and tens—if not hundreds—of thousands of dollars to accomplish. Thus, companies with complex business processes should pay particular attention to system flexibility in their CRM evaluation process.

Unfortunately, more and more companies today fit into this category. Nearly every industry has evolving regulatory demands, requiring companies to assess and report on mounting numbers of internal controls. Rather than implementing standalone applications to support each regulation, many companies are choosing to invest in broader technology applications that not only enhance their ability to comply, but also further improve efficiency. In many cases, companies are able to leverage their CRM system to automate compliance with changing regulations, extending the value of their investment.

» CASE STUDY: Allianz Dresdner Asset Management

Financial services firm Allianz Dresdner Asset Management implemented Pivotal CRM with the aim of improving the service and value they provide to both institutional and retail clients. The company has benefited from the flexibility and customizability of the CRM system, using it to more tightly integrate their marketing and sales functions.

“It would have been an easy option to go down the off-the-shelf or packaged application route, but this would not have served the needs of our business well in the long term,” explains Giles Hardy, head of e-business at Allianz Dresdner Asset Management.

“By working closely with the UK Pivotal CRM team, we have been able to take a phased approach to the development and implementation of a comprehensive CRM solution which we expect to continue to serve our needs across both sides of our business. We recognized the value that a highly responsive CRM system could bring to our business, enabling us to open up the lines of communication and interaction between what were previously distinct business information silos.”

Hardy adds, “The investment management business is very specific, detailed, and highly complex. Due to the flexible and customization capabilities of Pivotal CRM technology, we have been able to adapt the system to meet these needs.”

» **CASE STUDY: Savills**

At a time when both the commercial and residential property markets were experiencing considerable growth, the board at leading international property services firm Savills made a strategic decision to centralize all IT systems. Their goal was to reduce IT operating and management costs, drive improved customer service, and comply with new legislation that required property management organizations to furnish full audit trails on all mortgage services provided to their clients.

Driven by the need to comply with the new regulations, coupled with a desire to provide highly personalized and responsive service to their clients, Savills developed a customized contact management and mortgage solution with Pivotal CRM.

Savills’ IT director, Richard Coleman states, “In using Pivotal CRM, we are now able to manage the complete process of selling properties through a single system. From attracting vendors, marketing properties, and matching them to prospective buyers, managing expense claims and invoicing vendors, Pivotal CRM underpins our entire business on a day-to-day basis.”

Because of the speed and flexibility with which Savills developed and implemented new business modules using Pivotal CRM, they have been able to centralize core client information and automate business processes to meet regulatory requirements.

» **CASE STUDY: Sharp Electronics**

Sharp Electronics treads carefully between its desire to know and serve customers well and its responsibility not to violate their right to privacy. “Privacy simply means sharing information with those companies we trust, while not divulging to those we don’t. It means using what we know about customers to meet their needs—the way they want them met,” says Sharp’s director of strategic marketing, Fred Krazeise.

Sharp carefully tracks response rates of lifecycle message campaigns and newsletter content, even tracking the frequency with which e-mails are forwarded to colleagues and friends. “By analyzing this information we have the insight we need to make changes to both our content and the frequency with which we communicate to our subscribers, ensuring we’re respecting their preferences and their privacy,” says Krazeise. He continues, “By giving customers and prospects what they need, we’ve been able to maintain consistent subscribe and unsubscribe rates for every issue.”

CUSTOMER INSIGHT: CRM should help you grow—and grow along with you.

CRM technology must not only capture current requirements but also retain the flexibility to quickly change and evolve with your business. Growth, while highly desirable, also tends to strain available resources and systems for many businesses. Thus, a CRM system's ability to scale and adapt to support business change and growth can be critical. Similarly, at the outset of a company's CRM project, it might not be possible to foresee the different ways in which a CRM system's features can be applied. A good system will enable you to build upon and enhance your initial deployment over time, rather than restricting you to a single opportunity to create the perfect CRM system.

» CASE STUDY: Flag Choice Hotels

Flag Choice Hotels, the second-largest accommodation franchising group in Australia, needed a scalable solution that supported real-time distributed environments, wireless and disconnected users, and multiple interaction channels.

"Right from the beginning, Pivotal CRM struck us as being a flexible solution that would grow and develop with us at our pace," explains Flag Choice Hotels' IT manager, David Blackman. "Our business is extremely complex and we have a layered approach to dealing with our various markets and to reporting on them. In fact, Pivotal CRM has been more widely used than originally envisaged, effectively becoming an indispensable tool for Flag Choice's day-to-day operations."

Flag Choice Hotels has extended Pivotal CRM to other areas of its business and continues to add features to the solution to keep in step with business change. "The initial installation highlighted just how many areas could benefit from Pivotal CRM," says Blackman. "As we make greater use of the technology, we continue to learn how we can work smarter and be clever in the way we develop and use it. Pivotal CRM has opened up doors for us, and that is invaluable, given our increasingly competitive market."

PRINCIPLE 3: Define Measurable CRM Business Benefits

Many enterprises measure the outcome of their CRM strategies only as an afterthought. They understand that a CRM system is a necessity for their business, and thus fail to set out quantitative goals or metrics for tracking hard results. The unfortunate consequence is that many enterprises can't prove their success or that they met their original, intended objectives. At some point, most organizations have a need or desire to measure the success of their CRM implementation. Goals and metrics must be quantified and benchmarked right from the start to ensure that the right data is captured and processes put in place to properly quantify results down the line.

To determine the impact of CRM on your organization, baselines for key business measures need to be established as a starting point that can be compared against once the solution is in place. This also helps ensure that benefits are correctly attributed to changes effected by the CRM system, rather than other factors. For example, increased cross-selling, cost reductions, customer satisfaction scores, or changes in first-call resolution could be used in the return-on-investment (ROI) analysis for a project.

Some best practices to follow:

- Define CRM success for your organization at the outset
- Pre-set corresponding metrics and data requirements
- Determine the business processes required to capture the data
- Determine user interface implications and accessibility requirements
- Plan for end-user training, especially if you are making changes to existing processes
- Consider data hygiene—ensure the data that's captured is clean
- Scope the CRM project clearly and budget for all costs
- Secure management buy-in for any expansion to the original scope of work

Comparing actual results to established metrics will enable you to determine whether your CRM strategy is working, and how effectively. If results aren't as expected, then further analysis should enable enterprises to determine why an approach isn't working and quickly make alterations to improve performance. It also will enable companies to evaluate whether the original goals were realistic and to reset goals if needed.

Every organization has a different vision for their CRM project. Every vision brings with it a variety of business value propositions that can be attached to bottom-line results. In the following examples from CRM requests for proposals (RFPs), it's easy to see the difference in emphasis between the companies' CRM projects and the metrics they will need to define and measure.

Company A: An integrated call center states: "The purpose for this implementation is to provide an infrastructure to more efficiently support internal business operations, as well as more efficiently support external customers. This includes not only the need to support the business as it currently exists, but also to support the organization after an expected growth of 25 percent. It is imperative that the software is highly configurable and customizable in order to support the business requirements across many customers. Additionally, it must be flexible to adapt quickly to change as our customers and the market changes."

Company B: A healthcare insurance company itemizes the following as criteria for success:

- Successful integration of processes, people, and tools
- Consolidation of silos of information
- Enablement of internal and external collaboration
- System able to drive membership acquisition and retention
- Increase in overall efficiencies

The ROI metrics for Company A are a split between “hard” ROI—efficiency gains—and “soft” ROI—the ability to support them as they grow. This mandates a flexible, configurable, and customizable solution.

Company B needs software that supports collaboration across departments and between the company and its customers and sales channels. The need to report on membership acquisition, retention, and improved efficiencies requires benchmarks and pre-set targets from the project outset and a plan for measuring the same metrics over time to demonstrate results.

Though ROI definitions vary, CRM returns should be measured in terms of overall business value—how the system supports a vision and yields both hard and soft benefits—and not exclusively on metrics. Nonetheless, determining how success will be measured, benchmarking pre-implementation figures, and ensuring the system is set up to capture the necessary information are necessary to allow accurate calculation of quantifiable ROI metrics post-implementation.

CUSTOMER INSIGHT: CRM makes it easy to deliver fast and informed service. The ROI pay-off? More revenue, at less cost.

Companies of all sizes face the challenge of retaining customers. With more options than ever, customers who don't receive the service they expect have little reason to stick with your company. Customers across industries demand fast, personalized service—and if your company can't provide this, they'll find a competitor that does. This pressure has fueled the need to have critical customer information immediately available to all service agents at all times.

On the flip side, offering great customer service often comes at a cost, and companies must balance with their desire to provide superior customer service with their need to keep costs low.

Luckily, the right CRM solution makes it easier to do both, resolving service issues faster and more cost-effectively while increasing the degree of personalization and responsiveness.

» CASE STUDY: SecureWorks

Founded in 1999, SecureWorks is an Internet security service company that protects corporate networks from hackers. SecureWorks views round-the-clock access to critical customer information as a necessity in interacting with their customers.

To deliver the highest level of security, SecureWorks needed to integrate their proprietary technology—an information security appliance called iSensor—with a flexible CRM solution.

“We wanted to automate the entire customer lifecycle—including lead generation, marketing programs, sales forecasting, sales process management, the initiation of support contracts, configuration, activation of products, and the delivery of customer service driven by the Service Level Agreement,” says SecureWorks' director of operations, Craig Bray.

Integration was key to achieving the ROI results SecureWorks expected. Integration between Pivotal CRM and iSensor coupled a customer's network security data with the current company, contact, and Service Level Agreement information. This made their CRM system the “glue” that consolidates their operations and tightens collaboration, dramatically improving customer response times and operational efficiencies.

“SecureWorks is using Pivotal CRM to further differentiate ourselves from our competitors in what is an increasingly high-growth, fast-paced, and competitive market,” says Bray. “As a result, we have reduced crucial response times and retained virtually all of our customers without having to increase our own headcount. Pivotal CRM has been a key factor in our rapid growth.”

» **CASE STUDY: North Shore Credit Union**

Solid member relationships, technological innovation, and exceptional service are the core of North Shore Credit Union’s success. To achieve its vision of great customer service, using technology to improve internal business operations was imperative. “In order to provide better service, we really needed to have knowledge about what our customers and members wanted,” explains North Shore Credit Union’s president and CEO, Chris Catliff.

“Their expectations of us were rising dramatically. And we couldn’t have conflict between dealing with customers in one channel—say, our call center—and then asking them to repeat themselves at another channel—say, our branch. We have to give them better service than that.” To help them provide this higher level of service, North Shore Credit Union selected Pivotal CRM.

The results were impressive. “We have grown between 20 and 25 percent each quarter—on an annualized basis—since we implemented Pivotal CRM,” says Catliff. “Prior to that, for five years, we really had no growth. Part of the reason for that is that we have tied Pivotal CRM into our whole customer-intimate business strategy. It has increased our margins—our return on equity is up to 18 percent, which is very, very good for our industry. And it has also increased our reach to members.”

Technology has also improved customer support and employee effectiveness. By creating web-based, customer-facing portals and integrating up-to-date customer information in one place, North Shore Credit Union has given both customers and employees access to information they need. “We have almost 40,000 members, and we can attribute their increased retention rates on financial products directly to our CRM implementation,” adds North Shore Credit Union’s CIO, Fred Cook. “We were pretty industry-standard for retention rates on mortgages, term deposits, and that sort of thing before the solution implementation—around 70 percent—and we are now consistently in the 90s since our CRM implementation. And that’s because it has given our staff the knowledge and support to be pro-active.”

PRINCIPLE 4: Consider Total Cost of Ownership (TCO) Carefully

There's good reason why industry analysts commonly use time horizons of at least three years when helping CRM vendors and customers set expectations for the total expense of a CRM project. Few organizations have unlimited budgets, and in most cases, CRM is not a one-time cost. It's important to understand the full costs of CRM implementation to help plan, budget, and select systems appropriately.

Enterprise application software investments can be prohibitive to some companies, because the majority of expenditures are "up front," in license fees, services, and training, all of which are incurred before the software demonstrates measurable business results. In fact, we have estimated that costs in the first year are typically more than 60 percent of the overall project costs. This can seem very risky to companies that want to see results before committing too great a sum.

In order to manage cost expectations over time, total cost of ownership (TCO) analyses should be conducted with a clear view of the overall strategic expectations for a CRM project. A sound framework for measuring results over the life of the project must be stated at the outset.

Given the complex interdependence of typical enterprise technology environments, TCO can be a difficult metric to obtain for a single enterprise software system. Key CRM lifecycle costs are less about licenses and much more about the extended costs of owning a CRM system. Leading industry analysts have estimated that up to 90 percent of CRM lifecycle costs are associated with customization, integration, deployment, and ongoing administration (support and maintenance) of the CRM system.

Industry-analyst research has shown that software costs typically account for between 30 and 38 percent of the total first-year costs of owning a CRM system. Services costs, usually associated with customizing and integrating the CRM system, come in at between 34 and 47 percent of the total first-year costs. Maintenance and support account for 7 to 10 percent of first-year costs, and hardware costs make up the remainder at between 8 and 18 percent.

The up-front costs of implementing a CRM system have driven the popularity of on-demand and software-as-a-service (SaaS) models for CRM, which are often priced on a per-user monthly fee basis. While less prohibitive up front, research has shown that over the course of time, these solutions can prove more expensive than on-premise solutions. Furthermore, companies choosing on-demand and SaaS solutions often have to compromise on functionality and flexibility when they select this delivery method. Additional concerns for many companies include lack of control over the software and their customer data, as well as fears of outages and security breaches. As Gartner research notes, "It is also important ... for organizations to be wary of great initial deals for CRM-on-demand services. Issues could emerge such as three-year lock-in, uncapped price hikes on renewals and hidden costs for increased numbers of registered users (for example, as in the case for partner relationship management), a reduced number of users which the enterprise is still obligated to pay for under contract, or new, unforeseen premium services."⁵

Furthermore, given the importance of modeling a company's unique processes within their CRM system, on-demand software, which offers less flexibility and customizability than traditional on-premise CRM, may not be able to meet the needs of mid-sized and large businesses, especially those with complex processes or requirements. Gartner Research notes "supporting complex business processes and cross-enterprise tasks is beyond current products,"⁶ adding that "[t]he functionality in the current generation of

⁵ Robert P. Desisto, Tom Berg, Michael Maoz, Alexa Bona, Ben Pring, Christopher Ambrose, John Pescatore, Lydia Leong, Kimberly Collins, Joanne M. Correia, "CRM on Demand: The Myth and Promise of No Software." Gartner Research, G00136707, 23 March 2006, p. 5.

⁶ Michael Maoz, Robert P. Desisto, "When Will the SaaS Model Support Complex Business Processes?" Gartner Research G00141555, 6 July 2006, p. 1.

SaaS business applications offers little competitive value to business.”⁷ The analyst group recommends on-demand solutions only for enterprises with “simple to moderate”⁸ CRM requirements, advising that “[e]nterprises with complex requirements should not assume that they will be able to significantly lower their total cost of ownership (TCO) simply by moving to an on-demand model.”⁹ These and other factors contribute to Gartner’s strategic assumption that “[t]hrough 2010, 75 percent of complex CRM-on-demand deployments will fail to meet enterprise expectations (0.7 probability).”¹⁰

For many of our customers, only on-premise CRM software offers the confidence, flexibility, and control they need. Thus, instead of looking to eliminate up-front investments, most companies look at ways to minimize the total cost of ownership over time. This can include taking a phased approach to CRM deployment, rolling out the system in manageable stages and validating results before expanding. Another strategy is to look for a system whose features most closely match the company’s needs from the outset.

CUSTOMER INSIGHT: Industry-specific CRM lowers total costs.

Given that customization can account for a large share of CRM implementation costs, finding a solution that more closely matches your needs “out of the box” can significantly reduce the cost and time it takes to roll out a CRM system. As emphasized elsewhere in this paper, adapting a CRM system to your company’s specific needs is critical to success; nonetheless, if you can choose a solution that more closely meets these needs from the outset, you can minimize the amount of customization needed. This is one of several reasons more and more companies are choosing industry-specific CRM.

While all companies have unique processes, companies within the same industry typically have broad similarities in the kinds of data they need to capture, the kinds of workflows they use, and the different processes they want to automate. A home building firm, for example, will have to track very different customer information and sales processes than an investment bank, but quite similar information and processes to other home building firms. If an industry-specific CRM solution can meet the majority of your industry’s typical needs right from the start, while still providing the flexibility for cost-effective additional tailoring, this allows you to focus your implementation expenditures on higher-value activities such as integration with back-end systems or modeling the processes that make your company truly unique.

“Pivotal CRM is now a core system for us that has been quickly tailored to model the business practices that make us unique in the industry.”

Carolyn Stuart
Vice President of IT and Head
of Business Analysis
Calamos Investments

» CASE STUDY: Centex Homes

When Centex Homes, one of the largest home builders in the United States, went looking for technology solutions, they immediately ruled out the “huge” systems that didn’t meet their budget parameters, focusing their search instead on a few flexible solutions.

“At first we thought that a new SFA system would fulfill our immediate needs,” said Centex Homes’ vice president of information systems and chief technology officer. “But we were also hoping to find a business partner with a broader suite of solutions and capabilities that we could add as we progressed.”

Pivotal CRM for Home Building and Real Estate contains the majority of the functionality home builders and related businesses need for lead management, sales automation, and customer care. Customization is then only needed to implement unique business processes and integration points. The total cost of ownership for software acquisition, customization, training, implementation, and support is among the lowest in the industry, allowing customers like Centex Homes to quickly realize benefits.

⁷ *Ibid.*, p. 2.

⁸ Robert P. Desisto, Tom Berg, Michael Maoz, Alexa Bona, Ben Pring, Christopher Ambrose, John Pescatore, Lydia Leong, Kimberly Collins, Joanne M. Correia, “CRM on Demand: The Myth and Promise of No Software.” Gartner Research, G00136707, 23 March 2006, p. 6.

⁹ *Ibid.*, p. 5.

¹⁰ *Ibid.*, p. 3.

PRINCIPLE 5: Think Beyond Features: Pick the Right Partner

Finding a CRM solution that fits your needs is about more than just a checklist of features and technical requirements. Implementing and supporting a CRM system is an important and sizeable project, and the factors in its success extend beyond the system itself to the CRM company you partner with and the kinds of supporting services they offer.

When selecting a CRM solution, it's common for companies to focus on the initial implementation, but it's important to think about your post-implementation needs as well. At some point during or following software implementation, every company encounters new needs or challenges—whether they're minor support incidents, resource constraints, or a need to modify, extend, or upgrade their CRM solution.

When selecting a CRM system, consider the kinds of services you will need to achieve your project goals. These can range from assistance developing your initial CRM evaluation criteria through implementation and customization services right through to post-implementation maintenance and support. If you do not have the in-house resources to maintain or customize the CRM system after implementation—or would prefer to leave it to the experts—find out whether the CRM vendors you are considering offer remote system management services, which can help keep your specialized staffing costs down. Having a good sense of your internal resources and capabilities will help ensure that you can leverage the right internal resources while also taking advantage of specialized resources and skill-sets from your CRM vendor or service provider.

CUSTOMER INSIGHT: Industry knowledge and experience pay dividends.

Working with service providers that have experience in your industry can provide a tremendous advantage, as companies that have demonstrable knowledge of and experience in your industry will require less time and education to familiarize themselves with your business processes and needs. Furthermore, they will often be able to add value by applying best practices and benchmarks gleaned from past experience in your industry. By examining a CRM vendor's credentials, references, and successes in your industry, not only will you gain more confidence in your vendor selection—you may also find inspiration and ideas to enhance your own CRM project.

» CASE STUDY: Calamos Investments

Ranked by Crain's in 2005 as the second-fastest-growing firm in the Chicago area based on compound annual growth rate, Calamos Investments provides professional money management services to major corporations, public and private institutions, pension funds, insurance companies, and individuals and is an investment advisor to open-end and closed-end funds. This diversity of offerings has demanding implications for the company's CRM system: it needs to be able to support a wide range of products and clients with different relationship dynamics—from high-net-worth individuals to institutional investors to financial advisors themselves.

When Calamos Investments sought to replace an older CRM system that had been sunset by its vendor, the company was unsure any system on the market could meet its complex, industry-specific needs and desire for flexibility. It had already embarked on an in-house development project when it heard about Pivotal CRM for Financial Services.

Re-opening the vendor evaluation process, Calamos "evaluated a wide variety of CRM alternatives, including open source and on-demand," said Carolyn Stuart, Calamos Investments' Vice President of IT and Head of Business Analysis. "In the end, we chose

Pivotal CRM because of its focus in the financial services industry and its reputation for success earned with many of our peer companies. Through this extensive review process, we determined that the other CRM solutions could not effectively support our financial services industry requirements, nor could they be easily tailored to match our unique business practices.”

The benefits of working with Pivotal CRM for Financial Services, however, stretched beyond the product itself. Calamos Investments was impressed with the industry knowledge of the team. “With some vendors, you spend a lot of time teaching them your business,” said Stuart. “With Pivotal CRM, it’s clear they already know it.”

CUSTOMER INSIGHT: A supportive partner can make all the difference.

When you select a CRM system, you’re selecting more than just software: you’re selecting a partner. How well that partner supports your needs, not just during your initial purchase and implementation, but through your company’s evolution, growth, and changing needs can have a major impact on the long-term value and viability of your CRM project.

The right CRM partner can help you ensure you set your system up properly, consider all your options from the outset, and deploy it effectively. Accordingly, you need to ensure your CRM solution provider can supply you with supporting tools, services, and training programs that fit your needs. This can vary from hands-on, weeks-long on-site support to remote support on an ad-hoc basis. Bear in mind that your needs may change—the greatest range of options and services is probably the most likely to meet unforeseen changes in your requirements.

» CASE STUDY: Boca Developers

For Boca Developers, a leading builder of luxury multi-family dwellings in prime Southern Florida locations, high demand for their premium residences led to 200% growth over just two-and-a-half years. But to provide the infrastructure required to support this growth and continue to grow its customer base, the company realized it needed to nurture its #1 assets—its customers and prospects. To make this possible, Boca Developers turned to Pivotal CRM.

With the help of Pivotal Professional Services, Boca Developers easily customized Pivotal CRM to meet their specific requirements as a multi-family builder, such as enhanced reservation and contract processes. They also integrated features within Pivotal CRM to capture visual views of Boca’s multi-dimensional stacks and units within the system—Boca’s Systems Delivery Manager, William Davis, notes that this enhancement in particular has given Boca a competitive edge. In essence, Pivotal CRM’s highly flexible infrastructure has made it possible for Boca Developers to adapt the product to act like a custom-built system in a fraction of the time—and cost—it would take to develop such a solution.

In addition to implementing Pivotal CRM and Boca’s desired customizations, Pivotal Professional Services also helped the company roll the system out to its users, training the sales and marketing teams and creating quick reference cards and other materials that made getting to know the system easier. Davis speaks favorably of both the process and Pivotal Professional Services as a whole: “Our experience with the team has been awesome. They have done a great job in terms of training, and in terms of dealing with the pressure of getting the job done. They have managed the whole process well, and we’ve truly had a great experience with Pivotal Professional Services.”

SUMMARY

The Five Principles for CRM Success

CRM doesn't have to be risky, if you do your homework. As our customer stories show, the pieces of the CRM success puzzle fall into place when a clear CRM strategy is defined: one that fits your company's customer-centric vision. Adopting a strategic mindset from the beginning ensures the selection of a CRM solution that meets both near- and long-term needs. And as each of our customer stories reflects, a flexible, adaptive CRM architecture, deployed with the following five principles in mind, is the foundation for CRM success.

Principle 1: CRM Is Not a Software Purchase. It's a Strategy.

Strategic foresight

To ensure a CRM solution meets stakeholder expectations, define how CRM plays a key supporting role in the corporate strategy, articulate the ultimate state of the customer relationship, and consider its effect on all business units and end-users from the start.

Key questions to consider:

- ✓ How will CRM support your corporate strategy?
- ✓ Which departments or functional groups need to be involved in system design and who will use it?
- ✓ Which processes will be impacted or require change?
- ✓ Have customers been asked for feedback about the level and quality of service they receive and expect?
- ✓ Do you have a strategy and communications plan that includes employees and partners in the CRM selection and rollout process?
- ✓ What are the training requirements to drive user adoption?

Principle 2: CRM Must Fit the Way You Work—Today and Tomorrow

Evolutionary considerations

Choose a CRM solution that includes a flexible architecture and platform technology. This allows organizations to more cost-effectively tailor the system to their unique business process and to be adaptable and competitive as needs change. Growth, evolving regulatory pressures, competitive changes, and new mandates can place a strain on some companies as they struggle to accommodate these changes within an inflexible technology structure. Forward-thinking enterprises use select flexible CRM systems that will enhance their business agility.

Key questions to consider:

- ✓ Are your market conditions stable or dynamic?
- ✓ Will you need to change the way you do business to keep pace with or outpace the competition?
- ✓ What is your plan to keep up with regulatory pressures in your industry?
- ✓ What technology infrastructure is needed to support new systems, new data sources, and new users?
- ✓ Can all important and relevant customer information be collected and combined within this technology infrastructure?
- ✓ How will you accommodate change and growth within the system?

Principle 3: Define Measurable CRM Business Benefits

ROI business metrics

Consider the anticipated ROI of a CRM project during the selection process. By defining CRM success and identifying corresponding metrics up front, companies can help ensure their ability to demonstrate ROI when they need to. Management, business users, IT staff, and the CRM vendor must work together to pre-set the right indicators and targets and to tie the CRM technology to appropriate business processes and data requirements. This approach will validate a CRM investment in terms of business value executives and stakeholders can appreciate.

Key questions to consider:

- ✓ Are your ROI metrics derived from a corporate mandate?
- ✓ Have you established key business metrics? How will you report on them?
- ✓ Have you benchmarked current conditions and metrics for future comparison?
- ✓ If you choose not to adopt CRM, what might the long-term cost be to your business?

Principle 4: Consider Total Cost of Ownership (TCO) Carefully

Determining TCO

Total cost of ownership for a CRM system can be hard to predict, due to the uniqueness of each implementation and the differing levels of complexity among enterprise technology environments. However, analysts estimate that up to 90 percent of total CRM costs are associated

with customizing, integrating, deploying, supporting, and maintaining a CRM system. Companies selecting on-premise CRM face the majority of their CRM costs up-front. Although sometimes daunting, this allows companies to budget for and address most of their CRM costs at the outset, measuring ROI against a initial investment and declining costs over subsequent years. In contrast, a hosted or “SaaS” CRM delivery model typically requires a smaller up-front investment and attractive monthly cost, but over a three-year period, may actually have a higher total cost of ownership than an on-premise solution. In addition, with hosted solutions, your company does not own the software and may be limited in your ability to customize the system to your business or industry needs and unique processes.

Key questions to consider:

- ✓ Are you considering costs over a three-year period?
- ✓ Have you planned for change or growth? Could you outgrow a “quick fix” and wind up spending more money a few years down the road?
- ✓ Have you considered the costs of data security and the cost of potential security breaches?
- ✓ Does industry-specific CRM make sense for your company?

Principle 5: Think Beyond Features: Pick the Right Partner.

Partner for success

It's important to assess business objectives, technology strategy, IT budgets, opportunity costs, customization requirements, and industry-sector requirements before selecting a CRM solution. But beyond that, it's important to ensure that you're picking a solid partner you can work with now and in the future.

Key questions to consider:

- ✓ Does the vendor have experience in my industry?
- ✓ Does the vendor have strong, current references from reputable customer companies?
- ✓ Has the vendor worked with companies our size?
- ✓ What kinds of implementation support can the vendor provide? Does the vendor follow a defined implementation methodology?
- ✓ What kinds of training options are available, and how flexible are they?
- ✓ What kind of technical support options and resources are available post-implementation?
- ✓ What if we don't have the skills in-house to support or manage the system?

Contact a Pivotal CRM representative today to learn more about how Pivotal CRM can address your unique needs. Call +1 877-PIVOTAL (+1 877-748-6825) or visit us at www.pivotal.com.



© 2007 Pivotal CRM. All rights reserved. Pivotal CRM and the Pivotal CRM logo are trademarks and/or registered trademarks of Pivotal CRM. All other marks referenced are marks of their respective companies.