

“**Customer Relationship Management** (CRM) is a business approach that integrates people, process and technology to maximize relationships with customers” – Barton Goldberg, ISM, CRM Strategic Advisors.

Most companies that apply CRM successfully understand that an effective mix of people (60%), process (30%) and technology (10%) are the key driver behind a successful CRM implementation.

Key CRM Benefits:

The most compelling benefits of a successful CRM implementation include:

- **Better Sales/Marketing Information.** For example, customer names, customer background, customer needs, competitive positioning, etc. is just some of the information that is collected as a result of implementing a CRM system.
- **Improved Productivity.** For example, effective target market identification, reduction in the number of cold leads, and the ability to provide accurate and on-the stop quotations, look up inventory availability quickly, enter orders directly from the field, etc. all of which help to shorten the sales cycle.
- **Enhanced Customer Care.** For example, more time to spend with customers due to a reduction in the sales administrative workload, an ability to monitor customer service levels, and ability to highlight existing or potential customer service problems and to react more quickly to customer needs, etc.

An increasingly important objective, and an area that is related to the aforementioned benefits, is improved customer retention/loyalty. Corporations in the U.S. lose approximately half of their customers within 5 years. If a CRM system really focuses on the customer and the above benefits are realized, a company can expect to retain more customers over time. It has been shown that **the longer a customer is retained, the greater the profitability will be for the retained customer.**

For those who prefer **hard numbers**, studies by ISM and by Insight Technology Group concerning CRM systems confirm that the following level of benefit can be achieved:

1. A minimum 10% per annum increase in gross sales revenue per sales representative during the first three years of the system. This gain occurs because field personnel improve both their efficiency (e.g., more batting time to call on customers and implement strategy) and their effectiveness (e.g., improved quality of their sales call in the field because personnel are more knowledgeable about their customers).
2. A minimum 5% decrease in the general and administrative cost of sales during the first three years of the system. This takes place because field personnel (and the company) no longer need to send out costly literature and information in a shotgun approach to all existing and potential customers; rather, field personnel (and the company) can decrease their cost of sales by being selective in terms of which customers receive specific promotional materials.
3. A minimum of 5% increase in win rates for forecasted sales during the first three years of the system. This gain results because field personnel select their opportunities more carefully, drop out of potentially bad opportunities earlier on, and concentrate on those opportunities with a high likelihood of closure.
4. A minimum 1% margin improvement in the value of a deal over the lifetime of the system. This gain occurs since field personnel are working closely with a carefully selected group of customers who place as much emphasis on value selling as they do on discounts, and field personnel thus tend to discount less often. 5. A minimum 5% improvement in the quality rating provided by customers. This gain results from happier customers who get the information that they need more quickly, who receive better service, and who enjoy building on the relationship marketing approach that field personnel are now able to offer.

Prior to deciding whether CRM is best for your organization, it is recommended that you review all potential benefits of CRM in detail. Senior management wants to see a list of detailed measurable benefits by which they can justify what may grow into a large capital investment, plus the investment in time, resources and staff.

The good news is that there are a growing number of detailed, tangible and intangible benefits associated with CRM, and there are specific ways to measure those benefits.

Tangible Benefits

ISM defines tangible benefits as those that can be measured in hard numbers.

1. **Increase in time spend by sales personnel with existing customers, per day** – To determine this benefit, consider measuring the number of service calls made per day by sales personnel or the number of hours spent by sales personnel in face-to-face contact with existing customers.
2. **Increase in the number of new customer prospects pursued by sales representative** - Remember that most representatives prefer to call on existing customers, with whom they have an ongoing relationship. But new customers spearhead future growth. To determine this benefit, consider measuring the number of new prospects versus existing customer contacted by the sales representative per day, per week, per month or per quarter.
3. **Increase the time spent by sales managers in contacting customers and working with sales representative on customer issues** – “Coaching” sales personnel is critical, and managers never seem to have enough time for this. To determine this benefit, consider measuring the number of hours per day, which sales managers spend in contact with customer and prospects, and with sales representatives discussing customer issues.
4. **Increase the customer service efficiency** – Customer service may well be the key differentiator between those companies that lead and those companies that wonder what happened! To determine this benefit, consider measuring the turnaround time for customer service issues, as well as the number of customer service errors made as a result of misinformation.
5. **Increase in timeliness of follow-up correspondence to customers/prospects** – To determine this benefit, consider measuring the number of days between the date the customer/prospect was contacted and the date that the customer/prospect follow-up information was sent.
6. **Increase in revenue per month per sales representative** – This is an important benefit of CRM, careful management is required to ensure that time saved as a result of automation is used productively to deliver more sales. To determine this benefit, consider measuring the increase in base revenue generated per month per sales representative.
7. **Increase in overall business results** – For example have the sales manager setup a competition between sales personnel based on their use of the CRM system. To determine this benefit, consider measuring the percent of dollar increase over budget for the entire sales team per month.

8. **Increase in frequency that your company's name is in front of your customers and prospect** – The “out-of-sight, out-of-mind” syndrome can be quite harmful to your sales efforts. To determine this benefit, consider measuring the number of pieces of correspondence sent to customers and prospects by sales and marketing personnel.
9. **Increase in customer satisfaction** – To determine this benefit, consider using a customer satisfaction survey rating and hanging these ratings in a location for all personnel to review.
10. **Improved communications within the company** – As more and more personnel spend time in the field with customers and prospects, there is a growing need to secure effective communications between personnel. To determine this benefit, consider measuring the time spend giving and getting information between the field and regional or headquarters offices.
11. **Increase the “close” rates** – such as the percentage of business orders closed.
12. **Reduction in the “close” time** – such as the speed of bringing new business orders to a close.

Intangible Benefits

ISM defines intangible benefits as those benefits measured using “soft” criteria. Management may prefer the hard numbers, but these top level executives also can appreciate “soft” criteria benefits as well.

1. **Overall smoother functioning within your company** – To determine this benefit, consider measuring the time spent looking for needed information versus time spent utilizing information and getting on with your job. It can be shocking to learn how much time is spent by sales personnel on unnecessary administrative matters, or the amount of time a new sales person spends getting up to speed in a new territory!
2. **Increased employee motivation and satisfaction** – While this may be difficult to measure, consider measuring feedback from those employees who use CRM. An alternative measurement is employee turnover rate for those personnel who use the CRM system.
3. **Better trained and more skillful sales, marketing and customer service personnel** – CRM can provide an excellent training ground for personnel to quietly spend time learning facts and figures about your products and services. To determine this benefit, consider measuring the ability of sales personnel to quickly access needed facts and figures, including the implementation of required sales and business procedures.
4. **Improved use of mobile access devices** – This benefit is important given that each of us have a different technology assimilation learning curve that impacts our future use of equipment and technology. To determine this benefit, consider measuring the comfort level over time of field personnel who use the mobile devices.

5. **More up-to-date information and easy access to this information** – Up-to-date information and easy access are subjective measurements made by end-users. To determine this benefit, therefore, consider measuring the timeliness of needed information and the ease of accessing this information based on end-use standards.
6. **Improved responsiveness to customer and prospect requests** – Link a go to person (manager, sales representative or customer service representative) to each customer request and work until the request gets resolved. To determine this benefit, which may be tied in with customer service, consider measuring the time it takes to respond completely to a customer or a prospect request.
7. **Improved image of your company** – Automation can play a leading role in building your company's image in the eyes of your customers. To determine this benefit, consider measuring the reaction of existing and future buyers to your sales and marketing professionalism.
8. **The ability to differentiate your company from the competition** – It should be noted that many studies have tried or are trying to measure the competitive advantage resulting from CRM. Consider measuring the increased customer loyalty as well as customer perception of your company versus the competition.
9. **Support for organizational change(s) with your firm** – To determine this benefit, consider measuring the time lost training new sales and marketing personnel.
10. **Improved understanding and better control over expenses** – CRM can assist in this effort, assuming sales, marketing and customer care expenses are tagged to individual sales personnel and /or accounts. To determine this benefit, consider measuring expense per sales and marketing personnel and/or per account.

Based on this extensive list of tangible and intangible benefits, it be would appropriate to conclude that the rewards from CRM to improve and grow your business are great.