YOU CAN'T AFFORD NOT TO USE A CRM PROGRAM!

In today's competitive environment, a properly designed Customer Relationship Management (CRM) program is simply a must have in order for your business to survive and grow. It doesn't matter whether you are a small make-your-own wine store, a chiropractic clinic, an office equipment supplier or any other business, you must define the processes to be implemented to handle the contact with your customers. After all, if you don't take care of your customers, somebody else will!

You may have already realized this and you are now one of the thousands of organizations currently using a CRM program. Be careful though, because just purchasing software is not enough. Even if your company currently uses a system, if it is not properly designed and managed, it is costing you in lost opportunities.

Here are a few facts. First of all, other than mergers and acquisitions, there are only two ways to increase revenues and grow your business. One, you can sell to new customers, or two, you can sell more to your existing customers. The key to realizing your true business potential in the long term is to manage your customer relationships with a CRM program so that you can do both. In the November 2007 issue, PROFIT magazine identifies "Adopt CRM software" as one of the seven best ways to build your business.

Secondly, another important fact is that it costs about 10 times as much to attract and acquire a new customer as it does to sell more to your existing customers. As such, an organization who properly manages the customer relationship tends to grow revenues faster and be more profitable than organizations that don't. According to the study *The Loyalty Effect,* published by *Harvard Business School Press,* if a small to midsize company were to increase its customer retention rate by 5%, its profits would double in about 10 years! The same report also noted that if a Fortune 500 company boasted the same increase in loyalty, they could instantly double their revenue growth rate!

Given these facts, it is no surprise that, in addition to attracting new customers, the smart business person should also maximize their product/service penetration to current customers so that they can maximize profits. In today's tougher economic climate, the question is no longer whether you should use a CRM system, the question is actually what makes for an effective CRM program.

What Makes For An Effective CRM Program?

To be effective, your CRM program must go beyond just tracking who bought what, when. It should also include all elements that you use to define your target market. In a B2B sales organization, this includes, but is not limited to:

- The industries in which your customers operate
- The size of your customers businesses, based on the number of employees and/or annual revenues
- The products and services that the customer has or will purchase from you
- How much or how often your customers use your product or service
- Competitive suppliers that your customers used prior to purchasing your product
- Other products that your customers use that are related to your products

A CRM program can be as simple as using Outlook or similar database software program, or as complicated as a complete customized solution, complete with web access, designed for your specific business or industry. There are also many off the shelf software programs that cost just a few hundred dollars that are suitable for the needs of most small businesses. While choosing a CRM software program is largely a function of preference and budget, whatever program you choose should have the following abilities:

- The ability to add user-defined fields. This will allow you to customize the program to ensure that you are tracking your target market characteristics.
- The ability to customize drop down lists within these user defined fields so that you could just choose the data being entered as opposed to having to type it in for each record. Not only does this drastically speed data entry, but it also ensures that data is entered in the same way each time, making it easier to search and analyze. More importantly, it eliminates the "garbage in, garbage out" syndrome that plagues so many CRM databases today.
- The ability to make search the database across multiple fields. This ability can be critical to ensure that your sales resources are being spent in the right place at the right time.
- The ability to make certain fields mandatory for data entry. This allows you to decide what critical information must be entered into the database in order for it to be accepted.
- The ability to have different security levels and user accesses. Giving everyone in your organization the ability to add and delete user-defined fields is just an accident of valuable information deletion waiting to happen.

Over the years, CRM programs have advanced from simple, easy to use systems to complex behemoths that no one uses or understands. To prevent this, your CRM program should avoid the three basic mistakes in CRM design:

1. Tracking just your current customers only works if you have 100% market share and you never again need to attract new customers. Since that is highly unlikely, you must also track your potential customers, however do not have a separate system for each. This just wastes time and energy, when in reality, the only reason for a CRM program is to ensure that you are spending your sales resources on the company who is going to buy next, not just who has bought in the past.

2. Don't just track who is going to buy, also track when. A CRM program that doesn't track this critical information is really just a glorified phone book! Your CRM program should include a mandatory field such as "Next Sales Contact Date". This will then change the filing method of your alphabetical phone book to a gold mine organized by the date of the prospects next purchase.

3. Every company that your organization ever contacts should be tracked, even if a company will probably never buy from you. Not only it is important for you to know where to go when, but it is also important for you to know where not to go.

The secret to an effective CRM program is based on how you manage your relationship with your new customers as well as your existing customers. It literally means the difference between building a successful business for the long term, or constantly fighting to keep you head above water because you always have to spend your time and resources attracting new customers.

The key is to determine your marketing needs, structure the software to do what you need, and then commit to implement and manage the system at every level of the organization. Although this can be a major challenge for any business, this can often be done with in-house staff. However, given the critical importance of a proper CRM program, it is often worth the investment to work with an outside marketing specialist to design and implement the system to fit your needs.

The bottom line? If you could increase your company profit by 10% next year how much would that mean in real dollars. If the cost of generating this added $50,000 or $100,000 in sales cost you less than 20% would you consider it a successful investment?

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Susan is managing partner of B2B Sales Connections Inc. Using her 20 plus years in business to business sales, and a CRM design tool which she invented, she has a proven track record of designing and implementing effective customer relationship management programs in numerous organizations. Currently, Susan provides revenue-generating consulting services to sales organizations and sales professionals in the business to business marketplace. For more information, please visit www.b2bsalesconnections.com, or contact Susan directly at senns@b2bsalesconnections.com.