

Do you *really* need CRM?

Wintouch eCRM, The comprehensive web-enabled CRM package for the AS/400 platform

The question seems simple! ...If the return on your investment pays for itself in a reasonable payback period, shouldn't you buy it? ...But how do you measure return?

Do you really need CRM...or are your current practices helping to dig your company's grave?

- What do your customers need?
- How do you rate with customers?
- Are you efficient and profitable?

Simply put, if you don't give them what they need and if you don't make a profit, you're sunk!

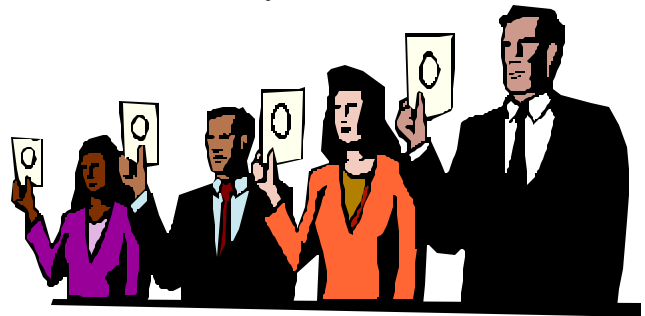
Ask yourself:

1. Do sales, customer service and management have access to the same customer data?
2. Do your salespeople have information about accounts that no one else does?
3. Are you tracking client opinions of your customer service ratings?
4. Does your Marketing department have a way to segment accounts and do targeted marketing?
5. Does your company really put the customer's needs and wants first?
6. Is your company set up so that all departments support Marketing and Sales efforts to win and keep customer accounts?
7. Is customer turnover rare?
8. Is employee compensation tied to customer satisfaction and sales results?
9. Does your Marketing department control what IT projects get resources for completion?
10. Does your management have a long term expectation for CRM results?

If you answered "NO" to two or more 2 of the above 10 questions, you need CRM help!

Is your company customer centric?

If not, let's not bother with CRM, because no matter what tools you use to keep track of customer information and problems, etc., it won't matter.



CRM is a customer-centric philosophy, to help you earn more business and be more efficient, but you have to want to meet customer needs, not make the best widget because it's really cool to. Assuming you know that you have to produce what your customer wants at a price he is willing to pay, read on...

Where can you get a return on your investment in CRM?

• Cost Savings:

- **Internal process improvements** – More efficient, automated order handling, for example, lowers sales cycle time, creates less rework, and improves the bottom line!
- **Service center efficiencies** – If transactions or problem resolutions are quicker, you need fewer headcount to handle them.
- **Marketing campaign-expense reduction** – Better targeting of customers leads to less advertising/promotion waste, lower campaign volumes, lower expense to revenue ratios.

• Revenue Increases:

- **Salesperson efficiencies** – Give the sales force tools to call more customers in an hour, with better information, where the ball doesn't get dropped and where customers get serviced all but guarantees increased sales revenues per rep.
- **Increased order size** – Larger order size results from having the right tools that present cross-sell and up-sell opportunities at the sales or order person's fingertips during sales call opportunities.

For more information call (800) 786-8663 (US & Canada or (714) 755-2810 or visit Wintouch.com.

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- **Customer Profitability** – Increase customer profitability by moving better customers up to higher value levels.
- **Campaign response improvement** – Better responses to more targeted marketing campaigns increases the call-per-order ratio and the bottom line.
- **Other Benefits:**
 - **Lifetime Value** – What is your company's lifetime value of a customer? How much does it cost to acquire a new customer versus retain an existing one? If lifetime value is a key revenue driver, CRM is probably a must. If customer turnover is frequent, you better use something to find out why. CRM may be a good tool.
 - **Protecting Existing Investments** – If a CRM solution can make your customer contact staff more effective and efficient, without changing a lot of the systems and software you have in place, then ROI can be close at hand and easy to realize. Deploying a giant CRM software that replaces all of your existing systems may be a foolish endeavor that locks you into one vendor and all of their proprietary charges. Consequently, any system that does not integrate with existing systems that are working well, is probably a waste of money and an inhibitor to reaching ROI goals.
 - **Customer Satisfaction** – There's no question that customer satisfaction translates into higher loyalty, better retention and more long-term value. If your processes, staff or lack of customer-orientation inhibit improved customer satisfaction levels, you are headed for trouble. CRM can greatly improve your ability to take better care of customers, in less time, with fewer employees. But, you must track customer satisfaction now to know which direction your trends are headed!
 - **Employee Turnover** – If you have a lot of turnover in departments that have contact with customers, you are losing opportunities to build strong customer relationships every time a staff member leaves. Two issues:
 - a) with CRM, you will still know client needs and what was talked about, because it is captured in your CRM system, and
 - b) A CRM solution may provide insight into why so many people are leaving. (It's costing you a lot of money!)

The Bottom Line is...

ROI may be tough to justify on a short-term basis. A customer-centric strategy may simply be the minimum requirement these days. If you know that your sales, marketing and customer service staff don't really have the tools they need to service customers well, then maybe it's time for a change!

Looking at CRM from strictly a "bottom-line" approach may be foolish. A better approach may be to set a strategic direction, for example: "to improve customer's experiences with your company," because you know that will translate into bottom-line revenue gains. Then go out and find a CRM solution that will help you accomplish this, as economically as possible. It is not worth bankrupting the company over the goal. You can find many comprehensive CRM packages that will perform admirably for you, no matter what your business is. ...More on the math later...

What does my company need to succeed with CRM?

Are you as ready as possible...follow this list:

1. Set strategic and tactical goals that CRM will accomplish.
2. Get senior management buy in and agreement on expectations.
3. Make sure you have buy-in from the important functional areas of the company.
4. Assure that short-term expectations are realistic, yet long-term goals most important.
5. Set a metric tracking system on a few key metrics.
6. Motivate your employees to embrace CRM with incentives tied to metrics.
7. Position the project as a cultural change project to improve the whole company.



More on the math...

A McKinsey & Co. study concludes that a ten percent spike in repeat customers could add about ten percent to a company's bottom line—whereas a simple ten percent decrease in marketing dollars to attract new visitors adds but 0.7 percent value.

An Andersen Consulting [now Accenture] study found that as much as 64 percent of the difference in return on sales between average and high-performing companies is attributable to CRM performance.

CRM fundamentally has one simple purpose—making your organization more profitable, which it does by ensuring your customers stick around longer. Ideally CRM gets customers to do more business with you because they like how you take care of them. Proper CRM should cut costs, reduce irritation and encourage clients to communicate more of their desires for you to meet. It's all about communicating.

It's tough to figure returns on long-term goals. There's no short-term benefit to this, it's like brushing your teeth or education. Analytical CRM has real value, but it's more of a long-term goal, due to the customer behavior data that must be collected. There's more short-term value in SFA-type solutions, it is believed.

Jim Blaschke, CEO of Archer Consulting, Inc. says companies need to consider a "balanced" ROI scorecard for CRM. "Most companies measure lag indicators—revenue, market share, new product revenue and other classic financials. I call this 'forensic evidence,'" Blaschke says, as "it only measures the today and back. Lead indicators, such as share of customer, revenue mix, customer satisfaction, and the time spent with customers or customer involvement in product planning cycles show what's coming." The point being that "what you do on the lead side can very much influence the outcomes of your activities, and can be quantified with hard numbers."

In Conclusion...

Measure what you can. Set strategic and tactical goals to justify a CRM tool to help you get there. But, ultimately, the goal of improving the customer's experience with you, so they will remain a customer, should help you decide what you need to do. Much of the decision should be common sense. Walk around your company, observe how things are done, how CSR's treat customers, how long it takes to solve customer problems, what information they don't have at their fingertips. Find out how many sale calls salespeople make, if they know what the credit status



If you are on AS/400-iSeries platform, you may want to consider Wintouch eCRM...

Wintouch eCRM is an enterprise-wide customer service, sales force and marketing automation, and partner relationship management software package for the AS/400 – iSeries Platform. A Java-enabled Web browser with Wintouch native AS/400 software protects your IT investment!

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