



CUSTOMER RELATIONSHIP MANAGEMENT

This booklet is designed to help small and medium business owners understand the basics of customer relationship management (CRM) and, more specifically, how the Internet can help you implement CRM in your business. If you want to understand how to better meet your clients' needs, this booklet is for you.

What is Customer Relationship Management?

Customer Relationship Management (or CRM) is a phrase that describes how your business interacts with your customers. Most people think of CRM as a system to capture information about your customers. However, that is only part of the picture. CRM involves using technology to gather the intelligence you need to provide improved support and services to your customers. In other words, CRM is also about what you do with that information to better meet the needs of your existing customers and identify new customers, resulting in higher profits for you.

THE CRM BUILDING BLOCKS:

- A database that collects information about your customers.
- A way to analyze the information in the database.
- A strategy for applying the analysis to better meet your clients' needs and identify potential customers.
- Collecting data to ensure your strategy is effective.

WHAT'S INSIDE

What is Customer Relationship Management?	1
How Can I Use CRM in My Business?..2	
Building Value for You	3
Building Value for the Customer ...	3
Implementing CRM in Your Business..3	
Developing a CRM Strategy	3
Possibilities for Using CRM	4
Social and Cloud-Based CRM.....	5
Implementing CRM	6
Future Trends.....	7
Related Topics Covered in Other Booklets	7

WHO IS YOUR “CUSTOMER”?

The “C” in CRM can have a narrow definition or a wide one. For instance, customers can include not only those who buy from you, but also your suppliers, your partners, your employees and your investors. Each of these “customer groups” will have different needs that have to be managed. For the purpose of this booklet, we will focus on the “customer” as someone who buys your products or services. This can be either a business customer or an individual.

Online customers have a special set of expectations that set them apart from traditional customers. In particular, they expect lots of information about your company and your products to be available online with minimal searching, close to immediate service, opportunities for self-service via your website, speedy shipment of products, and after-sales support. Therefore, you need to consider CRM principles when doing business online.

Benefits of CRM

CRM is about making each and every customer feel like they have a one-to-one relationship with you. Effective CRM gives you the opportunity to show your customers that:

- You know and recognize them.
- You understand them.

- You care about their needs, questions and concerns.
- You want to deliver services and products they need the most.
- You appreciate their business.

CRM will also benefit your company by allowing you to:

- Develop superior services and products that meet your customers’ identified needs.
- Enhance marketing towards the most profitable customers to improve your bottom line.
- Improve efficiency by providing support and services to customers online (through frequently asked questions, for example).
- Anticipate future business needs based on data on historic sale and service trends.
- Increase your customer base as you develop new ways to engage in business online.

THE BOTTOM LINE: CRM seeks to answer two questions:

1. Who are my customers?
2. How can I serve them better?

How Can I Use CRM in My Business?

The table below displays the types of information you can collect with a CRM system, along with the questions that the information can help answer.

Type of Information	Questions
Customer profile	<ul style="list-style-type: none"> • Who are they? • Are they a business or a person? • Where are they located? • If they are a business, how big are they? • If they are a business, what do they do? • Why do they need your product? • How do they communicate with you? • Do they have an account? • How long have they been a customer?

continued on next page

Type of Information	Questions
Customer buying profile	<ul style="list-style-type: none"> • How often do they buy? • When do they buy? • Is there a pattern to their buying habits (e.g., seasonal)? • How much do they buy at one time? Over time?
Customer buying preferences	<ul style="list-style-type: none"> • What do they buy? • Do they always buy the same thing? • Why do they buy it?
Customer service profile	<ul style="list-style-type: none"> • What kinds of problems/issues do they encounter? • What is the current status of their issues? • How many open tickets are there? • How many cases have been resolved?

Building Value for You

By compiling this information and analyzing it, you can then build a strategy with this information to:

- Maximize repeat business opportunities by anticipating your existing customers' needs.
- Identify your best customers.
- Identify potential customers.
- Identify complementary products you can sell to your customers.
- Target marketing campaigns/materials and promotions.

Building Value for the Customer

Other ideas on how you can use this information to increase your company's perceived value to the customer include:

- Make ordering or buying easier through pre-filled order forms and e-mail reminders.
- Tailor the shopping experience for your customers and allow self-service to reduce customer wait times.
- Develop an e-newsletter or blog with topics that would be of interest to customers to earn their loyalty.
- Quickly share updates and respond to comments/feedback from customers through social media channels such as Twitter.

- Offer an online forum where customers can provide reviews and feedback; this also allows you to hear about problems as they emerge and to respond quickly.
- Offer free products to your best customers.
- Offer incentives for additional or future purchases.

CUSTOMER LOYALTY

By creating value for your customers, you will earn their loyalty. An often-quoted statistic states that it takes ten times the money and effort to attract a new customer than it does to retain an existing one.

Source: www.canadabusiness.ca

Implementing CRM in Your Business

Developing a CRM Strategy

Developing a CRM strategy is an investment of your time that will be beneficial over the long-term. Creating a strategy allows you to set a direction for your CRM initiatives and ensures that your investments are targeted to foster stronger relations with your customers.

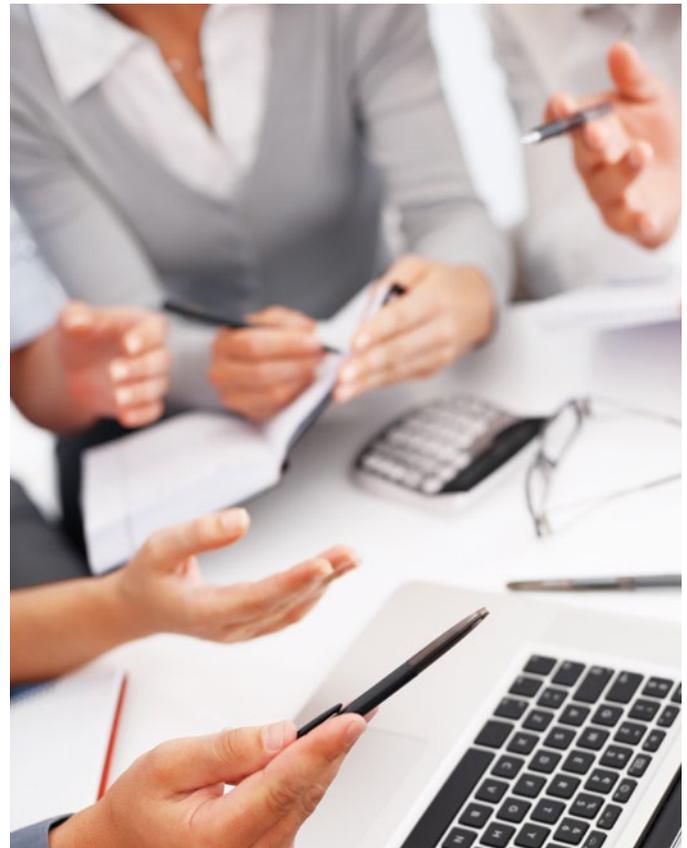
As a starting point for developing a CRM strategy, your business should identify its customer profile (e.g. their needs, their level of satisfaction, and what impacts their

purchasing decisions). Through this process, you may be able to identify a subset of your client base where you would like to focus your efforts. Your CRM strategy should also define the goals of your business' engagement with current and future customers to maximize sales, profit and long-term growth. You also need to assess your company's capabilities and whether it has the technology, human resources and skills to meet these goals.

Gartner, an information technology research and advisory company, released a report in 2010 called "Three Steps to Create a CRM Strategy". It identifies these key areas for creating a successful CRM strategy.

1. Set clear desired results for CRM, identify the steps to achieve this vision, and monitor progress towards these goals.
2. The CRM strategy should be incorporated into the entire business model and align with strategies from other areas such as marketing and sales.
3. The CRM strategy should include these eight aspects: vision, strategy, customer experience, organizational collaboration, processes, customer information, technology, and metrics.

Source: <http://www.destinationcrm.com/Articles/CRM-News/Daily-News/Gartner-Outlines-3-Steps-to-a-Successful-CRM-Strategy-66669.aspx>



Possibilities for Using CRM

There is a continuum of CRM from the most simple (a spreadsheet or database containing information about your customers—referred to as a contact management system) to the most complex (online applications automatically linked with your back-end systems). An integrated CRM system can include the following features:

Feature	Benefits
<ul style="list-style-type: none"> • A central database that is accessible by all employees to view and update customer data. 	<ul style="list-style-type: none"> • Improved customer service, loyalty and retention.
<ul style="list-style-type: none"> • Analysis of customer data including customer segmentation and segmentation of potential customers. 	<ul style="list-style-type: none"> • Customized marketing or sales campaigns. • Improved campaign targeting.
<ul style="list-style-type: none"> • Customer self-service where the customers can self-order and help themselves using web-based, password access. 	<ul style="list-style-type: none"> • Reduced order entry cost and customer service cost.
<ul style="list-style-type: none"> • Identifying and tracking potential customers. 	<ul style="list-style-type: none"> • Wider customer base. • More focused prospect tracking.
<ul style="list-style-type: none"> • Reports generated with up-to-date information, including revenue forecasting and trend analysis. 	<ul style="list-style-type: none"> • Better and more timely decision making.

CRM Delivery Model Options

So what are your options in terms of implementing CRM at your business? You have two main options:

1) a CRM package installed on your premises, or 2) a hosted CRM solution. These two options, along with their relative pros and cons are discussed below.

Option	Pros	Cons
<p>On-premise CRM There are many CRM systems that are available for purchase off-the-shelf. These can then be tailored to your needs. Companies such as Siebel, Oracle, SAP, and Chordiant are well known in this area.</p>	<ul style="list-style-type: none"> • Can be tailored to your business • Can be integrated with your other systems • Most companies offer flexible packages that are suitable for small and medium businesses 	<ul style="list-style-type: none"> • More expensive in the short run (costs can vary from several thousand to several million dollars) • Can take a long time (months or even years) to implement fully
<p>Hosted CRM Web-based applications for CRM with no software to download. In this case, the CRM system resides online and you rent the service on a monthly basis. Examples include, Sage Software, Microsoft Dynamics, Entellium, Clear C2, SAP, NetSuite, VanillaSoft</p>	<ul style="list-style-type: none"> • Less expensive in the short run (monthly fees run from about \$65 to \$150) • Appropriate for businesses with standard CRM needs, and little or no internal IT support • Can be implemented quickly (often within a few months) 	<ul style="list-style-type: none"> • Cannot be integrated with other back office systems • You are allowing someone else to control your customer information and data

Social and Cloud-Based CRM

In addition to the two main system-based options for implementing what could be called traditional CRM as described above, there is a new approach to CRM being used with increasing frequency. **Social CRM** is a type of CRM that uses social media tools and services to engage and attract customers. As well, Social CRM is also used to monitor what is being said about your company or product in the social media realm. Companies such as Vitruve, HootSuite, and HubSpot offer web-based applications to help you effectively publish content, monitor responses, and track brand mentions on social media sites.

Social CRM can be quite advantageous to your business since you can increase your reach and have immediate engagement with your customers. As well, it can offer you another way to get feedback from your customers regarding products, services, and your brand. Another

advantage of this approach is that it can be implemented quickly. On the other hand, you need to align your Social CRM with your overall marketing strategy and brand management. As well, you need to keep in mind that you will have limited control over any negative feedback posted about your brand or product/service. To implement Social CRM, you will also have to ensure that your employees have social media knowledge or training.

At the same time, there is also **cloud-based CRM**. Cloud computing services are becoming increasingly popular and offer a cost-effective way for businesses to gather customer data. Cloud computing is really any form of shared computing service that you access through the Internet (e.g. Gmail, Dropbox). Several CRM cloud-based systems are already available that allow businesses to access, organize, and analyze information about their customers and sales online. Cloud-hosted CRM software also facilitates data integration from other sources since many other services are also cloud-based.

Implementing CRM

Implementing a CRM system is more than installing a software package. All functional areas of your business need to be engaged—human resources, marketing, sales, IT, product development, etc.

TIP: CRM is a business strategy, not a technology. For CRM to succeed in your company, first develop your CRM strategy, and then choose the best technology to support it.

You will need to ensure all your employees understand CRM and what it means in your business. This can be done through formal training or information meetings. Developing a written CRM strategy is another good way to communicate with your employees.

How much data is the right amount of data to collect? Once you get started collecting data about your customers, it's sometimes hard to know when to stop. If you do collect a lot of data, there are two things to consider:

1. Do your current systems have the capacity to hold and manage it?
2. Do you really need to store every piece of information you collect (e.g., maybe you just need it one time)?

Smooth implementation of CRM in your business is likely to depend on the level of planning that went into developing a comprehensive CRM strategy in the first place. The clearer your business' CRM objectives are, the easier it will be to prepare a plan to implement these initiatives and ensure that all your employees understand how it relates to the overall success of the business.

GETTING HELP

There are many organizations that specialize in implementing CRM and can help you identify the best option for you. A CRM specialist can help you evaluate your existing system and provide recommendations on how to improve it or implement a new system. In addition, a CRM specialist will be able to help you identify the most appropriate CRM technology that matches your business needs and budget, develop a plan for carrying out the CRM project and direct you towards reputable service providers that can assist in the implementation.

A simple web search of "CRM" will result in a list of dozens of organizations that work in this area. In choosing a CRM specialist it is important to consider what kind of help you require. Is there specific CRM software that you need a specialist's help in implementing? Or are you a new business that requires assistance with implementing an entirely new CRM strategy?

CRM consultants have different strengths and skills, with some being more technical with certification in specific CRM technology, and some more strategic and business focused. Once you have determined your business' CRM needs, you can begin searching for the right CRM specialist. Visit their websites to review their services and consult testimonials. Also, drop in on discussion forums on CRM. You can get lots of advice from your fellow SME business owners and operators.

Source: <http://www.crmsearch.com/consultantselection.php>

A WORD ABOUT PRIVACY

If you are going to collect information about your customers, you need to develop a privacy statement. This will tell your customers how you will treat their information (i.e., whether you plan to sell it, share it with your partners, or simply use it for your own purposes). You also need to allow your customers to choose whether they want to share their private information.

The *Personal Information Protection and Electronic Documents Act* (PIPEDA) applies to every organization where personal information is collected, used or disclosed as part of commercial activity. You can learn more about PIPEDA at www.privcom.gc.ca.

Questions To Consider

Consider the questions below when implementing CRM.

- Can you identify your customers when they visit your website?
- Do you have a mechanism to collect visitor/customer information?
- Can visitors/customers opt out of sharing their personal information?
- Do you offer value to visitors coming to your website?
- Can visitors/customers register on your website?
- Is there an incentive for visitors/customers to register?
- Have you anticipated questions that your visitors or customers might have? Have you posted those answers on your website (either through a FAQ or other mechanism)?
- Is a significant amount of your time taken up communicating with existing clients to resolve issues they are having?
- Is it easy for your visitors or customers to contact you?
- Can your customers interact with each other?
- Do you have a mechanism in place to quickly respond to visitor/customer inquiries and orders?
- Can visitors/customers easily find all relevant information about your products (e.g., prices, options, technical specifications, quantities, shipping information, order status) on your website?
- Can customers place orders online?
- Can you make product suggestions based on the customer's order or purchase history?
- When shipping a product, do you send tracking information to the customer?
- Do you follow-up with your customers after their order has been filled?
- Do you know which customers give you the best business?
- Do you have a privacy policy and statement posted on your website?

Future Trends

CRM has developed over the decades, and will continue to evolve with new technological advances that enhance the opportunities that businesses have to interact with customers. Businesses will need to be prepared to adapt their CRM initiatives to meet new customer behaviour in a dynamic market. There are several CRM trends on the horizon that businesses can anticipate.

Mobility – With technology like smartphones and tablets becoming more popular, customers are increasingly online at all times of the day. These new mobile technologies create a sense of immediacy between the customer and the business like never before. CRM strategies will need to be aligned with new customer needs and expectations that follow from customers having constant access to data and tools to express their opinions.

Integration of CRM into the Business Process – A wealth of information about customers, sales trends and other relevant information affecting the business is becoming available through advanced CRM systems. From marketing and sales to customer service and executive management, CRM will need to be integrated into all areas of the business process so that everybody is listening, engaging and in tune with the customer base.

Customer Relationship Experience – Customers are bombarded with brands and choice. If businesses want to attract and retain customers they need to do more than just deliver information: they need to make a lasting emotional impression. New CRM tools will provide businesses with the information they need to understand customers and what kind of experiences appeal to them.

Source: <http://www.techopedia.com/2/28333/enterprise/crm/top-6-trends-in-customer-relationship-management-crm>

Related Topics Covered in Other Booklets

- *Social Media for Small Business*
- *E-Commerce: Purchasing and Selling Online*
- *Online Sources of E-Business Information*

To view or download these booklets visit ontario.ca/ebusiness.



For more information contact:

Telephone: (416) 314-2526

Facsimile: (416) 325-6538

E-mail: E-Business@ontario.ca

This publication is part of an **E-Business Toolkit** which includes a series of booklets on advanced e-business topics and an introductory handbook *How You Can Profit from E-Business*. The entire Toolkit is available at ontario.ca/ebusiness.