

SPECIAL REPORT

# 14 Ways to Increase your CRM Return on Investment

*Report's Objective: To provide a better understanding of ways to increase your return on investment for any CRM software application in your business to achieve stronger customer relationships.*

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## 14 Ways to Increase your CRM Return on Investment

In the circles of customer relationship management (CRM) there has been a lot of talk about the actual benefits CRM brings an organization. Many ask if CRM is just another over hyped technology. One that will cost companies more than actually make them money.

CRM can be a powerful tool to improve customer relationships, but in order to profit off any application you first must break-even within a reasonable period.

According to studies by *Advantage Research*, general CRM buying criteria for mid-enterprise businesses consists of 24.1 percent cost issues, 46.6 percent say they wanted easy integration and customization, while 27.8 percent stated other needs. I certainly hope those other needs were the ability for the software to integrate with current processes and bring companies closer to customers. A properly implemented CRM strategy can bring you closer to your customers, and does not have to be an overwhelming unrecoverable expense.

Here are over 14 ways to increase your return on investment, from the workbook, [27 Ways to Increase your CRM Return on Investment](#) available online at <http://www.iunctura.com/crm-roi>

### 1. **Train everyone who might use the CRM tool.**

The common understanding is a CRM project can take between 6 and 18 months to implement and adopt, with change management following lasting 18 to 36 months. With training during the implementation stages, you can reduce this time to as short as 12 months total cycle. Your employees gain better results when they know how to use a tool.

### 2. **Encourage clear and focused plans by department.**

With such a long time horizon (even 12-months is long for a project these days)

many managers become distracted by local fires and lose track of their departments CRM implementation. You can keep your people on track with clear and focused plans, only a few paragraphs in lengths –easy to understand and pass along to employees.

**3. Involve employees early in benefits to increase buy-in.**

Without your employees actually using your CRM tool, you could never expect to achieve any returns over any period. Involve your people from all levels, learn where they want to use the system, how they want to use it, and what benefits they see in using. This strategy helps gain buy-in from day one.

**4. Take small achievable steps toward progress every day.**

In the same vein that local fires distract department managers, your people are already burdened with tasking adding more work does not make things any better. Break down your implementation into small manageable steps asking people to do just what they can that week, while incrementally progressing<sup>1</sup> towards your objectives.

**5. First define the needs CRM fills than act.**

Many companies are purchasing the wrong CRM product for their needs because they do not know what purpose it will play in their company. Determine first what specific roles CRM will play in your organization. CRM is not a cure all for slow sales, poor customer service, and high turnover.

**6. Append and correct current data before using it.**

You have heard the saying, “Garbage In, Garbage Out!” – That is exactly what you will get if you do not clean your data before you implement a CRM product. At least understand what data is available in your company and have a plan to consolidate it in your CRM system. Even consider third-party data sources to

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<sup>1</sup> Learn about *Incremental Progression* and other strategies for small but powerful improvements for your business. For more information on the “Magic 1% Principle of Implementation and Growth” Send an email to [magic-one@iunctura.com](mailto:magic-one@iunctura.com) with “14 Ways CRM ROI” in the subject.

append additional information that may have changed over time like addresses, and customer phone numbers.

**7. Regularly ask users for feedback on the system.**

Your job has not stopped once you have implemented the CRM software. In order to gain a return on your investment you must regularly obtain feedback from your users and tune to the system for their needs. Ask your users for feedback and plan to customize the system accordingly. Work around your current process; do not make your users work around the system.

**8. Seek first to use CRM to reduce costs then expand.**

With all the CRM “fancy features” vendors are touting these days it is easy to get lost. Use your CRM application to reduce your costs in the things you already do, then expand once you have broken-even. Sometimes a specific feature provides a significant return on your time, implement it but do not lose focus on your main objectives.

**9. Make CRM available to everyone who may use it.**

It is like giving everyone new hammers but the carpenters. Many companies bring in new applications only to limit access to a select few. Get CRM to everyone who may use your system, even consider using it as your central telephone directory and e-mail communication system.

**10. Connect to data sources including legacy systems.**

Look at CRM as the interface to all your customer data. Make sure you have access to all the data you might need to serve your customers best. Most CRM applications and reporting tools can accomplish this task for your organization.

**11. CRM must be available at each customer interaction point.**

One of the most useful things CRM can do for your business is track every customer interaction far better than any other trouble ticket tracking system, if properly implemented. It integrates all your customer data into one simple interface so everyone can be on the same page when it comes to customer service.

The key to making this happen is to make CRM available at every customer interaction point<sup>2</sup>.

**12. Train your technical staff and helpdesk before rollout.**

You can head off more problems before they happen by simply training your helpdesk and technical staff from the perspective of an end-user. This is not a substitute for technical training on managing the product, but in addition. The more these people know about using the product, the better they can help your employees when they have problems.

**13. Automate common tasks during the first implementation stages.**

In your feedback sessions with employees, find out what tasks they do regularly and which ones they would like to automate. You may find regular reports and communications can be automated to save your employees time. Look at your companies workflow and communications channels. You will find great cost savings in these areas.

**14. Get closer to your customers with CRM.**

Customer relationships are the bottom line of CRM success. Use your CRM application in such a way that you get closer to your customers needs, expectations, and improve your customer service. Regularly check in with your customer and make sure you are still progressing in this area.

**15. Segment your customers and markets accordingly.**

The more you know about your most profitable customers the better you can serve them and find more of the same. CRM makes customer and market segmentation easy for any size company. In fact, I recommend you target your *Top 10 Percent*<sup>3</sup> customer in all your efforts.

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<sup>2</sup> For more about *Customer Interaction Points*, I recommend reading [Exploiting Customer Interaction Points for Increased Sales](http://iunctura.com/members/2002/21/index02.shtml) available online at <http://iunctura.com/members/2002/21/index02.shtml>

<sup>3</sup> Consider reading [How to Increase Your Profits by Cultivating Your 'Top Ten Percent'](http://iunctura.com/newsroom/2001/10/index00.shtml) originally published in the [Strategic Relations Journal](http://iunctura.com/newsroom/2001/10/index00.shtml), available online at <http://iunctura.com/newsroom/2001/10/index00.shtml>

**16. CRM should track communications through all channels.**

Whether it is emails, letters, faxes, or phone calls most CRM systems can track the contents of these conversations as well as scheduling like communications for the future. In the past, we had to use phone logs, filing cabinets, and personal journals to capture the same information. CRM also makes it easy and convenient to reference.

**17. Be a leader and guide your organizations implementation not direct it.**

As a c-level executive, manager, or owner of a business it is your responsibility to guide your organization through its CRM implementation not direct it. If you are responsible for more than 25 professionals then you could not possibly understand the details of each individual position – if you think you understand then you probably have management issues that are beyond the scope of this document.

Good leaders motivate their people for action.

I always like to include a few extra tips since not all of them will apply to your organization. The key is to ask, “How might I benefit from this tip in my organization?” You might discover some insights that are not specifically provided, but derived from you asking questions.

Some vendors are able to publicize CRM’s value because of the growing concern companies have about staying close to customers and issues pertaining to customer service. By implementing a system that makes the right information easy to find you can more quickly get a customer to the right person. Customers want to be in touch with you; 32% of customers want access to information while 29% want access to an individual person (Meta Group, Top Customer Service Issues, 2002) – in order to devise a return, your CRM system must handle both functions.

Companies are so concerned about keeping in touch with their customers; the worldwide contact center market is expected to reach \$90 billion in 2006, growing 20 percent per year, according to IDC. CRM can be a great relationship builder if implemented correctly. Does your company have an implementation plan for action and breaking even strategy on your CRM investment?

## Real Results are Possible with the Right Strategy

Companies are achieving valuable rewards for successful CRM implementation; some recent examples include<sup>4</sup>:

- **First Bank in Trust Company.** Customers now receive appropriate mailings, marketing activities progress faster, customer issues are resolved more quickly, and reps follow up on referrals sooner. *Translation: More sales, better marketing.*
- **Kia Motors America.** Returns are down 30 percent, Arbitration is down 20 percent. *Translation: Fewer lost sales, less expenses.*
- **Tupperware Corp.** In the first nine months increased its repeat-buying customers by 300 percent. *Translation: More sales at a lower cost.*
- **Manchester United.** Fans stay avid by receiving timely information about their favorite teams. *Translation: Increased loyalty and ticket sales.*
- **U.S. Robotics.** In addition to a 25% reduction in operational expenditures, has also significantly curtailed product returns. *Translation: A lower cost of business, fewer lost sales.*

There are more companies seeing single digit returns in the beginning of an implementation, real results usually only come over time. The key is to know where you are right now, and track all your results as you discover new ways to use CRM. But, Don't necessarily believe everything your vendor tells you, make them prove it first.

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<sup>4</sup> Picarille, Lisa. Return on Investment, Case Study. [series of articles] (Customer Relationship Management Magazine, July 2002), pg 54-58. I added my commentary translating some of the case studies Lisa provides, her article provides some additional insights into generating a CRM return on investment.

## You Don't Have to Buy Any Software to Win CRM

It sounds like I am trying to sell you on implementing a CRM effort in your company, however, I think you can do one better to implement the mind-set behind customer relationship management. What I am trying to sell here is a smart implementation of CRM philosophy to bring you much closer to your customers.

Where does this mind-set start? It starts with the first word in CRM, *customer*. Your efforts should be focused around the needs of each of your customer in the particular market segments you serve. CRM should actually make your existing processes easier to implement and therefore more cost effective.

Next, CRM should help you focus on the *relationship* between your company and each of its current, future, and prospective customers. This relationship can be improved even without CRM technology. You do not need an expensive CRM tool to improve that, it is your people who make relationships happen. CRM just helps your organization systemize your efforts to improve consistency.

Finally, look at your organization's *management* of customer accounts. The mind-set in a CRM customer-centric model presents that you are actually managing accounts as you would manage a stock portfolio. Understanding the realization that not all customers are profitable or can be served adequately by your organization. CRM helps you understand the customers you should and should not seek to reach.

I believe that over time as you improve the relationship with your customer you can in fact reduce your costs while increasing your revenue. This will not be something every company will do in the first 3-months of implementation, but they can break-even in as few as 12-months depending on their strategy. How soon do you expect to break even with your CRM implementation?



## **What Your CRM Vendor Won't Tell You about Breaking Even**

The simple fact is 9 out of 10 companies who purchase a CRM solution don't break even in the first 12-months. Many don't earn any profits until their third year of implementation. CRM is expensive enough without making costly mistakes in implementation.

Discover a simple and easy guide to recover your CRM application investment. Learn 27 ways to generate money, reduce costs, and get closer to your customers with CRM. A totally unbiased perspective to break-even with any size CRM investment. Obtain a truthful analysis of CRM implementation from someone other than your vendor.

For more information, about the

*27 Ways to CRM Return on Investment Workbook*

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<http://www.iunctura.com/crm-roi>

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c/o Center for Strategic Relations

1034 Essex Ct Dept CIB-01  
Virginia Beach, VA 23454

## **About the Author**

**Justin Hitt** is a consultant, author, and trainer who specializes in strategic relations. His strategies include improving business development, relationship management, and management techniques to help businesses build stronger relationships.

His clients include government contractors, software integrators, and various other organizations that utilize technology to serve their customers. Author of [\*101 Strategies for more Profitable Customers\*](#), [\*Cultivating Your Best Customers\*](#), and various other training materials available online at <http://www.iunctura.com/publications.shtml>

Justin Hitt

c/o Center for Strategic Relations

1034 Essex Ct Dept JWH

Virginia Beach, VA 23454

(757) 496-4324      Fax: (928) 438-2941

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