



**Critical Steps to Help
Small and Mid-Sized Businesses
Ensure CRM Success**

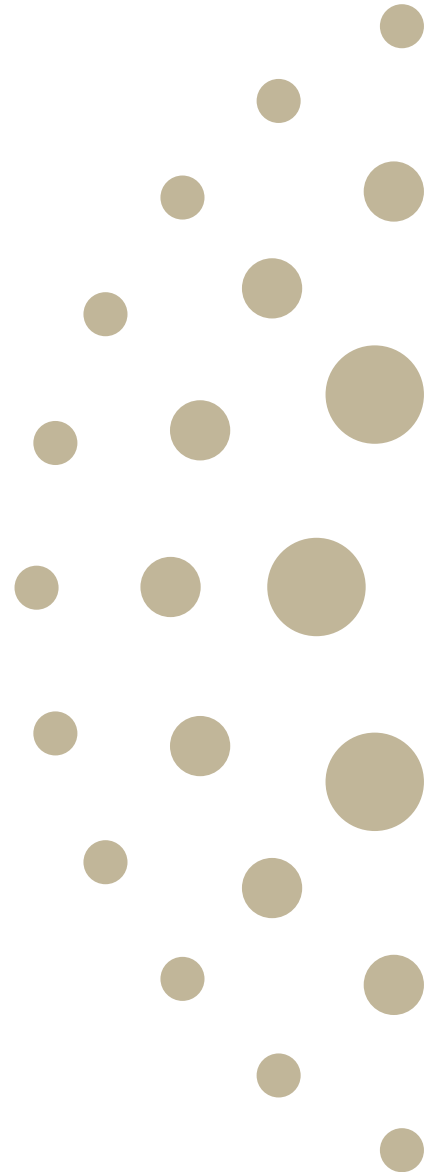


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Abstract

Customer Relationship Management (CRM) has become a key area of focus for small and mid-sized businesses (SMBs) looking for a competitive advantage. Gartner research shows that seventy-five percent of SMBs plan to expand their CRM system due to the overwhelming proof of benefits.¹ As organizations implement new programs and optimize existing ones they need to understand where the true value of a CRM program can be realized within their unique environment and culture.

Seventy-five percent of SMBs plan to expand their CRM system due to the overwhelming proof of benefits.

Whether an organization is looking to:

- keep track of and maintain a single view of customers,
- acquire new customers, or
- reduce service and sales channel costs

it is clear that CRM can pay huge dividends in customer satisfaction and profitable growth. However, undertaking a CRM project is complex and requires attention to three key areas: people, process, and technology. Without attention to all three areas, there is a significant chance of failure.

This paper reviews the potential benefits of technology-enabled CRM business strategies, examines critical points in CRM planning and implementation, and indicates where and how a qualified CRM consultant can help small and mid-sized companies realize CRM results.

CRM Drivers and Benefits

Gartner defines CRM as “a business strategy whose outcomes optimize profitability, revenue and customer satisfaction by organizing around customer segments, fostering customer-satisfying behaviors and implementing customer-centric processes.”² More specifically, CRM is a strategy for adopting technology-enabled processes that improve an organization's ability to know and serve its customers, identify target markets and reach prospects. CRM initiatives range from implementing online customer services to gathering sophisticated intelligence that drive marketing decisions.

Organizations that focus on CRM as an enterprise initiative will increase their earnings per share within two years due to process improvements.³

Companies typically undertake a CRM initiative to address one or more problems related to customer attraction and retention, profitability, and service/sales costs. The benefits can be far reaching. The table below outlines potential benefits from implementing a CRM business strategy.

Potential Benefits From CRM	
Enterprise	Customer
<ul style="list-style-type: none"> Increased revenue Increased margins Decreased costs Increased productivity 	<ul style="list-style-type: none"> Increased convenience Increased savings Increased information Increased enjoyment
<ul style="list-style-type: none"> Customer profitability Customer loyalty 	<ul style="list-style-type: none"> Value from supplier Satisfaction from supplier
<ul style="list-style-type: none"> Acquire valued customers Develop share of wallet Retain valued customers 	<ul style="list-style-type: none"> Seeking out suppliers Trying out suppliers Retaining suppliers
<ul style="list-style-type: none"> Greater employee satisfaction Reduce cost to serve Lower acquisition costs Quicker response to competition Better supply chain integration 	<ul style="list-style-type: none"> Increased process effectiveness Less expensive product design Lower cost of information gathering Greater communication effectiveness Greater brand salience & awareness

Source: Gartner, Inc. © Copyright 2003

Benefits of a Consulting Partner

While CRM program benefits can be substantial, so are the risks. Management must designate a CRM team and play a visible, ongoing role in supporting the CRM business strategy.

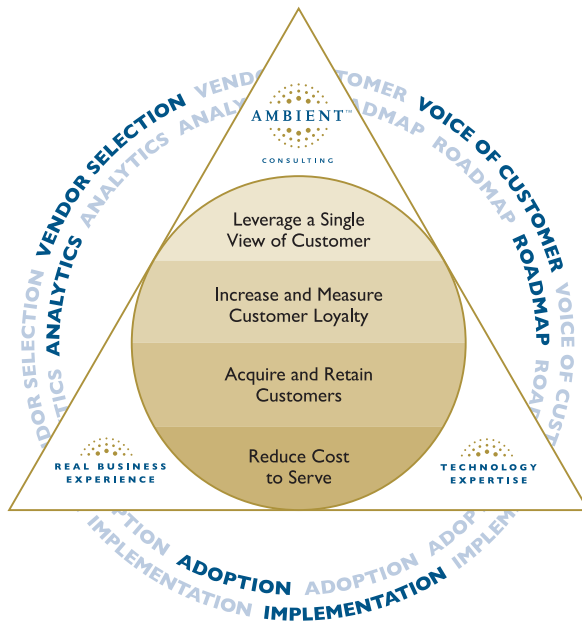


Engaging a qualified consulting firm to assist with all or part of CRM planning, design implementation and organizational alignment can help – particularly for SMBs with limited exposure in this area. An experienced CRM consultant can be invaluable in reducing risks and accelerating ROI.

Among other benefits, working with a consulting partner can provide a proven planning framework, implementation and measurement methodologies, and experience in CRM best practices. Meta Group’s research found that companies are three times more likely to be successful if they have a consulting partner to help them devise a strategy, assess business process needs and leverage technology based on that plan.⁴

Companies that are technology-vendor agnostic, such as Ambient Consulting, offer the additional advantage of providing objective recommendations based solely on their clients needs. Ambient’s CRM Effectiveness practice is positioned to assist small and medium-sized enterprises at any point in the CRM lifecycle. Ambient works with companies to define, implement and measure CRM programs that increase profitability and drive deeper customer relationships.

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CRM EFFECTIVENESS

Ambient CRM Services
Roadmap
Adoption
Vendor Selection
Voice of Customer



Besides being vendor-independent, Ambient Consulting maximizes the value and affordability of its CRM services in two ways:

1. From roadmap to implementation and analytics, Ambient provides well-defined services at key points along the CRM lifecycle. No matter where you are in the CRM lifecycle, Ambient helps you optimize profitability, revenue, and customer satisfaction. These services are packaged to address critical program success factors and provide the greatest value.
2. Ambient consultants work closely with your team to help design and deliver CRM strategies that meet your unique business objectives. Ambient utilizes proven methodologies that complement and enhance existing technologies, methodologies and capabilities.

Over 60 percent of CRM initiatives are focused solely on technology. Over two-thirds of these are likely to fail.

Succeeding at Critical Stages in the CRM Lifecycle

Industry experts and CRM consultants agree that certain steps in a CRM initiative can make the difference between CRM failure or success. Below are descriptions of the relevant services Ambient provides to address these four critical areas.

CRM Roadmap

Through 2005 more than 60 percent of CRM strategies will be developed in isolation from an enterprise's business strategy and more than two-thirds of these independent strategies will fail through lack of support.⁵ One of the most common reasons for CRM failure is a focus solely on technology. A strong CRM foundation requires a holistic plan that creates a CRM vision, identifies project priorities based on specific business strategies, and gives equal consideration to people, processes and technology.

Ambient Consulting's CRM Roadmap service helps SMBs start the CRM project successfully by providing an enterprise level CRM Roadmap derived from industry best practices and proven CRM methodologies. Outcomes include:

- establishment of CRM governance team
- creation of a CRM vision and strategy
- production of a time-bounded, high-level CRM plan

In addition, Ambient can also help your organization develop a business case for gaining organizational support and buy-in from your CRM constituents.

Vendor Selection

In most SMBs, a small number of people are charged with making strategic technology decisions. Yet the number of CRM-related solutions are expanding daily. Thus it is not surprising that over the next two years, one-fourth of all SMBs will take twice as long as needed in their CRM software evaluation and selection process.⁶ Seeking outside expertise can pay for itself by expediting vendor selection, reducing risk and helping ensure the solution meets future as well as current demands.

Ambient Consulting's Vendor in a Box (VIB) CRM software selection process seeks to put the ideal vendor "in a box" framed by the SMB's unique needs. The process takes less time, costs less money and provides a stronger basis for decision making than the traditional RFP process. Ambient helps define the organization's requirements, prequalifies potential vendors and refines the list through extensive research and/or use of commercially available tools. A leading vendor is identified and Ambient applies its experience and knowledge of vendor discounts to conduct pricing and contract negotiations.

The Ambient process provides a forum for SMB leadership to discuss its priorities, which results in fewer unmet technical expectations compared to the RFP process. Additionally, the SMB is provided with and educated on a documented selection methodology that the organization can leverage for future decisions, with or without outside help. Organizations armed with such comprehensive and adaptable evaluation models can significantly reduce vendor selection time.

The Roadmap service aligns the CRM vision with current business processes, identifies business processes that must be modified or created to deliver on the vision, prioritizes process re-engineering work, and estimates effort and time required for high priority work.

Adoption by CRM Stakeholders

One of the biggest stumbling blocks in achieving anticipated CRM results relates to the people part of the people+process+technology equation. Nearly 60 percent of organizations that implement CRM technology experience adoption challenges. Ambient's CRM Adoption Analysis service provides a structured approach to help an SMB identify adoption issues for deployed technology, improve user satisfaction and achieve the envisioned ROI.

The adoption methodology uses online surveys and targeted interviews to more precisely identify the causes of adoption gaps. Management receives a report that analyzes stakeholder feedback and an "ROI Recognition" plan that prioritizes adoption gaps, recommends specific actions and provides an economic model to support the recommendations. The service further defines the expected operational benefits, thus providing the means to periodically measure program effectiveness – a key omission in many CRM implementation efforts.

Voice of the Customer Measurement

Technology-enabled customer support centers are a major focus of CRM initiatives. Increased spending on contact center enabling technologies will continue to widen the gap between the best and average industry performers over the next three years.⁷ However, many enterprises with technology-enabled contact centers still encounter challenges such as low customer satisfaction, inconsistent service levels, and escalating costs. Effective measurement is another common issue for organizations with an existing contact center. Outdated and invasive survey methodologies are both commonplace and ineffective in providing reliable data.

Ambient Consulting's Voice of the Customer (VOC) service uses a unique methodology to provide reliable data, thereby increasing customer satisfaction and loyalty, consistency of service, and cost efficiencies. The VOC service starts with a panel of 1,000 experienced panelists that provide specific, useable feedback on your IVR, web interface, or contact center. Once the data has been gathered, call recordings and summarized data are available for your review. The final deliverable is a comprehensive go forward action plan that outlines project tasks, timelines, and resource estimates.

Ambient's CRM vendor selection process takes less time, costs less money and provides a stronger basis for decision making than the traditional RFP process.

CRM Adoption Service

- prioritizes adoption gaps
- recommends specific actions
- provides economic model to justify recommendations

Ambient's Voice of the Customer service:

- leaves your customer base intact by using experienced panelists
- delivers data that is more reliable than information derived from surveys
- establishes an operational performance baseline
- defines benchmarking strategy and methods
- supports six sigma and other quality initiatives by providing contact center performance metrics

Ambient's VOC service provides reliable data, enabling increased customer satisfaction, consistency of service, and cost efficiencies.

Conclusion

To realize anticipated and lasting benefits, SMBs undertaking CRM must be prepared to plan strategically, align CRM strategies to the company's financial objectives and implement processes in a manner that addresses not just technology, but also employee alignment and organizational improvement needs.

Bringing in a qualified and objective consultant, particularly in key planning and implementation areas, can greatly reduce risks, speed deployment and help ensure a lasting competitive advantage, substantial ROI and overall CRM success.

Sources

¹*"The Three-Year Total Cost of Ownership for CRM Software for MSBs,"*
Gartner, April 2004

²*"Eight Building Blocks of CRM,"* Gartner, March 2003

³*"The Basics,"* Gartner, March, 2003

⁴*"Mid-Market Comes of Age,"* 1to1 Magazine, April 2003

⁵*"Eight Building Blocks of CRM,"* Gartner, March 2003

⁶*"Creating a CRM Vision for the Midsize Business,"* Gartner, July 2004

⁷*"Quantifying Contact Center Best Practices,"* Gartner, March, 2003

