CRM Promise and Practicality for the Smaller Business

Blending the right approach with the right solutions

By Dale Vile, January 2009

In a nutshell:

The term Customer Relationship Management (CRM) may have its roots in the 'big iron' enterprise systems space, but the underlying principles are relevant to businesses of all sizes, and with the right kind of solutions and approach, even the smallest of organisations can benefit.

Key points:

- Customer Relationship Management (CRM) is relevant to small as well as big business

- Yet smaller organisations often use an inefficient mishmash of tools

- Integrated CRM solutions are now very accessible and can boost business performance

- Successful adoption relies on thinking about your processes and defining your goals

The term Customer Relationship Management (CRM) is commonly used by IT vendors when talking about computer systems designed to help companies better manage their sales and customer service activities. It was particularly popularised during the 90's when there was a surge in interest among large financial institutions, telecom companies, retailers and other corporate organisations looking to deal with rapidly occurring shifts in competitive and customer behaviour in their respective markets. Given this background, CRM therefore has connotations of sophisticated big ticket software products and expensive consulting services to make them work.

As a result, most small businesses haven't taken much notice of the whole CRM software phenomenon, dismissing it as something for the big guys and largely irrelevant to them. But is it?

Well no, actually. All organisations, regardless of their size, need to manage interactions with their customers and prospects, and are invariably doing so already in one way or another. In practice, however, most don't think of these activities as "CRM", they just get on with reaching out to new people during the sales process, looking after existing customers, and hopefully selling more to them over time.

The most popular tools used to support these activities are Microsoft Office based, e.g. Outlook/Exchange for day to day contact management, Excel for keeping lists, forecasting sales and analysing performance, and Word to produce everything from marketing literature, through proposals, to delivery notes. The next most popular tools are personal contact managers, made popular over the years by products such as ACT!

Lots of small businesses run perfectly well on this basis, but it is not without its challenges, stemming mainly from the fact that the various components are typically not joined up, either

between functions or users. It is fairly typical, for example, to find field sales people running their lives from their personal address book and calendar, with the master copy in Outlook replicated onto a mobile device representing the modern day equivalent of the traditional "little black book". Meanwhile, the customer service function has its own database, perhaps in Access or Excel, used to track installations, contract status, or whatever else is relevant. Then of course, the accounts department is using something like Sage to manage orders, invoices, etc based on its own version of the customer and contact database. And to top it all off, everyone is communicating independently with customers via email and other mechanisms and storing their correspondence locally, often at a personal level.

If you recognise this kind of setup, you'll also recognise the problems that accompany it, from inefficient processes (lots of paper, emails, hand-offs, etc), through errors and misunderstandings because the right hand sometimes doesn't know what the left is doing, to an overall lack of visibility as a result of everything being so fragmented, which in turn gets in the way of effective planning, management and optimisation of the business. In many ways, this is just a smaller version of the coordination and visibility issues faced by large corporates, but the good news is that something can now be done about them.

Smaller footprint software solutions from the likes of Microsoft and Sage, or even subscription services providing CRM capability over the wire (such as salesforce.com), are available today which can pull the threads together without the need for huge investments in software and expensive consultants. As a result, an increasing number of small businesses are realising that CRM solutions really can deliver benefits in a practical and cost-effective manner.

The trick is to avoid trying to boil the ocean though, i.e. don't try to automate everything at once across field sales, telesales, marketing, and service, just pick one problem to begin with where improvements will have the most impact. Many, for example, start with field sales automation, because keeping track of and supporting the activities of distributed teams is a perennial problem that is difficult to solve without joined up systems.

Wherever you start, however, it is advisable to work with natural behaviour rather than against it. In order to drive the payback in terms of productivity, effectiveness and business visibility, it is important that sales staff, for example, actually use the CRM system. At the very minimum it must therefore integrate seamlessly with their existing contacts, calendar and email system, as experience shows that you are unlikely to wean sales guys off Outlook and their PDA, and if you ask them to maintain everything in two places, it simply won't happen. Fortunately, most of the solutions on the market take account of this, which also helps considerably from a training and 'compliance' perspective.

Perhaps the most important piece of advice for any small business considering a CRM solution, however, is to understand your own processes and needs before you implement. That's not to say you need to have it all worked out before looking at options, as conversations with potential suppliers will often generate ideas that will be of use to you. However, if you know what you are trying to achieve before signing on the dotted line, you'll have much more chance of success.

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