

Success with Microsoft Dynamics CRM 4.0: Implementing Customer Relationship Management

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ISBN-13 (pbk): 978-1-4302-1604-9

ISBN-13 (electronic): 978-1-4302-1605-6

Printed and bound in the United States of America 9 8 7 6 5 4 3 2 1

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Distributed to the book trade worldwide by Springer-Verlag New York, Inc., 233 Spring Street, 6th Floor, New York, NY 10013. Phone 1-800-SPRINGER, fax 201-348-4505, e-mail orders-ny@springer-sbm.com, or visit <http://www.springeronline.com>.

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The Evolution of CRM

How CRM's evolution is relevant to the value of today's CRM initiatives

The concepts that define Customer Relationship Management (CRM) today have developed over more than a decade, stemming from very pragmatic and simple beginnings. The advancements through the years were driven by changing market needs, maturity of the business concepts from a critical mass of new ideas, and advances in technical approaches and architectures. This chapter presents the evolution of CRM based on the value achieved by those who undertook the effort. There are four recognizable stages that are important to understand along the progression, as outlined in Figure 1-1.

- **Individual CRM.** Simple approaches and siloed information that provide value by giving access to customer-related data. This section identifies where CRM's roots formed and how they are still relevant as the basis for many of today's CRM initiatives.
- **Departmental CRM.** Moving beyond individual, disconnected sources of information to solutions that consolidate departmental customer information and automate business processes. This section examines the move to three different departmental solutions for consolidating customer-related information and the automation of departmental processes.
- **The CRM Suite.** Crossing departmental boundaries to provide a 360-degree view of the customer throughout the organization. This section presents the consolidation of the Departmental CRM solutions and the benefits provided to all departments.
- **Beyond CRM Boundaries.** Broad use of CRM as a component of a mature business architecture pushes the boundaries of CRM as an application framework. This section discusses the maturation of CRM concepts and technology together to go beyond the boundaries of CRM and encompass other business relationships.

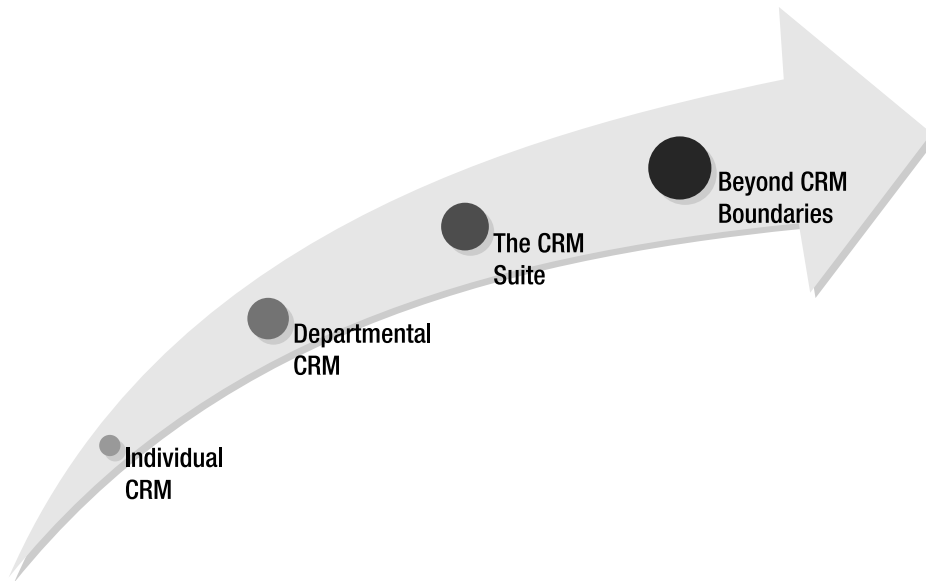


Figure 1-1. *Stages of CRM's evolution*

These stages are important for reasons outside of historical interest. First, it is important to understand what CRM is and what it is not outside of the buzzwords and current deluge of marketing from companies claiming to provide a CRM solution. Many solutions are marketed as CRM because they fit the definition of CRM in one of its developmental stages. This is neither good nor bad as the solution may fit a specific need, but not understanding the breadth of the market as it has developed may lead to the selection of a solution that is not ideal. Second, and more important, the concepts and processes, and therefore the value that defines the stages, is paralleled in many of the implementations occurring within businesses today. The evolution from simple demographic data management to application platform can be seen within individual initiatives and can help set your organization's expectations of value as you go through the journey.

Individual CRM

The concepts associated with managing customer information in order to understand who they are, how they operate, their value as a customer, and the structure and depth of the relationship did not begin as a well-thought-out process or solution called CRM. In fact, CRM finds its roots in the basic need to manage customer information within many diverse organizations. The precursors and initial CRM solutions were developed to support the need to capture and maintain contacts and customers for very basic functions such as sales call downs, billing, service responsibilities, and simple marketing lists.

The Value of Managing Customer Demographics

Customer demographic information has been used in a variety of ways to support individuals and businesses. For decades, professionals have employed contact demographics in forms such as the rolodex for quick access to addresses and phone numbers. Businesses used

customer demographics to manage payment or invoice processing or to remove duplicate records and narrow their efforts to a targeted group to whom their marketing material could be sent. As the volume and speed of information increased, processes and requirements became more complex; new solutions outside of a simple legacy customer data store or manual card filing system were necessary to provide easy access to and individual maintenance of information. The new solutions allowed for a more personalized user experience and broader set of demographic information within a silo of information used or maintained by a single person, and almost always for a singular purpose.

There are several examples of solutions from the early part of CRM's evolution. Most solutions were spreadsheets or simple databases containing extracts of the customer master file from the billing or operational system. This approach is still widespread today with local users or teams extracting and maintaining local copies of data.

Solutions developed specifically for this early CRM market focused primarily on contact management functionality. These solutions became very popular because they were low cost and could quickly be configured to meet the individual's need to simply manage contact information. It did not require any predefined structure in their workday processes and was a big improvement over the boxes of business cards that were stored in a desk or binder never to be looked at again. When provided on a laptop, the information could be available to users outside of the office since the data was maintained on each individual's personal machine.

A well-known (and still heavily used) example of a solution that provides functionality from this stage of CRM's evolution is the contact functionality found in Microsoft Office Outlook, shown in Figure 1-2. With an interface that is easy to use and understand, Outlook provides individuals the ability to store and maintain contacts for multiple purposes. Those who use this solution can see the benefits of being able to capture phone numbers, email addresses, and physical addresses using standard fields, while also being allowed some flexibility for customization of contact details to make the solution specific to each user's needs.

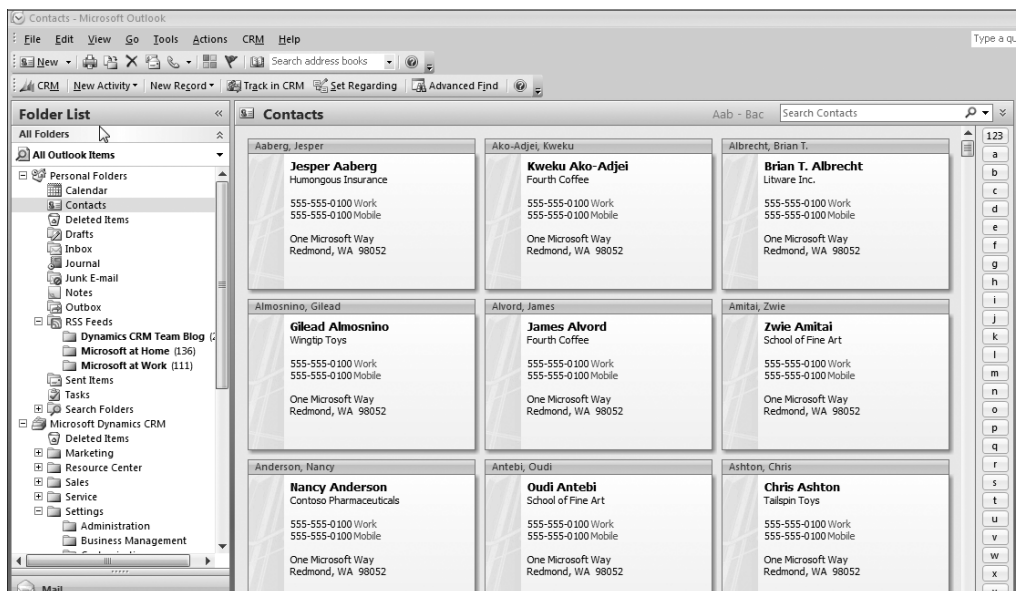


Figure 1-2. Microsoft Outlook's contact management solution

In this example, and for most of the similar contact management solutions, an individual creates and maintains the information on a local workstation with little regard to how the data is stored, reported on, or made available beyond that user's needs.

Common Challenges in the Individual CRM Stage

There were downsides to the use of the early solutions, some of which still apply today, where functionality is limited to maintaining customer demographics. One of the key issues that arose was heavy duplication of information across the organization. With each person working from their individual set of information, information is likely being maintained in several versions of the truth. Each person is potentially missing the value of a broader understanding of the relationship.

Consolidating each potential source is the only way to reliably use the information for other purposes, such as a customer master file or marketing list. Companies that have tried to accomplish consolidation using a siloed contact management solution put in an enormous effort to find and address duplication, and must repeatedly do so because it is immediately out of date when the next individual update is made.

Another significant challenge with early solutions was the lack of relationship structure available in the data. While contact details could include company information, capturing a company without duplicating it for each person at the same company was not yet fully realized without significant customization. This challenge can easily be understood by looking at how Microsoft Office Outlook stores contacts with the company information duplicated on each person that works in the same organization.

The challenges in using individually-maintained information at the organizational level were significant (such as duplicate information, difficult and costly consolidation, lack of company relationship, and disparate application of processes), and while some undertook the effort internally, with high initial development costs and significant overall maintenance due to the lack of extensibility within existing solutions, most waited for the software providers to address their needs. These needs eventually developed into requirements for more connected solutions across the business and moved the technology from local, independent stores of information to a set of data that was centrally accessible and maintained—typically at a sales, service, or marketing department level.

Departmental CRM

During the early to mid 1990s, solutions became available that supported and also expanded the ability to consolidate data sources within departments that relied on the same data—customer information. These solutions, known broadly as Sales Force Automation (SFA), Marketing Automation, and Customer Service Automation (depicted in Figure 1-3), became the pillars of CRM and reflect the major transactional areas of interaction between a company and its customers. By consolidating the information within the department, companies could develop and implement structured processes, and automation of those processes became a viable option.

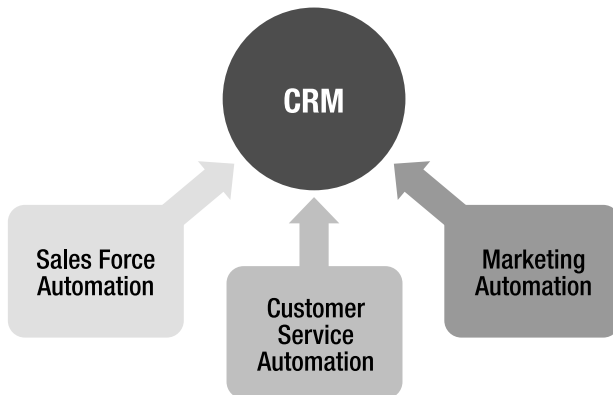


Figure 1-3. *Standard functional areas of CRM*

The Value of Consolidating Departmental Information Silos

Solutions that provided a central source for capturing and accessing departmental information while providing easy-to-use interfaces were readily adopted by sizable organizations. These companies needed to identify options for dealing with a large number of customers and contacts or a large volume of interactions between the company and its customers that could involve multiple employees. The individual information silos created from the previous generation of solutions could be replaced with a consolidated functional data set that presented new opportunities to organizations. Sharing a single version of the customer information between users and managers meant more time spent working with the customer versus maintaining data or updating management on status.

With the increased visibility and maturity of CRM concepts came interest in managing more than demographic information. There was obvious value in tracking the history of interactions with a contact, including meetings, phone calls, emails, and so forth, which provided an audit trail and de facto status with customers or prospects. Coupled with the increase in information sharing, the organization's management team began to receive value through an understanding of relationships without the need to recount each action in time-consuming review meetings.

When this broader view of customer-related information was taken, companies began to identify relationships between that information and information in other solutions that could be valuable if it were more easily available and connected to their employees. Examples of this type of related information include invoices and payments held in financial systems, orders and shipments in manufacturing solutions, or returns and warranties in support solutions. Integration between Departmental CRM solutions and other systems was achieved, further consolidating the view of valuable information, typically by storing a copy of the data within the CRM solution. Figure 1-4 depicts the major values realized by consolidating departmental information.

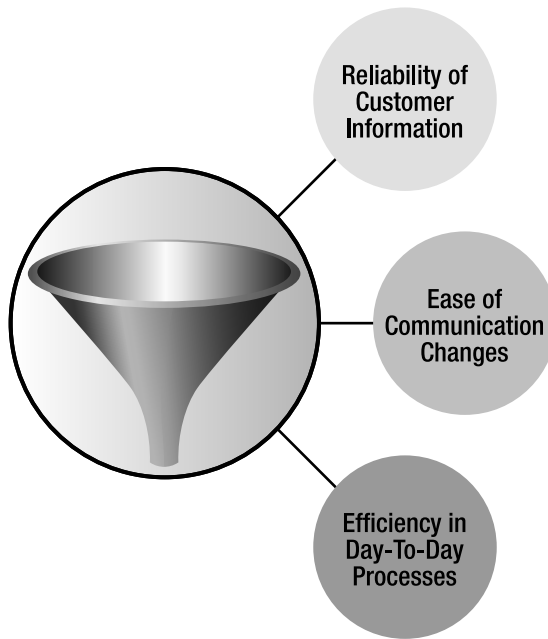


Figure 1-4. *The value of consolidating information in departments*

With all of this information available to users, it became increasingly difficult to understand what was important, when it was important, and how it should be used. To address this challenge, some companies turned to solutions that could also provide process automation within the department for structuring sales, customer service, and marketing activities and information into more repeatable and efficient workloads.

The Value of Process Automation

The ability to access details about customers and interactions was of great benefit to companies, but many did not realize the impact the increase in information would have on their teams. Too much information without a defined structure for how to work with it created many problems in early solutions. To address this challenge, companies required solutions that could work with the customer-related information in a way that fit their processes. CRM solutions responded with varying levels of automation to help choreograph information capture, information sharing, and internal or customer communication.

Some also recognized that the amount of information and automation available through these solutions allowed them to define and implement repeatable processes that could be reinforced through training and automation. This was true for each pillar of CRM—sales, customer service, and marketing departments could all benefit in varying degrees from automating their solutions. The automation of functional processes and the technology that provided them created a significant challenge that affected the success of many CRM solutions that were not prepared for it. The issue was identified as a change-management challenge within the organization and developed into a mantra that is fairly widely known today when referring to CRM implementation approaches—“People, Process, and Technology”—depicted in Figure 1-5.

This referred to the need to address not just the obvious process and technology components when undertaking these solutions, but to also be prepared for the change management that needed to occur within the department.

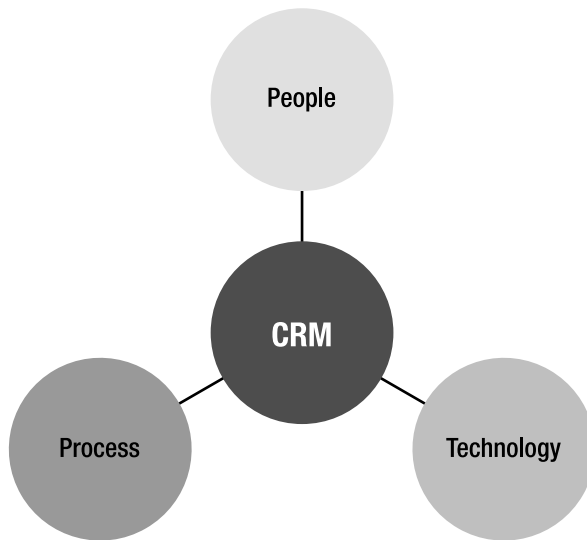


Figure 1-5. *Relationship between people, process, and technology*

Sales Force Automation

Companies seeking to automate their sales processes in conjunction with the customer demographic information they dealt with on a daily basis could look to the Sales Force Automation capabilities found in solutions in the Departmental CRM stage. Typical challenges within sales teams included inefficiencies in tracking activities with customers and prospects; difficult or inefficient communication with managers on sales approach; time lost having to manually produce information for reports or status; inefficient assignment of leads; time spent training new employees on standard sales processes; time spent on low-value manual tasks; and several others. Many of these activities could be made more efficient through automation.

SFA is very important when discussing value and the evolution of CRM because it is often identified as providing the potential for increased revenue—obviously a definition of value that most organizations would listen to. The expectation is that a defined sales process, availability of shared information, easy access to customer relationship details, and automation of the basic tasks depicted in Figure 1-6, present the opportunity or the ability to sell more effectively.

The value of SFA within CRM, presented in Figure 1-7, is significant, as is the challenge of attaining that value without an approach or strategic plan for implementation. However, when implemented with a well-defined, company-aligned approach that includes a communication plan, stated expectations, and a proven methodology, the results can be very positive for the business, including better client relationships, more productive sales teams, and better management visibility into the sales pipeline and forecasts.



Figure 1-6. *Components of Sales Force Automation*

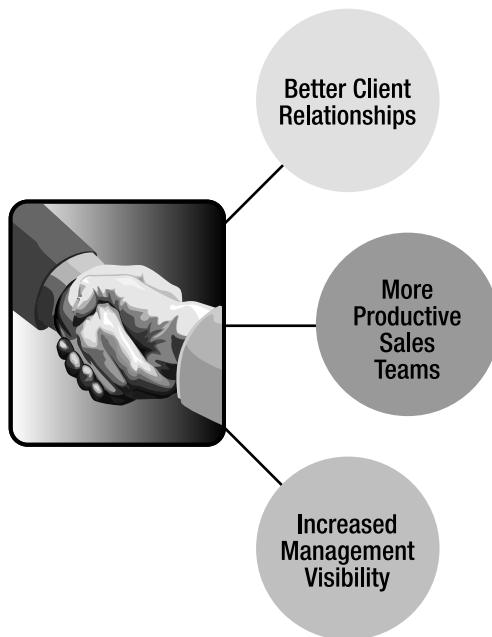


Figure 1-7. *Summary of CRM value in a sales environment*

This increase in efficiency is the primary push for most companies that implement the SFA elements of CRM, and it can apply to a wide variety of sales requirements. Many industries

have unique process requirements that the SFA solution needs to match. One industry's sales cycle could average months or years to complete; others involve large sales teams across groups or regions; some are predictable and predefined; and some involve a high volume of smaller transactions. Looking at a couple of case studies involving these varieties can provide good insight into the potential value of SFA within CRM.

Case Study: CRM Value in Long Sales Processes

A division of a large aerospace company that sells multi-million dollar products to government institutions has sales processes that must cross multi-year budgeting cycles. The sales teams need to keep track of large numbers of interactions within that time frame and manage deep relationships with the direct customer and also a wide variety of groups and individuals that can influence the decision. Once they are awarded the bid the sales process continues until the product is delivered.

The sales cycle for this organization is extremely long, encompassing interaction between many people within the organization, including executive management and a mix of groups and individuals that change throughout the effort. The solution requirements were to provide the ability to manage demographic information, including deep relationships and historical activities in a dispersed sales team, and track and report on stages throughout the process.

The organization's primary tools prior to an SFA-specific solution were email and spreadsheets that each member of the sales team kept up to date through a shared file. Moving from individually-maintained spreadsheets to a consolidated view of the data provided confidence that the information each person reviewed was the latest, and that no one on the sales team missed additions or changes in the influencer relationships that were so vital to winning the sale.

Case Study: CRM Value in Complex Sales Processes

A leading provider of imagery and film sells their services to companies for use in advertising projects. In some cases the products their customers need are not easily identified and the sales team must work with several internal teams to understand the customer's need, identify options that may fit the need, communicate with the customer regarding any licensing restrictions, and negotiate the sale. This complex process can be completed in a day or over several weeks or months, and typically involve sales, research, licensing, and technical support.

This complex sales cycle required tracking of requests that could be submitted through several groups, consolidation of all activities related to the customer and opportunity, tracking assignment and completion of tasks between groups, and accurate communication in a timely manner with the customer.

The tools used to support the organization prior to implementing an SFA solution were disparate, internally developed solutions that focused on managing products and licenses, not interacting with the client, and therefore weren't well suited for developing deeper customer relationships and loyalty. The value of the SFA-specific CRM solution for this company was to build deeper customer loyalty and faster sales through accurate tracking of customer interests and needs, connecting them with the right internal resources, providing them with options that would fulfill their requirements, and ensuring that internal actions were assigned and completed without ongoing requests for status.

Case Study: CRM Value in Predictable/Structured Sales Processes

An industry association that provides healthcare insurance and other services works with insurance agents and members to negotiate initial and yearly employee renewals. This process is well defined, including when it must occur and what steps must be completed, which allows the sales effort to be assigned and organized across the sales team.

For this type of structured sales process the organization required easily followed stages and activities to ensure nothing was skipped or missed. They also were looking for better automation of the customer interaction, including notices and forms that contained a large amount of customer demographic detail reused throughout the process.

The organization used spreadsheets to track organization and member demographics, and manual paper checklists to track the steps within the sales cycle. The value to them in implementing an SFA solution was twofold: managing the demographic detail in a reusable location, defining and automating the sales stages and activities within the solution so that it ensured the process could be followed by long-time employees or new hires and reviewed by management for oversight, and automating the creation of documents from demographic data to save hours spent manually creating them with information that was available within the solution.

Case Study: CRM Value in High-Volume Sales Processes

A small organization sells refurbished electronics through daily marketing of their inventory to individuals. Opportunities come in through email responses to daily marketing, phone calls, and through their website. Each opportunity needs a response within a short time frame to decrease the time to close the sale and move the inventory in this low-margin business. Each sales rep needs to receive the opportunity when it is assigned, complete necessary research, respond to the interest, and follow up within a day of the initial interest. Keeping track of these activities in this volume business and introducing new sales reps into the team was very challenging.

In this high-transaction sales cycle, the organization required an easy way to assign opportunities, track each request, and automatically create tasks based on sales status and time frame. Sales reps had to know what their volume of work was and receive help prioritizing their activities. Management had to have the ability to take snapshots of their book of business for forecasting, planning, and balancing the load between sales reps.

Prior to an SFA solution, email was the primary view into the sales pipeline, and the organization relied on each sales rep to not miss deadlines and leads. Very little could be done to assess how well they were performing outside of closed revenue. The value in implementing the SFA solution was in providing an easily managed set of activities for the sales reps that combined the opportunities coming through several channels, and in centralizing the information so that management could make informed decisions and projections for the business. If the volume of business increased or decreased the organization could quickly train new personnel or adjust the assignments to compensate.

As CRM solutions became more prevalent, companies saw an opportunity to use them in coordination with sales methodologies such as Miller Heiman's Strategic Selling, SPI's Solution Selling, and many others. This coordination of tools and methodology further reinforced the interest for companies looking to get ahead in their markets. Tools and methodologies supported each other and could expand on the value that each was offering when both were present. Whether companies used externally defined, internally developed, complex predefined, or basic flexible methodologies, the link between them and CRM became intertwined and has continued to be

one of the most important factors for delivering on the expected value in successful implementations of sales-specific CRM functionality.

Marketing Automation

The extension of the simple marketing databases from the individual stage in CRM's evolution is the basis for Marketing Automation. Marketing departments (or marketing efforts within sales groups or by sales reps themselves) were using the marketing lists and databases created from extracts of customer data or purchased lists to identify prospects and take action to generate opportunities the company could act upon. The actions included creating campaigns with targeted customers and prospects, control groups, waves of contact, and budget management. It also involved assessing the interactions during and after the campaign and assessing changes for improvement. All of these activities have great potential for automation with the promise of providing better-qualified customers, faster lead turnaround, increased market penetration, and, where applicable, increased penetration of large clients.

To capitalize on the opportunity, companies began implementing consolidated marketing lists, campaign management functionality, communication tracking, and early prospect conversion assessment capabilities. The solutions for Marketing Automation varied in the marketplace, but most had the ability to manage customer demographic data that could be segregated for action and some form of reporting or analytics. Some solutions focused on the campaign management, planning activity, and budgeting components while others provided significant architectures (and partnerships) for connecting with and managing prospects through standard mail, email blasts, phone calls, or websites. Each of these solutions results in more impactful marketing solutions, as shown in Figure 1-8.



Figure 1-8. *Components of Marketing Automation*

Campaign management was a set of functionality within Marketing Automation that was typically undertaken by larger companies because it required significant structure and preparation to use effectively. Because many large organizations had defined their campaign structure and processes, what they needed was a tool to automate them. With Marketing Automation tools, marketing teams can fully define the campaign structure, timeline, activities, waves, and prospect lists. They can also estimate the costs and forecast the revenues (through conversion rates and product targets). Once marketing has the structure and information completed, some tools provide approval workflow to ensure that management is on board with the effort and provide visibility to the execution plan.

Managing communications and lead tracking were easier pieces of functionality for all organizations to use regardless of size. Most companies used prospect and/or customer lists to market their product or service. In the case of lists with more than several hundred customers or prospects, companies could use mail houses or another partner (for email and calls) that could merge all of the information together and send it. The new capabilities of Marketing Automation solutions allowed companies to not only clean or validate lists, but also to segregate their members based on demographics or other related information and then gave them the option to merge and send internally or to connect to a service partner that could do the same. Some solutions included information on web activity based on the mailer or email link and provided very detailed analysis of which marketing effort was generating interest.

The potential value of implementing Marketing Automation within CRM, depicted in Figure 1-9, can be very significant, ranging from consistent messaging to increased visibility to leads being generated at the interaction level. It may result in shortened campaign cycles through targeted marketing and better insight into results. This ideally gives a better understanding of response rates and conversions to qualified leads.

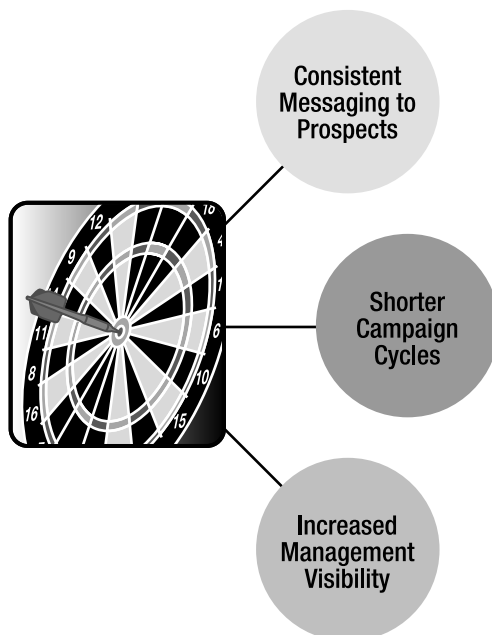


Figure 1-9. *Summary of CRM value in marketing environments*

Case Study: Campaign Management

A large organization selling to marketing organizations runs several structured campaigns each month. The marketing department works across several marketing teams and with management to define the campaigns, limit their lists to a targeted number of companies, and define the components and associated activities. All of this planning information is reviewed by managers within the group who evaluate the estimates provided against budgets and potential revenue after the planning is completed. This process is time consuming, and though the definition process is well understood, not all steps are completed for each effort.

This marketing department required a solution that would allow them to set budgets at a management level and use that information to devise a well-defined campaign that fit within the budget instead of leaving the budget review of the plan to the end. They also needed to ensure that each step was completed during the campaign definition process and that management had approved its execution. Finally, the solution needed to provide access to information, as the campaign was being executed to minimize the effort of weekly manual reporting on status, responses, and qualified leads passed.

Prior to a Marketing Automation solution, spreadsheets were the primary tool for defining campaign actions and estimated costs. The spreadsheet was managed within the marketing team and reviewed at the task level (and revised with management during monthly planning meetings). Responses were tracked in a separate spreadsheet during the execution phase and reporting was developed manually as required to show effectiveness and status.

Case Study: Activity and Lead Tracking

A midsize technical services company markets their services primarily across an existing client base with a few campaigns to prospects. The marketing team segments their customers by industry, previous work, and relationship status by exporting the customer list from their ERP solution and requesting quarterly updates from their managers. Campaigns are generally simple, with one or two marketing pieces sent through a mailhouse or through their email server. Follow-up phone calls are generally done as well which, if the customer was interested, were passed on to sales by identifying them with a particular status.

The marketing team required a solution that helped them manage the demographic information more consistently and in a central location available to marketing. Updates from account managers needed to be stored only when made instead of starting clean each quarter. The department also wanted to track the history of campaigns that customers were involved with—the collateral, email, or calls associated with the campaign and which prospects became qualified sales leads.

Prior to implementing a Marketing Automation solution, the marketing lists for this team were managed in a spreadsheet and passed to account teams for updating. The same list was duplicated and provided to sales reps during and after the campaign to share the updates of qualified leads. Very little reporting could be completed and historical information outside of personal knowledge was difficult to provide.

Customer Service Automation

Customer service departments, still typically identified as cost centers, can easily identify value in managing customer demographics in a consolidated structure. They are continuously interacting with customers and welcome the opportunity to minimize time spent looking for relevant and up-to-date demographics as well as managing the high volume of customer interactions that are the hallmark of their departments. Typical challenges in this part of an organization are defined by time to resolution of a customer's question or issue, customer satisfaction, consistent customer experiences across all interactions, call times and volumes, and time to prepare new service reps.

To address these challenges, customer service departments look for solutions to provide their agents with consolidated views of customer information that can be maintained at the point of contact, and a variety of areas of automation for current practices. Tracking open issues, managing assignments based on experience and workload, tracking service level commitments, storing resolutions for use in future contacts or by less experienced reps, or gathering information for a Return Merchandise Authorization (RMA) are all examples of benefits that can be realized with the customer service components of CRM.

A final key requirement is reporting, as these departments run by metrics, both point in time and historical. Key performance indicators (KPIs) are typically well defined within customer service departments and the information required to produce the KPIs would need to come from the departmental solution. Each of these components of value within the customer service area is depicted in Figure 1-10.



Figure 1-10. *Components of Customer Service Automation*

In the Departmental CRM evolution stage, the easiest opportunity to achieve value for the customer service department is through consolidation of customer demographic information and easier access to relevant, related data typically found in legacy applications such as purchase history, billing detail, or other line-of-business applications. Providing a single place for customer

service representatives (CSRs) to go to find, update, and manage customer demographics, and providing views or links to other information from relevant systems provided tremendous value. A good example that illustrates the need for consolidated data is a call to your local phone company where you are asked for demographic information even though the company must already have it to bill you. This is not always a simple task but it is critical to achieving value for the customer service area.

Another significant opportunity to provide value within the customer service department using a Departmental CRM solution is tracking communications and interactions, as this is a key metric used in many industries. Knowing when the first communication was, who it was with, and how long until the case was resolved or next responded to can be the difference in achieving a target level of service and having a high level of customer satisfaction. Coupled with workflow automation for escalating issues as they reach predefined limits or stages, this approach provides an extremely valuable solution for some organizations.

Companies that do not have this capability can be easily identified when customers have to explain to the CSR the date, person, and details from their last call on the same issue. Utilizing a Departmental CRM solution for this purpose can often point out where service is exceptional, adequate, or needs some help.

Many businesses have traditionally relied on experienced CSRs to be able to quickly assess and respond to challenging issues. These companies also can easily point to value with Departmental CRM by utilizing the knowledge management capabilities within some solutions. Implementing a solution that allows CSRs to identify potential additions to the knowledgebase during their normal activities and includes workflow stages to review and approve an item that can be made broadly available to others, provides the option to train new CSRs more quickly with the confidence that the information they require is available. It also can help with key metrics such as first call, average call, or incident resolution. This functionality can be valuable to companies in either product or service markets. These opportunities for value are depicted in Figure 1-11.

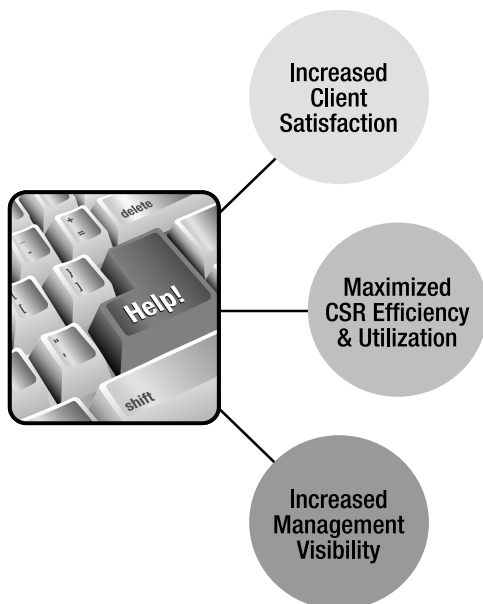


Figure 1-11. Summary of CRM value in customer service environments

Various industries have unique requirements that match the customer service components of CRM. Some companies rely heavily on call centers and focus on the quick identification of a customer to assign and resolve the call as quickly as possible. Some companies use their CSRs to identify cross-sell or up-sell opportunities, and while call resolution times are important, customer intimacy is the goal. Other companies concentrate more on outbound contact activities and require predefined communications and follow-ups. Each of these, and many others, requires a different set of solutions and seeks a different mix of customer service CRM benefits. Case studies of a few different customer service organizations can give some insights into these differences.

Case Study: Inbound Call Center

A midsize software company utilizes a small call center to respond to questions and issues from customers. Call volumes and durations are of key concerns as the company tries to keep costs to a minimum and only adds staff when customer satisfaction is likely to suffer. A few CSRs on the team have been with the company for several years and know the solution well, but the team has gone through a large growth period and many are new to the organization and product. The less-experienced CSRs escalate issues when they do not know the answer and cannot get to someone during the call. One of the key requirements during the initial call or email is to understand the customer's entitlement to service based on their contracted service level and dates. Ideally, the team would like to implement a more structured and connected solution for cases via their website. Metrics for their group are very important and increased access to KPI information is a real driver to implement a solution within the department.

This company benefited from a Departmental CRM solution that provided consolidated customer information with ties to their order-entry solution to access purchase history. They also implemented a knowledgebase solution to share solutions to common issues without having to ensure an experienced employee was always on shift. Web access to cases and the knowledgebase was implemented so that customers could access information in a self-service model. Finally, KPIs were defined and initial reports based on them were developed.

Case Study: On-Premise Service Center

A car dealership's customer service department dealt with their customers for periodic questions and predictable and routine scheduled services. They required a solution that provided purchase history, service activities, and links to their warranty information. Simple scheduling of the service visit was done on a grease board, or for long-term schedules on a spreadsheet with just the customer's name, vehicle, and customer number.

As a part of their customer loyalty program, the dealership utilized a customer service Departmental CRM solution to tie together customer details, purchase and warranty details, and communication activities for a better customer experience. Scheduling was also added as a capability to provide a single point for scheduling service appointments and viewing a much broader level of customer detail.

Case Study: Services Delivery Group

A large online-event management provider required a service solution that helped them manage the activities related to contracted services for planning, developing, and managing online events. Their event management team needed access to customer relationships and a place to track project details, communications, and planned activities leading up to the final service. The management team needed to develop better capabilities to assign resources and engage in specific efforts as needed by having visibility and insight into the team's progress and status. Analysis of utilization, specific types of activities, and customer satisfaction were all part of the solution requirements.

The company implemented a customer service CRM solution that helped them identify the availability of team members through consolidated assignment processes. The project teams had visibility into sold services and related customer information where they could add further details throughout the project. Planning and development activities were created through an automated set of stages, and communications were created and managed within the solution. Customer service surveys were automatically sent via email at the completion of the project and customers responded through an online survey connected to the Departmental CRM solution. Up-to-date analysis of key activities, assignments, and customer satisfaction could be accessed at any time.

Departmental CRM solutions are not the sole solution for many service departments; some environments have benefited tremendously from integration with other solutions to extend or support the value of the CRM application alone. One of these supporting solutions commonly found in the customer service CRM environment is a call management and interactive voice response (IVR) solution. Further automating a call center by connecting the call information to the consolidated customer demographics allows the CSRs to see who is calling and access their information very quickly.

IVR solutions allow the customer to input information that routes their call to the appropriate place and increases the chances for first-call resolution. Return Merchandise Authorization (RMA) solutions are another area where complementary capabilities are sometimes employed for specific industries that deal with physical product returns, replacements, and tracking. Many other solutions can extend functionality within a Departmental CRM solution depending upon the specific needs.

Common Challenges in the Departmental CRM Stage

Solutions that meet Departmental CRM needs provide benefits when implemented with realistic goals and expectations based on the possible values identified in this section. The effort to implement a Departmental CRM solution must be undertaken with a well-planned strategy, effective communication, and a proven methodology as discussed in Chapters 3 through 6. However, several common challenges can be identified in the Departmental CRM stage of evolution—especially when dealing with solutions that were available early in the timeline. Common challenges include the following:

- **Full consolidation of customer demographics.** To truly consolidate the customer demographic information and provide a mechanism to manage that data, organizations had to assess each departmental area that had an interaction with their customers and then provide consistency across them all. Departmental CRM solutions did not typically address this because they were focused on providing functionality and solutions to one core group.
- **Potential for several CRM solutions within an organization.** With each department looking for a solution to increase revenues, utilization, or efficiency, companies found themselves managing several Departmental CRM solutions—each with their specific value to the organization.
- **Rigidity of the solution's assumed business processes.** Many solutions that provide a single departmental component of CRM have been developed within a single industry or with a specific structure assumed within the department. For example a sales process that relies heavily upon resellers is going to have a very different process structure than one that sells direct. Because of the potential for bias in the assumed processes, some Departmental CRM solutions can require changes to the process to match the system's approach. This rigidity of the solution is not specific to CRM but can be very challenging because of the broad differences across the landscape of customers.
- **Analysis of the type and depth of CRM information.** The Departmental CRM solutions were designed to capture, automate, and structure information about and related to the customer. This meant new ideas for the types of information that could be useful, and therefore added to the departmental solutions. However, much of the solution planning and implementation processes left reporting or analysis to the end without the full understanding of how the information would be used and analyzed. This challenge continues to plague some implementations and should be a topic of conversation during the early strategic planning.
- **Building and maintaining integration to legacy systems.** This challenge exists for many solutions but it is a significant one for Departmental CRM solutions because they can be one of several systems within the enterprise that values the customer demographic and related information. The development of integration with legacy systems in a consistent and maintainable way can be very costly and time consuming. In addition, early adopters of Departmental CRM solutions were working with fairly closed, proprietary solutions that did not easily lend themselves to integration models outside of simple data duplication.
- **Cultural changes associated with CRM business processes.** Companies planning on implementing CRM for the first time have most likely developed business processes to fit their businesses specifically. Applying the CRM concepts to the department, especially where the group has been in business without change for many years, requires looking at the processes and identifying options to automate them. However, this process review step often identifies changes to certain areas, the potential to streamline certain processes, or broad process reengineering that can have a significant impact on the organization. This challenge exists in other initiatives as well, but is acute in CRM efforts because of the push to track and automate items that have typically been manual or time consuming. Most companies know that there will be some change required, but many don't realize the potential complexity that could be introduced into their cultures as people try to adapt to the new way of doing business.

The CRM Suite

It was in the mid-1990s when vendors who previously offered only a single Departmental CRM solution began delivering suites of functionality that fit in the CRM Suite stage of CRM's evolution. There are competing theories whether these traditional vendors led the way in adding more breadth to their solutions driven by customer demand, or if they were forced down the path by new entrants in the market that were built on the premise of a single application that consolidated all customer interactions.

Due to the manner in which the industry developed, many of these vendors struggled to successfully retool their applications in a manner that provided consistent depth across the three functional areas: sales, marketing, and customer service. Many vendors were still recognized for the historical strengths of their departmental functions, which initiated some market consolidation through mergers and acquisitions. A vendor with strength in service functionality would be acquired by a sales-centric application vendor trying to provide an enterprise solution. This type of consolidation in the market and other niche acquisitions occurred as each vendor strived to deliver depth and breadth across all three pillars of CRM.

By the late 1990s the CRM industry became a more recognized segment of the business application software market. As such there were many new entrants into the market, offering more depth such as integrated email marketing or analytics, and more breadth through industry solutions or predefined configurations that met common challenges such as an RMA process or customer service escalation workflow. The result was a host of niche players that blurred the definition of CRM even further.

The categorization of the major CRM vendors in the market began evolving into what has become known as the CRM Suite, depicted in Figure 1-12. CRM Suite vendors were considered the application providers of a single repository of customer information that enabled the capture of information, functional automation, and management capabilities across sales, marketing, and service transactions.

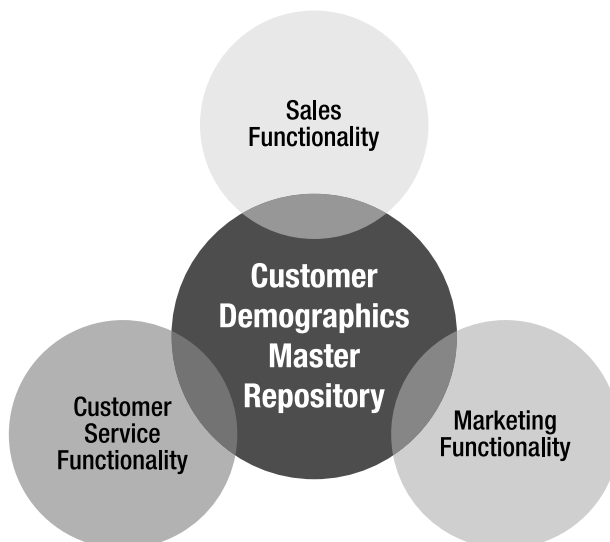


Figure 1-12. *Components of the CRM Suite*

Other significant shifts in the solution space for CRM (and for many other application markets) occurred in the early 2000s. Technologies and development approaches began to shift to browser-enabled and browser-based applications. The software as a service (SaaS) delivery model was initiated, which provided hosted applications that were managed outside the organization for a monthly fee, typically per user.

These evolutionary advancements presented a larger number of companies the opportunity to consider CRM as a valuable solution and an opportunity to broaden the use of CRM in companies that used it within a single department.

The Value of Consolidating CRM Capabilities Across Departments

Implementing the CRM Suite within an organization can have a significant impact on the overall business. Many of the challenges identified in Departmental CRM are dealt with in this evolution of CRM concepts and solutions. Even in cases where one or more Departmental CRM solutions already exists, the decision to move to a CRM Suite that crosses departments can provide very real advantages. Challenges with managing customer information across departments that have significant customer interactions are lessened once a CRM Suite is fully implemented. Both the business and IT stakeholders value this type of structure because it addresses requirements and challenges in both arenas.

For functional areas of the business where marketing, sales, and service all deal directly with customer information, they finally have a single view of the customer, as described here:

- Marketing can seamlessly pass leads to sales and understand conversion rates without reducing the efficiency of the sales teams.
- Sales can provide automation and rules to allow leads from marketing to be assigned by predefined rules. They can also notify marketing of the challenges their customers are facing and track requests associated with customers.
- Customer service has an insight into the value of the customer and open opportunities and can support the effort to up sell or cross sell. They can provide sales with information related to the customer's satisfaction within their view of the information and ensure customer communication is managed.

Each of these examples provides a glimpse into the value of consolidating and connecting information between customer-facing departments, as illustrated in Figure 1-13.

For IT, the CRM Suite addresses the effort of consolidating and maintaining customer data, the increasing integration needs across departmental systems, and the need to provide better reporting and analysis capabilities across departments. Each is considered an opportunity to provide value to IT, as shown in Figure 1-14. Solutions that couldn't fully achieve the consolidation of customer information across the company were either perpetually on the request list for integration needs or a source of constant effort to clean and validate the information.

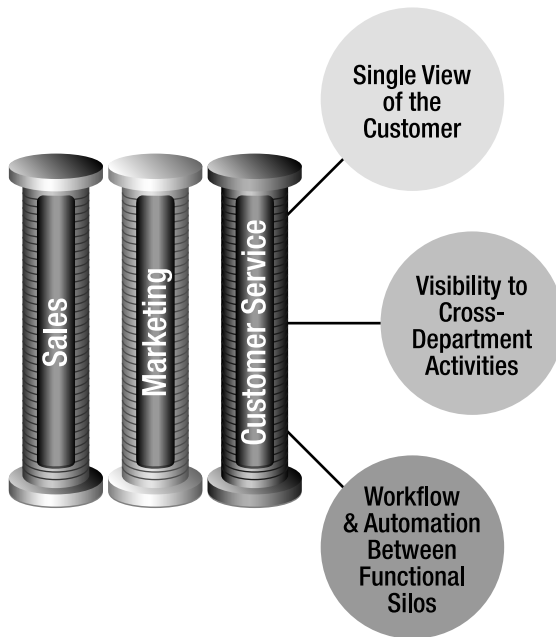


Figure 1-13. *CRM Suite value for business*

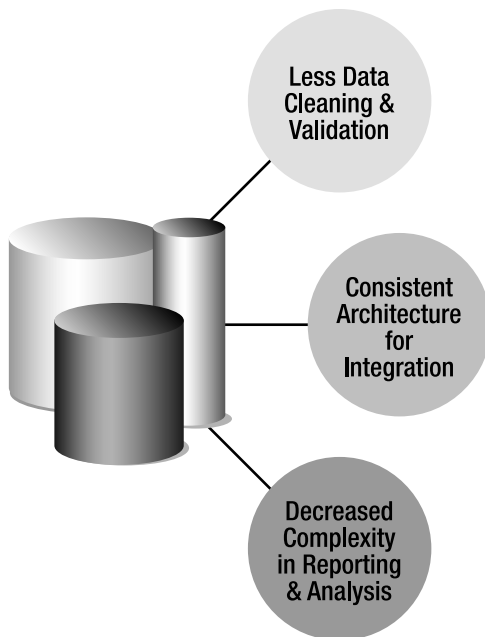


Figure 1-14. *CRM Suite value for IT*

Integration within each department had specific needs and often shared requirements with others, but on different application platforms. The shifts to browser-based solutions and SaaS deployment models also meant that IT had a choice in how the CRM Suite would affect their internal architecture. Requests for reporting and analysis continue to increase as the amount of information available increases and as businesses need better structure to make sense of it. With the information inside a single platform, reporting across the departments involved in dealing with the customer becomes easier, although there are still challenges.

As both business and IT continued to benefit, further integration opportunities for extending the overall value of the solution were available. CRM Suite applications are commonly connected to information in Enterprise Resource Planning (ERP), order entry, RMA processes, fulfillment, web content, and other line-of-business applications because it extends the view of customer-related information even further and provides opportunities for increased automation into back-office departments. In fact, over time integrations with ERP solutions have become very common with more organizations seeing the two areas as integrated counterparts.

Each previous stage of CRM's evolution identified in this chapter was a required step along the way that minimized the overall impact of the changes and challenges of expanding concepts and supporting solutions from individual to departmental to full suite scope. The value of the CRM Suite solution is not only in the ideas and capabilities that separate it from previous stages, but also in the planning, processes, and decisions during the evolution that make the CRM Suite solution viable without significant business interruptions.

Common Challenges in the CRM Suite Stage

The CRM Suite is the evolution of past CRM concepts and capabilities, and while this has presented significant value to organizations that undertake the initiative with a well-planned strategy, realistic expectations, effective communication, and a proven methodology, there are some common challenges to be aware of. Some challenges can be found in other cross-departmental initiatives and others are specific to CRM Suites.

- **Complexities of the implementation.** The difference between implementing a single departmental solution and one that is used across several departments is significant. The amount of planning, research, negotiation, decision making, design, testing, and so forth, requires more structure and management than is sometimes assumed. However, the project does not need to be undertaken all at once; few implementation methodologies promote this big-bang approach, as discussed in the initiative planning chapter.
- **Potential to affect downstream processes.** Connecting processes between departments, and automating the workflow within and between them is a powerful benefit to obtain. However, once those processes are connected, automated changes must be undertaken with care to avoid unintended consequences to downstream groups. An example would be a requirement by marketing to capture a new demographic element for each contact. When someone in sales tries to add new prospects to their list, they are unable to do so until they obtain the new required information.

- **Large, costly integration efforts.** Integration effort and cost are identified as challenges with the Departmental CRM stage as well. While the CRM Suite approach deals with the challenges of integrating customer demographics and activities across departments, those relating to integration with line-of-business applications still exist. Many CRM Suite applications provide more open architectures that can be utilized for integration; however, the potential for sizeable efforts to achieve the level of integration requested by the business can exceed the return on the investment.
- **Using CRM for non-CRM functions.** As companies assess their needs for a CRM Suite approach, some have a tendency to view the solution as a catch-all because of its broad functionality. Many solutions do provide flexible configurations and architectures and there are instances where functionality that typically would not be implemented in CRM does make sense to include. However, very often the rogue functionality is better suited in another application and is put into the CRM because of the convenience at the time. A governing body that oversees the initiative and the decisions for including certain items as part of the effort can go a long way to ensuring this does not occur.
- **Storing back-office transactional data.** One of the primary goals of implementing CRM Suites is to extend the view of customer-related information from the back office (accounting, order management, RMA, etc.) to departments that deal with the customer. In some cases, companies extend this visibility of information to duplication of information and end up with large volumes of transactional data within their CRM solution. This challenge creates a strain on the solution that can reduce the performance and increase the complexity of the solution for the end user and IT support, and in most cases is not necessary. This data integration approach appears the most simplistic to begin with but can lead to significant problems in the end.

Beyond CRM Boundaries

This latest stage of the evolution of CRM is one in which the advancements in technology drive opportunities for the business beyond the typical boundaries found in traditional CRM. The previous stages of evolution provided opportunities for organizations to achieve many goals, including visibility and management of customer-related information across departments, automation of processes within and between departments, efficiencies in day-to-day activities, flexibility in implementation architectures, and many others. To go beyond the benefits already presented, some CRM Suites have been developed on an extensible application platform. To do this, providers either have to retool their existing architectures or provide new solutions built from the ground up with this capability in mind.

Expansion Beyond Traditional CRM Boundaries

Organizations and CRM providers have consistently pushed the boundaries of CRM Suites to achieve the most value possible. The traditional functional areas that CRM supports for sales,

marketing, and customer service departments are sometimes blurred with back-office groups and requirements for extending visibility beyond customer information. Business models can include relationships where the customer is also a partner and a supplier. In these complex models, the relationships between relevant information are a challenge to structure and the solutions have to be extremely flexible to support it. Most successful efforts in extending traditional CRM Suite solutions have been through integration with add-on functionality from independent software vendors or one-off custom solutions that must be maintained and supported internally.

A CRM Suite on a platform that allows organizations to extend the application using a well-defined, well-known application framework, and that provides broad options for implementation architecture from on-premise to hosted to SaaS models, is aimed squarely at addressing many of those challenges. While the solutions are still primarily traditional CRM applications, a new term can be introduced that describes the flexibility to manage broader information and relationships: xRM.

In the business model suggested earlier, the company must be able to track its relationship with customers, including sales, service, and marketing details, and at the same time track relationships with its suppliers with their relevant details. When considering the same need for working with partners, a very flexible data model that can provide the same type of CRM functionality across each aspect of the business becomes a challenging requirement. Add to that the need to provide automation and integration to these areas, and the value of the CRM solution built on an extensible application framework becomes apparent. Figure 1-15 shows how traditional CRM functionality and the xRM concept blend together the avenues for interaction with multiple parties by relying on flexible architecture components.

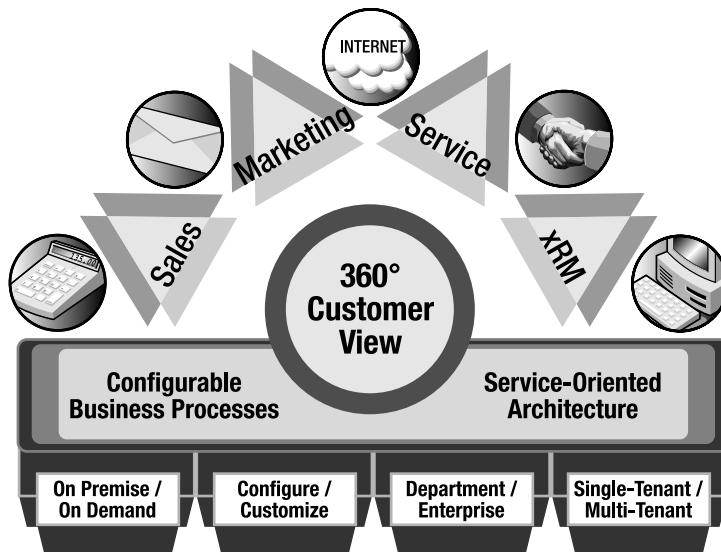


Figure 1-15. CRM built on an application framework

The Value of Expanding CRM to Produce xRM Solutions

xRM solutions can be used to support custom business functions that were typically not included in the CRM implementation because of the cost and complexity of doing so. Businesses can use extensible data models and application frameworks to provide a wide variety of functionality. Take the following interesting examples that were undertaken with traditional CRM packages, and that would be very different as xRM solutions:

- Tracking details about a project sold to a customer with a related sales opportunity, potential service cases, and interaction with contacts throughout the organization. A customer may have multiple projects with unique relationships to customer information requiring a solution to manage more than a simple one-to-one structure. Solutions that provide the flexibility to support this complexity as well as the traditional CRM functions would be classified as xRM-capable.
- RMA management that tracks the products associated with a sales opportunity and service cases prior to the return and then allows the product to be added back into the inventory for sale to customers. The process is very prevalent in industries where demos or loaner models are sent into the field. This functionality has been designed with CRM applications many times over the years, but typically in a way that does not exactly meet the needs of the solution. The challenge is tracking unique information for each product in the inventory and keeping a history of actions and activities related to the individual inventory item and the customer, service activity, and so forth. xRM solutions allow for the creation of the inventory item and the likely integration requirements to systems in manufacturing. The complexity of the relationships between information has not been well supported in CRM applications previously without a custom line-of-business development effort.
- Supporting customer satisfaction surveys associated with a specific customer, contact, and service case where the same customer and contact can respond to the survey questions for different service cases. This functionality requires a CRM solution to track many surveys for a single customer and to manage the different responses by individuals working for that customer. Also, different surveys can be defined depending on the need so the solution must be able to organize different questions and types into an active survey. In past projects, we have seen this requirement met by custom-developed add-ons that exist outside the CRM application. With an xRM solution, these requirements can be met inside the application framework and the relationships managed similarly to other customer information.

The architecture needed to support a CRM Suite that provides an application framework suitable for extensibility includes several components to be truly valuable beyond a custom-developed application integrated with the solution. Some of those components include an extensible data model for new entities, a web services integration approach, easy configuration of screens and workflow on top of the customized data model, and a role-based security model, to name a few. The architecture elements of a CRM-based xRM solution are suggested in Figure 1-16, along with common integration points to other business solutions.

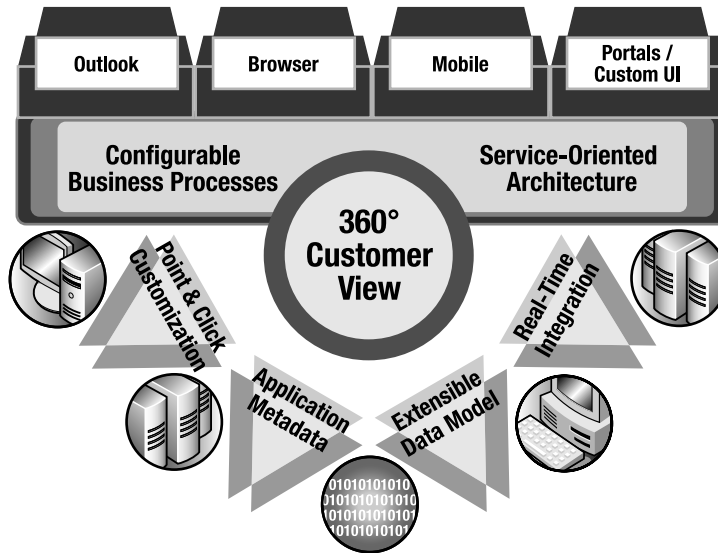


Figure 1-16. *Application framework architecture components*

Common Challenges in the Expanding CRM Boundaries Stage

Using an application framework–based CRM solution still has functional limitations, and the challenges of implementing certain types of functionality or information are better accomplished using a complementary application. The typical challenge is identifying where CRM should be extended and where it is better to meet requirements through another package solution or custom development. It is tempting to utilize a package that has the framework to manage the overhead of maintaining new elements, attributes, forms, and workflow. However, some cases require more than the xRM solution can provide and point out the need to perform a detailed assessment before using this capability.

Summary

The evolution of CRM concepts has increased the functionality and benefits that companies can expect to obtain through their own implementation evolution. From the simple beginnings of managing customer demographics with solutions that were not yet tagged as CRM, to the departmental solutions whose benefits began to suggest organization-wide value found in CRM Suite environments, and finally to a platform to manage information and relationships as an xRM solution—each company should understand these stages in order to prepare for their own implementation, including selecting a package, planning for the initiative, and managing expectations. Chapter 2 will discuss the capabilities of the Microsoft Dynamics CRM and how it provides flexibility to meet each of these stages of evolution.