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BUSINESS CASE
MIDTOWN MOTORS
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WILMINGTON UNIVERSITY
IST 7020

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1. **EXECUTIVE SUMMARY**

   This business case outlines how the CRM Project will discuss the problems Midtown Motors has with its current CRM system, then propose a solution, and discuss its benefits. Also discussed are estimated costs and savings, detailed project goals, performance measures, assumptions, constraints, and alternative options.

   1.1. Issue

   Midtown Motors currently uses an archaic Customer Relationship Management (CRM) system that no longer meets our needs as a growing company. Each of the company's three car dealerships has its own CRM, with no sharing of data between dealerships, or even between the salespeople in each individual location. Once a customer is "assigned" to a salesperson, no other salesperson can view the customer's data. This results in extreme data redundancy as the same customer is entered multiple times by multiple salespeople, lost sales opportunities when salespeople cannot see a customer's history, and conflicts between salespeople when one salesperson inadvertently "poaches" another's customer. Additionally, the redundant data hampers marketing efforts, and makes direct mail marketing in particular very expensive due to duplicate mail pieces.

   In order to deal with these issues, Midtown Motors must implement a new, modern, and more robust CRM system, which is outlined in this business case as the "CRM Project." Implementing the CRM Project will give salespeople the tools to better manage their customer bases and increase sales, and give the marketing department the information they need to better tailor marketing efforts, while saving money by reducing redundancy.

   1.2. Anticipated Outcomes

   Implementing the CRM Project will help Midtown Motors sell more cars by giving salespeople the tools they need to effectively build relationships with customers and match them with vehicles that meet their needs. Being able to track what a prospect has looked at and when, and what their likes and dislikes are, is critical to matching a prospect with a suitable vehicle and converting them from prospect to customer. Additionally, sales managers will have access to better quality sales data, which they can use to help their staff sell more cars.

   The company as a whole will also benefit from better-targeted direct mail marketing pieces, reduced costs of direct marketing due to less data redundancy, and improved employee morale, as it will be immediately clear if a customer is already assigned to another salesperson.

   1.3. Recommendation

   A number of options and alternatives were analyzed to determine the best way to leverage CRM technology to increase sales, improve the business processes related to sales, and reduce employee turnover and overhead costs. The approach described herein allows us to meet our objectives of using technology to increase sales, improve efficiency, and reduce costs and employee turnover. The recommended CRM Project will methodically migrate the data of the current CRM system to our new CRM system

in order to preserve data integrity and allow adequate time to train all employees and managers on the operation and features of the new system. The CRM Project will improve efficiency, reduce costs, and increase car sales across our three locations. Some of the ways that the CRM Project will achieve its desired results are:

- Instead of each dealership location being an island onto itself, there will be one relational CRM database that all three dealerships can access, with data shared between the sales managers, Internet salespeople, and floor salespeople in all three locations. Any salesperson or manager can look up a customer and see their history, including which location(s) they have visited, which salespeople they spoke with, which cars they test-drove, and what they want in a vehicle.
- One centralized database means that data redundancy will be greatly reduced, improving data quality control and allowing Midtown Motors to send out more highly targeted direct mail pieces. Additionally, the reduction in data redundancy will mean fewer duplicate mailers, saving the dealership money.
- Sales managers will be able to easily determine which salesperson each customer belongs to, and which salespeople should get credit for a particular sale, alleviating conflicts between salespeople and reducing employee turnover.
- Sales managers will have easier access to better quality sales data that they can use to help their staff increase sales. For example, it is currently impossible for a sales manager at one location to see if a "lost" sales prospect actually purchased a car at another location. The new CRM system will eliminate this problem.

1.4. Justification

The migration of customer data from the legacy CRM system to the new CRM Project will result in more accurate customer tracking, therefore giving salespeople and managers the information they need to sell more cars. The CRM Project is aligned with company strategy and objectives since it uses technology to increase sales. While other alternatives and the status quo were considered, the CRM Project was selected for proposal in this business case because it was the most cost-effective, realistic, affordable solution that would still achieve the desired results.

Initial estimates for the CRM Project are:

- 25% increase in sales in the first 12 months
- 15% decrease in employee turnover in the first 12 months
- 50% decrease in direct mail marketing costs in the first 12 months

2. BUSINESS CASE ANALYSIS TEAM

The following individuals comprise the business case analysis team. They are responsible for the analysis and creation of the CRM Project business case.

Role	Description	Name/Title
Executive Sponsor	Provide executive support for the project	Sam Tyler, VP Marketing
Technology Support	Provides all technology support for the project	Gene Hunt, VP Information Technology
Project Manager	Manages the business case and project team	Jack Bauer, Project Manager

3. PROBLEM DEFINITION

3.1. Problem Statement

For the past five years, Midtown Motors has relied upon an archaic CRM system with which its salespeople and managers track customers and prospects, and that the marketing department uses for direct mail and other marketing efforts. Instead of one, dealership-wide CRM system, each location has its own CRM database, and employees are unable to access customer records at locations other than the one at which they currently work. Currently, if a customer visits the Ford Lincoln dealership to test-drive a car, then visits the Chrysler location to look at more cars, the customer is entered into each location's database separately, and unless the customer mentions to the Chrysler salesperson that they just came from the Ford store, the salesperson has no idea they visited the other location. The Chrysler salesperson also has no way of knowing who the customer spoke with, or what cars they looked at while at the Ford store.

Data is also not shared between employees at the same location. Once a customer is entered into the CRM and assigned to one salesperson, no other salespeople can access their customer record in the CRM. If a customer visits the Ford Lincoln shop in January and talks to one salesperson, leaves without buying anything, and comes back again in May, to be waited on by another salesperson, the second salesperson cannot see that the customer "belongs" to the first. This results in conflicts between salespeople regarding which customer "belongs" to who, and who should get credit for an eventual sale.

This inaccessibility of data results in lost sales opportunities, as well as reduced employee morale and increased turnover.

3.2. Organizational Impact

The CRM Project will impact Midtown Motors in several ways. The following provides a high-level explanation of how the organization, tools, processes, and roles and responsibilities will be affected as a result of the CRM Project implementation:

Tools: the existing legacy CRM system will be phased out completely as the CRM Project is installed and becomes operational. This will require training employees on the new system and its features.

Processes: the CRM Project will result in more efficient and targeted sales and marketing processes. This improved efficiency will provide salespeople and managers with a wealth of information that they can use to match customers with suitable vehicles. Additionally, the marketing department can use the information to design better-targeted direct mail pieces, as well as other marketing tools to help drive sales.

Roles and Responsibilities: the CRM Project will streamline the sales and marketing processes and increase sales and floor traffic. Due to the increase in floor traffic, we anticipate having to hire additional salespeople, sales managers, and support staff over the next 12 months.

Hardware/Software: in addition to the software and licensing for the project, Midtown Motors will be required to purchase additional servers to accommodate the platform and its anticipated growth for the next 10 years. Additionally, since the desktop computers used by sales staff are at least five years old, they will need to be replaced with machines robust enough to run the new CRM.

3.3. Technology Migration

In order to effectively migrate existing data from our legacy CRM system to the new CRM system, with as little disruption to day-to-day operations as possible, we will work with the selected IT vendor to develop a phased approach to technology migration:

Phase I: An outside vendor will be selected, via an RFP process, to design and build the CRM system.

Phase II: Hardware and software will be purchased and the CRM system will be created, then tested by the IT vendor.

Phase III: The new CRM will be installed at all three dealership locations, while leaving the legacy CRM temporarily in place.

Phase IV: The new CRM will be tested again post-installation, and adjustments made if necessary.

Phase V: All data from the legacy system will be migrated to the new CRM system. Employee training on the new system will commence.

Phase VI: The new system will be fully implemented, and the legacy system will be archived and disabled from further updates.

4. PROJECT OVERVIEW

The CRM Project overview provides detail for how the project will address Midtown Motors' problems with its existing CRM system. The overview consists of a project description, goals and objectives for the CRM Project, project performance criteria, project assumptions, constraints, and major milestones. As the project is approved and moves forward, each of these components will be expanded to include a greater level of detail in working toward the project plan.

4.1. Project Description

Midtown Motors will hire an outside IT vendor to build the new CRM system. This vendor will review and analyze several potential RDBMS systems to replace the company's current CRM. This will be done by determining and selecting a product which adequately replaces our existing system and still allows for growth for the next 10 years, including expanding staff at existing locations, as well as opening additional dealership locations. Once selected, the project will replace our existing system in a phased implementation approach and be completed once the new system is operational and the legacy system is archived and no longer in use.

This project will result in increased sales, better customer relations, significantly lower marketing costs, and reduced employee turnover as a result of providing sales staff with tools to maximize their commissions and avoid internal conflicts over which customer "belongs" to which salesperson. Sales managers will similarly benefit from the new system.

Once the new system is built and installed, most maintenance will be done by internal IT resources, with only the largest maintenance and repair projects being outsourced.

4.2. Goals and Objectives

The CRM Project directly supports the goals and objectives established by Midtown Motors. The following table lists the business goals and objectives that the CRM Project supports and how it supports them:

Business Goal/Objective	Description
Continuously increase sales	RDBMS will allow salespeople to keep track of customers and their needs, allowing salespeople to match each customer with the perfect vehicle for them.
Provide excellent customer service	Understanding the needs of each customer will delight the customer base, making it more likely they will buy not only their next vehicle from us, but every vehicle they will ever buy.
Reduce employee turnover	Increased sales mean increased pay for sales staff, and being able to immediately see which customer "belongs" to which salesperson will reduce internal conflicts that currently damage morale.
Reduce marketing costs	Sharply decreased data redundancy will mean fewer duplicate direct mail pieces.

4.3. Project Performance

The following table lists the key resources, processes, or services and their anticipated business outcomes in measuring the performance of the project.

Key Resource/Process/Service	Performance Measure
Gross Sales	The new CRM system will increase sales as salespeople will be given the information they need to close deals.
Sales Reports	The new CRM system will allow easier and more accurate sales reporting. Sales managers will be able to see which customers eventually purchased a vehicle, even if it was not at their location.
Marketing	The new CRM system will save the marketing department money on direct mail pieces and allow more highly targeted marketing campaigns.
Software and System Maintenance	Decrease in cost as system maintenance will easier and faster, and system will not go down as often.

4.4. Project Assumptions

The following assumptions apply to the CRM Project. As project planning begins and additional assumptions are identified, they will be added accordingly.

- The construction and implementation of the new system will be outsourced to a reputable IT vendor through an RFP process
- All employees will be trained on the operation and features of the new system
- Funding is available for training
- Funding is available for purchasing hardware/software for the new system
- All dealership staff and management will provide necessary support for successful project completion
- Project has the support and backing of all dealership staff and management

4.5. Project Constraints

The following constraints apply to the CRM Project. As project planning begins and more constraints are identified, they will be added accordingly.

- The computer literacy of the sales staff varies widely, from expert-level users to complete novices; the training program must be friendly to all user levels.
- Once the outside vendor builds and implements the new CRM system, there will be limited support from them unless the company chooses to pay for a support contract.

4.6. Major Project Milestones

The following are the major project milestones identified at the time of this writing. As the project commences and the schedule is developed, the milestones will be modified as necessary to establish the baseline schedule, and exact target dates will be specified (as opposed to the number of days in the schedule below).

Milestones/Deliverables	Days
Project Kickoff	Day 1
Phase I Complete	Day 45
Phase II Complete	Day 90
Phase III Complete	Day 120
Phase IV Complete	Day 140
Phase V Complete	Day 150
Phase VI Complete	Day 159
Closeout/Project Completion	Day 160

5. STRATEGIC ALIGNMENT

The CRM Project is in direct support of Midtown Motors' Strategic Plans. By directly supporting these strategic plans, this project will improve our business and help move the company forward.

Plan	Goals/Objectives	Relationship to Project
20xx Midtown Motors Strategic Plan for Increased Sales	Increase number of vehicles sold	This project will allow for real-time information and data entry, increased information accuracy, and a consolidated repository for all customer data, which can be accessed by all salespeople at all locations.
20xx Midtown Motors Strategic Plan for Human Capital	Improve employee retention and morale	This project will give salespeople the tools they need to sell more cars and earn more money, as well as avoid internal conflicts that arise when one salesperson inadvertently "poaches" another salesperson's customer.

6. COST BENEFIT ANALYSIS

The following table captures the cost and savings actions associated with the CRM Project, descriptions of these actions, and the costs or savings associated with them through the first year. At the bottom of the chart is the net savings for the first year of the project.

Action	Action Type	Description	First year costs (- indicates anticipated savings)
Have outside IT vendor obtain all necessary software and hardware, build and install new CRM system, and train employees on new system.	Cost	Initial investment for CRM Project.	$25,000.00

Action	Action Type	Description	First year costs (- indicates anticipated savings)
Reduce employee turnover by 15%	Savings	Savings in cost to out-process exiting employee and recruit, hire, and train new employees is approximately $75,000 in the first year.	-$75,000.00
Increase sales by 25%	Savings	Increased sales in the first 12 months is to be treated as a savings, as these sales would not exist without the new CRM system.	-$200,000.00
Decrease direct mail marketing costs by 50%.	Savings	At least 50% of current direct mail pieces are redundant.	-$20,000.00
Net First Year Savings			**$270,000.00**

Based on the cost benefit analysis above we see that by authorizing the CRM Project, Midtown Motors will save $270,000.00 in the first year alone. This represents a significant improvement in our operating costs and is a clear indicator of the benefit this project will have on our dealership.

7. ALTERNATIVES ANALYSIS

The following alternative options have been considered to address the business problem. These alternatives were not selected for a number of reasons which are also explained below.

No Project (Status Quo)	Reasons For Not Selecting Alternative
Keep the existing CRM system in place	• Continued occurrence of a high number of data errors and redundancy • Lost sales due to staff not having the information they need to close deals • High cost of redundant direct mail pieces • Poor ability to target marketing to customer needs/wants
Alternative Option	**Reasons For Not Selecting Alternative**
Develop new CRM system internally	• Lack of qualified resources in-house
Alternative Option	**Reasons For Not Selecting Alternative**
Purchase off-the-shelf CRM package	• Need for a highly customized solution that is simply not available off-the-shelf • Lack of qualified resources in-house

8. APPROVALS

The signatures of the people below indicate an understanding in the purpose and content of this document by those signing it. By signing this document you indicate that you approve of the proposed project outlined in this business case and that the next steps may be taken to create a formal project in accordance with the details outlined herein.

Approver Name	Title	Signature	Date
Gonzalez, J.	President & CEO		
Grandell, A.	Executive VP		