A smarter approach to CRM:
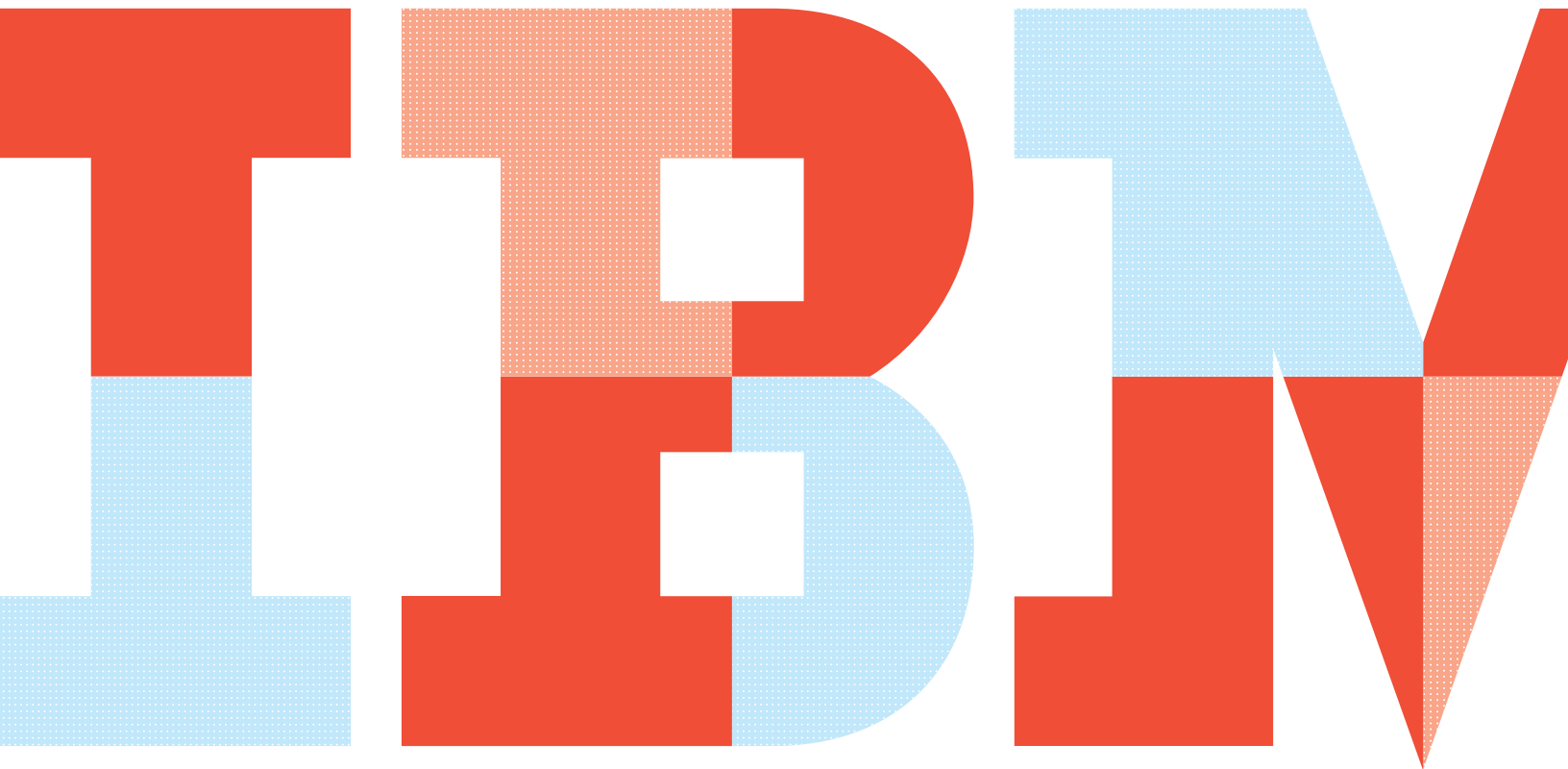# an IBM perspective

In collaboration with Frost & Sullivan

Contents

The changing customer

Attracting today's customer is a challenge for midsized companies. The economic recession has decreased spending ability amid inflation and job insecurity. Meanwhile, businesses and individuals are leveraging rapid technology changes and pervasive connectivity to become more informed buyers. Seeking better value for their money, they are turning to mobile devices and online tools to help them find it. Empowered by this information, customers expect a purchase experience that matches the ease and speed of the information-gathering experience. Sales, marketing and customer service managers recognize they must be ready to address these trends with a robust customer relationship management (CRM) solution.

People today are rewriting the rules on how they interact with midsized businesses. With instantaneous access to information and the expansion of online media and mobile devices, customers need only click a button to find out about a product or other customers' experiences. This digital empowerment is happening for clients of all industries: nonprofits are increasingly seeing donors give via digital tools like smart phones and tablets; retailers are increasingly investing in online commerce, as online shopping in the United States is expected to grow to 201.1 million by 2015, up from 178.5 million in 2011.[1] Globally, the scale of e-commerce growth is staggering, expected to reach $680 billion[2] in 2011 and $963 billion by 2013. But it is not just where customers conduct business that

is changing, it is also the speed of the decision-making process that has changed. Around the world, customers enabled by the rapidly rising availability of mobile connected devices[3,4] are moving from product or service awareness, to research and then to taking action in a far shorter time than ever before. The connectedness of customers has also led to another important development: the rise of individuals as influencers. Through the use of social media, customers have transformed the way they connect to—and share their experiences with—a brand. A customer's social network has become an important influence on brand perception, especially in industries that they interact with every day, like groceries, apparel, personal care products, home products and appliances.[5] Using Internet forums, blogs and videos to connect with a circle of like-minded consumers, individuals now have a platform for endorsements or complaints about products, services, businesses or organizations. And their influence cannot be denied: a recent study noted that 12 percent of the U.S. population (37 million customers) refers to social media before making a purchase.[6] In short, today's customer is more powerful than ever before.

Worth a Tweet?
12% of the US population refers to social media before making a purchase.

#IBMCRM

And with this empowerment, customer expectations have become more mature. They demand personalization, greater choice, and the right to be heard. They want to be wooed by personalized promotions; to have custom assortments of products available to them; and to have control over the overall buying experience.[7] They demand aggressive discounts, broader choices and an opportunity to provide feedback. Businesses are expected to listen and respond to customer needs on the customers' terms. In a global marketplace, this also necessitates serving customers in their language of choice. With brands now competing more tirelessly than ever before

for attention, customers today are speaking loudly and clearly: "Know me."

With power comes the demand for transparency. Customers are more aware of what their rights are when engaging with companies. They are demanding greater control over the data that companies collect from them, and want assurance that their data is secure. They are also insisting that they be contacted on their own terms—for example, by e-mail, fax or automated or live agents.

The breadth and reach of business is also changing. Broadband access, improved logistics and the rise of easier international payment methods such as PayPal have opened international markets to companies of all sizes, so that global reach is no longer exclusive to large enterprises. To successfully serve an increasingly global client base, business managers must now understand their customers culturally as well as linguistically, and serve them in compliance with local laws and rules.

Lastly, while access to information and the time needed to make decisions has decreased, companies are simultaneously finding it difficult to control the brand experience across multiple platforms—even more so in a crowded marketplace that makes for fragmented interaction. Instead of absorbing advertising, browsing through stores and catalogs, finding something and buying it, in a continuous sequence, for example, customers are using online tools to engage and disengage in the process according to their own time and location. What was once an uninterrupted flow is becoming a series of moments—from the point when the consumer first becomes aware of a new product or service, through the investigative process, up to the purchasing process—all of these moments may become discontinuous and be separated by days or weeks. The speed of information access and processing means that a business's opportunity time frame to influence the process is decreasing, and they are increasingly less able to exert control over the other influences on the consumer, including the social network and Internet search engines.

The empowered customer has leveled the playing field among competitors, and businesses are faced with a critical challenge: how do we remain relevant to the customer? To

deliver value instead of competing on cost alone, and to provide a brand experience strong enough to earn repeat business, businesses must change the way they operate and compete. They must meet the elevated personal expectations of the new, smarter customer.

Beyond marketing strategy, business development, advertising and creative, there is one fundamental key to addressing these massive shifts in the relationship between customer and business: the choices you make in your customer relationship management (CRM). The savvy, digitally connected and smarter customer is a challenge for businesses, but not an insurmountable one. With new CRM strategies, companies can deliver the experience that will ensure competitiveness and efficiency, and that will build brand loyalty over time.

Worth a Tweet?
Are your marketing, sales and customer service organizations prepared to listen and respond, proactively?

#IBMCRM

Tweet

Implications for CRM

CRM can help in the understanding of who the customers are and what they want. But traditional CRM often falls short in enabling the proactive decision-making skills that business leaders need to address the demands of their clients. Business managers need to be aware of, budget for, anticipate, and respond quickly and effectively to their customers' needs. That requires them to have more real-time data and analysis tools to help them decide the best contact methods to employ to improve service levels and satisfy customers. Yet many midsize businesses still rely on traditional, nonintegrated customer management, sales tracking or marketing systems—applications that are insufficient to meet the demands of the changing customer. By taking into account the impact marketplace shifts will have on how businesses leverage their CRM systems, business leaders can better strategize for the future.

The implications of pervasive mobile communications

The rise of practical, convenient and affordable mobile technology is changing how customers communicate with each other and with the businesses that serve them. Customers are employing wireless devices for voice and Internet access as supplements to, and increasingly as replacements for, landline telephones. The U.S. National Health Interview Survey reports that more than one in four American homes are now wireless-only.[8] This pattern is becoming especially prevalent in the upcoming generation. Statistics Canada reported that half of all households occupied by 18- to 34-year olds had cut or never had traditional phones in 2010—up from 34 percent in 2008.[9] For businesses, changes in telephone demography have made it more difficult to know whether a given customer is at home or at work, on a mobile phone or on a landline.

Worth a Tweet?
Up to 85% of data is unstructured. How do you try to capture it?

#IBMCRM   ➥ Tweet

Mobile technology has accustomed individuals to convenience, scalable pricing, and instant access to communication and information. As such, mobile customers have less patience for waiting on hold, callbacks, or unnecessary transfers. They buy minute-based plans with wireless versus one-price unlimited landline calling. They perceive their time as valuable and will not wait long on hold or for a sales team member to get back to them. They will become frustrated and go to a competitor who can supply them with information quicker. To deliver the fast, personalized service clients are demanding, call centers and customer service agents are now looking to their CRM systems to provide real-time access to a full spectrum of customer information.

But where customer information is generated and captured is also changing: according to a paper published by Experian QAS, 68 percent of companies are now capturing mobile customer data, via mobile applications such as those used to make dinner reservations or purchase tickets.[10] Customer service agents who can provide fast, accurate responses based on these inputs positively impact customer retention, loyalty and referral business. CRM solutions must be optimized accordingly, with swift applications and integrated data from users, whether they are customers, sales or field employees.

For sales and service agents, delivering fast responses also requires a streamlined, easy-to-use view into the customer data. CRM solutions with dynamic user interfaces can enable employees to find the information they need with minimal clicking-and-dragging. These user interfaces enable data to be personalized for each user, increasing productivity by showing only the information that is relevant for them. For salespeople on the road, access to this information must now also be mobile-friendly for use in wireless devices.

The implications of "know me"

Customers today are used to providing personal information to companies in a variety of media, including online profiles and usage data. In return, they expect firms to have the right information on hand in order to respond to and anticipate their needs. For CRM systems to deliver, applications must have access to data that has been integrated from a wide variety of sources, whether these are housed on-premise or in the

cloud. Many companies recognize this imperative, but they are struggling to address it. One major challenge is that the vast majority of data (up to 85 percent[11]) is unstructured; found in call recordings, chat sessions and social media comments. Using these sources requires applications that can understand the information and integrate it with other data sources via business intelligence (BI) applications.[12] Unfortunately, much of this data is often loaded into separate systems that make obtaining a complete, efficient, real-time 360-degree view of customers difficult. For BI tasks to be performed efficiently and effectively requires the relevant data to be received, formatted, sorted and stocked in data warehouses.

While integration is critical to fast response times, "know me" also implies an increased demand for personalization and for better anticipation of the customer's current and future needs. Getting to this level of service and decision making means companies must have data that is both highly accurate and actionable. Often, it is not. This is the role for analytics.

Analytics, defined as a system that gathers data from dispersed sources, can identify customer purchasing patterns. Predictive analytics is a specialized form that helps business managers to make predictions and then proactively act upon those insights to drive better business outcomes and achieve measurable competitive advantage. BI has been synonymous with analytics but focused on past customer actions, analyzing the information for patterns.[13] BI tools are increasingly incorporating predictive analytics to provide business managers with an integrated means of understanding customers' needs and devising effective actions and responses.

But analytics can go beyond insights into the customer—it also can enable better service. In the call center, customers' data must include opt-ins and opt-outs from e-mail marketing. Data collection and phone numbers must be scrubbed against do-not-call lists. Analytics, applied to contact center performance, can help business managers respond quickly, keeping customer wait times down and positioning competitive product and service options.

The need for analytics is clear. Yet many businesses fail to leverage the insights generated by their data. An Experian QAS

Worth a Tweet?

On average, 23% of an organization's data is inaccurate, incomplete or out of date.

#IBMCRM   Tweet

paper found that, on average, 23 percent of data in an organization's database was inaccurate, incomplete or out of date. These inaccuracies add to business costs and waste customer time, and companies can lose valuable sales opportunities.

The implications of collaboration

As midsize companies increasingly have global reach, many interactions that had once been handled in person are now spread across a virtual environment, touched by many employees around the world. But customers will not tolerate inconsistencies and delays that rise from the increasing complexity of business organizations. Businesses are turning to collaboration tools—such as unified communications, audio and web conferencing, instant messaging, and knowledge bases—to complete transactions and resolve matters quickly. These solutions allow the sharing of data on forms and in documents through screen sharing, presentations and reports. Applied to a CRM solution, collaboration tools can generate pop-ups to business-side participants with offers and pricing for them to suggest to customers. In a customer service environment, this type of collaboration can generate increased productivity, incremental sales and reduced churn.

The implications of affordability and scalability

In today's tough economic environment, business managers have to be more bottom-line focused than ever before. Every investment is being carefully scrutinized to see if it maximizes value and if returns are justified. CRM solutions are under the microscope. Many companies still remember older CRM solutions that were rolled out in the late 1990s and which were one-size-fits-all packages that required extensive integration and customization. The traditional solutions could cost as much as $1,500 to $2,000 per seat with deployment taking two to three years, and a return on investment (ROI) in

as long as three to five years. Sometimes the problems that the CRM solutions were intended to fix had disappeared by the time these old-school systems went live.[14] That kind of time frame is just too long to deal with today's information-rich, empowered customers.

Companies serving the changing customer should avoid large, stand-alone CRM packages with long lead times and costly integrations that are difficult for managers and other staff to use. Instead, they need products that are modular, scalable, and user friendly, with open architectures to protect their investments. The systems must incorporate the mobile and social behaviors of customers in the marketplace as well, or risk being irrelevant to customer needs. If these conditions are not met, companies will be hard pressed to deliver on the expectations of the customer.

What midsize companies need to realize is a simple truth: the customer is in charge. The companies they choose to do business with have no choice but to pay attention to customers' desires and wants by delivering the goods and services the way they want, at the price point and service quality they expect. Advanced CRM solutions and execution strategies can help companies' business managers meet these demands.

CRM trends in midsize companies

The constraints imposed on CRM by the changing customer have resulted in clear trends in the development of the software and in how midsize businesses use it. Marketers, as well as sales and customer service managers, need to adjust their operations based on these trends. They are making better decisions: no longer is it appropriate to rely on assumptions when data can be leveraged. They are focusing on the customer experience in order to grow business with existing customers and attract new ones. This strategy is far less expensive than traditional, aggressive customer acquisition programs, and is more effective in meeting customers' requirements for personalized and immediate service. Social media has also turned customers' referrals that are based on their positive experiences into a prime business development tool. And midsize companies are looking at cost-effective ways to deliver the software and services that will help them achieve these growth strategies.

Software-as-a-service

Many midsize companies are planning to implement hosted/ SaaS (software-as-a-service)–delivered CRM solutions, as shown in Figure 1. SaaS applications typically rest on outsourced infrastructure or infrastructure-as-a-service (IaaS). One estimate reports that 70 percent of these companies plan to have hosted CRM in the next two years, more than any other application type.[15]

Companies That Plan to Implement SaaS Applications in U.S.
(by company size)

	Storage	Database Management	Website Hosting	Test/Dev	ERP	CRM	Shortterm Mktg Progs	Seasonal
1–99 Employees (N=16)	32%	**50%**	25%	**56%**	50%	51%	38%	**50%**
100–499 Employees (N=50)	44%	**50%**	44%	**62%**	56%	70%	**56%**	58%
500+ Employees (N=41)	36%	39%	44%	46%	**54%**	46%	49%	**64%**

Source: Stratecast

Figure 1

This method can reduce capital, as well as IT and related facilities expenses. IT expenses may be reduced because required applications can be built on the outsourced platform and upgraded as needed—and at lower cost compared to on-premise hardware and software. And facilities expenses are reduced because deployment is expedited from an off-premise infrastructure. This gives firms greater flexibility in meeting changing customer demands without incurring added installation costs or wasting money on overbuying capacity.

Business leaders also prefer SaaS because it makes it easier for remote and mobile workforces to access data, providing business continuity. It can be argued that hosting has "saved" CRM by making the technology affordable and practical.

Mobile applications

As customers go mobile and sales teams strive to meet customers' needs, midsize companies are enabling mobile CRM. They are optimizing Web sites for wireless devices and deploying mobile apps directly linked into the contact centers. They are purchasing apps for particular devices and are buying solutions that store CRM data on them when offline, and update the information when Internet access is restored. This enables sales teams to quickly acquire customer histories and respond with offerings tailored to their desires.

Self-service tools

Smarter self-service tools are a critical trend in CRM development. This includes the use of easy-to-navigate Web sites and Web self-service functions, kiosks, chat, intuitive interactive voice response (IVR) menus, speech recognition and proactive purchase recommendations. The most important element that a midsize company must get right is tight integration between all these channels and business processes like billing, fulfillment and shipping. This integration directly affects the customer experience: if it is not there, that experience may be negative.

Intelligence and analytics

Midsize companies are facing fierce competition and are under pressure to increase productivity while reducing budgets. They are relying on analytics to extract the insights from their CRM system to enable better decision making by deploying business intelligence tools, integrated with their CRM solutions.[16] These tools include predictive analytics, query, reporting and dashboarding. They are breaking into and tearing down the

data silos to get access to that information. They are employing data warehouses to integrate, normalize and store data for reporting and analysis. And they are taking steps to make the data accurate, up-to-date, and more secure in compliance with customers' and regulatory requirements.

Marketing automation

The ability to segment based on specific consumer behaviors, such as purchasing history, dollar amount spent and type of product or service acquired, is critical to a successful campaign. Companies are employing marketing automation tools to cost-effectively gain deeper understanding of customer behaviors and preferences in real time. Marketers can then use these insights to create more effective and relevant marketing communications and customer experiences. Ultimately, this can translate to future incremental sales at low cost when implementing digital tactics enabled by the CRM platform, such as e-mail, to reach customers.

Social channels

Knowing that the relationship with customers is vital, midsize companies are growing their participation in social channel conversations. As such, they are adopting CRM solutions that connect into social platforms, including Facebook, LinkedIn and Twitter, and into sites such as Hoovers and Jigsaw. They are adding social value into customer referral value (CRV) calculations. This information can provide actionable market data for customer service and sales teams to proactively respond to customer issues, defuse them, and protect the customer's brand experience with the company.

Collaboration

Collaboration via CRM solutions between employees and customers is also growing in midsize firms. Nearly 70 percent of these companies' executives currently have, or are planning to integrate, unified communications and collaboration solutions into their business processes in the next 12 to 36 months. The key benefit of collaboration is that marketing, sales and customer service folks are able to exchange information through the CRM tool. This provides each with the opportunity to follow up on specific issues or requirements of any given customer to create additional revenue opportunities or to promote customer satisfaction.

Modularity and open source

As the IT teams in midsize firms are investigating and buying SaaS-deployed CRM solutions, they are purchasing those tools and others like analytics that have modular or service-oriented architectures (SOA). They can then source pieces such as contact or order management as needed. Modularity can save time, enable realized benefits and ROI sooner and spread resources over a longer period than "lump sum" traditional CRM designs. Firms are also acquiring solutions written in open source software. Open source software gives developers and IT teams access to the core or kernel code, permitting them to rapidly and less expensively create customized applications. In contrast, proprietary software is "locked," which means some companies may have to adapt—at great expense—their existing applications around it. In software, few apps are more entrenched (and interdependent with other systems) than CRM.

Worth a Tweet?
Nearly 70% of SMB execs plan to implement collaboration solutions in business processes in the next 1–3 years.

#IBMCRM   Tweet

The case for a smarter approach to CRM

The changing customer, the implications for CRM and CRM trends have combined to make the case for a smarter approach to CRM: a menu of best practice methods and solutions, designed to work together. On it are SaaS-delivered, modular, open and mobile-enabled CRM, social media monitoring, filtering and analytics, data integration, BI including predictive analytics, data warehousing, marketing automation and collaboration applications. While traditional and many newer CRM solutions have these other tools built in, these wares may not be suitable for individual companies' specific requirements.

A smarter approach is one that seeks to resolve functional gaps in a company's operational performance. It is an approach that focuses on customer-centric processes, including improved contact center, IVR and Web self-service; customer-permitted, proactive, outbound, multichannel notification; and, where there is an advantage to be gained, multiple language support.

It also incorporates marketing, scripting and localization to serve global customers, with procedures for data collection and use. It identifies and targets specific metrics of performance so that the potential benefits of improved efficiency, productivity, and greater revenue can be projected as part of the justification for CRM. Lastly, it entails integration with other vital processes, including accounts receivable/billing/collections, Enterprise Resource Planning (ERP) and shipping/receiving (i.e., supply chain management) to help serve, support, attract and keep customers from end to end.

The case for a smarter approach to CRM is not just about ROI or a payback analysis; it is also about the opportunity costs of not implementing an effective CRM solution. For the marketing manager, how long can poor response rates to marketing initiatives be justified? For the customer service manager, how can conversion ratios be improved and call handling times be reduced in a tough economy? Companies seeking more functionality from their current management systems can make the case for a CRM platform that can help close these functional and ROI gaps while expanding on performance capabilities.

The necessity for improved CRM

The global economy is in slow or no-growth mode. The International Monetary Fund's World Economic Outlook predicts a lower than three percent rise in U.S. output through 2012. The European, Japanese and Canadian economies will also experience sluggish growth. The IMF warns of inflation risks and increased financial volatility in this environment.[17] The world, and businesses, still look to the U.S. for growth.

There are no new, big untapped markets of affluent consumers, businesses, governments or institutions. Consequently, business managers have to find ways to grab bigger wallet share from current customers—while they retain those customers—and/or go after competitors' customers or expand into markets in other countries. Improved CRM techniques enable business leaders to mine data for customer insights and present appealing offers in real time.

The midsize lag

Whereas many business leaders are working with their IT counterparts in midsize companies to consider embracing SaaS-on-IaaS CRM solutions, overall they have been lagging behind small companies and enterprises in their current use of them, as shown in Figure 2. Those that are not on this path are not investing in their future. Moreover, the adoption of CRM solutions has been lower on their priority lists than data storage or database management applications.

Current Use of IaaS Applications in U.S. (by Company Size)

Legend: 1–99 Employees, N=16; 100–499 Employees, N=50; 500+ Employees, N=41
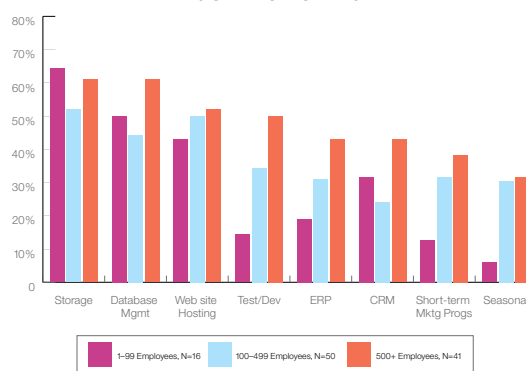
Figure 2

While enterprises have embraced CRM for B2B and B2C, midsize outfits have largely employed CRM solutions as B2B sales force automation applications. The chief reasons are their cost and complexity. Consumer-based CRM applications require high contact-center functionality, spread out over many more users (agents and supervisors), in order to interact with customers over multiple live and self-service inbound and outbound channels.

Enterprises have also taken the lead on social media, in part because of greater customer brand awareness and consequently their focus on projecting and protecting it. Midsize companies are behind them as they are still trying to figure out this channel.

Bolstering the contact center

Contact centers are key conduits for customer interactions in both B2C and B2B environments. They may represent the only opportunity for customers to interface with companies. Customers' impressions of firms are often shaped by their experiences with self-service tools and live agents. Unfortunately, many companies often neglect their contact centers, treating them as cost centers rather than as strategic assets. To an extent, this is understandable: these operations cost $20,000 to $40,000 per year per workstation annualized to set up and run.[18] Then again, losing dissatisfied customers is also expensive.

To lower costs, most firms have deployed IVR systems to divert customers from interacting with live agents, but too often these installations have been made with little regard to customer usability—with complex, hierarchical menu structures. Customers often experience long queues before reaching agents, as well as delays while agents toggle between apps. Often, information entered into the automated IVR must be repeated. Agents themselves may be poorly selected, trained and coached. As Figure 3 indicates, IVR is at the bottom of the list in customer satisfaction compared with other contact channels.

The ROI is there from contact center investments to address these issues and deliver a better customer-retaining-and-attracting customer experience. They enable the smarter approach to CRM by improving the customer experience while enhancing productivity. IVR improvements (including deploying speech recognition applications) encourage customers to stay in the automated channel. Web chat, when deployed properly, can provide highly personable and productive service. With it, an agent can handle multiple interactions at the same time. Skills-based routing to well-trained and managed agents permits high-quality, individualized service, while workforce management tools enable managers to efficiently schedule these employees. Agent performance optimization (APO) tools shorten calls, lower costs, and, more importantly, improve the overall customer experience, bolstering customer satisfaction and retention.
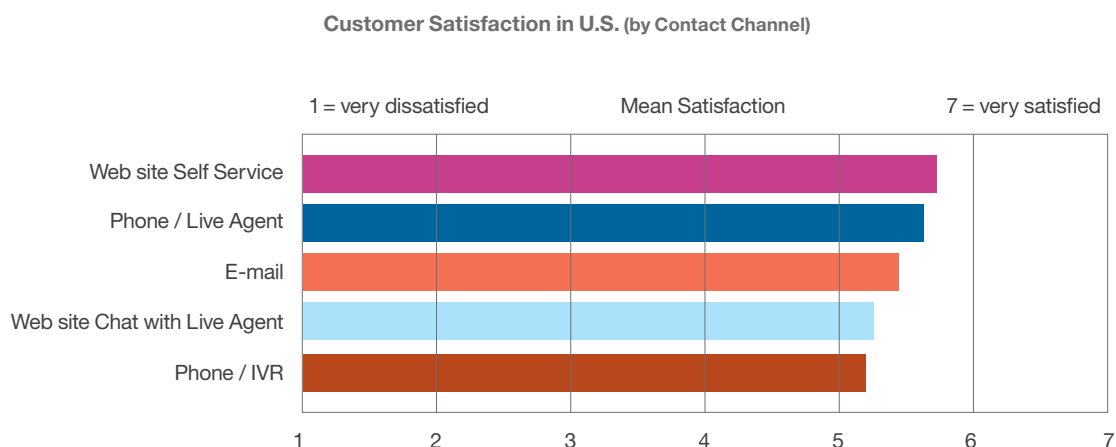
Customer Satisfaction in U.S. (by Contact Channel)

Figure 3

Worth a Tweet?
No more weak response rates.
There's a smarter way to do CRM.

#IBMCRM   ➤ Tweet

Automated outbound notification tools give customers insight into important changes like fraud alerts or service delays.

This also improves the customer experience, and it lowers cost by avoiding unnecessary, lengthy and expensive inbound live agent calls. Many firms, including midsize ones, are also taking or sourcing agents from their homes to obtain higher-quality staff and greater flexibility at lower costs. Home agents are often served off hosted/SaaS platforms. Contact centers are employing home agents, SaaS/hosted platforms, inbound self-service and outbound notifications, as well as sophisticated routing to keep service going in the event of disasters, behind the scenes.

Leverage your data, and tear down the silos
In today's economy, it is difficult to simply employ intuition and assumptions when trying to maximize the customer relationship. Data is required for informed and better decision making, but only if it is integrated and not locked into silos.

For midsize businesses, gaining new customers and maximizing the value of existing customers are paramount. How you go about this is the challenge. CRM lets companies use data mining strategies and segmentation analysis to identify patterns in customer behaviors. Marketers with CRM are empowered and able to identify habits and anticipate future purchasing needs. Customer service agents are able to qualify a lead instantly and to proactively make recommendations regarding purchases. At the same time, checking data against address-correction databases, opt-out suppression files and do-not-call registries ensures the right customers are reached—and on their terms. The power of information generates results, moving a company from reactive to proactive decisions.

Business opportunity for improved CRM
CRM solutions have been developed and deployed with the best of intentions: to help firms make more profitable sales and service decisions. Unfortunately, in some implementations the solutions overpromised and under-delivered on the results, at high costs and with long lead times. These traditional CRM tools are outmoded in today's dynamic, real-time global digital business environment. However, midsize firms now have the opportunity to take control by embracing and integrating advanced technology when deploying their CRM solutions. Modularity, SaaS delivery and mobile enablement, coupled with analytics, data integration, collaboration and social media capabilities, ensure substantial benefits, reasonable costs and quick implementations that provide a bankable ROI.

Customer service enhancement, in the contact center and online, reinforces the benefits of this smarter approach to CRM with customers while enabling improved productivity. In addition, the smarter approach to CRM can deliver midsize companies other business value, including:

- The ability to understand and take advantage of the rich data the companies possess

- New insights into their customers, giving the company competitive advantages

- The agility to meet the demands of the customer to collaborate when and how they feel most comfortable engaging with the company

CRM is about knowing customers and meeting their specific needs to gain their patronage and loyalty, as well as new customer referrals. It is treating all customers well and exceptional customers exceptionally well, with a level of service that ensures profitability. Midsize firms can leverage this smarter approach to CRM to combine the best attributes of a large enterprise and a small business. Today they can have at their fingertips the insights needed to provide the high-quality experiences that today's customers are demanding—and to do it profitably.

The smarter approach to CRM is a powerful customer engagement methodology for midsize businesses looking to build customer loyalty and gain market share, particularly in a slow economy. As a manager in a midsize business, take a close look at the goals you are trying to reach. Do you have actionable data to know and service your customer better? Have you considered a mobile strategy? Are your contact center agents able to collaborate seamlessly, and are your marketing programs automated based on real-time data? If these types of questions are top of mind, it may be time to reexamine your customer engagement strategy and see if a smarter approach to CRM would help you address these and other questions.

Worth a Tweet?
The power of information generates results, moving a company from reactive to proactive decisions.

#IBMCRM

Tweet

Help getting started

The smarter approach to CRM means focusing on enhancing the customer experience above all else. To accomplish this, midsize companies may need to examine and, if need be, upgrade their contact centers, possibly by adding self-service or deploying collaboration applications. It means they should implement analytics to uncover critical insights about customers and build the resulting insights into marketing and sales strategies and tactics, targeting existing and new customers alike. It may also mean launching mobile-enabled CRM applications to permit customer Web self-service, or enable remote workforces to service customers in the field. The point is to ensure that the organization is working to service the customer most effectively. In the process of employing these smarter applications though, businesses need to clearly understand their internal requirements in executing a CRM solution. This will entail budgeting appropriately, and identifying infrastructure and training requirements for staff.

The smarter approach to CRM also means integration with real-time social media tracking, analysis and response capabilities and solutions. It is vitally important that businesses are aware of what is being said about them on every social channel. They also need to reassess individual customers' total lifetime values to account for the impacts their views, including referrals, will have on other customers' buying decisions and loyalty. Social commentary directly impacts brand equity, both positively and negatively, and companies need to harness the power of social media as part of their approach to CRM. To have a CRM platform able to feed this information into customer records—referenced in marketing messages, or responded to directly on the media channel—is all about being

Worth a Tweet?
As social channels become busier, businesses need to be prepared with CRM solutions that can scale with demand.

#IBMCRM

🐦 Tweet

smarter when engaging with customers. As the social channels become busier, businesses need to be prepared with CRM solutions that can scale with demand.

Additionally, by taking a smarter approach to CRM, marketers need excellent data upon which to execute their campaigns. They must ensure that the data is clean, and that its collection and use is compliant with customers' wishes and the law. Marketers need to know the purchasing habits of their customers and visitors to the Web site and the shopping cart value of those shoppers. This all provides actionable data, which when applied with business intelligence and predictive analytics enables marketers to develop ever more targeted and personal offers to consumers and to drive incremental revenues. Data warehouses flush with this information and tied to automated marketing tools can also readily expand a business's reach and market presence.

The challenge to midsize businesses is clear: you need to adjust your CRM strategy to market, sell to and service customers on their terms, consistently, across all channels. But how? Every company will be different, but there is a set of critical points you must consider when evaluating a new approach to your CRM planning:

- Examine the goals you are trying to reach. Understand what CRM is and the business functions this software and others that support it, including analytics, data integration and collaboration, are intended to enable. See what specific objectives these tools can meet, how long they will take to get there and at what costs, and determine the returns.

- Seek out and get buy-in from the very outset with all stakeholders: senior management, marketing, sales, customer service/contact center and IT. Find out their pain points with the firm's existing sales and customer care processes. Discover their thoughts and suggestions for solutions: what they want to see and avoid. Ask their opinions of and uncover any reservations they have about CRM and other related tools in order to deal head-on with any strongly held views they may have on this technology—traditional CRM has earned a bad reputation. The IT department can be an important ally during this process. They can help senior

leadership to better understand the technology requirements on the infrastructure in order to deploy and maintain a CRM platform such as modularity and open-sourced software.

- Tighten the focus on enhancing the customer experience for business and consumer customers alike, as opposed to continually trying to attract new customers. That includes examining and, if need be, upgrading contact center and self-service tools, including IVR and Web sites. Also consider adding automated outbound notifications. This may also mean connecting existing on-premise ERP applications such as financials, purchasing and supply chain via a solution like IBM's WebSphere® Cast Iron® Cloud integration. This will further tighten integration and expand access to available customer and operations data.

- Mobile is becoming the customers' preferred communications means for multiple channels. Mobile-enable CRM applications and external and internal Web sites to serve customers and workforces using these devices, ensuring that mobile applications are connected into the contact center for seamless transition from channel to channel.

- Build in and integrate with CRM real-time social media tracking, analysis and reporting. Add to this collaboration (contact management, surveys and activity charts) and marketing tools such as e-mail, profiles and mobile applications—all available with IBM's LotusLive.™ Turbocharge customer referral value by accounting for customers' influence with others via social media, and give this metric greater weight in assessing customers' total lifetime value.

- Applying BI and predictive analytics to data in real time is important to knowledge discovery about the customer while supporting marketing, sales and customer service operations. IBM's SPSS® Modeler Premium and Cognos® Express® are able to further help. Mining data provided by analytics, applying mathematical models to it, and building targeted marketing initiatives with it helps connect the business

manager to the needs of their customer. The benefit for the marketer is to see response rates climb as a result of marketing initiatives and to help validate the ROI from the CRM system in the process.

- Use the information from consultations with company stakeholders to refine the approach you want to take, and then come out with a proposal to show them. The proposal would outline the benefits for each specific department and for the company as a whole, as well as costs and net value. Where appropriate, it should also explain how this approach addresses any issues the firm has had or has heard about with CRM and other related solutions. The proposal would cover implementation, including employee training, installation, IT requirements and a projected rollout time frame. Note the departments' responses and adjust the project accordingly.

At its most basic level, CRM has always been about knowing your customers. Today, customers are simply demanding a new level of service. And businesses need to be ready—ready with the information, insights and speed to generate the loyalty and growth so critical to long-term sustainability. This is why midsize businesses need a smarter approach to CRM.

Help getting started
Implementing a smarter approach to CRM begins with selecting the right business partner. IBM has assembled a partnership of CRM software firms capable of helping you identify your customers' needs, and, most importantly, who understand the needs of a midsize business. CRM implementations fail when businesses lack the clear understanding of the requirements driving the need for CRM. IBM and its Business Partners can tightly integrate technology with the needs of your business and enable the full view of your customer.

IBM has a wide range of offerings that can help you better understand your customers. For more information, visit **ibm.com**/finder/businesscenter/crm_topic.wss

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