THE ADDRESSING OF BUSINESS PROBLEM

1. Definition of the Business Problem

The business problem we aim to solve is the **lack of an integrated Customer Relationship Management (CRM) system**. Currently, customer data is fragmented across multiple departments, resulting in inefficient sales, poor customer service, and limited business insights. The inability to track and analyze customer interactions leads to missed opportunities for cross-selling, up-selling, and a decline in overall customer satisfaction.

Symptoms of the problem:

- Slow response times in customer inquiries.
- Inconsistent customer data across departments (sales, marketing, and support).
- Inability to generate accurate reports for management decision-making.
- Loss of potential sales due to unoptimized lead management.

2. Description of the IT Solution

The proposed solution is the **implementation of a cloud-based CRM system**, such as Salesforce or Microsoft Dynamics 365, that will consolidate customer data, automate workflows, and provide real-time reporting.

Key features:

- **Centralized customer database**: All customer interactions from sales, support, and marketing will be stored in one unified system.
- **Automation of sales and marketing processes**: Automated follow-ups, lead management, and email marketing campaigns.
- **Real-time analytics and reporting**: Dashboards for management to track sales performance, customer satisfaction, and other KPIs.
- **Customer support integration**: Service tickets, inquiries, and feedback will be managed through the CRM, improving response times and customer retention.

3. Alignment with Organizational Goals and Strategies

The proposed CRM system aligns with the organization's **strategic goals** in several key areas:

- **Enhanced Customer Satisfaction**: By improving response times and providing a seamless experience across departments, the CRM will directly contribute to increased customer satisfaction.
- **Revenue Growth**: The CRM's lead management and automated marketing features will boost sales opportunities and increase revenue by optimizing cross-selling and up-selling.
- **Data-Driven Decision Making**: Real-time analytics will allow management to make informed decisions, helping to pivot strategies based on current data insights.
- **Operational Efficiency**: Consolidating data and automating processes will reduce the time employees spend on manual tasks, improving overall operational efficiency.

4. Economic Analysis of Costs and Benefits

Costs:

1. **Software Licensing**: $100,000 annually for a cloud-based CRM system.
2. **Implementation and Integration**: $50,000 for consulting services and technical setup.
3. **Training Costs**: $20,000 for staff training across departments.
4. **Maintenance and Support**: $10,000 annually for system support and updates.

Benefits:

1. **Revenue Increase**: 10% projected increase in sales due to better lead tracking and customer management, leading to an estimated $200,000 increase in revenue annually.
2. **Operational Efficiency**: Expected savings of 1,500 employee hours annually (valued at $75,000) by automating tasks such as customer follow-ups, reporting, and data entry.
3. **Improved Customer Retention**: 15% reduction in customer churn, saving an estimated $50,000 in retention efforts annually.

Net Benefit (Year 1):
Total Revenue Increase + Cost Savings = $200,000 + $75,000 + $50,000 = $325,000
Net Profit (Year 1) = $325,000 - ($100,000 + $50,000 + $20,000 + $10,000) = $145,000

5. Risk Analysis and Mitigation Strategies

Risks:

- **Data migration issues**: The risk of losing customer data during the migration from existing systems.
- **Resistance to change**: Employees may resist adopting a new CRM system due to unfamiliarity or fear of change.
- **Cybersecurity concerns**: The risk of data breaches since sensitive customer information will be centralized.

Mitigation Strategies:

- **Data migration testing**: Conduct thorough testing and validation during the migration process to ensure data accuracy and completeness.
- **Employee training and engagement**: Offer comprehensive training sessions and continuous support to ensure smooth adoption of the CRM system.
- **Enhanced security protocols**: Implement two-factor authentication, encryption, and regular security audits to safeguard customer data.

6. IT Investment Portfolio Alignment

This CRM proposal fits within the organization's broader IT investment portfolio by enhancing the **digital transformation initiative**, which focuses on customer-centric technologies. The organization has already invested in a data analytics platform, and the

CRM system will integrate seamlessly with existing systems, amplifying the value of prior investments.

Additionally, the CRM's cloud-based nature aligns with the company's strategy of transitioning to cloud solutions for scalability, flexibility, and cost-effectiveness.

7. Plan to Charge Users for the Proposed IT System

A **user-based charging model** will be implemented, where departments using the CRM (sales, marketing, customer support) will contribute proportionally to the system's costs based on their usage levels. For example, sales and marketing may cover a higher portion due to their frequent use of lead management and automation features, while customer support will contribute for using the service ticketing system.

This approach ensures that the investment burden is fairly distributed based on the system's value to each department.

8. Key Levers for Change Management

Levers:

- **Leadership Buy-In**: Top management must advocate for the CRM system, emphasizing its strategic importance in increasing efficiency and customer satisfaction.
- **Stakeholder Engagement**: Engage all relevant departments early in the decision-making process to ensure they feel involved and have ownership over the system's success.
- **Training and Education**: Ensure users are well-trained, with clear documentation and support systems in place.

9. Change Management Strategy

Given the significant cultural and operational shift required by a new CRM system, we recommend a **phased change management approach**:

1. **Pilot Implementation**: Begin with a small group of departments (e.g., sales and marketing) to demonstrate the system's benefits before scaling up.
2. **Comprehensive Training**: Provide role-specific training for different departments, ensuring each group understands how to use the CRM to enhance their workflow.
3. **Continuous Support**: Offer ongoing help desks, user forums, and regular system updates to support employees during the transition.
4. **Feedback Mechanism**: Implement regular feedback loops to gather user insights and refine the system based on their needs.