

Sage ACT! | Tip Sheet

Contact Management or CRM

Understanding the best way to manage your customer data.



Is your organization looking for solutions to make customer information more readily available, with the goal of improving new customer acquisition and maximizing the profitability of existing customers? Solutions to automate this process can be sorted into two primary buckets: Contact Management and Customer Relationship Management (CRM).

Contact Management and CRM solutions both manage key customer data, but with important distinctions. A Contact Management solution is used by sales people and account managers to manage contacts, opportunities, and account information while a CRM solution serves as a system-of-record for all customer interactions within sales, marketing, and customer service. Find out what type of solution will best meet your organization's needs by answering the following questions:

How Do You Interact With Customers?

There are four basic types of interaction models:

- **One-to-one**—A sales representative is selling to a single job role on the customer side, for example, an independent insurance broker selling to a small business owner.
- **One-to-many**—One individual targets multiple job roles. For example, the same account representative in a larger organization might work with the CFO, COO, or CEO.
- **Many-to-one**—Sales, marketing, and service representatives interact with a single job role at an organization.
- **Many-to-many**—A complex sales organization interacts with multiple customer roles within the account.

Contact Management solutions are a better solution for companies with one-to-one or one-to-many sales interaction models because they provide a means to keep accurate contact data and detailed notes for the individual sales representative. Many-to-one and many-to-many organizations benefit more from CRM because sales, marketing, and customer support can take advantage of a more robust set of capabilities and share access to real-time data.

What Keeps You Awake at Night?

What business drivers are you seeking to address with your new solution? Companies that choose Contact Management usually want to improve productivity, monitor the performance of individual sales representatives, and accommodate organizational growth. CRM buyers tend to have more complex organizations and are seeking better alignment between sales and marketing, effective sharing of customer knowledge between departments, a lower cost of customer acquisition, and improved, multi-department reporting.

What Does Success Look Like?

Consider the following sets of outcomes and determine which is more closely aligned with your organization's expectations.

CRM or Customer Management, What's the Difference?

A Contact Management Solution is a productivity tool designed to manage:

- *Contacts*
- *Opportunities*
- *Accounts*
- *Notes/History*

A Customer Relationship Management (CRM) solution is a process-centric solution that serves as a record for all customer interactions. CRMs integrate disparate customer data that exists within:

- *Sales*
- *Marketing*
- *Service/support*

Contact Management solutions:

- Reduce a sales rep's administrative burdens
- Increase individual rep's win/loss ratios
- Allow for a centralized and standardized collection of data
- Help define individual and team metrics

Customer Relationship Management solutions:

- Improve collaboration across departments
- Increase external collaboration with customers and partners
- Enhance a sales rep's knowledge of products and services
- Centralize customer information from disparate sources

What Capabilities Are Essential to Reaching Success?

The functionality differs between Contact Management and CRM solutions, with CRM systems offering more complex sets of features.

Contact Management

- Centralized repository of account, contact, and opportunities
- Individually personalized/configurable
- Individual performance reporting
- Mobility
- Basic Integration

Customer Relationship Management

- Multi-entry
- Collaborative (multi-departmental)
- Process-centric
- Mobility
- Advanced integration (quote, order, inventory)
- Advanced customization
- Multi-client access
- Advanced analytics

How Much Further Are You Willing to Take Customer Data Management?

To maximize your investment in a Contact Management or CRM solution, your organization may need to allocate financial and other resources to ensure optimal results.

With Contact Management, dedicate time and resources to:

- Properly document sales processes
- Formalize and document sales KPIs
- Model and train on best practices
- Invest in a solution that is sufficiently scalable to meet long-term needs

CRM buyers must also make the commitment to:

- Customize the CRM solution to match unique business practices
- Create a system of record for sales interactions
- Establish a common language for internal customer-related communications
- Foster a learning, knowledge-based sales culture

Contact Management and Customer Relationship Management solutions can both be effective tools to help your company better support customers and increase sales quotas, but neither is a one-size-fits-all solution. Take time to consider your goals and objectives. Choosing the right solution is easy, once you've asked yourself the right questions!

This document is adapted from the "Automating Success: The Choice Between Contact Management and Customer Relationship Management," white paper by the Aberdeen Group.

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About Sage ACT!

Sage ACT! makes it easy for you to have meaningful conversations with customers by giving you an organized view of the people you do business with. Like the millions of individuals in small businesses and sales teams who use Sage ACT!, you'll always be prepared with recent emails, meeting notes, task reminders, and social media profiles, because all of these details live in one place.

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