



Maximizing CRM Effectiveness During Lean Times

“A downturn is a terrible thing to waste.”

This quote, from a Home Depot vendor, reinforces the premise of investing for growth when times turn tough.ⁱ Yet the conventional wisdom is that in the face of an economic downturn, consolidation is the name of the game. Spend less on IT. Work with fewer hardware and software vendors. And only invest in those technologies that enable your organization to meet its most basic operational requirements—in other words, reduce the IT budget to the minimum amount needed to support building and delivering your product or service. Unfortunately, in

relation to customer relationship management this behavior could be both a short- and long-term detriment to your business success. In fact, an article in *The McKinsey Quarterly* cites the risk of making wholesale reductions in IT spending: “Simplistic cuts, applied across the board, may endanger critical business priorities from sales support to customer service.”ⁱⁱ McKinsey has also found that investments in “technology-enabled business processes” deliver far more impact than reducing costs.

Also, keep in mind that in an ever-increasing competitive environment the window between product conception and innovation on one hand, and commoditization on the other hand, is getting ever smaller. This increases the need to differentiate around the *customer*

experience to distinguish your organization from the competition. And, of course, that experience can transcend every touch point on your company's front line including your sales, marketing, and service teams; your programs, campaigns and promotions in these areas; and your Web service channels and storefronts.

This brings to light one fundamental question: When the economy turns around, as it will, how will your organization be poised to take advantage of the next expansion? Read on to learn six areas your organization can focus on to improve business results. Whether it's through increasing sales effectiveness, better managing the sales pipeline, building loyalty, improving marketing results, or reducing customer service costs, CRM can provide a vital boost to your company's top and bottom line in an adverse economic environment.

1) INCREASE SALES EFFECTIVENESS

While they're the key to driving revenue, salespeople are arguably the most expensive resource in your organization's front line operations. Therefore, increasing their effectiveness and efficiency is critical. Yet according to the Alexander Group, field sales representatives only spend 22 percent of their time selling. And time—time spent prospecting, building proposals based on knowledge of the prospect's requirements, and selling—is *their* most precious commodity as well. Companies like Oracle are leveraging Web 2.0 technology to create a new generation of sales tools specifically designed to increase sales user productivity. One of these applications analyzes purchase patterns of existing customers by mining information across

the enterprise and public domain, and then identifying what products and services to sell for white-space and greenfield opportunities. Given that salespeople spend 20 percent of their time prospecting for qualified leads,ⁱⁱⁱ making this investment of time more productive is critical.

Another way to increase sales effectiveness and consistency is to reduce the gap between an organization's best and worst performers by instilling the practices of the top performers across the organization. Consider investing in applications that contain specialized sales workflow support. This feature can be configured to guide sales professionals down the most effective path to closing business at every point in the sales process. At any sales stage, the application presents the most relevant information, can enforce collection of critical opportunity information, or even automatically create tasks for any of the members of the opportunity team. Embedding a company's best practices into the application drives higher close rates as well as shortens sales cycles and the learning curve for new sales professionals.

2) IMPROVE FORECASTING ACCURACY

Even during the best of times, investors can punish companies that fail to meet financial targets. When the economy is uncertain, those penalties are even more severe. Forecasting gives sales managers headaches. Individual representatives often misstate their potential sales. Historical analysis alone is insufficient as a guide to the future. The most reliable forecasting process incorporates three different perspectives in a discipline called "triangulated forecasting."

This approach integrates field assessments, real-time pipeline assessment, and historical trend analysis to compare snapshots of opportunities and forecasts over time. By correlating historical facts with predictions from the field, sales managers can reality-check their assumptions and set more achievable quotas. And by comparing what has changed in the forecast week over week, organizations can focus on trouble spots, get to the point quickly, and filter out blue-sky projections. For example, an "issue" could end up being a sales rep in a given territory who sits on deals for too long at a particular stage of the sales cycle. Or it could be a suboptimal product mix in a region given local preferences.

The best way to achieve triangulated forecasting is by integrating historical information from a data warehouse into the analysis. World-class CRM systems build data warehousing directly into the analytic process by providing analytics capabilities embedded into the application that work hand-in-hand with "live" data. The ability to perform historical and comparative trend analysis and match it to current information enables sales managers to anticipate changes quickly. This capability is delivered in a real-time dashboard that displays key analytical data graphically and can be customized to meet an individual sales manager's needs. For example, a manager can view current and historical results of her accounts and can overlay that with reports by sales rep, geography, industry, and other relevant data.

3) ENGENDER CUSTOMER LOYALTY

It is far less expensive to retain and grow existing customers than it is to acquire new ones. Therefore, leveraging technologies that help organizations increase the effectiveness of their loyalty programs is a key way to increase customer affinity and share of wallet, and improve overall profitability. Unfortunately, at many companies loyalty program effectiveness is hindered by fragmented data, "siloed" point solutions,

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and inflexible and costly legacy systems. This makes it difficult to gain an accurate view of key customers and their behaviors, bring differentiated incentives and rewards to market quickly, and ensure a superior member experience. Leveraging a comprehensive packaged loyalty application that is pre-integrated with your CRM system addresses these issues.

Such an application should include a wide range of functionality optimized for your industry and customer requirements. Features could include, but not be limited to, managing member enrollment and communications, guiding personalized loyalty promotions, and incorporating partner awards as well as managing partner transactions. Furthermore, loyalty systems should provide rich analytic capabilities that deliver extensive information on each member including tier status and value, transaction history, loyalty assets, and eligible and enrolled promotions. Again, this information should be presented alongside sales and service transactions as well as marketing preferences, which are located in the CRM system. And loyalty program members themselves should be able to gain seamless access to their loyalty information—such as points and rewards—through the channel they desire, be it online, over the phone, in person, or through a kiosk. In an ideal scenario, loyalty systems underlie a strategic business initiative that both drives revenue by maximizing brand value and enables organizations to gain critical customer insight.

4) DRIVE IMPACTFUL MARKETING RESULTS

Marketing is often thought of as being more art than science, but it doesn't have to be that way. Sophisticated analytics now make it possible to track response to marketing campaigns down to the individual customer. This can potentially revolutionize a company's approach to marketing.

A good sales process builds a 360-degree view of the customer, beginning with the

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first touch. Marketing automation tools embedded in leading CRM systems can help businesses match campaigns and even individual messages and dialogues to the characteristics of the prospect. Effective marketing is no longer a matter of "throwing mud against the wall" to see what sticks. Messages and offers can be customized to address specific issues within an industry, a company, or even an individual prospect. Then, results can be tracked to yield immediate insight on which tactics work best.

All of this is integrated into the sales lifecycle, so that lead qualification scripts are tuned to the messages and offers that pique the prospect's interest. Warm leads are funneled to the sales reps who are best equipped to handle them. Responses can even be incorporated into the priorities assigned to those leads, so that an engaged prospect is assigned a higher place in the queue than a casual one. Real-time tracking is an essential element of this process. Sales managers know that time is of the essence when responding to a prospect's interest. Marketers and sales managers should both have current statistics on active programs as well as analytical tools to delve into past campaigns. When integrated with lead tracking, marketing analytics can yield powerful ROI analysis for use in budgeting and campaign planning.

5) INCREASE CUSTOMER SERVICE FLEXIBILITY WHILE REDUCING COSTS

In both lean and expanding economies, companies must seek ways of reducing the cost of providing service to their customers. Online customer-facing applications provide compelling benefits

in this regard. According to Forrester Research, while average call center costs are \$5.50 per call, the average cost per Web self-service transaction is just \$0.10.^{iv} Furthermore, in an increasingly networked world, many *customers* prefer self-service channels because of the speed-to-resolution they provide. Accordingly, organizations are mandating that technology purchases for customer-facing applications focus on improving the online customer experience. In fact, a separate Forrester report found that 86 percent of consumer businesses cite this element as their top technology theme.^v

Organizations should extend the footprint of their CRM deployment to the Web with a single transparent multichannel solution for delivering superior customer service. With enhanced site management, registration and user management, account management, and knowledge management features, companies gain the ability to rapidly deploy and maintain a standards-based application for delivering high levels of customer service. Such a system should also be integrated with other service channels and enable customers to seamlessly transition among channels—for example from the Web to an online chat session to a phone conversation with a customer service representative—in the context of their product or service issues.

But self-service doesn't end with support capabilities. In today's world of two-income households with limited free time, consumers increasingly prefer online shopping. And for companies, e-commerce represents the most cost-effective channel to sell their goods and services, but only if they can draw upon a

scalable and high-performance platform that manages e-commerce transactions within the context of their overall CRM interactions. Such a system must manage multichannel interactions consistently and efficiently. And, in addition to providing the rich informational and ease-of-use capabilities that customers have come to expect when shopping online, these systems should deliver real-time decisioning capabilities. Real-time decisioning suggests highly useful complementary products or services to customers at the point of their interactions, while providing organizations with the benefit of an automated cross-selling solution. For example, a customer who purchased a new smartphone online is likely an ideal candidate for an unlimited data plan, a leather carrying case, and a car charger.

6) WEIGH YOUR BEST (DEPLOYMENT) OPTIONS

There is no question that on-demand CRM is a highly compelling deployment option for organizations of all types and sizes. For sales teams in particular, on-demand CRM is a fast-to-deploy and easy-to-use solution that fosters collaboration. It also provides an entry into CRM at a low initial cost that can be applied as an operational—versus a capital—expense. No organization should evaluate new CRM solutions without assessing deployment options. However, be wary of those vendors that cite on-demand CRM as being the “only”

solution, particularly in a lean economy. Instead, your business needs as well as your IT organization’s requirements should dictate the deployment decision. And for mid-sized and larger companies, using a combination of deployment models with tight data integration to ensure a consistent customer view may make the most sense. For example, an organization with a large centralized marketing operation as well as several geographically dispersed sales teams could benefit from an on-premises marketing and loyalty application that scales to meet their most demanding requirements, and an on-demand solution that is easy for salespeople to use and requires minimal IT support. While it’s an over-used phrase, “one size does not fit all.”

CONCLUSION

To quote Abraham Lincoln, “And this, too, shall pass....” The economy will rebound. When it does, will your competitors who decided to invest during a downturn leap ahead of you? For those companies focused on differentiating their businesses around the customer experience, now is an ideal time to concentrate on those critical few customer relationship management initiatives that will help further drive sales and marketing effectiveness, increase customer affinity, and reduce costs. Focusing on these practices and behaviors *now* will not only help your organization steer through this recession, but will also prepare you to seize opportunities in the next expansion. ■

ABOUT ORACLE

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ⁱ “Home Depot Chief Renovates,” Ann Zimmerman, *The Wall Street Journal*, June 5, 2008.

ⁱⁱ “Managing IT in a downturn: Beyond cost cutting,” James Kaplan and Johnson Sikes, *The McKinsey Quarterly*, September 2008.

ⁱⁱⁱ Barry Trailer and Jim Dickie, “Understanding What Your Sales Manager Is Up Against,” *Harvard Business Review*, July-August 2006.

^{iv} “Need To Cut Costs? Improve The Web Site Experience,” Megan Burns, Forrester Research, December 1, 2008.

^v “Marketing Technology Adoption 2007,” Elana Anderson, Forrester Research, April 26, 2007.