Measuring Value & Success from CRM

MAXIMIZER CRM 2017 BENCHMARK STUDY

PART I: KEY BUSINESS OBJECTIVES AND OPERATING BENEFITS

How 300 organizations measure value and success from CRM software

Management Summary

There is a lack of research-based literature on the genuine value and success that small to medium-sized businesses are achieving through use of Customer Relationship Management (CRM) solutions.

To help fill this gap, Maximizer is publishing the first of an annual research report into the subject - the Maximizer CRM 2017 Benchmark Study.

The study examines research undertaken with 300 CRM solution customers in the EMEA region (Europe, Middle East and Africa). The study includes three publications focused on particular elements that contribute to delivering CRM value and success:

o **Part I: Key Business Objectives and Operating Benefits** - examines tactical and strategic approaches to addressing the new customer journey.

o **Part II: Key Product Features and Business Outcomes** - examines the more practical use of CRM with reference to gaining CRM mastery.

o **Part III: Practitioner Workbook** - provides practical value and success measures, which can be adopted to improve CRM performance and business contribution.

The Maximizer benchmark report reveals that just under a third of organizations studied are putting CRM at the very heart of their business, deploying it as the company's wide repository for customer intelligence, available to all departments, and using that intelligence to drive the company's growth strategy.

31%
Companies placing CRM at the heart of their business to support overall growth
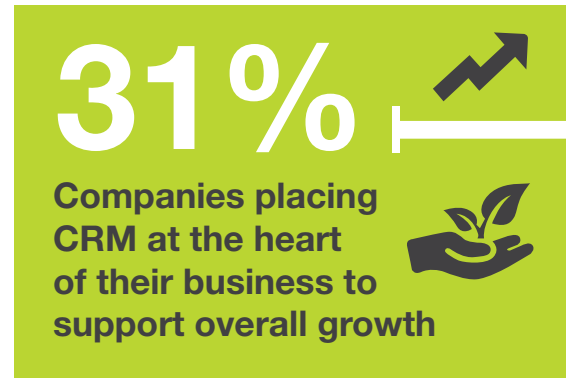
The larger proportion of respondents, however, are measuring CRM return-on-investment on individual factors such as process efficiency and productivity.

The study shows that small-to-medium organizations regard centralization of customer data and improved data quality and value as the primary benefits of CRM system deployment, making customer intelligence available to all in the business, and providing a universal, high-quality, transparent view of all aspects of business performance.

The purpose of publishing the Maximizer CRM 2017 Benchmark Study is to provide businesses with a clear picture of CRM deployment success and the objectives and benefits most commonly prioritized as showing a measurable return-on-investment.

Introduction

Many organizations have invested in CRM solutions with the intention of managing their customer relationships more effectively – better service for their customers, combined with increased business (revenue and profit) for their company.

Yet very little is understood about the success factors and return on investment that small and medium-sized organizations are actually gaining from this outlay. There is a great deal of opinion on the subject, but it appears little is founded on a published factual basis.

The situation is starting to change, notably with recent publications such as that from a Forrester analyst, which offers an approach to building an ROI calculation methodology[1]. Even such good work, however, needs to be complemented with better information on precisely what benefits and value businesses are gaining from their CRM investments.

This is particularly important for businesses who don't have the resource or time to devote to the subject. For companies of this size, to knowing what their peers are doing with CRM, and which benefits they are achieving as a consequence, would be extremely useful.
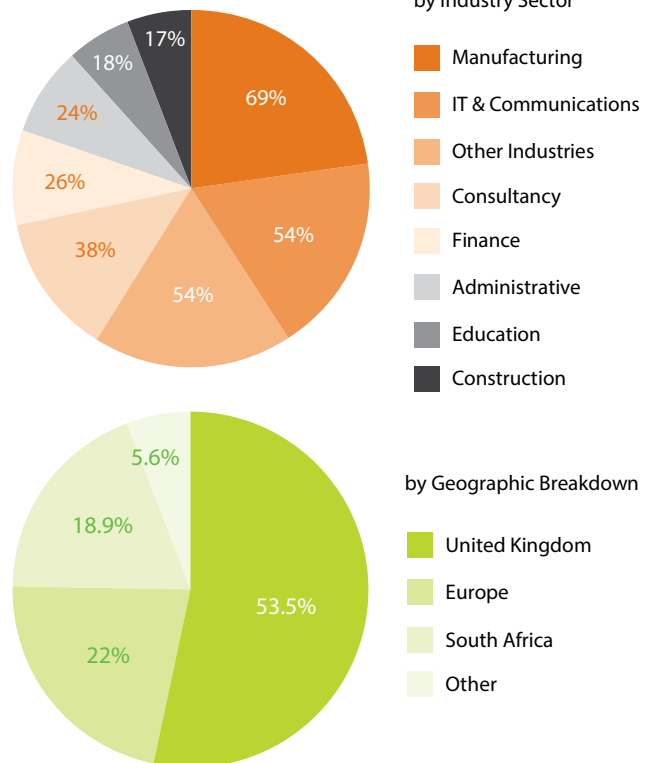
As a result, Maximizer has commissioned independent analysis on the experience of its customers in obtaining business value and success from CRM solutions. The result is benchmark data derived from in-depth research with 300 CRM customers within the EMEA region (Europe, Middle East and Africa).

The Maximizer CRM 2017 Benchmark Study – 'Measuring Value and Success from CRM' consists of:

o **Part I: Key Business Objectives and Operating Benefits** - examines tactical and strategic approaches in addressing the new customer journey.

o **Part II: Key Product Features and Business Outcomes** - examines the more practical use of CRM with reference to gaining CRM mastery.

o **Part III: Practitioner Workbook** - provides practical value and success measures which can be adopted to improve CRM performance and business contribution.

300 Respondents: Profiles

by Industry Sector
- Manufacturing — 69%
- IT & Communications — 54%
- Other Industries — 54%
- Consultancy — 38%
- Finance — 26%
- Administrative — 24%
- Education — 18%
- Construction — 17%

by Geographic Breakdown
- United Kingdom — 53.5%
- Europe — 22%
- South Africa — 18.9%
- Other — 5.6%

[1] Forester: K Leggett, S Powers, M Cain, P Harrison, Quantify the Business Value of CRM

CRM Value – Why is it Important Right Now?

It is a particularly topical time to establish a CRM Value and Success Benchmark for small to mid-sized businesses. The sales techniques of the past have rapidly become outdated. Customers and prospects no longer interact with salespeople as the 'expert' source of information. Nowadays, customers embark on a new kind of 'journey' where they start with their own research. Their behaviour, their expressions of interest in a subject, now indicates when they're ready to buy. People are less and less receptive to being sold to.

This means in today's climate, a business that is seen as informative, expert and helpful as the customer progresses along their 'journey' towards purchase, puts itself in a leading position to be considered as a favoured supplier.

Employing a CRM solution to track, inform, guide, manage and measure the customer experience allows a business to spot when a prospect or customer might be in 'buying mode'. CRM solutions also provide a crucial tool to help manage any danger points along this journey, for example, when a customer service failure is undermining the customer experience and may cause that customer to take their business elsewhere. In point of fact, every department of a company's operations needs to be responsible for creating a positive customer experience and to help generate enhanced revenue and profitable growth.

Businesses are re-thinking their growth and CRM strategy in light of today's self-educating and empowered customer. The new resulting buyer-seller relationship has put increased pressure on businesses. Customers increasingly expect high-value experiences and are becoming more inclined to change suppliers if the business does not deliver their expected quality of interaction.

As a result, organizations can no longer implement their customer relationship management (CRM) solution in a stand-alone fashion. CRM technology has become THE critical 'go-to' tool for the whole business – accessed and employed by all functions of the organization in order to use intelligence about the customer's overall 'experience' to deliver stand-out customer service.

By providing access to customer intelligence for all departments, CRM ensures that value from customer data is multiplied several times over without disrupting existing operating systems and technology. More and more, CRM is becoming the central hub to which all decision-driving company information is relayed.

The Starting Point - Business Objectives

The first area examined in the study focuses on the principle business objectives that mid-sized businesses typically have for their CRM investment. What are the main hard business outputs that companies expect their CRM to help achieve? The results show a range of 'maturity' in the use of CRM by small and medium-sized organizations.

The study reveals that around a third of companies are placing CRM solution at the very heart of their business. They view CRM as fundamental to driving growth, customer satisfaction, loyalty, and revenues. Their whole set of decision making processes across the company – whether company-wide or department by department – draw on the central customer knowledge hub that the CRM solution has become.
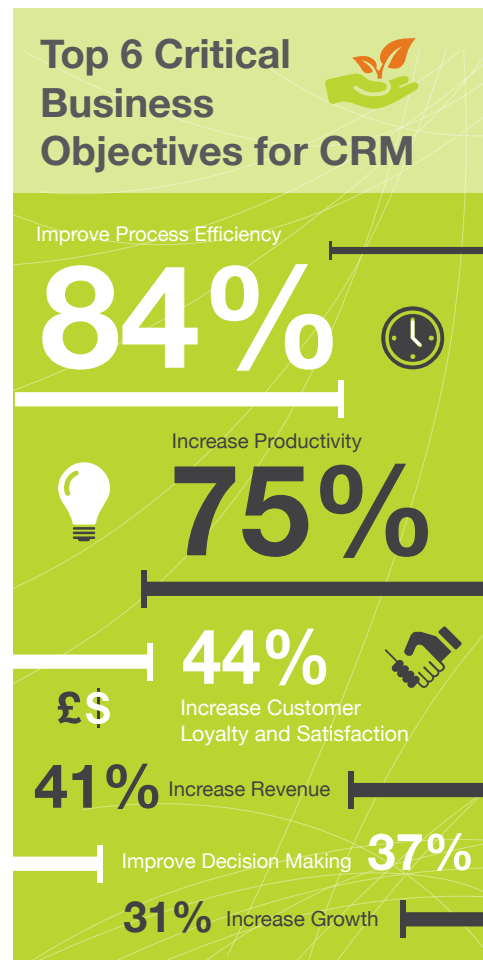
This highly 'mature' proportion of SMEs may be seen as those who have not only recognized the 'new customer journey', but are also harnessing the power of their CRM solution and processes to make every customer touchpoint, every customer interaction, more intelligent and informed.

By linking in the activities and performance measurement of all aspects of a business to a central CRM hub, every element of the customer relationship can be enabled, measured and improved.

The result is happier customers, reduced defection rates, more informed leadership decisions and ultimately greater revenues, profit and growth.

The majority of small to mid-sized businesses however, according to the Maximizer Benchmark Study, have yet to set such objectives or reach this level of maturity in deploying their CRM solutions. They are still carefully extracting return on investment from their CRM, but are more focused on process and productivity objectives.

This is a natural fundamental starting point for CRM deployment. Efficiency and productivity gains are relatively easy to measure. And any CRM solution that does not first deliver against such goals has not been effectively implemented, adopted nor measured.

Top 6 Critical Business Objectives for CRM

Improve Process Efficiency
84%

Increase Productivity
75%

44%
Increase Customer Loyalty and Satisfaction

41% Increase Revenue

Improve Decision Making **37%**

31% Increase Growth

The Key Returns - Operating Benefits

When evaluating either the strategic or process contribution that CRM is making, research respondents were asked which operating benefits were being measurably gained from their CRM solution.

Respondents identified five key operating benefits that result from successful CRM implementation, as examined below.

Centralization of Customer Data
Data centralization addresses the very common problem of 'data silos' that are often and continue to be created and used within businesses, not only at departmental, but frequently at individual levels as well.

Centralization of data is an essential first building block for CRM if it is to be deployed successfully throughout the organization, either immediately or in the future. Commentators have called this creating 'a single version of the truth'.

If all aspects of the business – sales, marketing, customer service, operations, product development, finance, etc. – are working from the same data set, then all are equally enabled with customer intelligence.

Each can be expected to bear responsibility for building a good customer experience, thereby contributing to company growth.
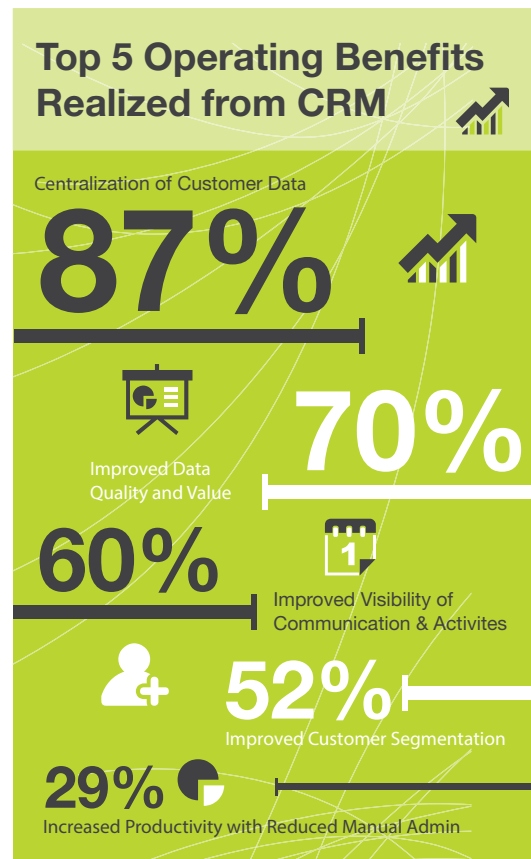
Centralization necessarily improves collaboration across teams, especially when implemented through a 'cloud' deployment[3] to enable remote access. Information is shared in a way that makes it easier for teams to interact and assist each other.

Improved Data Quality & Value
Customer data needs to be up-to-date and accurate to be useful – in effect, avoiding the premise of 'garbage in, garbage out'. However, this is a substantial challenge for any business to successfully achieve, especially

where a culture of data silos has become entrenched in the organization.

By working from a central repository of customer intelligence, there is no reason for data inaccuracy. Moreover, centralized data held in the CRM system also helps to give a more comprehensive view to all of the various interactions and experiences a customer is having with the business. So focus on data quality is as much about comprehensiveness, as it is about accuracy and currency.

Top 5 Operating Benefits Realized from CRM

Centralization of Customer Data
87%

Improved Data Quality and Value
70%

60%
Improved Visibility of Communication & Activites

52%
Improved Customer Segmentation

29%
Increased Productivity with Reduced Manual Admin

[3]See, for instance: McKinsey, Big business in small business: cloud services for SMBs, February 2014; BCSG, The small business revolution: trends in SMB adoption, 2015; eWeek, CRM adoption to reach $24 Billion in 2014: Gartner, February 2014

Certainly, in the majority of cases, this kind of improvement has involved a re-examination of business processes and activities to ensure successful buy-in and application by all departments and individuals in adopting data inputting and updating habits. The ongoing use and monitoring of Key Performance Indicators, training and data management practices will also be critical to the continued delivery of such benefits.

Improved Visibility of Communication & Activities (Business Intelligence)
Improved visibility of communications and activities suitably demonstrates the progressive improvements and value that can be obtained from successful CRM adoption and application. Ensuring these two precious benefits are being accomplished automatically results in the third benefit, and more, being realized.

Instantaneous visibility, of all customer actions and interactions provides an important resource for both staff and managers, allowing for better quality and improved customer engagement. Points of customer experience failure can be spotted and resolved quickly before they cause too much damage to the customer relationship.

Transparency reveals success and failure levels in every part of the business. Moreover, precious resources can be applied where they are most likely to produce a measurable return, or create a platform for future growth.

In the here and now, management has access to up-to-date information and analysis on deals and deal conversion metrics at their fingertips, through tools such as dashboards and automated reporting.

Better Analysis and Segmentation
Another powerful benefit that can be realized from data centralization and improved data quality is the ability to analyze and segment your prospect and customer database. Some 52% of respondents confirmed that through the use of CRM, they actively benefit from this activity.

Within marketing, segmentation is a necessary practice in delivering more effective messages and campaigns to specific groups of people or companies with a common attribute or behaviour such as industry sector, geographic location or buying behaviour. This allows for resources to be directed to the most definable, accessible, actionable, and profitable audiences with growth potential. In other words, a company will find it impossible to target the entire market effectively, because of time, cost and effort restrictions.

However, a common misconception for many businesses is to think that segmentation is only of concern to marketing. Fundamentally, businesses need to know who their customers are, how they behave, how much attention and resource they consume, and ultimately the overall revenue and profit they generate. As the accountants say, 'goodwill equals profit'.

Yet, many organizations have little idea about the individual profitability of each customer.

Segmentation allows resources to be applied to each client in accordance with their real value to the business. Accordingly, marketing, sales efforts, delivery and customer support efforts can be tailored to meet different groups of customers based on their profitability and growth potential.

How often does business find itself spending valuable hours on a challenging situation or customer that in reality brings little value to the business? Segmentation and a greater understanding of your customer's value can help eliminate such misguided efforts, and lead to more

Increased Productivity with Reduced Manual Admin

Many businesses want to achieve more without increasing (or even reducing) the cost base. One such way of achieving this is with improved processes leading to increased productivity. In fact these elements were ranked first and second in Key Business Objectives.

Respondents' CRM solutions are enabling identification of inefficiency bottlenecks, refinement of existing business processes, automation of routine tasks and better personal organization/prioritization of staff.

The gains can be considerable, including more responsive customer service, better use of sales resource time, closer measurement of product development cycles and marketing campaigns. The efficiency element is also evident at a more senior level through the use of automated reporting and dashboards.

Having clear KPIs and reporting mechanisms to capture statistical evidence of such improvements provides a good basis for measuring CRM value and success and ultimately understanding your CRM ROI.

Conclusion

Maximizer has published the key findings from its Measuring Value and Success from CRM Benchmark Study for the first time to give small to medium-sized companies and autonomous departments of larger enterprises a clear understanding of how their peers are deploying CRM, what objectives they are setting for their CRM investment, and what benefits they are gaining and measuring. It is hoped that this annual publication will be an important first move in filling the information gap on evaluating an accurate return-on-investment from CRM solution deployment.

What is clear is that focused objectives and deeper investment in CRM brings wider progressive benefits and value across the business, significantly contributing to its strategic growth and levels of customer engagement and service.

For a demonstration of Maximizer CRM, please visit **www.maximizer.com/landing/video-tour/** or call us at +1 (800) 804-6299 (North America) or +61 (0) 2 9957 2011 (Australia).

About Maximizer

Maximizer CRM is fueling the growth of businesses around the world.

Our CRM solutions come fully loaded with the core Sales, Marketing and Service functionality companies need to optimize sales productivity, accelerate marketing and improve customer service. With flexible on-premise, our cloud and your cloud deployment options, tailored-to-fit flexibility, state-of-the art security infrastructure, industry-specific editions and anywhere/anytime mobile access, Maximizer is the affordable CRM solution of choice.

From offices in North America, Europe, Middle East, Africa and AsiaPac, and a worldwide network of certified business partners, Maximizer has shipped over one million licenses to more than 120,000 customers worldwide.

MAXIMIZERCRM

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