The practice of using CRM

On the advantages of using the CRM-system and overcoming the difficulties of introducing the CRM-system. On matters beyond the scope of marketing materials of software suppliers.

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Positioning of CRM class systems

So that the context outlined is clearly defined, let us phrase the essence of *CRM* before speaking about the system itself. What is behind the abbreviated name of this whole class of information systems - *Customer Relationship Management*? We shall answer this question by drawing an analogy between the system and other platforms.

We will limit ourselves to discussing three classes of systems in which original data input is carried out directly by the user: ***ERP***, ***DocFlow*** and ***CRM***. Modern software products represented by these classes in many respects overlap in functionality, and it can be hard for the non-expert to understand the detailed differences between them. Software suppliers, mainly suppliers of certain platforms of a certain manufacturer, give sample demonstrations with enthusiasm, claiming: "We also have such a function!" Let us outline the borders between the classes.

Firstly, the ***ERP*** class systems help to automate cross-functional processes of purchase, sale, manufacture and delivery, and in the end present the data financially. Automation provides up-to-date entry of source information into the bookkeeping records. As a whole, ERP helps to save a lot of company time transferring information on current operations from one function to another. After the system has finished data-processing, it gives summary figures both for accounting reporting and for creating analytical systems for the manager.

Secondly, the ***DocFlow*** systems are intended for automation of a multistage development process and documents coordination only. A document can be both a general contract or invoice for payment, and more exotic interpretations of documents such as a "project", "work on a problem" and so on, depending on the special nature and needs of a specific business. It is possible to successfully automate any organizational process in the company by means of DocFlow functionality. Anyhow, the system provides a high-quality (that is, worked out for the benefits and to the standards of the company) and up-to-date (due to automation of rules and regulations) document.

Finally, the ***CRM*** class systems are basically intended for "Customer Relationship Management". Correspondingly, they are probably planned to provide "good customer relationships" in the end. We will try to understand at what cost it is done.

Practice in daily application

The constitutive essence of the *CRM-system* is a Contact and Interaction therewith. Information on the Contact includes everything from a simple name and phone (or e-mail) up to a detailed professional profile of the customer, and as far as his photo and date of birth. Contacts are combined with regard to Counterparts. Information on the Contact is gathered not so much from the individual, but by entering new facts revealed in the course of interactions with company employees into the system. It's the same with Counterparts.

Static information on Contacts and Counterparts, being the linking base of the system, nevertheless, is not its main value. Interaction is an element which provides dynamics to the information entered into *CRM* and which makes sense of using the system. It is the information on the Interaction, with Contacts and Counterparts, that is the main value. It is the Interaction that reflects a brief summary of a phone conversation, meeting or e-mail exchange. Consolidated pictorial information on the interaction with the Contact, entered by different managers at different times, provides insight into the current status and history of relationships with the Contact to the *CRM-system* user. What is the value and where is *relationship management* here?

1. **Market information awareness**

   On the way to your office in the morning with a new project on mind, you recall that a month ago you had an architect apply who mentioned his interest in your new production in design. Walking in the office, you ask the assistant whether she remembers his phone number. She delves in her records and brings you a note with a name "*Vsevolod Granin*" and phone number. Will you call *Vsevolod*? What will you tell him and how will you start a conversation? Let us look in *CRM* first.

   Having opened the *"Granin"* Contact menu, you see that his name is *Vsevolod Borisovich*, he is 48 years old. A year ago he ordered some materials from you, but the transaction fell through because of the price. The transaction was administered by *Peter Kuzmin* from a remote subsidiary in Tula, who quit the job two months ago and went to a business rival. *Natalie Sazonova* (by the way, from the next office) is calling *Vsevolod Borisovich* every other week. But *Natalie* cannot form a relationship with *Vsevolod Borisovich* as he is constantly "out of town" or "busy". The reason for this is not clear, probably *Natalie* is doing something wrong. The last sale to *Vsevolod Borisovich* was carried out by *Alexander* from a completely different part of the company. The transaction was three years ago and coincided with *Vsevolod Borisovich's* birthday, when he was working in a large *ERA* project bureau, before he opened his own *Granin and Co* studio. And *ERA* project bureau is now led, as it turns out, by your friend *Paul Portnoy*. It is remarkable that the last record in *Vsevolod Borisovich's* menu is approximately like this: "*I called by the general phone, presented myself, wished to talk to the chief executive, but he was out. I left my new phone number."* And the last record was created by your assistant.

Will you call him now? It has become easier to start a conversation. Afterwards, do not forget to enter in *Granin's* menu such a phrase as, *"Vsevolod Borisovich was flattered by the manager's attention, memory and awareness. He spoke about his attitude to work and the company's positioning. Has told of his interest in searching for a supplier of a new material and suggested a meeting in order to share his know-how in practical use of the technology and potential contacts for selling."* Let this information become accessible both to *Natalie* and *Alexander*, as one of them will probably prepare for the meeting.

Such a picture of relationships with a potential customer will greatly simplify your work, as well as the work of your subordinate employees, especially of a new joiner or someone transferred from another department. Imagine now that such information on

Interactions had been saved for the last five years of work for more than *5,000* contacts and *700* companies. Even if the quality of these data was less than perfect, such a situation could be referred to as possessing information awareness of the market you work in.

2. **Subordinate employees' performance control**

Interaction with customers is a continuous process. Even when there is no direct contact, both parties analyze the results of previous communication, and on their basis correct their current attitude and planned activities. By managing this process with the help of *CRM*, within a day the system can send to your smartphone brief summaries of five telephone conversations of *Natalie Sazonova* with her counterparts, the result of the meeting of *Vlad Ivanov* at the customer's office. You can notice that today there are no messages from *Pauline*, find out whether *Pauline* is ill. You can notice that the essence of *Michael's* messages to customers about the new project does not suit you, it should be corrected and it is urgent. There must be a meeting on the matter tomorrow morning; otherwise, managers' misconceptions of your ideas could lead the whole business astray.

You can pay attention to such incoming information or let it pass and forget it, being preoccupied with other matters, fully satisfied with the fact that "people are working" and something creative is going on in your firm. But when in a couple of years you look into *CRM* searching for any information on some *PARABOLA* company, you will certainly remember this day and that *Vlad Ivanov* had a meeting with them.

If you didn't have the system, the day could have been spent differently, with everyone doing something and you expecting a meeting with the commercial department in a couple of days, during which someone should put together and present the next report with results of the week's work. What should be in this report and how deep should it be?

Let us note that besides the current work control of your specialists, you also get the opportunity for providing objective promotion and attention to employees two or three levels below. *CRM* acts as a catalyst of your attention to this or that employee independently of potential subjectivity of his direct managers. As a whole, this revitalizes the company, lets you communicate downwards your assessment criteria more transparently, and lets your employees develop in a timely manner within and for your business.

3. **Alignment in current transactions**

Operative interaction tracking is also useful for controlling the status of closing current transactions where receipt of the information and coordination of your employees' actions are important every day. From a big flow of communication, you and your subordinate employees can operatively single out messages concerning the Counterpart in question and execution of specific working obligations to his colleagues. Alignment in team work will considerably improve.

4. **Analysis of ability to sell**

Having analyzed the motility of the system's functioning, its use as an analytical component is becoming clear. The system helps to assess sales conversion: how many potential opportunities appear per one hundred cold contacts and addresses, how many sales are made per one hundred potential opportunities, and so on. You have an opportunity to build and analyze the marketing whirlpool of your business, in its unique conditions, with specific people; you can assess this information in dynamics.

Having organized thorough and regular entry of source information, you will get much more reliable summary analytical figures. You will be orientated not by opinions and analyses from third-party sources, but by your own valuable statistical picture.

Overcoming introduction difficulties

Introduction of *CRM* is less successful in comparison with *ERP* and *DocFlow* when we talk about real introductions for companies where instead of general software installation, the system starts to really justify its use. Let us find out why this is so.

From the system classes mentioned: *ERP* has no chance of failure. Considering all costs, mistakes and possible organizational difficulties, in the end it should give financial data that's vital for the company, generation of which does not depend on the will of a specific manager and is carried out without delay. Data are generated by all means. A failure can be in the cost or time of introduction, but not in the result. The same can be applied to the *DocFlow-system*: an agreed contract should be generated; otherwise there will be no purchase or sale. The person who stalls the process will eventually be "detected", forced to check the document and take responsibility (for his actions in the system) whether he wants to or not. But *CRM* is a different story. From the examples given above, it can be seen that the fact of information entry into the system by the employee is not predetermined. The initiation of information entry itself is not predetermined, unlike the two other classes, that is, it cannot be definitely controlled. And it is possible that nobody could potentially have known *Vsevolod Borisovich* and worked with him earlier, or it is possible that somebody could know him but wouldn't have entered the information. And *Natalie Sazonova* could have made not five but just three calls. Or she could have made five calls but entered the information about just three of them. What is to be done then?

The formula for success when introducing such systems as *CRM* includes the following factors:

1. **Administrative will of the manager**. This does not mean rigid sanction regulations on colleagues (more precisely, not just them) but systematic and consecutive communication with subordinate employees. Being subordinate, your employees cannot say no to you if you're pleasant about it. Passing by *Natalie,* you can ask: *"How are things with ERA?" "Everything's OK. By the way, I spoke with them yesterday. We have agreed to meet next week." "Have you entered it in CRM?" "No, it's nothing important." "Do enter it, please; I shall check it today."*

   Do so patiently, day after day. This consistency and sequence requires time; you should remember it in your daily communication.

2. **Become an active partner and user of CRM**. You should enter contact information and news about counterparts like any other manager. Differentiation of access rights to data and services of automatic informing is a matter of a simple setting up for a creative IT expert. And you will provide for privacy of data which cannot be disclosed; you shouldn't worry about it in the modern age of software development.

3. **Translate the language of meetings, reports and even motivation into the language of CRM.** *"Vladislav, how many active customers do you have?" "Five." "Really? According to data from the system, you have just three… Who are the other two? It won't be counted against you. If you enter the data, we will consider it next month. Don't be offended if one of your colleagues comes with them to me tomorrow, they will be reserved for him."*
4. **Don't overload the CRM-system with odd functions**. Excessive creativity of IT experts and consultants often insists on integration with project management systems, synchronization of directories with *ERP,* and so on, and also complicates rules and regulations. You should not do this; at least, do not try it until *CRM* with the functionality described above roots into the DNA of front-office divisions of the company and yourself. Do not complicate its administration and data entry by the user.

If you are not fully ready for it, it's hardly necessary to expend company resources and employee time trying to introduce it. There is a risk that you will make things worse, and not better, subsequently giving a handle to your employees for subsequently talking about the *"chief's ridiculous ideas"* or *"failures"*.

If an employee - as a rule, *"a skilled independent seller"* - rejects it, or, having agreed, quietly sabotages it, which is the same thing, the problem is possibly not in the system, but in the relationship between the employee and the company in broad terms. The argument *"Not enough time for data entry"* is weak as an objection. In our practice, competent processing of one Interaction takes up to one minute if the software product is correctly set up. As a whole, an employee should spend on average 10 - 15 minutes a day entering data into the system.

Due to new rules of information awareness and processing established in the company, the system should become useful to the employee. The expert should get used to *CRM* as a natural working tool. Therefore, you should make sure that the technical component of the software product and interface is competitive with applications for individual use which become second nature to the employee.

By way of conclusion

Efficiency of using *CRM* for real relationship management, like all processes in the company, depends on the manager. In the modern commercial reality, in a market environment sated by the offer, a decrease in the corruption component of transactions, speed, transparency and quality of commu-nication are more and more becoming the things which define success of sales. To administer such a not quite formalizable essence as *"relationships"* at a level of personal skills and memory becomes hazardous and improvident when it is a question of systematic and long-term brand development.

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