

What is CRM?

The idea of these bulletins is to provide a basic overview of some of the jargon around managing sales. Many business' have heard the term "CRM" in relation to sales systems, but are unclear about what it is, wonder whether its just software or something else, and think it's generally confusing and a waste of time. With a better understanding of this you can decide whether or not CRM may help your business.

In most cases managing sales activity *better* will increase the turnover and profit in your organisation, regardless of how big or small you are now, even from the contacts you already have. This is particularly relevant in difficult times. By "sales activity" we mean looking after both your customer and prospect relationships better, so they are more inclined to stay with you and spend more. This is what is meant by CRM.

So CRM (Customer Relationship Management) is simply a business process or principle which focuses on looking after your customers and prospects better, identifying more commercial opportunities, closing more sales of a better quality and managing marketing to the "right" people at the right time.

There are software systems to help you manage this but they are a waste of time if you don't have a process for managing sales to start with OR put a process in. The software then gives you better, immediate information so you can make better business decisions and become more efficient.

CRM software is used to make this process as effective as possible by storing detailed information on current customers (everyone who buys something from you) and your prospects (people who don't buy from you yet) and the contacts behind them. Information in the system can be accessed and entered by employees in any number of different departments. The basis for this approach is to directly improve services to customers and to use the information in the system for targeted marketing and salesman tasks.

There are two core elements to a CRM system: **Operational** and **Analytical**. Generally, the operational elements help sales people do their jobs better and analytical elements give management better information for making better decisions.

Knowledge is power; and better knowledge of your customers and prospects means you can out think your competition.

Oddly, businesses in general and especially SME (Small to Medium size Enterprises) organisations have been happy to use software to manage the back room – most likely an accounting package – but far less likely to use software to manage sales and marketing better. As the late *Troubleshooter* Sir John Harvey-Jones once said: "Businesses don't fail because they have poor

products or services or can't deliver on time, they fail because they don't sell enough."

A sales and marketing system – and maybe software to support it - will have much more of a positive effect on the success of any business than a back room accounts package ever will.

Here's some food for thought:

- It costs 6x more to find and convert a prospect into a new paying customer than it does to sell more to an existing customer.
- Most customers only buy about 15% of what they could from you, but you probably can't tell which 15% that is.
- Surveys have repeatedly confirmed that the most common reason for companies switching suppliers is a noticeable lack of interest on the part of the supplier.

(Chartered Institute of Marketing)

Remember, CRM is a business process not a software. So think about the sales issues you might have.

As an example, Print Strategy Europe of West Midlands (01905 795700) found that a CRM process allowed them to reduce by one member of staff while increasing turnover 40%.

That's it !

Next, Why Might I Want To Do CRM ?