TouchstoneCRM

CRM Know How In Practice

Making the CRM business case

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DeliveringCRMExcellence

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In This Guide

Introduction: Why CRM?

Understanding your customers - and their needs and expectations - is the key to delivering great service, attracting and creating loyal, repeat customers, and being able to grow your business with them. If you agree with that statement, you've grasped the essence of CRM.

It's not rocket science, it's just common sense. Your organisation possesses plenty of information about customers and prospects. Your financial and order systems hold data about what they buy and how much they spend. Your employees know how the customers they come into contact with like to engage and do business. Through market research and industry intelligence, you keep up with trends and developments in your marketplace. But how do you bring all of that together, continuously adding to it, and making it available to everyone who engages with that customer? How do you derive competitive edge from rich insights, using them to identify opportunities and risks and to anticipate what your customers will need next?

As businesses and individuals, customers choose to engage, communicate and inform themselves through many different media. With the continuing rise of Web 2.0 channels, you need to capture customer insight and offer your customers convenient and user-friendly ways to engage with your organisation. CRM technology and processes allow you to incorporate new media and dynamic communication into your everyday business activities and develop correspondingly deeper, multi-dimensional relationships with your customers, prospects and stakeholders.

A CRM programme puts in place common methods of doing business and instils a culture of sharing information and collaborating across departments, functions, staff and managers. You'll capture and share information reliably and comprehensively. You'll be able to work with that information easily to support decision-making and to prioritise investment of time and resources. You'll be able to identify new business opportunities and act on them quickly and efficiently, bringing goods and services to your customers at the moment they need them.

If your employees have the right information to hand when any interaction with a customer takes place, they can respond appropriately and efficiently to the particular needs of that customer. Customer satisfaction will be high: you'll create a virtuous circle of loyal customers who evangelise on your behalf. Everyone in your organisation can play their part in adding to your collective knowledge and making use of it to deliver outstanding service. That's what CRM can achieve for you.

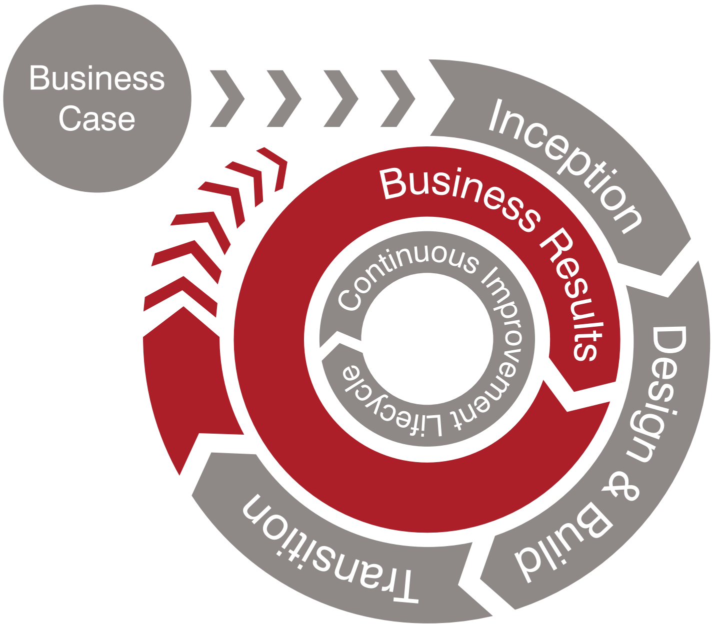
CRM best practice based on our hands-on experience

This Best Practice Guide is the first in a five-part series. It describes the first step of our proven, five-step CRM optimisation model *The TouchstoneCRM Success Cycle*. We've developed and refined this over hundreds of engagements where we've introduced CRM from scratch or stepped in to recover or improve existing and unsatisfactory CRM programmes. We've observed the characteristics of projects that achieved their full potential, fell some way short or failed outright.
The TouchstoneCRM Success Cycle is technology agnostic. It works whether you prefer cloud-based or on-premises CRM. It applies equally well to projects supporting B2B or B2C organisations, to commercial organisations and not-for-profits.

It's a best practice approach that supports engagements driven by a range of business objectives, including:

- increasing sales
- increasing customer loyalty and stakeholder engagement
- introducing a social media engagement model
- supporting 1-2-1 marketing
- decreasing the cost to serve

or a combination of these and other business-specific outcomes.



TouchstoneCRM Success Cycle ©

Why invest time in your business case?

If it's just good business sense, surely your CRM investment should be a foregone conclusion? It might seem as though justifying and preparing for your CRM project should be a straightforward formality.

Of course it's never that simple. You'll need to carry out due diligence before embarking upon a CRM journey. Decision-makers know that CRM projects have a history of delivering variable results. That's often because organisations haven't equipped themselves well to deal with the business change that's required. By developing a robust business case you can anticipate and avoid common pitfalls. You'll ensure that throughout your organisation, there's a clear understanding of the benefits and a readiness to make changes.

This best practice guide explores key considerations in developing your CRM business case. Based on our track record of delivering best-practice CRM Consulting, we'll share our knowledge of how to set up your project to be a success.

What can your business case achieve?

The first stage of the TouchstoneCRM Success Cycle creates a robust business case to define and support your CRM project. Once it's been validated and signed off by your business leadership team, the project can progress to the 'Inception' phase.

Your CRM business case is an internal sales document designed to help win commitment from superiors and colleagues. As you develop your business case, you'll thoroughly engage with an audience across your business, actively involving them in defining the project's requirements and benefits.

Delivering business benefit is the only reason for undertaking your CRM project. But CRM projects are frequently criticised for failing to achieve their objectives. You probably read about projects in the business and industry press that have failed to deliver and have cost organisations dearly in time, money and reputation.

Even when the objectives are achieved to some extent, the return on investment often falls far short of expectations. It is crucial to identify clear benefits early in the lifecycle that relate to tangible and quantifiable business objectives. Your business case is crucial to engage with and assign ownership to those who will be responsible for planning and managing the process of achieving those objectives.

> “ A decision support and planning tool that projects the likely results and consequences of an action ”

The Business Case Guide,
Second Edition,
Marty J. Schmidt 2002.
Copyright by Solution Matrix Ltd

The characteristics of an effective business case

You're embarking on a mission to predict and explain the results of a business decision in terms that are clear, credible and concrete. You need answers to questions like:

- Will the project justify the investment?
- What are the alternatives?
- What are the risks, dependencies and true costs?

Your business case provides the foundation for the project before it starts. It's a constant reference point during the project, so you can check whether proposed activities or investments are relevant or not. For example, you can decide objectively if a particular sub-project should be funded or prioritised over other initiatives.

These are the key principles of a best practice CRM business case:

- It is the most important set of documentation for the project
- All parties must be clear about why the project is needed, what it is intended to achieve, how the outcome is to be delivered and their individual responsibilities
- The focus is on the totality of business change, not just an element of it. That includes the impact on personnel, training, operational procedures, hardware and running costs, as well as the technology
- The objectives and business benefits must be paramount throughout the project
- No project should start without a business case
- If the justification defined in the business case disappears once the project is underway, the project should be stopped
- There is clear alignment of the business case with the organisation's over-arching business strategy and plan

Best practice in your CRM business case structure

We recommend this comprehensive structure for your business case document:

1. Executive summary
2. CRM vision
3. Business outcomes and benefits
4. Options
5. Risks and dependencies
6. Costs and timescales
7. Investment appraisal
8. Conclusions and recommendations

1) Executive summary

In today's time-poor and information-rich working environment, even the best written and most engaging CRM business case document may only receive a cursory read from senior management. That means the executive summary must briefly and compellingly convey the key points of the argument and the supporting concept and definitions. It should cover:

- What is the purpose of this document?
- Who wrote it and why?
- What is the expected ROI?

- Where did the data and opinions come from?
- What are the compelling reasons to act?
- What are the conclusions and recommendations?
- What are the next steps?

2) CRM vision

Every CRM initiative needs a vision. This is the enterprise-wide view of what will be delivered for the entire organisation's benefit. A complete, well thought-out CRM initiative will impact every employee, customer and business partner. It's essential to articulate a CRM vision that engages all those people, so you and they can make the right decisions as the project moves along.

Without this vision, stakeholders won't have a clear idea of:

- The positive changes that the project will bring
- How the CRM project aligns to the wider organisational strategy
- The desired customer experience

3) Business outcomes and benefits

This section describes the high-level business priorities that the project impacts on.
They are likely to be a combination of:

- Business process efficiency improvements
- Strategic benefits that are less tangible, but equally important to the business
- IT cost savings

All the benefits would be quantified accurately and specifically for your organisation and should contribute to previously agreed strategic business objectives.

Typical business benefits: what's in it for you?

- Improve customer retention
- Acquire higher value customers
- Reduce the cost to serve
- Increase sales conversion rates
- Retire expensive legacy software applications
- Reduce cost per lead
- Provide a high quality and consistent customer experience across channels, online and mobile platforms

4) Options

Any business problem can be addressed in a number of ways. These are characterised by different levels of elegance, cost, risk and speed. You need to be clear about these alternatives and how different choices will affect the project scope or level of benefit. To continue with “business as usual” (to do nothing) is also an option. You should identify and explain the risk factors associated with this, as a comparison.

5) Risks and dependencies

CRM project delivery can be a risky business, as media reports and industry insight tell us. Major studies, including Forrester’s 2009 research study, suggest the success rate for a typical CRM project is below 50%. It’s vital to capture likely challenges at the outset, so you can weigh the perceived benefits against the project cost and risks. Our project methodology uses robust techniques to identify and mitigate risks and dependencies.

Common CRM project risk areas include:

- The scale of change that employees will have to embrace and apply
- The complexity or co-ordinating diverse technology, data, training and change management work streams
- Other high priority projects competing for resources
- Managing business as usual whilst deploying the new system – especially if it coincides with a busy time of year
- Lack of executive sponsorship and alignment
- Trying to cram too much into phase 1

7) Costs and timescales

A key component of the CRM business case is a preliminary estimate of expenditure and resources needed:

- Investment in hardware, software, cloud services
- Investment in consulting services
- Training requirements
- Internal resource costs
- Recurring operations and support requirements

8) Investment appraisal

To demonstrate that your project is a worthwhile investment, you need to review and compare the cost and benefits side by side. Before senior management can authorise your project, they need to know the costs and benefits over a fixed period of time.

9) Conclusions and recommendations

Your CRM business case should conclude with a clear set of recommendations on how to proceed, based on the facts presented and the potential described. It should leave the reader with a picture of the successful end-state. You should also include any factors that influence the timing of a decision on the next steps, such as upcoming budget deadlines, product launches or compliance issues.

Building the CRM business case

As you work on developing your business case, it's useful to bear these guiding principles in mind at all times. They'll help you to keep focused on clear priorities and to articulate and justify your proposals clearly, comprehensively and consistently.

Executive summary	Putting it into practice
Build a credible ROI model to justify the investment	Specialised software tools allow the expected improvements in key performance metrics to be modelled. For example, the forecasted savings as well as increased revenue and profitability over a period of one or more years. The output typically includes ROI calculations of payback, net present value (NPV), internal rate of return (IRR) and full discounted cash flows. This is essential information which a Finance Director needs to make an investment decision.
Accuracy, honesty, relevance and brevity	Accuracy: Double check numbers and ask for other perspectives to make sure you've covered everything Honesty: Address negative and risk issues head-on Relevance: Make your points clearly, especially in technical sections and when discussing intangible costs Brevity: Keep the business case concise. You want to show that your team has thoroughly considered the implications and provide enough detail such to answer the main questions so that you'll win approval to proceed to the next step.
Consider the subtle and indirect costs	Include internal resource costs and factor in the disruption of business change. For example: "What's the implication of taking salespeople off the road for training?" "Will investment be required to cleanse data?"
Strategy, people and process come first: technology comes later	The business case must focus on 'Why?' and 'What?' 'How' comes later.
Build a business case that sustains the project	The CRM business case has a central role throughout the project in guiding decision making. It's the most important set of documentation in the project. Keep in mind that you will need to use it to make tough decisions about priorities and to overcome resistance to change as the project progresses. It needs to be robust and comprehensive to support this process.
Convey the big picture	The most compelling business cases not only make a clear strategic case but also specify how benefits will be achieved. Present the big picture so that senior management can grasp what will be tangibly different and the impact on working practices.

Conclusion

A successful CRM initiative aligns strategy, people, processes and technology. The end result is that the right people have the right tools to execute processes that meet your organisation's strategic goals.

But your CRM project is likely to be in contest with other projects for funding and resources. When the leadership team meets to assign budgets, they will assess the costs, risks, and benefits of each project against others. Your business case must be robust, credible, clear and comprehensive to compete effectively against other high priority activities.

A poorly constructed CRM business case will be thrown out at this point, wasting the time and resources already invested. But even this is a good outcome compared to the time and resources that can be squandered if a CRM project is sanctioned with no business case or on the basis of an unsound one. Precious resources and money are also used needlessly when a good business case is disregarded as soon as the project moves into delivery. That's why it's vital that you create a strong and thorough business case and make it the keystone of your CRM initiative from start to finish.

Working with a trusted CRM consultant means you can be confident that your business case covers everything you'll need. At Touchstone we have the experience and expertise to help you create a CRM business case that will stand up to intense scrutiny and allow you to make accurate decisions throughout your CRM project.

TouchstoneCRM

The Touchstone Approach

People, Partnership and Solutions are the building blocks of successful TouchstoneCRM programmes.

People

Every CRM journey begins with people – yours and ours coming together to agree objectives, standards and methodologies. We'll develop a partnership and work together to deliver the successful outcomes you seek. Our consultants bring a transformative combination of innovation, skills and enthusiasm to every project. They are all seasoned CRM specialists with deep sector knowledge and a firm grasp of business objectives and priorities. They take personal responsibility for exceeding your expectations. We don't just put our customers first – we put you way ahead.

Partnership

We don't just work with you: we truly work together. You can treat us as an extension of your team. We're always on hand and deeply engaged with your CRM vision. We also partner with our IT suppliers so we always have the latest knowledge about the platforms we recommend. We keep things simple and effective by using best-in-class platforms that we've chosen because we know they support business growth effectively. With our unrivalled expertise in these platforms, we can identify the best application for your business. Collaborative, supportive and consultative, we are success-led, not sales-led. That's why we enjoy so many long-lasting, mutually rewarding client relationships.

Solutions

Our core strength is in the way we use our experience to understand your business and your objectives. Software is simply a tool to help you get where you want to be. 'One size fits all' doesn't work for us. We deliver personalised solutions that fit your organisation's specific needs. We understand that your business is constantly evolving and customer requirements are changing, so we equip you with solutions that grow with you. Whether you need support with an initiative you've started, help to augment or recover an existing project, or a brand new CRM programme, we have the business understanding, energy, ability, resources and enthusiasm to deliver beyond your expectations.

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