# Business Recovery Using CRM

## Executive Summary

The green shoots of economic recovery may seem like a distant dot on the horizon, but that's no reason for businesses to sit back and wait until things improve. Even in challenging times, there are new opportunities there for the taking.

And these new opportunities are within the grasp of companies that have invested wisely in information technologies.

This whitepaper looks at how Sage is helping businesses recover, through its Customer Relationship Management (CRM) software.

It's helping small and medium businesses protect and grow their revenues, during the good and not so good times.

There are a number of benefits associated with CRM. It helps companies to:

- Deliver exceptional and personalised service consistently to their customers
- Increase their customer revenue share through highly-focussed business development programmes
- Extend the reach and effectiveness of new business programmes
- Achieve significant cost savings and on-going productivity

## The Opportunity for Small and Mid-Sized Companies

At a time of recession, small and mid-sized companies are likely to be hit harder than bigger businesses, who'll have more cash available on the balance sheet to cushion the blow. Small and mid-sized businesses may be under more pressure to cut spending, but there's more they can do to get through the other side, when customer demand slows and evaporating credit lines put the squeeze on finances.

But if they focus on their existing customer base, smaller businesses can safeguard their revenue and profitability. It's important to get this part right before they look at attracting new customers.

And to really do this well, there are practical steps they can be taking now to drive productivity and increase effectivity.

## How can CRM help you?

Customer service counts. And if you can deliver a really exceptional service to your customers, you'll be rewarded by their loyalty. Time and time again. It's these kinds of added extras that make you stand out from your competitors, but the good news is that these added extras come without the added expense.

CRM software helps you get to know your customers better. Find out about their preferences and think of the potential revenue-generating cross-sell opportunities for complementary products and services. It means you can really make the most of these new opportunities through a highly focussed business development plan.

By delivering an exceptional and personalised service, CRM helps make your customers feel special.

When you've sowed the seeds by selling to your existing customer base, the next step to promote growth is to acquire new business. It's important that you breathe new life into your revenue base or you may suffer over the medium term.

Something to bear in mind is that selling to new customers is estimated to be five to ten times more costly than marketing to existing customers. But this is where CRM can really help. CRM products from companies like Sage in particular can make significant savings and improve productivity by making your sales and marketing functions much

more efficient. CRM can extend the reach of your new business sales and marketing programmes, making them more effective.

Let's look in more detail at the opportunities CRM can bring to your business:

1. **Grow your revenue share with your existing customers**
    a. Understand the true cross-sell and up-sell opportunity of every one of your customers. Maximise the profitability of every relationship.
    b. Dramatically reduce your cost-per-lead. Deliver highly targeted marketing communications to specific customers or customer segments.
    c. Cut the amount of time and cost it takes to resolve service issues without compromising an exceptional service experience that keeps your customers loyal.
    d. Let your customer-facing staff take their own responsibility for their customers. It helps them drive their productivity and effectiveness without you losing central control over resource, performance and budgets.

2. **Capture new businesses at a far lower cost-of-sale than was possible previously**
    a. Lower your cost-of-sale by always focussing your sales team on the opportunities that are most likely to close.
    b. Dramatically reduce your cost-per-lead by delivering highly targeted and consistent marketing messages to specific prospects or market segments.
    c. Be accountable for your marketing. Make sure you're getting the right level of return from every marketing pound you spend.
    d. Be consistent with your processes. Have clear key performance indicators (KPI) which create solid discipline and greater predictability for sales and service personnel.
    e. Strip administration from your organisation. There's less paperwork, errors and task repetition. It all adds up to less cost.
    f. Give your business development staff some autonomy to drive their productivity and effectiveness. You'll still retain central control over resource, performance and budgets.

## Now's the time

If you've got the CRM tools at your disposal, you're in a great position to create opportunities out of the challenges currently facing businesses. Buyer behaviour is changing, but the bottom line is that customers are looking for even better value for money and are far more discerning about what product or service will make them part with their cash.

It's difficult, but it's still possible to compete, no matter what size your business is. One of the things CRM can really help with is keeping your cost inefficiencies to a minimum. This can have a major impact, as it's one of the things that's likely to get worse as the downturn deepens. So nipping it in the bud now can make a big difference.

It's important to make positive changes now to help your business cope, when the economic conditions may not be so great. Adopting a 'business as usual' approach could be a potentially huge mistake, in the short-term and long-term.

Here are a few examples of issues affecting companies like yours and how CRM can make a real difference.

## The Cost of Doing Nothing - Examples

- A sales executive spends six weeks closing a £50,000 opportunity with a new customer rather than spending two weeks closing a similar opportunity with an existing customer [£100,000 opportunity cost].
- A sales executive with a base salary of £80,000 per year spends 10 hours per week on sales administration [£20,000 direct salary cost per year].
- A sales executive focuses exclusively on a large but poorly-qualified opportunity worth £500,000 rather than pursuing three, well-qualified deals worth £60,000 each [£180,000 opportunity cost].
- At a company with 400 customers on £10,000 per year service contracts, a 30% increase in call queuing time translates into a 15% increase in non-renewal of service contracts the following year [£600,000 in lost revenues].
- At a company, 25% of customer support requests; equating to two FTEs earning £25,000 each per year, could be handled on a self-service basis over the web [£50,000 direct salary cost].
- At a company where an average deal is worth £35,000 and the sales team closes one-in-five leads, lower than anticipated demand generated by traditional marketing activities translates into a 30% net decrease in inbound sales enquiries from 80 per month to only 56 [£2.02m in lost revenues over the year].

| Underlying Issues | How CRM can Help |
|---|---|
| • Difficulty identifying quick win, cross-sell and up-sell opportunities within your current customer base<br>• Lower yields from traditional marketing activities and fewer inbound leads<br>• Lower lead-to-opportunity conversion<br>• Fewer sales opportunities in the pipeline<br>• Too much time spent on poorly-qualified opportunities<br>• Lower sales conversion rates<br>• Inaccurate forecasting<br>• Too much time spent on administration<br>• Limited visibility on the real-time performance of sales, marketing and customer service functions<br>• Shortfalls in customer service delivery<br>• Difficulty identifying which areas of the business are in growth/decline and defining focus accordingly | • Enables you to leverage further revenue opportunities within your current customer base<br>• Ensures your sales, marketing and customer services resources are being used to maximum effect<br>• Reduces your opportunity cost<br>• Reduces your cost-of-sale<br>• Reduces the cost of your marketing leads<br>• Ensures you meet customer service level agreements<br>• Minimises administration costs<br>• Protects your net margin<br>• Protects and grows your revenues<br>• Enables you to pinpoint underlying issues and take corrective action accordingly<br>• Reduces the potential for customer attrition<br>• Ensures that your investments are all aligned to revenue development<br>• Prepares you for the economic recovery |

With the hard facts, it's easy to see what a huge operational and financial difference CRM can make to small to mid-sized businesses. As a supplier and consultative partner for over 5.8 million small to mid-sized business customers around the world, Sage has an important perspective on how CRM software has helped business like yours to address these issues.

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## How Sage CRM Solutions can add value to your business

### Your sales operations: lower costs and drive productivity

Sage CRM Solutions empower organisations to sell more effectively and efficiently during a downturn.

Sales executives have a single point of access for calendars, accounts, reports, pipeline management, contacts and call lists. It means they're producing more revenue per sales hour.

Easy-to-use analytical tools help your sales team to identify those hidden sales opportunities from within your customer database, and then create relevant cross-sell and up-sell propositions.

Automated workflow and pipeline management tools eliminate unnecessary paperwork. It supports your sales people to make sure they're optimising their sales processes and sticking to company-specific sales stages. This means that opportunities will be progressed as quickly and as efficiently as possible.

Dashboards and reports provide at-a-glance information to sales executives and managers on performance at any point in time. Integration with back-office applications gives your sales people access to both financial and non-financial data, for a complete 360-degree view of their customers. You can easily add information and capabilities from on-demand services, to help users get even more productivity benefits and insight.

Mobile and offline solutions are available to your sales people, regardless of their location, device or connection. It all means that they're as productive in the field as they are in the office.

For your sales operations, Sage CRM Solutions can:

- Maximise cross- and up-sell opportunities
- Improve team collaboration on opportunities
- Improve prospect targeting
- Increase revenue yield per opportunity and account
- Provide real-time visibility on sales KPIs
- Improve win rates
- Shorten sales cycles
- Reduce sales training costs
- Eliminate duplicated sales processes
- Decrease time spent on administrative tasks
- Reduce sales forecast variance
- Eliminate inconsistent sales practices

### Your marketing operations: lower costs and drive productivity

Buyers are demanding even greater value-for-money. They're also more discerning about the products and services that they're buying.

With Sage CRM Solutions, you can develop a deep understanding of your customers' needs, It means you can create a tailored proposition to communicate to them through their preferred marketing channels.

Sage CRM Solutions provide effective controls for monitoring marketing budget, letting you calculate direct revenue yields per campaign. It's vital that your marketing messaging and activity is targeted, compelling and timely. Sage CRM Solutions will improve lead quality and give higher conversion rates by sales.

Your marketing people can use the information from customer insights to develop retention programmes, as well as cross-sell and up-sell lifecycle management. Marketing analytics and reporting allow absolute accountability at all stages in the cycle. It means you can calculate the return-on-programme investment can be calculated with ease and optimise the marketing budget at all times.

For your marketing operations, Sage CRM Solutions can:

- Plan your marketing programmes more efficiently and effectively
- Improve campaign response rates
- Give accurate measurement of marketing campaign ROI
- Let customers and prospects receive the right marketing message at the right time
- Reduce marketing administrative overhead and enable marketing budget to be tracked and managed
- Decrease the cost per customer acquired
- Reduce marketing campaign lead times
- Reduce cost per lead

**Your customer service operations: lower costs and drive productivity**

Sage CRM Solutions will allow your company to roll-out web-based customer self-service quickly and cost effectively. From here, users can service their own information needs, track data and update the system without the need for customer service assistance. And they can do all this at the time and place of their choice.

Also, you can maximise the synchronisation between your service agents and your customers, so that cases are progressed in a timely manner and in accordance with service level agreements (SLA).

Knowledge management capabilities make it easier to capture solutions related to specific issues which may recur over time, so your agents don't duplicate their efforts.

Reports and dashboards provide detailed analysis on metrics such as call volume, case resolution times, communications, follow-up statistics and escalation, so management can quantify the benefit of the agents to the business and to their customers.

For your customer service operations, Sage CRM Solutions can:

- Provide web self-service
- Increase productivity of agents
- Make sure issues never "get lost between the cracks"
- Allow agents to capture further sales leads from customer interactions
- Improve response times to customer service requests
- Increase customer retention
- Reduce customer support costs
- Reduce the average time to resolve an issue
- Decrease the number of customer cases that are re-opened
- Decrease the number of customer service escalations

**Your senior executives: command and control over the entire organisation**

Sage CRM Solutions provides your senior management with enhanced central control over operations and budgets, helping them to manage these areas more effectively.

Reporting and dashboards provide instant insight into business performance across multiple criteria. Senior managers have the ability to validate forecast data with full drill-down to the underlying opportunities. Real-time visibility on revenue and budget variance means that decisions are based on accurate information, and corrective action can be taken earlier in the cycle when it has maximum impact.
Integrated with your back-office applications, CRM provides a complete view of the business and streamlined end-to-end business management capabilities.

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For your senior executives, Sage CRM Solutions can:

- Drive revenue growth
- Improve profitability
- Provide improved support for strategic decision-making
- Enable real-time corporate performance management
- Drive productivity across the entire organisation
- Improve business/shareholder value
- Reduce margin erosion
- Reduce cost-of-sale
- Reduce customer attrition
- Reduce administration cost
- Eliminate process bottlenecks
- Reduce budget variance
- Reduce performance variance

## Why Sage?

Unlike any other company in our industry, Sage has focussed exclusively on the business software needs of small and medium-sized organisations for the last 28 years. With over 5.8 million business applications customers around the world today, we're globally recognised as the market leader in this important segment.

Critically, we've worked closely with our customers to support them through previous downturns and we continue to provide them with expert guidance and market-leading software as they face today's challenges.

Each business is unique, so we offer a range of CRM applications to suit businesses of all types and requirements. Sage CRM Solutions offer a portfolio of market-leading applications with ACT!, Sage CRM and Sage SalesLogix. We provide Sage CRM Solutions through a range of competitive pricing options to suit your particular budget.

We can install Sage CRM Solutions where you work, or you may prefer to use the on-demand service we provide over the internet.

Our range of finance options can spread the cost of your investment over a term that suits you.

Finally, one of our biggest strengths and competitive differentiators in the marketplace is our global network of over 30,000 Sage-certified business partners. They provide unparalleled business applications expertise and on-the-ground coverage, so you can always talk face-to-face with an expert and get the maximum return from your CRM investment over its lifetime.

**The Sage Difference**

- The leading supplier of small and mid-sized business applications in the world
- The leading supplier of CRM solutions to small and mid-sized organisations
- Over 5.8 million customers
- Over 14,500 employees
- Over 30,000 Sage-certified partners specialising in business applications
- Direct presence in 26 countries
- Relationships with over 40,000 accountancy practices
- 28 years' experience

## What next?

To find out more about the range of CRM solutions from Sage you can call one of our customer development advisors on 0845 111 9988 or visit www.sage.co.uk/crm