

Can CRM Deliver Real Returns To SMEs?

By InterAktiv Technology

Definition of CRM

Customer Relationship Management (CRM) is the way you do business with your customers supported by processes, information and most importantly the value-based relationship you have established with your customers over a period of time.

For the purpose of this article let's define SMEs as any organization with less than 200 employees and less than SGD 20 million in fixed assets without consideration on revenue.



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Articles for SMEs

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The answer is a resounding **YES** and more so for the SMEs than for large multinationals comparing the chances of success and being able to see the returns in relatively shorter period. This is because the implementation period for SME is shorter relatively speaking, typically in weeks as compared to large multinationals which are in months.

Hence the chances of seeing returns are higher within a shorter period with stronger senior management willingness and dedication to press on the changes. However a successful and beneficial CRM implementation for SMEs require a different approach and there are vendors who are engaged to undertake the project must have the right level of understanding SME business and its operations.

Having said that implementation of formalized processes and using a full CRM system to organize and manage your business is only going to make sense when **your business has crossed a certain level of size and complexity of operations**. Put it in another way, if your revenue and operations is not of a certain size and scale, firstly it you might just be able to manage them with things like spreadsheet, Outlook or some form of contact management and other IT tools already existed in your office.

Secondly formalized and well defined processes might not make sense if the scale of operations is not going to be able

to take advantage of it. Sometimes these processes might event take away certain flexibility of the way business is carried out.

Four Elements

The four elements are information, processes, value-based relationship and time.

The first success factor is forming a **true partnership** with your vendor or the consulting company you engage to help with you CRM solutions implementation. When you made the decision to proceed with a CRM implementation there are risks involved. These risks should not and can not be undertaken by the customer only. The vendor or consulting firm should help to mitigate these risks by forming a working relationship that enforces vendor commitment not only throughout the period of implementation but for at least one financial year which should typically be the measurement period for CRM project performance.

This is vital as the vendor is not only playing the role of a consultant but also a change agent to catalyst the change process and changes doesn't happen overnight. Especially for **SMEs there are many changes that need to take place in order to improve the current ways of doing business**. They require very close coaching and supervision of their staffs who are involved in the change process in

order to execute the processes accordingly.

Once the vendor's skin is also in the project it is natural that their recommendations will be practical, pragmatic and most importantly deliver the returns as promised. For the simple reason that a successful CRM implementation requires hard work, commitment and perseverance, it is vital that the vendor has the vested interest in their work at same level of hard work, commitment and perseverance to make it happen.



CRM is not technology but a way of doing business consisting of four elements. You need to put in place all the elements before proceeding to implement a CRM solution (the technology part). The **four elements are information, processes, value-based relationship and time.**



Most SMEs are lack of organized, updated and easily available information. It is important for the vendor to understand that some times they don't even have the kind of information or are even aware that capturing certain information is vital to their business. A lot of initiatives are required from the vendor's end to suggest and recommend the appropriate data model for the system. This data model has to both take into consideration the reporting and measurement requirements and business process execution requirements.

The **second element** in the definition is processes, this is an area which is commonly lacking in most SMEs. It would be an absolute disaster if an SME or any organization for that matter just implement a CRM technology without due consideration for processes. When designing and developing the processes this is where best practices are considered for adaptation.

An experience vendor will know how to bring these best practices and adapt them appropriately to the SME operations without losing the principle of the best practice. In order to do this part well, it is

crucial we look into and **understand the culture and organization structure** of the company. This is only possible if the consultant carrying out the work has worked and managed in one for a considerable time.

As in most SMEs most people plays multiple roles and they have to understand what role they are playing when executing the relevant processes. There must be a commitment from the management to look into the need to restructure their workforce accordingly with the new processes and also to incentives their staffs for the change. This is also a great opportunity for the management to bring about more incentive based pay packages as with proper processes and measurement of these processes people performance are more transparent measurable.

CRM technology is only an enabler but it is an important enabler that needs to have high flexibility and usability. On top of that it has to be relatively affordable.

The **third element** is value-based relationship and it is quite difficult to directly measure this value in absolute terms. However your pricing strategy coupled with your customers' willingness to pay at the prices you quoted is an indication of the value you deliver to your customers. Hence in order to ensure that the CRM deliver the returns it is important that you **use the CRM system to help you measure things** like average deals size,

amount of discount provided to close deals, have visibility into who your most profitable customers are and what the most salable products or services are to you.

Very often some vendors think SMEs' CRM implementations are smaller in scale and they offer a one size fits all implementation packages with very rigid scope of work. This is definitely not the right assumption as CRM implementation has to depend on the type of business you are in and how sophisticated the way you do business with your customers.

There are no short cuts to success and CRM is about the four elements as defined earlier. Missed any one of the elements and the success rate will drop accordingly. **CRM technology is only an enabler but it is an important enabler that needs to have high flexibility and usability.** On top of that it has to be **relatively affordable.** Select your vendor and technology carefully and understand that you have to address all the mentioned elements plus commit to the project fully and you will be on the right path towards reaping the rewards from your hard work.

