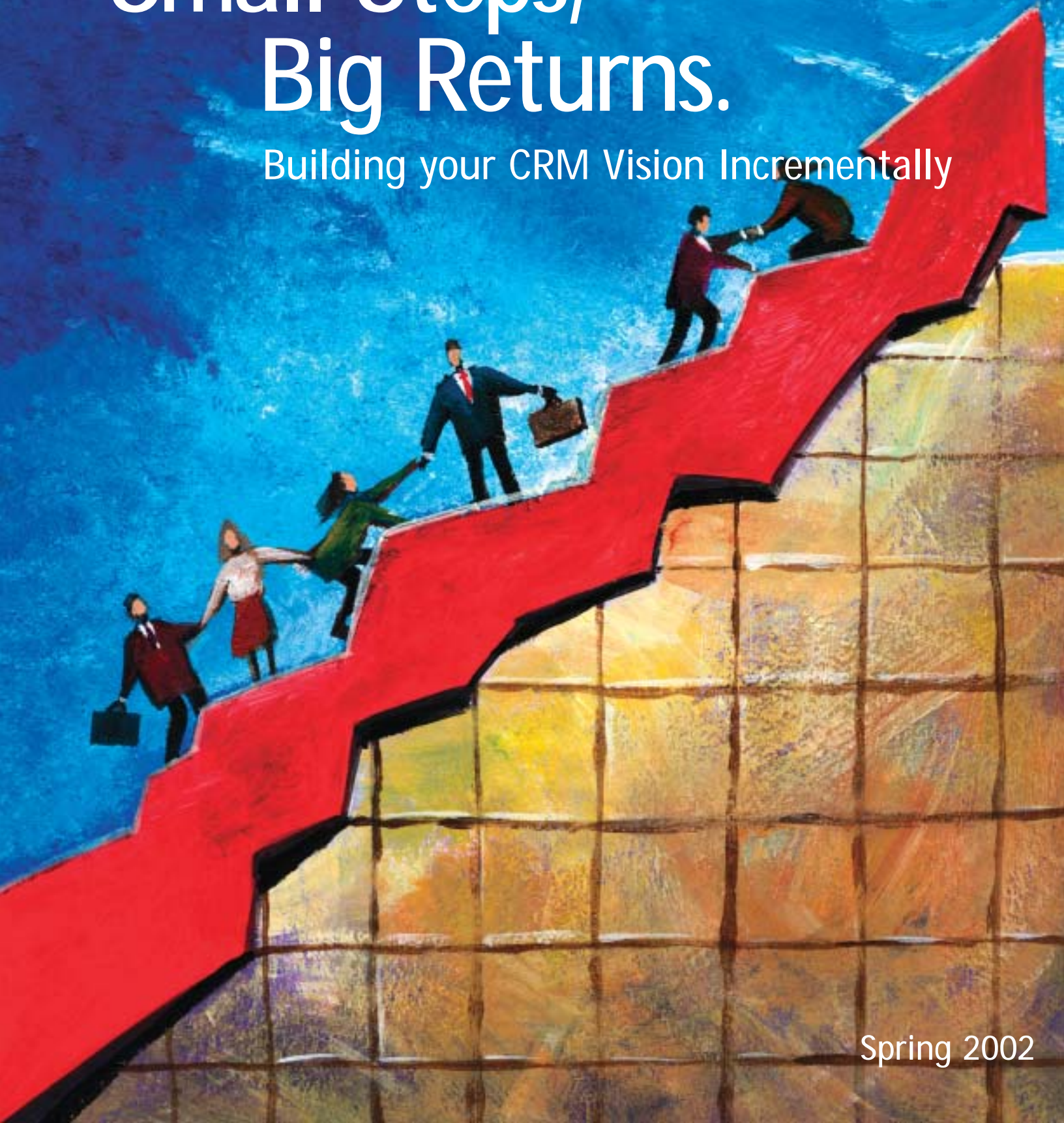


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# Small Steps, Big Returns.

Building your CRM Vision Incrementally



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## Small Steps, Big Returns

### ***Building your CRM vision in increments***

*By Adam Honig, President, Akibia Consulting*

Henry Ford noted, “Business is like an automobile. It won’t run itself, except downhill.” In other words, regardless of the economic climate, you’ve got to do *something* or the business will fail.

In a soft economy, the natural response of many companies is to curtail or sharply cut back business system investments, the very engine of growth and change.

Other companies, however, have discovered you can be smart and prudent at the same time. These are companies that discovered they can continue to invest in one mission-critical business strategy — customer relationship management (CRM) — and do so incrementally while still reaping measurable returns on these investments. In doing so, these companies are building for a grander CRM vision down the road, all the time reaping an ROI on the incremental CRM investments they make today.

The fact is that companies choosing to make incremental investments today in CRM can generate immediate cost reductions and efficiency benefits, all the while building upon vital customer relationships and efficiencies that contribute to long-term growth.

### **Debunking the myth**

Unfortunately, some organizations today think of CRM as “another enterprise resources planning (ERP) exercise.” ERP initiatives supporting back office operational functions, such as inventory management, fulfillment, shipping, and billing, often translate into intensive, long-term projects where the investment is large and the payoff is years away at best. Woefully long ERP implementations are rooted in the difficulty and complexity of tying all of these functions together. And until these multiple knots are tied, the maximum value of ERP is elusive.

Afraid to get stuck in an ERP-like quagmire, many companies are opting to put off their CRM implementations — choosing to maintain the status

quo with their existing systems and processes until they can afford a more robust, enterprise-wide solution.

The fear is understandable — but it’s wrong. *CRM doesn’t have to be another ERP*. It is commonly assumed that CRM is as costly and time-consuming as ERP, with just as long of a payback period. Furthermore, because many piecemeal ERP implementations have failed to demonstrate real value after much time, money and effort were invested, the same is assumed of CRM.

In reality, this is not the case. Industry best practices have shown that CRM is actually most effectively implemented in phases. This has the obvious cost advantage of requiring a smaller up-front investment at any given time, allowing you to address your most critical needs now and build an enterprise-wide system over time as business demands and budgets allow.

### **Pick and choose your CRM targets**

Individual CRM applications add immediate value to a business in their own right; the benefits of combined applications simply compound their value. Good examples are lead tracking and proposal generation. And if you utilize best of breed components built on a standardized customer database, and establish standards and guidelines your payoff increases.

The very nature of CRM allows businesses to cherry-pick granular, achievable elements that offer fast and tangible business benefits. For example, let’s say a company’s goal is to boost their number of new customers through more targeted marketing and better lead generation. That, too, can be reflected in the vision of the company’s CRM implementation.

However, this vision can be gained in logical, incremental steps, with each step generating real business value along the way. Thus, this company may begin the CRM journey with some basic sales force automation tools. Once those are in place and delivering benefit, the company can add contact and lead management capabilities, which also produce immediate value. As users gain familiarity with the CRM applications, more ambitious rollouts follow, including marketing campaign management designed to bring in more qualified leads. With the sales force system previously in place, the leads are handed off more efficiently. Both the short-term CRM goals and the long-term vision for the company are realized.

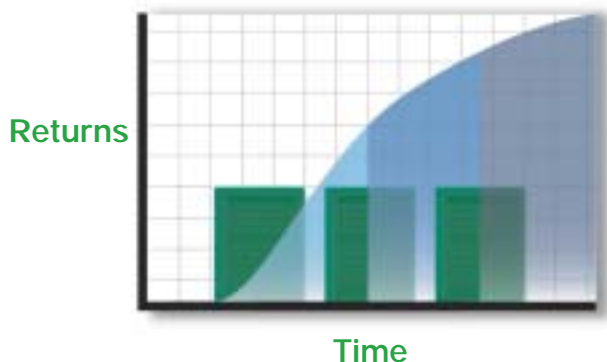
## Small steps vs. big bang

Very simply, there's much to be gained by making even a relatively small investment in CRM. The price of not moving forward is far greater than the price of an initial investment. For one thing, the economy today presents a unique opportunity to gain a significant competitive advantage. Your competitors are faced with the same economic challenges as you are. There are those who have purchased CRM software, but are not investing at this time to implement it, and those who are "waiting it out" and holding off all together until they can make a larger CRM investment down the road.

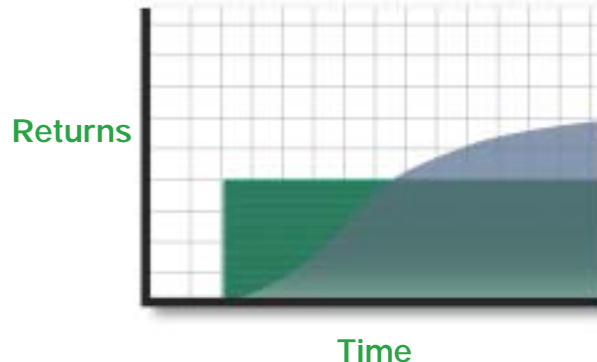
Smart companies are taking advantage of this opportunity to get a head start over the competition by moving forward with their CRM solutions in small steps — and in the process, reaping the business benefits of each "mini" project while creating a huge head start over their competitors.

As the chart below indicates, the rate of cumulative return is exponentially greater if you invest smaller amounts incrementally over time (Company A) than if you wait and then make a large investment in CRM down the road (Company B). That's because each incremental investment yields quick business and economic returns that then continue to compound over time, putting your company in a more profitable position. You can strategically reinvest these returns and continue to expand your business, paving the way for additional ROI at a time when others are still pulling back.

### Company A



### Company B



## Incremental CRM: It Just Makes Sense

*Smart companies are choosing to make specific productivity enhancing or cost reducing investments today that have the ability to add up to a larger CRM vision down the road.*

- The enterprise benefits of a phased approach to CRM are many, and are in-step with today's economic conditions.
- You will build the overall CRM vision as well as internal implementation expertise in manageable installations.
- You can measure ROI in increments, all the while becoming more expert at this vital measurement process.
- By limiting the size of individual CRM implementations, your business limits the overall risk associated with new deployments. Meanwhile, gaining approval of smaller, less costly projects is less challenging than seeking funding for mega-projects.
- Incremental CRM deployments can be completed in a few months, producing almost immediate returns to the enterprise.
- Each successive rollout is cumulative, building toward a broader and richer CRM strategy tied closely to overall business goals.
- Adoption is much greater when users can get their arms around a new solution.

## The price today vs. the price tomorrow

The business and economic costs of waiting to invest in CRM are significant and widespread. At the most fundamental level, inefficient business processes can result in a stagnating business – and the longer you wait, the greater the damage. Customers become frustrated and sales are lost, and it's no secret that the cost of getting a customer back or finding a new one is far greater than the cost of maintaining an existing customer.

Let's say you are able to maintain status quo — or even grow at a modest rate — without implementing CRM. You'll likely reach a point where your existing processes and applications can no longer support the volume of business you've attained — and a significant investment in CRM will then be a necessity. But look what will have happened in the interim:

- Over this period of time, antiquated business processes have become engrained in your business model. As your company grows these processes become more entrenched, and support your business less. The difficulty to adapt to a new application and business processes increases dramatically. The costs associated with this change can be staggering.
- The costs of deploying a CRM solution — including software licenses, maintenance, hardware, and implementation services — are exponentially greater for a larger company than for a company that implements a CRM infrastructure early in its growth cycle and then scales it over time. Furthermore, the relative ease of developing and implementing an application, business processes and best practices for a smaller organization are far greater for a smaller organization than a larger one.

## The bottom line

Even in lean economic times, incremental investments in CRM simply make sound business sense. Bear in mind the prices for the hardware, software and implementation services associated with CRM solutions are reasonable today, making it easier and more attractive than ever for companies to invest now — and invest in the best.

In a downturn, it is vital to allocate relatively scarce capital resources towards projects that will result in measurable, short and long-term gains. That is nearly always the case with well planned projects that improve customer relationships. Small projects that achieve like goals inevitably add up to a big success in the future. The beauty of incremental CRM investments is that they pay off at each step along the way.

Phased implementation builds project momentum while end users experience the value of CRM right away. Moreover, unlike with ERP, the nature of CRM permits companies to start small and spread CRM investments over time. The fact that CRM's benefits can be realized piece-by-piece and implementation-by-implementation strikes a resonant chord in organizations today, where funding for mega-projects is scarce yet the need for systems that deliver immediate value is very high. With CRM, companies gain the ability to build their CRM vision brick by brick. With incremental value accruing each step of the way, the company ultimately realizes a sizable cumulative payback while positioning itself for continued long-term growth.

*For more information about Akibia Consulting, contact us at [crmquarterly@akibia.com](mailto:crmquarterly@akibia.com).*



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