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**Is CRM Technology Living Up To the Hype?**

**By Mark Levit**

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Over the last few years the buzz about CRM (Customer Relationship Management) has grown extensively. It seems that every Sales & Marketing executive is talking about it. A study conducted by Jupiter Media Metrix found that U.S. businesses spent more than \$5.2 billion in CRM technology software in 2001, a number that is expected to rise to \$8.7 billion by 2006. CRM spending has been growing considerably, especially in financial services, retail, and telecommunications.

Many companies have invested in CRM systems to retain customers who demand more and better services by the day, but why? Due to recent trends, consumer behavior has changed dramatically in the last couple of years, and even more with current market conditions. According to a study made by The Center for Customer Strategy, consumers are less concerned with minor price differences, but choose companies based on their value-added services. They want to be able to get what they need, quickly. With tools like the Internet, it's now a lot easier for both consumers and businesses to compare offers, and switch over if their needs aren't met. This is especially true of high-value customers that produce the most profit for the business.

Businesses are scrambling for ways to retain these customers, and attract new ones in the process. So how is CRM an answer to keeping up with these trends? CRM is a strategy (no, not software) to transform your business to be customer, not product, focused. The CRM software is just a tool that helps the company carry out this strategy. Depending on its implementation, it can help your business identify who your customers are, what they need and anticipate what could want. It allows businesses to tailor offers to their current customers, building closer relationships that make them feel valuable. It can help eliminate contact and data overlap between departments and improve consumer service. For example, Leah Holzman, Marketing Manager of TradeCard Inc, explained how the marketing and sales departments in her company had problems tacking each others' progress and customer data. They spent "hundreds of hours managing disparate data across multiple systems. That is, until they implemented a CRM initiative with the help of Salesforce.com. Overall, CRM can make your company more efficient and customer-friendly to capture greater market share, increase customer loyalty, and attract more customers.

## Is CRM Technology Living Up To the Hype?

So far, CRM sounds like a dream come true. Yet studies show that more than half of CRM initiatives fail. Despite rising spending in CRM, a survey of 1,200 businesses executives conducted by the Data Warehousing Institute showed that 41% considered their CRM project "a potential flop." Only 16% were satisfied with their CRM software implementation. As one senior marketing executive claimed, "We turned a manual mess into an automated mess, and as a result we just made the same mistakes faster and more efficiently."

The problem with these companies is not that CRM automation fails to meet expectations. There are several reasons why these systems don't always generate the desired results. And most times, it has nothing to do with the software. The biggest mistake that a manager can make is think that once the software is installed, all problems will be solved. To be successful, a CRM initiative must be a company-wide strategic culture change and process design. It entails getting all your employees (not

only customer service) to change the way they perform their every day tasks so that the appropriate information is collected and used in a productive way. The software is just a tool that keeps things organized so that a successful CRM is easier to accomplish. As any change in a corporate culture, this project requires complete support from senior management.

One of the most common problems is that data collected isn't used. Great sums of money are invested in collecting all different kinds of information on clients, yet many times this information is never analyzed, never used to understand the customer or provide all the benefits that CRM can deliver.

For better results, a company investing in CRM must first evaluate their current situation. They should determine what problems need to be solved, and what type of data are needed. Since implementation is often a complicated process (especially in large companies), it is vital to get input from all departments. It is also a good idea to include your customer in the process to get a better idea of what changes will be embraced. Often when a CRM initiative is left up to the IT department, it is harder for other areas of the company to accept any changes in processes (which are usually substantial). To be successful, the initiative must take place throughout the entire company. Employees must be trained to function with the new technology and processes.

When considering a vendor and/or product, it's imperative that any software, system or processes implemented are flexible. They can then adapt, along with a company, to changing times and trends. This is especially useful in growing businesses, where needs might change as client bases grow and business expands.

No matter what precautions you may take when planning and implementing a CRM initiative, the only thing that can assure its success for the company are your people. After all, the whole concept of CRM is based on relationships. And those can't be completely automated. There is no technological substitute for a friendly voice or face that understands a customer's troubles and is willing to go above and beyond to provide the best service. CRM can only help a company manage these relationships to provide a more personalized service to loyal customers.

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Commercial Finance. For more information call 212-696-1200 or visit [www.partnerslevit.com](http://www.partnerslevit.com).

## **The Importance of CRM**

**By S. Maurer**

The Importance of CRM

By S. Maurer

Competition in CRM, driven by globalization and the internet has turned things around.

Customers have a variety of choices and most importantly, they have become more knowledgeable and demanding.

It is no myth that they are King.

With this scenario, enterprises have realized that it is not just enough to satisfy and delight them but also build genuine relationships in a way that would benefit them.

Customer Relationship Management CRM initiatives are designed with the goal of meeting Customer expectations and needs in order to achieve maximum Customer lifetime value and return to the enterprise.

The use of Customer Relationship Management products, CRM software and CRM solutions will enhance the effective implementation of CRM in an organization.

There are CRM success stories, but success in a Customer Relationship Management CRM implementation may best be measured by the restraint an organization shows in its goals and expectations.

By understanding the roles and benefits of IT as a CRM enabler, you'll learn best practices for deploying information technology in a controlled manner within a cohesive, enterprise-wide architecture.

By providing the means to manage and coordinate Customer interactions, Customer Relationship Management CRM technology helps enterprises maximize the value of every Customer interaction and in turn drive improved corporate performance.

Putting all Customer Relationship Management CRM facets into one coherent, organized presentation to the Customer could require the services of a systems integrator.

It would most certainly require training everyone from webmasters to call center workers to field sales technicians.

The need to better understand Customer behavior and focus on those Customers who can deliver

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long-term profits has changed how marketers view the world.

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