

CRM & THE ECONOMY

Streamlining Sales, Marketing and Service Operations
Enables Organizations to Decrease Costs, Increase
Efficiency and Endure the Downturn

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Welcome to the economic downturn, now, what can organizations do about it? Just as in boom times, during a downturn, turn to CRM. As research firm Gartner Inc. has noted, “CRM is about how to treat different customers differently.” The *how* and *why* of such treatment all depends on economic circumstances and a company’s business goals.

Previously, the primary pursuit of CRM was to enable and sustain high levels of growth — add customers, grow faster, capture more market share and improve service. With the cooling economy, however, companies have traded growth for cost-savings, and are focused on increasing the efficiency of existing business processes and resources. In effect, they want to realize more from their existing investments.

CRM supports all of these endeavors. In fact, whether companies aim to sustain high levels of growth, decrease operating costs or increase business efficiency, customer-facing best practices are quite similar: capture the correct data for tracking, segmenting and managing prospects and customers, optimize marketing campaigns, introduce self-service tools and call center automation, design optimal sales territories, match the correct channels and segments and manage pipelines and forecasts to measure sales and predict future trends. In good times or bad, CRM provides companies with these essential operating insights and capabilities.

REFINING CRM CAPABILITIES

Difficult times call for caution. Not surprisingly, then, many Innoveer clients have been modernizing and refining their existing sales, marketing and service operations — making marginal investments to increase overall efficiency and cost-savings.

Perhaps the greatest returns, however, result not from making point improvements, but by focusing on the links between sales, service and marketing. For example, tracking service interactions enables companies to quickly identify and rectify product defects, and bill customers who exceed their contracted service levels. Optimizing in-progress marketing campaigns returns higher quality leads, thus making the sales team more effective and efficient, and refining customer segments and sales territories provides companies with a greater return on their marketing and sales activities. Introducing self-service portals frees companies to charge more for “hands-on” support. Meanwhile, improved lead management capabilities, partner

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relationship management (PRM) programs and creating a single view of each customer also create numerous opportunities for refining business practices, reducing costs and increasing efficiency, again with only minimal investments.

Accordingly, now is the right time to revitalize existing CRM processes and derive more from the technology and business practices in which companies have already invested. Furthermore, organizations that streamline their sales, service and marketing operations today will be well-positioned — from a competitive standpoint — when the economy once again surges.

BACKED BY CRM PROGRAMS

THE PAYOFF: LOWERED COSTS AND INCREASED EFFICIENCY

What are a sample of business benefits that Innoveer's clients have realized from streamlining existing CRM practices and improving efficiency?

- **Sales:** Maintaining sales productivity even after reductions in staff, plus further savings from partner relationship management capabilities and increased effectiveness from improved territory and account alignment
- **Marketing:** Achieving a 30% reduction in campaign costs and increased segmentation, automation, account penetration and lead management
- **Service:** Resolving 99% of calls during the first call, resulting in a 25% reduction in service costs and a significant decrease in call duration, with further savings from self-service portals

Historically speaking, the ability to use actual customer data to drive decision-making during a downturn is a first. During the last recession, which peaked in 2002, companies lacked CRM practices, or possessed only fledgling sales force automation tools that had not collected substantial amounts of data by the time of the recession. Since then, however, companies have developed more mature and successful CRM programs, refined their call center and sales practices and amassed untold amounts of customer data: contact, account, prospect, customer and territory information; preferences and needs; gatekeepers, buying habits, professional networks and reorder patterns and much more.

Recent technological advancements have driven CRM further into the enterprise — improving customer-facing business process efficiency, while also generating even greater insight into customer behavior. Social networking tools, portals and Web 2.0 technologies have created new, low-cost sales, marketing and service channels. New automation capabilities and raw application speed improvements enable call centers to maintain peak efficiency. Furthermore, new business intelligence (BI) and analytics capabilities built into modern CRM applications help direct customer-facing employees and

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management to target the right account, at the right time and for maximum revenue. On top of these benefits, software-as-a-service CRM applications now enable business groups to benefit from CRM in weeks — not months — and with few upfront costs.

REVITALIZE SALES, SERVICE & MARKETING PROCESSES

With the downturn, identifying strategies for reducing operating costs, increasing business efficiency and improving service effectiveness are paramount. Based on its extensive experience with helping companies use CRM to achieve their business goals, Innoveer has found that even small process and technology changes lead to large efficiency gains and cost-savings. Here are examples of customer-facing improvements realized by Innoveer clients:

1) **Sales:** One European organization that uses a telesales group to help sell policies and secure renewals recently experienced a decrease in head count due to attrition, and also faced hiring freeze. Innoveer helped this company refine its sales processes — even with fewer employees — and as a result, achieve its previous productivity levels, while increasing lead and prospect quality at the same time.

2) **Marketing:** A professional association now saves £2 million per year by managing its email marketing communication efforts through its CRM software and business practices defined by Innoveer. Furthermore, the software's built-in BI capabilities have enabled the organization to more effectively segment and market to members, generating additional revenue without increasing staff.

3) **Service:** Innoveer helped one of New York's largest healthcare organizations introduce more modern call center processes, such as replacing a triage approach — escalating many calls to subject matter experts — with a one-call resolution model. This has enabled call center employees to resolve 99 percent of incoming calls during the first call. Back-end integration has also reduced call duration by 50 percent, and enabled online self-service portals to further lower service costs by 18 percent.

HOW TO MULTIPLY BENEFITS

Beyond streamlining existing operations with small refinements to sales, marketing and service programs, making improvements in one area often creates new opportunities in other areas. For example, one insurance firm that introduced customer self-service tools and auto-

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mated many call center processes was able to pay off claims more quickly — leading to increased customer satisfaction — while also freeing the company to reinvest its reserves and more quickly begin earning returns. Another company, a high-technology manufacturer, reduced the steps its sales representatives must follow to resolve a customer call, which decreased training requirements and staffing needs by eight percent, saving \$1.2 million per year. Using a “quote-to-order” approach, another organization successfully tied its sales pipeline to production planning, leading to reduced manufacturing costs.

Achieving such results — in effect, multiplying the returns attained by any given point improvement — requires that companies constantly link their sales, service and marketing activities. Tracing these links is crucial for maintaining a single, trusted view of each account, including a customer’s costs and benefits, as well as tailoring customer-facing efforts to prevent customer or prospect fatigue — all while ensuring rapid service.

IDENTIFY DESIRABLE CUSTOMERS

As the economy declines, identifying the most profitable — as well as unprofitable — customers is a growing concern. During the recent boom years, for example, one large U.S. high-technology company did not track its contractual service level agreements. It simply supported all customers equally. Recently, however, the company turned to Innoveer to help design new business processes to restrict customers to their contracted service levels, and help the company understand revenue versus “carrying costs” for each customer. Using these insights, this company plans to eliminate low-return customers, to reduce operating costs while increasing efficiency.

MATCH CHANNELS & SEGMENTS

If this sounds like tough love, it is. Indeed, the law of diminishing returns — the point at which sales, service and marketing resources expended in the pursuit of a given customer exceeds the relative profit generated by said customer — dictates that companies use the lowest-cost approach that produces the desired return. Doing this effectively requires lead management: studying actual customer behavior to match channels and segments.

Together with effective customer segmentation and territory design practices, lead management helps identify the correct channel for a given segment based on actual customer behavior. For example, if a lucrative customer requires only a monthly telephone call to submit a

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sizeable reorder, do not dispatch a salesperson. Likewise, if contacting low-revenue customers via telephone instead of email tends to convert 25 percent of them into mid-revenue customers, companies may adjust telesales tasks accordingly. As that suggests, lead management programs often pinpoint new cost-savings and revenue-generating opportunities.

PRACTICE PRM

More advanced lead management activities may include sharing leads, not to mention sales and marketing costs, with partners. For example, when one Innoveer client — which had been outsourcing its marketing campaigns — brought them in-house, the company witnessed an immediate 30 percent reduction in marketing campaign costs, and gained access to a wealth of campaign-related data for the first time. This included details of active accounts, accounts suitable for up-selling and nonresponsive prospects. After implementing a partner relationship management program, the company then began passing unresponsive but high-quality prospects to partners who then pursued them via different channels. This has increased the company's conversion rate and revenue, all without increasing operating costs, and allowed the company to rate its partners and pass the best leads to the highest ranking ones.

CRM FOR ANY ECONOMY

During difficult times, companies want to get more from what they already have, and ensure that they reach customers in the most cost-efficient manner. Accordingly, a number of Innoveer clients have chosen to optimize and enhance existing marketing, sales and service business practices. The goal: to reduce operating costs and increase operational efficiency with marginal improvements.

Surviving the downturn, however, will also require smart operational decision-making — most of all, an understanding of the links between marketing, sales and service activities, to ensure that customer-facing teams spend their time targeting the most high-value customers and prospects. More than ever, then, companies need CRM to provide deep insight into customer behavior, improve account management practices, increase sales and marketing effectiveness, successfully resolve call center and service interactions and manage partner programs. Through CRM-based activities such as marketing campaign optimization, customer segmentation and targeting, lead management, PRM, customer self-service, call center auto-

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mation, BI dashboards and maintaining a single view of each customer — not to mention all of the other business benefits that CRM provides — companies will gain the operating intelligence they need to not just survive the downturn, but to flourish in the future.

ABOUT INNOVEER

INNOVEER SOLUTIONS, an award-winning customer strategy and solutions consultancy, provides advanced customer management services to high-technology, life sciences and insurance companies, among others, in the areas of planning and strategy, technology implementation and optimization. The company's deep industry knowledge, broad technical skills and Multishore Methodology enable organizations to address their critical customer-facing issues and achieve an integrated view of all customer information. With an exclusive focus on customer management since 1998, Innoveer has worked with more than 300 organizations to increase their overall business growth, improve internal efficiency and enhance the customer experience.

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