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How to Choose CRM Software

Managing customer relationships can be a daunting task but also a very rewarding one. Luckily, there's business software that will help you. Here's how to select the right customer relationship management software for your business.

When your list of contacts has outgrown your Rolodex and you begin to forget important client details, it may be time to implement Customer Relationship Management (CRM) software into your business operations. From basic contact management software to tracking and managing sales or Tweets on Twitter, CRMs offer many levels of organization to deepen customer relationships. The ROI may not only result in increasing sales, but should also yield better customer service. This guide will help you determine your customer relationship needs, which will help you in your selection of CRM software.

How to Choose CRM Software: Why Invest in a CRM?
The term CRM describes methodologies, software, and often, Internet capabilities designed help businesses manage customer relationships in an organized fashion. While CRMs have traditionally been seen as an automated way to track and maintain client contact data, today's CRMs are smarter, faster, and highlight the most up-to-date computing technologies available. From there the CRM can be the tool you use to set and measure sales goals, devise, deliver and track e-mail marketing campaigns up through and including interfacing with your social media accounts. CRMs' importance in the marketplace has also grown. By having everyone –sales, marketing, and customer service– on the same page the company becomes more efficient (and hopefully more profitable) by matching customer needs with company offerings.

"As a small business, often you have people working across all three of those channels. CRM systems become that single version of the truth –you know who your customers are, what products and services they bought from you, and what products and services they might be interested in going forward," notes Sean Whiteley, vice president of product marketing for Salesforce.com, a San Francisco, California-based CRM provider.

Beyond managing customer relationships, Raju Vegesna, executive evangelist for Zoho, a Pleasanton, California-based online CRM company, said that if a small business owner needs to keep track of other pieces of customer information such as contracts, invoices, and e-mails, for example, then, "A CRM system comes in handy in such situations as it helps you aggregate all customer related information in a single place."

Additionally, Vegesna pointed out if small business owners frequently personalize and e-mail customers manually, or they have no idea of the status of each customer in the pipeline, then that's another sign they'll need a CRM system. Essentially, said Barton Goldenberg, CEO of ISM, a Bethesda, Maryland-based CRM strategic advisory company, CRMs offer "business functionality at your fingertips that will save a ton of time for front-line personnel."

Although there are many reasons to invest in a CRM, there are potential obstacles to successful usage. One of the most important factors on the road to success is employee buy-in. "Fifty percent of the initiative is people," said Goldenberg. There has to be "a willingness and commitment of a company to be structured in your sales, marketing, and customer service approach," before implementing a CRM.

Short of the threat of job loss, to encourage employee buy-in, Goldenberg suggested a top-down approach whereby management sets the example in using the tool. Also, he suggested creating a "CRM Champion," someone who is the go-to employee (not the boss) who really understands the system. Further, Goldenberg suggested offering

rewards and incentives to help employees overcome the fear and concern of learning the new system.

Among other roadblocks to CRM success, the next major challenge is the cost. Goldenberg said it can cost anywhere from $500 to $2000 per user per year to implement a CRM. "The CEO needs to understand the cost of CRM goes beyond simple licensing, rather it encompass the license, training, and whatever business process changes they need to make.

Dig Deeper: Discovering Your Advantage with CRM

How to Choose CRM Software: Finding the Right CRM for Your Business
According to Michael Krigsman, CEO of business consulting firm, Asuret in Brookline, Massachusetts, choosing the right CRM means, "You need to get a package that's tailored to your company's size. At the most basic level you have simple contact management. Then you have contact management with a shared database. You can have sales tracking or opportunity tracking or customer service functionality. Match the capabilities of the software with what your business goals are."

James Wong, CEO of CRM software provider, Avidian in Redmond, Washington, agreed with focusing on business goals. "If you're new to CRM, it might make sense to say what is my one end goal and then try to build the CRM around that goal," said Wong.

The first thing to decide is how much software, if any at all, do you want stored on your local server, said Krigsman. For example, Avidian's Prophet contact and sales management software integrates directly with Microsoft Outlook. There are two small business versions: one that allows you to log on, download software and start enhancing customer relationships immediately (Internet-based). The other, Prophet 5 Personal Edition is a software package installed on the individual computer. "Not every small business is ready to put everything online," notes Wong, adding that many small businesses worry about security breaches.

However, Brent Leary, the co-founder of Atlanta-based CRM Essentials, suggests that SMBs have nothing to fear. "A few years ago the question of data security was definitely more of a topic than it is now. If companies like Cisco are willing to put their information in the cloud then small businesses should feel pretty secure as well. These Internet companies spend millions, if not, thousands of dollars to put things in place like redundant systems to protect your data," says Leary.

But there are advantages to housing the software on your own server. According to Maximizer Software's Director of Marketing, Bob Neudecker, "Housing the data on your server (known as "on-premise") gives you control over your data, provides the highest level of security, and allows the most customization and integration with other business applications, but it does require IT resources to set up and manage. Software as a service (known as "SaaS" or a "hosted" offering) provides less control over your data, lower security (in some cases) and less customization and integration, but requires less IT involvement to set up and maintain."

For added functionality and the benefit of cloud computing, which makes application downloads, software purchases and hardware installations unnecessary, Zoho offers contact management modules on top of programs like sales force automation and inventory management. Similarly, Salesforce.com offers cloud computing for a host of modules tailored to different business sectors and business sizes. Not limited to the desktop or laptop, Salesforce.com is also available for smart phones.

Goldenberg points out that there are three areas to consider when weighing the pros and cons of a CRM:

Platform
- How much flexibility is there in the software/product so the company can create their own process?
- How easy is it to configure the software or to get started with on-demand (Internet-based) solutions?
- How easy is it to integrate data from other sources into the software or on-demand solution?
- How scaleable is the software or on-demand solution?
- Will it deliver what you need it to deliver in terms of performance?
- Will it offer portals or front end screens to help you and your colleagues to collaborate with one another?

How easy is it to implement the CRM
• Are you looking for on-premise (software housed on your machine)?
• Are you looking for on-demand/SAS/cloud computing (Internet-based solutions)?
• Thin or thick clients: Will you have the software on your machine when you travel or do you need to dial up using a browser?
• How much mobility do you want? Can it be done on a laptop or can it be done using mobile phones?

Vendor Strength and Weakness
• How long has the company been around? What do their financials look like, if they are available?
• Where have they gone in terms of their vertical thrust –do they specialize in just one sector?
• What computing platform are they using to make sure it's compatible with your system?
• What's their domain expertise in terms of your particular business area?
• What professional services do they offer to help you get up and running?
• What partnerships do they have with companies like Microsoft Outlook to work with your CRM?

Asking these question of yourself and your potential vendor will help determine what technology best suits your company.

Dig Deeper: How to Track Customers With CRM Tools

How to Choose CRM Software: Social CRMs
On top of cloud computing the latest trend to be integrated into CRM is social networking. The question industry executives are still sorting out is do small businesses really need their CRM to track their social networking? The advantages of social CRM, for those ready for such a big leap, says Brent Leary, co-founder of CRM Essentials consulting firm, are three-fold:

• The ability to connect with people using free or very inexpensive means
• The ability to find folks you want to do business with on social netwroks and to learn what's important to them using monitoring tools
• The ability to craft a message that responds directly to what customer challenges are right then and there

Added Leary, "What's [also] really important today is leveraging the web and creating opportunities to engage people. Traditional CRMs weren't built for that. Now with online social networks you can create content that works for you 24/7 and builds leads for you. People can find what you're talking about and ask you more questions. You can create more online relationships than you can face to face."

Vegesna called social CRM a 'bubble.' "There is too much focus on social CRM these days and I consider it to be a bubble for users who are getting started on CRM. Adding social aspects may add value, but that is not the core of a CRM system. A CRM system's responsibility is to automate and enhance productivity and maintain customer relationships," said Vegesna.

Alternatively, Whiteley said, social CRM is where companies need to be headed with their CRM upgrades. In fact, Salesforce.com has taken the lead in launching new tools to bring social and CRM together. Their Service Cloud online application taps into communities of social networks like Twitter and Facebook.

For example, "If you have a large group of people on Twitter talking about their problem with pairing their headset to their phones, you want to be able to grab those Tweets and route them to the appropriate person in your company so the customer can get the answer they need directly from the source," explained Whiteley.

For the social conversations inside your company, there's Salesforce Chatter, the equivalent of Twitter.
"Chatter looks and feels like a social network except it's just for your company," explained Whiteley. "It's about relationships with your own employees. It allows you to track the people, the applications, and the information that you care about most in your company. You can even follow things like documents that you're interested in."
 Any information in your system can have a feed associated with it using Chatter. "Historically you'd have to go search for data in your system. With Chatter it's now being served up to you," said Whiteley.

Whether you need help remembering how far away you are from meeting your sales goal or need to organize contact details, there is likely a CRM out there to fit your needs when you're ready for the install.

Dig Deeper: Traditional CRM vs. Social CRM

How to Choose CRM Software: Resources
- CRM Buyer's Guide
- ISM's Guide to CRM Automation
- Learn More about Social CRM with Social CRM World
- Understanding the Function of a CRM

Dig Deeper: Offering Personalized Customer Service with CRM Software