

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

BUSINESS OPERATIONS SERIES

The Value of Customer Relationship Management (CRM)

Why is this important?

Customer relationships are essential to the success of any business. However, keeping track of each customer's information can prove cumbersome for even the most organized companies and downright chaotic for the rest. If you're searching for a customer relationship management (CRM) system, you've probably hit the point where spreadsheets of customer data – phone numbers, email addresses, and previous correspondence – have become unorganized and inefficient.

A customer relationship management (CRM) system collects, organizes, and manages all of your customer-related information so you can track the buyer's journey for every individual you interact with, streamline communication, enhance the customer experience, and improve data management.

Salespeople report that the biggest benefits of a CRM are keeping track of leads, using the CRM as a centralized database, improving customer retention, and helping to share data across their organization. A CRM system can also help align your sales, marketing and service teams to streamline the buyer's journey.



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What is CRM software?

A customer relationship management (CRM) system enables businesses to manage their relationships with current customers and sales prospects. CRM software uses a data-driven approach to help employees keep track of leads and valuable client information, including phone numbers, email addresses, and previous interactions in one centralized location.

CRM software includes an assortment of tools that can do everything from automating emails to generating real-time dashboards which show information on business performance and other insights generated with artificial intelligence. The exact offerings of each CRM software vary yet the bottom line is that CRM software helps businesses reach their current or potential customers in an effective, efficient manner and to track, measure, engage and retain their customers.

Most companies sell CRM systems as software-as-a-service (SaaS). The CRM service hosts the software on a centrally located server and you pay to access the software on a subscription basis. Subscriptions are typically charged on a per user, per month basis, though the actual contract may last a full year. (Discounts are sometimes available for extended subscriptions.)

Many CRM plans have different tiers, so large businesses can pay for enterprise-level CRM tools, while small businesses can access free versions with fewer features. Some CRM companies offer a full suite of supplemental software that is available via subscription, such as tools to train employees or promote team collaboration. The advantage is that you

can purchase all your software in one place and simplify sharing data across teams while making sure that all of the tools work together. The downside is that this also locks businesses into a single digital ecosystem.

Do I Need a CRM?

A CRM is a tool for managing your business's customer interactions to improve business-to-business or business-to-individual relationships. CRM software helps you stay connected and streamlines sales processes through sales management, contact management, and marketing automation features. The CRM system will help build customer relationships by keeping you updated on customer needs.

You need a CRM if you have a lot of customer information to manage or feel that it's challenging to locate and use customer data. Also, if your sales team is slow in keeping up with the lead flow or sales pipeline, you can benefit from a CRM. It has the potential to improve your customer service and help your business grow.



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A CRM improves the efficiency of businesses by organizing certain aspects of your business in a way that enhances customer relationships and increases customer satisfaction and retention. It studies customer interactions, highlights profitable customers, and markets effectively by using a customer-facing and cross-selling strategy.

A CRM can organize your lead and customer information and automate marketing campaigns. Sales-focused features can help your sales team close more deals. You can receive reminders of sales processes and schedules to improve your customer service, customer relations, and, hopefully, your sales.

Over time you can gather metrics and use them to analyze marketing and sales data to inform numerous important business factors that go a long way in helping to provide insights to advisors, investors and employees alike, creating campaigns and strategies for new products and services, show patterns and trends that can inform business pivots and strategic decisions.

For optimum results and as a tip for success: train your team members to use the CRM platform correctly and consistently. If they are not well trained, employees might make mistakes that cause total loss of customer data and sales. Using your CRM platform regularly, and maintaining the accuracy of your data, is paramount to ensure its optimal value to your business and your customer relationships.

Mistakes to Avoid When Choosing a CRM

Choosing the right CRM for your business can be a daunting task as there are a myriad of options. As you peruse and compare vendors when looking for a CRM system, you'll want to consider your specific industry or sector to assess how a particular system supports your business. Be sure to test the various

options, and have the CRM company's sales team walk you and your team through their system, demonstrating the essential features critical to support your business. Networking with other business owners of similar size to your business and with needs like yours can be both insightful and productive; seek

Here are additional examples of how CRM performance insights can be leveraged within your business:

- Tracking the best ways to generate sales - how to generate leads, the value and duration of a lead and the overall conversion process to convert a lead to a sale.
- Evaluating the characteristics of lead generation with more tangible aspects in tracking deals. As an example, determining how long it takes to close a deal, for each customer segment, can be an invaluable tool in helping to better understand how to generate more sales.
- Providing benchmarks and tracking performance relative to these milestones or multiple other elements to your team as you scale your business, and ensuring that there is accountability and quotas. Holding yourself and colleagues to these outcomes very well may make or break your business.

to understand their experiences with the CRM system's features, their likes and dislikes, and whether they'd recommend the CRM system.

These are common mistakes to avoid when choosing a CRM system:

Not involving CRM users

Some companies only consult executives when choosing a CRM. But you need to involve the actual users of the CRM. This may include your sales team and anyone who deals with customer data. Find out their needs and the features they need to increase the efficiency of sales operations and related tasks.

Ignoring business needs

Another common mistake businesses make is buying a CRM without first examining their needs and what they want to achieve by using a CRM. You need to establish your expectations, as it will help you when comparing CRM software.

For example, for many companies, sales activities and customer interactions are primarily digital. Customers expect to connect with businesses over social media. Choosing a CRM that limits social media integrations can mean fewer interactions with your customers. Instead, you'll want a CRM that pulls data from social media websites and uses AI to better identify leads.

Implementing a CRM without a Sales Strategy

Some CRM companies claim to increase customer retention and sales automatically. However, a CRM can only help your business grow when there's an existing strategy for customer acquisition and retention.

Before buying a CRM, you should already have target customers and a sales strategy. Then you can make sure the CRM system you're considering has the necessary tools to implement your strategy and connect with these potential clients.

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Believing a high price equals a better fit

Some believe that an expensive CRM is required to promote business growth. Instead, consider how well a CRM software's features will cater to your specific needs, and be cautious about paying for features that you don't currently need. Keep in mind that a business needs a clear strategy and employee training on using the CRM to achieve company goals for a CRM to be effective.

How much does a CRM cost?

The cost of CRM varies amongst software providers. Typically, CRM providers offer subscription-based models and charge you for each user on a monthly or yearly basis. Some have free versions, though these may have limitations on the number of users, features, add-ons, storage capacity, or integrations. Also, CRM software may offer a free trial of up to 30 days to let you test drive the system.

How to maintain a CRM

Regardless of what CRM you decide to purchase, you'll want to make sure that

you maintain it. The most important aspect of maintaining a CRM is making sure that all of your customer data is up-to-date. This task primarily relies on your teams remembering to update customer information as it changes, assuming the CRM doesn't do so automatically.

One perk of cloud-hosted CRMs is that there is relatively little work required to maintain them. Software updates will usually get pushed out automatically. Any lingering issues can be addressed

through customer support, which varies by CRM provider. Most companies offer relatively robust customer support for basic issues, with additional support options available for a fee.

Summary

The promise of customer relationship management is captivating, but in practice it can be perilous. When it works, CRM allows companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services. It also reduces the costs of serving these customers and makes it easier to acquire similar customers down the road. CRMs facilitate information sharing across individuals and teams, and retain domain knowledge over time and regardless of employee tenure. CRMs enable ongoing and real time data and analysis about marketing and sales efforts that can shape your strategy and ensure top line revenue growth and long-term success.



Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://vsjf.org)



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