

# BUSINESS SENSE

## Next Level Tools for Entrepreneurs & Small Business Owners



### BUSINESS OPERATIONS SERIES

#### Overview

##### Why is this important?

You may have the best product or service, but if you are unable to deliver, you won't be successful. If you aim to grow, your operational capabilities need to be on the same pace as your sales growth. At best, operational issues are bumps in the road. At worst, they can derail all your prior efforts, erode customer good will and negatively impact brand reputation. When you implement a well-thought-out business structure, you are able to document all the business processes and, at the same time, specify all the roles and responsibilities (or competencies) in your company. This is particularly important to optimizing employee performance when employees are working in multiple locations and/or in hybrid work environments. With the right business structure for your business you can easily foster a more engaged workforce without stifling innovation and position your business to compete successfully in this highly competitive world.



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When you started your business, you might have been a team of one. Or, perhaps your business started with a small team of trusted co-workers who shared your vision, understood your product/service and worked together to achieve the goals and milestones of growth over time. As your business continues its growth trajectory and your team expands, more time needs to be spent on putting in place operational efficiencies. This may require different ways of organizing, communicating with and leading your team.

The element of structure is paramount for any organization, especially one that involves hybrid and/or remote work in home offices. Essentially, an organization's structure encompasses formal and informal procedures and policies that a business owner can use to manage all operations and communicate effectively with employees. Your team needs to clearly understand what success looks like fiscally, operationally, and culturally in order to meet the expectations of your customers as well as your employees. You can streamline your operations

by putting in place operational efficiencies. This may require different ways of organizing, communicating with and leading your team. As a business owner, you are responsible for organizing all business functions and breaking them down into departments or units, which improves your employees' effectiveness.

Organizational structure is also important in improving the decision-making process, especially if there are documented guidelines detailing how the business is supposed to operate. These guidelines document how information is conveyed throughout the organization and to those individuals responsible for making critical decisions.

In this **Business Operations Series**, we will address three operational concepts that will help you more smoothly navigate growing the team as your business expands and grows.

- **The Importance of People, Process and Tools**
- **The Importance of the RASCI Chart**
- **The Purpose of KPIs and Metrics**

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### 1. PEOPLE, PROCESS, TOOLS:

Work in a business gets done by knowledgeable **PEOPLE** who are using defined **PROCESSES**, supported by **TOOLS** such as computer programs, manufacturing equipment, packaging systems, etc. As your business grows, the systems you had initially put into place may become inefficient or even break which creates a range of issues for you and your team.

Looking at your operations routinely and considering which of the three components of **PEOPLE, PROCESS and TOOLS** needs updating can help you resolve operational issues more quickly and effectively. In many cases, what's needed is a mix of all three being updated, in the right measure for where you are today and how you are planning for growth.

**2. A RASCI chart** can also be used to spark a discussion about how to improve processes within the company as well as to inform an employee's job description.

### Who does what - the RASCI chart.

This tool will help you and your team confirm:

- a. Responsible** - Who is performing and responsible for various tasks in a clearly outlined process with specific and measurable outcomes?
- b. Accountable** - Who oversees and/or supervises the work flow?
- c. Supporting** - Where is collaboration with other employees needed in the process?
- d. Consulted** - Who must be consulted prior to a decision being made or a task completed?
- e. Informed** - Who needs to be kept in the loop throughout the key points in the project life-cycle and after a decision is made or work is completed?

**3. KPIs and Metrics:** Most businesses and organizations set goals in order to achieve the right objectives and fulfill the needs of its stakeholders. Those goals need to be embraced by every

team member within the organization, each of whom is performing unique functions to advance the business.

There are many different ways to set and measure goals. One effective way to measure an individual, team or company's progress toward a goal is by using Key Performance Indicators, or KPIs, which set a standard of success for a specific business process or objective. Organizations use KPIs to help individuals at all levels focus their work toward achieving a common goal. KPIs also help businesses understand whether they're spending their time and money on the right strategies, and executing their tasks and using their systems in appropriate ways in order to achieve their goals. If you pick the right measures, you can keep employees focused on how they can improve the profitability of the company or at a minimum, see when something is just not going as planned.

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#### Systems and Operations – People, Process and Tools (P-P-T) Framework

##### Why is this important?

In all types of business, large and small, the People, Process, and Tools (P-P-T) framework is used to improve the business' position in the face of market competition and to remain relevant over time.

Everything, from leadership to digital transformation, organizational talent, and management practices, needs to be combined for effective development. The concept of PPT or the Golden Triangle works with existing practices to ensure stronger and better business results.

People and processes, along with technology, are the key elements for the overall improvement and sustainability of your business. As you build the systems focusing on these three areas, you can expect to see better outcomes in every department. Your aim should be to build agile workforces that are flexible, adaptable, and responsive to the dynamics of your industry and the realities of your environment.

Businesses today need an inclusive approach to satisfy their customer's requirements. In a world where 30% of the businesses can lose precious market value due to bad customer service, it is imperative to build innovative systems around a great customer experience. Facilitating good customer service is an important part of managing the entire business smoothly.



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You have a great product and customers who want to buy it, so what's next? Making your product and getting it to customers!

When you first start your business, it is not hard to fulfill your orders, since your team is small and everyone is well versed in what needs to happen to get your product to your customers. As your company grows, formalizing your processes and having a good system to keep track of what is going on is key to smoothly growing your business and keeping your customers satisfied and loyal to your brand.

The P-P-T Framework has three components: People, Process and Tools. All three components must be in place to efficiently produce and fulfill your orders.

**PEOPLE:** Your employees are key to delivering high quality products and services to your customers. When they are knowledgeable and enthusiastic about your products and your business, they can help you scale your operations quickly and even help recruit other employees to

your team. That said, even if they have the best intentions, your employees need guidelines, structure and supervision to complete their work to the specifications and quality that your business requires for long term success. It's very common in growing organizations to rely upon one or two key employees, tasking them to work with others and share the knowledge and experience in their heads about how to do things. This might work for some time, but eventually, there are issues such as a key employee departs and with them their technical and/or process knowledge. Or those key employees may be slow to evolve process improvement or change to a different process you need to enhance efficiency. Your team needs the foundational support of documented processes and potentially a system of some kind to inform and guide their work.

**PROCESS:** Every task in your business has a process. Manufacturing processes may have evolved over time to produce your product's specifications to the quality you and your customer require. Other tasks such as shipping have discrete tasks





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that need to be followed. In some cases, options may exist such as order entry, unique shipping methods or invoicing based on customer type.

To ensure that everything goes as you planned, each process should be documented. This serves not only to train new employees, but also as a way to document key points in the process where a decision may need to be made. Processes will evolve over time, so it's important to allow for updates due to new (and better) ideas about how to get something done or other changes.

Having **Standard Operating Procedures (SOPs)** for all your key tasks and ensuring they are both used and updated is the best way to achieve the consistency vital for your business growth and reputation. As importantly, documenting the steps in a given process can identify areas that may be inefficient, which allows for continuous improvement in key processes, saving time and money. It also sets the stage for growing a business culture that values consistency and efficiency. Employees who fully understand how a process is designed to operate may discover ways to improve the process, achieving the same result with reduced time/cost. SOP development is a collaboration of

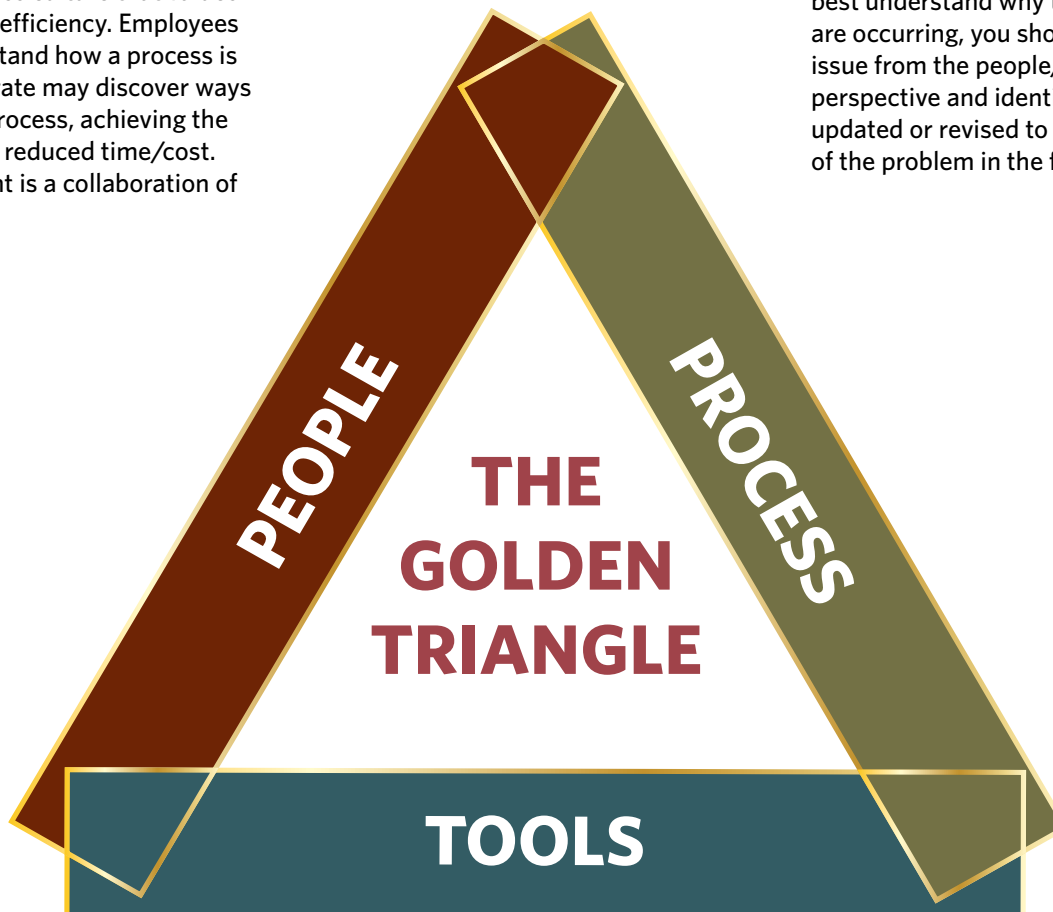
good minds figuring out the best way to do something and understanding how a particular process interacts with other processes in the company. No one, including yourself, should change an established SOP independently of others' knowledge.

**TOOLS:** When you start out, you may be able to keep track of your production and shipping on a piece of paper. A spreadsheet may be fine for your early stage business. Over time, the interactions of your various employees as well as the complexities of your operations mean you will need to have a computer system to track your work. Accounting systems such as Quickbooks are viable for many aspects of your business such as tracking sales, but your manufacturing operations, purchasing calculations and other processes may need a more sophisticated tool that meets your specific business needs. There are many applications which can be added onto your accounting software. You can also look at an Enterprise

Resource Planning (ERP) system which will keep track of all the common processes of your business. Some businesses will require special computer tools to handle your specific needs, such as reservations or customization. Whatever your need, it is important to understand your options before you experience issues because the business' needs have outgrown your existing system. It can take some time to implement some systems, and everyone in the organization needs time to learn the new system and understand how it may change their work processes.

As you grow, the components of People, Processes & Tools become more complex. It's very common to see different parts of a growing organization working in their own ways and losing some of the efficiencies that come from aligning the organization's processes as a whole.

As your business grows, you may experience breakdowns in your systems, or issues you haven't seen before. To best understand why these breakdowns are occurring, you should examine the issue from the people/process/tools perspective and identify what needs to be updated or revised to avoid reoccurrence of the problem in the future.



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**People Review:** Was the issue caused by an employee not following your procedures? Reinforcing what needs to happen to get the job done (via your written SOPs) is a starting point. Over time, you may find that the employee doing a particular task is not doing what you need them to do. Or it may lead you to wonder if the task has become too complicated and needs more support from another employee or computer application. In other cases, the employee may not be the right person to do the task and will need to be replaced.

**Process Review:** When your business experiences an issue (shipping delays, product issues, etc), naturally work is done to figure out what is going wrong in order to fix it. The first step is to identify whether the issue is a random event, or

whether you are experiencing a process issue that needs to be corrected. Once you identify the problem and resolve it by updating a process, you need to revise the SOP to incorporate the changes you've made. It is best practice to review all SOP's on a regular basis to confirm they are relevant and continue to meet the needs of the organization. As you grow, you will notice that some of your processes may become more complex, or that they should be two or more separate processes. You may even decide that certain elements of an SOP should be outsourced to another company causing you to revise your SOP's, and communicate the new procedures to your team. Even simple fixes will likely need to be supported by updated procedures and new SOPs.

**Tools Review:** You may find that the issue was caused by a failure of your computer system or tracking mechanisms. If possible, you should see how the application could be improved to accommodate your needs. It may be a simple fix or lead to investigating a new computer system to accommodate your business growth. As you implement new tools you may find that steps that previously needed special checks are now guided by your computer system.

Finally, you may find that a mix of all three - people/process/tools - will be needed to solve the issue. As your business grows, tasks that work well should be reviewed periodically for improvements and efficiencies which is all part of business growth and success!



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#### Metrics & KPIs (Key Performance Indicators)

##### Why is this important?

KPIs and metrics enable a business owner to keep business objectives at the forefront in decision-making and to more fully understand the business' performance, track results and make course corrections as necessary to ensure long-lasting impact and success. KPIs encourage a culture of accountability and serve as the foundation for employee performance evaluations. A KPI may reveal that a perceived "poor performer" may have some favorable stats and deliver good results. And, poorly performing employees can't dispute when data-driven and objectively based KPI stats demonstrate the absence of results. As importantly, if the majority of your employees are having difficulty achieving the KPI's that have been set, it may be time to reevaluate your business' goals to understand why exactly those targets are not being hit. KPIs thus foster an environment of continuous learning, enabling you to set realistic goals for your business growth and how you want to measure its success.



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##### Key Performance Indicators

Key Performance Indicators (KPIs) are the elements of your business plan that express what you want to achieve by when. They are the quantifiable, outcome-based measurements you'll use to assess if you're on track to meet your goals or objectives. There are many metrics that can be used. It's best to pick a few metrics that are easy to report on and are contributing factors to the larger goals such as sales. Some metrics are interesting to review on a less frequent basis, but may not be helpful in daily operations, particularly if it takes a lot of spreadsheet manipulation to get comparable numbers between different time periods.

It may take time to pick the right KPIs - some may be very meaningful now but less important as you focus on other activities in your business. Initially a shipping department may need to focus on shipping a specified number of orders per day, but once they have improved their processes, they might be more focused on making sure that all orders are shipped accurately and within 24 hours. Metrics & KPIs can help you objectively look at the

quantitative performance of your business through numbers. KPIs are important metrics in business because they specifically define how well your business is doing in any number of areas.

Using metrics means you are measuring something. Usually you are using readily accessible numbers, but sometimes you may use a tool like a survey to help you define something that is qualitative (e.g., customer satisfaction). Most common metrics and KPIs are an outcome of your financial reporting, for example, sales increase %, gross profit \$, gross profit %, however there are also metrics and KPIs inherent in your operational processes (i.e., number of orders shipped per day, value of good produced per day, etc.). Sales metrics could include the number of retail outlets in total or by channel, the number of SKUs by account, etc.

Rather than thinking you are doing "well", your financials should attest that your sales have increased 20%. When developing projections, you can use a KPI to document what you are planning for (i.e., a 30% increase in sales). If your target is a 30% increase but you've only



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achieved 20%, then your business is not performing according to your plan.

### Financial Metrics & KPIs

The most easily accessed metrics and KPI's originate from your financials. To use your financials metrics most effectively, you need to understand what are the most important numbers to track.

If a company is aspiring to grow, sales growth is a main KPI. That KPI goes hand in hand with other metrics, such as gross profit. Why? If significant sales growth comes with less profit, profitability might be the more critical key performance indicator.

How do you get started establishing KPIs for your business? The first step for KPI's is the past - what did you do last year or last month? If your company is seasonal, KPI's might work best by comparing this past month to the month one year ago. In some cases, your metrics might only be meaningful if you look at them on a year to date basis. If you have projections, you want to monitor your performance against your projections, rather than the past.

### Operational Metrics

Like the basic financial metrics of sales per day or per year, there are many

aspects of your business operations that can be tracked to ensure efficiency and productivity. Some of these metrics will help you to understand if your business is operating to the level that you need. Such measures might be orders shipped per day, open pick tickets, and backordered items, which can help you see when the system is not operating at its expected or 'normal' level. Giving employees specific measurable goals on the activities in which they are involved in your operations can help you assess individual performance as well as alert them to what really counts to make your business successful.

## What makes a good KPI?

A business's ability to track its progress toward a goal is only as effective as the quality of its KPIs. Using the **"SMART"** framework, a good KPI should have the following qualities:

**S**

**Specific:** A KPI should be a detailed, simple and clear description of what exactly you want to achieve. For example, "Improve customer satisfaction" is too broad. A better KPI is, "Improve customer satisfaction ratings by 10% by the end of Q3."

**M**

**Measurable:** As demonstrated in the example above, KPIs should be quantifiable to establish an exact definition of success. When thinking about ways to measure, consider using dollar amounts, percentages or raw numbers.

**A**

**Achievable:** It's best that your KPIs are ambitious yet attainable within reason. This ensures individuals working toward them are motivated and challenged but don't burn out. It also helps set realistic expectations with stakeholders and company leadership.

**R**

**Relevant:** Your KPI should help advance the larger key business objective(s) of the team. For example, if you're on a process improvement team that falls under the company's manufacturing unit, your KPI should align with business operations objectives. All KPIs should align with a larger key business objective.

**T**

**Time-bound:** Select an ambitious yet realistic amount of time in which you'll measure your progress toward a KPI. For example, you might decide you want to achieve a certain amount of repeat sales from existing customers by the end of a quarter, month or calendar year.

**Evaluate:** Regularly examining your KPIs is a great way to ensure you and your team are still working toward the right objectives. A dashboard of your key performance indicators is a recommended tool to display your quantifiable measures of performance over time for your business' specific objectives. A KPI dashboard helps users track the progress of established goals, identify progress or shortfalls with respect to the goals, and make data-driven decisions. Dashboards can be customized to fit the specific needs and culture of your business and should be easily understood. During your business planning cycle, you might ask questions like, "Are the KPIs still relevant? What are the main blockers to success? Do we have the right budget, tools, talent and support systems? If this KPI period is complete, what should be measured next?"

**Reevaluate/Readjust:** Consider reevaluating your KPIs at specific periods—perhaps halfway through your KPI timeframe and once again at the end. Take this time to determine whether it's necessary to make changes to your KPIs so they're up to date, achievable, relevant and in line with overall company objectives.



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### KPIs & Cascading Goals

As your company grows, you may have departmental KPIs in addition to organization-wide KPIs. KPI's specific to a department (or even a specific employee) can help guide a unit's or employee's work to fit in with the larger objectives of the company. Here are some examples:

- **Sales:** Number of active prospects, Sales dollars or SKUs increases per customer, Number of new contracts signed per quarter, Dollar value of new customers signed per quarter, Number of engaged, qualified leads in the sales funnel, Average length of time for new account conversion
- **Financial:** Growth in revenue, Net profit margin, Gross profit margin, Current accounts receivable, Inventory turnover, EBITDA
- **Marketing:** Website specific KPIs - Number Visitors, Activity or Time (Engagement) on specific pages, Keywords in Top 10 search engine results, Social media followers percent growth or engagement, Social media traffic conversions, Number of qualified leads, # of blogs articles published monthly, Percent of market share
- **Customer Service:** Number of calls answered, Average call time, Number of new customers, repeat customers, and retained customers, Net promotor score, Average Ticket/Support/Warranty resolution time
- **Purchasing:** Inventory Turns, Number of Stockouts, Inventory as a percent of Sales
- **Credit:** Number of accounts 30 days + past due, Bad Debt Write-offs
- **Shipping:** Orders shipped per day, Open Pick tickets over 1 day
- **Accounting:** Days to close the month
- **Human Resources:** Employee satisfaction rating, employee churn/turnover rate, employee promotion percentage, application received per job posting



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#### Operational Management – RASCI: Who does what?

**RASCI** - RASCI is a chart (i.e. model or framework) that is used to help identify all the roles and responsibilities of each stakeholder on a project. A RASCI Chart clearly defines who is working on a specific subtask of a project. As an organization grows, or new projects are undertaken by a team of people, the work is often divided. Using a RASCI approach clarifies the individual role of team members on a project and enables the tasks to be done efficiently.

RASCI Charts provide clarity around “who does what”, “who can help with this task”, and “who’s responsible for this task” on a wide range of business functions.

***By using RASCI business leaders and their teams can:***

- Quickly resolve project conflicts within groups

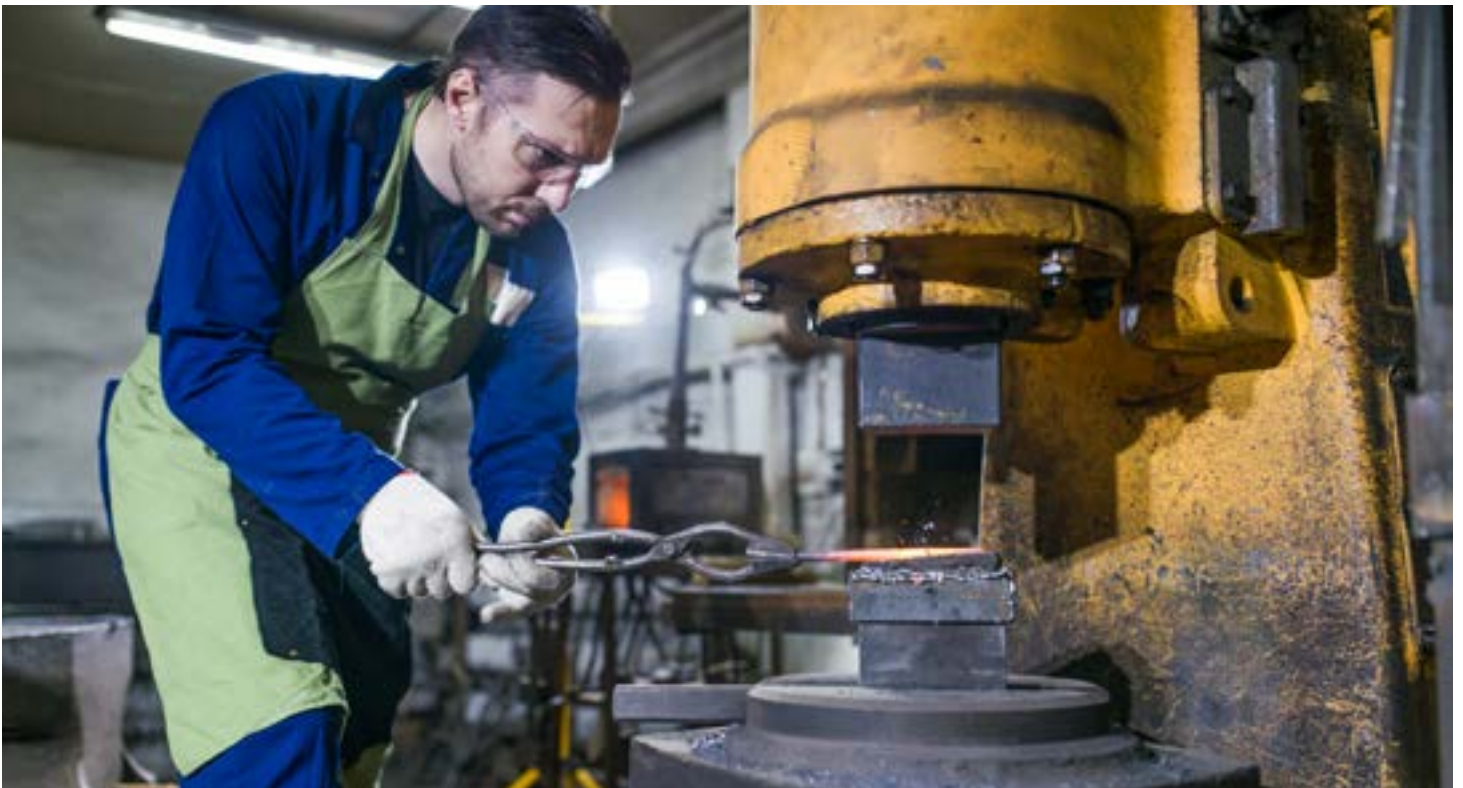
- Efficiently manage projects
- Eliminate confusion by assigning specific tasks to each project group member
- See that all project responsibility is documented and distributed properly
- Identify if any one individual is overburdened with task assignments
- Provide clarity by establishing the organizational project hierarchy

A RASCI Chart can also help you understand the full process of one area or even the entire company and confirm that the right people are working on the right tasks, that they are collaborating with everyone they should to make the best decisions, and they inform others in the organization who need to know what they did or decided.

Reviewing this can confirm at a high level that all the right processes are happening at the appropriate time, and that all the people who need to be involved or need to be informed are in the loop. Like company processes, the RASCI Chart needs to be updated as staff changes or processes are modified.

**Getting Started:**

The first step is to outline the steps of the process (or processes) important to your business operations (e.g., financial management, sales, onboarding new employees). If one person does a few tasks to get one thing done, it's best to name the overall group of tasks rather than listing out in detail each individual task. If that person needs to check in with others throughout the process, it is best to list out the tasks individually so that the one task that requires more input is noted.



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There are two approaches to documenting a process. If you have a process document already, you can start with that. If not, gather the people involved with the process together and list the tasks needed to complete the process. Once a draft of the process has been created, make sure everyone involved has a chance to review it and confirm it has all the necessary steps documented for completion.

The next step is to assign the people needed to get a task done. This is where the RASCI Chart helps to flesh out who can perform a task on their own, where input from others is required, and what happens next after the task is complete. While one person can detail the preliminary RASCI assignments, it is important that all involved review any draft. It's often useful to schedule a meeting to discuss and confirm that the RASCI listing of tasks accurately represents what happens now or what should happen if you are attempting to improve the process, communications, overall quality, etc. Team discussion about the RASCI is the most valuable part of this tool, since it helps everyone understand the full scope of the process, how others are involved and what impact certain tasks have upon the overall team and process.

### What does RASCI stand for?

**R = Responsible:** Think of this person as the project owner – or the position that performs the work. There should be one person responsible for a task and if help is needed, they may ask a supportive member(s) to assist. There must be one “R” in every row, no more and no less.

**A = Accountable:** The person or position ultimately accountable for the work or decision being made and who has the final control over a project task and the resources associated with it. They generally assign and delegate project work responsibilities. It is highly recommended to assign only one person as accountable to one task. Use this letter when appropriate, but not to excess – only when an important decision or task is at hand. There can be from zero to one “A” in each row, but no more than one.

**S = Supports:** Anyone who supports the responsible person, typically a backup person for the role or someone who assists. Supportive people are able to provide resources to the Responsible project team members and are actively involved in working with the Responsible person to see the project through to completion. Supportive persons and Responsible persons both have the same

goals to achieve. There can be as many “S’s” as appropriate.

**C = Consulted:** Anyone who must be consulted prior to a decision being made or a task completed. A “C” is typically a subject matter expert or a functional leader who brings valuable subject matter expertise to the project and whose team will be affected by the decision/action. Responsible persons will use Consulted persons for advice, opinions, help, or experience relevant to the project. There can be from zero to multiple “C’s” in each row as appropriate.

**I = Informed:** These are people who need to be kept in the loop during key points of the project life-cycle and after a decision is made or work is completed. There can be as many “I’s” as are appropriate in each row.

You can also add in a task for decisions - this can help confirm who is responsible to make a decision, who needs to be part of the conversation to make that decision, and who needs to know what the decision was.

### Here's a sample format of a RASCI Chart

Department	Task	Sales Manager	Salesperson	Customer Service Manager	Customer Service 1	Customer Service 2	Shipper
Sales	Generate Sales Plan	R	C		I	I	
Sales	Present Product	A	R				
Customer Service	Enter Order			A	R		
Customer Service	Process Order for Shipping			A		R	I
Shipping	Ship Order			I			R

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Once the RASCI Chart is made for the current process, it can be used to define a future state. This could be when a new employee is added to the mix or if a process needs to change for some reason (e.g., new tool or problem to be addressed). The RASCI Chart helps people more quickly see the areas of the process that need to be changed or updated, without forgetting about the way this specific process fits into others in the company.

### **RASCI and RACI - Is There a Big Difference?**

With many RASCI and RACI Charts out there, it can get a bit confusing when differentiating between them.

Both terms are used interchangeably quite often. While in all practicality, they do mean the same thing, there is of course a marked differentiator with the "S" in RASCI (meaning Support).

Organizations that choose to use RACI, may do so because an "S" is identified

as part of the "C" (Consulted) by team members.

What makes the biggest difference of including the "S" in RASCI is that it acknowledges the fact that those identified as a Supporter to the project are a resource that is a cost to the project and the Supporter's time. Even though they are not directly responsible to the project task, they are involved providing experience, knowledge, technical skills etc. that have a cost attached to it, be it time, compensation or an activity of some sort.

What makes the biggest difference in including the "S" in RASCI as a Supporter? There is a distinction between a "S" and "C" resource. A "C" Consulting resource is needed to provide experience, knowledge, technical skills etc. to the "R" Responsible person. The "S" Supporter role is a needed resource to support the "R" Responsible person to get the job done. Using the "S" clearly shows that there may be a group of unaccounted for project team members providing

resources without responsibilities that are of critical impact to the project. While the "C" Consulting role is providing needed information or insight so the "R" person can get the task done, the "S" Support role is a helper, providing their time to help the "R" Responsible person get the job done. For example, in preparing for a sales meeting, the Sales Manager is responsible for the event, but is getting "C" help from Product Development to make sure the presentation is correct. The "S" Support person is assuring that all the material for the sales meeting (as designated by the "R" Responsible Sales Manager) is produced correctly for the meeting.

As another example, a sales manager may be accountable for a software development RFP, while the sales rep is responsible for completing the RFP. At this point clarifications are needed from the information technology team. The IT engineer who is not in any way connected to sales, provides information in order to complete the document consulted. The





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engineer is not responsible to complete the RFP nor are they accountable that it goes out-on-time and on-cost, however, the engineer's experience and input is critical to the success of quality of the RFP responses and estimates.

By identifying the "S" in a project, it brings a more focused recognition to the specific involvement of project team members and helps to define the expectations and deliverables of each individual role.

### The Impact of Not Following RASCI

If your project is complex, involving many team members and a significant number of tasks then not using a RASCI Chart could result in an eventual negative impact both on the project team members and overall, on a variety of project outcomes.

Teams or even individuals are less likely to be working in harmony. Blame will be passed around; accountability is not enforced and decisions will be made without involvement or knowledge of other team member areas. Or worse yet, even the smallest of decisions won't be made, holding everything else up.

Without proper assignment of duties, the possibility of time being wasted and team members being less productive is very high. While on the other hand, certain team members may feel overwhelmed as they have been handed too much work to complete. Demotivated teams never deliver 100%.

### RASCI Tips

There is a fine line when creating your tasks in a RASCI Chart. If your RASCI is too high-level, steps may slip through the cracks, making the entire exercise pointless. Yet by going too far into detail,

you've just promoted yourself to that of a micro-manager.

A good way to look at deciding what goes into the matrix would be to think of the process itself as opposed to one-off individual tasks. So for example, a new product feature needs to be in the matrix and tagged to the project manager as well as to the designers doing the development, the sales team promoting the feature, the finance team evaluating the product costs, etc. As for whether a button should be green or red, square or rounded, that can be left to the team and not as part of the RASCI Chart.

RASCI Charts are extremely helpful as they create a highly efficient mechanism for task distribution while eliminating any ambiguity within the project hierarchy of tasks or the role of employees to a process.



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### 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.



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