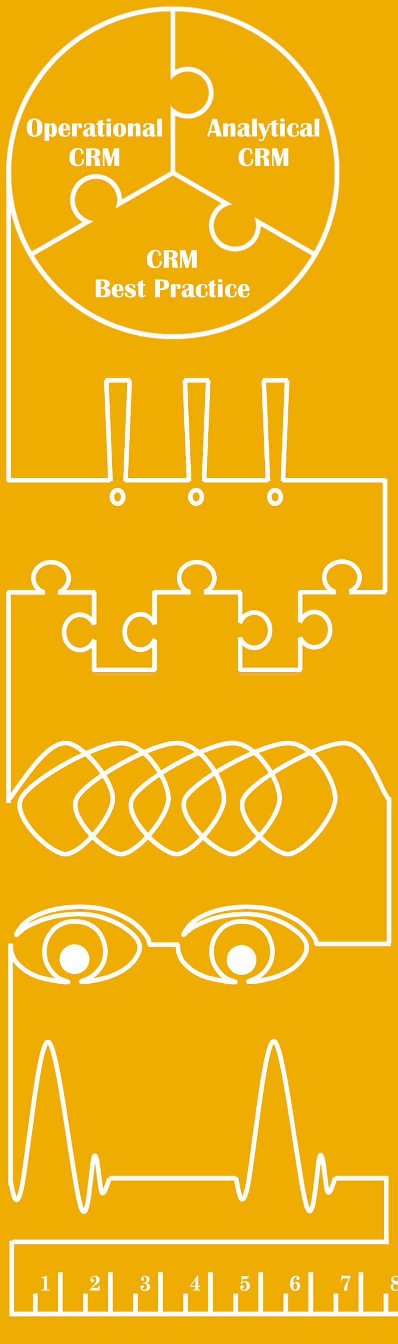
The Analytical CRM eBook

A collier pickard **publication**



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"If you see technology as a way to sell more stuff, then you're probably going to end up destroying value for your business. But if you see technology as a way to **improve the customer's life**, *then you'll probably sell more stuff."*

Tom Peters—Re-imagine! Business Excellence in a Disruptive Age.

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Foreword

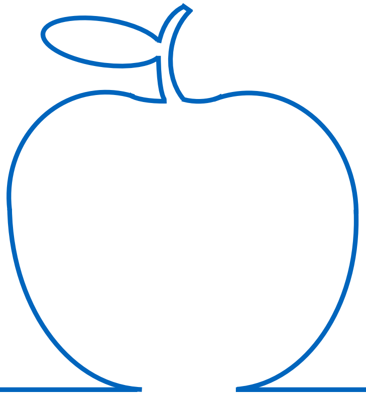
In 2009, we published the first edition of *The* CRM Pocket Book, subtitled "**What works … What doesn't**".

The pocket book includes a chapter entitled **CRM components**, which identifies Operational CRM, Analytical CRM and CRM Best Practice as components in the world of CRM. It also identifies Social CRM as an emerging component for CRM (at that time) – but Social CRM has come of age since 2009 and now merits comment in its own right.

This eBook is one of a series, which examines in more detail the following:

- **Operational CRM**
- **Analytical CRM**
  and
- **Social CRM**

The eBooks in the series also examine CRM Best Practice within the context of each of the CRM components.



Food for thought

One of our clients – FC Business Intelligence – participated in a 2011 webinar, organised by The Chartered Institute of Marketing, The Marketer, and Sage.

It was stated that the organisation measured a **493% return on marketing spend** through the successful application of CRM to their business. Great ROI.

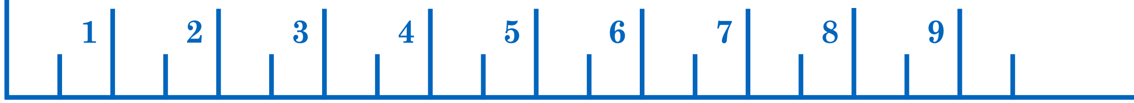
But how did they know this figure so precisely? Well – it's because they have analytical capabilities within their CRM world. They can link the sales figures generated from specific outbound marketing campaigns back to the campaign cost. Simple.

Creating KPIs of this type is a straightforward process and can be totally automated by CRM technology.

But you need to have decided to collect the data before you started!

It would be very time consuming to generate the statistics after the event … and inaccuracies may be rife.

So analytics in the world of CRM might not be a case of taking stuff out of the box and rolling it out to your user community. There may be some planning required before you start. You may need to know what you want to measure. And why!



The big picture

For most people CRM means the culture and practices you adopt to help manage your business – the job of acquiring, developing and retaining customers – supported by technology.

A CRM system must therefore have all the attributes you need for efficiency in marketing campaign management, sales opportunities development and customer services (case handling) – Operational CRM.

So where does Analytical CRM fit into the broader CRM world?

The answer is that Analytical CRM is the **conduit** to improving your customer relationship management culture and the effectiveness of your people who deal directly with your customers and your markets.

Analytical CRM provides the insight into what works and what doesn't within your Operational CRM – and so **informs** improvements in CRM best practice within your organisation.

Improvements in best practice are, in turn, delivered as changes in Operational CRM procedures and culture – and so the virtuous circle continues.

Analytical CRM is the key which unlocks the information you need to continually **adapt** to customer demands and shifts in markets.

So what is Analytical CRM?

Analytical CRM covers those parts of your customer relationship management world which inform and raise calls to action.

In this context, **inform** may mean **data visualisation**.

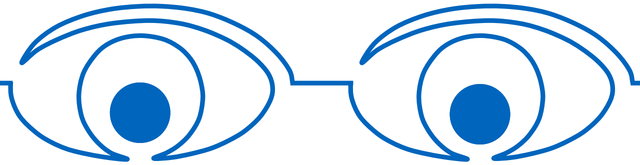
And it may mean **decision support**.

Calls to action may mean that "**light bulb moment**" for the individual.

Or it may mean proactive use of data in your CRM world to **alert** you to changes or **exceptions** to the norm.

All this must be designed to make you more responsive to your customers and the markets in which you operate. It must help you achieve your top level goals.

So let's examine data visualisation, decision support, light bulb moments, alerts and exceptions one piece at a time.



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Data visualisation

These days there's a tendency to think **graphics** and **dashboards** when data visualisation crops up. Great – but that's not the whole story.

In our opinion, best practice in Operational CRM will create tangible data visualisation as an **automatic by-product** of individuals just going about their day-to-day jobs. In this context, the simple list is a form of data visualisation. If customers, prospects, sales opportunities, campaigns, customer service cases, call lists and the like are presented by the CRM system as **lists**, rather than forms which must be paged through, then the CRM system user can easily identify like events, matching conditions and anomalies by eye. **No reporting** needed.

And lists work best for data visualisation when the data is in a **row and column format** which can be filtered and sorted by column headings – just like an Excel spread sheet.

Lists in operational CRM represent best practice in presenting data and information to the individuals using the system – the customer touch-points within your organisation.

White spaces

Company	Town	Country	Account manager	Status	Next action
AB Services	Slough	UK	Phil G	Qualified	Presentation to management
Contract Haulage	Bristol		Phil G	New lead	Arrange meeting
Orly Generale	Paris	France	Pierre L	Qualified	Proposal
PM Consultants	Aberdeen	UK	Maria B	Qualified	Proposal
Ventura	Edinburgh	UK		New lead	
Zoom Labs	Birmingham		Gary J	New lead	Arrange meeting
123 Industries	London	UK	Simon V	Qualified	Presentation to management

It's not difficult to see the value of white spaces in this list, this data grid. No-one is assigned to follow up the new lead in Edinburgh.

Data visualisation is not confined to the world of dashboards, Excel pie charts, Crystal Reports graphics, BI doughnuts and the like. White spaces **speak volumes** in data visualisation and they are available as simple configurations inside operational CRM. Very low cost. Very high value.

You just need an operational CRM system which allows the configuration of information in row and column format. Simple and **effective** data visualisation and decision support.

And what if you can't build these grids inside your operational CRM system, or you can't easily manipulate the data columns with sub-totals and totals? Then export the data grid to Excel and continue your analytical CRM there – always remembering that best practice dictates that you should only ever be a couple of clicks away from your next action within your CRM world. Export to Excel would therefore best be configured as a simple icon within the operational CRM interface.

Dashboards

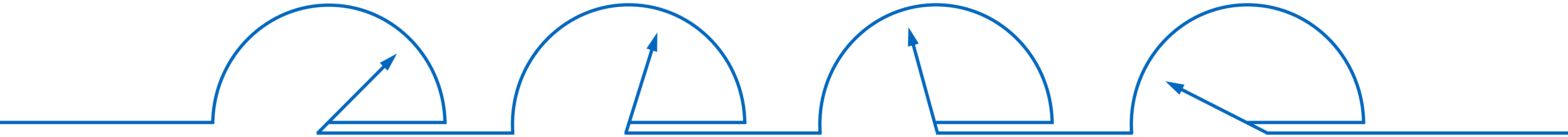
Dashboards and graphics are now the norm within CRM software. Some are home-grown by the software author; some have embedded business intelligence (BI) tools.

The key to effective dashboards is to make them **context-sensitive** and **relevant** to the individual. Graphics deliver the most value when they allow drill-down to the underlying data – when they lead you to the detail of the thing that caught your eye in the chart.

Using dashboards in Analytical CRM requires an understanding that customer information must be accurate and up to date. This requires a level of CRM maturity. You need a culture within your organisation which makes individuals realise that other people will make decisions and take actions assuming that the dashboard is correct. Without this culture, without an overt understanding that information in CRM is vital to the way the business is managed, people are likely to do one of two things:

- Make a bad decision
- Spend time – waste time – ratifying the accuracy of information which came from others

Neither of these makes sense! You need a team culture which understands this.

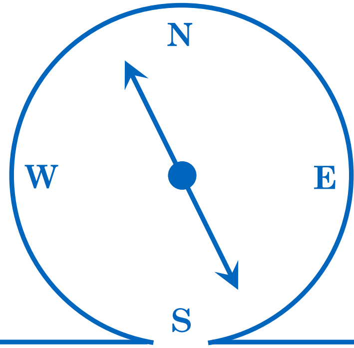


Decision support

Analytical CRM is a great decision support tool. Within your business there will be a variety of metrics which help you work out where you are today and what you need to do to get to where you want to be tomorrow.

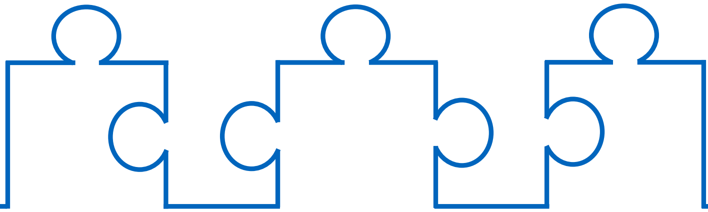
Performance against your top level goals, your strategy, is often expressed in financial terms using Key Performance Indicators (KPIs), which come from ERP or financial accounting. So how can Analytical CRM be a decision support tool in this area of business management?

The answer lies in your definition of the hygienic KPIs which will measure the day to day performance against your tactical plans – the small pieces of the jigsaw which build up to the success defined by the top level goals.



Decision support in Analytical CRM therefore takes on an operational aspect:

- Is my conversion rate increasing?
- Is my customer satisfaction rating above the line?
- Is the enquiry rate satisfactory?
- Are service calls handled within agreed levels?
- Has customer attrition reduced?
- Are call rates on plan?



Business intelligence

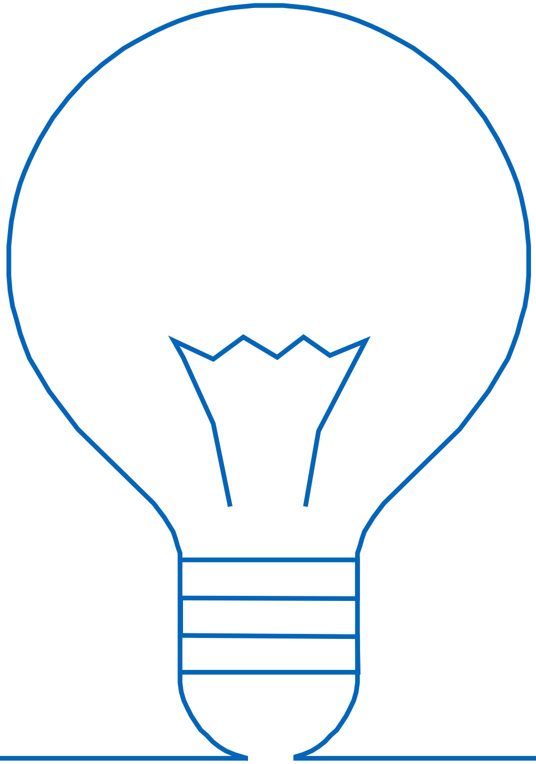
Business intelligence tools (**BI**) have an increasingly important role in Analytical CRM. This is because the authors of operational CRM systems can only build in analysis of information within the software’s own database. Out-of-the-box dashboards, graphics and reports can only examine the data within their control.

So, what if one of your **KPIs** is (say) a measure of average aged debt in days against targets set for customers in categories Tier 1, Tier 2 and Tier 3? In this KPI, the aim is to learn from the analysis and design account management tactics, by customer category, which **improve** the speed at which invoices are settled. But how is this possible when the first part of the analysis is held in financial accounting and the second in operational CRM?

This is where BI tools have a place in Analytical CRM. The ability to associate data from **disparate systems** and display it in a **relevant** form for the individual responsible for acting the KPI analysis – this is at the very core of BI design. It can lead to “light bulb moments”!

Light bulb moment

We've all had them! The sudden **realisation** that transforms the way you do things from here on in. The flash of **inspiration** which leads to an immediate improvement in this or that.



We helped one of our clients – emap – to use an in-memory BI tool to associate customer call data and order revenues to generate some enlightening **insights** into telesales best practices. The BI tool pulls data from the phone switch, associates the number called to a record in CRM and associates this customer ID to revenue stats held in a sales order processing system. Telesales calls, by individual, by campaign, by date, by time of day, by duration, by customer category, and so on – all this information is linked to revenue generation figures. Hidden sales information **unlocked** by Analytical CRM.

Another of our clients – Brammer – is unlocking sales data (revenues, margins, dates) held in ERP, analysing it with in-memory BI technology and using the graphical information to educate key account managers. Technology enabled selling. Analysis to **improve** customer relationship management.

Alerts

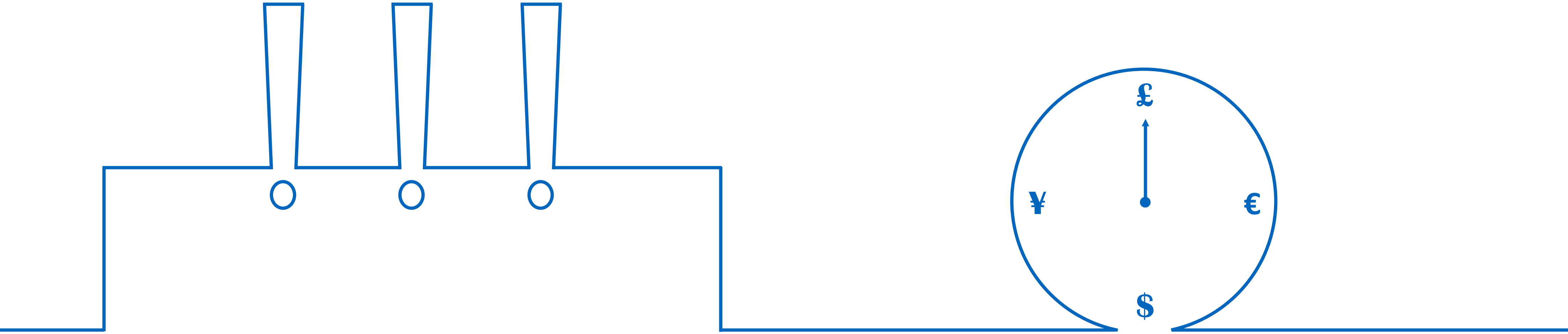
Business Alerts Management. So far our investigation of analytics and decision support has been confined to the presentation of information to individuals. Here's the list, here's the graph – you decide!

But there's another aspect to analytics within CRM – where the analyses and the decisions are **automated**. You just get the call to action – without having to review data lists and work it out for yourself.

Business alerts can **transform** analytical CRM within an organisation. They can positively impact your ability to **improve customer relationships**. For example, alerting you to forthcoming deadlines before the customer action becomes overdue; alerting you to a KPI which has moved out of the acceptable range (rather than waiting for you to find this information at the end of the day or later); alerting you to a change in status within a key account; and alerting you to **exceptions** – things outside the norm.

Alerts can be configured to make standard reporting **proactive** – so that the information comes to you at the right time, in the right format, without you having to click around and get it yourself.

Alerts **save time** and can help improve customer relationships.



How much does Analytical CRM cost?

This is another of those "how long is a piece of string?" questions. The answer is, of course, it depends on the type of analysis you need for the various customer touch-points within your organisation. It depends on your tactical approach to your markets and your customers and the KPIs you need to measure your progress towards your top level goals.

At one end of the spectrum, analytical CRM may cost you nothing. If your CRM deployment includes the right education, then the CRM users will already understand their responsibility to maintain accurate, relevant and timely information inside CRM – then the standard reports and dashboards (supplied with the system) may be able to do the rest for you.

At the other end of the spectrum you will need a sophisticated BI tool which extracts, transforms and loads data from many disparate systems – digital marketing, SOP, Accounts Receivable, ERP, Excel spread sheets – builds graphical displays of associative links, and distributes dashboards, trends analyses and data drill-down to countless users around the globe. This will be a costly approach to analytical CRM, however, it may well deliver a significant ROI as it helps improve your position in the market and your relationships with your customers.

What works ☺	**What doesn't** ☹
Analysing CRM results against your top level **goals** works …	Producing a few reports and lists doesn't.
Empowering your teams with the right information at the right time works …	Not sharing your insights doesn't.
Drilling into **trends** that you haven't investigated before works …	Assuming that everything is fine doesn't.
Creating data **visualisation** within CRM works …	Leaving people to work with cluttered screens doesn't.
"**White space**" visualisation in lists works …	Having to open multiple screens to verify data doesn't.
Dashboards which are **relevant** to individual users works …	Assuming everyone can work things out from company-level charts doesn't.
Building **hygienic KPIs** into your CRM structure works …	Measuring performance against financial goals alone doesn't.
Creating trends from **customer-related** measurements works …	Reviewing snapshot positions alone doesn't.
Mixing data from multiple sources works …	Relying on the information captured in CRM alone doesn't.
Encouraging people to share their **inspiration** from light bulb moments works …	Encouraging a rigid workflow culture doesn't.
Automating decisions with **Alerts** works …	Depending on people to remember to check every time doesn't.
Modifying your **best practice** rules through analytical review works …	Assuming it works as well as it did on Day 1 doesn't.

About Collier Pickard

Collier Pickard is a leading CRM consultancy for the mid-market. A **niche** player.

From our UK base we help organisations **align** their **CRM culture** to the top level **goals** of their business ... from start ups to blue chip, global operations.

Our team of CRM professionals has been together for nearly 20 years. We have implemented more than 400 CRM and sales/ marketing systems. This gives us a deep **understanding** of best practice – what works and what doesn't.

Collier Pickard –

- Chosen by small firms for local support
- Chosen by multinationals against major consultancies
- Chosen for its depth of knowledge in the niche market that is CRM

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