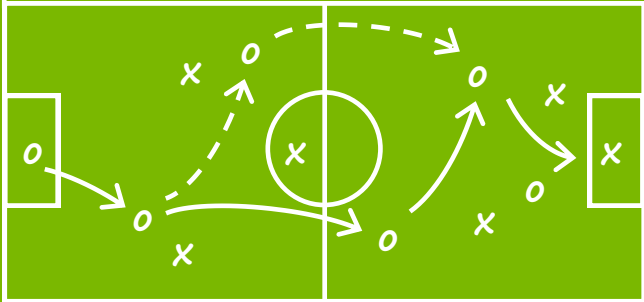
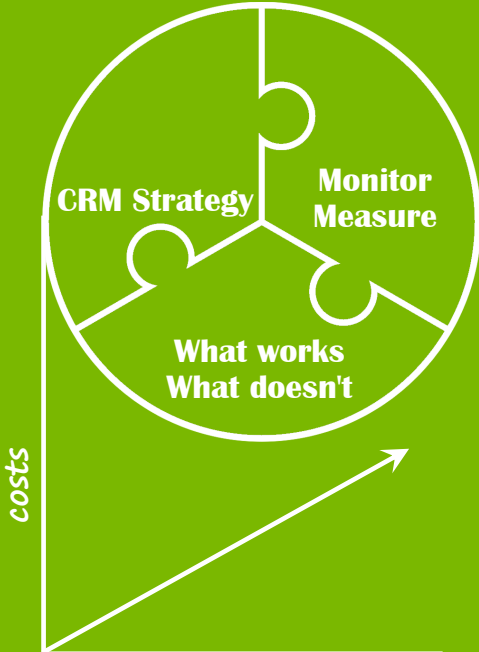


The CRM Strategy eBook

a collier pickard publication



CRM Strategy eBook v.2.0.

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"Customers will do business with you tomorrow only if they (and their friends) trust you today. Therefore customer trust is a prerequisite for long term business success."

Don Peppers and Martha Rogers Ph.D [Rules to Break & Laws to follow](#)



Foreword

In 2009 we published the first edition of [The CRM Pocket Book](#), subtitled “What works ... What doesn’t”.

Since then we have developed eBooks on:

- [Analytical CRM](#)
- [Inbound Marketing](#)
- [Operational CRM](#)
- [Social CRM](#)
- [Legal CRM](#)

We have examined [CRM Best Practice](#) within the context of each of the CRM components and discussed the issues around [user adoption](#).

This eBook looks at CRM Strategy and the role it plays in successful CRM.

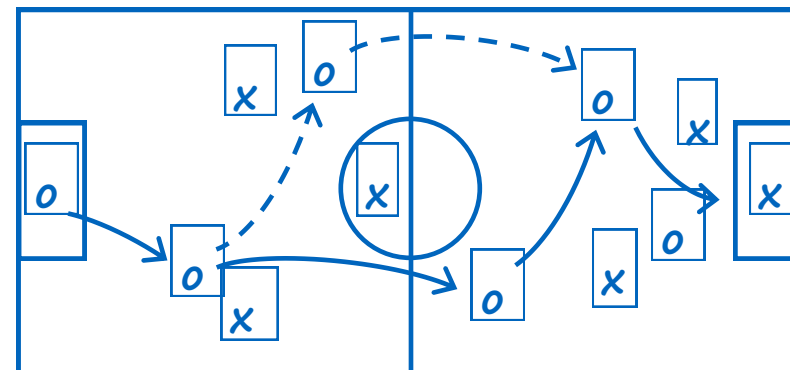
What is a CRM Strategy – and do I really need one?

One definition of strategy is “a long term plan of action designed to achieve a particular goal or set of objectives”.

Strategy is management's game plan for strengthening the performance of the enterprise.

It states how a business should be conducted to achieve defined goals. Without a strategy no one has a roadmap to guide them.

Your CRM Strategy provides the context within which you acquire new customers, develop strong relationships and retain customers over long periods of time. Without a CRM Strategy you risk losing customers, money and ultimately your entire business.



What should be in a CRM Strategy?

If your CRM Strategy is to succeed, you should consider the following 20 questions:

Your customers	Your markets
<ul style="list-style-type: none">• Who is your ideal customer?• Are they different in each market?• How do you communicate with them?• How do you create customer loyalty?• How do you maintain loyalty?	<ul style="list-style-type: none">• How competitive is the market?• How do you differentiate yourself?• How do others differentiate themselves?• What is the buying process in your markets?• Could you make it easier for people to buy?
Your products/services	Your measurements
<ul style="list-style-type: none">• What do you sell?• What is your lead product/service?• How strong are your brand identities?• How do you cross-sell between brands?• What else could you supply in the market?	<ul style="list-style-type: none">• How do you measure profitability?• How do you measure staff performance?• Can you quantify customer loyalty?• Can you measure customer opinion?• Can you react quickly to adverse KPIs?

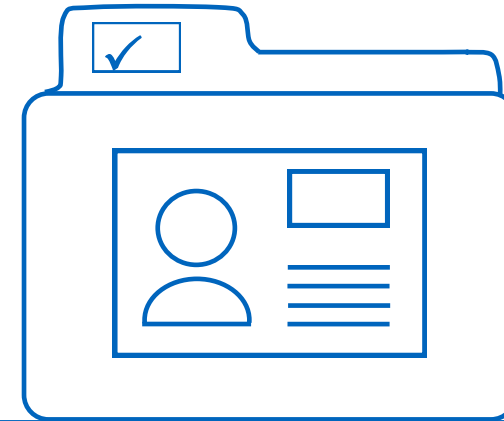
Ideal customers

One of the biggest mistakes made by many businesses is that they cast their net too wide. Not all orders are good business. We've all had a bad customer ... an unprofitable one.

But if we're really honest, we'll admit that they weren't a bad customer. They were just bad for us.

Here are 4 reasons why you need an ideal customer profile:

1. It simplifies your marketing efforts
2. It identifies who your customer is
3. It identifies who your customer isn't
4. It gives you insight into your customer



Put simply, it helps you to understand how to deliver value to your customers. If you don't know who they are, how will you ever know how to sell them your products and/or services?

You can use your ideal customer profile in several ways.

You can use it when writing your product descriptions, when searching for keywords used to find your product, in answering all questions a customer may have, and in product and service pricing. You can also use it to focus your marketing efforts and fine tune your business development expenditure.

Sometimes you may even use it to walk away from a deal.

The changing face of “the customer”

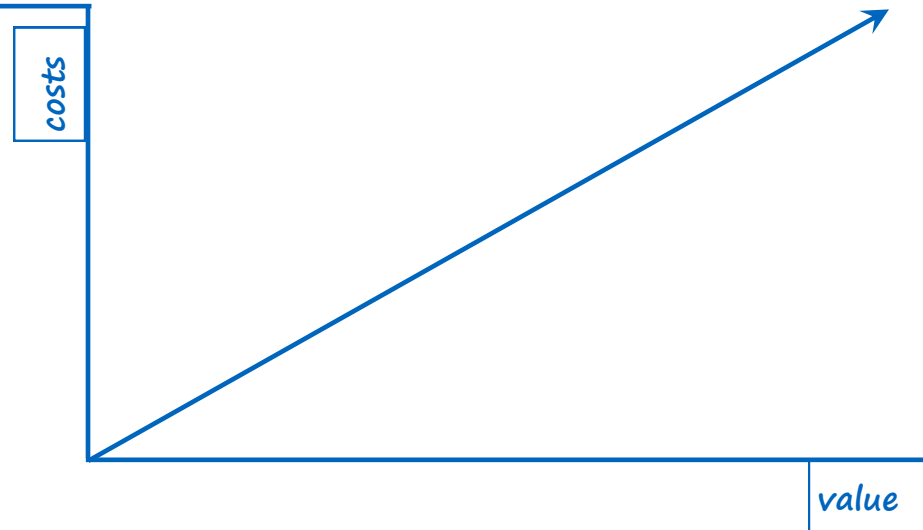
So far, so predictable 😊

So let’s consider this—

Power has moved from the seller (the supplier) to the customer. Information on the internet has changed everything. The prospective customer no longer relies on potential suppliers for education—they now know much about you and your market before getting in touch.

And what of your customers? What are they saying about your brand? What about their social circle, their friends? When they talk about you, is it good or bad?

So product features and service quality must be at least as good as others in your market. It’s a given. In many markets products and services are now so “undifferentiated” as to provide no significant competitive advantage.



So you have to decide ...

Do you want to compete on the basis of price in a commoditised market?

or

On the basis of strong customer relationships created through a superior value proposition?

Your answer to this defines what you have to offer in your markets—low cost (“This is how much it costs”) or value (“This is how you will benefit”).

Communication

Armed with your ideal customer profile and your understanding of the changing face of the customer, you can now start to target your message. But what should that message include?

- Why would that person come to you?
- What would they want, need or be looking for?
- What do you have that matches that or could be tailored to it?
- How much would they value what you offer?
- How much would they be looking to invest?
- Why would they value your proposition?

Can you clearly communicate the **value** that your ideal customer will derive?

“The customer-value-added approach is based on providing products and services to customers that are a greater value than they could expect from purchases from competitive companies in similar markets.”

[John McKean, Customers Are People](#)

How you differentiate yourself in a crowded market is an essential part of your CRM Strategy. It is the key to making sure that everything you do to acquire, develop and retain customers focuses on reinforcing **their buying decision**.

Consistency in communication is a prerequisite of building your brand's strength.



How do you sell?

Once you have a clear value proposition and an ideal customer, then it's time to bring the two together. Getting the message out there comes in many forms. For some it will involve face to face meetings, whilst others will rely on telephone conversations ...

Or email

Or direct mail

Or seminars and exhibitions

Or referrers and recommenders

Or reseller, dealers, distributors or agents

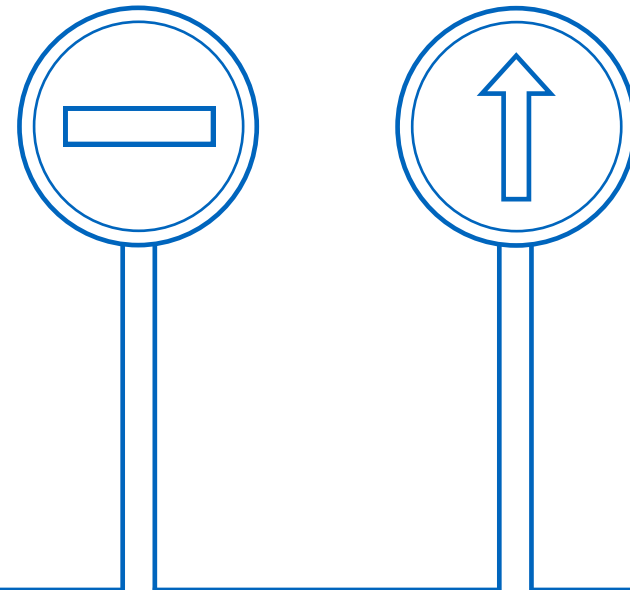
Or private communities and buying consortia

Or social tools – such as Facebook or LinkedIn

For every combination of ideal customer and value proposition there are right and wrong ways to communicate.

Your CRM Strategy must become the guide to what is right and acceptable – and what goes against your brand values.

By building a single consistent version of the truth you can empower your organisation to make better decisions when dealing with clients, customers and prospects.



Maintaining and growing your business

A fully developed CRM Strategy should help you on the way towards your top level goals in terms of growth and profitability.

The strategy has to be fully developed, in that it cannot stop with acquiring customers. The strategy also needs to guide how you develop and retain those relationships.

Retaining clients and customers in the current business climate makes good business sense. If you don't give your customers some good reasons to stay, your competitors will give them a reason to leave!



Does customer retention and customer satisfaction drive profits? In theory it's far less expensive to cultivate your existing customer base and sell more products and services to them than it is to seek new, single-transaction customers. Indeed, surveys across many market sectors show that keeping one existing customer is 5-7 times more profitable than attracting one new ones.

But consider this: it doesn't matter what the cost of acquiring a customer or retaining a customer is. The only thing that matters is how profitable the customer is.

If you have a prospect that could produce £1,000 of profit per year surely you would spend more to acquire them than a customer that will only produce £50 of profit per year?

In summary, make sure your CRM Strategy takes into consideration the **customer lifetime value**. Identify what your real customer lifetime value/profitability numbers are and use this information. Maybe even build a scorecard or a set of KPIs to measure your journey towards improved customer lifetime value.

Customers can wreck your CRM Strategy

The explosion of social networking and the evolution of the internet has shifted the balance of power from sellers to buyers. If your CRM Strategy does not respond to this sea change then it risks failure.

Thus, your carefully crafted CRM Strategy can be undermined by the newly empowered customer—the enlightened buyer. Perhaps they don't understand their role in your plan. Perhaps you don't understand theirs?

By aligning your CRM Strategy to the so-called “customer journey” you can reduce that risk.

The customer journey defines the evolution from “never a customer” to “always a customer”:



Suspects—A suspect is someone who comes across your company. They may or may not do business with you.

Prospects—If the person is interested in your value proposition they become a prospect. The “customer journey” has begun.

Customers—A customer is someone who purchases either your product or service (or both). This stage needs to go well to encourage customers to come back and continue buying from you.

Loyal Customers/Clients—Loyal customers are those who come back to your business time and again. They purchase over long periods of time. There is something about you that they like.

Advocates—An advocate promotes your business on your behalf. Nothing else carries the conviction of a satisfied customer.

Iterate your CRM Strategy

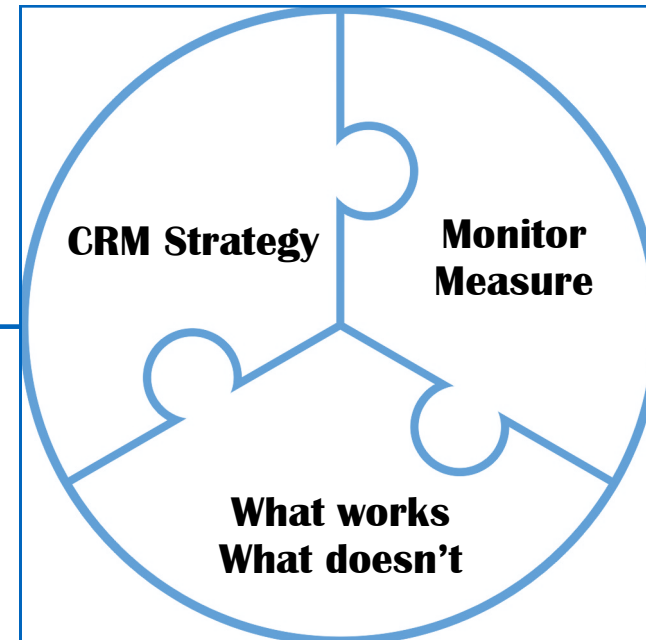
Your CRM Strategy must evolve over time. An iterative approach ensures that it remains fit for purpose. Which bits you tweak and enhance should be determined by the hard numbers produced by your CRM analytics and by listening to your customers and the wider market.

Key performance indicators (KPIs) could include:

- Customer satisfaction
- Customer retention
- Churn/attrition
- Revenue and profitability
 - Overall
 - By customer
 - By customer segment
- Share of total spend by customer
- Product diversity by customer
- Market share by customer segment

The measurement and monitoring afforded by such KPIs allows you to understand best practice within your markets (what works/ what doesn't) which, in turn, informs improvements in your CRM Strategy.

It's a virtuous circle:



What works 😊

What doesn't 😞

Understanding your ideal customer to give you focus works...	Selling to anyone and everyone doesn't.
Turning away business that doesn't fit within the strategy works...	Taking any business, not matter what the cost or problems incurred doesn't.
Communicating with all your ideal customers on a targeted basis works ...	Only talking to existing customers doesn't
Communicating consistently internally as well as externally to build your brand's strength works...	Sending out mixed messages about your product and/or service doesn't.
Focusing on the value you add to your customers and what differentiates you in the market works ...	Focusing on product features in marketing communications doesn't.
Measuring the lifetime value of a customer to give you insight works ...	Assuming it is cheaper to retain customers than to acquire new customers doesn't.
Understanding how much it costs to satisfy a customer to help you plan your growth works ...	Basing decisions purely on product profit margin doesn't.
Announcing your CRM Strategy in a single document works ...	Allowing everyone to have their own agenda for acquiring and retaining customers 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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