

STREAMLINE

Microsoft Dynamics® CRM

Boost Revenue and Thrive – Leveraging CRM in Hard Times

White Paper

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www.microsoft.com/dynamics/crm



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Introduction: Work Smarter, Not Just Harder

The famous relationship between necessity and invention is nowhere clearer than in an economic downturn, which can bring out the best in a company and its people. Strategies, processes, and technologies that worked well—or well enough—in good times suddenly aren’t good enough. Customers are getting restless and becoming more selective. The burst of innovation and creative energy such stress engenders can be harnessed not only to help your company survive, but also to boost revenue by capitalizing on market turbulence.

Companies that prosper in a downturn not only work harder and watch costs, they also work smarter. Customer Relationship Management (CRM) is key to success in this endeavor, because it gives you a thorough understanding of your customers, and how your company’s strengths and weaknesses affect your value to them. That knowledge doesn’t have to be invented; it’s already there, in marketing, sales, customer service, and other business divisions, departments, individuals, and processes that have made you successful. CRM combines these perspectives into a 360-degree view of the business, giving your company the agility and visibility that are key to success in hard times.

When working with companies in a wide variety of industries, Microsoft has observed best practices and techniques that can enable you to do more than just survive during an economic slump— you can boost revenue and thrive. Doing so requires recognizing three notable opportunities CRM offers: focusing on marketing relevance, increasing wallet share, and improving new lead development.



Figure 1 – Revenue Growth Opportunity Map

CRM Opportunity #1: Reassessing Marketing Relevance

Key Question: Is our marketing still relevant to what our target customer considers important?

Reassess your go-to-market strategies, targets, messaging, and product positioning. Do your products and services continue to represent a compelling value to your customers? Which themes or campaigns are losing ground and which holding steady or even growing? What does sales performance tell you? What objections is the sales team encountering and how have these changed?

“While CRM is certainly useful when times are good, it’s critical in a down economy, when we need to be even more targeted in our messaging and packaging.”

John Walker, Senior Vice President of Business Development, Suns Legacy Partners (Phoenix Suns, Phoenix Mercury, Phoenix Roadrunners, U.S. Airways Center)

CRM Opportunity #2: Expanding Wallet Share

Key Question: How can we exploit strengths and correct weaknesses to expand our wallet share with existing customers?

Concentrate on preserving and extending the revenue from existing customers by optimizing the customer experience and using every touch to strengthen your relationship with them. How can we more effectively target our promotions to generate revenue and enhance the customer experience? How often, and through what channels do we engage customers in the sales process, and how does this affect up-sells, the time in the pipeline, or the close rate? What problems require the longest time to resolve, or generate the most customer complaints?

"Microsoft [Dynamics] CRM can show us tendencies and trends that will allow us to maximize our relationship with customers over time."

*Chris Cook, Marketing Manager,
Portland Trail Blazers*

CRM Opportunity #3: Developing New Leads

Key Question: How can we efficiently find and qualify new, high-quality leads?

Aggressively uncover and pursue opportunities for new revenue and competitive displacement. How can we exploit multiple channels, including the new social media, to enhance the quantity and quality of leads? Can we make our salespeople more productive and make it easier for them to generate their own prospects and activities? What is customer service hearing about competitive products?

In this white paper, we'll briefly review these three opportunities and look at some of the best practices and techniques Microsoft has identified that can help organizations realize their full potential. We'll be reviewing these in terms of the CRM "themes" (sets of tasks) and processes they represent, rather than detailing features and functions, which are implicit in the tasks we describe. You should expect a wide range of well-integrated and easy-to-use features from your CRM software, to give it the flexibility needed to support virtually any marketing, sales, or customer service strategies you may conceive.

"We've received tremendous value from leveraging CRM technology. We've been able to support 20 percent annual growth, year-over-year, with very marginal additions to sales staff at each position."

Dennis Risinger, Manager, FCS Financial

But CRM is more than just software. Companies that have successfully implemented Customer Relationship Management know that it is, first and foremost, a business strategy that puts customers at the center of the world, the axis around which success revolves. Effective CRM requires a commitment to a customer-centric business culture and philosophy, one that focuses on breaking down the informational barriers between marketing, sales, and customer service to manage customer relationships more effectively. Only then can a company hope to discover its strengths and uncover its weaknesses in order to thrive in uncertain times.

Relevance: Reassess Your Value to the Customer

By definition, overall spending falls when the economy contracts. Your customers are facing the same necessities you are, and are engaged in a similar re-assessment of their needs. They, too, have to work smarter. But while they are focusing on driving down costs or achieving a clear strategic advantage, other values have also risen in their thinking. Are your present marketing programs really addressing these changes? What does your sales performance say about your relevance to customers?

*What do our
customers really want?
Are we supplying it?*

If you can answer these questions, your sales need not fall with the market. In fact, given the turbulence that comes with crisis, there's even an opportunity to increase market share by more effectively addressing customer needs. And the data is there. The relative success of various marketing campaigns, sales performance, questions and objections your sales people encounter, feedback from customer-service engagements; all these and more are sensitive indicators of changes in customer perceptions and needs. CRM delivers a 360-degree view across all of them to help you steer a course through troubled waters.

With Customer Relationship Management you can get the answers to questions like:

- How can we position our products to ensure that we market and sell compelling value?
- What customer segments are willing to spend/are spending money to capture this value?
- How can our products and services better support customers in meeting their current needs?
- What is the best way to reach them and keep them interested?

Reassessing Relevance with CRM

Of course, these high-level questions break down into a host of smaller questions, which cluster around sets of tasks, or themes. One such area is segmentation, an iterative process whose value increases with every customer you gain. A fundamental best practice, especially in the dynamic environment of an economic downturn, is to make segmentation an ongoing theme in your CRM operations, constantly analyzing the characteristics of your current and potential customers. Use the marketing analytics and list management capabilities of CRM to make sure you have identified appropriate segments, and to maintain meaningful segmentation as customer buying patterns shift. Where do customers still appear to have budget? Which segments are most likely to respond to a cost-savings message? What do these campaigns tell us about potential

"Season ticket holders are the lifeblood of our organization, and Microsoft Dynamics CRM helps us hold on to them when economic turmoil might make them reassess their spending priorities. For instance, our "six-point program" makes sure each season-ticket customer receives six touches a year from our customer service organization—a letter, a phone call, an email, and so forth. With Microsoft Dynamics CRM, we can build triggers into each account that tells reps what touches they should make each day, run analytics to see how effective they are, and keep everyone in the organization up to date on what these important customers are thinking."

*John Walker,
Senior Vice President of Business Development,
Suns Legacy Partners*

value propositions we've not yet tried? Segmentation is what focuses your sales efforts, an aid to forecasting, and essential for guiding product development.

In addition to historical analysis, make good use of dashboard features so that spotting trends and patterns, whether in marketing, sales, or customer service, become a real-time function—agility is a prime competitive advantage.

Whether or not you're bringing up a CRM solution for the first time, always consider how its data migration and data-cleansing capabilities might be used to leverage additional sources of data. Connect CRM data with information from multiple applications, legacy databases, external resources or other data for increased relevancy.

Use your segmentation tools to test market against selected customers before committing to a full campaign. Tune your scoring models and processes during the test so you can leverage them for full campaign execution and management without missing a step. Again, dashboards are your best friend when it comes to agile marketing and sales, enabling you to track day-to-day results in terms of response rates, budget consumption, and revenue generation, with drill-downs for critical details.

Develop processes that deliver ear-to-the-ground data from the sales team, who are the first to see the customer's buying triggers change, to the marketing department. Insight into ongoing lead and opportunity management is invaluable feedback for dynamic response to changing market conditions, and is critical data for every step of your reassessment, from segmentation to campaign management. Also, pay attention to what customers are saying to customer service agents—in some ways, they're even closer to the customer than sales, and can be a sensitive bellwether of changing perceptions.

Of course, reassessment is a cyclical process that never stops. The more you use CRM, the more useful it becomes, and the more efficiently you can market to increasingly choosy customers.

Improve Customer Experience to Increase Wallet Share

Your existing customers are your most important asset. Not only are they necessary to maintain your current revenue stream, but they are also your best bet for generating new revenue. With your ongoing assessment of customer needs, you have the information you need to both assure a sustainable and profitable customer relationship and an increase in your wallet share.

The fundamental best practice for increasing wallet share is to build value in every interaction, which can bring big dividends. Make sure each marketing message delivers useful information, which increases customer readiness to hear you, so you get more from your marketing

"Microsoft Dynamics CRM lets us efficiently segment our customers, open targeted sales opportunities, and track them in real time. This not only gives us increased confidence in our business, but we can also be smarter with revenue forecasting. Before, we could only look one week ahead for what we could expect in revenue; now we can predict a month ahead, and even make projections for an entire sports season."

*John Walker,
Senior Vice President of Business Development,
Suns Legacy Partners*

How can we ensure that every customer touch makes our relationship stronger?

dollars. The more customers appreciate each touch from sales, the faster they are likely to move through your pipeline, increasing revenue. Increased customer satisfaction with each service or support interaction makes it easier to de-escalate problems, or prevent them from escalating in the first place, reducing the help desk burden and cutting operating expenses.

CRM can unlock the data you need to accomplish this. You can use it to meld the efforts of marketing, sales, and customer service into a company-wide focus on the customer and their satisfaction with your products and services. Your improved customer relationship minimizes churn and reduces the cost of acquisition. It also gives you more data that can help discover and realize new revenue opportunities, such as up-selling and cross-selling, service contract renewals, product upgrades, and more. Don't overlook contact center interactions as a source of data about what's driving your customers and another input for CRM analytics. The additional insight you gain can reveal trends and opportunities to be shared with other groups to give them a more complete view of customer needs and values. In all cases, your goal should be to build processes across marketing, sales, customer service, and other departments that help you keep in touch with customers individually and en masse, to maximize your touch.

Increasing Wallet Share with CRM

Of course, each customer touch, regardless of where or how it happens, is a two-way street. Every time you touch a customer, there's more useful data for sales, marketing, service, and product development. That's why improved customer experience starts with the centralized 360-degree view of customer interactions that CRM can provide. Best practice demands making sure that everyone who interacts with a customer is aware of his or her status and degree of satisfaction, and knows of any outstanding service problems. This ensures that sales doesn't get blindsided by complaints, which can slow the pipeline. It lets marketing direct or suspend their campaigns accordingly, and enables service to auto-escalate by routing associated service calls directly to dedicated resolution agents.

Every well-targeted offer, addressing a genuine interest, solidifies your customer relationship. Equally, every mis-targeted offer damages it. Use CRM analytics to fine-tune marketing campaigns with information not just from the campaigns themselves, but from sales and service interactions, as well. This will enable you to focus on the most effective value propositions, and see and respond to critical issues before they becoming

"Microsoft Dynamics CRM has improved our sales effectiveness by providing much greater visibility into existing client relationships. We're now seeing deals in the pipeline that we thought would max out at \$200K, based on just the producer's client contact, becoming \$400K opportunities because Microsoft Dynamics CRM enabled the account management team to share up-sells revealed by their day-to-day interactions with other people at the account. In addition, we've been able to accelerate the sales cycle by using CRM to proactively view upcoming selling activities and assign the right resources at the right time."

*Jeff Kiely, Vice President of Sales,
Trion Group Inc., a leading employee benefits
consulting and administration firm*

"Microsoft Dynamics CRM makes it simple for team members to share all types of information related to a particular account. This is especially important for large accounts where there are many pieces moving at once—Microsoft Dynamics CRM lets salespeople track customer communications and share tasks so that everyone is apprised of the account status."

*Andrew Wilkinson, Global CRM Manager,
ProCurve Networking by HP*

crippling problems. You can also analyze purchase patterns to discover other products that might profitably be offered to the customer during other interactions, and supply this data to the relevant people.

Leverage CRM's marketing and sales automation capabilities to create repeatable two-way communications processes. Don't overlook any source of information. Many companies are now using one or more of the burgeoning varieties of social media for both communications and intelligence gathering. Use CRM to build processes that make it easy for this data to reach everyone who deals with customers. If your CRM solution offers the necessary flexibility and integration support, you can use both public sites like LinkedIn, Twitter, and Facebook and custom interactive portals to not only help keep you at top of mind, but monitor your standing in your customer's eyes, and help the sales team to close more sales.

Another best practice is to look closely at the hand-off from marketing to sales, a weak point for many companies. Develop processes to make sure nothing falls through the cracks at this critical juncture; these will increase follow-up and your conversion rate, keeping your pipeline full and boosting revenue. You want a seamless transition to lead management processes that continue engaging the customer, offering value in each interaction.

Key to unlocking the power of CRM is a focus on "many-to-many" relationships within your organization, especially in the sales process. Start with the built-in reports offered by your CRM solution, which should be designed "out of the box" to help you promote employee coordination and make sure that every opportunity is exposed and followed up. Build on your experience, and the information you can extract using predictive analytics, trending analysis, and data mining to support specific needs of your sales team in particular. For instance, based on your segmentation, you should create reports that enable sales executives to analyze the sales history and preferences of customers to help accelerate the pipeline, or coordinate across and within accounts to uncover the hidden wealth of upgrades and contract renewals, and promote cross-selling and up-selling. Other reports should help focus sales on those engagements most likely to produce revenue; this will also make it possible to change that focus quickly to deal with turbulent market conditions. In all cases, your goal should be to identify repeatable sales processes and turn them into workflow-based best practices, which will deliver a higher close rate.

Customer service is often an under-utilized resource, especially if it has historically been viewed as a cost center. Make customer service a profit center instead by leveraging CRM analytics to arm service agents with the information they need to also upsell and cross-sell customers. Integrate CRM into your contact center to ensure that every customer touch is personalized from the start. Every service representative should have the complete history of a customer's current and past service requests at his or her fingertips. Build service processes that prioritize customers with outstanding issues and route them to the appropriate

"As the economy falters, we're seeing more and more customers look to various social media—which are already top-of-mind—as low-cost entry points for getting more from their Microsoft Dynamics CRM system. For customer service applications, we're already leveraging technologies like Commerce Server or SharePoint to build solutions that integrate wikis, chat, message boards, and other channels into CRM, but the possibilities are endless. For instance, a portal that publishes customer ratings of customer service representatives could build loyalty and help customers identify who best to contact about a specific problem."

John Yaggie, Senior Director CRM Capabilities for North America, Avanade Inc.

service level automatically. Here also, a flexible CRM solution can help you leverage the highly-interactive nature of social media to build and maintain a solid customer relationship at a relatively low cost.

The next step is to create product and contract management workflows that turn service into sales by empowering your customer service representatives with an array of targeted offerings such as timely warranty renewals, associated products, and upgrades. Build triggers into accounts to prompt brief customer satisfaction surveys by service representatives, or through follow-up via email or other channels. Channel this information—key indicators such as the Net Promoter Score or other measures of customer satisfaction—into marketing dashboards to give your marketing team additional agility

"The many-to-many relationship feature in Microsoft Dynamics CRM 4.0 gives our employees the ability to effectively coordinate across numerous accounts with multiple sales opportunities."

*Steve Acterman, Director of Corporate IT,
Volt Information Sciences, Inc.*

Finding & Closing New Customers

New buyers of your products or services are out there even in difficult times. In fact, the turbulence that results from a down market arises in part from the seismic shift in buyer values that necessity sparks. If you can identify those core values and needs, and effectively market and sell to them, you will find customers that are willing to try your offering or switch to your product. When you're going after existing market share, CRM can enable you to exploit incoming information more effectively than your competitors, putting you inside their decision-making loop and displacing them in the customer's budget.

How can we efficiently locate, market to, and develop new leads and opportunities?

When the road gets bumpy, you have to work smarter. You want your sales and marketing teams to be able to concentrate on finding and developing new customers and revenue opportunities, rather than spending time on processes that would better be automated. Key to this is being able to coordinate all the data sources you have in order to identify, market to, and sell to new customers, and to develop workflows that keep things moving smoothly. If your CRM solution supports the necessary workflow capabilities, consider developing a best-practices library of business processes based on expert marketing, sales, or customer service experience. Employees at all skill levels and in different localities can tweak these processes and use them as building blocks to develop workflows that accommodate their particular needs.

"We track opportunities we see three to five years in the future, and then, over time, we narrow them down to make a decision about what we should pursue next year. By making it easy for company leaders to share information about opportunities and track them using consistent methodology, Microsoft Dynamics CRM gives us the ability to manage that process properly."

*William Barkovic, Vice President and CTO,
CALIBRE*

Developing New Leads with CRM

As part of your reassessment, you've already re-thought your value propositions, aiming to uncover compelling reasons why customers should care about your offering in a down economy. And, when concentrating on wallet share, you've put in place processes that help nurture open leads

Now you're looking to increase your lead pool, keeping in mind that, in a down economy, it's even more important to tailor lead generation activities to the realities of customer time and energy to make sure you offer real value. New business can come via many different channels, among them email lists, networking, seminars, trade shows. If your CRM solution has the right "hooks," online data sources such as Hoovers and ZoomInfo can yield lists of new prospects with very little effort. And, don't overlook the CRM integration offered by leading third-party lead-generation sites, which can multiply the effectiveness of your marketing and lead development.

Now more than ever, the ability to run an integrated, multi-channel campaign is critical—every touch, and its result, matters. By making it easier to bring data from all those channels together, CRM gives you both the in-depth understanding and the agility you need to take quick action when opportunity knocks. And, as noted above, look for ways to use the new social media. Sharing customer relationships revealed by social network sites, or even just a brief message on a forum or blog, may alert your sales team to a foot-in-the-door opportunity.

The qualified leads you develop are just the start of the sales pipeline. A fundamental best practice in new lead development requires a change of culture in addition to CRM smarts. Encourage sales to be more proactive, not merely reliant on marketing for leads. Build dashboards and processes that make it easy for salespeople to segment and massage lead data, use advanced segmentation tools to create views, and run queries to generate their own prospects and activities. Competitive information, including SWOT analysis, can be the starting point for web searches that can uncover new business, as can information garnered from the online data sources mentioned above, or even the less formal social networks—increasingly one of sales' most powerful prospecting tools.

This data can also give sales a leg up in researching a prospect while preparing for meetings, enabling them to make a bright first impression, and maintain their momentum as the sales process proceeds. Lastly, but certainly not least, by enabling your sales team to share what they've learned in the field, you create a powerful collaborative environment that can greatly accelerate the pipeline and boost your close rate.

"The down economy tends to reduce attendance at our seminars and conferences, which are a major tool for lead generation and development. But with Microsoft Dynamics CRM, we can tailor our event content and outreach by zip code—that is, travel time—to maximize their impact, so that someone who can only attend for an hour still gets value, while day-long attendees aren't stinted. So we've seen much less impact from the economic downturn here than we would have before we had this capability."

*James Liggins, Director of Sales and Marketing,
COLA*

"Sales can extend its reach by integrating social networking information from sites like Facebook or LinkedIn with CRM data to create a visual representation of how customers interact with similar prospects, or their own customers. This could light up many additional potential sales."

*John Yaggie, Senior Director CRM Capabilities
for North America, Avanade Inc.*

Summary: Boosting Revenue with Microsoft Dynamics® CRM

Just because times are challenging doesn't mean your company can't thrive. By shifting focus towards your customers and their evolving needs, you can join the ranks of the successful companies that follow three focused steps to create opportunities for growth even in difficult times. First, continually reassess the relevance of your marketing in light of your existing and potential customers' changing priorities. Second, expand your wallet share with existing customers by optimizing the customer experience at every touch. And third, increase revenue by aggressively seeking out and developing new leads and opportunities.

Microsoft Dynamics® CRM is an integrated customer relationship management solution that offers the capabilities you need to accomplish these steps. It enables marketing, sales, customer service and other departments to connect and collaborate to boost revenue and thrive in a down economy. Its familiar Microsoft Office Outlook® user experience speeds adoption of the new processes needed and improves productivity, while its flexibility helps ensure the optimal use of your technology dollars when confronting the demands of a struggling economy. And, you can leverage many other Microsoft technologies, such as Microsoft Office SharePoint® and Microsoft Commerce Server, to more effectively communicate with customers, both individually and en masse, and make sure you remain top-of-mind in their budget priorities..

"With Microsoft [Dynamics] CRM [4.0] we have the right base tool in place to strengthen and grow our business."

*Chris Dill, Vice President and CIO,
The Portland Trail Blazers*

Offering a 360-degree view across your business, Microsoft Dynamics CRM breaks down business barriers to give everyone who touches a customer the information they need to build stronger relationships and boost customer loyalty. Marketing gains the insight it needs to tune your value propositions to appeal to customers who are reassessing their needs in the face of economic turmoil. Sales gets greater visibility into existing client relationships to increase wallet share, and access to more information about prospects from a variety of sources, including online data sources, for better lead development and an increased revenue stream. Customer service can become a profit center, and supply information gained from service contacts that marketing and sales can use to fine-tune their approach. From beginning to end, and across your entire company, Microsoft Dynamics CRM can give you the dynamic business insight you need to prosper during hard times, and position yourself for the opportunities that will come with recovery.

For more information, visit www.microsoft.com/dynamics/crm

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