

Who Needs A Customer Relationship Management System and Why?

By Ralph Ceccarelli

Plain and simple, if your company has repeat customers and/or leads, then you need a Customer Relationship Management (CRM) software system. At the very least, your company should be tracking basic information about your customers, including names, addresses, demographics and purchasing trends to name just a few. Today, most companies already have a client database that gives them the basics, but CRM solutions really take this raw data and kick it up a notch, by going one step further.

A CRM tool allows you to manage all your contacts and enhance your customer satisfaction by centralizing all the data pertinent to that account for example you can record important information regarding what product/service they have purchased, record the history of communication between your company and the customer, drag and drop attachments to an account, create and track pending opportunities with the customer, analyze reports based on numerous customer criteria and the list continues.

How do you know if you need one? Some of the key questions to ask yourself in determining whether or not to invest in a CRM solution include:

1. Do you have a way to track what your salespeople are doing or how efficiently they are using their time?
2. Do you have a need to formalize sales processes once your salespeople find a prospect?
3. Can you forecast your sales pipeline? If so, how accurate is it?
4. Is it becoming difficult to keep track of your last communication with a given client/prospect?
5. Do you have a method of mass marketing to your customers/prospects?
6. Can you study / market to customer demographics that are important to your business?

If any of these points hit home, then it's probably time to begin looking at investing in a CRM solution for your business.

Which system is better: purchased software or software as a service (SAAS)? As you read this article, the debate rages on. There are pros and cons to both purchasing individual software and renting software as a service. The answer lies in each individual business's specific priorities.

A couple of things to consider are that SAAS or hosted systems are easier to deploy and provide lower upfront investments, however, the total cost of ownership tends to be higher than purchased solutions after the five year mark. Purchased software solutions provide a stronger sense of security because you own the data, it's easier to customize, and it provides stronger integrations with other software applications (i.e. e-mail, word processing, reporting, etc), however, it carries a higher upfront cost.

Deciding between the two options can be based solely on preference. Therefore, here are some questions prospective CRM buyers need to ask themselves when evaluating this technology.

1. How many users will I need within the next five years?
2. How much data will I be managing and will speed become an issue?
3. How often will I need to download my database to interface with other applications, run custom reports, etc.?
4. Will I need to customize the software or does the hosted application meet all my requirements today through the next five years?
5. Will I need to integrate mobile devices (i.e. Blackberry), or other applications (i.e. e-mail) to my hosted system?
6. In the current volatile economic environment, how can I protect my data should anything happen to the software publisher?

One of the best things you can do is seek professional help. Ask them the questions mentioned above to learn if CRM is right for you. Software resellers are able to discuss in detail CRM capabilities and how it works for your company. They consult, implement, train and customize the program to fit your needs. Once you've figured out your preferences you can get started on managing your database with ease.

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