



STEP-BY-STEP  
GUIDE:

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# **BUILDING A BUSINESS CASE FOR CRM**



Building a business case is an essential step in any CRM procurement project, but it is all too often rushed, glossed over, or ignored altogether. Typically CRM advocates within a business are keen to rush to the next stage of understanding the business' requirements. They assess vendors, put together a shortlist, meet them all, compare and contrast features and benefits, make their recommendations to the Board, and are then disappointed when the business decides not to make the investment.

The reasons for their enthusiasm are understandable. They are advocates and as such they are already convinced of the need for a CRM system. Perhaps they have seen one in action in a previous role or have heard of the benefits in a media article or from someone they met at a conference. They just want to get on, select the best provider, and start making the company operate better.

The problem is that they are pushing for an investment that is likely to be significant - significant in license and implementation costs, and in the amount of effort required by the organization. Very few Boards are going to simply wave it through; most will want to see a robust business case, based on rigorous research and presented with clarity. Fail to do this and your CRM project will never get off the ground.

It is not easy to do. Often it requires executives to raise their perspective from their area of business, be it sales, customer support, marketing or some other area. They need to present a rounded view of the costs and benefits, and so need to invest time in building their case. However, it is time well spent: not only will it make it likely the CRM project is approved, but once it is implemented it will have clearly defined objectives and success criteria, making it far more likely that it will deliver as required.

THERE ARE **TEN ESSENTIAL STEPS** TO FOLLOW IN  
ORDER TO BUILD A COMPELLING BUSINESS CASE FOR CRM.





## Step 1

# UNDERSTAND YOUR DESIRED BUSINESS OUTCOMES

Begin with a clear idea of

## YOUR INTENDED DESTINATION

and you are far more likely to get there.

The first step is always to understand the improvements you would like to make to your business. Whether you are investing in your first CRM solution or are upgrading from another one, there needs to be a clear objective, and you need to be able to describe it precisely.

Typically there are four business outcomes that a CRM system can deliver: revenue growth; improved quality of service and customer experience; lower operational costs; and enhanced visibility of key business information to inform and improve business decision-making.

For most organizations it is a mix of all four, but it is important to assess at the outset what is most important to your organization.

## Step 2

# ASSESS THE REQUIRED CHANGES

You then need to

## LOOK CAREFULLY AT THE ORGANIZATION TODAY TO WORK OUT WHAT IT NEEDS TO DO OR CHANGE

in order to achieve those outcomes.

In part this is about understanding current pain points. What is not working as well as it should? Are there cross-selling opportunities you are missing? Are too many calls from customers left unanswered? Do you waste money on unnecessary travel? Whatever it is that could work better within your organization, describe it clearly at this stage as it is a crucial element in making your business case.

Bear in mind also that a CRM system should do more than help tackle pain points. It should also create new and previously unexpected opportunities. What impact could improved technology have on your business? If the finance function could access approved sales quotes how much could this speed up invoicing, and what effect might that have on the organization's cashflow? Or if you integrated your CRM with your resource planning software to give the production function a view of buyer behavior, how much more agile could your manufacturing processes become?

All too often CRM is seen as a tool for the sales function, perhaps incorporating some elements of marketing's work. Beginning from this perspective weakens the business case and limits the potential of the eventual implementation. It is far better to begin with a broader perspective, encompassing the full scope of improvements that a CRM system could make.



### WITH CRM, YOU CAN BETTER...

manage sales opportunities, improve conversion, drive best practice across the team and grow revenue.



## Step 3

# UNDERSTAND THE MARKET CONTEXT

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## THE SMARTEST BUSINESS DECISIONS ARE ALWAYS MADE IN CONTEXT.

Understand how competitors are using CRM and you may gain a more compelling view of how CRM could help you keep up with them or gain important competitive advantage over them. It may quickly become clear that not making the investment would be the more expensive option.

Equally, understand how your customers see you and the case for CRM may suddenly become very strong. For example, one of our clients built their case for investment in CRM by surveying their customers, and discovering they had a highly negative view of their customer service. Our client was frustrated by the way issues in one part of the country were not shared elsewhere, so learnings were never replicated, and each time an issue arose they had to tackle it afresh. There was a clear and immediate need for a CRM system to provide that insight.

## Step 4

# MAP THROUGH TO COMMERCIAL BENEFITS

Armed with this research into current pain points, potential opportunities and market context, you are in a strong position to make a calculation of the likely commercial benefits that would result from investing in a CRM system.

It is important to consider all aspects. The headline figure tends to be the increase in revenue, and indeed these can be so impressive that there seems little need to continue the calculation: IDC studies show CRM projects yielding an immediate increase of 8% in revenues, 16% within two years, and a 2% margin improvement. These are not figures to be ignored.



### **YET, ANY ACCURATE CALCULATION MUST ALSO INCLUDE EFFICIENCY AND PRODUCTIVITY GAINS.**

Look at how much could be saved by automating sales reporting and forecasting, giving customer service agents an immediate single view of a customer's history, merging and standardizing marketing mailing lists, automating issuing of time-based payment reminders to customers, and so on.

## Step 5

### UNDERSTAND THE COSTS

No accurate calculation of ROI can ignore the costs, and it is far better to gain an accurate view early in the process of building a business case. Get accurate figures for the costs of initial implementation, license fees, on-going maintenance, and integration requirements.

**GOOD VENDORS  
WILL BE WILLING TO  
HELP YOU WORK OUT  
THESE FIGURES,**

**and they will underpin a realistic ROI calculation.**

## Step 6

### CALCULATE RETURN ON INVESTMENT

Now you have a clear view of both potential benefits and likely costs, you are in a strong position to calculate return on investment (ROI).

It is often striking how quickly a general sense that CRM could help, can be crystallized into a precise ROI figure by following this process. For example we worked with an online retailer that was growing so quickly that its customer service team was finding it hard to keep up with enquiries.

The team knew that it lacked the resource to handle every delivery or product complaint as quickly as it would like, but it was only when it calculated the ROI of a CRM implementation that it realized how significant the problem was.

It looked at the extent to which its online review scores were falling, and at the rate and scale at which advocates were turning into detractors, and when it mapped this information across to future lost revenue and profits, the figure was startling enough to make the investment in CRM an easy decision.

## Step 7

# DEFINE A BUDGET

You create your ROI multiple using a figure for the cost, but once you have that multiple

**YOU MAY DECIDE  
TO SCALE IT  
UP OR DOWN.**

If you can see that a \$50,000 investment will produce a return of 30, or \$1.5m, within five years then you may decide to scale that up to an investment of \$100,000 producing a return of \$3m. It is certainly an option you can put to the firm's budget-holders.

Remain realistic, however, about the costs, and seek advice from vendors. Scaling up or down may shift the ROI multiple. Typically, larger implementations achieve efficiencies of scale and so produce greater returns, but as we have seen above it is both desirable and possible to be precise with your calculation about how it specifically applies to your business.

Once you have clarity on the budget, you are ready to move onto the next stages of your procurement process: understanding your requirements and selecting your vendor. The good news is that you have already done much of the groundwork.

## Step 8

# FUTURE-PROOF YOUR CASE

CRM should be viewed over a five-year period. Our customers typically achieve very quick wins, but the full benefits develop and grow over a longer time. In presenting your case for this type of strategic investment you need to consider change, both to the business and the technology.

While no one of us can accurately predict the future, it is important to try to assess how the business will evolve and explain how the CRM system will cope, and help with those changes. Will it expand into new sectors or territories? Will turnover increase significantly? Will new competitive threats emerge? The right CRM solution will play an important role in any of those changes, and in many more besides, so ensure you have factored that in.



**IN THE SAME WAY, CRM TECHNOLOGY HAS CHANGED SIGNIFICANTLY IN THE PAST FIVE YEARS,** so how

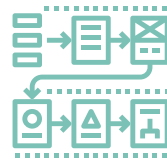
will it change in the five years ahead? The vendors you assess should be able to give you a view of what is on the horizon and how it will affect your implementation.

## Step 9

# FOCUS ON YOUR STRONGEST POINTS

It's a truism that when selling a story you should do it in threes, and making the case for CRM is no exception. Be careful not to overwhelm your audience with too much information, and instead pick out the three most compelling benefits. Typically these will be the quickest and easiest wins which produce the greatest return. Highlight these in your proposal and it will be hard for the Board not to approve the investment.

It is of course, not only the Board you need to convince. You will also need to make the case to colleagues, many of whom will be sceptical of this new system.



**HIGHLIGHTING THE QUICKEST, EASIEST AND MOST SIGNIFICANT WAYS** it will simplify people's jobs, reduce the administrative burden, enable more sales and so on, is the best way to get everyone from the Board down excited and to ensure high levels of early adoption.

## Step 10

# IDENTIFY AND INVOLVE KEY STAKEHOLDERS

Finally, once you have prepared your case

**YOU NEED TO PRESENT IT TO THE RIGHT PEOPLE.**

Involve the most senior people you can, even if they have no budget sign-off on this project – you will need their buy-in when it comes to implementation and encouraging take-up throughout the organization.

Think too about who at a senior level might be prepared to sponsor your proposal. Having this sort of senior-level advocacy can add weight to your proposal, and this person should also be a good source of advice on what to include and how to present it.





## *Time* **TO BEGIN**

There is then much to be done. Building a business case for CRM is no small matter, and for many people it is too daunting a task. They give up, either rushing to select a provider and planning an implementation that will never get budget approval and so never happen, or choose to give up and soldier on with all the inefficiencies and wasted opportunities they always have.

If you too are feeling overwhelmed by the task at hand bear in mind two final points. Firstly, help is available. Any CRM vendor will be happy to work with you in building up this case, and their long expertise of implementations across sectors and in different types of companies should be very useful in assessing likely benefits and costs.

Secondly, it will be worth it. Your CRM system will transform the way your business operates. It will help you win more customers, and keep the ones you have, boosting revenues. It will reduce, if not remove, inefficiencies across the organization. It will increase profits, and improve the working lives of your colleagues.

**The potential rewards of CRM are great, and the ten steps outlined in this paper show the route to those rewards.**

**ALL IT TAKES NOW IS  
FOR YOU TO BEGIN.**