Chapter 1

Taking a First Look at Microsoft CRM 4

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Personal information managers (PIM) and contact management systems (CMS) were introduced in the mid-1980s. Both PIM and CMS enabled you to organize the names, addresses, and phone numbers for all of your business contacts. PIMs were superseded by sales force automation (SFA) systems in the late 1980s. Products such as ACT and GoldMine initially combined scheduling functions with contact management. By the mid-1990s, these systems evolved into simple customer relationship management (CRM) systems, attempting to involve not just salespeople but also customer service and management.

Microsoft Dynamics CRM 4 (that's the official name) is the next generation of CRM systems. Microsoft CRM is based on .NET (pronounced *dot-net)* technology, pioneered by Microsoft. Not only does Microsoft CRM have functionality for sales, customer service, and now marketing, it takes great advantage of the Internet, or more specifically, Web services. This Web service focus is what defines the .NET strategy. In a nutshell, Web services enable applications to be easily integrated, rapidly configured to meet your business needs, and extended to both internal and external users.

Tracking Your Contacts

Microsoft CRM has a record type or entity called a *contact*. A contact, in this sense, is a person. It's a concept taken from Microsoft Outlook. In fact, contact records from Outlook are directly transferable into contact records in Microsoft CRM.

Microsoft CRM calls company records *accounts*. Companies (accounts) and the people who work at each of them (contacts) can be related to one another within the system.

A *contact* is a person and an *account* is a company. A *customer* is either a person or a company.

We often hear company executives say that their most important corporate asset is their database of prospects and clients. We couldn't agree more. Neglecting, for the moment, all the powerful tools within CRM, the most basic thing is what pays off the quickest. And *that* quick payoff results from having one central, organized, accessible, repository for all the information relating to your customers and prospects. Even if you never create any workflow rules, never connect the system to a Web site, or never automate your quotation system, you'll be miles ahead just by organizing your data into one coherent database.

You want to store other kinds of information in Microsoft CRM, too. The system is going to be your universal reference tool — your Rolodex, your personnel directory, and your Yellow Pages all in one place. You also want to have records for vendors, employees, and competitors.

In addition, Microsoft CRM holds important information that will help you manage and make better-informed decisions about your business. That information includes opportunities to track your sales cycles, cases to track customer service issues, and campaigns to track the results of your marketing campaigns.

Communicating with the Outside World

Far and away, the primary reason that companies lose accounts is that the customer thinks no one is paying attention. Microsoft CRM gives you the tools to counteract this perception, which, with regard to your firm, is certainly a wrong one. Right?

A handful of ways exist to communicate with customers, and CRM handles most of them:

- **Scheduling calls and appointments:** Of course, you'll schedule all of your calls and appointments using CRM through Outlook.
- **Faxing:** This is built into Microsoft CRM Small Business Edition.
- **E-mailing:** Outlook is the champion of all e-mail systems. It's practically the de facto standard. Whether you're operating in online or offline mode, you have the ability to integrate your e-mail with the CRM system. This includes the ability to create e-mail templates and e-mail merge documents to rapidly communicate with your customers.
- **Printing:** You can merge and print letters as long as you have Microsoft Word (which, as part of the Microsoft family of products, is well-integrated with CRM).

Integrating with Accounting

In the early years of CRM systems, many companies were reluctant to allow their salespeople access to accounting information. Fortunately, the pendulum has swung back, with the best thinkers realizing that it's helpful for salespeople to have more knowledge, not less. Microsoft has developed links to a line of applications it owns called Dynamics (of which Microsoft Dynamics CRM is a part). These links include the ability to share customer, product, invoice, and billing information.

TIP

Links to other accounting packages, such as those from Intuit and Sage SAP, are provided by third-party developers.

Why integrate?

Surely no sales manager wants his or her people spending their time trying to close another deal with an existing customer when that customer hasn't paid for the previous six orders stretching over the last eight months. Nor would a discerning sales manager want a salesperson quoting a deal that would put customers over their existing credit limit without taking the credit situation into account. By integrating Microsoft CRM with your accounting system, your users and sales managers have the information they need to avoid these situations.

Conversely, before a credit manager calls an existing client in an effort to collect a past-due payment, it may be important for the manager to understand that the sales department is on the verge of closing a megadeal with that very same client. Although the credit department would certainly want to collect that money, understanding the current sales situation may affect how the credit manager's conversation is conducted.

Other accounting systems

Most competitors claim to have integration with one or more accounting packages. Most of the time, a third party does this integration, and that situation has some major disadvantages. If you're relying on three separate companies — your CRM vendor, your accounting vendor, and a third-party developer — to coordinate your front-office and back-office operations, you could be in trouble.

One of the ongoing problems occurs when your CRM vendor or your accounting vendor upgrades. That upgrade immediately requires an upgrade to at least one of the other packages. Microsoft has gone a long way toward solving this dilemma because it controls both ends and the middle. Look for integration that is much better coordinated than what has been available in the past.

Setting Up Business Processes

One of the most powerful features in Microsoft CRM is workflow rules. These rules provide a way to automate many routine functions in your organization, such as following up with standard letters after an appointment or alerting members of your team to account-related deadlines.

If you prefer to have Microsoft CRM work for you, rather than you work for it, you should consider implementing workflow rules after you get past the initial effort of organizing all your data.

Every business has processes. Sometimes they aren't well documented, so they aren't obvious. An example of a process is how your company handles leads from prospective customers.

While designing and customizing your soon-to-be CRM system, you should also analyze (and improve) all of your processes.

Good process development has several basic principles:

- **Assigning tasks:** The first principle is properly assigning responsibility. Each task that needs to be accomplished should have one primary person assigned to it, not a team of people.

- **Feedback:** Every step of every task should be confirmed. Amazon.com has this procedure down pat. If you aren't sure about proper feedback, order a book from Amazon. Almost any *For Dummies* book will do. When you place the order, you get an order confirmation. When the book is shipped, you get a shipping confirmation. And you may very well get some after-the-fact follow-up. (All in an effort, of course, to sell you more books). Their process is well done, and you may want to pattern your processes after theirs.
- **Escalation:** Just because a phone call is assigned, don't assume that it will be completed. Plan your processes under the assumption that, even with the best of intentions, things fall through the cracks. Give each team member a reasonable amount of time to accomplish a task. If the task isn't completed, make sure that the next person on your organization chart is notified. Continue escalating and notifying until something is done about the situation.
- **Reporting and measuring:** It isn't a real process unless you can measure it and then improve it. Design into each process an appropriate report that allows the necessary analysis that leads to continual improvement. A good way to begin designing a process is to mock up the reports first. These reports help determine what data is necessary for proper tracking.

With workflow rules, you can program the business process you design. Workflow rules can access any of the data files in Microsoft CRM and create activities for your users or send out correspondence through fax or e-mail. These rules can notify you of overdue activities and can escalate important issues.

Implementing business processes within the scope of workflow rules is the heart and mind of a good CRM system and is also probably the most underutilized area of CRM. Too often, companies relax after their data is properly imported and their users have received a little training. Properly implemented workflow rules will pay you back for your investment many times over. Do not neglect this powerful feature!

Coordinating Microsoft CRM with Your Success Plan

A disappointing number of CRM projects don't live up to their expectations. The first issue to consider is the one of expectations. The second issue involves planning.

If all your expectations are built on what you heard from your salesperson or what you read in the promotional materials, you may be in for an unpleasant surprise. And, of course, the old axiom applies: If you fail to plan, you plan to fail. Microsoft has released a comprehensive CRM planning guide. It's available on their Web site at www.microsoft.com/downloads/thankyou.aspx?familyId=1ceb5e01-de9f-48c0-8ce2-51633ebf4714&displayLang=en, or at www.consultcore.com/dummies.htm

Defining your goals

You may be tempted to wing it. Maybe someone promised the sales staff that a system would be in place before the next annual sales meeting, and that was 11 months ago. If you're thinking you have a month to buy the software and get it implemented, forget about it. You should do your project in bite-sized chunks, with measurable goals at each step.

The first step in a project with the complexity of a Microsoft CRM implementation is to do a needs analysis. Most of the more sophisticated dealers do this for you, although you should expect to pay for it. Some dealers offer a free needs analysis. Remember, you always get what you pay for.

A true needs analysis involves interviewing representatives from each department that will be using the system. It involves collecting a considerable amount of information on what is being done at your company today and how you want that to change. It involves determining what software may meet your requirements and doesn't presume that it's necessarily Microsoft CRM or any other system. A needs analysis includes detailed pricing, schedules, and the assignment of responsibilities.

We think a good needs analysis (or at least a detailed, written plan) is an essential ingredient to a successful implementation.

Making Microsoft CRM part of your client-retention program

Out of the box, Microsoft CRM comes prepared to assist you with closing business with new customers. It has records for leads that are expected to grow into opportunities. It has fields in the account and contact records that are meant to assist you in organizing your efforts to make a deal.

With a little forethought and customizing, you can use Microsoft CRM to ensure that you keep the customers you already have. CRM vendors have put little emphasis on customer retention, but it is relatively simple and will provide that return on your investment that everyone looks forward to generating.

Microsoft provides some documents that you can refer to if you decide to go it alone. Look in the *Planning Guide* for basic planning documents to make sure you get the most out of your system. The Planning Guide can be downloaded for free from `www.consultcore.com/dummies.htm`

Implementing a pilot program

Everyone is conservative by nature when thinking about spending money. So a pilot program is often a useful way to make sure the project will be successful. Typically, a pilot program involves a select group of users, not the entire company. If you're going to go this route, make it a representative sample, not just the brightest or most enthusiastic people and not just people in one small department.

Many projects never get beyond the pilot stage because a hundred or a thousand steps are needed to implement any project like this successfully. Invariably, as the pilot project struggles to the finish line, you find two or three nagging items that have not been conquered. And these unresolved items are what everyone is suddenly focused on. In some people's minds, these unfinished items remain a good reason to declare failure or to refuse to move on to the full rollout.

Before beginning the pilot, you must define what determines success. Write these conditions down and make them known to all. If they're met, trigger full rollout automatically.

Live versus On-Premise

Probably the most significant development in version 4 is the appearance of the Live version of Microsoft CRM. *Live* actually just means *hosted* or is sometimes also referred to as s*oftware as a service (or SaaS)*. All of this terminology comes down to one thing: with Live, you don't buy it, you rent it. The On-Premise version is the more traditional, "you buy it, you install it, you own it" variety.

With Microsoft CRM Live, you don't own the software. Instead, you temporarily (as long as you keep paying) own the right to use the software on someone else's server, either a third-party hosting company's server or Microsoft's itself.

Everything seems to come full circle. In the beginning of the computer era, software ran on big, mainframe servers, and we all shared time on them. Then, in the early '80s, the IBM PC revolutionized how we all computed. Suddenly, we were all one-on-one with our own computers. And that gave most of us a feeling of control over what we were doing. There was no longer any pleading with a computer operator to please, please load the tape that has the data we need.

Operating systems and software became so complicated by the late '90s that there was a movement toward leaving the management of servers and software to hosting companies. In the CRM field, this movement was lead by Salesforce.com, the pioneer in hosted CRM. Microsoft's response to the growing enthusiasm for hosted systems is CRM Live. The landscape is a bit more crowded now, however, with entries from Entellium and from Kyliptix.

There are several concerns among people considering whether to adopt a hosted version or an On-Premise version, including:

- Security
- Access
- Total cost of ownership

These are discussed in greater detail in the next few sections.

Security

Many people had an initial unease about having some unknown person or entity managing their most critical data — namely, their customer lists. This author was among those with that skepticism. But we need to look at the reality.

Most organizations, especially smaller ones, don't have the sophisticated kind of data centers that hosting companies possess. Good hosting companies do daily backups, have server redundancy, have multiple hosting sites in case of natural disaster, and have disaster recovery plans. The good ones always keep their operating systems current and update the application software you're using with the most current patches.

If your organization doesn't have the resources to do all of this, your skepticism should be tempered by the realization that your data is probably more secure with a professional hosting company than it is being managed by the boss's brother-in-law who comes in one evening a week.

Access

Another issue with hosted systems is actually getting to the data. If you don't have Internet access you can't log into the system. Yes, there is an offline version of CRM, which is discussed below. However, many people believe it's critical for them to work with their data even when no Internet is available. Let's be honest with ourselves here. There are very few places most of us go without access to the Internet. Okay, airplanes, at least so far, although several major airlines have recently announced plans to provide in-flight Internet access.

Typically, whether you're at home, in a hotel room, at a customer site, or at the local coffee shop or burger joint, some kind of Internet access is almost always available. This argument about needing consistent access is becoming less and less tenable.

Total cost of ownership

How do the costs between owning and renting compare? Typically, CRM systems, and software in general, has a life expectancy of three to seven years. How long you use a particular piece of software has a profound effect on its cost of ownership and how well renting compares to buying.

In general, if you're going to use the software for only a short time (24-36 months or less) renting is almost always the more cost-effective approach. However, there are many factors. We have designed a spreadsheet you can use to analyze your situation. The spreadsheet allows you to enter your own numbers and then displays a graphic illustrating the five-year comparative costs of hosted vs On-Premise software. You can download the spreadsheet for your own use at `www.consultcore.com/dummies.htm`. Figure 1-1 illustrates a typical scenario. In the figure, we used $59 per month per user as the hosted cost and a little over $1,000 per license for the purchase option.

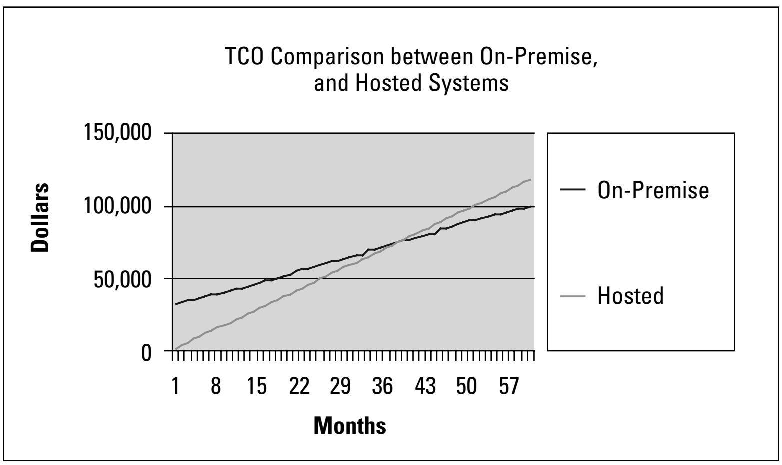
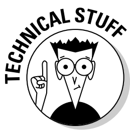


Figure 1-1: The total cost for a 25-user hosted system versus that same system On-Premise.

Being Mobile

So, what do you do when you're on an airplane from New York to Johannesburg for 16 hours without Internet access? Well, we suggest you read a book or watch a movie, but if you really need to be productive, you can be. Microsoft CRM provides offline access to your CRM data.

You can select the data you need to take with you on the road and download it to your laptop via Outlook. While disconnected, you can review and update data related to your accounts. When your feet are back on the ground and you have Internet access, you can synchronize your data with the Microsoft CRM server.



Microsoft CRM Mobile — as of this writing (spring 2008) the CRM Mobile functionality that allowed you access via various handheld devices, such as BlackBerries and Treos, hasn't yet been released for version 4. If you want to operate remotely with a handheld device, keep your eye out for Microsoft's release, which is imminent, or you can search out a third-party product.

Server Editions

Every server running Microsoft CRM 4 requires a server license. Three levels of licenses are available:

- Workgroup
- Professional
- Enterprise

These are discussed more fully in the next few sections. There ought to be a convenient and cost-effective path to upgrade from one level to the next. There doesn't seem to be, so your initial purchase decision needs to be well considered.

Workgroup

The Workgroup Server license is intended for the smallest organizations. You get five user licenses, and that's it. You can't expanded it beyond five. This is a competitive and cost-effective approach if you're certain you won't ever grow beyond this number. If you do outgrow the Workgroup Server license, you'll need to buy either a Professional or an Enterprise license.

Workgroup Server runs on Windows Server 2003 and Windows Small Business Server 2003.

Professional

If you "go Professional," you're limited only by the number of user licenses you purchase — and you can always buy more as you grow. The Professional license supports *single tenancy,* which means you can install only one copy of the software on one server. Although that may sound like the right ticket, the Enterprise license provides a lot more flexibility and power.

Professional runs on Windows Server 2003 and Windows Small Business Server 2003.

Enterprise

The whole "multi" family comes into play when you own the Enterprise Server license. This applies to multi-tenancy, multi-currency, and multi-language. Even if you have no intention of being a hosting center for other companies, you can have a complete test bed with the Enterprise license. That means you could have a development version, a test version, and a production of CRM. That's a good thing!

If you operate in several countries, you can take advantage of multiple currencies and multiple languages. John in New York can work in English and enter forecasts in dollars while Miguel in Buenos Aires can work in Spanish and enter his forecasts in pesos.

Migrating from one version to another

As of this writing, Microsoft just doesn't have a good plan for migrating from one version to another. For example, if you outgrow the Professional Server and now want the Enterprise Server, you need to buy and install Enterprise Server *without any credit for the fact that you already own most of it*. So, you and your CRM analyst need to do the best possible job of planning for future growth.

We haven't seen a good migration plan from the Live version to On-Premise either. All in due time, probably. We almost always recommend the Enterprise Server. You won't be likely to outgrow that one!

Using Microsoft CRM Successfully

The difference between a successful implementation and a flop is often the investment of a little more time, thought, money, and commitment. Microsoft CRM won't let you down as long as you do the following:

- **Have a needs analysis completed by a competent dealer.** Spend the money. It's well worth it.
- **Make sure that every user finds an advantage to using the system.** Otherwise, you won't get good acceptance or consistent use, which will inevitably lead to the collapse of the system. You have to sell your team on it. Solicit ideas from team members. Have each of them invest in the effort.
- **Plan your technology infrastructure.** Microsoft CRM demands a series of servers (or at least a Small Business server) and good network connectivity. You may need to update your operating systems and install SQL and Exchange servers.
- **Organize your existing data.** You probably have your data in more places and formats than you realize. Take a survey of all your users so you know the location of all the data. Plan to eliminate unnecessary records and collect as much missing information as possible.
- **Install your Microsoft CRM software and customize it with regard to any additional fields and reports you need.**
- **Set up your organizational structure with business units, roles, and teams.**
- **Import all the data and train your users almost simultaneously.** As soon as training is complete, you want your users to have immediate access to their own data so they can start using it before they forget what they learned in class.
- **Don't take your eyes off of your data.** As soon as you turn your back on the data, it will turn into garbage. Put someone in charge of data integrity.
- **Plan to continually improve the system.** The system will never be finished and will never be perfect. It's a process that evolves and changes as your organization changes. Don't lose sight of where you came from.