

Chapter 1

Taking a First Look at Microsoft CRM 3

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Personal Information Managers (PIM) and Contact Management Systems (CMS) were introduced in the mid-1980s. Both PIM and CMS systems enabled you to organize the names, addresses, and phone numbers for all 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 PIMs were superseded by Sales Force Automation (SFA) systems in the late 1980s.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 3.0 (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 is 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 will 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 will be scheduling all your calls and all your 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 is practically the de facto standard. Whether you are 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 information, product information, and invoice and billing information.



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 has not 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 are relying on three separate companies — your CRM vendor, your accounting vendor, and a third-party developer — to keep your front-office and back-office operation coordinated, 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 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're not 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 has been 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 processes 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.

Some of the best new stuff in Version 3

Chapter 29 details the ten best new features in this Version of Microsoft CRM. Microsoft made a quantum leap with Version 3 — so much so that they decided to forego calling this latest release Version 2. (Versions 1.0 and 1.2 are the immediate predecessors of this version.)

Microsoft has worked to improve usability and has increased functionality. Both were major issues before, and both issues should now be laid to rest.

In addition, there aren't nearly as many separate windows to click through. It's harder to get

lost inside the system. More information is displayed in each window. All good things.

Marketing has been added. The Advanced Find feature now let's you locate records much more easily and across more than just one entity. After you've created a good search query, you can save it for future use. CRM integrates nicely with both Word and Excel, and you will probably make extensive use of this connection when writing quotes and reports.

The very best thing is that Version 3 is a pleasure to use.

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 under-utilized 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 or at www.ccc24k.com.

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. That was 11 months ago. If you're thinking you have a month to buy the software and get it implemented, forget about it. Your project should be done 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 will 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 does not presume that it is necessarily Microsoft CRM or any other system. A needs analysis includes detailed pricing, schedules, and the assignment of responsibilities.

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.

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

Microsoft provides some documents if you decide to go it alone. Look in the *Implementation Guide* for basic planning documents to make sure you get the most out of your system,

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.

Most 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 a pilot, you must define what determines success. These conditions must be written down and known to all. If they are met, full rollout should be triggered automatically.

Deciding Whether Microsoft CRM Fits Your Needs

Microsoft CRM is not for everyone, but it's inevitable that an enormous wave of companies will adopt it. It will probably achieve a critical mass, much like other Microsoft applications, and may eventually become the de facto standard for CRM.

Microsoft has targeted Outlook users. If you're comfortably using Outlook to maintain your list of contacts and to handle your e-mail, you should become a satisfied user of Microsoft CRM. The look and feel of Outlook has been transferred into the Outlook version of Microsoft CRM. And Microsoft has provided an import facility for transferring your Outlook data into Microsoft CRM.

If you are coming from one of the enterprise-level CRM systems, such as Siebel or Oracle, you will be impressed with the relative ease and user-friendliness of Microsoft CRM — as well as the ability for Microsoft CRM to adapt to the way you do business as opposed to the other way around.

If you are a salesperson who operates more on your own than as a member of a team, you will be right at home. The security built into the system will provide you with a sense of well-being, and you'll have just enough ability to coordinate activities with other members of your team when you are compelled to do so.

On the other hand, if your experience is with another CRM package (such as ACT or GoldMine) that was built for small to medium-sized businesses, you are about to enter a new world. Your first issue will be getting your existing data into Microsoft CRM, which is no easy task. See Chapter 28 for a discussion of third-party add-ons that address this problem.

Some of the basic calendar and literature management functionality that you are accustomed to are just plain missing. If you are used to looking up other people's schedules, you will need to learn a new way of handling this.

If you have five or fewer people using the system, you'll probably find that setting up CRM is too expensive and technology-intensive. Enter Business Contact Manager, which Microsoft makes available for free for up to five users of Outlook 2003. Microsoft CRM will automatically import all data into Microsoft CRM when you grow into it.

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 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.

