

CRM – an Imperative for SMEs in a Downturn

The global economic downturn has been swift and widespread across all industries. The current challenging business conditions have brought a move to cut spending as companies use every means at their disposal to restrict or eliminate activities that will not improve sales or the bottom-line in the short term. While this has been understandable, cost reduction on its own will not steer a business safely through the economic downturn. Businesses also need to examine how they can safeguard revenues and profitability, and particularly within their own customer base.

What Can You Do?

Cutting costs while maintaining growth is a formidable challenge. To meet these goals, Small and Medium Businesses will need to look for practical solutions that will help them to drive productivity and increase effectiveness across their operations.

Increasingly, companies are turning to business software and Customer Relationship Management (CRM) applications in particular, to drive through the kind of operational improvements needed to survive and accelerate out of the downturn.

CRM

CRM is a company-wide business strategy designed to reduce costs and increase profitability by solidifying customer loyalty. True CRM brings together information from all data sources within an organisation to give one in-depth, holistic view of each customer in real time. This allows customer facing employees in such areas as sales, customer support, and marketing to make quick yet informed decisions on everything from cross-selling and up selling opportunities to target marketing strategies. CRM can help optimise revenue-generating activities at a lower cost to your company, essential during these challenging market conditions.

Why CRM?

First and foremost, CRM helps you to protect revenues from your current customers by ensuring that you are delivering exceptional service and safeguarding their loyalty notwithstanding increasing cost pressures. Additionally, by providing deeper insight into your customers, CRM enables you to unearth revenue opportunities within your customer base for complementary products and services. It allows you to leverage these opportunities and proactively grow your revenue share through highly focussed business development activities which replace sporadic interaction with your customers. CRM, therefore, helps you deliver exceptional and personalised service consistently to your customers during these challenging times.

Selling more to existing customers may be the first priority during a downturn, but the important task of acquiring new customers cannot be overlooked. Without growth in customer numbers, any business runs the risk of exhausting its revenue base over the medium term. Selling to new prospects, however, is generally regarded as being five to ten times more costly than selling to an existing customer, so improving sales and marketing efficiency will be vital for growing your customer numbers during the downturn. In times of recession, CRM solutions can allow you to extend the reach and effectiveness of your new business sales and marketing programmes through on-going process improvements, productivity enhancements and significant cost savings.

Why Now?

Your customers and potential customers are facing identical cost pressures, and they have changed their purchasing patterns accordingly. In many cases, they are spending less than before. But in all cases, they are looking for even greater value for money, and being far more discerning about

potential purchases and potential suppliers. As a result, you will need to work a lot harder to earn their business during the downturn. This challenge, coupled with the fact that cost inefficiencies will become even more pronounced as the downturn progresses, means that businesses are likely to experience significant and growing trading pressures as each month passes.

In a downturn, therefore, CRM, and the latest generation of CRM products from companies like Sage in particular, should not be viewed as a discretionary initiative; it is now an operational and financial imperative for all SMEs. For further information on Sage CRM solutions visit www.sage.ie or contact your local Sage Business Partner, Synergy Network Ltd on Tel (071) 914 6815 www.synergynet.ie

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