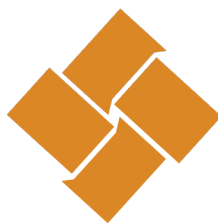


CRM: A Business Imperative for Small & Medium Businesses during the Economic Downturn



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Executive Summary

Navigating through turbulent times is never easy, but today's economic conditions are more challenging than most companies have ever faced. The instinctive reaction is switch to defensive mode; cut all strategic projects and then wait until things improve. But retreating on projects critical to customer retention and acquisition could actually prove to be more detrimental in the long term. These turbulent times present new opportunities for companies that invest wisely in information technologies. This whitepaper examines how IncorTech is working with small and medium sized businesses like yours today to help them protect and grow their revenues during the economic downturn through the use of Customer Relationship Management (CRM) software.

CRM enables companies to:

- (1) Deliver exceptional and personalized service consistently to their customers during these challenging times
- (2) Increase their customer revenue share through highly focused business development programs
- (3) Extend the reach and effectiveness of new business programs
- (4) Achieve significant cost savings and on-going productivity improvements

Introduction

The global economic downturn has been swift, sharp and widespread across all industries. And while the timeframe for recovery is debated on a daily basis, one certainty remains true: companies today face the toughest economic conditions in several generations. The next steps they take over the coming months will determine their very survival. Winners and losers will inevitably emerge, but perhaps separated by only the thinnest of margins.

The Challenge for Small and Mid-Sized Companies

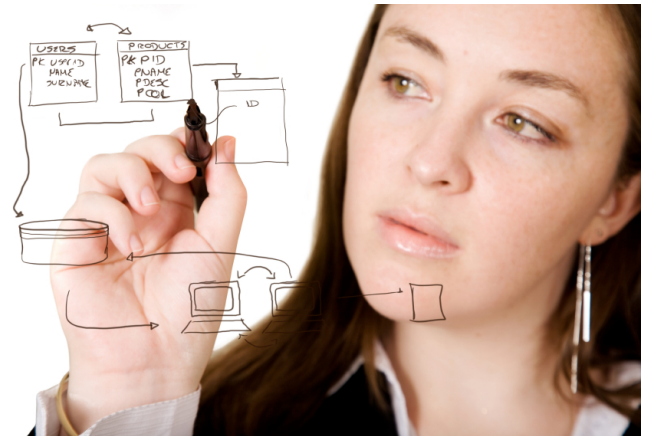
The global downturn has brought about a dramatic increase in business failures over the last six months, and nowhere has this been more apparent than in the case of small and mid-sized businesses. Unlike bigger companies, where more cash on the balance sheet provides some degree of insulation, SMBs have seen a rapid decline in cash flow as a result of slowing customer demand and evaporating lines of credit.

There has been a sudden rush 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 near 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. Otherwise, they are just delaying the inevitable: more painful cost reductions and the very real possibility of sliding into an irrevocable decline.

What Can You Do?

Cutting costs while maintaining growth is a formidable challenge at the best of times, but during a downturn, it can seem almost impossible. To meet these goals, SMBs will need to look for practical solutions that will help them to drive productivity and increase effectiveness across their operations.

Increasingly, companies like yours are turning to business software and CRM applications in particular, to drive through the kind of operational improvements needed to survive and accelerate out of the downturn. By optimizing revenue-generating activities at a lower cost to your company, CRM is uniquely positioned to assist you during the most 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 latent 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 focused business development programs which replace sporadic interaction with true customer lifecycle management. CRM, therefore, helps you deliver exceptional and personalized 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. CRM, and the latest generation of CRM products from IncoTech, have an important role to play in this regard. In times of recession, CRM solutions can allow you to extend the reach and effectiveness of your new business sales and marketing programs through on-going process improvements, productivity enhancements and significant cost savings.

In a downturn, therefore, CRM enables you to:

1. Grow your revenue share within your existing customer base

- a. Understand the true cross-sell and up-sell opportunity of every one of your customers in order to maximize the profitability of every relationship
- b. Dramatically reduce your cost-per-lead by delivering highly targeted marketing communications to specific customers or customer segments.
- c. Cut the amount of time and cost it takes to resolve service issues without compromising an exceptional service experience that keeps your customers loyal.
- d. Provide decentralized empowerment to your customer-facing staff in a way that will drive their productivity and effectiveness while still retaining central control over headline resource, performance and budget management.

2. Capture new businesses at a far lower cost-of-sale than was possible previously

- a. Lower your cost-of-sale by always ensuring that your sales team is focused on the opportunities that are most likely to close.
- b. Dramatically reduce your cost-per-lead by delivering highly targeted and consistent marketing messages to specific prospects or market segments.
- c. Introduce marketing accountability, so you can ensure that you are getting the right level of return from every marketing dollar that you spend.
- d. Ensure consistent processes are followed, with clear key performance indicators (KPI) which create solid discipline and greater predictability for sales and service personnel.
- e. Strip administration out of your organization, so there's less paperwork, errors and task repetition, and less cost as a result.
- f. Provide decentralized empowerment to your business development staff in a way that will drive their productivity and effectiveness while still retaining central control over headline resource, performance and budget management.

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.

As a result, one of the biggest potential mistakes a company can make at the moment is to continue with in a 'business as usual' mode notwithstanding exceptional trading circumstances. The 'cost of doing nothing', therefore, is significant. The table below highlights the potential cost of inaction through a series of practical examples. It also examines some of the underlying issues which may be affecting a company like yours and discusses how CRM can help to address them.

The Cost of Doing Nothing - Examples	
<ul style="list-style-type: none"> · A sales executive spends six weeks closing a \$50,000 opportunity with a new customer rather than spending two weeks closing a similar opportunity with an existing customer [\$100,000 opportunity cost] · A sales executive with a base salary of \$80,000 per year spends 10 hours per week on sales administration [\$20,000 direct salary cost per year] · A sales executive focuses exclusively on a large but poorly-qualified opportunity worth \$500,000 rather than pursuing three, well-qualified deals worth \$60,000 each [\$180,000 opportunity cost] · At a company with 400 customers on \$10,000 per year service contracts, a 30% increase in call queuing time translates into a 15% increase in non-renewal of service contracts the following year [\$600,000 in lost revenues] · At a company, 25% of customer support requests; equating to two FTEs earning \$25,000 each per year, could be handled on a self-service basis over the Web [\$50,000 direct salary cost] · At a company where an average deal is worth \$35,000 and the sales team closes one-in-five leads, lower than anticipated demand generated by traditional marketing activities translates into a 30% net decrease in inbound sales enquiries from 80 per month to only 56 [\$2.02m in lost revenues over the year] 	
Underlying Issues How CRM can Help	
<ul style="list-style-type: none"> · Difficulty identifying quick win, cross-sell and up-sell opportunities within your current customer base · Lower yields from traditional marketing activities and fewer inbound leads · Lower lead-to-opportunity conversion · Fewer sales opportunities in the pipeline · Too much time spent on poorly-qualified opportunities · Lower sales conversion rates · Inaccurate forecasting · Too much time spent on administration · Limited visibility on the real-time performance of sales, marketing and customer service functions · Shortfalls in customer service delivery · Difficulty identifying which areas of the business are in growth/decline and defining focus accordingly. 	<ul style="list-style-type: none"> · Enables you to leverage further revenue opportunities within your current customer base · Ensures your sales, marketing and customer services resources are being used to maximum effect · Reduces your opportunity cost · Reduces your cost-of-sale · Reduces the cost of your marketing leads · Ensures you meet customer service level agreements · Minimizes administration costs · Protects your net margin · Protects and grows your revenues · Enables you to pinpoint underlying issues and take corrective action accordingly · Reduces the potential for customer attrition · Ensures that your investments are all aligned to revenue development · Prepares you for the economic recovery

In a downturn, therefore, CRM should not be viewed as discretionary initiative; it is now an operational and financial imperative for all SMBs. As a supplier and consultative partner for over 5.8 million SMB customers across the globe, IncorTech has an important perspective on how CRM software has helped companies like yours to address these issues.

How IncoTech CRM Solutions can help your organization

Lowering costs and driving productivity within your sales operations

IncoTech CRM Solutions empower organizations to sell more effectively and efficiently during a downturn. Sales executives have a single point of access for calendars, accounts, reports, pipeline management, contacts and call lists; all of which ensure that they are producing more revenue per sales hour. Easy-to-use analytical tools help your sales team to identify latent sales opportunities which exist within your customer database, and then create cross-sell and up-sell propositions accordingly. Automated workflow and pipeline management tools eliminate unnecessary paperwork and ensure that sales teams are optimizing their sales processes and adhering to company-specific sales stages. This means that opportunities will be progressed as quickly and as efficiently as possible. Dashboards and reports provide at-a-glance information to sales executives and managers on performance at any point in time. Integration with back-office applications provides sales staff with access to both financial and non-financial data, for a complete 360 degree view of their customers. Information and capabilities from on-demand services can be added with ease, allowing users to leverage even further productivity benefits and insight. Mobile and offline solutions provide sales teams with access to the information and services that they need to do their jobs effectively; regardless of their location, device or connection, and ensuring that they are as productive in the field as they are in the office.



For your sales operations, IncoTech CRM Solutions can:

<ul style="list-style-type: none"> Maximize cross- and up-sell opportunities Improve team collaboration on opportunities Improve prospect targeting Increases revenue yield per opportunity and account Provide real-time visibility on sales KPIs Improve win rates 	<ul style="list-style-type: none"> Shorten sales cycles Reduce sales training costs Eliminate duplicated sales processes Decrease time spent on administrative tasks Reduce sales forecast variance Eliminate inconsistent sales practices
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Lowering costs and driving productivity within your marketing operations

In the downturn, buyers are demanding even greater value-for-money and are exercising further discretion in the products and services that they purchase. IncoTech CRM Solutions allow you to develop a deep understanding of your customers' needs; enabling you to create a tailored proposition that can be communicated to them through their preferred marketing channels. IncoTech CRM Solutions provide effective controls for monitoring marketing budget and enable you to calculate direct revenue yields per campaign. In a downturn, only those companies whose marketing messaging and activity is targeted, compelling and timely will survive. IncoTech CRM Solutions will improve lead quality and ensure higher conversion rates by sales. The marketing team can leverage customer insights to develop retention programs, as well as crosssell and up-sell lifecycle management. Marketing analytics and reporting ensure absolute accountability at all stages in the cycle, which means that the return-on-program investment can be calculated with ease and marketing budget is optimized at all times.



For your marketing operations, IncoTech CRM Solutions can:

<ul style="list-style-type: none"> Enable marketing programs to be planned more efficiently and effectively Improve campaign response rates Enable accurate measurement of marketing campaign ROI Ensure customers and prospects receive the right marketing message at the right time 	<ul style="list-style-type: none"> Reduce marketing administrative overhead and enables marketing budget to be tracked and managed Decrease the cost per customer acquired Reduce marketing campaign lead times Reduce cost per lead
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Lowering costs and driving productivity within your customer service operations

IncorTech CRM Solutions will enable your company to roll-out Web-based customer self-service quickly and cost effectively. From here, users can service their own information needs, track data and update the system without the requirement for customer service assistance and at the time and place of their choice. Additionally, you can maximize the synchronization between your service agents and your customers, ensuring that cases are progressed in a timely manner and in accordance with service level agreements (SLA). Knowledge management capabilities make it easier to capture remedies related to specific issues which may recur over time; making sure that agents are not duplicating effort. Reports and dashboards provide detailed analysis on metrics such as call volume, case resolution times, communications, follow-up statistics and escalation so management can quantify the benefit of the agents to the business and to their customers.



For your customer service operations, IncorTech CRM Solutions can:

Provide web self service Increase productivity of agents Ensure issues never “get lost between the cracks” Enable agents to capture further sales leads from customer interactions Improve response times to customer service requests Increase customer retention	Reduce customer support costs Reduce the average time to resolve an issue Decrease the number of customer cases that are re-opened Decrease the number of customer service escalations
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Enhancing command and control over the entire organization for your senior executives

IncorTech CRM Solutions provides your senior management with enhanced central control over operations and budgets, helping them to manage these areas more effectively during challenging times. Reporting and dashboards provide instant insight into business performance across multiple criteria. Senior managers have the ability to validate forecast data with full drill-down to the underlying opportunities. Real-time visibility on revenue and budget variance ensures that decisions are based on accurate information, and corrective action can be taken earlier in the cycle when it has maximum impact. Integrated with your back-office applications, CRM provides a complete view of the business and streamlined end-to-end business management capabilities.



For your senior executives, IncorTech CRM Solutions can:

Drive revenue growth Improve profitability Provide improved support for strategic decision-making Enable real-time corporate performance management Drive productivity across the entire organization Improve business/shareholder value	Reduce margin erosion Reduce cost-of-sales Reduce customer attrition Reduce administration cost Eliminate process bottlenecks Reduce budget variance Reduce performance variance
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Why IncorTech?

The IncorTech Client Advantage: Consulting from the Start

You'll experience our IncorTech Client Advantage project management methodology from our first meeting forward, because we believe in consulting from the start. Practically every technology company will tell you they have a project management methodology – but in reality, such plans are rarely followed because the processes are too onerous, too complex, and too expensive.

Our IncorTech Client Advantage methodology exists to achieve three simple goals, which we refer to as our “4C promise.” Our goals are to form a partnership with you that will:

1. Reduce **Complexity**
2. Increase **Communication**
3. Ensure **Clarity**
4. Arrive at **Consensus**



It's that simple. And it's our 4C Promise. Put another way, we keep it simple, keep everyone in the loop, and keep everyone comfortable with the way we're moving forward. With IncorTech Advantage, everyone is an active participant in making the project a success.

The IncorTech Difference

By working with IncorTech, your organization will benefit from the following key Client Advantages:

- **Save money** with fixed-fee engagements that emphasize results and **eliminate implementation cost overruns**.
- Get **multiple options** for training and implementation: **experience the power of choice** to fit your needs and budget.
- Get the IncorTech Client Advantage **100% money-back guarantee!*** We stand behind our work. Does your current provider do that?

What Next?

Schedule a FREE 1-hour sales and marketing process brainstorming session with IncorTech's own Solution Sales & Marketing Manager. A user of CRM solutions for over 12 years, Nick Schoeneberger has managed teams of 25 sales professionals and has worked as a marketing research analyst for interactive advertising agencies. This session will allow you to:

- Identify opportunities for improvement while working within your existing systems
- Uncover specific areas with your existing system that prevent you from adopting best practices for keeping customers and increasing profitable sales
- Pinpoint opportunities to measure marketing effectiveness
- Diagnose your business health from a Process, People and Systems perspective

There is no risk or obligation and you could learn how you can significantly improve your business. Call today to schedule your appointment:

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*Some terms and conditions apply, please contact us for details.