La Crême de la CRM

Customer-relationship-management systems offer a wide variety of features. But small steps are best when moving up this technology stairway

Maria Trombly

DURING THE SUMMER OF 2001, Steve Wightman's financial-planning intern, an M.B.A., persuaded him to buy a customer-relationship-management (CRM) system. Wightman, president of Lexington Financial Management in Lexington, Mass., had been using Microsoft Outlook to keep records of all customer contacts and he found Outlook easy to learn and use. But Outlook didn't have all the features he wanted. For example, he wanted to keep track of anniversaries, birthdays, employee reviews, and other special notations, and maintain a history of communications with clients. Outlook can do some of this, through its contact entries' notes section, but it can get cluttered, Wightman says.

The intern looked at various customer-relationship-management options and picked ProTracker System because it had the most features. Then in the fall of that same year, when the intern departed the company, Wightman says, "I was left with a piece of software—not knowing how to use it very well and not having the kind of support I needed for it."

Unlike Outlook, ProTracker didn't have learn-at-your-own-pace CD-ROMs or on-line tutorials—the learning method Wightman prefers. "Since September 2001 ProTracker has been just sitting on the shelf," Wightman says. "I haven't gotten even 10 percent of its functionality out of it. I don't have time to travel to get training and I don't find the phone training very good for me, personally." So he says he found the software to be "more hype than reality."

Wightman's experience is not unusual. According to Butler Group, an information-technology research firm in England, 70 percent of all customer-relationship-management-system implementations ended in failure in 2001. But a lot of failures could be avoided if customer-relationship-management customers took care to pick a package that meets their needs—and, as counterintuitive as it may seem, only their immediate needs.

For example, many people start their customer-relationship-management software search by putting together a wish list of 50 must-have features. "I've done that myself," says Jerry Norman, president of Market Answers, a customer-relationship-management consultancy in Austin, Tex. "But you never use more than the first five features on your list. Especially if your office [staff] is overworked, it's going to take an act of God to get just the first two items implemented." And if the package chosen has too many bells and whistles—and is correspondingly more difficult to learn and use—it may not be worth the extra effort to have those additional features.

"It's likely that whatever you pick today is not going to meet your needs in five years," Norman says. "Besides, you're not going to marry this for life. It will be a five-year investment, and then you'll probably need to shift." So the best and most cost-effective approach is an incremental one, says Norman, moving first from paper files to a database program like Outlook or Best Software's Act!, and then maybe to a more fully featured program. Outlook comes free with most computers and Act! is only about $200 per user, whereas the price for salesforce.com, an on-line customer-relationship-management product, ranges from $1,000 to $1,500 per user, and other programs are even more expensive.

Illustrations by Greg Clarke

Even some vendors agree that a slow-and-steady approach can result in the biggest gains over the long term. "If people bite off more than they can chew, they can choke," says Liz Amaral, manager of product management at Advent Software in San Francisco. Her company's comprehensive customer-relationship-management product, called Qube, starts at $1,500 per seat. "You have to focus on solving the one problem you have now and then slowly start thinking about other uses you might have for a customer-relationship-management system," she says. Only a very small percentage comes directly to Advent from using paper files or Microsoft Excel spreadsheets, Amaral says. "By the time they get to Qube, they'll have tried at least one system, if not two or three," she says.

What are the advantages of going with one of the more sophisticated CRM solutions? Increased revenues and earnings, for starters, says Dean Williams, vice president of sales for CABC, a communications-software company in Dallas. Before changing companies, Williams founded Ascendix Technologies in Dallas, a company that deploys customer-relationship-management systems for small and midsize companies and acts as a consultant for their use. Customer-relationship-management technology frees up staff members from routine tasks, enabling them to bring in more business, Williams says. They spend less time clearing up communication problems with one another and with customers, reduce the time used reentering information and looking up material in paper files, and make the time they spend with customers more effective.

"A good customer-relationship-management system can pay for itself in three to eight months," says Williams. "A sales representative is typically very capable of selling a third more in an automated environment than he would prior to automation. When you improve all these areas with the people who actually generate revenue, your return on investment is tremendous."

One alternative to buying a packaged software product is to go with an on-line customer-relationship-management service. Some are provided as part of other software packages, such as MoneyTools from NumeriX in New York. Some are stand-alone products, such as salesforce.com from San Francisco's Salesforce.com.

"Salesforce.com is the biggest application service provider in the customer-relationship-management area," says David Bradshaw, a principal analyst with Ovum, an information-technology research firm in London. "It's now aiming itself at the smaller to medium-size companies. It's a pretty good generic customer-relationship-management product."

To help decide which customer-relationship-management package is best, Bob Moran, vice president of research at Aberdeen Group, a computer and software consultancy in Boston, recommends some self-analysis. Most customer-relationship-management failures, he says, happen because the buyers didn't do a good job defining their needs. One way to get around that is to hire a consultant to help with the process. "The best thing to do is ask around in your particular business community, find out if you have competitors or collaborators who've used similar services in the past, do some networking, and determine what's good and what's not," says Moran.

Another way to find a consultant is through the Website www.crm4sme.com, which lists customer-relationship-management consultants by location and area of specialization, including financial services. One such consultant, Don Glass, president of DGA Corp. in Woburn, Mass., says he offers the first hour of his time without charge. He believes that customers should be able to shop around and find the consultant that understands them best.

One of the more popular customer-relationship-management programs that's integrated with a portfolio-management program is Junxure, which was created by CRM Software and formerly distributed exclusively by Performance Technologies. In April 2002, Performance Technologies—now called Schwab Performance Technologies—and

THE UPS AND DOWNS OF CUSTOMER-RELATIONSHIP MANAGEMENT

WHEN YOU'RE EVALUATING THE PROS AND cons of a customer-relationship-management system, it's important to ask some key questions.

■ Does it improve your access to customer information? According to David Bradshaw, a principal analyst with Ovum in London, you must find out if the software "will show you what customers are doing and what products they own. If the customer-relationship-management system doesn't provide this, then it has truly failed."

■ How does it deliver on the vendors' promises and your expectations? Keep in mind that "a lot of people have unrealistically high expectations about what it will do for their business," says Bradshaw.

■ Will it be enthusiastically adopted by your staff? If your staff refuses to use it or uses it only partially, it's not going to give the benefits you need.

■ Does it transform the way you market to customers? Change doesn't take place automatically. As Bradshaw says, "It's up to you and the way you implement the software." With better communication between staff and customers, greater efficiency and productivity can be the outcome. —*MT*

When communication improves, your return on investment is tremendous

CRM Software entered into an agreement whereby each offers its own version of the product. Schwab's product, PortfolioCenter Relationship Manager, is marketed primarily to advisers doing business with Schwab. CRM Software's product, Junxure-I, is available to all advisers. Both integrate with the portfolio-management product Centerpiece.

An estimated 1,200 people in more than 300 firms currently use a Junxure product. One of them is Estelle Robinson, vice president at Tarbox Equity in Newport Beach, Calif. Before going with Junxure, Robinson had designed a Microsoft Access database for her eight-person firm. "I went to an Access class, and Access wasn't an easy program. If anything went wrong, I had to go back and correct it, and that wasn't my job," she says. "It was really a distraction for me." Switching to Junxure has improved productivity in the office, she says.

"We've grown over the past five years, probably doubling our staff," Robinson says. "We used to be able to stand in the hallway and chitchat, updating one another on what was happening. Can't do that now, or we'd never get anything done. So instead we copy in one another on actions to keep up with what's going on with the clients." When Tarbox Equity staffers started using Junxure in the middle of 2001, they were able to begin moving data over from Access, putting in notes for clients, tracking conversations, and printing out mailing labels. "There were some classes you could get on-line," Robinson says.

Now, the firm is moving on to work-flow automation. "We're trying to gear up step-by-step," Robinson says, "There are a lot of features we're not using. You have to think, What's it going to mean to use this feature? In some ways the product's flexibility makes it more difficult to use, because it doesn't demand that you do things a certain way. But it has really helped track conversations with clients and actions that need to be taken."

Another product that's integrated with a portfolio-database system is Advent's Qube, which works with the company's portfolio-management system, Axys. Currently some 220 clients use Qube, says Amaral.

Besides programs such as Qube, ProTracker, and Junxure, which are customized for wealth managers, there are also more general-purpose software packages with high levels of functionality that can be adapted for wealth management. Tom Batterman, president of Vigil Trust & Financial Advocacy, a five-person firm in Wausau, Wis., has been using Goldmine FrontOffice for several years. "It's a huge time-saver for us," he says. "If we maintain it properly, we can keep a running archive of any contact we've had with customers and what we talked to them about. The calendar feature is on our network so we all always know what's going on. We use the e-mail field and set up a list server that draws on that field for an e-mail broadcast to our clients. Also the software maintains information on prospective clients, runs filters, and produces lists for direct-mail pieces, newsletters, or even birthday cards.

Batterman says his firm previously used an Access database to keep track of customer information and considered Act! before finally deciding on Goldmine. Although Goldmine doesn't integrate with his other applications, such as Centerpiece, he's not considering switching to Junxure. "We get everything we need from Goldmine," he says. "And if it ain't broke, don't fix it."

Not every adviser feels the same way, however. Laurie Laner, president of Financial Designs, a three-person firm in St. Louis Park, Minn., used Goldmine for two years. "We found Goldmine to be too generic to satisfy all practice-management and database-management users," she says. "And it was going to be very expensive for us to make the system really work for a financial-management firm. We were at the point of pouring a lot of money into customizing it when, at the annual Financial Planning Association conference in Boston a little over two years ago, my partner found Junxure. We'd just hired a consultant and spent several hundred dollars to make Goldmine what we wanted it to be, but Junxure came so much closer to meeting our needs that we decided we would be better-off starting from scratch with Junxure. It was a very good choice—of all the practice-management software I've seen in the marketplace, this is the most comprehensive and the most sophisticated. It's the best choice for us to get our office really organized—and close to a paperless office because there's so much that you can hold in your computer that's linked in."

Another general-purpose CRM system is SalesLogix, made by Best Software, which also produces Act!. Although this application is usually chosen by companies with many offices and difficult synchronization requirements, Scott Wood, president of True North Advisors in Dallas, finds it works just fine for his eight-person firm. "We wanted something that was pretty powerful and also had the ability to be modified for our own specific needs."

"It's a much more robust package than people with one office would typically have, but it has a lot of flexibility for us," Wood says. "It gives you a blank template, and you can say, 'In my office these are the steps to be taken when opening an account.' You can diagram it out and program it into the software package. It's very much user-driven." And the remote-access features come in handy as well, Wood adds. "We have clients outside of Dallas," he says, "so when we visit them, we can dial in to access SalesLogix, assign tasks, and have task fulfillment while we're on the road."

By closely matching their customer-relationship-management software to business needs and taking a graduated approach to its implementation, Wood and other users like him show that it's possible to be successful—statistics to the contrary.

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CUSTOMER-CENTRIC SOFTWARE: A SAMPLING

SOFTWARE: **salesforce.com**
PRODUCER: Salesforce.com
WEBSITE: www.salesforce.com
COST: between $1,000 and $1,500 per user, free trial
FEATURES: accessed via the Internet, customizable

SOFTWARE: **Act!**
PRODUCER: Best Software
WEBSITE: www.act.com
COST: about $200 per user
FEATURES: integration with Microsoft Outlook

SOFTWARE: **SalesLogix**
PRODUCER: Best Software
WEBSITE: www.saleslogix.com
COST: $495 to $995 per user
FEATURES: similar interface as Act!; on-line, desktop, and mobile access; advanced integration with Microsoft Office

SOFTWARE: **Junxure-I***
PRODUCER: CRM Software
WEBSITE: www.gowithcrm.com
COST: first year $995 for one user, $250 per addition; subsequent years $500 for one user, $250 per addition
FEATURES: integration with Centerpiece; strong work flow, process management, and document tracking

SOFTWARE: **PortfolioCenter Relationship Manager***
PRODUCER: Schwab Performance Technologies
WEBSITE: www.schwabperformancetechnologies.com
COST: first year $995 for one user, $250 per addition; subsequent years $500 for one user, $250 for each addition
FEATURES: integration with Centerpiece; strong work flow, process management, and good document tracking

SOFTWARE: **ProTracker System**
PRODUCER: ProTracker Software
WEBSITE: www.protracker.com
COST: first year $900 for one user, $800 per addition; subsequent years $240 for one user, $180 for each addition
FEATURES: integration with Microsoft Office

SOFTWARE: **Qube**
PRODUCER: Advent Software
WEBSITE: www.advent.com
COST: starts at $1,500 per seat
FEATURES: integration with Axys

SOFTWARE: **Goldmine Business Contact Manager**
PRODUCER: FrontRange Solutions
WEBSITE: www.frontrange.com
COST: about $250 per seat
FEATURES: integration with Microsoft Office

SOFTWARE: **Goldmine Sales & Marketing**
PRODUCER: FrontRange Solutions
WEBSITE: www.frontrange.com
COST: about $500 per seat
FEATURES: advanced integration with Microsoft Office

SOFTWARE: **Investment Gold**
PRODUCER: Chaffe/Malcolm + Partners
WEBSITE: www.chaffemalcolm.com
COST: about $100 per year per user, plus Goldmine costs
FEATURES: customizes Goldmine for investment advisers

* In April 2002 CRM Software and Schwab Performance Technologies each agreed to offer its own version of Junxure software.