

Who is the customer in your CRM? #CRMROcks podcast

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About

- These are my notes from an episode of the [CRM Rocks](#) podcast, recorded on Nov 24th
- You can listen to the full discussion between Markus and me at:
<http://crmrocks.com/2014/12/01/who-is-the-customer>

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Topics

- Who is your customer?
- B2B customer modeling
- Segmenting your customers
- The role of non-customers in CRM
- Why Social CRM is the new CRM
 - ..and what it means to your CRM system

Who is your customer?





How to determine the customer

- The customer lifecycle perspective:
 - Who could be a customer to you?
 - Who are your customers today?
 - Who are no longer your customers?
- It's not enough to get a list of customer records from ERP and migrate them into CRM
- Your CRM system needs to continuously support the full lifecycle of the customer
 - Tracking the changes
 - Guiding the process
 - Showing the results



Customer vs. customer relationship

- If you sell more than one product, you may have more customer relationships than actual customers
 - Repeat purchases vs. concurrent subscriptions
- You'll need to get it right at the start when designing your data model
 - What attributes of a "customer"(1) belong to the customer relationship level (N)?
 - Which are unique for a company/consumer?
 - How do your different products/services vary in terms of the relationship attributes that need to be managed?

B2B customer modeling





Hierarchy

- Account hierarchy is a crucial feature in CRM
 - Data rollup in views, user rights cascading
- How to choose what the "account" represents?
 - Customer, legal entity, division, branch office?
- Avoid unnecessary hierarchy levels to keep things simple for finding the right customer
 - De-coupling addresses from accounts may help
- New built-in functionality in CRM 2015 for managing hierarchies
 - Visualization, AF filters, security model



Network

- Real-life customers rarely are strictly hierarchical in their structure
 - Networks of companies, supply rings for price negotiation etc.
 - Contacts working at or influencing several accounts
 - Distributors in between you and the end customer
- Connections are one choice for modeling the data in CRM – but not the only one
 - No UI updates since CRM 2011, beware of limitations
 - N:N relationships may be easy but insufficient
 - Intermediate relationship entities give the most configuration options



Data sources

- Identify your lead sources and plan their qualification process properly
 - Temporary data or permanent customer records?
 - Changes in lead management functionality with CRM 2013
- Make smart compromises about your data model so that you can live with it in practice, not just theory
 - Updating customer records from external company directory services
 - Synchronizing customer records with your ERP / production systems

Segmenting your customers





What makes segmenting so difficult?

- It's something you may not have done yet
 - If you don't have a working CRM system in place to manage the data, segmentation can remain just a hypothetical exercise and not a concrete activity
- It's not something that CRM will "do" for you
 - There is no automated segmentation engine in CRM that would "crunch the numbers" and spit out the results
- It's not something you just set up once
 - Segmentation is all about the time dimension: defining the starting point, measuring the results, adjusting segmentation practices based on lessons learned



Examples of basic segmentation models

- Lifecycle stages
 - Understanding the new customer journey
 - Identifying changing needs/value over time
- Lifetime value
 - Past purchases vs. potential purchases
 - Often need to be mixed with other criteria determining strategic fit/significance
- Behavioral
 - Scoring customers based on online interactions
 - RFM: recency, frequency, monetary value

The role of non-customers in CRM





If the "C" in CRM stands for "Customer" then why...

- Accounts <> Customers!
 - ...even though it might be translated as such by default in your localized Dynamics CRM instance
- It's about organizations and persons, not accounts and contacts
 - Your own organization, however, should be modeled as users, not contacts
- If you limit the scope to Customers only, you'll miss the real potential of "R" in the platform
 - Many of the CRM features can improve employee productivity also in other usage scenarios
- The first step towards XRM ("any relationship management") is in not paying too much attention to the "C" when designing the business solution you need



Who should be in your CRM then?

- Any party that you interact with as a part of your customer processes should be created in CRM
 - Email tracking and to/from/cc
 - Appointment required/optional
- Account & contact is often the most logical place for all organizations and persons to exist in the data model
 - Take non-customers into consideration with your categories, views & segmentation right from the start
- What about the Competitor entity in CRM?
 - Has special features in the sales process
 - Can't act as an activity party, nor be enabled
 - Organization owned, no security configuration options
 - Did you notice that "Competitor" is also one of the standard Relationship Type values for account records...

Why Social CRM is the new CRM





A few stats on social engagement

- "Facebook & Twitter updates by brands reach just 2% of their followers, and only <0.1% interact"
 - <http://blogs.wsj.com/cmo/2014/11/17/brands-are-wasting-money-on-facebook-and-twitter-forrester-says/>
- "Only 9% of tweets mentioning companies start with @, which means 91% of people are talking **ABOUT** you, not **TO** you"
 - <https://econsultancy.com/blog/i.1bzytxp10pzdnh>
- Markets are conversations, as they always have been. Now the companies and brands just control an ever shrinking portion of it.



Flipping the old CRM patterns upside down

- When it comes to marketing, outbound is "out", inbound is "in"
- When it comes to service, your callcenter is the last point of contact for customers
- The consumers today often have better "CRM systems" in place than you do:
 - Managing connections via FB & LinkedIn
 - Publishing and consuming content via blogs
 - Monitoring signals via Twitter hashtags
 - Negotiating deals via auction & price comparison sites
 - Acquiring help via public forums (from each other)



Why CEM isn't the new CRM



- Some vendors claim that "CRM has failed" and have started to talk only about CEM instead
 - ...Which of course stands for Customer Experience Management, or "Engagement"
- Systems of engagement (CEM) are not going to replace the system of record (CRM), but they do complement one another (or should)
 - <http://www.zdnet.com/crm-has-failed-i-am-so-tired-of-hearing-that-7000033967>
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- Regardless of this, your old CRM sitting inside your firewall, maintained only via manual entries from your sales reps, will gradually become obsolete



How Microsoft's CRM offering has adapted to this



- The Dynamics stack has grown to reflect the changing role of CRM via new cloud based layers:
 - Social Listening: monitoring the discussions, measuring sentiment
 - Dynamics Marketing: data collection, lead nurturing, target segments
 - Insights (via InsideView): identifying the right influencers for sales
 - Parature: knowledge management, social customer service
- These new services are not physically *inside* CRM, but the customer master record remains there via data integrations
- If a traditional CRM project started with defining "*who is the customer*", perhaps now it would be more relevant to start with "*where is the customer*"?

Thanks for reading/listening!

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