



vodafone

# Challenging the economic downturn

Control, confidence and customer relationship management (CRM)

White paper

Make the most of now

# Executive summary

Today's news is full of crashes, collapses and crunches: businesses in every industry are anxiously considering what sort of onslaught they can expect in the coming months. But what are the smartest, most successful organisations doing to ensure they weather the storms ahead? Cutting costs, of course. Maximising efficiency and productivity – take it for granted. The main objective for most companies is to maintain sales and profits by managing their resources and customers ever more effectively. In fact, some organisations will emerge from this challenging period with greater competitive advantage and a more successful business model than ever before.

In this white paper, we discuss the options and opportunities for commercial success in the current economic environment, based on our recent engagements with real organisations drawing up their strategies to survive and prosper in the coming months and years. We examine options for keeping costs down, look at the realities of operating with a leaner structure, and dare to explore the very real possibilities of business growth and positioning for the future. Control is the watchword, but confidence is crucial. A careful investment in customer relationship management (CRM) to underpin your strategy for protecting your business and sustaining its growth could be the best decision you make in the downturn.

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# Maintaining a focus on servicing current customers is vital during a period of economic downturn

## Introduction

According to a recent McGraw-Hill study, companies that continue strategic spending not only outperform non-spenders during a recession, but can also experience significant revenue growth during the first full year of recovery.

It's a bold organisation that can look past the current challenging trading conditions to the future, but it's also a visionary one. You need to ensure that your business is operating at its maximum efficiency right now. But it's easy to become inward-looking, intent on cutting budgets, staff and overheads. Keeping an outward focus, with your efforts concentrated on servicing current customers, is vital at a time when the market is more competitive and price sensitive than ever.

However, in a time of recession, no organisation can afford to invest without a thorough understanding of what's in it for them. Working every day with a long list of clients in all sectors, we have a current and realistic understanding of the pressures you're under and the advantages that could quantifiably benefit your business. We've used that knowledge and examples of the problems and solutions our clients have experienced recently, to offer our view of some approaches to the downturn, and consider whether CRM could play a part in helping your business to ride out a recession more confidently and profitably.

## What's happening to your organisation?

The economic downturn has become a fact of life. We no longer fear its arrival but have accepted the reality and are adapting to survive it. Every day, media reports and news stories add to the sense of anxiety and defensiveness affecting every industry. With the prospect of further squeezes on revenue and profits, budgets are being cut and executives are making caution their motto.

Finance managers are going through expenditure plans in painstaking detail to identify, reduce and remove any unnecessary outgoings. Workforces are shrinking, or if not, hiring has been put on hold. Those remaining in any organisation are keen to prove their value and retain their positions. That can mean ever more aggressive individual sales campaigns and customers being bombarded with calls, visits and information.

If your organisation is now battenning down the hatches to focus on costs alone and you are working under extreme pressure, it's understandable. No-one should waste precious profits or stand idle – every area of your business must be fully controlled. But by operating at the extremes of strategic caution, you could be slowly strangling your business pipeline, making your customers uneasy and giving up new opportunities to your competitors.

## What's happening to your customers?

It's safe to say that whatever your business is experiencing, your customers are in a similar situation. Just like you, they need to be sure that any expenditure will generate a return. They'll most likely be slashing budgets and reviewing their supplier lists and arrangements. Whilst looking for maximum value from their professional associates and suppliers, they'll also be sensitive to any sign of weakness in product and service providers. With many businesses going under, the unwelcome prospect of dealing with a financially or operationally shaky company is at the front of buyers' minds. Whilst trying to strike the best deals, they are also keen to see evidence of continuity, sufficient resource and stability in their suppliers. As a supplier or service provider, you need to show a steady hand and a confident approach.

Another issue can be decision-making. With more than ever at stake in terms of dwindling margins, every expenditure decision becomes highly charged. Sometimes, inertia takes over and budget-holding executives can be reluctant or anxious about making any purchasing decisions. This can be frustrating and impact on your revenues and business relationship. Providing persuasive information that demonstrates the value and ROI you can help achieve is key. Offering the right services, products and prices becomes more crucial than ever if you are to maintain business with existing customers.

**What will be the effect on your business?**

In their quest to operate in the lowest risk manner, many companies are reducing their reach and capability. Cutting budgets and investment across the board can also mean cutting off potential sales and contract opportunities. If resources are reduced, so that there is less time available for business development and less budget for marketing (such as sales campaigns and events), you could be closing down vital pipelines of potential revenue.

Heated debates are going on around boardroom tables everywhere about the actual value and payback of such marketing investments and whether they will contribute revenue to the current financial period. Few organisations can lay their hands on accurate, quantified information about the success and payback of these sales and marketing campaigns. Without this, the most vocal or most powerful individual at the table inevitably wins the debate. It's a poor way to make decisions affecting current performance and future growth.

With an effective CRM system in place to manage and measure campaigns, resources and utilisation, the discussion could be far more objective and managers confident about the best areas to target necessary cost reductions.

Within your customers, funds for products and services are being scaled down and every supplier is under scrutiny, having the value and usefulness of their contribution assessed. Budgets will continue to be available for essential supplies and support: the question is, are your offerings considered to be vital and are you doing all you can to maintain your position? You need to concentrate your staff and budgets on strengthening relationships with your valuable customers at this time, making resources available to provide information you can act on.

By being well informed about each individual customer's needs and preferences, you can personalise the marketing messages you send to them, the sales process you use to work with them and the customer service levels and

processes you deliver to satisfy their needs and maintain their loyalty. This leads to a much higher level of retention and makes it harder for a competitor to move in, because they don't have the benefit of your experience of the customer and the in-depth knowledge to personalise their approaches and offerings as effectively. CRM allows you to develop, record and apply this deep knowledge, giving you a point of difference that can protect your business from competitors and strengthen your customers' desire to continue doing business with you.

# Preparing for the worst

It's often said that astute managers don't just prepare a worst case scenario when times are tough, they go ahead and implement the changes so their organisation is as lean and fit as it can be for the challenges that lie ahead.

It's a good tip – trimming any excess expenditure and making sure your operations are working as efficiently and effectively as possible always makes sense. The most successful organisations frequently and regularly review this. But when sales are good and order books are full, it can be hard to find time or motivation to focus on internal programmes. The economic downturn offers an opportunity to take a hard look at your operations and see what you could be doing better, smarter and with fewer resources. Taking a look at what competitors, associates and early adopters are doing could give you ideas for new approaches, technologies and structures for your business functions. Looking at innovative products and services from external suppliers that can support your operation could also be part of this evaluation.

But does preparing for the worst mean assuming that no growth will be possible, that the best you can do is keep your head above water by reducing your business to its essentials? Absolutely not. It means making sure your organisation is in good shape from the inside out – removing inefficiencies and ineffective, time consuming activities and finding optimal ways to maintain the core activities that drive your business revenues.

## Reviewing your plans

It would be a bold, if not foolish, organisation that felt confident enough to carry on as usual without even a brief reflection on their current plans and forecasts. Most businesses are adjusting their business plans and financial outlooks for the coming year and more. They are not necessarily adjusting downwards: it could be a question of looking at where revenues are likely to come from and prioritising different sectors, offerings and opportunities in light of the progress of the markets where they operate.

If your organisation conducts SWOT, PESTEL or similar market analysis, updating this to reflect current and future economic conditions could be a vital step. It could reveal risks in your current portfolio of work and identify competitor weaknesses and customer opportunities, so that you can refocus your activities to make sure you capitalise on the most profitable and achievable business.

Setting priorities in this way through objective analysis and market knowledge lays the foundation for your business through these challenging months and perhaps years. You need to look carefully within your business for the right data to support this analysis. With a CRM system in place, you can organise and manage your financial, client, product, resource, profitability and competitor information to provide accurate and insightful reports and information for confident business decision-making.

Your established customer base must be a top priority – you need to fiercely guard existing contacts and business and make sure no competitor has chance to undermine your position or gain a foothold through new work in your market. With the changing conditions in your customers' markets, there could be a risk to some of your activities. At the same time, they may need new and different support and services to help them flourish and adapt. Your organisation needs to anticipate these changing requirements and be positioned as the first choice partner when they are considering how to fulfil their needs. You could win extra "share of wallet" by highlighting your capability to deliver other services which they may currently use another supplier for, perhaps by citing economies of scale, your proven and good relationship, and reduced administration through satisfying a number of requirements through a single, trusted supplier.

Don't forget that if you are considering this chance to take business from rival suppliers, there's every reason to expect that they are considering the same thing. You need to continue to reinforce and defend your current business and make the most of the knowledge you've accrued of your customer in order to remain the first choice for your existing products and services.

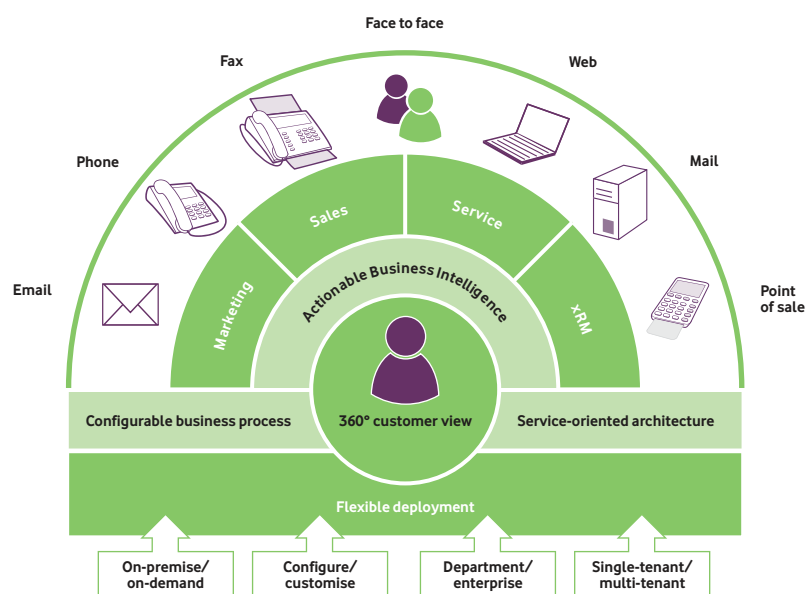
There's an important balance to maintain in light of this potential opportunity. You want to maintain communication and demonstrate your understanding of their developing business needs. But you don't want to overwhelm them, or approach them with irrelevant or unnecessary proposals and products. Managing marketing and sales campaigns closely becomes more important than ever. CRM applications can help you target and control print and electronic communications to your existing customers and focus sales efforts so that the right resources and staff are deployed efficiently to match the customer opportunity.

**Communicate constantly and effectively**  
 Keeping up a measured flow of relevant information can inspire confidence and confirm to your customers that you are close to their particular business and industry issues. Invariably this will mean that blanket marketing campaigns or generalised newsletters miss the mark for many companies. The more closely targeted you can make your communications, the more they will have a positive impact on your business relationships.

However, managing many variants of marketing campaigns can be complex and a drain on resources. A CRM system can make it easy to determine the right recipients for the right content and messages, and ensure that all your customers receive personalised messages, offers and information through the right channel for them at suitable intervals, based on what you have learned about them during the course of your business engagements.

**case study**  
**AnaCap**  
**Financial**  
**Partners**

In the current financial climate, private equity firms operating in the financial services sector are looking for ways to maintain and continue growth in a very challenging market. AnaCap Financial Partners intends to continue its positive path of growth and profitability. With an existing CRM system in place that has not been widely accepted or adopted by staff, the company needed to find another way to create a single view of customers in a situation where retention is vital. Microsoft Dynamics CRM offered an attractive solution, with its easy integration with Outlook, fast response times to queries and accessibility for offsite staff through existing mobile devices. AnaCap will use the system in this very competitive situation to maintain service levels and make sure that no customer slips off the radar.



Through supporting consistent best practice processes, Customer Relationship Management from Vodafone helps you make the most of every customer interaction across multiple touch points throughout your organisation.

You could segment your customers by revenue, product, industry, location, opportunity, RFM (recency, frequency and monetary value), by sales representative or a host of other variables. If a highly topical communication is suggested because of particular market or news events, you can generate and dispatch it quickly, potentially stealing a march on your competitors.

If your sales team is spread thinly, you may need to rethink your contact strategy so that calls and visits are made at appropriate times and target the most valuable or potentially valuable customers. With information and updates kept current by front line staff, you can avoid duplication and ensure that the right professional is spending time with the right customer and individual contact within that customer.

#### Review your customers

Are you absolutely clear about the profitability and revenues each customer generates? Are you able to identify where customers could have potential for more growth? You can conduct a systematic audit and track this to help you make good decisions about investment in sales and marketing, using a CRM system.

Engaging with high profile brands and well-known companies locally or nationally may gain kudos for your organisation and the individuals who make the contacts, but does their contribution to your balance sheet justify the investment of time and resource in managing the relationship?

Do you have small amounts of business with customers in obscure sectors or locations, which your sales team have avoided because of the complexity of their operation or difficulty of making visits? You might need to re-prioritise these contacts if a thorough analysis reveals potential to grow your business within them. You might also identify opportunities where pricing or packaging your products or services in different ways or collaborating with another organisation whose offerings complement or augment yours could open up new business potential.

To identify these situations and justify the investment of time and resource in following them, you need to be confident in your data and analysis. With a single, comprehensive CRM system, you can manipulate and examine all of your customer information and insight, including financial analysis, and draw trustworthy conclusions from them to support business decision-making. The sum of the knowledge you have acquired of your customers as well as your business metrics and performance measures will be a valuable asset in its own right.

#### Review your organisation

If you're able to segment the accounts and contracts you have by industry, offering or value, you can explore different ways of using your staff most effectively. By restructuring and redeploying your workforce, you might free up resource for new business generation or to pursue business development with existing customers, or to focus on other activities you have identified as higher priority in the current economic climate.

Your marketing and sales team or manager can deliver much more with the information and resources offered by a good CRM system – generating more campaigns, communications and opportunities with the same number of hours per week. Microsoft Dynamics CRM is fully mobilised, meaning that your field and customer facing staff can access data and update information from their mobile devices. They can avoid unnecessary trips into the office and keep your client records completely up-to-date from their own smartphone, laptop or BlackBerry® device. They'll also be able to respond fast to requests for support or potential leads.

Perhaps senior staff members are more pressed for time than ever, taking on extra responsibilities and spending more time out with customers to secure relationships and generate new business. This can have an adverse effect on internal operations, if they are less available for signing off expenditure, reviewing proposals and plans or agreeing to new activities. With a mobilised CRM system, alerts are generated and forms can be sent directly to their mobile device, wherever they are. They can continue to carry out their management administration effectively at the same time as field- and customer-based work, and can keep an eye on key business metrics and performance figures.

#### case study Roland

A world leader in the design, manufacture and distribution of electronic musical instruments, Roland has a wide range of customers to communicate with and engage with classic and new products. Their Microsoft Dynamics CRM solution replaces several legacy databases and creates a single view of all Roland's customers. The company will use it to increase revenues by cross- and upselling to existing customers through closely targeted marketing campaigns.

As well as allowing information about visits, projects and opportunities to be input by field staff, you can help them be more productive by making business, product, pricing and competitive information easily available through a CRM system. They can prepare presentations and gather information for meetings without returning to the main office. If they need to find out facts quickly, they can do so without involving a colleague back at base and requiring them to research and relay key information. Even if you have scaled back plans or even reduced your sales force, this can help you continue operating at the same or greater pace and intensity.

In leaner organisations with fewer staff, CRM facilitates information flow in all directions, helping staff across most functions be more efficient and do more in the time available. There are particular productivity benefits for sales, marketing, and customer service. Your teams in administration, HR, finance, supply chain and logistics could all benefit too. To gain the biggest return on an investment in a CRM system, you need to explore fully all the areas of your business that could benefit. In challenging market conditions, managers across all functions may be more than usually willing to explore new ways of working that maximise their resources and deliver the most useful outputs to your organisation.

All of this may sound unsettling and potentially disruptive for your organisation. But given the significant change in your market and the overall business climate, it's unlikely that carrying on doing exactly what you've been doing is going to deliver the same results in the coming months and

years. If you explain this clearly and honestly to your staff, you may find they are more receptive to changes in their working pattern and focus, and may have valuable ideas of their own about how to address priorities better and maximise revenue and profits to safeguard their own jobs. Reorganisations carried out for clearly understood reasons and which contribute to everyone's job security and business success cause less dissatisfaction than those that are handed down without explanation or discussion with the staff involved.

#### **Growth opportunities in a downturn**

In the most challenging conditions, the most flexible and best-prepared organisations usually thrive. Weaker competitors may fall by the wayside as their customers lose confidence in them. If you offer essential products and services for these companies, you could step in and win business from less successful rivals. Are you well positioned to manage a tight and effective sales and marketing campaign targeting vulnerable competitors' customers? Do you have a clear new business strategy that you can set in motion if you spot an opportunity? A CRM system can help make sure that you target your sales efforts cost effectively, preventing duplication and making the most of the information you have. You can evaluate the downturn as you would any other market event and plan to win new business as well as retaining and growing work with current clients.

#### **It's not over till it's over**

Different commentators have different views and as the downturn runs its course, there will

undoubtedly be much speculation about the recovery timescales for different industries and organisations. One way or another though, this period of economic restraint will end. The most forward thinking organisations are keeping in mind the question of how their business will be positioned to take advantage of recovery and growth amongst your customers, when that time comes.

With a CRM system, you are positioned to keep track of customer activities, spot growth, launch campaigns and develop and bring new offerings to market quickly. You may be able to avoid having to hire and train new staff rapidly, because you can control and manage your existing workforce in line with market reality and deploy them to address changing priorities.

Keeping the medium to longer term in mind, it makes more sense than ever to deploy CRM now, when markets are least buoyant. Staff may be more open to new tools that can help get the most from your current business and resources. Your CRM solution can deliver a return in the current financial period, as well as positioning your organisation to grasp new opportunities as the downturn ends. Competitors may only be beginning to consider investment in a CRM solution at this time. While they are only beginning to grasp the possibilities of using their customer and performance information to inform business decisions, your organisation will have reaped the benefits in retention and revenues throughout the recession and will be ready to step up new business development campaigns and satisfy future market growth.

#### **case study** **HG Capital**

European private equity firm HgCapital depends on its contact database to oversee key relationships and track prospective deals efficiently. With Microsoft Dynamics CRM, employees can monitor and analyse relationships with all their relevant business contacts - including intermediaries and acquisitions - and reduce time spent on administrative duties. Much time is saved because all the data is available through a single system, rather than the various sources and applications used before. Employees also have mobile access to contact information, content, deal-flow monitoring and relationship analysis – crucial when investment teams spend a lot of time out of the office visiting contacts, intermediaries and target companies.

# What can Vodafone do to help?

Taking the next step means finding a service provider to work with to define your CRM needs and make a realistic assessment of the potential benefits so you can make a convincing business case. With our track record of successful Microsoft Dynamics CRM implementations across a range of business sectors and sizes, Vodafone is an obvious choice. We combine our long experience with technical and project management expertise, industry knowledge and commercial focus. Whether you have existing databases and data to migrate, previous experience of CRM or are starting from scratch, we can tailor a solution that's right for your business. We'll quickly develop a deep understanding of the opportunity for your business and seek to deliver a return on investment for you in this particular economic climate.

We have selected Microsoft Dynamics as one of our key strategic CRM platforms. We believe it is the most flexible and easily adopted solution on the market. Used by leading organisations around the world, it is trusted, tested and proven across many sectors. With its modular architecture, it adapts easily to different industries and business structures.

It can grow and add functions and expand its data capabilities as your business grows. With one of the world's largest software companies behind it, Microsoft Dynamics CRM is supported by a full programme of development investment and can carry your business forward successfully in the longer term.

When it comes to deploying and financing the solution, we offer a choice of methods. You can choose an installation on your own premises or a hosted solution where we take away your internal IT challenges by hosting the solution in our fully managed and secure data centre. You can purchase with cash or by monthly payments. We also offer attractive Microsoft promotional finance rates, including the opportunity (at the time of writing) to pay nothing for six months.

## Conclusion

A carefully considered investment in CRM could be the strategic underpinning of your company's passage through the downturn.

Using CRM, you can improve productivity, compensate for hiring restrictions, safeguard your current business and maximise opportunities for new business from current customers and contacts as well as new prospects.

Vodafone's industry and sector experience, pragmatism and commercial understanding coupled with market leading technology expertise make them the number one choice of partner for a cost effective and low risk CRM implementation this year.

To arrange an initial discussion with a Vodafone specialist for your sector, please contact Suzanne Barton on 01784 410 420.





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