Building Sales in a Recession with CRM 2.0

By Ron Miller | January 22, 2009

Using CRM 2.0 aggressively can help your business grow, even in a recession. CRM 2.0's powerful combination of information gathering, analysis and community building can help you identify where to focus your efforts, how to make the most efficient use of your resources and how to build customer loyalty to help you prosper in tough times.

But first, you need to examine your sales processes to identify what is and what isn't working. CRM helps you in this process by allowing you to determine which customers are actually generating revenue for your company. Without that information, you can't focus your efforts to boost results.

CRM also allows you to identify what is different about those revenue-generating customers. Why are these prospects especially profitable? That, in turn, lets you determine what you can do to monetize your other leads.

Modify Behavior to Modify Results

Doing the same thing over and over won't give you a different result. If you keep using the same sales tactics and the same level of effort, you're not going to increase your returns, especially when the economy is down.

The trick is to analyze what you're doing, change it and track the results. CRM lets you track what happens at a very refined level so that when you make those changes, you can quickly modify your strategies.

An adjustment can be something as simple as frequency of sales contacts. In some cases your customers buy more because they are contacted more often. Is this cause — the customers buy more because of more frequent contacts — or effect — your sales force stays in touch with their most profitable customers? One way to find out is to vary the frequency of sales contacts in a regular way and see if more orders result.

In other cases, the reasons for one customer being more profitable over another are more subtle. It may be that you're not offering the prospect quite the right product mix, for instance, or not stressing the right products to that individual. One of the most valuable sources of this kind of information is your sales force. Ask them about the feedback they're getting from particular customers about product, service and other issues and then use that information to plan your campaign.

CRM can help you identify the reasons why customers are profitable by taking the analysis beyond the numbers. If this sounds like sales 101, it's because it is. The difference is that the information gathering and analysis features of CRM let you do Sales 101 on steroids. You're gathering and storing information in an organized, disciplined way that lets you move beyond the anecdotal and the limits of human memory. CRM makes it easy to take that organized information and turn it into highly targeted sales efforts.

Targeting and Metrics

Targeting is especially important in a recession because your resources are limited. Slow business conditions put a premium on deploying those resources efficiently to get the maximum out of your personnel, product and budget.

With CRM you can use a number of different metrics to help you target your efforts. For example, while sales per customer is important, so are the sales per call. Some customers are much more profitable than they first appear because they are easy sales. Others have longer sell cycles and some take an inordinate amount of time to close a sale.

Then there are those customers who just aren't worth it. They may only produce very small orders or they may be more trouble than they are worth because of excessive demands or complaints. CRM can help you identify these problem children so you can back off your efforts and put time and resources into more productive relationships.

Customers aren't the only parts of your operation that can be analyzed with CRM. Your product line can be scrutinized as well. With CRM you can take this far beyond simply identifying your most profitable products. You can, for example, identify cross-selling opportunities by looking at what products customers tend to buy together.

CRM 2.0 : Building Sales by Building Communities

What CRM 2.0 brings to these efforts are tools for two-way conversations with the customer. Resources like forums and blogs aren't usually the first things that come to mind when thinking about sales in a recession, but if you use them intelligently they can be a vital part of your sales efforts.

Online community members, for instance, have a greater sense of loyalty to each other and the community sponsors than customers in general.

In addition, customer service becomes absolutely critical in a recession because it tough times make it easier to lose clients. Ironically, it is easier to lose customers through poor service and failed promises, regardless of the financial climate, than it is to lose them by not meeting the competition's price.

Forums are especially important because they provide customer feedback and the chance to address problems quickly. Forums can also serve a canary-in-the-coal-mine function by helping you spot systemic problems more quickly. If one customer reports a problem and two or three others chime in that they're having that difficulty as well, you’ve received a valuable warning of something that needs to be fixed quickly.

Blogs help by giving a human face to your company, which helps bind customers to you. They also provide an important channel for you to address your customers directly, sharing information with them and providing everything from tips on using your products to news of sales, special deals and other customer-attracting offers.

And of course, your Web page should be a critical part of your sales efforts. It is an instantly updating catalog that lets you fine-tune your sales efforts on a day-by-day basis, if needed.

Applying CRM to CRM 2.0

It's important to understand that CRM 2.0 is a toolbox, not a toy box. There's always the temptation to deploy one more bell or whistle or to collect just one more piece of information. To get the most out of CRM 2.0 you have to apply CRM analysis to CRM 2.0 itself. In other words, you should constantly check to see that you're getting a return on the time and resources you have invested in the features you're using. If, after a reasonable trial, you don't get the results you want, change what you're doing.