

# CRM for SMEs: An FD's Guide

A White Paper by Pegasus Software



## CRM: a definition

CRM (Customer Relationship Management) is focused on an organisation's engagement and interaction with its existing and prospective customers. Using data and insights on customers' history, it provides a platform from which to enhance the relationship and in doing so, improve both retention and profitability.

## The CRM landscape

Financial Directors within SMEs have, in the past, dismissed CRM as the preserve of larger organisations, instead relying on regular, informal contact with customers, or spreadsheets which inevitably lapse and might be out of date, or incomplete.

It goes without saying that the customer holds the key to profitability, and therefore managing this relationship must be given the appropriate attention against, say cashflow or invoice management. Without it, lowered customer loyalty and satisfaction, and ultimately reduced levels of profitability inevitably ensue.

## Digitalisation: It's all about you

If you were to ask a panel of technology leaders what digitalisation means to them, the majority would point to the customer experience, enabled by business transformation and supported by digital technologies, as the number one goal. Against this backdrop, CRM has become more important than ever in identifying and exploiting opportunities to boost the bottom line through effective customer retention and management.

## \$80 billion can't be wrong

CRM systems which formalise and optimise the management of customer relationships have therefore moved firmly away from being a 'nice-to-have'. Now a mainstay on the majority of SMEs' 'essential' list, many are successfully deploying systems which help to retain customers and acquire new ones as the business grows. Testament to this is Gartner's analysis that the CRM software market is worth \$36.5 billion, and will be the fastest growing segment this year (2018), with a 16% growth rate year on year. By 2025 the market is expected to be worth \$80 billion.

## Shaking up the legacy

Previously, most CRM systems were designed with big companies in mind, and incorporate complex databases and expensive configuration, with the SME alternative little more than a contacts system.

But the CRM market has evolved. Technologies such as IoT and AI stand to deliver new ways to capture and analyse data, and providing more ways to improve the way in which customer relationships are nurtured, and at the same time, new legislation such as GDPR puts increasing amounts of pressure on transparency and data availability.

This opening up of the market is good news for SMEs, as wherever you are on your CRM journey, there is a solution out there to fit. CRM systems specifically tailored for SMEs are bringing cost-effective, easy to use, flexible capabilities, providing organisations with an opportunity to improve retention strategies and carve out greater market share and new opportunities.

## A new dawn

Devoid of hefty price tags and intensive, time-consuming configuration to match, CRM systems for SMEs are quick to install, available in a range of options to include on-premise, SaaS or Cloud, and provide comparative functionality to larger-scale systems. The rise in Cloud popularity is largely due to the hassle-free deployment, ease of access, affordability and flexibility that it offers, making CRM adoption a no brainer even where resources are tight.

Crucially, solutions that fully integrate financials, supply chain, document management and business intelligence, bring all data sources within the organisation together to provide a live, comprehensive view of each prospect or customer. Linking CRM with finance systems streamlines internal processes and enables accounts, senior management, sales, marketing and customer service staff to take a more comprehensive, informed and strategic view of the business and its customers.

Remote and mobile access to CRM systems means that sales and marketing personnel can access live data on all aspects of customer profiles, accounts and marketing initiatives from any location, whether working at home or on the road. This capability expedites response times, enhances productivity and expands the window of opportunity to up-sell. If used to their potential in this way, CRM systems deliver significant opportunities to increase customer profitability.

With sensible levels of investment, flexible deployment options and mobile access, SMEs can now compete with larger organisations on a level playing field, using CRM to support customer retention strategies, maximise profitability and capitalise on sales and growth opportunities both in the short term and long term.

The customer is intrinsic to business growth and those organisations without the right systems to manage both relationships and profitability stand at a major disadvantage in an increasingly digitalised, connected world.

### CRM systems allow Financial Directors to boost the bottom line in a number of ways:

- 1) Better, quicker decisions:** By having all relevant sales and financial information on customers at your fingertips, risk can be assessed and pricing or terms adjusted appropriately.
- 2) Identifying profitable customers:** By understanding the frequency and volume of customer purchases, their profitability can be ascertained so that investment is targeted appropriately and not wasted on unprofitable customers.
- 3) Predicting demand:** An understanding of purchasing habits and trends can facilitate greater planning through helping to forecast and therefore meet demand more closely.
- 4) Automated billing:** The integration of finance and CRM systems means that invoices can be generated automatically, improving cashflow and driving costs down.
- 5) Better sales/marketing integration:** CRM systems enable marketing campaigns to be tracked against opportunities, and closed deals, providing insight on what works and doesn't work, focusing marketing spend in the most profitable way.
- 6) Increasing loyalty:** By closely managing prospects' enquiries and customers' purchasing patterns, offerings can be made quickly and appropriately, helping to build long-term profitable customer relationships.
- 7) More effective sales management:** CRM helps the sales team to manage priorities and follow up on opportunities, ensuring nothing is missed and lowering costs.



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