

Welcome to your Virtual Classroom Recorded Session!

Identify, Realize and Measure the Value of CRM Projects

Instructor: [Tatjana Nikolic](#)



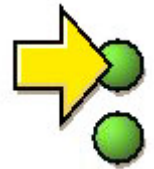
Tatjana Nikolic

Function: Senior Consultant

Department: CRM Business Consulting

After completing this course you will be able to:

- **Benefits of CRM projects**
- **Overview of Opportunity Assessment**
- **Overview of a Business Case**



Benefit of CRM Projects

Examples Opportunity Assessment

Examples Business Case

Summary

Benefits

*Opportunity
Assessment*

*Business
Case*

Summary

Aim: Define the Benefit for Each CRM Project



CRM projects mainly fail because the benefit is not recognized.

Source: Meta Group – Computerwoche 24/2001

Aim: A CRM Solution is Not Just a Question of Software...

... but comprises four strategic areas of action



Aim: Define the Benefit for Each CRM Project



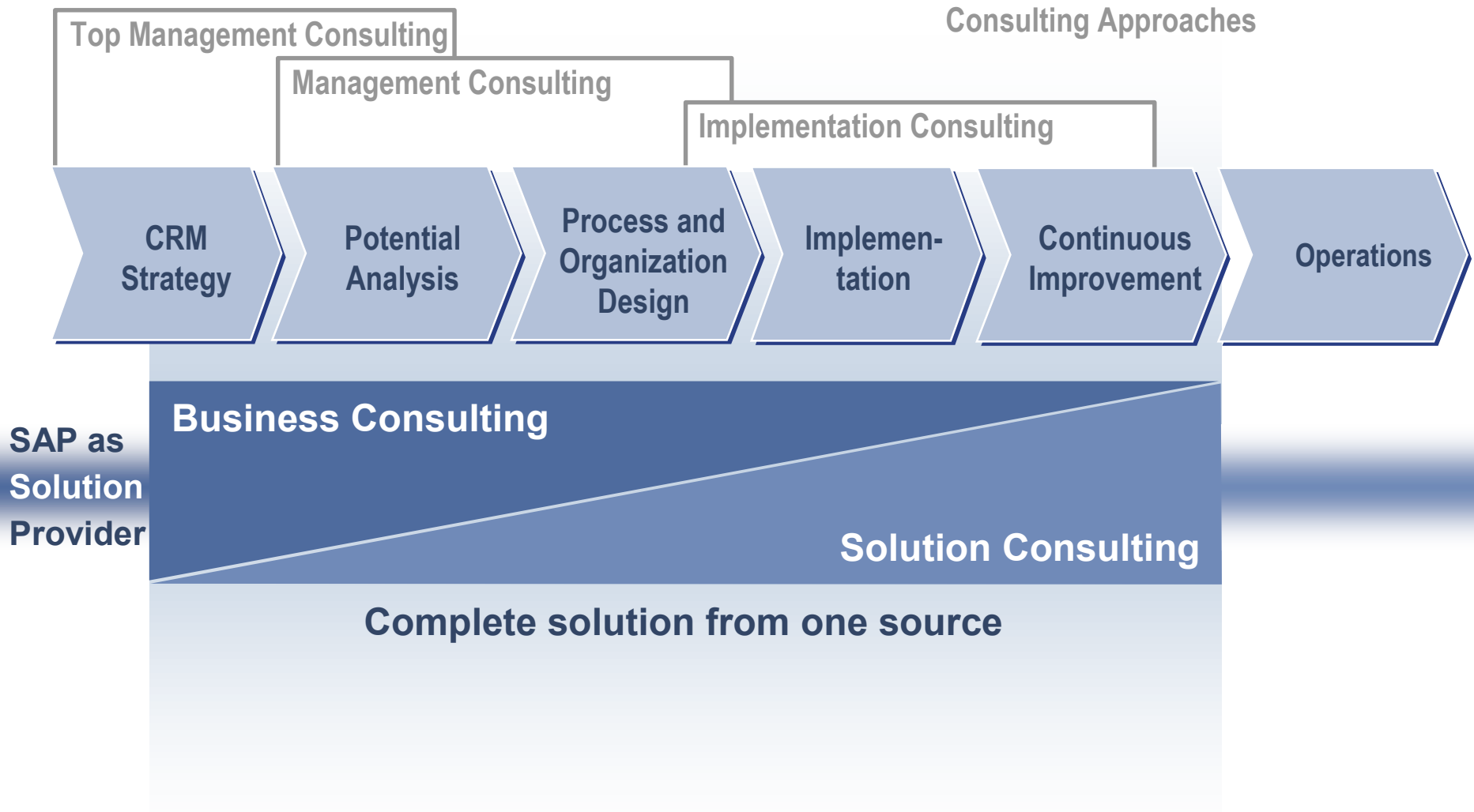
Benefits

- Quantitative benefits
- Qualitative benefits
- Strategy- and solution-related project plan

Goals derived

- Companies focus on their CRM goals
- Companies develop strategies for better customer relationship management
- Companies develop a realistic view of what is feasible

SAP as Solution Provider



Session Overview

Benefits of CRM Projects

Examples Opportunity Assessment

Examples Business Case

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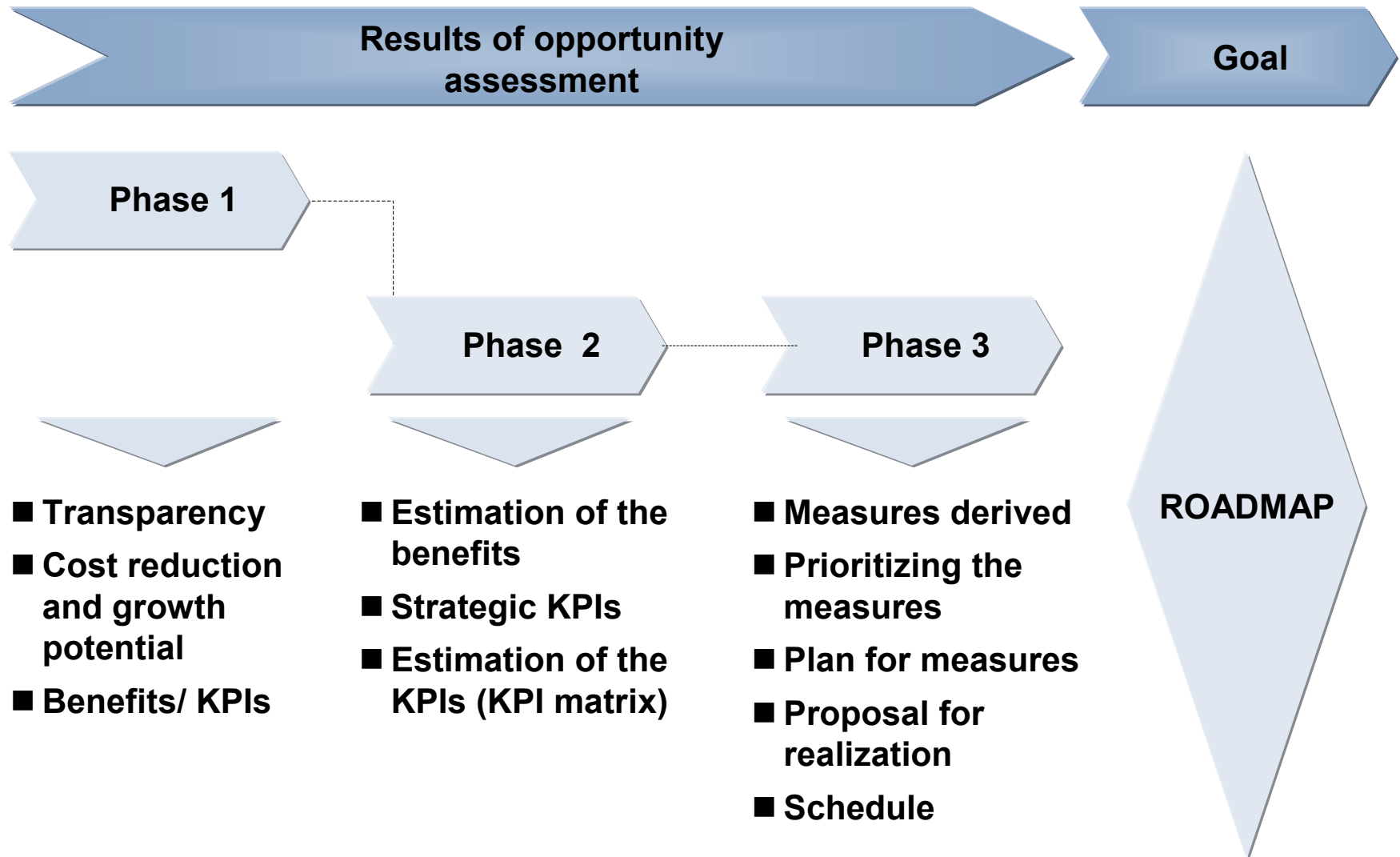
Topic 1

Topic 2

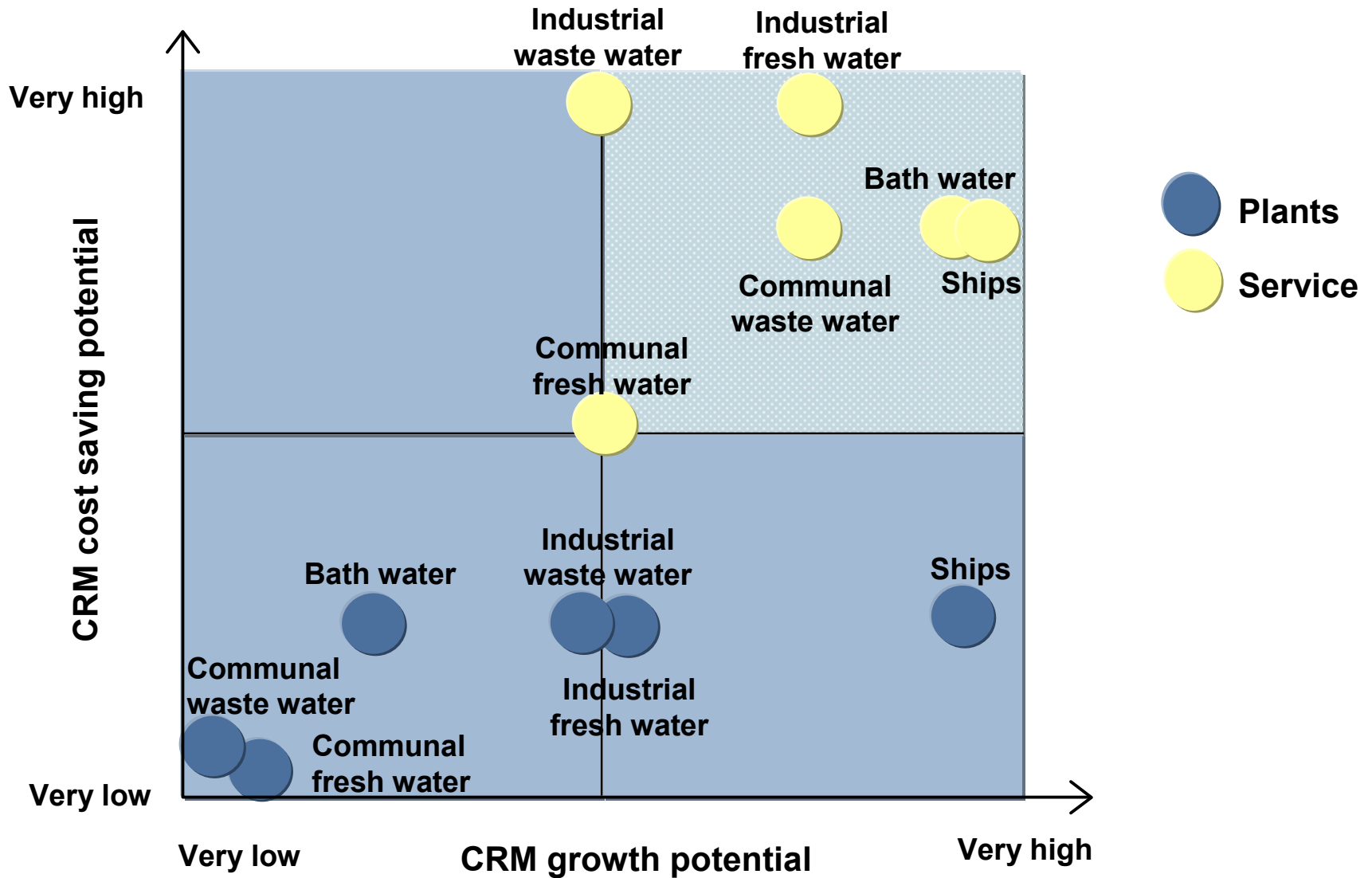
Topic 3

Summary

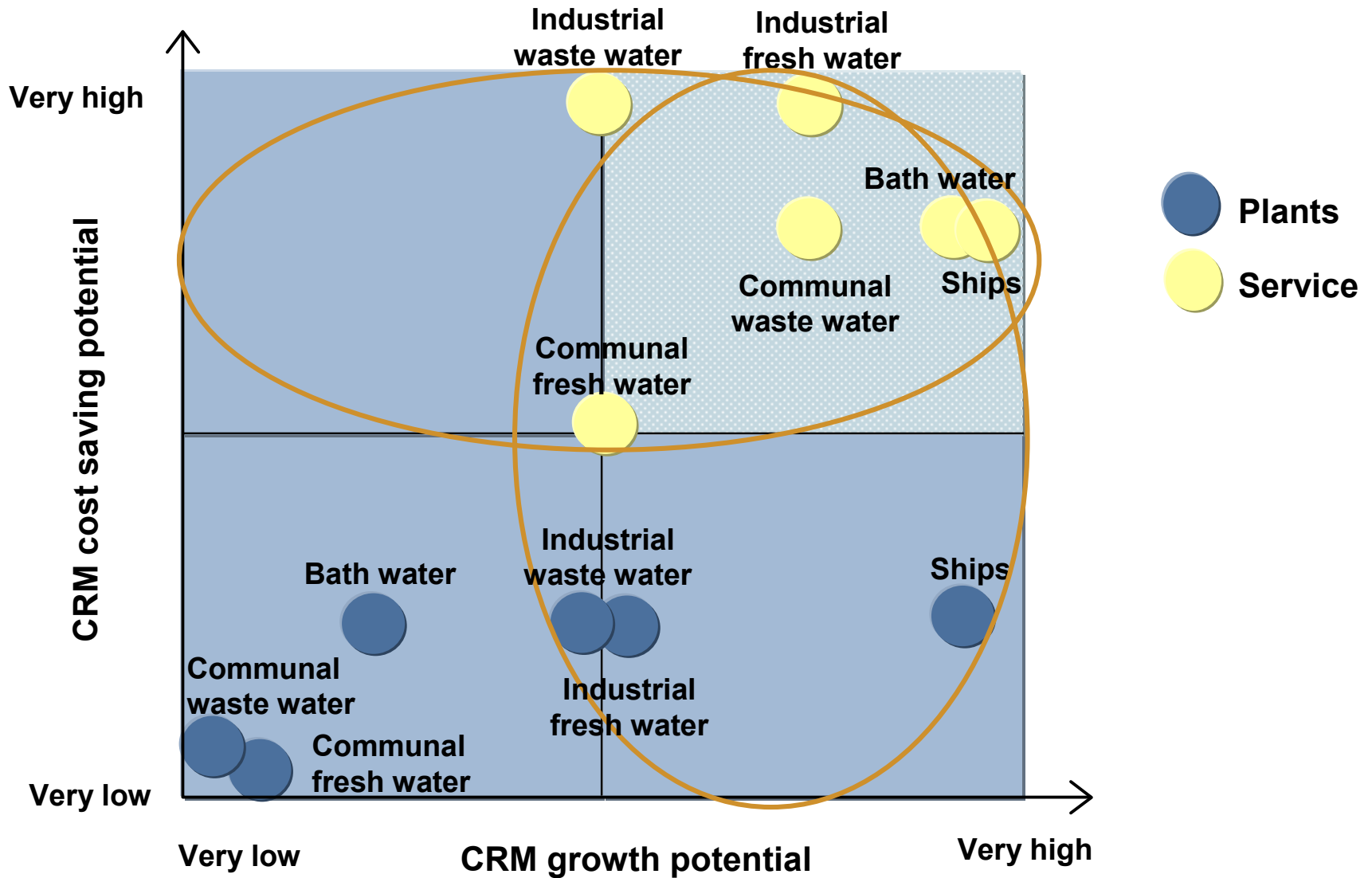
Workshop Phase Model Opportunity Assessment















































CRM Potential Portfolio (Customer Specific)



CRM Potential Portfolio (Customer Specific)

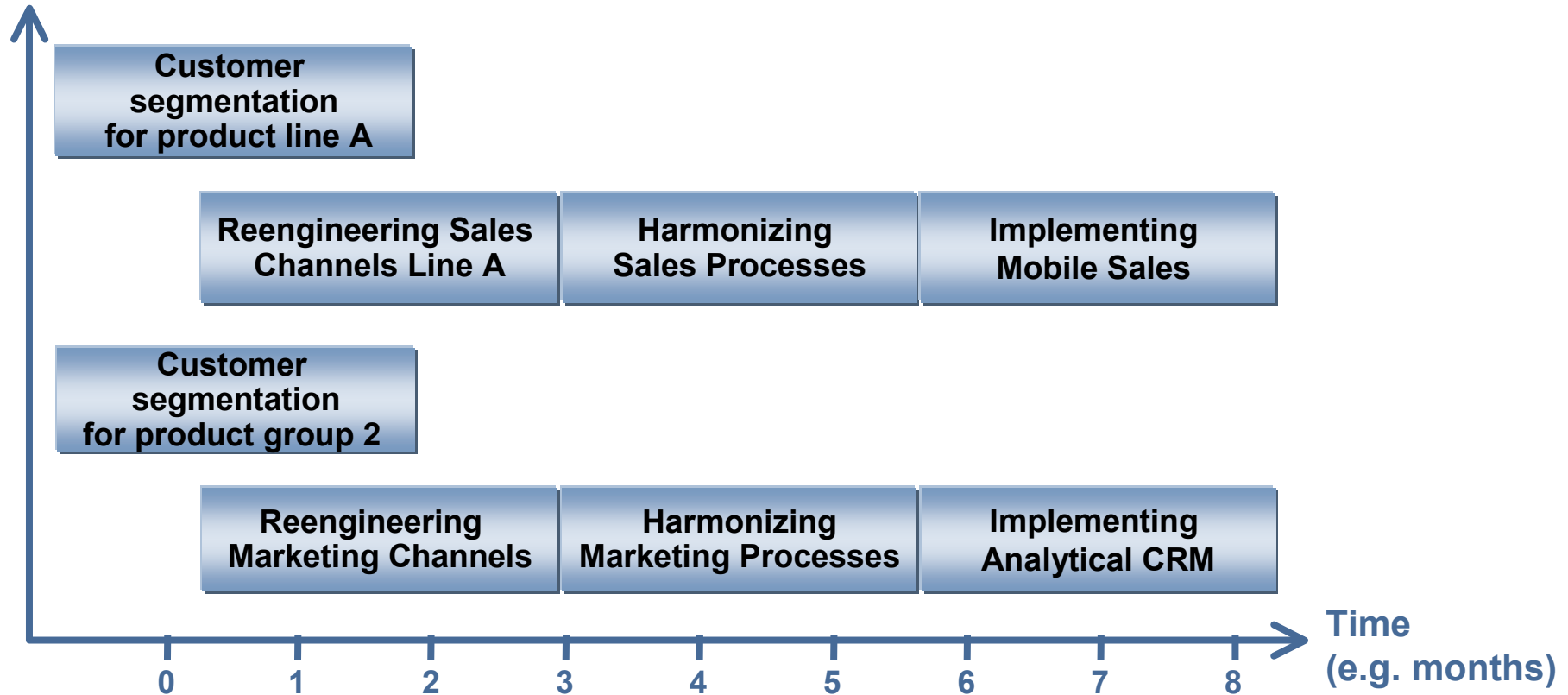


KPI-Matrix: High Level Quantification of KPI's

Prio. benefits \ Prio. KPIs	revenue	Cross Margin	Customer Satisfaction	Number of inquiries and orders	Follow up/ technology leader
Reduced time for reporting (more time for the customer)					
Better centralized database					
Simplified report creating (on a chosen level by oneself)					
Improved knowledge of the exact market price					
Reduced time from inquiry to quotation					
Improved market understanding for better definition of new products					
More reliable data					
More liability in front of the customer					
Total improvements per KPI					
Total improvements per KPI in percentage *)	0,5%	3%	15%	3%	10%
Percentage range	+/- 0,5%	+/- 2%	+/- 5%	+/- 2%	+/- 3%

CRM Roadmap (Customer Specific)

Projects



Benefits of CRM Project

Examples Opportunity Assessment

Examples Business Case

Summary

ROI

*Opportunity
Assessment*

*Business
Case*

Summary

A three-phased approach enabled us to analyse a broad range of benefits and their impact on KPIs

1. Core Team Workshop

Business rationale framework

- Initial list of benefits and KPIs identified
- First „sanity check“ of benefits and KPIs with two Global Account Directors and Controlling +

A. Opportunity Management

14. Improved focus on key opportunities Example Calculation: Average revenue volume per opportunity (Revenue, consulting and training)

Benefit scope: Customer Salesforce Salesforce Mgt. Senior Mgt. ...

Importance / priority* 1 = low, 5 = high


Degree of improvement** / *** 20% 40% 60% 80% 100% Confidence Level: +/- _____ %

Reason for improvement:

Average value: (over the last 3 years) Confidence Level +/- _____ %

I.e. focusing on the 10 daily high volume deals instead of pursuing 20 low volume opportunities

* Would any improvement in that area really make a significant difference to your work regarding efficiency and / or quality?
** Please rate the degree of improvement you expect from working with the CRM system
*** Percentage increase

THE BEST-RUN E-BUSINESSES RUN SAP 

Highly structured benefits and KPI framework

A three-phased approach enabled us to analyse a broad range of benefits and their impact on KPIs

1. Core Team Workshop

Business rationale framework

- Initial list of benefits and KPIs identified
- First „sanity check“ of benefits and KPIs with two Global Account Directors and Controlling +

A. Opportunity Management

14. Improve focus on key opportunities

Example Characteristic: Average revenue volume per opportunity (Revenue, as well as log and rating)

Benefit scope: Customer, Subcontract, Subcontract Mgt, Service Mgt, ...

Importance / priority* 1 - low ... 5 - high

Degree of improvement** 20% 40% 60% 80% 100%

Confidence Level: %

Reason for improvement: f.e. focusing on the 30 dash high volume dash not out of performing 20 new customer opportunities

Average value: (over the last 3 years)

Confidence Level: %

* Weighted improvement that was really made a significant difference to your work regarding efficiency and capacity
 ** Based on the degree of improvement you report from working with the CRM system
 *** % Change factor

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Highly structured benefits and KPI framework

2. Pilot Country Analysis

Data gathering in 4 countries

- 34 Interviews
- 27 Benefits, 8 KPI baselines and 27 x 8 KPI impacts
- Account Manager, Sales Execs, Finance dept. ...

Validation Workshop
Sept. 6th

C. Account Management Benefits

Nr.	Benefit	Role	Scope	15 Reduction of time to communicate and retrieve account information					
				Priority	Target	Target Conf.	Baseline	Baseline Conf.	
1	Johann Peter Kainer	Global Account Director	0	5	40	0	98	98	
2	Stefan Lohner	Director Business Unit	0	4	100	0	98	98	
3	Matthias Blum	Account Executive	0	5	60	0	1	0	
4	Andreas Braun	Business Director	0	3	20	0	98	98	
5	Andreas Barth	Account Executive	0	5	60	0	98	98	
6	Jürgen Neeth	Sales Director	0	5	100	0	98	98	
7	Andreas Klumpp	Sales Director	0	5	98	0	98	98	
8	Manfred Stephan	Director Business Unit	0	5	98	98	98	98	
9	Michael Dicht	Sales	0	4	40	0	2	1	
10	Berni Boschenhoff	Sales Director	0	4	40	0	2	1	
11	Wilfried Schulte	Sales Director	0	5	98	0	3	1	
12									
Average values					4.55	62.00	0.00	2.00	0.75
Extrem values									
					5	100	0	3	1
					3	20	0	1	0

Data Analysis Framework:

3. Data Consolidation

Results

- Present value for the investment
- Top 5 benefits for each pilot country
- Impact of benefits on KPIs

A three-phased approach enabled us to analyse a broad range of benefits and their impact on KPIs

1. Core Team Workshop

Business rationale framework

- Initial list of benefits and KPIs identified
- First „sanity check“ of benefits and KPIs with two Global Account Directors and Controlling +

2. Pilot Country Analysis

Data gathering in 4 countries

- 34 Interviews
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- Account Manager, Sales Execs, Finance depart. ...

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3. Data Consolidation

Results

- Present value for the investment
- Top 5 benefits for each pilot country
- Impact of benefits on KPIs

A. Opportunity Management

Improved focus on key opportunities

Example Calculation: Average revenue reduction per opportunity (from controlling and account manager)

Reasons for improvement:

Average value: (over the last 3 years) _____

Confidence Level: -- %

1-4 depending on the 10 dash high volume dash instead of pointing 20 low volume opportunity

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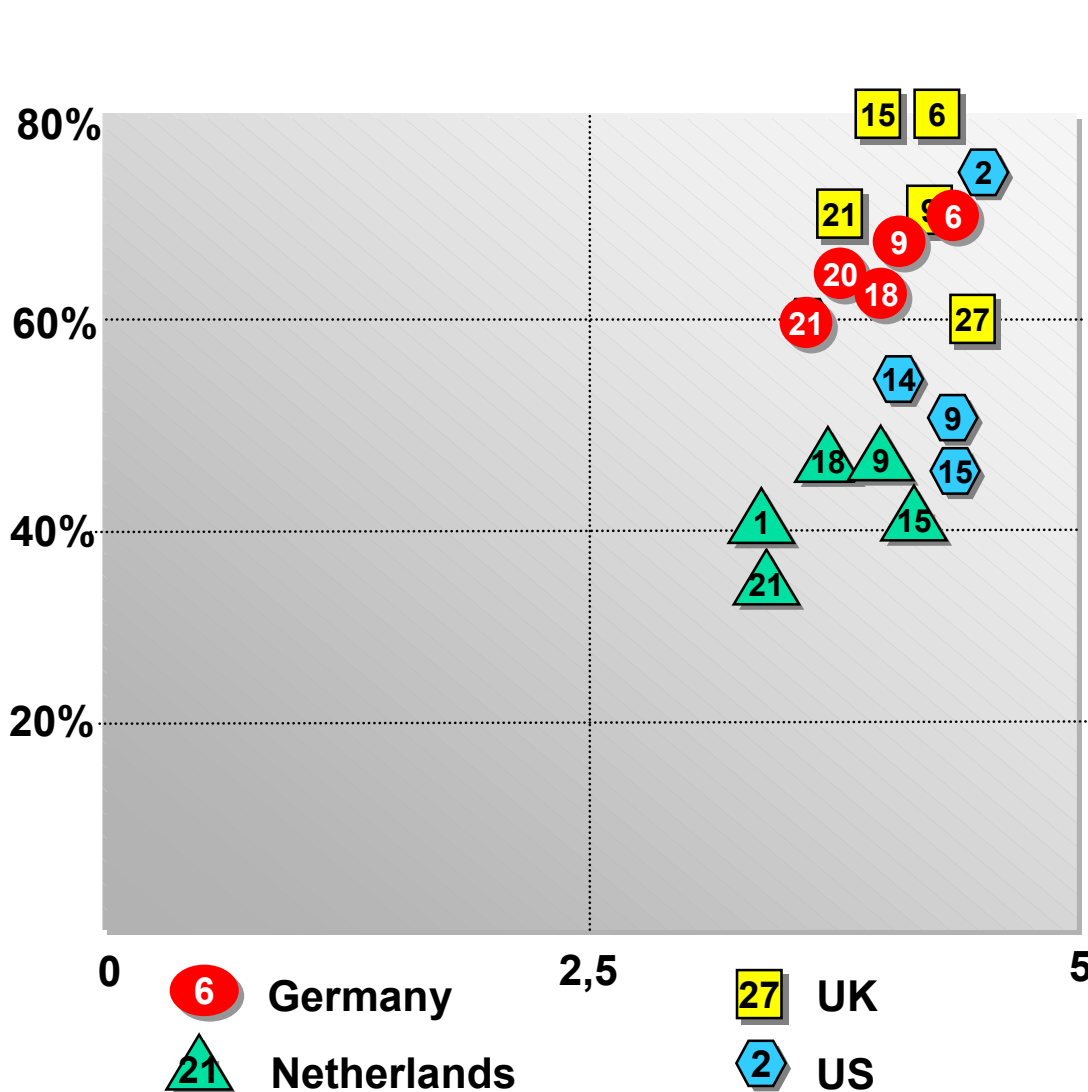
Highly structured benefits and KPI framework

C. Account Manager Benefits

Nr.	Interviewees	Role	Scope	Priority	Target	Target Conf.	Baseline	Baseline Conf.
1	Johann Peter Kaiser	Global Account Director	0	5	40	0	98	98
2	Stefan Lohmeier	Director Business Unit	0	4	100	0	98	98
3	Matthias Bambach	Account Executive	0	5	60	0	11	0
4	Andreas Braun	Business Director	0	3	20	0	98	98
5	Andreas Barth	Account Executive	0	5	80	0	98	98
6	Jürgen Noth	Sales Director	0	5	100	0	98	98
7	Andreas Naurin	Sales Director	0	5	80	0	98	98
8	Manfred Stephan	Director Business Unit	0	5	98	98	98	98
9	Michael Dietz	Sales	0	4	40	0	0	1
10	Bernd Böckenhoff	Sales Director	0	4	40	0	0	1
11	Wilfried Schulte	Sales Director	0	5	80	0	3	1
12								
Average values				4,55	62,00	0,00	2,00	0,73
Extrem values								
				Max.	5	100	0	1
				Min.	3	20	0	1

Data Analysis Framework

“Top” 11 Benefits Rated on importance and degree of improvement across pilot countries



- 6 Support for Implementation (4,7 ; 68%)*
- 9 Centrally capturing and sharing intellectual capital in Opportunity Management (4,6 ; 66%)
- 20 Improved transparency, visibility and coordination of staff activities (4,4 ; 65%)
- 18 Reduction of time required to communicate and retrieve account information (4,5 ; 62%)
- 21 Centrally capturing and sharing intellectual capital in Account Management (4,1 ; 60%)
- 15 Improved coordination of global and local activities in Opportunity Management(4,1 ; 40%)
- 1 Increased Credibility in the CRM Market (3,4 ; 40%)
- 27 Improvement in report accuracy and reliability (4,6 ; 60%)**
- 2 Increased market awareness by having a global CRM reference (4,8 ; 71%)
- 14 Improved focus on key opportunities (4,2 ; 54%)
- 16 Improved response time for answering to customer inquiries(3,8 ; 35%***)

* Difference between Germany, UK vs. US (which rated benefit no. 6 low)
 ** Difference between UK vs. US (which rated benefit no. 27 low)
 *** Difference between US vs. Germany (which rated benefit no. 16 low)

ROI Global calculation

Revenue and cost impacts	2002	2003	2004	2005
Revenue impact (in Mio. €)	0	223,22	223,22	223,22
Cost of sales impact (in Mio. €)	0	139,85	139,85	139,85
Total (in Mio. €)	0	363,07	363,07	363,07
Implementation costs				
One time implementation costs (in Mio. €)	28	0	0	0
CRM system operating costs (in Mio. €)	5,6	5,6	5,6	5,6
Total (in Mio. €)	33,6	5,6	5,6	5,6
Cash Flow (most-likely case) (in Mio. €)	-33,6	357,47	357,47	357,47
Net Present Value (most-likely case) (in Mio. €)	939,88	← Discounting		
Net Present Value (best case) (in Mio. €)	1271,30			
Net Present Value (worst case) (in Mio. €)	608,45			

Realization of Benefits needs Change Management

The following key aspects of Change Management will ensure the business benefits are realised at minimum risk:

Risk Mitigation



- Review difficulties
- Consistent management support for change
- Involvement and commitment of leaders
- Manage dependencies
- Technical solutions in place to support the new processes

Communications



- Communicate the benefits
- Clarify & communicate behavioural changes
- Assist with the cultural shift required to embrace expected change

Realization of Benefits needs Change Management

The following key aspects of Change Management will ensure the business benefits are realised at minimum risk:

Organisational design



- Choose and implement new performance measures
- Provide tangible incentives

Training



- Build capabilities of those impacted by the change
- Build commitment to new ways of working

Introduction – ROI

Examples Opportunity Assessment

Examples Business Case

Summary

ROI

*Opportunity
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Summary

You are now able to:

- Benefits of CRM projects
- Overview of an Opportunity Assessment
- Overview of a Business Case



Thank You for Your Attention!

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