



Introduction

As the 'credit crunch' continues to unfold, many businesses retreat into 'saving mode', trying to reduce costs as much as possible. However, others realise that it's sound business practice to invest now in tools that can make immediate bottom line savings or increased revenues.

Let's not get caught up in the doom and gloom of the current economic situation. Contact Management (CM) is an opportunity to invest for growth rather than a cost. And see the technology as a tool to safeguard your customer retention.

A CM system's important for small businesses in the good times, to help you sell more effectively and more profitably. But it's a definite 'must-have' in bad times since it can provide the competitive advantage you need to retain existing customers and also to gain new ones.

Understand the buying patterns in a recession

What do businesses do in a recession? They do four things. Firstly they scrutinise every purchase with a business case for why they need it now, rather than in the future. Secondly, they make decisions by consensus, rather than individually. Thirdly, they become more risk adverse and do business with vendors they know and trust. And finally, they need a clear and positive Return on Investment (ROI) – either to save costs or to make more profits, or both.

Buying a CM system will tick all of these. Do it now and you'll gain a competitive advantage. CM also helps you sell to a group of decision-makers by managing multiple relationships. And CM is often sold by large, stable business software providers with trusted brands. Finally CM can deliver a ROI in a couple of months, by making sales and marketing so much more effective. It helps you communicate much better with your customers.

The value of customer loyalty in economically uncertain times is particularly important. And whilst there may not be a magic wand to solve the current economic problems, there are a number of additional benefits to a well executed Contact Management strategy in a downturn.

ACT! has fundamentally changed the way we operate as a business", says David McPherson, Aegis IT's founder. "We can do things with client information that would not have been possible before we got the software." "We found that it had capability that we simply hadn't exploited,"

Change your sales strategy/model/process/style in a recession

Firstly, everyone's clearly looking to stabilise their current customer base and mitigate risk, as customer retention and service is definitely high on the list of priorities. Often during a downturn, businesses may also have to make difficult decisions about the products and services they offer to their customers. For example, the removal of some services that aren't profitable or viable in a new economic situation. If this happens, it's vital to communicate effectively with your customers about any change in direction your company is taking. There are three key points to managing this process. The first one is understanding what products and services your customers really value and what are profitable for you. Secondly, you should communicate effectively with your customer base when certain goods or services are being discontinued or changed. Finally, which sales people are going to help you with these changes and how can you help your sales people to sell differently?

A CM system will give you analysis on how many customers you have, what they are worth, how much they cost to acquire, how many you've lost and which products sell to particular types of customers.

It provides the facility to communicate with customers in the most effective way, whether that's by email, letter or phone. You can then target the right customers with the right message at the right time. It means there's minimal impact on your customer base and, so, less pressure on your customer service people, if a service or product's been withdrawn or changed. And they trust you to deliver and will continue to buy from you rather than risking relationships with unknown suppliers.

A CM system also highlights your best and worst sales people, and allows you to help the 'pretenders' become 'players', by putting sales processes in place to manage change and encourage best practice.

Put customers at the heart of your business in a recession

Above all though, it's important to remember that CM is a business strategy, not a technology. It's about putting your customers at the centre of any business decision, regardless of the economic climate.

You need to make sure your business is focused on customers and their importance, not least when we understand why we lose customers. A survey a few years ago showed 1% is through death, 3% through relocation, 14% because of a better offer and 14% from dissatisfaction with product specification/design. But a massive 68% stop buying because of poor service and customer care.

A CM system ensures you'll never forget to call a customer and never forget to quote a customer.

"If time is money, then the software will have paid for itself in one month flat" Michelle Collins, managing director of First Locksmiths Services

Increase your marketing effectiveness in a recession

Today, it's probably true to say that most CM projects are still primarily about sales force automation, which connects sales and customer services departments, but overlooks the marketing team. This only scratches the surface of what CM is really all about. With marketing cut out of the loop, the best they can do is produce limited customer intelligence.

Instead, those who do your marketing can use CM tools to provide new ways of identifying and visualising relationships that they didn't even realise existed. Especially in the day and age of social networking, marketing has become much more of a conversation with the customer, as people don't want to be marketed at. It needs to be a genuine collaboration between the company and customer at a one-to-one level, making the customer feel special.

Invest in a recession

You need to move fast to ensure your business remains profitable in difficult times. CM will help you target the right people with the right communication at the right time. . .so you could get the same number of leads by mailing 10% fewer, or increase telesales conversion by 10% - or both! That's a saving of £500 in postage if you mail 10,000 per quarter, AND an increase in revenue – so delivering a return on investment in just three months for a typical five-user CM solution.

In summary

In a recession, you need to know that you'll never miss an opportunity to keep customers happy and doing business with you. In fact, companies who retain 5% more customers can boost revenues by up to 100% (Harvard Business Review, August 2008).

Businesses don't stop spending in a recession, they're just more careful and justify everything. Contact Management should be seen as a 'must-have' purchase to safeguard your customer retention.

About ACT!

The number 1 selling contact and customer management solution for over 20 years, ACT! by Sage continues to bring the latest, most intuitive technology to businesses across the globe. ACT! solutions have more than 2.8 million individual users and 43,000 corporate customers in 25 countries, including individuals, small businesses, selling professionals, and corporate teams. Because ACT! solutions support an "anywhere" workforce with seamless online, offline, and mobile access solutions, they work for any business environment. With ACT!, you can achieve maximum productivity so you have time to focus your attention on business-critical activities, provide a better customer experience because you understand the intricate needs of your contacts, and make informed decisions to advance your business.

Sage is a leading supplier of business management software and services to 5.7 million customers worldwide. From small start-ups to larger organisations, we make it easier for companies to manage their business processes. Our purpose is to help our customers run their businesses more effectively, helping them to gain greater insight into their business activities and providing them with lasting benefits by automating their business processes.

For more information

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