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Business Case

Customer Relationship Management System

XYZ Corporation

Customer Satisfaction Program

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Commented [DPH1]: In this example, assume that I (as an employee of NorwalkAberdeen) am preparing a business case for XYZ Corp (as a client of NorwalkAberdeen). If you are preparing a business case for your own organization, you won't have all these references to multiple organizations.

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Commented [DPH2]: People always forget to update the page numbers before they publish.
 Don't forget!

Summary

Today, XYZ manages its customer relationships largely through its relationship managers, and these RMs have no consistent way of managing the relationships.

Commented [DPH3]: Problem statement

This results in:

- Lost sales opportunities
- Poor customer experience
- Inconsistent levels of service
- Extensive operational inefficiencies
- Subpar revenues and revenue growth

Commented [DPH4]: The problem's impact on the organization

Having reviewed multiple options for addressing this problem, the solution that will best meet the needs of the firm will be the development of a new **customer relationship management system**.

Commented [DPH5]: Solution statement

The CRM system will:

- Highlight sales opportunities
- Create opportunities for customer engagement
- Enhance customer views of the firm and its brand
- Directly support all strategies defined by firm management
- Increase revenues and support the firm's growth agenda

Commented [DPH6]: The benefits the solution will provide

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Problem

Today, XYZ has an *ad hoc* approach to customer management that inhibits information-sharing about sales and service opportunities, having significant impact to the firm:

RMs are unaware of customer interactions. When a customer expresses interest in a product to a customer service representative, that information usually doesn't make it to the customer's RM. When the RM doesn't call, the customer walks away with a poor view of how the firm operates. The customer doesn't bring up the interest again. 7 Sales opportunities are wasted this way every day.

Customers have a disjointed experience with us. When a customer speaks with an RM, no one in support has any knowledge of the conversation. When a customer sends an e-mail to the customer support desk, the people on the phones have no idea. This disjointed experience creates a very bad impression.

Customers choose our competitors on critical product purchases. Customers want to do business with us, but they tend to buy our smaller, less-critical products. This indicates a lack of trust that we can deliver comprehensive solutions.

RMs leave us for the competition. Over the past eighteen months, 6 RMs with combined sales of \$6,100,000 per year have left the firm to work for a competitor. One of their most common complaints was that "no one knows what's going on" with respect to customer activity.

Solving this problem is critical if we wish to increase the revenues of this firm by increasing customer satisfaction.

Commented [DPH7]: Stating the problem strongly, simply, and briefly. This is **not** just copying and pasting from the page before.

Commented [DPH8]: Agitation paragraph #1

This is a very strong, yet matter-of-fact tone. When x happens, a happens, then b happens, then c happens. And c is awful.

In many cases, it's good to use monetary amounts to express impact, but I didn't do it here. Why? Because management has a very good understanding of the high value of one sale, let alone seven per day. This is a special case, where we let their imaginations run wild.

RM = Relationship Manager = Salesperson, by the way.

Commented [DPH9]: Ending the list of agitations with one that is a very powerful motivator for management. The first and last items have to be the best.

Commented [DPH10]: Quotes are a powerful part of telling the story.

Commented [DPH11]: Note the tie-back to the goal and strategy of the program.

Strategic Environment

Any solution to this problem must support the firm's growth agenda expressed through the following strategies:

Increase sales by increasing customer satisfaction. As the flagship project in the Customer Satisfaction Program, the solution outlined in this document must serve as the primary approach to executing this strategy.

Increase sales by developing the online sales channel. The solution outlined in this document must be aligned and entirely consistent with the online sales channel strategy and its execution.

Commented [DPH12]: Nothing fancy here. The point of this text is to demonstrate to management that we understand the strategy situation and that we take it seriously.

Solutions Considered

The analysis team considered multiple options to address issues with customer satisfaction. These included:

Improving the website. Given that customers have broadly voiced discontent with our existing website, improving it could substantially improve customer satisfaction. This option became redundant, as the Online Sales Program will likely take ownership of this solution.

Appointing a Customer Advocate. The concept is that a single executive would act as advocate for our customers within the firm. While this could be valuable, relatively low return on investment and questionable impact on core problems make this a less attractive option.

Creating a customer feedback portal. Creating a website for customers to voice their needs, concerns, and ideas could lead to increased customer satisfaction. However, this was determined to have an indirect impact, and it's unlikely that the project would have a positive ROI within five years.

Other ideas, such as holding customer appreciation events and sending XYZ logoed merchandise to customers were considered, but were deemed to have too low of an impact on customer satisfaction to be worthy as an organizational focus.

Developing a CRM system. The solution with the best combination of efficacy, direct positive impact to customer satisfaction and revenue growth, and ROI is to develop a CRM solution. This business case will now focus on the details and merits of this approach.

Commented [DPH13]: The ordering of the solutions are as follows: (1) pretty good option that we aren't going to work on, (2) less good option, (3) even less good option, (4) everything else that wouldn't be attractive, (5) the best solution that we have.

In each of the paragraphs, I state the option, a quick description, and why it wasn't selected (or was).

Commented [DPH14]: To save the readers' time, it's fine to condense the less-attractive options into a single para or bulleted list.

Solution Details

Overview

The new CRM system will be a single tool unifying all customer touchpoints and interactions. It will have at least the following features:

1. Customer information pages, allowing RMs and support staff to quickly get phone numbers, e-mail addresses, physical addresses, dates of birth, and other critical customer data, all in one central location
2. Customer interaction logging, allowing staff across the entire firm to record e-mail, phone, chat, and in-person interactions with customers
3. Customer research tools, enabling RMs to quickly get intelligence on which customers and prospects have the greatest need and can benefit most from our products and solutions
4. Sales ideas, giving RMs quick lists of who to contact based on data from past years
5. Reports, alerts, and notifications, enabling RMs and other customer-facing staff to quickly respond to customer activity and internal tasks

While the CRM system will primarily drive the firm's customer satisfaction strategy, it is fully aligned with development of the online sales channel. The future will bring opportunities to integrate CRM and online sales... and the ability to turn high-margin online customers into higher-revenue direct customers.

Cost-Benefit Analysis

Developing a new CRM system will bring both tangible benefits (e.g. increased revenues of \$480,000 per year, with time) and intangible benefits (e.g. increased brand perception among customers and prospects).

Developing the system will require approximately \$508,000 in upfront project expenses. We further expect the system to require ongoing support (\$144,000 per year for three new employees), however this will partially be offset by the cancellation of software licenses currently costing \$96,000 per year.

After the initial project expense, we expect the following net benefits:

Year 1: \$72,000
Year 2: \$432,000
Year 3: \$432,000
Year 4: \$432,000
Year 5: \$432,000

Commented [DPH15]: High-level features used by the system. These will likely end up becoming your high-level business requirements.

Commented [DPH16]: Even though we are talking facts in this section, we are still making an argument. And that's the purpose of this document. Always keep that in mind.

Commented [DPH17]: Case in point. The cumulative ROI numbers aren't that great, so we list out the annual benefits. The full analysis is below.

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New CRM System			ROI Summary			
				Cum. Costs	Cum. Benefits	ROI
			Year 0	\$ 508,580.00	\$ -	-100%
			Year 1	\$ 652,580.00	\$ 216,000.00	-67%
			Year 2	\$ 796,580.00	\$ 792,000.00	-1%
			Year 3 (break-even)	\$ 940,580.00	\$ 1,368,000.00	45%
Costs						
People	Monthly	Months	Year-0 Total	Year-1 Total	Year-2 Total	Year-3 Total
Project Manager	\$ 9,000.00	12	\$ 108,000.00	\$ -	\$ -	\$ -
Business Analyst	\$ 8,000.00	9	\$ 72,000.00	\$ -	\$ -	\$ -
Development Lead	\$ 8,000.00	12	\$ 96,000.00	\$ -	\$ -	\$ -
Developers (3)	\$ 21,000.00	10	\$ 210,000.00	\$ -	\$ -	\$ -
Support (3)	\$ 12,000.00	N/A	\$ -	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00
Software	Initial	Ongoing	Year-0 Total	Year-1 Total	Year-2 Total	Year-3 Total
UI Widget Library	\$ 900.00	\$ -	\$ 900.00	\$ -	\$ -	\$ -
MS Outlook 2016 (80)	\$ 16,000.00	\$ -	\$ 16,000.00	\$ -	\$ -	\$ 0
Hardware/Infra	Initial	Ongoing	Year-0 Total	Year-1 Total	Year-2 Total	Year-3 Total
Dell Rack Server (4)	\$ 5,680.00	\$ -	\$ 5,680.00	\$ -	\$ -	\$ -
TOTAL			\$ 508,580.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00
Benefits						
Increased Revenues			\$ -	\$ 120,000.00	\$ 480,000.00	\$ 480,000.00
Cancellation of XYZ Software	\$ 8,000.00	N/A	\$ -	\$ 96,000.00	\$ 96,000.00	\$ 96,000.00
TOTAL			\$ -	\$ 216,000.00	\$ 576,000.00	\$ 576,000.00
TOTAL			\$ (508,580.00)	\$ 72,000.00	\$ 432,000.00	\$ 432,000.00

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Timeline

This project will adhere to best practices in agile development.

Accordingly, new product versions will be fully analyzed, designed, developed and tested every one to four weeks. The Product Owner will determine when to release new product versions based on current market conditions.

The project will end when management determines it to be in the best interests of the organization.

Assumptions

Assumption	Status	Resolution
Year-1 revenue estimate of \$120,000	Validated	Confirmed by review of sales reports and typical value of a single sale.
Subsequent annual revenue increase of \$480,000	Validated	Confirmed by review of sales reports and typical value of a single sale.
Year-1 will be three months long	Pending: Team believes it can have fully functional app within nine months, but this will be determined over time.	TBD

Commented [DPH18]: You'll want to validate these as much as possible before you publish your business case.

Risks

Risk	Probability	Impact	Management Approach
Long span between project inception and delivery could adversely impact internal support and delay revenue growth.	High -> Low	Medium -> Low	To minimize this risk, the team will use agile methods, regularly producing new product builds and incrementally delivering new capabilities. This lessens the both the probability and impact to low .

Commented [DPH19]: A little sales pitch for Agile.