

Monitoring your ROI

How to make sure your business initiatives are effective and efficient

If you don't have a way of measuring your return on investment, you're not in control of your business.

With a customer relationship management (CRM) system, you can measure your results on everything from marketing campaigns, sales activities and new products to logistics performance and productivity, says Courtney Stoll, director, operations and administration at Arke Systems.

"Business owners are already managing their business in a way that lets them track this information," she explains. "The problem they're facing is that the information isn't consistent, it's disconnected and it's time-consuming to perform the analysis needed to make important decisions."

According to Stoll, you can ease into a CRM technology solution at your own pace so it doesn't disrupt your business. And once you get key data points into the system, you'll wonder why you didn't invest in it sooner.

Smart Business spoke with Stoll about how basic investments in technology can help you to better track your return on investments.

How do you determine what within the company requires ROI tracking?

Return on investment is traditionally determined by how much time it takes to recover that investment. Generally, you should look to measure ROI on large purchases or investments that affect your key performance indicators.

Business leaders contemplate investment decisions every day. There are upfront decisions about making an investment, and there are also ongoing decisions concerning the performance of those investments. Using ROI as a basis for making an investment decision helps frame your expectations about the value you'll receive from the investment. Then, after making the investment, continuing to measure ROI helps give you perspective on how it is affecting the business.

Determining what to measure also depends on your business. Based on the business or the type of investment, the factors used to measure ROI differ. What's important is making sure that your ROI comparisons are apples to apples. If you're measuring ROI on several items in your business, the measures and factors going into those calculations need to be consistent.

Most likely, the assumptions used to develop the initial ROI model will continue to



Courtney Stoll

Director, operations and administration
Arke Systems

evolve, so it's important to interpret the results in that context.

How can basic investments in IT help you track ROI on your marketing campaigns?

That's one of the main benefits of a customer relationship management system. With this technology, you get a 360-degree view of your business. Out of the box, that includes your sales, marketing and customer service. And you can use information from different aspects of your business to gain deeper insight into your customers.

Without a CRM system, you might send a postcard special offer to all of your customers, and you could potentially see an uptick in overall sales. But with a CRM system, you can relate that postcard to increased Web traffic, an increased number of phone calls, an increased number of e-mails, fewer customer service issues, new sales, a shift from legacy products to new products, etc. With this kind of holistic approach, you're able to maximize every customer relationship based on ROI measurements.

How can you better track your sales activities with a basic investment in IT?

Just as a CRM system gives you the overall view for measuring marketing ROI, you

COURTNEY STOLL is director, operations and administration at Arke Systems. Reach her at courtney@arkesystems.com or (404) 812-3123 x106.

can also dive into the details of each area of your business, such as sales. Once you use CRM to manage each stage of your sales process, your sales performance improves because the system keeps you tuned into the specific sales practices.

CRM keeps you focused on your business because it gives you the ability to actually see what's happening. And once you're using the system, you begin receiving ancillary value, such as the ability to measure the cost of sales or comparing customer satisfaction to customer personas. Whether that's used to focus in on a niche market or improve customer service for particular products, having this information gives you the data you need to tweak and improve your overall business offerings.

How can IT help you track the ROI of new products, logistics performance and employee productivity?

The next generation of CRM is xRM, where x means anything. You can easily configure Microsoft CRM to manage anything within your business, such as projects, timesheets and customer satisfaction survey results.

It also integrates with your Web site and with Twitter, allowing you to measure marketing efforts, all the way through to sales and implementation and back to customer service. By closing the entire business cycle loop, CRM equips employees with the information they need to make the best decisions.

What are the costs to establish a system to track ROI?

Take CRM one bite at a time. Most of our clients see an ROI on CRM within 90 days. But in order to realize real value within that time, you need to start with the basics. From there, CRM evolves, just as your business evolves. You tackle one new aspect at a time, and it changes with you. It's an ongoing effort designed to show incremental value with each iteration. For example, Dynamics CRM allows you to buy a hosted solution for as little as \$44 per user per month, and it scales up to an on-premise solution as your needs grow. <<

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