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## There's No Business Like Small Business

**T**his is one of the smaller chapters associated with the book. Which makes sense, since it's about small business, or at least as much sense as anything else you've read so far. If you've read the third edition, you'll realize this chapter is only a bit more than half the size of its third edition counterpart. The reason is simple. The CRM applications and strategies that have been built to support small business are mature and well defined and even highly specialized. CRM for small business doesn't need a long complex discussion at this point, unlike some of the less mature areas that this book covers. For example, Infusionsoft provides marketing automation applications to companies that top out at 75 users. If there are more users than that, they hand it off to someone else. This is not an uncommon occurrence. Thus, we have a down and dirty nitty-gritty chapter. Or, if you prefer, short and sweet.

When it gets down to it, most CRM software companies fit the proper definition of small or mid-sized businesses. Few are Fortune 3500 or anything close to that. In fact, even the smallest of the so-called "Big Four" of enterprise software, salesforce.com, fits some definitions of mid-sized with a billion-plus dollars in revenue for fiscal year 2009. That wouldn't be my definition of mid-sized, by the way. That would SAP's. Over a billion dollars would be my definition of retirement.

According to the U.S. Small Business Administration's Office of Advocacy, there are some 27.2 million small businesses in the United States. Don't get too excited—20.7 million of them don't have employees, meaning they are one-person small businesses, like me. Even with that high percentage of sole operators, they are a dominant force in the U.S. economy, representing between 60 and 80 percent of all new hires over the past several years. Not only are they responsible for a large amount of the U.S. business dollars and manpower, they are the true innovators in the United States, if patents

granted are any indication of innovation. Small businesses produce 13 times more patents per employee than large firms. These patents are twice as likely as large firm patents to be among the 1 percent most cited, meaning they are useful patents. (Unlike such patents as the Force-Sensitive, Sound-Playing Condom, a real patent that I'll leave to your imagination. What it plays could be really funny, though. Think Freda Payne.)

In any case, when it comes to CRM, the number of small businesses producing CRM applications or social applications is far larger than the number of even midsized or large enterprises involved in application and service development. Companies like Helpstream, InsideView, Zoho, Really Simple CRM, Infusionsoft, Marketo, pretty much every single business in the industry beyond about perhaps a dozen and a half are small. Thus, they understand the needs of small business, having lived through being one.

Yet, until recently small business has been reluctant to adopt CRM. For example, in a study that was released in April 2009, Microsoft found that CRM was only the seventh (tied with hosted e-mail) most important priority among small businesses after things like backup, virtualization, mobile solutions, security, and storage. Year after year, Gartner studies saw adoption rates at 20 percent without a lot of variance.

The irony is that the historic attitude that drives the social communications transformation is the provenance of smaller shops and markets when it comes to business. Mike Fauscette, of the print edition's "Collaborative Value Chain" Chapter 11 fame, said it well in a blog posting in May 2009:

*Before the days of Walmart and the takeover of franchises changed the way we interacted with stores, business was social. OK, maybe many of you aren't old enough to remember this, but I do. I grew up in a small southern city and most of the places we shopped were owned and run by people we knew, parents of my school friends and others. The dry cleaners knew my mom and knew if she wanted starch or not, hangers or folded, etc. The butcher knew what cuts of meat we usually bought and would even put aside prime cuts for us if he thought it was something we might like. And certainly if there was something the store didn't carry that we asked for, it would appear on the next visit. You see, the shop owners knew their customers personally, knew what they liked, wanted and would respond if they were asked to change*

*something or get something different. I think that the social enterprise has many of those same traits that the old “mom and pop” stores used to such advantage. It was all about knowing their customers and creating a personal experience every time we shopped there. That’s what a social enterprise is all about. Knowing your customer and interacting with them to create community, loyalty, and trust.*

Is the small business lack of interest in CRM a problem? Is it perception that isn’t true? Is it they just don’t understand what CRM is or they’d buy it right away? Is it that. . . ?

Hold up a second. Let me tell you what it actually means.

## How Does the Small Business Think?

It is extremely important for those involved in thinking about and working with small business around CRM to understand the logic of a small business when it comes to CRM. It will explain their reluctance to be excited over its prospect.

As you’ll see from CRM guru Brent Leary soon, small businesses are interested in the same thing all businesses are interested in: how to get and keep customers. But, unlike larger companies, these are companies that haven’t had sales processes or system administrators or financial compliance to worry about in the past.

Their sales “process,” for example, was “Hey Tom, since you’re my son, I’m not worried about your numbers per se. Just go out, sell, and let me know what happens at dinner tonight, okay? Remember, Mom says be home by 6:30.”

When there was a customer service issue, the small business owner called the customer and said, “Joe, this is Dave. What’s the problem? You *know* we’ll fix it. I’ll be over in about two hours or so. That okay? Got to finish rebooting the systems here and close a deal that I’m supposed to complete by 2:00. See you around 3:00.”

While this may be a slight exaggeration, it’s not really much of one. Entrepreneurs are multi-chapeaued when it comes to their businesses. They routinely do far more than just one task. In fact, one of the “canons of entrepreneurial behavior” is their unwillingness to give up their hands-on micromanagement and involvement even when they have many more hands and brains to do the work.

When they are looking to improve their business, they typically think of things that will be of immediate benefit and have a tangible result. Backup and storage is a perfect example.

What do backup and storage have to do with CRM? Other than being the thing you have to do to put CRM data in the place you need to store it, not much directly. Small businesses are primarily interested in operationalizing their businesses, something that they haven't done before. In this case, it means adding secure, scalable capable backup and storage systems. It means economizing when it comes to using IT real estate for data. It also means improving security through virtualization. It means using their mobile devices to be able to do business on the road. It means taking care of customers that they don't know too. This is where CRM comes in for a busy entrepreneur.

But small business doesn't look at CRM the way that a large enterprise does or even a midsized business does. That may be obvious to most of you, but regardless, there are reasons for that. While this section is going to give short shrift to midsized businesses and focus on the little ones, it does pay to know the difference so that you realize that SMB is actually a pretty inaccurate grouping and categorization.

### Small and Medium Businesses: S and M are Not the Same

Calling this "SMB" is a bit of a travesty, really, because there is a substantial difference between how a small business operates and how a midsized business operates. There are even differences between how different sizes of small business operate. All in all, there are also differences between small, medium and large enterprises.

I'm not going to go through the small versus large enterprise. I did that in the third edition and while it's good to know, it's more instructive at this juncture to understand the differences between the small and midsized business.

How do you even define a midsized business? What constitutes that as compared to a small business?

Table 1 outlines the definitions as Wikipedia puts them for small and midsized by number of employees by country.

**Table 1:** The Numbers of Employees that Make Up Small and Midsized Businesses in Various Countries (Source: Wikipedia).

Country	Small Business	Midsized Business
United States	Less than 100	101–499
European Union	Less than 50	51–249
Australia	1–19	20–200

It really doesn't stop with size of company, though. Table 2 outlines some of the significant differences between small and mid-sized businesses.

**Table 2:** Some Specific Differences Between the Small and the Mid-sized Business

Small Business	Mid-sized Business
Funded by credit card, personal cash, angel investors, bank loans, government (SBA) loans.	Funded by business cash in the bank, later stage venture capital, bank lines of credit.
No processes to speak of.	Standardized processes often a templated kind such as Miller-Heiman but no formal library of best practices.
IT is simple, often use spreadsheets to track data; no full-time IT staff. Most tech savvy person does double duty with other job.	Fairly complex IT infrastructure: multiple servers, sales force automation, and productivity software, security, and a full-time (small) IT staff.
Most staff multitask, including senior executives (with job descriptions ending "and any other job you may be asked to do from time to time," which is all the time).	Some staff and management job descriptions and differentiation, though staff will still do other jobs when necessary. Some formal management job descriptions.
Very informal corporate culture with few rules for behavior.	An established but flexible corporate culture with procedures that can be bent as often as not.
Often just a single actual office (e.g., "office" in Dallas is actually employee working from home).	Several offices in several locations both domestically and internationally.
Few corporate policies around security, IT, etc.	No real IT or security policies, but there are some protocols that people follow.
Planning process is not organized. Get together on demand to plan.	A planning and budgeting process is in place.
No standard key performance indicators (KPIs), benchmarks, metrics.	Sales especially held to specific objectives, often unrealistic.
Could know all customers personally.	CEO/owner knows longest-standing customers personally, but many customers are only known to those directly working with them.
Will more than likely use software as a service because of minimum upfront investment and payout.	More likely to use software as a service, but on-premise is a significant option. Not afraid of some upfront investments.

What is immediately noticeable is that the evolutionary levels of the small and the medium business are very different—no offense to the

creationists in the audience. To get to be a midsized business and stay one or head out on the large enterprise growth path, it has to have developed some standardized ways of doing things because the CEO doesn't know every employee any longer, nor can the SVP of marketing (who was also the CEO in the small business phase) be concerned with what the employees in accounting are doing. In the small business, the VP of marketing was *doing* the accounting.

### **How Does the Small Business Person Look at IT and CRM? Pretty Much Cross-Eyed**

When it comes to how small business looks at CRM, it isn't through the integration of social applications and customer relationship management. They are aware of it and they are involved in it, no question about that. For example, a study done in 2008 by the Warrilow group found that 28 percent of small business owners (2,036 respondents) had registered for at least one social network. They were:

- ▶ Classmates.com (18 percent)
- ▶ LinkedIn (15 percent)
- ▶ MySpace (14 percent)
- ▶ Facebook (10 percent)

These are not exceptional numbers, as you can see, and including Classmates.com from a business standpoint is a total stretch, though I don't think that Warrilow was making that distinction. They were just looking for the involvement of small business owners in social networks.

This doesn't mean that they're right not to be involved. The other thing that Warrilow found was that companies on a fast track to growth—20 percent year over year—were companies that were far more participant in social networks than those who weren't growing at that level.

Most of the fast-growth companies were actively involved in LinkedIn, 67 percent of them. Their usage was broken out along the lines of:

- ▶ Personal use (52 percent)
- ▶ Business profile page (49 percent)
- ▶ Peer-to-peer dialogue (which I have to presume is more using it as something like e-mail) (37 percent)

Clearly, there is some advantage for small businesses to use social tools and social networks, as the study shows. However, as John Paterson, CEO of Really Simple Systems, our up and coming vendor for this section, said in an interview from Umbria, where he was enjoying Limoncello on a gorgeous evening and I was stuck indoors writing, “Our customers weren’t looking for Web 2.0 functionality. They don’t live in that world.”

Some of this he attributed to the lesser influence of Web 2.0 technology in Europe, but for the most part, he had a much broader view as to why:

*They were interested in CRM, not because of the social tools, not because the number of customers outgrew them, but because they couldn’t keep the number of prospects on a spreadsheet anymore. There were just too many prospects. They wanted to be able to establish, not even full-blown CRM, but a prospecting system tied to a proper sales process.*

That’s on the money—in his case, the pound.

What small businesses are looking for are low-cost ways to operate their businesses so they can keep their customers in economically challenged times. That means automating processes, not developing communities that have extensive overhead involved in their maintenance. Simplicity drives their CRM choices, and companies who understand that (like Zoho, Really Simple Systems CRM, Maximizer, Sage) are working toward developing CRM products that make it easy for the small business to operate not so much to engage customers, but to manage transactions with customers—in other words, traditional CRM approaches. Small businesses will certainly dabble in social media because the barriers and costs of entry are low and failure won’t kill them. But small businesses don’t see integrated Social CRM as a priority. They see acquiring customers as a priority. They see retaining customers as a priority. They think that to do that, they need to automate some functions and track things better. That will allow them to spend more time more effectively with their customers and prospects. Because this is their desired goal and because they are small, their CRM choice will be driven by cost and efficiency for their operations, not social tools. Their use of social tools will be driven by their use of them as consumers, which is borne out by the Warrilow study.

But even though they are driven by automating the routine operational requirements that improve their internal efficiencies and drive

their effectiveness with customers, that doesn't mean that they shouldn't use social tools. Because they are small and know their customers as often as not, they don't need the social tools as much for that. But remember what John Paterson said. They often buy SFA to help handle their growing prospects. To make prospects customers and to keep the prospect lists growing, they have to engage customers—because whether or not the business is small, the customer is still social.

### **Advice to Small Business on Vendors**

While I'm not one to give out advice—ha! Who am I kidding? I do want to give you small business readers some advice on how to deal with vendors.

There is a context for you. Keep in mind that the small business market is one of the most highly sought-after markets for vendors now because it's relatively untouched, given the low interest in adoption. For vendors, your small business is a potential marquee client. Most of the vendors, even those who have historically focused on the large enterprises like SAP and Oracle, have units in the company focused on nothing but small businesses. In fact, SAP claims 25,000 small and 10,000 midsized customers for their Business One, Business All-in-One, and Business ByDesign products. Oracle has products that distinguish between small business and midsized business solutions.

What this means is that you have some negotiating room. But not as much as when I said the same thing in 2004's third edition. The reason you have any still is that vendors still see small business as a fertile opportunity and want marquee customers. They are likely affected by the poor economy and need to sell even more than they normally do. The reason there is less wiggle room is

- ▶ The vendors have had five years to get those marquee customers.
- ▶ The economic downturn makes them reluctant to cut their margins too far.
- ▶ The SaaS model is a good model for small businesses as it is, so the inclination to cut prices is less than for an on premise product.

Pricing should not be your only concern. Make sure that before you begin to negotiate with the vendors on pricing, you understand what

you want to do with the CRM system. Having it isn't going to make you successful. Among the things you should consider:

- ▶ **How big do you want to grow?** This might seem ridiculous, but it is actually very important. For example, if you are interested in remaining small and just conducting your business without much change, you might not need CRM or any permutation like SFA. Perhaps ACT! or Outlook will suffice. If you're at a size where marketing is important and you expect to grow a great deal, you have to concern yourself with scalability. For example, as I mentioned, Infusionsoft thinks that 75 seats is about it for them, which should be fine for most marketing and sales departments but might not be where you want to be in three or four years. It's immensely important to have some sense of where you think you're going to go in order to get the right vendor's applications.
- ▶ **What kind of culture do you and the vendor have?** Again, it might seem weird but you have to be able to deal with the vendor that you have. That means your cultures should be complementary, though they won't be identical. For example, one of my clients has a culture that is somewhat incompatible with my way of doing and viewing things and it creates problems constantly for me. I've considered dropping this client more than once.
- ▶ **What kind of features and functions do you need to run your business, based on your strategy?** This is critical to all businesses, large or small. What this means for a small business in particular is that you should spend the time to identify exactly what you're trying to do and what kind of culture you want to have (see the Big River Telephone case study below). It means also that you should think about the kind of interfaces you need to run your company. Are you looking for something that integrates with Outlook, like Avidian's Prophet (see below) or InvisibleCRM? Are you looking for a more Outlook-friendly but not identical product, like SageCRM, or something entirely different, like Zoho? Are you looking for not just the operational features that characterize most CRM or subset applications but more collaborative ones (making Zoho a great choice)? How much configuration is going to be necessary? Because it will cost you. Really Simple Systems CRM, our Up and Coming choice

in this discussion, includes configuration and installation costs in the subscription price.

- ▶ **What are the flaws of the products you're choosing?** You may be small, but a problem is a problem. With a small company, the magnitude of its effect can be considerably greater because of how much of your efforts it might impede. Know what kind of maintenance the company is going to provide you. Maintenance can be a huge cost, even with SaaS products—especially those with bugs.

### **Advice to Vendors on Small Business**

While I have less of it, if vendors who are getting into small business want to be smart, and they haven't been small businesses recently, they might want to heed a bit of advice.

- ▶ **Don't just dumb down your midsized or enterprise application and think that makes it a small business-worthy application** Siebel found this out the hard way in the very early part of the 21st century by doing that with their sales application, up to and including a “personal edition” of Siebel Sales, and it was pretty much an unmitigated disaster. When Microsoft Dynamics CRM first came out (version 1.0), while it was functionally a pretty decent product (better than most 1.0 products), it required roughly ten different servers, which meant operational and administrative costs to small businesses far beyond their means to afford it. Vendors, realize that small businesses have needs that are not the same as enterprises. They are looking for simplicity and basic processes. They are looking for inexpensive approaches, especially during a downturn. For example, they are not big on territory management yet because they barely have enough salespeople to run territories, and if they do, they are one person per territory. So a simple territory tree is not a “small business version.” If you're a vendor, heed this advice: Spend the time listening to them about what they want, not selling them.
- ▶ **Develop a SaaS version if you don't have one** This isn't an absolute necessity. On-premise can be an attractive option to small business. But SaaS has a more attractive pricing scheme than on-premise when it comes to little fellas. Despite their

move upstream to the enterprise, salesforce.com's backbone was built on small business and that still is the bulk of their customers. Make sure you have really good compensation plans for your salespeople and your channel partners when it comes to selling SaaS. Microsoft has been particularly smart here. For example, if a European independent software vendor partner (ISV) creates a vertical application with Microsoft Dynamics CRM hosted version and does the hosting, they get the bulk of the subscription revenue from the sales.

- ▶ **Be creative in pricing and financing** You don't always have to do exactly the same thing in every case for your subscription pricing or your on-premise pricing. Be flexible in what you charge. Make decisions based on how much you want the particular client, how much margin you must have, and the long-term growth prospects for the client. That means you need to ask the client questions. Provide financing options so that the client can pay you. If the payment is a problem, negotiate. Don't just crack down and collect. The word gets out fast these days.

Enough stuff from me. Put this down and get outside! What are you doing in today? It's beautiful out.

Okay, now for some conversation and more advice for small business entrepreneurs from Brent Leary.

The social customer and what that means for small business is what Brent Leary knows and breathes—along with music by Prince. Brent is one of the leading experts on social media, CRM, and small business, and has an extensive portfolio of successes. He runs his own small business, a CRM consultancy called CRM Essentials. He is the host of *Technology for Business Sake*, a popular show that focuses on the small business environment that has national chops. He writes regularly for several major outlets, including the American Express Open Forum and Black Enterprise online. He and I cohost what is probably the only funny CRM show out there (if we do say so ourselves), CRM Playaz, and Brent is the co-author of *Barack 2.0: Barack Obama's Social Media Strategy for Business* ([www.barack20.com](http://www.barack20.com)). He's a dear friend and colleague and well respected enough to be listened to by large businesses about small business.

Brent's going to give us a brief talk on how to see social media use when it comes to small business. Your stage, Brent.

## **BRENT LEARY: A CRM PLAYAH KNOWS HIS BUSINESS**

Two kinds of small businesses turn to CRM—those established companies adding customers and employees on their way to “the next level,” and those other ones trying to get off the ground. We’ll get to those in a bit.

The fast-growing small businesses braved the considerable cost and complexity of implementing CRM for a pretty good reason—they had to if they wanted to keep growing. And all it took is the loss of a few valuable customers to know that their business had outgrown their initial mode of operation, the owner as micromanager.

They were growing so fast that they needed to put processes in place in order to successfully move to the next level. And while being involved at every stage of customer acquisition and retention is mandatory for small business owners in the beginning, it can be a detrimental bottleneck as the company grows and brings on new customers. With less time to spend with each individual customer, the business owner can end up alienating loyal customers used to a certain level of responsiveness and attention. So CRM applications were put in place to improve relationships with customers and prospects by making their business more operationally efficient. This allowed small business owners to use their time more valuably on strategic planning and relationship building, and to get involved in tactical-level matters only when necessary.

When properly implemented, CRM applications can reap benefits for companies ready to go to that next level. They can increase the accessibility to customer information across all organizational levels via a centralized database. With this foundation, these applications execute targeted marketing campaigns, enhanced customer analytics, contract management, and sales forecasting, among other capabilities. Integration with popular software like Microsoft Outlook and Microsoft Office increases the efficiency of using customer information. Company websites can integrate with CRM apps to improve customer interactions while driving down the cost of acquiring and servicing them. Of equal importance, these systems can automate routine business processes, creating a more consistent customer experience from lead generation through to service and support.

Traditionally, the main benefits of CRM are improvements in operational effectiveness and efficiency with respect to automating marketing, sales, and service processes. Managing customer information is a major concern to businesses of all sizes. It plays a key role in the ability

of companies to respond to customer requests, manage resources needed to close deals efficiently, and provide management with reports to keep track of sales performance. Management can also turn to CRM to standardize on sales processes to increase the accuracy of sales forecasts. Additionally, customer service requests can be tracked, routed, escalated, and resolved in a uniform fashion to ensure proper handling. Traditional CRM helps make it possible to ensure the proper activities and tasks will be performed by the appropriate people, in the correct sequence.

Although operational effectiveness, easy access to information, and improved interdepartmental collaboration are critically important to the success of a growing business, the focal point of these areas are internal to the company. And a more efficient company should have a positive impact on customer interaction and responsiveness. But does it really help us to meaningfully connect with those potential customers empowered in a Web 2.0 world?

While the more established small businesses use CRM to help them manage growth, many startups and microbusinesses want CRM to help them get on the map, use the Web to acquire new customers, and help prospects find them when they're looking for products and services the company can provide. According to a recent study by Network Solutions and the University of Maryland, while small businesses account for 98 percent of all businesses with payrolls, close to 80 percent of the 27 million small businesses in the United States operate without payrolls. And the longer we remain in the current economic conditions, a good number of employees laid off in the downturn may add to the number of businesses without payrolls—whether out of choice or necessity.

Whatever the case may be, connecting with potential customers is one of the biggest challenges facing all small businesses today. The Network Solutions study shows that marketing/innovation is the single biggest competitive disadvantage confronting small business, after access to capital. In fact, converting leads into buyers and finding efficient ways to promote and advertise are two areas small businesses say they struggle with the most. This finding is supported by a recent Microsoft small business study, which found customer acquisition and retention to be the biggest challenge facing their small business partners.

The results of these studies are why small businesses are taking a hard look at CRM. But traditional CRM tools and strategies on their own will not enable small businesses to attract the attention of socially empowered customers turning to the Web for assistance.

According to a study conducted by Coleman Parkes Research in 2008 ([www.avanade.com/people/thought\\_detail.aspx?id=48](http://www.avanade.com/people/thought_detail.aspx?id=48)), 84 percent of companies headquartered in North America feel they need to find new ways to communicate with customers and prospects. Through text, audio, and video, we as individuals are able to participate in conversations that inform us, captivate us, and assist us at the moment we need it. This is why a growing number of people are leveraging the Web in every aspect of their lives, including whom they wish to do business with. And more and more people turn to the Web for advice on what to buy, where to buy it, and of course whom to buy it from. While cost is a major factor in this decision, Web-savvy customers are looking for more from vendors. These social customers want companies to listen to their cares and concerns, to use the social media channels they use, and to actively participate with them in transparent conversations. In fact, according to findings of the 2008 Cone Business in Social Media Study ([www.coneinc.com/news/request.php?id=1183](http://www.coneinc.com/news/request.php?id=1183)), 60 percent of Americans use social media, with 59 percent of social media users interacting with companies on social media sites.

Social media adds this missing dimension to the traditional, operational areas of CRM. The focus is undoubtedly on people. It's about joining ongoing conversations customers and prospects are already engaged in while resisting the urge to try and control them. It understands where the kind of people you want to do business with hang out on the Web and what they do there. And according to a March 2009 Nielsen Company study (<http://blog.nielsen.com/nielsenwire/nielsen-news/social-networking-new-global-footprint>), two-thirds of the world's Internet population have visited a social networking site or blogging site—what they refer to as member communities. Sites like Facebook, Twitter, and other member communities have overtaken e-mail as the fourth most popular online activity.

As numerous studies show, more business relationships begin online with searches for information and with online conversations. So it's critical for small businesses to understand that traditional CRM services and applications are more impactful when solving traditional operational challenges with respect to improving efficiencies in sales, marketing, and customer service. While social media can level the playing field and create opportunities to engage prospects in customers, CRM applications have not fully integrated these tools into the fold.

For small businesses looking to get off the ground and “win friends and influence people” in today's world, content automation (creation

and distribution) are more important than the more traditional CRM areas. Captivating content is the best conversation starter today. It can be as simple as a thoughtful comment left on a blog or as complex as a professionally made video. Using a free service like Twitterfeed or Friendfeed will automatically create a “tweet” every time you write a blog post, alerting your Twitter followers. If you have linked your Twitter account with Facebook and LinkedIn, your colleagues and friends on those sites will get the notification as well. Conversation automation and management will also be critical in order to keep track of conversations generated by created content. A service like CoTweet helps in this area by making it easier for companies with multiple Twitterers to coordinate their response activities.

Even in the face of a stifling economy, the products and services available to small businesses of any size and stage of existence are pretty amazing. There's a CRM product available for basically every kind of company. It's more affordable, easier to use, and more accessible than ever before. But you've got to know what you're turning to CRM for. If you're already on the upswing and looking to manage sustainable growth, you've got some great options to choose from. If you're a startup trying to get some customers and build a presence, you'll probably be left unfulfilled by depending solely on a CRM application. Your focus is going to be on leveraging social tools and strategies to engage the right people in the conversations already taking place.

The fact of the matter is, at some point you'll need both pieces of the pie to be successful in the long run. Hopefully by then CRM vendors will make it easier for us small guys to pull it all together.

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Thanks, man. See you at the studio for the Playaz in a couple.

No more advice. Small businesses are not always newbies when it comes to CRM. Some do it quite well. I chose a company that is a small business but a complex one so that you could see what can be done even in what could potentially be a difficult environment. This is the short story of Big River Telephone.

## **Case Study: Big River Telephone... by the Numbers**

Big River Telephone is a small but highly competitive local exchange carrier in Missouri. They started their life in 1984 as LDD, which I suppose

stood for long distance . . . something, since until 1996 they were unable to be anything more than a long distance provider. With the passage of the Telecommunications Act of 1996, they were able to compete for local phone business. When they were acquired by the more ambitious investors of Big River Telephone in 2001, they began to compete for that local phone service in addition to long distance and acquired several ISPs so they could provide Internet connectivity and VoIP services. But they understood that just being able to compete didn't make them competitive. The new investors made the name change in 2001 from LDD to Big River Telephone, LLC, but they also began to make other changes. Keith Cantwell, the CEO, put it this way:

*With the acquisition of LDD by Big River Telephone we had to change a culture that was not customer focused. We did not yet have the tools, capabilities, or a corporate culture that put customers as the center of our existence.*

What makes his insight particularly interesting is what it points out. Small companies aren't guaranteed to be customer-centric by the virtue of their smallness. They may know the customers personally, but ultimately customer-centrism is defined by how you treat and interact with customers and how mutual value is derived, not by just a personal relationship. Big River Telephone figured that out.

## **Implementing SalesLogix**

CEO Cantwell makes no bones about what they decided to do:

*The implementation of the SalesLogix CRM platform was to be the foundation of an attitude and process revolution at Big River Telephone.*

They began to work with a Sage CRM Solutions business partner, Strategic Sales System, and spent some time implementing SalesLogix. They didn't see SalesLogix as merely software, they saw it as an enabler of process change which would then enable a culture change at the company.

They focused the use of SalesLogix on giving management, sales, marketing, customer service, billing, and support departments the ability to see customer interactions in real time. The program, which they call Aviator, gives them not just the 360-degree view of the single customer record, as the CRM cliché goes, but a dynamic version of that, which is a big step forward.

Apparently it works. While I'll give the quants out there the numbers in a second, I want you to hear what is a real story though it sounds like the stuff of rural (not urban) legends. Mr. Cantwell tells it:

*In the summer of 2006, a beaver ate through a fiber optic cable that we were using for delivery of services to 300 customers. The cut was located in a swamp area and took some time to locate and replace. Using the SalesLogix system we were able to identify all 300 customers and proactively contact them during this ordeal. Our systems allowed us to provide a level of service that our customers had never expected. Even though the information being provided was not a positive message, the customers were impressed that we would contact them every 30 minutes with an update. We could never have done this without SalesLogix in place. With the competitive nature of the telecommunications industry and the ability to rapidly change carriers, the use of our system allowed us to meet our customers' needs with proactive information. The end result of the "beaver assault" was that none of the 300 customers impacted left us.*

How often in the world of CRM do you hear about saving customers from beaver damage? Only in *CRM at the Speed of Light, Fourth Edition*, buckos. Okay. Now let's look at the business success that can be quantified for this small but thriving customer-focused business:

- ▶ A 500 percent increase in customers with no additional employees added
- ▶ Automated account management processes enabling 21 percent of customer service resources to be reallocated to higher revenue-generating activities
- ▶ Nearly 99 percent customer satisfaction rating, exceeding the 70 percent telecommunications industry average
- ▶ Churn of less than 2 percent, which is incredibly low, almost legendary in its tininess.
- ▶ Gartner CRM Excellence award in 2005 and awards from *1to1* and *CIO Decisions* magazines

Amazing, isn't it? I love success stories. Aside from validating the industry and, of course, being the self-interested individual I am in my career, they are great examples of what can be done by small, large, or midsized companies when they take the time to do it right. In the case

of Big River Systems, their attitude from the beginning—CRM technology as the enabler, not the savior—was the key to their success. They were able to implement SalesLogix the way that a CRM system is supposed to be implemented, with a clear strategic and programmatic objective before they implemented. Ahh, the sweet sounds (or voice over IP) of success.

## The Small Business Vendors: Truly That?

SalesLogix obviously worked quite well for Big River Telephone. But there are so many more vendors in the space that it's hard to distinguish. I'm going to recommend a few without much explanation with two exceptions. Just know that if I recommend them, they've been researched and vetted and I've seen the applications in action. This will be as of 2009. Some of them are talked about in the print edition. Some will never be spoken of beyond the table (Table 3).

Just to qualify this list before you glance at it. This is not to say that there aren't others. There are. These are ones that I've vetted for small business in particular. Also, there are a number of vendors not in here that are small companies themselves but I think have a different market, such as Helpstream (see Chapter 14 of the book) or InsideView (Chapter 13 of the same). There are some omitted from this list that I think aren't very good too. So what you are seeing is companies that I've vetted one way or another and that I think are specifically suitable for small business. There are two not on the list that I'm singling out below for their additional and representative value.

Here's the table in alphabetical order:

**Table 3:** Recommended CRM Applications for Small Business

Company	Note
CRM Guaranteed	Hosted SFA
EBSuite	Complete small business suite; mobile capabilities
IntelligentCRM	Highly configurable, customizable, document management additionally
Infusionsoft	Marketing automation up to 75 users
Marketo	Traditional marketing for small and midsized businesses, but going upstream
Maximizer	Exceptional mobile capabilities. Small business to small enterprise
Microsoft Dynamics CRM	Solid, especially for on premise model

Company	Note
NetSuite	Upper end of midsized best suited but excellent for larger small businesses
Oracle CRM on Demand	High quality hosted solution; most social features of any of the small and departmentally focused applications
RightNow	A historic player particularly strong in customer service; now focused on upper mid market and enterprise
SageCRM/SalesLogix	50,000 small- and lower-end midsized companies; a major player with multiple options
Salesforce.com	The current mother of them all; still strong SFA product for small business; lots of social functionality baked into service offerings; still strong in small business, but focused on enterprise market
SAP	Particularly their All-in-One product, which is a full-featured on premise small enterprise product; still no on-demand version released at publication
SugarCRM	Excellent, entirely configurable, priced well for SMBs; feature rich, what's not to like?
Zoho	A great product for collaboration when most of employees are working from home

## Shout Out: Avidian Prophet and Prophet OnDemand

I've been a fan of Prophet since 2004, when I had a chance conversation with the Avidian founder and CEO James Wong. The man is a charming serial entrepreneur with a good sense of humor and, as I found out in 2009, a capacity to understand what goes into a good drink—and into a good company.

His flagship product, Prophet, is a comprehensive SFA product, no more, no less. It is integrated into Outlook and integrated far better than Outlook's own Business Contact Manager and as nearly as well integrated as Microsoft's own flagship product, Microsoft Dynamics CRM. What makes it an exceptional product is that it is easy to use (mostly) and perfect for the small business owner. It misses little functionality: it has lead and opportunity management, it tracks the actions of the salesperson with the account and the individuals on that account. It can generate e-mails and letters from the system, which is particularly cogent given its integration with Outlook. It doesn't pretend to give small business more than it needs. There is no territory management and the pipeline management is simple. Prophet Report

Manager allows you to generate standard reports that are easy to understand and can be even done in Excel if you're a small business that is just coming out of the Neanderthal spreadsheet era. Personally, I never found Excel to be that simple, but then I'm an idiot when it comes to left-brained stuff.

For more advanced small businesses, there is a workflow automation feature that allows you to generate actions based on the stage of your sales process that a particular opportunity is in. You can also create catalogs that can be used to generate quotes automatically—a huge timesaver and comfort provider, since if the quote is too low, you can blame the software.

In 2009, they added a SaaS product called, what else, Prophet OnDemand, which is their potential game changer. The current pricing is too high at \$49.95 per user per month for a small business, but rumbles out there indicate a possible reduction in price. Even with the high price, they have several hundred users in its first few months, indicating the strength of the actual product. I hope by the time you're reading this, it is priced lower, because beyond that high price, there is a lot to love about this app. It's a good one with a big future and a well established track record. The only reason it's not in the Up and Coming category with Really Simple Systems is the Prophet SaaS pricing.

## Up and Coming: Really Simple Systems

Look, there are a lot of little CRM companies. I get hit up every single day by public relations firms, and all of them tell me how incredibly remarkable and different they are from each other. I don't mean to seem cynical or cruel, but the reality is most of them aren't all that distinguishable despite their pretense. More typically, they address a small niche and one or two of them have something that appeals to me, so I say yes. I get about 30 to 35 requests for reviews per week and needless to say, I want to have a life, so I have to decline or ignore them in order to have time to do things like work.

But, in midyear 2008, I ran across Really Simple Systems. The reason they stood out is that their CEO and founder, John Paterson, someone you'll meet in a bit, was participating in the discussions around the transformation of CRM with some very cogent insights. At a certain point, I checked out what he did, and lo and behold, he ran a CRM software company that was tailored specifically for the

small end of the small business market, and, as its name implies, it is designed to be simple for small business.

This didn't sound interesting unto itself because there are many claimants to the throne of small business CRM and some are very good (again, Table 3). But there seemed to be something else to this company. While I wouldn't say it was a mysterious *je ne sais quoi*, it did seem at least worth investigating.

So I did. I'm glad I did.

## The Company/the Product

John Paterson founded Really Simple Systems after having actual CRM experience at Oxygen Solutions as the CEO. His outlook in founding the company was straightforward:

*I didn't see the key to successful CRM implementation—especially for small business—as technology. It was actually more about getting people to use the system properly and to do that, it meant making the system easy to use, fast, and reliable. So I built a company around that by providing all that in a hosted system.*

Their user interface, pricing model, business model, and technology model (SaaS) are entirely coherent with simplicity and small business. Even CEO John Paterson's attitude is coherent with the small business universe. He's laid back, doesn't sweat the large stuff, and believes that useful capabilities, not feature/function overload, drive customer benefit. Plus he's got that extraordinarily droll British wit.

One thing I really like when it comes to these guys is that when you buy Really Simple's CRM service, you turn on the functionality you want, and you can have as much or as little as you want. Of course, for those industry veterans out there, you know that this is shocking. Normally, you have to turn *off* functionality.

Their pricing model is different, too. It is \$45 per user—customization and installation cost included in that. If you have one to four users, you get the sales module. But they have all three of the usual suspect CRM modules in the portfolio. If you have five to nine users, you get two of the modules; if you have ten or more, you get all three. If you fall short of the user criterion, you can have another module for your users at \$45 a month—not per user, per module.

As Figure 1, I hope, proves, the applications have an easy-to-use interface and they have all the functionality inherent in any good SMB CRM suite. They are targeted at the 5 to 200 seat market and, at least

according to John Paterson, they are the U.K.'s largest hosted SMB CRM provider—and they are now trying to become that in the United States.

Close Date	Opportunity Name	Account Name	Forecast	Status	Total Value	Probability	Source	Initials
22-Apr-2009	Vivado	Vivado	Not Forecast	30 Day Eval	£840.00	30%	Google Search	Marketing
30-Apr-2009	White Radio	White Radio	Upside	30 Day Eval	£800.00	50%		Steve B
30-Apr-2009	Hero Media LLC	Hero Media LLC (Checkmate)	Upside	New Lead	£200.00	50%	Adwords	Steve B
08-May-2009	Axxsys Consulting	Axxsys Consulting	Upside	30 Day Eval	£2,100.00	20%		Lisa K
21-May-2009	Audiences South	Audiences South	Upside	30 Day Eval	£1,880.00	30%	google - online CRM	Lisa K
23-May-2009	National Theatre Values	National Theatre Values	Upside	30 Day Eval	£840.00	40%	Referral - Hannah Redman	Lisa K
27-May-2009	CMI Ltd	CMI Ltd	Upside	30 Day Eval	£2,100.00	30%	Google Search	Lisa K
29-May-2009	HNT CORP Ltd	HNT CORP Ltd	Forecast	Quoted	£340.00	90%	Google Search	Lisa K
29-May-2009	Ashworth	Ashworth	Upside	30 Day Eval	£2,100.00	30%	Google Search	Lisa K
29-May-2009	H2 Events Ltd	H2 Events Ltd	Not Forecast	30 Day Eval	£1,880.00	30%	Zpexch	Lisa K
29-May-2009	Optimal Analysis Solutions	Optimal Analysis Solutions	Upside	30 Day Eval	£1,880.00	50%	Google Search	Lisa K
29-May-2009	Adler and Adler	Adler and Adler	Not Forecast	30 Day Eval	£2,100.00	30%		Lisa K
29-May-2009	Andrew Potter Ltd	Andrew Potter Ltd	Upside	30 Day Eval	£420.00	50%	Referral - Hazel Prosser	Lisa K
29-May-2009	Elektron TSL	Elektron TSL	Upside	30 Day Eval	£840.00	30%	Google Search	Lisa K
29-May-2009	Hamilton Lloyd	Hamilton Lloyd	Forecast	Quoted	£2,840.00	80%	Google Search	Lisa K
04-Jun-2009	Paper Power Ltd	Paper Power Ltd	Upside	30 Day Eval	£2,520.00	50%	SSA2008	Lisa K
05-Jun-2009	Security Innovation and Technology Consortium Ltd (SITC)	Security Innovation and Technology Consortium Ltd (SITC)	Upside	30 Day Eval	£1,280.00	40%	Referral - Boss	Lisa K
09-Jun-2009	Horns Harropsons Wicliffe	Horns Harropsons Wicliffe	Upside	Demo	£1,280.00	40%	Google Search	Lisa K
12-Jun-2009	Virtual Sales Solutions	Virtual Sales Solutions	Upside	Quoted	£840.00	60%	Referral - Engineering UK	Lisa K
19-Jun-2009	q13247		Upside	Demo	£1,880.00	40%	PR - 2D Blog	Lisa K

Figure 1: The opportunities screen for Really Simple Systems CRM (Source: Really Simple Systems)

It seems to have worked in the U.K. They have 250 customers, 1,500 users, and number the British Library and Royal Academy of the Arts among their customers. These are customers with very good bloodlines.

They are also ambitious. John Paterson thinks ahead to 2010 and beyond and here's what he says:

*Today we are the largest U.K. vendor of hosted CRM systems in the U.K. with 10 percent of our sites overseas, mainly in Ireland, Spain, Germany, and Australia with a few in the United States and Canada. In five years' time we should also be a major global vendor, and particularly a name in the U.S. The challenge will be achieving that growth without leaving our roots of simplicity plus great customer service.*

So what's their game plan to get this way? I'll close with John's view on the market and what that means to their plans at Really Simple Systems:

*The sales system has all the functionality that is needed, it is fast and simple to use, we won't be messing with it. There are two areas that our customers will find useful that we will add into the system.*

*We have a simple personalized e-mailer for newsletters and e-mail campaigns, but it does not have some of the functionality that dedicated e-mail systems use (such as Constant Contact). So this area will be expanded over the next year to make it as good as a dedicated e-mail system, but integrated.*

*Integration has always been a challenge for applications. The next few years will see vertical SaaS vendors like us team up with similar vendors in other application areas, such as accounts and time recording. We've learnt a lot about integration over the last 20 years, the API technology is much better now, so this generation of integrated products should be better integrated than the previous one.*

This section seems to be enough when it comes to small business, I would think. But there's still a lot to go. I'd suggest you gird your loins, read the other e-chapters, and then read the print edition. You'll thank me later.