

*A CRM Essentials, LLC  
White Paper  
Brought to you by Sage CRM Solutions*



***Social CRM: Customer Relationship Management in the Age of  
the Socially-Empowered Customer***

***By Brent Leary, Partner  
CRM Essentials, LLC  
October 2008***

## Contents

---

Introduction	2
Social CRM – Turning Content into Conversations and Relationships	2
Social CRM vs. Traditional CRM: A Tale of the Tape	3
Best Practices and Considerations	6
Summary	8
Resources	8
About the Author	9

### Introduction

The Internet has changed our lives forever. It allows us to communicate in ways unimaginable only a few years ago. It lets us contribute our voices to conversations taking place around the world. It also makes it possible to discover an endless supply of information with just a few clicks. And while making it easy for us to connect globally, it also empowers us to build close, meaningful relationships.

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. And we turn to the Internet in every facet of our lives – for entertainment, encouragement, knowledge, and advice. Advice on what to buy, where to buy it, and of course who to buy it from.

A growing number of people are leveraging the Internet in every aspect of their lives, including whom they wish to do business with. And 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 recent [2008 Cone Business in Social Media Study](#), 60% of Americans use social media, with 59% of social media users interacting with companies on social media sites. Additionally, the study finds that 93% of social media users feel companies should have a social media presence – with 56% saying they feel a stronger connection with companies that do. This seems to reinforce findings from a [recent study conducted by Coleman Parkes Research](#) that found 84% of companies headquartered in North America feel they need to find new ways to communicate with customers; with

80% feeling social media will add real value to customer interactions.

**93% of Americans believe a company *should have a presence* in social media**

*- 2008 Cone Business in Social Media Study*

With high speed Internet access available in and out of the office, easy to use software-as-a-service applications, and multimedia-enabled mobile devices flooding the market, technology is beginning to catch up to the needs of the social customer. Content creation and distribution will become easier, sparking more opportunities to engage in conversations going on throughout the Internet. This is important to keep in mind, as there are already 22.6 million U.S. bloggers and 94.1 million U.S. blog readers – according to [Technorati's 2008 State of the Blogosphere report](#). Subsequently, as the technology makes it easier for us to blog, create videos, and share all kinds of content, the number of social customers on the Internet will grow tremendously. More importantly, the power and influence they have will grow as well.

### Social CRM – Turning Content into Conversations and Relationships

Adding a social media strategy to your CRM initiatives is critically important to doing business in the 21<sup>st</sup> century. People like doing business with people they like, and love doing business with people they trust. But how do you get people to like and trust you enough to do business with you in a Web 2.0 world? That's the dilemma many business people find themselves in. They're great in "face to face" situations with customers and prospects. But that doesn't help them connect with the growing number of social customers using the Internet to discover products, services, and companies that can help them solve issues. According to last year's [Future of Small Business](#) report on the future of small business, customers will increasingly find the information they need to make purchasing decisions, rather than

relying on what's pushed to them. This aligns perfectly with the mindset of the social customer, who is more likely to turn to Google for information than to their inbox. That's why it's critically important to expand your customer relationship management strategy to engage social customers.

This means understanding their process for initiating and building business relationships:

- Begins with searches for information.** Most searches begin with search engines like Google, Yahoo! and others. It also includes recommendation sites like Epinions, and general information sites like Wikipedia. In increasing numbers it also means tapping into trusted sources in sites like Facebook, LinkedIn, and other popular social networks.
- Continues with clicks.** Once results are returned, the most promising ones are clicked on to see if they lead to helpful, meaningful content.
- Analyzes the other side of the clicks.** Clicks lead to content, and that's where time is spent determining if the click was worth it. Relevant content, delivered in pleasing formats, makes the difference between a stranger moving on to the next click, or a prospect inviting you into a conversation.
- Builds conversations into collaborative experiences.** Social customers expect companies to go beyond the FAQ and About Us pages to engage in meaningful exchanges with them. This may mean commenting on their blog posts, following them on Twitter, or possibly listening to

their podcast – and providing relevant feedback.

- Transforms collaborative experiences into meaningful business relationships.** By going through these steps, a social customer has built a comfort level that allows them to move into a more formal relationship. This could mean a purchase online or a meeting offline for more complex transactions.

Social CRM 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's understanding where the kind of people you want to do business with hang out on the Internet, and what they do there. More importantly, it's knowing social customers want to feel important and valuable to the businesses they frequent. Not just for the dollars they spend, but for all they bring to the relationship. They want businesses to show real interest in them.

Traditional CRM	Social CRM
Data-driven	Content-driven
Process-centric	Conversation-centric
Operationally focused	People/Community focused
PPT – People, Process & Technology	AAA – Automation, Analysis & Audacity

### Social CRM vs. Traditional CRM: A Tale of the Tape

As the above table illustrates, the focus of social CRM differs from traditional CRM in a few fundamental ways. Let's take a further look at each of these areas.

### **Data-driven vs. Content-driven**

Companies began investing in CRM applications in the '90s mainly to store contact data. Before contact management software was available, companies had to store their valuable customer information in Rolodexes, spreadsheets, and even filing cabinets. It was important to have a central location to store the data that was also easily accessible to communicate effectively with contacts. And with multiple people "touching" the customer for various reasons, it quickly became important to be able to track activities, appointments, potential deals, notes, and other information. Consequently, traditional CRM grew out of this need to store, track, and report on critical information about customers and prospects.

Social CRM is growing out of a completely different need – the need to attract the attention of those using the Internet to find answers to business challenges they are trying to overcome. And nothing captivates the attention of searchers like relevant, compelling content. Having the right content, and enough of it, will help connect you with those needing your product or service. Creating content in formats that make it easy for your target audience to consume it increases the probability that you will move them to action – starting a conversation with you. Whether it be a blog post, podcast, YouTube video, or Webinar, creating attractive content is a key pillar of social CRM strategy.



### **Process-centric vs. Conversation-centric**

Traditional customer relationship management is heavily focused on implementing and automating processes. Companies looking to implement processes like lead and activity management would turn to CRM. Management would turn to CRM to standardize on sales processes to increase the accuracy of sales forecasts. And customer service requests could be tracked, routed, escalated, and resolved in a uniform fashion to ensure proper handling. Traditional CRM helped make it possible to ensure the proper activities and tasks would be performed by the appropriate people, in the correct sequences.

While there are processes involved in building a successful social CRM strategy, conversations are at the heart of it. Having meaningful conversations with those searching for the help you can provide is the turning point in transforming clicks into customers. The processes involved are aimed at making it easy for people to find us (through our content) and invite us into a conversation – on their terms. This may take the form of a comment left on a blog post, following your company on Twitter, or possibly embedding your PowerPoint presentation on their Web page. There are numerous ways to participate in meaningful conversations with people looking for help in solving challenges. Formalizing a strategy to increase the likelihood of engaging in these conversations is a tenant of social CRM.

### **Operationally-focused vs. People/Community-focused**

As mentioned above, 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. This

helps executives achieve operational effectiveness, and is particularly important for companies expanding their sales and marketing operations, needing to implement new processes to manage growth. Companies have typically turned to CRM to improve communication between sales and marketing operations, as well as to improve data-access to positively impact decision making.

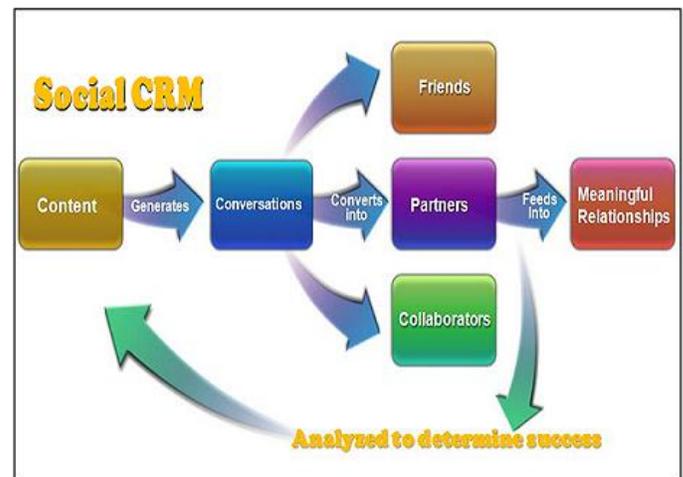
Whereas traditional CRM activity focused heavily on operational effectiveness and its impact – both internally and on the customer – social CRM is all about people and community. It’s about how your company intends to participate in the ongoing conversations taking place in the industry. How you embrace non-traditional influential people like popular industry bloggers, and social sites on the Web frequented by your audience. And fully understanding the importance of contributing to discussions, in a transparent manner, will help you build the kind of reputation needed to become a valued member of the online communities important to your business.

**PPT (People, Process, & Technology) vs. AAA (Automation, Analysis, & Audacity)**

There have been many definitions for customer relationship management over the years. In fact, hundreds of thousands of definitions can be found on the Internet. Many people view it as technology driven. Others view it as a way to standardize important sales and marketing functions and processes. And customers, along with the people who serve them, have always been central to CRM success. So it’s easy to see why a good number of traditional definitions for CRM center around three words – people, process, and technology.

While any definition containing the importance of people, process, and technology captures the spirit of CRM, many were constructed before the

Web became central to our lives. The philosophy behind social CRM is built upon a Web-powered foundation, and its impact on how we relate to each other. And with content being central to bringing people together, three other words become important to the equation – Automation, Analysis, and Audacity.



Automation is not new, especially when the word can be found in two of the main tenants of traditional CRM -- sales force automation and marketing automation. But finding ways to automate the content creation/distribution process are just as critical in a Web 2.0 world. Quality content drives interest and provides people with a reason to initiate conversations with you. As a result, anything that makes it easy for you to produce good content on a regular basis will save precious time while increasing your ability to connect with the right people at the right time. Creating the infrastructure and culture to encourage your customers and partners to create content on your behalf is also a great way to automate both content creation and distribution. Therefore, finding creative ways to push out relevant content on a consistent basis will increase the impact it will have, and strengthen your opportunities for social CRM success.

Operating in the current environment allows us to try many different tools and strategies

without requiring a big financial investment. This makes it easy for us to experiment with things like search engine marketing, Web site optimization, social networking, and other methods to drive targeted traffic to our sites. While all good activities, this experimentation needs to lead to a better understanding of what kind of activities and content help us create meaningful conversations and, ultimately, good business relationships. So it's important to understand what subjects we blog about generate comments and spark opportunities to engage in conversations. Or, use services like Feedburner and Tweetburner to measure how many people are reading our blogs and tweets. Additionally, analyzing how people are consuming our content can lead to great insight. Sending the same message in a tweet may be more effective than in e-mail, but maybe less impactful than a Facebook page. Analyzing this kind of information allows us to concentrate our content generation efforts on topics and formats that increase our opportunities to reach the proper audiences.

Automation and analysis lay the groundwork for introducing audacity into the mix --bringing creativity and originality to the process. By identifying routine tasks and activities and putting processes in place to handle them, you give yourself a chance to really think about your customers and what they need from you. Being able to quickly analyze how effective your content is in helping build conversations with prospects allows you to spend time understanding how you can best reach them. So automation and analysis, when implemented effectively, can free up time for creative thoughts and actions. It brings personality into the process of building relationships. Furthermore, it fosters "thinking outside of the box" to come up with captivating ways to grab their attention and make them reach out to you. And with more and more content being added to the Internet, it is critical to find unique ways to grab and keep the attention of those with whom we want to do

business at the point when they're ready to buy. So audacity, together with automation and analysis, can assist us in "winning friends and influencing people" in a socially-enabled economy.

### **Best Practices and Considerations**

Incorporating social tools and tactics can positively impact CRM success in many ways. Creating and distributing compelling content should attract the attention of those seeking the very products, services, and expertise you specialize in. This should provide more opportunities to engage prospects who've turned to the Internet to kick off their buying process. In order to increase your odds for success, below are a few items to consider as you begin building your social CRM strategy.

### ***Social CRM is not a Replacement for Traditional CRM***

It's easy to get lost in the excitement that social media, social networks, and other Web 2.0 phenomena have generated. Social CRM, however, is not a replacement for traditional customer relationship management. Social CRM adds a new dimension and focus that works best on top of a solid foundation. This includes an easily accessible centralized customer database, keeping track of events and coordinating activities, and managing important sales and marketing processes. With the internal operational aspects being addressed by traditional CRM tools and strategies, the social layer aimed at engaging the wider Internet-based community can smoothly transition external conversations inward, continuing on the path towards a meaningful business relationship.

### ***Social CRM Requires a Different Mindset***

As stated above, many CRM tactics, strategies, and opinions were developed well before Facebook, YouTube, and Twitter entered the consciousness of the business world. Social tenants like participation and transparency were

not in the business vocabulary – neither were terms like blogging, podcasting, and mashups. That’s why it will require a change to the way many businesses think about communicating with customers and prospects. They will have to feel comfortable with being a participant in conversations with social customers, and be ready to let them decide where the conversation goes. It also means opening up conversations on your Web sites and blogs that might not always be positive. But those companies who are willing to join in and be a part of the community, without trying to hijack it, will gain a great deal of respect - more respect than companies who are perceived as ignoring them. So attempting to use social media tools without adopting these social tenants may result in being worse off than not using these tools at all.

### ***Look to Your Best Customers to Help Out***

With each passing day there are more options to choose from in social media and networks. So it’s critically important not to get too bogged down spending valuable time in the wrong areas. One way to focus your efforts would be to survey your best customers to see which networks they are currently participating in. If you find a significant number of them are active on Twitter, it makes sense to see how they are using it so you can build a presence there. Find out which bloggers they follow to see what topics they’re commenting on. You may even want to build direct relationships with influential bloggers by providing them access to information and people typically reserved for more traditional media outlets.

It’s important to tap into the valuable information your best customers can provide you. Not only can they help you understand how they’re currently using social tools, but what they’re using those tools for. This should provide you with opportunity to create a social CRM strategy that will deepen your relationships

with them. Just as important, understanding their use of social media may help your business reach new customers like them.

Create fields in your CRM system to track this kind of information just as you track any other piece of customer information. If a contact has a blog, subscribe to it, read it,, and leave comments on it. And if your best customers spend a good amount of time on Facebook, find out why, and then build the appropriate presence there. These steps can go a long way in helping you find the right areas on which to concentrate your efforts.

### ***Give it Time to Work***

Like most things in business, building and implementing a successful social CRM strategy will take time and effort. It takes time to understand the power of social media and the social sites people frequent. It also takes time to understand the tools and techniques available so you can decide which ones are most suitable for you and the people you wish to engage. It also takes time to understand the rules of the social Web and gain the respect of the online community, which can be a big hurdle for businesses. Many businesses attempt to use Web 2.0 tools to deliver Web 1.0 marketing messages. Sending one-way messaging to people looking for invitations to participate in conversations will not work, and can be the quickest way to severely damage your reputation.

Always keep in mind that being viewed as a contributor and participant is key to being a good social citizen. This is the quickest way to earn the respect of the community, and realize the opportunity to share your thoughts, experiences, and knowledge. And finally, it is the best way to turn clicks into conversations, and conversations into meaningful, long-lasting business relationships.



## Summary

Businesses of all sizes are recognizing that their customers have social needs that go way beyond price. These social needs are critically important in building long lasting, meaningful relationships. In actuality this has always been the case, but the Internet has empowered the rise of these social customers. And customer relationship management strategies employed by organizations need to address the way social customers enter into business relationships.

Integrating social media tools and strategies into your traditional CRM efforts can increase your efforts in building meaningful relationships with those looking for solutions to the challenges they face. The key is to first understand how these prospective customers use the Internet in terms of information gathering, communicating, engaging in conversations, and finally in determining who they choose to do business with. A firm understanding of these key areas will increase the likelihood of a successful marriage between traditional CRM efforts and your relationship with the social customer.

## Resources

Below is a list of a few helpful website and blogs that focus on areas related to social CRM.

***Brent's Social CRM blog***  
[\(\[www.BrentLeary.com\]\(http://www.BrentLeary.com\)\)](http://www.BrentLeary.com)

My blog dedicated to integrating social media, social strategy, and Web 2.0 tools into customer relationship management practices at the SMB level.

***Sage CRM Solutions***  
[\(\[www.sagecrmsolutions.com\]\(http://www.sagecrmsolutions.com\)\)](http://www.sagecrmsolutions.com)

Traditional CRM products such as Sage SalesLogix have the capability to incorporate social media and

Web 2.0 tools. Visit [www.sagecrmsolutions.com](http://www.sagecrmsolutions.com) to learn more about Sage SalesLogix, a leading CRM solution for over 10 years with more than 8,500 installations and 300,000 users.

***Paul Greenberg's blog***  
[\(<http://The56Group.typepad.com>\)](http://The56Group.typepad.com)

The author of CRM at the Speed of Light and influential industry leader, Paul covers a tremendous amount of ground in all things related to CRM, social media and the impact on relationships with customers. Paul will also be starting a CRM blog for ZDNet that will cover these topics as well.

***Denis Pombriant's blog***  
[\(<http://denispombriant.wordpress.com>\)](http://denispombriant.wordpress.com)

Another of the most influential voices in the industry, Denis Pombriant heads up Beagle Research. Through his blog and other writing outlets, Denis covers CRM from every angle, including the growing impact the latest technologies are having on how companies should relate to those they hope to do business with.

***Social Customer Manifesto***  
[\(<http://www.socialcustomer.com/>\)](http://www.socialcustomer.com/)

Chris Carfi has been advocating on behalf of the social customer for years. His blog gives an in depth view of how to use technology to engage customers in the age of blogs, Twitter, Facebook and whatever comes next.

***Church of the Customer***  
[\(<http://www.churchofthecustomer.com/>\)](http://www.churchofthecustomer.com/)

Ben McConnell and Jackie Huba have a huge, loyal following based on their singular focus on customers, and how companies should treat them. The site is loaded with great content that is useful,



relevant and overflowing – exactly what you need to understand social customers.

***InsideCRM*** (<http://www.insidecrm.com/>)

Editor Chris Bucholtz and team are on top of everything going on in the CRM industry, including the impact social media is having in the space. Their content comes in many forms including webinars featuring industry leader. InsideCRM is definitely key resource for understanding where things are going.

***CRM Magazine***  
(<http://www.destinationcrm.com/>)

CRM magazine has been (and continues to be) the voice of the industry for years. Led by people like managing editor Josh Weinberger and senior editor Marshall Lager, CRM magazine and its digital properties are at the forefront of covering the impact social media is having on the industry.

***1to1 Media*** (<http://www.1to1media.com/>)

Another of the venerable voices in the industry, 1to1 stays on top of how companies are using tools and strategies to embrace customers. Led by Editor-in-chief Ginger Conlon, 1to1 has a variety of great content that addresses social media, how companies are currently using it, and how they'll need to use it in the future.

***Internet Marketing Blog***  
(<http://blog.hubspot.com/>)

This blog comes from Internet marketing service provider HubSpot. The blog focuses on social media marketing strategies companies can use to engage customers that are savvy in the use of social media. HubSpot shares some of the tips and tricks they've developed to build relationships with hundreds of thousands of customers through their content.

***Barack 2.0*** (<http://www.barack20.com>)

There has been much written about the role social media has played in the presidential campaign of Senator Barack Obama. Barack 2.0 tracks how the campaign has integrated social media into their overall campaign strategy. The site focuses on lessons businesses can learn from the campaign's use of social media, and how they can put these lessons to work to reach more customers.

**About the Author**

Brent Leary is a CRM industry analyst, advisor, speaker and [award winning blogger](#). He is a CRM industry analyst, speaker, co-founder and Partner of CRM Essentials LLC, an Atlanta based CRM advisory firm covering Web 2.0 tools and strategies for improving business relationships. His client list includes IBM, Intuit, Cisco, Research In Motion and the state of Georgia's Dept of Economic Development. Recognized by InsideCRM as one of 2007's 25 most influential industry leaders, Leary also received CRM Magazine's Most Influential Leader Award in 2004. He serves on the national board of the CRM Association, and as a subject matter expert for the Small Business Technology Task Force. He's been quoted in several national business publications, including the Wall Street Journal, Newsweek and Entrepreneur magazine. Leary writes regular online columns for Inc. and Black Enterprise magazines. He hosts and produces the popular [Technology For Business \\$ake](#) radio program. Leary's blog can be found at [www.BrentLeary.com](http://www.BrentLeary.com). You can follow him on Twitter at <http://www.twitter.com/BrentLeary>. He can also be reached via email at [bleary@crm-essentials.com](mailto:bleary@crm-essentials.com).