

Intelligent CRM aids enterprise growth

It is well known that CRM initiatives have a high failure rate across industries. This is largely because CRM has traditionally been seen as “list management” rather than a mechanism for corporate growth. It is critically important to approach CRM as one tool in business development



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Over the course of the last decade technology has brought unprecedented efficiencies to the financial services industry. Combined with this, structural changes in the market environment – driven by both regulation and competitive innovation – have demanded that broker dealers, to remain viable, be ever more attuned to client demands. It is responsiveness to client demand that will drive future growth and the right CRM can aid in this process.

In today’s environment broker dealers face an increasing number of challenges: commission pressure; commoditization of offerings; intense competition for liquidity; monetization of research services (and looming unbundling). More than ever, the ability to be aligned with clients’ needs is essential to success. That said, on the client management side, a number of approaches (often within the same firm) have resulted in a cacophony rather than a coherent and comprehensive approach.

Some of this is because different solutions were implemented by different functions over time. Some of it is in response to market conditions. Whatever

the cause, incrementalism in client management in fact reduces productivity. An enterprise-wide approach where the technology can morph as needed by the firm, as mandated by clients, or on response to market trends and conditions solves the problem of legacy band aid approaches.

Client relationship management technology platforms are an essential tool in the

process of correlating client needs and demands to broker offerings. Yet, if merely seen as a tool, such technologies can “collect dust on the shelf”. Rather, a technology that forms an interactive loop between clients, brokers, and the technology itself results in a holistic capability that allows the broker to tack in real time and over time to each client and all clients.

By using the right CRM technology, firms can fully integrate all of the internal management of client relationships and all of the external communicative needs and touch points in a seamless end-to-end framework. The universe of applications in a fully robust system must match the full range of offerings made by the broker-dealer. This will include heads of sales, head traders, directors of research, compliance heads, etc. So in deciding on a technology, firms are best served when they take a corporate or enterprise wide approach. At the same time, client management goes beyond simply managing the “client list” and needs to deliver marketing capabilities (including push campaigns, roadshow management, and conference capability). Ultimately, the CRM must deliver analytics that measure the health of the firm while proving the information on which managers (regardless of function) can act.

MORE THAN MERE CONTACT MANAGEMENT

There is more to implementing an appropriate CRM system than just selecting a technology. For financial services, selecting that right vendor starts with the provider having domain expertise in the industry. Additionally, while price will always be a consideration, thinking in terms of ROI (in productivity, and time, as well as ongoing costs) should also drive the decision equation.

For a broker-dealer that implements a CRM solution for the first time, it is about changing work habits and procedures and driving home the benefits of such changes down to each individual user. For a broker-dealer that migrates to a new CRM (from an existing platform), it is vitally important to “sell” the

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new platform internally to all users and the capabilities that make the business more competitive. On both counts, it requires organizational support and sponsorship at all levels. Changing or eliminating any old habits take time and this is no different when changing working practices.

Organizations that do not give user-adoption challenges adequate attention tend to reap little benefit from their

CRM investment. It is worth stating at this point that different user groups (i.e., research analysts, sales person, sales-trader, event planners) have different needs and expectations from their CRM. It is therefore vitally important to contextualize functionality and capability in ways that promotes user-adoption and lays the foundation for the benefits to accumulate over time.

COHERENT APPROACH TO CRM

Simply implementing a CRM is not sufficient. In addition to the challenges around adoption and training, extracting the information that can be of value to ongoing operations is an essential consideration in the decision to deploy a CRM. So prior to deciding on a CRM, managers must ask: what can this system do for the managers in the firm, and what kinds of capabilities are delivered that can aid the organization as a whole – or, put another way, how can CRM help firm growth?

It is therefore really important to clearly define objectives and evaluate CRM platforms on their respective merits to meet those objectives. The objectives must be measurable and easy to comprehend by the business, to ensure the CRM project stays the course. The lack of clearly defined objectives can potentially result in either the project being derailed mid-way or the when completed the CRM system fails to meet the needs of the firm. Objectives range from cost-of-business to better client engagement; whatever they are, they need to be clearly stated and captured across the business as the first step in the selection process.

GET SET BEFORE YOU GO

Earlier, domain expertise was cited as critical for CRM success. That is because of the organic nature and nuances of the broker dealer and investment banking industry, as well as of the client base. Given that as a basic platform, additional questions apply when considering a CRM, specifically:

- Is client data in good shape?
- Are there well established operating procedures for client engagement??
- Is there internal buy-in, a cadre of early adopters who can influence firm acceptance?
- Is there an account management framework in place? If not, is there a “wish list” on what you want to achieve?
- Are there defined goals and objectives at the individual user level, in order to achieve your organizational level goals on customer satisfaction?
- Will the firm reward/appraise the client service organization on the basis of client service metrics and analytics driven off the CRM platform?
- Are you willing to commit to the CRM process a long-term tool??
- The above questions highlight the importance of the people-process-technology trilogy when it comes to making a CRM initiative a success.

An organization that goes from having no CRM to a CRM platform, needs to also undergo a culture change in terms of how they transact business and engage clients. Such culture change requires top management sponsorship and support.

GROWTH AND PROFITABILITY

Ideally the CRM, once implemented, moves beyond data storage by delivering analytics that aid in decisions for specific clients and for the firm as a whole. Analytics that can capture problems but also opportunities, and that give a directional sense of client needs. From here, firms can develop responses – in products, and in client services. Specifically, a client management system becomes one of a number of engagement tools capturing and measuring quantitative the CRM (e.g., research, meetings, calls, corporate access, etc.) and qualitative (sentiment around stocks and ideas) assessments and ideas.

Such an intelligence (and intelligent) orientation render the seeming cost of s a system beyond mere productivity into a marketing tool for corporate development and growth. Each function in the firm has access to and can contribute base on “where they sit”.

From this base client management both capture the “state of the firm” while simultaneously allowing managers to have information that translates into objectives into valuation, revenue and profit opportunities. Here, technology works alongside the people and processes to deliver results. ■

Analec is an investment research organization which provides investment research and CRM software solutions to help clients become more competitive and productive