EVALUATING CRM ALTERNATIVES

10 Key Questions You Need to Ask

In today's highly competitive, roller-coaster lending environment it's more critical than ever to identify high-quality business opportunities and drive them to the point-of-sale quickly, efficiently and compliantly. That's why there seems to be a greater demand than ever for so-called CRM (Customer Relationship Management) products.

Not surprisingly, therefore, there's a plethora of choices out there vying for your attention. Confusing, isn't it, especially when there appears to be no generally accepted definition of CRM in the first place? Nor do I detect any clear consensus about the benefits it's supposed to deliver.

The trouble is that CRM is a broad categorization of marketing software – approaching $12 billion in 2011 annual revenue, not including related professional services – that encompasses solutions or bundles of solutions ranging from the almost inconsequential to the complex and expensive. What's more, the CRM world is in flux. Passive, rudimentary approaches are rapidly losing validity and being replaced by a new generation of intelligent solutions.

We can probably agree that one fundamental purpose of any CRM is to manage and strengthen key business relationships, including prospects, customers and referral partners. Consequentially this boosts sales people's productivity by ensuring that they spend their time and energy to the best possible effect: generating and qualifying leads, converting prospects into clients, retaining them and maximizing their value through repeat business and referrals.

We can probably also agree that an important indirect purpose of a CRM is to support the recruitment and retention of top producing originators by providing them with a system that guarantees high levels of personal productivity.

Beyond these basic purposes, however, we encounter a variety of CRM approaches. Only a relative few are truly "new generation" technologies that incorporate concepts such as data repositories, multi-faceted analytics and rules-driven reasoning. These advanced solutions cohesively and intelligently knit together marketing strategy, automated execution and performance tracking across the enterprise.

Bearing all of this in mind, it's evident that you must be diligent in your evaluation of alternative CRM systems. Most are still sales-centric, requiring a good deal of user intervention to deliver even basic benefit. We know that technology can do much better than this. We also know that your chosen CRM must be sensitive to the fact that you are operating in a stringently regulated environment.

So I suggest below ten key questions you need to ask about any CRM system. Actually I will describe ten key factors. When you are evaluating a CRM, the same question should then be applied to each factor: how (or how well) does the system handle this?

Compliance

The tentacles of regulation are reaching into all aspects of the mortgage business these days, not least the marketing side. For example, communications with prospects, customers and even referral partners should include the sender's relevant licensing information and legal disclaimers. In addition, they must respect numerous legal requirements related to data privacy, including "do not call", etc. And in the case of email communication the recipient must be given an "unsubscribe" option.

What you are looking for in a CRM is that these and other compliance issues are handled by the system and do not rely on human intelligence. Only then can management be assured that the company's brand and its products are always correctly and compliantly represented in the marketplace. Importantly, your chosen CRM needs to do this without inhibiting genuine creativity and individual initiative.

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Marketing Strategy

Automated Execution

Performance Tracking
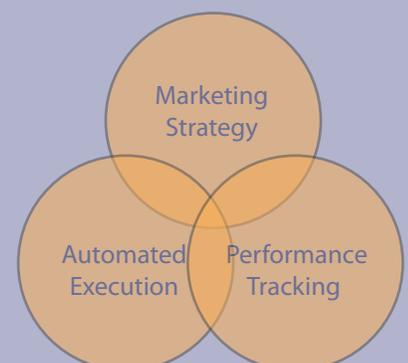
Control

The days are gone when a mortgage company could let originators loose "to do their own marketing". In the new environment this is simply too dangerous. Management must have oversight of the messages being put out into the marketplace and of other variable communication content, such as graphics and other design features. Compliance is one thing, but professionalism and adherence to corporate brand standards must also be assured.

Your CRM solution needs to provide levels of control that serve these purposes. It should do this first by means of a "permissions" capability whereby different classes of user are allowed or denied access to areas of the system. It should also require prior authorization of specified user actions and provide real-time alerts when defined standards are breached, together with a comprehensive audit trail.

Accountability

In the end it's all about results. Management needs meaningful measurements of the performance of regions, branches and individuals throughout the corporate hierarchy. This means that built-in tracking and reporting is fundamental to your choice of CRM.

The cost-effectiveness of specific campaigns and communications programs is another dimension of accountability. Yet another is measurement of the ROI achieved from your sources of business. For example, what value are you and/ or your originators getting from the money spent with Realtors and other referral partners? Knowing this allows everyone to make sensible plans for future marketing.

Integration

A CRM does what a CRM does – but ultimately it's only one component of a broader requirement to drive business success with maximum efficiency. For this reason you need to be sure that your chosen system seamlessly integrates with equally powerful applications providing complementary functionality – for example: your LOS, pricing engine, risk analysis solution, etc.

Remember also that a CRM – like any other system – is only as good as the data that populates it. The more data – and the better the quality of the data – the more effective your marketing will be, in terms of both messaging relevance and audience targeting. The ability of your chosen CRM to easily integrate with multiple third-party data sources is therefore highly significant.

Co-ordination

Marketing is an enterprise-wide process that requires the involvement of numerous players – including corporate executives, business strategists, brand managers, creative teams, loan originators, and not forgetting legal and compliance people. Your CRM solution needs to allow all of these players to focus on what each does best, but in a co-ordinated and collaborative way inside the system. This will deliver not only better and faster marketing, it will also ensure the smartest possible use of the company's human resources.

Automation

The more a system is able to deliver meaningful benefit "hands free" – or at least with minimum human intervention – the more likely it is to be adopted and utilized. Your chosen CRM needs to achieve this by means of a mortgage-specific rules engine that converts silos of static data into actionable intelligence. Much of the user's thinking is then done for them – manifested as alerts both to sales opportunities and to mechanisms that address the opportunities – enabling quick and effective action to drive referrals, repeat sales and cross-sales.

Content

At the heart of all good marketing lies effective communications content: materials of various types that can be delivered via print and electronic media. These materials include campaign activities – letters, postcards, newsletters, etc – as well as sales collateral – brochures, flyers, posters, etc. Access to such content within the application is therefore fundamental to any CRM.

But these days you should expect more than access to materials that have been created by the CRM provider. Your chosen CRM needs to incorporate easy-to-use tools that enable permitted users, with appropriate authorization, to create marketing content for themselves or on the company's behalf. The system should also provide tools for storing and managing this content in custom libraries such that all users have easy access to professional, personalized and pre-approved materials.

Execution

As outlined above, effective marketing begins with identifying opportunities. Then we need access to suitable mechanisms to address the opportunities. But none of this matters unless we can execute quickly and
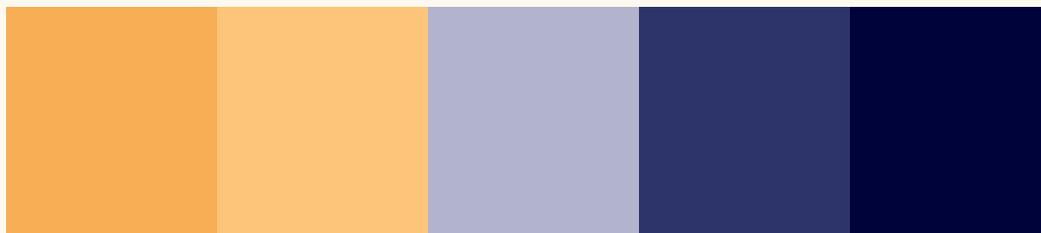
securely. Windows of opportunity open and close so quickly these days. Rapid response to shifts in market conditions – such as changes in interest rates or loan limits – is absolutely essential, with relevant sales messages delivered to precisely targeted audiences.

Your chosen CRM therefore needs fully integrated production and fulfillment capability, ensuring total security as well as maximum speed to market. What's more, marketing activity must be executable at all levels of the organization. Simply leaving it to your loan originators distracts them from what they do best: originate loans.

Customization

Much of what has been outlined already in this brief paper points in one form or another towards customization of your chosen CRM. For example, there's the role of "permissions" in allowing or denying access to areas of the system. More significantly, you need the ability to create and manage libraries of pre-approved marketing content. In addition, the layout and design of the user interface should reflect your company and its people: this is your site, not the CRM provider's.

Ease-of-use

Database management, content creation, campaign execution, results tracking … every component of your chosen CRM must be easy to access and easy to use. It's fundamental, therefore, that the system comes as a "Software as a Service" (SaaS) application, providing online availability around the clock via any web browser. Since SaaS solutions host your database as well as the CRM functionality, they have the added benefit of minimizing up-front cost and ensuring rapid adoption.

In conclusion . . .

Your CRM solution can – and needs to – go far beyond the limited traditional concept. The right choice will become a core technology that, along with others, builds business value through sustained revenue growth, efficient resource allocation and managed risk mitigation.

Many traditional CRM offerings are "sales-centric", providing their users with what resembles a functionally unorganized and non-automated toolbox to help them perform specific tasks. What's more these systems are

typically built around an underlying specialty of the provider – for example: contact management, digital print, data aggregation, lead generation, database management, web-based creative tools, mail-merge campaign execution, executive dashboards or other reporting functionality. Generally overlooked are management needs for control, organizational accountability and adherence to increasingly stringent compliance demands.

These historical solutions were once adequate within their particular field of excellence, but they have lost their value in a time of rapidly changing business requirements. Only the "new generation" CRM solutions put the above components together in a unified platform capable of meeting today's needs and tomorrow's challenges. These new generation solutions deliver wide-ranging functional capabilities enhanced with superior technology delivery: data collection, database management, content copy and design, campaign execution, production and fulfillment, compliance capability, results tracking and performance analysis. They also deliver an array of multi-organizational dimensions, integrating the roles of all key players in the marketing process from senior management to individual sales executives.
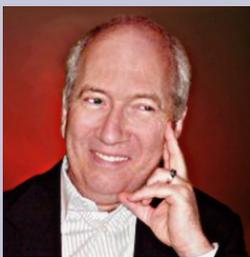
About the Author

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