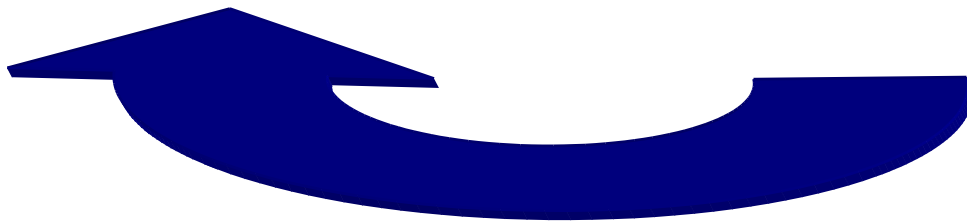


The Social CRM Playbook

A White Paper



Contents

Executive Summary	3
Introduction	4
Definitions	4
Types of Conversations	5
1. One-to-many	5
2. One-to-one	5
3. One-to-one-to-many	5
The Mythology of SCRM Best Practices	6
Five Steps to a SCRM Strategy.....	6
Step 1: Learning the Lay of the Land	7
Step 2: Learning the Language	7
Step 3: Learning to Listen.....	7
Step 4: Learning to Engage	8
Step 5: Learning to Make Use of What You Learn	9
Refining the Process.....	9
Things to Avoid.....	10
Conclusion	11
About the Author	12

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Executive Summary

Social CRM is the response of businesses to the advent of social media and the eager adoption of the new communications channels by B2B and B2C buyers alike. It creates a new environment for customer conversations, a new opportunity to learn about customers, and a new opportunity to engage, build peer-to-peer relationships and strengthen brand perception.

In order to do all of this successfully, however, you need a strategy. That starts with some realistic goals about social CRM, commitment from your business's leadership, and a methodical analysis of your resources and of the preferences and behaviors of your customers.

It also requires you to listen—which for many businesses is the hardest chasm to cross.

This white paper will provide an outline of the broad steps you should take in building a social CRM strategy and a overview of how you can pair that strategy with technology to enable your business to practice real social CRM. But beware: because every group of customers is unique, and because every business approaches the ideas of social media in different ways, there are no best practices for social CRM. The best practices you develop for your business will be almost impossible to transplant into another organization—but that's an indication of the competitive advantage you can gain from working hard to develop an approach that works for your business.

Introduction

Social CRM has been the hot topic of discussion in the CRM space for several years now. The promise it holds makes marketers and sales directors salivate—the sort of information about customers that businesses have worked so hard to discover and collect is now being volunteered by customers through social media channels. The base-level thinking on social CRM goes something like this: “If we can harvest this unstructured data from social media, and add it to the structured data we already know how to capture, we can boost the power of our customer database and thus increase sales, improve service and make our marketing more precise.”

All of that is true—but it's looking at the social media space through a traditional CRM lens. That view is very similar to the practice of viewing CRM strictly as a technology. It's actually a discipline, facilitated by a technology—and social CRM is in many ways an extension of that discipline in response to how customer behavior is changing.

The really revolutionary aspect of social CRM is not that customers are volunteering personal data—it's that you as a business are now capable of engaging in a two-way conversation with customers. Sure, you ought to be able to glean information from those customer conversations to fill in your records about them, but the emphasis is sliding toward your use of social media to build relationships first. Without those two-way relationships, you will limit your ability to discover customer data—and the customers you seek to sell to will have less of a relationship with you and your business.

Definitions

Before we get too far into this discussion of Social CRM, it's important we define some terms. Social CRM (SCRM) is really a strategy, rather than a process or a product. It can encompass several technology platforms and customer relationship tools, including a CRM system; in fact, CRM is the foundation of SCRM. SCRM is not a replacement for CRM.

Confused yet? Well, you will be soon enough. The accepted definition, which was crowdsourced and then assembled by Paul Greenberg, is this:

“Social CRM is a philosophy and a business strategy, supported by a technology platform, business rules, workflow, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It's the company's response to the customer's ownership of the conversation.”

That definition doesn't say anything about what you need to buy, how many people you need to hire, what processes you use or how to measure ROI. The reality is that SCRM has no best practices yet, and that's almost part of its basic nature; if it's social, it is not about people interacting with machines or with processes. It's about people interacting with people, or groups of people. Those groups of people you know as customers have unique traits, unique desires, and unique styles of communication. That's why your SCRM approach, in order to be successful, will itself be unique.

That's no reason to panic—you already do some social things in the brick-and-mortar world to relate to the unique qualities of your customers. SCRM scales those ideas, and it can do so because of another term we should define: social media.

Social media comprises the various online technology tools that enable people to communicate easily via the Internet to share information and resources. Social media can include text, audio, video, images, podcasts, and other multimedia communications.

We can all readily name the large social media channels: Facebook, YouTube, Twitter, LinkedIn and, increasingly, Google+. There are others serving different languages, different vertical business markets and different geographies. There are also other forms of social media, like blogs, discussion groups and photo sharing sites. Any of the hundreds of these channels may be a virtual place where your customers gather to talk about you.

How they talk through these channels is slightly different than in real life. Complaints or praise made to friends over coffee are unlikely to reach beyond the table, but the same statements made on Facebook have a tremendous reach. Business has spent the last 40 years expanding its ability to broadcast its messages; social media's rise over the last 10 years has given customers the same ability.

Types of Conversations

A mistaken view of SCRM starts with the business's concerns first. SCRM needs to be oriented around the customer—don't forget the definition that it's "the company's response to the customer's ownership of the conversation." As part of that orientation—and to maximize the value your business derives from your efforts, it's important to understand the kinds of conversations that go on in social media.

1. One-to-many

This is the sort of post you see on Facebook, Twitter, or any board-type social media resource. Announcements, observations, jokes and questions are common posts of this type on many channels; blogs also qualify as one-to-many conversations.

2. One-to-one

In some cases, a conversation may change from one-to-many to one-to-one, via the direct message feature on Twitter or Facebook or even through e-mail on some less interactive sites. These conversations are often created from one-to-many conversations, and they're important because they may play an important role in your SCRM efforts. For example, if a customer is voicing complaints about your business on Google+, you might invite him to a channel run by your company or engage him via e-mail, in part because that new channel may be better suited for helping resolve his problem than Google+. The tactic has a positive side-effect—the sometimes-difficult process of resolving his problem won't be worked through in full view of the public. Another case would involve a customer asking for specific technical help about a product or service. The details of the fix would be very important to the customer asking for help, but might not be of value to everyone else. (That said, if the community itself tends to be highly technical, then showing your technical acumen might not be a bad thing.)

The alternative to this type of conversation is...

3. One-to-one-to-many

This is a public discussion conducted in full view of the other members of a social media channel, and is really the conversation that defines social media in most of its forms. The risk and the promise is that others may chime in, change the direction of the discussion, and add value of their own that everyone witnessing the conversation can benefit from.

An example of this might be a service user group run by a sporting goods store. A thread might start with a customer asking a question about tent stakes. The store might respond with a message about replacements for missing stakes—and then another customer might point out that the extra tent pole in that model could double as an emergency stake. Next might come other suggestions about how the extra stake could be used; the company could chime in if a suggestion might be dangerous or damaging to the stake. From a simple question might come many different threads with many new pieces of information.

From a CRM point of view, there is much to be gleaned from such an interaction. You can learn who the power users of your products are, and you can learn who your detractors are. You can learn who in your customer community is eager to help other customers. You can learn alternate uses for your products that you may not have thought of yet. And, at a basic level, you have helped establish yourself through your participation in the discussion as trusted peer.

The one-to-one-to-many conversations may spawn additional one-to-one and one-to-many conversations; similarly, any type of conversation may morph into another type of conversation. Remember—as in real life, you may need to adjust the tone and wording of a conversation when it goes from a private one-to-one discussion to a public one-to-one-to-many conversation.

The Mythology of SCRM Best Practices

Business leaders love best practices—a set of rules of thumb that can be applied uniformly. They work almost universally, and going against them is inviting trouble.

The problem with the idea of best practices as it applies to SCRM is that most best practices involve the interaction of people with a system—a machine, a process, a profession. This interaction is direct; there is no middle entity and the most significant variable is the human on one side of the equation.

In SCRM, that equation is thrown out of whack. The interaction is human to human, with some intermediary technology included to connect the two ends of the conversation. One group of humans in this equation is you and your company, while the other group is your customers and potential customers. They represent a set of preferences, motivations and behaviors that make them unique from any other group of customers. For that reason, the idea that you can plop down a set of “best practices” that were built with another audience of customers in mind is silly and destined to defeat.

Even within the same vertical market, these customer groups are different. For example, Land’s End and Busted Tees are both in the apparel industry, but the practices upscale, stylish Land’s End uses to engage its customers would completely fail with the ironic, irreverent customers of Busted Tees—and vice versa. To make the comparison even narrower, Threadless sells similar products to what Busted Tees sells—but even in this case, their customers vary in important demographic and behavioral ways that would prove fatal should one attempt to transplant one company’s social CRM ideas into the other. Each business needs to know its customers, their behaviors, their motivations and their desires in order to understand where they congregate in social media, how they respond to contact in social channels, and what is needed to connect with them in a peer-to-peer manner that is beneficial to both the customer and the company.

Five Steps to a SCRM Strategy

There’s no turn-key social CRM solution available today that you can buy, plug in and use to turn your company into social business. As articulated in the previous section, the sheer volume of variables that distinguish customers makes designing social CRM technologies into a CRM application somewhat tricky, and to attempt to hard-wire connections into CRM for all the various social media sources would be economically impossible. For that reason, many vendors have focused on the “brand name” social media sites—LinkedIn, Facebook, Twitter and Google+ - while leaving integration to smaller, more niche sites to partner developers.

But the first step in developing an SCRM strategy does not involve technology. In fact, we believe technology selection should come later in these initial steps. The first steps must be oriented around the learning the specifics of the social media ecosystem you’ll be working in and the customers you’ll be working with.

Social CRM can be as labor- and resource-intensive as you care to make it, so before you begin assembling your plans take an inventory about what you have to work with. Understand what manpower assets you'll have, and what budget you'll be given to buy sentiment monitoring and listening tools. You should also reach some conclusions about the way your customers use and behave in social media—this will provide context for everything you consider as part of your strategy.

Step 1: Learning the Lay of the Land

You may think you know social media—and you do, in the context of you. The version of social media you need to learn about is social media in the context of your customers. That's something that can only be appreciated through careful thought, observation and research.

Many people are connected to the major social media sites—Facebook, Twitter, LinkedIn, YouTube and, soon, Google+. These can be characterized as “broad appeal” sites—they were conceived as sites that would grow primarily not as a result of their content but first and foremost because of the size of the community. Facebook, for example, has 750 million users, and the larger it becomes the more dramatically its demographics expand. In 2011, the site's fastest growing segment was age 55 and up.

A second class of sites can be described as “vertical sites”—sites that attract people based on their interests. Discussion boards, blogs and LinkedIn Groups fall into this category. Because of their orientation, these can provide a high concentration of customers or potential customers. There are social networking sites for all kinds of groups of people, from schoolteachers to sports fans and parents to programmers. A simple Web search will reveal many of these sites.

Don't search too narrowly—there's a third level of sites you need to keep an eye on. These are “Peripherally-related sites”—sites which may not deal specifically with the products and services your company sells, but which have a tangential connection. For example, a company that manufactures outdoors equipment may find its customers on a site dedicated to adventure travel. An auto parts company specializing in new old stock parts might monitor a site for old car aficionados. You want to be where your customers are—and if they're on a site that isn't squarely focused on you and the things you do, that's okay, as long as you participate there.

Step 2: Learning the Language

Once you've located the places that customers are talking about you, don't jump in right away—listen. Just as barging into a group you've never met before is poor manners in the real world, engaging with people in a social media setting without understanding how they like to converse is poor manners, too. Spend some time understanding how the group works, who its most vociferous leaders are and the kind of language and tone the members use with each other. If you're shooting for a peer-to-peer relationship, your first step is to act and sound like you deserve to be part of the conversation.

Mark Twain quipped, “It is better to remain silent and be thought a fool than it is to speak and remove all doubt.” If you can't get a handle on the tone, timbre and tempo of responses, and craft your responses to match, it's probably better to let them pass without response until you can adjust your reactions to fit with the social media channel.

Step 3: Learning to Listen

Once you've located the sites where customers congregate and spent some time understanding how they talk with each other, it's still not time to fling yourself into the conversation. Take some time to listen (or read, as the case may be) to understand the flow of the discussions and the topics discussed. If there are certain

subjects that you want to follow, and if the site has search capability, take a look at what's been said in the past about those topics.

Even after you start engaging on these channels, it's still critical to pay attention to what's being said to you and about you. And the chances are you've identified multiple social media channels to track. How do you listen in on all of these conversations?

If your business has the resources, consider a dedicated social media staff member. That employee can keep track of the various sites and coordinate responses to conversations, and work to incorporate data from conversations into your CRM data. Smaller businesses may have to choose among channels if there are too few people for a dedicated role.

Listening is made much easier by a host of dedicated social media monitoring and sentiment measuring tools. Listening tools can tell you what's being said and where; sentiment tools can gauge the general feelings of the conversations that mention you. Both can prove useful in stretching your social media productivity.

One thing that is often missed is that your company already has a great monitoring tool in place—it's called your employees. Every employee should be made to realize that he or she is a listening post; since most of us are on social media, we may run across topics that pertain to our jobs and the businesses we work for. Employees should be encouraged to report conversations they run across to the person in the business designated to monitor social media; doing so provides another level of listening.

Step 4: Learning to Engage

Now comes the point where you actively engage with customers by becoming part of the conversation. Before you do this, think about who in your company should be doing the engaging on your behalf. Should all employees be allowed to engage? Just one? Perhaps different people engage on different social channels—someone from service may participate in conversations on a customer-focused site where service issues are raised, but an engineer participates on a site more geared toward developers. Before you start engaging, be sure that you've established the internal rules about who does the talking and where they should do it.

One you are talking, look for places to engage that will have an impact. If you see an opportunity to make a difference in the conversation, jump in—even if only to say that you don't know the answer but can find someone in the organization who does. Then be sure to follow up. That level of authenticity—followed by real help for participants in the conversation—is extremely useful. First, it builds loyalty with the person who was helped. Second, it establishes you as an honest and eager participant in the conversation and the community.

When else should you engage? Whenever you have something to say. If a topic comes up that your business has expertise in, chime in. If a conversation touches on something that deals with your product or service, or those product or service segments, add to the conversation.

Participating in conversations that others start is good, but it's also good to start conversations. These may center around your company's announcements or success stories, but a better place to start is with a legitimate question your business may have about its customers and what they're thinking about. This approach can deliver actionable intelligence about how your customers feel in an unstructured format, and it's much less expensive and faster at returning information than a formal survey. Be sure you craft your questions in such a way as to solicit detailed answers—and don't make these conversations the only ones in which you participate. Remember that your there to participate as a peer, and peers don't merely pepper other peers with questions.

Step 5: Learning to Make Use of What You Learn

Until now, the steps have all been about being social. This is the step in which you make the connection from the social behavior of you and your customers to your CRM system by finding ways to use the data you've uncovered in social media.

The challenge here is that you should be using two types of data: the data you uncover in conversations, like the ones outlined in steps 1-4, and the data that your customers and potential customers volunteer through their use of social media. That might include profile information in LinkedIn or Facebook, for example. This data should be put to use, but focusing only on this data fails to take advantage of the truly social aspects of social media and the rich information that conversations can bring to your attention.

How do you incorporate this data? Unfortunately, there is no technology that can automatically detect this data from the mass of information generated within social media and then sort it by your customers or accounts. Like CRM, there will have to be some degree of human input—people engaged in conversations will need to take note of important data and make sure it's incorporated into customer records. This can be done—but it involves some careful process design.

One of the most obvious processes involves the hand-off from social media monitors to service. A call for help in social media is heard by many people, so dealing with them is doubly important—to first help the customer in need and then to demonstrate that this need is not indicative of a service failing on your part. Building the process that allows that transfer of responsibility take place—from the person monitoring social media channels to a designated contact within service to service personnel who can respond and help remedy the problem—is critical to dealing with such issues in a coherent way.

Don't stop creating these processes once you have service handled, though. Similar process should be created for sales, and for marketing and product development, so that when a question comes up that applies to these areas it can be diverted to the right people in your company.

Again, make sure that your employees know that social media can be an all-hands exercise—and that it can be used to the benefit of the entire company, just like traditional CRM can be used.

Refining the Process

Just as CRM is forever a work in progress, your social CRM efforts must continue to grow and evolve as your customers adapt and change the ways they use social media. The process of learning you went through to establish a social CRM strategy need to be revisited periodically; the first three steps should be repeated on a routine basis every few months, if only to confirm that you're still doing things in an optimal way.

Things can change quickly in social media—see Google+ gaining 20 million users in just a month—and that makes it important to stay on the lookout for new channels that your customers are using. Just as you keep an eye on sales and marketing trends to make sure your staff is up to date on the ways they work, you'll need to monitor the social media space with an eye on the next new thing and whether your customers are embracing it or not. Also, watch for new vertically-oriented social media sites in your market; the arrival of a new site that goes undetected could mean that the conversations important to you start to migrate to a channel you're not participating in.

Just as social media is evolving quickly, you should evolve your approach as well. Don't be afraid to try new things; most approaches to customer engagement are relatively inexpensive and can be reversed should they prove less useful or productive than an earlier approach. Social CRM puts new demands on business to be imaginative and creative as they redefine the idea of engaging with customers, and it also serves as an

invitation to look at their existing processes through the eyes of the social customer. A more peer-to-peer buyer-seller relationship will likely expose ways you can improve processes in sales, marketing and service; be open to them and seize the opportunity that customers present you with to make their experiences with you better, because it will lead to them remaining your customer longer.

Above all else, stay authentic. The temptation might be to create automated responses, cut-and-paste replies, or to apply existing marketing practices in lieu of personalized responses. Customers are bombarded with this kind of lowest-common-denominator response and have an instinctual ability to spot it; when they do, it's a signal to them that you really aren't interested enough in them to behave as a peer. They also do not want to be sold to when they're using social media. Participating in the conversation in these inauthentic ways is worse than not participating at all.

Thus, aspire to be authentic in all things. Joe Pine, one of the authors of *Authenticity: What Customers Really Want*, has said that “Companies need to systematically examine their decisions, actions and, especially, their offerings with this new lens of authenticity. In this sense, authenticity is the new quality - it is a new management discipline, one that we are only now beginning to define, explore and delineate.”

Things to Avoid

As full of opportunity as social CRM may be, it's also rife with hazards. As with any new technology, new ways to misuse it are being uncovered on a regular basis. A few, however, are common and frequently hobble social CRM efforts in their earliest stages.

One of the most common is the treatment of social media as if it were a broadcasting channel. This failure to grip the two-way nature of social media sees some companies using Facebook, Twitter and other channels to blast out their messages with no effort made to listen or respond to their customers. This is understandable—until recently, marketing departments were charged with broadcasting their messages to the outside world, and no inbound communication channel existed. Today, however, such behavior is seen as loud and clueless.

Perhaps the opposite of this error is demonstrated when a business tries so hard to be a peer to its customers that it starts to slip into unprofessionalism. You may serve a rowdy customer community, and they may be fairly ribald and rambunctious on line. That doesn't mean you have to match them in their behavior—being a peer down not mean being unprofessional. The same goes in situations where a detractor gets aggressive—don't answer his bad behavior with bad behavior of your own. You can maintain a professional demeanor, respond to comments, answer concerns, and still maintain a tone appropriate to the audience. It may require additional thought, but social media is not real time. You have the ability to wait to respond until you've crafted a response that addresses the issue and reflects well on you at the same time.

From managers, don't sabotage your social CRM efforts by either attaching unrealistic ROI goals to them or limiting their timelines. Social CRM is a new discipline and it will require time to evolve; patience is required to allow it to adapt and take root, and for processes to be developed and put in place. Attaching limitations and unattainable ROI goals is a great way to not only waste the opportunity that social CRM represents today, but it's a good way to dampen enthusiasm for social CRM efforts in the future and put your business further behind your competition.

Think of the U.S. Interstate Highway System. When work began on it, it was understood it would have value for the country, but how much and what kind of value was not yet understood. If the highways were built the way some social CRM efforts are being created, the government may have built the stretch of Highway 92 between St. Louis and Kansas City, then waited to see how useful it was before building more highways. The reality is that without the rest of the system, its usefulness would have been lessened, altering how its value was perceived and, perhaps, the rest of the highway system would have been cancelled as a result.

Skepticism and timidity about social media in an era when the vast majority of the population has adopted it is incredibly dangerous—and yet, Capgemini's Executive Outsourcing Survey in July, 2011 revealed that 13 percent of the executives interviewed at Fortune 1000 companies believed that social media is just a fad and not important to their companies' success. That number indicates that there are some businesses whose fortunes are doomed to fall because of their failure to grasp the changes social media is bringing—and it means that there will be market share to gain if those executives happen to work for your competitors.

Conclusion

Because social media is ubiquitous, CRM has no other course but to become more social in its nature. While some see this as a strain on resources or an annoying disruption of the way they do business, it really represents an opportunity to revise processes, get closer to the customer, and to make businesses more productive, more responsive and, ultimately, more profitable. It's not a replacement for traditional CRM; instead, it will become over time a core part of CRM, using the same data management ideas and applying them to an ever greater number of data sources. It has the potential to help with product co-creation, revamping of old service processes, the delivery of helpful sales and marketing data—and all delivered as businesses foster more peer-to-peer relationships with customers. Social CRM represents a opportunity to improve the experience for both the customer and the business.



About Faye Business Systems Group

Faye Business Systems Group is a Southern California-based technology consulting firm and software company with over 25 years of experience in helping growing companies get “over the wall” and optimize their financial and business systems to become more profitable. FBSG uses SugarCRM, Sage MAS 90 and MAS 200, and a variety of custom software solutions to meet client needs. Services include software development, project management, packaged software implementations, custom software implementations, integration, consulting, training, and support. For more information, call (818) 227-5130, email info@fayebsg.com, or visit <http://www.fayebsg.com>.

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In his current Editor-in-Chief role, Chris is the voice of CRM Outsiders. Bucholtz continues the CRM Outsiders tradition of being an independent and opinionated CRM advisor, who provides trusted and useful content to the market. He uses his extensive network to encourage other CRM visionaries to contribute regularly on CRM Outsiders.