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What is the Return on Investment of CRM Software?

Thank you for downloading the PlanPlus Online CRM ROI Analysis Report.

If you are reading this report you likely used our CRM ROI calculator to determine the potential Return on Investment of implementing a CRM. Chances are you saw a large return and you want to see how we calculated the numbers. Here we will show you the simple formula that we used for the calculator as well as provide you with a more robust set of criteria that you can use in your own company to do a more thorough analysis.

The standard calculation used for a return on investment calculation is to divide the value of the benefits divided by the costs:

Standard ROI formula:

$$\frac{\text{Benefits}}{\text{Costs}} = \text{Return On Investment}$$

In the example from the CRM ROI Analysis website we used a simplified calculation of benefits by creating a simple calculation that multiplied your existing sales in dollars by a factor which we labeled Performance Increase factor expressed as a percentage with a default value of 33%. For the cost portion of the calculation we took the number you input for sales users and multiplied that by a cost per user of $500. The number $500 was used as an estimate. For a quote specific to your company's situation please contact sales@planplusonline.com

$$\frac{(\text{Productivity Increase \%})\ \text{X}\ (\text{Current Sales})}{(\text{\# Users})\ \text{X}\ (\text{Cost per User})} = \text{Return on Investment}$$

How did we come up with the 33% productivity gains?
Based on a recent study of sales representatives across multiple industries who were using PlanPlus Online we asked "what percentage of your sales happened with a "significant contribution from your CRM System", the results showed on average 33% of the deals for this group were largely attributable to the CRM System. This equates to a 150% increase in the sales compared to what they would have done without the software.

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For a more thorough analysis of the actual benefits and costs of CRM Software we suggest considering the following areas; increased sales performance, Reduced costs, Improved profit margins, and Improved Effectiveness.

Increased Sales Performance: One of the primary reasons why most companies decide to implement PlanPlus Online CRM Software is to increase sales performance. Sales performance can improve in a number of ways using PlanPlus Online. Here are a few examples:

- Sales reps can follow up with more prospects
- Better organized data can save time and create more selling time
- Organized systems and processes can provide a foundation that allows your businesses to scale more quickly. More sales reps means more sales.

Reduced Costs: Many of the operational functions can achieve improved efficiencies and therefore lower costs. The structure and organization that PlanPlus Online CRM software can have in your business can reduce costs in the following ways:

- Reduce time spent scheduling appointments internally or externally
- Centralized task management and task delegation saves time and costs over less structured methods such as email.
- Directly capturing leads from your website into your CRM can save costs associated with data entry.

Improved Profit Margins: Selling more of the right kind of deals to the right kind of customers can help companies become more profitable even without increasing top line revenue.

- Business Intelligence provides insights into more profitable customers and products.
- Improved visibility in selling process can provide better insights for sales reps about margins that can be used
- Project management can be accomplished more efficiently and with better results.

Improved Effectiveness: While most CRM software simply focuses on the increasing productivity, PlanPlus Online CRM provides functionality that encourages users to not just get “more stuff done”, but to get “the right stuff done”.

- Planning tab includes Values and clarifying statements to keep staff focused on the most important priorities of the organization.
- Team mission builder tools help align efforts around your most important objectives.
- A-B-C prioritized task list encourages users to prioritize their activities and to focus on the most important ones first.

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Here are a few questions for you to ask in your company to help you drill down to the real benefits that can come from implementing PlanPlus Online CRM Software:

1. Could our sales reps sell more if they had more, or better leads?
2. Could our sales people sell more if they had better tools for managing follow up?
3. Could we grow our sales team more quickly if we had a more standardized system?
4. Could we make better spending decisions if we had a better sales forecast?
5. Could our marketing generate better results if we had better data on our most profitable customer segments?
6. Could we improve customer retention if our support team had the notes from the sales team?
7. How much time are we wasting by dealing with double entry of data?
8. How much time are we wasting scheduling appointments with outdated means?
9. Would our team produce better results if we were united around a common set of values and messaging?
10. Does our staff know how to prioritize effectively?
11. Could we make better decisions if we had our sales & customer data more organized?
12. Can we get more efficient use of our people by having better system for managing tasks and projects?

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In order to make the ROI business case for your CRM implementation you may want to take an assessment of your own situation and compare potential benefits with the costs. You can use this worksheet to get started:

Type of Benefit	What this looks like in our company	Value of having OR Cost/ loss of not having
Increased Sales	• • •	
Reduced Costs	• • •	
Improved Profit Margins	• • •	
Increased Organizational Effectiveness	• • •	
	Total Benefit	

Costs	Cost (in dollars)
Software Costs	
1 time costs (setup, implementation)	
Time invested	
Total Costs	