You've Bet on CRM: Now, Improve your Odds for Success

Many companies have placed bets on Customer Relationship Management (CRM), investing thousands or even millions on new initiatives. With the anticipated benefits that CRM brings, there is no wonder why. The benefits to be realized by the effective implementation of CRM include:

- Increased revenue and profitability
- Improved customer and employee satisfaction and loyalty
- Increased operational efficiencies

Why then, do studies show that between 55% and 75% of all CRM initiatives fail to meet objectives? While companies are "sold on" the promises of CRM, there are many aspects of CRM initiatives that must be addressed to ensure the anticipated return on investment (ROI) is achieved.

Once the fanfare fades away, contracts have been signed and the outpouring of cash begins, firms are often shocked with the realities of what CRM initiatives entail and the challenges that need to be overcome. Sound familiar? Too often, CRM is thought of as software, without considering process or people – both the employees and the customers – in the design. These challenges are not insurmountable, however. If there is awareness of these from the start, the organization can be poised to address the common challenges head-on versus reacting to them as they materialize during the course of project execution.

Several of the key challenges that must be addressed up front include:

- Project sponsorship – Is CRM an IT or business project?
- Which organization (Sales, Marketing, or Service) goes first, and why?
- How to drive sales force adoption?
- Resisting the allure of technology as the "end-all"
- Avoiding overly aggressive timelines

After gaining executive sponsorship and buy-in, it is important to promote awareness and set expectations with regard to the realities of CRM initiatives. Once these realities are internalized, the organization can clearly outline the strategies necessary to mitigate the risk of these items impacting the project timeline, budget and outcome (ROI).

To increase the odds of success on CRM initiatives, consider the following strategies to mitigate each of the risks and challenges mentioned above.

Project Sponsorship – Is CRM an IT or Business Project?

In working with numerous firms to implement CRM solutions, we have observed that a key success factor is Senior Executive Sponsorship – from the business. Executive Sponsorship requires, at a minimum, 1-2 senior executives who have a key stake in the overall business results and the most to gain (or lose) based upon the outcome of the CRM initiative.

Said another way, the CRM initiative is not an IS/IT project. While IS/IT is a key enabler, the project is not owned by IS/IT. The business areas (Sales, Marketing and Service) are responsible for justifying the project based upon the anticipated ROI. Once the project is underway, the business (senior management down to individual contributors) must remain fully engaged.

So, what is involved in Executive Sponsorship?

- Being the overall corporate champion and cheerleader for the initiative.
- Working with the team to help put things into perspective vs. joining in on the "feeding frenzies" when (not if) issues arise.
- Acting as overall corporate messenger, continuously espousing the value of the project to the organization, especially to those directly impacted.
- Consistently participating in project steering committee meetings, demonstrating commitment to the team and providing ongoing guidance and timely input to project challenges and opportunities.
- Consistently participating in executive briefings (in the boardroom) when project updates are provided. This is crucial because there will be a period of "buyer's remorse" when the investments have been underway for some time and the anticipated ROI has not yet materialized. It is the Executive Sponsor who needs to answer the CEO's question: "Why are we doing this?" If there isn't anyone from the business standing up or pounding a fist on the table in response to this question (reiterating the why), then the project is destined to fail.

Without the level of Executive Sponsorship outlined above, you are throwing your money away on CRM. If your CRM initiative is valuable enough to receive funding, then it is certainly a worthwhile measure to secure ongoing Executive Sponsorship to ensure program success!

Which Organization (Sales, Marketing, or Service) Goes First, and Why?

We have seen a wide chasm of differences between implementing CRM solutions for Sales, Marketing and Service. In a nutshell, the service team is typically very specific about requirements based upon well defined business processes. And, the UAT (user acceptance test) phase is quite challenging as you clearly demonstrate that requirements have been met and the system is performing exactly as specified. The good news is, however, once the service team is live on the system, they are live. And, 100% adoption is achieved on day 1! That is, they must use the system to perform their job. There is no alternative.

By contrast, sales organizations are "typically" less oriented towards rigid process. A sales strategy or plan may be in place, but it is only in effect for the current quarter or year. That is, things are fluid, as they must be to enable the business to meet the ever-changing needs of the market. This is challenge #1. The key to overcoming this is to be flexible and prepared to adapt to change. To accommodate this, you will want to build time in your plan. This is merely an exercise of good project/scope management. Enough said on this…

The more critical challenge is dealing with the realities of CRM from the perspective of the Sales Representative. This is a more complex exercise of organizational change management.

Often, companies embark on their CRM initiative having been sold on the benefits to the enterprise. However, when it comes down to it, if you do not have buy-in from the Sales Reps and/or strong leadership to drive adoption, you will not achieve the anticipated return on investment. And, you will find that several months after implementation, you don't even have 80% adoption of your Sales CRM solution. Senior management will ask the key question: "Why are we doing this?"

Why is this so? Let's explore the realities of CRM from the Sales Rep's perspective. To do so, we provide key comments heard from Sales Reps (typically behind closed doors or on a one-on-one basis), though occasionally a more vocal Sales Rep will share this feedback openly. The typical comments are:

- "Big brother can watch me. Management has insight into what I am doing."

- "The CRM system reduces my flexibility"
- "I am forced to identify opportunities earlier"
- "The headquarters office has insight into my prospects. **I'm essentially turning my contact list over to the company**"
- In response to providing the CRM application on a handheld device (e.g., Palm Treo) the question is asked: "Does this have GPS so that my whereabouts can be tracked?"

If the above concerns are not addressed head on, Sales Management will experience continued frustration with incompleteness and tardiness of submission of information (forecasts, activities, etc.). And, there will be a never ending list of "if you fix this we'll be able to use the system." In summary - lack of adoption.

To address the above requires:

- Clearly demonstrating value to the Sales Representatives
- Strong Sales leadership (line management to executive) to drive adoption
- Recognizing that this is not only about the Sales Rep; rather CRM is an enterprise solution that results in organizational improvements in efficiencies and effectiveness
- Clearly defining use parameters and expectations (e.g., forecasts are only accepted if they are submitted via the CRM system)
- Leveraging reporting to inspect and reward use, where reps are rewarded based upon performance to the Sales Plan and measurement can only occur via CRM, based upon entry of Sales Plan activities
- Reinforcing the fact that the CRM solution (process and system) is never done, but rather it will continuously improve based upon feedback from the Sales team as well as changes in the business and market-place.

How to Drive Sales Force Adoption?

A major factor in achieving sales force adoption is ensuring that they (the sales force) and all other stakeholders truly understand the value of CRM.

Value of CRM to the Sales Rep

In a recent conversation with a Sales Rep about what he felt was the value of CRM, he quickly responded by indicating that the CRM system provides several key benefits that he couldn't live without.

1. A central location for customer-related information. As a result, I am clearly more organized because I have:
    - less scattered paper;
    - access to historical information so that I can recall what I did several weeks or months ago with a specific account;
    - the ability to review other interactions my customer has had with my company;
    - the ability to review other products my customer has purchased from us;
    - the ability to review issues my customer has experienced with my company and our products and services.
2. Ability to identify deviations from the customer's ordering pattern. And, at the end of month or quarter it is easy for me to determine when a customer didn't place their order. As a result, I can take appropriate action to make sure I make my numbers!
3. I can submit literature fulfillment and mail merge requests and not get bogged down in the administrative steps of letter writing and mailings.

4. Finally, it enables me to better manage my manager. That is, as long as I keep the system up-to-date with my forecast and activities my manager has the information he needs and I can focus on selling.

The above are just a few of the value statements provided directly from a field Sales Rep.

Value of CRM for the Corporation

The "rest of" the corporation derives benefit from CRM, including:

1. Marketing is able to evaluate the success and value of marketing programs.
2. R&D can determine if new products are being discussed with customers and prospects.
3. The business can better quantify, influence and support the forecast.
4. Data can be converted into useful decision making information so that management can respond to market needs and changes, and more effectively allocate and align resources.

In the end, more of the organization can get a full picture of what's going on with all customers, and thus what is going on for the company.

Value of CRM for the Customer

We have worked with numerous organizations on CRM-related initiatives, and the number one thing that we hear from their end-customers (prior to CRM implementation) is: "Every time I speak with someone from that company it seems like I am talking to a completely different firm. The right hand simply does not know what the left hand is doing. Promises are made that aren't kept. I receive different answers/expectations from the various people that I speak with and worst of all, I must repeat myself every time I call. Why can't they simply look me up in the database and reference the previous interactions we've had?"

So, what is the key value of CRM to the customer? It is the fact that ALL customer interactions are captured in a single repository which enables the firm to deliver a holistic and contiguous experience to the customer.

The above provides just some of the key CRM value statements. Reinforcing these with each stakeholder throughout your CRM initiative is crucial to ensure sales force adoption. That is, if the sales force clearly understands the value, and others in the organization are pulling for the information that can be generated by the system, then your initiative will have legs to run on. If you don't have this, your initiative is destined to become another unfortunate statistic.

Resisting the Allure of Technology as the “End-all”

CRM is often viewed as primarily a technology project with two key challenges that need to be addressed:

- The desire to resolve the prevailing business issues by simply implementing a system.
- Getting mesmerized by the latest whiz bang “proven” technology, which can quickly put you on the “bleeding edge.”

Which Comes First: The System or the Process?

My first CRM assignment was targeted at improving the performance of a service organization. During the high-level analysis, all I kept hearing from the organization was “we need a single system.” Each customer-facing organization – and there were several - was using its own "system" to manage customer interactions. Some were home-grown and others were paper-based. On the surface, it appeared that a single system was the answer, and thus I reported to my manager that "we need to get a new system." My manager thumped me on the head and said, "It is a process issue. Fix that, and then we will discuss systems." Not fully appreciating the magnitude of what he shared, I went back to work and continued my fact finding. Coming from an IT perspective (at that point in my career), I again went back to my manager and said "we can fix this with a system." Thump. He responded, something to the effect of, "Don't talk to me about the system. Fix the process and then we'll discuss systems." That was some of the best advice (and lumps) that I have ever received.

At this point, we dove in and developed a customer contact management (a.k.a., problem management, case management) process for handling customer inquiries and problem reports. We then rolled out the process with <u>no</u> new technology, and spent a few weeks working out the kinks. Once the process had taken hold, we <u>then</u> defined our systems requirements, selected the system and implemented. And, we found that the systems part of the project was <u>easy</u> as we had already worked out all the issues regarding roles, responsibilities, process flow, etc.

In summary, define your customer relationship and interaction processes, and implement them. Once these are established, consider the appropriate systems solution.

<u>Proven Technology? – Really!</u>

Let's face it. We live in a world of highly flexible, sophisticated technologies with the promise of dramatic improvements in productivity. CRM is no different. However, what is often <u>not</u> realized early on in a CRM initiative is that there are <u>many</u> moving (technological) parts. That is, CRM is not just about a single system. It is typically implemented within an enterprise architecture that includes Enterprise Resource Planning (ERP), Billing, Data Warehouse and other systems. And, there will likely need to be some level of interfacing with these systems. There may also be interfaces with an email/calendar system (e.g., MS Outlook), handheld device (e.g., Palm Treo or BlackBerry), etc. Finally, throw into the mix the fact that your CRM solution may be hosted by a 3rd party while other systems are managed by your internal IT organization.

While each vendor or organization may be able to emphatically claim that its technology or solution is "time proven," the challenge is getting all the moving parts to work together. To be clear, it is realistic to assume that you can bring all these moving parts together for an integrated solution. However, it is likely that you will spend far more time and money than originally anticipated to do so. Consider this in your planning and budgeting exercise to avoid missed expectations about what can be done by when and at what cost.

Avoiding Overly Aggressive Timelines

As with any project, there is always pressure to get it done as quickly as possible. For a CRM project, there are two common challenges related to this topic:

- Trying to do too much at once
- Determining if a system integrator can ensure project timelines are met

<u>Trying to Do Too Much</u>

CRM is a big initiative. And, there is a strong desire to specify an aggressive timeline to "do it all." A key element underlying all CRM initiatives is the need to integrate access to all customer information. This includes, but is not limited to:

- Lead management

- Campaign management
- Business planning, forecasting and opportunity management
- Order processing
- Shipment and billing history
- Customer service / Technical Support

Many implementations have failed simply because the project was too aggressive. To mitigate this risk, identify the few highest priority areas to target and implement them. Once implemented, let them "burn-in" to the environment, allowing you to achieve a measure of adoption. In parallel with the burn-in period, begin work on the next few highest priority areas. Continue this cycle until you have achieved your major CRM objectives.

Can a System Integrator Ensure Project Timelines are Met?

What a systems integrator can provide is highly skilled and 100% dedicated resources to do most of the "heavy lifting" associated with your CRM initiative. However, the key question that you need to ask is: "Can I keep up with them?" In order for your CRM initiative to be a success, a significant commitment of time must be provided from key business areas that are within the scope of the project. To be more specific, you will need to identify "A players" from the business who will be 100% dedicated to the CRM initiative for an extended period of time. Attempting to do this without 100% dedicated resources or with "B players" will only result in failure.

In summary, investing in the premier systems integrator relieves some resource burden, but it does not guarantee that timelines will be met. A well-balanced plan with dedicated resources from the business is an absolute requirement.

In Closing…

There are many challenges associated with CRM initiatives. After gaining executive sponsorship and buy-in, it is important to promote awareness and set expectations for your organization with regard to the realities of CRM initiatives. Once these realities are internalized, the organization can clearly outline the strategies necessary to mitigate the risk of these items impacting the project timeline, budget and outcome (ROI).

If you are embarking on a CRM initiative, or are in the middle of a CRM program that doesn't seem to have the traction you'd like to see, give us a call. We'd be happy to assist you in framing up your initial project for success as well as provide objective insight on your existing initiative to ensure that you achieve the anticipated ROI.

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