

CRM Roadmap for Technical and Industrial Companies:

A Practical Guide for Selecting and Implementing Customer Relationship Management Solutions

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The sales process for industrial and technical companies is invariably complex. It is choreographed in stages, involving many team members that play critical roles during each stage, from sales, service and support to design and engineering. A single industrial or technical sale typically means three to 18 months of engineering a product to specification or providing expert knowledge to secure the sale. Often industrial and technical organizations find themselves managing each stage separately. Inside sales takes notes on incoming calls on a spreadsheet while outside sales tracks customer history in a contact management application. Engineering and project managers receive specs in file folders and track status via an email trail. Sales managers rely on weekly reports to create somewhat accurate sales forecasting. The result is an incomplete view of the customer and the sale, a relationship managed in disjointed sections, without a complete, holistic view of a customer's needs and potential sales opportunities.

It is no surprise that companies that successfully employ a Customer Relationship Management (CRM) system to effectively unify and manage each stage of a complex sales process are able to become, and enjoy the benefits of being, truly customer-focused organizations. Those companies that are able to effectively implement CRM realize results such as increased margins, lower selling costs, increased hit rates (lead-to-order ratio), significantly reduced time preparing and delivering management reports, and happier customers.

There is a dark side to CRM. Companies that know they need to bring together their entire sales organization on one CRM system often do not know the best steps for implementing such a solution. Consequently, the failure rate of first time CRM projects is a staggering 50-70%¹. The causes of failure include improper vendor selection, lack of commitment across the enterprise, a failure to set clear goals and failure to communicate benefits of the system to all users to engender full adoption. Since CRM is both a time consuming and a potentially expensive proposition, this white paper is intended to walk an industrial or technical company through a roadmap for a first time CRM selection and implementation. It is useful to first look at the root causes of failures, to properly set and manage expectations and to avoid common pitfalls. This paper is by no means all-inclusive but hopefully will serve to increase the likelihood of success.

¹ Gartner Group

I. The Selection Process

Define clear objectives benchmarks and how to monitor each

While it may appear to be an obvious prerequisite, many companies fail to formally establish clear goals or objectives for their CRM initiative obviating their ability to measure its success. A well-documented understanding of existing business practices and the reasons for their existence is essential to form a base from which to determine desired goals and objectives for the new system. Those objectives should be responsive to perceived existing “pain points” or problems and may be process oriented to address tactical issues within an organization such as poor communication, dropping leads, losing information, or performance oriented and tied directly to financial results such as increasing sales, lowering selling costs, etc.

Once general corporate objectives are understood, companies should further establish specific goals for each of the various types of system users (inside sales, outside sales, customer service, field service, etc) so that everyone knows exactly what is expected of them, why it is expected of them, and what result the successful realization of their goals will have on the enterprise.

Create realistic expectations

When selecting a CRM solution, remember that technology is not going to solve all problems. Companies should set realistic goals and be willing to work methodically to accomplish those goals. Factors such as the degree of technical proficiency of employees, effectiveness of current systems and processes, and management commitment will impact both the timeline to, and the degree of, success. Be patient with outcomes, as they will initially come slower than anticipated. Nonetheless, companies that successfully implement CRM will undoubtedly distinguish themselves from the competition.

Solicit user support of a CRM initiative during the selection process

CRM success requires all users to sincerely believe in the system and its benefits. Remember that management goals and employee goals will not all be the same. Management wants a tool to help with reporting and tracking, while employees want a tool that makes their lives easier and their efforts more rewarding.

Users must be involved in the decision making process. While managers will want meaningful reports, it is the user who will be responsible for inputting the information that will form their foundation. Therefore, it is ultimately the user who is going to control the management effectiveness of the system behind the scenes. Users whose opinions are solicited during the selection process tend to have a much greater sense of ownership of the project and consequently feel more compelled to contribute to its success.

Require key personnel participation in the selection and implementation process

Senior managers expect to benefit from CRM in many ways but are often unwilling to participate in the selection and/or implementation process assigning that responsibility to subordinates. Actual and perceived buy-in to the project by management is essential to

a successful implementation. Users who get the impression that key managers are not fully committed will be far less likely to make the considerable effort required to achieve full adoption. It is extremely important that managers become avid participants in the process, drive the initial implementation thrust, and that users get the clear message that management is as committed to the new tool as they are asking their employees to be.

Show all users the tangible benefits of CRM to their daily roles and responsibilities

A common problem with CRM is that users often have the mistaken impression that it is being put in place so that management can more closely monitor their work. CRM can and should make the user's life easier and, ultimately, his efforts more productive. The valid notion that CRM is a tool that will help them become more effective in their roles must be imparted early in the process and continuously reinforced. Users can work more efficiently by accomplishing disparate tasks in one database that previously required many. They must be convinced that sharing critical customer oriented business intelligence amongst the sales team members will enhance their individual sales effectiveness. Some users will inherently see the benefits of CRM and strive to use the system to its fullest capability. Many, however, are hard pressed to abandon their old ways. The CRM vendor should play a major role in providing the case for user adoption. Management must take the lead in driving the message home to ensure CRM success.

Business units drive the selection process, not IT personnel

Selection of CRM for many companies is viewed as a highly technical undertaking. Because of this, within certain vertical markets (i.e. Telecom, Financial Services) IT staff involvement in the selection and implementation process is necessarily greater than in others (i.e. Industrial Sales). Nonetheless, CRM is first and foremost a business solution and must be driven by the business units that will be using the system on a daily basis. Buy-in and support by the internal IT team is critical but should come after the business units complete the needs assessment, feature requirements and initial product screening. Then the IT team should be able to help accurately confirm the technical capabilities and limitations of the systems that are being evaluated.

Vendor Selection

There are companies that have chosen a solution without adequately researching options and have an extremely successful CRM experience. There are organizations that spend years defining their processes, completing needs analysis, and reviewing multiple vendors and eventually fail. The length of time spent studying CRM is not necessarily a barometer for success. Two critical factors that must be considered in the vendor selection process are: successful vertical industry experience and broad support during implementation and after the sale.

Most CRM solution providers sell generic products, work across multiple verticals and have varying degrees of success in each of those verticals. Just because a vendor has had success with CRM at financial services companies does not mean that they are going to have success with technology companies or vice versa. Specific vendor knowledge of the business processes unique to an industry is of paramount importance to a successful CRM project. Acquiring a system that has appropriate vertical focus

greatly reduces the need for costly and time-consuming customization and will naturally be more intuitive to the user group. User adoption and ROI will be dramatically enhanced. Insist that vendors provide vertical industry references and talk to those companies about their experience. A history of successes in a particular vertical industry is a key indicator of a vendor's ability to successfully implement again in that industry.

During the initial stages of a successful implementation careful coordination with a vendor regarding implementation strategy is essential. An implementation requires multidisciplinary interactions including strategic planning, business process mapping, technical considerations, data import, support and professional services. This level of complexity dictates that a vendor's ability to provide the necessary support through this process is critical. Equally as important, once the initial implementation is complete, on going technical support and continuing training programs must be robust and effective. Talking to references will again provide the best evidence of the competency and capacity of the vendor regarding these vital functions.

Set up a vendor selection timeline

Historically, for most organizations, CRM has not been a high priority. There are always many critical matters to be handled, and many expenditures that may take priority. This is especially true if a company has no CRM system currently in place or if they do not fully understand the costs and benefits associated with CRM. Still, organizations that are thinking about CRM usually do so because they become convinced that such a tool will have a positive impact on the bottom line by promoting a more effective sales process.

Companies serious about CRM should set up a timeline and a process for making a decision. The most egregious error a company can make is to know that change is required to reach their goals but fail to act.

Select a system that covers basic needs now and desired needs in the future

Systems that have too many 'bells and whistles' or lack industry focus have the potential of not being used because of their overwhelming nature. Remember that CRM is not an enterprise system that must be used for the business to function. If the degree of difficulty is too great and there are workarounds perceived to be easier than using the new system, users will find them and use them. An effective CRM system must be simple and intuitive so that basic users are not overwhelmed, but must also have upward functional flexibility required for more advanced users.

Understand total cost of ownership (Customization & Implementation)

Virtually all CRM implementations involve some amount of customization and/or integration, especially generic, non-verticalized systems. Large scale implementations (500+ users generally are highly customized with implementation costs running well above \$10 for every one dollar spent on licensing². For small to midsize implementations, the cost of customization and implementation can be as much as \$5

² Yankee Group

for every one-dollar spent on licenses³. Unplanned escalating implementation costs have derailed many implementations.

With a new CRM tool, it is as important to understand what functionality is *not* there as it is to understand what is there. When working with potential vendors, ask to see the functionality that is required. The rule of thumb is, "If it cannot be demonstrated, it is going to cost money to get it in place." Still, be flexible enough to consider each vendor's suggestions. After all, the reason for looking at alternative systems is that, on some level, the realization that change is needed has become clear. Nonetheless, when there is functionality that's required, be certain that that functionality works in the systems under consideration.

By understanding what has to be done to each of the systems that are being evaluated, and by understanding the costs associated with each modification, customization, or integration requirement, a company will be much more prepared to compare each solution and determine which one is best based on 'must have' functionality, 'like to have' functionality, and cost.

II. The Implementation Process

Know the required commitment for CRM implementation success

Many companies think that choosing a solution is the hard part. In reality, choosing a system is relatively easy. *Implementing* a system is the hard part of the process. In choosing a solution it is common for a team to be brought together to develop a needs analysis document. It is not uncommon for teams to spend months developing selection criteria and subsequently choosing a vendor. Typically, however, less thought is put into how the solution is going to be implemented which is one of the reasons for the well documented, high failure rate. Unlike back end systems (ERP, SCM, etc) the use of which is required for day-to-day operation of a organization, companies and employees *have* lived without CRM and may be able to continue doing so. Each person has their own way of doing things and those habits are difficult to change. To overcome all of the possible obstacles, CRM must become part of the culture of an organization and people must recognize that by using the system they are helping the *team* become more effective as a whole.

Implement and learn the basics first

It is no surprise that once companies select a solution they race to implement that solution. Customers have been sold on the return on investment (ROI) of the solution, and know that ROI will not come until the team is effectively using the solution. The common mistake here is trying to do too much at one time. The reality is that users who are overwhelmed by a tool end up not using it. It is important that you establish and focus on short, medium and long-term goals.

Although often overlooked or assumed, the first goal is to make sure that the user group is proficient on the base functionality of the system. Users need to be able to comfortably duplicate what they have routinely been doing in the new system. For

³ USA Today

instance, if inside sales receives incoming phone calls, do they know how will they log those in the new system? If outside sales make sales visits, how can they eliminate filling out call reports? How are people going to send email and create letter and manage their task list? Users who quickly become proficient on this base functionality will be more apt to want to learn more and reap the potential added benefits of more proficient use of the new system.

Outline an implementation strategy

The first step of implementing a new CRM system is to determine a strategy. The implementation strategy should be developed with the software provider to determine and document the process to roll the solution out to the user group. Questions like “What is the timeline?” “Should everyone be brought on at once or do a pilot?” “Where are the strengths and weaknesses in of the company and the individual users?” all need to be answered.

User champions and administrative champions need to be selected. Look within the organization to determine whom the power users will be and solicit their support on the project. Identify those users who will be the most reluctant to change and help them understand how this will benefit them (One of the most effective ways to overcome reluctance is to help each reluctant user to find one or two things that will make their job easier so that they begin to see the power of the system for *themselves*).

Short, medium and long-term goals need to be established and monitored for each department and for the organization as a whole. Companies may find that they want to track one metric for inside sales, another for outside sales, and a third for marketing. Some companies have chosen to motivate users by offering incentive compensation related directly to system utilization. Each organization is unique and goals and incentives need to be thought through on a case-by-case, department-by-department, and possibly user-by-user basis.

Invest time in training

Training is a *major* component of long-term success and should be budgeted for sufficiently. Having the software provider spend one day training users is not enough to be successful. Training should be divided into multiple stages designed to fit the particular user group needs. Those stages may include beginner user training, advanced training, trainer training, goal-specific training, utilization reviews, and users groups to name a few.

Beginner User Training: Most users’ first experience with their new CRM tool will be during beginner user training which is intended to get users comfortable with all of the basic functionality of a system and should be mandatory for all users. Users will not become an expert in one day. Use this time to ensure that everyone is comfortable enough with the system that, once the trainer has gone, they can do all of their routine tasks in the new system. Breaking up beginner user training into multiple groups over multiple days will allow users to use the system while the trainer is still available, and to work through real life situations.

Trainer Training: Some organizations opt for training a core group of user champions who will then be responsible for training the entire team. This allows companies to rely

more heavily on internal resources. This may require an additional upfront expense but should allow minimization of future training costs, especially for larger user groups.

Utilization Reviews: After beginner user training plan to set up utilization reviews, both internally and with the solutions provider, to track usage and to uncover issues before they become real problems. Most systems have built in tools to monitor successful usage of the system. Typical questions that need to be answered are “Who is using the system?” “Who is not using the system?” “What are they using it to do and are they following the established standards?” “Are we achieving the goals we set for ourselves and if not why?” “What additional assistance (training or consulting) do we need from our solutions provider?” “What else should we be doing in the system?” “Who else should be on the system that is not currently on the system?” By working internally and with the software provider to track usage and monitor success and failure throughout the user group, the Company will be able to maximize the benefits of improved sales process management.

User Groups: Another component of success will be internal and external user group forums. On some set interval (daily, weekly, biweekly), especially in the beginning, internal user groups can be very useful to help team members learn from each other and to help ensure that standards are being developed and followed. External user groups are generally coordinated by the solutions provider. Determine whether or not user groups have been set up and plan to participate in them. These groups provide an excellent way to see how other similar companies are using the system and learn from their successes and mistakes.

Advanced and ongoing training opportunities: Investigate what additional training opportunities are available. Most solutions providers have established programs for advanced user training. Many have web-based training, on-demand training and other periodic course offerings that focus on client’s specific needs.

There is not one ‘right’ way to train. A well chosen software provider will have the tools in place to guide the team through this process based on the needs, goals and budget of the user organization.

So do you still want to implement CRM?

The foregoing is not meant to scare or dissuade companies seeking a CRM solution. By knowing what to look for, the road to selecting and implementing a solution will be much easier. There are companies that navigate these waters and successfully implement a CRM solution every day. The CRM tool becomes second nature to the organization and becomes part of its culture. It revolutionizes the way they see their customers and the way their customers see them.