

Depending on which publications you're reading these days, the rate of successful CRM implementations is around 30%. That's an astonishing 70% failure rate. So why are we pointing out this unflattering statistic?

Hitting the Mark with CRM
Beating the Odds and Ensuring CRM Success...

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Because you can greatly improve your chances of a successful implementation by following the lessons of companies that make up the winning 30%.

Based on our extensive background and experience with CRM implementations, Ideaca has compiled this helpful guide for business decision makers that contains 20 concise yet powerful lessons. While some may be seen as common project considerations, they take on a greater importance with a CRM implementation. Other lessons included are specific to CRM and taking your initiative to the next level. All of them, however, will help ensure that your CRM project starts off right and stays on track for success.



Hitting the Mark with CRM / Tom Amerongen. 6th ed.

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1 CRM is not just about Technology

Implementation is about strategy not software.

In order to turn your company's CRM goals into true results, your CRM strategy must be considered holistically and with a long term view. When implemented correctly, CRM benefits your entire company - its strategy, people, process and technology. It is your employees, partners and customers that drive your business processes through the customer lifecycle. CRM software is only a tool for these stakeholders, and while it can offer many benefits, it is not a silver bullet. Stakeholder requirements are critical to the design of your CRM solution, as are your company's policies and procedures, often referred to as your "business rules". Executives responsible for front office departments must drive and manage your CRM initiative, with IT playing an important advisory and supportive role. A successful, long-term CRM strategy must look beyond the technical considerations of the software installation, and focus on how CRM will meet your current and evolving business challenges.

2 Build a Solid Business Case

Why CRM? What do you aim to achieve?

CRM is often incorrectly perceived as not being a "mission critical" application. Be aware therefore, that an early challenge to your CRM initiative may be to educate internal stakeholders on the importance of CRM to your organization. To build an effective case, you must first determine the business challenges that have led you to evaluate a CRM solution and gain consensus from key stakeholders regarding those issues. Conduct a high level assessment of your people, processes, and technology to establish your company's readiness for CRM. Set well defined project goals and realistic expectations. You should also define high-level metrics that will be used to evaluate your CRM return on investment (ROI). Consider both hard metrics that are quantifiable such as cost of sale, and soft metrics that are more difficult to quantify such as customer satisfaction. Work closely with your CRM consultant to determine the project scope and set a realistic implementation approach that considers your budget, resources, timeline, and project goals. Ensure that you present a compelling business case that validates the alignment of CRM with your company strategy and its contribution to your goals and objectives.

3 Develop a Realistic Budget

Consider more than just the software cost.

Since CRM is not solely about technology, it cannot simply be installed like desktop applications such as word processing or contact management software. CRM requires a structured implementation. The cost of implementing enterprise software is commonly calculated using a ratio of software to services cost. The ratios vary from 1:1 to upwards of 1:5 for complex, large-scale implementations. An accurate cost estimate may not be possible until a detailed project scope and requirements are established. It might appear that monetary cost is the only component of your budget, but you must also properly budget and allocate adequate time and resources. Consider the Total Cost of Ownership (TCO) for your CRM solution, which includes not only software and consulting services, but any required infrastructure, training, support and maintenance. TCO should be a key component when deciding which CRM software to purchase. Monthly fees for hosted software, for example, may have a higher TCO over time than purchasing an "in house" solution.

4 CRM Experience Counts

Would you hire your Dentist to perform heart surgery?

CRM is not simply a software installation for your IT department, nor is it merely a project for your hardware provider, your web developer, or your network consultant. CRM is both an enterprise-wide management strategy and a solution that impacts all the stakeholders, systems, and processes that touch your customers. Each industry has its own particular set of CRM challenges and opportunities, which results in specific strategies and tactics to better manage relationships and maintain a competitive advantage. A solid CRM implementation partner will have experience across numerous industries and with various business models. From this experience they bring an invaluable knowledge base of industry best practices and proven implementation techniques. Qualified CRM consultants understand your CRM stakeholders. They can help you effectively capture and translate your stakeholders' requirements to deliver creative solutions to your unique business challenges. The experience of the CRM consultants you select will have a direct impact on your success.

5 Proactive Executive Sponsorship

Effective change is driven from the top.

Ensure that your management team has strong consensus and firm support for this initiative. Establish a senior level “CRM Champion” to oversee and guide the project from start to finish. Much of the project sponsor’s focus is to promote the CRM solution and a Customer-Centric vision across your entire company. Your IT department is often tasked with researching CRM and making recommendations, however, it is essential that the “business side” of your company take a leadership role. Effective project sponsors come from the departments most impacted by a CRM solution, which are typically (but not exclusively) Sales, Marketing, and Customer Service. These executives stand to gain the most from CRM and are in the best position to sell the initiative to their front office departments. Consider forming a CRM Steering Committee made up of executives from these departments and IT management. This committee will work with the project sponsor to ensure that the project is aligned with corporate objectives and all key stakeholder points of view are considered.

6 Proven Methodology is the Key

Unique CRM challenges and best practices must be reflected.

CRM is an enterprise software application which means that it impacts your entire organization, as well as your partners, suppliers, and customers. An initiative of this scope and importance requires a CRM specific implementation methodology. The methodology should be structured yet flexible enough to accommodate proven approaches to CRM projects, such as a phased implementation. When evaluating a consultant’s methodology, ensure that it reflects their CRM experience and best practices, including CRM specific implementation tools and templates. A strong project team is crucial to ensure your implementation adheres to the methodology and project plan. They should also play a key role in helping overcome CRM specific challenges and take advantage of CRM best practices, including the lessons in this guide.

7 Control Scope - A Phased Approach

Project risk increases with scope and duration.

Project scope refers to many aspects of a CRM initiative. Items to consider include company departments and locations, CRM software modules and functionality, and possible system integration. Project scope states which of these items will be part of an implementation and which phase each item will be included. It may also specify items that are intentionally out of scope. Determining project scope requires careful consideration and planning. Create a balanced plan that addresses both your targets for change and improvement with the need to respect the constraints of your company. A phased approach is the most logical and effective strategy, and is well suited to the unique challenges of a CRM implementation, such as user adoption. It will also allow key stakeholders to properly budget and allocate resources, and help you achieve your long term CRM goals.

8 User Adoption: Buy-In, Input, Acceptance

Be prepared to “sell” CRM internally.

CRM user adoption may be a major challenge. For example, your front office employees may already believe they have the necessary solutions in place and have little or no previous experience with a true enterprise business application. In this scenario, you will need to promote the benefits that CRM will bring and the business challenges it will help to solve. In others cases, previous failed attempts at CRM may mean that you must overcome those bad impressions and misperceptions regarding the value of CRM. Whether they recognize the need for a CRM solution or not, their buy-in and adoption are critical. Ensure that you tactfully gain key stakeholder input prior to starting the implementation process. Set realistic expectations and clearly communicate the CRM project objectives. Anticipate resistance and plan for it, particularly with users who are traditionally independent-minded and misperceive CRM as a “control” tool for management. Work with your CRM consultant to create an effective training and deployment plan. Consider using a “carrot & stick” approach to motivate employees in the first months after deployment and ensure that you share and promote CRM success stories internally.

9 Communication, Collaboration, and Cooperation

3 "Cs" critical for CRM project success.

CRM initiatives may be driven by a project sponsor and led by a project team that includes CRM consultants, but truly successful implementations involve the entire organization. Regular and effective communication between the project team and internal stakeholders is essential. This includes progress reports and key milestone announcements. An effective project team has a critical balance of skills, compatibility, and authority. They will need to collaborate as a new unit for the duration of the project. The project team requires the cooperation of all employees in order to properly define, implement, and deploy the CRM solution. Avoid over reliance on consultants. While employee time constraints and job responsibilities are a valid concern, no one knows your business better than your employees.

10 Maintain Momentum and Take Ownership

CRM is an integral part of your company.

Transforming your company into a truly Customer-Centric organization that uses an effective CRM solution can be a trying process. It is essential that everyone maintains focus on reaching your CRM goals and takes ownership of the new system - from the executives and project sponsor, to the project team, and ultimately the end users. During and after the project there will be CRM-related responsibilities across your organization. For instance, your executive team must continually guide CRM strategy and measure its impact on your company's performance. Front office management must ensure user adoption, while employees are responsible for ensuring that data stays accurate and clean. Your management team should continue to promote CRM and a Customer-Centric approach throughout your organization and guide your long-term CRM strategy. The project team might own the solution at the start of the project, but by the time it is deployed the CRM solution should be an integral part of your company's strategy and operations.

11 Improve Business Processes

Don't pave the cow path.

Your business processes are critical to the alignment of your strategy with your people and supporting technology. So before you start an implementation, strongly consider the effectiveness of your existing business processes. Do you have well defined sales, marketing, or service processes in place? Are your processes as efficient as they could be? Do certain processes even need to be automated? Surprisingly, many companies planning to implement a CRM solution do not have well defined front office processes, and those that do often mistakenly automate their bad processes. Conduct a thorough front office process review with your CRM consultants to analyze how business is currently being conducted. Determine the changes and improvements required to meet the goals of your CRM strategy. Consider the best practices of leaders in your industry. Align your process improvement with the functionality of your CRM software, as well as with the requirements and capabilities of those stakeholders impacted. Business rules for your processes should be defined and configured in your CRM software. A Process Review is essential and will result in employees gaining a greater awareness and appreciation of your complete customer lifecycle, as "silo thinking" is replaced with a holistic and cross-functional understanding of your company's operations.

12 Customer-Centric Focus

Time to start thinking like your customer.

To become a truly Customer-Centric organization you need to view your company from your customer's perspective. Ask yourself (and your customers) questions such as "How do they want to be served?", "How can we better meet their requirements?" and "What are our competitors doing that they like?". Examine and measure the customer experience you are currently providing. Remember that acquiring new customers is more expensive than keeping existing ones, so loyalty and satisfaction equals profitability. The quality of the relationships you have with your customers is a direct reflection of how well you listen to them and understand their needs. Utilize CRM to create detailed customer profiles, track preferences, and measure customer experience. Realign your people and processes so that you shift them from a product focus to a customer focus using CRM strategies such as segmentation. Drive a "customer first" philosophy throughout your organization that effectively balances the goals of lower costs and operational efficiency with improved customer loyalty and satisfaction.

13 Key Performance Indicators

Strive to benchmark, measure and benchmark again.

In addition to the high-level metrics defined in your CRM business case, consider the value of CRM-related key performance indicators (KPIs). During your business process review define the KPIs you will use to gauge improvement and measure success. Since “you can’t improve what you can’t measure”, you must first determine measurements and set benchmarks for KPIs in the current period. In order to set realistic targets for your company, try to gather benchmark data from top industry performers. As CRM is a long-term strategy, its true gains will come over time. Schedule periodic measurements of your KPIs and continue to set new benchmarks as you strive for continuous improvement. These measurements play a major role in validating your CRM business case so their importance cannot be understated.

14 Data Cleansing > Data Standards > Data Quality

Remember to take out the garbage first.

If you know the expression “Garbage in - Garbage out”, then you understand the importance of data quality. Imagine the ramifications of poor data quality when you attempt to query your data in order to segment customers, conduct a direct mail campaign, or generate a sales forecast. Data quality begins with ensuring that clean data is migrated into your new CRM system. Data cleansing is always a major task that is too often underestimated. Use this stage to identify the common problem areas within your existing customer data and to determine which records are actually needed for migration. Establish data entry standards that will be reflected in the design of the new CRM system and ensure that you communicate these standards to end users during training. Implement and enforce a data maintenance plan to ensure that your data remains clean. Consider integration with a master data source, such as your ERP system, to ensure ongoing data accuracy. Assign the role of CRM Data Champion to a super user who will manage data quality and promote adherence to data standards and conventions.

15 Knowledge Transfer and Effective Training

CRM solutions are only as powerful as the people using them.

In order to truly own and benefit from your CRM solution, your employees need to understand both its capabilities and its purpose within the company. This ownership process includes the transfer of knowledge from your CRM consultants to the project team. Your project team must work closely with the consultants to fully understand the capabilities of the CRM software, as well as thoroughly review all project deliverables and CRM documentation. Knowledge transfer works both ways. Your project team must effectively relay your company’s CRM goals and requirements to your consultants. Together both groups must work to properly align your people, processes, and technology to effectively deploy the new solution to your stakeholders. Proper training and documentation are crucial for knowledge transfer to the employees, who will ultimately drive and support your CRM solution. Avoid the tendency to cut the time and budget allotted for training, as this tends to have a negative impact on the entire project. Instead, plan and budget for refresher training in the months following your deployment to ensure that your CRM system is being utilized effectively.

16 Segment the CRM Strategy

Not all customers are created equally.

You may have noticed Pareto’s Principle applies to your company - 80% of your revenue comes from 20% of your customers. You may already have service levels, account teams, and processes in place that reflect this ratio. Utilize CRM to analyze your customers based on their actual and potential profitability, and other qualitative criteria. From there you can identify your most profitable customers and segment them into “tiers”. Segmentation allows you to better allocate resources and focus so that you can initiate cost saving measures, yet still improve productivity and performance. Define and implement a plan to ensure that this segmentation remains accurate, and make certain that the plan is reflected in the design of your CRM solution. When initiated in conjunction with a Customer-Centric focus, segmentation enables you to analyze, interpret, and report on your customer data with greater accuracy. This allows you to effectively evaluate corporate performance and make agile business decisions to determine future strategy.

17 Efficiency through Integration

Bridge traditional process gaps and data silos.

Integration between your CRM and ERP (Financials) applications provides vast improvements in company productivity and in the collaboration between front and back office employees. Credit status, payment history, address changes, new customer adds, and order fulfillment are just a few of the traditional data silos and process gaps that often exist in organizations. An integrated solution can automate the exchange of transaction records, update records to ensure data integrity, and provide timely and convenient access to relevant customer information. This will bring an immediate savings in time and effort, result in more accurate decision making, and improve customer response time. Previously avoided due to the perceived risk and effort required, integration is now more commonplace because of improved technology, lower costs and proven successes. Remember that CRM's promise of a "360 Degree view" of your customers is only truly possible when you bring all relevant customer information into a single view – integration can make this possible.

18 Expand the value of CRM

Bring corporate data and integrated functionality to the desktop.

You can realize major gains in employee productivity by providing end users with seamless access to CRM data within their key Office desktop applications. This allows users to leverage functionality across these applications to better manipulate and act on customer data. Examples of this include; email tracking and calendar activities integrated with MS Outlook™, the ability to insert CRM data into a written sales proposal in MS Word™, convenient export of CRM data into MS Excel™ for quick analysis. Through integration you can also provide CRM users with quick access to related documents and externally sourced information in context to the records they are viewing. For example, from within a customer record an employee might access related sales presentations and proposals (stored in your document management system), view a map of the customer's location, or analyze their public financial reports (via web services). You can also present customer data (from your CRM and ERP systems) combined with external data sources via the web, such as market information. This will provide employees with powerful, aggregated "dashboards", which can be offered at a departmental and corporate level.

19 Relationship Management (RM)

Think outside of the CRM box.

CRM is about more than just Customers! It has the potential to solve challenges outside of traditional Sales, Marketing, and Service. The essence of CRM is better relationships, and the core functionality of CRM software is designed to help you better acquire, manage, and retain these relationships. The "C" however, may instead be external stakeholders of any type such as Partners, Suppliers, Investors, Members, Regulators, Citizens, Constituents and more. Take advantage of the customization capabilities of your CRM software to build additional record types to better manage your company's unique interactions with these stakeholders. In addition, utilize CRM workflow to automate key business processes and to build logic for your business rules. Consolidate other data silos across your organization, such as contact lists and interaction records, into your "RM" system to ensure better data quality, visibility, and collaboration. Realign your strategies and processes to a "Relationship-Centric" focus, and you can employ many of the key principles of CRM as you strive to better manage these important relationships.

20 Continuous Improvement

Become a believer in the world of "Kaizen".

This Japanese management strategy roughly translates as "the act of continuous improvement or uninterrupted, ongoing incremental change". Once your CRM system is deployed, you need to continually gather and act on user and stakeholder feedback, measure performance, and manage and promote continuous improvement. Learn from your KPIs, metric evidence, and the data captured in your CRM system to continually refine corporate strategy. Establish new CRM related goals and develop action plans to achieve them. Create a team of employees who regularly examine your CRM-related business processes and implement improvements. Put in practice a well defined program for managing changes to your CRM system. Keep vigilant to ensure user adoption and to maintain data quality. Continue to promote CRM and a Customer-Centric focus across your organization. Look to extend the power of your CRM system in future phases through the addition of new modules, integration to other applications, and the rollout to additional stakeholders.

To learn more about “Hitting the Mark with CRM” and ensure that your CRM project benefits from these lessons, contact Ideaca Knowledge Services.



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