

CRM: Culture or Technology

I was recently asked to present on the impact of technology on sales, has it helped, in what way, or has it had a negative impact?

After examining the issue with some colleagues and experts in the field, it became clear that technology is an enabler, and as such amplifies what is already there, and what is not.

I don't think that there is anyone in sales today that has not heard of, used or been impacted by a CRM package of one sort or another, be it a simple contact management application with some added functionality, to a top of the line CRM system that fully integrates with other enterprise applications. Many companies will tell you of the disasters they have encountered rolling out CRM, in fact an article in the February 1, 2002 **Harvard Business Review: Avoid the Four Perils of CRM**, stated that *"55% of all CRM projects don't produce results"*, and went on to say that *"According to Bain's 2001 survey of management tools, which tracks corporate use of and satisfaction with management techniques, CRM ranked in the bottom three for satisfaction out of 25 popular tools. In fact, according to last year's survey of 451 senior executives, one in every five users reported that their CRM initiatives not only had failed to deliver profitable growth but also had damaged long-standing customer relationships."*

Yet by November 2004, one of the same writers in an article entitled **CRM Done Right** stated: *"Senior executives have become considerably more enthusiastic about CRM. In 2003, Bain & Company's annual Management Tools Survey of 708 global executives found that firms actually began to report increased satisfaction with their CRM investments. In 2001, CRM had ranked near the bottom of a list of 25 possible tools global executives would choose. Two years later, it had moved into the top half. In fact, 82% of surveyed executives said they planned to employ CRM in their companies in 2003—a large jump from the 35% who employed it in 2000."*

While the piece went on to suggest a number of factors, we've experienced a number of key things in our work with clients that are worth noting.

First, we very much believe and have seen numerous examples to support the view that Customer Relationship Management is a way of doing business. Most of our successful clients have a consistent view on Customer Relationship Management.

To them CRM is part of their culture, part of their corporate DNA. They see CRM as the proper alignment between software and process to effectively manage their relationships with their customers. The alignment is based on objectives.

Corporate objectives drive the sales organization's objectives; which in turn are the foundation for regional/territorial objectives, and client objectives; when properly executed, these objectives form the basis for each client/prospect interaction.

It is as much about process as it is about software. If you don't create a balance and alignment between the two, you will fail to manage the relationship with your key customers, and not derive much benefit from your investment. In fact we are working with a company that has spent in excess of \$13 million dollars over the last

5 years implementing CRM software with little tangible results to show in improved sales, increased productivity or understanding of their clients and how to mutually improve their relationship.

A study I read recently showed that over 80% of the CEO's surveyed said their sales organization had a process that was poorly defined or a process that wasn't being followed. A sales process is like a good map or a GPS if you will. Used properly it helps you determine where you are, if you are heading in the right or wrong direction. It also helps you plan what your "next step" should be to get to your destination. A well defined sales process gives a sales organization the same advantage. It should have logical and defined steps that allow both parties to develop a better understanding of each other and a set of questions that help you qualify or "disqualify" an opportunity.

When we meet with a new client we always enquire about their sales process. A VP we recently met responded: "Why yes of course, we use XYZ". Yet he openly admitted that he struggles with forecasting and prospecting, and that his people were spending too much time with unproductive activity, in the little activity he was able to glean from the system. (Unfortunately no software will pick up the phone and do a cold call, I'm working on it.)

The clients who do use the software to support their process tell a different story. Activity is focused on the client experience. It is still true that getting new business from an existing client, is much more cost efficient than from new prospects. No, I am not saying you should stop prospecting, but don't ignore those that have rewarded you with their business, show them some love, make it easy for them to deal with you, and hard to leave you.

A good CRM system (software and process) provides you with a complete view of the client, allowing you to align your resources to best serve them. Reducing service calls, reducing time to respond, reducing the effort to take orders, reducing the cost of sale, increasing their satisfaction level and creating a mutual economical value add relationship.

The data available to you will also help segment your clients better, allowing you to decide where you want to put your focus, and which clients you may want to off load. Remember that some 30% or your lowest margin clients suck over 50% of your resources. A CRM done right can assure that you are retaining the right clients.

A CRM system can also break down hierarchical communication barriers allowing everyone, not just sales to focus on the customer relationship, allowing top executives to get involved in meeting client expectations and driving revenue. Of course this will only work where the CRM culture is present. And in many companies that have rolled out the software without the process, without the training, without the internal value proposition, it is not. As stated earlier it in fact diminishes the client relationship. Many companies are experiencing push back from the front line because they failed to show the ROI to the users. Like the clients, sales reps want to know what's in it for them. There is a lot, if there is a supporting process focuses on everyone's success, the company, the rep, the client. This can be achieved with a sales process that aligns around key objectives.



One last thing to consider, CRM systems are usually associated with sales organizations. But client satisfaction is the function of the whole organization. A truly successful CRM extends beyond sales to all groups within a corporation, and as such, is a key success factor is the alignment of the sales process with other processes impacting the client relationship.

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