CRM Time-to-Value

Chris Bucholtz

Achieving Early Success with Your CRM Deployment

What Scares You About CRM?

You're considering a customer relationship management (CRM) system for your business. But you have reservations. Do you really need a CRM system? Will it take forever to install? Will anybody use it once you do? Will it work? How will your employees react to the changes to your business CRM inevitably requires? You also wonder whether it will be worth the cost. And how success will be measured? These are all questions you should be asking. But let's start with whether you really need CRM.

Knowing When Your Business Is Ready For CRM

The CRM wake-up call for most businesses is usually something negative. Your top-performing sales person leaves and takes his entire customer contact data with him. Or, while customer service is trying to help a frustrated customer, your sales team tries to upsell her. She feels ill treated and dumps you. Here are some other signs that it's time to consider CRM:

- You lack a 360 degree view of the customer that includes sales and support

- Sales spends hours updating spreadsheets

- There are channel conflicts between sales people and channel partners calling on the same customer

- Sales reporting and forecasting are tedious, inaccurate, time consuming

- Marketing cannot measure the success and ROI of its campaigns

- Service treats every problem as new because it lacks customers' service history

- Fulfillment asks for details common to every order, every time

The common denominator is having data in the right place, in the right format, at the right time. Without a CRM system, it's impossible to keep this information in the minds of all of your employees.

The Time-to-Value Test

All the other reservations you have: cost, deployment time, user adoption, and effectiveness—can be subjected to what we like to call the "time-to-value test."

The time-to-value test is simple: From the time you begin deployment of a CRM solution, how long did it take before the solution delivered real business value as measured by criteria that you defined? We believe that with the right approach, you can achieve measurable business value from CRM in as little as 30 days.

What Does "Value" Mean To Your Company?

Before you can determine whether you're gaining value quickly from your CRM implementation, you need to understand what "value" means in the context of your company. That means understanding your goals and the goals of your CRM initiative. Many CRM "failures" are not attributable to technology woes but instead to a set of criteria that changes during the course of an implementation, or worse yet, to a complete lack of any defined goals. "Make my business run better" is not a well-defined goal. Well-defined goals might instead be:

- Better sales conversion rates
- Quicker movement of prospects through the sales pipeline
- Reduced customer service call times
- Better rates of customer service satisfaction
- Lower costs for lead generation due to efficient lead nurturing
- Increased revenues from existing customers
- Reduced customer churn

All of these can be delivered by CRM, when it's used properly. However, especially early on in a CRM initiative, you can't get all of them simultaneously—you must pick the ones that bring the greatest value to your business. Don't pick too many at first—two or three related goals are the best early gauges of how effectively your CRM application is paying off in the early stages.

Also, note that there is no metric based on the business's collective top-line revenue. These goals, if achieved, will increase your revenues, but to understand how quickly CRM is paying off you'll need to isolate what it can do and what you can control through CRM from the larger revenue statistics, which may be affected by factors that are beyond CRM—seasonality, for example, or interruptions in the supply chain.

Choosing A CRM Solution

Of course, time-to-value is irrelevant if you haven't chosen a CRM solution yet. The purchase process should be approached carefully so you can map the intricacies of your business to the products and vendors available. For that, we've created: The 10-Step Guide to Buying the Right CRM Solution. It will walk you through the process systematically and help you avoid some of the common pitfalls.

Think Big, Start Small, and Move Quickly

Many CRM initiatives fail for lack of planning—poor objective setting. And, some never get off the ground because of too much planning—analysis paralysis. That's why we advocate a "Think Big, Start Small, and Move Quickly" approach.

You need two types of goals: large, vision oriented goals and smaller goals that can demonstrate measurable results quickly. Those results will reward your "CRM guinea pigs" and generate a positive buzz that leads to broader acceptance and user adoption.

Think Big

Where do you want your business to be in a year, three years, or five years? Think long term. Pick some key metrics that are relevant to your business. What is your performance now in those areas? That's your baseline. Then set goals. Not outrageous, unattainable goals, but ambitious goals that would be challenging to achieve as you currently operate. These are not the goals you are hoping to achieve in 30 days. These goals set the long-term vision for your business. Oh, and by the way, "Get more sales," and "Serve our customers better," are not goals.

> "Sugar is extremely user friendly and intuitive, and it also has the best price-to-performance ratio."
>
> Paul Kavanagh
> Vice President of Technology, Colloquy

Start Small

If you could improve two things in your business in the next 30 days, what would they be? Small but important things that you can measure. For example, how many follow up calls does your sales team make on average per week? How long does it typically take to generate a sales pipeline report or launch an email marketing campaign? What is the average time it takes for a service issue to be resolved? These are the types of measurable objectives against which it's easy to track incremental progress. For example, if it takes a sales rep 60 minutes to update his weekly pipeline forecast report, a reasonable goal would be to reduce that time to 15 minutes within 30 days of implementing CRM—a savings of 45 minutes or 75 percent.

It's also important to think small in terms of scope. Unless your company is relatively small—it may not be advisable to roll out CRM to an entire company at once. Business process issues, user adoption concerns, and training all become more complex. Select a small group of enthusiastic participants to launch your CRM initiative. You can use their success to ease the transition to new processes and promote the benefits that CRM will bring to everyone. Success breeds success.

Move Quickly

Once you've identified a set of short-term goals and a group of users, deploy the CRM software you've chosen. If you've selected a cloud-based solution, users should have access almost immediately. But even on-premise solutions can be deployed quickly. The State of Oregon Department of Human Services (DHS) downloaded and installed CRM within 24 hours of finalizing the purchase decision. The department's Office of Medical Assistance Programs (OMAP) launched a 4-month HIPAA compliance pilot almost immediately.

Celebrate Success: Communicate Early and Often

Implementing a CRM system will undoubtedly change the way your employees manage their day-to-day tasks. Since many people are initially resistant to change, celebrating early successes will generate excitement and support CRM adoption throughout your organization.

And change is not always disruptive. TRIA Group, a global supplier and manufacturer of engineering components, integrated its CRM solution with the company's website in only two hours. Almost immediately the site began generating leads that went directly into the CRM system.

> "Sugar gives us immediate access to the key facts at the key times. That gives customers a lot of confidence. We can respond fast and effectively and that's what our customers are looking for in a digital agency."
>
> Ben Norman
> Managing Director, Koozai

When your CRM initiative goes live, that milestone should be celebrated and credit given to those involved. And how ever your company communicates internally, whether it's electronic or physical bulletin boards, email newsletters, all-hands meetings, an internal website, or some other means, be sure to make employees aware of CRM successes as the project continues. Broadcast the goals and progress. Publish endorsements from the user group. Create informal demos that enable the curious to see how the new system works. And make sure it's clear that a commitment to CRM is part of the company's long-term strategy.

Laying the Foundation for Adoption

You could plan a CRM implementation to the last detail, but if the people in sales, marketing and support don't use it, there's no way you'll ever realize any value from it, let alone rapid return on investment. That means that, as a manager, you need to put in place the groundwork for user adoption. The work you do to find a user-friendly, easily personalized application is part of this, but most of this will be attitudinal—both on the part of your users and you, the manager.

First off, you as a CRM leader need to have a positive attitude about the implementation and have the

ability to articulate its benefits well. Resellers tell tales of woe involving managers who pooh-pooh or ridicule the application during training or orientation sessions. If the people you manage sense that you don't value the application, neither will they— and you'll get zero value out of an application no one uses.

Then, you have to sell your users on CRM as a valuable tool to help them achieve their own personal goals. User resistance is a major barrier to success for CRM, and not just because of the usual hurdles that dog the deployment of new technology tools because of the need for training, support and modifications to workflows. CRM is often viewed as a tool for management—and it is, in part—but it also can help support staff score better satisfaction scores, help marketers generate more and better qualified leads, and help sales staff earn bigger commissions. You need to sell your staff, in other words. For a more in-depth look at how to do this, read our white paper, 5 Ways to Increase CRM Adoption Within Your Sales Staff.

Your CRM application choice can help with this; ideally, it should fit the way your staff already works, rather than force them to work differently. Look for applications with a simple interface—ideally, one that users can personalize without help from IT to suit the ways they work—and which

> **The learning curve is extremely fast and it integrated easily with third party products. This has made our team more efficient and supported our 18 percent growth without adding staff.**
>
> Manuel Pereira
> CIO, Hipertehuelche

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integrate easily with the other related applications your sales staff uses.

The Cloud and Time to Value

In days of yore—say, around 2003— any discussion of rapid return on investment in CRM would have seemed bonkers. After all, with an old-school on-premise application, the key resource is time: time to install the hardware, time to find staff, time to deploy and configure the software. All of that pushed out deployment dates and, as a result, pushed back the time it took to start reaping CRM's rewards.

The cloud has changed that. Now, with applications delivered via the cloud directly to the users' desktop browsers, that preparatory phase of infrastructure set-up has been bypassed. Some businesses still need or want on-premise software, but cloud-based applications have been surging in popularity, in part because they enable businesses to overcome IT issues of the past.

Gaining Control of Data

The single biggest impediment to quick return on a CRM investment is the quality and consistency of data. This is a universal problem that plagues even the most disciplined companies, and it manifests itself in several ways.

The first of these issues is consistency. If data in the past has been entered into a database without a set of format policies in place, it's likely that there's a great deal of duplication of customer records. For example, let's pretend you have a business partner called Barracuda Studios, and they're located at 223 Elm Street in Fremont, California. Without a set of conventions for how this information is entered into the system, you might have listings for:

- Barracuda Studios Inc., 223 Elm St., Fremont, CA

- Barracuda Studios, 223 Elm St., Fremont, CA

- Barracuda Studios, 223 Elm Street, Fremont, CA

- Barracuda Studios, 223 Elm St., Fremont, Calif.

- Barracuda Studios Inc., 223 Elm St., Fremont, CA

- Barracuda Studios, 223 Elm Street, Fremont, California

…And on and on. All this contact information is about the same customer—but the application may have a hard time understanding this, and so it's likely you have duplication of customer records, or unintentional separation of customer activities. In either event, it's detrimental. If you're looking to migrate to a new CRM system, or if your adopting CRM for

> " We immediately fell in love with SugarCRM and open source. We were easily able to customize modules and be up and running in no time because Sugar works around our needs rather than us having to work around Sugar. It has gone beyond ROI and is the backbone of our business. "
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> Avi Bar
> Vice President Architectural Products
> Advanced Glazings

the first time, it's not wise to import this kind of data as-is and then tease out duplications later. That work will delay your ability to meet your goals with CRM. Instead, it's a wise idea to address "data hygiene" in two ways. First, develop a policy for how data is entered, and tailor your application to limit the ways you can input street abbreviations, state and country abbreviations, and other common parts of contact information, and emphasize to users the conventions around customer names (i.e., don't use "Inc." or business abbreviations; user the full name, etc.). The key here is consistency. Second, for the data you already have, it's advisable to hire a third party that specializes in "data scrubbing" before you make the jump to a new CRM application. Doing this kind of work in house is extremely time consuming and will push out the deployment date of your CRM implementation; that in itself will destroy any chance at a quick time to value. Using a specialist to accomplish this task will shorten the time it takes to get the data ready to migrate (specialist companies that do this regularly can scrub data far faster than IT departments who do it only occasionally) while allowing your IT team to work on getting the CRM application ready.

The other issue here is that data ages poorly—as much as 20 percent of a company's customer database becomes inaccurate every year.

Culling this data out is as important as cleaning away redundancies. By doing this work at the start of an implementation, you will position your CRM project for success and quick turnaround of value.

The alternative is to take data in the condition it is today, feed it into the new CRM system, and then try to fix it after the fact. This will give you a much larger data set to work with, delaying completion of the implementation, and the tendency is to ignore data once it's in CRM, meaning you will have duplication, incomplete customer records and a far less efficient CRM system than you planned to have.

Time-to-Value and ROI

CRM holds great potential for organizations. It can increase sales, improve customer service, and deliver a unified view of all customer interactions. In fact, a recent survey by Nucleus Research found that among its clients, CRM initiatives returned $5.60 in benefits for every dollar spent. A Nucleus executive made the point that the clients in the survey were those who wanted to understand what they had achieved and improve on it—and monitor ROI moving forward.

Time to value is an important metric, but it's only the beginning of embedding the discipline of CRM

in your business. CRM is not an IT project, it's an ongoing process: plan, deploy, evaluate, improve, and repeat. That investment in energy, focus, and resources is what will carry convert time-to-value into long-term ROI.

Time to Value Doesn't End When the System is Deployed

The quest for quick value is often abandoned once the CRM application is working and has proven itself. While this is a positive outcome, it ignores the ability of most CRM systems to continue to grow, flex and continue to streamline and organize processes as a business grows or as processes change. Don't forget—a coherent initial approach has two or three objectives. Once those objectives have been met, you should start looking for additional objectives, and time to value is again a critical consideration. There are two reasons for this: one, it just makes sense that you'd want to gain additional benefits as rapidly as possible, and two, a quicker, more easily-recognized successful modification to your CRM system paves the way for additional evolution and adaptation as your business grows and as your customers change their behaviors. Time to value is the proof point that will allow you to continue to gain an increasing degree of return on investment from your CRM system.

Conclusion

The benefits of implementing a CRM system far outweigh any potential risks, most of which can be summed up as fear of change.

By following this simple rule: think big, start small, move quickly, and celebrate early success—you can easily minimize fear of change while realizing measurable business value. Give it a try. You'll be glad you did.

About the Author

Chris Bucholtz is Editor-in-Chief of CRM Outsiders. Chris is a long-time journalist, blogger and CRM industry influencer. For over 17 years he's been a technology journalist for some of the industry's best print and online media. After his role at VAR Business, he became the first Editor of InsideCRM, a Focus.com brand. He then took the reigns as Editor-in-Chief of ForecastingClouds.com—an online destination delivering rich content and thought leadership views regarding CRM and ERP cloud solutions. He's also a regular columnist for CRMbuyer.com and has been writing about Social CRM for the last 4 years.

In his current Editor-in-Chief role, Chris is the voice of CRM Outsiders Bucholtz continues the CRM Outsiders tradition of being an independent and opinionated CRM advisor, who provides trusted and useful content to the market. He uses his extensive network to encourage other CRM visionaries to contribute regularly on CRM Outsiders.

About SugarCRM

SugarCRM is the world's leading provider of open source customer relationship management (CRM) software. Over 7,000 customers and close to a million users rely on SugarCRM to execute marketing programs, grow sales, retain customers and create custom business applications.

Leading publications such as CRM Magazine, InfoWorld and eWeek praise SugarCRM for its ease-of-use, flexibility and open design.

SugarCRM is available in 4 different subscriptions and can be installed on-premise or can run in the cloud. For cloud deployments, customer can choose to run on Sugar On-Demand, a traditional SaaS deployment, or run on one of the leading cloud computing platforms, including Amazon EC2, IBM SmartCloud Enterprise, Microsoft Azure, or Rackspace Cloud. Sugar customers can also leverage the cloud infrastructure of one of the 350 partners around the world who resell SugarCRM. This breath of options offers customers an unparalleled choice and control over their data and deployment.

For more information visit www.sugarcrm.com

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