

11 Ways to Ensure CRM Success

We asked consultants to list some common CRM mistakes, and to then advise readers on how to avoid them.

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Organizations rarely go it alone when implementing a CRM strategy and its supporting technology. There's so much to consider: business strategies and theories, technology, budgets, change management issues, and more. New CRM initiatives can seem thoroughly daunting, so we interviewed a handful of experts who offer some quick tips for implementation success.

What we found was that no matter the type of company, good CRM practices are often applicable to companies in many industries. One shared tenet, our experts suggest, is customer centricity. "Companies must instill a customer-centric sense throughout the entire organization to find success with a CRM practice," says John Freeland, then global managing partner of Accenture's CRM Services (now president of worldwide operations at Salesforce.com). This means, essentially, that companies must not only focus on cutting costs and improving productivity, they must also enhance experiences across all customer touch points.

One strategy sure to cripple any CRM initiative, experts find, is leading with the technology and not a legitimate business case for implementing a CRM system. To achieve a 360-degree view of customers, CRM project leaders need to gain a 360-degree view of their own business first.

Consider all the stakeholders affected by the system. What do they stand to gain or lose? What business processes need to be rebuilt or simply need a little touch-up and a little paint? The technology is often rock solid; what derails CRM initiatives very often is the lack of focus on people and business processes.

Some of the tips below were also featured in CRM magazine's June 2005 issue in the story titled "100 Proven Ideas--Successful and Disastrous." It, too, offered pointers based on mistakes made over the years. Here, however, the consultants we spoke with maintain that the following tips address common mistakes their clients continue to make, and the consultants' advice has been fleshed out.

1) Get executive buy-in--If management doesn't believe in a new CRM system, why should employees? Support throughout all echelons of upper management affirms the company's commitment to the project, which will motivate all stakeholders below management. Many times the difference between a successful CRM implementation and a waste of money is a manager who realizes the value of the product, understands the problems it's going to solve, and dedicates time and energy to making it happen. "Many will give you lip service," says Izzy Franco, CRM leader for North America at Cap Gemini. "They'll sign the procurement orders, spend the money, and attend the meeting once a month, but that's simply not enough. They need to be hands-on and involved directly. It's incredibly important."

2) Align departmental strategies--Each department, whether it's a call center, marketing team, or sales force, has its own requirements and goals. They are also, however, all part of an entity that should communicate a consistent message and brand experience across all customer touch points. "One of the keys to a successful CRM implementation or strategy is aligning your enterprise and all the customer touch points within that enterprise," Franco says. "If you want to get to the bottom of why many CRM implementations have failed, there was no alignment between the customers and the enterprise."

3) Strategy first, technology second--If executives learned anything from the Y2K tech wreck, it should be that technology is not a good driver of a CRM strategy, but reorganizing business process efficiencies and bolstering revenue are. Find out how your

company's customer touch points can maximize those ideas, then give customers applications that work with them.

"The software is only there to enable implementation of a CRM strategy, not the other way around," Franco says, "If you try it vice versa, you're going to find that down the road your implementation is going to be missing some of the key opportunities you could be taking advantage of--or failing entirely." Freeland agrees: "CRM isn't about picking the technology. Technology is a pillar of CRM success, but it's only one pillar. There are other things that are just as important."

4) Minimize financial risks--It's important that executives come to grips with the fact that CRM is not a one-time expense. Long-term services and maintenance fees will outweigh the price of licensed applications by a ratio of nearly 3:1, according to industry analysts. Consider expenses over monthly, quarterly, yearly, and three-year periods. By assessing the risks and understanding the cost of implementation and long-term services along with the financial benefits, organizations may conclude that a hosted delivery model's quick implementation and low start-up costs are an alternative.

"By understanding the financial impact the company gains a better understanding of what sort of an application they need and how big the implementation should be. Many times they realize it becomes silly not to," Freeland says. "Oftentimes, organizations are deterred from CRM because they view it strictly as a cost."

5) Look for quick wins--Many pre-Y2K failures were largely due to companies biting off more than they could chew. The multimillion-dollar implementations of yesterday required a significant investment in people and process changes. Because companies weren't ready for this, CRM applications became expensive shelfware. CRM project leaders learned that smaller, more manageable projects can yield quick wins, more momentum, and higher end-user adoption.

"You're building a holistic approach, but on a step-by-step process," says Martin Schneider, enterprise software analyst at The 451 Group.

6) Consider migration paths--Understand where your company is heading. Maybe you only need a sales reporting tool now, so you buy an SFA solution that's cost effective, but lacks the ability to integrate an e-commerce system, for example. Can the vendor you've selected provide that additional functionality you might need in two or three years? Select a vendor that will enable your products to grow as your company grows. If an organization doesn't plan ahead, time and money can be wasted on additional add-ons and modules that could have been avoided from the beginning.

"How much over the long haul is it going to cost you to buy from another vendor, do an implementation, and then integrate another module?" Schneider asks. "It takes a lot of money to keep buying point products."

7) Scrub the data--Behavioral data is the lifeblood of CRM. Make sure your customer data is accurate. Many organizations overspend on technology implementations and bypass this critical first step in gaining an accurate view of the customer. Before implementing a solution, bring the data into a unified database, cleanse it to remove multiple entries for the same customer, ensure that the data is accurately distributed to all customer touch points, and standardize your databases so customer information is presented accurately throughout the entire organization. Vendors like DataFlux, FirstLogic, and Trillium Software all provide data-cleansing software. In addition, a general rule of thumb is companies should balance their server space to maintain 13 months' worth of customer data, and at least three years' worth of contact data information.

"Don't overlook this critical step," Freeland says. "Getting the data right and doing it in a way that isn't some monolithic, data-warehousing exercise is critical. People tend to have too much data so they aggregate it, but when they aggregate data, [they're] losing it somewhere."

8) Plan for disruptions--Companies change. They make acquisitions or they get acquired, sections are sold off or outsourced, and executives get replaced. When making a CRM implementation, these are changes that management must be ready for. A firm can reorganize its sales territories or replace its CRM project leaders, which can have a significant impact on its CRM strategy.

"Many times projects are planned to be completed in 90 days, but all of a sudden it's day 120, because at day 45 there was a shift in the nature of the business," says John Norkus, a principal at Deloitte Consulting. "That's nobody's fault, it's just a part of doing business. It's going to happen, but executives and management in charge of any CRM implementation have to take this into account. They can't plan in a vacuum."

9) Don't leave training till the end--Training is often considered the last component of an implementation. Training receives the least funding and results in end-users receiving a new application at the last minute. Give your end-users as much time as needed with the new solution before going live--it makes the transition that much easier. Training should begin immediately following integrator and software selection. The sooner training begins, the sooner end-users realize they're part of the process and the quicker they realize the benefits of the application. Also, the training curriculum needs to mirror the business processes of each department.

"Training should begin as soon as the vendor is selected," says Suda Harvard, CRM specialist for Global Knowledge. "The more time to train, the better off you are."

10) Choose a champion of change--When making a full-suite implementation, start with a single department and let the dominos fall into place. Choose a department with a manager who's behind the implementation, realizes its benefits, and whose department will also find the most success early on. Nothing jump-starts a CRM implementation more than a manager who always has that can-do attitude. Once other departments begin to see this success, they should follow suit. Just like hitting in baseball, CRM success can be contagious.

"The key to this strategy is choosing a department manager you know can make it happen," Franco says. "Other departments will start to think, 'Hey, that looks pretty good. Why can't we do that?'"

11) Ask the expert--When faced with a problem, whether it's customization, functionality, or deployment strategy, companies often assume a new product needs to be purchased or another module integrated. Instead, look to leverage current applications to gain new functionality or services.

"A lot of times people--because of management changes, IT turnover, and all these real-life things that happen--lose sight of what they have and what they've already purchased," Freeland says. "Many times, there's a lot of functionality and potential with what you already have, and you don't even know it."