# Key Factors for Optimizing CRM Project Success

**A survey of 1,337 firms uncovers the five key issues that companies need to address to optimize the success of their CRM initiatives.**

by **Jim Dickie**   CSO Insights

For the past 10 years, CSO Insights has conducted an annual sales excellence research project to assess how companies are successfully (or unsuccessfully) optimizing the way they market to, sell to, and service customers. For the 2003 research initiative, 1,337 firms provided complete data on 83 metrics associated with sales performance. Participation was global: 50 percent of the respondents were from North America, 25.5 percent were from Europe, 13.8 percent were from the Pacific Rim, and 10.6 percent were from the rest of the world.

The scope of the study involved assessing how well salesforces are currently performing, what barriers are impacting their effectiveness, and how they are leveraging people, process, and CRM technology to deal with those challenges. This includes the marketplace's attitudes toward, and experiences with, CRM. Over the past three years, the CRM industry has changed dramatically. At one time, this type of technology was seen as the answer to all the sales and marketing challenges a company faced. Today it is looked upon with a great deal more skepticism. A primary goal of the study was to determine the types of results CRM systems are delivering, as well as to determine some perspectives on how to maximize the success of a project.
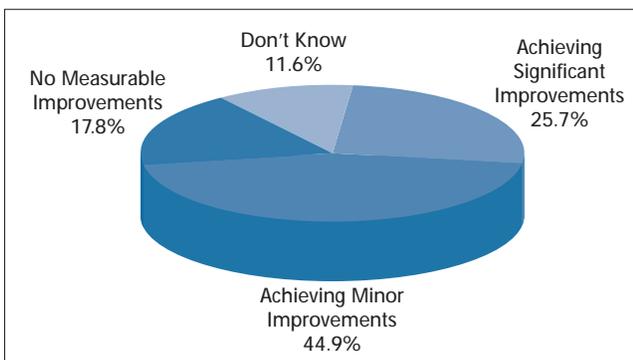


**Figure 1**   CRM's Impact on Salesforce Performance

Of the firms surveyed, 67.9 percent had formally evaluated CRM software systems. Of those, 53.9 percent purchased a software application from one or more vendors, while an additional 19.1 percent implemented a system that they designed internally. Figure 1 is the breakdown of participants' responses in regards to the results achieved after implementing their solutions.

Figure 1 summarizes the problem the CRM industry is facing today. If you ask the 25.7 percent that achieved significant results, they will tell you that CRM is at the minimum a critical part of their business strategy, if not a key competitive edge in their marketplace. Firms in this category reported achieving impressive results such as revenue increases of over 42 percent per representative, sell-cycle length decreases of 27 percent, threefold improvements in the number of qualified leads generated, 37 percent reductions in order errors, 28 percent improvements in customer satisfaction ratings, and a margin-per-order increase of 1.7 percent. These companies believe that CRM is a must-have.

If you talk to the 44.9 percent of firms that reported achieving minor improvements, you will enter into a debate about whether the glass is half-full or half-empty. Some executives argue that in today's marketplace, even minor improvements in performance are helpful. But none of the executives said they went into their CRM initiative with this goal in mind. All were expecting much more out of their CRM investments and now feel that CRM, while useful, has been over-hyped. They will tell you that CRM should have a place in your overall plans, but it is a tactical solution, not a strategic one.

The 17.8 percent that achieved no measurable results feel they have been "burned." One company said that after spending $20 million over several years attempting to implement an enterprise-class CRM application suite, they finally pulled the plug on the entire project when the adoption rate dipped below 18 percent of the salesforce.

Finally, we come to the 11.6 percent of the firms that couldn't provide any assessment of the impact their CRM initiative had on their operations. Some of that can be explained by the fact that the systems have not been in place long enough to make a determination. In the majority of cases, the reason for their inability to give an answer was that they never had a clear picture of how they were selling to begin with, so they have nothing to compare their current performance too.

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Who should we believe? After talking to hundreds of executives during the past year, the figure we all need to focus on is the 25.7 percent that are very successful. These are companies that are fundamentally changing how they target, acquire, retain, and extend customers.

How do more companies achieve this type of success? After talking to numerous CRM project teams that implemented systems that failed to achieve their desired objectives, we found that a great starting point is to know your enemy – identify up front the issues that can derail your project somewhere down the road.

Over the past 10 years, we have seen the evolution of the types of hurdles CRM project teams need to overcome. In the early-to-mid-'90s, many initiatives failed because of the maturity of the software systems. Often, the applications were not scalable, stable, or robust enough to meet customer expectations. But, to a large extent, those issues have been significantly reduced. Today when we do an autopsy of an unsuccessful initiative, the tools themselves are rarely the primary reason behind the failure.

To help surface the issues companies are encountering today, we asked the firms that had implemented a CRM system to highlight for us the top three challenges they encountered during the course of their project. Their responses are highlighted in Figure 2. When you take a deeper look at this chart, you find there are five key issues you need address to optimize the success of your initiative.

**Solving the Data Dilemma**

Populating and maintaining the information contained in CRM systems has been the top reason, which historically has been under-recognized. For years many industry watchers, including me, used the analogy of a three-legged stool when describing the formula for successful CRM initiatives. The legs represented people, process, and technology. More recently, as CRM systems have grown in complexity (encompassing sales, marketing, support, manufacturing, finance, and more), the complexity of the data repositories these systems are built on has also increased. To get the full benefit of CRM, you need to be able to pull information from a wide variety of sources, both inside and outside your company, to create a single and comprehensive view of each customer.

Failure to do this correctly can kill a project. If your data is flawed, the whole project falls apart. When users lose confidence in the validity of the information they get from their CRM application, they just stop using it. To overcome this challenge, successful project teams often reported turning to data management specialist firms, such as OneSource, Dun & Bradstreet, or DataFlux, to assist in doing the initial data rationalization and ongoing data update tasks. While this is an additional expense for most projects, the costs associated with not doing it (i.e., project failure) are far greater.

**Selling the System to Users**

Item No. 2 has been at or near the top of the list for years. When implementing a CRM initiative, you are not so much creating a new way of selling as you are replacing an existing one. There is an important difference; there is already a sales process in place. It may be based on outdated printed reports, company-wide hail-Mary email blasts, and post-it notes, but it does work to some extent, and people are familiar with it. Implementing CRM requires change, which most people instinctively push back against. This resistance to change needs to be dealt with early on, or the very people that the process improvements are designed to help will be the ones to see that it fails.

Over the years, we have seen many approaches for dealing with this challenge. For example, Southern Companies implemented a sales advisory board, which was chartered with representing the voice of their fellow users and helping to collect, review, and prioritize all the functional requirements for the system. In addition, to
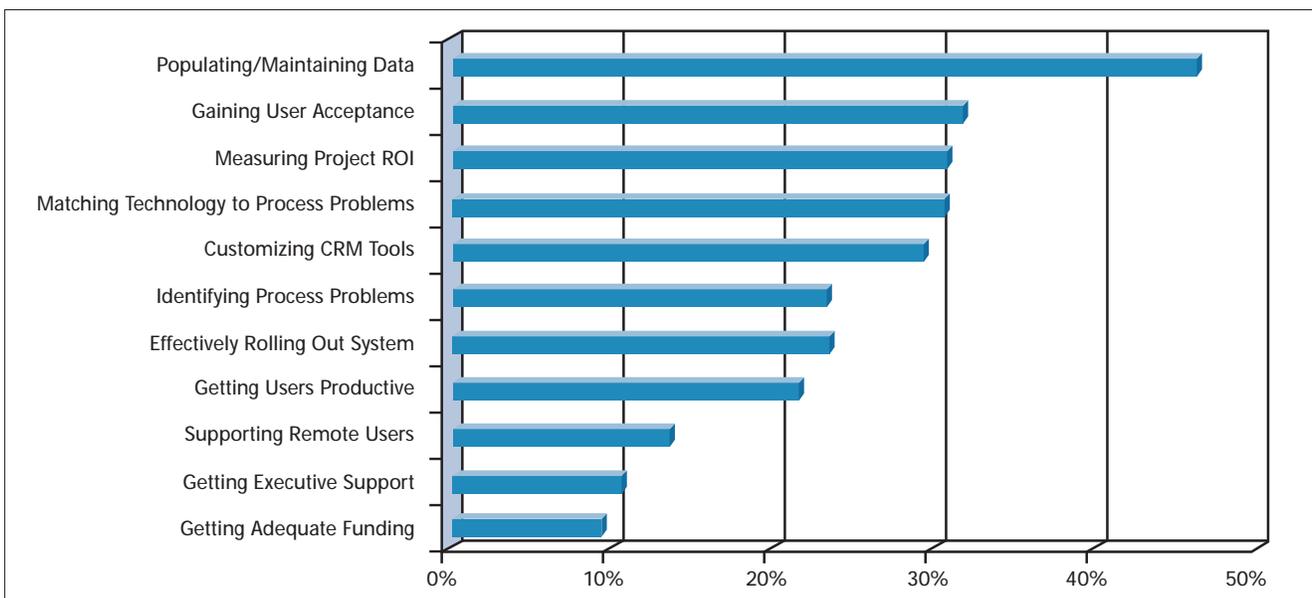


**Figure 2** Toughest Challenges Encountered in CRM Implementation

If you would like more information regarding this company's products or services, please fill out the **Request for Information**. If you would like to help us improve our web site, please fill out the **Reader Satisfaction Survey**.

## Reader Satisfaction Survey

First name
_____

Last name
_____

Email
_____

How would you rate this web site? (1 is poor, 5 is very good.)

     1        2        3        4        5

What would you like to see more information on (check all that apply)?

Basic 101 explanations of key topics
Ideas on how to use technology solutions to run your company better
Case studies from different industries
Comparisons and review of enterprise software systems
Training materials for your staff

How could this web site be improved (check all that apply)?

Make it faster
More news and topical articles
Improve navigation
Provide better ways to interact with authors and/or suppliers
Integrate it with training programs and online seminars

How do you prefer to get key information on the impact of new technology (check all that apply)?

Web sites
Magazines
Online seminars
Conferences
Expositions
Visits from solution providers
Advice from people within your company

I am submitting this information to Montgomery Research, Inc. while I am     Offline     Online

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