



How to avoid a CRM car crash

What is a CRM system? Why do companies use them?

Any CEO knows that customer information is a very valuable asset. And how you manage customer relationships is vital. So of course you need to implement systems to help you standardise and manage this... But we see countless CRM projects that fail, systems that are mis-used, under-used, or never used at all.

So why is this the project that fails most often? Why do we meet so many CEOs who despair at their company's attempts to make this work?

Why is this project the one most likely to end up as a car crash?

Let's start at the beginning...

What is a CRM system? Why do companies use them?

A CRM system generally aims to support all or part of the customer interaction. Typically the scope can include everything from prospecting, through the sales process, to ongoing support.

These days there are a host of small, low cost or free options for CRM, for example Really Simple Systems, Zoho or OnePageCRM. At the other end of the spectrum, most ERP products have their own CRM module like SAP and Oracle. There are products targeting digital marketing like Hubspot, and products targeting particularly industry types, like Bullhorn.

And of course, there are the "usual suspects": Microsoft, Salesforce, Sage, SugarCRM/Access.



CEO's Briefing

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These products and their heavily incentivised salesmen generally promise you the following:

- Standardise processes
- Support for complex marketing campaigns
- Bring all data into one secure place
- Improve reporting on different channels, products, markets and people
- Eliminate dependence on key individuals
- Allow customer-facing staff to be more focussed and responsive for customers
- Integrate different processes and systems to avoid rekeying, wasted effort and errors

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Why does it all go wrong?

There are 2 fundamental reasons why CRM systems so often fail...

- People issues - systems are built by people and for people, and the most common cause of failure is also people. CRM systems have particularly difficult people challenges which need particular care.
- Complexity – a simple vision can gradually become complicated as the project progresses and this can lead to overruns, unresolved process or data issues, or a system that ends up difficult to use.

The 2 issues combine uniquely in CRM systems to form a toxic mix.

So, how does a heady brew become a poison pill?

What are the people issues?

Sales people are notorious for their thick-skin and focus. This is no accident as we often recruit them for these traits. We often want sales people to be single-minded, focussed on winning and many organisations forgive or even expect some selfishness. It's part of the traditional sales culture. Observance of rules and process, attention to details and admin is not.

And, from the salesman's point of view, the benefits of a CRM may be for the rest of the organisation or for the management.

Often central administrative staff and management define the system in order that it collects data they want for reporting and analysis, but the burden of collecting this falls on front-line staff who see no benefit themselves.

Many users of the CRM system may be thinking: “There is no benefit for me in this CRM thing.” They may pretend to be onboard, but really they are not.

And where does the complexity come from?

There are 3 underlying sources of complexity

Firstly the scope of a CRM system may be very unclear and it's very tempting for the scope to be expanded. Many CRM products are extremely flexible so (for a price!) they can be configured to support a huge range of activities across the business. They can manage workflow, provide a framework for task management, announcements and reminders, and they can integrate with other systems. The scope can expand to be everyone and everything but all these features can be complicated and can get bogged down if multiple suppliers and internal experts are needed.

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Secondly, like any systems implementation, the focus should be on improving the process and then automating it, rather than just using a new piece of technology to allow people to continue working in the wrong ways. This means confronting difficult questions about how and why things are done a certain way and dealing with people and organisational questions which may be driving wrong behaviours or creating hurdles to change.

Finally, most organisations have 80/20 rules – in other words perhaps most of the business is simple, standardised products and processes, but a minority of business is done differently. Perhaps there is a long-standing side-line of bespoke products; some high value customers get special service; obscure exports, or legacy business which is an unwelcome interruption but difficult to say no to.

Handling this 20% can drive complexity into the entire system.

So, how do you avoid the car crash?

We think there are 10 golden rules:

1. Stay focussed on your key business objectives. There will be many compromises and choices to be made and you need to remember why are you doing this. Scope should be limited to whatever is needed to deliver the key business objectives. Anything else can be crossed off the list or deferred to the next phase.
2. Involve the right people from the start. Don't let a small group of office-based experts design a system for a large group of other people who see the world differently. Get nay-sayers involved from the start and ensure you can deliver a clear benefit for every user.
3. Make an informed choice of product and supplier. Understand what you need, know what different vendors offer and try before you buy. Identify your "must have" features. Do you want to be able to customise the product or are you happy to rely on external suppliers? Will it still be right for you in 3 years? Get references!
4. Don't try to automate complicated, unusual or ambiguous activities. Semi-automation or entirely manual operations is still OK if the key business objectives are met.
5. Design in the right processes and organisation rather than use a CRM to paper over the cracks. Use the project to ask the difficult questions, tackle the underlying issues and get things right.
6. Understand behaviours and get real. Look at what is driving behaviours and ensure you address this. Are incentive schemes, deadlines and bad management causing people to create admin problems?
7. The foundation of a system is its data. Many systems that "don't work" are actually fine but the data is simply inaccurate or incomplete. This may be because a poor "process fit" leads to poor quality data. If there are multiple existing systems then their data will need to be rationalised and standardised for a replacement system and this can be a large and complicated task. Plan, phase and manage this activity just like any other part of the project; skimping on this is short-sighted and sews the seeds for problems later.
8. It's got to look good and be a pleasure to use. We're all busy and if a system is a burden for its users then how it looks and feels becomes even more important. Simple things like integration with email, phone and other tools are critical. It's got to work on mobile phones and be usable when reception is poor.

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9. Standards for usage & training. Make simple, clear decisions about how the system will be used and ensure that everyone is properly trained.

10. Ongoing ownership and policing. Ensure the system has owners who have a budget to fix problems and keep it current. New users need training. There must be consequences for people who misuse or fail to use the system, even if they meet their sales targets!

Car crash avoided?

Where the processes are complicated, volumes are high, and large numbers of staff are used to following rules then the right CRM can slot in and bring huge benefits. When it's inconceivable that the business could run without the system then it's relatively easy to deliver success.

But where volumes are lower, staff operate with more autonomy and feel they know best then implementing a system can feel like you are rowing against the tide. The truth is that many CRM systems fail and the decision should not be taken lightly as it is not easy to overcome these facts.

Our golden rules are simple, perhaps just common sense – but that doesn't mean they are simple or easy to deliver on. But they are the critical elements and a well-run project, focussed on these points will be successful.

We frequently work with companies who suffer with CRM car crashes. If you'd like to discuss how to avoid such headaches and find out how we could help please get in touch via one of the methods below or visit www.freemanclarke.co.uk

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