



**CUSTOMER
MANUFACTURING
GROUP**

CUSTOMER RELATIONSHIP MANAGEMENT

GREAT INVESTMENT OR HUGE EXPENSE?

Are you getting a good return on your sales technology investments?

Or just more bills to pay?

A Customer Relationship Management (CRM) technology implementation is probably not the 'silver bullet' you are expecting. Too many users complain of a never-ending stream of updates, under-utilization, and a general postponement of the return on investment that you expected (and deserve!). It's not technology or which CRM package you choose that's the problem: it's the underlying marketing/sales processes that are automated that make all the difference.

An Incomplete Answer

If the question is, "How can I increase sales?" the answer is not CRM. At least, it's not the entire answer.

Technology is often seen as the panacea to a company's sales/marketing ills . . . the ultimate key to improvement. It is a seductive solution, and often thought to be the fastest solution to slumping sales. Investing time and money into a new, impressive tool is the most tangible way to attempt to fix a problem.

However, the common frustration in management has been that there is no correlation between your initial technology investment and the output of your sales force. The most common solution to this problem is to buy the *newer* version of the *newest* software package and begin again, allowing your company to become even more dependent on a system that has no sign of permanently altering sales efficacy. So STOP and ask: When you buy CRM, do you know what you are you buying and why?

SFA? CRM?

Customer Relationship Management (CRM) and Sales Force Automation (SFA) are flashy catch phrases that describe the tools intended to increase sales effectiveness and efficiency. SFA was the forerunner, mainly focusing on using computers in field sales to gather and store information and automate some of the individual salesperson's communications with headquarters.

More recently, SFA has evolved towards a larger CRM perspective that includes broader functions – marketing in specific – within its domain. CRM has become a repository for information about your company's involvement and contact with its customers. It gathers, analyzes, and stores the information and produces reports summarizing activities.

The reason that CRM so often falls short of expectations is that management fails to answer two critical questions *prior* to implementation:

- What activities need to be performed more effectively or efficiently?
- What reports are needed to provide better management?

These questions demand a much larger perspective of the problem, starting with the examination of your marketing and sales processes and understanding how they work – or don't work.

Remember that CRM is a tactical implementation tool. Its real value comes from asking some basic process questions before buying any software.

The CRM Nightmare: An Example

Today's tax code is the result of years of political deal making, opportunistic modifications, cyclical add-ons, and a host of other activities that have very little to do with the end user. It has evolved (or devolved?) over time to get to its present form. The process the taxpayer is put through in order to pay taxes is nothing less than terrible.

Surely, no organization would voluntarily subject customers to the same type of ineffective and inefficient ritual torture. No company would pour more money into a bad process in the hopes of computerizing it . . . right? WRONG: welcome to electronic filing!

The IRS has offered this feature for several years, yet its adoption is far behind what they had expected. Taxpayers find filling out the forms such an arduous task that electronic filing provides no significant value.

In the end, all the money poured into automating the process of paying taxes has

not benefited the taxpayer . . . or the IRS!

Process, Process, Process

Before selecting a CRM package – before even thinking about the CRM part of the solution – you need to deal with your sales process.

Remember – CRM can't solve problems created up-stream by poor – or nonexistent – processes.

Step 1: Map Your Existing Sales Process

First, you need a keen understanding of how you currently sell. Who does what to whom when? In other words, list the discrete steps to your selling efforts that are routinely followed, who has responsibility for each step, and how they are interlinked to each other. Include any feedback loops used to monitor performance, and how these performance metrics are set.

Step 2: Map Your Customer's Buying Process

Next, you must have a clear map of how your customers want to buy from you. Learn how they buy, in detail, and what influences each step of their buying process. What motivates them to move from step to step? Who controls the speed of their progress? What kind of feedback loop should there be from the results of one cycle to future cycles?

The goal here is to define a generic process that is applicable to your target customers in general, yet specific enough to satisfy each individual situation. It often helps to put customers into groups with similar buying patterns and values – similar to the market segmentation process.

Step 3: Align The Two Processes

The selling process you have just mapped is most likely an eclectic composite of good ideas and strongly-held personal beliefs that have evolved over the years. Chances are that it looks nothing like your customer's buying process.

Here is a hint to help you build your new process: Your new selling process *is* your customer's buying process. Basing your selling activities on your customer's buying process ensures that you are in sync with them, delivers your value when it is

most valued, and minimizes friction.

Step 4: Train Your Sales Force

Congratulations: you're almost done! Now, it is critical to let everyone in on the secret! If nobody in your company knows about the information you have worked so hard to gather, then nothing will change. The old, ineffective, stagnant process will resurface, because that is the only way your sales force knows to get the job done. Process training and skills training, taught hand-in-hand, will ensure that any investment made will fit within the context of the customer's buying/your selling process.

What Else?

There are three other key things you must do to design and produce a successful CRM implementation:

Who? Marketing needs to clearly define and articulate *Who* your customer really is. Not the market, but actual customers by name and descriptive activities or patterns (remember that markets don't buy, customers do), including the functions within the company that Sales should call on. It's then Sales' job to follow up and close on these opportunities – supported by your CRM.

What? With a clear understanding of *Who*, marketing then needs to define *What* these target customers are buying. Not what you sell, but what the customer wants to receive defined in their own terms – products, services, reputation, past and projected experiences, and so on.

The final topic is **How?** – but we already have an answer for that. It's your sales process, the one that's based on *How* your target customers want to buy. Together, these three simple word-questions define a company's approach and attitude to winning in the market.

Sales As A "Factory"

Ask yourself this important question: if you were designing a new factory, one that was expected to drive you to a leadership position in your market, would you design it based on how things have always been

done? Would you mimic a factory that was opened in the last millennium?

Or, would you use the most current, state-of-the-art techniques and processes to produce an efficient, stream-lined, and envied production system that virtually guarantees success? Markets have changed, competition is more intense than ever before, and customers expect ever-higher levels of service. What worked last decade (let alone last month!) is no longer adequate for today's needs and demands.

Of course, there is the risk factor. You may not be comfortable going for the latest, most sophisticated, riskiest solution given that the company's reputation – and your job – is on the line. Prudence dictates that some past measure of success is usually a reasonable trade-off against technology's promises. The ideal situation would be to find existing management tools and processes known to be effective and apply them to marketing/sales.

Consider the world of manufacturing and the vast strides made there in efficiency, productivity, and throughput. It's clear that their success has come from combining time-proven manufacturing management techniques with state-of-the-art technology.

Manufacturing invested in robotics and computerization with the goal of increasing mass production. What they soon discovered was that technology, when not applied in appropriate amounts and intervals, multiplied their quality problems.

Technology introduced randomness, which compounded management's problems and actually decreased quality. Productivity (and quality) increased only after traditional management methods were applied to the process, effectively taming technology.

This continual increase in productivity has fueled the economic expansion that we have enjoyed for the past decade. What could it do for your sales and marketing effort?

If you view your Marketing/Sales process as a System to Manufacture Customers®, then you have the opportunity to emulate some of the world's greatest production success stories: Saturn cars, Intel's wafer fabrication factories, WalMart, Dell Computer, and more.

<p>Consider the following three-step approach:</p> <ul style="list-style-type: none"> • Design a great process for effectiveness (align your selling process to your customer's buying process) • Manage the process with proven techniques (manufacturing management principles) • Automate the process for efficiency (CRM/SFA). <p>CRM – Investment AND Expense.</p> <p>CRM, obviously, is not the complete solution. It's a tool that can be a strong contributor to increasing sales efficiency. Just as you can't build a house with only a hammer, you can't construct reliable, measurable, dependable, and effective sales with just CRM. Planning, process development, and a thorough understanding of your customers is required before the bits and bytes flow. In most situations, this represents a significant investment in time and money.</p> <p>Managing this effort often requires a continuous stream of projects and activities – that all cost money. Proper planning up front will minimize surprises and unexpected bills, keeping the team focused on the desired results.</p> <p>Producing A Positive ROI.</p> <p>At the end of the day, investing and spending on anything in business should produce a positive return. CRM is no exception. As part of your plan, you should set specific goals and metrics for productivity improvements, cost reductions, greater revenues, or whatever is the proper measure of success for your company.</p> <p>More Information</p> <p>If you would like more information about how to apply a process to improve your marketing/sales function, Customer Manufacturing Group would like to introduce you to the Customer Manufacturing[®] System. Contact us and we'll send you our Customer Manufacturing Index – a self-scoring instrument – to help you get started.</p> <p>Detailed information on our services and a number of Special Reports and</p>	<p>cassette tapes are also available.</p> <p>If you'd like to learn more about Customer Manufacturing Group, or for a complimentary subscription to <i>Customer Manufacturing Updates</i>, give us a call at (800) 947-0140, fax us at (408) 727-3949, visit our website at www.customermanufacturing.com, or e-mail us at info@customermfg.com.</p> <p>We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.</p>	
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