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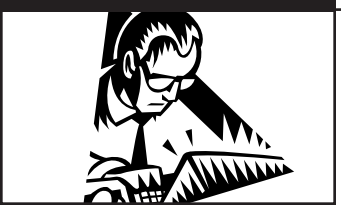

How Can CRM Succeed in the SAM Space? A Practioner Viewpoint

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In the ongoing race to gain competitive edge, Customer Relationship Management technology has emerged as a significant player—companies that are able to select and implement CRM technologies effectively are almost certainly rewarded for their efforts. CRM strategy becomes more complicated, however, when it is intended for a SAM program. Because SAM programs are unique in their treatment of customer / supplier relationships, CRM technology must include the capability to address these relationships in order to be a value-add. It is not often that companies are successful in the execution of CRM technology for SAM programs. Most often, SAM programs' distinct needs are not addressed by CRM technologies that are designed to assist general sales operations. Consequently, the intended users within SAM programs see little value in the technology because it does not help them do their jobs more efficiently or effectively. The result is that the technology is unused and falls by the wayside. This amounts to an enormous waste of time, effort and money—commodities that companies don't have in surplus these days.

"THERE IS NO TOOL THAT PULLS INFORMATION FROM KEY SOURCES TOGETHER — PRESS RELEASES, ACCOUNT MANAGER NOTES, ANNUAL REPORTS. ALL OF THIS INFORMATION IS WHAT I USE TO DETERMINE BUSINESS DEVELOPMENT STRATEGY."

SAMA recognizes the increasing need for guidance on this topic. To get a better picture of the issues that surround CRM in the SAM space, SAMA conducted surveys of SAM practitioners between November 2001 and January 2002. The research consisted of two phases. In phase one, approximately fifty SAMA members completed an electronic questionnaire to provide a high-level perspective on the major technology issues. In phase two, thirty-five one-on-one telephone interviews were conducted to explore the issues that emerged from the electronic questionnaire in greater detail. During the interviews, participants were asked:

- How well existing technologies addressed their business needs,
- The key requirements that such technologies must fulfill and
- What their experiences were with technology implementation.

This article provides general observations about technology assessment and implementation processes that emerged from these surveys, and identifies four key areas that such technologies must address to meet the needs of strategic account management teams:

- Simplicity
- Collaboration
- Knowledge Management
- Cost Effectiveness

General Observations, Processes and Tools

During the interview process, participants talked about CRM technology tool selection processes and

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Insight from Strategic Account Practitioners on the Effectiveness of CRM...

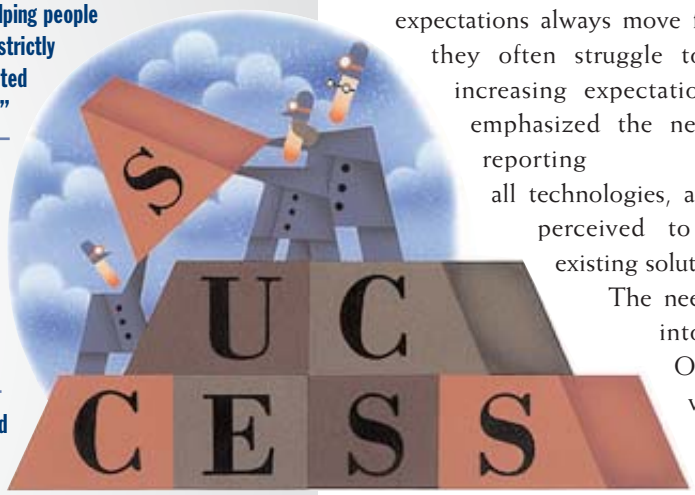
"(Our system is) great for marketing people and people who are running businesses. But it's not very useful for account management and sales people who are trying to manage from a customer's perspective."

"The main issue at the end of the day was the obligation one way or the other to work on it consistently...It's very easy to set them up but the difficulty is in the updating. And that's the reason why it died because it's true that it brought a lot of positive things to us but at the end of the day it was not updated."

"Our main learning is...before you even think of putting in a CRM tool it has to be an accepted way of working...But the process has to be committed to by the key account team members. You can't implement a process or drive implementation of a process through the technology. It's the other way around. The process and the commitment to the process has to come first."

"It needs to be...utilized as a tool that's sufficient for helping people derive benefits to do their job more efficiently. If it's just strictly a repository of notes that are never used or are never updated or not really all that efficient...then...why do we do this?"

"It's not intuitive. It's kind of cumbersome to work through...When you go into it it's just not real easy to navigate around. It's one of those applications where once you get into it, if you get distracted (by) a phone call or something and you (have) to get out of it, you feel like you're...entombed in it...you can't figure out how you got back to where you were."



"I have yet to see any two companies that approach and manage and deal with strategic accounts in a like fashion ...there (are) two things that I've got to be concerned about. How easy is it to implement into my current business systems? And I hate to say they're usually never that easy. And...I don't do business necessarily with my accounts the way that the system may be set up, so there's the modification not only on the back end to hook it up to my business systems, (but also) modification on the front end to interface with my teams and / or with my customers. So, I think the biggest thing is that...you'(ve) got to be careful."

"We have an expectation that CRM will solve all our problems. But that is not the scope and design of the CRM system."

"I've heard a lot of very disappointing reports on the effectiveness of CRM applications and some other software packages that have folded under enterprise software...And there are some really bad horror stories in terms of cost and functionality. I believe that as time goes on you'll have more and more sales professionals that are in the software provider side that are going to be able to help improve this cause."

"I would say it's a very expensive, on-going proposition. But the reality of it is if you want to maintain a low-cost or high-productivity position you have no choice. And if you don't embrace it your competitor is (going to) go flying by you. In other words you have no choice."

implementation issues. Most had similar experiences with existing technologies, and shared those experiences in three areas: general observations, processes and tools.

General Observations

"General observations" include participants' assessments of customer relationship management trends in the past, present and future.

Participants remarked that one of their greatest challenges in implementing technology was getting their staff to use the new tools and keeping the data updated. Ease-of-use and ease-of-updating were recurring themes in the interviews, and most participants agreed that these two areas were not well addressed by existing technologies.

Participants pointed out that customer expectations always move forward, and that they often struggle to keep up with increasing expectations. Interviewees emphasized the need for real-time reporting from all technologies, a feature that was perceived to be lacking in existing solutions.

The need for integration into Microsoft® Office applications was also a key issue for most managers, because those tools are the ones most commonly used by all staff members. The underlying message seemed to be that technologies should conform more closely to the user interface model of Microsoft Office in order to reduce the costs of training and staff development.

It was also clear that many participants believed in the growing acceptance of remote access and wireless technologies by their sales organizations. Such technologies will be a must for the mobile workforce in the near future.

Processes

Issues that fall into "the process" category relate to any observations or recommendations that participants made regarding the process of bringing customer relationship management technologies into a company.

Participants emphasized that companies looking to adopt strategic account management

technologies must look first to processes before deciding on a technology. Many believed that internal Information Technology organizations were an impediment to obtaining tools that were truly useful to strategic account programs.

Comments on processes fell into four distinct categories:

1) *Requirements Definitions*: Goals and metrics must be defined before technologies are brought in. Companies must understand their customers and know where customer relationships are headed. It is a good idea to benchmark with like-minded organizations before beginning the selection process.
2) *Simplicity and Effective Implementation*: Fully map out the implications of implementing technologies in the short- and long- term. Companies will achieve greater success by choosing and implementing simpler, proven technologies before choosing more complex ones. Effective implementation plans are the key to success.
3) *Internal / External Collaboration and Management Support*: Multifunctional teams must be brought to bear when specifying, assessing and choosing technologies. Strategic customers should be involved with the development of strategic plans. Early management support is crucial to successful technology selection and implementation.
4) *Training*: Training plans must be created to ensure successful technology implementation and use. Users must be shown that the value of the new technology outweighs the time required to learn and use it. Implementers must be aware of the need for corporate culture changes to pave the way for effective technology use.

"Learn from the experts that have already implemented it. There's...no reason to go and reinvent this wheel."

Tools

Issues that fall into "the tool" relate to specific recommendations on the attributes a customer relationship management tool should possess.

Participants recommend that tools be integrated with one another. Users must have a single point of entry if consistent usage is to be achieved. Fewer, simpler and more flexible technologies are the keys to acceptance in the corporate environment. Web-based applications are preferred by most of the interviewees. Real-time reporting is a critical need that is not perceived as being fulfilled by existing solutions. The lack of soft knowledge management inhibits full acceptance of existing technologies.

Four Key Technology Components

There are four key components that technologies must address in order to achieve widespread acceptance in the strategic account management market:

Simplicity

Nearly 100% of the participants emphasized the need for flexibility and ease-of-use. Technologies are difficult to manage, they said, and technology solutions are too often dictated by IT organizations. Processes must come first—find a technology that fits easily into your existing strategic account management processes. Simple, effective processes work the best.

Technology solutions must be easy to implement and integrate with existing systems. Participants indicated frustration with existing solutions, remarking upon the great expense of getting these technologies to work with legacy data and existing internal processes. They also want to see technologies that are easy to extend—they want to be able to take advantage of new features without having to retrain their entire workforce.

It is clear that for technologies to achieve ready adoption by the corporate workforce, they must easily fit into daily work routines. Most participants indicated that users will ultimately fail to update a database at the end of the day, so solutions must somehow contrive to capture needed data in the process of normal work. Technologies must also make information easy to get to from a variety of sources, including Web browsers, e-mail, PDAs and smart phones.

Collaboration

Almost all participants indicated that there is a need for true collaboration tools that appear to be quite different from what database-intensive products have to offer. Users need a tool in which it is easy for people to share information globally.

Not only do sales teams need tools that enable them to collaborate, but there must also be collaboration within the company at the time that tool requirements are being specified. Several participants recommended the use of

multifunctional teams and interviews with individual users to drive the tool requirements process.

Knowledge Management

One of the key issues expressed by participants was the need to retain critical account information in the face of changing personnel. There were two categories of information that participants identified as being critical to the success of strategic account management tools:

- Structured information: hard data, figures and facts, contacts, strategic planning information, forecasting data, documents; and
- Unstructured information: soft data, anecdotal information, intuitions, hunches.

The ability to maintain the corporate memory – to record the collective intelligence of account teams – is key to strategic account team success. Simple, searchable content and document management tools are needed that enable users to store, share, edit and update key account data. Important data must be made available to account teams instantly.

There must likewise be tools that make it easy to accumulate and analyze key customer data. One national account manager put it this way:

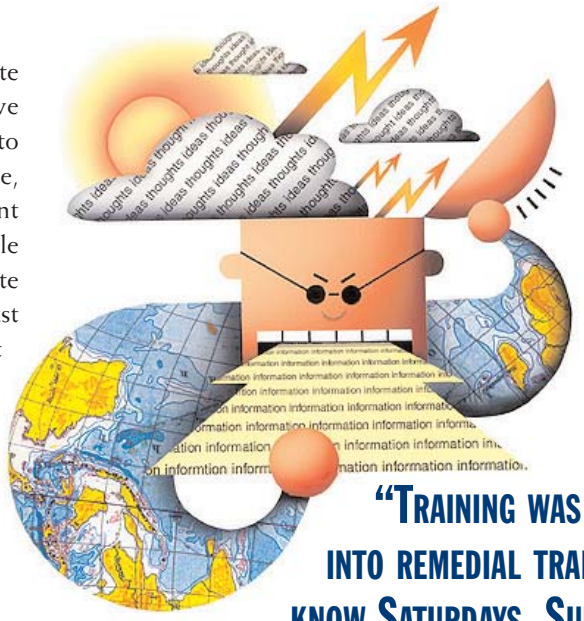
"There is no tool that pulls information from key sources together—press releases, account manager notes, annual reports. All of this information is what I use to determine business development strategy."

Real-time reporting is likewise a ubiquitous requirement. There is too much manual work required by existing systems, and administrative support is vanishing due to downsizing. Strategic account management must be able to automatically generate management reports from real-time data. It is critical to managers that they know the day-to-day status of accounts and opportunities, and that they be able to locate that information quickly.

Cost Effectiveness

All participants lamented the high cost of implementing existing technology solutions. There are too many hidden costs:

"(It) provides the information that I've got to learn how to extract. (It) also forces me to enter order forecast information for our customers and it doesn't do that very easily...I don't need to be spending my time entering in order forecast information."



"Training was a nightmare. Now we're into remedial training like crazy. You know Saturdays, Sundays, nights. It's a nightmare. It's a very difficult system."

- Consultation and customization
- Ongoing maintenance and administration
- Training

Participants believe that automatic real-time reporting tools will help reduce costs considerably by enabling managers to make better decisions because they have more reliable data.

Integration with Microsoft Office tools like Outlook® and Excel is critical in keeping costs down because these tools are already in use in the routine of daily work.

Where Does This Knowledge Leave Us?

The knowledge collected in this survey of SAM practitioners merely skims the surface of critical success factors that companies will need to master in order to employ CRM technology in its full potential. This survey reveals that companies vary widely in the knowledge and execution of CRM. Most often, companies are either struggling to understand how Customer Relationship Management technologies can improve the effectiveness of their SAM programs or are attempting to make the most of the CRM technologies that have already been implemented by their company. Categorically, however, survey participants expressed the need to gain knowledge about the critical success factors of CRM technology implementation. It is evident that there is much to learn from companies who have gone through CRM technology implementation for a SAM program—whether they have succeeded or failed. One survey participant gave this advice to companies thinking about implementing CRM technology: "Learn from the experts that have already implemented it. There's...no reason to go and reinvent this wheel. This wheel has already been invented." SAMA will share what it learns about this important topic in an upcoming research report on CRM technology use in SAM programs.

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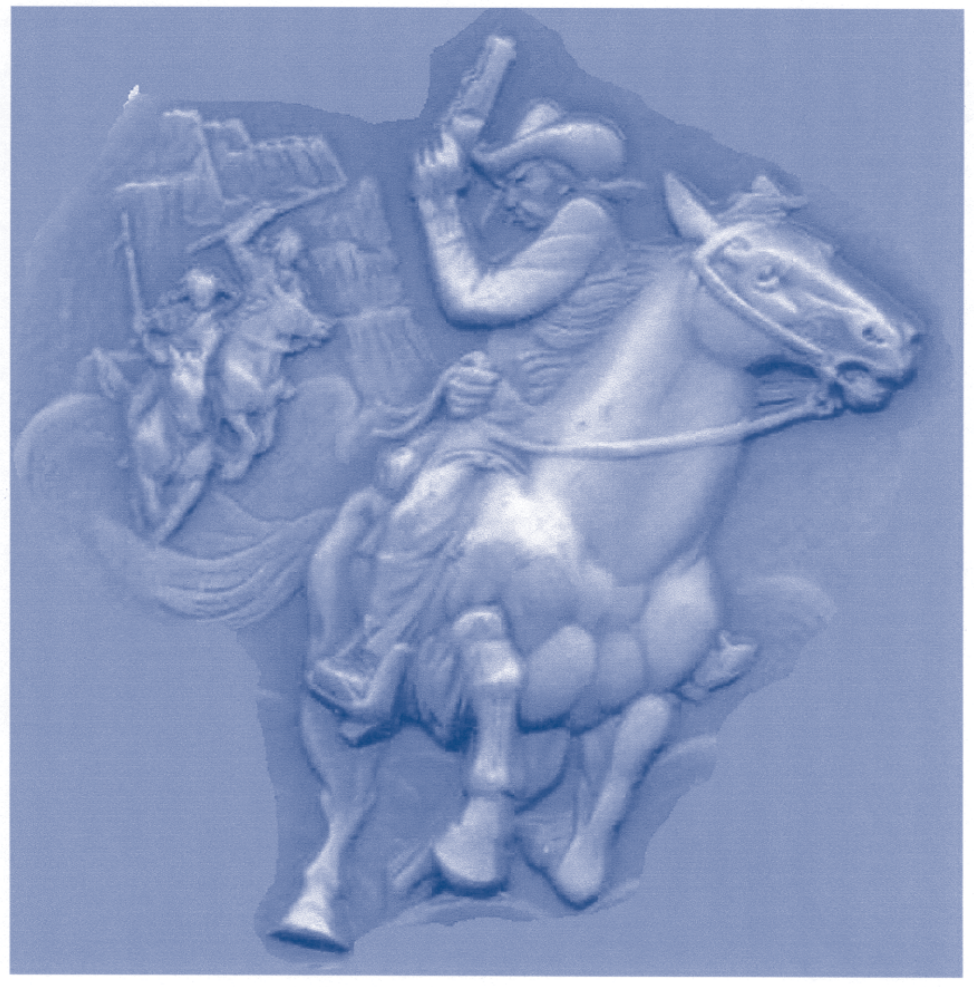

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