

CRM Success Depends on Employee Buy-In

By Fred Bayles

The revival of customer relationship management systems is the result of better, cheaper and more realistic software, and renewed efforts to educate employees.

In the late 1990s, customer relationship management (CRM) systems were hyped as the next big thing in business—a computerized marvel that would integrate all things related to customers. With a few keystrokes, research and development, marketing, sales and customer service all would be able to track customer habits, likes and dislikes. CRM programs would be the panacea for improved customer service and increased sales and retention. Companies spent tens of millions of dollars for software and equipment, but, for many, the promise was never fulfilled.

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Many of the systems, it turned out, were cumbersome and hard to integrate with existing technology. Employees balked at the complex requirements of filling in databases. The disappointment sent the CRM pendulum swinging deep into negative territory. Sales of CRM products stalled, and some companies that invested in such systems put their grandiose plans, along with the software and hardware, aside.

Today, the software is better, cheaper and more realistic, and the CRM pendulum is back at the center. But for all the improvements, the success or failure of CRM systems often comes down to a single dictum: Get your employees to embrace the technology.

"Organizations are getting smarter in introducing these technologies to their staffs," says William Band, a Boston-based principal analyst for the technology and market research firm Forrester Research Inc. It is essential, he says, that companies get employees to understand that CRM systems are going to make their jobs easier.

This First Rule of CRM has gained importance as sales of systems continue to increase. Businesses are expected to spend \$3 billion in new license sales for CRM software this year. And for each dollar spent on licensing, another three to four bucks will be needed to pay for related consulting and hardware.

Comprising the biggest segment of that growth are the midsize companies that were once put off by the cost and complexity of CRM systems. Thanks to the advent of quicker, cheaper software and growing access to online, on-demand services, these businesses can dip their toes into the waters of CRM technology at a much lower cost.

Cost-Cutting and Consolidation

Larger companies are using offshore consulting resources to help with the implementation and maintenance of CRM technologies, often at one-third or one-half the cost of "domestic" resources. "Most CRM systems

integrators now provide a mix of onshore and offshore staff," Band says. "In some cases clients are now paying less for a CRM implementation, or they are choosing to pay the same total amount but for more man-hours." Smaller businesses, says Band, prefer the pay-as-you-go model available from online resources that allow them to rent the technology rather than buy it. They only have to pay a monthly fee per user. But, he says, while the cost savings may be more immediate, over the long term renting the technology could cost more.

The CRM landscape is also easier to navigate in the wake of vendor consolidation, including Oracle's purchase of PeopleSoft and Siebel. Meanwhile, providers have improved integration between CRM and other business systems, including SAP's effort to blend its mySAP CRM solutions with its own back-office capabilities. And Microsoft® recently introduced Microsoft Dynamics™ CRM 3.0, claiming a natural fit with Microsoft Office tools.

While the software providers have tooled their products to make them easier to use, buyers have found success when they develop strategies to train and encourage employees to accept them. Mike Snyder, a principal in Chicago-based Sonoma Partners, a Microsoft Gold Partner that sells and services Microsoft Dynamics CRM 3.0, has seen his growing list of clients move in this direction. "The No. 1 issue is user adoption," he says. "Nine times out of 10 the technology works fine. The struggle is in getting the users to buy into it."

Sonoma provides CRM systems to business-to-business clients in the real estate industry. Those firms use the technology to identify prospective condominium buyers, track sales, and review the progress of work on the sold properties, from the purchase of high-end kitchens to the installation of marble floors. Snyder says the sales teams at these companies are more diligent about putting data into the system when they can see its advantage. "Salespeople are driven by money," he says. "If you can put together a case that they are going to sell more and make more money by using the system, you've got them invested in the system."

Broad Spectrum of Employees

In the past, the struggle to incorporate a new CRM system often failed because companies relied on employees who were unfamiliar with the technology, experts say. Prior to CRM, the most popular business systems dealt with financials—the important yet small universe of accounts payable and receivable. CRM systems involve a broader spectrum of employees, usually a company's much larger sales staff. "Some of these companies didn't really step up and say, 'We have to change our organizational structure to encourage the use of CRM,'" Band says. "Oftentimes they would just leave IT in charge, without making other changes."

A forthcoming Forrester study of 22 companies finds that CRM success came when the systems were easy for both customers and employees to use, and when the use of such systems had recognizable benefits for everyone. A system that requires frontline employees to go through 20 or 30 steps is unlikely to succeed, the report concludes.

Yet despite the growing successes, the fight to make CRM systems succeed continues.

As one of the nation's largest resellers of laser printer parts, Parts Now! Inc., of Madison, Wisconsin, has struggled with CRM technology for seven years in hopes of better tracking potential customers on its Web site and measuring customer relations and retention. Joe Dempich, Parts Now!'s IT chief, says those efforts have been met mostly with disappointment. The company's first foray into CRM was a six-figure experiment that ended as "a miserable disaster," he says, because the technology could not be integrated with back-office operations.

A second try with a more modest system made some progress, but fell short of the desired results. Dempich blames the complexity of the technology and the resistance from some of the company's 300 employees to

embrace the system. "We have your typical old school/new school type of environment," he says. "The newer reps are more willing to use it. The old dogs are still using pen and paper."

Still, Dempich remains cautiously optimistic that a third try, with a more mature, less complex system, combined with better employee education about its use and value, will lead to a better outcome. "Any product takes time to mature," he says. "I'm hopeful that as [CRM technology] improves, things will become better and we'll utilize it more and more."