

# The First Step To Navigating Around CRM Roadblocks Is Identifying Them

## IDENTIFYING CRM CHALLENGES ▼

by Kate Gluck

**"THE FIRST RULE OF ANY TECHNOLOGY USED IN A BUSINESS IS THAT AUTOMATION APPLIED TO AN EFFICIENT OPERATION WILL MAGNIFY THE EFFICIENCY. THE SECOND IS THAT AUTOMATION APPLIED TO AN INEFFICIENT OPERATION WILL MAGNIFY THE INEFFICIENCY."**

**-BILL GATES**

Since it first swept onto the scene over two decades ago, Customer Relationship Management (CRM) software has become increasingly more mainstream. More and more companies are using it as a means to track key data, log conversations with prospects and clients, share knowledge across their organization and execute sales and marketing strategies.

It has become a tool that is a critical part of the overall sales infrastructure of successful organizations. Done well, CRM can be the best asset a small to mid-sized business has. Done poorly, it is a very frustrating time waster. It only works if you use it – and use it right.

As Darrell K. Rigby, Frederick F. Reichheld and Phil Schefter wrote in their Harvard Business Review article, *Avoid the Four Perils of CRM*, "many executives stumble into one or more of four pitfalls while trying to implement CRM. **Each of these pitfalls is a consequence of a single flawed assumption – that CRM is a software tool that will manage customer relationships for you.** It isn't. CRM is the bundling of customer strategy and processes, supported by the relevant software, for the purpose of improving customer loyalty and, eventually, corporate profitability."<sup>1</sup>

Outlined below are five key challenges organizations must overcome in order to be successful with CRM. Next month's article will address (in more detail) steps you need to take to overcome these challenges.

### Lock of strategy

One challenge businesses face when they implement CRM software is that they have never had a good sound sales strategy to begin with. It's hard to automate what isn't there.

Rigby, Reichheld and Schefter summed up the problem quite succinctly, saying, "*Effective customer relationship management is based on good old-fashioned segmentation analysis. Moreover, it is designed to achieve specific marketing goals. To implement CRM without conducting segmentation analyses and determining marketing goals would be like trying to build a house without engineering measures or an architectural plan.*"<sup>1</sup>

### Failure to match the system to the strategy

Assuming that there is a strategy in place, further difficulties arise when organizations try to mold their customer relationship management and selling strategies to match an "out of the box" CRM solution instead of customizing the software to align with their overall sales strategy, territory management plan, goals and objectives. The software needs to fit the process, not the other way around.

### Lack of user adoption and buy-in

Yet another challenge is user adoption – getting your team to not only use the system but use it as more than a glorified rolodex. Although this challenge is lessened if the CRM software supports strategies and processes that are already in place, it's still not alleviated. Part of this is because it is basic human instinct to resist change. Change means that you have to think instead of run on autopilot and although, in the long run, proper utilization of the

### Summary:

*Unless you frame your expectations, have a sales strategy in place prior to implementing a CRM system, get your entire team to buy into its value and use it, dedicate the resources you need for implementation and long term execution, properly budget for all the expenses involved and support your team through the implementation period and beyond, the system will not live up to expectations.*



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system will streamline the sales process, initially it's perceived as more work, more training and more headaches.

Another key reason that getting user buy-in can be challenging is that team members often object to the idea of additional administrative work. Salespeople feel like they are wasting their time if they are not in front of customers and moreover, they don't see the value of sharing their critical client information with the whole team. There is a tendency to keep information close to the chest – whether it be for job security or otherwise. Some even consider the “seen by one, seen by all” aspect of CRM to be daunting – especially if they are not hitting quotas.

#### Disengaged management

Furthermore, if they don't feel that the information they are being asked to enter into the system is valuable, they probably won't do it. If they don't see that management is actually using or paying attention to that data, they are even less likely to do it.

Consider this scenario put forth by Barton Goldenberg in his April 2010 CRM magazine article, **Your People Are Half the Battle** “*In our most recent CRM assessment—regarding the utilization of sales pipeline management within a Fortune 50 global services company—managers ‘talked the talk’ but were not committed to using pipeline management reports generated from their CRM application to properly coach subordinates. As one sales rep said to me, ‘What interests my boss fascinates me, but if my boss isn’t interested I’m not going to bother documenting my sales leads.’ The impact: User adoption at this company continues to remain well below where it should be.*”

To get things moving in the right direction with the discipline needed for a sustainable effort, management needs to be on top of things at the outset and remain involved in the process.

#### Lack of resources – failure to plan for long-term execution and support

Another challenge organizations (particularly small to mid-sized businesses) face with CRM implementation and execution is they often lack the resources and IT expertise to engage a core CRM team who will take ownership of the system and ensure it is being used to its highest capacity.

As Greg Tillar, CEO of NuGrowth Solutions stated, “The biggest issue most companies face when implementing a CRM system is that they don't have a dedicated resource to ensure all parties are trained and that the tools are optimized. In the absence of that resource, the tool becomes less of the strategic information reservoir it is intended to be and more of a glorified rolodex file.”

In addition, organizations who don't fully understand the scope and costs involved with implementation, customization, data transfer, testing, maintenance and support of their new CRM software, can get derailed by unexpected and unbudgeted expenditures.

#### Eliminate challenges by partnering effectively

In summary, unless you frame your expectations, have a sales strategy in place prior to implementing the new system, get your entire team to buy into its value and use it, dedicate the resources you need for implementation and long term execution, properly budget for all the expenses involved and support your team through the implementation period and beyond, the system will not live up to expectations. In short, **the software is only as good as what you put into it.**

If you don't have the time, energy or dedicated resources to effectively implement a CRM system and streamline your sales efforts, consider partnering with an expert who does.

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<sup>1</sup> Rigby, D. K., Reichheld, F. F., & Scheffer, P. (2002, February). *Avoid the Four Perils of CRM*. Harvard Business Review. Retrieved September 1, 2011, from <http://hbr.org/2002/02/avoid-the-four-perils-of-crm/ar/2>

<sup>2</sup> Goldenberg, B. (2010, April). *Your People Are Half the Battle*. CRM Magazine. Retrieved from <http://www.destinationcrm.com/Articles/Columns-Departments/Reality-Check/Your-People-Are-Half-the-Battle-66116.aspx>