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Customer Relationship Management
& Sales Automation Consulting

Six Ways CRM Can Increase Your Sales

CRM (Customer Relationship Management) is helping companies all over the world. CRM helps companies increase sales, improve customer service and enhance marketing. EduComp is putting together a group of publications on CRM and how it can help your organization. This first document focuses on CRM and how it increases Sales. Further publications will look into other disciplines, and into specific industries.

1) Pipeline Management

When you think of salespeople managing a pipeline what comes to mind? Salespeople choosing wisely which tasks to do first; which deals to work on, which deals to give up on, and when it is time to stop working on current deals and prospect for new blood? Today's CRM systems allow for just that. If your salespeople have multi-step sales cycles, multiple priorities and deals, responsibilities for lead generation as well as pipeline management, CRM can help them choose which tasks will lead them to greater commissions, and the company to new customers and increased profits.

Managing sales cycles – For companies with complex, multi-step sales cycles, effective CRM solutions allow you to create your sales process within the application. This allows for your sales reps (and sales managers) to know which steps of the sales cycle have been completed, and which ones have not. It allows you to request or even require your reps to input the sales situation into the system. You can choose the information to be input based on specifics like:

- Length of your sales cycle
- Nature and size of your deals
- Types of qualifying criteria you should use
- Your industry
- The number of players involved in your deals
- Sales team size
- Sales team experience
- Management team experience
- Comfort level of your organization

Do you want to force sales reps to do "admin" work and key in information about deals? That is ultimately up to you. (See the section below "A Few Words about Resistance".) Suffice it to say that taking the proper steps during sales cycles helps to qualify prospects, keep deals moving forward and improve the likelihood of closure. Are your reps taking all the right steps? In the right order? Again, the need for this will depend on the size and experience of your sales staff (and their current close ratios!).

Would you like to see if a salesperson consistently loses deals during a certain step in the sales cycle? Would this allow you to figure out if he or she was 1) Not qualifying enough (Sunshine Pump Syndrome), 2) Not positioning your solution or your company properly in the early stages or 3) Just having trouble asking for or getting to that next step?

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So a CRM system can help with quality control of sales cycles, allowing you to monitor your leads through specific sales stages. The next question becomes, are your reps spending time on the right sales cycles? Or enough time knocking on doors?

2) Activity Management

Sales is a profession where time and priority management usually make or break the success of the person. There is always another place for a salesperson to spend time. Some of these are:

- Working with the "research" person at a large organization asking for yet another piece of info (who oddly enough has the title of assistant to the assistant to the assistant analyst and claims to be "in charge" of the buying decision)
- A networking event that might yield a great contact, but take all day
- Cold calling from the phone book
- Follow up calling from a marketing campaign
- Driving to office parks and dropping brochures
- Working on a marketing campaign that may or may not get funded
- Writing a white paper or article on your industry that may or may not get published
- Researching prospect web sites
- Planning sales cycles (but only for qualified leads)
- Researching and studying new products
- Buying lottery tickets

Juggling all of these and more is a daunting task.

Prioritizing – A CRM system can help the sales rep to prioritize tasks. So you think, well a Palm Pilot can organize tasks as well, right? Yes it can, and so can a very basic contact management or activity management system. So can a spreadsheet. A powerful CRM system can go to the next level by letting you look at tasks based on whether a task is for instance:

- Associated with a sales opportunity
- Efficiently moving a sales cycle forward
- An appropriate marketing activity
- Fitting into an overall strategic initiative

CRM allows you to look at your tasks daily, weekly, monthly and even annually. Are there enough instances of networking each month? Why are there 40 activities affiliated with that dead sales lead? If you want to cold call three mornings next week, you better reconsider that marketing meeting, etc. Too many people (salespeople and others as well), use a calendaring system as a time filler. Not as something that can help you intelligently manage time and priorities.

EduComp recommends that you use your CRM system as a priority setting tool, and many CRM systems help you do that.

Well organized business people know about advanced planning and blocking out time for important tasks. A well utilized CRM system cannot figure out all of your prioritizations for you, but it can help. One big thing that a CRM system allows is for you to input the time blocks, repeat them if necessary, remind you that they are

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coming and tell you if you are attempting to schedule something that is in conflict. For instance, you may want to make sure you cold call for 2 hours on Tuesday and Thursday mornings, attend 3 networking events per month, and have a planning meeting the first Wednesday of each month.

Once tasks are input and/or completed you can run reports to quantify results. More will be explained in the "reporting" section of this document, but for now, would it help you to know:

- How many "touches" does it take with a prospect to get a sale?
- Which sales reps close deals most often once they receive a lead?
- How many new opportunities has a certain rep found this year? How many closed?
- Where are my leads coming from? Which lead sources turn into closed deals?
- If a train leaves Boston at 2:00 pm heading west, and another leaves Chicago…

Qualifying – As mentioned above in the "Pipeline Management" section, you can input sales stages into your CRM system. Additionally, you can input qualifying criteria. So some companies put in a list of questions, all of which must be answered appropriately before the salesperson can either move to the next step, request company resources, even travel to the prospect site.

Would you like your sales reps to consider a standard set of criteria in the early stages of the sales cycle before spending more time on a lead? Would you like to feel comfortable that reps were spending time on the best leads, and dropping the bad ones to make time for marketing and prospecting?

3) Sales Management - "How can I help?"

Successful sales managers realize that they are only as good as their team. From top to bottom, sales managers and people above them are continually asking "How can I help?" when it comes to their sales reps. They will have a hard time helping the team if they do not know:

- The strengths and weaknesses of their sales team
- Where they are being stymied
- Where they spend their time and effort
- Which deals they focus on
- What confuses them
- What stops them from spending time on the right tasks

The first way a CRM system helps a sales manager is allowing him or her to input a recommended sales methodology. This way, sales reps are giving a path to follow when it comes to deals, all the way from initial contact to close and follow up sale. The amount of detail is up to you, but most companies find a balance for their company's environment and industry.

Once that is accomplished, managers can monitor reps and their deals, watching where deals get log jammed. If most of your reps have the same slowdown area, perhaps they could use specific training, or your product weaknesses get exposed at that stage or your competitors have figured out a way to put themselves in a positive light at that stage. If one rep has a problem at a given stage, individual counseling may be the answer.

Tracking sales steps also helps with tracking activities in general. Not only can you tell where sales reps are being held up, but you can see how much time they are spending in certain areas. The rep who claims to be cold calling diligently can be called to the carpet if their "calls logged" numbers are on the bottom of the heap. Tracking also helps the sales manager expose deals that are sucking up resources. Just because a deal is stuck in the early stages for a while does not mean the rep is acting inappropriately. It is often the case where there is no action on a deal coming for a quarter or two. The only inappropriate action is spending a lot of time or resources there, and tracking can tell you that.

Tracking also assists in the forecasting process. This can help you predict cash flow, and either inventory or service needs or both.

4) Remote and Synchronization Capabilities

EduComp generally advises companies not to base CRM, or any technology decisions, based on the latest wiz-bang technological advancements. However, if your sales reps, or any key personnel travel, remote capability is not a technical "cool thing" for the IT guys to talk about between foosball matches. Remote and sync capability is a requirement for these portable sales teams.

Think about the sales rep waking up in Des Moines. He/She needs to call on 6 customers in the next three days. Now, assuming that laptops are within the budget, it seems silly not to equip this person with every tool they have at home. The sales rep on the road with a viable CRM system can:

- Review the accounts he/she is going to call on that day
- Review the sales history, all prior interactions with your company including customer service calls for current customers
- Contact the sales manager with questions and have a productive conversation since the manager can see the same information
- Plan the sales call based on where the deal is in the sales cycle
- Report back and sync back from the hotel room after the end of the day
- Even work on the airplane on the flight home

Before you say that the salesperson needs some time where they are not working, ask one if they would rather work in a hotel room in Jackson Hole, or be at the office on a night that their family is waiting at home. Many people love to catch up on work in airplanes, or on a train or bus, allowing them more time for family and leisure.

Now, web capabilities are not required for everyone. And that is a place to be wary of the "wiz-bang" selling. If you're equipping a call center with CRM, your sales reps are local and don't take laptops on sales calls, or need to work at home, you probably do not need remote capabilities. Also, some people can work without the "true web" or "true thin client" abilities. Many users can work effectively with a high speed connection securely connected to your server. In this case, the software is not really "thin client" and does not need to be.

Finally, sync capabilities are more important than "true web" and "true thin client". True web allows you to access your server data from a laptop, which is important. However, this alone means that the laptop does nothing when not connected. Synching allows you to work online OR offline. Synching is what helps your company. Just about any software package can be accessed remotely at this time. Many require a small footprint on the client side. The value is being able to work online or offline, and synching back the data.

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Bonus Section – A Few Words About Resistance

Once a long-time CRM administrator was asked “What was your ROI on your CRM project?” His reply? “We had a sales rep leave two months ago. His quota is $2 million a year and he went to a competitor. We have all of his contacts, appointment notes, plans for upcoming sales, activities, opportunities and forecasts. Even if he didn’t input all of his information, in my mind, we just made $2 million dollars.”

Sales reps, especially quality ones, especially seasoned ones, often resist CRM systems. And guess what? Many of them won’t improve their sales very much if you force them to use a CRM system! But guess what else? If they don’t use it, your project will probably fail.

Give or take a few percentage points, you are going to have three types of sales people; The top 10%, the bottom 10% and the great mass or 80% in the middle. The top players will succeed regardless. The bottom players will fail regardless. If the middle 80% can increase sales by as little as 10%, think about what that would do for your organization!

The truth is, that the top players HAVE to use the system. You can potentially have successful CRM without them, but it is pretty difficult to tell a “pretty good” rep that he/she has to use the system when his/her hero doesn’t!

Another factor to be aware of is the “I never needed one” syndrome. Managers who have been around for a while, who did not use CRM systems sometimes do not enforce the rule of reps inputting info. The message for them is:

- It’s 2003 and these systems are now helpful, not encumbering.
- We have enough reps, spread out geographically, that we need ways to have consistent performance across reps and territories. This will help.
- We need to predict cash flow, and inventory and labor trends
- We need to have our reps effective on the road.
- (Favorite of Sales Managers:) This can help give YOU control over your sales reps, your destiny and your commission.
- For current customer add on sales, it will reduce the chances of ill timed service calls, marketing campaigns, bill collections, etc, made by other departments.
- We need to even out forecasting. This means that we need consistent measurement of what is considered 50% likely to close, 75%, etc.
- (Should be the Favorite of Sales Managers:) Our competitors will use them and eat our lunch.

Finally, if the data your sales people use legally belongs to you, it is your data. This is not something that the salespeople want to think about, or hear about, but it is true. Having a CRM system, like it or not, safeguards your organization against people taking key information if and when they leave your organization. Like our friend at the beginning of this section, this part of CRM alone can save your company a ton of money.

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5) IMPROVE OTHER AREAS (to help sales)

Improving Customer Service, creating better Marketing and improving overall operations are obviously goals unto themselves. This section focuses on how improvements in these areas can relate to sales.

Information Sharing Between Departments (and Systems)

This issue is the Key for organizations that want to achieve excellent customer service. So many businesses have multiple people, or multiple systems (web sites, automatic answering services) that need critical customer information. How many times have you talked to person A at company X, and they are close to solving your issue. You call back the next day and person B has no idea what you are talking about, and oh by the way, never heard of person A! This is less common now than it was 10 years ago, but it still occurs. Many larger companies have improved customer service by implementing processes that are supported by CRM systems.

In the above example, the company could be a B2C company, with you being the C. What about the B2B with complex sales cycles and even long, complex add-on sales cycles. Do you segment customers into service levels? Wouldn't it be nice to give Gold level service to a normally Bronze level customer while you are in the middle of a huge add-on sales cycle? Would you want the call center to know about this? What about consultants or technicians on-site? What about being lenient on a $10 policy decision for a widget replacement during the week the $100,000,000 widget sale was about to go down?

Solid CRM means everyone in your company being able to see up-to-date customer information. Right now. Accurate. Any terminal. Any media. Any employee or business partner. The ability to see history, interactions, status, products owned, everything.

The information sharing is also between systems. Current well developed CRM applications integrate easily with your billing system, collection systems (if you have one), inventory, order placement system, etc. Additionally, CRM should integrate with your email system, fax systems, file management, etc.

Bottom line: Sharing information about customers will help sales. First by avoiding pitfalls like the one described above, and second by developing your company's reputation as one that delivers excellent customer service.

Customer Service Best Practices

It is imperative to treat customers the same way each time they contact your organization. How many times have you spoken to one person at a company and received an answer, only to call back the next day and receive a different answer? This is aided by sharing information about customers, as discussed above. But more so, publishing customer service best practices, and implementing them similar to sales cycle methodologies, will go a long way to having happier customers.

Having standard responses and procedures for handling customer issues and questions helps you achieve:

- Shorter training time for new Customer Service Reps
- Quicker problem resolution (more problems solved, shorter on hold times, etc)
- More accurate problem resolution
- More "one and done" calls vs. calls needing follow up
- Consistency to help your reputation

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Marketing
Having a great sales system will help to increase sales, as will better customer service through information sharing and application of best practices. The third major way CRM can help your sales team is by giving them more material to work with.

While companies will vary by industry and philosophy on marketing budget as a percentage of expenditures, virtually all companies spend some amount on marketing. Effective marketing gives your sales reps qualified leads, which can:

- Increase sales per rep numbers astronomically
- Increase average deal size
- Decrease the length of sales cycle
- Position your reps more effectively

CRM allows you to market effectively and then measure your results. Do you want a marketing campaign based on the phone book? Would it be better by SIC code? How about SIC code and company size? What about active customers vs. prospects vs. companies you have never contacted? What about only current customers with a certain criteria, like product owned and company size?

Then the next step is to set up a campaign to a target audience, potentially with multiple phases, execute the campaign, and measure results. CRM allows you to achieve marketing excellence, which will increase sales.

6) SALES REPORTING

Reporting is for bean counters, right? WRONG. Sales is a numbers game. How many phone calls? How many appointments? How many new leads generated? How many direct mail pieces and follow up calls to create x number of leads? How many deals closed? How many closed vs. leads generated? The list goes on.

If you have more than 2-3 sales people in your organization, and/or spend any significant money on marketing, and/or have more than 2-3 people that deal with customers, these questions are critical to your universe. Or they should be!

CRM allows your company to track ALL relevant activities and slice and dice by:

- Activity per sales rep
- Activity per customer service rep
- Number of marketing pieces
- Activities for a customer or prospect
- Calls from a customer, customer type
- Service calls per customer
- Leads generated
- Length of time to get from lead to closed deal
- Number of deals closed
- Etc

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Wouldn't it be nice to know this? Most managers and C-level executives want this type of information. CRM gives you this, as long as you have people inputting the information, and you set up your system to gather the information properly. Then, this information can be used to adjust strategies and procedures.

Summary

It is clear, that if implemented correctly, CRM can increase your company's sales and customer retention. Using CRM correctly is based on planning, determination, more planning, and utilizing expertise to avoid wasting time and money. Stay tuned for more publications from EduComp on how CRM can improve your universe.