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Seven Tips for Profiting from Lean Times with CRM

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By Paul Gillin

Long before recessionary pressures gripped the U.S. economy, businesses were struggling with the challenges of an increasingly competitive sales environment. As more companies vie for the attention of demanding and information-empowered customers, the ability of sales, marketing and service organizations to improve the efficiency of their customer-facing teams becomes a competitive essential.

Difficult times often prompt businesses to pull in their guns. They become inwardly focused, risk-averse and protective of their existing accounts. Faced with a business downturn, they shift their attention to conserving capital and minimizing risk. This reflexive reaction nearly always backfires. When the economy recovers, these companies find they have fallen behind their competitors and are in a poor position to catch up.

There is no better time to drive ahead of the competition than when it is playing defense. Many of America's greatest companies enjoyed their strongest growth by taking advantage of adversity to try new tactics and offer customers compelling alternatives. As famed investor Warren Buffet has said, "Be fearful when others are greedy and greedy when others are fearful."

Smart business executives have learned that investing in customer relationships and overall effectiveness pays big dividends when the rebound invariably occurs. A tight economy is a good time to try new tactics, educate your sales force and adopt metrics that yield insights about the effectiveness of your sales and marketing programs. Now is the time to embrace new ideas so that when business improves, you will have the edge on your competition. Start by investing in technology to support and drive these new ideas throughout your organization.

The box below lists seven tips for leveraging customer relationship management (CRM) processes to turbo-charge your sales operation during lean economic times. Let's look at each of these tips in more detail.

1. Overhaul your sales methodology. In his landmark book *The Innovator's Dilemma*,[1] Clayton Christensen cites many examples of companies that appeared to be on top of the world even as their business was being eaten away beneath them. When the rules changed, these businesses collapsed with stunning speed.

1 Christensen, Clayton M. *The Innovator's Dilemma: The Revolutionary Book that Will Change the Way You Do Business*. New York: Collins, 2003.

Seven tips for boosting your sales operation during lean economic times with CRM:

1. **Overhaul your sales methodology.** Enable all your reps to perform like your best rep. Get your sales team working at peak levels.
2. **Turbo-charge your sales teams by embedding best practices into the selling process.**
3. **Optimize forecasting accuracy.** Get a better handle on your sales outlook, and spot and fix problems early.
4. **Improve prospecting effectiveness.** Find warm leads faster, and route them to the rep who can turn them into sales.
5. **Link marketing to sales results.** Are you tracking every single marketing message through to a sales outcome? You should.
6. **Scrutinize customer service levels.** Satisfying existing customers is the best way to generate repeat sales. Know who those customers are and how to service them.
7. **Mobilize your sales team.** Arm your reps with all the information they need to make the sale. Then get them out on the road.

Complacency can lead to disaster when business conditions change. Smart companies continually reevaluate their sales methodologies to adopt new tools and new thinking. Take this opportunity to streamline and modernize your processes by learning from the experts.

One significant advantage of world-class CRM systems is that they incorporate years of customer experience and methodologies defined by domain experts; essentially, these suppliers have built into their software the knowledge of what works and what doesn't. This can reduce your risk and accelerate results. Packaged expertise can cut months off your training cycle, winnow out inefficiencies and ensure that your sales force is working at peak levels. In effect, packaged CRM can augment your internal sales training with expert advice within a single license fee. On-demand software makes the deployment process fast and flexible.

CRM enables sales organizations to develop an integrated view of the customer that begins at the initial point of contact and proceeds throughout the duration of the customer's involvement with the business. The account history is continually updated and fed back into the sales automation system to create new opportunities. Customer engagement doesn't end with the sale, and careful attention to a customer's purchase and service patterns can create many additional sales opportunities.

Among the benefits of this approach are:

- A more informed sales force is better equipped to identify and take advantage of cross-sell and up-sell opportunities.
- Customer service representatives are more efficient when they understand previous interactions and can create individualized customer experiences.
- The effectiveness of marketing programs, promotions and incentives can be correlated to results at an individual customer level.
- The relationship between sales representatives and customers is strengthened when reps better understand the customer's history and relationship with the company.

Developing this integrated view of the customer requires harmonizing multiple software applications that track customer interactions. In many companies, these applications are balkanized and isolated. A comprehensive CRM solution that spans sales, marketing and customer service combines information about multiple "touch points" into a comprehensive view of the customer that can be overlaid on the sales lifecycle. When evaluating CRM providers, look for those that have the technology and skills in-house to provide this integration. True application integration requires detailed technical knowledge of the inner workings of software and databases. Be wary of vendors that claim to deliver integration through "bolt-on" modules or third-party alliances.

2. Turbo-charge your sales teams with best-practice behaviors. Every sales organization has star performers, the people whose productivity and effectiveness stand head and shoulders above the rest. Successful sales organizations excel at cultivating the knowledge and tactics of these valued employees and sharing them with others. However, training is often a bottleneck that can distract salespeople from their core mission of generating revenue.

Today's CRM solutions embed best practices at every stage of an organization's sales process. In addition to general sales expertise, these practices can be enhanced by individual organizations with techniques that are specific to their markets and people. World-class CRM provides a structured methodology that guides representatives from initial contact to closing, using rules, scripts and tracking procedures defined by management.

Oracle CRM On-Demand's Sales Process Coach is an example of this new discipline. Sales Process Coach can be configured to guide sales professionals down the most effective path to closing business at every point in the sales process. The application continually presents the most relevant information to the opportunity and requires reps to collect critical information that moves the sales process forward.

Credit management firm Equifax used this approach to achieve a payback of 10 months and an ROI of nearly 400% on its investment in sales-force automation. The company standardized its CRM strategy across its global organization and embedded best practices into the process to improve sales visibility, reduce review times and increase sales-manager productivity. Managers now spend less time trying to understand sales problems and more time driving growth.

A rules-driven approach can drive successful tactics that are optimized for different groups within the organization, establish best-of-breed timelines and tactics and integrate successful scripts into each representative's vocabulary. For example, an enterprising and highly successful business-to-business sales representative at a wholesale food distributor who has just relocated to a new territory across the country may conclude after a few quarters that deploying unique customer contact and relationship practices based on regional preferences leads to higher sales.

Embedding these best practices through the optimized sales workflow capabilities in Oracle CRM On Demand ensures that such learning can be immediately and reliably adopted through a consistent process. The lessons learned from success are no longer bottled up in the minds of your best employees but are permanently captured in an evolving methodology.

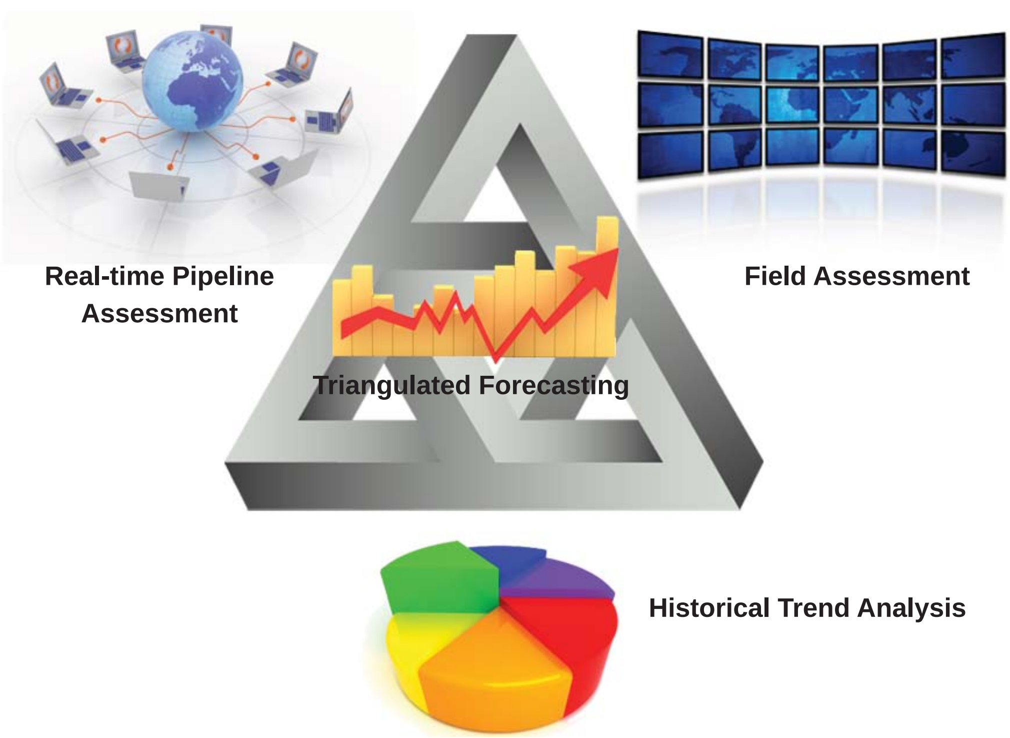
3. Optimize forecasting accuracy. Even during the best of times, investors can punish companies that fail to meet financial targets. When the economy is uncertain, those penalties are even more severe.

Forecasting gives sales managers headaches. Individual representatives often misstate their potential sales. Historical analysis alone is insufficient as a guide to the future. The most reliable forecasting process incorporates three different perspectives in a discipline called *triangulated forecasting*.

As illustrated in Figure A, this approach integrates field assessments, real-time pipeline assessment and historical trend analysis to compare snapshots of opportunities and forecasts over time. By correlating historical fact with predictions from the field, sales managers can reality-check their assumptions and set more achievable quotas. By comparing what has changed in the forecast week to week, organizations gain an increased ability to focus on trouble spots, get to the point quickly and filter out blue-sky projections.

Eastman Kodak's Graphics Communications Group used Oracle CRM On Demand sales forecasting to streamline a disjointed process that had been created by multiple acquisitions. Previously, the company's sales reps kept their pipeline, contact and lead information in individual spreadsheets that were consolidated manually. The

Figure A



Triangulated forecasting integrates field assessments, real-time pipeline assessment and historical trend analysis to compare snapshots of opportunities and forecasts over time.

company replaced this error-prone process with a Web service that enables sales reps to file reports from the field. The software immediately applies analytics and best practices to recommend the steps needed to close business and assigns probability rankings based on past experience. The system has not only improved forecasts by standardizing reports but also enhanced the customer experience by providing more accurate information about what products the customer will need and when.

The best way to achieve triangulated forecasting is by integrating historical information from a data warehouse into the analysis. This enables a sales manager to identify previous conditions that offer clues about future sales performance. For example, a warehouse may reveal that customers in certain regions delay their purchases during the first calendar quarter every year due to inclement weather. Having this information available enables managers to make more reliable quarterly forecasts, which leads to better corporate financial planning and may even have benefits in production planning.

Be careful of third-party tools that "bolt on" to the forecasting engine. These tools often aren't integrated with the data that companies use for sales-force automation and may require complex extraction and loading procedures. Poor integration can lead to bad forecasts and disastrous results.

Oracle CRM On Demand provides analytics capabilities embedded into the application that work hand-in-hand with live data. The ability to perform historical and comparative trend analysis and match it to current information enables sales managers to anticipate changes quickly. Oracle CRM On Demand even provides real-time alerting and automatic suggestions of the best practices for responding to variances.

This capability is delivered in a real-time dashboard, as shown in **Figure B**, that displays key analytical data graphically and that can be customized to an individual sales manager's needs. For example, a manager can view current and historical results of her accounts and can overlay that with reports by sales rep, geography, industry and other relevant data.

Another important component of accurate forecasting is pipeline management. This answers operational questions like:

- How much revenue is in my pipeline at each stage?
- Which of my reps are most and least effective?
- Where are there bottlenecks that require action? For example, one rep may have far too many active accounts while another has too few.

By visualizing this information in a continually updated dashboard, managers can instantly react to problems, opportunities and variations and prevent problems from spiraling out of control. For example, a dashboard can quickly indicate the quality of the sales pipeline and also which prospects are most likely to convert to sales in a given period. A dashboard can also identify shortfalls against historical performance, enabling managers to better target a proactive response.

4. Improve sales prospecting effectiveness. Lead qualification is one of the great productivity drains of the modern sales organization. The Alexander Group has estimated that salespeople are so consumed with finding qualified leads that barely a fifth of their time is actually spent selling.[2]

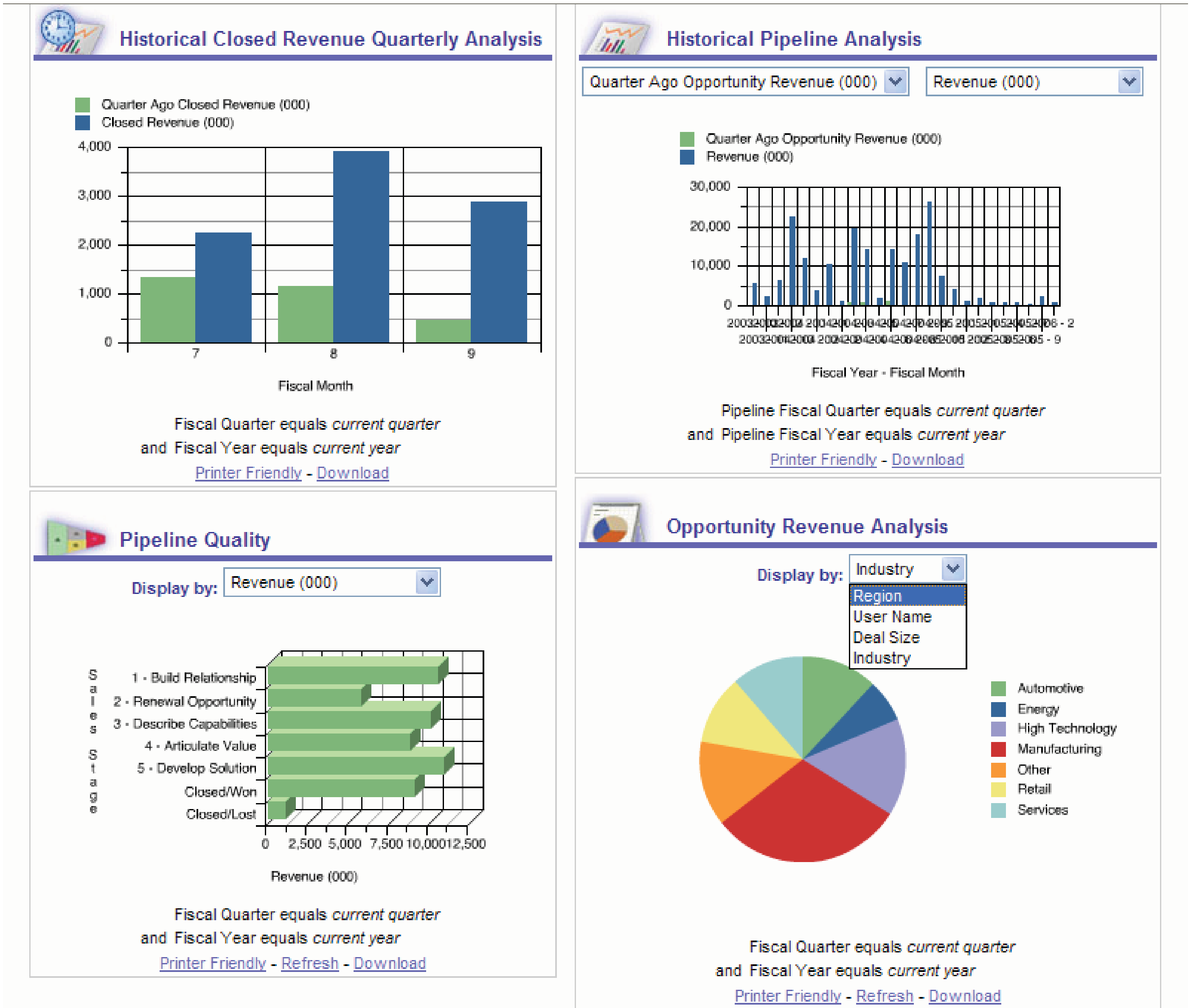
Basic CRM tools can help out of the box. For example, lead assignment and opportunity management ensure that warm leads are routed to representatives who are best equipped to handle them. In many organizations, this process is managed manually, but lead-assignment systems can integrate a variety of factors to route opportunities intelligently. Variables such as sales rep availability/expertise, customer history and even the marketing offer that brought a prospect into the pipeline can be factored into the equation.

Customer-interaction tracking captures every "touch" with the customer or prospect. Lead-qualification scripts can be shared and evaluated, with best practices quickly routed to reps who need them. Follow-up e-mail integration ensures that prospects get a timely confirmation of their sales interactions.

Leading software companies are also bringing advanced analytics to the lead-qualification process, incorporating a variety of collaborative and Web 2.0 tools to dramatically improve prospecting effectiveness.

2 Alexander Group/Columbia Business School. *Making Sales Time Your Strategic Advantage*. 2007.

Figure B



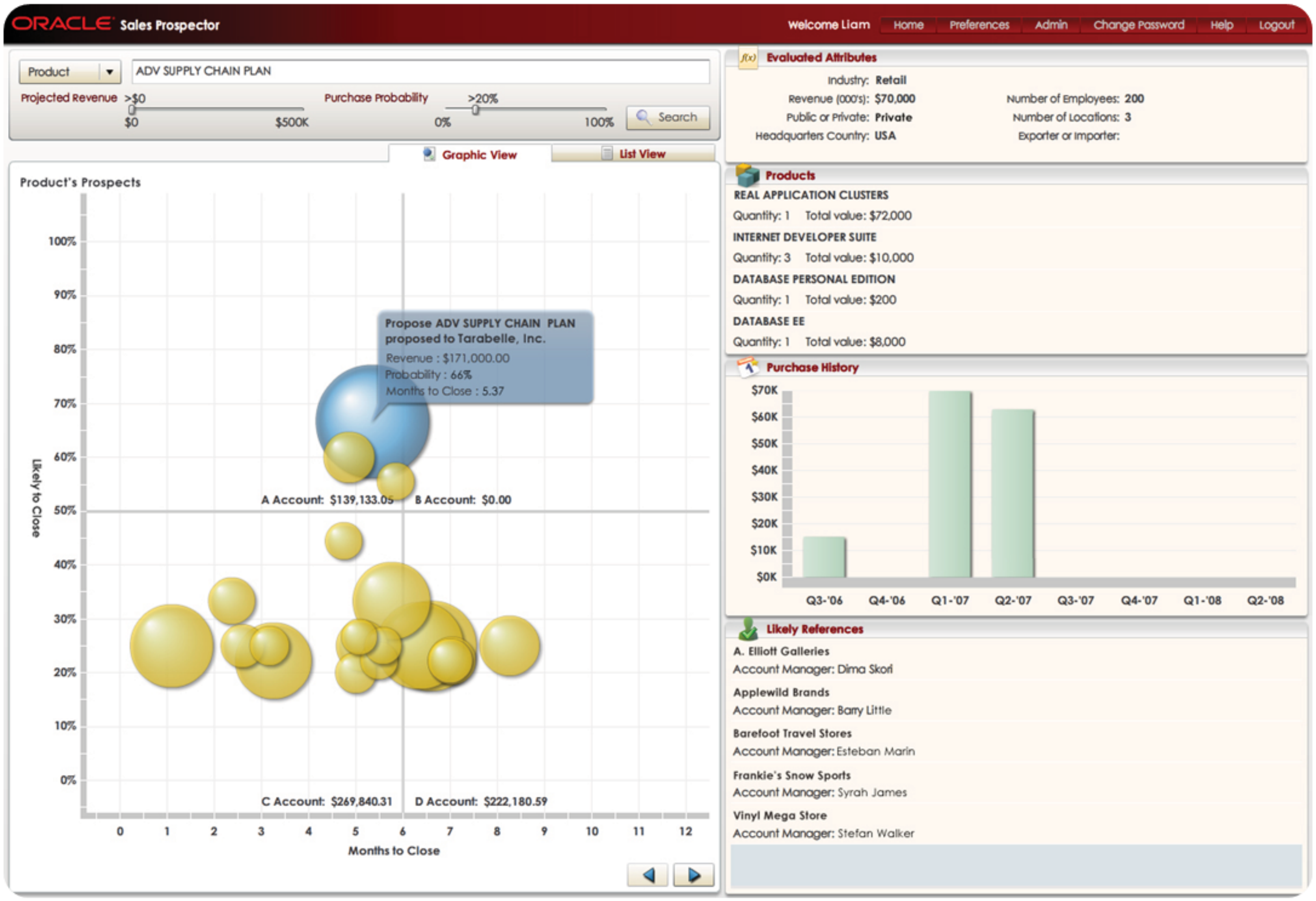
Oracle CRM On Demand can display a real-time dashboard that provides customized graphical analysis of data relevant to individual sales managers.

One example is Oracle Sales Prospector, part of a new generation of Social CRM applications the company has unveiled that leverage collaborative Web 2.0 technologies on a highly secure, scalable and enterprise-ready platform. This application analyzes purchase patterns of existing customers by mining information across the enterprise and public domain, and then identifying what products and services to sell for white-space and greenfield opportunities.

Through a visual representation, as shown in **Figure C**, Oracle Sales Prospector provides information about a sales rep's top prospects and their expected revenue, the probability of close and the estimated time to close. It also helps identify potential customer references. Because it requires no data entry and no training, the application provides almost immediate utility for sales representatives. Oracle Sales Prospector is what Oracle calls a "de-coupled" application, meaning it works with any CRM system, not just Oracle's.

5. Link marketing to sales results. Marketing is often thought of as being more art than science, but it doesn't have to be that way. Sophisticated analytics now make

Figure C



Oracle Sales Prospector visually depicts a sales rep's top prospects and their expected revenue, the probability of close and the estimated time to close.

it possible to track responses to marketing campaigns down to the individual customer. This can potentially revolutionize a business's approach to marketing.

A good sales process builds a 360-degree view of the customer, beginning with the first touch. Marketing automation tools embedded in leading CRM systems can help businesses match campaigns and even individual messages to the characteristics of the prospect. No longer is marketing a matter of "throwing mud against the wall" to see what sticks. Messages and offers can be customized to address specific issues within an industry, a company or even an individual prospect. Then results can be tracked to yield immediate insight about which tactics work best.

All of this is integrated into the sales lifecycle so that lead-qualification scripts are tuned to the messages and offers that pique the prospect's interest. Warm leads are funneled to the sales reps who are best equipped to handle them. Responses can even be incorporated into the priorities assigned to those leads, so that an engaged prospect is assigned a higher place in the queue than a casual one.

No matter what the economic circumstances, businesses should double down on successful marketing campaigns. Real-time tracking is an essential element of this process. Sales managers know that time is of the essence when responding to a prospect's interest. Marketers and sales managers should have current statistics about active campaigns as well as analytical tools to delve into past campaigns. When integrated with lead tracking, marketing analytics can yield powerful ROI analysis for use in budgeting and campaign planning.

6. Scrutinize customer service levels. Sales professionals know that it is easier to sell a product to an existing customer than to find a new customer. In a challenging economy, customer service is of the utmost importance. When budgets are tight, customers are more likely to defect to a rival offering a lower price or a more enticing incentive. Don't let inadequate customer service alienate your best customers.

Customer service management requires being able to answer several key questions. Among them are:

- Who are your best customers?
- What are their spending patterns?
- What are their individual needs and the needs of their companies?
- What concerns or issues do they have that may or may not be resolved?
- What is their current level of satisfaction with your products and services?
- Which promotions or incentives have worked with them the past?

This analysis enables a company to design processes that give their best customers optimal service. For example, certain customers should be routed to service representatives who have worked with them previously. Rules can also be applied to direct service requests to the representatives with the greatest expertise in that area. The key first step is to create customer profiles that include sales and service history, and to customize customer service interactions to reduce frustration and speed time-to-resolution.

Service representatives need to be armed with the most up-to-date knowledge to help their customers. State-of-the-art CRM systems today enable businesses to capture all service transactions in a central database and to track activities by customer account. New Web 2.0 features also make it possible for service reps to comment on and share their best tactics. Data analytics can then be applied to this master repository to identify problem areas as well as opportunities for enhanced service offerings.

In today's wired world, customers are also demanding multiple service channels. Self-service is a Web- or telephone-based feature that enables customers to answer many of their own questions without connecting to a service representative. This requires companies to open their solutions databases for customer access through an intuitive navigation scheme. When help is needed, customers should be able to easily invoke a chat session or phone call.

No matter what approach to service is used, innovative companies continually feed back customer service experiences into the sales organization to empower representatives with a complete customer view. This becomes part of the sales-lifecycle management process outlined earlier.

7. Mobilize your sales team. Deploying the latest networked devices and applications can increase sales productivity by 30% to 40%, according to recent Yankee Group research.[3] Field sales representatives now have an arsenal of mobile information tools that can dramatically improve their effectiveness when out of the office. Mobile CRM services aren't just browser displays delivered to handheld computers, though. They must be designed to accommodate the characteristics of the device. Extensive scrolling and navigation through multiple screens can be painful for a mobile user with limited time to close a sale. Look for CRM solutions that are designed specifically for the needs of travelers.

For example, a mobile sales rep might need a screen that lists all of his activities for the day, with one-click access to information about each customer and account team. A second click could initiate a call or text message or even provide driving directions to the customer. The application would make it easy to capture notes about customer interactions and to share them with others. Up-to-date information from headquarters, service records and even news reports from public information services might be easily included. Finally, the mobile application should easily synchronize with the production CRM system.

Mobile applications can also take advantage of increasing wireless network speeds as well as the flexibility of devices to display presentations and collateral. Field reps can now quickly access collateral, supporting documents and even multimedia presentations to display at the client site. Social-networking capabilities make it possible to quickly identify sources of expertise within the organization. The emerging concept of "presence" makes people with domain expertise available whenever needed to sales managers, colleagues and customers. A technology-empowered mobile workforce may be your best opportunity to leap ahead of timid rivals.

3 Yankee Group. *Unleash the Hidden Power of Your SMB*. 31 January 2008.

More Experience Yields the Most Customer "Best Practices"

Challenging business environments dramatize the importance of customer relationships. Customers are difficult enough to find and nurture in the first place; in a tough economy, they become the lifeblood of the business. It is broadly accepted that the cost of finding a new customer is about five times that of retaining an existing customer. Those expenses only increase in difficult times.

CRM systems incorporate best practices for prospecting, closing and nurturing customers. They enforce disciplined excellence and create the foundation for new growth when business rebounds. CRM addresses the single most important imperative for all businesses: generating revenue.

There are dozens of CRM products on the market, but only a few have a pedigree that has withstood the test of time. Oracle CRM On Demand is based on Oracle's Siebel CRM, the world's most widely used packaged CRM suite. The software incorporates the requirements and experiences of thousands of customers and millions of users assembled over a 15-year history, and is widely considered to be the most complete CRM solution on the market.

With their rapid speed of deployment, integrated analytics and built-in best practices, on-demand CRM solutions can quickly vault a sales organization ahead of its rivals. And because of their flexible licensing structure, on-demand solutions can be deployed selectively, enabling businesses to deploy only as much CRM as they need. The best time to streamline and turbo-charge the sales process is when competitors are looking the other way. That's why now is a good time to make the shift to a CRM solution that can catapult your organization into the next round of growth.

Oracle

Oracle (NASDAQ GS: ORCL) is the world's largest enterprise software company. Oracle technology can be found in nearly every industry around the world and in the offices of 98 of the Fortune 100 companies. Oracle's Siebel CRM On Demand delivers the industry's most complete subscription-based solution for sales, marketing and service, providing organizations of all types and sizes with rapid time-to-business value. Oracle is the world's leading supplier of software for information management and the world's second largest independent software company. Visit our Web site at: http://www.oracle.com/crm.

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About the Author

Paul Gillin has chronicled the information technology revolution since the dawn of the PC era. He joined *Computerworld* as a staff writer in 1982 and served as senior software editor at *PC Week* and founding news editor at *Digital Review* before returning to *Computerworld* in 1987. In 1999, he became the sixth employee at a startup soon renamed TechTarget, where he engineered its transition into a leading source of original news and technical advice. He now operates his own firm, helping technology companies connect.