

Revitalizing Your “CRM” Initiative

In this three-article series, we’re considering a few of the most relevant Customer Relationship Management (CRM) practices that can impact the effectiveness of small and fast growing asset management companies.

With historical data indicating that CRM spending has increased 12-15% per year since 2010, Gartner predicts continued strong growth through 2017 when the total market is expected to reach \$36 Billion¹.

Based on these figures, it is very likely that you and your competitors have already invested significantly in CRM and will continue to do so, seeking to maintain an edge and stay relevant in the marketplace.

“The purpose of business is to create and keep a customer.”

— Peter F. Drucker

Why the Need to Revitalize?

Despite significant investments, many companies still report limited success with their CRM initiatives.² In seeking to understand and improve on these experiences, we often find that the failure to achieve desired results stems mainly from non-technical factors such as inadequate executive sponsorship and lack of training.

Recently, a national sales manager of a fast growing asset manager determined that his original bare bones distribution organization had reached the point where three field wholesalers could no longer keep up with significant increasing demand in the broker-dealer channel.

Using historical sales data, the firm thoughtfully reconfigured its three original territories into six new territories and added three experienced field wholesalers. Three internal wholesalers were also added, each supporting two territories. This well-intended expansion strategy assumed that new externals and internals alike would hit the ground running, enabled by the firm's two-year old CRM platform.

¹ Gartner, *Worldwide IT Spending Forecast, 3Q14 Update* (<https://www.gartner.com/doc/2856522>)

² CIO, *What to Do When Your CRM Project Fails*, Taber, D., Oct. 8, 2013 (<http://www.cio.com/article/2381909>)

This seemingly well-planned expansion quickly stalled when it became apparent that the CRM system did not contain current and complete producer and prospect profiles, up-to-date contact information, or consistent, informative and insightful notes regarding previous interactions.

Executive management had not adequately championed the initial CRM initiative and users were never sufficiently motivated to adopt the new platform. Although the original wholesalers possessed extremely valuable sales intelligence in their heads, this knowledge was never fully institutionalized. Unfortunately, the sales manager's incorrect, albeit well-intended, planning assumptions set the expansion initiative back by several months while territory transition efforts focused on gathering, cleaning and updating data about relevant contacts and firms.

Deriving Value from CRM

Our previous article, *Re-Introducing CRM*, established that CRM provides a platform to facilitate:

Focused Execution - ensuring that your investment of significant time and energy in territory planning yields actual, measurable results in the field

Relevant Interactions - ensuring that you target the right messages to the right financial professionals at the right time

Customer Experience - ensuring a consistent, positive and relevant experience for financial professionals in all interactions with your team

If you are experiencing consistent success in these three key areas, then you are likely managing your CRM platform very effectively and you're well on the way toward maximizing its value to the organization. More realistically however, most companies are only achieving limited success in one or two of these areas at any given time. These organizations need to reexamine their efforts.

Guiding Principles - The earlier article distilled general industry best practices into three specific guiding principles that distinguish successful CRM initiatives. They are:

Business Driven - measurable business goals drive CRM functionality

People Oriented - functionality is implemented specifically for people who are going to interact closely with other people

Simple - relevant data and minimal customization form a strong foundation for future growth based on business needs

In this second article, we'll review steps for applying these principles to revitalizing a CRM initiative that has not yet produced the desired results.

Taking a Business-Driven Approach

The most successful CRM initiatives begin with a solid understanding of the organization's overall long-term strategy and plan for growing its business. The key is to focus on the goals and processes needed to meet the plan, not the technology.

In our experience, CRM successes and failures usually have more to do with non-technical factors. Within this context, we need to define the actual business problems to solve and map these to CRM functionality.

Although it sounds straightforward enough, actually translating strategy and goals into specific implementation requirements can quickly become a challenging endeavor. To stay on track, we recommend that organizations keep things simple and focus on three perspectives: 1) Pain Points, 2) Success Criteria and 3) Business Goals. This approach gets the conversation started quickly and helps make the process more tangible.

Pain Points - We often kick off client CRM engagements by meeting with the Head of Distribution and other key stakeholders to ask, *"What are the pain points with your current CRM that need to be addressed?"*

Stakeholders frequently respond with a long list of real and perceived issues, ranging from broad observations such as "...poor communication..." down to granular details like text formatting on specific fields and everything in between.

At this point, grouping and prioritization are in order since timelines and budgets rarely allow for addressing every single stakeholder pain point in one sweep. Look for common themes, grouping stakeholders' pain points into "sweet spots" that, when eventually addressed, will resolve the most critical issues.

Success Criteria - Once stakeholders have had a chance to warm up and get their frustrations out by expressing what they don't want (pain points), it's time to shift toward what the CRM initiative should actually accomplish in order to be considered successful.

In recovering from the territory expansion setbacks highlighted in our opening example, the national sales manager and wholesaling team involved in that situation shared a few of their go-forward expectations:

"...our CRM should facilitate back and forth exchange between wholesalers and internals so that when a wholesaler schedules follow up tasks for his/her internal, an internal can simply go to tasks, check appropriate notes and act on wholesaler's intentions..."

"...we should be able to provide seamless service to the adviser. If my internal has a lengthy discussion about a specific investment-related subject with a prospect on the day before I'm scheduled to visit, then I want to know about it..."

"...in preparing for meetings, I want to be aware of any questions or concerns and come prepared with relevant literature or material to illuminate the specific interest..."

After articulating their expectations, the team was able to define specific conditions, or Success Criteria, that would need to exist as a result of the organization revitalizing its CRM platform. Key examples include:

- *CRM is the system of record for requesting and tracking follow up tasks*
- *Prospect profiles are updated during or immediately following internal interactions and by close of business day following external interactions*
- *Lengthy daily discussions about routine follow-up items are eliminated*
- *CRM is the system of record for recording notes on meetings / calls*
- *Sales team members are not blindsided by lack of awareness of other team members activities*

Business Goals - While Pain Points and Success Criteria are good perspectives to explore initially, revitalization conversations must eventually address specific business goals. At a detailed level, CRM systems should be deliberately designed and constructed with the intention of being used to help the organization achieve its goals.

Focusing on quantifiable goals also helps identify data gaps. The CRM system will need to either contain or integrate the appropriate data needed to measure progress.

Start by asking: *“What are the top 3-5 metrics or things that I need to measure to ensure we are driving toward our goals?”* For a national sales manager, key indicators might include:

- *Are wholesalers focusing their activity (calling efforts) at firms identified as focus firms/priorities?*
- *If adding new first-time producers to the selling group is a goal, how many new producers are being added on a territory-by-territory basis?*
- *What extent of “coverage” is being achieved on a branch level basis within specific broker dealers (usually important in the wirehouse and regional channels)?*
- *Are wholesalers achieving goals assigned in terms of number of meetings per week? Internals in terms of outbound calls and connects?*

By capturing pain points, defining success criteria, and examining goals, you should gain a very strong sense of any areas needing attention in your current CRM platform. You will likely find that the list is not limited to sales functions alone. Be sure to consider end-to-end processes such as literature fulfillment, event planning and marketing communications campaigns that may involve other non-sales associates in your organization who may need to be part of the desired “seamless experience.”

Focusing on People

In our earlier article, we stated the glaringly obvious: *“CRM is implemented by people for people who are going to interact with other people.”* Our intention was simply to underscore the vital importance of involving individual stakeholders at every level. As illustrated in our opening example of the stalled territory expansion, CRM challenges are most commonly associated with non-technical issues.

The focus on people begins with executive support, which is one of the most critical factors in ensuring a successful CRM initiative. When senior managers champion and use the CRM platform themselves, end user adoption is far more likely. Moreover, there must be something compelling in the system for end users, rather than just being mandated as a tool that management uses to track their activity.

In his recently updated book, CRM expert David Taber writes extensively regarding the role of the CRM “champion”³:

*“...The key, no matter who serves as the champion, is to make sure that the users of the new functionality have an **inherent reason** to use [CRM] as part of their normal way of doing business...”*

Compelling reasons for wholesalers to adopt and leverage a CRM system include:

- Provides visibility to information that drives their compensation, e.g. new producers, net sales, changes in AUM
- Contains relevant and credible information that helps streamline annual territory planning and weekly scheduling
- Helps them prepare for meetings more effectively and maintain proper follow up and tracking

Simply put, the CRM platform should allow all users to do their jobs better and more efficiently. Soliciting end user feedback regarding pain points and success criteria greatly increases the chances of buy-in and satisfaction. When users are happy, it’s much more likely the organization will achieve the business goals that provided the original impetus for pursuing the CRM initiative.

The idea of focusing on people extends beyond just gathering their input for the initial implementation or revitalization. It’s also vitally important that users be properly trained. Another CRM industry expert, Shell Black, writes on his blog⁴:

“...One of the most cited reasons that CRM implementations fail is that users didn’t get trained...With a strong implementation of [CRM] , users should be more efficient, organized, responsive, professional and ultimately more productive. For salespeople that means making more money! Your training should highlight these benefits. If the CRM is perceived as ‘Work’ rather than ‘Value,’ users won’t use it...”

³ Taber, D., *Salesforce.com Secrets of Success: Best Practices for Growth and Profitability*, 2014

⁴ Black, S., *Delivering Effective Salesforce End-User Training*, Oct. 10, 2014 (<http://www.shellblack.com>)

Keeping it Simple

Establishing a solid foundation is crucial. Our previous article stated “...when managed effectively, the customer data and business processes encompassed within your firm’s CRM platform should collectively become more valuable over time.” The key is to keep things simple and exclude anything that is not relevant.

Although you may have a long list of pain points to address, only one can be the weakest link in the chain at any given time. Focus on the data and functionality that will have the greatest impact on reaching the organization’s goals.

Still not sure where to begin (re)building the foundation? Usually, you can safely take the approach that the three highest priorities are data, data, and data. While managers will want accurate data to measure results, it’s even more important that wholesalers perceive CRM as a credible source and have confidence in the information available to support their sales efforts.

With mature CRM initiatives, we often see platforms containing hundreds of thousands of records, including firms and contacts with whom the asset manager has no selling agreement or is not actively pursuing. Each of these records may have hundreds of data elements. Viewed from a wholesaler’s perspective, too much information just clutters the system and complicates the user experience.

Once you get the core data right, consider appointing a “data owner” to monitor and promote data quality going forward. Often an internal team member, this person does not carry the burden of maintaining all of the data themselves. Rather, their role is to ensure that all users are accountable for data quality, such as fulfilling expectations for updating advisor profile information in alignment with the organization’s CRM Success Criteria.

Things to Avoid

This article addresses some of the most common challenges encountered in implementing CRM initiatives. The suggested mitigation approaches are a good starting point for asset managers seeking to gain more value from their CRM platform.

No matter how you proceed in implementing or revitalizing your CRM platform, you will certainly want to avoid the critical mistakes that have caused others to fail:

- Lack of an effective sponsor / champion
- Poor data quality / lack of ownership and accountability
- Singular focus on tracking user activity
- Lack of compelling features / reasons to use the tool
- Too many features / overly complex

For more information about how to leverage CRM in your organization, call us.

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