



CRMHOW.COM

Reducing CRM Implementation Costs

White Paper

Three Areas of Reducing CRM Implementation Cost

In many boardrooms CRM has a bad reputation. Horror stories of low user acceptance, uncontrollable cost explosions and never-ending projects are often told, even though these stories mostly concern projects of more than a decade ago, that didn't have comparable scope, and were carried out under completely different circumstances. I agree that it is wise to learn from the past to avoid making the same mistakes again, your view on the past should be accurate and based on true facts. With these CRM horror stories accuracy and true facts are hard to find most of the time. Especially when talking about the cost aspect and the assumed low Return On Investment (ROI) of CRM, the stories seem to have a fairly high myth-rate. Truth of the matter is that the cost of implementing CRM might be relatively high or at least higher than estimated at first, but these costs are definitely not uncontrollable. In fact, there are many opportunities for implementing companies to reduce the cost concerned with the implementation drastically, and to increase the ROI of the implementation considerably.

In this white paper, we will discuss three areas of cost reduction:

1. Lowering the Cost of Requirement Finding and Software and Partner Selection;
2. Lowering cost of External Consultancy and Project Management by Using Self-Service Implementation Tools;
3. Lowering Cost of Training and Aftercare by Involving Users at an Early Stage.

1. Requirement Finding, Software and Partner Selection

Don't waste your project budget on requirement finding

Before a CRM software implementation project starts, a preliminary phase of requirement finding often takes place. Naturally, it is smart to clearly define the goals and success criteria for the implementation, and to discuss and describe the customer engagement strategies. However, what happens is that tens of thousands of dollars end up in the pockets of external consultants, who claim to help the organization in finding their unique requirements, in selecting the

appropriate software solution and finally in finding the right implementation partner. Most of the time these very well paid consultants consume a large part of the entire project budget by helping the client to re-invent the wheel. Because let's face it: how unique can an organization really be? Would it really be true that none of the best practices already available in most standard software packages would work for them? Many, many times I have seen selection committees spend many days at expensive offsite locations to discuss the requirements for their CRM software system. In the end they concluded that the CRM system they were about to purchase should not only be able to store customer data, but also automatically update the address data. And it should even be capable of predicting the changes in their customers' family composition beforehand, to be able to automatically adapt the household records within the system.

Well, as you might understand, such a system will not be easy to find. And definitely not as a standard solution. And since budgets are limited, they often decide to drop (parts of) the requirement list. So, why spend time on describing and evaluating requirements that are impossible or too expensive to be fulfilled after all.

Wouldn't it have been better to start out with so called Commercially Of The Shelf (COTS) available applications?

The approach of requirement finding with an externally led committee always reminds me of buying a new washing machine. Should a consumer just look at the differences between the available models and pick one, or should he start to fantasize about potential options and start looking for a washing machine with an extendable arm, that is – after ironing – capable of putting all his shirts neatly in the closet, sorted by color of course...



Don't make the software vendor lose money too

Also, by sending out these hardly realizable, non-realistic requirements in a *Request for Proposal (RFP)* to the different vendors, an enormous investment is being asked from them. They have to work through dozens of pages of requirements, copy-in their capabilities and prepare for scripted demo sessions, where most of the time nobody really understands what is shown on the many different screens that some smart dressed presales consultant is clicking through, while treating you to a tsunami of words...

Obviously, at the end of the road only one consulting organization wins the deal. This means that all of them have to calculate in many unbillable presales hours. And guess what these mandatory investments in sales finally lead to? Exactly: higher rates for the customer! So, why not stop with this RFP-terror, and select the implementation partner at an earlier stage, relying on its position in the market, reputation and references and – most importantly – their knowledge and understanding of your business and industry-specific processes. I do believe that most consultancies today would be open to offering you lower rates if less efforts need to be put into the sales stage.

For years I've been working in the world of Microsoft Dynamics CRM where I have often seen a so called "Microsoft unless..." policy. When a company wanted to purchase a certain software solution, the policy was to look at Microsoft first. If Microsoft had a suitable solution a further selection was not necessary. This way these organizations saved a lot of money in the early stages of their implementation projects. And I've seen exactly the same happening with Salesforce ("we want a cloud solution, so we go with the cloud-based CRM market-leader"), and for reasons of ease of integration also with SAP and Oracle.

The traditional selection approach of market orientation, requirement finding, long listing, sending out RFP's, requesting demos, shortlisting etc. most of the time is mainly beneficial for the external consultants guiding the selection process and eats up a disproportional portion of the CRM implementation project budget.

2. Saving on External Consultancy

In many cases, external consultants are hired to assist in implementing CRM strategies and software. Obviously, these consultants have a lot of experience and in-depth know-how on best practices and the technology used. However, it is not always in their best interest to make sure the implementation project runs as efficient and lean as possible. Since they bill their services by the hour they like to spend as much hours as possible. And since they are not building a long term relationship with you, it is also not in their interest to make sure all the knowledge gained



during the implementation is secured in your organization. They'd rather keep this knowledge in their own practice, so their colleagues can reuse the knowledge that you paid for.

Because of this a lot of money can be saved in CRM implementation projects by being very critical when hiring external consultants. Always sit down with the project manager from the consultancy firm and ask him to present a so called *Product Breakdown Structure (PBS)* of all the deliverables needed to complete the project. And then ask him (and yourself) who is exactly going to do what for every product listed. And if the external project manager claims that resources from his firm are needed for a certain deliverable, simply ask him to explain why your organization should not be capable of delivering the product by itself. Obviously, this conversation should already take place at the Quotation Stage.

And don't get me wrong here, I hold no brief for not hiring external consultants when implementing CRM. All I am saying is: Make sure those external consultants are hired to give you advice based on their knowledge and expertise and not to answer questions for you. Let them just ask you the right questions and explain what they mean, and most of the times you will find that you are perfectly capable of coming up with the right answers yourself!

Finally, you should realize that 20 years have taught that implementing CRM is a constant effort. Customers will keep on changing and so will be their demand. This means that you will have to adapt your customer centric strategies and processes as well as the supporting IT infrastructure constantly as well. And therefore, you must take full control of the CRM implementation in your organization yourself, and outsource as little responsibility as possible to external consultancy firms.

3. Lowering cost of training and aftercare

In many CRM tool implementation projects the actual future use of the system is defined as one of the main criteria for success. The users should embrace the systems in their day-to-day work and should be fully aware of what is 'in it for them' when they share their contacts and data with colleagues. In some organizations listing the use of CRM in job descriptions, therefore making it mandatory, will work. In many organization cultures, however, a top-down directive approach is not an option, and a serious effort should be made to truly convince the users of the value of CRM and sharing relationship data.

Involving the future users of the CRM system at an early stage during implementation is a good way to create user commitment. Have them attend strategy definition sessions, involve them in

requirement analysis and prototyping and have them actively contribute in testing. And finally, make them responsible for accepting the system before its *go live*.

Bringing the future users on board at an early stage and for instance allowing them to have a hands-on play with the prototype environment will also contribute to their knowledge of how the system works, and therefore diminish the cost of training.



Obviously, in large organizations, where eventually hundreds of people will be using the CRM system, it is not possible to actively involve each individual. Here it is best practice to appoint key users for every process and to make these key users responsible for gathering feedback from their colleagues, their constituencies. Key users can also play an

important role in communicating the reasons for the CRM implementation to their colleagues, for they will be ‘trusted’ more than the management.

To be able to benefit the most from the future users as a resource in the implementation, make sure they will be given the time to contribute. With that, they will feel the commitment of their management to the success of the CRM implementation.

Finally, involving end users at an early stage will also help in ‘getting it right the first time’ and will also help in lowering the cost for aftercare.

