WHITEPAPER

Viewing CRM as Change Management: A Best Practices Guide

SUGARCRM EXECUTIVE SERIES WHITEPAPER

EXECUTIVE SUMMARY

Today's connected customers present new challenges, as well as new opportunities for all businesses. This "connected customer" is both better connected to knowledge thanks to the immediacy of the web, but also more connected to peers and other purchasers thanks to advancements in social and mobile technologies.

To better compete in an era of connected customers, the customer relationship management (CRM) initiatives companies use also need to evolve. In the past, CRM was typically deployed in functional "silos" – focused on equipping sales, marketing and customer service individuals respectively in the organization to perform their discreet jobs requirements at a higher level.

However, with today's connected customers, organizations need to break out of the silo mentality – and think of the customer experience as one that is consistent across all departments. CRM for an enterprise is shifting from a view of "systems of transaction" into "systems of engagement." This means organizations are looking to put themselves into their customers' shoes, so to speak, and manage the entire customer lifecycle in a more holistic manner. This means sales, marketing, customer service, and other customer-facing departments need to have the right tools, data access, etc. to be on the same page when it comes to identifying the customer across this lifecycle.

This evolution of CRM, of course, means both an expansion and alteration of the technical aspects of CRM. But also, it means managing the behavioral and cultural change involved with moving from historically transactional CRM models into a true culture of engagement.

This white paper provides some best practices for identifying the right people and processes integral to managing organizational change. By securing proper buy-in, project champions and creating proper modeling, the final phase of a change management project – the technology deployment – becomes far more successful and provides greater return on investment.

SECURE PROPER BUY-IN AT ALL LEVELS

Whether your organization is performing an initial CRM installation, or expanding the system reach of an existing system– buy-in is perhaps the most important requirement for success. Without proper buy-in, projects can stall, or adoption can be minimal - leading to poor or negative return on investment.

Buy-in goes beyond simply securing the financial green light from management. Much like customer engagement models, a transformative CRM initiative must involve the right people at the right time along the project continuum.

In early project stages, it is important to create exhaustive lists of who will be responsible for managing change, but also who is most responsible for success for the initiative. Often, those "front line" end users interacting with customers are brought in to the change process too late, and feedback cannot be incorporated into project design. Effective, early communication to all stakeholders about the rationale and scope of the project increases involvement, ownership and ultimately success.

Additionally, it is important to set baselines for expected activities and outcomes of all stakeholders, both during implementation, and post-implementation. This insures not only buy-in, but also sets precedents and expectations properly for end users. Throughout this process, it is important to focus on the WIFFY, or "What's In It For You" when communicating to stakeholders. By placing the change in the context of a benefit or useful tool, project success levels increase.

Of course, early in the implementation it is important to identify and empower project champions. Champions should range from daily "power users" up into management. By creating a group of Champions at multiple levels, the benefits of the entire project can be better articulated to all decision-makers and financial stakeholders across the project lifecycle.

THE "WHO" OF EFFECTIVE CRM CHANGE MANAGEMENT

At the most basic level, it is important to either identify these personas in the upcoming project(s), or gain buy-in if these roles already exist:

The C-Suite: Without proper understanding of the project by upper management, many CRM initiatives become stalled. Insure top-down buy-in by rolling up the business benefits at a macro-level; for example, explaining the potential topline revenue gains to be achieved.

CRM Administrator: A "no brainer," however many organizations fail to properly explain the business case to those managing the existing CRM deployment before making changes.

Power Users: Those most active in the system today must champion any change in the CRM initiative.

Department Heads: As modern CRM spans multiple departments, it is important to effectively explain the role CRM will play in the newly initiated department, and how the manager can effect change and drive adoption. One best practice is to outline the entire customer journey and explain how each dept. head is a critical lynch pin in achieving customer success.

New End Users: Often companies wait too long to initiate new departmental end users. Be sure to set up training well ahead of deployment, but also create strong business value messages to insure adoption remains strong.

MAP THE EXTENDED CUSTOMER LIFECYCLE

Often, a CRM system is deployed in a single department to solve either a single business pain, or a set of highly related pain points. For example, sales often is the first department to adopt CRM because it helps manage critical phases of the revenue pipeline – from lead routing through to opportunity management.

However, these benefits fall short without fully understanding the customer lifecycle, and extending the CRM system to also meet these extended needs. For example, while sales may have a great tool to manage opportunities, if order fulfillment, accounting, and service delivery personnel do not have access to the data around the completed sales – the customer experience can suffer, leading to decreased satisfaction and potential loss of revenue.

Similarly, if the experience a customer receives during the marketing phase of the lifecycle– when the customer is crating his or her image of the organization in their mind – is not consistent with the touch points down the line – that disconnected experience can lead to lost revenue or negative word of mouth. Or worse, disillusioned customers can take to channels like social media – where negative comments can become amplified in terms of brand damage.

Therefore, when sketching out the customer lifecycle – be sure not only to include the departments internally, but also the external touch points that a customer may use to interact with your organization. This way, you can start to discover not only who needs access to the CRM, but also which customer channels may need to be optimized which are not being served by the current deployment.

In addition, before plotting out the “after” approach to managing the customer lifecycle, be sure to map out the current state of customer-facing processes. This will both expose inefficiencies and identify areas of improvement – and also create a more compelling case to decision-makers and champions.

“CONVERTING THE NAYSAYERS”

Early in the course of identifying and promoting project champions, many organizations have found that focusing on an individual who may typically be resistant to process or technology change can have invaluable results. By placing extra pre-project focus on involving “naysayers” – and insuring they are the first to see the benefits of the project outcome – gaining adoption among the general staff becomes easier.

SugarCRM users Redglaze Group leveraged this concept to great success in rolling out its customer-focused platform to more than 75% of its employee base. In their words: “We knew that if we focused on the loudest detractors first, converting the rest of the users would be a breeze, and that’s exactly what happened. Their embracing the new processes and technology helped others immediately see the inherent value.” – Sean Pinegar, Redglaze Group

MAKE THE BUSINESS CASE

So, once the CRM system has "proven itself" throughout the initial roll out, it is important to look at the customer lifecycle, and identify departments that will vastly benefit from both a data access and process management standpoint. Quantifying the productivity gains, or potential revenue opportunities among these additional departments can help prioritize the deployment process.

For example, if it is integral that accounting have greater insight to sales data, because they can invoice new customers and receive payments 3X faster, the benefits gained may outweigh another department such as project managers – who may benefit from the system but not in a way that so sharply affects bottom line.

Once research has been done to discover which departments are priorities for the next phase of CRM expansion, insure the champions are in alignment around the plan of attack. When the departmental champions (mentioned in Section I) are in agreement as to which department gets the new technology next – securing a green light and/or proper funding of the project from executive level management becomes far easier. This process needs to be repeated for each department that uses the CRM, or will use it in the future. By creating solid business cases on a departmental level, results can be measured in a more effective manner, and more accurate ROI can be calculated for the entire project.

ACCOUNTING FOR "SOFT" ROI

Oftentimes, deciding where to go next with a CRM deployment comes down to dollars and sense, or the hard return on investment (ROI). While this is integral to the financial viability of the business case, other factors come in to play which may alter the prioritization of CRM projects.

Below are two types of "soft ROI" which can sometimes trump more hard dollar gains, when one considers the entirety of the customer lifecycle.

SOFT ROI TYPE	BENEFITS
Customer Satisfaction	Sometimes it is hard to effectively gauge how having more satisfied customers will affect the bottom line. However, without high customer satisfaction, the result is typically lower customer retention, leading to increased customer acquisition costs and decreased profits. So, when customer satisfaction is an outcome of extending the CRM to new roles and departments – it should be given proper weight.
Advocacy	Like satisfaction, the value of creating internal and external brand advocates is hard to quantify. However, in an increasingly competitive world – where anyone can detract from your brand equity via social media and other amplified channels – projects that result in creating advocates and brand ambassadors may need to be prioritized, depending on your industry.

ALIGN WITH IT

With CRM, it is typically easier to enumerate the various business benefits, versus illustrating the benefit to the IT department. However, by thoughtfully aligning the CRM expansion strategy in a way where IT is seen to benefit, the process can be much more smooth.

When engaging with IT, here some key areas to focus on when it comes to illustrating the benefits of prioritizing CRM expansion:

Efficiencies Gained: In addition to business efficiencies gained by expanding CRM deployments, IT gains efficiencies as well. By standardizing on a core platform, IT has fewer license agreements to manage, and training users on existing systems is always less expensive and time consuming. Have IT calculate the costs of purchasing, deploying, training and maintaining multiple systems versus expanding a single system – typically it makes more sense to simply expand existing systems on a cost and efficiency basis.

Risk Reduction: When expanding an existing, flexible platform, the risk to IT actually lowers. This is because platforms like Sugar are built on open, industry standard languages and components. Leveraging Sugar as an enterprise wide platform means that both today's and tomorrow's IT investments are safe when it comes to managing the customer lifecycle.

Strategic Value: In the best organizations, IT is seen as a strategic differentiator, not simply as managing technology assets. If the project can be illustrated in a way that gives IT power as a driver of positive change, the CRM initiative can gain more champions at the IT level, as well as a deeper dedication to creating differentiated user experiences, process automations, etc.

RINSE, REPEAT

Creating a culture of engagement cannot happen with a single project, and involves many phases. But by following these change management best practices across the many cycles of the evolution, organizations can insure more positive results and a greater understanding of the vision and expectations by all stakeholders.

Enlisting the input and feedback of end users, customers and champions can create a more benevolent, agile cycle when building towards a culture of engagement. And when this iterative model is deployed against an equally flexible and expansive CRM platform, the propensity for success only increases further.

CHANGE IN ACTION – REDGLAZE GROUP

REDGLAZE GROUP

Redglaze Group, an architectural and engineering group, sees its Sugar deployment as far more than CRM. And more as a platform for automating its core complex business processes. Redglaze has expanded its core CRM to also touch accounting, marketing, human resources, project management, and IT.

Before making such widespread expansions to the system, which now touches more than 74% of employees, Redglaze carefully mapped out its extended customer lifecycle, identifying areas for improvement as well as key stakeholders. In addition to proactive communication, Redglaze made sure those affected by the expanding deployment understood their roles, and the intended positive effects of Sugar in order to make the initial rollout and adoption in new departments more seamless and complete.

The effective change management policy has reaped dividends. Redglaze CEO Dean Jessick says the company has seen 25-30% increase in operational efficiencies since leveraging the Sugar platform to automate the customer experience and journey across multiple internal departments.

CONCLUSIONS

We have outlined some basic best practices around managing the significant changes many organizations undergo when adopting a culture of engagement. This change can seem overwhelming, if not properly managed. But by involving the right people at the right phases, carefully plotting and modeling the expectations around change, and measuring results all along the journey – this culture change can be effectively managed.

One final consideration around the concept of change management is the fact that your CRM provider should be seen as a partner in this transformative process. Be sure to make technology decision where the technology is capable of supporting a culture of engagement and the subsequent wide deployment. And also, be sure the software provider can act as an added resource in your change management efforts. By aligning the right internal people, modeling the ideal processes, and leveraging the right technology and external experts – shifting to a culture of engagement need not be a herculean tasks for even the largest of organizations.

CHANGE IN ACTION – IBM

When IBM decided to make the change from an outdated sales automation system, to a more modern and flexible CRM platform, it knew it was not simply dealing with an application migration. Therefore, IBM trusted its internal project to its VP of Business Transformation, Gary Burnett. IBM saw its new CRM system as a change agent, and managed the transition in accordance with a new vision – rather than a technology replacement.

IBM managed its widespread change in multiple phases, insuring the rollout to each new department was preceded by an initial understanding of the gaps in technical and process capabilities of the existing system, as well as a baseline measurement against future results.

After a two-year rollout to more than 45,000 sales people globally, IBM can look back at an effective change management project. Thanks to a methodical approach, a clear understanding of the business case by all stakeholders, and the use of flexible technology to incorporate the needs of a global sales organization, IBM was able to complete its global sales migration in two years. This marks one of the fastest and most successful global rollouts of a new technology in IBM history.

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