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Making the Most of Your CRM: How Best-in-Class Sales Teams Maximize Revenue and Customer Experience

Customer relationship management (CRM) deployments are most effective when they legitimately support all three words that make up the acronym itself. **Customers** of the modern business-to-business (B2B) enterprise benefit when they purchase goods and services from companies who are focused on the buyer's experience. Internal **relationships** within the selling organization are more effectively maintained when all customer-facing stakeholders have access to the rich data contained in a well-maintained CRM. And the **management** of the enterprise providing solutions can run their business like a finely-tuned machine when the maximum levels of visibility into customers and accounts are clear and accurate. This Research Brief combines research from a number of Aberdeen <u>Sales Effectiveness</u> research data sets, to create a holistic view of the most effectively deployed CRM systems.

Research Brief

Aberdeen's Research Briefs provide a detailed exploration of key findings from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

Setting the Stage: CRM as an Essential Ingredient for Business Management

To ensure that we are not discussing CRM deployments as a self-fulfilling prophecy — technology for technology's sake — it is relevant to begin this study by confirming that the platform itself has business value. We need go no further than Aberdeen's most recent sales-oriented research, published in
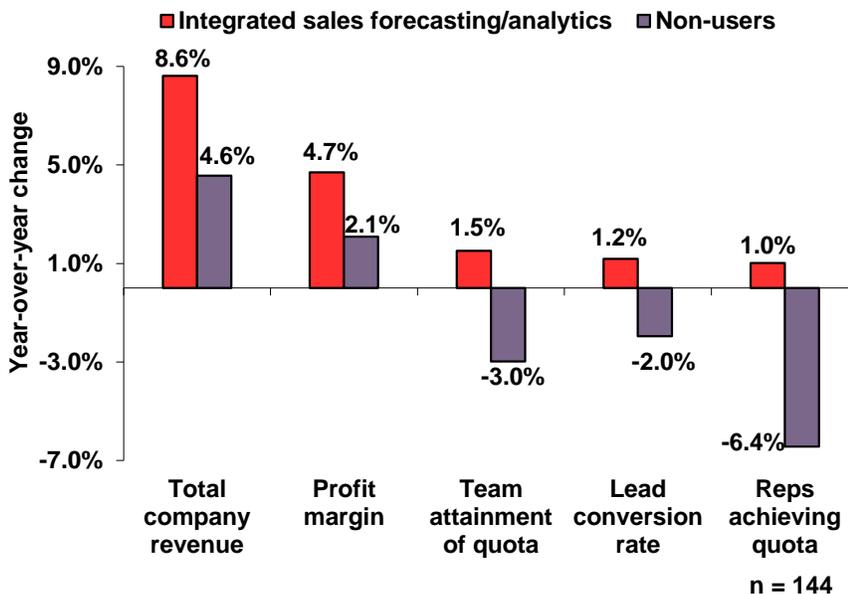
Figure 1: Buyers and Sellers Benefit from CRM

Source: Aberdeen Group, March 2013
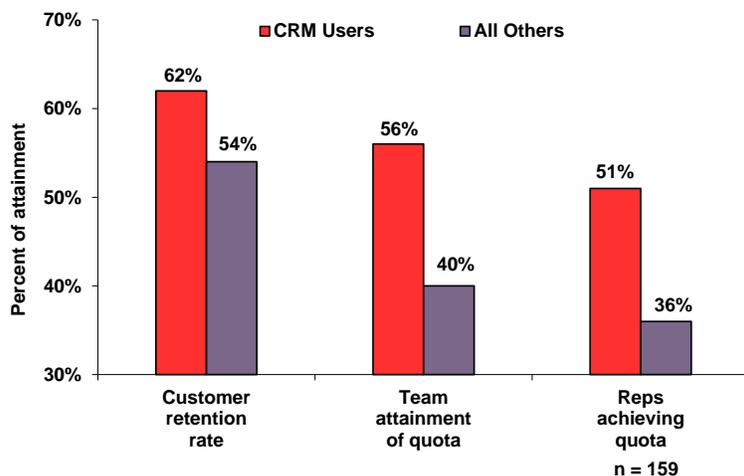
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April 2013, *Breaking the Laws of Physics: Shortening the Last Sales Mile Through Workflow Automation*, (sidebar) which reveals in Figure 1 the dramatic performance differentials between users and non-users of CRM technology. Keeping customers happier (e.g., higher retention) and in longer-term relationships, as well as the efficiencies gained when the sales team is better equipped to achieve their management-provided quotas, are obvious benefits that any business would want to accrue.

One of the most common management-level uses of CRM is to support the publishing of the ubiquitous sales forecast that line managers and senior executives alike rely on to better predict revenue and throughput for the selling organization as a whole. In the past, corporate sales forecasts were often treated as little more than a joke, in that sales reps told their managers whatever they wanted to hear just to get them off their back, so they could get back to closing their deals. Even if the anticipated opportunity wins were more legitimately predicted by sellers, the "happy ears" or "sandbagging" with which reps are notoriously associated created a severe lack of credibility that traveled up the corporate food chain to the point where no one believed forecasts. Today, however, the most effective sales organizations populate their CRM with more up-to-date and rich customer data, and integrate this information with the forecasting process to produce more accurate and believable predictions of short-term company health; Figure 2 shows significant year-over-year performance gains associated with this marriage, based on Aberdeen's *Better Sales Forecasting Through Process and Technology: No Crystal Ball Required*; (July 2012).

Figure 2: Leveraging CRM for Better Sales Forecasts and Stronger Business Results
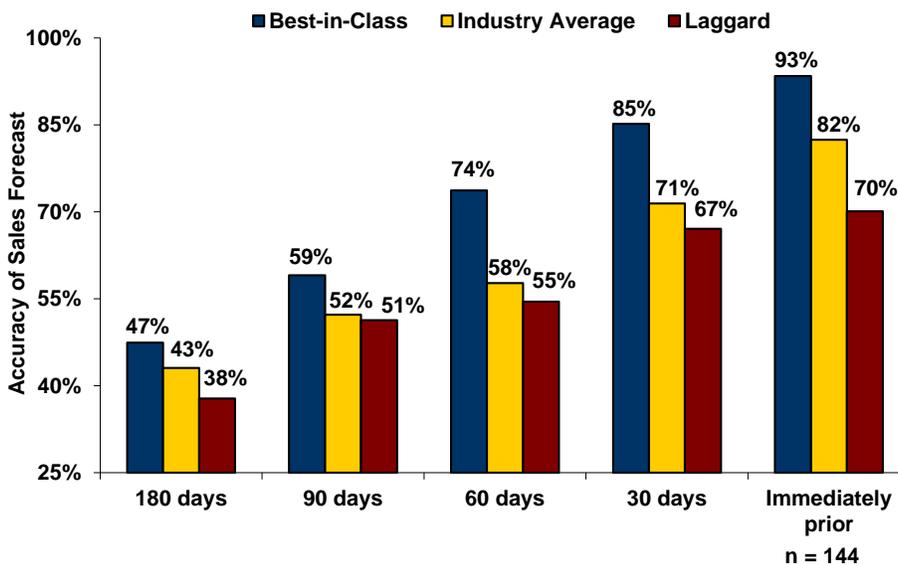

Source: Aberdeen Group, May 2012

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How exactly do companies integrate the use of their CRM with the process of sales forecasting? By supporting an environment in which the CRM is far more than a glorified Rolodex record of people and companies. Rather, Best-in-Class companies within this research (sidebar) enable their forecasting process by populating the CRM with actionable data that takes more of the guesswork out of predicting what deals will close and which opportunities will not result in revenue. This data represents far more than the dry, traditional demographic and firmographic content that populated CRMs in the early days. Rather, contemporary selling organizations are able to include customer behavior patterns, financial histories, and predictive analytics in their CRM-supported forecasting processes — but only if the CRM itself is accessible to, and user-friendly for, other corporate functions besides sales. This means extending the CRM to marketing, customer service, and even the folks in IT who can help deploy business intelligence (BI) and "big data" tools to take the emotion out of forecasting and ultimately lend more credibility to the published predictions distributed to senior company management.

Figure 3: More Accurate Sales Forecasting Associated with Better Business Performance

Source: Aberdeen Group, May 2012

Indeed, Figure 3 shows that, across the board, Best-in-Class companies are consistently more accurate with their "crystal ball" predictions than Industry Average and Laggard firms, at every step of the sales process. This is true, even out to six months for the kind of complex, long-sales-cycle pursuits that often require team-based selling, customized deliverables, and high average selling prices. More predictably, all companies show better accuracy as the end of the selling period approaches, though 81% accuracy is the average reported by all companies even at 11:59pm on the night before month- or period-end. This dose of reality — even the strongest performers are 7%

inaccurate at the close of the cycle — indicates the need for continued
diligence around populating the CRM as religiously as possible, in order to
maximize the data points on which the forecast is based.

Social and Mobile: The Right Trends for CRM?

This discussion around producing an accurate sales forecast can be extended to
include the kind of water-cooler intelligence that is also worth capturing in the
CRM. The incredible power of social media in B2B sales effectiveness, detailed in
Collaborate, Listen, Contribute: How Best-in-Class Sales Teams Leverage Social Selling
(November 2012), supports the inclusion of such user-generated content as part
of the prospect or customer record in the enterprise CRM deployment. Figure 4
displays the annualized change in sales performance metrics among companies
taking this approach, compared with those that do not, and the results are clear.

Figure 4: Better Results when CRM is Integrated with Social Selling

Source: Aberdeen Group, March 2012

The Social Selling Best-in-Class

In April and May 2012, Aberdeen
surveyed 173 end-user sales
organizations to understand how
the top performers among them
use social media. The
performance metrics used to
define the Best-in-Class (top
20%), Industry Average (middle
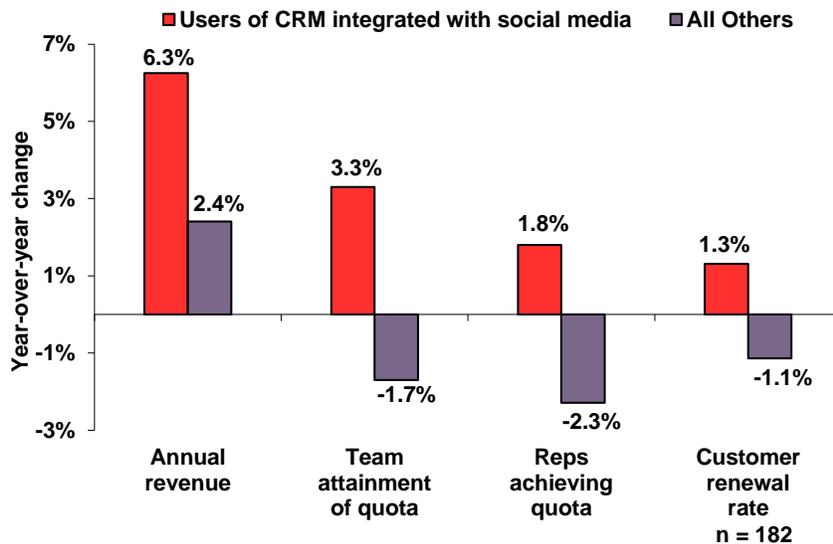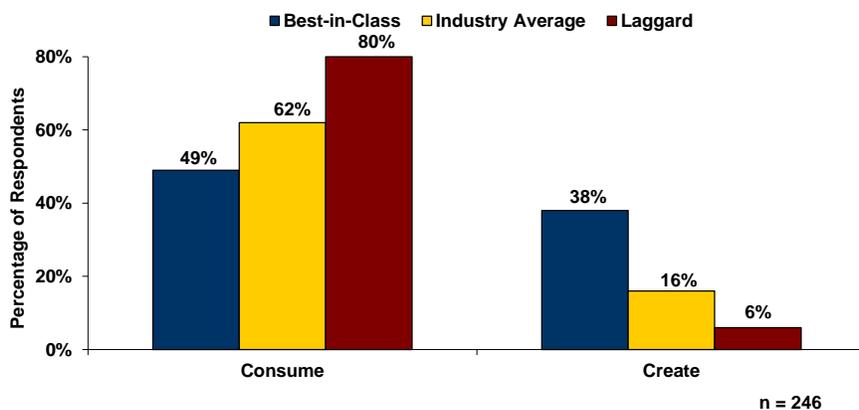50%), and Laggard (bottom 30%)
among these sales teams are:

√ 79% of sales reps achieved
quota in the last calendar or
fiscal year, compared with 43%
and 15% among Industry
Average and Laggard firms

√ 16.3% year-over-year increase
in total company revenue, vs.
4.1% for Industry Average
companies and an 8.7% decline
among Laggards

√ 8.9% year-over-year increase in
average deal size or contract
value; Industry Average and
Laggard companies reported
1.7% increase and a 6.6%
decline, respectively

√ The average sales cycle was
shortened by the Best-in-Class
by 0.7%, and by Industry
Average firms by 0.2%;
Laggards report an average
lengthening of the sales cycle of
5.3%

Here is how the Best-in-Class (sidebar) integrate social media with the CRM:
they start by ensuring that the business-centric LinkedIn and Twitter profiles
of all prospect and customer personnel are seamlessly included in the CRM
record. Sales reps can then easily take a manual approach toward checking
out the most recent news, thoughts, and feelings being expressed by their
counterparts inside their accounts. At an advanced level, the CRM platform
includes a "live feed" of social media activity that continuously streams into
customer records, which represents a "push" rather than "pull" scenario that
puts real-time, user-generated content right in front of the sales rep whenever
they look at and account or prospect record. The downside of this stream
can be a "drinking from the fire hose" scenario, however, with too many
posts and tweets for typical sales reps to appropriately consume.

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Ideally, the CRM platform will enable any user — whether they are in sales, marketing, customer service, or even executive management — to personally configure not only which people and company posts they wish to see, but also to set up individualized filters for subjects, content, and hash tags that represent their own personal "hot buttons" of most valuable social media intelligence. Additionally, team-based selling — those scenarios when multiple individuals are involved in a long-term, complex sales cycle — is ideally supported by the collaborative nature of social media-infused CRM best practices, particularly when the internal platform includes a Facebook-like, live feed of activity that includes discussion, communication, and the ability to add content and follow objects such as opportunities or documents. Ideally, the CRM deployment will also allow users to drag-and-drop external user-generated content — a crucial tweet from a potential buyer, for example — into the activity stream for their co-sellers to observe and action. The payoff for supporting CRM-integrated social selling is clear: 57% of Best-in-Class companies indicate that they have closed a significant deal that originated through social media, compared with 36% of Industry Average and 24% of Laggard firms.

None of this success is achievable, however, if the "customer" in CRM is not fully supported by the selling organization. One key aspect of professional sales that has not changed with the advent of new technologies is the need for in-person, relationship-oriented interactions between account managers and their customers. This requires the continued need for reps to be on the road, in front of their accounts, rather than sequestered in their office, as well as the best practices for remote selling defined in *Sales Mobility: How Best-in-Class Remote Sellers Are Replacing "See" with "Do"* (April 2012). In this research, 73% of top-performing companies' reps regularly accessed CRM data when remote, compared with 62% among All Others. Perhaps more significantly, Best-in-Class firms (sidebar) created or entered data into the CRM at a 67% rate, versus 52% among Industry Average and Laggard companies.

Figure 5: Best-in-Class Sales Teams Don't Just "See"…They "Do"

Source: Aberdeen Group, February 2012

The distinction here between content creation and consumption is crucial, and validated by Figure 5, which shows that while the majority of field-based sales activity is still in the category of "looking" at data on a remote device such as a smart phone or tablet, the strongest performers are far more likely to represent early adopting behaviors around actually creating proposals, quotes, demos, and communications when mobile. Plus, the legitimate need for sales reps to enter appointment notes after their meetings is more likely to result in robust customer records if they can easily do so on the fly, as opposed to at day's end should they only be able to access the CRM from a non-portable computing environment. Indeed, 74% of Best-in-Class companies enable their reps with the ability to remotely modify CRM records, compared to 60% and 37% respectively among Industry Average and Laggard firms.

What Really Matters: Best-in-Class Customer Service

Aberdeen research published in *CRM in Customer Service: Insights into Action* (February 2013) further demonstrates the value of connecting multiple job roles within the enterprise to the most important entity of all: the customer. In this research, survey respondents indicated that the most prevalent actions they took around improving customer satisfaction and retention included:

- Integrating customer service activities with broader enterprise systems to create a unified view of customer data
- Tracking, measuring, and reporting customer care performance data to identify opportunities for efficiency gains
- Aligning the activities of all customer contact functions

Table 1: CRM Benefits for Both Buyer and Seller

Customer Service Metric	CRM Users	Non-Users
Agent utilization	56%	23%
Agent occupancy / productivity	48%	32%
Customer retention	47%	37%
First contact resolution	45%	20%
Sales analytics or forecasting	46%	19%
Percentage of inbound customer contacts resulting in a sale	24%	15%
Average cost per customer contact	$9.25	$16.60

Source: Aberdeen Group, January 2013

The use of CRM to support these initiatives yields clear benefits to both the provider of goods and services as well as the customer, as summarized in Table 1. While most of these metrics are enterprise-focused, customers ultimately benefit from the more efficient utilization of customer service agents and the lower costs accrued by their provider of goods and services, because these savings and efficiencies will eventually be passed along to the

Aberdeen's PACE Methodology

Aberdeen applies a methodology to benchmark research that evaluates the business Pressures, Actions, Capabilities, and Enablers (PACE) that indicate corporate behavior in specific business processes:

√ Pressures — external forces that impact an organization's market position, competitiveness, or business operations.

√ Actions — the strategic approaches that an organization takes in response to industry pressures.

√ Capabilities — the business process competencies (process, organization, performance and knowledge management) required to execute corporate strategy.

√ Enablers — the key functionality of technology solutions required to support the organization's enabling business practices.

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customer in order for the selling organization to remain competitive in their
particular marketplace.

Conclusion: Stronger CRM, Better SPM

Running a contemporary B2B sales team on all cylinders is an incredibly
complex endeavor, given all the moving parts that influence Best-in-Class
utilization of CRM deployments. We have seen how integrating the sales
forecasting process, internal social collaboration and external user-generated
content, sales mobility, and customer service, all into a robust CRM system
yields tangible business benefits for the enterprise as well as for their
customers. When closing business with and servicing their accounts over time,
professional salespeople need to be supported with technologies and processes
that ensure not only that these companies succeed, but that they individually
gain both appropriate financial rewards and the opportunity to provide long-
term value to their employers. Consider that Aberdeen research published in
Motivate, Incent, Compensate, Enable: Sales Performance Management Best Practices
(January 2013) showcases an average cost of $35,360 to replace a typical B2B
sales rep, and 7.3 months to locate and train them. Ensuring that the CRM
system of record is a comfortable and effective daily tool for them to rely on,
in turn minimizes the likelihood that they will be frustrated by a lack of
contemporary sales enablement, and thus seek other employment. Retention
of key account managers, on the other hand, goes hand-in-hand with
customer retention — the ultimate measure of sales effectiveness.

For more information on this or other research topics, please visit
www.aberdeen.com.

Related Research	
Breaking the Laws of Physics: Shortening the Last Sales Mile Through Workflow Automation; April, 2013	*Train, Coach, Reinforce: Best Practices in Maximizing Sales Productivity*; October 2012
CRM 2013: Generating Business Value throughout the Enterprise; April 2013	*Better Sales Forecasting Through Process and Technology: No Crystal Ball Required*; July 2012
Motivate, Incent, Compensate, Enable: Sales Performance Management Best Practices; January 2013	*Sales Intelligence: What B2B Sellers Need To Know Before the Call*; June 2012
CRM 2013: Manufacturing Success through Mobilized, Integrated, and Flexible Deployments; January 2013	*Partner Relationship Management: Channeling Better Sales Results*; March 2012
Collaborate, Listen, Contribute: How Best-in-Class Sales Teams Leverage Social Selling; November 2012	*Sales Mobility: How Best-in-Class Remote Sellers Are Replacing "See" with "Do"*; March 2012

Related Research

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