

# How a Phased Implementation of a CRM System Can Trim Costs and Increase Efficiency

JANUARY 2010

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## SECTION 1

### Introduction

Anyone with even minimal management experience knows that employees resist change—even change that will make their jobs easier. And when change involves new technology like an updated Customer Relationship Management (CRM) solution, opposition can be doubly fierce. Users typically balk at learning new software, particularly after they have mastered the idiosyncrasies—and shortcuts—of the existing CRM system. And without a broad base of dedicated users, the implementation can quickly slide into failure.

A phased implementation, which breaks the CRM project into easily managed segments, can ease the transition and encourage employee acceptance because it minimizes disruption and the amount of change users must absorb at one time. At higher levels of the org chart, stakeholders benefit from a phased approach because it can be quicker to implement, and will increase efficiencies and better enable the organization to manage risk associated with CRM implementations.

In other words, smaller is often better for everyone.

This can be especially true when you're implementing a complex CRM system. Consider, for instance, the experience of a large financial services firm that needed to replace an outdated CRM system. Over the course of several years, the system had never been widely adopted by employees of the firm, which has offices in the United States and the United Kingdom. The reasons were fairly typical: Users said that the CRM solution did not deliver up-to-the-minute data, and the perception of functional limitations coupled with user interface challenges resulted in frequent entry of duplicate information. The firm knew it needed newer technology that would provide a foundation for scalable growth as the business expanded and its needs evolved.

The firm decided to implement an ambitious new initiative that would enable it to track and analyze its spending on individual clients. This type of analysis demands a capable CRM system that can track and mine data—drawing upon all types of customer interactions—and then crunch that information to understand the revenue generated by a client compared with the initiatives invested in the relationship. In short, the firm wanted to better understand the real value of a client relationship relative to the services provided, a move that would enable it to target high-value customers.

On a more functional level, the firm wanted to improve internal efficiencies and ensure that all employees who interact with clients know exactly what outreach other departments have initiated with that same customer. For instance, a trader should be able to quickly see how a research analyst is working with the client and understand the context of the latest interactions—without wasting time shuffling poorly organized notes and records. This required a relationship-ownership structure that was multi-tiered and cross-departmental.

Finally, the company needed to build a security model that created the data boundaries necessary to maintain compliance, yet would not impede cross-departmental collaboration.

The firm's leaders knew they needed a new CRM solution that would be scalable and customizable, and would meet the needs of traders, analysts, bankers, and other stakeholders in both the U.S. and the U.K. It was also essential that the new solution be able to streamline all dedicated integration points and serve as one centralized system for customer relationships and analysis.

Taken together, these factors created the backdrop for a CRM implementation that was fraught with complexity.

Successfully building user adoption is always a challenge with CRM, and in this case it was even more daunting because the users would need to be trained to track more granular data. Further complicating the matter was the very tangled web of data integration. The solution would need to seamlessly communicate with the corporate directory, internal databases, and external systems—all in varying degrees of real time.

These categories of risk might easily result in an implementation that could upend an entire organization for several years. But the firm successfully lessened the impact by deftly managing the scope of the project and confidently leading the organizational change.

It did so by adopting a phased approach to implement the CRM solution.

The first phase of the implementation replicated the basic CRM functionality of the legacy system on the new platform, as well as added new capabilities. All users began utilizing the new system at go-live, at which point the legacy solution became a read-only tool that enabled the users to access the system but not to add or update records.

In the second phase, data-integration points from the legacy system were rerouted to the new solution. This phase created an automated data flow to support information that is reliant on CRM systems and is essential to business analytics, which enabled the company to establish a foundation upon which it could mine data and build its analysis of client relationships.

The third phase, which is ongoing, focuses on delivering new value-added functionality based on requests of users who have been using the new system for almost a year.

Four months after the system went live, the company achieved a 75 percent adoption rate—an astonishing feat. While users could access the read-only legacy system for account records, they were required to actively use the new CRM solution to change or add customer data. And they did, with uncommon enthusiasm. At the same time, users were actively taking advantage of the expanded flexibility and functionality.

These two factors—widespread adoption and functionality borne of flexibility—were the result of a phased implementation, and they helped solve one of the thorniest problems associated with CRM systems. Adoption rates of CRM implementations have traditionally been very low—and that has created a very high level of concern among IT leaders. In fact, AMR Research reports that 29 percent of installations fail (other research firms have, over the years, pegged the failure rate at as high as 70 percent). Inadequate user adoption is very often cited as a key reason for failure.

That's not surprising. The success of a CRM system depends on a broad base of users who embrace the technology to collaborate and gain deeper insight into customer relationships. If they don't, no amount of cutting-edge functionality and features will deliver positive business results.

In many ways, CRM is the perfect candidate for the phased implementation method. The phased approach is imminently flexible and can be implemented to match the needs and user preferences of functional business areas or geographic centers. New features are rolled out in fast, easily digestible segments that employees can quickly grasp in targeted training sessions. When done right, staff use starts strong and continues to build, as demonstrated by the financial firm described above.

Even large CRM implementations can be broken down into several phased projects, bringing dexterity that can make the entire project more efficient and manageable. Regardless of the degree of complexity, a phased methodology can quickly deliver value, efficiency and agility, while minimizing business risks and controlling change management.

## SECTION 2

### New Business Realities Bring New Challenges

Smart business leaders have redoubled their efforts to serve customers more cost-effectively and gain deeper insight into their needs, preferences, and behaviors. It's a simple fact that, now more than ever, an effective CRM solution is absolutely critical for success.

If only implementation of a CRM system were equally straightforward.

Organizations attempting to implement CRM face a gauntlet of internal and external obstacles, and the risk of project failure remains high—and potentially highly damaging. Project failure can inflict significant damages not only because CRM is essential to uncover value and actionable opportunities in the customer relationship, but also because the investment in CRM tools can be costly.

Beyond cost, other pitfalls inherent in adding a CRM system can stem from any (or all) of the interconnected factors involved when a project touches a wide range of business units and end users. Stakeholders all want a solution that will meet their needs and provide a hub for their customer interactions. Yet the CRM hub must also be interoperable with other information systems and satisfy other users across the enterprise.

That's a mighty tall order—one that is loaded with potential difficulties.

Despite the best intentions of IT leaders, infrastructure complexity continues to impede effective, comprehensive CRM solutions. A CRM hub must connect to many different information systems and seamlessly shuttle many types of data across an enterprise. Businesses often do not associate the problem of complexity with CRM, and approach the project with outsize expectations that it will easily solve a plethora of organizational problems. It certainly can, but not without careful planning.

A CRM implementation also can bring significant disruption to the organization because it stretches across those many functional groups. As employees focus on planning and implementation of the CRM solution, they ignore their core duties and business efficiency suffers. Distraction deepens as the project drags on.

A lack of communication and training during the project can also threaten the success of a CRM implementation. If businesses fail to provide clear communications and training before, during, and after the CRM project, risk for failure rises. That's because users won't take the time to learn a system on their own, and they won't use what they don't know.

Due to the very nature of CRM systems, "scope creep" is unusually difficult to keep in check. CRM differs from most other enterprise applications in that there is much more leeway in determining necessary—as opposed to "nice to have"—requirements and functionality. Wants become needs very quickly as an increasing number of business leaders raise their voices to lobby for their individual requirements.

Cacophony begets chaos, and the situation can escalate into corporate paralysis because, while there are myriad opinions and suggested requirements, no one wants to take responsibility for making decisions. What's more, obtaining approval for the extended scope and new requirements creates a change-order crawl that can take weeks or even months to resolve. Ultimately, this scenario becomes an untenable burden on the company's IT experts, who are called upon to handle all issues throughout the multiple business units involved in the project.

As the scope expands, so does the Total Cost of Ownership (TCO). Requirements become more complicated and diverse, and the timeline to plan and implement the project is extended. Eventually the TCO can spin out of control as the company suffers from lost efficiencies, staff burnout, and inattention to business goals, not to mention escalating IT costs to support the expanded scope and extended timeline.

The result? A never-ending cycle of changing requirements and a bloated scope that will eventually torpedo the deployment of the CRM solution.

### SECTION 3

## The Value Of A Phased Approach

A CRM implementation certainly doesn't have to be that dire, however. A phased approach to CRM implementation can efficiently manage and mitigate many of these potential problems. It does so by addressing each segment as a project unto itself, while taming complexity and scope creep throughout the lifecycle of the project.

A benefit of a phased approach is that each segment of the project can be implemented rapidly. It is essential to note that, while the timeline is abbreviated, a phased approach requires a complete and thorough understanding of overall vision of CRM, business goals, and partnerships. Just because the project is faster doesn't mean it's less comprehensive.

Instead, think of a phased CRM method as being more targeted and precise. It breaks down project deliverables into small, manageable milestones that can be implemented with maximum efficiency, minimum disruption, and better risk management.

Efficiency is achieved, in part, by containing the scope of the project so that the number of stakeholders and users involved is reduced. A smaller subset of stakeholders can more quickly make decisions on project deliverables and procedures without the time-consuming need to reach consensus by committee.

A phased implementation also helps manage complexity by narrowing the focus onto distinct areas and processes that will yield the highest functional impact. This razor-sharp focus can help business leaders eliminate or ignore external complexities that could slow or stall the implementation. It will also cause fewer disruptions in day-to-day operations.

At the same time, a phased strategy provides a built-in learning curve for future installations because lessons learned early on can be incorporated into later implementations. It also enables businesses to postpone extensive—and time-consuming—customizations until the company fully understands how the initial implementation works. As users' comfort level improves and gaps are truly identified, deeper changes and new functionality can be judiciously introduced.

### SECTION 4

## ROI Is Realized Incrementally—And Rapidly

Today's harsh economic climate has created an almost palpable pressure on businesses leaders to achieve a rapid return on investment (ROI). A phased strategy delivers the payoff quickly because organizations will begin to see benefits as each segment is completed.

What's more, even a large implementation that is broken down into smaller projects will achieve faster ROI because individual business units will start to see increased efficiencies upon completion, which contributes immediately to the organization's overall operating performance.

Following a similar logic, Organization Change Management (OCM) becomes more nimble as larger projects are split into smaller segments that make change more manageable to leaders and more palatable to employees.

Likewise, the focus on specific features, process changes, and training is more targeted and easier for end users to accept and learn. Training becomes more effective because a phased strategy spreads the scope of communications and training needs across multiple steps that target specific groups or functions.

By containing change to defined functional areas, IT leaders can more efficiently address ad hoc modifications in priorities or critical business issues as the project progresses. Adapting to shifting business priorities across an entire organization, on the other hand, is slower and can undermine the company's performance and employee efficiency.

Taken together, these factors can all work together to orchestrate a successfully implemented CRM project with maximized end-user adoption.

## SECTION 5

### How To Start Your Implementation Strategy

As with most technology initiatives, there is no one-size-fits-all solution for a phased CRM implementation. A successful implementation doesn't just happen; it is meticulously planned.

The first step is to define the scope of the project. While scope creep is common in any size IT initiative, companies must be doubly careful to ensure that the scope is carefully defined and very tightly contained in CRM projects.

Analysis of business processes and goals is key. The organization must identify the business processes it aims to improve through CRM, and determine how the CRM system meshes with these processes. This can yield a valuable added benefit: Improvement of business processes advances efficiency within the organization.

It is also worth noting that this is an opportune time to take a hard look at all related business processes to ensure that they are on mission, logical, and efficient. Remember that automating inefficient operating practices won't deliver better results.

During each stage of the analysis, stakeholders must clearly articulate the organization's unique goals and build a business case that supports those goals. The business case must be measurable and quantifiable at every part

of the project. Fortunately, a phased approach provides natural checkpoints between phases at which the business can consider the next stage and reassess the plan to accommodate shifting business plans and functions.

Stakeholders also should determine a clear workflow, processes, and strategy around the implementation and use of CRM to help guarantee its success. It is critical to create a project roadmap that details all phases, milestones, and delivery dates for the project. And each phase must be planned and managed individually as well.

All the while, the organization must communicate and champion the project before, during, and after the CRM implementation. Support must start at the top of the organization and cascade down to engage business stakeholders and end users throughout the lifecycle of each phase.

Finally, training and education are mission-critical because a CRM system will only be as successful as its user adoption rate. To that end, stakeholders must demonstrate an unwavering commitment to training that seeks to transform the way employees view CRM. Preparation for training should begin at the very inception of the project; training is critical and should never be treated as an afterthought.

## SECTION 6

### How We Can Help

Sound like a lot of work? It is—no doubt about it.

Yet it is essential that businesses approach a CRM implementation with an enthusiastic attitude and a carefully planned and proven method. Based on our experience, we believe that a phased approach is the right tactic. Simply put, a phased approach is quicker to implement and will increase efficiencies, minimize disruptions, and better enable the organization to manage risk associated with CRM implementations.

To realize the full benefits and cost savings, organizations that do not have experience in strategic, disciplined CRM implementations should consider assistance from a partner with proven expertise in designing and deploying customer information solutions.

That's where we come in.

Infinity Info Systems has pioneered and refined the practice of a rapid, phased implementation of CRM systems. Over the past 20-plus years we have helped businesses achieve tangible results through rapid CRM implementations utilizing a phased method that is based on a disciplined approach to project management. Our highly skilled staff understands the challenges of the business and IT environment, and can efficiently help you navigate the minefields of analysis, solution planning, testing, deployment, and training.

We take the time to understand your unique business needs from the beginning, and continue to offer a personalized level of support during and after the implementation. With Infinity Info Systems, the project manager responsible for planning and implementation is also your support contact after the CRM solution goes live. That same project leader will be standing by to help you and your employees make the most of the new system—or plan the next phase.



## SECTION 7

### About The Authors



#### **Scott Snider**

Scott has been responsible for the execution and strategic direction of Infinity's CRM consulting operations since 1999. As a result of overseeing the Development, Training, IT and Project Management departments, Scott has been involved in more than 200 successful CRM implementations.

This breadth of experience enables Scott to guide Infinity to specialization in several vertical markets including the financial, publishing and life science industries.

Before coming to Infinity, Scott was a Senior Project Manager for Computer Language Research (CLR) where he was in charge of corporate tax software implementations for Fortune 500 companies across the country. Prior to that, Scott consulted for PricewaterhouseCoopers.



#### **Jim Lally**

Jim is a project management and methodology expert with over a dozen years in the professional services industry. Over the course of his career, Jim has led numerous CRM implementations across multiple industries utilizing and creating best of breed implementation practices. Jim joined Infinity Info Systems in 2007 and is responsible for Infinity's solution delivery methodologies and practices.

## About Infinity Info Systems

Founded in 1987, Infinity Info Systems develops Customer Relationship Management (CRM) and Business Analytics solutions for clients in the financial, life sciences, business services, media and manufacturing/distribution industries around the world. Infinity's technology solutions, services, training and support help organizations become more profitable by improving sales and marketing effectiveness. Infinity has trained more than 130,000 professionals and successfully implemented more than 3,500 CRM systems. Visit [www.infinityinfo.com](http://www.infinityinfo.com) or call (800) 354-4228 to learn more about Infinity Info Systems.