Getting the most out of contact management software

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Nigel Pleasants

Nigel Pleasants is President of Increase Sales!, a division of Media Marketing Management. His company plans and executes business development activities for business-to-business companies. After an international career in the advertising agency business, Nigel specialised in developing both advertising sales and subscription retention for daily newspapers across North America, through the use of database marketing. His observation of numerous sales departments led him to the conclusion that the relationship-building skills required for sales are very different from the database-building and cold-calling skills required for business development, and that these are two separate, specialised disciplines, which should not be conducted by the same individuals.

Abstract For every business-to-business sales company operating without a database of customers, lapsed customers and prospects, there is a simple, fast, inexpensive way to get database technology in place that will make salespeople significantly more effective. The technology is contact management software (CMS) and its primary benefit in a sales company is to increase sales. This paper posits that, to get the best sales increase from using CMS, it is important to have someone, either on the staff or from outside who has a strong understanding and experience of CMS, can quickly understand the specifics of the business and has good communications skills.

INTRODUCTION

'I was on contract to help a document management software company sell its \$75,000+ systems to mid- and large-sized companies. The product was excellent. I was getting a positive reception from the chief financial officer of the Canadian office of a Fortune 100 company. My heart was pounding. The CFO took another look at my business card and said: 'I recognise the name of your company. We tried to get capital approval for your technology a while ago. What is the background between our two companies?' I had no idea!'

The above incident was experienced by the author. The company he was on contract with kept no record of contact with prospects. There was no prospect database, and no contact management

software. It is a true story. It happened in 2002. Surprisingly, the software company is still in business.

Many companies are becoming increasingly sophisticated at providing their staff with a database of corporate knowledge with which to improve customer service, to retain and grow customers and to develop new business. These companies have the greatest opportunity for long-term growth and financial success.

Other companies are falling behind, the consequences of which are extremely serious. If sales and service staff do not have at their fingertips information about a customer or prospect when making a contact, potential sales will be lost and eventually customers will not be retained. There is no need for this to happen.

Nigel Pleasants

President, Media Marketing Management Ltd,
58 Spruce Street, Toronto,
Ontario, M5A 2H9, Canada.

Tel: +1(416) 921 0805;
Fax: +1 (416) 921 3027;
e-mail: nigelp@netcom.ca

CONTACT MANAGEMENT SOFTWARE: THE BENEFITS

For any company that is unable to afford or justify the use of large-scale customer relationship management (CRM) or database technology, contact management software (CMS) is probably ideal. CMS is inexpensive, powerful and easy to use. Every business that sells to other businesses or direct to consumers should be able to use it and enjoy significant benefits.

The benefits result from the fact that every contact with a customer or prospect becomes corporate knowledge about that individual, and with this knowledge future contact can be adjusted to be more appropriate and be the basis of a more effective relationship. When knowledge about all the customers and prospects in the database is amalgamated, it can provide a very valuable form of research.

CMS provides sales companies and departments with a very powerful database tool with which to drive programmes to retain and increase sales to current customers, to retrieve lapsed customers and to acquire new customers, all of which adds up to increased sales.

WHAT IS CONTACT MANAGEMENT SOFTWARE?

CMS is the category of off-the-shelf software that includes GoldMine, ACT! and Maximizer, all of which are used across a broad range of business categories. There are also CMS products targeted at specific industries such as telemarketing, medical clinics and fund raising.

CMS is very inexpensive. Business supply retailers sell the most up-to-date version of most CMS products for under US\$200 for a single licence, but the author has also purchased a

recently-outdated release of CMS for \$20 from a national retailer of business supplies and a legal, well-outdated release of CMS from an Internet auction site for \$2 (plus \$10 shipping).

NOT ALL SALES COMPANIES USE CMS

Despite the clear benefits of CMS, including its very affordable price, many sales companies and departments either operate without CMS, or under-utilise their CMS to some degree. The example of the document management software vendor that keeps no record of its sales prospecting contacts has already been cited.

The author encountered the 20-person regional sales department of a courier company where each salesperson is expected to make a minimum of 50 cold calls a week, as well as servicing all the customers in their territory. Each salesperson is responsible for finding their own leads in whatever way they wish. No record is kept of the lead or the outcome of the contact, and there is high turnover among the salespeople.

In consequence, a new salesperson has no idea which 2,500 companies have been contacted in the past year by the two or three predecessors, or what was the outcome of the calls. From the company's perspective, there is no evidence as to whether any cold calls were even made.

The author did some contract work for a company that used one of the good quality CMS products. Details about their prospects were loaded into the CMS, but the company had set up the software in such a way that they could not print letters and envelopes to the prospects from the CMS. Ironically, the business that the company was in was database management.

OBSTACLES THAT INHIBIT THE USE OF CMS

Why do sales companies and sales departments not use CMS, or not use it to its maximum capability? The author believes there are two answers.

First, many sales companies or departments do not understand the primary business objective of CMS. There are sales directors who believe that CMS is primarily a directory of customer and supplier contact information, and others who believe it is primarily a device to alert salespeople when the next contact in the sales process is due. While CMS does perform these functions, if the database aspect of the software is not used the power of the software is being seriously under-utilised. The primary business objective of CMS is to increase sales.

Secondly, companies often do not understand that they require expertise, either from in-house staff or out-sourced, to align the off-the-shelf CMS to their specific business needs, if they are to get the most out of the software. The expertise needs to come from someone who understands the nature of their customer/prospect base, is knowledgeable about CMS and can communicate well with the salespeople.

CMS: A CASE HISTORY

The clearest way to illustrate how CMS gets under-utilised by companies and how to rectify the problem is to provide an actual case history, followed by some advice about CMS, based on the lessons learned from that experience.

In 1997 the author was employed to run a 20-year-old sales company. At first glance, it was encouraging to discover that the company had CMS installed on their local area network. On closer inspection, however, it became apparent that the company was using CMS

primarily as a telephone directory for the customers and suppliers they dealt with. This is a valid, but very limited, use of the software. The author wanted to use the CMS to drive sales activities from a database of customers, lapsed customers and prospects.

The accounting software maintained records of what the customers purchased from the company. This would give the records of current customers. Then, with a bit of work, it would be possible to use the accounting software to develop a list of lapsed customers. Like most accounting software, this one was great for accounting purposes, but not very efficient for driving marketing programmes.

While a few of the records in the CMS were leads, there was no formally organised prospect database, so this needed to be built.

First attempt to get full value out of the CMS

Business experience showed that it was necessary to use the CMS to house a database consisting of three identifiable elements:

- current customers
- lapsed customers
- prospects.

As the new president of the sales company, the author had many priorities, so decided to bring in an outside resource to help to get the most out of the existing CMS.

After contacting the CMS supplier and asking for an available resource in the company's geographic area, the author was directed to a consultant, who was contracted to help.

The consultant was very knowledgeable about the CMS product. He was not, however, a businessperson.

He tried to teach the staff how to get the most out of the CMS, but he was not a 'quick study' and could not rapidly grasp the specific business. Also, he was not a good communicator. By the time his contract was terminated, very little had been learned from the consultant. It was decided that the company would have to try to discover the best use of CMS for itself.

Second Attempt to get full value out of the CMS

The second attempt was begun by analysing what was needed and what was not needed.

The company already owned the software, so did not have to go through the process of selecting which CMS to use and the CMS software was already installed on the company's network, so there was no need to cope with installation. The staff were expert in the particular aspect of sales that the company specialised in, so there was a thorough understanding of the nature of the business and the client and prospect base. As salespeople, the staff believed they were quite good at communicating with each other.

When the company undertook to meet its own CMS needs, it lacked one of the three required attributes: there was nobody on staff that had in-depth experience of CMS. The manual was studied by staff, so they could move forward step-by-step, but what is required with CMS is the ability to link the specifics of a particular business with the off-the-shelf CMS product, and this takes experience with CMS as well as an understanding of the business.

Staff planned the structure of the customer, lapsed customer and prospect segments within the database as best they could, based on their limited experience with CMS. Most CMS products allow

users to define their own fields in the database (referred to as 'user defined fields').

The plan was to generate customised mailings, using different copy for customers, lapsed customers and prospects, and for the prospects, using slightly different copy targeted to each of 17 industry segments. That was the plan; then it had to be executed.

Executing the plan

The accounting system was used to gather the data that would be needed to populate the customer segment of the CMS database, and the records were replicated in the CMS.

Records from the previous two years were pulled out of the accounting system in order to populate the lapsed customer segment of the database in the CMS.

Because of the nature of the accounting software, it was not possible to transfer the records electronically into the CMS database, they had to be keyed in manually. Finally, the prospect segment of the CMS database had to be populated.

The company rented a well-targeted mailing list and mailed recipients an offer of free advice in the area of its expertise. The response rate was over 12 per cent, which produced several hundred prime prospects to key into the prospect segment of the database. A printed directory of targeted prospects was purchased. About 25 per cent of the listings in the directory were selected and keyed into the prospect segment of the database.

Had the directory been available in a digital form that could have been transferred electronically into the CMS, it would have been possible to take that route. While a directory of records will usually be more expensive in this form, the time saved compared to entering the

data is very considerable (even after inspecting the information that has been entered manually and cleaning up any obvious errors).

The prospect element of the database was segmented by 17 different industry categories.

Using the CMS database to increase sales

Now the database had been built in the CMS, the company was anxious for the payoff.

The first mailing the company had ever sent concurrently to all customers was issued, thanking them for their business, telling them about product developments and giving them a reason to buy more from the company.

Similarly, all recently lapsed customers were concurrently mailed, thanking them for their former business, telling them about product developments and giving them a reason to come back and buy again.

Finally, the company 'target mass mailed' all the prospects in the database, introducing them to the company and its products and giving them a reason to do business with it. This mailing consisted of 17 slight variations of the same letter, one for each industry segment, targeted specifically at the segment.

The good news: Results

In the three years that the author was responsible for the performance of this 20-year-old sales company, sales were doubled.

Of course, the salespeople were the primary reason for the success: it was an excellent team. A greatly strengthened business plan also played a role in this success; but part of the strengthened business plan was to start using the CMS much more effectively than it had been

previously. Sales could not have been doubled without the proper use of CMS.

The bad news: Paying the price for inexperience with CMS

There was a serious CMS problem on the way to sales success, for which the company paid a high price.

The CMS database was structured in the way that seemed to make sense for the business, but at the time this was carried out, the company was inexperienced with CMS.

Two years after the re-launch of the CMS database, it became apparent that the company had not structured the 'user defined fields' in the best way. This involved the mammoth task of going back into the database to change virtually every record.

The changes to the 5,000 records took about 250 person-hours of work. The lost selling opportunity that this represented was considerable. The lesson to be learned from this is that there is a very great benefit in getting the structure of a CMS database right first time.

CMS DEVELOPMENTS

Since the time at which the case history took place, there have been a number of developments with CMS, and naturally, the manufacturers will continue to evolve the software. One development is the opportunity tracking feature, which helps salespeople and their managers to identify and track strong sales opportunities in the database.

Another very positive step is the inclusion of a growing number of pre-formatted reports, which help managers better understand the answer to critical questions such as 'why are we winning/losing accounts?'

CMS is also increasingly being designed to integrate with popular e-mail

programs, such as Outlook, so that meetings, for example, are viewable from both Outlook and the CMS.

Finally, as personal digital assistants (PDAs) have become more prevalent, CMS is being designed to integrate with these devices, so that salespeople can take their corporate knowledge with them into sales meetings.

Positive developments will almost certainly continue apace in the competitive CMS marketplace.

CMS ADVICE

From the experiences recounted in this paper, a number of things have been learned about CMS.

If a sales company is to enjoy the optimum benefit from CMS, whoever is responsible for putting the company on the right track with CMS must have three attributes:

- a good business sense that allows a quick understanding of the nature of the company's business and their client and prospect base
- an understanding of, and experience with, CMS
- the ability to communicate well with the staff.

Next, when it comes to selecting the CMS supplier, the author can only offer this advice: having worked with Maximizer, ACT! and GoldMine, they are all very good products and it is probable that other off-the-shelf CMS products also work extremely well. The author's advice is to make the decision

reasonably quickly and get on with the job of increasing sales.

For a company that needs to install CMS on its network, the author recommends getting the IT manager or systems integrator to install it; this is a technology issue and is quite separate from determining the optimum use of the software.

CONCLUSION

In summary, the message is very simple. For every sales company that is operating without a database of customers, lapsed customers and prospects, there is a simple, fast, inexpensive way to get the technology in place that will make that company's salespeople significantly more effective.

The technology is CMS which can be purchased off-the-shelf for under US\$200.

The primary business objective for CMS in a sales company is to increase sales. The software can be easily installed on a network.

To get the best sales increase from using CMS, it is important to understand how to connect this off-the-shelf software with the specific needs of a particular business.

What is needed to accomplish this is someone, be they in-house or from outside, who has a strong understanding and experience of CMS, can quickly understand the specifics of the business in question and has excellent communications skills.

With the right strategy and resources, increased sales through CMS are close at hand.