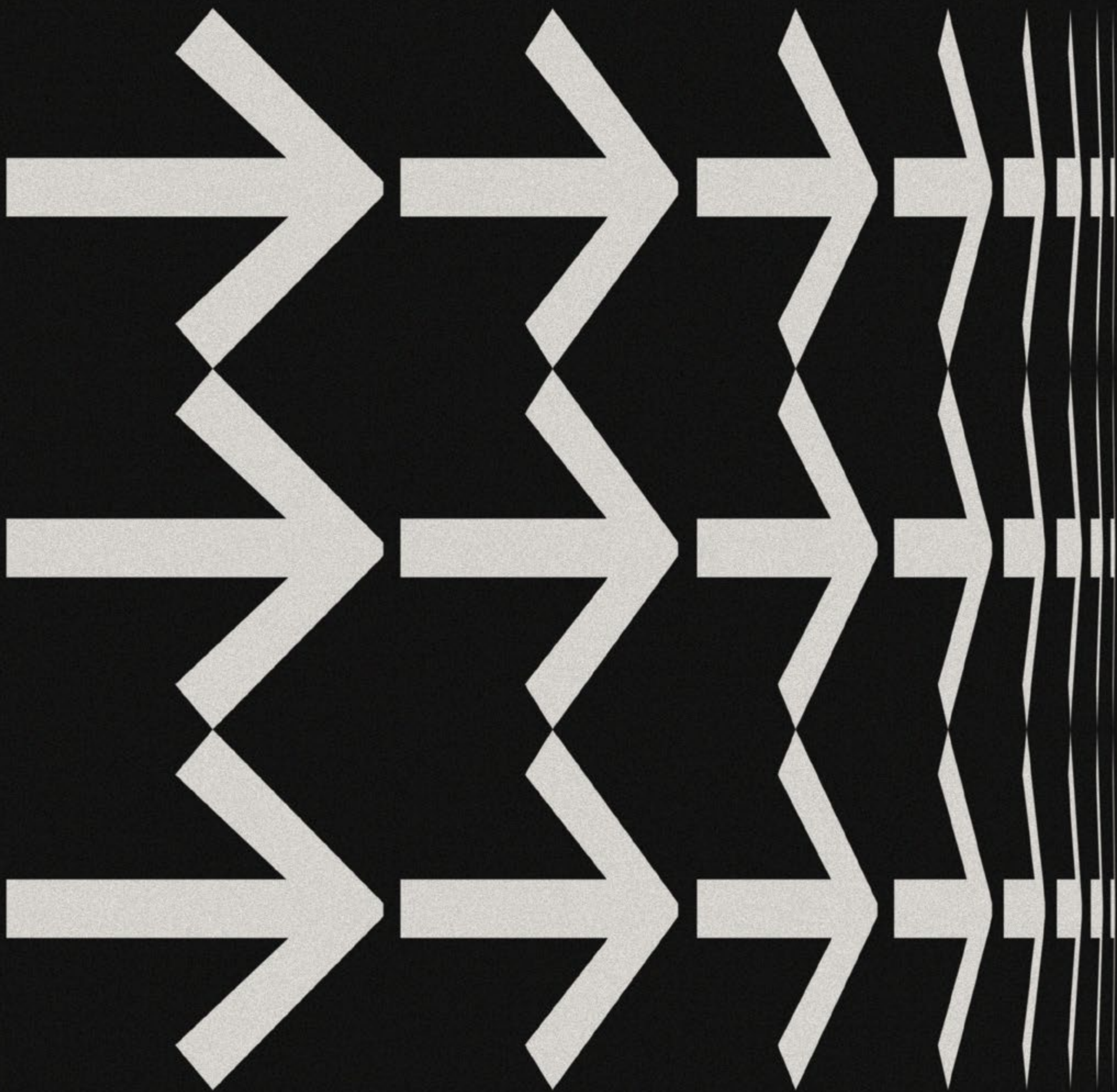
Huthwaite®
International

The CRM System – under-regarded, under-used

How your CRM can fulfil its potential.



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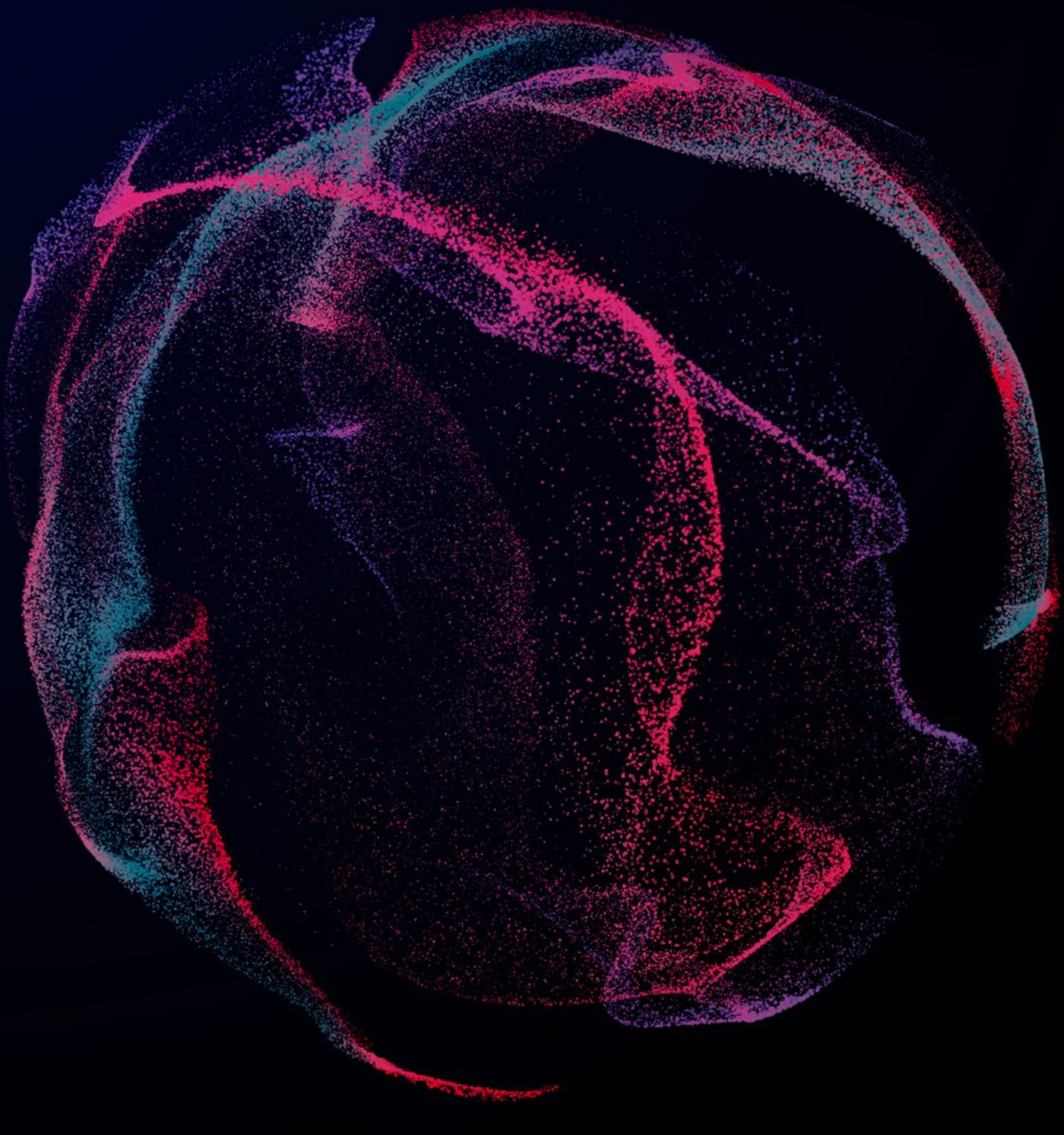
Introduction

In our normal line of business, we meet a lot of Sales Directors and Sales Managers. During conference speeches, presentations and workshops, we frequently ask these sales leaders whether the data in their CRM is up to date, comprehensive and accurate. The dirty little secret of the CRM is that no one has ever answered in the affirmative!

We also work with thousands of sellers every year. While we don't always ask for their opinion of the CRM systems they use, we don't really need to. Inevitably, the CRM is mentioned often. Cue eye-rolls, embarrassed faces and – more often than any CRM vendor would like – audible groans.



What's going on with the CRM?

The CRM is a good idea. A central repository for information about customers, progress towards deals, the stages of the sales process, contacts, order histories, and more. It is an engine for market intelligence. It drives sales forecasting. The CRM, potentially, identifies top performing salespeople – and those who may need more assistance.

But from the reactions we get and the stories we hear, often, the CRM falls short of achieving these outcomes within many B2B sales organisations.

There are a couple of reasons that Huthwaite International consultants encounter regularly:

1. The CRM is owned by the tech team. Now, some technology teams are absolutely on the ball. They think hard about what the system needs to do, what the user experience will be and how it can fulfil its myriad purposes effectively and – especially from the viewpoint of the sellers – efficiently.

However, not all tech teams are created equal. Often, the user experience is extremely poor. It is not uncommon to see a CRM which has been set up as though the key aim and object of the salesforce is to populate the CRM!

Not only is it complicated, it is – by extension – time consuming. Creating a plethora of perceived bureaucratic tasks to be undertaken by people who are under pressure to meet customers, follow up leads, maintain market and product knowledge and achieve targets for profitability and revenue, is always going to be tricky. If those same individuals can find no link between these administrative tasks and their ability to achieve their key goals, the actions associated with CRM maintenance are unlikely to be prioritised.

Without the insight to create positive incentives for its completion – i.e. ones linked to achieving the targets for which sellers will be rewarded – many organisations fall back on compliance and associated punishments. This leads to a desperate rush by sellers to avoid sanctions. CRM completion is left to the end of the month or quarter and – almost certainly – well after the end of the working day. It is completed with the minimum level of compliance to avoid being named and shamed.

Incomplete data? Check.

Inaccurate reporting on progress towards a sale? Check.

Over-inflated expectations on decision time, probable sales value and likely (positive) outcome? Check.

In short, the conditions that have been created to ensure that the CRM is up to date and contains accurate, actionable data are precisely the conditions that make it highly unlikely that any of this will be achieved.

We met recently with a company in a regulated sector where contract compliance was highly important. Sellers were barred from going through certain gates in the contract approval process unless the CRM was completed and the relevant, bespoke fields in each opportunity had been completed. Sellers were unable to discuss a potential project with their product teams, operations specialists or project managers until and unless the various fields had been completed.

This resulted in sellers not being able to finalise quotes on schedule or create proposals which would have advanced the sales process. Much of the data sellers were asked to complete – which was extensive – generated completion status in the management dashboard which unlocked the next gate. No assessment of the quality of the information entered in the CRM featured in that dashboard. Their requests for pricing information or timelines were often refused simply because a box remained unticked.

Sellers were floundering with what they needed to include and by when. Support was offered in the form of a guide to completing the CRM satisfactorily (as well the penalties for not doing so). It ran to 56 pages!

This brings us on to…

2. The CRM is watching you. In many of the cases that we come across, the CRM is an instrument of control. Its primary function is to check that sellers are doing their job. In the absence of skilled managers focused on supporting their team's performance, the CRM has been touted as a quick fix.

Most managers we speak to have been appointed to a sales leadership role without any preparation. This is especially true of top performing sellers who are promoted on the basis of their sales performance, rather than their leadership potential. Recent reports from Highspot, the Chartered Institute of Management and Harvard Business Review suggest that 80% of organisations offer no sales leadership training and 58% of sales leaders claim they have no management training prior to appointment.

In 2019, according to Frank Cespedes of Harvard Business School, placing super salespeople in to leadership roles fails because those previous sales stars want to keep on selling. They frequently retain sales quota and "hover over their salespeople and micromanage every deal to make sure it closes".

Top performers being moved into a leadership role based on their technical sales skills is neither uncommon, nor does it seem to work.

Promotions based on technical competence that ignore behaviour and other key leadership traits have time and time again resulted in failures that harm individuals and their employers, not to mention the wider economy's performance.

Ann Francke, CEO, Chartered Management Institute

Leadership development programmes aimed at those already in senior roles are an example of closing the stable door after the horse has bolted. According to Lorman, (2021) 43% of managers have received no formal leadership training 12 months after elevation to a senior position. Those companies which are bucking the trend by providing training support for sales managers only do so sometime after appointment – typically 3–6 months.

The idea of the CRM as a tool for monitoring seller's performance, inevitably leads to a backlash from those whose performance is being monitored. The oblique reference to Big Brother from Orwell's *1984* is not an accident.

What's more, as our previous example suggests, this monitoring is designed to find the guilty and apportion blame. Individual performance information, derived from the CRM, is – at least anecdotally – rarely used as a springboard for performance support or individual assistance and coaching.

One engine of this monitoring is to better forecast revenues and sales performance. This is a laudable goal. Creating a more reliable assessment of sales pipelines and therefore the chance that a contract will be agreed, and the associated revenue recognised by a certain date, is near the top of every Financial Director's agenda. Similarly, inaccurate forecasts have a major impact on future investment decisions. Anticipated income being delayed – or disappearing completely – in a fog of excuses, explanations and finger pointing is peak frustration for every finance person in every commercial organisation.

The pressure to deliver at least part of the promise made in a late-night cobbled together analysis of an opportunity's potential, leads to sellers discounting to win the orders that they have forecasted. There will be last-minute, scrabbled negotiations to get a deal – any deal – over the line. Anything to avoid the post-mortem into sales which move from pending/75% on the sales forecast to the lost business column.

One key challenge is the lack of objective measures – universally applied – which can accurately predict sales being achieved. Any measurement system will be subject to the vagaries of fate – however well the sales meetings have gone and however enthusiastic the buyer, things can still stall or be derailed entirely. Stuff happens – often completely beyond the salesperson's control.

But while no forecasting system will be 100% accurate, those based on a commonly used, objective set of criteria by which to judge likely success, are much more frequently right than wrong.

Where these scenarios occur – singularly or together – the CRM acts not as a driver of business growth, but as a potential impediment to new business development. How can the administrative burden of updating the CRM be reduced? How can the CRM move from a mitigation of weak leadership to enabler of effective performance improvement facilitated by informed leaders and coaches?

Other potential CRM services

In many sectors, the CRM has been touted as a driver of marketing insights and data-driven customer contact. The latest innovations in the CRM market have focused on client self-service and automated client contacts. These are – inevitably – built on AI capabilities.

For these AI-driven enhancements to be effective – and to go beyond accessing available data from the internet – the data in the CRM needs to be up to date, accurate and complete. If AI tools can scan, summarise, and, where required, automatically act on the customer data held in your CRM, there is a potentially tremendous competitive advantage for those companies which get it right. Using company and customer-specific information based on enquiry history, order history, records of proactive salesperson contact with prospects and suspects provides a rich seam of data which helps sellers sell.

Sorting out the data you have in the CRM – and ensuring the integrity of that data into the future – must be the baseline outcome from any project seeking to reimagine the CRM in your organisation.

The CRM – reimagined

So far we have identified a number of issues with the CRM:

- Overly bureaucratic – taking too much salesperson time to complete and maintain
- Inaccurate sales forecasts – in part because of a lack of commonly used, objective criteria.
- Limited benefit to salespeople in generating profitable revenues and new business
- A failure of the CRM to be positioned as a driver of sales capability and performance.

To turn these issues on their heads, can you reimagine your CRM as an easy-to-use tool, which provides real insight to sellers and their managers, provides data which informs performance support and coaching and generates more accurate sales forecasts?

Step 1: A common and objective language

Even if your sellers are religiously updating their opportunities in the CRM, how do you compare what has been entered? If sellers are describing the outcomes from specific meetings, or the customer's issues, in different ways, how can you determine whether or not progress is being made? A lack of clarity in the language used in the CRM is one of the big barriers to using the data – whether for marketing insights, buying criteria or even to utilise the more advanced technologies powered by AI.

SPIN® Selling is based on decades of research into how successful sellers differ in their approach from those who are merely average. This research has been codified into:

- How different types of customer need are uncovered and characterised
- How Benefit statements and others ways of describing your product and service are formulated
- Meeting outcomes.

This latter one is particularly interesting. When asked, most salespeople will say that they have had a 'good call' with a customer. But where a meeting or customer call didn't end in a definitive outcome – either an order was placed (sale) or the discussion has concluded without an order (no sale), what does good look like?

In Huthwaite International's research into the effectiveness of salespeople, we recognised, early on, that business-to-business sellers may have a number of meetings between initial contact and securing a contract. To judge effectiveness – and therefore identify the behaviours which contributed to success – we needed to identify an objective measure of success from an individual meeting which was not a sale.

In SPIN®, sellers are introduced to the concepts of the Advance and the Continuation. A Continuation was when the conversation would continue, but the customer had made no commitment that progressed the sales process towards a positive conclusion.

An Advance, by contrast, showed clear commitment from the customer. They agreed to take action – usually to provide access to new resources – which meant that the sale was closer to a successful conclusion than at the start of the meeting.

In CRM terms, a meeting which ends with an Advance potentially increases the likelihood of the sale being achieved. As a result, the opportunity moves from one stage of the sales process to the next. Maybe it simply increases the likelihood of winning the business from a low percentage to a slightly higher percentage. Importantly, there is clear and objective difference between a conversation with a customer which went well, and one which did not move the sale forward.

Step 2: Integrate SPIN® Tools into your CRM

SPIN® Selling is a primarily a behavioural model. Huthwaite International's extensive research focused on what successful sellers did, what they said and how they said it. We also looked at the responses they sought – and gained – from the customers with whom they were speaking.

However, our researchers also noticed a significant difference in the way successful sellers prepared for a sales call and recorded what happened during the actual customer interactions.

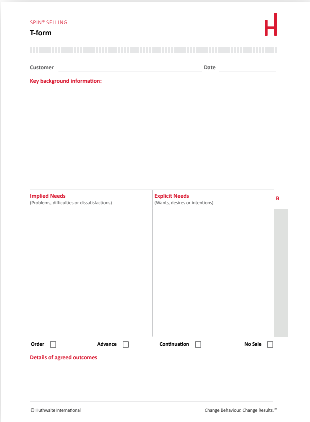
This gave us three tools:

The Persuasive Case Analysis

The SPIN® Call Planner

The T-form

The T-Form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T-form

Customer ____ Date ____

Key background information:

Implied Needs (Problems, difficulties or dissatisfactions)	Explicit Needs (Wants, desires or intentions)	B

Order ☐ Advance ☐ Continuation ☐ No Sale ☐

Details of agreed outcomes

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We always advise sellers to start with a clear perspective of the outcome they wish to achieve. In that spirit, let's start with the T-Form – which describes what happened.

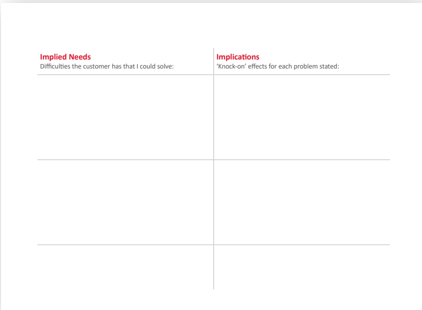
The T-form is used to record call outcomes. It is best used as a way of structuring note taking during the meeting.

The T-form records the information which was actually discovered (Situation, Customer Needs) and whether the seller successfully made a Benefit Statement in respect of the Explicit Needs (wants, desires, intention to act or requirements) articulated by the customer.

The T-form also asks the seller to categorise the call outcome (Order, Advance etc.) and records next steps, including date of next meeting and any commitments made by the seller and customer in advance of that subsequent meeting.

When recording a call on an opportunity within the CRM, the T-form should be the base of both data capture and call recording.

The SPIN® Call Planner



The call planner is a planning document for a specific meeting with a potential or current customer. It requires the seller to define the objective for the specific call. This objective should be an Advance i.e. the desired action taken by the customer to progress the sale.

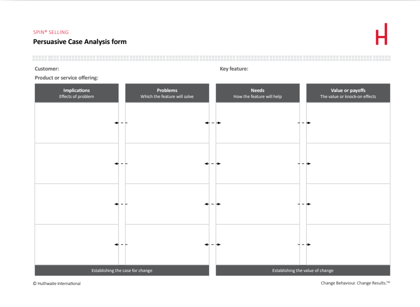
The call planner enables the seller to identify the essential Situation information and the Implied and Explicit Needs they would hope to uncover and therefore to plan the questions which will deliver that Advance, by enabling them to make Benefit Statements.

When a seller has identified a particular product/feature they wish to discuss in a specific sales call, they should refer to the Persuasive Case Analysis (see below) for that product/feature relevant to the customer type with whom they are meeting. This cross referencing will speed up the process of completing call planners by providing a 'menu' of needs which the seller would hope to identify, clarify and extend.

Including the detail from the Call Planner in the CRM provides an opportunity for the sales manager to review – and provide guidance to the seller.

Imagine a seller has updated an opportunity within the CRM by including a plan for the next call. The Sales Manager notices that the objective is not an Advance. By discussing how this objective can be reframed, the remainder of the call plan can be adjusted to better achieve that planned Advance.

The Persuasive Case Analysis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Persuasive Case Analysis form

Customer: Key feature:

Product or service offering:

Implications Effects of problem	Problems Which the feature will solve	Needs How the feature will help	Value or payoffs The value or knock-on effects
Establishing the case for change		Establishing the value of change	

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The PCA answers a simple question – what needs must a seller uncover if a customer is likely to be interested in buying this specific feature of your product or service?

At a high level, a PCA is created by product or marketing specialists to assist sellers in understanding and positioning the differentiating features of a product or service. Its objective is to communicate clearly to sellers the kinds of needs which – when uncovered – would persuade the customer that this product feature would deliver value by resolving customer problems and matching customer Explicit Needs.

Because customer needs vary by customer type, PCAs should be created for specific customer categories. This may be business type or individual roles within the customer enterprise.

We would recommend that the product team – in association with the marketing team – work up PCAs for a range of products or services and the differentiators of each. Ideally, these will be in a repository available to sellers from within the CRM. If these can be searchable – by customer type, or Implied Need (customer problem) or Explicit Need (customer requirement), then the call planning process can be accelerated. The collected PCAs form a kind of 'playbook' for sellers – baseline support for call planning. They also provide a playbook for marketing – identifying the kinds of customer needs a product has been designed to address.

Most importantly, their focus is on differentiators – product and service features unavailable elsewhere – and the value they generate. In a world of undifferentiated products – or commodities – lowest price wins. Where true differentiators have been created – highest value wins.

In this way there is, first of all, a reinforcement of the common language used to describe the attributes of products and services and to record information about customers. But what's more, the seller now has a reason to visit the CRM that is not about recording what has happened for someone else's benefit. It is in order to access insights which assist the planning of how the seller can best direct their limited time. They have access to the organisation's knowledge base, described in ways that are directly applicable to the customers they meet.

The integration of SPIN® Tools into your CRM starts to answer the seller's perpetual question; what's in it for me?

Step 3: Driving performance improvement

In a 2022 survey by Hubspot, over 98% of the respondents agreed or strongly agreed that effective sales coaching positively impacted salespeople's performance.

By integrating these tools into the opportunity architecture of the CRM, managers have access to data to identify opportunities to coach.

Tool	Coaching Opportunities
The SPIN® Call Planner	Check quality of call plans. Have sellers: ■ Set a call objective which equates to an Advance? ■ Identified the background information they need to uncover? ■ Identified likely Implied Needs? ■ Identified the Implications for the customer of not addressing these needs? ■ Identified possible payoffs for the customer – i.e. the value which will be created by having your solution? Trained coaches can then address any gaps in the plan alongside the seller – identifying ways of improving not only this planned sales meeting, but future sales meetings.
The T-Form	The T-form records the proportion of calls which result in an Order, Advance, Continuation or No Sale. If these terms are searchable, and the data discoverable for a specific team, the manager can identify sellers who are being more successful and those who aren't. Then they can plan an appropriate conversation with seller: **Order** Has the implementation plan to fulfil the order been properly undertaken? Has the invoicing process been set up? What additional needs for other products and services have been discussed? Are there cross-sell/up-sell opportunities which remain unmet by the agreed service/product provision?

Tool	Coaching Opportunities
The T-Form	**Advance** What support does the seller need to fulfil the agreed Advance? Where a future meeting has been confirmed, is there a call plan in place? What further needs are to be discussed? (Is there a PCA in the repository which can help?) What is the value proposition for this customer which defines the return on investment they would achieve if they proceed to order? **Continuation** What are the next steps? What is the objective for the next call and is it an Advance? What further questions can the seller plan to uncover, clarify and extend the customer's needs? Which product or services offer a potential solution? How does it match the customer's requirements? What would be a credible commitment from the customer at this stage of the relationship? **No sale** What lessons can be learned? What were the barriers to achieving progress towards an order? What could the seller have done differently? (Review all T-forms from this account) Any feedback required to the product or marketing team on needs which you were unable to satisfy or which a competitor could satisfy more effectively?

Tool	Coaching Opportunities
The T-Form	The T-form goes further by identifying the number and ratio of Implied Needs (problems), Explicit Needs (requirements) and any Benefit statements identified. Trained SPIN® coaches are accustomed to reviewing these outcomes to identify behaviours which a seller could use more effectively. The outcome is often to agree a behavioural target to work on, in one specific area over the short term. Importantly, a follow-up conversation is placed in the diary – which you can also incorporate into the CRM.

Step 4: Improve Forecasts

In many CRMs, the data on progress towards a successful sale is undermined by over-confident salespeople, performance management approaches in which failure is not an option, and punitive sanctions against those not making progress, which promotes a culture of cover up rather than transparency.

One other CRM inclusion adds to the forecasting objectivity gained by using the Advance/Continuation model to assess progress towards a contract.

The Buying Cycle™ is a significant finding from the Huthwaite Research into successful commercial behaviours. We found that there are predictable psychological stages which buyers and buying teams go through when they are making a major purchase decision. These stages can be included in the CRM against each contact within an opportunity. This encourages and enables sellers to view progress towards a successful outcome from the buyer's perspective, rather than the perspective of the sales organisation as typified by their frequent focus on the stages of the sales process.

The sales process defines what the seller has done. It is an inconclusive assessment of progress. For some deals, having moved from stage 3 to stage 4 of your sales process is positive. For many, however, it will not reflect the buying organisation's opinion of you, your proposal or the value of your products and services at all.

A much more significant and objective measure of success is how far the buying organisation has progressed in recognising they have one or more needs to making a decision to satisfy those needs by purchasing products or services.

But, of course, major buying decisions are rarely made by an individual. In most B2B purchasing processes, there will be several people who can influence or will make the buying decision. By identifying where each contact is in relation to the Buying Cycle™, the seller can map the entire Decision Making Unit (DMU) and be much clearer on the work to do to move the whole DMU towards a decision to buy. By doing so, the likelihood of a positive decision and the timeline over which it will be reached will be clearer and it'll be easier to communicate progress objectively to sales leaders, operations teams and finance chiefs.

Hopefully, by now, it will be clear that sellers using SPIN® behaviours and having access to the SPIN® Tools via their CRM – with a manager with time and skill to provide ongoing coaching – get more predictable results.

By using an objective measure of a meeting outcome – Advance/Continuation – allied with mapping the decision makers to the Buying Cycle, it is clear to everyone where progress is being made and what still needs to be done.

It also means that your sales managers – many of whom will have been star sales performers in the past – have an appropriate and effective outlet for their experience: supporting their teams to achieve.

Not by pushing their salespeople out of the way.

Not by micro-managing.

Not by taking over in sales meetings in order to 'close the deal'.

But rather by genuinely building the confidence and capability of the sellers that they lead.

That is the way in which sustainable, long-term and predictable growth happens in business-to-business sales.

The CRM isn't at the heart of that in most organisations. But it can be.

Huthwaite® International

@Huthwaite_Intl

huthwaite-international

TheHuthwaiteGroup

Tel: +44 (0)1709 710 081
Email: enquiries@huthwaiteinternational.com

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