



In this episode of *Selling Geek*, we talk with customer relationship management expert Rich Bohn about the state of CRM.

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*And now, here's your host, the Selling Geek - Tim Sullivan!*

Thank you, Ruth, and welcome, everyone. I hope this finds you feeling good, living well, and well ahead of your sales goals. And now, on to our featured interview.

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Of all the different kinds of technology that salespeople use today, perhaps none or more pervasive than customer relationship management systems, also known as CRM. Once the exclusive competitive weapon of large corporations only, CRM is now available to any sales professional, thanks to relatively inexpensive hosted alternatives.

The promise of CRM is to help salespeople be more productive by helping them manage their information and to share it with others as needed easily and accurately. And yet, some CRM systems have a less than enthusiastic following among salespeople today. Many of them see them not as helpful tools, but a heavy stick with which their managers can use to beat them to supply details about their activities, contact, and opportunities.

To understand the current state of CRM and where it is heading, we turn to Rich Bohn, a successful salesperson who has studied customer relationship management systems for three decades. Rich has been reviewing and writing about sales automation, customer support systems, marketing automating systems, and CRM longer than anyone in the industry. And today, he is arguably the most objective independent analyst of what makes CRM succeed or fail. With a degree in electrical engineering from the University of Illinois and a master's degree in management from Northwestern University's Kellogg Graduate School of Management, where he was the student of marketing guru Philip Kotler, Rich has the training to view CRM with a well-focused critical eye.

More importantly, Rich looks not only at the technology of CRM, but first and foremost at the utility it provides -- or doesn't provide -- to salespeople, using his own

considerable experience as a successful sales professional and executive as a practical guide. His academic credentials, practical sales experience, and technical know-how make him truly a unique expert in his field. I know you'll find his observations and advice enlightening and helpful, so it's my pleasure to present this special interview with Rich Bohn.

Tim Sullivan: Hi, Rich. Thanks for joining me today.

Rich Bohn: Great to be with you.

Tim Sullivan: Rich, you've been looking at the CRM space for a long time. What is CRM? What is customer relationship management?

Rich Bohn: Well, it traditionally evolved when people were talking about sales force automation a few years back, and then there was customer support software. And as companies in either of those businesses bought one of their rivals and started offering solutions for sales and support, that's really when the term "CRM" came along, and then marketing got thrown into the mix.

I give it a much simpler definition. I think it's any clever application of technology to help people take better care of their customers.

Tim Sullivan: We hear a lot today about Web 2.0. There are a number of technologies available to promote collaboration between companies and customers. Would you include those in your broad definition of CRM today?

Rich Bohn: Yes, I would, and in fact, I do on my website, [SellMoreNow.com](http://SellMoreNow.com). That's where I've got one-page summaries of about 500 different CRM solutions.

Tim Sullivan: CSO Insights; I know you're familiar with the industry benchmark research that they do, and you can find them on [CSOInsights.com](http://CSOInsights.com). In their latest 2008 study surveying sales executives, almost 70 percent of the respondents there reported that there are using a CRM system. At that level of adoption today, do you think that CRM is now a requirement for business?

Rich Bohn: I thought it was a requirement to be in business for years now, and that high level of adoption can be misleading, because if you really probe those people in terms of are their solutions really generating more sales, most of those people would say no.

Tim Sullivan: Why do you think most CRM systems aren't producing the kinds of results that many customers expected when they bought them?

**Rich Bohn:** I think that gets into the messy issue of sales management mentality. A lot of sales managers -- and I can criticize them because I was one once -- they still follow a "do as I say, not as I do" mentality; and they still resort to classic carrot-and-stick motivation of the sales force and beating on the sales force. I would say a problem of discipline in the management ranks.

**Tim Sullivan:** Rich, in your opinion, what components should be in a CRM system? What are the pieces that really do help make it productive and successful?

**Rich Bohn:** In accounting, we have those generally accepted accounting principles, and the FASB or whatever's replaced it now, and things are more cut-and-dry in terms of how to do your books in a business. There's still quite a range of accounting packages available. But when you talk about sales and marketing, there are no standards. It really is all over the place. And that's why I'm still tracking hundreds of programs claiming to be CRM.

**Tim Sullivan:** The myriad of smaller CRM vendors that are out there today, I think most of those are hosted solutions, but perhaps you can correct me if I'm wrong about that. There do seem to be a great proliferation of those that aren't as well-known as [SalesForce.com](http://SalesForce.com). Have any of those piqued your particular interest?

**Rich Bohn:** There's always been one company that was getting all of the attention, and it wasn't that many years ago where Siebel was considered the only game in town. And now, where's Siebel? They were acquired by Oracle, and now the company that gets all the buzz is SalesForce.

When people get hung up on a single name that happens to be well-known, they fall into the trap of thinking that there is a possibility for one vendor to meet all of the requirements of many different companies, and this gets back to my point earlier that there are no real standards in sales and marketing. Application requirements vary dramatically. Just think of the simple examples I use.

When I talk to somebody, one of the questions I'll ask them is tell me what your sales cycle is. And I break them down into three big categories: short and sweet, long and complicated, or continuous. And if I didn't think about anything else but those three sales cycles, that can have some big impact on what kind of CRM system I'm building.

For example, in a company dealing with the long and complicated sales cycle, strong opportunity management and sales forecasting is

essential. It's just probably not even an issue for someone that's in what I would call a continuous sales cycle. So some of these smaller companies that are entering the game are doing some genuine innovation, providing some very interesting solutions, and at a very reasonable price.

There's a company called Oprius, from Canada. Oprius is targeting solo salespeople. They don't even have a version that shares a database and can deal with multiple salespeople. But they have a very nice solution that's easy to customize, does a nice job of drip marketing, and costs all of \$14 a month.

If we go up a little ways, you come into things like Pipeline Deals and Telium. Zoho CRM is a nice one. These provide basic capabilities comparable to what people would expect from ACT! with very reasonable prices. Zoho's free for a single user and very reasonably priced. And then if we go up another notch, companies like SalesForce and Siebel before them, in their minds, they equate that with "seats".

The CRM business has been too hung up on seats, in my opinion. The complexity of a project is not just a function of how large the business is. Many smaller businesses compete in very technically demanding environments.

So another company that I'm following very closely these days is InfusionSoft. They have a very powerful system that includes not only all of the things we'd think of in basic CRM/contact management and all of that, but very powerful and really sophisticated drip marketing capabilities. And they have a built-in shopping cart that's integrated with everything, and they have an affiliate management that's also integrated with everything. This is where I'll talk to companies and they tell me, "Well, I don't sell over the Web." And my question is, "Why not?" I don't care what you sell these days. It's another channel to have a dialogue with your customers, and there's probably a bunch of stuff they have in their bag that they could be selling on a website.

At the same time, they may say, "I don't have affiliates." And again, I would say, "Why not?" In almost any business, it's easy to find referral partners that aren't competitors that would be delighted to refer business to you for a commission share. But also you might be referring other business to them. InfusionSoft is a totally Web-based complete CRM system, integrated shopping cart, integrated affiliate management, some of the nicest drip marketing I've seen anywhere, and it's something that you put in a matter of hours for a few hundred dollars a month.

**Tim Sullivan:** Rich, a little earlier you talked about the importance of aligning the capabilities of a CRM with the complexity of your sales cycle. Is that the primary driver for success in CRM; how well sales process aligns with the capabilities or the design of the CRM system?

**Rich Bohn:** It's definitely an important factor. I think of it in a different way, though. When I go to the software vendors themselves to begin a dialogue, the first question I ask all of them, "How does this program help people take better care of their customers and sell more now?" And it's really that kind of back-to-basics thinking that I think is at the base of a successful CRM project.

Too often, people get hyped up to do one of these things and they get caught up in the presentations they're getting from different vendors and they lose sight of what the heck they're trying to do in the first place.

**Tim Sullivan:** I've seen CRM projects and I know you have, too, that really were victims of what would be best described as "scope creep." Do you think that scope creep, or expansion of the CRM systems, is one of the reasons why CRM systems can fail? And how often do you see that as a factor?

**Rich Bohn:** I think that's one of the leading causes of failed projects. I see it quite often, and ironically, the CRM community itself is at the root of some of these problems. It was very popular a few years ago, before putting in a CRM system, to have a very large and complex needs analysis process, process reengineering, and trying to do all that stuff on paper before they even start looking at software, and I think that whole approach is a mistake.

The approach I advocate is first of all, find a system that's easily customizable on the fly, and then get it in and start using it wherever your pain points are, or wherever you're bleeding. There's got to be something going on in your sales and marketing organization that caused people to go out and think that they needed something in the first place, and it's usually some place where they're bleeding; leads not getting followed up on, opportunities dying late in the stage, whatever. Whatever that critical pain point is, start there and forget about all this other stuff until you address that problem. And then, after you've had a little success, go along with a nice evolutionary rollout of how the program can be useful to some of the other parts of the organization.

**Tim Sullivan:** So Rich, if I understand you correctly, what you're saying is focus on the most important sales problem first, design your system originally around that; but pick an architecture that lets you grow to address other capability as you develop as an organization. Is that right?

**Rich Bohn:** Yes. That's the approach I advocate. More than grow; I would use the word "evolve." Just think about the first time you started using a word processor. It probably took you a couple of years to realize, "Oh, yeah, this thing will actually do a table of contents, too." And any piece of software as sophisticated as all of these things are these days, it takes you a while to even realize what they will do, and then to think about that and think about how to apply that to your own organization. So that's why I think a staged evolutionary approach will lead to higher success.

**Tim Sullivan:** We were talking a little bit earlier about various hosted solutions. What about one that involves client software?

**Rich Bohn:** People forget that the fees you pay for these hosted systems don't go away. Once you're onboard, you're paying that every month. It's like owning a home. At some point, the mortgage goes away when you own the software. And there's ongoing maintenance and things like that. But as far as the on-premise market, it's still very lively.

At the high end, it's pretty much Oracle and SAP these days, and then when you come down a little ways, then you get into things like Microsoft and their dynamic CRM product, and still very, very active competitors. Microsoft, of course, is taking the approach -- and other companies are doing this, too -- they say either-or. You want it on-premise, no problem. If you want it hosted, no problem. There's different pricing options; the underlying code base is the same. But that's still a very dynamic part of the market, even going all the way down to ACT!, which is still a very commonly used program.

**Tim Sullivan:** What about for the managers? Often we see that CRM systems are created to generate better forecasts, to do better analysis of pipelines. What role should managers play in the success of CRM?

**Rich Bohn:** To improve sales forecasts is a very, very common reason many companies put in a CRM system, and that's fine. But you've got to realize that the data that's going to lead to your better forecast is coming from the salespeople. And if the salespeople aren't using the system, you're not going to get any better forecast than you were getting before. And the way to get salespeople to use the system is

to focus on the various ways the CRM system helps salespeople take better care of their customers.

And I've mentioned drip marketing a couple times. If there are certain user-defined fields that could trigger an action plan, that's an example of the CRM system doing work for the salesperson once they capture that information, as opposed to making them a data clerk and going through a marketing laundry list of everything they wish they ever knew about a prospect, creating user-defined fields for that and making it a part of the salesman job to capture this information. Those projects never work. Salesmen will not use the system.

I knew a company that they thought the way they would mandate use of their system was -- the only way to get approval on a heavily discounted quotation -- and this was a company that made office equipment -- the only way to get approval on above a certain level of discount was if that opportunity was in the CRM system. And they thought that would lead to better forecasting. Well, after several months the only deals that were in the opportunity system were the ones where they needed the heavy discount, which were often competitive deals they were losing in the first place. So they never, ever got better forecasts. They got a very distorted view of the market because salespeople don't like to be told what to do, they don't like to be treated like knuckleheads. They liked to be treated as professionals and part of the team and you can't just mandate the use of some of these things.

Tim Sullivan: Rich, with the advent of more powerful handheld devices do you think that CRM will move more and more to the cloud computing model?

Rich Bohn: I believe the cloud computing model is going to play a major role in CRM. Most of the on-premise solutions tend to use what is now very standardized Microsoft architecture and all of those architectures are easily accessed from today's smartphone. We now have pervasive high speed Internet access just about everywhere and it just became less of an issue where's the underlying server software sitting?

Think about one of the early problems of sales force automation was the problem of database synchronization as people unplugged their laptops to go about their business during the day and different people around the world are entering different data and synching all this stuff up. And it was a very thorny problem. Well, that problem doesn't even exist if we're just jacking into the files because we're dealing with live, current data at all times.

**Tim Sullivan:** So the future that you see is more around cloud computing. What other trends might we expect to see in CRM in the next few months or years?

**Rich Bohn:** Here's an area where I think the software companies have gotten a little bit lazy. Moore's Law is still very much at work and CRM vendors haven't really applied those computer cycles to doing much useful work. In the first place, they should make some improvements because all of this software tends to be harder to use than it should be. And there is no good reason for that, especially as we go to a browser-based system. We took two steps back because we're doing simple things in the browser and not even using the computing power that's in our computer.

But then there are just other areas of the sales cycle that are ripe for some good, solid programming and application of this technology. And my favorite example here is forecasting. The typical CRM system calculates a probability based on what steps somebody is in the opportunity cycle, which I think is a flawed process. Then they give you a checkbox, typically, that says, "Should I include this deal in my opportunity, in my forecast, or not?" Well, that's a pretty simple-minded approach to forecasting that is not taking advantage in any way of computing technology.

Accounting people have been doing aging of accounts receivables forever. We should be doing aging of opportunity cycles, for example, and alerting a manager if someone is sitting at an opportunity longer than the norm, whatever the norm is; this should be calculated all the background. Or somebody has been moving along in forward steps in the opportunity and suddenly drops back a step; that should trigger another alert to a manager. What happened here? Why did we take two steps back? And the whole area of opportunity management and sales forecasting is just ripe for some serious application to make the computers do some work to really improve these forecasts.

**Tim Sullivan:** The perception from salespeople is that CRM systems are going to squeeze out the art in selling. Do you see that? Do you think that's a valid concern?

**Rich Bohn:** No, I do not think that is a valid concern at all. And I think what this gets into is the whole idea of -- you're probably familiar with the metaphors of hunters and farmers and I think we just need to be using these people in the proper parts of the sales cycle. The people with more of the farming and nurturing mentality will be better off in some kind of marketing or sales development or some

other kind of role where they're helping the process along. But in this economy where deals drag out and people take forever to make a decision, there's always going to be a need for a serious, professional hunter than can go in and close a deal.

Tim Sullivan: Rich, if someone needs help in determining what kind of CRM system or what CRM system they might want to implement, how can they get in touch with you?

Rich Bohn: [SellMoreNow.com](http://SellMoreNow.com) is my primary website. My e-mail is [Rich@SellMoreNow.com](mailto:Rich@SellMoreNow.com).

Tim Sullivan: Rich, thanks for joining us today. We appreciate it.

Rich Bohn: Okay. Thank you.

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So ends this episode of *Selling Geek*. I hope you found it valuable.

Our next show will be a special review of recent news from the [SellingGeek.com](http://SellingGeek.com) blog accompanied by our first editorial commentary about the death of voice mail. I know you'll find it interesting and provocative.

If you enjoyed this show I have two small favors to ask in return. First, tell your friends about [SellingGeek.com](http://SellingGeek.com); and second, please review us on iTunes, the Zune Marketplace, or your favorite podcast directory. Help us spread the good news of Selling Geekdom everywhere.

Finally, if you're using a cool tool, great gadget, or remarkable resource that gives you a competitive edge as a sales professional, or if you just want to ask us a question or share your opinion, we'd love to hear from you. And don't forget, in each show we award \$20 to the best message or comment that we receive.

So Ruth, please tell our listeners how they can contact us.

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*So until next time, good luck and good selling, everyone!*

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