Best practices for CRM projects

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Introduction

The importance of CRM in the industry is still remarkable. According to the Gartner CIO survey 2012 [1] the importance of CRM has been ranked 8th in 2012 compared to 18th place in 2011. Furthermore this trend is backed by the 2012 Gartner CEO survey [2]. CEOs still see CRM as the favorite IT capability. Still the CRM market is changing due to the importance of social media and the increase of software-as-a-service (SaaS) based solutions. Many new CRM projects today are instantiated based on COTS (commercial of the shelf) software. This session gives an overview with best practices of implementing CRM projects successfully.

ec4u has executed an efficiency check with more that 100 organizations to understand strategic directions and the functional scope of future CRM solutions [3]. The functional scope is changing over the years from call center and sales force automation to Internet, mobile and networking functionalities. This is reflected in the demand that 31% of the consulted organizations plan to replace their current CRM solution [3].

When is a CRM project successful?

What makes a CRM project successful? This question isn't easy to answer. There are many different viewpoints regarding a successful project. From the project manager's perspective it needs to follow the quadruple constraint of "in time", "in budget" and "in scope" delivering the agreed quality. The CEO and CIO will have a different viewpoint. They want to achieve their objectives that have been defined by the company (CRM) strategy. Furthermore there are the users. They want a solution that is adapted to their needs and sup-ports the processes they need to execute. In other words the CRM solution needs to be accepted by the users.

Each project management practitioner knows that the above groups are only a small subset of the stakeholders of a project. For a really successful project all stakeholders should have the feeling that the project has helped them with their needs or has reduced their worries. It will be always difficult to quantify the success of a project. Nevertheless a complete view including all stakeholders needs to be applied.

What are the challenges in CRM projects?
Each CRM project that uses COTS software follows a balance between software standard and high degree of customization. The degree of customization is lower with SaaS solutions. The software vendor regularly allows only a small extend of changes to the software. This shortcoming has help to grow a market of third-party vendors for various add-ons (e. g. [4] or [5]). Still the question build-or-buy is valid. There are many CRM solutions in place today that have been developed from scratch. This article will focus on the challenges with COTS software.
Furthermore many industries have the need to integrate the CRM solution with a reasonable number of legacy systems. From past experience the number of systems can be even above 70! This means a

strong increase of complexity and the CRM project manager will need to act with many different parties to implement an overall solution.

Further challenge is the speed of the industry. Today the companies have to adapt their business frequently and develop new products and services rapidly to survive the market. Companies that slow down this development will diminish sooner or later. Therefore the scope of a CRM project is not stable for a long period of time.

Project management best practices for CRM projects

There is no general rule of thumb that a project manager can follow for the successful implementation of a CRM solution. Each project has different internal and external factors that influence the progress. This article will help the project manager to take necessary decisions according to the quadruple constraint and by comparing different approaches, methodologies and delivery models.

Scope

It was already mentioned in the previous chapter the scope in a CRM project could be volatile. Therefore rigid scope control and a strong change request management process need to be in place. The project manager has to keep in mind that the final solution needs flexibility for the company to start new products and services without major re-design and implementation. Time-to-market is the key to a successful CRM project.

Time

The dimension time in CRM projects is often underestimated. Due to the fact that COTS software already brings functionality people imply that less time is needed to match the solution with the requirements. This could be true in some cases but from past experience the majority of solutions need more time than originally expected. It is very useful to make the business familiar with the standard application (standard objects, navigation, behavior, etc.). Any discussion about the mapping of the requirements to the solution will be much faster with knowledge about the standard. Furthermore it helps a lot during the quality assurance. The acceptance of the solution is better and faster to achieve from the business customer that is familiar with the standard solution.

Budget

A CRM project is from a budget perspective not different from other software projects. It is sometimes underestimated that the business people need to be highly involved in different phases of the project (analysis, design, test, roll-out). This could be a budget issue and needs to be planned carefully with the respective stakeholders.

Quality

The quality of the CRM solution is a major dimension for the success of the project. Therefore the project manager needs to prepare the respective KPI and the quality plan upfront (standard procedure for every project manager!). Besides the plan it is essential to include the business users into the quality approach to achieve the acceptance at the end of the day. For the correct testing of the solution the test specifications need to be designed by the people that are familiar with the solution and the requirements. In most cases this is the group of designers. If this group is also involved in the development, the test specification will probably be spoiled since a developer will always write the test specification according to what has been implemented. If the organizational setup doesn't differentiate between design and development people it means again to involve the business into the activity. This needs to be kept in mind also for budget and timing reasons. This closes the loop to the

previous chapter where it is stated that the business users need to be familiar with the application (at least the standard application).

Onsite vs. offshore

It is all about trust. There are many different biases about the different delivery models especially offshore development. Actually there is more than one dimension and it is not called "bestshore". Besides the areal dimension (onsite vs. offshore/nearshore) there is always the teaming dimension (white box vs. black box approach). The traditional consulting approach (called black box approach) is a capsulated project team from the system integrator that develops the solution with some interaction to the customer. But the customer is not part of the project team. This approach is used for many years now and the areal dimension has been added as pricing sensibility of the customers has grown and the demand for lower rates has increased. More and more projects today are realized with near-/offshore development and finally delivered as a "package" to the customer for acceptance.
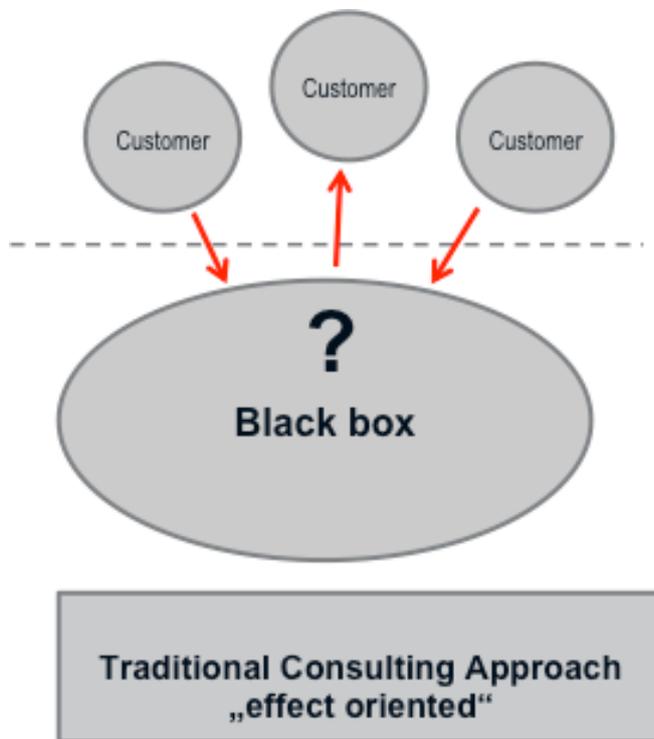

Fig. 1: Black box approach

The customer has not much insight into the progress of the project but has to deliver inputs (requirements), coordinate outputs (software artifacts) and control other organizational parties outside the project that are affected by the result of the project.

ec4u is propagating to open the box and make it more transparent and permeable for all, the project team, the customer and 3rd party organizations involved. We call this the white box approach and from our previous experience it is recommended to follow a similar approach for any near- or offshore delivery model.

A white box approach that has near- or offshore involvement needs trust: Trust into the people and people need to understand the requirements from the beginning and all discussions around it. This

implies that more people need to come onsite during analysis and design phase. This has to be kept in mind for any time or budget planning (travel expenses, Visa issues, etc.).

There might be arguments that this approach is not applicable for fixed price projects. The approach to a fixed price project is different and it is better supported by the black box approach.
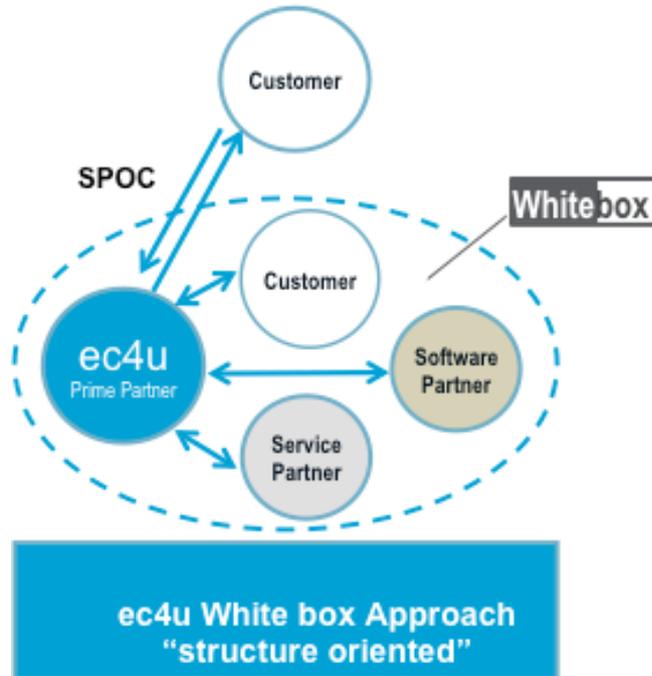

Fig. 2: White box approach

To allow fixed prices with the white box approach the project scope and the project phases need to be shaped and sliced correctly to allow packaging certain scope into a fixed price. It might not be possible to have all services in a project covered with a fixed price.

Agile vs. waterfall

The discussion about the different methodologies is ongoing. Furthermore there is still the rumor that COTS software projects cannot be implemented using agile methods. There is no right or wrong answer to the question. Both methodologies can be used to implement COTS software. Even mixtures of both methodologies are more and more in place. Furthermore it is important that the organization and not only the project team is ready to use either development methodology. Today many organizations aren't ready for agile development. If this is the case the project manager should not consider agile methodologies.

The traditional waterfall methodology is mostly used during the "green field approach". New CRM software has been evaluated and selected. Now the project team starts to design and implement the agreed scope from scratch. Once the scope is implemented and tested it will be released. The respective legacy systems are decommissioned.

If the "green field approach" should use agile development the project manager and the team need to make sure that parallel operations of the new CRM system and the legacy systems is in place. Since this can be quite costly (CAPEX and OPEX) agile development should only be considered if other major benefits compensate the parallelism of systems.
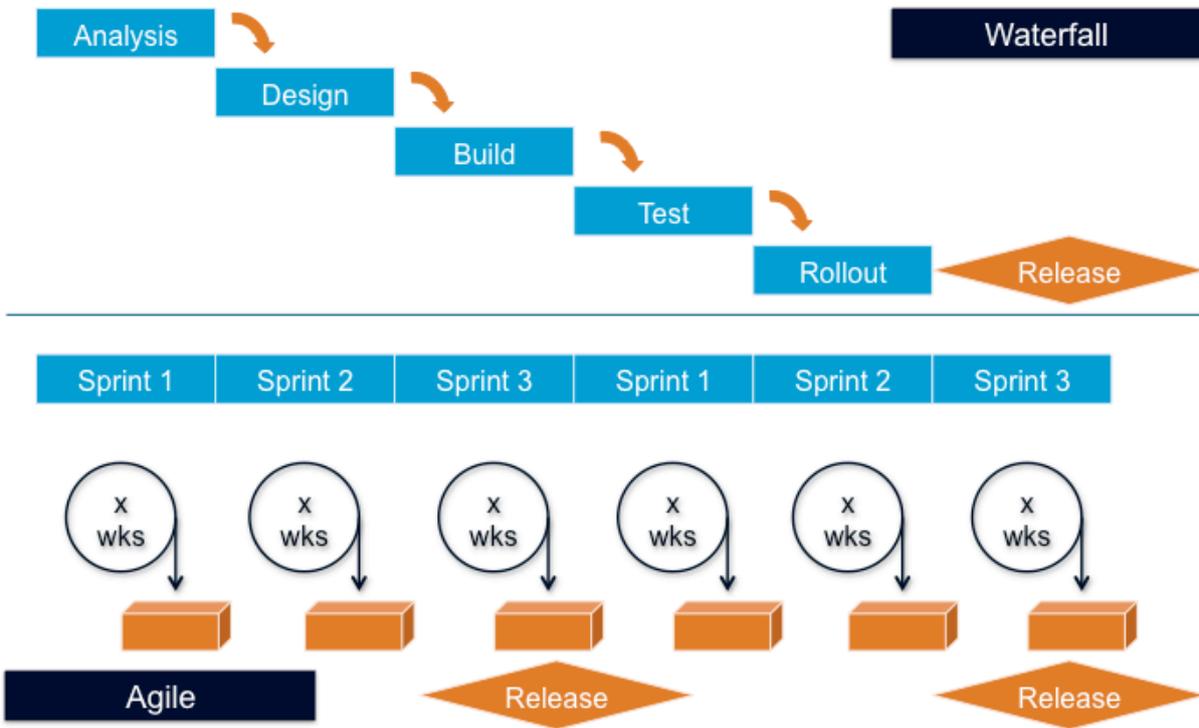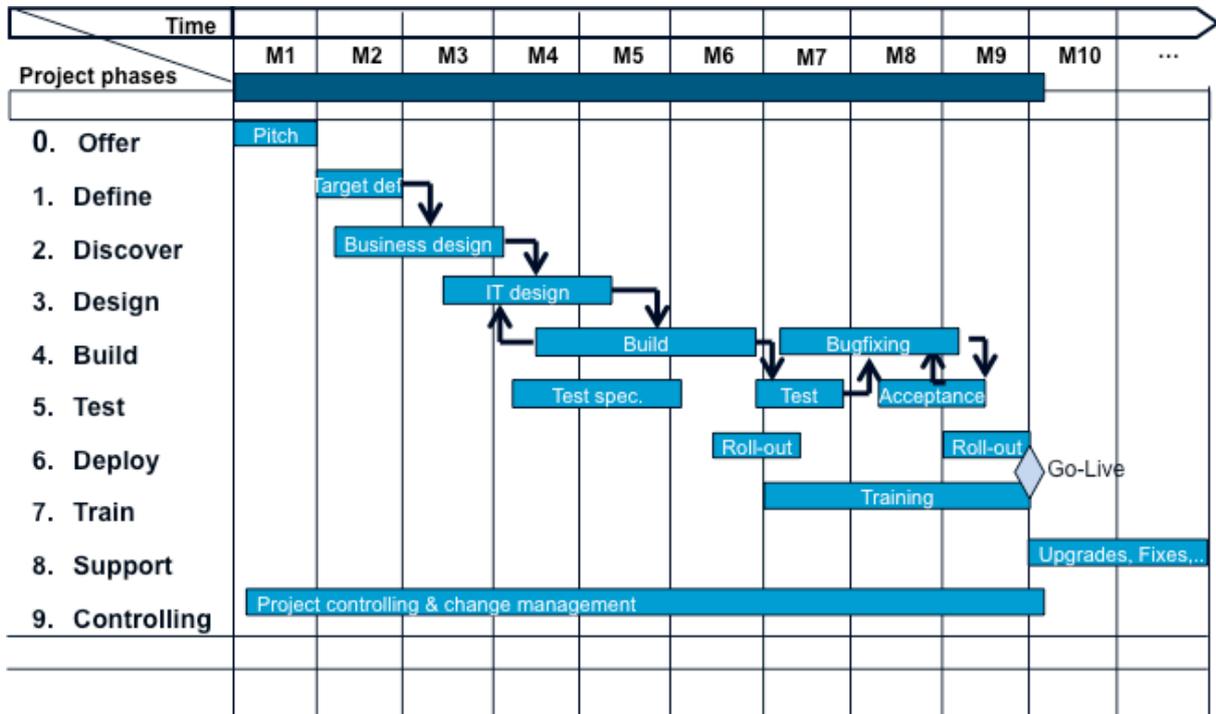
Fig. 3: Agile vs. waterfall

Fig. 4: Example for a mixture of agile and waterfall methodologies

The agile methodology is found in CRM projects once the solution is already in place (release 1 or higher is in production). New development, enhancements, etc. can be easily added using agile methods.

As stated in the beginning, many CRM projects today use a mixture of agile and waterfall. The phases of the waterfall model can be broken open into iterations. There are still different options available. It depends on the organization and the project team how the mixture of methodologies is setup successfully.

The project manager that is using a mixture of both methodologies should plan from the beginning to minimize parallelism between phases. This will come anyway later on to compress the timeline.

On premise vs. on demand

The cloud is here and it will grow further. Since the introduction of the CRM SaaS software project managers have some new challenges. But old challenges are gone.

With CRM SaaS software the operations activities are outsourced to the software vendor. This implies a reduction of activities for the project itself. Still the project manager has some new challenges to cope with.

SaaS software has limited capabilities regarding customizing or coding. There are many requirements that cannot be fulfilled 100%. It is the task of the project manager to implement a rigid scope management that doesn't allow requirements that cannot at all or only with large effort be implemented. There is always a technical solution possible for each requirement but it should always be considered how this would affect overall architecture or OPEX costs. Normally CRM SaaS solutions are selected to have clear, calculable operating costs [6].

The CRM SaaS solution can be hosted together with other solutions. This is called multi tenant. The SaaS software licensee cannot control multi tenant environments. The vendor will run maintenance cycles according to its best fit. This needs to be taken into account when planning and implementing CRM SaaS software. Opposite to multi tenant is single tenant. Only with single tenant the licensee of the software can partly control the software maintenance cycles. Still in both scenarios unplanned unavailability of environments can happen. Especially for staging or testing environments with no SLA this can happen. A buffer needs to be added to the plan.

Summary

The successful implementation of a CRM solution has many dimensions. This article tries to unveil some aspects of these dimensions from best practices and previous experience in many projects:

1. When is a CRM project successful? How do we measure a CRM project successful?

2. What are the challenges? Which challenges will the project manager face during the project life-cycle.

3. The project manager follows the project management best practices according to the quadruple constraint exisitng of time, budget, scope and quality.

4. Many projects today follow either a model of onsite or offshore development. This sessions tries to answer the "right" delivery model.

5. Can CRM projects be developed using agile methodologies? This session tries to compare both methodologies and what are the best experiences.

5.The cloud is getting bigger. What is the best option for the deployment: OnDemand vs OnPremise hosting. This session shows the key differences relevant for the project manager.

All these aspects are discussed and previous experience from CRM project best practices is added.

Literature and references

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