

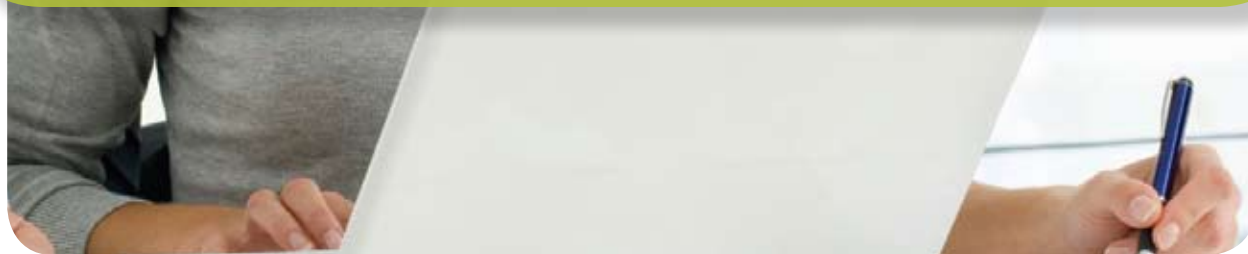


On-Demand CRM Executive Brief

**Five Key Measurements to Monitor
Sales Productivity**

Moving from Art to Science

www.tatacommunications.com/enterprise/saas/crm.asp



For many, the art of selling is just that – an art. People argue that “you can’t teach sales” and feel that great salespeople are born, not made. But this is not necessarily the case. Sales aptitude can be measured and improved by using smart, efficient and easy to use customer relationship management (CRM) software. These systems create a repeatable, productive process platform to enable average salespeople to become good salespeople, good salespeople to become great salespeople, and great salespeople to become masters of selling.

But, in order to gain this type of ideal scenario, it is important to put a CRM system in place. Once this foundation is laid, there are several key metrics that must be closely watched and tweaked in order to achieve sales harmony. Measuring and improving five key areas – leads, opportunities, sales forecasts, win rates and customer satisfaction – will determine an organization’s CRM effectiveness. This paper will provide an overview of these key processes and suggest measurements that can be used to gain a firmer understanding of the sales process. By aligning all of these metrics in the right way, sales organizations can run like well-oiled machines, closing deals with greater efficiency and profitability.

Leads — Creating Order from Chaos

For many organizations, the lead funnel is a vast, unexplored wilderness. Leads come into an organization via a variety of sources, and little is often done to create a manageable lead flow. Also, many companies fail to set their sights on the right areas to generate leads.

One major problem surrounding poor lead generation is the Internet. While the Internet makes it fast and cost-effective to communicate – it also generates a lot of “unqualified leads” or low quality contacts. Without a system in place to prioritize and route leads, organizations will run less effectively – having their best sales reps calling on cold or disinterested leads, and bad reps wasting potentially huge opportunities.

With a CRM system, such as On-Demand CRM, in place, companies gain the structure to form a lead management process. Some hosted CRM solutions force sales organizations to adapt to the vendor-defined lead and sales processes, while On-Demand CRM allows the same organization to flexibly adapt the tool to existing processes. Within On-Demand, application tools like the web-to-lead form ensure that prospects enter data to become active prospects, and then are instantly placed into the CRM system right at their point of interaction with your web site. A simple rules-based workflow engine in the On-Demand CRM system then routes leads to the most relevant agent based on a variety of criteria: location, company size, business type, or other lead attribute required by your business processes. Agents can then obtain the right volume of the right type of lead, at the right time.

For those leads that are not “qualified” On-Demand CRM’s auto-routing rules allow for the lead to be nurtured further in the lead nurturing pipeline. Lead scoring capabilities allow agents to place rankings on individual leads – from “hot” leads ready to be made into a sales opportunity, to “cold” leads that should be nurtured until ready to buy. Nurturing can include placing colder leads on newsletter lists, or sending offers for more information at preset intervals. This will also help prevent overwhelming sales agents with poor quality leads, allowing them to focus only on salesready prospects. Also, through lead nurturing tools, colder leads can be recycled without them losing interest in your product or service.

As users adopt these systems, all managed inside On-Demand CRM, managers can quickly roll up these lead conversion rates through On-Demand CRM’s robust reporting engine. With more insight into lead conversions, managers can continue to hone the lead funnel - insuring agents have just the right amount of leads at all times.

Key Lead Metrics

After a quarter, with the right CRM system and defined and repeatable business processes in place, companies will have the data to understand how many leads are entered into the system on a quarterly basis. Identify the discrete stages of the lead lifecycle – just as in your sales cycle – and track the progression to determine where the bottlenecks and stopgap points exist.

With this data, measure the input, throughput and output of the leads funnel:

- _ Gross number of new leads created per, week, month and quarter
- _ % of leads determined to be quality leads – band lead scores into A, B or C categories
- _ % of leads that fall out of the lead funnel
- _ Number of leads nurtured and % converted
- _ % of leads converted to sales opportunities
- _ Cost per qualified lead

Tie Closed-Won deals back to the product lines, programs, lead sources and campaigns.

With these baseline measures in place, sales and marketing managers alike will gain a more complete picture of the quantity and quality of leads needed to attain quota. And this data can help managers gather assumptions that will help in forecasting and aligning sales and marketing with business strategies and objectives.

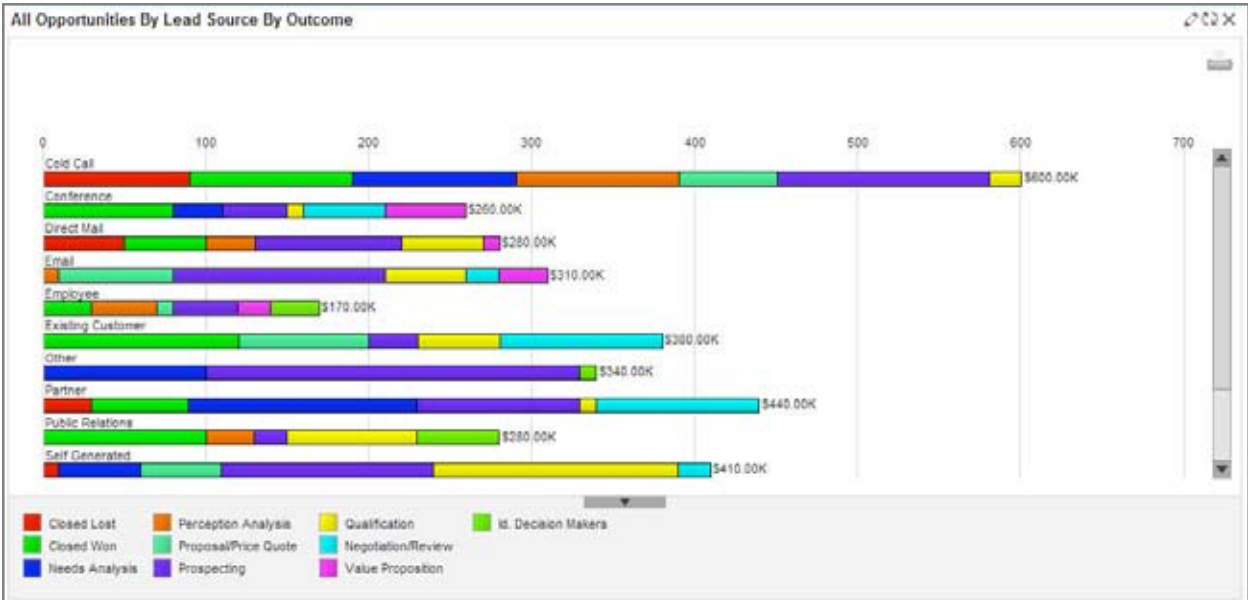
Opportunities—Ensuring High-Volume Close Rates in a High Volume Model

While a CRM system like On-Demand CRM allows sales teams to organize and prioritize sales leads, as well as nurture less qualified leads, it is important to make the most of all opportunities created. In a high-volume sales model, without strong CRM metrics in place, opportunities can fall through the cracks, wasting potential sales dollars simply because a salesperson was late in contacting a hot opportunity.

Fortunately, it is easy to discover a rising trend in lost opportunities with a CRM system in place. Reports in On-Demand CRM can show how many opportunities were closed-lost, and can be compared across sales cycles. If your sales organization is overtaxed by a high volume of opportunities, there are several solutions.

First, it is integral to simplify the buying process for your customers. On-Demand CRM has highly flexible workflows and sales stages, so that they can be made to fit with customer buying patterns on the fly. Also, enabling customers to purchase online allows you to gain sales with little interaction with sales reps. On-Demand CRM is built on an open architecture that supports any e-commerce integration.

The reporting tools in On-Demand CRM can be used to measure the effectiveness of these actions. For example, a report can be written to compare e-commerce sales to agent-based sales. The results can be used to make decisions on where and when to invest – in your online sales engine, specific geographies, product offerings, or in more sales personnel, for example. Reports can also be performed on call times per agent; longer calls can mean that agents are not closing as many deals as they could. And shorter calls may mean agents are not offering the right messaging to engage prospects. Be sure to drill deep into these reports for the right insight.



On-Demand's CRM's robust reporting tools enable sales agents to gain immediate insight into which lead sources are generating the highest quality leads.

Key Opportunity Metrics

Most organizations have an established sales process. Once defined, the On-Demand CRM Opportunities module can easily be adapted by an administrator to map opportunity management and the “sales pipeline” to your discrete stages.

Not all opportunities are created equal. By tracking sales stages for opportunities, sales managers can gain a better understanding of sales velocity and close rates across channel.

Use CRM Reporting functionality to track

- _ Close rates by lead source
- _ Latency or durations between each discrete sales stage (10%, 20%, etc.)
- _ Time-to-close by lead source deal amounts

These metrics will undoubtedly show that some sales processes are more streamlined than others. By tracking the latency between sales stages, for example if you find that during the discover stage of your sales cycle is far too long, work with your marketing teams to determine how to accelerate that step.

Additionally, you can track what marketing lead sources are creating the most effective and profitable sales opportunities. For example, if a lead source comes from a free trial of your product, the deal size and time-to-close may be larger and close faster than a lead generated from a conference. This insight can help sales and marketing leaders plan more effectively and provide more accurate insight into the state of the business.

Forecasts—Making a Science of Sales Predictions

Sales forecasts can be a great way to gain valuable insight into how your sales teams will perform. But if CRM adoption is low, forecasts can be incomplete, or highly inaccurate. But, if you mesh a strong incentive plan with an easy to use CRM system like On-Demand, you can soon increase your visibility with a few simple steps.

First, ensure accurate forecasts with a “carrot and stick” approach. Offer salespeople small incentives, such as gift cards or cash rewards for filling out complete forecasts early. Weekly account reviews can insure accountability into all the data agents enter into their forecasts.

One of the powerful aspects of a CRM system such as On-Demand is the fact that its web-based user interface makes entering forecast data a simple process. And embedded calculators enable agents to create best-case and worst-case scenarios, and commit those forecast numbers with the click of a mouse.

Forecast Worksheet for: Will Smith (Direct) Quota: \$50,000

Save Worksheet Reset Worksheet View Chart

Start Previous (1 - 9 of 9) Next End

Opportunity	Amount	Probability	Weighted Amount	Est. Best Case	Est. Likely Case	Est. Worst Case
– Sandeon Chemical Group - Global Services	\$50,000	10	\$5,000	5000	5000	5000
– General Engines Corp. - Global Consulting	\$10,000	30	\$3,000	3000	3000	3000
– General Engines Corp. - Corporate Services	\$50,000	50	\$25,000	25000	25000	25000
– General Engines Corp. - Corporate Services	\$30,000	100	\$30,000	30000	30000	30000
– General Engines Corp. - Corporate Services	\$100,000	40	\$40,000	40000	40000	40000
– General Engines Corp. - Bundled Widgets	\$100,000	30	\$30,000	30000	30000	30000
– Electronic Data Mining Group - Premier Services	\$100,000	30	\$30,000	30000	30000	30000
– CAMERON	\$800,000	0	\$0	0	0	0
– Bellan Inc. - Corporate Services	\$50,000	100	\$50,000	50000	50000	50000
Totals:	\$1,290,000		\$213,000	213000	213000	213000

Last Commit Date: 05/10/2008 12:25pm Best Case: \$80,000 Likely Case: \$60,000 Worst Case: \$30,000

Enter amounts that you would like to commit for the selected Time Period: Best Case: Likely Case: Worst Case:

Copy Values Commit

On-Demand CRM includes a simple to use forecasts worksheet that allows agents to enter their forecasts on time, with greater accuracy.

Key Forecasts Metrics

Most CRM forecasting systems factor in a range of forecast, including “best case”, “likely case” and “worst case.” Sales managers should analyze forecasted bookings against the actual numbers to determine:

- _ Accuracy of forecasts over time
- _ Proximity of actual booking to “best case”, “likely case” and “worst case” forecasts
- _ Gross dollars of deals closed or contracts booked
- _ Gross dollar value of recognizable revenue
- _ Number of units sold
- _ Estimated net profits of deals closed
- _ Bid-to-win ratio
- _ Sales reps achieving and overall sales performance against quotas
- _ Average order size or order value

With these metrics in place, managers will be able to better understand the accuracy of forecasts and plan accordingly. Sales analytics can help find hidden opportunities within your existing customer base and could be a good way to save time by focusing on the highest value sales opportunities.

Win Rates—Compete More Effectively by Knowing Your Competitors

A CRM system centralizes customer and company data into one single repository. But often times, just because you centralize that data does not mean you will add insight. Take sales win rates, for example. Without the right data added to a CRM system, managers can learn little about how deals are won.

A good remedy for this lack of visibility is to create required fields in an opportunity record that must be filled out upon closing a deal. Sales reps can fill out these forms with valuable data – including whether the deal was won or lost to a competitor, and who that competitor was. Now, it is important that an organization utilize a flexible CRM system like On-Demand CRM, since the type and amount of data a sales team captures changes over time and the system must be easy to alter.

To gain deeper insight into competitive activity, all a manager needs to do is run a simple report on those required fields. The resulting data will reveal who is the most common competitor, and how well your organization is faring against them. Also, fields for “reason lost” can be added. Reports can be run, and if trends emerge, changes in policy, product or procedure can be made to alleviate the downward trends.

Key Win Rate Metrics

When a deal is lost, companies often fail to ask why. A best practice in leading sales organizations is to learn from lost deals as well as won deals. Use CRM workflow and email marketing capabilities to survey prospects when a deal sales stage changes to “Closed Won” or “Closed Lost”. This information will provide great visibility into the competitive market place and how a company can improve its sales process.

Customer Satisfaction — More Than Just a Number

In many sales organizations, the focus is on simply closing the deal. Many salespeople do not consider the importance of ongoing customer satisfaction. However, with more and more products and services being offered via a subscription model, and with ever-increasing competition for all angles, customer satisfaction can make or break a business.

So, how do you ensure that your sales team is aiding the customer service initiatives in your organization? Sales departments can be an important “early warning” of customer service issues, instead of waiting for customers to call into contact centers or email with problems. Through On-Demand CRM’s workflow engine, automated email follow-ups can be triggered to gauge customer satisfaction with the sales process. Also, users of On-Demand CRM can easily create custom modules using the Module Builder feature to generate automated surveys and also create subsets of the CRM system that include data and profiles of the most satisfied customers – for use as references or other initiatives to drive satisfaction and the feeling of community within your customer base.

Before utilizing the customer satisfaction features in On-Demand CRM, it is important to create goals. Set a minimum customer retention rate, and measure against it using On-Demand reports. Renewal rate reports are easy to build, and comparing between quarters or other time periods is simple, and provides valuable insight. Remember, it is easier and more profitable to retain customers than it is to attract brand new customers.

Key Customer Satisfaction Metrics

It is well known that retaining a customer is much more cost efficient than acquiring a new one. Research industry customer satisfaction rates and establish metrics for

- _ Customer renewal rates by product and rep
- _ Customer satisfaction rates across your customer base.

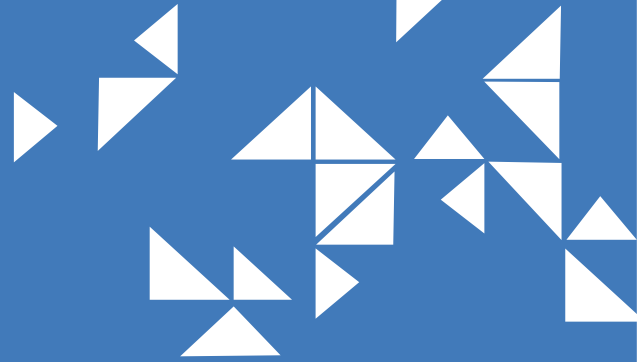
Use CRM survey technology to provide customers a forum to communicate with the company before it is too late.

Conclusion

Great sales teams can be made, and effective consistent sales can become a science, not an art. It just takes careful planning, and measuring the right factors in your sales organization. There are numerous metrics that can help you increase your sales productivity, and this paper dives into just a few key areas. But by looking more carefully at your lead funnel, your qualified opportunities, forecasts, win rates and overall customer satisfaction figures, companies can gain clearer insight into your sales performance.

About Tata Communications' On-Demand CRM Solution

Succeeding in a competitive environment requires discovering and maximizing the value of your revenue opportunities. Tata Communications' On-Demand CRM provides an open solution to improve the responsiveness of your sales, marketing and customer support teams. Our On-Demand CRM is a full-featured, enterprise-class suite of services, accessible from your desktop, web browser or mobile device.



For more information please contact us at:

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or visit:

www.tatacommunications.com/enterprise/saas/crm.asp

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