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## With CRM Data, More Isn't Always Merrier

– David Taber, CIO

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Contacts seem so basic, so foundational to a CRM system, that it may seem there's nothing to learn on the topic. Nothing could be farther from the truth, though — and a bunch of ugly stuff only gets worse over time if left unattended.

Telltale symptoms include any of the following items, which become irritating in a hurry when they occur more than 5 percent of the time:

- [Duplicate contact](#) and lead records.
- Incorrect handling of "new" leads or people who have expressed interest more than once in your company's offerings.
- Incorrect routing and [ownership of leads and contacts](#).
- Unreliable suppression of outbound marketing emails to people who are currently in the middle of a sales cycle.
- Inability to generate a reliable customer mailing list.
- Inability to identify the key people in a deal or service interaction.
- Excessive use of picklists or simple-text fields (rather than lookup fields) for items such as referred by, primary contact, purchasing contact, partner representative and similar "supporting cast" data.

### End Confusion: Define Leads, Contacts, Names and People

The starting point for this CRM issue is a fairly severe case of blurred semantics. If you talk to most sales reps, a *lead* is the most valuable, actionable type of person — supposedly just [sitting out there waiting to give you their money](#). To a sales guy, a *contact* is less valuable, less interesting. It's just an entry in an address book.

In contrast, CRM folks put things almost exactly the other way around. A lead is low-value, nearly anonymous and unactionable, while a contact is someone ready to do business. (Note: different brands of CRM and marketing automation systems use *lead* and *contact* in different ways. The terminology used here is what you find in Salesforce.com and other leading CRM vendors.)

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There's only one way to resolve this issue: Get everyone using the terms the same way. Old habits die hard, so don't make the mistake of believing this will be a quick transition. Our recommendation is to use four different terms to keep things clear:

**Names** are simply the name, email and maybe phone number of people who should be in your target market. A name has never expressed interest in your company or scored well enough in the marketing automation system to deserve any human attention. Names typically come into the system as attendee lists, [Outlook address books](#) and purchased lead lists. Names have very low value, and should be hidden from most users and managed exclusively by marketing. In email blasts, mailings and other marketing campaigns, the names are the "house list."

**Leads** are respondents who have expressed interest in your company and its offerings. Typically, leads have a little more information than names, but it's still a pretty vague picture. In most CRM systems, a lead isn't even visible from the Account record.

Leads have low value — typically less than 10 percent ever convert to a contact — and they should be visible only to people who do lead generation, qualification or appointment-setting for a living. The life of a lead is to move from *unqualified* to *marketing qualified* (MQL) to *sales qualified* (SQL).

[ **Commentary:** [How to Go on a Leads Diet](#) ]

**Contacts** are targets who have been qualified by someone affiliated with the sales team (so they are both MQL and SQL) and have subsequently been converted. Conversion should be an explicit indication that a sales cycle is about to begin, and alarm bells should go off if no opportunity (deal) is opened within a couple of weeks. Contacts should be owned by sales, even though they should be visible to everyone in the company.

**People** won't ever do a sales transaction with you but still should be in the system so they can be pointed to from marketing, sales and service interactions. For example, partner reps and your own employees are always going to be relevant people. People should be visible to all CRM users, but they are typically entered and maintained by the sales operations team.

Everything in the list above works perfectly with B2C or B2B operations that work on a lead-generation model — typically with purely geographic definitions for sales territories. At B2B companies going after the really big fish, some part of the sales team will pursue **Named Accounts** that must behave differently.

Named Accounts are non-geographic in nature; a deal involving Mitsubishi, for example, might take place in any of 160 countries and dozens of different vertical industries. More importantly for this article, names and leads have absolutely no value, and the sales operation will enter almost all the contacts into the CRM — and do it without the conversion action).

## People Are People, That's How It Should Be

The details of the solution strategy vary strikingly and must depend on your specific CRM, as well as the marketing automation, ecommerce and other systems integrated with your CRM. The general idea, though, is to impose a set of distinctions among different types of people.

Names should include an active list, unsubscribed names and "bad data," which serves a holding tank for lessons-learned analysis prior to deletion.

Leads should be divided into pre-qualified (low scorers), marketing qualified (high scorers), sales qualified (willing to take a phone call) and unqualified. The "unqualified" category isn't "dead" and shouldn't be deleted, mind you.

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Contacts can get complicated:

- Named account, uncontacted (we know of them, but we've never had a conversation with them).
- Named account, contacted (we've had a conversation, but there's no basis for a sales conversation at this time).
- Current prospect (though the sales cycle hasn't started yet).
- In sales cycle (either active or on hold).
- Prior prospect (either you lost it or there was no deal).
- Current customer.

- Prior customer.
- Partner or channel.
- Company employees.
- Outside influencers such as industry analysts, press and bloggers.

Finally, you need to define contact roles. Do so with a three-junction objects that points first to a contact and then to an account, opportunity or case. The contact role parameter, typically implemented as a picklist, indicates what this person is doing in the context of a particular account, opportunity or case. This is how you indicate that an individual is the decision maker in one deal but only a weak influencer in another.

Each of these distinctions needs to be visible — in fairly intuitive ways, hopefully — from any system integrated with the CRM that must be used by sales or marketing. That goes double for any [data warehouse or reporting engine](#) that uses these data.

*David Taber is the author of the Prentice Hall book, [Salesforce.com Secrets of Success](#), now in its second edition, and is the CEO of [SalesLogistix](#), a certified Salesforce.com consultancy focused on business process improvement through use of CRM systems. SalesLogistix clients are in North America, Europe, Israel and India. Taber has more than 25 years of experience in high tech, including 10 years at the VP level or above.*

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