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Use CRM to Crowd-Source Your Product Strategy

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In most product-driven firms, product planning is one of the highest leverage processes in the whole company. There's a huge difference in the profitability of a "hit" vs. a me-too product, and a dud is worse than just unprofitable. By its nature, product strategy is as much art as science, but bringing more hard data into the process improves the quality of prioritization decisions.

Product strategy needs to be a mix of engineering/operations plan and market survey, but most market survey techniques are quite vulnerable to big procedural and statistical problems. The iconic bad product of the 1950s was the Edsel, yet it was the result of the most thorough surveying processes of its era.

Fortunately, CRM systems naturally contain information about products, customers, and features. Further, modern CRM systems store a sequence of interactions that make the data support richer inferences about "what's important to customers."

• The most essential data for product planning is **transactional**: what products sell where, at what discount level, to whom. While the core of this data may be available from your accounting or order-entry system, the CRM system adds color to the transaction, such as the vertical market, the names and titles of the (likely) users, and the length / complexity of the sales cycle. From this data, you can understand which products tend to be bought together, what are the messages, campaigns or offers that tend to stimulate sales, and which competitive situations are the most favorable. From this, you can infer which feature improvements can help you win more often.

• The other essential data comes from **customer service interactions**: what products and features seem to cause the most trouble. If you've got a customer support portal set up, you'll be able to identify the cases, solutions, and knowledge-base documents that are most popular (where "popular" means "common problem area"). If your customer support team logs their hours against cases and bugs, you'll also be able identify the most expensive product areas to support. Although this analysis can be quite complicated, improving a feature to make it less trouble-prone can make a big difference to product profitability. These support-cost drivers make for an instant business case that's hard to refute in the feature prioritization process.

• An additional source of prioritization data comes from **customer satisfaction and referencability metrics**. These data should be stored at the opportunity level, if possible, as the satisfaction with your product or service depends on the context of the purchase (e.g., the department that bought it and their reasons for purchase). With this level of detail, you'll be able to identify the products that are most closely associated with happy customers...and the ones that seem to cause customer consternation.

In addition, there are two key sources for more specific product-direction data that should be added to your CRM system:

• **Customer Surveys**. Ideally, your company has some sort of Web-based surveying system that is triggered by any purchase or closed support case. If these survey results are tied to the products involved, reports can be the basis of inferences about product priorities. For the most powerful results,

survey questions should be "tuned" to issues specific to the product (e.g., for a disk array, comparative rankings of speed vs. power consumption vs. quality vs. capacity). Look for a surveying tool that can assemble each questionnaire according to run-time parameters (such as product number X or product line Y), and that has the ability to store its results in your CRM system.

• **Community Voting / Ranking Systems**. The open-source software folks pioneered the idea of using direct user input to guide the product roadmap. In the most full-blown examples of this crowd-sourcing of strategy, the community doesn't just vote on the items identified by the project leads — community members can contribute their own ideas and get them pushed up the priority list through popular response. Even if your company doesn't want that level of participatory democracy, you should take this input into consideration. Any strategy will be better if it fits with what your customers really think is important. If you're a Salesforce.com customer, you'll definitely want to use their ideas functionality to capture customer input about your products.

Of course, in all of this there's always the issue of data quality. But with the right filtering and analysis, your CRM system can provide solid ammunition for product strategy decisions.

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