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CRM Tips: The Trouble With Activity Management

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CRM systems are almost always used for lead, contact and deal management. Sales and marketing put data into the system so that pipeline formation and deal flow can be seen and worked in a systematic way. Many companies also use CRM for customer service, which uses calls and cases as the core workflow. Once your company gets a decent proportion of the customer interactions in the system, you can easily produce reports and dashboards that allow management to see more about the business, spotting bottlenecks or other problems in your operation. Consequently, most companies use data from the CRM system to set standard performance levels for the sales, marketing, and customer service organizations, measuring them against quotas by month or quarter.



CRM Definition and Solutions

So far, so good. But it's tempting to take things to the next level of detail, monitoring the number of activities an individual does. For a telesales rep, it could be the number of dials or the number of e-mails processed during a day. For a customer service person, it could be the length of a call. While these might sound like reasonable things to measure, they can lead to some nasty problems and unintended consequences:

- Activity metrics are easy to propose, but hard to make meaningful. Most companies don't have a realistic model of its business process — how does the "number of dials" affect the number of closed deals? Consequently, activity metrics tend to gravitate toward things that are easy to measure, rather than things that have the desired business impact. What you'd really like to know is the "number of meaningful conversations" — but how do you measure "meaningful"? If a telesales rep never dials the phone, they're not going to get anywhere. But if they're dialing all day long and talking to prospects in the wrong way, they won't make many sales either.
- Activity metrics are typically expressed as a number of individual actions. But in most business processes, meaningful activities need to involve a sequence of actions completed within time thresholds. So it's better to derive activity metrics from chains of individual events (such as, "number of approved quotes issued within 15 minutes of customer inquiry")...but it's also harder.
- Most marketing and sales organizations have no solid idea about what combination and sequence of activities is required to develop and close a new customer. There are plenty of theories, suppositions, and anecdotes, but no hard numbers. Does it take two on-site visits to land the deal, or three? If a rep has done five on-site visits, does that make it more likely he's closing a tough target...or that he's already lost the deal and just wasting time? The true answer is "it depends on the specifics" — which means you can't really develop a quantitative model. So activity metrics are almost always misleading.
- If the measurements aren't meaningful, they will be easily gamed...particularly metrics involving the phone, e-mail, and Web site. Most workers won't totally stop productive work in order to game the

system, but it certainly can be a big distraction. The much bigger problem is that when gaming occurs, it undermines the credibility of the CRM system and the authority of management.

- Some people who propose activity metrics — measuring the workflow of an entire team — are actually looking for a stepping stone to activity management — comparing individuals with each other. All too often, activity management is a euphemism for micro-management. While this kind of thing is excusable in highly repetitive jobs (such as outbound calling from a call center), the more valuable a worker's contribution is, the more they will object to this kind of scrutiny. More importantly, your organization's most valuable people are valuable precisely because of their creativity, adaptability, and resilience — all things that can't be measured in an activity.
- Activity management sets up the CRM system as a spying machine for management. This directly contradicts best practices, which focus on the CRM system into a tool to make the workers more productive and effective collaborators. If the rank and file view the system as big brother, they'll do everything they can to hide what they are really doing and make it look like they're excelling at the mandated things. These behaviors will lower the quality of the data in the system, making it a less valuable corporate resource.

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While I view activity management as bad medicine, Activity metrics can be very useful — when they are the bedrock for developing a model of your sales, marketing, and customer service functions. Get a business analyst (or if you can find one, a statistician) to analyze the activity metrics in your system and build a model of your company's business processes. Use activity data along with success/failure reasons to develop criteria for best practices in each organization. You may make some surprising discoveries about how unimportant some "sacred cows" are to business results. In doing so, however, you'll find opportunities to cut unproductive practices and use the savings to double down on the things that do work.

David Taber is the author of the new Prentice Hall book, "[Salesforce.com Secrets of Success](#)" 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, and David has over 25 years experience in high tech, including 10 years at the VP level or above.

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