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How to Set CRM Priorities: Two Proven Methods

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July 26, 2010

Priorities are so clearly part of rational project management. But they also fall victim to emotional and political pressures, so priorities jump around all too often. This is particularly true with CRM projects, thanks to the right-brained types in sales and marketing, and the frequent reorgs and marketplace shifts that really do change what's important. While the rapid, incremental deliveries from Agile's scrum teams certainly help accommodate rapid change, it's a good idea to have some tools to make the priority list more stable in the first place. Given that the No. 1 cause of scope creep is a weak or erratic prioritization mechanism, getting this process right will pay dividends throughout all phases of your CRM implementation.

While no single prioritization tool or method will be appropriate for all companies and situations, here are questions that help evaluate the efficacy of a prioritization method:

• Is it easy to understand and use?
• Does it elicit the right kind of input from users?
• Does it produce predictable, credible, defendable rankings of features?
• Does it realistically balance costs versus benefits, or does it lead to over-optimism that blindly leads toward high expectations?
• Do people—particularly management—follow the rankings, or do they overrule them within a few weeks?

Here are two methods we use to capture the preferences, characterize the politics, and weigh the priorities on CRM projects. The basic tools you need are nothing more than a laptop, a projector, and a spreadsheet. The magic comes from how the "priority votes" are collected and processed.

The Delphi Method

With traditional prioritization techniques, the larger the group, the more they are influenced by group-think and political sway. In extreme cases, the collective IQ of a group sinks to the lowest common denominator of its members. To counter this tendency, the RAND Corporation developed the Delphi Method, the original "wisdom of crowds" decision-making system.

One of the innovations of the Delphi Method is to ask for each of the participant's "votes" in private, and to ask participants what level of confidence they have in their own vote. We've take it further, asking participants several "damping factors" about the priority they're giving to a requirement:

• What's their level in the organization (e.g., director) — in most requirements, higher in the organization means more weight, but in some it means a lower one.
• What's their department.
• What's their level of confidence in their vote.
• What's their level of confidence in the business payoff (cost-benefit ratio) predicted for the requirement.
• To what degree will they *personally* use or benefit from the requirement.

Put all these into a spreadsheet (typically, one worksheet per participant) and create a summary worksheet using weighted-average formulas to process the individual votes.

The Betting Method

In this prioritization method, you do not attempt to collect or evaluate preferences from a large number of people. Instead, you ask just key executives to play an investment game, and then generate a weighted average of their responses. It's moderately fun to play this game, and it can be done in as little as 10 minutes of an executive's time.

The setup for this betting game is simple: each participant gets a list of projects and prices, and is given a hypothetical $100,000 (adjust this to be reasonable for your company and CRM size) to invest. Their CRM bets should be made to provide the best value for his or her group (or for each executive's personal agenda). Each individual must invest the entire $100,000 in the CRM system, allocating it to those features that will make the best outcome, either by yielding the most benefit or avoiding the most pain. The twist: there are mandatory projects for infrastructure, maintenance, testing, and data hygiene that they must invest in, even though they don't provide any visible "features." The participants are encouraged to cooperate with other participants to fund those mandates. All of the bets are private.

After you've collected the input from the participants (there should be a separate spreadsheet or piece of paper for each person), ask them to do the exercise a second time, but this time to apportion their $100,000 according to what they believe the business impact would be *for the company overall*. Don't let the executives see their old votes—give them a blank piece of paper. The instructions are along this line: "Suppose that investing in your CRM system will result in $1 million (adjust this for the size of your business) of additional profits over the next three years. If that were true, which features on the list below would be responsible for that profit increase? Apportion your $100,000 based on which line items caused the increased profit." As before, there are mandatory "overhead" projects that have to be funded.

Typically, the answers from the two rounds of the game will be quite different. Once you have collected of the inputs, calculate a straight average to create the composite vote for the group.

Of course, neither of these scoring systems will make any decision, but they do provide insight into what the organization really thinks about the costs and benefits of each requirement. The scoring systems should be used as a starting point for negotiation, as they already incorporate both political and pragmatic considerations in a way that eliminates "noise" and de-stabilizing whim about what's important.

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