



CRM For Logistics & Transportation

WHITE PAPER // Spring 2014



SalesOutcomes
Marketing & Sales Execution

Our Mission

We help our clients improve revenue, profit and productivity by enhancing marketing and sales execution.

Sales Outcomes works with business-to-business companies that depend primarily on a direct sales organization to grow revenue. We help connect marketing and sales strategy to execution in the marketplace, accelerating bottom-line results and growing the customer base.

Our practice specialties include: Salesforce.com deployment and adoption; marketing and sales strategy and planning; sales productivity and coaching; marketing and sales operations; go-to-market training; sales compensation and incentive design and organization structure and design.

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Executive Summary

INTRODUCTION

Customer Relationship Management (CRM) software solutions and their impact on business growth and profitability continue to increase in importance for Logistics and Transportation leadership teams. Justifying the Return On Investment (ROI) and realizing the value from a CRM investment are the common challenges for large enterprises as well as small firms.

Sales Outcomes has collaborated extensively with companies to manage the critical issues faced in selecting, deploying and realizing value from CRM investments. Based on our experience spanning companies across a variety of industries, we've compiled our top 6 critical considerations for a CRM investment in the Logistics and Transportation industry:

1. Pick a CRM solution that is 100% in the cloud
2. Involve your IT department, but take the lead in the evaluation and decision process
3. Focus on the functionality that matters in Logistics & Transportation

4. Be clear on where the ROI is coming from
5. Don't underestimate the difficulty your organization may have in adopting the new technology
6. Ensure that the CRM system has a fully functional mobile application for Android and Apple devices. Blackberry and Windows Mobile applications are a plus, but scarce.

This white paper is intended to help senior leaders in motor and ocean carriage, freight forwarding, freight brokerage and third party logistics navigate CRM investment decisions to drive improved business performance. We've elected to present a pragmatic and unique perspective, dramatically different to other white papers published on the subject. We hope to encourage lively conversations with our clients and readers of this white paper to discuss and debate how to harness the value of CRM in the Logistics and Transportation industry.

Executive Summary

INTRODUCTION

CRM solutions have been around for more than a decade. Functionality and flexibility have skyrocketed with monthly pricing-per-user tumbling to less than what it costs to take a client to lunch.

There is a new game afoot when it comes to CRM that senior Logistics and Transportation leaders need to be aware of if they plan to keep pace with more nimble competitors.

Companies are improving, leaning-out and automating critical business processes and customer service interactions at an accelerated pace. How is this related to CRM? The leading CRM vendors understand that they have to do more than provide a repository for customer, contact, lead and opportunity data, so they have expanded their focus to play an important supporting role in enabling organizations to become more agile.

We are also intrigued by the rise of industry-specific CRM applications in industries such as transportation and logistics, pharmaceuticals and spirits, among others. The reason we are interested is that generic can take you only so far. When industry-specific CRM functionality and capabilities come “out of the box”, business impact moves at an accelerated pace.

Considerable efficiencies can be achieved by automating manual business processes. It is fair to say that, in Logistics and Transportation today, there are still far too many routine manual processes that require:

- Rekeying of data from one system to another (e.g. shipment tracking information)
- Transposing information from paper and faxes to spreadsheets or other IT applications (e.g. proof of delivery)
- Extracting, transforming and uploading data from system to system
- Developing and maintaining spreadsheets to support sales and financial reporting processes (e.g. reconciling sales bookings with shipment or service volumes)
- Managing customer service interactions via silos of emails and phone calls (e.g. shipment tracking, accounts payable)

In addition to centralizing accounts, contacts, lead and opportunity data, we’ve seen CRM investments in Logistics and Transportation that support global bid management, trade management, contract management and visibility to metrics such as profit margin, capacity and volume. This isn’t your mother’s CRM, that’s for sure!

Critical Considerations

PICK A CRM SOLUTION THAT IS 100% IN THE CLOUD



If the CRM vendor answers “Yes” to the questions below, its solution is 100% in the cloud.

1. Can users log into the system from the most popular browsers and from any computer (Apple or PC) or most mobile devices (smart phone or tablet)?
2. Is the infrastructure, hardware, software and support provided by the vendor?
3. Can the solution be fully used without the need to install software or applications on the user’s computer?

If the answer is “No” to any of the questions above, and you still are interested in talking with the vendor, you must be one of the 2.5 million people still accessing the internet with an AOL dial-up connection.¹

INVOLVE YOUR IT DEPARTMENT, BUT TAKE THE LEAD IN THE EVALUATION AND DECISION PROCESS

If your decision on a CRM system is anything like your decision on a ERP system, data warehouse or other IT applications, you’ll likely end up focused on comparing features and functionality affectionately referred to as “speeds and feeds.”² We’ve observed only one common characteristic of successful CRM implementations across companies of all size and industry – one or more functional leaders have championed the CRM system as vital to drive improvements in profit, productivity or customer service.

IT departments play a critical role in organizations. However, most IT organizations, especially those in the Logistics and Transportation industry, are

measured on costs rather than business impact. To that end, IT organizations involved in CRM implementations tend to be focused on back-end integrations, and not in managing the tool itself or the business processes it supports. While some IT organizations have begun to make the shift to hiring business process-focused resources, many have not.

Our recommendation is to enlist the support and involvement of your IT organization and leave the “heavy lifting” to your business leaders that are closest to your customers and to the processes that directly touch those customers.

1. AOL Inc., FY13 Investor Relations News Release the Period Ending December 31, 2013 [released Feb. 6, 2014], p.3, from AOL Inc. website, <http://ir.aol.com/phoenix.zhtml?c=147895&p=irol-newsArticle&ID=1897538&highlight>, accessed February 7, 2014.

2. Peter Glaskowsky. “The origins of the phrase “Speeds and Feed”. http://news.cnet.com/8301-13512_3-9734037-23.html (25 June 2007).

Critical Considerations

FOCUS ON THE FUNCTIONALITY THAT MATTERS IN LOGISTICS & TRANSPORTATION

Too often the decision on which CRM vendor to partner with is turned into a “feature shootout.”³ In our experience, most firms end up using only a small portion of the features and capabilities available in its CRM system. We believe there are only a few pieces of functionality that really matter for the industry. You won’t find them on a multi-vendor comparison chart, so pay attention!

1 SUPPORT OF KEY BUSINESS PROCESSES

AND WORKFLOW in the areas of marketing, lead generation, bid management, team collaboration, sales, customer service and contract management is critical. By support we are referring to the notion that the CRM system is ready to automate these processes “out of the box” with limited need for IT support (other than for potential data integration needs). Specifically, you need the ability to easily customize:

- a. Workflow to move business processes forward once a specific event or business process phase has been reached
- b. Approval processes to control and accelerate customer-facing activities
- c. What employees see on their screens, depending on their job role or function
- d. Security at the field level so you can control which fields employees can view, not view or edit
- e. Field validations and dependencies to ensure data quality and support different work motions
- f. Sales processes to support the differences within inside, transactional and complex sales motions

2. REPORTING AND DASHBOARD functionality is not created equal among CRM vendors and is the Achilles’ heel for most. If your company speaks about metrics, analytics and business intelligence, then you’ll want to spend plenty of time evaluating which vendor best meets your needs. A top priority should be to identify what metrics are critical for the management team and ensure that they can be tracked in the CRM solution. Overlooking any aspect during this phase can seriously hinder adoption and executive support. The CRM solution must have simple and easily configurable dashboards to set up and modify key performance indicators to display in formats such as bar, pie and line charts, gauges, funnels and such.

But you can’t stop there! If your firm has multiple business units, divisions or geographies that operate independently or inter-dependently, then you require the ability to provide multiple views, filters, drill-downs and visibility without having to develop an encyclopedia of dashboards and reports. Finally, pilot the system by asking a few of your marketing, sales and operations employees to create reports and dashboards. If they can do it in real-time, then you are on the right path.

3. Christopher J. Bucholtz. “Top 5 Ways CRM Decision Makers Go Astray.” www.crmbuyer.com/story/69618.html [25 March 2010].

Critical Considerations

FOCUS ON THE FUNCTIONALITY THAT MATTERS IN LOGISTICS & TRANSPORTATION

3. TEAM SELLING AND COLLABORATION to support complex or large projects, tenders and opportunities, global accounts and geographically distributed individuals are no longer a “nice to have” to compete with more nimble competitors. Silos of emails, phone calls, text messages, instant messages and Share Point⁴ sites have created a mélange of virtual Post-it[®] Notes that result in significant losses in productivity and consume valuable time required

to shorten the line in responding to customers. The better way is to find a CRM solution that is up for the task. Remember that the “C” in CRM stands for Customer. Some of you will be storing customer data such as contracts, opportunities, revenue and interactions, so you will need to have collaboration in your CRM solution that brings sales, operations, pricing and solution teams together. This functionality can positively impact and transform firms both large and small.

BE CLEAR ON WHERE THE ROI IS COMING FROM

We have yet to come across a firm that is considering a new or increased investment in a CRM solution that is not looking at a significant increase in expense if the investment is made. This particularly applies to firms that have an inadequate CRM solution that needs further investment. This is simply money down the drain.

In our view, significant ROI comes only from two areas in the business: sales performance and productivity. The leaning-out and automation of processes will wipe out inefficiencies and drive headcount efficiencies in terms of reductions or

a refocus in headcount to higher-value work. To illustrate the difficulty in achieving ROI, the consulting and advisory firm, CSO Insights, published a study⁵ that contains highlights of the cited benefits resulting from CRM usage. You’ll see, on the next page, that the four most mentioned items are good things to achieve and, even if you could measure their ROI, would it be enough to justify the CRM investment? Now look at the bottom four – Improved Win Rates, Increased Revenue, Shortened Sales Cycles and Increased Margins. Aren’t these the kind of benefits that can drive significant ROI?

4. Microsoft SharePoint collaboration software

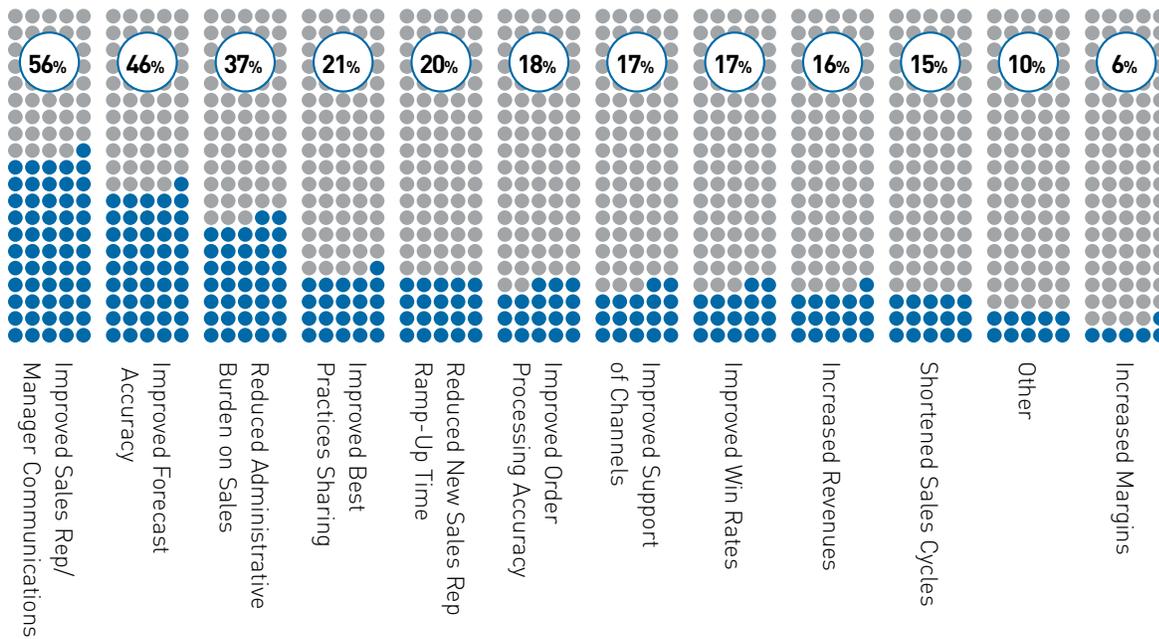
5. CSO Insights, Inc. 2013 Sales Performance Optimization – Core CRM Usage Analysis.

Critical Considerations

BE CLEAR ON WHERE THE ROI IS COMING FROM

BENEFITS OF CRM USAGE

Diagram A



So why the gap between those items with soft ROI (e.g. Improved Sales Rep/Manager Communications) and those with high ROI (e.g. Improved Win Rates)? Frankly, the high ROI items require significant senior management attention, while the low ROI items typically dwell in middle management and functional sales roles.

Identifying clear ROI metrics before the CRM decision is not easy. In fact, we often hear that: "We know it's the right thing to do and we'll benefit by doing it." We understand the sentiment, but are not fans

of this approach. Investing potentially hundreds of thousands of dollars per user adds up fast and becomes a visible line item to justify every year.

Keep the ROI metrics simple and focus on what you can realistically measure. For example, if you don't fully understand your sales win-ratio before you implement the CRM solution, take the first 6 to 9 months to establish a baseline. Then set a goal to implement small improvements for the next 6 to 9 months and you'll be on the way to measuring the ROI.

Critical Considerations

DON'T UNDERESTIMATE THE DIFFICULTY YOUR ORGANIZATION MAY HAVE IN ADOPTING THE NEW TECHNOLOGY

A successful CRM implementation is incredibly hard. One of our favorite movies is *Moneyball* - the story of how Oakland A's manager, Billy Beane, turned his team into a contender by using statistics to pick players.

The transformation your organization will face during a CRM implementation is like switching from catcher to first base. It's highly likely that most people in your organization will not have been part of a CRM implementation. If you are moving from one CRM system to another, you are likely doing so because the current one doesn't meet your needs and requirements. In either situation, users will need to learn, adopt and master very different ways of working if you hope to achieve the value you planned from the investment.

Shuffling new CRM users through day(s)-long lengthy face-to-face "key mashing" training sessions is similar to sheep dipping.⁶ Studies have shown that two weeks after a one-time

exposure to a single learning event has a retention of information rate of 2%.⁷ You will need to plan for repetitive learning opportunities and, more importantly, ensure that leadership supports the CRM investment and leads by example. Nothing damages a CRM implementation like a senior executive asking for CRM information in a format that requires hours of development and formatting, rather than accessing the information in the CRM system.

So, have a plan that details the processes that will be moving to the CRM system and methodically ensure that the "old way" makes room for the "new way."

Another important factor in adoption is usability. Make sure that the system is intuitive and easy to use, regardless of ability. We strongly encourage you to enlist potential users of all abilities to participate in a pilot phase to determine which solutions fit your requirements.

6. Sheep dipping is the practice of pushing sheep through a bath of insecticide and fungicide that absorbed in the wool to protect from parasites and ticks. Eventually the dip wears off and must be repeated. We use this term when companies rely on an abbreviated in-person or Web-based training sessions to rollout the CRM system.

7. Leanne Hoagland-Smith, Internal Changes Deliver External Sales Results, <http://processspecialist.com/increasesales/sales-training/internal-changes-external-sales-results/> (January 22, 2014).

Critical Considerations

MOBILE

If your CRM users travel and/or work in the field with demands from customers and prospects for near real-time response, you'll need rich mobile capabilities in your CRM solution.

How sales teams work individually and together is fast changing and mobile is at the heart of the transformation.⁸ We're not talking only about access via the device browser, you will need a full-featured mobile application that runs on Android and Apple iOS. If your firm is a committed Blackberry and Windows Mobile user, your options are more limited.

Most of the popular CRM solutions purportedly have mobile. The reality is that most have access via a device browser (which can be incredibly difficult to use on anything but the fastest connections) or, if they do have a mobile application, there are significant limitations in functionality.

Mobile is increasingly important to most CRM users. Remember we discussed the importance of embedding business process in the CRM solution? Without a fully-functional mobile application, you simply won't have the ability to mirror business processes between mobile and computers.



**Don't take a vendor's word for it.
Take the mobile application for a long
test drive and then make your decision.**

8. Louis Columbus. "What's Hot In CRM 2013: Strong Interest In Mobile For Streamlining Sales And Service." <http://onforb.es/10pVoEo> (28 June 2013).

Top CRM Vendors

TOP CRM VENDORS IN LOGISTICS & TRANSPORTATION

	ORACLE CRM ON DEMAND	SUGARCRM	MICROSOFT DYNAMICS ONLINE	SALEFORCE.COM/ LANETIX
"Cloudness"	★ ★ ★	★ ★ ★	★ ★ ★	★ ★ ★
Key Business Process Support	★ ★ ★	★ ★ ★	★ ★ ★	★ ★ ★
Reporting & Dashboards	★ ★ ★	★ ★ ★	★ ★ ★	★ ★ ★
Team-selling and Collaboration	★ ★ ★	★ ★ ★	★ ★ ★	★ ★ ★
Mobile	★ ★ ★	★ ★ ★	★ ★ ★	★ ★ ★

Table B

ORACLE® **CRM ON DEMAND**

Oracle is juggling different versions of CRM since it purchased Siebel several years ago. Oracle's online product is feature rich and has made big strides in the online CRM market. If you have Oracle databases, ERP or other software installed, you'll get a big sales push that Oracle CRM will be easier to integrate than other CRM systems. Don't take the bait. The technical side of integrating a CRM solution to your back-end systems is straight forward with a long list of software tools to help you do the job. The heavy lifting is on harmonizing data, which you'll have to do regardless of the CRM solution. Reports, dashboards, collaboration and mobile are weak spots. The ability to support key business processes is good.

Note that Oracle has a complex CRM offering at the moment. The comments above apply only to Oracle CRM On Demand but they also have Oracle (Fusion) Sales Cloud, Siebel CRM and PeopleSoft CRM.

Top CRM Vendors

TOP CRM VENDORS IN LOGISTICS & TRANSPORTATION



SugarCRM is the least capable of the vendors on this chart, based on our criteria. However, SugarCRM is also the only option that is Open Source. This means that clients can change and extend the source code to adapt to their specific business needs. In our experience, modifying the source code eventually becomes a competitive disadvantage that consumes inordinate amounts of time and money. IBM uses SugarCRM but that has more to do with competitive dynamics with Oracle and Salesforce.com than it does with SugarCRM being a better CRM solution.



If your company is a dyed in the wool Microsoft shop then Microsoft Dynamics Online may be appealing with its tight integrations to all things Microsoft, especially Office365. The application is feature rich, but the interface is clunky to use. One thing in particular that is a burden for users is the inability to click on any part of the application to open multiple tabs or windows. This lack of functionality alone can negatively impact user productivity by 50% or more. The price point can be low and appear more attractive with other full-featured CRM solutions. Dashboards, and mobile are weak. Key business process support is adequate for small businesses but not larger firms or enterprises.

Note that Microsoft has hybrid online/offline versions that integrate tightly with Outlook that are not covered in this document.

lanetix



You may not have yet heard about Lanetix (pronounced lah-net-ix) but you'll need to get used to seeing its name around our industry. Lanetix is one of the new breed of industry focused firms that has built their CRM solution on top of the Salesforce platform. In addition to a whole new user interface, Lanetix has embedded business process automation specific to the Logistics and Transportation industry.

If you select Lanetix for your CRM solution, you are getting industry-specific functionality on top of the benefits of Salesforce. The firm has a few large clients and is expanding rapidly.

Salesforce.com is the CRM leader in almost all categories. We cannot remember the last time independent technology advisory firms did not rank them on the top of their lists. They have over 100,000 customers and \$4 billion in revenue. Its CRM solution is the strongest over all non-industry specific cloud-based CRM.

Summary

THE FINAL WORD(S)

Within this white paper, we've presented information to help senior leaders in motor and ocean carriage, freight forwarding, freight brokerage and third party logistics navigate CRM investment decisions to drive improved business performance. We believe the themes outlined in this white paper can help significantly improve your business success and support powerful and durable improvements in profit, productivity and customer service.

We did not mention dozens of valuable features and capabilities within all the CRM solutions that might end up being of great importance to your company and its CRM implementation. You'll need to carefully weigh the benefits of those features versus those we've outlined as critical for companies in the Logistics and Transportation industry. As well, there are many other CRM solutions that we did not have space to mention or research that might be a good fit for your budget and business processes.

When you receive the proposal from the CRM solution vendors, you'll turn to the last pages to peek at the price. All the CRM solutions in this white paper are typically priced in the \$70 – \$125 range per month, per user. You can double the subscription amount for the first year and you'll come close to the cost to configure the tool and roll-out with bare-bones training. If adoption and ROI are important, then plan on spending much more – you'll have payback in a few months.

Also consider that, if a sales person loses one hour less of productivity per month, the monthly subscription cost will be dwarfed by cost of the inefficiency. If your users don't fully adopt the solution, and your team migrates back to spreadsheets, the cost becomes higher. So, we recommend you take a look at the big picture and not just the monthly subscription fee.

Summary

ABOUT THE AUTHOR

Hernan Vera is the managing partner at the consulting and services firm, Sales Outcomes, and works with business-to-business companies that depend primarily on a direct sales organization to grow revenue. He is a proven sales and marketing leader with over 25 years experience including executive management positions with major corporations, including: Pitney Bowes and Ryder System. Mr. Vera is a recognized expert in the implementation of sales automation tools, marketing and sales operations, sales performance management and sales compensation. He is a board member and past chairman, president and vice-president of the Transportation Sales and Marketing Association. He holds an MBA from Florida International University and a Bachelor of Science in Accounting from the University of Florida. Mr. Vera was born in Santiago, Chile and lives in Coral Gables, Florida.



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