



# White Paper

## Escaping The CRM Black Hole

*Closing the gap between the metrics you need and the data you have*

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## Executive Summary

Astute Customer Service, Service Desk, and IT managers understand the value of getting the quality, actionable information they need to make sound business decisions. Companies that accurately understand their customer's needs are able to provide superior product and service value to the customer, thus improving sales and customer loyalty. Yet, despite having spent up to millions of dollars on their Customer Relationship Management (CRM) systems, there is often a huge gap between the information needed and the data being collected. Either the beneficial information is not being gathered at all, or there is so much information available, we become overloaded and can take no reasonable action. The appropriate data gets lost in the quagmire of irrelevant data. The CRM system becomes a Black Hole, with tons of information going in, but very little of use coming out. Besides the potential loss of revenue due to customer dissatisfaction, the money initially invested in a CRM system is effectively wasted, if you are not getting the specific, accurate, actionable information you need to make sound decisions.

Optimizing your CRM reporting is essential to getting the crucial information out of your system. The whole purpose is to have meaningful, actionable data and then go make sound business decisions based on that data. We really need just a few key measures to make good decisions. But which few? You need to define your *Vital Few* measures and use those metrics to improve profitability, efficiency, and customer satisfaction. It is possible to escape the CRM Black Hole.

## The Value of Quality Metrics

### ***Good metrics are good for business***

Metrics aren't just about looking back on last month to see how we did. The real value comes from being able to make decisions about the future. The Gartner Group reports, "Done well, metrics not only track historical performance, they also influence behavior and provide a basis for comparing disparate activities to determine future investments."<sup>1</sup> If you don't know what your customers need, or how well you are currently meeting those needs, it is difficult to know how to proceed in the future. In addition to improved customer service and satisfaction, good metrics can provide vital information to other departments, such as Marketing, Product Development, and Sales.

### ***Quality metrics drive positive results***

Metrics (done right!) align individuals with the organization's or department's objectives. According to Harvard Business Review, "What you measure is what you get. Senior executives understand that their organization's measurement system strongly affects the behavior of managers and employees."<sup>2</sup> When you set clear goals, measure progress, and make results visible, individuals can clearly see how they are performing relative to business objectives. This aligns individuals to the company's goals and motivates them to meet these objectives. In order to be effective, metrics must be made relevant. If departments and individuals are bombarded with irrelevant metrics, they will very soon start to ignore them. Instead, tie your *Vital Few*

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<sup>1</sup> Gartner Group, "Get the Best Performance Out of Your CRM Metrics", 3 January 2007

<sup>2</sup> Harvard Business Review, Pg. 1, "The Balanced Scorecard: Measures That Drive Performance", July 1, 2005

Performance Indicators to what the business needs to succeed and measure things that departments and individuals can control and influence. Consequently, departments and individuals will be able to affect change and see how their actions affect company performance. "Measures drive action when they are related in ways that provide managers with direction."<sup>3</sup> You can't successfully manage what you can't measure.

## ***Metrics might be required for certification***

Both ITIL<sup>®</sup> and ISO/IEC 20000 put significant responsibility on management to set targets, measure process performance against targets, and take action to correct and improve. ISO/IEC 20000 lists actions that must be taken in order to be certified as ISO/IEC 20000 compliant. These "Shall" statements are required for certification, and you would fail an audit if you don't have all the "Shall" statements in place. According to ISO/IEC 20000:<sup>4</sup>

- ◆ The overall Service Management Plan SHALL at a minimum define:
  - The objectives to be achieved
  - Methods to manage, audit, and improve the quality of the service
- ◆ The Service Management Plan SHALL be implemented by the following actions:
  - Reporting progress against plans
  - Identify and manage risks to the service
- ◆ The Service Provider SHALL demonstrate the effectiveness of processes by means of monitoring and measuring:
  - Management SHALL conduct reviews at planned intervals
  - To conduct reviews, all services should be monitored, measured and analyzed
- ◆ The Service Improvement Plan and process SHALL cover:
  - Relevant inputs about improvements and set targets
  - How to measure, report, and communicate the improvements
  - How to ensure that all approved actions are delivered and that they achieve their intended objectives
- ◆ Before implementing a service improvement plan, service quality and levels SHALL be recorded as a baseline against which the actual improvements can be compared
- ◆ The actual improvements should be compared to the predicted improvements to assess the effectiveness of the change

## ***The customer might require metrics***

Ultimately, the goal of ITIL Service Level Management is an optimal balance of customer needs, business objectives, and IT objectives. According to ITIL best practices, companies create a Service Level Agreement (SLA) with customers. This process requires setting measurable targets, reporting, reviewing results with the customer, and developing a service improvement plan. Customers entering into an SLA will expect companies to provide appropriate metrics.

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<sup>3</sup> Harvard Business Review, Pg. 11, "Putting the Service Profit Chain to Work", March – April, 1994

<sup>4</sup> ISO/IEC 20000-1:2005

ITIL<sup>®</sup> is a registered trademark of the Office of Government Commerce (OGC)

# The Process for Optimizing CRM Reporting

## ***Develop Your “Vital Few” Key Performance Indicators***

There is so much information available and so much we could measure and report on. We can become so overloaded with “information” that we’re unable to make sense of it, and we therefore, take no reasonable action. There are really just a few measures needed to make good decisions, but which few? This is the part we have to get right. Only information that is relevant, that you can understand, and that facilitates timely, meaningful decisions is useful. If you don’t know why you’re measuring something, don’t measure it.

Every company’s *Vital Few* indicators will be different. There are some important questions to ask in order to get to yours:

- What do you really need to know in order to run your business?
- What categories of performance are specified in your SLAs?
- What issues consume the majority of your team’s resources?
- What are you measured on?
- What do your customers care most about?
- What do your employees care most about?
- What changes are you trying to bring about?

## ***Communicate with the team***

If the staff is to be motivated to perform in a manner that is consistent with company objectives, they must be well informed. It is essential to educate, motivate, and involve them by communicating relevant metrics and the individual’s relationship to those metrics. Make sure the team knows they are accountable for the quality of the data, since they are the ones responsible for most of the data input. They are also responsible for monitoring and understanding their individual results; where they stand against benchmarks and targets (which requires that they understand the benchmarks to begin with). If the individuals on the team recognize their significance and know they will be held accountable, they are much more likely to achieve positive results.

## ***Develop Actionable Reports***

Design reports that effectively monitor the Key Performance Indicators (KPIs), enabling you to make decisions and drive performance. Reports and KPIs should be SMART:

- Specific
- Measurable
- Actionable
- Relevant and Realistic
- Time-bound

For example, “Improve customer satisfaction scores,” is not a SMART KPI. However, “Improve the customer satisfaction scores for the East-Coast Service Desk by 10% between Q1 and Q2” would be. It would be possible to report on existing customer satisfaction for the East-Coast team and measure each week or month between January and June. In addition to the trend line

showing the East-Coast team's actual customer satisfaction score, your chart would also have a target line showing the 10% improvement figure.

## ***Clean Up Your Data***

There is often a large gap between the metrics you want and the data you have. In order to get from the data in the database to the metrics you want, it is first important to find out what's in your database. These are a few techniques for ferreting out problems in your database:

- Run Top-N reports looking for "space", ".", "n/a", "other", or any default items
- Watch out for free-form entry fields and duplicate records like multiple spellings, or punctuations in an account name
- Look for Top-N lists with many small categories rather than a few that stand out

It may be necessary to go back and fix the problems you discover, if you really need the past data. However, this can be expensive in terms of time and money. You may decide to move on, fixing the root cause that created the data problem so that *future* data is good, while ignoring past data. It may be necessary to simplify your input forms to minimize future input errors. If the Service-Desk agent has too many options, he or she may choose the easiest option (i.e. "n/a" or "other"), which does not facilitate obtaining the appropriate information. (This is especially common when metrics are not regularly communicated with staff). At a minimum, make sure you can get the data you need for your *Vital Few* KPIs. In order to design your reports, you must know your database. You will need a good data dictionary.

In preparation for getting a baseline, it is best to clean up first:

- Develop and run reports. Examine the data to see if it's valid
- Determine the cause(s) of any issues you find with the data and correct them
- Refine/simplify data input screens, pull-down lists, categories, etc.
- Communicate with teams why good data is important and how they will be measured

## ***Get a Good Baseline and Set Targets***

Now that the data is clean, it's time to take a snapshot of where you are, so you'll know if you are making progress in the right direction. A good baseline will provide a picture of current conditions. It serves as a starting point for monitoring trends. It can also be a cause for celebration, as the culmination of quite a bit of preparation, and the mark of a new beginning. Run baseline reports, and be sure to share them with the team.

Once you have an accurate baseline picture, you need to know what you are aiming for. Set SMART (Specific, Measurable, Actionable, Relevant and Realistic, and Time-bound) targets. Identify how far you are away from these targets, how long or how much effort will be needed to achieve them, and determine any intermediate steps necessary. Well-formulated and communicated goals can motivate and drive performance. Again, the formulation of these objectives is an opportunity for celebration: "We have the chance to achieve these specific, manageable targets and really impact our company!"

## **Regularly Post Metrics and Take Appropriate Action**

It is essential the team be aware that decisions are regularly made based on CRM data, or they will cease to take the data seriously. Baselines, targets, and regularly run metric reports must be posted for all to see, and must be used to make decisions. Post results on walls, bulletin boards, on the web site, and/or in presentations at company/department meetings. Talk about them informally in the hallways, and formally at meetings, one-on-ones, and performance reviews. In addition, let the team make some decisions and take action based on the metrics. If their performance depends on progress towards targets, they must be empowered to make that progress.

Remember: *If you measure an activity, it is more likely to improve. If you measure an activity and report on it, it will improve faster!*

## **Checklist: Getting to your critical few performance indicators**

### **What are your critical few performance indicators?**

- What do you really need to know?
- How often do you need to know?
- What categories of performance are specified in your SLAs?
- What issues consume the majority of your team's resources?
- What would you do if a particular report didn't run? -- if you don't know, get rid of it.
- What are you measured on?
- What do your customers care most about?
- What do your employees care most about?
- What changes are you trying to bring about?
- What action would you take if ...?
- Do the reports you're getting today tell you if you're getting better, holding steady or slipping?
- Do you know what your top-n customer-reported issues are?
- Do you know how long it takes to ...?

### **Clean up your data – Garbage in, garbage out**

- Run top-n reports looking for 'space', '.', 'n/a', 'other' or any other default items
- Watch out for free-form entry fields and duplicate records like multiple spellings or punctuations in an account name
- Look for top-n lists with many small categories rather than a few that stand out
- You may have to go back and fix these or you may decide to move on
- Make sure you can get the data you need for your key indicators

## **Next Steps**

- Define a few key performance indicators to start
- Develop and run reports. Examine the data to see if it's valid
- Determine the cause of any issues you find with the data
- Refine/simplify data input screens, pull-down lists, etc.
- Communicate with your teams why good data is important and how they will be measured
- Baseline
- Begin regularly running reports, posting the metrics for all to see and taking action based on the results

**Remember:** *If you measure an activity, it will improve. If you measure an activity and report on it, it will improve faster!*

## **About Propoint Solutions**

Propoint Solutions was conceived out of the need for a balanced approach to achieving IT service excellence. We believe people, process and technology must all come together to address IT business drivers. We are committed to providing our customers with experience-based leadership and professional services to accelerate their business objectives. Enjoy the relief that comes from knowing the Propoint Solutions team is here to ensure your success. We can help you get from the data you have to the metrics you need. Propoint Solutions -- *elevating IT service excellence through people, process and technology.*

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