DealCloud by Intapp

WHITE PAPER

Diagnosing and overcoming a failed CRM implementation

Five steps to success

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Introduction

With the right technology in place, private equity (PE) firms can improve processes, save time, and increase profitability. Unfortunately, selecting, adopting, and rolling out firmwide technology can be a painful process for any organization. Often, traditional tools and technology present puzzling challenges and roadblocks for firms: According to the recent Mainframe Modernisation Business Barometer Report, 74% of business leaders surveyed say their organizations have started a technology upgrade that failed to successfully complete.

Although most leaders can define implementation success, many often can't recognize failed software adoption. And, even when they can, decision-makers usually don't want to endure the adoption process all over again, so they ultimately choose to keep the failed solution despite its limited capabilities.

Rather than trying to work with an unsuitable system, PE firms should view adoption failure as a learning experience to better prepare for the future. By doing so, you can propel your firm toward finding and implementing the very best CRM solution the market has to offer.

In this ebook, we'll diagnose and address the main reasons why CRM implementations fail and provide five steps to help you overcome past failures to ultimately achieve success.

Identify CRM implementation failure: Three common scenarios

We define implementation failure as any software or system deployment that doesn't provide the intended positive impact and benefits to your organization. Even a partial failure leaves firms struggling; A half-solution is still a half-problem.

implementation failure \im-ple-men-tā-shen \ fāl-yer \

Any software or system deployment that doesn't provide the intended benefits to your organization.

CRM implementation failures fall into one of three categories:

- **Total failure** refers to a complete abandonment of the new system, with all users reverting to their former ways of working. In the case of PE firms, this often means returning to spreadsheets, emails, and calendars to review contact information and correspondence. The very leaders who championed the change are often the first to revert to old habits when new technology feels forced or unintuitive — and, consequentially, the data quickly decays.

  Take one example: To prepare for a call with an investment banker, a vice president may search old emails and ask her associates for a history of opportunities the banker has sent her firm. She doesn't want to check the CRM for this backstory because she doesn't trust the system's data is complete, accurate, or current.

  In scenarios like this, team members often feel conflicted. On one hand, they're relieved to see others in the firm regressing to prior software and methods, and acknowledge the new CRM has failed to fulfill their expectations. On the other hand, they're disappointed because they know spreadsheets, email archives, and other tools can't successfully manage the complex relationships and opportunities in private equity. Additionally, professionals must now waste precious time and effort on manual searches — the very thing that likely drove the firm to seek a better system in the first place.

  With the total failure of a CRM implementation, you'll rarely see a big announcement. Usually, firm leaders simply tolerate misuse and non-use until the CRM is abandoned completely.

- **Empty-shell failures** indicate limited CRM adoption and poor data-input compliance, leading to limited value in reporting and intelligence. The cascading effect is a self-perpetuating lack of faith in the system that often leads to total failure.

Most PE firms that try to implement a generic-business CRM fall into this category. Instead of providing an ecosystem, the system builds a funnel that forces users to push people along a timeline. Subsequentially, firms dismiss contacts (or leads) that fall out of the funnel instead of keeping them warm with renewed contact.

Dealmakers know their relationships and workflows are like webs: Events and people intersect dozens of times throughout the year, and each interaction has a differing purpose, weight, and outcome beyond any one-dimensional sale. Trying to cram all those nuances into an industry-agnostic CRM feels futile at best and frustrating at worst. When using the generic CRM, dealmakers often spend hundreds of costly hours configuring the platform to accommodate their firm's needs. Instead of providing a tool that maximizes hours and multiplies efforts, it becomes a burden and just another thing to manage.

Empty-shell failure typically plays out with the CRM becoming a storage repository for manually entered, disorganized data — one where relationship intelligence decays. Some committed users may still attempt to query the system for relevant information, but they often must loop in a database administrator to customize scripts for the exact output they need. They then have to ask a data analyst to help export the information and clean it up: removing duplicates, unifying formatting, and manipulating visuals and branding. These persistent users can then show their reports to involved team members to verify that the output's details are accurate, relevant, and up to date, but since the reports don't reveal nuanced information like the value and health of current relationships and transactions, dealmakers still require multiple meetings to cover these important specifics.

- **Isolated-use failures** happen when a single user or small group successfully adopts the system, but the rest of the organization fails to do so. This scenario yields very limited realization of anticipated benefits, and data quickly becomes siloed as users and non-users fail to share information and updates. CRM inputs are rendered powerless when isolated from the rest of the firm's data.

  For example, if a user consults the CRM for context around an intermediary, they may see outdated or inaccurate relationship information. Dealmakers who go into meetings referring to old transactions or erroneous names make the whole firm seem disorganized and unprofessional.

  Organizational silos are detrimental to PE team members, as they all must work together towards one shared goal: to build relationships with limited partners (LPs), business owners, intermediaries, and vendors. These relationships help firms collectively source and close the most profitable deals; therefore, any dynamic that threatens or hinders these relationships by creating pockets of disconnected data must be treated as a failure.

Understand the causes of CRM implementation failure

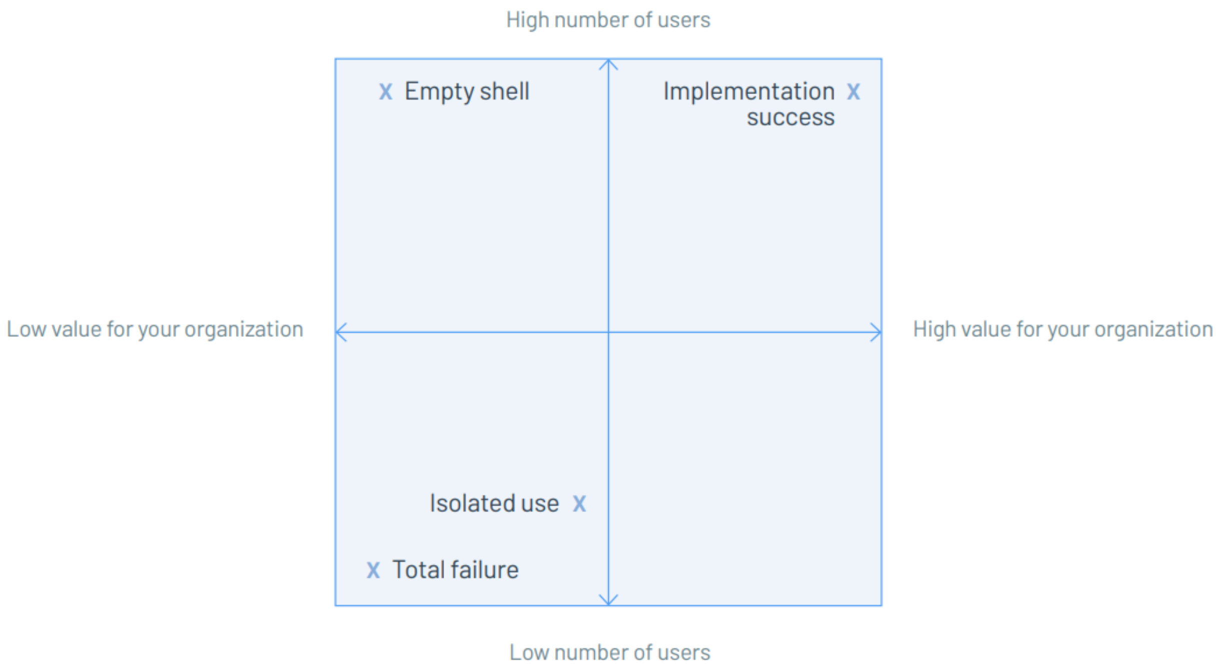
Failure is a broad term that can present in various ways, so PE leaders need to know how to diagnose the root causes.

Many firms simply purchase the wrong type of software. In capital markets, many fund managers, advisors, and investment banks attempt to use traditional CRM software for relationship tracking, market coverage, deal flow, deal execution, and knowledge management. However, these industry-specific needs are often too much for a generic CRM to handle; these industry-agnostic systems aren't designed to address the needs of capital markets firms.

Consider a Swiss Army knife: It includes useful items like scissors and a small saw blade, making it perfect for small, impromptu jobs. But if you need to cut down a tree, this multipurpose tool would be the wrong choice. Similarly, PE firms often choose an industry-agnostic CRM that isn't appropriate for their large, complex networks and workflows. Unfortunately, it's usually only after implementation that leaders can quantify how many users are employing the CRM and how useful the tool is in their hands.

Assess your organization against these quadrants to help quantify your implementation's success or failure.

Implementation failure vs. implementation success



An honest assessment of your organization against these quadrants can help quantify your implementation's success or failure.

Many people believe a failed deployment means the organization lacked focus or dedication. But considering the time, money, and resources firms devote to the success of these projects, it's unfair to infer failure rate is caused by a lack of commitment. Instead, the tool itself is often the problem.

Learn how adoption failure (and recovery) affects PE firms

Adopting a system can either energize or impede your team members and their output, depending on the implementation process. Often, dealmakers and other leaders who supported the new system are tasked with managing the implementation process within their teams, yet many of these leaders lack the technology skills to successfully do so.

"When it came time to actually implement the system here for our teams, it fell on me to do that," recalls Andrew Henderson, a Director in the Energy Solutions and Cleantech practice at FMI Corporation, a management consulting and investment banking firm. "I am by no means trained to do that. I really didn't know what I was doing."

A recent Harris Poll conducted on behalf of a leading international talent and outsourcing firm revealed that nearly 7 in 10 Americans face challenges trying to use software at work. As questions arise, dealmakers navigating a new system often go straight to whoever initiated the change. This can overwhelm the person (or people) who first suggested the new tool, discouraging everyone from taking ownership of future change projects.

Sadly, Henderson's first CRM implementation resulted in failure. When the team recovered and found a new CRM system, they chose a system that prioritized support and training. Henderson says he felt empowered by the small army of adept helpers that accompanied the tool's rollout.

"[The support team] methodically laid out every single thing that I and our team needed to do to make this transition a success," Henderson says. "It's been great."

Having readily available support teams and resources lets firm professionals self-educate, grow independently, and become more comfortable with the new solution. It's important for firm leaders to recognize and celebrate successful implementations to encourage their teams to embrace change and innovation, even in the face of previous failure.

Successfully recover from CRM implementation failure

By recognizing the previously described scenarios as failures, your firm can move forward and find a purpose-built CRM that supports, rather than hinders, your progress. A successful CRM implementation empowers users to query the system with their own unique questions, and offers customized dashboards and interactive data consoles that allow need-to-know permissions for information access.

Dealmakers, for example, can leverage your CRM's built-in reporting for intuitive data manipulation and analysis tools. Your users can also generate reports that are automatically arranged, formatted, and branded with investor or target acquisition logos and colors to provide a more professional experience. With all your information and resources in a single system, your connections — both internal and external — will be on the same page.

Organizations that have experienced implementation failure are often skeptical of adopting another solution and fearful that the next implementation will fail. As Mark Twain once said, "If a cat sits on a hot stove, that cat won't sit on a hot stove again. That cat won't sit on a cold stove either. That cat just won't like stoves."

It's relatively easy to overcome a failed CRM implementation, so long as your firm's leaders keep an open mind. Once you find the right tool for the job, your team's efficiency will significantly increase.

Step 1: Acknowledge and move on

The first step in overcoming failure is recognizing that it happened in the first place. Failure puts success in context and often improves your decision-making skills during the next attempt. You can focus on finding a workable solution that meets your firm's specific needs and can be successfully adopted by your firm.

Leslie Ann B. Curry, Chief Experience Officer of Investment Banking at Raymond James, says the industry-agnostic software her team used led to a combination of empty-shell failure and isolated-use failure. "It had a lot of tape and Band-Aids on it to make it work how we needed it to," she says, explaining that the software did not offer the industry-specific fields and functionality to support her team's workflows.

Eventually, the group's leaders agreed partial success was indeed insufficient, and admitted they needed a new platform. "It was pretty clear the team had reached a point at which [the platform] wasn't going to continue to work for them," says Curry.

Although the platform implementation was a failure, Curry's team came away with a new perspective. "[The experience helped] prove that, if done the right way, a CRM could be really powerful for bankers," she says. "It was important for us [to believe] in the broader use case of a CRM system."

Step 2: Recognize your unique needs

Fund managers, advisors, and investment banks generally hope to use a CRM as a deal management platform. However, if you don't know what you need, you'll struggle to find the right solution.

It's easy to mistake generic CRM software — which requires extensive configuration — as the easy fix, given that most mainstream, industry-agnostic CRMs offer numerous and intriguing features. Unfortunately, many of these features are unnecessary for dealmakers, and the specific capabilities that dealmakers need aren't included in generic CRMs.

Derek Wardlaw, former Vice President of Business Development at Boyne Capital, recalls when his group tried to make two basic CRM systems work as their customer- and deal-management platform. "The goal was to create a tool to help capture the protocol from which a deal graduates through our review system," he explains.

Eventually, Wardlaw's team admitted both generic CRM options fell short. To recover, the group clarified their requirements before committing to a new system. "The three main pillars are companies, people, and deals," Wardlaw says. "How those three interact together is important to track and manage." His team focused on these pillars in choosing their next CRM.

Step 3: Establish realistic expectations

It's important to take incremental steps to help ensure CRM implementation success. If, for example, your team manually performs most day-to-day tasks — such as using spreadsheets to track new deals — it's important to set realistic requirements for a first implementation phase.

Finding a product that integrates with systems you don't yet own may be important down the road, but don't let future possibilities get in the way of finding the right solution for your current needs. Incremental enhancements are always possible, and today's systems offer APIs for additional integrations.

For inspiration, consider Andrew Henderson's team at FMI Corporation — which, after a failed CRM implementation, found a fit with DealCloud. One of the ways FMI set realistic adoption requirements and expectations was to plan on using the same adoption training materials for future new hires.

"We don't have a big team to onboard new hires," Henderson says. "There's only a few of us, and it's tough to take time away to onboard folks, especially with lengthy training sessions. The ability to pull up the DealCloud University videos and have folks run through that is huge. It's great to be able to leverage the expert-provided training materials every single time we have somebody new come on."

Step 4: Evaluate providers thoroughly

After deciding what type of system you need and establishing realistic requirements and expectations, you'll be ready to evaluate CRM providers. Don't confuse the order of these steps or let vendors bulldoze the process. Vendors who provide more than one software application benefit greatly from confusing your needs with their products.

Optimistically, professionals are in a better position to shop for a solution after an adoption failure than they were before they started their initial search. Those who have gone through an adoption failure have a much deeper clearer, understanding of what their team needs — and they can do without.

When evaluating software vendors, it's critical to test drive the CRM. "I only had to see the product once to know this has everything we're trying to do ... It was built to do this," says Curry. "Why would we go through all this pain and suffering, and spend quite a bit of money, to not even get half of what DealCloud was going to give us out of the box?"

Step 5: Improve your processes

Implementing new technology around a broken process makes it harder to achieve success. Use your CRM implementation as a lever to optimize processes: Streamline your workflows, automate tasks and reporting, and ensure proper alerts and notifications.

"Our company has been around for more than 60 years, and in a lot of ways, a lot of processes have not been updated when they should be," says Henderson. When his team's first implementation failed, Henderson knew that their new CRM would require improved processes in addition to the technology.

"Everybody needs a little bit of a nudge sometimes, and DealCloud has really been that nudge to help us develop our process to become a more modern investment bank," Henderson explains.

Leverage the DealCloud difference

At DealCloud, we know adopting new technology isn't always easy, which is why we continually align our entire organization around your firm's success. Our solution gives you a best-of-breed, PE-specific system that's trusted by fund managers, advisors, and investment banks alike.

We've developed extensive best practices to ensure your implementation's success. Although other software providers treat training as an afterthought, it's a critical component of the DealCloud solution. DealCloud University — an online resource with expert how-to videos and interactive documentation — helps your teams get the most out of DealCloud and earn Platform Manager certification.

Each DealCloud client has access to our account management and client success teams, as well as a dedicated staff of professional trainers who can provide live, on-site training for your firm, tailored to each team's use of the system. This attention to your team's enablement provides you with a top-quality, hassle-free experience.

To learn more, please visit dealcloud.com.

"We knew how we wanted our firm to operate, and DealCloud was tremendous in configuring its technology to coincide with that vision. The knowledge of the implementation team and flexibility of the platform allowed us to quickly implement a proprietary system."

CHRIS JONES, ALIGN CAPITAL PARTNERS
