



## **Complexity of CRM Applications Driving the Next Generation of Training**

### **Introduction**

Customer Relationship Management (CRM) has been described as “the current battleground for competitive advantage and profit.” Acquiring and retaining customers have become the main objective of rival businesses competing fiercely for the ear and wallet of the business prospect. Organizations are demonstrating their commitment to CRM by instituting expansive and expensive CRM implementations focused on building better relationships with their customers.

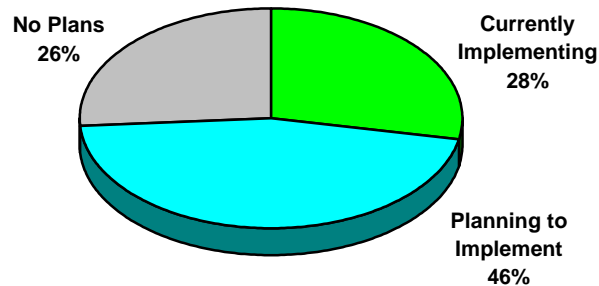
Executives are beginning to identify training as ground zero in their efforts to meet business objectives through CRM. According to a *CRM Journal* article *Why CRM Projects Fail*, “...a critical [implementation] pitfall to avoid is focusing too much on process and technology, and not enough on the people who will be using the system.”

Comprehensive employee training is the best method to institute company-wide change quickly and effectively. This study of industry training practices reinforces the importance of training in the success of initiatives such as CRM, and an increasing utilization of online training rather than more traditional training methods to achieve positive end-results. This white paper below explores developments in the ways organizations are structuring their training and its impact.

An independent research firm conducted this study to determine training trends in companies that compete in the CRM space. A comprehensive cross-section of business managers and executives were invited to participate in the study. Participants answered questions regarding the state of their company infrastructures, training initiatives, and specific questions regarding CRM implementations. This white paper interprets that data and reports corporate training trends as a whole, and how training for CRM, in particular, is being treated.

According to the study, almost half (46%) of the respondents reported that their companies had plans to implement CRM applications and training programs in the future.

### CRM Training: Implementation Status



Industry experts agree that complete employee buy-in and acceptance of a CRM application is essential to its success, but companies are leaving adequate training in these complex applications out of their plans for implementation. According to industry watchdog the META Group, “Organizations adopting CRM are severely underspending on their projects.” Companies investing in these applications are cutting money and time costs. In fact, respondent data indicates that organizations currently dedicate an average of only 2.7 days for soft-skills training, 2.9 days for CRM application training, and 4.1 days for product training. About half (49%) of respondents felt that *training taking too long* is a major challenge faced when introducing a CRM training program. Ironically, four in 10 respondents (41%) report that the main reason for retraining was *not placing enough emphasis on training up-front*.

One of the biggest training challenges appears to be finding enough time for training on specific applications such as CRM. The time challenge is encouraging companies to seek learning solutions that combine various training methods and can be accessed when and where employees need them. Additionally, Web-based and computer-based training are becoming more popular than instructor-led training because they not only save time, but money as well.

Thirty percent (30%) of respondents are facing difficult training issues because the scope of their CRM training will be international. Indeed, delivering training to a widely dispersed work force was a top priority for 80% of respondents implementing international CRM training.

## Turnover

Nearly a third of respondents are dealing with an annual turnover rate of more than 20% of their workforces. Customer service and call centers—departments at the heart of CRM—as well as self-service groups, experience the highest average annual turnover rate at nearly 30 percent. The following table details turnover rates by department within surveyed organizations.

**Personnel Turnover by Department**

Department	Less than 10%	Between 10 – 20%	Greater than 20%	Mean Annual Percent
Sales	56%	24%	20%	13%
Marketing	64%	27%	9%	10%
Customer Service/ Call Center/ Self Service	36%	35%	29%	<b>17%</b>
Front-to-Back Office Integration	54%	31%	15%	11%
Channel/ Distribution	59%	30%	11%	11%
E-Business	69%	22%	9%	10%

As demonstrated above, retaining employees in the customer service, call center, and self-service groups is particularly challenging. The market imperatives of customer satisfaction and loyalty have made CRM-related functions a focal point for comprehensive training. Comprehensive training should include application training combined with job function and business process training. A complete education about a CRM application and the way it applies to an end-user's job leads to greater satisfaction for employees, ultimately reducing turnover.

Considering relevance and ease-of-use as the keys to user acceptance, 96% of respondents reported using real-life workplace scenarios in their CRM training materials. This training scenario has the best chance for success as it incorporates all the elements of the end-user's daily work and a company's business practices.

Three out of four respondents rated the *user-friendliness of training materials* as the top issue they consider when planning for training. Other top issues included *having an appropriate length of time*

for learning and applying new materials (71%), and having employees understand and be receptive to the need for change (69%).

The following chart indicates types and timeframes of application implementations. Proprietary applications account for 56% of the applications being implemented. These types of applications demand customized training because no “out-of-the-box” training solution can answer all of the end-users’ questions.

**Application Training Implementation Timeframes and Scale**

Application	Currently Implemented	Plan to Implement	Average # of End-Users
CRM	28%	46%	2,885
ERP	24%	24%	3,125
Proprietary Applications	56%	14%	4,824
B2B	30%	30%	2,733
B2C	23%	28%	2,712

Measuring the return on investment (ROI) of a training program has become increasingly important as Human Resources (HR) and training departments justify expenditures to senior management. Since over half of respondents (52%) reported that retraining is necessary because employees forget what they learned, the burden is on the HR and training departments to select a methodology appropriate for their learners and one that will produce positive, measurable results. Only a third (35%) of study participants reported that they do not measure the ROI of their training initiatives. Among the majority of respondents who measure ROI, over half (56%) utilize *employee productivity*, and twenty-eight percent (28%) measure *user acceptance* or require some type of *testing or certification*. Only one in seven respondents is interested in developing a formalized CRM certification program.

When it comes to making the decision to implement applications and training programs, corporate executives (CEO, President, Partner) decide more than any other job function within an organization (applications, 37%, and training, 22%). HR and training departments make the decision to implement *applications* only two percent (2%) of the time. However, one in 10 respondents (10%)

reported that the HR and training departments are the decision-makers for a *training* implementation. The top three factors in the decision to implement training are *training existing employees on new applications* (71%), *cost* (70%), and *the need to keep pace with the industry* (61%).

### Shifting Training Budgets

Respondents reported expectations of an increased CRM training budget during the next 12 months for Web-based and computer-based training, and virtual classrooms. Currently, about one-third (31%) of budgets are dedicated to instructor-led training. In 12 months, however, instructor-led resources fall to twenty-two percent (22%) in favor of technology-based instruction programs. The following table outlines the training budget trends by type of training over the next 12 months.

**Budget Trends by Type of Training**

Training type	Current % of budget	12 Month projected % of budget	Difference
Instructor-led	31.0%	22.2%	-8.8%
Web-based	14.2%	20.1%	+5.9%
Computer-based	12.7%	16.3%	+3.6%
Post-training support	12.0%	11.6%	-0.4%
Train-the-trainer	11.8%	10.0%	-1.8%
Paper-based manuals	11.4%	9.0%	-2.4%
Virtual classrooms	6.9%	10.7%	+3.8%

Note: Given the margin of error, the differences cited should be interpreted as suggestive only.

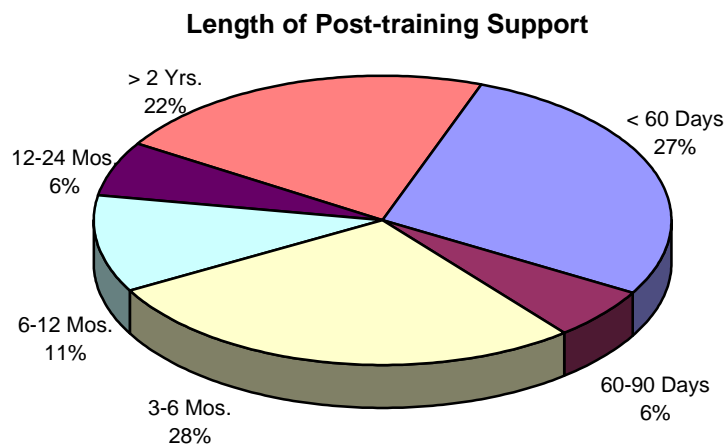
The table above clearly suggests that organizations are embracing technology-based training over the more traditional training methods. Web-based, computer-based, and virtual classrooms all reflect budget increases while instructor-led and paper-based manuals reflect declines. Because the majority of participants give their employees high marks for their general computer knowledge, the movement toward technology-based training should be widely accepted by end-users. In fact, more than nine in 10 respondents questioned (93%) reported that their employees' computer skills are in the intermediate to expert range.

Somewhat ironically, though respondents report a move towards technology-based CRM training programs, more than half (54%) reported the greatest satisfaction with paper-based manuals as a CRM training solution.

The organizations surveyed appear sensitive to the need for employee acceptance in structuring their training initiatives. Having enterprise-wide acceptance of a CRM application rollout is absolutely critical to its success. Unfortunately, six in 10 respondents (61%) reported that end-user resistance to change is one of the top training challenges they encounter.

### Post-training Support

Ninety percent (90%) of respondents implemented a post-training support system to help ease the transition from old to new and cement the acceptance of their new CRM applications. Eight of 10 respondents (79%) reported using e-mail as a key component of their post-application training support. Over half (58%) report instituting a help desk, providing one-on-one tutorials, and publishing paper manuals to support end-users after the initial CRM application training. Post-implementation support typically lasts for an average of 10.3 months.



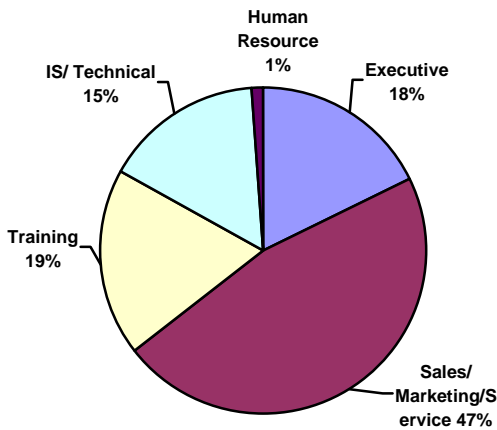
According to survey results, respondents reported an increase in their intended use of outside services to implement or facilitate CRM training programs. System integrators and dedicated training vendors will be called on most often to deliver this type of service. Interestingly, a rising interest in “virtual classrooms” was evident among respondents with the accompanying shift in budget allocation to this type of training technology. Over half (55%) of the respondents reported an interest in pursuing this type of technology in the future.

As organizations assessed their CRM training initiatives, more than two in five respondents (43%) reported satisfaction with their end-users' acceptance of their CRM application. In virtually every case, training was seen a contributor, if not a major contributor, to that satisfaction.

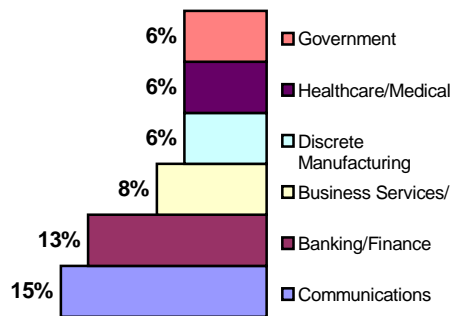
### Respondent Demographics

Most respondents were employed in the Communications (15%), Banking/Finance (13%), and Business Service/Consulting (8%) industries. Twenty-one percent (21%) of the respondents were Director(s) of Customer Service/Support. Other recurring job titles included Corporate Executive (CEO, President, Partner) (18%) and Project Manager (15%). One-third of respondents (32%) work in organizations with an employee population of fewer than 500 employees, and one-third (30%) report over 10,000 employees in their organization. More than four in 10 (41%) respondents reported that their company has multiple offices in North America, and more than one-third (36%) have offices in North America as well as internationally.

**Respondent Job Functions**



**Respondent Industries**



## Major Study Findings

- Twenty-eight percent of the organizations surveyed have already implemented a CRM training program, and almost half plan to implement such a training program in the future.
- One of the top reasons organizations implement training is to keep pace with the changing business dynamics of their industries.
- Among those already implementing a CRM initiative, an overwhelming 96% felt that end-user training played a direct role in the project's success. Yet fewer than half, 43%, were satisfied with the end-user utilization of the company's CRM application – indication of a clear need for improvement.
- Respondents implementing a CRM initiative reported an increasing budget over the next 12 months for Web-based and computer-based training, as well as virtual classrooms – showing a clear preference for technology-based training.
- The stage appears to be set for adding training through technology, as computer skill levels were reported to be in the intermediate to expert level.
- The use of vendors to facilitate and/or augment CRM training programs is reported to increase over the next 12 months.
- User-friendliness of training materials is one of the top issues respondents consider when designing, selecting, and implementing a training program.
- Cost-effectiveness was consistently a top factor in respondents' evaluation of their satisfaction with the training programs they employed. Undoubtedly then, cost is a factor in their favoring online training. In fact, cost was tied as the top factor in determining whether to implement a training program initially.
- Top reasons cited for the need for employee retraining: Employees moving to different positions, employees forgetting what they learned, and not placing enough emphasis on training during the initial implementation.

## **Conclusions and Recommendations**

- Carefully plan user training as a critical component of all major applications projects to address the inevitable end-user resistance to change through user-friendly programs that incorporate practical usage scenarios.
- Plan sufficient time for end-user training; don't expect to get the productivity benefits from new applications if the end-users have not been adequately trained.
- Track ROI of CRM implementations to understand the business impact by putting in place a process to measure, evaluate, and take action on user acceptance and productivity issues.
- Evaluate ways to leverage your internal staff through the new Web-based and computer-based learning systems.
- Invest early in training (pre- and post-implementation) and follow-up support to avoid costly retraining and turnover issues.
- Anticipate the next generation of wireless mobile devices that will likely become widespread within the next couple of years and impact how your end-users will be interacting with your application systems.

## **Summary**

The study indicates that technology-based training is gaining a foothold in the CRM market. More traditional training methods such as instructor-led training and paper-based manuals are experiencing a decline in the percentage of the budget allocation in favor of online training techniques including Web-based training, computer-based training, and virtual classrooms. As companies push to expand their markets and fend off competition, strengthening their human capital through training and improved IT tools is a critical success factor.

## **About Knowledge Impact**

Knowledge Impact is a leading provider of end-user e-learning and performance support solutions for enterprise-wide applications such as CRM and ERP. By offering customized learning solutions that incorporate a company's business processes, Knowledge Impact significantly increases the return on investment companies receive from their enterprise applications. Knowledge Impact's premier offering KnowledgeMate™ defines the next generation of e-learning by providing end-users with on-demand training and performance support while using their enterprise application.

For nearly 20 years, Knowledge Impact has been providing solutions across the globe for leading companies. The company's offerings include KnowledgeMate™, web-based training (WBT), computer-based training (CBT), e-learning and performance support solutions, instructor services and change management services. Knowledge Impact is headquartered in Wayland, MA with offices across North America.

For more information, please contact Knowledge Impact at 1-800-852-1230 ext. 6066 or visit <http://www.kimpact.com/>