Endless options. Conflicting priorities. Tight budgets. For many companies, the CRM selection process can feel like an enormous, daunting task. Make the right choice and your sales team will be positioned for growth and success. Get the selection wrong and the team could miss opportunities or be frustrated by clunky technology. Even under the best circumstances, change can be difficult for employees. No company wants to alienate employees with legacy technology or a system that fails to reflect current market realities. With stakes this high, it’s easy to feel overwhelmed by how to choose a CRM before you’ve even started.

Having recently taken part in the CRM selection process for Lucas Group, I understand these challenges first-hand. I also know how simple missteps can quickly snowball into much bigger problems. For example, before formally organizing the selection process, companies often make the mistake of speaking with a few CRM providers to get a better sense for configurations, options and vendors. While this may seem like a logical first step, it can start the entire process off on the wrong foot. CRM sales teams will try to sell you on their product, not necessarily help you find the product that’s the best fit for your needs. A better approach is first to align internal stakeholders to selection criteria and then use this list to evaluate CRM providers systematically.

The key to selection success is to put a clear process in place from day one and to trust this process.

CRM selection is a marathon, not a sprint. Consider this your essential training manual.

What is a CRM System?

What is a CRM system and why do companies invest so many resources into the selection process? A customer relationship management (CRM) system is a platform that organizes, automates and tracks customer data. This data may be in the form of leads, current customers or inactive clients. Think of your CRM system as an “address book on steroids.” Your CRM will hold every relevant piece of information on every customer, organizing this data so your employees can access it quickly for sales, lead generation, marketing, business forecasts, and more.
While multiple teams may use the CRM system for different purposes, fundamentally, this system is all about relationship management. When choosing a CRM, it all comes down to selecting the right system that will help your business achieve its goals. Of course, different stakeholders may prioritize different goals, which brings us to the first step in the selection process: establishing ground rules.

**How to Choose a CRM**

**Step 1: Establish Ground Rules**

*Pitfall:* Too many stakeholders are involved too early in the selection process, creating unnecessary complications, communication confusion and alignment challenges.

*Solution:*
Determining which stakeholders need to be involved in the decision-making process – and when – is an essential first step that’s easy to skip over. Unfortunately, failing to assemble a small, core team from day one can lead to a classic “too many cooks in the kitchen” problem: too many opinions and no ground rules for reaching consensus.

Decide who needs to be included from day one and who can be read in at later, decision-making stages. I recommend assembling a core team of six to eight stakeholders that include representatives from your IT team and sales team, such as your CTO, Network Engineer, and VP of Sales. Keep other senior leaders abreast of your progress with monthly status updates until the project reaches a deliverable milestone that requires additional involvement.

Scope the project and ensure the selected core group has the bandwidth to support project needs end-to-end. For example, will all core members be able to attend a weekly update meeting and submit feedback on time? If one member of the core team is chronically behind on deadlines, this creates a bottleneck in the process, leading to unnecessary delays. Next, consider each core team member’s background. Does everyone have the experience and background to make informed decisions? If there’s a learning curve for some people, consider the best “crash course” approach to get all members up to speed on technical details so everyone can operate from a level playing field.

Once the core team is clearly defined, establish communication channels and a single point of contact. If your company uses an instant messaging platform like Slack, for example, you could dedicate a Slack channel to ongoing conversations to avoid in-box overload. A project management platform like Trello, Jira or Basecamp can also be a useful platform for organizing information, assigning tasks and managing the deliverable calendar. This is not the time to introduce a new platform: choose communication channels and project systems your core team is already comfortable using.

**Action items:**
- Assemble core team
- Define communication channels
- Select a single point of contact
Establish a project timeline
✓ Establish a deliverable calendar

Step 2: Identify and Outline CRM Requirements

Pitfall: Falling for the latest “bells and whistles” rather than outlining requirements based on actual needs.

Solution:
As CRM systems become more complex with extra bells and whistles, it’s tempting to be distracted by the latest and greatest add-ons. Unfortunately, this can cause companies to create a lengthy “must-have” list that doesn’t reflect how their employees will actually use the platform on a daily basis. This is why it’s essential to outline a requirements list based on employee needs before reviewing systems. Be guided by genuine needs rather than flashy features that may be of little actual value.

Since different teams may have different needs, don’t guess at which features will be most important. Go straight to the source with departmental surveys and questionnaires. The selection team may also benefit from speaking with employees who have worked at other organizations to gain their perspective on different CRM systems. Be as specific as possible with surveys and interviews:

• Which features were most valuable and why?
• Which features were good but could have been made better?
• Which features proved least important or were used infrequently?

Try to keep the feedback as constructive as possible. If employees are especially frustrated with your current system (or lack thereof) they may turn an interview into a venting session. Instead, redirect employees to focus on improvement opportunities.

In general, you will need to consider system configuration requirements such as email integration, customization options, data migration, report downloads (e.g., Excel, PDF into a third party app), support for mobile devices and functionality (e.g., remote access, call tracking, email marketing). Use employee surveys to assess needs and rank feature priorities.

Deployment method – cloud versus on-premise – is another major consideration. Nearly half of all CRM systems are cloud-based and this number is growing each year. In general, cloud-based CRM systems are less expensive than on-premise installations since you don’t need to purchase new hardware, licenses and IT infrastructure. Cloud-based systems are faster to set up and easier to scale and update. However, they lack the customization options and dedicated support that comes with an on-site system. With on-premise systems, software is placed directly onto your own hardware, giving you greater control over data and security. The trade-off is a higher price tag due to hardware requirements, recurring license fees and the need for on-site management expertise. Do you have the internal capabilities to meet these maintenance needs or would you need to hire additional personnel?
Once you have a comprehensive requirements list in place, you can forecast baseline CRM costs. The baseline cost is more than just the CRM system. It should also reflect ongoing maintenance and the time investment for initial setup, training and customer support.

**Action items:**
- ✓ Codify internal needs via surveys, questionnaires and employee interviews
- ✓ Prioritize configuration requirements, ranking “must haves” (essential) and “nice to haves” (desired)
- ✓ Decide on deployment method (cloud versus on-premise)
- ✓ Consider the current internal capabilities for addressing maintenance needs
- ✓ Forecast costs based on requirements, maintenance and time investment

**Step 3: Create CRM RFP**

**Pitfall:** Creating an RFP that does not include a process for acceptance testing and training. How will you hold the vendor accountable for providing what you’ve been promised?

**Solution:**
Now that you have a comprehensive outline for CRM requirements and a budget forecast, turn this information into a Request for Proposal (RFP). The RFP shows vendors you are serious about the process and provides a clear framework for assessing their contract suitability.

Essential RFP elements include:

- **CRM objective.** Briefly summarize the problems facing your company that the CRM system will solve. Highlight unique challenges or considerations.
- **CRM requirements.** Divide between your essential and desired requirements.
- **Weighting system.** Don’t leave vendors to guess which requirements are most important. Include a weighting system that can be tabulated for streamlined evaluation.
- **Internal responsibilities versus vendor responsibilities.** Define what your company is responsible for delivering versus what your vendor will provide. For example, do you expect the vendor to handle the migration process or will you manage this internally? Will you handle training staff or should the vendor offer on-site training and materials? Be clear about expectations from day one.
- **Acceptance testing.** What vendors consider an “acceptable” delivery may not align with your company’s expectations. Acceptance testing is the process of having a small user group test the CRM system prior to a company-wide rollout to identify performance gaps. Be very specific about how the acceptance testing process will work and how you expect the vendor to address any issues that arise.
- **Training.** If you have identified training as a vendor responsibility, clarify the time, location and material requirements to avoid any confusion. For example, a vendor may consider a one-hour remote-based session to be sufficient while you expect several on-site sessions and a support helpline for senior managers.
If you are new to organizing an RFP, I recommend the following order:

1. **Summary and background.** Provide a brief overview of your company, which departments will use the CRM system (e.g., sales, customer service, etc.) and what problem(s) the system will solve.

2. **Proposal guidelines and deadline.** Outline the desired proposal format (e.g., online submission, PDF, etc.) and the submission deadline. I also recommend including a deadline for proposal questions that is several weeks before the final submission deadline. This will give your team adequate time to respond to any requests for clarification and avoid a last-minute scramble.

3. **Project scope.** This is the place to get into the details, including CRM requirements and weighting system, acceptance testing, training and additional vendor responsibilities.

4. **Budget.** Rather than a single number, ask vendors to break down pricing along points of comparison, such as licensing fees, hardware, implementation, customization costs and training/support costs. For example, does the vendor charge a flat or capped fee for implementation or an hourly rate? Will the vendor charge a fixed fee for initial training and then an annual fee for ongoing support? This breakdown will make it easier to compare vendors and determine a realistic overall cost.

5. **Qualifications.** How do you know if a vendor is capable of delivering what they propose? This is the place to ask for client references, case studies and additional details on the company’s size and background.

**Action items:**
- ✓ Determine essential RFP elements
- ✓ Create an RFP

**Step 4: Shortlist Potential Vendors**

*Pitfall:* Too many vendors on your shortlist makes it difficult to evaluate and compare options efficiently.

*Solution:* The RFP is created and it’s time to consider which vendors you’ll invite to participate in the bidding process. You’re facing three key questions:

1. **How many vendors should I invite?** Cast your net too wide and you’ll end up with more proposals than you can feasibly evaluate in the review timeframe. I recommend shortlisting only four or five vendors. Use the requirements document you created in Step 2 to stay focused on providers who match your needs rather than trying to match your company to a system.

2. **How do I identify vendors to invite?** Perhaps some vendor names were mentioned as possible options during the employee interviews and requirements phase but beyond that you’re not certain who to consider. Reach out to your network for recommendations. If you have employees who have come from competitors, ask which CRM system your competitor is using. Gartner is also a great resource for objective vendor reviews. Think twice about companies that are new (in business for less than two years) and have a limited track record for maintenance and support.
3. How should I approach short-listed vendors? As the buyer, it’s natural to expect vendors to be excited to pitch their platforms. But you can’t sit back and expect to be wooed. A successful CRM implementation starts with a strong partnership. You need to explain to vendors why they should take the time to complete your RFP process. RFPs are time-consuming and resource-intensive. The best vendors only want to invest in a proposal if your company matches their target client profile.

If possible, use an intermediary with existing contacts to approach short-listed vendors. This intermediary can vouch for your company.

Additional Consideration: Run Process In-House or Hire Consultant?

Now that you’re ready to short-list vendors, this is also the time to consider whether you want to bring in an outside consultant to run the proposal review and selection process. A consultant can serve as an intermediary that ensures the process runs smoothly, starting with the initial approach to the final contract negotiation. In addition to approaching CRM contacts for proposals, the consultant can also streamline the proposal review process. A good consultant will keep the group focused on the evaluation matrix and limit conflict stemming from group disagreement.

**Action items:**
- ✓ Solicit referrals from contacts
- ✓ Research vendors via Gartner and objective industry review sites
- ✓ Shorten list to 4 or 5 vendors
- ✓ Decide whether to bring on a consultant to facilitate proposal review and selection

**Step 5: Evaluate RFP Responses**

**Pitfall:** Making a decision based on a flashy sales pitch rather than requirement criteria.

**Solution:**
Create a weighted vendor evaluation matrix to objectively quantify RFP responses. The evaluation matrix will assign a scaled point value (often on a 1 to 3 scale) to each requirement from the RFP. Depending on your RFP, this may include general requirements (e.g., secure web access, report customization), technical requirements (e.g., customization capabilities, SQL support), contact requirements (e.g., listing building, timestamps), customer service requirements (e.g., case/ticket system), and sales requirements (e.g., lead management, web led capture). List requirements down the left column with subsequent columns for each vendor. Color code scores to see quickly at a glance how vendors compare. I like to code red for “1”, yellow for “2” and green for “3”. The more green boxes, the better a vendor’s score.

Choose two or three top performing vendors and schedule in-person demos. At this stage in the evaluation process, you may be including additional stakeholders, such as executive leadership, who were not on the initial core team. Prior to a demo, it may be helpful to brief the new additions to your group on the decision-making process thus far. This ensures the group understands the rigorous approach followed and the careful, intentional decision making that has taken place at each stage.
As you examine scores and make a final decision, remain as objective as possible. Resist the urge to be swayed by a flashy sales demo. In general, it is wise to stick with the numbers and avoid making a “gut” choice. In some cases, you may find the numbers are extremely close and the group will need to make a judgment call. Some group members may say they have a gut instinct that one choice is the better option. Take these instincts with a grain of salt. A gut instinct from someone who has been involved since the first step – and thus can draw on insights, experience and knowledge gained along the way – is more reliable than an executive who has popped in at the last minute. If you’re working with an outside consultant, this is also a place where the consultant can help redirect the group to focus on the evaluation matrix scores. Still can’t make a decision between two equally good options? If budget allows, consider running a small trial project to see which works best. You’ll end up paying more upfront but could save in the long run if the trial helps you make the correct choice.

**Action items:**

- ✓ Create weighted vendor evaluation matrix
- ✓ Determine 2-3 vendors for in-person demos
- ✓ Compare matrix scores and focus on numbers, not gut instinct

**Next Steps: We’ve Made the CRM Selection. Now What Happens?**

Deciding on a CRM system can feel like a huge relief but it’s not time to celebrate just yet. The end of the selection process also marks the start of a new challenge: integration and implementation. A new CRM system is more than a technology upgrade – it represents a shift in business processes and strategies, and you can’t assume every employee will be on board from day one.

A well-structured CRM team is vital to implementation success. From choosing a core group of enthusiastic, tech-savvy “super users” to developing a comprehensive training program with written documentation, CRM implementation requires the same careful planning you put into the selection process. Transparent communication is key to winning buy-in for the change. While it’s important to acknowledge challenges along the way – employees who are frustrated need to feel heard – keep the focus on the positive benefits. How will the new CRM make life easier for employees and drive company success? Just like with the selection process, outlining a clear implementation plan and then sticking to this plan will pave the way for a successful rollout.

Any technology change – whether that’s CRM selection and implementation, rolling out a new corporate website, or even choosing an Intranet platform – can seem daunting at the start. Putting a clear process in place from day one and sticking to this process, even when a short cut seems tempting, will help ensure a positive, budget-friendly outcome that’s the right solution for your company.

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