

## A Tale of Two User Groups

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**T**he seasons of CRM are hard to describe but nevertheless interesting; they follow no conventional calendar and things tend to bunch up in a short time window in the spring and fall, preceded and followed by long periods of relative equilibrium. Last year I wrote about what I called the silly season, a time in the late spring and early summer when the major analyst firms reveal their CRM market share numbers for the previous calendar year.

Last year in the run up to announcement, Siebel and SAP tried valiantly to persuade these firms that their annual market share numbers were superior. Siebel claimed more seats actually in production and SAP claimed that it had sold more seats in the year and generated a few dollars more in revenue (buoyed by the strengthening Euro vs. the dollar) though as other analysts from Credit Swiss First Boston pointed out, SAP had a much higher concentration of CRM seats on the shelf awaiting deployment. When the reports finally came out, rather than a clear consensus there was muddle, but I digress.

### Golf Anyone?

We're now in the season before the silly season, which deserves a name of its own (any ideas?), in which vendors and their customers gather at resorts in hot climates to unveil new releases, trade ideas about best practices and play golf or tennis. Actually, user group season can be as long as baseball and it isn't confined to the sub-tropics. For example, SAP broke with its tradition and abandoned the hot climates to spend last week with its customers in Boston. Siebel will do the same in September or October. I only hope the greens and the Red Sox hold up.

Over the years, I have noticed a definite cyclicity to the CRM market that has manifested itself at user meetings -- oscillating between vendors leading the charge and customers dictating the agenda. Based on my visits to two user group meetings last week -- with more to come through the end of the quarter -- it appears that vendors are definitely ahead of their customers at the moment. This observation is supported by my experiences at Sage Software's (re-badged from Best as of last week) Insights 2005 and Knowlagent's Catalyst 2005 meetings.

The two companies could not be more different. Sage offers multiple products for the front and back office, has revenues well over US\$1 billion globally, and sells exclusively through the indirect channel to the SMB and small enterprise market. Knowlagent is much smaller, privately held and focuses like a Clintonian laser beam on the call center at Global 2000 companies. But this year, each company in its own way chose to drill down on the customer, specifically how companies can and must do more to serve the customer, drive loyalty and retention, and increase revenues through non-traditional approaches.

### Vendors Staying Ahead of Customers

It was in the way that these vendors tried to focus their customers -- and the customer responses -- that I got the idea that the vendors might see something that their customers have not grasped yet. That idea crystallized for me in a keynote presentation by Martha Rogers of Peppers and Rogers fame at Sage Software's Insights 2005 meeting.

For over ten years Peppers and Rogers have been refining a message of 1-to-1 marketing and selling and their latest book ("Return on

Customer: Creating Maximum Value from Your Scarcest Resource," available in June), on which Rogers' presentation was based, takes the core idea further -- to metrics and measuring the return.

End users and resellers can be forgiven if they do not all grasp the fundamental importance of this message yet. Until quite recently, they have been on the front lines of a battle that I call the nuclear winter. Much of the corporate mind set was on saving money through technology and the new mantra of generating growth and increasing revenue still sounds foreign but that is essentially Rogers' message. Perhaps the best example of moving from cost avoidance to revenue generation -- in support of Rogers' message of generating greater returns on every customer relationship -- can be found in the call center.

Last week at Knowlagent's Catalyst 2005 conference my company, Beagle Research Group, unveiled findings from survey work conducted over the winter which showed that while many executives with call center oversight want to find ways to generate revenue from call center activities, there is a lot of uncertainty about what to do to make that goal a reality -- a typical early market. But in a site visit to one of Knowlagent's call center customers -- Coca Cola Enterprises in Tampa -- we got a first hand look at how the service center is generating revenue and servicing customers in one integrated process.

### **'Whatever it Takes'**

According to Nita Pennardt, the Coca-Cola vice president in charge of the operation, the call center is responsible for in- and out-bound calls that generate revenues of \$2.2 million *per day*. At Coca-Cola there's a definite "whatever it takes" attitude toward customers -- service employees know how to sell and sales people are at home providing support. There are sales managers, service managers and training that positions everyone in a service to sales continuum focused on addressing customer needs.

Pennardt's story of how this came about is truly inspiring. Two years ago Pennardt was

not a "call center person." Sometimes, not knowing what can't be done frees you up to take a fresh look at a problem. When she was given the assignment to initiate the call center, Pennardt had little understanding of how call centers operated but she and her team turned that into their greatest asset. Having nothing to copy and a clear mandate, she and her team began to improvise by developing goals and the necessary infrastructure to achieve them. In less than two years the call center grew from an initial staff of 50 to a staff of 450 with revenues and service levels climbing in concert.

I don't know if Martha Rogers knows about Nita Pennardt, but I hope the two will meet. Coca-Cola is the kind of story that would make a great case study for Rogers and it neatly sums up the idea of using service to sell. More importantly, it reinforces the idea that in many cases, especially where market share is already decided, it is the care and feeding of the existing customer base that drives revenue improvement and increasing profits.

We all know the stories about how much more profitable it can be to serve existing customers well than to hunt for new ones. Peppers and Rogers have helped define the concrete metrics that the rest of us can use to measure our progress. Pennardt and Coca-Cola have put the "real thing" in action.



## About the Author



### Denis Pombriant

Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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## About Beagle Research Group

Beagle Research Group is a consulting and market research organization focused on emerging companies and technologies that will have an important impact on the way business is conducted in the years ahead. Our work is based on professional standards of quantitative and qualitative research which informs all of our publications.

This document was researched and written by Beagle Research Group.

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