

# THE CFO AS A CRM ADVOCATE

Understanding the new role of the chief financial officer. By Glen Petersen

**NO** this is not a typo. The chief financial officer (CFO) at your company may be one of your strongest potential advocates for a CRM initiative.

How can this be? Isn't this the hard-nosed person who wants to know all about ROI and other details of the initiative? The answer to this question is yes, but you need to understand the new demands placed on CFOs and how the CRM system serves these needs to get the total picture.

Most CFOs have gone through the pain associated with making their organizations lean and mean. In some cases, organizations have found that they have cut back too far and realize they must add muscle to their organization in order to generate growth. This does not mean that CFOs are no longer interested in reducing costs. It does, however, mean that CFOs are being asked to help their organizations achieve new levels of revenue growth that will create greater shareholder value.

## A ROLE IN PLANNING

Fifteen years ago, CFOs were mostly just verifying other people's planning numbers. Today, many of them are responsible for planning, which sets CFOs on a path to deeper involvement with revenue growth. Consequently, they are going to be vitally interested in tools that improve the quality of planning and sales process measurement that facilitates forward-looking analysis as opposed to forensic reports. These capabilities are all linked to a CRM system.

A Big 5 consulting company recently projected that in less than 20 percent of companies, finance is really providing the kind of analytical

support, decision support and ad hoc reporting that a focus on growth requires. This type of reporting typically involves database capabilities and analytical tools associated with CRM.

## MEANINGFUL CUSTOMER METRICS

Clearly, CRM supports the needs of the CFO in planning and reporting, but the organization must use meaningful customer-oriented metrics to retain its focus on the customer. In business-to-business transactions, the common metrics, include:

- Customer Satisfaction
- Customer Retention
- Customer Profitability
- Share of Customer
- New Customer Acquisition

Some of these, such as profitability, customer share and acquisition, are at least partially derived from input from a CRM system. However, other metrics, such as retention and profitability, are dependent on meaningful cost analysis by the financial department. For example, many companies are incorporating customer retention into their organizational metrics, but only a few have actually calculated the true impact of it on their organizations. Without this calculation, how much will they be willing to invest to improve retention? Likewise, customer profitability requires a resource consumption-type model similar to activity-based costing. Without such an approach, profit numbers can be way off, resulting in very poor decisions. Thus, the CFO should have a vital interest in providing the best framework for organizational decision-making and for the role of CRM in enabling the organization to utilize these tools.

## PERFORMANCE ALIGNMENT ISSUES

Last, but not least, is the issue of the alignment of performance measures across functions. CRM is both a strategy and system capability that embraces sales, marketing, customer service and field service. If the performance measures of these organizations are not aligned consistently with the delivery of value to the customer, the implementation of CRM will fail because systems tend to accentuate discontinuity. Because the CFO is often the architect, or at least a strong influence regarding these types of issues, you will need his or her support in the correct alignment of these measures.

Your CFO can be a strong advocate and ally for your CRM initiative. By redefining the process of performance management, CFOs move beyond cost-cutting and start using their departments to increase the top line. That's why the CFO is gaining substantial prominence and is an important element to making things happen.

Looking for a road map to guide these actions at your company? High Impact Sales Automation: A Strategic Perspective and Customer Relationship Management Systems: ROI and Results Measurement provide guidance from a hands-on perspective.

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