

Total Cost of CRM Ownership

To fully understand the financial impact a CRM system will have on your sales team, it's important to understand and visualize the true or Total Cost of Ownership. This includes not only the *acquisition cost* but also the *labor burden required* by your team to maintain accurate data. Also included in these costs is the time taken to data mine their CRM for pre sales call planning.

This brief will provide a unique perspective into the unseen overhead related to CRM maintenance. It assumes that your sales people are using their CRM as suggested by management.

Although not all of the following are mandatory, this list includes some of the basic functions included in any typical CRM system, including Telenotes:

- Updating sales call notes
- Entering new prospect information
- Updating existing customer information including contact updates
- Attaching and maintaining documents
- Entering expenses
- Entering mileage
- Managing and updating opportunities or pipelines
- Managing multiple sales people and multiple regions
- Entering and updating calendars and follow ups
- Disseminating information to different departments within a company
- Creating and updating reports for Sales Meetings and manager reports
- And many more...



In a recent survey we found that, on average, field sales people spend **1.5 hours per day** updating and maintaining the information listed above. This time includes passing on information to other departments within the company as well as creating reports for management. Although it is not clear if the **31.5 hours per month** is taken from selling time or family time, it's safe to assume that 31.5 hours (1.5 hours X 21 selling days in a month) is a huge administrative burden placed on individuals who admittedly were not hired for their administrative skills.

What is your field sales reps time worth to your company?

How much revenue is generated per sales call or per month?

Is there a cost attached to the 31.5 hours per month?

TCO Total Cost of Ownership

Lets use “Bill” a “Base plus Commission Sales Rep” as an example: Bill’s wages are real, they must be calculated as part of a direct labor cost for each sales person, just as you calculate your inside office staff or delivery driver wages.

1. As stated above, Bill is paid a base salary plus commission. His base is \$3,000.00 per month or **\$18.75/hr.** (This does not include benefit packages or mileage reimbursement etc.)
2. If you have Reps that are commission only, you can calculate the cost by the average sales call revenue and how many more calls they could make if they did not have to spend so much time trying to capture the details. Be conservative and use just two or three more sales calls per week or month.

From time to time Sales Managers tell us that their sales reps don’t do their data entry on “company time”, they assume their reps do it on their “own time”. Most of our surveys indicate that if it is on their own or personal time, the data entry is minimal at best. We have found that the information is often just enough to satisfy the data entry demand and get it out of the way. Also, this tends to lean to the fact that the information is lost because it is entered late at night at the end of a long day or even at the end of a long week. The end result is that the information entered will be of little or no value to either the sales rep or management. So, the cost is even more because the time and money spent does not give you a return. Remember, CRM should be more than just a “digital Rolodex”.

The bottom line:

- Daily maintenance of Bill’s CRM is **1.5 hours per day** (or 31.5 hours per month)
- Hourly rate he is paid is **\$18.75**

Total LABOR Cost for Bill to enter and update his CRM data is: \$590.00 per month (31.5 hours X \$18.75)

Labor Cost of CRM Ownership: \$590.00 per user per month or \$7,080.00 per year!

NOTE: In addition to the Labor Cost, you must also consider the following details in your Total Cost of Ownership calculation:

- Lost Selling Opportunities because they spend too much time in the morning or early afternoon doing data entry instead of making an extra sales call or more preparation that increases order size
- Lost details, follow-up tasks, etc. because they are not captured while they are fresh on their minds or they simply don’t type in all the notes, details and future tasks

- How do you put a price on the deals that get away because the Rep is not following up on them?
- Lost Opportunities do not care if your reps are salaried, base plus, or commission
- Lost Business and Sales Intelligence that could help you close more deals, increase average order or increase profit margins

Look at that number once again, 31.5 hours of data entry. Compare that to the fact that the average Rep using Telenotes captures more information in a fraction of the time; usually while he is walking across the parking lot.

Even if our example with “Bill” was half as conservative say, 15 hours of data entry per month, Telenotes users are still investing a fraction of the time maintaining their data. We know that Telenotes users take less than 90 seconds following each sales call to capture the vital details, opportunities and follow up tasks needed to manage their customers and prospects.

- ✓ More information is captured because it is fresh on their mind.
- ✓ More information captured means more Business and Sales Intelligence to help you increase sales, order size, profit margins, set competitive pricing
- ✓ More information improves your ability to coach your reps to increased sales

Sales reps who use Telenotes simply Dial, Dictate, and they’re Done... off to their next sales call.

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