

Is your CRM data the elephant in the room?

 By [Martin Doyle](#)

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As businesses look to the year ahead, budgets are being finalised and strategy is being discussed. Inevitably, cost savings are on everyone's mind, and money will be directed at keeping the lights on first. Beyond this, the business will look at operational efficiency, and look at ways of cutting costs and waste.

The biggest productivity drain could be hiding away in your customer relationship management (CRM) system. Perhaps you've noticed it. Perhaps you daren't mention it because you know it will be expensive. But your data quality could be the elephant in the room.

Why spend on data?

[Data is the new oil](#). It flows through critical systems; it keeps cogs of your business moving freely from day to day.

Data is as valuable and precious to your business as the black gold that powers vehicles and industry.

Yet 22% of businesses surveyed by Econsultancy said they suspected a problem with contact information in their database. It's as though the asset is not acknowledged, or considered worthy of investment.

Sure - there's a cost involved in tackling data quality. But there's a bigger cost involved in neglecting your CRM and its contents.

This article in *Economia* says it well: ["Bad data in: errors 'to the power of ten' out"](#).

Growing Problems

If you neglect to plan for data quality improvements, the problem will only get worse. There's a useful rule that explains this: the 1-10-100 rule.

The principle behind 1-10-100 simple. If a problem costs £1 to fix when it occurs, it will cost £10 to fix an hour later. If it's neglected for the next 12 months, it will cost £100 to fix - or maybe more.

Extrapolate the 1-10-100 effect over a database that contains thousands - or millions - of lines. You'll soon see why good data quality is seen as an expensive goal.

In his book *Data Driven: Profiting from Your Most Important Business Asset*, Thomas C Redman makes a similar assertion. He claims that effort is multiplied by 10 when data is inaccurate, and good quality data gives the business a genuine advantage of the competition.

Tackling the problem at source

As data flows into the system, inaccuracies and faults spread like a virus. And once your CRM is infected, every other system begins to pick up flaws, as users look for workarounds and seek healthy data elsewhere.

Thanks to this process of natural decay, the elephant in the room can only grow. As your CRM becomes less agile and more polluted, every team that comes into contact with the system will pay the price for this inefficiency. They will lose track of data in the CRM, work with data that is wrong, breach security or compliance rules, or fail to record data in the CRM in a standard way. Duplicates and misspellings will confuse them, and they will be frustrated by records that look the same but are different.

Waste in practice

Data quality in your CRM isn't just a resource issue, although resource will certainly be wasted through the year. There are also real, tangible outcomes that are a direct hit on your ROI, and they come from surprisingly predictable sources.

Things like:

- Catalogues sent to the wrong people
- Promotional leaflets that go straight into the bin
- Undelivered emails that cause customers to become frustrated
- New products and services that fail to achieve their potential audience
- Conversions that drop through the floor
- Loyalty programmes that falter without accurate customer data
- Marketing automation that becomes ineffective and inefficient
- Clients that are lost because of bad advice
- Fines and risks that are levied because data is not being held in a compliant manner
- Shaky reports and manual data capture that is necessary because the CRM isn't doing its job
- Brand reputation that suffers because the business has lost control

The CRM is not at fault, it is the data, the oil in the system that needs to be cleaned. The data in your CRM is probably going to double over the next 12 to 18 months. Can you really afford to ignore the elephant in the room for much longer?

Steer the right course

As you look to a new year, and new budgets, and perhaps new priorities, don't ignore the elephant in the room. Your CRM supports your business: it should be prioritised, not set aside for next year's teams to deal with.

To maintain data quality, the business must set aside a budget to face the elephant head on. Invest in data quality software that meshes with your CRM to purify the data within it. Retrain staff on systems, clean up web forms and ensure customer-facing teams are fully engaged in nurturing the data they work with.

Ditch primitive capture methods, such as spreadsheets and Word documents. Ensure your CRM software has data quality modules that perform automatic checks on data. And invest in enhancement and enrichment of data so that you can understand more about your market and segment your customers more effectively.

Budgets for data quality improvement need to be set aside now to save your CRM from disaster. Otherwise, the elephant in the room will grow several times larger by the time next years' budgets are decided.

ABOUT MARTIN DOYLE

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