

The Coming of Age of CRM

By Jonathan Bein, Ph.D.



Many years ago, the relationship between the ERP and CRM for distributors was like the sun and the moon: The moon is a vastly smaller orb whose light is dependent on the sun. Until recently, the CRM was dependent on information from the ERP and from users. Now, CRM has its own identity and is ready to take its rightful place at the core of distributor's operations.

What got us here and what have we learned?

Changing Attitudes Around CRM in Distribution

Sales reps have always been reluctant to dump everything out of their brain into the customer database because knowledge was a key source of their power. If anyone could understand their customer by democratizing the data, what was the value of their expertise and experience?

CRM has also traditionally been seen (rightly or wrongly) as a kind of command-and-control tool, where management tracked employee activity, sometimes with detrimental, job-altering effects. As a result, the adoption of these platforms was notoriously low, and they lacked the user-friendly, data-driven integrated components that make today's CRMs so incredibly useful.

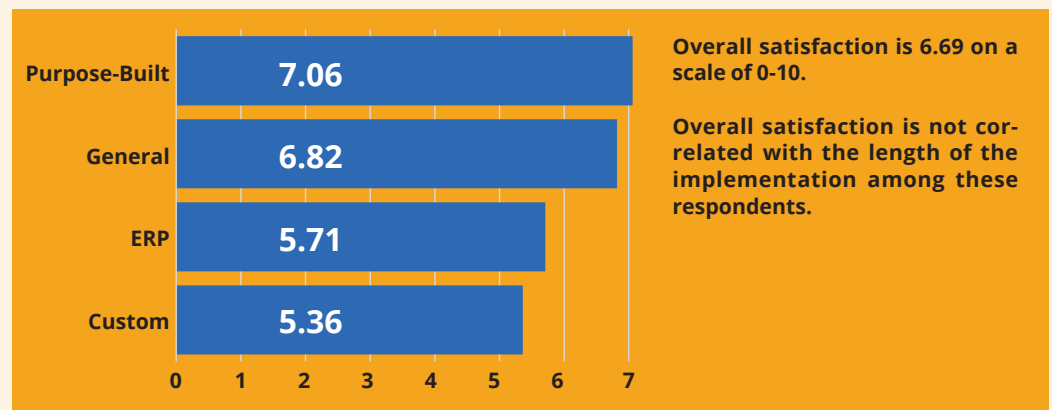
But thanks to the integration of analytics and AI, greater integration into distributors' operations and more user-centric features, the next generation of CRMs will change the landscape.

The State of CRM

The maturity model of CRM in distribution resembles what we saw with ecommerce. A maturity model measures and characterizes the current state and effectiveness of a technology tool. Today's tools are as innovative as they are invaluable to selling. When you look at the maturity of CRM, three key elements stand out:

- 1. Adoption:** Who is using the platform and what are they getting out of it? CRM should touch multiple departments in a distribution business beyond sales, including marketing, customer service, finance and more.
- 2. Integration:** In the past, CRM really operated as a contact manager without integration to the ERP. Then, companies began integrating ERP and CRM so that financial information is visible from within the CRM. Today, there are multiple other beneficial integrations include marketing automation, ecommerce, BI and analytics, and a distributor's data warehouse.

Survey: Satisfaction with CRM



Distributors' lowest satisfaction levels stemmed from customer or DIY CRM, followed by the ERP-based CRMs.

General-purpose CRMs ranked slightly higher, but distributors were most pleased with the purpose-built CRM platforms. Broadly, however, distributors were clearly not in love with these tools. We saw a similar dynamic in the early periods of ecommerce deployment a few years ago. However, the phenomenon was less about technology functionality and more about "What do we do with this tool?"

Source: Distribution Strategy Group survey, 2024

- 3. Automation:** Automation eliminates necessary but repetitive, manual tasks in the CRM. The net effect reduces errors and increases efficiencies.

Distributors that are successful with CRM are starting to see these solutions as more than contact management tools. It's a trend stemming in part from the growing acceptance of cloud over on-premises applications. Another trend is the growing investment in purpose-built CRMs, which is allowing distributors and their teams to do more.

Distribution companies are flush with data. The more distributors know about their customers, the more they can build out their product and value-added service offerings. CRM software has the capability to take all the information buried in an ERP and bring it to light. Today, distributors leverage four types of CRM solutions:

- 1. General-purpose CRMs:** Generic platforms suitable for many industries.
- 2. Purpose-built CRMs:** Designed with an industry in mind.
- 3. ERP-based CRMs:** Extensions of ERP platforms.
- 4. Custom CRMs:** From-scratch functionality created by and for a single distributor.

CRM Reimagined: Use Cases

Reimagining CRM requires flipping the script from giving (example: putting data in) to receiving (example: getting recommendations to sell more). Today's CRM integrates seamlessly with the tools you already have so that the data captured and used becomes more robust and insightful. Automation eliminates error-prone, mundane tasks that keep sales teams from actually selling. Plus, they deliver the level of personalization your customers demand.

Cross-Sell/Upsell

Traditionally, CRM platforms didn't empower front-facing teams to cross-sell or upsell effectively. Selling more to existing customers used to depend on a marketing manager saying: "I'm looking across our inventory, and we've got an excess of gloves. I will create a flyer, and everybody will talk about gloves next week."

The problem is that these approaches didn't consider the customers' priorities, which resulted in a lot of wasted effort. It's no wonder these activities were wildly inconsistent—if they worked at all.

A growing number of distribution companies want the kind of personalization they get in B2C experiences. Fortunately, CRM platforms can deliver the information your sales teams need to close more deals.

The screenshot displays a CRM interface for 'ACME Inc.' with a search bar and navigation tabs for Accounts, Pipeline, Tasks, and Reporting. The main view is the 'Dashboard' for 'ACME Inc.', which includes a sidebar with navigation options like Account Details, Ship-to accounts, Company info, Contacts, and Insights. The Insights section shows a table of spending data:

Category	Value	Change
12 month spend	\$4,473,988	
YOY change	\$-764,818	▼ 15%
Year to date spend	\$1,446,079	
Year to date spend change (YOY)	\$-629,124	▼ 31%

Below the table, it lists 'Top categories this year'. The main content area features a 'Spending gap' alert for 'Electrical & Electronic Components' with a total gap of \$15,755.03. It notes a 12-month category spend of \$516.00 and that similar customers spend \$16,271.03 in this category. Two product recommendations are shown:

- Kester 48 Activated Rosin Flux Core Lead-Free Solder Wire - Sn/Ag/Cu - 0.01...** (SKU: 24-7068-1407)
- Kester NP545 Lead-Free Solder Paste - Cartridge - 0911** (SKU: 70-4105-0911)

A 'HIDE PRODUCTS' button is located at the bottom of the recommendations list.

When a customer calls in, these platforms can guide CSRs with data-based recommendations. CSRs can also see that the customer's yearly spending is down, which might place them at risk for churn, or that the customer is buying less on average than their competitors. It allows sales teams to have a highly relevant conversation onsite.

Ironically, this information has always been in distributors' CRM or ERP. The new CRM can serve it up to even the most inexperienced sales rep to help them close a sale.


Predictive Reordering

Another use case is predictive reordering. This feature allows teams to see when a customer is due to reorder something. AI and advanced analytics determine the purchase pattern. The CSR or sales rep uses the predictive reordering to proactively reach out to the customer. This provides value; you want them to have something that may be critical to their business.

✓ **Due to reorder**
⋮

\$4,103.73

Office Supplies
3 products due to reorder

✓


Last ordered a year ago

**OP/TECH USA Scanner Sling:
Nylon/Polyester, L, 1 in Wd, Black**


375NY4 • Office Supplies • OP/TECH USA

Last order details:
 5/13/2023 228407785
 Qty: 3

[VIEW MORE PRODUCTS](#)

Substitutions

Substitutions are always a bumpy ride, requiring reps to scramble to figure out replacements, usually with the customer on the line. The salesperson may flip through the catalog or use an online cross-reference tool, equally clunky and frustrating.

✓


Natural Extensions® Nitrile Latex-free Powder-free Aqua Blue Exam Glove Small Box Of 100 ✕


4900-636 • Asepsis • **Benco Brand**

0 in stock

Natural extensions® nitrile powder-free exam glove has textured finger-tips and a beaded cuff. this exam glove is made from a heavier weighted nitrile that offers extra protection. not made with natural rubber latex. non sterile

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Similar products

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Miracle® Nitrile Exam Gloves Small Box Of 200

4565-384 • Asepsis • ADENNA


428 in stock as of 13 hours ago

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Natural Extensions® Nitrile Air™ Powder-free Sky Blue Exam Glove Extra Small Box Of 300

5382-454 • Asepsis • **Benco Brand**


798 in stock as of 13 hours ago

✓


Valugrip® Nitrile Latex-free Powder-free Blue Exam Glove Small Box Of 100

4151-464 • Asepsis • **Benco Brand**

4305 in stock as of 13 hours ago

✓


Natural Extensions® Ultra Nitrile Latex-free Powder-free Blue Exam Glove Extra Small Box Of 100

4691-630 • Asepsis • **Benco Brand**

5299 in stock as of 13 hours ago

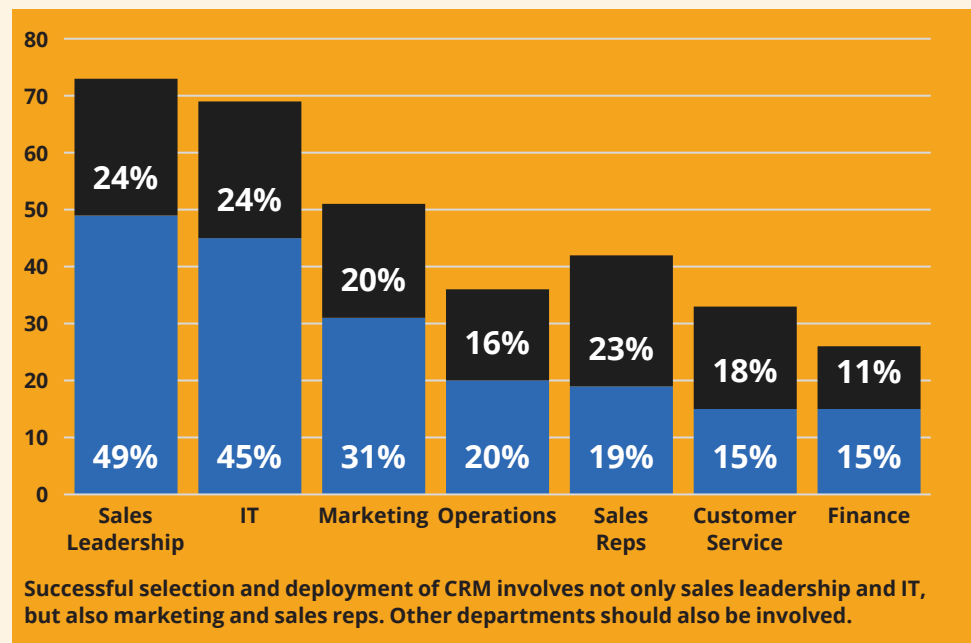
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The new CRM easily solves the issue by suggesting replacements based on relevance, buying history and inventory availability.

Substitution recommendations happen in seconds, not minutes or even hours, and the speed makes even an entry-level team look like product experts. Suddenly, a new rep entering the market has the same information as a 30-year veteran. The value of this training is high.



Survey: Who Owns CRM?



We asked distributors who was involved in CRM selection and deployment. Increasingly, it's not just sales and IT leadership, but marketing that has a hand in the selection. Getting a broader swath of perspectives involved in the requirements, selection and deployment of CRM is key to success.

But who are the primary users after it is implemented? Not surprisingly, distributors report sales are still the power user, but we also see customer service reps leveraging the platform to support customers. Some distributors use CRM modules for quote generation. Marketing is also using it as a source of truth for automated outreach.

Source: Distribution Strategy Group survey, 2024

Prioritizing Call Activities

Traditionally, CRM users create tasks and opportunities regarding whom to call, when to call and what to sell. Next-generation CRMs systematize the activity of your entire sales team and determine for the user whom to call, when to call and what to sell.

Sales reps want to be successful. But it's human nature to have favorite customers and call the people who buy the most or with whom the conversations just seem to flow. Eventually, you make it down the list to the customers you haven't spoken to in a while, but by then, that relationship may have gone stale. AI-powered CRM applies logical rigor across the ecosystem so that customers don't get lost in the mix.

Pricing Overrides

When you have a million SKUs and too many manual workflows, it's easy to miss a price change. Pricing changes may come on paper, or a sales manager may mention it in the morning huddle. Often, a customer will have the last price paid. The CSR may process that order as is, but nothing in the system reflects that the price changed.

Suddenly, a pricing override happens, and the sales rep never even knew about it. The next day, the sales manager gets a report showing five customers had price overrides yesterday. While they can go back and ask why that happened, the PO is out the door, and it's too late to do anything about it.

Today's CRMs change this. User-friendly features make it easier to enter pricing changes. Pricing data expands the sales reps' understanding of all the factors at play when quoting a customer. The sales manager can instantly deduce what's going on with their team and what's happening with profits in real time.

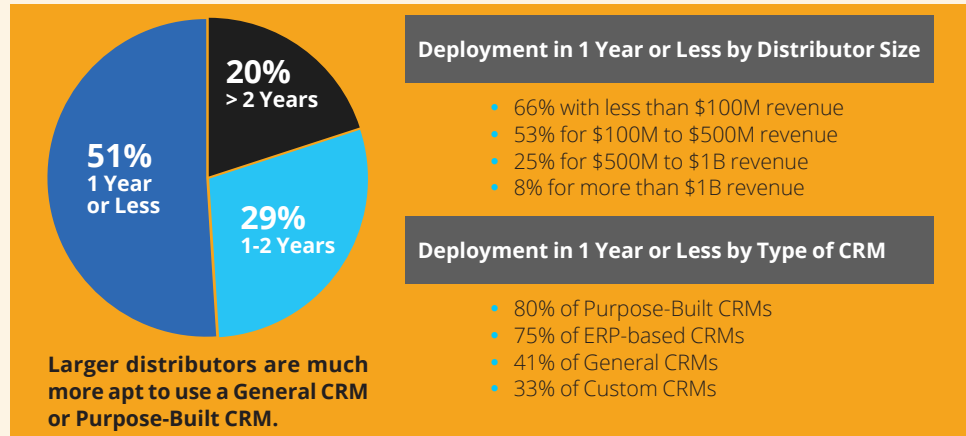
Marketing Automation

Marketing automation is powerful for gaining insights into online activity. Through cookies, marketing automation can determine every page a user has visited on the website. This can be used along with other clickstream data for lead-scoring, which determines how warm or cold a user is based on their digital behavior. Today's CRMs integrate marketing automation functionality. This permits CRM users to see what a customer has been opening, clicking on or browsing.

Marketing automation also facilitates automated emails to a batch of

customers who have left items in their shopping cart. Or they automate behind-the-scenes workflows for RFP responses. The visibility of these user-friendly features is astonishing.

Survey: How Long Did It Take to Deploy the CRM?



A key feature of modern CRMs is their user-friendliness and fast ROI. Deployment and integration of these tools have improved tremendously thanks to application program interfaces (APIs) and the growth of cloud-based software as a service (SaaS).

About half of respondents said it took a year or less to deploy their current CRM. One-fifth said more than two years, and the remaining 30% said one to two years.

The length of time it takes to implement these correlates significantly with the size of the company. The bigger the company, the more departments involved and the more integration points, the longer the implementation.

When we look at the deployment by type, the purpose-built platforms were the fastest to deploy, similar to the ERP-based CRMs. These tend to be more intuitive when integrating with ERP because they are viewed (and designed) as a module of that platform. This greases the skids for deployment, but they also tend to have fewer integration points with other systems. DIY platforms were the most challenging for deployment speed.

Source: Distribution Strategy Group survey, 2024

Suddenly, everyone can see just how interested the client is by looking at their behaviors with a wider view, and with the perspective of all their behaviors from just one screen. It's a much smarter way to approach selling and the ROI is high.

Customer Experience

Gauging the customer experience was often through word-of-mouth and direct customer interaction. As we moved online, there were more opportunities for customers to express how they felt. Toggling between screens, CSRs could learn if the customer's last interaction was a positive one.

Now this data can be seen in one place. Anyone interacting with the customer can see whether the customer is happy or ready to bolt. This includes data from customer satisfaction surveys; instead of finding this data in a different marketing system, or entered in a multi-line customer record, the information is in front of you in real time.

Integrated Wallet Share

Sales coaching has typically centered around results and activity. Aimed at improving sales team performance, this involves regular performance reviews and coaching sessions facilitated by CRM data. The new CRM lets you focus in on wallet share: What are you actually selling? And what gaps remain in that account?

When you understand the potential, your sales teams are much more efficient and effective because they can focus on the right products for customers and prospects.

Product Category	Actual	Addressable Potential	Addressable Gap	Optimal Potential	Optimal Gap
Distribution Equipment & Enclosures	\$14,200	\$45,100	\$31,000	\$255,100	\$241,000
Controls	\$14,700	\$22,100	\$21,500	\$124,700	\$124,200
Line Construction Material	\$0	\$19,200	\$19,200	\$108,500	\$108,500
Conduit & Raceways	\$500	\$8,700	\$8,700	\$49,100	\$49,100
Builder Products	\$0	\$7,000	\$7,000	\$39,800	\$39,800
Wires, Cords & Cable	\$8,400	\$11,300	\$2,900	\$64,100	\$55,700
Conduit Fittings, Bodies, Outlet Boxes	\$7,800	\$10,100	\$2,300	\$57,100	\$49,300
Lighting	\$0	\$1,500	\$1,500	\$8,600	\$8,600
Wiring Devices & Data/Telecom Equipment	\$1,700	\$2,700	\$1,000	\$15,300	\$13,600
Safety & Protective Gear	\$0	\$100	\$100	\$300	\$300
Consumables, Labeling & Hardware	\$200	\$300	\$0	\$1,500	\$1,200
Batteries, Signaling, Connecting	\$900	\$800	\$0	\$4,400	\$3,500
Product Total	\$48,400	\$128,900	\$95,200	\$728,500	\$694,800

Source: Demand RX output

What's Next for CRM?

The level of sophistication with today's CRM platforms is accelerating. Now you can gain a more accurate picture of what customers want and how you can sell them more.

Distribution sales teams become much more efficient and effective because they can focus on the right products for customers and prospects. As distributors understand the potential ROI from these tools, expect widespread adoption that will change the sales game.



What Have We Learned?

Our survey showed what distributors have learned over the years from CRM deployments.

Adoption is ongoing. It's not a singular event, and many people view it as more difficult than the initial deployment. That makes building a plan for adoption critical. When it comes to CRM, there is no "if you build it, they will come." Sales reps, in particular, want to know the benefits of these tools before they embrace them.

Strong executive support is critical to your success. Leaders must communicate CRM benefits and set realistic expectations. Sales teams may still be reluctant to put information into a centralized repository. Distributors can overcome these attitudes when reps understand how the platform will help them sell more.

Prioritize data integration. Ensure clarity on how CRM data will integrate with systems like ERP for seamless operations and greater insights.

Avoid overcomplication. This is an ongoing process — you don't have to roll out a perfect tool or process to get going. Start with what people need, then integrate a third-party app or customize and tweak the tool as part of a long-term implementation roadmap.

Find the right implementation partner. We've spoken with distributors who've had unsuccessful CRM first tries, but when they get the right partner, it goes smoothly. The distributors we polled view their CRM implementation partner as a long-term resource. It's not just a one-off project.

About the Author



Jonathan Bein Ph.D. has worked with over 100 distributors to apply advanced analytics and AI to improve customer experience, define value proposition, estimate sales potential and create digital strategy. Before Distribution Strategy Group, Bein successfully led and was part of executive management for software product and services companies in information technology, healthcare and communications.

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Founder Benj Cohen wanted to see that companies like his family's 90-year-old distribution business could use technology – instead of getting squeezed out by it. He teamed up with a group of engineers to build Proton, a cutting-edge AI-powered platform designed for B2B.

Your Challenges

- Reactive sales channels
- Siloed sales activities
- High cost to serve

How Proton Helps

- Gives sales reps the tools to be proactive
- Coordinates channels for cross-sell/upsell
- Increases profits, average order value and wallet share

Identify and target sales opportunities across every sales channel

Customer Service: Turn reps into revenue-generators on customer calls

Inside Sales: Guide reps on who to call, and what to sell them

Outside Sales: Put data at field sales reps' fingertips in a mobile app

eCommerce: Personalize customers' experience with AI-driven recommendations

How it Works

We create a complete view of every customer by consolidating data across channels. This gives us data-driven predictions about who is going to buy what and when. We use those to push a coordinated sales strategy so you can make targeted upsell and cross-sell pitches with every interaction, across every channel. **The result: Simply put, you'll sell more.**

Success Stories



A lawn and garden parts distributor increased ecommerce revenue per customer by 27%.



Turning telesales reps into order-makers, a dental distributor increased revenue per pitch by 13X.



An industrial MRO distributor added \$115K annual incremental revenue per Customer Service Rep