



# CRM

In the Construction Industry:

## A Primer

BY CHRISTIAN BURGER

Customer Relationship Management or CRM software is fast becoming an overapplied and misused term by construction businesses.

This software began with the familiar contact management products like Act and GoldMine. These products kept track of contacts, leads and project opportunities, but did little else. It was not long until companies like Siebel, Oracle and SalesForce Automation started delivering much more powerful and comprehensive programs for the marketing and business development functions. And, similar to software products created in other industries, variations of those products made their way into the construction industry.

With a host of new products available and pressure increasing to automate tasks within the marketing and business development function, questions arise:

- What CRM functions do the business development people actually need?

- What functions common to high-end CRM software does this industry not need?
- How do contractors evaluate the different CRM products?

### THE WAY IT WAS

Nearly all construction companies can make use of an automated and integrated contact management program. Prior to programs such as Act and GoldMine, everyone involved in business development kept their own manual file, Rolodex, Palm application or Outlook database. Some companies successfully implemented their first centralized contact database in an effort to eliminate the redundant and poorly coordinated databases around the company. Those same companies quickly realized that contact management by itself was not adequate.

Businesses in construction need to manage project opportunities as much as they do contacts. While a company usually has multiple contacts and probably multiple opportunities,

many of the early contact management applications were contact-centric rather than giving opportunities equal priority. They also were limited in their flexibility, so it was difficult for the user to make changes if a certain required feature was not available.

It was no longer adequate to simply track bid dates and opportunities. Construction companies became relationship-oriented and needed to track future projects. Further, proposal development became more important. Today, compa-



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Once companies like Software Dimensions, developer of Business Development System/Commence, understood that, they developed a contact management system that gave contacts and opportunities equal footing. Software Dimensions was a pioneer in developing CRM for construction and their product provided fields for bid price, bid date, bond requirement, minority compliance and many other construction-specific needs.

The software firm also took advantage of the underlying platform technology (Commence) which contained remote database synchronization. This technology allowed users with laptops or desktops to run disconnected and then “synch up” at the end of the day so everyone always had the same current data set. The software resolved two problems and offered centralized contact management with an orientation toward construction. This was the industry’s first foray into CRM software.

Once products like Commence had database-tracking opportunities, the natural extension of the software was monitoring bid performance. Contractors in the hard bid market often tracked their bid performance on spreadsheets but that required redundant data entry. By adding fields for bid price, award price, markup rate, contract type and competitors, these early construction systems could provide a wealth of bidding performance history and analysis.

Fast forward to the late 1990s. Along comes design/build, negotiated work and construction management, and the needs from a CRM product changed.

nies no longer just submit numbers but provide a statement of qualifications with safety records, a history of similar projects, and resumés on proposed staffing choices. Further, the proposal package must be professionally developed to show a construction company’s capabilities and level of professionalism.

### TODAY’S MARKET

Some of today’s CRM software products aid in the production of the proposal and supporting documents, including government forms like the 254 and 255 (for design work). If contractors store the personnel profile data or completed job data (including photos) with the necessary indexes, the software finds, for example, all the prior high school projects with gymnasium the firm has done for a certain architect using a specific building system or exterior complying with strict building codes or preservation standards. The system can then be used to print out profile sheets for those jobs in a consistent format, including printing photos, project descriptions, timeframes, architectural highlights, etc.

Similar forms can be generated for project managers and superintendents, including safety record, job history, education, certifications and history with the company. Not only does this capability make the preparation of a response easier but, for large organizations, it ensures consistency and professionalism. This function, if needed, should be evaluated carefully, as not all CRM products handle the interface with publishing software equally well.

### QUESTIONS TO PONDER

There is considerable shared data that can be transferred from one system to the other. In fact, two software vendors, Deltek and CMiC, have developed CRM modules that are integrated with their traditional accounting/job cost applications. Others, like Cosential, are building interface points for their systems to work with third-party accounting/job cost applications. Shared data can include customer files that typically start as prospect records in the CRM application, and job data that may start as opportunity data in the CRM program.

Going the other direction, there is project data that is not known until the project is complete or at least underway that should be sent back to the CRM application when it is updated. Also, in order to keep accurate personnel history (i.e. which project managers have experience with which jobs), the payroll and human resources applications can provide specific job and employment data back to the profile records in the CRM program. If these interfaces are not available, then data must be reentered and kept in synch.

The biggest information technology question for most general contractors today is how to integrate their project management system with their accounting/job cost application. A not too distant second is how to integrate CRM with the accounting/job cost application. The CRM issue is not a high priority yet, but will be as more contractors implement and become dependent on their CRM application.

### FUTURE PROJECT MANAGEMENT SOFTWARE

Looking into the future, expect to see CRM products becoming more of a marketing management tool incorporating website content management and mail-management functions. Imagine for a moment, when a job is finished, creating a completed project profile sheet that includes several photos and testimonials from the owner and architect. Now imagine that same profile sheet being loaded automatically onto the corporate website for all to see. Further, imagine the same profile sheet being emailed to all customers and prospects. Software that can manage that content and those functions could be

invaluable in making a company more visible and appearing more leading edge.

So what do contractors miss if they don't consider one of the high-end CRM products that seem to be designed for other industries and Fortune 500 firms? One missed benefit is sales analysis for customers, markets and salesmen. CRM products can typically analyze millions of sales records by product, region, salesperson, time of day and other metrics to determine important trends in the customer base.

Also, some of these high-end systems can be tailored, allowing a company's IT department to modify the system to meet the company's specific needs. While this sounds intriguing, it can be time consuming and expensive, considering that much of what is added to the system is construction-oriented functionality that niche players have already included in their base product.

When it comes time to evaluate different systems, functionality and cost clearly are important criteria. One of the secondary criteria is deployment method.

Many systems available in construction are traditional client/server Windows applications that a contractor runs on his own server. Others who got into the industry a little later and who saw the power of the web early on developed their application specifically for the web and actually offer their products as an Application Service Provider (ASP). Cosential is one such product. It offers the use of software on a hosted basis, which means the contractor pays a monthly fee (usually based on concurrent users) accessing the system using a browser.

While some companies are concerned about their data existing on someone else's server outside their building, the truth of the matter is, most ASPs have greater physical and virtual security, fault tolerance and back-up resources than many contractors can afford to put in place.

Ask three questions before plunging into the CRM arena.

**What are your needs and expectations when automating this function?** This is software. It does not create results on its own. It must be used correctly and consistently for any value to be received.

**What are your specific requirements for a CRM product?** Know this going into the evaluation, as many of the products can

look similar or adequate when compared on the surface. Your requirements become a way of differentiating the products and making sure you get the right one. The best way to do this is get business development, marketing and administrators involved early and often.

**Are you willing to use this system and enforce its use throughout the organization?** Without organizational commitment, the program will not meet expectations and will become another piece of marginally used software lining the

bookshelf in the IT manager's office.

**Will the time, effort and money spent implementing a CRM product pay for itself quickly?** Yes. If a firm can get one or two new jobs in a year (presuming they are profitable), contractors have made their investment back, not to mention improved overall staff efficiency.

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