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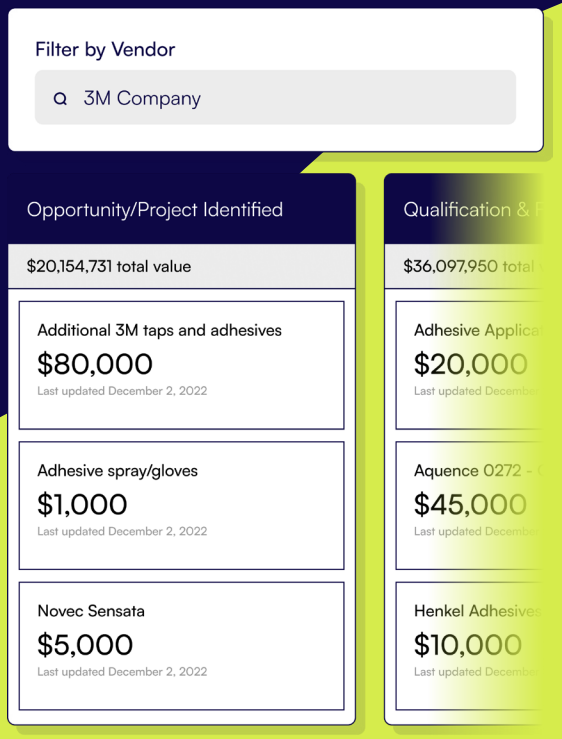
E-BOOK

The Definitive Guide to CRMs for Distributors

Expert Advice on Selecting and Implementing the Right Solution



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About This Guide

Building strong relationships with your customers is essential for the sustained growth of your distribution business. Maintaining and improving those relationships requires using the right tools, including your customer relationship management (CRM) software.

Choosing the right CRM for your business is a critical decision. Select the wrong CRM, and you could waste tens of thousands of dollars on an underperforming and underused tool. It's important to carefully evaluate your business needs and choose a CRM that meets those needs. In this guide, we'll provide some tips and considerations to help you choose the best CRM for your distribution business.

You'll learn:

- Why traditional CRMs don't work for distributors
- What you risk by using "off-the-shelf" solutions
- Important questions to ask vendors and the CRM "green flags" you should look for when shopping for a CRM solution
- How to ensure the adoption of your CRM

But First, What is a CRM?

CRM (customer relationship management) software allows businesses to track customer relationships and interactions at every stage of the buyer journey. CRM provides a central location for businesses to gather customer data, making it easier for your business to grow, stay organized, have contextualized conversations, and drive sales.

The right CRM will benefit every area of your business, including sales, customer service, and ecommerce.

CRM vs. ERP

Customer relationship management (CRM) software drives sales and centralizes information about every customer and product, while enterprise resource planning (ERP) platforms optimize operations. Think of ERP as a data repository and execution-focused tool, where CRM is a guiding light for your commercial organization. Both offer distinct benefits for distributors, and both are needed to grow your business.

Why Traditional CRMs Don't Work for Distributors

Most CRMs aren't built with distributors in mind. Compared to B2C or other retail businesses, distributors have vast data with thousands, even millions, of SKUs and product variations. Traditional CRMs aren't built to take advantage of such a deep data pool, so most traditional CRMs don't even house a distributor's product data. Inevitably, commercial reps jump between multiple screens to manage their day-to-day activities.

The ability to handle product data is only one shortcoming of a traditional or vertical CRM. They typically fall short on several dimensions, including:

1. They don't unlock full customer visibility

Legacy CRMs don't give distributors full visibility into what's happening with their customers across multiple sales channels. They don't have the ability to integrate with all a distributor's essential data sources such as an ERP, PIM, document storage, and ecommerce platforms. This makes it challenging for reps to access information they need to personalize their sales interactions – like knowing the customer's omni-channel order history, online browsing activity, visits to the counter, etc.

2. They don’t promote proactive sales approaches

Manually collecting customer and product data for traditional CRMs can be tedious and time-consuming for sales reps, leading them to rely on generic, reactive strategies instead of personalized, proactive approaches. For example, we often see outside sales reps trying to maintain relationships with their customers by dropping off donuts at their offices instead of recommending consultative solutions or following up on a previous discussion. While this may be a delicious gesture, let’s face it – it’s not an effective sales strategy. We have also witnessed sales reps toggle between many systems to track down the necessary information. We’ve met hundreds of sales reps that lack efficiency because their CRM doesn’t allow them to easily search and find up-to-date product or sales information.

3. They’re seen as a data-entry chore (as opposed to a helpful tool) by reps

Many salespeople view CRMs as a tedious and time-consuming task, rather than a helpful tool. The requirement for extensive manual data entry can make them feel like more of a burden than a benefit. Often, CRMs are seen as a way for sales managers to track activity rather than a way to support reps in achieving their sales goals.

4. Their mobile experience leaves more to be desired

While many CRMs may claim to be mobile-friendly, we've seen firsthand that they can be a nightmare for reps to use or are severely limited. We recently observed an outside sales rep in the field using a traditional CRM. They remarked that although their mobile app claimed to be mobile-friendly, it wasn't user-friendly on their mobile phone.

Ultimately, in the product-focused world of distribution, you need CRM software capable of integrating with and handling a large volume of product data and sales transactions so your sales team can nurture existing customer relationships and grow new ones. When your ERP, PIM, ecommerce site, and CRM work together, your commercial team will function like a well-oiled machine. They'll deliver proactive, problem-solving experiences that keep customers coming back for more.

Traditional CRMs can leave distributors feeling unsupported. Instead of a generic solution, distributors need a purpose-built CRM that can handle a large volume of product data so your sales team can drive revenue and nurture customer relationships.

The Fallout of Using a Traditional CRM for Distributors

Traditional CRMs that are built for B2C or B2B businesses, such as retailers or SaaS companies, often come with "off-the-shelf" packages that don't meet the distributor's requirements. These CRMs aren't designed to handle the high number of repeat sales transactions and close relationships with customers unique to distributors.

Think of it this way: a B2C company has high transaction volumes but primarily automated and digital relationships with customers (e.g., email marketing). A SaaS B2B business has closer, more personal relationships with its customers but low transaction volume and few products. A CRM or marketing automation software like HubSpot works well in a B2C setting, where impersonal yet scalable customer interactions can be automated. A CRM like Salesforce or Dynamics works well in B2B SaaS settings, where sales reps spend time with fewer customers and sell only one or a few products. But neither option provides a seamless way for distributors (high order volume and SKU count, plus close personal customer relationships) to provide assistance to sales reps (if they offer any assistance at all).

Using a CRM but underwhelmed by your sales team's performance? Here are telltale signs you're using the wrong CRM:

1 Your team rarely uses the CRM

If your CRM doesn't help your sales reps do their jobs more efficiently and effectively, then they won't use it. Some CRMs require extensive manual data entry to update customer information or log a customer interaction. This takes time and effort your sales reps don't have. If a sales rep can't rely on their CRM to provide valuable insights, they won't find time to use it.

2 Missed sales opportunities

CRMs that provide poor or inaccurate data can lead your sales reps to follow the wrong lead and miss out on crucial sales. Picture this — a sales rep uses CRM to maintain a non-dynamic call schedule. They try to phone or email every customer monthly. For some customers, a monthly cadence is appropriate, especially if they make purchases monthly or less frequently. But a customer that orders weekly has a chance to churn between monthly check-ins (either they completely stop buying or they start buying specific products elsewhere). Distributors need their CRM to prioritize customers in a way that provides the right amount of attention to every customer at the right time. Alternatively, imagine a customer browsed a product on your ecommerce site and added it to their cart, but didn't check out. Two weeks pass before the sales rep calls the customer. By that time, the customer may have moved on or purchased a similar product elsewhere. Traditional CRMs aren't pointing your commercial team in the direction of opportunity.

3 Stagnant growth with existing customers

Traditional CRMs don't leverage customer purchasing history to provide opportunities to grow their wallet share. Conversations with customers often look like "Do you need anything?" when they should look like "I noticed you bought X; can I suggest Y?," or "Where are you purchasing your facility maintenance supplies? I noticed you've never purchased those from us, but we sell everything you need to keep your factory clean. Should we see if there are cost-saving opportunities there?"

4 Increased customer churn

CRMs not intended for distribution may send sales reps after the wrong leads. A great CRM will reduce churn risk by offering proactive alerts reminding reps to call at-risk accounts. Decreased customer satisfaction can be a clear sign that the CRM is not working.

Choosing the wrong CRM can be costly for your business beyond wasted time and money. Your company can lose sales and customers if you don't give sales reps the technology support they need. Plus, sales reps who are dissatisfied with the tools they use day-to-day are more likely to leave in favor of companies that are better equipped.

Essential CRM Evaluation Checklist

Different vendors will tell you all about the cool things their CRM can do, but how do you know if it's the real deal? To help you out, here are some important questions to ask a vendor before you make a decision. These questions will help you understand the CRM's key features and how they can help your distribution business.

- ☐ Which distributors are using your solution? How do they use it, and what results are they seeing from an adoption and sales standpoint?
- ☐ What tools can you integrate with (ERP, PIM, ecommerce)? What's required on our end to ensure a smooth integration?
- ☐ How does your CRM accommodate product data? How would our product info look in your CRM?
- ☐ How would your CRM help a sales or customer service rep find suitable substitutes for out-of-stock products or add-on items for upselling in real time?
- ☐ Can I import and search documents from within your CRM (e.g., search for info that's in a PDF sell sheet or brochure)?
- ☐ How will this CRM solution grow sales with new customers and wallet share of existing customers?
- ☐ What support and training do you provide after implementation?
- ☐ What type of reporting is offered?
    - ☐ Can we filter our pipeline by product category and vendor?
    - ☐ How would a rep track a phone call, email, or visit with a customer in your CRM?
    - ☐ How would a sales manager use the CRM to coach and improve the productivity of a sales team?
- ☐ How does your CRM support prospecting and lead management (manage contact/account details)?

- [ ] If you are looking for a CRM that is predictive – or guides your sales reps to the right customers and opportunities – ask:
    - [ ] How does your CRM help someone figure out which customer needs attention?
    - [ ] How does your CRM help a sales or customer service rep find an upsell or cross-sell opportunity?
- [ ] Show me what it looks like for a sales rep to log a call note and product pitch. (You're evaluating the efficiency of this activity – you don't want reps to be bogged down with clicks and admin work to track activity.)
- [ ] How do campaigns work in your CRM? What if we have a rebate that we want to promote to customers?
- [ ] Can I see customer-specific pricing in your CRM? Inventory? How do we set that up?
- [ ] For distributors that do a lot of quoting: How are quotes tracked in CRM? How are reps reminded to follow up on open quotes in your system?
- [ ] How would projects and leads be managed in your CRM?
- [ ] For distributors that have reps in the field: Can you show me the mobile experience?

CRM "Green Flags"

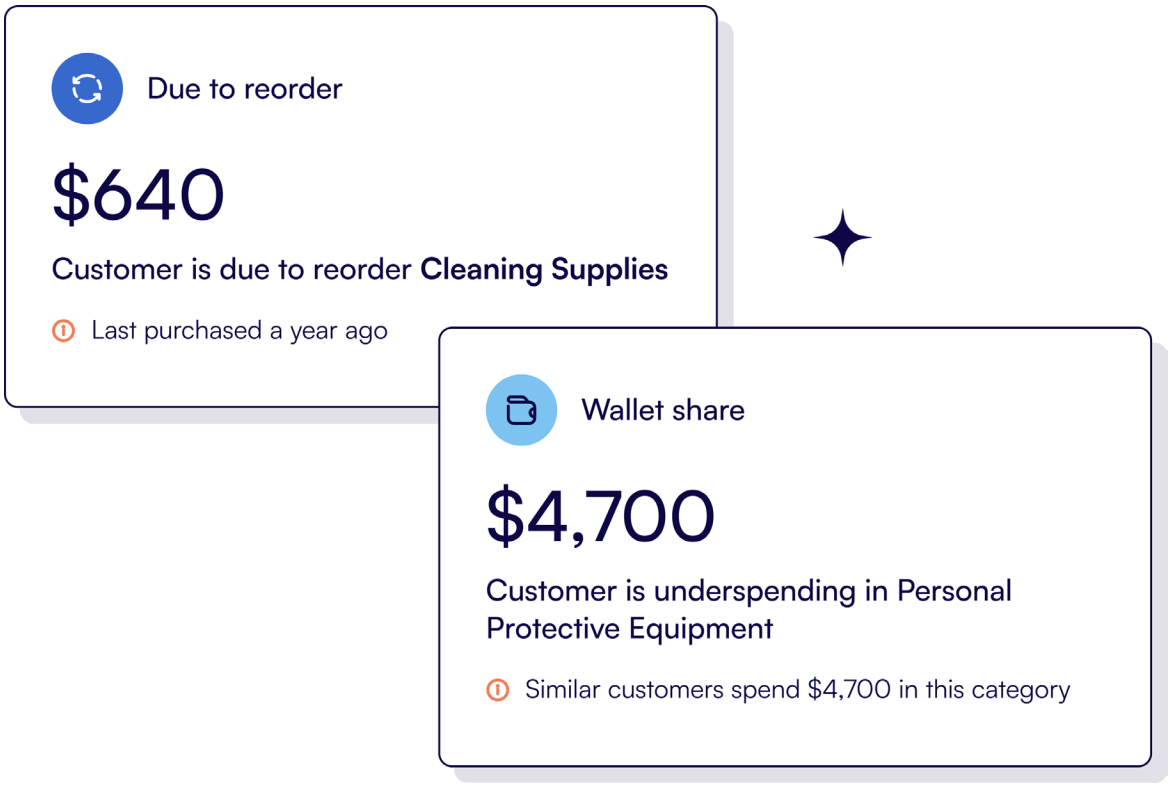
Most CRMs offer similar features. That's why it's critical to understand what to look for in an industry-specific solution. Keep an eye out for the telltale "green flags" that indicate a strong fit for your specific needs.

It acts as a system of action

If your CRM only serves as a system of record for tracking data points, it becomes a tool for sales managers, not sales reps. Distributors see low adoption with "system-of-record" CRMs. Instead, we recommend a low-admin CRM that equips sales reps with fruitful action items to turn prospects into buyers and existing customers into loyal advocates.

It supports reps to drive meaningful interactions

An effective CRM for growth-driven distributors adds value to a rep's day by guiding them to the right opportunities at the right time with the right message.



It's easy to use on the go

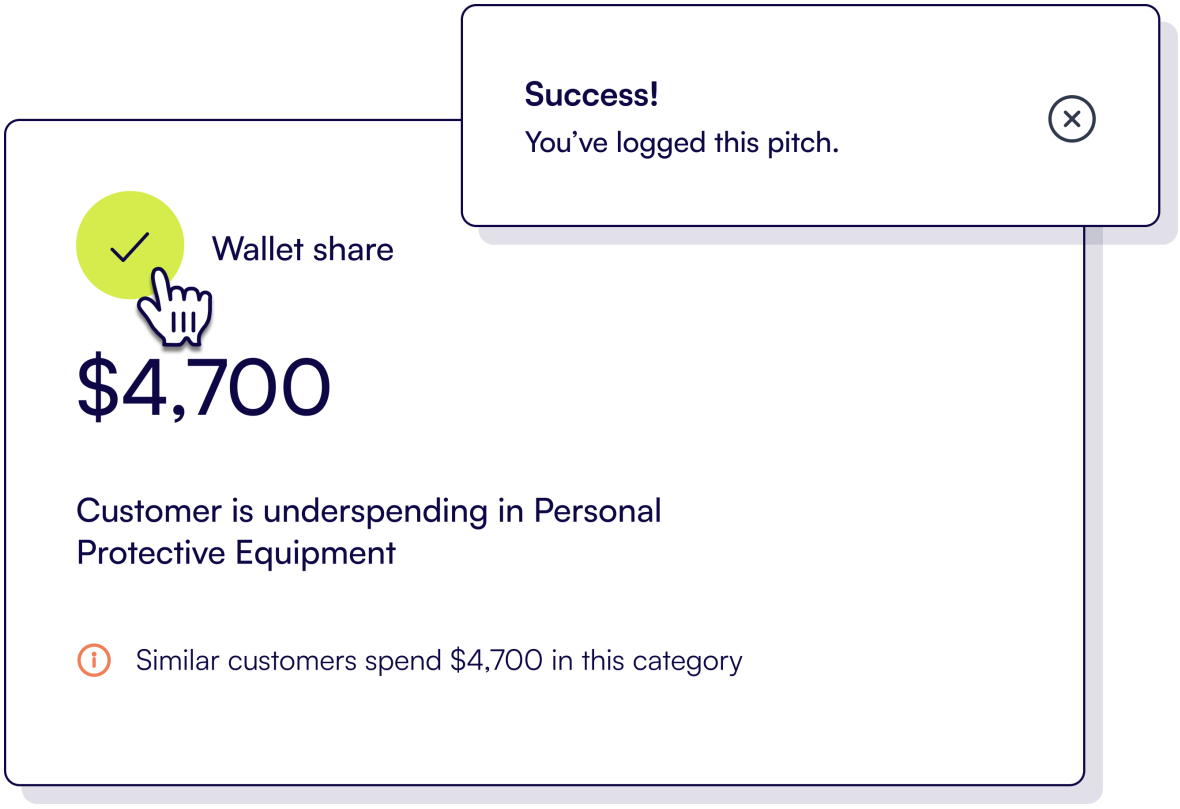
Your CRM is a crucial tool for your customer-facing reps – it's what keeps you and your customers connected. That's why it's so important to have a mobile app that's easy to use on the go and works.

Your reps like to use it

Even the most cutting-edge technology is useless without buy-in from sales reps, sales managers, customer service, and other relevant teams. The best CRM for distributors doesn't feel like a data-entry chore for reps. In turn, employee turnover doesn't create customer blindspots. When reps actively use a CRM, their actions are logged and customer interactions are saved. As a result, you permanently retain customer information even if employees leave.

It pays for itself

Any digital investment may seem intimidating for distributors, but the right system will be well worth its cost.



How to Ensure Adoption of Your CRM

Deciding on a CRM is difficult enough. Ensuring your team is ready and willing to adopt a new technology adds pressure.

To avoid disappointment when implementing a new CRM, here are six key steps to take to ensure the adoption of your CRM:

Think Big, Start Small

- Implementing new technology can be a daunting task. Planning how you will achieve a successful implementation requires the ability to see the big picture and the small steps to make it happen.
- Consider how the implementation will affect your business and create a plan to achieve your end goal. Instead of rolling the new technology out to everyone, start small with a test team or group of team leaders to garner expectations and excitement.

Set Measurable Targets

- Define and set measurable metrics for success before you begin CRM implementation. These metrics will give you insight into areas of improvement.
- For instance, look at how effective your salespeople are at upselling and cross-selling. What percentage of pitches are successful, and what is the average revenue generated per pitch? After you understand where your organization is, determine what outcome you want to see from your new technology.

Align the Why

- When it comes to technology, you only get one chance for a great first impression with your sales reps. Explain why the change is happening and how it will help them. Align the "why" to each team member's role. For instance, a sales rep may be more interested in raising their commissions, while a CSR may need a more streamlined way to help their customers.

Pinpoint the Most Powerful Hook

- Identify the most impactful feature of your new technology and introduce that first. Don't overwhelm your company by announcing every small benefit of the new technology; instead, introduce the most impactful feature to drive excitement and engagement with your CRM.

Train Champions

- Managers should be trained on the CRM before the sales reps. Once managers realize the benefits of the new technology, their energy and excitement will become contagious.
- After training, managers can teach sales reps how to use the tool.

Announce Incentives

- A great way to reduce resistance is by implementing incentives and rewards for using the tool. Simple incentives such as hours toward a day off or free lunches can help move your team past the initial feeling of hesitation.

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Discover the only AI-powered CRM built for distributors

Proton's AI-driven CRM guides reps and gives them the tools necessary to be proactive, productive, and consultative. With AI-generated Sales Plays to guide your team to the right customers with the right message, reps will be excited to use their CRM as a sales tool. Reach out for a demo today to learn more about our purpose-built CRM for distributors.

Get a demo ↗