7 Best Practices for
Planning a CPQ Project

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Introduction

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You need a CPQ solution

According Gartner Research "What's Hot in CRM Applications," Configure Price Quote (CPQ) is one of the top two applications that were of interest to their clients. Once reserved for the manufacturers of the most complex products, many of the growing ranks of CPQ users are not solely adopting CPQ for its traditional capabilities of delivering error free quotes. CPQ is a powerful driver for growth by enabling direct and channels sales to shorten sales cycles, boost sales productivity and maximize revenues.

A study by AMR Research showed an over **55% increase in cross-sell and up-sell rates** by companies employing CPQ solutions. CPQ is also an effective driver for transformation of sales. An Aberdeen study found that organizations using CPQ saw an **increase of 45% in responsiveness** to customer inquiries and a **28% reduction in sales cycles.**

CPQ shortens sales cycles, increases sales productivity, maximizes revenues

Planning for CPQ Success

Companies have implemented Model N CPQ in as little as 8-12 weeks using Model N guided implementation packages. The top feedback we received from these companies was that they could have done even better if they had planned more effectively.

We turned to CPQ consulting experts, Novus CPQ, to help us put together 7 best practices to help companies better prepare for a CPQ project. Novus CPQ Consulting offers world-class expertise in CPQ. Their mission is to empower companies to make more informed decisions about CPQ and to continually improve their CPQ processes. They offer specialized services for CPQ including:

- CPQ Process Design
- CPQ Configuration Optimization
- Functional Integration
- CPQ Tool Selection
- CPQ Project Management
- CPQ Education

#1 Understand where CPQ will fit and your CPQ process flow

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CPQ is an application that fits between the ERP and CRM systems – increasingly as a native component of the CRM. CPQ plays a lynch pin function in bringing data and process from these two applications suites together to configure, price and quote products, resulting in proposals and ultimately orders back into the ERP.

Salesforce native CPQ streamlines the entire opportunity to order process

CPQ solutions that provide end-to-end capabilities can streamline and accelerate the entire opportunity to order process, and some like Model N CPQ, can also automate the opportunity to contract process. The typical process flow for CPQ looks like this:

1. Chart out your CPQ solution landscape by understanding where the key systems of record for pricing and product configuration data will be maintained.

2. Identify critical companion processes such as order management and understand the points of integration to those systems.

3. Ensure that you consider your needs for access to systems of record and companion processes as you select a CPQ tool. Optimize for solutions that do not force too much customization or integration effort to fit within your landscape.

4. Ask CPQ suppliers to recommend workflows that address your business requirements using standard functionality. This is also a good idea during CPQ selection.

CONFIGURATION → PRICING → APPROVALS → QUOTE/PROPOSAL → ORDER/CONTRACT → ANALYTICS

#2 Establish a prioritized business requirements list

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Many times the business requirements list can be an overwhelming spreadsheet of features. CPQ projects often go astray when the emphasis is on fulfilling all the requirements instead of delivering the high value business impacts quickly. Likewise, CPQ implementation costs and effort rise dramatically when the "out of the box" capabilities of the CPQ solution need to be customized. It's often a good idea to get a feeling for how different CPQ solutions will address business requirements using their standard functionality and flows.

1. Make sure all business requirements are documented and prioritized (e.g. critical, high, medium, low) based on the key value drivers for the CPQ project.

2. Review your priorities to make sure they reflect the "to be" state and are not artifacts of the "as is" state.

3. Ensure your CPQ solution's standard functionality is well matched to critical requirements, and consider customization only after completely understanding the tool's standard capabilities.

Stay with standard functionality as much as possible

#3 Document and fix business process challenges before implementation

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One of the most common benefits of implementing a CPQ solution is to be able to institutionalize the practices of the A Player in the CPQ process. CPQ solutions can streamline and automate process and facilitate best practices in a uniform way across the organization. Many companies also see their CPQ solution as key tool for quickly onboarding new sales people and introducing new products to the sales organization.

Institutionalize the A Player Process

1. Look for the best practices process across the organization – sales, sales ops, finance, product management, product engineering etc. and build into the CPQ process.

2. Agree on business goals prior to designing the process (e.g. reducing documents, shortening approval times, centralizing information, etc.)

3. Map out the high level process so that you know what you want to do before starting on an implementation.

4. Fix any business process challenges before beginning an implementation. Make sure to familiarize your team with how the CPQ solutions you are evaluating or have selected can help fix the challenges using standard functionality.

#4 Plan for change management and do it yourself

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Change management is often one of the most underestimated aspects for CPQ projects. The CPQ process typically crosses organizational boundaries both during implementation and once deployed. Ensuring consistent and clear communications before and during the process will help engage the company more effectively in support of the project.

Because a CPQ project has many different stakeholders, it is important to understand that different stakeholders will need different types of information and varying levels of detail. Resist the temptation to publish your project management spreadsheet. Instead, engage the key stakeholder groups in planning for change management before the project to better serve their needs.

1. Keep change management internal. Don't outsource to CPQ vendors or SI. Build on close internal relationships to improve communication.

2. Create a single focal point for change management to provide various stakeholders a "go to" person to help them prepare, participate and onboard.

3. Plan out key processes with stakeholders as part of the change management. For example, product rollout, order cut over, training, etc.

4. Engage with top management consistently with clear information that is relevant to them.

Different stakeholders need different info

#5 Ensure knowledgeable CPQ resources are available and engaged in project

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There are many different methodologies used for deployment of CPQ solutions: waterfall, agile, hybrid, etc. The selection of a methodology will depend on several factors including project goals, internal skill sets, vendor preferences and SI preferences. There are also several tools available for project planning and management as alternatives to creating project plans on your own. However, no tool or methodology is a substitute for the involvement of knowledgeable people from across the organization.

If a CPQ solution and/or SI have not been selected, then project management should be considered during the selection process. Discuss with potential tool providers and SI how to best achieve your project goals.

1. Identify and recruit A player team members and agree on decision makers from across the organization and their backups in case of travel, sickness or vacation.

2. Focus the team on the major milestones and activities and not the low level project details. Communicate condensed versions of project plan that are digestible – don't send out your detailed plan.

3. Create templates for major project artifacts like the Requirements, Functional specification, etc.

4. Team with selected CPQ vendor and SI to align on project methodology.

#6 Determine and plan for required data exchange between CRM, CPQ and ERP

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One of the top benefits of a CPQ solution is the ability to put all the relevant data needed for quoting at the fingertips of sales. Typically, this data resides in a combination of systems, spreadsheets or paper documents. In addition, the same information can have different formats. For example, a customer number might be 10 digits in one system and 7 in another.

Salesforce native CPQ leverages master data in CRM

For companies with Salesforce CRM, Salesforce native CPQ solutions simplify the process by using the same master data in the CRM, but there is always external data to consider.

1. Determine the data required in the CPQ process and where the system of record will be for that data.

2. Identify the owners of needed master data and enlist their involvement in the project well ahead of time.

3. Survey data and formats to understand the effort required to make data accessible and usable for the CPQ tool.

Model N CPQ is Salesforce native and has "out of the box" interoperability with SAP ERP. This greatly facilitates the use of master data in both Salesforce and SAP without conversion. Also, Model N CPQ is able to directly use SAP pricing and product configuration models and rules in SAP Variant Configuration.

One of the most complex and costly aspects of CPQ implementations is data integration, with Model N CPQ companies with Salesforce CRM and SAP ERP will benefit from faster, lower cost implementations and much smoother workflows.

#7 Gather together and plan how product information will be used

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An effective product catalog is a valuable part of any CPQ solution. The catalog can make the quoting process much easier and more effective for sales. The catalog component in a CPQ solution is also a way to provide sales with easier access to supporting documentation and marketing materials that may accompany proposals.

The best CPQ solutions also enable guided selling capabilities that help sales better meet customer needs by guiding them to products or solutions bundles based on information they get from the customer.

Consider sales enablement like guided selling

Product catalogs in enterprise grade CPQ, like Model N CPQ, support product categories and product attribute functions that help organize products more logically, as well as, simplify maintenance and introduction of products and product options.

1. Identify the sources of all product information you would like to include in the catalog and take steps to assemble the content prior to embarking on the CPQ project.

2. Think about how to organize products to simplify the process for sales and to support assembly of solutions bundles or guided selling if part of your CPQ plan.

3. Decide if you will have supporting documents or marketing materials and begin the process of assembly. Remember to include document maintenance and refresh as a process in your project planning.

4. Consider enhancing the visual appeal of the product selection process if you feel it might help sales more quickly select the right products.

Get your 7 best practices for planning a CPQ project checklist

Novus CPQ Consulting and Model N have also created a simple tool as a companion for the 7 best practices. In addition, there is a recorded webinar of the 7 best practices on the Novus CPQ Consulting web site.

Model N CPQ is an enterprise grade, Salesforce native CPQ solution that helps companies shorten sales cycles, increase sales productivity and maximize revenues.

End-to-end – Model N CPQ streamlines the entire quote to order and quote to contract process, including approvals, resulting in shortened sales cycles and more selling time.

Robust and Interoperable – Model N CPQ offers built in synchronization with master data in ERP systems, particularly SAP pricing and variant configuration to reduce implementation effort and cost. And

Model N CPQ was designed for complex configuration challenges including a patent pending model navigator that simplifies configuration for sales people, and a set of tools that simplify building and managing the models and rules that power error free configuration.

Performance and Scalability – Model N CPQ has an advanced Salesforce native performance architecture that enhanced the Salesforce platform to deliver faster response times for large complex configuration models, and the ability to scale to 1000s of users.

For more information about Novus Consulting go to www.novuscpq.com. To learn more about Model N CPQ go to www.modeln.com. To request "The 7 Best Practices Checklist" send an email to modelncpqforsalesforce@modeln.com.

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