Customer Relationship Management

In any rapidly changing business environment it is essential to manage the expectations and quality of service and support to the market. Serious flaws in this area have emerged in relation to the management of service consistency and customer care. This section provides interesting research and guidance from DHL and other sources that will assist in avoiding problems in this critical area.

The consistent and effective management of the customer relationship across all channels and functions within an organization is a key competitive differentiating and success factor for any evolving Business.

Customer relationship management (CRM) can be defined as an integrated set of business processes and enabling technologies in support of a consistent entry, management and use of customer related information across and between channels of sales and service.

The essence of Customer relationship Management

At the heart of CRM is the issue of data and relationship ownership. In the past, marketing or sales have been deemed to own the customer. In the CRM model any single entity or function does not own the customer. The customer is managed cooperatively by all the parties with a customer contact responsibility or service provision / support role.

The purpose of CRM remains the same as that of existing customer management processes. These are:

- The growth of business by leveraging existing relationships,
- Using information available to improve the customer relationship,
- The use of information to create and enable repetitive sales and support processes,
- To generate a value proposition that increases customer value and loyalty
- The ability to increase or institutionalize pro-activity

To achieve these in a multi channel organization a supplier of CRM applications must ensure the ability to support and drive integration across all relevant channels and functions.

Establishing CRM successfully

To establish a successful CRM installation, changes will be required within the organizational processes, data and operation of the customer management.

Some of the changes required are:

- Establishing and implementing the key information sets that identify the customer appropriately
- Establishing a consistent set of data that describes customer activity
- Establishing consistent data and business rules in gathering, processing and storing data
- Reengineering established and emerging channels to comply with CRM requirements
- Reengineering established information and support processes to reflect available normalized data
- Management of change in any application or process related to CRM support, feed or presentation
- Integration of manual and on-line processes to be mutually supportive

Should any of the above not be achieved, then islands of data and process will remain un-integrated and add time, cost, inconsistency and
inefficiency throughout the entire organization.

**What should CRM contain?**

Any successful CRM implementation integrates the following

- **Customer Detail Information**

  This provides a total view of all activities and information related to the customer, their activities, their interactions and their stated or intimated needs.

- **Modes and means of contact or service provision**

  This defines the channels of access the customer has operated within in the past and future channel needs and allows the activities performed over each channel to be codified to a single, integrated, consistent relationship history.

- **Services, processes or support used**

  This identifies the elements of the organization offer that the customer has used in the past. This information can be used to illustrate customer trends in service use, trends, patterns of use and allows proactive offers or channel transition suggestions to be made to them.

- **Relationship information on other relationship stakeholders**

  No customer or supplier relationship operates in isolation. Understanding the precursors to a trade and the follow-on relationships of the customer allows the supplier to investigate and introduce innovative new services at an individual, corporate or industry level.

- **Application and process integration**

  This looks to ensure that the organization's internal application set is geared to integration in support of the customer relationship. Here an organization looks to have access and normalize all information from Legacy, emerging and future applications and processes in support of a single consistent but customizable view of the customer for all functions and support activities.

**From Islands to Integration**

The organization into which CRM is introduced must also change. Traditional concepts of ownership and responsibility, contribution and value projection have to be addressed. The introduction of CRM requires present isolated and uncoordinated players in the customer relationship to realign to focus on the relationship as a collegiate responsibility to which all cooperatively contribute and gain reward. Failure to ensure that this is the overriding and explicitly stated objective of the implementation of CRM will cause the project to deliver less benefit internally and externally.

This can only be achieved through the inclusion of all stakeholders, realignment of their focus in relation to the customer and a singular focus on creating a totally consistent customer support resource for the customer and the organization.

**The role of the customer in CRM**

The essential purpose of CRM is to maximize organizational effectiveness and efficiency in the servicing of and benefit from customer needs. This is a learning and analysis process that is generally focused on active customers.
This, whilst central to the organization’s operational efficiency, should be augmented with careful analysis of customers no longer trading with it.

Every lost customer is a lost opportunity for additional revenue and growth. However it is also an opportunity to identify failings or inadequacies that the customer felt compelling enough to force them to embark on a process of changing suppliers and initiating the development of a new relationship.

In support of any CRM project, special attention should be focused on lost customers and their perception of the organizations failings. Generally the feedback received will be very precise and a very good indicator of issues that many existing customers may have but have yet to feel are sufficient to force change.

Existing customers will also illustrate weaknesses and strengths. The strengths should be the core of the CRM initiative and the weaknesses the core of development in support of a fuller management offer in support of the customer. Once addressed and in place there then exists the opportunity to re-contact lapsed or lost customers to sell the new offer to them.

It should be realized that customers might have a very tactical view of the service and support offer made. This tactical view and feedback must be carefully merged to the strategic objectives the organization has for the CRM project. Only through the correct balance of the tactical and strategic can CRM projects address today’s needs in a manner which allows flexibility to address future situations.

**Moving Forward**

Where the decision is made to progress with a CRM initiative there are a few simple but relatively standard steps that are needed to assist in the successful delivery and operation of the final deliverable.

- **Customer analysis**
  Analyze existing and past customers to have a truly rounded view of the organization strengths, weaknesses, opportunities and threats. Competitive benchmarking is a critical element of this process as it identifies external offers more attractive to past customers and potentially to existing ones also. This process should also include the analysis of internal customers.

- **Scope the project and its objectives**
  In this process the organization carefully analyses the entire organizational scope of the customer relationship, their channels, services products and support already in place. From this a clearly defined, organizationally agreed, focused project description is created.

- **Create the business case**
  The business case must be created in a manner that identifies the business problem across the organization and the individual functional and overall benefits that can be gained from a CRM project. The CRM business plan must illustrate and make clear that no single solution will deliver everything all at once. CRM is an evolutionary process that will require consistent, multi year resourcing for people and budgets.
• Cross integrate CRM strategy to the existing Organizational strategies

All organizations have business, technical and, in most cases, customer care strategies already in place. The CRM strategy must be fitted to the framework of existing strategies. Equally, because of the strategically important nature of CRM, existing strategies have to be reviewed to ensure alignment at a business, technical and customer care objectives level. The objectives arrived at must support and be supported by those of the core organizational strategies.

• Technology choice will be critical

No existing CRM package will fulfill all your immediate needs. The CRM strategy needs to identify, in priority order, the requirements that must be delivered in sequence. This allows the technical teams to clearly vet the technology offers in line with their ability to address the organization’s priorities. Ease of doing business and integration simplicity must be key criteria for application choice.

• Simplify project management

The organization must appoint one single accountable and empowered manager to deliver against the strategy. Failure to have a distinct leader, explicitly supported by senior management empowered to align disparate functions and processes will increase the opportunity for failure. All functions should be tasked to participate and contribute key knowledge personnel to the process. Delivery of the CRM objectives should be a stated Key deliverable and metric for all managers in the affected functions.

• Stage the implementation process

CRM is a rapidly evolving field. The complexity of aligning the internal processes and functions is enormous and if not rolled out in manageable sections will overwhelm the organization’s ability to integrate its capabilities. Equally the staging of the rollout allows the organization to review both the strategy and the priority schedule to reflect changing market and user needs / trends.

• Allow no exceptions

CRM can only be successful where it guarantees a consistency of customer management and service across all channels, functions and processes. An organization ill prepared to align all channels, functions and processes in support and use of the CRM deliverables has undermined the project from the beginning.

• Measure the process

CRM will, where staged deploy into an organization that will have existing and
new processes running in parallel for a period. It is critical that the metrics used allows the value of both existing and new processes to be measured to comparable criteria. This allows the effectiveness of the new to be measured against the old and allows for business plans to be re-addressed to ensure reality is reflected in them. These consistent measures also allow processes to be analyzed to see inefficiencies or gains that are less than projected. This allows ongoing realignment of the processes and supporting technologies to provide expected or better service levels.

**Some Things to remember**

- A dissatisfied non-Internet customer tells on average 9 people of their bad experience. A dissatisfied Internet customer can tell the world.
- Selling to an existing customer is 500% cheaper than selling to a new customer.
- A 5% customer retention improvement can increase profitability by 85%.
- Good customer care will ensure that 70% of complaining customers trade again.

Existing customers are successfully sold new products in 50% of cases. For new customers the figure is 15%.