CRM - Customer Relations Management

CRM

Customer relationship management (CRM) is a multifaceted process, mediated by a set of information technologies that focuses on creating two-way exchanges with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns. In this way, CRM helps companies understand, as well as anticipate, the needs of current and potential customers. Functions that support this business purpose include sales, marketing, customer service, training, professional development, performance management, human resource development, and compensation. Many CRM initiatives have failed because implementation was limited to software installation without alignment to a customer-centric strategy.

Overview

There are many aspects of CRM which were mistakenly thought to be capable of being implemented in isolation from each other.

From the outside of the organization, a customer experiences the business as one entity operating over extended periods of time. Thus piecemeal CRM implementation can come across to the customer as unsynchronized where employees and web sites and services are acting independently of one another, yet together represent a common entity.

CRM is the philosophy, policy and coordinating strategy connecting different players within an organization so as to coordinate their efforts in creating an overall valuable series of experiences, products and services for the customer.

The different players within the organization are in identifiable groups:

- Customer Facing Operations - The people and the technology support of processes that affect a customer's experience at the frontline interface between the customer and the organization. This can include face to face, phone, IM, chat, email, web and combinations of all media. Self-service kiosk and web self-service are doing the job of vocals and they belong here.

- Internal Collaborative Functional Operations - The people and technology support of processes at the policy and back office which ultimately affect the activities of the Customer Facing Operations concerning the building and maintaining of customer relationships. This can include IT, billing, invoicing, maintenance, planning, marketing, advertising, finance, services planning and manufacturing.

- External Collaboration functions - The people and technology support of processes supporting an organization and its cultivation of customer relationships that are affected by the organization's own relationship with suppliers/vendors and retail outlets/distributors. Some would also include industry cooperative networks, e.g. lobbying groups, trade associations. This is the external network foundation which supports the internal Operations and Customer facing Operations.

- Customer Advocates and Experience Designers - Creative designers of customer experience that meet customer relationship goals of delivering value to the customer and profit to the organization (or desired outcomes and achievement of goals for non-profit and government organizations).

- Performance Managers and Marketing Analysts - Designers of Key Performance Indicators and collectors of metrics and data so as to execute/implement marketing campaigns, call campaigns, Web strategy and keep the customer relationship activities on track. This would be the milestones and data that allow activities to be coordinated, that determine if the CRM strategy is working in delivering ultimate outcomes of CRM activities: market share, numbers and types of customers, revenue, profitability, intellectual property concerning customer's preferences.

Logistica Solutions Inc., 1251 N Jefferson St, Anaheim, Ca 92807, USA, (714) 238-3209
http://www.ecomstor.com - http://www.interpristor.com - info@ecomstor.com

- Customer and Employee Surveyors and Analysts - Customer Relationships are both fact driven and impression driven the quality of an interaction is as important as the information and outcome achieved, in determining whether the relationship is growing or shrinking in value to the participants.

Technology considerations

The basic building blocks:

A database for customer lifecycle (time series) information about each customer and prospect and their interactions with the organization, including order information, support information, requests, complaints, interviews and survey responses.

Customer Intelligence - Translating customer needs and profitability projection into game plans for different segments or groups of customers, captured by customer interactions (Human, automated or combinations of both) into software that tracks whether that game plan is followed or not, and whether the desired outcomes are obtained.

Business Modeling Customer Relationship Strategy, Goals and outcomes: Numbers and description of whether goals were met and models of customer segments and game plans worked as hypothesized.

Learning and Competency Management Systems - Customer Capacity and Competency Development - Training and improving processes and technology that enable the organization to get closer to achieving the desired results. Complex systems require practice in order to achieve desired outcomes, especially when humans and technology are interacting. Iteration is the key to refining, improving and innovating to stay ahead of the competition in Customer Relationship Management. (Successful tools, technology and practices will be copied by the competition as soon as they are proven successful.)

The building blocks can be implemented over time separately, but eventually need to be dynamically coordinated. The ongoing alignment of the basic building blocks distinguishes an elegant seamless CRM implementation which successfully builds mutually valuable relationships.

Types/Variations of CRM

There are several different approaches to CRM, and at present there is no one software package that allows all of these approaches to be applied. When companies consider implementing a CRM strategy, they usually talk about either Campaign Management or Sales Force Automation. Although CRM is much more than either of those parts, software packages are usually based around one or the other idea (with SFA being the most popular).

Operational CRM

Operational CRM provides support to "front office" business processes, including sales, marketing and service. Each interaction with a customer is generally added to a customer's contact history, and staff can retrieve information on customers from the database when necessary.

One of the main benefits of this contact history is that customers can interact with different people or different contact channels in a company over time without having to describe the history of their interaction each time.

Consequently, many call centers use some kind of CRM software to support their call center agents.

Operational CRM processes customer data for a variety of purposes:

1. Managing Campaigns
2. Enterprise Marketing Automation

Logistica Solutions Inc., 1251 N Jefferson St, Anaheim, Ca 92807, USA, (714) 238-3209
http://www.ecomstor.com - http://www.interpristor.com - info@ecomstor.com

3. Sales Force Automation

Sales Force Automation (SFA)

Sales Force Automation is a type of Operational CRM that is designed to automate sales-force-related activities, such as lead tracking. Software products perform such tasks as:

1. Keeping lists of lead.
2. Assigning list segments to salespeople.
3. Allowing list contacts to be called or e-mailed.
4. Tracking responses.
5. Generating reports.

Analytical CRM

Analytical CRM analyzes customer data for a variety of purposes:

1. Design and execution of targeted marketing campaigns to optimize marketing effectiveness.
2. Design and execution of specific customer campaigns, including customer acquisition, cross-selling, up-selling, retention.
3. Analysis of customer behavior to aid product and service decision making (e.g. pricing, new product development etc.).
4. Management decisions, e.g. financial forecasting and customer profitability analysis
5. Prediction of the probability of customer defection (churn analysis).

Analytical CRM generally makes heavy use of data mining.

Campaign Management

Campaign management software is marketing-oriented CRM software that combines elements of Operational and Analytical CRM and allows campaigns to be run on an existing client base. Campaign Management is used when you need to create personalized offers when it is prohibitively expensive to personally contact each client. Campaign management software functions include:

1. Choosing campaign recipients from the client base according to selected criteria.
2. Development of a campaign offer (this is often done "out-of-the-system" and is not automated).
3. Assigning specific campaign offers to selected recipients.
4. Automatically sending offers to the selected clients via selected channels (either directly, via channels such as e-mail, or indirectly, by creating lists for use in channels such as direct mail).
5. Gathering, storing, and analyzing campaign results (including tracking responses and analyzing propensities).

Collaborative CRM

The function of the Customer Interaction System or Collaborative Customer Relationship Management is to coordinate the multi-channel service and support given to the customer by providing the infrastructure for responsive and effective support to customer issues, questions, complaints, etc.

Collaborative CRM aims to get various departments within a business, such as sales, technical support and marketing, to share the useful information that they collect from interactions with customers. Feedback from a technical support center, for example, could be used to inform marketing staffers about specific services and features requested by customers.

Logistica Solutions Inc., 1251 N Jefferson St, Anaheim, Ca 92807, USA, (714) 238-3209
http://www.ecomstor.com - http://www.interpristor.com - info@ecomstor.com

CRM - Customer Relations Management

Collaborative CRM's ultimate goal is to use information collected from all departments to improve the quality of customer service.

Geographic CRM

Geographic CRM (GCRM) is a customer relation management information system which collaborates geographic information system and traditional CRM.

gCRM combines data collected from route of movement, types of residence, ambient trading areas and other customer and marketing information which are matched with relevant road conditions, building formations, and a floating population. Such data are conformed to a map and is regionally analyzed with OLAP (On-Line Analytical Processing) for visualization. This enables a company to examine potential customers and manage existing customers in the region.

Strategy

Several commercial CRM software packages are available which vary in their approach to CRM. However, as mentioned above, CRM is not just a technology but rather a comprehensive customer-centric approach to an organization's philosophy in dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology, towards the broader organizational requirements.

The objectives of a CRM strategy must consider a company's specific situation and its customers' needs and expectations. Information gained through CRM initiatives can support the development of marketing strategy by developing the organization's knowledge in areas such as identifying customer segments, improving customer retention, improving product offerings (by better understanding customer needs), and by identifying the organization's most profitable customers.

CRM strategies can vary in size, complexity and scope. Some companies consider a CRM strategy to only focus on the management of a team of salespeople. However, other CRM strategies can cover customer interaction across the entire organization. Many commercial CRM software packages that are available provide features that serve sales, marketing, event management, project management and finance.

Successes

While there are numerous reports of "failed" implementations of various types of CRM projects, these are often the result of unrealistic high expectations and exaggerated claims by CRM vendors.

Many of these "failures" are also related to data quality and availability. Data cleaning is a major issue. If the company CRM strategy is to track life-cycle revenues, costs, margins and interactions between individual customers, this must be reflected in all business processes. Data must be extracted from multiple sources (e.g., departmental/divisional databases, including sales, manufacturing, supply chain, logistics, finance, service, etc.), requiring an integrated, and comprehensive business processing system to be in place with defined structures and data quality. If not, interfaces must be developed and implemented to extract data from different systems. This creates a demand far beyond customer satisfaction to understand the full business-to-business relationship. For this reason, CRM is more than a sales or customer interaction system.

The experience from many companies [who?] is that a clear CRM requirement with regard to reports (e.g., input and output requirements) is of vital importance before starting any implementation.[citation needed] With a proper demand specification, a great deal of time and money can be saved based on realistic expectations of systems capability.[citation needed] A well operating CRM system can be an extremely powerful tool for management and customer strategies.

Logistica Solutions Inc., 1251 N Jefferson St, Anaheim, Ca 92807, USA, (714) 238-3209
http://www.ecomstor.com - http://www.interpristor.com - info@ecomstor.com

Privacy and data security

One of the primary functions of CRM software is to collect information about customers. When gathering data as part of a CRM solution, a company must consider customer privacy and data security with respect to legal and cultural environments. Some customers prefer assurance that their data is not shared with third parties without their consent and that it cannot be illicitly accessed by third parties.

Market structure

Given below is a list of top CRM software vendors in 2005 with figures in millions of United States Dollars published in a Gartner study.

Vendor	Global Revenue (Million US$)
SAP	1,475
Siebel	966
Oracle	368
Salesforce.com	281
Amdocs	276
Others	2,233
Total	5,698

Given below is a list of top software vendors used for CRM projects that completed in 2006 and made use of external consultants and system integrators, according to a 2007 Gartner study.

Vendor	Percentage of implementations
Siebel (Oracle)	41%
SAP	8%
Epiphany (Infor)	3%
Oracle	3%
PeopleSoft (Oracle)	2%
Salesforce.com	2%
Amdocs	1%
Chordiant	1%
Microsoft	1%
SAS	1%
Others	15%
None	22%

A 2007 Data monitor report lists Oracle (including Siebel) and SAP as the top CRM vendors, with Chordiant, Infor, and salesforce.com as significant smaller vendors.

Logistica Solutions Inc., 1251 N Jefferson St, Anaheim, Ca 92807, USA, (714) 238-3209
http://www.ecomstor.com - http://www.interpristor.com - info@ecomstor.com