

# To C or not to C(RM)

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## INTRODUCTION

The emergence of the Internet has reduced time and distance to almost zero whilst raising customer expectations to an all time high. The balance of power has shifted from supplier to the customer. It is the customer that now decides who, where, when and what to buy and more accurately, for how much.

It has become glaringly clear the only way for businesses to sustain their competitive edge is by providing a high level quality based customer relationship. Consideration for deploying customer relationship as an integral part of corporate business strategy has now become mandatory and is no longer an option.

Studies have shown keeping existing customer loyalty will provide two-to-three times more repeat business. This has further been augmented by proven statistics the cost of acquiring new customers can cost as much as six times more compared to keeping an existing customer. Ultimately, customer

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loyalty will strengthen your market position, by keeping these customers away from your competitors, thus resulting in making your products and/or services less price sensitive.

In the 21st century the name of the game is to be competitive, make no mistake, this in turn can be described as; capturing the most market share in the shortest period of time, utilising the fewest resources for the sake of driving revenue, and generating as much revenue as possible, as profitably as you can. The more revenue an organisation can earn should ultimately deliver more market share, which in turn should deliver competitiveness. As an integral part of your corporate business strategy should be the growth of substantial profitable revenue coupled with customer loyalty.

To facilitate customer loyalty and planning for substantial profitable revenue, companies must adapt an enterprise wide process for consistently managing customer interactions. One of the most popular business trends today allowing us to achieve this has been the introduction of Customer Relationship Management (CRM). What exactly is CRM? Simply, a CRM solution contains all the disparate pieces of a company's customer-related information.

## **STEP BACK IN TIME**

To fully understand the workings of CRM, it is necessary for us to step back in time.

In the early 60's and 70's, things were more straightforward as we had fewer choices, but customer interactions were still prevalent. Take an example of shopping at your local corner store. Typically, the owner was a sole trader who knew everyone by their first names, and likewise, they knew him. He

Step back in time

would provide a one-to-one service, and over a period of time, would monitor your buying habits as to when you would come in, what you liked, enabling

him to ensure items that you purchased on a regular basis would be made available to you at these times. The sole trader was almost like an extension to your family. Those amongst you who relate to the 60's and 70's scenario and who smoke, will recall this very clearly if we relate the same principle to your local newsagent, who ultimately always remembered the brand of cigarettes you smoked, which newspaper you enjoyed reading and how these were always ready for you as you stepped into the shop. As a result of this, customers remained loyal to their local shops.

Since then, the advent of superior economics of mass markets, chain stores, mass advertising campaigns aimed directly at us from all directions, and improvements in transportation has created a more attractive value added choice proposition to consumers than the strengths offered to us by sole traders. Because of this, we have witnessed the death of our local shop. Now, in the early part of the 21st century, CRM is making it possible to recreate an "old fashioned" customer service experience in every sector of the economy a reality. Technology has advanced to a point where companies

CRM makes it possible  
to create an 'old fashioned'  
customer service experience

can track all of their customer's purchases, simply by applying predictive modelling to determine what a customer may want in the future. They can handle a lot more volume and not only track specific customer information, but also share that and other information across all departments within the organisation using CRM system.

Customers are the driving force in today's networked economy. The constant battle for market leadership and profitability can be won by those who have a deeper and dynamic understanding of customer needs and behaviour patterns and who can develop a long-term relationship, thus retaining customer loyalty. The advent of technology provides strategic opportunities for companies of all types. To realise CRM success, business and IT executives must implement a business strategy encompassing the fostering of employee behaviour that support synchronised and more effective customer interactions throughout all customer channels, coupled with the re-alignment of the companies initiatives such as sales-force effectiveness, e-business, customer service, Customer Relationship Planning (CRP), Enterprise Resource Planning (ERP) and Supply Chain Management (SCM), all centred around customer related value propositions.

## **SUCCESS IN THE INTERNET ECONOMY**

It is now possible for every company to have a presence on the Internet. Small business and home offices merely create a web site to sell their wares and large corporations drive their business through the Internet. However, it is one thing to create a presence on the Internet and totally another to keep those customers that frequent your website to continue coming back, a true test of customer loyalty via the web.

There are potential risks involved with jumping into web CRM without a business strategy in place. We are now increasingly seeing detailed problems with customer support with many sites not having any mechanism in place to address consumer questions and requests. Additionally, companies with limited experience with logistics. They may sell products on their website but have no mechanism for returning their goods. Obviously, these issues need to be resolved. As consumers become more adept at using the Internet and

identify their needs, companies will have to increase their ability to meet those needs, or risk losing those customers to a competitor that does.

## CREATING A CRM STRATEGY

Companies need to spend time bringing together the various departments to work through the necessary steps for creating a CRM plan. The project team needs to evaluate the corporate infrastructure to understand its gaps and holes, by looking at what it already has in place and how ready the company is to evolve to a new way of conducting business; the company can create a CRM strategy. The CRM strategy will include detailed recommendations on how the company can achieve their customer-driven goals in support of the overall business strategy.

By 2005, 75% of *global 1,000 companies*  
will have initiated *pre-CRM level projects*  
such as sales force automation, marketing  
automation, customer service and/or e-business

Source:Gartner Group

The 4-stage CRM strategy includes:

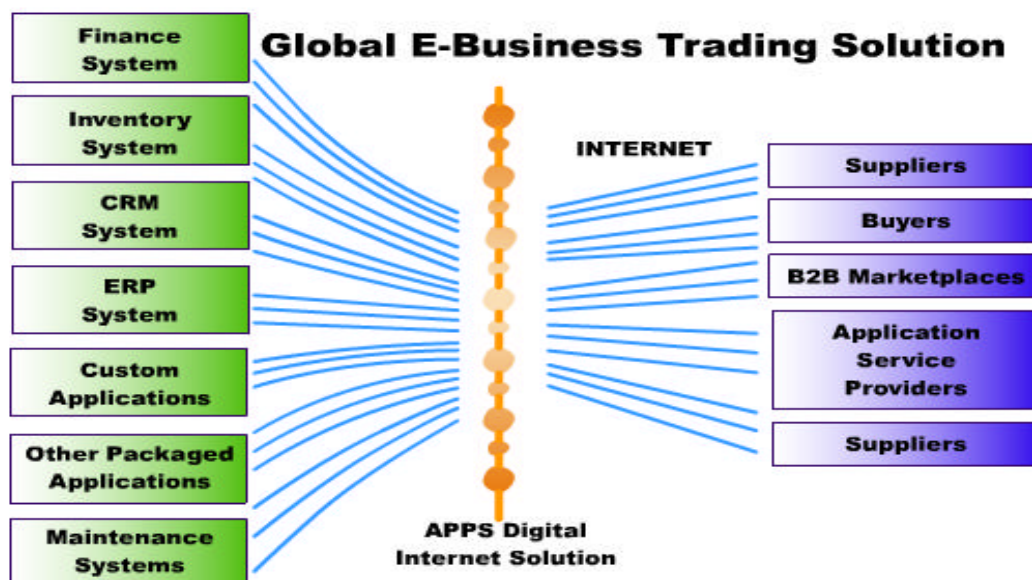
**1. BUSINESS SYSTEM PLAN** – The first step is to create a Business System Plan. A BSP looks at the Company's strategic objectives and determines what systems are needed to support them over the next one to five years. The second step is to conduct an audit, which determines the gap between existing infrastructure and what is needed to meet the corporate objectives.

**2. BUSINESS ENVIRONMENTS** – Once the business strategy plan has been created, a roadmap to success can be determined. The roadmap is the foundation for the CRM effort. It documents existing process that can be leveraged for the CRM strategy.

**3. GAP ANALYSIS** – The Gap analysis documents the variance between the existing systems and the CRM strategy, by comparing the existing infrastructure against what is necessary to reach the business objectives, the company can identify a list of requirements. This list is the foundation for the CRM strategy.

**4. RECOMMENDATIONS** – Recommendations are based on the Gap Analysis and offer suggestions to integrate the CRM strategy into corporate business strategy. The document details the steps necessary for the company to meet its CRM goals. It should detail solid suggestions about current gaps and a list of evaluation criteria.

The implementation of a successful CRM strategy hinges on a number of factors such as; Legacy systems, integration of existing data to all areas of



your business and company directives are vital components to CRM. All companies have in the last decade acquired various marketing, sales, financial and service applications. Employees have become confident within these applications and a radical change would mean re-training and the possibility losing valuable business. These entire legacy systems should, as much as possible, be taken into consideration when investigating potential CRM applications. Prior to investigating CRM applications, the integration and migration of all existing data into a single database should be undertaken, thus allowing all of the company access to the same centrally stored data. Failure to do so will most certainly result in the creation of double entry data and time-consuming extraction situations. All of these however are technology driven problems, but the single biggest problem facing any CRM implementation is company directives. The directive for a CRM system should become holistic – a company ethos, from product to customer centric. This has to come from the top right down to the bottom of any company wishing to undergo the transformation. Although creating a CRM strategy takes time and resources, a company will realise benefits during the strategy completion as issues are identified and fixed. A strong CRM strategy can provide your company with a strategic advantage that will keep your customers coming back.

## **CONCLUSION**

This paper is a guideline as to why if at all, you require a CRM initiative. Any organisation that wishes to remain as a major player in the 'New Economy' needs to better understand, serve, and retain it's client base, or risk being relegated to the 'Old Economy'.