

"Winning in the Customer Age. -A White Paper"

What is CRM?

Customer Relationship Management (CRM) is a business strategy to select and manage customers to optimize long-term value. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes. CRM applications can enable effective Customer Relationship Management, provided that an enterprise has the right leadership, strategy, and culture.

CRM has everything to do with customer satisfaction and nothing to do with technology, except in so far as technology furthers that end. Start with the premise of giving customers what they expected from you and more, and then figure out how technology helps do that. Technology is a means not an end

CRM is a management approach or model that puts the customer at the core of a company's processes and practices. CRM leverages cutting-edge technology, integrated strategic planning, up close and personal marketing techniques and organizational development tools to build internal and external relationships that increase profit margins and productivity within a company

What does it do for an organization?

CRM improves Return on Assets. The asset in this case is the customer and potential customer base

The keys to understand how to do CRM :

1. Knowing whom you want to serve. Identify your customer segment, your high-value customers and what they like.
2. A clear picture of who you are, in the matter of serving them. What's your value? What are you really selling them? Are you reliable? Are you the most creative? "It's not just a list of products, you need to focus on what you're trying to be to your customers," Anderson says.
3. Consistent service. Consistent service is great service, says Anderson: "Design what consistency looks like. It's a version of the brand; you almost never have an experience where the brand goes nowhere, with every interaction it goes up or down. If you consistently deliver on promises you're fulfilling your brand."
4. A low-cost structure. An e-business perishes without one. It's part of the business model in almost every industry now—if you keep operating as if you're getting \$200 a trade when you're getting \$8 a trade you're going out of business fast

Benefits of CRM

If you could sum up in one word the outcome of all smart CRM decisions, that one word would be "loyal relationships." "Reduce costs" and "increase customer loyalty." Are the two benefits of CRM. Web-based CRM strategy, involving sales, service, order tracking and software reduces the operating expenses.

Example for CRM:

Prescribing rules that recognize this uniqueness entrenches the customer-centric approach. Let's say you've just shipped the last sack of Kona coffee beans out the door, and a high-value customer orders a hundred sacks. Anyone can and would say " sorry, We just shipped out the last lot. Look, you get the first hundred sacks that come in." That's not CRM. Knowing if that customer would prefer a groveling e-mail or a groveling phone call apologizing, promising an all-out effort to scrounge the order, free expedited shipping and offering a five percent discount on their next order, and writing that down as official company procedure, that's CRM.

Future of CRM

Recently four distinguished CRM experts discussed the future of CRM in an online panel discussion hosted by Front Line Solutions. Speaking about trends and challenges ahead, they agreed that CRM is here to stay, but not in its present form.

One functionality CRM customers are demanding more and more is knowledge management. "Essentially, in the e-business economy, you need to deliver a customer organizational knowledge on demand, anytime anywhere". We're seeing a push to a lot more functionality being put into the CRM tools themselves, "Lead tracking systems are great, but what we really want now is knowledge management systems, and sales coaching systems, and service intelligence systems to really take the next step."

Challenges?

A major challenge for CRM is simply for companies not to become so moonstruck that they ignore other channels. "E- business is not brought to you by the letter e," Shahnam said. "It's not the channel you start with," especially if you're having problem with your traditional business processes: "If you can't get the trains running, don't even bother thinking about the high-speed ones." She said that while "the e-channel may be 6 to 10 percent of revenue at the Global 2000 level over the next few years," that's still 6 to 10 percent.

But CRM is here to stay, which is why we won't be hearing too much from it in the years to come. Dick Lee: "Really, CRM is how we do business today, and I don't think the term CRM is going to be as predominant several years from now, I think it's going to be a lot more routine, and simply what we need to do."

Five Insights for CRM Success

Think of CRM as a never-ending journey with satisfied customers as guideposts along the way. As customer expectations continue to rise, what was exceptional service yesterday becomes the status quo today, and will be a going-out-of-business strategy tomorrow.

1. Deliver value first.

Your customers don't care about your management problems. Make sure their experience will motivate them to return again and again, and to make positive referrals. If you decide to skip this step, you might as well skip the rest, 'cause it won't matter.

2. It's still about people.

Technology is great, but without executive leadership, employee and partner buy-in, and a genuine emotional bond with your customers, a CRM project won't be successful. Make sure people are enabled by technology, not the other way around.

3. Pick CRM technology partners, not vendors.

Find software and service firms that are as committed to you as you are to your customers. In other words, pick CRM technology partners that practice good CRM.

4. "Ready, fire, aim" doesn't work.

Resist the temptation to make it up as you go. CRM is complex. Use process analysis and planning methodologies to avoid costly and time-consuming rework. Installing software fast means nothing. Or, it might be worse than nothing -- ever heard the term "garbage in, garbage out?"

5. Treat partners like customers.

You can't do it all alone; get some help! To win the battle for mind share with indirect sales channels, invest in tools to enable partners to do business more effectively and efficiently.

The customer relationship management (CRM) technology market is growing at 50% per year and evolving at Web speed into a multi-billion dollar mélange of software and service tools. Not surprisingly, it's getting ever more challenging to separate fact from hype, important trends from short-lived buzzwords, and the technology contenders from the pretenders.