

Enhancing customer relations

- The secret of sustaining success

The cost of making a new customer is nearly 5 times that of retaining an existing one. No wonder then, that in today's world of decreasing margins, increasing competition and ever changing business environment, corporate success depends on an organisation's ability to build and maintain loyal and valued customer relationships. But that, is easier said than done.

Leave aside personalising communications with all customers, even trying to interact with all of them is like trying to hit many moving targets, simultaneously. Yet, there is no escaping the fact that customer relationships are becoming very important. Let us analyse why?

➤ Each individual is emerging as a separate market segment

From the faceless mass market of the olden era, to broad market segmentations of the recent past, we have now come to the stage of each individual emerging as a separate segment.

The challenge now is to keep pace with the ever-changing expectations of individual customers amid new channels and new technologies.

Since customers are more aware and have more options, their expectations are different. Now they go to producers, who don't just deliver what they promise but also make them feel special. So your job doesn't end with just selling the product.

In fact, now, more than ever, it has become imperative that organizations understand their customers better, and use this understanding to build superior products and provide prompt services around changing customer needs. And to build abiding relationships, that extend beyond the product to the organization as well.

➤ Relationship marketing - the only long term competitive advantage

Today, ongoing change rules the market place. Terms like market segmentation, consumer expectations and behavior, distribution channels and service are being redefined, all the time.

The only permanent factor is the customer, and abiding relationships with the customers alone can buffer the shock of change. So only the organizations who nurture **customer relationships** can survive product obsolescence, overcome the onslaught of superior competitors and still manage to maintain bottom-lines.



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Trouble is, in most organizations, practices and processes are not geared to build, sustain and protect relationships. Organizations are still focussed on building brands and products, when their focus should be on building relationships.

➤ **Ongoing improvements are required to keep pace with ongoing change**

Organizations often lose crucial time, while waiting for periodic, time bound evaluations and feedback on products and expectations. And even if the feedback demands immediate changes to the product and strategies, they have no option but to waste more valuable time in research, development, testing, more research and then launch.

But chances are, that by the time you finish the tedious process and launch improved versions, either, customers would already have switched over to a superior alternative. Or their expectations might have changed yet again, taking you back to square one – with products that don't fit the bill.

So what is needed are business processes and customer relationships, which give you constant and accurate feedback, and complete knowledge about the customers expectations, so you can make ongoing improvements to products and processes.

➤ **Knowledge management is crucial to building abiding customer relationships**

Knowledge begets relationships. For one, customers feel nice if you are familiar with them. Secondly, knowledge is the key to faster service. And most importantly, informed sales and service is more effective, as it better meets the customer needs.

Organizations have a wealth of knowledge in the files and records that people have about these interactions – Because every contact, inquiry or communication tells you something more about your customers.

The best way to leverage this knowledge is to free it from the shackles of experience, institutionalize it and transfer it in the shortest time to all the employees, so that they are empowered to build relationships with customers.

However, in most cases knowledge is usually not available, when it is needed the most. Either information is confined to a few desktops, or worse still, it resides with a few individuals in the organization. And this knowledge, which was gained on your time and at your expense, is lost when these individuals leave the organization.

The most unfortunate outcome is that **inadequate knowledge management adversely affects both your customer relationships and the effectiveness of your sales and services.**



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Clients often complain that they don't feel important enough, and keep trying different options, in a lookout for someone who treats them, as they ought to be treated. The need therefore, is to treat customers as individuals, with whom we can forge relationships, using knowledge as a tool. In short, complete *Customer Relationship Management*.

Customer Relationship Management (CRM)

CRM is a concept that combines management thought technology and business practices. It is a “big picture” approach that integrates the sales, order fulfillment, customer service as well as co-ordinates and unifies all points of interaction with the customer, throughout the Customer Life Cycle (CLC).

CRM helps you nurture individual customers, enchant them with quick, efficient and responsive service, and build abiding relationships with each one of them.

CRM leverages the enabling information technologies to help organizations gain customer fidelity, provide personalized service to customer, acquire better knowledge of customer and differentiate from competition.

☛ **CRM is about giving specialized attention to individual customers**

You may well ask, is it feasible to give individualized attention to each customer?

Traditionally, the answer to this question has been "No" -- Personalizing service and products was expensive and hence reserved for a select few. But today, **technology has the power to give customized products and solutions to individual customers, at a much lower cost.** Here's how –

Gives the complete view of each customer

CRM entails building a complete picture of each customer by putting together all the bits and pieces of information, floating in your organization. Information gathered from all points of interactions with the client is unified and made available to all employees.

So all employees are able to recognize the customer immediately, and can use this familiarity to treat each one as a special person, and not a faceless customer. That's when you can start building relationships with individual customers, and get to know them better.



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Uses past knowledge across all interactions to anticipate needs

Customer behavior and interactions are mapped at each point. And you can use past knowledge to better understand the clients and to accurately anticipate their behavior pattern. You can then pre-empt changes in the customer's needs, and act swiftly and effectively to changes.

This ensures you are not caught off-guard when the customer's desires change. In fact, you get ample time to build products around changing customer needs.

← Building abiding customer relationships through CRM

The most important step towards building abiding relationships is the responsiveness of your organization.

Responsiveness – The key to abiding relationships

Most organizations miss out that more than the product, it is the degree of responsive support and service that a client gets, which decides between a loyal customer and lost customers.

Because, when the customer needs support, he/she calls the organization, and not vice-versa. So unlike the sales people, the person taking the call has no time to do home work on the client or the problem. And the employee might not be technically qualified to assist the client.

To top it off, customers usually call a organization when they are having problems with the organization's products – And that definitely is not the time to be caught on the wrong foot.

The answer to this problem is a communication system that recognises the customer, and provides enough information to the employee handling the client, to provide quick, responsive and meaningful assistance, without any hassle to the client – Which is what CRM is all about.

Empowers employees to become responsive

Accessibility creates responsiveness. In terms of sales, responsiveness depends upon how easy it is for the prospect to reach you, through multiple modes of communication, how fast can you respond to the prospect. But in service, responsiveness also depends upon the speed of action and reply. This in turn is decided by the speed of executing business processes.

You can act fast if the first person interacting with the client can act alone. This can be done by re-engineering business processes and using effective information management techniques to take empowerment closer to the point of first interaction.



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CRM is about enabling and empowering the first person to act there and then -- Knowledge, and the ability to take prompt action, is available at points of contact.

Organizations with inadequate support systems can lose up to one third of their existing customers each year.

Customer Relationship Management can save up to a quarter of sales expenses, which otherwise would have been spent replacing lost customers.

Helps detect and rectify process failures, well in time, to salvage relationships

CRM gives you the ability of knowing what is going wrong, before even the customer realizes that something is amiss. So you have can correct process failures and save customer relationships.

Result -- Tighter control as employees become more accountable, better customer relationships as there are no slippage's on the commitments made to the clients, and of course, an incredible edge in the marketplace. This also brings down general sales and marketing administration costs.

☛ CRM enables ongoing analysis and improvements

The knowledge management capabilities of CRM help you spot winning and losing products. You can constantly monitor and review your customers' response to your efforts, products and services. This enables you to strive for constant improvements, and formulate new strategies. Prior knowledge about customer preferences and expectations, can be used make proactive changes.

CRM also gives you the ability to analyze your strengths and weaknesses -- find out what made you win a sale and what was the reason why you lost another. So you can maximize your strengths and remove your weaknesses. This helps your organization increase strategic impact.

☛ Knowledge management - A key aspect of CRM

CRM leverages knowledge management to not just provide complete information about the client, but also to give you prior knowledge about the customer, which you can then use to become proactive.



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Facilitates unbound and easy flow of information between the organization.

CRM co-ordinates, records and unifies all interactions between an organization and its clients – both inbound and outbound. And this information is not confined to just a select few, but is available to everyone all across the organization.

Since everyone draws upon the same unified knowledge base, there is no duplication of information, confusion or slippage's, when different people from your organization are dealing with the same client.

This brings down the cost of duplicating and distributing information throughout your organization. CRM facilitates team selling and support -- It enables employees to share information, work more effectively and to make better decisions.

Increases effectiveness of sales and service personnel interacting with the client

Complete prior knowledge about the client, ensures that the win rates of your sales personnel improve. Also on-line information about the client, products and frequent problems ensures that the employees are better equipped to give responsive service and take proactive actions. And this increases customer retention.

With knowledge, every interaction with the customer becomes a value-added interaction.

CRM can also help you cut down on time lags and delays that usually occur in collecting and looking for information. This increases efficiency and productivity, because the time which otherwise would have been wasted in collecting the same bit of information, again and again can now be used to become more productive.

CRM helps increase sales revenues by over 10%, per sales representative in the first year itself.

Information Technology -- The enabling force for CRM

To enable your organization to become customer oriented, other than changing your attitudes, and reorganizing your business processes and structure, what is needed is to implement Information Technology (IT) systems, which enable CRM.

IT provides both information systems for relationship knowledge as well as operational systems to support the means to service those relationships.



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Of the many technologies available, key enabling technologies like Data Storage, Data Replication, World Wide Web (www), Email and Multimedia help implement CRM.

These enabling technologies help in delivering benefits through CRM solutions, which enhance your relationship with the customer.

Data Storage and replication are essential for knowledge management. Databases organize your customer information and help support customers from multiple locations. It allows comprehensive cataloging of customers, contact information and their profiles. This leads to effective opportunity generation and tracking. It also helps you keep a track of customer preferences and feedback, which would enable you to deliver products & services proactively.

Replication capabilities, like the ones available with Lotus Notes® and Microsoft Exchange® use state of the art electronic messaging that allows linkage and connectivity with multiple servers across various locations through a simple dial-up or leased lines as well as connectivity service provider systems. This ensures that all the employees are always fully updated on the customer and well equipped to build & sustain relationships.

The web makes you accessible to the customers 24 hours a day. Internet enables you to implement direct marketing over the Internet and users can log in anytime using a browser. Intranets make sure that your employees have easy and complete access to information, even when they are travelling or working from home.

A GUI multimedia interface makes the system simple and easy to use, even for the first time users.

Why do you need an integrated solution for CRM?

Traditionally IT solutions were implemented as stand alone solutions for sales, commercial and service departments. However, these systems have proved to be nothing but islands of information. And complete, correct and crucial data is usually not available, just when people need it the most.

This not only affects the capability of taking a timely decision, but also harms customer relationships. So the need arises for an integrated system that can address these requirements. Integration enhances communication between sales, marketing, support and quality functions in the user organization, allowing sharing of important, up-to-date customer relationship oriented information.



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Integration ensures that information necessary to identify top sales opportunities, plan enhancements, improve product quality etc is available to the right people. The result – improved workforce efficiency, productivity plus increased revenues and profitability due to a higher level of customer satisfaction and loyalty.

But isn't this what ERP is supposed to do?

In one line, we could say that, **CRM is to the front office - what ERP is to the back office.** Both compliment each other. For a more detailed insight, lets examine the business needs, which CRM and ERP fulfill.

CRM consists of technology-assisted selling (TAS), customer support - a combination of customer service and field service. While CRM integrates your front office, sales, marketing and customer service, ERP basically concentrates on integrating manufacturing and financial departments.

In simple terms, adopting a CRM approach enables you to keep track of changing customer expectations and to give them prompt, responsive and individualized service, in a cost-effective manner. It gives you complete knowledge about the customer, the ability to monitor the customer's response and to analyze your products and strategies accordingly. You can then pre-empt customer behavior.

ERP helps you capitalize on this prior customer knowledge gained through CRM, to quickly change manufacturing and financial strategies to produce new products in a cost-effective manner.

From thereon, again CRM takes over from lead qualification to building an ongoing and strong relationship.

Do I need to get an ERP, before implementing CRM?

No, CRM does not rest on ERP. They are two different concepts fulfilling two different business needs. And while the two complement each other, you can have CRM without having ERP.

Agreed, that ERP gives you the ability to quickly produce new products. But even if you don't have an ERP, abiding customer relationships formed with CRM will ensure that the customer



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is loyal not just to the product, but to the company. So chances are, the customer won't really mind even if you take a little longer to come up with a new product or technology.

CRM gives you complete customer knowledge, which you can then use to make new products and strategies, with or without an ERP. You can give efficient and responsive service to clients, and build strong relationships with clients.

Research firm Meta Group forecasts that by the year 2000, 35% of the customer contact will be via non-traditional, electronic means.

Make sure you don't miss the bus!