ACHIEVING BUSINESS GOALS THROUGH APPROPRIATE CUSTOMER RELATIONSHIP MANAGEMENT

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Introduction

One of the ongoing challenges successful businesses face is in optimizing customer satisfaction and developing Customer Relationship Management. So many companies "jump on the bandwagon" of improving customer service in order to impact customer retention levels

The meltdown of the sub-prime mortgage industry hit the housing and financial markets hard, but its ripple effects, combined with general economic uncertainty, have resulted in a slowdown being felt across industries and around the world. But even in a time of uncertainty and contraction, smart companies can find opportunity and growth. The secret lies in the invaluable assets your company already has: **your customers**.

This revolution in customer relationship management or CRM as it is called and been referred to as the new "mantra" of marketing. The operational definition of CRM defined by authors as "a management process of acquiring customers by understanding their requirements, retaining customers by fulfilling their requirements more than their expectations and attracting new customers through customer specific strategic marketing approaches. The process invites total commitment on the part of the entire organization in evolving and implementing relationship strategies that would be rewarding to all concerned."

Customer Relationship Management (CRM) is an information industry term methodologies, strategies, software and web-based capabilities that assist an organization to manage Customer Relationships in an organized way. It is the collection & distribution of all data to all areas of the business.CRM permits an organization to build a detailed information database about the customers, with all available information on each client, or customer that the organization has a relationship with. CRM Database allows Management, salespeople, service suppliers, etc, to accurately tailor products & services to the customers' exact requirements.

Customer Relationship Management helps to analyze about the probability of customer demand and the technology helps us in tracking the characteristics and categorization of customers depending on his past behavior.

CRM strategy is basically it is a traditional approach, that knowing, understanding, and serving the customer are the best method of developing a sustainable competitive advantage. But building a sustainable and successful relationship with a large customer base is not the easiest thing to do and carries a direct impact on many core operational processes. It is not a tactical decision of software implementation but interaction of the entire business with customers through an integrated interface.

Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes for the sustainability

Role of CRM

CRM system can enhance an organization's financial performance through,

1. Improving customer retention,
2. Focusing on customer optimization,
3. Measuring return-on-sales,
4. Evaluating sales representatives by profitability,
5. Employing hosted CRM solutions, and
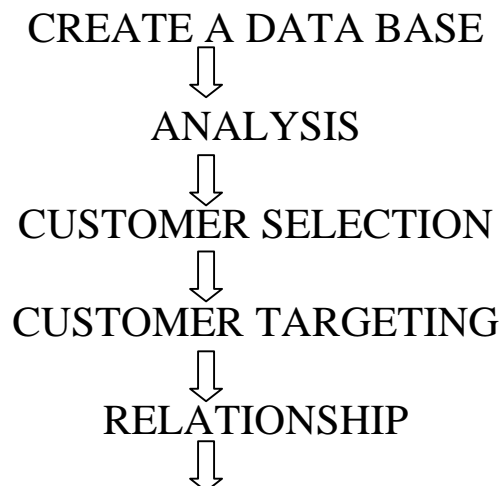6. Eliminating duplicate information systems

Mostly the marketing department and a finance department can use a CRM system to work together toward common goals.

1. Provide a user-friendly method for registering customer complaints
2. Provide product information, product use information, and technical assistance
3. Provide a fast mechanism for managing and arrangement follow-up sales calls to assess post-purchase repurchase probabilities and repurchase frequencies.
4. Provide a System to track all points of contact between a customer and the company.
5. CRM (Customer Relationship Management) enables companies to offer better serve to their customers through reliable self-service automated processes, personal information gathering and processing.

Seven - basic components Customer Relationship Management.

1. A database of customer activity.
2. Analyses of the database.
3. Given the analyses, decisions about which customers to target.
4. Tools for targeting the customers
5. How to build relationships with the targeted customers.
6. Privacy issues.
7. Metrics for measuring the success of the CRM program.

Customer Relationship Management Model

CREATE A DATA BASE

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ANALYSIS

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CUSTOMER SELECTION

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CUSTOMER TARGETING

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RELATIONSHIP

⇩

MARKETING
⇩
PRIVACY ISSUES
⇩
METRICS

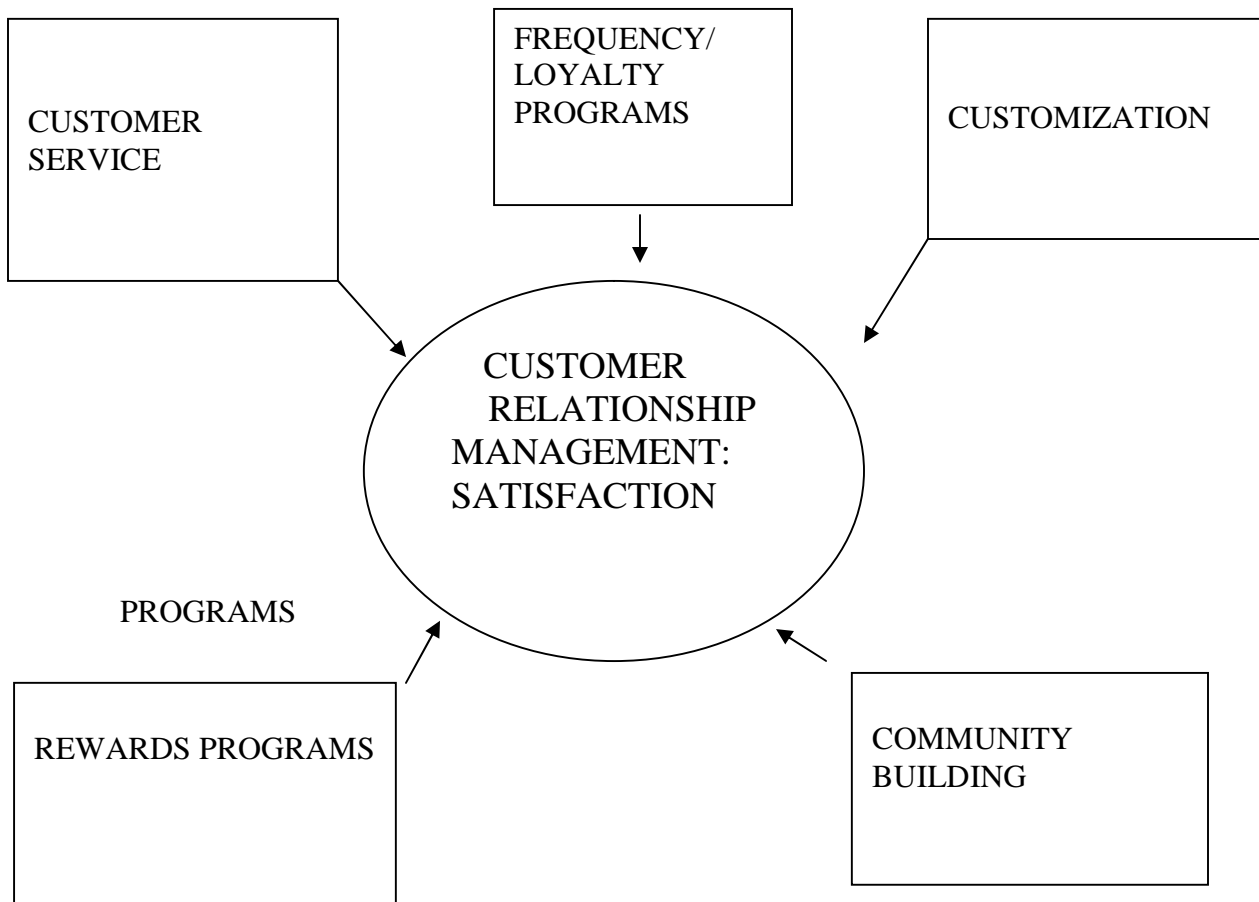**The metrics are divided into three categories**:
1. Customer Acquiring
2. Customer conversion
3. Customer retention.

Managers today realize that customers match realizations and expectations of product performance, and that it is critical for them to deliver such at higher and higher levels as expectations increase due to competition, communications, and changing customer needs. In addition, research has shown that there is a strong, positive relationship between customer satisfaction and profits. Thus, managers must constantly measure satisfaction levels and develop programs that help to deliver performance beyond targeted customer expectations. A recent McKinsey study found that about half of the ten largest retailers in the U.S. in each of the top seven sectors (category killers, department stores, drugstores, gasoline, grocery, mass merchandisers, and specialty apparel) have such programs with similar findings in the U.K. The study also identified the three leading problems with these programs: they are expensive, mistakes can be difficult to correct as customers see the company as taking away benefits, and, perhaps most importantly, there are large questions about whether they work to increase loyalty or average spending behavior

A problem that can be added to this list is that due to the ubiquity of these programs, it is increasingly difficult to gain competitive advantage.

A comprehensive Customer Retention Programs

1. **Customer service**
2. **Frequency/loyalty programs**
3. **Customization**
4. **Rewards programs**
5. **Community building.**

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│                 │        │  FREQUENCY/      │        │                  │
│  CUSTOMER       │        │  LOYALTY         │        │  CUSTOMIZATION   │
│  SERVICE        │        │  PROGRAMS        │        │                  │
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                      │      CUSTOMER         │
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│  REWARDS PROGRAMS   │                      │  COMMUNITY       │
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Approaches of Customer Relation Management (CRM)

There are basically three approaches of CRM which
1.Operational CRM: Operational CRM (Customer Relationship Management) provides support to
front office business processes, including sales, marketing & services.

2. Collaborative CRM: Collaborative CRM covers the direct interface with customers. This can
contain a selection of channels, such as internet, email, automated phone. It can normally be equated
with self services.

3. Logical CRM: Analytical CRM covers design & execution of targeted marketing   campaigns to
optimize marketing effectiveness and analysis of custom

Six steps to Raising customer satisfaction levels and Customer Relationship Management

Raising customer satisfaction levels requires a comprehensive systems approach.

1. Clear customer experience strategy
Understand the overall organizational vision and mission, Define the organization's customer
service direction, slogan and values Ensure customer service is defined as a key responsibility

for the business/department; Share the customer experience strategy via a comprehensive communications program, Ensure that this strategy does not conflict with other business strategies. As consultants, it is amazing how often we hear organisations say, "Improving Customer Service is a priority, and we are also introducing stringent cost-cutting measures." This can present a tough dichotomy

2. Selecting the correct people

It's really hard to teach an elephant to dance!
When recruiting employees to provide customer service, the process often tends to concentrate more on functional expertise, technical competence and knowledge rather than interpersonal skills. However, lack of the right attitude can drastically impact client satisfaction levels. Research has in fact shown that attitude is the most important requirement: skills and functional expertise can be taught

To selecting the right people:
1. Define the critical job requirements
2. Develop scenario-based interviews/assessment centers to screen and select candidates
3. Involve multiple team members in the hiring process
4. Ensure evaluation is based on objective, not the subjective

3. Developing, Motivating and Managing Your People

Even though you have hired the right people, there is still a need to orient them into the organization's customer relationship culture and define key communication skills. In Call Centers and Technical Support departments, there is a tendency to rely on technical/functional skills and neglect interpersonal skills development. This can result in providing acceptable material service, the more tangible aspect, yet unacceptable personal service, the competitive differentiator.

To build a customer relationship culture, it is important to:
1. Provide training in key areas required to deliver exceptional personal service
2. Reinforce these skills using ongoing coaching and feedback
3. Measure current performance levels
4. Reward performance using a combination of monetary awards and non-monetary recognition

4. Establishing Effective Service Delivery Processes
Effective processes and procedures provide the foundation for smoothing or inhibiting the material service element of the customer interaction. Efficient service delivery systems appear transparent to the customer. Poor systems create those 'speed bumps' that necessitate personal intervention in order to satisfy the customer requirements.

The critical elements in ensuring a positive material customer experience are:
1. Mapping the service delivery processes
2. Evaluating critical success points in the process
3. Defining service standards and objectives for these essential points
4. Establishing service delivery procedures to optimise material service
5. Creating service level agreements to smooth internal service delivery

5. Building in Continuous Improvement

No matter how effective the service delivery processes, or well-trained the service deliverers, things go wrong. Products have faults. Customers get frustrated. Things slip through the cracks. The organizations that are built around managing the customer experience are able to resolve these issues effectively. This process known as "recovery" is an important differentiator in building customer loyalty.

Building in continuous improvement
1. Actively seek customer feedback and complaints: you cannot improve if you don't know what went wrong in the first place.
2. Train staff how to handle customer complaints effectively using the correct mix of empathizing, apologizing and resolution.
3. Make sure that the real problem is solved, not just the symptoms.
4. Focus on proactive (prevention) as well as reactive (cure) problem solving.

6. Ensuring managers are the key change-agents
To do this, it is important to:
1. Engage the management team early and often in the process
2. Involve management members in articulating the customer experience strategy
3. Teach managers coaching skills so that they are able to articulate and reinforce the key personal service skills
4. Use managers as facilitators when rolling out interpersonal skills training
5. Reward managers on establishing, monitoring and updating service delivery processes
6. Ensure managers are able to act as an example to their teams.

Essential of effective CRM methods:
- ❖ Loyalty impact
- ❖ Functionality
- ❖ Easy comprehension
- ❖ Integration with non CRM solutions ,Stability ,
- ❖ Return on investment-I potential
- ❖ Ease of use
- ❖ Ease of implementation
- ❖ Total cost of ownership
- ❖ Moderate cost
- ❖ Service and technical support
- ❖ Technology platform
- ❖ Vendor resources

Emerging area of CRM

1. Consumer Goods industry
2. Retail organization and distribution channels
3. Pharmaceuticals/Chemicals industry
4. Professional Services providers
5. Tele communication sectors

6. Transportation /tourism industry
7. Travel/Hospitality
8. Sports/Entertainment
9. Education
10. Government
11. Insurance
12. Healthcare
13. Manufacturing/Automotive

Importance of CRM in sustainable Business

Customer relationship management is gaining importance as a management tool globally and is ranked as the second most important management tool

1. Customers/consumer retention
2. Since acquiring a new customer is far more costly than retaining an existing customer
3. CRM helps a company to identify and target their audience more precisely and gain customer retention, all at a lesser cost.
4. CRM helps your business as it lets you do more for your customer and gain more from them.
5. Using CRM applications can lead to increases in revenue from almost all areas.
6. Reductions in operating costs is a by product of CRM implementation.
7. Simplification of marketing and sales processes is achieved in organizations implementing CRM by their understanding of customer needs
8. Better customer service is achieved through improved responsiveness and understanding. This builds customer loyalty and decreases customer loss.
9. CRM enables a company to build a database about its customers so that management, salespeople etc could access information, match customer needs with plans and offerings, render better customer service etc.
10. CRM enables an organization to create detailed profiles such as customer likes/dislikes that helps the organization to design their marketing mix.
11. CRM gains the trust of customers by meeting their needs in a more personalized way.
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12. A higher percentage of cross-selling is possible in companies opting for CRM
13. With globalization CRM offers companies a chance at increased customer loyalty, higher margins and customer retention
14. Companies achieve more success in attracting new customer on account of their quicker and more efficient responses to customer leads and customer information.
15. CRM helps an organization to develop better communication channels

16. Facilitates identifying an organization's target customers and focusing on the best one which helps the firm to optimize their sales and revenue.

17. Provides appropriate training and development to the employees, which offer scope for growth and continuous improvement to the staff.

18. Helps the key functionalities of the firm which includes marketing, sales, research & development, service, lead and opportunity management.

19. In modern scenario there are different channels of communication to enhance CRM which includes direct marketing, internet, e-mail, telephone, fax etc.

Conclusion

CRM philosophies in organizations and the concomitant rise in spending on people and products to implement them, it is clear we will see improvements in how companies work to establish long-term relationships with their customers. However, there is a big difference between spending money on these people and products and making it all work: implementation of CRM practices is still far short of ideal. We can expect that the technologies and methodologies employed to implement the effective CRM methods

Customer Relationship Management today is one of the most prominent business terminologies. A successful CRM initiative is fast becoming a necessity for firms to remain competitive. Firms have either already adopted some form of CRM or are gearing towards its adoption. Software vendors, IT and strategy consultants, implementers, business analysts, and scores of other entities are trying their best to drive their bottom line by sharing a part of this enthusiasm. It therefore becomes even more important that serious thought is given to the idea of CRM and it's manifestations in the real world. However, the skills for retention and maximization of consumer satisfaction may manage the sustainability of business.

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