

Implementing Customer Relationship Management¹ (CRM)

Definition:

CRM is concerned with creating improved shareholder value through the use of customer-centric business processes and the development of appropriate relationships with consumers.

Implementing CRM:

CRM requires an integration of a firm's resources; people, operations and marketing capabilities to deliver added value to the customers. CRM should provide businesses and organisations with a '**single view**' of their customers and across irrespective of the interactive channel or medium through which the customer accesses the service or product. For example, a business (e.g. hotel) customer's profile and personal references should be accessible to the business (or hotel) irrespective of channel i.e. whether the customer books online, calls in or walks into any location should not make a difference to the service provided based on the personal profile of the business client.

It is enabled through:

- Information
- Processes
- Technology
- Applications

A firm that wants to implement CRM must align its business processes cross-functionally in the best possible way to allow increased customer focus with an aim to deliver added value to the customer.

To implement CRM, the following steps must be followed:

- Develop a CRM framework
- Align current business processes
- Design new cross-functional business processes (where required)
- Develop Functional Specifications (client-side services)
- Develop Technical Specifications
- Match Technical Specifications to available technology (Systems, software, etc)
- Product Configuration
- Data Migration and Integration
- Staff Training

¹ Source: <http://www.postinsight.pb.com/files/PayneCranfieldOracle2001.pdf>

Key questions in the five CRM processes

Process 1:

Strategy Development Process

- Where are we and what do we want to achieve?
- Who are the customers that we want and how should we segment them?

Process 2:

Value Creation Process

- How should we deliver value to our customers?
- How should we maximise the lifetime value of the customers we want?

Process 3:

The Multi-Channel Integration Process

- What are the best ways for us to get to customers and for customers to get to us?
- What does the an outstanding customer experience, deliverable at an affordable cost, look

Process 4:

Information Management Process

- How should we organise information on customers?
- How can we 'replicate' the mind\needs of the customer?

Process 5:

Performance Assessment Process

- How can we create increased profits and shareholder value?
- How should we measure our results, set standards and improve our performance?

Relationship Marketing Strategy in an Organisations:

Loyalty, no matter what the industry, can be very real and powerful. So the key to successful Relationship Marketing is to develop long-term relationships and familiarity with patients and community members using CRM concepts and technology. When adapted to healthcare organisations, Relationship Marketing strategy should encompass the following:

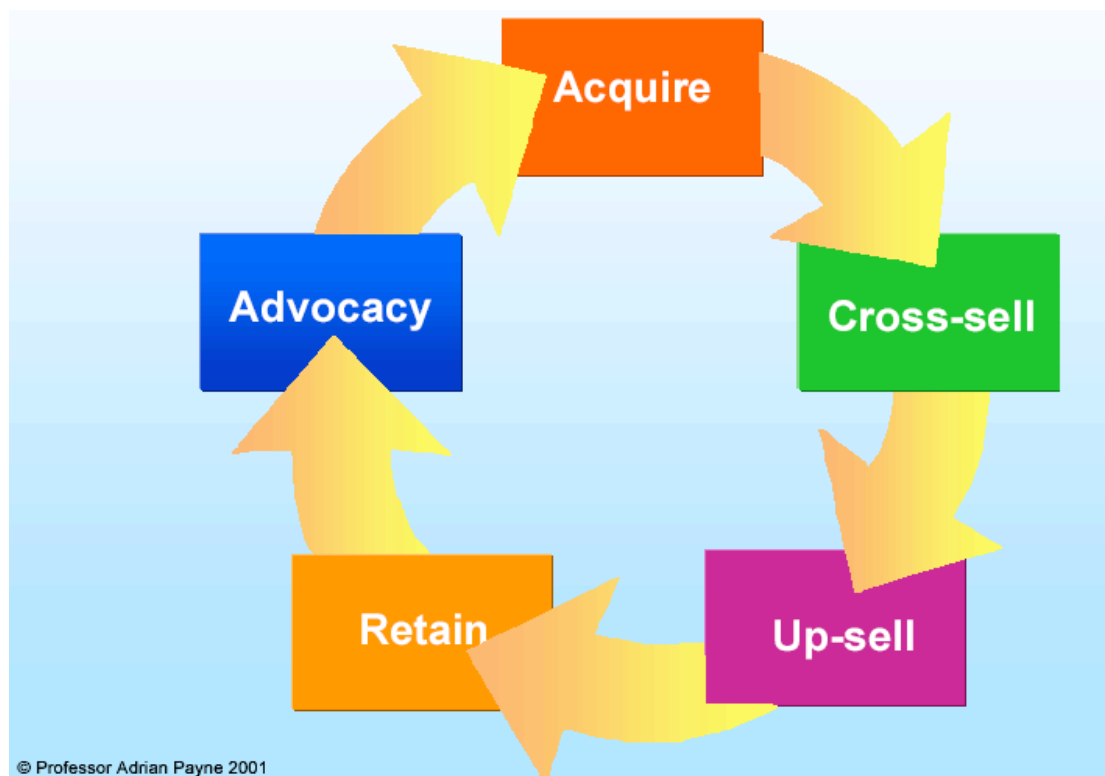
- **Early adoption:** Strong relationships are built over time so the earlier the interactive process starts with the customer, the better. One way to do this is to build relationships via early interaction and customer profiling. Based on the performance of such projects, the organization can continue its commitment to a consistent and evolving CRM approach to strengthen customer's relationships and to provide more individualized and relevant customer care on the long-term.

- **Interactivity and feedback:** developing two-way dialogue and encouraging feedback between the organisation and the customer.
- **A Single-view:** CRM must provide a single view of each customer and how the customer interacts with the products or services which the business provides. This allows the organization to develop analytical and predictive information (business intelligence) and also provides an insight that the business organization can use to understand the customer experience.
- **Customization:** A good relationship must focus on the needs and expectations of the individual. This must include the ability to target individual customer requirements because every relationship is different and requires different set of skills to meet the customer expectations. For an organisation to employ individualised customer specific initiatives necessarily implies the introduction of service-customization. Customisation is the ability to create, package and market products to target and meet individual customer expectations.
- **Customer Segmentation:** For CRM to be effective, the organisation's customer-base must be stratified into segments based on commonalities amongst groups' of individuals and customers. This also requires the organisation to have strategies to target consolidated customer segments.
- **Reduced Cost of Service:** a customer relationship strategy should reduce the cost of service for both the organisation and it's customers and increase satisfaction levels.
- **Service as a differentiator:** The more competitive a market becomes the more a business will need to rely on it's superior product quality and quality of service to differentiate itself from other businesses and providers.
- **Tie-in's over time:** The greater the effort a customer spends on a relationship over time, the greater the customer's stake in helping to ensure that the relationship works and the more convenient and loyal the customer becomes.

Pitfalls to avoid:

Many CRM programs fail for two reasons:

- **Lack of supportive business processes:** Because business processes and organisational goals are not part of a strategic CRM plan tied to organizational goals and objectives.
- **Lack of an enterprise perspective:** For Relationship Marketing to be effective, it requires that the organisation creates a seamless enterprise view. A lot of CRM programs fail because they are assembled with disparate components that aren't designed to work together as part of a complete CRM system designed to meet organisational objectives.



References:

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3. www.crmtoolkit.com
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6. See 'Using CRM to Maximise Customer Value: The Cranfield 'ACURA' Model (Adrian Payne 2001):