

More than Technology

How to Implement an Effective CRM Program

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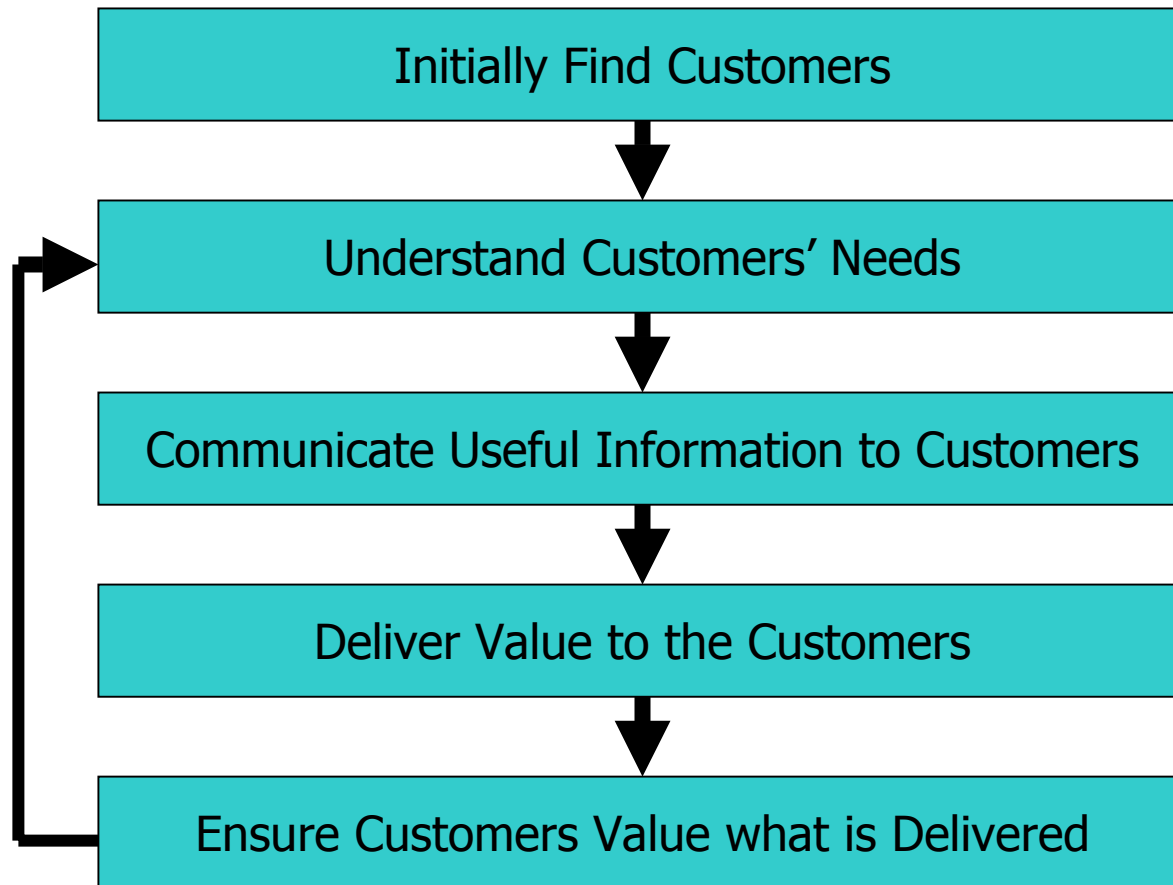
Objectives of Customer Relationship Management

- Uses Technology to:
 - Collect
 - Sort
 - Integrate customer data
- The objectives are:
 - Understand customer needs better
 - Maintain long-term customer relationships
 - Be able to pursue a strategy of *Relationship Marketing*

Relationship Marketing

- Marketing strategy that utilizes the entire organization to:
 - Identify individual customers' needs
 - Develop relationships that stretch over several transactions
 - Manage that relationship to the benefit of the customer and the company
- This is far more feasible with CRM technology

Conceptual Understanding of Relationship Marketing



Is CRM Successful

- 55% of CRM initiatives are reported to fail
 - Firms are able to collect large databases of customer data
 - Lack an understanding of how to effectively use this valuable data
 - The cost of the CRM is not worth its limited returns

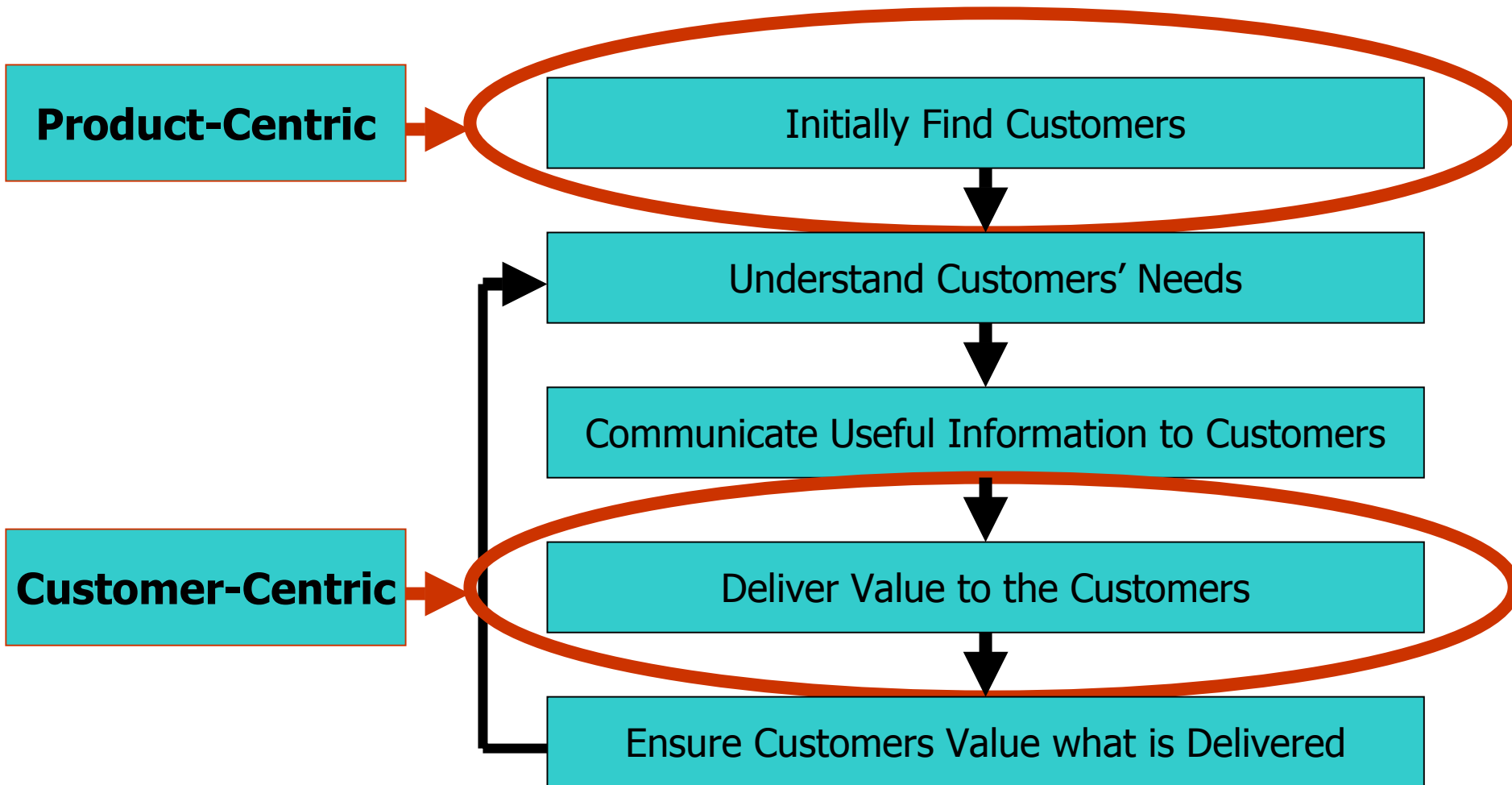
CRM Needs More Than Technology to Succeed

- Technology alone can only meet limited objectives:
 - Collecting and distributing data
 - Integrating the data throughout the firm
 - People issues and the organizational culture are ignored
- For CRM to achieve its potential, the structure of the organization has to undergo significant changes

Organizations Must Change the Way They Look at Each Customer

- Before Relationship Marketing and CRM was introduced:
 - Business was “Product-Centric”
 - Firms believe they exist simply to produce a product or deliver a service
- Firms need to become “Customer-Centric”
 - A belief that a firm exists to deliver value to its customers

Product vs. Customer Centric



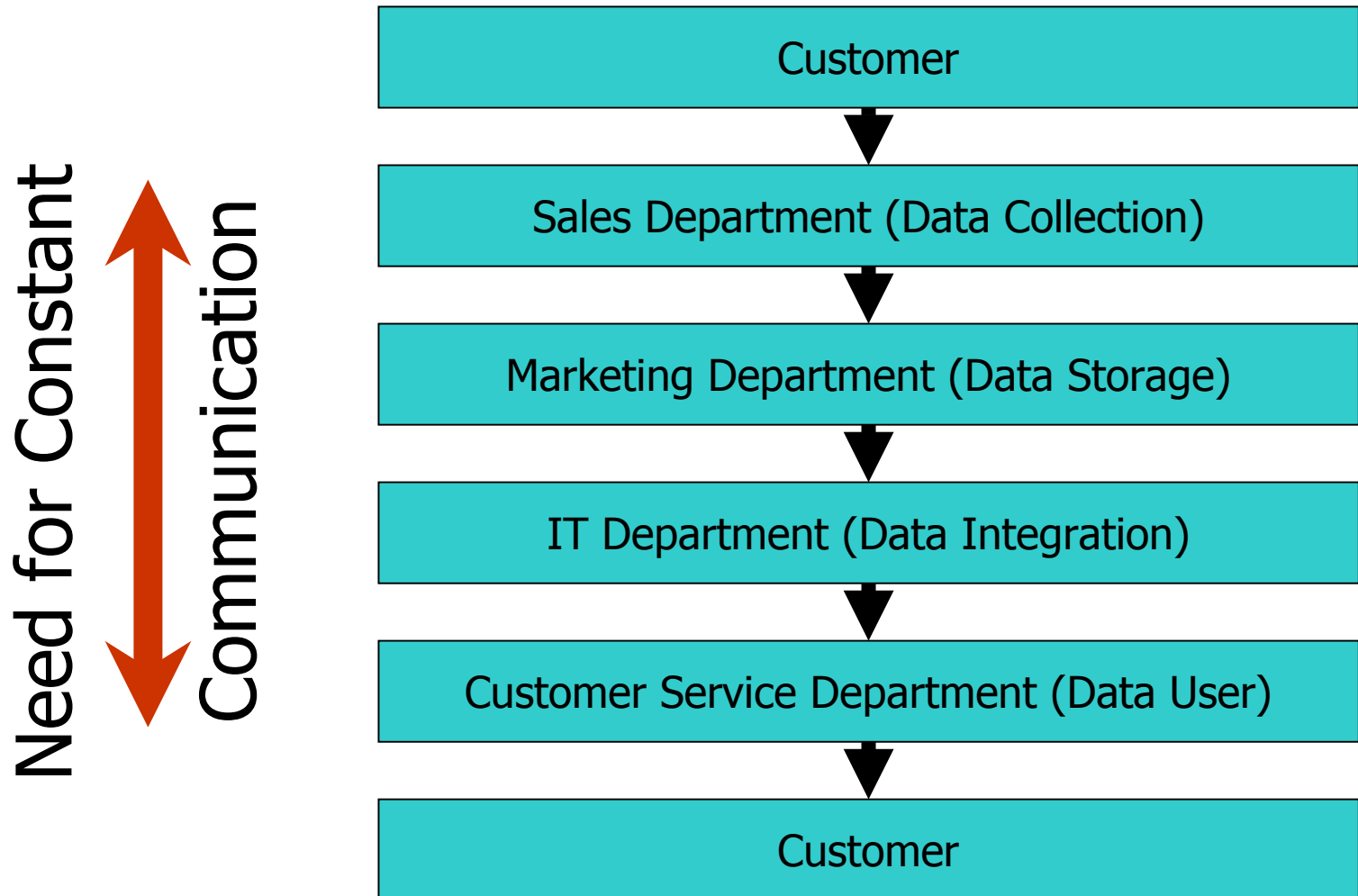
Important Structural Changes

- To achieve the necessary structural changes a firm must have:
 - Strong communication between various dependant departments
 - Senior management commitment and involvement
 - Appropriately structured reward system

Inter-departmental Communication

- Communication ensures the right information is delivered to the right people
 - The users of data must communicate with the collectors, keepers and integrators of data
- Departments must understand each others needs and motivations
 - Cross-functional committees and work teams

Example of Customer Information Communication



Senior Management Commitment

- Senior management must:
 - Communicate and reinforce organizational changes throughout the company
 - Continually measure the results of the CRM system to ensure it is performing

Re-Structured Reward System

- Organizations often structure their rewards based on revenue generation
 - Incite employees to think about the immediate sale/revenue
- New reward structure will emphasize the objectives of CRM
 - Building and maintaining long-term relationships
 - Delivering customer needs

Summary

- CRM is more than technology
 - Technology is a means to an end
 - CRM systems allow business to build relationships with customers
- Organizational thinking must change to meet CRM objectives
 - Customer-centric not product-centric
 - Inter-departmental Communication
 - Senior management must be committed
 - Reward system must support new organizational culture