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

- Initially Find Customers
- Understand Customers’ Needs
- Communicate Useful Information to Customers
- Deliver Value to the Customers
- Ensure Customers Value what is Delivered
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

Product-Centric

- Initially Find Customers
- Understand Customers’ Needs
- Communicate Useful Information to Customers

Customer-Centric

- Deliver Value to the Customers
- Ensure Customers Value what is Delivered
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

Customer

Sales Department (Data Collection)

Marketing Department (Data Storage)

IT Department (Data Integration)

Customer Service Department (Data User)

Customer
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