CUSTOMER RELATIONSHIP MANAGEMENT

Topic Objective:

At the end of this topic student would be able to:

- Learn about Loyalty Data collection
- Learn about Wholesale markets
- Understand Internet Marketplaces
- Understand Business-to-Business
- Learn about Consumer-to-business (C2B)

Definition/Overview:

The loyalty business model: The loyalty business modelis a business model used in strategic management in which company resources are employed so as to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be met or surpassed. A typical example of this type of model is: quality of product or service leads to customer satisfaction, which leads to customer loyalty, which leads to profitability

Key Points:

1. Loyalty Data collection

Typically, loyalty data is being collected by multi-item measurement scales administered in questionnaires. However, other approaches sometimes seem more viable if managers want to know the extent of loyalty for an entire data warehouse. Another approach to building customer loyalty through data is described in Scoring points, a book about the Tesco clubcard. This was produced by a company called [Dunnhumby] who gathered the data on household purchases on an opt-in permission basis. Once they had this data they then allowed households to accumulate loyalty points which could be used for subsequent purchases. They subsequently added to the value of customer loyalty by sending out targeted offers from grocery producers the people whose behaviour said they had a use for the offer. The data gathered in this way allowed customer loyalty to be assessed on both an individual and an aggregate basis. Whilst less common than the questionaires, loyalty card data is more complete and does not suffer from the arpirational misreporting bias that is common to most

forms of market research. It has been credited with the phenomenal success of the Tesco chain as well as with significant improvements by several other large retailers. All historical trends for different segmentations and their standard of living may also be very helpful in developing customer retention strategy. Lifestyle is also a very powerful tool, can be used for better customer retention and to know his/her needs in better way. Abdul Mannan HOD

2. Wholesale markets

Wholesale marketing can take place at a market which primarily sells to traders such as caterers and small shopkeepers, rather than to members of the public, although members of the public are not necessarily excluded. London, England has several centuries old wholesale markets such as Smithfield Market and Billingsgate Fish Market.

3. Internet Marketplaces

The growing prevalence of internet access has enabled new markets to emerge online. Perhaps best known among these marketplaces is eBay, an enormous globally available auction house for products. The internet has also allowed less common marketplaces to thrive by connecting buyers and sellers from disparate locations. The formation of online marketplaces often occurs quickly in response to social or economic trends. Internet marketplaces can further be categorized as B2B and B2C marketplaces.

4. Business-to-Business

Business-to-Business (B2B) is a term commonly used to describe commerce transactions between businesses like the one between a manufacturer and a wholesaler or a wholesaler and a retailer i.e both the buyer and the seller are business entity.This is unlike business-to-consumers (B2C) which involve a business entity and end consumer, or business-to-government (B2G)which involve a business entity and government. The volume of B2B transactions is much higher than the volume of B2C transactions. The primary reason for this is that in a typical supply chain there will be many B2B transactions involving subcomponent or raw materials, and only one B2C transaction, specifically sale of the finished product to the end customer. For example, an automobile manufacturer makes several B2B transactions such as buying tires, glass for windshields, and rubber hoses for its vehicles. The final transaction, a finished vehicle sold to the consumer, is a single (B2C) transaction.

5. Consumer-to-business (C2B)

Consumer-to-business (C2B) is an electronic commerce business model in which consumers (individuals) offer products and services to companies and the companies pay them. This business model is a complete reversal of traditional business model where companies offer

goods and services to consumers (business-to-consumer = B2C). This kind of economic relationship is qualified as an inverted business model. The advent of the C2B scheme is due to major changes:

- Connecting a large group of people to a bidirectional network has made this sort of commercial relationship possible. The large traditional media outlets are one direction relationship whereas the internet is bidirectional one.
- Decreased cost of technology : Individuals now have access to technologies that were once only available to large companies (digital printing and acquisition technology, high performance computer, powerful software)

Topic : The Case For Customer Relationship Management

Topic Objective:

At the end of this topic student would be able to:

- Understand Operational CRM
- Understand Sales Force Automation (SFA)
- Understand Analytical CRM
- Learn about Sales Intelligence CRM
- Learn about Campaign Management
- Learn about Collaborative CRM
- Understand Consumer Relationship CRM
- Identify Geographic CRM

Definition/Overview:

Customer relationship management: Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in

different company departments. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing.

Key Points:

1. Operational CRM

Operational CRM provides support to "front office" business processes, e.g. to sales, marketing and service staff. Interactions with customers are generally stored in customers' contact histories, and staff can retrieve customer information as necessary. The contact history provides staff members with immediate access to important information on the customer (products owned, prior support calls etc.), eliminating the need to individually obtain this information directly from the customer. Operational CRM processes customer data for a variety of purposes:

- Managing campaigns
- Enterprise Marketing Automation
- Sales Force Automation
- Sales Management System

2. Sales Force Automation (SFA)

Sales Force Automation automates sales force-related activities such as:

- Activity Management: Scheduling sales calls or mailings
- Tracking responses
- Generating reports
- Opportunity Management and Assessment
- Account Management and Target Account Selling
- Automate Sales Order Processing

3. Analytical CRM

Analytical CRM analyzes customer data for a variety of purposes:

- Designing and executing targeted marketing campaigns
- Designing and executing campaigns, e.g. customer acquisition, cross-selling, up-selling

- Analysing customer behavior in order to make decisions relating to products and services (e.g. pricing, product development)
- Management information system (e.g. financial forecasting and customer profitability analysis)
- Analytical CRM generally makes heavy use of data mining.

4. Sales Intelligence CRM

Sales Intelligence CRM is similar to Analytical CRM, but is intended as a more direct sales tool. Features include alerts sent to sales staff regarding:

- Cross-selling/Up-selling/Switch-selling opportunities
- Customer drift
- Sales performance
- Customer trends
- Customer margins
- Customer alignment

5. Campaign Management

Campaign management combines elements of Operational and Analytical CRM. Campaign management functions include:

- Target groups formed from the client base according to selected criteria
- Sending campaign-related material (e.g. on special offers) to selected recipients using various channels (e.g. e-mail, telephone, SMS, post)
- Tracking, storing, and analyzing campaign statistics, including tracking responses and analyzing trends

6. Collaborative CRM

Collaborative CRM covers aspects of a company's dealings with customers that are handled by various departments within a company, such as sales, technical support and marketing. Staff members from different departments can share information collected when interacting with customers. For example, feedback received by customer support agents can provide other staff members with information on the services and features requested by customers.

Collaborative CRM's ultimate goal is to use information collected by all departments to improve the quality of services provided by the company.

7. Consumer Relationship CRM

Consumer Relationship System (CRS) covers aspects of a company's dealing with customers handled by the Consumer Affairs and Customer Relations contact centers within a company. Representatives handle in-bound contact from anonymous consumers and customers. Early warnings can be issued regarding product issues (e.g. item recalls) and current consumer sentiment can be tracked (voice of the customer).

8. Geographic CRM

Geographic CRM (GCRM) combines geographic information system and traditional CRM. Geographic data can be analyzed to provide a snapshot of potential customers in a region or to plan routes for customer visits.

Topic : What Is Crm?

Topic Objective:

At the end of this topic student would be able to:

- Understand Enterprise Campaigns
- Understand Customer Intelligence
- Identify CI and CRM
- Identify CI Process
- Understand Example sources of data for CI
- Understand Frontline data capture
- Learn about CI Benefits

Definition/Overview:

Customer service: Customer service (also known as Client Service) is the provision of service to customers before, during and after a purchase.

Key Points:

1. Enterprise Campaigns

Many companies run multiple outbound dialing systems across multiple sites - managing which customer records go to which call centres can begin to become a very complex and time consuming task. Often companies need to change their dialing records or campaign design instantly - a company performing debt collections, for example, might need to know instantly if their post room receives a cheque containing a payment, or if their inbound agents receive a call from the customer making payment. Since dialers tend to run on data which is separated from the main customer database, the dialer will never know that the payment was made and will dial the record incorrectly. Alternatively a company may need to ring a customer immediately in response to them filling in a web based form. For disaster recovery, large companies may need the ability to respond instantly to move their calls from one call centre to another should a disaster or major event occur. Companies may wish to share campaigns across many sites, dynamically, from a central location. Enterprise Campaign management solutions allow customer to provide a centralized control point for all data to be sent to one or (typically) multiple dialers. Rather than sending down all customer records at once to the dialer, ECM solutions provide a real time feed to the dialer, sending only a handful of records at a time. Together with advanced filtering features, real time status information, ECM solutions are a powerful tool which greatly simplify the management of complex dialing campaigns.

2. Customer Intelligence

Customer Intelligence (CI) is the process of gathering and analysing information regarding customers; their details and their activities, in order to build deeper and more effective customer relationships and improve strategic decision making.

3. CI and CRM

Customer Intelligence is a key component of effective Customer Relationship Management, and when effectively implemented it is a rich source of insight into the behaviour and experience of a company's customer base. As an example, some customers walk into a store and walk out without buying anything. Information about these customers/prospects (or their visits), may not exist in a traditional CRM system, as no sales are entered on the store cash register. Although no commercial transaction took place, knowing why customers leave the store (perhaps by asking them, or the storeperson, to complete a survey) and using this data to make inferences about customer behaviour, is an example of CI.

4. CI Process

Customer Intelligence begins with reference data - basic key facts about the customer, such as their geographic location. This data is then supplementedwith transactional data - reports of customer activity. This can be commercial information (for example purchase history from sales and order processing), interactions from service contacts over the phone and via e-mail. A further subjective dimension can be added, in the form of customer satisfaction surveys or agent data. By mining this data, and placing it in context with wider information about competitors, conditions in the industry, and general trends, information can be obtained about customers' existing and future needs, how they reach decisions, and predictions made about their future behavior.

5. Example sources of data for CI

5.1 Speech Analytics

Speech Analytics is used to monitor telephone conversations taking place between companies and customers, using phonetic analysis or speech to text to find keywords and phrases, classify call types and identify trends.

5.2 Click Tracking

Click Tracking is used to monitor the popularity and usage of corporate web sites, this data can provide clues to product interest and buying intention. For example, a

company may infer a customer is interested in purchasing a particular service if they are spending time browsing specific product pages.

6. Frontline data capture

Frontline data capture which may (or may not) form part of a CRM software solution, but which is used by front line agents to record more subjective data regarding customer contacts, such as the root cause of the customer picking up the phone (e.g. they received their bill) or their emotional state.

7. CI Benefits

Customer Intelligence provides a detailed understanding of the experience customers have in interacting with a company, and allows predictions to be made regarding reasons behind customer behaviors. This knowledge can then be applied to support more effective and strategic decision making - for example, understanding why customers call makes it easier to predict (and plan to reduce) call volumes in a contact centre.

Topic : E-Crm: What'S The Difference?

Topic Objective:

At the end of this topic student would be able to:

- Learn about Relationship Marketing to Customer Relationship Marketing
- Learn about The essence of CRM
- Understand eCRM
- Understand eCRM Popularity
- Understand Mobile CRM
- Learn about Implementing and integrating CRM solutions
- Learn about CRM Privacy

Definition/Overview:

eCRM: eCRM Electronic CRM concerns all forms of managing relationships with customers making use of Information Technology (IT).

Key Points:

1. From Relationship Marketing to Customer Relationship Marketing

The concept of relationship marketing was first coined by Berry in 1983. He considered it to consist of attracting, maintaining and enhancing customer relationships within organizations. In the years that followed, companies were engaging more and more in a meaningful dialogue with individual customers. In doing so, new organizational forms as well as technologies were used, eventually resulting in what we know as Customer Relationship Marketing (CRM). The main difference between RM and CRM is that the first does not acknowledge the use of technology, where the latter uses Information Technology (IT) in implementing RM strategies.

2. The essence of CRM

The exact meaning of CRM is still subject of heavy discussions. However, the overall goal can be seen as effectively managing differentiated relationships with all customers and communicating with them on an individual basis. Underlying thought is that companies realize that they can supercharge profits by acknowledging that different groups of customers vary widely in their behavior, desires, and responsiveness to marketing.

3. eCRM

As the internet is becoming more and more important in business life, many companies consider it as an opportunity to reduce customer-service costs, tighten customer relationships and most important, further personalize marketing messages and enable mass customization. Together with the creation of Sales Force Automation (SFA), where electronic methods were used to gather data and analyze customer information, the trend of the upcoming Internet can be seen as the foundation of what we know as eCRM today. We can define eCRM as activities to manage customer relationships by using the Internet, web browsers or other electronic touch points. The challenge hereby is to offer communication and information on

the right topic, in the right amount, and at the right time that fits the customers specific needs. Channels through which companies can communicate with its customers, are growing by the day, and as a result, getting their time and attention has turned into a major challenge.

4. eCRM Popularity

One of the reasons eCRM is so popular nowadays is that digital channels can create unique and positive experiences not just transactions for customers. An extreme, but ever growing in popularism, example of the creation of experiences in order to establish customer service is the use of Virtual Worlds, such as Second Life. Through this so-called vCRM, companies are able to create synergies between virtual and physical channels and reaching a very wide consumer base. However, given the newness of the technology, most companies are still struggling to identify effective entries in Virtual Worlds. Its highly interactive character, which allows companies to respond directly to any customers requests or problems, is another feature of eCRM that helps companies establish and sustain long-term customer relationships.

5. Mobile CRM

One subset of Electronic CRM is Mobile CRM (mCRM). This is defined as services that aim at nurturing customer relationships, acquiring or maintaining customers, support marketing, sales or services processes, and use wireless networks as the medium of delivery to the customers. However, since communications is the central aspect of customer relations activities, many opt for the following definition of mCRM: communication, either one-way or interactive, which is related to sales, marketing and customer service activities conducted through mobile medium for the purpose of building and maintaining customer relationships between a company and its customer(s). eCRM allows customers to access company services from more and more places, since the Internet access points are increasing by the day. mCRM however, takes this one step further and allows customers or managers to access the systems for instance from a mobile phone or PDA with internet access, resulting in high flexibility. An example of a company that implemented mCRM is Finnair, who made it possible for their customers to check in for their flights by SMS. Since mCRM is not able to provide a complete range of customer relationship activities it should be integrated in the complete CRM system.

6. Implementing and integrating CRM solutions

Several CRM software packages exist that can help companies in deploying CRM activities. Besides choosing one of these packages, companies can also choose to design and build their own solutions. In order to implement CRM in an effective way, one needs to consider the following factors:

- Create a customer-based culture in the organization.
- Adopt customer-based managers to assess satisfaction.
- Develop an end-to-end process to serve customers.
- Recommend questions to be asked to help a customer solve a problem.
- Track all aspects of selling to customers, as well as prospects.

Furthermore, CRM solutions are more effective once they are being implemented in other information systems used by the company. Examples are Transaction Processing System (TPS) to process data real-time, which can than be send to the sales and finance departments in order to recalculate inventory and financial position quick and accurate. Once this information is transferred back to the CRM software and services it could prevent customers from placing an order in the belief that an item is in stock while it is not.

7. CRM Privacy

The effective and efficient employment of CRM activities cannot go without the remarks of safety and privacy. CRM systems depend on databases in which all kinds of customer data is stored. In general, the following rule applies: the more data, the better the service companies can deliver to individual customers. Some known examples of these problems are conducting credit-card transaction online of the phenomenon known as 'cookies' used on the Internet in order to track someones information and behavior. The design and the quality of the website are two very important aspects that influences the level of trust customers experience and their willingness of reluctance to do a transaction or leave personal information. As the use of the Internet, electronic CRM solution and even the existence of e-business is rising, so are the efforts in order to further develop the systems used and increase their safety for customers in order to further reap the benefits of their use.

Topic : Understanding The Method

Topic Objective:

At the end of this topic student would be able to:

- Learn about CRS Standard
- Learn about Implementation Issues
- Understand Privacy and data security
- Understand CRS
- Understand CRM Strategy

Definition/Overview:

Market Segment: A market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product and/or service needs. A true market segment meets all of the following criteria: it is distinct from other segments (different segments have different needs), it is homogeneous within the segment (exhibits common needs); it responds similarly to a market stimulus, and it can be reached by a market intervention. The term is also used when consumers with identical product and/or service needs are divided up into groups so they can be charged different amounts. These can broadly be viewed as 'positive' and 'negative' applications of the same idea.

Key Points:

1. CRM Strategy

Several CRM software packages are available, and they vary in their approach to CRM. However, as mentioned above, CRM is not just a technology but rather a comprehensive, customer-centric approach to an organization's philosophy of dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology toward the broader organizational requirements. The objectives of a CRM strategy must consider a companys specific situation

and its customers' needs and expectations. Information gained through CRM initiatives can support the development of marketing strategy by developing the organization's knowledge in areas such as identifying customer segments, improving customer retention, improving product offerings (by better understanding customer needs), and by identifying the organization's most profitable customers. CRM strategies can vary in size, complexity, and scope. Some companies consider a CRM strategy only to focus on the management of a team of salespeople. However, other CRM strategies can cover customer interaction across the entire organization. Many commercial CRM software packages provide features that serve the sales, marketing, event management, project management, and finance industries.

2. Implementation Issues

Many CRM project "failures" are also related to data quality and availability. Data cleaning is a major issue. If a company's CRM strategy is to track life-cycle revenues, costs, margins, and interactions between individual customers, this must be reflected in all business processes. Data must be extracted from multiple sources (e.g., departmental/divisional databases such as sales, manufacturing, supply chain, logistics, finance, service etc.), which requires an integrated, comprehensive system in place with well-defined structures and high data quality. Data from other systems can be transferred to CRM systems using appropriate interfaces. Because of the company-wide size and scope of many CRM implementations, significant pre-planning is essential for smooth roll-out. This pre-planning involves a technical evaluation of the data available and the technology employed in existing systems. This evaluation is critical to determine the level of effort needed to integrate this data. Equally critical is the human aspect of the implementation. A successful implementation requires an understanding of the expectations and needs of the stakeholders involved. An executive sponsor should also be obtained to provide high-level management representation of the CRM project. An effective tool for identifying technical and human factors before beginning a CRM project is a pre-implementation checklist. A checklist can help ensure any potential problems are identified early in the process.

3. Privacy and data security

One of the primary functions of CRM software is to collect information about customers. When gathering data as part of a CRM solution, a company must consider the desire for customer privacy and data security, as well as the legislative and cultural norms. Some

customers prefer assurances that their data will not be shared with third parties without their prior consent and that safeguards are in place to prevent illegal access by third parties.

4. CRS

Consumer Relationship Systems (CRS) are specialized Customer Relationship Management (CRM) software applications used to handle consumer products and services company's dealings with consumers and customers. Consumer Affairs and Customer Relations contact centers within these organizations, that are typically Consumer Packaged Goods (CPG) companies providing consumers with packaged items, such as foods and beverages, household consumable products and durable goods, as well as travel services, e.g., passenger airlines and cruise ship lines.

5. CRS Standard

The Consumer Relationship System (CRS) established a niche categorythe consumer relationship systemand, because Wilke/Thornton was the earliest developer, become the system became the de facto standard for the consumer packaged goods industry niche. Now hundreds of consumer packaged goods companies with global consumer response handling operations now use consumer relationship systems (Consumer Relationship CRM). Some 10,000 contact center representatives use these systems daily worldwide. The CRS facilitate the processing of workflow by the representatives who receive the calls, letters, email, and online chat messages from consumers in many locations, across time zones, communicating in many languages, having different postal address formats, and a vast multitude of different product items and issues. These representatives assign item, issue, status and action codes to contacts and carryout the appropriate replies and fulfillment actions. While the goal of these consumer response handling operations is to increase customer satisfaction, loyalty, and retention, the consumer relationship systems also collect consumer response for early detection of local market product problems and of consumer preference trends to provide detailed response data, including verbatim transcripts, for analysis and insight development reported internally to support product and service improvements. Many of the consumer contact center managers who use the CRS are members of the Society of Consumer Affairs Professionals International, a global organization that supports the aims and purposes of these customer care professionals

In Section 2 of this course you will cover these topics:

- Get Ready: Avoiding Common Barriers
- Get Set: Organizing For Success
- Go: Developing Your Crm Strategy
- Launching A Project
- Building Infrastructure Components

Topic : Get Ready: Avoiding Common Barriers

Topic Objective:

At the end of this topic student would be able to:

- Understand Consumerism History
- Understand Anti-Consumerism
- Learn about Criticism of Consumerism
- Learn about Modern Consumerism in the 21st century
- Learn about Building an Operational Infrastructure
- Understand Operational CRM

Definition/Overview:

Consumerism: Consumerism is the equation of personal happiness with consumption and the purchase of material possessions. The term is often associated with criticisms of consumption starting with Thorstein Veblen. Veblen's subject of examination, the newly emergent middle class arising at the turn of the twentieth century, comes to full fruition by the end of the twentieth century through the process of globalization.

Key Points:

1. Consumerism History

Consumerism has strong links with the Western world, but actually it is multi-cultural and non-geographical. People purchasing goods and consuming materials in excess of their basic needs is as old as the first civilizations. The great turn in consumerism arrived with the Industrial Revolution. While before the norm had been the scarcity of resources, The Industrial Revolution created an unusual situation: for the first time in history products were available in outstanding quantities, at outstandingly low prices, being thus available to virtually everyone. And so began the era of Mass Consumption, the only era where the concept of consumerism is applicable. It's still good to keep in mind that since consumerism began, various individuals and groups have consciously sought an alternative lifestyle, such as the "simple living," "eco-conscious," and "localvore"/"buy local" movements. While consumerism is not a new phenomenon, it has become widespread over the course of the 20th century, and particularly in recent decades. The influence of neoliberal capitalism has made the citizens of capitalist countries extraordinarily wealthy compared to those living under other economic systems.

2. Anti-Consumerism

Anti-consumerism is the socio-political movement against consumerism. In this meaning, consumerism is the equating of personal happiness with the purchasing material possessions and consumption. In relation to producerism, it is the belief that the free choice of consumers should dictate the economic structure of a society, rather than the interests of producers. It can also refer to economic policies that place an emphasis on consumption.

3. Criticism of Consumerism

In many critical contexts, consumerism is used to describe the tendency of people to identify strongly with products or services they consume, especially those with commercial brand names and perceived status-symbolism appeal, e.g. a luxury automobile, designer clothing, or expensive jewelry. A culture that is permeated by consumerism can be referred to as a consumer culture or a market culture. Opponents of consumerism argue that many luxuries and unnecessary consumer products may act as social signals allowing people to identify

like-minded individuals through the display of similar products, again utilizing aspects of status-symbolism to judge socioeconomic status and social stratification. Some believe relationships with a product or brand name are substitutes for healthy human relationships lacking in societies and along with consumerism are part of the general process of social control and cultural hegemony, or social controls in modern society. Critics of consumerism are quick to point out that consumerist societies are more prone to damage the environment, contribute to climate change and use up resources at a higher rate than other societies.

4. Modern Consumerism in the 21st century

Beginning in the 1990s the most frequent reason given for attending college had changed to making a lot of money, outranking reasons such as becoming an authority in a field or helping others in difficulty. This statement directly correlates with the rise of materialism, specifically the technological aspect. At this time compact disc players, digital media, personal computers, and cellular phones, all began to integrate into the affluent Americans everyday lifestyle. Companies and corporations have realized that rich consumers are the most attractive targets for marketing their products. The upper class' tastes, lifestyles, and preferences, trickle down to become the standard which all consumers seek to emulate. The not so well off consumers can purchase something new that will speak of their place in the tradition of affluence . A consumer can have the instant gratification of purchasing a high-ticket item that will help improve their social status.

Emulation is also a core component of 21st century consumerism. As a general trend, regular consumers seek to emulate those who are above them on the social hierarchy. The poor strive to imitate the rich and the rich imitate celebrities and other icons. One needs to look no further than the celebrity endorsement of products to dissuade the notion that the American population makes its own decisions and models itself as a group of individualists.

5. Building an Operational Infrastructure

The operational infrastructure within most companies was developed to support and/or automate a specific business function. Because companies grew up in functional silos, they developed their computer systems and other infrastructure along the same functional lines. There exists little ability to connect information or processes across these silos. A key to real CRM success (i.e., making life better for your customer, not just implementing a CRM capability) is that customers expect seamless integration across all your company's touch points. It's really not rocket science. Who wants to have one customer identification number while talking to the call center, and a different customer ID for logging on to the Internet?

Who wants to be treated like a top customer when you make an airline reservation, but treated like a dog when you were too late to get an upgrade so you have to sit in the back of the plane? Nobody! In Part 3 of this book, we will examine specific methods of integrating pieces of the infrastructure across the entire organization.

Topic : Get Set: Organizing For Success

Topic Objective:

At the end of this topic student would be able to:

- Understand Bridging Organizational Gaps
- Learn about Marrying Organization and Governance
- Understand Garnering Leadership's Support
- Learn about Adding Adjunct Team Members (Consultants and Contractors)
- Identify a Consultant

Definition/Overview:

General Contractor: A general contractoris a group or individual that contracts with another organization or individual (the owner) for the construction, renovation or demolition of a building, road or other structure. A general contractor is defined as such if it is the signatory as the builder of the prime construction contract for the project.

Key Points:

1. Bridging Organizational Gaps

We have described a highly complex organizational structure that requires significant cooperation and coordination across functions because CRM does not fit neatly under one single management structure. We need to learn how to operate efficiently in this cross-functional environment.

2. Marrying Organization and Governance

So you have all these different functional areas that are integral to your CRM program. Because we know that if everyone is responsible, no one is responsible, how do we avoid the pitfall of having no one in charge? The two most likely alternatives are a formal customer advocate (Chief Customer Officer) or a customer steering committee made up of representatives from each of the core functions.

3. Garnering Leadership's Support

Different levels of leadership are needed in order to guarantee success. At the highest level, the executive sponsor provides strategic vision, influence, and (hopefully) money. The program manager and project manager bring continuity and tactical experience and leadership.

4. Adding Adjunct Team Members

Let's talk about consultants and contractors. These are workers who provide you with specific services but are not employees of your company. The general rule for distinguishing them is that consultants get paid to provide a specific, predefined service. Contractors are hired on an hourly basis to fill in wherever you need them. Many people are confused because companies want to hire a consultant to help them figure out what they need to dothey need expertise and guidance to get a quick start.

5. Consultant

A consultant is usually an expert or a professional in a specific field and has a wide knowledge of the subject matter. A consultant usually works for a consultancy firm or is self-employed, and engages with multiple and changing clients. Thus, clients have access to deeper levels of expertise than would be feasible for them to retain in-house, and to purchase only as much service from the outside consultant as desired. Often a consultant provides expertise to clients who require a particular type of knowledge or service for a specific period of time, thus providing an economy to the client. In other situations, companies implementing a major project may need additional experienced staff to assist with increased work during that period. Consulting has come under some criticism because of staff augmentation and the high amount of jargon consultants use, also known as consultantese. Sometimes a consultant

is not an independent agent but is a partner or an employee of a consultancy, that is a company that provides consultants to clients on a larger scale or in multiple, though usually related, skill areas. Strategy consultants are common in upper management in many industries. There are also independent consultants who act as interim executives with decision-making power under corporate policies or statutes. They may sit on specially constituted boards or committees.

Topic : Go: Developing Your Crm Strategy

Topic Objective:

At the end of this topic student would be able to:

- Understand Situational analysis
- Learn about Strategic Goals, objectives and targets
- Learn about Mission statements and vision statements
- Understand Using Strategic Planning Tools
- Learn about Collecting Data
- Learn about Assessing Findings
- Understand Creating a Strategic Proposal

Definition/Overview:

Strategic planning: Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people.

Key Points:

1. Situational analysis

When developing strategies, analysis of the organization and its environment as it is at the moment and how it may develop in the future, is important. The analysis has to be executed

at an internal level as well as an external level to identify all opportunities and threats of the external environment as well as the strengths and weaknesses of the organizations.

There are several factors to assess in the external situation analysis:

- Markets (customers)
- Competition
- Technology
- Supplier markets
- Labor markets
- The economy

2. Strategic Goals, objectives and targets

Strategic planning is a very important business activity. It is also important in the public sector areas such as education. It is practiced widely informally and formally. Strategic planning and decision processes should end with objectives and a roadmap of ways to achieve those objectives. The following terms have been used in strategic planning: desired end states, plans, policies, goals, objectives, strategies, tactics and actions. Definitions vary, overlap and fail to achieve clarity. The most common of these concepts are specific, time bound statements of intended future results and general and continuing statements of intended future results, which most models refer to as either goals or objectives (sometimes interchangeably). People typically have several goals at the same time. "Goal congruency" refers to how well the goals combine with each other. Does goal A appear compatible with goal B? Do they fit together to form a unified strategy? "Goal hierarchy" consists of the nesting of one or more goals within other goal(s). One approach recommends having short-term goals, medium-term goals, and long-term goals. In this model, one can expect to attain short-term goals fairly easily: they stand just slightly above one's reach. At the other extreme, long-term goals appear very difficult, almost impossible to attain. Strategic management jargon sometimes refers to "Big Hairy Audacious Goals" (BHAGs) in this context. Using one goal as a stepping-stone to the next involves goal sequencing. A person or group starts by attaining the easy short-term goals, then steps up to the medium-term, then to the long-term goals. Goal sequencing can create a "goal stairway". In an organizational setting, the organization may co-ordinate goals so that they do not conflict with each other. The goals of

one part of the organization should mesh compatibly with those of other parts of the organization.

3. Mission statements and vision statements

Organizations sometimes summarize goals and objectives into a mission statement and/or a vision statement: While the existence of a shared mission is extremely useful, many strategy specialists question the requirement for a written mission statement. However, there are many models of strategic planning that start with mission statements, so it is useful to examine them here. A Mission statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance. A Vision statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria. Many people mistake vision statement for mission statement. The Vision describes a future identity while the Mission serves as an ongoing and time-independent guide. The Mission describes why it is important to achieve the Vision. A Mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well. A Vision statement is more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organization is successful. A mission statement can resemble a vision statement in a few companies, but that can be a grave mistake. It can confuse people. The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is SMART (Specific, Measurable, Achievable, Relevant and Timebound). A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.

4. Using Strategic Planning Tools

The basic strategic planning process (collecting data, assessing findings, creating a proposal) can be applied to any strategic initiative. Some of the tools we'll be using also are applicable to any strategic planning effort. Others of these tools are specific to a CRM program. And some of the tools are important only for strategic initiatives that include information and technology components. These tools are based on the information systems planning principles outlined by James Martin (and others) more than a decade ago.

5. Collecting Data

Even though the customer must be the central focus of our CRM planning, we will not start by collecting information from customers. Instead, we will begin our assessment effort with the internal interviews. We start here for several reasons:

- Time: It's the easiest place to start so we can get going quickly.
- Cost: It's important to understand your company's current vision of CRM and how it aligns with the organizational direction before you start spending the money to assess customers and competitors.
- Scope: You first need to know what your company identifies as your CRM focus, and then find out what your customers think. A totally blank slate presented to customers (tell us what you want) isn't likely to deliver actionable results.

6. Assessing Findings

Using all the information you have collected internally and externally, you now want to summarize what you have learned and analyze your findings to produce the strategy. All programs, even those that don't involve technology, follow the same basic assessment steps: consolidate findings and analyze results. All of the following sets of findings are real, although they are not from a single company.

7. Creating a Strategic Proposal

At the end of the findings assessment, you will have summarized and analyzed everything you have learned through your interviews, surveys, and research. You will have a document summarizing what you learned from each of the four data collection tools. These findings will be used to develop your actual strategic proposal, which includes your recommendations of what should be done and a plan for how to get there.

Topic : Launching A Project

Topic Objective:

At the end of this topic student would be able to:

- Learn about Choosing the Right Project
- Learn about Deciding What Needs to Be Done
- Understand Determining Component Scope
- Understand Winning and Keeping Support
- Learn about Project management approaches

Definition/Overview:

Project management: Project management is the discipline of planning, organizing and managing resources to bring about the successful completion of specific project goals and objectives.

Key Points:

1. Choosing the Right Project

First, we will fully define the project focus, objective, and scope. Remember that we will do our best to set the scope of the project so that it can be achieved while we still have the attention of the project participants, leaders, and sponsors, but that it still must deliver meaningful results in the high-priority area we identified.

2. Deciding What Needs to Be Done

It's time to determine the requirements of the specific project that we've chosen. We need to specify the focus and direction of the overall project and the project-specific details (scope) of each component. Just as planning your overall strategy is a key first step in your overall CRM program success, so project planning is critical to each individual project success. The best way to begin this transition step is with a project launch meeting, a formal meeting with all the proposed team members and sponsors in which you all take a first pass at developing a project overview.

3. Determining Component Scope

We know from Earlier topics that our CRM infrastructure is made up of the four key components: information, process, technology, and people. That means that the project charter must include deliverables, milestones, and resources of these four components. If we define only the technology deliverables for a project, we will not be able to deliver successful results.

4. Winning and Keeping Support

Winning and maintaining support for your program may not guarantee success, but the absence of broad-based support will ensure program failure. It's very important to include each of the following as part of your overall project charter.

5. Project management approaches

There are several approaches that can be taken to managing project activities including agile, interactive, incremental, and phased approaches.

Regardless of the approach employed, careful consideration needs to be given to clarify surrounding project objectives, goals, and importantly, the roles and responsibilities of all participants and stakeholders.

5.1 The traditional approach

A traditional phased approach identifies a sequence of steps to be completed. In the "traditional approach", we can distinguish 5 components of a project (4 stages plus control) in the development of a project:

Not all the projects will visit every stage as projects can be terminated before they reach completion. Some projects probably don't have the planning and/or the monitoring. Some projects will go through steps 2, 3 and 4 multiple times. Many industries utilize variations on these stages. For example, in bricks and mortar architectural design, projects typically progress through stages like Pre-Planning, Conceptual Design, Schematic Design, Design Development, Construction Drawings (or Contract Documents), and Construction Administration. In software development, this approach is often known as "waterfall development", i.e., one series of tasks after

another in linear sequence. In software development many organizations have adapted the Rational Unified Process (RUP) to fit this methodology, although RUP does not require or explicitly recommend this practice. Waterfall development can work for small tightly defined projects, but for larger projects of undefined or unknowable scope, it is less suited. The Cone of Uncertainty explains some of this as the planning made on the initial phase of the project suffers from a high degree of uncertainty. This becomes specially true as software development is often the realization of a new or novel product, this method has been widely accepted as ineffective for software projects where requirements are largely unknowable up front and susceptible to change.

5.2 Critical Chain Project Management

Critical Chain Project Management (CCPM) is a method of planning and managing projects that puts more emphasis on the resources required to execute project tasks. It is an application of the Theory of Constraints (TOC) to projects. The goal is to increase the rate of throughput (or completion rates) of projects in an organization. Applying the first three of the five focusing steps of TOC, the system constraint for all projects is identified as resources. To exploit the constraint, tasks on the critical chain are given priority over all other activities. Finally, projects are planned and managed to ensure that the critical chain tasks are ready to start as soon as the needed resources are available, subordinating all other resources to the critical chain.

For specific projects, the project plan should undergo Resource Leveling, and the longest sequence of resource-constrained tasks is identified as the critical chain. In multi-project environments, resource leveling should be performed across projects. However, it is often enough to identify (or simply select) a single "drum" resourcea resource that acts as a constraint across projectsand stagger projects based on the availability of that single resource.

Topic : Building Infrastructure Components

Topic Objective:

At the end of this topic student would be able to:

- Learn about Building a CRM Infrastructure
- Understand Gathering Business Requirements
- Learn about Analyzing and Designing Components
- Understand Constructing a Solution
- Learn about Putting It All Together

Definition/Overview:

Infrastructure: Infrastructure can be defined as the basic physical and organizational structures needed for the operation of a society or enterprise.

Key Points:

1. Building a CRM Infrastructure

Building anything, from a house to a CRM solution, often involves multiple activities and multiple people. The strategic and project plans keep everyone focused on the end goal. A methodology that governs how the work gets done helps keep everything aligned and on track. I've been asked about how to justify all this effort because it may seem pretty big and very costly. The truth is, after your company has decided to adopt a CRM approach to managing customer relationships, following this kind of process is the quickest, most efficient and least costly way to achieve successful results. There is a familiar project management method that is used heavily in the Information Technology world, but it also applies to and has been adopted by non-technical project teams. The standard development methodology includes these steps:

2. Gathering Business Requirements

Gathering business requirements is primarily the responsibility of the business function experts. As we know, the highest-level CRM business requirements for each infrastructure

component were generated during the strategic planning phase. These inventories of strategic business requirements are focused on the total CRM program and form the starting point for all of the subsequent project-specific and more detailed views. For every project and every component, we begin from the point of view of the business people who will own and use the new tools and processes. These are the individuals who will make up the business members the project team and provide much of the business perspective. They are responsible for specifying the business requirements (owner's wants and owner's needs) for the project that is now underway.

3. Analyzing and Designing Components

During the analysis and design step, responsibility generally shifts from primarily business function involvement to primarily Information Technology involvement. Generally, the designer's view (logical design) takes lots of investigation and a little bit of art and is a joint effort.

4. Constructing a Solution

The construction step is, of course, when each element of the infrastructure is actually built. Information Technology is responsible for the construction of most of the components.

5. Putting It All Together

We are getting ready to start the second of the two internal phases of the CRM life cycle. In preparation, we have reviewed some fundamentals of development project management that will improve our ability to govern the project progress and assist the teamwork and communication between the business and IT functions.

In Section 3 of this course you will cover these topics:

- Understanding The Information Component
- Understanding The Process Component
- Understanding The Technology Component
- Understanding The People Component
- Managing The Project

Topic : Understanding The Information Component

Topic Objective:

At the end of this topic student would be able to:

- Understand Imporatance of Information
- Understand Information as a pattern
- Learn about Information as sensory input
- Learn about Information as an influence which leads to a transformation
- Understand Following Information Engineering Steps
- Learn about Integrating Your Databases

Definition/Overview:

Information: Information as a concept has a diversity of meanings, from everyday usage to technical settings. Generally speaking, the concept of information is closely related to notions of constraint, communication, control, data, form, instruction, knowledge, meaning, mental stimulus, pattern, perception, and representation.

Key Points:

1. Imporatance of Information

Information is the first of the four CRM infrastructure components that we're going to work on. We'll start with the information component because it is very often an orphan that gets lost somewhere between Information Technology and the business functions. Sales, marketing, customer service, and product support think that information is just the first word in Information Technology; it's somebody else's job. But the IT folks think that their job is the technology, period. Information is used to make daily business decisions but nobody is responsible for it. It's always the other guy's responsibility.

2. Information as a pattern

Information is any represented pattern. This view assumes neither accuracy nor directly communicating parties, but instead assumes a separation between an object and its representation. Consider the following example: economic statistics represent an economy, however inaccurately. What are commonly referred to as data in computing, statistics, and other fields, are forms of information in this sense. The electro-magnetic patterns in a computer network and connected devices are related to something other than the pattern itself, such as text characters to be displayed and keyboard input. Signals, signs, and symbols are also in this category. On the other hand, according to semiotics, data is symbols with certain syntax and information is data with a certain semantic. Painting and drawing contain information to the extent that they represent something such as an assortment of objects on a table, a profile, or a landscape. In other words, when a pattern of something is transposed to a pattern of something else, the latter is information. This would be the case whether or not there was anyone to perceive it. An individual entry in a telephone book, which follows a specific pattern formed by name, address and telephone number, does not become "informative" in some sense unless and until it possesses some degree of utility, value or meaning. For example, someone might look up a girlfriend's number, might order a take away etc. The vast majority of numbers will never be construed as "information" in any meaningful sense. The gap between data and information is only closed by a behavioral bridge whereby some value, utility or meaning is added to transform mere data or pattern into information. When one constructs a representation of an object, one can selectively extract from the object (sampling) or use a system of signs to replace (encoding), or both. The sampling and encoding result in representation. An example of the former is a "sample" of a product; an example of the latter is "verbal description" of a product. Both contain information of the product, however inaccurate. When one interprets representation, one can predict a broader pattern from a limited number of observations (inference) or understand the relation between patterns of two different things (decoding). One example of the former is to sip a soup to know if it is spoiled; an example of the latter is examining footprints to determine the animal and its condition. In both cases, information sources are not constructed or presented by some "sender" of information. Regardless, information is dependent upon, but usually unrelated to and separate from, the medium or media used to express it. In other words, the position of a theoretical series of bits, or even the output once interpreted by a computer or similar device, is unimportant, except when someone or something is present to

interpret the information. Therefore, a quantity of information is totally distinct from its medium.

3. Information as sensory input

Often information is viewed as a type of input to an organism or designed device. Inputs are of two kinds. Some inputs are important to the function of the organism (for example, food) or device (energy) by themselves. In his book Sensory Ecology, Dusenbery called these causal inputs. Other inputs (information) are important only because they are associated with causal inputs and can be used to predict the occurrence of a causal input at a later time (and perhaps another place). Some information is important because of association with other information but eventually there must be a connection to a causal input. In practice, information is usually carried by weak stimuli that must be detected by specialized sensory systems and amplified by energy inputs before they can be functional to the organism or device. For example, light is often a causal input to plants but provides information to animals. The colored light reflected from a flower is too weak to do much photosynthetic work but the visual system of the bee detects it and the bee's nervous system uses the information to guide the bee to the flower, where the bee often finds nectar or pollen, which are causal inputs, serving a nutritional function. Information is any type of sensory input. When an organism with a nervous system receives an input, it transforms the input into an electrical signal. This is regarded information by some. The idea of representation is still relevant, but in a slightly different manner. That is, while abstract painting does not represent anything concretely, when the viewer sees the painting, it is nevertheless transformed into electrical signals that create a representation of the painting. Defined this way, information does not have to be related to truth, communication, or representation of an object. Entertainment in general is not intended to be informative. Music, the performing arts, amusement parks, works of fiction and so on are thus forms of information in this sense, but they are not necessarily forms of information according to some definitions given above. Consider another example: food supplies both nutrition and taste for those who eat it. If information is equated to sensory input, then nutrition is not information but taste is.

4. Information as an influence which leads to a transformation

Information is any type of pattern that influences the formation or transformation of other patterns. In this sense, there is no need for a conscious mind to perceive, much less

appreciate, the pattern. Consider, for example, DNA. The sequence of nucleotides is a pattern that influences the formation and development of an organism without any need for a conscious mind. Systems theory at times seems to refer to information in this sense, assuming information does not necessarily involve any conscious mind, and patterns circulating (due to feedback) in the system can be called information. In other words, it can be said that information in this sense is something potentially perceived as representation, though not created or presented for that purpose. When Marshall McLuhan speaks of media and their effects on human cultures, he refers to the structure of artifacts that in turn shape our behaviors and mindsets. Also, pheromones are often said to be "information" in this sense.

5. Following Information Engineering Steps

The file cabinet is a good model for information engineering. Would you ask a cabinetmaker to tell you what information is important to you and how you should file it? Of course you wouldn't. You'd decide what and how much you thought you needed to store, and then describe it as clearly as possible. Would you then stand over his shoulder and tell him how to cut the wood or where to put every screw? Not if you ever hoped to hire him again. Don't expect to ask the IT folks to tell you what you want to store in your system. And don't tell them how to build your system. Business experts specify requirements and the IT team delivers solutions. When these roles get reversed (and it does happen), disaster is guaranteed. For this topic on information, we will also take a quick look at the IT department's perspectives. For the other CRM components, we will focus only on the two to three highest levels needed to ensure that the guiding information comes from the business functions that will use the system.

6. Integrating Your Databases (The Information Gold Mine)

Now that we've built the model and dictionary that defines CRM data and have built the system, it's time to look at the match between the source system and our new database design and to think about adding data to our new system. CRM data is available from hundreds of sources. There are many data providers and contact list providers who make their lists available to direct marketers. But there is one source of CRM data that is better than any other your own in-house systems. Who knows your customers better than you do? A top consulting firm did a CRM assessment for XYZ not long ago; their conclusion was that what

XYZ needed for a successful CRM program was to provide seamless treatment of customers supported by complete and well-maintained databases.

Topic : Understanding The Process Component

Topic Objective:

At the end of this topic student would be able to:

- Understand Process as a CRM Component
- Learn about Process Knowledge
- Learn about Process, SchmocessWhat Are We Talking About?
- Understand Following Process Engineering Steps
- Learn about Choosing Process Automation Software

Definition/Overview:

Business Process: A business process or business method is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers.

Key Points:

1. Process as a CRM Component

Process is the second of the CRM infrastructure components. All companies use processes, but as with the data component, many companies do not really know what processes exist in their organization. In topic, we discussed the three value disciplines identified by Treacy and Wiersema: operational excellence, product leadership, and customer intimacy. It is likely that processes are well documented only for operationally excellent companies, for the rest their processes are not formally identified, defined, or managed.

2. Process Knowledge

Process knowledge is passed on by word of mouth, by example and through on-the-job training. In today's marketplace, employee loyalty has become somewhat of an anachronism for many organizations. Short tenures and rapid turnover have become the norm, and informal management of business processes is no longer an effective way to run many businesses. In addition, we know the Internet has removed people from direct participation in online processes, so formal process definition becomes even more important. These changes have made it imperative that we really understand all the ways we touch our customers and especially those processes we plan to move to the web. Processes on the Internet must continue to run effectively, even without human intervention. We cannot be concerned with all processes; we will focus just on those that we plan to automate. To make this happen, we must identify each of our customer-facing processes, create documentation of each one, and design plans for ongoing monitoring and managing of these processes. The computer can't sense a customer's frustration with a poor situation. We must design our CRM processes based on human understanding of customers. This is our next step: to determine the process component of our CRM infrastructure.

3. Process, SchmocessWhat Are We Talking About?

Again, we'll look to a dictionary for a starting definition of a process, which, according to Webster's, is "a series of actions conducing to an end." In their excellent book, Improving Performance, Geary Rummler and Alan Brache describe a process as "the way work gets done." For our purposes, a process is the series of actions that deliver a specified outcome.

4. Following Process Engineering Steps

Process engineering is about what we do. The organization chart is important because though organizations were usually been created to represent work areas, the misalignment between processes and organizations (the white space) is the primary cause of process breakdowns. Of course it also reminds us that, at the highest levels, the process model must be developed from the business perspective. Information Technology can definitely help manage and formalize the process definition steps, but the IT team does not do the work that directly impacts customer relationships. Don't expect to ask IT folks to tell you what business processes are important to CRM or how to do them. As we did for the data component, our

goal is to identify, describe, analyze, and improve our CRM business processes based on improved information and technical tools. The three highest levels of the Zachman framework are all that we will cover. These high levels are what Rummler and Brache call the Organization, Process, and Job/Performer levels of performance.

5.Choosing Process Automation Software

After you've decided to automate a process, the question becomes "build or buy?" This question has been asked more often as more and better software solutions are available for purchase. There is no perfect CRM solution that can possibly meet every company's needs, but custom-built solutions are notoriously difficult to build and extremely expensive to maintain. Educated tradeoffs must be made. We will discuss this dilemma in topic when we look at the technology component. Frequently, company officials hire large consulting organizations to help them understand their processes and pick the best software solution. This can be a good way to jump-start your analysis process and make quick progress. But it's important that your business experts are closely involved in explaining and documenting the key business processes. A consultant can be a good source of recommending process improvements as long as he well understands your business.

Topic : Understanding The Technology Component

Topic Objective:

At the end of this topic student would be able to:

- Understand Technology as a CRM Component
- Understand Understanding the TechnologyThat's the IT Department's Job, Right?
- Learn about Making Technology Decisions
- Learn about Information technology
- Learn about Information Systems

Definition/Overview:

Technology: Technology is a broad concept that deals with an animal species' usage and knowledge of tools and crafts, and how it affects an animal species' ability to control and adapt to its environment.

Key Points:

1. Technology as a CRM Component

The third component of the CRM infrastructure is technology. In topic, we learned that data, the lifeblood of CRM, must be stable and dependable over time, but tools can be disposable. Had you heard that before? Probably not: software vendors can't make money selling you your own data. In fact, even selling software isn't all that profitable. It's selling customer services and product support that bring in the real money. Vendors don't want open systems because they want you to be locked into their solution and to depend on them for consulting, long-term support, and future software purchases. Because new tools are released all the time, in the ideal world, the best option for companies implementing CRM is a sharable customer database surrounded by interchangeable, plug-in tools. This is not to say that this option is available today or even easy to accomplish. But unless there is some incentive for the software providers (like CRM practitioners demand it) the situation is unlikely to change.

2. Understanding the TechnologyThat's the IT Department's Job, Right?

Well, right and wrong! Certainly the technology component is primarily the responsibility of Information Technology. However, it was learned long ago that it is critical that the technical solution the IT team proposes be based on business perspective and needs. Information Technology must have business input regarding what information needs to be captured, what work needs to be done, and where and by whom this work is to be done. But let's first develop our working definition for technology so we're all talking the same language. Miriam-Webster's online dictionary defines technology as "a manner of accomplishing a task especially using specialized processes, methods, or knowledge." For CRM, the specialized methods are the computer hardware, software, and networks.

3. Making Technology Decisions

We have often discussed the dangers of creating a CRM infrastructure component without heavy involvement of the business functions that are already working closely with customers and delivering customer experiences. But few people outside the IT profession have any confidence in their ability to make technology decisions. The truth is that some elements of the IT solution require little, if any, perspective of the business, and others require a great deal. With a good understanding of the business organization and where work gets done, the IT team has a lot of the information they need to design the overall network architecture and select the appropriate hardware components that will best satisfy the business requirements.

4. Information technology

Information technology (IT), as defined by the Information Technology Association of America (ITAA), is "the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware." IT deals with the use of electronic computers and computer software to convert, store, protect, process, transmit, and securely retrieve information. Today, the term information technology has ballooned to encompass many aspects of computing and technology, and the term has become very recognizable. The information technology umbrella can be quite large, covering many fields. IT professionals perform a variety of duties that range from installing applications to designing complex computer networks and information databases. A few of the duties that IT professionals perform may include data management, networking, engineering computer hardware, database and software design, as well as the management and administration of entire systems. When computer and communications technologies are combined, the result is information technology, or "infotech". Information Technology (IT) is a general term that describes any technology that helps to produce, manipulate, store, communicate, and/or disseminate information. Presumably, when speaking of Information Technology (IT) as a whole, it is noted that the use of computers and information are associated

5. Information Systems

In a general sense, the term information system (IS) refers to a system of persons, data records and activities that process the data and information in an organization, and it includes the organization's manual and automated processes. In a narrow sense, the term information

system (or computer-based information system) refers to the specific application software that is used to store data records in a computer system and automates some of the information-processing activities of the organization. Computer-based information systems are in the field of information technology. The discipline of Business process modelling describes the business processes supported by information systems.

Topic : Understanding The People Component

Topic Objective:

At the end of this topic student would be able to:

- Understand People as a CRM Component
- Understand Engineering People?
- Learn about Moving Forward: Beware of Black Holes
- Learn about Individual change management
- Learn about Unfreeze-Change-Refreeze

Definition/Overview:

Change management: Change management is a structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state. The current definition of Change Management includes both organizational change management processes and individual change management models, which together are used to manage the people side of change.

Key Points:

1. People as a CRM Component

People are the fourth component of our CRM infrastructure, which is by far the most difficult of the four to manage. This is also the most critical of the components, but one that is often overlooked in the rush to begin a CRM program quickly. (After all, technology will fix everything anyway, right?) The people component is about changing the behavior of the people who interact with customers either directly or indirectly. We're not going to try to engineer people; instead, the people component is about engineering change. And for that, we are going to develop and follow a plan.

2. Engineering People?

We're not going to even think about engineering people. We won't be using any clipboards or stop watches to manage the people component. In fact, this component isn't about work at all; we already looked at what needs to be done in topic when we discussed the process component. Rather, when we talk about the people component, we are talking about helping people to change their behavior. The dictionary defines change to mean "to make different," and behavior is defined as "the way in which some[one] functions or operates."

3. Moving Forward: Beware of Black Holes

The biggest threat to success for the people component comes from organizational black holes. These black holes occur when the targets of change are not hearing the same thing from their local management as they are from project management and executives.

4. **Individual change management**

A number of models are available for understanding the transitioning of individuals through the phases of change management and strengthening organizational development initiative in both government and corporate sectors.

5. Unfreeze-Change-Refreeze

An early model of change developed by Kurt Lewin described change as a three-stage process. The first stage he called "unfreezing". It involved overcoming inertia and dismantling the existing "mindset". Defense mechanisms have to be bypassed. In the second

stage the change occurs. This is typically a period of confusion and transition. We are aware that the old ways are being challenged but we do not have a clear picture to replace them with yet. The third and final stage he called "freezing" (often called "refreezing" by others). The new mindset is crystallizing and one's comfort level is returning to previous levels. Rosch (2002) argues that this often quoted three-stage version of Lewins approach is an oversimplification and that his theory was actually more complex and owed more to physics than behavioural science. Later theorists have however remained resolute in their interpretation of the force field model.

Topic : Managing The Project

Topic Objective:

At the end of this topic student would be able to:

- Understand Controlling the Project
- Understand The Critical Path Method
- Learn about Project control systems
- Learn about Project Organization
- Understand Finishing the Development Project

Definition/Overview:

Project manager: A project manager is the person accountable for accomplishing the stated project objectives. Key project management responsibilities include creating clear and attainable project objectives, building the project requirements, and managing the triple constraint for projects, which is cost, time, and scope.

Key Points:

1. Controlling the Project

The purpose of project management is to ensure that the project stays on track and delivers the intended result. The project manager plays the key role in this activity. This individual will be responsible for tracking, overseeing, and communicating each step in the infrastructure development phase. As always, communication is a key responsibility of the project manager: communicating actual status, and identifying and escalating issues or changes that occur during any of the four development steps.

2. The Critical Path Method

The Critical Path Method, abbreviated CPM, or Critical Path Analysis, is a mathematically based algorithm for scheduling a set of project activities. It is an important tool for effective project management. It was developed in the 1950s by the US Navy when trying to better organize the building of submarines and later, especially, when building nuclear submarines. Today, it is commonly used with all forms of projects, including construction, software development, research projects, product development, engineering, and plant maintenance, among others. Any project with interdependent activities can apply this method of scheduling. Using these values, CPM calculates the longest path of planned activities to the end of the project, and the earliest and latest that each activity can start and finish without making the project longer. This process determines which activities are "critical" (i.e., on the longest path) and which have "total float" (i.e., can be delayed without making the project longer). In project management, a critical path is the sequence of project network activities which add up to the longest overall duration. Since project schedules change on a regular basis, CPM allows continuous monitoring of the schedule, allows the project manager to track the critical activities, and alerts the project manager to the possibility that non-critical activities may be delayed beyond their total float, thus creating a new critical path and delaying project completion. In addition, the method can easily incorporate the concepts of stochastic predictions, using the Program Evaluation and Review Technique (PERT) and event chain methodology. Currently, there are several software solutions available in industry that use the CPM method of scheduling, see list of project management software. However, the method was developed and used without the aid of computers. A schedule generated using critical path techniques often is not realized precisely, as estimations are used to

calculate times: if one mistake is made, the results of the analysis may change. This could cause an upset in the implementation of a project if the estimates are blindly believed, and if changes are not addressed promptly. However, the structure of critical path analysis is such that the variance from the original schedule caused by any change can be measured, and its impact either ameliorated or adjusted for. Indeed, an important element of project postmortem analysis is the As Built Critical Path (ABCP), which analyzes the specific causes and impacts of changes between the planned schedule and eventual schedule as actually implemented.

3. Project control systems

Project control is that element of a project that keeps it on-track, on-time and within budget. Project control begins early in the project with planning and ends late in the project with post-implementation review, having a thorough involvement of each step in the process. Each project should be assessed for the appropriate level of control needed: too much control is too time consuming, too little control is very risky. If project control is not implemented correctly, the cost to the business should be clarified in terms of errors, fixes, and additional audit fees.

Control systems are needed for cost, risk, quality, communication, time, change, procurement, and human resources. In addition, auditors should consider how important the projects are to the financial statements, how reliant the stakeholders are on controls, and how many controls exist. Auditors should review the development process and procedures for how they are implemented. The process of development and the quality of the final product may also be assessed if needed or requested. A business may want the auditing firm to be involved throughout the process to catch problems earlier on so that they can be fixed more easily. An auditor can serve as a controls consultant as part of the development team or as an independent auditor as part of an audit.

4. Project Organization

Traditionally, project development includes a number of elements: four to five stages, and a control system. Regardless of the methodology used, the project development process will have the same major stages:

- initiation,
- planning or development,
- production or execution,

- monitoring and controlling, and
- closing.

4.1 Initiation

The initiation stage determines the nature and scope of the development. If this stage is not performed well, it is unlikely that the project will be successful in meeting the businesss needs. The key project controls needed here are an understanding of the business environment and making sure that all necessary controls are incorporated into the project. Any deficiencies should be reported and a recommendation should be made to fix them.

4.2 Planning and design

After the initiation stage, the system is designed. Occasionally, a small prototype of the final product is built and tested. Testing is generally performed by a combination of testers and end users, and can occur after the prototype is built or concurrently. Controls should be in place that ensure that the final product will meet the specifications of the project charter.

4.3 Executing

Executing consists of the processes used to complete the work defined in the project management plan to accomplish the project's requirements. Execution process involves coordinating people and resources, as well as integrating and performing the activities of the project in accordance with the project management plan. The deliverables are produced as outputs from the processes performed as defined in the project management plan.

4.4 Monitoring and Controlling

Monitoring and Controlling consists of those processes performed to observe project execution so that potential problems can be identified in a timely manner and corrective action can be taken, when necessary, to control the execution of the project. The key benefit is that project performance is observed and measured regularly to identify variances from the project management plan. Over the course of any construction project, the work scope changes. Change is a normal and expected part of the construction process. Changes can be the result of necessary design modifications,

differing site conditions, material availability, contractor-requested changes, value engineering and impacts from third parties, to name a few. Beyond executing the change in the field, the change normally needs to be documented to show what was actually constructed. This is referred to as Change Management. Hence, the owner usually requires a final record to show all changes or, more specifically, any change that modifies the tangible portions of the finished work. The record is made on the contract documents usually, but not necessarily limited to, the design drawings. The end product of this effort is what the industry terms as-built drawings, or more simply, asbuilts. The requirement for providing them is a norm in construction contracts. When changes are introduced to the project the viability of the project has to be assessed again. It is important not to lose sight of the initial goals and targets of the projects. When the changes accumulate, the forecasted end result may not justify the proposed investment.

4.5 Closing

Closing includes the formal acceptance of the project and the ending thereof. Administrative activities include the archiving of the files and documenting lessons learned.

5. Finishing the Development Project

We know that a CRM project is not really complete until the offer has been made to the customer and the results have been analyzed and reported. However, the end of the infrastructure development phase marks a major milestone in that the remainder of the CRM life cycle does not require as much interaction between business functions and the IT department. Because this is a cycle that will be repeated over and over until you have done as much CRM as you need, it's important to examine the partnership and how well it worked, as well as how the overall project went. This is how we can learn from the experience and results before launching the next cycle.

In Section 4 of this course you will cover these topics:

- Integrating Components

- Finding The Right Customers
- Delivering The Customer Offer
- Evaluating Project Results

Topic : Integrating Components

Topic Objective:

At the end of this topic student would be able to:

- Learn about Transitioning From Inside to Outside Work
- Learn about Integrating the Information Component
- Understand Combining Process, Technology, and People
- Understand Project planning
- Learn about Project Scope

Definition/Overview:

Project Team: A project team is a team whose members usually belong to different groups, functions and are assigned to activities for the same project. A team can be divided into sub-teams according to need. Usually project teams are only used for a defined period of time.

Key Points:

1. Transitioning From Inside to Outside Work

Transition steps are always difficult because they represent a change in gear and often a shift of responsibility from one part of the team to another. The component integration transition step may be the most difficult of the four. In addition to normal difficulties, we have the added complication that virtually no company has the luxury of installing their new CRM components into a totally empty environment. In fact, this is the reason we call this transition step "integration" instead of implementation. Implementation is like building a brand new

house starting with an empty lot and building. Integration is more like a remodel. The builder has to work with all of the existing elements of the houseat least those that will remain standing when the remodel is complete. Just ask any building contractor which kind of job is easier to do. This may seem to make the notion of buying a total solution even more appealing: Just get rid of everything and start over. No integration, right? But it's virtually impossible to replace everything at once, so some integration always has to be done. You might be able to purchase a pre-fabricated family room to add to your house, but you still have to worry about aligning doorways and rooflines and about linking up to the power and water supplies. In some cases, those things are still easier than building from scratch, and in other cases, the existing infrastructure is so poor that starting from scratch is easier.

2. Integrating the Information Component

Information may be the trickiest of the four components to integrate because it is so poorly understood and so seldom practiced. The myth that information just happens when a system is built has caused much expensive rework (or total failure) of so many projects. It takes work and attention to detail to get it right, but don't give up. It's easier than it looks. "The data is all wrong," is one of the most common statements made by users after a new system is implemented. Unfortunately, this is the reaction even if only a few of the hundreds of fields are incorrect. The problem arises because the users of the data think the content of the system belongs to the IT department just the same way as the hardware and software aspects of the system do. Functional experts must understand that if they are careless in the way they describe their current and future data requirements, or the data was entered incorrectly in the first place, the IT team can't do anything about it. The tools built to integrate information won't be successful if the business experts forget to mention, for example, that, "Well, that field is called 'product option,' but if there's an 'M' in the field it means it's a special marketing program discount instead." The fact is, that in spite of everyone's best efforts, glitches will be discovered during the integration phase and rework will be needed. Rework isn't different from the original project work, we just go back and clarify the misunderstanding about the source and target data and tune the transformation tool. However, rework isn't fun and it's not very productive which is why we use formal methods to help us to communicate clearly in the first place.

3. Combining Process, Technology, and People

This transition step is about the same for all the other three components. Identify what's going to be different: creating (build or buy) whatever it takes to make the new component successful. New processes are successful if there is a smooth flow between steps and nothing falls into a black hole along the way. Technology is successful if there is enough equipment, storage, and network to support the new project and it all can work together. The people are successful if they have the information and training they need to do their jobs differently.

4. Project planning

Project planning is part of project management, which relates to the use of schedules such as Gantt charts to plan and subsequently report progress within the project environment.

Initially, the project scope is defined and the appropriate methods for completing the project are determined. Following this step, the durations for the various tasks necessary to complete the work are listed and grouped into a work breakdown structure. The logical dependencies between tasks are defined using an activity network diagram that enables identification of the critical path. Float or slack time in the schedule can be calculated using project management software. Then the necessary resources can be estimated and costs for each activity can be allocated to each resource, giving the total project cost. At this stage, the project plan may be optimized to achieve the appropriate balance between resource usage and project duration to comply with the project objectives. Once established and agreed, the plan becomes what is known as the baseline. Progress will be measured against the baseline throughout the life of the project. Analyzing progress compared to the baseline is known as earned value management.

5. Project Scope

In project management, the scope of a project is the sum total of all of its products and their requirements or features. According to the Guide to the Project Management Body of Knowledge (PMBOK) "Project Scope Management includes the processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully. It is primarily concerned with defining and controlling what is or is not included in the project. Sometimes the term scopeis used to mean the totality of work needed

to complete a project. In traditional project management, the tools to describe a project's scope (product) are the product breakdown structure and product descriptions. The primary tool to describe a project's scope (work) is the work breakdown structure.

Topic : Finding The Right Customers

Topic Objective:

At the end of this topic student would be able to:

- Learn about CRM Infrastructure
- Learn about Creating a Customer Profile
- Understand Knowing Your Customers
- Understand Targeting Customers
- Learn about Understanding the Tools

Definition/Overview:

Market specialization: Market specialization is a business term meaning the market segment to which a particular good or service is marketed. It is mainly defined by age, gender, geography, socio-economic grouping, or any other combination of demographics. It is generally studied and mapped by an organization through lists and reports containing demographic information that may have an effect on the marketing of key products or services.

Key Points:

1. CRM Infrastructure

We've defined our strategy and built a piece of our CRM infrastructure; now we're ready to turn our focus outside and identify the specific characteristics and customers who are most likely to respond to the offer we plan to make. We use information about our customers to make predictions about how they will respond to our offers. We also use information to measure the results of our efforts. Information is the raw material of CRM. For now, we will focus on using information to identify the right customers to receive our offer. To be effective, an offer must generate a response. To get a response, understand what our customers are like, what they value and how they are likely to behave (respond). Like most of the other life cycle phases, we started thinking about key customers early in the methodology at a high-level perspective. But now it's time to work our way through to finding the specific customers who will be targeted for the current project. First, we will get to know our customers well enough that we can identify groups or segments likely to respond to the same offer the same way. Then we'll pick (target) exactly which customers to include.

2. Creating a Customer Profile

When we select customers to receive the project offer, we are hoping to effectively predict what the customer's response will be to that offer. We define a profile based on characteristics we know about the customer. Frankly, we could segment and target by any characteristic, but not all are useful. Customers' first names, for example, are almost universally available. But a customer's first name is extremely unlikely to predict anything about behavior. Using customers' first names would not produce actionable segments. Of course, no one would really choose "first name" as one of their segmentation criteria, but many companies (especially those that are product-centered) do something similar. They try to segment their customers based on what product the customer purchased. It's not that the purchased product isn't extremely valuable information; it's just that it doesn't really tell us much about who the customer is. For example, XYZ's consumer customers didn't buy large-scale products, but those darn business guys were always buying products designed for consumers. "Purchased product" isn't great for segmentation, but it can be very useful for targeting (such as for an upgrade offer sent to all those who own a certain product). We need to look at the characteristics that do help us understand customers.

3. Knowing Your Customers

Remember that, for CRM, we get to know customers because of what we know about them. CRM success is measured by how well we have been able to use information to predict and influence future customer behavior. We want to make our offer only to the customers who will provide the highest return (greatest response rates, highest profit margins, or lowest cost to serve). The table lists the steps needed to get to know your customers.

STEPS TO KNOWING YOUR CUSTOMER		
Steps	Purpose (Actions)	Participants
Getting Down and Dirty with the Data	Customer profile Enhance profile coverage	Product team Database marketing team Data quality management team
Segmenting Customers	Define segmentation strategy Group customers by similar profile characteristics	Product team Database marketing team

Table 1: Steps to Knowing Your Customers

4. Targeting Customers

Targeting customers is the transition step between getting to know the customers and delivering the offer. This is where we pick exactly the customers we plan to contact with our offer. Targeting decisions are based on predicting responses based on past behavior and expected returns. We want to provide each customer with the most appropriate experience possible. "Appropriate" does not necessarily mean the best experience. We cannot treat all customers the same. For each project, we need to target the segment(s) that are the best match to the offer because of the expected behavior of that segment. If you're planning to provide an expensive new capability, you might limit the offer to those who are highest value, highest potential value, or highly visible and influential in the marketplace.

5. Understanding the Tools

Often, we want to use calculations, statistics, and modeling tools to define and target the most actionable customer segments. We've discussed some of these tools already; now let's look at how and when they are used. Table lists some of the most commonly used calculation tools.

SEGMENTATION AND TARGETING TOOLS			
Tool	Description	Type	When to Use
Scoring	Rank customers likelihood of response based on specific characteristics	Target	Develop a ranking for customers based on some other attribute(s)
RFM (Recency, Frequency, and Monetary Value of Customers)	Customers who have bought recently, who buy more often, and who spend more have been shown to be the most likely to buy again	Target	Previous behavior predicts future response
Value	Company income from orders less cost to acquire and serve customer	Segment	Measure actual value of customers (net profit from customer); the best customers
LTV (Lifetime Value)	Projects profit over the number of years customer remains loyal	Segment	Justify larger investment because of payback over life time
Data Mining	Discover data patterns that predict response	Target	Identify new customers who look like the target segment
ROI (Return on Investment)	Cost of project divided by Revenue from project	Evaluation (offer or project)	Measure

Table 2: Segmentation and Targeting Tools

Topic : Delivering The Customer Offer

Topic Objective:

At the end of this topic student would be able to:

- Learn about CRM Offer Plan
- Learn about Delivering the Offer
- Understand Designing the Offer
- Understand Preparing the Offer Message(s)
- Understand Presenting the Offer
- Understand Doing" CRM On and Off the Web

Definition/Overview:

Customer: A customer, also client, buyer or purchaser is the buyer or user of the paid products of an individual or organization, mostly called the supplier or seller. This is typically through purchasing or renting goods or services. The word customer derives from "custom," meaning "habit"; a customer was someone who frequented a particular shop, who made it a habit to purchase goods of the sort the shop sold there rather than elsewhere, and with whom the shopkeeper had to maintain a relationship to keep his or her "custom," meaning expected purchases in the future.

Key Points:

1. CRM Offer Plan

Now that we've chosen the set of customers most appropriate to the offer we plan to make, it's time to design and deliver the offer to these customers. The "offer" is what all our project

efforts so far have prepared us to do. The offer can be anything from a marketing campaign to an opportunity to take advantage of a new online capability, as long as we want the customer to perform an action in response. For CRM projects, all decisions should be based on customer information. We are going to work on defining the right goal and the right offers for each customer segment.

2. Delivering the Offer

Remember that for a CRM program, the customer offer is always aimed at generating some kind of response from the targeted customers. We hope to persuade customers to act in a certain way. Persuasion, according to Jay Conger in his book on the topic, is "Quite simply to present a message in a way that leads others to support it."

3. Designing the Offer

Not surprisingly, before we actually define our customer offers, we want to understand more about the different characteristics of each of the segments we've identified. We know that XYZ has targeted the top 50 customers who owned at least one 815 or 817 series product. They recognize that, within this "best customer" group, there are very different needs and uses for the products. These product uses (applications) were believed to be an important way to personalize messages.

4. Preparing the Offer Message(s)

The major purpose of the offer is to persuade customers to accept the call to action. This is best accomplished by matching the offer to the value proposition for each segment. We will look now at the mechanics of preparing an offer. There are four elements of the offer message: offer details, goals and measures, offer value, and call to action. All may be varied by customer segment, although the offer details, goals, and call to action may be the same for all segments. If the value is the same for all segments, then you have not identified any that are meaningful and actionable. This may be your intention, but make sure that it is a conscious decision or go back to the drawing board. In any case, don't waste your time trying to measure differences between segments when all the message elements are the same.

5. Presenting the Offer

Presenting the offer includes all the steps we take to select the details of sending out the offer and preparing to handle the responses.

6. "Doing" CRM On and Off the Web

The basic method is the same whether the offer is made (and responses accepted) on or off the web. The differences are in the capabilities of the different media and how they can be used most effectively. Patricia Seybold lists these eight critical success factors for electronic commerce in her widely read book, customers.com:

- Target the right customers
- Own the customer's total experience
- Streamline business processes that impact the customer
- Provide a 360-degree view of the customer relationship
- Let customers help themselves
- Help customers do their jobs
- Deliver personalized service
- Foster community

Topic : Evaluating Project Results

Topic Objective:

At the end of this topic student would be able to:

- Understand Devloping Performance Metrics
- Understand Managing Quality Information As a Company Asset
- Learn about Value Metrics
- Learn about Reviewing and Tuning Your Strategy

- Learn about Critical Success Factor

Definition/Overview:

Performance metrics: Performance metrics are measures of an organization's activities and performance. Performance metrics should support a range of stakeholder needs from customers, shareholders to employees.

Key Points:

1. Devloping Performance Metrics

Performance metrics are often linked in with corporate strategy and are often derived in order to measure performance against a critical success factor. A criticism of performance metrics is that when the value of information is computed using mathematical methods, it shows that even performance metrics professionals choose measures that have little value. This is referred to as the "measurement inversion". For example, metrics seem to emphasize what organizations find immediately measurable even if those are low value and tend to ignore high value measurements simply because they seem harder to measure (whether they are or not). To correct for the measurement inversion other methods, like applied information economics, introduce the "value of information analysis" step in the process so that metrics focus on high-value measures. Organizations where this has been applied find that they define completely different metrics than they otherwise would have and, often, fewer metrics. There are a variety of ways in which organizations may react to results. This may be to trigger specific activity relating to performance (i.e., an improvement plan) or to use the data merely for statistical information. Often closely tied in with outputs, performance metrics should usually encourage improvement, effectiveness and appropriate levels of control.

2. Managing Quality Information As a Company Asset

For information to be useful in building relationships and making good business decisions, it must be accurate. Otherwise, CRM just helps us make bad decisions faster. These bad decisions often have a very negative impact on our relationships with our customers; they make our company look inept, if not plain stupid. In topic, we learned that information is data in context and focused on creating the context for our CRM information needs. At the time, we defined the containers where we could store our information so we could get at it easily

and use it effectively. Now we are going to take a look at another aspect of information that impacts its usability: the content of the database and its level of quality.

3. Understanding Value Metrics

Value is a two-way street. The customer value proposition is comprised of the advantages that our product has over other products. Customer Lifetime Value (LTV) is the concept of using a customer's purchase history to predict how much she will spend over the entire time she remains a customer. The lifetime of a customer is an expected retention rate based on historical averages. Value represents all the revenue from a single customer over a period of years less the cost to acquire and serve that customer. Besides retention rate, other factors such as referral rates and spending rates are used. As discussed in topic, Life Time Value is the expected profit from a customer over the number of years the customer remains a customer.

4. Reviewing and Tuning Your Strategy

We are ready to begin the next project cycle by taking everything we've learned during the project (about business priorities, customer expectations, and technologyall the elements of the original strategic plan) and testing that all our assumptions are the same as we get ready to launch the next project. As indicated in Figure 19-2, we will repeat the same process that we've done before, but hopefully we'll be a little better at it each time.

5. Critical Success Factor

Critical Success Factor (CSF) is a business Advocate term for an element which is necessary for an organization or project to achieve its mission. They are the critical factors or activities required for ensuring the success of your business. The term was initially used in the world of data analysis, and business analysis. For example, a CSF for a successful Information Technology (IT) project is user involvement.

In Section 5 of this course you will cover these topics:

- Managing Quality Information As A Company Asset
- Designing Quality Systems For A Competitive Advantage
- Customer Privacy: Seize Your Opportunity
- Crm: You Got It, Right?

Topic : Managing Quality Information As A Company Asset

Topic Objective:

At the end of this topic student would be able to:

- Understand Identifying Data Quality Issues
- Understand Planning Information Quality
- Learn about Getting Information Quality
- Learn about Using Tools to Manage Data
- Understand Owning Data Versus Responsibility for Data

Definition/Overview:

Information quality: Information quality (IQ) is a term to describe the quality of the content of information systems. It is often defined as: "The fitness for use of the information provided." Although this is usable for most everyday purposes, specialists often use more complex models for information quality.

Key Points:

1. Identifying Data Quality Issues

We understand why we have to manage the quality of raw material inventory, but why is data quality a problem? Just like manufacturing material, data can be bad when it comes from the source; it can become damaged during handling (shipping and stocking), damaged while in storage, or misused in the manufacturing process (wrong part). Here are the most common sources of data quality problems:

- Customer data deterioration (customers move and change jobs)
- Source data quality (database design, lack of standards)
- Lack of trust (sales rep resistance and customer resistance)

2. Planning Information Quality

Managing the quality of our customer data asset, like managing raw material, requires good planning and elbow grease. Like all our efforts so far, we will depend on having a methodology, including an action plan, for our data quality efforts. We will examine five steps in the data quality methodology:

- Detail the characteristics of the current quality state (baseline).
- Detail the characteristics of the future quality state (target).
- Identify the differences between them.
- Design the data quality action plan with responsibilities and dates.
- Execute the action plan.

3. Getting Information Quality

Information quality requires measuring the quality of the information stored in company databases, identifying quality issues, and having processes in place to fix them.

4. Using Tools to Manage Data

We've already mentioned several of the external sources for improving data quality, but there are many more ways of verifying and validating the customer information we have captured in our files.

5. Owning Data Versus Responsibility for Data

Always ask yourself these questions: Who cares about the result? Who is measured on the result? Whose career will be impacted if the results are lower than expected? If the answer to any of these questions is "no one," then you will never achieve the data quality level you need for a successful CRM program. Just as we have a materials manager, we should have an information manager responsible for all the quality programs, training, metrics, and processes that are needed to protect the information asset.

Topic : Designing Quality Systems For A Competitive Advantage

Topic Objective:

At the end of this topic student would be able to:

- Understand Quality Systems and CRM
- Learn about System Quality
- Learn about Identifying System Quality Issues
- Learn about Planning System Quality
- Understand Getting System Quality
- Identify Why Web-Based Systems Are the Most Demanding

Definition/Overview:

Competitive advantage: Competitive advantage is a position a firm occupies against its competitors. Many forms of competitive advantage cannot be sustained indefinitely because the promise of economic rents invites competitors to duplicate the competitive advantage held by any one firm.

Key Points:

1. Quality Systems and CRM

It should go without saying that the rest of the CRM infrastructure components (process, technology, and people) also comprise assets of the company, although some are more tangible than others. The technology component is the most obvious asset among the remaining three. Most organizations today have a good handle on the computers and networking equipment used to manage their company's operations. Of course, this wasn't always the case. At one time, computer hardware was purchased and managed everywhere throughout the organization, with no overall coordination. Connectivity, scalability, and usefulness were severely reduced by this fragmentation. The problem wasn't resolved until the total responsibility for all systems was given to the Chief Information Officer. The process and people components are certainly less tangible assets than computer hardware.

Still, most companies understand at least that the software that embodies business processes costs enough to be treated as an assets. The value of the people component is certainly the most difficult determine, but it's certainly clear that employees are still the key to customer satisfaction and loyalty. No matter how much we can (and should) automate, people are heavily involved in defining what the computers are taught to do for customers. and that basically it's employees who can build.

2. Understanding System Quality

First, we must understand what system quality is, and how we get it and keep it! The ISWORLDNET web site defines system quality as measuring the information processing system itself:

Measures of System Quality typically focus on performance characteristics of the system under study. Some research has looked at resource utilization and investment utilization, hardware utilization efficiency, reliability, response time, ease of terminal use, content of the database, aggregation of details, human factors, and system accuracy.

3. Identifying System Quality Issues

System quality is measured by the total cost to the customer of building, running, supporting and using of its components, then system quality issues occur when any single component fails to be cost effective for the primary system owner: the customer. There must be a balance among all the cost sources. Throwing a quick and dirty solution together may be have a small build cost, but the supportability costs and failure rates may be astronomical.

4. Planning System Quality

Systems are company assets. We already know that asset management doesn't just happen; it's a result of planning and hard work. The absolutely most effective way to ensure high-quality systems that perform as they are expected is to build quality in up front. Using tools like the FURPS checklist and understanding the basic sources of system failure are tools that can be used to check for quality problems before the system is selected or built.

5. Getting System Quality

CRM system quality means measuring and managing the quality of the hardware, software and people/organizational performance that supports your company's CRM program. The system must meet the expectation of the customer whether that customer is interacting directly with the system or is working with a company employee using the system to provide support and service. Hardware and software are so inextricably intertwined that, for example, hardware failures are indistinguishable from software failures to the end user. "The system crashed" can mean that a failure occurred anywhere in the system, including human error. This is why we manage all three components as part of the overall system. Customers experience the system as a single thing.

6. Understanding Why Web-Based Systems Are the Most Demanding

Web-based CRM systems support customers directly. The good news is that the cost of human (employee) interaction has been eliminated. The bad news is that brain of the human employee has also been eliminated. Web-based systems must be very carefully designed and operated to ensure that the experience for the end customer is smooth and easy. In the past, we've relied on employees to connect any broken links. After all, employees know lots about the company, its products, and how each process should work. We pay employees to connect the dots. We should never expect the same of customers. Customers are not familiar with our company's organization and products. They don't (and shouldn't be expected to) give a fig about any of it. Customer experiences must be integrated and consistent, whether or not there is a person involved.

Topic : Customer Privacy: Seize Your Opportunity

Topic Objective:

At the end of this topic student would be able to:

- Understand Importance of Customer Privacy
- Identify Why Should You Care?
- Understand What Is Privacy?
- Learn about Writing Your Online Statement
- Learn about Managing the Balance between Self-regulation and Legislation

Definition/Overview:

Consumer privacy: Consumer privacy laws and regulations seek to protect any individual from loss of privacy due to failures or limitations of corporate customer privacy measures. They recognize that the damage done by privacy loss is typically not measurable, nor can it be undone, and that commercial organizations have little or no interest in taking unprofitable measures to drastically increase privacy of customers - indeed, their motivation is very often quite the opposite, to share data for commercial advantage, and to fail to officially recognize it as sensitive, so as to avoid legal liability for lapses of security that may occur.

Key Points:

1. Importance of Customer Privacy

Customer privacy was once upon a time a topic of great interest and ever increasing importance is still around it. California's state legislature came very close to passing a law to establish a no-phone zone, a "do not phone" list that anyone telemarketing to California residents would be required to use. It didn't quite passthis time. Privacy is still a huge political issue and a huge legal issue, but most important, it is a huge opportunity for you to build trust and loyalty with your customers and enhance your brand image! Like many of the things we've already discussed, the Internet hasn't created the privacy issue, but it has significantly raised its visibility and importance. Nothing illustrates how pervasive a topic has become better than when it becomes the subject of humor in a publication like The New Yorker.

2. Why Should You Care?

As we've already discussed, there is general agreement that customer loyalty and satisfaction will be the differentiators between successful companies and unsuccessful ones. You may be one of the many businesses hoping to move customers to the web. After all, it's clearly the

most cost-effective way to enable many sales, marketing, and support activities. Speaking at an Internet conference in New York on the topic of whether privacy laws would crush many promising Internet businesses.

3. What Is Privacy?

Consumer privacy concerns date back to the first commercial couriers and bankers, who in every culture took strong measures to protect customer privacy, but also in every culture tended to be subject to very harsh punitive measures for failures to keep a customer's information private. The Hippocratic Oath includes a requirement for doctors to avoid mentioning ills of patients to others, not only to protect them, but to protect their families - the same basic idea as modern consumer privacy law and regulation, which recognizes that innocent third parties can be harmed by the loss of control of sensitive information, and that therefore there is a responsibility beyond that to the 'customer' or 'client'. Today the ethical codes of most professions very clearly specify privacy measures beyond that for the 'consumer' of an arbitrary service. Those measures are discussed in other articles on medical privacy, client confidentiality and national security - and to a degree in carceral state (where no privacy in any form nor limits on state oversight or data use exist). Modern consumer privacy law in a recognizable form originated in telecom regulation, when it was recognized that a telco, especially a monopoly (known in most nations as a PTT), had access to unprecedented levels of information about not only the direct customer's communications habits and correspondents, but also that of those who shared his or her household. It was also often the case that telephone operators could hear conversations, inadvertently or deliberately, and were required to dial the exact numbers. Through the 1970s many other organizations in developed nations began to acquire sensitive data, but there were few or no regulations in place to prevent them from sharing or abusing it. Customer trust and goodwill was generally thought to be sufficient in some nations, notably the United States, to ensure protection of truly sensitive data. 'Caveat emptor' applied. But in the 1980s much smaller organizations began to get access to computer hardware and software, and these simply did not have the procedures or personnel or expertise, nor less the time, to take rigorous measures to protect their customers. Meanwhile, via target marketing and rewards programs, they were acquiring ever more data. Gradually, customer privacy measures alone proved insufficient to deal with the many hazards of corporate data sharing, corporate mergers, employee turnover, theft of hard drives or other data-carrying hardware from work.

4. Writing Your Online Statement

While each company has its own culture, practices, and economic situations, little is to be gained by providing customers with a lengthy discussion of developing the details of your internal policy. But the external statements we make to our customers are a different story. We will focus on developing your online privacy statement because the more we can use a standard framework for communicating our policies, the easier it will be for customers to understand what they need to understand. The online statement is critical because so many customers are particularly concerned about releasing their personal data over the Internet. If you have uncovered some areas where you are particularly vulnerable since you first created your internal policy, you can include information in the online statement about which areas you are working to improve. The goal is to write a true statement that is clear and complete, so you earn your customers' trust and get them to trust you with more of their online business and personalinformation.

5. Managing the Balance between Self-regulation and Legislation

One of the most negative outcomes from all the rhetoric around privacy is that companies are actually discouraged from posting their privacy policies. Because only U.S. companies that actually display a privacy policy can get into trouble for not living up to it, companies think they're safer not having a policy. Unfortunately, this is head-in-the-sand thinking. The real result of ignoring privacy will be complicated laws created by legislators who don't understand business realities. These are likely to be much more restrictive and difficult to work with than anything we would enact ourselves or that our customers would demand. Unfortunately, hard-liners on both sides of the privacy questions make things worse. Self-regulation advocates reject all proposed legislation rather than working to make sure the laws are reasonable. Although this head-in-the-sand thinking might be technically correct, it only makes customers less trusting and more leery of sharing their information with all companies. It's a vicious cycle. We want to be self-regulated, but we're reluctant to take the first step and make any privacy promises. So customers' trust of our sense of intentions goes down, as does the government's opinion of how responsible we're being. Government then raises the prospect of legislation as the only viable alternative because industry isn't taking responsibility. This causes more fear that one small legal step will lead to a totally restrictive environment, so we scream self-regulation even louder. We have to break this cycle. We all must create and post online privacy statements on our web sites now. Because it's a

reasonable requirement, we should also get behind the efforts to adopt legislation to that effect, making the playing field level for all of us and taking a step toward building credibility with our customers and the government.

Topic : Crm: You Got It, Right?

Topic Objective:

At the end of this topic student would be able to:

- Understand Customer Needs
- Understand Knowing Your Company's CRM Goals
- Understand Knowing What a Successful CRM Program Looks Like
- Understand Knowing How You're Going to Get There
- Understand Knowing How to Get Started
- Understand Where Will CRM Go from Here?

Definition/Overview:

Customer Relationships: Managing customer relationships today really means turning the management of the relationship over to your customers. It's a scary thought, isn't it? How do you let customers manage their own relationships without giving up total control of your business? And even if you did give up control, it wouldn't really do your customers much good if you lose money and have to go out of business because you "delighted." them. The dot.com debacle taught many people that important lesson

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Key Points:

1. Customer Needs

Customers require that companies give them what they want, the way they want it, and when they want it. The trick is giving customers choices about how they interact with your company without giving the company away. Balancing priorities is what customer relationship management is about.

2. Knowing Your Company's CRM Goals

Surely, any company could "buy" customer loyalty with great free products and services. Many of the now defunct dot.coms did exactly that! And where are their customers today? I can't tell you exactly, but they're certainly no longer the loyal customers they once were to companies that no longer exist. Happy customers and loyal eyeballs are not the only measure of success; profit is still important. The secret to CRM success is finding the right balance between customer experience and company profit, as illustrated in Figure 23-1.

3. Knowing What a Successful CRM Program Looks Like

Customer Relationship Management is not a piece of software; it's an entire discipline. Hence, a successful CRM program must involve all aspects of how your company interacts with its customers. This frightens many, but the size is easily scalable as long as you understand all the steps that are necessary to deliver success for each of the four CRM components.

4. Knowing How You're Going to Get There

Customer Relationship Manage is actually very simple; but it's not easy. First, there is no magic wand. Successful CRM programs occur when your organization is ready to invest the time and energy required to successfully manage communications and work across all the front office business functions and Information Technology. You need to be able to successfully balance your dream of what the future can look like and the time and sweat needed to make it all happen

5. Knowing How to Get Started

I'm guessing that most of you already know roughly what needs to be done. You didn't pick up this book because CRM is such a fascinating topic. More than likely, you're reading this book because you're faced with sponsoring, managing, or leading a critical CRM project for your company. You want to know what to expect, what to avoid, and what you can do to increase the likelihood that your project is successful. But maybe, most important of all, you want to know how to get started.

6. So Where Will CRM Go from Here?

You probably can't wait for all the improvements anyway, so do the best with what's available now. We want to build a CRM infrastructure that is standard and open enough that you can just plug in the tools when they become available. It's certainly important to keep your radar turned on for new tools, technologies, and information sources. We talked about a couple of fairly new tools earlier. The avatar discussed in topic is one good example of a technology that is emerging to humanize the web site experience. New sources of customer information and new tools for analysis and data mining appear all the time. If you wait until all the breakthroughs are developed, you'll never get started. Design your CRM infrastructure for flexibility, and keep you options open. Look forin fact, demandoptions that are open and designed to work well with other products so you can protect and secure your customer information without sacrificing functionality and capabilities.