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Gain Competitive Advantage Through CRM Implementation

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ABSTRACT

Customer is the main focus for all business strategy, because customer is a dominant resource for company revenues. Many strategies had implemented to gain and maintain customer, mostly in marketing area. However, recently, the paradigm has shifted to back end. The loyalty of customer has small related impact into marketing strategies, but it depends on how well the company managing their back end process to support customer satisfaction. These supports are enabled by some tools and technology and one of these technologies is Customer Relationship Management (CRM). CRM is an integrated strategy to support customer interaction. To gain the optimum benefits the company should choose the right CRM approach, and balanced it into company needs. Implementation of CRM, on this case, is emphasized to help managing and tracking customer complains in PT.XYZ as a case study. Using Customer support application of SugarCRM package, distributing and tracking the task can be done automatically and each function can give faster and accurate respond to solve the problem. Its can improve customer satisfaction by increasing information transparancy and easier tracking for each problem. Application can help company to classify the problem and anticipate the same problem arise in the future. Eventually, it expected to improve customer loyalty as one of important components for company's competitive advantage.

Keywords: *CRM, Customer, complain, competitive, loyalty, strategic.*

1. INTRODUCTION

Customer is the main focus for all business strategy, because customer is a dominant resource for company revenues. Many strategies has implemented to gain and maintain customer, mostly in marketing area. But, nowaday, the paradigm has shifted to back end area. To sustain the customer loyalty, it has small related impact into marketing strategies, but it placed on how well the company manage their back end process to support customer satisfaction. These support was enabled by some tools and technology and one of these technology is Customer Relationship Management (CRM).

CRM is not just a software or Information Technology. It is an integrated strategy to support customer and also customer oriented. Implementing CRM need careful plan so the impact can affect the company significantly. Choose the right CRM approach, and balanced it into company needs is the most important step on implementing CRM.

This paper will discuss the benefit of CRM implementation with study case of implementing CRM in machine industry company to support customer complain process. By implementing the CRM, company expected to improve customer satisfacation by increasing information transparancy and give better respond to all customer complain.

2. CRM : BENEFIT AND ITS APPLICATION

CRM is an abbreviation for Customer Relationship Management. The keyword is 'management' that covers marketing management, manufacturing management, human resource management, service management, sales management, and research and development management. Thus, CRM requires organizational and business level approaches – which are customer centric – to doing business rather than a simple marketing strategy [1]

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Many articles mentioned that CRM is not only a technical issue, but its primary issue in business strategic and process. Derived from its concept, CRM consist of three components: Customer, Relationship and Management. In CRM, these components are managed integratelly based on technology and its application.

Customer is the only source of company profit and future growth. A good customer, who provides more profit with less resource, sometimes was unable to identify because we do not have suitable information about our customer or the information was distracted by huge customer order or sales transaction. Sometimes, it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision-making process [2].

The relationship between a company and its customers involves continuous bi-directional communication and interaction. The relationship can be short-term or long-term, continuous or discrete, and repeating or one-time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behavior is highly situational [2]. CRM involves managing this relationship so it is profitable and mutually beneficial.

Figure 1. Basic Components of CRM [2]

Management aspect of CRM can describe as involvement all significant area in company to support customer satisfaction. CRM is not an activity limited on marketing department. It is involved continuous corporate change in culture and processes. The customer information collected is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities. CRM required a comprehensive change in the organization and its people [5].

To achieve the company strategic goal according to customer satisfaction, there is some basic task need to resolved such as [3]:

1. Customer Identification, to identify and recognize the customer include their identity and their transaction behaviour.
2. Customer Differentiation, uncover the characteristic of customer and their special needs.
3. Customer Interaction, manage interaction with customer.
4. Customization / Personalization, treat each customer differently and uniquely to increase customer loyalty

These basic tasks can manage easily with information technology implementation by selecting the appropriate application to support specific task or to integrate all task easily.

2.1. Benefits of CRM

The principal benefits of CRM are to[1]:

1. Improve the organization's ability to retain and acquire customers
2. Maximize the lifetime value of each customer (share of wallet)
3. Improve service without increasing cost of service.

Some of these benefits can be measured and others cannot. To obtain all of these benefits, sales, marketing, and service functions need to work together. The benefits are shown in Table 1.

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Table 1. Benefit of CRM

Basic Task	Identification	Differentiation	Interaction	Customization
Souce of Benefit	Clean customer data Single Customer View	Understand Customer	Customer Satisfaction and loyalty	Customer Satisfaction and loyalty
Benefits	Help sales force Cross selling	Cost effective marketing campaign Reduce direct mailing cost	Cost effective customer service	Lower cost of acquisition and retention of customer Maximize share of wallet

2.2. IT Factor for CRM

Traditional (mass) marketing doesn't need to use information technologies extensively because there is no need to distinguish, differentiate, interact with, and customize for individual customer needs. Although some argue that IT has a small role in CRM, [2] each of the four key CRM tasks depends heavily on information technologies and systems. Table 1 shows this relationship for the marketing processes, for the goals, for traditional mass marketing, for CRM, and for the information technologies used in CRM.

Table 2. IT Factor in CRM

| Process /basic task	Identification	Differentiation	Interaction	Customization
Goal	Identify individual customer	Evaluate customer value and needs	Building a continuing relationship	Fullfill customer needs Generate profit
Traditional mass marketing	Not done	Clustering	Call center	Sales Services
CRM	Customer profiling	Individual level analysis	Call center management Auto response system	Sales automation Marketing process automation
Information Technologies	Cookies Web site personalization	Data mining Organizational learning	Web application Wireless communication	ERP e-commerce

2.3. CRM application
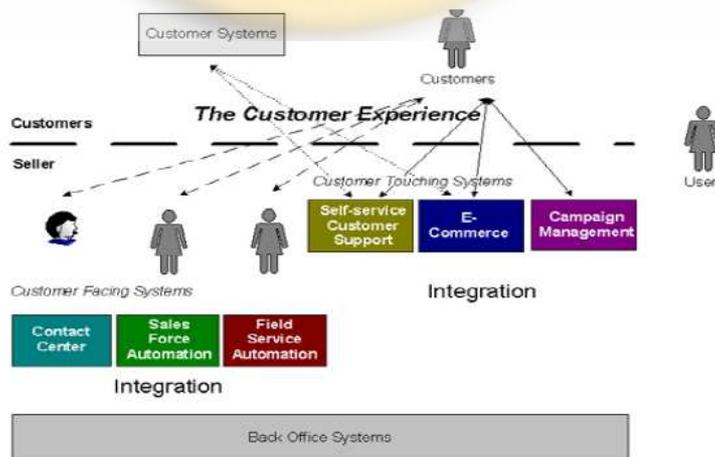
Figure 2. Classification of CRM Application

Recently, there is many CRM application available in the market. Various features and specialities was offered from many vendors. However, we can classify these applications into some category depends on point of view, such as[3]:

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- Based on operational support : Operational CRM (front-office)VS analytical CRM (back-office). Operational CRM focused on customer contact, include inbound and outbound contact. Analytical CRM (back-office) or strategic CRM, try to uncover customer activities pattern in the front office.
- Based on application operation : Customer –facing application vs Customer-touching aplication. Customer facing support people who actually interact with customer such as sales, field service and call center representative. Some application which come in this category such as contact center applications, sales force automation (SFA) and Field service automation. Customer touching allow customer to interact directly through application, such as self-service customer suport, e-commerce and campaign management.

3. CRM IMPLEMENTATION at PT. XYZ

3.1. Problem Identification

PT XYZ is a leading local industry which provide services in telecommunication support peripheral. The product lines include Power Backup, Broadband Wireless Access, Solar Cell System, Hybrid Power System, Network Monitoring and Control Premises and many more. The central office is in Bandung, but the sales unit is spread through main city in Indonesia such as Jakarta, Surabaya, Semarang and so on.

After operated for more then 20 years, the company face some problem especifically in customer complain process. Because the nature of product, the complain usualy can not resolve by single answer from customer services phone, but need to handle thouroughly from all division in the company. The problem arise from data distribution and solution tracking. Complain from user usually handling manualy by recording the complain description in a form. Although they already used email for information distribution, but to spread information and tracking the solution through email is not easy in case of specific complain. The customer services find the trouble if the have to answer the question from customer about their complain status. Is the complain already solved, still in progress, or failed to solved.

3.2. Proposed Solution

To answer this problem, the management of PT.XYZ trying to implement the new CRM system, especially in complain management features. The software which choosen is an opensource and free of lisence software and running on web based. On this project, they choose the software Sugar CRM.

Sugar CRM has provided some features to support CRM activity, such as sales, marketing, customer support, reporting and collaboration. However, to help the current problem in complain management, PT.XYZ decided to implement customer support application. Customer Support consists of 4 main features [4]:

- Case Management can be use to record the service history of each customer, included detailed view of customer request and responses. Case management allows managers to monitor how cases are handled and to escalate issue to ensure customer satisfaction.
- Inbound Email, to manage customer support request by sharing and routing information. Inbound Email can facilitate the automatic case assignment to right customer support representative and manager can view, prioritize and assign the task easily. They also can implement workflow rules on the application.
- Knowledgebase can be used to manage and share information about customers, complain and resolution, between customer support and engineers team. The features include creating frequently-asked-question (FAQs), manage file, searching and rate content.
- Bug Tracking, to help organization gain a complete view of product problem, frequency and effort needed to resolve the problem, which eventually can improve the product quality in the future. Using bug tracking the manager can manage case based on priority, status and category, identify and prioritize customer problem, and assign incidents to employees based on availability, expertise or account relationship.
- Self service portal is a service which can allow the customer to get interaction independently with the system by creating cases, upload relevant information, search knowledgebase and track the resolution online.

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Table 3. System Requirements

Requirement	Description	Covered by Sofware Features
Customer interaction	Record historical information of customer interaction	Self service portal
Customer complain	Record and track customer complain	Case management
Customer Respond	Record sales representative who is responsible to solve customer problem or sale the product to customer	Inbound email

These features has choosen as primary priority according to satisfy the marketing strategic: enhance customer satisfaction by managing complain better.

Implementation of CRM at PT.XYZ, at the first stage, will set priority on customer administration and customer services/support. Customer administration consist of existing and new customer, and customer for specific product. Customer services/support include development program for customer services/support and customer maintenance.

On this project, the implementation will focusing in customer administration and customer service/support in term of managing customer complain. To fullfill the requirements, it needs some modification on software features. The modification including some area such as:Customer administration, role management and customer order information.

Before CRM implementation, customer complain was entered into a single database and then forwarded into anothers division to solve the complain, in paper based information. Marketing produce sales reporting and no tools available to track the customer complain. If customer ask the complain status, it needs at leas 1 day to track the status manually by trace the complain document which spreads in many functional area.

By CRM implementation, the process would be shorten and simplified by using integrated database and distributed access for many functional areas. After customer buy the product, sales will entering the order information into database include sales representative and customer contact. If the customer then make a complain, the customer support will tracking the information from the order to complain history related with customer, product specification and problem type. For example, if there is a complain from customer A, then the system recorded the product name, complain description and type of complain such as machine function or failure in part. The operator fill the form to escalate the complain process, for example the complain have to forward to engine department or field service department, or just simply answered by the operator because there is a knowledge based for this complain type.
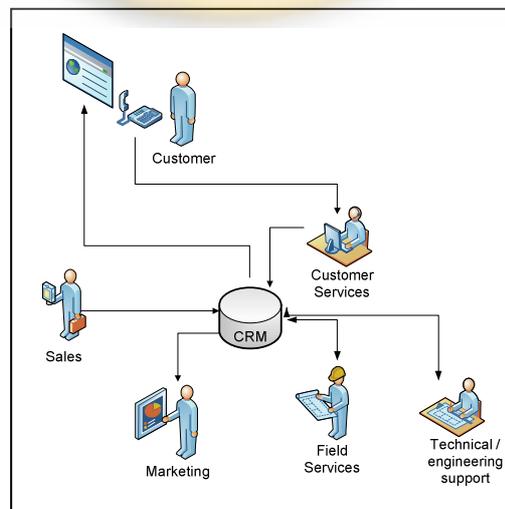

Figure 3. Workflow of Customer Complain handle by CRM Application

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If the complain forwarded to the other department, for example into technical/engineering support or to field services, the system would mark the status of complain respond. Other department will receive the complain information automatically and can assign certain solution. These solution also entering to the system and the progress of taken solution also can informed to the customer.

Customer can also tracking the progress of their complain by entering the web site and entering customer number. But, the special action such as the machine should repair on location or should be send back to the company, can inform directly by phone to the user.

By this system, customer can see the quick respond of their complain and also can decide to do some alternative action in case there is a stack in complain process. Figure 4 shows some sample screen of Sugar CRM customer services application
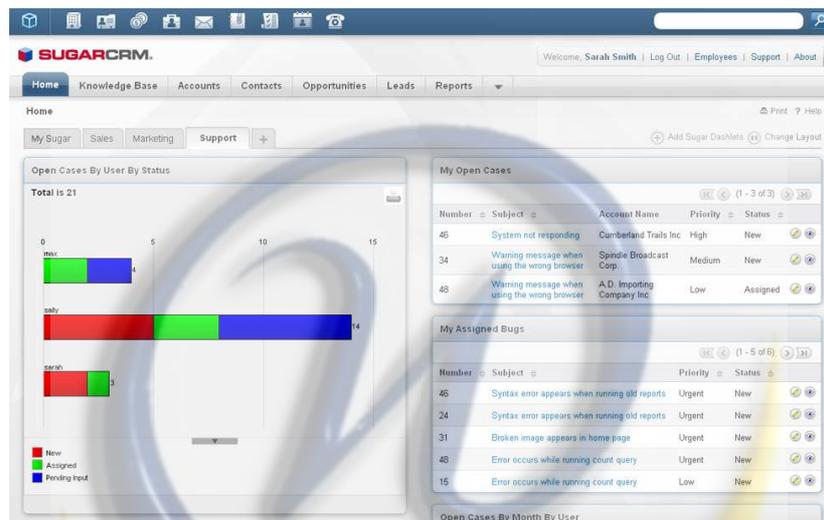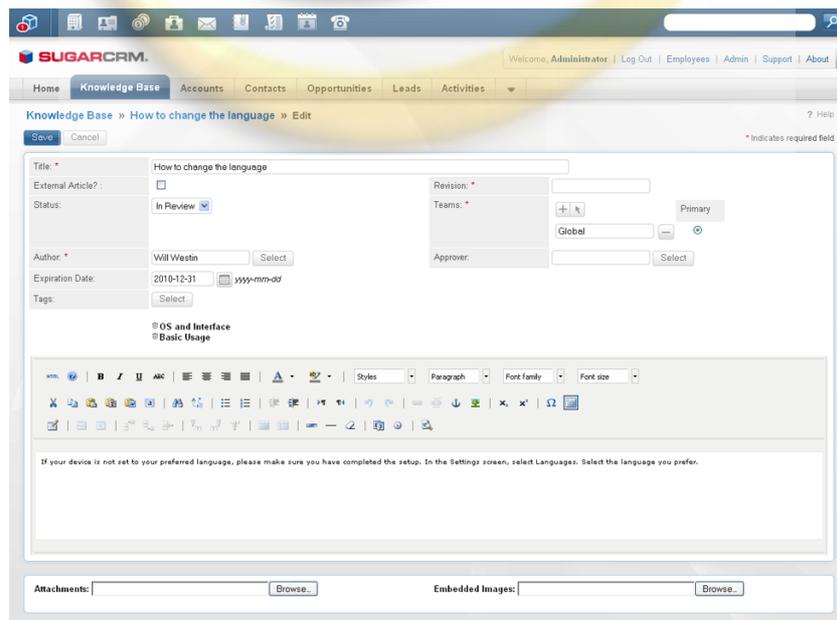

Figure 4.a. Case Management

Figure 4.a. User Knowledgebase screen

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After a month implementation, customer support division then recognized the benefit of CRM implementation. The customer support representative can answer the complain faster than before and all the solution process was recorded on the system and its help them to explain it to the customer. However, to identify more measurable benefit, its need extended reseach include some measurement parameters. At least, this initiative can become the first step into CRM implementation for all customer touch sector in company.

4. CONCLUSION

After discussing some benefits of CRM implementation and analysis the CRM implementation in PT.XYZ as a case study, we can derived some significant conclussion which are:

1. CRM is an integrated strategic which can help company to make real action of their marketing strategic by strengthen the relation with customer. Its can achive by following some activity such as identification, differentiation, interaction with customer and customization customer needs.
2. IT and some specific applications can provide some services to support these process by automating the workflow process, integrating the data, enhancing customer interaction and support internal collaboration.
3. Recently, many CRM application available in market, which module can divide into some categories such as front office support and back office support. One of these modules provide complete facility to support the function of customer support, especially to handle customer complain. The customer complain become very significant part of customer satisfaction because its can reflect the company responsibility of their product and how the company appreciate their customer.
4. Case study of CRM implementation in PT.XYZ was emphasized on customer support function, especially on customer complain management. PT.XYZ choose the open source application, Sugar CRM to help them solved the complain management and help the customer support answer the complain status faster and easily. By implementing this application, PT.XYZ expected to increase their customer satisfaction and eventually to retain their customer.

To identify the real benefit of CRM implementation in PT.XYZ, we suggest to do some extended research to measure some critical success factor or parameters based on management requirements.

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