

## **Relating to your Customers**

### **J. Bort**

Saturn Corp. reigned supreme on the J.D. Power and Associates Sales Satisfaction Index study from 1995 to 1998. But in 1999, Saturn slipped to No. 6. Management gasped, and its customer service staff hunkered down to improve its customer relationship management (CRM) systems. "In the last J.D. Power sales and service index, we regained the No. 1 ranking, beating out Lexus and Cadillac," said Ross Miller, manager of Saturn's Customer and Retail Support Team in Spring Hill, Tenn. He attributed the feat in part to the company's interactions with customers via its automated CRM system. "It's important that we can talk to our customers in a way that's most efficient for them," said Miller

Saturn's CRM system uses a single electronic history file to track all of the company's communications with its customers, whether those interactions occur via the Web, e-mail or phone calls. With the help of systems integrator EDS in Louisville, Colo., Saturn is working to add support for additional types of communications, including Voice-over Internet Protocol (VoIP) and real-time written communications via the Web, known as "chat" sessions. CRM lets Saturn quickly respond to routine questions about its cars and direct hot prospects to dealers. Whether customers are surfing car Web sites at midnight or on the phone at noon, Saturn is available to them. And whether the customer wants to expedite the handling of a repair or find a specific car color, through its CRM system, Saturn customer representatives know the customer's history. This, Miller says, leads to outstanding customer loyalty.

### **THE POWER AND THE PROBLEMS**

CRM systems often are the edge a corporation needs in a competitive environment, says Dick Lee, principal for High Yield Marketing, a CRM consultant in St. Paul, Minn. "The balance of power has shifted from sellers to buyers. Use of computers in product design has increased capacity faster than demand," he says. "Customer loyalty is starting to drive business. Compared to even five years ago, you earn the right to a customer's business."

No wonder CRM software has become one of the hottest technologies around, a \$5.2 billion market this year, according to Aberdeen Group, a Boston-based market research firm. With the touch of a keypad, CRM allows a customer service representative to view a customer's complete history, including incoming and outgoing phone calls, letters, e-mails and field service calls. Based on that history, the rep can solve problems better, offer advice and sell new services. Data from customer interactions, such as that collected from marketing campaigns and e-commerce sites, can become new sales leads and even drive new product development. The downside is that failure rates for CRM projects are high. In 1999, Insight Technologies Group, a Boulder-based consultancy that monitors the CRM market nationwide, surveyed 220 companies involved with CRM projects. Insight found that almost a third reported no improvement at all in their customer service, while another third reported only slight improvements.

And it cost a pretty penny for these lackluster results. Companies spent about \$10,000 per CRM user license per year, Insight reports. Among the third that showed significant customer service improvements, average costs were more than 50 percent higher – \$16,000 per CRM user license. Improvements in those companies were significant, however. Examples include a 51 percent increase in revenue per styling salon customer for Clairol and a 23 percent decrease in order errors for Pitney Bowes, says Jim Dickie, a managing partner at Insight Technologies.

I-MediaWorld.com of Denver is among the successful CRM implementors. The company helps customers build complex multimedia presentations online. When it started two years ago, I-MediaWorld.com would burn a completed project onto CD-ROMs and mail them to the customer. Then the company moved its service to the Internet, and implemented a CRM system. "In our business the race for customers is not over price but over support. If we can support people quickly that gives us a huge advantage," says Troy Lerner, director of business strategy for I-MediaWorld.com. While the company's customers can still ask that their presentations be burned onto a CD and mailed to them, most now opt to download their presentation immediately. Selling about 200 presentations a month meant e-mail support quickly became unwieldy so the company hired Talisma, a CRM service provider based in Littleton, to help it handle and track the e-mail load and to add real-time Web chat support. The service not only helps I-MediaWorld respond quickly to customers, it also helps track customer histories to discover which areas generate the most trouble tickets. This allows site designers to identify the code that needs upgrading.

## KEYS TO SUCCESS

Those who succeed with CRM understand a basic premise: CRM software simply automates existing customer service processes. If your processes aren't up to snuff, you'll spend a lot of money for nothing, says Sharon Campbell, vice president of sales, marketing and operations for Aon Innovative Solutions Inc., a CRM call-center for hire in Golden.

"First steps first: don't assume that your existing processes are necessary – or even beneficial – to the business," Campbell says. "Map out your work flows and look for areas where you can streamline the process. Then look for CRM software features that facilitate that streamlining." Aon Innovative would know. It is currently overhauling its CRM systems to offer more services. Its customers are Fortune 1000 companies for whom Aon Innovative performs such tasks as product support, phone orders and conducting surveys. The company is adding support for more types of communications, including e-mail, VoIP and Web chat. The end result, Campbell promises, will be "total communications flexibility, improved workflow, faster handle time." Companies interested in converting to a CRM system should start by examining current customer systems. Look at problem areas, such as overly long sales cycles to close new business, high attrition rates, excessive product repair rates or dropped sales leads. High Yield's Lee says that before implementing any CRM software, a company should complete a four-step process: Revamp business so customer interaction and feedback is the core. This means basing business decisions on absolute knowledge of what customers want, why they stay or leave and new services they require.

Redefine the roles of responsibility in the company so that customer satisfaction is the goal. For instance, in some e-commerce companies, IT people report to a vice president of customer service, rather than a CIO.

Revise processes. How do customers report problems and satisfaction? If they report a problem, is the system for addressing that problem airtight? Can you identify and analyze similar complaints? If a customer expresses interest in a product to a field repair person, will that lead to sales?

Choose a software product, or an outsourced service, to support the company's most pressing customer service goal.

### A SPIDER WEB OF OPTIONS

With hundreds of CRM software products out there, various taxonomies exist to categorize them. Essentially, you can sort them by what they do or how they do it.

With the latter method, you'll find three types of CRM software: analytic, operational and eCRM. Analytic CRM mines existing customer data looking for helpful information. For instance, it could tell you that a large percentage of people who buy product A also buy service B. It then would help you launch a marketing campaign to make use of this data.

Operational CRM software assists with customer calls, e-mails and other communications. It integrates all messages into a single customer history.

The newest CRM category is eCRM, and it is used for e-business, such as personalizing Web pages, online marketing campaigns and real-time Web chat support.

You can also categorize products by what they do and for whom. Different products perform contact management for sales people, support for customer service reps or automated online marketing campaigns for e-business.

Then again, you might skip the prepackaged software altogether and build your own. This was the choice of Denver-based Royal & SunAlliance, with its Orion AutoLink, an extranet for independent insurance agents used in 23 states, including Colorado. Because the insurance industry is heavily regulated, Royal & SunAlliance relies on complex, existing computer systems to run its insurance business. It can't easily add commercial CRM software to this framework. Hence, the company built its own CRM system to let agents create bids, order policies for their customers and verify payments made and policies processed. Next, the company will integrate phone calls and e-mails sent outside the extranet with the data it collects via the extranet. Eventually it will create customer histories that span the gamut of ways independent agents interact with the company.

Building a system is slower than implementing an off-the-shelf solution, says Jack Buffington, e-business director for Royal & SunAlliance. "Getting our front-end systems and customer relationship tools to work together is tough. There are so many systems we need to tie in," he says.

Or you may hand the whole kaboodle over to a CRM call center to manage for you, like Saturn does with EDS and I-MediaWorld.com does with Talisma.

Whatever choice you make, the key is to make it soon. As your competitors offer better service through CRM systems, our customers expect no less from you.

## OUTSOURCING CRM

Lots of CRM companies are vying for your business, so it's easy to negotiate a deal. With today's technology, geography doesn't matter. Although there are many Colorado CRM providers to choose from, you needn't limit yourself to local companies. In fact, to reduce costs, local firms may use out-of-state or even out-of-country facilities.

For instance, Talisma, a CRM service provider based in Littleton, cuts costs by locating its e-mail response center overseas. This enables the company to offer competitive service at great rates, says customer Troy Lerner, director of business strategy for I-MediaWorld.com of Denver. I-MediaWorld.com intended to hire two fulltime customer service reps when it expanded its business onto the web, but the company found that Talisma could offer better service and save I-MediaWorld.com \$3,000 per representative per year.

Looking for CRM services solely on cost could shoot you in the foot, warns Greg Jacobson, CEO of XOR Inc., a CRM systems integrator in Boulder. Your outsourcers will service your customers best if you pay for dedicated agents - those that work only on your account. Likewise, be sure that you pay for adequate and ongoing training on your products and services. The more your agents know about your business, the better service they will offer. Finally, be sure the company you choose pays more than minimum wage to agents and offers them incentives based on performance and customer satisfaction, Jacobson says. Also, don't count yourself out just because you're a small business, advises Bob Traugher, Louisville-based EDS' vice president of technology for CRM practice. "CRM is often easier to implement in a small- or medium-sized business than a larger, mature organization." For that reason, whether they go with an inhouse or outsourced implementation, small companies may find CRM to be far less expensive than will their larger competitors.

## WHERE TO GO FOR HELP

The Front Range is a haven for CRM firms, be they consultants, call centers or eCRM services. Here's a sampling:

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Aon Innovative Solutions Inc., Golden, (800) 613-8000.

[www.aon.com/about/busi\\_desc/companies/AWG/default.asp](http://www.aon.com/about/busi_desc/companies/AWG/default.asp)

Talisma, Littleton, (720) 489-0222, [www.talisma.com](http://www.talisma.com)

Xor Inc., Boulder, (303) 448-4800, [www.xor.com](http://www.xor.com)

EDS, Louisville, (888) 337-173, [www.eds.com/crm](http://www.eds.com/crm)

Zanba Solutions, Colorado Springs, (719) 667-2100, [www.zambasolutions.com](http://www.zambasolutions.com)

NusEdge Systems, Englewood, (720) 528-5200, [www.nuedge.com](http://www.nuedge.com)

#### ONLINE RESOURCES

[www.CRMGurus.com](http://www.CRMGurus.com)

[www.DestinationCRM.com](http://www.DestinationCRM.com)

[www.sellmorenow.com](http://www.sellmorenow.com)

High Yield Marketing: <http://www.h-YM.com/> Aberdeen Group:

[www.aberdeen.com/ah-company/researchareas/researchareas-crm.htm](http://www.aberdeen.com/ah-company/researchareas/researchareas-crm.htm)

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