

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) & CORPORATE RENAISSANCE

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Business in south Asia is currently at a low ebb. So is the corporate confidence. There is a clear and present danger from the forces of global competition, to the corporate sector in South Asia, if it does not re-invent itself and engineer massive renaissance. The risk mandates not only a better management of macro parameters of the economy but also necessitates a new strategy at the firm level. The strategy is customer relations management (CRM). The concept of CRM is premised on a simple logic of business- it must keep tracking customers once attracted; retain them in business portfolio; and, profit from their growth. Shorn of all managerial jargons, CRM epitomizes a 'marriage of relationship marketing with the emerging information technology'. The paper describes the concept and mechanics of customer relationship management; illustrates how CRM helps corporate renaissance in hard times; and finally, recommends a line of action for an effective CRM implementation towards a quicker corporate renaissance. Alongside, the paper urges business schools of South Asia to incorporate CRM in their teaching curricula so that the business and academics can continue to stay relevant to each other.

Customer Relationship Management (CRM) and Corporate Renaissance

- “Industrial production of India rose by a mere 1.6% in the first six months of 2001-2 over the previous year.....Indian exports fell by 2.3% in the first five months of the current financial year...Gross domestic product (GDP) hovers around 6% in the first six month of the current financial year thanks to higher contributions from the service sector...The growth projections are not sustainable in the nearer frame of time.... Bank borrowings of the Indian companies plummeted 40% to Rs.20, 894 crores in the first six months of the current financial year”.
(Source: Business at War, India Today, November 19, 2001 pp. 68-73.)
- In the cellular business, it costs five times more to acquire a customer. It is the same in every business. Retaining this customer is the critical first step for success’.
(Harsh Goenka, Chairman, RPG Enterprises, Kolkata, India)

Indian business is in full gloom as these quick statistics show. In line with the unmistakable signs of a global recession, more pronounced after the tragic events of September the Eleventh in USA, Indian corporates as a whole, stand numb at the plummeting profits, spiraling customer expectations and a long struggle to stay afloat (Business India, 2001). The search is on for a winning formula, a quick pull back and for a continued relevance (India Today, November 2001).

In simple words, the business in India and indeed in South Asia is on the look out for a corporate renaissance. For some, the search ends on such traditional tips as cost reduction, re-engineering, market expansion and productivity improvement. The others are experimenting with such new remedies as customer orientation, customer service & care, quick product launches and niche development. In this burgeoning crowd of corporate mourners, there are several braves and visionaries too (Aditya Birla group, RPG and Netcraft for instance). They have tuned-in to an altogether new way of doing business and effecting corporate renaissance-customer relationship management (CRM for short) (Business World, November 2001).

The paper aims therefore, to describe briefly the concept of customer relations management, the ingredients of a CRM and the myths surrounding it. It hopes to stimulate a serious discussion on how CRM can be effectively used for a corporate renaissance in South Asia, which is reeling under a business downturn. Finally, it recommends that the CRM should be

aggressively incorporated in the business education curricula so that the business schools of this part of the world continue to be the source of intellectual output and corporate training.

CRM: A CONCEPT IN THE MAKING

Customer Relationship Management sounds simple enough. However, the term succeeds only in whetting imagination of academics as well as business leaders (Anton, 1999; Baron, 1997; Bell, 1996).

CRM can be viewed in four principal ways. Firstly, it is a contemporary response to the emerging climate of unprecedented customer churn, waning brand loyalty and lower profitability (Cockburn, 2000; Cross, Richard & Smith, 1996). Secondly, CRM is central to the task of making an organization customer-centric (DM Association, 1999; Gamble, Stone & Woodcock, 2000). Thirdly, CRM is the surest symbol embracing information technology in business (Brown & Price Waterhouse Coopers, 1999; Gordon, 1998). Fourth and finally, CRM is the most certain way to increase value to the customers and profitability to the practicing organizations (Reichheld, 1996, Shanham 1998-1999). Be that as it may, effective CRM practices can mean the difference between the success and failure of a business across all industries, particularly for mid-size enterprises (Curry, 2000; Eckerson, 1997). Naturally, more and more companies are seeking to understand the concept and mechanics of the CRM (Swift, 2001).

So what is customer relationship management (CRM) all about? Is it a new jargon in our vocabulary or is it really a new paradigm?

The current literature is full of individual definitions and descriptions (Anton, 1999; Brown, 2000). Most definitions converge on two things- relationship and information technology. Thus, we may conceptualize customer relations management (CRM) as follows:

‘CRM is the information technology face of the business processes that aim to establish enduring and mutually beneficial relationships with customers in order to drive customer retention, value, and profitability up’.

The definition underlines the fact that CRM is meant for a common and equal good of the two stakeholders-business and their customers. It calls for capturing pertinent data about the prospective and current customers in respect of their buying pattern, shopping behaviour and usage habits of the products and services and to use the information to commence a two-way dialogue with them.

If the essence of CRM is customer and continuity, the term CRM can as well be an acronym for any of the following cognate marketing terms:

- Caring Relations Management (CRM)
- Continuous Relations Management (CRM)
- Creative Relations Management (CRM)
- Customer Retention Management (CRM)
- Customer Return Management (CRM)
- Cost Reduction Management (CRM)
- Cost and Return Management (CRM)

In more ways than one, CRM represents a logical end of the philosophy that the business should be customer oriented (Gamble et al, 2000, Payne 1997). It traversed a successive strains of thoughts to reach what is now viewed as a new business paradigm (Figure 1). For instance, the early marketing paradigms prevalent until the sixties, ordained marketers to satisfy customer needs that were essentially nature created. Later in the seventies, the marketing functions served the customers wants that were nothing but ‘specific solutions’ to the needs and were the outcome of the marketing initiatives. Marketing thoughts of the eighties devoted themselves to meet the higher, more lifestyle oriented demands and expectations of customers. These were the result of

the then social and economic environment. The nineties witnessed the most potent force of our times, information technology. Naturally marketing thoughts focused on how to leverage on the same and serve the customers (Kotler, 2000). One of the fall out of the era is Customer relationship management. CRM thus, represents ‘the marriage between the customer orientation and the emerging information technology to produce a memorable relationship experience to the marketers as well as to the customers’. Exhibit 1 summarizes the marketing evolution culminating at the CRM :

Source of Ordainment	Economy Stage	Creation or Output
Nature	COMMODITY	Needs
R&D and Creativity	MANUFACTURING	Wants
Sales and Promotion Mix	SELLING	Desire
Marketing Mix and Lifestyles	MARKETING	Demand
Customer Care	SERVICE	Preference
CRM and IT	EXPERIENCE	Retention

Figure 1: Towards CRM-The Run up and Ordainment

CRM – A DREAM TOOL

The essence of CRM is to ‘ track and profit’ from the retained customers in the business portfolio. Thus, CRM is a customer-focused strategy that mandates ‘a fine coordination between people, process and technology’. A truly coordinated CRM is a tool for delivering on a variety of marketing dreams such as the following:

- Dream to target and serve customers on an individual basis. It permits a one-to-one marketing as opposed to mass marketing (Peppers & Rogers, 1996).
- Dream to enjoy long term relationships with customers, especially with the profitable ones. CRM stresses commitment over flirting (Pearson, 1995).
- Dream to disintermediarise and / or rid channels of the wasteful barriers and distortions. It helps disintermediarisation and delayer distribution aspects (Direct Marketing Association 1999; Pearson, 1995).
- Dream to reduce marketing cost progressively (Cockburn, 2000).

The CRM concept and technology is more than just identifying who our customers are, providing them with a quality service and analyzing their preferences. The key dimensions of CRM that were largely ignored in the past are customer loyalty and customer profitability. A report published in the Harvard Business Review identified that an increase in customer loyalty by five percent could increase profits in telecom by over 50 percent (Cockburn, 2000). A recent study by ICL for a UK Telco too highlights importance of retention of profitable customers, especially the top ten percent of profitable customers in terms of generating additional revenue and profit. For example, through a business model, it forecasts that a ten percent churn in the segment of top customers would reduce profits by more than 25 percent :

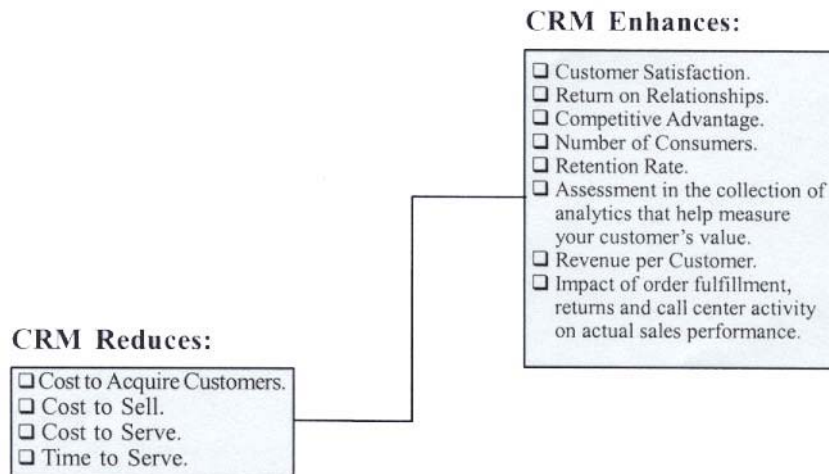


Figure 2: CMR and Corporate Renaissance

The business focus must be on the high value customer segments, specifically to ensure their retention and revenue growth by excellent customer service and by individually tailored services. In an example from the utility industry where the ABC method was used to determine the cost of the customer activities, it was found that the maximum profit was achieved with 85 per cent of the customer base, yet 15 per cent of least-value customers dissipated the profit accumulated by the higher ranked 45 per cent. These revenue and profit profiles serve to illustrate how important profitability analysis is to the health of the business. It sets the scene for a remedial action through CRM. Figure 2 summarizes how the CRM as a dream-tool contributes to corporate renaissance.

HOW TO STRATEGISE CRM

Given the importance of the CRM in business, it is a high-stake strategy and is planned carefully and holistically (Buttle, 1996; Boar, 1995, Brown and PriceWaterhouse Coopers, 1999). It is an orchestration of a series of inputs and processes that must come right. Figure 3 shows a six-step process of the CRM:

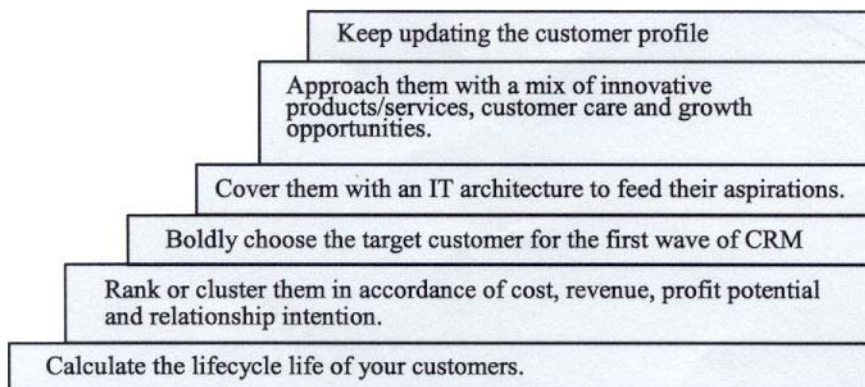


Figure 3: Six Steps to CRM Strategy

An effective CRM strategy needs to be customized for a business as a blind imposition will only impede its profitability (Peterson, 1999). As a rule the CRM strategy is expected to vary from one business to another and indeed for one segment to another (Peppers & Rogers, 1996). For example, the business development force of a cellular provider with a target to raise revenue from the 'singles' segment, may want to earn revenue from its services designed specifically for the single segment, reduce customer churn by ensuring frequent upgrades and reduce costs by promoting self-care in most transactions. Such strategy may not be suited to the small traders as a segment.

For CRM strategy to be effective, several sets of data are required. For instance, a cellular service provider requires such key performance indicators (KPIs) as the number of profitable customers, the number of unprofitable customers who have churned in the last quarter and the projected customer lifetime value (CLV) of the most valuable segments. These are in addition to the total number of subscribers usually available with a firm. The data warehouse performs a pivotal role in this regard (Barquin & Edelstein, 1997; Berry & Linoff, 1999). A typical data warehouse will yield a repository of customer information, revenue, behavior and cost data. It will help the CRM marketers access information by the analysis applications and broadcast the required KPI information throughout the organization. All this is to ensure that the business is focused on customer segments, which, over time, are likely to turn into ideal segments and support the marketing campaigns by supplying specific information for specific campaigns. This customer-led data warehousing approach for CRM has direct implications (Lan, 1998; Berry & Linoff, 1999; Stone, Merlin and Neil Woodcock, 1989). Figure 4 showcases the CRM strategy at two of the leading firms of India:

a. RPG Enterprise (India)

RPG enterprise is a Rs.6,60000 million group with a presence in as diverse businesses as tyres, power, information technology, telecommunication, retail, entertainment and life sciences. In order to tide the downturn, Harsh Goenka, CEO, underlines only one need - retain customers. Be it tyres, telecom, food or music, the RPG focus is on service and customer retention. For instance, the music lovers in India can walk into the RPG

promoted digital kiosks at Music World and create their own CDs from a base of 20,000 songs. On the website, HamaraCD.com, RPG customers can buy customized CDs and have them delivered home. The Goenkas take a personal interest in customer retention and use a mix of 'small and big ideas' for the same. For instance, besides Food World, the glossy retail chain of RPG, they have also created India's first hyper-market which spans 1,20,000 sq ft and offers 20,000 items from vegetables to canned food to household appliances to furnishing under one roof at the most economic prices. The store remains open from seven in the morning to nine in the evening to provide customer convenience while shopping. The business yields a veritable mine of relationship data for the use of the RPG and for others.

b. Aditya Birla Group (India)

Stepping in the shoes of his illustrious father, late Sri Aditya Birla, was never imagined to be easy by Kumar Mangalam Birla, the Chairman of the A.V. Birla Group, Mumbai. With sheer determination, restructuring, change and growth, Kumar Mangalam Birla grew his business from Rs.15,000 crores in 1996 to Rs.28,000 crores in 2001. Still better, Mr. Birla faces the current downturn optimistically. 'Downturn affords a huge opportunity as it alters perception, speeds up thinking process and provides an urgency for change and growth'- says Kumar. Thus under the tight business conditions for the others, he entered new industries that are based on knowledge technologies. At the same time, he has brought in information technology in all aspects of business. Naturally, customer relationship management is a chief organ of the his strategy to stay at par with the needs of the end users, intermediaries and influencers. His industries too range from commodities on one end (cement, aluminium, textiles, fertilizers) to life style brands (Madura ready to wear garment) on the other end. Setting up of such retailing icons as Planet fashion and Trouser towns fill the spectrum at the middle- all fertile ground for a CRM intervention.

(Source: Business at War, India Today, November 19, 2001 pp. 68-73)

Figure 4: CRM at Work in the Indian Corporates

The CRM Myths

Any new management and marketing philosophy receives its own share of confusion, misunderstanding and myths. CRM is no exception. Almost everyone in the Indian corporate sector who has heard of CRM, sounds excited of its presence and power (Agrawal, 2001). Confederation of Indian Industries (CII), the apex body of Indian corporates is doing its own bit through organizing well-attended and star-studded conferences in New Delhi as well as in all regions. Unfortunately, the ones who are at best 'jumping jacks' outnumber executives who truly comprehend the theme of CRM and its essence.

The excitement is reaching disproportionate levels. Although a formal survey of the CRM practitioners is underway, as a quick count, eleven companies out of the eighteen with which there was an interaction this year, reported their preoccupation with launching CRM or its variation in their firms. There is a sudden splurge of articles on CRM and eCRM in almost all types of journals and magazines including the magazine sections of newspapers. General interest magazines like India Today and Swagat profile CRM in business. While the interest in the CRM is encouraging, lack of clarity and the severe 'cognitive challenge' may inhibit the growth of CRM and systematic implementation. The misunderstanding and myths eventually contribute to the failure or disappointments with CRM. Figure 5 summarizes a set of quick findings of a 'reality-check' with a random group of Indian executives (n:115) visiting two leading business school of India. That the phenomenon is global one, the figure also summarizes findings of a survey of the Meta group on global scene (2000).

Indian scene	Global scene
<ul style="list-style-type: none"> • All respondents conveyed their excitement over the idea of CRM. • Only 28% of them however had a clue of what CRM is actually all about. • 53% believed that it was a software application. • Over 75% wanted to implement it in their firms ASAP, in fact within the next six months. 	<ul style="list-style-type: none"> • Executives throughout the globe offered multiple, conflicting and often incomplete definitions of CRM. • 78% of the respondents described CRM as a modern marketing imperative, the other 22% of respondents define CRM as a set of tools and technologies. • 64% of respondents lacked techniques to measure the business value of CRM. • Less than 10% of companies were able to measure tangible return on investment (ROI) on CRM. • Less than 30% have took steps to integrate operational and analytical CRM solutions. • Traditional customer contact methods accounted for 95% of their marketing spend in spite of their regard for the Internet as the dominant customer contact point.

Figure 5: CRM Myths in India and the World- A Cognitive Challenge

THE BOOMING CRM SOFTWARE MARKET

The beginning of 1995 seems to have marked ‘gold rush’ days for the vendors of software and services that help companies better manage their customer relationships. CRM vendors such as Siebel Systems, Oracle, PeopleSoft, Computer Associates International and Cognos Globally and Talisma in India, seem to have received huge orders from banks, telecom firms, pharmaceutical companies, and others that are eager to understand and anticipate customer behavior to improve retention and sales. As per one industry survey, CRM software market has grown by more than 50% a year since 1996 (Shanham, 1998-1999):

CRM vendors stand to benefit with global companies shifting their IT spending to e-business applications that aim to trim customer service expenses, improve online strategies, and increase transactions. The CRM services market is fuelled further by such factors as the increased penetration of the Internet as a technology platform; growing importance of CRM as a strategic initiative, and the growth in e-commerce driving the use of Web channels for CRM,” (Gartner Dataquest’s Worldwide IT services group). The Meta Group predicts the size of the CRM software and services market will grow to \$67 billion in 2004, from \$13 billion in 2000. A recent Gartner survey of 600 companies found that more than one third plan to spend more than \$1 million on CRM over the next 12 months. In India, the estimates of the CRM software and services vary between US\$ 200 to 250 million dollars. As CRM spending is evolving, so is the clamor for a clear bottom-line results from CRM initiatives (Rombe, 2001).

TOWARDS MORE EFFECTIVE CRM IMPLEMENTATION

Clearly, there is a need to ensure that CRM is not only understood properly (Buttle, 1996; Baron, 1997) but is also implemented strategically (Brown & PriceWaterhouseCoopers, 1999, Curry 2000). Only CRM can contribute to a dramatic but enduring corporate renaissance. A CRM practitioner needs to do a series of things right at the right time. The following eight guidelines- by no means exhaustive, help the process of effective CRM implementation in a firm:

Move from Myths to Reality

As outlined earlier, a large section of the corporate sector appear ‘cognitively challenged’ when it comes to CRM. Most executives either are unaware or appear overwhelmed by the surreal powers of the CRM. The truth is that CRM is neither a powerful software nor a panacea for all corporate ailments (Agrawal, 2001; Boar, 1995). The need is to take a proper perspective and avoid unreasonable expectations. Figure 6 lists the most commonly found myths about CRM and shows the corresponding reality. Every CRM practitioner needs to pay heed to them while launching CRM in the firm.

Match Your CRM Needs with Customer Needs

CRM is not right for every company. Thus it is advisable for the corporate sector to begin by clearly defining the business issues and needs, and then determine whether CRM can and should be a part of the solution. CRM strategies that are clearly linked to business objectives have a much greater likelihood of success. Similarly, CRM applications are just a component of a CRM strategy, but they are not the whole solution (Brown & PriceWaterhouse Coopers, 1999):

Myths	Reality
<ol style="list-style-type: none"> 1. CRM is primarily about information technology software packages. 2. CRM is primarily to automate sales and marketing. 3. Once we approach the known CRM software developers and vendors, they will supply CRM solution that will fit my business. 4. CRM once bought and implemented in place in a firm, takes care of itself for all time to come. 5. CRM is highly expensive 6. CRM is suited to Business-to-Business (B2B) situations and in dealing with large customers. 7. CRM works well for high value- high anxiety product only 	<ol style="list-style-type: none"> 1. CRM is primarily about relationships where information technology software package comes handy 2. CRM is primarily to automate customer support. 3. Development of an intellectual infrastructure and active involvement are the pre-requisites before we approach CRM software vendors. 4. Life of the firm is dynamic. Hence the CRM solution must be in ‘scalable and modifiable’ form. 5. CRM is highly cost effective. 6. CRM is as useful to business to consumer (B2C situations) as well and for any customer who is your key customer. 7. CRM is good for any product even commodities.

Figure 6: Corporate Renaissance and CRM:
Seven Myths and the Reality

Leading the CRM efforts with technology solutions is akin to ‘putting a cart before the horse’ (Economist Intelligence Unit, 1998).

Finally, the CRM initiatives are intended to drive better relationships with customers (Cross & Smith, 1996). Relationships that are most important to a company are the ones that provide the greatest profit potential. To implement CRM strategy and technology, it is critical that the practicing firms understand value, needs, requirements and behavioural patterns of the customers (Major, 1992). This understanding juxtaposed with business needs, helps build systems and processes based on customer requirements and to better returns. The key to effective relationship management is crafting a comprehensive customer view (Eckerson, 1997).

CRM & Customer Retention

In order to leverage relationships, the CRM practicing companies must define and zero in on the right customers only (Major, 1992). CRM data warehousing and mining must be integrated to the goal of right customer identification and their sharp profiling (Boar, 1995). Many CRM efforts fail because the sales revenue data is stored separately from customer support and client history data (Barquin & Edelstein, 1997). What is required is to devise a database that pulls information from every department—from sales to customer support, and creates a unified report (Berry & Linoff, 1999). Any business that is serious about CRM, ought to seek out software systems that integrate data and draw up comparative charts that help drive sales and right customer retention decisions.

Take for instance the selling of a CT Scan or MRI - the two most expensive health diagnostic tools, to a hospital. The hospital buying a MRI spends over ten million rupees for it. Prima facie, to a brand marketer of MRI, any customer is a big customer and therefore retention worthy customer. Consequently, strong efforts follow to court and continue the relationship with this “big spender”. However, what if the buying hospital overwhelms the MRI seller, ties up its customer support lines with constant complaints and demands too many special features in the ordered MRI? What if this customer desires special shipping options, buy back, etc., etc.? As we calculate the cost of these interaction patterns, the MRI marketer may find the buying hospital in reference to be less retention worthy or wrong customer as the cost of serving the big customer in the long run is not adequately covered by the margin on the one-time buyer of the MRI. The chosen CRM strategy must identify and isolate such cases and focus on right customers.

Involve the Right Customers in CRM Design and Implementation

As stated earlier, all CRM practitioners need to define their customer relationship goals and then identify the CRM policy, procedures, and cultural changes to support those goals (Curry, 2000). It helps if the firms involved their customers in the process (Gordon, 1998). “Customers are becoming an integral part of an organization’s design process,”

This is not to suggest that the CRM firm should sit tight and do nothing until the customers react. Instead, the submission here is that the firms should identify the key customers that have a vested interest in the welfare of the CRM firms and have them validate the CRM ‘interaction approaches’. The CRM practicing companies also need to realize that it is critical to provide seamless management of interactions (McKenna, 1993; Gordon, 1998). As communication channels multiply, customers will expect the organizations that they do business with, to provide accurate and consistent support and services across each of these channels (McKenna, 1993, Payne, 1997).

Keep Introducing CRM Enhancements Regularly

The CRM technologies introduced in an organization must remain vibrant and scalable (Curry, 2000). It should support the firms in better tracking and managing customer interactions (Peppers & Rogers 1996). Rules for prioritization, escalation and routing of complex issues can be automated within the system to reduce the time of resolution. Quick resolutions help the service agents with trouble-shooting issues and serve as the foundation for self-service offerings (Sterne, 2000).

Providing self-service capabilities to customers frees the support organization from answering basic questions and allows them to focus time on resolving more complex issues (Sterne, 2000). Additional CRM enhancements are also evolving. Provisions of self-service, natural language processing and speech recognition technologies enhance processing of questions, e-mails, and phone calls with little or no interaction from live agents. Vendors are also

embedding e-learning technologies into CRM products. Users can learn how to use the new systems and enhancements more quickly. Ultimately, it's the companies who use their customer data in conjunction with interaction management applications, and their CRM front end, that will handle customers more efficiently. As one CRM expert averred, "the big bang approach of doing everything all at once is a recipe for disaster. Instead, when constructing your long-term strategy, develop a phased plan. The ability to adapt to ever-changing customer needs and deliver value-added functionality will be a key component to a successful CRM strategy (Sterne, 2000).

Constantly Measure the Return on CRM

The old adage "You can't manage what you can't measure" remains true in CRM too. A part of the reason why CRM has failed to prove its worth to many, is its perceived inability to demonstrate measurable benefits (Stone & Woodcock, 1989). No organization needs to be satisfied with the assumed or intuitive CRM benefits (Jayadev & Srinivas, 2001). The corporates need to ensure that their planned CRM strategies and expenditures are clearly linked to measurable business impacts (Chowdhary, 2001).

Measuring return on CRM has additional gains too. The computed ROI can be leveraged to secure further support and momentum for CRM efforts (Economist Intelligence Unit, 1998). Similarly, return on CRM stimulates personal actions.

Having stressed that ROI is an important issue for most executives while deploying CRM, the calculation is far from easy (Peterson, 1999). It depends on the way two key word 'return and investment' are defined. A typical set of ROI measures could include installation to the number of users to the number of customer touch-points to the bundling of e-CRM services a firm wants to implement and finally mass-customization. It is an admixture of hard and soft measures (Chowdhary, 2001). In a way it lies in the eyes of the beholder.

Make CRM An Enterprise Mission

CRM efforts within an organization are often championed by one functional area (probably marketing or information technology department). As a result, CRM strategies are pursued in a vacuum (Gordon, 1998). This approach fails to consider that almost all business processes involve more than one functional area within the company. The greater the level of integration among all functional areas, the better experience the firm has to serve its customers (Preiss, and Goldman, 1996). CRM initiative must follow the rule and transform into an enterprise-wide mission (Swift, 2001), instead of languishing as a crusade of a lone department (Agrawal, 2001).

Further, the support of all employees is vital here. Even the best CRM strategies and applications stand little chance of succeeding without the employee buy-in (Preiss, and Goldman, 1996). Leveraging employee input on CRM strategy development and application selection on the front-end will lead to greater buy-in post implementation (Musgrave & Michael, 1996). The efforts to ensure employee alignment should also include skill development, awards/incentives, tools to gather and address feedback, and ongoing communication strategies.

Enterprise-wide CRM can be all encompassing, consisting of people, processes and technology (Brown & PriceWaterhouseCoopers, 1999). Successful companies view the path to CRM as an evolution and are willing to make mistakes, learn from them, and regroup to get closer to the goal (Economist Intelligence Unit, 1998).

Validate CRM Output with an Intellectual Asset

CRM is important for business renaissance as is clear from the afore made discussion. It is thus equally important to run the CRM output and directions regularly through a credible intellectual asset (e.g. business school, university, research lab, academic). The interaction may be in the

form of an independent validation of the CRM processes, model building or hypotheses development. Whatever be the form, CRM practitioners do need a 'sounding board' to have their CRM processes audited. For instance, a leading cellular firm religiously invites marketing faculty and others to audit their CRM practices (Agrawal, 2001).

Fortunately, a variety of options are available to the corporates in South Asia for this purpose. Chief among them is the Escotel Chair & Center for Customer Relationship Management (CRM) at the Indian Institute of Management, Lucknow (Annex. 2 for a profile). Such intellectual assets are quite handy, objective and low cost methods for the Corporates to stay sane with their CRM initiatives.

The intellectual assets help the CRM practitioners in three important ways. First, they ensure that CRM practitioners have a strategy first and only then buy the CRM software and not the other way round. The second benefit of the corporate and academic interface is that it helps the CRM practitioners to pick an integrated CRM approach and not just 'few bits and pieces strewn here or there'. In the latter case, CRM suffers due to lack of synergy. The third and final payoff from the linkage is that the CRM practitioners can share their implementation ideas and challenges with a full army of the young and fresh minds at the graduate business schools and multiply the output.

The business schools on their part, too need to reinvent themselves and launch such new customer edge courses as the CRM, Relationship Marketing and Customer Care in syllabi. In fact, it is high time that business schools in South Asia offered CRM as a new specialization in the management teaching – on the lines of marketing, manufacturing and personnel management (Agrawal, 2001). Towards that objective, the business schools will need to develop fresh course outlines.

Annex 3 maps essential contents of a CRM course at the masters level of management programs.

CONCLUSION

The initial days when everything went in the name of CRM, are over. The corporates will soon tighten their conceptualisation of CRM, demand tangible financial and non-financial return on investment in CRM and, seek to have the output of the CRM audited and validated such that befits the organization and fulfills expectations of the customers. The guiding philosophy that all firms especially those with high customer turnover, must get a CRM project going somehow, will get tempered with a new wisdom. There is no doubting the fact that customer information is the lifeblood of any business and hence, CRM initiatives. However, CRM needs a better implementation if it were to contribute to the corporate renaissance.

Like any other new function, CRM too has its own drawbacks and challenges. Any organization that seeks to implement CRM may from now onwards want to focus on value creation and on a continuous stream of profits. They will give up their myopic fix that CRM is the responsibility of marketing or worse IT Dept. They must not mistake CRM as bribe or reward or a tool of forced relationships. The firms will realize that in order for CRM to contribute to corporate renaissance, the CRM responsibility must rise to the level of a CEO.

CRM will be more strategy driven, and thus be able to concentrate on what customer expects from the relationship. CRM technology will return to the role of an assisting tool. The 'final take' for the CEOs will be that CRM is and can be a vehicle for cultural change and integration in the organization. In short, a true CRM encourages a relationship view of the world that goes beyond customers, includes multi-members and facilitates corporate renaissance.

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APPENDIX 1: CRM Implementation: A Case Study

CIRI Tourism leads America's Northwest as the largest family of travel and tourism operators. The company is owned and operated by Alaskans committed to providing visitors with innovative products, a high level of service, convenience and flexibility in vacation planning, and a unique perspective on Alaska's Native heritage. Their parent company, Cook Inlet Region, Inc. (CIRI) is one of 12 Alaska-based regional corporations established by Congress under the terms of the Alaska Native Claims Settlement Act (ANCSA) of 1971. CIRI is owned by approximately 6,900 Alaska Native shareholders of predominately Athabascan and southeast Indian, Inupiat and Yupik Eskimo, and Aleut descent. CIRI is currently one of Oneupweb's longest running clients having received optimization services for over 4 years.

Objective

CIRI created their online division to enhance their goal of becoming a global travel destination provider. To help showcase the wide variety of travel options, CIRI worked hard to produce a series of sites that allowed visitors to experience the adventure and beauty of the rugged northwest. When CIRI was ready to launch two new sites in 1997, they contacted Oneupweb to ensure those looking for a great vacation would find the sites. Both the Prince William Sound and Kenai Fjords sites sought new and return visitors to Alaska hoping to make them new travel customers.

Solution

To help Prince William Sound.com and Kenai Fjords.com increase their exposure and online bookings, Oneupweb worked hard to understand the uniqueness of each destination in order to target actual consumer's search for options. After a creating a Competitive and Key term Analysis, Oneupweb began to create an influential series of files that would extend the reach of the engines. By initially producing concrete Preferred Content Files, Oneupweb was able to create a foundation that will go through few changes and will support future files as needed.

Results

After four years, both sites are doing extremely well in the major engines. Their continued commitment to Oneupweb has helped CIRI stay ranked as the number one travel and tourism business in Alaska. Currently, the sites have proven themselves to be incredible assets to the company, as the majority of the bookings are now being generated through their sites. CIRI is looking forward to a capacity season and celebrating their best year of sales to date.

(Source: www.searchcrm.com)

APPENDIX 2: Escotel Chair and Center for Customer Relations Management (CRM) at Indian Institute of Management Lucknow (India) [IIML]

Indian Institute of Management, Lucknow, is among the leading management schools of India and indeed of South Asia. current director, Dr. Pritam Singh, IIML has rapidly risen in the ranking of business schools and in the esteem of business leaders in recent times. Among several innovations of the IIML is the corporate endowment of Escotel, New Delhi to set up a chair on customer relations management.

Escotel is a leading cellular operator of India and is promoted by the Escorts group of industries.

The Escotel Chair is presently in the process of elevating itself to a full-fledged center of excellence and is positioned to be 'provider of leading edge research based teaching, training and advisory services in Customer relationship management (CRM) in south Asia'.

In order to achieve its mandate, the center is for the moment focusing on the following areas of research, executive development teaching, consulting and advisory services:

- Strategic and operational elements of CRM
- Comparative Effectiveness of CRM Tools
- Implementation Issues in CRM
- How to Integrate People, Process and Technology in CRM
- ROI of CRM
- e-CRM
- Future of CRM

Under an international advisory board, the CRM Center of IIML is forging mutually enriching links with the leading business schools of USA, Europe and Asia, with the front-ranking centers of excellence of similar mandate and a network of teaching academics throughout the world. Its corporate clients include Escotel, Aditya Birla group, Life Insurance Corporation of India, Punjab National bank and Tata group of industries.

APPENDIX 3: An Illustrative Course Outline on CRM

1. General Guidelines:

This course is an introduction to Customer Relationship Management with emphasis on the marketing and managerial aspects. The course is an overview that touches on the highlights of the major issues governing successful CRM. Because the most insightful advocates of CRM recognize the necessity of a holistic approach, the course will begin with a "systems" foundation. Further, the necessity of integrating not only cross-functionally but also ideally across the entire supply chain to successfully initiate and sustain customer relationships is assumed. As the practice of marketing moves from the functional silo to an enterprise-wide culture, marketing professionals must have an understanding of how all the pieces — operations, accounting, finance, technology, human behavior, and marketing and sales — fit together.

Module Topics Covered

- | | |
|---|---|
| 1 | Customer As Drivers: B2B vs. B2C focus and other relationships (internal customers, partners, suppliers, etc.) Management of different customer groups;
What is CRM? |
| 2 | Marketing and CRM: Evolving role of Marketing in the 21st Century organization?
What are the fundamental barriers Marketing faces in carrying out its role? Is CRM just the Marketing Concept revisited? |

- 3 Organizational systems: Systems within the organization, the organization as a system, and the entire supply chain as a system.
- 4 Measurements matter: What metrics should be used to assess the effectiveness of a CRM system?
- 5 Analysis of the organization's current business processes and communication flows:
- 6 Collecting and managing current customer data: As long as customer data is fragmented and unavailable in a useful form CRM will be operating at a disadvantage.
- 7 Integration Issues: How can we create the framework for successful CRM implementation?
- 8 Collecting new data of monitoring prospects' and customers' changing preferences, needs and behaviors. It is also important to identify new venues and methods of collecting customer data.
- 9 Using CRM for customer acquisition:
- 10 Customer segmentation:
- 11 Using CRM for customer retention: Loyalty programs, coordinating sales and marketing efforts, converting customer information into sales results and conducting follow-up are critical activities for fostering customer loyalty.
- 12 Multi-channel contact management Many companies are pinning their CRM hopes on new and improved call centers, a "dotcom" address or some combination of marketing communications. How realistic are these hopes?

Source: Prof. M.Cooper, Baylor (USA)

* The Center will be happy to respond to any request for sample course outlines on CRM.