

# C u s t o m e r Relationship Management Beyond the hype

Before CRM deteriorates into yet another hackneyed phrase, an insider distills the essentials for your business

by Snehal Patel

**C**ustomer Relationship Management (CRM) has probably achieved “Buzzword of the year” status by now. Companies in different industries seem to want to relate themselves to some kind of CRM initiative or product. And then we have TLAs (Three Letter Acronyms) like PRM (Partner Relationship Management), CIM (Customer Information Management), CEM (Customer Experience Management), ERM (Enterprise Relationship Management) and variations like Analytical CRM, Operational CRM, Interactive CRM, which collectively do a wonderful job of confusing someone about the basic meaning of CRM.

I believe that CRM is not a product, technology or process. CRM is a philosophy and an attitude: A philosophy that companies need to live by so as to survive tough market conditions and retain customers, and an attitude they need to develop in every interaction with their customers to gauge expectations better than ever and deliver optimum service. CRM is about securing customer loyalty and creating a customer-centric, collaborative organization which is key to business success in today’s economy.

## Does CRM apply to small businesses?

Absolutely. CRM should be an essential part of any business, regardless of size. The strategy and implementation may differ but not the effect. A consumer or business customer deals with both large and small companies and does not have separate service expectations or tolerance levels for different-sized firms. Some even expect more from smaller businesses since, ostensibly, a smaller business with fewer customers should find it easier to provide better service. And the roots of CRM actually lie in the early days of small “mom and pop” businesses.

Let us assume that you lived in a small town where everyone knew everyone and there were lots of really small businesses that serviced your needs. Every morning the milkman delivered two bottles of milk to your front doorstep. One Saturday you opened the door and found that the milkman had left you four bottles of milk. It turns out that the milkman saw the two extra cars in the driveway and realized that your kids were back for the weekend. So he decided to leave some extra milk. This is called *real personalized service*. The challenge we face today is to replicate the above in modern life where businesses have to deal with faceless customer interaction via voice or electronic media. It is what I call *The Return of the Milkman*, with a lot more sophistication.

The challenge we face today is to replicate the role of the small town milkman in an environment where businesses have to deal with faceless customer interaction via voice or electronic media

## Small Biz CRM strategy

Today’s customer is empowered with *choice*. A choice of communication media, a choice of companies and a choice of products that deliver very similar functions. The decision to buy is no longer driven by the traditional Price, Product, and Promotion formula. The decision is now driven by *quality of service* and *loyalty* factors. Customers expect

**Choice, Clarity, Consistency and Customized Content** and have to be kept satisfied in these four dimensions at all times. They want to be able to use any mode of communication to reach you and they expect the same high quality of service each time. Increasingly, the greatest risk of upsetting a customer is during a communication session. Hence, businesses need to work out an effective strategy to keep customers *delighted*, as opposed to just satisfied, every time they call.

All businesses have customer service personnel who deal with pre-sale and post-sale issues. Depending on the size of the company and business type, the number of people en-



gaged in this activity may vary from a handful to about fifty. Larger companies typically have hundreds of customer service representatives located in contact center environments. The two main factors that small businesses have to consider while deciding CRM strategy are *communication process* and *technology*.

However small the size of the business, sloppy customer communications can adversely affect the business no matter how enabling or disruptive the technology used. On the other hand, selecting the right technology is a tough choice these days. There are literally hundreds of products available and it has become increasingly difficult to choose the right one for your business. However, a systematic assessment of your needs, will make it easier to implement a good CRM strategy.

### **Identify your primary mode(s) of communication**

Small businesses generally communicate with their customers through a few channels. In a web-based business it may be through email only, or it may be through a combination of web chat and email. In a more traditional business, communication may be primarily phone-based, with the web site serving as a “static” information source. It is important to identify which channel is most relevant to your business. This will help you reduce initial technology investment and focus on efficiently growing your business.

### **Synchronize outbound and inbound communication**

Outbound marketing campaigns are part and parcel of any business. They may take the form of flyers, emails, or printed advertisements. It is very important to make sure that your communication messages and processes are aligned to maintain consistency. Any inbound contact as a result of an outbound contact should be handled in a consistent fashion. This initial experience will leave a permanent impression of your business on the customer. When using more than one media channel to communicate with customers, it is imperative to maintain consistency, as any inconsistency could result in significant lost revenues.

### **Assess your growth expectations**

CRM strategies change as organizations grow. Your CRM strategy should factor in these different stages of growth. With growth, you may need to add another communication channel. The number of people servicing customers may need to be increased. These changes should be possible without major investment and re-alignment. Choose the right technology that scales along with your growth so as to avoid having to rebuild in the future.

### **Standardize your IT infrastructure**

Unlike larger companies, the IT infrastructure in smaller companies tends to be in growth mode. This helps you to make sure that you select stable and standardized equipment. Most large companies implementing CRM strategies suffer from data silos and systems that cannot communicate with one another. Keep in mind that cheaper technology may look good today but could prove to be a nightmare in the near future. You have to make these investments wisely.

### **Be smart about how good you have to be**

In a growing business, budgets are always tight. If you focus on trying to provide the best possible service to everyone, you could end up doing that at the cost of profitability. Be informed about the customer service levels provided by your competition and provide a little better service than your closest competitor. Identify the customers that make the most money for your business and invest in serving them better. Developing the appropriate pool of customers will grow your business and make you profitable.

While it is almost impossible to control all factors that lead to a successful CRM strategy, keep in mind that proper planning, well thought out business considerations, and appropriate feedback channels will definitely increase the likelihood of success.

### **CRM: Where is it headed ?**

As consumers become more technologically savvy and IT infrastructure starts becoming part of every home, customer will increasingly expect higher standards of service. With hectic lifestyles and less free time, they will also be willing to pay a moderate premium for better service. Customer empowerment will become very prominent and all businesses, irrespective of their industry, will have to become service-focused businesses. Advertising will need to focus increasingly on service propositions for companies’ products and less on product functionality alone.

Implementation of CRM solutions is easier when you start simple. Small businesses will have a significant flexibility advantage over large companies. Small businesses with effective CRM strategies will be in a position to retain their customer base against the onslaught of larger companies that benefit from economies of scale. In time, the dynamism of small businesses will contribute towards CRM awareness in large companies.

As these small businesses grow, they will face the challenge of maintaining the same service levels but if their core CRM strategy is well thought out, the challenge will become easier to meet. CRM technology will also evolve to deliver higher capacity at lower cost. This will make it easier to implement good CRM strategies, but real success will always be driven by the attitude towards customers and employees. Ultimately, it is people and relationships that will spell enduring success.

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