

Getting the hype out of Customer Relationship Management

Summary: *Key to stability in today's dynamic marketplace is in forging long-term relationships with customers. Technology is changing at such a fast pace today that by just offering a service or a product a business won't be at an advantage for too long. A customer-facing business is one in which the customer can demand and receive what he wants.*

The *Customer* is not new, *Relations* are as old as a buyer and a seller and so is *Management*. The concepts of CRM have existed since the concept of buying and selling came into being. Then, what is creating waves in today's CRM industry? Is that small electronic 'e' changing the trend?

CRM is considered to be a software tool and a technology solution in this Information Technology industry. In fact CRM is a strategy towards achieving a holistic view of any partner engagement. CRM, which is a combination of marketing and business processes, is the basic understanding of customers and how organizations measure them. The mantra behind CRM is catering to customized needs "centrally". As defined by the "gurus" of CRM - Customer Relationship Management is a business strategy to select and manage the most valuable customer relationships. CRM requires customer-centric business philosophy and culture to support effective marketing, sales and service processes. CRM software applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy and culture.

Why CRM ?

Keeping in mind the pace at which technology is changing today, any company which is a step ahead of others because of some web product or service will not be able to hold on to that advantage for long. The key to stability in today's dynamic marketplace is forging long-term relationships with the customers.

Customers can be divided into three zones:

1. *Zone of defection* where customers are extremely hostile and have the lowest level of satisfaction.
2. *Zone of indifference* where customers are not sure. They have a medium level of satisfaction and loyalty towards the company.
3. The third level of customers is in the *zone of affection* described as "Apostles". CRM focuses on bringing customers from level 1 to level 3 and retaining apostle customers.

Customer demands for customization are increasing with every passing day. This has made companies shift their focus from "mass production" to "mass customization". The present scenario of companies using "poorly implemented" multi channel strategies for living upto the expectations of customers is bringing both customer satisfaction and customer loyalty down the ladder.

Take the example of a small enterprise. Here hard work reaps high quality service and over the years develops a database of loyal customers. In this enterprise computers are optional. Then why is the CRM industry attracting investments of millions and billions of dollars?

The reason is simple. The concept of "Seller's Customer" has just rotated 180 degrees to become "Customer's Seller". This simply states that, now the customer is more powerful than the seller. Options for customers have increased with the cycle of innovation-to-production-to-obsolescence gaining momentum. On the other hand companies are finding it difficult to differentiate themselves in the marketplace. These factors are pushing companies into taking a closer look at their customer relationships. Today any company can copy products or services offered by other companies. If the new entrant adds features like less order turn around time and direct communication then established players are bound to have sleepless nights. Organizations that implement CRM and turn their business into e-businesses will find their competitors' customers ready to welcome them with a "smile". According to a study by IT consulting firm Aberdeen - "The winners in this new economy will be those companies that can effectively leverage the Internet to redesign, automate and integrate all business operations." Organizing business to satisfy customer demands organizes/simplifies internal functioning of the Organization. Implementing CRM brings to the front the "pits" that the organization had dug over the years, passing work from one pit to another. Workflows are reduced, cycle times become shorter, information flow of non-productive things gets eliminated and the most important thing - "pits" get covered automatically with all the positive features. Compact sized organizations get into a position of making more money. This in turn enables them to please more customers.

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