

# **Customer Relationship Management** ***Do You Know Your Customers?***

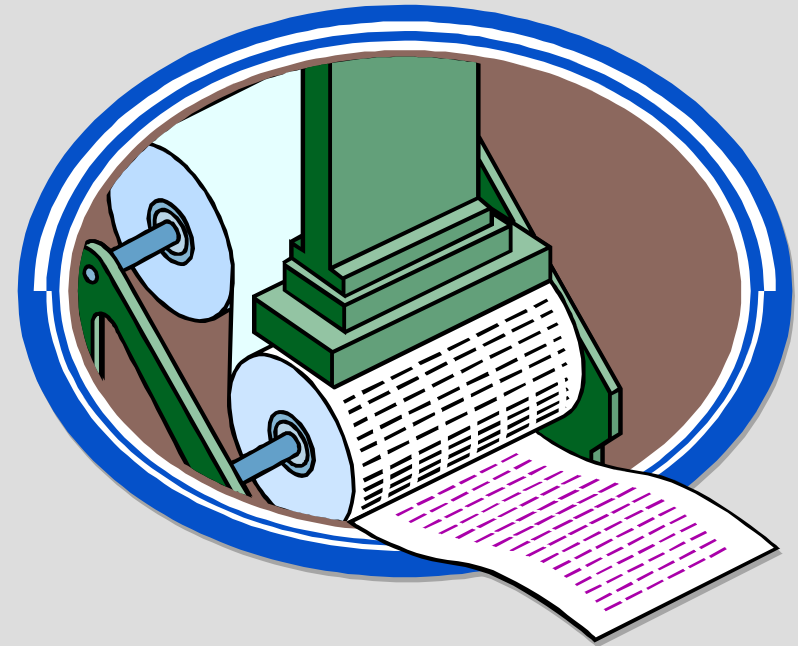
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# Do You Know Your Customers?

- **CRM: Basic Definitions**
- **CRM: Model Matters**
- **CRM: Customer Life Cycle**



# CRM Business Drivers

*Transforming from product-orientation to customer-orientation is a strategic must*

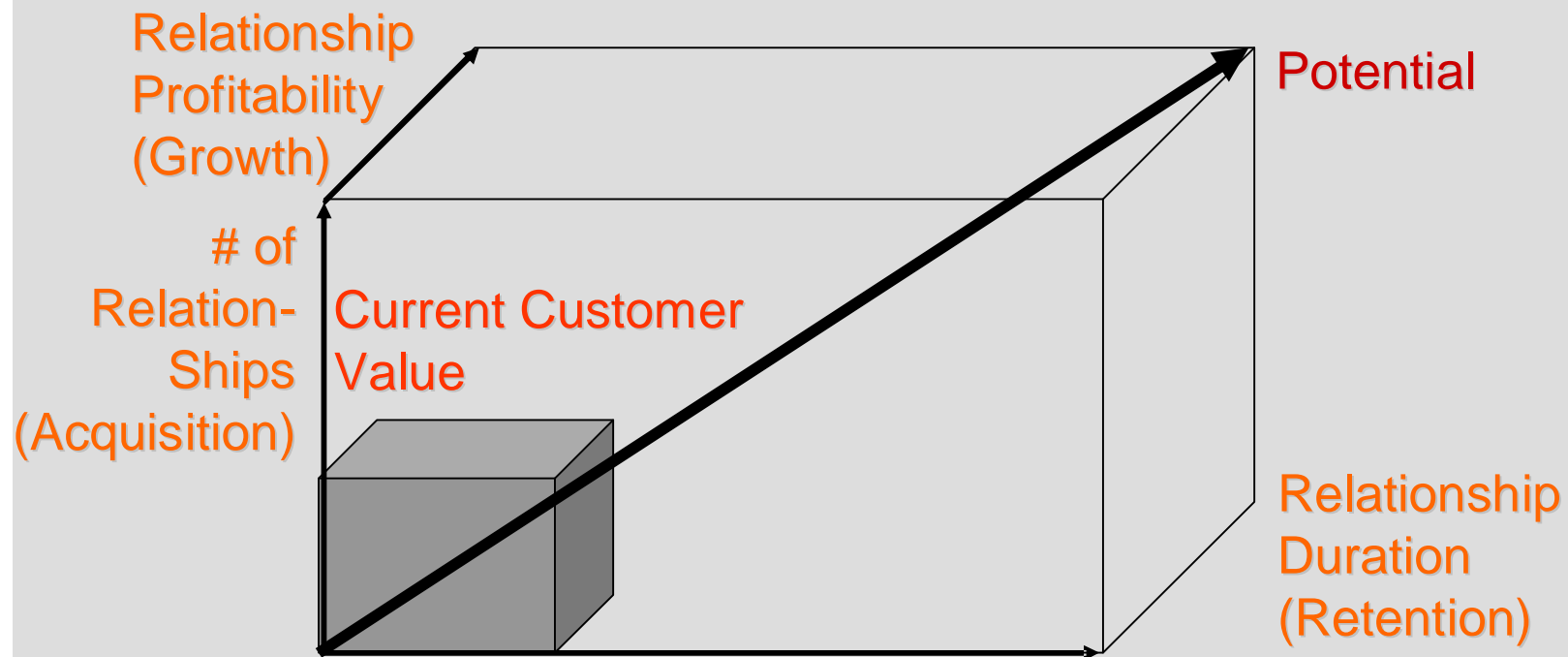
***Make the customer the point of design***



- Customer-Orientation is the business model to succeed
  - when there are no more product differentiators
  - when there is more supply than demand
  - when markets are open and deregulated

# CRM – The Definition

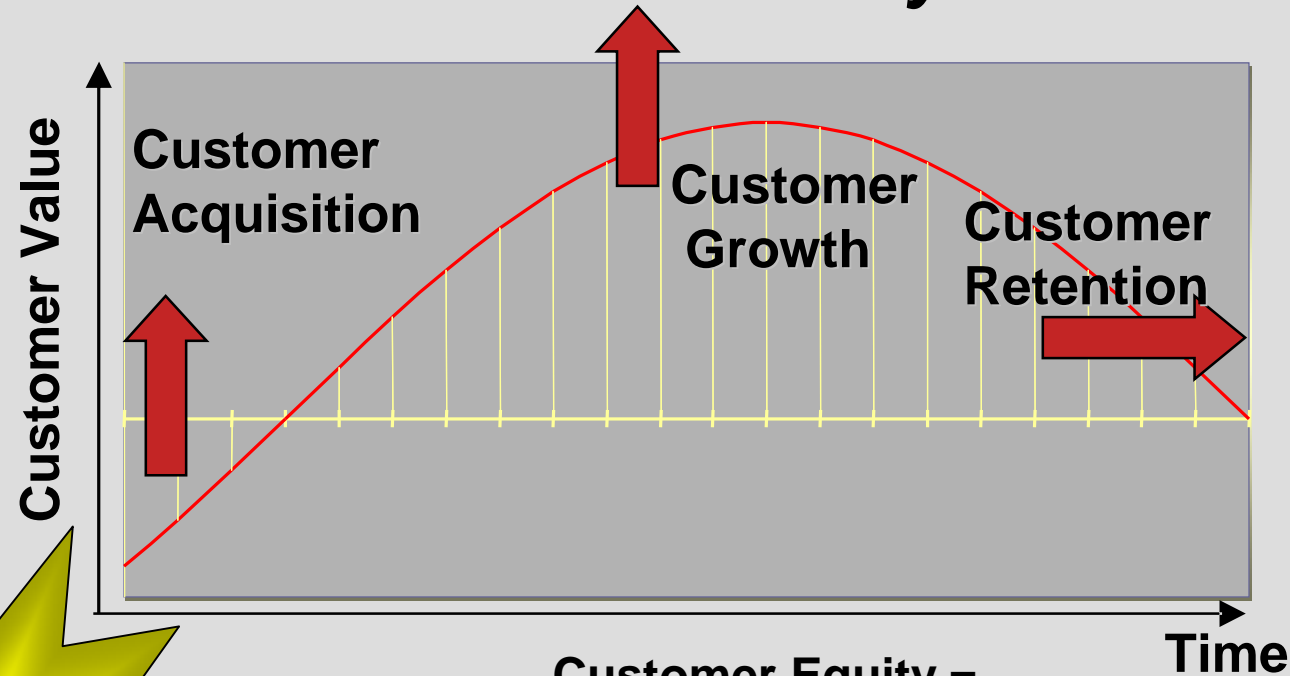
- Customer-Orientation is a business model to optimally exploit the customer potential



CRM optimizes and integrates all business processes targeting customers with the goal of balancing customer and cost orientation

# Customer Life-Cycle Management

## Customer Life Cycle



$$\text{Customer Equity} = \sum \text{Value of Interaction}$$

**Customer Equity =  
Supplier's View of  
Customer Value**

***CRM initiatives are long term,  
but move on step by step, slice by slice***

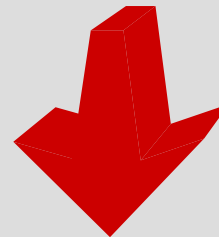
# The 2 Views on “Value”

## Customer Equity

**Customer Equity (CE)** is the value of customer as defined by the supplier.  
(Traditional Viewpoint)

## Customer Value

**Customer Value (CV)** is the value of being a customer as defined by the customer.



***“Value” is seen differently  
by the enterprise and by the customer***

# CRM: Basic Definitions

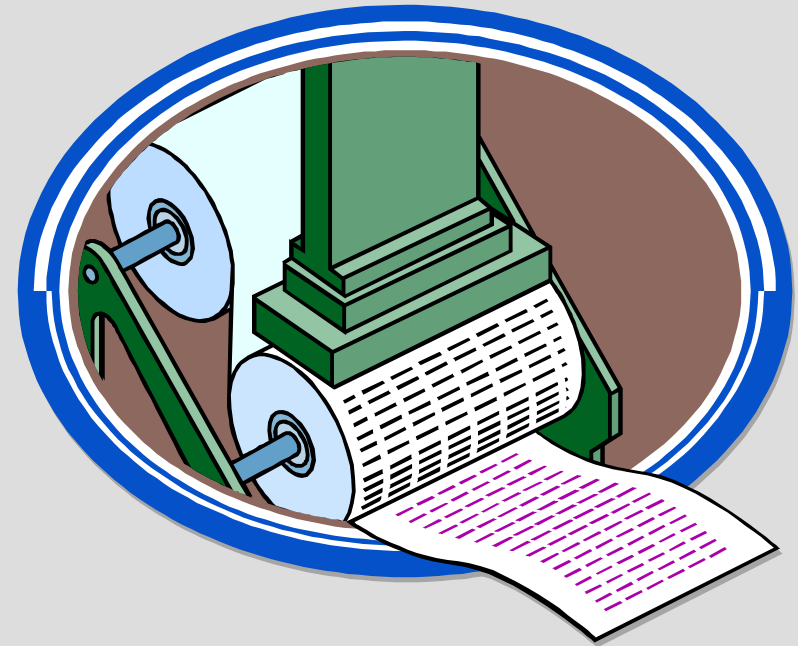
- CRM is a business model for surviving in buyers' markets
- The CRM business model means:
  - be customer-oriented,
  - make customer the point of design.
- Customer-orientation means to optimize the exploitation of the customer potential
- Value depends on the point of view:  
Customer Equity versus Customer Value



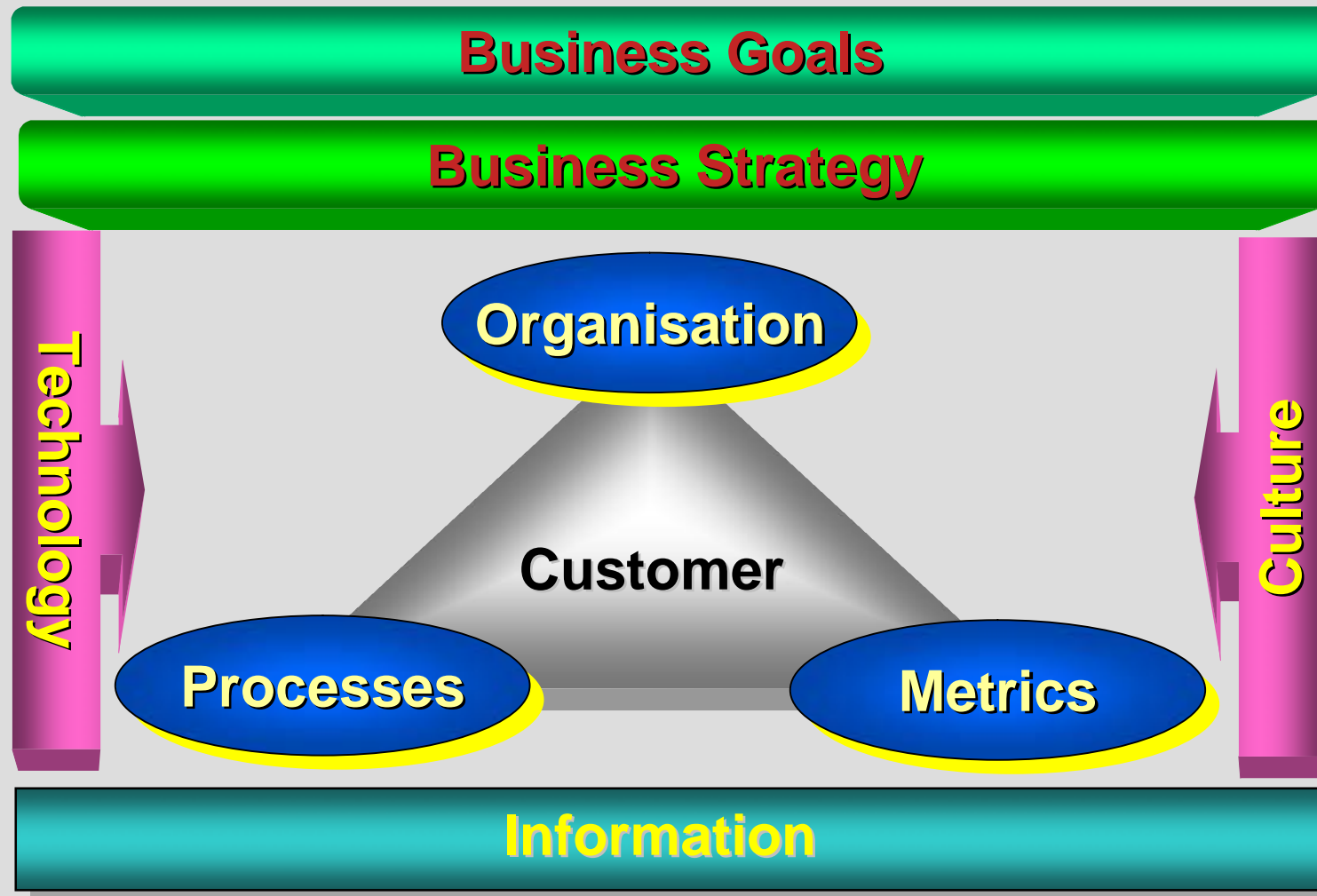
***Take Aways***

# Do You Know Your Customers?

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# 1. CRM is a Business Model



## 2. CRM is Process-Orientation

- Automated Processes Cut Costs
- Integrated Processes Speed Up Business
- Secure and Reliable Processes Minimize Risk
- Synchronized Processes Empower Real-Time Actions and Reactions
- Flexible Process Management Fosters Agility
- Intelligent Processes Anticipate Problems

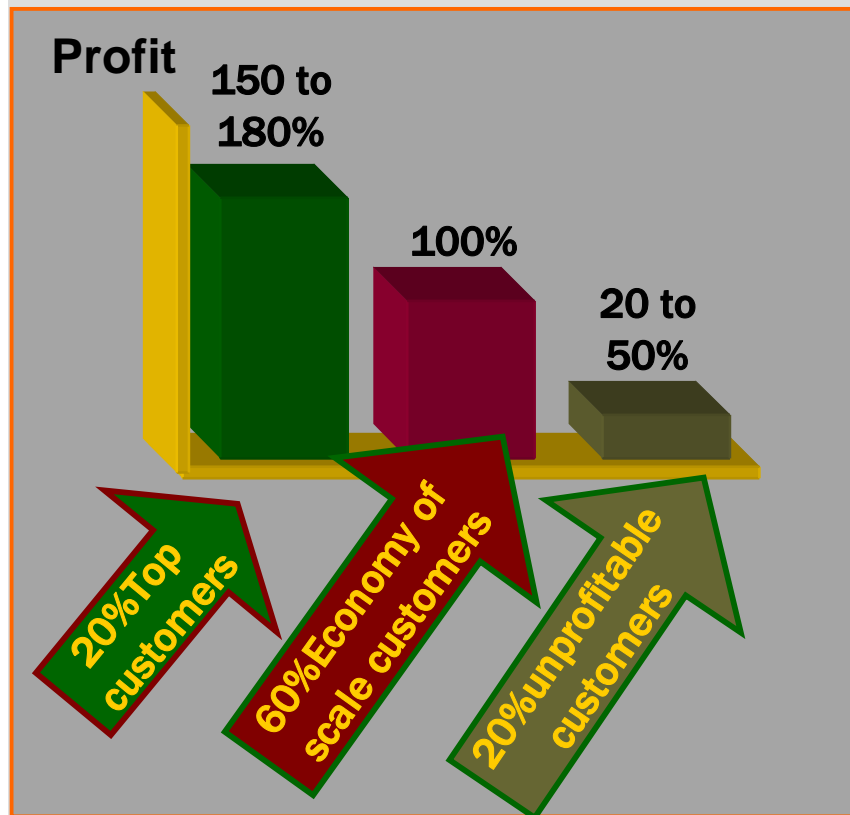


**Build CRM  
into the Relevant  
Business Process**

# 3. CRM is Service Differentiation

- Mastermind customer oriented metrics

*Right services to the right customers*



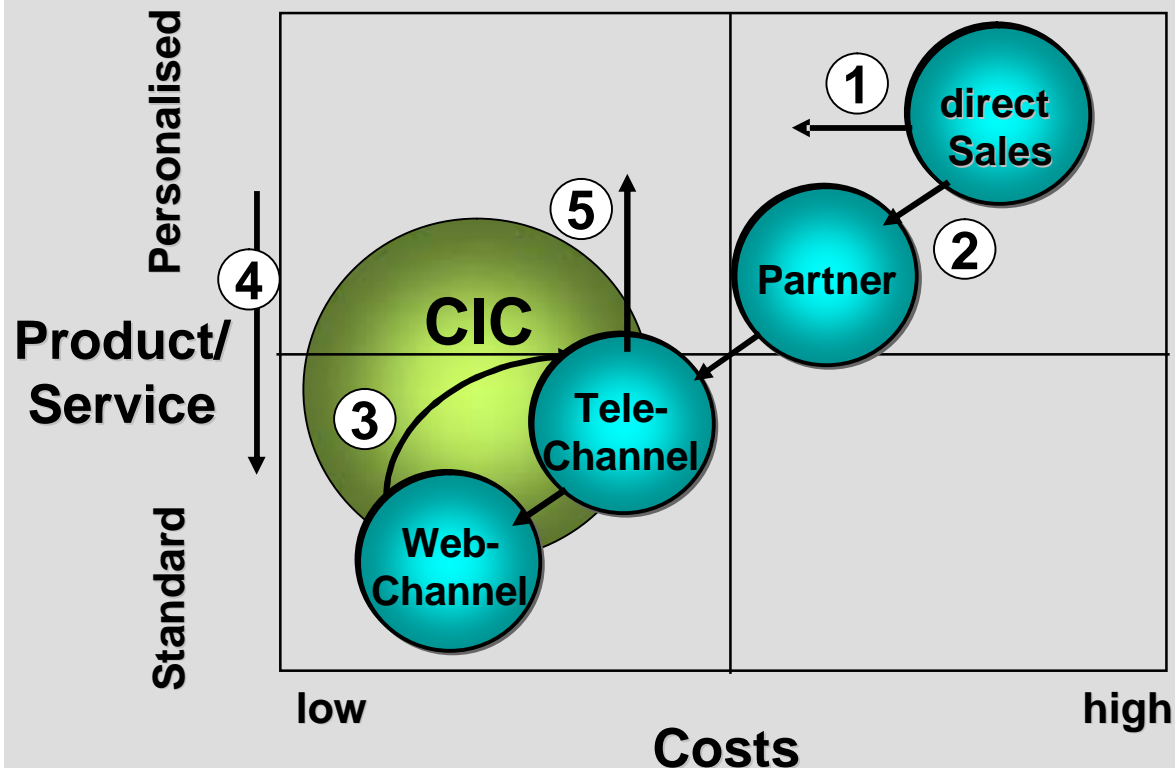
- Customer profitability (“how much” - growth)
- Customer loyalty (“how often” - retention)
- Customer latency (“how many” - acquisition)
- Customer oriented metrics must be based on past AND estimated future

# 4. CRM is More Than Cost Cutting

## Customer Interaction Center (CIC)

- mail response, call back, whiteboard, chat, conferencing, shared forms, campaigns, guided tours, communities,...

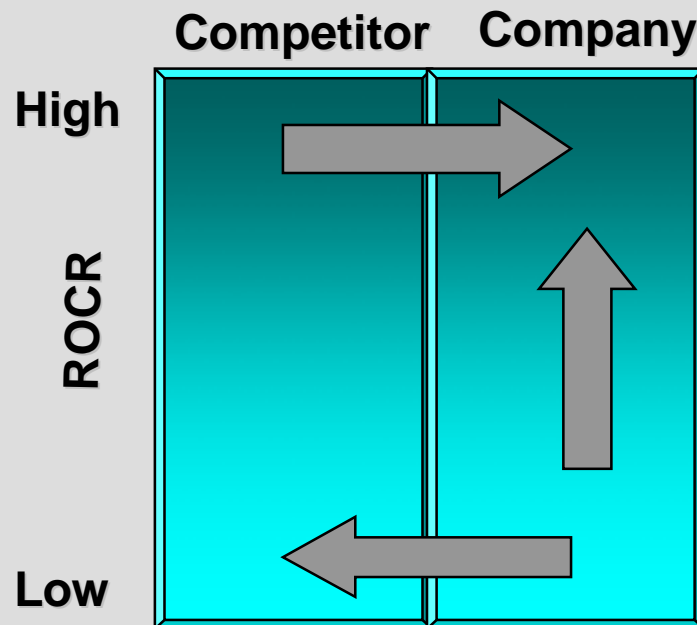
### Channel economics:



- 1 Channel Productivity
- 2 Channel Migration
- 3 Channel Integration
- 4 Product Simplification
- 5 Increase channel value

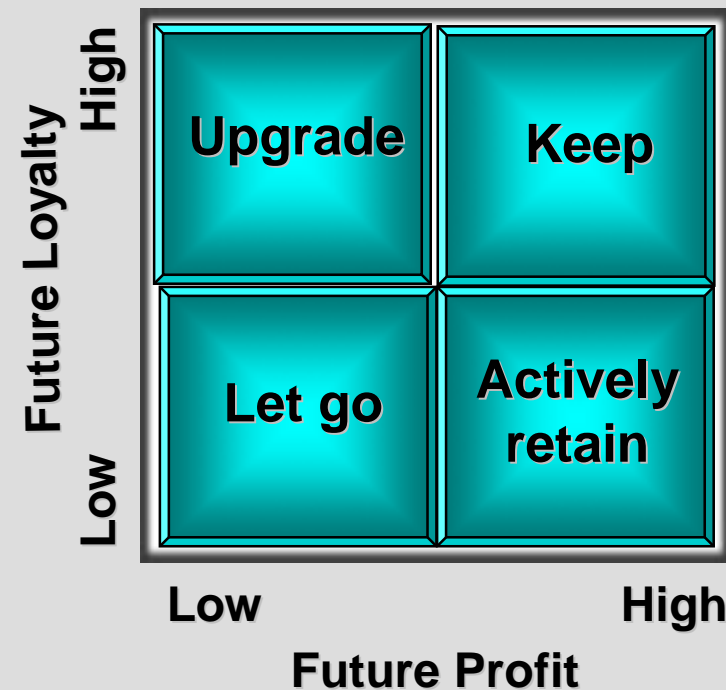
# 5. CRM is Customer Wallet Share

## *Customer Acquisition & Growth Model*



*Based on past and Based on future*

## *Customer Retention Model*



# CRM: Model Matters

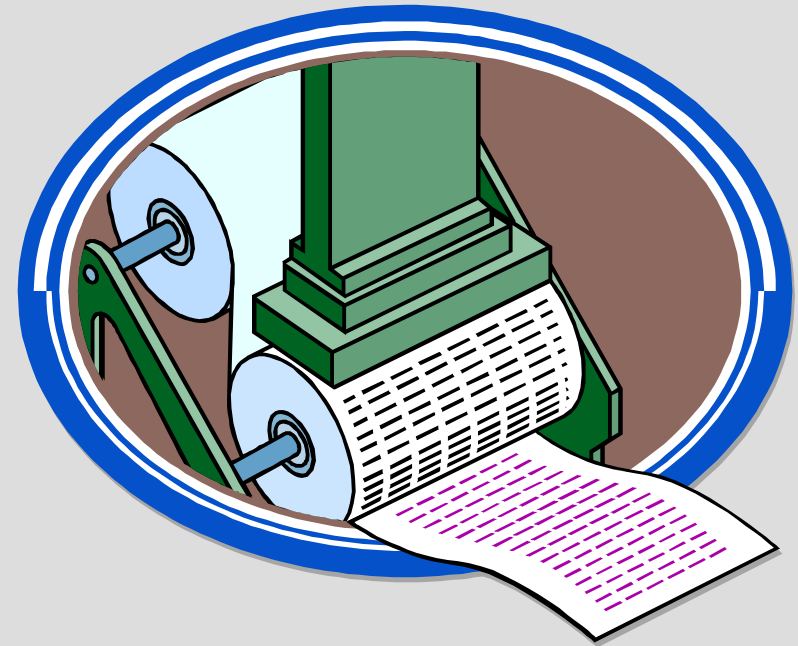
- CRM is more than tools and technology. It addresses
  - Business culture
  - Process management
  - Performance management
  - Business functions
  - Channels and points of contact
  - Organisation
- CRM needs executive leadership



***Take Aways***

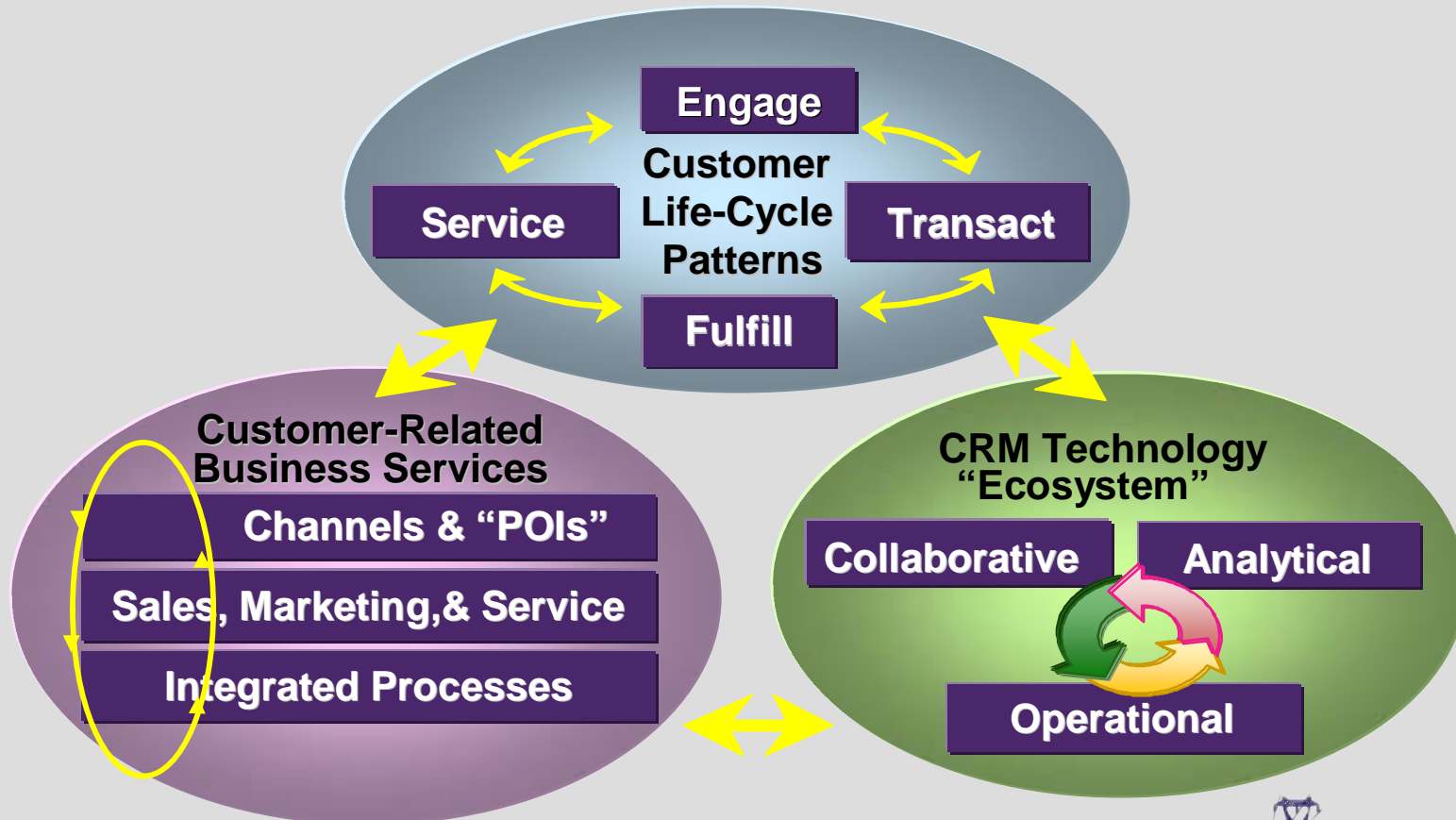
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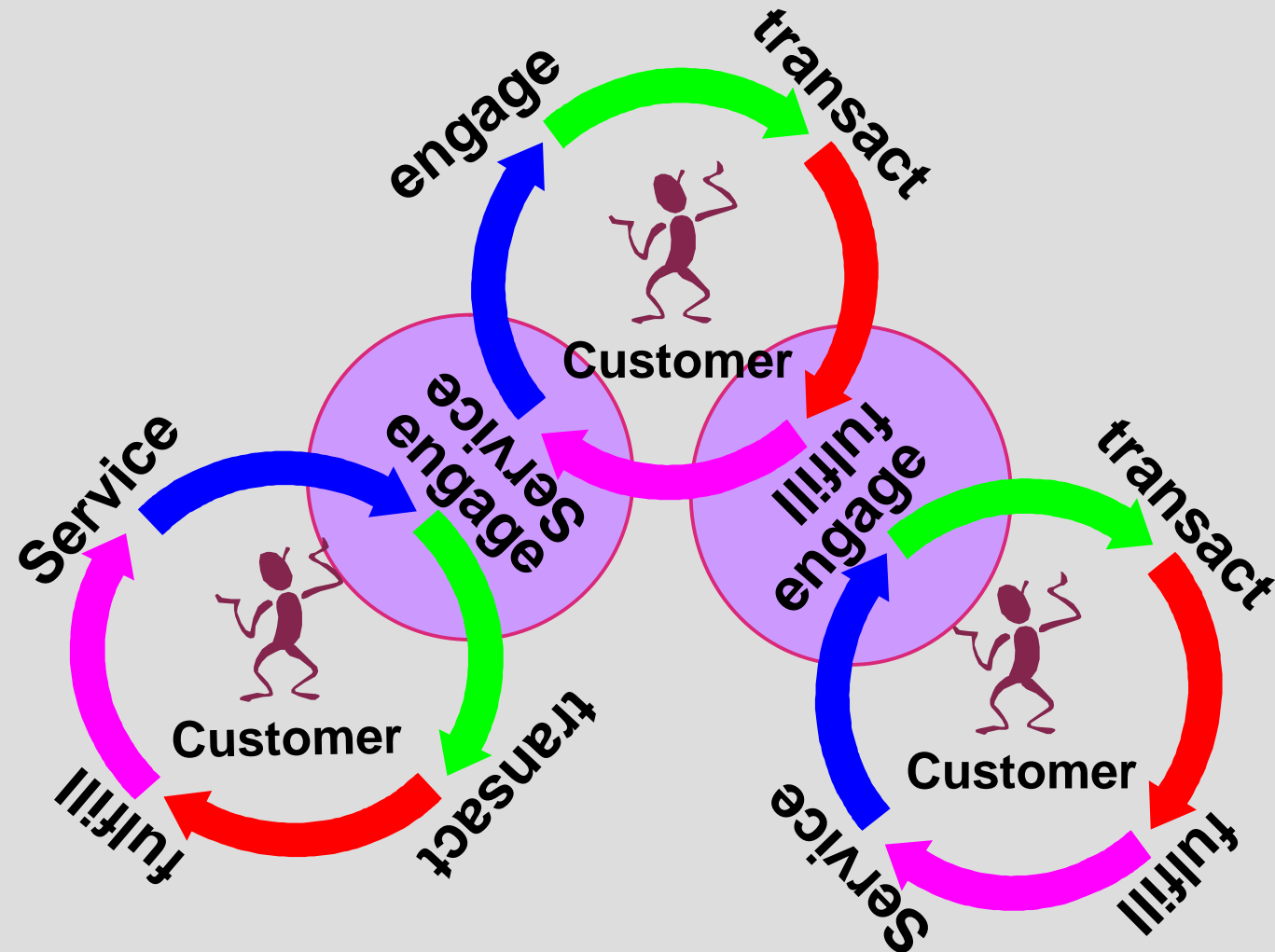


# Customer Life Cycle Management

Expanding CRM Beyond Disparate Sales, Marketing, and Service

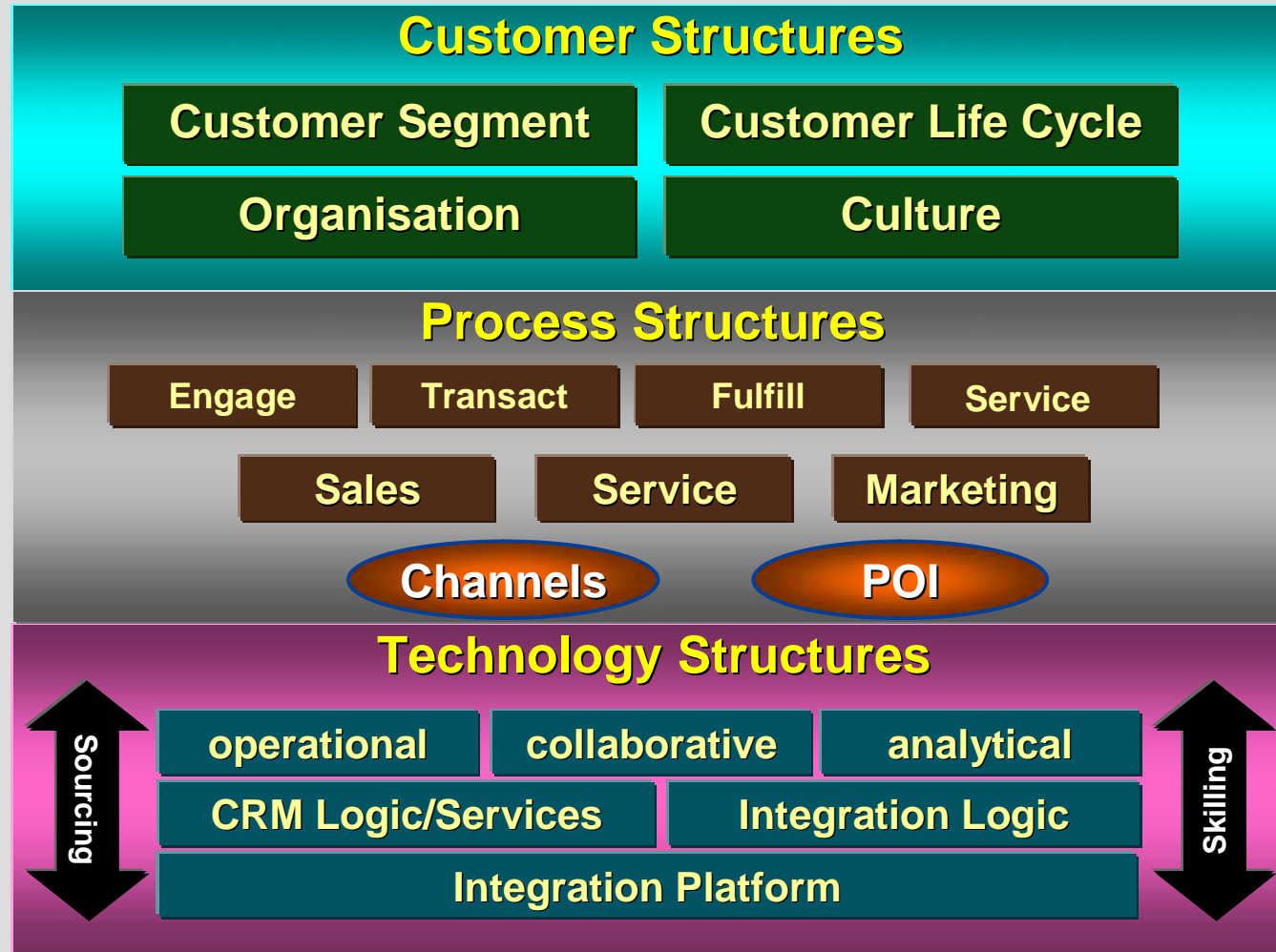


# Maximizing Customer Interactions



***Each Customer Interaction is an  
Sales/Marketing Opportunity***

# People, Processes & Technology



*Architecture matters*

# Customer Life Cycle

- Drive CRM beyond IT-Systems – managing people (culture), processes (lifecycle patterns) and business expertise (sales, service, marketing) is key.
- Address CRM technology (operational, analytical, collaborative) not before strategy, processes and metrics are understood.
- Manage customer relationships like critical assets – enriching customer interactions by information adds value.



***Take Aways***

# Without CRM – Risks

- Customer Value: Inefficiency due to lack and loss of information – higher costs
- Channel Conflicts: Confusion due to contradictive messages – frustrated customer, less revenues
- X-/Up-Selling: Loss of revenue potentials due to not knowing your customers – less revenues
- Broken Processes: Slow reaction to customer demand – higher costs, less revenues
- Administrative Overload: Redundancy of tasks and unnecessary activities – frustrated sales force, higher costs
- Competitive Move: Loosing customers to competitor's CRM excellence – less customers

# CRM

## CRM: Customer Relationship Management

- Know your customers
- Respect your customers
- Make the customer the point of design



Strategic Bulletin “CRM 2005”

Free Download at

[www.wolfgang-martin-team.net](http://www.wolfgang-martin-team.net)

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