

Methodology of customer relation management, necessity in the third millennium

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Abstract: Undoubtedly, in new competition atmosphere and disquiet environment that organization place in there and they rob antecedence ball from each other permanently; only organizations and institutions can find their life continuation and daily development that set main axis of their activity, to amplify quality of services and productions, consumer satisfaction and stability of that. Supply of customer satisfaction in organizations is so important and make organization to use modern directorial schemas and methods such as: consumer relation management, catholic quality management and Organizations attend to customer and his satisfaction because, customer pays services and stuffs costs of those and in this global age, customer is imagined as a king. With regarding to matter of this subject, in this research we try to proceed to one of the most important programs of management, CRM and role of that in achievement and consequently, express profits of an organization and challenges and obstacles which masters may face in performance of CRM.

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Introduction:

In the beginning of 3th millennium of year, development of organizations needs to be synchronous with customer requirements and achievement of satisfaction and opinion invitation of them, more than any time. Governmental politics, related technologies with representation of services and commanding techniques on global economy are changing and in this qualifications only with having a correct analysis from economic behaviors of customer can move to long term profitable path. In performance of modern governmental management, main axis lionize such as: axis of being affability with customer in stead of Borocracy, axis of being affability with society and strengthening of customer and people in stead of servicing.

In this operation, role and contribution of customer determination in demand side, is so important and permanence in competition stage and life continuance of organizations in work depend on complete and scientific recognition from customers in different section of bazaars, identification of potential and actual requirements of customers and in the further step, even definition and creation of new requirements for customer. As for daily progression of information technology and appearance of new communication instruments, the new and evolutionary doss has sited in front of organization which inexistence of using them cause to deflect in modern disquiet and wavy environment. CRM is effect of recent advancement of information technology. It wants to respond better and rather

demands and requirements of customers in bases by collecting and organizing customer data and consequently, wants to confirm relation of customer, permanence and protection of organization. CRM also should be performed and implemented correctly in an organization; otherwise, this cause to defeasance of this kind of management. We have to attend that CRM is one of the methods and programs of customer relationships, and organizations can use the other existent programs of this context.

Reasons of organizations movements toward investment in CRM and its necessity

Now, companies and institutions have employed species and sorts of different electronic instrument and device, new and expensive basis such as: soft wares of ambulant images, internal computerized networks, internet and.... For improvement of customer and consumer relations, because, customer is strategic focus of organizations, and all of organization procedures and activities must be defined and done in base of customer opinion and disposition. This affair is not marvelous, because we have been instance of appearance of competitions species and sorts, in duration of recent several years. Customers become more expected and cautious until companies bend on customers and consumers threshold, and accordingly, competition will be raged more. Companies which are not sensitive to this matter and have less attention to it, finally, lend that the loyalty and trustful of their customers diminish rapidly. Because of that , customer is such a heart of

an organization, and if relation of the other members is disconnected with heart of organization, this organization will go to downfall and extermination, so, organizations should manage their relations with organization heart by using of a system and nowadays, these systems have been propounded in the name of CRM and such like these in organizations and companies, and they set existent relations of their customers between the other components of organization under their exact supervision through these systems. CRM have been developed on based of two vital changes in requirements and viewpoints:

- 1- Change of company theories from axial product to axial customer because of becoming competition global and stuffs and services comparison more complicated.
- 2- Attention of information technology ability to accrete all of customer information in each organization level that cause to create new opportunities and important requirements in compound of contact with customer.

With regarding to customer importance as one of the organization life pillars and emphasis of CRM to this element, some reasons are discussed such as services improvement, customer satisfaction, costs reduction and relation of person to person (even with millions of customers), as a using necessities of CRM in one organization.

CRM motivations

Recent researches and studies emphasize to this point that next wave of investments in information technology will belong to CRM. Organizations hope that can perform better programs for protecting customers though funding on CRM and increasing their permanent incomes by this way. In general, we can enumerate these reasons for organization tendency to use CRM:

- 1- To use current communications with verbal customers for maximizing rate of incomes growth.
- 2- To distinct, absorb and protect the best customers
- 3- To introduce and specify processes and procedures of earning which are repeated more.
- 4- To respond to customers requirements and resolve their demands.
- 5- To design and perform an active guideline of marketing which cause to decrease costs and numerous recognition of customer.

Competition for gaining customer has been intensified. Organizations economically, know that protecting customer is cheaper than finding new customer.

So, in general, the motivation of organization attention toward CRM can be found in following cases:

A) Motivations of internal organization:

- 5% increase in cost of customer preservation is transformed to 25% profitable increase even more.
- a dissatisfied customer inserts his experiences to 8-10 other persons.
- absorbing new customers is more expensive 5-10 times than repeating transactions of existent customers.
- PARTO rule: this rule informs that 20% of organization customers create 80% profits.

b) Motivation of electronic trade:

Accomplished change in E-trade is another factor in moving toward CRM.

In E-trade, customers shop at home or office in front of their computers, so organizations do not require persons who have sales proficiency to convince customer.

c) Motivations of cost purposes:

- Decrease of sales and distribution costs (for example, to use web for decreasing numbers of sellers and necessary distribution channels)
- Increase of income growth through increase of customer satisfaction
- Minimizing costs of customer supporting (for example, automating contact centers for direct accessibility of sales agents to distinctions and history of customers purchase).

CRM goals:

CRM strategy usually is based on 3 administrative goals.

1. Encouraging customers of the other companies or potential customers to first purchase from this company.
2. Transforming provisional customers to loyal customers.
- 3- Representing services with better utilitarian for loyal customers that they become transformed to company propagandist.

CRM actually is all of the processes and technologies employed by organization for identification, election, persuasion, extension, preservation and ministrations to customer. CRM will enable managers to use customer knowledge for maximizing sales, services presentation and

development of that and increase continuator relations of profit.

Swift expressed in 2001 that CRM goal is increasing trade opportunities through these ways:

- Improvement of relation process of actual customer
- Representation of correct productions to each customer
- Representation of correct productions through correct channels to each customer
- Representation of correct productions on correct time to each customer.

Organizations can obtain following advantages by doing those works:

Customer preservation: ability of preserving loyal and profitable customer, and channels for growing profitable trade.

Customer attainment: gaining actual customers on base of their specifications which cause to grow and increase profit borders.

Customer profitable: increasing profit borders of each customer, while correct productions represent on correct time.

Trade goals of CRM are to help to improvement of service presentation to customer, to increase communications with customer, to decrease costs of distribution, great stimulant and justification of E-trade more utilization.

Some of the global customers (active in the world level) are enjoying from CRM for advancement of their trade variation and change program. You should attend to this point that CRM sometimes is used for describing management of customer reservation relation.

In general, CRM goal can be introduced briefly:

*** Income increase**

- recognition of new trade opportunities
- decrease of lost opportunities
- decrease of customers escapes.

*** Creation of customer loyalty**

- improvement of services for customers
- improvement of organization display

*** Cost decrease**

- reservation of organization information
- decrease of again- working marketing

CRM advantages

If CRM is performed correctly, can have following conclusions:

- Common information and data are employed well in knowledge management.
- Organization profit through improvement of reservation information, amplification of

them for easy admensuration of sources and finding the best solution and rapid applicative – making of them for customers requirements.

- Development and utilization of a proper framework (knowledge management) and a management system for gaining mental fund for organization and influence doings on it.
- Increase of team working, decrease of acting burden and improvement of impressive.

In general, implementation of CRM which is a distinct reality for organizations, have either advantages for customer or organization. Customer advantages from creation of relation are presented in three classes:

- 1- Confidence: deuced decrease, confidence of services collector and confidence feeling to it.
- 2- Social advantages: making customers distinguished, acquaintance of customers with personnel and development of friendly relationships with customers.
- 3- Specific behaviors (special services): additional services, special costs and more precedence of other customers. But should attend that customers are different and have distinguished relation with them, so, value of relations and the kind of confirmed relation with them is different that this affair should be sited slightly in creation of relation.

Also, slightly sited CRM can provide numerous advantages for organizations that some of them are implied there:

- 1- Customers are the most important finance of an organization, and verbal customers preservation and persuasion of them to renewed purchases by using this working , are permanence plat of organization which is main goal of each organization.
- 2- A context is provided under pileum of CRM by entrance of information technology to until they move toward intelligent organizations, and decrease costs of information processing by employing CRM soft wares, and relations with customers are accomplished on less time and with more speed that its final conclusion is increase of Representation of correct productions competition power in modern wary environment.
- 3- CRM provide possibility of customer classification on base of guidelines and standards of organization by collecting

complete information of customers in a data base that it can facilitate achieving of CRM goals (deletion, reduction and inexistence of non – profitable customers persuasion. It means that instruments engender for increasing finance values of actionary, so, deletion of non-profitable customers can cause to increase profit and decrease costs in organization , unless some political , legal or social consideration had existed there.

- 4- Reception of feed back from customer and development of services and common productions.
- 5- Decrease of propaganda cost and rapid replication to customer demands, increase of marketing and sale opportunities.
- 6- Decrease of organization efficiency through automation of common processes.

Species of CRM technologies

CRM technologies which are used, can be divided in total 3 categories:

- a) Operating CRM: In this method, all of stages of customer relation , from marketing and sale services and feedback reception from customer , are given to a person, but so that sellers and engineers of services representation can have accessibility to precedence of each customer without reference to this person.
- b) Analytic CRM: in this method, the instruments and methods are used which analyze get information from operating CRM and provide its conclusions for trade working management.

Indeed, operating and analytic CRM are in reciprocal transaction; It means that data of operating section is sited at disposal of analytic CRM after analyzing data, get conclusions will have direct influence on operating section. Customers are classified, and possibility of organization concentration on particular section of customers is provided by analysis of this section.

- c) Transactional CRM: In this relation, customer uses the easiest possible methods such as: telephone, cell phone, fax, internet and his other slightly methods for establishment of relation with organization. T-CRM cause that customer refers secondly and has permanent relation with organization because of possibility of method election (from collecting data until processing and reference of customer to

respective responsible at the minimum time.

Operating CRM is divided to two types, ECRM and MCRM by extension of internet and communication technology. Another necessary component of operating CRM is integration of institution (EAI) system which works in integration context of after – read and before – read processes of organization

a) **Electronic customer relation management (ECRM):**

This class of operating application programs enables organizations to control their customers through web, and customers also achieve to their requirements, online. This is one of the differences of CRM with ECRM that CRM charges on base of service – giver / service – receiver to CRM on base of web. It is said that ECRM is the future method of CRM, and because of that, soft wares sellers who do not optimize their application programs, they will be workless soon.

ECRM word is the last sample of customer relation world that sits internet as an important communication path. This communication path has following known abilities:

- Full time accessibility and inexistence of time dependence and being unchangeable.
- Communication creation in every where and distance.
- Cheap and quick access to information
- Cheap and specified interaction with people
- Communication management with customers based on mobile (MCRM)

New kind of CRM which is able to work with wireless tools, is called communication management based on mobile. The goal of MCRM is establishment of constant and two-sided interactions between customers and institutions, wherever (whether in office or walking on the street)

D: integration system of System (EAI):

The main reason of failing CRM projects is its inability to integrate with old remains systems. Then in operation level, it is necessary that application programs of CRM like: connection centers, automatic services based on web and... use integrated data of other reader systems (capital) like: finance functions, human source and... .

One of the effective and integrated soft wares of EAI allows systems to communicate with other individual systems without regarding to its frames.

Organization changes in Result of Using CRM

When organizations move from traditional institutions toward center-customer and customer-

oriented institutions, they need new infrastructures to support their processes. According to existence ideas, the most difficult section of this transfer is not absorption and installation of required technology, but compliance between organization and users of that. Moreover, the organization which accepts these changes should undertake 5 elements:

Automation: automation is called providing digital office without paper. This subject enables staff to present much better services to customers, because of embracing all information totally

Erosion: this element allows companies to transfer major portion of their staffs with new faces who are employed in center-customer environment based on their tendency. This affair is accomplished and vindicated simply in organizations with job Rotation

Reorganization: In re-organization, organizations should break their wide bureaucracy which exists environs of some departments axis. Most organizations have weak and horizontal communication in which limited number of staffs and managers have clear image of the whole organization.

Education: education allows managers to specialize organization staff to points that can make their routine decisions with minimal received institutions from superior manager.

Strengthening: This element is predicated to organization change and free staffs of “Production-line” conception, which makes staffs centralization possible on related problems. In addition, information & power structures in organizations often are largest resource of successful administration of CRM. So, break up of power old structures, is necessary in order to guaranty and warranty of information flow in organization and also presentation of required productions for customers.

CRM Implementation Process

Customer relation management has some stages for realization of its defined objectives, which are considered from different viewpoints. One of these theories is life cycle model of CRM from “Kalacuta” which consists of 3 stages: absorption, promotion and preservation. Each stage supports knowing & understanding relation between organization and organization customers. This theory declares that each stage effects on communication with customers by different methods, as strategies and organization centralization are different from phase to another phase. This affair is shown in table 1.

Table (1): CRM phases, consideration and strategies of organization, corresponding with them

Strategies	Attention focus of Organization	Proceedings	Phase
Innovation	Making distinct	Through promotion goods & services management	absorption
Cost reduction of servicing customer	Classify	Profitability promotion of available customers	Promotion
Listen to customer new production supply	adaptation	Preserve customers for its life (through focus on services presentation accordance with customer will	preservation

Of other theories about CRM processes, can point to integration technical model of CRM processes of Swift. According to “swift” model, one organization should focus on 4 key components of CRM early process namely: interaction, connection, recognition and creation of relation with customer, in order to facilitate growth & realization of CRM purposes.

Interaction: including of complex of giving & taking which forms connection between organization and customer, and these are the same data which is collected from contact points and communications outside of contact points with its customers.

Connection: it means drawing of plan and contact management between customer, path and organization.

Recognition: it means access to necessary insight through information analyzing & collecting, till create kind of continuous learning of customers, productions, paths, markets and competitors.

Make relation: It means application of received insight in previous phase in order to provide interactions or communications with customers, paths, presenters, suppliers that leads to create valuable communications.

‘Swift’ considers CRM as continuous learning process in which related information of each

customer turns into creation of relation with them, and only having related information of customer is not enough, but requirements of each of them should be collected and analyzed and proper answer should be given to them. According to figure2, introduced CRM process cycle via Swift is consist of following components:

Knowledge discovery: the first stage of CRM cycle process is characteristics of customers and investment strategies. This act is done with identification, segmentation and forecast of customer organization.

Interaction with customer: It means administration and management of relations with customer through related information in proper time and productions presentation by using range of interactions channels. After this stage, it is so important knowing that customers prefer which way to acquire interaction, and use what kind of technology.

Market planning: In this stage should be defined distribution path and productions presented to customers, and also this stage provides codification of strategic communications plans and programs.

Refined analysis: This stage consists of process that its aim is absorption and analysis of customer data through communications obtained by organizations from their interactive paths.

This is a kind of continues learning process, which emphasizes on refining communities, price levels and approaches that increase organization opportunities in interactions with customers.

Success & Efficiency of CRM

With arrival of the new millennium, customer relation management has changed many organizations and has influenced on many customers and other jobs. Present organizations have known many potential benefits of CRM more than before. But, because, evaluation of intangible yield of allocated resources is difficult for design, codification and operation of CRM, we need to verify intangible nature of benefits such as: customer loyalty, services quality, value promotion, processes efficiency, operations innovation, services improvement, competitiveness, trust and efficient management design of relation with customer. The most important index which can be considered as much as consideration of above intangible benefits, in the rate of success and efficiency of communication management with customers, is customer loyalty to organization and also creation of social investment; because scale of customer loyalty and customer trust to organization can take precedence ball from competitors. Also, an organization can move toward efficiency and success of CRM by creation of social investment and absorption of opinion and participation of its customer. Social investment in wrap & woof and among people relationship with an

organization should be exist in order to customer trusts in services and productions and being on time, so that can remove bad memory or background from his/ her mind.

Failure of CRM projects

When, CRM can't satisfy related goals to organization, it's said CRM has defeated. Some common mistakes which cause this affair are resulted from strategic or tactical mistakes.

Common strategic mistakes: lack of enforcement warranty of CRM, ineffective steering committee, weak communications, weak definition of organization work processes, weak management of change, lack of explicit administration compass and weak program of education, are common mistakes that cause to fiasco of CRM projects.

Common tactical mistakes: these mistakes are divided in 3 groups because of organization reasons:

Individual mistakes: we can mention lack of management and guidance skill, weak staffs, strong and change-against staffs, incompatibility team members and customers, doing proceedings too late.

Process mistakes: Unrealistic timing, lack of understanding requirements, time pressure for more profitability of organization, shorten or delete key activities, weak controls of management, doing work too much, lack of calculation and project complexity can be spotted as process errors.

Mistakes of CRM products: Making orders of production more than usual and undoing of changes are the mistakes of CRM products.

Above common mistakes singly influence on success & efficiency of CRM administration, and lead to failure and lack of success of CRM projects.

Executive challenges of CRM

An organization should know potential and probable problems, before wants to administrate CRM, so that can cope with them, when it is necessary. In organization level, business should provide common activity between different sectors which communicate with customer and all sectors related to CRM so that can be more effective. This established, among group relation with customer, effects on staff role inside organization. Also this subject can reduce emphasize on cooperation and participation of special company sector. These guide line changes, usually encounter with oppositions in the early stages of implementation. If we want that transferring to CRM is done efficiently, having skilled and knowledgeable workforce is necessary; also companies should absorb executive obligations, and control and manage the resistance for changes. One of the most important tips is that organizations should preserve the best talent related to its sale &

service sectors; they should develop interpersonal skills of these brilliant staff and give them reward.

For example: in telephone centers, it's need 6 months in order that a beginner becomes a experienced person, and it takes 6 months, too in order that experienced person becomes expert or professional. The staffs which work in internal sectors, should be participated in debates related to customers requirements.

Customers feedbacks should be considered in service & productions development process. In as much as all of organization sectors participate and cooperate toward customer satisfaction, reward system should be provided for giving necessary motivation to these areas. CRM shouldn't be supported through individuals; for example: if a sale responsible receives reward according to facts & figures related to sale, it won't be important for him/her whether other sectors work toward resolving customers needs well or not. Main challenges can be explained which maybe, an organization encounter with them in implementation of CRM:

- a) Primary initiation cost: it is one of the CRM challenges. Maybe, organizations have invested large amounts upon application instruments of customer management. Because some instruments may have had specific application, we can put them hardly to share in different sectors.
- b) Integrated application instruments:

Organizations need integration application instruments which are provided in accordance of customer life-cycles and interactions. Organizations which need provided interactions management with customer in different monetary units and languages, can't perform CRM through traditional technologies, and work will be too hard for them.

- c) Cooperation of different sectors: CRM is integrated approach, and need cooperation of business sectors, which previously operated autonomously. Data which have been collected, should be shared totally in other sectors. Some sectors may be discontent to share their data with other.
- d) In customer Relation management, data are extracted from different and non- uniform resources, for having analytical perspective to customer. Data should be transferred in consistent and usable format with other data and finally integrate in a certain structure. But, at present, the important challenge which CRM encounters, is appropriate volume of required information to analysis and provides analytical tools.

The growth of integration process of organization systems, and growth of auto- channels such as, web, have increased rate of data that are accessible for customers. The important point is that rate of providing available data is more than rate of analyzing and utilizing it.

Unfortunately, manager encounter with this problem as a technologic problem, that solution presented is data sharing though out organization. Organization wants to acquire, create and share customer insight and understanding and it don't want list of purchased products or required services by them. In this context, instruments which can have analyzed information and data well and had application, are relatively scarce. Organizations also haven't designed their business processes that take advantage from this information adequately. This affair had led to create serous gaps among range of information related to customer within a company and efficient usage from this information. This problem is important, because competition advantage of an organization often is created with relying on understanding special set of customers characteristics. In this context, we should sure that applied information has been defined directly by trade goals to obtain insight from customers, not from range of provided data. For this reason, first we should define customers expectations, and detect required data for diagnosis of expectations and their range by following motion.

Conclusion:

As we saw in different section of this article, one of the most important ways of profitability and winning among competitors is customer and effective communication with him/her. Certainly, customer and its stability occur when an organization, regarding to new technology, proceeds to use one of the new projects and programs of customer communication. Customer relation management (CRM) is one of the different programs that an organization can use it in this way. Because customers of an organization have different needs, ideas and comments, and every one considers to quality and presentation of organization services from his/ her view, then, an organization, as well as considers to these different ideas, should classify all its customers regarding to CRM, and pays special attention to each class of customer, and with regarding to each class requirements, provides its goods and services. In customer relation management, customer loyalty & resistance is important; Because satisfied customers cause to absorb new customers, and it is important to profitability of an organization. Only satisfied customers consider to organization and want to

supply their requirements through that organization. So, stability of customer satisfaction entails being stable and consistent of organization goods and services. it is necessary to pay more attention in its implementation and administration, by propagation of CRM among organizations, because, maybe results from administration of customer relation management act conversely, and leads to customer dissatisfaction. We should pay attention that implementation of CRM entails creating proper doss which culture of customer relation should be taught to staff, change organization structure with CRM and define challenges & problems that managers, may encounter, in this way. It hopes that organizations comply with above items and provide effective customer relation, so that can move in the way of efficiency, success, and winning their competitors.

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