



Customer Relationship Management (CRM) Systems: Beyond Retail Applications

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This paper explores the application of CRM systems beyond consumer retail environments, by looking at the use of CRM systems in three diverse environments: accountancy practices, not-for-profit organisations and manufacturing organisations. It concludes by highlighting some challenges of CRM systems, applicable to a range of differing environments.

Refresher: CRM systems

Laudon and Laudon (2015, p.394) explain CRM systems as capturing and integrating customer data from all parts of the organisation. They consolidate the data, analyse it and distribute the results to the various systems and customer touch points across the enterprise. Well-designed CRM systems provide a single enterprise view of customers that is useful for improving sales and customer services.

Laudon and Laudon (2015, p.395) discuss three elements of CRM: sales, marketing and service. Examples include:

- Sales - sales force automation – helping staff increase their productivity by focussing sales efforts on the most profitable customers
- Service - providing information and tools to increase the efficiency of call centres, help desks and support
- Marketing - supporting direct marketing by providing capabilities for capturing prospect and customer data, direct marketing etc.

The functions of CRM systems are also described as operational or analytical. Operational CRM includes all customer-facing applications, such as sales force automation, call centres, and marketing automation. Analytical CRM uses data from the operational CRM, customer touch points and other sources: this is organised into data warehouses and used for data analysis including data mining and OLAP.

CRM systems in accountancy practices

CRM systems are increasingly discussed as useful in accountancy practices, either as standalone systems, or integrated with other tools such as practice management software. Acknowledging the diversity of services offered by accountancy, and the diversity of clients, a range of potential uses have been suggested for CRM. These include:

- Sales – Examples include profiling your clients (for example, by sector, turnover, previous work) and targeting them with emails alerting them to important issues and explaining their relevance – reminding clients that you are looking after their best interests while opening the door for conversations (Stokdyk, 2016). CRM can and should be integrated into other business processes such as invoicing.
- Service – CRM systems can enable practices to shepherd clients through the data collection process, simplifying and semi-automating these processes. Stokdyk (2016) uses the example of tax clients receiving an automated email six months prior to their tax deadline requiring information by a specified date, with reminders (automated emails and texts) and prompted

telephone calls to chase late information. As noted by Stokdyk (2017), this will become more important as tax authorities demand increasing digital record keeping and more regular updates (for example, the UK's *Making Tax Digital* project). Secure online document portals can speed the flow of such documents to and from clients and provide greater security through authorisation and encryption.

- Marketing – CRM systems can track prospective clients' contact details and your contact with them – enabling a more systematic approach to identifying, developing and converting client prospects (Stokdyk, 2016), as well as segmenting existing clients for regular contact and targeted, pro-active advice as above. In an more analytical mode, Vickers (2016) suggests that CRM can drive business intelligence reports, such as analysis of clients by size, business type, fee income and cost per client service (number of interactions with the client, and the business cost of these interactions against the revenue received).

Importantly, under Data Protection legislation, all organisations have a responsibility to protect the information that they hold and in certain circumstances to make that information available on request – a robust CRM system can assist in meeting these obligations (Vickers, 2016).

CRM systems in not-for-profit organisations (NFPOs)

The acronym CRM is usually taken in this sector to refer to Constituent Relationship Management, although the principles are broadly similar. NFPOs try to manage constituent relationships, including constituents such as donors, volunteers, members, partners, alumni, students and media outlets (Probert, 2017). Each type of constituent is diverse in terms of the support they offer, and in the type of relationship (or 'journey' in sector terminology) they will have/seek with the NFPO. However a common thread is that NFPOs rely on these various constituents – and their donations, time and even promotion of the organisation – in order to fulfil their missions. In this, CRM systems can assist in a number of ways.

- 'Sales' – Guinn (2017) notes that engaging constituents with appropriate initiatives is essential to encourage continued participation and patronage. Examples include segmenting into groups and sending (automated) targeted promotional emails, event invitations and donation requests. CRM software automates these tasks which otherwise might take up valuable staff or volunteer hours: freeing up staff/volunteers, cutting costs and reducing errors. Retaining existing donors, for example, is much cheaper than attracting new donors.
- Service – CRM systems enable contact management (keeping contacts organised and readily accessible) but also activity and event management (planning and tracking tasks, outreach and expenses) (Guinn, 2017). An online CRM allows users to access it anytime, anywhere, fostering collaboration across teams. Importantly, some types of CRM can be used to process donations – offering flexible, secure payment options and delivering an optimal donation experience (Probert, 2017).
- Marketing – CRM systems can enable campaign management – aligning constituents with appropriate campaigns (as above) and tracking important metrics such as newsletter/email open rates to calculate a campaign's overall outreach. Key performance indicators can track constituent behaviour, including responses to campaigns and engagement – important information in developing future campaigns (Guinn, 2017). More general regular reporting and analytics are also possible (Probert, 2017). Additionally, some types of CRM can be used to go to constituents where they are: integrating with social media tools such as Facebook and Twitter to identify potential donors and volunteers (Guinn, 2017).

CRM systems in manufacturing organisations

Many manufacturers sell to other businesses rather than end consumers. Lee (2017) argues that these relationships are often of long duration, and that these customers' satisfaction and perception of value of the relationships is increasingly important in differentiating the organisation from its competitors. Additionally, buyers have become more empowered as the internet makes it considerably easier for them to search for alternative suppliers (McLaughlin, 2017). CRM has been suggested as having an important potential role in assisting organisations seeking to develop these relationships, providing excellent service and increasing sales, while maximising efficiency. Examples include:

- Sales – Lee (2017) notes that CRM allows companies to examine what products the customer buys and to make them aware of complementary products, specials, updates, time for refills etc., driving cross-selling and additional sales. This can also help the customer to see the business not only as a product/service provider, but also a valuable partner (improving perceptions of service, below).
- Service – CRM systems enable tracking of customer interactions, from first click on website to most recent customer service call, improving the customer's experience as they won't have to explain themselves over again to different employees and helping employees to meet customers' needs more efficiently (Lee, 2017).
- Marketing – In addition to segmenting and targeting existing clients as suggested above, greater use of traditional and digital advertising channels can be facilitated using CRM systems (McLaughlin, 2017). Considering the potential of analytics, an important use of CRM is in assisting with sales forecasting, based on detailed information on existing customers and customer purchases, together with external information on environment, trading conditions etc. (McLaughlin, 2017).

Challenges of CRM across differing environments

This paper has focussed on the potential uses of CRM in these three environments, but it is also important to be aware that the implementation of CRM (in any environment) is not without challenges. These include:

- CRM may involve complex pieces of software/storage that may be expensive to purchase and implement, and often involve a lengthy implementation time. This may include extensive customization to develop an appropriate system.
- CRM is often linked not only to technological changes, but also to fundamental changes in the way that businesses operate. Employees must accept new job functions and responsibilities, and learn how to perform a new set of work activities, which may lead to resistance to the change if not handled appropriately.
- CRM systems may introduce 'switching costs' – once applications are installed it becomes very costly to switch providers, and the organisation becomes dependent on the provider to upgrade and maintain the software provided.
- CRM systems require a very clear understanding of exactly how data is used in the organisation and how it would be used in the CRM system. Some data cleansing work may be required.

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