

CRM Strategy Contributes to Business Value in Tough Times!

Difficult times ask for balancing short- and long term needs

By

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There is no doubt that the global economy is in a serious downturn. New Zealand in particular is officially in a state of recession that has lasted now for more than 5 quarters. Given this constraint and the uncertainty which comes with it, how are businesses choosing to invest in their own infrastructure to maintain revenues and margins?

Difficult times ask for balancing short- and long term needs

Across all industries, particularly within retail, companies have experienced lower sales due to customers spending less. Most companies have cut costs across the board in order to maintain a positive bottom line in the reduced revenue environment. This has led to a reduction of funding for ongoing or planned projects, even though some of these projects and initiatives remain crucial for a company's future.

It is more important now than ever before to ensure each **project or initiative delivers on KPI's** - measured by incremental increase in revenue, risk mitigation or reduction in cost by improving process efficiencies. Customer Relationship Management (CRM) projects usually target at least one of these objectives.

Customers are at the heart of every business; they are the only reason for it to exist. Consequently it is paramount to give customers the attention they desire and deserve, in spite of the strains businesses are feeling themselves.

It is a well known fact that retaining a customer is far cheaper and easier than the acquisition of a new one. At the same time it is proven that satisfied customers who recommend a company or its brand (advocates) spend considerably more with this company than customers who dislike the company (antagonists). Both advocates and antagonists tell their communities about their opinions, which results in additional revenue or lost opportunities.

The secret of overcoming the current economic challenges lies within the existing customer base of a business. This is the best source of continued or increased sales revenues, and to protect margins. It is paramount to keep, maintain and foster existing relationships with customers, in other words: to be customer-centric and customer-focused.

Customer centricity is about **providing high value to customers.** Customers reward companies that provide them with high value with loyalty and often an increase in spending.

In order to be able to be customer-centric, businesses need to know who their customers are, and they need to know their preferences, likes and dislikes. This information enables companies to provide better value to their customers.

The good news is that this information is available and ready for use within most businesses. It needs to be used to identify the most valuable customers and to provide customers efficiently with a consistent and positive experience with each interaction and across all channels.

A company that is recognized for delivering value to its customers will have strengthened their own position when the economy recovers and will be able to jumpstart into the next cycle ahead of the competition.

This can only be done strategically. Therefore businesses need to devise and execute new or continue their existing CRM strategies to **actively increase the value of the relationships** to their customers. These strategies need to have measurable key objectives. These objectives also need to be broken down into a series of executable projects that support these objectives. By implementing these projects in "bite-sized" increments, each project delivers measurable success early in the process.

The strategies themselves are then implemented with the help of CRM solutions like SAP CRM.

CRM solutions are of invaluable help in gaining an improved understanding and providing continued high value services to customers in order to keep customer satisfaction levels high, if not increasing them. If strategies and tools are well implemented, this will turn into additional revenues for the company, while reducing the operational cost to provide a given level of service to your customers.

Executing the CRM strategy that a company has built instead of reducing efforts in this area offers the possibility of setting itself apart from the competition. And this happens exactly at the time the competitors reduce their commitment to their customers.

The approach to developing the business's most valuable asset

For the reasons brought forward before, building a valuable customer relationship and developing customer loyalty is a top priority in business today – but it is a priority that can be difficult to execute without the right approach.

Perceptions of businesses are created, positive or negative, during every interaction the customer has with the business.

Leading businesses therefore collect and analyse relevant information about all interactions very effectively and apply this knowledge about their customers to develop and improve each customer's experience. These businesses concentrate on their most valuable customers – the customers with the highest lifetime value.

They know that being a leader in knowing their customers translates into customers staying longer, buying more, recommending their products to others, and paying a premium price for value. In brief: ***intimate knowledge of customers is the key to customer loyalty and maximising profits.***

Front office functionality – like CRM – is critical to a company's ability to provide value at every customer touch point, like direct contact, catalogue, call centre, corporate web site, and others like social networking sites, which become increasingly more important. ***Just as critical is the tight integration of the front office with the back office and e-business solutions.*** The e-business solutions are one of the important channels for customers to interact with the company whereas the ERP in the back office delivers invaluable additional information about the same customer.

Tight ***integration of systems offers the potential of cost reduction*** by streamlining processes in addition to the positive impact on the revenue of modelling customer centricity into the business. Tightly integrated systems enable interlocking customer facing and internal business processes to optimally use available resources and data.

While there is no fixed recipe, all it takes is a short series of simple steps to get there. Leading companies

- Use the data about their customers that they generate with every interaction to build a 360 degree view of their customers. To do this they integrate their customer data from disparate systems into one single, integrated CRM solution, like SAP CRM.
- Demonstrate consistency across and integration of channels. Customers are getting more and more information about companies and products, anywhere and anytime. They expect consistent information and corporate behaviour regardless of the channel they use.
- Use the detailed information they have about their customers to segment them appropriately in order to be able to provide all customers with high value – the right products and services – while focusing on their most valuable customers
- Ensure that new information is immediately fed into the CRM system in order to be available for the other channels without delay.

Conclusion

The time to focus on a CRM strategy that embraces the customer is now.

With a smart and strategic reaction to current economic difficulties, that includes pursuing their CRM goals while containing costs, businesses are able to reap opportunities now and to gain a considerable advantage when the economy turns up. The customer centric strategy can be implemented step by step using a powerful and scalable integrated CRM solution.

This integrated CRM solution evolves with the business needs and becomes the cornerstone for gaining customer insights and using this data to maximise profits.

About The Author



Thomas Wieberneit is an executive with more than 15 years of leadership experience in consulting, software industry and in the armed forces. He is responsible for building and driving the CRM consulting practice for CIBER in New Zealand and Australia. Before joining CIBER Thomas held various leadership positions in SAP's CRM development organization for more than 10 years where he contributed to shaping and developing SAP's CRM solution. He is an expert in CRM, in distributed software development and the introduction and application of agile development methods in enterprise scale projects

If you would like to see how Thomas and his team at CIBER can help facilitate a customer centric CRM strategy in your company, please

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