CUSTOMER RELATIONSHIP MANAGEMENT – YOUR BIGGEST BROTHER?

By Belinda Weaver

CRM – it looks like an SMS abbreviation for cream, and it has certainly risen to the top of many a business manager's consciousness. It's a new(ish) way for business to track the behaviour of customers so that selling opportunities can be maximised.

The CRMguru.com Web site is a good starting point for that first toe dip into the CRM waters. The site has reports, surveys, pre-implementation checklists, articles, definitions; it even has a handy publication called *The Customer Relationship Management Primer* and independent CRM software reviews. According to CRMguru, "Customer Relationship Management can be defined as a business model that has, as its principal goal, the identification, anticipation and understanding of the needs of potential and current customers, to increase retention, growth and profitability."

In plain English, it boils down to selling a product to customers, and hanging on to those customers when they next want to go to market, rather than losing them to a competitor. As everyone in business now knows, it costs a lot more to get a new customer than it does to keep an existing one. But keeping customers is getting harder.

As Bob Thompson says: "… how you treat your customers goes a long way to determining your future profitability … [but] customers are savvier about the service they should be getting and are voting with their wallets based on the experience they receive" (Thompson, 2002: 1). Since every company wants to increase its profits and get bigger market share, new tools to help companies "select and manage the most valuable customer relationships" have been much in demand. Customer relationship management came into being as a way of facilitating that. The term began to be used in the mid-1990s and, since then, the industry has grown into a multi-million dollar business as companies scramble to provide the software and services companies need to manage customer relations.

Do companies need any of it? Successful small businesses that provide excellent, personalised service to customers can attract them back time and time again without using computers to help them. But not all businesses are small, and many that are don't want to stay that way, so they need something extra to give them an edge. Customers today can anonymously gather a lot of intelligence online about suppliers, goods and services, and can switch to a new company or vendor at the click of a mouse. A successful company will be one that makes the most of existing customer data, that targets those customers with the right kind of buying opportunity at the right time, that services those customers well, and that rewards them in some (extra) way for doing business with the company, maybe through loyalty programs, discount vouchers or gift certificates.

In the business world now, no big CRM process could get off the ground without some kind of software to store, manage and analyse the data flowing from customer transactions, but all commentators agree that software alone is not a magic bullet.

The *Primer* states quite clearly that "CRM – at least the successful, useful and profitable kind – always starts with a business strategy, which then drives changes in the organization and work processes, which are in turn enabled by information technology. … Projects that focus on technology first, rather than business objectives, are destined for failure, according to … extensive best practices research."

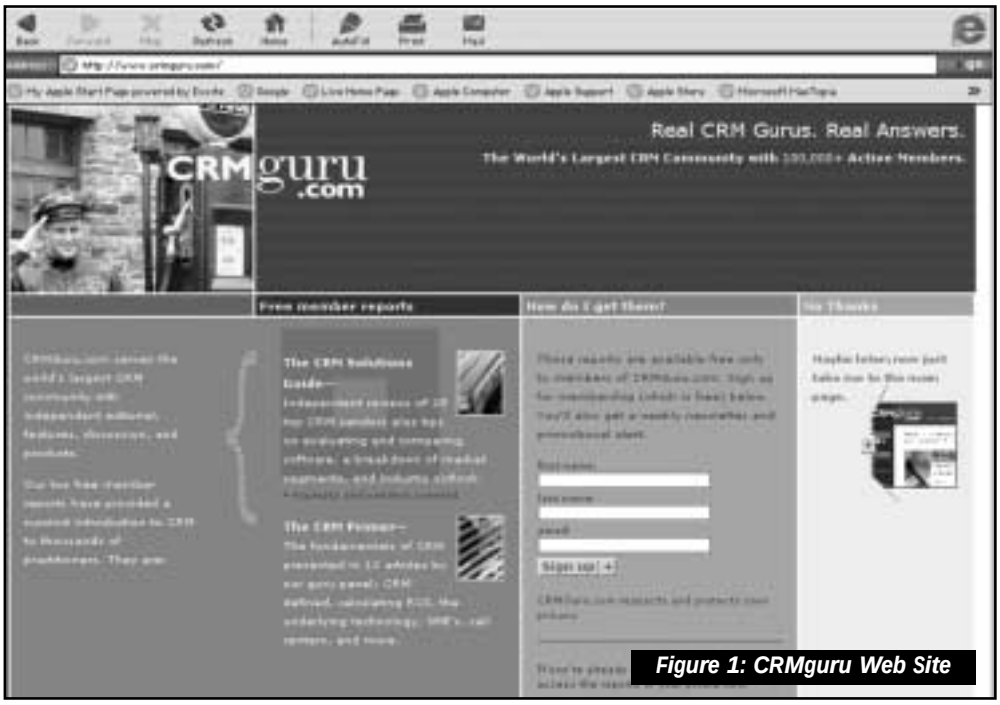

Figure 1: CRMguru Web Site

Just as automation alone cannot make a company successful, the best CRM software won't do much for a business if staff are resistant to the job changes it will bring, if the company is not truly customer-centric, or if the commitment to the project is not there from the company's top people.

As with any business idea, the CRM field is awash with jargon and buzzwords. These tend to ➥

obscure the fact that the idea behind it is really very simple – hanging on to one's customers, especially the highest spending ones – and finding the (possibly expensive) software to provide the tools to make it easier to do that job.

According to Paul McIntyre, "Telstra will have collectively spent up to $35 billion worldwide by 2004" on CRM, money well spent if it enables the company to get "more sophisticated segmentation analysis of clients' purchasing habits and potential service and sales opportunities" (McIntyre, 2001: 44).

Banks are using CRM software to create a "single view" of a customer, accessible to staff in all sections of the enterprise – whether they be in the call centre handling a complaint or inquiry, dealing face to face with customers in a branch, answering questions via e-mail, or dealing with printed loan applications. The "single view" should contain all the bank's intelligence on customers – their savings and loan history, any inquiries they might have made about products or services, their insurance needs, any shares or managed funds they have, their transactions history, and so on.

In 2001, banks had "54 million customer profiles" stored on their systems (Connors, 2001: 2). Given the enormous amount of data banks can capture about customers, the key challenge for them is extracting and aggregating all the relevant data from different, possibly incompatible, systems so that it can be monitored, analysed and ultimately put to use.

The National Australia Bank "scans and analyses every single banking transaction that a customer has made, searching for any significant changes in transaction patterns. If a lead is generated, it is sent to the bank's computer at a call centre or branch for follow up the next morning" (Connors, 2001: 2).

Banks may want to get closer to customers, but actions like that may be a little too close for comfort.

Other businesses – insurance companies, real estate agents, energy companies and financial advisors – are also getting in on the CRM act, as are, increasingly, governments, universities and other non-government organisations. Canberra Connect, the call centre for all ACT government transactions, is about to tender for a CRM system. The Queensland Government is also looking to create an all-of-government call centre.

Customer information is currently used extensively at the Brisbane City Council, but according to Customer Services Manager Jane King, only for improvements in service delivery. The Council's 24-hour call centre is something of a homegrown CRM project, arming all council inquiry workers with an extensive knowledge management system, thus enabling them to handle an enormous range of inquiries.

The Council is currently looking at the data they have, so that they can do some market segmentation as a way of tailoring services more closely to customer needs. The philosophy of one service for all needs, accessible any time, any place, may not be what customers want; there may be untapped needs that data analysis can help reveal, for example, business users might need a 24-hour turnaround on decisions or information, while other users might not be so time-specific (King, 2001). Data gathered in this manner will potentially be used in honing library service delivery.

Twelve Australian universities, including the ANU and the Universities of Queensland, NSW, WA and Sydney, are using the PeopleSoft program to administer student records. These enormous systems manage all the disparate data flowing from admissions, student academic and financial records, academic advisement and communications to and from students. Other players in the CRM market include Oracle, Siemens and Compaq, as well as Goldmine for smaller enterprises (McIntyre, 2001: 44-45).

What does this all have to do with libraries? Certainly libraries have had to update their marketing to stay relevant in the new online world where people can get information from home, via the Internet, unmediated by library staff. Why else would e-mail or chat reference services have been introduced by libraries? Why else would libraries provide Internet-enabled terminals? Perhaps CRM could help libraries get closer to their customers.

Like banks, libraries get a lot of information about their customers through the transactions library users make – the books they borrow, the questions they ask. Say a customer had asked for information about a new drug on the market for diabetes; were that transaction to be logged, and made easily findable again, then the customer could be contacted when a new source of information on the drug, say a reputable Web site or a new print pharmacopoeia, became available. Perhaps a reader with an insatiable desire for new Judith Krantz novels could be contacted whenever a new title appeared. Friends of Libraries groups could be targeted for certain activities, or mobilised in support of some worthy campaign.

Libraries already do a lot of marketing to their users. For example, the State Library of Queensland and the National Library have databases of contacts which are used in mail outs, such as invitations to certain functions or launches, keeping people posted about what's on, or newsletter mailings such as *NLA News*. Different mailing lists are used for different purposes; for example, there may be a mailing list of sponsors (Wilson, 2001; Walsh, 2001).

Libraries also gather other information about their customers, especially now that many libraries offer Web-based reference and Q&A services. Users of the State Library of Queensland's Ask a Librarian online service must register to use the service; the Library has garnered considerable amounts of customer data from that service. The data includes name, address and contact numbers, as well as the type of question asked. Data is transferred into the Library's information request database, an in-house system supplied to the Library by the State Library of New

South Wales, which developed the software. SLQ has been using this software for about a year, and consequently has several thousand inquiries in its database.

The software, quite powerful statistically, allows library staff to monitor processes and productivity, as well as highlighting collection strengths and weaknesses. The software also records inquiries taken by the Library's telephone reference service. While the phone service is managed by different software, all information flowing from phone inquiries and their satisfaction is funnelled into the information request database.

Though the system allows the Library to identify who is using the service, how often and for what, there are no plans at this stage to use the data collected for any kind of marketing, such as sending unsolicited information about topics already proven to be of interest to certain customers. The software is used to manage and streamline a process, but taken no further, though it does have the potential to shed light on work processes, such as peaks in demand for certain services, so that staffing levels could be adjusted accordingly (Cutts, 2001).

Similar reference service management is done at the National Library. Reader Services staff at the NLA use a Microsoft Access database to record inquiry details such as the name, address, e-mail address and specific question of each user of the service (Wilson, 2002). The database can satisfy statistical queries for management – how many requests have been completed per month, their turnaround time, what queries, if any, are outstanding, and so on. The NLA handles more than 120,000 reference queries a year (Missingham, 2000: 144).

Not all inquiries are recorded, however; only the research-based ones go into the database, and then only the question is recorded, not the answer. Until now, answers to questions have been recorded in a separate system, the Library's TRIM records management system. Since this split system made it hard to follow up on repeat inquiries for the same or similar information, the decision has been made to use the TRIM system henceforth to record both question and answer.

The State Library of New South Wales is looking to develop a Web-based version of its information request database. Other products in the market are Rim-R produced by Random Computing and in use at the State Library of Victoria, and C-Service, produced by GWI (**http://www.gwi.com/**) and used by the Commonwealth Department of Defence. According to Fran Wilson of the NLA, C-Service has some CRM potential, so libraries interested in software beyond reference recording may wish to follow that up.

To have an entire customer history available, whenever a user approaches the library, might help with serving that customer more efficiently. Special needs, such as hearing or physical disabilities, could be taken into account, as could user preferences for particular authors, based on their reading history. In academic libraries, teaching and research interests could easily be identified, and details of new books and journals, as well as relevant new databases or Web sites could be recorded for each individual, or sent to them, unsolicited, via e-mail. Problem customers, for example, those who regularly claim to have returned material still outstanding, could also be identified, with the full history of all such transactions available to the staff member currently dealing with them.

The possibilities are endless.

Taking advantage of CRM technologies would enable all the disparate pieces of customer information to be amalgamated into one system that could not only do the tasks already done by marketing, circulation and reference services, but perform new ones, previously too difficult, or still unimagined.

But would this be a good thing? Alex Cutts, Manager of Services at SLQ, is not at all sure library customers would want to be targeted that way. He thinks many library customers might well view the library as a place to escape that kind of intrusion. Certainly, privacy is a factor, and the new Federal legislation means that all kinds of organisations must be quite clear about how and why they use the data they collect, and must ensure that it is not misused, or risk falling foul of the law.

In a world of increasing surveillance and scrutiny, libraries need to be sensitive about the information they gather about people. Technology may well allow libraries to track each and every transaction with their customers – what they read, what information they ask for, what fines or charges they have had, what run-ins they have had with library management – but should they make use of that data? Isn't the building of such a database intrusive, and possibly dangerous?

As Bryan O'Connell says: "CRM is all about keeping the customer satisfied. The hardest part is keeping this objective in mind when developing CRM processes."

Certainly, many customers may want nothing more from a library than to be left alone. In that case, the library could best satisfy those users by letting them use whatever services they wish – reading, asking for help, or seeking information – as anonymously and freely as they can.

To be successful, the implementation of a CRM system needs to be carefully planned. It would be worth using the pre-implementation checklist at CRMguru before taking any steps at all. Things to consider include the cost, the systems or software required, and the effort involved in transferring data from multiple, possibly incompatible, systems.

Even with good software and a committed management, the path to a CRM system may still be rocky. Staff must go along with the process. Compared to the challenge of the people management process at the National Australia Bank, putting in the CRM system was the easy part (O'Connell, 2000: 20).

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NET NOTE

DICTIONARY OF NEW ZEALAND BIOGRAPHY

The online version of the Dictionary of New Zealand Biography (**http://www.dnzb.govt.nz**) is a project of the New Zealand Ministry for Culture and Heritage. The Web site contains over 3,000 biographies from the five volume Dictionary of New Zealand Biography, and from the Maori-language companion series Nga Tangata Taumata Rau. There are, to date, 2,000 images and a feature which presents snapshots of historical events and trends, including some animated and interactive features. The records can be searched using nine variables, including name, author, occupation and birthplace. The site was designed with the needs of the diverse groups of users in mind; these range from school students to academics. Access to the dictionary is free.

NET NOTE

PEOPLE SEARCH ON HOOVER'S

Hoover's has released a new advanced search tool on Hoover's Online (**http://www.hoovers.com**). The Hoover's Advanced People Search allows searching by over 20 different criteria, including job function, age, salary and location. This new tool will allow users to identify key decision makers in companies or people with specific job responsibilities.

NET NOTE

.TK REGISTRY

A new country code top level domain registry has been established. The Dot TK (.tk) registry represents the Islands of Tokelau. Tokelau lies 500 miles from Western Samoa, in the South Pacific. It comprises three small atolls. Dot TK has pre-registered 55,000 trademark names from all Fortune 500 companies. These large corporations can claim their Dot TK trademark domain names by sponsoring projects on the island. The first project is to establish a high bandwidth Internet connection to one of the atolls, thereby improving the educational system and health care of the residents. The goal of Dot TK is to create a user base of individuals and small businesses interested in Tokelau, its customs and culture. All registrants are invited to claim their Dot TK domain at the Web site **http://www.dot.tk**.