



CRM A Fairy Story

By John Coldwell

Editor's comment: Customer Relationship Management is what everybody appears to be looking at nowadays. CRM is the key to business success, apparently. However, is it being used as another term for database software rather than having a genuine understanding of customers?

Once upon a time there was a factory that produced nuts, bolts and washers. There was a highly efficient production line dedicated to each, and each production line ended in an area called Assembly. In Assembly were a group of workers who put the nuts, bolts and washers together before they were despatched to the customer. Each worker sat at a bench. In front of them were three boxes, containing nuts, bolts and washers. They took the components, put them together and then dropped them into a fourth box situated on the floor behind them.

One day the factory recruited a consultant. Some people thought of him as a Work Study engineer. Others saw him as a Time and Motion expert. But, judging by his daily fee, he really was a consultant. This chap reviewed all of the operations. There was nothing he could do to improve the production lines – they were already very efficient. But when he arrived in the assembly department he had an idea that would make things better.

The consultant arranged to have holes drilled into each bench. These were special holes. At the bottom they were in the shape of the bolts. Above that they widened out to accommodate the washer. This meant that the assembly workers could put the nut, bolt and washer

together using just one hand. Or, as the consultant explained, the assemblers could now do two jobs at the same time, which meant that they only needed half as many people. This was used by the consultant to explain his big fat fee. He took his cheque, thanked the management and left.

Some time later the factory management were talking to a CRM expert. He said that the most important asset they had were their customers. The CRM expert wanted to talk to the customers. In fact, what he really wanted was for the factory to go out and listen to their customers, but he had to sell the idea first. So, off he went to the biggest customer. In order to see the supply chain at first hand he decided that he should travel with the van driver who made the deliveries.

When they got to the customers he was introduced to the warehouseman, the buyer, the production engineer, the design team and the works manager. They had a long chat about the quality of the products, the timeliness of deliveries, the accuracy of the invoices and the layout of the quality certificates.

He was then given a guided tour of the works. They had one big assembly unit and one small pre-assembly shop. In the pre-assembly shop sat a group of workers at a big bench. On the bench sat a large box that the van driver had just delivered, and three smaller boxes. Each worker was taking units out of the box, unscrewing them, and then placing the nuts, bolts and washers into each of the three smaller boxes.

But this is just a fairy story. Why? Because CRM and the whole Customer Relationship Management idea has



been hijacked by the database manufacturers. What was once the simple but highly effective philosophy of getting feedback from your customers is now just another computerised three-letter-acronym database being sold by the likes of Oracle and Sieble. The database lineage probably began with MRP (material requirement planning), which begat MRPII (manufacturing resource planning), which begat ERP (enterprise resource planning) with SAP on the side (and nobody even knows what SAP stands for. It's a fairy story because a "CRM expert" would never suggest listening to the customers.

Many years ago, back in the 1970s, I worked for a firm that supplied Marks & Spencer with clothing. It was the most successful company in its field, supplying Marks & Spencer when it was at its height. Each week the boss would go into the stores and watch the ladies shopping. When one picked up a blouse, looked at it and put it back on the rail he would pounce and ask her "why". And when someone decided to buy he'd pounce again. He knew what they were buying and why, and what they weren't buying, and why. My boss did this not just in the UK. Once a fortnight he and the head designer (there were 110 people working in the design studio) flew to New York on Concorde to see what the American were buying. He knew the customers and boy, did it show in our figures.

Nowadays, even though I work exclusively in the business-to-business marketplace, I get to meet senior people who think that you can commission an outside agency to go out and listen to consumers. "But its so easy" I tell them. "Get out of your office, go to the tills and talk to the shoppers – those who are buying and those who aren't".

In b2b it's a bit more complicated. Instead of having a point-of-sale (a blouse rack for instance) where decisions and transactions are made, there is a much more complex interaction between the supplier and the customer. Designers, production engineers, buyers, planners, logistics, marketing support, installation and service engineers, managers, sales reps and accounts are all bringing their influence to bear on the relationship. We've all seen a case where, after months of hard work by everyone, initiated by strategic marketing and business development and carried on right through the operation involving the production and quality people, the relationship with the new customer goes sour because of something that was said or done by the finance department – all because when the customer finally arrives in Accounts they magically transmute into a debtor and are treated accordingly.

We here at InfoQuest do b2b customer satisfaction surveys. We have a unique way of doing them, which gives our customers an average response rate of between 70% and 75%. That is, provided we are given good infor-

mation to begin with. But it really frightens me how little our clients sometimes know about their customers. I'm talking about the basics here. And I'm talking about multi-nationals and blue chip businesses that the outside world might think of as being world class.

The first step in the survey is for our client to draw up a list of their most important customers. Its up to them whether this is based on biggest turnover, most profitable or greatest growth potential, but they have to be customers – not suspects, not prospects but live accounts. Then the client's most senior person writes a personal and personable letter to each one, asking for their help. Then we call them, to make sure they are willing to take part, but not there and then over the 'phone. Sometimes the comments we get include: - "sorry, we no longer buy from them"; "Mr X died three years ago"; "Miss Y left the company two years ago"; "We've never heard of XYZ Company"; "We used to have one of their machines – we asked them to quote for a new one but they never came back to us". And it's very, very frightening.

Years ago, when firms ran MRP systems, there was usually someone responsible for maintaining the Bills of Materials, to keep them up to date, to stop the buyers buying stuff that was no longer used on the factory floor. Businesses today need a similar system for their customers. I've only come across one firm that does this. The European Quality Foundation (EFQM) has a nine-part model for business. The most important part of the model (at 19%) is customer feedback. TNT, the logistics company, was the EFQM business of the year and they are the only folks I know that call their customers every three months, religiously, simply to make sure they've got the correct contact details.

My question is why don't everybody's sales reps do this?

Biography

InfoQuest Customer Relationship Management Limited, based in the U.K., has an international network that conducts comprehensive customer and employee satisfaction surveys, using such pioneering techniques as the ConSensor Survey Device, Neural Network Analysis (ProfitMaxsm), and our proprietary Revenue Index. InfoQuest has delivered over 43,000 surveys in 47 countries in 17 languages. It is seen by its customers as being the most cost-effective, efficient and actionable business-to-business customer satisfaction survey technique available.

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