THE IMPORTANCE OF IMPLEMENTING CRM
IN COST MANAGEMENT

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ABSTRACT

CRM (Customer relationship management) is formed from a major element of business strategy of a modern company, and it's based on creating and developing of personalized relations with customers, having the purpose of raising the level of satisfaction and profitability of Romanian and international organizations. The implementation of CRM has the following advantages: optimizing the sale potential, increased reactivity, customization, etc. The coordination of the management's life cycle of customers from different countries is a difficult problem. This problem could be solved by finding a CRM partner who is capable of fitting in with the international strategy of customer relationship management, of having a quick reaction to the evolution of different markets of the multinational and adopting a customized approach of every market.

KEYWORDS: *Customer relationship management, cost management, strategies, outsourcing*

Swiftness and adaptability are the keywords of the third millenium. The real-time sending of information allows companies to anticipate their customers' needs and world market evolution, to face the growing stronger competition. Information technology has a fundamental role in implementing a CRM strategy with the purpose of maximizing profitability through a subtle segmentation of the customer portfolio. Information technology determines strong relations between the firm and its customers, facilitated by the appearance of databases, integrated information systems, data depository, Internet applications, etc.

The companies must look at their customers like true financial assets that need to be managed in a way that maximizes their value. They need to redefine their marketing strategies in order to raise customers' share and value obtained in the third steps of their life cycle: attraction, devotion and development of relations.

In practice, CRM involves buying hardware and software that allows the companies to obtain detailed information about customers, which could be used for a better segmentation and positioning. The companies can find out plenty about what their customers are really interested in by examining past acquisitions, and the demographic and psychographic variables. Through efficient managing of customer information, the companies can better their methods and techniques of attraction, devotion and development of customer relations.

The main advantages of using information technology in CRM are:
➢ the ability to contact a large number of prospects
➢ swiftness: the distribute database and web technology allow real-time information exchange with the customers
➢ growing reactivity: the ability to notice any change in the request and to respond by adapting the offer

➢ customization: the posibility to adapt the offer to the each of the customer's individual needs

➢ sales potential optimization with every customer contact occasion: every customer interaction through web and multimedia technology is a good opportunity for the firm to make up new customized offers.

In modern marketing, IT platforms used for administrating customer relations have a capital role. Customer databases represent the foundation of these platforms. The most important information that must be enclosed in the database is that of every customer's acquisitions, based on which their future needs could be predicted. Also, in elaborating marketing strategies, the value of demographic and psychographic information delivered by every customer could be easily benefited from. The customer database must be maintained and brought up to date by marketing and IT specialists, although using the information from the marketing database is their most difficult task, because it implies discovering some tendencies in customer behavior, new segmentation possibilities and new market opportunities.

The most complex and complete solution of CRM with the help of information and especially web technology is based on creating a Web Call Center. A Web Call Center disposes of time accumulated experience in CRM with the help of IT and offers the companies the possibility of externalizing the contact tasks and client service. In most cases, it's a firm's best interest to give these tasks to a Web Call Center, and the people in charge of managing customer relations can be given other tasks within the firm.

In a Web Call Center, the actions regarding the customers are of two kinds:

• Reactive: are relations in which the contact initiative is left to the customer. The customer can ask for information about the firm, products or services, assisted Web search, account payments, human assistance in the sale process. The contact center's operators must answer quickly to these requests.

• Proactive: an 'offensive' approach of the customers through firm-made and client-oriented contacts. The contact center's operators can send customized advertising, newsletters, they can reactivate relations with some customers, confirm a transaction, attract customers through subscription methods and loyalty programs.

Implementing management strategies of customer relations needs flexible, interactive and efficient IT platforms, that implies very large investments from companies. Because the companies' necessities are variable and evolve along with the business environment's changes, optimizing these platforms is difficult. Having to face these restrictions, the externalization of the management function of customer relations is becoming a partial or total solution, especially seeing as in Romania, the number of companies that offer these kind of services has grown, and the outsourcing services have diversified. The partnership that is established between the client contact centers (the main ways of outsourcing) and the customer-companies offers the latter the possibility of concentrating on strategic activities that allows rising to the desired level of performance and reduce the rates of customer-responsible employee tasks.

The CRM partner's (that takes over the informational managing of tasks, of client relations) competence and experience in the management of client contact centers, knowledge of activity sectors through some preceeding outsourcing actions' point of view are translated through a growth in the company's marketing efficiency, the same company that called for externalization and appearance opportunities in inovating terms.

The CRM outsourcers dispose of top information technologies for CRM and professional teams of employees that have the necessary abilities and a proactive atitude towards the clients, that give the companies the possibility of obtaining some distinct results on an operational plan in the relation marketing domain.

The operational flexibility and variability of costs that result from externalization are repercuted on a short and medium term above the cost curb. Externalization allows a company to quickly react to unpredictable events on the market that can affect profit. Small or even null investments in IT infrastructures destined to customer relations, reducing fixed costs, lack of worry for financing an IT equipment park that must keep up with the spectacular evolution in the CRM domain, they all lead to the shrinking of relative cost, in comparison with the results obtained through an intern customer contact center, based on informational technology.

In the majority of cases, Romanian companies don't externalize their customer relations management activities ensemble, choosing mixt solutions. Some companies use outsourcing CRM companies to manage their customer relations in between certain schedules or specific competence (e.g., technical assistance). In some cases, they could be give it to certain CRM outsourcers structured programs (attracting clients, loyalty, customer service, sale assistance, etc.) In case of a total CRM function externalization, the CRM outsourcers benefit from a global vision of different segments taken from the customer portfolio, thus undertaking customized actions that determine the growth of value as brought on by customers much more easily.

There is a series of factors based on which we could consider outsourcing to be a managerial project. The decision of externalizing CRM doesn't have the main purpose of reducing costs on an internal management, when it's used in large companies. In numerous circumstances, the crucial information about customers are an important active, which is not accepted as to be externalized, because even though outsourcing contracts are confidential, there are still risks of withdrawing strategic marketing information.

Outsourcing is a solution used to decrease costs in case of variable information requests from customers, because sometimes there are peaking moments when information request is extremely high, and a firm cannot manage it efficiently through an intern contact center.

Some companies concentrate on complex integrations that are difficult to manage between the externalized and intern projects, but for most of them, the outsourcing of CRM is necessary, because they don't have the necessary expertize to fulfil the complex tasks that come with implementing of CRM projects.

In the outsourcing domain, CRM is distinguished through three levels of carrying out those kind of services:

✓ the standard level of integration of CRM – the CRM campaigns' operational efficiency prevails

✓ the advanced level – it implies informational technology destined to CRM and a kind of management that allows the outsourcers a differentiated treatment of client contact

✓ the complete level – it authorizes a management of 100% from customer relations

The characteristics of externalization of the CRM, their strong and weak points are shown in the graphic.

Insourcing (no CRM process is externalized)
Characteristics:
▪ it needs internal competence;
▪ low flexibility;
▪ - concentrating on product policy, not customers
Externalizing some segments of the customers' portfolio
Characteristics:
• looking for possibilities of customization based on detail knowledge of the customer segments

Figure 1 Alternatives to externalize CRM

Externalizing functions or competences (attracting customers, loyalty)
Characteristics:
- searching for CRM competence not found in the company
- the company manages a know-how that it does not, in fact, own

Total externalization
Characteristics:
- complete delegation of CRM activities
- concentrating on the basic strategic unity of the commerce

In case of function or competence externalization, CRM strategies are implemented through multimedia contact centers (Web Call Centers), that dispose of proficient technologic infrastructures (networks, informational systems, brain ware resources, etc.) which can be integrated in the companies' existent CRM systems, thus assuring the customer contact flux management, regardless of their volume.

If a company chooses the solution of totally externalizing the CRM activities, the contact centers of the partner will manage all of the CRM operations of the customer-company. In these contact centers, the specialists will customize the CRM actions of every customer-company, having the object of assuring the service transparency. The advantages of this formula are multiple, for the beneficiaries, as well as for the outsourcers:

➢ the customer-companies benefit of the CRM partner's know-how and experience; in exchange, the partner must know very well the activity sectors of the customer-company.

➢ the costs of redeeming IT platforms of the outsourcer are split between numerous customers, and the customer-companies dispose of a perfect visibility of costs and incomes generated by the externalization of CRM;

➢ the CRM partner's flexibility allows the companies to make an efficient management of the periods of time in which the customer contact fluxes are numerous

The outsourcing of CRM is one of the problems that multinational company managers have to face. The most difficult task is coordinating the customer life cycle management in different countries. Finding a CRM partner that is capable of integrating in the international strategy of CRM, of quickly reacting to the evolution of different multinational markets and adopting a customized approach of every market can solve this problem.

There are three distinct stages of CRM externalization within the framework of multinational companies:

➢ - the central solution: a single CRM partner that manages customers on a global level, and offers numerous advantages: saving costs on the level of creating IT platforms destined for CRM, consolidating data referring to clients. This solution is only practiceable in case the multinational customer-company adopts a standardizing strategy;

➢ - the regional solution: the multinational company uses a CRM partner to externalize the CRM activities with customers from different geographical regions, the main advantage being that of applying simplified local strategies in different areas of the region;

➢ - the local solution: applyable only if the multinational company's strategy has the purpose of adapting to every target-market; the company will use a CRM local partner

at a time on every market, the main advantage being that it is represented by a much better understanding of customers' behavior from every country.

To conclude, CRM outsourcing works best for medium-sized companies that don't always have the necessary expertize to manage complex IT projects destined to this function; in exchange, the large companies are based on ambitious customer management programs, that they do no want to put at the disposal of some outsourcers. Generally, outsourcing has a maximum efficiency in case it's applied to processes that the company can isolate for a period of time from the rest of the business, so it can be concentrated on conceiving efficient marketing strategies.

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