



Customer Relationship Management in BPO Industry – A Study

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Abstract

Winning in the market share through the world-class customer service is an important method adopted by many companies. Customer relationship management [CRM] is one of the customer care services and which provides the opportunity for the companies to maintain customers intact and also attract new market for their products. Customer preferences across the world are changing dramatically with advancements in mobile technologies. Customers are increasingly aware of desired product features well before purchase; online commerce and self-service are now commonplace. Enabling the digital journeys of customers, employees and external partners is therefore critical. Professional customer management is now conducted over numerous digital channels such as web, mobile and social networks. To stay relevant and effective, customer management outsourcing service providers need smart digital engagement backed by superior analytics and customer insights. Customer service has transformed into overall customer experience management. It is now a compelling differentiator for enterprises. The challenges include unpredictable transaction volumes, the need for alternative geographies to operate from, and the availability of multi-channel service. To help clients respond to these issues, First source goes beyond the traditional customer service. We offer innovative, value-added services across the customer management lifecycle – Acquisition, Customer Account Services, and Customer Loyalty & Retention. CRM embodies six key disciplines: Sales force Automation; Marketing Automation; Help Desk, and call center. The CRM technology promise to retain customers and boost the top line continues to resonate with companies recovering from a tough economy. Apart from customer relationship management, CRM also referred as customer relationship marketing and continuous retention marketing.

Key Words: Customer Loyalty, Retention, Marketing Automation, Help Desk etc.

Introduction :Winning in the market share through the world-class customer service is an important method adopted by many companies. Customer relationship management [CRM] is one of the customer care services and which provides the opportunity for the companies to maintain customers intact and also attract new market for their products. Customer preferences across the world are changing dramatically with advancements in mobile technologies.

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Objectives

1. To focus on approaches of CRM
2. To enlighten on 3P - factors in performance
3. To draw few conclusions

Importance of CRM: Customer retention through better customer services is very significant for any business enterprise. The slowdown in global economy and tough competition among the enterprises made the companies to focus at cost containment and growth in profitability. Managing the good relationship with the customers is the only key to success and for the survival of the business. The concept customer relationship management helps companies to not only to retain the existing customers, but also widen the customer base. The cost of retaining a customer is one-fifth in the cost of acquiring a new customer. CRM helps in tracking marketing opportunities better and focus on those customers who not only increase the sales/volume but also in terms of profitability. CRM is defined as tracking customer behavior in order to develop marketing and maintaining customer relationship to a brand often by a development of software system provides one-on one contact between the marketing business and their customer. CRM is a business strategy, which includes the people, processes, and technology associated with a marketing and service. It provides information for every corporate activity from marketing to fulfillment. CRM embodies six key disciplines: Sales force

Automation; Marketing Automation; Help Desk, and call center. The CRM technology promise to retain customers and boost the top line continues to resonate with companies recovering from a tough economy. Apart from customer relationship management, CRM also referred as customer relationship marketing and continuous retention marketing. CRM's largest vendors such as siebel, people soft, Oracle, and SAP will continues to grow and expand their reach into newer application segments, such as marketing automation, partner-relationship management and even employee-relationship management.

ICICI Bank, HDFC Standard Life, UTI and ABN-Amro are now looking at business process management to increase returns on investment, improve customer relationship management and employee productivity. The worldwide CRM services market reached \$22 billion in 2002-03, a 10.6 percent increase from the prior year according to Gartner group. The group forecasts this market to hit \$25.3 billion in 2003-04, and \$47 billion by 2006. The CRM market in India has witnessed a healthy growth and expects the CRM software market to grow at a CAGR of 40% to reach Rs 188 crores in 2006.

IBM's 2004 Global CRM Survey : According to 2004 Global CRM Study from IBM Business Consulting services, 85% of companies in America, Europe and Asia large and small, across every industry are not feeling fully successful with CRM. Fewer than 15% of global companies believe they are fully succeeding with their CRM initiatives, and another 20%to 30%are having only some success. The survey was conducted in late 2003 and early 2004 on 373 senior-level or above management decision



makers or influencers at a mix of small, medium and large enterprises, to understand how companies attain CRM success and achieve significant return on investment. More than half of respondents' companies had annual revenues exceeding US\$50 million; 30% of respondents reported annual revenues of US\$ 1 billion to more than US\$50 billion.

Despite the dismal results, CRM continues to hold great promise for most companies. Over 50% of the 373 companies surveyed believe CRM is relevant to increasing performance from a shareholder value perspective. 75% consider CRM important in delivering revenue growth through improved customer experiences, retaining and growing existing customer bases, increasing customer acquisition rates and influencing the development of new product and services. A successful CRM strategy should be at a heart of business model which focuses on a virtue of flexibility, real time responsiveness, and a laser focus on the customer.

Approaches to CRM success: The global research survey found that the two approaches most consistently cited as requirements for CRM success were 'change management' such as training employees to use CRM processes, tools and policies; and 'process change' such as involving employees in the process of designing and changing CRM activities. The right action taken drive commitment to CRM throughout the company that in turn translates into sustained value.

The key faults which can cause CRM projects to fail or prevent delivery of expected return –on –investment include too much dependence on technology systems as a panacea or

organizations down-play the importance of senior management buy-in which in turn leads to lukewarm adoption by employees. The IBM study reveals the great promise of CRM in driving customer value and increasing organizational performance when it is done correctly. In the end, making CRM effective comes down to culture and creating broad acceptance and adoption. Successful CRM can transform a company, helping it to grow more profitably by serving its customers more intelligently. At its best, CRM does more than just automate a call center or improve a sales report; it can transform a company –culturally, structurally and strategically.

3P - factors in performance : For implementing CRM, the company has to start with three P-factors namely people, processes, and planning. The P factors affect sales, productivity, service, and profitability. The well management of the organization and right mix of these factors will lead the company to grow and prosper.

People factor: A positive interaction among employees, customers, and vendors will create a successful enterprise. Contact with the customers and vendors will create a successful enterprise. Contact with the customers and vendors are essential in order to understand their likes and dislikes of a company's product and the way for further improvement of company's business. The next people factor is employees. If there are complaints from employees about the customers, vendors, other departments as well as complaints about employees from the side of customers and vendors, the gaps have to be bridged before starting a CRM initiative.



The importance of people's change favorable towards the work and interaction with each other is a valuable contributor for the successful implementation with each other is a valuable contributor for the successful implementation of the CRM concept. Establishing a consistent process of reviewing and resolving the issues will create a good image on the company's management. The perception of employees, customers, and vendors on the company also reflect on a positive mood.

Process factor: The CRM success is also influenced by the process factor. Before introducing a new technology, the company management needs to review their business and workflow processes. In reviewing the workflow, it is essential to look at the natural flow of orders, product and information. It is also important to note at the source of order namely internet, the mail or the call center and continues through the shipment of product. This will facilitate to notice any bottlenecks, employee conflicts and inter departmental issues. Once these are mitigated, the next step is to document the procedures, policies and processes.

Planning Factor: Planning is a particular kind of decision-making that addresses the specific future that managers desire for their organizations. A well-developed plan will give the managers to stretch boundaries and achieve organization goals.

The primary feature of a good plan includes the following.

- Responsibility
- Deadlines
- Integration

- Flexibility
- Benchmarks
- Metrics

CRM Benefits: There are some problems regarding the benefits of CRM, David as Managers did not know what kind of advantages the CRM system will brings to a company. So management should have at least the basic understanding or knowledge about CRM's benefit. The following lists of CRM benefits are selected and minimized from a wide range of survey from latest CRM studies. With CRM systems customers are served better on day to day process and with more reliable information their demand of self service from companies will decrease. Therefore if there is less need to contact with the company for different problems, customer satisfaction level increases. Through Implementing CRM Companies can remove confusion that exists in the productivity, efficiency and control and every level through appropriate use of CRM (Rushforth, 2007). In recent findings, the list of benefits will be considered as a critical connection among CRM initiatives and growth of customer equity. These central benefits of CRM will be connected hypothetically to the three kind of equity that are relationship, value and brand, and in the end to customer equity. Eight core benefits were recognized to provide value drivers.

- Enhanced ability to target profitable customers.
- Integrated assistance across channels.
 - Enhanced sales force efficiency and effectiveness.
 - Improved pricing.



- Customized products and services.
- Improved customer service efficiency and effectiveness.
- Individualized marketing messages.

CRM system helps companies to keep and record the customer information, like their goals, needs and events. Moreover, saved knowledge is updated into the CRM system, so that the customer's information will be up to date without being outdated. With these connections the information is always expands in the CRM system that enhances

Limitations : The business objectives in front of the CRM path are appearing more like distant mirages when companies see the potholes/ traffic jams and road-raged drivers that lie in between.

The software and systems cost hundreds of thousands of dollars to buy and customize and it takes months, if not years to install, integrate and debug. The process requires endless meetings with IT staff, which are in short supply, command huge wages, and may not have all the skills to do it right.

Further, the business enterprises may not have the screening and training modules, or have the time to develop and deploy them to sift out agents for contacts.

CRM is essentially about value. But this is not achieved simply by putting more people on the phones. The businesses have to offer a broad, integrated range of services: live agents and technology, backed by market analytics and deployed to each to their advantage. CRM implementation is a challenge. Most managers are reluctant to measure

parameters to monitor progress before and after a CRM exercise. CRM has become a senior management issue because it consumes staggering amounts of money and, notwithstanding the success stories, has mostly proved a disappointment. Companies around the world spend has mostly proved a disappointment. Companies around the world spend \$3.5 billion a year on CRM software and that is only a fraction of total expense.

Conclusion: A successful relationship will be one that lowers the business costs, increase the company's revenue and retains profitable relationship a win – win situation for the company's business and its most valuable assets, and business customers.

For selecting the right outsource provider, the business enterprises should take enough time, due diligence and clearly established and communicated goals and objectives.

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