Decision Making in Customer Relationship Management

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Business Intelligence for Decision Support

Assessment Item 2: Essay

Richa Vyas

12640304

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Abstract
Customer is said to be the heart of any business and for increasing any business they are the key. Hence CRM can help us achieve that and this essay explains different types of CRM in detail and how it can be helpful in decision making process. The paper first explains the basic definitions required to gain the most out of this paper and then further explains the existing and proposed CRM approaches for decision making.

Keywords:
Customer Relationship Management, Decision Making, Data Mining, Code-based Data Analysis, CRM Integration.

Decision Making Definition
According to the book, Multi-Objective Group Decision Making: Methods, Software and Applications with Fuzzy Set Techniques.

Decision making includes information gathering, data mining, modelling, and analysis. Considering different options to solve problems in different situations under different circumstances and choosing the good solution(Lu, Ruan & Zhang 2014).

Customer Relationship Management
Customer relationship management (CRM) is defined as the managing of customer relationships on an organizational level through understanding, anticipating and managing of customer needs, based on knowledge gained of the customer, to increase organizational effectiveness and efficiency and thereby increasing profitability(Brown & Coopers 1999).

CRM's Role in Business Decision Making

Existing Approaches

Seven Simple Step CRM Integration Approach

The seven-step integration approach is used in the various projects and other business processes to improve and fasten up the decision-making process and get success for the required purpose(CRM 2016).

1. Accord the business requirements

Prior to starting with any sort of work designs, each business needs a key arranging, to know how they will approach about garnering the business. Realizing what the need of your business is and then concentrating on simply that viewpoint, as starters, is perfect for each basic leadership process(CRM 2016).

2. Updating and upgrading of client data

A large portion of your work gets arranged with the information update functions of the CRM. The more exact and detailed your data is, quicker it is to adjust the activities in the framework and the less demanding it gets to accomplish one's task developments(CRM 2016).

3. Platform conjugation

It is perfect to have your CRM associated with different stages, which will enable you to source information and different factors required for specific ventures, in order to have all hands on the deck and a perspective of the majority of the conceivable choices and potential leads(CRM 2016).

4. Analysis report on daily or weekly basis

CRM gives us a very meaningful report of the numbers data for our weekly or daily report. This keeps us well in lead of the aligning activities that will come(CRM 2016).

5. Evaluation of lead sourcing

One of the most important features of CRM is its lead sourcing aspect, which allows you to know how every lead has arrived in your business, the urgency of every need and the response rate from the client's end as well. Making decisions become easier once you know which source is offering useful and effective leads(CRM 2016).

6. Real time data

The steady reports on CRM, as for the leads, tasks, citation and customer meeting refreshes make it simpler for administrators to take critical and key requires the business, which could be efficient and gainful.

7. GPS Tracking

When you know the whereabouts of your business group/groups and have an elaborate rundown of pending customer gatherings to take into account, this GPS following component of the CRM comes in genuine help! It helps the managers in settling on choices which would re-distribute the prompts sales representatives on the field, in view of their present areas and time crunch(CRM 2016).

Advantage's:

- Small business can use the simple CRM approach for growing sales and marketing.

Difficulties:

- As it is a simple CRM approach it is not up to date and cannot be integrated with the latest technologies.

Code-based Data Analysis Approach for Decision-Making

The application of CRM data for managerial decision-making can transform the firm's value creation process from initial customer prospecting right through contract renewal negotiations.

But adopting changes can be hard. For example, Dell managers struggled in perceiving trends, customer negotiations and gaining an upper hand in setting T&C. The answer was clear in CRM. But was only implemented when Michael Dell returned as CEO in 2008(Stein, Smith & Lancioni 2013).

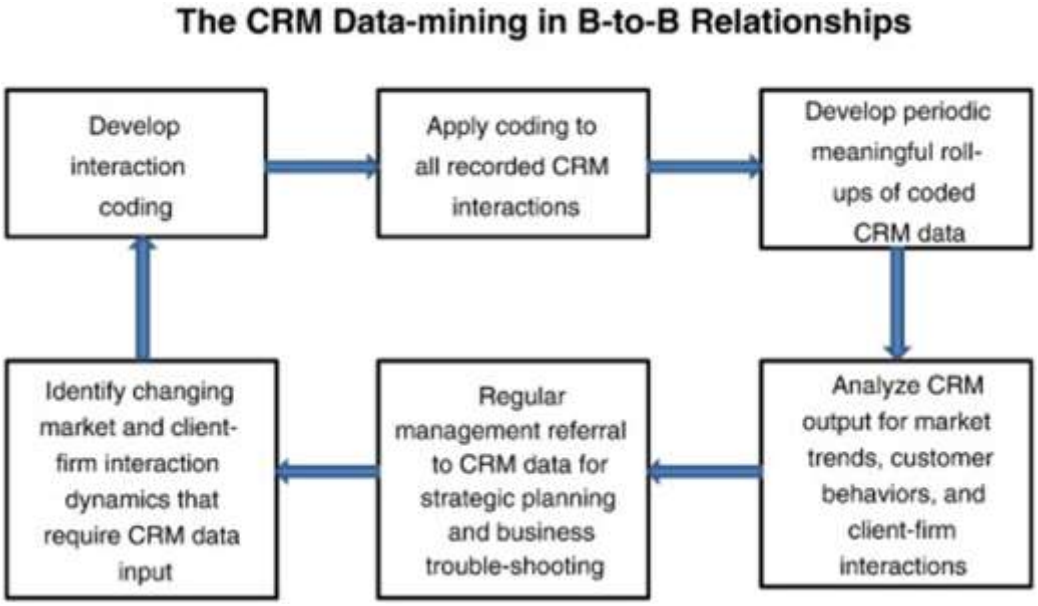

Figure 1(Stein, Smith & Lancioni 2013)

To accumulate such advantages from their CRM frameworks, organizations need to set up projects to get to their CRM record in a reliable and compelling basis. A Data mining plan is required that profits by the living record of the organization's connections with its clients. This requires both commitment and prescience from the most punctual phases of CRM detail to the commitment of labor to scouring the information for important examples and through a definitive use of this insight for system advancement. This procedure must incorporate a dedicated approach to record all client– provider communications; the discipline to code the collaborations in important ways shown in figure 1; the consistent detailing of CRM yield; intermittent basic investigation of the coded CRM yield; and, a responsibility by administration to substitute information based basic leadership for conventional reconstructive or seat-of-the-pants basic leadership(Stein, Smith & Lancioni 2013).

The procedure is delineated as above. It is not necessarily the case that studies and other factual procedures (and in addition administration instinct) won't assume a noteworthy job in the information driven association; it simply underpins the view that information investigation will have a more prominent job in the basic leadership process.

Obviously, most of this arranging is to no end if the CRM information is coded conflictingly or randomly. In this way, deals staff, who ordinarily enter such data, must be appropriately prepared and spurred to code the information precisely. Maybe the complaints of CRM chiefs are that business faculty are not agreeable with solicitations to reliably enter and code CRM information or that this information is carelessly or erroneously coded. Hence, as a result most CRM chiefs direct instructional classes to pass on to salesmen the significance of entering data reliably and precisely, and to enhance the effectiveness with which the whole data is entered. The more important and less difficult this procedure shows up, the more probable are the sales employees to agree to administration's demand(Stein, Smith & Lancioni 2013).

Advantage’s:

- Effective CRM for changing environments as each new change can be coded and tested.

Difficulties:

- CRM data requires to be coded consistently.
- Sales personnel must be trained and motivated to code.

Data Mining Technique application in CRM

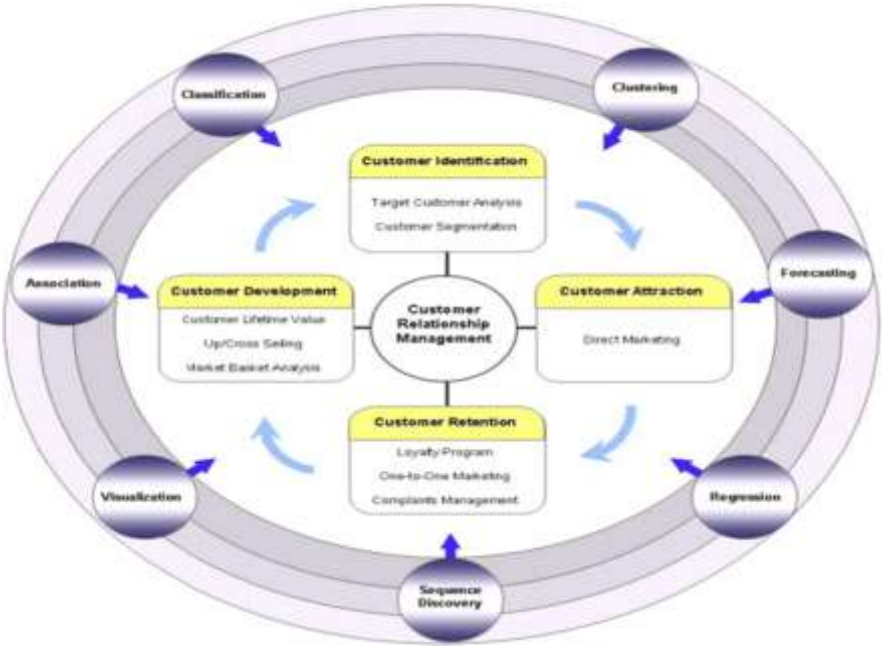

Figure 2(Kumar 2013)

The data mining technique consists of classification, clustering, forecasting, regression, sequence discovery, visualization and association.

Data Mining in CRM:

Data Mining in CRM is shown in the above figure 2 where data mining techniques are imposed on the CRM. Here, data mining utilizes the current information for future action forecasts in the manner that decision making becomes simple for the authorities.

With a specific end goal to accomplish data mining, numerous tools/programs are created, for example, client assessment and subdivision, client conduct examination, client communications and customizable services.

The procedure of Data mining in CRM speaks to the accompanying perspectives:

1. Client Characteristics multi-dimensional examination

- Refers to clients' trademark request, gathers the information under traits like location, sex, age, pay, occupation, training and some more.
- Customer categorization display is a viable instrument utilized with the multi-dimensional combination examination on above gathered data.
- According to the run of the mill client recognizable proof from sub-divisional model clients can be subdivided into high-benefit client gathering, gainful client gatherings, net revenue client gatherings, non-benefit client gatherings and shortfall client gatherings. This infers independently the gold client, accentuation client, hypo-accentuation client, normal client and shortage client.

2. Client behavior examination

- Refers to investigating the expending conduct of certain client bunches checking and polishing the client data.

- Individuation promoting systems are set up from various expending conduct. This additionally identify the drifting loss of couple of customers.
- This measurement helps the venture in recognizing which client is steadfast or any client leaving the utilization trend.
- Thus, conduct ought to be recognized in time and the endeavors can be taken before client's choice is made.

3. Client concern examination

- Refers to client contact and client benefit conveyance.
- Understanding client's needs, his tendencies and giving communication content if they are occupied at suitable time is the key.
- Reaching till clients through favored channels with upgrade of administration enhances client center around item improvement.
- This general outcomes in enhancing the promoting and client benefit levels

4. Deals investigation and deals estimate

- Includes investigation according to items, deals advancements impacts, deals channels and related different techniques.
- Simultaneously, it likewise investigations the distinctive impacts of various clients to business benefits.
- This makes connection among business and customer ideal for business growth improvement.

Advantages of Data mining technique in CRM:

- Client communication and keeping up the relationship through example examined information.
- Helps association with different clients, conduct standards, making it simple to design new improvements to the item or administrations.
- Helps in structing the scattered information.
- Data administration: CRM helps in keeping a backup information.

Difficulties in CRM:

- Misleading information make endeavor to re-plan the model in a loop.
- Incorrect or unconfirmed information: client data change frequently (precedent location, telephone number) effects on data.
- Privacy concerns are the most brought up issues from customers viewpoint. Misconduct of any multi-dimensional information may put the association stuck in a disordered and problematic situation.

Proposed Approach

Business Intelligence approach in CRM

1. Business Processes and Business Process Management

The purpose of a business process is to create output, and it consists of a series of enterprise tasks or functions.

Business processes can be split into process logic and decision logic. The process logic covers the sequencing of functions including the resources, data, and organizational elements assigned to them, whereas the decision logic specifies the behavior of the decider in the decision points of the process. A decision point is any function that involves a decision (Zaby & Wilde 2018).

According to the St. Gallen management model shown in figure 3, an organization with its external links can be perceived as a system of business processes, which is called a process architecture. Within this architecture, business processes can be categorized into core, support, and management processes. Core processes include all operations that contribute directly to customer value. Support processes provide infrastructure and internal services; they include human resources and training, infrastructure management, information management, communication, risk management, and legal processes. Management processes include planning and control tasks, which take place in a management cycle (Zaby & Wilde 2018).

Depending on scope, management processes are further classified into normative orientation processes, strategic development processes, and operational management processes.

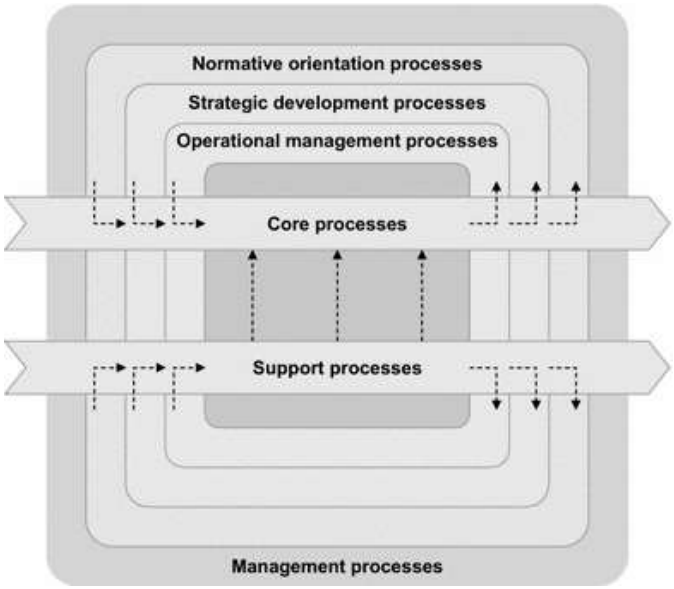

Figure 3

Planning is the systematic, forward-looking elaboration and definition of objectives and corresponding actions, which requires relevant knowledge. The planning results are passed on to control (feed forward). Control includes the implementation of the planned actions and its review. The latter analyzes the measured results, generating new knowledge for the planning step in the next cycle (feedback)(Zaby & Wilde 2018). This results in a self-regulating system shown in the below figure.

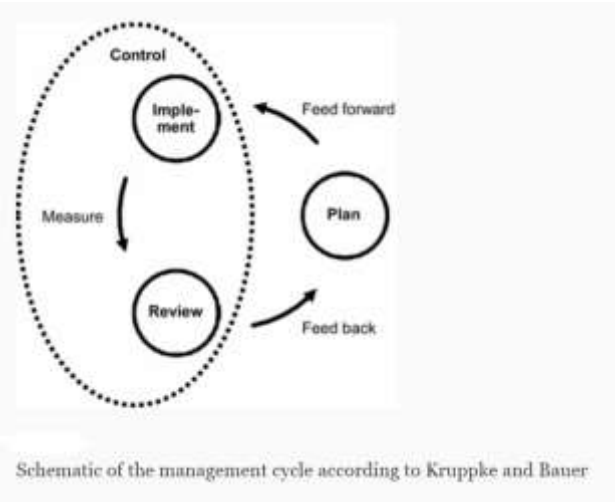

Figure 4

2. Business Intelligence

A process-oriented definition says, “business intelligence (BI) refers to the analytical process that transforms – fragmented – company and competitors’ data into action-oriented knowledge” (Grothe and Gentsch 2000). The newly gained knowledge is to be used continually for business action by adjusting structures or processes because the aim of BI is decision support. The BI process is comprised of four stages: provide data, analyze data, prepare results, and evaluate results(Zaby & Wilde 2018).

3. Business Intelligence in Business Process Management

A result of findings in section 1 that new knowledge for optimizing business processes has to be generated in the review step of the business process life cycle, the above section shows that BI can assist. Therefore, the application of BI in BPM seems natural and is claimed regularly by BI researchers and by BPM researchers.

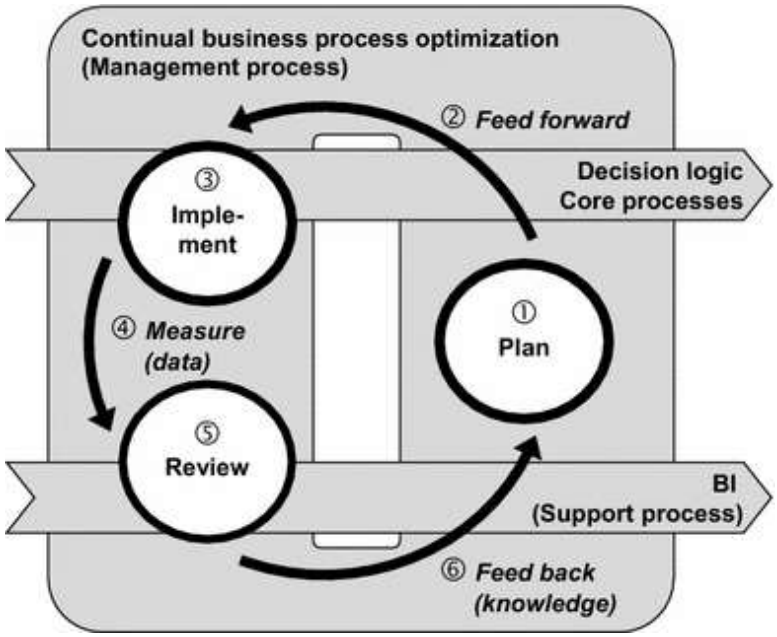

Figure 5

In the figure 5 review step, the BI process takes place, the knowledge output of which is then passed on to the planning step by the feedback step. These actions can affect the process logic and the decision logic.

Changing the process logic can involve, for example, adding or removing particular functions, altering the sequencing of functions within a process, or replacing people or systems. Such projects occur in longer time intervals, and they tend to be complex and poorly structured. Usually, which decisions will be up for discussion are not known in advance. Hence, the craft analytics approach makes sense because standard reports intend to inform a range of possible decisions. BI provides support for optimizing the process logic – i.e., for decisions about the process only. It does not support the operational decisions in the process during process execution(Zaby & Wilde 2018).

Changes of the decision logic occur more frequently and only affect the logic of decision-making in the process decision points (Wagner 2007). This logic is better structured and easier to change than the process logic. The goal of supporting the optimization of the decision logic with BI is to support the decisions ultimately affected (decisions in the process) with the knowledge from BI. Therefore, the automation potential is higher than when optimizing the process logic and “industrial analytics” comes into play. They not only allow for tailoring the BI analyses to the knowledge needs of the decisions affected but also are designed for making the BI knowledge automatically available in the decision points when the process is running(Zaby & Wilde 2018).

Essentially, there are two industrial analytics approaches. In the first one, BI analyses are specially tailored to designated decision points and situationally made available to the decision maker, for example, in the form of reports or key performance indicators (KPIs)(Zaby & Wilde 2018).

The second approach aims at decision points of lower complexity. Again, BI analyses are tailored specially to designated decision points. However, in the planning step the knowledge is incorporated manually or automatically into operational business rules and affect directly on business operations.

4. Intelligent Business Processes in CRM

Because customer behavior and competitive environments are changing rapidly today, the CRM processes have to be adapted frequently to stay aligned with the goals. Continual optimization requirements combined with a suitable data basis are a perfect setting for using intelligent business processes in CRM.

Design science draws a distinction between operational (oCRM) and analytical CRM (aCRM), from process and technology points of view. The marketing, sales, and service processes supporting customer contacts are oCRM processes facilitated by operational CRM systems. The aCRM processes analyze customer contacts and reactions on a systematic basis and are facilitated by analytical CRM systems (Rentzmann et al. 2011). The goal of aCRM is to provide relevant knowledge to guide and continually optimize the oCRM processes in terms of a closed loop architecture. Integrating aCRM knowledge into decisions within the oCRM processes contributes to intelligent CRM depicted in the below figure 6 (Zaby & Wilde 2018):

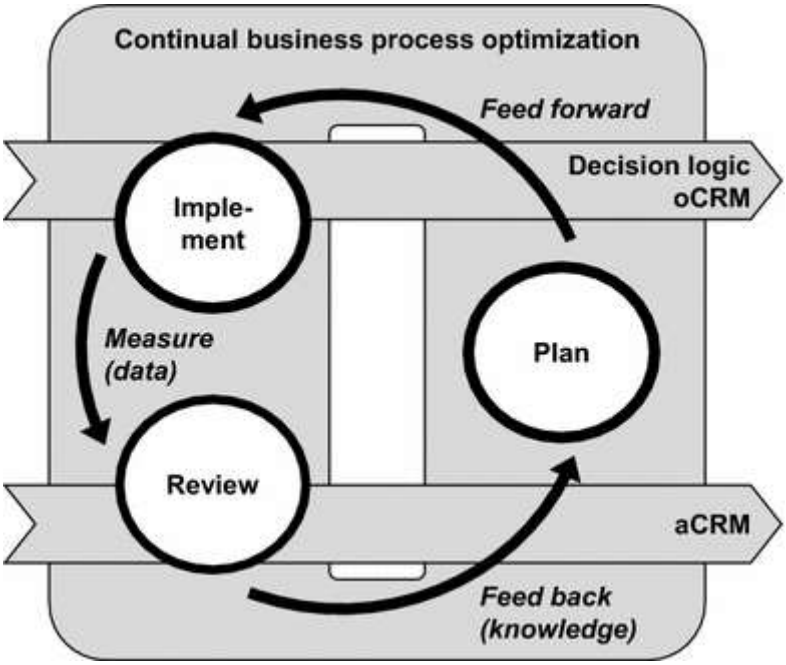

Figure 6

Advantages:

- Can help in decision making for both simple and complex problems.
- Can be integrated with the latest technologies.

Conclusion

This essay provides a detailed view of different CRM approaches and how it can help the decision-making process. The various CRM approaches discussed are Seven Simple Step CRM Integration Approach, Code-

based Data Analysis Approach for Decision-Making, Data Mining Technique application in CRM and Business Intelligence approach in CRM.
In conclusion, amongst all the CRM approaches Business Intelligence approach stands out which is in sync with the latest technology and can help in decision making efficiently and effectively.

In my future research, I have a keen interest in finding how IoT would integrate in CRM to refine decision making processes as IoT is said to be the trend in 2030(Kungwani 2016).

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