Unit 7

Customer Relationship Management and Supply Chain Management

Er Sanjeev Thapa. BE CE, MTech CSE, MBS. DevOps Eng, CKA, RHCSA, RHCE, RHCSA-Openstack, MTCNA, MTCTCE, USRS, HE IPv6. https://github.com/sanjeevlcc   2024/2081

Introduction

Defining Customer Relationship Management

Operational Customer Relationship Management Systems

Other Types of Customer Relationship Management Systems

Supply Chains

Supply Chain Management

# Information Technology Support for Supply Chain Management.

Introduction

Customer Relationship Management

➢ CRM, or Customer Relationship Management, is a comprehensive business strategy focused on enhancing customer loyalty, reducing costs, and driving revenue growth to increase profitability across the organization.

➢ The CRM philosophy is simple*: Put the customer first*.

➢ When your business looks at every transaction through the eyes of the customer, you can't help but deliver a better customer experience, which in turn increases loyalty to your company.

➢ For example.
  o 86% of customers are willing to pay more for a better customer experience
  o Customer centric companies are 60% more profitable than those that aren't
  o 1 in 3 customers will leave a brand they love after just one negative experience

➢ A CRM software brings together all information from different departments throughout the company to give one, holistic view of each customer in real time.

Supply Chain Management

➢ "SCM or Supply Chain Management process is the management of a network, which is used to deliver products and services, from the raw material to the customers, through physical distribution, the flow of information, and cash."

➢ Given the supply chain management definition, it is comprised of a network of both processes and entities.

➢ A basic SCM has three entities:
  o **Producer,**
  o **Supplier, and**
  o **Customer.**

➢ These entities that perform the processes can be *businesses, governmental organizations, or individuals.*

➢ A supply chain doesn't have to be global, but the massive chains that interest us in this course – the ones that run through corporations – are decidedly international in scope.

➢ The figure below illustrates a very basic SC (not necessarily global) with three entities–a producer with one supplier and one customer.
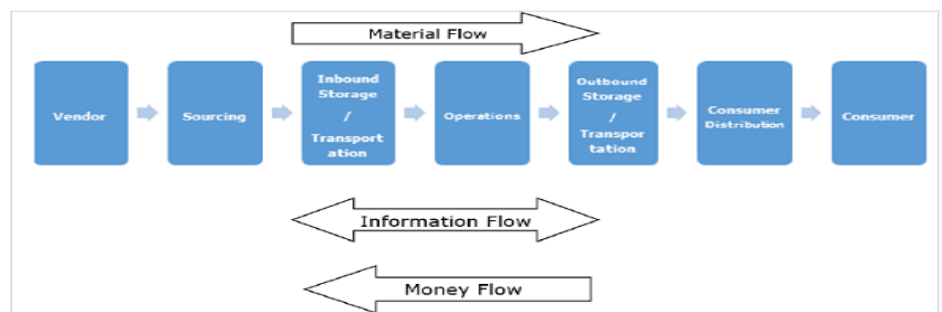
- Customer Relationship Management (CRM) and Supply Chain Management (SCM) are two critical business strategies that help organizations optimize their operations, enhance customer satisfaction, and improve profitability.
- While CRM focuses on managing interactions with customers, SCM deals with the efficient flow of goods, services, and information from suppliers to customers. Together, they form the backbone of modern business operations.

Customer Relationship Management (CRM)

Definition

CRM refers to the practices, strategies, and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The goal is to improve customer service relationships, retain customers, and drive sales growth.

Features of CRM

1. **Centralized Database**: Stores all customer information in one place.

2. **Automation**: Automates repetitive tasks like email marketing and lead tracking.

3. **Analytics**: Provides insights into customer behavior and preferences.

4. **Integration**: Integrates with other systems like SCM, ERP, and marketing tools.

5. **Customer Segmentation**: Allows businesses to categorize customers based on behavior, demographics, or purchase history.

Types of CRM Systems

1. **Operational CRM**: Focuses on automating customer-facing processes like sales, marketing, and customer service.

   - **Example**: Salesforce, HubSpot.

2. **Analytical CRM**: Analyzes customer data to improve decision-making.

   - **Example**: Microsoft Dynamics 365.

3. **Collaborative CRM**: Enhances communication and collaboration between different departments and customers.

   - **Example**: Zoho CRM.

Advantages of CRM

- Improves customer retention and loyalty.

- Enhances customer satisfaction through personalized service.

- Increases sales efficiency and revenue.

- Provides actionable insights through data analysis.

Disadvantages of CRM

- High implementation and maintenance costs.

- Requires employee training and change management.

- Data privacy and security concerns.

Case Study: Amazon

Amazon uses CRM to personalize customer experiences by analyzing purchase history and browsing behavior. Their recommendation engine is a prime example of CRM in action, driving customer engagement and repeat purchases.

Supply Chain Management (SCM)

Definition

SCM involves the management of the flow of goods, services, information, and finances as they move from supplier to manufacturer to wholesaler to retailer to consumer. It aims to optimize processes to reduce costs and improve efficiency.

Features of SCM

1. **Integration**: Connects suppliers, manufacturers, and distributors.

2. **Visibility**: Provides real-time tracking of goods and materials.

3. **Collaboration**: Encourages cooperation among supply chain partners.

4. **Efficiency**: Reduces waste and improves resource utilization.

5. **Flexibility**: Adapts to changes in demand or supply disruptions.

Components of SCM

1. **Planning**: Demand forecasting and inventory management.

2. **Sourcing**: Selecting suppliers and negotiating contracts.

3. **Manufacturing**: Production scheduling and quality control.

4. **Delivery**: Logistics and transportation management.

5. **Returns**: Handling product returns and reverse logistics.

Advantages of SCM

- Reduces operational costs and improves profitability.

- Enhances customer satisfaction through timely delivery.

- Improves inventory management and reduces waste.

- Increases supply chain resilience and flexibility.

Disadvantages of SCM

- Complex to implement and manage.

- Requires significant investment in technology and infrastructure.

- Vulnerable to disruptions like natural disasters or geopolitical issues.

Case Study: Walmart

Walmart's SCM is renowned for its efficiency. By using advanced data analytics and a robust logistics network, Walmart ensures low costs and high availability of products, giving it a competitive edge.

Information Technology Support for CRM and SCM
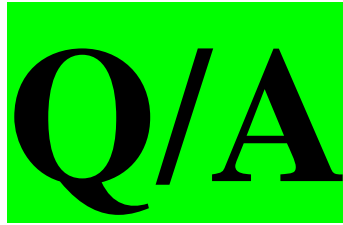
Role of IT in CRM

- **CRM Software**: Tools like Salesforce, Zoho CRM, and Microsoft Dynamics.

- **Data Analytics**: Helps in understanding customer behavior and predicting trends.

- **Automation**: Streamlines marketing, sales, and customer service processes.

Role of IT in SCM

- **ERP Systems**: Integrates all supply chain processes (e.g., SAP, Oracle).

- **IoT**: Enables real-time tracking of goods and inventory.

- **Blockchain**: Enhances transparency and security in supply chain transactions.

Integration of CRM and SCM

- **Example**: A company like Apple uses integrated CRM and SCM systems to manage customer orders and ensure timely delivery of products. CRM systems track customer preferences, while SCM systems manage inventory and logistics.

Er Sanjeev Thapa. BE CE, MTech CSE, MBS. DevOps Eng, CKA, RHCSA, RHCE, RHCSA-Openstack, MTCNA, MTCTCE, USRS, HE IPv6. https://github.com/sanjeevlcc   2024/2081

Q/A

Fill-in-the-Blanks Questions

Multiple-Choice Questions (MCQs)

Comprehensive Questions

Answers to Fill-in-the-Blanks

Answers to Multiple-Choice Questions (MCQs)