

Customer Relationship Management to Enhancement

Speech at Hong Kong on 29 September 2003.

It is interesting to review how we looked at C.R.M.(Customer Relationship Management) in the yesterdays and rewarding to focus on what it will be in the tomorrows.

C.R.M. is like the old prospecting list that we as salesmen used to carry, put down our data with a pencil at night and carry those notes from sale to sale to sale. With computerisation over time we went into better and better techniques to manage the data that helps us to prospect, network and sell.

We have to be in touch with technology and stay in touch with new products and ideas because *Time and Technology wait for no man, no company and no business.* They have completely changed the dimensions of selling, especially One to One selling. We no longer carry a pad or make phone calls public call booths or early in the morning..

With brilliant systems and devices we can as sales persons get all the data we want from the data base management and analysis team. *To me C.R.M is a back office function, a product management assignment, a statistical and data collection function.*

What I value from C.R.M. is the support that can enhance customer relationships. The future belongs to that M.L.M. company, that network companv, that direct sales company which works on Customer relationship enhancement.

We always manage things, we manage data and we manage computers. As salesmen **how do we use** this data from the back office ? We salesmen are the front office, we are the front line, so **how do we use** the output from the data management people ?

Direct Sales is all about building and enhancing relationships. which goes well beyond managing them. When you go to a retailer you have a relationship, you go to a chemist and you have a relationship; now if you go to the net u have relationships too !

If I visit a customer as a salesperson I should be able to offer him higher level of satisfactions. If I cannot do that and enhance my relationship then I will no longer be in business, as there is no value addition.

The greatest challenge is to use C.R.M to improve performance, after all it is the tool that direct sales triggered. Today it has become the foundation of internet marketing. You can e mail to potential customers and you can really communicate with customers and book orders on the net.

Let me give some examples of how Internet is making a dramatic change in the marketing scenario.

First the theory part.

Over 50 years ago, Ronaldo stated that the “total transaction costs” must keep on coming down over a period of time. By transaction costs he meant the total costs – the cost of production, the cost of procurement and selling. These should continuously decline if a business was to succeed. To this end he recommended that the business should be integrated from the raw material stage to finished products.

A vertically integrated company was the answer to reducing costs. There are lower costs when you deal with an internal manufacturing facility, and the output of one factory can become the material for the final product assembly / manufacturing unit. You get more reductions when your sales organisation is directly getting stocks from the factory.

How relevant is this theory today ? Can we keep on lowering transaction costs by integration only ?

We have mega trans national Corporations in today's market place and the cost of manufacturing keeps on gone down while the quality of the product has become very standardised. We can get toothpaste of the same quality at the same price from different manufacturers so where is the opportunity to reduce transaction costs and where does core competence lie ?

In this product scenario there are hardly any differences in cost or quality so it is marketing and One to One selling that becomes the core competence. Therefore you can even plan to divest those functions which are not part of the core competence required to increase the satisfaction levels of customers.

If our core competence is in personal selling -----then let us concentrate on selling ! We can always procure the product to what we believe will improve customer satisfaction and build better relationships.

Let us review what Companies in and outside direct sales are doing.

Dell Computers

Since 1999 if you go to a Dell website you can decide your own computer system. Dell Computers gives all the charts, and all the specifications of hard disks, mother boards, processors, screens. You mix and match the product to your requirements right on the website. You can place an order and they will deliver in three days - no salesmen ! Dell, once the biggest direct sales Company in computers was starting business on the web.

They moved into this business model and moved 40 % of their revenues to transactions on the net. The transaction costs came down. Why ?

Dell realised it was not a direct sales company. It was in the business of meeting individual needs with many technical options amd price to a well

informed buyer who wanted to choose and decide. It was no longer selling like a direct sales company selling a standard product to customer choice.

Even car companies are offering the same choice, if you want to buy an expensive car to your design and specifications. You can specify the colour, the seats, the engine and audio accessories. And get it delivered at you doorstep.

We are moving from an economy based on mass production and vertical integration to mass customisation. We are customising products today where once standardised specifications was the rule for direct sales channel..

General Electric

Jack Welch's wife was browsing the net, shopping for X mas from home in hostile weather. Suddenly he picked up the concept and recognised its great future. He immediately sent out a message to his top executives to get to the net and dyb.com. (do your business . com) This he said would transform the business, saying that if you can't use the net you are no longer of this generation, you cant be part of the Company I lead.

This is the future he envisaged to transform the business.

GE moved extremely fast, they began to take the Internet and the business relationship processes to suppliers and customers. They began to look at their core competence in reducing the cost of transaction and increasing customer satisfaction as well as supplier relationships through the net.

Does this mean that Direct sales is going to decline ?

No. But this is the competition to come.

Let us look at the market scenario tomorrow when Internet and other technologies will enable new channels of selling, which are at first sight options to personal selling.

Consider how **Colgate** has used the net.

Colgate conducts product Research and markets several products on the net. The result – the cost of a Consumer Research program came down from \$ 40,000 to \$ 10,000 and the time taken reduced from 4 weeks to one week.

No human factor.

Colgate markets its range of personal products on the net, and gives the customer the option of choosing the sort of product she would like to buy. You can choose colours, perfumes product specifications and packaging – the number of options for such formulations can range from a possible 50 to 10,000. The customer can pick and choose her requirements and have the products delivered in less than a week.

When you visit Amazon com you are identified, your data is captured and fed back to you – what you bought last time, sections you went to last time, and would you like to go back to those books ? They can even repeat your payments details.

If so brilliant in concept then surely direct sellers like World Books should have closed down and by now Colgate should have dominated the total market. But that has not happened.

The reason, the personal touch is missing, *The human factor will always play the decisive role in customer care and enhancing customer satisfactions.*

We have always known that it is the one to one sale person who delivers the highest value enhancement to buyers, otherwise he would have ceased to exist.

It does mean that we, in direct selling, have now to find ways by which we can make this fantastic business, worth over \$ 85 bn today, grow fast. It is going to succeed in growth because we make use of the new technology developments.

C.R.M. systems will get better at data collection and real time information on customer preferences so when you go to the person, you have the maximum data. You have the best contacts to reach out to, the people most likely to buy your product.

In 5 to 10 years from now every salesperson will have become more capital intensive, He will use products from the new technologies and their convergence – mobiles, web camera, databases and of course the C.R.M. support. One to one salespersons will have found new ways to make appointments and build better relationships with customers – and faster.

Your expanding data bases give you far more data about customers beyond just their address and phone numbers. You can make your work plans by asking questions from your hand held computer to the information centre and the back office gives even personal data. You can then phone people and have a meaning talk because you know about their sports, sports, entertainment and work activities.

A person whose interest includes baseball can be contacted saying “ I am Jones from Amway.....I understand you play baseball, yesterday’s match was a draw” and you have got a personal reason to meet and talk.

Even when you want to talk about references, you can use the new devices. When you have closed a sale, and ask for a reference to the Buyer’s friends to communicate with, you can even take video messages on your mobile cum video camera.

If Mrs. Jones has given the names of a couple of friends and you have her video message on your hand held mobile camera, you can make a call with a lot of empathy. Taking the appointment you can say you will present a video message from her friend When you meet her, when you show the video it makes all the difference. It is so easy to enter and build and enhance a new customer relationship.

The personal factors become much stronger, because time and technology can be used by us to build new relationships easier, faster and stronger.

We will succeed in direct sales and keep on succeeding when we use the C.R.M. support to lead up to C.R.E.

While the Colgate and Amazon models will attract customers they can not replace the personal touch that we present, and when we use the technologies we will find that the market for direct sales is going to in fact increase with new technologies and the new initiatives on the net !.

We can do much better at customer choice because we can actually take our customers to the net, and guide them through all the options and help them to make better decisions, When we use the net as a facilitator we add the advise and personal needs to better buying decisions.

The high tech of the net is actually our sales folder of tomorrow and the neutrality of the web in human relationships is our strength.

This is because when we sell direct we use basic skills : can show, we can demonstrate. We can appeal to the smell or taste factors, the Touch and Feel factors. Human emotions and responses being what they are we will always benefit when we go back to the basics of direct selling.

Of course we will need a lot more training to enhance these factors which are the reasons why people buy. We will have more to support the personal presentation.

Of course our first goal will always be to understanding the customer first, our start is “ You understand yourself best. When you experience the products first hand and when you tell me your reactions I can enhance your satisfactions and help you get better value for money”.

Tomorrow’s selling techniques will be more scientific and the transaction costs lower. Where you were spending 5 hours for a transaction now it may be only 3 hours and the value of the order will be higher. You also need to commute less, because of carefully targeted data and planned calling. Having done so you can bring out your selling skills to best advantage. And you will increase your efficiency by meeting more people in the same time with greater returns / higher sales value per call.

The world is moving away from employment in manufacturing to the Service economy and to selling. We even see less employment in agriculture as fewer persons can produce more food crops from the same land.

We have seen this trend in Hong Kong with its large sales and service sector. Even in a large economy like India over 50 % of the G.D.P. comes from the Services and the Sales sectors.

The reason is simple. We enhance customer satisfactions and relationships in One to One selling, **The one thing and one factor which keeps salespersons going, that which is a constant through all training we receive and it revolves around three words.....“ I can sell.....I can win”.**

Keeping the customer centre stage, and making him say “ I will buy ” is the strength and the goal of direct selling. When we master these technologies we convert data and knowledge into excellent sales performances.

Ability to sell is the foundation of success. When we have this foundation, when it is supported by the determination, the personal power to keep on making the phone calls and cold calls we get closer to success, This is the determination that we should go out with, the determination that “ I shall sell” and therefore “ I shall win”

When you can and you shall sell and win becomes the purpose of each day, you know and your experiences tell you that the the ultimate sales formula is “ I can. I shall, I will..... win.”

We go back to the old saying , the most important basics – we can show something, We can demonstrate something,.....we can touch and feel something. We are the human factor of human transactins.

Can these factors or will they go continue ?

Tomorrow selling will be more scientific because the transaction cost goes down. We will spend more time with a wider base of topics to talk with customer.

Our real challenge is to keep on winning, to master the technologies, We are out there selling. to convert the knowledge to satisfactions, To use C.R.M. to enhance customer values and relationships.

There is one thing and one factor which will keep sales goings, all our dreams alive .

When I can sell, and I know it,

When you shall sell and I know it

And therefore your personality is “ I will, sell, I will win ! “

Thank you.