CUSTOMER RELATIONSHIP MANAGEMENT PROBLEMS, CHALLENGES AND SOLUTIONS

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ABSTRACT:

In today's era world it is not easy to attract customers and keep them loyal just because of existence of rigorous competition and the increase of customer awareness about competing products or services. It is often said that attracting a new customer will cost 3 up to 5 times more than keeping a current one. So it is of great importance for a company to make its present customers loyal. Methods and techniques applied by different companies vary considerably and most of them are experimental.

Customer relationship management (CRM) is a widely implemented model for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes principally sales activities, but also those for marketing, customer service, and technical support. Management is a broader concept than marketing because it covers marketing management, manufacturing management, human resource management, service management, sales management, and research and development management. Thus, CRM requires organizational and business level approaches "which are customer centric" to doing business rather than a simple marketing strategy. Customer Relationship Management (abbreviated CRM) as an important business approach. Its objective is to return to the world of personal marketing. The concept itself is relatively simple. Rather than market to a mass of people or firms, market to each customer individually. Theory of inventive problem solving (TRIZ) suggests that anything which has an innovative nature, like methods and techniques of CRM, can be made systematic. So in the first stage of this research, authors tried to extract CRM tricks applied by the well-known American retailer, Sears. CRM involves all of the corporate functions (marketing, manufacturing, customer services, field sales, and field service) required to contact customers directly or indirectly. Then they were sorted with regard to TRIZ principles. Results are shown here through a representative description of Sears's operations. Many companies today are looking for the magic wand to solve customer relationship management (CRM) challenges. The good news is finding a CRM Solution is not difficult as there are literally hundreds of programs available. The bad news is there are hundreds of CRM Solutions available making it a challenge to find the right solution. So how does one face this daunting challenge? In this paper some of the major difficulties of TRIZ application in CRM are highlighted.

Keywords: Theory of inventive problem solving (TRIZ), Customer Relationship Management (CRM), 40 Inventive Principles, Marketing, Retail Business

INTRODUCTION

Traditional marketing strategies focused on the four Ps (price, product, promotion, and place) to increase market share. The main concern was to increase the volume of transactions between

seller and buyer. Volume of transactions is considered a good measure of the performance of marketing strategies and tactics. CRM is a business strategy that goes beyond beyond increasing transaction volume. Its objectives are to increase profitability, revenue, and customer satisfaction. To achieve CRM, a companywide set of tools, technologies,

and procedures promote the relationship with the customer to increase sales. Thus, CRM is primarily a strategic business and process issue rather than a technical issue. CRM consists of three components - Customer, Relationship, and Management

TRIZ does not have means of decomposing functions into predefined elementary operations correctly, but it helps to solve the problem. It comes from the Russian word Teoriya Resheniya Izobretatelskikh Zadatch, and this is a problem-solving, analysis and forecasting tool derived from the study of patterns of invention in the global patent literature". It was developed by Soviet inventor and science fiction author Genrich Altshuller and his colleagues, beginning in 1946. Genrich Altshuller starts developing TRIZ in 1946 while working in the "Inventions Inspection" department of the Caspian Sea flotilla of the Soviet Navy. It typically rendered as "Theory of Inventive Problem Solving'. TRIZ includes 40 principles. Its main purpose is to form a guiding theory system for

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new product's design innovation, with the condition of researching the scientific principles and rules regulated in the processes of human's invention and solving technical problems, and also making a summary of them. Figure 1 shows the structure of TRIZ. World-renowned companies such as Ford, Motorola, GM, GE, IBM, HP, etc. have started to use it to solve problems based on computer-aided engineering and technology innovation, and make it an effective innovation tool for solving difficult technical problems in cutting-edge technology field.



Fig1. The structure of TRIZ problem-solving steps

On the other hand, one of the most popular subjects which many organizations find it useful and decide to focus on it, is "Customer Relationship Management" which is about different techniques a company can use to offer products and services to its customers, keeping them loyal. There are many tricks and techniques for increasing satisfaction and loyalty of customers in CRM.

In this paper we are after finding compatibilities between managing innovation by means of TRIZ and tricks of the CRM trade. First step in the research was to extract CRM tricks from the context of retail business. Sears was selected as the basis of data collection. In addition to Sears, CRM of a few other retailers like Wal-Mart, Amazon, Argos and biggest Persian retailer, Shahrvand, were studied and relevant data were collected for further comparisons, but their data were not analyzed in the case study. Then in the second step,

these tricks were classified with regard to nature of the core innovation of them. Classification of innovations in this step is based on TRIZ guidelines and classification system. Then comparisons and analysis were done. At last some of the most important results of the analysis are mentioned in the conclusion section.

FUNCTION OF TRIZ:

The basic functions of TRIZ are Solve the difficult creative and inventive problems and directivity without the exhaustive search for variants, forecasting the development of systems and obtaining perspective solutions, Development of creative thinking skills, Scientific and research problems and tasks during work with technical systems and during their development, Exposure and elimination of the reasons for spoilage and emergency situations, Maximally effective use of natural resources and technology for the solution of most problems, Objective evaluation of solutions, and Systematization of knowledge from any field, significantly increasing the effective use of this knowledge and allowing the development of the pure sciences on a fundamentally new basis.

A new function of TRIZ other than problem solving has been discovered and many of these might be more important than problem solving such as:

• The formation of a new way of thinking

• A fast and effective method of transferring knowledge. Stress reduction, etc

Thus solving a specific problem in this scheme should be as follows.

• Select a model first,

• Then analyze (or make abstraction or mapping of) the specific problem in the way requested by the model to get a generalized problem,

Further solve it following the method of the model to get a generalized solution,

• Finally try to concretize it into a specific solution.

• Evaluate the resultant specific solution and repeat the procedure by selecting different models one after another until you find a satisfactory solution or exhaust the models.

The four parts of the system to be modeled were entered at the Component Analysis stage. These parts were identified as: System Development Life Cycle, Software Project Management, Software Quality Assurance, Software Process improvement.

Arrangement principles:

The first group of TRIZ principles is arrangement related principles. They discuss arrangement of parts, and their grouping in terms of time, space and conditions. Four objects can be segmented in these dimensions for use in CRM context. They

Case Study: Sears

Sears is one of the biggest chain stores in the world. The Sears & Roebuck Company originally started off as an appliance store, and only offered products like refrigeration and lawn and garden. The company, which was founded in 1866, has grown to one of the largest retail giants in modern history. They are also dedicated to excellence in community service and helping out with community events. The focus of this campaign is home and family and the community. Over the last couple of decades, they have also started to try to reposition themselves as more of a department store. After adding its click structure to traditional brick structure, this store offers its customers a variety of services and support in order to satisfy these clickers

are extracted from his data in Sears's data warehouse and with comparison with similar customers and their behavior. For example last year, in January you bought drapes from Sears. This was saved in your profile and this year, at the same time, Sears will offer you a variety of drapes similar and make them loyal. These services which are called "Customer Relationship Management, are offered in a wide range. Here, some of these activities are considered and corresponding principles in TRIZ toolbox will be explained.

This organization benefits from a number of affiliated websites. Which are dedicated to different activities and the customers can reach them via Sears.com. For example, in one of them Sears offers providing mass amounts of product or service for smaller retailers. While in another it is possible for the customer to do almost anything with a photo. Some of them are exclusive to Sears. 'Dealer stores' program has made it possible for customers to become dealers. These local dealers are one of the best sources of information about customers. Even when a customer hasn't signed up in Sears's website and wants to search anything in its websites. Sears offers related products to him and tries hard to encourage him to buy. After he signs up in Sears.com, a profile will be built. All of the data about this customer will be saved there. Sears tries to forecast his/her buying patterns and trend to be able to present him with appropriate products available in the store. These trends to last year purchase with discount. As a result of the fully integration between different databases, which operate simultaneously, if you buy a product from one of Sears's affiliated websites; others offer you their related products. That is the result of a good integration between all the parts of this organization and shared database with unique profile for any customer. It has also several services for its customers who log

in the websites. Sears is exclusive retailer and distributor of some famous brands. So when its customer wants to buy a product of these brands, Sears is able to make very special offers. Sears also has special credit cards and offers more facilities to customers with good credit history.

The process of ordering products on the phone can take a long time because the CRM aspect of phone orders is horrific. It takes a lot of time and can be an inconvenience.

The supply chain is also an area of major improvement within the Sears Company. The Value bubble for Sears can be adequately explained in two phases. The two most important phases are the engaging phase, and the retaining phase. The first one to talk about is the engaging phase.

This is when things like promotions and special sales are offered to get new customers. Another thing that sort of falls in this phase is the promise of the brands Sears has to offer that they will work and be reliable. The retaining phase can be explained with Sears's ideas like the idea of the extended warranty for products that offers customer piece of mind.

Good solutions have several common features. The good idea does the following:

Resolves contradictions

• Increases the "ideality" of the system

• Uses idle, easily available resources

ANALYSIS AND COMPARISON WITH TRIZ

Arrangement principles:

The first group of TRIZ principles is arrangement related principles. They discuss arrangement of parts, and their grouping in terms of time, space and conditions. Four objects can be segmented in these dimensions for use in CRM context. They are: market (customer), service or product and its features, interfaces and offers. Segmentation is the most famous one. It says: Segment an object into independent modules or Increase the degree of segmentation. In idea number the corporate is segmented and we are segmenting the goods, and then using goods of the same segment for making offers. Then the opposite of it, merging,

Function principles:

The second group of TRIZ principles is function related principles. They discuss quality of delivering functions in terms of time (& pace), space, and conditions. Again, those four objects can be used for delivering functions in these dimensions for use in CRM context. Sears has powerful data mining applications along with integrated databases they assist the company to better find patterns and trends of customer behavior TRIZ suggests this in its Preliminary Action principle which is about forecasting the future and performing preliminary needed actions in advance.

A similar principle is about Preliminary Anti-Actions. For example plans like 60 day money back guarantee which is very common among these sorts of retailers is a good example. It prevents future dissatisfaction of customers and avoids hesitation in time of buying.

Other principles of this group are less frequent in our case but some of them have interesting applications. Universality is about Use of standard or multifunctional parts. Or better say it assigns as many functions as possible to any object like customers who can act the role of marketers or retailers who also collect customer data and perform market research related activities. When we are trying to offer products or services matching every specific customer, we are very close to Equip potentiality principle which suggests that the customer and the offer must be in the same group (potential level) and they must fit each other. At last when customers become dealers we have inverted the deal. There are other functional principles in TRIZ that are similar to CRM tricks of the trade! TRIZ says use Cheap Short-Living Objects instead of expensive durable ones when you are working with unstable or changing objects. Here in our example gift shopping cards offered by Sears are a short term possibility in an innovative way.

Symmetry principles:

The third group of TRIZ principles discusses symmetry, asymmetry, homogeneity and heterogeneity. They refer to structural characteristics in terms of time (& pace), space, and conditions. Again, four objects can be used for handling these characteristics in CRM context. They also describe solutions in which compensating structures with breaking symmetry, prevent harmful function from accumulation. Local quality has the most frequency of use. Products and services (brands) exclusive to a Sears [J.Terninko, 40

Inventive Principles with Social Examples, trizjournal, June2001] (business side) and having personal profiles for each customer helping the company to make much customized offers (customer side) are all local qualities. Another example of this principle is extra facilities offered to customers with good credit history. Dynamics is another TRIZ principle in this group and is about changes over time and conditions. Click structure instead of traditional brick structure is one end and dynamic pricing, offering and discounting is the other one. 360 degree virtual showrooms which are gaining more and more popularity now, are in fact images of the reality with as few dimensions of reality as possible

Feature principles

The last group of tricks (principles) is about features. They discuss about features and their variance along time, space or conditions. Marriage wish lists are in fact, recognition of a phase change in life of a customer by the Sears and are successful plans. They are win-win plans offering more value to both parts. Many sites like dating ones, retailers" let a visitor (without an account) to search in their databases so that they can evaluate the service and become interested in it. They with this piece of good job, try to make an inert but functional atmosphere for exploration, judgment and decision making of the customer.

CONCLUSION

We can solve the software problem with applying the 40 inventive principles and TRIZ tools. Results of our limited study show that there exist analogies among inventive tricks of retail business and inventive principles of TRIZ. However some of the principles are more compatible with business context. Others are more like fuzzy hints. In fact we are using the latter ones as sources of intuitions so in some cases it's hard to determine which principle is more dominant. As a result it is a great challenge to conform some of TRIZ principles with CRM, for example porous material. Principles which are closer to physical world, tools or phenomena, are of this sort. In contrast the more principles become conceptual and abstract the easier it is to conform them. Some of the principles seem to be of upper levels of creativity compared to others, like segmentation, compared to thermal expansion. The benefit of TRIZ comes from solving difficult problems and that means resolving tradeoffs. To do this, it is necessary to formulate these tradeoffs or rewrite the problem in a form that makes the tradeoff obvious.

This model for problem solving is based on the theory of TRIZ, on customer feedback from people who have used it and on the knowledge of the styles of human thinking and problem solving activity. One describes a systematic relationship and structural patterns and the other is about a phenomena. This is a good opportunity for further studies on classifying effectiveness of principles in

different environments. On the other hand, frequency of use of 40 inventive principles in CRM is different from that of technical world. Principles relating to functions are most frequent ones here. The common thing in CRM and all business environments is that Final point: We have examined the innovations and tricks of the trade first, and then compatibility of them with 40 principles, exactly the Altshuller way. But one should also keep it in the mind that 400 cases are not something to be compared to 200000, and the total number of all CRM innovations are not that great, maybe one or two thousand at maximum. In fact business versions of TRIZ inventive principles are not that mature yet. So the comprehensiveness and validity of business versions of 40 inventive principles (including one we have

used for this study) is significantly lower than technical one. But of course upon time and study, they will be more handy and applicable, maybe in a different appearance.

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