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Six Sigma CRM: An Innovative Marketing Strategy

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ABSTRACT : With today's increasingly competitive economy, many organizations have initiated customer relationship management (CRM) projects to improve customer satisfaction, revenue growth and employee productivity gains. However, only a few successful CRM implementations have successfully completed. For organizations today, competitive advantage comes not only from developing and selling the most innovative product at the best price, but also from delivering the best sales and customer-service experience. Customer-facing processes often represent significant inefficiencies that can be remedied by Six Sigma CRM processes. Thus, we can say that Six Sigma CRM improves understanding of customer behavior, allowing you to acquire new customers and build loyalty among both existing and acquired customers. Six Sigma CRM is a way of continuously increasing customer satisfaction and profit that goes beyond reducing defects and emphasizes business-process improvement in general. This customer-centered Six Sigma CRM approach can help your organization: Increase sales and improve win rates Create top-line growth by developing and delivering products that customers value Improve service, reduce response time and improve customer satisfaction Reduce costs and improve quality by 20%- 50% across the board, including an 85% reduction in sales-approval and proposal turnaround times, 100% sales-force empowerment in the sales process and 250% improvement in service-request closure times. In this paper we propose a strategy to integrate six sigma DMAIC methodologies with the CRM implementation.

Keywords: Content Indicators: Research Implications Practice Implications Originality Readability.

I. INTRODUCTION OF CRM

The Internet has not only lowered the barrier of entry into markets, but in many cases also allows companies to offer products and services at much lower prices. Customers now have the choice and, more importantly, they are aware of their choices. As the economy moves more towards the e-economy, customer expectations and the ability to service customers appropriately will differentiate business winners and losers. Quality programs such as Bald ridge, TQM and Six Sigma have always focused on improving customer relationships and delighting the customer.

CRM stands for Customer Relationship Management. It is an information technology term for the methodologies, processes, software and interconnected capabilities that help your business effectively and efficiently manage customer relationships. Simply put, it is a database that stores all customer information. This detail then allows everyone (sales, operations, management, customer support, accounting, and even the customer) to access information, make projections, develop offerings, address complaints, and improve the customer relationship to maintain satisfied and loyal customers. The benefits of CRM are numerous:

- Increased customer loyalty to your organization
- Improved customer feedback channels and data
- Faster response to customer inquiries in the manner preferred by the customer (email, snail mail, telephone, interactive voice response, Internet chat, etc.)
- Greater knowledge of your customer preferences and habits.
- Improved marketing and cross-selling effectiveness.
- Improved ability to identify and provide the best service to the most profitable customers.
- Increased business productivity through automation.

II. IMPLEMENTING CRM

Implementing CRM is not an easy task. It requires competent technical personnel, well-designed business processes and flows, and sufficient technology and systems. Without well-designed processes, any initiative will fail to meet the business objectives. This is where Quality professionals can add the most value.

We know that everything in business is a process, which means a series of documented activities organized to achieve a specific business objective. E-Marketing campaigns, for example, is a business process. A best practice is a proven methodology to successfully achieve a business objective. Six Sigma, for example, is a best practice to turn your business process into a model of excellence.

Now the question arises:

A. When to use or apply your marketing business model?

- When a product or process is not in existence at your company and one needs to be developed.
- When a process exists but has not been optimized to meet the level of customer satisfaction.

- When an existing product is not performing and does not meet customer's requirements.

B. How to describe your marketing business model?

- Find More: Define the market, identify profitable opportunities, and determine targetsegments.
- Win More: Build awareness, create the product, cover the market, and beat the competition.
- Keep More: Serve and support, capture full value, and expand the customer relationship.

With Six Sigma CRM's advanced analytic technology and Six Sigma methodology, companies can expect a fast, dramatic and sustainable improvement in sales, marketing, services and support processes. It will help decision-makers identify defective business processes sooner and optimize customer interactions and service across the enterprise. Better information will help decision-makers make smarter decisions, increasing corporate profits.

Companies that have implemented Six Sigma initiatives have reaped benefits that include an enhanced awareness of customer needs and the integration of those needs into core processes, as well as a corporate culture of continuous improvement.

In applying Six Sigma to ambiguous customer-facing processes, which unlike manufacturing production processes do not result in a tangible product that can be measured, a separate methodology called Design for Six Sigma (DFSS), can be helpful. DFSS helps to shape from the ground up processes that do not break down through an iterative process of DMADV, or define, measure, analyze, design, and verify.

CRM supports the Six Sigma methodology DMAIC in the following ways:

- Define business objectives, metrics, and product and process maps based on industry-defined CRM metrics and process library.
- Measure, Quantify and Analyze defined output metrics leveraging prebuilt, drill-down voice-of-the-customer analytics.
- Improve, Control, and Standardize processes through automation, digitization, and use of best practices embedded in the business applications.

The Six Sigma methodology follows several different process variables; SIPOC is just one of the variables used by Six Sigma. SIPOC is a high-level picture of the process and provides a visual image of how the process is servicing the customer as shown in Fig. 1.

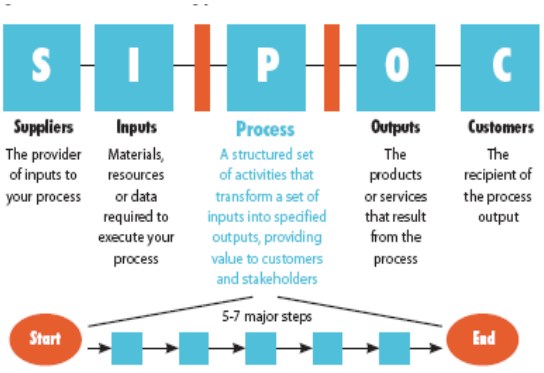

Fig. 1. SIPOC.

SIPOC is a high-level picture of the process that depicts how the given process is servicing the customer. It is an acronym for Suppliers - Inputs - Process - Outputs - Customers. The definition of each of these SIPOC entities is given below.

1. Suppliers provide inputs to the process.
2. Inputs define the material, service and/or information that are used by the process to produce the outputs.
3. Process is a defined sequence of activities, usually adds value to inputs to produce outputs for the customers.
4. Outputs are the products, services, and/or information that are valuable to the customers.
5. Customers are the users of the outputs produced by the process.

III. SIX SIGMA METHODOLOGY

Six Sigma focuses on reducing process variation and then on improving the process capability through these three methodologies

- Process Improvement - DMAIC (Define-Measure-Analyze-Improve-Control).
- Process Redesign/Design - DMADV (Define-Measure-Analyze-Design-Verify).
- Process Management - SPC and Cpk (Statistical Process Control and Process Capability).

A. Execute the DMAIC Method

Six Sigma works if you know where you're going. The DMAIC method is the roadmap of choice among many Six Sigma practitioners because it provides an established route to follow.

B. DMAIC Model

Basically, Six Sigma methodology answers these fundamental and important questions as shown in Table 1.1 and Fig. 1.2.

Table 1: Six Sigma methodologies.

Define Phase	What is important?
Measure Performance	How are we doing?
Analyze Opportunity	What is wrong?
Improve Performance	What needs to be done?
Control Performance	How do we guarantee performance?

Fig. 2. DMAIC Model.

IV. IMPLEMENTATION OF CRM PROCESS WITH FIVE CRITICAL SUCCESS FACTORS (CSF)

Critical success factors (CSFs) have been used significantly to present or identify a few key factors that organizations should focus on to be successful. As a definition, critical success factors refer to "the limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department, reorganization" as shown in Fig. 3. Identifying CSFs is important as it allows firms to focus their efforts on building their capabilities to meet the CSFs, or even allow firms to decide if they have the capability to build the requirements necessary to meet critical success factors (CSFs).

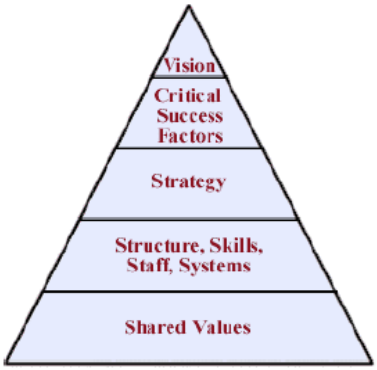

Fig. 3. Critical Success Factors (CSF).

Critical Success Factors are the areas of your business or project that are absolutely essential to its success. By identifying and communicating these CSFs, you can help ensure your business or project is well-focused and avoids wasting effort and resources on less important areas. By making CSFs explicit, and communicating them with everyone involved, you can help keep the business and project on track towards common aims and goals.

Identifying your CSFs is a very iterative process. Your mission, strategic goals and CSFs are intrinsically linked and each will be refined as you develop them. Here are the summary steps that, used iteratively, will help you identify the CSFs for your business or project:

Step One: Establish your businesses or project's mission and strategic goals.

Step Two: For each strategic goal, ask yourself "what area of business or project activity is essential to achieve this goal?" The answers to the question are your candidate CSFs.

Step Three: Evaluate the list of candidate CSFs to find the absolute essential elements for achieving success - these are your Critical Success Factors. As you identify and evaluate candidate CSFs, you may uncover some new strategic objectives or more detailed objectives. So you may need to define your mission, objectives and CSFs iteratively.

Step Four: Identify how you will monitor and measure each of the CSFs.

Step Five: Communicate your CSFs along with the other important elements of your business or project's strategy.

V. CONCLUSION

Six Sigma provides a comprehensive and flexible system for maximising business success. It has been considered as a revolutionary approach to product and process improvement through the effective use of statistical methods. This paper illustrates the key ingredients one should consider before a Six Sigma program is initiated in their organizations. All these ingredients are essential for the successful application of Six Sigma principles to any business process. Six Sigma CRM improves understanding of customer behavior to acquire new customers and to build customer loyalty. Companies can benefit from deeper, more precise data analysis and proven Six Sigma methodology to understand the factors that drive customer satisfaction and profitable relationships.

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