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WHERE CRM MEETS LEAN MANUFACTURING

by Tom Cutler

Creating a Value Stream Mapping (VSM) process prior to making an investment in CRM software can help manufacturers eliminate wasteful processes and improve operational effectiveness.

Manufacturers practicing continued process improvements have made (or are in the process of making) the transition to demand-driven business models which integrate sales, marketing, and service processes. The end-goal, of course, is to become significantly more customer-centric. This often starts with investments in Customer Relationship Management (CRM) technology to track various touch points and generate market intelligence across multiple channels.

But to properly leverage all that CRM has to offer, manufacturers need industry-specific applications that can simultaneously meet the complex requirements of eliminating waste while providing a distinct competitive advantage. Manufacturers need tailor-made systems that capture, analyze, and act on customer intelligence, allowing them to aggregate and analyze information across the business, providing insight to guide effective decision-making and more easily adapt to changing market requirements.

The initial intersection of CRM and manufacturing is often labeled the product configurator, used externally by customers accessing the company website or internally by sales representatives to specify product purchases. Design opportunity management often builds on product configuration by simplifying multilevel relationships with distributors while impacting demand management, recognition of additional sales opportunities, and collaborative marketing efforts.

Connecting the Process Improvement Dots

While CRM technology solutions provide “electronic” connections and profound data analysis and reporting capabilities, a Value Stream Mapping (VSM) process prior to making an investment in the software will often achieve more significant results. The rationale: By applying the principles of lean enterprise, total quality management, and value stream analysis, manufacturers can first make process improvements that eliminate waste in quantifiable terms -- time and costs. They can then integrate improved customer relationship processes concurrently with CRM technology solutions which will improve the efficiency and satisfaction of staff, the enterprise culture, and organizational issues.

The implementation of this “pre-CRM” selection approach requires that senior managers take responsibility for business profitability and growth by serving on a management guidance team. This includes defining CRM business strategies, naming CRM project team leaders, and sponsor changes in policies and procedures that are beyond the scope of the CRM project team.

Leaders and staff of customer operations, including sales and marketing managers, inside and outside sales representatives, and IS technology support people, often comprise an effective CRM project team.

Manufacturing-Specific Solutions

- The value of industrial CRM specialization cannot be overestimated. Optimized

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industry sector specific technology solutions will:

- Maximize sales force effectiveness and win more business with enhanced account and role-based assignments
- Shorten the sales cycle -- selling tools direct to the most influential contacts within each organization
- Increase win rates and gain marketshare by encouraging sales representatives to leverage a professional social network
- Reduce administrative overhead and maximize customer face-time with improved information organization and access
- Protect margins and capture more revenue with accurate quote and order creation, discount management, and contract and volume commitment tracking
- Turn cost centers into revenue centers with closed-loop processes that support and extend valued services to customers

According to Larry Caretsky, CEO of CRM software provider Commence Corp., "CRM for manufacturers must streamline sales processes by ensuring sales opportunities are tracked and closed consistently and efficiently with customizable workflow rules that automate stages in the selling process." As part of the lean manufacturing initiative, effective industrial CRM solutions will reduce errors by creating and modifying accurate quotes for prospects and existing clients using a full-featured product catalog that supports complex pricing levels, units of measure, and discounts. The technology must allow quotes to be converted to orders, as well as modifying and saving orders until they are ready to be billed as invoices. Caretsky suggests that another advantage of sector-specific CRM is "the ability improve demand management with sales pipeline visibility allowing manufacturers to implement a sales forecasting process that delivers objective insights on sales activity, rather than subjective guessing."

Decreased client response times are also achieved when there is heightened visibility to manufacturing order status, inventory quantities, and current pricing; this empowers customer service staff with critical customer information.

According to Rebecca Gill, vice president of Technology Group International, an ERP supplier that incorporates CRM into its offering, "We believe that CRM should not be a separate module; it must be an integral part of any ERP or distribution package. To have a complete 360 degree view of the customer, CRM must be throughout the entire enterprise."

Aftermarket sales are driving significant industrial CRM technology solutions because manufacturers recognize the value-added profit opportunities available with increased service and aftermarket sales. Only when the minutia of industrial customers' content is detailed in a CRM system can aftermarket sales opportunities be effectively exploited.

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