

## CRM meets lean manufacturing

14 September 2006 -



***Manufacturers practicing continued process improvements have made (or are in the process of making) the transition to a demand-driven business model which integrates sales, marketing, and service processes, becoming significantly more customer-centric. Customer relationship management (CRM) technology for manufacturers requires industry-specific solutions that meet the complex needs of the sector, while eliminating waste and providing a competitive advantage.***

The ability to capture, analyze, and act on customer intelligence, allows manufacturers 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.

While CRM technology solutions provide “electronic” connections and profound data analysis and reporting capabilities, a Value Stream Mapping (VSM) process prior to the CRM technology investment, will often achieve more significant results. Rationale for this methodological lean approach derives specific operational and organizational benefits.

- Apply the principles of lean enterprise, total quality management, and value stream analysis to improve customer interface operations
- Integrate improved customer relationship processes concurrently with CRM technology solutions
- Plan and execute organizational and value stream process improvements, eliminating waste in quantifiable terms: time and costs.
- 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 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 MIS technology support people, often comprise an effective CRM project team.

### **Manufacturing industry CRM solution advantages**

The value of Industrial CRM specialization cannot be overestimated. Optimized 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 Commence Corporation, "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 suggested that another advantage of sector specific CRM is, "The ability improve demand management with sales pipeline visibility allows 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.

#### **Aftermarket sales: opportunity driving industrial CRM growth**

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.

Understanding the idiosyncratic nature of manufacturing processes, industrial enterprises, and lean manufacturing principles mandates that CRM technology solutions recognize these unique sector traits to realize optimal benefits.

*Thomas R. Cutler is the President & CEO of Fort Lauderdale, Florida-based TR Cutler, Inc., the largest manufacturing marketing firm worldwide. Cutler is the founder of the Manufacturing Media Consortium of twenty seven hundred journalists and editors writing about trends in manufacturing. Cutler is also the author of the Manufacturers' Public Relations and Media Guide. Cutler is a frequently published author within the manufacturing sector with more than 300 feature articles authored annually.*

---

IBC Ltd.

<http://www.logisticsit.com/>