

# Chapter 1

## Introduction



CRM is one of the management tools to serve customers in a way that makes them feel valued, while at the same time making a good return on investment for investors. Conceptually, the context of success in CRM is not to be equated to a destination; it is only a milestone for the company to improve the efficiency of doing a business in today market.

CRM stands for Customer Relationship Management. It is a strategy used to learn more about customer's needs and behaviors in order to develop stronger relationships with them. After all, good customer relationships are at the heart of business success. There are many technological components to CRM, but thinking about CRM in primarily technological terms is a mistake. The more useful way to think about CRM is as a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends.

The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. It makes a business can:

- provide better customer service
- make call centers more efficient
- cross sell products more effectively
- help sales staff close deals faster
- simplify marketing and sales processes
- discover new customers
- increase customer revenues

### 1.1 COMPANY BACKGROUND

U-THONG Co., Ltd (UT) established since 1990 and owned by 100% Thai shareholders. UT has last year turnover approximately 110 Million Baht with 80

employees and more than 1,000 customers contact in Thailand. Now, UT has three businesses which consist of Control equipment, Sealing device and Engineering service.

The customer of UT is a company which can be divided into 3 categories as follow.

1. Wholesaler and retailer.
2. contractor and machine manufacturer (OEM)
3. Factory (End-User).

In each category of customer, UT needs to use the different strategy in term of sales management, marketing approach, service policy, pricing and discount structure, and payment policy and customer behavior.

In our 3 major businesses, we have so many product ranges, service and many brand name of the product to serve the customer as follow:

1. Control Equipment
  - 1.1. Electric Actuator (under brand name VALPES, KFM, SUNYEH, BELIMO)
  - 1.2. Pneumatic Actuator (under brand name SIRCA, KFM, SMC, AKO)
  - 1.3. Valve (under brand name UT, SIRCA, KFM, ARI, AKO, SCHUBERT AND SALZER, MARWIN)
  - 1.4. Pressure Instrument (under brand name WATSONSMITH, NUOVA FIMA, PMV, SMC)
  - 1.5. Temperature Instrument (under brand name NUOVA FIMA)
  - 1.6. Steam Trap (under brand name BESTOBELL)
  - 1.7. Flow Instrument (under brand name KYTOLA)
2. Sealing Device (under brand name DEPAC)
  - 2.1. Mechanical seal
  - 2.2. Packing seal
  - 2.3. Technical Product (TP)
  - 2.4. Composite Technology (COMTEC)
  - 2.5. Hydraulic seal

3. Engineering service
  - 3.1. Factory layout and planning
  - 3.2. Machine installing service
  - 3.3. Wastewater treatment
  - 3.4. Thermal process
  - 3.5. Piping installation service

In each product range, UT needs to define the market segmentation for each brand name and make the advertising and promotion for each of them independently. Therefore, it is very complex to track all the information and launch a new marketing and sales campaign to the market.

The company which will use in this study is U-THONG Co., Ltd. Or UT, as a case of thesis study: **“Implementation of customer relationship management in an industrial equipment company”** by presenting the statement of problem, current strategy and situation of the company, analyzing the environment and problem by using thesis framework, and then come up with a system and software application in order to improve competitiveness of the company to be very competitive in the market..

## 1.2 STATEMENT OF PROBLEM

### 1. Customer satisfaction

In the past 5 year, UT has expand the business more than 30% in each year and increase the customer contact from 150 contact to 1,000 contact and some of UT’s customers are not satisfy to the service of the company and change their supplier to the competitor because of the following detail.

- Customer service

Both products are totally different in application and the product itself so we need to make the different policy, product knowledge, service team, sales

team, marketing team and administration team which make the customer need to contact different team in UT to get the right person and right information for each product.

From the above situation, it make the customer and UT staff is confuse when we need to contact each other and make a lot of mistake in the sales process, service process, manufacturing process, account process and etc. So many times that UT sends the wrong product to the wrong person in the wrong place at the wrong time. So this problem make UT lose customer and can not satisfy the entire customer at the same level of service of the company. It is also make a lot of operating cost when the company make a mistake in any area which is should not be an operating cost if the company make it right at the first time.

- Sales Department

Today, UT has 9 sales engineers and 6 sales administration officer for service customer and plan to recruit more sales to expand the territory to serve the customer more efficiency. Now, the company has a lot of problem to share the information of the customer together in the office because company do not have the good database of the customer to share the information such as customer map, customer credit limit, customer account and etc. This issue is make a lot of operating cost when the staff have to find an information of the customer again when they want to use it and if we asking the customer for the information again, it will make them unhappy because they already give it to us.

- Often offer different discount to the same customer

Customer database are one of the most important of the business and UT does not have a good system for this one. Consequently, UT often offer the quotation to the customer in different discount every time when the customer asking for the quotation and make the customer do not confident in price when UT offer it to them. This

problem cost us loss of reputation and creates the operation cost without necessary.

- Often make a mistake on delivery process

Transportation teams of UT are often making a mistake when deliver the product to the customer because all of them do not get the information from the sales departments. They will get the map and delivery instruction only the first time when the customers order the product but after that they will use their memory to remember the map and delivery instruction when the customers repeat order again. If the customers do not buy from us for more than 2 month, they need to request all information again because they already forgot it and the sales administrator need to find the information again or asking the customer to send it again. This problem make a lot of operation cost and make the customer unhappy about resend the information all the time when they want to order.

- Sales engineer often visit the same customer

Sales engineer of the company must go to visit customer to present the product and solve the problem for the customer in their factory. However, the sales engineer is often go to visit the same customer with or without the same contact because they do not know that this customer is a prospect customer of another sales engineer. This problem makes high operating cost and looks unprofessional in sales management. Consequently, the customer will not confident in the company that can help and support them in the future.

## 2 Employee morale

Sometime our sales engineer is conflict each other because the entire sales engineer they need to claim the customer into their portfolio and UT do not has a system to support all 1,000 customer contact that they have right now. Therefore,

some customer contact is not assign to any sales engineer and it will has a conflict when the customer give the purchase order to UT or the customer request the service from the company. This is serious problem in UT and makes the morale of the employee reduce. Therefore, the service level to customer will reduce because all of them do not want to give the service to customer.

### **3. Competitive Advantage**

Now a day, the technology in information system is change and the most value asset of the company is the customer relation. UT use to keep the customer relation in high level of service all the time in the past but now we expand the company and customer base change from 50 to 1,000 contacts in each month. So the system that UT uses right now is not capable to manage all the customer contact and keep the relation between customer and company in the high level anymore. This situation make UT lose a lot of customer in the past 6 months and lose reputation about the service level of the company. Therefore, UT needs to change and improve the competitive advantage in the market to survive in the market.

### **1.3 OBJECTIVE OF THE STUDY**

The objective of the study is to establish the project to design, planning and implement the CRM for trading and engineering business in industrial equipment company to reduce the operating cost and increase the profitability of the company in the whole organization.

### **1.4 SCOPE OF THE STUDY**

1. This study will focus on using the CRM in industrial equipment company to be a strategic tool for improve the whole business.
2. This study will provide the information for all departments to get the same and most updated data of the customer all the time.
3. This study will reduce the operating cost of the company by eliminate the correction process that the company make it wrong in the beginning.

## 1.5 METHODOLOGY

1. Study: Study CRM and collect the data from another company who using CRM and successful.
2. Educate: Explain to the staff of organization about CRM project and the benefit of it.
3. Strategize: Study each job of each department, track every data of their job, every process in day-to-day basis to reengineer these processes to make it suitable for CRM system.
4. Structure: Setup project champion and project team who will sponsors in each department and help the employee to adopt day-to-day basis job with a new tool.
5. Baseline: Compare the existing business process with a new process which the company needs to be successful and modify existing process to achieve the business goal.
6. Planning: Define the data that company need and collect it for input to the database of CRM.
7. Installation: Install CRM software and hardware to support the system in the scope of study
8. Implement: Implement the software to the system and train the user on the new tool.
9. Evaluate: Evaluate the result and overcome that problem that may occur in the process.
10. Develop: Develop thesis
11. Summarize: Summarize and suggest further development.

No.	Activities	October	November	December	January	February	June	July	August
1	Study: Study CRM and collect the data from another company who using CRM and successful.								
2	Educate: Explain to the organization about CRM project and the benefit of it.								
3	Strategize: Study each job of each department, track every data of their job, every process in day-to-day basis to reengineer these processes to make it suitable for CRM system.								
4	Structure: Setup project team who will sponsors in each department and help the employee to adopt day-to-day basis job with a new tool.								
5	Baseline: Compare the existing business process with a new process which the company needs to be successful and modify existing process to achieve the business goal								
6	Planning: Define the data that company need and collect it for input to the database of CRM								
7	Installation: Install CRM software and hardware to support the system in the scope of study								
8	Implement: Implement the software to the system and train the user on the new tool								
9	Evaluate: Evaluate the result and overcome that problem that may occur in the process								
10	Develop: Develop thesis								
11	Summarize: Summarize and suggest further development								



## **1.6 EXPECTED RESULT**

From the output of the study, UT would get the better competitive advantage in the market in the following aspect;

- Reduce the operation cost
- Reduce the mistake in the system
- Improve customer service
- Improve customer loyalty
- Improve employee morale
- Improve the profitability for the company
- Improve the efficiency of the company