

Bossard Asia Pacific

Can It Make Its CRM Strategy Work?

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Bossard Asia Pacific, an innovative manufacturer of fastening technology, is facing increasing competition from local and regional players. In a bold move, the CEO of Bossard AP embarks on a customer relationship management (CRM) strategy that requires its employees to embrace the CRM paradigm and become more customer-centric. He now needs to sell the idea of implementing a CRM system to his management team and staff in order to make the strategy work.

Scott MacMeekin, President of Bossard Asia Pacific, was about to enter the meeting room in his Singapore office. The room was filled with expectant faces of Team Leaders, Country Managers and General Managers from Bossard's offices from all over Asia. Ahead of him, Scott had a difficult task. He needed to sell the idea of implementing a customer relationship management (CRM) system for a medium-sized com-

pany with a highly distributed operation.

BACKGROUND TO BOSSARD'S CRM INITIATIVE

Some time ago, Scott had set up a task force to assess Bossard's current market position and find ways to accelerate growth in the Asia Pacific region. Bossard's core business of fastening technology was becoming increasingly competitive with many large local and regional players. The cost of customer acquisition was rising and hence, margins were eroding. The task force concluded their study with a strong recommendation for a CRM system to be implemented within the next 12 to 18 months.

His task force was driven by the Asia Pacific office and Bossard's headquarters in Switzerland did not show much appreciation for Scott's initiative. The resulting lack of support and funding further raised the doubts of a successful shift

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I gratefully acknowledge the generous help and feedback provided by Scott MacMeekin, President, Bossard Asia Pacific, and Mark Mümenthaler, who was the country manager of Bossard in China and responsible for the CRM implementation at Boassard. Mark is now Vice-President, Sales & Marketing, in Switzerland. Furthermore, the author thanks Tillman Fein for his excellent research assistance provided throughout the case development.

towards a CRM-centred strategy. Nonetheless, Scott and his team decided a year ago to push for a Dashboard CRM-driven (DCRM²) strategy and he was now chairing this meeting in order to obtain his manager's endorsement and a green light for the system roll-out.

IMPLEMENTATION RISK OF CRM STRATEGIES

Nonetheless, Scott was wary of the “miracle weapon” CRM. He had seen too many corporations committing enormous resources to the development and implementation of CRM technologies designed to capitalize on a deep, inside knowledge of a company's customer base. But promises of connecting companies and their customers for mutual benefit had been unsuccessful or even detrimental in many cases. Despite concerted efforts, many companies had failed to elevate their CRM performance to a satisfactory level.

BENEFITS AND CHALLENGES OF THE BOSSARD DCRM SOLUTION

After thorough discussions with his team—Scott went on to explain to his audience in the meeting room—he decided to build an internal solution, due to tremendous cost advantages, lack of support from Bossard's headquarters in Switzerland as well as superior business knowledge that the Bossard IT team could utilize to accommodate business-specific requirements. According to his team's estimations, an internal Internet-based solution could be implemented for as little as US\$100,000, whereas external providers were

quoting US\$800,000 and above. Scott showed a slide detailing the benefits and challenges of his decision (see **Exhibit 1**).

He said, “If you use 21st century technology to pave a goat path, you will end up with a really smooth goat path. But, it is still a goat path.” In his belief, if a process is fundamentally flawed, technology may give it a boost, but more likely it will end up helping to do inefficient or ineffective things faster than before. The message that Scott wanted to send to Bossard's manager, employees and customers was that it will use CRM technology to do things differently, not simply faster or cheaper. He stressed that Bossard's DCRM application could be seen as a sophisticated sales force management tool that facilitates both the sales person's knowledge generation and the management's need for a monitoring and decision-making instrument.

DCRM DEMONSTRATION

Scott realized that most of his audience had not seen any visual representation of the DCRM, so he had planned to show a few sample screenshots. He also referred his managers to an extensive training and user manual that was maintained online.

Explaining his online demonstration screens (see **Exhibit 2**), he said:

The DCRM system's customer management screen provides a comprehensive customer profile view. From the contact details to the number of visits, and key profitability indicators, such as margin contribution charts as well as the competition proportion, can be analyzed at a glance.

² DCRM describes a CRM implementation where customer-related information and key data points are organized in dashboards at a glance (i.e., one screen shows all the relevant information, and further drill-down into more detailed data can be performed from each dashboard for key data.

Exhibit 1 Benefits and Challenges of Bossard's DCRM Strategy Implementation

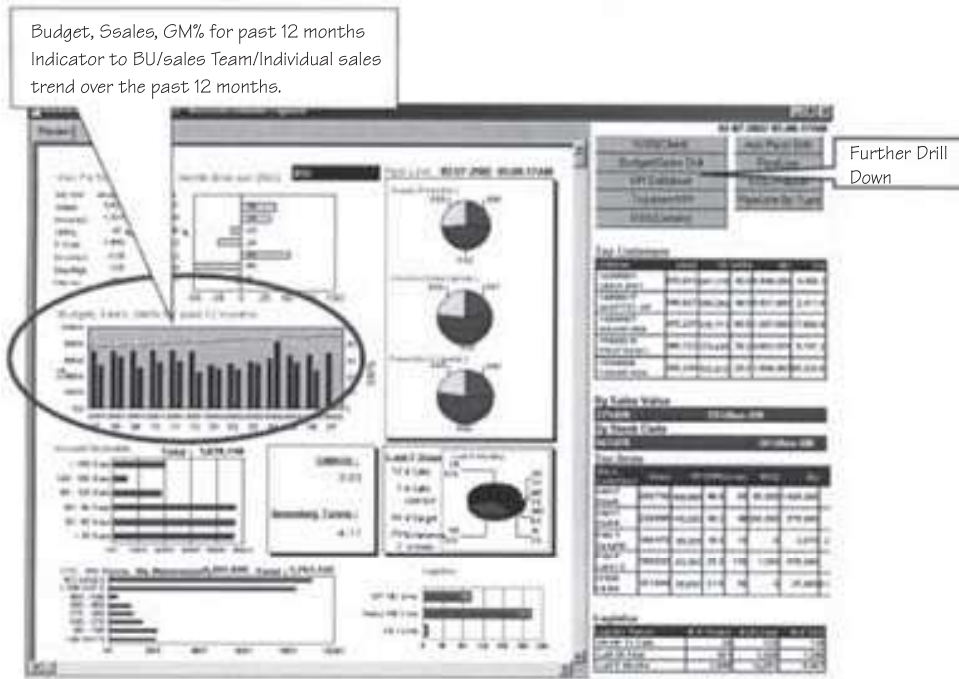
Benefits:

1. Cost of development is about 10 to 15 percent of an off-the-shelf DCRM software solution
2. Documents such as existing Excel spreadsheets can be reused for ease of implementation
3. Part of the DCRM development team are Bossard employees, which have a strong understanding of the business model. Flexibility for change and adjustment are high
4. The tool is built especially for Bossard and its requirements on customer data. This provides additional flexibility
5. Minimal data entry and migration
6. Compatibility to existing ERP systems
7. Customized according to Bossard strategy; best fit

Challenges:

1. Development process takes longer
2. Bossard people who are involved in developing the tool have to be taken out of their regular duties. Employees are a scarce resource in a medium-sized company like Bossard Asia Pacific, which comes without extra IT support
3. Inputs from the market—such as from sales people—are essential to continuously improve and upgrade the system and keep it on a very high standard

Exhibit 2 DCRM Customer Management Screen



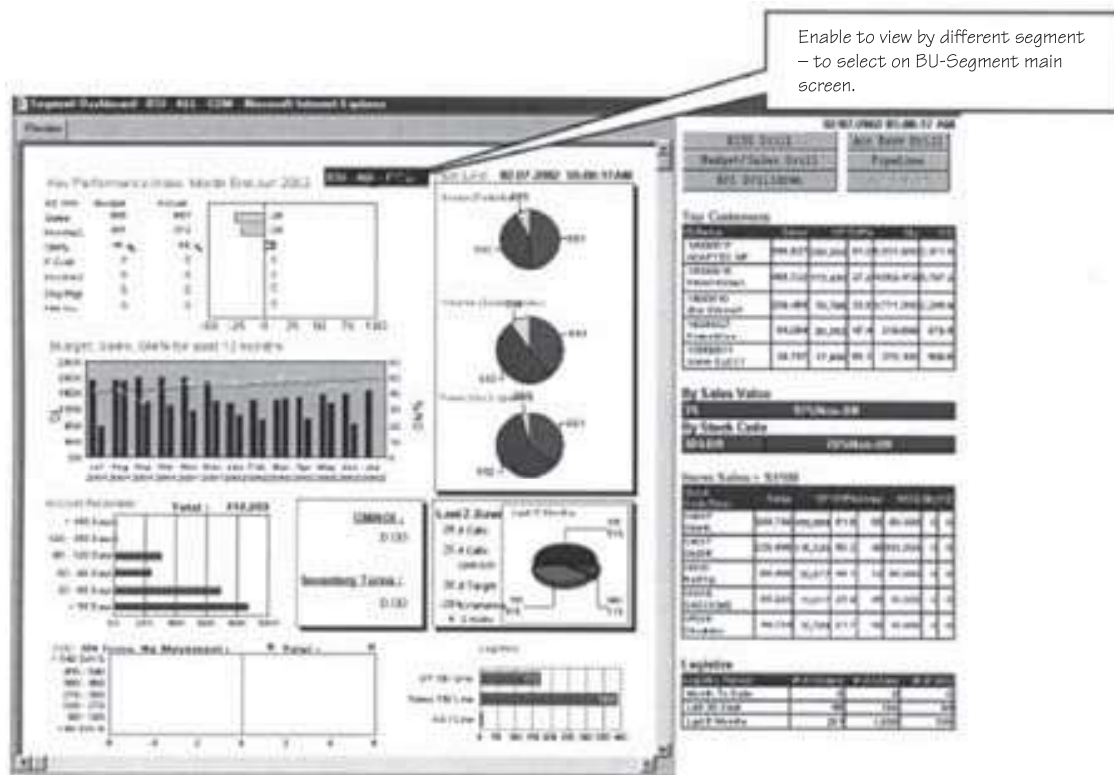
I want everyone from the country general manager downwards to use the DCRM system to present the company's performance to all members of the company. All the important indicators, such as the KPI (Key Performance Index), are captured in the DCRM system.

Referring to **Exhibit 3**, Scott said, "As you can see, the DCRM system's segmentation screen divides customers into different segments. This will help the sales force to stay in line with Bossard's target segmentation and not to move too far from a given strategy. If the focus changes, for instance after a strategy meeting, a new segmentation can be selected in the CRM system to reflect the new situation."

CRM IS BEING USED FOR MARKET IDENTIFICATION AND SEGMENTATION, AS WELL AS CUSTOMER TRACKING

Scott elaborated that the selection of target customers is done through several different analytical processes. First, it was important to look at the market segmentation. Once a segment is defined, the next step would be to select the most profitable customer in that segment. For this purpose, Bossard Asia Pacific had implemented a high yield margin contribution (HYMC) screen as part of the DCRM implementation. The HYMC included cost of sales, engineering support, cost of line items, 12 percent of annual rev-

Exhibit 3 DCRM Segment Screen



enue (AR) and inventory holding costs. After deducting the HYMC from the customer profit, what remained is the “true profit” that helped to decide whether the customer should be targeted.

A separate screen was used to analyze whether a company is growing or shrinking in conjunction with the margin trend (up or down). This was conceived as a very powerful tool to understand in which company Bossard shall invest. Scott explained:

The DCRM system also includes a report about new working and market opportunity analyzing the pipeline trend. The pipeline report provides an excellent overview of whether the company has enough potential customers lined up as a back-up, which in return indicates the company’s future growth potential.

TOP TO BOTTOM USAGE OF THE CRM SOLUTION FOR REVIEWS AND MEETINGS

At Bossard Asia Pacific, the continuous use of the newly developed DCRM tool was to be en-

sured by scheduled management meetings. Scott presented the different meeting types to his audience, elaborating on each of the four different types of meetings that the DCRM implementation team had defined (see **Exhibit 4**).

TOP DOWN SUPPORT IS CRITICAL FOR SUCCESS

Scott was of the strong opinion that without him as a decisive top-management sponsor taking responsibility for the final sign-off on the completed system, the inevitable result would be that strong-willed steering committee members would shape the final implementation to reflect their desires for their departments or divisions. In an initial meeting with the regional GMs, Scott pushed:

What you are dealing with is a whole set of new roles and responsibilities; you are moving toward a much more customer-focused organization. To implement CRM, you need people on your side to make change happen. This was I need from you and that is what you need from your organization. Ask them

Exhibit 4 Planned Meeting Schedule Involving the DCRM Strategy Implementation

Bossard Asia Pacific Meeting Schedule			
Meetings	Main Objectives	Attendees	Information flow
Sales Team Review Meeting Weekly, 1 hour	Ensure team members’ prospective choices fit the given market segmentation strategy	Team leader with team members	Bottom up
Financial / KPI Review Meeting Monthly, half day	Measure results to plans and prescribe corrective action as needed	GM and team leaders	Top Down—led by finance
Strategic Planning Meeting Trimester, 1 day	GM to ensure strategic alignment of team and members to business unit mission	CEO, GM, team leader and team member	Bottom up and top down
General Staff Meeting	Prepare general staff and guide future expectations	GM, Team leader and all staff	Top down

to use the system and request their feedback. With the feedback, the system will constantly and quickly improve. For our DCRM system to be successful, every single person must support it. Using the DCRM system is not an option but a compulsory task for all people involved. The DCRM is a Bossard custom-made tool and none of the Bossard employees have experience. So, don't back off at the first sign of problems. No matter how much thought is put into the system, there will always be unanticipated problems to deal with.

The first CRM application is like a 15-watt light bulb in a dark room. It is not very bright, but can make a huge difference. The wattage can be turned up to 250 watts when relationships are viewed as a selected set of assets to be developed.

Across the company, each member of the sales team (sales executive, sales manager and general manager) was asked to use the DCRM system to present the latest activities in their accounts. Points to be presented were, for instance, how many visits were done during the week, what was discussed, and what kind of action would be undertaken in response.

Scott stressed that having every visit recorded would help sales team leaders to understand what each sales person was focusing on as well as whether there were any quality-control problems or other issues that required the team leader's attention.

CRM AS A KNOWLEDGE BASE AND SALES FORCE MANAGEMENT TOOL

While Scott was going through his slides, Mark Mümenthaler, Country Manager, China, was sitting in the meeting room, pondering a problem he had faced time and again. One of his Sales Managers, Loong Pong Pang had just resigned.

Pong Pang, being with Bossard in China for more than two years, had put in hard work and achieved tremendous success in client acquisition and account management. He had gained great knowledge of Bossard's business and the market segments that were identified as key industries to the company. Seeing him leave felt like an enormous waste to Mark. Mark knew that as a Sales Manager, Account Manager or even as a Sales Executive, it was not easy to be up-to-date on each project and customer account. Without having the account's complete data and without capturing the customer-specific information, it was very hard to develop effective strategies to grow an account and increase revenue from the customer.

If, like in Pong Pang's case, a Bossard sales/account employee was to leave the company, a tremendous customer-specific knowledge base would be lost with the departure of each staff. It occurred to Mark that with all data of a specific customer available any time through the DCRM, it was much easier for a new sales person to understand an account fast and anticipate the customer's behavior.

Furthermore, the DCRM would enable sales staff to provide the customer with better advice for mutual benefit. For instance in the high yield margin contribution screen, the sales person could see that the customer ordered frequently, but in small quantities (meaning high order cost) or identify a potential for rationalization on the product range in use. Providing the customer with value-added services on possible improvement greatly helped to build a closer relationship while, at the same time, reducing costs and translating revenue opportunities.

Mark realized another strong advantage of the DCRM implementation, namely, its ability to provide an impartial source of information to

his sales staff, which can be used to determine the optimal choice of which prospect to go after. This was critical, as each decision to engage a given prospect results in costs between US\$20,000 and US\$100,000³. Given that there were more potential prospects than resources at any given point in time, DCRM could be used by Mark and his team to direct the sales team more effectively.

By the time Scott had reached the end of his presentation, his audience seemed convinced that

Bossard was embarking on a winning strategy. Nonetheless, Scott cautioned his managers and highlighted that a successful CRM strategy was an ongoing process. After developing the strategy, defining a project plan, involving all the right people, choosing appropriate technology and implementing the program across the enterprise, the mission was not completed. In order to sustain a successful DCRM strategy and harness its benefits, continuous monitoring, improvements and system maintenance were necessary.

Study Questions

1. What role can the CRM system potentially play in Bossard's marketing strategy? How will it help Bossard to segment existing markets and develop new ones?
2. What are the likely problems Scott will face with his CRM roll-out, and how should he address them? What are the main opportunities the CRM system will offer, and how can Bossard enhance its chances of realizing them?
3. Based on the information provided, how would you recommend Bossard to develop its marketing strategy and the CRM system to support it?

³This represents the average cost to bring in and develop a prospective account and includes expenses such as manpower, engineering work, travel, etc.

Appendix

Bossard's Research on Customer Relationship Management Strategies

Bossard's research had revealed that CRM systems are commonly used by major multinational companies around the globe. Its benefits are easily identified as enabling a business strategy that allows businesses to create and sustain long-term profitable customer relationships. However, CRM strategy implementations often did not succeed, and Scott knew that up to 75 percent of implementations did not deliver up to expectations. In addition, a substantial amount of funds could be tied up in a CRM system development, easily reaching up to several million dollars until implementation.

Speaking to other business leaders and academics, Scott had realized that successful CRM initiatives start with a business philosophy that aligns company activities around customer needs. Only then can CRM technology be used the way it should be—as an enabling tool of the processes required to turn customer-centric strategy into business results.

During the assessment and planning stage, he and his task force concluded that a successful CRM strategy implementation had to affect the

entire corporation, from top to bottom. Not only the company structure had to revolve around their customer, but the employees' customer-oriented skills needed to be fostered. Hence his initial claim that the business had to be disciplined in implementing the strategy change or else it would fail. He encouraged his team leaders and regional managers to communicate the value proposition of DCRM for its clients and to Bossard clearly to everyone in their teams. Employees at the sales executive or administrative level, especially, would not immediately see the benefits of CRM, but rather perceive it as an additional burden due to additional data entry.

Scott and his team had conducted extensive research and were approached by large consultancy firms and application development companies, all pledging to implement Bossard's customer-centric strategy with a customized CRM solution. Bossard's requirements were matched with the external offers and compared to a purely internal solution using Bossard's IT team and an external system development firm in Singapore.