



# **Optimizing Relationship Management for Manufacturing and Distribution**

**Karmin McKay**

# Software Innovation: Who we are

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- ▶ 700+ employees, growing to 1000 by 2002
  - ▶ Est. 1984
  - ▶ 75% average growth rate
  - ▶ An E-business company with a record of profits
  - ▶ International scope
  - ▶ Among industry leaders world-wide
  - ▶ Toronto NA Corporate office
- Mature products
  - 4000+ major clients
  - 200,000+ user licenses
  - Used in > 60 countries
  - Several acquisitions in recent months to expand market share and functionality of suite

# What others say about us

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- Selected by ISM (YR 2001) as one of the TOP 30 CRM Automation Software Packages in the World out of hundreds



- On October 30, 2000 selected by Forbes Magazine as one of the top 300 best small companies in the world out of a database that tracks over 20,000 companies.

Deutsche Bank



- On February 6, 2001 -"Software Innovation has emerged as a leading player in the CRM application and consulting market.... (SI) has a number of characteristics investors should value: strong growth, solid margins and a visionary management with a good track record."

# Some of our Clients



SIEMENS



i n v e n t

ERICSSON 

**RACAL**

*Communicating through technology*



The Ultimate Driving Machine



ARCHITECTS OF AN INTERNET WORLD



**ABB**



INGRAM  
MICRO

**KPMG**



INGRAM  
MICRO



 Bristol-Myers Squibb Company



Software Innovation  
[growBusiness]

HP World 2001



# What you will learn today

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- ▶ Theory of Customer Relationship Management (CRM)/ Relationship Management
- ▶ Human side of Relationship Management
- ▶ How to optimize Relationship Management for manufacturing and distribution
- ▶ A few new ( old ) jokes

# What Is CRM?

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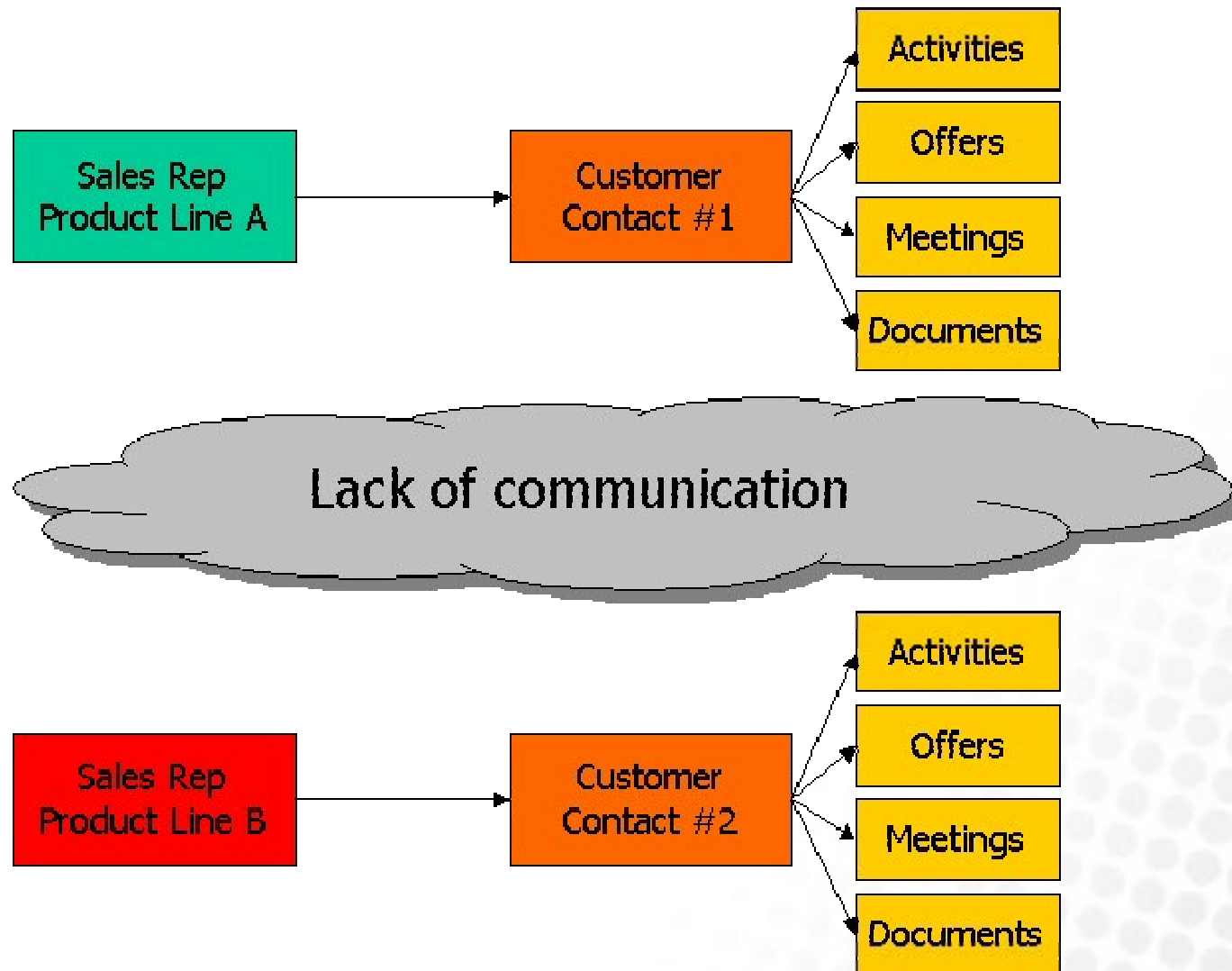
- ▶ Don't know, but there's more than 600 companies saying they have the answer.
- ▶ That doesn't include the consultants.
- ▶ What is CRM to you and your company?

# The Genie in a Magic Lamp

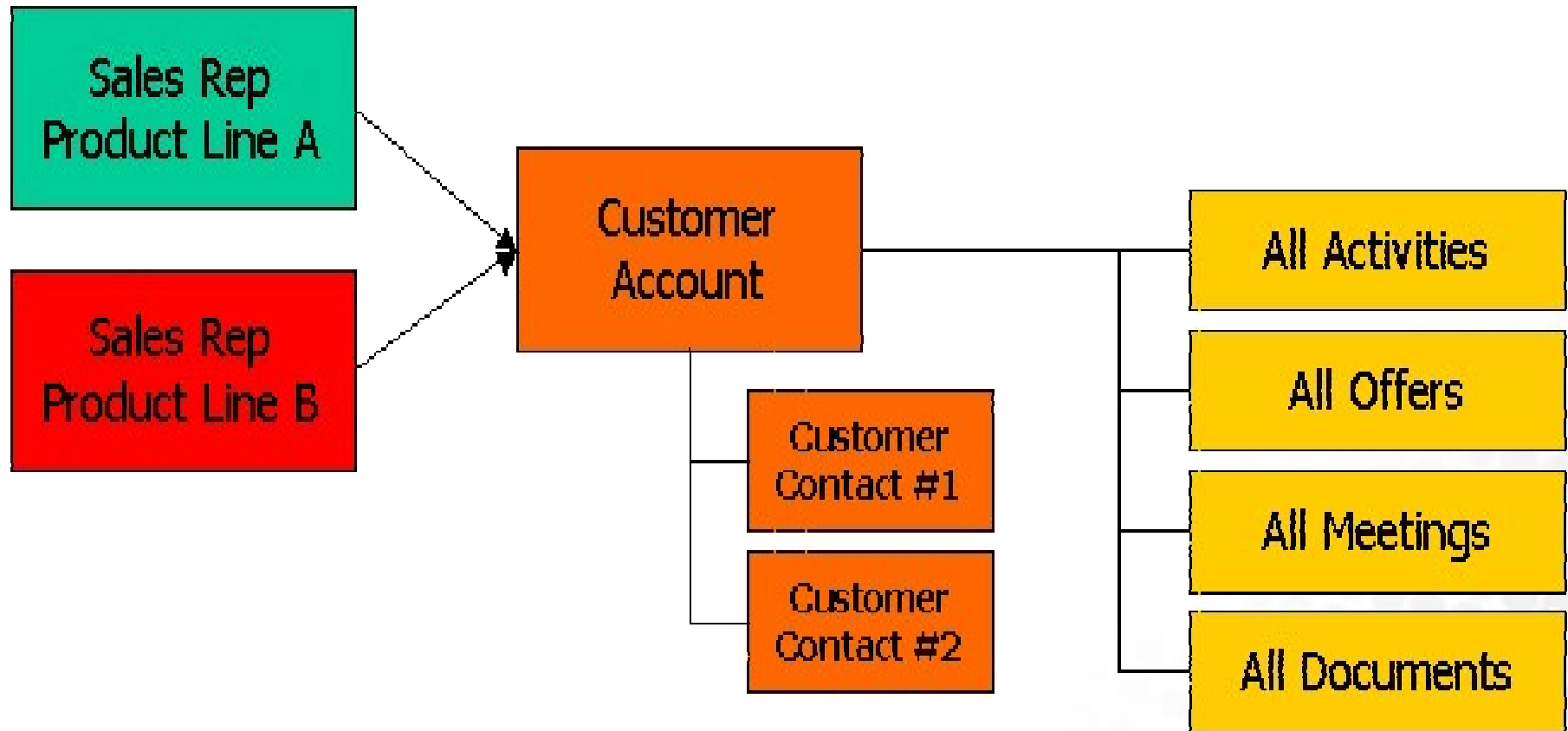
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- ▶ You are walking on a beach and find a lamp.
- ▶ You rub the lamp and .....
- ▶ Your three wishes must be to correct three business issues.
  
- ▶ What would they be?

# CRM IS more than CONTACT MANAGEMENT



# CRM is about Account Management



Genesis 6 (barbaral)

File Edit Search View Go To Tools Options Help

Account Activity Document Forecast Opportunity Price List Product Project Sales Segment Service Service Contract

Global favourites

- Leads Management
  - For Distribution
  - Inside Sales
  - Outside Sales
    - GM - Inbox (Barbara Larson)
    - Leads Inbox - Patricia
- Sales
  - Activities
    - All Activities
    - Activities This Month
    - Activities Last Month
  - Calls Out
  - Appointments
  - Pipeline by Status
  - Sales Results
  - Opportunities
    - GM New this month
    - GM New Last Month
    - New this Quarter
  - Pipeline (Opportunities > 50%)
- Marketing
- Service
  - GM All Service Cases
  - GM Open Service Cases
  - GM Assigned Service Cases
  - GM Completed Service Cases
- GM Accounts by Region
- Product Catalog
- History
- My favourites
- Not saved

**Account** [standard\_view] Write Document...

**LG Electronics Alabama, Inc.**

High No 63 700000 5 3

Sys. Name LG Electronics Alabama, Inc.  
PARENT LG Electronics

Category (1) Client  
Switchboard 256-772-0623  
Fax 256-772-8987  
WEB address www.lgeservice.com  
Email  
Industry (0)  
Our Ref Larson, Barbara

Address Notes Additional fields Picture **Statistics**

**Log** Company barbaral

First	21/09/1998	
Last	20/12/2000	
Next	30/12/2000	21/12/2000

**Total sales CAD** Company barbaral

This year	1,052,910	1,052,910
Total	1,052,910	1,052,910

**Forecast CAD** Company barbaral

Total	16,800	16,800
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Activity (2) Document (\*) **Opportunity (5)** Sales (\*) Segment (\*) Project (\*) Relation (10) Contact (\*) Team (\*) Erp (\*)

Date	Margin	Exp. Date	Our ref.	Account	Contact	Project	Title
15/12/20...	7,000.00	29/01/20...	Larson, Barbara	LG Electronics Ala...	Mains, Alex	GM3020 ...	today's op...
07/12/20...	134,062.50	30/01/20...	Larson, Barbara	LG Electronics Ala...	Mains, Alex	GM3020 ...	gm3020 ...
07/12/20...	134,062.50	28/02/20...	Larson, Barbara	LG Electronics Ala...	Mains, Alex	GM3020 ...	gm3020 ...
07/12/20...	268,125.00	28/02/20...	Larson, Barbara	LG Electronics Ala...	Mains, Alex	GM3020 ...	gm3020 ...
07/12/20...	134,062.50	30/03/20...	Larson, Barbara	LG Electronics Ala...	Mains, Alex	GM3020 ...	gm3020 ...

Ready #7589 20/12/2000

**Account Manager is in Control**



# What is a Relationship?

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Trust, ethics

Commitment, reliability

Understanding of History

Knowledge

Responsiveness

Two-way communications

Warmth, Intimacy

# CRM Has Been With Us Forever

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- ▶ **My grandmother operating her variety store in small town Saskatchewan 50 years ago.**

# Using Relationship Management

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- ▶ We enable industry today to conduct business with their clients, partners, suppliers and employees, the way our grandmothers did years ago.
- ▶ Difference in scope of operation, speed and business cycles.
- ▶ The 80/20 rule in action!

# What is CRM –Where does it fit?

Data Warehouse

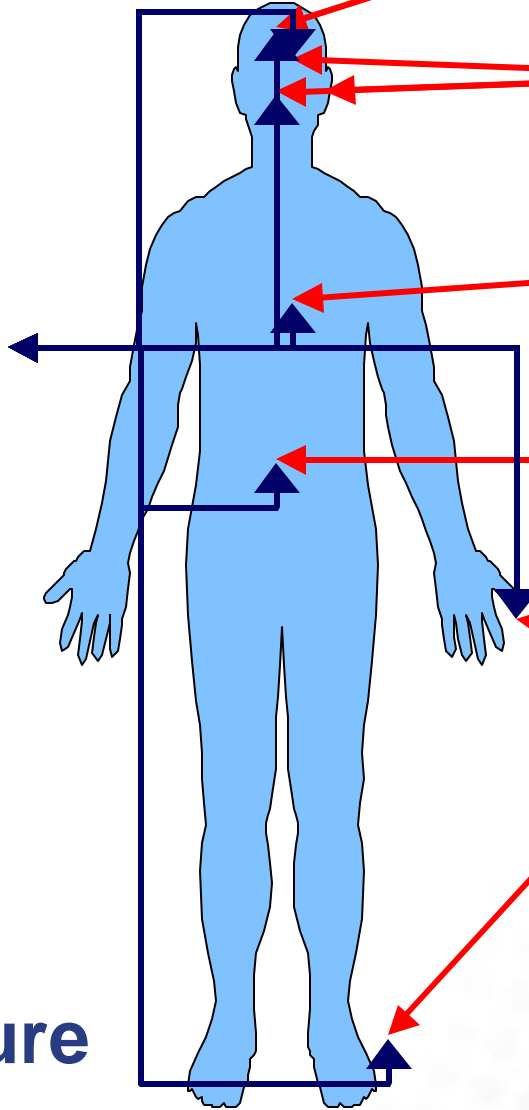
CRM

ERP Data

SCM

WFA/  
E-Mail

INTEGRATION

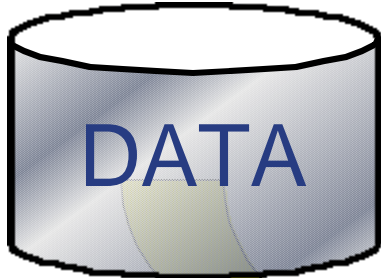


Other Systems-  
Network, Infrastructure

SFA

MA

SSA



PROFITS

WFA

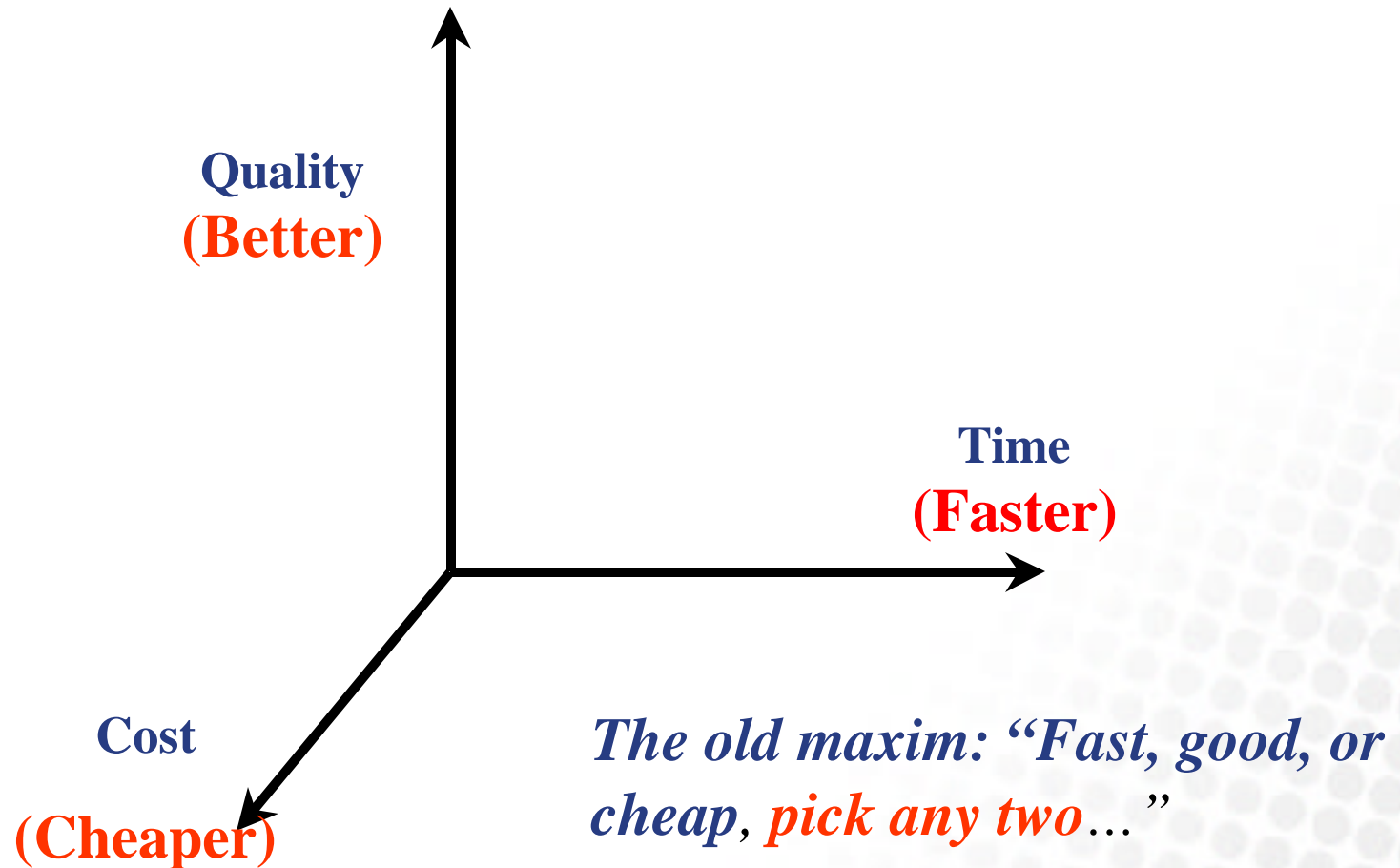
PM/KM

EIS



Software Innovation  
[growBusiness]

# Three Dimensions of Business





# Vision Vs Reality

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- ▶ Wal-mart's selection
- ▶ Priceline's prices
- ▶ DeBeer's quality
- ▶ Domino's speed
- ▶ Fedex's information
- ▶ 7-Eleven's convenience
- ▶ Home Depot's customer service

# SILEX – Exhaust Systems

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**“From Silex, a world of service and support that surrounds you”**

# Customer Loyalty means \$\$\$\$\$\$\$\$\$

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- ▶ **Seven calls to close first sale – three for the next ones.**
- ▶ **A 5% increase in customer retention can yield a 20-100% increase in profitability.**
- ▶ **70% of identifiable reasons why clients left your company had nothing to do with your product.**

# Where Does CRM Fit into Manufacturing?

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- ▶ “ Up to 80% of the costs of poor quality on the manufacturing floor are attributable to functions outside of manufacturing.....traced back to order entry...sales. A 1% reduction in failure cost will yield a 4% increase in operating margins.”

National Productivity Review

Genesis 6 (barbaral)

File Edit Search View Go To Tools Options Help

Account Activity Document Forecast Opportunity Product Project Sales Scheduler Segment Service Service Contract

Esm modules

- Global favourites
  - Leads Management
    - For Distribution
    - Inside Sales
    - Outside Sales
      - GM - Inbox (Barbara Larson)
      - Leads Inbox - Patrick Fish
  - Sales
    - Activities
      - All Activities
      - Activities This Month
      - Activities Last Month
      - Calls Out
        - Barbara Larson
        - Patrick Fish
        - Paul Chan
      - Appointments
        - Barbara Larson
        - Patrick Fish
        - Paul Chan
    - Pipeline by Status
    - Sales Results
    - Opportunities
    - Pipeline (Opportunities > 50%)
    - Marketing
    - Service
    - GM Accounts by Region
      - E USA + Europe
      - W USA
      - Asia
      - Korea
      - Japan
    - Product Catalog
    - GM All Sales
    - History
    - My favourites
    - Not saved

Account

LG Electronics Alabama, Inc.

High No 63 700000 5 3

Sys. Name LG Electronics Alabama, Inc.

PARENT LG Electronics

Category (1) Client

Switchboard 256-772-0623

Fax 256-772-8987

WEB address www.lgeservice.com

Email initial.last@lgeservice.com

Industry (2) Manufacturing: Electronics

Our Ref Larson, Barbara

Address Notes Additional fields Picture Statistics

Office Address

Address (0) 201 James Record Rd.  
Huntsville, AL  
35006

City/St/Zip Huntsville AL 33294

Country UNITED STATES - USA

County

Territory E-USA + EUR

Activity (\*) Document (\*) Opportunity (\*) Sales (\*) Segment (\*) Project (\*) Relation (\*) Contact (\*) Team (\*) **Erp (8)**

Customer	Territory	Item	S...	Number2	PD Number	Qty	Price	Amount	Via	Term
LG Electronics	Canada ...	GM2242...	6c	10000544	PO013927	25	4.94	123.50	FXPRI	N15
LG Electronics	Canada ...	GM833X...	6c	10000544	PO013927	5	72.25	361.25	FXPRI	N15
LG Electronics	Canada ...	GMVLD8...	6c	10000553	PO013673	330	44.00	14,520.00	FXCO...	N15
LG Electronics	Canada ...	GM833X...	6c	10000553	PO013673	330	48.65	16,054.50	FXCO...	N15
LG Electronics	Canada ...	GM2242...	6c	10000655	PO014006	125	4.94	617.50	FXCO...	N15
LG Electronics	Canada ...	GM833X...	6c	10000748	PO014243	40	72.25	2,890.00	FXCO...	N15
LG Electronics	Canada ...	GM2242...	6c	10000750	PO014158	275	4.94	1,358.50	FXCO...	N15
LG Electronics	Canada ...	GM2242...	6c	10000749	PO014227	25	4.94	123.50	FXCO...	N15

Ready

CAD #7589 1/28/2001

Start CRMMCK... HP Corp... screen s... reports... ESM We... Genesis... 12:21 PM

# CRM and Leads

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- ▶ **Sales force follow up increases from 10 to 39% when a structured lead management system is in place.**
- ▶ **Only 15% of business /industrial inquiries result in a salesperson's call.**
- ▶ **76% of those who inquire intend to buy. 40% do not approach your competition. 63% of leads turn into a sale for someone.**



# Business Development

The screenshot shows the Enterprise SalesMaker 6 interface. The left sidebar contains a tree view of 'Global favourites' with categories like Sales, Marketing, and Events. A red circle highlights the 'Sales' folder, which includes sub-items like 'Prospects', 'Sales Projects', and 'Leads to be Assigned'. The main window displays account details for 'Atlantic Machine', including a status bar with 'High No 100 100000 5 50 0', a 'Sys. Name' field, and an 'Address' section with fields for Office Address, Mailing (125 Summer Street), City/St/Zip (Boston MA 02020), Country (UNITED STATES - USA), Territory (East - East), and Region (Central). Below the account details is an 'Activity (74)' table with columns for Date, Type, Closed, Our Ref., Account, Contact, and Project. The table lists activities such as 'Service call' and 'Fulfillment'.

**Closed-loop marketing process**

Marketing Campaign → Leads → Fulfillment/Qualification → Sale

HP World 2001 [growBusiness]

# CRM and Service

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- ▶ If you give a client truly outstanding service, they will buy from you again.
- ▶ If you give a client good service, they may buy from you again.
- ▶ If you give a client average service, they will buy from someone else.

# CRM is not just a time saver

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- ▶ “The issue’s really effectiveness. Giving the **average** sales and service person the tools to **make great sales and service calls.**”

Genesis 6 (barbaral)

File Edit Search View Go To Tools Options Help

Account Activity Document Forecast Opportunity Product Project Sales Scheduler Segment Service Service Contract

Esm modules

- Account
- Activity
- Document
- Forecast
- Opportunity
- Product
- Project
- Sales

Global favourites

- History
  - Monday 1/15/2001
  - Tuesday 1/16/2001
  - Today
- My favourites
  - GM - My Sales Pipeline
  - GM - Customer Info
  - GM Activity Management
  - GM Service Person View
  - All My Service Cases (11)
    - Cases by category
      - Critical cases (3)
      - Cases by status
        - Pending cases(gm) (2)
        - Open cases (4)
        - Assigned cases (2)
    - GM Service Mgr. View
    - customer feedback for gm5020
    - Not saved

**Service** [standard\_view] Write Document...

Ref. no: SUP-17-21-09-98 Completed  Status Note Additional field

Registered date: 9/21/1998 12:00 AM

Registered by: Larson, Unni

Description: Chip malfunction

Our ref.: Larson, Barbara

**Relation**

Account: Telco Systems, Inc.

Contact: Mains, Alex

Project:

Product: GM833K2B

Serial number:

Error code (1): Chip Malfunction

Keywords (2): Chip Error; Protection Exception

Agreement no.:

Category: Critical

Status: Pending

Escalation level: Less than 1 hour Elapsed time: 00:00

Deadline: 9/21/1998 Invoicable

Completion date:  Of

Activity (0) Document (0) Material (0) Log (\*) Sales opportunities (0) Contact (1) Sales (1) **Overdue (14)**

Esc. level	Date	Due date	Ref. no.	Responsible	Status	Account	Description
Less than 4 hour	12/19/2000	1/16/2001	0047	Larson, Barb...	Assigned	LG Electronic...	faulty mo...
Less than 1 hour	9/28/2000	9/29/2000	SUP-42-2...	Estevez, Ra...	Open	LG Electronic...	help doin...
Less than 1 hour	10/26/1999	10/27/1999	SUP-39-2...	Larson, Barb...	Open	Atlantic Machi...	Late ship...
Less than 1 hour	10/25/1999	10/25/1999	SUP-38-2...	Larson, Barb...	Assigned	Atlantic Machi...	broken c...
Less than 1 hour	10/19/1999	10/20/1999	SUP-37-1...	Larsen, Eric	Open	Atlantic Machi...	test
Less than 1 hour	10/18/1999	10/19/1999	SUP-32-1...	Smith, Michael	Done	Atlantic Machi...	Complaint...
Less than 1 hour	10/18/1999	10/19/1999	SUP-33-1...	Larson, Barb...	Open	Atlantic Servi...	Chip over...
Less than 1 hour	10/18/1999	10/19/1999	SUP-34-1...	Larson, Barb...	Open	Cayenne Soft...	Needs su...
Less than 1 hour	10/18/1999	10/19/1999	SUP-35-1...	Constanza, G...	Assigned	LG Electronic...	Complaint...
Less than 1 hour	10/15/1999	10/18/1999	SUP-31-1...	Larson, Barb...	Done	Atlantic Machi...	Shipment...
Less than 1 hour	9/21/1998	9/21/1998	SUP-17-2...	Larson, Barb...	Pending	Telco System...	Chip malf...
Less than 1 hour	9/21/1998	9/21/1998	SUP-18-2...	Larson, Barb...	Open	LG Electronic...	Chip malf...
Less than 1 hour	9/21/1998	9/21/1998	SUP-19-2...	Rutherford, A...	Assigned	Communicatio...	General s...
Less than 1 hour	7/28/1998	7/29/1998	SUP-12-2...	Larson, Barb...	Open	Global Softwa...	Chip malf...

Ready #17 1/26/2001

Start | Inbox - Microsoft Outlook | Genesis 6 (barbaral) | Document1 - Microsoft ... | 10:15 AM

# What Is Relationship Management?

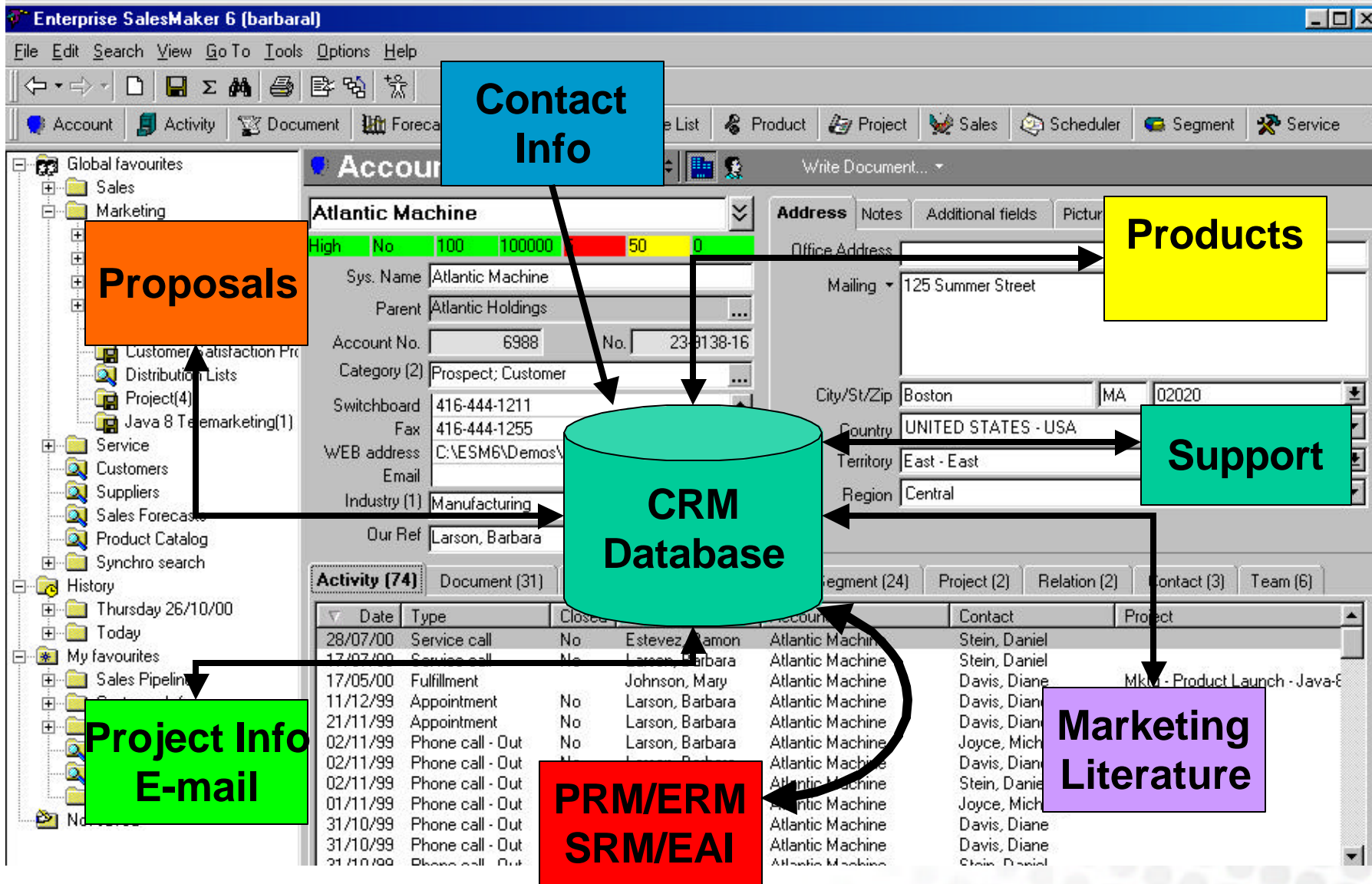
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- ▶ CRM
- ▶ PRM
- ▶ SRM
- ▶ ERM
- ▶ VCM=SCM?
- ▶ CPC

Common Sense – What is it for you?



# A Picture is worth a 1000 words







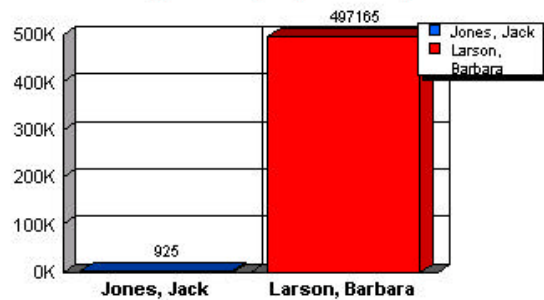
# Pipeline Report

Pipeline

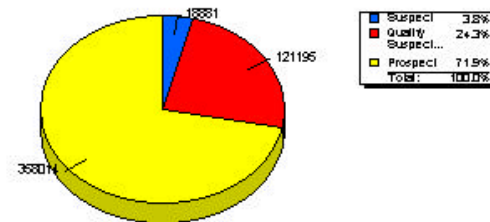
Possible Income

Sales Responsible	Prospect		Proposalsent		Negotiating		Total		This month		Next		2 months		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Jones, Jack	1	131	3	794			4	925	1						1	
Larson, Barbara	1	18 750	11	120 401	13	358 014	25	497 165	4	86 598	3	203 497	2	67 031	9	363 126
	2	18 881	14	121 195	13	358 014	29	498 090	5	86 598	3	203 497	2	67 031	10	363 126

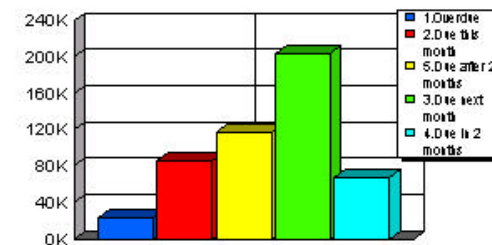
Opportunity by Salesrep



Opportunity by status



Pipeline



*Sales Reports in seconds, not hours*

# Points for your Boss

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- ▶ The difference between involved and committed
- ▶ CRM will increase profit in the company
- ▶ CRM is a process not a thing
- ▶ CRM software is a tool, not a solution
- ▶ CRM will change the way the company does business
- ▶ Just how well is your body operating?

# Areas of Concern to the CEO

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- ▶ Will this system use our present infrastructure?
- ▶ Will it integrate seamlessly?
- ▶ Data Security?
- ▶ Will it increase our efficiency?
- ▶ Does it fit into our strategic plan?
- ▶ Does it pay for itself? How?
- ▶ How soon? How reliable is the vendor?

You must be able to answer these questions

# Vendor Solutions

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- ▶ **One size does not fit all**
- ▶ **Your company, your needs are different**
- ▶ **Best of Breed Vs One Stop Shop**
- ▶ **Vendors team**
- ▶ **Project Management Module**
- ▶ **Client Server as well as web, wireless?**
- ▶ **EIS capability**
- ▶ **Ease of use**
- ▶ **Their way or your way with your business rules**
- ▶ **Seamless integration for email, your applications**
- ▶ **Price vs performance**

# Implementation

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- ▶ Start small- pilot
- ▶ Get several small wins
- ▶ Reinforce success
- ▶ Stop scope creep
- ▶ Keep the CEO on board

# CRM and the HP e3000

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- ▶ Connect with ODBC, JDBC, use XML,
- ▶ Third party solutions such as Quantum for ManMan
- ▶ Use SQL Server as DB
- ▶ Web and client server available
- ▶ Lutris

# With the HP 9000/NT

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- ▶ Many many solutions working out of the box
- ▶ If you have DB2 on the HP 9000, see me

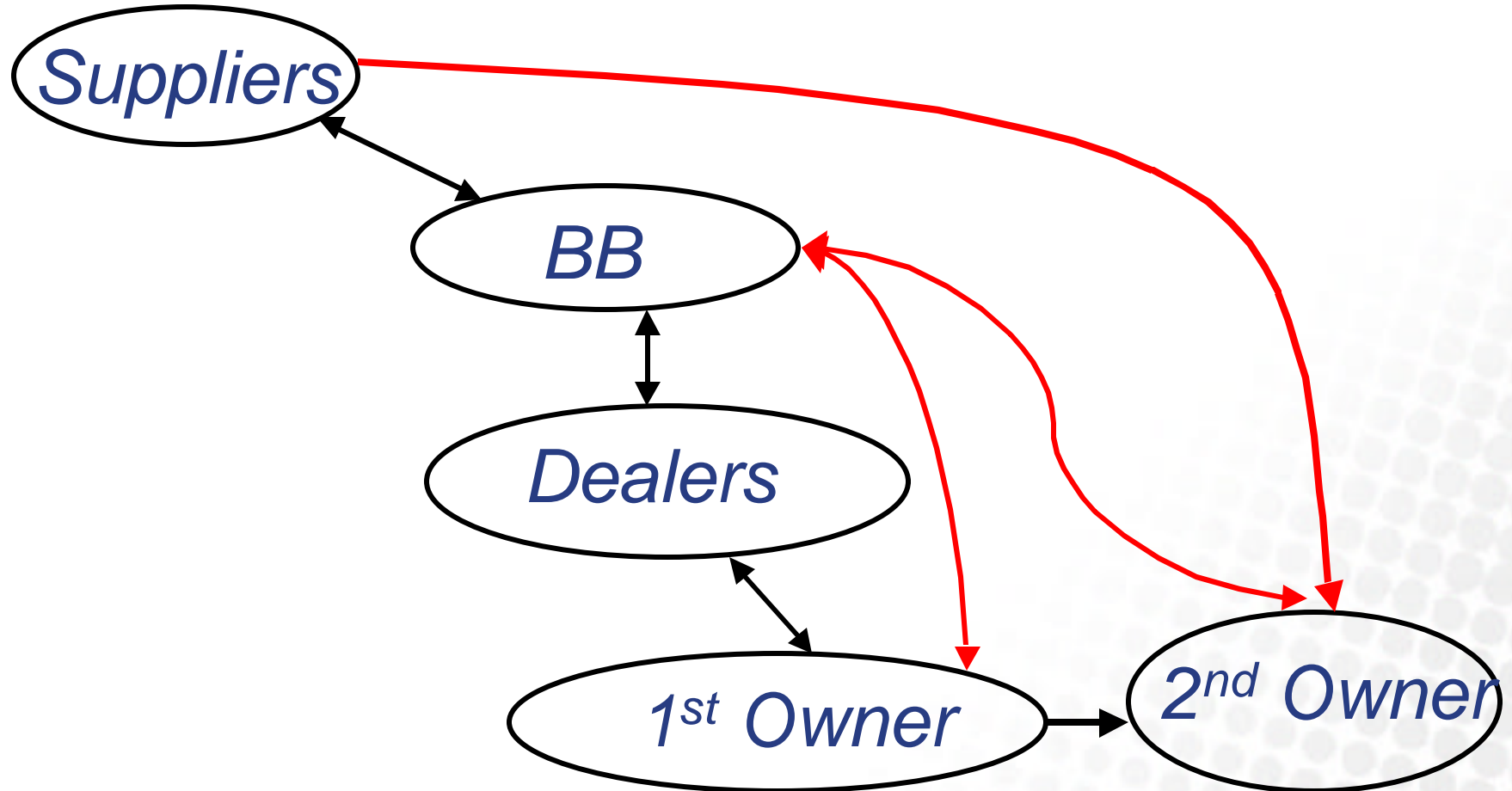


# Case Study

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- ▶ Better Boat Company
- ▶ Under rapid growth- double in size, sales this FY
- ▶ Paper based – warranty, re-keying data
- ▶ Silos of information –
- ▶ SFA and SSA key pain areas
- ▶ Hp e3000 N class, will migrate to AS/400 in 2002, tried in 1999, failed,
- ▶ Outlook
- ▶ Web and client server requirements

# Better Boats



# Dazzle Laser Company

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- ▶ Semiconductor Manufacturer – Global View
- ▶ Integrate with ERP system, and ACT
- ▶ Desire one e-mail system
- ▶ Collaborative development with Clients
- ▶ 80% standard, 20% custom product
- ▶ Marketing support

# Mighty Microchip Company

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- ▶ Integrate Oracle ERP, Financials and Supply Chain
- ▶ Migrate Goldmine data
- ▶ One e-mail system
- ▶ Sales Force Automation number one priority
- ▶ Global Collaborative Development
- ▶ Global view of best clients

# Jobline

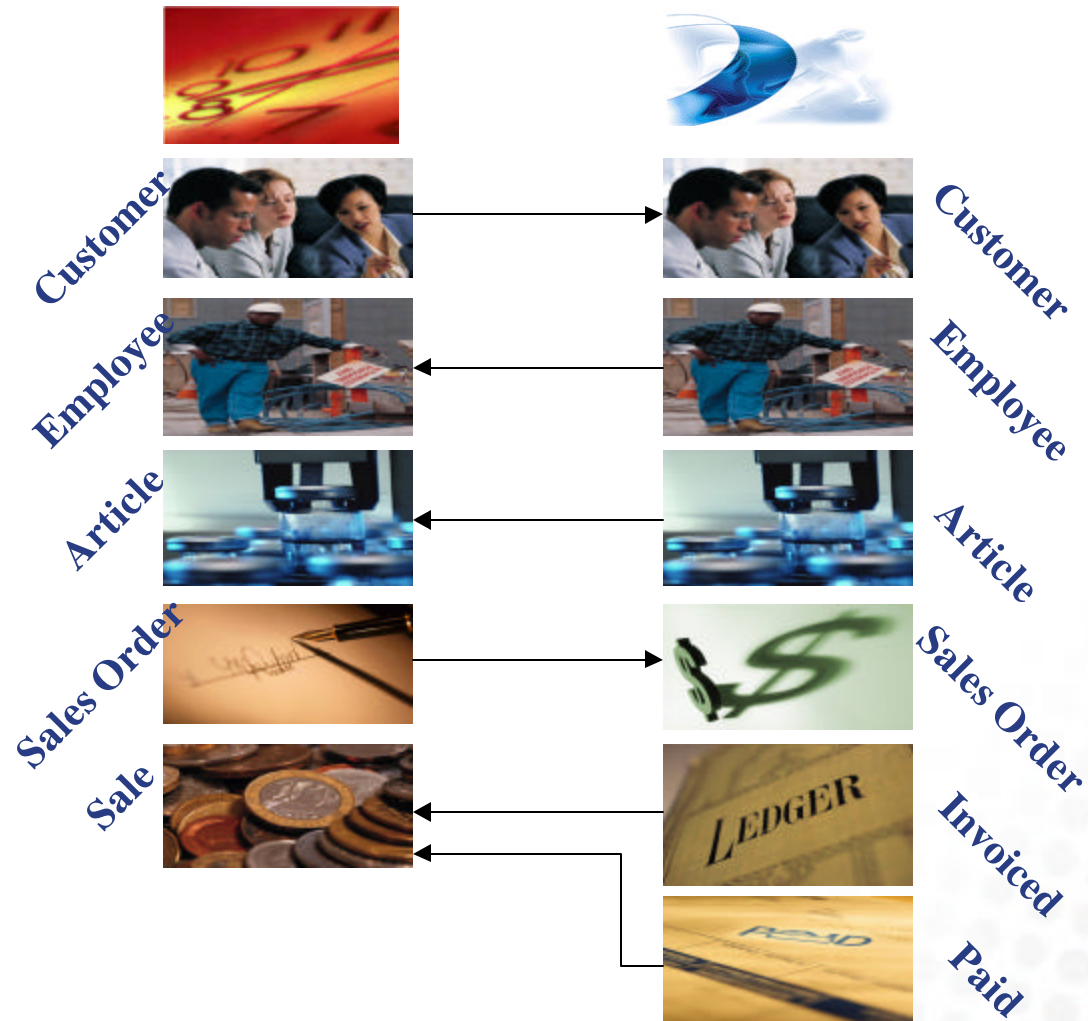
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- ▶ Six countries = six languages
- ▶ Eight locations
- ▶ One ERP system
- ▶ Eight local CRM/one corporate CRM DB
- ▶ Web with Java and XML

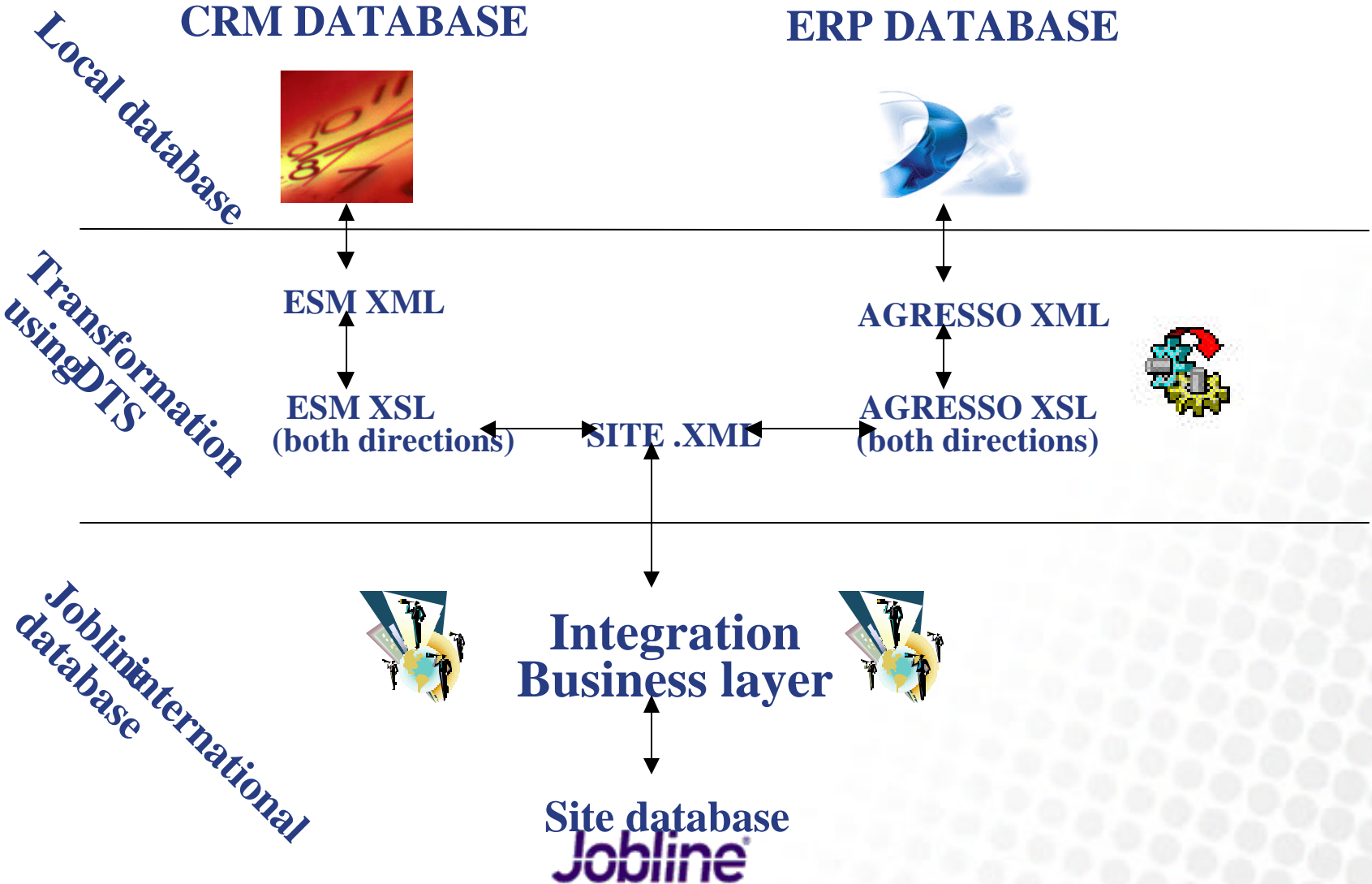
# Integration Areas

CRM

ERP



# Integration Architecture



Local database

CRM DATABASE

ERP DATABASE

Transformation using DTS

Joblineinternational database



ESM XML

AGRASSO XML

ESM XSL (both directions)

AGRASSO XSL (both directions)

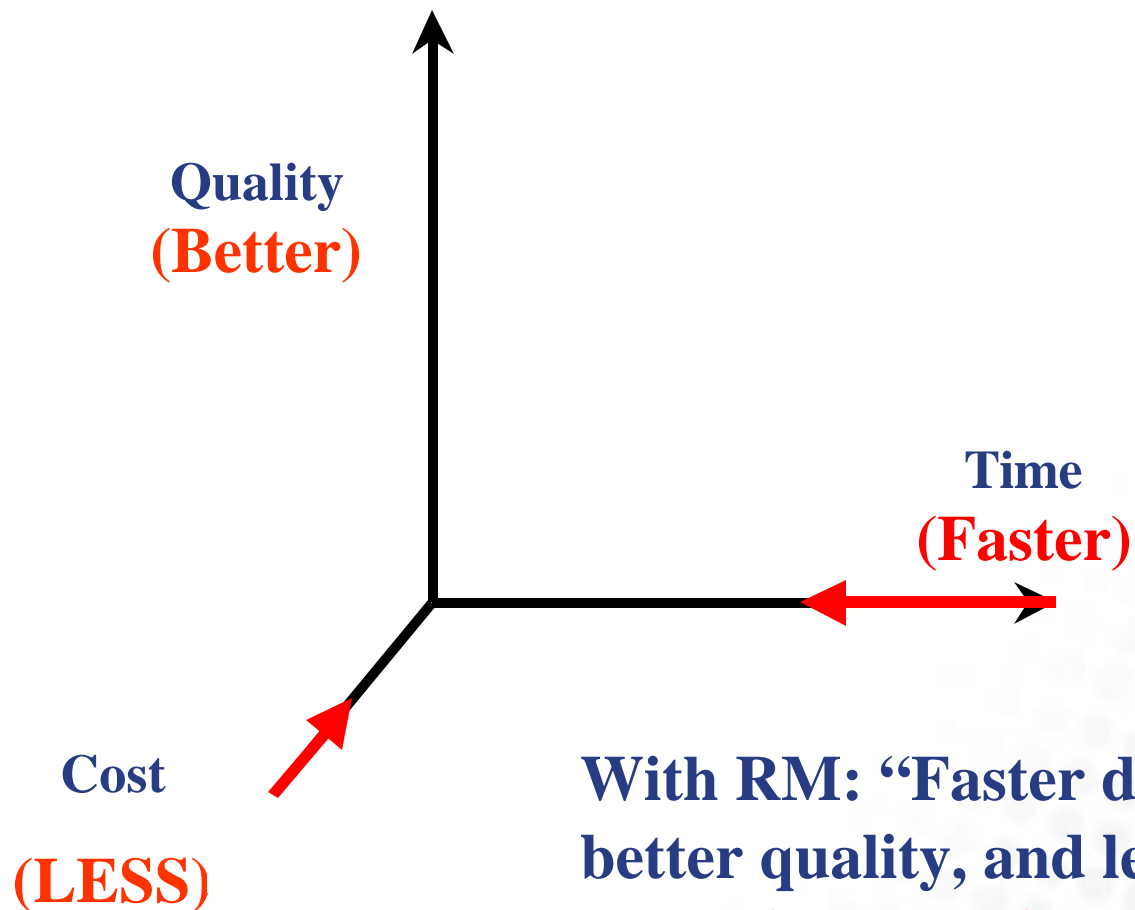
SITE .XML

Integration Business layer

Site database  
**Jobline**



# The Possible -Three Dimensions of Future Business



With RM: “Faster delivery,  
better quality, and less  
expensive, **have it your way...**”

# The Genie Question

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- ▶ Would you like to decrease product development time?
- ▶ Would you like to increase quality in development or production?
- ▶ Would you like to increase product development with your best clients?
- ▶ Would you like to increase sales at a lower cost?
- ▶ Want to increase customer satisfaction?

# Books/ Reference Sites

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- ▶ Leading the Revolution – Gary Hamel
- ▶ Customer Relationship Management – Stanley Brown
- ▶ Secrets of Customer Relationship Management – James Barnes
- ▶ [www.ismguide.com](http://www.ismguide.com)

# Contact

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- ▶ Karmin McKay
- ▶ 1-866-softinn (763-8466)
- ▶ 1-905-627-9571 - home office
- ▶ 1-905-512-9835 - mobile
- ▶ 1-416-368-3000 (#324)– main office
- ▶ 1-416-368-3600 – fax
- ▶ [Karminm@softinn.com](mailto:Karminm@softinn.com)
- ▶ [www.softinn.com](http://www.softinn.com)