


Concepts in
Enterprise Resource
Planning
2nd Edition



Chapter 3
Marketing Information Systems and
the Sales Order Process

Chapter Objectives

- Describe the un-integrated sales processes of Fitter Snacker, a fictitious company whose operations are used as an example
- Explain why un-integrated Sales and Marketing information systems lead to company-wide inefficiency, higher costs, lost profits, and customer dissatisfaction
- Discuss sales and distribution in SAP's R/3 system, and explain how integrated data sharing increases company-wide efficiency
- Describe how SAP R/3 processes a standard sales order
- Describe the benefits of Customer Relationship Management software, a useful extension of ERP software

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Customer Relationship Management

PART 3

Concepts in Enterprise Resource Planning, Second Edition 3

Customer Relationship Management

- Customer Relationship Management (CRM) helps a company streamline interactions with customers and make them consistent
- Goal is to provide a "single face to the customer"
 - Any employee in contact with a customer should have access to all information on past interactions
 - Information about a customer should reside in the ERP system, not with the employee
- CRM also provides a company with tools to analyze the vast quantities of sales data available from the ERP system

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Core CRM Activities

- *One-to-One Marketing:*
 - Customers are categorized and products, promotions, and pricing are tailored accordingly.
 - Sales may be increased by cross-selling and upselling
- *Sales Force Automation (SFA):*
 - New customers are automatically routed to the appropriate sales representative
 - Customer needs are forecasted based on the customer's history and transactions
- *Sales Campaign Management:*
 - Helps a company organize a marketing campaign and compile its results.

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Core CRM Activities

- *Marketing Encyclopedias:*
 - Database of promotional literature
 - Material can be routed to sales representatives or customers as needed
- *Call Center Automation:*
 - Customer support can be improved with the assistance of a knowledge management database
 - New solutions to unique customer query can be added to the knowledgebase, making it "smarter"

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SAP's CRM Software

- SAP R/3 contains some CRM functionality:
 - Contact management tool:
 - Database of customer contact information
 - Sales activity manager:
 - Supports a strategic and organized approach to sales activity planning
 - Helps ensure follow-up activities are accomplished

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Contact Manager



Figure 3-13 SAP R/3 contact manager

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Sales Activity Manager

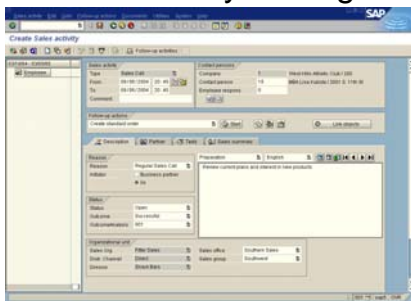


Figure 3-14 SAP R/3 sales activity manager

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mySAP CRM

- A separate CRM system has the advantage of not interfering with the performance of the ERP system
- The SAP R/3 system provides the raw data for CRM
- R/3 and CRM can also interact with:
 - Business Warehouse (BW):
 - Flexible system for reporting and analysis of data
 - Advanced Planner and Optimizer
 - System to support flexible planning of the supply chain
 - Provides improved customer service with Global ATP

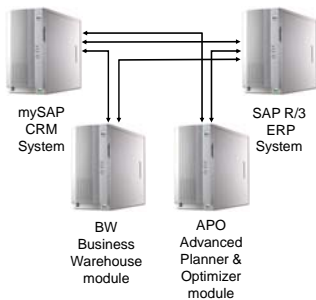


Figure 3-15 SAP CRM system landscape

mySAP CRM

- SAP's CRM manages three basic task areas:
 - Marketing
 - Sales
 - Service
- The three basic tasks contribute to the cultivation of the customer relationship.
- Cultivating a customer relationship involves four phases:
 - Prospecting
 - Acquiring
 - Servicing
 - Retaining

Cultivating a Customer Relationship

- Prospecting:
 - Potential new customers are evaluated and development activities (e-mails, sales calls, mailings, etc.) are planned
 - Marketing tasks predominate in this phase.
- Acquiring:
 - Salespeople develop business prospects into customers
 - Sales tasks (processing inquiries, quotes, and sales orders) become increasingly important in this phase.

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Cultivating a Customer Relationship

- Servicing:
 - Technical support, warrantee work, product returns, quality problems, complaint handling, etc. are critical to maintain satisfied customers.
- Retention
 - The rate at which a prospect becomes a customer is quite low, thus, retention is critical as it is easier to retain good customers than to find new ones
 - Timely delivery of quality products and services at a fair price is the focus
 - Marketing must anticipate changes in customer requirements

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Marketing and Campaign Planning

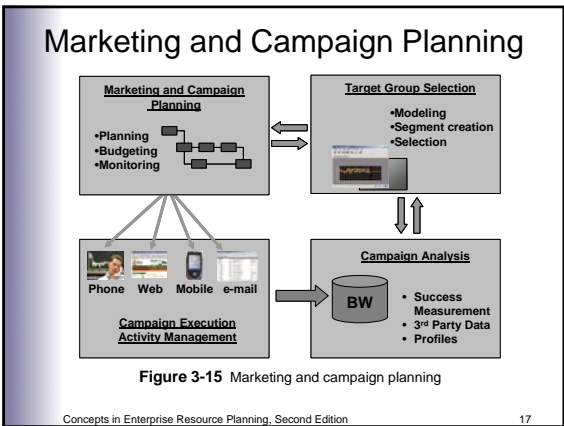
- Companies spend significant sums on marketing campaigns
- Successful planning, execution and evaluation are necessary to achieve the maximum benefit
- mySAP CRM supports:
 - Marketing and Campaign Planning
 - Target Group Selection
 - Campaign Execution Activity Management
 - Campaign Analysis

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Marketing and Campaign Planning

- **Marketing and Campaign Planning:**
 - Task scheduling, resource allocation and budgeting
- **Target Group Selection:**
 - Data from the SAP R/3 system (perhaps using BW) is used to categorize the company's customers to offer more individual product and service promotions
- **Campaign Execution Activity Management:**
 - Manage the execution of the marketing campaign, including handling sales calls, mailings, personalized e-mailings and Web-based promotional activities
- **Campaign Analysis:**
 - Evaluate the success of the campaign via lead generation and response rates
 - Plan improvements for the next marketing campaign
 - BW tools can support this analysis

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Benefits of CRM

- **Lower costs:**
 - Better response times in call center operations and better use of sales force time lowers costs.
- **Higher revenue:**
 - Segmenting customers provide improves selling, increasing revenues.
- **Improved strategy and performance measurement:**
 - With CRM in place, management can think about different performance measures:
 - Should salespeople be rewarded for exceeding sales quotas and marketing people rewarded for finding new customers?
 - Should both receive rewards that are based on some measure of customer satisfaction?
 - CRM can lead to all personnel thinking in terms of a company-wide effort to satisfy customers.

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Another Look: CRM Success and Failure

- CRM is often incorrectly viewed as a technology implementation driven by the IT department
- CRM should be viewed as a business strategy
- CRM tools can help identify the most profitable customers
- Volvo Cars of North America is using predictive modeling to find new customers
- Tesco combines CRM analysis with exceptional customer service
- Financial companies are using CRM to move from being one-time sellers to selling a range of financial products

End of Chapter 3 Part 3

Customer Relationship Mangement
