

Chicago Tribune

DATE TO EACH OTHER

11.8.99

Relationships

Firm connects with customers, exponentially

By Joanne Cleaver
SPECIAL TO THE TRIBUNE

The Square D catalog is just about as popular with electrical contractors, manufacturers and distributors as the Victoria's Secret catalog is with frat boys.

But unlike the technically shaky show staged on-line last winter by the lingerie retailer, Square D Co. has a rock-solid, five-year track record of coming up with innovative ways to make its customers' lives easier via the Internet—so solid, in fact, that the manufacturer of electrical and other industrial components recently landed in the No. 1 spot on PC Week magazine's list of the top 100 innovators in Internet technology.

It's no secret that Palatine-based Square D, the North American unit of Paris-based Schneider Electric, has set a standard for customer relationship management—known as CRM—that makes other companies sigh with envy. It has done what most of them are still trying to figure out: how to leverage technology's power to make more money from happier customers.

While Square D enjoys its front-runner status, most companies in the business-to-business segment are just now figuring out which CRM strategies hold the most promise for their own operations.

"Everyone expects their suppliers to provide best practices, even if their own companies don't," said Mark Peacock, Chicago-based director of the central region CRM practice for professional services firm Deloitte & Touche. "Companies know they have to do this

The goal: meeting a customer's needs by blending a deeply detailed purchasing history with glitch-free sales, distribution and service.

Good customer relationship management is competitive advantage."

The holy grail of CRM is the much-valuedly achieved ideal of one-on-one marketing: matching a customer's needs precisely and profitably by blending a deeply detailed record of the customer's purchasing history with glitch-free sales, distribution and service.

Achieving that level of commercial intimacy requires coordination of databases, analytical tools and various modes of customer communication with the least predictable factor of all: employees' ability to maximize those resources.

As if that weren't a tall enough order, companies are also faced with a blizzard of tactical options: Software developers, consultants and others are constantly introducing products and services that purport to solve one or all the pieces of the CRM puzzle. And because marketers, information technology executives, salespeople and customer support staffers all share responsibility for getting the CRM job done, the process of choosing and installing the right plan can be slow at many firms.

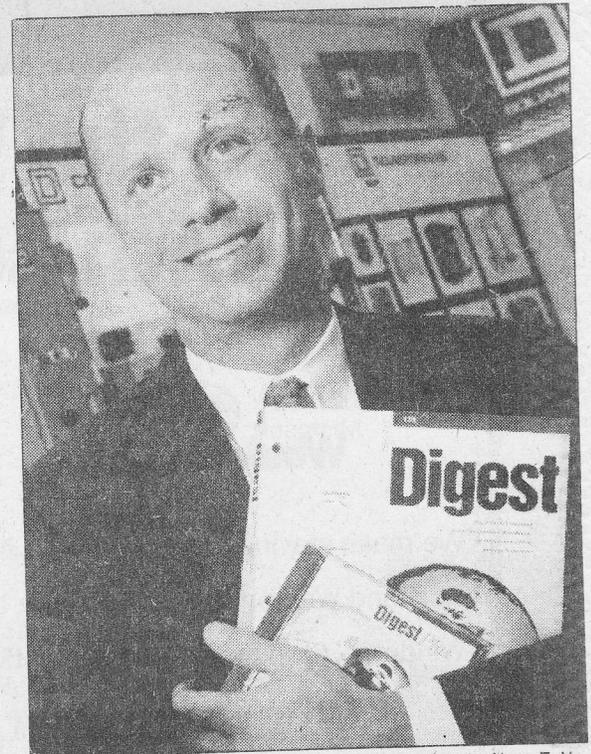
Consultants say the most ambitious companies hope to achieve within the next two years what Square D already has accomplished, such as:

- When customers call in with an arcane technical question, they're seamlessly routed to Square D's internal expert—no matter where that expert is located in the U.S.—through its customer service center in Kentucky.
- Orders are analyzed so that when customers order one item that's typically used in conjunction with another, they're asked if they need the related items too.

■ The latest incarnation of the company's on-line catalog lets users search not only by product function, stock-keeping unit and brand name, but also by a list of item characteristics, such as length, color and material.

- And every customer interaction is analyzed

SEE CUSTOMERS, PAGE 28



Tribune photo by Hung T. Vu

Bob Ciurczak is director of e-business for Square D, regarded as one of the nation's leaders in customer relationship management.

Customers

CONTINUED FROM PAGE 26

so that executives can figure out "what things we can do to possibly never have this question be asked again," said Bob Ciurczak, director of e-business for Square D. His goal is to leverage every bit of information about how Square D customers think about and buy the pieces and parts they need so that the company is always one step ahead of them.

Companies that haven't been integrating their CRM solutions for five years, as Square D has, are likely facing the dilemma of how to get their old computer systems, which contain mountains of potentially valuable information about customers, to get along with their new systems, such as Internet-based e-commerce sites.

That would be hard enough to do if the world would just stand still while the company coordinated all the software. Instead, of course, new data continues to pour

in and new questions are introduced, even as CRM managers wrestle with ways to get the most from yesterday's systems.

Some winning strategies are starting to emerge.

Corporations who are getting their CRM acts together must first take a long, hard look at their customer priorities, said Dale Renner, a partner with Andersen Consulting's CRM practice. One thing CRM doesn't mean is being all things to all customers: It's tempting to view superficially useful gimmicks, such as a place to park a virtual shopping cart on a Web site, as a precedent for ongoing CRM improvements. But not all customers are equally valuable to a company, and limited resources are most wisely devoted to those who are likely to be the most profitable over the long term.

But the historical data needed to detect and predict customers' needs is embedded in outmoded computer systems. Plenty of software vendors have sharpened technical pickaxes to dig it out and big tech-

nical shelving systems to reorganize it all. Meanwhile, reams of data are being generated in ever-more-sophisticated formats from software that tracks customers' current interactions on Web sites, through call centers and with actual human sales representatives.

The truly good news, said Mark Battaglia of Chicago-based software firm SPSS Inc., is that the current generation of tools makes it easier to mesh the old with the new.

That's crucial because customers expect to be treated with the same level of understanding if they're sending a query via e-mail or talking with someone on the phone. Companies that launched CRM projects based only on information they gathered on their Web sites have found, to their chagrin, that those interactions don't give an accurate picture of what all their customers want, and don't even reflect what the Web customers want when they contact the company through another means.

"Companies are finding that they need to know about the nature of the current transaction, the demographics of the customer and supplemental information" such as the credit histories from Dun & Bradstreet now integrated into some CRM programs, Battaglia said.

Managers are taking comfort in the pleasant development that they might actually achieve a return on their CRM investment. Until now, customer support centers have been considered necessary—and expensive—evils. But CRM systems can track the efficiency of each segment of a company's interaction with a customer and exactly where money is being made and lost.

Scott Kirkpatrick, CRM practice manager with Chicago-based consultancy BDO Seidman, relates his experience with a client that provides financial services processing for investment firms. Call center staffers had been struggling with unwieldy screens of information that popped up at different speeds while they attempted to answer customers' account inquiries.

By smoothing out the back-and-forth interactions among the obsolete underlying systems, BDO was able to redesign the screens the reps use so they can detect just the information the customers want within moments of receiving a call.

The ultimate CRM return comes when marketing executives can actually anticipate customers' needs. "Every time you touch a customer, you not only get information from the warehouse to serve them, but gather new information so that someone else in the organization can have the benefit of your interaction to serve the customer," said Ben Barnes, a Somers, N.Y.-based general manager for IBM's global business intelligence solutions.

Not surprisingly, Square D is already on top of that, too: based on customer usage patterns, the company says it will never abandon its printed-on-paper catalog.