

Introduction to CRM Systems in Chinese SMEs

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<p>Abstract</p> <p>CRM (Customer Relationship Management) is an efficient management tool for an enterprise to improve the service level and customer relationships. However, CRM is not widely applied by Chinese SMEs. The implementation of CRM still faces some problems in Chinese CRM market.</p> <p>In this thesis is CRM systems applied in Chinese SMEs were discussed Chinese,including the current situation of CRM and what the SMEs need from a CRM system. In addition, it was discussed how to implement a CRM system in Chinese SMEs.</p> <p>Dinghao co., LTD is a typical small enterprise in China, which applies a primary management and service system. In the last part of the thesis, there is a project about how to apply a CRM system in this company. Based on the specific requirements, Dinghao co., LTD should choose suitable CRM vendor and implement the plan.</p> <p>According to the research, there is a potential need for CRM among Chinese SMEs because improving service quality is a demanding trend in China. Thus, CRM will play a more and more import role in Chinese SMEs.</p>			
Keywords CRM,Chinese SMEs, Service level			

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Symbols and abbreviations

SME	Small and Medium Enterprise
BPR	Business Process Rebuilding
Co., ltd	Limited Company
CRM	Customer Relationship Management
ERP	Enterprise resource planning
RMB	Renminbi (Chinese official currency)

1 INTRODUCTION

With the development of economics, the customer orientation has become a trend in business. Most of the enterprises focus on the customer's satisfaction and feedback - the key points - which can have impact on the potential purchase and competitiveness. CRM systems are becoming as a trend. They provide customer information collection and management, which can help the enterprise to make a better understanding and analysis of customers.

The small and medium enterprises (SMEs) play the vital role in Chinese economic development. However, most of the Chinese SMEs still keep the manual way to manage the customer information. For this reason, this thesis analyzes CRM system application in small and medium Chinese enterprises.

In the beginning, the thesis topic is introduced. In Chapter 2, the background and basic functions of the CRM system are introduced. In chapter 3, the CRM system applications in Chinese SMEs, including the current situation of CRM and demands of CRM for SMEs are explained. In chapter 4, it is discussed how to implement a CRM system in Chinese SMEs. It adopts a feasibility analysis to solve the problems of implementation. In Chapter 5, there is a CRM project implementation for a small enterprise. Finally, a conclusion summarizes all.

2 CRM System Overview

2.1 Defining CRM

Introduction CRM

Nowadays, competition between the enterprises is transferring from the traditional sales methods to e-business. Companies are learning more competitive methods to attract customers. The main method to squeeze every drop of value from the existing customer is to know who the best customers and motivate them to stay that way. (Jill Dyche, 1998,4.)

The companies deal with relationships with customers by CRM systems. “The infrastructure that enables the delineation of an and increase in customer value and the correct means by which to motivate valuable customers to remain loyal-indeed, to buy again.”(Jill Dyche, 1998,4.)

In general, CRM is a part of business strategy that helps companies to select and manage their valuable customer relationships. If the enterprise has the right leadership, strategy and enterprise culture, a CRM application is used to achieve effective customer relationship management

The relationship between CRM and ERP

ERP (Enterprise resource Planning) system has been widely used by enterprise before CRM system. It is an integrated management system including a series process of enterprise management, such as. CRM is a system in which the customer is regarded as the core, and then manages the relationship with customers. From the professional view, CRM system is a specific branch of the ERP system. In other words, CRM system is like a sales management module in ERP system.

However, ERP and CRM focus on different aspects:

- 1) In terms of management, CRM focuses on human resource, marketing information, sales process, quote, contract, sales feedback and so on. But the sales management of EPR system is mainly used in customer information and orders information.
- 2) In terms of customer scales, CRM system is applied to manage information of all customers including numerous potential customers. EPR system only manages information of contract customers.

- 3) In terms of user, CRM system is used mainly by marketing, sales and service staff. ERP is usually used by production, shipment, and order management staff.

The system is chosen base on the enterprise types. If an enterprise business on services and sales, they choose the CRM system more suitable.

2.2 The background for creating a CRM

2.2.1 Demand-driven

Customer demands

The customer purchasing behavior becomes more reasonable. They not only have attention on products, but also pay more attention to the good services. The enterprise may have focus just on profits and ignore the customers' needs. This operating way certainly leads to customer dissatisfaction. Furthermore, it will also create the decline of sales. Due to the improvement of living standards, science development and rich products, personality and diversification of the customer consuming view, more and more factors will affect the selection of customers. Hence, CRM system applied by the enterprise is necessary.

Enterprise demands

An enterprise provides the service and products to customers. It has positive and negative customer experience reactions. There are three effective factors: customer experiences, external market, and the enterprise brand and contact way respectively. The enterprise brand will effectively increase customer's loyalty and satisfaction.

The enterprise realizes the importance of customer satisfaction in sales. To some extent, it decides the future of the enterprise. The enterprise gradually regards customer satisfaction to be in a very important role in the daily management and puts it in the first place of management field which can benefit the increase customer relationship management.

2.2.2 Technology Development

Nowadays, the traditional theory of customer service is replaced by the modern customer relations theory. This transformation has happened because enterprises are lacking of modern management information technology support.

Modern management information technology mainly refers to integrating a variety of technological applications (sensor technology, communication technology, computer technology and control technology) into management. Especially the development of computer technology and communication technology has caused the Internet revolution and e-commerce revolution. All kinds of intelligent management technologies have been applied widely in the area of interaction and communication between customers and enterprises. For example, the quality of customer information collected and sorted by the enterprise has greatly improved by the database technology. The development of the system integration technology brings the enterprise to realize the potential competitiveness of customer oriented resource allocation system.

The development of advanced technologies drives to the fact that the customer relationship management is not some abstract theoretical knowledge, but becomes a practical application. It will effectively enhance the amount of sales and manage marketing, customer service, at the same time to improving the capacity of reaching the customer needs.

2.3 Customer value

An enterprise system contains a huge amount of customer information, so enterprises need to find out the most valuable customers. On the contrary, most of the data is useless only but takes up the space. Therefore, the enterprise has to use the CRM to search the most valuable customers, and maximize their value. (itongji 2013.)

Screening valuable customers

A CRM system uses customer data and analysis and estimates customer value. The system will analyze the frequency of customer cycle consumption.

A customer who has the higher frequency cycles of consumption means more potential customer value growth, such as incremental consumption and purchase rate, how much the customer cost, and how much incremental purchase rate is. It is all related to a potential increase value. (itongji 2013.)

Customers also need a potential demand for classified management because they think it is a kind of respect from the enterprises. Features of customer demand become more and more diverse, different and personal. Customers expect their individual needs to be met.

In addition, different customers have various demands for value-added services. The customer who has the frequent business with the enterprise, expects to get more value-added services than others. Actually, as meeting customer's personalized demand and value-added service, the enterprise will improve customer satisfaction and loyalty.

Maximizing the fixed customer value

Most enterprises always focus on looking for new customers, but do not pay enough attention to keep existing customer loyal. In order to guarantee the routine sales, the enterprise must find new customers continuously. But enterprises also lose old customers because they cannot provide high quality after-sale service. The enterprise must continuously gain new clients to replace lost customers. This is an expensive and endless process. (itongji 2013.)

The CRM system helps enterprises to contact with customers and keep customer relationship more convenient. If enterprises expect clients to become loyal, they should provide service which is beyond the expectations of customers. A loyal customer must be satisfied with each element involved with the product or service process.

2.4 The main functions of a CRM system

The main functions of a CRM system are divided into six parts: Sales management, Customers management, Office automation, Comprehensive Analysis, System support and System maintenance. (Wenku 2011)

Table 1 . CRM basic functions list (Huang 2015)

Model	Specific contents
Sales management	<p>Business management: Sales information and organization, such as customers description, businesses, contacts, sales stage, estimate end time, etc.</p> <p>Project management: Sales report in various stage, estimate business stage and time, probability of success, sales history and so on.</p> <p>Analysis sales: The business of selling tactics, policy support</p> <p>Classified customer: My customer, team customer, potential customer, priority Customer</p>
Customer management	<p>Customer records: Customer is basic information (name, gender, phone number, etc.)</p> <p>Customer assessment: According to the repayment time and purchasing, system will evaluate the level of customer credit</p> <p>Actions record: Customers' basic purchase activities and histories.</p> <p>Potential customer management: Business records of clues record and find sales opportunities, potential customers tracking.</p> <p>Customer service request: Profile records, storage and retrieval, tracking the contact with customer, such as time, type, simple description, tasks, etc.</p> <p>.</p>

	<p>Calling for Feedback: System delivers the customer satisfaction research form automatically after sales.</p>
<p>Office Automation.</p>	<p>Calendar: Marking the dates for customer meetings or department meetings.</p> <p>Task management: Design task, activity plan; for event arrangement, such as the To Dos, appointments, meetings, telephone, E-mail, fax.</p> <p>Instant messaging: The enterprise is inner chatting</p>
<p>Comprehensive Analysis</p>	<p>Competition analysis: According to the sales data, the system makes analysis for strengths and weaknesses of current or potential competitor.</p> <p>Customer satisfied analysis: According to the feedbacks, system analyse customer satisfaction and preference.</p> <p>Business summary: Making marketing plan and optimizing resources.</p>
<p>System Support</p>	<p>User management: Added or deleted user; limited authority for users.</p> <p>Products dates: Recording the products input and output time.</p> <p>Department setting: Setting up the departments at the initial setting.</p>
<p>System Maintained</p>	<p>Modifying the system bugs in the works.</p> <p>Adding modules according to enterprise needs</p>

3 CRM systems in Small and Medium Chinese Enterprise (SMEs)

3.1 CRM in SMEs

3.1.1 Chinese SMES

SMEs pay attention to each customer, and a CRM system helps enterprise employees to track the customer data, provide valuable digging projects and process details. CRM meets the enterprise requirements for more attending customer. Then, CRM improves managers' awareness for independent. It is beneficial for predictions the value of customers. SMEs respond to competitive challenges which can be determined by the needs of CRM in the future. Meanwhile, from the technical view, if CRM solved the shortcomings implemented for a long period and acting slowly, it would be applied more in Chinese SMEs.

3.1.2 Chinese SMES CRM system research for Chinese SMEs

The research institution makes a survey questionnaire on CRM by a professional questionnaire website. According to the results and the IT brand data, the analysis of the CRM market will be got.

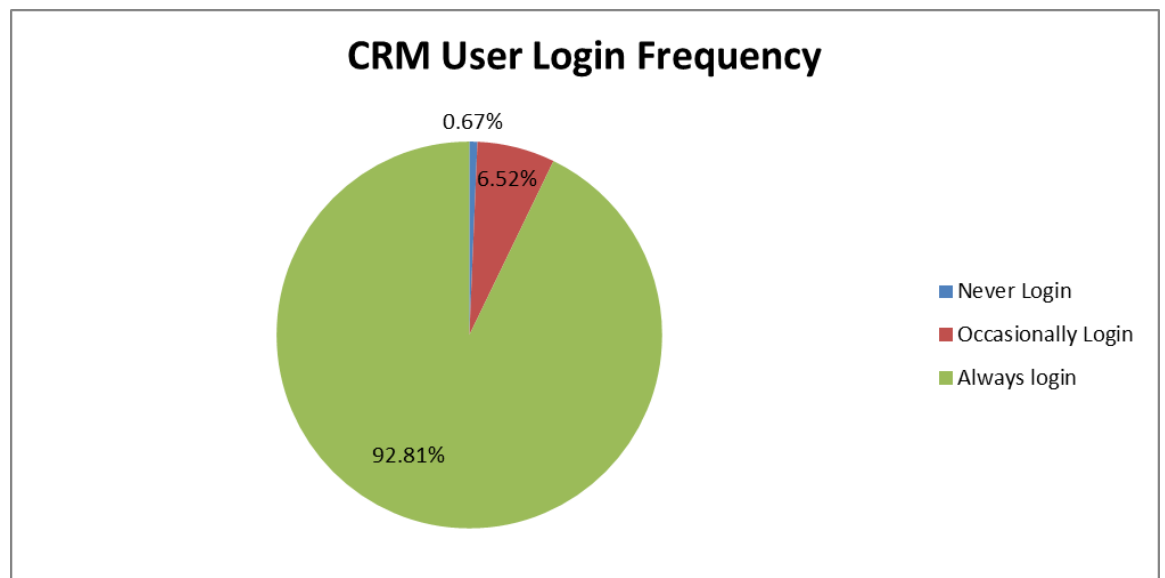


Figure 1. CRM User Login Frequency (ebrun 2013.)

In general, CRM is referred to use a computer software to automatically analyze sales, marketing, customer service and support processes.

The goals of CRM are to reduce the sales cycle and marketing costs, increase revenue, find new markets and channels as well as increase customer value, satisfaction, loyalty and profitability.

Then, how about frequency of the CRM user login? Is it are used as part of a daily management tool? After research, it was found that most users log in CRM often and the proportion accounted for 92.81%. Meantime, there were about 6.52 % of users who logged in only occasionally..

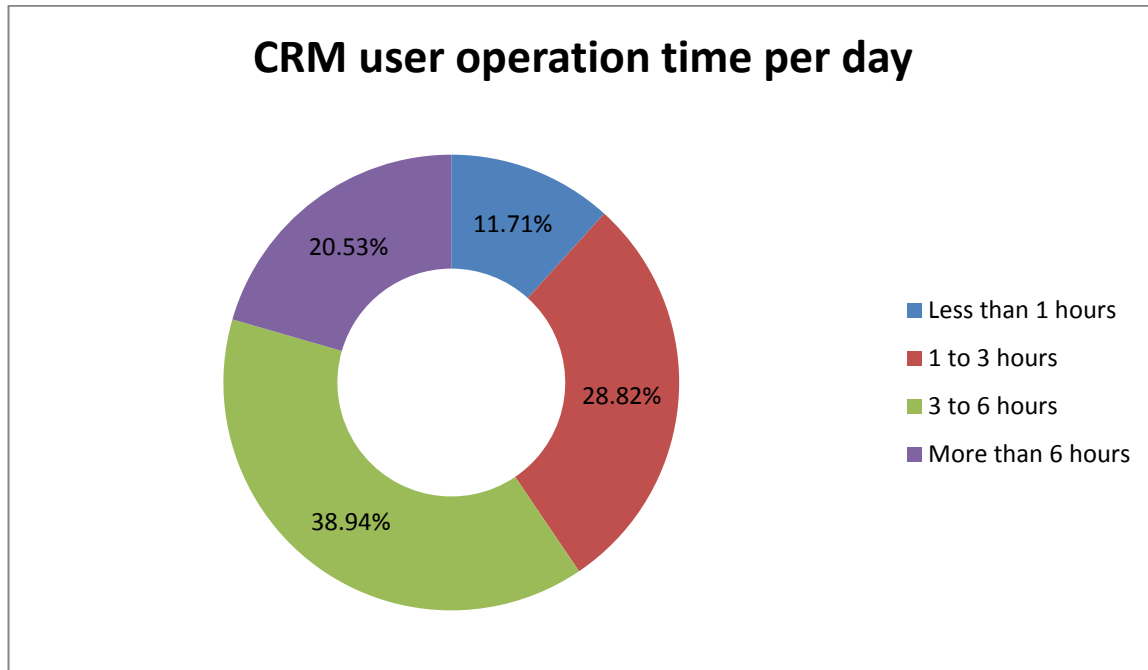


Figure 2. CRM user operation time(ebrun 2013.)

How about the operation time of CRM users? In the analysis, we can notice that the operation time of 11.71% users is less than one hour a day. The users' operation time between 1 to 3 hours per day takes up 28.82% proportion. There are about 20.53% users whose operation time is about 3 to 6 hours per day, whilst the operation time of 38.94% users are more than 6 hours.

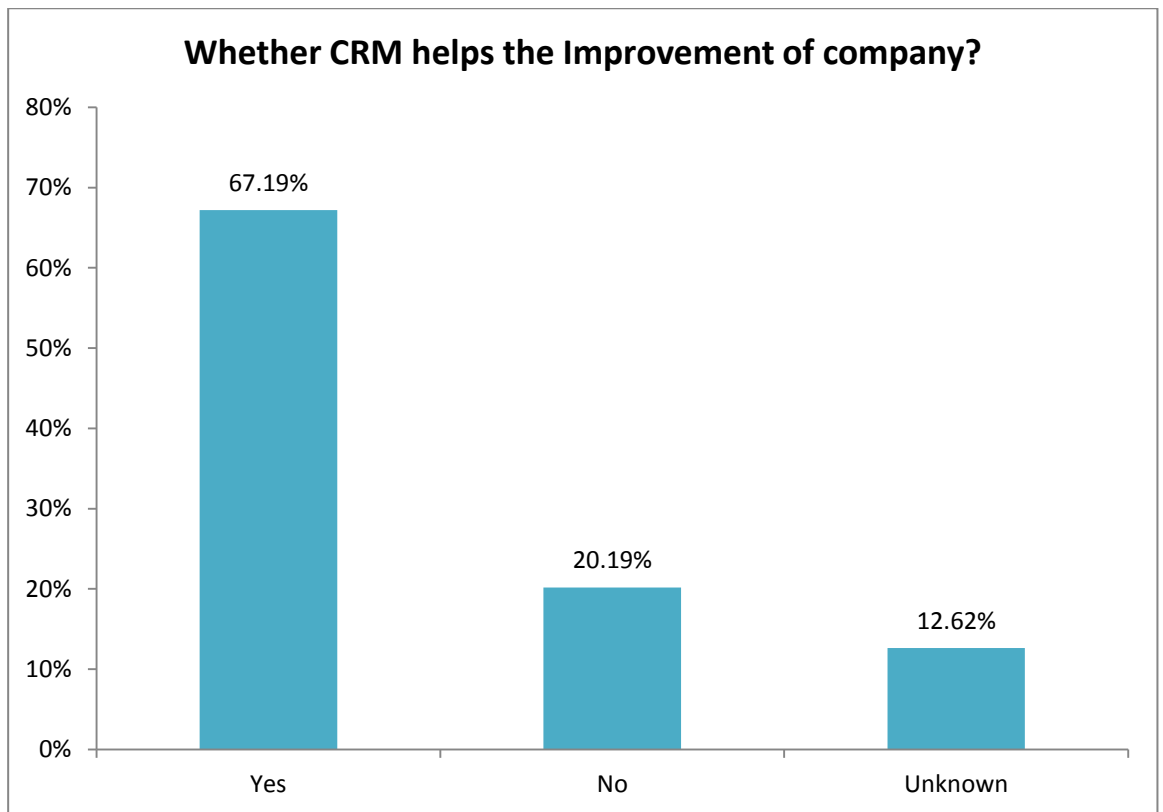


Figure 3. CRM Helps the Improvement of Company (ebrun 2013.)

The company's existing CRM systems cannot reach to the early commitment to help enterprises for improving business conditions and reducing sales costs. As can be pointed out from the table above, most users find CRM can help companies to realize the performance improvements with the agreed proportion of 67.19%. There are also 12.62% of users do not know whether CRM can promote business situations of enterprises, while the rest 20.19% respondents believe CRM that does not bring a substantial improvement to the enterprise business.

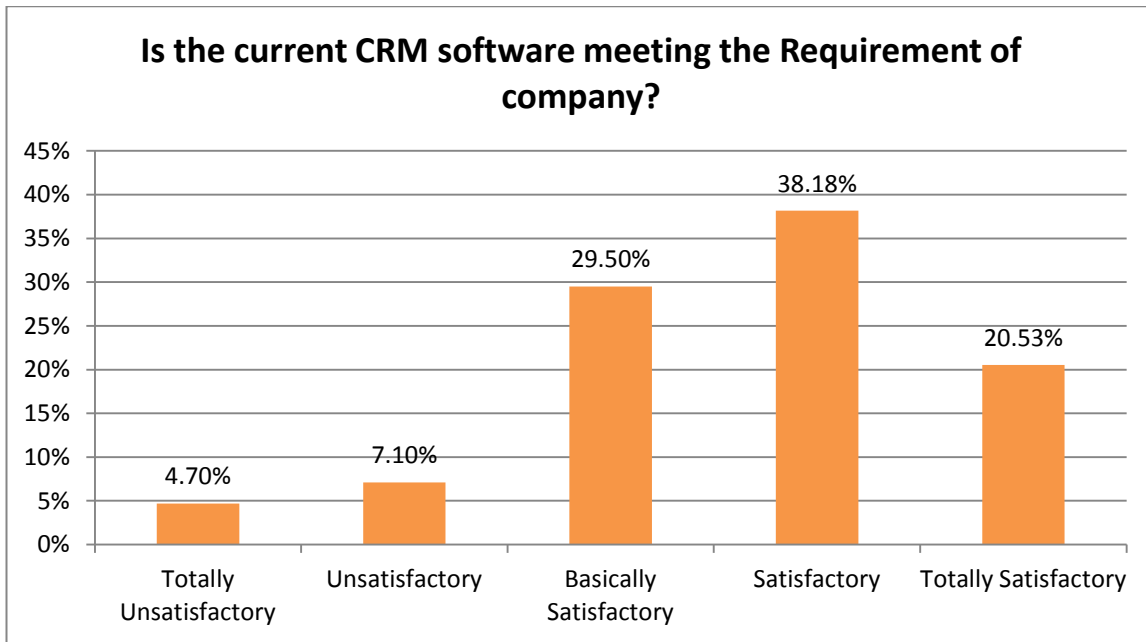


Figure 4. Current CRM Software Meeting (ebrun 2013)

Could the existing CRM system meet the needs of the company? Through the survey, it is evident that 38.18% of users believed that the existing CRM system could meet the company's needs. 20.53% of users believed that the existing CRM system was able to meet the company's needs and they showed high satisfaction to current products. In addition, 29.50% of the users were basically satisfied with the existing CRM system. That is to say, 29.50% of the users had higher expectations of the existing CRM systems. Of course, there were 7.1% of users believing that the existing CRM system could not meet the company's needs, while 4.7% of users thought it was totally not satisfied.

CRM Brand Impact Rank			
Brand	Brand Impact	Latest Product	Rank
SAP	247	SAP CRM	1
Microsoft	231	Dynamics CRM	2
Cnsaas	197	Cnsaas CRM	3
Yonyou	184	Turbo CRM	4
Oracle	160	Oracle Sibel CRM	5

Figure 5. CRM brand influence ranking (ebrun 2013)

The research institution ranked the brand influences for five CRM system development companies according to the IT-Brand data. There is a new CRM system SAP CRM by the SAP company which was ranked number one and its brand influences are about 247

scores. Then, Microsoft was ranked the second with 231 scores with product called Dynamics. (ebrun.2013.)

An institute senior analyst thinks 2013 was a turning point in the CRM market. With the development of the mobile Internet, cloud computing and other technologies, online CRM market has sprung up. (ebrun.2013)

3.2 The CRM system requirement elements in Chinese SMEs

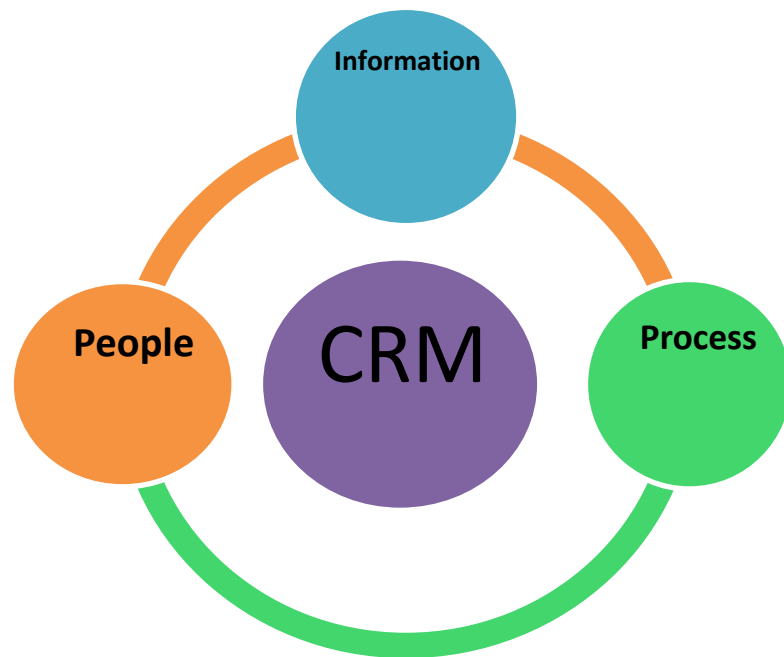


Figure 7. CRM elements

The Main requirement contains three parts: information, people and process. Each element should be related and reliable.

3.2.1 Information elements

‘Successful CRM demands the creation of a customer-information blood supply that flows around the organization, as well as tight integration between operational and analytical systems.’ (itinfo.am 2013.)

The business department determines what kind of information is required. Then, technology department recommends and creates the best projects to help to manage,

store and share information. Information element is the basic step to create successful CRM solutions.

How to design information elements? First, information is sought for meeting the core business demands based on the customer orientation. After that, the corresponding information support is determined and the enterprises solution proposal is analysed. Finally, those proposals are focused on, which are needed to decide the data model. The whole process can transfer the customer data into useful information, which can be used to solve the problems around the needs of customers in critical business.

3.2.2 Process Elements

The process is a series of work steps to ensure that all business processes could bring good experience to the customer. The CRM process can be designed based on comprehending customers. The process elements plan can be divided into four parts that are the data storage, the customer information collection, the marketing design and interactive communication with consumers as well as learning marketing. The main basic line is: Market- Clue- Contact/Customer- Tracking Opportunity- Quote- Product and Price Configuration- Order- Service- Web- Satisfaction– Clue- Feedback

3.2.3 Personnel elements

In a CRM project, the personnel are the most difficult element in management. However, it is also the most critical element in a CRM system. Personnel refer to employees (including senior managers). The designer promotes thinking ways and working methods by mutual communication, organized training, corporated assessments and developing incentives. So it is important to ensure personnel support and participation in the CRM system implementation. (Ctiform 2010.)

Enterprise communicates with employees: Firstly, the communication plan should be made for the enterprise to communicate with employees. Then the enterprise has to announce the reason why CRM system is used and what time it will be implemented. In addition, the effective information delivery should be ensured in various departments.

Enterprise provides the necessary training for employees: The necessary training should be provided to the employees by enterprise, because It can help employees' thinking effectively. Suitable training should be made for different staffs and customer

service skills need to be improved. The enterprise have to make sure they know how to communicate with customers, service and guidance.

Assign staff role in CRM system: In a CRM system, staff own works and takes depend on their roles in business. In general, CRM system application roles mostly can be divided into the following three categories:

- 1) **Leadership:** It means that the enterprise the leads personnel including company general managers, a deputy general and so on. The CRM system will contribute to the application of the daily market management, customer management, marketing management, and sales management. The main functions are such as real-time reports, statistical chart reviews, market tracking, sales forecasting and marketing plans. (Qykh2009.com 2012.)
- 2) **Management:** It means the personnel who work on the management like the sale manager. The main functions of a CRM system are: real-time sales reports, statistics and consulting, coordinating and implementing marketing plan, sales forecast, making and coordinating sales process, the system application and authority allocation of the sales personnel, the optimization of customer data and sorting, customer recognition and tracking, knowledge base development and sales performance. (Qykh2009.com 2012.)
- 3) **Sales staff:** This category focuses on sales staff usage, and the main functions of it include: customer data collection module, data statistical analysis, data report and feedback, customer tracking, sales forecast, personal sales plan, sales plan formulation, work plan, schedule, etc. (Qykh2009.com 2012.)

4 How to implement CRM in Chinese SMEs

4.1 Feasibility Analysis

Chinese enterprises are facing a grim situation where orders are reduced, marketing is in downturn, and all these facts are forcing companies to transfer the focus on the product and sales to customer's service and maintenance. In fact, Chinese enterprises have capacities to implement CRM in theory, no matter in theory or software support. (sina.com)

1) The advantage of implementing CRM

Large-scale enterprises have developed clear division in business, such as the sales department, finance department, service department and so on. Each department has its own business system. Large enterprises in business operation are emphasizing strict process management, which makes the establishment of relationship management and implementation easier. SMEs have short implementation periods which are related to the scale of the enterprise, and such a short implementation period leads to flexible control on CRM. Meanwhile, some SMEs have built their own network infrastructure and internal information management system based on their actual situation. It is convenient to facilitate the implementation of CRM and ERP systems.

2) The theory support of implementing CRM

In the transaction marketing model, enterprises are concerning orders and transactions. Enterprises should continue to look for new customers, and the costs of finding new customers are increasing from one market to another market. Relationship marketing based on the systematic rules allows the enterprise to examine corporate marketing activities within the socio-economic environment. Enterprise marketing is the process of interaction among enterprise, consumers, competitors, suppliers, government agencies and community organizations, and how to correctly handle the relationship between these individuals and organizations is the core of enterprise marketing and it is also the key to business success. Establishment and development of relationship marketing with relevant individuals and organizations are corporate marketing key variables. Also it is important to grasp the characteristics of modern market competition, and all the challenges make the shift from establishing marketing to focus on trade relations, maintenance and development. The relationship between the enterprise and relative members including competitors is not entirely opposite. However, there is considerable consistency in the goal they pursue. The goal of relationship marketing is a goal of modern enterprise management. A goal is also to establish and develop business

relations with relevant individuals and organizations to cancel opposition, so that they become interdependent.

3) Support tools of the implementation of CRM

Chinese software companies have begun researching and developing suitable local characteristics of CRM software. It is much closer to the actual needs of Chinese business. A great deal of foreign software companies are maturing relatively fast. It also provides an efficient tool for Chinese enterprises to carry out customer relationship management.

4.2 Implementation Key Points

4.2.1 CRM Type Selection

1. Determine the CRM target functions:

Firstly, enterprise must choose the CRM system which is suitable for their scale. For example, a company with less than 10 employees just needs a contact information database. However, some medium-scale companies need more functions. Hence, the enterprise can choose the function contents according to their needs. Then there are basic understanding enterprise demand and narrowing the scope of choice. (Itinfo.am 2012 Customer.)

2. Set CRM target goals

The CRM system can also be used in different ways. The small companies use to store all the information on the local server, so they choose internal deployment. If some companies require storing customer database and information in other places, they will need a CRM system which is based on cloud technology. Another considered aspect is the mobile functionality. If sale staff is always on a business trip, so enterprise have to make sure that there is a system that can be connected by smartphones and other handheld devices. (Itinfo.am 2012 Customer.)

3. To determine whether the CRM is suitable

A CRM system is running on the operating system, like on PC, Pad or Mac. The enterprise must choose a CRM system that could run in the existing equipment of your staff, to avoid more investment in equipment.

4. The CRM Customized Service

The CRM suppliers can provide some customized functions for SMEs. For example, CRM can be integrated into your website. In this way, a CRM database will be automatically updated when you receive an email from your website. Although customized service will add extra costs, it works simply and can improve relevant efficiency.

4.2.2 Business process rebuilding

Enterprise resource planning (ERP) implementation and quality of employees, the management mechanism of enterprise, management mode and management methods has close relations with the business process, process control and organization structure. If these problems cannot be effectively solved when establishing CRM, the enterprise's management level cannot be effectively improvement. Therefore, the enterprise should have radical innovation on their enterprise management structure and mode before establishing CRM system by combining the CRM and business process reengineering (BPR), breaking the old management structure, establishing new management process procedure, and realizing the rationalization and modernization. Business process reengineering is the foundation of successful implementation of CRM to the Chinese SMEs. Therefore, before the implementation of a CRM system for BPR, this stage is insurmountable. (chinabaike.com 2014.)

4.2.3 Enterprise culture

The success of CRM function needs to put CRM culture into all aspects of company operations. The enterprise can truly achieve the value of CRM once they realize the change of the sales, marketing and service culture. More importantly, it can extremely achieve sales team collaboration by making the sales team to share unified customer information which is the power of teamwork. By putting the customer on the first place, the current enterprises gradually regard customer benefit, customer focus, personality demand as the important characteristics of a new type of enterprise culture. (xchen.com 2010)

4.2.4 CRM security

There are a lot of uncertain factors in the process of inputting customer information. Statistics information mistakes may cause interference information and cause customer

distortion. The customer resource is one of the most important resources of an enterprise. Therefore, how to strengthen the management of customer resources has become the difficult problem concerning how to improve the customer resources sharing and customer balance casually in the incomplete information sharing.

4.3 The Problems in Implementation

1. Out-dated management concepts

In recent years, with the formation of the buyer's market and drastic market competition, a growing number of enterprises realize the importance of the customer to product sales and enterprise development. However, due to the effect and constraints from planned economy, there are still many enterprises, especially state-owned enterprises, which are relying on the protection and policy supports from local government, administrative monopoly, economic privileges etc. On the contrary, companies which cannot enjoy special protections are keen on shallow levels of competition, such as price competition, advertising campaign, and a monopoly alliance establishment. All in all, many enterprises are still not transferred from the traditional concept of "profit-oriented" to the modern concept of "customer-oriented".

2. Difficulties on organizational structure reform and business process

In a traditional enterprise, there is accumulated experience, chronic business process, and intertwined interests inside. Thus, a tiny change may lead to an unexpected resistance from individual or groups.

3. High initial cost

Through an investigation, it has been found that the enterprises' intention of investment on the CRM shows an obviously phenomenon that there was no enterprise which wants to choose the choice of "more than 50 million RMB investment". The proportion of choosing "between 10 million ~ 50 million RMB investment" accounted for 5%, 17% enterprises chose "between 1 million ~ 10 million RMB investment". The rest of enterprises, the majority (78%), chose "less than 1 million RMB". It is clear that Chinese enterprise have an obviously lower willingness or ability to invest (WTP) for CRM compared with foreign enterprises.

4. Support situations from variety departments

(1) Support from senior managers

The major risk in CRM implementation is the attitude of senior leaders. Without the support of the enterprise core and comprehensive and coordinated command by the

supreme leader, the implementation of CRM will lose the necessary organizational guarantee, and it is more easily affected by other risk factors making it vulnerable.

(2) Support from department managers

The implementation of CRM requires strong communication and exchanges between each department managers. The aim of that is to enhance mutual understanding and support, and at the same time, to minimize the friction and conflict during the organization adjustment and process restructuring.

(3) Support from staff

The end-user of the CRM system is every employee in the enterprise, such as marketing planning and sales personnel, customer service representatives, technical maintenance personnel, etc.

5. Unobvious recent performance

CRM implementation cycle is a long period. In other words, benefits are not produced immediately when enterprises make capital investment and management reform. In addition, based on the requirements of enterprise CRM information system construction, some of them will not bring direct economic benefits. This is the reason why a major business leader is unwilling to put limited money into "can't see the result" area.

4.4 CRM Goals and Significance

Goals:

1. To collect customer data.
 2. To provide customers personalized products and services, and improve the profit contribution of high customer loyalty.
 3. To improve each salesman's revenue brought for the enterprise.
 4. To expand business market and find better sales opportunities.
 5. To provide senior managers with a detailed report of sales and marketing activity.
- The Enterprise makes an instant response to the market. (Shen ,Chen 2007,268.)

Significance:

CRM has brought a positive return to SMEs. Successfully implemented CRM brings the advantages in the following five aspects:

- 1) The usage of CRM software improves the staff awareness on customer management. Meantime, it helps to set up the "customer-oriented" enterprise

culture. Accordingly, staff service consciousness is enhanced, customer experience is enriched, and customer loyalty is increased.

- 2) CRM improves the sales process of SMEs, and it provides the guarantee for the success of the sales activities. It not only shortens the sales cycle, but also strengthens the management opportunity of potential customers. To be specific, information is more concentrated, sales staff is more targeted.
- 3) The precise management can motivate effectively staff on sales services.
- 4) CRM provides an excellent platform for staff access to a shared knowledge base in SMEs. It is convenient and effective to provide staff information about customers, help enterprise to make a right decision, and to consolidate constantly a link between businesses and their customers. This platform also lets staff identify the future needs of customers timely, and then try to meet customers' requirements.
- 5) CRM can let SMEs know what channels will help them increase revenue. CRM can enlighten enterprises how to combine the facilities, technology, application, market and other organic together. As a key component of CRM, sales force automation (SFA) can directly or indirectly find potential customers for gaining corporate profits.
(xchen.)

5 Analysis case: Dinghao Materials CO., Ltd apply CRM system

5.1 Motivation analysis

5.1.1 Company introduction

Dinghao Materials CO., Ltd is a company which is selling decoration materials. It is a small retail enterprise. Dinghao CO., Ltd was founded in 2000, and has registered with capital of 8 million RMB. So far, there are 30 employees in the company. There are simply applied financial and inventory management systems, but it does not have any service management system.

5.1.2 The role of CRM system in this company

Business and competition requirements

It is an inevitable choice for the company to choose a CRM system in the highly competitive industrial field. Anhui province is going through the economic development period. Especially the urban construction investments are expanding, bringing many opportunities for building material industry, but none of them can dominate the market at the moment. There are more and more enterprises entering the building materials industry. Thus, price and service competition is becoming stronger.

For example, in the Huainan area, 20 or 30 companies exist in the same operations. These enterprises have same sales methods, and product quality is almost the same. The main differences are price, after-sales service, and service quality.

Table 2 . Dinghao customer type and features

	Type	Business description and customer features
Major	Real-estate company	Business: Refined decoration demands Features: Professional, Sufficient funds, Fulfil bargaining skills
	Construction company	Business: Various decoration businesses, Constantly materials needs

Customer		Features: Professional, High requirements for new products, Good reputation
	Enterprises	Business: Enterprise decoration at beginning, Renovation and maintenance materials Features: Strictly requirements on the standardization construction and qualified building materials
	Municipal corporation	Business: Maintenance of the government construction Features: Constant demands
Ordinary Customer	landscape company	Business: Urban landscaping needs construction materials Features: Constant demands
	Personal decorating	Business: They need to purchase building materials when hire the small decoration company. Features: Short business cycle, Cash payments, No capital risk

For Dinghao Material Company, the number of major customers is small, but it occupies a great proportion in business. Small customers have a great number, but the business volume is small. At the same time, small customers have high satisfaction but low loyalty, because the company provides to the customers a multiple goods, good environment and service.

In big business, especially the large amount business, Dinghao faces price competition with other materials company. Major customers usually pay more attention to the price of the product and construction quality and so on. There are a lot of uncertain factors such as customer relationship, the previous service quality when companies acquire big customers. All of these require the Dinghao to access the customer satisfaction degree on after-sales service and to understand the background of the major customer's preferences and characteristics, etc.

Small clients are treated as a group, Dinghao should collect various data and analyse general consumption preference to provide multiple and various selection of goods and services, and then to improve customers satisfaction. The effective customer relationship management is a right way to improve the customer satisfaction of the sales

The company's customer service awareness needs to be strengthened.

The idea of customer service is not strong enough among company employees, because this awareness is not shown and performed in practical work. The fact is that employees usually give the responsibility to someone else. It has a direct effect on a customer's problem solving. Indirectly, it brings the dissatisfaction to customers on the whole company and then leads to the loss of customers.

Disorder customer information management

The Enterprises' customer research and market research still rely on artificial processing, and it lacks of analysis. At present, the company's customer base develops rapidly, but the customer information management is relatively backward. The company is simply using the form of customer contact system and an Excel table to record customer information. Also, Salesman and manager information are not synchronized.

Therefore, the company needs comprehensive information integration and processes reengineering. Through resource integration of customer information and resources shared in the company, the company can provide high quality service more quickly to attract more customers. Meanwhile, through the organizational structure and business process redesign, it is established more effective customer relationship management to reduce the company cost.

5.2 Project Design

A CRM project was designed for the Dinghao Co.,Ltd. Firstly, it was necessary to collect CRM system requirements. Secondly, the enterprise business process reengineering was designed. Then, according to the analysis the structure of Dinghao CRM system functions were made.

1. CRM system requirements

Existing systems can meet the demands for basic management of daily work, such as inventory management, order processing and financial processing. But because of the lack of customer information collection processing and market prediction, existing system is unable to achieve the fierce competition. However, the analysis of sales and marketing functions which are provided by CRM just makes up the shortfall.

According to the analysis of the customer, the company's CRM is able to achieve the following goals:

- 1) Effectively manage customers, reduce operating costs
- 2) Combined with the industry feature, provide sales and service automation solution. As a management tool, it could provide hotline service and improve the accuracy of the consulting services.
- 3) Strengthen the order processing. It means that the order can be sorted, registered, queried and counted by the sales center. All of these will become the market analysis database for the company.
- 4) Powerful inventory management functions which can be convenient to do daily statistics such as product outbound, warehousing and inventory, combining the market forecast and existing inventory stock.
- 5) The operation is convenient and easy to learn. The client browser page operation is combined with online help, so that employees are familiar with operation tools quickly.

2. Business process reengineering

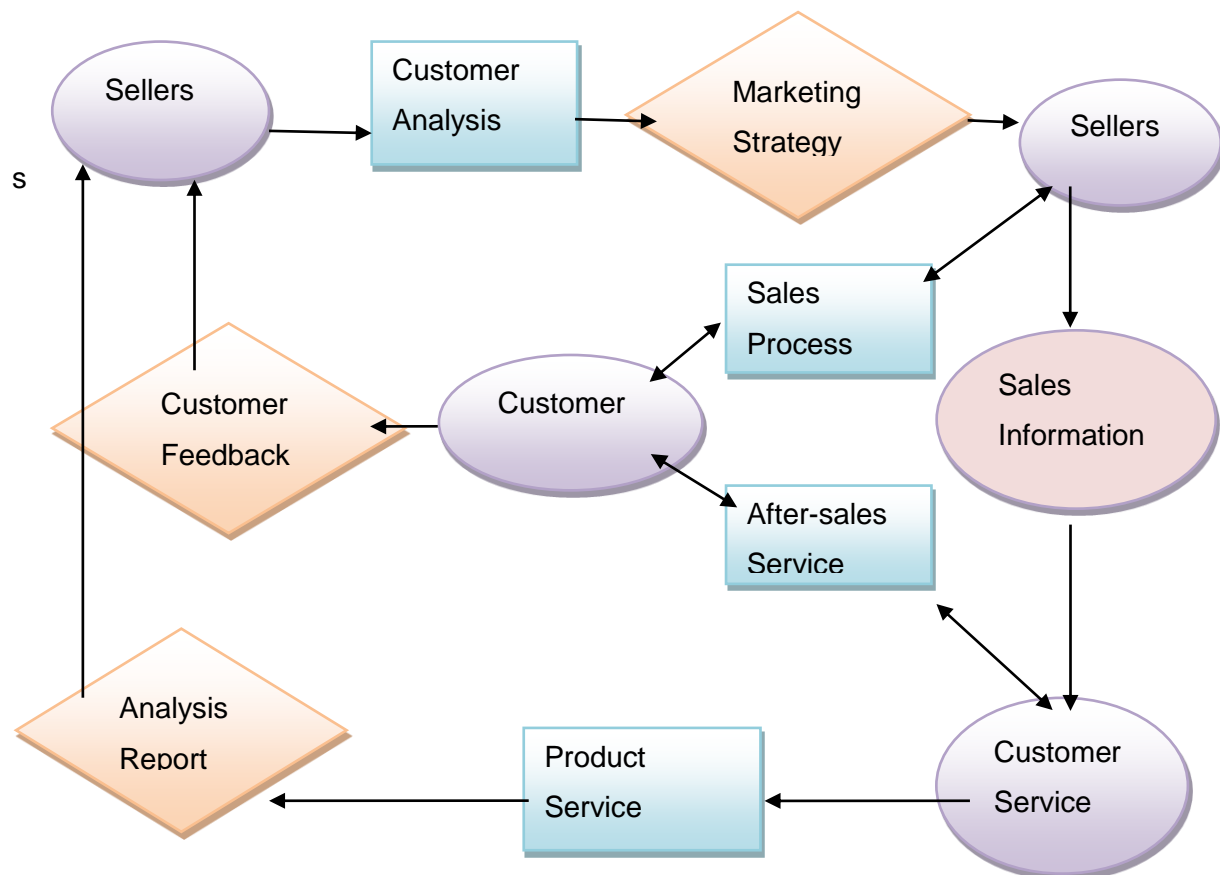


Figure 6. Master Operation Flow after reengineering

3. CRM system structure

As for Dinghao's management design, it should reflect the idea of CRM, and solve the problem existing in current sales. After combining the new system goal with the actual situation of enterprises, there can be the following solution:

- 1) The existing service hotline is becoming the main communication channel with customers. It is the prototype of the call center in the enterprise now, and has achieved good effect in operation. Therefore, it is no longer to buy a special call center. The enterprise just needs to increase the knowledge-based management in the system, classification of phone calls, and other functions. Other method is building an independent web function, and broadening the sales channels.
- 2) The primary task of Dinghao is collecting customer data, coordinating jobs through the implementation of CRM. After a period of time using, it could make the enterprise have a deep perspective of CRM, then later is could to add functionality according to the application problem.
- 3) According to above analysis, the structure of the Dinghao CRM can be divided into six parts: Customer and Sales Management can provide management for potential and formal Customer; Marketing Management is analyzing competitors; Service Management is responsible for the Customer feedback. Supplier Management is responsible for the product purchasing. The System Setup keeps the system running regularly.

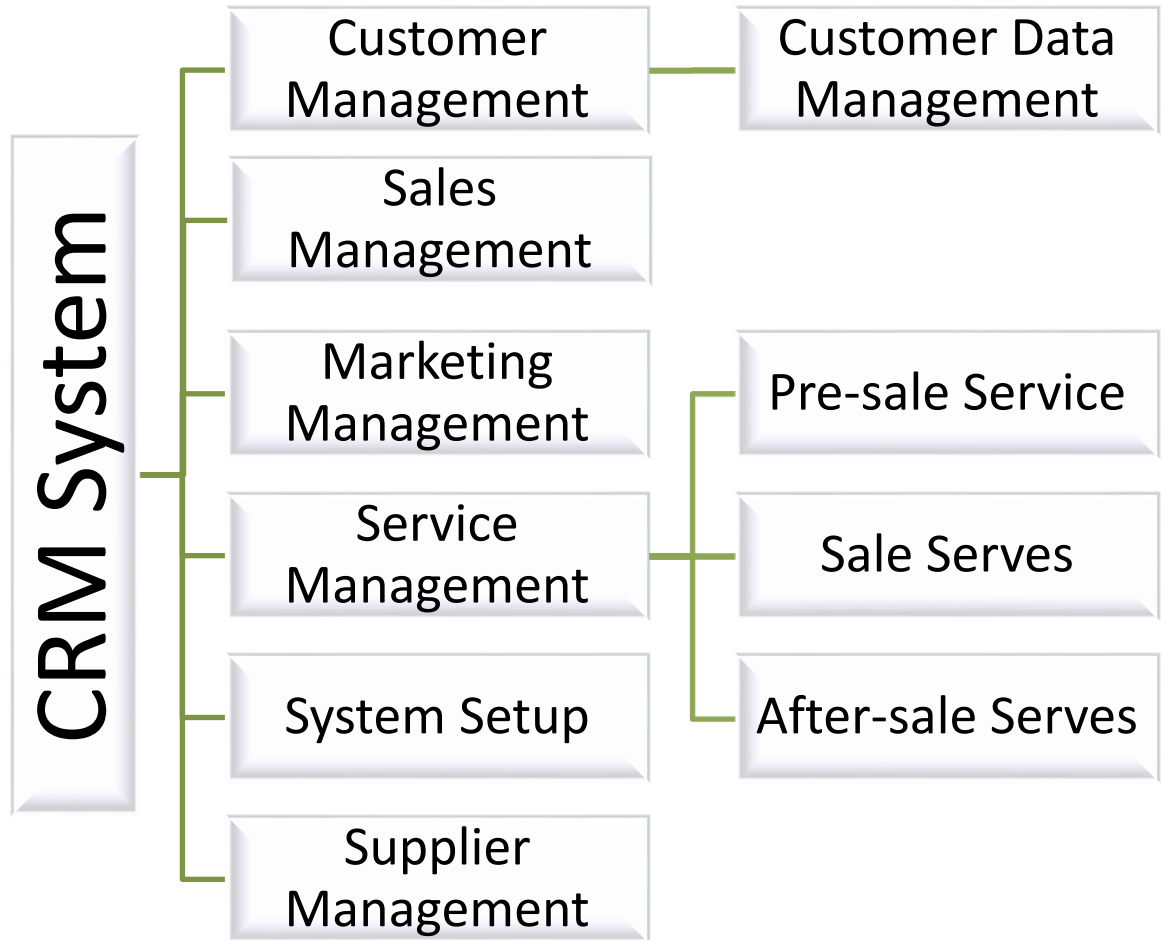


Figure 7. System Function of CRM

5.3 The Implementation of CRM System

Implementation includes four stages:

Project Preparation

Based on the internal organizational structure and business process required by the principle of customer relationship management, each department requires its staff to continuously excavate, collect and analyze their customers' information to make staff get used to the information collection and sharing pattern.

Selection of CRM software supplier and CRM function design

Based on the experiences from Dinghao building materials supermarket, the increase of service brand value mainly comes from professional good supply and professional service of accessories of the goods. Hence, meeting customers' demands for goods and

relevant services will create a high reputation and further improve and enhance the brand value. According the special requirements on CRM software from Dinghao Company, the vendor of CRM software strengthens the module of data analysis and collection and module of customer services. It also deletes some traditional modules such as remote phone sales and so on. Finally the Yonyou software company is chosen by Dinghao Company because of its good marketing feedback.

The employees retraining

For retails, each business and management are eventually implemented by the staff. Due to the different understanding of staff number in terms of customer relationship management and different suggestions after information analyses, it will lead to the internal bad implementation of an enterprise. So after choosing the good CRM software, the retraining of each staff member must be done by the vendor through teaching the business process to make the employees to have a new understanding of the usage of CRM software.

The stage of trial running and adjustment of CRM software

Testing whether CRM software is compatible with other enterprise management software is a necessary part in this stage. At the same time finding the confidentiality of data sharing is also done. After checking and testing, the CRM software vendor will be requested to make related adjustments to fit in the new requirements. The change of market competition will cause the change of business process. Hence there is no doubt that the adjustment of the CRM software becomes a long-term process.

Table 3. Project Planning Task List

Task Name	Duration	Start	Finish
Project Preparation	24 days	Mon 1.6.15	Thu 2.7.15
CRM Concepts training	24 days	Mon 1.6.15	Thu 2.7.15
Make time schedule	6 days	Thu 4.6.15	Thu 11.6.15
Strategic positioning	6 days	Thu 4.6.15	Thu 11.6.15
Investment budget	11 days	Thu 4.6.15	Thu 18.6.15
Project kick off	3 day	Tue 30.6.15	Thu 2.7.15
Choose CRM Vendor and Functions	40 days	Fri 10.7.15	Thu 3.9.15
Vendors Analysis	14 days	Fri 10.7.15	Wed 29.7.15
Production Consultation	8 days	Mon 20.7.15	Wed 29.7.15
Decided Vendor	4 days	Mon 3.8.15	Thu 6.8.15
Evaluated Business Requirements	12 days	Fri 7.8.15	Mon 24.8.15
Function definition	13 days	Wed 12.8.15	Fri 28.8.15
Sign the contract and payment	2 days	Wed 2.9.15	Thu 3.9.15
CRM Software Test and Adjustment	24 days	Mon 7.9.15	Thu 8.10.15
Test running	15 days	Mon 7.9.15	Fri 25.9.15
Feedback	1 day	Mon 28.9.15	Mon 28.9.15
Adjustment System	8 days	Tue 29.9.15	Thu 8.10.15
Employee Training	24 days	Mon 5.10.15	Thu 5.11.15
Employee Training course	5 days	Mon 12.10.15	Fri 16.10.15
Apply in all departments	4 days	Tue 20.10.15	Fri 23.10.15
Feedback	12 days	Wed 21.10.15	Thu 5.11.15
Adjustment	1 day	Mon 5.10.15	Mon 5.10.15

6 Conclusion

In China, SMEs take the prominent place on markets. Meanwhile, there is a potential need for CRM among Chinese SMEs because improving service quality is a demanding trend in China. Thus, CRM will play a more and more important role in Chinese SMEs. If SMEs hope to improve customer relationship management, they should choose a suitable CRM product based on its own requirements and investments.

According to Dinghao project design, there are some necessary points on successful implementation of CRM in Chinese SMEs:

Management concepts update

In the early period of the CRM implementation, the enterprise is required to set up principles of customer relationship management based on the internal organizational structure and business process.

Suitable CRM system and Vendors

According to the company's special requirements how to choose CRM software, the vendor makes the special model in order to satisfy the features of this enterprise.

Staff Supports

The end-users of the CRM system are all employees in the enterprise, such as marketing planning staff and sales personnel, customer service representatives, technical maintenance personnel, etc.

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