PGDM (International Business), Batch 2013-15

Customer Relationship Management

IB-411

Trimester -IV, End Term examination, September, 2014

Time Allowed: 2 Hrs & 30 Mins   Max. Marks: 50

Section A (15 marks)

Answer **_any three_** questions. Each question carries 5 marks.

Q .1 Write short notes on **_any one_** of the topics:

a) Customer Loyalty ladder   b) Social CRM

Q.2 CRM is emerging as a most important factor affecting business growth". Explain the statement with reference to direct sales industry.

Q.3 What do you mean by Sales Force Automation? What are the advantages of sales force automation?

Q .4 Discuss the CRM Scorecard of Banking Industry in India.

Q.5 Discuss the role of micro blogs for customer relationship management with examples.

Section B (20 marks)

Answer **_any two_** questions. Each question carries 10 marks.

Q. 6 Explain the RM & TAM Model for CRM Technology Adoption.

Q.7 Explain the concept of Customer Lifetime Value (CLV) and the related terms of lifetime, margin, yield and churn.

Q.8 Discuss few customer metrics which should be used by a packaged food company.

Section C (15 marks)

Please read the passage below and answer the questions given below. Each question carries 5 marks.

Cholamandalam MS General Insurance Company wanted to strengthen its insurance renewal mechanism. A CRM implementation not only made that possible, but also brought new insights and customer-centricity.

The Organization: As an insurance arm of the Rs 225 billion Murugappa Group, Chola MS has done exceedingly well in recent years. Posting a steady growth of 20 percent in FY2012-13, it's one of the fastest-growing general insurance companies in India. With over 93 branches across India and a salesforce which includes 7,000 agents, the company wanted to continue its great run.

The Business Case: Chola MS has a large set of existing customers which has the potential to propel the insurance company on the fast lane to growth. But, the one thing that could put a spoke in the wheel was the lack of a single view of the customer.

The company's primary means of engagement had been through its insurance agents. As a customer's policy expiration date would draw closer, a Chola MS agent would go to the customer's house, collect the premium, and renew the policy. It was a manual process which was anachronistic to the needs of the present-day digital age. Due to this, there were several inconsistencies. For instance, if a Chola MS policy holder wanted to buy a health policy and renew an existing one, two agents would end up approaching the customer; one to sell the new policy, and the other to renew the old one. Weighing in factors like these, Sundar Venkitakrishnan, VP at Chola MS, decided to initiate a CRM project with an additional focus on process automation.

To accomplish the task, the insurer roped in the global consulting arm of IBM as it had considerable experience in phasing CRM implementations and workflow at large BFSI companies. Once the strategy was defined, it was established that Chola MS would require four years to fix issues such as technology change, scalability, and organizational sustainability to derive the long-term benefits of the implementation.

After chalking out an effective blueprint, Chola MS sat down to choose the right solution. Venkitakrishnan insisted that the implementation partner must possess extensive domain knowledge. For this very reason, the company went back to IBM, which has a strong insurance CRM practice. "The value proposition was to get on board an implementation partner who could bring the benefits of best practices," he says.

The Solution: The CRM initiative was to be implemented in two phases. The first phase consisted the implementation of three modules: Renewal management, partner enrollment, and lead management. A number of sub-initiatives such as agent performance management system, agent on-boarding system, etcetera, were also identified.The second phase includes campaign management, service management, and mobile CRM. This is expected to be completed by the end of this year. Additionally, Chola MS is enabling lead and renewal management on a mobile platform to enhance agent efficiency."Today, we know which competitor we lost a customer to and why. We can drill down the reasons which can include our price points, services, or other customer-specific issues," says Venkitakrishnan. The company is also able to run analytics and find where it went wrong. For example, if price is a cause of concern for customers, it can now revisit and revamp the pricing model without impacting profitability.

The Benefits: The biggest advantage of the implementation is that a month before the renewal cycle starts, the company knows how many customers are supposed to renew their policies, their policy details, and premiums to be collected. It has increased its customer policy renewal rate by 18 percent in the last six months.The implementation has facilitated improved traction, processes, and customer awareness as well as enhanced Chola MS' ability to cross-sell and up-sell. The company is now able to manage its partners effectively, monitor their performance, and also train them. One of the challenges that Venkitakrishnan anticipated during the CRM deployment was change management. However, the company started conducting at least one session on CRM during its annual meetings and performance reviews. It identified 35 people as change champions and trained the rest of the employees across the 93 branch offices. The company's efficiency and productivity has also gone up significantly because of workflow automation and CRM implementation which resulted in 12 percent savings. "Our target is to reach 25 percent," says Venkitakrishnan. Currently, Chola MS has over 322 licensed CRM users and about 900 agents using the system.

Q.1 Suggest the imperatives for CRM system implementation in an organisation.

Q.2. Discuss how customer lifetime value can be enhanced through the IDIC framework of CRM.

Q.3. How analytical & operational CRM contributes to strategic CRM with reference to the case.