

Chapters 1-6 Midterm Review

Chapter One

Basics

Information Systems (IS) - computer-based tools people use to work with information and support the information and processing needs of an organization

Information Technology (IT) – the acquisition, processing, storage, and dissemination of vocal, pictorial, textual, and numerical information by a microelectronics-based combination of computing and telecommunications

Management Information Systems (MIS) – Function that plans for, develops, implements, and maintains IT hardware, software, and applications that people use to support the goals of an organization

Data, Information & Knowledge

Data – raw facts that describe the characteristics of an object or event (date, item number, item description, quantity ordered, customer name).

Information – data converted into a meaningful and useful context (bestselling or worst selling item, etc.)

Knowledge – actionable information (information that can be acted upon)

“People use *processes* to work with *information* systems to produce *information*”

Information Cultures

Information-Functional Culture – employees use information as a means of exercising influence or power over others

Information-Sharing Culture – employees across departments trust each other to use information (usually about problems & failures) to improve performance

Information-Inquiring Culture – employees across departments search for information to better understand the future and align themselves with current trends and new directions

Information-Discovery Culture – employees across departments are open to new insights about crisis and radical changes and seek ways to create competitive advantages

Roles and Responsibilities

Chief information officer (CIO) – Oversees all uses of IT and ensures the strategic alignment of IT with business goals and objectives

Chief knowledge officer (CKO) - Responsible for collecting, maintaining, and distributing the organization’s knowledge

Chief privacy officer (CPO) – Responsible for ensuring the ethical and legal use of information

Chief security officer (CSO) – Responsible for ensuring the safety of IT resources including data, hardware, software, and people

Chief technology officer (CTO) – Responsible for ensuring the throughput, speed, accuracy, availability, and reliability of IT

Identifying Competitive Advantage

Competitive advantage – a product or service that an organization’s customers place a greater value on than similar offerings from a competitor

First-mover advantage – occurs when an organization can significantly impact its market share by being first to market with a competitive advantage

Environmental scanning – the acquisition and analysis of events and trends in the environment external to an organization

Three Common Tools Used to Evaluate:

- Porter’s Five Forces Model
- Porter’s three generic strategies
- Value chains

Five Forces Model

- **Buyer power** – high when buyers have many choices of whom to buy from and low when their choices are few
- **Supplier power** – high when buyers have few choices of whom to buy from and low when their choices are many
- **Threat of substitute products or services** – high when there are many alternatives to a product or service and low when there are few alternatives from which to choose
- **Threat of new entrants** – high when it is easy for new competitors to enter a market and low when there are significant entry barriers to entering a market
- **Rivalry among existing competitors** – high when competition is fierce in a market and low when competition is more complacent

Buyer Power

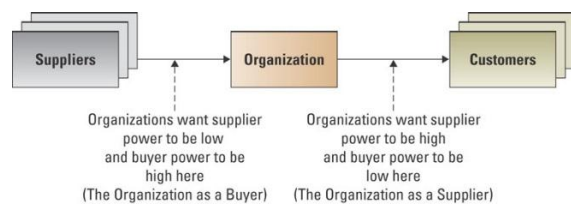
– The ability of buyers to affect the price of an item

- **Switching cost** – Manipulating costs that make customers reluctant to switch to another product
- **Loyalty program** – Rewards customers based on the amount of business they do with a particular organization

Supplier Power

– High when buyers have few choices of whom to buy from and low when their choices are many

- **Supply chain** – consists of all parties involved in the procurement of a product or raw material



Business-to-Business (B2B) marketplace – an Internet-based service that brings together many buyers and sellers

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- Organizations can create a competitive advantage by locating alternative supply sources (decreasing supplier power) through B2B marketplaces

Two types of B2B marketplaces:

- **Private exchange** – a single buyer posts its needs and then opens the bidding to any supplier who would care to bid
- **Reverse auction** – an auction format in which increasingly lower bids are solicited from organizations willing to supply the desired product or service at an increasingly lower price

Threat of Substitute Market or Product

- **Threat of substitute products or services** – High when there are many alternatives to a product or service and low when there are few alternatives
- Threat is reduced when **Switching Costs** are high.

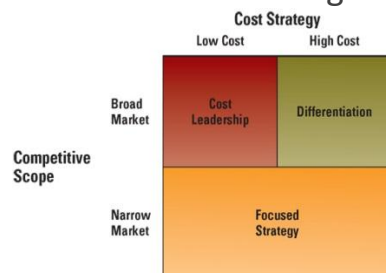
Threat of New Entrants

- **Threat of new entrants** – High when it is easy for new competitors to enter a market and low when there are significant entry barriers
 - **Entry barrier** – A feature of a product or service that customers have come to expect and entering competitors must offer the same for survival

Rivalry Among Competitors

- **Rivalry among existing competitors** – High when competition is fierce in a market and low when competitors are more complacent
 - **Product differentiation** – Occurs when a company develops unique differences in its products or services with the intent to influence demand

Three Generic Strategies



Organizations are encouraged to follow only ONE strategy

Value Chain Analysis

- **Business process** – A standardized set of activities that accomplish a specific task, such as a specific process
- **Value chain analysis** – Views a firm as a series of business processes that each add value to the product or service

Chapter Two

Operational Decision-Making

- **Operational decision making** - Employees develop, control, and maintain core business activities required to run the day-to-day operations

- **Structured decisions** - Situations where established processes offer potential solutions

Managerial Decision-Making

- **Managerial decision-making** – Employees evaluate company operations to identify, adapt to, and leverage change
- **Semi-structured decisions** – Occur in situations in which a few established processes help to evaluate potential solutions, but not enough to lead to a definite recommended decision

Strategic Decision-Making

- **Strategic decision making** – Managers develop overall strategies, goals, and objectives
- **Unstructured decisions** – Occurs in situations in which no procedures or rules exist to guide decision makers toward the correct choice

Metrics

- **Metrics** – Measurements that evaluate results to determine whether a project is meeting its goals
- **Common Types** -
 - KPIs – Key Performance Indicators
 - Efficiency and Effectiveness

Benchmarking

- **Benchmark** – Baseline values the system seeks to attain
- **Benchmarking** – A process of continuously measuring system results, comparing those results to optimal system performance (benchmark values), and identifying steps and procedures to improve system performance

Key Performance Indicators (KPI's)

- **Key performance indicators (KPIs)** – The quantifiable metrics a company uses to evaluate progress toward critical success factors
 - Turnover rates of employees
 - Number of product returns
 - Number of new customers
 - Average customer spending

Efficiency and Effectiveness Metrics

- **Efficiency metrics** – Measure the performance of IS itself, such as throughput, transaction speed, and system availability
- **Effectiveness metrics** – Measures the impact IS has on business processes and activities, including customer satisfaction and customer conversation rates

Efficiency IS Metrics

Throughput

The amount of information that can travel through a system at any point in time.

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<i>Transaction Speed</i>	The amount of time a system takes to perform a transaction.
<i>System Availability</i>	The number of hours a system is available for users.
<i>Web Traffic</i>	Includes a host of benchmarks such as the number of pages viewed, the number of users, and the average length of viewing time.
<i>Response Time</i>	The time it takes to respond to interactions such as a mouse click.
<i>Usability</i>	The ease with which people perform transactions and/or find information.
<i>Customer Satisfaction</i>	Measured by such benchmarks as satisfaction surveys, customer retention percentage, and revenue per customer.
<i>Conversion Rates</i>	The number of customers an organization “touches” for the first time and persuades to purchase a product/service.
<i>Financial</i>	Such as Return on Investment (the earning power of an organization’s assets), Cost/Revenue Ratio, and Break Even Analysis.

Transaction Processing Systems

- **Transaction processing system (TPS)** – Basic business system that serves the operational level and assists in making structured decisions
- **Online transaction processing (OLTP)** - Capturing of transaction and event information using technology to process, store, and update
- **Source document** – The original transaction record

Decision Support Systems

- **Decision support system (DSS)** – Models information to support managers and business professionals during the decision-making process
- **Online analytical processing (OLAP)** – Manipulation of information to create business intelligence in support of strategic decision making
- Three quantitative models used by DSS include:
 - What-if analysis
 - Sensitivity analysis
 - Goal-seeking analysis

Artificial Intelligence

- **Artificial intelligence (AI)** – Simulates human intelligence such as the ability to reason and learn
- **Intelligent system** – Various commercial applications of artificial intelligence

Business Processes

Customer facing processes – result in a product or service that is received by an organization's external customer.

Business facing processes – are invisible to the external customer but are essential to the effective management of the business

Business Process Re-engineering

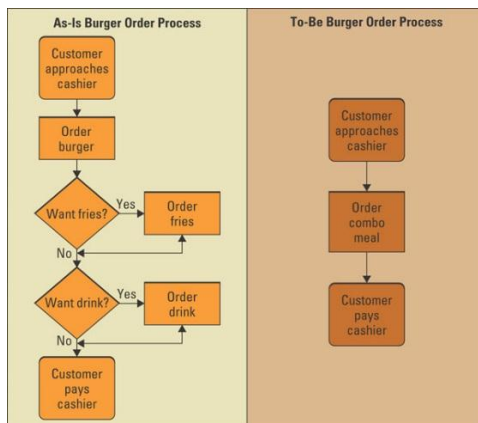
Business process – a standardized set of activities that accomplish a specific task, such as processing a customer's order

Business process improvement – attempts to understand and measure current processes and upgrade them.

Business process re-engineering (BPR) – the analysis and redesign of workflow within and between enterprises

Business Process Modelling

- **Business process modeling (or mapping)** - The activity of creating a detailed flow chart or process map of a work process showing its inputs, tasks, and activities, in a structured sequence
- **Business process model** - A graphic description of a process, showing the sequence of process tasks, which is developed for a specific
 - **As-Is process model**
 - **To-Be process model**



Chapter Three

Disruptive Technology

Digital Darwinism – implies that organizations which cannot adapt to the new demands placed on them for surviving in the information age are doomed to extinction.

Disruptive vs. Sustaining

- **Disruptive technology** – a new way of doing things that opens new markets and destroys old ones.
- **Sustaining technology** – Produces improvements to products that customers are eager to buy.

Internet... Disruptive Business Technology

- One of the biggest forces changing business is the Internet.

- Organizations must be able to transform as markets, economic environments, and technologies change.

Focusing on the unexpected allows an organization to capitalize on the opportunity for new business growth from a disruptive technology

Evolution of the Internet

- **Internet** – computer networks that pass information from one to another using common computer protocols.
- **Protocol** – standards that specify the format of data as well as the rules to be followed during transmission.
- **World Wide Web (WWW)** – a global hypertext system that uses the Internet as its transport mechanism
- **Hypertext transport protocol (HTTP)** – the Internet standard that supports the exchange of information on the WWW
- The Internet's impact on information:
 - Easy to compile.
 - Increased richness.
 - Increased reach.
 - Improved content .
- It can also cause a gap between winners and losers in the game of business:
 - **Digital divide** – when those with access to technology have great advantages over those without access to technology.

Web 2.0

- **Web 2.0** is a set of economic, social, and technology trends that collectively form the basis for the next generation of the Internet.

Mash-ups

- **Mash-up** – Website or Web application that uses content from more than one source to create a completely new product or service
 - **Application programming interface**
 - **Mash-up editor**

Web 3.0

- **Web 3.0** – Based on “intelligent” Web applications using natural language processing, machine-based learning and reasoning, and intelligence applications
- **Semantic Web** – Structuring data so web pages describe things in a way that computers can “understand” and, thus, find, share and integrate ideas more effectively for people.
- The Semantic Web encompasses one or more of the following:
 - Transforming the web into a database.
 - An Evolutionary Path to artificial intelligence.
 - The realization of the semantic Web and SOA (service –oriented architecture)

- Evolution toward 3D.

Accessing Internet Information

- Four tools for accessing Internet information
 1. **Intranet** – internalized portion of the Internet, protected from outside access, for employees
 2. **Extranet** – an intranet that is available to strategic allies
 3. **Portal** – Web site that offers a broad array of resources and services
 4. **Kiosk** – publicly accessible computer system that allows interactive information browsing

Providing Internet Information

- Three common forms of service providers
 1. **Internet service provider (ISP)** – provides individuals and other companies access to the Internet
 2. **Online service provider (OSP)** – offers an extensive array of unique Web services
 3. **Application service provider (ASP)** – offers access over the Internet to systems and related services that would otherwise have to be located in organizational computers
- Common ISP services include:
 1. Web hosting
 2. Hard-disk storage space
 3. Availability
 4. Support
- ISPs, OSPs, and ASPs use **service level agreements (SLA)** which define the specific responsibilities of the service provider and set the customer expectations

E-Business Basics

- **E-commerce** – the buying and selling of goods and services over the Internet
- **E-business** – the conducting of business on the Internet including not only buying and selling, but also serving customers and collaborating with business partners

Opening New Markets

- **Mass customization** – The ability of an organization to tailor its products or services to the customers' specifications
- **Personalization** – Occurs when a company knows enough about a customer's likes and dislikes that it can fashion offers more likely to appeal to that person
- **The Long Tail** – Refers to the tail of a typically sales curve
- **Intermediary** – Agents, software, or businesses that provide a trading infrastructure to bring buyers and sellers together
 - **Disintermediation**
 - **Re-intermediation**
 - **Cybermediation**

Advantages of E-business

- **Reducing Costs**—Business processes that take less time and human effort.
- **Improving Operations**—Communications customized to meet consumer needs and available 24/7.
- **Improving Effectiveness**—Web sites must increase revenue and new customers and reduce service calls
- **Interactivity metrics** measure E-business success: number of repeat visits, times spent on site and number of pages viewed among other activities.

Advantages of the Web

- Improving Effectiveness through E-business marketing
 - Associate (Affiliate) programs
 - Banner Ads
 - Tracking Click-throughs
 - Cookies
 - Pop-up ads
 - Viral marketing

Measuring Website Success

- **Stickiness**—visit duration time.
- **Raw Visit Depth**—total Web page exposures per session.
- **Unidentified visitor**—no information about visitor is available.
- **Unique visitor**—recognized and counted once in a period of time.
- **Identified visitor**—can be tracked across multiple web visits.
- **Hits**—A single request made by a visitor to view a web page.

Business Models

- **Types of Businesses:**
 - Brick and Mortar—Physical store, no Web site.
 - Pure-play (virtual) business—Web site only.
 - Click and Mortar—Physical store and Web site.
- **E-auctions** are a successful E-business model.
 - **Forward Auction**—Seller offers to many buyers who bid and the highest bid wins.
 - **Reverse Auction**—Buyer specifies product or service and lowest seller bid wins contract.

Business-to-Business

- **Electronic marketplace (e-marketplace)** – interactive business communities providing a central market where multiple buyers and sellers can engage in e-business activities

Business-to-Consumer (B2C)

- **Common B2C e-business models include:**

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- **e-shop** – a version of a retail store where customers can shop any time without leaving their home
 - Also called **e-store** or **e-tailing**
- **e-mall** – consists of a number of e-shops; it serves as a gateway through which a visitor can access other e-shops

Marketing

- E-business' success in direct selling is evidenced by growth of the Internet sales of Dell Inc., eBay, Indigo and Travelocity.
- Innovative approaches are changing the face of retailing:
 - For Example: Sears installed Skype-enabled screens into 10 of its fashion outlets so that buyers could remotely show their friends potential clothing choices.

Financial Services

- Online consumer payments include:
 - Financial cybermediary
 - Electronic cheque
 - Electronic bill presentment and payment (EBPP)
 - Digital wallet
- Online business payments include:
 - Electronic data interchange (EDI)
 - Value-added network (VAN)
 - Financial EDI (financial electronic data interchange)

Procurement

- **Maintenance, repair, and operations (MRO) materials** (also called **indirect materials**) – materials necessary for running an organization but do not relate to the company's primary business activities
 - **E-procurement** - the B2B purchase and sale of supplies and services over the Internet
 - **Electronic catalogue** - presents customers with information about goods and services offered for sale, bid, or auction on the Internet

Customer Service

- Customer service is the business process where the most human contact occurs between a buyer and a seller
- E-business strategists are finding that customer service via the Web is one of the most challenging and potentially lucrative areas of e-business
- The primary issue facing customer service departments using e-business is consumer protection

E-business Challenges

- E-business security
 - Encryption

- Secure socket layer (SSL)
- Secure electronic transaction (SET)
- **Protecting consumers**—Against unsolicited, illegal or harmful goods, invasion of privacy, cyber fraud
- **Leveraging existing systems**—Effectively integrating innovative systems with existing systems.
- **Increasing liability**—Identity theft, privacy, and the Internet's global reach means dealing with laws of many countries.
- **Providing security**—Protection of consumer and business information and data assets.
- **Taxation Rules**—Adhering to often new rules

E-business Benefits

E-business benefits include:

- Highly accessible
- Increased customer loyalty
- Improved information content
- Increased convenience
- Increased global reach
- Decreased cost

E-government

- **E-government** - involves the use of strategies and technologies improve the delivery of services and enhance the quality of interaction between the citizen-consumer within all branches of government.

M-commerce

- **Mobile commerce** - the ability to purchase goods and services through a wireless Internet-enabled device

Social Media & Business

- Companies advertise on Facebook, with their own pages on Facebook, active on Twitter.
- Companies are advised to integrate social media in business communications, use social customer support, provide leadership and expertise through social media, and that social media can drive reputation.

Chapter Four

Innovation:

Six best practices-

1. Find your relevant edge
2. Assemble innovation hothouses
3. Reward risk takers
4. Celebrate diversity
5. Look around

6. Mix practitioners and developers

Social Entrepreneurship

Social Responsibility implies that an organization has a responsibility to society.

Corporate Policy reflects the position a company takes on social and political issues.

Sustainable or “Green” describes systems that minimize damage to the environment.

E-Waste

Ewaste - Refers to discarded, obsolete or broken electronic devices

Sustainable IT disposal - Refers to the safe disposal of MIS assets at the end of their life cycle

Electronic Product Stewardship Canada (EPSC) – an industry association that educates and encourages e-waste control

Recent International laws restrict the use of hazardous materials.*

Organizational Social Networking

Passive Search—Finding people for new jobs who are happy and productive where they through business networking sites.

Boomerangs—Former employees returning to old jobs.

Marketing Networks—Using business networks for marketing and events

Tools for Virtual Workforce

Mobile commerce (m-commerce)—ability to purchase goods and services through a mobile device.

Telematics—The blending of wired and wireless technologies for efficient electronic communication.

Electronic tagging—the use of RFID (radio frequency identification) and other systems to identify and tracking digital assets.

Enterprise Resource Planning

- integrates all departments and functions throughout an organization into a single IT system (or integrated set of IT systems) so that employees can make enterprise-wide decisions by viewing enterprise-wide information on all business operations

ERP (Enterprise Resource Planning)

ERP is:

- Solution to incompatible applications.
- Addresses the need for global information sharing.

- Avoids the expense of fixing legacy systems.

Legacy Systems—are older computer technology still in use.

Functional Systems—serve single business departments or units.

Core ERP component – traditional components included in most ERP systems and they primarily focus on internal operations

Three Core Components:

- Accounting and finance
- Production and materials management
- Human resource

Extended ERP component – extra components that meet the organizational needs not covered by the core components and primarily focus on external operations

Accounting and Finance ERP Components

- **Accounting and finance ERP component** – manages accounting data and financial processes within the enterprise with functions such as general ledger, accounts payable, accounts receivable, budgeting, and asset management

Production and Materials Management ERP Components

- **Production and materials management ERP component** – handles the various aspects of production planning and execution such as demand forecasting, production scheduling, job cost accounting, and quality control

HR ERP Component

- **Human resource ERP component** – tracks employee information including payroll, benefits, compensation, performance assessment, and assumes compliance with the legal requirements of multiple jurisdictions and tax authorities

Extended Components

- Extended ERP components include:
 - Business intelligence
 - Customer relationship management
 - Supply chain management
 - E-business

Choosing ERP Software

Successful ERP projects share 3 attributes

1. Overall fit
 - Off the rack

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- Off the rack and tailored to fit
 - Custom made
2. Proper business analysis
 - Successful companies spend up to 10 percent of the project budget on a business analysis
 3. Solid implementation plans
 - A plan is needed to monitor the quality, objectives, and timelines

Chapter Five

Operations Management Fundamentals

Production management describes all the activities managers do to help companies create goods.

Operations management (OM) is the management of systems or processes that convert or transform resources (including human resources) into goods and services.

A transformation process is often referred to as the technical core, especially in manufacturing organizations, and is the actual conversion of inputs to outputs.

E.g. Forecasting, Capacity planning, Scheduling, Managing inventory, Assuring quality, Motivating and training employees, locating facilities

IS Support for Operations Strategy

- **SBU Strategic Business Unit**—is a stand-alone business under a corporate umbrella
- **Strategic Planning**—are the collection of decisions focus in doing the right things over a longer period of time
- **MPR Systems**—use sales forecast to make sure parts and materials are available
- **Global Inventory Management Systems (GIMS)**—locate, track and predict materials and components by installing GPS in transportation vehicles
- **Operational Planning and Control (OP&C)**—deals with day-to-day operations.

Competitive Strategy

Five key competitive priorities that can add value for customers:

1. Cost
2. Quality
3. Delivery
4. Flexibility
5. Service

OM & Supply Chain

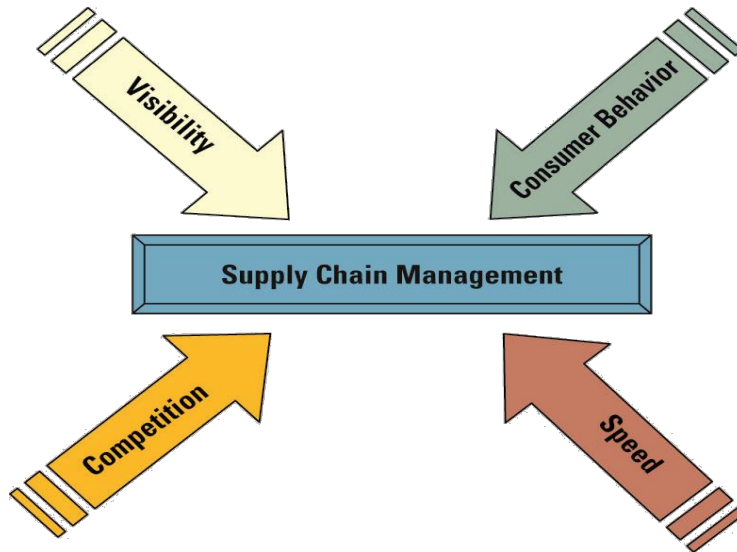
- **Supply chain** consists of all parties involved, directly or indirectly, in the procurement of a product or raw material
- **Supply chain management (SCM)** involves the management of information flows between and among stages in a supply chain to maximize total effectiveness and profitability.
- Four Basic Strategies of Supply Chain:
 - **Supply chain strategy**
 - **Supply chain partners**
 - **Supply chain operation**
 - **Supply chain logistics**
 - **Example Supply Chain:**



Supply Chain Fundamentals

- The supply chain has three main links:
 1. Materials flow from suppliers and their “upstream” suppliers at all levels
 2. Transformation of materials into semi-finished and finished products through the organization’s own production process
 3. Distribution of products to customers and their “downstream” customers at all levels

Factors in SCM



Seven Principles and Metrics

- Common supply chain metrics include:
 - Back order
 - Inventory cycle time
 - Customer order cycle time
 - Inventory turnover
- 1. Segment Customers by service needs, regardless of industry, and tailor service to those segments.
- 2. Customize the logistics network and focus intensively on the service requirements and on profitability of the pre-identified customer segments.
- 3. Listen to signals of market demand and plan accordingly. Planning must span the entire chain to detect signals of changing demand.
- 4. Differentiate products closer to the customer, since companies can no longer afford to hold inventory to compensate for poor demand forecasting.
- 5. Strategically manage sources of supply, by working with key suppliers to reduce overall costs of owning materials and services.
- 6. Develop a supply chain information technology strategy that supports different levels of decision making and provides a clear view (visibility) of the flow of products, services and information.
- 7. Adopt performance evaluation measures that apply to every link in the supply chain and measure true profitability at every stage.

Supply Chain & Factors of Success

- SCM industry best practices include:
 1. Make the sale to suppliers.
 2. Wean employees off traditional business practices.
 3. Ensure the SCM system supports the organizational goals.

4. Deploy in incremental phases and measure and communicate success.
5. Be future oriented.

Future Supply Chain Trends

- **Instrumentation**—Data will be increasingly machine-generated. GIS and RFID-enabled devices, meters and actuators.
- **Interconnectedness**—every component from customer back to materials source and every element in between such as vehicles, containers and products will be identified and can be tracked.
- **Intelligence**—Data received from the smart objects in the supply chain will be processed with smart analytics which will create better models to support improved decisions in an increasingly complex world.

Chapter Six

Customer Relationship Management

- **Customer relationship management (CRM)** – Involves managing all aspects of a customer’s relationship with an organization to increase customer loyalty and retention and an organization's profitability
- Many organizations, such as Charles Schwab and Kaiser Permanente, have obtained great success through the implementation of CRM systems

CRM as Business Strategy

- CRM enables an organization to:
 - Provide better customer service
 - Make call centres more efficient
 - Cross-sell products more effectively
 - Help sales staff close deals faster
 - Simplify marketing and sales processes
 - Discover new customers
 - Increase customer revenues
- Organizations can find their most valuable customers through “RFM” - **R**ecency, **F**requency, and **M**onetary value
 - How *recently* a customer purchased items
 - How *frequently* a customer purchased items
 - The *monetary value* of each customer purchase

Operational & Analytical

- **Operational CRM** – supports traditional transactional processing for day-to-day front-office operations or systems that deal directly with the customers.

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- **Analytical CRM** – supports back-office operations and strategic analysis and includes all systems that do not deal directly with the customers.

Marketing & Operational

Three primary operational CRM systems Marketing can use to increase customer satisfaction:

- **List Generators**—compile customer data from a variety of sources and segment the data for different marketing campaigns.
- **Campaign Management Systems**—guide campaign planners through key tasks, can calculate campaign ROI and track results for future fine tuning.
- **Cross-selling and Up-selling Strategies**—identify customers that would have interest in additional, related products or might respond to increasing the value of their purchase.

Sales & Operational

Sales force automation – a system that automatically tracks all of the steps in the sales process.

Technologies:

Sales management CRM system- automates each phase of the sales process, helping individual sales representatives coordinate and organize all of their accounts

Contact management CRM system- maintains customer contact information and identifies prospective customers for future sales

Opportunity management CRM system- targets sales opportunities by finding new customers or companies for future sales

- CRM Pointers for Gaining Prospective Customer
 - Get their attention, Value their time, Over deliver, Contact frequently, Generate a trustworthy mailing list, Follow up

Customer Service & Operational Management

- Three customer service operational CRM technologies:
 1. Contact center (call center)
 2. Web-based self-service system
 - Click-to-talk
 3. Call scripting system

Using IS to Drive Analytical CRM

- **Analytical CRM**—Digs deep into the company's historical customer data to expose patterns of customer behaviour on which a company can capitalize.
- **Personalization** – when a Web site knows enough about a person's likes and dislikes that it can fashion offers that are more likely to appeal to that person

Using Analytical CRM

- Analytical CRM information examples
 1. Give customers more of what they want.
 2. Find new customers similar to the best customers.
 3. Find out what the organization does best.
 4. Beat competitors to the punch.
 5. Reactivate inactive customers.
 6. Let customers know they matter.

Implementation:

- Analytical CRM information examples
 1. Give customers more of what they want.
 2. Find new customers similar to the best customers.
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Eight building blocks of CRM:

1. Creating a CRM vision that provides a “big picture” of what the customer-centric organization should look like.
2. Defining and weaving a CRM strategy that aligns with broader marketing and sales strategies, and informs operational and production strategies.
3. Understanding and engaging the customer.
4. Ensuring organizational collaboration between internal groups and external business partners.
5. Focusing on improving customer processes.
6. Achieving data integrity across the enterprise
7. Leveraging information systems to implement CRM.
8. Defining, collecting, and analyzing CRM metrics.

CRM Sales Metrics

- Number of prospective customers, Number of new customers, Number of retained customers, Number of sales calls, Number of sales calls per lead, Amount of new revenue generated, Amount of recurring revenue, Number of proposals given

CRM Customer Service Metrics

- Cases closed the same day, Number of cases handled by an agent, Number of service calls, Average number of service requests by type, Average time to resolution, Average number of service calls per day, Percentage of compliance with service-level agreements, Percentage of service renewals, Customer satisfaction levels

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CRM Marketing Metrics

- Number of marketing campaigns, New customer retention rates, Number of responses by marketing campaign, Revenue generated by marketing campaign, Cost per interaction by marketing campaign. Number of new customers acquired by marketing campaign, Customer retention rates, Number of new leads by product

Future CRM Trends

- CRM future trends include:
 - CRM applications will continue to evolve and be used by a wide variety of partners, CRM will continue to be a major strategic focus for companies, CRM applications will continue to adapt wireless capabilities supporting mobile sales and mobile customers, CRM suites will incorporate SRM, PRM and ERM modules