

**Customer Relationship Management**  
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**Lecture – 40**  
**Contact Centres for CRM (Contd.)**

Hello everybody, welcome to the NPTEL, Swayam course on Customer Relationship Management. This is Dr. Swagato Chatterjee from VGSOM, IIT Kharagpur, who is taking this course for you. We were discussing Contact Centres for CRM and basically under the umbrella of CRM implementation.

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Cost (Expected wait) > benefit  
→ renege

Is number of persons ahead or expected wait enough to make consumer patient?

$m$

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And I asked a question is the number of persons ahead of an expected wait enough to make customer patient? So, what does an information about this number of persons ahead give you? If I give this information to you let's say this is a server, you were standing here and I am saying that there are basically three number of people are standing or let's say,  $n$  number of people are standing in front of you.

What does this information gives you, tells you? It tells you, what is your expected wait? And if your expected wait, the cost of the expected wait is higher than the benefit, you will renege. Renege means you will move out from the, you will drop the call. So, in this basically gives you an expected wait.

And if I give this particular information periodically, let's say if I give this information periodically means after 1 minute, again I told you what is the update; again another 1 minute, again I tell you what is the update.

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rate of drop of number of persons ahead =  $\frac{dm}{dt}$  → (service rate)

Is number of persons ahead or expected wait enough to make consumer patient?

$m$

$\frac{Dc1}{10 \text{ mins}}$        $\frac{Dc2}{2 \text{ mins}}$

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When I give you this information periodically basically I am giving you this  $dm/dt$ .  $dm/dt$  means rate of drop of number of persons ahead. Which is minus  $dm/dt$ , I would say which is nothing but gives a which is which signals, what is the service rate. Now, service rate has a different story altogether. Service rate whether it is good or bad? Let's say you have gone to a doctor, engineering service, it is good, the faster it will be some the better.

But let us say you have gone to a doctor, an OPD doctor okay, the two doctors — doctor 1 and doctor 2. Doctor 1 actually, you come in he checks your body parts, let's say basic details of your body, he asks you the question, he understands the problem and gives you certain prescriptions or tests and etcetera, and he takes around 10 minutes time with you.

Doctor 2 sees you, asks you some basic details and writes a prescription, and he takes 2 minutes time. Question is that, which doctor is better, whom do you like better? So, in general, service rate is better. In general, you go to a restaurant, a fast-food stall, a fast food stall which quickly makes the food is better. You go to an ATM, the ATM which quickly gives out the money is better.

All the standardized products where the product service is standardized, high service rate is better. But if it is customised, if it has to be customised according to your need like the doctor's consultation which is very customised, you want or let's say even, not even not only that. Let's it is, which are experiential as well not only customise, some of these things can be experiential.

For example, you might want a massage. A massage parlour, if you go to a massage parlour and if they give massage, they handle a customer every 5 minutes, quickly they give massage and goes away, I mean they gives once again, goes away.

On the other hand, there is another massage parlour which takes time, which creates the experience for certain period of time, so that or everything which is experiential or if anything which is hedonic or anything which is some I would say why, why things are like doctor service which are very customised to your problem, lawyer service which is also very customised to your problem. The higher the time you give the better is the customer satisfaction. So, service rate does not always signal quality in that kind of situation. But this all I am trying to say that this minus  $dn/dt$ , this information number of persons ahead or expected wait only gives you two information: what is your expected wait. And based on that, you decide whether the cost is higher than the benefit that will get while waiting; and based on that, you decide whether you should stay or not.

And the service rate actually signals whether the quality of the good or the benefit that you will get will be good or not. So, these are the two information where this particular guy has any effect. But you have to understand that this contacts centre can see if they can see how many people are ahead of you, they can also see how many people are behind of you. They are basically calculating this though.

How can they give this extra information? I will give an example, a real-life example that I faced in my life. So, I was doing Ph.D. at time that point of time. We were staying in Bangalore, just outside IIM Bangalore campus. And opposite to IIM Bangalore campus, there was this Fortis hospital, and no sorry Apollo hospital both Apollo and Fortis are there. I used to go to Apollo hospital. The gynaecologist was there.

My wife was pregnant, and I called in the morning to get an appointment. So, I called in the morning and I asked that, so it connected with the call centre. And the call centre told you your call is very important as with for us, you are in the fourth person in the queue, the expected waiting time is around 8 minutes or 10 minutes, please be with us and etcetera, etcetera.

So, early morning, I thought that I rather I would call half an hour later. So, I just disconnected the call rather than waiting for 10 minutes. I thought that I will call them back 10, half an hour later. So, I disconnected the call and again called back half an hour later. Now, this call centre is telling me that your call is very important to us. You are a very important person. You are in 8th person in the queue, and you are expected waiting time is around 16 minutes or 18 minutes.

Now, then I realized that there the demand is much higher than the amount of agents that are available there. So, if I have to — now I have to book an appointment, I cannot take my wife there and there I will book an appointment, then I will go and see the doctor because she is already pregnant, I cannot make her travel unnecessarily.

So, either I have to physically go and put a put, I would say appointment for the next day or I have to wait for 18-20 minutes to get that appointment, so because I need an appointment on that day itself. And I am not some, somebody who needs an appointment a little bit later and Apollo is a very I would say well-known hospital lots of people come used to come and there getting an appointment on the same day, sometimes gets difficult because of the rush.

Now, the question is that is it a right strategy there? If in the first call itself, they have told me that okay you are in the 4th person in the queue, but there are another 5 persons standing behind of you in the queue. What would have that told me that information, that information would have told me that you stay in the queue, you do not leave the queue, because you leave the queue you will regret. You will come back after 10 people and you have to wait for 20 minutes, so that information that certain signal can be given if you can give the number of persons behind. And actually, there are papers which say that number of persons behind gives you multiple things. First of all, the number of persons behind gives you an assurance, regret, and a chance of regret that if you leave you might have to come back after so many people.

Even other than that number of persons behind effects in another different way another interesting story I would want to say here. There was a Durga Puja going on in Bangalore. So, in Bangalore generally, many Durga Pujas are done by Bengali communities in various places of Bangalore. And this when Durga Puja was going on and we went and saw this particular Puja, Puja is going on.

And on the day of Durga, Durga Ashtami if I am not wrong, there was Bhog Prasadam, Prasadam was basically Khichdi was getting distributed, which this particular khichdi was actually devoted to the god, and the prasad of the goddess was actually given to us.

Now, there was a long queue to collect that prasadam. And we are somewhere we joined the queue. And after around 10 minutes of waiting, we reached at a certain level. And we could see that 50 persons were in front of the queue.

And at that point of time, I had also had a kid that at that point of time whom I was carrying means whom I was carrying in my hand and it was getting painful and etcetera.

So, we were contemplating that should we stay or should we leave because it is a very long queue. It might take very another 1 hour because everybody is collecting this prasad, it takes around 1 minute. So, 50 persons is 50 minutes. So, should we wait?

Now, then we thought we saw one for just once we saw back and meant the back we saw that there are 200 people at least standing behind us. Now, these 200, when we are deciding of leaving the queue, we are not deciding to coming back again.

So, the concept of regret is not there other than the religious reason that gods line, we will leave this queue and etcetera, etcetera. Other than the religious reason, this religious belief related reason, there is no other reason of regret because if I leave, I will never come back.

But what happened is by seeing those 200 people, I thought that I am better off. I am in a better off position than these people, so that gives us sadistic pleasure that okay I am a, I am actually better off than that person. I am thinking about 50 minutes. Think about that person who is standing near 200 people even wait for 3 hours, and still, he will get the prasad.

So, this thing actually gives you a signal that this particular, the sadistic pleasure, social pleasure I would say and that social pleasure sometimes increases the benefit that you will get not the utilitarian benefit, but a social benefit that will get.

Also the number of persons ahead and number of persons behind if I if if this information is obtained totally, for example, I know that 50 people were in front of me and 200 people are behind of me, that means, 250 people are at this current moment are interested to have this prasadam.

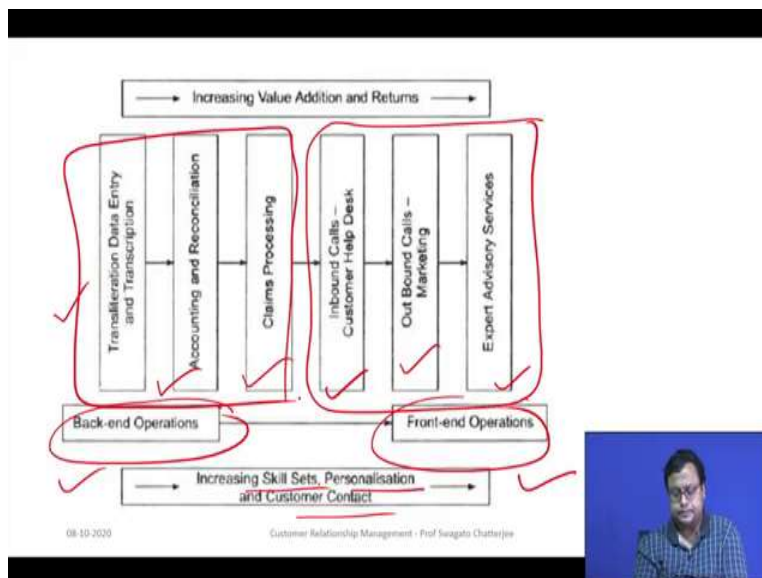
So, I can guess what is the demand of the product, how important the product is. For example, 4 people in front of me in the phone call and 10 people in front of in the backside of me, that means, 14 people at a certain period of time is trying to call Apollo, one single number I will guess that how much important to be in this line is.

So, all of these things will make me more patient to stay back in the line. And if I stay back in the line if I wait for certain time and then I served well, the chances of satisfaction is much higher than calling me back and not getting me or getting me in the wrong time, and etcetera. Oftentimes we cannot exactly say that, what time of the day I will be very much free. So, if that kind of situation happens then probably it is better to make the customers more patient.

And this is a very simple costless strategy, is costless. You were already given the information of number of persons ahead adding up another information putting another figure in the message that is coming up or whatever message is coming up in the call in the IVR system adding a single more line will not cost you anything, it will cost you 0 rupees. But if by costing you 0 rupees, if the strategy can reduce your renegeing, dropping off calls by 1% even that gives you huge amount of benefit because the ROI is infinite.

So, basically that is what I am trying to say that there is a very simple strategy we have written. My thesis, my own thesis is on this particular topic and we are trying to write a paper on that. But there are certain other papers which has talked about similar things and you can find out in Google scholar if you are interested.

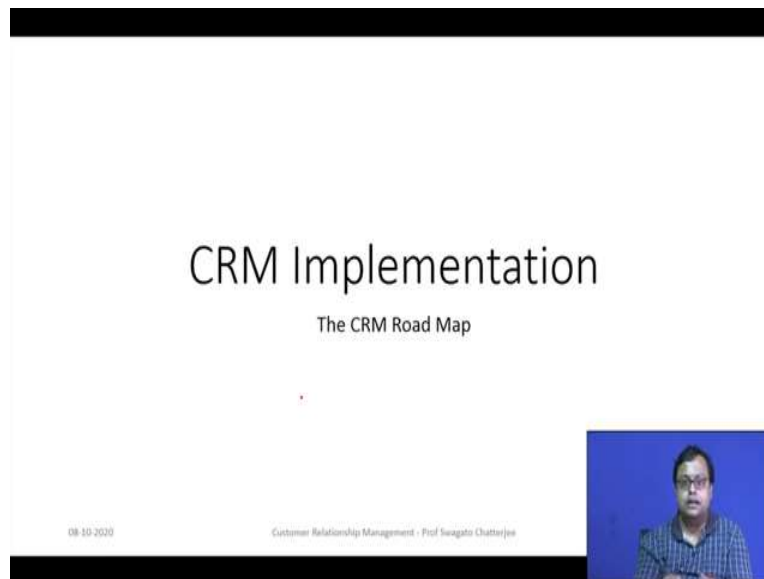
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Next is that, what is the increasing value addition and return. So, there are back end operations and there are front end operations. And as you go from in, this side to this side, the skill set, personalization and customer contact increases. So, in the back end, there is transliteration, data entry, and transcription done.

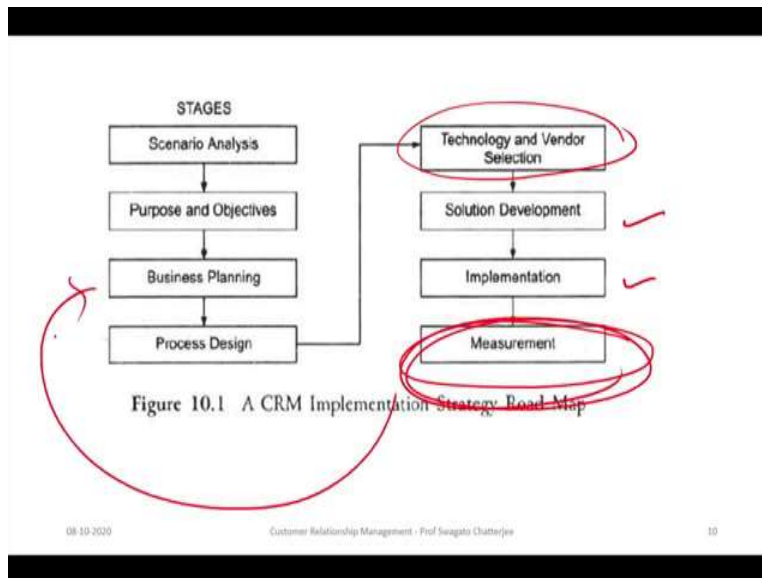
Then accounting and reconsolidation is done, then claims processing is done. Then inbound calls are in the front end, outbound marketing calls are in the front end and expert advisory service. These are more of front end work, and these are more of back end work. So, that is how contact centres actually divide their work into front end and back end.

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Now, I will talk about a little bit on CRM implementation. Let's say, you decided to implement CRM in your organization, what will be the roadmap for that?

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So, the first step is you have to analyze the scenario. What is the current situation, and what is the purpose and objective of implementing CRM strategies?

Then you have to do a business planning that with what kind of things are required, you have to design the process means first I will implement the software. Then this software will be implemented in department A, then slowly in department B, and then in the third-place department C.

This first in department A, first these people will be trained, then from these people, another bigger group of people will be trained and so on, so slowly one by one. So, this is a technology adoption right. It is not very easy. People will say that okay this is not required, it is very difficult.

So, there will always be any technology adoption, there will be some early adopters, there will be some laggards, and there will be some people who are late adopters. So, you have to identify who are the influencers, who are the early adopters, whom you can train so that they can train another 10 people, and then another 10 or the 100 people. So, slowly the diffusion of the technologic will happen within the organization.

So, any organizational change if you want to bring CRM implementation is something like that, you have to first do the scenario analysis, you have to design the purpose and objective of this work, and you have to plan. And plan will start with the process design, and then your technology and vendor selection who will be doing it. And this is what the MCDM techniques you can go and study about MCDM techniques that how vendor selection is done.

Vendor selection is done by multiple things you have to see. You have to see the product of the vendor, the long, how long they are associated with you, how good is the services, how good is their availability, there can be multiple factors that are there. And then you sometimes do pairwise

or sometimes an overall importance analysis that, how these particular factors are important over each other.

And then if there are 4-5 persons, 4-5 vendors, you rate them based on all these factors. And then there are multiple MCDM techniques, Multi-Criteria Decision Making techniques which you use to find out who is your best vendor.

So, again outside the purview of customer relationship management as a course, but you can go and just search in YouTube Multi-Criteria Decision Making in vendor selection. Let's say and you will find out lots of videos are available by various professors.

Go and read some legitimate, listen to some legitimate professors who are from better universities or institutes, and you will be getting information. Even NPTEL has lots of courses on this, you can get an idea that how vendor selection is done.

Then the solution development you have to decide you have to sit with the vendor because the CRM requirement of your organization and the CRM requirement of some other organizations are very different. And that is very often times people actually, CRM selling if you are a CRM producer, and CRM selling is a consultative selling.

It is not like you have made at this particular thing, there are lots of modules, and now you fit with these modules, that becomes sometimes difficult. Sometimes the models that you have developed as a CRM software developer has to change a little bit depending on the company.

So, company has also to ask you if you are in the client space, the client has to also ask the software developer that why don't you change this particular module as per our requirement. Some new fields, some new processes, new action buttons, new pages has to be created. But oftentimes this is a one time job. And once it is implemented it is used for 2-3 years, and then any further changes required by handholding is always there, so that solution development

Then implementation, ultimately implementing that. And again and again, I am telling the most important part is measurement, so that you can come back here again. So, how you can measure that, whether your objectives and purposes are actually being met or not, so you have to follow that path.



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Now, some important decision here in the multi-criteria before you go for vendor selection is whether you will buy or whether you will make. Because you see that as I was telling you again and again that this particular thing is very much related to your company whatever your company needs that is what you have to focus on.

Now, if it is related to your company, the vendors might not understand or might not appreciate the needs, specific needs of your organization. So, sometimes it is important to make it. So, depending on what size of your company is. you might want to make it or buy it.

Also, there are data security issues, because this CRM software will be probably hosted in a cloud. Now, if it is hosted in the cloud and if you have a security trust issue with the cloud service provider that creates a problem.

So, certain solutions is that if your organization is big enough, if they can invest on the infrastructure and etcetera, on also the manpower who will handle this they can make it or otherwise they can buy it. This is also a very strategic decision. Not very easily it can be answered it depends on many various things, but this is something where the CMO of a company will poke his nose as well, his or her nose as well, so that is something it is an important decision that I want to just say.

And another things in the implementation plan is the three things: one is *the organizational culture*, one is the *consumer centricity*, and one is *internal marketing*. These are three aspects that I will discuss. The organizational culture, why it becomes important, because with this transformation process.

So, in a transformation process, you have to decide that, whether you have to, you have to actually plan according to the organizational culture. If the organization is very hierarchical organization,

then the change has to be top, top-down the management has to force the change, but often that does not work.

If it is a flat structure, then the change has to be driven by the users themselves. But then whatever the technology you are adopting has to be pre-tested, pileup tested, before you implemented it. Organization culture also defines that how — in what speed the change will happen. Whether the change will happen in a very high speed. Let's say it is a huge organization, what, let's say and very disconnected organization, then change does not happen very well.

If it is very cohesive organization, generally changes does not happen, but if it happens it will happen very quickly. So, the organizations social network structures sometimes play an important role in CRM landscape. Social network analysis is a different kind of technique which is applied in the social science in terms of implementation of diffusion of information, adoption of technology, and that is where this also comes and fits with organizational culture perspective. This is something that is important to study when you come up with CRM.

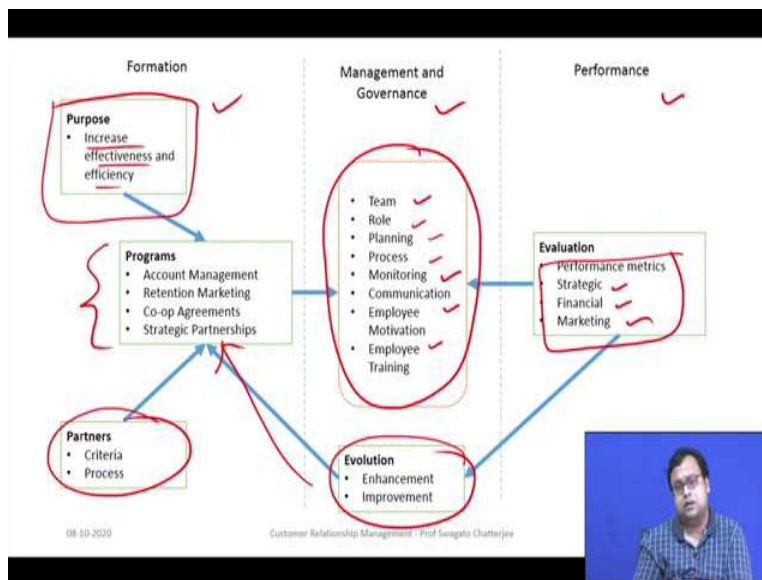
Then is *consumer centricity* whether the organizational culture believes that everybody is serving the customer or not. If everybody is serving the customer, if that kind of belief can be injected in, the into people's mind, then everybody will be interested to implement CRM, because CRM is the way to go ahead.

But you have to make them believe that by doing this you are doing good for the customer, whether you are in marketing, whether in sales, whether you are in finance, whether in production, whatever department you are ultimately you are doing good for the customers.

So, if that is something out of the society, if that is something that what you want to you can make them believe that might have a huge impact on the transformation process And to do that, to have this customer-centricity intact you have to do internal marketing. What is internal marketing? Marketing to your own insider employees. You have to make them believe.

You have to create your brand image. You have to create the belief system such that the belief that this particular organization is trying to do good for the companies, for the customers. And I being a part of this organization, it is my duty and responsibility irrespective of my job role to do good for the customers. That is why I should be customer-centric, and that is why I should adopt CRM. So, oftentimes various organizations actually try to imbibe that culture, imbibe that feelings in the customers mind that they are doing good for companies employees mind that they are doing good for the customers. Now, these are very strategic issues that I talked about. There are certain operational implementation issues, very crude hardcore implementation issues that has to be taken care of as well.

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So, when I talk about operational implementation issues, there are three parts of it; one is formation, one is management and governance and performance. So, basically management or governance comes in the middle. First is *Purpose*, why you want to do this? Your purpose is to increase effectiveness and efficiency. For that, you can create certain programmes when you implement CRM.

So, you can have account management programme which is which. You can have retention marketing like giving loyalty programmes and etcetera. You can have cooperative programmes like co-creation, they can come together and co-create together something. And you can also have strategic partnerships.

Now, all of these programmes, when you try to do a programme whether it is an account management programme or a co-creation programme or a retention loyalty retention programme that you are running, you have to define a team, their role, what kind of processes they will do, what kind of metrics will be monitored, what kind of communication they can do, and why they will, what kind of training they will get and what kind of rewards the employees will get. So, these are the HR issues, but HR is not in a CRM context in a consumer centricity concept HRM marketing are not very different.

So, these are marketing teams, their role, their process, their metrics, their rewards, their training, everything has to be discussed in every reading you have to define. So, that your employees gets everything is clear in front of your employees that what they have to do.

And then when I talk about employee motivation or monitoring, there has to be some performance metrics. And these metrics has to be strategy, financial, and marketing, all these three things has to be there when you evaluate the performance of any programme that you are launching. Now,

based on these measurements you do your evolution, evolution means enhancement and improvement.

And this comes to your programme. Now, sometimes these problems are driven by your partners as well. Let us say you are doing this particular programme with certain card providers or certain payback points providers who have their own systems, own criteria, own process also. So, you have to create an amalgamation of your requirements and their requirements and create something which is good for everybody.

So, this is very easy to say this is the structure I am just giving you the structure. Now, depending on the structure the variations things will vary that how you will define your own customer relationship management plan. In a normal class, what I generally do is after doing this I will, I give them — students a project. The project is to create the wholesale plan, that plan will be probably a ten group project 4-5 people will come together, and create a wholesale plan to do it.

So, even in your case if you know another 4-5 students who are actually doing this you can join together, pick up any company and create a wholesale CRM plan and email it to me I will check and give my feedback. So, in the forum, you can communicate you can create your own team, 4-5 people can come together.

They can be from different backgrounds, different age groups, because there are around more than 6000 students are there, who are from different age group, different background, they can all come together and create, create groups, and then probably send me certain CRM plan based on this thing — that what kind of improvements can be done.

You can choose any company. Let's say you can choose Reliance Smart or you can choose let's say Big Basket, or in the telecom sector you can choose Airtel or Jio or anything and why don't you create for an upcoming 1 year what kind of CRM plan, they can do.

You know that what kind of CRM strategies they are now taking you can — based on that, you can probably try to define that what kind of CRM plan they can do, what will be the metrics they will measure, what will be the team, what will be their roles and etcetera. You can create a report or you can create a PPT, and send it to me, and I will give feedback on that.

Thank you very much for listening to this video. I will come up with the next video in where we will cover globalization and international marketing in the context of CRM, actually CRM in the context of globalization and international marketing. So, we will discuss that and that will be the last topic that we will cover in Week-8.

Thank you very much. See you in the next video.