



# CRM in Lean Manufacturing – The Playbook

## Chapter 1

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# TABLE OF CONTENTS

Do you know what your customers are thinking?	<b>3</b>
The Customer and Industry 4.0	<b>4</b>
Roadblocks to digital reform	<b>8</b>
The lean advantages of CRM	<b>10</b>
Conclusion	<b>13</b>

# Do you know what your customers are thinking?

In the olden days, manufacturers could get away with ignoring customers if the products they sold were exceptionally good. To paraphrase car-maker Henry Ford – you can get a Model T in any colour you want “as long as it’s black.”

But the days of taking customers for granted are long over. Now car buyers pick from a rainbow of colours, and a list of technology-driven features that grows longer day-by-day. Globalization, cut-throat competition, and e-commerce have put customers in the driver’s seat. And their expectations have risen dramatically – *everyone now expects personalized products delivered, right to their doorstep, at a competitive price*. That means manufacturers must be able to anticipate customer needs and respond immediately.

Surprisingly, however, many manufacturers still rely on archaic systems for managing customer engagement. Such processes – dependent on Excel, Outlook, Access or even the rolodex – are inefficient to the extreme. Manufacturers need tools that help them be proactive throughout the customer engagement lifecycle. That requires a 360 degree view of communication across marketing, sales and customer service.

A full-fledged Customer Relationship Management (CRM) solution – with modules for marketing, sales and customer service – can be your ticket towards modernizing customer engagement and increasing customer retention. This article outlines the benefits manufacturers gain from using CRM.

# The Customer & Industry 4.0

## Globalization and cheap foreign imports

Globalization has unleashed a flood of cheap, mass produced products into world markets. For example, “Factory Asia”, the Asia Pacific manufacturing and supply chain hub, produces about half of the world’s goods. In such an environment, manufacturers in countries like Canada and the USA face two options: drown in cut-throat race-to-the-bottom price competition, or differentiate by delivering higher quality, customizable items faster than competitors.

According to CRM consultant Paul Pitman, North American companies have a distinct advantage in terms of differentiation. Pitman writes: unhindered by global supply chains, local companies can be better positioned to develop Just-in-Time (JIT) production and cater to rapidly shifting local preferences. Keeping rock-solid relationships with one’s customers then becomes a decisive value proposition<sup>1</sup>.

But differentiating along these lines challenges how many manufactures have traditionally done business. This requires thinking more like business to consumer (B2C) than business to business (B2B).

**Innovation is switching from a product focus to differentiating the customer experience, with \$1 billion in revenues up for grabs – Accenture, 2016**

<sup>1</sup> [maximizer.com/blog/crm-for-manufacturing-companies](http://maximizer.com/blog/crm-for-manufacturing-companies)

## Customer Loyalty and Thinking B2C

Many North American manufacturing companies depend on product quality to drive customer loyalty and trust. But the rise of e-commerce has made customers less accepting of bad or even neutral experiences, and they can switch products at a click. Direct-to-Consumer (D2C) manufacturing, which cuts out the middleman to establish a direct link to the customer, has also exploded. For example, a small business website can now source personalized t-shirts, mugs and other swag directly from a manufacturer via a web portal like Alibaba.com.

In one 2016 cross-industry survey, a full two-thirds (66%) of businesses agree that relating better customer experiences and new business models will generate more revenue today than new products alone<sup>2</sup>. It's because of findings like this that industry consultants recommend applying innovation to "all aspects of consumer interaction" – not just to the product.

**A full two-thirds (66%) of businesses agreed, relating better customer experiences and new business models will generate more revenue today than new products alone**  
– *Accenture, 2016*

"It is no longer enough to build the next generation car, music player, crane or plane," said Accenture Strategy Managing Director Richard Holman. "Companies need to provide a superior experience in comparison to their rivals, from the point a customer shows interest in a product, through the research and purchase, to long after they own the item, with a series of services to keep the customer delighted"<sup>3</sup>.

<sup>2</sup> [industryweek.com/innovation/higher-revenue-better-customer-experience-rather-new-products](http://industryweek.com/innovation/higher-revenue-better-customer-experience-rather-new-products)

<sup>3</sup> [newsroom.accenture.com/news/innovation-is-switching-from-a-product-focus-to-differentiating-the-customer-experience-with-1-billion-in-revenues-up-for-grabs-accenture-research-finds.htm](http://newsroom.accenture.com/news/innovation-is-switching-from-a-product-focus-to-differentiating-the-customer-experience-with-1-billion-in-revenues-up-for-grabs-accenture-research-finds.htm)

## Industrial manufacturers: the same holds true

The benefits of customer engagement are obvious for Direct-to-Consumer (D2C) manufacturers who rely on e-commerce to drive sales. Industrial manufacturers face different challenges, but the basic principle of needing to get closer to customers holds true.

Marketers repeat the mantra that “it costs five times what it takes to acquire a new customer as it does to retain an existing one.” But the numbers show that a lot actually depends on your business processes. According to the DMA’s Customer Acquisition Barometer (2014) sponsored by McDowall, a full fifth (20%) of organizations say they spend more trying to retain existing customers than acquiring new ones. The takeaway is that common wisdom is generally true: companies do spend more acquiring new customers, but others spend relatively large amounts trying to keep them. Whether that spend is efficient depends on one’s business.

For industrial manufacturers, an outsized spend on retention might be worth every penny. Why? Because in a brutally competitive environment, long-lasting relationships with customers are critical for selling lucrative value-added services, like maintenance plans, and up-sales and cross-sales on heavy equipment.

*Industrial manufacturers need tools that provide intelligence on the status of their existing relationships. They need easy ways to stay abreast of customer maintenance needs, and act immediately when a problem emerges.*

## Industry 4.0 and Digitization

**Manufacturers using digital technologies can expect average cost reductions of 3.6%**  
– PwC

*Ultimately, it's companies who modernize who reap the biggest rewards.* According to PwC, manufacturers are in the midst of a fourth industrial revolution – or Industry 4.0. This includes the introduction of cyber-physical systems, like networked computer and cloud computing across all aspects of the business, including sales and customer service. *There's an arms race to leverage technology and create markets that anticipate – rather than simply meet consumer needs.*

PwC expects first movers to gain the biggest benefits, with its 2016 survey respondents anticipating US\$421 billion in cost reductions and US\$493 billion in increased annual revenues over the next five years.

“If even half of these expectations are met, Industry 4.0 will fundamentally reshape the competitive landscape and bring fundamental change to established industries,” wrote PwC study authors<sup>4</sup>.

Acquiring a slice of the Industry 4.0 pie requires putting the customer at the center of value chains, products and services. That means proactively digitizing one's business and building product-as-a-service platforms offering greater convenience, personalization and interactivity than competitors.

<sup>4</sup> [PwC.com/gx/en/industries/industries-4.0/landing-page/industry-4.0-building-your-digital-enterprise-april-2016.pdf](http://PwC.com/gx/en/industries/industries-4.0/landing-page/industry-4.0-building-your-digital-enterprise-april-2016.pdf)

# Roadblocks to digital reform

## Use of Outlook, Excel and the rolodex

In moving towards digitization, manufacturers enthusiastically integrate technologies like smart sensors, networked computers, robotics, data analytics and more on their shop floor. In turn, managers are able to model production techniques and re-imagine process flows to squeeze every last drop of efficiency from their technology investments. Yet when it comes to sales and marketing, many have not applied the principles of Kaizen and lean manufacturing, relying instead on tools developed in the 90s.

Many still use Excel, Outlook or even a rolodex to manage contacts. As a result, record-keeping is ad hoc, and the organization is reliant on employee memory and fragmented, piecemeal data.

With Outlook, there's no centralized registry of communication. Contacts are scattered across multiple computers. If someone leaves, they can take their contacts with them, disrupting business continuity.

Likewise, Excel is delicate – it's too easy to delete records or notes. Follow-ups are in danger of getting lost or mismanaged. And there are limits on the number of records that can be easily tracked. Indeed, it's hard to create forecasts based on Excel data. A single erroneous entry in the wrong column can mess up spreadsheet functions, creating the potential for hours spent on tedious manual review of each forecast. Team members can also struggle to collaborate. With multiple versions of the same document, nobody knows which is the latest, and as a result, people get out of sync, leading to errors and duplicative work.

And then there's the rolodex. While some may appreciate its old-school charm, it lacks an easy way to get visibility into the sales pipeline or forecast revenue. And if a sales rep is hit by a bus tomorrow – you can lose everything.



## Pain points created by archaic methods

The costs of these informal, inconsistent and low-tech practices are many: management can struggle to find accurate, verifiable sales data on which to forecast their sales pipeline. Unsupported, the sales team would then struggle to translate customer feedback into product changes. And lacking sales automation, sales could forget to follow up on important leads.

Likewise, starved of data, marketers struggle to identify pain points and develop relevant content. Advertising becomes unfocused and wasteful.

Finally, customer service suffers as well. High-value clients might not get the quick escalation they deserve. Technicians can waste hours looking through old, poorly organized records for that one critical email or form.

Your business suffers from information inconsistency, including details on what a customer has purchased, and their history of previous issues and support. You also lack a method to share that information effectively with other stakeholders.

# The lean advantages of CRM

## Visibility, consistency and actionability

CRM tools provide real-time, up-to-date and searchable records of all correspondence with customers. This pools communications into what we call a “Single Version of the Truth”, that brings clarity to internal processes, consistency to the customer experience, and a delightful source of insight to your sales and marketing teams. Once your communications are centralized and visible, you can begin to reap incredible downstream benefits.

*First: clear, centralized data enables senior management and decision-makers across the organization to be on the same page and act in a coordinated fashion. This ensures consistent messaging across all channels and fewer errors such as mixed-messaging. Customers thus encounter a seamless experience at each touch point in their lifecycle from acquisition to retention. You come across as more professional and organized, leading to improved customer trust & loyalty.*

The second downstream benefit: visible, consistent communications are also far more actionable. You'll have more accurate, verifiable data to work with, and you'll be better positioned to see and reform your workflows. *A CRM solution can help you automate various business processes – not just sales.*

Third: with real-time, accurate and up-to-date customer information, you can improve forecasting; better pinpoint who needs what, where and when; and then proactively inform stakeholders and adjust production. *That translates into leaner, smarter production, with less order backlogs or overstock, and faster responses to spikes in demand.*

## CRM for Manufacturing

**Only 44% of Manufacturers today are currently using a CRM system**  
– Gartner

**67% of manufacturers using CRM prefer a cloud based solution over on-premise**  
– Gartner

A subscription to Maximizer CRM for Manufacturing provides all the tools you need to manage sales, marketing, service and analytics, for one low price. It comes with preconfigured workflows and form fields that make it even faster to set up, while unlimited live training webinars help your team get up to speed quickly on all its capabilities, including

- 1. Pipeline management/forecasting:** Gain immediate visibility into the status of your sales pipeline, including what deals are in progress, the risks, and expected revenues. With centrally stored data at your fingertips, you can forecast revenues based on a timeframe of your choosing without compiling individual reports. Segment information by committed orders; season or region; average sales lifecycle; type of product; product performance; and much more.
- 2. Product and service tracking:** A complete case management platform allows you to track unique support cases and trouble tickets, and ensures support issues are visible to everyone. That way they are dealt with in a timely manner, and comply with your SLAs.

3. **Quote and delivery management:** Manage quotes directly from within Maximizer, and then track deliveries, with up-to-date information on your supply/delivery routes. Stored in the CRM, your quoted prices can then be easily included in reports, charts or graphs displayed on Maximizer's analytics dashboard.
4. **RMA Management:** Track return merchandise authorization (RMA) refunds, replacement parts, repair processes and so on during a product's warranty period.
5. **Territory Management:** Understand at a glance your best and worst performing territories to assign (or reassign) resources as required.
6. **Scalability:** Some big-branded CRMs, like Salesforce, charge extra for each department module you add-on. This requires careful study of their many offers for the best bang for your buck — and even with the correct plan, like with Nike shoes, you still pay a premium for their brand. An all-inclusive and affordable CRM, in contrast, lets you scale up easily and affordably, with fewer risks.
7. **Customizability:** CRMs with user-defined-fields and customizable settings let you tailor your software to your unique business processes. Also, choosing a provider that offers free live webinars and affordable training services flattens staff learning curves and ensures you get the most use of your software investment.

## Conclusion

A scalable, customizable CRM offers a simple way to extend similar principles of rational management you demand on the production floor to your sales, customer service and marketing teams. You can automate sales, improve stakeholder information and increase customer engagement across the customer lifecycle, leading to higher revenues. There's also feedback into the core of your business: with better customer information, you can ensure learner, smarter production that proactively adjusts to anticipated spikes in demand.

## About Maximizer

### Maximizer CRM is fueling the growth of businesses around the world.

Our CRM solutions come fully loaded with the core Sales, Marketing and Service functionality companies need to optimize sales productivity, accelerate marketing and improve customer service. With flexible on-premise, our cloud and your cloud deployment options, tailored-to-fit flexibility, state-of-the art security infrastructure, industry-specific editions and anywhere/anytime mobile access, Maximizer is the affordable CRM solution of choice.

From offices in North America, Europe, Middle East, Africa and AsiaPac, and a worldwide network of certified business partners, Maximizer has shipped over one million licenses to more than 120,000 customers worldwide.



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