

# MINI CASE

## CRM at Minitrex<sup>4</sup>

Georges Degas, Director of Sales at Minitrex, looked at his salesman with concern and sympathy as the man described another sales call where he had been made to look unprofessional! It was bad enough that he didn't know that the company he'd just phoned was already a Minitrex customer, but being told that he was the third caller this week from Minitrex was horrible. "I'd be better off with a Rolodex and handwritten notes than this system," he grumbled.

To keep track of customer information, salespeople use the Customer Contacts system, the brainchild of Degas's boss, Jon Bettman, VP of marketing. Bettman's position was created eighteen months ago in an effort to centralize sales and marketing activities at Minitrex. The sales and marketing team is responsible for promoting and selling an array of products to its customers. There are two distinct product lines, each developed by a separate division (insurance and financing) that also provides after-sale customer service. The idea behind having a department dedicated to sales and marketing was to create opportunities for cross-selling and up-selling that didn't exist when salespeople were tied to just one of the company's product categories.

The insurance division, led by Harold Blumfen, VP of insurance, is a major profit maker for Minitrex. Blumfen's group is divided into industry-specific teams whose goals are to develop deep industry knowledge and design short-term insurance products to meet clients' needs. Irrascible and brilliant, Blumfen believes that computers are good for billing and other accounting functions but cannot replace people for customer knowledge and support. His division uses a credit administration system (developed more than twenty years ago) to track customer billings and payments and a general management system to keep track of which products a customer has bought and what services the customer is entitled to. Both are fundamentally back-end systems. The industry teams keep front-end customer knowledge in their own documentation and in their heads.

The mission of the financing division is to provide business sectors with financing services that are competitive with those of the big banks. As with the insurance division, its products and customer service are designed and delivered through its own industry-specific teams. However, unlike Blumfen, the VP of financing, Mariella Hopkins, is an IT enthusiast. Hopkins joined Minitrex about four years ago after a successful banking career. Her mandate, which she has undertaken with alacrity, was to "combine big banking services with small company flexibility." To do this, her division funded the development of a management business center application, which acts as an online customer self-service system. Customers can obtain statements and financing

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<sup>4</sup>Smith, H. A., and J. D. McKeen. "CRM at Minitrex." #9-L05-1-002, Queen's School of Business, January 2005. Reproduced by permission of Queen's University, School of Business, Kingston, Ontario.

online and often can get credit approved instantly. Customer-service representatives use the same basic system, with additional functionality, to track customer transactions and to provide customer support as needed.

“The company is always promising better systems, ‘thought Degas,’ but when it comes down to it, no one can agree on what to do. Being customercentric seems to depend on whose view of the customer is being used. Meanwhile, salespeople can’t do their jobs properly. Just imagine what our customers think!”

Bettman has been trying to get the company to see the importance of having timely, accurate, and integrated customer information without much success. To give his sales force a better way to keep track of sales prospects, he developed his Customer Contacts system, which schedules sales calls on a periodic basis and provides mechanisms for generating and tracking new leads; it also forms the basis on which the marketing department pays the salespeople’s commissions. Real-time information on sales by product, salesperson, and region gives Bettman and his team excellent feedback on how well their centralized marketing strategies are performing. For purposes of invoicing and servicing the accounts, the Customer Contacts system also feeds data into the insurance and financing divisions’ systems after sales are made.

“I’ll see what I can do about this,” Degas had promised his frustrated salesman, knowing that it would take a miracle to improve the situation. “I’ll speak with the director of IT today and get back to you.”

Degas put in a call to Denny Khan, Minitrex’s long-suffering director of IT. Khan, who reported to the CFO, was outranked by Bettman, Blumfen, and Hopkins. To his surprise, Khan answered the phone right away. “I was just leaving for lunch,” he explained. “What can I do for you?”

As soon as Degas began to explain what had happened that morning, Khan cut him off. “I know, I know. But the VPs would say, ‘Our systems work fine for our needs, so why change them? We have a lot more urgent IT needs to spend our money on.’ Blumfen doesn’t want to spend a nickel on IT and doesn’t want to have to work with Hopkins. Hopkins is open to collaboration, but she doesn’t want to compromise her existing system, which is working well. And Bettman can’t do anything without their cooperation. Furthermore, none of them will assign dedicated business staff to help us put together a business case and requirements. Their line is ‘We don’t have the budgets for this. Of course, we’ll answer IT’s questions, but it’s their job to give us the systems we need.’”

“I see the same attitude in our business activities,” agreed Degas. “Our sales force often doesn’t know what services the business teams are providing to the customers. I don’t see how management can expect to make informed decisions when they’re not sharing basic information. Isn’t there some way we could at least get common customer data—even if we use the data in different ways? And surely, with each unit identifying, prioritizing, and paying for IT opportunities, the duplication of support services must cost an arm and a leg.”

“Sure,” Khan agreed, “but each unit developed its own terminology and specialized data items over time, so these only work for *their* systems. Sharing is impossible unless everyone agrees on what information everyone needs about our customers. I’d like to see something done about this, but when I take it to the IT prioritization

committee, it always seems to get bumped off the list. To the best of my knowledge, there has never been an effective business case to improve CRM. And anyway, I don't own this issue!"

"You're probably right, but I'm not sure how to go about this," said Degas. "Let me think about it and get back to you."

### **Discussion Questions**

1. Explain how it is possible for someone at Minitrex to call a customer and not know (a) that this is a customer and (b) that this is the third time this week that they had been called.
2. Outline the steps that Bettman must take in order to implement CRM at Minitrex. In your plan be sure to include people, processes, and technology.