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## **Turning Transactions into Relationships**

**By Bob Angel**

CRM (Customer Relationship Management) is a “new economy” industry. It has attracted thousands of software companies and consultants offering services and applications, and has created almost as many definitions of what CRM is. Many definitions, especially for Internet applications, relate to sales support.

This reinforces that much of CRM has been focused on pushing more product at customers - rather than understanding and improving relationships, as CRM should be. This is generally counter-productive. The 3-5% more customers obtained or cross-sold by typical CRM product-push activities (like direct mail, phone calls, branch sales efforts) can be outweighed by the potential antagonism customers may feel.

In fact the whole idea of *managing* customer relationships runs counter to the spirit of relationships in the age of the networked economy. Today, the customers want to own the relationships, not the vendor, and are very clear in wanting to operate on their terms.

A typical approach to customer relationship solutions is to extract detailed knowledge and actionable insights from customer information, then interact with the individual customer. CRM is an interactive process that builds customer knowledge transaction by transaction into a basis for informed interaction with the customer. In other words, CRM also stands for Customer Relationship *Marketing*.

One-to-one relationships are being strengthened by monitoring the individual transaction stream to understand behavior and detect significant changes that lead to the need for a customer dialogue. The transaction stream can be used to value accurately each relationship. The transactions can be viewed from different aspects to give a consistent, holistic picture by segment, product, or channel. Understanding the customer and the data can enable privacy policies to be implemented, including treating each customer according to their individual privacy preferences.

Vendor organizations such as NCR Canada, leverage their information management capabilities to assist customers to understand transaction data and its uses at the most detailed level, as well as providing the technology to handle the large volumes and complex relationships in this data.

Understanding your customers at the most granular level avoids making false assumptions about their needs and gives priority to their needs as individuals – above the vendor’s interests. In the networked economy, this is a prerequisite for being in business – *to turn transactions into relationships*.