

Chapter 3
Customer Relationship Management:
A Vision for Higher Education

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Web Portals and Higher Education
Technologies to Make IT Personal

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A Publication of EDUCAUSE and NACUBO

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Customer Relationship Management

A Vision for Higher Education

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Educational institutions worldwide are undergoing fundamental shifts in how they operate and interact with their “customers”: students, alumni, donors, faculty members, and staff members. Kotler and Fox (1995) state that “the best organization in the world will be ineffective if the focus on ‘customers’ is lost. First and foremost is the treatment of individual students, alumni, parents, friends, and each other (internal customers). Every contact counts!”

During the mid-1980s and the late 1990s, many colleges and universities began restructuring and reengineering their operating processes to cut costs and become more efficient while responding to increased competition. Yet these organizations also realized that building the in-house technology necessary to achieve these goals was expensive, difficult, and time-consuming. As a result, many turned to enterprise resource planning (ERP) applications. These applications helped them automate and optimize their internal business processes—in areas such as finance, grants management, student information, enrollment, inventory management, and human resources—and freed them from some of the minutia found in day-to-day operations.

The focus is currently shifting from improving internal operations to concentrating more on customers. Higher education customers are demanding more attention and immediate service—that is, “Internet time.” Proactive institutions are now adjusting their

practices by refocusing their efforts externally. Because of the need to concentrate more on customers, many institutions are once again turning to technology—this time to customer relationship management (CRM) software. Similar to ERP, CRM solutions focus on automating and improving processes, although the focus is on front office areas, such as recruiting, marketing, customer service, and support. CRM goes several steps further than ERP by helping institutions maximize their customer-centric resources.

What Is CRM?

CRM is both a business strategy and a set of discrete software tools and technologies, with the goal of reducing costs, increasing revenue, identifying new opportunities and channels for expansion, and improving customer value, satisfaction, profitability, and retention. CRM software applications embody best practices and employ advanced technologies to help organizations achieve these goals. CRM focuses on automating and improving the institutional processes associated with managing customer relationships in the areas of recruitment, marketing, communication management, service, and support. CRM takes a very customer-centric view of the entire customer life cycle, which means that a CRM business strategy places the customer at the center of the organization's universe.

From the perspective of the customer, a CRM business strategy allows interaction with the college or university from a single entity that has a complete understanding of their unique status. In the case of a student, this might be seen through the interaction with and between the admissions, registration, financial aid, student accounts, and housing offices. For a faculty or staff member, a CRM business strategy would optimize interaction with departments administering benefits, payroll, staff training, information technology (IT), or facilities. From the perspective of the college or university, the CRM business strategy provides a clear and complete picture of each individual and all the activities pertaining to the individual.

But what are the tangible CRM advantages, and what do they really mean to the customers? This question is probably easiest answered through an example of how CRM activities are being applied in the service industries in a scenario not far from the actual process of a customer on a higher education campus. The following example addresses a customer calling the telephone company and reaching a customer service representative who knows his or her account and service status immediately upon answering the call.

A telephone feature identifies the caller, cues the caller to enter a billing number, and then exchanges data with the company's customer call center software. Automatic call distribution (ACD) software then routes the call to a customer service representative. The customer service representative then uses software designed specifically to answer customer questions. This differs from administrative systems, which are designed to process transactions. The CRM business strategy applied in this example allows the customer to call one number for all his or her needs, enabling the service request to be completed in one call. In this case, the customer service representative is starting the interaction from a position of knowledge. The technologies employed include telephony, ACD, data warehouse, intelligent scripting, and interfaces with such legacy systems as billing. These technologies are all existing and mature applications and have been integrated to streamline the delivery of service.

Why Implement a Higher Education CRM Business Strategy?

Higher education is in much the same position with CRM as it was in with ERP—just far enough behind the commercial sector to gain from the lessons learned and the maturation of the technology.

Departments and offices work as separate entities in many colleges and universities today. Faced with divisional boundaries, it is often very difficult for these different institutional functions to focus on their customers in a coordinated fashion. By providing a common

platform for customer communication and interaction, CRM solutions aim to eliminate the organizational stovepipes that hamper proactive customer interaction. CRM applications are also designed to increase the effectiveness of staff members who interact with customers or prospects. The use of CRM applications can lead to improved customer responsiveness and a more comprehensive view of the entire “cradle-to-grave” customer life cycle. CRM solutions that tie directly into ERP systems are particularly powerful because institutions can take customers through a closed-looped set of well-defined steps and processes to satisfy their needs. Whereas CRM applications provide the framework for embodying, promoting, and executing best practices in customer-facing activities, ERP provides the backbone, resources, and operational applications to make organizations more efficient in achieving these goals.

Most exciting of all is CRM’s ability to promote and enable e-business, which is the seamless, Web-based collaboration between an institution and its customers, suppliers, and partners. CRM applications track and manage interactions and transactions with various customers across multiple channels, including the Web. For institutions with a high degree of personal interaction, such as admissions recruiters or development officers, CRM can extend these channels to the Web by providing a framework for managing the interactions and transactions. CRM can also enable purchase of products or services on-line, and provide Web-based services and support, all personalized for the individual customer.

An Example of CRM in Higher Education

Emerging CRM processes and technologies will drive the growth of new types of resources and services. The following example highlights the opportunity to implement a CRM business strategy to support the student during the admissions and recruitment process.

Marketing and campaign management processes and applications can support both targeted admission recruitment and fundrais-

ing. For example, the institution may have an enrollment goal to recruit out-of-state students and minorities and to increase the number of students pursuing health careers. An institution would target specific groups, using data analysis to determine which prospects are most likely to apply and why. A personalized mailing campaign would then be launched using both e-mail and traditional mail. Within each mailing, prospects would be given a personal identification code for access to the university. All prospects not responding by any channel (Web, e-mail, phone, fax, or other) would be sent follow-up e-mails.

A prospect receives the e-mail three days before the receipt of the paper letter. The prospect then activates the hyperlink and is linked to the university's recruitment Web page. The prospect is requested to enter his or her personal identification code and then is linked to a personalized home page and portal. The Web page is customized, based on interests known from the search data. For example, if the prospect is interested in sports or band, links to the university's athletic department or music club Web pages are provided. Or if the prospect listed health as an occupational choice, there are links to health departments' Web pages. Finally, there are standard links provided to all prospective students, such as admissions application procedures and forms, financial aid information, and scholarship search programs. The prospect navigates through the site, completes an electronic inquiry card, and requests information on physical therapy programs and financial aid. The university then monitors the prospect's responses and initiates follow-up communications, as appropriate.

The Impact of CRM on the Higher Education Enterprise

Emerging CRM processes and technologies will drive the growth of new types of resources and services. Within the higher education enterprise, much of this new functionality will be focused in

the student area. This exciting new level of student-related functionality and performance will have an impact on students as well as on the administrative staff and management, the faculty, and the institution as a whole. A look at each of the areas affected follows.

Students

Today's systems have little to offer students, particularly the new breed of technology-savvy students who want to be more in control of their learning environment. Today's students demand a higher level of access to information about their options, their performance, and their future. They also demand that technology resources be an integral part of their learning experience. The standard for access to faculty and student services will change as students come to expect virtual access to faculty and student services resources. The old ways of interacting with students will become untenable—like expecting them to line up for hours when instead they can choose an institution that can meet their needs on their own terms, on their schedule, with virtual support systems.

Administrators

A CRM business strategy for a college's or university's administrative system would also introduce a true self-service system that empowers the administrative team to rethink the investment of administrative resources in institutional services. By shifting responsibility for information maintenance to students and faculty members, and empowering them to complete relevant processes and securely access vital information, the administrative staff can focus on more productive, rewarding, and satisfying activities—such as making personal connections with students and helping them plan for the future.

Faculty Members

Today's systems provide little value for faculty members. In many institutions, there is a complete disconnect between student services and instructional programs. This disconnect is often mirrored

in the rift between administrative and academic computing. In the new learning environment, faculty and student services are closely linked, dynamically sharing resources and strategies to enable student learning. Envision a time when faculty members can securely access student learning profiles assembled in the admissions process to prepare custom learning options for students who are having difficulty. Imagine a process whereby a faculty member can make immediate student referrals to key support programs on campus—even when working at home. Finally, with a system that is dynamically linked with students, faculty curriculum planners can develop an accurate picture of which technology resources truly make a difference in student learning.

Advancement

Fundraising is increasingly important in higher education. The objective is to “sell” the organization’s mission to donors. Success is measured by how often gift-giving solicitation results in “taking an order.” Solicitation is often done by volunteers who view fundraising as sales. In the CRM approach, individualized techniques are applied to prospective donors whose connections to the institution have been established through some other relationship, such as that of an athletic supporter or music lover. The CRM approach identifies, selects, and generates lists of targeted customers with current information to build constituencies that continue gift giving long after they or their sons or daughters have graduated. These donors consider their gifts to be investments in values that are important to them. Furthermore, other people value these donors’ views, making them articulate advocates of the institution. Using CRM, the entire institution, not just a small group of volunteer telephone solicitors, is involved and organized around fundraising. Using technology to know that a donor’s last contribution was used to purchase football helmets is of great value when soliciting donations the next time. The ultimate goal is to entice donors to contribute in the future without direct solicitation.

The Institution

CRM delivers a new conceptual and structural framework for directing institutional activities to attract and retain its various customers. Following are ways in which all customers of the institution can benefit from increased access to information and services.

- Students, alumni, faculty members, and staff members can access and update information from any Web-enabled device, anywhere in the world.
- The evolution from point-to-point integration between applications to a single institution-wide database with integrated business rules and a workflow process library will blur the distinction between student, finance, alumni, and human resource systems.
- The needs of the customer base become the focus rather than the rigid process structure that is the focus of today's systems.
- Administrative systems are seamlessly integrated with instructional computing and communications systems.

Most important is the ability of a truly robust set of institutional processes and tools to bring the entire institution together around its people. The work of higher education should be focused on the people it serves, not on its administrative systems.

What Is the Return on Investment (ROI) of a CRM Business Strategy?

The benefits of implementing a CRM business strategy are far-reaching. Because CRM activities and technologies are fairly new to higher education, the best benchmarks come from the commercial sector. They include

- Up to 42 percent increase in revenue
- Up to 35 percent decrease in cost of sales
- Up to 80 percent decrease in order errors
- Up to 25 percent reduction in the length of sales cycle
- Up to 2 percent increase in margins
- Up to 20 percent increase in customer satisfaction ratings¹

For colleges and universities, these could translate into

- Increased revenue through improved recruitment and retention
- Reduced recruitment costs
- Improved customer service
- Quicker yield conversions
- Improved customer satisfaction

Many colleges and universities entered into ERP implementations with the goal of improving customer service. To some degree, service improvements were realized, but not because of improved support of customer interaction. These gains were realized through improved processing speed and better data. The investment in CRM enables an institution to better capitalize on its ERP investment. The CRM business strategy and associated technologies target facilitating the direct customer interaction. These processes and technologies can aid the institution in gaining a total view of its customers and can help implement activities to capitalize on this knowledge.

For a college or university to actualize the potential for these processes and technologies, it should first determine its vision for customer service and the relationships it wants to foster, and then

it should break the implementation of the vision into small manageable projects. For example, an institution should implement marketing and campaign management first in the admissions office and then expand its use into advancement, human resources, and payroll. Contact center applications may first be implemented in IT and then rolled out to student services, admissions, and other areas.

Conclusion

Faced with widespread economic, technological, and cultural change, academic institutions are looking to enhance the value and effectiveness of their existing customer relationships, while attracting new and loyal customers. As institutions begin embracing e-business and e-learning, the driving forces behind CRM will become even stronger.

The notion of effective customer information management as a productivity issue is being replaced by the need for effective customer management as a competitive advantage. Tomorrow's systems will go far beyond productivity-related features (such as Web-based student registration) to the development of customer information as a strategic advantage. The concept of students, alumni, faculty members, and staff members as "customers" will become a competitive imperative with profound impact on how colleges and universities attract, retain, and serve customers of all types.

Note

1. From a survey of 295 companies by Insight Technologies Group.

Reference

- Kotler, P., and Fox, K. *Strategic Marketing for Educational Institutions*. Englewood Cliffs, N.J.: Prentice Hall, 1995.