

Maximising benefits from stakeholder relationships: The rise of customer relationship management

While customer relationship management (CRM) has been part of the higher education vocabulary for many years, it takes centre stage increasingly for institutions that want to make and keep "institutional friends" and nurture "soft" interest in programmes or research into "hard" enrolments or clients.

DEFINITIONS

By definition, CRM is the long term management of relationships between a supplier of products or services and a consumer of those services. In education, for example, it can refer to a wide range of managed relationships with the organisation: from prospective and current students through to prospective and current staff, for example. It is manifested in regular, useful communications with stakeholders, plus the provision of added value or other services that will deliver real benefit. The by-products of CRM can include mutual trust and understanding, growth in organisational loyalty plus advocacy of the institutional proposition.

CRM works to ensure that the organisation gets the maximum benefit and return-on-investment possible from every effort it makes via the marketing and communications of its proposition and from every enquiry or potential applicant.

MUTUAL BENEFIT

The core of the CRM premise centres on managing relationships that are mutually beneficial to both parties. This factor has determined that much of education sector CRM is focused on encouraging prospects or potential stakeholders (potential students, staff, research or business partners, for example) to find out more about the organisation, to develop a dialogue and engage with it and, therefore, make a more informed choice about its proposition. Through this process, CRM becomes critical to challenges such as conversion strategies for programme recruitment/enrolment plus the development of competitively beneficial relationships with commercial partners. It is known to increase the opportunity for a positive outcome: i.e. students sign-up, clients and business partners commission assignments or consultations.

EFFECTIVE CRM

Effective CRM centres on a number of factors and opportunities:

- [1.] It works to the mutual benefit of all parties involved.
- [2.] It demands the need for the institution to be pro-active rather than responsive in managing communications with stakeholders: for example, from initial enquiries through to long term stakeholder relationships (via alumni relations, ongoing study opportunities etc).
- [3.] It can deliver enviable competitive differentiation.
- [4.] It provides opportunities for institutions to build effective supply chains for stakeholder recruitment.
- [5.] It provides an invaluable source of feedback and evaluation, generated through regular, managed communications with engaged stakeholder groups.

Positive and mutually beneficial CRM has become a critical must-have for most institutions, not least because it has become a "given" in many aspects of stakeholders' lives (evident in many consumer-supplier relationships: i.e. from the online book and music suppliers to loyalty rewards...).

TRUST AND CONFIDENCE

The effective management of relationships between stakeholders and suppliers builds trust and confidence, informs choice and (perhaps most importantly) makes decision making easier for both parties. This can work exceptionally well for institutions struggling to recruit postgraduate taught and research students or to increase the number of undergraduate applicants that confirm a first-place choice. The more useful and helpful the relationships institutions build with these potential stakeholders during the enquiry and recruitment process, the more likely these prospects are to become signed-up consumers.

MARKET-LED INNOVATION

CRM has become standard practice for many institutions. However, the most innovative developments in CRM now reflect changing market conditions. Innovations in targeted CRM strategies address, for example:

- [1.] Especially tough student recruitment markets: for example, MBAs and PGT programmes.
- [2.] Where variable fees mean that recruitment success or failure has wide reaching implications for the organisation.
- [3.] For third arm and commercial activity: where colleges and universities face tough private sector competition.
- [4.] Where programmes or services on offer among peers may be fairly homogenous, but the opportunity exists to differentiate via customer service and ongoing support to potential stakeholders: i.e. in a way that out-competes other organisations.

Research in progress for the Stamp Consulting "Success factors in European Business Schools" study has indicated that Business Schools are increasingly investing in CRM systems and strategies to keep pace with rising stakeholder expectations and an increasingly competitive market.

COMPETITIVE OPPORTUNITIES

The opportunities and benefits of CRM for institutions include:

- The development of supply chains (i.e. "repeat sell" and "up sell" initiatives) as positive word-of-mouth and stakeholder advocacy spreads knowledge of the institution's reputation.
- The opportunity to become the preferred choice for stakeholders: i.e. to make decision making easier and more predictable.
- The opportunity to build beneficial long term relationships and partnerships with stakeholders through motivating products, communications and services (for example, CPD offers to business partners or alumni, who can become "consumers and advocates for life").
- An opportunity to differentiate the institutional offer and stand out among peers.

UNDERSTANDING STAKEHOLDER NEEDS

Of course, CRM is an excellent idea, but its success depends upon understanding the needs of target stakeholder groups. If communications to stakeholders are untargeted and unhelpful, they very soon descend to the "junk mail" bracket. For CRM to work, a two-way flow of information is critical: i.e. finding out what stakeholders need enables organisations to tailor their CRM related communications and services most effectively, so enhancing their reputation and standing with target and potential audiences.

THE CRM MUST-HAVES

The must-haves for developing and delivering effective CRM include:

- A CRM focused culture within the organisation (driven by a realistic strategy and implementation plan): i.e. recognition across the organisation of the importance of CRM and an understanding of the part that everyone can play in delivery.
- A consistent approach to CRM: i.e. the bridging of any gaps that might exist between standards of customer service and CRM provided across diverse departments, for example.
- Research: continuous research to ensure that communications and activities associated with CRM activity are delivering what stakeholders most need.
- Evaluation: assess the success of CRM activity, seek and evaluate consumer feedback to inform future developments.

Whatever the extent of CRM in place, it can only become more valuable as a strategy. The current financial situation means it will be crucial in ensuring that any investment in outreach activity "pays its way" as effectively as possible.

Rosemary Stamp is Director of Stamp Consulting. She provides specialist management, marketing, skills development and strategic planning support to a wide range of organisations.

Her consulting portfolio includes international marketing strategies; competitive brand development; location brand strategy; nation branding; business, foresight and policy response planning; competitor analysis plus digital and online strategies.

Rosemary has advised a wide range of institutions striving to achieve a successful competitive positioning. During the last three years she has led twelve brand development strategies for organisations in the public and education sectors. Rosemary facilitates decision-making seminars, competitive briefings and strategic planning programmes for senior management teams throughout Europe.

First published in Newslink: January 2009

rosemary.stamp@stampconsulting.co.uk

www.stampconsulting.co.uk

© Stamp Consulting Ltd: 2009