

# Parahyangan Catholic University

## Relationship Management Pilot Project At FISIP-UNPAR

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### **Abstract**

Considering that relations with the students is really important as one of the approaches to get its competitive advantages, a university must know exactly each of the students so the university's staffs can interact, communicate and fulfill the students' needs personally. In order to maximize the effort, the university must use its students' database supported with information technology to create customer knowledge competence. To make the adequate CRM function with risk management from the beginning to reduce the risks which can be came up, the university must have customer mapping, employee commitment and re-organization.

**Keywords:** Customer Relationship Management, Knowledge Management, Risk Management

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## **1. Background**

Education has been one of very interesting business industries in Indonesia. It is because (1) Indonesian government has given more and more opportunities for domestic and foreign parties to take part in the education sector, and (2) Indonesian people also have already realized about the importance of good and higher education. It triggers more and more parties to take part in this business and makes universities are involved in more and more competitive condition. The competition is not only comes from existing universities or new comer domestic universities, but also from foreign universities. These conditions force all existing public and private universities in Indonesia to improve their performance. It's really important for the universities (1) to have competitive advantage for surviving and (2) to get higher trust popularity from the community.

Nowadays, there are 414 universities and 7.434 departments in Indonesia. Besides the university there are also several type of higher-education provider such as institutes, schools, academies and polytechnic. The total of the higher-education providers in Indonesia is 2.643. From this continuous increased number, we can conclude that the competition to get the best potential student (the person who willing to

join the university and has a good academic support like good academic ability, good education environment background, etc.) in Indonesia become harder and harder. The university can't just only use ordinary advertising in newspaper or television but they must use other creative approach to get the best potential student.

Parahyangan Catholic University is one of the well known university in Bandung, Indonesia, abbreviated as UNPAR. UNPAR was established in January 17th, 1955. Nowadays, UNPAR provides training courses, diploma degree, bachelor degree, master degree and doctoral degree with 7 faculties, 27 departments, 323 full time lecturers, and 353 part time lecturers. There are 10.830 active students at this time. UNPAR must improve its performance to make sure that it is still one of the most well known universities in the future, especially to be the fully international scale university. UNPAR uses operation excellence as its strategy to make sure that condition will be achieved. Although UNPAR has been a well-known university in Bandung and has achieved enough quota of its new student need each period but there are potential problems. The potential problems are (1) the declining of student's academic quality in average, (2) the declining number of interested potential students who want to join with the university, (3) the declining number of training participants in short course, and (4) the unsatisfied alumnus and network partners about UNPAR's performance. The author has an opinion that these problems are mainly because UNPAR (1) doesn't pay attention for marketing aspect, (2) doesn't communicate well with the customer, (3) doesn't optimize the maintenance of loyal customer, attraction of potential customer, building of strong alumni network, and enlarging the services.

Based on table 1, about UNPAR's students trend, we can conclude that although most of the departments in UNPAR has fulfill its student quota, but there is a potential problems because from the graphic we can conclude that the trend is decline.

## **2. How CRM Can Support UNPAR**

One of the most powerful marketing approaches that match with Indonesian's characteristic is word-of-mouth advertising. Because of the tightly relationship, Indonesian are convenience to choose something based on their close-relation person's suggestion. It also effect on the decision step to choose university. Imagine if UNPAR can get good word-of-mouth advertising from the customer, it will become a great force (1) to attract new customer and (2) to retain the existing customer to consume different services. There are a lot of ways to achieve that condition. UNPAR can try to have more and more professional and well-known academic lecture, have more and more partnership with business sectors and other universities, etc. One of the ways, which the authors believes as the most effective unique way, to achieve that objective is marketing one-to-one and fulfill the customer's needs. To understand customer's needs and interact personally with each of the customer, UNPAR needs 360-degree view of the customer.

One of marketing tools that match to fulfill this community's characteristic is CRM. Nowadays we can maximize CRM result with the use of Information technology as enabler. But if we use CRM only as a tool, we will fail to achieve the maximal

Table 1. UNPAR Student Body Trend

Category	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004
<b>Diploma degree</b>					
Interested potential student	393	529	364	265	196
Selected student	280	346	185	203	96
Registered student	200	304	141	128	42
<b>Bachelor degree</b>					
Interested potential student	15.107	14.317	13.626	11.396	14.550
Selected student	3.822	3.077	3.473	3.295	3.230
Registered student	2.429	2.014	2.224	1.974	2.464
<b>Master degree</b>					
Interested potential student	233	266	205	129	157
Selected student	144	173	153	107	107
Registered student	128	161	138	96	96
<b>Doctor degree</b>					
Interested potential student	0	24	38	5	19
Selected student	0	25	26	3	11
Registered student	0	15	23	3	10

Sumber : UNPAR

result of CRM. The most important concept about CRM based on McLaughlin is transforming an organization to a customer-centric model through various channels to optimize profitability, revenue and customer satisfaction. We also must concern with security, trust, privacy, control and resilience in the implementation of the concept. If we failure to respond effectively to those elements, we will get negative result, such as market rejection, regulatory enforcement action, loss of information, costly litigation and loss of business. As the conclusion CRM is how to integrate all sources of customer information across all channels and the implementation will change ordinary business processes. The university must prepare for the changing business processes. This change will need a lot of efforts from the university's entire member. It's important to have a solid commitment from not only employees but also from the management. One of the reasons of fail CRM implementation is the lack commitment and support from senior management. They usually think that

after the implementation, they don't have any responsibility; they turn the responsibility to middle management. It is important to have fully employees-management commitment.

With fully employees' commitment (refer to "fully employees-management commitment") in CRM implementation, we can achieve interpersonal loyalty. Guenzi stated that the interpersonal loyalty can be built between the employees and the customer through social bonds (Guenzi, 2004). With social bonds among the subject involved, we can get customer commitment, customer trust and customer co-operation. And if the relation is based on interpersonal loyalty, customer will have a special feeling with the organization and finally he/she can get customer satisfaction. Customer satisfaction is come from customer's overall perception of service quality and continuous customer satisfaction will lead the customer into customer loyalty. From UNPAR point of view, customer's interpersonal relationship can be happened between the customer and the lectures, the university management, the operating support staffs, and also the alumnus. The author believes that a good relationship with the students will transform the students become the university's "employees" before and after they have their graduation.

Based on the description above, it's important for UNPAR to have CRM which fits with its core business to achieve the operation excellence. But because UNPAR has been a big university and there are a lot of faculties and departments which operate in different business processes and platforms, it will be harder to implement the CRM fully at the same time. There must be a model to prove that the implementation of proposed CRM system will be UNPAR's competitive advantage. They need a good change management to transfer from the existing system into the proposed systems. UNPAR must be careful because the implementation of CRM can result more highly customer expectations, and as the consequences UNPAR must have the ability to react quickly, respond thoroughly and add value to the process. CRM can be successfully implemented not only by the implementation of good systems but also by the building of employees' commitment to make it success. Constructing the CRM will increase UNPAR's competitive advantage and also will provide a model for other private or state university, especially in Indonesia.

This paper reports on Customer Relationship Management or CRM planning for university. It focuses on (1) CRM functions for university area, (2) risk management in the implementation and (3) the processes which are needed to create Customer Knowledge Competence or CKC (Campbell, 2003) in order to maintain relationship between FISIP-UNPAR and its customer (Balcazar, 2001). The implementation at FISIP will be the first pilot project to give the real prove that UNPAR will be able to make an effective relationship to fulfill personalized customers' needs with the proposed CRM implementation.

### 2.1. *Main Research Question*

CRM for a university is different with CRM for retail or manufacturing. University management must design the CRM carefully with the implementation of risk man-

agement to avoid greater risk. The main research question is: What kind of CRM strategy can be applied in UNPAR, especially in FISIP as pilot project.

### *Research Sub Questions*

To find an answer to the main research question, author formulated these sub questions:

1. What kind of CRM function that can be FISIP integrated activities like identification (most profitable customer), acquisition (how to acquire effective and efficient), retention (how to keep as long as possible), development (how can increase the loyalty and profitability of the customer)?
2. What issues in risk management that must we concerned about during the CRM implementation?
3. What kind of learning relationship processes can be used as a framework for creating CKC?

## *2.2. Research Objectives*

1. To trigger UNPAR management in order to react quickly, respond thoroughly and add value to the process.
2. To trigger fully contribution from management, employee and customer in development of CRM strategy recommendations for UNPAR, especially for FISIP.
3. To trigger the creation of an efficient and effective marketing one-to-one with UNPAR's customer by implementation of CRM and CKC.

## **3. Research Methods**

### *3.1. Research Design*

The aim of the research is to trigger fully contribution discussion about how to construct CRM strategy recommendations that will be fit with UNPAR's core business. The author realizes that to achieve the best CRM for UNPAR will need a lot of effort and contribution from all of the parties. But this must be triggered with a strong conceptual thinking. To achieve that aim, the author will use explorative research in qualitative approach.

### *3.2. Data-Collection Methods*

In order to obtain the objectives previously stated, the activities in this research will be conducted as qualitative field research with the following methods:

1. Literary review, which is a phase of collecting related literature with regard to CRM, Risk Management in the CRM implementation and CKC framework.
2. Survey (interviews, documentation and observation), which is an activity conducted to collect the related data. The survey has been conducted in 2005 preliminary research in order to mapping UNPAR's performance and has been presented by The Head of University in annual accountability event.
3. The logic thinking that one of competitive advantage for UNPAR is to make marketing one-to-one based on each customer's needs. The problem is how to make sure that it will happen correctly and effectively.

### 3.3. *Scope of The Research*

The importance of this research is the need to understand adequate CRM for FISIP-UNPAR, to understand the risk management of implementation and to understand strategic approach to managing CRM. The research contributes foundation for CRM implementation at FISIP, UNPAR. This implementation is a pilot project for UNPAR. After the pilot project implementation shows positive results, the fully university implementation will be begun.

## 4. Analysis

### 4.1. *Overview of Faculty of Social and Political Sciences UNPAR (FISIP-UNPAR)*

FISIP is one of faculties in UNPAR. It was established in 1961. The vision is to be professional education center that can transform the students into graduates who can compete nationally, regionally and internationally. To achieve that vision, FISIP have a mission to strengthen its existence as quality concerned education center which always develops researches and community services at national, regional and international scope. FISIP has 3 departments, which are:

1. Public Administration Department. The main responsibility is academic concern for public administration studies.
2. Business Administration Department. The main responsibility is academic concern for business administration studies.
3. International Relationship Department. The main responsibility is academic concern for international relationship studies.

All of the departments have the A grade for Indonesia national academic accreditation. Besides those departments, there are also:

1. Center for Policy and Management Studies (CPMS). The main responsibility is researches, trainings and community services that related with public administration studies.

2. Center for Business Studies (CEBIS). The main responsibility is researches, trainings and community services that related with business administration studies.
3. Center for International Studies (PACIS). The main responsibility is researches, trainings and community services that related international relationship studies.
4. Computer Laboratory. The main responsibility is maintenance of software and hardware for all activities in FISIP.

For supporting unit, FISIP has:

1. Academic division.
2. Financial and Human Resource division.
3. Student Affair and Alumnus division.
4. Facility and procurement division.

There is regular curriculum that must be followed by all of students in FISIP but FISIP also provides non-credit curriculum that can be followed by the students without pay any fees. The main idea about non-credit curriculum is to give soft-skills competency to all the students. In order to serve professional soft-skills course, FISIP has a lot of cooperation with other organizations. From 2002, FISIP make a corporation with several companies to give a work opportunity for its alumnus and to give a real practical view for the students.

From 2005, FISIP also make a cooperation with several well-known senior high schools in order to give valid information about study at university, especially at FISIP-UNPAR.

Nowadays FISIP only manage the bachelor degree but from 2007, it will manage also master and doctoral degree as the result of academic decentralization policy.

#### 4.2. *Existing Situation*

FISIP can achieve targeted number of students each year. But there is a problem about the declining of student's academic quality in average and the declining number of interested potential students who want to join with FISIP. Author believes that it is because of the more competitive environment in Bandung. For the example: Institute Technology of Bandung (ITB), which are well-known in technology education in the past, is also open business school of management with the cooperation with several well-known lecturers and businessmen. It will make a straight competitive with Business Administration department at FISIP-UNPAR.

FISIP-UNPAR can have a lot of ways to make its competitive advantages. But author believes that it is not enough with operation excellence in lecturing, researches and community services only, but also need a different way to interact with customer or potential customers and make a long-term relationship. To do the long-term relationship, FISIP-UNPAR can't only depend on the management performance. FISIP-UNPAR need a tool that can help to keep the long-term relationship achieved without

the management involvement. Only the most crucial and potential customer that need management involvement, the rest can be done with the supporting staffs or automation tools.

There are also problems in the declining number of training participants in short courses. One of the reasons is the lack of information about the training. FISIP-UNPAR can't only depend on the old way which people always try to find the information about the training. In the past, FISIP-UNPAR is one of the few well-known training providers. But there are a lot of well-known training providers now. FISIP-UNPAR can't use traditional ways; they must make innovative marketing for it. But the problem is how to get different kinds of customers effectively, how to make marketing one-to-one. FISIP-UNPAR must make different interactions with each of the customers. In order to do that, they must know about their customers, their needs and their behaviors. With this customer knowledge, FISIP-UNPAR can make a one-to-one marketing. It can also solve the problem about the unsatisfied alumni and network partners about UNPAR's performance. They don't satisfy because they must interact with different people from FISIP-UNPAR which don't know about the history of transactions and how to interact with them or don't take enough attention to them. With CKC, the employee can interact with the customer and they have basic knowledge how to interact with them personally. With this approach, FISIP-UNPAR can make personal interaction with its different customers. To achieve that, FISIP-UNPAR must have CRM tools as enablers of one-to-one marketing and one-to-one relationships. For the first step, FISIP-UNPAR must try to understand the characteristics, needs, and behavior of its customers.

#### 4.3. *FISIP's Customer Mapping*

As has been discussed above, FISIP must well-define its customers. It is because the customers are not equal, and it will make FISIP differentiate relationship efforts. To do that, FISIP must understand its customers. With the understanding, FISIP can make different treatments, services and interactions based on segmentation and customer needs but in a balanced, consistent and cost-effective manner. The customers' characteristics in FISIP based on the author's observation are divided into:

1. Students. They are divided again into:
  - a) Bachelor degree students. The major characteristic of bachelor degree students is high relationship between themselves. If you get the full belief from a person, and then the others will follow you, vice versa. They are happy if we can greet with their names, because it means we acknowledge them. If we manage their emotional relationship correctly, they will be fully trusted allies for the university.
  - b) Master degree students. The members of this degree are the mix between fresh-graduates and executives. The characteristic is relatively different. The fresh-graduate students usually have the highest idealism and need high acknowledgement about their education achievement. But the executive stu-



dents have more practical point of view and need high acknowledgement about their works experience.

- c) Doctoral degree students.
2. Student's parents. Majority the student's parents who interact with FISIP are from bachelor degree, especially from the first year of bachelor degree students. They more concern about the safety of their children rather than academic problem because lack control of students' activities in the past that make several accidents. Majority of the student's parents are busy with their own business, but actually they are also potential resource to be FISIP's business partners. They are busy with their problems and usually will be very happy if the university can greet them and discuss about their problems. They are really a good marketer for FISIP.
  3. Training participants. They can come from varies background and usually don't have special relationship with FISIP because the interaction time is too short. But they are a good marketer for the continuity of training programs and they can also be FISIP's marketer.
  4. Alumni. They are potential to be network partner, student or training participant. Alumni usually forget about their university when they are graduated and just concern again about the university after they are success. The major needs of the new alumni are network building and better place to work. If the university can provide it, it can attract a great support power from alumni and also a competitive advantage to sell the university brand.
  5. Network partners. The basic idea of Network partners is to make a strong and wide network as one of university competitive advantage (provide one stop service). They are divided again into:
    - a) Senior High School Partners. They search competitive advantage from one school to another school. With the partnership with university for certification, they will be an advertising media for the senior high school students. FISIP must maintain different partnership and try to make a long term relationship. In this case, FISIP will face not only the relationship with senior high school staffs to be maintained, but also with the students. FISIP can maximize the use the data from senior high schools students.
    - b) Education Partners. They need win-win partnership to make education network as the competitive advantage. FISIP must maintain different partnership and try to make a long term relationship.
    - c) Training Partners. They need win-win partnership to sell their services. FISIP must maintain different partnership and try to make a long term relationship.
    - d) Business Partners. They need win-win partnership to help solve their problems. FISIP must maintain different partnership and try to make a long term relationship.

6. The community. The major community is price sensitive; FISIP must provide complete and competitive information to make differentiation so they not only look on the price only but with the quality and completeness of services.

Based on the description above, there are varies kinds of customer which have different characteristics. To implement marketing one-to-one, FISIP must have qualified work forces with quick and accurate information support. For the first stage, the most important to be analyzed further are the student, training participants, alumni and senior high school partners. It is because they are the first contact customer for FISIP-UNPAR.

#### 4.4. *Requirements in Implementing CRM Strategies*

Based on Campbell, the most challenges in implementing CRM strategies were internal organizational issues and ability to access all relevant information (Campbell, 2003). It's very important to prepare the fully employees-management commitment first before we talk about the others. Leminen also added that CRM should be studied in a network context, where there are a lot of different parties affect relationships (Leminen, 2001). We must focus in the difference of perceptions and act smartly to deal with. As the conclusion, Acharya stated that CRM has 3 key elements for successful implementation, which are: readiness for change in culture, information centricity and a sound business case (Acharya, 2002). After understand customer's background and needs, to create FRM, author suggests to adopt specific relationship and organization structure.

#### *Relationship*

Guenzi suggest that we can use 2 models from customer centric that match with service provider (Guenzi, 2004). They are:

1. Customer-to-employee. This kind of relationship will use emotional interpersonal relationship to create a potential customer with the employee's willingness, kindness and abilities. FISIP must make an excellence work force atmosphere to attract its customer. For example, the use of long-term-relationship building with senior high school's teacher will make good impression about the university and can spread with mouth-of-mouth advertising. FISIP staffs also must serve all of the student, training participant and alumni well. They must make a good relationship so the customer can feel satisfy. Customer-to-employee is not a simple thing to be held perfectly. The staffs will face a lot of problems in the same moment they must serve the customer. It will make them frustrate. They also will bring their personal problem to FISIP environment, so FISIP management must really take attention to make a good customer-to-employee relationship. FISIP must provide the staffs with adequate tools also to support their performance.
2. Customer-to-customer. This kind of relationship can improve customer loyalty. FISIP can build a strong and tight network between the customers. FISIP can

provide a platform for information sharing based on the customer's interest such as networking expansion, personal abilities and skills, job vacancies, etc. With the use of this platform, we create a great power to attract new comers join with FISIP. We also will build customer commitment, customer trust, and customer co-operation.

The most important point from its relationship is customer's overall perception of service quality. To minimize the gap of service quality, FISIP will use frequent questioner based on service quality. The continuous monitoring is a must. FISIP also need organization support to achieve the expected value of customer. Every employee must responsible for the relationship and the management must collect, analyze, and act the knowledge of customer to give more personal and professional services with customer knowledge sharing across FISIP. Both of the relationship must be a sound business case and organized in information centricty.

### *Organization*

1. To have customer's interpersonal relationship between the customer and the employees and management, there must be a training to increase relational skills for contact employees. And if FISIP will recruit new employee, we must take concern on employee's emphatic skill and interpersonal attitudes in the personnel selection stage.
2. To achieve customer satisfaction, FISIP must have actively monitoring to manage customer satisfaction. Every employee must update the customer database with all results of their interaction. Guenzi suggest ensuring customer's interpersonal relationship with front-line employees (Guenzi, 2004), FISIP must have reward system that is based on employee's contribution in fostering customer satisfaction and loyalty. This will increase the motivation and experiences learning and at the end will increase employee's satisfaction and performance.
3. To maximize interpersonal interaction opportunities between front-line employees and customer physically, FISIP must pay attention in designing facilities layout and organizing peripheral devices. The front-line employees, in this case supporting staff, must get empowerment with the customer information and suggestion as the base.

FISIP must re-organize the organization so it can ensure how to manage customer satisfaction to achieve customer loyalty. This emphasis one of Acharya's key element for successful CRM implementation: readiness for change in culture. The organization is the biggest problem for FISIP-UNPAR. They must change the culture with a lot of procedures changing. The changing in procedures will also effect to faculty policy and university policy. FISIP will face a lot of resistance some employee who will feel that their work become harder. After FISIP can make sure for the organization changing, FISIP can start to the real implementation.

#### 4.5. *FISIP Relationship Management (FRM)*

Figure 1 illustrate the flow of FRM. This flow is focus on back-end office. We will discuss for the front-end office in the FRM channels. Analytical FRM will provide adequate information for front-end office about how to interact with specific customer. To achieve analytical FRM like the picture above, Balcazar give several qualified questions to be answered about organization which implement CRM:

1. Is The CRM strategy helping FISIP to be closer to its customers?
2. Do FISIP know its customers?
3. Is FISIP able to offer a tailor-made service to each of its customers?
4. Do FISIP know how its customers perceive and score its service?
5. Is information delivered online to the customers?
6. What kind of information is needed?
7. Is this information accurate?
8. Is this information safe?
9. Do FISIP provide the information fast?
10. Do FISIP providing a value-added service or product? Or, Do FISIP simply competing for price?
11. Do FISIP taking advantage of its resources?
12. Do FISIP able to say which is the most popular and effective to contact its customers (Internet, mobile, home, office)?
13. Do FISIP able to identify and resolve exceptions?
14. Can FISIP anticipate our customer requirements for tomorrow?
15. Do FISIP able to execute cross-selling and up-selling?
16. Do FISIP recognizing conditions such as geography, time, season, age?
17. Do FISIP taking special care of our loyal customers?
18. Consequently, do FISIP making better numbers?

After FISIP management can answer the questions above, the management can have a same point of view to built FISIP strategy through FRM implementation. They also can tray to built commitment for culture changing before the FRM implementation.

Based on Arry Tantra, Head of CRM Ciptamaya, FISIP Management can formulate FRM Capability Mapping with focus on knowledge, processes, people and

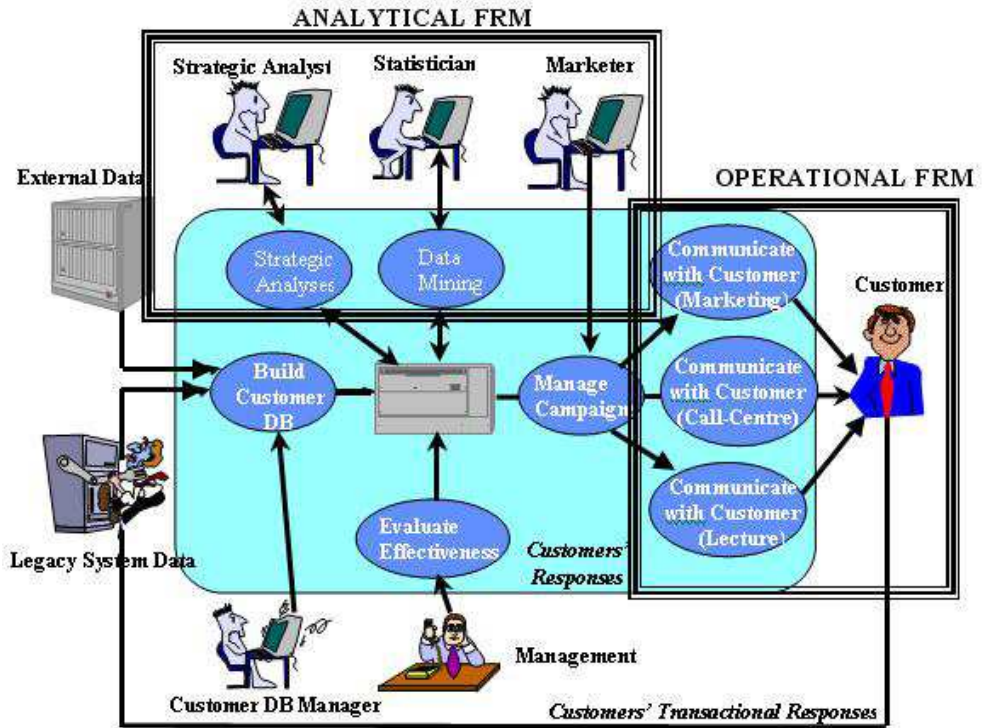


Figure 1. FISIP Relationship Management Model

technology which can be seen in table 2. Customer Profile analysis will use 2 types of analytical methods: (1) Category modeling, manager must identify important customer categories, for example: high general competence, high financial competence, high marketing competence, etc. (2) Cluster modeling, manager doesn't know the category and must study on it. Analysis attempts to identify categories derived from similar grouping of data. FISIP can use it especially for non-academic data to get patterns related to cluster. E-Service Monitoring analysis will measure customer activities from FISIP portal web-site, regular online surveys and e-mail feedback. This analysis will be used to increase performance, update information speed and view different potential insights about the customer. Greeting and Reminder Automated Tools is in order to create long term relationship with customer and maintain emotional aspect automatically with the customer.

With customer knowledge, the staff can interact with the customer differently. They can offer the service based on customer's interest. Based on this kind of information, customer will think that the staffs really pay attention with their problems, and even though they know that the staffs are supporter by automated system like FRM, they will make a positive mark also for FISIP-UNPAR because they will believe that FISIP-UNPAR is a professional education provider who really care about their future. This can lead the customer into customer satisfaction and make a long-term relationship. For example, the staffs can give customer information fast and

Table 2. FRM Capability Mapping

Knowledge	Processes
<ul style="list-style-type: none"> <li>• Customer Knowledge                             <ul style="list-style-type: none"> <li>○ Customer demographics</li> <li>○ Customer profile                                     <ul style="list-style-type: none"> <li>▪ Based on Category Modeling</li> <li>▪ Based on Cluster Modeling</li> </ul> </li> <li>○ Customer progress</li> <li>○ Lifestyle/life stage</li> <li>○ Preferences</li> <li>○ Transaction History</li> <li>○ Customer Satisfaction</li> <li>○ Customer Value Score</li> <li>○ Needs analysis</li> <li>○ Behavior modeling</li> <li>○ Personalization</li> <li>○ Interaction analysis</li> <li>○ Service quality analysis</li> </ul> </li> <li>• Product Information</li> <li>• Marketing Program Information</li> <li>• Channel Analysis</li> <li>• Integrated student record</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Knowledge Management                             <ul style="list-style-type: none"> <li>○ Capture/update and store information</li> <li>○ Analysis</li> <li>○ Interpret information</li> <li>○ Disseminate information</li> </ul> </li> <li>• Relationship Management</li> <li>• Interpretation Information</li> <li>• Individualized Customer Handling</li> <li>• Individualized Selling and Services</li> <li>• Opportunity management</li> </ul>
People	Technology
<ul style="list-style-type: none"> <li>• Culture                             <ul style="list-style-type: none"> <li>○ Shared vision</li> <li>○ Customer focus</li> <li>○ “Zero defect” approach to customer handling</li> <li>○ Teaming and trust</li> </ul> </li> <li>• Organization                             <ul style="list-style-type: none"> <li>○ Front line empowerment</li> <li>○ Cross-organizational teaming</li> </ul> </li> <li>• Skills</li> <li>• Commitment</li> </ul>	<ul style="list-style-type: none"> <li>• Distributed Access (FISIP, Network Partner)</li> <li>• Decision Support Tools</li> <li>• Analytical Modeling Tools</li> <li>• E-Service Monitoring</li> <li>• Power Query</li> <li>• Authorization</li> <li>• Greeting and Reminder Automated Tools</li> <li>• Control via automated tools</li> </ul>

accurately. The staffs also can give information to the customer differently, based on their personalization. They can send warning messages about the customer’s special event to the other who interest with the customer based on historical data and personalization.

Management also can try to make policy and decision based on up-to-date information about the customer so their policy will more accurate to solve their daily problems. They also can try to maintain customer satisfaction personally. For example, the automation system can straightly send e-mail or short text messages to the customer about customer’s special event or remind something for the customer. The FRM also can remind the management or the staff about that special event if the customer is included in the most potential customer category. So the management or the staffs can give their personal greeting for the special event. Author believe that a small greet can be more and more valuable than an expensive prize.

They can try to make interaction with the customer based on their behavior. For example, FISIP-UNPAR can face the customer’s complaint with the FRM suggestion about how to interact with the customer, whether the customer is a calm person or an

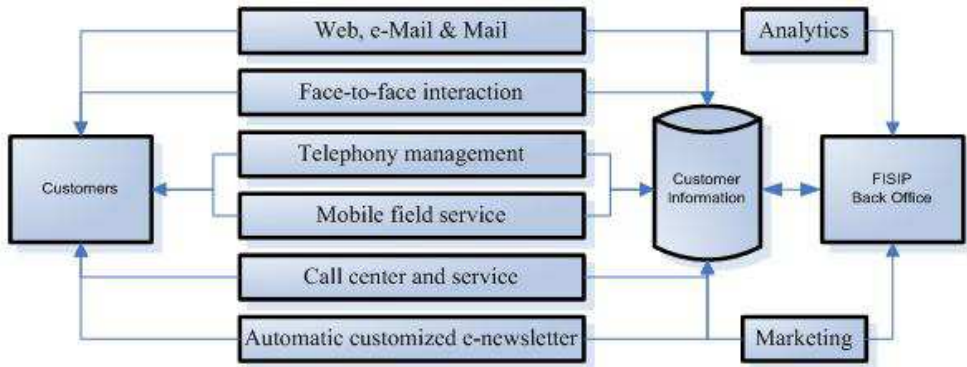


Figure 2. FRM Channel Model

emotional person, how to interact with that kind of person, what are their previous complaints and the progress to fix up their previous complaints so they will think that every FISIP-UNPAR staff really pay attention to their problem.

With the knowledge of product information and marketing program information, the staff can offer the more comprehensive and complete information for the customer.

The channel analysis will provide the more convenience channel for each of customer and use that channel to make further interaction with the customer. And also to make the more interesting user interface for those channel. The integrated student record will be useful to make long-term contact between the students with FISIP-UNPAR. This is knowledge about all student records. FISIP will store it electronically and the right student can get and update all his/her curriculum vitae, academic report, etc with this platform. They can also control which information that can be accessed by the others, etc. With this knowledge, FISIP-UNPAR will give service for the students and they will always interact easily with their previous university. This is to trigger student's attention to the university regularly. With those knowledge, FISIP-UNPAR can make individualized customer handling, individualized selling services, opportunity management and relationship management based on interpretation information of customer knowledge.

To support those activities or processes, FISIP-UNPAR must be supported on people side and technology side. The people have willing to maintain the continuity of FRM and commit with it. FISIP-UNPAR must have technology to support management and staffs decision based on analytical modeling tools and power query (for non-regular event). This technology must be supported also with distributed access with authorization so the security of customer will be maintained.

#### 4.6. FRM Channels

With web, FISIP-UNPAR can give a lot of information broadly. The customer can log in to the web site and based on their authorization, they can get different information based on their personalization. They also can get customized e-newsletter,

e-mail, mail or short-text-messages based on their preference. E-newsletter will be used to spread more likely information to the customer. E-mail, mail or short text message will be used to spread personal information to the customer. With the automation tools, FISIP-UNPAR can give a lot of information and make an emotional relationship differently for each customer through the relationship stated in figure 2. The FRM also will support the staffs or the lectures who must make face-to-face interaction, interaction via telephone or call center. With the integration of database, FISIP-UNPAR can use the analytical information and marketing program to support the interaction with the customer.

#### 4.7. *The Role of FRM Risk Management*

To make the FRM implementation, FISIP-UNPAR will face a lot of problems also. In order to minimize the risk, FISIP-UNPAR fist must know about what kind of risk that they will face. Based on Ecikson, The role of risk management are:

1. Provides risk management policies, frameworks and methodologies to project.
2. Evaluates the key risk and develops key control objectives for mitigating the risk.
3. Increase risk management awareness by working with the project team members.
4. Implements a structured risk management approach and methodology.
5. Establishes standards and protocols for identifying, assessing and managing CRM risk.

Based on McLaughlin, there are two types of risks exist with CRM initiatives:

1. Downside risk. It is defined as the risk of negative things occurring that are not anticipated, examples:
  - a) Abused privileges because of segregation-of-duties issues
  - b) External security breaches via the company web site
  - c) Fraud
  - d) Theft, including customer information
  - e) Out-of-balance conditions
  - f) Inaccurate information and data
  - g) Noncompliance with laws and regulations
  - h) Service interruptions
  - i) Inaccurate or unavailable web site content
  - j) Telecommunications abuse or toll fraud within the call center
2. Upside opportunity risk. It is the risk that good things will not happen and therefore the benefits will not be realized, examples:





Figure 3. Organization Risk Tolerance

- a) Declining customer satisfaction and service levels
- b) Misdirected marketing campaigns lowering marketing ROI
- c) Eroding customer loyalty or decreasing market share
- d) Replacement of high-margin items to commodity-based items in the sales mix
- e) Low conversion rates on opportunities
- f) Inability to effectively up-sell or cross-sell products and services
- g) Lost revenues due to the inability to anticipate customer needs

From the information described and ISACA surveys information in Figure 3, FISIP-UNPAR must really concern in:

1. The treatments of confidential information from unauthorized user that can make customer feel insecure. It is the most important risk concern.
2. The technology.
3. Up-to-date information.
4. The employee commitment.

Refers to McLaughlin, FISIP-UNPAR must concern with several key questions to address in:

1. Program and project management
2. Project scope
3. Change management
4. Business process controls and fraud
5. Operational resilience
6. Application security
7. Technical infrastructure and Internet security
8. Privacy management
9. Data management and data quality
10. Telecom and network services

To minimize the downside risk above, FISIP must concern risk management activities based on each risk area's issue in table 3.

McLaughlin (McLaughlin, 2001) also suggests opportunities to become involved and add value to CRM projects, including:

1. Controls awareness workshop. Educate the project teams on CRM risks and controls, identify the key risks facing the CRM solution and develop action plans for addressing the risks.
2. Detailed control objectives. After identifying risks facing the CRM solution, develop appropriate control objectives.
3. Pre-implementation assessment. Perform a pre-implementation controls review at key milestone dates to ensure controls are being properly built into the solution.
4. Post-implementation assessment. Perform a post-implementation controls review to ensure controls are effectively applied.
5. Control consulting. Serve as a control consultant during the duration of the project to ensure controls are properly designed and implemented. As part of the implementation team, the control consultant helps design, construct, test and implement controls to ensure security, trust, privacy, business process and resilience controls are properly built into the CRM solution.

Nevertheless McLaughlin ((McLaughlin, 2001) also also highlight that there are some key performance indicators (KPIs) that must be found , examples:

1. Customers in the CRM program
2. Sales achieved because of CRM

Table 3. Risk Management Activities in CRM Implementation (McLaughlin, 2001)

Risk Area	Issues	Risk Management Activities
Program and Project Management	<ul style="list-style-type: none"> <li>▪ Program and project management, structure and sponsorship</li> <li>▪ Benefits realization</li> <li>▪ Cost overruns</li> <li>▪ Missed deadlines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strategic alignment</li> <li>▪ Portfolio management</li> <li>▪ Project support office</li> <li>▪ Project quality assurance reviews</li> </ul>
Business Process Controls and Fraud	<ul style="list-style-type: none"> <li>▪ Organizational changes</li> <li>▪ Approval, oversight, and monitoring responsibilities</li> <li>▪ Data integrity, accuracy and completeness</li> <li>▪ Data confidentiality</li> <li>▪ Data validity</li> <li>▪ Transaction processing</li> <li>▪ Data output</li> <li>▪ Error detection and rejection</li> <li>▪ Cumbersome or ineffective procedures</li> <li>▪ Workflow and routing</li> <li>▪ Fraud detection and prevention</li> <li>▪ Inaccurate decisions</li> <li>▪ Personalization of products and services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk assessment</li> <li>▪ Control objectives</li> <li>▪ Design and implementation of controls</li> <li>▪ Development of roles and responsibilities</li> <li>▪ Workflow and reporting</li> </ul>
Operational Resilience	<ul style="list-style-type: none"> <li>▪ 24x7 availability</li> <li>▪ System and service outages and disruptions</li> <li>▪ Inability to recovery systems in a timely manner</li> <li>▪ Inadequate system backups</li> </ul>	<ul style="list-style-type: none"> <li>▪ Crisis management</li> <li>▪ Brand protection</li> <li>▪ Business resumption planning</li> <li>▪ Disaster recovery planning</li> <li>▪ Business continuity planning</li> <li>▪ Business restart and recovery planning</li> <li>▪ Capacity planning and management</li> </ul>
Application Security	<ul style="list-style-type: none"> <li>▪ Data confidentiality</li> <li>▪ Unauthorized access</li> <li>▪ Segregation of duties</li> <li>▪ Roles and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk assessment</li> <li>▪ Security diagnostic</li> <li>▪ Design of roles and responsibilities</li> <li>▪ Security implementation and testing</li> </ul>

Table 3.

Risk Area	Issues	Risk Management Activities
Technical Infrastructure and Internet Security Hacking	<ul style="list-style-type: none"> <li>▪ Encryption</li> <li>▪ Denial-of-service attacks</li> <li>▪ User authentication</li> <li>▪ Weak links in security</li> <li>▪ Technological change</li> <li>▪ Ineffective system policing</li> <li>▪ Security policies not observed and practiced</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk assessment</li> <li>▪ Security strategy</li> <li>▪ Security policies</li> <li>▪ End-to-end security design, implementation and testing</li> <li>▪ Portal security/portal management</li> <li>▪ Security penetration testing</li> </ul>
Privacy Management	<ul style="list-style-type: none"> <li>▪ Personal data protection</li> <li>▪ Privacy regulations and compliance</li> <li>▪ European Union data protection directives</li> <li>▪ Ethical guidelines</li> <li>▪ Data confidentiality</li> <li>▪ Employee surveillance</li> <li>▪ Privacy policies and standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transporter data flow assessment</li> <li>▪ Impact assessment</li> <li>▪ Child privacy</li> <li>▪ Procedures and controls surrounding               <ul style="list-style-type: none"> <li>– Data quality</li> <li>– Collection of personal data</li> <li>– Consent</li> <li>– Rights of access to personal data</li> <li>– Right to object</li> <li>– Confidentiality and security</li> <li>– Notification</li> <li>– Transfer of personal data to third countries</li> </ul> </li> </ul>
Data Management and Data Quality	<ul style="list-style-type: none"> <li>▪ Contaminated data</li> <li>▪ Data precision and discrepancies</li> <li>▪ Redundancy</li> <li>▪ Missing or duplicate data</li> <li>▪ Data accuracy and integrity</li> <li>▪ Data consistency</li> <li>▪ Completeness</li> <li>▪ Cohesiveness (incompatible due to different formats or business meanings)</li> <li>▪ Complexity</li> <li>▪ Timeliness</li> <li>▪ Volatility (data become outdated unknowingly)</li> <li>▪ Periodicity (data collected or aggregated along different and sometimes incompatible periods)</li> <li>▪ Accessibility and availability</li> <li>▪ Scale (information stored in differing units of measurement)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Data criticality assessment</li> <li>▪ Risk assessment</li> <li>▪ Data cleansing, protection and conversion</li> <li>▪ Interface controls assessment, design and implementation</li> <li>▪ Content management</li> </ul>

Table 3.

Risk Area	Issues	Risk Management Activities
	<ul style="list-style-type: none"> <li>▪ Breadth (amount of information captured is limited)</li> <li>▪ Depth (little trend or historical information collected)</li> <li>▪ Certification (trustworthiness of information is unknown)</li> <li>▪ Data quality assessment</li> </ul>	
Web Site Certification	<ul style="list-style-type: none"> <li>▪ Low consumer confidence</li> <li>▪ Transaction integrity</li> <li>▪ Information protection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Web site certification</li> <li>▪ Online attestation</li> </ul>
Telecom and Network Services	<ul style="list-style-type: none"> <li>▪ Carrier invoice overpayment</li> <li>▪ Toll fraud and telephone abuse</li> <li>▪ Suboptimal use of telecom technology</li> <li>▪ Confusion regarding the impact of deregulation and Telecommunications Act</li> <li>▪ Inadequate fault tolerance measures</li> <li>▪ Considerable corporate growth or reductions</li> <li>▪ Cost reduction measures</li> <li>▪ Increase in the number of telecom-related customer complaints</li> <li>▪ Incomplete knowledge of telecom spending</li> <li>▪ Business reliance on voice and data communication technologies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Telecom and call center diagnostic</li> <li>▪ Voice telecommunications security diagnostic</li> <li>▪ PBX security and administrative review</li> <li>▪ Network architecture diagnostic</li> <li>▪ Telephony/call center testing</li> <li>▪ Point of failure analysis</li> </ul>

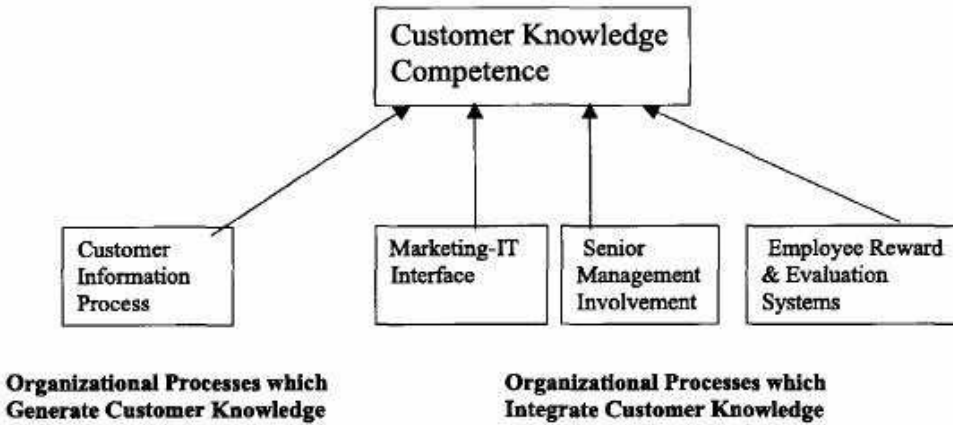


Figure 4. Conceptualization of Customer Knowledge Competence

3. Customers by portfolio
4. Customer satisfaction
5. Average lead closure rate
6. Market share by portfolio
7. Average years of relationship with customers
8. Frequency of customer data updates

#### 4.8. Framework for Creating CKC

As FISIP-UNPAR guidance to create CKC, Campbell introduces a conceptualization of customer knowledge competence that can be seen in figure 4 (Campbell, 2003).

Based on Campbell, CRM is not just a project that can be compartmentalized, it's an evolutionary process it's the way a company organizes itself. Consistent with organizational learning theory that Customer information process consists of 2 sequential aspects: (1) customer data acquisition and (2) data interpretation, which transforms the data into customer information. Both need well-established procedures and need communication between all FISIP management and employee that can be facilitate by intranet to make the same perception. Marketing and IT must interact as a result of implementing CRM so they were motivated by the same objectives. It's really important about fully teamwork from all functional areas.

Senior manager must active involve in ensuring that their strategic vision was realized within their organization. There must be structural changes in reporting relationships and communication flows. The responsibility of CRM implementation is still in their hand even though when CRM has been work.

Campbell suggests using behavior-specific reward system to motivate the employee. This reward system, supportive customer relationship paradigm, will promote

employee feelings of independence and individuality. There is some evidence that reward individual achievement can slow down the effective implementation of the relationship paradigm within an organization. Because of that, management must concern in proper employee evaluation and reward systems ranged from adequate and up to date customer database information to changing employee mindsets about their role in customer satisfaction. The "relationship managers" at company were evaluated monthly on specific goals pertaining the level of contact with each client and updated database.

## 5. Conclusion And Recommendations

### 5.1. Answer to The Research Sub Questions

To make the adequate CRM function that can be match with FISIP, first we must have customer mapping to help make marketing one-to-one concept. With the mapping, FISIP can get the same perception on service quality and make personalized relationship based on customer-to-employee and customer-to-customer relationship. To implement it, FISIP need employee commitment and must re-organize the existing organization.

To reduce the common risks, FISIP must really take attention to

1. the treatments of confidential information from unauthorized user that can make customer feel insecure,
2. the technology,
3. up-to-date information,
4. the employee commitment.

The time for risk management to get involved with CRM is at the beginning. Every CRM project will benefit from a focus on both upside and downside risks that address operational, regulatory and financial risks, such as application and infrastructure security, integrity. To create CKC, FISIP must make further research to find the adequate key for balance customer information process, marketing-IT interface, senior management involvement and employee reward and evaluation system.

### 5.2. Answer to The Research Question

FISIP can implement FRM based on FRM capability mapping, which take concern in knowledge, processes, people and the technology. For the knowledge side, FISIP must make formulation for customer knowledge, product information, marketing program information, channel analysis and integrated student record. With the implementation of this knowledge, FISIP can get advantage from word-of-mouth advertising and long-term relationship with the customer.

FISIP can use several channels such as: web, e-mail and mail, face-to-face interaction, telephony management, mobile field service, call center and service, and automatic customized e-newsletter. The most important is to make personalized relationship with the customer based on customer knowledge and segmentation and sell it as the competitive advantage for FISIP. As the final conclusion, Acharya give important thing that must be considered as guidance for successful FRM implementation. FISIP-UNPAR must pay attention at:

1. The FRM Prerequisite - Preparing for the Journey
  - a) Information challenge
  - b) Building the value proposition
  - c) The CRM business case
  - d) What are the main decision drivers?
  - e) What is the overall significance to the university?
  - f) Technology and business factors
2. Making the right choice - business and technology models
  - a) Business model
  - b) Technology model
3. The CRM supplier industry - vendor profile and selection
  - a) The supplier product matrix
  - b) Individual supplier commentaries
4. Developing a successful implementation strategy
  - a) The planning process for implementation: people, process, technology, information
  - b) Developing the CRM implementation roadmap
  - c) The program model
  - d) Delivering the implementation.

FISIP can achieve customer satisfaction with the personalized emotional long-term relationship for customer-to-employee relationship and customer-to-customer relationship. To achieve this situation, FISIP-UNPAR have a giant work to do.

### 5.3. *Limitations and Suggestion for Future Research*

This paper is created by the author from Center for Business Studies point of view. To achieve comprehensive information before the CRM strategy implementation, we need a group from all of department in FISIP to make 360 degree point of view.



With this paper, the author wants to trigger the implementation of FRM so UN-PAR will act innovatively and wake up from its long dream sleep as an unbeatable giant. The author also has given several points that must be concern in the next CRM preparation step.

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