Chapter 8 Achieving Operational Excellence and Customer Intimacy: Enterprise Applications

Case 2: Ingram Micro and H&R Block Get Close to Their Customers

Tags: CRM; business solutions; customer intimacy; business processes; transactional approach to customers.

Summary: Ingram Micro and H&R Block use Microsoft's CRM products to improve the way they manage their customer relationships, and to learn more about how customers interact with their firms. Implementing CRM leads them to change their underlying business processes. L= 2:48

URL: http://www.youtube.com/watch?v=pQixz6twCpo

Case

Ingram Micro and H&R Block are in totally different industries. Yet they share something in common with all businesses: they have customers. Each of these companies are world-class and world-size firms who added customers at a record pace, both through internal growth and acquisitions. One can imagine they both inherited a diverse array of systems from the many companies they purchased. They are both service companies. Each started out providing a small set of relatively simple services, and then expanded the services to new areas that exploited their early successes. As

their customers have changed and grown, both experienced difficulties in managing customers. Both have had to change their business processes and their internal cultures to cope with the changing customer environment.

Both companies chose to work with Microsoft and its CRM products which are generally aimed at small to mid-size businesses.

When you think about the Internet revolution, the computer revolution, what comes to mind is Microsoft, Apple, Google, Yahoo!, IBM, H-P, and the usual cast of successful hardware and software companies. Few think of Ingram Micro, but chances are that without Ingram, the "revolutions" above would not have happened. That's because the hardware and software underlying these revolutions was and is brokered, warehoused, and delivered by an intermediary called Ingram Micro. In the early days of Amazon, before it had its own warehouses and distribution centers, it took orders online and passed them on to Ingram for fulfillment.

"Ingram Micro Inc. is the world's largest technology distributor and a leading technology sales, marketing and logistics company. As a vital link in the technology value chain, Ingram Micro creates sales and profitability opportunities for vendors and resellers through unique marketing programs, outsourced logistics services, technical support, financial services and product aggregation and distribution.

Since its beginnings in 1979, Ingram Micro has connected technology solution providers with vendors worldwide, identifying markets and technologies that shape the IT industry. Today, Ingram Micro remains at the forefront of the global technology marketplace, bringing the latest products and services to market and finding new ways to bring value to their customers.

The company offers a broad array of solutions and services to approximately 170,000 resellers by distributing and marketing hundreds of thousands of IT products worldwide from nearly 1,400 suppliers. Through Ingram Micro Logistics, the company provides customizable services for order management and fulfillment, contract manufacturing, contract warehousing, product procurement, product pack out and cartonization, reverse logistics, transportation management, customer care, credit and collection management services, and other value chain services. Ingram Micro serves 150 countries and is the only global IT distributor with operations in Asia."

H&R Block is an entirely different kind of company from Ingram. When we think about taxes in the United States (as little as possible), the name H&R Block is quite familiar. But today H&R block is a lot more than a tax preparer for individuals.

"H&R Block, founded in 1955, is not only the world's largest tax services provider but also a fully-integrated financial services company that partners with its clients, helping them save for retirement, buy a home, pay for college, manage a business and much more.

H&R Block operates more than 12,000 offices in the U.S., and more than 1,300 locations in Canada and Australia. They have prepared 400 million tax returns since 1955. But it takes a team to serve our clients, whether it's in the office or via the Internet. Our team includes H&R Block Tax Services, H&R Block Bank and RSM McGladrey, one of the nation's leading accounting, tax and consulting firms."

Sources: hrblock.com; ingrammicro.com

Case Study Questions

1. What were the challenges faced by both these companies prior to their adoption of CRM? How do you think the Web and the Internet have changed customer expectations of service firms? What do you expect when interacting with a service firm online?

2. What do you think H&R Block's financial advisor meant when he said their relationship with the customer needed to change from a "transactional" approach to a "relational" approach? Why would the customer want a more relational approach?

3. What quantifiable benefits do the managers in this video expect to gain? What other benefits are described?

4. Why do you think these firms chose Microsoft as the vendor for a CRM?

5. What changes in business processes do you think were needed to successfully implement the CRM systems?