

Business Process Reengineering for Better Sale of China Lubricant Enterprises

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Abstract—With the rapid development of new economy, China lubricant enterprises urgently need to implement effective Customer Relationship Management (CRM) to win the market. By constructing and applying CRM, lubricant enterprises can keep their old customers and find potential customers, so the profit and core competitive power of lubricant enterprises can all be increased. In this paper we optimized the traditional sales process of China lubricant enterprises, designed a new business process reengineering (BPR) and built a pyramid model of CRM application tactics. The new BPR can be helpful for effectively CRM implementation of China lubricant enterprises.

Keywords--customer relationship management; business process reengineering; sales process

I. INTRODUCTION

In the 21st century enterprises are finding themselves in a complex and increasingly competitive market. With the rapid development of modern science and technology, the core of the booming new economy has been regard as fulfillment of customer's needs. M. Hammer, the founder of BRP (Business Process Reengineering) theory specifically remarked that what we call new economy is precisely customer economy [1]. Customer Relationship Management (CRM) [2-6] has been a shared concern for the experts at management and a wider business community.

Established on the premises of modern information technology platform, CRM holds dear a core thought that customers (including end users, distributors and partners) constitute a resource of paramount importance to enterprises. The applications of CRM to customer-related fields like marketing, sales, service and technical support can enable the access of the staffs responsible for sales, market and customer service to comprehensive and individualized customer information, thus developing and maintaining effective enterprise-customer interaction, providing sound customer services, responding rapidly to customers' individualized needs, strengthening the ability to track services and analyze information, enhancing customer satisfaction to increase enterprises' profits by attracting and retaining more customers, and effectively reducing enterprises' operating costs by sharing information and optimizing business procedures. Thanks to the combination of such sophisticated IT tools as data mining and data warehouse, CRM is capable of furnishing an integrated solution to enterprises' sales, customer service and decision

support, thus successfully enabling the enterprises' transition from traditional model to the modern one based on E-commerce.

The lubricant market of China is being larger and larger, and the development speed, which higher than 3% in recent years, is faster than before. China local brands include CNPC (Chinese National Petroleum Corp.) "Kunlun" and Sinopec (Sino Petroleum Corp.) "Great Wall". However, the survey of National Bureau of Statistics of China shows that the most profits (more than 80%) of lubricant market have been taken away by foreign brands, such as Shell, Mobil, Esso and BP. The reasons are as follows: the quality of local brands is lower than that of foreign brands; foreign brands have bigger reputation than that of local brands around the world. Moreover, from 2005 China government will loose the protecting policies for local oil enterprise based on WTO agreement. Hence, new international lubricant enterprises will enter Chinese market with their advanced experiences and technologies; the foreign brands will keep expanding their market; CNPC, Sinopec and other local brands will compete with foreign brands at upscale market. That means the competition of China lubricant market is being more and more severe.

The remainder of this paper is organized as follows. In section 2, key steps for sales process are briefly introduced. In section 3, business process reengineering for lubricant enterprise is proposed, and a pyramid model of CRM application tactics for China lubricant enterprise are presented. The paper is concluded in section 4.

II. KEY STEPS FOR SALES PREOCCESS

Andris A. Zoltners (the founder and co-chairman of ZS Corp., America) and Michael B. Moorman (the copartner of ZS Corp. on B2B sales and marketing) said [7], an efficient sales process should be as Fig. 1 shows.

Frank D. Steenburgh [8], the marketing expert of American Xerox Corp., said that the key steps for a "good" sales process should as Fig. 2 shows.

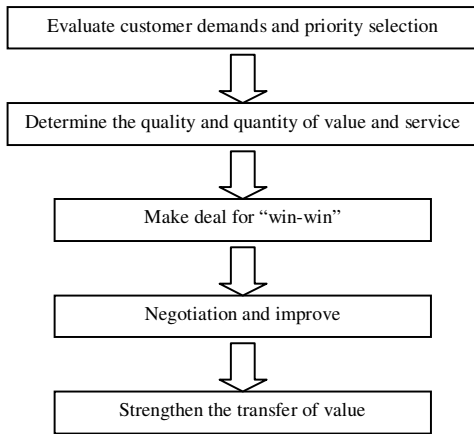


Figure 1. General sales process.

Moreover, Frank D. Steenburgh point out that although learning this sales process is very important, applying the sales process strictly is more important.

III. BUSINESS PROCESS REENGINEERING FOR CHINA LUBRICANT ENTERPRISES

Credit is an ability based on trust to obtain fund, material and service with no pay immediately. Enterprise credit management is to help enterprises realize maximize sales and minimize cost simultaneity.

Hence, building and applying available customer credit mechanism is an important method for lubricant enterprises to effectively prevent business risk, and also is a needed tactics for customer fractionizing. Right customer fractionizing will be contribute to realize “one to one” marketing and personalized service of lubricant enterprises.

In this paper, we divide the customers of lubricant enterprises into three levels, including prepay level, validate level and trust level.

(1) Prepay level. This level is the lowest level. All customers at prepay level should pay to lubricant enterprise before they carrying lubricant.

(2) Validate level. This level is higher than prepay level. When the customers of validate level have no enough money on their accounts to pay, lubricant enterprise can determine whether let them carrying lubricant or not by analyzing the trust degree of the customers.

(3) Trust level. This level is the highest level. All customers of trust level have the qualification of credit sale. Hence, lubricant enterprise has no necessary to check the accounts of customers with trust level when determining let them carrying lubricant.

After investigating the sales processes of several lubricant enterprises, we designed and proposed an optimized sales process for lubricant enterprise, as Fig. 3 shows.

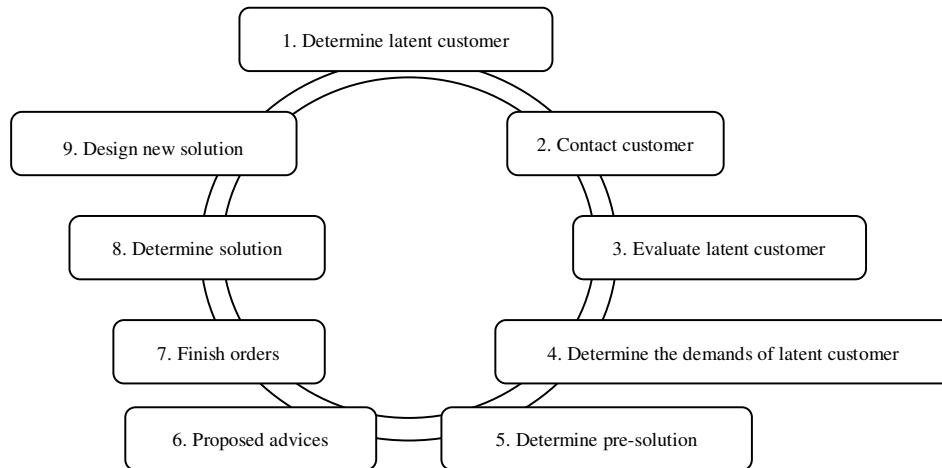


Figure 2. Key steps for sales process.

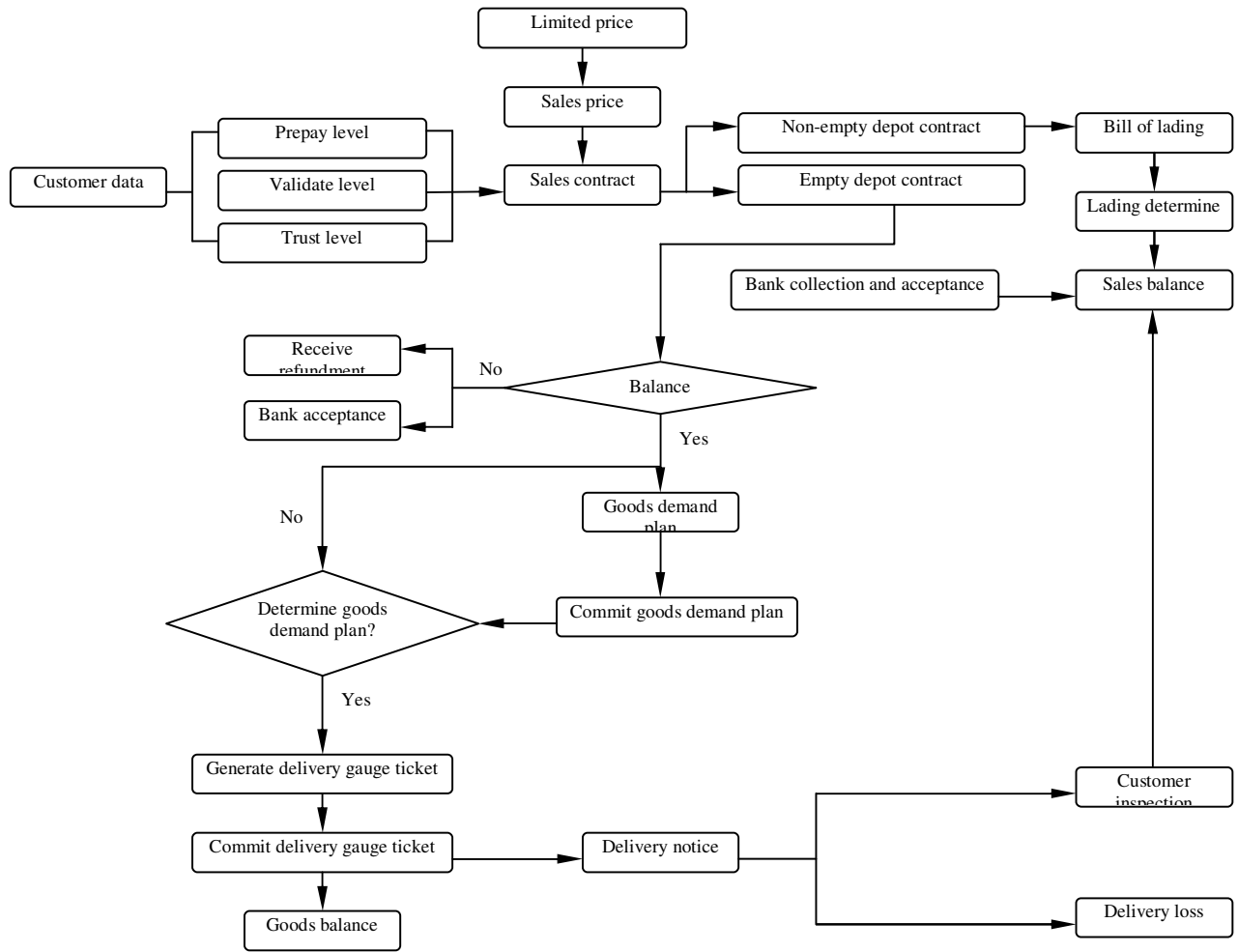


Figure 3. Business process reengineering for China lubricant enterprises.

Based on the above BPR, the CRM tactics for lubricant enterprises can be shown by using a pyramid model, in Fig. 4:

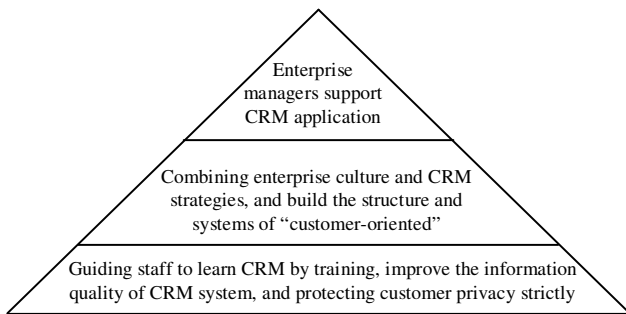


Figure 4. Pyramid model of CRM application tactics.

IV. CONCLUSIONS

Peter Drucker, The famous American management scholar, said that the ultimate aim of enterprises is to create customers and keep them. With the rapid development of new economy, CRM is being the key point for enterprises to achieve competition advantages. Our optimized business process reengineering scheme can be helpful for China lubricant enterprises to implement effective CRM and make scientific decisions on customer management. The next work is to research the factors which influence the result of CRM in China lubricant enterprises, and find a way to control them for better CRM application.

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