

Case Study 11 of 20 Electronic Customer Relationship Management Industry: Building Services

"The new connection allowed me to login into our client database and financial reporting system and get what I need to know instantly. In the past, this information could take up to a day to retrieve."

Steve Natilli, Director

>> THE BUSINESS

Established in 1988, McKenzie Group Consulting offers a wide range of consulting and approval services in the building industry. With changes to state-based building legislation opening up opportunities, the company has expanded to Brisbane - 3 staff and Sydney - 11 staff. The business employs 32 staff across the three states with headquarters in Collins Street, Melbourne.

The McKenzie Group moved from a simple excel spreadsheet that held customer details to an electronic customer relationship management system that staff from all offices could update.

What is electronic Customer Relationship Management (CRM)?

The integrated sales, marketing and service strategy that is used to identify, attract and retain an organisation's customers through innovative Internet based methodologies. CRM aims to maximise customer lifetime value and return on investment to a business.



This allowed the directors of McKenzie Group to more easily run reports on sales and marketing activities as well as keep client files updated easily.

The eCRM system integrates the contact management elements of the previous database with greater functionality and the ability to grow the sales force more effectively.

>> WHAT WAS INITIATED?

As the business expanded interstate, the issue of sharing client files and knowledge became a critical one. There was duplication of material and administration which led to difficulties in the management of day-to-day operations.

As a result, management has greater control of their daily customer needs, being able to prioritise service requests from clients within Victoria, New South Wales and Queensland.

To resolve this issue, management implemented a real time dedicated broadband link to significantly increase the bandwidth between the Melbourne and Sydney.

Additionally, as the McKenzie Group offers a wide range of consulting and approval services in the building industry, they are often required to log in to websites to download large documents. This can be done efficiently with the broadband Internet connection.

This allowed the McKenzie Group to centralise documents on one server in Melbourne as well as a number of applications including email, the customer relationship management (eCRM) database and financial reporting systems.

>> HOW THE TECHNOLOGY WORKS

The McKenzie Group Consulting's internally customized electronic customer relationship management system is installed on each of the staff's personal computers. This allows staff to see the status of each client immediately when it is updated and for management to assess the client project by running a series of pre-determined reports based on status with the click of a button.

>> RESULTS

The system's potential has yet to be maximized. However, McKenzie Group Consulting has already reduced its operating costs by approximately \$201,000. The most significant cost savings of \$72,000 resulted from reduced customer service time and the eCRM system resulted in a \$60,000 saving from reduced administration costs.

The savings and contribution to revenue measured against outgoings show an overall return on investment of \$49,350.

>> COSTS

Both establishment and ongoing costs were significant. The major expenses included hardware and telecommunications costing \$160,000 and \$150,000 respectively, amortised at \$32,000 and \$30,000 over five years. The upfront expenses amounted to \$98,000 during 2003 with operational expenses totaling \$53,650. Overall, costs amounted to \$151,650.

>> CHALLENGES AND PROCESS CHANGE

Although the dedicated communications link has provided increased bandwidth between Melbourne and Sydney, changing the culture of employees proved more difficult.

The McKenzie Group staff were content with their current contact system and had little inclination to change from managing clients and timesheets in the inherent spreadsheet format. Management undertook over 18 months to have all employees using the new electronic customer relationship management system.

The McKenzie Group management set a final date when all existing client data and time sheet spreadsheets were no longer to be used.

>> FUTURE PLANS

McKenzie Group plans to develop a fully functional Virtual Private Network between all three state offices and enhance the applications that are running across the network.

They have enjoyed the benefits in the daily working operations between Melbourne and Sydney and a further upgrade will help them manage client data more securely and effectively.

>> REFERENCE WEBSITES

www.mckenzie-group.com.au
www.austnet.com.au

>> REFERENCE eNOTES

eNote 1: Setting up on the Internet
eNote 19: Telecommunications

>> E-COMMERCE PROFIT & LOSS ANALYSIS

	2003
E-Commerce Expense Reductions	
Reduced telephone bills	12,000
Reduced postage, freight, couriers and handling	6,000
Reduced paper and printer cartridges	3,000
Reduced customer service costs (time)	72,000
Reduced travel and accommodation costs	36,000
Administration costs	60,000
Reduced staff costs for attending meetings	12,000
Gross Benefit from eCommerce	201,000
Less: Up Front Fixed Expenses	
Computer hardware*	32,000
Anti-virus and Security software	6,000
Staff Training on technical systems	10,000
Electronic customer relationship software	20,000
Teleco hardware and connection costs*	30,000
Total eCommerce Up Front Expenses	98,000
Less: E-Commerce Operational Expenses	
Ongoing maintenance	53,000
Internet Service Provider	500
Hosting of Website	150
Total eCommerce Operational Expenses	53,650
Total eCommerce Costs	151,650
Total eCommerce Benefit	49,350

*Total costs amortised over 5 years.

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For further information go to: www.mmv.vic.gov.au/casestudies

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