

NAVAL POSTGRADUATE SCHOOL Monterey, California



THESIS

**THE IMPLEMENTATION OF CRM AT FISC NORFOLK
DETACHMENT PHILADELPHIA**

by

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June 2003

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**THE IMPLEMENTATION OF CRM AT FISC NORFOLK DETACHMENT
PHILADELPHIA**

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Submitted in partial fulfillment of the
requirements for the degree of

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from the

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ABSTRACT

Customer Relations Management (CRM) can be defined in many ways. In this thesis, it is defined as the business process an organization uses to provide exceptional acquisition services to existing customers to retain their business and to motivate prospective DOD commands to become new FISC Norfolk Detachment Philadelphia customers. The four key elements to a Customer Relations Management system are 1) customer identification, 2) customer differentiation, 3) customer interaction, and 4) customized customer service.

FISC Norfolk Detachment Philadelphia can apply CRM practices into the pre-solicitation, pre-negotiation and post negotiation phases of the acquisition process to add value to the customers' acquisition experience. Customer Relations Management encourages early customer involvement and communication along with the application of industry best practices, and the use of innovative acquisition process to save the customer both time, money.

The implementation of CRM practices at FISC Norfolk Detachment Philadelphia will not go against the Federal Acquisition Regulations or the FISC Norfolk Philadelphia Mission Statement.

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I. INTRODUCTION

A. BACKGROUND

The continuing trend of Government downsizing and the shrinking DOD dollar, Navy contract commands are scrambling to maintain both their customers and existing Acquisitions workforce. Senior acquisition managers are always on the look out for something that will make their contracting activity stand out from other contracting activities. If a contracting activity can differentiate themselves from other contract activities, the theory is that the current customer base will be maintained and non-traditional customers will seek that particular organization out for acquisition services that were previously acquired elsewhere. Current policy permits Navy customer activities to select their acquisition office.

FISC Philadelphia, an activity of the Naval Supply Command, is currently looking at new ways to conduct the business of acquisition. One such way is known as Customer Relations Management or CRM.

Customer Relations Management can be defined in many ways, some experts define CRM as “the business process an organization performs to identify, select, acquire, develop, retain, and better serve customers. [1] These processes encompass an organization’s end-to-end engagement with its customers and prospects over the lifetime of its relationship with them.” Still others define CRM as the use of company resources such as technologies and procedures to promote a relationship with the customer to increase sales. [2] Customer Relations Management can also be viewed as a business philosophy, as a guide to direct the efforts of a corporate entity towards a goal whether that goal is to increase profit or for some other purpose like increasing market share. These definitions are very broad, and touch every aspect of business operations from the boardroom down to the employee who has direct contact with the customer. The author defines Customer Relations Management as the business process an organization uses to provide exceptional acquisition services to existing customers to retain their business and to motivate prospective DOD commands to become new FISC Philadelphia customers. Although Customer Relations Management can have several different meanings, the

CRM process consists of four key elements, which are 1) customer identification, 2) customer differentiation, 3) customer interaction, and 4) customized customer services.

Applying the author's definition of CRM to the Federal Acquisition Process as currently performed by FISC Norfolk Detachment Philadelphia, may provide the keys to ensuring customer retention, increasing the existing customer base, creating a better atmosphere of teaming and enhancing the overall level of customer satisfaction. In essence CRM principles no matter what the definition are designed to create such positive barriers to exit that existing and new customers will never want to willingly seek acquisition services from another contract command. Or, in the event that they perform competitive analysis, the CRM practicing command will provide more favorable business opportunities to the customer, ensuring their continued patronage.

The theories of Customer Relations Management are currently being used by both public and private entities to increase customer satisfaction and thus increase customer loyalty. CRM involves significant effort up front, but the long-term benefits of improved customer support and associated loyalty can be a powerful incentive for activities to expend such resources.

B. OBJECTIVE

The purpose of this research is to define Customer Relations Management and determine if the implementation of Customer Relations Management at FISC Norfolk Detachment Philadelphia is a prudent business practice.

C. RESEARCH QUESTIONS

The following primary research question will be used to direct and guide the objectives of this study: Can Customer Relations Management CRM be adopted by the FISC as its new business policy, and if so, what specific actions must be taken to implement CRM?

To determine a more complete answer to this primary question, some other areas must be studied and considered. The following secondary questions will be addressed in this report:

- What is Customer Relations Management, and what are some corporate and DOD models of CRM.
- How can Customer Relations Management be used at FISC Philadelphia?
- What does the implementation of Customer Relations Management mean to the Contract Specialist, how will it change their everyday duties as acquisition professionals?
- Is Customer Relations Management enough to insure that FISC Philadelphia will continue to be a viable asset to the Navy Supply Command?

D. SCOPE AND METHODOLOGY

This thesis will study what Customer Relations Management is and how it can be applied to all phases of the FISC Norfolk Detachment Philadelphia acquisition process. It will determine if the basic concepts of Customer Relations Management are in alignment with both the Federal Acquisition Regulations and the FISC Norfolk Detachment Philadelphia's mission statement. It will also determine how the basic concepts of Customer Relations Management will change the duties of the FISC Norfolk Detachment Philadelphia acquisition professional. This study will also determine if Customer Relations Management may be effective in FISC Norfolk Detachment Philadelphia's effort to maintain their current customer base and to attract new customers. Finally, this study will determine if the implementation of Customer Relations Management at FISC Philadelphia is a prudent business decision. It is noted that all references to FISC is meant to reference FISC Norfolk Detachment Philadelphia only. However, CRM principles may have applications at other business entities.

The information for this study will consist of a literature review of various books, magazine articles and e-articles and interviews with FISC Norfolk Detachment Philadelphia acquisition and contracting workforce, as well as senior management and leadership on Customer Relations Management. In addition, an analysis of how Dell Computer, Land's End, and Ben and Jerry's Ice cream have implemented CRM in their business practices.

Today the competition for business in the acquisition field is very intense, primarily due to the shrinking DOD budget. Many acquisition commands like FISC Norfolk Detachment Philadelphia are actively marketing themselves to not only maintain

their current customer base but to increase that base with new customers. Customer Relations Management is one such way of maintaining current customers and to attracting new customers. Customer Relations Management is designed to enhance customer performance, to create a better atmosphere of teaming and to increase the satisfaction of the customer. The goal of a Customer Relations Management system is to differentiate contracting offices from each other. Customers will utilize the contracting office that offers the best value to perform their acquisition, therefore causing that contracting office to stand out among others in the acquisition industry. Obtaining new customers will increase the chance of maintaining the current acquisition workforce.

Applying CRM principles is not easy; the application of CRM takes time, money and often revolutionary rethinking of corporate culture. [3] FISC Philadelphia has always been innovative and is always looking for ways to protect and increase their customer base. Applying CRM principles to the current acquisition process will take significant effort, but the efforts will demonstrate to the customers that the FISC is committed to the successful completion of their mission.

E. ORGANIZATION OF THE THESIS

This research effort is comprised of five chapters covering the following subject areas.

Chapter I: Introduction providing the rationale and goals to be reviewed in this study.

Chapter II: Define Customer Relations Management, and highlight some corporate and DOD CRM models.

Chapter III: Determine how Customer Relations Management can be used at FISC Philadelphia? Analyze how CRM can be applied to the pre-solicitation, pre-negotiation and post-negotiation of the acquisition process. Relate CRM to the Federal Acquisition Regulations and the FISC corporate mission statement.

Chapter IV: Analyze what the implementation of Customer Relations Management will mean to the Contract Specialist, and if and how change their everyday duties as acquisition professionals.

Chapter V: Conclusion. Chapter V will review of all-previous chapters and will answer the primary and secondary questions related to this thesis.

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II. WHAT IS CRM AND WHAT ARE SOME EXAMPLES

This chapter examines two key questions. First, what is Customer Relations Management, and second what corporate and DOD models of CRM exist?

A. CRM DEFINED

As stated in Chapter I, the term Customer Relations Management has many meanings. For purposes of this study, the author defines Customer Relations Management as the business process an organization uses to 1) provide exceptional acquisition services to existing customers, 2) to maintain their business and 3) to motivate prospective DOD commands to become new FISC Philadelphia customers. Exceptional acquisition services are defined as FISC Philadelphia's total commitment to process customer requirements on a best value and timely fashion.

The four key elements to a Customer Relations Management system are 1) customer identification, 2) customer differentiation, 3) customer interaction, and 4) customized customer services. These four elements of CRM are the key to providing exceptional acquisition services, maintaining existing customers and to attracting new ones. The level of commitment required for CRM to work must span the command at all levels including in-house staff that seldom interacts with the customer to the negotiators who have daily interaction with the customer. In essence, FISC Philadelphia must maximize their business resources to provide the customer what they want, when they want it, and market other services the customer may not yet know they need.

Examples of CRM processes can be found at the most successful business entities. For example, Dell Computer, Land's End, Ben and Jerry's Ice Cream, Southwest Airlines, and other industries such as overnight delivery firms and financial institutions all use CRM practices to acquire, develop, retain and serve customers. They provide solid examples of why CRM should be considered as a way of doing business to maintain existing customers and motivating new customers to seek the organization for the products or services.

1. Dell Computer

Dell Computer is considered one of the pioneers of CRM. [4] Dell Computer acquires, develops, retains and serves customers by producing made to order PC systems. Dell customizes PC systems according to customers' specifications and delivers those products to the customer quickly. Dell's focus on the customer helped their business base expand. For example, Dell product shipments in FY 02, increased by 15%, whereas overall industry product shipment volume dropped by 5%. This commitment to the customer has helped Dell to retain more than 90% of their existing US customer base since 1999, with most of those customers dramatically increasing their spending with Dell. [5] In fiscal year 2000, Dell Computer generated 30 billion dollars in sales, which earned them a rank of 48th place in the Fortune 500. Dell Computer's commitment to quality and customer value has allowed the computer maker to capture approximately 24.9 % of the PC market. One reason Dell has been able to capture a quarter of the PC market is Dell delivers a quality computer system cheaper than its competition, and this represents value to the customer.

Dell Computer is now focusing on the home PC market. Dell believes that home PC systems are changing from a business application based system to a PC system that is used to create, and enhance a multimedia entertainment system. Dell Computer is actively tapping into this market with television commercials that are aimed at their target audience, a target audience that was developed using Customer Relations Management. [6] Dell Computer has established approximately 40,000 customized customer web pages. Information obtained from these web sites and other types of market research are analyzed to provide fresh ideas to attract new customers, retain and better serve existing Dell customers.

2. Land's End

Land's End, the catalog and on-line retailer, provides another example of CRM implementation. The author is a satisfied customer of Land's End; having purchased items from the Land's End web-site and from the Land's End catalog. The author has always been treated in a pleasant and friendly fashion. Land's End is considered to have a world-class operation and inventory management system. They were the first on-line

retailer to implement several CRM-based services designed to enhance a customer's shopping experience. The Land's End model is designed to make the customer's shopping experience more personal. This personal touch to on-line shopping is something that the consumer values. Land's End processed over 20 million transactions in fiscal year '01, worth an estimated 1.462 billion dollars. [7]

Information from the analysis of 20 million customer transactions has led Land's End to interesting and unique sales practices designed to attract new customers, and maintain and serve existing customers.

3. Ben and Jerry's Ice Cream

Another corporate model that warrants attention, Ben and Jerry's Ice cream serves as a valuable CRM model because of their widely known reputation as a "socially conscious" business entity. Ben and Jerry's started their ice cream business from a renovated gas station in Burlington, Vermont in 1978. Within a few years, Time Magazine proclaimed "Ben and Jerry's Ice Cream as the best ice cream in the world." [8] As Ben and Jerry's expanded, they built production plants in high unemployment areas to help battle unemployment. Ben and Jerry's ice cream uses Customer Relations Management to retain, attract, and serve their customers by paying attention to what the customers think about the charities the company supports. CRM is also used to gauge customer feedback on the company's commitment to use milk and cream in their products that are bovine growth hormone free. Ben and Jerry's also uses CRM theories to determine the right amount of cherries to use in Cherry Garcia ice cream or the number of chunks in their Chunky Monkey ice cream. Ben and Jerry's sales philosophy is not just sell the customer one pint of ice cream, but to establish a relationship with the customer and to have that customer purchase a Ben and Jerry's ice cream product every time that customer desires an ice cream product.

4. Southwest Airlines

Southwest Airlines is yet another example of a business organization that utilizes the concepts of Customer Relations Management to deliver services that are valued by their customer base, and used to attract new customers. Southwest Airlines is the fourth largest domestic air carrier in terms of customers in the United States. [9] Southwest

Airlines is one organization that is recognized as using their resources to provide a great experience to customers and build customer loyalty. Southwest Airlines was recently named to the Forbes A List of “Fabulous Five Timers” which is a list of companies, which were rated as top performers in their industry for five consecutive years. The Forbes article suggests that this achievement is extremely difficult. [10] One direct reason for obtaining the Forbes magazine acknowledgement is how Southwest Airlines implements Customer Relations Management. Southwest’s philosophy is to provide a high level of customer service to create customer loyalty, and to keep the customers coming back to Southwest Airlines for air travel services. The Southwest philosophy is that you can never go wrong supporting the customer. This philosophy helped Southwest Airlines to generate 5.38 billion dollars in revenue in FY 01. This philosophy also helped the airliner to post a profit in the wake of 9-11-01, when the profits for almost everyone else in the airline industry dropped dramatically. The specific examples illustrated above clearly suggest that a cause and effect relationship exists between providing value to the customer base and experiencing success within the industry.

5. Other CRM Examples in Industry

In a more generic sense, overnight delivery companies provide yet another example of CRM processes by attracting, retaining and better serving their customers. By creating a package delivery tracking system that customers can access and use via the Internet to track packages, firms have increased customer acceptance and utility. This, from the customer’s point of view represents a great convenience. A customer can successfully track the delivery path and status of important overnight packages. Similarly, software programs now offer the option to remember the users password to access software programs. This option has dramatically reduced the number of calls to the help desk. This CRM system gives the customer the perception of value, and helps the company stand out among their competitors.

Financial institutions use CRM theories to attract, retain and better serve a selective customer base. For example, customers who meet a pre-described profile, the financial institutions devote resources to develop a long lasting relationship with that customer. These resources are expended so that the customer will feel they are important to the financial institution and will increase the chances of that customer obtaining other

financial products from that institution during their relationship. [11] Like all businesses that practice Customer Relations Management, financial institutions gather customer information through market research. However, financial institutions can access their own data and target customers who already meet pre-determined criterion to effectively market financial services. These institutions use customer demographic information like zip codes or neighborhoods to target market the neighbors of their customers.

The CRM examples presented above provide clear evidence of how specific businesses with and without household name recognition CRM to attract, maintain and serve customers.

6. Public Sector Example of CRM

In addition to the entities that are in business for a profit, the public sector is utilizing CRM practices to attract, retain and better serve the customer. An article by Lyle Eesley entitled “Delivering Greater Customer Value Requires a Strategic Mission Focus” presented at a National Contract Management Association conference, details the efforts of one unnamed Army acquisition group that used CRM practices to retain disgruntled customers. The Army acquisition group faced a key customer’s growing dissatisfaction on current contract performance and overall contract cost for their facility management requirements, such as grounds maintenance, custodial, HVAC, elevator and housing maintenance. The contracting activity could no longer conduct business as usual with that customer for fear the customer will acquire acquisition services elsewhere. To change the mind of the unhappy customer, the acquisition group developed a new strategic mission focus with an easily understood customer goal of “performance up and cost down”. The contracting activity conducted market research to determine how non-Government facilities acquired the required services. The activity also conducted site visits to those commercial facilities and reviewed how private industry acquired the services or supplies in question. The activity discovered that the cost of their facility maintenance contracts increased from year to year whereas those of private industry decreased. They learned that these facilities used performance-based specifications and included cost saving incentives to stimulate vendor performance. The acquisition team learned how private industry, combined synergies from different functional areas to produce a performance work requirement that increased the overall performance value of

the acquisition effort. The acquisition group also discovered the need to develop the skill-sets of their personnel to facilitate change in existing processes and to develop a team approach in the development of work products that increases the overall value to the customer. The changes the army acquisition team made to create value and satisfy the customer, increased performance on the follow-on contract by approximately 20%. The increased performance also generated cost savings that enhanced the customers' perception of value and increased the chances of transforming that customer into a loyal customer. As a result of these actions, this army acquisition group was awarded the highly touted United States Air Force Vern Orr award for forward thinking.

The aforementioned success stories have one thing in common; they all have implemented a Customer Relations Management system to help determine what can be done to attract, retain and better serve the customer. These entities are generally acknowledged as successful business enterprises.

A CRM system on its face does not seem overly complicated to implement, however the CRM process involves significant analysis long before any tangible benefits are realized. In fact many businesses hire out this analysis function to companies that specialize in business intelligence. Two such firms are Land's End, the clothing retailer, and Ben and Jerry's Ice Cream. These two firms have selected Business Objects Inc., a private business entity, to provide customer intelligence that enables sales and marketing managers to improve business performance by providing information to optimize sales, productivity, marketing and customer profitability. [12] Business Objects Inc. helps Land's End extract customer information from the approximately 20 million customer transactions conducted each year. Land's End total sales for FY 01 equaled \$1.462 billion dollars. Business Objects Inc. has developed a system that allows Ben and Jerry's Ice Cream to obtain customer information on more than 12,500 consumer contracts. Ben and Jerry's is concerned with customer feedback relating to the quality of milk and cream used in their products and what their customers think about the social causes that the company supports.

The success that profit and non-profit business enterprises have enjoyed through the implementation of customer relations management provides powerful incentive for other enterprises to include customer relations' management into their business process. The implementation of a CRM system allows business entities to strive for results that are similar to that of Dell Computer, Land's End, Ben and Jerry's Ice Cream and Southwest Airlines. The next section of this thesis will identify and explain the four steps needed to begin a Customer Relations Management program.

B. STEPS IN BASIC CRM DEVELOPMENT

Customer Relations Management requires a full understanding of the customer. It requires an analysis of prior business transactions to determine future needs/requirements. The four steps in developing a CRM system are as follows:

- The Identification of Customers
- The differentiation of Customers
- The interaction with Customers
- Customize services to Customers needs

1. Step One in the CRM Process

The first step in CRM implementation is the identification of the customers. It is crucial to know your customers. Pertinent information includes the customer's spending/buying habits, points of contact, and types of supplies/services the customer uses to conduct their business. The process of obtaining this type of information is known as *data mining*. This data can be used to develop key information about the customer base; spending patterns, and types of commodities the customer requires. This information can be used in house to develop products and services that can be offered to the customer. Reviewing this data is time consuming. However, it provides the user of a CRM system with vital information to develop market plans to insure a continuing relationship with the current customer base.

2. Step Two in the CRM Process

The second step in applying CRM principles is the Differentiation of Customers. This involves breaking the customers down into categories. The categories of customers will depend on the organizations goals, but such grouping can be based on total dollars

spent, future customer growth potential, and customer visibility etc. Once the groupings are completed the business entity has a better understanding of who the important customers are, and can plan effective strategies to provide those customers with added value that will keep them loyal to your business. Customer Relations Management brings home the point that not all customers are alike. Customer differentiation also suggests that not all customers should be treated the same. Charles C. Poirer, considered to be an expert in supply chain optimization, and author of Advance Supply Chain Management suggests that customers be broken down into groups, and then using the analogy of a four part dragon segment placing the customers as to their importance to the organization to create a customer dragon. The customer dragon is illustrated below.

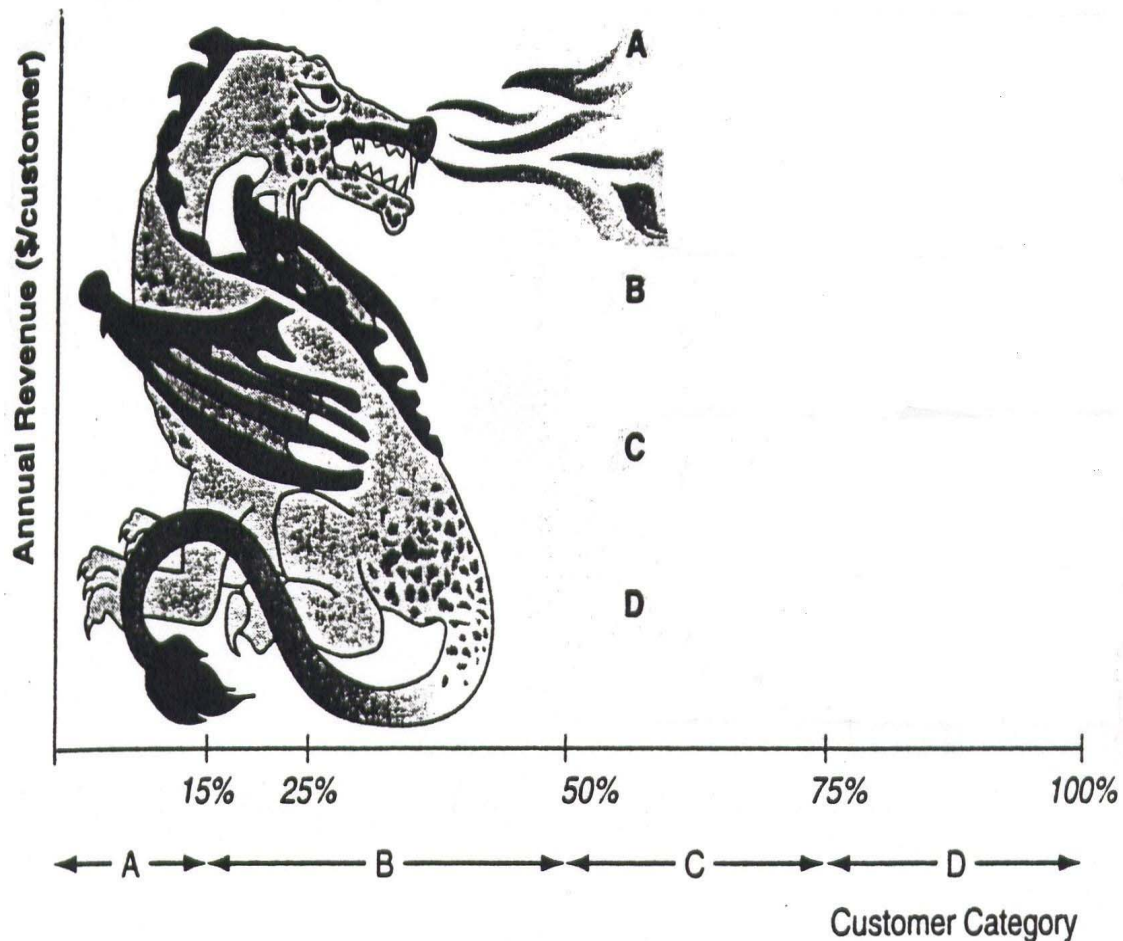


Figure 1. Customer Dragon, From: [13].

The vertical axis of the customer dragon can represent many things; in the private sector the axis can be used to illustrate the total dollar amount of sales earned for a given period. In the public sector for an entity like FISC Philadelphia the vertical axis of the customer dragon can symbolize the total dollar amount that was obligated over a fiscal year. In this example, the vertical axis represents the total amount of sales or obligations that were generated by the customers along the horizontal axis.

The horizontal axis of the customer dragon can also illustrate many things, however for this example, the axis is used to represent the number of customers that engaged the organization in business. In this example, the customer dragon is divided up into four customer categories as follows.

Section A of the dragon represents a relatively small portion of the organizations entire customer base. This section can represent up to 15 % of the customer base. Despite the small number of customers who fall within this section, they account for the largest share of the organization's total sales or obligations. These customers are considered to be strategic to the business and important to keep. Considerable resources have been expended on these customers to develop and build a business relationship. Most of these customers are considered to be "winners". However, within section A there are customers who are considered too demanding and may demonstrate very little appreciation for past business dealings. These customers do not care about relationships; rather they will take their business to another provider if a more advantageous deal is offered.

Section B of the dragon represents the next segmentation of the customer base, and accounts for the second largest share of the organizations total sales or obligations. However, the number of these customers makes up the second smallest population of the organization's customer base. These customers are all considered to be winners. These customers appreciate the efforts expended to satisfy customer requirements. These customers generate a significant amount of work for the business. The sales or obligations generated within section A and B of the diagram represent the majority of the sales or obligations that the entity produces over a given time.

Section C of the dragon represents the next segmentation of the customer base. These are customers who appreciate the organization's efforts to satisfy their requirements. These customers do not generate a significant amount of business. The application of business resources to develop a business relationship for these customers that fall in Section C are not considered to be worth the effort.

Section D of the dragon represents customers who appreciate the business entity's efforts to provide goods and services. These customers do not generate a significant number of actions or obligations to warrant the further application of business resources to develop a business relationship. The overall majority of the customer base is comprised of those customers who fall within section C and D of the customer dragon diagram.

Management can use the customer dragon to make business decisions on where and how to obligate command resources to maximize the continuation of a business relationship. Customer Relations Management theories suggest that the customers that fall within sections C and D of the customer dragon diagram be re-evaluated and if the number of actions with these customers is not forecasted to increase, then actions be taken to remove them from the entity's customer base.

3. Step Three in the CRM Process

The third step in applying CRM principles is the interaction with the Customer. Customer interaction is vital to create, develop and maintain a business relationship with the customer. CRM requires an open flow of communication and that the business entity listens to what the customer is saying. Land's End uses real time communication to assist on-line shoppers via instant messaging. [14] When a potential Land's End customer selects the "ask us" bar on their web page and asks a question about one of their products, Land's End responds in real time. This kind of direct customer contact has helped Land's End increase on line sales by 5% from FY 01 to 02. Land's End on line sales now represents 21% of their 1.46 billion dollars in revenue for FY 01. [15]

Ben and Jerry's Ice Cream philosophy on customer interaction is simple. The goal at Ben and Jerry's is to communicate with their customers on a personal level. Ben and Jerry's goal is to satisfy the customer and give the customer a feeling that they have a

friend at Ben and Jerry's. It is that feeling of friendship that Ben and Jerry's will use to develop a long-term relationship with the customer. Ben and Jerry's handles customer feedback and comments with a high degree of personalism. [16]

Dell Computer interacts with customers through approximately 40,000 web pages that are customized for customers of more than 20,000 companies in 40 countries. These web pages help Dell Computer generate 40 million dollars in Internet sales per day. [17]

Southwest Airlines prefers to interact with their customer base either in person or on the phone. When a customer calls Southwest Airlines they talk to a real person trained to be friendly, and helpful, and to provide the customer with exceptional service. Customer interaction is so important to Southwest Airlines that they have delayed the implementation of an automated phone system because they have yet to test a system that meets their customer service criteria. [18] Customer interaction and listening to the customer provide key insight as to what a business can offer to better serve, retain, and attract customers.

Information obtained through customer interactions can be used to gauge customer satisfaction/retention. It can provide feedback on the firm strengths and weaknesses in regard to customer service. Firms like Land's End use this information to create effective incentives to keep their current customer base and to entice new customers to the Land's End shopping experience.

In a recent "FISC News Letter" dated 21 June 02, entitled the "Supply Chest", the Commanding Officer of FISC Norfolk Captain William Kowba, USN-SC, wrote about the great importance of focusing in on the needs of Customers and providing them with good service. The article stressed that an open and honest dialogue must be created between a Procurement Activity, which is a service provider, and the customer at all levels. Additionally he stated the FISC must avoid "falling into the trap of telling the customer what they want and that "we cannot afford to structure services to satisfy internal operating design. He emphasized that the FISC must treat customers according to their needs. Additionally, he stated that communications must be realistic and caution must be taken to promise only what can be delivered. He contends that if the FISC can build a solid relationship with customers, then on those occasions when initial customer

expectations cannot be achieved the foundation is already in place to discuss expectations that can be achieved. It is Captain Kowba's belief that these actions will lead to greater customer confidence and satisfaction. Further, if CRM steps are taken, it will also increase the probability that the customer will not seek services from another provider. He ultimately states that successful customer communication equals customer retention. Once an open flow of communication is established with the customer, the FISC must begin to show value to the customer.

4. Step Four in the CRM Process

The fourth step in applying CRM principles is the Customizing of services to meet the short and long term needs of customers. Based on information obtained through customer interactions, Land's End, the retail store, has introduced innovative methods to add value to the customers shopping experience. Not only does Land's End provide for the use of instant messaging for questions, they also give their customers the choice of using a virtual model of themselves to get an idea of how the clothes the customer is ordering will look on them. The program that generates the model asks a series of questions about body build, hair color, skin tone etc and then generates the virtual model. Land's End offers personal shopping services. Customers can create a "personal wardrobe consultant" by answering a series of questions about an individual's clothing tastes. [19] An expert takes that information to suggest items and outfits that best meet the customers taste, styles and preferences. Land's End also provides a special catalog for women's clothing within certain size ranges. These clothes are proportioned to fit and flatter individuals who fit the size range. Land's End offers a custom services that is based on the personal shopper but goes one step further. A tailor then works on the garment to insure a perfectly tailored fit. Land's End offers a "swim finder" that suggests swim suits based on a person's "anxiety zone" which is a body area that someone either likes to show-off or camouflage. This feature works with the Land's End virtual model. This is done to enhance the customers shopping experiences, to show that Land's End values their customers and to increase the chances the customer will purchase a Land's End product.

Dell Computer provides another striking example. According to Dell Computers Annual Report for FY 02, entitled Fiscal 2002 in review, Dell segments their business

based into the following five segments, large and global businesses, education and health care, Government, small business, and consumers. Under each business segment Dell writes about exceeding expectations with customized products and "unparalleled" ease of doing business. Dell writes about the development of direct customer relationships and of providing unique and valuable insight to better serve the customer and to save the customer money. [20]

The principles of CRM as detailed above are designed to differentiate the business entity in the eyes of the customer from the competition. CRM principles when used effectively, are designed to create such positive barriers to exit that existing and new customers will never want to willingly seek acquisition services from another agency. These principles can help a business maintain their current customer base but also expand upon that customer base. A firm's CRM system is designed to transform the customer base from feeling indifferent about working with an organization to become a loyal customer or a "raving fan" as business writer Ken Blanchard coined to describe customers who have received exceptional customer support/service. The goal of a customer relations management system is to create customer loyalty. The next section will describe the road to customer loyalty.

C. THE CUSTOMER LOYALTY GRID

A tool that is used to determine customer loyalty is the *customer loyalty grid*. This grid details the steps necessary to instill loyalty into the customer base.

The customer loyalty grid is re-created from an e-article listed in CRM Today [22]. Brian Ward who is a principle at Affinity Consulting created the customer loyalty grid. In essence the grid is divided into four zones as follows.

1. Zone 1

The Zone of indifference includes those elements that are basic to completing a business transaction between the contracting activity and the customer. It includes essential elements such as treating customers with courtesy and respect. If these elementary factors are lacking with customer interactions, the customer will easily become dissatisfied. If these elements are offered to the customer, then the customer is considered to be indifferent.

The Customer Loyalty Grid

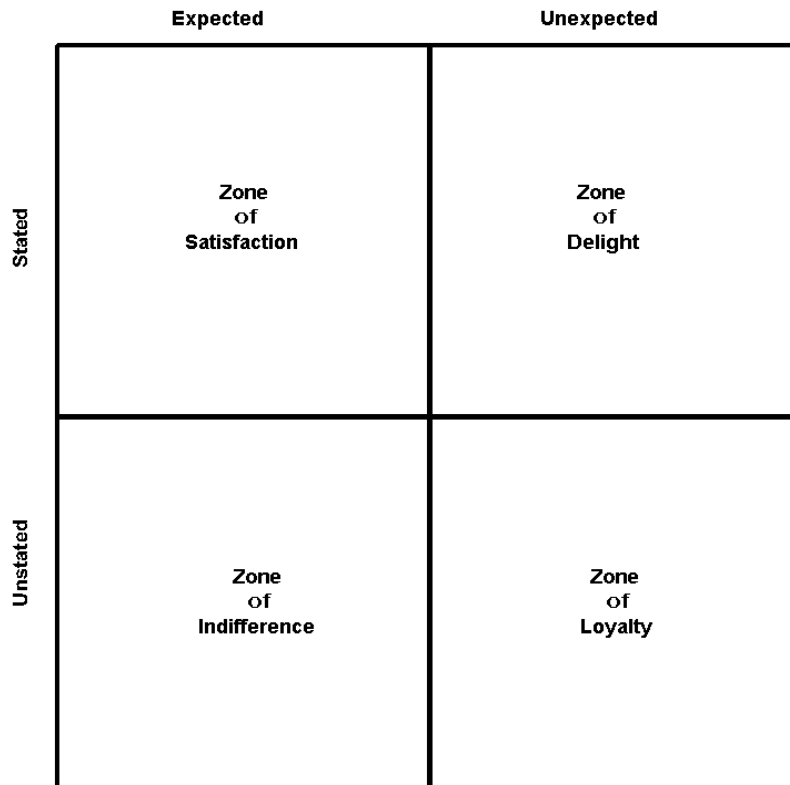


Figure 2. Customer Loyalty Grid, From: [21].

2. Zone 2

The Zone of satisfaction occurs when the customer's demands are met. This is a stepping-stone to customer loyalty. For example, in the acquisition field when the customer's expectations for such things as required delivery date is met.

3. Zone 3

The Zone of delight occurs when the customer's demands are exceeded. This can occur when the contracting activity can generate a cost savings to the customer from using such tools as a reverse auction or the use of multiple awards to save the customer either time and money or both.

4. Zone 4

The Zone of loyalty occurs when the contracting activity provides benefits to the customer above and beyond what the customer expects or is aware of. The zone of loyalty occurs when the contracting activity, by reviewing and analyzing customer

spending habits and by becoming knowledgeable in the customers field of endeavor, offer acquisition procedures that are tailored to the customer's unique needs. This is the foundation of CRM and the way to establish a loyal customer base. The zone of loyalty encompasses all of the zones and a firm cannot create a loyal customer without going through each customer loyalty zone. The zone of loyalty is what firms like Dell Computer, Land's End, Ben and Jerry's and Southwest Airlines are striving to achieve. Southwest Airlines provides a terrific example of providing service that generates customer loyalty. A man living in El Paso Texas and in need of an organ transplant was notified that an organ had become available in Huston Texas. He was to report to a Huston hospital for this life saving operation. The man contacted Southwest Airlines and was mistakenly quoted a weekend flight schedule. When the man arrived at the airport he learned of the mistake. To remedy this situation Southwest Airlines chartered the man a private jet to fly him to Huston for the operation. [23] Needless to say, that this man is now a "raving fan" and a loyal customer to Southwest Airlines. It is important to note that there is no final destination in CRM, rather it is a continuous process.

D. SUMMARY

There are many private and public business entities that use Customer Relations Management practices to select, acquire, develop, retain and better serve their customers. Companies like Dell Computer, Land's End, Ben and Jerry's Ice cream and Southwest Airlines use CRM to become top performers in their chosen industry. These firms use Customer Relations Management to establish and maintain a relationship with the customer.

Agencies with the Federal Government have used CRM theories to improve relationships with their customers. One Army acquisition group successfully implemented CRM to retain a customer who was quickly becoming disenchanted with how their procurements were being processed, and now that customer is a "raving fan" of that Government contracting activity.

The four steps in the implementation of a CRM system are (1) the identification of the customers, (2) the differentiation of customers, (3) the interaction with customers, (4) the customization of services to the customers needs.

The goal of a CRM system is to create a loyal customer. To create a loyal customer, the customer must undergo a four-stage process ranging from indifference to satisfaction, to delight to loyalty. CRM, when used effectively, is designed to create such positive barriers to exit that existing customers may never look to another contracting agency to provide services or materials.

III. CRM AT FISC PHILADELPHIA

A. CUSTOMER RELATIONS MANAGEMENT

This chapter will discuss how Customer Relations Management can be used at FISC Philadelphia to better support the customer base. It will also discuss how CRM can be applied to the pre-solicitation, pre-negotiation and post-negotiation of the acquisition process. Finally it will examine whether the concepts of Customer Relations Management is in-line with the Federal Acquisition Regulations and the FISC corporate mission statement.

The FISC can apply CRM practices to develop a deeper business relationship with their customer base to provide an improved business process to deliver a higher level of customer satisfaction by providing exceptional acquisition services. The goal is increasing customer perception of value, which maintains the existing customer base and helps to attract new customers looking for a greater level of satisfaction, with their acquisition office.

Applying the four elements of CRM discussed in Chapter II to FISC Philadelphia will include the following.

1. First Step in CRM Implementation at FISC Philadelphia

The first step in CRM implementation is the identification of FISC customers. It is crucial for the FISC to know their customers. Pertinent information includes customer's mission, fiscal spending trends, and points of contact, buying patterns, supplies/services needed to accomplish their mission.

FISC Philadelphia can obtain this information from several sources, such as the DD 350 data base system, internal managerial work information tools such as the FISC's management information system known as WINCIMS, and talking to the negotiators who have worked with particular customers.

The DD350 is the primary reporting tool on all acquisitions with a monetary value in excess of \$25,000.00. The DD350 details the history of the acquisition efforts. It details the cost of the procurement, the successful vendor, the degree of competition, and

a general idea of the commodity or services that was acquired. In addition to the DD350, the WINCIMS system can be used to provide information on internal acquisition efforts. The WINCIMS reporting system provides real time information on the status of current acquisition efforts. It details the customer, the requirement, estimated dollar amount etc. Also, the individual negotiators who are currently performing acquisition services in support of that customer can provide information on the customer's current environment. Information obtained from the DD350, WINCIMS and employees can provide valuable insight into individual customer spending habits. Once the spending habits are determined the FISC can develop acquisition products and services that the customer can utilize to save time and or money. Saving the customer time or money in their acquisitions requirements provides the customer with additional resources to focus on mission related duties.

Reviewing customer information may be time consuming. However, it provides the Purchasing Command with vital information to develop market and acquisition plans to insure a continuing relationship with the customer base.

Over Fiscal Year 2002, FISC Philadelphia awarded 2,280 actions and obligated \$987,739,084 with approximately 450 different vendors in support of 166 customers. The DD350 database has generated a customers for FY 02.

A list of all customers serviced by FISC Philadelphia is furnished herein as Table 1.

The total number of actions generated from the FISC's top seventeen customers, which represents 10 % of the customer base, is 1,181 and makes up approximately 52% of the entire number of contract actions processed by FISC Philadelphia in Fiscal Year 2002. These seventeen activities spent \$665,589,235 or approximately 67.3% of the \$987,739,084.00 that FISC Philadelphia obligated in FY 02. Based on this information, the researcher contends that these customers are extremely important to FISC Philadelphia since they represent the majority of the FISC workload.

Ranking	Customer	# of Actions	Dollars
1.	US Naval Shipyard Norfolk	167	110,704,893
2.	Naval Inventory Control Point	85	63,954,368
3.	Naval Supply Systems Command Headquarters	86	60,855,039
4.	Naval Air Systems Command Headquarters	161	49,224,769
5.	Commander in Chief PACFLEET, Naval Base	7	49,154,616
6.	Space and Naval Warfare Systems Center	212	44,544,038
7.	Naval Facilities Engineering Command Headquarters	7	40,900,996
8.	Joint War Fighting Experimentation Battle Lab	73	38,245,673
9.	Naval Education and Training Professional Mgm Ctr	124	30,159,253
10.	Space and Naval Warfare Systems Center, Chesapeake	58	29,518,013
11.	Naval Training Center, Service School Command	25	23,662,222
12.	Joint Training Analysis and Simulation Center	77	23,390,670
13.	Commander Naval Reserve Force	27	21,938,609
14.	Fleet Surveillance Support Command Det. 2	8	20,681,175
15.	Naval Training Center	14	20,424,010
16.	Naval Inventory Control Point (International)	17	19,927,808
17.	Commander Naval Air Force USLANTFLT Central	33	18,303,084

Table 1. FISC's Customers for FY 02.
From: FISC Philadelphia DD350 Database October 02.
The Appendix, attached hereto, provides all 166 FISC customers during FY 02

The FISC Customer base is comprised of 166 core and non-core Governmental activities that look to the FISC for acquisition support services. FISC Philadelphia's core customer base is made up of those customers designated by the Naval Supply System to send their acquisition requirements to the FISC for processing. The non-core customers are normally required to get their acquisition services from some agency other than at the

FISC. However, these non-core customers have grown disenchanted with their current acquisition provider. These customers were targeted and recruited by FISC Philadelphia to become new customers.

These non-core customers are very important to the FISC, they represent a vote of confidence in the FISC's ability, and help to differentiate FISC Philadelphia from other contracting commands. The non-core customers in some cases are sources of a reimbursable funding stream i.e. pay for service. One such customer is the United States Air Force Hospital Aseptic Management Program out of Brooks Air force Base in Texas. This non-core customer manages the cleaning requirements of all Air force Hospitals. The total yearly value of this program is \$10,878,486.00. The management of the Hospital Aseptic program had become disenchanted with how their delegated Air Force contracting command was soliciting, evaluating, awarding and administering their contractual requirements. This information became known to the FISC who saw it as an opportunity to expand the existing customer base and to help differentiate themselves from other Navy contracting activities that processed only naval requirements. The FISC aggressively marketed their services to the Program Management of the Hospital Aseptic program and was successful in obtaining that work. Currently this non-core customer generates a reimbursable cash stream to the FISC of \$110,000.00 per year.

The more information FISC Philadelphia can obtain about its current and future customers, the greater the opportunity it will have to market their acquisition services and to provide value to the customer thereby retaining current and future acquisition business.

2. Second Step in CRM Implementation at FISC Philadelphia

The second step in applying CRM principles to the acquisition process is the differentiation of the customers. The FISC customer base will be broken down into categories. The groupings of customers depends on the goals of the contracting activity, but such grouping can be based on total dollars obligated, number of contract actions, customer mission or level of visibility. Once the groupings are completed the activity has a better understanding of who the important customers are. Southwest Airlines breaks their customers down into three segments business travelers, frequent travelers and

occasional travelers. [23] The FISC can break down the customers by using the customer dragon discussed in Chapter II. A breakdown of the FISC customer base using the customer dragon based on dollar obligations in FY 02 suggest the following.

Section A of the Customer Dragon represent those customers who comprise the top 10 % of FISC Philadelphia's customer base. These 17 customers accounted for 52 % of the FISC's total contract actions and 67.3 % of the total dollars obligated in FY 02.

Section B of the Customer Dragon represents those customers that required acquisition services with an estimated total procurement value greater than one million dollars. The FISC had 53 customers that fell within this range. These customers accounted for 39 % of the FISC's total contract actions and 30 % of the total dollars obligated in FY 02.

Section C of the Customer Dragon depicts those customers that required acquisition services with an estimated total procurement value ranging from \$100,000.00 to \$999,999.99. The FISC had 61 customers that fell within this range. These customers accounted for 6.5 % of the FISC's total contract actions and 2.3 % of the total dollars obligated in FY 02.

Section D of the Customer Dragon shows those customers that required acquisition services with an estimated total procurement value ranging from \$25,000.00 to \$99,999.99. The FISC had 35 customers that fell within this range. These customers accounted for 1.85 % of the FISC's total contract actions and .0021 % of the total dollars obligated in FY 02.

Classifying customers using the customer dragon drives the point that not all customers are alike and also suggests that not all customers are treated the same. If another criteria were used to differentiate the customer base, the customer dragon may be significantly changed.

The researcher contends that dividing a customer base into segments provides management with valuable information that can be used strategically to continue to develop a business relationship with the important customers and to re-look or re-focus on those customers who fall short of management expectations.

3. Third Step in CRM Implementation at FISC Philadelphia

The third step in applying CRM principles to the acquisition process is the interaction with the customer. Customer interaction is vital to help ensure a smooth acquisition process. Procuring activities must listen and interact with the customer. The earlier the procurement activity can get involved with the customer the better the chance of the procurement activity adding value to the customer. Early involvement with the customer can reduce such things as acquisition cycle time and overall price of the requirement. This kind of early involvement known as Early Supplier Intervention (ESI) is already being done in the private sector and helps those industries stay competitive and gain competitive advantage. The concept behind ESI is that the procurement department has a greater opportunity to affect the value of an acquisition during the first stages of the acquisition process.

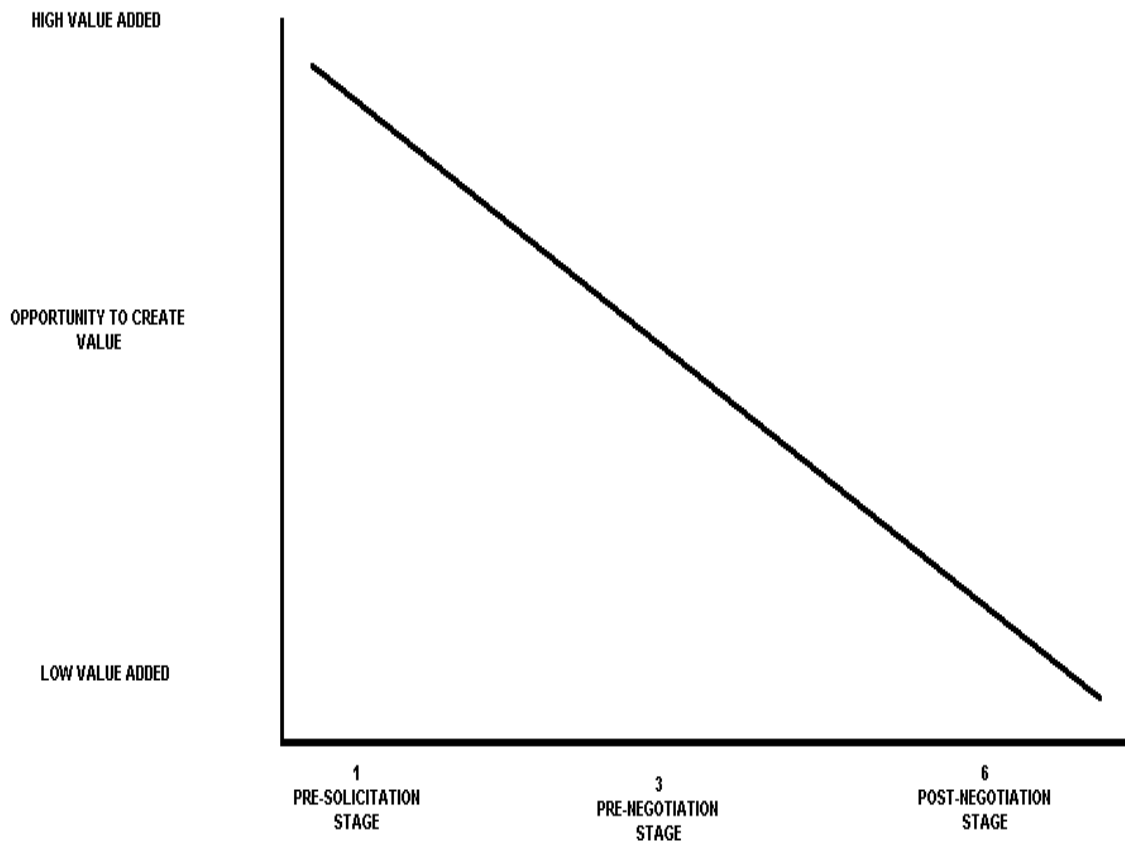


Figure 3. Purchasing and Materials Management, After: [24].

The chart above is adopted from Michiel R. Leenders, and Harold E. Fearon, value graph that appears in the book Purchasing and Materials Management. The vertical axis of the graph represents the level of value that a procurement activity can add to customer requirements. The earlier a procurement activity can interact with the customer on their requirements the greater the opportunity to affect the overall value of the acquisition effort. The horizontal line suggests that as the acquisition process moves forward to contract award, a significant amount of effort has already been expended which represents lost opportunities to effect the overall value of the acquisition effort.

4. Fourth Step in CRM Implementation at FISC Philadelphia

The preceding CRM steps provide information that can be used by management to deliver added value to the customers. For example, a review of the spending habits of one of FISC Philadelphia's primary customers, SPAWAR, from information provided from a print out of the DD350's and WINCIMS showed that over the last FISC Philadelphia issued twelve small purchase orders in support of SPAWAR Detachment Philadelphia for toner cartridges. The total cost of these purchase orders was \$95,889.92 and the twelve purchase orders were awarded to five different vendors. Issuing twelve purchase orders for a recurring requirement may not be the most efficient acquisition vehicle to satisfy the need.

This information can be used by the FISC to develop acquisition strategies to present to the customer on how changing their current ordering activities for toner cartridges can help the customer to better manage time, and money, and creates more resources for the customer to focus on their primary mission. A CRM solution is to suggest to the customer that savings in both time and money will be realized if they combine their yearly toner requirement and issue just one Indefinite Delivery Indefinite Quantity (IDIQ) Type contracting vehicle to satisfy their toner needs. IDIQ type contracts offer a great deal of flexibility to the customer, once the initial contract award is in place. The ordering of material under an IDIQ contractual vehicle is significantly faster, and can usually be accomplished within days vice up to ten days, which is the standard PALT to issue a purchase order. In addition, by soliciting the toner requirement on an annual basis competition may increase as more businesses become interested in a \$100,000.00 acquisition effort vice a requirement for a few thousand dollars. This one

example can demonstrate to the customer that they are important and valued by FISC Philadelphia, and increase the chances that the customer will seek the FISC for their acquisition needs.

FISC Philadelphia processed approximately \$1,100,398.38 worth of small purchase orders for SPAWAR Detachment Philadelphia. Needless to say, other opportunities exist for leveraging their requirements to maximize their outlays of both time and money. It is up to the buying command to look for ways to market acquisition services to the customer and looked upon as an asset rather than an obstacle to accomplishing their mission.

It is the job of the FISC to use the innovative acquisition tools at our disposal to create value to the customer and to maintain customer satisfaction and loyalty.

B. APPLYING CRM TO THE PRE-SOLICITATION, PRE-NEGOTIATION AND POST-NEGOTIATION OF THE ACQUISITION PROCESS

1. CRM and the Pre-Solicitation Process

If a CRM system were implemented at FISC Philadelphia, how will CRM practices be applied to the Pre-solicitation stage of the acquisition process?

CRM principles suggest that the earlier you can get involved with the development of the customer's requirement the greater the opportunity for the contracting activity to create value for the customer. In most cases, FISC Philadelphia does not have any contact with a customer on a new requirement until the FISC receives the requirement. The receipt of the Request for Contractual Procurement (RCP) with the Statement of Work (SOW) usually represents the start of the acquisition effort for FISC Philadelphia. However significant time and effort has already been expended by the customer in the development of the requirement, and then in the internal approval process for this acquisition at the customer's command. The FISC reviews the customer's Statement of Work and more often than not recommends changes that are needed to make the documents workable and to insure that the document is legally sound and can hold up to legal scrutiny. The current process adds little to no value in the acquisition process and only adds to the Procurement Administrative Lead Time or (PALT) of this acquisition effort and can start a relationship with the customer on the wrong foot due to

pride of ownership issues. It is not uncommon for customers to resist recommended changes to documents that have already been approved through their chain of command.

Applying CRM practices to the Pre-solicitation acquisition process requires purchasing activity involvement with customers long before there is a known requirement. In order for FISC to become knowledgeable about its customer's market, key questions must be asked. For example, who are the market leaders, what are the industry benchmarks or current innovations that can be exploited by the FISC's to create value to the customer and to maximize the time available to the customer to accomplish their mission? The FISC can create a business relationship with their customer base and provide business expertise on the customer's market based on previous experience, or market research, or a combination of both.

The FISC processed requirements for 166 customers in Fiscal Year 02. The chart below was created from the DD 350 database and details the top commodities by Federal Supply Code or FSC. The Federal Supply Code groups requirements that are similar in nature for example under the FSC code D399 are those items relating to Other ADP and Telecommunication services and will include requirements such as telecommunication data systems support or management. The top FSC codes as identified by the DD 350 database for the FISC Customer base in FY 02 are as follows:

FSC Code	Description	# of Customer actions
D399	Other ADP & Telecommunication Services	40
R706	Logistic Support Services	35
R699	Other Administrative Services	25
Q999	Other Medical Services	20
R425	Engineering Technical Services	17
R408	Program Management Support Services	14
U0008	Training/Curriculum Development	13
7030	ADP software	13
S203	Food Services	12
5805	Telephone & Telegraph Equipment	10
D302	ADP Development Services	9
U009	Other Educational & Training Services	9
D301	ADP Facility Operations and Maintenance Services	7

Table 2. Top FSC Codes.
From: FISC Philadelphia DD350 Database Report 10/02.

Information obtained from the FSC table can be used to develop acquisition strategies for our customers and can also be used to develop training classes for the 1102 workforce to learn the in-and-outs of the commodities the customers want. It is important to know who are the industry leaders that satisfy the customer's needs. What are the industry best practices or developing trends that may change how business is conducted to better support the customer and to provide the customer with exceptional acquisition service and value.

Once the FISC has an understanding of the customers' needs and of the industry that supports that customers mission, the FISC must get involved with the customer at the point where a requirement is identified. The FISC based on an understanding of the customer and of the market place can provide insight and assistance in the development of the specifications for the customer's requirement. These actions will create synergy between FISC and the customer to insure that all the pieces of a solid and meaningful requirement are in place, therefore leading to a smooth acquisition process to provide the customer with exceptional acquisition support service.

While the FISC and customer jointly develop the customer's requirement, the FISC can concurrently perform market research to determine the acquisition environment. Market research is key to provide customers with useful information that can be used to speed up the acquisition cycle. In addition to market research information on previous acquisition efforts for similar or identical requirements can help the FISC to develop an acquisition strategy to satisfy the customer's requirements efficiently.

Market research and taking the time to review prior acquisition efforts takes time and effort but the dividends from this undertaking can be significant as illustrated with the following two examples.

FISC Philadelphia received a Request for Contractual Procurement (RCP) for nuclear medicine injections to be used in support of NAVHOSP Great Lakes, IL Radiology Department for use in sundry medical scanning procedures. The requirement called for the delivery of these injections at any time 365 days per year. A standing inventory of this material cannot be stored at the hospital since the material was radioactive with a very short half-life. A Justification and Approval (J&A) was attached

to the RCP stating that there was only one offeror capable of meeting the hospitals “as needed” delivery requirements. However, market research conducted in support of this acquisition revealed that in the area of nuclear pharmacies, two firms are industry leaders. One of the two firms was the suggested contractor for this requirement. The FISC contacted the other industry leader and learned that they operated a nuclear medicine pharmacy in the area and they provided round the clock services. In this case, market research identified an additional source of supply. Instead of processing this acquisition effort as a sole source, it was processed under full and open competition and generated an estimated cost savings of approximately 7 % for the customer.

Another powerful example of market research can be found in the acquisition history of an RCP that was submitted to the FISC for mobile MRI services at Naval Hospital Great Lakes, IL. These services were historically purchased by the FISC on a per scan basis at a cost of \$450.00 each. The number of scans under the instant acquisition effort was estimated to be 30 per week; 15 per day two times per week.

Market research conducted in support of this acquisition identified a change in industry pricing schemes from a price per scan to a fixed price per day of service. The FISC reviewed the new pricing methodology and based on fact finding with the customer determined that the new pricing scheme will be beneficial to the Government. This information was relayed to the customer and together with the FISC a business decision was made to solicit on the new industry-pricing scheme. The requirement was solicited and awarded on a per day basis, which generated cost savings of just over one million dollars for the customer.

These two examples drive the point that knowing the market and communicating with the customer can deliver big dividends, create customer loyalty and is a perfect example of providing the customer with exceptional acquisition services.

Applying Customer Relations Management theories to the solicitation process of a customer’s requirement in the Pre-Solicitation stage involves taking steps necessary to reduce the requirements acquisition-processing time to deliver value to the customer. The FISC currently reviews every requirement to determine if the item can be processed as a *commercial items* effort. Commercial Items acquisitions can be processed very

quickly. In fact FAR part 5.203 entitled “Publicizing and Response Time” sub-paragraph (c), when processing an acquisition effort as a commercial item effort the requirement does not have to remain open for a period of 30 days rather commercial item acquisition efforts remain open for a reasonable amount of time as determined by the Contracting Officer. In addition, FAR 5.203 also provides the contracting command the flexibility for commercial item efforts to combine both the synopsis and solicitation in one step. The FISC has used the combined synopsis/solicitation for non-complex commercial items with a great deal of success. These acquisitions generally reduce the Procurement Administrative Lead-Time or PALT by at least one-third of the normal PALT.

The FISC can also offer customers the option of processing their requirement as a reverse auction. A reverse auction can best be described as an electronic market place where there are many qualified sellers but just one buyer. The concept of reverse auctioning is relatively new to the Federal Acquisition Process. Reverse Auctions have generated significant cost savings to the customer from anywhere from 2 to 25 % of the Government estimate. [25] The reverse auction represents an opportunity for the FISC to become knowledgeable on this process and to develop the skills needed to conduct reverse auctions which can be marketed to new and existing customers to help construct that wall of differentiation between the FISC and other contracting activities.

Another option that the FISC can offer their customer with recurring requirements that fit the definition of FAR part 16.501-2, for requirements that can be satisfied by issuing delivery orders. This gives the contract command the option of soliciting and awarding a multiple award contract. Multiple award contracts are innovative because they allow for more than one contractor to obtain a contract award to satisfy customers requirements. Each offeror that receives a contract under this concept is guaranteed a minimum amount of work. Once that minimum amount is satisfied, each new requirement under their contracts will be solicited among those contract holders to determine which one of the technically acceptable contractors will get the new work. It has been the experience at the FISC that multiple award contracts help to keep the contractor’s performance consistent or even improve since past performance is usually used as an evaluation factor for new work under the multiple award contracts.

2. CRM in the Pre-Negotiation and Post-Negotiation Process

Applying the concept of Customer Relations Management to the pre-negotiation process to deliver value to the customer involves keeping the customer aware of relevant events once the acquisition closed. It is important to let the customers know how many offers were received in response to the solicitation, and provide a game plan of actions associated with the pre-negotiation stage of the acquisition process. If a formal technical evaluation is involved it is always advantageous to have the technical evaluation done locally at the FISC. A technical evaluation performed at the FISC gets the customers away from their daily duties so they can fully concentrate on completing the technical evaluation. One additional advantage of having the customer on-site to perform the technical evaluation is that they have access to both the Contracting Officer heading the acquisition effort, and the Office of Counsel to answer any questions and insure that the evaluation is complete, thorough, and legally sound. The Contracting Officer and lawyer from the Office of Counsel have the experience of conducting dozens of technical evaluations, which makes them subject matter experts or SME's and can provide advice and feedback on what is and is not considered to be technically acceptable and legally defensible. These steps will help to reduce the acquisition lead-time associated with the processing of a customer request. It has been the FISC's experience that Technical Evaluation conducted at the customer activity takes much longer to complete and subject to many re-writes before being considered acceptable. The FISC recognizes that Technical Evaluations conducted on site are the preferred way of conducting business. To help insure that the customers visit to FISC Philadelphia will be both productive and enjoyable a visitor's guide was created containing valuable information on hotels, restaurants, medical facilities and local attractions.

Applying CRM principles to the post-negotiation process to deliver value to the customer. The typical practice at FISC is that once the contract award is issued, communication with the customer drops dramatically. Communication with the customer concerning a contract award only occurs when there is a problem in contract performance or when there is an option period that needs to be exercised. Customer Relations Management in the post negotiation stage requires that communication with the customer continue even after the contract is awarded. Offering the customer value after the award

by keeping in contact and offering to provide whatever assistance required to insure a problem-free performance under the contract helps to increase customer loyalty and is necessary to provide exceptional acquisition services.

The current FISC Philadelphia performance standards for the processing of customer requirements are based on Procurement Acquisition Lead Time and is as follows:

Noncompetitive Actions greater than \$10 million	340 Days
Noncompetitive Actions between \$1 million and \$10 million	310 Days
Competitive Actions greater than \$1 million (using best value)	310 Days
Competitive Actions greater than \$1 million w/Technical Eval and technical evaluation is performed at FISC Philadelphia.	210 Days
All requirements other than SAP between \$100K and \$1 million	180 Days
All requirements other than SAP between \$50K and 100K	120 Days
All SAP work between \$100,000 to \$5 million	90 Days
Exercise of all Options	75 Days
Placement of Delivery Order other than FFP	30 Days
Federal Supply Schedules Delivery Orders	25 Days
Placement of Delivery Orders FFP	15 Days
All SAP work not to exceed \$100,000	10 Days

Table 3. Current FISC Philadelphia Performance Standards for the Processing of Customer Requirements.

This performance matrix provides the maximum number of days it takes to process a customer’s requirement and still give that customer a sense of value. As the examples presented herein, these standards can be improved upon based on early customer communication and interaction, knowledge of industry best practices, and the use of new and innovative acquisition process such as the reverse auction.

Customer Relations Management can enhance the customer acquisition experience by obtaining the required good or service in the most expeditious fashion while generating savings for the customer in time, money or both. The next section will discuss if CRM practices are in line with the FISC corporate mission statement and the Federal Acquisition Regulations.

C. DOES CRM RELATE TO THE FISC CORPORATE MISSION STATEMENT AND TO THE FEDERAL ACQUISITION REGULATIONS?

The author contends that CRM principles discussed herein are not in conflict with either the FISC Philadelphia Corporate Mission Statement or the Federal Acquisition Regulations. The FISC mission statement sets out the guidelines on how to conduct business. The FISC Philadelphia Corporate Mission Statement is set out below.

The FISC Philadelphia corporate mission statement sets out the purpose and mission of actions as a contracting command. FISC's purpose is to deliver combat capability through logistics. The FISC's current mission statement issued in October 2002 is to provide Navy, Marine Corps, joint and allied forces quality supplies and services on a timely basis. The FISC Corporate Mission Statement outlines the values of FISC Philadelphia as:

- Customer Focus
- Employee Support
- Quality Products and Services
- Innovation Teaming
- Honor and Integrity
- Community Support

The FISC Corporate Mission vision is to be the “customers’ choice for best value products and services, where a single request by the customer activates a global network of sources and solutions.” In essence, “One Touch Supply”

The FISC Corporate Mission Statement has the following strategic goals:

- Goal 1. Deliver products and services that provide effective combat capability while ensuring best value to the war-fighter.
- Goal 2. Develop our people into skilled and flexible logistics team that is involved, motivated and focused on enterprise goals.
- Goal 3. Demand and achieve the highest standard of quality of service
- Goal 4. Become a leader in joint logistics
- Goal 5. Be the pre-eminent military logistic enterprise by leveraging technology, best business practices and world-class communication.

The FISC Corporate Mission Statement has the following customer service standards:

- The right stuff, at the right place, on time, every-time
- Service from DAWIA contracting professionals
- A team to provide support throughout the life of the customers requirements
- Accessible personnel
- Courteous, considerate and accurate service [26]

The very definition of Customer Relations Management which is the business process an organization uses to provide exceptional acquisition services to existing customers to retain their business and to motivate prospective DOD commands to become new FISC Philadelphia customers does indeed support the FISC Corporate Mission Statement.

The FISC's corporate mission statement is comparable to Land's End Principles of doing business. In essence, Land's End business principles strive to offer quality products to customers at fair pricing. They ship their products within one day of receiving the order. They believe that what is best for the customer is best for Land's End. They strive to create efficiencies in their processes to pass along additional savings to the customer. Land's End encourages their customers to shop for Land's End product using whatever means the customer finds most convenient. No matter if customer shops on-line, uses their catalog or shops at their retail store, the products are of the same quality and are priced the same at each location. Lastly, Land's End values their employees and they share in the success of the company. [27]

Ben and Jerry's Ice Cream strives to operate their business as if it were a small business. One of their business goals is to develop a long -term relationship with the customer. Ben and Jerry's Ice Cream shows value to the customer by insuring that their milk is made that is free of a controversial hormone given to cows known as bovine growth hormone. Ben and Jerry's customer intelligence indicates that many of their customers do not want this hormone in their ice cream. Ben and Jerry also supports

social causes and locate their manufacturing plants built in areas of high unemployment. These and other factors demonstrate to the customer that Ben and Jerry’s care for the customers well being.

The actions taken by Land’s End and Ben and Jerry’s to support and show loyalty to their customers is working and this is one reason why these firms are considered to be successful.

D. CRM AND THE FEDERAL ACQUISITION REGULATIONS

A cursory review of the Federal Acquisition Regulations does not prohibit Customer Relations Management practices. The Federal Acquisition Regulations consists of 53 chapters that spell out how the Government conducts the business of acquisition. The FAR is broken down into eight sub-chapters that address the following:

Sub-chapter A	General
Sub-chapter B	Competition and Acquisition Planning
Sub-chapter C	Contracting Methods and types
Sub-chapter D	Socioeconomic Programs
Sub-chapter E	General Contracting Requirements
Sub-chapter F	Special Categories of Contracting
Sub-chapter G	Contract Management
Sub-chapter H	Clauses and Forms

Table 4. FAR Sub-Chapters.

A review of each sub-chapter will indicate if the principles of CRM are compatible with the Federal Acquisition Regulations.

FAR sub-chapter A addresses acquisition in general. Customer Relations Management principles can be found under FAR part 1.102, entitled Statement of guiding principles for the Federal Acquisition System. According to FAR 1.102, “The vision for the Federal Acquisition System is to deliver on a timely basis the best value product or service to the customer while maintaining the public’s trust and fulfilling public policy objectives.” “The Federal Acquisition system will satisfy the customer in terms of cost,

quality, and timeliness of the delivered product or service.” Accordingly, the FAR states that members of the acquisition team exercise initiative and sound business judgment if not addressed in the FAR and not prohibited by law the business practice can be implemented.

FAR Sub-chapter B defines competition and acquisition planning. Customer Relations Management principles are discussed under FAR part 7. FAR part 7.101 defines acquisition streamlining “as any effort that results in more efficient and effective use of resources to design, develop or produce quality systems.” Part 7.102 directs agencies to conduct market research for all acquisitions to insure that the Government meets its needs in the most effective economical and timely manner. Part 7.104 under general principles suggests that acquisition planning begin as early as possible. Part 10 entitled Market Research talks to determining the “most suitable approach to acquiring, distributing, and supporting supplies and services. FAR part 11 prescribes how requirements are described, and discusses customer satisfaction in 11.203 as follows, “Acquisition organizations shall communicate with customers to determine how well the requirements document reflect the customer’s needs and to obtain suggestions for corrective actions.” FAR part 12 details how the Government will process commercial item acquisitions and presents an opportunity to a Contracting agency to offer this innovative option to a customer to obtain the required supply or service in an expeditious manner.

FAR Sub-chapter C defines contracting methods and contract types. Like FAR part 12, part 13, which is Simplified Acquisition Procedures (SAP) for supplies and services up to five million dollars, presents a CRM opportunity to offer the customer an option that will greatly speed up the time from requirements generation to receipt of the required material. Commercial items and Simplified Acquisition Procedures SAP, can be utilized for commercial acquisitions up to 5 million dollars. This regulation is something that CRM practitioners can exploit to accelerate the time from requirements generation to contract award.

The FISC does not perform Seal Bidding acquisitions under FAR part 14, therefore part 14 will not be reviewed for this thesis. FAR part 15 entitled Contracting by negotiation has several CRM overtures. For example, 15.101 explains the best value continuum, and authorizes the contracting agency to apply prudent and sound business judgment to satisfy agency needs. FAR 15.102 allows for oral presentations, which may decrease the time from requirements generation to contract award. FAR 15.102 also encourages early exchanges of information on future acquisition efforts “to identify and resolve concerns regarding the acquisition strategy including proposed contract type, terms and conditions, and acquisition planning schedules, the feasibility of the requirement, including performance requirements; the suitability of the proposal instructions and evaluation criteria including the approach for assessing past performance.” FAR 15.201 encourages information exchanges with industry to improve the understanding of Government requirements with industry capabilities. FAR part 15.404 talks about profit and states that profit must be sufficient to stimulate efficient contract performance. FAR part 16 and 17 describe the types of contracts and special contracting methods that can be used by the CRM practitioner to develop an acquisition strategy to meet and exceed customer requirements.

FAR Sub-chapter D addresses socioeconomic programs. FAR Sub-chapter D deals with small business programs, labor laws applicable to Government acquisitions, the environment, conservation, occupational safety and drug free work place programs, protection of privacy and freedom of information, foreign acquisitions, and other socioeconomic programs. These requirements are rich in regulation and present both a hurdle and opportunity for the CRM practitioner. The hurdle is that these programs can increase the acquisition lead-time and present roadblocks that may discourage potential offerors from participating in the federal acquisition process. The opportunity in FAR sub-chapter D is that an in depth knowledge of these regulations can differentiate a contracting activity from other procurement agencies and help increase the chances of keeping existing and capturing new customers.

FAR Sub-chapter E defines general contracting requirements, the sections that the FISC is currently involved in is part 33 which deals with protests, disputes and appeals. The goal of any contracting activity like the FISC is to avoid protests, disputes and

appeals, but when these occur it is important to have an Office of Counsel that is well versed in contract law and can provide expert advice during all stages of the acquisition process. At the FISC, assistance from the Office of Counsel is provided at all stages of the acquisition, and thus increases the likelihood that the requirement will be solicited with specifications that are legally sound. The teaming of the Office of Counsel with the negotiator at the inception of a requirement creates synergy to insure that the customer receives exceptional acquisition services.

FAR Sub-chapter F addresses special categories of contracting, sections that FISC Philadelphia is currently involved in is part 37 for service contracting, part 38 for federal supply schedule contracting, and part 39 for the acquisition of Information Technology. FAR 37.102 entitled Policy states the use of performance based contracting methods shall be used to the maximum extent practicable. This policy can be exploited by a contracting activity like the FISC to become proficient in the development of performance-based statements of work and measurable performance standards that can be used to determine contractor performance. FAR 37.504 states that “Contracting officials shall ensure that best practices techniques are used when contracting for services and in contract management and administration.” Proficiency in this area can be marketed by an activity using CRM to create value to existing and attract new customers and help to create an exceptional acquisition experience to the customer.

In regard to the use of federal supply schedules under part 38, contracting activities can offer customers Blanket Purchase Agreements that are based on federal supply schedules. An example of this type of BPA can be found under a recent BPA that was awarded to Abbott Laboratories for chemical reagents to provide an array of medical testing. The BPA cover all medical facilities within the Tri-Care region 1, which covered Naval Hospitals on the East Coast of the United States. The BPA expanded the services under Abbott’s existing Federal Supply Schedule and subsequently reduced the existing FSS pricing and saved the region approximately \$160,000.00 per year.

FAR part 39.102 under the acquisition of Information Technology discusses risk management. Knowing current trends or industry benchmarks, which is a fundamental concept of CRM helps to reduce performance risk.

FAR Sub-chapter G talks about Contract Management and can be one area where a contracting activity can differentiate themselves from other contracting agencies by performing contract management functions that most procurement activities assign to contract administration office. FAR part 42 talks to contract administration, part 43 deals with contract modification, part 44 about sub-contracting policies, part 45 about Government property, part 46 deals with quality assurance, part 47 speaks to transportation, part 48 value engineering, part 49 termination of contracts, part 50 extraordinary contractual actions, part 51 use of Government sources by contractors. These post award functions present an opportunity for a contracting activity to provide service that is above and beyond what is normally expected. Reference is made to the customer grid talked about above; these functions if provided in support of the customer can transform a customer who is in the zone of delight into the zone of loyalty.

This cursory review of the Federal Acquisition Regulations described herein demonstrates how Customer Relations Management can be used in conjunction with the FAR to deliver exceptional value to the customer. The FAR explains how supplies and services in support of the Government shall be purchased. The FAR emphasizes value to the customer, efficient and effective use of resources, the importance of using the most suitable acquisition approach, utilizing prudent and sound business decisions, and where appropriate commercial business practices. These concepts are in line with the goals of Customer Relations Management since CRM is a method to deliver exceptional acquisition services to existing and potential customers.

The Federal Acquisition Regulations also supports socioeconomic programs suggests the increased use of performance based specifications and post award contract administration. These requirements provide an opportunity to the CRM practitioner to develop an expertise in this area that can then be marketed to maintain, attract and better support both new and existing customers.

E. CHAPTER SUMMARY

FISC Philadelphia can apply CRM practices to develop a deeper relationship with their customer base to provide an improved business process to reduce procurement lead-time, (PALT) save the customer money and increase the customer's perception of value of acquisition services at the FISC. The information needed for the FISC to implement a CRM system is already available in the DD350 and WINCIM databases.

The CRM process will help the FISC to identify, differentiate, interact with the customer and identify areas where the FISC can customize services for the customer to increase customer perception of value.

Applying CRM practices to the pre-solicitation, pre-negotiation and post-negotiation phases of the acquisition process are designed to demonstrate value to the customer in having FISC Philadelphia as their contracting command. As documented herein, the FISC has maximized the use of communication, and market research to identify industry best practices and has used innovative acquisition process such as the reverse auction to enhance the customer's acquisition experience at the FISC.

The four elements of Customer Relations Management are not in conflict with the FISC Corporate Mission Statement or the Federal Acquisition Regulations. The FISC Corporate Mission Statement and the Federal Acquisition Regulations support the use of prudent sound business judgment, the use of effective and efficient resources to determine the most suitable acquisition solution to satisfy the customer needs. Customer Relations Management is a process designed to deliver value to the customer and to deliver exceptional acquisition services and is therefore considered to be in agreement with the FISC's guiding principles of acquisition.

IV. CRM AND THE 1102 CONTRACT SPECIALIST

A. IMPLEMENTATION OF CUSTOMER RELATIONS MANAGEMENT

What does the implementation of Customer Relations Management mean to the 1102 contract specialist, will it change their everyday duties as acquisition professionals? Will the 1102 acquisition professional require any additional skill sets to implement CRM, and if so what are they?

The challenge for Procuring Activities is that having an extensive knowledge of the Federal Acquisition Regulations is not enough to conduct the business of acquisition. The Procuring activity must have an understanding of the customer's mission and of industry benchmarks. If this information is applied to current acquisition efforts, the FISC develops a greater chance of delivering value to the customer and moves one step closer to creating a loyal customer. Customer loyalty is the goal of any Customer Relationship Management system. [28]

If FISC decides to implement a CRM system, the decision will impact the duties of the Contract Specialist. The Contract Specialist will devote more time up front to understand the customer and their mission. The specialist will also conduct market research to identify and understand the industry and industry benchmark that support the customer. [29] The implementation of CRM system challenges the way business is conducted, and changing to a CRM system vice the system the FISC currently practices will require the support of senior leadership. As stated in Chapter III, the implementation of a CRM system is labor intensive. A significant amount of up front work is required before any dividends are realized. [30]. The 1102 workforce during the initial phase of CRM implementation will need to be trained on the FISC approach to CRM. Training will also include the rationale on why a CRM system must succeed. FISC employees can receive additional CRM training on line via www.Navylearning.com. Currently this web site has 5 on-line courses on Customer Relations Management that the FISC can use to help the acquisition workforce on the road to creating loyal customers by providing exceptional acquisition services.

The source of the 1102 acquisition workforce motivation to accept CRM as a new way of doing business must flow from the top. Senior leadership must become excited about the CRM process. [31] Motivation occurs from the inside out and flows from the top. If senior leadership is not motivated then their employees will lose their motivation. [32] It is said that the only thing harder than delivering excellent customer service consistently is motivating someone else to deliver excellent customer service consistently.

The four elements of a Customer Relations Management system as stated in Chapters II and III are:

- The Identification of Customers
- The differentiation of the Customers
- The interaction with the Customers
- Customize services to customer needs

The information required to complete the first two steps in the implementation of a CRM system is already available at the FISC through the DD350 system and internal management information systems. Information contained in this report has been obtained from the manipulation of current FISC monthly reports. These reports are readily available to senior management. It is noted that several business entities offer CRM packages to help a business determine and implement CRM systems.

The last two steps of the CRM system require changes in the every day duties of the 1102 acquisition professional at the FISC. Depending on management decisions on the important customers, steps will have to be taken to develop a solid relationship with that customer. Members of the FISC will need to visit the customer at their facility to learn about the customer's mission. The customer visit helps the customer feel important and valued by the FISC. "Nothing wins loyalty more quickly than having the organization proactively acknowledge the customer's value to the organization". [33] During the customer visit, the contract specialist may have the opportunity to attend pre-planning meetings on upcoming acquisition efforts, and then offer the full resources of the FISC to include market research, analysis, assistance in the development of the requirement, etc., to insure that the acquisition will be processed on a timely basis. In

addition the acquisition professional can explain to the customer the processes the FISC undertakes to satisfy customer requirements. There is a useful web-site “Contracting for the Rest of Us” at www.abm.rda.hq.navy.mil/ctrrestofus.pdf, which presents the acquisition process in lay-man’s terms and can be used to help explain to the customer the value of the acquisition process. [34] Ben and Jerry’s Ice Cream shows appreciation and creates customer loyalty by giving tours of their factory along with free ice cream at the end of the tour. Ben and Jerry’s also have a customer appreciation day, on which their customers receive a free single dip ice cream cone. [35]

In addition to the customer visit, the FISC Philadelphia acquisition workforce needs to become knowledgeable in the industry benchmarks that support or provide materials or services to the customer. A logical place to start will be those commodities that are used by our top seventeen customers. There are a number of ways to demonstrate to the customer that FISC Philadelphia is taking the steps necessary to add value to the customer’s acquisition experience at the FISC. For example, FISC team members can join various trade associations, and subscribe to various trade journals and to attend training classes at the customer’s office. The information obtained through these means may produce savings in both time and money for the customer, and help to develop an understanding of the business practices of the industries that support the customer.

B. CRM AND PROFESSIONAL DEVELOPMENT

In addition to becoming aware of the customer’s needs, the FISC can encourage the workforce to continue their professional development in the acquisition field. Currently, the professional development at the FISC is coordinated for employees through their Individual Development Plan or IDP. The IDP is designed to develop and to enhance the employee’s skill sets needed to be successful in the field of acquisition. The IDP also helps to insure the workforce receives at least 40 hours of training per year or 80 hours every two years to maintain their current Defense Acquisition Workforce Improvement Act certification. The FISC generally provides the workforce approximately forty hours of in-house training a year. The in-house training sessions are not segmented on the basis of experience. Instead senior negotiators receive the same training as the junior negotiators. The current training procedure does little to increase

the knowledge base or motivate senior negotiators. A motivated acquisition workforce with diverse skill sets is required for an effective CRM environment. Effective training will include training options that are mutually beneficial to the employee, the organization, and to the customer.

One such training option that is mutually beneficial to all concerned parties is a training program that leads to one of several Professional Certifications in the field of acquisition. One such certification is the Certified Purchasing Manager or C.P.M. certification offered by the Institute of Supply Management. The C.P.M. certification is primarily geared towards commercial purchasing practices. The exam consists of four modules with each module testing several acquisition/purchasing topics as follows:

Module 1)	Purchasing Process/ Identification of Requirement
	Solicitation Preparation
	Supplier Analysis
	Contract Execution, Implementation and Administration
Module 2)	Supply Environment/Negotiations
	Information Technology
	Quality Issues
	Internal Relationships
	External Relationships
Module 3)	Value Enhancement Strategies
	Source Selection
	Supply Inventory Management
	Value Enhancing Methods
	Forecasting & Strategies
Module 4)	Management
	Management & Organizations
	Human Resource Issues

Table 5. C.P.M. Exam and the Four Modules.

The cost to take the test for certification ranges from \$160 to \$200 per module. There are study aids that are available for exam preparation, which range in price from \$32.00 to \$159.00.

In addition to the C.P.M. certification, the National Contract Management Association NCMA offers other professional certifications that can be obtained through a testing process. NCMA has three different certifications to choose from are as follows:

- Certified Federal Contracts Manager (CFCM)
- Certified Commercial Contracts Manager (CCCM)
- Certified Professional Contracts Manager (CPCM)

To obtain certification as a Certified Federal Contracts Manager, the applicant must pass a one-part test, which deals with the Federal Contracting Processes. The cost of this test is \$100.00 per applicant and the study materials are currently available on line @www.ncma.com at no cost. The test for the Certified Commercial Contracts Manager is a two-part exam with each exam costing \$100.00 and tests for commercial contracting proficiency. The Certified Professional Contracts Manager certification is a three-part test consisting of the material for the CFCM and the material for the CCCM certification. The cost of this test is \$300.00.

These certifications are all widely recognized as a standard of acquisition competence and demonstrate to the customer that the acquisition workforce are professionals and can deliver exceptional acquisition services to increase customer satisfaction. If the FISC offers training for these certifications to the acquisition workforce, the FISC, the employee and the customer will benefit. Professional certifications are recognized to have a standard of competence, and can reduce the customer anxiety about using innovative acquisition practices to satisfy their requirements. In addition, the FISC can use the professional certification of their acquisition workforce as a marketing tool to actively market this impressive fact to potential new customers. Diverse professional certification of the FISC workforce can help the command differentiate from other contracting commands. The Institute of

Supply Chain Management and the National Contract Management Association have local chapters in the Philadelphia area that can be contacted to develop an on-site program to obtain these certifications.

Currently, FISC Philadelphia has one acquisition specialist who has obtained a professional certification as a Certified Purchasing Manager (C.P.M.). This individual was self-motivated to obtain the CPM certification and did so over a nine-month self-study program. The process of professional certification can be expedited if the study materials are provided as weekly in-house FISC training sessions.

Another way to show the customer they are receiving value by their association with the FISC is to have the workforce obtain the highest level of DAWIA certification, level III. The majority of the current FISC Philadelphia acquisition workforce (GS 9 – GS 12) is DAWIA level II certified. According to the DACM web-site www.dacm.secnav.navy.mil. DAWIA level II certification suggests that the acquisition professional have a general expertise in the overall acquisition process. Currently only GS13 Contracting Officers or above at the FISC are DAWIA level III certified. DAWIA level III certification suggests that the acquisition professional as an in-depth knowledge and breadth of knowledge across the entire acquisition process. Level III certification can be obtained after 4 years of acquisition experience and the completion of two additional training classes CON 301 Executive Contracting and CON 333 Management for Contracting Supervisors. It is noted that you do not have to be a supervisor to attend these classes. Sending non-supervisory personnel to these classes shows the employee that the FISC has confidence in their ability and their future as acquisition professionals. The total time line involved in these two courses is just three weeks. Upgrading the FISC Philadelphia acquisition workforce from DAWIA level II to DAWIA level III will demonstrate to customers that the FISC is strongly dedicated to the successful of the customer's mission. In addition, the enhanced DAWIA certification is a strong tool to maintain and attract customers.

In addition to professional certifications, the FISC can encourage their acquisition workforce to continue their formal education. Today many Federal agencies like the Defense Supply Center in Philadelphia are allowing selected personnel to take up to nine

months off from work with full pay and benefits to attend a graduate degree program. Another course of action to consider is enrolling members of their acquisition team in the graduate degree program in Contract Management offered by the Naval Postgraduate School. This program can be completed without significant time away from the office. The students attend classes via VTC, and provide the student an excellent knowledge base on the newest trends in the field of acquisition. The student can then apply these new and innovative solutions to add value and to satisfy the customer's acquisition needs. One additional benefit of completing the NPS graduate program is not only does the employee get a Master's degree in acquisition management but they also get certified as level III under DAWIA, provided they have the necessary experience.

If the FISC can get their 1102 acquisition workforce to get professional certifications, enhance the DAWIA standard and encourage continuing formal education this will help to differentiate FISC Philadelphia from other contracting agencies. A new customer may chose the FISC to satisfy their acquisition needs if many of the FISC's employees have professional certification, or have an advance degree or if many of the employees are DAWIA certified level III. These certifications are very powerful selling points when other contracting organizations who are competing for the same work cannot offer the customer the same level of acquisition competence and value as FISC Philadelphia. These certifications fall in line with the FISC Corporate Mission statement as stated in Chapter III under the values, strategic goals and customer service standards.

The FISC can encourage their employees to pursue these recommended training options by rewarding those employees who take the initiative to enhance their professional development. "It is an age old saying that what gets rewarded gets repeated." [36] It is necessary to have a well-trained workforce because it is a critical part of the success for any CRM system.

The FISC can institute a reward system, which can be either monetary or non-monetary way to motivate the employee to continue their professional development. A more professionalized acquisition workforce is an effective marketing tool to maintain existing and attract new customers because the perception of value is greater when dealing with employees who have a higher degree of professional development.

Rewarding these actions is a safe way to insure that the actions will be repeated. In addition to rewarding employees on their professional development initiatives, the FISC should continue their standard award program designed to recognize those employees who provide noteworthy customer service.

As the Program Manager for the Navy's annual New York Fleet Week Celebration, the author arranged that all members of the Fleet Week Team receive a special cash award. In addition, special arrangements were made to allow the FISC's on-site representative to ride aboard a US Navy H-3 Sea King helicopter from Manhattan, New York to the USS IWO JIMA, approximately 1 hour flight time off the New York coast. This Contract Specialist was flown out to the USS IWO JIMA to participate in the Fleet Week kick-off gala known as the Parade of Ships. These actions insured that the Fleet Week acquisition team was motivated to support this highly visible program, and helped FISC Philadelphia to deliver the kind of contract support that exceeded customer expectations.

It is the opinion of many Contracting Officers at the FISC that sharing recognition with their team members is one way to both reward and to motivate continued performance. One Contracting Officer shared an occasion where customer recognition was politely turned down, as the customer only wanted to formally acknowledge the Contracting Officer with a letter of appreciation to the FISC Commanding Officer. The Contracting Officer requested that members of his team be included in the official acknowledgement. The customer refused to include members of the FISC staff, so the Contracting Officer thanked the customer but requested that his formal acknowledgement be withheld. It is important to note that this customer was non-traditional and if included within a CRM system may fall within the zones where the customer may be encouraged to look for acquisition services elsewhere

C. DOES THE APPLICATION OF CRM AT FISC PHILADELPHIA REQUIRE ANY ADDITIONAL SKILL SETS?

Are the current skill sets for the 1102 acquisition professional conducive with the implementation of CRM principles? The FISC Philadelphia Customer Relations Program Manager developed the following list of skill sets needed to perform acquisition services. These current skill sets for the 1102 acquisition professional at the FISC are as follows.

- Oral and Written Communication to include oral presentations using Microsoft Power Point.
- Statistical/Financial Analysis (data conversion and utilization)
- Market Research/Internet Browsers
- Market analysis and Market place development
- Problem solving and team building
- E-business initiatives (Reverse Auctions)
- Business/time Management

1. Additional CRM Skill Sets

The basic skill sets identified above are needed to implement a CRM system at the FISC. However, within these skill sets additional skills will need to be included. A CRM skill set for communication will include the ability to interview the customer. As stated in Chapter II it is very important to listen to what the customer is saying. In addition, skills in the development of performance-based statements of work can go along way in maintaining existing customer relationships and capturing new customers. The Office of Management and Budget has set a goal that by 2005 at least 50% of all eligible service contracts are to be solicited using a performance-based statement of Work. [37] Writing a performance-based requirement is not easy and if the FISC becomes proficient in drafting performance-based requirements that skill can be marketed to maintain current customers and to attract new customers.

In a CRM environment, the statistical/financial analysis skill set will also include data-base software to manipulate customer information for a trend analysis for such things as a customer's spending trends. This information is already available to our senior management via the DD 350 database and the Work in process reports.

In a CRM environment, the market research/ Internet browsers skill set also includes the ability to develop business case analysis to aid in the development of prudent business solutions to offer our customers'. Reference is made to the acquisition effort for mobile MRI services in support of Naval Hospital Great Lakes, which was discussed in Chapter III. Market research detected a change in pricing schemes, which allowed the hospital to save a little more than one million dollars.

In a CRM environment, the market analysis and market place development skill set will include the analysis of our customers' suppliers. The search for these new vendors will also include the identification of any business trends that can be leveraged to the customer's advantage to save them time, money or both. Reference is made to the SPAWAR example in Chapter III, which illustrated the acquisition lead-time for the purchasing of toner, can be reduced if an IDIQ type contract was competed, and established. This contract vehicle allows the customer to issue a delivery order without further competition vice SPAWAR competing the toner on, twelve different occasions as they did in FY 02.

In a CRM environment, the problem-solving and team-building skill set includes risk management and strategic planning. These skills will be beneficial to the customer to assist them in the early development of their acquisition needs.

In a CRM environment, the e-business skill set may include such things as a proficiency in the reverse auction process. FISC Philadelphia was the first Navy contracting activity that conducted a reverse auction for the acquisition of services. This accomplishment can be marketed to convince customers to allow FISC Philadelphia to process their requirements via the reverse auction process.

In a CRM environment, the business/time management skill set will also include productivity improvement skills. This skill set brings the aforementioned skill sets together to insure that the customer is fully supported and that the customer accomplishes their mission in the most expeditious fashion.

D. CHAPTER SUMMARY

The challenge for Government procuring activities is that having an extensive knowledge of the FAR is not enough to conduct the business of acquisition. Procurement activities must now have an in-depth knowledge of customer missions and industry best practices to deliver a greater degree of customer value and satisfaction. Customer Relations Management suggests that visiting and listening to the customer can obtain the in-depth knowledge of customer mission, and knowledge of industry best practices can be obtained through the joining of trade associations.

If FISC Philadelphia implements a CRM system then top management will have to instill a sense of excitement to motivate the workforce to embrace this new business practice. To demonstrate customer value and to differentiate from other procuring activities the workforce needs to be encouraged to obtain professional certifications in acquisition including DAWIA level III, and to continue the pursuit of higher education.

The current skill sets of the 1102 acquisition professional are conducive with CRM principles. However, some skill sets needs to be enhanced to allow for CRM implementation.

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V. CAN CRM BE AN ASSET TO FISC PHILADELPHIA

A. IS CUSTOMER RELATION MANAGEMENT ENOUGH?

Is customer relation management enough to insure that FISC Philadelphia will continue to be a viable asset to the Navy Supply Command? This chapter will also draw conclusions based on all previous chapters and provide a recommendation as to a course of action.

Interviews conducted with Senior FISC management were all unanimous that utilizing Customer Relations Management to provide value to the customer base will help FISC Philadelphia to be a viable asset to the Navy Supply Command.

An interview conducted with the Executive Director of FISC Philadelphia Mr. B. McDevitt, conducted on 10 April 03 concluded that the outstanding contracting and technical support that FISC Philadelphia provides to the customer base has created a fantastic reputation that is known throughout the Naval Supply System. Mr. McDevitt believes that it is the FISC's solid reputation for contract support and service that makes the FISC a valuable asset to the Naval Supply Systems Command. [38]

Mr. McDevitt believes that the FISC Philadelphia cannot rest on past accomplishments but must continue to develop a relationship with the customer. If FISC Philadelphia can continue to create value to the customer's acquisition experience by reducing the acquisition lead-time, the FISC's reputation and value to the Naval Supply Command will be strengthened and will continue to attract new customers.

The focus of this thesis was to identify and explain Customer Relations Management as a potential tool that the FISC can use to realize the course of action identified by the Executive Director of the FISC to strengthen our reputation and to increase our value to the Naval Supply Command.

B. CRM AS A NEW BUSINESS PRACTICE

The concepts introduced in this Customer Relations Management thesis can be used as the FISC's new business policy to protect current customers, attract new

customers and to better serve and support customers by providing exceptional acquisition services. Customer Relations Management suggest that the FISC identify, differentiate, interact with the customer base and to provide customize services to customers.

FISC Philadelphia already has the database necessary to implement the first two stages of CRM. FISC Philadelphia can obtain all the necessary information to identify and differentiate our customers with the DD350 and WINCIMS databases. The information obtained through these two databases can be used by Senior Management to determine how the customers will be segmented. Customers can be separated based on total dollars, total obligations, degree of visibility or any way that management deems appropriate.

The next step in CRM implementation is the interaction with the customer. The concept of Early Supplier Intervention is important; the earlier customer interaction can begin the greater the chance of adding value to the customer's requirement. The communication process during this phase of CRM implementation is important, we must have an open and honest dialogue with our customers to help establish a trust. Trust is a key element necessary to establish a relationship with the customer. Once a relationship is established with the customer, the FISC must start delivering services that the customer will consider to be of value such as assisting in the development of the requirements, or providing information from market research or information from lessons learned from prior contracting actions to avoid past mistakes thus having the potential to decrease the acquisition lead-time or save the customer money.

The implementation of this stage of CRM will require significant effort in both time and money. Additional time will be required to develop relationships with the customers. The 1102 employee will need to understand the customer's mission, and have an understanding of those businesses that support the customer. To develop a relationship and obtain an understanding of the customer may require travel to the customer's command to present presentations on the acquisition process, and assist in preplanning acquisition meetings on developing requirements. In addition, the costs associated with enhancing the professional standards of the workforce will be included in this stage of CRM development.

The final step in CRM implementation is the customizing of the services the FISC offers that will meet the short and long-term goals of the customer. In this stage market research and the use of new innovative acquisition products are considered to meet the customers needs. The innovative acquisition products that the FISC can customize to meet customer requirements include such things as reverse auctions, the use of SAP/CI, multiple awards, and oral presentations. These actions are all designed to save both acquisition lead-time and money. This stage of CRM implementation also requires significant resources to determine the best acquisition plan that will meet the customer's requirements. This plan will be presented and marketed to the customer-chain-of command.

The implementation of the four elements of CRM are not in conflict with either the FISC corporate mission statement or the Federal Acquisition Regulations, and can be used to help guide future business practices at FISC Philadelphia.

It is clear from this thesis that many firms with household names use CRM to successfully provide outstanding customer support which their customers value enough to keep them coming back for more. It is also apparent that the elements of Customer Relations Management can be used in the public sector to produce similar results.

C. RECOMMENDATIONS AND CONCLUSIONS

Based on the research described herein in, the author recommends that FISC Philadelphia implement the use of Customer Relations Management practices on a test basis. This test will be limited to the top 10 % of our customer base since this group represents the majority of current workload. In addition, this test period will give senior management a good idea of the resources it takes to enhance the acquisition experience of the entire customer base. The test period will last for a fiscal year, and can start as early as fiscal year 04. Since the customers are all ready identified the FISC can start a training program of the acquisition workforce over the next five months to prepare for the test program. The actions over FY 04 will provide enough information to allow senior management to receive and analyze customer feedback to determine if Customer Relations Management is the proper course of action to guide the FISC into the future.

The top seventeen customers of FISC Philadelphia will be the customers included in the test of CRM implementation. It is recommended that the test period be limited to the top 10 % of the customer base, since these seventeen customers generated approximately 52 % of the total amount of contract actions and roughly 67.3 % of the total dollar obligations.

The first step in the implementation of a test of CRM practices at FISC Philadelphia is the identification of the customers. In the test case, the identification of our customer's will be the seventeen customers who have generated the most obligations during FY 02.

Ranking	Customer	# of Actions	Dollars
1.	US Naval Shipyard Norfolk	167	110,704,893
2.	Naval Inventory Control Point	85	63,954,368
3.	Naval Supply Systems Command Headquarters	86	60,855,039
4.	Naval Air Systems Command Headquarters	161	49,224,769
5.	Commander in Chief PACFLEET, Naval Base	7	49,154,616
6.	Space and Naval Warfare Systems Center	212	44,544,038
7.	Naval Facilities Engineering Command Headquarters	7	40,900,996
8.	Joint War Fighting Experimentation Battle Lab	73	38,245,673
9.	Naval Education and Training Professional Mgm Ctr	124	30,159,253
10.	Space and Naval Warfare Systems Center, Chesapeake	58	29,518,013
11.	Naval Training Center, Service School Command	25	23,662,222
12.	Joint Training Analysis and Simulation Center	77	23,390,670
13.	Commander Naval Reserve Force	27	21,938,609
14.	Fleet Surveillance Support Command Det. 2	8	20,681,175
15.	Naval Training Center	14	20,424,010
16.	Naval Inventory Control Point (International)	17	19,927,808
17.	Commander Naval Air Force USLANTFLT Central	33	18,303,084

Table 6. Seventeen Customers Generating the Most Obligations During FY 02.

The second step in the implementation of a test of CRM practices at FISC Philadelphia is the differentiation of the customer in our test period. In this case all of the customers identified in this test case are considered to be of equal importance based on their large dollar expenditures in FY 02. It is recommended that these seventeen customers be divided among the FISC's nine contract teams. It is also recommended that the contracting team who processes the acquisition efforts of The Space and Naval Warfare Command only support this one customer due to the number of contract actions in FY'02, which was 212 actions. The remaining 16 customers will be divided among the eight remaining FISC contract teams.

It is also recommended that the FISC establish a system to record the great amount of corporate knowledge that is available on each customer. A corporate knowledge database will insure that FISC Philadelphia customers receive the same exceptional acquisition services despite which FISC Philadelphia acquisition professional is tasked to accomplish the customer requirement.

The third step in the implementation of a test of CRM practices at FISC Philadelphia is the interaction with the customers in the test case. In this stage, it is recommended that the Contracting Officers and their team members visit the customer to develop a better understanding of the customer's mission. During the customer visit, the FISC will present training on the Federal Acquisition Process in order to give the customer an understanding of what the FISC does. The customer will also be invited to visit the FISC for customer meetings. Meetings with the customer can also be accomplished via VTC.

During this stage of CRM implementation, The FISC will subscribe to the trade journals that support the customer, and conduct market research to better understand the business entities that support the customer. The FISC will also encourage their acquisition work force to enhance their professional development with professional certifications and expand upon their formal education. It is noted that DAWIA level 3 can be obtained with just three weeks of training. In addition, the NCMA offers the study materials for the Certified Federal Contracts Manager exam free of charge. It is

suggested that the majority of our existing 1102 workforce has many years of acquisition experience and will be able to pass this exam without significant difficulty. It is important to remember that during this phase, we must demonstrate to the customer that the FISC is delivering value to the customer.

The forth and final step in the implementation of a test of CRM practices at FISC is the customization of services for the customer. During this phase of the CRM process, information obtained from the other elements of CRM can be used to develop unique services for the customer. As illustrated in Chapter II with the example of the toner cartridges used by SPAWAR and the mobile MRI requirement for NAVHOSP great opportunities do exist for the FISC to identify areas where the customer can reduce acquisition time and or save money. It is in the identification and the acting on these opportunities that demonstrate value to the customer.

The results of this CRM test period will be measured against a revised PALT matrix and customer surveys. The author recommends that at least a ten to fifteen percent reduction in PALT be the measurement of success for this test period. A ten to fifteen percent PALT reduction is measurable and is something that a customer would find of value. It is noted that this goal may not be completely measurable as several requirements take close to one year to complete. Therefore, the actual PALT reductions may not be completely known until after this test period.

It is also noted that a true danger exists when CRM practices are implemented in the public sector. Unlike private enterprises, the public sector cannot readily suggest to current customers to look for services elsewhere. The customers selected for this trial period will receive exceptional acquisition services. However the FISC must be ever diligent not to shortchange the customers who are not part of the CRM test. Providing enhanced customer support at the expense of other customers who are considered to be less important will be counter productive to FISC Philadelphia. To insure that all of our customers are satisfied during this test period, it is recommended that FISC Philadelphia increase the number of customer surveys. Any survey that indicates a decline in overall satisfaction will need to be investigated and quickly corrected.

In summary, it is important to remember that there is no final destination in Customer Relations Management; rather it is an ongoing effort to identify, select, acquire, develop, and better serve the customer by providing exceptional acquisition services.

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**APPENDIX. CUSTOMER LISTING OF FISC DET. PHILADELPHIA
FOR FISCAL YEAR 2002**

Ranking	Customer	# of Actions	Dollars
1.	US Naval Shipyard Norfolk	167	110,704,893
2.	Naval Inventory Control Point	85	63,954,368
3.	Naval Supply Systems Command Headquarters	86	60,855,039
4.	Naval Air Systems Command Headquarters	161	49,224,769
5.	Commander in Chief PACFLEET, Naval Base	7	49,154,616
6.	Space and Naval Warfare Systems Center	212	44,544,038
7.	Naval Facilities Engineering Command Headquarters	7	40,900,996
8.	Joint War Fighting Experimentation Battle Lab	73	38,245,673
9.	Naval Education and Training Professional Mgm Ctr	124	30,159,253
10.	Space and Naval Warfare Systems Center, Chesapeake	58	29,518,013
11.	Naval Training Center, Service School Command	25	23,662,222
12.	Joint Training Analysis and Simulation Center	77	23,390,670
13.	Commander Naval Reserve Force	27	21,938,609
14.	Fleet Surveillance Support Command Det. 2	8	20,681,175
15.	Naval Training Center	14	20,424,010
16.	Naval Inventory Control Point (International)	17	19,927,808
17.	Commander Naval Air Force USLANTFLT Central	33	18,303,084
18.	Commander In Chief Atlantic Fleet	10	17,107,790
19.	Commander In Chief US Atlantic Command	86	16,778,748
20.	Fitting Out and Supply Support Assistance Center	68	16,081,492
21.	Chief Naval Air Training	20	15,774,609
22.	Naval Sea Det. (PMS)	56	14,453,795
23.	Naval Sea Logistics Center Code 134	140	13,660,922

24.	Naval Air Station	1	10,942,813
25.	Brooks Airforce Base HAM's	51	10,878,486
26.	Naval Hospital (N66097)	2	10,227,973
27.	Antisubmarine Fighter Squadron VSF	8	9,512,485
28.	Office of Civilian Personnel Management HQ	4	9,074,777
29.	Fleet Material Support Office	15	8,457,339
30.	Crane Division Naval Surface Warfare Center	8	8,228,582
31.	Fleet and Industrial Supply Center (Norfolk)	11	8,151,464
32.	Port Huenemen Division Naval Surface Warfare Center	33	8,049,350
33.	Joint Command, Control, Communication Command	17	7,924,103
34.	Naval Education and Training Security (N68879)	19	6,919,437
35.	Space and Naval Warfare Systems Command (N00039)	14	6,764,967
36.	Asst. Secretary of the Navy Research and Development	25	6,053,148
37.	Chief of Naval Education and Training Education	14	5,534,056
38.	National Naval Medical Center (Bethesda)	29	5,156,497
39.	Fleet Technical Support Center Atlantic	102	5,108,112
40.	NPC Family Advocacy Program	10	4,683,408
41.	Naval Hospital (N61337)	2	4,458,950
42.	Aviation Depot, North Island	8	4,305,052
43.	Naval Computer and Telecommunication (N70272)	10	3,696,014
44.	School Aerospace Medicine Hsetc Det.	8	3,627,309
45.	Submarine Maintenance Engineering Command (N45404)	7	3,582,478
46.	Naval Hospital (N00183)	11	3,363,614
47.	Naval Hospital (N68094)	3	3,340,304
48.	Fleet Hospital Support Office	5	3,208,411
49.	USS Harry Truman CVN75	5	3,153,253
50.	Fleet Combat Training Center Atlantic	2	2,967,759
51.	Joint Task Force Civil Support JTF-CS	5	2,839,670

52.	Chief of Naval Research (N00140)	3	2,758,000
53.	Naval War College	2	2,450,913
54.	Puget Sound Naval Shipyard Det	4	2,267,451
55.	Joint Task Force (N33011)	6	2,232,000
56.	Commander in Chief Atlantic Fleet (N00060)	14	1,837,429
57.	Naval Technical Training Center, Corry Station	5	1,787,671
58.	Naval Hospital (N00211)	19	1,761,057
59.	Counseling and Assistance Center, Naval Station	2	1,732,593
60.	Joint Command Security Monitoring Activity	1	1,700,000
61.	Defense Activities For Non-Traditional Education	6	1,582,010
62.	Special Operations Command US Joint Forces Command	4	1,475,000
63.	Naval Aviation Depot (N65886)	2	1,415,086
64.	Naval Inventory Control Point, Philadelphia	4	1,320,190
65.	Training Air Wing 1, NAS Willow Grove	2	1,308,161
66.	Naval Computer and Telecommunication Det (N33242)	2	1,307,931
67.	Bureau of Medicine and Surgery (Navy)	3	1,277,075
68.	Amphibious Group 1 Det. Okinawa	7	1,236,699
69.	Naval Hospital (N68084)	1	1,104,512
70.	Naval Justice School	4	1,010,559
71.	Navy Engineering Logistics Office	4	972,000
72.	Training Air Wing 6, NAS Willow Grove	1	915,718
73.	Naval Air Station JRB (N00158)	4	870,145
74.	Naval Hospital (N68093)	3	862,765
75.	Space and Warfare Systems Center, Charleston	3	857,322
76.	Naval Technical Training Center (N32739)	7	789,203
77.	Hamilton Watch Command (M95430)	1	781,781
78.	Supervisor of Shipbuilding	1	776,439

	Conversion/Repair (N62791)		
79.	Naval Air Warfare Center Aircraft Division	8	680,764
80.	Naval Air Station (N60087)	4	671,180
81.	Naval Training Center (N00210)	10	650,537
82.	Naval School of Health Sciences	3	637,988
83.	Naval Sea Systems Command	1	540,000
84.	Naval Region North-East, Naval Submarine Base	3	532,429
85.	Naval Support Office, La Maddalena	4	523,200
86.	Naval International Programs Office	1	514,000
87.	Naval Cargo Handling Battalion 8	1	500,000
88.	Naval Station (N62688)	1	474,588
89.	Supervisor of Shipbuilding Conversion/Repair (N62795)	1	445,151
90.	Naval Station Newport RI.	4	436,580
91.	Naval Support Activity (N00205)	1	428,114
92.	Naval Computer and Telecommunications NAS Maine	1	427,177
93.	Fleet and Industrial Supply Center, Phila.	4	421,940
94.	Human Resources Operations Center	4	410,837
95.	Navy Public Works Center (N65113)	1	402,647
96.	Navy Recruiting Command (N66715)	8	396,326
97.	Naval Air Station (N63043)	2	363,361
98.	Naval Air Technical Center (N63093)	1	349,999
99.	Aviation Depot, MCAS (N65923)	1	333,714
100.	Naval Computer and Tele- computer Station (N33281)	2	324,714
101.	Joint Forces Intelligence Command	1	289,400
102.	Training Air Wing 5, NAS Whiting Field	2	260,657
103.	Naval Air Station (N00213)	1	260,466
104.	Marine Aviation Logistic Squadron 49 4 th	1	260,000
105.	Naval Inventory Control Point	1	250,000

	Mechanicsburg		
106.	Naval Reserve Center (N62054)	4	244,287
107.	Chief of Naval Education and Training (N00062)	1	239,580
108.	Fleet Training Center Naval Station (N61690)	2	230,012
109.	Naval Ambulatory Care Center (N61726)	1	228,284
110.	Naval Air Warfare Center Weapons Div. (N63126)	6	221,960
111.	Naval Hospital (N00203)	1	207,184
112.	Naval Reserve Readiness Command North	2	190,005
113.	Naval Reserve John F. Kennedy	3	189,257
114.	Naval Region South East, Naval Air Station	1	189,000
115.	Commander Second Fleet	1	188,177
116.	Commander Regional Support Group	5	186,895
117.	Naval Submarine Base New London	2	185,746
118.	Fleet and Industrial Supply Norfolk Det (N3336A)	1	183,100
119.	Naval Surface Warfare Center, Indian Head	1	160,671
120.	Portsmouth Naval Shipyard	2	159,445
121.	USS George Washington	1	153,980
122.	Naval Media Center, Anacostia	1	147,000
123.	Naval Support Unit (N68317)	3	146,000
124.	Naval Computer and Telecommunication Station (N68560)	2	134,507
125.	Naval and Marine Corps Reserve Center (N62044)	2	124,866
126.	Naval Ship Systems Engineering Caderock	2	121,880
127.	Marine Corp. Research Development and Acquisition	2	117,982
128.	Naval Medical Clinic (N68098)	1	111,601
129.	Naval and Marine Corp Reserve Center (N62058)	4	110,717
130.	Military Sea Lift Command Auxiliary Force	1	110,000
131.	Naval Reserve Center (N62047)	1	104,305
132.	Military Sea Lift Command	1	99,264

	Washington Navy Yard		
133.	Naval Computer and Telecommunications Det (N41336)	3	99,251
134.	Naval Reserve Center (N62043)	1	97,460
135.	Navy Public Works Center	3	96,542
136.	Naval Support Station Mechanicsburg	1	94,913
137.	Defense Finance and Accounting Service (N66094)	1	93,542
138.	Naval Hospital (N66094)	2	90,912
139.	Naval Telecommunications Center (N49283)	1	88,597
140.	Naval Reserve Center (N61987)	3	84,110
141.	Submarine Training Facility (N45679)	1	83,964
142.	Submarine Support Facility New London	1	77,085
143.	USS Theodore Roosevelt	1	73,724
144.	Naval Ambulatory Care Center (N48488)	2	67,612
145.	Naval Ordnance Center (N3172A)	1	66,000
146.	Naval Financial Management Career Center	1	65,949
147.	Headquarters 5 th Naval District	1	60,000
148.	Naval Air Warfare Center (N61339)	1	59,986
149.	US Naval Forces Alaska	1	56,016
150.	Commander Naval Surface Force (N46581)	1	51,016
151.	Naval Medical Clinic (N66099)	1	50,004
152.	Naval Post-Graduate School	1	50,000
153.	Space and Naval Warfare Systems (N65980)	1	47,490
154.	Atlantic Fleet Integrated Logistics (V0067A)	1	42,083
155.	Naval Historical Center Det. Boston	1	41,621
156.	Naval Education and Training Center (N62661)	1	39,157
157.	Naval Recruiting District New York	1	37,993
158.	Shore Intermediate Maintenance Activity(N32770)	1	36,000

159.	Naval Warfare Assessment Center (N64267)	1	35,122
160.	Naval Branch Clinic (N41425)	1	32,000
161	Supervisor of Shipbuilding Conversion/Repair (N62793)	1	28,336
162.	Defense Finance and Accounting Service (N68566)	1	27,026
163.	Commander in Chief Atlantic ADP (N39211)	1	27,000
164	Aviation Survival Training Center	1	26,352
165.	Navy Recruiting District Michigan	1	26,000
166.	Seabee Logistic Center (N62583)	1	25,000

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