Chapter XIV

Key Customer Management and E-Commerce as Part of Business Development

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ABSTRACT
The chapter deals with customer relationship management in traditional metal business. It introduces a new concept for handling customer interfaces. Based on the experience gained from this application, the following conclusions may be drawn. Integration of different components of profitability improvement is one of the main potentials of Key Customer Management (KCM). Long-term continuous development process is more important than a huge number of simultaneous and/or successive development projects. The business process and the contents of information systems—especially e-Commerce systems—is more important than the technical solution.

INTRODUCTION
This chapter deals with customer relationship management in the traditional metal business. It introduces a new concept for handling customer interfaces and presents experiences gained from its implementation process. Based on the empirical case study, where the author was the business line executive, the following conclusions may be drawn. The objective of the new approach was to increase profitability in the line of business. This has been the guiding principle throughout the planning and implementation of IT solutions.
We have noticed that it is extremely important to integrate, rather than acquire integrated packages. The emphasis should lie on the business systems and not on the IT systems alone. IT systems and the concept of Key Customer Management (KCM) were used as integrators to tie all the components into a profitable and successful business solution. Ultimately you need the true interest of both parties—yourself and the customers—to create something that will last.

Business success is generated in long-term programs and not by projects. Massive development steps cannot be made easily and quite often end up in chaos. When you have a good business strategy, it is much easier to apply precise solutions to problems. This also leads to a business focus rather than IT orientation. The approach used here is that of a business manager. Most of the literature and work done in the field of Key Customer Management and its effects examines the topic from the functional or project viewpoint. My approach is to examine the effect from the perspective of business profitability. The target of all the work has simply been the profitability of the business line.

**OUTOKUMPU GROUP AND THE MARKETS**

An International Versatile Metals Organization

Outokumpu Group is a leading metals and technology organization operating globally. The group comprises non-ferrous and stainless steel businesses. Group net sales exceeded 5 billion euro in the year 2000, employing around 18,000 people. Outokumpu Group operates in 43 countries either through established factories and sales offices or via representation.

The group’s main markets are in construction, industrial machinery and equipment, transportation, and the electrical and electronics industries.

Outokumpu Group is divided into business divisions. These further consist of operating business lines (BLs) and head office functions that carry certain centrally operating support functions.

The profitability level for the business lines is set at 15% ROCE annually over the business cycle. At the same time, the group also requires growth. Without the growth target, the ROCE-measurement alone could lead to only short-term profitability. When measuring growth, a longer perspective on business development is simultaneously sought. Outokumpu Group does not, however, follow this policy very actively, and several units are left with poor profitability and non-existent growth.

**Electrical Power and the Components Business Line (EPC)**

The author was working as the director of a business line. This business line (EPC) consisted of three different business clusters:
Integration of Business Systems and Applications in Merger and Alliance: Case Metso Automation
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