

Transforming the Business Model of Driving Schools through CRM Implementation and New Products

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Abstract: This scientific article focuses on exploring the transformation of the business model of driving schools through the implementation of Customer Relationship Management (CRM) systems and new products. The research aimed to identify the advantages and opportunities, as well as develop strategies and recommendations for successful CRM implementation in driving schools.

The research methodology involved analyzing the existing business model of "Super-Auto" driving school and identifying its strengths and weaknesses. The author analyzed the benefits and potential changes that could be achieved through CRM system implementation. The functions and capabilities of CRM systems were examined, including customer account management, sales management, planning and analysis, personnel management, and document workflow automation.

The research findings revealed that implementing CRM systems in driving schools can significantly enhance customer relationship management efficiency and optimize internal processes. It enables driving schools to provide personalized service to customers, automate the registration and progress tracking of driving lessons, and analyze data for informed decision-making and process optimization.

In conclusion, this study emphasizes the necessity and significance of implementing CRM systems in driving schools to improve customer service quality, process optimization, and achieve competitive advantages. It is recommended to conduct thorough analysis and planning before CRM implementation, provide comprehensive training and support to staff, and continually analyze and enhance the outcomes after implementation. These steps will facilitate successful business model transformation of driving schools and ensure their sustainable development in the modern competitive landscape.

Keywords: business model transformation, driving school, CRM system, implementation, new products, efficiency, optimization.

Analysis of the existing business model of a driving school

A driving school is a business that provides driving education for obtaining a driver's license. Existing driving school business models face several universal features that need to be considered when developing a business model.

Firstly, there is a constant growth in demand for driving education due to the increasing number of cars in the country and the availability of car loans. Owning a car is becoming not only a sign of prosperity but also a necessity for many people.

Secondly, driving schools offer training for various categories of driver's licenses, such as categories B, A, C, and D. Each category has its own requirements and training programs.

Thirdly, the main audience of a driving school consists of young people aged 18 to 24, although there is also a significant number of clients between 25 and 40 years old. The gender distribution of clients is roughly evenly distributed between men and women [2].

Fourthly, obtaining a license is required to open and operate a driving school. This process is complex and requires time and effort. Moreover, the government tightens requirements for driving schools as part of the road safety policy aimed at reducing traffic fatalities.

Fifthly, driving schools have the opportunity to provide additional services that help increase their profitability. These services may include individual lessons, practice with cars equipped with automatic transmission, advanced driving skills programs, assistance from auto lawyers and accountants.

For the successful functioning of a driving school, effective advertising and marketing are necessary. Promotion channels may include word-of-mouth, outdoor advertising, distributing business cards and flyers, creating and promoting a website, attracting clients through social media, publications in media outlets, and advertising at universities, on TV, and radio.

Let's consider the existing traditional business model using the example of the driving school "Super-Auto" [1]. This driving school is a legally independent enterprise registered as a limited liability company (LLC). It specializes in providing driving education and obtaining a category "B" driver's license.

The main services offered by the driving school include theoretical and practical driving lessons. The training program is developed in accordance with the requirements of the Ministry of Education and includes 130 hours of theoretical instruction, 56 hours of practical training, and a 4-hour internal examination. Additional services may include training on an automatic transmission car, individual lessons with an instructor, consultations with an auto lawyer, and others.

"Super-Auto" driving school targets a wide audience, with its main customers being high school students, college students, working individuals, and other categories of people seeking to obtain a driver's license or improve their driving skills. The target audience may vary in age and educational level, but the primary customer group is aged between 18 and 25 years.

The training materials include textbooks for theory, workbooks, concise traffic rules reference guides, instructors' original lectures, and video lessons analyzing real road situations. Knowledge checks are conducted through control tests before each lesson, ensuring structured and systematic learning and preparing students for successful passing of the examination at the State Traffic Inspectorate.

"Super-Auto" driving school develops and implements marketing and advertising strategies to attract new clients. This includes publishing information about the school in driving school ratings, placing advertisements and promotional materials, organizing promotions and special offers. Special attention is given to local advertising since the majority of clients reside in the vicinity of the driving school.

The organizational structure of the driving school includes a director, administrator, accountant, theory instructors, and driving instructors. The administrative staff handles customer reception and registration, contract signing, student allocation to instructors, and other administrative tasks. The accountant is responsible for maintaining financial records and handling staff payments. The theory instructors and driving instructors are responsible for providing quality training to students and conducting lessons.

The driving school "Super-Auto" operates under a simplified tax system (STS). It generates income from providing driving education services and calculates taxes at a rate of 15% of the income minus expenses. Operational expenses include employee salaries, rent, equipment purchases, insurance premiums, and other costs associated with the driving school's activities. Let's calculate the total expenses of the driving school, including operational costs:

Salaries expenses:

- Director: 30,000 rubles per month
- Administrator: 25,000 rubles per month
- Instructors: 12,000 rubles per month (3 instructors)
- Theory Instructors: 12,000 rubles per month (2 instructors)

Total salaries of all employees (wages, salaries, and taxes - WST):

$30,000 + 25,000 + (12,000 * 3) + (12,000 * 2) = 30,000 + 25,000 + 36,000 + 24,000 = 115,000$ rubles per month

Insurance premiums:

According to the provided data, insurance premiums amount to 27,300 rubles per month.

Fixed expenses:

The cost of renting the premises, printing promotional materials, services of a legal firm, and other expenses are accounted for in the overall budget for initial advertising, which amounts to 100,000 rubles.

Total monthly operational expenses:

$115,000 + 27,300 = 142,300$ rubles per month

The simplified tax system (STS) with a tax rate of 15% applies to income minus expenses. Therefore, to calculate the overall expenses of the driving school, we need to consider this tax as well.

Total expenses of the driving school per month:

$142,300 * (1 + 0.15) = 163,645$ rubles per month

Thus, we have determined that the approximate total expenses of the "Super-Auto" driving school amount to 163,645 rubles per month.

Now, let's conduct an analysis of the strengths and weaknesses of this business model (see Table 1):

Table 1. Analysis of the strengths and weaknesses of the current model

Strengths	Weaknesses and problematic points
Developed driving training program that meets the requirements of the Ministry of Education.	The lack of an effective customer relationship management system (CRM system), which can lead to loss of customer information and problems in processing requests.
The presence of an experienced teaching staff capable of providing high-quality training.	Insufficient automation of processes, especially in the field of accounting and document management, leads to errors and waste of time.
The target audience includes a wide range of customers, which provides a potential demand for driving school services.	Limited opportunities to track and analyze the effectiveness of advertising campaigns and marketing strategies.
Marketing and advertising strategies are aimed at attracting new customers and maintaining the competitiveness of the driving school.	The need to manually assign students to instructors causes delays and suboptimal use of resources.

The justification for the necessity of transforming the business model of the driving school "Super-Auto" through the implementation of a CRM system is based on several factors that emphasize the significance and benefits of such a change.

1. The implementation of a CRM system will allow for more effective management of customer relationships. The system will store and organize information about customers, their preferences, contact details, and interaction history with the driving school, enabling a more personalized approach to clients. This will facilitate offering individualized solutions and services, ultimately enhancing the overall service quality. As a result, customers will be more satisfied and inclined to return or recommend the driving school to others.
2. The implementation of a CRM system will lead to process automation and optimization. Tasks such as accounting, document management, and student allocation to instructors can be automated, reducing the likelihood of errors and speeding up operations.
3. The system will collect and process data on customers, the effectiveness of advertising campaigns, and marketing strategies, allowing the driving school's management to make informed decisions based on factual data. It will optimize advertising and marketing expenses and increase the efficiency and effectiveness of their actions. Data analysis will help identify trends and understand customer needs, enabling the driving school to fine-tune its development and training strategy.
4. The system will enable tracking and processing customer inquiries and requests promptly and efficiently, resolving issues and providing support. As a result, the driving school can maintain a high level of communication with customers, improve their satisfaction and loyalty. Ultimately, strengthening customer interactions will increase the likelihood of recommendations to new clients.

In conclusion, the transformation of the business model of "Super-Auto" driving school through the implementation of a CRM system is a logical and necessary step to optimize processes, improve service quality, analyze data, and enhance customer interactions.

Implementation of CRM System in a Driving School

CRM system (Customer Relationship Management) is an application software designed for organizations to automate customer interaction strategies, particularly for increasing sales and improving customer service by storing information about customers and their relationship history [3, p. 10].

The main functions of CRM systems include (See Fig. 2) [5]:

1. Data Collection and Customer Account Management: CRM allows registering and storing information about customers, their contacts, and interactions with the driving school. It records the customer's history of inquiries, dialogues with managers, information about courses and services the customer has

purchased or considered. The system automatically tracks customer data, which accelerates the sales department's work and enhances personalized customer service.

2. Sales Management: CRM systems integrate with the website and other databases, automate the sales funnel, and allow tracking all inquiries and contacts in one interface. With CRM, sales scripts can be initiated, providing managers with comprehensive information about customers and products, and automatically moving deals between sales stages.
3. Planning and Analysis: CRM systems enable tracking processes within the company and evaluating the effectiveness of marketing campaigns. The systems provide an overview of cross-channel analytics, allowing the assessment of a customer's journey from initial contact to deal completion.
4. Personnel Management: CRM systems offer a dashboard for employees displaying current tasks and a calendar with deadlines. Company management can review department statistics and assign new tasks. The gathered statistics enable monitoring employee workload and planning schedules, vacations, and bonuses.
5. Document Workflow Automation: For instance, when creating a new deal, the system can automatically generate and fill in the required documents for the transaction.

Incorporating a CRM system into the driving school's operations can bring substantial benefits, such as improved customer relationship management, streamlined sales processes, enhanced planning, and analysis capabilities, efficient personnel management, and automated document handling. These advantages will contribute to a more organized and customer-oriented driving school, resulting in increased customer satisfaction and improved overall efficiency.

Figure 2 Main functions of CRM systems



The implementation of a CRM system in a driving school can significantly enhance customer relationship management efficiency and optimize internal processes.

The initial step in implementing this system is to analyze the school's business processes and needs. It is essential to identify the primary objectives and tasks that the system should address. For instance, the driving school aims to increase the conversion of training inquiries, improve communication with customers, automate the appointment scheduling process, and monitor the progress of training.

After defining the objectives, it is necessary to select a suitable CRM system and configure it to fit the driving school's specific requirements. Factors such as different student categories, educational programs, class schedules, and instructors must be taken into account. The CRM system should be flexible and adaptable to cater to the driving school's needs.

One of the main advantages of implementing a CRM system in the driving school is improving customer interactions. The system enables the storage and analysis of information about each customer, including their

contact details, preferences, and training progress [4]. This allows the school staff to provide personalized service and timely inform customers about new offers, promotions, and schedule changes.

The CRM system helps automate the appointment scheduling process and training progress monitoring. Customers can independently choose convenient times and dates for classes through an online platform, while instructors can track the progress of each student and make relevant adjustments to the training plans.

The system allows tracking key performance indicators such as the number of completed trainings, average training time, and customer satisfaction levels. With this data, the school's management can make informed decisions to optimize the educational process and motivate instructors to achieve high results.

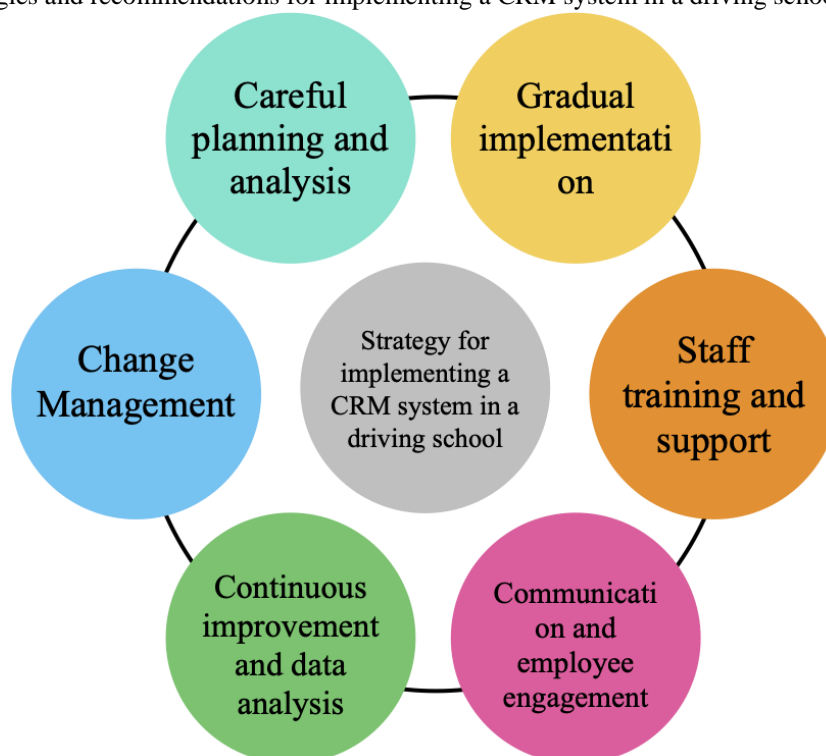
Transformation of the business model through CRM implementation and new products

The transformation of the driving school's business model through the adoption of CRM systems and new products is associated with the following nuances:

1. Development, implementation, and maintenance of a CRM system, including staff training and launching new products, require significant investments. For driving schools with limited resources, this can result in a financial burden.
2. Abandoning familiar work processes and transitioning to new ones can encounter resistance among employees, especially those with no prior experience with information systems. New methods of work require time for adaptation and may face challenges in acceptance.
3. Although CRM systems and new products are typically designed to meet general business needs, driving schools may encounter difficulties in adapting them to their unique requirements, such as assessment systems or educational programs.
4. Implementing a new system necessitates changes in work processes and communication culture. Some employees may experience difficulties adapting to the new conditions. The success of the transformation depends on the willingness of the staff to change their mindset and embrace new approaches.
5. Storing and processing a large amount of confidential information in the CRM system creates risks of data leaks and unauthorized access. Driving schools need to pay special attention to data protection and compliance with information security requirements.

Within the framework of transforming the driving school's business model through CRM implementation and new products, the following key strategies and recommendations can be highlighted (see Figure 3): [Note: Since the text refers to Figure 3, I cannot provide a translation without the actual content of Figure 3.]

Figure 3. Strategies and recommendations for implementing a CRM system in a driving school business model



1. Before the implementation of CRM systems and new products, a thorough analysis and planning are required. Defining specific goals, tasks, and weaknesses in current business processes helps develop an effective implementation strategy.
2. CRM systems and new products can be implemented gradually. Focusing on the most prioritized areas simplifies the process and allows employees to adapt to the new working conditions.
3. Providing quality training and support to employees contributes to a successful adaptation to working with CRM systems and new products.
4. Maintaining an open dialogue with employees and actively involving them in the transformation process creates a supportive and collaborative atmosphere.
5. Continuous analysis and improvement of results after the implementation of CRM systems and new products enable the optimization of the driving school's business model and achieve better outcomes.
6. Effective change management is achieved by creating and updating a change management plan that considers the needs and progress of the process.

Thus, transforming the driving school's business model through the implementation of CRM systems and new products is a logical and necessary step to optimize processes, enhance service quality, and improve the school's efficiency. It will help attract and retain customers, gain competitive advantages, and increase the profitability of the driving school's business.

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