

A Study on Implementation of Customer Relationship Management (CRM) Practices in Insurance Industry Thanjavur District

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Abstract- *The services sectors in the developed countries are using this Customer relationship management (CRM) insurance sectors can help organizations manage customer interactions more effectively to maintain competitiveness in the present economy. As more and more organizations realize the significance of becoming customer-centric in today's competitive era, they adopted CRM as a core business strategy and invested heavily. CRM, an integration of information technology and relationship marketing, provides the infrastructure that facilitates long-term relationship building with customer sat an enterprise-wide level. Successful CRM implementation is a complex, expensive and rarely technical projects. This paper presents the successful implementation of CRM from process perspective in a transnational organization with operations in different segments. The number of customer relationship management (CRM) implementations has grown dramatically in recent years. However, few academic studies of the issues associated with the implementation of the concept are available. This study will aid in understanding transition, constraints and the implementation processed CRM in such organizations .the new opportunities and the need for flexibility in the relationship with customer .along with the technology component the human component is also present in order to ensure the successful implementation.*

Keywords- Customer Relationship Management, Customer, CRM, Implementation

I. INTRODUCTION

Companies that enter to compete in a new market weaken the existing and solid ones, due to new ways of doing and conceiving businesses. One of the factors that have driven all these changes is the constant change and evolution of technology. Because of this reality, the CRM concept has evolved in such a way that nowadays it must be viewed as a strategy to maintain a long-term relationship with the customers [1]. A good customer relationship is the key to business success. Relationship building and management, or

what has been labeled as relationship marketing, is a leading approach to marketing [2]. The use of customer relationship management (CRM) systems is becoming increasingly important to improve customer life time value [3]. understanding the needs of customers and offering value-added services are recognized as factors that determine the success or failure of companies [4]. So more and more businesses begin to attach great importance to electronic customer relationship management (eCRM), which focuses on customers instead of products or services, that is, considering customer's needs in all aspects of a business, ensuring customers 'satisfaction. By providing information on customer data, profiles and history they support important areas of a company's core processes, especially in marketing, sales and service [5]. eCRM is all about optimising profitability and enabled businesses to keep customers under control, as it makes the customer feel they are really a part of the business progress [6]. When managing the transition to a customer-centric organization, it is mandatory to develop the capabilities to acquire the necessary resources, knowledge and tools to meet customer's requirements with the appropriate products and services A knowledge based system is most effective in the managing of semi-structured problems. The abilities of such systems are usually applied on the managing level of strategic planning [7]. An effective CRM system should enable an organization to gain greater insight into customer behavior and preferences whereas ERP analytics are more likely to focus on supply and demand for key resources and materials In spite of the wide use of sales force automation systems in sales [8], a Forrester study [9] observes significant deficits in today's marketing, sales and service processes. It was found that just of the companies surveyed possess a uniform customer view and only 37% know which customers are looked after by individual business units [10]. To eliminate weaknesses in customer contact, many companies are either planning or in the process of implementing CRM systems. According to Gartner survey [11], 65% of US companies intended to initiate CRM projects in 2002. In Europe, roughly 3% of companies had fully implemented a CRM project in 2001, 17% had initiated more than one local project and 35%

were developing concepts for the introduction of CRM [12]. The software CRM market is expected to increase from \$7 billion in 2000 to 23 billion in 2005, even though conventional wisdom is that 30 to 50 percent of CRM initiatives fall short of meeting company objectives, while another 20 percent actually damage customer relationships [13]. Different organizations are approaching CRM in different ways. Some view CRM as a technology tool while others view it as an essential part of business.

According to Verhoef et al. the success rate of CRM implementation varies between 30% and 70%. According to industry analysts, almost two-thirds of CRM system development projects fail. According to IDC (International Data Corporation) and Gartner Group, the rate of successful CRM implementations is below hardly justifying the cost of implementation. Another report estimates that between 60 and 90 percent of enterprise resource planning implementations do not achieve the goals set forth in the project approval phase [18]. Hence, key factors of success or failures during CRM implementation have been the subject of active research in recent years. The study performed by Forsyth took a sample of companies, with regards to the causes of failure to reach the CRM benefits.

II .IMPETUS FOR CRM

CRM can be defined as a management process of acquiring customers by understanding their requirements; retaining customers by fulfilling requirements more than their expectations; and attracting new customers through customer specific strategic marketing approaches. This enquires total commitment from the entire organization. CRM uses IT to track the ways in which a company interacts with its customers; analyses these interactions to maximize the lifetime value of customers while maximizing customer satisfaction. The company has a large customer base, though the value of business from each customer is currently low. CRM would help the company in identifying customers who provide the greatest revenues for every marketing or service dollar spent or customers who cost little to attract. Typically, these 'good' customers present 80 to 90 percent of the company's profits, though they are only 10 to 20 percent of the client base. The motivation for selecting CRM in the company was to increase business value due to the following:

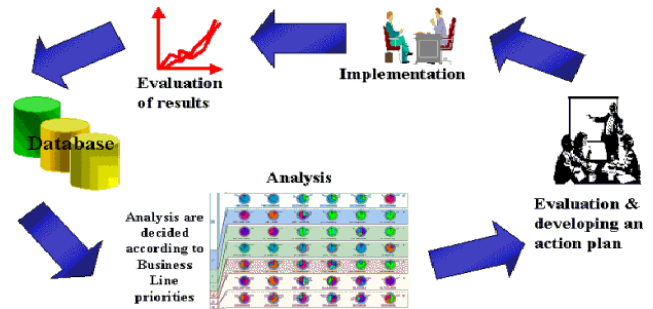


Figure 1. The impetus process of Relational Marketing

- Information about customers is stored in disparate applications as the employee empowerment is very high. This customer related information from various systems needed to be brought in, analysed, cleansed and distributed to various customer touch-points across the enterprise, so that the various stakeholders – marketing, sales and engineering teams see a single version of 'truth' about the customer.
- This single source of customer data can be used for sales, customer service, marketing, etc. thereby enhancing customer experience and reducing churn-rate. Churn-rate measures the number of customers who have stopped using the company's products
- By storing information about past purchases, sales team can make customized selling or personal recommendations to the customer. Also, this helps in up-selling or cross-selling opportunities.
- Capability to improve current sales forecasting, team selling, standardizing sales and marketing processes and systems.
- Support direct-marketing campaigns by capturing prospect and customer data, provides product information, qualified leads for marketing, and scheduling and tracking direct marketing communication. Also, it helps the marketing team fine-tune their campaigns by understanding the prospect of customer conversion.
- To help engineering in understanding market demand for specific product designs and act accordingly.
- Single out profitable customers for preferential treatment, thereby increasing customer loyalty.
- Easing sales account management through consolidated information.

III. OBJECTIVES OF THE STUDY

- To study the demographic profile and awareness levels of the respondents in thanjavur District.
- To analyze the CRM practices implemented by the Insurance sectors of Tamil nadu in the study area thanjavur.
- To examine the policyholders’ perception about the various aspects of of India, service quality, customers retention, customer satisfaction, customer loyalty in insurance sectors of India in the study area.
- To study the awareness of insurance agents regarding CRM practices of insurance sectors of India in the study area and
- To measure the satisfactory level of CRM among insurance holders
- to measure the service quality status among insurance industry
- There is a relation between customer loyalty and profitability.

IV. NEED FOR THE STUDY

insurance of India should provide quality service in tune with the customers’ expectations. They should respond to the requirements of the customers faster than their competitors. The responsiveness and learning nature of the Life Insurance Corporation of India must build confidence in the minds of the customers. insurance of India must focus constant attention on the competitors’ performance, their strategy and style of operations and compare the same with its own performance, since customers always make this comparison before reaching a decision. Such analysis helps the LIC of India to rise to the occasion.

Periodical customer satisfaction audit must be conducted by insurance of India. It would provide a basis for developing appropriate strategies to retain relationship with customers. Customers, who usually reach a level of dissonance, irrespective of the standard of a product or service offered, seek for remedial actions. The causes for such dissatisfaction are to be identified and have to be attended well. A disgruntled customer becomes friendly when a grievance is redressed. He develops a positive attitude to this organization.

The study offers suggestions to the insurance industry to face challenges. It helps LIC of India to deliver consistently higher quality service, which will not only help to acquire and retain a customer but also to build a better corporate image. Since the agents are the interface between customers and the insurance companies, they can be the best source of

information regarding the changes required in the life insurance industry. So, there is a need to study the insurance industry from the point of view of agents

V. CRM IMPLEMENTATION PROCESS

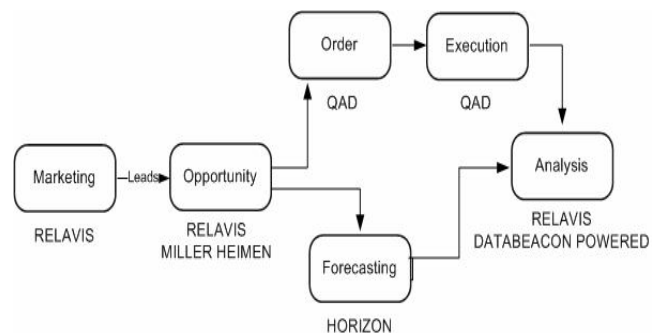
ERP Selection

Since there were two different ERP systems in the company, with one mail system, it was difficult for the company to choose the right CRM system. In the end, a relatively unknown system called Relavis was selected as the preferred ERP system. Relavis was chosen because it tightly integrated with IBM Lotus Notes which is the common infrastructure across the whole enterprise. Relavis is a small company. The product is more economical than a Seibel, SAP or Oracle. The system has modules to cater to eMarketing, eSales and eService.

Scoping

The scope covered sales and marketing processes and followed the ‘serviceplatform’ approach. A service platform integrates multiple applications from multiple business functions (in this case, sales, marketing, engineering), business units or business partners to deliver a seamless experience for the customer, employee, manager or partner. As shown in Figure 1, the new system (Relavis) was implemented to gain integrated information from marketing and sales departments to provide input to the ERP and Data warehousing applications and finally create analytical reports to make better business decisions e.g. to understand the sales results of specific leads, recommend better selling techniques and target specific leads etc. The new application could track the status of a lead through all stages of the sales and marketing lifecycle.

Figure 1



Enterprise’s CRM Implementation Overall Process Flow [40]

Marketing was working on branding strategies and segmentation. Events were managed by marketing. These events would come up with a huge number of leads for new opportunities and marketing wanted to handover leads to sales. Sales filtered the leads from marketing and their own sources into opportunities.

Opportunities were defined as those having specific sales persons assigned. These accounts were carefully evaluated to see if they fit with company’s overall strategy of increasing revenue and profitability by solution selling. The Miller Heiman Process was used to capture relevant information on the opportunity and the blue-sheets of Miller Heiman were closely monitored by VP Sales and top management. The non-strategic product sale was channelled to distributors and agents. Consolidated forecast numbers were reviewed by senior management on a regular basis. Orders that were received were executed.

Design

A “gap analysis” was conducted since the CIO (chief information officer) wanted a successful business”implementation of the system vis-à-vis a technical implementation, the sales and marketing process was mapped. The “as-is” process described the cradle-to-grave aspects of the process. The “to-be” process incorporated Relavis, together with other tools like Miller Heiman eforms, The Horizon system for forecast, MFG/PRO system for order execution and Datawarehouse Cubes for analysis. Relavis was customized to include “Business Intelligence” – a piece of software extracting account specific information from past sales through the Cubes.

Implementation

Implementation involved reviewing the resource requirements and availability,both in terms of hardware and software. The company had Lotus Notes skills in the organization. The system was simple. Hence the implementation was done using in-house resources. Training on the product was arranged from Relavis and its partners. The system approach involved a “big-bang” approach. After all, an audit and review should be undertaken to determine the monetary as well as nonmonetary benefits against costs incurred.

Impact

The system was packaged software, with very minimal customization. The only additions to the software were the Business Intelligence part and electronic Miller

Heiman blue-sheet for strategic opportunities and gold-sheets for Large Accounts. Some key users were involved in the decision-making. The project implementation plan was received well by all. The IT department made sure that the project was driven by sales for the eSales module and marketing for the Marketing module. A steering committee comprised of senior managers of each country was formed to drive the implementation.

VI. DATA ANALYSIS AND INTERPRETATION

1.1.RELIABILITY AND VALIDITY DATA

As the Cronbach’s alpha of one parameter CUSTOMER RELATIONSHIP MANAGEMENT And Analysis To customer reveal more than .correct as alpha. So, it is confirmed that the data are highly reliable and valid for analysis. The following table show that, the Cronbach’s alpha value for CUSTOMER RELATIONSHIP MANAGEMENT And Analysis To customers

Table.1.1.Reliability and Validity of data

Reliability Statistics	
Cronbach's Alpha	N of Items
.764	6

MEAN AND STANDARD DEVIATION FOR Related to Service Quality OF RURAL & URBAN CUSTOMERS TOWARDS INSURANCE INDUSTRIES IN THANJAVUR AND TIRUCHIRAPPALLI DISTRICTS

Table - 4.2

Mean and standard deviation for related to service quality of rural & urban customers towards insurance industries

Mean and standard deviation for related to service quality of rural & urban customers towards insurance industries	Mean	Std. Deviation
Performs the service at the right time	3.83	.941
Provides the best service	3.74	1.144
Well informed about the progress of complaint	3.80	.985
Accurate and error free billing system	3.74	.975
Promptness of Service	3.75	.971
Queries taken seriously	3.72	.988
Quick complaint registration	3.85	1.038
Willingness to attend the personal complaint of the customer	3.76	.970
Friendly and Politeness	3.69	.934
Adequate knowledge to handle queries	3.63	1.213
Friendly behavior instills confidence in Customer	3.67	.969
Feel Safe in Customer Transactions	3.63	.963
Easily Accessible	3.65	.954
Customer is made to feel important	3.60	.976
Gives individual attention to each Customer	3.63	1.084
Understand specific needs of customer	3.62	1.032
Physical Facilities are Attractive	3.62	1.028
Easy to contact the Employees	3.61	1.126
Installation of Modern Equipments	3.62	1.035

Source: Output generated from SPSS 20

From the above table, the identified mean for all the attributes of customers’ opinion on service quality of rural & urban customers factors involved rendering the product quality in the insurance industries shows that, (Performs the service at the right time, Provides the best service, Well informed about the progress of complaint, Accurate and error free billing system ,Promptness of Service, Queries taken seriously, Quick complaint registration, Willingness to attend the personal complaint of the customer ,Friendly and Politeness, Adequate knowledge to handle queries ,Friendly behavior instills confidence in Customer ,Feel Safe in Customer Transactions ,Easily Accessible ,Customer is made to feel important ,Gives individual attention to each Customer ,Understand specific needs of customer ,Physical Facilities are Attractive ,Easy to contact the Employees,Installation of Modern Equipments) falls on the scale as Slightly agree. The standard deviation of the respective attributes shows that all the factors of the customers’ opinion on service quality of rural customers aspects of purchase quality deviate more towards the scale agree. However, the standard deviation alone is not particularly useful without a context within which one can determine a meaningful result. The above result shows that all the factors are felt as agreeable by the customers for measuring the product quality from their perception and the purchase they experience form the insurance industries considered for the study.

Table.1.2

ANOVA test for income and CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTIES IN INSURANCE INDUSTRY AND ANALYSIS TO CUSTOMER

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTIES IN INSURANCE INDUSTRY TO CUSTOMER	F	Sig.
State your preference among the schemes of Insurance Policy?	7.602	.000
If yes, what are the tools that you use to measure the employee satisfaction?	8.178	.000
When customers have a problem, excellent General Insurance Companies will show a sincere interest in solving it.	16.619	.000
Excellent General Insurance Companies will offer products and services of utmost quality, adapted to customer needs.	6.10	.000
Employees and agents of excellent General Insurance Companies will tell customers exactly when services will be performed.	4.756	.001
If How do you feel about Customer Relationship Management Practice of insurance sectors?	2.774	.022

Based on the result generated by SPSS 20, there is no significant values of State your preference among the schemes of Insurance Policy If yes, what are the tools that you use to measure the employee satisfaction When customers have a problem, excellent General Insurance Companies will show a

sincere interest in solving it. Excellent General Insurance Companies will offer products and services of utmost quality, adapted to customer needs. Employees and agents of excellent General Insurance Companies will tell customers exactly when services will be performed. If How do you feel about Customer Relationship Management Practice of insurance sectors are less than 0.05. so null hypothesis is rejected. Therefore. There is significant relationship between income and customer relationship management And Analysis To customer

Table.1.3

KMO and Baret’s Test of CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTIES IN INSURANCE INDUSTRY AND ANALYSIS TO CUSTOMER

KMO and Bartlett’s Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.773
Bartlett’s Test of Sphericity	Approx. Chi-Square	2.181E3
	Df	15
	Sig.	.000

Source: Output generated from SPSS 20

High value of KMO (0.773 > .05) of indicates that factor analysis is useful for the present data. The significant value for Bartlett’s test of Sphericity is 0.000 and is less than .05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett’s test indicates that the present data is useful for factor analysis.

Table.1.4

Total variance explained for CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTIES IN INSURANCE INDUSTRY AND ANALYSIS TO CUSTOMER

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.660	60.992	60.992	3.660	60.992	60.992	3.627	60.327	60.327
2	1.048	17.458	78.451	1.048	17.458	78.451	1.080	18.003	77.351
3	.799	14.987	93.438						
4	.350	4.171	97.608						
5	.086	1.486	99.094						
6	.051	.906	100.000						
Extraction Method: Principal Component Analysis.									

Source: Output generated from SPSS 20

All the statements of the CUSTOMER RELATIONSHIP MANAGEMENT And Analysis To customer are loaded on the two factors.

Table 1.5
 ROTATED COMPONENT MATRIX OF CUSTOMER
 RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN
 INSURANCE INDUSTRY AND ANALYSIS TO
 CUSTOMER

Rotated Component Matrix*		
Variables	Component	
	1	2
State your preference among the schemes of Insurance Policy	.970	.036
If yes, what are the tools that you use to measure the employee satisfaction?	.951	.063
When customers have a problem, excellent General Insurance Companies will show a sincere interest in solving it.	.841	.102
Excellent General Insurance Companies will offer products and services of utmost quality, adapted to customer needs.	.824	.078
Employees and agents of excellent General Insurance Companies will tell customers exactly when services will be performed.	.120	.734
If How do you feel about Customer Relationship Management Practice of insurance sectors?	.215	.673
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Source: Output generated from SPSS 20

The total variance accounted for, by all the two factors with Eigen value greater than 1 is 77.351 percent and the remaining variance is explained by other variables. Among the two factors, the first factor accounts for around 60.327 percent of variance which is the prime criteria considered in customer relationship management And Analysis To customer

The statements are converted into 2 factors using factor analysis.

THE FOLLOWING ASPECTS RELATED TO CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN INSURANCE INDUSTRY AND ANALYSIS TO CUSTOMER is converted a single factors.

1. State your preference among the schemes of Insurance Policy
2. If yes, what are the tools that you use to measure the employee satisfaction?
3. When customers have a problem, excellent General Insurance Companies will show sincere interest in solving it.
4. Excellent General Insurance Companies will offer products and services of utmost quality, adapted to customer needs.
5. Employees and agents of excellent General Insurance Companies will tell customers exactly when services will be performed.
6. f How do you feel about Customer Relationship Management Practice of insurance sectors?

VII. CRM APPLICATION IN LIFE INSURANCE CORPORATION

In case of life insurance, the market is more premium based and the profit margins are high. There is a lot of scope for product innovation. These days the products are getting customized based on the customer liking and need. The customers themselves have become demanding. Some are exceedingly fickle in making final decisions. In order to arrive at a standard strategy to target customers, life insurance companies have started employing tactics of direct selling, combinational sales and remote selling using various media. However personalized approach in case of life is still the most popular one. Also in the case of life insurance, the premiums are generally renewed on a long-term basis and hence the customer is likely to stay for a longer timeframe. The approach of CRM in this context is to have a more sustainable advantage against the competition and then concentrate towards acquiring newer customers.

Another noticeable difference is in the customer touch point. The life insurance companies have more or stable process for arriving at the mutual benefits, policy administration, granting claims or managing complaints. The factors for making decisions are fairly simple and chances of variables going awry are rare. Therefore, front office applications are less complex and the data collection is also standardized. Therefore, CRM implementation in life insurance can be extremely effective if done in the right way.

i. Market is Huge

CRM has a role to segment the market into various customer profiles and target the right customer segment with the right kind of policies. This would be in mutual benefit of customer as well as the company.

ii. Claims are few but of Large Value

Claims management is one of the key areas, where customer dissatisfaction is high. Customers are changing the companies just because of the long process involved in claim settlement. CRM has a high leading role to play in terms of minimizing delays and making effective use of acquired information for quick settlement. In turn, maintaining the customer retention is easy

iii. Product Innovation

Customers have become more market savvy and already looking for newer products. So, whenever they find a product responding to their need they are inclined to patronize

it. Life insurance corporations have to be vigilant in this regard and have to effectively address the concerns of the customer proactively. They need to constantly innovate and provide value added service to the customers. CRM would be providing the framework more effective.

iv. Retention of Sales Force

This is primarily important in the case of life insurance as the personalized touch and the customer contact is through the sales agents. These hold the key in acquiring the large customer base on the basis of word-of-mouth. Life insurance corporations have to effectively implement CRM to address the internal customer's problems which in turn satisfy them to give more business.

VIII. EFFECTIVENESS OF CRM IN THE INSURANCE SECTOR

Integration of policy administration system and CRM implementation would be useful for understanding the front office process management.

i. Customer-Centric Approach

The element of focus is the end-customer, not policies. The CRM implementations need to associate all the relevant information, including owned policies to the customer. 11

ii. Strategy Enabling

The CRM architecture would help in perpetually evolving the business functionality and implementing digital innovation to support key strategies. Business and CRM should work in unison to continually and incrementally provide added value without undertaking lengthy and costly projects for every change. This capability is essential for enabling rapid time to market new policies, for adapting to new business rules and for the spontaneous capture of additional customer and risk data.

iii. Customer Relationship Management

Customer-centric approach would allow a comprehensive and complete data view of all customer information allowing for complete portfolio selling and management.

Discussion

Whether outcomes are positive or negative, they are likely to change the organizational context in some way. For example, a successful CRM implementation should increase knowledge management capabilities, willingness to share data capabilities and to share data etc. Similarly, an unsuccessful implementation may lead to an opposite effect making staff more reluctant to collaborate or to use the new technology. Sauer's model classifies the list of CRM CSFs (Critical Success Factors) as follows:

- Context: knowledge management capabilities, willingness to share data, willingness to change processes, technological readiness.
- Supports: top management support.
- Project organization: communication of CRM strategy, culture change capability, and systems integration capability.

the success factors in a methodology which guides enterprises in successful CRM implementations.

These three serve to connect the CRM CSFs to the extant body of knowledge on information systems success/failure and to provide a higher-level of abstraction to the CRM list. They also suggest a set of high-level relationships between the CSFs.

IX. CONCLUSIONS

Organizations face considerable challenges in implementing large-scale integrated systems such as CRM. Implementation of a CRM system was identified as a critical need to align with the overall business strategy of selling solutions, instead of products. The implementation was driven by the business users, with playing a facilitating role, thereby making sure that users derive maximum value from implementation. After successful implementation, the CRM system may get into an impact mode, which may challenge business strategy. Various case studies provide different findings which are unique to CRM implementations because of integrative characteristics of CRM systems. As a future plan we would like to compare various CRM implementations in different organizations on selected significant attributes such as critical success factors and insurance area.

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