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**Cuadernos de  
Ciencias  
Económicas y  
Administrativas**

Wilson Briceño Pineda  
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# Cuadernos de Ciencias Económicas y Administración

## Línea de Investigación: Cultura y comportamientos de consumidor



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The importance of customer relationship management philosophy in Customer Relationship Management Systems

Wilson Briceño Pineda



## **The importance of customer relationship management philosophy in Customer Relationship Management Systems**

**Wilson Briceño Pineda\***

### **Abstract**

CRM systems are a new mode. Sadly, most of the managers look at them as one more system in the enterprise; they look at CRM as one more administrative tool. However, CRM means much more. CRM is a new way to look at the business; CRM is a new philosophy for the business organization. This article aims to clarify what is the real issue behind the CRM implementation.

### **Resumen**

Los sistemas de CRM están de moda. Lamentablemente muchos directores de empresa miran a estos sistemas como un sistema más, como una herramienta más de la administración. Pero CRM significa mucho más que eso, es una filosofía empresarial, es una forma de ver los negocios. Implementar un sistema de CRM exitoso es mucho más que comprar herramientas y capacitar el personal para utilizarlas, es cambiar la forma en que nuestra empresa funciona.

Este artículo trata de aclarar cual debe ser la verdadera preocupación a la hora de implementar un sistema de CRM.

### **Palabras Clave:**

Customer, Customer relationship management, supply chain management, relationship marketing, customization, personal relationship, after sale service.

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“As relationships and service become increasingly pivotal in business, the profitability of customers is becoming more important than the profitability of products.”<sup>1</sup> This statement seems to be the base of Customer Relationship Management, which is the central topic of this paper. In this paper we will discuss the different concepts of CRM and the implications of these concepts on the managerial behavior of companies. There are many interesting questions that arise when talking about CRM: What is the understanding that the companies have about the concept of CRM and how aware are they about the importance of CRM? What is the concept, if any, and the expectations that customers have about this topic, which directly affects them? What is the philosophy used by the developers of software tools for CRM? Another interesting issue is the relationship between Value Chain Management and CRM; most of the time, companies define CRM as a simple extension of Value Chain Management. One last aspect to be considered is the incidence of the use of Information Technology in CRM. Special attention is necessary when talking about Internet technologies and CRM. One could believe that Internet technologies are indispensable in order to develop a CRM system. Actually, some authors say that the concept of CRM is old fashioned, and the only current concept is eCRM. This article will focus in the first three mentioned questions: the concepts and expectations of the firms, customers, and software developers of CRM. It still enough issues to be treated in another article.

To begin this article, we can glance at some statistics about CRM. These statistics will reveal that most firms ignore the real importance of customer orientation in their performance; this ignorance is mentioned as one of the symptoms of organizations in decline – organizations that potentially will face crisis in their future.<sup>2</sup> In a Soft world

<sup>1</sup> Valarie A Zeithaml, Roland T Rust, Katharine N Lemon. The customer pyramid: Creating and serving profitable customers. California Management Review Berkeley Summer 2001.Z

<sup>2</sup> Weitzel, William; Jonsson, Ellen. Decline in organizations. Administrative Science Quarterly, March 1989. Cornell University.



survey it was found that while 85% of companies consider customer relationships very important to their organization, no more than one third are focusing their software applications to serve customers. Moreover, the survey shows that only 10% of companies are willing to review their system during the next two years.<sup>3</sup> For different reasons, most companies still focus their effort on traditional supply chain activities such as order processing and inventory management. Even though these activities are very important for companies, this contradicts the first statement in this article, which mentioned that companies should focus their attention on customers more than products. However, companies are still focusing on products, more than customers.

The statistics mentioned above reveal the same result as the survey made for The Data Warehousing Institute, which surveyed 1,670 IT professionals and consultants.<sup>4</sup> From the people surveyed people, only 59% said their CRM implementations were "meeting expectations" or better. In reality, only 29% had already installed their CRM solutions; most of them were in the planning stage.

From the information above we can infer that CRM is an unfenced issue for most companies. However, this is not the most important issue about CRM, more interesting is how clear is the concept of CRM for the little part of companies that are taking care of it: are they applying the correct concept? Is their concept of CRM only an extension of other concepts as Supply Chain Management or Enterprise-Resource Planning (ERP)?

According to Larry Yu<sup>5</sup>, CRM is a concept that should change the company's philosophy. It is a new way of looking at business: From a product-centric company to a customer-

<sup>3</sup> Anonymous. Majority of companies fail to recognize the value of supply chain. Institute of Management Services. Jul 1999

<sup>4</sup> Larry Yu. Successful Customer-Relationship Management. MIT Sloan Management Review. MIT

<sup>5</sup> IDEM

centric company. Moreover, what are the implications of this change of focus? First of all, it means taking care of the customer and not only company benefits. Most CRM concepts are about extracting information, time and money from the customers, without giving them something back. Firms focus on what they can "take" from customers rather than what they can "give" to them. Most academic authors coincide in that any CRM system that doesn't work on behalf of the customers is contradictory in its nature and is condemned to fail.

Since 1998, some authors have been concerned about the concept of what they called Relationship Marketing<sup>6</sup>. Fournier, Dobscha and Mick describe in their article how so-called Relationship Marketing is, in most cases, methods to cut costs or to increase profits for the company but not to benefit customers. These kinds of practices make it impossible to build a real relationship, and on the contrary, create more barriers between the company and customers. Consciously or intuitively, customer creates barriers to defend himself against the companies. Next, we present the main concern of these authors about Relationship Marketing, and afterwards we will give some "solutions" to this concern.

First of all, for a relationship two parts are necessary. Because companies are looking out only for their own interest, they forget what could be important for customers. Let's see some facts that illustrate this assertion.

- Customers who kindly answer surveys and give information to companies usually find themselves frustrated because they don't see that giving information benefits them. Moreover, they are asked for the same information several times, which shows customers that their time is not valuable to companies. Sometimes the information is misused; the information

<sup>6</sup> Fournier, Susan; Dobscha, Susan; Mick, David Glen. Preventing the premature death of Relationship Marketing. Harvard Business Review. January - February



that customers give companies is used to offer products or services that the customer never asked for, or that the customer is not interested in at all. In general, customers feel that companies utilize their information without giving anything back to them, and many times this information causes customers to waste time with new vendors and undesired publicity.

- The loyalty of customers is almost never appreciated. There are more benefits for new customers than for loyal customers. It is well known that many financial institutions offer benefits for new credit card holders, while there is no special treatment for loyal credit card holders. One would think that it is a better idea to quit the "relationship" with that financial institution and begin a new "relationship" with another company, or even with the same one. By the way, could we say that there is a relationship when a company doesn't take care of its old customers?

- Companies are not offering "solutions" to the customer's problems; companies are offering more problems to customers. The exaggerated number of products that the customer can find becomes a problem for him/her when he/she needs to make a decision. In the same way, new technologies, which are supposed to make people's live easier, become a headache for inexperienced customers. Ultimately, the customer begins to look at the company as an enemy and not as a partner in whom to trust.

Even though we could continue to mention specific problems in the relationship with customers, the central point would be the same: The need to honestly think about the customer and his needs. It is necessary to move from rhetoric to practice. It is necessary to offer solutions to customer problems instead of taking advantage of these. However, this is not an easy way. Discovering what makes a happy customer is a more complex task than one could think.

Product satisfaction is connected to the customer's life satisfaction. Determining what provides life satisfaction is a complex task that should be faced by experts. But if companies don't begin by getting a real interest in the customers, they will never know what creates product and life satisfaction. CRM begins with the real interest from companies in their customers and continues with the process of materializing this interest by finding what customers needs are. Let's consider another definition of CRM in order to look at customers' needs more depth.

Galbreath provides a formal definition of CRM. According to Galbreath<sup>7</sup> CRM is defined as: "Activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and the right cost. CRM integrates sales, marketing, service, enterprise resource planning, and supply-chain management functions through business process automation, technology solutions, and information resources to maximize each customer contact. CRM facilitates relationships among enterprises, their customers, business partners, suppliers, and employees". Besides this complete definition of CRM, Galbreath describes which customer needs should be fulfilled by a successful CRM. What the customer is expecting from a CRM:

- " (1). Customization;
- (2). Personal relationships; and
- (3). After-sale service/support."

## Customization

The customer wants the product that at least meets his individual expectations. If the product exceeds the customer's expectations, the firm is gaining the customer's

1998.

<sup>7</sup> Galbreath, Jeremy; Rogers, Tom. Customer relationship leadership: a leadership and motivation model for the twenty-first century business. The TQM Magazine.



loyalty. Beginning at this point, the firms can use information gathered from customers for customer's benefit. Through customization, companies can deal with the problem mentioned before about companies creating problems for customers instead of solutions. In the middle of thousands of products, the customer has more choices than he would like to deal with. Customization could provide the customer with the information that is right for him, making the process of a decision easy for him. Customization let's the companies design products that are easy for the customer to use. Segmentation by customer needs helps companies to come to the users with a right and easy to use service/product.

In this process, Information Technology plays an essential role. Without information technology this process could be very difficult and slow. With the rapid changes in products and markets, the process of customization without information technology becomes obsolete even before the information is ready.

Internet technologies as part of information technologies are very important in the process of customization because of the high speed in gathering information. With the use of Internet technologies, information flows in real time, giving competitive advantages to the user of those technologies. However, CRM using Internet technologies should not have a different philosophy from the one presented in this paper: The focus should be on customer needs. Many so-called eCMRs fail in their own essence. Many eCMRs switch the focus from the product to the technology forgetting about the customer. One would think that eCMR is nothing but a commercial name to sell more software products. Actually, with the development of Internet technologies, all CRM should be eCMR. Again, the importance is not the technologies, but the focus on customer. Internet technologies should make it easier for companies to focus on customer. The next statement summarizes the role of the technology in CRM: "in the 1960s and 1970s IBM won

the loyalty of major corporate customers through highly paid account executives who provided so-called relationship management. Today that same concept - now technologically based - is being deployed to tailor support to individual consumers."<sup>8</sup> There should be nothing new in eCMR but the technology.

Since so far we constantly remark on importance of focusing on customer, it would seem that we are forgetting the companies' interest on behalf of customers. However, Galbreath is very clear in his definition of CRM that the focus of the company should be in loyal and profitable customers. The customization process could very expensive, so it won't be fair for the profitable customer and for the company to spend money on non-profitable customers. One would think that the benefits of customization should be given to all customers without any distinction; however, it looks like some customers will benefit more from the information gathered from them than others. As proposed by Zeithaml, Rust and Lemon<sup>9</sup>, companies should make customer segmentation based not only on customer's needs but also on the profit customer profile. While segmenting based on customer needs benefits the customers, it could be very expensive for the firms. Firms could find that there are customers that "deserve" a better level of attention because they represent more profits. In the same way, firms could find that there are customers that only represent expenses for them, therefore firms would like not to target that segment of customers. This pragmatic approach seems to contradict the very definition of CRM, where the customer supposes to be the center of the company. We need to restate this part of the definition adding this new consideration: In CRM, the company should change from products to those

Bedford 1999

<sup>8</sup> Making business sense of the e-opportunity, Mit Sloan Management Review. Cambridge Winter 2001

<sup>9</sup> Valarie A Zeithaml, Roland T Rust, Katharine N Lemon. The customer pyramid: Creating and serving profitable customers. California Management Review Berkeley



customers who represent profits for the company. Different levels of attention can increase the loyalty of the customer when he feels his importance for the company. This is very different from the policies of giving more privileges to the new customer than to the old and loyal ones. However, applying the customer segmentation in order to give different level of attention should be done in a very careful way. The difference in service levels can offend potential loyal and profitable customers. It is a tricky point where the company should act with caution. Internet technologies perform a very important role in giving different levels of service depending on potential customer profitability. Since the service provided through Internet could be very individualized, different levels of service could be provided without offending other customers.

### Personal relationship

The personal relationship could be the central topic of CRM. While customization could be part of marketing strategies, and after sale service could be part of customer service, the personal relationship is the distinctive factor of CRM. Building personal relationship implies a two-way communication – firms should listen to customers and not only ask for information from them. It is here, where many firms lose the sense of CRM getting information and time from customers with out listening them. However, the task of constructing personal relationship doesn't end with hearing the customer. Customer feedback should be used in order to improve the relationship and customer service. If a firm uses customer feedback to add value to its products/services, the personal relationship would grow in confidence and respect. Firms could benefit from relationships not only from the loyalty of its customers but also in the quality of the information they gather from the customer. A satisfied client will be more willing to give more accurate information

to his “partner” firm. When it comes to the use of Internet, companies forget at all the above points. Customers are tired of websites asking and asking for information – the same sort of surveys each time that a website shows up on the computer screen. At the beginning of the Internet era, customers were more willing to provide information. However, customers got tired after being fooled by web sites which offered prizes that never were given. Moreover, in most the cases, customers found that their information was sold to other companies. New techniques are necessary in order to gain the customer will to provide true and accurate information. These techniques should be based on nothing else but the real intention of building a relationship based on respect and communication.

### After sale service

Many customers have left a firm after their first purchase, just because the firm left them after that sale. Firms, for whom a sale is just a sale, have no customers, only buyers. In the current highly competitive environment, the firm has a great opportunity of retaining a customer using positive service and support. Here, there is another point where customers can benefit from CRM. Moreover, once again, firms need to think in terms of customer needs in order to offer good after sale service. Saturn Company provides a good example of after sale service. They designed their supply chain system focusing on customer service.

Saturn's supply chain system is the best example to illustrate a customer-centered company<sup>10</sup>. Even though there is no information about their purpose designing its supply chain, intentionally or not, they are creating the bases for a successful CRM. Looking at this system, it is easy to

Summer 2001.

<sup>10</sup> Saturn's supply-chain innovation: High value in after-sales service. Sloan



understand why firms can confuse CRM with Supply chain. However, Saturn's supply chain system provides a good example of how a supply chain system becomes a valuable part of CRM. By combining a high level of customer service with a lean and efficient supply chain, Saturn gained the customers' loyalty and benefited its own performance. Saturn is an example of how a company can combine its own interest with customer interest. Saturn works in a win-win relationship; that is the best illustration of a company that designs its information systems around the customers: "Saturn's approach enabled it to meet customers' needs effectively and efficiently through alignment of its service-network strategy with the urgency, or criticality, of a customer's need". The first question they asked to begin the implementation of the supply chain was "What is the value of our product's performance (its uptime) to the end user? What is the cost to the customer if the product fails to function properly?" Those are the kind of systems that together make CRM. However, Saturn's supply chain is not the product of buying software and installing it. It is the result of several years of adjusting the systems, developing relationships with their distributors, and aligning the company strategy with CRM philosophy.

There are other companies we can mention as an example of customer service. FEDEX and UPS provide an excellent illustration of the use of Internet technologies in benefit of the customer and in increasing customer satisfaction while improving companies' performance. ELogistic developed by UPS<sup>11</sup> in partnership with Oracle increased UPS's performance and at the same time it improved customer satisfaction by developing short delivery times. Moreover, the system lets the customers track the transport of their products. The same benefits were achieved by FEDEX using FedEx Margarithis system<sup>12</sup>.

Management Review. Cambridge. Summer 2000

<sup>11</sup> Pretzer Lara, Stephanie. A model Brick and click Emerges. <http://www.isourceonline.com/isourceprintpage.asp?article>

The examples mentioned in this section show how companies can make themselves more profitable and at the same time increase customer satisfaction – the main idea of CRM systems.

### Software providers for CRM

Even though we already have a discussion about Internet technologies and CRM in this paper, in this section we will address the issue of software providers for CRM systems. We will discuss the white papers used by two of the well-known providers of CRM software (Siebel and Peoplesoft) to introduce their products.

Since this paper has focused on the philosophy of successful CRM systems, it is interesting to see how these providers focus the philosophy of their products. Siebel<sup>13</sup> presents its system as a very customer-focused system. Siebel presents not only its central CRM product as customer-focused but also the products around it. Actually, Siebel present itself as "the" company that really takes care of the customers. Their presentation matches perfectly with the definition of CRM offered before in this paper. After reading a literature about CRMs one would think that Siebel has the best product for CRM.

On the other hand, PeopleSoft<sup>14</sup> has a very technical and detailed presentation of its products. However, in its presentation it is easy to perceive many of the points we criticize during this paper. Even though their white papers are very descriptive of their products and applications, and very technical, they mention in very few places the interest for the customer. Obviously, customer satisfaction is a topic in its papers, but not to the extent of other topics. For instance in one of their paper about CRM called "Enterprise

<sup>12</sup> UPS vs. FedEx: Ground wars. Business Week. 5/21/01

<sup>13</sup> Siebel white paper

<sup>14</sup> PeopleSoft White papers.



collaboration: integrating CRM across the enterprise". Customer satisfaction is considered a few times and usually only in terms of how much ROI could deliver CRM to the company. The PeopleSoft white paper "CRM in financial industry" concentrates on finance but not on customers. So, reading the white paper of PeopleSoft corroborates the Siebel comments about other CRM providers. These white papers seem to support the Siebel assertion that because other vendors came from other areas such as ERP, they keep this orientation and not the customer focus orientation.

A further analysis of the actual products, offered by these companies, is necessary in order to verify the real philosophy embedded in their products. However, the analysis of their white papers helps us with the purpose of showing the difference in the focus of their product's presentations.

To conclude this section, it is important to remark that the technology or software the company is planning to use for CRM implementation is very important. However, even with the best software, if the company doesn't understand the philosophy of CRM and aligns its structure to this philosophy, not technology could be useful to improve customer satisfaction and company profitability.

Concluding this article, it is necessary to repeat the importance of a customer-focused philosophy for developing a successful CRM system. We had discussed what customer-focused means and its implications. We hope this paper can alert users who are locking to implement CRM systems, to the fact that CRM is more than a system – it is new way to look at the business.

## Customer Service and satisfaction

Tiffany Jordan

## Customer Service and Satisfaction

Tiffany Jordan\*

### Abstract

Good customer service isn't always noticed, but bad service invariably is. The author brings to your attention how customer service impacts the short and long-term success of a business. Sometimes benefits are not necessarily predictable or stated, but the risks on not listing benefits or setting policies in place are potentially injurious to an organization. It has become obvious that quality customer service is arguably the most critical factor in an organization's long-term success and even survival. Today, companies are increasingly recognizing that human resources (HR) plays a seminal role in building a customer-friendly culture, thereby generating repeated business. Therefore, the author examines the strong relationships between employees and customers that may actually keep both from fleeing the company.

### Keywords:

Customer service, customer satisfaction, added value service, customer loyalty, quality control, benchmarking, evaluation, hiring, human resources, work environment.

\*Tiffany Jordan, DBA/Ph.D., International Business/Management, University of Sarasota; Advance Graduate Business Certificate, Management, University of Sarasota; teacher Prof. development Certification, University of South Florida; teacher Prof. development Courses, Edison Community College; MBA, Business Administration, Clayton University; BS, Business Administration, St. Francis College. Table of Contents



## **Customer Service and Satisfaction**

### **Introduction**

The root of every business starts from the main factor of "Satisfying Customers". When a company can attract and retain customers, productivity and profits will optimize. Various variables are involved in customer service and satisfaction. Acute business people conduct intensive research to understand the needs and wants of their target customers, in order to delight them with added value. As mentioned by Gary Armstrong, "Smart companies aim to delight customers by promising what they can deliver, then delivering more than they promise"(Armstrong, 1999, P8). Customers make repeat purchases depending on past experiences with the product or service. On average, a satisfied customer tells 3 people about a good product experience, whereas a dissatisfied customer grips to 11 people (Armstrong, P157). This could lead to a loss of profits, and it is known that it takes 6 times more effort to attract a new customer than to retain an old one. With these factors in mind, organizations have to analyze and implement effective means of gaining customer loyalty and satisfaction, in order to achieve their company's goals and objectives.

### **The Importance of Customer Service and Satisfaction...**

"Business has always been about competing- for markets, territories, and most of all, customers. Today, customers' expectations are higher than ever before, and the range of choices open to them is wider than ever before" (Brown, 1991, P1). Companies should provide better customer service and satisfaction, to give buyers a reason to use their product over their competitors.

Organizations also use service differentiation techniques to tailor to various customers' needs and expectations. This makes customers feel valued and leads to mass customization. This is a great way for companies to increase demand of their product or service and gain more market share.

For instance, companies like Ritz-Carlton strongly emphasize the importance of customer service and satisfaction, which has given them a phenomenal competitive advantage. As stated in their mission statement:

"The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission. We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed yet refined ambience. The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests" (Armstrong, P248).

The Ritz-Carlton Hotel makes it difficult for customers to go elsewhere, which is what a successful business all about!

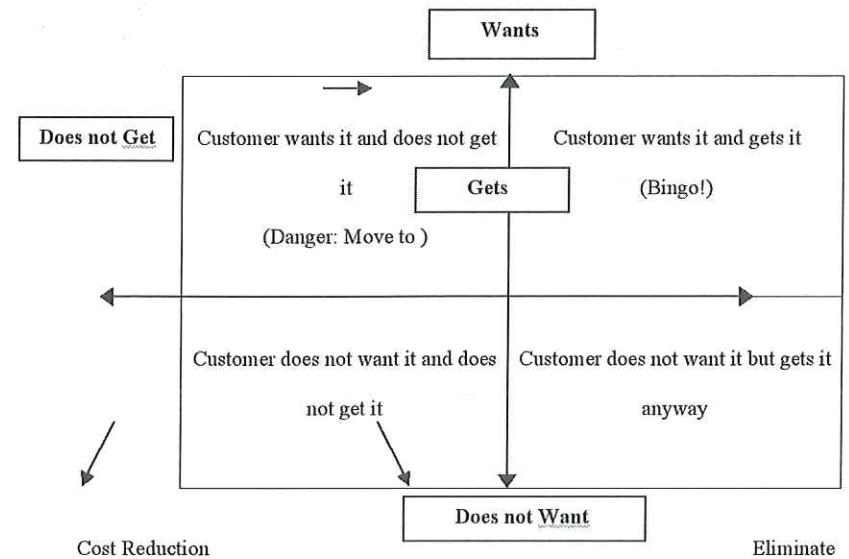
In short, lucrative corporations use different principles and techniques to provide better customer service and satisfaction, in order to run a healthy and successful organization.

## Principles and Techniques of Customer Service and Satisfaction....

### Research

To meet customers' demands, firms should know what they want first. The company should try to gather information regarding the customers' wants, and cater to those needs. Customer care management is all about closing the gap between what customers expect and what they get. Organizations can collect this information through customer surveys, focus groups, and customer panels. Satisfaction data

can be quantitative, like statistical charts and graphs, or qualitative, like opinion and impression information gathered in focus groups (Zemke & Anderson, 1996, P16). For instance, as illustrated in the following chart, the customer window model is a plot used by many organizations to understand the position of their product when it comes to satisfying the customers.



Model for Buyer Behavior: (Bhote, P 86)

### Establish a common vision

"Top management should lead the way" (Bhote, P57). When the management of a company creates a common goal for all the departments to accomplish, a higher level of



productivity will be achieved due to higher commitment from the staff. This in turn leads to higher customer service and thus, higher satisfaction.

### *Mass Customization*

Some companies choose to satisfy their customers by tailoring their products or services, according to the needs of individual customers. This is where product and service differentiation are applicable. This can be done either by offering a variety of choices for the customers to choose from, or by creating a modular production system. This technique is used by Levi Strauss, which enables women to order jeans according to their exact measurements (DuBrin, 1993, P92).

### *Value Feedback from Customers*

The production process does not stop at selling. Post purchase behaviors of customers are highly important. Their reactions should be acknowledged and their opinions regarding the product should be valued. This feedback helps the management to vary the attributed of their product or service according to the customers' wants. For example, Pillsbury handles more than 2000 people who call its 800 number with complaints, compliments and questions (Armstrong, p158). This information is vital and important for Pillsbury to determine its strengths and weaknesses (SWOT analysis) in the market.

### *Being a Customer Service Leader*

"Getting it" requires taking a serious look at how you treat customer service (Green, 2002) within your organization. In that vein, two important considerations must be looked at: One: Customer service must be thought of as a leadership issue. Any employees whose age put them in their early

twenties a decade ago have not likely experienced much in the way of effective customer service. Reading about it, being told about it, even attending training about it, are not the same as personally being on the receiving end of good customer service. So, it becomes a leadership issue. It becomes incumbent upon leadership to ensure that good customer service is modeled and rewarded. People grasp what they experience.

Two: Customer service is a marketing issue. It always has been, yet often it is set aside as a separate issue. Marketing is, after all, everything you do to reach and keep customers. Therefore, any organization that commits to making customer service the focal point of its marketing strategy has an opportunity to gain a great competitive advantage.

One of the most important tasks for a leader is to establish an environment of trust. James Copeland, CEO of Deloitte & Touche, says merely talking about trust does little good. Green continues to say that,

"Today, organizations that understand and deliver effective customer service will stand out in a customer's mind when compared to the poor customer service that is delivered by many organizations. The ability to determine what good customer service is for your organization begins with your mission statement. The development of an effective mission statement directly ties back to being a leadership issue. Too many organizations have unrealistic or public relations-oriented mission statements rather than well-developed, realistic, living mission statement."

When your mission is genuine, succinctly written, and truly reflective of your organization's core values, it will serve as a valuable document from which to craft operating principles. Organizations that are committed to being service-oriented will use their mission statement as a living document - referring to it often, building principles and standards from it, and evaluating performance and changes based upon it.



### *Customer Service vs Customer Satisfaction*

Customer satisfaction and customer service are related but not the same thing. It is important that marketers understand this. If a great deal of money and time are spent improving customer service with little or no positive impact on customer satisfaction, then not much headway is made and money is wasted. The point here is not so much that one is better, but that providers can get confused between improving customer service and improving customer satisfaction. The focus needs to be on customers and what satisfies them, not so much on the activities themselves. It is often assumed that better customer service means more service people, when, in reality, many customers derive greater satisfaction from less employee involvement and more personal control over the outcome they want. (Motley, 2000)

Motley believes that customer satisfaction is an outcome and customer service is a means or a strategy to bring about satisfaction. Sometimes customer service or services are very well thought out, based upon a detailed understanding of what customers expect, and supported with great resources and management attention. These are usually successful because they are very well focused. Often, however, such strategies are risky because they involve change.

### *Why Customer Service Starts with Human Resources Management*

There's convincing evidence that HR drives customer satisfaction-and corporate revenues-by careful attention to who is hired, (Kiger, 2002) how they are trained, how they are coached, and how they are treated on the job. There was a time when customer service was seen as the responsibility of sales managers and tech-support team leaders. Today,

that attitude is as outdated as a rotary telephones at corporate call centers. Increasingly, companies are recognizing that HR plays a seminal role in building a customer-friendly culture. Throughout the business world, HR departments are focusing their efforts on improving customer satisfaction. They're using HR activities - hiring, training, coaching, and evaluation programs - to give employees the tools and support they need to develop and nurture positive, lasting relationships with clients.

According to Kiger, the evidence is compelling that HR practices can promote customer satisfaction, and in the process, improve corporate revenues. Moreover, subtle changes in hiring or training sometimes can produce major improvements in customer happiness. A company with strong customer satisfaction and loyalty can survive and prosper even when faced with a tough economy or an unforeseen disaster. The salient example: Southwest Airlines, which consistently ranks first among airlines in customer satisfaction. For instance, following the September 11 terrorist attacks, which pushed many airline companies to the brink of demise, Southwest actually managed to post a profit in the fourth quarter of 2001, and was confident enough about the future to add new routes. Conversely, a company that provides lousy service may have trouble hanging on to its customers over time, and thus may be forced to continually replace lost accounts that have fled in frustration. As proof, you only have to look at Kmart, the once—mighty discount retailer that went bankrupt in January, at least in part because it couldn't compete with the famously courteous folks at Wal-Mart. Likewise, last year, the Dow Jones News Service reported that customer dissatisfaction was costing the McDonald's chain a breathtaking \$750 million in lost business annually. The cost of acquiring new customers is five times higher than the expense of servicing existing ones



### *Identifying employees with customer-satisfaction potential*

Most service-quality gurus say that hiring is the first and most critical step in building a customer-friendly company. "You need to be selective. It's a lot easier to start with people who've got the right personality qualities to work with customers than it is to struggle to teach those skills to whoever walks in the door." key indicator of customer—service potential is a high level of what mental-health professionals call "psychological hardiness"—qualities such as optimism, flexibility, and the ability to handle stressful situations or criticism without feeling emotionally threatened. These are, of course, good qualities for many jobs. But experts note that the personality of a customer-service maven may be markedly different from those of achievers in other business venues. Verbal eloquence and persuasiveness, for example, aren't as important as the ability to listen.

Some companies have tried standardized psychological tests as a way to select from a pool of candidates. For example, the Myers-Briggs Type Indicator helps an employee see her own personality style, such as whether she is a "thinker," a methodical person; a "sensor," one who learns through observation; an "intuitor," who is enthusiastic and excitable; or a "feeler," who tends to avoid conflict. With training, a customer—service employee also can learn more about identifying customers' personality types.

A good customer service performer will work hard on a customer's behalf, not with the hope of getting a raise or a promotion, but because it's the right thing to do. He concluded by saying:

"Look for customer-pleasing personalities. The ability to empathize with others, flexibility, and emotional resilience under pressure are qualities that aren't easy to teach. Design a structured, situational interviewing process to find those special people."

### *The Human Side of the Enterprise*

McGregor (1960) Theory X and Y refer to the two different sets of worker assumptions. Theory X assumes the average worker is lazy, dislikes work and will avoid it if possible. This worker requires close managerial supervision and control. On the other hand, Theory Y is self-motivated to work and the job itself will determine if worker likes the work. The manager allows great latitude and stimulates workers.

#### *Build strong relationships with employees and suppliers:*

Listen to employees' needs and wants: If they are dissatisfied, companies won't achieve as much productivity, due to the lack of commitment.

Value their opinions: As suggested by Douglas McGregor's ideas (1960) Theory X and Y, managerial behavior have a profound effect on management thinking and practice. Theory Y, people need to feel valued and inspired in society, or else they will not be enthusiastic about their work.

- Reward high performance: When employees are rewarded, they will be encouraged and motivated to do a good job. This can be done by incentives, bonus, extra leave, "employee of the month," etc.

- Training programs for customer service personnel: Employees who will be dealing directly with customers should be trained to have strong interpersonal skills, which are important when solving customers' problems.

- Supplier relations: Companies should also build strong relations with their suppliers, so as to get raw materials on time in order to meet customer demands. A delay in delivering goods will result in dissatisfaction



### *Five Tips for Improving the Customer Relationship*

\* Look for customer-pleasing personalities. The ability to empathize with others, be flexible, and have emotional resilience under pressure are qualities that aren't easy to teach. Design a structured, situational interviewing process to find those special people.

\* Don't be afraid to emphasize the negative. Good service isn't always noticed, but bad service invariably is. Use role-playing exercises with employees and encourage trainees to discuss their own experiences as mistreated customers to help them understand the impact on the company's fortunes when they don't make a good impression.

\* Give employees tools for understanding their customers. Your training program should include training in techniques such as "active listening" and advice on how to interpret customers' verbal cues.

\* Don't neglect "hard" skills. A nice smile and polite telephone manners aren't enough when a customer needs advice on which hardware to pick or help with a product that isn't working. Make sure your customer-service people have a good working knowledge of whatever you're selling.

\* Promote a service-oriented culture from the top. A company's customer relationships are heavily influenced by the tone of the management/employee relationship. Sell your top leaders on the importance of company rituals that emphasize service as a core value—for example, an employee tea or luncheon where executives do the serving.

#### *Measuring Customer Service and Satisfaction*

In measuring customer service and satisfaction, a company may develop a simple survey instrument to measure customer satisfaction in a pilot group including pre-testing. The company can:

\* Establish methodology and procedures for administering this instrument, and provide advice and training as necessary for librarians in the participating libraries to conduct the survey over an agreed specified time period

\* Analyze the results of the survey for each library and provide a report outlining the issues arising from these, including any necessary modifications in methodology

\* Make recommendations for the future regular application of the survey instrument together with a cost estimate for the data analysis in each case

### **Conclusion**

In conclusion, all organizations need to analyze the needs of potential customers, and produce goods and services, which cater to these specific needs. All members of the workforce need to work towards a common goal and support the organizational objectives through high levels of commitment. This will indefinitely increase customer service and satisfaction.

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## Contenido

	pág
The importance of customer relationship management philosophy in Customer Relationship Management Systems	5
Customer Service and satisfaction	21