

Paige is ready to trade in her old Jeep for a new, fuel-efficient car.



She knows exactly the make, model, and color she wants. Her family already has a relationship with a local car dealer, so she calls a salesperson there to let him know what she's looking for. He tells Paige he'll have her car ready the next day. However, the next day comes and goes with no call from the salesperson. Frustrated, Paige contacts another dealership. The salesperson there not only locates Paige's car right away, he offers to have it delivered to her house that very evening!

Have you ever had an experience similar to Paige's? This and many other examples show how important it is to establish and maintain good relationships with customers. Learn more about the role of customer relationship management in your business.

It's All About Relationships

CRM: More than just technology

"Customer relationship management"—conduct an Internet search on this phrase, and, most likely, you will come up with thousands of web sites for companies trying to sell various software programs. For many people and businesses, this term refers solely to technology. But **customer relationship management (CRM)** is much more than that. It involves technology, but it also involves strategies, processes, and most importantly, *people*. It combines these elements for the purpose of building, maintaining, and maximizing the long-term value of customer relationships.

Examples of CRM initiatives a business might undertake include:

- Implementing a "frequent shopper" program that offers rewards, discounts, and special offers to valued customers (See <http://www.kohls.com/loyalty.html> for more information on these customer loyalty programs.)

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◀ Spend \$600 a year on your Kohl's Charge and you'll become a Most Valued Customer (MVC) and receive at least 18 exclusive discounts annually.

CRM: How it's changing

To understand how customer relationship management fits into the modern business world, consider a few key characteristics of today's customer-business relationships:

- Customers tend to look at a business as a whole, not the sum of its parts. So, despite the number of **touch points** (interactions between a customer and a business) a customer experiences, both positive and negative, the customer will not usually have "mixed feelings" about a business. S/He will either like it or dislike it.
- There are now a great many interactions between customers and businesses taking place (e.g., online shopping, etc.). While there are advantages to this technology (e.g., greater marketing opportunities for businesses and greater purchasing opportunities for customers, there are disadvantages as well. The vastness of the Internet can make it more difficult for businesses to establish and nurture personal relationships with their customers.
- For a growing number of goods and services, price is no longer a factor in customers' buying decisions. Prices have stabilized to the point where a customer can purchase a gallon of gas for about the same amount on one street as s/he can the next street over. The price of gas may go up and down, but competitors' prices will remain roughly the same.

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▲ *Touch points, the interactions between a customer and a business, are everywhere. But, customers still tend to look at a business as a whole.*

CRM & corporate culture

No customer relationship management program will work consistently over time unless it becomes a part of the business's overall corporate culture. **Corporate culture** refers to the values and ideals that an organization encourages among its employees. If a business doesn't teach its employees to value customer relationships, none of the processes or technology involved in CRM will make a lasting impact. A CRM program may look good on paper, but it is a business's employees who will "make it or break it."

Making changes to an organization's corporate culture can be difficult and time-consuming. A culture that values long-term customer relationships must be communicated consistently, and the communication must come from top management down. One way to reinforce a customer-centric corporate culture is to reward employees (with bonuses, incentives, etc.) based on how well they meet established CRM goals.

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oppher J. Bucholtz explains "3 Ways
Culture Can Crush CRM" in this article:
www.crmbuyer.com/story/79384.html.