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Leadership Essentials

Managing Customer Relationships

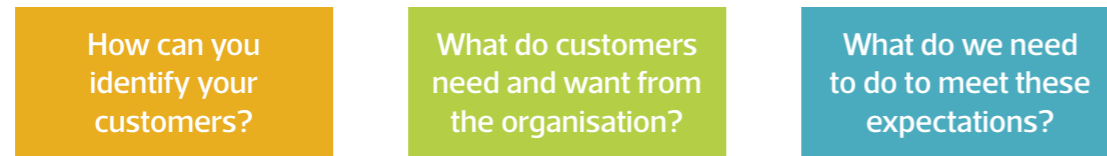
A collaborative leader invests in relationships with customers



The recording and analysis of prospective contacts, interactions and touchpoints with customers. It has become to be associated with technology but the successful management of relationships with customers has contributed to business success since the beginnings of commerce.

Customer Relationship Management (CRM) is used to learn more about customers' needs and behaviours in order to help organisations create and enhance relationships with their customers. In organisations, CRM has been used to track and manage customers with the aim of increasing brand loyalty, gain competitive advantage and so generate increased sales and profits.

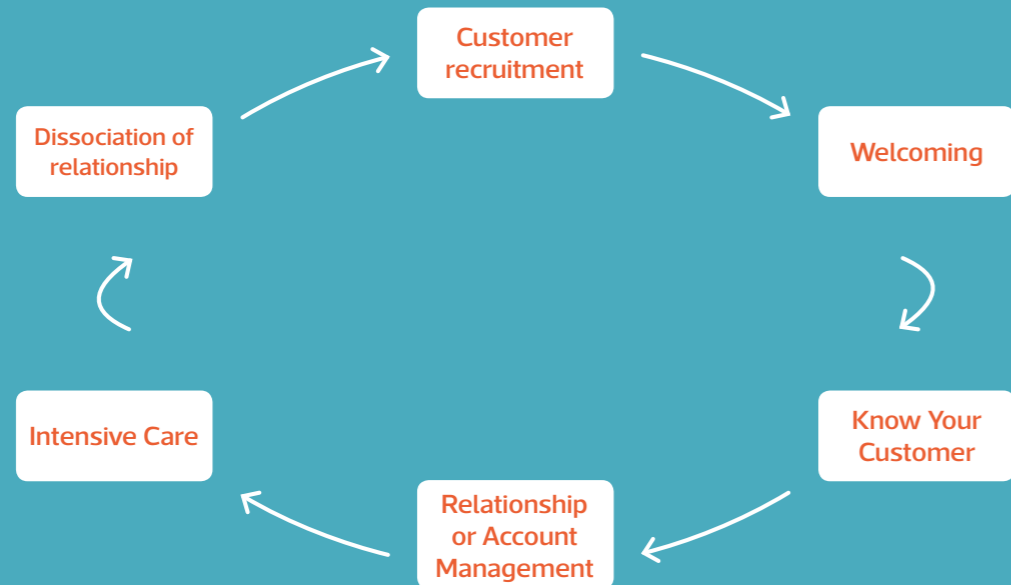
To take a CRM approach, think about how your organisation relates to its customers. Start by asking the following questions



CRM is often viewed as a technological solution for capturing and analysing customer data, preferences, trends, forecasting but many service based industries have been forced to move from transaction-centric CRM to customer-centric.

Why is good CRM critical?

As a leader, the ability to build and maintain customer relationships is the key to the survival and growth of your organisation. Stone et al. (1996) suggest that customer relationships should be managed in 6 stages:



Customer recruitment: targeted and encouraged to purchase. Cross-function technology allows collaboration across product offering.

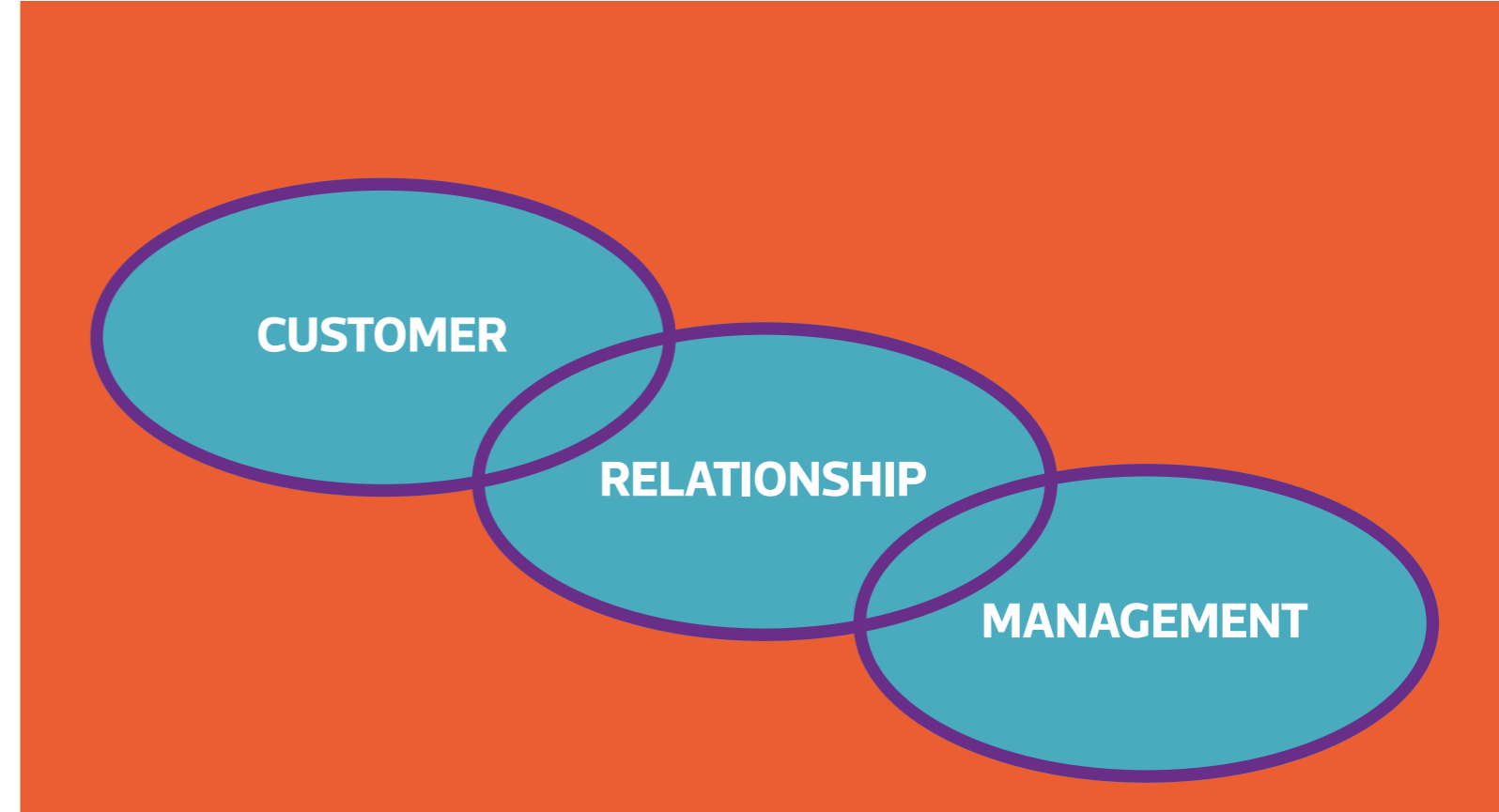
Welcoming: the complete on-boarding process.

Know Your Customer: information and feedback obtained to determine satisfaction, retention and future individual customer strategies.

Relationship or Account Management: secure, pro-active and collaborative management, delivered by good communication.

Intensive Care: service recovery if a problem occurs.

Dissociation of Relationship: no further requirement for the product. Future relationships should remain an option.



As a leader with accountability for business performance, demonstrating a deep understanding of the customer life cycle and using technology to collaborate with customers will enable you to continuously develop your **value proposition**. This is usually developed with the input of marketing expertise to identify the unique customer offer or 'proposition' for each of the products or services your organisation provides.

You will need to action your organisation's **value proposition** alongside a continuous focus on the **relationship** you have with your customers and decide how best to allocate resources to support each customer. This can be achieved by recognising who your customers are (internal and external) then applying customer '**segmentation**' that best suits your organisation. This helps to separate the customer base into segments based on: income, size, product/service supplied or type of customer.

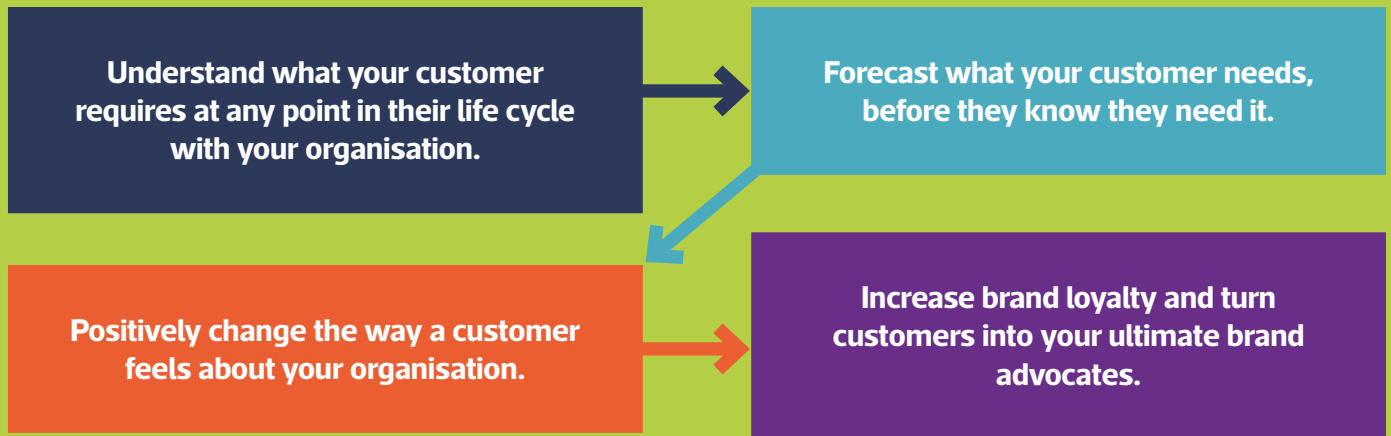
A collaborative leader will further the Customer Relationship by:

- Demonstrating cross-functional and cross-organisational relationships, often directly with customers themselves, in order to increase transparency and openness within your organisation. CRM as a technology solution enables this practice.
- Recognising the exponential power your customers now have to communicate, participate and collaborate with one another.
- Actively viewing each customer as a partner to your organisation, much like a stakeholder or investor and motivating to engage with them on this level.
- Leading a move away from one-dimensional financial targets and key performance indicators (KPI's) to setting success indicators as customer satisfaction, customer retention, service quality and customer recommendation.

In a rapidly changing and highly competitive environment, technology alone cannot de-risk the customer relationship. Good leaders will recognise the value of the data collection process but also empower employees to build direct customer relationships, whatever their job role.

The success of your customer relationship management strategy can be measured by the levels of trust established and maintained between the two parties, the ultimate goal being to retain a customer for life and ensure they are advocates of your brand, product or service.

Successful customer relationship management will enable you to:



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