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Customer relationship management and customer driving companies

Introduction

The article deals with the latest trends currently applied in business environment for managing customer relationships and their application in practice. It is also focused on organization's need for identification, learning process, understanding customer's value and adapting firm's supply to customer's needs. The paper discusses taking care of internal and external customers, identifying and building values of corporate culture and their application in practice.

1. Customers Relationship Management

The company approaches customer relationship management CRM (Customer Relationship Management) in various ways. CRM can be defined as an interactive process aimed at achieving the optimum balance between corporate investment and satisfaction of customer needs. Optimum balance is determined by the maximum gain on both sides. The creation of long term partnership with customers is an inevitable prerequisite to achieve this optimum. Lehtinen [3] argues that customer relationship management is the management and maintenance of customer databases and information associated with them. It is a very common phenomenon today when many retail chains use club cards bringing benefits to users, but on the other hand, it provides detailed information on what the customer needs, what are their requirements and expectations and gives space to use database information for other purposes.

It is a concept by which companies offering the same or comparable products want to maintain long in the market in a big competition. Good customer information may constitute a competitive advantage. It concerns a set of marketing, information, service and other activities implemented by the customer-oriented firms and the rapid adaptation to external change.

Chlebovský outlines the key roles for implementation of CRM [2]:

1.1. Change the view to close deals with customers

This is mainly a change in thinking. The trade is already not perceived as a closed single transaction in which a key objective is the highest profit, but it means to establish mutual cooperation with long time horizons. Creation of loyal customers and maintaining relationships are for the firm itself less expensive than continuous effort in acquiring new customers. Fidelity is expressed largely in repeated purchases.

Today we often meet with approaches aimed mainly at obtaining a large number of new customers, but with little care of regular customers (e.g. some mobile operators, Internet service providers, health insurance, etc.). Such an approach is associated with higher costs incurred in bonuses for new customers.

1.2. Disengagement from the narrow perspective of a link with product application

Enterprises are already trying to sell the product itself, trying to build a more comprehensive product system through which the marketed product becomes more usable. The enterprise is governed by the motto “the customer is Lord” and there are many sales opportunities in complex system and the availability of purchasing one product with additional services, etc. This increases the awareness among customers and gains a reputation for complexity of services offered, and quickly becomes memorable. It provides the customer with greater benefits from products for example comfort, relax, and so on.

1.3. The transition from product marketing to customer perception

The product loses its importance without customers buying it, because it does not make sense to produce it. The perception of a customer as the most important value for the company and understanding their needs and wants enables their reflection in production of goods and services leading to fulfillment of the needs and expectations of customers. To determine constantly changing needs and wishes of customers is not easy therefore long-term relationships with customers are gaining in importance and become cornerstones in the design of individual products and customized services.

2. Customer Driving Companies

Surplus society is a term describing the world economy in recent years. Market is flooded with many products that people are not able to simultaneously use or consume. A large number of products and few customers mean that competitors often lower prices and offer other advantages. These strategies cannot be successful for long term and lead to a reduction of profits, business bankruptcy, but also to more frequent mergers and acquisitions. Clients have become an important intangible asset together with the brand, patents, copyrights, trademarks and so on, although this is not reflected in the accounting.

The solution to the current economic situation, when price wars and other strategies are not sufficient for the development of business in the long term is to transform the organization from production to customer. It is a change in orientation from the product to customer.

Focusing on their needs and desires.

Customer-oriented firms differ from those classically oriented in different ways.

Whiteley R.C. considers the distinction that the companies do not supply the quality according to Their assumption but the one defined by the customers.

Therefore the focus of the company is a customer survey of their needs and desires and then adaptation of the company to these requirements. There must also be changed the structure and continuity of business processes and employees' overall approach to implementing corporate objectives with the shift of the customer to the centre of operation. With the change of priorities, the company changes the organizational structure, because all processes in the company must change. Customer-oriented company is not just a term. These are the ongoing processes and a permanent change of priorities so that the company produces offers products and services that meet the individual needs of each customer. The customers are the ones who decide what and how the company will produce.

Companies with traditional organizational structure focus on profit that comes from product sales. The top management of a company decides what the company will produce and sell. Thus, commands from top to bottom reflect the fact that a company cannot quickly and sufficiently respond to the changes in demand and adapt their products to customer needs. The organizational structure of a modern, customer-oriented company is built in opposite way. Customers are the ones who decide what is produced, in what amount and quality. On top of the pyramid there are the customers who decide what products and services the company will offer. Requirements and expectations of the workers are surveyed in "front line" by the staff who is in contact with the customer. Central and operating levels support them [1].

Theory and practical examples of business transformation to customer-oriented company are elaborated in detail in the book of R.C. Whiteley called *Enterprise managed by customer*.

Based on research he formed the seven principles that needs customer-oriented company to comply with in order to provide quality products and services. Principles may constitute a guide for present and future success of a company in the market. Whiteley characterized them as follows [4]:

— **Generating conception of how to maintain customers**

Nothing can contribute to the transformation of the company as well as a clear vision. Everyone, from typists to the director, not only makes money but fulfills a mission and obligation to our customers.

— **Listening to customers**

This concerns creation of a genuine family relationship between the company and its customers. Total changes of company behavior bring a change of company's position in competitive environment over time. Comments and suggestions from customers are the keys to improvement of products and services, and thus it can eliminate errors and adapt products and services according customer needs and wishes. Therefore it is necessary to listen to customers.

— **Learning from the winners**

Large companies cannot hide their methods of business and most of them does not even try. It gives us the opportunity to study their methods and philosophy. Companies studying the winners come to the conclusion that they build the same structure that will satisfy customers while they are learning such techniques helping them discover and eliminate the reasons for dissatisfaction.

— **Retaining the best employees a free hand**

Most employees want to provide our customers with good service. Studies in this area surprisingly show that the factor most affecting whether employees remain in the firm is, whether the company provides quality services to its customers or not. If they think that services are high quality, staff turnover is low. Corporate managers therefore must show that the quality provided to customers is a priority for them and also convince them that employees are a key element of the whole functional system.

— **Removing barriers to activities winning with customers**

The more a company knows about the quality, the more it is aware that a system implemented in their own businesses often creates barriers to good customer service. In order to identify which activities satisfy most customers they need to obtain information. Therefore, well-designed system of claims, com-

plaints and customer inquiry enable company to learn about satisfaction, respectively customer dissatisfaction and can remove various barriers.

— **Measurement, measurement, measuring**

In companies rapidly improving, employees measure absolutely everything that can tell them about the quality of their work for clients. They analyze and compare the performance not only with the past, but also with customer requirements and with the work of other people in the best global businesses that operate in similar area.

— **Turning words into action**

Successful managers who create the principles of customer orientation, formulate a new perspective on business management. Customer is put in the first place. They constantly look for new ways to further education, believe in teamwork and so on. Their findings are applied to each management level. Each company employee needs to adapt to corporate orientation and identify with it so that they can participate in creating a successful customer firms.

Seven principles together constitute an important element in the company, which many companies ignore. That is the way to transform an organization that is not only profitable in the short term, but creates a strong customer base, quality products and services selected by customers and long-term profits from the lessons of the weaknesses and learning from the best.

Conclusion

Currently, at the time of hyper-competition, there is no path to success as building customer-oriented organization aimed at caring for customers, both internal and external. Only satisfied internal customers can become a guarantee of satisfaction and loyalty for external customers.

Literature

- [1] Hurná, S. *Niektoré manažérske a marketingové prístupy v zákaznícky orientovaných firmách*. In *Kvalita Inovácia Prosperita*. ISSN 1335–1745, 2006.
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- [4] Whiteley, R.C. *Podnik řízený zákazníkem*. Praha: Victoria Publishing a.s., 1999.

Streszczenie

Zarządzanie relacjami z klientem a firmy prowadzone zgodnie z oczekiwaniami klientów

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