

# Small Business Management <sup>19e</sup>

LAUNCHING AND GROWING ENTREPRENEURIAL VENTURES

Longenecker · Petty · Palich · Hoy



## CHAPTER

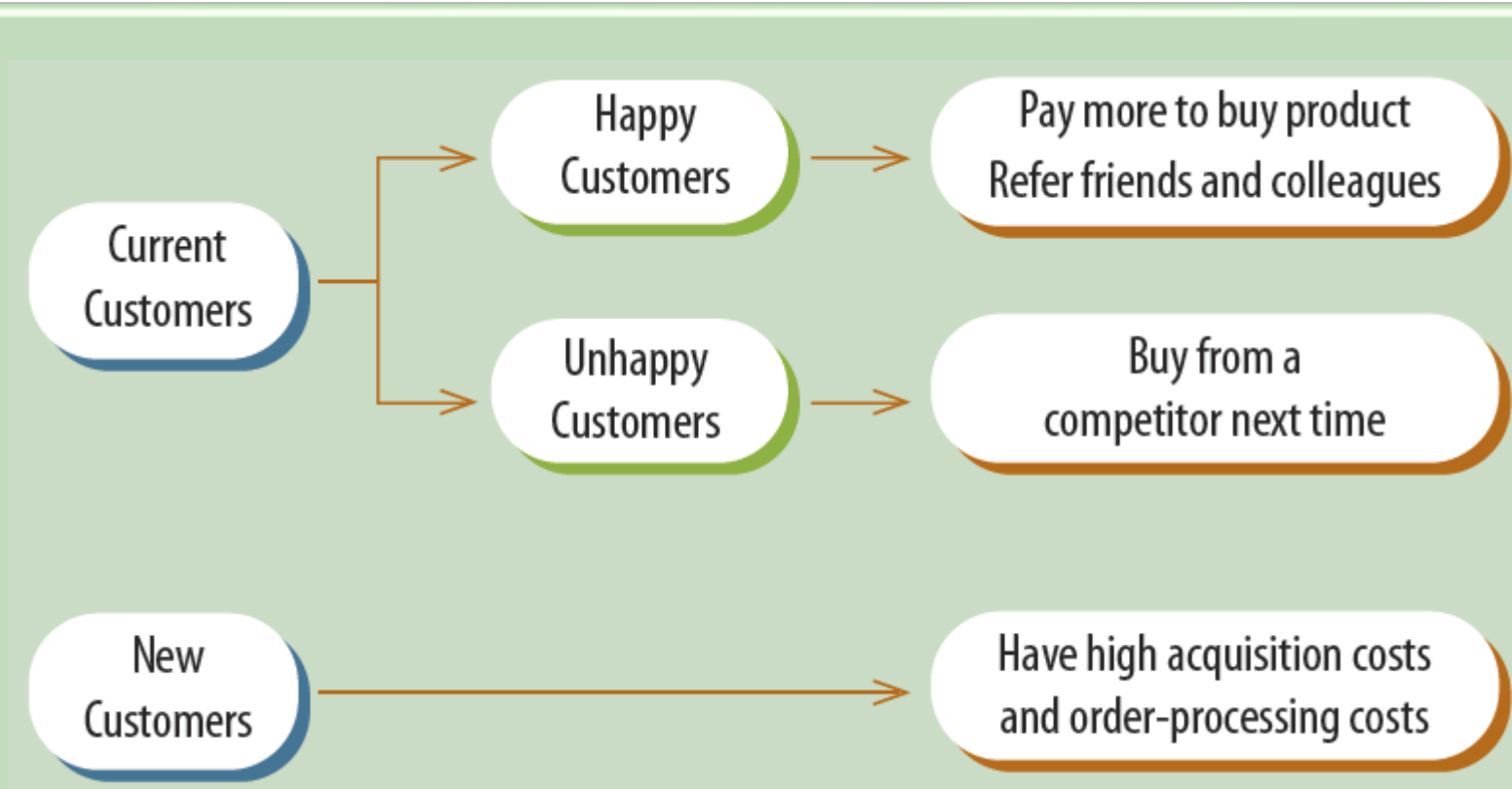
# 14

Building Customer Relationships

# What is Customer Relationship Management?

- Customer Relationship Management (CRM)
  - **A company-wide business strategy designed to optimize profitability, revenue, and customer satisfaction by focusing on specific customer groups.**
- Focus of CRM:
  - **Customers** rather than products
  - Changes in **processes, systems, and culture**
  - **All channels and media** involved in the marketing effort, from the Internet to field sales.

## Sources of the Next Sale



**Trend: Focus on Customer Retention** (over acquisition)  
Sales Using Existing Customers – [FILM](#) (3 min)

# What Creates Customer Loyalty?



Great customer service – a story

- Think of a time ... as a customer you got **GREAT** service - Discuss . . .
- Did that experience create loyalty on your part?
- What did that “loyalty” look like? (buy again, referrals . . .)
- Did that loyalty create “expectations”?
- Can they live up to these expectations?

Caution – ask ourselves one very important question:

If we duplicate their high level of service – can we do it consistently?

# Extraordinary Service: Personal Attention

## Ways to Provide Extraordinary Service

```
graph TD; Root[Ways to Provide Extraordinary Service] --- B1[Do business on first-name basis]; Root --- B2[Address problems promptly]; Root --- B3[Find ways to help]; B1 --- B1a[Greet by Name]; B1 --- B1b[Checkers]; B2 --- B2a[Listen to Customers]; B2 --- B2b[Bill Gates]; B3 --- B3a[Add Value]; B3 --- B3b[Amazon]; B3 --- B3c[Cook an Egg]; B3 --- B3d[Provide custom service]; B3 --- B3e[Provide Personal Experience]; B3 --- B3f[Reformation]; B3 --- B3g[Keep in touch]; B3 --- B3h[Frequent Contact]; B3 --- B3i[email - text];
```

Do business on first-name basis  
Greet by Name  
Checkers

Address problems promptly  
Listen to Customers  
Bill Gates

Find ways to help  
Add Value

Keep in touch  
Frequent Contact  
email - text

Amazon  
Cook an Egg

Provide custom service  
Provide Personal Experience  
Reformation

# Extraordinary Service: Personal Attention

## Ways to Provide Extraordinary Service

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Address problems promptly  
Listen to  
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Bill Gates

Provide custom service  
Provide Personal  
Experience  
Reformation

# Extending A Personal Retail Experience ...

## “Reformation” in Hollywood

- Browse using touchscreens along the wall
- Select your try-ons
- Enjoy free coffee or look around
- Meanwhile, employees assemble your selections, deliver to a dressing room, then notify you by text ...
- In the dressing room you can charge your phone, play music, change lighting, or select and order additional items to try on



# Provide a Unique Dining Experience ...

## “Le Petit Chef” in Paris (and on Celebrity Cruises)

- Before your meal comes
- “Le Petit Chef” will create for you
- 3-D video (projector above the table - ceiling)
- Unique and Fun
- By SkullMapping

<https://skullmapping.com/>

[VIDEO](#)



# Extraordinary Service: Personal Attention

## Ways to Provide Extraordinary Service

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graph TD; Root[Ways to Provide Extraordinary Service] --- L1[Do business on first-name basis]; Root --- L2[Find ways to help]; Root --- L3[Address problems promptly]; L1 --- L1a[Greet by Name]; L1 --- L1b[Checkers]; L2 --- L2a[Add Value]; L2 --- L2b[Amazon]; L3 --- L3a[Listen to Customers]; L3 --- L3b[Bill Gates]; L1 --- L1c[Keep in touch]; L1c --- L1ca[Frequent Contact]; L1c --- L1cb[\"email - text\"]; L2 --- L2c[Provide custom service]; L2c --- L2ca[Provide Personal Experience]; L2c --- L2cb[Reformation];
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Do business on first-name basis  
Greet by Name  
**Checkers**

Keep in touch  
Frequent Contact  
**email - text**

Find ways to help  
Add Value  
**Amazon**

Provide custom service  
Provide Personal Experience  
**Reformation**

Address problems promptly  
Listen to Customers  
**Bill Gates**

# Listen to Your Customers ...



*“Your most unhappy customers are your greatest source of learning.”*

*-Bill Gates*



# One at a Time . . . Make a Difference

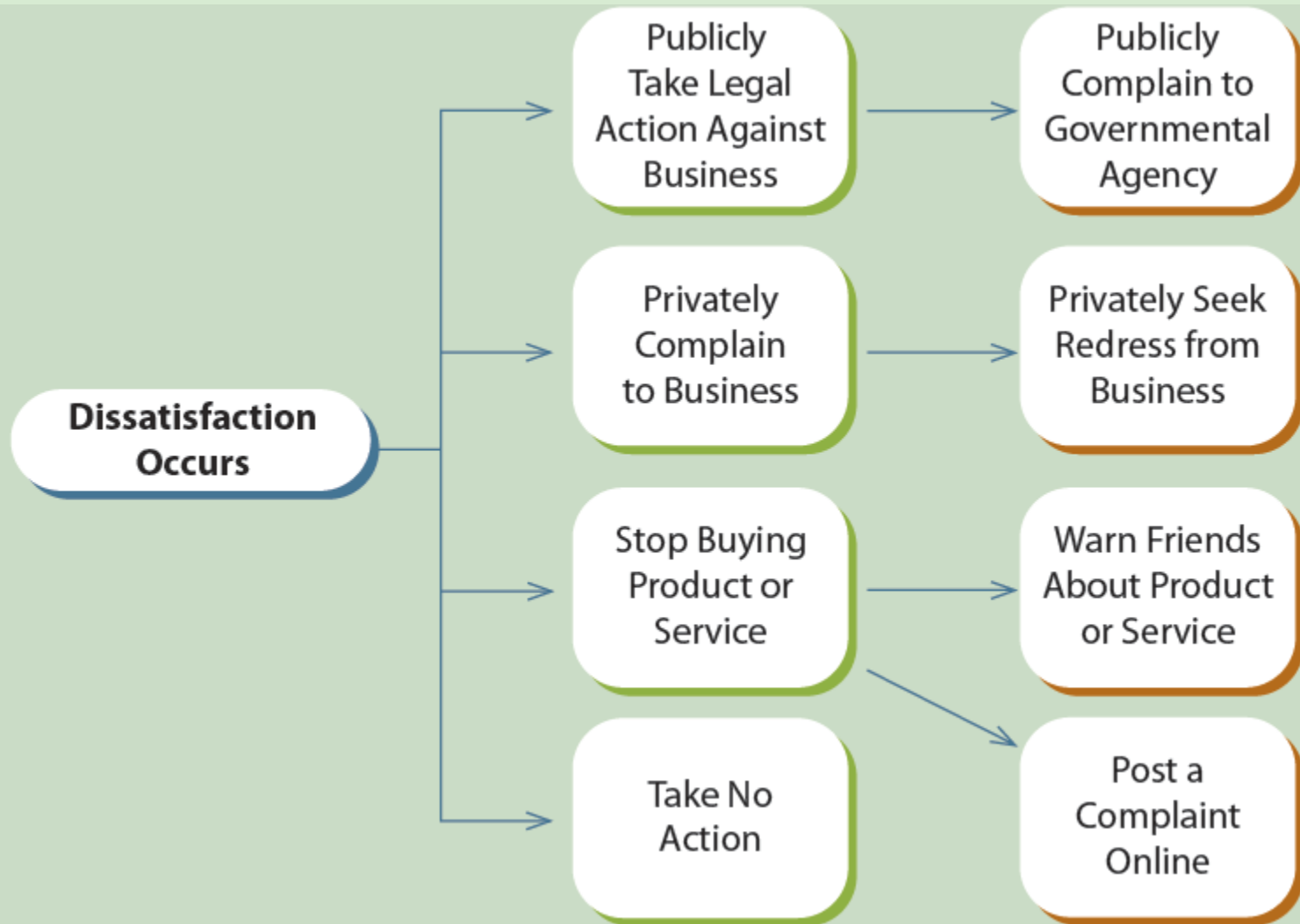


# Terrible Service: Customer Loyalty

Bad Service - FILM

1. What was the **WORSE** experience **YOU** ever had as a customer? Vent a bit, and share ... !
2. Thinking back, was there **ANYTHING** the company could have done to make up for it?
3. Now, sometime later, is there any thing the company could do to make up for it?

## Consumer Options for Dealing with Product or Service Dissatisfaction



# Terrible Service: From the Customer

## Scenario:

You have a little restaurant. A family with small children comes in. The parents do not watch their children – they are running all over the place and bothering other customers.

What would you do?

### POLITE NOTICE

We request any customers dining-in with young children to keep noise at a reasonable level and to not let children run around the restaurant. It is dangerous as our staff are often walking around with hot food. Additionally, it is inconsiderate to the other diners. In order to look after both our staff and customers, we reserve the right to refuse service

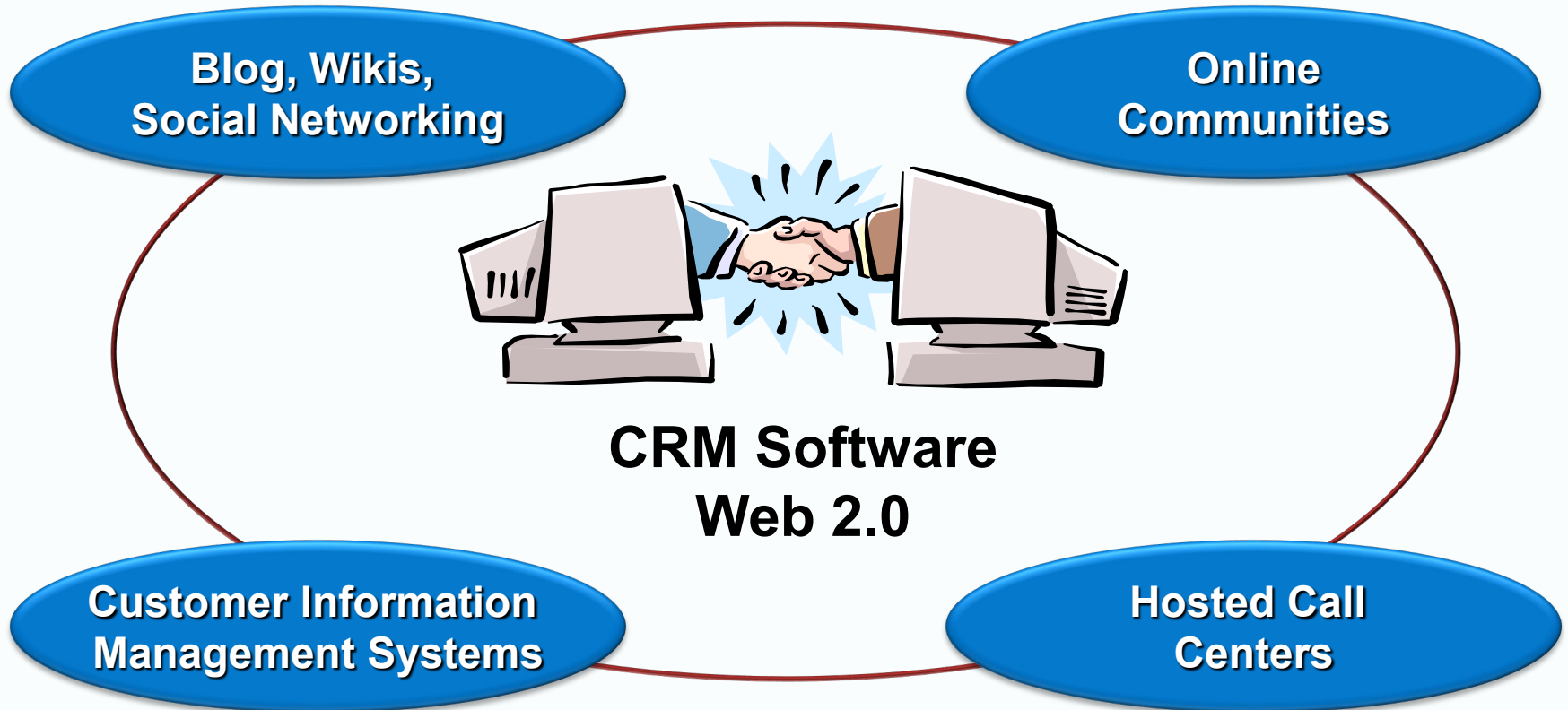
Thank You

Good to use for unruly children, BUT ...

Recently this was handed to ALL customers with children in a UK restaurant – whether they were being unruly or not.

Many of the customers were appalled

# Using Technology to Support Customer Relationship Management



Lets look at [Open Source CRM](#)  
Let look at Microsoft's [CRM](#)

# Creating a CRM Database

## Categories for Building a Customer Database

**Personal information**

**Demographics**

**Internet information**

**Transaction data**

**Lifestyle and  
psychographic data**

**Profile of past  
responses**

**Complaints**



# Using a CRM Database

## Creating An Effective CRM Program

1. Capture relevant customer data on interactions across important touch points - incrementally
2. Analyze those data to better understand customers
3. Use those insights to improve relationships with customers

What are different ways to obtain data in a restaurant?

# Recommended CRM Software

## FREE:

**Sugar CRM:** <https://www.sugarcrm.com/>

**Zoho:** <https://www.zoho.com/>

## MARKET LEADERS:

**Salesforce:** <https://www.salesforce.com>

**Oracle:** <https://www.oracle.com/cx/>

**SAP:** <https://www.sap.com/products/crm.html>

**Microsoft:** <https://www.microsoft.com/en-us/dynamics/>

# Successful CRM Programs

## Combination of:

**1. Great Consistent Customer Relationships**  
(Customer Service, Technology Support , and Databases)

**2. Knowledge of Customer Behaviors**  
(Customer Decision Making, Motivations, and Cultures)

Every time we interact with customers, we impact people! **It's About Us**

# CRM Web Resources

Go to: <https://goo.gl/mKx5Tz>

## Resources include:

- Software reviews
- Identifying most profitable customers
- Trends
- Expert Tips
- Best Practices
- Procedures
- Strategic alignment
- Measurement systems
- Strategy

Feelings are contagious ... [FILM](#)

# Five Minute Paper

**Five Minute paper:**

**Up to this point you have learned many things about business functions and interviewed various businesses**

**Please write a two paragraphs or more regarding what has been most meaningful to you.**



**05:00**