BYU Winter Semester 2019
Customer Relationship Management

Tuesday-Thursday – 484 TNRB
1/1/2019

Instructor:

> Dr. Scott E. Sampson, 660 TNRB, sampsonsclass+byu@gmail.com, cell 722-9222.
> Office Hours: Tuesday & Thursday, by appointment, office 422-9226
> See course website for announcements and updates.

About the course:

CRM is "A business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behavior that satisfies customers, and implementing customer-centric processes." (Gartner Group)

This course covers methods and principles for effective management of customer relationships and interactions. We will learn how to analyze customer-interactive processes and how to facilitate customer roles and customer value. We will also study methods for strategically redesigning customer relationships to achieve increased satisfaction and decreased costs. This includes identifying and evaluating opportunities for service innovation, which often includes application of technology. One type of CRM technology is so-called "CRM Systems" for tracking customer information. We will discuss the impact of CRM Systems and other technologies on customer service design, although this is not "tech" course *per se*.

Course learning objectives:

Be prepared to analyze and improve customer relationships. This includes…
1. Learn important concepts pertaining to service design and improvement (PCN Analysis).
2. Be able to synthesize and integrate principles that guide effective service design.
3. Be able to explain principles of service design in a convincing way.
4. Be able to describe factors for the effective application of service technologies.
5. Be able to apply service design principles to real organizations.

Teaching Methods and Materials:

The course will involve study of customer relationship management through a method known as PCN Analysis. We will learn PCN Analysis through exercises involving CRM design decisions. The foundation of the course is the text:

> *Essentials of Service Design and Innovation*, 4th Edition, by Scott Sampson (2015). ("ESDI book"). Available online or at the BYU Bookstore.

> Additional course readings, listed on the schedule and in Appendix B, are available from the university website.

Course Components

The following components of the semester evaluation are described below:

Grade Component		Points	Relates to objective
Individual engagement	A. Preparation and participation.	150	#2 (synthesize / integrate)
	B. Analysis Exercises.	150	#2 (synthesize / integrate) #4 (apply principles)
Team activities	C. Team Service Process Audit report.	100	#4 (apply principles)
	D. *Customer Relationship Futures* team presentation (and outline).	250	#3&#4 (explain/apply)
Exams	E. Mid-term exam.	100	#1/#4 (learn/apply)
	F. Final exam.	250	#1/#4 (learn/apply)
	Total	1000	

The grade distribution of this course is dictated by Marriott School grade policy, which can be found at https://marriottschool.byu.edu/policies/classroom/

A. Preparation and Participation includes an assessment of preparing for class so that you can effectively engage in class discussions. For article reading days this will involve brief quizzes and/or cold calls, so be sure and plan time to read each article before class. Each student can drop one quiz, such as for a missed class session. Appendix B provides guidelines about things to focus on for article reading, and other guidance may be given the prior class session.

This also includes attendance and engagement in class discussions, and having name cards up each session. Any student can miss two class sessions without grade penalty, but still should contact a classmate for session notes. With instructor permission, you can video Skype into class as long as you identify a classmate with a computer to host your visit.

B. Analysis Exercises. Analysis Exercises (AEs) are small assignments that let you practice applying chapter principles and techniques to a real business situation. They should be completed using the PowerPoint AE files posted on Learning Suite as templates – the assignment is in the notes section. To complete the assigned exercises, identify a target business process to analyze. Ask the instructor if you have questions. It is good to select a process that involves two entities that interact – a provider and a customer. Examples include:
- the process of ordering and serving food at a restaurant
- the process of getting technical support for a computer problem
- the process of having an eye exam

It is good to use a process from a company you have experience with. Do not select an airline process, which is the illustrative example shown with each exercise.

Analysis Exercises are due online Saturday at 11:59pm the week they are assigned (no late assignments, so anticipate computer problems). They will be graded on legibility, organization,

polish (i.e. not sloppy), completeness, insightfulness, and correct application of selected chapter principles. I will drop your lowest-score AE, which might be one that you miss. Put your name in the lower left-hand page footer and type "SHARE" if you are willing to have your answers shared in class. (I sometimes like to share exceptional or interesting work with the class ☺.)

C. Team Service Process Audit report. Your team is to conduct a Service Process Audit of an assigned/approved business, as outlined in Chapter 6 of the text. Your SPA report will describe an interactive business process and problem areas of possible improvement, but does <u>not</u> need to discuss any improvements. (Save those for your *Customer Relationship Futures* presentation.)

The report should be 2 to 4 pages of double-spaced text (12-point type with one-inch margins), and in addition should have an appropriate number of PCN Diagram or other exhibits (clearly referenced in the text of the report). The report should answer these questions in narrative form:
1. What is the company and industry?
2. What is the studied process?
3. How was information gathered about the process? If possible you should briefly interview two employees and two customers. If that is not possible, explain. It is best to interview employees first, since customers may have difficulty listing the steps of the process (Part 1) and may need to be prompted.
4. What are depictions of the process? (refer to PCN Diagram exhibits as appropriate) How do depictions differ? Why do you suppose they differ?
5. What is the value proposition of the current process? (refer to PCN Diagram exhibit)
6. What are possible problems with the current process? (refer to PCN Diagram exhibit)

The report should also have a cover page that lists the title, the company, the team members, and the date. Submit it online by 9am on the due day, so that we can discuss it in class. The report will be evaluated based on:
- ❑ clarity and writing quality (including good spelling, grammar, and readability),
- ❑ information quality (did you collect and describe information that appears to be complete, accurate, and useful), and
- ❑ organization and diagram quality (is the report organized and are diagrams organized, easy to read, and clearly tied to the document text).

D. Team Customer Relationship Futures report and presentation. This is a persuasive presentation with the primary purpose of convincing us that you could improve the target business process in significant ways by applying course principles. Your goal is to design the future of customer relationships in your assigned business process, and convince us that it is a better future. Your presentation might cover:
1. What is the current business and process? (possibly a summary of your SPA report)
2. What entities are involved in the current process?
3. What assumptions do you make about what the target customer segment values?
4. What are customer and provider roles in the current process?
5. How does technology currently impact roles and responsibilities in the process?
6. What are potential weaknesses of the current process configuration?
7. What is your proposal for the future process?
8. What entities are involved in the future process?
9. What are customer and provider roles in the future process?
10. How might reasonable technologies potentially transform the process relationship?

11. Why is the future process superior to the current process?
12. What possible weaknesses are there in the future process?

The presentation must be TED-ucational, meaning that it educates the audience in a compelling way, and should "foster learning, inspiration and wonder." (See ted.com for examples.) Presentations are 18 minutes plus or minus 2 minutes, without significant grade penalty.

Unless approved by the instructor in advance, Futures presentations should be about the same business and process as your SPA report. **A 2 to 4 page <u>narrative outline</u> of your presentation is due by 5:00pm on April 2nd; this outline report should describe each major section of your presentation and a <u>summary</u> of what you intend to say (plus a "Sources" section that lists any information sources such as websites or personal interviews).** The presentations (and corresponding outlines) will be graded according to the criteria shown in Appendix A. The team should **post their slides** on the course website by 9:00am on the assigned presentation day. At the start of class on the assigned day, the team is to give the instructor printouts of miniature presentation slides (3 per page) **with visible slide numbers**.

These presentations need to be well-written, well-rehearsed, and convincingly delivered. The skill of delivering convincing presentations is one of the most valuable things you will take away from your BYU education. Slides must simple and animated. For important guidelines see http://www.slideshare.net/thecroaker/death-by-powerpoint

It is good, but not essential, that all team members participate in delivering the presentation. Certainly every team member MUST participate in preparing the presentation. After the presentation, the entire team will stand at the front of the class and answer questions from the class (not counted in presentation time), with questions particularly being targeted at any who did not participate in delivering the presentation.

E. Midterm exam and final exam. The two exams will be individual effort, and will require demonstrating understanding and application of course principles and techniques. The midterm exam will be in class and will cover material from chapters 1 through 5 and the articles covered up to that point. The final exam will be during the regularly scheduled final exam time and will cover material from throughout the course. The final exam will be similar to the midterm exam, but much longer and comprehensive.

Citizenship

Please don't eat in class, unless you bring some for everyone. Please do not talk or text on your cell phone in class, unless you let everyone talk or text. This course complies with Marriott School classroom policies that are at: http://marriottschool.byu.edu/students/classroompolicies Highlights include:
- Do not cheat and do not allow others to cheat. We must preserve the integrity of BYU.
- If you encounter unlawful sexual harassment or discrimination, please talk to me or contact the campus harassment hotline (367-5689) or the Honor Code Office (422-2847).
- "Each Professor will establish the times when using laptops in class to take notes or work on class projects is allowed…. professionalism." Using computers in class can be a major distraction and detract from engagement and thinking.

See the instructor if you have any concerns about classroom policies or class activities.

Semester Schedule and Readings

Any necessary changes will be announced in class and posted on the course website.

Date	#	Preparation Readings	Class Topic	due Sat
T Jan 8	1	None	What is CRM?	AE 1
Th Jan 10	2	Ch 2: Understanding Services	Coproductive relationships	AE 2
T Jan 15	3	(Reichheld & Sasser, 1990)	Value of CRM	
Th Jan 17	4	(Vandermerwe and Rada, 1988)	(Servitization / Deservitization)	(mu)
T Jan 22	5	(Normann and Ramírez 1993)	Our role in our customers' lives	
Th Jan 24	6	Ch 3: Creating PCN Diagrams	Diagramming process relationships	AE 3
T Jan 29	7	(Dasu & Chase, 2010)	The customer experience	
Th Jan 31	8	Ch 4: Identifying the Value Proposition	Rationalizing customer relationships	AE 4
T Feb 5	9	(Frei, 2006)	Tradeoffs for responding to customer variation	
Th Feb 7	10	Ch 5: Strategic Process Positioning	Improving process relationships	AE 5
T Feb 12	11	Ch 6: Conducting a Service Process Audit	Assessing customer relationships	
Th Feb 14	12	Reading TBA	CRM application and technology	
T Feb 19		*Monday instruction*	*No class*	
Th Feb 21	13	(Service Process Audit due online by 9am)	Review topics	
T Feb 26	14	review readings and class notes	**Midterm exam**	
Th Feb 28	15	Ch 7: Managing Across the Regions	Implications of interaction	AE 7b
T Mar 5	16	view https://youtu.be/XKCS28MTBuE	Customer data systems	
Th Mar 7	17	Ch 8: Customization and CRM Systems	Conforming to customers	AE 8
T Mar 12	18	(Parasuraman, Zeithaml, and Berry, 1985)	Links between internal quality and external service quality	
Th Mar 14	19	Ch 9: Process Control and Job Design	Relationship control	AE 9a
T Mar 19	20	(Hart, Heskett, & Sasser Jr, 1990)	Service recovery programs	
Th Mar 21	21	Ch 11: Assuring Interactive Quality	Principles of interactive quality	AE 11
T Mar 26	22	(Hart, 1988)	Service guarantees	
Th Mar 28	23	Ch 12: Performance Measurement and Customer Feedback	Customer feedback management	AE 12
T Apr 2	24	(Reichheld, 2003) **(Futures outline due online by 5pm)**	Measuring customer loyalty	
Th Apr 4	25	Ch 16: Building a Service Value Network	Service value networks	AE 16
T Apr 9	26		team presentations	
Th Apr 11	27		team presentations	
T Apr 16	28		team presentations	
Final exam in class on university-assigned day. see https://registrar.byu.edu/winter			

Appendix A: Presentation Evaluation Criteria

I consider the following factors in evaluating the team presentations (and corresponding outlines):

(1) Insightfulness: Did the presentation provide value-adding insights about how to apply important concepts from the course? (i.e., provide more than just regurgitation)
(2) Presentation quality: Was the presentation interesting, organized, animated, and well-rehearsed?
(3) Information quality: Were the information and answers clear and accurate?
(4) Creativity: Were the ideas beyond what may be reasonably considered to be obvious?
(5) Practicality: Was it demonstrated that the ideas could be practically implemented?
(6) Convincingness: Did the presentation convince me that the ideas coming from the analysis could actually make a positive and significant difference in that chosen business?

Here is a rubric (including two hypothetical response dimensions)…

Dimension	A (exceptional)	A- (solid)	B (good)	lower (lacking)
Insightfulness	Application of course concepts is compelling, insightful, and impactful.	Application of course concepts is solid and somewhat insightful.	Application of course concepts is okay, but not particularly insightful.	Application of course concepts is confusing.
Presentation quality	Presentation is very interesting, clearly organized, and obviously well-rehearsed.	Presentation is sufficiently interesting, moderately organized, and/or possibly rehearsed.	Presentation is marginally interesting, less than organized, and/or probably not rehearsed.	Presentation is uninteresting, unorganized and/or unrehearsed.
Information quality	Information presented is clear as glass, accurate, and to the point.	Information presented is quite understandable and mostly accurate	Information presented is marginally understandable and somewhat accurate.	Information presented is clear as mud and/or inaccurate.
Creativity	Demonstrates ideas that are well beyond the obvious.	Demonstrates ideas that are not obvious.	Demonstrates the obvious ("create a website/phone app" often is "obvious")	Missed better ideas that were relatively obvious.
Practicality	Clearly thought through possible implementation issues.	Ideas could be reasonably implemented.	Good practicality but with some possible concerns.	Whether ideas could be implemented is debatable.
Convincing-ness	Powerful ideas that are logically compelling.	Interesting ideas that seem likely to make a difference.	Ideas that have a reasonable chance of making a difference.	Questionable whether the ideas would make a difference.
Instructor's emotional response	"Wow, that presentation rocks!"	"Well, that was quite interesting!"	"That was okay, but could have been better."	"Hmmm. Bring in the oxygen."
Typical student response	"That presentation was brilliant. I am enlightened!"	"Okay, that makes sense and clarifies things. Thanks!"	"That pretty much just confirmed what I got from reading."	"I think I know less as a result of the presentation."

I do not post presentation grades, but interested team members can see me after the presentation.

Appendix B: Study questions for article readings

Some things to think about when reading the articles – do not turn these in. You must read the articles.

Reichheld, F. F., and Sasser, W. E., Jr. (1990). Zero Defections: Quality Comes to Services. *Harvard Business Review*, 68(5), 105-111.
What types of factors are included in the lifetime value of customers?
What ways does customer retention impact profitability?
What is the relationship between customer retention and the lifetime value of customers?
What are common strategies for improving customer retention?

Vandermerwe, S. and Rada, J. (1988), "Servitization of business: adding value by adding services". *European Management Journal*, 6(4), pp. 314-324. *(the last page of the article may contain an outline of the article)*
What are ways that companies move to servitization? What drives servitization? In what way is servitization a competitive tool? How does servitization play in strategic positioning?
The "Back to Strategic Basics" section asks the question "When is more services too much?" What do you think?

Normann, R., and Ramírez, R. (1993). From value chain to value constellation: Designing interactive strategy. *Harvard Business Review*, 71(4), 65-77. (ESPECIALLY PAGES 65-69)
What is the ultimate purpose of firms? What is the true source of competitive advantage?
What is the density of an offering? How do firms mobilize the creation of value?
What is the difference between a value chain and a value constellation?

Dasu, S., and Chase, R. B. (2010). Designing the Soft Side of Customer Service. *Sloan Management Review*, 52(1), 33-39.
What impact does emotions have on customer behavior and response?
What is an emotionprint? What does it tell us? Where is it applicable?
What are the sources and functions of trust in customer relationships?
What are the two forms of control, and how do they differ?

Frei, F. X. (2006). Breaking the trade-off between efficiency and service. *Harvard Business Review*, 84(11), 93-101.
What are the five types of customer-induced variability? What are examples?
How are the four alternative strategies for managing variability achieved?
What is the difference between normative and instrumental means of motivating customers?

Parasuraman, A., Zeithaml, V. A., and Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4), 41-50.
How does service quality compare with goods quality?
What are the gaps, how do they relate to one another, and how are they managed?
How do the internal elements of service quality relate to the external manifestations of service quality?
You do NOT need to know the ten determinants of service quality.

Hart, C. W. L., Heskett, J. L., and Sasser Jr, W. E. (1990). The Profitable Art of Service Recovery. *Harvard Business Review*, 68(4), 148-156.
Why is prompt service recovery important and what are its limitations?
What are important elements in an effective service recovery system and what do they mean?

Hart, C. W. L. (1988). The Power of Unconditional Service Guarantees. *HBR*, 66(4), 54-63.
What are the benefits and elements of an effective Unconditional Service Guarantee?
What types of firms are good candidates for implementing an Unconditional Service Guarantee, and what types of firms are not?

Reichheld, Frederick F. (2003). "The one number you need to grow," *Harvard Business Review*, 81 (December), 46-54.
What is loyalty and how does it relate to growth? to customer retention rates? to customer satisfaction?
What is a Net Promoter Score and how is it measured and interpreted?
What are benefits of using Net Promoter Scores? What are the limits?