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Customer relationship leadership: a leadership and motivation model for the twenty-first century business

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Abstract (Summary)

While customer relationship management environments improve business performance, initiatives undertaken in this new management field require sound leadership as well. Customer relationship management is a recommended approach to bridge the gap between a customer relationship management vision and its reality.

Full Text (6538 words)

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Introduction

Bill Jackson needs a mortgage to buy a new house. After some shopping around, he decides to do business with the company that has also been handling his primary credit card - one of the largest banks in the country. While filling out his application and speaking with a customer service representative from the mortgage company, he mentions that he has a credit card from the same bank. Bill's ten-year relationship with the bank has absolutely no effect in cutting down the paperwork. Essentially, Bill Jackson was a brand new customer to the mortgage officer--he had no credit history with the bank. The mortgage division of the bank did not know Mr Jackson from the man in the moon.

Mr Jackson receives the mortgage but after a few months he realizes that he needs to extend his credit card limit. After notifying the bank of his need, Bill receives a letter informing him he must send in a copy of a recent paycheck stub or a letter from his boss indicating his salary. Slightly tweaked, Bill promptly calls to remind the bank that all of his personal information resides in the mortgage department's computers. The bank's response? "I'm sorry, it doesn't work like that". Bill asks, "Why not?" The service representative responds, "The mortgage department uses a different computer system than the credit card department and we can't access their information and they can't access our information". After going through a paper work hassle, Bill receives his line of credit extension, but, while not downright angry, Bill leaves feeling a little put off and annoyed with the bank.

Many of us can relate to Bill Jackson's plight because we see this type of confusing and irritating encounter all the time. This type of interaction happens all too frequently today between customers and businesses, and yet we have come to expect more. Instead of treating customers "holistically" and providing the type of experience that will lead to improved relationships and higher satisfaction, the bank's inefficiency creates another customer who is either dissatisfied to the point of defection or at least more willing to investigate the competition. The bank's problems lie in its lack of common vision around building customer relationships, its scarcity of leadership in equipping and motivating employees to develop the right tools and systems to effectively sell to, service and grow customers, and a dearth of technology that integrates the enterprise. In essence, what is needed is a new way of managing customer relationships.

Businesses are like puzzles: they comprise many individual pieces. The problem with many businesses is that they fail to succinctly integrate the various pieces, or to "de-fragment" the enterprise, as it were. Businesses have grown up around distinct product or service lines, which is very much a vertical approach to selling to and servicing customers - with little or no horizontal integration across the enterprise, as our Bill Jackson story illustrated. To create a better environment for managing customer relationships, businesses need to look to a new approach called customer relationship management (CRM). However, effectively implementing such an approach - which may require radical changes in processes, technologies, and employees if a business is not

already somewhat customer-focused - requires new leadership, or customer relationship leadership (CRL) that heads the charge and rallies an organization around CRM. In our example, the bank needs to take a serious look at integrating CRM and CRL into its way of doing business.

In this article, we will first introduce the concept of CRM and what customers want. We will follow that discussion with the new approach - CRL - that will be necessary to effectively create a CRM environment.

Setting the stage

Customer relationship management

CRM is a relatively new management concept - a new approach to managing customers - currently sweeping through businesses worldwide and is especially finding a receptive audience in the professional service sector. CRM, though not a formal program, generally combines various elements of technology, people, information resources and processes in order to create a business that takes a "360-degree" view of its customers. As a point of reference, we define CRM as the:"

Activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and the right cost. CRM integrates sales, marketing, service, enterprise resource planning and supply-chain management functions through business process automation, technology solutions, and information resources to maximize each customer contact. CRM facilitates relationships among enterprises, their customers, business partners, suppliers, and employees (Galbreath, 1999)."

CRM is more than the automation of traditional sales, marketing, supply-chain, "back-office" or service functions through the use of technology and process reengineering, however. CRM is also more than a newfangled "customer service" or "service quality" issue. CRM is about the transformation of the entire enterprise and how it views and conducts business with its customers. CRM is a strategy for competitive advantage. It is a transformation philosophy and ideal of how businesses must compete in the twenty-first century. It is becoming the foundational cornerstone of profitable financial success.

No enterprise can any longer succeed in distinguishing itself through operational excellence, customer intimacy, or product innovation without understanding the needs and desires of its customers. This mandate will drive the surge of CRM applications (e.g. sales force and marketing automation, closed-loop decision support, Internet technologies) and the development of strategic customer interaction centers (with voice, video, e-mail, fax, and Web support). Successful enterprises will offer products and services defined by individual customers - achieving excellence in the vital customer touch points of marketing, sales and service, through mass customization. In fact, many industries are now investigating how to switch from volume sales and broadcast marketing to managing individual customer relationships.

CRM ultimately focuses on effectively turning information - most businesses are overwhelmed with information - into intelligent business knowledge to more efficiently manage customer relationships. Information resources can come from anywhere inside or outside the firm and this requires successful integration of multiple databases and multiple technologies such as the Internet and the Web, call centers, salesforce automation, and data warehouses, to name a few, in order to convert information into business intelligence. Rightfully so, CRM tunes into the heart of any business: customer economics. CRM helps a business to understand which customers are worthwhile to acquire, which customers to keep, which have untapped potential, which are strategic, which are important, which are profitable and which should be abandoned. This knowledge ultimately helps a business determine how to sell to and service each customer's unique needs. Of course, a firm should treat all its customers well. However, in reality, it simply cannot afford to provide all of them with the same level of attention. Its best efforts must be reserved for those whose business the organization most highly values, those customers whose business it wants most to keep and expand. To achieve the goal of focusing a business on the "right" customers, a creative mix of strategies, processes, technologies, information resources and people are essential. CRM seeks to help meet this business operative. The above factors, combined with the integration of business partners via the supply-chain and extranet technology to create "virtual" corporations, will speed industry-leading enterprises' use of market-based intelligence gleaned from superior CRM.

CRM as a discipline is broad, encompasses many components and is still being defined. CRM demands successful business/IT alignment. Largely, enterprise-wide CRM initiatives are new to most organizations, and if pursued at all, are probably underutilized. Creating the optimal CRM environment is and will increasingly become a rapidly growing critical business challenge. CRM is a major strategic challenge for the twenty-first century.

How important will CRM become to businesses in the future? According to customer service consultant Patrick Bultema (1998), "... customer relationship management - CRM - is the best hope for the future of your company" (p. 14). Additionally, Wink Swain (1998) of SAS Institute, claims that "CRM ... is fast becoming a prerequisite for all businesses to survive and succeed in today's intensely competitive global marketplace" (p. 1). Given the global challenges and speed of business today, how does a business create an advantage in the

marketplace? Creating "customer advantage" today begins with understanding what customers want. Customers, the right customers, should get what they want.

What do customers want?

In his groundbreaking research, management consultant and author, Fredrick Reichheld, discovered just how customers react to their suppliers today. Reichheld's research is summarized in the book Beyond Customer Satisfaction to Customer Loyalty and points out the following dramatic economic impact, both negative and positive, that customers have on the financial success of the firm:

- 15 to 40 percent of customers who say they are "satisfied" defect from a company each year (Bill Jackson, from our bank example, probably falls into this category).

- It costs five to seven times more to find new customers than to retain current customers.

- 98 percent of dissatisfied customers never complain - they just switch to other competitors.

On the up side:

- "Totally satisfied" customers are six times more likely to repurchase a company's products over a span of one to two years than merely satisfied customers.

- A 5 percent reduction in customer defection can result in profit increases from 30 to 85 percent.

- If companies increase their customer retention by 2 percent, it is the equivalent of cutting their operating expenses by 10 percent (Bhote, 1996).

Based on Reichheld's research across a variety of industries, businesses should be pinpointing that which satisfies its customers - on an individual basis. But this level of satisfaction is difficult given the individual values and needs of each person with whom a company has an interaction. We believe, however, that there are a few key areas that a business can focus on in order to more effectively manage its customer relationships for the overall success of the business - and for the total satisfaction of the customer.

When a customer buys a good or service, many factors certainly influence that purchasing decision. The bottom line is, however, a customer buys a product or service when his or her expectations have been met, or exceeded, in terms of the offering and the personalized attention of a firm's employees. Businesses that do not meet customer expectations on a consistent basis do not survive in the long run, especially in this day and age of fierce, global competition. In the end, we believe that as we move into the twenty-first century, there will be three distinct areas that businesses should focus on to satisfy customer needs and wants. They are (Figure 1):

(1). customization;

(2). personal relationships; and

(3). after-sale service/support.

We will examine each of these in the proceeding sections.

Customization

Customers want products and services that meet or exceed their individual requests.

According to the book Workforce 2000, the percentage of women, minorities and immigrants entering the workforce will continue its climb well beyond the year 2000 (Johnston and Packer, 1987). Add to this trend a company's ability to do business with the entire world (through the Internet), and businesses find themselves presented with a widely diverse and widely scattered customer base with increased purchasing power. Creating products and services that meet the diverse wants of such a customer base (or a specialized niche) will become a necessary part of retaining and growing business.

The industrial age spurred the "mass" mentality that lasted well into the middle part of this century. Mass quantities of standardized products lined shelves. Model T's came in black and telephones came in limited colors. In our current information or knowledge age, things have changed. Noted professor Oren Harari (1997), states, "Competitive advantage in the emerging knowledge-based economy is no longer dependent on mass production, mass marketing, mass distribution, uniform policies and economies of scale. That's because the keys to business success lie in addressing each individual customer's unique idiosyncrasies" (p. 96). Welcome to the era of mass customization. Mass customization leverages economies of scale that the industrial age business enjoyed, but at the same time, seeks to produce goods and services uniquely tailored to the needs and wants of the individuals who buy them. With such a diverse, global customer base, we believe mass customization will become an increasingly essential component in meeting customer's wants and needs in the twenty-first century. According to Fortune magazine writer Eric Schonfeld (1998), " It [mass customization]

could well be the organizing principle of business in the next century, just as mass production was the organizing principle in this one" (p. 117).

Personal relationships

A relationship, by definition, is a two-way street. From a customer-supplier perspective, this is certainly true. Reichheld's research shows us that many businesses can lose up to 40 percent of their customers in a single year. For any business, this is a sobering statistic. Creating long-lasting relationships and creating customer loyalty is becoming the name of the game.

But building customer relationships demands that suppliers pay close attention to their customers. It means not only listening to customers, but also actively using their feedback to improve the relationship. It means continually adding value to customers. It means creating mutual trust and respect with the customer. In fact, AT&T conducted a survey to examine the factors involved in sales wins and losses. They found that the greatest correlation to success was the amount of time spent with the customer and the ensuing personal relationship of mutual respect and trust (Bhote, 1996). According to customer loyalty expert Bhote (1996), "There is no question that the bonds of trust that build up between a company and its core customers are largely based on the close, personal relationships between individuals in the two companies. This is not just friendship or favoritism. It is the confidence that each person is working to help the partner company for mutual benefit" (p. 51). Increasingly, some customers will rely on impersonal means of purchasing goods and services (the Internet, for example), but this will not diminish the basic human desire for personal relationships in each of us. In fact, companies that can provide the efficiency of electronic commerce and the ability to establish personal relationships will prove the toughest of competitors.

After-sale service/support

According to a Rockefeller Foundation study on why customers leave their suppliers, the following reasons were found:

- 14 percent left because of complaints that were not handled;

- 9 percent left because of the competition;

- 9 percent left because of relocation; and

- 68 percent left because of no special reason (Griffin, 1995).

This last figure - that 68 percent left because of no special reason - jumps out at us. We can infer that "no special reason" means that many customers, in fact a majority, leave because of benign neglect. For many businesses, a sale is a sale. Make one sale, move on to the next one. Never mind what the customer might want or need beyond the sale. This one-shot, one-kill mentality breeds an environment for poor satisfaction and customer defection, which, as Reichheld's research points out, induces negative consequences on a business' profitability. As we saw earlier, businesses that focus on decreasing defection rates by just 5 percent, for starters, can increase profits by as much as 85 percent. The bottom line, according to Bhote (1996), is that "loyalty is assured by never forgetting the customer, even long after the sale has been consummated. It is said that service to the customer is five times as important as price - and close attention to the customer after the sale is five times as important as service, in terms of long-term loyalty" (p. 53).

Why should a firm focus on after-sales service and support? In an era where high quality standards are a minimum requirement just to compete, quality no longer becomes a competitive differentiator. Paying attention to customers after the sale with responsive and proactive service and support can set a company apart from its competition.

In this section, we have described key factors for effectively managing customer relationships. CRM - as a new approach, a new technique, a new management concept for managing customers - focuses a business on creating a technological environment that integrates marketing, sales, service, back-office and supply-chain functions in order to allow an enterprise to take a 360-degree view of its customers, and to provide customization, personalized attention, and focused after-sale support to its customers. CRM fosters an environment where the automation of customer-facing processes and the integration of historically isolated customer databases helps a business to focus on doing business with the right customers. At the same time, a business can provide personalized, individualized attention - regardless of who the customer is interacting with or where that employee resides within the business. This is CRM.

We recognize the difficulty in managing customer relationships in an environment where the world is your customer - where creating customer loyalty is a major challenge. However, embracing CRM concepts makes the challenge more palatable. Ultimately, CRM is the strategy for the twenty-first century.

But what CRM does not have is a leadership model to match it. Leaders need a strategy for ensuring CRM success. To meet this need, and to further enhance the worthy concept of CRM, we offer CRL.

Customer relationship leadership

Twenty-first century leadership and motivation model

As we mentioned, CRM is a new management concept that relies heavily on technology and process automation to create its environment. However, to create such an environment will entail change. Change in processes. Change in people. Change in technology. Change in management styles. Change in the overall way a business looks at and conducts business with its customers. Introducing this level of change into any business can create turmoil among employees if not introduced and implemented carefully and with purpose. In order to bridge the gap between the elements of CRM that have been discussed into actual daily use, a new type of customer champion, a "customer leader", is needed. Therefore, we propose a model of CRL for business leaders to evaluate and consider as a means of creating an optimal CRM environment.

To best illustrate the integration of CRM with our new model of leadership, CRL, we have chosen the "double three-legged stool" (Figure 2).

As our model suggests, we believe there are three key components of the CRL model that are necessary in order to align an organization to better fulfill the goal of effective CRM. They are:

(1). technology;

(2). organizational environment; and

(3). atmosphere of innovation.

Technology

The customer relationship leader must be a champion of technology. Leaders and businesses that do not aggressively permeate the entire organization with information technology (IT) will increasingly inhibit their front-line employees' ability to manage customer relationships effectively. Longtime IT industry analyst Patricia Seybold (Wayland and Cole, 1997) calls those technologies designed to help companies manage the total customer relationship customer care systems, and argues that they have the potential to transform the supplier-customer relationship:"

We are entering a new era in which total customer care transitions from slogan to reality, a reality enabled by advancements in infrastructure technology that connect the various systems and databases associated with managing the customer from "cradle to grave". In doing so, front-line employees are being empowered through more up-to-date and comprehensive information. Combining information access technology with online analytical processing tools and knowledge employees is becoming a potent recipe for delivering total customer satisfaction and loyalty (p. 76)."

Seybold is right in her assessment. In a recent survey, 77 percent of 250 executives researched said that CRM is becoming a top priority in their businesses (Thyfault et al., 1998). Furthermore, in a survey of 700 IT managers - those individuals responsible for crafting and executing a businesses' technology initiative - ranked improved customer satisfaction as their number one business priority for the use of technology (Foley, 1998).

From a customer's perspective, effectively identified and implemented technology can help companies directly match customer desire for customization in the products and services they seek and provide personalized after-sale service and support based on customer profile data. The result? Higher customer satisfaction.

From a business standpoint, technology can help identify the most valuable customer relationships and equip employees with abundant and relevant information about those customers in order to provide more effective sales and service. In effect, CRM technology can integrate the enterprise, fostering an environment of shared customer knowledge and focusing the right employees on serving the right customers.

The new leader recognizes that CRM technology is strategic. CRM technology must become as central a part of the CRM equation as customers and employees are themselves. An effective leader will ensure that CRM technology is embraced by the entire organization to drive its overall success. In our Bill Jackson bank example, had the bank been equipped with CRM technology that integrated customer databases across business lines, the mortgage customer service representative would have instantly recognized Bill Jackson as a long-time and valuable customer and would have been able to cut out much of the paper work and hassle.

Organizational environment

Most observers of modern organizations agree that the global reach and speed of modern business demands a more decentralized approach to decision making. The organizers of a recent Wharton School of Business symposium proclaimed (Haapaniemi, 1998), "intensifying competition and globalizing markets are pressing companies to build organizations that are more flexible, fast-moving and customer focused (online). As a result, the rigid organizational chart of early- and mid-twentieth century corporations is being replaced by flexible, interconnected networks of teams - each responsible for planning and execution at a local level (Tyson, 1997).

This "node" approach to modern business, while enlightened, creates a challenge for the modern leader to ensure that all teams act in cooperation with each other and congruously with the vision and mission of the larger company. Otherwise, a decentralized company is nothing more than a hotch-potch of independent teams acting on their own and sometimes competing with other teams within the firm. This lack of alignment leads to a fragmented approach to serving customers also, as the story in our introduction illustrated. If the right hand does not know what the left hand is doing, the customer will often be the one to point this out as she/he takes her/his business elsewhere.

To end the risk of a fragmented business, the leader must create a CRM environment that, to steal a popular environmental saying, allows employees to act locally and think globally. The first step a leader must accomplish is to facilitate a shared vision. He or she cannot impose a vision, because it will likely be dismissed by front-line employees as another heavy-handed management tactic. The vision must come from within (e.g. employee task forces and focus groups) and spread throughout the firm to create a sense of grassroots ownership. Once a vision is developed and agreed on, the leader must become a vision salesperson and he or she must continually and consistently discuss and reinforce the vision of the company. Unisys CEO Larry Weinbach, wears his company's vision statement on his lapel - literally. The company developed a visual representation of the company's vision (a stool) and turned it into lapel pins, which are worn by employees (if they choose to do so) as a reminder of the big picture (Haapaniemi, 1998).

A second step to creating an environment of action and learning is to move decision making down the hierarchy to a local, customer level. Often this is called front-line empowerment, but we prefer Senge's (1990) term "localness" instead, because of its accurateness. He says, "Localness means unleashing people's commitment by giving them the freedom to act, to try out their own ideas and to be responsible for producing results" (p. 287). For many managers, the process of giving up control to their subordinates is difficult. But, as Senge (1990) says, companies have little choice if they want to reach their potential. "It is abundantly clear that rigid authoritarian hierarchies thwart learning, failing both to harness the spirit, enthusiasm and knowledge of people throughout the organization and to be responsive to shifting business conditions" (p. 287).

Decentralized management leaves senior leaders able to focus on strategic direction and developing the next generation of company leaders. Leaders can do the latter through training, recognition for smart local decisions and through forgiveness for honest mistakes. Mistakes in localized companies will inevitably occur, and organizations that can learn from blunders (as opposed to punishing those who make mistakes) will foster an atmosphere of risk that leads to employee satisfaction and business success.

Creating an environment of action and learning will also result in higher retention of top talent. Companies are leaner than they were ten or 15 years ago, which means that the employees that remain with firms after cutbacks are more valuable than ever (Gubman, 1998). Additionally, a recent Harvard study (outlined in the book Corporate Culture and Performance) found that companies that have "adaptive" cultures - those with strong cultures and external focus (e.g. CRM) that could quickly meet customer needs - outperformed nonadaptive companies in revenue growth, employment growth, stock price growth and net income growth, often by wide margins (Gubman, 1998). Furthermore, in our CRM definition, we stated that focusing the right employees on the right customers will be critical to fulfill a CRM vision. If a customer with $2 million in assets calls a bank and asks about a home equity loan, the bank will want to steer him to the firm's very best mortgage broker. But if a customer has only $100 in his account and just declared bankruptcy, the bank will direct him to talk to a low-paid temp. Placing top employees with the top customers creates a synergistic environment of achievement and fulfillment, thus aiding in the struggle to retain top talent. In short, customer-interacting employees that work in a localized atmosphere of action will be in an advantageous position to directly meet customers' needs for personal relationships. Finally, a recent report found that companies with employee turnover of 10 percent or less have as much as a 10 percent point customer retention rate advantage over a company with employee turnover of 15 percent or more (Comeau-Kirschner, 1998). Creating an environment that can achieve this type of result is not only profitable, but the responsibility of the customer relationship leader.

Atmosphere of innovation

Famous Harvard strategy professor Michael Porter once said that strategic superiority ultimately comes from innovation. Innovations allows companies to race ahead of competitors and thus build costly competitive entry barriers that discourage competitors (Gubman, 1998). Creating an atmosphere of innovation is a direct result of an environment that encourages entrepreneurial thinking at the local level. A forward-thinking customer relationship leader fosters an atmosphere of innovation and encourages employees to remove barriers that inhibit effective CRM.

Innovation often comes from well-managed research and design departments. Merck Pharmaceuticals is a good example of ongoing R&D excellence (Tyson, 1997). But just as often, innovation arrives from front-line or mid-level employees who find a way to do something better. Bill Hewlett, of Hewlett-Packard, calls 3M the most innovative company around. One of the reasons for this reputation is that 3M allows employees to spend 15 percent of their time tinkering with personal projects. This atmosphere of innovation has led to such products as Scotch Tape and Post-it Notes (Tyson, 1997).

As Unisys' Weinbach says (Haapaniemi, 1998), "Great ideas come from the employees. They know what needs to be done. So as a leader, you have to break through the layers of management and make sure people are comfortable to say what's on their minds" (online).

To create an atmosphere of innovation, a leader "should build innovation into the way the firm is organized, lead the workforce, use teams and plan how to work together. Then innovation becomes a natural part of the culture, the work and the mindset of the firm", according to Peter F. Drucker Foundation CEO Frances Hesselbein (1997, p. 81). In reality, this is easier said than done, especially when trying to meet the needs and wants of ever-changing, expanding and demanding customer portfolios. Leaders must focus their energy and attention on enabling such a transformation. To do so, leaders must focus on implementation. They must focus on customer needs. They must focus on action. Doing so will help their employees meet customer requests for product and service customization, enhanced personal relationships through being able to give the customer what he or she wants and inventive after-sale service and support.

CRL in action

Motivating CRM

Motivation plays a key part in the CRL model. Employees can be handed the latest and best technology, given the environment to act on behalf of the customer and provided an atmosphere of innovation, but might still not move forward without daily motivation or example to do so. Leaders cannot merely implement CRM and CRL into the enterprise and then stand back to watch from afar. Even the greenest lawns need almost daily watering.

To effectively implement CRL into the workplace, leaders need to personally adhere to a firm set of behaviors and values. According to Harvard Business School professor Joseph L. Badaracco Jr (1998), " ... leaders ... need to translate their personal values into calculated action" (p. 116). Authors James M. Kouzes and Barry Posner (1995), in The Leadership Challenge, outline five principles recognized to accomplish the task, detailed as "Five fundamental practices of exemplary leadership" (p. 18). We have adapted these fundamental practices as the motivational elements of our integrated CRM-CRL model (Figure 3).

The five principles are:

(1). challenge the process;

(2). inspire a shared vision;

(3). enable others to act;

(4). model the way;

(5). encourage the heart.

Challenge the process

Leaders who challenge the process ask, "Why do we do this?". "Because that's the way it's always been done" is not an acceptable answer. A customer relationship leader searches for customer and employee value in the processes that the company employs. Liberating employees from needless bureaucracy and silly systems improves morale and motivation.

For example, many businesses today are still guilty of trying to be all things to all customers. In these firms, every customer is seen as being a good customer. Absent is any method, or process, of evaluating whether customers - both existing and targeted - are worthwhile. In other words, there is little concern with which customers keep, which have untapped potential, which are strategic, which are profitable and which should be abandoned. A sale is a sale. Never mind business fit, strategic value, or the true cost of the sale. Service agents provide the same offering, the same way, for all customers. The service level standards are the same for the large, complex "national" account as they are for the mom and pop shop down the street. One size fits all. Interestingly, authors Wayland and Cole (1997), in a survey of Fortune 1000 firms, found that most companies do not "... have a clear view of exactly what their most valuable customer relationships are" (p. 17).

In the future, focusing on and "deepening" relationships with the right customers will become increasingly important to sustaining profitable growth (Maister, 1993). The leader who does not question the true value of stagnant or demoralizing customers perpetuate the notion that all customers are created equal. They are not. Blind loyalty to sub-standard customers can be a mental stumbling block to many firms. Leaders should challenge ingrained employee behaviors and attitudes toward unprofitable customers. But, according to business psychologists James Waldroop and Timothy Butler (1996), "such behaviors are a lot like crabgrass: deeply rooted and difficult to weed out", but the customer relationship leader motivates by scrapping worthless tradition (p. 145).

Inspire a shared vision

A vision is what inspires the future. A shared vision is an attractive image of the future that employees can rally around and integrate into their own personal vision. In essence, the customer relationship leader creates or helps the firm adopt a picture that helps everyone feel a part of the team and a vital constituent in achieving that vision. A shared vision is a powerful tool that helps a company keep and motivate its best employees.

Enable others to act

We have already discussed "localness" as an important facet of CRM. But enabling others to act also has an inherent coaching and teaching rudiment to it. Coaching others, not just creating a localized environment, reinforces the confidence of front-line employees to act on behalf of the customer. Good coaching is motivational. And employees report higher job satisfaction when they can quickly and efficiently serve customers (Bateson, 1995).

Enabling others to act also connotes an informational aspect of leadership. The customer relationship leader keeps his people steeped in anything that could affect their interactions with customers, including customer feedback. Sadly, according to management guru Peter Drucker, as much as 90 percent or more of the data any organization collects is information about inside organizational events, rather than from external sources such as the customer (Drucker, 1998). To overcome this information disparity, leaders must help open effective lines of communication among customers and employees so their staffs have the information, tools and training to act locally.

Model the way

The true customer relationship leader lives and breathes the firm's vision everyday. Modeling the way for others means interacting with customers. It means understanding their needs. It means interacting with employees every day. It means understanding their needs, as well. It means making sure that the business hears the voice of the customer. Effective leaders, for example, Jack Welch of General Electric, personally spends time with their customers - getting to know them, listening to them. Welcher then takes what he learns to his employees via the firm's Crotonville, NY training center where he personally teaches employees what he has learned (Byrne, 1998).

Encourage the heart

A customer relationship leader must have a soft side. He or she must demand high performance, but at the same time, he or she must also be quick to praise and pat people on the back. After an office setback, he or she must be the first one to brush his or herself off and get back at doing what the firm does best. He or she must be an optimist and excited about the future. As Senge (1998) told a group of MBA students at a recent reception:"

People follow the leader who truly has his subordinates' best interests close to his heart."

And employees who feel valued treat customers better.

Conclusion

Businesses exist to create shareholder wealth. But to do so in the latter part of the twentieth century and into the next century, firms must behave as they have never had to before. Customers demand more than they ever have because their options are greater than ever. McDonald's has proven that you can have inexpensive food, friendly service and clean restrooms. Southwest Airlines flies safer planes, on time, for a drastically reduced ticket price. The Internet provides a fallback, in fact, a new source of services and products to customers should their primary sources disappoint them. Customers today do not just want a fair product at a fair price, they want more - sometimes much more. They want customized, individualized products and services. They want personal relationships with their suppliers. And they do not want to be forgotten after the sale.

To meet the desires of the customer, companies should continue their migration towards a holistic, CRM approach. Implemented correctly, CRM creates an environment where a business can give customers what they want, and allows businesses to identify their best customers and deepen the relationships with them. But CRM does not just "happen". It takes focused "customer leadership" to implement successful CRM. It takes a leader dedicated to technology, environment and innovation. And it takes a leader who can motivate a staff, on a human level, to stay the course toward CRM and business prosperity.

Commentary

Customers have value, and repeat customers have lots of value. Relationship management is an investment, not a cost.

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[Illustration]
Caption: Figure 1; Three distinct areas of focus for customer satisfaction; Figure 2; Integration of customer relationship management and customer leadership management; Figure 3; Motivation elements of the integrated CRM-CRL model

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