

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

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**Cambridge International Diploma in Management
Higher Professional Level**

Scheme of Work

4264
Customer Relations Management
Optional Module



UNIVERSITY *of* CAMBRIDGE
International Examinations

MODULE NUMBER (OPTIONAL) 4264: CUSTOMER RELATIONS MANAGEMENT

BRIEF INTRODUCTION AND MODULE OUTLINE

This optional module is concerned with the importance to the organisation of creating, maintaining and developing good and productive customer relationships. The module considers both internal and external customers and suggests that the same principles of customer relations should be applied to both.

The key principles of customer relations management are explored and candidates are required to consider why and how organisations should become customer service orientated. This involves looking at ways in which the organisation can become more pro-active in determining and meeting the expectations and needs of customers. The importance of customer focus as a driver for change is also considered as are approaches and techniques for remaining customer focussed e.g. market research, gap analysis.

The module also looks at various aspects of customer service and strategies for handling customer dissatisfaction. The effectiveness of technology as a method for providing customer service is considered, however, given the significant impact of technological developments in the service sector this should be discussed in more detail and could give rise to an interesting and valuable debate about customer perceptions and attitudes towards these developments.

Throughout the module emphasis is placed on the role which all managers should play in the implementation of a customer orientated strategy. This requires candidates to identify their place in the supply chain and to understand how the work of their team can add value and contribute to the achievement of customer expectations. In order to do this managers will need to have a good understanding of what the customer values and be able to communicate this to their team so that each team member is clear about the contribution which they are expected to make. In this respect, customer orientation is seen as a way of working which should be reflected throughout the organisation in its strategies, policies and procedures and also in its culture and value systems.

Assessment Objectives:

1. Define the key principles of customer relations management
2. Manage customer expectations
3. Create a customer service orientation
4. Manage customer dissatisfaction
5. Identify techniques for improving customer relations management

RECOMMENDED PRIOR KNOWLEDGE

No prior knowledge is required, however, candidates should be encouraged to research and critically review the way in which their own organisation manages customer relations, and identify their own customers (internal and external).

Background reading would also help to promote understanding and it may be useful to direct candidates to research and read up on a particular issue in advance of teaching.

SUGGESTED TEACHING ORDER / SUMMARY SCHEME OF WORK

The module sits fairly comfortably at any point in the programme and there are no requirements for prior knowledge. However, candidates may find benefit in studying the optional module Strategic Marketing first as some of the concepts and analytical models introduced in the Marketing Module are also of relevance to Customer Relations.

The Customer Relations Management module is made up of 5 assessment objectives. These follow a logical order beginning with an introductory unit to define the key principles of customer relations management, moving on to three Units which focus on customer expectations, customer service and managing customer dissatisfaction and concluding with a unit that looks at how to improve the approach to customer relations management.

At Unit level, the teaching should follow this logical progression. Although it is suggested that Units 1 and 2, and 3 and 4 are combined. Within each Unit suggestions are made as to which order particular competence criteria should be covered in and which, if any, could usefully be combined.

The column headed **Explanation of Competence Criteria** is designed to give an indication of the main content to be covered and should help with this planning detail

UNITS / ASSESSMENT OBJECTIVES: SUGGESTED ORDER

1	<p>Define the key principles of customer relations management</p> <p>This Unit identifies the importance of customer focus as a driver for change and how to develop a customer focus. Candidates need to be able to identify the needs, expectations and perceptions of both internal and external customer groups. The concepts of customer service chains and value chains are introduced.</p>
2	<p>Manage customer expectations</p> <p>Candidates need to be introduced to methods to help them to analyse gaps between customer expectations and perceptions. Strategies for addressing these gaps also need to be addressed.</p>
3	<p>Create a customer service orientation</p> <p>This Unit looks at how organisational factors can either help or hinder the delivery of effective customer service. It considers responsibilities for customer service and the way in which various</p>

	<p>people management strategies e.g. training and development, motivation, can impact upon the contribution made by employees. The effects of cultural change and value systems are also considered.</p> <p>The Unit also looks at the effectiveness of technology as a method for providing customer service. Given the pace of technological change in the service sector this should be discussed in detail and could give rise to an interesting and valuable debate about customer perceptions and attitudes towards these developments.</p>
4	<p>Manage customer dissatisfaction</p> <p>This Unit explores covers ways of eliciting and analysing customer feedback and discusses strategies for managing dissatisfaction</p>
5	<p>Identify techniques for improving customer relations management</p> <p>This Unit takes into consideration the work done in the previous units and encourages the candidate to improve the policies and procedures for customer relations management</p>

LIST OF RESOURCES

In addition to those on the Higher Professional Level booklist for this module, which can be found in the syllabus booklet, many of the books recommended for marketing have good and relevant chapters covering Customer Relations Management

In addition, the following may be particularly helpful:

P Kotler, G Armstrong, J Saunders and V Wong. *Principles of Marketing: European Edition* (2004) ISBN 0273684566

C Lovelock, J Wirts and H Keh *Services Marketing in Asia: Managing People, Technology and Strategy* (2001) ISBN 0130605662

The rapid growth of the service sector in recent years and the development of technologically advanced call (or contact) centres have given rise to a lot of academic debate about the changing nature of customer relations management. Relevant and useful articles, and case studies can be accessed via professional journals and dedicated web sites and organisations' customer service strategies and charters can be accessed via their own organisational specific web sites or in some instances from other business and management sites e.g. bized, MCI, Financial Times 100

UNIT 1: Define the Key Principles of Customer Relations Management

UNIT 2: Manage Customer Expectations

Recommended prior knowledge: No prior knowledge is required, however, candidates should be encouraged to research and critically review the way in which their own organisation manages customer relations, and identify their own customers (internal and external).

Background reading would also help to promote understanding and it may be useful to direct candidates to research and read up on a particular issue in advance of teaching.

In addition to those on the Higher Professional Level booklist for this module, many of the books recommended for marketing have good and relevant chapters covering Customer Relations Management. In addition, the following may be particularly helpful:

P Kotler, G Armstrong, J Saunders and V Wong. *Principles of Marketing: European Edition* (2001) ISBN 0273646621

C Lovelock, J Wirts and H Keh *Services Marketing in Asia: Managing People, Technology and Strategy* (2001) ISBN 0130605662

The rapid growth of the service sector in recent years and the development of technologically advanced call centres has given rise to a lot of academic debate about the changing nature of customer relations management. Relevant and useful articles, and case studies can be accessed via professional journals and dedicated web sites and organisations customer service strategies and charters can be accessed via their own organisationally specific web sites or in some instances from other business and management sites.

Outline: Units 1 and 2: These Units are most effectively covered together to provide an introduction to the main concepts of the module.

These Units identify the importance of customer focus as a driver for change and how to develop a customer focus. Candidates need to be able to identify the needs, expectations and perceptions of both internal and external customer groups and be introduced to methods to help them to analyse gaps between customer expectations and perceptions. Strategies for addressing these gaps also need to be addressed.

COMPETENCE CRITERIA		EXPLANATION OF COMPETENCE CRITERIA	SUGGESTED TEACHING ACTIVITIES
1.1	Define customer relations management	<ul style="list-style-type: none">• what is meant by customer relations management (CRM)?• customer versus product/service• what is meant by customer focus?• why is it important?• how do organisations develop	<p><u>Units 1 and 2</u></p> <p>These Units are most effectively covered together to provide an introduction to the main concepts of the module.</p> <p>Begin by explaining some of the key concepts, principles and terms of customer relations management and customer orientation and focus. e.g. customer - centred, customer delivered value, total customer value, total customer cost.</p>
1.2	Identify approaches to customer focus		

		customer focus?	<p>Discuss the importance of customer value in creating customer satisfaction and organisational profitability.</p> <p>Use a case study, ideally of a familiar organisation, to demonstrate how organisations move from a product and selling philosophy to a customer focussed and marketing philosophy, and why they need to do this. Give examples of organisations who have not responded to customer focus as a driver for change, and discuss the implications.</p> <p>Remind candidates of the concept of strategic drift.</p> <p>Ask candidates to comment on the strategy of their own organisation - how customer focussed is it? Ask them to justify their comments and discuss the implications for the future success of the organisation.</p> <p>Clarify the difference and relationship between external and internal customers.</p>
1.3	Identify key customer groups	<ul style="list-style-type: none"> • define and identify internal and external customers • what methods can be used to research and analyse their needs, expectations and perceptions? 	<p>Ask candidates to prepare a list of their (their teams/ departments) internal and external customers. Producing a customer service chain can help them to clarify relationships.</p> <p>Ask candidates to select an internal and an external customer group and to identify their needs, expectations and perceptions. Introduce candidates to the range of methods which could be used to gather and analyse this information and discuss the advantages and constraints of each.</p> <p>Consider how developments in technology have assisted in this process e.g. by providing additional information through on-line shopping or the use of customer loyalty cards</p>

2.1	Analyse gaps between customer expectations and perceptions	<ul style="list-style-type: none"> analyse gaps and propose a strategy to address these 	<p>Ideally, focussing on the same groups of customers ask candidates to carry out a gap analysis and to propose a strategy for addressing this. Ensure candidates think about the practicalities (and cost) of implementing the strategy and consider how they will evaluate its success. e.g. What analytical tools will they use to assess performance levels and how will they elicit feedback from customers and analyse it to ensure that they are satisfying customer needs?</p>
2.2	Propose strategies for addressing gaps	<ul style="list-style-type: none"> explain how the strategy will be implemented, monitored and evaluated 	
4.1	Identify levels and nature of customer dissatisfaction	<ul style="list-style-type: none"> what methods will be used to elicit feedback from customers and how will this be analysed and used? 	<p>Remind candidates that eliciting feedback in a constructive way is a key part of customer focus and that processes must be in place to ensure the systematic receipt and analysis of this feedback. Information about changes in the external environment – market trends, competitor analysis etc – is also critical to remaining customer focussed and competitively successful.</p>

UNIT 3: Create a customer service orientation

UNIT 4: Manage customer dissatisfaction

Recommended prior knowledge: No prior knowledge is required, however, candidates should be encouraged to research and critically review the way in which their own organisation manages customer relations, and identify their own customers (internal and external)

Background reading would also help to promote understanding and it may be useful to direct candidates to research and read up on a particular issue in advance of teaching.

In addition to those on the Diploma booklist for this module many of the books recommended for marketing have good and relevant chapters covering Customer Relations Management

In addition, the following may be particularly helpful:

Principles of Marketing, Kotler, Armstrong, Saunders and Wong.

The rapid growth of the service sector in recent years and the development of technologically advanced call centres has given rise to a lot of academic debate about the changing nature of customer relations management. Relevant and useful articles, and case studies can be accessed via professional journals and dedicated web sites and organisation's customer service strategies and charters can be accessed via their own organisationally specific web sites or in some instances from other business and management sites

Outline: Units 3 and 4: These Units are most effectively covered together. Unit 3 looks at how organisational factors can either help or hinder the delivery of effective customer service. It considers responsibilities for customer service and the way in which various people management strategies e.g. training and development, motivation, can impact upon the contribution made by employees. The effects of cultural change and value systems are also considered. It also looks at the effectiveness of technology as a method for providing customer service.

Unit 4 (4.2) discusses strategies for managing dissatisfaction. 4.1 is covered as part of Unit 2

COMPETENCE CRITERIA		EXPLANATION OF COMPETENCE CRITERIA	SUGGESTED TEACHING ACTIVITIES
3.1	Identify organisational factors that affect customer service	<ul style="list-style-type: none"> • what factors contribute to the delivery of quality of customer service? • what organisational factors hinder customer service ? 	<p>Candidates need to have a clear understanding of what is involved in customer relations management and the concepts of value chains and value chain delivery</p> <p>Kotler's levels or types of customer relationships is a useful model to introduce :</p> <ul style="list-style-type: none"> • Basic • Reactive • Accountable • Proactive • Partnership <p>Ask candidates to use this model to classify the key customer groups they identified earlier.</p> <p>Candidates need to appreciate that relationship management requires the organisation to create, maintain and enhance strong, value laden relationships with each customer and that many organisational factors will contribute to this e.g. service strategies, policies and systems, cost and the organisational culture and value systems.</p> <p>Candidates also need to appreciate that external as well as internal factors can affect service delivery. To explore this further, candidates could prepare a PESTEL and a SWOT analysis to analyse the service delivery for a key customer group.</p>
3.3	Evaluate the effectiveness of technology as a method of providing customer service	<ul style="list-style-type: none"> • how has the introduction of technology affected the nature and delivery of customer service? 	<p>This may be an appropriate point to explore how developments in technology have changed the nature of customer relations and the methods of maintaining customer focus. Call centres, the internet, automated information systems etc should be discussed</p> <p>Remind candidates of Porter's value chain and the concept of added value.</p>

			<p>Applying the value chain to their own area of work will help candidates to identify where they (their teams) can add value for the customer, and the organisation.</p> <p>This will help to reinforce the concept that being customer orientated is a responsibility throughout the organisation – not just within the customer services department.</p>
3.2	Define the contribution of employees to customer service	<ul style="list-style-type: none"> • how do the actions and behaviours of employees affect the delivery and quality of customer service? 	<p>Ask candidates to reflect on their own experiences of good and poor customer service and to identify the factors which contributed to this e.g. employee behaviour and attitude, lack of knowledge about products and services, inefficient and cumbersome systems.</p> <p>This will help them to think about the range of strategies available to help organisations to deal with customer dissatisfaction e.g. do employees need further training and development, is a change in culture needed or a change in the way in which employees are rewarded?</p>
4.2	Devise strategies for dealing with dissatisfaction	<ul style="list-style-type: none"> • suggest strategies for dealing with customer dissatisfaction and gaps between expectations and reality 	<p>Using a case study or their own organisation, ask candidates to critically review the way customer dissatisfaction is currently dealt with. Is it reactive or proactive? What are its strategies, policies and procedures? What is the attitude, culture – is it supportive or accusing?</p> <p>To help to establish best practice candidates should be given the opportunity to review the mission statements, customer service charters and policies of selected organisations.</p> <p>Based on this critique and the gap analysis completed earlier, candidates should propose a strategy for dealing with dissatisfaction.</p> <p>This should be detailed and consider the many factors which contribute to quality customer service. It should also be realistic and feasible, and if implemented would place the organisation at the forefront of good practice.</p> <p>Conclude with a reminder of the role of the manager in facilitating a philosophy of customer orientation.</p>

UNIT 5: Identify techniques for improving customer relations management

Recommended prior knowledge: No prior knowledge is required, although candidates must have the ability to research the practices of other organisations. Relevant and useful articles, and case studies can be accessed via professional journals and dedicated web sites and organisation's customer service strategies and charters can be accessed via their own organisationally specific web sites or in some instances from other business and management sites

Outline: Unit 5: This Unit encourages the candidate to learn from the work carried out in the previous units. The existing CRM approach for the organisation should be appraised and, in the light of the previous units, recommendations can be made for introducing new or amended policies and procedures for CRM. In order to do this effectively, candidates should research best practice.

COMPETENCE CRITERIA		EXPLANATION OF COMPETENCE CRITERIA	SUGGESTED TEACHING ACTIVITIES
5.1	Research and develop strategies which are customer focused	<ul style="list-style-type: none"> • what is being done in different organisations? • what is best practice? • what are the benefits of different approaches? • defining the policy 	At this point the candidate should be encouraged to take a strategic view of CRM in order to identify or improve the organisational policy on CRM. This should of course be linked to the overall strategic objectives. In doing this,, the candidate should research what strategies already exist in their own and other organisations and learn from this.
5.2	Identify techniques to manage customer relations	<ul style="list-style-type: none"> • proactive and reactive techniques • benchmarking • metrics • cost benefit of techniques 	Having defined policy, the actual approaches need to be specified and here candidates should explore the different techniques, including the use of the internet. It is also important to identify how success is measured. However, issues associated with cost and benefit need to be considered.
5.3	Implement strategies to improve customer relations management	<ul style="list-style-type: none"> • improvement plans • action planning for implementation • monitoring and evaluation 	A plan for the implementation of the CRM strategy should be developed and here, candidates should be reminded of the issues associated with change. This is likely to have already been covered in the core module, Strategic Management or optional module, Organisational Behaviour & Change Management.