


Logisticians' training course according to ELA standards – Senior Level (ESLog)

MODULE J : **CUSTOMER SERVICE**

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ESLog - MODULE J : **CUSTOMER SERVICE**

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6.4.09.01 Implementing a customer service policy.



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6.4.09.01 Implementing a customer service policy.

Customer service policy

The necessity of having clear **customer service policy** for organisations, has spawned from the fact that there are:

1. *Many different elements (issues) related to customer service, and*
1. *Many different customers (type of customers) even for the same product.*

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6.4.09.01 Implementing a customer service policy.


Customer service policy

Many studies have been done to “measure” the consequences of a “poor” customer service.

The common outcome is that:

If there is no **sufficient stock in place**, or **reliable deliveries**, many buyers will look for **alternative suppliers** to procure the products they need.

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6.4.09.01 Implementing a customer service policy.

Customer service policy

**IF YOU FAIL TO SERVE A CUSTOMER,
SOMEONE ELSE WILL DO.**

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6.4.09.01 Implementing a customer service policy.

Customer service policy

Since we have recognised and accepted the necessity of having a policy to serve our customers, it is critical to define not only the basic **prerequisites** should this policy satisfy, but the final **form** of this policy, as well.

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6.4.09.01 Implementing a customer service policy.

Customer service policy

Basic prerequisites/capabilities, customer service policy should satisfy:

1. Have an understanding of all different market **segments/categories**.
2. Be **aware of customer needs**, or the needs that we understand they have, based on market segments/categories.
3. Define **clear and measurable standards** for customer service, based on different market segments.
4. Understand the **trade-off** between cost and customer service level.
5. **Measure the achieved customer service**, and
6. Strive for **co-operation with customers** in order to become clear from their side the customer service level they enjoy.

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6.4.09.01 Implementing a customer service policy.

Customer service policy

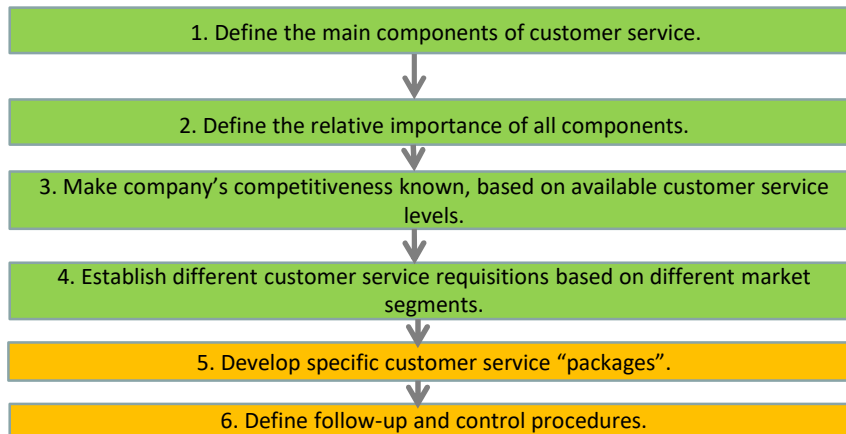
In order to establish a proper customer service policy, a logic approach should be followed.

In the next slide we present a six steps plan that is used for:


1. Defining the **main components of customer service**, and, based on these,
2. **Develop the proper** customer service “package”.

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6.4.09.01 Implementing a customer service policy.



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6.4.09.01 Implementing a customer service policy.


Define the main components of customer service and markets segments.

First of all, it is crucial to **define which of the customer service components are recognised as important by the customers themselves.**

Then, companies can focus on these components in order to improve their performance on these.

Means for **discovering and defining** important components are **market research techniques.**

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6.4.09.01 Implementing a customer service policy.

1. Define the main components of customer service and markets segments.

Market research techniques can make use of:

- What the **main decision-maker** or the buyer of the product thinks.
- **Personal interviews** in order to define, not only the importance that customer service has in their perception, but also the different customer service components that are in place.
- **Team interviews** for the same reasons.

The importance of this step lies in how customers “measure” the service level by themselves and not to use arbitrary measurements as “best estimations” imposed by others.

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6.4.09.01 Implementing a customer service policy.

2. Define the relative importance of all components.

As already mentioned, there are several market research techniques that can be used to measure the relative importance of customer service components we have defined.

For a small list of customer service components, we can use:

- A kind of ranking (**“high” or “low” importance**)
- Or a kind of **grading** (from 1 to 6 depending on importance).

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6.4.09.01 Implementing a customer service policy.

2. Define the relative importance of all components.

A relative new technique is the **trade-off analysis**.

Trade-off analysis offer a more sophisticated form of measurement.

It measures the relative importance of customer service components' different combinations, instead of simply measuring the importance of each component independently.

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6.4.09.01 Implementing a customer service policy.

2. Define the relative importance of all components.

In most cases, important customer service components' grading is sufficient.
Such an example is presented in fig.1

In this step, we can also define the **minimum requirements as far as customer service concerns**, that is the level below which, the customer does not consider the company is a reliable supplier.

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6.4.09.01 Implementing a customer service policy.


2. Define the relative importance of all components.

Evaluate the below mentioned customer service components.
(Score from 1-6; 1=less important, 6=most important)

	Evaluation
Deliveries' frequency	1 2 3 4 5 6
Deliveries' reliability	1 2 3 4 5 6
Stock availability, supply continuity	1 2 3 4 5 6
Completed orders	1 2 3 4 5 6
Invoice accuracy	1 2 3 4 5 6
Customer claims handling	1 2 3 4 5 6

Fig. 1

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6.4.09.01 Implementing a customer service policy.

3. Make company's competitiveness known, based on available customer service levels.


In the previous step, we defined the basic customer service components and their relative importance to customer.
 Next step **is to measure how good (or bad) the company performs regarding to these basic components.**

This can be achieved by using questionnaires where these basic components are mentioned and the evaluation of company's performance on these is asked.

In such a way, we can have an indication on:

- Where the company is doing very well (above the expected)
- Where the company has to improved its performance and
- Where the company is doing well.

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6.4.09.01 Implementing a customer service policy.

3. Make company's competitiveness known, based on available customer service levels.

In fig 2 we can see the target area where the company has to operate.

Defining the target area, we can also locate areas where we underperform, and there is a room for improvement, along with areas where we are doing too much. (more than customers expectations).

The bottom line is to understand that there is **small benefit if we are doing too much in areas less important for customers.**

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6.4.09.01 Implementing a customer service policy.

3. Make company's competitiveness known, based on available customer service levels.

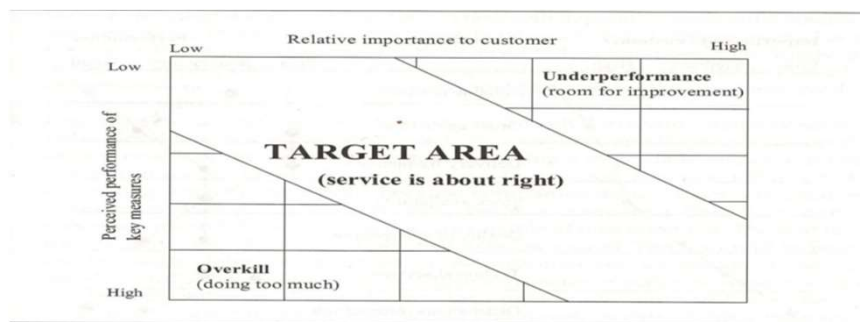


Fig 2

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6.4.09.01 Implementing a customer service policy.


3. Make company's competitiveness known, based on available customer service levels.

It is also important to know the company's position (performance) **against key competitors**.

During market researches, responders must evaluate every company in a similar way in independent questionnaires.

The outcome **reveals the performance of each one rival** regarding basic customer service components.

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6.4.09.01 Implementing a customer service policy.


3. Make company's competitiveness known, based on available customer service levels.

Our company's performance has to be compared with the performance of our key competitors, especially in the most important customer service components, as these have been defined by them, in the previous step of our research.

The outcome should reveal useful information regarding:

- How good or bad our company performs against rivals but, most importantly,
- How good or bad performs regarding basic customer service requirements, that have her customers .

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6.4.09.01 Implementing a customer service policy.

3. Make company's competitiveness known, based on available customer service levels.

In fig 3 we can see an example demonstrating the above mentioned approach.

At a first glance, we see that our organisation (+), performs quite well in total, comparing to its key competitor (.)

But the truth is that our competitor performs much better in components of high importance to customers (*).

This example shows clearly the usefulness of such an approach.

It is also known as "**competitive benchmarking**".

Using that kind of information, we can develop our customer service strategy, accordingly.

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6.4.09.01 Implementing a customer service policy.

3. Make company's competitiveness known, based on available customer service levels.

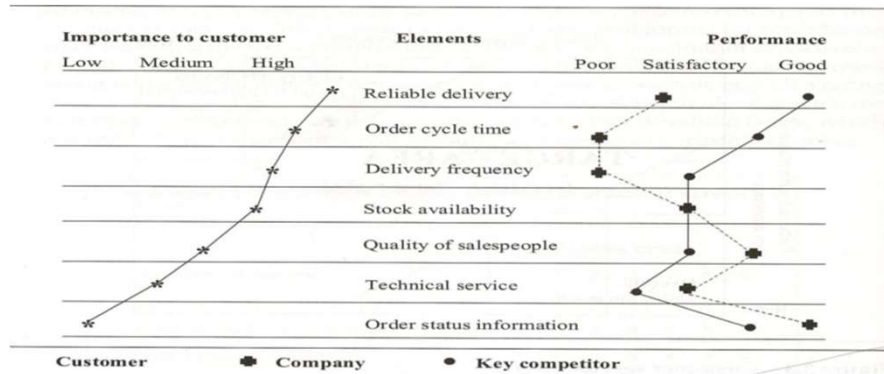


Fig 3

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6.4.09.01 Implementing a customer service policy.

4. Establish different customer service requisitions based on different market segments.

It is important to recognise that **customers' needs can differ significantly.**

Especially regarding:

- Product price
- Product quality
- Order method
- Customer service level.

Having this in mind, we can manage our customers separating the total market in sub-markets or better in **market segments.**

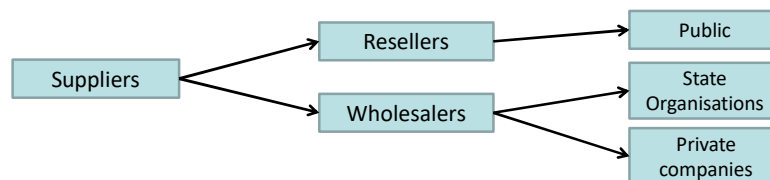
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6.4.09.01 Implementing a customer service policy.

4. Establish different customer service requisitions based on different market segments.

An example for understanding these differences in customer needs, is the stationery supply.

Stationery can be available to the public through resellers and retail network and to big state organisations and private companies through wholesalers.



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6.4.09.01 Implementing a customer service policy.

4. Establish different customer service requisitions based on different market segments.

Each market segment may require a different service level, or may react differently in any defect on service level.

Since there are different market segments in place, **different customer service policies should be developed, each for every market segment.**

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6.4.09.01 Implementing a customer service policy.

5. Develop specific customer service “packages”

Customer service “packages” are based on the outcomes of market researches, we have already mentioned earlier.

Since we have defined customer service “packages” for different market segments, we have to cost them accordingly.

By doing so, we can compare their cost and thus define “proper packages” not only considering customer service components but also the relevant cost of each “package”.

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6.4.09.01 Implementing a customer service policy.


6. Define follow-up and control procedures.

It is important to assure that, regardless the customer service policy we apply, we can follow up and control her.

That assumes focus on measurements of achieved customer service level, in addition to the continuous and systematic focus on the follow up and control of these measurements. This is difficult to be achieved mainly because:

1. Companies, mostly, do not have an official customer service policy, and
2. They are not willing (have difficulties) to define measurable customer service standards.

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6.4.09.01 Implementing a customer service policy.

6. Define follow-up and control procedures.

- As a first step, we have to define the **standards that have to be measured**. These must be based on the most important customer service components, that we have already defined, in order to develop different customer service “packages”. To 1^o βήμα λοιπόν, είναι να προσδιορίσουμε τα **standards που πρέπει να μετρηθούν**. Αυτά θα πρέπει να βασίζονται στα σημαντικά στοιχεία που προσδιορίσαμε στα «πακέτα» εξυπηρέτησης πελατών που αναπτύχθηκαν.
- Second step is to create a **measurement sequence**. This can be achieved by different means for different components but all measurements must be accurate and suitable to capture in a proper way the component we measure.
- Third step is referred to the necessity to assure that all measurements of all components are **reviewed periodically**.

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6.4.09.01 Implementing a customer service policy.

6. Define follow-up and control procedures.

Business environment is changing rapidly, bringing continuously new products and new customers.

Thus, it is important to review customer service measurements periodically, in order to withdraw all useless measurements and to create new that are necessary to reflect the reality.

Some big companies conduct **regular customer service studies** aiming to define such changes on customer service requests.

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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.

Market segmentation, divides the total market into different segments, in order to give the companies the opportunity to promote their products in a better way into specific customer segments.

Different segments usually defined regarding total sales volumes or total sales value.

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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.

Why companies categorize total market?

Because customers differ in.....

- *Privileges they like to enjoy.*
- *Money they afford or willing to spend.*
- *Media they prefer to be informed from (e.g. Tv, newspapers & magazines, internet sites, social media etc)*
- *Quantities they buy*
- *Place and time they prefer for shopping.*

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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.

Market segmentation offers certain advantages to companies, such as:

1. **Better satisfaction of customer's needs:** Customers are different. Creating different products for each customer category adds value to your product.
2. **Enhanced profits for the company:** Customers have different available income and differ in their sensibility on the product's price. Market segmentation helps companies to increase mean values of their products and thus to enhance their profits.


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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.

3. **Better growth chances:** Market segmentation can spawn sales. E.g. Customers are encouraged to upgrade category (trade-up) in a specific product since they have bought the introductory , initial cheap product.
4. **More customers retention:** Promoting products that are in different stages of their "life-cycle", a company can retain customers that otherwise might looking for other suppliers and products.

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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.

5. **Targeted promotion campaigns:** Companies must promote their messages to targeted mass market. Categorizing market, they can reach targeted customers more frequently and at little expense.
6. **Market share increase:** Through market segmentation and customer targeting, companies can achieve competitive production and promotion cost and thus to attract more customers and resellers, increasing their market share.

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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.

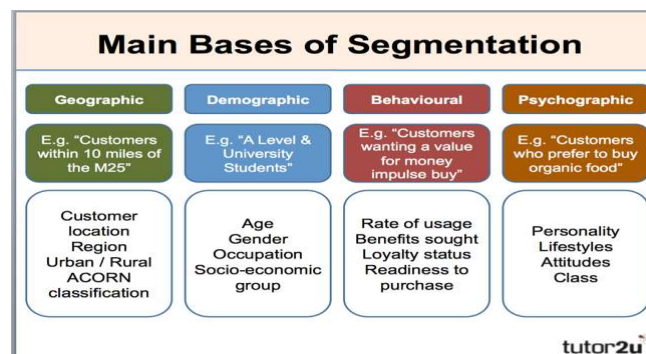
There are several methods or “bases”, a company can use as initial point in order to categorize the total market.

Here we are presenting a synopsis of them:

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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.



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6.4.09.01 Implementing a customer service policy.

Definition of main customer service components and market segments.


Today, taking into account the capabilities that

- Artificial Intelligence,
- Big Data Bases, and
- Machine Learning,

are giving to us, the trend is to shrink market segments, in order to reach the desired segmentation of a unique customer (segmentation of one).

In a situation like this, we could satisfy all customer's expectations for each customer individually.


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6.4.09.02 Establishing customer service organisation.



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6.4.09.02 Establishing customer service organisation.

Characteristics of customer focused companies.

In today's competitive business environment, there are few companies focused on their customers' needs and even fewer that recognise the critical role of their employees on achieving this goal.

Companies that have the above mentioned characteristics , have a competitive advantage compared to others.

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6.4.09.02 Establishing customer service organisation.

Characteristics of customer focused companies.

Characteristics of customer focused companies are the following:

1. Base their values on customers (internal & external) feedback.
2. Develop (evolve) their values with the active participation of their employees.
3. Link their values with their brand.
4. Encourage their employees to behave in accordance to these values. (live the brand).
5. Reward their employees for doing so.

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6.4.09.02 Establishing customer service organisation.

Potential Customer Service Organisations

1. Single point of contact
2. Multifunctional teams
3. Dedicated multifunctional cell structures

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6.4.09.02 Establishing customer service organisation.


1. Single point of contact

A service desk (single point of contact) offers certain advantages to the company and their customers.

Available assets (people & equipment) can be used in a way that can assure all needs are satisfied in the base of given criteria such as:

- Time
- Cost
- Effectiveness
- Efficiency

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6.4.09.02 Establishing customer service organisation.

1. Single point of contact

Advantages that single point of contact offers, can be summarised in the areas of:

- **Wasting time reduction**
- **Accounting costs**
- **Economic costs**
- **Simplicity**
- **Effectiveness**

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6.4.09.02 Establishing customer service organisation.

1. Single point of contact

Customers who want conduct the company are not obliged turn to several numbers, addresses and/or websites for help. The reason is that:

- Due to the problems they face with our product, they are already bothered. Multiple useless calls would just worsening the problem.
- We, as a company, want these people work productively for their company and do not waste their time asking for help, because of us.

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6.4.09.02 Establishing customer service organisation.

1. Single point of contact

In order to avoid situations like these and wasting time, the establishment of a unique telephone number, email address, or website as contact point, and redirecting all incoming requests to this, company can enjoy significant benefits such as:

- 1. Eliminate the ambiguity.** All customers/partners know where they have to look for help, in case of a problem, or if there is a need of any kind of information. They can easily come in touch with a representative, present their problem and get back to their work, expecting the solution.


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6.4.09.02 Establishing customer service organisation.

1. **Single point of contact**
2. **Monitor all activities** that take place, in order to **evaluate all departments' contribution** to the company's operation, compared to the relevant cost they absorb. Thus we can avoid harming the company, downgrading or even outsourcing some activities that are critical for company's long term operation.
3. **Reduce cases** where some employees, especially specialized professionals, must **interrupt their job**, in order to help, delaying their scheduled duties.


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6.4.09.02 Establishing customer service organisation.

1. **Single point of contact**
4. Reduce cases where customers, call or leave messages/emails to several employees getting multiple useless answers. In other words, we can **record and filter** all incoming calls, isolating and recording all cases that need help, record the progress, etc. Since all cases that need help are followed up by customer service department, there is the **assurance to the caller and the appropriate handling to fulfil the agreed customer service level**.
5. **Keep customer informed** for the actions taken prior and after the problem's solution.

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6.4.09.02 Establishing customer service organisation.


1. Single point of contact

Single point of contact, is one of the most important roles of Customer service department, since its staff is facing customers asking for help.

Professionalism, communication skills and capabilities, are of vital importance since their performance reflects to the whole company and they are used as criterion for company evaluation.

Not everyone can play this role successfully, so we have to select the appropriate staff carefully.

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6.4.09.02 Establishing customer service organisation.

2. Multifunctional teams

Multifunctional team is a group consisted of employees coming from two or more company's departments and work together in order to solve problems or/and handle situations that need skills, capabilities, knowledge and training that not everyone has.

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6.4.09.02 Establishing customer service organisation.

2. Multifunctional teams


Companies use multifunctional teams in order to benefit from different perspectives and different background of their members.

For example, multifunctional teams can consist of employees coming from departments such as:

- Engineering
- Marketing
- Production
- Management

Team members work together to achieve goals such as: new products development, problems elimination, efficiency increase in a project, etc.

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6.4.09.02 Establishing customer service organisation.

2. Multifunctional teams

Characteristics:

- **Diversity:** Multifunctional teams consist of employees from different departments. As a result we have a team with team members having different background, skills and capabilities.
- **Conflicts:** Diversity is an advantage in a multifunctional team since we can face an issue from different points of view, due to different members' background, but can also create conflicts between members. Some of them might do not understand others' judgment.

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6.4.09.02 Establishing customer service organisation.

2. Multifunctional teams

Characteristics:

- **Shared/Common Purpose:** Multifunctional team gives the opportunity to its members (employees from different departments) to share a common goal or purpose. As a first step, team's leader, aided by team members, set the objectives. Team members work together to achieve the set objectives using their skills and capabilities.

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6.4.09.02 Establishing customer service organisation.

2. Multifunctional teams

Characteristics:

- **Management Difficulty:** Management of a multifunctional team could involve difficulties. Team members are coming from different departments, that might cause coordination problems. Team leader must act as interface between team and management. It is his/her responsibility to ensure that team has all necessary assets and resources to achieve set objectives, which should be in line with company objectives.

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6.4.09.02 Establishing customer service organisation.

Support from Multifunctional teams

There are several customer service organizational schemes and structures.
Two of them can be considered as the most important structures.
These are:

- **Single point of contact supported by multifunctional teams.**
- **Dedicated multifunctional cell structure.**

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6.4.09.02 Establishing customer service organisation.

Single point of contact supported by multifunctional teams

In this organizational scheme, there is a single point of contact for all customers to resolve operational issues such as change of date and frequency of delivery, development of customized solutions for specific customers, etc.

The person who is in contact with the customer, collects his requirements and works closely with appropriate department/s to satisfy them.

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6.4.09.02 Establishing customer service organisation.

Single point of contact supported by multifunctional teams



Single point of contact

Redesign of the processes and concepts of structures oriented to processes must be adopted.



Multifunctional support

Responsible in each area for solving clients problems, all measured by the same KPIs.

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6.4.09.02 Establishing customer service organisation.

3. Dedicated multifunctional cell structures

In this organizational scheme, representatives from different operational departments such as marketing, logistics, IT, Finance, Sales etc, work together (in the same office) offering service to a dedicated customer or to a group of customers. This is a special approach which can be seen in consumer products companies.

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6.4.09.02 Establishing customer service organisation.

3. Dedicated multifunctional cell structures



Multifunctional cells

Selected employees work exclusively to resolve customers issues, even in the same office.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.




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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

Setting the desired customer service level

In order to improve customer service, Management must:

- 

Set customer service performance standards for most important components and ensure the continuous performance measurement.
- 

Establish several different customer service levels depending on customer type, geographical distribution, delivery channel, product line etc.
- 

Inform all employees and develop reward schemes to encourage them to achieve customer service objectives.

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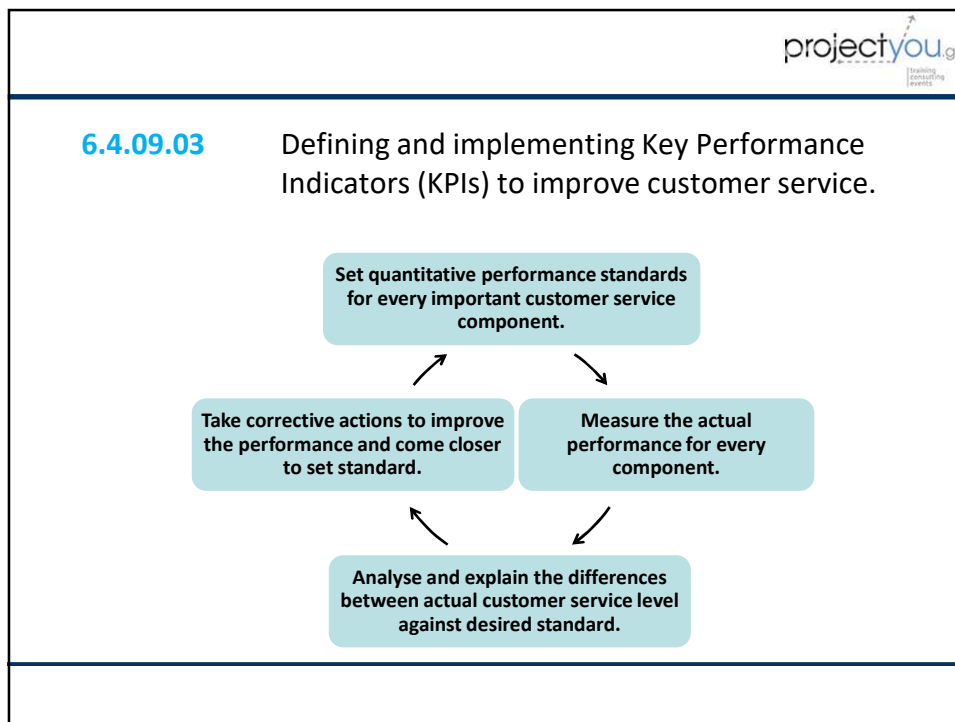
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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

Setting the desired customer service level

Four steps can be used in order to measure and control the performance in customer service.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

KPIs characteristics:

1. We must focus on what customers think is important. Not us.
2. In order to have accurate measurements in customer service components such as order status, order tracking, etc, good communication between company and customer is vital.
3. Customers must be convinced that measuring customer service level at present, is the basis for future improvement in their service.
4. Companies must understand that most customers they would rather have reliable and consistent deliveries, instead of quick deliveries.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

Setting the desired customer service level

There are several components we can use for measuring customer service performance.


No matter which one we use, it has to reflect customer's basic requirements.

We must measure what is important for our customer. Otherwise we are wasting our time.

Most appropriate measurements are measurements that capture better the operation we are trying to evaluate.

Some times this can be done in a better way, if we use a combination of measurements instead of one.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

Setting the desired customer service level

We measure customer service performance through KPIs mainly in operational areas such as:

- Orders management
- Service Level Agreement
- Service quality
- Efficiency
- Economic results

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

Setting the desired customer service level

Examples of customer service performance measurements could be:

- Total customers satisfaction
- Customer satisfaction continuous improvement
- Customers retention
- Company position against competitors
- Problem solving mean time
- Open/Solved customer issues
- Employees productivity
- Employees satisfaction
- No of claims
- NPS (Net Promoter Score)

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

Typical customer service KPIs

1. No of completed orders / day / employee (FTE)

Shows the department's productivity/efficiency.

The number of completed orders/employee (FTE) reveals employees productivity or the need for further training or skills development.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

2. Average total order time

Shows the average time from “placing an order” till the “receipt order” time. Usually is expressed in days.

Through this KPI, we can measure the efficiency orders are performed, along with the efficiency of transportation and delivery systems are used.

Knowing the average total order time and reducing its variability, we can improve our ability to manage stocks and schedule our receipts with more confidence.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

3. Order placement accuracy


It measures the percentage (%) of orders placed and stored (manually or electronically) accurately, vs total number of orders placed, for a given time.

This KPI shows the ability of placing an order accurately, according to existing procedures.

Failing to place an order accurately could cause errors in the quantity or the type of delivered products.

As a result we may face stockouts or overstocks that it is difficult to cope with.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.


4. Delivered in full to customer

It measures the percentage (%) of accurate delivered batches vs total delivered batches.

Delivered in full means:

- Products as ordered (type, quantity, quality)
- Delivered at the right (agreed with the customer) place.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.


4. Delivered in full to customer

“In-Full” is a special KPI.

Delivery can not be considered as “In-Full” if:

- Something is missing for any reason
- It is incomplete or there is product substitution.
- It contains products loaded from stock points others than appropriate stock point.
- Any of the delivered products has been purchased from other supplier, no matter customer knows or not.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

4. Delivered in full to customer

Usefulness
 This KPI is used to measure the ability of the existing supply chain to deliver:

- The expected product (type / quality)
- Ordered quantity
- At the agreed place

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

5. Delivered on time to customer


We use it to measure the percentage (%) of orders delivered on time (as agreed) vs total orders, for a given time.

Delayed deliveries could cause stock outs, not only at the customer premises but at the whole delivery network.

Delayed deliveries may happen due to transportation problems such as unsuitable vehicles and/or difficult routes, than means we have to adapt our plans accordingly, or due to drivers performance.

This KPI can be used for specific products and/or deliveries.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.


6. Delivered OTIF to customer

If we combine “In-Full” with “On-Time” deliveries we get a new KPI named **OTIF**.
 Using OTIF we can measure the performance of the whole logistics organisation in order to realise if we meet our customers’ expectations as far as customer service concerns, or not.

An excellent OTIF reveals that all supply chain operations (order taking, supply, suppliers, warehouses, transportation, etc) work perfectly.

The main contribution of OTIF is that using it we can realise the whole logistics operation at a glance.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

7. Percentage (%) of customer claims

We use it to measure the claims expressed by customers as a percentage (%) of total orders delivered or the total customers served.

This KPI reflects much more than number of claims.

It reflects the total customer satisfaction for the level of customer service we provide to them.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

8. Product returns

We use it to measure the rate of returned products, due to our failure to meet customers' expectations as far as quality concerns.

In other words, we measure the average number of products or orders that have been rejected by the customers.

It is important to analyse the reasons causing the returns.

By doing so, we can specify the trends, reduce the rate of returns and thus eliminate the problems they are causing.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.


9. Product Damage

We use it to measure the percentage (%) of deliveries without damaged products vs the total number of deliveries for a given period.

Damages could happen due to extreme weather conditions (rain, exposure to sunlight, humidity, high temperatures), or bad storage & handling (broken or destroyed packages).

Products delivered without damages relieve us from handling damaged products that can not be sold, not to mention the economic impact.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

9. Product Damage

High rates of damaged products might conceal:

- transportation problems (unsuitable vehicles) and/or
- bad storage & handling practices (loading/unloading practices, improper protection against weather conditions, improper packaging onto the vehicles, etc).

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

10. Invoice accuracy

We use it to measure the cases where there are inaccuracies in invoice data such as product name, quantity, price, etc per customer for a given period.

This KPI shows if suppliers invoice accurately the orders they are handling.

Values below set standards mean that we have to change invoicing procedures.

From customers point of view, maybe means to look for alternative suppliers.

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6.4.09.03 Defining and implementing Key Performance Indicators (KPIs) to improve customer service.

11. Perfect Order Index (POI)

The combination of four of the above mentioned KPIs compose the perfect order index (POI). These are:

- **Deliver in Full to customer**
- **Deliver on time to customer**
- **Product damage**
- **Invoice accuracy**


The first two, compose the OTIF (On Time In Full) KPI.

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ESLog - MODULE J :
CUSTOMER SERVICE

6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).



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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

What CRM is

Customer relationship management (CRM) refers to practices, strategies, and technologies companies are using to manage, analyse and automate all data and transactions with their customers.

Is aiming to improve their professional relationship and at the bottom line to improve customer retention and increase sales.

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

What CRM is

CRM systems are designed to collect customer data from different communication channels such as company's website, telephone, mail, email, live chat, social media, marketing material.

CRM systems can provide employees that interface with customers with detailed information concerning personal data, buys track records, buys preferences, interesting, etc.

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CRM software gathers customer data along with related documents in a simple CRM database, in a way that users can have access and manage them easily.

Some other capabilities of CRM software are mentioned below:

- Records several transactions with customers (through email, telephone calls, social media or other channels, depending on system's capabilities)
- Automates several routine works such as: periodic duties, calendars, reminders etc.
- Gives managers the opportunity to track their subordinates' performance and productivity based on data recorded.

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CRM software systems, common characteristics are:



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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

CRM software systems' common characteristics are, among others:

- Sales force automation (SFA)
- Marketing automation
- Customer service center automation
- Partner Management
- Enterprise marketing management
- Geolocation technology, or location-based services.

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

1. Questions we have to answer in order to select the proper CRM system.

1. **Have we set clear goals and objectives?** Which are the specific issues regarding our relationship with customers we want to cope with? Probably a proper CRM software will help us to achieve our goal and stay ahead of our competitors. In general, a detailed research and documentation of our requirements along with measurable objectives are the best warranty for a successful selection of CRM system.

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

2. Is it flexible? Adaptable? Can we extend its use according to our future needs?

System capabilities should cover:

- A wide range of our present and future needs and plans,
- Possible business and programming challenges.
- As many “what-if” scenarios, as possible.

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

3. Is it capable to give us the big picture for our operations? We must be sure that the selected system can give us a wide vision of our operations, in order to have a clear understanding and knowledge of:

- company’s capabilities and limits,
- work load of employees,
- projects that are in progress,
- stock levels,

4. Can it improve existing KPIs; e.g. return on investment (ROI) etc based on measurable objectives? Should also contribute to continuous improvement of our performance.


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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

5. Is the selected software **easy to use**?
6. How the supplier **intends to implement the system installation**
7. What is the type of **training and support** that the supplier is offering?
8. Do we have the **time window** for a successful implementation?
9. Do we know the **exact total final cost**?
10. Can be installed in **mobile devices**?
11. Is it **compatible** with existing software and hardware?

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

12. Is it compatible with social media?
13. Are organisational changes necessary after its installation?
14. Have proper employees been trained to analyse the outcomes of the system?
15. Does the **WHOLE** organisation agree to install CRM?
16. Have Project Manager and Super Users been appointed?

Answering these questions, we are helping to:

- Reduce some of the basic risks concerning system procurement
- Understand system operation
- Make the management of change easier

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

2. Prepare list of potential suppliers and software products

This list should consist of preferred CRM suppliers. Some of them could be:

- SAP
- Oracle
- Wassermann
- DynaSys
- MAPICS
- Agilsys

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

3. Prepare a request for proposal (RFP)

RFP should focus on proper CRM software system selection.

Through RFP, we collect all necessary data from suppliers, concerning CRM system impementation project.

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

3. Prepare a request for proposal (RFP)

RFP should also:

- Give us the capability to collect in an easy way all necessary unique measurements in order to procure and implement the proper CRM system.
- Define the availability and the possibility to be delivered within a reasonable timescale.
- Define risks and support terms.
- Give assurance on suppliers responses (clause provision)

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4. Proposal evaluation

If the supplier is proposing a prototype CRM, our consultant should help us to evaluate it compared to our business needs.

It is critical to detect potential gaps, if any, in system's capabilities and ask for a detailed timeplan to fix them.

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5. Demo operation at work places.

By doing so, we are focusing on how the system can be used and work properly at specific work places and by specific personnel.

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6. Contract

If demo operation is successful, we are ready to sign the procurement / implementation contract.

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7. Implementation

Customized Draft procedures
 Despite formal/general operating procedures are of high importance, customized procedures are invaluable.
 This is a critical point for a smooth transition to a stable, continuous operation of the new CRM system.

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6.4.09.04 Selecting and implementing appropriate Information Technology Systems (ITS) such as Customer Relationship Management (CRM).

7. Implementation

Pilot / Continuous Use
 During pilot use, it is possible to discover problems and inconsistencies related to the system and the software. It is an unavoidable part of the whole installation procedure. What we have to do is, to detect all these problems and schedule their solution as soon as possible.

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8. Post implementation Improvements

Since software has been installed, implemented and is operational, there are more to be done:

1. Quantify all benefits that system offers. Compare the results with profits that have been budgeted during implementation study.
2. Detect if there is room for improvement. If yes, go and get it

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Good luck!

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