

Chapter 4

A Line in Water: A Case of Customer Relationship Management

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EXECUTIVE SUMMARY

According to C. K. Prahalad and Venkatram Ramaswamy, “The competence that customers bring is a function of the knowledge and skills they possess, their willingness to learn and experiment, and their ability to engage in active dialogue.” This case examines the necessity of these functions in order to bring delight in the minds of the customer and give them an experience as a whole. The case outlines few failures which results due to poor planning in the strategy of a new product launch. The case also casts light on the distance which is generated between the sales force and the company. These distances occur due to various factors like resistance to change by the sales force, pressure from higher management on strategic compliance, and inefficient communication strategies between the two. The case helps in understanding the fragile bridge which connects the higher management of the company to the sales team on field.

It was evening and the cloudy sky had brought an early darkness. As Hemant Kumar, the regional sales manager of a leading automobile company in India looked into his weekly sales report, he thought that his career is also in the same state. Three months back his company had launched a new product in the market. The strategy looked impressive and innovative and at the time the execution was going as planned. Still, he thought that he had not been able to deliver as per the plan and this was

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obviously not desirable. The whole process started with a huge noise and high acceleration, but as the things started to gain momentum, Hemant felt as if it lacked the punch it needed.

Hemant had passed his engineering and campus recruitment. The day he joined the automobile industry was his birthday. That was eleven years ago. Hemant had climbed the ladder fast and had been a great person to work with. He was hard-working and capable, and he always achieved his targets above expectations. This brought him promotions, handsome bonuses, and respect from every direction. He maintained good relationship with dealers by encouraging them and solving their problems (Appendix 7). All this has brought him the desk upon which he now looked with a confused glare.

He got up and looked through the window. He thought of his current actions and realised that he was only drawing lines in water. He sipped the warm coffee and looked into the crimson sky and searched for rays of hope.

ORGANIZATION BACKGROUND

The automobile market has been growing at a fast pace for the past 10 years. After liberalization many new multinational companies started coming into India. The domestic companies were able to shield themselves by superior knowledge of customer priorities and concerns and due to greater reach into the various cities. However, now the scenario had changed and not only did the multinational companies produce tailor-made products, but they have also gained access to the market by joint ventures.

With competition increasing day by day, the economic slowdown was the new problem. People are no longer willing to invest in luxury items. Even with good financing schemes, people were keeping the idea of buying a vehicle in low priority. With people not ready to invest, the insecurity had forced many fresh orders to be cancelled. The security forfeited is nothing in comparison to the damage done if the vehicle is already in assembly, especially if it is to be produced in rare colors.

Suppliers of automobile companies used to purchase raw material in bulk on credit terms & transfer the cost benefits in order to remain preferred suppliers to automobile companies. The volume of transactions gave marginal profits, but still secured business. Now the manufacturers had reduced their orders since the setups were low. This led to inventory pileup and ate up whatever was left of the profit.

The manufacturer was not at ease either. They had to keep producing the minimum at breakeven volumes. Employees were forced to take leaves and high finished goods

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