**Decreasing the Gap Between Companies and Customers**

**Decreasing the Gap Between Companies and Customers  
By Dr. REZA ASHARI NASUTION**

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**IN** general, manufacturers or companies always need to know the demands from their customers in order to create the right service and products. This condition is inevitably resulted from the knowledge gap between manufacturers and customers. To decrease the gap, companies usually conduct market research, customer relationship management (CRM), and customer experience management (CEM).

Marketing research is an activity which is carried out systematically and objectively to gather information needed to make the right marketing decision. The research includes two practical data, internal and external data.

Internal data consists of all data in the database of the companies whereas  external data contains collected data resulting from interviews, surveys, and industry data. The survey results are used to describe customers’ needs, behaviour, expectations, and perceptions on a certain product, a type of service, or a brand.

Both external and internal data are always needed simultaneously in order to get a complete picture of the current business situation faced. Some external data can be used as internal data as well, adding to the existing data on database of companies, which will be then organised in a system called customer relationship management or CRM.

CRM is a business approach that integrates human resources, processes, and technology to optimise customers’ satisfaction through integral relationships from all interactions with customers. CRM is developed to determine accurate strategies for each customer.

A CRM application consists of three parts, operational, analytical, and strategic. The operational part contains transactional data in an operational level that occurs between a company and its customers. For example, data on the time of purchase, types of products bought, numbers of products bought, and the payment mechanism done by a customer.

Advanced analysis such as wallet share (the revenue from each customer), satisfaction, loyalty, and expenses on customer service can be carried out too. The combination of this data and research results will provide better opportunity to analyse the data to gain  complete information about the customers. This information will be used as guidelines for the strategic part of CRM programme in compiling the most effective strategies.

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Despite the sophisticated technology, CRM programme has not been able to thoroughly decrease the knowledge gap between companies and customers. The applications of CRM have not been capable to fully grasp the affective aspect of a consumer. Together with the cognitive aspect, the affective aspect is one factor that affects a consumer’s decision.

Until now, there has not been an efficient application which is able to predict affective situations of a consumer. Thus, what a company does is controlling the variety and affective conditions of a consumer under certain circumstances.

Prof. Bernd Schmitt is an expert who is considered as the creator of CEM in companies. He describes CEM as a strategic process in managing a consumer’s experience on a product, a brand, and a company. Moreover, CEM aims to manage the exposure experienced by a consumer from all interactions with the three things mentioned before, creating a positive experience in order to gain positive effects.

CEM put forward the importance of obtaining the above information through a more qualitative method because it is more personal and unique. Although it can be generalised, but it is important to analyse a customer’s experience one by one to identify specific details that degrade customers’ satisfaction.

When it is done integrally, systematically, and closely controlled, those three aspects can decrease the knowledge gap between companies and customers to make the right decisions for customers. Implementing them is determined by natural conditions within the companies (process, product type, management type, etc) that the type, the process and the procedure may vary from one company to another.

However, the writer emphasises that there is no guarantee that companies can 100% predict their consumers because consumers are dynamic human beings and companies are not Gods. \*\*\*

**The writer is a lecturer at School of Business and Management (SBM) ITB.   
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**Nationalism First**

**Nationalism First  
By Agung Wicaksono**

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**GOVERNMENTS** around the world are moving to deal with the financial crisis. What steps has Indonesia taken so far?

President Susilo Bambang Yudhoyono's government has been widely regarded as one committed to economic reform and liberalisation. However, with national elections looming next year, economic nationalism seems to be on the rise again in Indonesia. This can be seen in the government's intervention in the Indonesian Stock Exchange (IDX).

Indonesian state-owned enterprises (SOEs) were asked to buy back their shares so as to restore market confidence. This instruction went out mainly to large SOEs such as national telecommunication company PT Telkom, cement manufacturer Semen Gresik, and large mining companies such as Bukit Asam, Timah and Aneka Tambang, as well as national gas company PGN.

Many described the buybacks as 'adding salt to the ocean' for they had little impact on the IDX. Indeed, as many analysts argued, the SOEs should have used their funds to revive the real economy through investments, rather than shore up the stock market, which affects only a limited section of society.

Another episode which merits attention is the government's decision to let Indover Bank - wholly owned by the Indonesian central bank - to be liquidated. The Netherlands-based bank's problems not only hit Indonesia's credit rating but also affected many SOEs, especially state-owned banks such as BNI and Bank Mandiri, that had significant exposure to Indover. But the Indonesian government failed to bail out the bank - or rather, it did not see rescue as a priority and so allowed Indover to become insolvent, with a Dutch court handling the matter.

But the government reacted in a totally different way in another case of a bank with serious liquidity problems. There was a run on the privately- owned Century Bank when it failed to settle interbank obligations due to a shortage of funds. Though other private businesses showed interest in taking over the bank, the government decided to inject capital into it and assumed ownership. This shows that when it comes to deposits held by the public, the government is willing to act as the lender of last resort.

Another case is interesting because of its highly political nature. Mining company Bumi Resources was once regarded as a reliable investment. But its share price sank to an abysmal level after the company nearly defaulted on its overseas and domestic loans. This prompted the stock exchange authorities to suspend trading in Bumi shares.

Fearing that the share price would plummet further if trading were to resume, the government ordered a delay. Since Bumi comes under a business group owned by the family of Coordinating Minister for Social Affairs Aburizal Bakrie, the government's actions were seen as a move to save one of its own. Vice-President Jusuf Kalla, head of the Golkar party to which Mr Bakrie belongs, defended the government's action. The Bakrie group was a 'national asset', he said, and the government had to safeguard 'national entrepreneurs'. This economic nationalist argument should be no surprise given the upcoming elections. Keeping friends is more important than logic in such circumstances.

But this incident has led to a rift within the Cabinet between the technocrats and the politico-bureaucrats. As happened in 1998, during the Asian financial crisis, a gulf is opening up between the neo-liberals and those who support economic nationalism. Rumour has it Finance Minister Sri Mulyani Indrawati - regarded as the most competent minister in the Cabinet and a proponent of market openness - even threatened to resign as she felt her authority had been undermined by the Bumi rescue.

Government intervention and economic nationalism have come to the fore in various parts of the world, including in Indonesia. Jakarta has not funnelled US$700 billion (S$1 trillion) to financial institutions, as the US government has done. Nor has it channelled 700 trillion rupiah (S$91 billion) to troubled banks, as it did following the 1998 crisis. Its intervention in the Bumi case did not involve government funds.

However, the question remains: Why did the government take so much trouble over Bumi's woes, while allowing Indover to go insolvent? Should not those formulating economic policy work to benefit the wider population, whatever approach they take, rather than focus on protecting certain interest groups? (\*)

**The writer is a visiting fellow at the Institute of Southeast Asian Studies and teaches at the School of Business & Management, Institut Teknologi Bandung.**

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**More Ethics-Oriented Management Education Needed**

**More Ethics-oriented Management Education Needed**

**by Amol Titus (as Published in The Jakarta Post, Wed, 02/11/2009)**

**THE** New Zealand Teachers Council has adopted a detailed Code of Ethics for Registered Teachers which states that "teachers are vested by the public with trust and responsibility together with an expectation that they will help prepare students for life in society in the broadest sense".

Among the several obligations to society the Code of Ethics states that teachers will strive to "teach and model those positive values which are widely accepted in society and encourage learners to apply them and critically appreciate their significance."

As we are prepared almost daily by politicians, economists and business leaders that the "worst of the recession is yet to come" and are forced to sift through the Wall Street triggered economic catastrophe, it is clear that business schools have also failed to sufficiently instill the "positive values" in their batches of high-flying graduates, many of whom were directly or indirectly complicit in the shenanigans that have led to the second great depression.

Apart from having the odd rudimentary core program or elective in "business ethics", most business schools actually have let their independence get eroded and were content to become talent producing assembly lines for the corporate sector, primarily banks and the financial sector that tend to absorb over 50 percent of the intake.

The problem with reducing higher education to an assembly line is that the products turn out to be of the one dimensional conformist variety. Lacking the courage of conviction or moral fiber to internally challenge or reverse the corrosion caused by greed, self interest, corruption and gambling with the trust of customers, employees, regulators and society at large. Corporate excesses, like grossly speculative and irresponsible investment banking and private banking practices, appear to have been going on for years (Bernie Madoff's Ponzi schemes even for decades) and yet there were few instances of MBAs rebelling from within the ranks and taking a principled stance.

Perhaps business schools must begin by developing their own version of the famous Hippocratic Oath that has guided medical schools down the ages.

This oath, derived from ancient Greece, is like an ideal gold ethics standard emphasizing to medical students without ambiguity their responsibilities and obligations that separate healers from killers and inculcating in budding physicians a life-long commitment to protect life and never take it deliberately.

The field or practice of medicine might have its share of bad apples but it is inconceivable that a generation of doctors would be silent if the institutions they were working for started to get seriously corrupted.

A possible example worthy of emulation would be the Thunderbird School of Global Management that has come up with an ethical credo that requires students to promise to "strive to act with honesty and integrity; respect the rights and dignity of all people; create sustainable prosperity worldwide; oppose all forms of corruption and exploitation and take responsibility for actions."

If the above are consistently achieved then graduates can be expected to "enjoy an honorable reputation and peace of conscience".

But for business schools to enjoy future "peace of conscience" requires some radical changes in the way they currently operate. First, there needs to be greater testing and screening of students' ethical proclivities during the selection period - What social or community projects has he or she undertaken? What is the purpose of applying for the MBA beyond securing a cushy job? Is there an inclination to take up careers in rural management, cooperative entities, sustainability driven enterprises and even regulatory bodies?

Second, a strong ethical quotient must be incorporated in each subject and program. If you are teaching accounting, address the shameful acts of incompetence and window dressing masquerading as transparency nowadays.

If you are teaching human resources, highlight companies that are seriously talent driven, diverse and supportive of women in management and expose corporations operating as quasi colonial entities. If you are teaching selling skills, help students understand the value and responsibility behind customer promise. If you are teaching production management, highlight the unintended consequences of industrial accidents and disasters, especially in developing countries.

Third, the much vaunted case teaching methodology must also be reviewed to ensure only genuine long-term corporate track records that can be independently verified are showcased as examples of "business achievement and excellence". Business schools must stop celebrating the wealth of promoters, salaries of CEOs or short-term stock market spurts.

The healthy skepticism and sense of balance embodied by the wider society toward such behavior or "achievements" should be inculcated among students. The purpose of management education must be more substantive than just blindly cheerleading paper wealth creation.

Finally, the progression of students through a management program should not just be on the basis of performance in class or group activities or exams. Grade the demonstration of values and competencies, especially integrity, judgment, independent thinking, conscientiousness and a sense of team-oriented fair play.

The MBA label of "arrogant, self centered, glib talkers without substance" is not entirely without merit and many companies actually face a hard time integrating individualistic graduates with the rest of their workforces. Those obsessed with the "gravy train" will end up perpetuating it and ultimately bring dishonor to their alumni and institutions.

Henry Mintzberg of McGill University is an outspoken critic who claims that "conventional MBA programs train the wrong people in the wrong ways with the wrong consequences". Unless contemporary management education becomes more genuinely ethics oriented it will find it hard to regain the credibility already seriously damaged by its increasingly compromised output.

The writer is CEO of the international strategic and management consulting firm IndonesiaWISE. He is also senior guest on the faculties of management institutes like BINUS International and SBM-ITB. Insight appears on the second Wednesday of each month. (\*)

[*The Jakarta Post's Site*](http://www.thejakartapost.com/news/2009/02/11/more-ethicsoriented-management-education-needed.html)

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