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**A CASE STUDY IN APPLYING INTERNAL CUSTOMER RELATIONSHIP MANAGEMENT TO
FOSTER A CROSS-DISCIPLINARY STUDENT-OPERATED BUSINESS MODEL**

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ABSTRACT

The need for marketing education to integrate cross-disciplinary instruction into its curriculum through a student-operated business is addressed. To heighten the likelihood that students will become managers that bring a multidisciplinary approach to new product development, an undergraduate student-operated business needed to expand its operation beyond the marketing curriculum to include a course in industrial design. This case illustrates how in this case study, an internal customer relationship model (IntCRM) measured which relationship criteria is most vital to building effective relationships with key internal stakeholders. The result of effectively managing these relationships was the online retailer, Brand Spankin New (BSN).

INTRODUCTION

Since most marketing students will utilize their knowledge in the non-academic marketplace, instructors should teach skills that address the ever-changing needs of employers. One of the newest innovations prescribed by the business community is the need to bring marketing and design together at the *beginning* of the product development process (Nussbaum 2005; Godin 2003). This collaborative strategy is in answer to the growing viewpoint that American businesses are falling behind their global counterparts in creative innovation, evidenced by the vast majority of new products falling short of their projected Returns On Investment (Godin 2003).

This shortcoming is due to the prevalent management segmentation that fragments decisions into small pieces, each pertaining to its own sub-system, causing managers to lose sight of the ultimate goal of total organizational effectiveness (Ackoff 1999). A more integrative approach to project management was recommended as far back as 1992 by Dale Lunsford and John Henshaw and reinforced by subsequent research in 1999 (McKeage, K., Skinner, D., Seymour, R. M., Donahue, D. W., and Christensen, T.), which stated:

More companies are departing from sequential product development processes

For parallel processes, which allow for persons to cross over into other disciplines and to work together from the beginning rather than passing the project from one function to another as it enters different phases of development (i.e., planning, idea generation, screening, concept testing, commercialization, etc.).

Though the apparent need for collaboration was identified over 10 years ago by practitioners and academics, it appears that much more work needs to be done. According to a Business Week cover story (Nussbaum 2005), the prognosis is reaching critical levels. The article, entitled "Get Creative," detailed the current innovation problems among American companies. It appears that well-meaning cross-disciplinary ideas must become more pervasive in current teaching practice if our students are going to leave school with an integrative philosophy and accompanying skill set necessary to increase the odds that products brought to market will be successful.

Emphasizing the need for cross-disciplinary instruction within a marketing curriculum is the growing perceived importance of this discipline by top-level executives and researchers. "Marketing should be an engine of growth and profitability for the organization" (Wind 2005, p. 863). In the same article, Wind cited a study conducted by McKinsey & Co. that identified three ways that marketing should be the primary means by which an organization drives growth: (a) integrating customer insights more broadly into business functions; (b) integrating business strategies with brand strategies; and (c) integrating marketing and go-to-market execution. As Wind noted, "the common theme is integration" (p. 864). Toward this end, teaming marketing students with product design students is a step towards developing better management practices (Lunsford and Henshaw 1992).

However, once you venture outside the domain of your own classroom, you initiate the need to build and maintain healthy relationships with key stakeholders other than your students. Your chosen method of instruction will determine which linkages must be made before the educational endeavor can move forward. Failure to recognize the importance

of building these relationships could stop your initiative before it begins because you either crossed into another's boundary of responsibility or you did not realize you simply needed help in achieving your goals.

The requisite first step is to build the bridges outside of your classroom, yet still internal to your institution. In short, get permission to teach the way you want to teach. This reality engenders even greater significance when your objective is to establish ties to other disciplines, especially those outside the jurisdiction of your own Dean's Office.

Literature Review

In marketing, a great deal of recent attention focuses on the benefits of employing a customer relationship management (CRM) strategy for building long-lasting connections with customers. However, Frank Eichorn (2004) identified that the same foundational components for successful external CRM programs can be applied to internal relationships between organizational units. This section summarizes the principles on which an internal CRM model is based.

Culture, Leadership & Attitudes

As much as they are a place of production, the people who work in organizations create a social setting with their own "cultures" and "sub-cultures." (Eichorn 2004). Culture can be defined as (a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with its problems of external adaptation and internal integration, (d) that has worked well enough to be considered valid, and therefore (e) is taught to new members as the (f) correct way to perceive, think, and feel in relation to those problems" (Schein 1990)

An organization's culture affects behaviors and attitudes at all levels and the results mimic those in general society, where biases can determine inclusion or exclusion. Both organizational culture and attitudes evolve over time and are heavily influenced by its leaders (Eichorn 2004).

Systems Thinking and Total Quality Management (TQM)

The premise behind internal customer relationship management is that a holistic approach that recognizes the interdependencies of business processes, business and customer needs, within a customer-centric culture that encourages horizontal collaboration is poised for success. One of the key

contributions of systems thinking in examining organizational integration is to look beyond the hierarchical structures that may be in place and to examine the company as a set of inter-connected processes and network-type operations and communication mechanisms. (Eichorn 2004, p. 127).

Another management system with roots in systems thinking is Total Quality Management (TQM). The four essential dimensions that comprise TQM (Tena, Lluser and Puig 2001) are: (a) to establish a customer focus, (b) implement continuous improvement practices, (c) nurture employee fulfillment, and (d) treat the organization as a total system.

Horizontal Collaboration, Communication and Processes

It is almost self-evident that successful horizontal collaboration is built on the foundation of successful internal relationships. Nurturing internal relationships and information sharing results in a better appreciation of identities, a clearer understanding of business processes and needs, a sharing and understanding of culture, cross-pollination of ideas, and perhaps most importantly, empathy (Eichorn 2004).

Of course, relationships are at the heart of internal customer relationship management. Developing internal partnerships requires establishing, encouraging and nurturing the relationships and the linkages (Eichorn 2004). This will result in improved performance as measured by relevant metrics including ease of communication, process efficiency and effectiveness and impact on improved products and services (Kingman-Brundage, George, and Bown 1995; Langer 2001).

Employee Satisfaction = Customer Satisfaction

It is well documented that satisfied employees perform better and treat customers better, internally and externally, ultimately leading to better overall customer satisfaction (Phipps 2001; Scarpello and Campbell 1983; Zerbe, Dobni and Harel 1998; Tornow and Wiley 1991). This self-reinforcing loop observed between employee satisfaction and internal service quality is the starting point for the Service-Profit Chain. The Service-Profit Chain research conclusively illustrates that improved customer relationship skills applied internally result in improved employee satisfaction, and this causal relationship leads to satisfied external customers and an increase in the bottom-line (Eichorn 2004).

IntCRM Model

The premise of the IntCRM model is that an organization must possess an integrated foundation of capabilities, across the dimensions identified as critical for successful customer service (Eichorn 2004). To date, no research has been conducted that examines student-operated enterprises that include multiple courses outside the school of business. Therefore, the necessary first step is to understand how to establish such an initiative within an institution of higher learning.

This study outlines how these relationships were developed to help launch a specific form of experiential learning, the cross-disciplinary student-operated business and what components of the IntCRM model were most important for their success.

This case study will demonstrate how, in one instance, internal linkages were developed to enable a single-course student-operated business to incorporate two academic departments outside the school of business.

BRAND SPANKIN NEW BACKGROUND

BSN, a student-operated, designer retailer, is the culmination of a joint effort between the Departments of Marketing and Industrial Design at a large urban college in the Rocky Mountains.

The genesis of this brand occurred in the Spring semester of 2004, when a "Seminar in Marketing Management" course was transformed into an operating business model as a method of experiential learning. For three semesters, students were immersed in the planning, implementation and control of an operating business model that generated profits ranging from \$2000 to \$4000 per semester. To further enhance the educational experience, the decision to expand the concept beyond the realm of marketing was made.

Because of the growing need for marketing to be involved at the start of product development, it was decided to develop a design and manufacturing arm for the student-operated business. Additionally, in answer to the growing need for marketers to have online retailing knowledge in a global economy, the development of an e-commerce storefront began. After two semesters of research and testing, students in a "Reputation and Brand Management" course created a brand management plan for an online retailer around the name Brand Spankin New. From that point of beginning, the venture is now the first curriculum-based e-commerce venture in the

country operated where undergraduates design, manufacture and market their own limited edition products.

Two undergraduate courses, "Seminar in Marketing Management," and "Industrial Safety and Production," were used to implement the new product development phase of BSN. Both courses devoted the entire focus of their semester toward developing and marketing new products for the online retail outlet. Both instructors integrated assignments so that students in each section would need to work together to successfully complete their course requirements. The resultant e-teams (named because much of their collaboration took place outside of the classroom) comprised of 1 industrial design student and 1-2 marketing students. The most marketable of these products, as demonstrated through their technical designs and marketing plans, would be chosen by a panel of experts in each discipline for commercialization through BSN. The BSN brand is co-advised by one professor from the Marketing Department and two professors from the Industrial Design Department.

Seminar in Marketing Management is a 16-week senior-level course and marketing minor capstone. From the first day of class, the 25 students enrolled applied marketing concepts learned in previous semesters toward operating this business and building the BSN brand. The course employed a two-prong strategy. The first four weeks of the semester were dedicated to working exclusively with student industrial designers in the development of new products. Each marketing student was assigned a student designer who had a product design idea. The student marketers were then charged with conducting market research to determine whether it would be feasible to continue with the development of the product. Necessary adjustments were made to the product design and at the end of the month, student marketers developed a product feasibility plan and presentation. At this point, e-teams began to design a prototype (industrial design students) and a full-fledged marketing plan for the product (marketing students). This task took the rest of the semester for the Industrial Design students, while the marketing students entered the second phase of their term.

The second prong of the class strategy was to plan and implement a marketing campaign around an existing product already developed by a student industrial designer from a previous semester. The product was a wall-mounted coat rack made with a birch backing, a white convex Plexiglas shield upon which 5 silver metal hooks were attached. For the

next 12 weeks of the semester, student marketers focused on branding the coat rack and its designer, as well as developing and implementing a marketing campaign around the brand. The class was divided into 5 campaign teams, each consisting of 5 students. Each team had its own primary and secondary target markets and designed campaigns personalized for each segment.

After campaign teams were formed, each class (two days a week for an hour and fifteen minutes each session) took the form of a company meeting, where each department gave progress reports and major issues were discussed. As a group, students were required to present and deliver in report form the following assignments: a coat rack research report; a campaign plan for the semester; and a final report on the achievement or non-achievement of the goals of their campaign team. Because everyone in the course was also involved in the actual selling of the product, each campaign team also had sales objectives.

INTERNAL CUSTOMER RELATIONSHIP MANAGEMENT

Before this collaboration could begin, steps needed to be taken to ensure its successful launch. Some of these stages are specific to the business model used in this case, but the underlying concept is to build relationships with those individuals who can either help you to attain your goals, or prevent you from reaching them. Therefore, the focus of this paper is two-fold: (a) prioritize the relationships that instructors should cultivate and maintain to help start a cross-disciplinary student-operated business, and (b) identify the specific components of the IntCRM model that would be best suited to build these respective bonds.

Relationship #1—Your Department Chair

If your chair will not support your vision, you must seriously question whether the sizeable commitment it takes to establish an entrepreneurial teaching model is worth your effort. At this stage, it is key for instructors to understand the Culture, Leadership & Attitudes of their respective departments. As its representative, you must first learn how your department wants to be perceived and whether a cross-disciplinary approach will accomplish the appropriate brand image your department would like to project. In this case, the chair wanted the department to build on its established reputation as a campus leader in experiential learning. Consequently, he was one of the strongest supporters of developing a student-operated

business as part of department curriculum component.

Relationship #2—Key Collaborators

A relationship was forged with two instructors in the college's Department of Industrial Design. Faculty from both departments both understood the need for their students to better understand new product development by learning more about each other's discipline. In this instance, the concept of Horizontal Collaboration, Communication and Processes is most effective. When working with colleagues in other disciplines, it is important to maintain a level of equality since each person can be deemed an expert in their respective areas. Placing greater importance on one aspect of the operation over another could spell the undoing of the project if subservient members do not agree with their status. A more horizontal organization also breeds more empowerment by organizers, which allows for more efficient communication and processes.

Additionally, these relationships bring Employee Satisfaction = Customer Satisfaction to bear. By sharing power on an equal basis, in as much as this model can remain effective, the instructors can enjoy equal credit for the success of the endeavor. This employee satisfaction will transfer to better server, or teaching, to all students impacted by these professors.

Relationship #3—Legal Counsel

Since this educational venture was also a business model expecting to make a profit, an agreement needed to be reached that clearly delineated management and financial responsibilities. Based on these needs, it was agreed that more formal relationships needed to be cultivated.

A meeting was held with the college legal counsel to outline our plan and determine whether a cross-disciplinary e-commerce educational model was feasible. To our surprise, it was easy to organize if we categorized the venture as a student project without any direct affiliation to the institution. The reasoning is that, similar to any student project, the college cannot be held responsible for issues like website content, product quality, etc. If any direct affiliation was made to the institution through use of a school logos, mascots, etc., it would have to be considered an institutional project and with this label came greater constraints and necessary permissions. This logic fits into Systems Thinking and Total Quality Management (TQM). Legal counsel was able to look beyond the hierarchy of the

institution and examine the opportunity as an operation that focused on the customer (students) and nurtured employee fulfillment (professors), two key aspects of TQM.

Counsel was also instrumental in helping us develop contractual agreements between the (a) two academic departments, outlining responsibilities and financial distributions, and (b) both academic departments and the student designer, thus serving to legally network the enterprise. When starting a student-operated business, one of the first relationships to build should be with your institution's legal counsel.

Relationship #4—Experts within the Institution

In our particular case, we needed to construct a website and house it on a server. To discover the best approach we could take to accomplish these tasks, we organized a meeting with the college's director of web development, the person in charge of maintaining all of the websites affiliated with the institution. He too was a wealth of information and even directed us to external sources that could provide more efficient e-commerce functions. Again, this is an example of Systems Thinking and Total Quality Management (TQM) on his part. What is best for the customer is best for the organization.

Relationship #5—Your Dean

One might wonder why this relationship is listed as #5? Many astute educators would observe that obtaining buy-in from your Dean is essential for developing a program that transcends disciplines. Our answer is: It depends on your Dean. Knowing the management style of the leader of your school is imperative in determining when to get him or her involved. Again, this relationship focuses on the Culture, Leadership & Attitudes component of the IntCRM model. The central considerations given this issue are whether involving your Dean will add another layer of bureaucratic supervision to your organizational chart and whether you want or need this. Small start-ups generally function more effectively and efficiently using a horizontal management structure, so the degree to which you involve your superiors is of utmost importance.

In our case, we already had a strong foundation of information where from we knew we could move forward without directly involving his office:

- the Dean was already a strong supporter of the student-operated model when it involved one course in the marketing department;

- the college's Board of Trustees and new President had a very entrepreneurial mindset in terms of education; and
- a school task force had recently reported that more interdisciplinary collaboration must occur in the study of entrepreneurship.

Armed with this knowledge, we proceeded forward without direct involvement from the Dean's Office, but keeping sure we kept him abreast of the concept's evolution. We only decided to involve his office, as well as the Dean who supervises the Industrial Design faculty, when start-up funds were required to complete the development of the e-commerce site.

Based on our previous contacts with them, both Deans were already up-to-speed on our project and had become advocates on our behalf. This made our request for \$8,850 seed money to develop the web site an easier request for them to grant. They even decided to give BSN its own School of Business account, entitled BIG, identifying their hopes for what this venture would become.

The Deans even invited colleagues from the college foundation department to that funding meeting. When these foundation representatives learned about the BSN story, they told it to the foundation board and President of the college, who in turn took the story to the college Board of Trustees. By cultivating strong relationships with our Deans, we generated internal buzz marketing that resonated throughout upper levels of management.

In summation, know the organizational culture in which you are starting your student business and know the extent to which your Deans want to be involved in your business. This alone may help you decide whether you want to proceed.

Relationship #6—College Foundation

By virtue of the relationships we established to this point, we suddenly had a positive relationship with the college development office. We give a note of caution in this area. We felt that it was important to build out our website and show a string of successes *before* we engaged the help of the foundation for more funding. Here lies the key to the entire endeavor—your idea has to work. As with any new business, a level of risk is involved in starting or expanding a student-operated venture and the possibility always exists that the project could fail. Once you become the recipient of donor pledges, it is imperative that the endeavor is already a

smashing success. If it fails after you have already received external funding, you run the risk of permanently disabling your relationship with your foundation, alumni and potential financial backers.

The model component of Employee Satisfaction = Customer Satisfaction is at stake in this relationship, in that now it was our added task to satisfy employees of the college development team, so that they could then move forward in confidence in their efforts to satisfy their specific customers, donors to the institution. In our case, we could not refuse the help once it was offered, but we did not pursue this strategy with great vigor until we felt more comfortable that our model had staying power.

Relationship #7—College President

Your President is a primary promotional spokesperson and fundraiser for your institution. In most organizations, you would like top-down commitment for your initiatives, but in the very bureaucratic environment of higher education, you can often be more successful and get your project going if you slip beneath the radar before officials can say "no" to your initiative. This issue address the need for Horizontal Collaboration, Communication and Processes prior to trumpeting your achievements to higher authorities. Become successful, which is more easily accomplished with a flatter organizational arrangement, before you ask to become part of your President's vernacular. Once your student start-up is running, find ways to make him or her aware of your enterprise, but do not flaunt your triumphs. If you are truly successful, others will do that task for you.

Relationship #8—Ancillary Instructors

For logistical reasons, it is a good idea to keep the contractual relationships to a minimum. This strategy, however, does not preclude you from using other courses to help you achieve the goals of the collaboration. Additional course involvement offers that many more opportunities for students and their instructors to get involved in a "real" project that can be a catalyst for career success.

Here again, the Horizontal Collaboration, Communication and Processes piece is vital. Working with other disciplines and courses in relative equality can bring a wealth of expertise to your project. Additionally, these components of added value identify Systems Thinking and Total Quality Management (TQM). Work supporting BSN was conducted by a "Reputation and Brand Management" course (from a final project in this

class is where the brand name originated) and an Independent Study with a student helped with the development of the brand in its embryonic stages. Both of these courses were taught by one of the authors, but BSN also utilized instructors from disciplines other than marketing or industrial design.

Instructors of BSN developed a relationship with a teacher of an "Identity and Systems Design" course in the college Art Department. His students would develop the elements of the BSN identity, including its brand architecture.

Of course, not all relationships turn out like you planned. Here is an instance where a positive relationship was established, but its outcome was not what we had hoped. Because the focus of the student-operated business is on having student managers, it was believed, even before this project explored opportunities outside of the marketing department, that using a student to design the e-commerce site would be ideal for both philosophical and economical reasons. Thus, a relationship was developed with a web design instructor who allowed students to assign themselves to real projects as part of their course requirements. Soon into the semester, we were contacted by one of his students who began working with us. Unfortunately, this individual dropped the course in the later half of the semester and without giving us any kind of deliverable.

We tried again the following semester. After working with this student for the entire semester, it became apparent that his skill set was not complete enough to successfully finish our project. After working with his instructor, he was taken off the project. It was at this time that the decision was made to outsource the responsibility to a professional in the field.

Relationship #9—Your Students

Last on this list, but certainly not least, are the students who have to turn your vision into reality. Once the project begins, they must become passionate about its success or it will fail. In an interesting twist, the customers of your college become the employees of the student-operated business, where their overall satisfaction with the semester-long project will translate into either marketing success or mayhem. Accordingly, Employee Satisfaction = Customer Satisfaction is of utmost importance in developing excellent relationships with the very people who determine the fate of the operation.

The best means to transfer your passion about the student-operated business onto your newfound employees is to talk about the Big Picture. The Big Picture represents the grandiose mission and vision of how this concern will help them and what it hopes to become many years into the future. Do not project small goals, give them the big dream (e.g., "We can become the largest student-operated retailer in our city. How would you like to someday say you were associated with that at the beginning?"). Make them believe they are part of something very special and they will rise to the occasion and do very special things for you.

CONCLUSION

The observed outcomes extracted from this case study support the notion that developing strong relationships with key internal stakeholders are requisite first steps toward the development of a cross-disciplinary student-operated business. However, numerous other phenomena (e.g., individual personalities, geographic cultures, etc.) outside the scope of this study could also play roles in the establishment of such a program. These additional factors warrant exploration in future studies.

But in this single instance, internal relationship management in this educational model can be deemed a success in the context of marketing education, if for no other reason than it helped allow BSN to become a teaching reality. One case study, however, cannot reliably predict a consistent outcome. This study provides a starting line to conduct more encompassing scientific studies.

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