Texas instruments problem

Business

The paper " Texas Instrument’s Problem" is a great example of a business assignment. Texas Instrument has faced a problem when the company becomes consumer-centric and loses its focus on its customers. The company has then hired BTS USA, a global provider for global-based simulation in order to probe the problem. As the problem is centered on customer relationship management, BTS has created a program for the company executives to see the real picture seen from the eyes of their customers. In line with this program, two major questions are raised: first, did TI take the right approach to achieve better customer satisfaction by training its executives first? Would TI have achieved quicker results by training its front-line employees prior to its executives; and to what sources would an HR manager in TI would have looked to find information with which to calculate the program’s ROI. This paper aims to analyze and answer the two questions. TI took the right approach to train its executives first. TI’s customer-related issues were of strategic rather than of tactical consideration, therefore any subsequent training for its frontline employees, without the customer-centric thinking that guides the systems within the company, the customers would still feel frustrated in doing business with TI in the end. TI’s focus on inside-out competitive advantage—its focus on its products and operations rather than customers put it in a competitive disadvantage. While the issue does not only rest in poor handling of customers but rather addressing the need of the customers, all in all, TI’s problem was strategic. In order to address the problem, TI has to work from the top first. After getting back to its mission and vision, and then long-term and short-term corporate objectives, TI should make its marketing more strategic. This means more interaction with customers, knowing their needs through feedback and marketing research, and then offering a good combination of benefits through its products and services. As the case has pointed out, it was crucial for TI to know how it feels to be their customer. After knowing the causes of dissatisfaction, can address those by incorporating the needs of the customers that are unfulfilled to the benefits that TI's products offer. This cannot be done by the frontline employees. Therefore, because the nature of the issue is strategic, those executives who have the authority to change the company's strategy should be trained first. In order for the strategy to be executed well, TI has to ensure that a culture of " listening and satisfying the customer" should be set within its organization through a support program (Duncan 2005, 200). For this reason, the executives have to be trained first. However, after the executives are trained and a subsequent change in the strategy and culture has been made within the organization, training of the frontline employees would be most crucial as these people are those who interact directly with customers, through which the company's strategic commitment will be communicated to customers. As according to Tom Duncan in his book Principles of Advertising and IMC, "[…] everything [a company] does and says, including in-house staff policies, sends a brand message to all its stakeholders—and to customers in particular (Duncan 2005, 200)." The program's ROI can be measured by getting the incremental cash flows of the organization (Brealey, Myers & Marcus 2004, 214). Although customer satisfaction will impact the brand, which will create value for the organization in turn but is harder to measure, the changes in the company's revenues can be an alternative easier measure. As the program comes into completion, TI expects to experience either a decrease in customer nudging and transfer to competitors, thus its customer base either remains the same or increases gradually. With an improvement in systems that ensure customers' satisfaction, even when TI's customer base does not increase so much, the company can expect increases in volume from its current customers. This entails lower costs for customer retention rather than spending more on customer acquisition. Although TI could target more customers in order to enlarge its base and generate more sales, retaining its customers represent a significant decrease in the loss of sales from customers that are leaving. Texas Instrument's problem is more strategic in nature than tactical. Training its frontline employees may create short-term and quicker solution to its problems, by maintaining a better relationship. However, the company's failure to meet the needs of its customers by the benefits that it provides to its customers will backfire in the long run. Incorporating these benefits to the company's offerings is strategic by nature, so training its executives first is the better way to address it. The value that this program contributes to the company may not exactly be measured as these will be included in the company's brand equity. However, the return on this investment can be looked upon at the subsequent effects on the company's revenues and costs, or incremental cash flows. By satisfying its customers, the customer base of the company remains intact with a decrease in nudging or customer transferring to competitors. Therefore, an equivalent increase in sales can be expected--from the additional business that the company can generate through higher volumes due to an increase in trust and customer satisfaction. As the company focuses on its customers, its customer acquisition costs will go down which has a significant effect on its cash flows.

These figures can be the sources of information in measuring the ROI of such program.