

Module 6
Section A: Customer Relationships

Term
Business intelligence

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Term
Churn

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Term
Customer relationship management (CRM)

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Customer segmentation

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Customer service ratio

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Customer-driven

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Cycle time

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Data warehouse

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The process of customers changing their buying preferences because they find better and/or cheaper products and services elsewhere. The internet makes it easy for customers to shop electronically in search of a better deal.

Information collected by an organization about customers, competitors, products or services, and processes. Business intelligence provides organizational data in such a way that the organizational knowledge filters can easily associate with this data and turn it into information for the organization. Technology often is used to gather, store, analyze, and provide access to data in order to help consumers make better business decisions by offering them accurate, current, and relevant information. See: data warehouse.

The practice of dividing a customer base into groups that are similar in specific ways relevant to marketing. Traditional segmentation focuses on identifying customer groups based on demographics and attributes, such as attitude and psychological profiles. See: market segmentation.

A marketing process or tool based on putting the customer first. It involves the collection and analysis of information designed for sales and marketing decision support to understand and support existing and potential customer needs. CRM also includes account management, catalog and order entry, payment processing, credits and adjustments, and other functions, and may be integrated with an enterprise resource planning (ERP) system for end-to-end customer satisfaction. See: customer relationship management (CRM) system.

Considering customer needs as the primary business strategy, and a culture where personnel work together to meet and exceed customer expectations.

A measure of delivery performance of finished goods, usually expressed as a percentage. In a make-to-stock (MTS) environment, this percentage usually represents the number of items or dollars that were shipped on schedule for a specific time period, compared with the total that was supposed to be shipped in that time period. In a make-to-order (MTO) environment, it is usually a comparison of the number of jobs or dollars shipped in a given time period compared with the number of jobs or dollars scheduled. Syn.: customer service level, fill rate, percent of fill. Ant.: stockout percentage.

A repository of data that is stored for the specific purpose of querying and analyzing the data to support decision-making. See: data lake; data lakehouse; extract, transform, load (ETL).

1) In industrial engineering, the time between the completion of two discrete units of production. For example, the cycle time of motors assembled at a rate of 120 per hour is 30 seconds. 2) In materials management, the length of time from when material enters a production facility until it exits. Syn.: throughput time.

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On-time delivery

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On-time in-full (OTIF)

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Voice of the customer (VOC)

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Section B: Supplier and Supply Chain Relationships

Term
Communication management plan

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Joint venture

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Multisourcing

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Single-source supplier

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Term
Sole source

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A delivery scoring system in which a target delivery goal—usually expressed as a percentage—is set and the deliverer tries to meet that delivery goal fully and by the delivery date. See: complete and on-time delivery (COTD), percentage of orders delivered in full.

A metric measuring the percentage of receipts that were received on time by customers. See: on-time in full (OTIF).

A document that describes the communications needs and expectations within a project, including format, dates, locations, and responsibilities.

Actual customer descriptions in words for the functions and features customers desire for goods and services. In the strict definition, as related to quality function deployment, the term customer indicates the external customer of the supplying entity. See: design for six sigma (DFSS), form-fit-function.

Procurement of a good or service from more than one independent supplier. Syn.: multiple sourcing. Ant.: single sourcing. See: dual sourcing.

A separate entity created by two or more organizations through shared ownership, risk, and returns to accomplish a specific business objective.

A supply situation where the supply of a good or service is available from only one organization. Usually technical barriers, such as patents, complex tooling, or component designs, preclude other suppliers from offering the product.

A company that is selected to have 100 percent of the business for a part although alternate suppliers are available. See: sole-source supplier.

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Section B: Supplier and Supply Chain Relationships

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Stakeholder relationship management

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Strategic alliance

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Strategic sourcing

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Supplier certification

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Supplier relationship management (SRM)

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Tactical buying

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Virtual organization

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A relationship formed by two or more organizations that share proprietary information, participate in joint investments, and develop linked and common processes to increase the performance of both companies. Many organizations form strategic alliances to increase the performance of their common supply chain.

Addressing and managing the competing priorities, needs, and concerns of internal and external stakeholders in a proactive and sustained manner, resulting in decreased cost and enhanced stakeholder acceptance or buy-in.

Certification procedures verifying that a supplier operates, maintains, improves, and documents effective procedures that relate to the customer's requirements. Such requirements can include cost, quality, delivery, flexibility, maintenance, safety, and ISO quality and environmental standards.

A comprehensive approach for locating and sourcing key material suppliers, which often includes the business process of analyzing total-spend-for-material spend categories. The approach includes a focus on the development of long-term relationships with trading partners who can help the purchaser meet profitability and customer satisfaction goals. From an information technology (IT) applications perspective, it includes automation of requests for quotes, requests for proposals, electronic auctioning (e-auction or reverse auction), and contract management processes.

The purchasing process focused on transactions and nonstrategic material buying. It is closely aligned with the ordering portion of executing the purchasing transaction process. Its characteristics include stable, limited fluctuations; defined standard specifications noncritical to production; no delivery issues; and high reliability concerning quality-standard material with very little concern for rejects. See: strategic sourcing.

A comprehensive approach to managing an enterprise's interactions with the organizations that supply the goods and services the enterprise uses. The goal of SRM is to streamline and make more effective the processes between an enterprise and its suppliers. SRM is often associated with automating procure-to-pay business processes, evaluating supplier performance, and exchanging information with suppliers. An e-procurement system is often an example of an SRM family of applications.

Short-term alliances between independent organizations in a potentially long-term relationship to design, produce, and distribute a product. Organizations cooperate based on mutual values and act as a single entity to third parties.