

Executive Summary

In recent years, customer satisfaction management has expanded beyond private companies to the public sector. In other words, public agencies need to operate, thinking customers first because the importance of quality management and performance evaluation of public agencies has been emphasized more than ever.

As a result, the KOICA(Korea International Operation Agency) has inevitably made a transition to customer-centric and customer-friendly management by internalizing 'the management philosophy of customer satisfaction' throughout the agency. However, in order to do this, an accurate understanding of who KOICA's customers are and what they want from KOICA should be preceded.

Therefore, this study aims to broaden the overall understanding of KOICA's customers, especially the domestic corporate organizations participating in KOICA grant aid project as a core stakeholder. For this, we analyze them by customer type and aid type. And, it includes the analysis of their participating patterns and trends. At the end of the study, KOICA's customer management plan to realize customer satisfaction management is also suggested.

Since the KOICA's establishment year to 2016, more than 1,000 domestic corporate customers have participated in the KOICA projects. In 1991, 23 customers joined to work with KOICA and its number has been steadily increasing year by year. This can be attributed to the growing interest of diverse stakeholder in development cooperation projects as well as the gradual expansion of KOICA's budget.

In this study, we analyze KOICA's customers by type of aid at the first. In 'the Projects and DEEP', the number of its cumulative customers from 2004 to 2016 is 586. By type of customer, the profitable corporations were the most(69.2%), among which the small and medium enterprises(SMEs, 77.8%) were the most. Participation of large and mid-sized companies has stagnated since 2010 and their recent rate of churn has risen. SMEs have started to increase rapidly since

2007. This suggests that KOICA projects are suitable for SMEs rather than for large and medium enterprises, considering their traits and size. Also, Large and medium enterprises are regulated by law which boosts and encourages the participation of SMEs.

In ‘the Fellowship Program’, the number of its cumulative customers from 1991 to 2016 is 314. By type of customer, public agencies are the most(28%), followed by governmental organizations(23.9%) universities(22%) and nonprofit organizations (16.6%). This result is relative to the aim and characteristics of fellowship program which delivers and shares know-how and skills of Korea’s public sector agencies to public officers of partner countries. Universities run a number of short-term training courses with the master’s courses. Nonprofit corporations have recently confirmed that the ratio is increasing due to efforts to find specialized institutions outside the public sector.

The number of cumulative customers in ‘the Public-Private Partnership Program’ from 1995 to 2016 is 295. Nonprofit organizations (63.1%), universities (15.3%) and profit-making corporations (19.6%) in order. The number of nonprofit organizations has increased sharply since 2007 but at the same time you can see customer churn increase. Universities increased sharply in 2012, starting with the “Academic Partnership Program”, but it has decreased by nearly half due to recent business restructuring. Among the profit-making corporations, large corporations(conglomerates) became prominent customers as the start of the ‘Global Social Contribution Project’ in 2010, but, SMEs are rising recently as core customers. It seems to be influenced by the ‘Innovative Business Solution (IBS)’ and ‘Creative Technology Solution(CTS)’.

The results of customer segmentation by business type through RFM are as follows. Characteristics of ‘Projects and DEEP’ can be confirmed by SMEs. SMEs have the largest share of Projects and DEEP, but their business frequency and monetary value are relatively low compared to other types of customers. This means that most SMEs have difficulty participating in several KOICA project at the same time and lack the expertise to carry out large sized projects. The characteristics of the Fellowship Program are that universities, public agencies and governmental organizations are mainly distributed in the upper

group of RFM, and nonprofit organizations and profit-making corporations are distributed in the lower group of RFM. The three types of customers in the top group of RFM will continue to be core customers in the Fellowship program in the future. Also, nonprofit organizations will likely be included as new key customers, given its recent involvement. Characteristics of Public-Private Partnership Program can be confirmed by nonprofit organizations. They have steadily participated to the Public-Private Partnership Program from the beginning of the project, but within them, there is so much discrepancy in terms of their capacity, financial stability, human resources, and aid experiences. Thus, the top group of RFM in Public-Private Partnership Program are Large sized nonprofit organizations rather than small and medium-sized ones.

Universities and profit-making corporations (mainly SMEs and large corporations) are increasingly involved in this program, and these types of customers will also be included as key customers in Public-Private partnership projects.

According to the results of cross-analysis of RFM grade, penalty and business performance, it shows that the relation between RFM grade and penalty is statistically significant in 'Projects and DEEP' and 'Private-Public Partnership Program', but the relation between RFM grade and business performance is statistically significant only in the 'Private-Public Partnership Program.'

Based on this customer analysis, KOICA proposes '3GO MODEL' for more systematic and efficient customer management. This model is the KOICA's first customer management plan to encourage and settle down customer-oriented and customer-friendly management. Here, '3Go' means that KOICA, domestic corporate customer(stakeholder) and citizens of developing countries go together.

The model has three major strategies. The first is to settle down customer-oriented management culture in KOICA. To do this, we need to enhance CS awareness and capacity of our employees, and evaluate and support CS activities. The second strategy is to set up a system for customized services. This requires to establish a customer information DB base in advance and introduce a customer relationship management system. Third, reinforcement of relationship between

KOICA and its customers throughout customer relationship marketing. This includes attracting high end customers, striving to exist them, and raising their royalties for KOICA.

This year, KOICA declares the role of development cooperation platform to achieve SDGs(Sustainable Development Goals) through the mid-term strategy plan(2017-2021). Thus, it is very urgent for KOICA to acquire good customers, maintain relationships, and build strong partnerships with them on the ground that its customers will play a significant role to solidify the platforms. However, strong relationship with customers is not formed at once. Therefore, KOICA should have the expertise and know-how of development cooperation that can appeal to its customers. Also, KOICA needs to produce and share the values with customers, which makes both of them mutually co-exist and develop. And then, the development cooperation platform that KOICA wants to establish will be set up completely with a big support by diverse customers and stakeholder.