



Getting Closer to the Customer: Using Your Service Antennae

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- Introduction
- Some Key Findings
 - What Drives CRM?
 - How Are We Doing?
 - Ways for Moving Forward
- The CRM Model
- Where Do Customer Satisfaction and Customer Loyalty Fit?
- Why Do Some CRM Initiatives Fail / Succeed?
- Recommendations
- Q&A

AFSMI White Paper: Getting Closer to the Customer



**Now available for
Corporate Members**

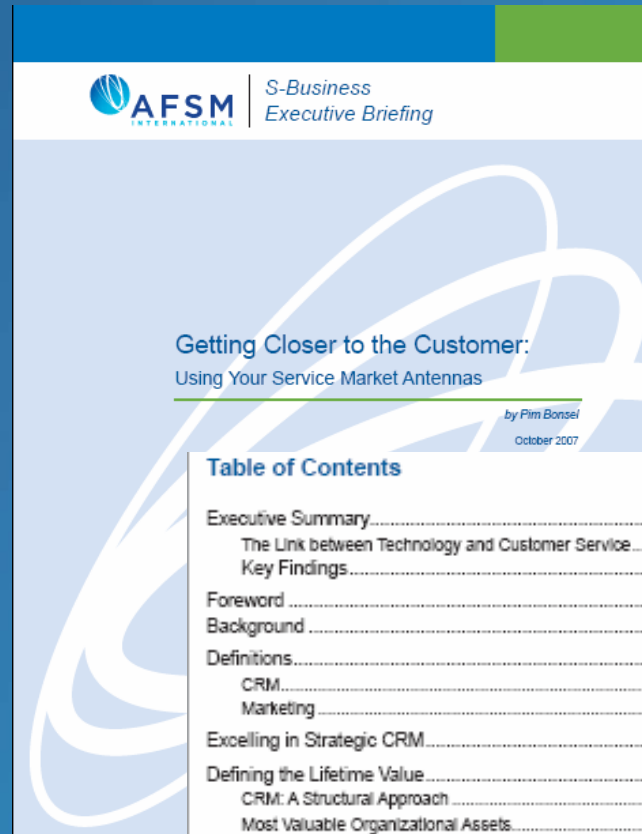
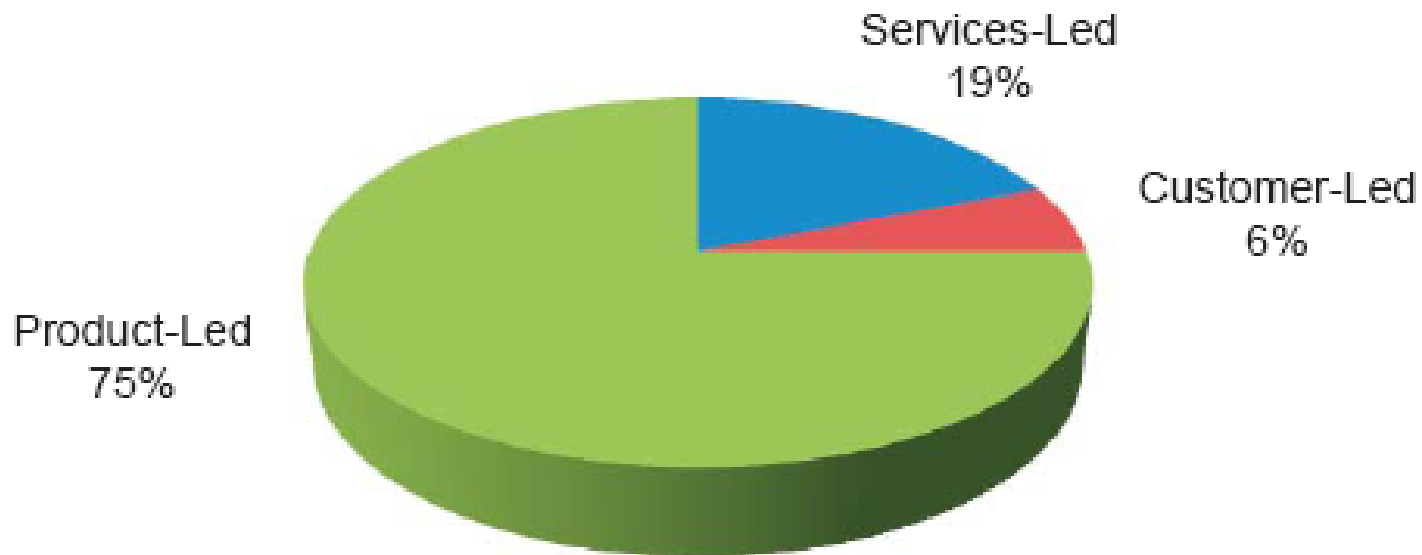


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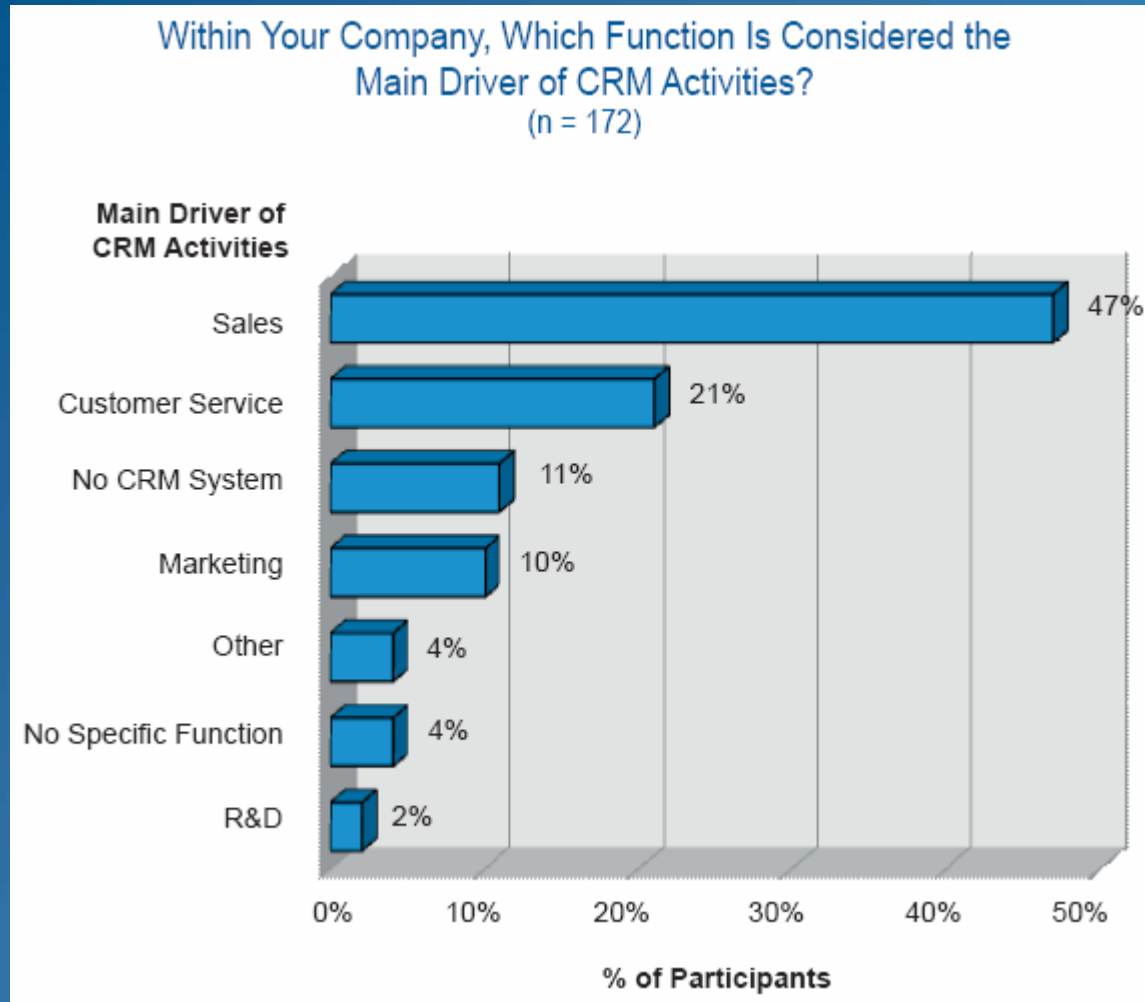
“A **business strategy** that aims to **understand, and manage the needs** of an organization’s current and prospective customers. It entails **acquiring and deploying knowledge** about customers and **using this information** across various customer touch points **to balance revenue and profits** with **maximum customer satisfaction**”

Where Do You Consider Your Company to Be Positioned within the Services Continuum at This Moment?
(Survey Total)



Source: AFSMI 2005

What's Driving CRM?



Source: AFSMI 2004

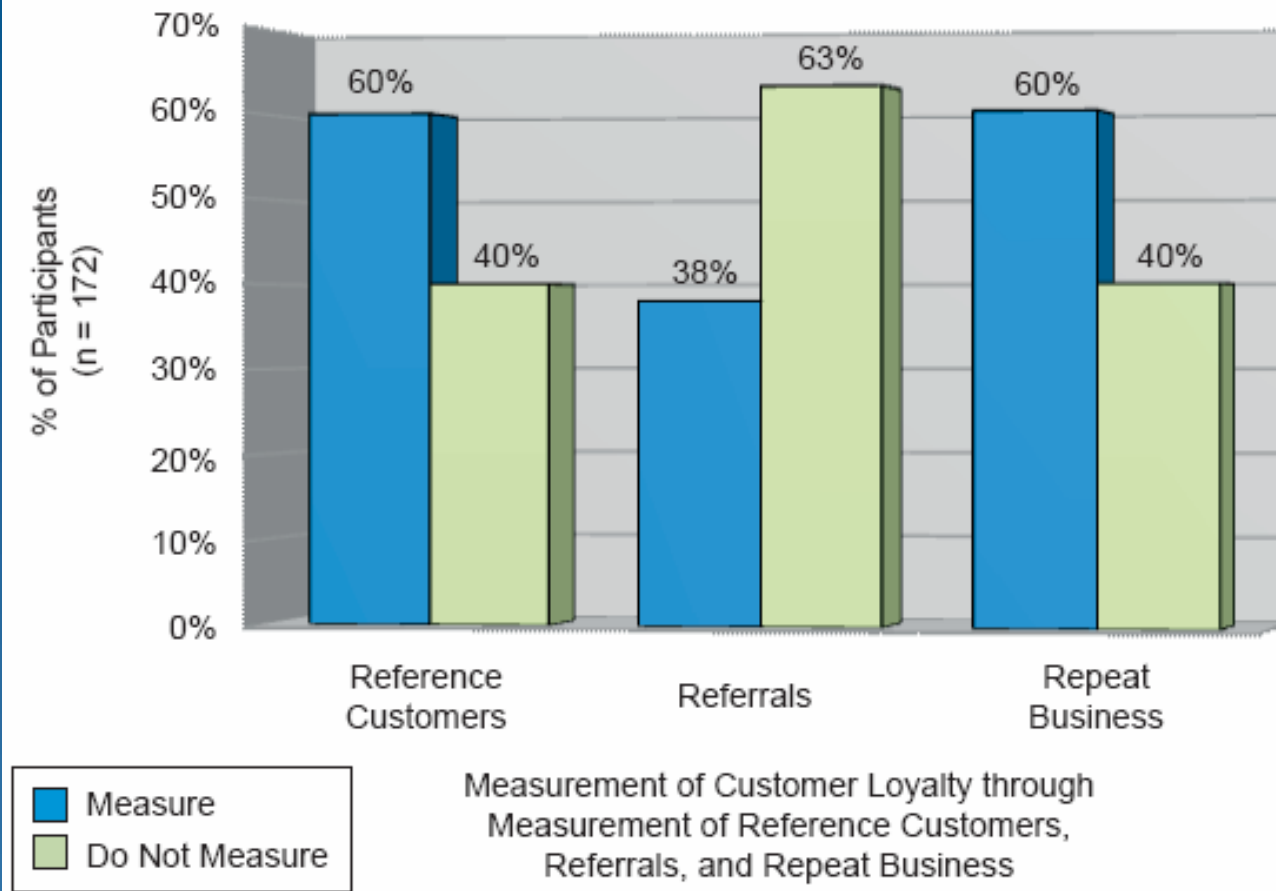
Customer Retention Rate: Lost Customers/Repeat Customers

This chart shows the customer retention ratio for select sectors. The high retention in the Healthcare/Medical sector is a reflection of the customer loyalty to one manufacturer over another and the enormous cost of change.

Service Industry	Customer Retention Rate
Copier	65%
IT	57%
Medical	85%
Overall	67%

Source: AFSMI 2005

How Do You Create More (and Better) Evangelists?



Source: AFSMI 2004



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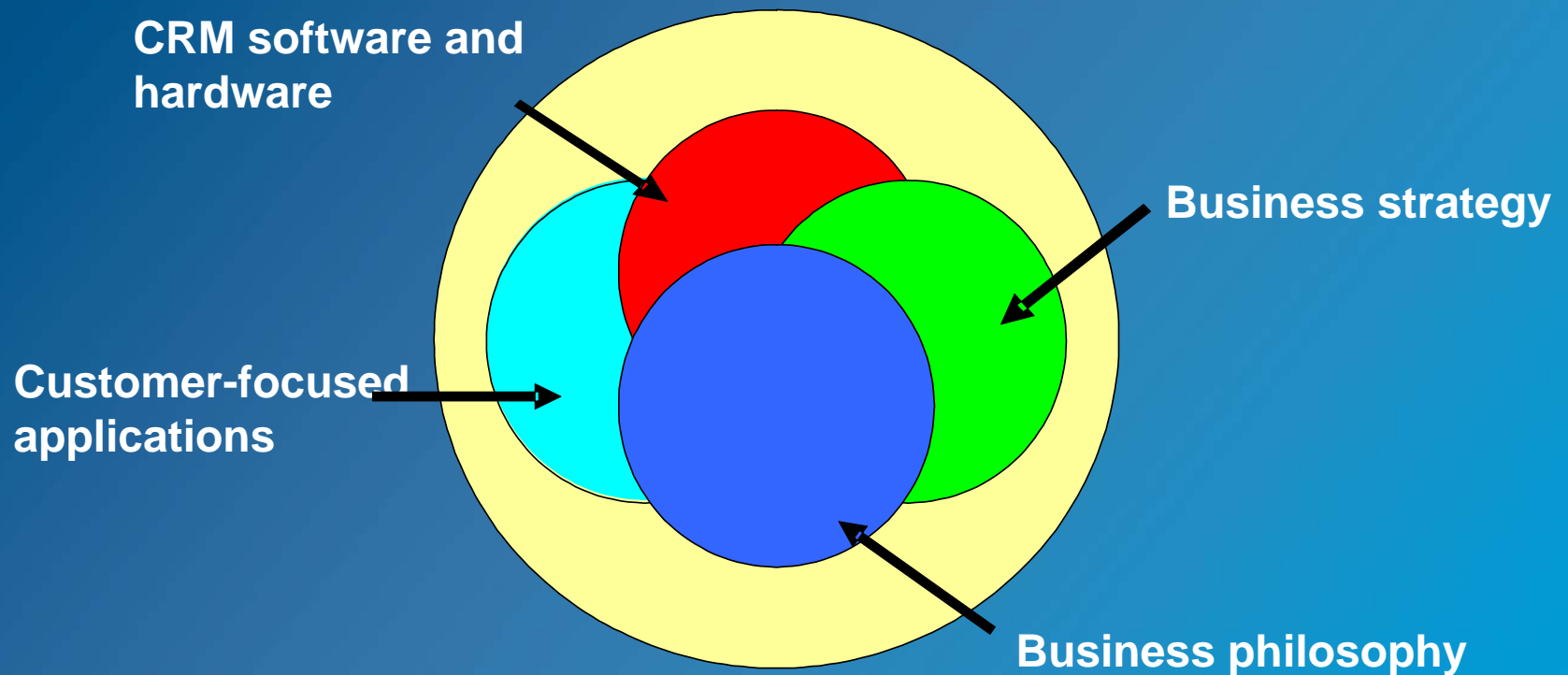
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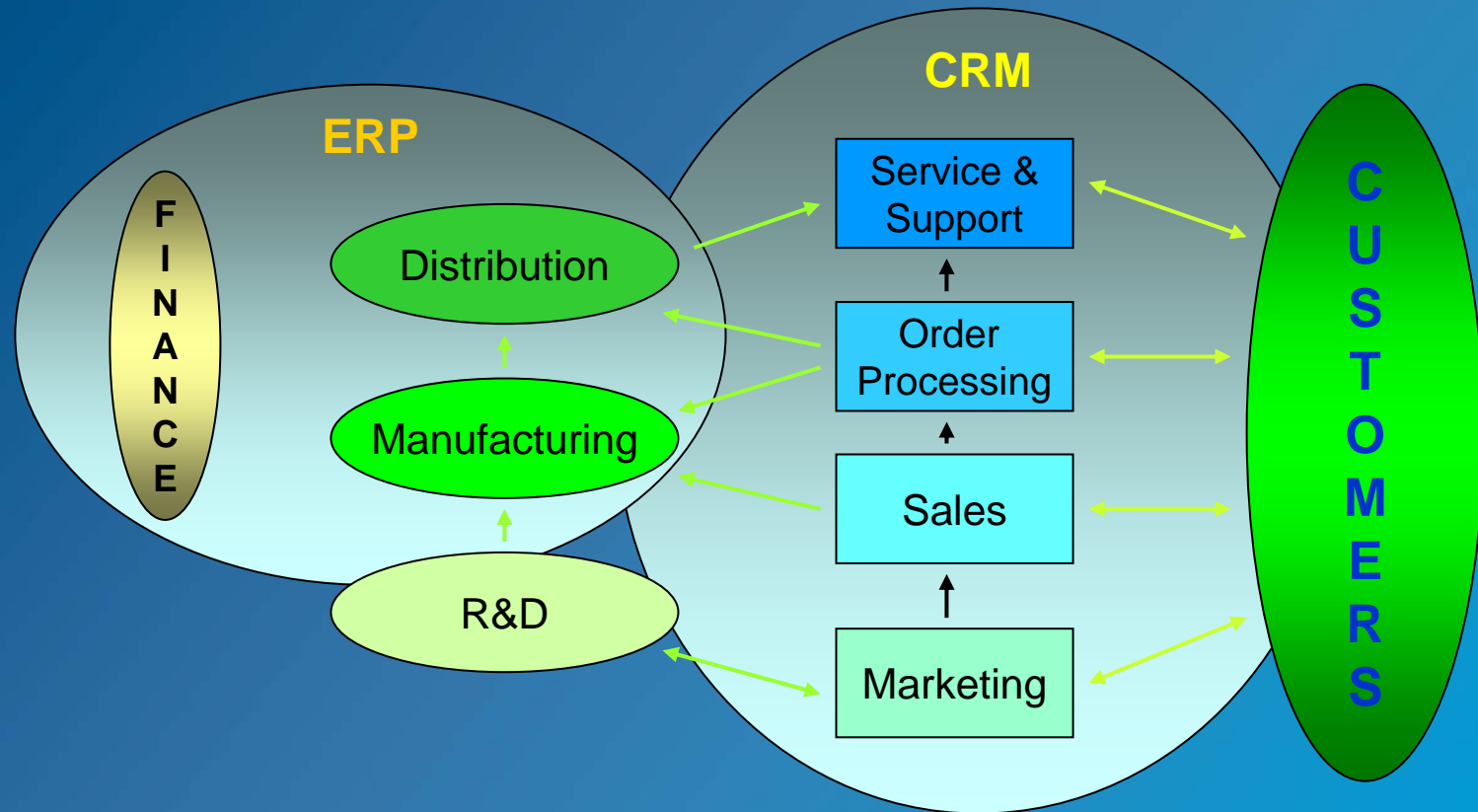
“Consultants to the Services Industry”

CRM is Neither a 'Product' Nor a 'Service'...



...It is a 'way of doing business' that focuses on the customer.

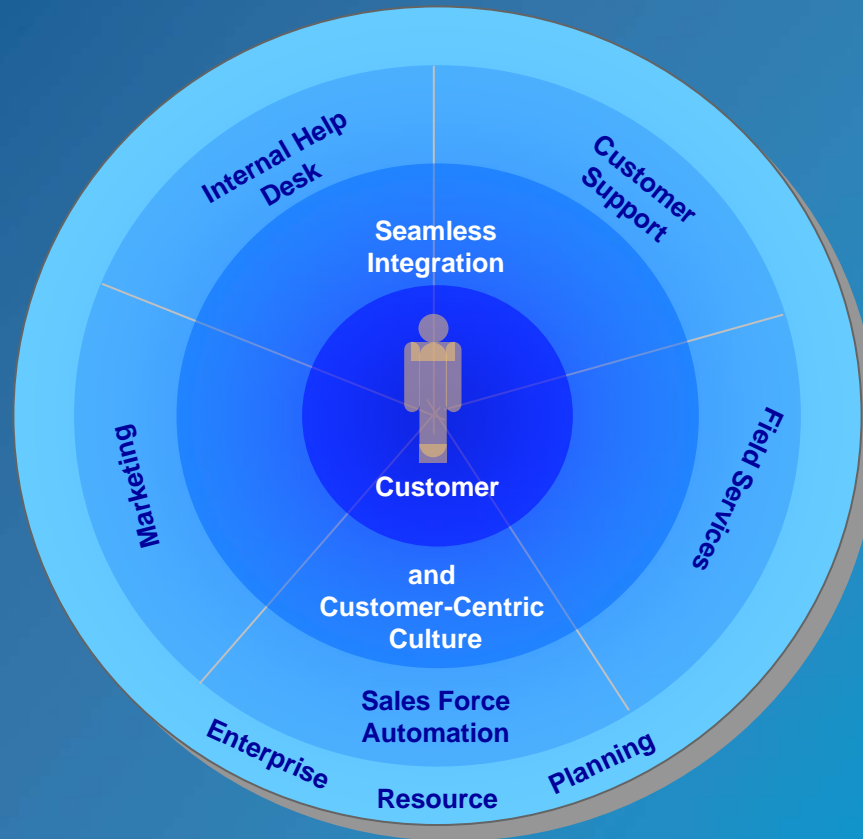
CRM is Not a Substitute for 'Sales' or 'Marketing'...



...It is an umbrella under which the organization's sales and marketing activities can thrive.

CRM Helps Services Organizations Become More Customer-Centric.

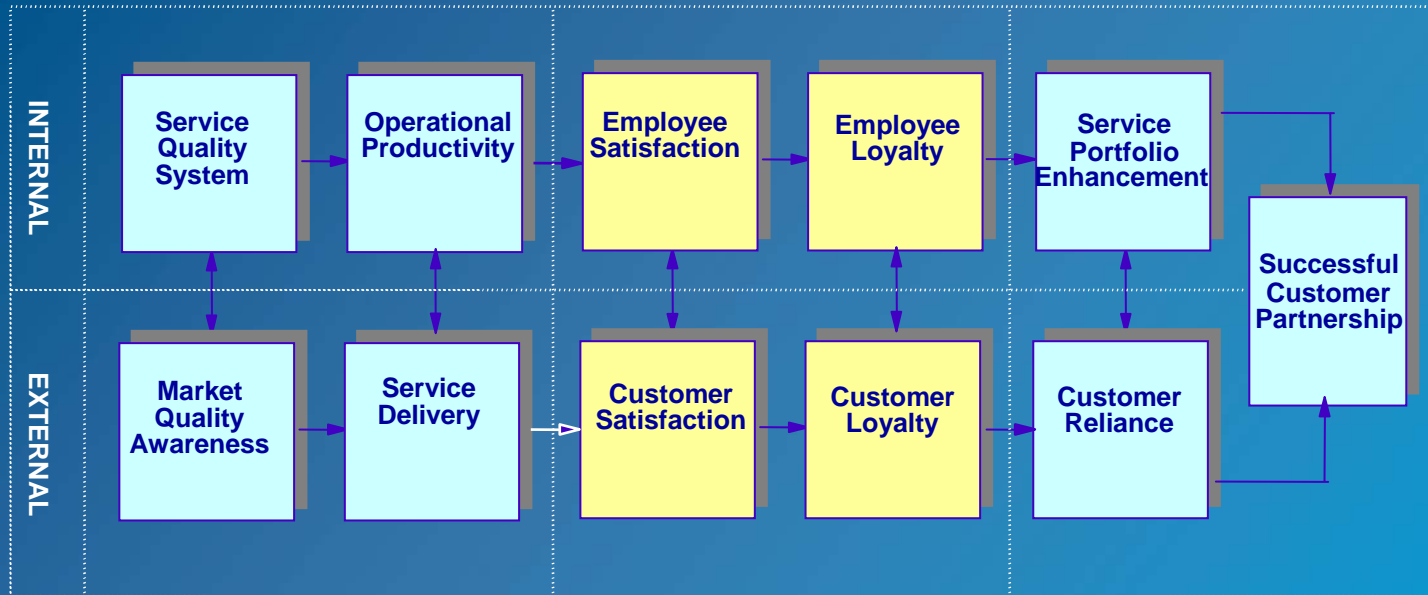
Customer-Centric Model



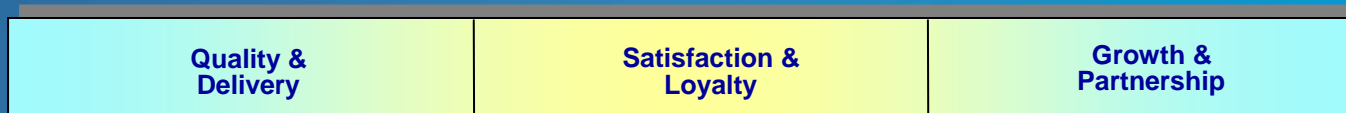
Why Embrace CRM?

- CRM will help you **focus squarely on the customer.**
- CRM will help you to **integrate all of the front office business processes.**
- CRM will help you to compile - and use - **critical customer information.**
- CRM will help you **improve efficiency** by more effectively utilizing technology and information (i.e., KPIs).
- CRM will help you to **take better care of your customers.**
- Through CRM, you can establish a **more satisfied - and loyal - customer base.**

Where Do Customer Satisfaction And Loyalty Fit In A CRM Environment?



Stages of Partnership Evolution



Employee Satisfaction:

- Employees are often the only *visible* element of the services “purchase” to the customer.
- If the services employee is not satisfied with his/her job, it will also be *visible* to the customer.

Customer Satisfaction:

- Customer satisfaction is *not* only dependent on market quality awareness and service delivery.
- It is also highly dependent on the *transference* of employee satisfaction at the customer contact.

Employee Loyalty:

- Employee satisfaction alone is not enough; it must be converted into loyalty as well.
- High levels of employee satisfaction may represent only a “hollow” positive attribute to the organization.

Customer Loyalty:

- Very few customers ever believe that they are truly “locked in” to a services arrangement.
- Even satisfied customers will switch services providers for better pricing / contracts / coverage / etc.

Successful Customer Partnership

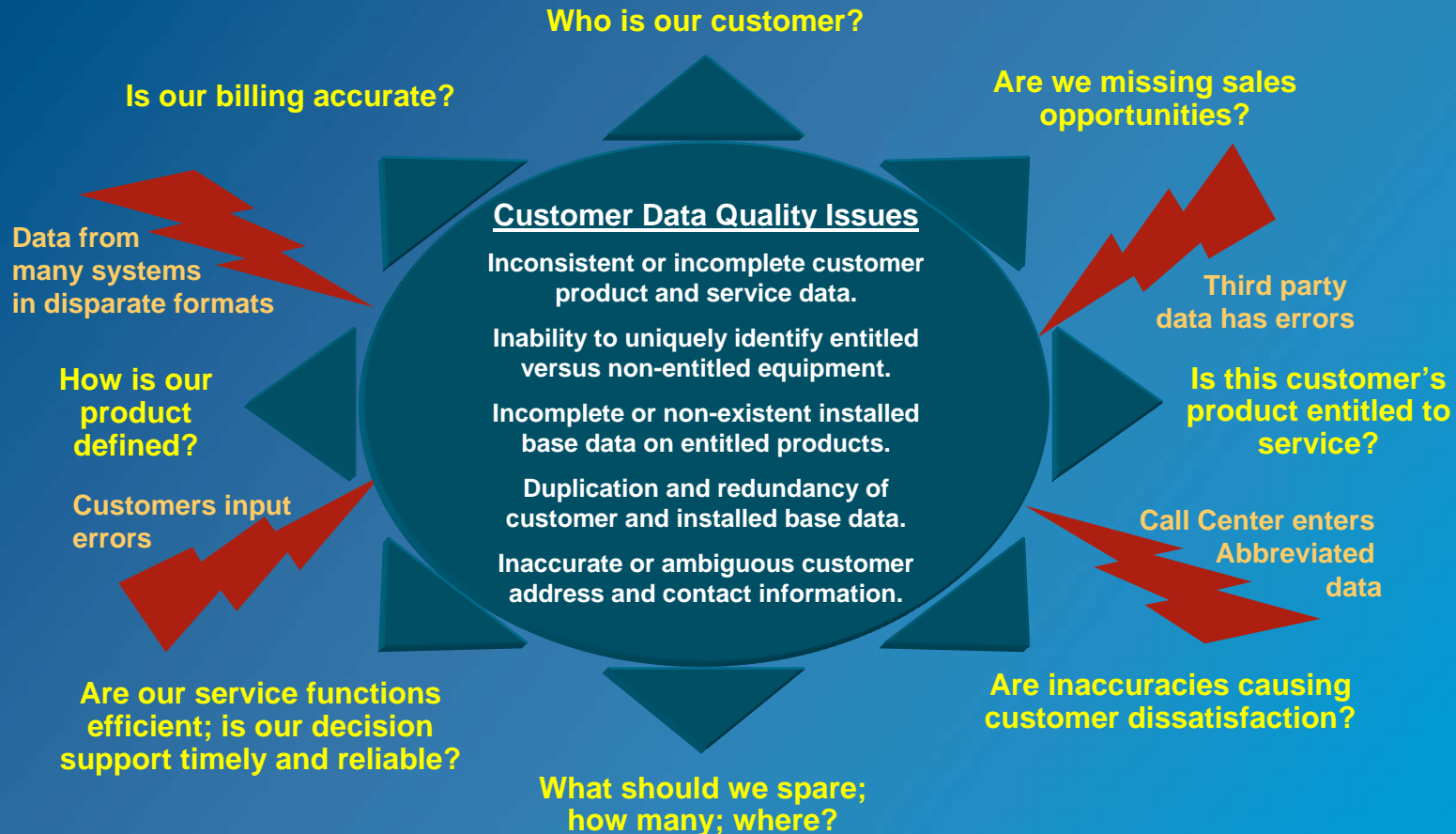
- This is the most important stage in terms of its impact on both the customer relationship and the “bottom line”.
- However, it is unlikely that any services organization will even get this far without first having moved successfully through all of the previous internal and external stages of the process.

Five Levels Of Customer Data Maturity:

Customer Data Maturity		Stage	Organization Characteristics
1	Embryonic	Clueless	<ul style="list-style-type: none"> ▪ Customer data <u>not</u> yet on corporate radar. ▪ No centralized customer database. ▪ Decisions made on incomplete information. ▪ Finger-pointing of blame.
2	Infancy	Emerging	<ul style="list-style-type: none"> ▪ Customer database is being considered. ▪ <i>Ad hoc</i> groups search for data/information/answers. ▪ Customer data typically resident in IT.
3	Adolescence	Panic/Frenzy	<ul style="list-style-type: none"> ▪ Customer data “pain points” are defined. ▪ Crises require “full-court press”. ▪ IT & the Business work together to coordinate.
4	Young Adult	Stabilizing	<ul style="list-style-type: none"> ▪ Evolving customer data infrastructure ▪ Beginning to get databases organized. ▪ Entire CRM organization is involved. ▪ Business and IT are “partners”.
5	Mature	Controlled	<ul style="list-style-type: none"> ▪ Effective customer database infrastructure. ▪ Collaborative efforts ▪ Ability to model, measure & manage customer data.

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Poor Customer Data Reduces Business Visibility



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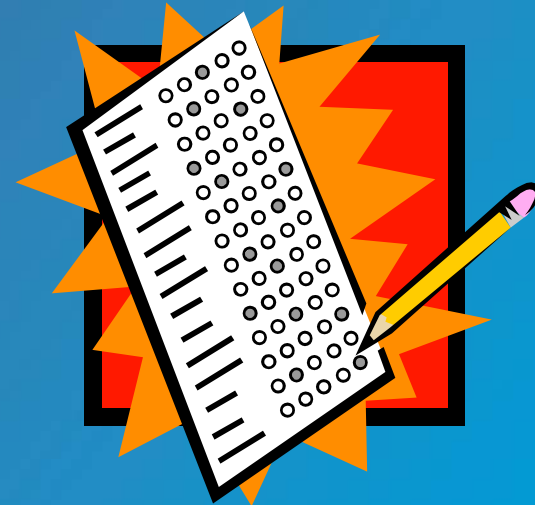
Poor Customer Data Reduces Business Development & Revenue Opportunities



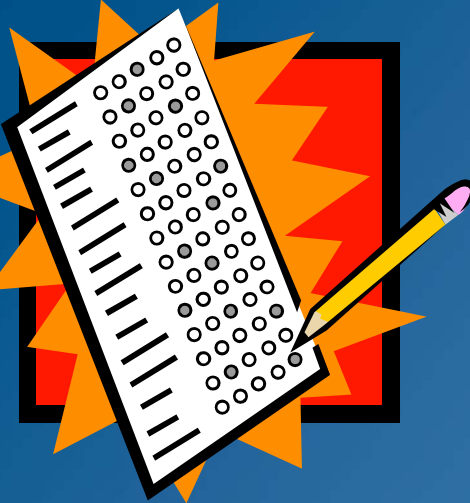
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Why Do Some CRM Initiatives Fail ...

- ✘ Lack of management vision and commitment
- ✘ Lack of complete business process analysis
- ✘ Selecting software before the assessment is completed
- ✘ Implementing a system without changing the way you do business
- ✘ Not managing / mismanaging expectations
- ✘ Becoming locked into a system that does not support the change initiative ('agile adaptability')
- ✘ Not building an adequate customer database



... While Other CRM Initiatives Succeed?

- 
- ✓ Attained full management, staff, and end user “buy-in”
 - ✓ Documented empowerment and accountability
 - ✓ Ability to quickly deliver quality, functionality and actionable data/information in small steps
 - ✓ Iterative customization / continuous improvement
 - ✓ Ability - and willingness - to listen and react quickly to end users’ input
 - ✓ Ability to manage expectations at all levels
 - ✓ Ability to make decisions based on customer data

Where Will You Need To Focus?

- Return on Investment (ROI)
 - Preferred by most organizations; a quantifiable measure of success.
- Time to Value
 - When will you start to receive measurable value from using/expanding CRM; Note: it won't be immediate.
- Customer Data Quality
 - Measured in terms of comprehensiveness, accuracy, currency and applicability.
- Perpetual CRM
 - CRM is “forever”; it will requires constant upkeep, monitoring and maintenance.

- Do your “homework” before committing to CRM implementation or expansion.
- Always work with a sound / fluid strategy.
- Attain full management “buy-in” and empowerment.
- Assign / delegate accountability.
- Make changes/enhancements based on the results of periodic “gap analyses”.
- Clearly define your customer data requirements before building your customer database.
- Implement CRM in phases, starting with the basics and, then, building on that foundation to expand functionality.



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Questions and Answers

Next Webcast: Employee Loyalty – November 27th

September	Shifting Service Sources: <i>“Outsourcing, offshoring and managed services”</i>
October	Customer Relationship Management <i>“Using your market antennae”</i>
November	Employee Loyalty: <i>“Pillar or pitfall for generating growth?”</i>
December	Using a Common Foundation: <i>“Service maturity and global consistency”</i>
January	Selling the Service Experience: <i>“Are we finally becoming customer-centric?”</i>
February	Leadership: <i>“The convergence of value-added support and professional services”</i>
March	Driving Service Productivity
April	Matching Self-Service and Customer Support
May	Defending Maintenance
June	Service Performance Management: <i>“Measuring Service Business Reality”</i>
July	Annuity Management: <i>“Service Level Contracting”</i>
Aug	Differentiation vs. Standardization in Services: <i>“Is Standardization conflicting with our USP?”</i>



Thank You For Your Participation!

This webcast will be available for On-Demand viewing from the AFSMI website next week.

**If you have questions about this webcast,
please contact Mike Davison, mdavison@afsmi.com**