



SATISFYING YOUR CUSTOMERS

*Best Practices and Technology that Anchors Your
Business On Customer Loyalty*

Part 1

INTRODUCTION

Satisfied customers are the foundation of a healthy business. They provide stable revenues through consistent, repeated purchases and help to grow your customer base through favorable word-of-mouth. Conversely, discontented customers require more customer support, can negatively influence other prospects and yield little, if any, profit.

Forward-thinking executives are challenged to institute business strategies and the right corporate mindset that enable their companies to seek out and win the most profitable customers. Implementing customer-centric best practices and arming your sales, marketing and customer service teams with Customer Relationship Management (CRM) technology places your company firmly on the path to a loyal and profitable customer base.

“How much could a person spend with you in the course of a lifetime? That’s the question we ask every time we meet with a customer. You don’t want to deal with somebody just once; you want his/her business forever.”

*~Carl Sewell~
Author of Customers for Life*

Customer Satisfaction as a Foundation of Business Growth

The most powerful argument for investing in customer relationships is the profitability of lifetime customers. It costs much less to sell additional products or services to your existing customers than to attract and close a new prospect. If you have treated a customer right, you’ve earned trust and that puts you a step ahead of your competitors. Satisfied customers also *drive new business* through word-of-mouth referrals to colleagues.

You should already know who your most profitable customers are, how to best contact them, and their purchasing preferences. If you don’t have a way to collect and manage this information (and more) about your customers, your company needs a customer relationship management strategy – and fast!

In a perfect world, marketing and sales professionals would have time and resources to communicate in a highly personal way with each individual customer, creating nearly perfect relationships by offering a customer the right products or services, and making contact at the precise moment the customer realizes a need. In marketing, the term ‘one-to-one’ describes this ideal relationship – an exclusive loyalty between your company and the customer, focused on meeting each customer’s needs in the way that best matches his preferences and expectations.

“Knowing your customers is a fundamental rule for successful business,” says Nina Smith, Chief Marketing Officer for Sage Software. “There are myriad ways to know your customers – we take some 30,000 support calls daily, and each one of those helps to inform us of what’s important to our customers. The key is to listen, to gather information, and to use that information to make the customer experience better.”

Don Peppers and Martha Rogers, the pioneers of ‘one-to-one’ customer relationship theory, have created a set of best practices to help businesses focus in on what matters most to customers – creating ideal conditions for business growth and competitive advantage. Traditionally, companies could not find cost-

effective ways to create personalized, relationship-strengthening communications with customers. But today, Peppers and Rogers argue, automated CRM software and fast, flexible marketing channels (such as e-mail and the internet) enable companies to create sustainable, interactive relationships with customers.

Before delving into how CRM software helps executives maximize profitability, let's examine the four basic steps outlined by Peppers and Rogers for ensuring customer loyalty:

1. **Identify** your best customers – those that purchase from your company again and again.
2. **Differentiate** your most profitable customers from prospects that are unlikely to purchase. What common preferences do your most important customers share? What characteristics in prospects are good indicators that they will not purchase from you? Understand that some customers have a higher value to your organization than others.
3. **Interact** with your customers. Don't talk at them with your marketing – start a conversation. Learn their preferences and motivators (and record these). Interacting with customers will help you build on your knowledge to increase your rate of success.
4. **Customize** the messages you present to each customer. Instead of asking customers to purchase from your company in the way that is easiest for you – *invite them to purchase in the way that is most satisfying to them*. Use the information you gathered while interacting with your customers to attract new customers.

Measuring Success

No company consistently increases customer satisfaction by guessing. To fully embrace a CRM strategy, it is necessary to set goals for sales, marketing and customer service and hold each department accountable for results. To customize your sales and marketing efforts, you'll need to test different tactics and measure results. Discovering the proper metrics to monitor, track and analyze marketing and sales success will play a huge role in your CRM initiative.

Too often, companies measure marketing effectiveness solely through the total number of raw sales leads generated. Or define sales success solely by the ratio of deals closed. While important, these metrics do not require marketing and sales to answer and be accountable to equally fundamental questions such as:

- ▶ Do we deliver personalized content to customers most of the time, or hardly ever?
- ▶ How many of the leads generated by marketing are *likely to purchase*?

“If your intent is to help clients succeed, we have both the right and the obligation not to guess about the key elements of success.... We should not guess about what the solution is supposed to solve, how we will measure success, what constraints would impede success, what resources are available to apply toward success, what steps will be involved in the decision process, who will be involved, what criteria will they apply, etc.”

~Mahan Khalsa~

Author of

Let's Get Real or Let's Not Play



- ▶ Does advertising, web marketing, direct mail, or telemarketing produce the most leads?
- ▶ Of all the sales closed, did we land a large percentage of high lifetime value customers or concentrate more time on quick, low value deals?
- ▶ Is response higher when we combine multiple marketing channels into integrated campaigns (for example, direct mail followed by an e-mail newsletter)?
- ▶ Could marketing generate the same number of leads on a smaller budget?
- ▶ Would the close rate increase if we hired more sales people?

7 Helpful Hints for Promoting CRM as a Business Culture

1. Build a case for change. Think about the impact of the CRM strategy on people – the benefits and consequences of changing, or not changing.
2. Hold regular meetings across all departments to communicate project progress, problems encountered and resolutions for any outstanding issues.
3. Keep employees in the loop by providing information and clarity about what is happening, when changes will take place and how they will be impacted.
4. Encourage employees to speak up about the changes and listen to what they have to say.
5. Support the managers who are leading the CRM march.
6. Understand that effective implementation of CRM is a cultural process; it will take time for everyone to adjust to new ways of doing business.
7. Inform customers about the company's vision for a customer centric organization. Ask for customer feedback and then use that information to improve your customer interactions.

Technology is a Tool – PEOPLE Satisfy Customers

To reap the benefits of customer loyalty, you must first create a customer-focused culture across your business. CRM software is only a tool in the strategy. It does not change corporate mindset or set values and objectives for your employees. Only executive leadership can elevate the status of the customer by emphasizing strategic objectives that create a customer-centric sales and service organization. Too often, executives implement CRM software without making the necessary organizational and process changes to promote the company-wide adoption of CRM technology. That approach will not yield desirable results – for CRM to enhance the customer experience and yield substantial return-on-investment, all customer-facing employees must share a motivation to use the new CRM tools.

“Building customer loyalty requires more than CRM tools; it first requires a vision for customer relations, and a mindset that demands the need for CRM tools,” says Dave Batt, General Manager of Global CRM for Sage Software. “Then the tools need to provide flexibility to execute on that vision.”

THIS CONCLUDES PART 1

Next in Series - Part 2: - Satisfying Your Customers



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