

Securing Strong Customer Relationships and Locking out Competitors

To the Point.
by Jeff Thull

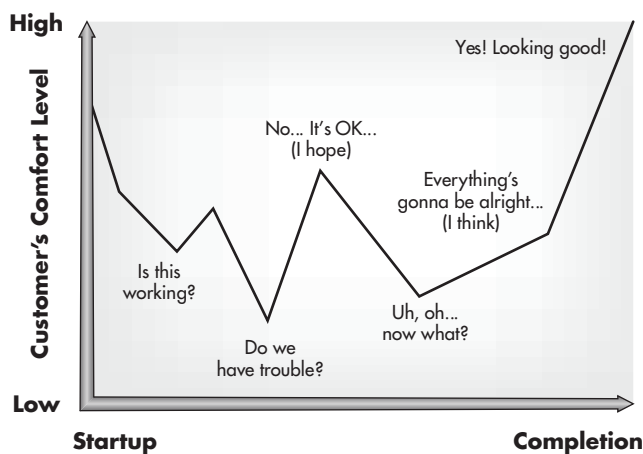
Strong customer relationships are built on inter-dependability, trust and the customers' ability and willingness to rely on your company's expertise when they need assistance.

When individuals or teams hand off customers and move on to new customers, or seldom speak to good customers, no matter how smooth and problem-free the implementation process, customers are going to perceive this as an abandonment of the relationship. It also leaves them wondering how well they will be supported in the future.

Obviously, existing customers are valuable and we need to devote a significant portion of our time to the retention and expansion of our relationships with them. A study by Bain & Company calculated that a 5 percent increase in retention could result in profit increases ranging from 25 percent to 100 percent. The results of this study should be taken very seriously.

Keep in mind the key thought – “your best customer is your competitor’s best prospect.” Are you staying as close to your customers as your competitors are?

If your company has very few implementation problems, this may not be a concern. We find that the typical solution implementation and a customer’s reaction to it look something like what’s described in the figure below.



Typically, sellers gloss over discussions regarding the changes a customer will need to go through to use a solution, or the costs and risks associated with that change. When problems do come up, customers, not anticipating them, are caught off-guard and can quickly become dissatisfied. This, in turn, forces the seller to spend valuable resources in damage control and recovery, or even risk losing a good customer.

It is critical that the support and service functions work with customer companies to implement solutions and help customers achieve the value they expect. This becomes a struggle because customers often do not fully comprehend the value capability of the solutions they buy and/or the constraints that can keep them from achieving the value. So, more value leaks as implementations fail and unexpected costs are incurred, leading to frustrated customers and damaged relationships. As a result, the seller is unable to convert the sale to brand equity, referrals, and repeat business.

During all implementation processes, in the best and worst situations, it is critical to prove a solution’s value and continually turn back to the business performance metrics diagnosed during the selling process, measure them against the actual results, and report the value as it is being delivered to the customer at various stages during

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implementation. If the expected outcomes have not been achieved, value can be proven to the customer once again by further diagnosing the obstacles that are holding them back. If the expected outcomes are being achieved, it is critical to document the results and leverage them to enhance the relationship and open new business opportunities.

The ultimate goal for your sales and support teams is to be viewed as business advisors and contributors to your customers' success. This positions your company as a source of business advantage. In the customer's mind, this relationship will set your business apart and build a formidable barrier that the competitor will not likely be able to penetrate.

Executives will often say, "We've identified and quantified our value." To test the reality of that statement, we provide 7 critical questions that executives should ask their leadership team. How would you respond to 3 of the 7 questions:

1. Have you been able to identify all the constraints that your customers face when trying to optimize the value they can receive from your solution?
2. Have you provided your customer with the ability to address those constraints and manage the changes they will need to make in order to use your value?
3. Are you able to measure the value you have delivered, and has your customer agreed with the amount you have measured?

I would like to hear your point of view and answer any questions you have. Please feel free to send your feedback to me at jeff.thull@primeresource.com.

Jeff Thull
President and CEO
Prime Resource Group

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