



DRIVING **RETENTION** WITH VoC

ACCELERATING GROWTH THROUGH CUSTOMER RETENTION



B-TO-B CUSTOMER STRATEGIES

Not all companies are alike, and most organizations can't identify with the strategies of large, consumer brands often used as case examples. At Walker, we feel the unique nature of B-to-B customer strategies does not receive adequate focus, and that's why we're developing a series focused on voice-of-the-customer strategies for B-to-B organizations.

We recognize the unique challenges associated with complex accounts, complicated purchasing processes, layers of supply chain relationships, and other characteristics that affect customer relationships. We'll address these issues, provide real examples, and cite best practices to help customer strategists.

Join in the conversation! Let us know if you have a best practice to share or a topic to request. You can contact me at pgibbons@walkerinfo.com.

A stylized, handwritten signature in white ink, appearing to read 'Pat Gibbons', is placed over the image of the road.

Patrick Gibbons

Principal, Senior Vice President

CUSTOMER RETENTION – THE FOUNDATION FOR GROWTH

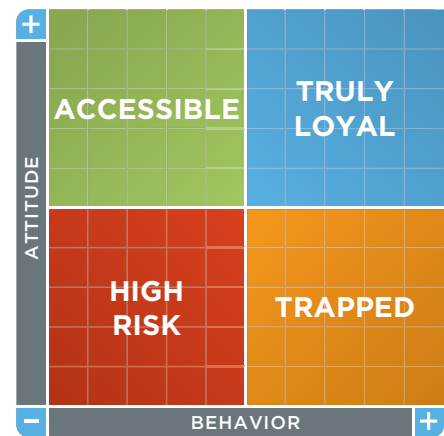
An account manager receives a phone call from one of their customers, expecting business as usual, only to learn this previously-happy customer is considering shifting his business to a competitor. It's a scenario that happens too often in business today for a variety of reasons – larger territories, heavier account loads, not enough time. Account managers and sales representatives in B-to-B companies increasingly need help managing their existing relationships to ensure they retain current customers. Otherwise growth becomes elusive and companies rely on the acquisition of new customers to meet their growth objectives – a strategy that is less predictable and far less profitable.

However, proven methods for customer retention can be seamlessly woven into existing voice-of-the-customer strategies. This document explores how B-to-B companies can increase customer retention, even when managing large and complex accounts. What's more, these methods can be the most convincing approach for generating a clear and significant return-on-investment for the company.

SEGMENTING CUSTOMERS FOR RETENTION

Understanding the current state of your customer relationships is a key starting point. One of the most practical and common ways is to use a framework to segment customers based on their level of loyalty. The Walker Loyalty Matrix™ is structured so two axes represent two aspects of loyalty – attitude and behavior. This forms four quadrants to classify each individual contact and provides a structure for customer retention strategies.

- **TRULY LOYAL** – These are customers who have every intention of continuing business with you and have a positive attitude toward your company. The retention strategy for loyal customers is simply to keep them that way. In fact, these are typically customers that are poised for growth and are excellent candidates for cross-selling opportunities.
- **ACCESSIBLE** – These are customers who have a good attitude of working with you, but do not plan to continue their relationship. This typically means something has changed and they don't need your product or service any longer. The best strategy with accessible customers is to be certain that they are aware of your full range of products and services. Sometimes their positive attitude toward your company can be directed toward other solutions.
- **TRAPPED** – These are customers who show every indication of continuing business with you but they're not happy about it. Instead, they feel trapped in their relationship. The strategy with trapped customers is to improve the relationship before it is too late. Fortunately, since they plan to continue their business with you, there is time to work with these customers and understand how you can better meet their needs and improve their attitude toward your company. The goal is to improve the relationship so they may become loyal customers.
- **HIGH RISK** – These are customers who do not intend to return and do not have a healthy attitude about their relationship with your company. The strategy with high risk customers is to evaluate the best way to salvage these relationships. By identifying these customers and implementing an efficient process for action B-to-B companies can often save millions of dollars of revenue that otherwise would have been lost.



This framework provides a very practical way of segmenting customers and is often used to identify the best approach for retaining and growing customer relationships.

CLOSING THE LOOP – TAKING ACTION TO RETAIN CUSTOMERS

Of course, simply segmenting customers to develop the best retention strategy is not enough. Proactive follow up on feedback from customers is an important tool for managing customer relationships – and crucial to capturing customer who are potentially at risk. “Closing the loop” by developing an effective, actionable follow-up protocol is one of the best ways to improve customer retention and accelerate growth.

Closing the loop may be easy in concept, but is difficult in practice, particularly in large B-to-B organizations with a large number of complex customer relationships. To make it all work, an effective process and disciplined approach must be in place. There are several important steps in setting up close-the-loop systems that can salvage at-risk customers, improve trapped relationships, and even strengthen loyal relationships.



1. SETTING ALERTS

The first step is setting alerts or triggers that will set the system in motion to prompt action. Typically, these are response to specific questions in surveys from customers. Alerts can be triggered for a variety of reasons – whenever a customer indicates they need immediate contact or a survey indicates low loyalty or unacceptable performance in a specific area. Once systems are set up to flag customer, the information must be directed to the right person for follow up.



2. DIRECTING FEEDBACK

When designing feedback processes, the flow of information is established so the right information gets to the right person at the right time. This typically means the most relevant feedback is directed to the account manager responsible for the customer relationship. When alerts are triggered, they are typically delivered via email or directly into the company’s CRM system, making immediate access possible.



3. FOLLOW-UP PROTOCOL IN PLACE

Once information is directed to the right person, it’s critical that all involved are trained so they understand their role in following up. Walker recommends setting up a company-prescribed procedure for responding to the alert. Once follow up has been completed, the account manager logs the outcome and any notes for ongoing support. Most companies require account teams to complete follow up within a specific timeframe – typically thirty days. Follow up works best when seamlessly integrated into a company’s existing procedures for acting upon customer concerns, complaints, or opportunities.



4. DOCUMENTATION OF RESULTS

Every manager wants to understand the return on a program. For this reason Walker recommends including a documentation of results as part of the online documentation. Results can come in the form of business salvaged or new business achieved through enhanced contact with the customer. Through this mechanism, companies can better understand the return on their investments.

The process of closing the loop not only reveals contentious issues before they become real problems, but can also shed light on potential opportunities for new business with existing customers. In fact, this process for following up with customers to take immediate action is one of the most compelling reasons for initiating a customer feedback program in the first place.

A SUCCESS STORY

Walker recently helped one Fortune 500 global technology manufacturer develop and launch a highly successful retention program after the company faced challenges driving account team engagement in the program. Walker worked with the company to implement a strategy with the following components:

- Leadership support of the program and senior leaders' commitment to promote it widely
- Real-time alerting of customer opportunities and risks
- Feedback and “alerts” routed directly to account managers
- A detailed communication and training plan to ensure account managers were set up with the tools they needed to successfully put customer feedback to use
- An easy-to-use documentation system, allowing account managers to record results of follow up activities
- Expressed goals for compliances by all account managers

The communication and training plan was essential in securing buy-in from account teams. It was offered in two different methods to ensure all account teams could be reached. Several live, in-depth training sessions were conducted via the company's online training portal. During these sessions account managers were guided through the background and content necessary for them to be successful with the program. The training resources were also provided in an on-demand format specifically designed to be interactive. This allowed users to review the material at their convenience as self-directed, modular online courses.

RESULTS

The positive results this company achieved were significant. A remarkable 98 percent of follow-up activity was completed by account teams in just the first few months. In addition to the strong participation rate, they were able to generate a compelling ROI statement for the company. Account teams were asked, as part of the documentation process, to consider how much revenue was saved as part of the retention strategy. Account managers estimated a whopping \$67 million in retention dollars. Even more impressive they identified more than \$80 million in new business opportunities.

 **98% OF FOLLOW UP ACTIVITY COMPLETED**

 **\$67 MILLION IN SAVED BUSINESS**

 **\$80 MILLION IN NEW BUSINESS**

KEYS TO SUCCESSFUL CUSTOMER RETENTION STRATEGIES

Having worked with hundreds of companies to develop tailor retention strategies, we have noticed several key elements that make these strategies successful and worthy of investment. Here's our list of the most critical factors:

- **LEADERSHIP BUY-IN** – Don't underestimate the role senior leaders play in driving participation and acceptance of retention programs. Their commitment to and promotion of the concept is crucial. Executive support should be well established prior to launch so leaders can play an active role in implementation.
- **KEEP IT SIMPLE** – If you plan to ask today's account managers to keep one more ball in the air, it should be with as little effort as possible. The most successful close-the-loop systems offer feedback that is real time, highly accessible, and relatively simple for busy account managers to navigate and use.
- **PROVIDE TRAINING** – Tools are only beneficial if you know how to use them. Ensure account managers have ample training available in a variety of formats, including self-directed options that account managers can complete while traveling or on-the-go.
- **GIVE DEADLINES** – Let account managers know specifically what is expected from them in the customer retention process. This includes timeframes for follow up and documentation. Make sure they know that participation will be monitored so they "get on board."
- **EXPECT SKEPTICS** – With estimates registering in the millions of dollars, the results of some retention strategies are astonishing. There may be people who think it is too good to be true. Remind the skeptics that the results are being reported by the account managers themselves, who know the relationships best.
- **CELEBRATE THE WINS** – It is important to get the word out when the results start coming in. These "early wins" establish momentum for the program and encourage full participation from others.

Customer insights are only valuable if they are put to use to build better relationships and retain more of your existing customers. In this manner voice-of-the-customer strategies provide an excellent foundation for the growth of your company.

ABOUT THE AUTHORS



BRAD LINVILLE

Principal, Senior Vice President

As senior vice president, Brad is responsible for the management of client relationships in communication, technology, and other related industries. This includes all aspects of the relationship from new business development through design, implementation, and analysis of specific programs, as well as strategic deployment and alignment consulting to maximize the use of customer insights.

Brad has more than 22 years experience as a customer strategist with Walker. He earned his bachelor's degree in marketing and personnel from GMI Engineering & Management Institute (formally General Motors Institute, now Kettering University) and his master's of business administration in marketing and management from Indiana University.



MELISSA MEIER

Vice President, Consulting Services

Melissa serves as the senior client service contact for assigned customer strategy engagements, with an emphasis on industry knowledge, research expertise and creation of valuable insights. She is especially focused on assisting clients in translating findings into meaningful conclusions, developing recommendations, and facilitating client organizations in pursuing action plans that will deliver favorable business impact.

Melissa joined Walker in 1999. She holds a B.A. degree from Ball State University in History and Political Science, graduating Cum Laude.



RELATED BLOGS

The following pages include blogs related to the topic of driving retention with voice-of-the-customer strategies. Hopefully these will prompt additional ideas that you can put to use in your organization.

Want more? Visit our extensive collection of blogs at blog.walkerinfo.com. Or check our Knowledge Center to find additional resources including Blog Books, white papers, and videos. walkerinfo.com/knowledge-center

AN EXERCISE IN “IDOL MAPPING”

Brad Linville

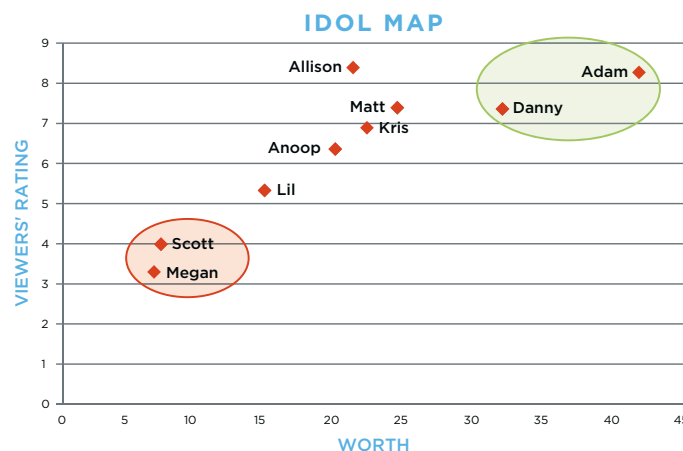
Principal, Senior Vice President

In the world of strategic account management, Walker often consults with companies using an exercise known as Value Mapping. This approach develops a comprehensive picture (or map) of the relative value of a company's strategic (or key) accounts, linking account worth to customer loyalty, and creates account-specific strategies for growth and retention.

To bring this idea a little closer to home – let's say like as close as your family room couch – I submit a variation on this technique that could be referred to as Idol Mapping. Specifically, let me demonstrate the concept by showing you a map based on the Top 9 contestants on TV's American Idol. Many people watch this show, more than 30 million, so a lot of you can probably relate to this.

For fun, think of the nine remaining Idols as your account portfolio of your nine top customers. Instead of customer loyalty, let's use viewers' ratings as the metric on one axis of the Idol Map. And instead of value dimensions like payoff, potential, and partnership (the 3 P's that make up our customer value – or worth – measure), let's use the elements behind USA Today's formula for its Idol Meter. These elements include things like surviving another week, being in the week's Bottom 3, the judge's verdicts, song choice, performance order, Dial Idol predictions, media buzz, etc.

After entering all these inputs into a super elaborate spreadsheet and assigning some determined weights, they generate a map that looks like this:



So now you have the map, but what do you make of it? In business, a Value Map guides you in which types of strategies and resource allocation you should use for certain accounts – such as Invest, Leverage, Improve, Diagnose, Intervene, or Drop. Likewise, the Idol Map allows you to draw some likely outcomes for this season such as who will stay until the end. From the map, a logical predicted outcome (i.e., a customer strategy in the analogy) is that Adam and Danny are the strongest contestants (most secure accounts), and likely could be the Final 2. This is where you'd invest time, energy, and resources. Another insight might be that both Scott and Megan are very vulnerable to near-term eliminations (likely divestitures). You'd want to strongly consider how much you would put into managing these accounts.

Although this was offered in an amusing way, I hope my little jaunt through America Idol mapping has given you a glimpse into the rich insights that value mapping can provide. At least we can be grateful that there is not a Sanjaya in the bunch this year! Are there any additional parallels you see with managing your strategic accounts?

IS THERE VALUE IN CUSTOMER FOLLOW-UP?

Melissa Meier

Vice President, Client Service

Seems like a no-brainer, right? However, make sure this message is being communicated to account teams as a way to encourage engagement in close the loop actions. Before giving them training on the process and tools they will use to follow-up on issues and document action plans, make sure to share with them the benefits they can expect from the process:

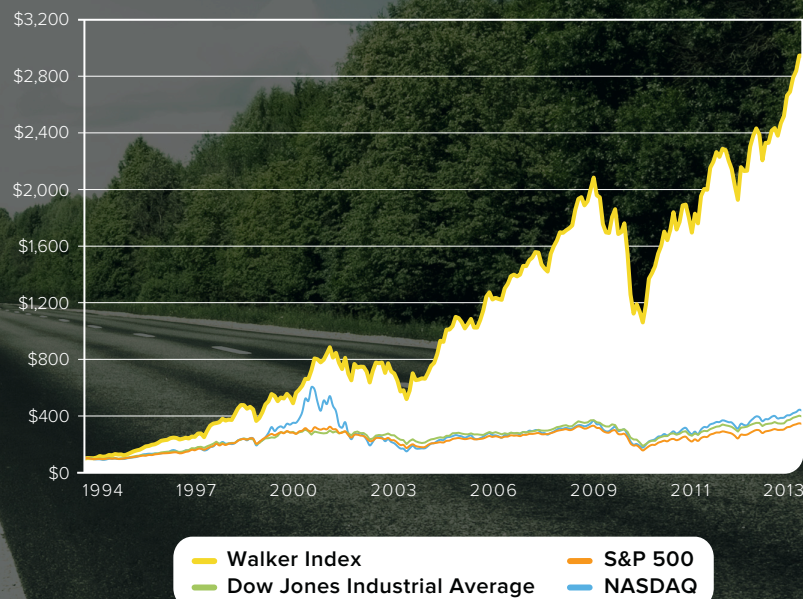
- **Additional revenue opportunities through saved or enhanced relationships:** When available, use real life stories from the field on additional opportunities uncovered through the close the loop process
- **Strengthening of customer relationships:** Comes from demonstrating to customers that their feedback is of value to your organization and you have a desire to improve their experiences
- **Increased survey response rates:** Customers are more likely to participate in the feedback process in the future if they are comfortable that their time is well spent and will be used by your organization

Once account teams have this foundation and belief in the customer feedback process, they will be more likely to actively engage in close the loop activities.

ABOUT WALKER

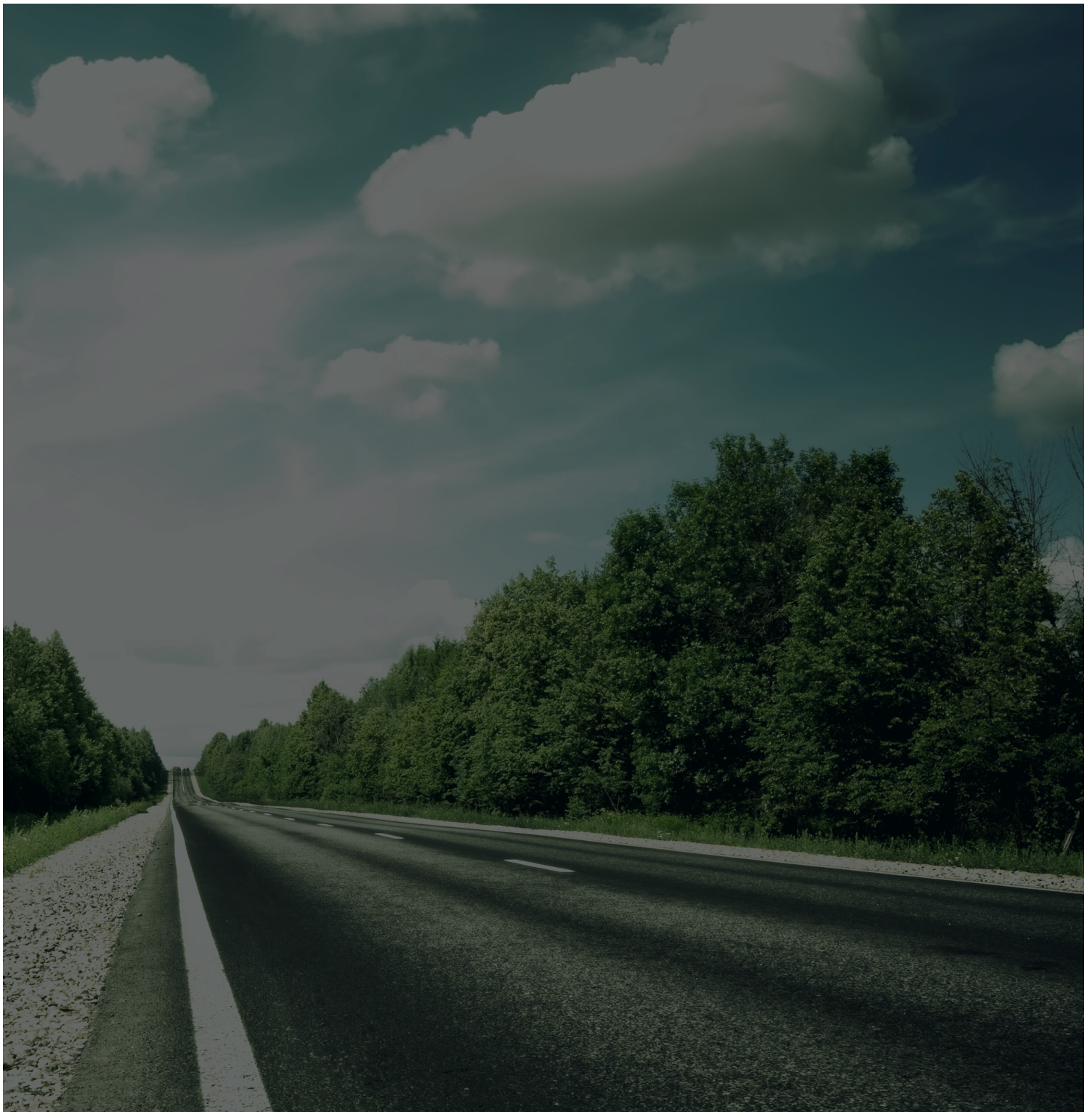
Walker specializes in customer loyalty and related customer strategies, including innovative approaches to segmenting, valuing, obtaining, serving, and growing customers. Walker's diverse team of consultants provides tailored, comprehensive solutions to help companies achieve their business objectives and, ultimately, grow shareholder value. Walker's consultants regularly conduct workshops and assessment programs to help organizations improve their ability to administer customer listening programs.

THE WALKER INDEX™



The Walker Index is a stock index comprised of current Walker clients. Companies are included in the index only during their tenure as Walker clients. Companies attracted to Walker are committed to using the customer perspective as an impactful management tool. The Walker Index indicates these companies outperform the broad markets.

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