



Effective Strategies for Customer Experience Management

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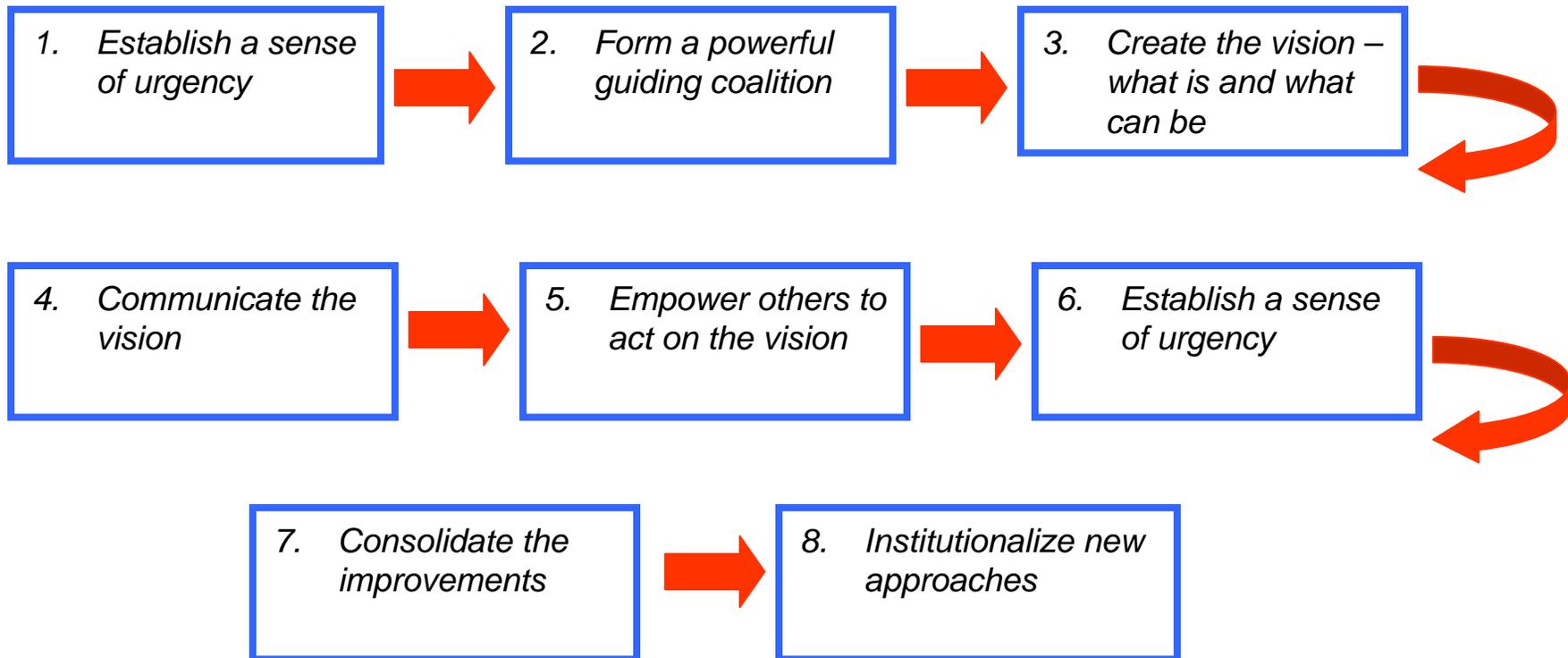
Director of Support and Service

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Transforming the Organization



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Transforming the Organization

1. Establishing a sense of urgency
 - Examining market and competitive realities
 - Business objectives
2. Forming a powerful guiding coalition
 - Assembling a group with enough power to lead the change effort
3. Creating a vision
 - Vision defined as the ability to see what is and what can be
4. Communicating the vision
 - Using every available vehicle possible to get the word out



Transforming the Organization

5. Empowering others to act on the vision
 - Encouraging risk taking and non-traditional ideas and actions
 - Changing systems or structures that seriously undermine the vision
6. Planning for and creating short term wins
 - Creating viable performance improvements
 - Recognizing/rewarding employees responsible for the improvements
7. Consolidating improvements and producing more change
 - Promoting the positive use of increased credibility
8. Institutionalizing new approaches
 - Articulating the connection between new behaviors and corporate success
 - Developing the means to insure leadership development and succession



Creating a Customer Division

Typical *Before* State for Sales

- Sales focused on transactional selling
- Extols the maximum virtue of the products/services
- Limited exposure to detailed product information/training
- Could sell more if customers received better Customer Support

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Creating a Customer Division

Typical *Before* State for Customer Support

- Focused on break/fix support model
- Skeptical about the virtues of the products/services
- Steers clear of anything that resembles the “S word”
- Feels life would be better if sales people didn’t created unrealistic expectations with customers

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Creating a Customer Division

Includes all customer facing call center employees

- Sales, Service and Support
- Cuts across traditional reporting boundaries
- Supported by a shared internal training organization
- Staff movement between functions (esp Support→Sales)

Improving the customer experience/maximizing opportunities

- Re-examination of customer call routing, minimize “speed bumps”
- Support now responsible for acting on revenue opportunities
- Sales handling “light” service issues vs. passing customer on
- Feels life would be better if sales people didn’t created unrealistic expectations with customers
- Shared ownership for customer issues (vs. Service only)

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The Case for *Customer Support*

Perceptions of *Technical Support*

- Monotone individuals conversing in “tech speak”
- If I’m not “technical”, I might be made to feel stupid
- Analyst sees themselves at the “problem solver”
- Extreme focus on product issues
- Appears disconnected from other company functions (Sales, R&D)
- Performance management of support staff focuses on mostly on their technical skills



The Case for *Customer Support*

Attributes of *Customer Support*

- Focus on customer impact of issues presented
- Ability to converse with customer at their level of understanding
- Performance management and compensation balanced between productivity and customer feedback
- Key component of a larger customer culture (see Customer Division)
- Job titles reflect orientation (customer support analyst)

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The Case for *Customer Support*

Why Customer vs. Technical Support

- Supports efforts to generate service revenue
 - Add-on support plans
 - Strong support relationships = strong internal recommender channel
- Key to organizational efforts to move from customer satisfaction to customer loyalty focus
 - “Happiness” vs. increased customer value
- Promotes company staff retention efforts
 - Experience analysts can also move to Sales (in addition to traditional technical career routes)

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Three Operating Models

| | Operational Excell. | Product Innovation | Customer Intimacy |
|--------------------|----------------------------|---|---|
| Value Proposition | Lowest total cost | Best product | Best total solution |
| Core Process | End-end product delivery | Self cannibalization | Solve client's broader problems |
| Org/Culture | Command/control | Flexible, risk-taking | Empowered front line |
| Improvement levers | Process; fixed assets | Cycle time; technology | Risk taking; expertise |
| Emphasize | Scale, capacity, COGs | PD cycle...brand as defined by what YOU say about you | Expertise, mass customization, share of wallet...brand as defined by what customer says about you |
| Example | Walmart | 3M | Sage - Maybe not yet |

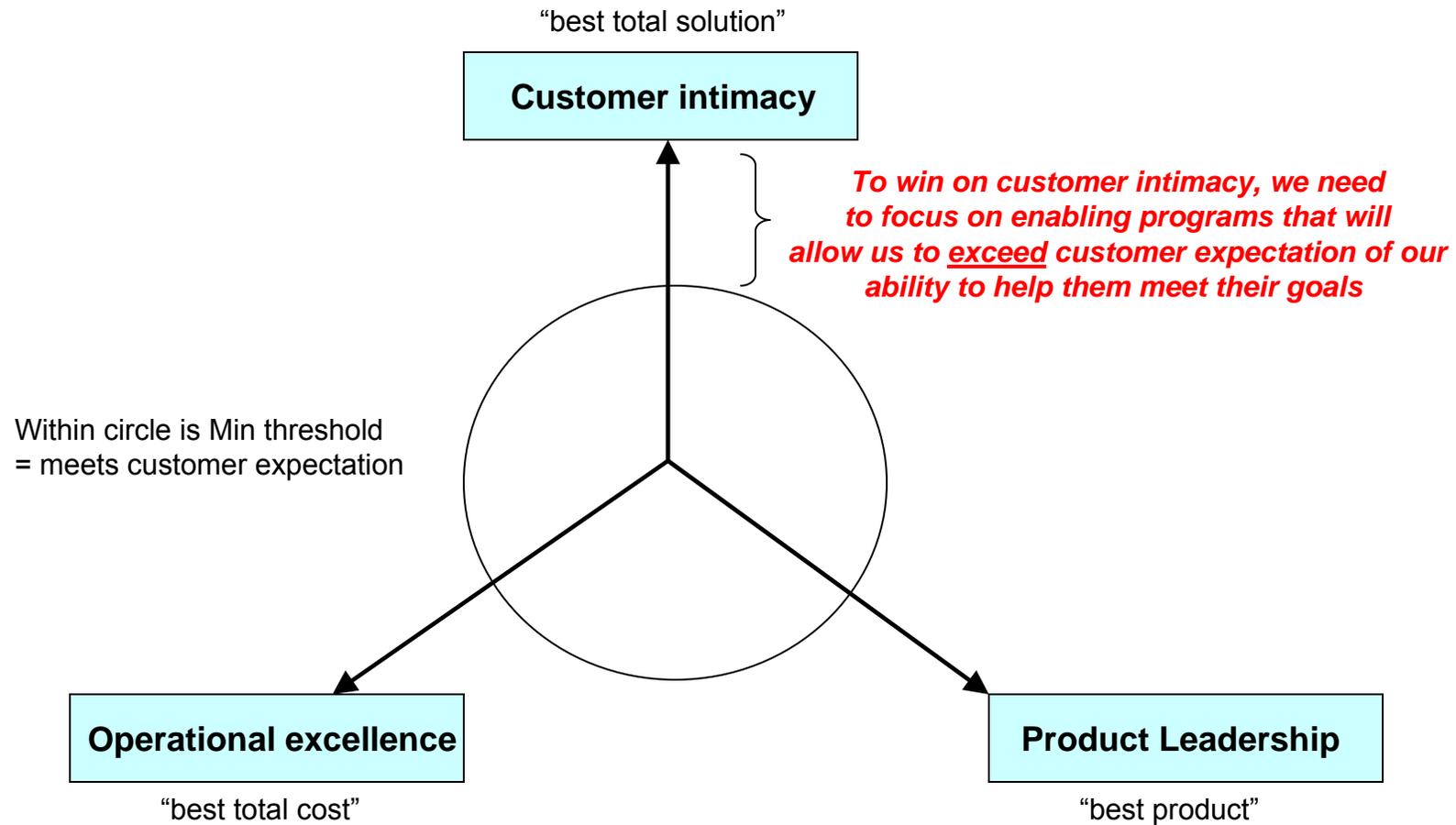
From "The Discipline of Market Leaders", Michael Treacy and Fred Wiersema

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Threshold v Leadership



From “The Discipline of Market Leaders”, Michael Treacy and Fred Wiersema

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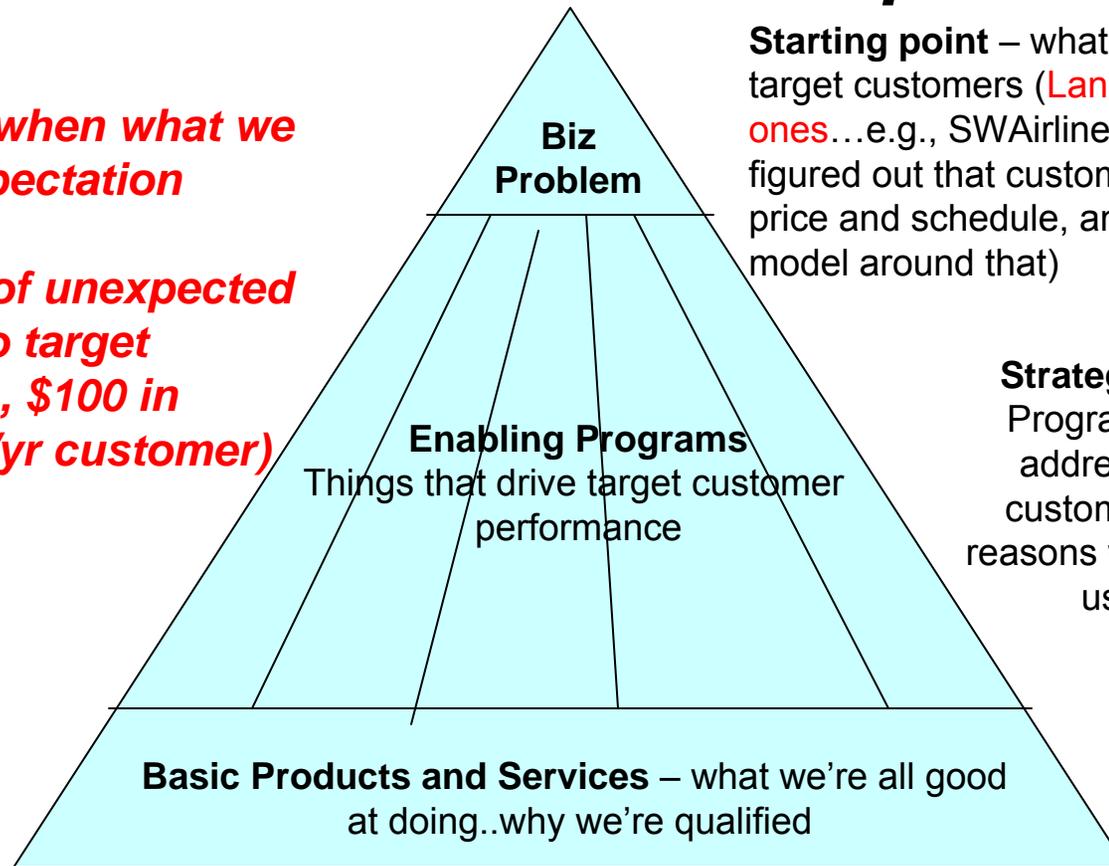




Customer Intimacy—For each Segment, *What is our Unmatched Value Proposition?*

Value created when what we deliver is > expectation

Reinvest 20% of unexpected value back into target segments (e.g., \$100 in value for \$500/yr customer)



Starting point – what are the top goals of our target customers (**Land and Die on the top ones**...e.g., SWAirlines won because they figured out that customers cared most about price and schedule, and built their operating model around that)

Strategic plan priorities
Programs that creatively address root causes of customer problems...the reasons why customers need us as a Partner

Price of admission
(not a strategic plan)

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Customer Intimacy Approach

- ▶ Identify and profile key target customer segments
- ▶ Identify areas we can offer distinctly better value to these customers (solve real customer problems that may go beyond accounting software)
- ▶ Redesign the operating model based on that (what are the unique enabling programs that will allow us to exceed customer expectations and competitor capability)
- ▶ Hit threshold levels everywhere else (product, operations)
- ▶ Increase value we provide every year (value is delivery of something in excess of expectation)

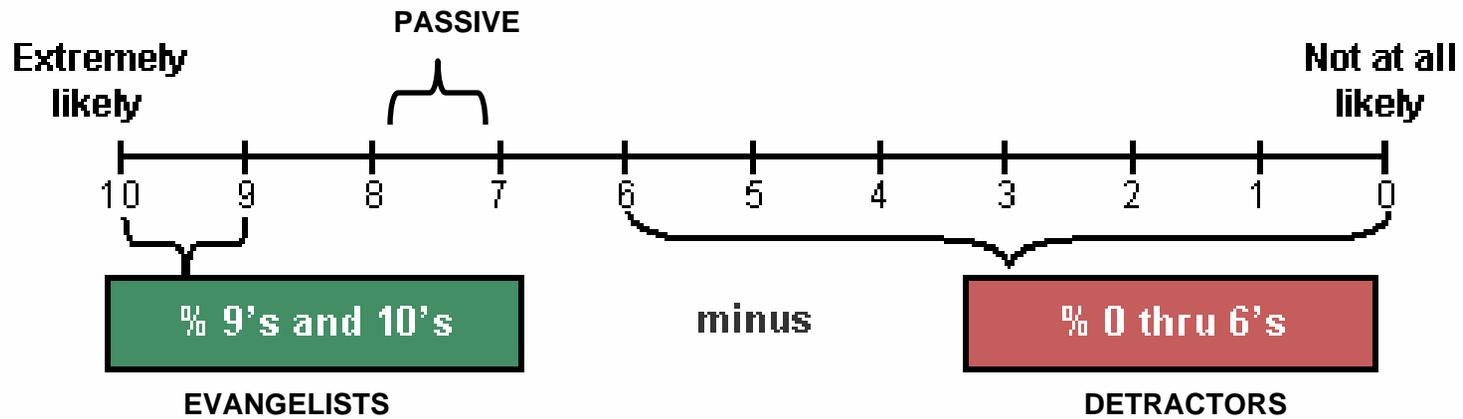
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Net Promoter Score

Likelihood to Recommend



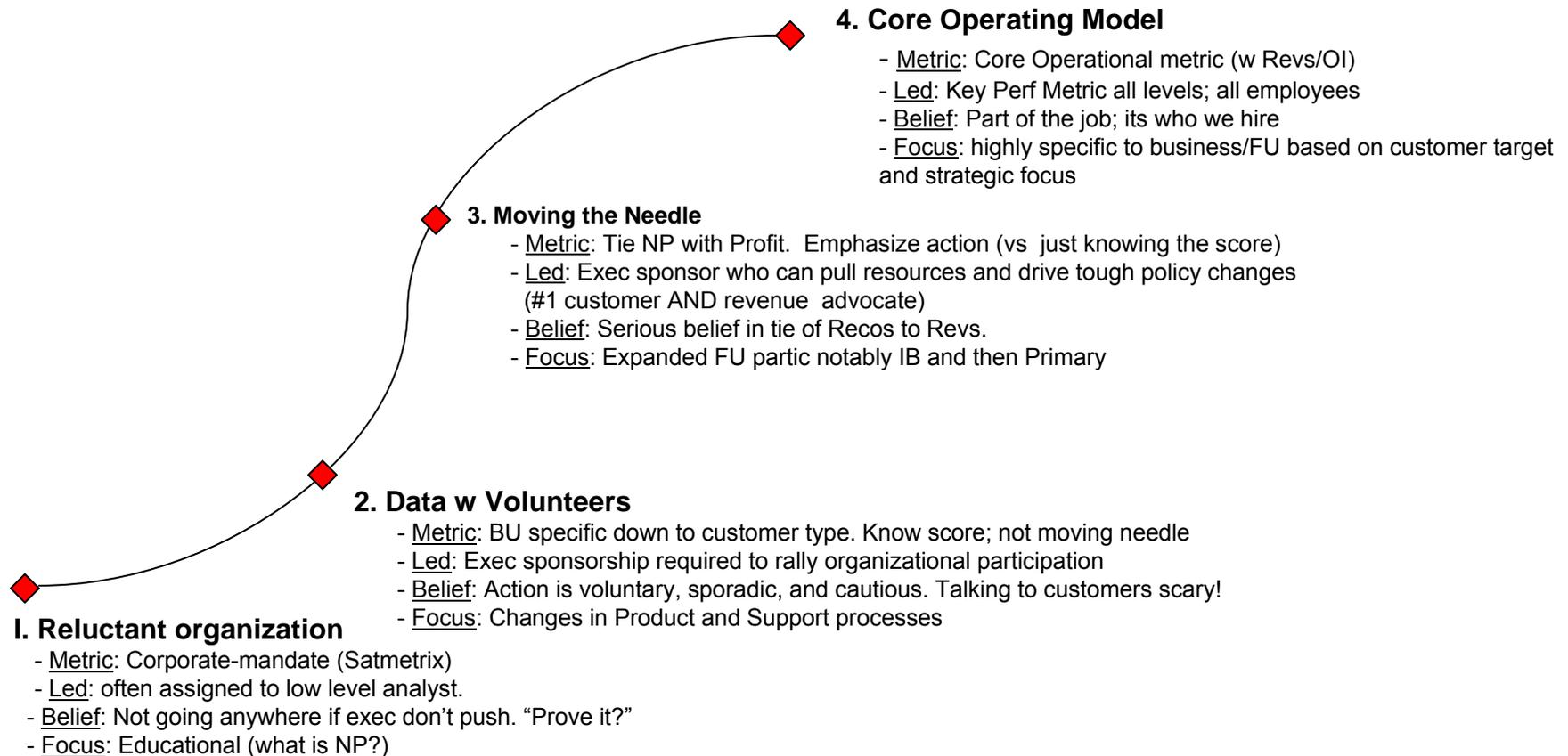
= Net Promoter %

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Stages of a Net Promoter Culture



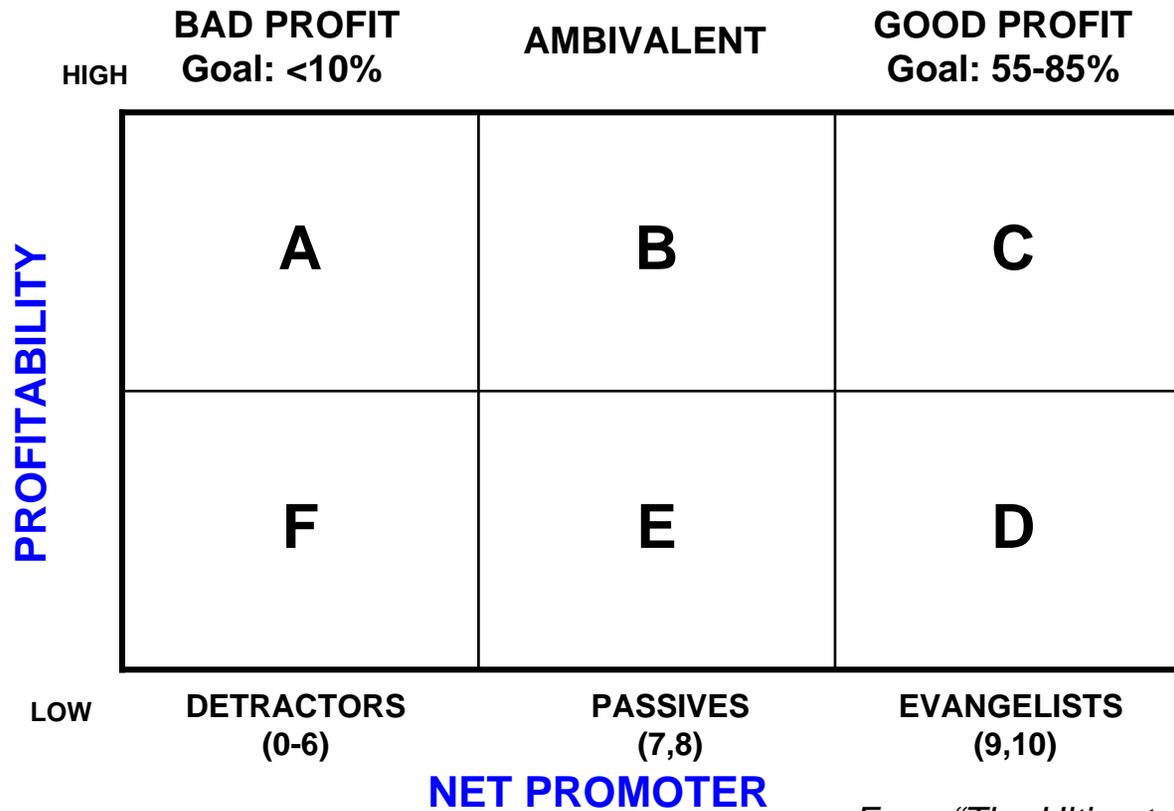
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Good Profits

BALANCING SHAREHOLDER AND CUSTOMER



From "The Ultimate Question", Fred Reichheld

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Generating “Good Profits”

1. Invest in your Core (Cs)—High Profitability/Evangelists

They LOVE us
 They generate high margins
 They are our CORE clientele
 DON'T: take them for granted, milk them to fund others, systematically under-invest in them
 DO: monitor their profitability and give gains back either in way of price or incremental value

2. Reduce Bad Profits (As)—High Profitability/Detractors

Urgent action might be required
 They DON'T LIKE us...they say mean things about us ☹️
 They will defect at their first opportunity
 Because they are profitable, we can afford to invest in them to identify why they are unhappy
 DO: Talk to them, empower the front line to solve their problems on the spot (apologize, rebate)

| | BAD PROFIT Detractor | AMBIVALENT Passive | GOOD PROFIT Evangelist |
|-----------------------|-------------------------|-----------------------|---------------------------|
| High PROFITABILITY | A | B | C |
| Low | F | E | D |

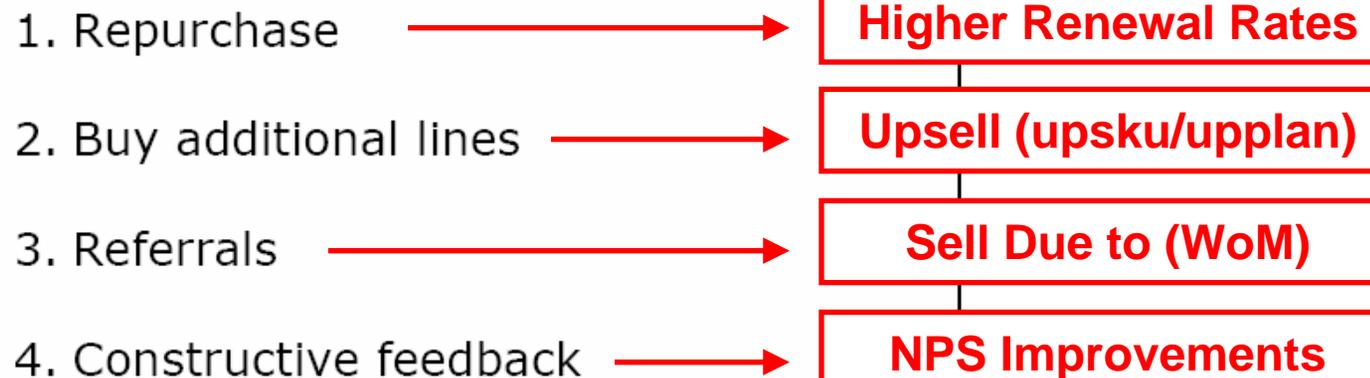
3. Find additional Promoters (B and D)

Bs: Learn why they are not more enthusiastic. What would truly delight them?
 Ds: Don't raise price to get phony short term profits. Upsku or Upsell instead. Be honest with them about their profitability.

Managers and Employees need to be accountable for BOTH increasing profits and for relationship quality

“Good Profits” Revenue Growth

Four Loyalty Behaviors Drive Growth



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From “The Ultimate Question”, Fred Reichheld



Questions

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