The Customer Relationship Revolution—A Methodology for Creating Golden Customers

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Overview

Customers are your most valuable assets

Today, customer relationship strategy is emerging as one of the most important components of corporate strategy. A well-executed customer relationship strategy can result in a number of quantitative benefits including greater ability to up-sell and cross-sell, improved customer retention and reduced cost of service.

In addition, successful companies will also develop referencable customers, foster customer forgiveness and create relationship equity, a situation where the customer and the company are both deriving high levels of value from the relationship. Together, these quantitative and qualitative benefits contribute to shareholder value.

The keys to building an effective customer strategy include:

- Identifying unique characteristics of each customer within the organizations' customer segment profile;
- Modeling the current and potential value of each segment;
- Creating proactive strategies and operational plans, or business rules, which will support the desired experience for the customer, starting with the highest value customers;
- Redesigning the organization, processes, technology and reward system to implement the relationship strategies.

Based on eLoyalty's unique skills, knowledge and experiences, we have developed an Enterprise Customer Management (ECM) methodology for overcoming the complexities of achieving this very important goal. Only those companies which grasp the extreme complexity of enterprise customer relationship management have a chance to successfully implement a complete solution and derive the enormous benefits of turning enterprise customer relationship management into a core competency. Success will require ongoing commitment from senior management, dedication to a long-term process, and a step-by-step methodology for creating the vision, designing the solution, then implementing and supporting the appropriate changes.

The Emergence of a Customer Relationship Strategy

If it seems like everyone is gunning for your customers, maybe its because they are! More competitors. Shorter product life cycles. An explosion of new technologies. New distribution channels. These are some of the primary factors that are driving CEOs and senior management to focus on customer relationship strategies as a key weapon for competitive differentiation and building shareholder value.

Shorter product lifecycles have robbed companies from enjoying the sustained financial benefits of being product innovators. Not only can competitors bring copycat products to market quicker, new generations of products are introduced much more quickly.

New technologies have also changed the way organizations operate and produce, enabling new competitors to emerge virtually overnight. Your competitor may not be a start-up across town. Or in a neighboring state. Check cyberspaces. Virtual companies—who are cleverly foregoing the fixed costs of buildings, furniture, administrative staffs and the related overhead—can be anywhere, and painfully difficult and costly competition.

Technology has also led to "pink pill" syndrome. Technology vendors have been overpromising and underdelivering; organizations have taken their fill of pink pills and now need to determine how to create effective solutions.

There has also been an explosion of new technology-driven channels to reach the customer. Organizations must figure out how to effectively integrate the telephone, the Internet, branch offices, mobile sales, kiosks, ATMs, interactive TV, wireless and related options with conventional outreach methods to build customer loyalty. The challenge lies in the fact that these new technologies were not designed to operate as part of a coordinated plan, but rather in a silo environment. The need to drive consistency in the customer relationship across these channels is paramount to the success of a relationship strategy.

The confluence of industries is also radically increasing the number of competitors. Banks are now in securities and insurance. Retailers are in the finance business. Telephone companies have hooked into cable TV. An offshore drilling company transformed itself into a fish food company and is now emerging as a player in the Internet search engine business. The lines of business have been blurred, and that is forcing organizations to take a much harder look at who they must compete against.

Finally, the natural response to greater competitive pressures has been to cut costs and right-size operations. The lean and mean corporate fighting machines reengineered during the early 90s made expense/revenue ratios the point of attack.

In a cost cutting model, organizations could trim the expense side without growing the revenue side to achieve financial goals. But this can only work short-term until all the fat has been cut. Eventually, profitability objectives must be met by growing revenues. Another challenge facing firms is how to grow the business and generate revenue, while maintaining a reasonable expense model.

This is no simple task. These factors are driving CEOs and senior management to focus on a Customer Relationship Strategy as a key weapon for competitive differentiation and building shareholder value.

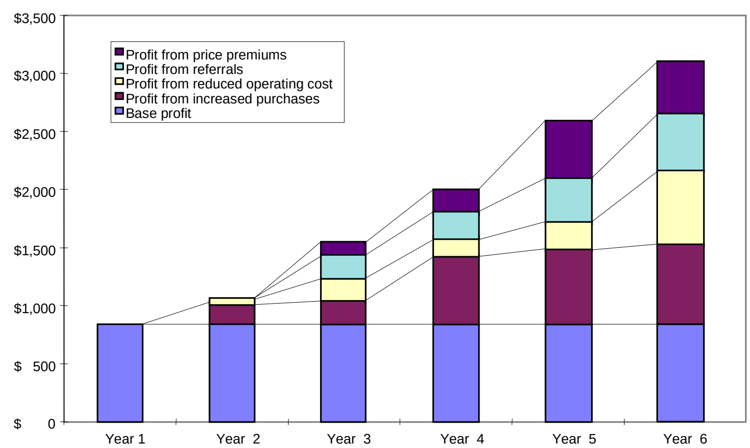
Traditionally, companies have focused on winning, rather than retaining, customers. A dominating marketshare typically translated into production economies of scale and the ability to become a low cost producer. The goal was to continually feed the funnel with additional customers, grow market share, and replace those customers who defected to competitors.

However, financial analysis of the cost of customer acquisition vs. the cost of retention has shown that, for most organizations where the cost of acquisition is high, keeping customers can be a more profitable strategy. Our models have determined that it can cost four to seven times more to replace a current customer than it does to keep one. That puts more emphasis on strengthening the relationship dynamic between companies and their customers.

A study published *in Harvard Business Review* by Reicheld & Sasser concluded:

Some companies can boost profits by almost
100% by retaining just 5% more of their customers.

The following graph depicts how investment in customer relationships can improve customer profitability over time. Increased purchases and referrals make significant contributions to total profitability.



Furthermore, bad customer service carries a very high opportunity cost. In a study commissioned by Ventura, Bob Tyrell, Chairman of the Henley Centre, examined the cost of bad customer service by modeling its effect on profitability.

The study concluded;

- In a typical medium-sized company, bad customer service can result in lost revenues of 1.8 billion pounds over 5 years and millions in lost profits.
- Reducing customer service problems by one percentage point can increase profits by millions over five years.

- Eliminating all customer service problems could double profit growth over a five year period. There is undoubtedly a strong relationship between improved customer service, greater profitability, and an increasing share price.

Perhaps no industry is more focused on relationship-based strategies than the telecommunications industry. They are in the midst of the greatest marketing and selling event of the century. eLoyalty has written extensively about transitioning from transaction to relationship-based strategies. These changes will be characterized by a higher level of personalization and proactiveness in their communications. Problem resolution must recognize the whole relationship, not just the transaction at hand. If you want to keep your customers, you must know what they want, and give them good service. It sounds so simple until you begin to define the content of good service. Giving the customer what he/she wants means building individual relationships with each customer. Delivering good customer service becomes very challenging when you realize that one size will not fit all. Not recognizing the individuality of each customer is frequently at the root of customer defection.

In terms of bottom line impact, PIMS Strategic Planning Institute has measured the financial ramifications of service delivery on sales growth, market-share, return on equity and return on sales.

The PIMS study quantifies how vital effective customer relationship management is to financial success. The payoff can be tremendous and is not limited to the incremental expenditures made by individual customers. According to industry research, a satisfied customer, on average, will spread the good word to three to four people. However, dissatisfied customers, on average, tell seven to ten people.

Finally, there is a natural balance that needs to be considered when organizations explore customer relationship and loyalty initiatives. The reality is not all customers are created equal. Chase Manhattan Bank reported 20% of their customers generate 150% of their profit! Frequently, a small group of customers have a disproportionately greater value to the organization.

Why is there so much customer turnover, anyway?

In most industries product differentiation is disappearing. Technological innovations can be quickly copied. Customer ties to products are weaker because many substitutes are available. However, service differentiation is one area where it is possible to lock in a customer, and a competitive advantage.

Currently, few companies have been able to seize the opportunity to cement their customer relationships. Industry analysts have reported that 70% of repeat purchases are made out of indifference, <u>not</u> out of loyalty. The implications are profound. A significant portion of customers may be vulnerable to competitive marketing programs and underscores the need to strengthen customer loyalty.

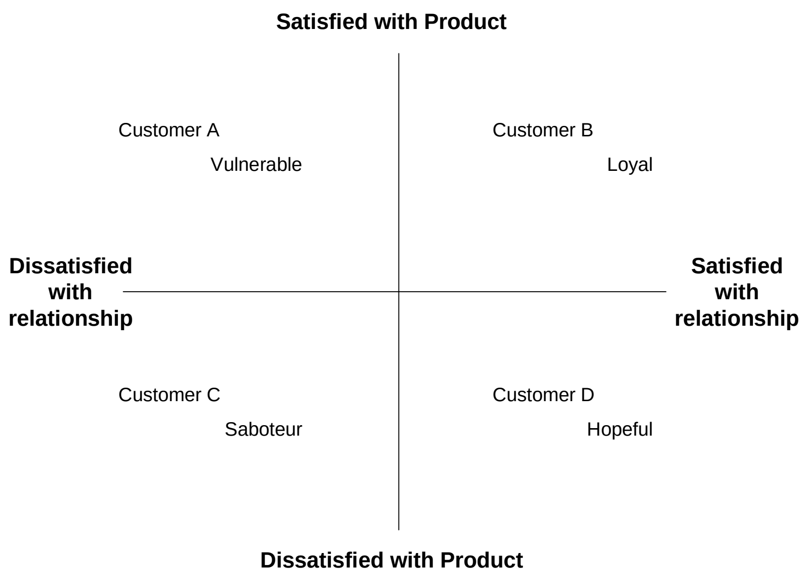
Today, customer-focused companies are beginning to tie traditional product-based strategies with new customer relationship-based strategies to impact customer loyalty.

Building loyalty begins by understanding that it is a behavioral issue, the outgrowth of positive past experiences with products and services. In service industries, where there is no physical product, the process of acquiring and receiving the service is the product. The experience individuals have as they interact with a company becomes a huge portion of the company's product.

What happens during interactions has a major impact on creating loyalty. The following loyalty matrix shows how a customer's relationship with a company effects product attitudes and influences future purchasing decisions.

How Loyalty Affects Customer Behavior

Loyalty is a vastly complex topic. The following bi-dimensional map begins to illustrate how product-based and customer-based strategies, in combination, affect loyalty.



The eLoyalty Matrix, an economic model developed at eLoyalty, shows that turnover is greatest with customers who are dissatisfied with the relationship they have with the company. By coupling relationship and product strategies, organizations can effectively create customer loyalty.

Customer A was satisfied with the product purchased, but dissatisfied with his relationship with the company. This customer type is vulnerable to switching. This is very typical today. If a company can deliver a quality product the reward should be repeat or increased business, not fear of lost business. The customer/company relationship profoundly affects how a product or company is viewed and affects customer behavior. Properly managed and serviced, this category of customer can become a significant source of future business and move into the loyalty quadrant.

Customer B is the type of customer every company desires: very satisfied with the product and the relationship with the company. The company can count on his repeat business, and will most likely benefit from referral business via positive word-of-mouth.

Customer C is a nightmare—a Saboteur to the organization. A bad experience with the product and the relationship with the company guarantees that he/she will never buy from the company again. This category of customer will bad-mouth the company because they feel wronged, which compounds the problem, as they tell others about their bad experience and discourage potential customers from ever interacting with the company.

Customer D was not satisfied with the product, but is hopeful that the next purchase will be satisfactory. A good relationship creates a reservoir of goodwill upon which the customer is willing to give the company or product another chance.

The eLoyalty Matrix provides a framework for better understanding the problem of customer turnover and direction about where to look for opportunities for improvement.

The key is to focus on the customer's relationship with the company. Even though Customers C and D both had poor product experiences, Customer D's willingness to continue a relationship with the company dramatically differs from the behavior of the Saboteur.

Relationship Equity, a reservoir of goodwill

In addition to the quantitative benefits, there is an increasing recognition of the qualitative benefits of building relationship equity. Customers who have positive attitudes can become part of your sales force by referring others and by providing references. Relationship equity also plays a significant role in customer forgiveness. If problems do arise with a product or service, a customer is more willing to excuse the problem as an isolated event and continue the business relationship.

It may be overwhelming for a company with thousands, even millions of customers to realistically implement a customer relationship building initiative across their entire customer base.

Selectivity is the key to success, and the availability of technology such as data warehousing and data mining makes it possible to creatively segment customers and understand the value, potential and nuances of each group and each individual.

Companies need to identify their most profitable customers. Organizations know who their largest customers are, but virtually no one has a systematic way of valuing or scoring customers in terms of their economic value.

The concept of value is defined differently across companies, but in general there are some common dimensions:

- Long-term value (Net present value of lifelong purchases)
- Sphere of influence (Ability to generate positive word of mouth or referrals)
- Growth potential
- Profitability
- History
- Life Events, etc.

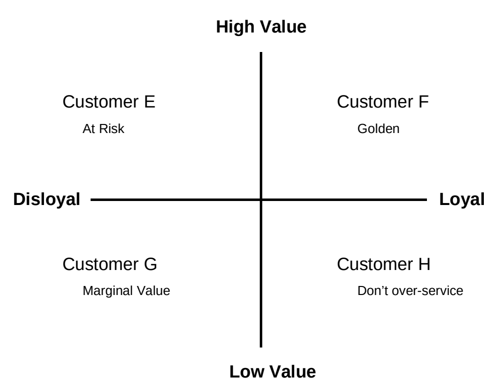
By identifying customers in terms of their value, a company can begin to think about how to deploy revenues to nurture, cultivate and grow the most important customer relationships. Customer Value takes into account a complete analysis of a customer.

Consider the following:

> A CEO of a major corporation has just purchased a new entry-level PC for her son. Having experienced a set-up problem, she calls the computer manufacturers help desk on a Saturday. As a caller who has purchased a low-profit entry-level PC, she is kept on hold, transferred to three different departments and informed she would need to call back during normal business hours. Who would blame her for cancelling her companys' multi-million dollar contract with the computer manufacturer?
>
> What about the college student who only has a credit card with a bank? From a profitability standpoint, this person is low on the pole. But what if the bank knew that this individual had a 4.0 grade point average and had just been accepted into medical school? Or that his father was the CEO of a major corporation? With this knowledge would the bank want to treat this college student as just another non-profitable bank customer?

The analysis becomes enlightening when Customer Value is overlayed against Customer Loyalty because it clarifies where service efforts can best be focused. It points to an area where organizations can begin to explore the potential of relationship equity. By combining the notions of Customer Value with Customer Loyalty, it is possible to enhance relationship equity, leading to greater customer referencability and customer forgiveness. Also, it lays the foundation for a market segment where it is easier to introduce new products and services. Consider the following:

TSC Relationship Equity Matrix



Customer E, high value but disloyal, represents a group that deserves the greatest amount of attention. The company is at risk of losing profitable, influential customers.

Customer F is what makes companies thrive. High value and loyal, these customers are truly golden. Companies must pay the greatest attention to this group as a way of expressing appreciation for their ongoing business and recognizing their importance.

Customer G, low value and disloyal, does not represent a group with much long-term potential. If they chose to switch the economic loss is minimal.

Customer H, low value but loyal, can be over-serviced.

Companies can control how they interact with their customers and build relationships. Relationship building transcends traditional customer service, which is primarily a reactive process. True, it is a good thing to be able to respond appropriately when a customer calls with a request. But companies can do much more than react.

Turning Customers into Gold

At the heart of any enhanced customer relationship strategy is four fundamental steps:

1. Identifying unique characteristics of each customer of a given customer segment
2. Modeling the current and potential value of each segment
3. Starting with the highest value segment, creating proactive strategies and operational plans or the business rules that will be followed
4. Redesigning the organization, process, technology and reward systems necessary for implementing the relationship strategies.

Ascertaining the uniqueness of a customer includes knowledge of the customers value, plus a small set of characteristics that identifies what is unique about the customer (I prefer Spanish as my primary language; I wear a medium; I prefer Internet confirmation of orders; I prefer deliveries before noon; we know what your previous order was; would you like the same this time?)

Modeling customer value is a critical piece of information for knowing which customers deserve the greatest attention. Marketing researchers have perfected techniques to collect and evaluate other types of information regarding customer preferences.

Companies must also consider the business situation at hand...all of the reasons that trigger customer interactions with a company. Is there an outstanding order? Is the account past due? Has the customer’s credit limit been exceeded? Is a shipment back ordered? Was an upgrade requested? Was this the third call to resolve a product problem? Identifying the business situation is a matter of fact.

Based on customer value, customer preferences and the business situation, a series of rules can be written. The rules define the actions that should be taken for a given business event. Responses include a contact (phone call, fax, e-mail, personal visit), a recognition (we did this, we should have done that), a promise (we'll pick up the yellow one and send you a blue one) and a means for follow-up (we'll call you tomorrow to assure this has been done). The value of defining and implementing this type of customer relationship strategy is enormous—unfortunately it is also quite complex.

The Complexities of Enterprise Customer Management

Before any company can begin to plan an enhanced customer relationship management system, they must understand the complex issues that must be addressed along with the need to build its strategy at the enterprise level. There are many, many questions that must be addressed. Part of the challenge is to ask the right questions.

It is common for customers to work with multiple business units of the same company. This often means using different channels of contact, sometimes crossing different cultures.

Modeling customer value is another complicated issue. Current direct economic contribution can be measured. However, forecasting future revenues and quantifying the value of a customer's ability to refer business or serve as a reference is not as clear.

Once the customer value model is developed, what information systems are needed to help you quickly recognize a high value customer?

The adoption of technology creates interesting challenges. Technology has been looked at as a possible lifesaver, even as the silver bullet for improving productivity and profitability. However, the reality of the ongoing emergence of newer and newer technologies has added to the complexity of the business environment. Where do the new technologies leave existing legacy systems? How can current information technology infrastructure be leveraged in any new customer relationship management initiative?

Technology has also created another set of complexities that must be addressed; the proliferation of access methods that customers use to interact with companies. Once upon a time interactions were face-to-face. Now, with the widespread use of call centers, interactive voice response and the Internet, there has been a fragmentation of controls on the customer relationship. Although customers can come to your company in many different ways, they do not want or expect different responses from those different access methods. Customers want a common and coordinated response each time they interact with a company.

There is also the challenge of data complexity. Companies have excessive amounts of data housed throughout the organization that is usually not organized or usable. Even in organizations which have implemented data warehousing solutions, finding and accessing relevant customer information in a timely manner is not a simple task.

How does a company recognize a customers unique attributes so they can be accommodated?

What about unarticulated needs? Customers rarely express what they really want or need. Yet, enhanced service offerings can be deduced by observing customer behavior. For example, a customer makes an end of the month request for an account balance, then logs to the WEB site to check interest rates on different investment alternatives. This customer's behavior indicates an unarticulated need for investment counseling.

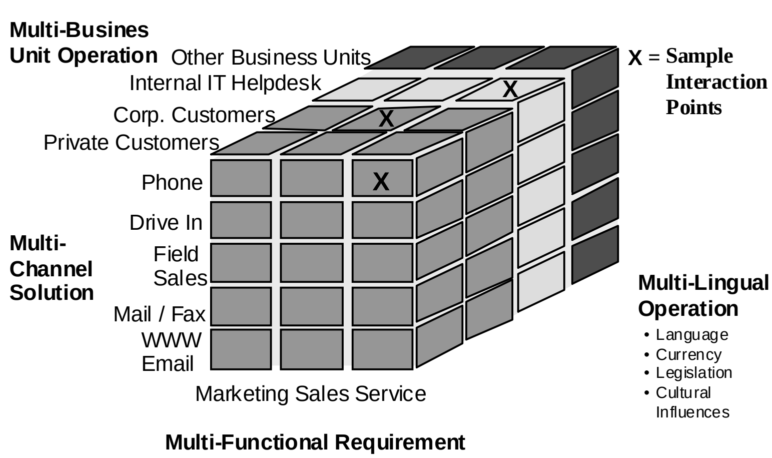
Which business events are sources of friction?

Solution delivery inevitably involves organizational changes. Hierarchical organizations focus on efficiency objectives. Yet, achieving customer relationship goals may require actions that run counter to efficiency metrics. (The length of a phone call may ensure efficiency, but may or may not have any relationship to problem resolution).

Operations and processes need to be rethought. Marketing may identify a specific service that will appeal to high value customers. But the solution may greatly impact the IS and accounting departments.

How far is the organization willing to go to be flexible and move decision-making closer to the customer? This raises many issues regarding who in the organization controls decision-making.

The following graphic depicts the dimensions of complexity that must be considered to build an effective customer relationship system.



Enterprise Customer Management addresses how an organization will transform the experience that a customer has with the organization into customer loyalty. To accomplish this, the enterprise needs to synchronize the actions of different business units, supporting operations, channels of customer interaction, products, support functions and the overall management of the customer relationship.

Defining the Goals of a Customer Relationship Strategy

Many past customer service initiatives have focused on improving transactional efficiency, i.e., answering the phone faster. Even if this goal is reached, there are many other issues that need to be addressed to strengthen customer relationships. Do customer service reps have the skills and information needed to offer on-the-spot solutions? Are they empowered and authorized to fix problems?

Interestingly, many companies are compensating customer service reps based on how quickly they handle each call. The metric of how fast can you get somebody off the phone measures a notion of transactional efficiency, but may not be an appropriate metric. If the goal is to build a series of positive experiences with customers, there is a need to think about service in different ways. A measurement that captures how the customer/company relationship has been enhanced would be in alignment with the organization's customer management vision.

The ECM approach directly aligns organizational changes with customer desires.

A customer relationship strategy will have the greatest value to service industries and product companies with low product differentiation. Customer strategy will not exist in isolation; it must be thought about relative to other strategic initiatives. This is because the customer relationship strategy is long-term in nature, and manifests itself as a process, which must be continually monitored and managed.

Today, technology has advanced the ability to create a more intimate relationship with many customers. Data warehousing and data mining techniques can help analysts gain insights into what customer's value and how to appeal to their individuality.

Defining the Drivers of Customer Relationship Strategy

The business case will uncover opportunities for revenue creation and cost reduction. Revenue drivers include:

- Upsell potential–incremental revenues from selling upgraded, higher margin services or products to a customer segment
- Cross-selling potential–incremental revenue opportunities by selling new products or services to a customer segment
- New customers-the ability to attract additional customers as a result of being able to deliver a more personalized level of service

- Customer retention: the ability to sell products or services to customers that otherwise would have defected to competitors; understand what actions can reduce the defection rate
- Reduced costs of service: as processes and business rules change, costs can be reduced in many areas including order entry, distribution, customer inquiry handling, even bad debt may be reduced
- Reduced Channel Costs: as a company offers customers more contact methods, such as Intranet ordering access, direct sales costs can be reduced

In addition to these economic drivers, there are intangible, non-economic drivers which make a significant contribution:

Relationship equity: a loyal customer is an excellent referral source and can serve as a vital reference; a loyal customer is also willing to forgive an event and stay with the company over time.

Long-term reputation: Studies have shown that a dissatisfied customer will tell between 7 and 10 people: loyal customers are positive influences on company and brand image.

Creating a New Customer Experience from the Business Case

The process of building the business case sorts through the many different routes that could be followed to optimize revenues. For example, if a firm's financial focus is hitting target numbers for the next quarter, the business case will look at options for generating the greatest number of sales in the shortest time frame. A company with a longer-term perspective will desire strategies which will attract the greatest number of high value customers.

Financial models balance the prospective economic gains from up-selling, cross-selling, new and retained customers, lowered costs of service and channel costs against the costs required to achieve those gains: acquisition of new technology, training, organization transformation costs and others, identifying quick win opportunities to produce immediate payback.

One computer manufacturer discovered a way to significantly reduce marketing costs by varying the design of direct mail campaigns by customer type...a simple strategy improved response rates by 30%, leading to higher conversions and a reduced cost per sale.

Every company is ultimately seeking to create a new customer experience that is appropriate for the goals it has established.

A solution prototype is built based on the agreed upon business case for the expressed purpose of creating a new customer experience. The prototype will contain:

- how resources will be connected
- what data is required
- establishes the business rules that will be followed

- coordinates actions across all customer contact channels
- defines how channels will be used to serve and acquire customer segments

Overcoming the Complexity: The eLoyalty Enterprise Customer Management Methodology

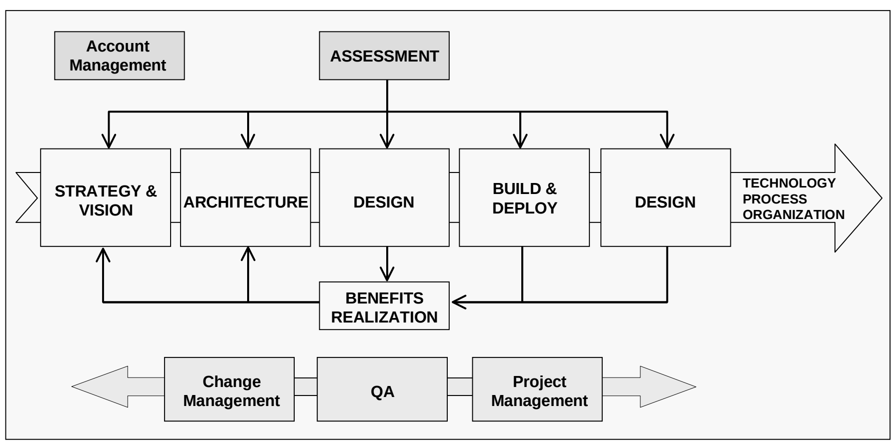
Organizations are beginning to acquire customers and maintain relationships based on the value of the relationship. Sales force compensation is being determined by how effectively each person achieves their potential, not just their production.

Determining what belongs in the solution is complex.

eLoyalty has developed a methodology for alleviating the complexities of creating an effective enterprise customer management solution. Our methodology provides a structured approach for clarifying the issues that must be addressed, reducing the complexity and risks of building an effective solution and compressing the time required to implement a new enterprise customer management system.

Our methodology is very valuable for solving highly complex problems of enterprise customer management because it provides a repeatable, proven process with clearly defined tasks that lead to successful project completion. It keeps the project on course, and clearly shows the route that should be followed.

But with all ECM solutions, the actual road taken to an optimum solution varies from client to client. Therefore, the ECM methodology has been structured to cater to different industries, products, functions and business issues of each client.



The above diagram represents the framework of how eLoyalty begins to solve the ECM content problem. It reflects our multi-dimensional thinking for developing an optimum customer management relationship system for the enterprise. It is grounded in eLoyalty's significant experience and client successes.

Assessment

The first step in any journey is to understand where you are relative to where you want to go, and then to decide how to get there. All ECM projects begin with an assessment, designed to achieve these objectives. The assessment allows eLoyalty to understand the unique nature of a client's situation and to adapt its approach accordingly.

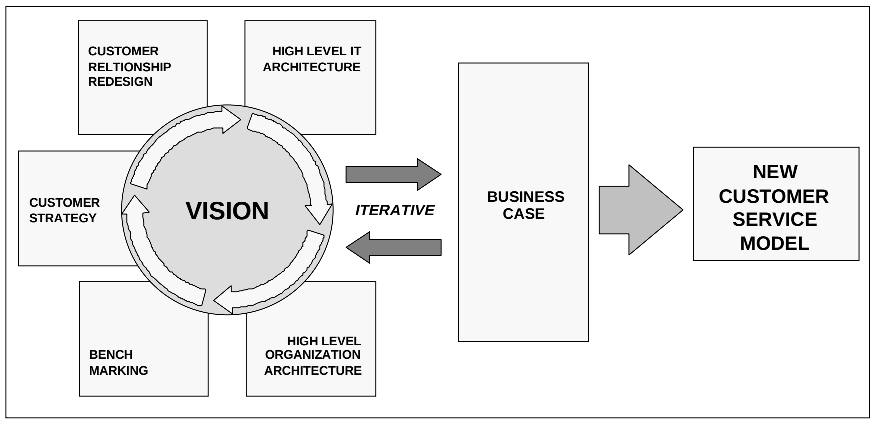
The assessment phase helps determine the current environment, processes, technology and organization-readiness for transformation.

A financial feasibility study, also part of the assessment, helps quantify the value and return on investment derived from the operationalizing of different service differentials required by and applied to individual customer segments.

The outcome is a game plan detailing a client's ECM readiness; future vision and goals along with a definition of project phases, quick win opportunities and tactical considerations.

Strategy & Vision

Customer Strategy and ECM Vision are defined by a joint Client/eLoyalty team. As with assessment, the content and plan for this phase is dependent upon the client's unique requirements. The components are outlined below.



The objective is to define an ECM Vision and Architecture. The four initial components that need to be balanced by each client's individual needs are:

- Customer Strategy
- Business Case
- Business Process Redesign
- Benchmarking

As part of this process, the high level technical and organizational architectures are defined.

Each Strategy and Vision components requires significant definition and cannot be defined in a vacuum. They need to work together and be highly integrated for the success of the overall ECM solution. Parts of the project management challenge with regards to the Strategy and Vision lies in the ability to successfully integrate and manage all of the components and bring them together into a cohesive whole.

Customer Strategy

This function focuses on helping organizations think clearly about the value derived from each customer segment. Segment-specific strategies are developed that encompass a segment's financial, strategic, and influential value. It takes into account that every client/customer relationship is different, but that key questions are often the same. "Value" includes consideration for a customer's broader influence net, long-term loyalty, strategic and financial measures.

Based on this understanding of individual customer segment values, customer relationship business process can be redesigned to ensure customer value and organizational resources are aligned.

Business Case

The content of the business case is specific to each company, developed from customer-supplied marketing and financial information. It is much more than a traditional cost/benefit analysis because the analysis leads to the action plan that enables the establishment of a successful Enterprise Customer Management Solution.

Within the Strategy and Vision Framework, the business case interacts at each stage and level, performing a consistent balance and check between desired requirements and practical financial reality, and therefore helps the business to create the optimum solution to facilitate ECM transformation.

The business case establishes the who, what, when, where, how and why. It relates the changes in business processes, system functionality and organization to the:

- Benefits they facilitate
- Costs it takes to develop and implement
- Timeframe it takes to realize

The business case quantifies the benefits, costs and returns and sets up a realization program to achieve the benefits and to control the costs.

ECM Vision and Solutions Architecture

A joint consultant and client team based approach is utilized in the formulation of any new ECM Architecture. Based on the client's unique requirements, the team will work to create a Vision and Architecture which includes specific definitions for evolving the processes, operations, technology, environment and behavioral components for the solution. It defines how the organization can evolve business processes to support the ECM vision and strategy and specifies:

Business Process Architecture—detailing the new processes required for delivering the desired customer experience. Within the Customer Relationship redesign laboratory, the joint team assesses the existing channels, process, environment, workflows and procedures. Then, based on the goals of the business designs, defines and develops a Vision and business process architecture to deliver those goals, based on customer value and organizational capabilities and resources.

Technology Architecture—The technology team specifies the information systems and hardware requirements to achieve the vision. Typical areas addressed in the final ECM solution include the role of client/server, voice and data networks, CTI, ACD, Interactive Voice Response, workflow, WEB and other technologies.

Operational Architecture—The operations team defines the staffing, training and motivational requirements of the solution. An operational architecture defines the types of customer contacts being handled, types of call dispositions, staffing models, incentive plans and unit costing. The operational assessment may compare best practices of a world class operation against the existing environment.

Although requiring different knowledge sets, the Process, Technology and Operational teams work together to create a final ECM Vision and Solution Architecture that meets the specific needs of each client and is based on a fully justified business case.

Benchmarking

To support the definition of a new Strategy and Vision requires a lot of information about the clients' unique business and market environment. If this information is not readily available, eLoyalty can provide an experienced team of market analysts to set up benchmarks for operational performance, industry best practices, customer and employee satisfaction and productivity. eLoyalty works with clients to understand relevant internal and external performance indicators and set up measurement processes and tools to monitor them.

Gap Analysis

Once the ECM Vision and Architecture has been defined, an implementation plan which includes financial and operational priorities, is created. Quick wins and high return investments can be identified and prioritize within a phased project implementation plan to maintain momentum and buy-in within the organization.

Solution Deployment

Based on the phased implementation plan defined at the end of the Strategy & Vision phase, solution deployment commences with the construction of:

- A new business prototype to enable proof of concept and visibility of the Vision to a wider audience within the client's business
- Preparation of the organizational change management plan.

The prototype, whether it be through a computer simulation or prototype of the desktop, or a process modeling tool, or even a live pilot call center, is an integral part of the change management process, enabling management and staff to actually see and experience the benefits of the proposed changes before they happen. This also provides valuable insight and buy-in at the shop floor level from the start.

The eLoyalty change management team works closely with the client management team through the entire project, assessing change readiness, preparing the change management program, planning and conducting workshops, employee feedback sessions, and other change management techniques to enable a smooth transition to the new business model.

Detailed Architecture, Design and Deployment

The deployment of any ECM solution is dependent on the integration of three core project proficiencies: Business Process, Technology and Operations. Each of these three disciplines is managed within the project by a proficiency leader, who ensures that best practice is creatively applied.

Throughout the detailed design, build and deployment of the individual components of the solution, whether desktop software, the fulfillment process, or the procurement and fit-out of premises for a new call center and the recruitment of its staff, eLoyalty's account and project management ensures a constant communication process is in place between all project staff. This communication process ensures consistency of developments across all proficiencies.

Account and project management

The account and project implementation team provides the controls necessary for smooth ECM project implementation. It utilizes Best Practice project planning, business strategy, communication, risk mitigation, resource utilization, cost management and above all, flexibility. eLoyalty spearheads projects around an Executive Account Manager who becomes the linchpin between client and internal personnel.

As part of the account and project management process, eLoyalty manages a constant internal Quality Assurance program. This utilizes senior and highly experienced project managers to conduct regular checks of every project. It ensures that quality is maintained at eLoyalty's consistently high standards, and provides a feedback mechanism for client management and project staff, ensuring continuous improvement in the ECM solution.

Metrics and measures

Based on the benchmarks and performance indicators set during the Strategy & Vision phase, a constant check can be made on the progress of the project toward the goals and objectives of the business. At each stage of the project, these indicators can be used to ensure that focus is maintained and any changes can be made early in the implementation, mitigating potentially serious issues at a later stage.

Additionally, these measures are used to demonstrate the value and progress of the ECM solution to client management, which in turn facilitates continued evolution in project quality, knowledge, and strategy.

Extended support

Finally, on completion of the project, eLoyalty offers extended service support. This service utilizes eLoyalty's highly experienced operational and technical staff in the maintenance and management of newly implemented ECM solutions. This is crucial in the transfer of knowledge of these typically complex systems and operation management practices, and demonstrates eLoyalty's true end-to-end ECM solution capabilities. Each Extended Support contract is tailored to the client's individual needs, on a component by component basis.

Conclusion

Because of the immense importance of enhancing customer relationships, getting it right, right from the start, is imperative.

The business case for focusing on customer retention vs. customer acquisition is compelling. It is almost always a more profitable strategy given the high cost of customer acquisition and high turnover rates. A company's ability to increase customer loyalty directly relates to the experiences customers have each time they interact with the company.

Buying behaviors are influenced by the relationships individuals have with the companies which they buy from. Even bad product experiences can be overcome if the bond between customer and company is strong.

Recognizing that not all customers are equal, some deserve to be treated differently, is the key. The theory is: if you recognize how individual customers wish to be treated and have the information and means to deliver the appropriate responses, you will have a loyal customer today and tomorrow. Delivering personalized forms of service can be the ultimate competitive differentiator of business—creating a relationship so strong that repeat business, cross-selling, and up-selling can all be optimized.

There is a simple formula for strengthening customer relationships.

1. Discovering what is unique about each customer
2. Identifying the business situation
3. Determining and making the appropriate response and follow through

However, there are many complexities involved in conceiving and implementing a successful customer management solution. First, the solution must be made from the enterprises perspective. Customers have varying kinds of interactions with different business units. Identifying what is unique about each customer is no simple feat. Aligning the technology, operations and processes to support a solution is a significant endeavor requiring total commitment from senior management.

Process and organizational redesign are also necessary to bring the company closer to the customer. Change Management services become vital for providing the knowledge and skills necessary to enable people to perform differently.

To address these complexities, eLoyalty has developed a Enterprise Customer Management methodology. Our ECM methodology provides a low risk, rapid, and reliable way to build end-to-end customer management solutions. We can help companies identify where revenue and profit opportunities lie, identify leverageable information required for discovering what is unique about each customer, and developing the rules that will apply in different business situations.

eLoyalty can help you create the relationships that make your customers feel that nobody does it better than you do. More information about Enterprise Customer Relationship Management is available by contacting eLoyalty at 312.228.4500.

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