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# TSI Info Source

A newsletter of business value driven ideas, comment, and dialogue.

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## Summer is here!

Ah, summer in Chicago, nothing like it. Cubs, Sox, hot weather, cool weather, open beaches, closed beaches, we've got it all. We've also got some timely suggestions (and a good checklist) on how to improve your organization's customer service and profitability levels.

Recently, Transforming Solutions, Inc. (TSI) deployed a new service area called *Action Plan for Profitability (APP)*. This new methodology provides a systematic, process-focused approach to performing cost/value analyses of service-oriented processes (see our website: <http://www.transforming.com/app.html> for details) to help organizations become more profitable. A critical part of our analysis requires a detailed examination of an organization's processes. TSI has developed a number of high-level and detailed checklists that help us accelerate our approach. We'd like to share one of our high-level checklists with you. This month's article, titled **Improving Processes to Retain Profitable Customers** provides you with a checklist of questions you should be asking your Marketing, Customer Service and Sales organizations every day.

As always, we welcome your feedback. If you would like to share your thoughts, questions or suggestions about future topics, feel free to send us an e-mail at [info@transforming.com](mailto:info@transforming.com). If you would like to contact us regarding consulting assistance you might be considering, please send an e-mail to [ddecock@transforming.com](mailto:ddecock@transforming.com).

## Improving Processes to Retain Profitable Customers

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"The latest figures show that it costs at least 5 times as much to acquire a new customer as it does to retain an existing one."

"A study within the cellular phone industry found that a company loses \$500,000 in revenue for every 1% of customers it loses."

"Some companies can boost profits by almost 100% by retaining just 5% more of their customers." (Harvard Business Review)

...See *Improving Processes...*, page 2

## *Improving Processes...*continued from page 1

Despite all of the new, sophisticated customer relationship management (CRM) systems being implemented, these statistics are unfortunately very true, even in today's business world.

TSI, when working with our clients in this area, has found there to be a general and consistent lack of discipline in defining and following processes in the areas of Marketing, Sales and Customer Service. Several reasons contribute to this:

- Previous processes have been bureaucratic, slowing the sales processes down;
- Excessive turnover within Marketing and Sales forces;
- Shifting insourcing/outsourcing of some of the CRM functions;
- Marketing and Sales, on occasion, view their work as highly customized where it is difficult to follow a standardized process.

When one steps back and takes a closer look at these reasons, they really become great justification for organizations TO define and follow standardized processes, provided the processes enable:

- Greater speed of business generation;
- Higher success rates and less work to achieve the success;
- The ability to train Marketing, Sales and Customer Service forces;
- The ability to define the customer/sales lifecycle in a way that all who participate in it understand the overall and detailed flow of communications.

Whether you look at the people, processes or technology that surround CRM work, the "nickel" question is this – what difference does greater retention of profitable customers mean and what should you be willing to do to retain them? A recent study by a large research/consulting company indicated that a typical \$1 billion business could add \$40 million in profit by enhancing its customer relationship management capabilities by 10%. So what can you do in your organization to help retain those valuable, *profitable*, customers?

Here is a quick checklist of questions that you should be asking everyone in your organization on a regular basis. Answer each question, then at the end, check your tally versus the scorecard and pat yourself on the back, get moving to fix your problems, or better yet, call TSI for help!

### *TSI Update*

TSI would like to thank some of our recent new clients and process training participants that we have been fortunate to serve:

- Life Fitness
- First American Financial
- Kemper Technology Services.

### *In the News*

TSI has been quoted or featured in the following publications:

- **New Paradigm Research Group – *Competitive Telecom Issues*, Volume 9, No. 6 – “Process Improvement: More Bang for Your Buck”**
- **Free Agent Nation** by Daniel Pink; Warner Books, 2001
- **CRMCommunity – *More Than Software: Making CRM Work*** – Chris Walsh - <http://www.crmcommunity.com/news/article.cfm?oid=861A34F4-A750-4461-81BF36C922FFF09D> or [http://www.transforming.com/pdf/tsi\\_v204.pdf](http://www.transforming.com/pdf/tsi_v204.pdf)

***Do you know who your customers are and what they want?***

1. We track our customers' buying habits on a daily, weekly, monthly basis. \_\_\_yes? \_\_\_no?
2. We use a "balanced scorecard" concept (i.e., we look at efficiency, effectiveness, and customer satisfaction) or other defined metrics. \_\_\_yes? \_\_\_no?
3. We know who are our top 10, 50, 100, 500 customers are by sales volume and profit margin and we proactively give them special care and feeding. \_\_\_yes? \_\_\_no?
4. We do periodic customer surveys with our customers so we know what makes them happy and sad. \_\_\_yes? \_\_\_no?
5. We know how long a customer has been an "active" customer with us – if they are no longer "active", we know why. \_\_\_yes? \_\_\_no?

***Do your customers know that you know (and love) them?***

6. We always tell our customers when we are changing prices before a changeover date. \_\_\_yes? \_\_\_no?
7. We make our best customers feel like "partners" by inviting them to special events, new product announcements, annual "customer breakfasts", etc. \_\_\_yes? \_\_\_no?
8. When our customers call us, we are totally responsive to their needs. \_\_\_yes? \_\_\_no? (and, our customers would agree with this answer!)
9. Our customers know who to call for help in our organization. \_\_\_yes? \_\_\_no?
10. We proactively contact customers on such issues as order status, shipping information, backorders, obsolete items, etc. \_\_\_yes? \_\_\_no?
11. When our customers call us, they usually have a good experience with our phone system and/or receptionists/administrative assistants. \_\_\_yes? \_\_\_no?
12. When our customers email us, we respond to each one within 24 hours. \_\_\_yes? \_\_\_no?

***Are your employees equipped with the tools they need to provide excellent service?***

13. We have defined, streamlined Marketing, Sales and Customer Service processes that everyone in the CRM chain follows. \_\_\_yes? \_\_\_no?
14. We give all customer service employees quick, ready access to critical customer data such as sales history, product/service preferences, demographic information, etc. \_\_\_yes? \_\_\_no?
15. We have ongoing, structured process, system and strategy training of our people. \_\_\_yes? \_\_\_no?
16. Our information systems provide us with all of the tools we need to adequately service, inform and assist our customers. \_\_\_yes? \_\_\_no?

17. The employee turnover ratio in our customer service/contact area is very low (i.e., less than 5%).  
\_\_\_yes? \_\_\_no?

***Does your company provide total support of your customer service efforts?***

18. Making us easier to do business with is a corporate strategic initiative with meaningful, defined expectations. \_\_\_yes? \_\_\_no?
19. We have made or plan to make investments in our customer relationship management systems. \_\_\_yes? \_\_\_no?
20. In our organization's culture, the customer is always right. \_\_\_yes? \_\_\_no?
21. From our most senior leaders to those that work in call centers, there is a day-to-day acknowledgement that becoming more customer-focused and responsive is one of our three highest priorities. \_\_\_yes? \_\_\_no?
22. Everyone in our organization, from the highest level on down, views customer service as a critical business function vs. a necessary, but quasi-administrative function. \_\_\_yes? \_\_\_no?
23. We give our Sales, Marketing and Customer Service employees adequate salary, bonus and vacation to keep their enthusiasm high. \_\_\_yes? \_\_\_no?
24. We have tried to use our own CRM processes within the last 45 days (i.e., walked in our customer's shoes in doing business with us). \_\_\_yes? \_\_\_no?
25. We continually try to learn how to make the CRM processes more effective and those involved in the processes more satisfied. \_\_\_yes? \_\_\_no?

***How do you measure up?***

- 0 – 5 “No” answers:            Congratulations, your organization stands out in an elite group that is truly “customer-centric”.
- 6 – 9 “No” answers:            It's time to take a serious look at the customer service processes within your organization. If you haven't lost any profitable customers yet, you probably will be soon.
- 10 or more “No” answers:    Are you still in business? Someone in your organization (is it you?) needs to sound the alarm. Your organization is definitely not customer-centric and your customers are probably looking elsewhere to buy the same products or services you offer them.

We hope this simple checklist will, if nothing else, get you and your organization thinking about ways to retain those valuable, profitable customers and avoid the time and expense of acquiring new ones. The customer service function, and the processes involved within and around it, should be a number one priority within your organization.

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### ***HOT LINKS (insightful places to surf)***

Fast Company - <http://www.fastcompany.com> - a leading business information site with lots of excellent articles and a free, email newsletter.

CRMCommunity - <http://www.crmcommunity.com> - an excellent source of information on customer resource management. Includes extensive resources, white papers, free email newsletters, software evaluations, and more.

CRMXchange - <http://www.crmxchange.com> - Free online sessions, products and services directory, case studies, white papers, chat, press room and archive of hundreds of past live sessions with top customer service professionals in the industry.

CIO.com - <http://www.cio.com> - "The leading resource for information executives" - a content-rich site with an extensive library of business articles on topics from ASP's to wireless communications, as well as newsletters, surveys and more.

World Vision - <http://www.worldvision.org/worldvision/master.nsf/> - World Vision is an international humanitarian organization serving the world's poor and displaced by providing programs that help save lives, bring hope, and restore dignity. Assistance is provided without regard to religious beliefs, gender, or ethnic background.

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