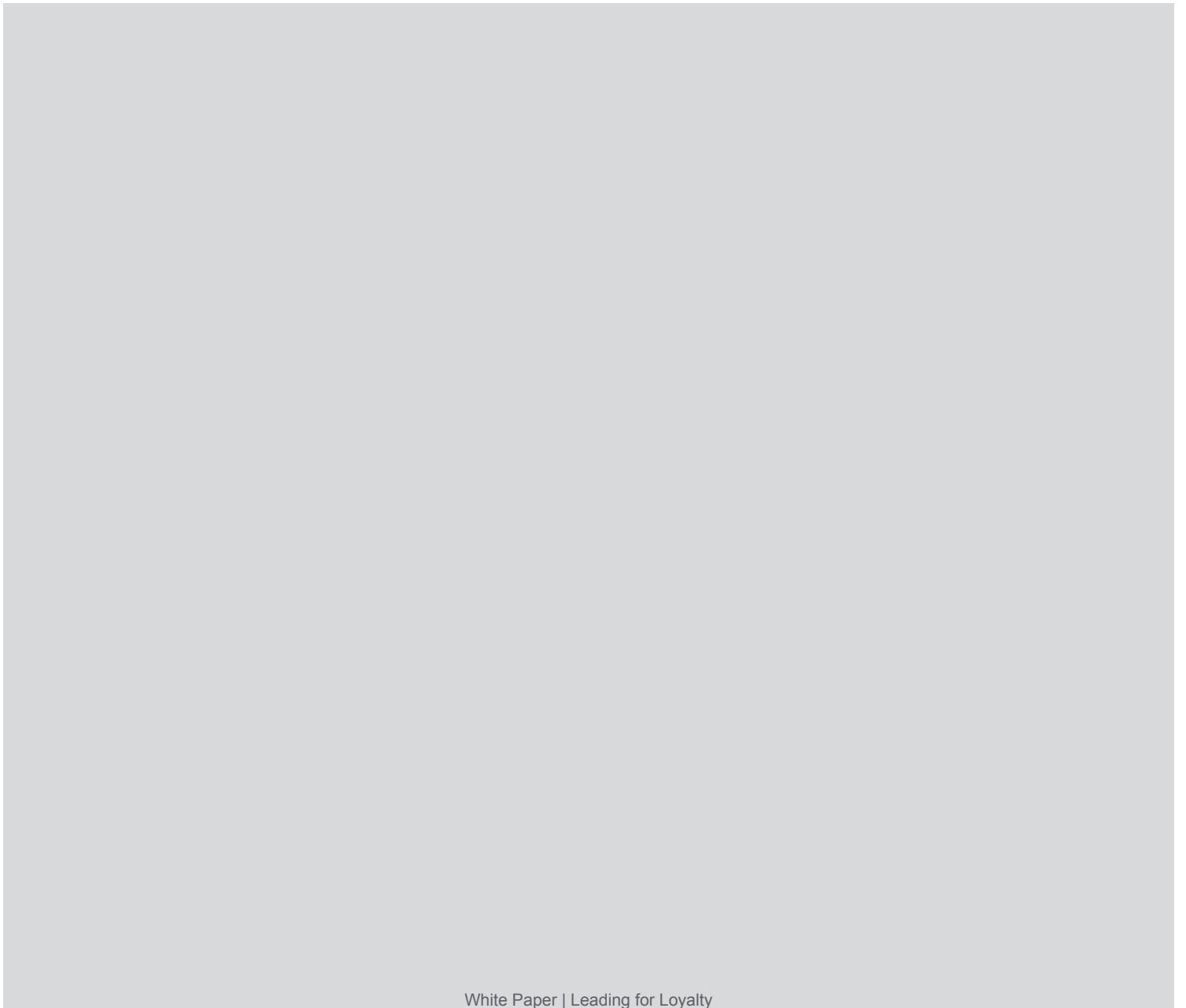


Client Relationship White Paper:



Has The Loss Of A Big Client Ever Surprised You?

In the B2B world, all levels within an organization are often blind-sided when a client decides to move on – especially if this client’s value is crucial and strategic to your continued growth. In the rare instance, some organizations have a “gut feeling” something isn’t right, but even then when a client makes the decision not to continue doing business with you it’s a hard pill to swallow.

And more often than not, it’s because you never got the chance to save the relationship. It’s true, most clients won’t complain before they move on. In our research, we’ve found that there is one word that signals client defection, but most people don’t realize they could be in trouble when they hear it. The next time a client uses the “F word,” you will know it could be a signal to take action and save your hard work from walking out the door.

When a client says, everything is “fine,” it can often be translated to, “Everything is not fine, but this relationship has run its course and I don’t want to invest any more time in trying to save it.” An international healthcare provider found that 72% of the clients they lost the previous year were either “satisfied” or “very satisfied” according to their latest customer satisfaction survey. It is not enough to simply satisfy clients; you must engage them.

Engaged clients are likely to say much more than the relationship is simply “fine”. They seek your advice, give you the benefit of the doubt, put you in touch with colleagues, and share information to help the business grow. We’ve heard things like:

“*Keep up the fabulous service...yours speaks volumes over others in the industry.” “Absolutely love the relationships your people are building.” “I know it looks bad to put all 10s but I wish every insurance company acted like you do.”*

In addition to great word of mouth marketing, the benefits of engaged customers also translates directly into profit. In our research, compared to clients who describe their relationship as “fine,” engaged customers:

- **Give you 3 times the book of business**
- **Require 41% less work**
- **Stay with you 4 times longer**

These benefits translate into larger profits and a stronger bottom line (see Figure 1).

Why NPS Doesn't Work

Net Promoter Score (NPS) is often marketed as a customer retention tool. Companies put a lot of resources into improving their score, hoping that new customers and improved customer retention will grow the company a considerable amount. While it is a widely-accepted tool, one must wonder if it does affect customer loyalty. NPS splits clients into three groups: Promoters, Passives, and Detractors. It then generates a score: $NPS = Promoters - Detractors$. The promoters are often viewed as loyal customers. Growing your score means increasing the number of promoters; which would seem to improve retention. So, why focus on retention? Bain reports that 68% of B2B executives claim their clients are less loyal than they have previously been.

John Kelly, Managing Director at ADEPT Customer Experience, nails one of the biggest issues that Net Promoter Score (NPS) has, in his LinkedIn Pulse article, “NPS not working? Why NPS alone is not enough.” He simply states, NPS is just a score or a measurement:

“The point then, is the Net Promoter Score is a key measurement but for it to improve customer’s success that results in retention, repeat business, revenue expansion and positive advocacy, it needs to be accompanied with an effective business process, or system, to interpret results, define and implement the required improvement actions.” - John Kelly

Perhaps we should think of NPS scores as a 21st-century thermometer to measure how sick your client relationships are – at that particular moment in time.

In B2B, you need a system, a set of internal processes, that senior management has agreed to; that look both internally within your organization and externally at the customer experience, to retain customers and turn them into clients.

Clients are a category of partnership that exceeds how typical customers are treated. With the 80/20 rule, NPS is good enough to measure the 80% who deliver 20% of your revenue. You need more to measure - and to be able to serve - the 20% who drive 80% of your revenue.

NPS can tell you what your customers think about you, but it can't tell you why. One question can't answer this complex question. NPS can tell you who is a Brand Advocate, but it can't say whether your customer experience is first-rate.

NPS captures a moment in time, but is not a reflection of your customer's engagement as a whole. NPS has had a long run as the defacto customer satisfaction metric, but many high-value companies are beginning to realize NPS isn't enough to measure the total relationship of buyers and sellers. There is a significant difference between satisfied and engaged.

Being Satisfied Isn't Enough

In the world of B2B, not enough professionals, regardless if they sell and/or market insurance or software, focus on the customer experience. But who can fault them? How can you initiate customer success initiatives and VoC campaigns when most organizations stress client acquisition? How do you go beyond just having satisfied customers?

According to Gartner Group, when you can increase customer retention by 5% then your profits increase somewhere between 25% and 125%. How's that for satisfaction?

Approach building happy clients through better customer experiences that include thoughtfulness and integrity. Learn to understand the world your clients live in and how you can better help them. Learn whom your clients are by taking the time to get to know them. You will start to develop chemistry with your clients once this happens because they will feel valued. What happens when customers start to feel valued? They become more engaged, which opens the door to increased retention.

How your able to satisfy customers does matter. According to McKinsey, 70% of buying experiences are impacted by how customers feel they are being treated. Forbes learned that 86% of buyers were willing to pay more for a better client experience.

However, only 1% of them feel vendors can constantly meet their expectations. According to Gallup State of the American Consumer 2014, engaged customers represent 23% of wallet share, profitability, revenue, and relationship growth.

So, what does this mean? It means we must find ways and time to invest in how we engage customers.

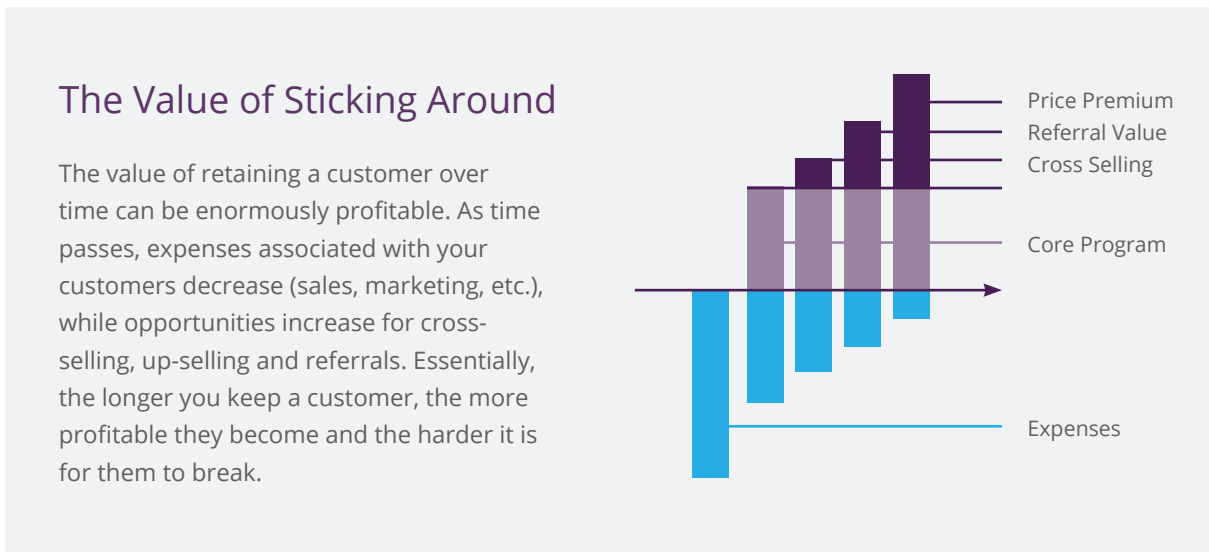


Figure 1

How Do You Measure Engagement?

Measuring customer loyalty is an extremely powerful tool for growth in any organization. If it is measured correctly, analyzed accurately, and delivered to those who can do something about it. Organizations often make the mistake of forgetting to maintain their customer's engagement. They forget to think about what their clients need from them, what they will respond to, and how their behavior can be changed.

Think about this, do you ever ask yourself, "Do I know when one of my clients is about to walk out the door?" You should ask yourself this because it's a business question that needs to have an answer. Here's something else to think about when measuring customer loyalty.

According to the Harvard Business Review, 28% of "dissatisfied" customers intend to remain with the company. Now flip it to "satisfied" customers, and just 20% reported having the intent to leave an organization. So, what does that say?

You need to understand where you stand with your customers. Not only is revenue walking out the door when clients leave, but a piece of your reputation leaves as well. Some people say, "Not every battle can be won." Well, the truth is, not every battle is a loss. Start by rethinking how your approach to measuring customer engagement – especially, if you're having trouble understanding your client's happiness. It's possible the solution is right in front of you.

So, what is the solution to measuring customer engagement? Work on developing 4 fundamental skills for MEASURING, BUILDING, MAINTAINING, and COMMUNICATING engagement.

Take a moment to learn how to build these 4 fundamental skills. Focus on gathering real-time customer feedback and converting it into actionable insights.

How Do You Know If Your Customer Is Engaged?

For well over a decade, we have studied what motivates people to continue doing business with you; what makes them loyal to you. We've found six dimensions that define an engaged, loyal customer. The first two dimensions are Satisfiers, which are considered the "ticket to the game." You get no points for doing these well, but they provide no edge over the competition.

Integrity – Are you reliable and trustworthy?

Competency – Do you have the skills and capabilities to deliver on your promise?

The remaining dimensions are Motivators; which inspire people to want to develop a stronger, more powerful relationship with your organization. It is not enough to satisfy your customers; you must demonstrate more than just Integrity and Competency to take your relationship to a higher level.

The aforementioned international healthcare provider’s “satisfied” clients may have defected because the following relationship dimensions were not represented:

Recognition – Do I feel valued or am I just another customer?

Proactivity – Do you look out for me and protect me from surprises?

Savvy – Do you understand my world and help me to be successful?

Chemistry – Do I like working with you?

Developing loyal relationships is a matter of assessing where you stand with each individual client on these critical dimensions. This assessment then becomes the foundation for your key account plan. If your customers feel you are under performing in certain dimensions, then your response should be to exhibit behaviors that make your client feel like you’re looking out for them and helping them to be successful (see Figure 2 for an example).

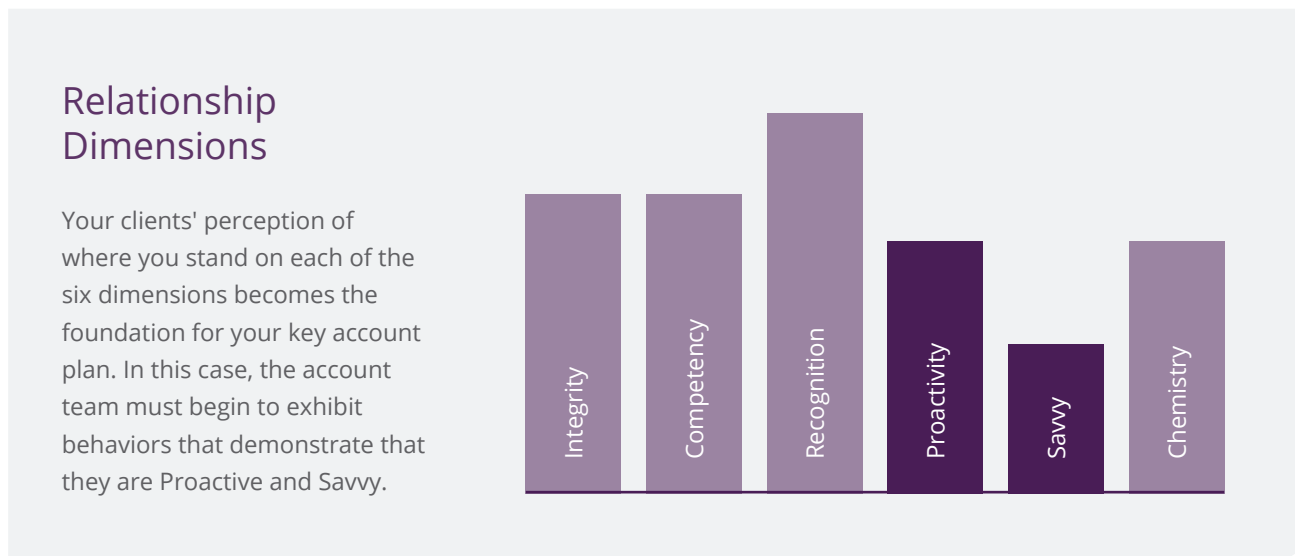


Figure 2



Summary

In our experience, the word “fine” often indicates a business relationship is in trouble. If your client says the “F word,” you should determine the underlying reason as it may require you to take immediate action to save your relationship from possible defection. Our patented measurement software analyzes customer-feedback data to help grow revenue, reduce churn while fueling VoC and customer-insight initiatives.

About

Encompass-CX offers a scalable software application that collects, measures and distributes customer data and provides clarity into all aspects of a company’s account, product and service teams making it easier for businesses to gain real-time visibility into revenue, renewals and retention.

To learn more, visit Encompass-CX.com

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