Win & retain more high value customers

This is a case study of an ICT Company with £40M revenues that had survived several ICT industry downturns but had lost some of their energy and direction.

The challenge

Customers were increasingly viewing their products and services as a commodity and competition was increasing. As a result prices were dropping and some long term customers were going elsewhere. In spite of this revenues and profits were continuing to slowly grow but were dependent upon winning one unplanned large "bluebird" project each year.

"What does success look like?"

Before starting the project we agreed what success would look like. As well as revenue and profit objectives I also encouraged the company to look at other ways that success could be recognised. These included:

- **Linkage to the top objectives of the company**
- **Common employee understanding of the strategy**
- **Employee satisfaction**
- **Customer satisfaction**
- **Customer renewal rates**
- **Bid win ratio**
- **Sales pipeline criteria**

> *"Business as usual was not an option. Radical change was needed to be successful."*
>
> **Company MD**

The perfect customer

A key early stage in the project was to agree the top 10 criteria that defined a "perfect" customer. This was achieved by working with Sales and other departments as well as referring to the overall objectives of the business.

The Top 10 perfect customer criteria included:

1. **Significant revenue lost the minute that their network goes down**
2. **Willing to spend >£50k per year on services**
3. **Does not just buy on price**
4. **Understands and appreciates our added value**
5. **A potential lifetime value of >£500K**
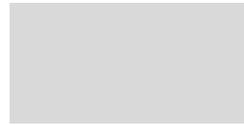
All existing customers were then reviewed and those who met at least 8 out the 10 criteria for a perfect customer were identified as important to retain and get special treatment. Businesses like them were also identified as ideal targets.

The top 10 criteria for an "undesirable" customer were also developed using a similar process. Existing clients who met 8 out of the 10 criteria for "undesirable" customers had their status reviewed.

Get more customers

Using the perfect customer model it became much easier for marketing and sales to target suitable prospects. Deciding which projects to bid for and which to decline became less of a challenge too. It also became significantly easier to differentiate from the competition by focusing on the factors that perfect customers really cared about.

Get, Grow, Love

We identified the need for different Sales skills at different stages of the customers relationship with the company. These stages were defined as Get, Grow and Love. Sales people who are good at getting new business are rarely good at growing business within an account. The skills required to love the account and keep them with the company are also different. This led to a significant change in how Sales were organised and staffed.

What to sell

The company had been positioning themselves in the market as experts in any type of complex project. We identified that this had led to many one off projects that were expensive to deliver and maintain. Several projects were technically "interesting" but had been delivered at a loss. Potentially even more damaging the marketplace did not understand exactly what the company were good at.

Working with existing perfect customers and cross company teams we identified 6 specific propositions that target customers wanted. Once identified the 6 propositions became the centre of the Sales and the Marketing strategy. The company had to re-allocate some resources to deliver the propositions and stand out from the competition.

Communication

To make the new Sales strategy work it was essential that everyone in the company understood the strategy and their part in making it happen. To achieve this we helped two of the Sales Managers to develop an interactive Sales training event. A major difference from other sales training events was that Marketing, Customer Services, Finance, IT and all of the other departments were invited to come too.

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Sales pipeline

The last major piece to put in place was a simple methodology for tracking all sales prospects by proposition. This was based on a fixed percentage win probability driven by the exact stage in the buying cycle. This enabled the company to forecast revenues more predictably and clearly see where actions needed to be taken to get back on track.

What were the results?

- o *Revenue and profit increased*
- o *Employee satisfaction improved*
- o *Profitable customers are now treated differently*
- o *Departments worked together better*
- o *Goals and objectives of different departments are now compatible*
- o *Customer renewal rates increased*
- o *Marketing and Sales resources allocated to existing customers*
- o *Customer satisfaction increased*
- o *The number of departments cut by 66% reducing costs significantly*

Summary

The secret of successfully growing sales for the company was based on identifying the best accounts to retain and targeting customers like them.

Departments worked together to implement the well communicated sales strategy and the whole company became more customer focused in everything that they did.

If you recognise any of the issues raised in this case study or would simply like to know more please phone or email me.

I wonder what your clients would tell you in a structured client relationship survey?

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