

Building Business Around Customers: Know Thy Customer

Focusing on customers: it's one of the most powerful ways for businesses to boost their bottom line. A recent multi-industry study by the Wharton School, for instance, showed that reducing customer attrition by just 5% to 10% could increase annual profits by as much as 75%. And a survey by IBM found that the most important ingredient in the financial success of companies, registering twice the impact of product innovation and three times the impact of the firm's cost position, is customer relationships.

Getting To Know Your Customers

That's the good news. The bad news is that most companies know far less about their customers than they need to. Harvey Thompson, author of "The Customer-Centered Enterprise," reports from numerous surveys that "many companies simply do not have good input from their customers," and that almost none have customer information ideally suited to a successful relationship management effort.

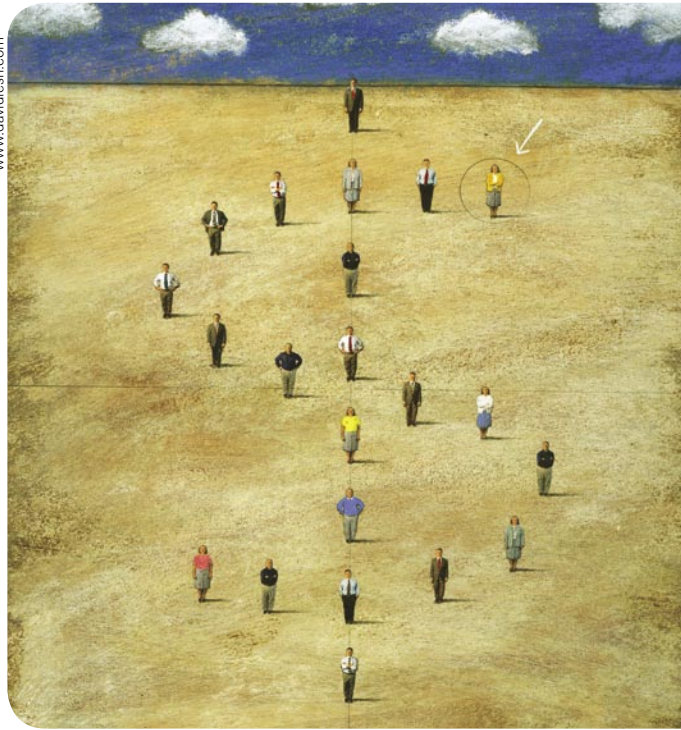
Thompson and others suggest three key steps for correcting these shortcomings:

- Establish a customer-focused culture that explicitly focuses on customers' wants, needs, and overall experience.
- Consolidate customer information so that everyone who interacts with customers has a complete portrait of the customer's relationship with the company.
- Use technology to cost-efficiently make this customer information available across all customer touchpoints—in real time.

Translating Knowledge Into Profits

When these principles are put into practice, the results would make any CEO smile. Consider, for example, the case of BT Global Services, an \$11 billion division of BT. Two years ago, BT Major Customers was convinced that growth within its unit serving networked IT services to large corporate customers was being imperiled by three factors: slow reporting, restricted visibility into customer interactions, and overlapping customer communications. The primary cause: limited access to consolidated customer information.

Recognizing this problem, BT Major Customers promptly undertook a large-scale data consolidation



initiative that refocused the company's processes around customers' needs. "Our goal was to make key business information visible in a user-friendly, timely manner," explains Steve Ackling, Director of Marketing, BT Major Customers. "We are now extending that reach into our Global Services operations."

The consolidation effort—which provided more than 7,500 sales, marketing, and service professionals with 360-degree views of the unit's 5,000 customers—paid off, with lead generation costs falling by a whopping 41%. Operational costs declined as well. "It used to take anywhere up to 10,000 person-hours to answer a question about the business," says Ackling. "I can now get most of the answers instantly."

Results Within Reach

BT Major Customers is not alone in achieving these phenomenal gains. A leading U.S.-based discount brokerage undertook a similar effort and quickly saw a 50% improvement in lead conversion, a 10% increase in customer retention, and a 67% increase in average revenue per sales representative.

Results like these don't come automatically, of course, but with the appropriate strategy, dedication, and technology, they are within the reach of any company seeking to improve relationships with its customers. To learn more, please visit www.siebel.com/thecustomer.