

Cooperating To Create Profitable Growth

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When I start working on a project to evaluate the long-term sustainability of a business I usually try to look at these metrics (among many others):

- % Customers highly likely to refer (top box on Loyalty survey)
- % Customers highly likely to repurchase (top box on Loyalty survey)
- % Sales from repeat customers
- % Sales from referred prospects

The reason I said “try to look at these metrics” is because very few business I have seen actually track all of them – does yours?

Then I interview key Executives and look into how well they, and their teams, work together. Some subjective areas I like to probe are:

- Does each group in the business willingly invite others to important events (Support to annual Sales meeting, Marketing to annual Support get together)?
- Do “Product” and “Support” Marketing appear joined at the hip or are they frequently pointing fingers at each other?
- Do all consider Development a friend?
- How often do Marketing and/or Support go on sales calls?
- Is everyone surprised when the monthly P&L variance of actual from budget is large and growing?

Why are these critical to the long-term viability of your business? The best answer I can provide is this management guru Peter F. Drucker quote: “The purpose of business is to create and keep a customer”. This sounds simple, but so does $E=MC^2$. In fact, one of the most difficult business struggles is to align the various parts of the business to achieve this “simple” objective.

If you’ve been around a while, as I have, you remember matrix management, project teams, cross-functional teams, silo busting and more that now escape me. Each sounded good initially and then was replaced by the next fad,

creating more fodder for Dilbert. But the strategic solution to the problem of achieving sustainable profitability is for the customer facing departments (for want of a better term) to coordinate their activities to grow the business.

First, what are the necessary steps in getting and keeping customers? Well, there are only 4 but each must be executed with skill and precision.

Step 1 – Attract prospects

This is generally the world of Marketing. They accomplish their mission by articulating the corporate strategy, educating employees, defining products (including upgrades), owning the web site, Marcoms, trade shows, sales literature and anything else that touches prospects. If they are successful they will provide a steady stream of qualified leads to the Sales organization.

Step 2 – Acquire customers

Armed with qualified leads, industry and product knowledge, a positive attitude and great listening skills we deploy our Sales team and tell them not to come back empty handed. And when they are successful we ring the bell and celebrate another victory in an endless struggle to survive. The bell ringing ceremony announces another transition from prospect to customer and both Sales and Marketing should feel a high degree of satisfaction.

Step 3 – Retain the customer

As time passes the customer receives the product or service they purchased and get to actually use it. And they have questions and problems and count on the post-sales Support and Service folks to keep them satisfied. If everything works according to plan the Customer becomes extremely satisfied and refers your business to friends and associates and is also willing to purchase upgrades and additional products from you.

Step 4 – Grow the business

Everyone pulls together to build on the accumulated good will residing in the base of existing customers. Marketing specs upgrades and additional products to satisfy new or enhanced user requirements. Development brings quality products to market on time and with minimal bugs. Marketing, Sales and Support combine to put together attractive offers to entice the customer base. Support provides Sales with the contact information of highly satisfied

customers likely to refer new prospects and willing to be references. And the cycle begins again.

How do you know if this culture exists in your company? The best way is to measure results. At your next management meeting ask the 4 questions I raised at the opening of this article. Discuss the importance of focusing everyone's efforts on defining, measuring, and maximizing Customer Satisfaction and then do two more things:

- ◆ Make sure these metrics are included in your Corporate dashboard or whatever you use to monitor the health of the business
- ◆ Discuss these Q&A's at each Management meeting and make sure the top executives staircase the discussion down to all levels in the business.

Getting this right requires constant work and vigilance by the Executive team. In many companies the culture must be changed from ant-matter to gravity; from working independently to working together as a well-practiced team. The effort required is not easy but absolutely worth the effort.



And the reward is sustainable commercial success.

About Middlesex Consulting Group and Sam Klaidman

Middlesex Consulting Group specializes in:

- **Service Strategy**
- **Services Marketing**
- **Identifying and commercializing value-added services**
- **Go to market assessments**
- **Creating and retaining customers**
- **Operational improvements**

Sam Klaidman is the Principal Adviser at the Middlesex Consulting Group. A thought leader in service excellence, Sam is an experienced executive with a deep and varied background that spans nearly 45 years. During that time, Sam led several world-class service delivery organizations and has more than 20 years of service and support experience. He is an accomplished speaker on Service Strategy and Marketing and has published numerous articles on Services Marketing and Services revenue.

For a no obligation discussion about how we may help your business grow revenue, profit and customer loyalty please contact us;

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