



WHITEPAPER

One Step Ahead on the New Customer Journey

| MAXIMIZER CRM



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How the sales model has fundamentally changed and how modern CRM is helping to manage the new customer journey

Management Summary

The dramatic shifts in buying behavior brought on by the digital age has created a huge opportunity for companies to create competitive advantage and become growth leaders in the new world of business.

The old sales model no longer works. Customers self educate and research before they buy, rather than seeking advice and intelligence from the vendor's sales force. There is a new customer journey.

And the relationship with existing customers is changing too, with loyalty and perceived 'added value' being based on the experience received at every single customer touch point.

That means in order for the successful growth of a company, all functions – Sales, Marketing, Operations, Finance and Customer Service – all bear responsibility for developing profitable customer business. All directors are taking ownership for performance measures on customer growth and retention.

To enable successful customer management at all these touch points requires access to as much customer intelligence as possible. Smart actions are based on good data. But no-one wants, nor should have to re-invent all their operating and line-of-business systems.

The most natural vehicle for customer intelligence – the customer relationship management (CRM) system – is therefore now being repositioned as a layer over all

existing systems, capturing and giving access to customers' interactions across all functions of a business.

Making all this work focuses around five key questions that leading companies are exploring:

1. Do you know who your profitable customers are?
2. Does your company know how to define the customers buying journey?
3. Where in the customer buying journey are you losing prospects?
4. Are you aligned with your customers' growth potential?
5. What is the business case for the new approach to Customer Relationship Management/CRM?



Introduction

Today's dramatic shift in Buyer behavior is challenging conventional ways of doing business in almost every sector. This provides a huge opportunity to deliver a growth strategy for at least the next five years. Most companies do not realise it yet, but the sales model of the past is broken. No longer can a sales force 'push' out to a pool of customers with a straight sales proposition and hope to initiate enough expressions of interest that lead to appointment proposal and sales closure. Nor is a sales team any longer the expert research source for most buyers. The buy-side now has the means to research and evaluate at their fingertips at any time during their evaluation efforts. The modern business buyer can, and expects to, self-educate before engaging with suppliers. Today's buyer is empowered more than ever to rethink scope, requirements, budget and timelines as they embrace the new digital age. This means the traditional buying processes have been abandoned with line-of-business buyers of technology solutions now often abandoning the conventional role of IT in buying decisions or even major cloud solutions.

““ The sales model of past is broken. ””

Modern business development is now far more a matter of engaging with potential net new customers right from their initial research stages. The modern business development technique is to be 'useful' to the buyer right from the moment they set out on their purchasing journey, based on real prospect intelligence¹. The buyer's interest is then nurtured and qualified as they consume 'interesting outputs' from the vendor, until the

point where they – through their consumption of those outputs – indicate a sufficient level of interest to merit a sales call.

““ The buyer can, and expects to, self-educate before engaging with suppliers. ””

Even more radical change has happened in the way a company deals with its existing customers. Additional sales to existing customers makes up a considerable proportion of new business development for many organizations. This used to be the responsibility of the sales and marketing director. No longer. In a phase shift occurring over the last few years, pioneering companies have realised that every aspect of the customer experience will affect the likelihood of customer retention and development. Outside of the sales and marketing director and the CEO, typical company board structures will include product development, IT/operations, finance and HR.

For companies seeking to create and develop a sustainable future in today's world (by minimizing customer defection and maximizing customer revenues/profitability) all directors and departments need to be focused, and measured, on their contribution to business development. Performance measures cannot simply be business efficiency, nor skills levels, nor number of new products.... but only the effect and impact they have on business growth (Sales).

““ Every aspect of the customer experience will affect the likelihood of customer retention and development. ””

¹ McKinsey & Company, The New Consumer Decision Journey, October 2015

Such an approach therefore needs to utilise customer intelligence and capture the impact each function of the business has on the customer. Product development needs access to customer intelligence to assess and fulfil demand, and to steer relevant innovation. IT/Operations enhances the customer experience by using customer intelligence to create an efficient and supportive user

“ All directors and departments need to be focused, and measured, on their contribution to business development. ”

experience. Intelligent finance will craft the financial terms and conditions which make it easy for the end customer to buy, to buy more often, and to pay more quickly with less pain. And HR will use customer understanding to match staff skills to customer requirements and personas, in the quest to forge long-term, ‘sticky’ business relationships. All functions need to be measured in the light of their contribution to the customer experience, to customer engagement and therefore to business development. After all, the end customer is nowadays gathering information to evaluate their total experience with suppliers, and act accordingly². In a world where it is increasingly easy to find and switch to lower price equivalents to any product or service offering, the importance of added value based on customer knowledge and intelligence is becoming more and more critical to business success.

All this requires a significant change in attitude to the importance of collecting, understanding and using customer intelligence³. Without information on customers being easy to capture, share and analyse, it cannot be used across the organization to shape the customer experience. Customers cannot be intelligently nurtured on their journey towards purchase. On this basis ownership of customer information and of the role that it can play in many businesses needs to be elevated. And ownership for the repository and operating environment for customer intelligence – usually known as a CRM system – needs to be repositioned within a company. Instead of being an isolated, stand-alone piece of software for dealing with outbound marketing campaigns or handling customer service calls, the CRM application should now be applied as a layer sitting over business functions and overall operating applications – ERP (Operations), Sales, Finance & Payments, Customer Service, etc. This is first and foremost a change in management thinking – usually driven by the Managing Director – which then needs to be followed up with technical implementation.

² Accenture, Customer 2020 Are you Future Ready or Reliving the Past, 2014

³ ibid

In this way a business can establish a more comprehensive window on the total sum of customer interactions providing valuable intelligence that the company can use across the business. CRM becomes the customer intelligence tool not just for sales and marketing, but also for all functions of the business. And formally repositioning the sharing of customer information across the business is fundamental to realigning the self-view that non-sales personnel can have with regards to their role in positively impacting the customer experience. CRM as a layer over (and drawing from) all other systems, brings the additional benefit of making it easier to measure and maximize Return On Investment (ROI) from the CRM investment. In fact, by putting the CRM layer at every department's disposal, ROI is multiplied several times over, without disrupting existing operating systems and technology.

“ CRM becomes the customer intelligence tool not just for sales and marketing, but also for all functions of the business. ”

How, then, to start exploring this new way of working, the 'new customer journey'? This short paper looks at the 5 key questions that company leaders can explore in order to guide their response to the dramatic changes in buyer behavior. The five questions naturally point towards a new model for business development – one where customer intelligence helps nurture interested buying parties through increasing engagement with helpful material on the business issue until – by their actions and interest in this material – they indicate they are at a point where they are likely to buy. Alongside each key question, the importance of realigning the overarching CRM layer to enable the necessary customer intelligence is illustrated.

1. Do you know who your profitable customers are?

Knowing your target customer is crucial; knowing who you sell to and who your ideal customers are, is the first step to helping the company to navigate the new buyer journey. Understanding you're your most profitable customers are is critical when looking to generate new opportunities and drive a higher ROI.

Not all customers are created equal or loyal; some are far more demanding, eating into the company's profitability. It is vital to examine the data to determine the characteristics and behavior of different customers and to assign resources accordingly. Indeed, companies now have a wealth of data often locked away in silos which can be made visible to the business through CRM, and analyzed to help this process.

“ Avoid focusing solely on transactional value and consider instead the acquisition cost, along with the investment required to maintain the on-going relationship. ”

When determining which customers a company should invest in, it is important to stress that revenue alone ought not to be the sole driving force. A customer may spend a considerable amount with you; but if they have unrealistic expectations about the on-going post sales and service attention which they are due, they will quickly drain resources which will eat away at profits. High maintenance accounts will not match your company's ideal customer profile unless they are on a service agreement that adequately compensates you for the time dedicated to supporting them.

Being in a position to highlight who your most profitable customers are will have a huge impact on the bottom line. Not all customers offer the same value, so it is important that they are treated accordingly. Reynolds consulting believes that 40% of businesses customers are unprofitable⁴. It is important that customer profitability is assessed using information brought together from different parts of the business. This includes, cost of sale, cost to service, cost to retain, revenue trends, etc... as much as straight sales revenue.

“ It is vital to use data to determine the characteristics of different customers and assign resources accordingly. ”

To really understand who you are selling to and to understand the end customer or prospect's real worth, leading thinkers are stressing the importance of investigating and establishing the potential Customer Lifetime Value (CLV).

Best practice avoids focusing solely on transactional value and considers instead the acquisition cost, along with the investment required to maintain the on-going relationship. This calculation should include further marketing communications, post-sales follow-up, servicing and time invested in managing the customer relationship throughout its lifetime – all play a significant part in the post-conversion tally of CLV. In most businesses, 20% of customers account for 80% of a company's margins⁵, so there is huge value in knowing who the 20% are!

⁴ Reynolds Consulting, Breakthrough Masters, July 2013

⁵ Business plans kits for dummies, How to describe your business plan's ideal customer, December 2013

2. Are you aligned with your customers' growth potential?

Once you have started tracking CLV, it is important to segment customers and build buyer 'personas' for each group, identifying shared attributes. Personas are typical representations of your ideal customers, based on real data derived in large part, from the CRM layer. They highlight the customer demographics, buying behaviour, preferences, personal details and individual circumstances. Creating these personas will help your company to understand the needs, motivations, concerns and spending patterns of customers in various segments of the business and allocate effort and resources according to tactical and longer-term value.

Having a better understanding of customers, especially a detailed picture of who is most profitable, will help your company build relationships that are ripe for expansion and also ensure they deliver enough customer service to retain the most profitable customers. Is the product pipeline aligned with customers' projected future needs? Is your company in a position to offer critical "added value"? This all goes far beyond the basic use of customer data.

Once your company has categorized the segment(s) of profitable customers and has cultivated their loyalty, it is far more cost effective to upsell and cross-sell to that customer than to acquire a new one. If your company is using data to effectively manage relationships and has established an "added

“ The new buyer journey requires strong collaboration and evangelism from all company leaders. ”

value" offering in increasingly commoditized markets, then you will increase the likelihood of capitalizing on opportunities to sell additional services, related goods, new offerings and higher margin products.

The new digital environment has implemented a dramatic change in buyer behavior and the collapse of the traditional buyer journey and old sales model. This move to the digital era means you need to take advantage of this opportunity and realign the firm's business interactions (CRM) to meet new customer expectations.

“ Is the company in a position to offer critical 'added value'? ”

In order for a company to grow, the concept of the new buyer journey (and the new digital transformation) will only succeed if it is promoted as a company-wide initiative – which requires strong collaboration and evangelism from all company leaders. No one leader in your business can drive all the changes which are needed to operate as a well-oiled customer experience machine. Leading commentators are certainly not downplaying the cultural change and educational aspects that come with this transformation; this has to be at the forefront of the new plan⁶.

⁶ Forrester, Digital Transformation in The Age of The Customer, October 2015

3. Do you know how to define your customers' buying journey?

The traditional buyer-seller relationship has changed and any business not getting on board with this and re-aligning their strategies is going to struggle. Technology today has given customers unparalleled power to compare features, prices, quality, and customer satisfaction, with competitors. Dissatisfied customers can wreak havoc by complaining on social media channels, and ultimately they can find alternative deals that suit what they are looking for⁷. Those complaints could be about marketing, sales, finance, operations, product or people – so all board directors in the company are affected.

“ Technology today has given customers unparalleled power to compare prices with competitors, complain on social media outlets and ultimately find the best deals that most suit what they are looking for. ”

The traditional “funnel” model has been replaced by the “customer decision journey” – this is where buyers can take full advantage of the technology which is available to them to actively analyze products and services and to switch direction at almost any time. The key for leading companies is to avoid playing catch-up with their customers, and to help put them in a position where they can influence those buyer decision journeys⁸.

McKinsey & Company claims that businesses which can optimize their customer decision journey by compressing the consideration and evaluation phases will have a competitive advantage⁹. Therefore it is important that your



company understands its customers' buyer journey and that their interactions across the journey are managed in the same way that they would manage any service or product. Customer journeys including interactions across all departmental touch points as well as external, publicly, available information, are becoming central to the customer's experience of a brand and are as important as the product themselves. Market leaders are taking this to the next level by making the customer journey itself the compelling differentiator that enables them to leave their competitors behind.

“ Businesses which can optimize their customer decision journey by compressing the consideration and evaluation phases will have a competitive advantage. ”

⁷ McKinsey & Company, The New Consumer Decision Journey, October 2015

⁸ ibid

⁹ ibid

4. Where in the customer buyer journey is your company losing prospects?

If the company is losing prospects it is necessary to analyze your existing customers and look at the “journey towards defection” – understanding the different stages will mean that the company can recognise the warning signs and be in a position to intercept and prevent customers from leaving.

It is important to understand why and how a competitor’s proposition was better or was it actually because your company lost their customers/prospects attention during the customer journey? Therefore, comparing and contrasting the successful customer journeys with the unsuccessful ones will highlight to your company exactly where the drop-outs are.

Customer retention should not be underestimated and is vital for profitability. A number of studies shows that it costs five to seven times more to acquire a new customer than it does to generate further business from an existing customer. In fact, research from Marketing Metrics indicates that a business has a 60-70% probability of selling to an existing customer versus 5-20% to a new prospect¹⁰. Again. This underlines the importance of the all-round customer experience across operations, finance and product delivery, and the influence that all departments have on keeping, and developing, that customer.

“ This is achieved by paving the way for the company to coordinate all customer facing teams to live and breathe a ‘customer is king’ culture. ”

Factors to consider include effective management of key accounts and, of course, the delivery of outstanding customer service – with positive and informed interactions with any part of the business. This is achieved by paving the way for your company to coordinate all customer facing teams to live and breathe a ‘customer is king’ culture – and indeed be measurable and accountable against customer profit and growth. This will not only guarantee maximized CLV, but will also create evangelists who will then promote your company online and introduce it to new prospects.

5. What is the business case for a new approach to Customer Relationship Management/CRM?

“ An effective CRM solution will have a big impact on all the day-to-day operations of a company and it will likely require a culture change amongst employees. ”

To survive and thrive in the digital age, a successful enterprise needs to align to the new customer journey across all customer touch points – sales, marketing, operations, customer service, finance and HR. Business leaders need help to understand the importance of realigning CRM so it can provide the ‘glue’ that enables realignment of the business. Finding the right CRM solution and then using CRM correctly involves looking at how business objectives can be met company wide. CRM is no longer an IT issue, nor a technical marketing project. CRM is now a strategic tool that gives the individuals within the business a competitive edge in working as a team to achieving the company’s key goals.

An effective CRM strategy and solution will have a big impact advancing effectiveness and efficiencies across the day-to-day operations of a company. It will likely require a strategic rethink at executive level, and a culture change amongst employees. Yet the return on investment in terms of productivity, competitiveness and profitability makes all effort to implement worthwhile. The key benefits to highlight to companies are:

- Modern cloud-based CRM solutions easily integrate with other applications. For example, cloud CRM can be integrated with other sources of structured and unstructured data (eg. email, accounting, social media, news feeds and customer portals) to provide a much richer and more complete view of the customer
- The compelling benefits of Cloud (availability, scalability, security and economies) provide an interesting opportunity for businesses to upgrade their information framework to support the new customer journey

“ An approach where all departments within the business are collaborating together to make it grow. ”

- CRM facilitates collaborative working by providing real-time customer data, this means all employees are in a position to work together as a group by co-ordinating tasks across all teams and departments that are involved
- CRM provides powerful reporting – people at all levels across all spectrums of the business have easy and accessible access to up-to-date reporting on Sales, Marketing, Customer Service, Operations, Finance and HR, wherever they are based or working. That also means all functions of the business can be held to account over their contribution to developing business growth
- As more SMEs are using applications like

¹⁰ Help Scout, 75 Customer Service Facts, Quotes and Statistics

Google Business Apps and Microsoft office 365, the momentum for access to cloud-based customer data 'from anywhere' is growing. In many companies however, this shift is still viewed as a significant opportunity only within the IT department

- The global shift to cloud creates an ideal opportunity for enterprises to combine this with realigning their business to support the new customer journey
- Managing directors can play a significant role in educating senior business leaders on the opportunity and on the need to elevate and align CRM strategy with the company's vision and strategy for Customer Relationship Management across the business.

CRM has to be pitched to the companies as much more than just a database for contacts. It has to be a means of creating a customer-focused business culture that gives the company advantage over competitors of all sizes. The results of full utilization of CRM that maximize ROI are:

- Improved customer retention
- Better sales conversions
- Effective targeting
- Increased security and data protection
- Cost savings
- Seamless mobile access
- Flexible growth
- Integrated marketing
- Boosted productivity.

A CRM solution doesn't just show who your company should be targeting; it allows the firm to track all interactions with customers and prospects. CRM uses the company's acquired data to trace where they are in



the lead nurturing and purchasing process, signalling what the next stage could be in engaging a prospect or customer.

“ It is important that all parts of the business are actively engaging with the customer throughout their journey. ”

When emphasizing the importance to companies about instilling a digital strategy that makes full use of the CRM 'layer', it is important to help companies implement an approach where all departments within the business are collaborating together to make it grow. It will also be advantageous to have one person who is principally responsible for driving and owning the new digital customer journey¹¹. Forrester stipulates that it doesn't matter who that leader is, but there needs to be a customer-focused champion who can lead a strategy which will embed the digital capabilities (based on the CRM system) across the enterprise.

¹¹ ibid

Conclusion

Traditionally marketers had a high level of control in communicating their product information and brand promise to customers and prospects¹². Today social media and search engines take centre stage as the key sources of information by today's technologically savvy buyers. This makes buyers more knowledgeable than ever before. For businesses to survive and thrive in this new digital age environment they have to be on board with this crucial shift in power, and remember that customers are now well versed in being unpredictable and picky with their loyalties.

Customers increasingly resent a lot of intrusion and only want to interact with brands on their own terms (typically through digital channels). Using the technology available to them – means businesses can track a prospect or their current customers' interactions with a brand and offer timely and relevant perks and offers. Depending on the initial interest level of the customer (revealed by a well-designed CRM) further interactions can be added on top of that.

As the buyer journey has transformed, it is important that all parts of the business actively engage in a coordinated way with the customer throughout their journey. Realigning the critical CRM layer to enable the business to be one step ahead of the customer means your company is well positioned to influence them and continue to leverage higher returns while helping grow their business.



“ Customers are now well versed in being unpredictable and picky with their loyalties. ”

¹² Accenture, Click Leveraging the power of now, March 2015

About Maximizer

Maximizer CRM is fueling the growth of businesses around the world.

Our CRM solutions come fully loaded with the core Sales, Marketing and Service functionality companies need to optimize sales productivity, accelerate marketing and improve customer service. With flexible on-premise, our cloud and your cloud deployment options, tailored-to-fit flexibility, state-of-the art security infrastructure, industry-specific editions and anywhere/anytime mobile access, Maximizer is the affordable CRM solution of choice.

From offices in North America, Europe, Middle East, Africa and AsiaPac, and a worldwide network of certified business partners, Maximizer has shipped over one million licenses to more than 120,000 customers worldwide.



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