

Customer Relations

Why focus on customer / supplier relationships?

ONCE UPON A TIME...

It used to be that many companies viewed customers as a necessary but sometimes irksome inconvenience. Like vaccinations, you had to have them, but the encounter was often a bit painful.

But today, countless books, articles, and business videos attest to the priority of the customer in the world of enterprise.

This is no accident. Rather, it comes from a hard-headed financial view: namely, when all is said and done, the customer pays the bills, and due to the increased choice given to customers by the internet and competing offerings in the market, the customers' power continues to rise.

Most now acknowledge that customers deserve value and a competitively superior experience. Companies engage their target market enthusiastically espousing their customer driven values to their potential clients.

However, the contract, once won, is only a passport to play.

In an effort to manage the on-going relationships, the obvious route commonly taken is to run Customer Satisfaction Surveys or regular contract reviews. (A no-brainer, right?)

How is it then, that with these good practices and activities being done with the best of intentions, many companies are finding that instead of increasing and improved results, they are experiencing an accelerating, disheartening, performance?

AFTER THE HONEYMOON

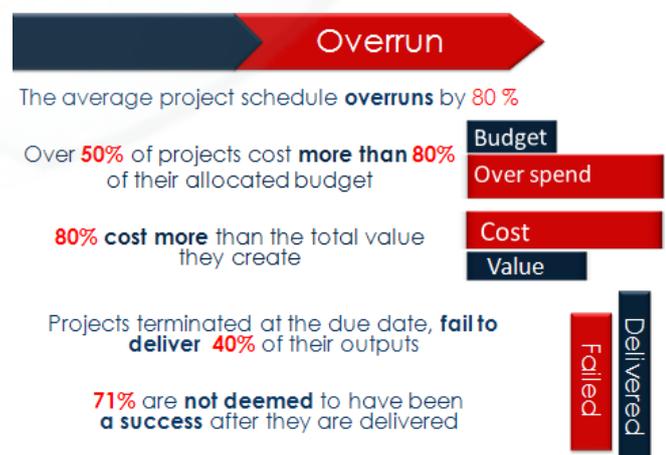
Despite dedicated efforts on both sides, Client and Supplier Account teams often contend with frayed relationships, frustration, daily fire fighting, increased costs and delays.

About 7 in 10 consumers still end relationships due to poor service, those often unspoken expectations that are not included in the contract specifics of your product or service.

The added sting in the tail is that nearly two-thirds of consumers (\$212bn) who end relationships turn to a competitor.

These uncomfortable figures are testament to a trend which may seem all too familiar to many of us.

To begin with, many miss engaging their intended audience in simple but important ways from the outset –



Initial bid conversations, customer satisfaction surveys and contract reviews, sadly, often start from the wrong place, ask the wrong questions and end up with vague or misdirected information to act on – a sure fired basis for “shot-in-the-dark” relationship management!.

Secondly, misalignment is often discovered some way down the track, once reputations, budgets and emotions are at stake. Things can quickly dissolve into a blame game between customer and supplier, and a witch hunt internally to both companies.

What started out as a happy and optimistic union can suddenly seem as if it is in need of marriage counselling!

THE THERMOMETER OF YOUR BUSINESS HEALTH ...

Don't be fooled into thinking that these symptoms are an isolated issue to be addressed alone. Customer and Supplier relations are both a reflection and a driver of your business health.

For example –

If you think your sales guys are “not up to the job” of cross selling, you may think they need sales training – Ever thought that it may be because as an organisation, you don't partner with your key customers in a way that finds out what is REALLY going on for them, rather than leaving the sales guys to individually grope around in the dark?

Ever wondered why your organisation doesn't seem to pull together? Be honest – did you unearth customer needs and expectations of your kind of service BEFORE you developed your new business strategy and reward systems ... and align everything accordingly?

When your profits are down on key projects, do you look at cutting Capex spend, or do you go back to basics and review the expectations, limitations and possibilities with your suppliers to see where time, effort, rework and opportunities could be easily addressed?

HAPPY EVER AFTER?

On the flip side, if you find yourself in a troublesome relationship, it's good to know that openly engaging and repairing issues correctly transforms large percentages of the unimpressed into the loyal.

Well managed customer and supplier experiences are known to create loyalty and exponentially increase bottom line results.

Finding out what your customers TRULY expect and value can not only guide you in developing your own brand and, services and differentiators ... it also paves the way for managing each relationship to a more fruitful outcome.

- Research shows that client retention is more profitable than getting new clients.
- **Just a 5% improvement in client retention, it is possible to gain a profit rise of between 20-125% .**
- Customer/Supplier relationships that are constantly in sync spend less effort, frustration and money on crisis management and re-work.
- And of course, loyal customers and suppliers act like Fans – they actively recommend you, open up more repeat or cross sell business, and at the very least increase your brand image whilst making your life easier!

IF YOU COULD BRIDGE THAT GAP IN YOUR COMPANY – WHAT WOULD THAT DO FOR YOU?

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