

Winning Clients on the Corporate Frontlines of Manufacturing

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95% of all customer interactions take place at the "frontlines" - where low level employees in the organization deal directly with customers

- Business managers have consistently failed to recognize the importance of this interface.

The Thomson Group

Companies can boost profits by almost 100 % by retaining just 5% more of their existing customers...Harvard Business Review

It costs an estimated 6 to 12 times as much to add a new customer as it does to retain an existing one...Harvard Business Review

Typically 80% of most clients' questions can be handled by 20% of the information base...Delphi Group.

The average company loses 10% of its customers each year.... Emmett C. Murphy and Mark A. Murphy, 2003

Overall, 6 in 10 companies are devoting the majority of their resources to customer acquisition versus retention.

Grizzard Performance Group

So where are the *Corporate Frontlines in Manufacturing*? Quite simply put, they are at every point of interaction a manufacturer has with either its current or potential clients, distributors and partners. The interactions can be through the web site, person-to-person, on the phone, by mail, email, advertising, or other media.

So how does one *Win Clients on the Corporate Frontlines*? The answer is to *deliver superior value to each and every client, at all points of interaction*. The winning companies in today's marketplaces are those who have been the most successful in delivering this superior value.

The purpose of this whitepaper is to look at the; *revenue, cost and customer service benefits* of a web based client support, knowledge, and /or return handling system, such as are provided with FrontLines Returns or FrontLines Global Support. As well, the discussion will include *how clients can be won* through effective client, distributor, and partner support.

Revenue, Cost and Customer Service Benefits – “Winning on numerous fronts...”

In the below diagram the outer ring shows seven benefits for using a web based client support, return handling & knowledge system. Let us examine them more closely:



- **Improved ROI** – Every time a client is interacted with - an investment is made in them. Clientele being provided automated timely communications on the status of their support and / or return issues, as well as, being provided the ability to find their own answers when it is convenient for them to do so, is by

Eliminate 25% of customer support calls within the first month with the installation of a web information based system such as Frontline247 Info

The customer profitability rate tends to increase over the life of a retained customer... Emmett C. Murphy and Mark A. Murphy, 2003

68% of defecting customers leave because of poor customer service...The Thomson Group

With the cost of acquiring new customers soaring, customer retention strategies make good sense.

The return on investment is up to 10 times higher for investments on customer retention, than for the same dollars spent toward acquiring new customers.

30% of consumers reported that Web site design is more important than a great product. Only 4% will shop on a poorly designed Web site -- and that's when the price is rock-bottom. Synovate eNation '03

far the least expensive investment a company can make to effect the greatest ROI. Typical per interaction cost through phone and email can range between \$10 to \$400 per interaction.

- **Higher Revenue** – Improved throughput and handling of post sale services will lead to higher revenues. As well, the effective answering of both pre-purchase and purchasing questions builds the customer relationship which, in turn, leads to increased sales. The visible example of support provided through both timely communications and the information base reduces the risk the client perceives with regards to both your product and services and makes their current or future buying decisions much more likely.
- **Improved Productivity** – Service times can be reduced greatly as many of the the redundant repetitive processes within client support and return handling can be automated. As well, common questions can be easily answered through the online knowledge center freeing up the time of client support personnel to focus on the key unique issues which do crop up. In addition, timely communications for example post sale servicing quotes can lead to the quicker acquisition of Purchase Orders. Typically, the enhanced ability to track and control all aspects of both support and returns will reduce service times by greater than 50%.
- **Improved Customer Satisfaction** – Providing; timely effective communications, easy to access online information, and improved service times all have a positive impact on customer satisfaction levels leading to a greater percentage of your clients moving from ‘Satisfied’ to ‘Very Satisfied’ when they are surveyed.
- **Consistent Answers** – It is impossible to build customer relationship if there is no consistency in the answers provided to clients. A web based client support, knowledge, and /or return handling system can ensure consistency.
- **Answers & Services 24/7** – Answers can be provided when support, return or the buying decisions are being made – 24 hours a day, 7 days a week.
- **Highly scalable** – A web based client support, knowledge, and /or return handling system can quickly scale to meet any demand. The answers supplied or automated support communications can respond to tens, hundreds or thousands of inquiries whereas with other interaction channels there is a requirement to add to the infrastructure to handle increases in demand i.e. adding new telephone lines and agents in a call center.
- **Internal Training Tool** – The web based information system can be used as a reference to quickly bring up to speed all new hires and other interested parties.

As can be seen a web based client support, knowledge, and /or return handling system will create WINs for an organization on many fronts.

How clients can be won – “Visible effective support & usage of web information...”

As we have noted, providing clients with an online view of their status with regards to support and return issues, in conjunction with timely efficient communications are the keys to winning over clients and increasing client satisfaction. For example, RMA handling support and the provision of an online knowledge center can lead to a 90% + reduction in return related support calls while at the same time dramatically improving client satisfaction levels.

The extent web based information systems can have on the support infrastructure is

88% of consumers surveyed expect a response to email inquiries within 24 hours. The problem is that only 54% of companies meet that expectation -- the same percentage as in 2001. Jupiter Research '03

- Browse-to-buy ratios on a B2C site: 1-10%
- Converting registered site users to paid subscribers: 2-7%
- Average click through banners: 0.5%
- Average click through on e-mail marketing for an in-house opt-in list: 10-25%
- Average click through on e-mail marketing for a bought-in targeted opt-in list: 5-15%
- Percentage of repeat users / unique users for a content site: ***5-40%***

Internet Compilation

It costs over \$12 dollars on average to obtain a new customer for a brick & mortar retailer. It is now under \$12 dollars on average to obtain a new online retail customer Shop.org '02

truly eye opening. Typically calls are reduced by over 80% and in some industries over 95%. Email response requirements are typically reduced by as much as 50%. When factoring in the lower costs associated with web based self-help the company will enjoy reduced costs while enhancing their support / return handling abilities.

With regards to the *usage of web information* to win a new client or expand business with an existing one, let us look at the following 2 scenarios. The first scenario occurs when you have a distributor network which promotes your various product lines. If they are provided with an accessible knowledge center from which they can easily supply their end users with correct consistent answers they will use it and be much more likely to effectively promote your products within their channels. As well, the provision of immediate access to view the status of both their online support and return handling issues will also help to differentiate your organization and improve promotion of your products and services within their channels.

The second scenario is where a potential customer is visiting the company web site. They are in the market for a product similar to what the corporation is selling. The corporate web site is one of many visited. They see the product and read the benefits, but are still unsure if it will meet their needs. They could call, but to them, it is too much trouble (typical behavior). They notice the FAQ section and look to see if it is possible to get the answers required there...

At this point the customer can be won, simply by having an easily searchable information base, like those provided in FrontLines Returns or FrontLines Global Support, available on the web site. If the client wants more information on the product they are interested in, a search can be used on the product name, or information could be retrieved from an easy to use drop-down which can drill down to both the product and the aspect about the product they are concerned about. As well, a dynamic view of the most commonly asked questions in whatever topic (product) and category (aspect) they are looking at is shown throughout their search. Having answers to potential clients concerns, right when they want them, builds the relationship. Showing the extent of the support supplied takes some of the risk out of the buying decision and further enhances the sale. Even if the question the customer has is outside the scope of the information base, they also have a means to send the question to the appropriate individuals within the organization for response. Once the question is responded to there is an option to include the response to this type of question into the information base making it available to future potential client's needing response to the same question which will, in turn, help win future sales.

Correctly configured a web based information system can help organizations to WIN customers and build customer relationships...

Building customer relationships – “one answer at a time...”

Let us look at the center portion of the diagram on the front page again (*see below*). On the outer edge there are 3 aspects *Support, Acknowledge and Entertain*. At every point of interaction between the client and organization it is mission critical to supply these 3 aspects to ensure the successful creation of customer relationships. Let us look at each of them individually:

- **Support** – Simply refers to supplying clients with support for their requirements

According to Doculabs the Self-Service Index for:

Manufacturing

97.85%

Education

96.23%

Financial Services

95.14%

Software

93.90%

Consumer

Prod.84.46%

Telecommunication

70.02%

Note: Close to 98% of client escalated inquiries in manufacturing can be handled by web self service.

According to Forrester's the Average cost per transaction for:

Telephone

\$32.74

Web Self Service

\$ 1.17

Email

\$ 9.99

Message Board

\$ 4.57

Chat

\$ 7.80

Note: By far Web Self Service is the least expensive support.

Providing a poor call center experience is the easiest way to lose 56% of your customers.

The Thomson Group

when they are in the market for them and to providing them a readily accessible view of their support and/or RMA issues. Another important aspect of support is the mitigating of risk. Supplying quality support equates to greater perceived value for a company's products & services.

- **Acknowledge** – In the messaging there is a need to establish the client's importance. Within the inner circle of the previous diagram the *Belong* dynamic (discussed below) provides a key element in supporting the acknowledgment aspect.
- **Entertain** – Here the need is to engage the client and keep their attention. Boring static messaging won't engage (*entertain*) clients and info supplied isn't normally retained. Interactive messaging has the higher retentive value and can be provided through a dynamic totally interactive information base such as FrontLines Returns or Global Support. Note: Within the inner circle of the previous diagram the *Grow* dynamic is Key to supporting the *Entertain* aspect.



In the previous diagram there were 4 dynamics listed: *Give*, *Get*, *Belong*, and *Grow*. By understanding these dynamics customer support teams can successfully structure their responses to clients to help build customer relationships. Let us look at them individually:

- **Give** – Refers to the effort the client needs to 'Give' to get their answers. There are 2 elements to note here:
 1. *Navigating to the Answers* – The need here is to ensure the client can easily get the answers or view of information they need. Don't make the effort to get answers greater than the perceived value of those answers. Ensure the web information base is easy to find on the web site – linked from the home page. Make sure all the answers are relevant and of value. In the drop-downs try to limit the list to no more than 9 items (more increases the navigational difficulty). Make sure topics and categories are relevant to types of questions being asked.
 2. *Asking the Question* – The need here is to analyze the questions being asked to ensure the 'best' responses are crafted. Is the question given

45% said they found paging through the results of site search too time-consuming, while 44% said they weren't sure what to type in to get the information they wanted.

Jupiter Research '03

Typically 80% of profit comes from 20% of client base.

It is mission critical to retain these clients

The term "customer acquisition cost," is starting to fade in popularity because it ignores the fact that not all customers are equally valuable. Companies are looking at ROI, ARPU (average revenue per user) and RFM (recency, frequency, monetary).

A lot of companies are no longer regularly announcing their customer acquisition costs.

Wharton Strategic Services '02

A 2% increase in customer retention has the same effect on profits as cutting costs by 10%.... Emmett C. Murphy and Mark A. Murphy, 2003

general in nature, or seeking a specific response? Is there subtext to the message which needs to be addressed? For example for the question, "Is your product safe?" there is a need for more than a yes or no answer what also needs to be addressed is the question, "How can I be confident of your product's safety?"

- **Get** – Refers to the answers clients receive. Typically one would supply comprehensive answers to general questions and focused relevant answers to more specific questions. Also, addressing the subtext of any questions is a key element of the *Get* dynamic. The goal is to always strive to make great answers. Avoid spelling and grammar errors. Wherever possible, supply graphics - a picture really is worth a thousand words. Some questions may be answered better by content outside the information base from, possibly, somewhere else on the company's web site or on another organization's web site and links can be used to reference this information. As well, any relevant documents can be attached to the answer for additional information and easy access by the client.
- **Belong** – Is a key concept to understand when building superior answers which promote the development of client relationships. The *Belong* concept acknowledges the importance of the client. There are 2 elements to note here:
 1. *How does the client 'belong' to the answer given* – The need here is to ensure the client is informed on how they relate to the answer. It could be a direct relationship. For example starting an answer with, "In answer to your question" directly relates the customer to the response. It could be an indirect relationship where the client is associated to a group with similar concerns. For example stating in your answer, "the people who would benefit most from this are users of Product A or Product B" will very likely resonate with readers who fit this profile and help form a relationship. Another aspect of the 'belonging to the answer' concept occurs when clients see each of the questions they were wanting to ask already answered satisfactorily in the information base. The questions & answers resonate with them and help with the forging of a tighter bond to the organization.
 2. *How does the answer 'belong' to the customer* – All answers are not created equally. It would be beneficial stating the class of answer being provided. Is the answer well researched, professional, of a particular quality, prestigious, essential, etc.? If the class of the answer is defined in the response it will resonate with clients seeking those types of answers. One could simply state, "an excellent answer to your question is as follows." and have classed responses given as being excellent and, and as well, classed the client as a person *belonging* to a group of excellence seekers.
- **Grow** – Is another key concept and refers to the supplying of answers to clients which they will see as greatly improving their knowledge and effectiveness. For example a manufacturer may supply a client with a specific answer to their product question and as well include a link to a resource they could use to understand more about the product their question was relevant to. The message given to the client is the organization 'cares' about their succeeding. Basically

Customer acquisition costs in many industries are coming down, reasons being:

- Companies have slashed their marketing budgets overall, making cost-per-customer go down
- Cost of media is lower
- Companies have gotten smarter about where to allocate their budgets (maybe)
- Companies are focusing more on profits than market share

Wharton Strategic Services '02

the concept is, if clients to the organization 'grow', then they in turn will help the organization 'grow'. With the 'Entertain' aspect of building client relationships the key is to successfully engage clients and the *Grow* dynamic fulfils this function. Another interesting dynamic about the *Grow* concept occurs when the potential client does phone into the organization's sales department. Sales people always focus on what they see as the best opportunities. Uninformed call-ins have a tendency to be put on the back burner, whereas, an informed potential client, rings of opportunity, and generally receives sales priority.

Ideally, what an organization wants is to acquire and retain customer relationships. The use of the *Give, Get, Belong, and Grow* dynamics in crafting responses to client questions will supply a little push towards building those relationships with every answer given. All those little pushes, all in the same direction over time will build successful relationships.

Summary

The chief requirement to be a successful business is to deliver superior value to each and every client at all points of interaction. A web based client support, knowledge, and /or return handling system, like those supplied with FrontLines Returns or FrontLines Global Support, are a cost effective way to consistently deliver superior value to both current and potential customers.

With regards to building the knowledge center, following the *Give, Get, Belong, & Grow* dynamics will enable organizations to develop an excellent information base which will go a long way in nurturing & developing client relationships.