HOW TO ADD VALUE TO CUSTOMER RELATIONSHIPS

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Once an organization decides to become customer-focused, the next step is to transform into a customer-driven entity.

But how do you begin?
Where do you start?

Answering these questions is difficult for many organizations.

You need to appraise existing relationships, determine the value of each and work to strengthen promising ones.

The first step in increasing the value of business relationships is to understand the relationships your organization maintains. The challenge is to weed through every existing relationship to evaluate and classify each one.

If you have a database dedicated to managing organizational communications and interactions, use that. Otherwise, buy or build such a tool.

Hundreds of customer relationship management (CRM) tools are available and they come with a variety of capabilities and price tags.

One low-cost CRM add-on to Microsoft Outlook and Exchange is SalesOutlook. Other solutions in the same price range include GoldMine and Maximizer.

In the event your organization is able to afford a higher-end solution, consider SalesLogix and Pivotal eRelationship. These systems are feature-packed, but they cost substantially more to purchase, configure and implement.

If your organization doesn't have a CRM application and can't afford to purchase one, use Microsoft Outlook, Excel or anything else available that can manage rows and columns of information. Outlook offers better data storage flexibility and interaction tools, but Excel is easier to use for financial analysis and sorting.

Determine Relationship Value

Once you've decided on an information management tool, load all the available information about your organization's relationships into the database. Then begin classifying.

Common classifications include the type of relationship (lead, prospect, customer, sales partner and vendor) and the status of each relationship (active, inactive or archive). Categorize each relationship with respect to industry, company size, geography and products or services used.

If your organization has information relating to the marketing activity that initiated contact, record that as well.
Document sales history, returned orders, referral business and other events that affect the value of the relationship.

Then identify the three most important elements of the relationship from the other party's perspective.

Finally, classify each relationship according to its current value and again according to the potential for increasing long-term value. Try to use no fewer than three -- but no more than five -- classifications of value and potential.

An example of a value classification system appears in the following tables:

Classification	Overall Value	Relationship Plan
Eliminate	< = 0%	Recommend competitor
Marginal	1% - 24%	Quarterly contact
Average	25% - 75%	Monthly contact
Superior	76% - 100%	Weekly contact

Potential	Method of Interaction
Low	E-mail only
Average	Telephone, e-mail
High	Face to face, telephone, e-mail

The organization elects to recommend its poorest relationships to its competitors. This can be a smart move when there is little hope of building a profitable relationship with the contact.

The organization also plans to grow its keepers through regular interaction.

Marginal relationships will receive follow-up contact each quarter. Average relationships will receive contact every month. And relationships the organization values the most will receive weekly attention.

Because the organization also ranks its relationships according to future potential, its people are able to attack the most promising relationships first and work on the least promising ones using cost-efficient methods, such as e-mail.

Once every relationship is classified, ranked and loaded into the organization's interaction database, the next step is to make the information available to everyone who needs access to it. Train them to use the database and the information effectively.

Strengthen Relationships

Your organization's technology users should be able to access pertinent, up-to-date information from any location at any time. That's why CRM applications are better solutions than spreadsheets and homegrown databases for organizations attempting to be customer-centric.

With all available information in one place, staff can act in unison, and the organization can create a coordinated response that grows relationship value.

Consider the advantages of a staff able to handle all of a caller's issues without transferring the call or placing the call on hold, compared with one that puts its customers on hold or forces them through an endless maze of menu options.

One of the most frustrating things for callers is a maze of menu options followed by time spent holding on the line for a person to answer the call. Callers' frustration levels rise when the person answering the call has to run around looking for information or has to transfer the call just to respond to callers' needs.

This is not customer service: This is customer disservice, and it negatively impacts the long-term value of relationships.

Call on Employee Relationships

To counter this, inform your staff. Properly train them and give them authority to take action. Make sure your automated phone system is easy for callers to use and keep wait times down to a one-minute average.

The objective is to make sure calls are handled quickly and do not have to be transferred for requests or problems to be resolved. The primary goal is to build the value of every relationship with each interaction.

An organization is truly customer-driven when it properly manages information, makes it available to the right people at the time needed, and trains its staff to use it to build relationship value.

Creating a repository of information and sharing it throughout the organization is just one step that must be taken along the way.