



SUCCESSING IN THE CUSTOMER-DRIVEN ECONOMY

November 2010



CUSTOMER 2.0 HAS ARRIVED

Look out B2B sales and marketers -- Customer 2.0 has arrived and they're moving fast, reinventing the notion of who is in control of the relationship. The days of companies exercising control through their own designated channels is long gone, replaced by a powerful new breed of socially savvy and active customers who rule the buying process and who can incinerate an organization's brand in a nanosecond.

Customers aren't operating under the control of corporate marketing departments. Thanks to the democratization of information via the Internet, as well as easy access to social conversations about the business, they have access to their own data -- from their own sources -- and they are quick to share it with others. They're also adding their own insights to drive the conversation.

The result is the empowered customer, fully in charge of the business relationship, and fully beyond control of the organization. This is an incredibly significant shift for B2B companies and it requires dramatic change in how customer relationships are managed.



B2B companies have always known the customer is important, so how can they leverage the momentum of this new environment and position themselves for success in a customer-driven economy?

In the customer-driven economy, knowing who your customer is and how they define value isn't an option -- it is a prerequisite for survival. Thriving in the customer-driven economy requires knowing what customers want and delivering it in a cost-effective manner.

Knowledge and continuous learning are now critical elements of success -- they are the primary source of value for B2B companies. Those companies that create, find, and combine knowledge into new products and services faster than their competitors will be the winners in this new age.

At Vantedge, we believe the prescription for success in a customer-driven economy is optimized customer relationships, gained through intelligence that illuminates the value drivers of these relationships and helps improve them.

LEVERAGING CUSTOMER INTELLIGENCE

Unfortunately, most companies are not effectively positioned to generate and use meaningful customer intelligence. According to Vantedge's Customer Relationship Optimization (CRO) Proficiency Assessment, conducted in May 2010 among 200 "customer-involved" executives within mid-range, U.S.-based B2B companies, **only 8%** are viewed by their customers as vital to business success.

Furthermore, the study indicated:



- Only **18%** have access to in-depth and accurate customer intelligence.
- Only **18%** can identify their customers' most important value drivers.
- Only **12%** measure the strength of their customer relationships across multiple touch points.
- Less than **20%** are able to align their customer-facing resources to specific, high-priority customer needs.
- Less than **10%** use customer relationship metrics to link compensation to performance.

Growth in the customer-driven economy requires a new level of insight and relationship development, which leads to optimization.

In turn, these optimized relationships can be bridged to the corporate drivers that lead to strategic initiatives and operational improvement in areas such as customer experience, new market identification, market, expansion, reputation management, customer acquisition, sales effectiveness, marketing effectiveness and product management.

THREE DIMENSIONS OF CUSTOMER RELATIONSHIP OPTIMIZATION

We believe there are three dimensions that successful companies employ for Customer Relationship Optimization.

The first dimension of CRO is the requirement for a new level of greater visibility around the customer relationship.

Visibility is more than customer data collection -- it is intelligence generation based on a holistic assessment of customer relationship health. It involves a combination of multi-channel listening and multi-dimensional assessment for understanding and awareness.

Because it's critical to manage multiple channels to your advantage, companies must utilize traditional and new methods of listening to and analyzing their customers. This includes direct approaches like surveys, websites, chat rooms, texts and emails; company-led forums such as focus groups, advisory boards, Intranets and Wiki discussions; and social media tools like blogs, Linked In, Facebook, Twitter and RSS feeds.



The good news is that customers are eager to share their opinions and concerns with their suppliers. They realize an informed supplier can do a better job of delivering the combination of products and services that best meet their needs. You just have to ask them.

Multi-dimensional assessment is layered on top of multi-channel listening to provide a more comprehensive view of the ways customers connect to you. This diagnostic involves attitudinal (value driver) assessment and behavioral (performance) assessment.

Relationship value driver categories can be evaluated across multiple dimensions, such as brand strength, product/service strength, touch point experience, competitive position, and customer loyalty.

Customer performance data can be analyzed to provide additional insights across dimensions such as revenue by product, sales by product, customer tenure, product mix, and channel performance.

Furthermore, segmentation at different levels, such as by company and customer, takes complexity into consideration to help companies understand what is truly driving the customer relationship.

TRANSLATING INTELLIGENCE FOR ALIGNMENT AND ACTION

The second dimension of CRO is the translation of intelligence into a laser-focused alignment of resources and actions.

Companies must connect organizations, resources, investments and programs, and focus each directly on the critical relationship drivers identified through assessment.

Once alignment is achieved, they can take these insights and create a customer optimization roadmap -- a guide that summarizes the findings from assessment and alignment and turns them into an overall plan of prescriptive action that focus and align resources to maximize ROI. Actions comprise both short-term and long-term initiatives, all identified and defined.

A CYCLE OF CONTINUOUS IMPROVEMENT

The third dimension of CRO is a cycle of continuous improvement.

A truly optimized customer relationship requires management and measurement on an ongoing basis. Consider a vendor who can offer you strategic advisory services and implementation support, perhaps combined with partner identification and sourcing, to help manage your optimization program. Metrics and performance reporting are also key components of the equation.

The important thing to remember is that achieving customer relationship optimization is not a static or linear process. Once performed, companies need to continually run diagnostic assessments, align their organizations accordingly, and take the necessary prescriptive actions.

B2B companies used to say they were customer driven. At the same time, they expected to manage and control the customer experience. As the world evolved, it became readily apparent who really is in charge - the customer.

Customers have become more informed, savvy, demanding, cynical, price-conscious and empowered. B2B companies who fail to recognize and respond to this reality are in for rough times.

However, opportunities abound in this new environment for B2B companies who choose to distinguish themselves by doing business the customers' way instead of the old way.

The prescription for success is a transition to optimization, where intelligence generation and utilization help build dynamic customer relationships that add greater value and lead to strategic organizational growth.





*Vantedge is a customer intelligence and optimization firm.
We power B2B companies for the customer-driven economy by providing superior insights
capabilities, multi-dimensional diagnostics and proven strategies that increase growth,
customer value and sales & marketing effectiveness.*
