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Everyone Should Have the Same Mission: Satisfied Customers

By Betsy Wood, Nortel

Why do many companies that are extremely keen to acquire new customers immediately shift from "How can we assure customer needs are exceeded?" into "How little can we spend on customer service?" Instead of sales and service walking arm-in-arm to support customers throughout the lifecycle, they arm wrestle for visibility and resources. You find competition in place of cooperation.

How strange, given that most businesses spend a fortune and concentrate significant effort to close sales and obtain their customers. But afterward, customer service, including the contact center, is often looked upon as "Something we have to do but wish we didn't." Instead of viewing service as an opportunity to generate revenues and profit, they are seen as operations to squeeze every penny out of to improve the bottom line. Sadly, this extremely short-sighted approach causes most of the suffering customers—and contact center managers—experience—and puts sales and service at odds.

In reality, for all the talk of customer relationship management over the last 10 years, almost all contact centers are still considered cost centers. But when you consider them as cost centers, it's extremely difficult to fund the enabling technologies that keep them innovative, to improve processes that maximize effectiveness and to maintain a work environment that helps them hire and retain accomplished employees.

They struggle to do what should be strategic: supporting customers with superior service that keeps them coming back again and again and ultimately turns them into company ambassadors.

Rewards

When sales and service have the same mission, retaining customers, every customer contact generates returns. Customer dialog facilitates knowledge and understanding so customer problems can be solved expertly and quickly. An example is The SCOOTER Store, which according to Tim Montgomery, vice president, saw a 15 percent revenue increase when the company began uncovering issues and taking care of them immediately.

Another good example comes from research done by Purdue University's Center for Customer Driven Quality on repurchase rates. The average repurchase rate is 78 percent. The repurchase rate moves up to 89 percent when customers have a product problem that is successfully resolved through a positive call center experience. On the flip side, this moves down to 32 percent when those customers have a bad call center experience.

Apparently, your business pays tremendously for an extreme focus on efficiency and cost savings. Such a focus causes much more in the damage it can do to your business than the savings you might think you get from mandating shorter phone calls. Think about it. If you have 1,000 customers, and each spends an average of \$1,000 per year, the revenue from returning customers will be \$780,000. If you solve problems effectively in your call center, revenue grows to \$890,000, a 14 percent increase. But remember the negative effect of a bad call center experience? Your revenue in that case plummets to \$320,000—a 60 percent drop—plus, you have to acquire 460 customers just to get back to the original \$780,000!

If this synergy between customer service and customer retention is understood, the sales team should be a service and contact center champion. Instead, most companies continue to maintain substantial hurdles to taking advantage of every customer interaction, even with the obvious gains. If you do it right the first time, customers are happier, and so are employees—plus it costs less. Improved effectiveness—doing something better, as well as faster—benefits all parties: customers, sales, service and management. But it means investing to ensure that employees possess the skills, authority and tools to do the job exceptionally.

Most contact center managers have a tough job conveying this message and driving this critical change. As stated by [Lior Arussy](#) in his recent book *Passionate & Profitable: Why Customers Strategies Fail and 10 Steps To Do Them Right!* (John Wiley & Sons, 2005):

In reality, cost-cutting efforts over the last few years have significantly diluted relationships with customers. As companies face the challenge of growth, they are also facing disgruntled customers who are resentful that they were left to bear the consequences. Chances are slim that customers will offer loyalty or long-term commitment after such experiences.

Sales organizations should be horrified this happens to the customers they labored to attain.

Sales and service should cooperate, should be in synch. Together, they can drive the concerted and consistent effort to help customers everyday, the way that customer relationship management demands. It's not about efficiency and cost savings. It's about living and delivering the total customer experience. It's about understanding the profit and competitive advantage generated throughout the customer lifecycle.



Betsy Wood, evangelist, Nortel Multimedia Applications, participates in a global team helping companies deliver definitive customer service. Wood's 20 years of international experience include marketing, sales and consulting with Nortel and AT&T. Wood frequently speaks and writes about customer contact, including a stint as monthly columnist for Customer Interface Europe. Wood received an MBA from the University of St. Thomas in St. Paul, Minnesota, and a bachelor of science in electrical engineering from Valparaiso Technical Institute. Please reach Wood at bjwood@nortel.com.



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- Customer Service
- Business Intelligence

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- Business processes
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Altimum IMS provides solutions which strengthen the relationship between your company and your customers.

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