Customer-Focused Performance Consulting

*Just as needed, as much or as little as needed*

There are many good, practical ways our consulting team can help you get started—from a single assignment to a pilot project—valuing customer relationships to drive profit. We can help you: Listen to customers. Promise what you can deliver. Deliver what you promise. Pay attention to retention. Pay attention to what creates value for your customers. Pay attention to profit. Repeat what works. Develop your own leading indicator for profit based on measuring your customer relationships.

Wherever it makes sense for your organization to begin the customer-focused alignment process, you’ll get highly-personalized service and attention from our senior people to make it happen and help your team collaborate successfully. We can start in sales and marketing or in finance or in operations. But as soon as practical, we recommend involving a cross-functional action learning team so that treating customers better and making more money becomes everyone’s job—and your organization reaps the potential rewards faster.

### Phase One:

**Align for Success**

- **Customer Focus**
- **Retention**
- **Value**
- **Innovation**
- **Profit**
- **Execution**

Orchestrate and operationalize customer feedback. *Know what you need to know, when you need to know it, and how you’re going to get it, uniformly and consistently across your organization. Augment traditional customer research with Voice of the Customer in-depth one-on-one interviews. Build actionable profiles. React in real time to customer issues throughout your organization and address root causes. Make being customer-focused everyone’s job.*

Enhance how you create value for your customers. *Know what they value. Engineer in what could create more value. Stop doing what doesn’t. Target critical customer interactions. Make sure everyone knows what to do when things go right or things go wrong with customers.*

Optimize for customer profitability. *Segment by profitability. Invest in knowing what your most profitable customers think—they buy, why they stay or not. Develop strategies that are more likely to be profitable in execution. Model them. Promise what the customer really cares about and what you can deliver profitably. Align for strategy execution, retention, and high-profit growth.*

### Phase Two:

**Operationalize Strategy → Deliver**

Link customer relationship intelligence to strategy execution and operational results. *Systematically listen to customers. Track customer interactions in real time and measure relationship cause-and-effect. With real-time operational control (See paper that follows.), enable in-the-moment more profitable decisions by people on the frontline with customers, up-to-date profit results, and real-time management of strategy execution.*
Religence is a customer-focused performance management consulting firm specializing in Customer Relationship Intelligence. The Religence Framework links strategic planning to operational execution and customer relationship metrics to profitability for breakthrough business-to-business sales and marketing performance.

For more about our philosophy see our website www.religence.com for our FAQ, our Next-Generation Thought Leadership Papers, and our Religence Framework CRI Reference Section. Or learn more interactively about our approach with our series of webinars and workshops or an executive briefing. See what our clients have to say about us. Or take a look at our CEO’s new book *Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing.*

**To get started now** put our proven, cross-functional team of senior people in marketing, operations, and finance to work to help you achieve real-time operational control through relevant intelligence about customer relationships. It takes a cross-functional team like ours for successful customer-focused alignment. It takes a multi-disciplined team like ours to realize the competitive advantage and profit in customer relationships and customer retention. With our consulting team’s help, your company can achieve sustainable competitive advantage, high-profit growth, real-time operational control, and repeatable success. We have a proven, innovative team that gets results.

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www.Religence.com

Religence Next-Generation Thought Leadership Paper Series

7. Operational Control

Relevant Intelligence about Customer Relationships

Although there is much more sophistication in terms of developing strategy and offerings, many executives are uncertain about how their strategy is being executed with customers. In most companies operational control is disjointed and knowledge about what happens to and with customers is incomplete. Without effective operational control, there is no link between strategy and execution. Executives are forced to be reactive instead of proactive about customer outcomes and profit.

More relevant intelligence about customer relationships is needed to take strategy down to the level where it needs to be for execution. It is on the frontline with customers where value is created, where customers are retained, and where the results of hundreds of small, more profitable decisions each day are woven into the profitability of each customer.

CURRENT STATE: Backward Looking. Profit is the way executives have kept score; how they have known if their strategy is working; how they have told if they are getting and keeping enough customers through their sales and marketing efforts. However, strategy execution and profit have been hard to measure except as an end state or by lagging indicators for profit like customer satisfaction—when it is too late to do anything to change customer outcomes.

Traditional sales and marketing and customer service metrics don’t help much. They focus primarily on performance of an isolated tactic or a separate function, with very little direct connection to profit.

WHAT’S NEW: Forward Looking. Executives can be proactive in managing for profit in real time with our new leading indicator for profit. And managers can have real-time operational control using the same metric and a unifying framework to manage sales and marketing in a breakthrough new way.
Executing strategy, retaining customers, and earning profit require a customer-focused orchestration of functions across the company. We can help you focus on the customer and then measure the development of the customer relationship as strategy is executed in real time.

Our breakthrough solution for strategy execution, customer retention, and high-profit growth aligns organizations for success and collaboration. We help you put a value on customer relationships to drive profit. This relevant intelligence about your customer relationships takes sales and marketing to a new operational level for breakthrough opportunities and performance.

WHAT’S POSSIBLE: Results for You:  Relevant intelligence to optimize customer outcomes, achieve real-time profit, anticipate what’s to come with a leading indicator for profit, and manage value creation with real-time operational control.

Relevant Intelligence about Customer Relationships.
Relationships are built one interaction at a time. It is a joint process people in the company and customers undertake together. The interaction process across the entire customer relationship is how strategy is brought to life, how it is executed, and how profit can be tied directly to customer relationships.

What’s needed for relevant intelligence about customer relationships is the breakthrough way to measure and manage sales and marketing found in the Religence Framework for Customer Relationship Intelligence:

- A unifying framework to manage customer Acquisition, Closing, and Retention as a continuum,
- Unifying customer relationship metrics to track cause-and-effect, and
- A deliberate, systematic process using the unifying framework and the metrics to build profitable customer relationships and execute strategy.

Building intelligence into the process and measuring interactions in real time measures how strategy is working in real time and delivers relevant intelligence for relationship competitive advantage including a leading indicator for profit.

Understanding your customer relationships better than your competition understands theirs and acting on that inside intelligence is a sustainable competitive advantage. Relationships are unique to your company and are directly related to your success.

Manage Acquisition, Closing, and Retention as a Continuum.
While most companies use a “sales and marketing funnel” for pipeline management, typically a complementary, disjointed “retention funnel” operates by default. Yet retention is where the money is. Some 80 percent of revenue for most companies is from
repeat or referral business. Managers who improve that retention number even slightly see a significant impact on profit. Enlightened managers start by consolidating all customer support into a new function devoted to customer retention. Retention activities are expanded to be as proactive, sophisticated, and deliberate as those in Acquisition and Closing.

Then, Acquisition, Closing, and Retention stages and levels within the stages are defined and managed as a continuum with the two “funnels” linked to form “wings.” Marketing, sales, and customer retention staffs are aligned behind a common strategy and collaborate in a relationship development process, interaction by interaction to move customers seamlessly through the framework.

In advance of investment in implementation, strategy alternatives and related tactics are evaluated in a probabilistic model for profit generation potential by anticipating what will happen in execution. What tactics will be needed to move a prospect from Acquisition to Closing, from an initial purchase to partner status? How will the interactions flow?

The model compares anticipated results by estimated conversion rates and cost-per-contact in each stage, retention rates, referral rates, and Customer Lifetime Value (CLV) for profit. In execution these metrics are confirmed and augmented by a real-time data stream of customer relationship metrics, based on measuring what interactions actually occur to carry out the tactics.

For more about our framework, please see Voice of the Customer Helps Establish Relationship Status. Or our CEO’s new book Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing. Take a look at Chapter Three.
Customer Relationship Metrics Measure Cause-and-Effect.

A set of interactions over time is what builds the customer relationship and what executes strategy.

Knowing what interactions gets to the reason things happen as they do—the “cause.” What interactions, in what order, how many, when, at what cost? Considering just the interactions or the number of them doesn’t lead to clarity—there are myriad interactions and myriad combinations. The interactions indicate what happened, but not what good the interaction did in developing the relationship. So, of even more significance is capturing automatically the relative Relationship Value created or destroyed with each interaction.

Relationship Value is the building block that measures how the relationship is improved, or not improved, as it is moved forward or backward by the interaction. With Relationship Value, the effect of one interaction to another can be compared very easily and in real time. Placing a value on each interaction for its effect translates squishy, soft interactions to hard numbers and provides critical context. The value is based on the interaction’s relative impact and relationship enhancement capabilities. Relationship Value is the common denominator that puts the interactions into context so that the relative value in the development of the relationship can be seen—no matter what interactions have occurred, or how many.

Relationship Value measures interaction effectiveness—what good the interaction did. While the interactions themselves measure the “cause,” Relationship Value measures the “effect” in relationship cause-and-effect.

Since Relationship Value summarizes interaction effectiveness, it can be used to allay confidentiality concerns in working with distributors, agents, or other sales organizations. The depth of the relationships being built can be shared, without sharing the contact information or the details of the interactions at the individual relationship level.

The interactions, interaction costs, and Relationship Value are the unifying customer relationship metrics key to measuring strategy execution. The cause-and-effect relationship between the interactions and the new customer relationship metrics can be tracked in real time. With these customer relationship metrics embedded in an operational CRI tracking system, the customer relationship process links the customer relationship to profit, and through profit, back to strategy.

Cause-and-effect in customer relationships is different in every company, and even within different parts of the same company. Because this is so, measuring Relationship Value can lead to sustainable competitive advantage when harnessed.

Relationship Value Drives Profit and Customer Satisfaction.

Relationship Value is a Key Performance Indicator for relationship development and can be a leading indicator for profit and customer satisfaction as shown here conceptually.
Profit follows after relationships are built, so there is a lag time before the value created is seen as profit. Still later, that is reflected in customer satisfaction, as customers evaluate their relationship to the company. Customer satisfaction is a lagging indicator for profit while Relationship Value is a leading indicator for profit.

For more about Relationship Value, please see What is the context for customer relationship metrics? or How can Relationship Value be used? or our next-generation paper on strategy execution. Or take a look at Chapter Four in our CEO’s new book Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing.

**Systematic Process to Build Profitable Customer Relationships.**

The metrics are set. That guarantees the consistency and coherence needed to manage within and across business units. How companies use the Religence Framework for their business process is not set at all. That is totally customized to their business; it is, after all, their process, their interactions with customers. The framework helps capture what they are doing already and optimize it for each market or customer segment within channel/product group combinations.

Relationship Value and the variable costs to carry out each interaction are pre-assigned and pre-configured in an operational CRI tracking system. We have an interaction database, based on more than 30 years of experience in sales and marketing, to draw on as a place to start. When a company has been doing predictive modeling, we use that
insight to help value the interactions as well. Then, using the tracking system as the interactions occur, a record is created, resulting in a real-time structured data stream.

Operational data tied to the individual is huge. Data in aggregate is fine for long-term planning, but not as useful for day-to-day operations except to compare and contrast. The beauty of the Religence Framework for Customer Relationship Intelligence is that it collects operational data that can be used in real time, and the byproduct is a data stream that can be used for later analysis and strategic planning.

For the specific operational control measures now possible, please see How to Profit from Operational Data in Real Time and Right Time or take a look at our CEO’s new book Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing. Take a look at Chapter Eight.

With the Religence Framework for Customer Relationship Intelligence frontline staff knows where it is with individual customers day-to-day and is guided to make better and more profitable decisions in the moment. Managers know how well their strategy is working in real time and can make interim adjustments. Managers have real-time operational control. Managers track the cause-and-effect relationship between interactions and customer relationship metrics. Managers discover longer-term patterns and repeatable processes.

With the Religence Framework for Customer Relationship Intelligence, executives can explain with more certainty how they achieve success with their strategies and how their organization creates value. They now have a way to measure the relative value of the process used, and a way to manage it with real-time operational control going forward.

To get started now put our proven, cross-functional team of senior people in marketing, operations, and finance to work to help you achieve real-time operational control through relevant intelligence about customer relationships. It takes a cross-functional team like ours for successful customer-focused alignment. It takes a multi-disciplined team like ours to realize the competitive advantage and profit in customer relationships and customer retention. With our consulting team’s help, your company can achieve sustainable competitive advantage, high-profit growth, real-time operational control, and repeatable success. We have a proven, innovative team that gets results.

For More Information: Take a look at our other papers in our Next-Generation series: Voice of the Customer Research, Traditional Customer Research with VoC, Technology Innovation, Value Creation, Profitability Segmentation, and Strategy Execution. You may also be interested in our extensive Religence Framework CRI Reference Section, particularly for these topics:
2. HOW Well Are You Aligned for Success?
8. HOW to Focus on Profitability.
12. HOW to Profit from Operational Data in Real Time and Right Time.
13. HOW to Optimize Value Creation and Strategy Execution.
14. HOW We Help You Make It Happen.

Another excellent resource is our CEO’s new book *Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing.*

**About the Author and Religence:**

*Linda Sharp* is CEO of Religence, Inc. Linda has run her own marketing firms for 30 years, building a strong track record with Fortune 500 clients and understanding success in marketing with a mathematician’s eye. The Religence Framework was born of her five-year odyssey to quantify marketing and has resulted in a business process patent application and the formation of Religence to commercialize her discovery. A sales and marketing innovator and integrator, Linda was well ahead of the movement to customer-focused thinking, having pioneered the use of Voice of the Customer research. She’s built Voice of the Customer feedback into the Religence Framework, taking yet another pioneering step. Learn more about her ideas in her new book *Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing.*

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