



“The CEOs Partner”

Great Customers, What They Mean to You, How to Develop, Attract and Retain Them

Great Customers are those who: 1. Seek you out to do business with, 2. Recognize the economic value you provide them and will pay for that value, 3. Provide valuable feedback on what is working well and not as well for them and what could make it better, 4. Trust you and, 5. Listen to and rely on you.

Anyone in business knows that their customers are their means of success but many don't consider exactly, what customer *means the most* to their success and, what they must do to *have and keep* that customer. The answer is simple: *Everything*. The level of success your business will achieve is directly proportional to the number of great customers you have and, how great they are. How great your customers are is directly proportional to how motivated your employees are to make them great.

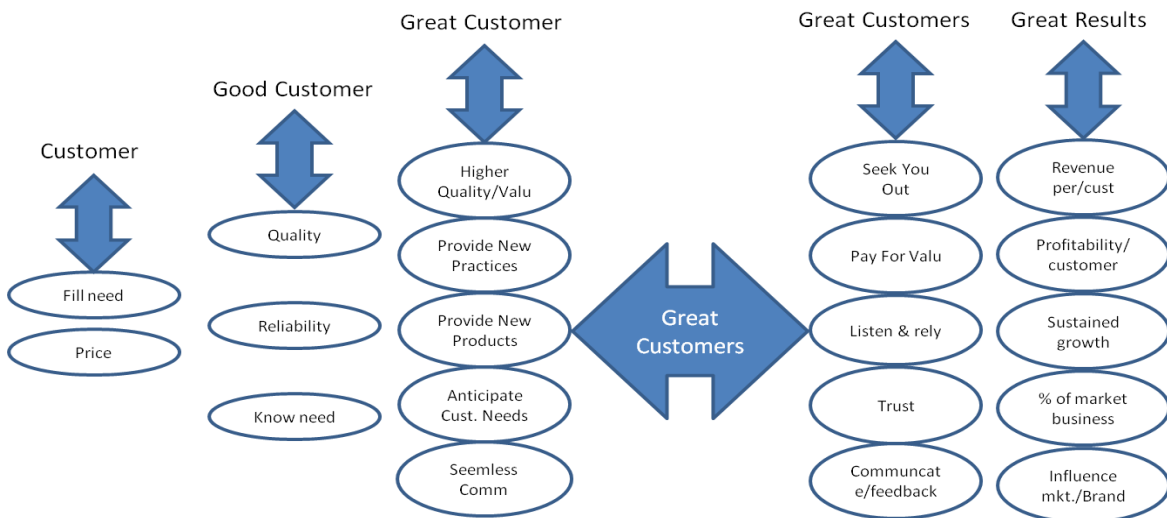
What do great customers mean to you?

Customer retention rate: The significance of this number goes up exponentially as it increases. In any industry a 50% customer retention rate typically represents a company with lots of problems but in many industries, a company with what looks like a very high customer retention rate at 90 or even 95%, may not realize the results they are generating are only average. While running a very profitable commercial service business in a competitive industry we found that increasing customer retention from 92% to 97% improved all of the metrics above and increased EBITda by as much as 50%. Because each employee in our company knew they would benefit from increasing our retention rate, they looked at their own actions and engaged their customers to a deeper level to better understand their needs and made changes to strengthen our performance, relationships, retention, growth, profit, etc.

Revenue/profitability per customer: Many employees will say there is no way their small clients can generate as much revenue as their larger clients. A motivated CEO, sales manager, sales person, production floor worker or delivery driver will ask; are we spending our time on the *right* customers? What would we have to do to attract and generate more revenue with the same effort? The same person will ask; what exactly do or could our customers value about our product/service that we could enhance to make them happy to pay a higher price that would improve our margins? In our monthly, all company meeting where the income statement is reviewed in detail, a senior, union service technician stands up and says; “at least a quarter of those expenses under operations could be reduced if each of us would just pay more attention to what we do in the job”. He then goes on to point out examples of waste they need to cut out, joined by other peers in the room. This is not a fantasy, but the results of a company of highly motivated individuals where revenue and profit per customer increased 25%, gross profit, net profit and annual growth increased 10 percentage points each, and this performance was sustained year after year.

Market share, brand strength: From General Motors to Apple computer to Starbucks and many more, market share = brand strength and it is driven by one thing; how well the company knows and satisfies the needs and wants of their customers. No amount of LEAN training, company perks or powerful advertising will increase market share. GM used all of these types of tools and dropped from first to last; Apple used none of them and rose from last to first. Market share is the best, long term indicator of how highly motivated your team is because it is a result of the level of commitment each employee has to the needs and wants of their customers and, potential customers. Our ability to grow at a sustained annual rate above 20% in an industry growing less than 10% per year, while offering programs and products priced as much as 50% above the competition could only occur because each employee was motivated to know what mattered most to our clients and how to provide it. In the minds of our customers we saved them money. They sought us out, paid for our value, listened and relied on us, trusted us, communicated what worked and didn't and, told their friends about us.

Sustained growth: One year is a good start, two may mean you are on the right track, three usually means you have a team.



How do you develop, attract and retain them?

Clearly, developing great customers is a matter of developing your team and once done, attracting and retaining those customers is the natural result. Steven Covey popularized the term “begin with the end in mind”. Not only are the metrics above the place to start building your team but understanding what produces each result in reverse order, will map out the components needed and steps to take clear back to the beginning.

1. Great customers: 98% customer retention rate, optimum revenue and profit per customer, annual growth significantly above market growth, year after year
2. Requirements: Higher quality and value in the customers minds, new practices and products developed for customers, customer needs/wants anticipated, seamless communication and response

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3. Delivery: Each employee in their role
 4. Motivation: Knowing how their efforts impact the outcomes, knowing how to and being able to do their job well, having the autonomy to do what is needed and being trusted to do it, knowing how they will benefit from their efforts producing these results in the long and short term, being part of a team that feels the same way.
 5. Tools:
 - a. Vision of where the company is going
 - b. An organizational structure that delivers every ounce of energy every employee generates to the realization of these results.
 - c. Every role filled by a person with the best skills for the job and interests that align with the vision and principals of the company
 - d. Performance management training for everyone managing people
 - e. Integrated systems that provide regular status and feedback on the performance of the company and each employee relative to the outcomes established
 - f. A clear picture, path, process and support for each employee to pursue and achieve their own career and personal aspirations
 6. A CEO with this vision, effective in communicating it and focused on building the team to achieve it

The employees in the company create the great customers that make the company successful and only when all of them are committed to this outcome will they generate the energy, ideas, creativity, innovation, resourcefulness, tenacity, sacrifice, sincerity, communication, fearlessness and action, to produce these kinds of customers.

As CEO, what steps do you take?

- Look at your company and customers by the metrics above
- Define where you are and where you should be or want to be now
- Determine how your employees feel about their job, the company and company performance, with a short, focused and carefully constructed survey for this purpose
- Follow the outcomes of the survey to areas of the company that best (green) fit the six-point description above and least (red) fit this description
- Connect the definition of where you want the company to be with your long term vision for the company and ensure every employee sees, understands and can this connect with their job
- Compare the “reddest” area of the company with components one through six above and identify what is strong, weak, missing, present
- Commence steps six through one as applicable to “turn them green” and move to the next most red area
- Change focus, communication, systems, training, roles, people and processes for the person, department, team or company as necessary to meet the requirements for and create great customers.

Great customers means a great company, made so by great employees led by a great CEO. All of these greats start with the CEO and the CEO can start with any one of them. Each requires the others

to become what it can and none will reach their potential unless all the rest do. The success lies in the process and the combined, skills, talents, insights and motivation of the team. If you want great customers, focus the vision, use the process, build the team and unlock performance never thought possible.

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