



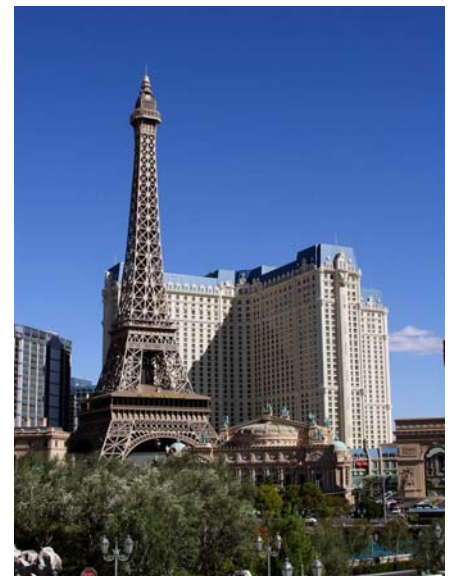
Leveraging Customer Data to Assess the Customer Experience

The Performance Conference 2008

October 20th - 22nd

Las Vegas, NV

Presented by:
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Challenging Assumptions

- What is the biggest challenge in effective leverage of customer information to drive business results?



What is Customer Experience?

Customer Experience:



The sum of all activities performed in satisfying a customer's needs.



Are you acting in ways that matter to your customers?



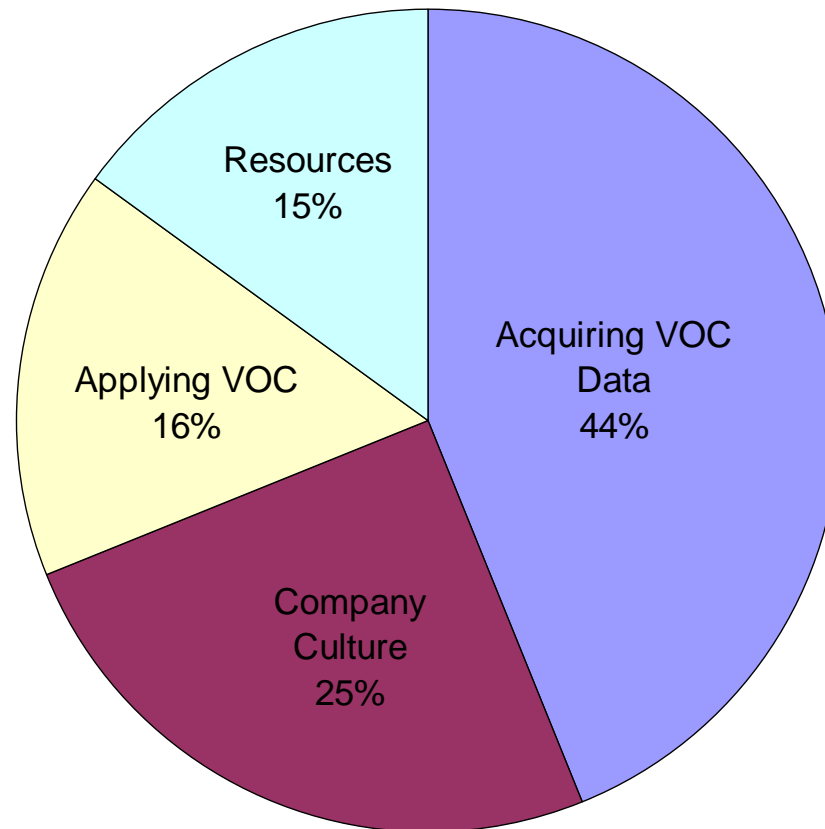
We are not alone in the challenge:

Is Customer Focus Important?	Is Customer Focus Being Achieved?
<ul style="list-style-type: none">• It's on the priority list for budget & investment:<ul style="list-style-type: none">– Nearly 50% of the companies in a survey of Fortune 1000 companies are spending \$5M or more annually on customer and marketing research. 	<ul style="list-style-type: none">• Companies are struggling with taking action based on customer data:<ul style="list-style-type: none">– 81% of surveyed companies reported they are "struggling" or at best doing a "mixed job".– Less than 20% reported they feel they are doing a "good job". 



The root causes of the challenge vary:

- Among nearly 1,000 companies applying Voice of Customer – with an objective to increase their "customer-focus" or "customer-centric" strategies – the key challenges identified included:





So.....

- How do we address these challenges and make more meaningful use of customer data???



ACTING on Voice of Customer

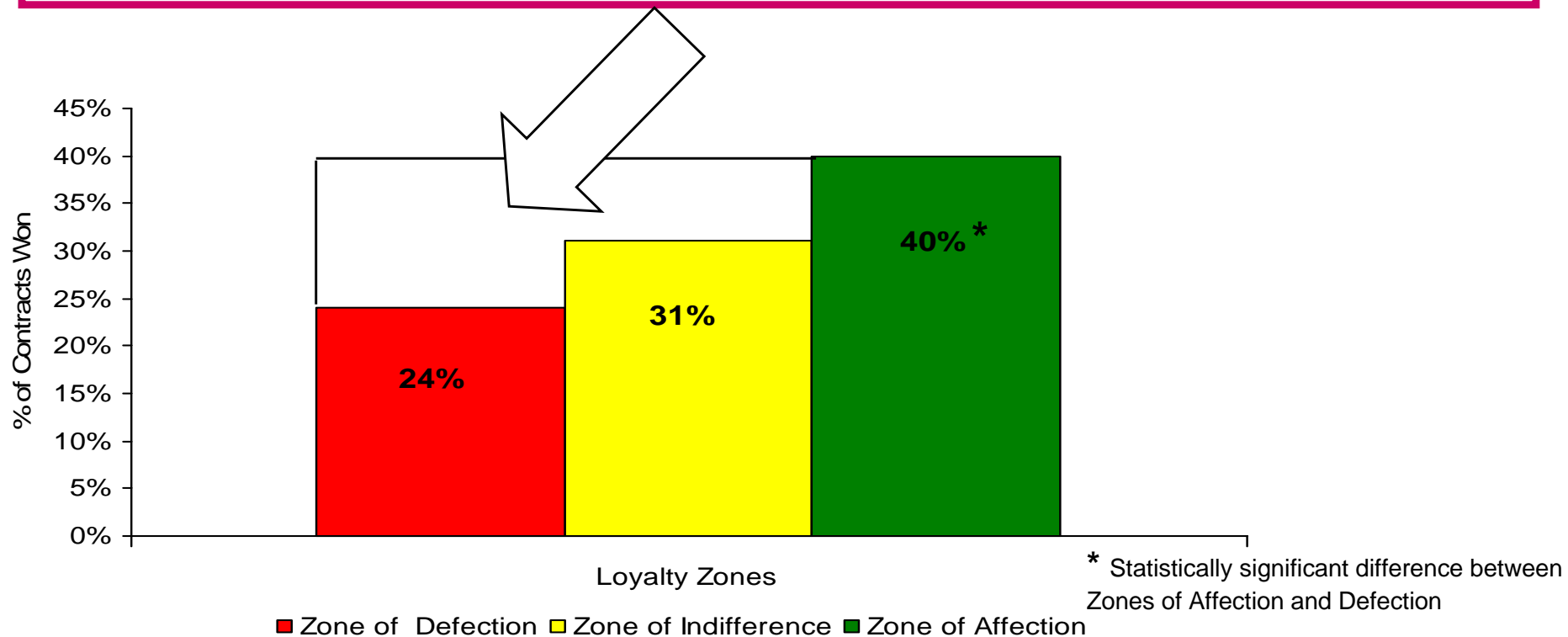
- Leverage a VOC model which contains three key components:
 1. Economic Value: quantification of the economic return of investments in customers
 2. Account Level Insight: Customer drivers at the *account* level (strategically important customers) or *segment* level (groups of customers whose needs and buying behaviors are similar)
 3. Action-ability: Identification and facilitation of tangible actions based on the Voice of Customer
- Keys to Success:
 - Identify a focused set (generally 3-5) drivers that are able to predict 80% of the reason customers buy!
 - Incorporate decision-maker mapping: ensuring the feedback is both credible and reliable
 - Acknowledge the critical role employees play as the “receptor” of customer feedback – and incorporates employee training and loyalty as an integral component of customer loyalty

The goal: to drive an economic impact for your business, through actionable insights into your customers' experience



Economic Impact of Share of Wallet Improvement

Improving share of wallet for half of the customers in the zones of defection is worth over \$1 Billion for one Hunter client.

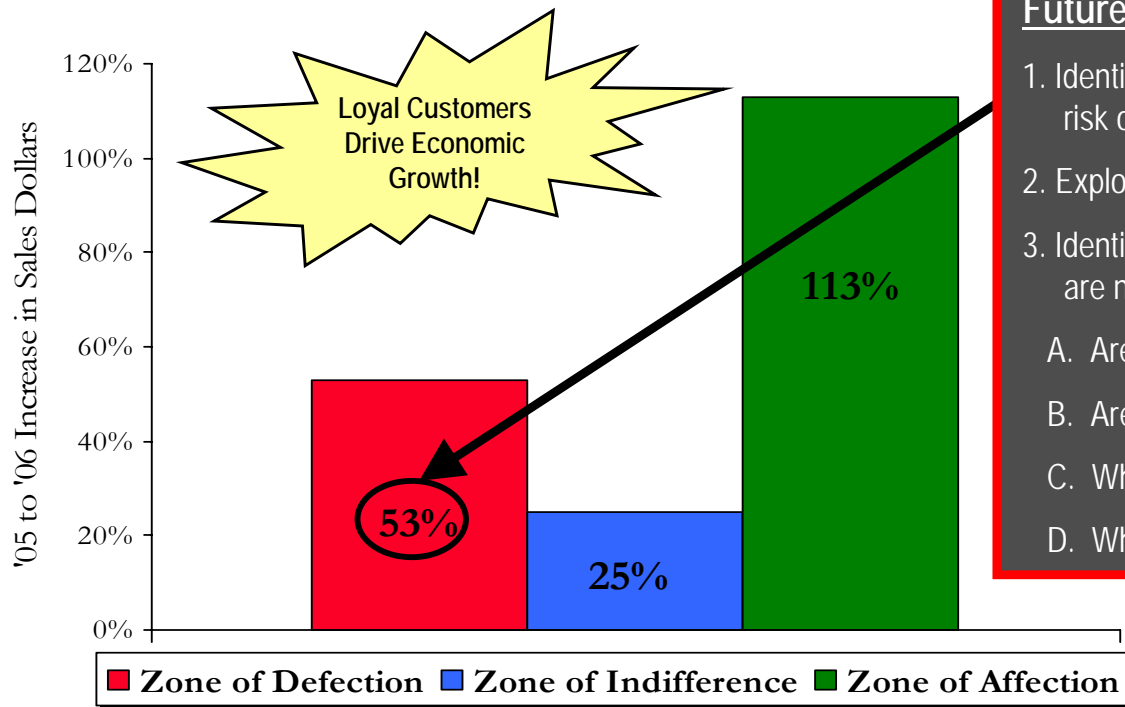




Loyalty Drives Velocity of Revenue Growth

Customer Loyalty and 2005-2006 Sales Dollars

- ❖ On average Accounts in the Zone of Affection are likely to see 2 – 4.5 times the velocity in economic growth relative to companies in the Zone of Defection and Indifference respectively.
- ❖ In 2007, respondents who did not consider CLIENTCO their first choice in sourcing new materials 68% were in the Zone of Defection, where as only 23% were in the Zone of Affection.
- ❖ Likewise, of respondents who indicated there were elements of CLIENTCO performance causing them to look for another supplier, 63% were in the Zone of Defection while only 27% were in the Zone of Affection.



Future Action Items:

1. Identify Account Plans for Key Accounts that are at risk of defecting.
2. Explore resetting sales growth forecasts.
3. Identify potential reasons why Zone of Defectors are not defecting:
 - A. Are they obligated to specify?
 - B. Are you talking to decision makers?
 - C. What is the length of contractual cycle?
 - D. What is the share of wallet by product category?



Economic Value

Zone of Defection

Do not consider Client XXX their first choice – customer requirements are not being met

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- | | |
|-------------------|-------------------|
| Proctor & Gamble | Yahoo! |
| Home Depot | Mikasa |
| Lowe's | MasterCard |
| Boston Market | Visa |
| McDonald's | Microsoft |
| Unilever | Bravo! |
| Target | Fruit of the Loom |
| Michael's | Kia |
| Johnson & Johnson | Avon |
| Mary Kay | Naturale |
| Omaha Steaks | Gap |
| Google | Ann Taylor |

Zone of Affection

Year-over-year provide Client XXX greater revenue velocity

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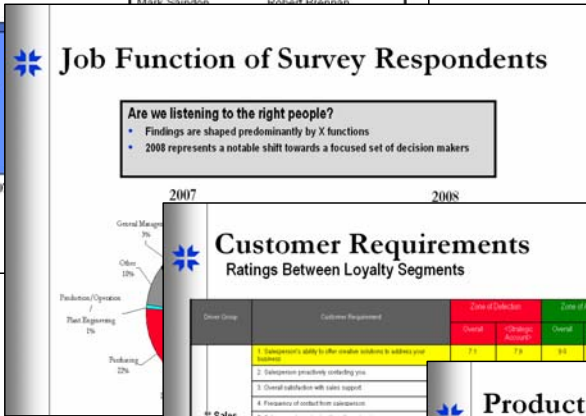
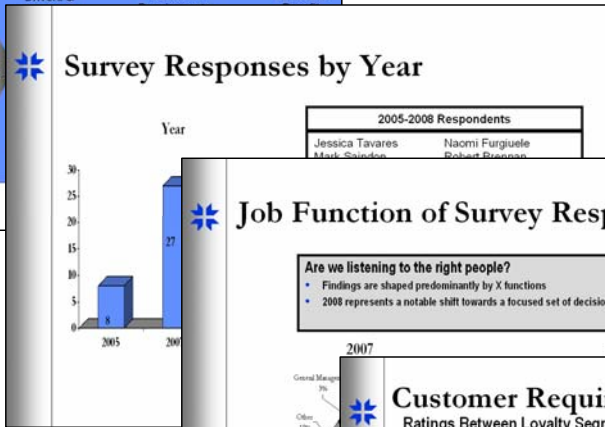
Account Level Insight

Applied Research Approach

By ensuring appropriate participation from each targeted functional group within each account, we can better identify where and how you can add value to that account. Would you trust the voice of customer if the right contacts were not reached?

Fielded Loyalty Research → Leads to... → Creating focus on...
 Business Experience (Initiatives/Projects)

Drivers & Customer Economic



Customer Requirements Ratings Between Loyalty Segments

Customer Requirement	2007		2008		Gap	
	Overall	Strategic Account	Overall	Strategic Account	Overall	Strategic Account
1. Company's ability to offer solutions to address your business	7.1	7.8	6.8	6.9	1.2	1.1
2. Salesperson proactively contacting you						
3. Overall satisfaction with sales support						
4. Frequency of contact from salesperson						
5. Salesperson's understanding of your business						
6. Availability/competitiveness of salesperson						
7. Salesperson's technical knowledge						
8. Clarity of messaging from website						
9. Ease of navigating the website						
1. Ability to create new products that improve your processes and products						
2. How the products fit your needs						
3. Overall satisfaction with products						
4. Product performance for the application						
5. Quality of product packaging						
6. Sustainability Commitment						

Note: Scale ranged from 1 to 10. ** 2007 Overall of Customer Loyalty. © Hunter Business Group, LLC

Strategic Account Dashboard

Findings
 Customers do not perceive Company as strong at presenting their service offerings relative to their competitors in the marketplace. Customers feel the quality of offerings do not meet their expectations for the price they pay. Company may not be providing customers with solutions that are proactive.

Areas of Focus
 1. Company would benefit by enhancing their ability to present their offerings and value proposition relative to competitors.
 2. Close the gap between customer's expectations and reality by focusing on high quality solutions that are developed and delivered proactively.

Is Company your first choice on new projects? **NO 44%** **YES 56%**

Future Buying Intent

Key Account Ratings

DRIVER 1: Loyalty Index

DRIVER 2: "We have in-house capabilities and other vendors more technically advanced than Company that bring overall fulfillment costs down." - Critical Influencer

DRIVER 3: "Company has done a lot of damage to their reputation at Customer this past year through the Technology Upgrade Program and while their supply chain solutions in the space are reasonably high quality they have moved out of the number 1 spot as a supply chain provider." - Policy Decision Maker

Quotes:
 "I feel that total capabilities do not match what is available in the overall market place. While Company is consistent in daily execution, capabilities to move the business forward w/ sophisticated approaches to opportunities are limited." - Key Executive Decision Maker

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Product Innovation Process

Is your business addressing sustainability? If so, how?
 Where could National Starch use its sustainability efforts to better serve its customers?

Key Finding
 90% of National Starch's customers consider the long term economic, social and environmental impacts of doing business.

Supporting Verbatims

- "We have huge environmental and socioeconomic commitments... they are the main focus of our products."
- "We are committed to sustainability and focus on organic as much as possible."
- "Strong effort to qualify suppliers, and to only use those who have passed the test."
- "We are currently investigating the use of more sustainable products."
- "Develop products using more eco-friendly/identified organic materials."

Customer Requirements

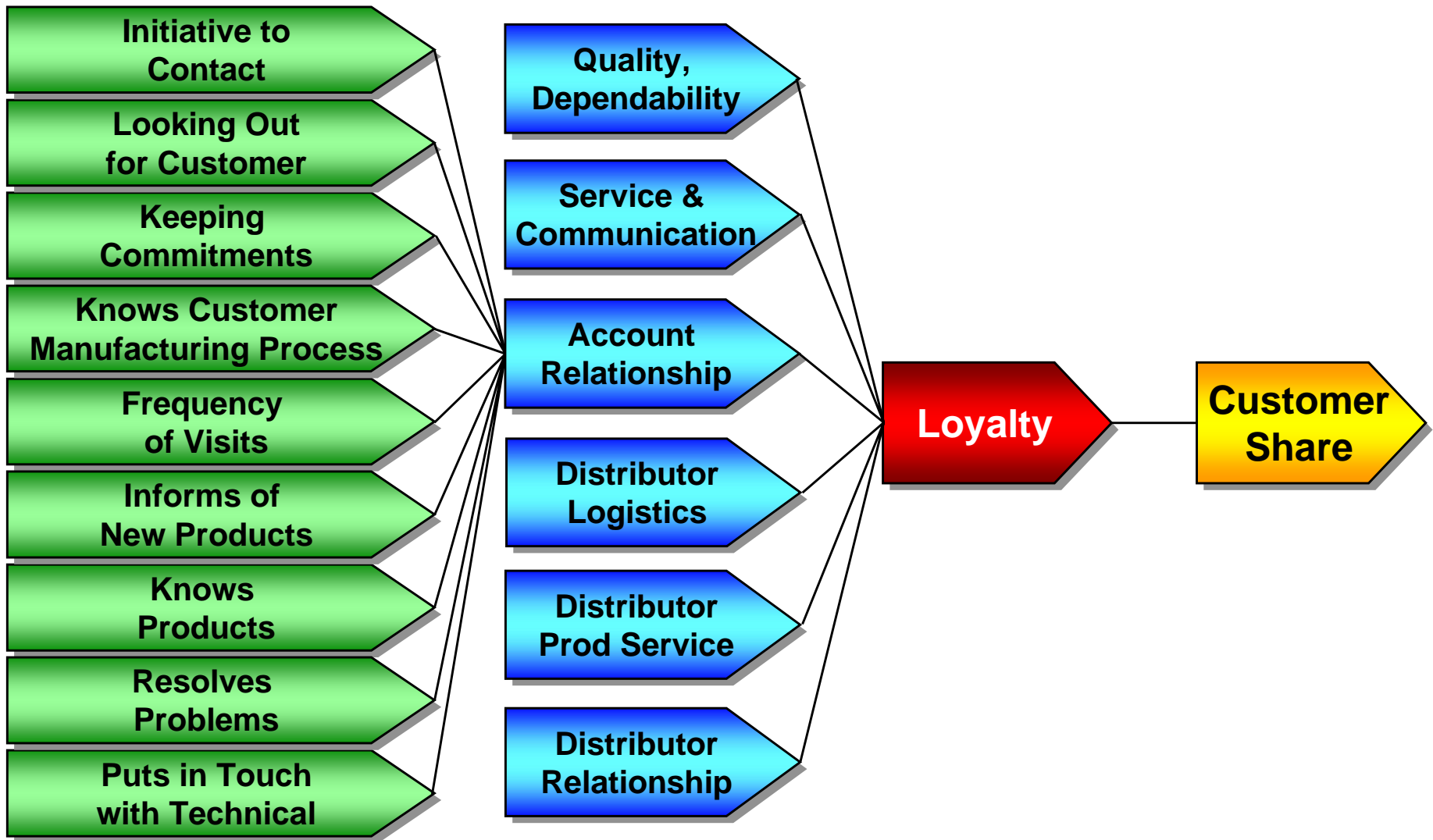
- Communicate commitment to sourcing organic materials (Driver: Sales Leadership)
- Demonstrate focus on sustainability through new product developments (Driver: Product Attributes)

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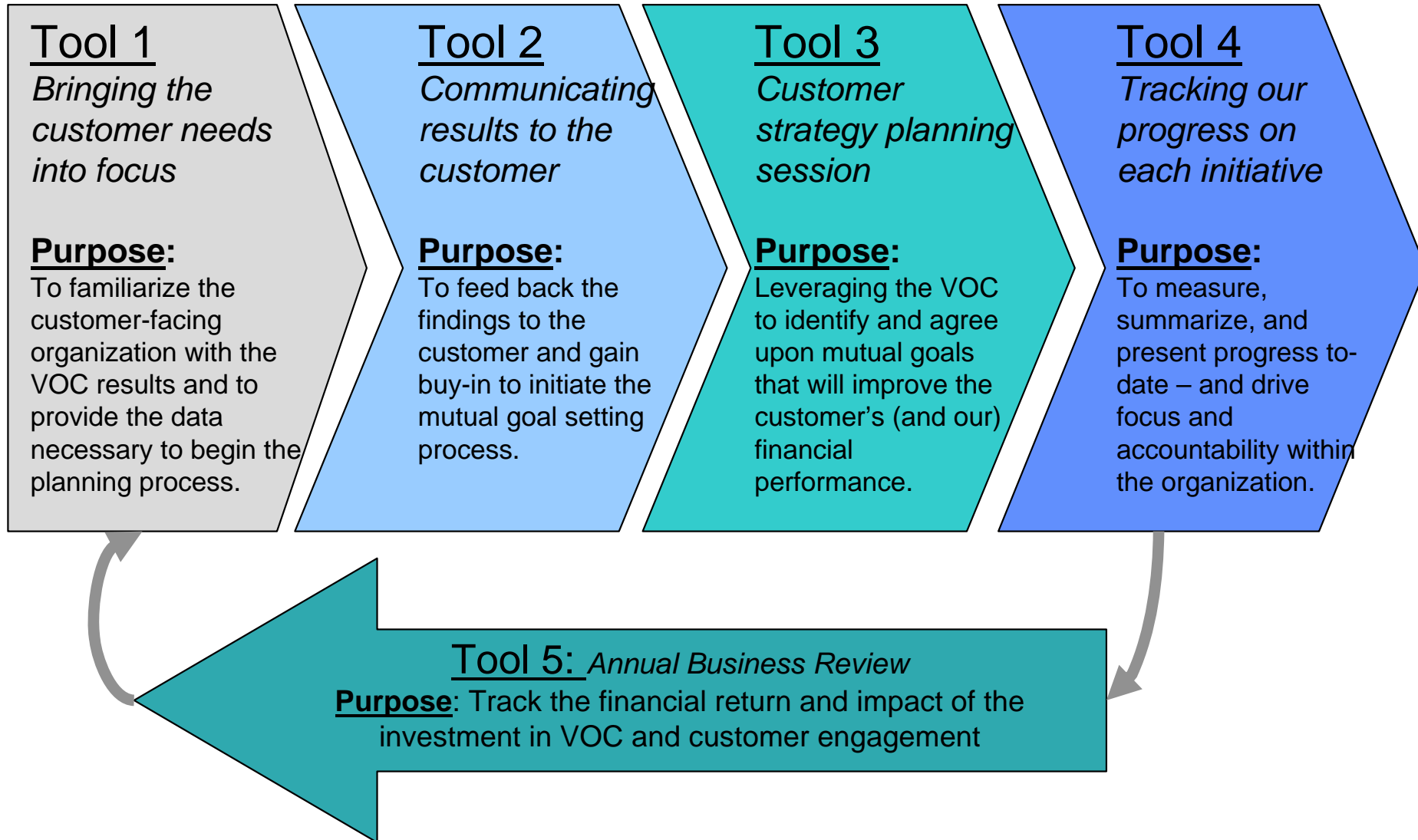
Action-ability

Insights to Plan and Execute





Action-ability:





Tool 1: Customer Needs in Focus



Track 2: Research Development

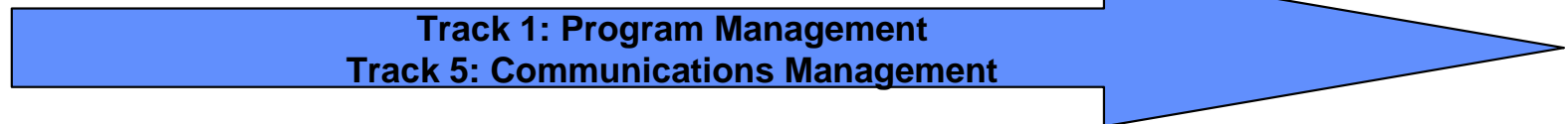
To effectively and accurately capture the “voice of the customer” we must methodically develop our approach and execute the correct process. A deliberate process of determining what and how we are asking for information from our targeted audience must be created to guarantee that we focus on the important issues that will help us achieve our objectives.

Track 3: Research Fielding

Collecting and capturing information from the customer must be done with minimal disruption and create as little as possible “noise”. To ensure we can achieve this we must flawlessly execute the fielding process – from targeted customer selection thru thank you notes for participation.

Track 4: Research Analysis and Results Documentation

The interpretation and delivery of results is critical to leverage the invaluable information our customers have provided. Specifically designed tools to leverage the “insight” gained to define actionable items that assist your customer-facing teams in meeting business goals.





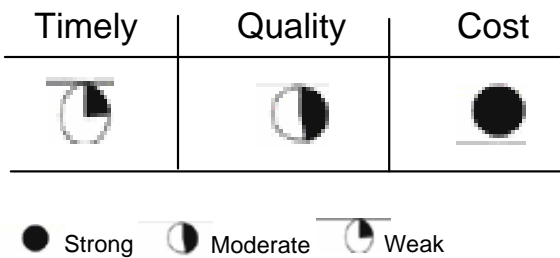
Account Planning Project Charters

Charter Summary for: Innovation through Delivery Process

Strategic Intent:

Improve the efficiency and quality of deliverables to our customers, through the identification and implementation of a delivery and execution process aligned to customer needs and easily accessed and implemented by staff.

Driver Leverage:



Event Date:

January 18, 2008

Champion: John Evans

Sponsor: Kim Champlain

Team Leader:

Dierdre Smith

Objectives:

- Apply a VSM methodology to create a documented, common vision of the current delivery processes and recommended future state, which can be communicated and shared with the organization by the Q2 sales meeting.
- Leverage the learning from the VSM to identify and prioritize both kaizen events and internal projects for 2008 which will support the company mission, and identify owners for the projects by the Q2 meeting.

Team Members:

Scott Drenner

Dan Muehlbach

Matt Palaszynski

Project Scope Information:

In Scope

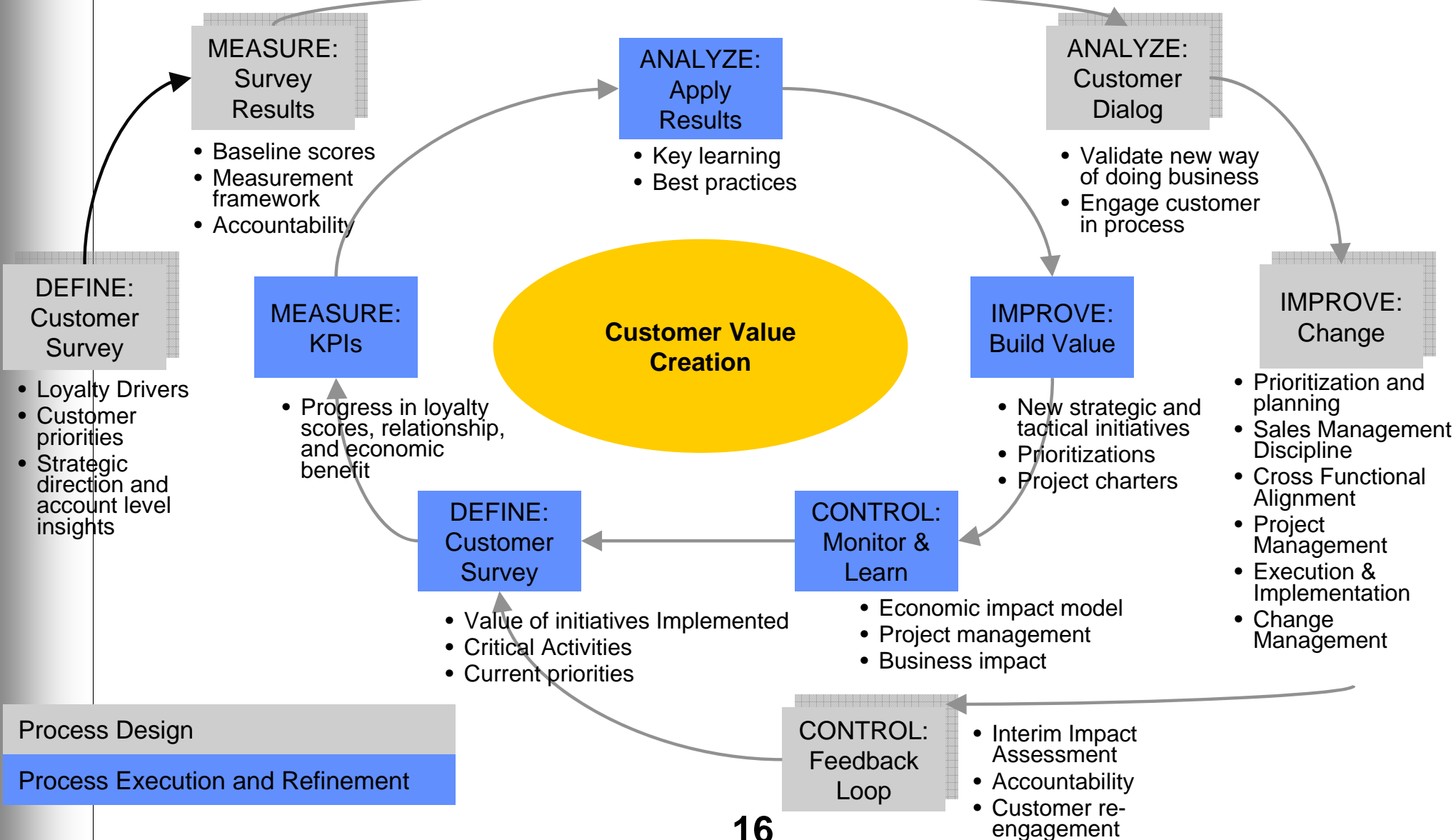
- **Service Delivery:** Includes project definition and launch, project planning, project execution, and delivery of final project deliverables to customers.

Out of Scope

- **Service Design:** Includes improvement to tools and their related processes that are outside the direct scope of client deliverables; generally professional development work, except as it relates to the VSM above.
- **Service Support:** Includes business support areas such as Finance, Payroll, IT, and HR which are outside of the direct scope of client deliverables; except as it relates to the VSM above.



Remember: This is a continuous improvement process





Key Takeaways:

- Acting on the Voice of the Customer is:
 - Essential to enhancing the customer relationship, advancing loyalty, and delivering long-term financial results
 - **Don't "Ask" If You're Not Going to "Act"**
 - An iterative process, whereby customer insight; planning; and value delivery are enhanced at successive phases of the process
 - **Don't "Start" If You're Not Going to "Sustain"**
 - Most effective at the account or segment specific level
 - **Don't Confuse "Global Generalities" with "Account Attributes"**
 - A corporate commitment which requires engagement of multiple disciplines
 - **Don't Forget the Basics!:**
 - **Change Management**
 - **Project Management**
 - **Infrastructure Development**



Individual Assessment

Element	Y/N
Our VOC methodology identifies feedback from key accounts and segments	
Our VOC methodology solicits feedback from key decision-makers and influencers within those accounts and segments	
We present feedback to the organization at the discrete account / segment level.	
Our customers view us as a strategic partner, not just a vendor.	
We make the results ACTIONABLE - in a crisp, clear way that each person within our organization know what actions to take to improve customer relationships and revenue	
We connect performance standards for each role to VOC, which include measures for activities, quality and results	
Do we use VOC to help create competency models to use for training and coaching purposes?	
We have a rigorous and defensible economic model - that allows us to quantify the real economic impact of our VOC effort	
We know how much revenue increase we can expect and attribute to our VOC and customer-focused strategy	
We collect measurements for VOC in a consistent year-over-year basis to track progress and facilitate continuous process improvement	



Scorecard Activity

- How does your organization's process compare? Participants will fill out a simple 12 question self assessment and dialogue
 - 1 - 5 Yes' = You have some work to do
 - 6 - 8 Yes' = You have a good foundation to begin or enhance performance reporting
 - 9 - 10 Yes' = You are most likely well on your way to effective reporting





Where can I go for more information?

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