

## Rejecting the Turnstile Relationship

Instead, invest more in your best customers

by Scott Hornstein



### THE TIPPING POINT

In real-life I am a customer, and as a customer I'd like to suggest a strategy that will have you prospering in these crazy times while everyone else is scrambling. This strategy offers stability, greater profitability and increasing referrals.

In fact, I am a customer of many companies, and the concept of CRM, from my customer perspective, feels really good. Put simply, the implied contract says that if I invest my trust and respect, it will be reciprocated. I concentrate my business with that company, and the company and I will benefit.

I can count these relationships on one hand.

Putting on my marketing hat, CRM makes all the sense in the world, even if I read a lot of self-congratulatory stuff about it. As a customer, though, there's a fair distance between the cup and the lip.

Take the news from the financial sector. Let me see if I've got this straight: I invest my trust and respect—and my hard-earned dollars—and you throw me under the bus to make a fast buck. (And then I pay again when throwing me under the bus didn't work.)

To these institutions, the "customer relationship" is just window-dressing. The more exploitable the customer, the more they exploit.

Another example concerns a friend's grown kids. A week before my friend's birthday, they decided to get him an Apple iPhone, so off they went to the AT&T store. Mind you, this family has been an AT&T customer for years. The response from the salesperson and the supervisors was "Sorry—your contract isn't up for renewal. You can either pay twice the price or wait." The cancellation fees are astronomical. And yet, if my friend's kids had been new customers who walked in off the street, they'd have been helped, right? Of course.

This is corporate America's complete focus on short-term sales. Wall Street is relentless. Thus many companies claim a commitment to CRM—but only, it seems, for driving short-term sales. We are creating turnstile

relationships with drive-by value. If a customer loses patience, she'll simply opt-out.

The reflexive response to widespread panic is to redouble our short-term efforts. I am strongly suggesting that we balance that investment by creating the long-term value that causes customers to opt-in. Here's how:

- Invest more in your best customer relationships. Right now, we invest the same in everyone, or we max out on prospecting. Existing customers are banished from sight. That's crazy—they're the 20 percent that are responsible for 80% of our revenue.

Let me tell you a story—it's B-B, but it illustrates the point: A small manufacturer I know woke up one morning to find an ad from a new competitor, cutting the bottom out of his pricing—lower than cost, in fact. His first response was to talk to his best customers. He asked, "Have you seen the ad? What do you think?" They said, "It's interesting, no doubt—but you know the intricacies of our business. You watch our back. You're a member of our team."

- The bellwether is your customer's satisfaction, which we too frequently see as a cost to be driven down and not an opportunity to be seized. Yet, it is the most compelling competitive differentiator in a world gone flat. It all comes down to the day-to-day interaction with the individual customer. It's messy and uncomfortable to us, but in the customer's eyes, it's simple—either you are delivering on your promises or not. Research, my experience and common sense says that a customer's satisfaction is a primary driver of return business.

Please consider the quote from hockey legend Wayne Gretzky—recently referenced by Warren Buffet, a businessman some might consider mildly successful: "I skate to where the puck is going to be, not to where it has been." It's time to get serious about CRM—as perceived by the customer—and to lay the foundation for tomorrow's business. It's not an either/or—it's an and.

Happier customers stay longer and buy more. ■



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