



Staying Alive: Sustainable Business Performance

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Microsoft
*Business
Solutions*

About Bob Angel & Gilford

- Individual-customer strategies – behavioral event methodologies and customer knowledge
- Performance management, ROI, and business cases
- Previously, marketing management for 2 technology companies, and VP Finance for 3 multi-nationals
- Associated with TPSI, an international organizational development and strategy consultancy
- Schulich School of Business – Strategic Market Planning

What if: You Are The Chief Marketing Officer....

You need to increase *Customer Relationship* profitability:

- **Deepen** current relationships – volume, value, frequency, referrals
- **Win-Back** important customers
- **Acquire** new relationships

How are you going to:

- Drive cost out of customer facing activities
- Move interactions to lower cost channels
- Build in responsiveness to your customers' needs and circumstances



Without impacting top-growth or losing any profitable customers?

Staying Alive: Sustainable Business Performance

“Far-sighted service and product organizations are getting sustained performance improvement by paying attention to their two most important assets – employees and customers – and how the two are linked”

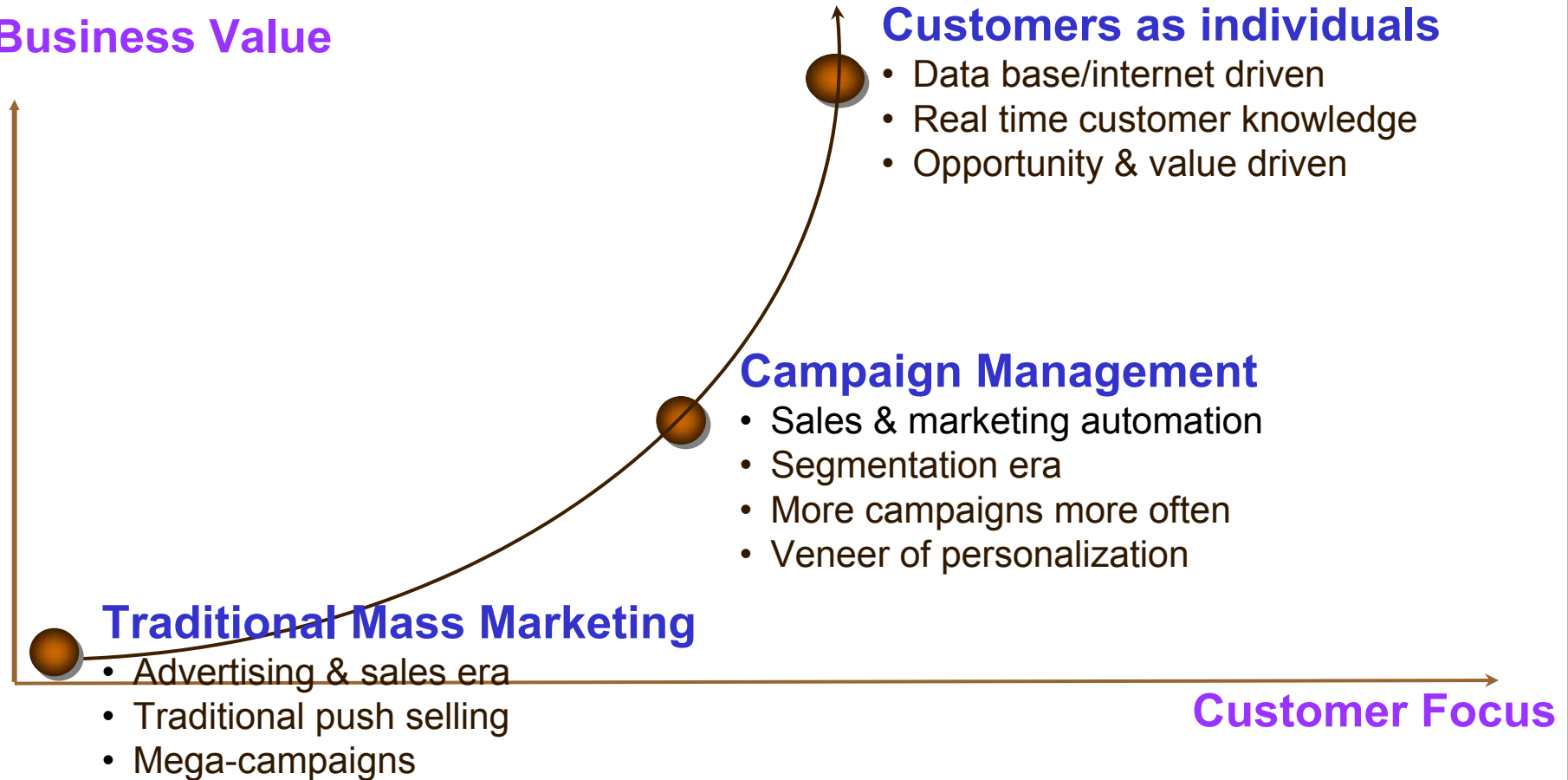
Agenda

- 1. Value-driven Customer strategy.....** is a prerequisite for successful service delivery
- 2. Employee culture change....** is the key to sustained organizational performance

1. Value-driven Customer Strategy

Marketing Communications Evolution

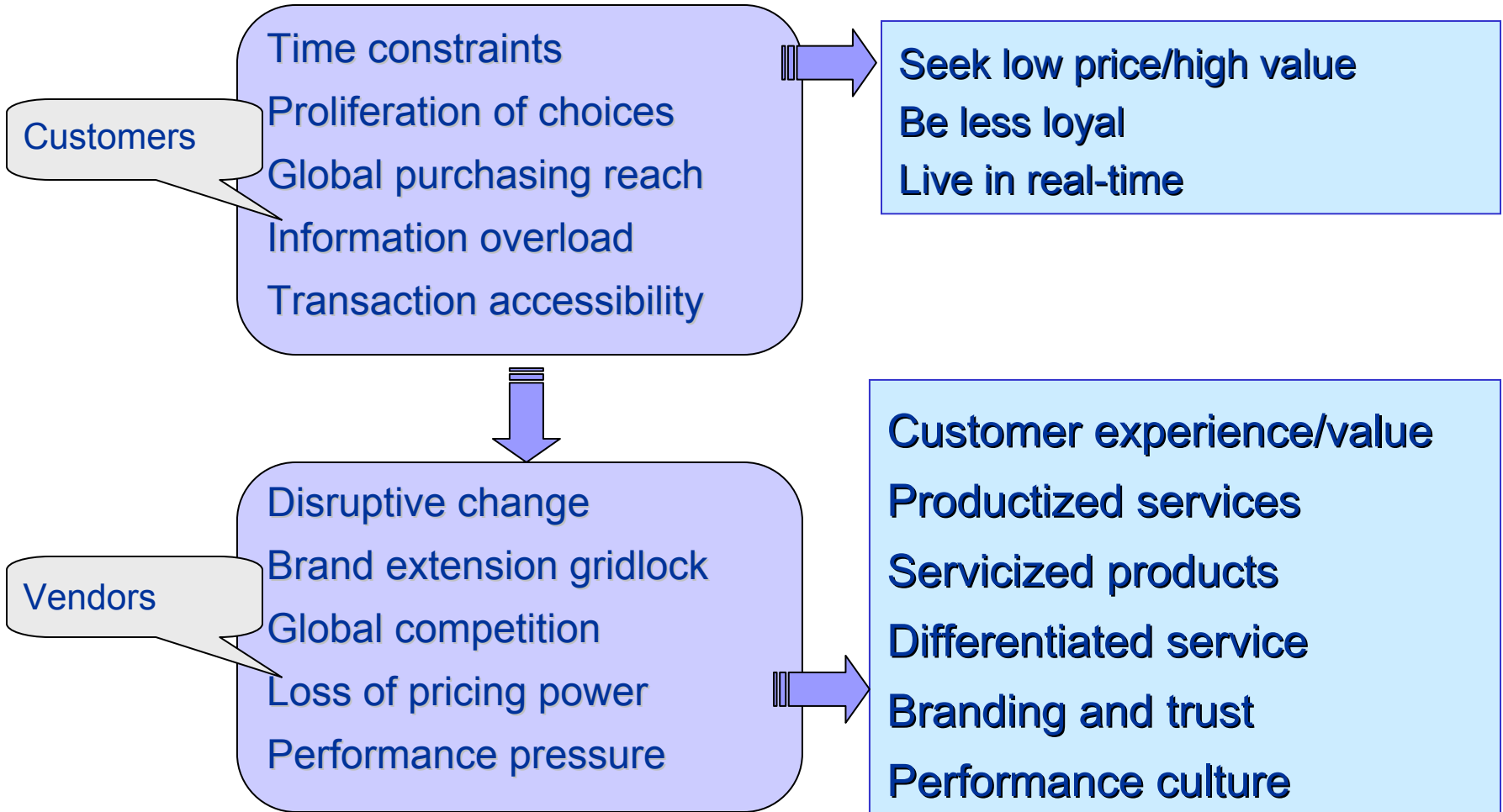
Business Value



From Product Push to Relationship Pull

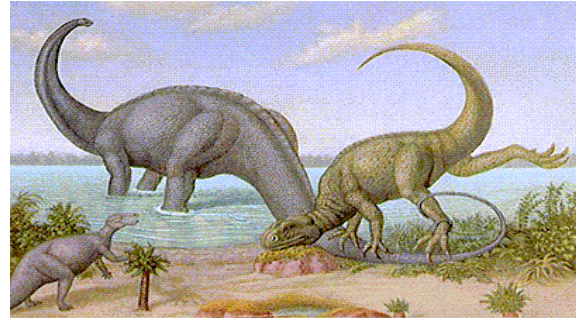
Adjusting to the New Market Reality

Market Realities



"Sustaining profitable customer relationships requires real leadership", Bob Angel, Ivey Business Journal, November-December 2004

What to Do with the 80% of Customers that are Not Profitable?



This is one of the most crucial customer questions facing companies today – despite significant SFA investment many companies still cannot:

- Calculate *accurate* profit contribution by customer
- Identify top customers – most valuable, highest potential
- See relationship histories, understand changing needs

Objectives Driven Performance

1. Segment Market

2. Research Existing Product & Service

3. Deliver into Market

**Corporate/
Departmental
Objectives**

4. Sell to meet BP Goals

5. Quarterly push to meet numbers

8. New Marketing Campaign

7. Rewrite Plan, set goals

6. Reward/punish

Technology driven: Sales & marketing automation, web tools

Superficial business cases

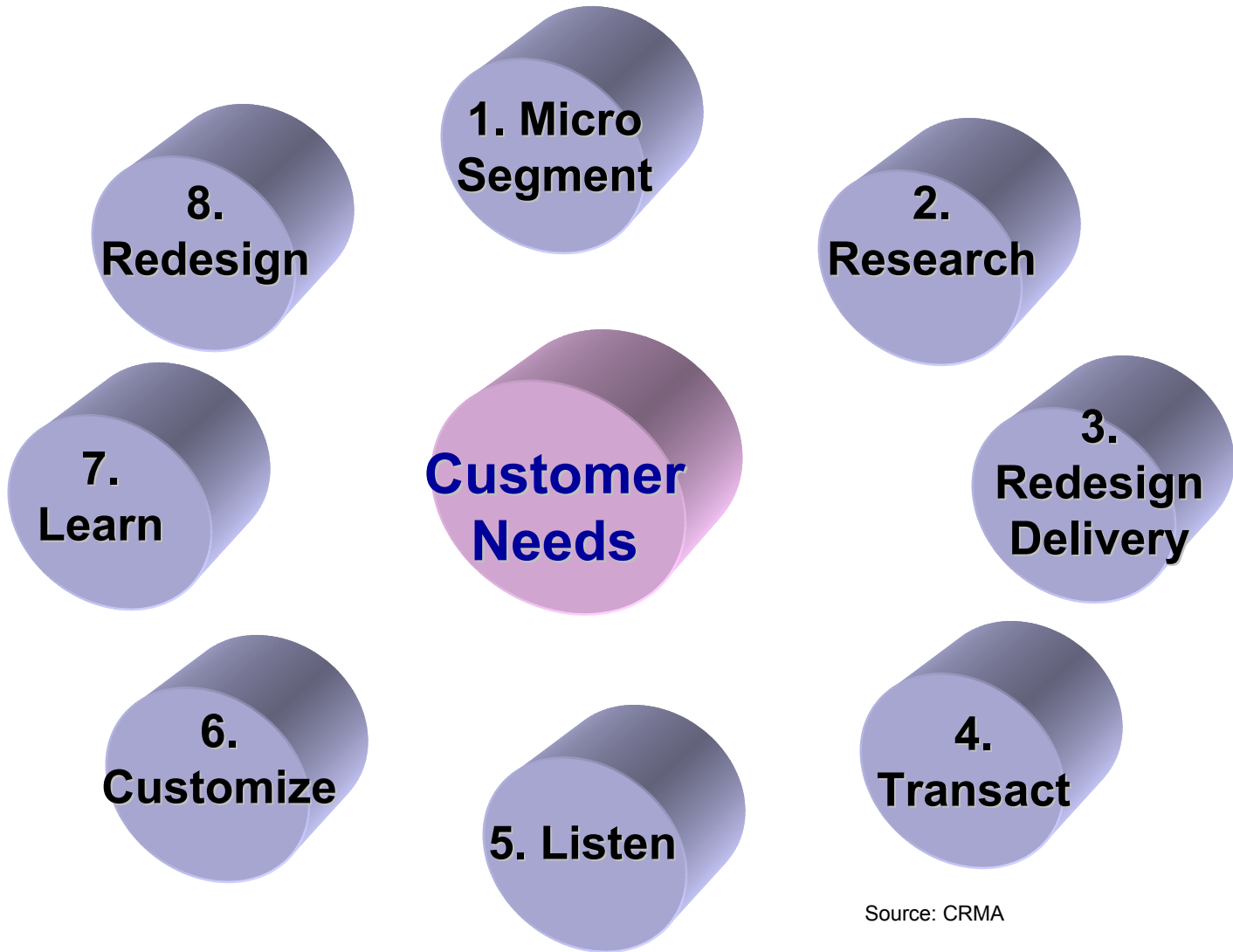
Result: poor understanding of customers' and employees' individual needs

Source: CRMA

Silos, internally-focused, customers frustrated

Customer-Centric Performance

Customer strategies supported by tangible business case



Source: CRMA

Outside-in relationships, enterprise-wide, teams, adaptive

Cultural Shift Required



Organizations must shift from:

To:

- Marketing communiques → *customer dialog*
- Data silos → *enterprise-wide customer knowledge*
- Aggregated view → *granular view*
- Customer value → *value for the customer*
- Integration management → *performance management*

2. Employee Culture Change

Employee Disengagement

Canadian workers feel neglected

43% rate their company as a good place to work

24% believe excellent performance is rewarded

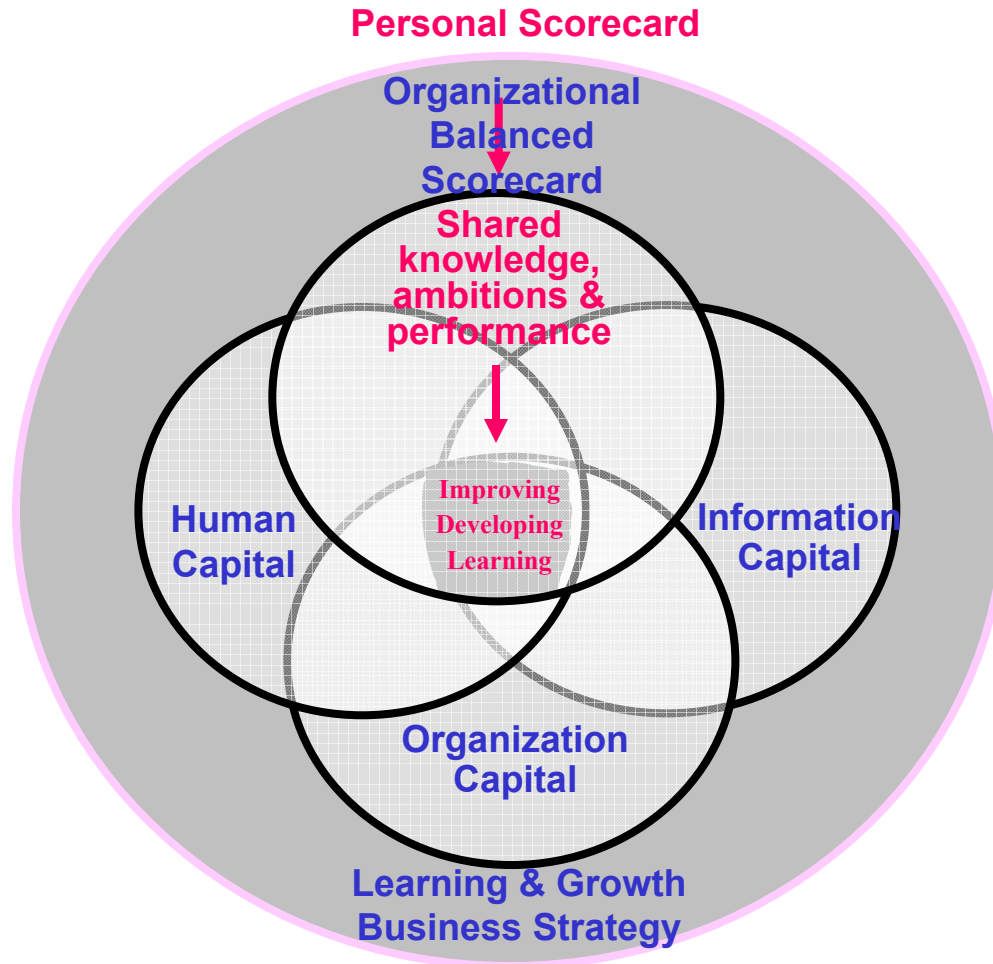
52% have been given the training they need to properly perform their jobs

- Watson Wyatt's WorkCanada 2004/2005 survey

- Employees indicate: 20-50% of their capacity not used
- 60-80% of absences caused by loss of motivation, not an illness
- 25% mental absence – annual costs of least US\$3 million per 100 employees

Linking Organizational and Personal Goals

Goal:
Sustained
High
Performance
Culture



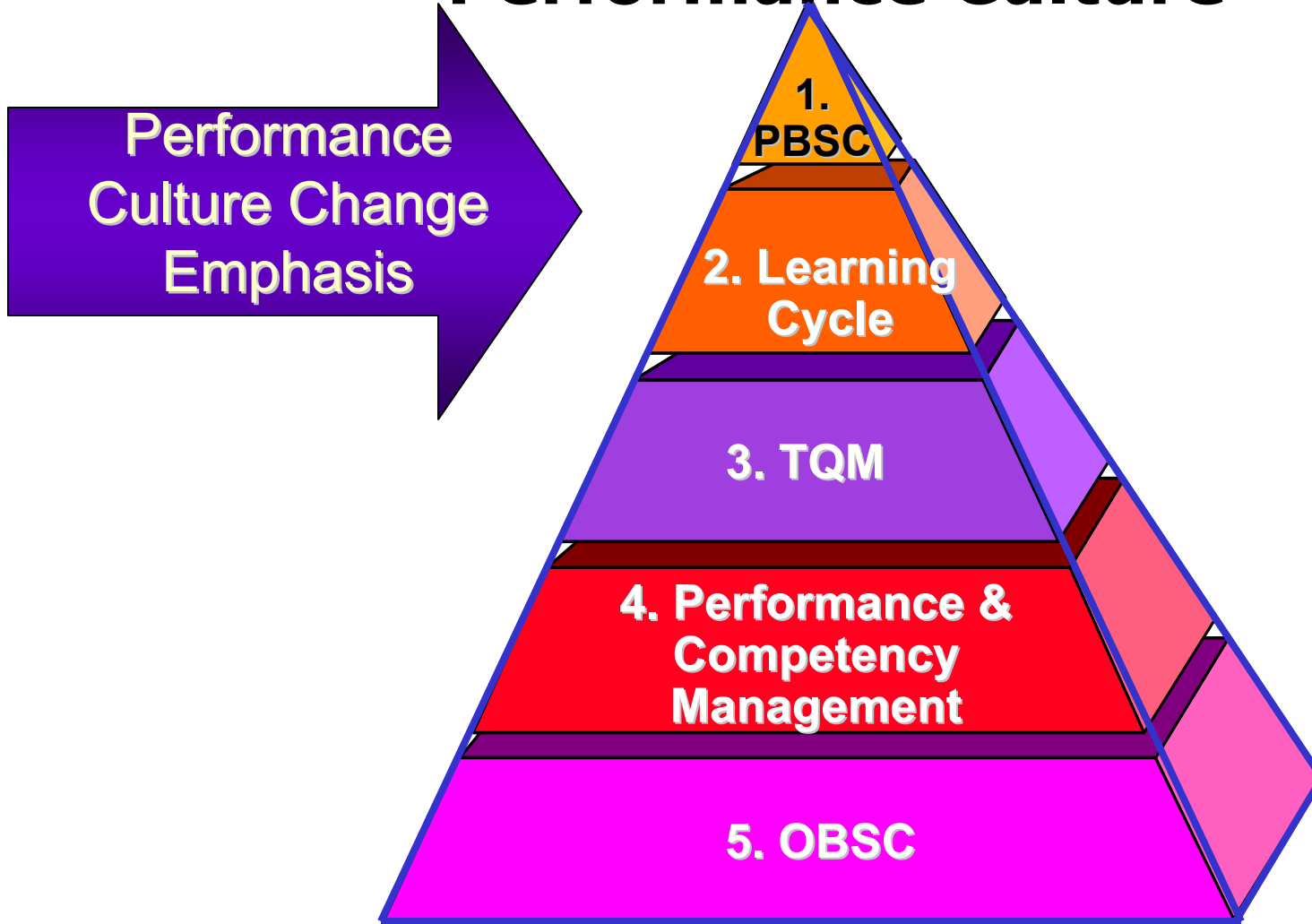
Innovation and Employee Performance

Performance Critical Success Factors

- 1. Performance Vision**
- 2. Linkage and alignment of goals**
- 3. Leadership development**
- 4. Talent and retention planning**
- 5. Ongoing support for performance culture**

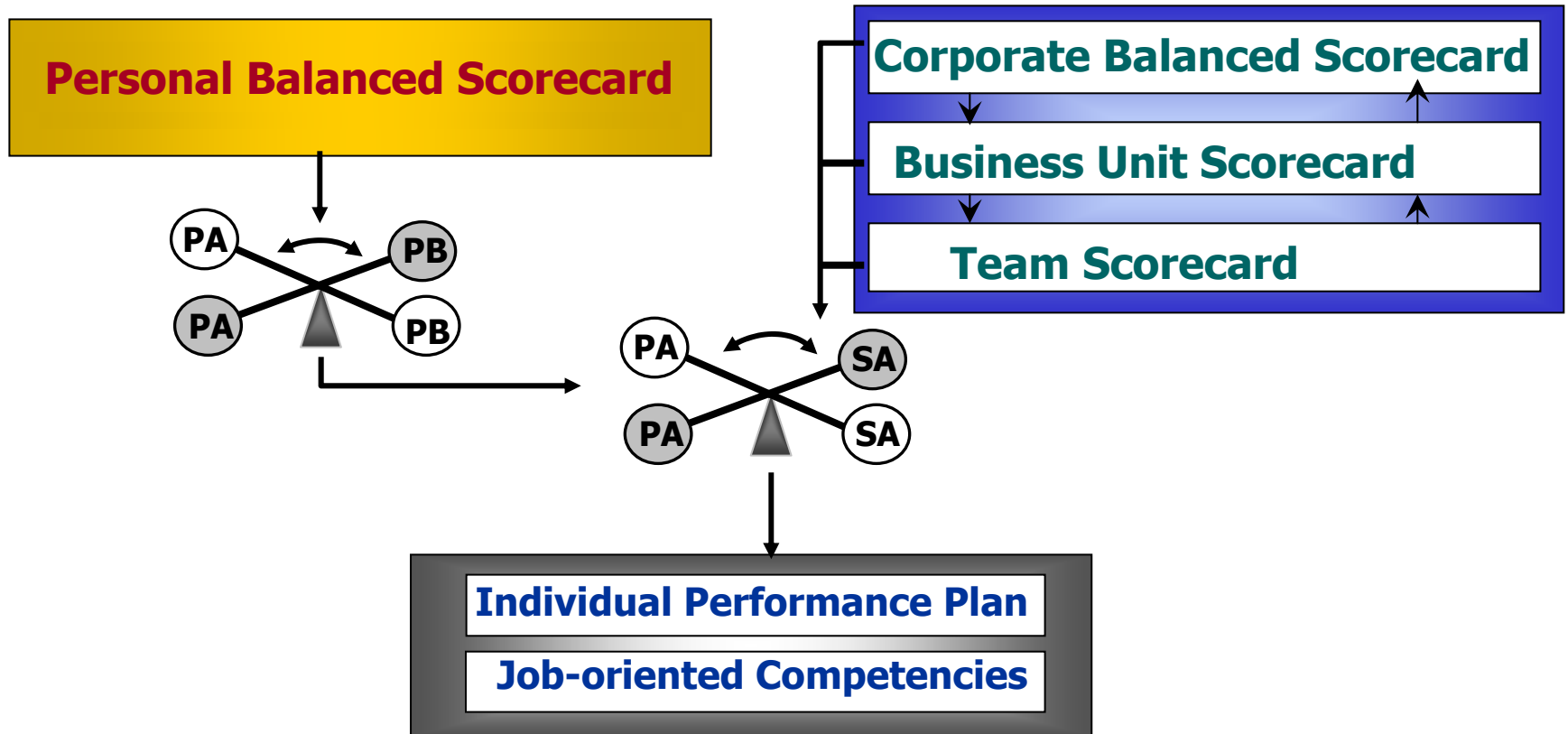
Prerequisites for Future Growth

Creating a High Performance Culture



Fully integrated high performance environment to close the performance gap

Balancing the Scorecards



"The Missing Link"

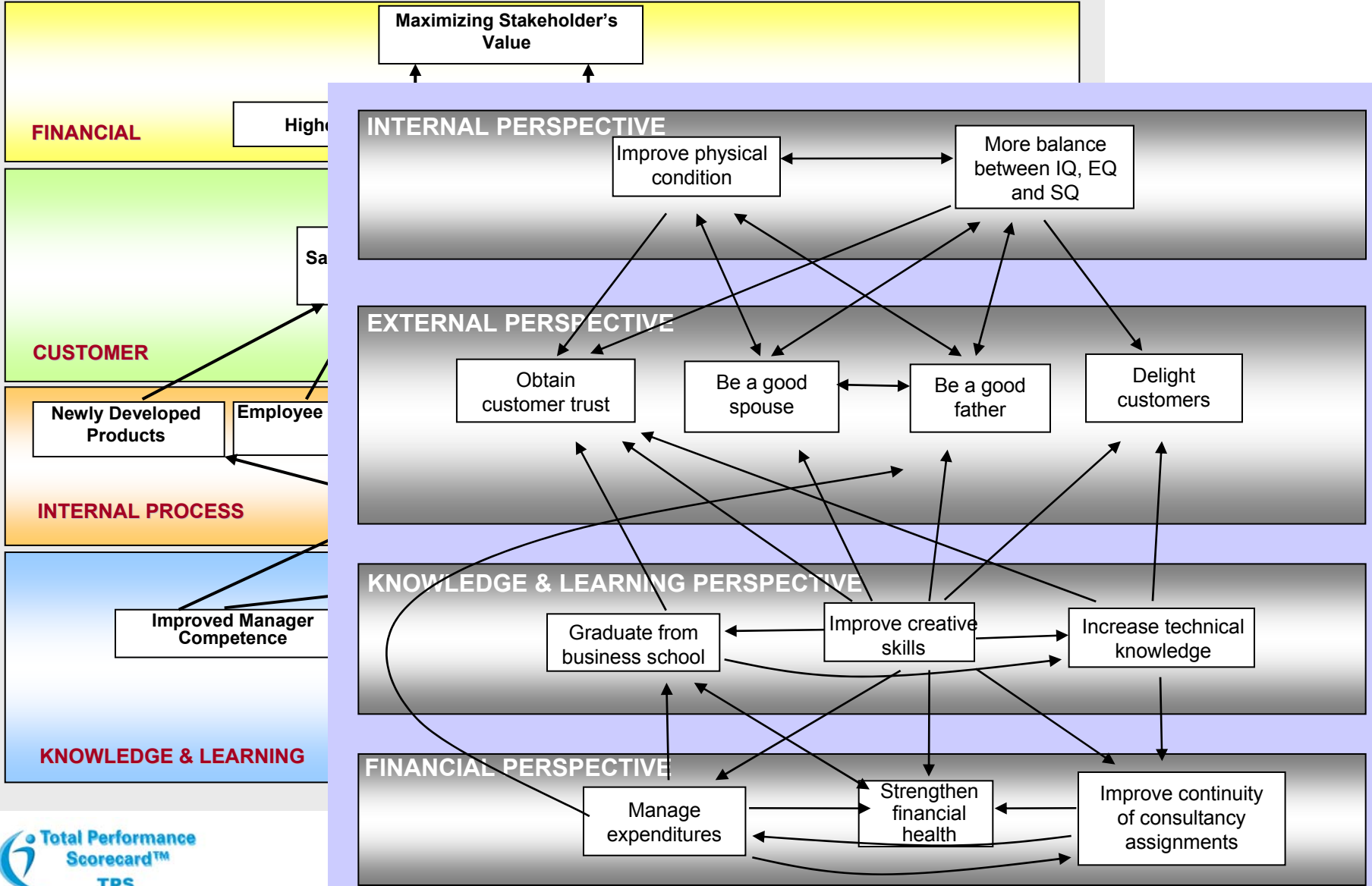
Concordance between Personal Ambition (PA) and Personal Behavior (PB)



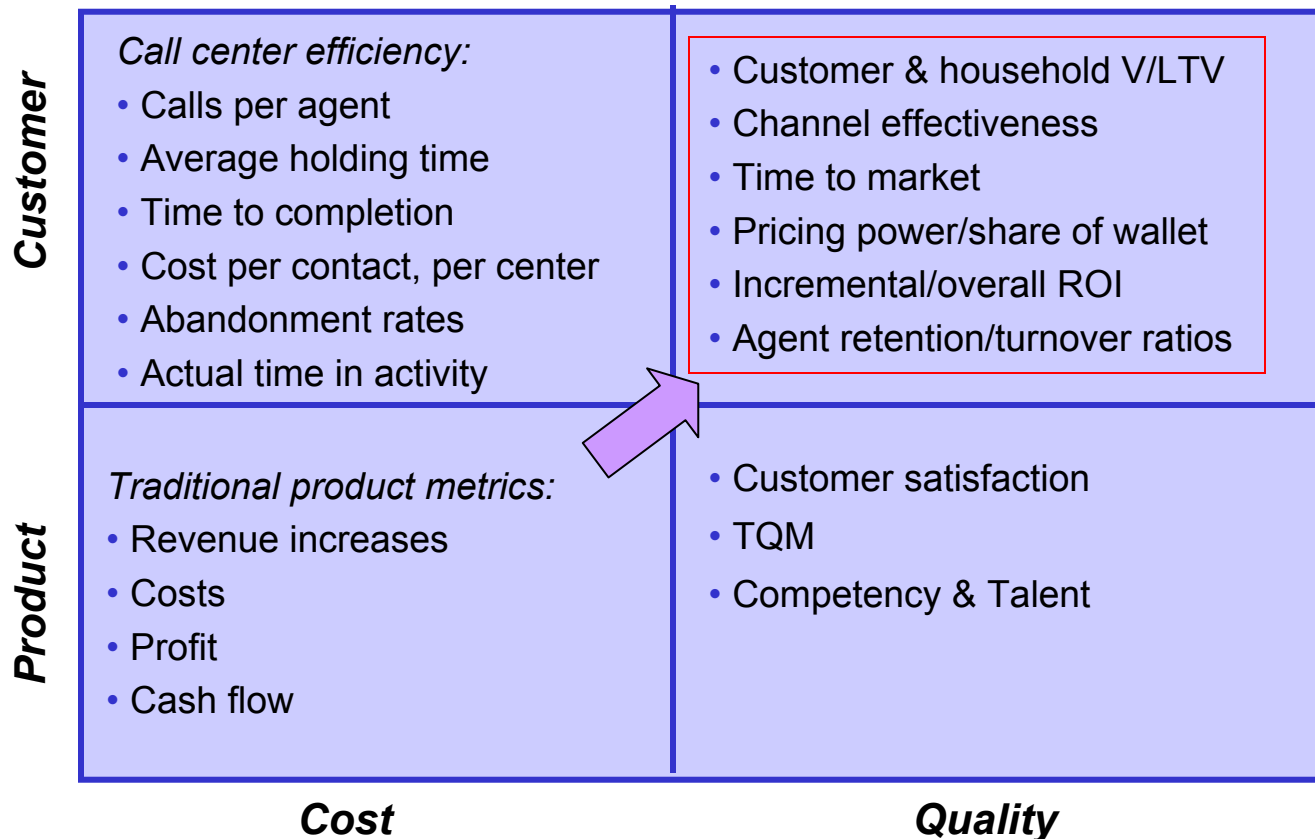
"The Missing Link"

Concordance between Personal Ambition (PA) and Shared Ambition (SA)

Cause-and-Effect Chain

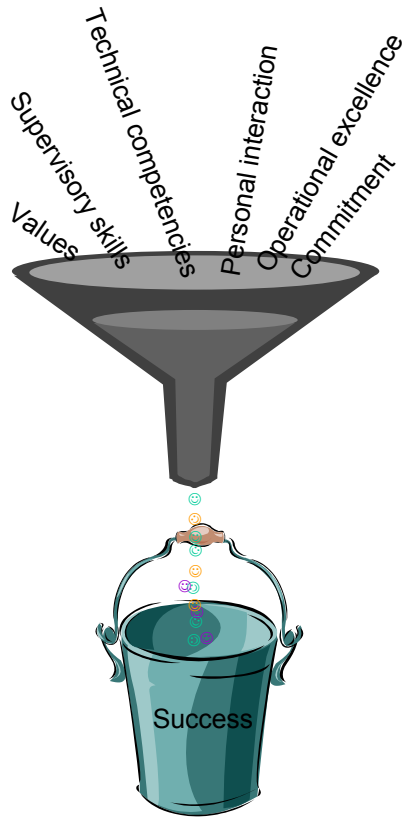


Move From Cost Performance to Service Performance



Measurement needs to be followed by Action

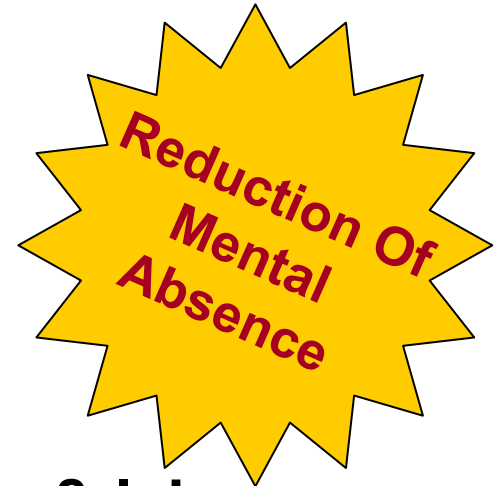
Case Study – Distribution



- Senior management personal score cards
- Performance plans aligned to organizational score card
- Group decision making sessions
- Coaching and competency skills addressed (talent management)
- Risk analysis of security enhancement project
- Next step: improvement plans for departments and individuals

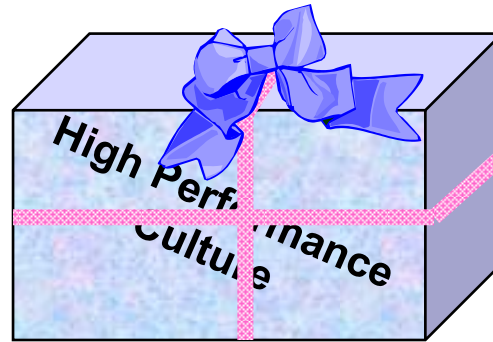
Potential: Towards a Learning Organization

- **Typical benefits over time:**
 - > **50% higher employee satisfaction**
 - > **20% higher usage of people's capacity & labour productivity**
 - > **20% higher customer satisfaction**
- **Working smarter instead of working harder**
- **Improved motivation, enjoyment and inner commitment**



Source: TPS Research in the Netherlands, 2003-4

Any Questions?



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