



Michael A. Brown's

## *Business To Business By Phone*<sup>®</sup>

Third Quarter 1995 Edition

### ON KEEPING CUSTOMERS

We all want to stay close to our customers. The curious thing is that it's increasingly hard to do and I think I know why.

It's *CHANGE*. Not service failure. Not lack of attention. Not even competition. Simply change caused by reorganizations, growth and success, deaths, new technologies, and so on.

For an emphatic example of the power of change in your business, look at your list of dormant (not merely short-term inactive) accounts. Examine accounts that originally represented a mutual opportunity and with which you did good business. But then your contacts were reassigned or laid off. Or the account was acquired. Or *you* changed your strategic focus. And the business went away. Even though we behave as if we *want* lifetime customers, there really are very few of them.

Nowadays, changes are both rapid and complex. To produce performance and profit improvement, your people must be able to apply their skills in an uncertain, unsettling atmosphere of *constant* change. So as part of every project from now on, we will ask you about the changes in your organization and marketplace and how you expect your people to deal with them. We'll ask how *you*, as an executive or manager, plan to deal with change. Together, we'll develop real-world, workable ways to manage change and help assure you positive ROI from our services despite the turbulent times.

### TOWARD PROFITABLE CUSTOMER SERVICE

Customer care doesn't really come alive or generate money for you unless and until it's a *genuine profit center*. Here's how to begin making the conversion from cost center to profit center.

First, divide your cumulative earnings from each account by the account's longevity or duration. The result is the Annual Account Value (AAV). For example, if the earnings, i.e.; profits, not revenues, from an account are \$100,000 and they've been with you for 5 years, the AAV is \$20,000.

Next, determine the mid-point (not the average) of all your AAVs. This figure is your Median Account Value (MAV). Divide the MAV by the typical number of annual contacts per account. The result is your *Value Per Contact*. If it's greater than the cost per contact, which you probably calculate already, you have a Profit Center!! Hooray!!

Viewed this way, every "touch," whether sales, service, technical support, or administrative, represents money *IN*, not out. It starts your people thinking and acting as producers rather than consumers of the corporate treasury.

Clearly, this financial exercise is only a first step. If the idea of re-engineering customer service into a profit center appeals to you, consider my new workshop: *How to Build and Run The Customer Care Profit Center*. Call (800) 373-3966 for details.

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### FUNNY STUFF

The folks who produced this summer's *Senior Executives Sales & Marketing Conference* charged \$695 before May 15 and \$795 after that date. Their first promotional announcement arrived on June 9. (Do we get \$100 for not going at all?)

I received 3 identical copies of a brochure for a seminar on *Merge/Purge Strategies For Mail and Phone Lists*.



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In a recent program for a Boston-area client, I told the "firemen said we have to leave the building" story ... the one about the importance of asking if it's a good time to talk. The very next morning, *a lightning bolt struck the power lines behind the building!* The electricity went off, the fire alarm sounded, and the Natick, MA fire department sired-up in full battle array! I guess it *wasn't* a convenient time to talk. Fortunately, no fire or injuries, only some jangled nerves.

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### EVENT CALENDAR

*Business To Business Database Marketing*, conference and expo. New attractions this time include an exhibits area and special alumni consultation sessions. Dallas, October 23-25. (800) 373-3966.

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### GET THE LEAD OUT

Check out your Sunday newspaper and count the want ads which describe the company as "leader" or "leading." Of the *dozens* of self-styled "leaders" advertising in a recent *San Jose Mercury News*, many didn't even appear in the Northern California Business Directory.

The "leader" moniker ought to mean something. Above all, it must be *true* to be valid! Everyone knows who the real leaders are. It's silly and pompous for others to pretend.

*Best Advice:* "Dynamic," "growing," "progressive," and "profitable" are excellent adjectives. Write them into your ads. Better still, describe what the position is all about and the kind of people you're looking for. Then sell the benefits of working at your company. Ask for a creative, thoughtful response, such as a voice message, rather than a written resume, for telemarketing or telesales positions.

### FROM THE LEGISLATIVE FRONT

Several clients have asked about Congressional actions to regulate the "telemarketing industry." Because service bureaus are the only "telemarketing industry," I don't believe that their likely regulation is a big concern for us, with one important exception. We *do* have to worry about lobbyists for the "telemarketing industry" purporting to represent *our* interests as well.

We who do normal business-to-business by phone are *different* from the "telemarketing industry." For example, we don't use predictive dialers, so laws restricting electronic canvassing would not harm us. Nor would laws making marketers, rather than consumers, responsible for managing who gets called and who doesn't. Nor laws restricting night and weekend calling. That's why, from both marketing and legal perspectives, *we need to differentiate ourselves from the "telemarketing industry."*

Some "telemarketing" lobbyists are invoking the 1st Amendment defense against "unwarranted intrusions" in phone commerce. I recommend that we invoke *our* free speech rights to help Washington (and Ottawa) hear and understand our positions. Write, call, fax, or e-mail your elected officials today!