

Bubble Up to the Top: Insider Tricks to Finding Your Best Customers An Interview with the Customer Care Coach, JoAnna Brandi

Customers are gold. They are the precious rocks that generate revenue for your business. Some yield boundless ore, some show you where the ore is, and others just sit there waiting to be unearthed by you or a competitor. Can you define which customer is which?

Before you reach out to a customer, you need to know which set of gloves to use. To help us understand, *Insights* spoke to JoAnna Brandi, publisher of the Customer Care Coach (www.customercarecoach.com), a 40-week training program in the art and science of exquisite customer care. Brandi provided some rather insightful advice on data that often gets overlooked.

Insights: Where does the most relevant data about your customers lie?

Brandi: It lies with the people who talk to the customers the most. Which means it may not be recorded electronically. The second most likely place it probably lies is somewhere in the accounting system.

Insights: For most, finding the best customers has been an exercise of following the Pareto rule which calculates that 80 percent of your business comes from 20 percent of your customers. Do you agree?

Brandi: [The Pareto rule] is not always right. I say that the Pareto rule is a self-fulfilling prophecy. And companies make huge mistakes by thinking that it is not. But it's a self-fulfilling prophecy. If we only pay good attention to the top 20 percent, that rule will always be true. But if we move off of that a little bit and start defining what a good customer is differently than somebody that spends a lot of money with us, then I think there's a lot more room for understanding customers differently and getting a lot more business. My belief is that you should be nurturing your good customers and your best customers, but you really need to define what those words mean.

Insights: What can you learn by just looking at your customer list? How should it be sorted?

Brandi: Some people look at customers and say, 'My best customers are those that are most profitable. The ones that have the highest margin.' That is one way of looking at a good customer. Those are the people that follow the Pareto rule because those are the only people they nurture. They only nurture the ones that spend the most money and have the highest margin. But then there are other things we should be looking at.

Who are our most recent customers? People that have bought from us recently have a likelihood of wanting to spend more money with us soon there after if they've had a good experience with us.

Some companies' names are so valuable that you want them on your customer list and you want to nurture that relationship even if they're not a high margin customer. So for me in the early years of building my business I wanted to make sure that some of the big names were on my customer list.

Then there's referral business. You may have a customer that's not high margin, who buys from you three or four times a year, but they've referred more people to you than anybody else. And very rarely do people track any of that stuff. So who are the people that give you your best referrals regardless of their individual profitability? And in that same line who are people in different industries that are well networked?

I love low maintenance customers. Easy to deal with. They may not look highly profitable on the surface but they don't stress your system out in any way. They've learned your system. They buy what they want. Then they're out of there. So there's no activity costs. Whereas you can have someone who is a high margin person who's also high maintenance. So every time they buy something they tie up two members of your staff for two weeks asking questions. Those are the hidden costs. If you just go to the accounting department and you look at the balance sheet, those people look like highly profitable clients. But when you go into the customer service or sales departments you find out they're draining your staff; they're sucking the energy out of your people; they're returning things all the time; they complain constantly; and those are high maintenance clients. Those are not highly profitable clients for you. People have to learn to look at the whole picture.

Another way to look at your clients: who are the smart ones? Customers who have good suggestions and good feedback are worth something to your company. Because these are the people that are going to help you develop your next generation products.

Insights: What data should you be collecting that often gets overlooked?

Brandi: You could put a weighted value on each one of these things. It's not just about how much money a customer spends with you and what the margin is, but there are tangibles and there are intangibles. Where we have the opportunity to create value is in the intangible stuff. Other information that can be really useful is when we can track people's purchasing behaviors. How do they buy? How do they prefer to buy? Do they buy at specific times of the year? If you're able to track that data, you can then be proactive. You can even appear to be reading their minds.

Insights: What are areas where you can start to build trust with your customers? How can you convince them?

Brandi: Information and the proper use of information can be used to enhance the customer experience. The customer experience is the sum total of the feelings evoked as a result of any interaction that takes place at any such point in the organization. It's based on the perception of the value that was delivered, tangible and intangible.

The customer experience is about feelings and I truly believe it is. The guy that won the Nobel Prize in economics in 2002, Daniel Kahneman, won it because he proved that people do not make decisions based on logic; they make them based on emotion.

What the sophisticated systems today give you the opportunity to do, that we were never really able to do before with computers, is they give you the opportunity to have continuity in a relationship without having to rely on your memory all the time. It gives me the ability to build and nurture the relationship with less stress. Isn't that the premise of one-to-one marketing?

Insights: What are the alerts you need to be aware of when taking care of customers?

Brandi: Certainly if a customer has a problem. You have to be able to act immediately to solve the problem on the spot if possible. The quicker you can solve that problem, the more likely it is that the customer will come back and buy from you again.

In the course of a conversation, the customer may say something like 'If only you could do this....,' 'Oh, that's too bad, 'cause I really needed that....,' or 'Oh, I was really looking for the other thing.' Sometimes the customer in regular conversation will give us indications of where we might be falling short.

Companies that really value their customers have these kinds of systems set up so that instead of the rep getting off the phone with the attitude of 'Oh man, wasn't that guy such a pain,' which is how they get off the phone many times, the rep is

getting off the phone and saying, 'Wow, looks like I've got a customer in danger here. What can we do to really prove to this customer that we're the right company for them to be with?' That's a whole different attitude.

Insights: How do you convince people that the data they're collecting is valuable to people outside their department?

Brandi: This goes back to the culture again. The culture in the company has to be that anything at all about a customer, any piece of information about a customer, is valuable information.

The 'how' comes in an education of everyone in every part in the company in how valuable the customer is. And that goes to looking at things like lifetime value. Everyone needs to know what the lifetime value of the customer is. I'm a real proponent of making your numbers more visible. I'm a proponent of what I called customer metrics. If you knew how much money it cost you to get a new customer....

I think, quite frankly, most people that deal with customers think they're a dime a dozen. They don't realize how expensive it is to get them. And they certainly don't know that the customer that we're in danger of losing hasn't even paid us back the investment we've made in them yet. When you treat your staff as if they're really important and as if they really are smart and can understand these numbers, and you present them with these numbers, you get a whole different kind of behavior.

Insights: Improvements in data flow. What are the first steps to change corporate culture so data gets to the people who need it?

Brandi: Never say you want to decrease customer complaints. The complaints are valuable. You want that feedback. A complaining customer can be the greatest gift.

You should have a formal system for tracking customer complaints. Traditionally, people don't want to get in trouble so they don't tell anybody about a complaint. But there could be something bad happening out there that's totally fixable that nobody's addressing because there's no system for capturing the data. Take the stigma off of the word 'complaint' and get people to look differently at customer feedback.

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