



Investing in Your Customers

How much is too much?

BY LINDA WOLSTENCROFT

There was a sales executive who would go to the local pub almost every day to see a potential customer. This was his approach in trying to win a military contract for his company. He spent days, weeks, and months attending all gatherings and all the events. He mostly likely had a deep personal relationship, perhaps even friendship, with his potential customer.

Then, the RFP came out and the competition was on. As a competitor, we did not have an intimate personal customer relationship as part of the approach. Rather, our focus was to provide the technical and management solution proven successful by past experience and to show that our solution was the best fit for what the customer was seeking. We, too, had solid relationships; however, these were based on historical business relationships from previous projects with the customer instead of relations built by chatting at restaurants and at trade shows.

The sales executive's company lost the bid to our competing company. Taking this approach to developing new business was likely not his fault; it could very well be that his CEO thought this was the best approach to securing the business and mandated the sales executive to work this way.

On the other hand, there was one case where a customer relationship was close to non-existent - mainly because the bidding company believed that their technical solution was a shoe-in for the contract and felt there was no need to do anything more. The surprise was that they were not awarded the contract. The post-mortem on their proposal showed that they were not even close to meeting the requirements of the RFP. This company was so sure of themselves that they offered an

alternative solution without even vetting it with the customer.

These are two examples of how customer relationships can make or break winning new business.

What are the principles?

Balance the investment in customer relationships. Too little investment doesn't work, but sometimes too much doesn't either.

In our example, the sales executive spent a large amount of time and effort with his potential customer. But the relationship was primarily personal and this ended up working against him. There were two main factors that led to the loss of this contract: First, his company did not have the best technical and management solution, nor customer value proposition; and second, there was no business relationship in place on which trust could be built, there were only personal relationships.

Honour shared values. Beliefs and values are important. In the case of the former military member, there were indeed shared values because he had "been there." But this is not always essential and can sometimes even be harmful. Many people who have not had direct military experience can still share military values and understand their importance.

And contrary to what one might think, some militarily experienced people struggle with forming relationships with military personnel in their new business role.

Form multi-level relationships and multi-disciplinary relationships between organizations. Even larger companies with enough people can avoid making contact and be guilty of leaving relationships to a sales executive during a pre-contract period. Having a few - say 3-5 (or more) - solid relationships between the company and the customer helps. Where the contract award decision is complex, having relationships with each entity involved in the decision-making is a best practice.

Wherever possible, relationships should be

formed in the disciplines of procurement, technical, program, offsets and executive.

Engage early. Complex campaigns for large business opportunities take a long time. Start early enough to make a difference. Some companies wait for the proposal calls before they start working in earnest. The better practice is to follow the opportunity from its gestation stage.

Develop a clear customer value proposition. Along with a solid customer relationship between a selling organization and its customer, a clear customer value proposition is necessary. The customer value proposition shows the customer the value to be achieved if contracting with the seller. Offering a better price, a superior solution, stronger customer intimacy, or long-term gains are four different basic foundations for developing your unique customer value proposition.

Constantly provide value. To gain new business throughout the campaign, add value constantly. Some firms go so far as to criticize or threaten their potential customer publicly. Obviously this does nothing to show the value that they can provide, but a media campaign that sets out honestly the positive attributes of an offer can indeed illustrate value.

Fixing relationships is also important if the situation has deteriorated during the project. In one case, a company was in non-compliance with their contract and at risk of default. The intervention provided included program, technical and customer issues. However the largest factor that turned the situation around by far was the mending of the customer relationship.

If a customer relationship is not prioritized, a potential contract awardee is at risk - even when a high-quality technical solution is offered. To improve the chances of being successful, concentrate on the customer relationship with the strength it deserves.

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