

# The **TEL** Solution

By Paul D. Alexander

## About the Author

Paul Alexander is a business consultant and the creator of many highly effective business improvement processes.

He is a leader in the development of customer and employee engagement programs for businesses in the United States and Mexico, and is renowned for turnkey, proactive: marketing, sales, customer loyalty and employee satisfaction solutions. Paul is Chairman of Alexander Group, Inc. and brings more than 23 years of experience in the performance improvement industry to his clients and his writings.

*Research shows that only 14%, or 1 in 7, of all employees are engaged in their work and to their employer.*

***Annually, the lack of employee engagement results in \$17,000 of lost productivity per person. How many employees do you have?***

*Additional studies show that if you want to improve and increase your business you must identify your customers and prospects, engage them and maintain them.*

**Tactical Marketing and Sales**

**Engaged Employees and Customers**

**Loyalty Marketing**

The **TEL** Solution is a comprehensive initiative for business-- both large and small -- which is comprised of three essential elements that drive success. The elements are **Tactical Marketing and Sales, Engaged Employees and Customers** and **Loyalty Marketing**.

Research shows that only 14%, or 1 in 7, of all employees are engaged in their work and to their employer. 75% of all workers are disengaged, this means that 11% of all workers fall somewhere between engaged and disengaged. The lack of engagement to the work and resultant loss of productivity costs American business, on average, \$17,000 per year per employee. If you wish to put this into perspective you can multiply your total number of employees by \$17,000 and that is the amount of money you will not see on your bottom line this year as a result of lost productivity. If your business is like most, large or small, this number represents a loss that you cannot afford.

Are you satisfied with your:

- Number of new customers
- Number of repeat customers
- Gross revenue
- Net profit
- Employee morale
- Expenses as a percentage of revenue
- Employee productivity

If not, The **TEL** Solution may be just what you have been seeking. Consider the three elements, as described below, and what they represent in relation to your current business model:

## Tactical Marketing and Sales

*Know your customers and potential customers; know who they are, where they are and what they buy.*

Whether your business is **Business to Business** or **Business to Consumer** your first challenge is to know your customers. In the case of B to B, you must know the profile and desired applications of your product's ideal user or reseller. In the case of B to C you must know the demographic and user profile of the end users of your products or services. It is also very important that you focus the majority of your company energy on your best customers which on average represent only 20% of your customer base.

Once you know who your customers are – their needs and their buying influences – then you can target them in all of your Marketing and Sales efforts. If you rely on Traditional Marketing, which is the passive dissemination of information, you are probably exhausting your marketing budget by merely making a suggestion about your products and/or services to an unidentified audience.

If the passive approach to your business success is unacceptable to you there are steps you can take which are fast, effective and will drive immediate results. These steps start with Tactical Marketing.

The application of Tactical Marketing in any organization begins with:

- Identifying your customers
- Prioritizing your customers by order of their affect on your profitability
- Creating a database with all relevant customer information
- Focusing most of your sales and marketing energy on those customers

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Of course in the process of building a superior relationship with existing customers, we cannot overlook or neglect the opportunity for new customers. The tactical approach to new customers is also a specific series of intentional actions and events, the most consequential of these actions are:

- Acquiring the target prospect's interest
- Drawing the prospect in and creating an opportunity
- Delivering a positive experience
- Providing a reason for the customer to want to return
- Building a relationship and adding the customer to your database

A detailed customer database is the best of marketing tools, but it is much more than just a tool. For your business it will become an asset. A customer database is the key to placing a very tangible value on the "blue sky" dynamic of your business.

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## **Engaged Employees**

*Employee Engagement is not something that you talk about with your employees; it is something that you do.*

If you do not wish to suffer an annual loss of \$17,000 per employee then you will want all of your employees totally engaged in your business. Engaged employees care about:

- Their company's success
- How productive they are
- The company's customers
- Their work environment

If you are unsure if your employees are truly engaged there is a very simple exercise that will give you some insight. You can most likely perform this exercise without actually talking to your employees because you probably already know the answers and these questions will help you put what you already know into perspective. Just imagine that you ask your employees three questions. If the potential answers to these questions make you uncomfortable because of what you imagine your employees might say, then your employees are probably

not engaged. Of course if you are unsure you can always just ask them. The questions that you would ask your employees are:

1. Describe for me the ideal boss
2. Describe for me the ideal work rules and environment
3. What value do you think that you personally bring to our company?

Whether your current company situation is a new start-up, a well established enterprise, or a company formed by the combination of one or more companies, through merger or acquisition, engaged employees are essential to success. Your employees cannot or will not engage your customers until they, themselves, are able to truly connect with your company. Through the engagement process you will: place obvious personal value on your employees, respect their ideas and their input, improve employee satisfaction, increase productivity and foster an atmosphere of shared success.

Your employees can make a definite difference. Although overall business success is always the ultimate goal, very often your company goals are just “too big” for your employees. Engaged employees must have goals that they can understand, relate to and impact.

Engagement gives workers a voice. It facilitates feedback and opens the channels for candid communications like reverse evaluation. Engaged employees become empowered employees and their powers include problem solving, diagnostics and corrective abilities. Engaged employees are less likely to leave your employ, which lowers replacement and training costs. They are safer, more productive and much more customer oriented.

## **Engaged Customers**

*Customers appreciate a sense of belonging.*

Once your employees feel the power and benefit of engagement, they will *want* to project that feeling to your customers. Your employees will reach out and apply to those customers that same sentiment of shared success. In business we often talk of the win-win scenario. This, of course, is when we are able to show the customer that the product or service is a good deal for them and, at the

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same time, we know that the sale is good for the vendor. Quality products and services, excellent customer service and fair prices are what we most often consider important to our customers. However, these are all base elements and can actually be provided by any company in the same or similar business. When these three elements become the primary focus of a business then the factor upon which the buying decision is made becomes the price. Whoever has the lowest of the “fair prices” will win the sale. When this happens, no matter what you are selling, whether it is a product or a service, the focus being mainly on price makes what you are selling a commodity.

*True Customer Engagement will divert the focus to value and away from price and when you truly sell value your price does not have to be the lowest.*

*Engaged Customers will give you the opportunity to meet their needs and retain their business now and in the future.*

Engaged Customers will tell you what they think. They will say what they do and don't like about your goods and services. Because they are engaged they will give you the opportunity to meet their needs and retain their business now and in the future. Engaged Customers will:

- Buy more
- Return to you more often
- Be more satisfied
- Refer you to others

*When you are successful in engaging your customers you will recognize that you have created an interactive, positive connection with a targeted source of income.*

When you are successful in engaging your customers you will recognize that you have created an interactive, positive connection with a targeted source of income. This connection will be transparent and it will be based upon:

- Interactivity
- Immediacy
- Facilitation
- Collaboration
- Experience
- Trust

## Loyalty Marketing

*Consumers expect to be rewarded for their loyalty.*

Research shows that it costs seven times as much to acquire and sell to a new customer as it does to sell the same amount to an existing customer. This statistic makes clear two very significant points:

1. The marketing dollars that you expend in the process of increasing your business with an existing customer can be substantial and still be much less than the cost of winning a new customer.
2. You should do everything possible to maintain the customer relationships that you have so long as what you do remains proportionately profitable for your business.

Loyalty marketing is the process of giving the consumer a reason, or reasons, to want to continually do business with you. It is you telling the consumer what is in it for him. It is a mix of tangible and intangible incentives, brand recognition and identification and fulfillment of needs.

Rewards programs are a very common and basic approach to Customer Loyalty. These programs have been around for a long time and they are successful in most applications. The challenge is to make whatever initiative that you undertake; different, desirable and functional. If you choose to issue some in-house medium of exchange that can be used for future purchases then that medium must be: easy for the customer to manage, a positive benefit, immediately redeemable and provide certain (absolute) benefits.

Rewards programs are just the “tip of the iceberg” when it comes to customer loyalty. Every business is different and therefore each approach to loyalty is going to be, in some ways different and in some ways similar. It is very important to create a loyalty program that fits your business type, your products or services and your ideal customer profile. Research shows that customers who receive an award through a Loyalty Program will, on average, spend twice as much as non-rewarded customers.

In the case of business to business loyalty, fulfilled needs and ease of interaction is usually much more impactful than would be some type of rewards program. B to B loyalty programs should focus on the customers’ successes, build value and facilitate their profitability. Businesses buy what is perceived as good for their business, easy to access and uncomplicated.

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*Loyal customers will protect you from the competition, especially in a poor economy, and they will give you a sense of future success because you will be able to track and project repeatable purchase patterns.*

*If we are to survive in this economy then we must take advantage of every tool and opportunity available to us.*

Whether it is Business to Business or Business to Consumer, the basic rules are the same:

- It costs less to maintain existing customers
- It costs less to sell to existing customers
- Loyal customers should always be a top priority

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### **Summary**

The concept of Engagement is not brand new or unknown. You cannot read a business publication without finding some mention or reference to *engagement*. In fact, in a 2007 study conducted by Professor Alex Edmans of the Massachusetts Institute of Technology's Sloan School of Management, the Professor found that the companies on *Fortune's* Best Places to Work list, all of which have engaged employees, saw annual returns of 14 percent while the average company return is only 6 percent.

Similarly, the strategies of Tactical and Loyalty Marketing are not new. However, the question is:

“Are you currently applying these strategies to your business, and if not, why not?”

If we are to survive in this economy, then we must take advantage of every tool and opportunity available to us.