

CASE STUDY

CUSTOMER RETENTION AND GROWTH

Supplier:	Global ITC Services provider.
Their Customer:	UK based multi-national gas producer and retailer.
Type of Business:	IT Infrastructure Outsourcing and Project Services.
Objective:	To retain an “at risk” customer relationship.
Background:	

The relationship with a significant Customer was at risk. The Supplier had signed a five year, multi million dollar contract to manage the Australian IT infrastructure for the Customer. As part of this contract the Supplier agreed to take on a project to significantly reengineer the Customer’s current Information Technology and Communications (ITC) environment and then manage it. The purpose of this contract was to enhance the ITC services to the Customer’s users while substantially reducing the infrastructure management costs.

Issue:

18 months into the contract the Supplier had successfully reengineered their Customer’s environment and was consistently meeting most service level measures. Despite this the Customer’s management and their users were dissatisfied and the contractual relationship was under threat. Why?

When the Customer initially contracted the Supplier they expected that they would:

1. Align their organisation to that of the Customer’s, understand their business challenges and efficiently deliver services as an aligned partner, and
2. Leverage the global capability of the Supplier to bring new innovation and value to the Customer.

The Customer felt that the Supplier was failing badly in both of these expectations. Their perception was that they were just doing enough to deliver the contracted services and were not adding value. The Customer felt that any innovation that was occurring was being driven by them, not the Supplier.

Assignment:

John Smibert was assigned to assess the state of the relationship and to work with the Customer teams to design and implement programmes that would improve the Customer’s perception of the value of the relationship so that the relationship would be retained and grow.

Approach:

We formally assessed the relationship using a "Relationship Assessment Methodology". The process included one to one interviews with individuals from both parties. The assessment determined:

- The current 'relationship level' and the explicit state of the relationship
- The desired 'level' to maximise competitive advantage and return on investment.
- The Gap Analysis between the current and desired 'levels' overall
- The relationship shortcomings and the activities required to move the relationship from current to desired 'levels'.

We then facilitated a workshop between the two parties which produced:

1. An agreed target relationship and a gap analysis to the current relationship
2. A relationship improvement plan that addressed the gap.

This plan addressed the following:

- An improved listening and response mechanism.
- A customer scorecard programme to monitor and improve the customers perception of value.
- An innovation program to generate ideas and manage them to fruition. Thus delivered measurable mutual value.
- A programme to improved business to business alignment to better solve business challenges.
- A partnering program to agree shared vision, goals and values and an agreed partnering management process.

Outcome:

The Customer relationship was retained by the Supplier and the relationship has markedly grown since.

All of the above listed programmes were implemented. Over the next 18 months the level of satisfaction as measured by the formal relationship benchmarking programme improved from 4/10 to over 7/10.

Due to the improved satisfaction of the Customer the Supplier was given more project work and annuity revenues rose considerably over the next two years.

Of particular note the Supplier was ten asked by the Customer to bid for some major global IT projects. This would never have happened prior to the implementation of these relationship improvement programmes.

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