

Customer Relationship Scorecard: Stronger customer relationships

A Road Warrior Group (RWG) Whitepaper by Doug Lyons

Abstract: *An innovative Customer Relationship Scorecard is described that can be used to navigate the full length and breadth of your value relationship with both your customer and your customer's customer. As a result the scorecard can be used to address a wide range of customer, revenue, and profit issues. A number of case studies issues are listed that demonstrate the scorecard's flexibility. The methodology also yields several surprise dividends. It is developed interactively in a 1-Day Business Development session with facilitators from the Road Warrior Group.*





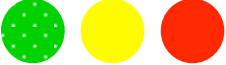
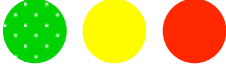
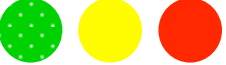
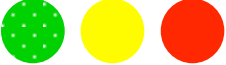



Customer Relationship Scorecard: The scorecard is built on a dynamic, value model that includes both your customer and your customer's customer. Your team, together with RWG facilitators, maps your customer/revenue/profit issue into the scorecard.

The scorecard and its four components are highly intuitive, but are deceptively simple because of the interaction between the four components. Traffic signal colors are used to score strength or weakness for each component of the scorecard. Separate scorecards are completed for each product, each market, and for each class of competitor for a complete analysis.

The completed scorecard provides a snapshot of all relevant information needed to address the customer, revenue or profit issue, and to quickly develop a prioritized action plan.

Strategy can be quickly adjusted as the landscape changes because decisions are made based on a repeatable process using the model and scorecard.

Customer Relationship Scorecard

 Customer Needs	 Customer Pain	 Differentiation	 Customer Mgmt. Alignment
			
<p><i>Grow organizational understanding of Customer Needs:</i></p> <ul style="list-style-type: none"> •Life Cycle:  •Hierarchy:  •Methodology:  	<p><i>Pain prioritizes customer needs:</i></p> <ul style="list-style-type: none"> •How intense is the pain? Enough to make the customer take action is if a solution presents itself? •Enough pain to support your business plan? •Can you find more pain that you can impact? •What about management pain? 	<p><i>Customers reward differentiated solutions with better margins:</i></p> <ul style="list-style-type: none"> •Do you have differentiation from all competitors or just some? •Do customers agree? •Do customers value your differentiation? •Can you find more? E.g. both ops. and mgmt. 	<p><i>Operational Value is not enough. What is your Value Message for Customer Mgmt.?</i></p> <ul style="list-style-type: none"> •“I have lots of proposals with strong ROIs. Why should I look at yours?” •“Does your solution help fix one of our Management Issues?” •“What about risk?”

Customer Needs: There is “low hanging fruit” in having your organization better understand Customer Needs – e.g. Can your business flourish in just satisfying the needs of *Early Adopters* or do you need to *Cross the Chasm* and meet the needs of the *Early Majority* as well? How much of the customer organizational hierarchy does your product need to address? Is your product plug and play, or is it disruptive?

Pain: There are two types of customer pain – management and operational pain. Having everyone in your organization look for customer pain will give you better insights into customer priorities.

Differentiation: Does your product address the customers’ needs in a differentiated way? Differentiation enables you to protect your margins, and is the key to profitability.

Customer Management Alignment: Do you have a succinct, powerful value message for customer management that addresses their priorities, including risk?

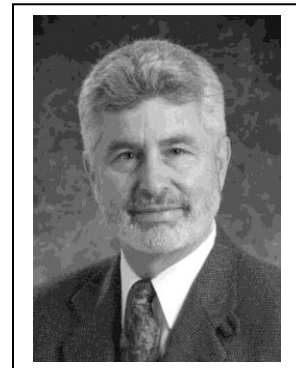
Versatile Tool: Because your customer business relationship impacts revenue and profit so profoundly, the scorecard has proven to be extremely versatile in addressing a wide range of customer, revenue and profit issues:

- New Product Launch
Initiator: VP of Engineering
Issue: Improve Time-to-Revenue/Profit for new products
- New Geography Expansion
Initiator: CEO and VC
Issue: Analysis, strategy and tactics to determine if the time was right to enter new markets.
- Product Viability
Initiator: CEO and Exec Staff
Issue: Which product areas should be focused on, and which should be divested.
- Startup Product Launch
Initiator: Exec. Staff
Issue: Gain reference customers for the initial product offering of new companies.
- Regaining Profitability
Initiator: COB
Issue: Regain organizational focus on profitability
- New Selling Paradigm
Initiator: Director of Marketing, VP of Sales
Issue: New product brings new opportunities, but requires a new sales approach.
- Empower Executive and Key Personnel
Initiator: VC for Portfolio companies
Issue: The company will benefit from having our key people better understand the customer, revenue and profit side of our business.
- Merger & Acquisition (M&A)
Initiator: CEO, VC and BOD
Issue: Analysis, target selection, value proposition and tactical development and execution for M&A.
- Company Scaling
Initiator: Inventor/Patent Holder and Acting CEO
Issue: Scaling business organically
- Market Targeting
Initiator: CEO, Founder
Issue: Having difficulty in market focus and gaining traction

Unexpected Dividends: In addition to developing an action plan the session always pays **some unexpected dividends:**

- Everyone Wants to Contribute More - As a consulting facilitator it is a joy to see people grasp the power of having a high level understanding of their company's value relationship with their customers and their customers' customers. The 1-Day Business Development session arms people with a methodology to cooperate more intelligently with each other, with their own sales force, and their customers. Everyone wants to contribute more to the company's bottom line - the scorecard session gives them the tools and the confidence to do it.
- More Selling Time for the Sales Force - Sales guys typically spend 30% of their time interacting internally so they can be more effective with customers. For sales management it is typically 50 %. The session gets everyone lined up behind their selling efforts, and reduces the non-productive internal "thrashing". It is totally consistent with whatever sales process they use.
- More Focused and Nimble Organization - The scorecard session energizes everyone with the insights, confidence and a repeatable methodology to make better collective decisions, faster.
- Executive Sales Tool - A CEO once remarked that the session is an executive sales tool. Company executives could talk to customers about what they are doing internally to not only better understand customer needs, but to get ahead of them.

About the Author: Doug Lyons' experience includes marketing, sales, business development, strategic partnerships, mergers/acquisitions and angel investing (e.g. Trimble Navigation and Boschert). He has worked at Motorola Semiconductor, Daisy Systems, Mentor Graphics (VP of Worldwide Emerging Technology Sales), Virtual Silicon (VP) and numerous startups. His industry experience includes Semiconductor, Electronic Design Automation, IP, Wireless-Internet, Power, Enterprise Software, and Contract Manufacturing.



He has given Customer, Revenue, and Profit seminars and workshops at SBA-Cisco Systems-San Jose Entrepreneur Center, the Software Developers Forum, Santa Clara University MBA Program, Chinese Entrepreneur Association, VC Portfolio companies, and numerous High-Tech Companies in both North America and Europe. Doug received a BSEE from University of Buffalo and MBA from the George Washington University. He is a partner in the Road Warrior Consulting Group.

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