



# Creating Willing Buyers

## A Brookside White Paper

# WHY IS BUILDING A STRONG RELATIONSHIP SO IMPORTANT?

Sustainable differentiation through product is rare, and no one wants to compete on price alone. So account managers are tasked with building stronger relationships rather than just selling. Evidence has shown that through those stronger relationships, revenue and cost benefits will flow, such as:

## ● Share of Wallet

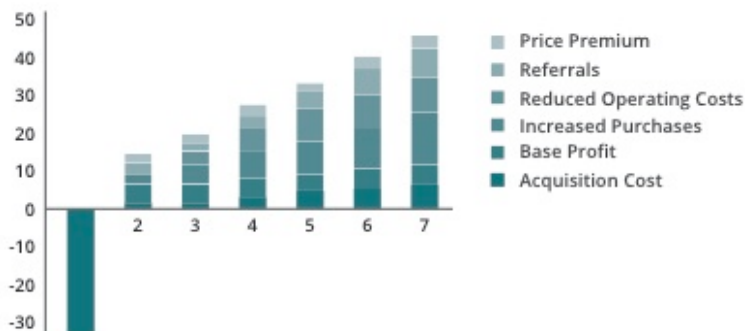
For many businesses, the greatest opportunity for revenue growth is with their existing customers. This could be by increasing their share of wallet on their existing products – if they are not sole suppliers – or by cross-selling other products. Both are more likely in a stronger relationship. The Brookside Group, a specialist in helping businesses improve their customer relationships, has conducted research to show that companies with Trusted Advisor status will get 2.5 times more share of wallet than those in Transactional relationships.

## ● Margin

If customer pricing is being managed effectively, it should be possible to convert a strong relationship into higher margin, meaning the customer will be prepared to pay more to do business with the Trusted Advisor. They will not pay extra in a Transactional relationship.

## ● Improved Customer Retention

This is crucial, especially in mature markets or in periods of slow growth. Long-term customers should be more profitable than new ones. The graph below shows how profit builds over the years and how poor retention means a business is always fighting to stay still. An 80% retention rate may be considered quite reasonable, and it implies customers stay for 5 years on average.



**BROOKSIDE HAS FOUND THAT LONG-TERM CUSTOMERS SHOULD BE MORE PROFITABLE THAN NEW ONES. PROFIT BUILDS OVER THE YEARS, AND POOR RETENTION MEANS A BUSINESS IS ALWAYS FIGHTING TO STAY STILL.**

But it means every year you have to acquire new customers just to sustain the status quo. Increase that retention rate to 90%, and the tenure doubles to 10 years. Build to 95% retention and the tenure is 20 years. The reward for increasing retention by building better relationships is enormously profitable for any business. For instance, The Brookeside Group's extensive research across a range of industries has shown that:

- The most loyal customers are nine times more likely to call their Trusted Advisors than their Transactional suppliers when they need help or just want to place an order.
- Trusted Advisors are 50% more likely to win bids.

## EVIDENCE THAT SALESEQUITY.COM™ CREATES IMPROVEMENT

SalesEquity.com has been developed to help account managers improve their customer relationships. But why can't a company assume its account teams already know how to do that?

The Brookeside Group has been researching this question for 10 years and has found that account managers tend to overestimate the quality of a relationship when it is poor and underestimate it when it is very good. This makes it difficult to structure and implement appropriate action plans for clients. It is also the reason why the loss of a customer can be such a shock.

Account managers need help if they are to truly understand each of their customer relationships and, most crucially, what they need to do to improve. SalesEquity.com provides the tools to achieve this and has been shown to be very powerful. There have been many occasions when SalesEquity.com data has led to immediate and significant financial benefit. In addition, experience has shown that SalesEquity.com has led to significant improvements in key ratios that will lead to financial benefits.

## SUCCESS STORIES

### **Saved relationships and immediate financial impact**

#### *1. Financial services company saved a \$6m relationship thanks to SalesEquity.com.*

In a meeting with the account manager, the customer said they were "satisfied" and "fine." The SalesEquity.com Relationship Assessment® indicated otherwise, marking the relationship as Transactional, indicating a very low level of loyalty. An urgent meeting was arranged, and it was discovered that the client was not loyal and was preparing a request for proposal from other suppliers. Following Brookeside's suggested interventions, the account team retained the client

and over the following years improved the relationship to Trusted Advisor status.

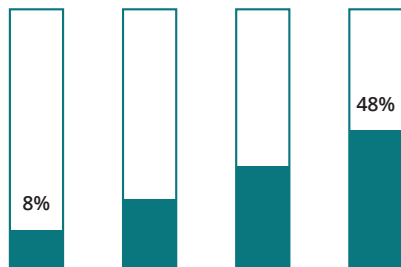
2. A global IT leader saved a \$250K relationship thanks to SalesEquity.com Relationship Assessment results.

A longstanding customer was identified as a Transactional relationship. Furthermore, verbatim comments made it clear that the account manager needed to take action: “They had been my one and only go-to consulting stop for the past seven years, but based on the current lack of communication and resource availability issues, I have been forced to engage other firms.” Using Brookside’s tools, rapid action was taken to improve the relationship. The customer remained a client along with others at risk of leaving.

### Improved relationship quality

1. An online education company offering healthcare advice to college students was able to dramatically improve the quality of its relationships by implementing SalesEquity.com suggested interventions.

As shown in the graph below, the company was able to increase the number of Trusted Advisor relationships fivefold over a four-year period. The driving force for the change in account management performance was SalesEquity.com and its suggested interventions.



Percent "Trusted Advisors"

Same 115 respondents 4 years in a row  
(e.g. Director of Student Affairs, etc.)

**AN ONLINE EDUCATION COMPANY INCREASED THE NUMBER OF TRUSTED ADVISOR RELATIONSHIPS FIVEFOLD OVER A 4-YEAR PERIOD AS A RESULT OF INTERVENTIONS SUGGESTED BY BROOKSIDE SALESEQUITY.COM.**

2. A industry-leading insurance company using SalesEquity.com saw the number of Trusted Advisor relationships rise 8%.

During the same period, it also experienced a rise in its customer retention rate from 86% to 94% as it shifted from other customer satisfaction metrics to SalesEquity.com. With a turnover of several billion dollars annually, this improvement in retention meant that every year several hundred million dollars worth of income that had previously been replaced by new business stayed with the company as a result of improved customer relationships.

# SUMMARY

Companies now have to treat account management as a significant opportunity for competitive differentiation. This also means it is an area in which they could suffer from a lack of competitiveness.

Effective account management leads to a whole range of financial benefits. But account managers will be even more effective if they have SalesEquity.com to help them understand their individual customer relationships and what they have to do to improve them.

Research has shown they cannot do this alone and that SalesEquity.com has delivered significant value for companies in a range of industry sectors and geographies. Contact us to find out how we can transform your customer relationships and your business.

# BROOKESIDE

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The Brookeside Group is the B2B client relationship company. Brookeside helps its clients significantly increase revenue by providing actionable, 360° client feedback, personalized coaching, world class sales and management training and award winning consulting.

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