



# BUILDING ENTERPRISE VALUE THROUGH CUSTOMER SATISFACTION

Are you using customer service as a value-adding tool?

Whether you have an automated system for online order tracking or a full-blown customer call center, customer satisfaction will be an important factor for companies of any size in building your reputation and brand. Retaining satisfied customers who reorder, upgrade, cross-grade and go on to influence



others ultimately increases your company's enterprise value.

In this edition of *Executive Issues & Insights*, we explore key insights

drawn from the extensive C-suite and Board experiences of the NextLevel team on how to build enterprise value through customer satisfaction.

## NEXLEVEL CASE STUDY

*Customer service improvements increase revenue, profitability and cash flow*

A mid-market, multichannel consumer products company with numerous product categories, thousands of SKUs and a complex global ordering process was having difficulties fulfilling orders. The main challenge was maintaining inventory for delivery of at-once orders, including direct-to-consumer orders, because of reserved inventory for preorders. These preorders were collected six to twelve months before delivery was requested. The situation resulted in numerous missed sales opportunities and falling customer satisfaction within the brand, allowing international competitors to establish or improve their positions in the domestic marketplace.

The company's CFO and IT director, now a NextLevel team member, worked with the planning and customer service functions to design and implement a customization to the existing Enterprise Resource Planning (ERP) software

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## NEXLEVEL INSIGHTS

### Have a customer-centric view of operations

Thoroughly understand your customers and align your activities with their needs. Engage with them through service representatives, surveys, and other channels to clarify their expectations, what is important to them, and what would draw them back for repeat orders or upgrades. Sometimes listening and responding to customer feedback may mean discerning an underlying need even if they haven't articulated it that way.

### Emphasize quality control

Don't wait for customers to find problems. Consider quality control an essential part of customer service and make every effort to eliminate quality issues before they get out the door. For service industries, monitor closely and take care of individual performance issues proactively. In industrial service companies over a certain size, where you might be working at scale with many repeat orders, you can even share your quality improvement process with customers, which helps build trust, awareness, and a stronger relationship.

### Ensure customer interactions are frictionless

The first impression a customer makes will be a lasting one, so consider offering more than one mode to make it easy to place an order, reorder, make returns, and get help. Ensure automated phone or mobile access systems are easy to navigate, pass customer-entered data through the system, and make it easy to get live help for nonstandard questions. Recognize all the different ways customers will interact with you and continually work to reduce friction in those interactions.

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that automatically reallocated all current inventory and planned receipts on a nightly basis. The algorithms took into account product lead time and various other customer and order parameters, with the solution designed to maximize currently available inventory while also making sure preorders were adequately fulfilled. The project team also designed and built a manual user interface that allowed managers to override the automated algorithms on an as-needed basis. A second phase of the project allowed management to adjust production activities or promotional activities as needed to reduce overall inventory levels by roughly 10 percent, further improving the company's cash flow.

Within eighteen months of implementation, orders refused due to lack of inventory available fell by 41 percent, and customer sentiment toward the brand reversed trend and improved the company's market share. The annual revenue increase attributed to these system improvements was roughly 4 percent, with overall gross margin improvement of more than 1 percent due to better inventory management.

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## **Factor customer satisfaction into cost-reduction measures**

Consider the impact cost reductions will have on customer satisfaction. If available, take advantage of specialists in ergonomics, human factors, packaging, and customer retention to model and evaluate potential measures from a customer perspective, particularly automated solutions to reduce costs. Often, it's customers with the biggest problems who are the most dissatisfied with poorly implemented automated systems. You may never know the intangible costs if those customers influence others away from your product or company.

## **Use customer service as an extension of sales**

Whether you sell to intermediaries or directly to end users, a well-trained, highly motivated and engaged customer service function supports and enhances sales. Service reps can develop relationships with customers and suggest other products and services, as well as relay quality improvement updates to sales reps to use during follow-up. Good customer service relationships are powerful in retaining customers who would be reluctant to give them up by switching.

## **Build a customer-centric culture**

Integrate customer satisfaction into your company strategy and corporate culture. Design a cost-effective customer service model that emphasizes meeting customer needs as a priority. Some examples: understand volume fluctuations so you always have appropriate stock and staffing available, follow up after orders with a thank-you, and give nonintrusive reminders and suggestions resulting from research-based anticipation of future needs. Establish and monitor customer satisfaction metrics for continual improvement.

**“CUSTOMER SATISFACTION STARTS WITH LISTENING.”**

**Meet customer needs, retain their business, and build enterprise value.**

## **KEYS TO BUILDING ENTERPRISE VALUE THROUGH CUSTOMER SATISFACTION**

- **Your operations:** Are they aligned with customer needs?
- **Your quality control:** Do you consider it an essential part of customer service?
- **Your customer interactions:** Are you working to make them frictionless?
- **Your cost-reduction measures:** Have you fully factored in their impact on customer satisfaction?
- **Your customer service function:** Are you taking advantage of it as an extension of sales?
- **Your company culture:** Does it reflect an appropriate attention to serving customer needs?

### More Information

To learn more about how NextLevel can help you build enterprise value through customer satisfaction, call us at (800) 833-NEXT or email [info@nlbev.com](mailto:info@nlbev.com)

