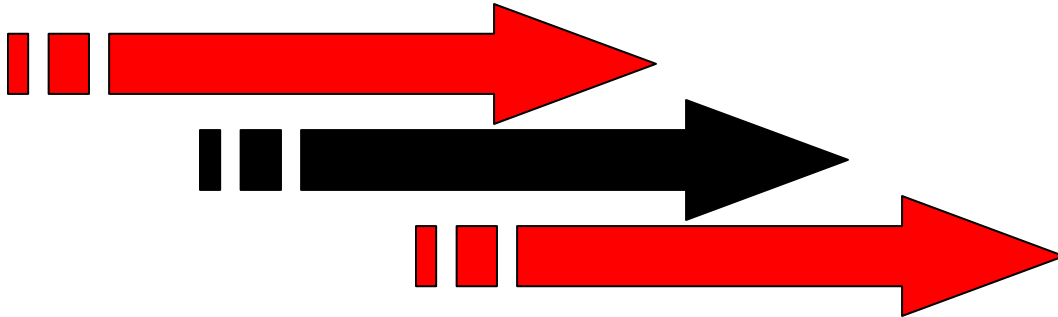


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How Not to See a Customer's Back — Ever!
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If there is one animal most business resembles today, it is the dinosaur. Just as the ill-fated animal was caught unaware by sweeping environmental changes, many enterprises, regardless of size, today are sleepwalking their way to disaster. Within the last few decades, the business environment has been transformed by two technological revolutions following each other in quick succession.

No sooner had the PC redefined the nature of work in organizations than the tsunami called the Internet struck. The combined effect has been a shrinking of time and space. Within the enterprise, redesigning processes to take advantage of automation has shortened business cycles dramatically. Outside the enterprise, business players are being relentlessly drawn closer together by Net-based communication technologies that are rapidly making national borders an anachronism. All observers agree that we are in the midst of changes as profound and far-reaching as those triggered by the Industrial Revolution.

Change represents both opportunity - and threat. Nimble-footed organizations that have a chameleon-like ability to respond quickly to change are going from strength to strength, while sluggish enterprises set in the old ways are finding plain survival difficult. Naturally, there are more of the latter. To cash in on the opportunities and fend off the threats, it is vital for businesses to understand that in a time of radical cultural change, they need to evolve in tune with the environment.

The dinosaur was confronted with physical environmental change and had no choice but to fade into the sunset; we, who are faced with cultural environmental change, do have a choice: We can choose to understand why the ground is shifting beneath our feet, and respond appropriately. We need not "go gentle into that good night."

To understand the challenges facing organizations in the new economy, we need only consider a few examples. Peer-to-peer file-sharing software is posing a grave threat to the traditional music distribution business. Unless music distributors innovate, they risk becoming extinct.

Electronic books, or e-books, are rapidly gaining ground. The digitized printed word has many advantages, foremost among them being portability and ease of search. Google is in the process of creating digital super libraries. Unless traditional publishers come to terms with changing realities by embracing technology and rethinking their traditional business model, they risk oblivion. Because of globalization, businesses face increased competition from transnational corporations.

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After the Japanese invasion of the 1960s and 1970s, the West now faces the prospect of a second wave of invasion from Chinese, Korean, and Indian companies. This possibility has been recently underscored in a dramatic way by the controversy surrounding the attempt by the Mittal Group to take over Arcelor, a showpiece of the European economy (Sandeep Mittal, head of the Mittal Group, is typical of a new generation of transnational Indian businessmen). Competition from countries such as India is also hurting employees in the West, with off shoring gaining in popularity with many corporations and a new word, "Bangalored," entering the lexicon. Most of the typesetting work of major Western publishers is outsourced to India and Malaysia, creating a flourishing mini-industry in Indian cities such as Chennai.

Businesses that wish to prosper in today's rapidly fluctuating conditions must understand and internalize a surprisingly small number of fundamental principles. First, the old business rules have not changed; they just have to be adapted to the changing conditions. Business cycle fundamentals have also not changed, though the cycles certainly have shortened; and the fundamentals of consumer behavior have also not changed, though consumers have certainly become much more demanding. Here is one useful way of making sense of these developments: The entry and subsequent pervasiveness of the PC in businesses during the 1980s put organizations squarely under the spotlight. The focus was on managing *organizational* processes efficiently, with a view to shortening *organizational* business cycles. As a result, organizations became inward looking (read "process-centric"), and although customer satisfaction was still held to be important, the marketplace became largely supplier driven.

The global adoption of the Internet in the 1990s, on the other hand, has dissolved national boundaries and led to the creation of a global marketplace in which customers call the shots. Customers today are more demanding, because they are empowered by choice. They can search the global marketplace for information about goods and services, compare suppliers and products with the help of professional reviews, and can also interact with fellow customers. In short, the marketplace today is customer driven as never before. Drucker once said that the primary business of a shoe company is making shoes, not playing around with balance sheet figures. You can say that again today. Shoes are worn by customers, not by squiggles on a balance sheet.

The root of the word customer is *custom*
Custom: 1. to render a thing customary or usual
2. to practice habitually

Business success in the new economy, therefore, hinges on a fanatical devotion to attracting leads, converting them into buyers, and turning buyers into customers. To achieve this goal, businesses can fight technology with

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technology. The same Net-based communications technologies that empower the consumer can be exploited by suppliers to reel in prospects from the Net. There is tremendous opportunity here to be sure, but the tried-and-tested old methods will not work. The new milieu calls for flair and imagination in promoting services. The success of the iTunes Music Store, for instance, shows that against all conventional wisdom, fans are more than willing to pay for music. There is, of course, Amazon, which proactively recommends books to customers on the basis of past purchasing history, using custom software. Less well known is Questia (www.questia.com), which has created one of the largest online libraries in the world through deals with publishers. Then there is Belle de Jour, a London call girl who began a blog about her life that became hugely popular. Purely on literary merit, an offer to publish a book by her was made by a major publishing house. Serendipity? Perhaps.

Clearly, opportunities abound for those who have the eyes to spot them, but are there any navigational aids and direction finders that businesses can use to negotiate their way in these uncharted waters? Do lead and seller have to pass each other, unacknowledged, like ships in the night? What can sellers do to propitiate the customer god? Must they look to the heavens for inspiration? Fortunately, there are clear-cut guidelines that will help any enterprise design an individualized plan that is almost certain to give the lead-to-buyer-to-customer generation process a jumpstart.

Our recommended strategy revolves around a concept called *social capital*, which originated in the social sciences. Let us begin with what social capital is not. Social capital is not an empty buzzword. Buzzwords often just produce a buzzing sound inside the skull, resulting in a headache. Social capital is different. It is a concept that lends itself to direct practical application in the new interconnected economy. It is an idea whose time has come.

An old adage goes: give a person a fish, and you feed them for a day; teach the person how to fish, and you feed them for a lifetime. Learning about social capital can do for businesses what learning to fish did for the individual in the proverb, namely, help achieve business sustainability. So just what is social capital?

Social capital is the value inherent in relationships and networks. Studies have conclusively proved that relationships and networks are key to business success, from providing information about business opportunities in the setting-up stage of raising capital to hiring employees who are likely to match the organization's cultural values.

Anyone who has tried to get a job would know that more jobs are won through networking than through the formal channels. Research studies have confirmed this: It has been statistically proved that most job seekers gain employment by

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exploiting the social capital embodied in friends, relatives, and even acquaintances. What's more, employers prefer recruiting people recommended to them by insiders, and studies have also confirmed that such recruits tend to be good choices. All this is very well, I hear you say, but what has social capital to with winning and retaining customers?

The best example of an organization employing the concept of social capital for its own ends is the religious institution. Consider the workings of any church, for example. Businesses know that they must offer products that will help customers solve their problems. The church has a product with a USP: Become a member, and we will help you gain everlasting life. Immortality is a benefit that is hard to resist.

New members are actively solicited through peer pressure exerted by existing members, advertising in the media, public meetings, harvest festivals, etc. Bonding among members is promoted in every imaginable way: weekly services, fellowship meetings, group outings, house visits, hospital visits, emotional and material support during family crises, Sunday school, regular newsletters, birthday wishes, etc. Church members are such a cohesive unit that the dictionary even has a collective noun for them: congregation.

With such a single-minded, fanatical approach to building up social capital, is it any surprise that most religious institutions worldwide are incredibly wealthy? There is another sophisticated technique that religious organizations employ to build social capital, which goes by the name of social marketing. Building hospitals, old age homes, orphanages, etc., not only provides tangible benefits to society but also communicates a subtle, subliminal message aimed at attracting more people to the fold through a demonstration of power and benevolence.

Examples of social marketing by corporations is combining family planning education with sales of contraceptives in underdeveloped countries, and closer home, the All-Bran cereal campaign by Kellogg and the National Cancer Institute to promote a low-fat, high-fiber diet (naturally, by eating All-Bran cereal).

Successful enterprises have begun doing what churches have honed into a fine art over the centuries: serving customers with missionary zeal and accumulating social capital by providing a variety of incentives to get potential customers to band together into vibrant online communities. It is no accident that designations like technology evangelist have become common. Nor is it a coincidence that drafting and publicizing mission statements (also called vision statements) has become a norm. Products are promoted with evangelistic fervor.

Marketing is about "fishing for men." Customer service is about being the "good shepherd" to the flock of sheep. Right, but how are these online communities,

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these flocks of sheep, created? By establishing an online presence that provides valuable services for free. The more valuable the service, the greater the social capital created, and the more your home on the Net will resemble a swarm of flies around a pot of honey.

For example, Hanon Russell's Chesscafe.com is known among chess aficionados as the finest source of articles on chess. The authors are familiar names, reputed authorities on various aspects of the royal game. The Web site also sells chess book, DVDs, and other chess supplies. One can imagine that most regular Chesscafe.com readers would order their supplies from the Web site, venturing to other stores only when a product is not available. An online community can be built up with a combination of free, high-quality content and services, mailing lists, bulletin boards, Weblogs, tutorials, how-to guides, white papers, etc. One day of the year can be designated "Customer's Day" on the lines of "Mother's Day." One day every month can be a "Grievance Redressal Day." The idea is to turn your pool of customers into a loyal congregation buzzing with activity. For ideas on how to achieve this, there is a very simple method: read the list of activities scheduled for any month in a church newsletter!

Growing an active online community centered on your business requires a carefully designed customer relationship management (CRM) plan. There is no one-size-fits-all solution. A strategy will have to be designed based on your specific circumstances and requirements, after which the tactical elements can be selected.

A clear distinction must be made between strategy and tactics. As one chess master put it, strategy is knowing what to do when there is nothing to do. Tactics is about what to do when you are busy. Tactics is a hungry squirrel putting a nut in its mouth; strategy is a squirrel that isn't hungry putting a nut in its burrow. Strategy is about formulating a plan, and tactics is about executing it. If your strategy is wrong you have only the information to make wrong decisions. On the other hand, if your strategy is right, it will only work if you implement it. You have to do the right things to get the right results. It's as simple as that.

Your CRM strategy should give you a road map for implementation, and include a provision for benchmarking performance. The CRM strategy must be directed toward making each lead and customer feel that they are vital to your business, by opening and maintaining lines of communication with them. Put yourself in your customer's shoes, and imagine conducting a transaction with your organization. Think about settings in which you are the customer, and ask yourself which has been your most pleasant experience and which, your worst. Which vendors do you find yourself going back to again and again, and which ones do you avoid? The answers to these questions will tell you what to change in the way you handle your own customers.

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Customer retention is a key facet of any CRM strategy, for various reasons: loyal customers spend more often and also spend larger amounts; it costs less to retain an existing customer than to acquire a new one; and a happy customer will spread the word, bringing in new customers. Also, increasing customer retention by as little as 5% increases sales by as much as 25 to 85%. Various tactical tools that could be components of your CRM strategy are a strong Web presence with content tailored to solve customer's needs, seminars, e-books, customer feedback, customer segmentation, etc. Designing a CRM strategy is about deciding which mix of tools will work for your circumstances. Rather than just going out and buying a complete CRM solution, look for a service provider who will take the time to sit down with you, analyze your circumstances, your requirements, and the history of your business, identify what you're doing already that is working, and custom-design a CRM strategy that will be suited to your individual needs. Ask the vendor to give you a document detailing the findings. You now have your CRM strategy in black and white. Go through it carefully, making notes on points of disagreement. Pass them on to the vendor to help direct discussions and the result is a formal CRM strategy document personalized for your organization.

Only now should there be any talk about product purchases. Do not even consider a vendor who has the time to sell you products but is not willing to invest the time to prepare a formal, customized CRM strategy document. Sometimes, you will not need to purchase anything; all that will be required is to tweak your existing CRM processes. Unless you go through the CRM strategy development exercise with the vendor, these little subtleties will remain hidden and you may end up buying an expensive product you did not require in the first place. Look for flexible vendors such as WebAntiphon Corporation (www.webantiphon.com), who will go through this planning process with you. Whichever vendor you select, make them accountable for results by benchmarking; otherwise, you could end up purchasing vaporware.

If reading this has made you eager to get your feet wet, we suggest that you try a little do-it-yourself exercise. Collect and feed into a spreadsheet historical data about how much you are spending to acquire new customers, and compare the figures with how much you are spending to keep your loyal customers. Next, consider two customers; one, a newly acquired customer, and the other a longstanding one. Compare the respective marketing costs, transaction costs, cross-selling success, incidence of returns, and frequency by sales channel. It shouldn't require data over too long a time span to begin to see trends. There, you have just built yourself a little prototype demonstrating the importance of customer retention. With a little bit of imagination, you can devise similar experiments in other areas. The results will point up functional areas that need to

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be improved, and could be the starting point for your discussions with CRM vendors.

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Thank you for requesting and taking the time to read this material. I hope you've found it helpful. Following the completion of this whitepaper a research paper began to take shape. It makes some bold inquiries into radical inclusion as a CRM strategy.

Look, let me share something with you. I'm developing a project that is the inspiration for the research paper. That project is called Cultural Fusion.

What is Cultural Fusion?

Cultural Fusion is an [ArtSeries](#) that represents what I advocate. Forming relationships around what you care about so in my case that would be business, art, and community sustainability. Of course this includes seeing an end to a multitude of social ills, and here the focus is on solutions as the problems have been clearly identified by the experts in such matters.

Cultural Fusion is a radical re-envisioning of business development where the concept for the business is regarded as a work of art.

Cultural Fusion is my new performance art and multimedia [Collaboration](#) series. The series will explore the relationship between art and business by focusing on radical inclusion as a CRM strategy. From that starting point other [ArtWork projects](#) or [rooms](#) in Cultural Fusion's [Hotel Infinity](#) located at a virtual place called "comfusion" (come create fusion). Undoubtedly this undertaking will reveal new questions and present additional concepts to be explored.

If you have any interest in sponsorship or artistic collaboration opportunities or if you're interested in helping organize an exhibition event, then you're invited to get in touch with me.

If you let me know of your interest, then we can arrange a Skype chat and see what develops. And if you'd like my attention applied to your enterprise challenge contact me to find out how I can assist you.

Thank you again for requesting this whitepaper. I look forward to connecting with you.

Only the best,

Yvette Dubel