

Company Intelligence Across Customer Life Cycle

André Cardim Farinha Arrimar

Dissertation submitted as partial requirement for the conferral of
Master in Business Administration

Supervisor:

Prof. Dr. Leandro Pereira, ISCTE Business School

September 2017

ACKNOWLEDGEMENTS

To be able to achieve this goal, which was the conclusion of my master thesis, there are a few number of people to whom I would like to show my gratitude and to thank for all the support, acknowledgement, love and friendship they gave me along this path, because I know that without them this wouldn't be possible.

To begin, I would like to give a special thanks to my parents and my grandma for all the foundations they gave me along my 25 years of living, for all the love and support, especially in the most difficult moments, and for the efforts they made that allowed me to enjoy life in its greatest fullness until now.

I would like to thank my girlfriend for all the love given and for encouraging me to achieve this goal. I also need to thank her for the understanding regarding the times that I couldn't spend with her to achieve this goal.

I really need to thank my supervisor, Leandro Pereira, for the entire guidance and support he gave me and also for letting me have the pleasure to work with him and his company while developing this thesis.

Last but not least, I am totally grateful to all my friends for their friendship and to providing me good times and inspiration along this last year.

ABSTRACT

In a world with highly competitive markets, how do companies retain their customers? What influences a customer loyalty to a company and which are the causes that make him leave? Is there a secret formula for success?

Many companies are still focused on the attraction of new clients rather than looking to invest on the maintenance of the relationships already established. The identification of the main causes why a customer breaks his life cycle inside an organization is, perhaps, one of the studies with major impact to increase customers' retention periods and in consequence, companies' profitability.

This research is applied to a Portuguese consultancy company, WINNING Scientific Management, where almost 50% of the sent proposals are won. However, demand and ambition are huge and in a mood of continuous improvement, there is a will to improve even more this results. The goal of this research is to identify measures so that it will be possible to increase customers' life cycle, by mitigating the causes that lead those clients to reject services proposals.

It was possible to conclude that causes like Lost of interest, Budget, Customer preferred a competitor's service or Unqualified resources are the ones that outstand, having been defined a set of recommended actions that go from changes on the commercial processes and methodology to team specialization by industry, or even to reinforce/restructure the recruitment competency centre.

Keywords: Customer, Life cycle, Retention, Strategy

JEL Classification: M10, M30

RESUMO

Num mundo com mercados cada vez mais competitivos, como retêm as empresas os seus clientes? O que influencia a sua lealdade a uma empresa e o que o faz abandoná-la? Haverá uma fórmula mágica para o sucesso?

Muitas são as organizações que continuam focadas na atração de novos clientes ao invés de procurarem investir na manutenção das relações já existentes. Identificar as causas que levam um cliente a interromper o seu ciclo de vida dentro de uma organização é, talvez, dos estudos com maior impacto no aumento dos períodos de retenção dos clientes e consequentemente da rentabilidade de uma empresa.

Esta investigação aplica-se à consultora portuguesa WINNING Scientific Management, onde quase 50% das propostas enviadas são ganhas. No entanto, a exigência e ambição são enormes e numa ótica de melhoria contínua, pretendem-se melhorar ainda mais estes números. Com este estudo pretendem-se identificar medidas que tornem possível aumentar o ciclo de vida dos seus clientes combatendo as causas que o levam a rejeitar propostas de serviços e a interromper o seu ciclo de vida.

Foi possível concluir que causas como Perda de Interesse, Orçamento, Preferência por um concorrente ou Recursos não qualificados são as que mais se destacam, tendo sido definidas um conjunto de ações recomendadas que vão desde alterações aos processos e metodologia comercial, à especialização por indústria da equipa ou até mesmo à reestruturação/reforço da área de recrutamento.

Palavras-chave: Cliente, Ciclo de Vida, Retenção, Estratégia

Classificação do JEL: M10, M30

INDEX

ACKNOWLEDGEMENTS.....	II
ABSTRACT	III
RESUMO.....	IV
INDEX OF TABLES.....	VII
INDEX OF FIGURES	VIII
CHAPTER 1 – INDRODUCTION	1
1.1. Introduction	1
CHAPTER 2 – LITTERATURE REVIEW	2
2.1. Customer Behaviour	2
2.2. Customer Life Cycle.....	4
2.3. Customer Intelligence.....	6
2.4. Customer Relationship Management (CRM)	10
CHAPTER 3 – METHODOLOGY	13
3.1. Research Context and Objective.....	13
3.1. Research Questions.....	14
3.2. WINNING’s Brief Presentation	14
3.3. Research Approach.....	17
3.4. Instruments and Procedures	18
3.5. Target Population	19
3.6. Final Notes on the Reliability and Validity of this Research	20
CHAPTER 4 – RESULTS.....	21
4.1. Sample Analysis	21
4.1.1. Lost proposals by Accountable.....	21
4.1.2. Lost proposals by Customer.....	22
4.1.3. Lost proposals by Service Type	24
4.1.4. Lost Proposals by Competency centre	25
4.2. Results Analysis	25
4.2.1. Overall Analysis.....	26
4.2.2. Customer Life Cycle Stage	26
4.2.2.1. Abandonment Causes	27
4.2.2.1.1. Reasons for not knowing the cause	27
4.2.2.1.2. Proposal Criticality.....	28

4.2.2.2. Attrition Causes.....	29
4.2.2.2.1. Reasons for not knowing the causes	30
4.2.2.3. Churn Causes.....	31
4.2.2.3.1. Reasons for not knowing the causes	32
CHAPTER 5 – IMPLICATIONS.....	33
5.1. Main Conclusions.....	33
5.2. Recommended Actions.....	34
CHAPTER 6 – RESEARCH LIMITATIONS AND FUTURE RESEARCH	38
6.1. Research Limitations	38
6.2. Future Research	38
BIBLIOGRAPHY	40
APPENDIX	42

INDEX OF TABLES

Table 1 - Survey structure (source: compiled by the author, 2017).....	19
Table 2 - Lost proposals by account manager (source: compiled by the author, 2017).....	21
Table 3 - Lost proposals by customer (source: compiled by the author, 2017).....	23

INDEX OF FIGURES

Figure 1- Customers: Types, Roles and Behaviors (source: Sheth, J. et al., 1999)	2
Figure 2- Competitive advantages from customer orientation (source: Sheth et al., 1999).....	3
Figure 3- The Customer Life Cycle from Introduction to Loyalty (source: Cutler and Stern, 2000).....	5
Figure 4 - OODA loop (source: Boyd, 1987).....	7
Figure 5 - WINNING's invoice evolution (source: adapted from WSM internal data, 2016) .	15
Figure 6 – 2016 WINNING’s OBS (source: adapted from WSM internal data, 2016).....	16
Figure 7 - Inductive Process (source:compiled by the author, 2017).....	18
Figure 8 - Lost Proposals by Service Type (source: compiled by the author, 2017)	24
Figure 9 - Total value loss by service type (source: compiled by the author, 2017)	24
Figure 10 - Lost Proposals by Competency centre (source: compiled by the author, 2017) ...	25
Figure 11 - Total value lost by competency centre (source: compiled by the author, 2017) ...	25
Figure 12 - Customer by life cycle stage distribution (source: compiled by the author, 2017)	26
Figure 13 - Abandonment causes (source: compiled by the author, 2017).....	27
Figure 14 - Reasons for not knowing the causes of the rejection (Abandonment) (source: compiled by the author, 2017).....	28
Figure 15 - Abandonment proposals criticality (source: compiled by the author, 2017).....	29
Figure 16 - Attrition causes (source: compiled by the author, 2017).....	30
Figure 17 - Reasons for not knowing the causes (Attrition) (source: compiled by the author, 2017).....	31
Figure 18 - Churn causes (source: compiled by the author, 2017)	31
Figure 19 - Reasons for not knowing the causes (Churn) (source: compiled by the author, 2017).....	32

CHAPTER 1 – INTRODUCTION

1.1. Introduction

Even nowadays many companies are still attached to the old mantras of the marketing era where customers were seen as a renewable resource and there was a belief that their behaviours were predictable and drove exclusively by price, quality and convenience. However, even if there is only one valid definition of business purpose which is “to create a customer” (Drucker, 1954), their behaviour cannot be predicted so easily. Customers are the resource upon which the success of the business depends and companies need to be able to continually sustain their growth and create wealth. For that, there is a need to define and refine marketing offers to match with customers’ needs (Capek, 2012). Strategies must be aligned to attract new clients, keep the current ones, and increase the values of transactions made. To achieve that, companies must have systems in place for collecting, analysing and understanding what their customers’ needs are and then innovate aggressively to determine how they can be fulfilled.

Nevertheless, choosing the right customers to attract has also a critical impact on the pursuit of success, because if you don’t acquire the right customers, it means they are less profitable, harder to deal with and to please, but also, they will have a harder time making use of your products and/or services, which will represent a need for you to provide more support, which at the end represents a loss for both parties.

The problem is that, many times, companies are focusing too much in the need to attract new customers rather than investing in keeping the current ones. Later on this study we will see that this investment is rewarded and that an increase on the customer retention percentage allows companies to increase profitability. Also we will approach themes that can give us a better understanding of the importance of this research like customer behaviour, customer life cycle, customer intelligence and customer relationship management.

This research will have its main focus on the customer retention topic and will be applied to a management consulting firm, WINNING Scientific Management. The goal will be to identify the causes why WINNING customers break their life cycle and to reach conclusions in how to avoid those situations to happen by increasing their retention periods.

CHAPTER 2 – LITERATURE REVIEW

In order to give support to this research, the aim of this chapter is to give a detailed analysis of the existing literature in a way that the general importance and significance of the theme of study can be easily understood.

2.1. Customer Behaviour

Customer behaviour was defined by Sheth, *et al.* (1999) as “*the mental and physical activities undertaken by household and business customers that result in decisions and actions to pay for, purchase, and use products and services*”, including a variety of activities and a number of roles that people can hold.

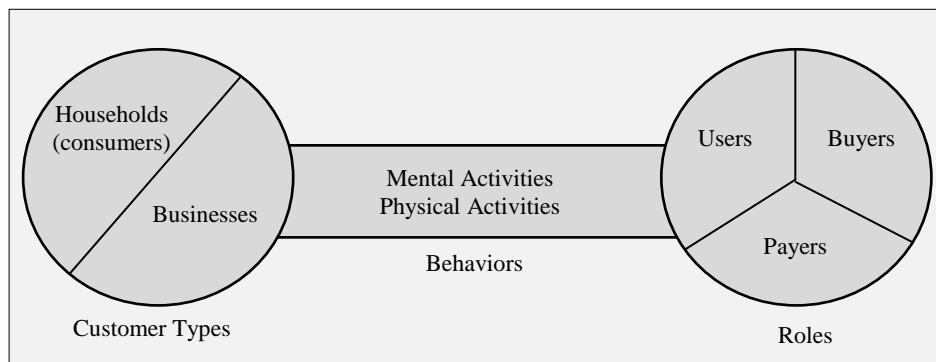


Figure 1- Customers: Types, Roles and Behaviors (source: Sheth, J. et al., 1999)

According to the authors, a transaction requires at least three customer roles: a buyer: the person who does the procurement of the product, a payer: the person who finances the purchase and the user: the person who consumes or uses the product or receives the benefits of the service.

Regarding behaviours, it includes both mental and physical activities like assessing the suitability of a product or service or visiting a store respectively.

A different model suggested by Lambin (2008) appears when the customer is represented by a group of people who make the buying decisions in B2B markets. Webster and Wind (1972) defines this group as “...consisting of those individuals who interact for the specific purpose of accomplishing the buying task. These persons interact on the basis of their particular roles in the buying process”.

This model defends the existence of five roles-, which can be occupied by one or several individuals and will vary with the complexity and the degree of uncertainty of decisions of the company:

1. Purchasers have formal authority and responsibility for selecting alternatives and for determining the terms of purchase and negotiating contracts.
2. Users are the persons who use the product or service.
3. Influencers do not necessarily have buying authority but can influence the outcome of a decision by defining criteria that constrain the choices that can be considered.
4. Deciders have formal authority and responsibility to determine the final selection of product or service provider. There is generally an upper limit on the financial commitment that they can make.
5. Filters are group members who control the flow of information into the group and who can exercise informal influence on the buying process.

Understanding the concepts and principles behind customer behaviour, identifying all the participants involved in the decision making process and how they interact among themselves and what their dominant motivation is, is a way for companies to market a product or a service with a higher probability of success. Also, it serves a company best when they are applied to developing and maintaining a customer orientation, which means a complete understanding of what the customer needs and wants, the surrounding environment and the nature of the market used to create each firm's plans and actions to create and have satisfied customers. (Sheth *et al.*, 1999).

By being customer oriented a company can benefit from several advantages and increase its customer retention, leading to higher corporate performance, which will represent an increase in profitability and revenue growth. Six advantages can be achieved (Sheth *et al.*, 1999). Three for profitability increase and three for revenue growth as we can see in the figure below:

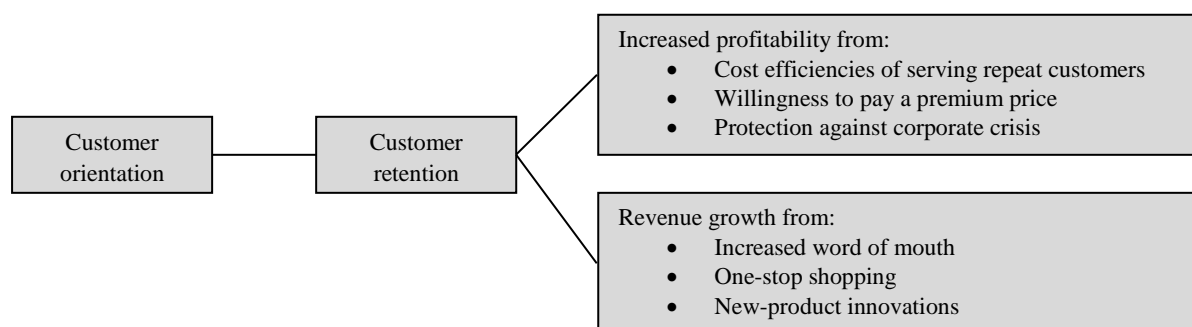


Figure 2- Competitive advantages from customer orientation (source: Sheth *et al.*, 1999)

2.2. Customer Life Cycle

As the customer's values and needs change over its life cycle, so strategies must change to adapt to the different phases of the cycle.

Several Customer Life Cycle models have been proposed in literature across the years. Dwyer *et al.* (1987) proposed a model based on 5 stages: Awareness, Exploration, Expansion, Commitments and Dissolution. Kotler (1997) proposed a model with 8 different stages: Suspect, Prospect, First-time customer, Repeat customer, Client, Advocate, Member and Partner. However, these models leave unexplained the processes of rupture across the different life cycle stages.

On a research made by Cutler and Stern (2000) the Customer Life Cycle was defined by starting with reaching our target market, progressing towards an established loyal customer base. In total 5 stages were defined: Reach, Acquisition, Conversion, Retention and Loyalty.

Reach was defined as *"the potential to gain the attention of your target audience"*, being his primary goal to create awareness. Acquisition was explained as the stage *"where the goal is customer participation"*. It is where we expect our target audience to remember our promotion actions and to interact with the business in any form, like walking into a store, calling, sending an email, checking the website and so on. Conversion is characterized as *"the point at which a sale has been made and the prospect has been converted into a customer"*. Retention was defined as *"an investment in encouraging repeat purchases"*. Customers have made transactions at least once, which means they have already build a trustable and loyal relationship with the company. Finally, the Loyalty phase was described with the help of the dictionary as *"the act of binding yourself intellectually or emotionally to a course of action"*. At these stage customers come back frequently to buy more and act themselves as promoters of our brand, leading other prospects to buy, acting as a reference.

However, this cycle can be interrupted and not every prospect reaches the last stage. The authors identified 3 different metrics for the phases where the cycle is broken: Abandonment, Attrition and Churn.

Abandonment can be measured as *"the number of people who commence but do not complete the buying process"*. Attrition is the stage where converted customers prefer to buy to a competitor during a specific timeframe and was defined as *"the percentage of existing,*

converted customers who have ceased buying from you and have gone elsewhere during a specific period of time”.

Finally, Churn “*measures how much of your customer base ‘rolls over’ during a given period of time”.*

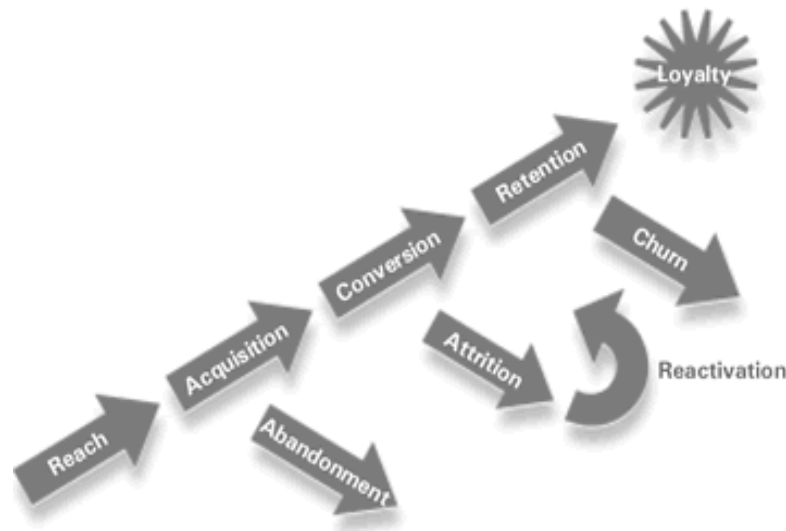


Figure 3- The Customer Life Cycle from Introduction to Loyalty (source: Cutler and Stern, 2000)

By the extent of this cycle and with only an increase of 1% in customer retention it is possible to increase profitability from 3% to 7% (Gupta, Lehman and Stuart, 2004). However, different customers in the portfolio of a company do not have the same value, and for that reason companies must give special attention in developing appropriate customer retention strategies based on customer profitability (Slater, Mohr and Sengupta, 2009). Customer Intelligence systems using data mining techniques can be designed to send data into the operational Customer Relationship Management systems based on the profitability data (Cokins, 2004), evidencing its importance on the definition of retention strategies.

To be a successful and viable firm, it remains crucial to organize the portfolio of clients by different Customer Profiles. More and more the market is customer-driven and nowadays marketers’ new goal is to create great experiences to the customer, allowing him to receive the right message, in the right device, in the right time and with the right price. However, that is not enough. Customers want to have the freedom to customize their orders, despite of the fact they are not experts that can really co-create a product or a service, which makes the customer a partner in the adding value process (Fürstner and Anišić, 2010). Thus, and as stated above, to be able to define the correct Customer Profiles, Customer Intelligence processes need to work

to collect and arrange information which usually deals with basic and demographic attributes, information about specific product or service interests, information about general interests, information about relationships to other customers, information about the buying history and usage/interaction behaviour and ratings of products, product components and certain attributes, specific information about customers, which is derived from input questions and contextual information about customers, such as time of the day, the date and so on (Fürstner and Anišić, 2010). Finally, there is also the need to start predicting customers' needs before they demand it. Gathered all that information, companies need to innovate aggressively to determine how they can fulfil customers' needs.

However, to define a strategy it remains crucial to understand the forces that shape the industry competitions where the business is in. The average profitability of an industry must be known by companies, as well as how it has been changing over times. The five forces of Porter reveal the reasons why industry profitability is what it is. The forces work as a guide for the most important aspects of the competitive environment and allow managers to design possibilities for a strategic action (Porter, 2008).

2.3. Customer Intelligence

Marketing strategies have long been based on the 4 Ps: Product, Price, Promotion and Placement. Develop a Product with specific characteristics and functionalities, define a Price with the right margins, Promote it with the appropriate communication methods and Place it in the most probable place where the customer would buy it. However, this strategy model has a huge gap. It mainly focusses the product and what the company wants to sell rather than focusing on what customers' real needs are and what they want to buy. This strategy could work perfectly when technology was not so advanced and travel was an issue. However, nowadays customers can be in a competitor's store in a question of minutes and the market is a complete "fight club" where customers have high demand standards as stated on a SAS report – Competing on Customer Intelligence (2012).

Customer Intelligence, a concept that was defined as the systematic process of gathering, analysing and applying qualitative and quantitative information about current, past and future customers that simultaneously reflects and refines the company's understanding of customer needs (Capek, 2012) works as an enabler to eliminate that gap. The application of its processes can have a direct positive impact in the definition of strategies to manage the entire Customer

Life cycle once they can help organizations to make smarter decisions faster (Cokins, 2004). All the information collected about customers, regardless of the life cycle phase in which they are, works as core to accelerate innovation processes, promotion and distribution of new product releases, being already proved that the correct application of Customer Intelligence processes to manage all the Customer Life cycle, from the Branding phase to the Loyalty phase, can be an imperative way to increase companies' wealth. These processes need to work to collect and arrange information which usually deals with basic and demographic attributes, information about specific product or service interests, information about general interests, information about relationships to other customers, information about the buying history and usage/interaction behaviour and ratings of products, product components and certain attributes, specific information about customers, which is derived from input questions and contextual information about customers, such as time of the day, the date and so on (Fürstner and Anišić, 2010).

Great companies across the years have been able to use this intelligence to better understand their customers' real needs in a way their competitors could not, which in turn led them to achieve higher market shares and in some cases market dominance. Those companies centred themselves on the customer and understood that the deeper they know their customers' needs, the better they were able to understand the problems that needed to be solved (Litman and Lohrmann, 2002). Other characteristic of those companies is the agility to prevail in an environment of continuous change. They have the capacity to identify opportunities and changes in its marketplace, the skill in learning and unlearning, the ability to execute short-cycle strategies and the effectiveness when executing, being able to navigate efficiently on the Boyd cycle – Observe, Orient, Decide and Act. (Capek, 2012).

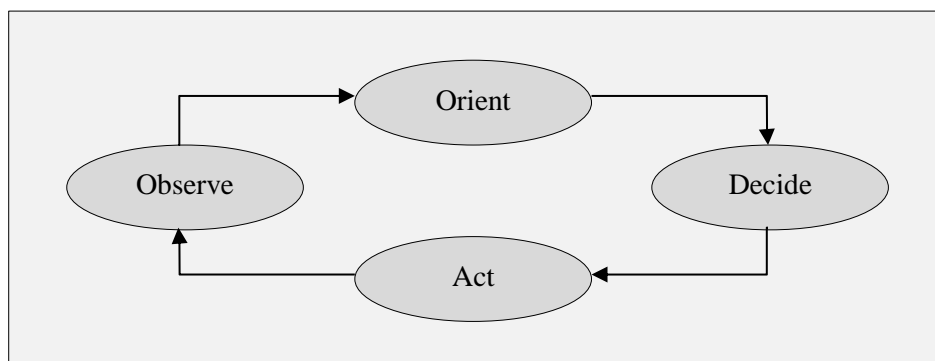


Figure 4 - OODA loop (source: Boyd, 1987)

The faster a company executes a decision, the more time they have to understand the task, collect information and analyse the issues. If a company requires too much time to decide or act it's forced to finish observing and orienting earlier. In the other hand if a company acts too quickly, it might respond to a problem that changes or disappears before the deadline (Partnoy, 2012).

Davenport (2012) came up with a list of 19 capabilities an organization might choose to develop its customer intelligence domain. These list can be divided in two categories: the ones that are technology-focused, and those that business-focused list. He creates this list as "the whole toolkit of customer intelligence" and once the organization is sure on what is trying to build or improve the final decision in which tool is more suitable can be made.

Technologically-Aggressive Customer Intelligence Applications

- Social networks-based offer and attrition models
- Online sentiment analysis for social media
- Targeted "next best offers" (non-mobile or location-based)
- Mobile or location-based offers
- Non-hypothesis driven data mining (machine learning, etc.)
- Uplift or incremental modelling
- Automated "voice of the customer" text analysis
- Automated behavioural targeting for online ad placement
- Accurate attribution analysis for online advertising
- Multi-channel, multivariate randomized testing
- Video analytics

Business-Aggressive Customer Intelligence Applications

- Segmentation (and treating different customers differently)
- Attrition modeling (and taking the necessary actions to avoid it)
- Predictive models for customer service episodes
- Single customer data warehouse with all touchpoints
- Marketing mix portfolio modeling
- Adaptive customer profiling (qualitative and quantitative)
- Loyalty and lifetime value-based pricing

- Simple or A/B randomized testing

Customer Centricity is now a mission for most businesses. Transactions, processes, products and channels are no longer the main focus, but it is the customer. Many factors can be seen as drivers for this change, such as intensified competition, deregulation, globalization, saturation of market segments and last but not least, the change is driven by the Internet that allows customers to have access to a huge variety of choices, leading to a consequent increase on customer expectations (Liataud, 2016). The focus on the customer, and majorly in the ones that are already our customers can also bring economic benefits for companies. In his studies, Liataud (2016) stated that it is easier and as much six time less expensive to sell to an existing customer than to acquire a new one. This optimization of costs can be achieved by:

- Knowing the customers better than the competition does - not only knowing who they are and what they have purchased, but also understanding what they want at a particular moment in time.
- Exploiting that knowledge to create the best possible customer interaction - informed, personalized, and insightful, but not intrusive - and then increase customer satisfaction.
- Building switching costs into the customer relationship.

Nevertheless, for companies to achieve all those benefits and to achieve a sustainable Customer Centric strategy it is crucial that the information gathered and exchanged internally and externally across the entire Customer Life Cycle is rich in order to reduce equivocality. Information richness was defined by Daft and Lengel (1984) as *“the ability of information to change understanding within a time interval. Communication transactions that can overcome different frames of reference or clarify ambiguous issues to change understanding in a timely manner are considered rich”*. However, it is getting more and more difficult to select the richest information.

The human being is nowadays transmitting huge amounts of data through a wide variety of channels, on a scale that no one would imagine few years ago, and the reason for that to happen is obviously the technology evolution. It is this fact that is calculated to dramatically alter the business landscape (Kelly, 2006). Companies are striving to collect those data in order to get as much information about their customers as they can, but many times the information gathered is too complex and too extensive to be arranged in a proper way using on-hand data management tools or traditional data processing applications, which gave origin to the term Big Data. CIOs

who are trying to place technology as driver for innovation, are currently facing the challenge to find the most skilled persons for roles that have to deal with that amount of data, like the data scientist, with mathematical capacities to tease out commercial insights from huge amounts of information, the data architect, capable to build a proper data architecture, with governance rules, master data management and scalable storage and the user experience designer, who must be capable to achieve what customers want for the websites or apps they use, which is simplicity of use and a visually attractive design (Michael, 2011).

Managers have now an increasingly more difficult environment to make decisions and Customer Intelligence processes working side by side with science can help them to make those decisions faster and smarter. As stated on a research by Santos (2015), where he concluded that everything points out that science is reaching a more relevant position on Managers' decisions as a way to fight the increase of the World's complexity, there are a lot of tools and techniques that can be used to analyse the information collected, ensuring the rationality and rigor needed like: Benchmarking, Focus Group, Interview, Regression/Correlation Analysis, Control Group, Observation, Simulation, Market Study, Survey/Questionnaire, Expert Judgement, Historical Reports/ Reports, Gap Analysis, Operational Risk, Trend Analysis, Wisdom Crowd, Prototyping, Hall Test and Three Points Estimate.

2.4. Customer Relationship Management (CRM)

Customer Relationship Management, a term originated in early 1970s when the business market had the perception that it would be advisable to become "customer emphatic" rather than "product emphatic", can be defined has the merge between the potential of relationship marketing strategies and information technology, that strives to define and implement strategies aimed at helping companies to acquire new customers, sell more to existing customers, increasing their satisfaction, and to provide a better service to increase customer retention, creating long term relationships. It is all about putting the focus of company's activities in the customer and in his satisfaction in order to create the classic and well known win-win situation: it is added value to each customer's daily life and in return the company receives loyalty (Temporal and Trott, 2001). The reason why companies need CRM is stated by Mandic (2011) in a very simple and direct way: companies need CRM because they need to improve their performance. Additionally, in his research, the results have shown that 55-77% of CRM implementations are not successful. That way several factors must be taken into account when

developing and implementing a customer relationship management strategy. The three most presented factors are the technology, business processes and people (Chen and Popovich, 2003).

Technology: works as a huge advantage for CRM applications due to its ability to collect and analyse data on customer patterns, interpret customer behaviour, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Through the use of technology to improve interactions with customers, organizations can create a 360-degree view of customers, being able to learn from past interactions to optimize future ones (Eckerson and Watson, 2000).

Business processes: must be organized to treat customers individually based on their needs and their values. However, to improve customer relations it is necessary to have a complete understanding of all customers, profitable as well as non-profitable (Renner, 2000).

People: Chen and Popovich (2003) argued that while both technology and business processes are critical to successful CRM initiatives, it is the individual employees who are the building blocks of customer relationships. Also, they stated that top management support and commitment is essential on customer-centric management through the entire CRM implementation.

In his research Mandic (2011) was also able to conclude that successful implementation of CRM should include the following elements:

1. The company board of directors (top management)
2. Approach to CRM as strategy attuned to brand management strategy
3. Marketing research
4. People (employees) and customers (as central and key elements)
5. Processes
6. Time and cost
7. The technology (which is on the last place)

For the success of the implementation, the main role has to be attributed to people (employees) and customers. It is extremely important to have the participation of the management in the CRM implementation, once its participation would serve as motivation to other employees and the acceptance and active participation of all employees is essential for the success of the initiative.

Although the concept of CRM seems simple, there is a need to distinguish between CRM for corporate clients (B2B) and for consumers (B2C). Whilst in B2B the marketing assumes a relational strategy, where it is designed to encourage strong, lasting customer connections to a brand, increasing its life cycle duration, generating repeated sales and gathering continuously customer information leading to ongoing business, in B2C we have a transactional marketing strategy that focuses on everyday transactions seeking immediate profit, facing economic exchange (Coviello and Brodie, 2001).

For B2B companies, the importance of treating long and short term partners in different ways has been well defined over the years. When having strong and trusting relationships with their customers, suppliers are more willing to deliver different and better values, than with an opposite relation (Flint, Woodruff & Gardial, 2002). Therefore, and as said before, there is a need to define and refine marketing offers to match with customers' needs, but those strategies must be aligned to correspond to the different stages of the relationship.

With the technologic advances, companies can now acquire a level of customer insights and data that allow a level of customer intimacy never seen before with unprecedented levels of customization of the services and products offered. Big data tools can actually help businesses to create individual customer intimacy.

For Gobble (2015), this intimacy is more than a technology but it is a relationship, and for companies to build that type of engagement with their customers there is more than analyzing data, applying customer intelligence techniques or even scrutinizing customer insights. Only with offers specially designed to match individual customers' needs, values, and emotions a solid relationship and lasting customer loyalty can be built.

CHAPTER 3 – METHODOLOGY

The main goal of this chapter is to explain how the research will be developed. The methodology adopted will focus specific points addressed in the literature review presented above in order to keep an alignment between the field of study and its theory with the methods used to perform this research.

3.1. Research Context and Objective

We are currently living in an age where new start-ups are born every day and companies are struggling more and more to attract new customers, betting, many times, too much effort in attracting those “desirable” new customers, rather than focusing their efforts on keeping the current ones enlarging their retention period and consequent life value for the company. From the previous chapter it was already possible to notice that by increasing the percentage of customer retention, companies can benefit from a significant profit increase. By knowing that, companies should start an intelligent process by investigating the main causes for their customers to go through the three different stages where the customer life cycle is broken, Abandonment, Attrition and Churn and then working on those causes to prevent and mitigate the risk of that to happen, knowing that each customer has its own value on the company’s portfolio, which means that customer retention strategies must be built and defined based on each customer profitability. By the mentioned above, it is possible to synthesize the main research problem on this work with the following question: **How to increase companies’ customer retention?**

However, in this specific context, the research will be applied to a services’ company, more precisely on a Portuguese management consulting firm: WINNING Scientific Management. The main goal will be to identify which WINNING customers are going through one of the three identified phases mentioned above where the customer life cycle is broken. This will be made through the analysis of WINNING’s Sales and Leads Report, a document where all proposals and transactions are registered, and then to understand close to Top-middle Management and Partners what were the causes for those events to happen, reaching conclusions about how WINNING can “fight” those causes in order to avoid and/or mitigate this events to happen in a way they cannot only increase their percentage of customer retention, and consequently increase their profitability, but also their customers’ satisfaction.

“Customer satisfaction is worthless. Customer loyalty is priceless.”

Jeffrey Gitomer

3.1. Research Questions

Taking in consideration the context presented before it was possible to define four research questions. The first and main question is:

Q1: How can WINNING increase its customer retention percentage?

For this question to be answered and validated, three secondary questions need to be responded regarding the three phases identified before where the customer life cycle is broken:

Q1.1: How can WINNING mitigate the causes of its customers' Abandonment?

Q1.2: How can WINNING mitigate the causes of its customers' Attrition?

Q1.3: How can WINNING mitigate the causes of its customers' Churn?

With the questions above defined, we can pursuit the objectives of this research, which are to identify and understand the main causes why WINNING customers are breaking their life cycle. This understanding, will lead to conclusions that can help on the definition of an action plan to avoid/mitigate each one of the identified situations as an answer to each one of the research questions.

3.2. WINNING's Brief Presentation

For the success of this study it is important to know more about WINNING, the services provided and how the company was internally organized while this study was developed.

WINNING Scientific Management, is a company born in December of 2011, a time of crisis, where Portugal and the majority of the European Union countries were facing a scenario of economic difficult. However, this scenario was indeed a boost for the company to succeed in the market by providing its customers with solutions to fight the crisis precisely.

In its first year of business (2012), and against all the odds, the expectations were surpassed and WINNING closed the year with a total of 25 employees, 17 active clients and 1.200.000€ invoice. In the second year (2013), WINNING reached a growth of 100%, closing the year with 2.500.000€ invoice, 54 employees and 50 active clients. But the growth didn't stop and in 2014 the company was still reaching higher results, closing the year with 3.750.000€ invoice, 89 employees and 57 active clients. Finally, the year of 2015 was closed with 4.000.000€ invoice, 92 employees and 72 active clients. The main goal for the end of the year 2016 was to reach values of 5.000.000€ invoice, however this goal was not reached despite of the continuous growth presented. WINNING closed the year with 4.050.000€ invoice, 110 employees and 72 active clients.

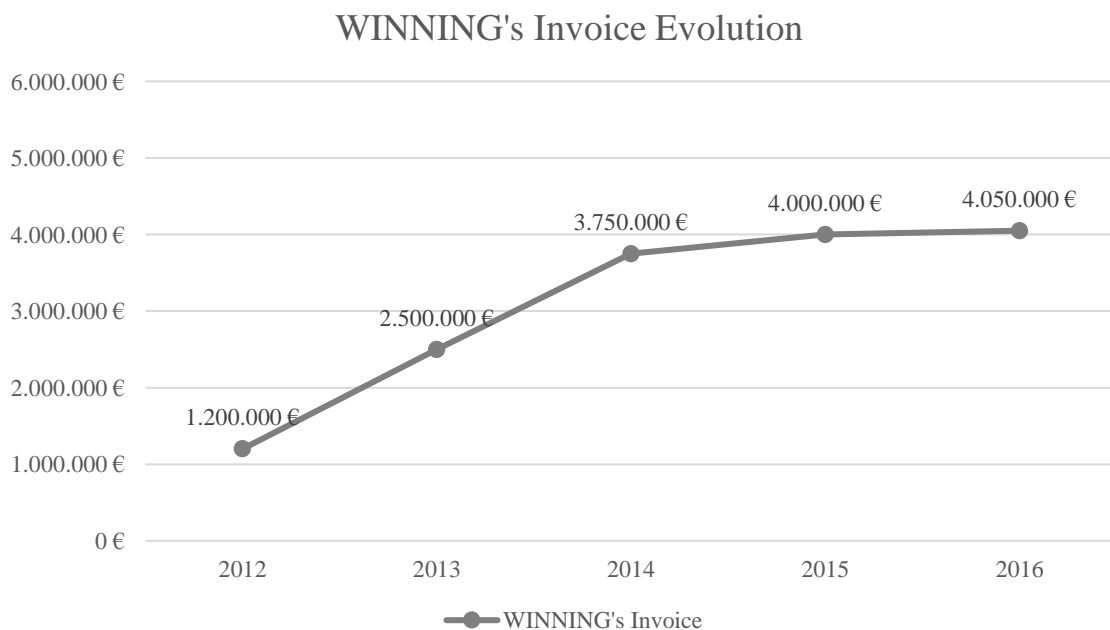


Figure 5 - WINNING's invoice evolution (source: adapted from WSM internal data, 2016)

At the time of this investigation WINNING services were split into six different competency centres: Innovation Management Competency centre, Benefits Management Competency centre, Business Analysis Competency centre, Project Management, Dynamic Capabilities Competency centre and Data Science Competency centre. The portfolio had 4 major services, Consulting, Outsourcing, Training and Recruitment. The company was built with the vision of “Become Winners Together”, the mission of “We Reinvent Your Business Model” and based on values that guide the entire culture of the company,” Passion, Performance, Predictability, Participation and Positive Beliefs”.

WINNING’s expertise is strongly supported by the quality of its human resources that are guided by the rules, best practices and procedures established in developed cultures, and internationally assumed as practices to follow, like the ROI Methodology, BABOK Guide, PMBOK Guide, HCI among others.

In order to have a full understanding of the company workflow, next is presented WINNING’s organizational breakdown structure.

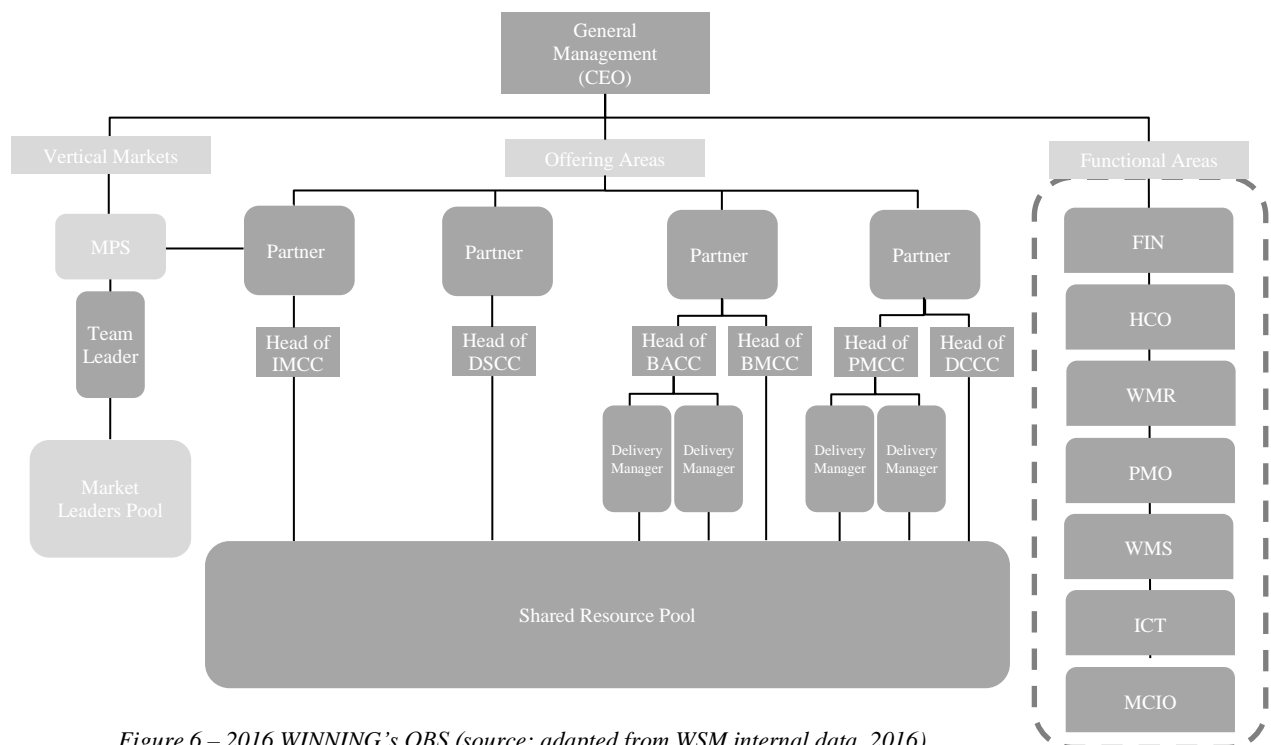


Figure 6 – 2016 WINNING’s OBS (source: adapted from WSM internal data, 2016)

As it is possible to understand there were three main groups at WINNING’s organizational breakdown structure:

- **Offering Areas:** In this group we can find the main processes where its goal is the delivery of value to clients, by providing services. The range of services is composed by the seven competency centres presented previously. Each group of two competency centres has one associated responsible partner, with the exception of the Data Science Competency centre as it is possible to understand by the figure. Only the Business Analysis Competency centre (BACC) and Project Management Competency centre (PMCC) have delivery managers once those are the only departments where its number of employees justifies it. Both these departments are responsible for WINNING’s

highest incomes. All the competency centres share a pool of resources to be allocated according with their needs.

- **Vertical Markets:** this is a group responsible for processes that give support to the business. The Market Problem Solver department (MPS) is led by an assigned team leader and is composed by a set of market leaders, each one responsible for the identification and management of business opportunities for a specific industry like Bank, Energy, Engineering & Construction, Food & Beverage, Healthcare, Hotel & Tourism, Insurance, Pharma, Public Administration, Retail, Services and Telecommunications.
- **Functional Areas:** This group is composed by several offices, which have the mission to give support, facilitate and provide all the conditions for the continuity of the business. It is the case of the Finance Office (FIN), the Human Capital Office (HCO), WINNING Management Recruitment (WMR), the Project Management Office (PMO), WINNING Management School (WMS), Informatics & Communication Technologies (ICT) and Marketing & Competitive Intelligence Office (MCIO).
Regarding WMR, despite of being a functional area, responsible for the internal recruitment process, it also offers a recruitment service for external clients.

3.3. Research Approach

According to Easterby-Smith *et al.* (2008) there are three reasons for the importance of choosing the correct research approach. First it allows the researcher to decide about the research design in a more informed context. Secondly, it will help the researcher in thinking about research strategies and choices that will work on the investigation context. In third place, the authors claim that by knowing the difference on different research traditions, the researcher will be able to adapt the research design to cater for constraints.

By knowing the goal of this research and the problem identified, this study will be considered to have an inductive research approach.

In the inductive approach, theory comes after all the research process. In other words, theory is the outcome of the research developed and it is the result of a pattern identified with the basis of the data collected. It does not involve formulation of hypothesis, but on the other hand it starts with the formulation of research questions and goals to be achieved through the development of the investigation.

Bellow are presented the steps followed by the inductive approach:

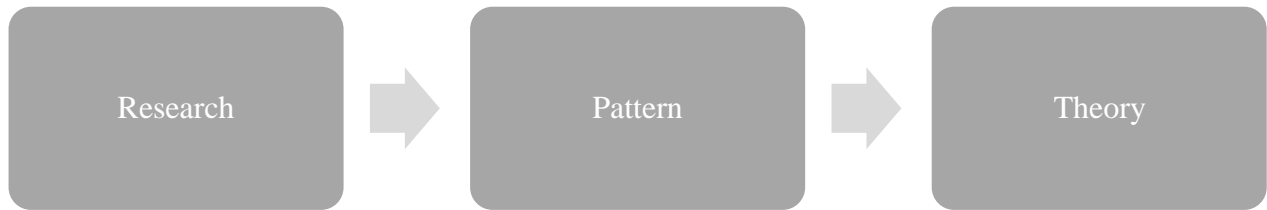


Figure 7 - Inductive Process (source:compiled by the author, 2017)

3.4.Instruments and Procedures

Considering the research context and objectives defined, the research instrument selected for this investigation was the survey to identify the main causes for the life cycle rupture and a final Focus Group with WINNING’s CEO and the Partner responsible for MPS to define strategies to mitigate/avoid the causes of each one of the rupture stages.

As stated by Wienclaw, (2015), a survey is “*a data collection instrument used to acquire information on the opinions, attitudes, or reactions of people*” and a survey research is “*a type of research in which data about the opinions, attitudes, or reactions of the members of a sample are gathered using a survey instrument*”. Through the analysis of the results it will be possible to extrapolate findings from the target population and to build conclusions that will help in the definition of a conclusion theory based on the pattern identified with the basis of the data collected.

On the first section of the survey it is possible to find an explanation of the study and its main goals. The second sections aim to identify the customer and the internal variables regarding the service proposal like the accountable, competency centre, service type and finally it contains a brief explanation of each of the customer life cycle breaking phases in order to help the inquiries to classify it. Last but not least, the following sections have questions regarding each one of the breaking phases and the goal is to find in the answers of this questions the reasons leading customers to break their cycle. As it will be possible to check on the table below, the provided answers for each questions are divided in Internal and External factors. With this division and according with the answers collected it will be possible to understand if the rupture causes are

something that can be controlled internally by WINNING, or if by the other side are causes where WINNING cannot have any direct impact.

The following table explains the survey in a structured way:

Life cycle Phase	Reasons for the rupture		Question contribution
Abandonment	Internal	<ul style="list-style-type: none"> • Budget • Missed Deadline • Scope • Unqualified Resources (CVs) 	Q1.1
	External	<ul style="list-style-type: none"> • Customer preferred competitor’s proposal • Lost of interest • I don’t know • Other 	
	Criticality of the proposal	<ul style="list-style-type: none"> • Critical • Nice to have 	
Attrition	Internal	<ul style="list-style-type: none"> • Budget • Unqualified Resources (CVs) 	Q1.2
	External	<ul style="list-style-type: none"> • Structural organizational changes • Customer preferred a competitor's proposal • No opportunity for WINNING services • Lost of interest • I don’t know • Other 	
Churn	Internal	<ul style="list-style-type: none"> • Budget • Unqualified Resources (CVs) • Service unsatisfaction 	Q1.3
	External	<ul style="list-style-type: none"> • Company was sold • Structural organizational changes • Customer preferred a competitor's service • I don’t know • Other 	

Table 1 - Survey structure (source: compiled by the author, 2017)

3.5.Target Population

This research aims to identify the main reasons why WINNING customers are breaking their life cycles and to identify solutions that can prevent that rupture. For that to happen, the target population defined for this study are the WINNING managers and/or partners responsible for the contact and management of each one of the identified customers going through one of the three rupture phases.

3.6.Final Notes on the Reliability and Validity of this Research

The survey used to support this research was released on late December 2016 and sent directly through email to WINNING's Top-middle Managers and Partners identified as being evolved on the life cycle process of each breaking customer. For the analysis it was considered the time frame of the year 2016 as WINNING is still a very young company and processes change frequently.

Aligned with the research supervisor and WINNING's Partner responsible for the commercial area, an interval of 6 months without any transaction for an existent client was considered to classify that client as in the Churn phase of rupture.

In total **72** customers were identified as being in one of those 3 rupture phases with **151** lost proposals. **14** different account managers were identified and **14** emails with surveys were sent for each one of them asking for a response regarding each one of the lost proposals under accountability, being possible to collect **141** valid answers regarding the **151** lost proposals, which represents a response rate of **93%**.

CHAPTER 4 – RESULTS

For the chapter four of this research, the main goal is to analyse and provide a full understanding of the results obtained through the data collected from the 14 different account managers identified. Conclusions will be presented regarding the analysis activity in order to respond and validate the proposed research questions on previous chapter. As mentioned before, each account was requested to answer the survey as many times as proposals they have lost.

4.1. Sample Analysis

To begin with the work analysis, are going to be analysed the answers to the pages 2 a 3 of the survey. This analysis will provide an overview of the lost proposals by accountable, customer, service and competency centre.

4.1.1. Lost proposals by Accountable

In order to understand the distribution of the lost proposals by Account Manager it is presented the following table:

Account Manager:	Number of Proposals	Total Price
Nádia Miranda	33	793 978,00 €
Hugo Cartaxeiro	28	1 396 582,09 €
Eduardo Espinheira	19	340 932,50 €
Vera Santos	13	240 146,00 €
Ana Churro	9	251 642,36 €
António Fernandes	9	149 450,00 €
Vânia Patrício	8	45 400,00 €
Sandra Mendes	7	175 907,40 €
Alexandre Inácio	4	36 940,00 €
Sara Alves	3	8 700,00 €
André Arrimar	2	- €
Aristotelis Tsorakidis	2	11 950,00 €
Cláudia Teixeira	2	7 900,00 €
Pedro Menezes	2	115 300,00 €
	141	3 574 828,35 €

Table 2 - Lost proposals by account manager (source: compiled by the author, 2017)

Regarding the lost proposals, we can state that the majority of them were associated to **3** distinct account managers, Nádia Miranda (**33**), Hugo Cartaxeiro (**28**), Eduardo Espinheira (**19**), which

represents **57%** of the total of lost proposals (**141**) and an accumulated value of **2.531.492,59€** (**71%**) lost from a total of **3.574.828,35€**.

If we compare the total value lost with WINNING's total invoice for the year of 2016 (**4.050.000,00€**) this amount represents about **88%** of that value.

An additional note for the account manager André Arrimar, with 2 lost proposals, but 0€ in Total Price. This is explained by the fact that these 2 proposals were engagement tools. An engagement tool is many times proposed to clients without any cost.

4.1.2. Lost proposals by Customer

For a complete understanding of the causes for breaking their life cycle, it is also a need to know how the amount of lost proposals are divided by client.

Customer	Number of Proposals
AXA group	14
SPMS	8
SCML	7
CGD	5
EDP	5
Infraestruturas de Portugal	5
SONAE	5
Microsoft	4
BlocoTelha	3
Eurotrials	3
Galp	3
GLN	3
Barclays	2
CA Caixa Central	2
CEIIA	2
Cetelem	2
Cofidis	2
Hiscox	2
HP	2
JP Inspiring Knowledge	2
JuniFEUP	2
Lactogal	2
Liberty Seguros	2
Norfin	2
Saudaçor	2
VDA	2
Victoria Seguros	2
Worten	2
Ábaco Consultores	1
Advance Care	1
APGEI	1
Balflex	1

BBVA	1
Bleenk	1
Bluepharma	1
BPI	1
Bureau Veritas	1
CA Seguros	1
CA Serviços	1
Celfocus	1
Cofidis Itália	1
Consultraining	1
Corticeira Amorim	1
CrossJoin	1
CTT	1
Efacec	1
Forma-te	1
Green Avenue, Lda	1
Groupama	1
INMC	1
Innopreneur Group	1
ISEG	1
Jonhson & Jonhson	1
Locarent	1
Mapfre	1
Nestlé	1
NOS	1
PHC	1
Porto Executive Academy	1
Promotorres	1
PT	1
Quidgest	1
SMPS	1
TAP Megasis	1
Tegopi	1
TIMWE	1
UNAVE	1
Universidade de Aveiro	1
VASP	1
Via Directa	1
Vila Galé	1
Wayfield	1
	141

Table 3 - Lost proposals by customer (source: compiled by the author, 2017)

If we look at the top of the table above, AXA Group Solutions clearly gets the highlight with **14** proposals sent and lost. In the second place we have the customer SPMS with **8** proposals sent and lost. Finally, in third place we have the customer SCML with **7** proposals sent and lost.

4.1.3. Lost proposals by Service Type

In this analysis it's presented the distribution of lost proposals by service type. This analysis will allow the understanding of which type service is being rejected most by customers.

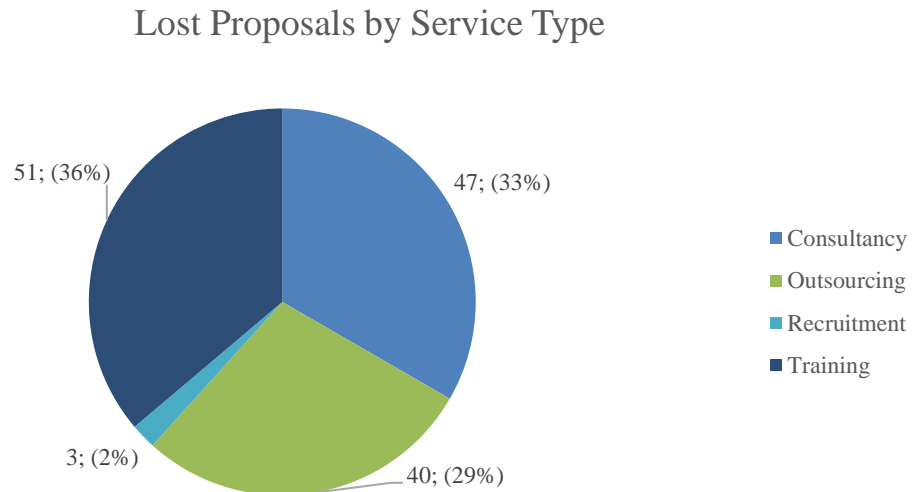


Figure 8 - Lost Proposals by Service Type (source: compiled by the author, 2017)

Service Type	Number of proposals	Total Value
Training	51	320 957,50€
Consultancy	47	1 820 028,49€
Outsourcing	40	1 425 142,36€
Recruitment	3	8 700€
	147	3 574 828,35€

Figure 9 - Total value loss by service type (source: compiled by the author, 2017)

By the analysis we can conclude that Training Services are the ones with the biggest rejection rate with **51** proposals lost, which represents **36%** of the total lost proposals and a total value of **320 957,50€**. Consultancy services with **47** proposals lost accounts for **33%** of lost proposals and an accumulated value of **1 820 028,49€**. In third place we have Outsourcing services with **40** lost proposals, which represents **29%** of the total lost and a value of **1 425 142,36€**. Finally, we have Recruitment services with only **3** proposals lost, representing **2%** of the total and a total value of **8 700€**.

As it is possible to understand, the amount of proposals lost is not directly proportional to the total value lost. This can be explained once each proposal has its own characteristics (duration, team size and experience, costs, etc.) regardless of the service.

4.1.4. Lost Proposals by Competency centre

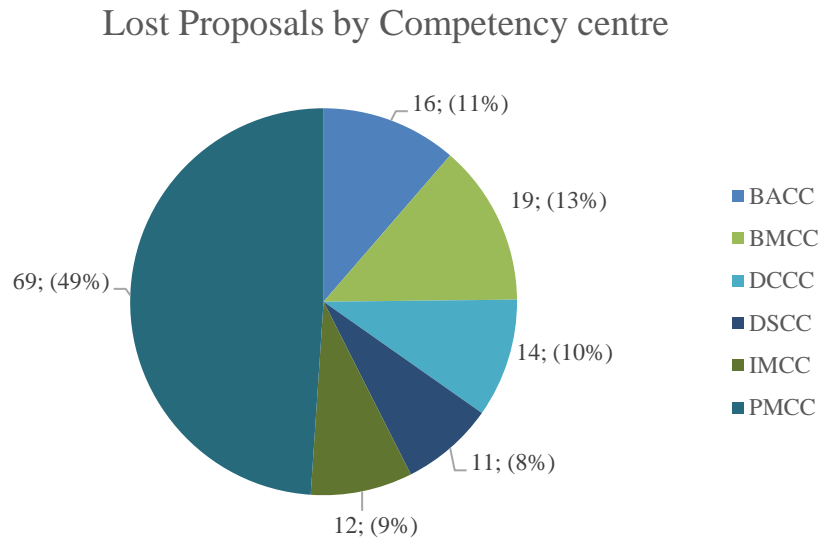


Figure 10 - Lost Proposals by Competency centre (source: compiled by the author, 2017)

Competency centre	Number of proposals	Total Value
PMCC	69	1 806 844,32€
BACC	16	492 262,01€
BMCC	19	455 660,02€
IMCC	12	375 626,00€
DSCC	11	335 920,00€
DCCC	14	108 516,00€
	141	3 574 828,35€

Figure 11 - Total value lost by competency centre (source: compiled by the author, 2017)

Through the analysis of Competency centres, the PMCC is the one with the highest number of lost proposals, **69**, which represents **49%** of the total and corresponds to a business loss in the value of **1 806 844,32€**. Next we have BMCC with **19** lost proposals, which represents **13%** of the total lost and a total of **455 660,02€**. BACC has **16** lost proposals, which represents **11%** of the total and an accumulated value loss of **492 262,01€**. DCCC comes in the fourth place regarding lost proposals with **14**, which represents **10%** of the total and **108 516,00€** in accumulated value. Next we have IMCC with **12** lost proposals, which represents **9%** of the total and an accumulated value loss of **375 626,00€**. Finally, we have DSCC with **11** lost proposals, representing **8%** of the total and a business loss value of **335 920,00€**.

4.2. Results Analysis

In this analysis the focus will be the results of the causes for each customer breaking their life cycle. With this analysis, the expectation is that the proposed research questions of this

dissertation can be validated through the identification of actions to mitigate the main causes identified.

This analysis will be presented in two parts. First, we will have an overall analysis of the customers' distribution by the different stages of the life cycle rupture, second we will have a detailed analysis segmented in three parts, Abandonment causes, Attrition causes and Churn causes. This segmentation will allow specific conclusions about the rupture causes regarding each stage.

4.2.1. Overall Analysis

In this analysis the focus are the answers from page 4 to 11 of the survey, where can be found the answers for customers' distribution by life cycle rupture stage and the main causes for this rupture to happen.

4.2.2. Customer Life Cycle Stage

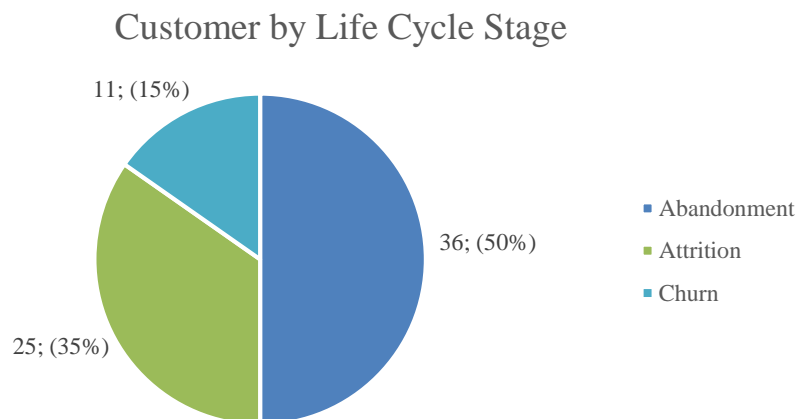


Figure 12 - Customer by life cycle stage distribution (source: compiled by the author, 2017)

From the 72 identified customers with lost proposals, **36** were classified as being on the **Abandonment** phase, which represents **50%** of the total customers breaking their life cycle. This means that **36** clients have received their first proposal from WINNING and **have never reached a deal** and nurturing the relation. **25** customers were classified as being on the **Attrition** phase, which stands for **35%** of the total. This is the type of customer which receives several proposals across the year but **only closes the deal in some of them**. Finally, **11** customers were identified as being in the **Churn** phase, which represents **15%** of the total customers breaking their lifecycle. These clients have cut their business relationship with WINNING, with **no business transactions for 6 or more months**.

4.2.2.1. Abandonment Causes

The Abandonment group of this survey had 3 questions as stated on chapter 3 of this research. A question looking to get the main reason why the proposal was rejected, a question regarding the criticality of the service proposed and a question aiming to identify the causes why the account manager was not able to identify the rupture cause, when applicable.

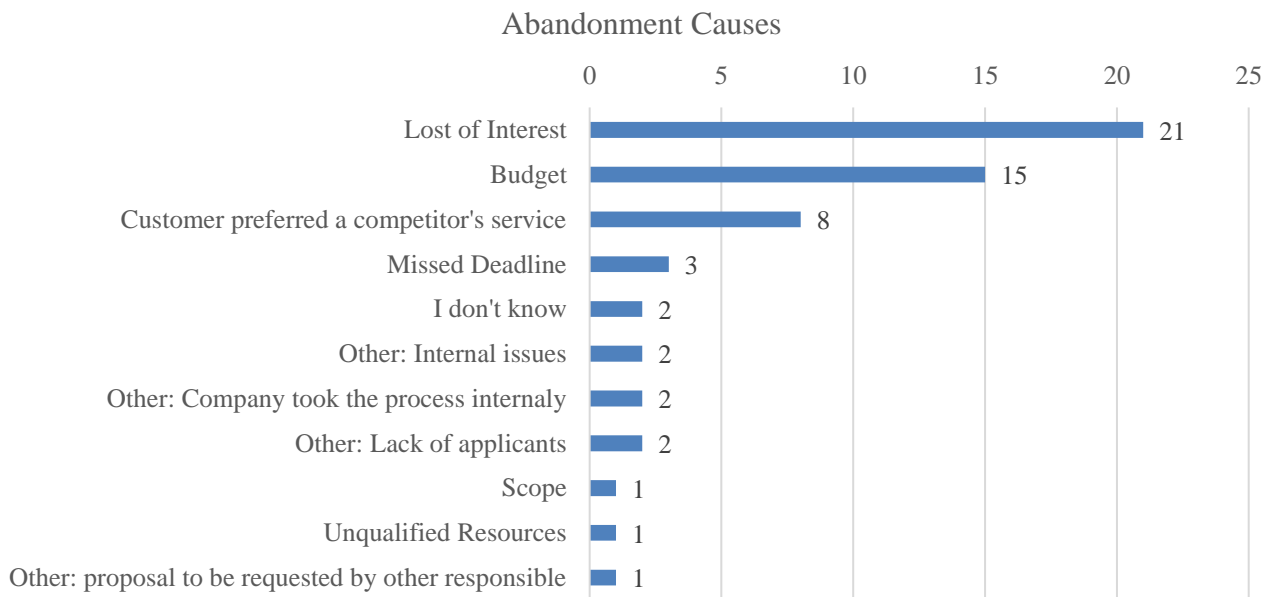


Figure 13 - Abandonment causes (source: compiled by the author, 2017)

By this analysis it is possible to understand that from the 141 lost proposals identified, **58** were sent to customer classified as being in the Abandonment stage. By looking at the **top 3** main causes for the proposal not to be accepted and for the client to be in the Abandonment stage we have “**Lost of Interest**” as the top main cause choose by WINNING account managers with **21** appearances, which represents **36%** of the total causes. Next we have “**Budget**” as the second main cause with **15** appearances, which represents **26%** of the total causes. Closing the top 3 we have “**Customer preferred a competitor’s service**” with **8** appearances which stands for **14%** of the total.

4.2.2.1.1. Reasons for not knowing the cause

Even though the account managers have the concern of knowing the reasons why customers are refusing their proposals, sometimes, for some reasons, it might not be possible to get or

understand that information. Being aware of that there was also a specific question to identify this events.

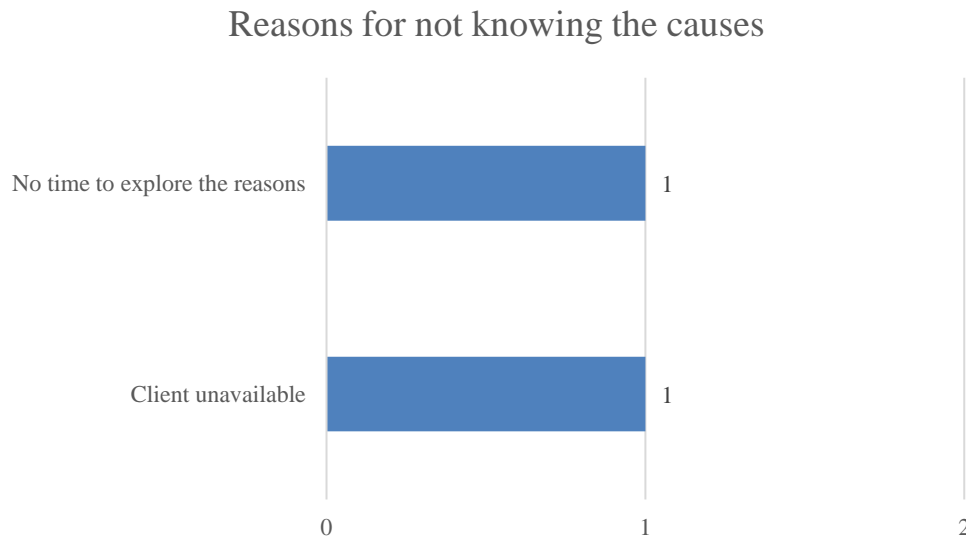


Figure 14 - Reasons for not knowing the causes of the rejection (Abandonment) (source: compiled by the author, 2017)

For only 2 times the account managers didn't know the reasons why the customer refused to accept the proposal. One of the reasons was the lack of time to explore the causes by the account manager, and the other reason was due to customer unavailability.

4.2.2.1.2. Proposal Criticality

Still, for a complete knowledge about the Abandonment causes there was a need to understand if clients were refusing proposals that were critical for the business continuity and aiming to solve a real pain identified or just a nice to have.

The results are presented below.

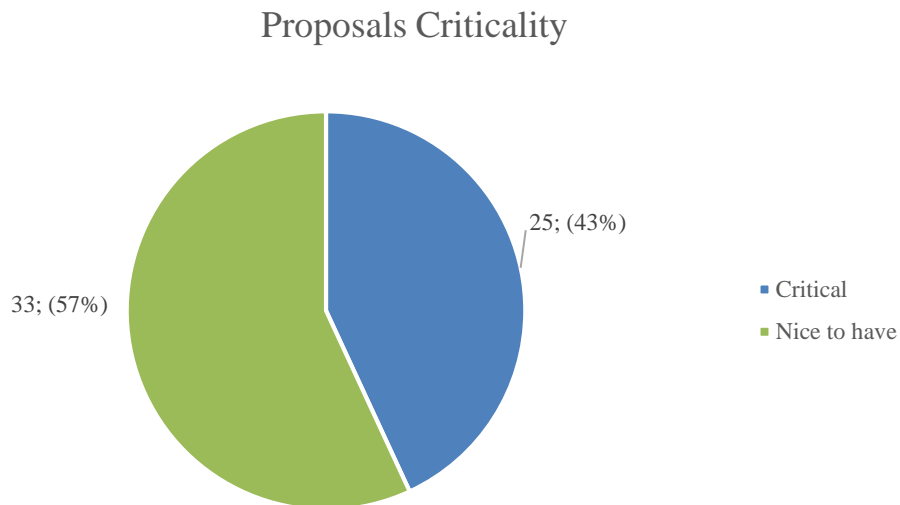


Figure 15 - Abandonment proposals criticality (source: compiled by the author, 2017)

From the 58 proposals, **33** were classified as a “**Nice to have**”, which stands for **57%** of the total. On the other hand, **25** proposals were classified as **Critical** for the customers’ business, representing **43%** of the total proposals identified. The fact that the majority of the lost proposals for clients on the Abandonment stage were classified as a Nice to have, can be one of the explanations for the fact that “Lost of interest” is the highest cause identified for rupture on this stage. By not creating any added value for the client’s business with the creation of proposals that will not solve any real and critical problem, WINNING might be decreasing its chances to conquer the customer and to induce him to go further on his life cycle, were the main goal is to reach the loyalty phase.

4.2.2.2. Attrition Causes

For the Attrition causes only 2 questions were asked. A question looking to get the main reasons why the proposal was rejected and a question aiming to identify the causes why the account manager was not able to identify the rupture cause, when applicable. Criticality was not considered for the evaluation of this stage once we believe that it is a factor with higher impact when trying to make a customer reach the Acquisition stage and therefore with higher importance to consider on the Abandonment causes.

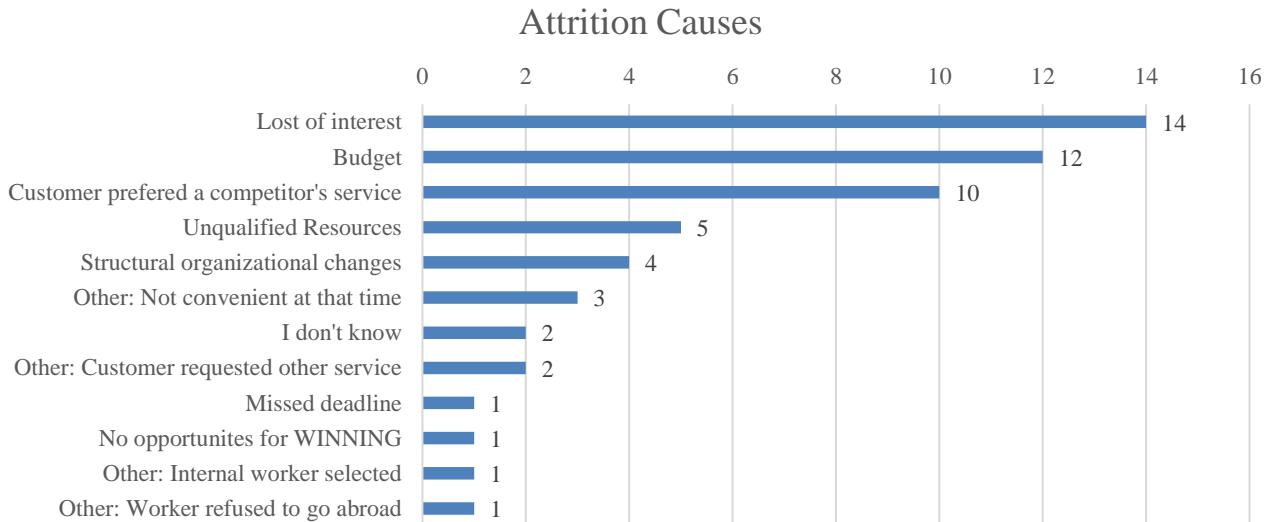


Figure 16 - Attrition causes (source: compiled by the author, 2017)

56 proposals were sent for customers identified being on the Attrition stage. Looking at the **top 3** main causes for the proposal not to be accepted and for the client to be in the Attrition stage we have “**Lost of interest**” as the first and main cause, stated **14** times, which represents **25%** of the total causes. In second place we have “**Budget**”, stated **12** times, which represents **21%** of the total. In third place we have “**Customer preferred a competitor’s service**” as cause for customer attrition, stated **10** times, which stands for **18%** of the total. A final note for the cause presented in fourth place, “**Unqualified Resources**”, stated **5** times, which represents only **9%** of the total, but could help WINNING understanding that there is a need to refine the resources qualification process.

4.2.2.2.1. Reasons for not knowing the causes

As in the previous stage, sometimes it might not be possible to get or understand the reasons why customers refused some proposals. Being aware of that, there was also a specific question to identify these events on this stage too.

Reasons for not Knowing the causes

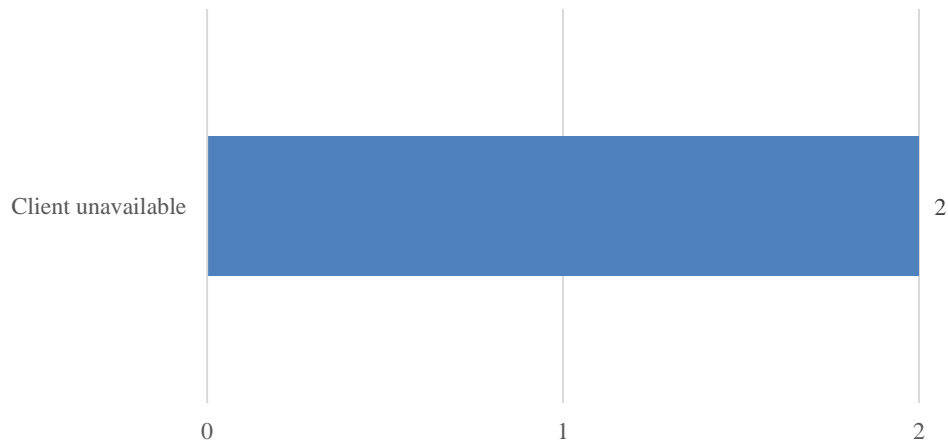


Figure 17 - Reasons for not knowing the causes (Attrition) (source: compiled by the author, 2017)

In two circumstances the account managers stated that they didn't know the reason for the proposal rejection. However, the cause was the same, "**Client unavailable**".

4.2.2.3. Churn Causes

For the identification of Churn causes only 2 questions were asked also. A question looking to get the main reasons why the proposal was rejected and a question aiming to identify the causes why the account manager was not able to identify the rupture cause, when applicable. Criticality was not considered for the evaluation of this stage for the same reason as explained on the Attrition

stage.

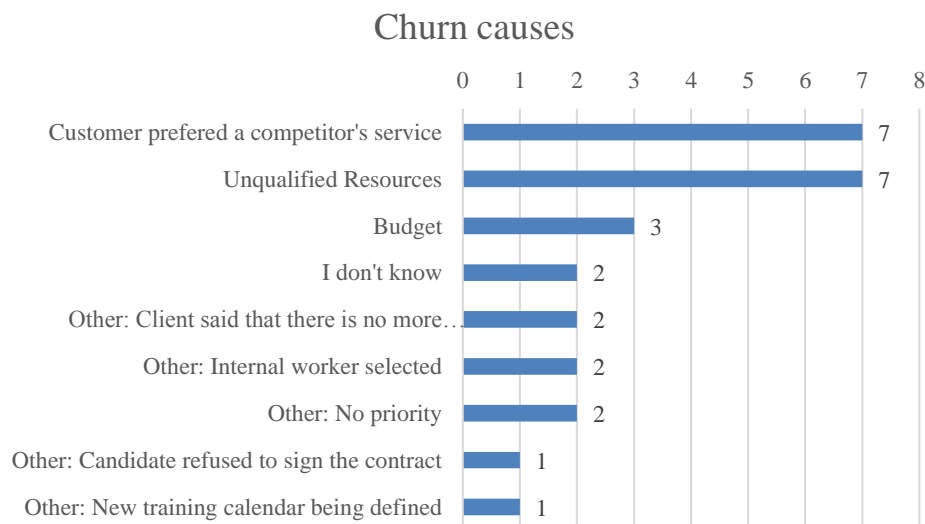


Figure 18 - Churn causes (source: compiled by the author, 2017)

Analysing the results for the Churn causes, and looking once again for the **top 3**, in first place we have “**Customer preferred a competitor’s service**”, stated **7** times as the cause for the proposal to be rejected, which represents **26%** of the total. Next, and also stated **7** times we have “**Unqualified Resources**”, which also represents **26%** of the total causes. Closing the top 3 we have “**Budget**”, stated only **3** times as a cause, representing **11%** of the total.

4.2.2.3.1. Reasons for not knowing the causes

As before, there is also the need to know the reasons why the account managers didn’t know the causes why customers on the Churn stage refused the proposals.

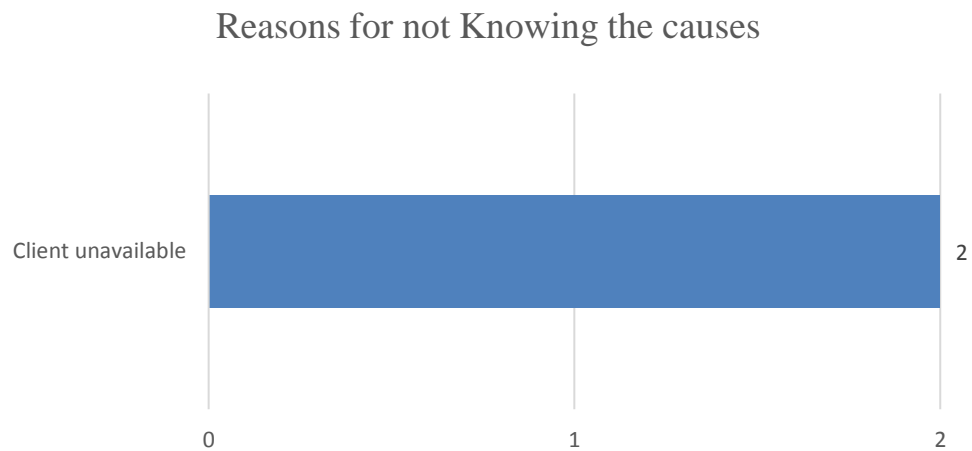


Figure 19 - Reasons for not knowing the causes (Churn) (source: compiled by the author, 2017)

Only in two circumstances the account managers stated that they didn’t know the reason for the proposal rejection. However, the cause was the same, “**Client unavailable**”.

CHAPTER 5 – IMPLICATIONS

5.1. Main Conclusions

Through the results achieved on the previous chapters it is possible to reach several conclusions regarding the causes why WINNING customers are breaking their life cycle, regardless of the stage where they are. The findings in this research may provide WINNING insights to increase its customers' life cycle.

By the understanding of the causes why customers are breaking their lifecycle it will be possible to design strategies to avoid and mitigate those.

Before getting into the main conclusion, it is important to highlight that across the year of 2016 WINNING has lost proposals on the value of **3 574 828,35 €**. This value is equivalent to **88%** of WINNING's invoice. There is much to win by finding the main causes why customers are breaking their life cycle and to design strategies to increase their life cycle.

Now, based on the results collected, the main conclusions can be synthesized on:

- The most representative life cycle stage where WINNING needs to act is the **Abandonment** stage with **36 (50%)** of the identified clients on this stage. This lead us to conclude that there is a need to review the engagement process and techniques in a way that these customers actually make their first transaction and reach the Acquisition stage.
- **Abandonment** main causes were “Lost of Interest”, “Budget” and “Customer preferred a competitors' service”, representing **76%** of the total causes. Only the second cause is an Internal cause, which means that WINNING can have direct influence on it. However, there is clearly a need to know even better the customer to understand why he lost his interest and why customer preferred a competitor's service.
- Only two times the account managers didn't know why a customer refused a proposal and the reasons for that were “Client unavailable” and “No time to explore the reasons”. It is not a significant number but it is important that each account manager nurtures the relation with the customers they are accountable for in order to get a complete understanding of the causes and to have a change to act upon them on time.
- Still regarding the Abandonment stage, it was possible to check that the majority of the proposals were not critical for the customer business. By not presenting solutions that

solve real problems and create added value for the business, WINNING is decreasing its chances to win and conquer a new customer.

- Regarding **Attrition** main causes, they were also “Lost of Interest”, “Budget” and “Customer preferred a competitors’ service”, representing **64%** of the total causes. Once again, only the second cause is an Internal cause where WINNING can have a direct influence by reviewing their prices. Still, it is possible to confirm once again that there is clearly a need to know even better the customer to be able to avoid the other causes.
- For two times the account managers didn’t know why a customer refused a proposal being on the Attrition stage and the reasons for that was “Client unavailable”.
- **Churn** main causes were “Customer prefers a competitors’ service”, “Budget” and “Unqualified Resources”, representing 63% of the total causes. This time, we have to Internal causes where WINNING can act. Once again “Budget” was on the top 3 causes which reinforces the need to review service prices. Unqualified “resources”, was the other Internal cause and rated in 4th place on the Attrition causes. This could let us conclude that there might be space to improve WINNING’s recruitment and qualification process.
- Once again, for only 2 times the account managers didn’t know why a customer refused a proposal. It is not a significant amount but reinforces the need to nurture the relation with the customers they are accountable for

5.2. Recommended Actions

After reaching and analysing the conclusions presented on the previous point, there was a need to define and recommend a set of actions to increase WINNING’s customers’ life cycle. These recommended actions are the mitigation strategies for each one of the main causes identified for the life cycle rupture and are the answer for each one of the research questions.

With the results analysed and the main conclusions defined, we now have all that is needed to answer the research questions created. However, and to answer to the main question: “**How can WINNING increase its customer retention percentage?**”, there is a need to answer to each one of the secondary questions.

A first approach to the conclusions reached, allowed us to get valuable insights. If there is any elementary exercise to consider in every sales process, is to know why a customer decides, or

not, to buy a service, which are the causes that are somehow limiting his decision and to try to understand these variables in a way that we can have higher influence at the decision moment. It is critical to make the right questions at the right time. One of the biggest barriers on a customer buying process is the fact that the customer himself is not aware about the value of the service being presented, added to the lack of humbleness many times presented when there is a belief that the way he is working is the most appropriated one. The stages of unconscious incompetence are, many times, a barrier for the buying process.

In order to answer the first and second secondary questions: “**How can WINNING mitigate the causes of its customers’ Abandonment?**” and “**How can WINNING mitigate the causes of its customers’ Attrition?**”, there is a need to define a set of actions that will be implemented across all WINNING’s sales area, in order to mitigate the main identified causes for abandonment and attrition respectively: “Lost of Interest”, “Budget” and “Customer preferred a competitor’s service”.

To avoid the customer Lost of Interest the following set of recommended actions were defined:

- Ensure that before sending any proposal, the customer knows exactly the problem he is facing. Before that, do not approach the solution.
- To all the proposals being sent, schedule a physical/skype presentation with the customer in order to ensure the interest. If the customer is not available from the beginning it is a sign that he is not committed and interested in the proposal, and finally that it is not critical for the business. This will mitigate the fact that some accounts might be sending proposals, like training services for instance, as a last effort to sell something.
- Develop and nurture even more the use of problem solving tool. The fact that 57% of the proposals are classified as a Nice to Have, reflects that this tool is not being fully and well applied and should be much more explored.
- Build even more tailored proposals according to each customer real needs.

For the Budget cause the following set of actions were defined:

- Always ensure, at least, the presentation of two pricing scenarios to customers based on scope specifications. The majority of proposals do not have this.
- Enhance the concrete benefits of each proposal, especially in Consultancy proposals.

- Take advantage of more and better engagement tools to work with the mojo of “try and buy”. When a customer is reluctant about buying a service, but WINNING has a positive belief about the ROI of that customer, to bet in a “no compromise” solution can be a way of engaging the customer, to know him well and from that point, to create a dependency that will make him to be willing to spend money buying services.

Finally, to avoid the preference for a competitor service, the following set of recommended actions were defined:

- Ensure industry specialization on the MPS competency centre, in a way that the customer can have a better perception of WINNING’s services know-how.
- Promote a value added service. A customer will only buy from WINNING if the services provided have something unique that distinguish them from the competitors adding real value.
- Build and collect more references and case studies, from national and international projects. This will increase customers’ confidence on WINNING services and be helpful into making them reach the Acquisition stage.

Last but not least, and to answer the third secondary question: “**How can WINNING mitigate the causes of its customers Churn?**”, there is also a need to define a set of actions to be implemented across WINNING sales area to mitigate the main causes for client churn: “Customer preferred a competitor’s service”, “Unqualified Resources” and “Budget”.

For the causes related with the preference for a competitor service and budget, we have already defined above the set of actions to be implemented that will also be applied to try to reduce WINNING’s customers churn rate.

Still remains to define the actions to avoid the “Unqualified Resources” causes that are presented below:

- Bet and recruit a stronger and more experienced recruitment team.
- Establish more and better partnerships with recruitment organizations.
- Create and ensure a recruitment process that has, at least and mandatorily, two stages with two different persons.
- Especially on Outsourcing services, ensure that when an internal resource curriculum is sent to a customer for evaluation, attach, at least another external

option with a higher price. WINNING has a better perception of a resource competencies and quality from the moment he is an internal worker, being easier to ensure the fit to the opportunity.

With all the recommended actions presented above in collaboration with WINNING's CEO and MPS responsible Partner, we might say that we have answered positively to all the secondary questions **Q1.1**, **Q1.2** and **Q1.3**, which allow us to conclude that the primary question **“How can WINNING increase its customer retention percentage?”** is also answered.

In sum we can say that there is a need to study even better the customers that abandon our business. These are the real customers to study and there must be humbleness to do it.

“One of the best predictors of ultimate success in either sales or non-sales selling isn't natural talent or even industry expertise, but how you explain your failures and rejections.”

Daniel H. Pink

CHAPTER 6 – RESEARCH LIMITATIONS AND FUTURE RESEARCH

6.1. Research Limitations

As any research work, there are some constraints and limitations that in the absence of them could lead us to even solid conclusions. However, it is possible to consider that this descriptive research produced added value conclusions regarding the research questions.

The first identified limitation is related to the Target Population. Only WINNING managers and/or partners responsible for the customer accounts mentioned in this study were asked to participate. More accurate causes could be identified if the customers themselves were involved in this research. Also, there could be significant insights by knowing if the proposal had an inbound or outbound origin.

Another limitation is related with the segmentation of the reasons why customers break their life cycle. In this study we are considering the causes for the rupture in an overall perspective, regardless of the service type and competency centre. This happens due to the fact that by segmenting our sample, there is not enough information to reach a solid conclusion. However, once WINNING's process for proposal construction and delivery is the same for all competency centres there is no major impact on the study.

For the identified proposals where the cause for rejection was related with budget it remains to analyse if WINNING margins were above average.

Finishing these research limitations is the fact that no comparisons were made with other similar companies. This comparison would help in having a better understanding if the results presented are truly outrageous or if on the other hand, they are normal for this kind of organizations.

6.2. Future Research

This is a type of study that should be done periodically when applied to a company, as the main goal of any business is to improve day by day and to know its customer more and more. Moreover, these are topics that are likely to obtain even more significance over time as it will be possible to get even more information about customers than nowadays.

Here are presented some suggestions that could give this study different insights:

- This study was performed with a 1-year time frame. It would be interesting to extend the time frame, which would allow a bigger sample and a possible segmentation by Service and Competency centre, to have a full understanding about how each service and competency centre have impact on the customer life cycle.
- Another interesting approach would be to involve the customers themselves on the causes identification. This would allow even more powerful insights and better action plans.
- By the time of this research WINNING as already implementing a CRM. It would also be interesting to make this type of study based on a technological platform.

BIBLIOGRAPHY

Boyd, J.R. (1987). A discourse on winning and losing. Maxwell Air Force Base, AL: Air University Library Document No. M-U 43947.

Capek, W. Frank (2012): Optimizing Customer Intelligence Process, 2:1-2.

Chen, I.J., & Popovich, K. (2003). Understanding customer relationship management (CRM): People, process and technology. *Business Proc. Manag. Journal*, 9, 672-688.

Cokins, G (2004): How to Measure and Manage Customer Value and Customer Profitability

Coviello, N. E. and Brodie, R. J. (2001): Contemporary marketing practices of consumer and business-to-business firms: How different are they? *Journal of Business & Industrial Marketing* 16 :382 – 400

Cutler M. and Stern J. (2000) E-Metrics Business Metrics for The New Economy, pp.27-31

Davenport, Thomas H. (2012) Pin Down Your Customer Intelligence Objectives. *Harvard Business Review*, pp.2-4.

Drucker, P. (1954): *The Practice Of Management*. New York: Harper & Row Publishers.

Dwyer, F.R., Schurr, P.H and Oh, S. (1987): Developing buyer-seller relationships. *Journal of Marketing*, Vol. 51, No. 2, pp. 11-27.

Easterby-Smith, M., Thorpe, R. and Jackson, P. (2008) *Management Research* (3rd edn). London: Sage.

Eckerson, W. and Watson, H. (2000), *Harnessing Customer Information for Strategic Advantage: Technical Challenges and Business Solutions*, special report, The Data Warehousing Institute, Chatsworth, CA.

Flint, D. J., Woodruff, R. B. and Gardial, S. F. (2002): Exploring the phenomenon of customers' desired value change in a business-to-business context. *Journal of Marketing*, 66(4), 102–117.

Fürstner, I. & Anišić, Z. (2010), A Possibility for Optimal Customer Profile Definition. 11th IEEE International Symposium on Computational Intelligence and Informatics, p. 245-246.

Gobble, M. MaryAnne (2015), *From Customer Intelligence to Customer Intimacy*

Kelly S. (2006), *Customer Intelligence: From Data to Dialogue*

Kotler, P. (1997): Method for the millennium. *Marketing Business*, February, pp. 26-27.

Lambin, Jean-Jacques, (2008), *Changing Market Relationships in the Internet Age* Louvain, Presses universitaires de Louvain.

Liautaud, B. (2016): *Customer Intelligence*, pp.1-27

Litman J. and Lohrmann B. (2002) *Innovating with Customer Intelligence*. *Strategic Finance*

MANDIC, M. (2011). IMPORTANT ELEMENTS IN CUSTOMER RELATIONSHIP MANAGEMENT. *International Journal of Management Cases*, 13(3), pp.347-351.

Michael G. (2011). CIOs need the people to manipulate big data and customers' experiences. *ComputerWeekly*. pp.12

Partnoy, F. (2012): *Act Fast, but Not Necessarily First*. *Harvard Business Review*

Porter, Michael E., (2008): *The Five Competitive Forces That Shape Strategy*. *Harvard Business Review*, pp.12

R. Daft and R. Lengel (1986), "Organizational information requirements, media richness and structural design," *Management Science*, Vol. 32, pp. 554-571.

Santos, R (2015). *Scientific Management Methods* (Master's Thesis, ISCTE Business School, Lisbon, Portugal)

SAS, *Competing on Customer Intelligence* (2012). Retrieved from SAS website http://www.sas.com/content/dam/SAS/en_us/doc/whitepaper1/competing-customer-intelligence-103294.pdf

Sheth, J., Mittal, B., & Newman, B. (1999). *Customer behavior*. Fort Worth, TX: Dryden Press.

Temporal, P. and Trott, M. (2001): *Romancing the Customer: Maximizing Brand Value Through Powerful Relationship Management*, John Wiley & Sons (Asia) Pte Ltd, Singapore

Webster F.E. and Wind Y. (1972), *Organisational Buying Behaviour*, Englewood Cliffs, NJ, Prentice-Hall.

Wienclaw, R. A. (2015). *Surveys in Sociology Research*. *Research Starters: Sociology* (Online Edition)

APPENDIX

APPENDIX I – Survey Form.....43

APPENDIX I – Survey Form

Company Intelligence Across Customer Life Cycle

To whom it might concern,

I'm currently developing my Master Thesis on Business Administration regarding the increase of the customer lifecycle on a Management Consulting firm. More precisely WINNING Scientific Management.

The main goal of this survey is to understand the main reasons why WINNING customers are breaking their life cycles and to identify solutions that can prevent that rupture.

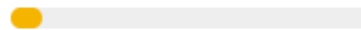
Your participation is vital and very much appreciated for the success of this work. All the information provided is strictly confidential and will not be disclosed in the final report of this research.

If you have any question or even if you want to provide me additional inputs regarding this thematic that are not present in this survey please feel free to contact me.

Thank you very much for your help.

Best regards,
André Arrimar

PRÓXIMA



Página 1 de 11

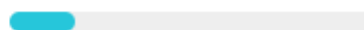
Personal Identification

Responsible Name: *

Escolher ▼

VOLTAR

PRÓXIMA



Página 2 de 11

Client Identification and Classification

Client *

Sua resposta

Proposal ID *

Sua resposta

Service Type *

Outsourcing

Consultancy

Training

Recruitment

Competency Center *

SMCC

BMCC

BAOC

PMCC

DCCC

IMCC

DSCC

Customer Life Cycle Stage *

-Abandonment: Customers who start but do not complete the buying process. (ex: Proposal sent but not accepted)-Attrition: Stage were converted customers prefer to buy to a competitor during a specific timeframe. (ex: customers who only buy training courses once in a while)-Churn: A customer that rolls over (ex: a customer that is no longer buying from WINNING)

Abandonment

Attrition

Churn

VOLTAR **PRÓXIMA**

Página 3 de 11

Abandonment

What was the main reason for this business proposal not to be accepted? *

- Budget
- Missed Deadline
- Scope
- Customer preferred a competitor's service
- Unqualified Resources
- Lost of Interest
- I don't know
- Outro: _____

VOLTAR

PRÓXIMA

Página 4 de 11

Abandonment

Was this proposal critical and aiming to solve a real pain identified by the customer or is it just nice to have? (adding value to business) *

- Critical
- Nice to have

VOLTAR

PRÓXIMA

Página 5 de 11

Abandonment

If you answered "I don't know" in the previous question , what was the reason for this lack of knowledge? *

- Client unavailable
- Client was not priority for the business
- No time to explore the reasons
- Outro: _____

VOLTAR

PRÓXIMA

Página 6 de 11

Attrition

What was the main reason for not having a continuous service? *

- Unqualified Resources
- Budget
- Structural organizational changes
- Customer preferred a competitor's service
- No opportunities for WINNING
- Lost of interest
- I don't know
- Outro: _____

VOLTAR

PRÓXIMA

Página 7 de 11


Attrition

If you answered "I don't know" in the previous question, what was the reason for this lack of knowledge? *

- Client unavailable
- Client was not priority for the business
- No time to explore the reasons
- Outro: _____

VOLTAR

PRÓXIMA

 Página 8 de 11


Churn

What was the main reason for the customer roll over? *

- Company was sold
- Service unsatisfaction
- Budget
- Structural organizational changes
- Customer preferred a competitor's service
- Unqualified Resources
- I don't know
- Outro: _____

VOLTAR

PRÓXIMA

 Página 9 de 11

Churn

If you answered "I don't know" in the previous question, what was the reason for this lack of knowledge? *

- Client unavailable
- Client was not priority for the business
- No time to explore the reasons
- Outro: _____

VOLTAR

PRÓXIMA



Página 10 de 11

Survey Conclusion

Thank you very much for your cooperation.

Kind regards,
André Arrimar

VOLTAR

ENVIAR



Página 11 de 11