

In it for the long haul?

How to achieve long-term business growth through relationship marketing.

By Max Franchitto

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Consider this: you're a small business person who recognises the importance of developing enduring and profitable relationships with your customers.

To that end, you work hard to produce quality products and/or services, offer outstanding service delivery, and cultivate a friendly, professional rapport with your clients.

So what's the problem? Why isn't your business moving forward the way you expect? Despite your best efforts why are long term relationships proving so elusive?

Tip: realisable outcomes - long-term business relationships, and ongoing profitability - are within your grasp.

To answer those questions, we'll take a look at the key factors in any successful business by considering the critical importance of Relationship Marketing.

Put yourself in their shoes

First, think of the values that you would seek before making a commitment to someone in a business relationship. It would probably be one where you felt the provider was listening - and understanding - your needs and requirements. It goes without saying that you'd be concerned about the provision of quality service that went beyond the norm.

Tip: the essence of strong business relationship is the ability to consistently over deliver on the expectations of your customers.

In particular, financial services professionals, for example must deal with the normal concerns that people have about keeping money matters confidential. Here, the need to build the relationship over a comfortable period will determine the ability to market it successfully.

Therefore, it's important to realise that a service-focussed business is all about dealing with feelings and perceptions. People aren't buying the "hard" product so

much as the "soft" service that goes with it. The basic needs of the other party in such a relationship are for reliability and longevity of support services.

The customer is king

Many business customers are presently choosing service providers who, no doubt, will be servicing their needs beyond the year 2000.

Top of mind will be those providers who have established, and strong, relationships with the client company. Clearly, the successful provider is going to reap long-term benefits.

Understanding business activities

The first step towards building the sort of relationship we've been talking about is to recognise, and understand, the following touchstones of business development.

These can be grouped as follows:

- Marketing & Promotion
- Referral Psychology
- Relationship Management
- Implementation Management
- Evaluation

All of the above hold the key to managing the client while they are in the buying cycle.

Marketing and promotion

First, keep your marketing and promotional efforts totally relevant to your customer base. In other words, make sure you press the appropriate "hot buttons" in any marketing material used.

In addition, every person in your organisation must be clear about what needs to be done to deliver long term satisfaction to the customer. This can only be the case if your marketing plans are identifiable by all.

For the larger organisation, the marketing of the relationship begins at the grass root level with efficient complaint handling procedures, efficient administrative systems, competent after sales follow-up, and recognition for further improvement.

Referral Psychology

Next, condition the client into a "referral framework" where it become spontaneous for them to tell others about the value of your services. Trusting relationships facilitate referrals which are still the best way to acquire new business, whatever your service environment. This is even more important in sectors where there is little room for product differentiation, ie the financial services industry.

And when the time seems right, it shouldn't be a problem for you to be more direct by eliciting the names of potential clients.

Relationship Management

Once the initial approach has been made it remains your responsibility to manage the relationship with the client.

Tip: this may include setting a pattern for reviews and further exploration of their product and/or services needs.

The focus of the relationship is to establish with the client a demonstration of capability in delivering the service and creating a high degree of satisfaction in that service, which in turn will deliver to you the customer loyalty which makes that customer a long term driver of growth and profit to your business.

Managing the relationship means interacting with the client at times where you are not asking him/her to buy from you but indeed talking about issues from which their business will derive benefit.

Tip: Don't call on your customer or communicate with them only when you are selling your services.

Implementation Management

Implementing the strategy for a sound Relationship Marketing program in your business means repeating practices that win your clients' respect in you as a reliable provider of services.

It begins when it has:

1. Clearly identified a Vision for itself that values the importance of referral business.
2. Identified all relationships having an impact on client retention, development, acquisition, and focuses on strengthening those relationships.
3. Put into place behavioural and procedural strategies with your staff for building relationships.

To quote Sir Colin Marshall, Chairman of British Airways:

Anyone can fly airplanes, but few organisations can excel in serving people. Because it's a

competence that's hard to build, it's also hard for competitors to copy or match.

Evaluation

Finally, you must constantly evaluate what you are doing and question its relevance to your clients' demographics and psychographics. Don't be afraid to benchmark your service against that of a leading competitor. Moreover, be pragmatic: whenever necessary change your approach to gain the Comparative Advantage.

A word about the 70/30 rule

Product quality and business expertise are certainly requirements for building a business relationship and creating a relaxed scenario for referral business. Yet, many practitioners in financial services rely wholly on these two factors to provide future business growth. In so doing, they ignore the 70/30 Rule; they fail to spend at least 30% of their time marketing their ability to meet the expectations of their customers.

This criticism applies equally to large organisations as much as it does to business owners.

Conclusion

How does this all equate to the management of a more profitable business ?

The answer is that if you follow some of the more basic rules outlined in this article there is no doubt that your customers, will see increasing value in their long term relationship with your organisation.

So, if you're already bringing together all or most of the factors discussed in this article, then you are well on the way to constructing a solid long-term Business Relationship Strategy and Culture in your organisation.
