



AMPLIFY CUSTOMER UNDER- STANDING WITH ERP SOLUTIONS

FIVE STRATEGIES TO KEEP YOUR CUSTOMERS

You know the old adage: it's less expensive to keep existing customers happy than it is to court new ones. And in this challenging economic climate, satisfying your current customer base could not be more important. But retaining loyal customers – and ensuring that they continue to buy from you – takes some new thinking.

It's time to move beyond ordinary services and commodity goods that your competitors can easily duplicate. You need to create buying experiences that satisfy customers' purchase requirements, show you understand their needs, and make shoppers want to return to you again and again.

Increasing your customer-centricity is easier when you have the right tools. For example, a powerful enterprise resource planning (ERP) solution can help you anticipate customer needs, determine the right goods or services to market, and create offers that will delight buyers. With better information your frontline workers can make faster, smarter decisions that enhance customer

interactions and boost satisfaction. By using an ERP solution that integrates with back-office business systems, you can align day-to-day activities with corporate strategy and position your company for profitable growth.

CUSTOMER RETENTION CHALLENGES

DELIVERING SATISFACTION AND INCREASING LOYALTY

For most small businesses and midsize companies, there is no substitute for building satisfying customer relationships. When you are in sync with your customers, you can develop insights into their requirements, tailor products and services to meet those needs, and create customer loyalty that drives profits.

What are the top strategies that can help companies like yours satisfy customers and entice them to buy your goods and services?

Strategy #1: Know What Customers Want – Even Before They Do

One effective way to engage your customers is to anticipate their needs. When a customer routinely purchases your products, you should be able to identify patterns in buying behavior. From these patterns you can determine which actions to take to optimize customer satisfaction.

For example, if a customer often orders 50 new widgets at the beginning of each quarter, you should have those products in inventory to meet his or her needs. If a new quarter begins and the customer doesn't place the usual order, your sales team should contact the customer. A sales representative can offer to fill the regular order, meet any new product needs, or address previously unrecognized service or satisfaction problems. By working proactively, your company can drive sales and perhaps prevent your customer from taking business to a competitor.

An enterprise resource planning (ERP) solution can help you not only fulfill current needs but also predict future requirements. You can use an ERP solution to gain a better understanding of which goods customers purchase, the timing and frequency of their purchases, and the profitability of each customer. A solution that provides a 360-degree view of the customer account – including sales, marketing, and service interactions – can help you manage customer value and deliver differentiated service. Software can recommend next-best offerings for your customers and personalize these offerings based on marketing profiles or target groups.

Strategy #2: Maximize Up-Sell and Cross-Sell Opportunities

It's important to recognize opportunities to sell higher-quality products or complementary products that might benefit your customer. Imagine that you regularly sell components of a certain grade to a manufacturer. Your sales representative can promote an upgraded version of those components that could improve your customer's product. By presenting the benefits of this upgrade, the sales rep can clearly demonstrate your company's commitment to your customer's success.

The same approach applies to complementary products or replacement goods. A customer who routinely purchases a product from you may be pleased to learn of items that could increase the value of the original purchase. Products with a limited life

expectancy need periodic replacement. With an ERP solution you can identify goods sold to a customer that are nearing the end of their expected lifetime so that your representatives can proactively offer replacement items. In taking this step, your company may prevent the customer from experiencing unnecessary downtime.

Strategy #3: Identify Your Most Profitable Customers

Who are your most valuable customers? It may not be the client who buys the most goods. If you can analyze when purchases were made, the frequency of orders, and the revenue generated by these orders, you can segment customers according to value. Being able to identify not only high-revenue customers but also those who incur high costs (through service or support) can help you determine which customers are really most profitable.

Imagine a customer who purchases substantial volumes of your products each year, generating a certain amount of revenue for you. But if this customer also requires exceptional support or service, that generated revenue is offset by the costs you incur to satisfy the customer's postsales needs. Another customer who buys less but requires no additional service may be more profitable.

Understanding profitability is the first step to cultivating relationships with your best customers. Once you can identify your best customers, you can design processes or programs to give



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them special attention or rewards for their loyalty. You can use an ERP solution to segment and cluster customers and determine likely behaviors based on predictive modeling. Tools that support propensity modeling can help you anticipate customer requirements and provide efficient, effective service.

Strategy #4: Deliver Only Superior Service

Another satisfaction-enhancing strategy is to ensure that you make and meet your promises for goods and services in a timely fashion. Only when you have visibility throughout your supply chain can you determine whether you have the inventory levels, manufacturing capacity, and shipping availability needed to meet demand.

When a customer places an order, sales personnel should be able to quickly analyze the product requirements against inventory and capacity. By analyzing these variables in real time, they can make accurate promises and deliver superior service to customers.

ERP software that integrates with your inventory and supply chain applications can help you create and manage customer orders, generate quotes and proposals, check product availability, and track orders throughout the order fulfillment process. These integrated tools can be used to automatically calculate prices using customer-specific information, such as contracts and price lists, and perform available-to-promise checks at the sales-item level.

With software like this you can make superior service a reality. Having supply chain visibility can help you avoid missed promise dates and product misallocation, even as cycle times speed up. You can enhance forecasting accuracy, reducing stock-outs and improving your ability to meet your delivery commitments. In fact, the supply chain insight enabled by ERP software can help you optimize production and order-processing time and meet your goal of perfect order fulfillment.

Strategy #5: Maximize Customer Lifetime Value

By using ERP software to execute the first four strategies, you can begin to enhance the value that each customer can deliver over the course of your business relationship. But there is more you can do to maximize customer lifetime value.

By analyzing your interactions with specific customers, you can isolate issues that drive up service costs. With greater insight, you may be able to make process or service adjustments that reduce or eliminate the need for additional services, instantly improving customer profitability and your bottom line.

You can analyze payment history, using the results to identify customers that routinely delay or miss payments and compromise your cash flow. By offering these clients incentives to pay more promptly, you can receive payment sooner, reduce your days-sales-outstanding metric, and make each client a more valuable customer.

Affordable Solutions from SAP

SAP has an ERP solution and a delivery option that fits your operations and business needs, your budget, and your timeline.

Select one of the following affordable SAP® solutions for small businesses and midsize companies to address today's customer retention challenges – and build a customer engagement strategy that supports your company's future:

- The SAP Business One application gives you software for key business activities, eliminating the complexity and expense of integrating multiple solutions. It can be deployed quickly and requires minimal maintenance.
- The SAP Business ByDesign™ solution is delivered on demand, giving you powerful SAP software without the need for a costly IT infrastructure and staff – all for a low monthly fee.
- SAP Business All-in-One solutions give you sophisticated applications and state-of-the-art technology that can be adapted readily to fit changing business needs. The SAP Business All-in-One fast-start program simplifies evaluation and implementation for quicker time to value and lower total cost of ownership.
- SAP BusinessObjects™ Edge Business Intelligence (BI) software is a comprehensive BI solution specifically packaged and priced for midsize companies.

Find Out More

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