



**To Win the Customer Retention Battles,
Do You Need to Win the Talent War?**

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In recent years, military and sports analogies in business have given way to less competitive analogies such as comparing organizations with symphony orchestras and leaders with conductors. However, have you noticed the resurgence of the use of the “war” and “battle” when it comes to ‘winning the war for talent’ and ‘winning the war’ for customer retention?

Unlike the 1990s, when seminar leaders using sports and military analogies might find themselves confronted by audience members who could not relate to either, the reference to the talent war and the customer retention battles are met today with a cacophony of critical silence. The difference now is that the search for talent who can make a difference in organizations today has become a critical issue that cannot be trumped by products, technology or financial capital as it could not so far back. In addition, competitive enterprises using no more than the 80/20 rule have all discovered that it is cheaper to retain customers than to acquire new ones. The 80/20 rule may be a blunt measure but few would argue that in most businesses the top 20% of the customer base leads to 80% of the profit.

For example, North American automobile manufacturers competing with offshore manufacturers have been among the major industries to discover that the costs of customer retention are far less than the costs of acquisition despite continued efforts to position themselves in the marketplace through advertising and major sponsorships. Arbitration programs to resolve consumer complaints regarding manufacturing defects and warranty disputes are experiencing falling case loads due in part to better vehicles, but primarily due to manufacturers being unwilling to lose long-term repeat business.

Complain to a North American telecom company about your service and you will soon find yourself transferred to a customer retention representative who will try and find something to make you happy. In fact, in North America your telecom provider will call you during the dinner hour just to see if they can review your service plans and “save you some money” while at the same time hoping to lock you into longer term deals with some added service feature at a fixed price.

If the 21st century is going to be a series of ongoing, continuous customer retention battles, the question is what kind of people are needed to win and what it will take when it is clear that supremacy is no longer given to those businesses with the most capital or even the best technology or products alone. Our experience leads us to conclude that in this decade talent will be the sustaining, competitive advantage.

This sustaining long term competitive advantage will be achieved only if organizations embrace these fundamental precepts as framing premises in their strategic business and human resources plans:

- § Nothing will outperform the quality of the employees hired, motivated and retained.
- § Customer retention battles will be won by engaged employees who love their work and who can measure their progress much like the business measures its bottom-line.
- § Talent will trump capital, technology, and products.

The organizational Imperative is clear – the key to winning the talent war is to attract, motivate and retain people who embrace the organization’s vision and mission and who can mirror its values and culture when dealing with customers, clients, suppliers and co-workers.

If talent acquisition is a war and customer retention the battle ground where the fate of companies will be decided, the critical success factors will be skilled employees who are attracted, motivated, supported and kept unharmed. Expressed another way, the talent war will be won by organizations who can marshal their resources effectively and create the conditions for success starting with hiring the right people, motivating them to keep them engaged and ensuring that the employees keep unharmed and fit to continue.

Although the concept of war is as abhorrent as the results, it is our view that organizations must start looking at their talent much like a military unit looks at its resources. The right people must be chosen and given the best training, tools, equipment, support, and leadership along with the right missions, projects and assignments that ultimately keep the best people attracted to join and stay. Support units like Human Resources groups will be essential and play a more strategic partnership role than many have played in the past if the war is to be won by engaged employees.

We believe so strongly that the key to customer retention is engaged employees that we used the double e's as part of our corporate name, eeVoices. This is to remind ourselves of the importance engaged employees are to an organization's success including not for profit organizations and government. It is also hopefully a signal to our staff and our customers of the challenge to finding and keeping talent that will become the organization's engaged employees.