



What Is Driving Customer Attrition?

#7 INTERVIEWS WITH RECENTLY LOST CUSTOMERS

We Gather Feedback from Recently Lost Customers to Help Minimize Future Customer Attrition

Your current customers know you well. They are very familiar with your products, service levels, people, pricing and most other attributes of your company. When they leave, there is a reason. Often they have concluded that a competitor is better able to meet their needs. But what are these needs and how is the competitor better able to meet them?

Most companies rely on their account and customer service representatives to provide this critical information, but this is often a poor source of reliable intelligence. Why? There are several reasons, but most often customers simply are not candid about the underlying causes for their departure. Most people know that the best way to have a quick conversation is to tell a person what they want to hear. So departing customers blame price or they blame someone else in their organization, while deeper issues go unspoken. Is the customer unhappy with the quality of your product? Are the competitor's salespeople more knowledgeable and responsive? Is the competitor offering a service you don't provide? Are their prices lower? Somehow the customer

sees a more attractive value proposition from your competitor and it is essential to fully understand their thought process.

Having access to this candid information would allow your company to consider changes that reduce future customer attrition.

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While it's bad enough not knowing why customers leave, it's actually worse to believe that you know

and be wrong. In this case, you will drive the organization to fix problems that may not even exist. For example, most customers say they are leaving because of price. So the organization focuses a lot of energy on pricing issues. While price may be an issue, it is rarely the only issue—it simply means that the sales force has failed to adequately convince the customer that your product or service is worth the price quoted. Does that mean that the price wasn't set properly or that the sales force wasn't effective in demonstrating sufficient value?

INFORMATION FROM LOST CUSTOMERS WILL ANSWER THESE QUESTIONS:

- What were the real reasons for customer departure?
- Which competitor did they select?
- What are the positives they see in the competitor?
- What are the negatives about your company?
- How important was pricing in the decision? Product quality? Service levels? Sales force knowledge and responsiveness? Other factors?
- When did they decide to make the switch?
- Who made the decision to switch?
- How might this switch have been avoided?

Blue Ridge Partners has developed a proprietary approach to help its clients uncover these powerful insights by directly interviewing lost customers --not through a focus group, not in a survey, but through direct conversation. We have found that customers tend to be more open and candid with a third-party—this is just human nature. We have developed the skills and techniques to ask the right questions, gather the right information and synthesize it into an action plan that can be used right away to improve your customer retention rates and grow revenue.

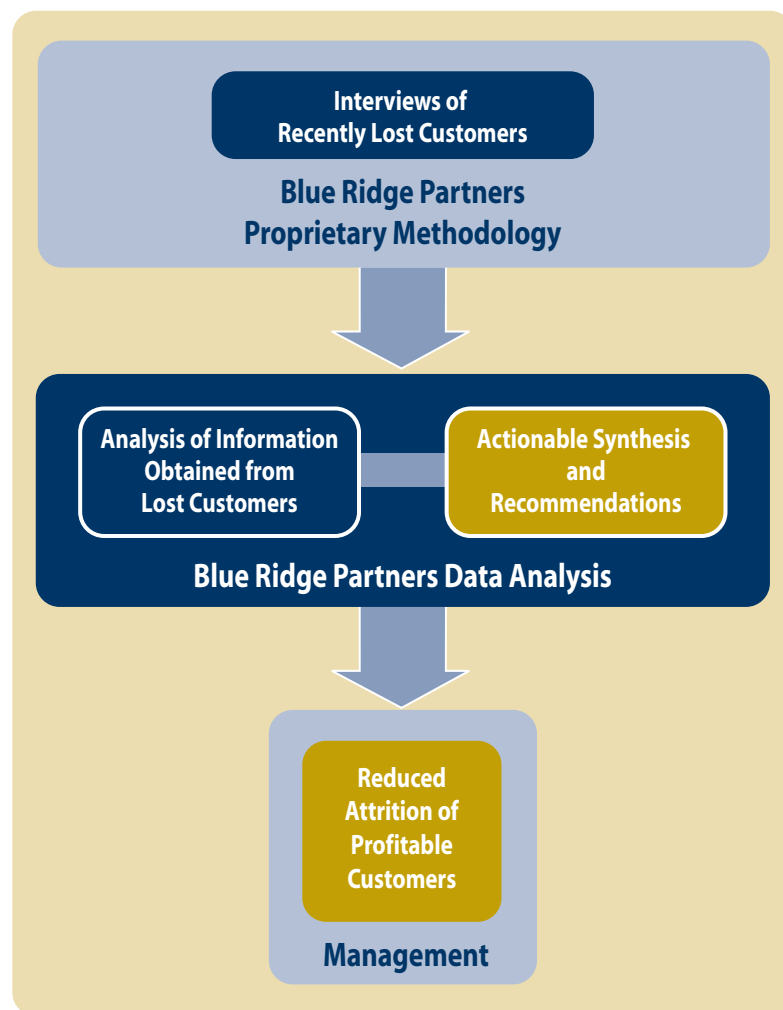
We Help Identify Pre-Departure Signals

While customers sometimes leave a company abruptly, more likely there have been earlier signs of dissatisfaction and pending attrition (e.g., volume levels might have been declining for months as they gradually shifted their spending to a competitor). In addition to our interviews, we also look at behavioral patterns that might be early indicators of customer departure. During our interviews with departed customers, we ask them when they made their decision and correlate that with the behaviors observed. This information can be very helpful in spotting other customers considering a switch to a competitor and thereby improving customer retention rates.

▶ WHAT'S THE SOLUTION?

Blue Ridge Partners has developed a proprietary approach to gather information from recently lost customers. This is typically performed through telephone interviews or face-to-face interviews. Some clients ask us to interview all of their lost customers while others focus only on larger, more profitable customers or customers in a certain geography or market segment. In our experience, lost customers will be more candid with a third-party that will protect their identity. We know how to ask the right questions and probe more deeply to extract the most relevant, powerful and actionable information.

Our approach involves gathering the information from recently lost customers, analyzing and synthesizing the findings, and presenting actionable recommendations to management.



HEADQUARTERS

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INFORMATION

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