

Leveraging the 360 Degree Customer View to Maximize Up-Sell and Cross-Sell Potential

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Executive Summary

A true 360 degree view of the customer is a win-win situation for all parties involved: buyers benefit from better service and efficiency, and sellers derive improved loyalty and, inevitably, more repeat business from established customers. This report will explore how Best-in-Class companies take a holistic approach to providing a complete, accurate and integrated view of customers to improve satisfaction and retention without losing sight of customer profitability. As a result of these strategies, companies with more accurate and timely information about their prospect or customer can more efficiently respond to communications, ensure customer satisfaction with better service, and drive toward a larger lifetime value of each account, customer or client.

Best-in-Class Performance

In June and July 2011, Aberdeen surveyed 261 end-user organizations to learn about their sales effectiveness. Aberdeen used the following three key performance criteria to distinguish the selling organizations within Best-in-Class companies:

- 91% average current customer retention rate, compared to 83% for Industry Average companies and 10% for Laggards
- 15.1% average year-over-year increase in overall team attainment of sales quota, compared to a 0.5% increase for the Industry Average and a 5.4% decrease among Laggards
- 4.5% average year-over-year reduction of (improvement in) the average sales cycle, versus 0.5% and 5.4% 0.3% increases (worsening of) cycles among Industry Average and Laggards

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance share several common characteristics, including:

- 90% ensure that sales contact, opportunity and pipeline information is entered and updated on a regular basis
- 90% indicate that their customers have a clear understanding of whom to contact in the company for various needs
- 71% use a CRM or SFA deployment to store customer data

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must ensure that:

- Sales contact, opportunity and account information is entered and updated on a regular basis
- Customers have a clear understanding of who to contact in the company for various needs

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"It would be a great competitive advantage - and probably a competitive necessity in the future - to be able to search across and analyze all customer, lead and prospect data - within any given account(s) or territory - for actionable sales intelligence. This intelligence can then be used to identify the best prospects, suggest relevant talking points and generate sales."

~ Ben Block, Consultant,
Intersoft

Table of Contents

Executive Summary.....	2
Best-in-Class Performance.....	2
Competitive Maturity Assessment.....	2
Required Actions.....	2
Chapter One: Benchmarking the Best-in-Class	4
Business Context	4
Leaving Money on the Table.....	4
Business Pressures	6
The Maturity Class Framework.....	7
Quality Data Management: A Must-Have, Not a Nice-to-Have	8
The Best-in-Class PACE Model	10
Best-in-Class Strategies.....	10
Chapter Two: Benchmarking Requirements for Success	14
Capabilities and Enablers.....	15
Chapter Three: Required Actions.....	22
Laggard Steps to Success.....	22
Industry Average Steps to Success	22
Best-in-Class Steps to Success.....	23
Appendix A: Research Methodology.....	25
Appendix B: Related Aberdeen Research	27

Figures

Figure 1: Companies Have Insufficient Customer “Share of Wallet”.....	5
Figure 2: Goals Associated with Better Leveraging of Customer Data	5
Figure 3: Key Business Pressures Impacting Sales Up-Selling and Cross-Selling.....	6
Figure 4: Where Customer Data is Stored, by Best-in-Class	8
Figure 5: Data Quality and Accessibility, by Best-in-Class	9
Figure 6: Best-in-Class Strategic Actions.....	11
Figure 7: Customer Data Accuracy Varies by Sales Stage.....	12
Figure 8: Maturity of Customer Data Integration by Best-in-Class	16
Figure 9: Best Sources of Customer Data by Best-in-Class.....	18
Figure 10: Most Vital Customer Data Storage Locations.....	20
Figure 11: Budgets Continue to Grow.....	24

Tables

Table 1: Top Performers Earn Best-in-Class Status.....	7
Table 2: The Best-in-Class PACE Framework	10
Table 3: The Competitive Framework.....	14
Table 4: The PACE Framework Key	26
Table 5: The Competitive Framework Key	26
Table 6: The Relationship Between PACE and the Competitive Framework	26

Chapter One: Benchmarking the Best-in-Class

Whether driven by lack of product differentiation, insufficient revenue growth, competitive pressures, or simply the need to improve the prospect/customer experience, companies are seeking to better understand their customers in order to more effectively acquire, retain and profitably monetize their business.

A “360 degree view of the customer” has become a common phrase used by Customer Relationship Management (CRM) solution providers. Indeed, these solutions can provide much of the account information needed to understand customer attributes and track and manage communication. Yet for transactional data, Enterprise Resource Planning (ERP) solutions that form the operational system of record of the business provide a missing link to complement the view; customer interactions are also captured in contact center systems; and for behavioral input, marketing automation deployments also contain valuable knowledge of the customer.

The bottom line here: with so many data repositories representing valid customer data, how can companies effectively establish a “single version of the truth” regarding their prospect or customer?

Business Context

According to recent Aberdeen research in [*Chance Favors the Prepared Mind - Understanding the Science of Sales Intelligence*](#) (July 2011), 52% of the Best-in-Class sales organizations (those with the best customer retention rates and annualized growth in corporate revenue and team attainment of sales quota) actively analyze or segment their customer base in order to identify up-sell or cross-sell opportunities. Forty-three percent (43%) of Industry Average and only 18% of Laggards, however, do so. Moreover, analyzing the performance of all companies that have adopted this practice in comparison with those that do not, the up-selling organizations see their sales reps spending 17% less time per day searching for prospect customer data (.89 hours per week vs. 1.07 hours), and boast a 15% higher customer retention rate (73% vs. 62%) and 11% more accurate sales forecasts (63% vs. 57%).

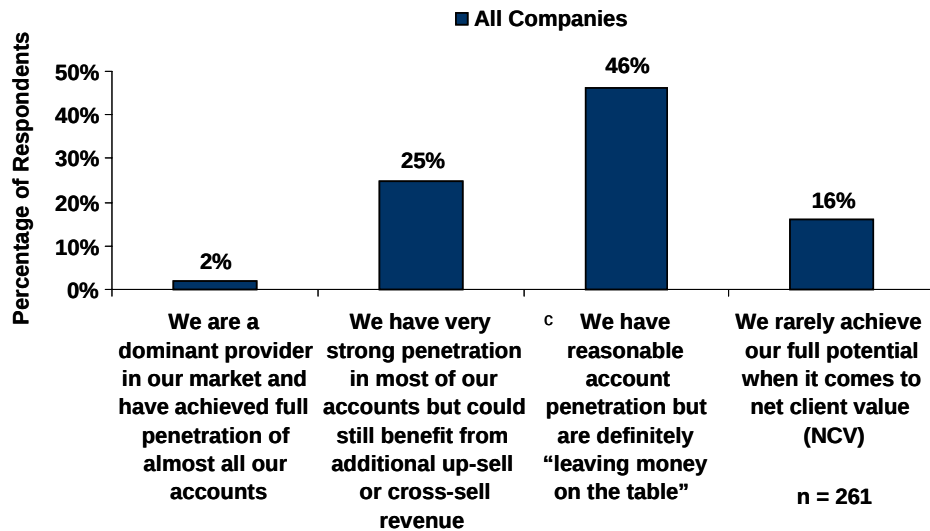
Leaving Money on the Table

The idea of up-selling and cross-selling into existing customer accounts stems from the age-old assumption that “it’s easier to keep an existing customer, than to find a new one,” and considers this maxim in the context of the current, uncertain economic climate. In other words, today we might more appropriately state, “it’s more efficient to find new business from current accounts, than from prospective customers.” In this light, a question in the current research allowed respondents to gauge the strength of their account penetration, and in Figure 1 we see the results, with the most common self-perceptions weighted toward a cautious acknowledgement of under-performance.

Fast Facts

- √ The Best-in-Class are more effective at growing their customers’ long-term spend: 5.3% report an average customer annual increase of more than 20% per year, compared with 3.9% of Industry Average and 0.9% among Laggard firms
- √ 10.8% of Best-in-Class companies report that more than 50% of their customer service staff receive compensation associated with up-selling or cross-selling additional products or services; the rate among other firms is 21% lower, at 8.6%

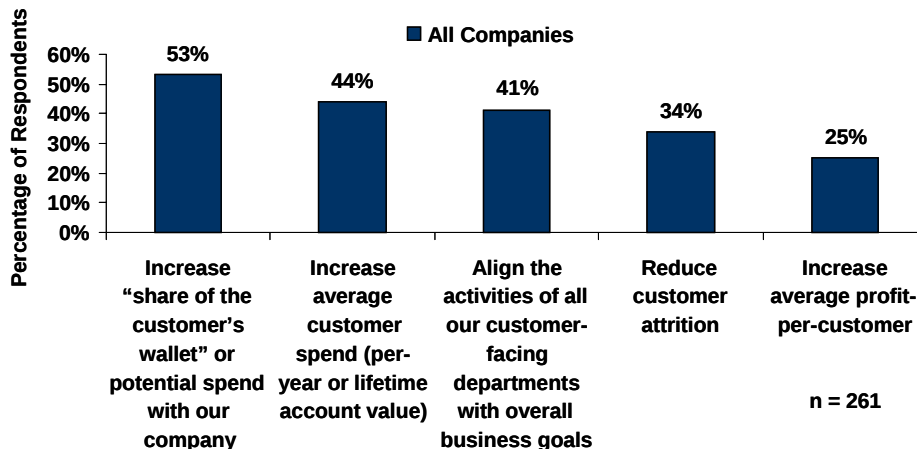
Figure 1: Companies Have Insufficient Customer “Share of Wallet”



Source: Aberdeen Group, July 2011

Indeed, with only 2% of respondents indicating that they have peaked in terms of customer wallet-share, the vast majority of companies believe otherwise, and stand to learn how to improve their slice of the pie through better management of customer data and communications.

Figure 2: Goals Associated with Better Leveraging of Customer Data



Source: Aberdeen Group, July 2011

In fact, when companies were given the opportunity to nominate their two most significant corporate goals around improved performance in the context of a clearer view of their customers, the prospect of up- or cross-selling into a larger per-account spend was the most popular aspiration (Figure 2), followed by a very similar metric regarding the annual or lifetime value of discrete customer accounts. The remaining most popular goals –

aligning customer-facing activities with business imperatives, increasing customer retention and profits – create a solid foundation for further details on leveraging a 360-degree customer view.

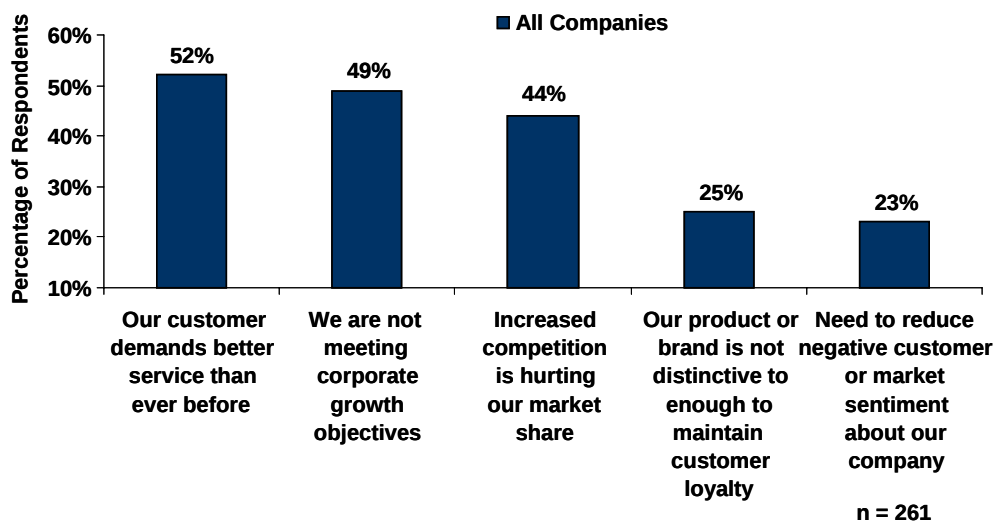
Business Pressures

While the desires of companies focused on an increased customer wallet-share have been well-defined, it is no coincidence that contemporary business issues provide a mandate for following through on trying to attain these goals. When survey respondents were asked to select the two most significant pressures that impact their motivation to up- and cross-sell more aggressively, a blend of internal and external stresses were most frequently reported, as detailed in Figure 3.

“Improve your communication with customers at all stages of the relationship, not just during the transactional conversations.”

~ Padmanabhan Rajam, Senior
GIS Specialist, Dubai
Municipality

Figure 3: Key Business Pressures Impacting Sales Up-Selling and Cross-Selling



Source: Aberdeen Group, July 2011

At the top of the list, increase demands for customer service stand out as a theme consistently seen in Aberdeen research among both consumer and business audiences. The widespread availability of information now available to customers – about products, pricing, competition, product strengths and weaknesses – has yielded an environment where data-enabled clients and businesses have been conditioned to expect far higher levels of service and support than in previous seller/buyer eras. With continued price competition standing in the way of easily funding the provision of enhanced services, however, companies struggle to maximize efficiencies in order to deliver. Plus, customers may rightfully assume that their providers know more about them than ever, and expect more service as a result of this deeper insight.

In addition to rising customer expectations and increased marketplace competition, a popular internal pressure, demand for corporate growth, adds fuel to the customer management fire. Whether it is a public company

with impatient shareholders or a start-up seeking to maximize its exit strategy via IPO or acquisition, today's enterprise is rarely one that is satisfied with a zero-growth strategy; hence acquiring more business from any source, particularly current customers, becomes a source of daily stress.

The Maturity Class Framework

Aberdeen used three key performance criteria among responding sales organizations around up- and cross-selling via a 360-degree customer view, to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- Current customer retention rate
- Year-over-year change in overall team attainment of sales quota
- Year-over-year change in average sales cycle (improvement = decrease)

Organizations with top performance based on these criteria earned Best-in-Class status, as described in Table 1. For additional details on the Aberdeen Maturity Class Framework, see Table 5, The Competitive Framework Key, in Appendix A.

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	▪ 91% current customer retention rate ▪ 15.1% average year-over-year increase in overall team attainment of sales quota; 84% showed improvement ▪ 4.5% average year-over-year decrease in (improvement in) the average sales cycle time; 31% showed improvement
Industry Average: Middle 50% of aggregate performance scorers	▪ 83% current customer retention rate ▪ 0.5% average year-over-year decrease in overall team attainment of sales quota; 24% showed improvement ▪ 1.6% average year-over-year <u>increase</u> in (worsening) of the average sales cycle time; 9% showed improvement
Laggard: Bottom 30% of aggregate performance scorers	▪ 10% current customer retention rate ▪ 5.4% average year-over-year decrease in overall team attainment of sales quota; 11% showed improvement ▪ 2.1% average year-over-year <u>increase</u> in (worsening) of the average sales cycle time; 3% showed improvement

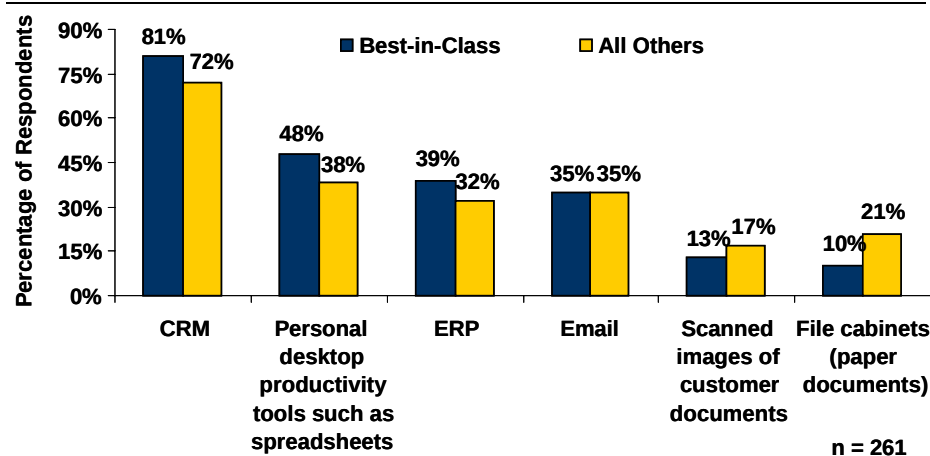
Source: Aberdeen Group, July 2011

Now, let's take a deeper look at how the best sales performers manage their people, processes and technology to consistently out-perform the competition around these metrics.

Quality Data Management: A Must-Have, Not a Nice-to-Have

In today's complex data management environment, the very identity of a customer can be rather elusive, with their physical location (essentially anywhere in the world) and online identity representing just two new variables that add to the blurring of traditional customer data categories, i.e. a name, title, address and phone or fax number. Contemporary customer organizations are highly matrixed, with various buyers, champions and associates more mobile and social than ever; maintaining a centralized and accurate corporate awareness of the business customer – and their enhanced level of need – becomes a key business imperative.

Figure 4: Where Customer Data is Stored, by Best-in-Class



Source: Aberdeen Group, July 2011

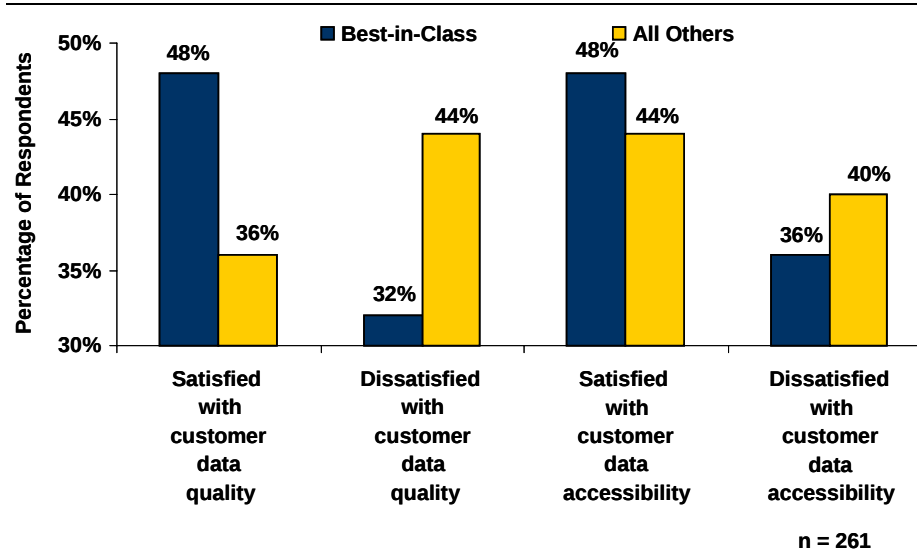
The first order of business in linking customer data management to strong business performance is determining best practices in the storage, quality and accessibility of customer data. This information goes far beyond the contact record of “who” and “where,” and can involve a long list of both customer-facing and internal corporate departments: marketing, sales, service, accounting, legal, procurement and operational staff all have potential stake in understanding various data points about customers and accounts. Data such as buying habits, pricing agreements, payment schedules and customer satisfaction all add dimension to the identity of today's business customer, and require a proactive, robust way to collect, store and disseminate the right information to the right stakeholders, as efficiently as possible. In Figure 4, we see that the Customer Relationship Management (CRM) deployment is, by far, the most common system of record for this business practice among all companies (multiple choices were available), with the Best-in-Class registering a 13% higher adoption rate (81% vs. 72%) than other companies. Indeed, in Aberdeen research published in [Sales Forecasting: How Top Performers Leverage the Past, Visualize the Present, and Improve Their Future Revenue](#) (July 2011), that study's Best-in-Class (defined by exactly the same criteria as the current research) were 42% more likely

“Keep it simple, reduce the number of systems that overlap and be clear on your true information requirements.”

~ Brian Clark, CEO, DOTS
Talent Solutions Pty Ltd

than Laggards (67% vs. 47%) to ensure that sales stage-specific data were logged into a CRM or SFA, bolstering the importance of this technology deployment as the central customer data location. In a somewhat distant second place we see that old habits die hard, among all maturity classes, with personal desktop productivity tools representing nearly half of Best-in-Class customer data storage locations. While contemporary technology initiatives have long emphasized corporate storage of all data, not just customer information, over individual desktop locations, clearly a significant number of companies within the research still see their customer-facing staff working within personal spreadsheets and similar individualized technologies. Providers of cloud computing solutions may look at this particular data point as either annoying or as a source of business opportunity, depending on their perspective.

Figure 5: Data Quality and Accessibility, by Best-in-Class



Source: Aberdeen Group, July 2011

In addition to CRM and individualized data customer data storage, more than a third of Best-in-Class survey respondents also utilize the Enterprise Resource Planning (ERP) infrastructure and email systems, with the former seeing an edge over other firms' utilization. This teaches us that despite the much higher numbers for CRM-focused customer information management, there isn't necessarily a negative connotation associated with using multiple systems of record. Successfully integrating them into a seamless, efficient single view of the customer, however, is far more important, and will be addressed in the sections to follow. Finally, it is worth noting, and somewhat surprising, that file cabinets are still utilized in double-digit percentages by companies to store customer data, though less than half as frequently among the Best-in-Class than other companies (10% vs. 21%). While this data point may inspire a head-scratching confusion among most technology-savvy business professionals, it nevertheless teaches us that

while technology change is a constant, there remain some business models in which resistance to change is well-founded.

Rounding out this lesson on optimizing data storage modalities, we also see in Figure 5 that the Best-in-Class companies within this research – those with peak performance around customer retention, quota attainment and sales cycle reduction – also report significantly stronger satisfaction rates around the quality and accessibility of customer data. This is a familiar trend in Aberdeen's Customer Management data: the 2010 version of the current research - [*Providing a 360° View of the Customer: Better Service - Higher Sales*](#) (March 2010) - showcased a Best-in-Class (measured by customer retention, satisfaction and growth in spend) that consistently reported higher levels of data quality and accessibility, as well as averaging a smaller number of sources of data required to locate accurate information than other firms – 2.2, versus 3.3 for Industry Average and 4.1 among Laggards.

The Best-in-Class PACE Model

Using best practices in customer data management to achieve corporate goals also requires a combination of strategic actions, organizational capabilities, and enabling technologies and services that are summarized in Table 2.

Table 2: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
- Our customer base is demanding better service than ever before - We are not meeting corporate growth objectives	- Create or implement new ways in which our customer can engage with our business - Standardize on a single CRM or ERP - Integrate external sources of customer data into a single view of each customer	- Sales contact, opportunity and pipeline information is entered and updated on a regular basis - Our customers have a clear understanding of whom to contact in our company for various needs - Customer history is captured on a regular basis and visible to our staff - Customer satisfaction is monitored on a regular basis - All internal stakeholders share a technology-based common view of the customer	- CRM for sales, marketing or service - Sales performance or Incentive compensation management - Sales analytics / forecasting - Lead management and/or scoring - Incentive or compensation management (sales performance management) - Web analytics or website visitor tracking - External social media

Source: Aberdeen Group, July 2011

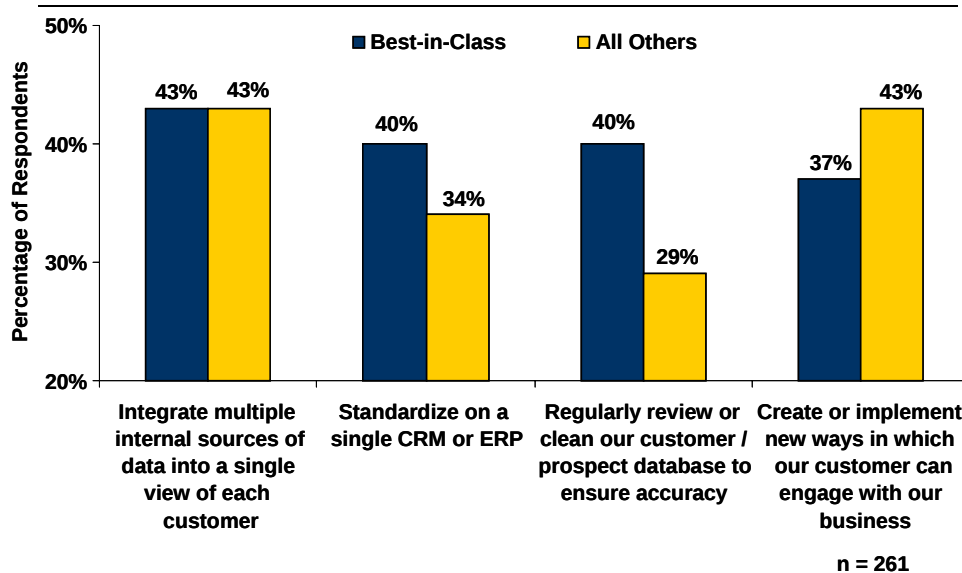
Best-in-Class Strategies

The actionable approaches that organizations are taking, in response to the top industry pressures associated with customer data management activities, reveal how the Best-in-Class are focusing their attention beyond creating an environment more conducive to up- and cross-selling efficiencies, and then using these practices to achieve better business results.

Figure 6 is a solid representation of how companies can build core competencies around better customer data management, and support the achievement of their business goals in an increasingly complex, demanding

and competitive business environment. While a majority of organizations have yet to fully adopt these strategic actions across the board – these best practices are relatively new to many companies and not widely publicized – the Best-in-Class frequently put them into practice more consistently than under-performing survey respondents. At the top of the list, “integrating multiple internal sources of data into a single view of each customer” seems like a common-sense strategic action, though one not yet implemented by more than half of companies overall. To illustrate its value, however, imagine a scenario in which a CRM-using sales rep from Large Company A is attempting to lock in a commitment from a champion at Large Company B, while at the same time an ERP-enabled accounting clerk from A is threatening B’s payables coordinator with a collection agency action over a severely overdue invoice – only because the wrong billing address was on file in the ERP, while the CRM’s data was more up-to-date. If the B champion gets wind of the dunning notice and withdraws support from A sales rep, just about everyone in this equation loses, particularly the sales efforts from Company A. With a single and accurate 360-degree view of the customer, Company B, however, the lost time – and possibly lost sale – would never have come into question.

Figure 6: Best-in-Class Strategic Actions



Source: Aberdeen Group, July 2011

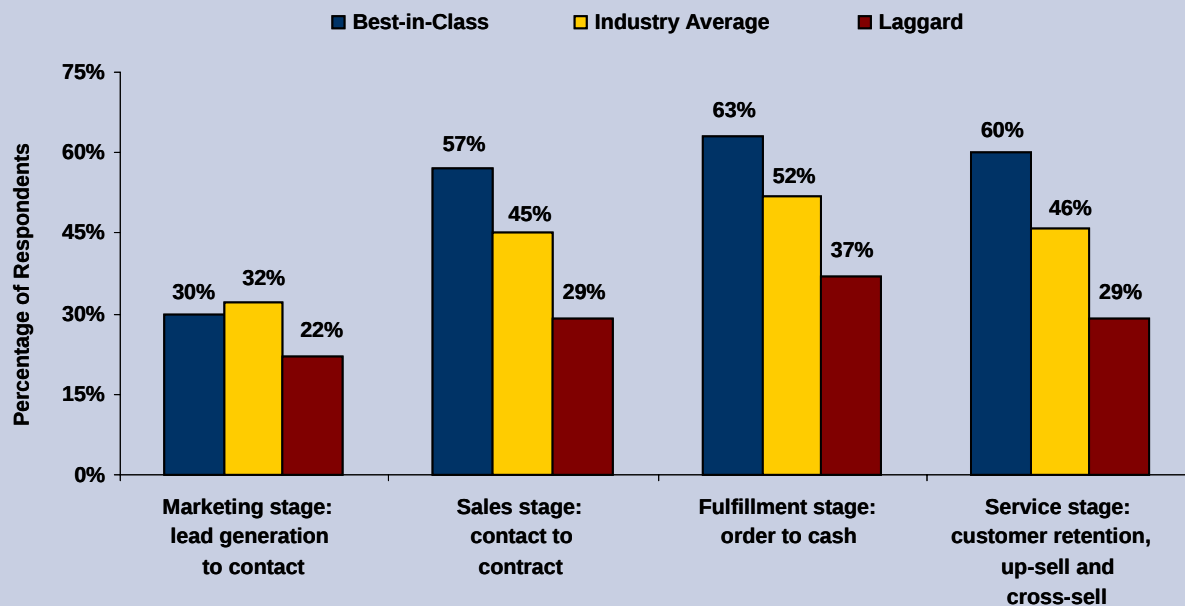
In addition to this top Best-in-Class strategic action, the top performers are 18% more likely than other firms (40% vs. 34%) to standardize their customer data on a single CRM or ERP instance, ensuring a better likelihood that a single and accurate view can be established, maintained and ultimately leveraged for up- and cross-sell benefit. This may be easier said than done, given long-term commitments to legacy technology platforms, but is a wise path for companies that can pursue it. At an equal rate of strategic action, finally, the Best-in-Class emphasize the accuracy and quality of their customer database by regularly reviewing and cleaning the contents, with

accuracy representing the largest delta between Best-in-Class and other firms among the top four strategic actions. The following Strategy Insight further examines the value of data accuracy, as it applies to different stages of the customer management lifecycle.

Strategy Insight: Is Timing Everything?

If one is familiar with the old joke whose punch-line is, “Well, yesterday you were prospect, but today you’re just a client,” then Figure 7 further illustrates how too many businesses focus their customer data efforts on a limited bandwidth of time in the overall marketing-sales-service lifecycle. While the Best-in-Class are generally reporting better data quality than other companies, and showing their results in better customer retention, quota attainment and sales cycle reduction metrics, all companies within the research point to a somewhat unnerving trend: that more attention is paid to customer data up to the moment of closing the deal, and then considered less relevant thereafter, after the buyer becomes an actual customer.

Figure 7: Customer Data Accuracy Varies by Sales Stage



n = 261

Source: Aberdeen Group, July 2011

As Figure 7 clearly indicates, the marketing relationship between a company and its customers – when the latter are more accurately considered prospects or leads – is hamstrung by remarkably inaccurate data, with less than one-third of all companies’ customer data considered to be worthy. While the cost of contemporary, online communications is dramatically lower on a cost-per-unit than old-fashioned brochures and snail-mail communications, there is nevertheless inherent waste built into these percentages, than can directly impact marketing effectiveness. Moving into the active selling and closing stages, customer data more than doubles in accuracy, though never achieving a two-thirds or higher level; it then drops off, as indicated above, once the initial sale, contract or agreement is in place. The ability to up- and cross-sell into customer accounts, as well as to maintain customer loyalty by simply knowing precisely who that customer is, stand to show stronger results among companies willing to reverse this trend.

Case Study — Mobile Help

Consider the case of MobileHelp, a Florida-based provider of emergency response systems for senior citizens to use both at home and from remote locations. According to Scott Adams, CEO, when the company was founded in 2007, initial customer data used for sales and service activities was literally kept on paper, “with manual lead sheets that couldn’t possibly scale as we planned to grow the company.” Growth did in fact arrive quickly for MobileHelp, moving from 100 subscribers at first to over 6,000 today, but the need for customer data infrastructure evolved into a critical business need at the same time.

Adams explains that in their business, “We use the CRM system to support the entire customer lifecycle, from sales and service to tracking partner and channel activity, launching and tracking marketing campaigns, and even incident management around our customers’ technical support and equipment needs.” The need for a fail-safe CRM deployment model that would best serve their elderly customers, as well as protect their data from Florida’s unpredictable weather, was a SaaS-based system from a provider, “that offered us configurable models for every part of our customer relationship,” says Adams, as well as, “allowing each of our users to know immediately if a record represents a customer or sales lead, the status of our relationship with them, and helping us achieve better up-sell and cross-sell results by tracking every single data point accurately within our system.” He adds that his own geographically dispersed team interfaces with multiple customer roles – caregiver, family member, subscriber – often located in different locations themselves, and that the SaaS CRM model best suits this customer care model.

In terms of business results, MobileHelp is just now starting to mine its CRM data, in terms of exploring customer data to better align solutions and offers with the various customer roles defined in the system, but Adams confirms that the company, “would be out of business if it didn’t work so well for us.”

Chapter Two: Benchmarking Requirements for Success

Effective customer data management deployments play a critical role in an organization's ability to turn these strategies into profit. The following sections provide an analysis of how top performers distinguish themselves from other companies through the implementation of capabilities and enablers that support excellence in deploying best practices in up-selling and cross-selling.

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Fast Facts

- √ 64% of Best-in-Class companies report that more than 80% of their sales team members are regular users of the CRM deployment, compared with 58% and 46% respectively among Industry Average and Laggard organizations
- √ Despite their efficiencies and performance around maintaining customers' spend, Best-in-Class firms nevertheless spend far more, on average, to acquire new customers: \$7880 per account, versus \$6810 among Industry Average and \$2255 for Laggards

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Sales contact, opportunity and pipeline information is entered and updated on a regular basis		
	90%	70%	67%
	Process to survey customers after interacting with our organization, to continuously measure and aggregate customer satisfaction results		
	53%	32%	31%
Organization	Our customers have a clear understanding of whom to contact in our company for various needs		
	90%	66%	49%
Knowledge	Views of customer data can be personalized at the individual level without IT support		
	57%	35%	22%
	Business and / or payment risk factors are incorporated into managing prospects / customers		
	55%	37%	26%

	Best-in-Class	Average	Laggards
Enabling Technology or Service	77% Sales analytics/forecasting 71% CRM or SFA 62% Lead management and/or scoring 59% ERP 53% External social media 41% Sales intelligence solutions - external sources of business “trigger” events, financial news, executive changes	75% Sales analytics/forecasting 68% CRM or SFA 59% Lead management and/or scoring 55% ERP 49% External social media 29% Sales intelligence solutions - external sources of business “trigger” events, financial news, executive changes	50% Sales analytics/forecasting 56% CRM or SFA 51% Lead management and/or scoring 46% ERP 38% External social media 24% Sales intelligence solutions - external sources of business “trigger” events, financial news, executive changes
Performance	Customer satisfaction is monitored on a regular basis		
	73%	63%	51%
	Trends in customer spend (Net Client Value) are monitored and measured consistently		
	43%	36%	26%

Source: Aberdeen Group, July 2011

Capabilities and Enablers

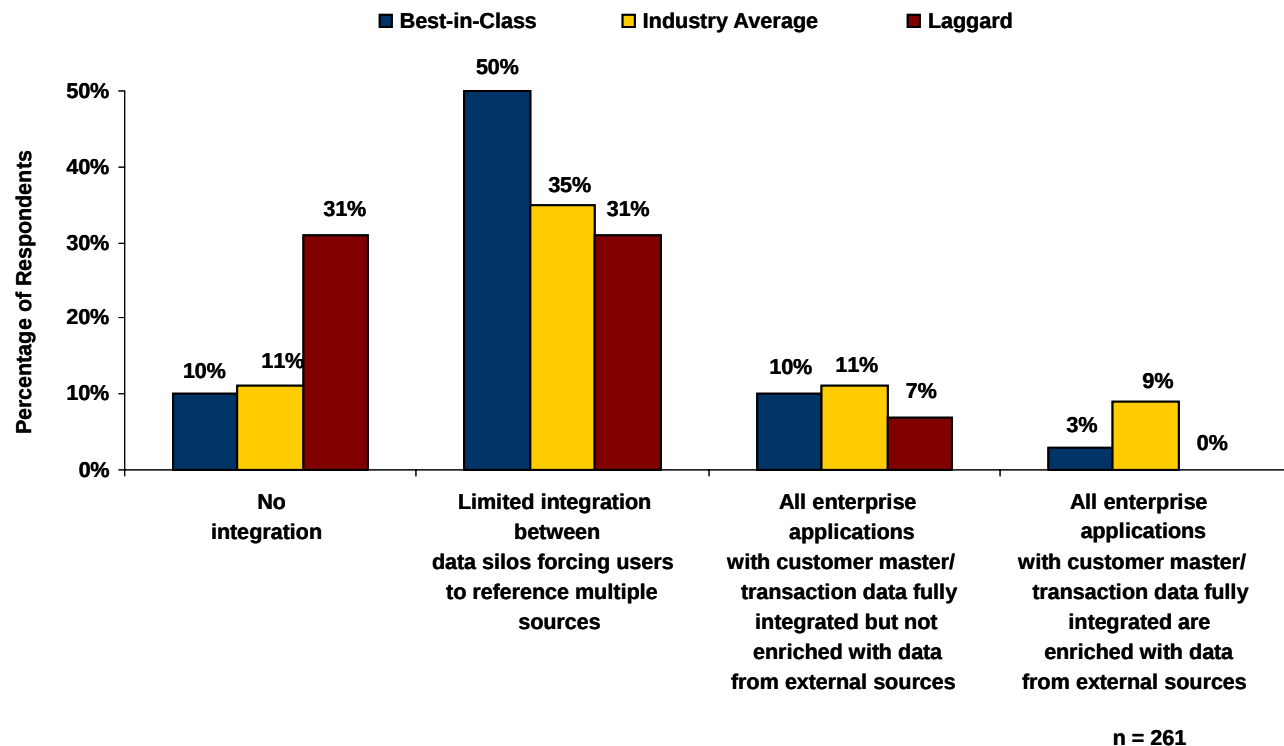
Based on the findings of the Competitive Framework and interviews with end users, the Best-in-Class demonstrate that a highly identifiable set of corporate capabilities and enablers can lead to measurable business success through the deployment of specific customer data management methodologies and technologies. Additional Aberdeen research is cited to further support these positive trends.

Process

As simple as it sounds, the practice of ensuring that **sales contact, opportunity and pipeline information is entered and updated on a regular basis** is not universally adopted, though the Best-in-Class far outpace other companies, with a 90% rate. Much as the Strategy Insight earlier points out the value of accurate customer data, a process behind ensuring it remains so, over the long term, is a requirement for the organization as a whole, particularly during the sales-centric portion of the customer lifecycle. Indeed, in [*Chance Favors the Prepared Mind - Understanding the Science of Sales Intelligence*](#) (July 2011), 90% of that study’s Best-in-Class (defined as the strongest performers around customer retention, revenue growth and quota attainment improvement) indicated that their customer/prospect data

quality was acceptable, strong or outstanding, compared with only 56% of Laggards. When it came to purely manual efforts or “no organized data about prospects, companies or market intelligence,” however, 43% of Laggards indicated these weak status labels, versus only 10% of the Best-in-Class.

Figure 8: Maturity of Customer Data Integration by Best-in-Class



Source: Aberdeen Group, July 2011

Additionally, not only is the process for regular data cleansing essential, but ensuring that customer data stored in multiple applications and content repositories are integrated and normalized proves valuable as well. As Figure 8 details, the current Best-in-Class far out-pace other companies in attempting to save end-user time by assimilating these disparate data sources into a single, comprehensive single customer view. It should be noted, however, that a full, total integration – represented by the two right-hand X-axis options in Figure 8 – remains elusive and, perhaps, unnecessary.

When it comes to the overall customer experience, companies on the whole are not wildly aggressive about a **process to survey customers after interacting with our organization, to continuously measure and aggregate customer satisfaction results**, but the Best-in-Class are 68% more likely than other companies (53% vs. 32%) to do so. These top performers use surveys or focus groups more frequently than other companies (29% vs. 24%) to accomplish this, underscoring the value of keeping existing customers happy and benefiting from their long-term spend.

Indeed, 48% more Laggards than Best-in-Class (31% vs. 21%) indicate that their key business pressures include the statement that “our product or brand is not distinctive enough to maintain customer loyalty.” Companies who put more effort into positive customer brand recognition – including through satisfaction/experience surveys – can turn this negative into a competitive edge, with a better process in place to support customer engagement. In fact, Aberdeen research published in [*The State of Customer-Centric Retailing*](#) (May 2010) showcased a Best-in-Class that more frequently incorporated customer feedback into business and product plans, as well as actively enabling repeat business through formalized information management processes and technologies. These practices were linked to superior performance in customer satisfaction and year-over-year improvements in customer order value and frequency, demonstrating again the worthiness of such an investment.

Organization

When 84% more of the Best-in-Class than Laggards (90% vs. 49%) report on deploying a business competency, it is certainly noteworthy. In the case of the seemingly obvious capability that **“our customers have a clear understanding of whom to contact in our company for various needs,”** it is somewhat surprising that only two-thirds of companies overall (66%) can assert that this practice is in place. Fortunately, for under-performing firms seeking Best-in-Class results, they can rely on the example clearly set by the top performers, who recognize that in addition to a unified and accurate view of the customer, the reverse relationship – ensuring that the customers have a clear view of the seller or provider – has defined business value. This approach is particularly important for consumer or business sectors – such as cloud-based subscription technologies – in which losing a customer can be as simple as a frustrated mouse-click away.

Additional organizational capabilities worthy of note include:

- 53% of the Best-in-Class indicate that **“relationships between customers and other parties can be uniquely defined (i.e. competitors, partners, other customers),”** compared to 39% of other companies. This practice simply requires data management expertise robust enough to understand the extra dimensions of company-to-company relationships, i.e. Software Company A might provide Services Company B with technology services, while B simultaneously contracts through Temp Agency C to provide A with short-term programming personnel. Simply knowing who is a customer, vendor and partner of whom becomes essential in maintaining and maximizing the share of all customer wallets, throughout the complex relationship.
- More than half (52%) the Best-in-Class tell Aberdeen that **“a unified view of the customer’s data ensures that our buyers hear ‘one voice’ at all times,”** while less than one-third (32%) of other firms concur. This customer-centric approach again underscores many points discussed above: brand management,

“Make sure your data is clean going into the system. Empower users at the start of process, teach them, monitor and measure. Stay away from homegrown systems that can't scale as your company grows.”

~ David Rubinstein, COO,
Resolve Technology

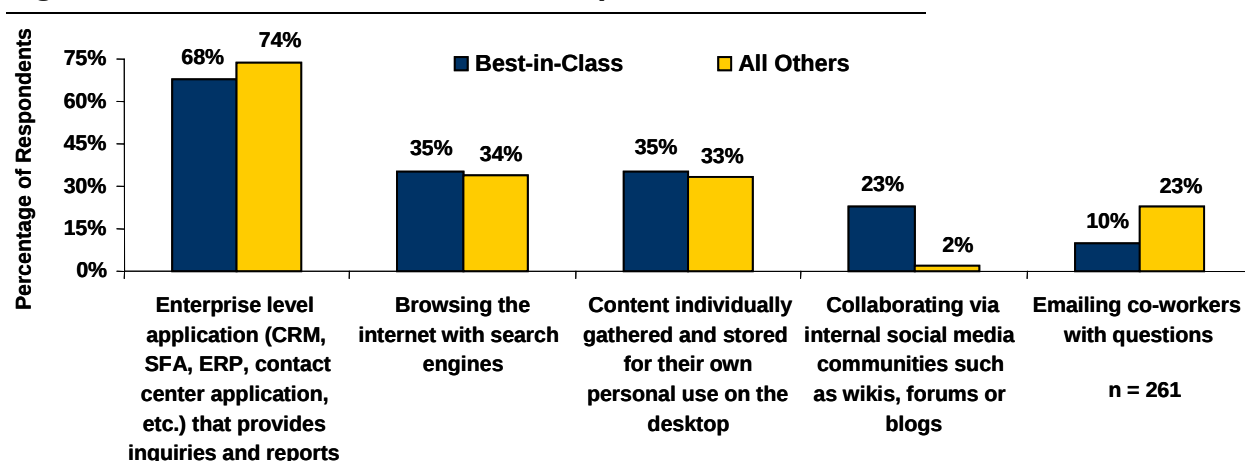
consistency of communications, and the overall “situational awareness” of all customer-facing personnel.

Knowledge Management

In Aberdeen research published in [*Sales Forecasting: How Top Performers Leverage the Past, Visualize the Present, and Improve Their Future Revenue*](#) (July 2011), 75% of the Best-in-Class (defined by exactly the same criteria as the current research) either deployed or were planning in the short-term for “customized data integration between sales and other information silos (marketing automation, customer service, etc.), that requires little or no support from IT.” Only 51% of Laggards concurred, though it is telling that a majority of even the worst performers recognized the importance of line-of-business control of customer data management. Similarly, a business environment wherein **views of customer data can be personalized at the individual level without IT support** is showcased here by 57% of the Best-in-Class, which is 159% higher than the 22% Laggard adoption rate. The technology support team has significant value to the enterprise, but allowing individuals in customer-facing roles to independently personalize their view is a crucial step toward maximizing the time they spend marketing, selling and servicing their accounts.

Still, 50% more of the Best-in-Class than Laggards (60% vs. 40%) indicate that “**all internal stakeholders share a technology-based common view of the customer**,” which certainly speaks to the value that IT can add to the foundation of overall customer management and sales effectiveness. We see in Figure 9, in fact, that enterprise-level applications remain by far the most popular sources from which companies seek customer data. It is highly noteworthy from Figure 9, too, that while social and email applications are far less popular than enterprise deployments as customer information sources, the differentials between Best-in-Class adoption and other firms provide a stark contrast.

Figure 9: Best Sources of Customer Data by Best-in-Class



Source: Aberdeen Group, July 2011

While “emailing co-workers with questions” is less than half as popular among top performers, the latter are more than 11-times as likely as others to turn to the exact same source – internal peers – but through social media and collaborative tools, rather than via email. Indeed, in [*Real Time Collaboration: Innovate Your Business and Increase Revenue*](#) (March 2011), 50% of Aberdeen’s Best-in-Class (top performers around demonstrated ROI on collaboration efforts, minimal “time-to-share” rates and annual revenue growth) reported an “ability to search all social networking and collaborative content,” versus 22% of Industry Average and 3% of Laggards. This trend, which will be further studied in Q4 2011 Aberdeen research into social selling, has significant ramifications for how enterprise knowledge management capabilities are maintained.

Technology Enablers

Among the many technologies that Best-in-Class companies are deploying more than others – despite representing no advantage in size – in support of leveraging a unified customer view for more up- and cross-sell revenue, are the following:

- June 2010, Aberdeen research among 422 companies for [*Sales Forecasting: Analytics to the Rescue!*](#), revealed that 81% of Best-in-Class companies (showing the most significant yearly gains in team quota attainment and revenue per sales rep) deployed formal **sales analytics and forecasting** solutions, compared with 55% of Industry Average and 34% of Laggard firms. This technology enabler provides an enterprise-wide data flow into the forecasting process, thus creating a more refined snapshot of future revenue and empowering more efficient, margin-driven sales activity as well as more pure selling/service time by the sales/account teams. Without accurate customer data, none of these benefits can accrue to companies seeking to maximize their share of the customer’s wallet. With more accurate and unified sales intelligence about prospects’ behavior, personnel and market dynamics, however, better forecasts and increased selling time are natural outcomes of this best practice.
- **CRM** solutions are often used to support multiple customer-facing functions, most commonly marketing, sales, and service, and the well-designed among these deployments are highly effective at serving each department’s needs. For example, marketing campaigns can be better targeted to reflect actual customer preferences, allowing for personalization to individual customers or groups.
- At a significantly higher rate than Laggards (72% vs. 28%), Best-in-Class companies studied in [*Optimizing The Marketing-to-Sales Lead Lifecycle*](#) (March 2010) adopted automated demand generation and **lead management/scoring** solutions, which help marketers track and report on campaign lead generation results. Armed with accurate customer data, accessed in a unified information management environment by both marketing and sales leadership,

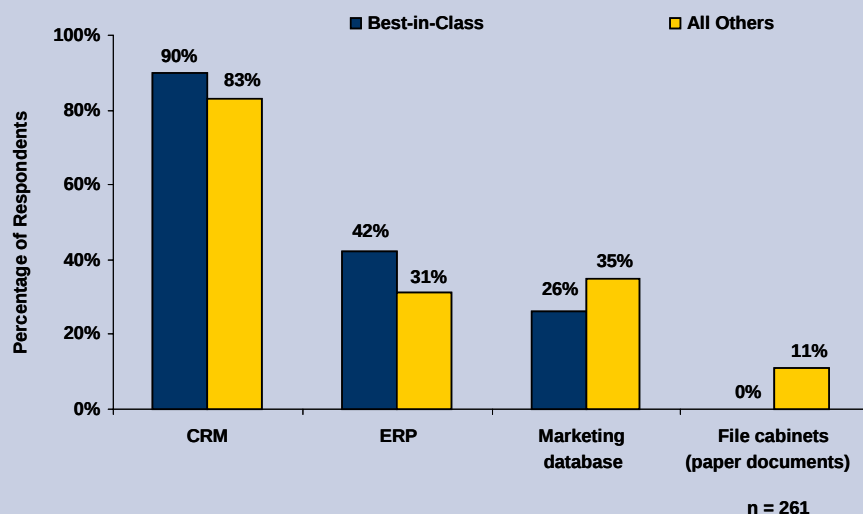
companies such as these top performers (ranked by marketing contribution to pipeline and revenue) have the ability to more efficiently locate, identify, communicate with, and track the progress of external participants in the suspect-prospect-customer management lifecycle.

- Another enterprise application playing a significant role in providing a complete view of the customer is the **ERP**. While CRM is able to capture a system of record of the contact and interaction with customers (and prospects), it may not always be robust enough to capture the transactions that form the operational and fiscal audit trail of business conducted with the customer. This includes sales orders, shipments or delivery of goods and/or services, invoices, open accounts receivable and cash collection.

Technology Insight

Survey respondents were asked to report on the two most vital locations, within their company, where they felt customer data should be stored. As the research thus far has indicated, the CRM and ERP deployments are the two most popular among the Best-in-Class, with CRM leading the way by more than a two-times factor (Figure 10).

Figure 10: Most Vital Customer Data Storage Locations



Source: Aberdeen Group, July 2011

Noteworthy in Figure 10, as well, is that one-third of companies overall indicated the marketing database as a vital customer data storage location, though less frequently among the Best-in-Class than among under-performing firms. Considering that even the top performers only report a 30% marketing database accuracy, as seen above in Figure 7, how wise is it to use such a system of record as a key customer data repository? Finally, the fact that not a single Best-in-Class firm still relies on file cabinets, compared to 11% of other firms – this really needs no further explanation.

Performance Management

It is critical to **monitor customer satisfaction on a regular basis**, since it ultimately will impact customer retention and a company's share-of-wallet from each account. From a performance management perspective, another valuable takeaway from this best practice is the value of better developing the internal talent responsible for maintaining customer spend. Aberdeen research published in [*The Engagement / Performance Equation*](#) (July 2011) highlights a Best-in-Class cohort showcasing outstanding employee performance, engagement and retention metrics, that also reports more than a three-times greater year-over-year growth in customer retention, compared to other firms. This study showcases how more engaged employees contribute to better business results, which in turn are directly linked to more satisfied customers – who are more likely to continue spending, and spending more, with their more attentive product or solution providers.

Finally, while the majority of survey respondents do not indicate that **trends in customer spend (Net Client Value) are monitored and measured consistently**, the Best-in-Class are 65% more likely than Laggards (43% vs. 26%) to do so. Imagine the hiring and on-boarding of a new customer service rep or high-end global accounts manager inside an organization, who is preparing to attack their installed-base customer list to look for problems, issues and opportunities for incremental revenue increases. Rather than randomly call down an alphabetical list, or perhaps a sort of customers based on the last contact held with them, wouldn't it make more sense, and use the individual's time most effectively, to arm them with data showcasing not only who are the most valuable customers (by overall or current spend), but also who has recently revealed a sudden increase or decrease in business? The performance of this customer-facing professional, as well as of individual accounts, can be maximized far more effectively by the adoption of this key capability.

“Have a well-defined process for the flow of customer data first, because most tools can be customized to a unique process. Be willing to spend a bit more up front for integrations because the overall efficiency and end-user adoption is worth it in the end.”

~ Robin Welt, Solutions
Analyst/Application Trainer,
Core BTS

Chapter Three: Required Actions

Whether a company is trying to move its performance in sales effectiveness from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Get personal** by ensuring that views of customer data can be customized at the individual level without IT support. Barely one in five Laggard firms provide customer-facing staff with the opportunity to simply see their account information in a whatever way is most comfortable for them, while more than one-third and one-half of Industry Average and Best-in-Class companies do so. The IT team is unlikely to want to own or build this process anyway.
- **Get smart** with sales intelligence solutions that provide marketing, sales and service staff with up-to-date, external insight into the people, accounts and markets that dominate their workday. With external sources of business “trigger” events, financial news, executive changes or legislative updates that can have an immediate impact on how a prospect or customer is managed, your staffers will have a leg up on the competition – who may, if they are a Best-in-Class company, be 71% more likely than you (41% vs. 24%) to have deployed a sales intelligence solution.
- **Get social** and stop trailing both Industry Average and Best-in-Class firms in the acquisition of user-generated external content that impacts the relationship between you and your customer. Everyone is fully aware of social media’s impact on interpersonal relationships and business-to-consumer interactions; the best corporate performers recognize the potential business value as well, by adding this modality to the ways in which they stay informed about their customer and support a holistic view of their behavior.

Industry Average Steps to Success

- **Gauge customer satisfaction** via a process that ensures consistent, survey-based data collection to understand how best to keep existing customers happy – and spending. Best-in-Class firms are 66% more likely than the Industry Average (53% vs. 32%) to deploy this process capability; an accurate view of the customer’s identity and behavior are essential precursors of understanding to what degree they are likely to keep buying, and how to maximize that spend.
- **Clarify all customer-facing roles and responsibilities** by ensuring that clients know what individual or department is the most appropriate contact to assist them with any particular need.

Fast Facts

- √ Among the Best-in-Class, the most popular source of up-sell or cross-sell revenue is the “addition of a different product or service” at 55%, followed by “extension of an existing service or maintenance contract” (27%) and “upgrade to existing product or service” (18%)
- √ 77% of the Best-in-Class also employ pure customer service staff, who are not responsible for pursuing or selling net-new customers, compared to 71% of Industry Average and 56% of Laggards (interestingly, 18% of Laggards responded “don’t know” to this question, vs. 1% of Industry Average and 0% of the Best-in-Class)

While one-third of Industry Average firms fail to do this, only one in 10 of the Best-in-Class do not provide customers with a clear understanding of who can help them. In a competitive marketplace, your competitors are often just a mouse-click away from grabbing your customer's spend, so hedging against that possibility can be well-supported by making sure you are easy and appropriate to reach.

"Integrated ERP and CRM is critical for our business to improve across all departments."

~ Obie Kokich, Director of Sales, eSoftware Professionals.

Best-in-Class Steps to Success

- **Track customers' activity more aggressively**, particularly in the context of how their spending patterns and profitability change over time. While the Best-in-Class lead other companies in supporting this performance management capability, fewer than half currently emphasize the practice, which can help prioritize which valuable customer-facing resources are deployed in supporting of maximizing each account's lifetime spend.
- **Gauge the risk-reward of each account** by understanding the bigger business imperatives, credit history and financial standing of prospective and current customers. Again, only about one-half of Best-in-Class firms currently benefit from this practice, which helps them allocate people and time toward more reliable customers, and to "know when to fold 'em" with the more risky accounts.

Summary

As customer relationships, particularly in the business-to-business space, become more complex, the need to support the marketing/sales/service lifecycle around these accounts becomes an ongoing "need to have" as opposed to a "nice to have" for today's businesses. As Figure 11 indicates, the past and future spend among all companies to support a 360-degree customer view represent across-the-board increases, with double-digit growth reported by the Best-in-Class.

continued

How Does Your Performance Compare to the Best-in-Class?



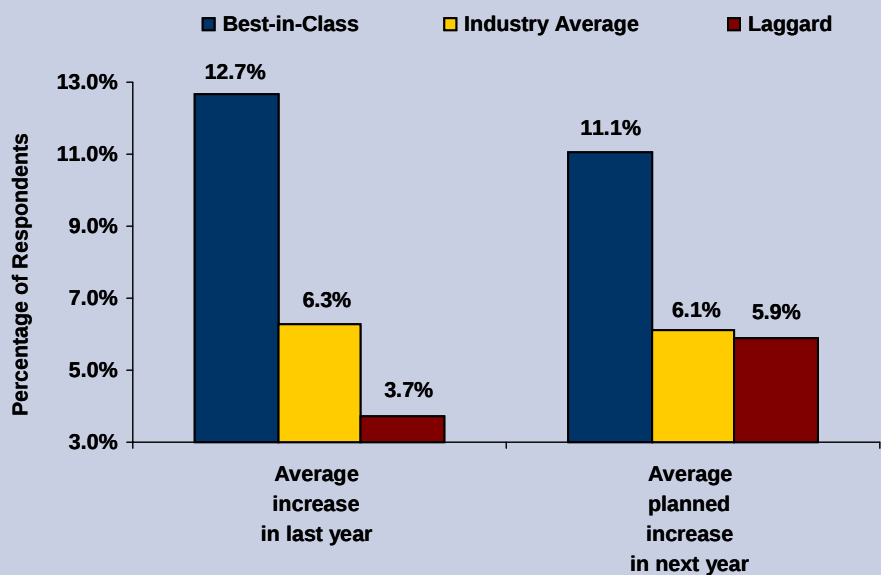
- Compare your processes
- Receive a free, personal PDF scorecard
- Benefit from custom recommendations to improve your performance, based on the research

Take the Assessment

Receive Your Free Scorecard

Summary

Figure I: Budgets Continue to Grow



n = 261

Source: Aberdeen Group, July 2011

Providing a complete view of the customer requires less an elimination of data sources, but the integration of disparate silos and providing access that is easy to navigate and always available to any customer-facing member of the company. Enterprise applications such as ERP and CRM are generally the primary repositories, but integrating other technologies including business intelligence and analytics, workflow and event management, social media and sales intelligence sources and applications complement that data and round out the view. The net result: maximum up-sell, cross-sell, and share of the customer's long-term wallet.

Appendix A: Research Methodology

Between June and July 2011, Aberdeen examined the use, the experiences, and the intentions of 261 enterprises using services and technologies that impact the results from their cross-sell and up-sell practices.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on cross-sell and up-sell optimization strategies, experiences, and results.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: Manager (29%), Director (18%), CEO / President (15%), EVP / SVP / VP (13%), General Manager / Managing Director (4%) and other (21%).
- *Department / function:* The research sample included respondents from the following departments or functions: sales and business development (40%), marketing (19%), information technology (9%), corporate management (8%), customer service/support (6%) and other (18%).
- *Industry:* The research sample included respondents exclusively from software (20%), IT consulting and services (19%), industrial product/equipment manufacturing (6%), telecommunications equipment/services (4%), financial services (3%), wholesale/distribution (3%), transportation / logistics (3%), insurance (3%), computer equipment, hardware or peripherals (3%), and other (36%).
- *Geography:* The majority of respondents (65%) were from the Americas. Remaining respondents were from the EMEA region (22%) and Asia-Pacific (13%).
- *Company size:* 21% of respondents were from large enterprises (annual revenues above US \$1 billion); 22% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 57% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* 31% of respondents were from large enterprises (headcount greater than 1,000 employees); 25% were from midsize enterprises (headcount between 100 and 999 employees); and 44% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding executives, primarily in sales management roles, completed an online survey that included questions designed to determine the following:

- √ The degree to which cross-sell and up-sell is deployed in their organization and the impact it has on achieving their business goals
- √ The structure, effectiveness and satisfaction with existing implementations that impact cross-sell and up-sell results
- √ Current and planned use of cross-sell and up-sell practices to achieve desired changes in customer retention, sales cycle and net client value
- √ The benefits, if any, that have been derived from cross-sell and up-sell initiatives

The study aimed to identify emerging best practices for cross-sell and up-sell usage, and to provide a framework by which readers could assess their own management capabilities.

Table 4: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy) Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing) Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, September 2011

Table 5: The Competitive Framework Key

Overview
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance. Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.
In the following categories: Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process? Organization — How is your company currently organized to manage and optimize this particular process? Knowledge — What visibility do you have into key data and intelligence required to manage this process? Technology — What level of automation have you used to support this process? How is this automation integrated and aligned? Performance — What do you measure? How frequently? What’s your actual performance?

Source: Aberdeen Group, September 2011

Table 6: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, September 2011

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *Chance Favors the Prepared Mind - Understanding the Science of Sales Intelligence*; July 2011
- *Sales Forecasting: How Top Performers Leverage the Past, Visualize the Present, and Improve Their Future Revenue*; July 2011
- *The Extended Sales Enterprise: Channeling Better Results*; April 2011
- *Streamlining the Top of the Funnel: How Inside Sales Teams Source, Qualify and Close Business*; March 2011
- *Sales Mobility: Quotas Untethered*; November 2010
- *Sales Training: Deploying Knowledge, Process and Technology to Consistently Hit Quota*; September 2010
- *Sales and Marketing Alignment: Collaboration + Cooperation = Peak Performance*; September 2010
- *Sales Performance Management: Getting Everyone on the Same Page*; August 2010
- *Optimizing Lead-To-Win: Shrinking the Sales Cycle and Focusing Closers on Sealing More Deals*; May 2010
- *Providing a 360° View of the Customer: Better Service - Higher Sales*; March 2010

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

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For more than two decades, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.5 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

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