

VOLUME 26

Issue 1 2024

VELOCITY[®]

KNOWLEDGE TO SPEED PAST THE COMPETITION

CUSTOMER CENTRICITY

Turning hazards into
opportunities for growth



STRATEGIC ACCOUNT MANAGEMENT ASSOCIATION

BUILDING A PROTECTIVE MOAT AROUND YOUR BUSINESS

How strategic engagement serves as the foundation to protect your most valuable asset — your customers.

By Betsy Westhafer
CEO
The Congruity Group

Let's face it. Losing customers to your competitors is just the worst. The mere thought of seeing the exodus of just one or two of your top strategic accounts creates massive anxiety for those responsible for making sure it doesn't happen. The higher the churn rate, the more ground a company loses in terms of market share and revenue, and the impact is exponential. The more your competitors eat into your customer base, the harder and harder it gets to just maintain your position in the market, let alone achieve growth objectives.

Your competitors are constantly waiting for a chance to penetrate your most valued accounts. It's up to you how you keep those sharks at bay.

When we talk with leaders who are responsible for strategic accounts, including members of the C-suite, we often find that they fall into one of two camps: Camp A — telling us that they already know everything they need to know about their customers (often citing NPS scores or other lag measures such as annual surveys); and Camp B — acknowledging that they don't know what they don't know, and emphasizing how the possibility of losing just a few of their most strategic accounts could bring devastating consequences from which they may not be able to recover.

Camp A suffers from “ostrich syndrome,” paralyzed by putting their heads in the sand and hoping for the best. This is obviously a very dangerous strategy, and frankly, there's not a lot that can be done to help companies with this mindset. Camp B, on the other hand, has myriad opportunities to proactively build a fortress around the forces that can infiltrate their most valuable asset, their customers.

I recently attended a conference hosted by Laughlin Associates, a well-respected 50-year-old company providing services that help organizations protect their business assets. Their services include corporate veil protection, compliance, setup of legal structures, and the like, all designed to build a “protective moat”



DID YOU KNOW . . .

- 1 out of 26 customers will actually tell you when they are not happy. The rest are silently shopping.
- Churn rates are greater than 5% and trending upward industry-wide.
- 71% of B2B companies are ready to switch suppliers.

Sources: Thomasnet, Harvard Business Review, Esteban Kolsky, Churnkey

around businesses to keep the companies and their leaders from unintended and potentially catastrophic consequences. And that's when it hit me: much like the business needs structured solutions to protect the entity itself, it also needs structured solutions to protect its most valuable asset of all, its customers.

Aaron Scott Young is the Chairman of Laughlin Associates and has been on a decades-long mission to help companies grow while simultaneously making sure that the growth they experience is shielded from all the arrows that can devastate the organization.

“So often we see extraordinary business leaders build amazing multimillion-dollar enterprises, only to be unraveled by things that are 100% preventable,” says Young. “It breaks our hearts to see this happen, so that's why we do what we do. Frankly, these unfortunate outcomes just don't have to happen, but it requires three things:

1. A consistent visibility into the potential hazards,
2. A commitment to getting out in front of them, and
3. A willingness to invest in solutions that serve to ensure that the organization will live to fight another day.”

Many of the speakers at the conference talked about building a protective moat around the entity. It's a concept that most high-level executives and leadership teams can easily grasp and commit resources to. At The Congruity Group, we see strategic customer engagement as yet another tool in the toolshed for building that moat.

Let's examine the three requirements Young illuminated as they relate to strategic customer engagement.

Point #1: A consistent visibility into the potential hazards

It's no secret that business changes at the speed of light, and it's no longer an option (if it ever actually was) to sit back and assume that what is true today will remain true in the next five years, in one year, or even in the next month. All one needs to do is remember how it felt in March of 2020 when life as we all knew it came to a screeching halt with absolutely no notice.

It takes diligence to keep an eye on the dynamics that have the potential to upend your business. But here's the great news. Engaging your customers in a strategic manner, on a consistent basis, and with the intention of listening 80% of the time and asking clarifying questions for the remaining 20% of the time is the most impactful way you can have visibility of the potential hazards on the road ahead.



Visibility into the hazards is an important first step, but it doesn't stop there, which leads us to point #2:

Point #2: A commitment to getting out in front

Oftentimes we talk with leaders who acknowledge that there's a risk that needs to be mitigated, but for reasons beyond our understanding, they choose to wait until that risk becomes a full-blown, potentially devastating catastrophe to their business before they take action. Sometimes they cite competing priorities and sometimes they point to budget restrictions, but they ALWAYS regret it if they wait too long. As Young noted, so often the unfavorable consequences are completely preventable. We believe that your customers already know the answers to your questions, which is why it is perplexing that some companies don't incorporate strategic customer engagement into the foundation of how they operate. Proactively seeking out the risks and solutions with the help of your customers is a key component of moat-building, and in and of itself is a competitive advantage.

This leads us to the last point:

Point #3: A willingness to invest in solutions

It would be awesome if the insights that companies need to win just magically appeared, but that's not the way it works. Protecting your company by deploying strategic customer

engagement programs requires not only financial resources, but also the human resources to consistently execute the structured solutions that provide the business intelligence needed.

Just like the business structures that Laughlin Associates provides for organizational, financial, and legal aspects of a business, there are several structures that companies can put into place to protect against competitive forces and loss of revenue. Depending upon the size and maturity, a company can deploy one or more of the following to help shore up the relationships and commitments of their most treasured accounts.

Customer Roundtables

Bringing customers together to do a deep dive into a particular challenge you and your peers are trying to solve is a great way to make sure you are going down the right road. This can be either virtual or in person, and often leads to significant breakthroughs in a very short amount of time. Key insights provided by the customers help focus the solution in a direction that has been pre-validated by the people and organizations most likely to benefit.

Industry Think Tanks

When faced with industry disruption, oftentimes organizations try to pivot without the benefit of hearing from the customers. This can lead to going down a path without clear visibility into how that proposed redirection may either positively or negatively impact the customers. In addition, customers come at industry disruption from a different perspective, so having a clear understanding of how they are impacted rather than just how your organization is impacted is critical for sustainability. Your customers are also trying to pivot, so having a key partner involved in the process is a value-add that can mean the difference for you, your customer, and their customers.

Ideation Labs

One way to protect your customer base is to place a strong emphasis on co-innovation. In the many Customer Engagement Assessments™ performed by Congruity, one of the most expressed areas of interest that customers request is the opportunity to innovate new solutions together with a key supplier. Ideation Labs provide a structured approach to co-innovation, leading to solutions that are pre-validated with the market, unlike many solutions that are created in a vacuum within an R&D environment. Not only do Ideation Labs lead to exciting new product and service offerings; they also help create loyalty and advocacy from the customers who helped create them.

Customer Advisory Boards (CABs)

Seen as the pinnacle of structured strategic customer engagement, Customer Advisory Boards, without a doubt, provide the most benefits when it comes to building your moat.

Our clients who have committed to strategic Customer Advisory Boards often report 100% retention of the customers who serve on the board. When done well, CABs evolve to the point where customers truly feel committed to the success of the host company and are invested to the point of becoming outspoken advocates for the brand.

Not only do the host companies receive huge value from the CAB, but the members win big as well. Benefits to customers include:

- Having a new network of peers with whom they share common challenges.
- Ability to influence the strategic direction of a key supplier.
- Visibility and input into solutions not yet available to their competitors.
- Access to the senior leadership of an organization that is critical to their success.
- Opportunity for thought leadership and innovation.

Think about each of these structures of strategic customer engagement as one row of a brick wall designed to keep your competition at bay. The stronger your foundation, and the higher you go, the harder it is for your competition to penetrate your accounts.

Building your protective moat is the best way to avoid costly mistakes that lose accounts to your competitors. And in the case of strategic customer engagement, it provides a whole host of other benefits. Where else can you get this level of return on investment?

You can read more about Customer Advisory Boards in another [SAMA Velocity article found here](#). ■

Betsy Westhafer is the CEO of The Congruity Group, a consultancy focused exclusively on strategic customer engagement and named the BBB International Torch Award for Ethics Winner in 2023. Betsy is the coauthor of the best-selling book “The Rarest Advantage — How to Co-Create Strategic Value to Retain and Expand Your Key Customer Accounts.” She is also the co-host of the award-winning “REALLY Know Your Customer,” named as one of the “Top 15 Customer Retention Podcasts on the Web” by Feedspot. Betsy can be reached at 937-550-1703 or at betsy@thecongruitygroup.com.

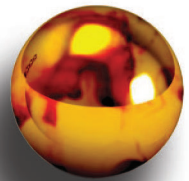


THE RAREST ADVANTAGE

Co-create value with your customers
by tapping into the power of

Strategic Customer Advisory Boards

- » Elevate executive engagement
- » Reduce internal alignment friction
- » Solidify and deepen long-term customer relationships



Let's Connect...

We can't wait to tell you more.

CABS@thecongruitygroup.com
937-550-1701
thecongruitygroup.com



Proud Member

