



Customer retention and optimising the life time value in a major UK telecommunications organisation

The Challenge

A major UK telecommunications company had experienced unprecedented growth during the mobile communications boom. As competition increased the incumbents faced a series of challenges from new entrants (including the mobile network operators themselves) who gave more attention to the value of a new customer if kept for life. This gave rise to an increase in churn rates and de-motivation amongst the sales force. In addition new Financial Services Regulations demanded heightened compliance requirements when selling contractual products. The business faced market share losses and dwindling operating profits.

The Approach

A renewed customer engagement approach was required. This strategy focused on appropriately qualifying the customer's needs and training the sales consultants and management teams to differentiate these needs from wants. A lifestyle appraisal was a major component of the engagement qualification process. In giving each customer a recognised value offering the business would strike the appropriate balance between investing in customer acquisition, retention and development.

The Actions

Since sales persons earning and management bonuses were connected to sales volumes it was important to first eradicate the excessive churn rates for all contracted sales. This required all personnel to be re-educated and tested on the compliance measures as set by the UK Financial Services Authority (FSA). This was embedded in behaviour through regular trained customer simulations (role plays), and controlled by integrating a short interval management control framework on each and every stage of the sales process.

These changes were subsequently recorded as Standard Operating procedures (SOP) and were coupled into regional work force development plans. These development plans were designed to increase the competence in business critical success factors for each individual within the organisation. As employees achieved more this fed further behavioural enhancements and the motivation to work legitimately for consumer benefit.

The Results

After 12 months contract renewals increased by 27% from 11% year-on-year with other category sales doubling i.e. broadband and domestic phone lines sales. The business units also achieved the best annual customer 'mystery shopper' results for a UK leading telecommunications operator scoring 94% as measured by an independent organisation. As a result of these actions churn rates fell by over 65% in a 24 month period, and market share and profits were stabilised over the same period with record bonuses being paid out nationally to the sales and management teams.