

IBM Global Business Services



Customer Relationship
Management

Unlocking customer advocacy in retail banking

The customer focused
enterprise



IBM

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The customer focused enterprise

If banks are not aware of customers' attitudes toward their organizations – and the impact these perceptions have on financial performance – they may be counting on organic growth that simply will not materialize. But by identifying which customers are advocates, apathetics and antagonists, banks can more precisely target customer experience improvement initiatives based on a more informed understanding of customer preferences and future value. To boost the bottom line, we believe banks must increase focus on customer attitude.

Introduction

We consistently hear banks touting their commitment to being customer friendly and going the extra mile for their customers. Accordingly, branches are once again in vogue, and executives have declared that improving the customer experience is *the* priority for the organization. As mergers and acquisitions become less attractive, leading financial institutions look increasingly to their existing customer base for growth. Critical organic growth measures – cross-sell, retention and new customer acquisition – dominate nearly every retail bank's agenda. However, many banks have yet to identify the right mix of customers, marketing and sales programs, employee incentives, and process and technology improvements to produce

higher returns. Despite significant investment, the largest banks are not well positioned for organic growth: our research shows the majority of customers will be reluctant to commit to a deeper relationship as a consequence of their prior cumulative experience with the bank.

In order for banks to fully achieve the benefits from organic growth, bank executives need to understand customer attitude and its impact on customer behavior. Customers who have a positive attitude toward the bank are advocates, while those whose experiences shape negative opinions become antagonists. As such, a bank's ability to effectively manage and influence customer attitude becomes paramount to achieving organic growth.

In this study, we establish the link between advocacy and higher profitability, responsiveness and trust and explore three critical questions:

- Are banks fully positioned to grow organically?
- Can a focus on improving advocacy unlock growth potential?
- How can banks capture the opportunity?

Identifying bank customers who can be converted into advocates must be a tenet of any customer focused organic growth strategy. To move customers into advocate-level relationships, the customer experience must be well understood, continuously monitored and proactively managed. We believe that banks that effectively improve operations to align with the desired customer experience can create a new and sustainable competitive advantage.

About the research

The goal of this study was to understand customers' perceptions of their primary bank's performance based on their ranking of key attributes of what we're calling the customer focused enterprise (CFE). North American banks were classified into four tiers based on asset level: National, Regional, Community and Credit Unions.

This quantitative research builds on the IBM customer focused enterprise study completed in April 2006.¹ Over 3000 US banking consumers were surveyed via telephone and the Internet. The questionnaire consisted of 25 questions about interviewees' perception of CFE operational characteristics as they pertained to their primary bank, as well as their purchase intentions and some general financial services profiling questions.

Customers were classified into advocacy segments based on their answers to three questions: those who would recommend their bank, would go to their bank first for a new financial services need and would not switch if offered a competitive product. Advocates, the top tier, have a high likelihood to recommend, high purchase intent and low switching intent; Apathetics comprise the middle tier, and antagonistic customers are the lowest tier.

To measure customers' perception of bank performance, we asked customers to rate their primary bank on a number of rational and emotive CFE attributes. The rational attributes evaluated customers' perception of their physical interactions with the bank and included statements such as, my bank corrects errors when they occur, my bank uses the information it already has received from me rather than asking for me to provide it repeatedly, my bank gives me plenty of ways to bank with them, including in person, on the phone or online. The emotive statements sought to understand how customers felt toward their bank, and included statements such as: my bank values my business, my bank understands my financial goals, my bank weighs both sides of the issue when I have a problem and resolves it fairly.

Workshops were held with a team of senior IBM Financial Services and CRM consultants along with statistical analysts to review the research findings and develop recommendations for banking operations.

This study is a continuation of the IBM "CRM Done Right" series, following 2004's "CRM done right: Executive handbook for realizing the value of CRM" and the 2006 executive handbook, "Advocacy in the customer focused enterprise."²

Unlocking customer advocacy in retail banking

The customer focused enterprise

Growth through M&A has legal and practical limits, but organic growth is proving just as challenging.

Are banks fully positioned to grow organically?

Traditional competitive levers are nearing exhaustion

Merger and acquisition activity among the largest players has reached regulatory and operational limitations. In the U.S. market, Bank of America's acquisition of Fleet Financial puts the bank near the government's limitation that no bank may hold more than 10 percent of total outstanding deposits – forcing the bank to look into loan portfolios domestically (its acquisition of MBNA is a prime example) and internationally (i.e., its investment in China Construction Bank) for net new acquisitions.³ Other banks have reached operational limitations on their growth trajectory, leading banks to explore other growth levers such as new product development and new distribution channels/partners.

However, with the exception of minor changes to pricing and terms, little has changed in the landscape of financial solutions available to customers. The majority of product “features” present in checking, savings, credit and loan products when they were introduced decades ago are largely still intact today. Additionally, banks have sought to derive new sources of revenue from existing products by establishing what have become known by consumers as “nuisance fees.” However, customers have become sensitive to these fees; our study showed that 47 percent of

customers agreed that their bank's fees are too high. The increase in fees, coupled with little new product innovation, has affected customers' perceptions of banks.

“They just keep adding and adding (fees) and giving nothing in return”

– *Bank customer, IBM survey*

The impact of fee income is compounded by the fact that banks are facing pressure from wealth management and brokerage firms that have introduced cash management products to attract consumers seeking a greater breadth of financial services. With demographic shifts in the United States, most notably the increase in baby boomer retirement, the threat of assets walking out the back door is reality today.

Finally, cost containment efforts made in the “name of the customer” have had little impact on differentiating the customer experience. Many banks have dramatically improved operating efficiency, but lost connections with their customers. Banks continue to invest in call center consolidations, channel integration and customer service improvements, but we see little improvement in customers' attitudes and perceptions of service capabilities. In fact, other studies indicate that large banks' customer satisfaction rates are 15 percent below the scores of other leading companies.⁴

An outside perspective

By Susan Fournier, Associate Professor, Marketing, Boston University School of Management

This research is a must read for anyone that is serious about becoming a “customer focused” firm. It deals with a timely metric (advocacy, supposedly “the one number that matters”) in a powerful marketing paradigm (relationship marketing and CRM) and explores this within a customer-facing service industry (retail banking) that faces significant imperatives for organic growth.

IBM’s study fine-tunes and advances our understanding of the real content and process issues that are at play in the pursuit of strong customer relationships. It sensitizes us to the emotional and experiential elements that truly drive the quality of customer relationships, but on which most firms do not perform. The research refines our understanding of “advocacy” and the attitudes and behaviors that comprise it. There is much added value in IBM’s three-part advocacy model: wherein advocates are those not only willing to recommend the brand to others, but who also stick with the brand in the face of competition, and consider cross-selling opportunities to boot. Companies can get greater predictive and diagnostic power from this more complex attitude-plus-behavior metric and the segmentation schemes that derive from it. All of this is guaranteed to improve the relationship strategies and executions that retail banks develop for their brands.

Perhaps most importantly, IBM’s research makes us ponder a very perplexing conundrum: how could so many banking service providers re-brand, re-engineer, strategize and act in the service of enhancing consumers’ relationships ... and yet get it so very, very wrong? The results are striking: nearly 50 percent of customers of national banks have antagonistic relationships with their banks. Let me repeat: one out of every two customers harbors an adversarial relationship with their retail banking brand! These customers are not simply disinterested in developing deeper relationships with their banks. They are not simply non-responsive to the outreach and relationship-expanding efforts of the firm. These consumers harbor very deep and strong negative feelings toward their banks; they essentially find fault in everything that bank might do. These current customers see their banks as opportunistic, self-interested parties looking only out for themselves. And this despite service experience initiatives, CRM systems, and relationship programs intended to strengthen partnerships between customers and the brand.

I for one am looking forward to future extensions of this research into other industries and settings. I am particularly excited by the prospect of moving beyond our fixation with leveraging advocates on the positive side of the relationship continuum and learning to deal effectively with the “disengaged” and “antagonists” that this research identifies as significant customer segments for the firm. Current wisdom suggests we fire “high-cost-to-serve” customers such as these. But with upwards of 70 percent of your customer base in these two segments, this hardly seems a viable alternative for the firm.

Most customer satisfaction measures look back; customer attitude measures like CFiq look forward.

Becoming a customer focused enterprise

Banks continue to explore how to create more meaningful customer experiences to enhance their customers' opinions of their bank. However, for banks, creating both meaningful and profitable customer experiences is a significant challenge, particularly given the typical volume of customer interactions. Based on the IBM study completed earlier this year, "Advocacy in the customer focused enterprise: The next generation of CRM Done Right," a new approach has been developed for delivering customer experiences – one that enhances customers' perceptions and builds a competitively superior experience, while prioritizing resources and investments.⁵ IBM calls companies that excel in the customer experience arena "customer focused enterprises" (see Figure 1).

This framework – in combination with advocacy scores discussed in the following paragraph – is critical in structuring customer relationship management improvements.

Unlocking customer advocacy: The IBM Customer Focused Insight Quotient (CFiq)[™]

A commitment to the customer experience is the foundation of an effective organic growth strategy. To move from a customer strategy focused on efficiency to one that creates an effective, mutually beneficial relationship between bank and customer, we believe bank executives need to adopt a new view of customer attitude. Traditional customer satisfaction measures result in a historical view of customer attitude and are not credible sources for making decisions on the potential for customers to create value in the future.

FIGURE 1.
The six characteristics of a customer focused enterprise.



Customer authority

Companies who understand **customer authority** are able to approach their customers in ways that build advocacy through understanding their customers' perspectives, while simultaneously linking the value of the customer to the enterprise.



Customer dialog

Customer dialog is a business' ability to communicate and transact with customers intelligently and responsively during each interaction on a customer-by-customer basis.



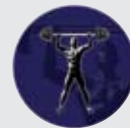
Integrated execution

Integrated execution allows companies to integrate channels to support a consistent experience, and allow intelligent, cross-channel execution of customer interactions.



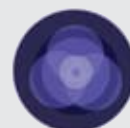
Solution experience

Solution experience is about understanding the impact that products and services have on the overall customer experience. By solution, we refer to products and services that address broader customer needs and desires.



Human performance

Customer focused companies commit to a **human performance** approach to growing and sustaining employee commitment that allows employees to better meet personal and organizational objectives, all while better serving the customer and being a stronger customer advocate.



Customer focused organization

Customer focused companies should transform the **organization** so that functional groups and lines of business collaborate to fulfill customer-centric strategies and initiatives.

Source: IBM Global Business Services.

Our study tests different attitudinal statements in an effort to identify which attributes contribute to positive customer behavior patterns. Accordingly, through statistical regression analysis techniques, we derived a combined measure that captures key indicators of customer relationship health: customers' likelihood to recommend, their intent to purchase and their willingness to stick with the bank even when confronted with competitive offers. Termed the IBM Customer Focused Insight Quotient (CFiq), this measure captures and integrates these attributes by asking customers to state their level of agreement with three simple statements:

- I would recommend my bank to friends and family
- I would go to my bank first for future financial services needs
- I would stick with my bank if offered a competitively priced product.

The CFiq results are eye-opening – according to this measure, only 24 percent of U.S. banking consumers are advocates of their bank (see Figure 2).

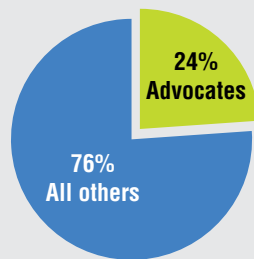
What's more telling is that the smaller players, such as credit unions and community banks, have a higher proportion of advocates than the national and regional banks when segmented by CFiq scores. Thirty-six percent of all credit union customers and 30 percent of community bank customers are advocates of their bank – 50 percent higher than customers of regional and national banks (23 and 22 percent, respectively).

While most banks are looking to organic levers as the primary mechanisms for growth, the largest banks – by our estimates – are disadvantaged in achieving sustained organic growth, despite advances in customer management capabilities.

FIGURE 2.
Banks are disadvantaged in achieving organic growth.

Less than one quarter of all U.S. bank customers are "advocates" of their bank...

Percent of all U.S. bank customers who are advocates

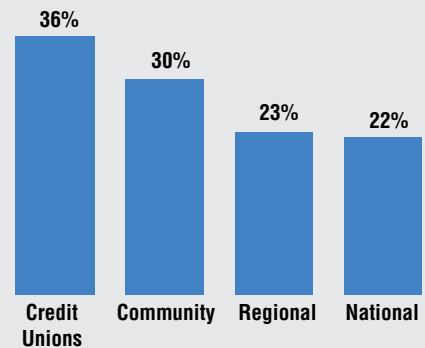


Advocates = customers who would:
 1. Recommend their bank to others
 2. Look to their bank for future financial services products
 3. Stay with their bank if offered competitive products

n=1615 customers
 Source: IBM Customer Focused Enterprise Retail Banking Study 2006.

...the largest national players face the most difficult organic growth challenge related to advocacy

Percent of customer base who are advocates by bank segment



For example, consider a bank with 1 million retail customers, each of which holds two products. If we assume the income generated by each product is US\$250 per year, the bank currently produces US\$500 million in income. *Without* a view of customer advocacy, bank executives may believe they can increase the overall products per customer of their base by 15 percent over the next few years. Applied to a base of 1 million customers, that would net additional income of US\$75 million annually and result in 2.3 products held per customer. Using the CFiq to segment this group, we find that, in reality, only 24 percent of the bank's customers are advocates, 39 percent are apathetics and 37 percent are antagonists. Conservatively, let us assume that advocates can be convinced to hold 2.5 products, apathetics 2.2 products, and antagonists reduce their holdings to 1.9 products. The resulting impact on income from the same 1 million customers, *with a view of advocacy*, is only US\$35 million, or less than half of the original estimate. Extrapolating this number to large banks

with 10 million customers would net a potential US\$400 million in erroneous annual income assumptions.

Therefore, as banks continue to explore traditional organic growth levers, the business case for growth initiatives should include a realistic view of the potential economic value (modified by the CFiq) attainable by moving those levers on a bank-by-bank basis.

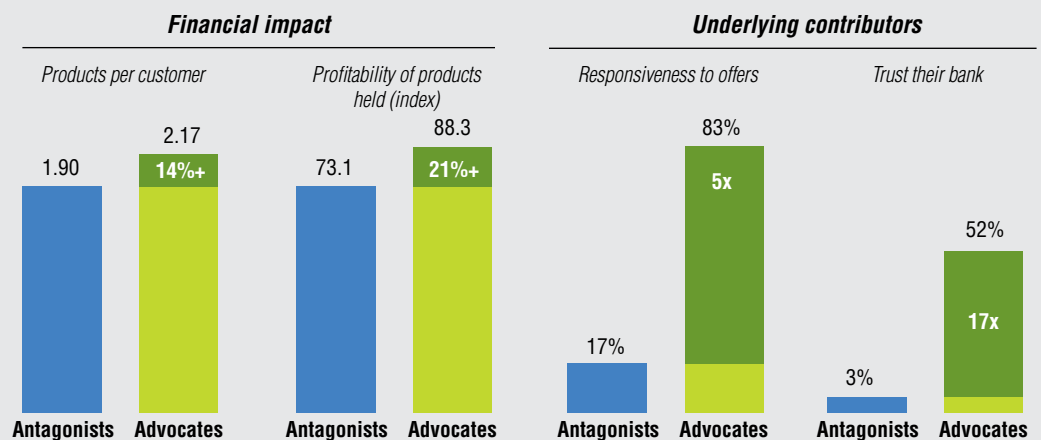
Can a focus on improving advocacy unlock growth potential?

The possibilities are tremendous

Although the challenge appears daunting, with an understanding of the critical drivers of customer attitude and the economic potential associated with improving those factors, banks *can* begin to position the organization to realize organic growth potential.

Our study shows that advocates, on average, hold 14 percent more products than antagonistic customers, and the profitability of products held by advocates is 21 percent higher (see Figure 3).

FIGURE 3.
Banks have the potential to unlock significant value by proactively growing their share of advocates.



n=1615 customers
Source: IBM Customer Focused Enterprise Retail Banking Study 2006.

Understanding the economics associated with different advocacy levels can help banks identify the most effective growth initiatives.

The factors that contribute to this economic value are also interesting. Customers who are advocates of their bank are five times as likely to be responsive to offers and communications, and over 17 times as likely to trust their bank. Further, application of the CFiq shows that only 26 percent of advocates believe that their bank's fees are too high, as compared with a whopping 80 percent of antagonists. Indeed, as banks look to drive organic growth, determining *how* to move customers to a state of advocacy should be paramount for banking executives.

Although community banks and credit unions significantly outperform larger banks in terms of proportion of advocates, the profile of the advocates of both small and large banks is similar. Advocates respond positively to questions about their experience with the bank (e.g., seeks my input to develop new products and services, creates customized offers), whether they bank with community banks or national banks. So, as banks assess the best way to grow organically, understanding what motivates and drives behavior among different advocacy levels, and then executing the right set of strategies to increase advocacy, will likely prove a viable avenue for achieving growth.

Leading banks often use different approaches for achieving customer advocacy. One national bank, building off of a loyal customer base and unencumbered by mergers and acquisitions, has leveraged its commitment to people and integration of the brand promise throughout customer touch points. Another bank, that has been through many mergers and acquisitions, has recently recommitted itself to the customer through a focus on improving processes that support customer interaction. This bank has incorporated the goal of increasing customer satisfaction into its branding, advertising and customer communications.

Don't put all of your eggs in one basket

According to our research, focusing only on expanding the pie of advocates yields suboptimal results. When we evaluated the national banks (which included Bank of America, Citibank, JPMorganChase, Wachovia, Washington Mutual and Wells Fargo), we found that 42 percent of the surveyed customers of the largest banks are antagonists. Thus, understanding and managing the economics of antagonistic customers could yield faster profit growth because it helps enhance revenues *and* reduce costs. A poor customer experience – a primary trigger that develops antagonists – not only creates negative impressions with customers, it is often more costly to deliver. Poor experiences result when a customer needs to contact the bank multiple times to resolve an issue, or when a process that is supposed to tie together different areas within the bank is broken. Fixing broken processes and understanding how to better resolve customer issues can directly impact the bank's cost to serve and build a platform for winning customer advocacy.

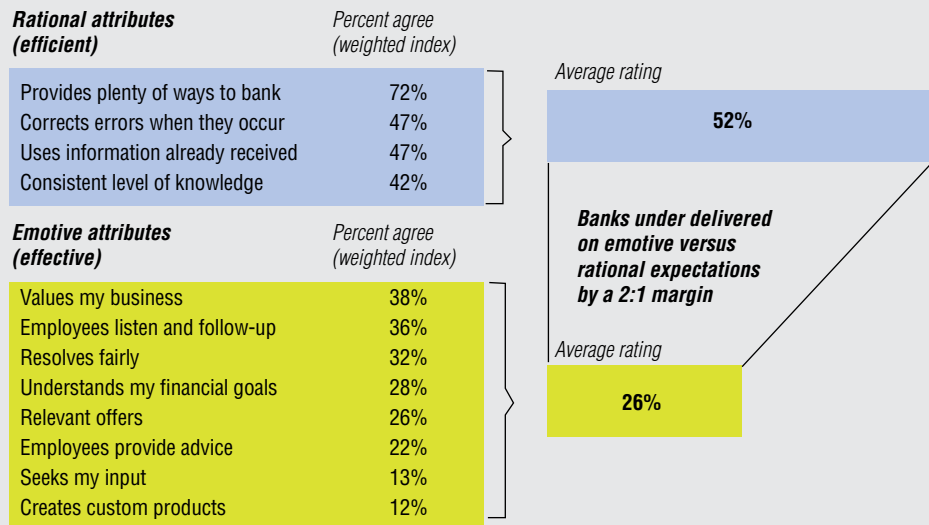
A significant opportunity

According to our research, the three factors most highly correlated with advocacy are emotive drivers of the customer relationship:

1. The bank has an *understanding of my financial goals*
2. The bank *values my business*
3. Employees provide *advice to improve my financial well being.*

Customers who are advocates of their bank score these items higher than all other factors. The news on how banks performed on these attributes, however, is not positive. In total, customers give their banks credit for delivering on the rational factors 52 percent of the time, but only agree their banks deliver on the emotive drivers 26 percent of the time – a 74 percent improvement opportunity (see Figure 4).

FIGURE 4.
Banks leave money on the table by not focusing on customer needs – a 74 percent improvement opportunity.



n=1615 customers

Source: IBM Customer Focused Enterprise Retail Banking Study 2006.

This gap in emotive delivery is indicative of where past investments have focused. As banks have invested in improving the efficiency of front- and back-office operations, customers have seen the impact in the bank's ability to better serve their needs across channels, capture and manage information and deliver consistent answers to routine inquiries. However, factors that contribute to building meaningful relationships have been less of a focus, resulting in the current gap. Going forward, bank executives should consider how improvements on the effectiveness side of the equation can yield net increases in the depth of individual relationships. For example, they should explore how to increase dialog with their customers and provide more meaningful financial advice.

A polarizing effect

As banks evaluate ways to better manage their customer base, executives should consider the differences in profile between advocate and antagonistic customers. While we did not find demonstrable differences in the demographic profile of consumers who were advocates versus antagonists (i.e., antagonists are just as likely to be high net worth customers as advocates are), we did find significant differences in how each group felt about the bank. While the gaps related to individual drivers are significant, we found even greater contrast in aggregate (see Figure 5). Advocates of banks gave their bank credit for doing "everything right," while antagonists found fault in almost everything their bank did. It is clear that

FIGURE 5.
Banks rarely account for the extreme gap in attitude of their customer base.

	Antagonists <i>Percent who agree</i>		Advocates <i>Percent who agree</i>	
Larger gap ↑	5%	Bank values my business	73%	Give the bank credit for doing "everything" right
	12%	Employees listen and follow-up	69%	
	16%	Provides consistent knowledge across interactions	73%	
Find fault with "everything" their bank does	11%	Resolves issues fairly	64%	
	23%	Proactively corrects errors	75%	
	41%	Provides me with plenty of ways to bank	90%	
	6%	Provides relevant offers	52%	
	29%	Bank uses the information it already received	68%	
Smaller gap ↓	16%	Bank understands my financial goals	53%	

n=1615 customers
Source: IBM Customer Focused Enterprise Retail Banking Study 2006.

Banks need strategies that take into consideration the polarized attitudes – and behaviors – of advocates and antagonists.

customers who take on an advocate posture are attune to the actions of their bank and are open, willing and positive toward interactions. Whereas, antagonists are shut off from communications and don't give their bank credit for even fundamental attributes of a bank's delivery system (such as providing plenty of ways to bank with them).

"I am tired of being spammed and junk mailed", "I don't know anything different about my bank since I started banking there"

– Antagonist quotes from IBM study

"They respect me as much as I trust them", "They have been fair with all my banking", "They know me personally"

– Advocate quotes from IBM study

When building communications strategies and evaluating operational improvements, bank executives must consider customer attitude profiles and their impact on the strategy. For example, consider a company that seeks to improve the service it provides

customers through its contact center. By recognizing that a portion of customers are already antagonistic, a bank may choose to create processes and training to help contact center employees deal with antagonistic customers. In addition, as banks begin to understand the triggers of advocacy and antagonism in specific environments, management will be able to build mechanisms to predict when customers are likely to move toward an advocate relationship as well as identify and proactively address service failures.

How can banks capture the opportunity?

In order to increase your share of advocacy and increase the odds that your bank will be successful at growing organically, you'll need to act decisively:

1. Adopt a transformative mindset
2. Apply an outside-in perspective
3. Break traditional design constraints.

To change customer attitudes, leaders must first change the mindsets inside their organizations.

“When you create your own destiny, you prevent others from doing it for you.”

– *Anonymous*

Shift mindset

The foremost consideration executives need to accept is that improving customer attitude must start at the top. A mindset shift is required, beginning with executive management. Companies that are successful at building long-lasting relationships with customers typically have charismatic leaders who inspire ongoing innovation and passion for the customer. Consider some extreme examples: Howard Shultz at Starbucks, Richard Branson at Virgin or Steve Jobs at Apple. Each of these leaders developed a passionate brand, and motivated their teams to live the brand through every customer interaction. Most organizations do not need a Steve Jobs or a Richard Branson to be successful, but, indeed, need to capture the essence of these leaders' commitment and approach to inspire change.

More specifically, we believe banks need to adopt a transformative mindset in the following areas:

- **Metrics:** Move from customer and employee satisfaction to recommendation, purchase and switching as the measures of customer attitude.
- **Focus:** Move from affecting only the rational drivers of customer behavior, to addressing both the rational and emotive drivers of behavior.
- **Brand:** Move the brand promise from purely marketing communications to a tangible attribute delivered as part of the customer experience.

- **Lifecycle:** Move from a view of product push and pricing levers, to recognizing customers' multistage buying lifecycle and the impact it has on their attitude and responsiveness in marketing, sales and service interactions.
- **Channel:** Move from broad-based channel integration, where everything is integrated with everything else, to specialized channels aligned with the end-to-end experience and what matters most to your customers.
- **Enablers:** Move from technology as the primary enabler of efficiency to people as the primary asset at the point of delivery.
- **Information:** Move from historical data integration and analysis to targeting data and new research techniques around customer events to yield timely and relevant customer insight.

Apply an outside-in perspective

Brand communications set expectations, but customers' experiences shape their attitudes. A customer's experience is based on the specific interactions he or she has with the bank. These interactions, also called moments of truth, differ by customer segment. When delivery is not aligned with expectations, a moment of truth can turn into a point of pain for the customer and negatively impact his or her attitude toward the bank. But when delivery exceeds expectations, and is aligned to benefit the bank, sources of delight can emerge to positively impact a customer's perception of the bank and alter corresponding patterns of behavior.

For example, for a high net worth customer, a moment of truth might occur when a large transfer of funds is completed. This moment of truth may be a source of delight when the transaction is completed the same day, preventing loss of interest income. For a

Leaders must tailor customer experiences for different advocacy levels – and implement the operational changes needed to deliver these experiences.

college student, a moment of truth may be when he is out with his girlfriend and uses his credit card to pay for their pizza. This interaction could be a point of pain if his card is rejected due to a bank error.

To understand and effectively manage customer attitude, banks need to identify specific moments of truth, by advocacy segment, and design target experiences that are competitively superior, while prioritizing resources and investments.

Break the rules

As banks seek to improve the operating model that supports customer interactions, executives should work to relieve traditional design constraints.

- **Human performance:** In the realm of meeting emotive needs, human performance is still the most effective means of conveying important attributes like empathy, dignity, value and responsiveness. Organizations must create the culture and organizational model needed to promote greater commitment, accountability and competency for leaders and staff – allowing large organizations to become more agile in delivering consistently in spite of the natural barriers that size and silos can create.
- **Solution experience:** Banks need to provide easily accessible mechanisms to capture and integrate customer needs into the overall banking experience not just into elements of the product design and sales approach. The experience needs to include listening to and understanding customer financial needs, dispensing appropriate financial advice and customizing services that are relevant and appealing.

- **Customer focused organization and operating model innovation:** Banks must open the aperture and create operational benchmarks that include financial institutions in other segments of the market. The customer strategy should create differentiation through the bank's own operational strengths and by emulating the capabilities of leaders outside of its peer group.

Questions to consider

As you consider your own position in the market, assemble your management team and ask yourselves the following questions:

1. Are our customers our advocates?
 - What drivers of advocacy are most important to our customers?
 - How large is the gap between antagonists and advocates?
 - What should our target advocacy share be?
2. What should we be doing to increase our advocacy share?
 - How and why do our customers buy?
 - How do we best market, sell and serve?
 - How do we turn customers into advocates?
3. What do we get from improving our advocacy share?
4. How should we be doing it?
 - What business capabilities do we need?
 - Who should we look to as benchmarks?
 - What can we do now (or soon)?
 - How do we close the gaps (process, people or technology)?

5. How do we rally the organization for sustained action?
6. When should we be implementing critical capabilities?
- How do we make the changes manageable?
 - What is the right order of implementation?
 - How do we get them done?

Conclusion

For banks to grow organically, a strong commitment to strategic customer growth options must be articulated through a well-structured approach, designed to improve customer attitudes toward bank capabilities and assess their potential value. Banks must break with traditional, one-sided, inwardly focused customer initiatives and drive toward a well-balanced, customer focused model to exploit the potential of its most valuable asset – its customers.

Unlocking this growth potential is not easy. We believe it can be more effectively accomplished through the adoption of a customer-advocacy-based measure, such as the CFiq, that highlights the operational improvements that are key to enhancing the customer experience and the value of the relationship.

With the right approach, sustainable organic growth is more attainable. Those institutions that understand their CFiq scores and the impact these measures have on the customer base, develop a compelling customer experience, and operationalize the necessary improvements to create a customer focused enterprise will have a distinct advantage.

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Executive sponsors

This research effort was sponsored by John Armstrong and Steve LaValle, both of whom are partners at IBM Global Business Services.

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- *Marketing and Sales Transformation* focuses on solutions for improving the effectiveness and efficiency of marketing and sales professionals to help organizations utilize customer-related data to uncover patterns and behaviors, deploy marketing programs, increase sales productivity and accurately measure the success – and returns – of customer focused initiatives.
- *Service Transformation* helps clients transform service operations to create customer value, based on reduced service cost and improved customer satisfaction. Service Transformation drives effectiveness and efficiency through the many stages and channels of the post-sales service life-cycle.
- *Contact Center Optimization* improves the efficiency and effectiveness of contact center operations. It covers inbound and outbound, sales and service contact centers and their related self service channels.
- *Business Intelligence* describes an environment where relevant, accurate information is provided in time to respond with speed in making decisions and taking action. IBM provides services that enable companies to learn about their customers via an Intelligence On Demand environment.

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