

HOW TO

BY DOUG PACKARD

Climb the relationship pyramid with your customers

The idea of forming joint planning relationships with customers scares many business leaders. Whether they've been burned by past customer relationships or simply view customers as "necessary evils," they choose not to attempt investing in open, trust-based, mutually-beneficial, customer relationships.

Those who take this approach may be missing a big opportunity. In addition to adding to the personal enjoyment of leading a business, close-knit customer relationships often lead to major financial dividends. It is much easier to sell additional products and services to existing customers, and when there is two-way trust, both businesses can operate more efficiently. Such customers tend to buy more often and are more willing to refer you to other potential customers.

The three-level relationship

In his book "Peak: How Great Companies get Their Mojo from Maslow," Chip Conley talks about applying psychologist Abraham Maslow's hierarchy of needs to what Conley identifies as the key relationship truths in business. In his discussion on customers, Conley presents a relationship pyramid through which successful relationships progress:

1. At the bottom of the pyramid, your business meets the customer's basic needs and expectations; they are satisfied and your business survives.
2. In the middle of pyramid, your business additionally meets some of the customer's desires; they become committed and your business succeeds through more sales and referrals.
3. At the top, your business meets unrecognized needs, and the customer evangelizes the relationship; the relationship helps your business thrive and the customer experiences benefits from the relationship beyond those provided by your standard products and services.

Identify potential partners

To begin the process of forming relationships with customers who will eventually evangelize your business and refer you more often, first consider the customers that you value the most. How does your relationship with these customers differ from others and how did your relationship advance to this point? Be selective!

Build relationships

As you approach target customers, tell them why you want to build a long-term relationship and what you hope to accomplish. It helps to walk through your criteria so they realize your values and understand the benefits of close partnerships. You can then show them how the two of you can collaborate and where you can take the partnership, emphasizing an environment of two-way learning.

Be sure to limit your targets so you can invest deeply in each one, but also don't be too dependent on too few relationships, which increases your risk should you lose one of these customers

Transformation does not happen overnight. Start small, with interactions that do not expose either company too much. It's similar to dating: Start by just asking for lunch and then take your time before proposing marriage.

Another key consideration is an exit agreement, just in case things change and either of you decides to disengage. If the agreement ends, it's important to maintain a good relationship and celebrate your successes. A good way to avoid unintended relationship endings is to schedule regular "relationship reviews." Discuss what's going well and should be continued as well as what's not providing value and should therefore be stopped. Also consider if there are any new opportunities for joint value that you will investigate together.

Most likely, the relationship will be one-way at the beginning, but it will develop if

you have selected like-minded customers. Ask them how you could be a more highly valued vendor and make sure you attentively listen. Ask only clarifying questions and don't refute at this session. Come back later with answers and your proposed changes. The customer will usually appreciate your efforts and often ask, "What can we do for you?" or "How could we be a better customer?"



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