

Strategic Partnership



CSCNetwork
2022 Annual Convention
March 9 & 10, 2022
Las Vegas, NV

Agenda

- Introduction – Driving Value
- Customer Drives Value
- Case Study: A Family Business
- Takeaways
- Discussion

About Us



Aldy Keene, Loyalty Research Center

A pioneer and thought leader in his field, **Aldy Keene** provides strategic vision and direction for Loyalty Research Center. He also leads a dynamic team of Project Directors, Researchers, Program Managers, Statisticians and Consultants to deliver exceptional value to clients.

Starting his career as an academic, he taught Marketing and Economics at The University of Chicago and Purdue University. As Vice President of Client Services at Walker Information CSM, he was instrumental in establishing the business and growing it rapidly while moving into client consulting relationships, particularly in the area of deployment.

He played a crucial role in helping leading Fortune 500 companies harness the power of Customer Intelligence for success in the marketplace and growth. Aldy founded The Loyalty Research Center in 1997, offering cutting edge research and consulting in the area of stakeholder relationship measurement and management.

Aldy received his MS ABD in Economics from University of Chicago and a BS in Economics from The Ohio State University.

About Us



Andrew Steiner

Andrew spent 20 years in functional, operational, and executive leadership roles with AmeriPride Services and Canadian Linen, a five-generation Steiner family business.

After selling the business to Aramark, he was recruited to lead the merged operations as President of Canadian Linen.

Andrew loves organizations where the culture is customer-focused, and the team is engaged and having fun. He feels especially grateful to have been recognized among all divisions globally with Aramark's award for Financial Leadership in 2020, in an especially challenging Covid environment, and for the highest level of employee engagement in 2018.

Seeking to combine business with his life-long passion for the environment, Andrew left Aramark at the end of 2021 and is now seeking to invest in and join the leadership of a climate-technology focused business.

Andrew received an MBA, with high honors from the University of Chicago, a BSE in electrical engineering with honors from Princeton University, and he is currently studying Financing and Deploying Clean Energy at Yale University.

Andrew has been married for 21 years to his high school sweetheart, and together they are raising two young women. His greatest hope is that they are kind to others and partake in his joys in life recreating in the environment (racing down a mountain, swinging a golf club, and paddling through the wilderness).

About Us



Wiz Wyatt, Loyalty Research Center

Wiz Wyatt is proud of 42 years of learning. He was an Economics major at Harvard and graduated in '76, cum laude. He also played varsity hockey, was a Class Marshal, and the rink manager (helped pay for school).

Wiz was a commercial banker for 3 1/2 years with Citibank in Saudi Arabia, working with private family businesses as well as international conglomerates -

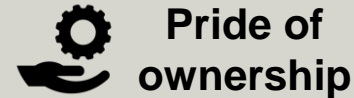
what proved to be wonderful financial training.

In the following years he traded commodities, was an owner for six years with a sibling and in-law in a small business (where he gained his most significant understanding of cash flow, receivables, and just-in-time production as well as the impact of family dynamics); joined a wonderful team within Apogee Enterprises to grow and sell a component of their auto glass business; then had the good fortune to meet Bruce Steiner and join the AmeriPride and Canadian Linen team.

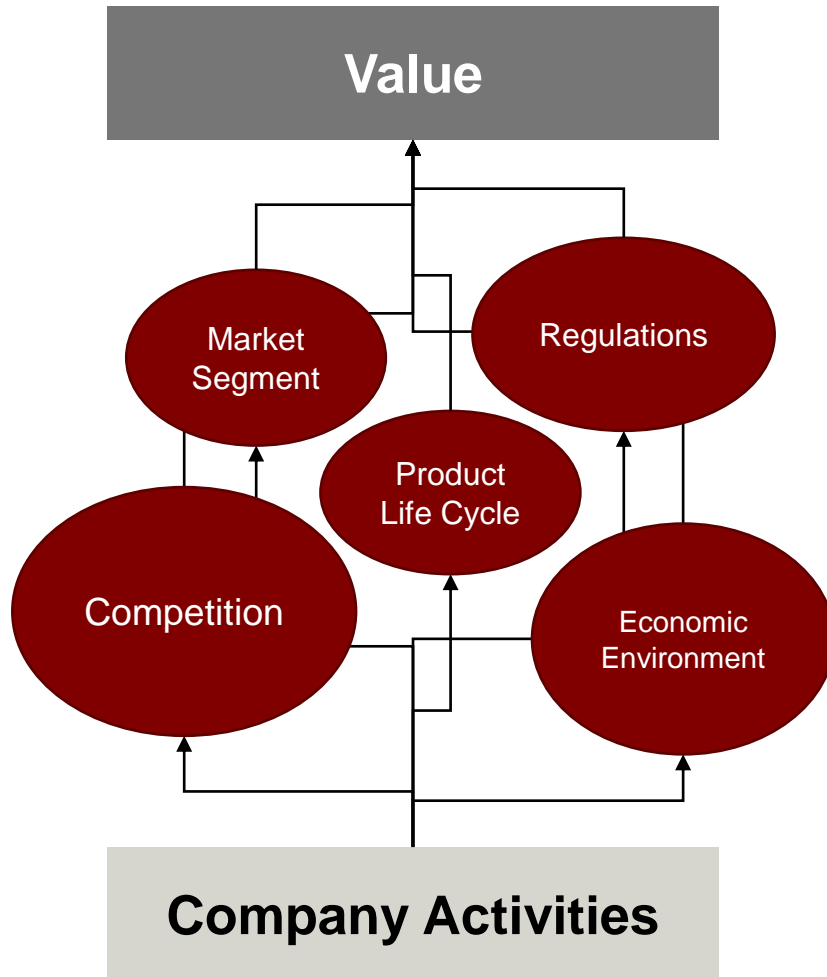
Throughout this business activity Wiz had the luck to meet and marry his wife Jane and they created a family of what are now four adult children. Wiz will tell you that his family is, well, "Fundamentally, my only real success, for which I am eternally grateful."

Defining Strategic Intent

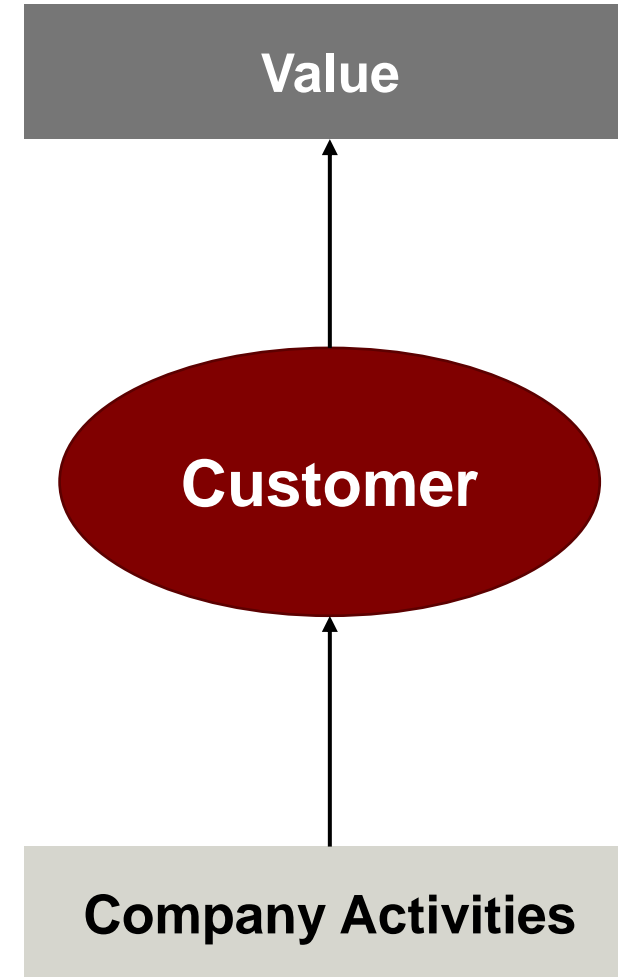
1. Who are we?
2. What is our current positioning?
3. Where are we going?
4. What are our strengths?
5. Where should we play?
6. How do we win?
7. How do we generate value?



Understanding Reality



OR



Relationships and Value

- Customer relationships – as measured by Loyalty – have a strong impact on the customer behaviors.
- These behaviors really drive enterprise value.

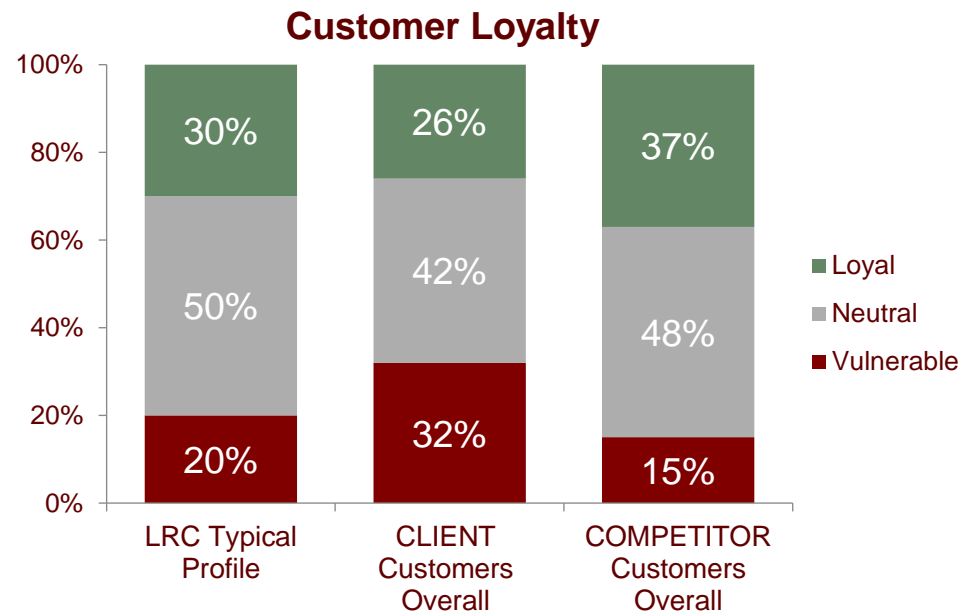
	Loyal	Neutral	Vulnerable
Percentage	22%	46%	32%
Average Product Penetration	54%	32%	19%
Margin	44%	36%	29%
Expected Retention	98%	91%	82%
Future Spend	Growth	Stable	Decline
Referrals	High	Low	Negative

Manage that Value

- Migrate weaker relationships to stronger
- Mitigate the value impact of weaker relationships that won't migrate
- Focus on extracting more value from strong relationships
- Identify prospects that have the potential to be strong relationships

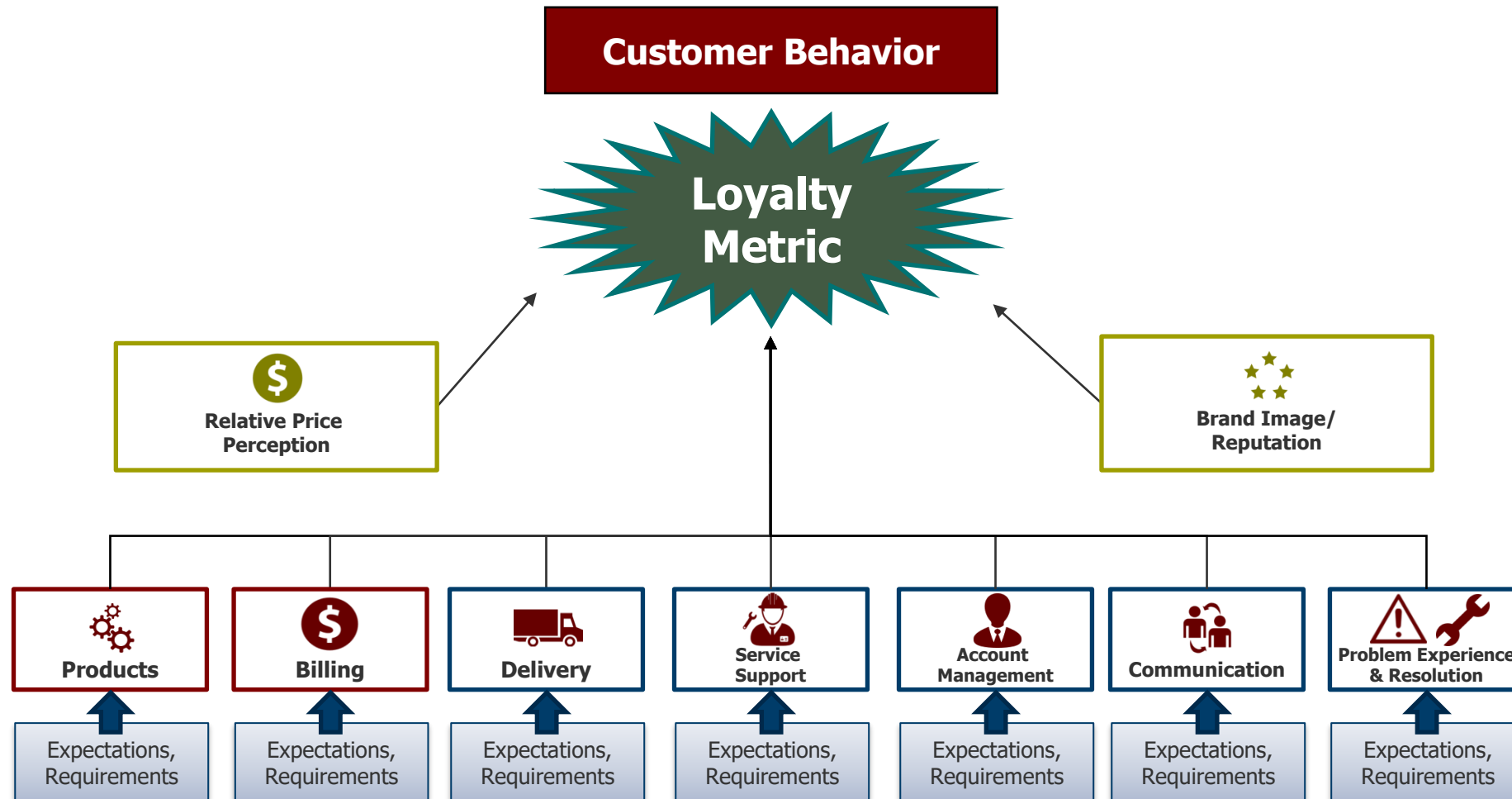
Understand the Overall Relationship

- What is the relationship the customer has with your organization?



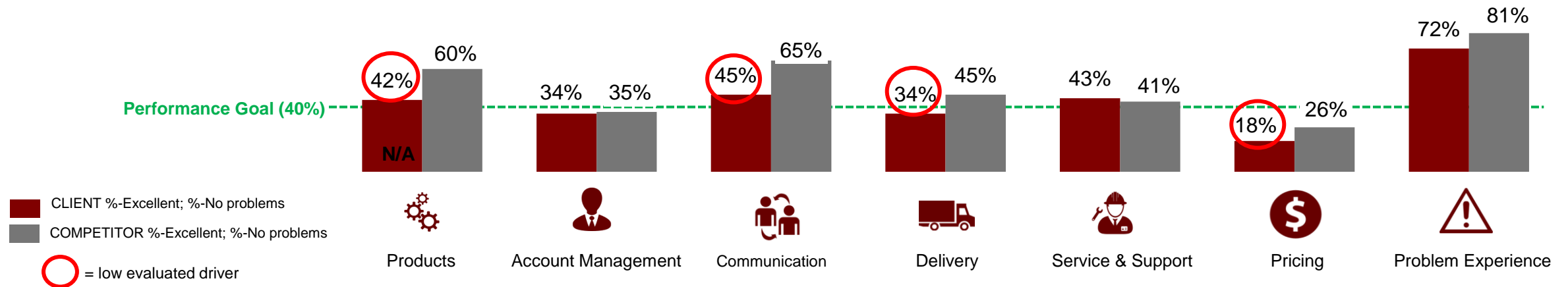
- How many of your customers would be considered Loyal? Vulnerable?
- Usually overestimate the Loyals and underestimate the Vulnerables.
- Why is this important?

Experience Model



How do they evaluate these experiences?

- How are we doing relative to the top competitor they name?
- Strengths? Weaknesses?



- Are all of these of equal weight to the customer?

Example: Problem Experience & Resolution

Strong Driver of Loyalty

- 28% of US respondents report experiencing a significant problem in the past year.
- Of those respondents, 50% had the problem resolved to their satisfaction.



28% of clients have experienced a significant problem in the past year



50% had their problem resolved to their satisfaction. This is a major contributor to Vulnerability!

Please describe the nature of the problem or issue that you experienced.

On-time delivery	42%
Lack of communication	37%
Product issues	27%
Raising / inconsistent pricing	18%
Billing issues	8%
Poor account management	8%
Project specification	8%

Which experiences impact their value?

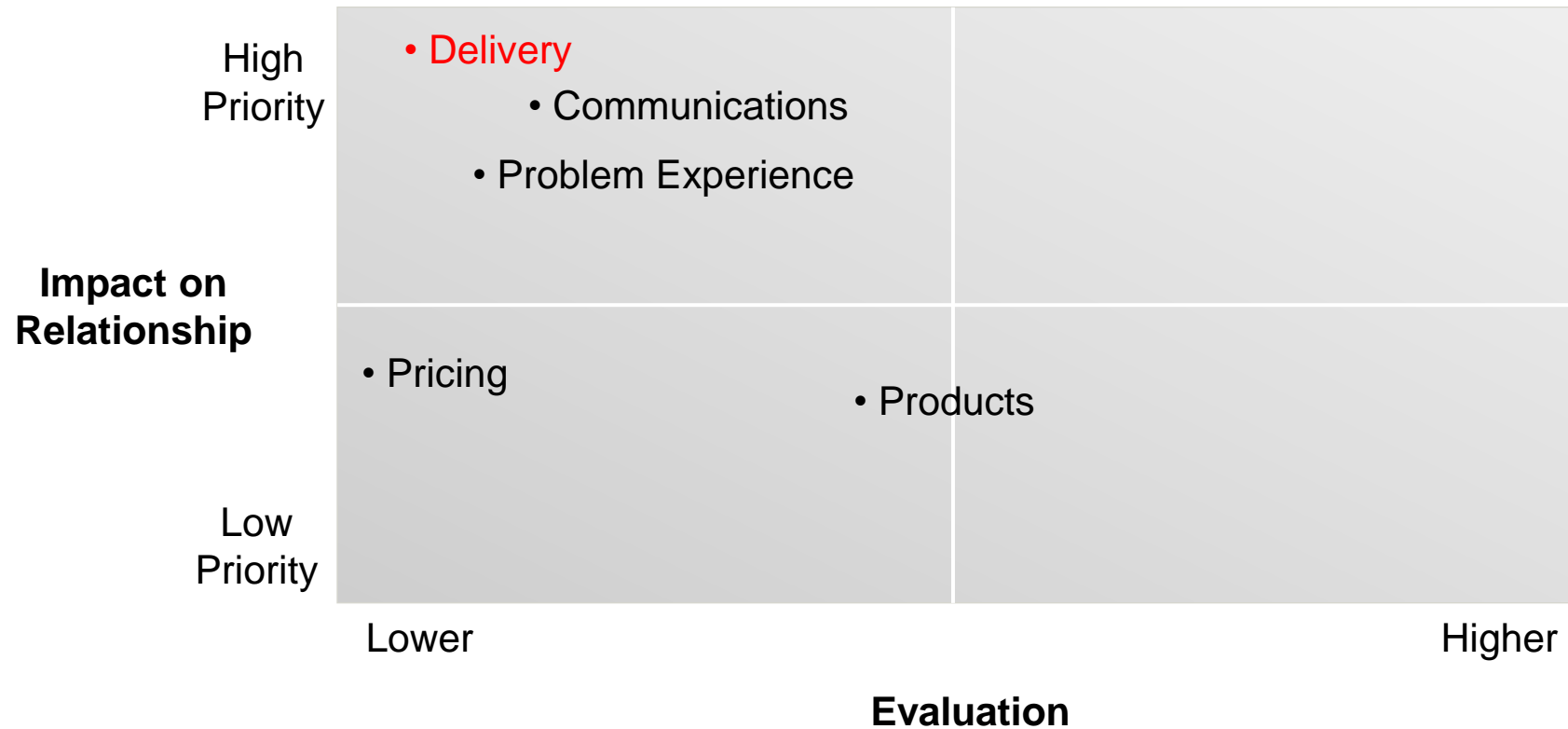
Which experiences separate your Loyals from Vulnerables?

Note that these connect with the problems.

Key Drivers of Loyalty	Driver Strength
Products	Moderate
Account Management	Non-Driver
Communications	Strong
Delivery	Strong
Service & Support	Non-Driver
Pricing	Moderate
Problem Experience	Strong

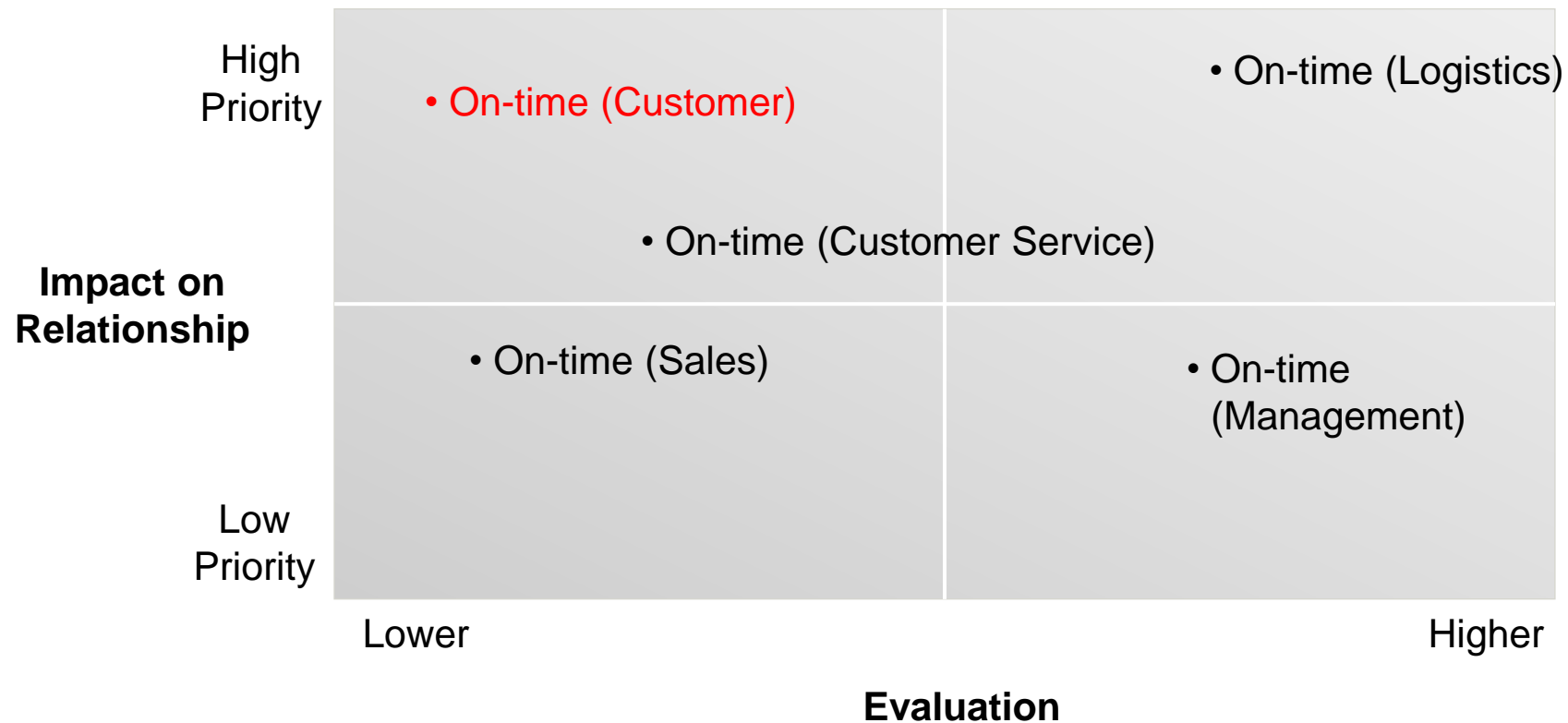
Implications?

- Focus on high impact and low evaluation areas



What do we think?

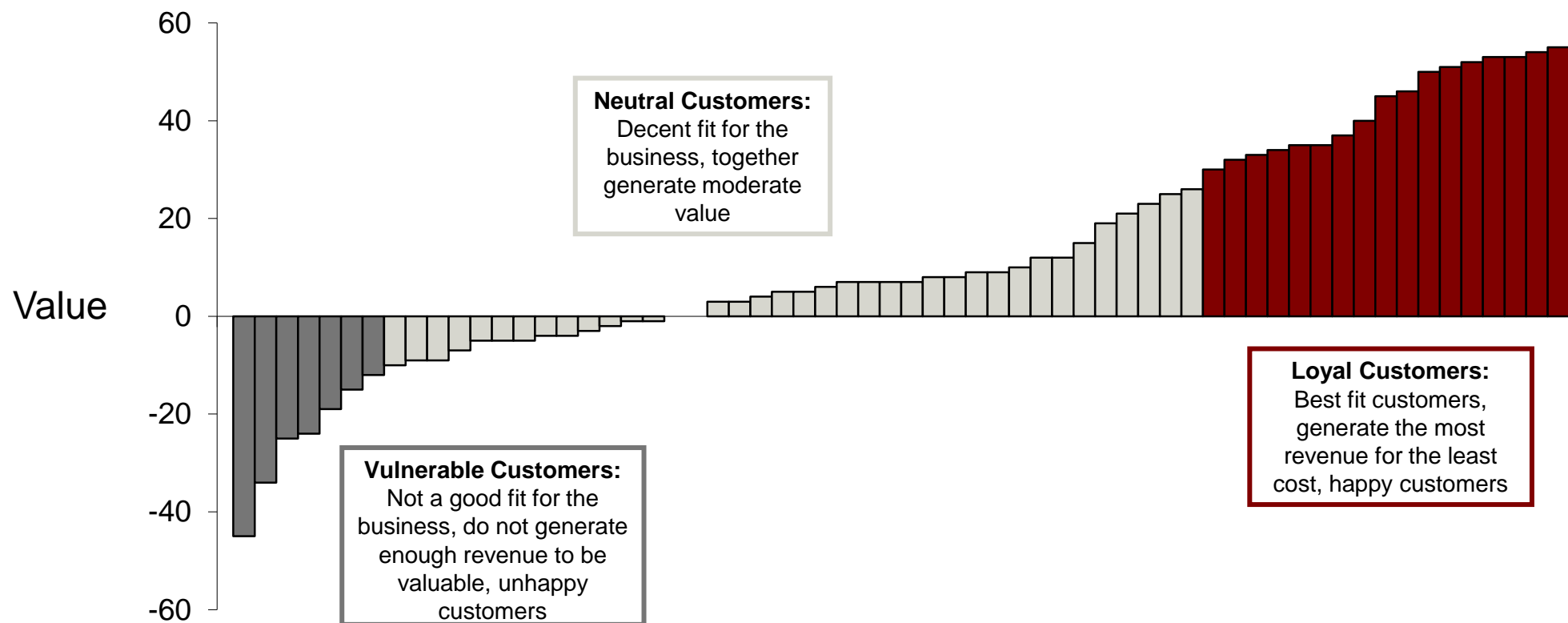
- We're typically disconnected with the customer.
- How can we execute with this disconnect?



Customers are different

- Do all customers value the same thing? Are they looking for improvement in the same thing?
- SMI: In B2B, examine differences in strategy.
 - What is your “customer’s” biggest need?
 - How can you help them compete more effectively?
 - Are all customers a good fit for your business?
 - What do you do with those that aren’t? Hugs?
- How are your customers different? By Vertical? Size?

Some Customers Will Not Migrate



Customer Fit with Business Model

Summary

- Focus on customer. Why? It's where the value is!
- Measure the relationship in a meaningful way.
- Determine what's critical and how you're doing.
- Target your improvement initiatives.
- Identify the weaker customers that are a bad fit.
- Communicate to employees and customers.

How does this play out in the real world?

Case Study: Large Family Laundry

What we *believed*...



Wonderful, family-owned company, legends of the trade

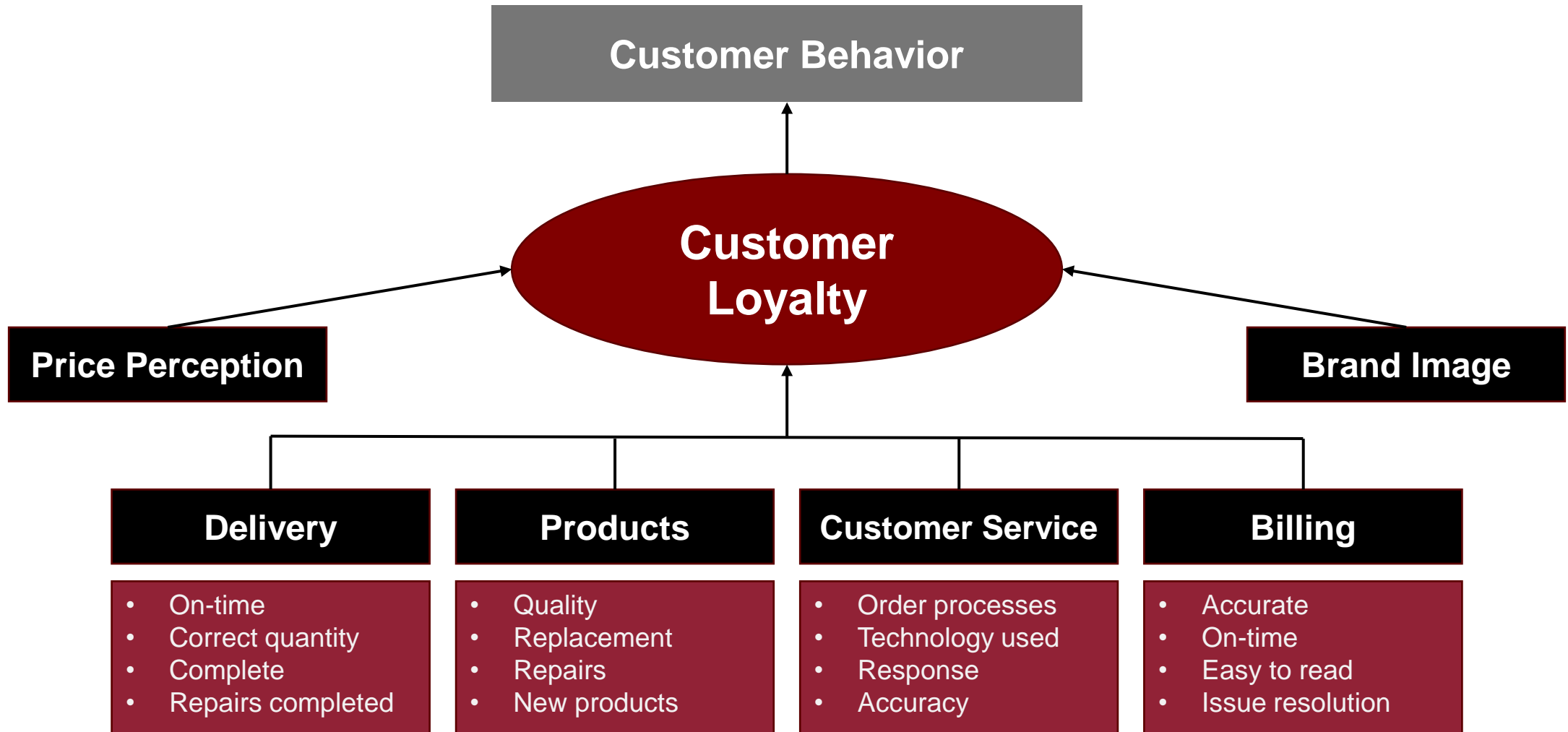


Sales growth of 10%, flat growth revenue and margin



Customers quitting at 5-6% rate year-over-year

Customer Relationship Model



Case Study: Large Family Laundry

What we *believed*...



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Customers quitting at 5-6% rate year-over-year

Reality



Product and service was comparable to competitors, if not worse



Chasing bad fit customers created high turnover and small margins



Quit percentage was actually 11-12% year-over-year

Large Family Laundry Results

Based on the data...



Customer Service
organizational
changes



Product and
supply chain
optimization



Complete
Customer Care
(C³)



Targeted New
Business focus

What's the payoff?



Key Questions to Consider


- Are you engaging your customers and employees in structured, quantitative feedback?
- Does your targeted customer match your capabilities, competitive position, and geography?
- Does your business run on repeatable, defined processes with aligned compensation?
- What roles are accountable for each process?
- Do you measure, discuss, assimilate, iterate?
- Are you firefighting or intending to change outcomes?

Thank you!



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