

## Anticipating the light at the end of the tunnel

### On our mind



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Though it could well be the last year of turbulence, 2004 may not bring the 'Recovery' we've all been waiting for. Many challenges remain: unemployment is still unresolved, growth still weak, and the disequilibrium between dollar and euro still wreaking havoc. At last month's World Economic Forum in Davos, economists and business leaders concurred that 2005 should see growth restored. But regardless how fast the light at the end of the tunnel is approaching, it's now time to act on a number of fronts. Particularly, resource allocation will be even more critical to a company's performance and competitive positioning.

How? Firstly, winning companies will take steps to become more **client-centric**. The odds of success will obviously improve for companies who resolve to be close to 100% externally focused. There was an understandable trend in 2002–2003, to remain internally focused. Between layoffs, reorganisations, simplification exercises and divestitures, few had time to spend in the field. In Belgium alone, we observed companies where salespeople spent as little as 25% of their week in client face-time.

In Bain's on-going survey of 708 companies spanning dozens of industries and five continents, nearly 60% of the executives interviewed confirmed that customers must take priority. With little room for further price cuts, executives recognised that loyal customers are worth their weight in gold. With CRM finally garnering the respect of a growing majority, 2004 is truly the time for companies to redouble their attention and energy towards clients, both in B to B and B to C. To that end, tracking their sales force's

actual client face-time, or linking bonuses to it, may be beneficial.

Secondly, increasing **sales force effectiveness** will be critical. This includes key account management and careful customer segmentation. Bain research proves that investing time loyalising specific customer segments can translate into real market power. In the case of one credit card company, a mere 5% retention increase of the company's best customers led to a 75% increase in value creation.

Thirdly, beyond effectiveness there's **sales force efficiency**. Companies need to hire the best people, arm them with the right tools, upgrade their skill set and reward them. Only the optimal combination of effectiveness and efficient customer segmentation can ensure that 'field-time' will yield results.

Bain's analysis of the 1990–1991 recession suggests that waiting too long to act in allocating resources is exactly the wrong response to adversity. Our study of 700 companies over that period found that 20% actually made the leap from laggard to leader in their sectors during the toughest time. That is twice as many as during surrounding periods of economic calm. Therefore, 2004 is the year to start securing competitive advantage.

Paying attention to becoming client-centric and boosting your salesforce effectiveness and efficiency will always pay dividends. And the time to make such a move has never been better.

### In this issue

#### On our mind

Anticipating the light at the end of the tunnel

#### Management feature

China: the new Belgian frontier?

#### Guest interview

L'Union fait la force: A look at the Belgian Bankers Association and Febelfin