



Required Reading: Finding a New Path to Customers

Finding a new path to customers means identifying what works, what doesn't, and why.

By Jessica Tsai - Feb 1, 2009

It's no secret that customers are more cautious now about how they spend. Likewise, gone are the days when marketing and sales got by with little insight into operations. Aiming to help companies determine what works, what doesn't, and what should be done, authors Peter Raulerson, Jean-Claude Malraison, and Antoine Leboyer have packaged their experience working with multinational corporations into a new book, *Building Routes to Customers: Proven Strategies for Profitable Growth*. *CRM's* Assistant Editor Jessica Tsai spoke with Raulerson about the value of the book's "Routes-to-Market" approach (RTM).

CRM magazine: What did you think was missing in today's businesses that would be addressed with RTM?

Peter Raulerson: Marketing and sales are [usually] not well aligned. [Another] problem we're addressing...is that the actual productivity of marketing and sales is not understood or well-managed in many companies.

With very little effort, we think almost every company can improve the only two things that top executives want: grow revenue and grow profit.

We have a tough economy. The challenge is to avoid laying off the salespeople, stopping the advertising, and changing what you were doing in sales and marketing to your detriment. [If] you're cutting, are you cutting to optimize? Or are you cutting indiscriminately?

RTM shows exactly what's working for you—not just how many hits [you're] getting on your Web site, but all the way through your sales cycle to getting orders, to collecting payments, and [delivering] customer satisfaction.

It's not hard to connect the dots inside your organization. [Comparing] what you're doing to what your objectives are makes it possible to do simple fine-tuning.

CRM: The book is loaded with questions businesses should ask themselves. Does the challenge stem from companies not knowing what they don't know?

Raulerson: There's a huge education problem here: How many CMOs know how to talk about how much profit their new marketing strategy will deliver versus how creative their new marketing is going to be?

I'm still in meetings everyday with executives who haven't a clue about doing any kind of optimizing in marketing and sales.... Companies that have CRM are running their sales and marketing operations on CRM, [which can] be used to do reporting and optimization, but they don't. I still see people using CRM as a way to keep track of leads and opportunities and measure the amount of contact going on with prospects, the same way people use Web-site analytics to measure the number of hits they're getting.

RTM is a great adjunct [to a] CRM environment. You've got literally all, or almost all, of the data you need to connect what you're spending with the two things that are the most critical in your business: the brands [and] products driving your revenue, and the market segments your revenue is coming from.

CRM: Who is your intended audience?

Raulerson: Change agents. They know something's busted in what they're doing now, and they want something to fix it. It's like learning to use a new set of tools. CRM in its early days was picked up not at the CSO or CMO level in a big company. CRM was picked up by a business unit or a division of a company where some farsighted executive said, "This looks pretty useful. Let's use it." After his department got some progress with it, then it spread to other departments in the company. RTM follows that same path everywhere.

CRM: How do you see RTM as a resource specific to the current economic dilemma?

Raulerson: You have to spend smarter in a recession. RTM shows you how. You carry that [lesson] forward into markets as they come back out of the recession—that's a real accelerator. It creates a feedback loop inside your company. You see how well things have worked and you can keep investing in that. You can experiment with where to spend in marketing and sales.

[RTM] enables you to figure out very quickly where to allocate your budget, to get the most out of it. You really do need to know what the most productive things to spend on are.

On the flip side, it lets you know where you're going to have the least-negative cuts to what you're doing. If you can see where the most-productive place to spend money is, then the question is, "Should you cut everything else?" The answer might be "No," the answer might be "Let's just cut the things that are the least productive for us."

[During the 2001–2002 recession], I had clients saying, "We need to focus on our existing customers," and the people down in the trenches were saying, "Wait a minute, our existing customers are going to continue buying from us because they have long-term investments in us, and if we don't pursue these new market opportunities, we're not going to grow at all"—and they had the numbers to back them up. They hung onto their existing customers, but they were also opportunistic—they came out of it explosively with revenue growth of 20 percent [and their] profit more than doubled.

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