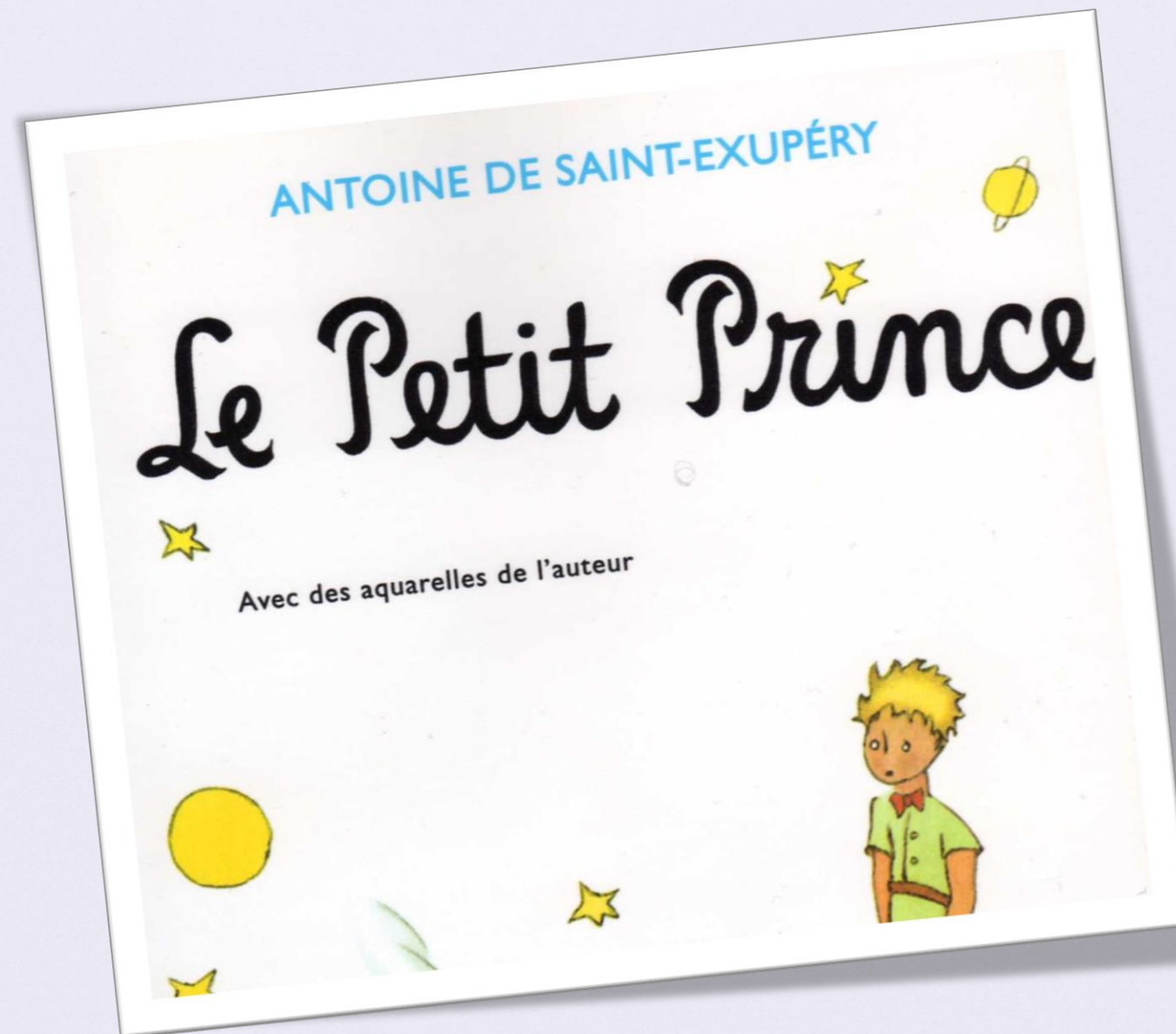


# The art of small steps







Меня зовут Дмитрий Леонов.

Я хочу рассказать вам про  
решенный мною кейс  
с российским офисом  
крупнейшей мировой интернет-  
компании в 2013 году



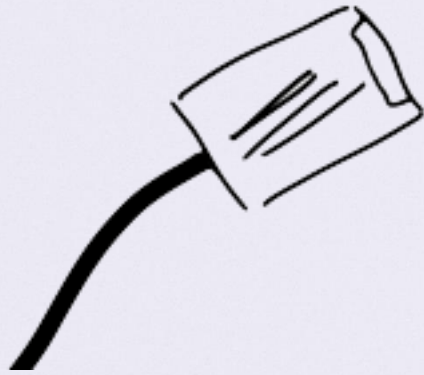
# **Content:**

- 1. My first days at Rep office in Russia**
- 2. The art of retention**



The **office appeared ordinary** to me – an entrance of an apartment block. The difference was the Company logo and the absence of the door mat

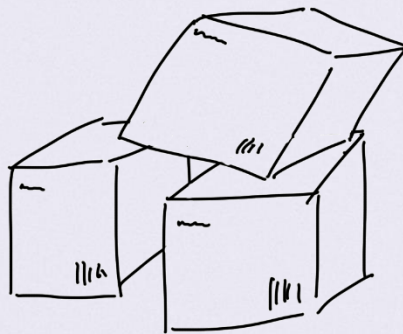




This morning the office did not have **internet access** till 11-00



Also on that day the windows cleaner came – as they said, last time she came two years ago



In the hall of the apartment there were some boxes – the track delivered goods for “Ex-office shipment” for clients’ convenience

# During the internet pause I asked: **what else is out of order?**



**Navision hangs\*** – when the reports are being prepared.

**Inbox folder is erased** sometimes in MS Outlook

I calculated rapidly what efficiency we could reach if we fix all this

\*people reported differently



Function	Scale
Introduce 2 new fields with addresses and trade terms which will be seen in the order card	74% of clients order delivery, 3 500 outbound calls in 2013 to clarify the conditions, 2 minutes per call, totals <b>125 hours</b>
To introduce BI or have a Navision copy to work with reports.	<b>18</b> days of closing the month and database access
Automatic withdrawal from the provision of unpaid order after 5 days	5 400 order in 2013 = <b>5 400</b> minutes to check in system



# In the lobby I looked at the board



No bad news — is good news  
Updated in 2011



# My first question was about **Business Values**



- They has not changed.
- Please, look at the site.
- All you need. With Love.


I asked: “Simplicity? Common sense is not always common” – opinion differed ...



As Internet was switched on, everybody started to work.

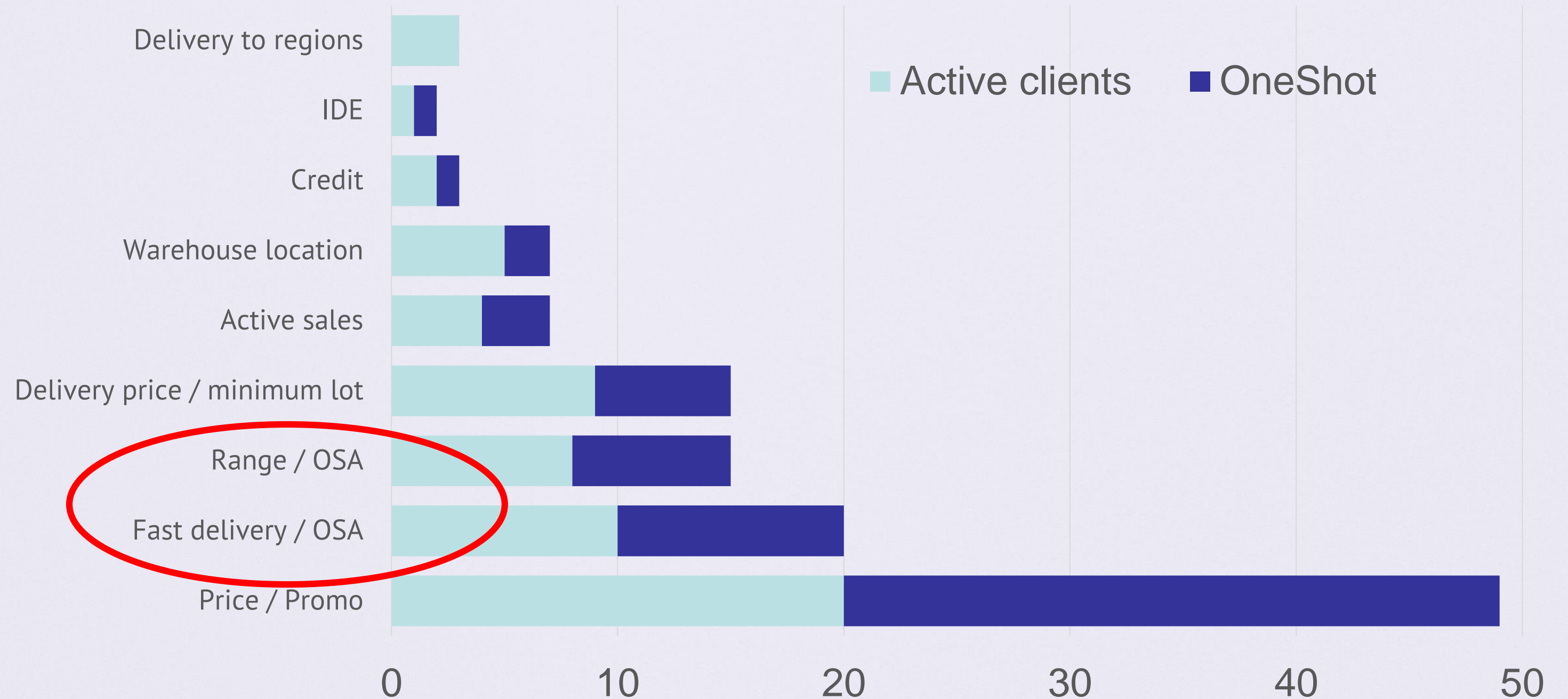
I set down **near call center officer.**

**The first**  
**20**  
**outbound calls**

- 
- Now we have the product.  
We will deliver tomorrow
  - As soon as we have the product,  
we will inform you. Do you still  
need it?



# As my research showed later, OOS was one of the opportunities to switch clients from other suppliers





# A “no winfax” problem type

- The call-officer rapidly did all at once: copy-pasted, look to the papers, typed in MSWord, Outlook, Navizion and program for instant messages.

*I did not asked why so inefficiently – I knew the answer.*

- She founded neccessary SKUs from 6 000 list. I was impressed.

*Would be a three-tiered list – she would be less tired – I thought*

- **No winfax** – she had to run from a desktop to fax-machine.





# And then I saw the **familiar screen**

- Calculation of margins order, as in the HQ! Good earnings – I was delighted. The girl calmed me down – if the item is not in stock, COGS = 0, and the many products are out of stock
- And how do you work with promo-codes? We don't. They appear later as client's debts.

# I asked her about sales KPI

## HQ

1. Turnover
2. New contacts
3. # of calls
4. Time on the phone
5. Margin
6. Average order line
7. # of orders / quotations
8. # claims

**VS**

## Russian office

1. # new contacts
2. # of resulted calls (adress+contact)
3. # orders after dial ups
4. # of dial ups
5. Orders shipped turnover
6. Orders confirmed turnover



Working conditions, means and instruments were not helping people

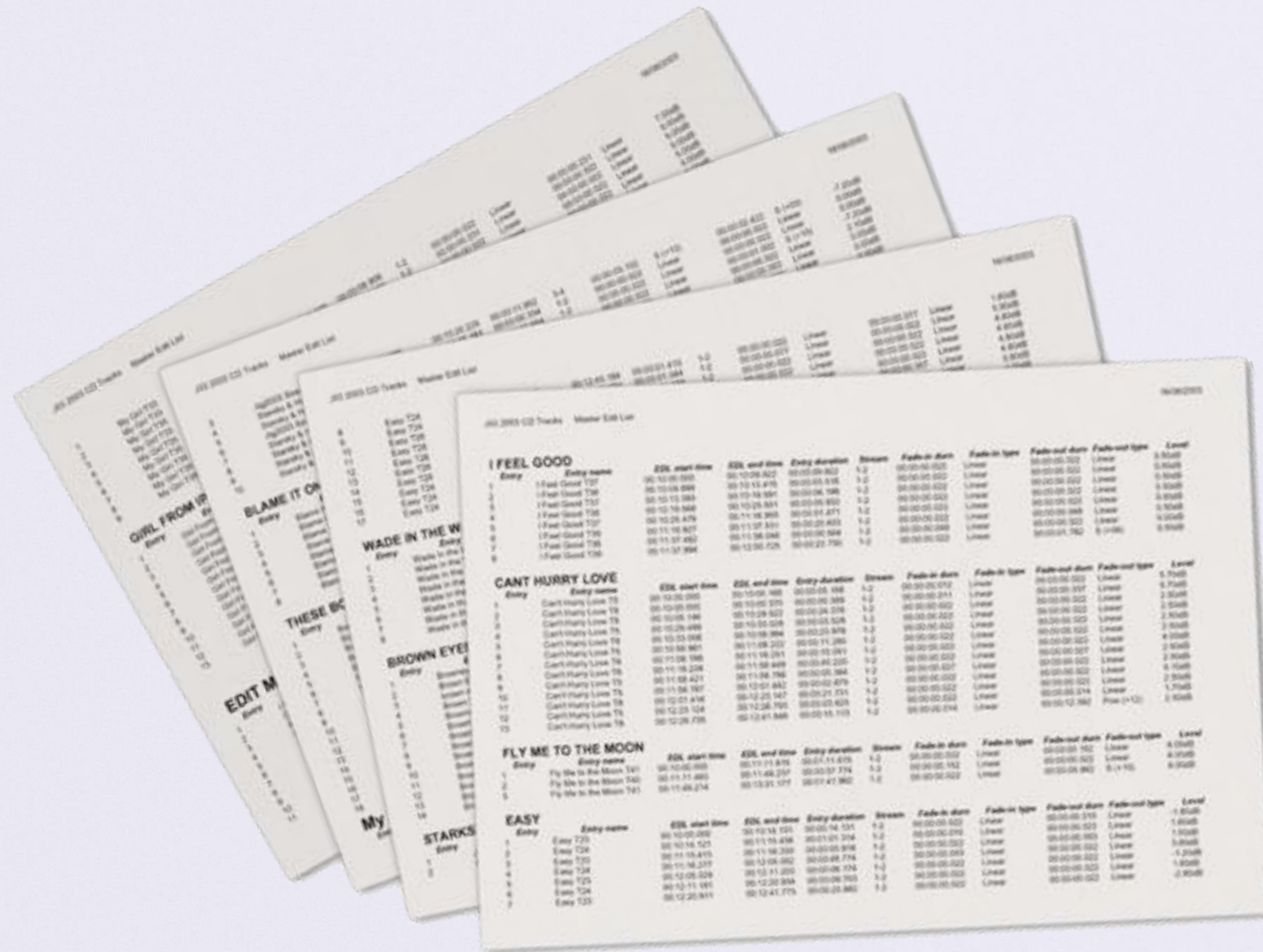




# Uncommon reports

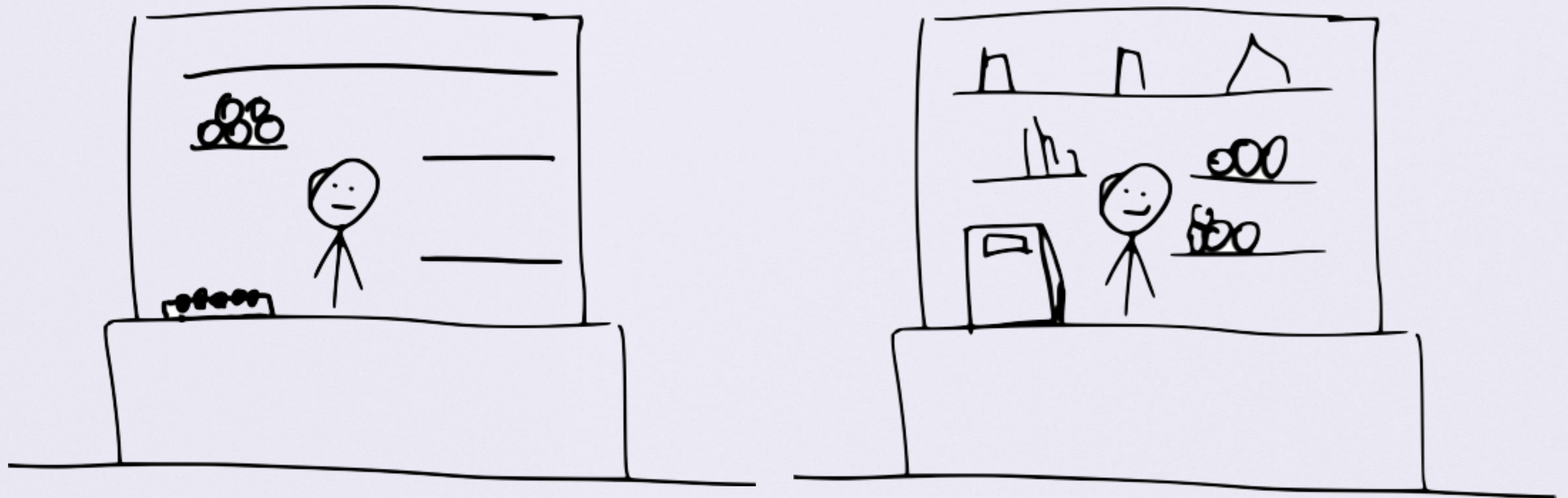
I asked for reports but released there were:

- no BI
- no adjustable reports
- the programmer left and took the manuals

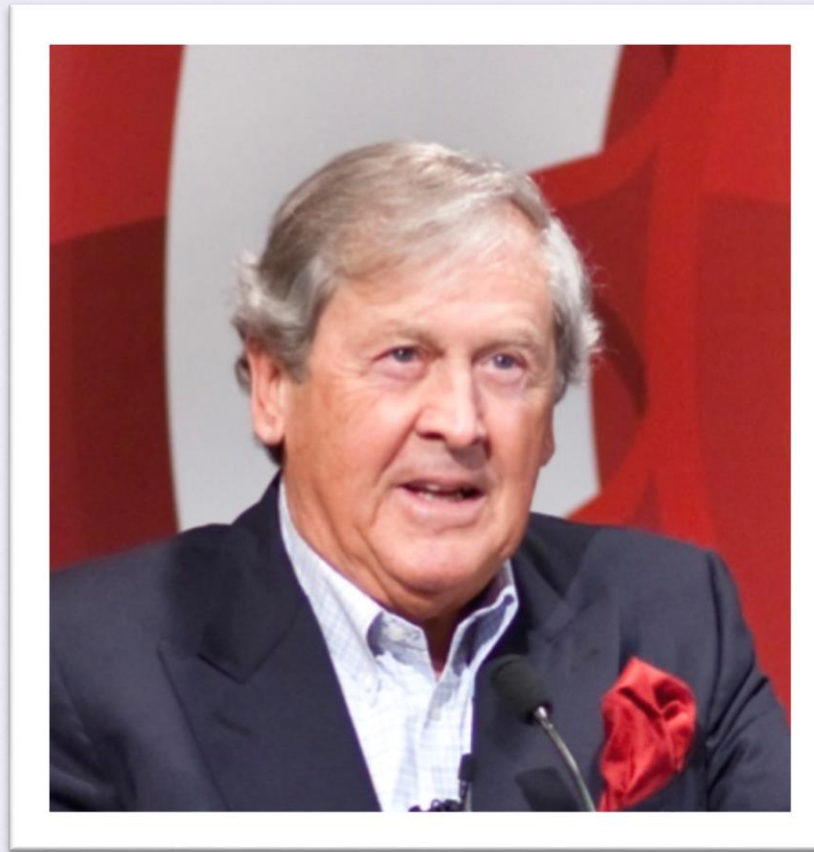




# Which CLM-offer would you accept?



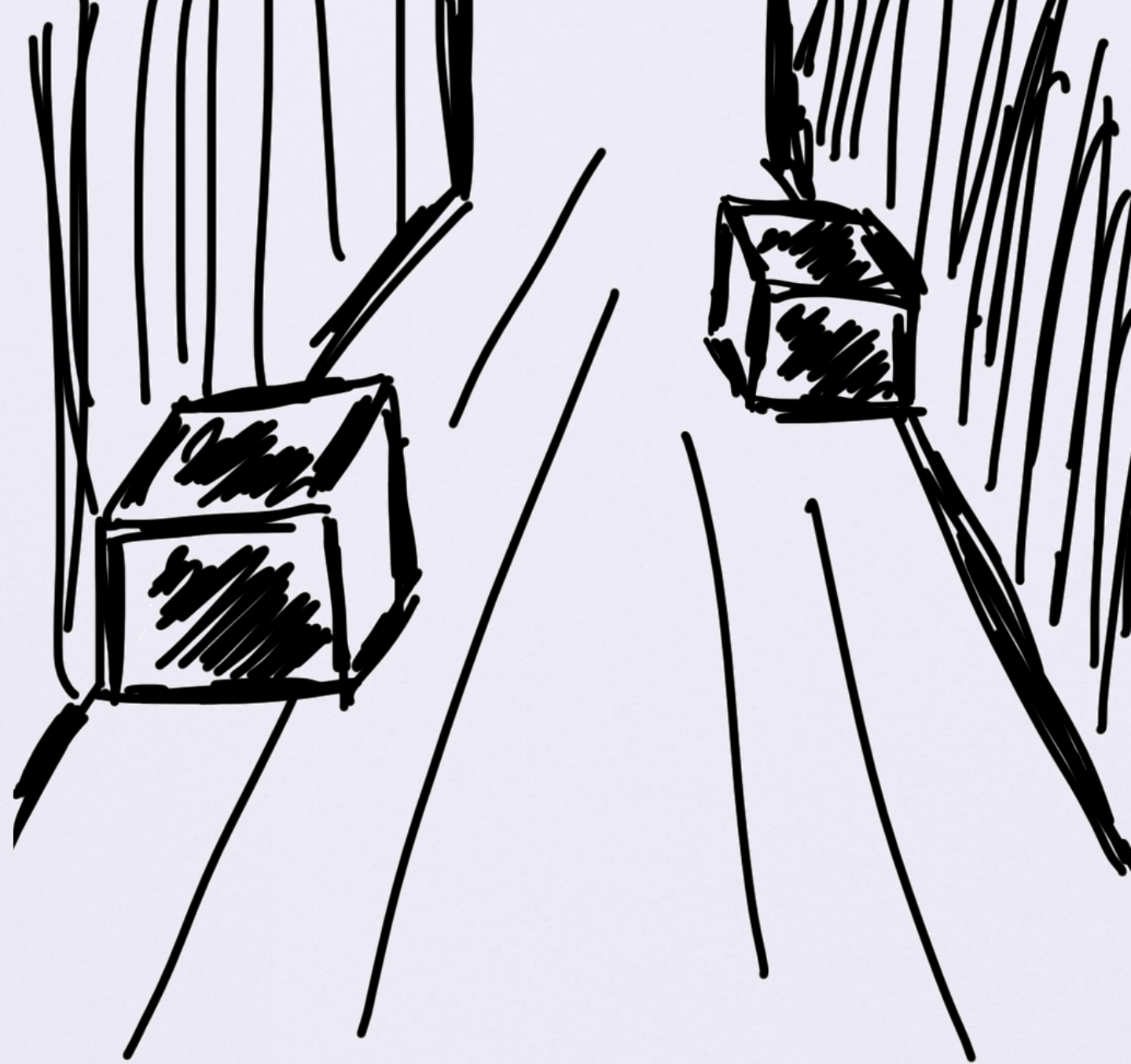




“ Strategy, which you should use, depend on what rung of the ladder you are now.

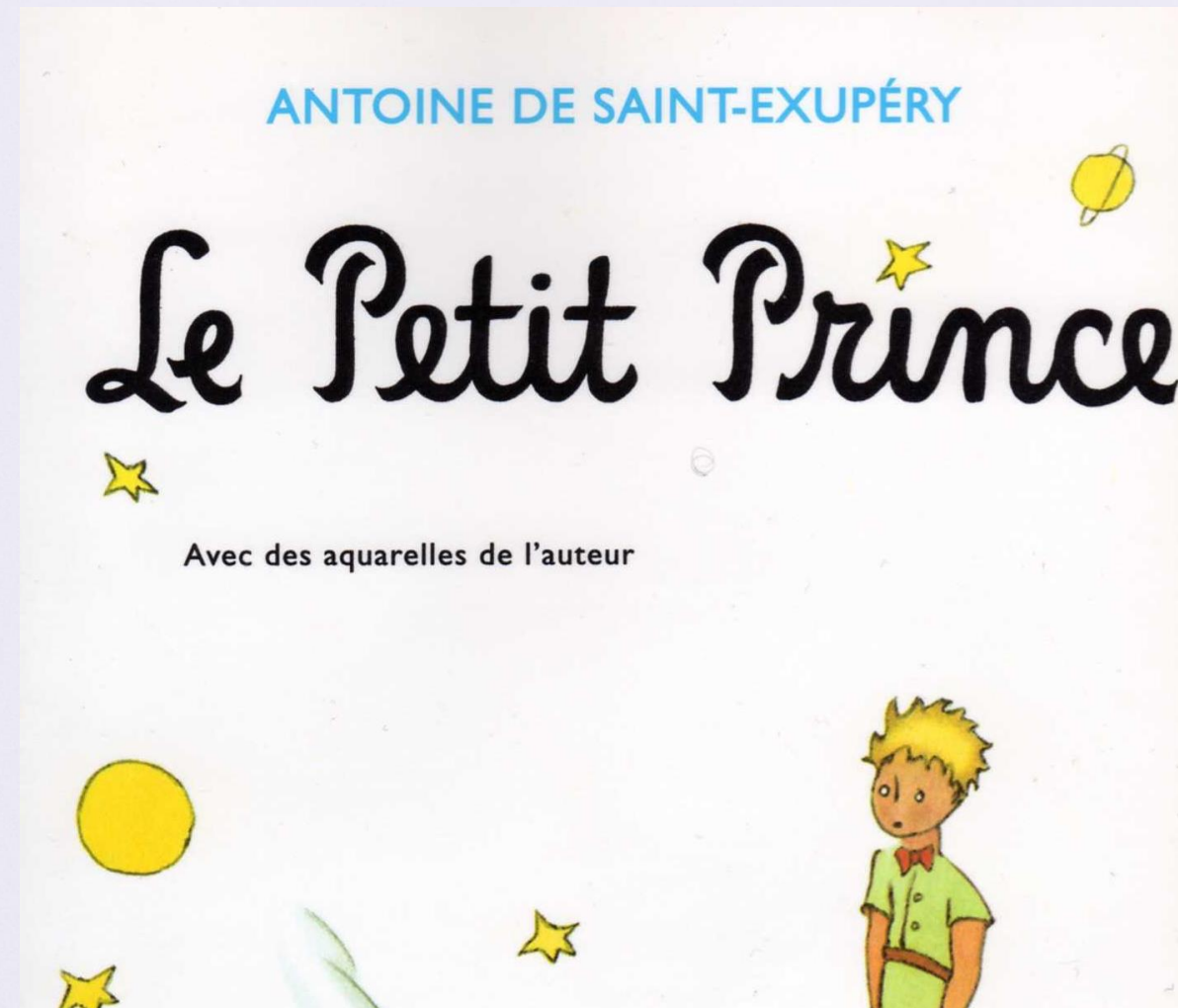
Jack Trout





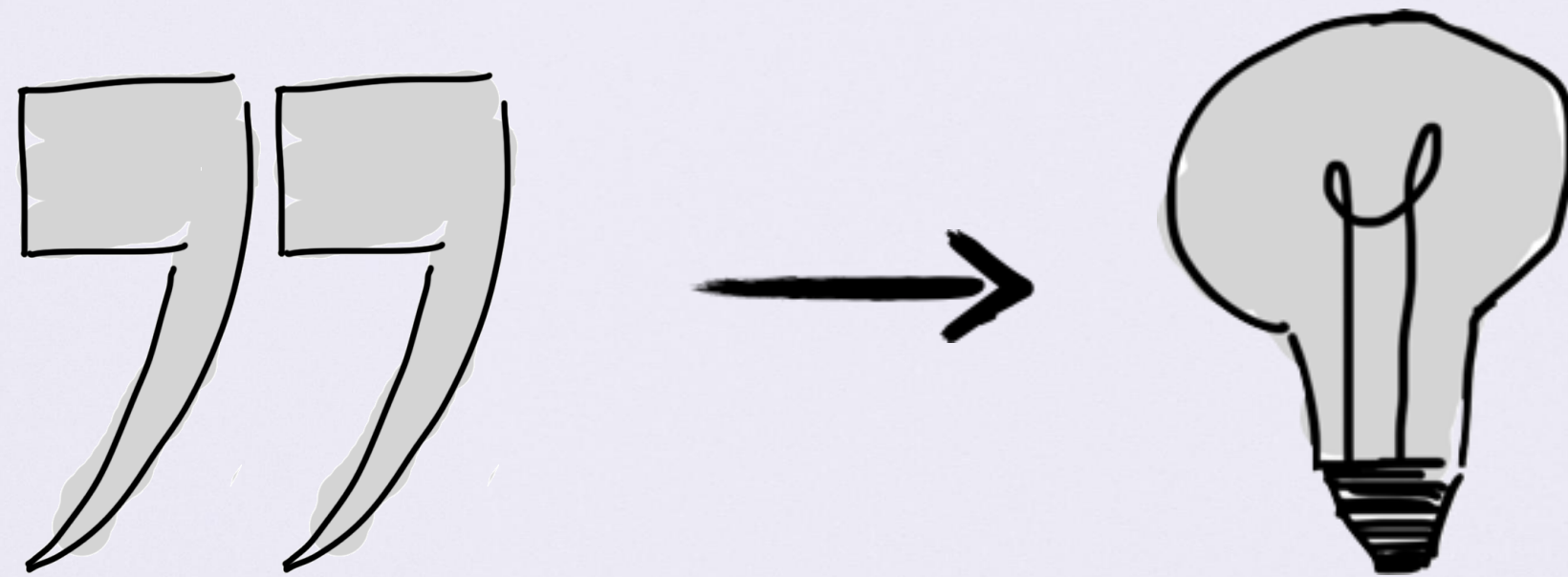
**Scalability** is only availed when  
you have **no boxes on the floor**





Already at home, reading Little Prince for my son, I remembered my Client. At that moment I was reading the art of small steps.





**The art of small steps**



# The art of small steps

Apprends-moi l'art des petits pas.



It can be the strategy for the first time

Comme la plus importante donne-moi de reconnaître avec lucidité que la vie s'accompagne de difficultés, d'échecs, qui sont occasions de croître et de mûr



Patience to the team

Je ne demande pas de miracles ni de visions, mais je demande la force pour le quotidien!



To make tests and conclusions

Fais de moi un homme capable de rejoindre Ceux qui gisent au fond.



To introduce the conscious business culture



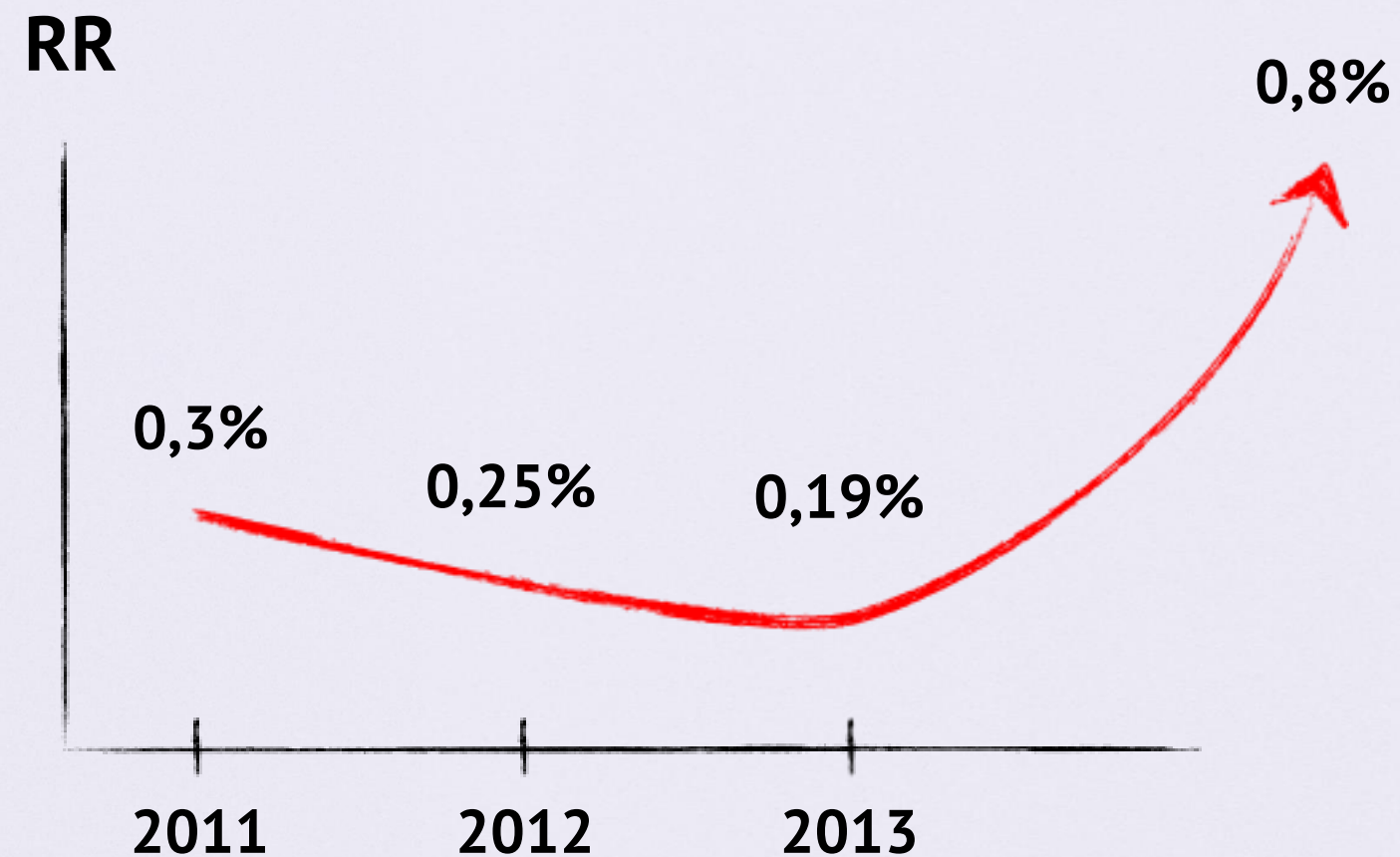
**On the 3rd day I asked:**



**Any ideas?**



# Ideas in customer marketing



Marketing proposed new segmentation. Russian companies has industry attributes. She selected appropriate industries and tested response rate. It resulted to 0,8%!

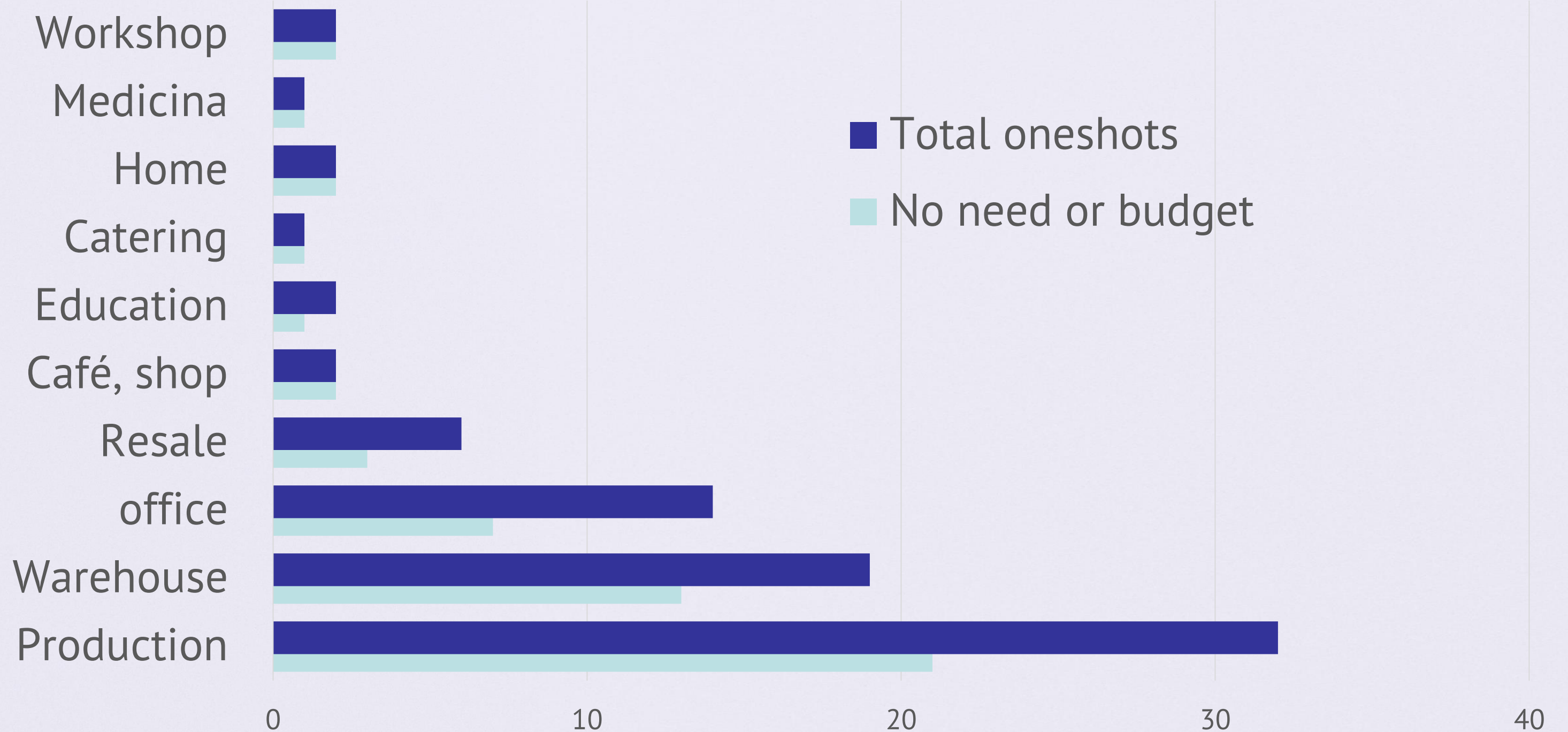


# In my research why one-shots stopped purchasing there was “no need or budget” item





# It occurred, that Liza's approach will decrease one-shots



# Another customer marketing ideas

**sending catalog**



**51 p**

**RR 0,3%**

**A call before sending**  
to eliminate “the dead souls”



**51 p**

**+**



**46 p**

**More expensive but RR expected  
thrice higher**



# Product marketing ideas

Sergey set up competitive prices on indicative SKUs for key categories.

I proposed on top to set up competitive prices basing not on the categories, but on the client's types.

And learn to use the promotion code, so other clients have regular price.

# My research proved customer perceptions of Sergey's price



active	2,0	1,6	2,1	2,2
one shot	2,0	1,5	2,0	2,1


1 – low price  
3 - high price




**Innovative product with a good price** – a key to brand-awareness and a proper positioning (as with “5%” in HQ)

# Together with Purchases we met the clients at an exhibition

**Talked to suppliers**



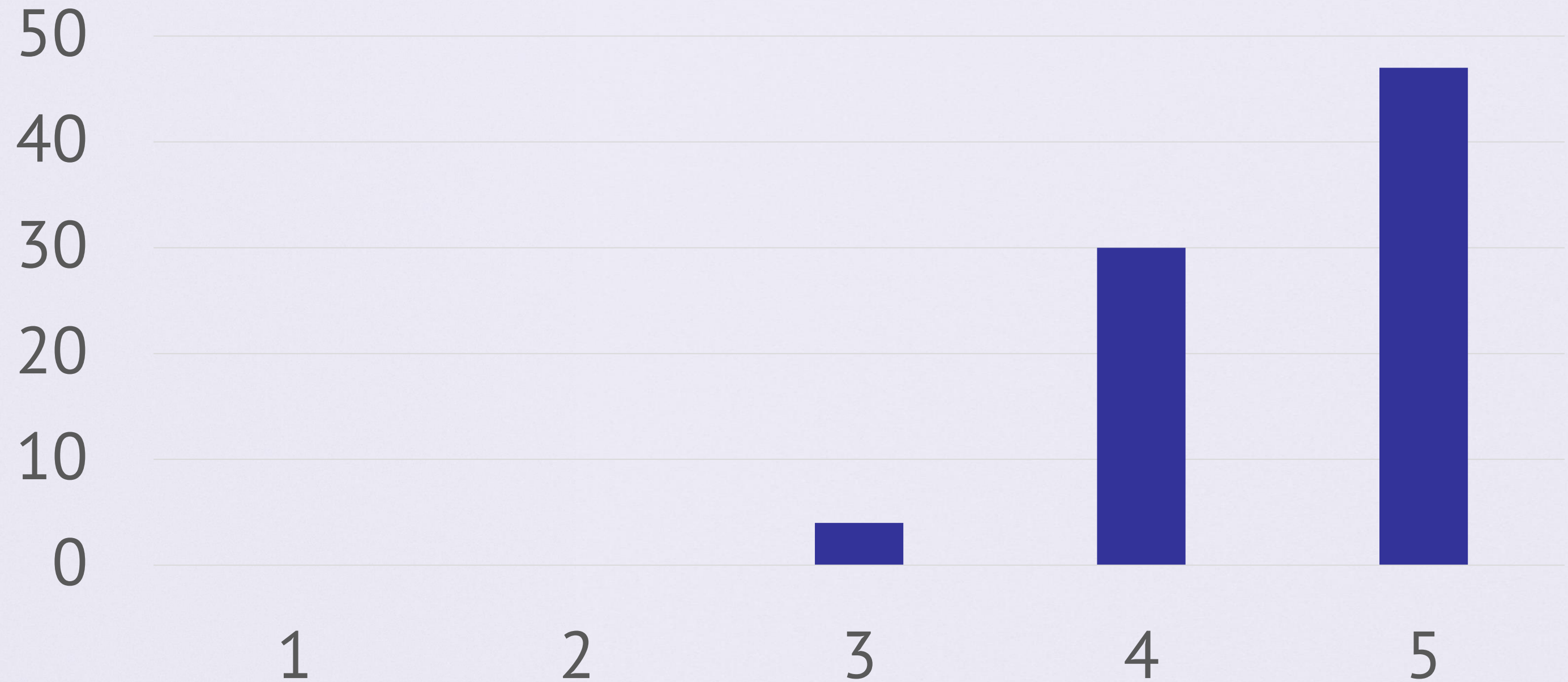
Acknowledged for myself the high quality of the goods



European principles is a potential for russian market



Product quality was highly evaluated by  
our clients in my research too



# Next day I spent 10 hours in the earphones

- It occurred, that at the WEB advertising the clients get special numbers of the phones, and the talks are recorded. I set and listened. Sometimes I recognized voice of sales director – she used all possible and impossible negotiations technic.
- The records gave me ideas what to improve, and I wrote down several “small steps”





# Conclusions from the conversations records

- Sales skills – asking, active listening, objections
- Wording – it is our positioning
- Algorithms – it about fixing clients
- Personalization
- Business - processes

Also I thought – maybe part the calls between the operators basing on initial clients requests?



Customers offered  
to pay with cards



Why not to offer them  
cards and e-money ?



# Trainings for the call-center?

**No outside trainings last 4 years**

*I am “playing trainer”*

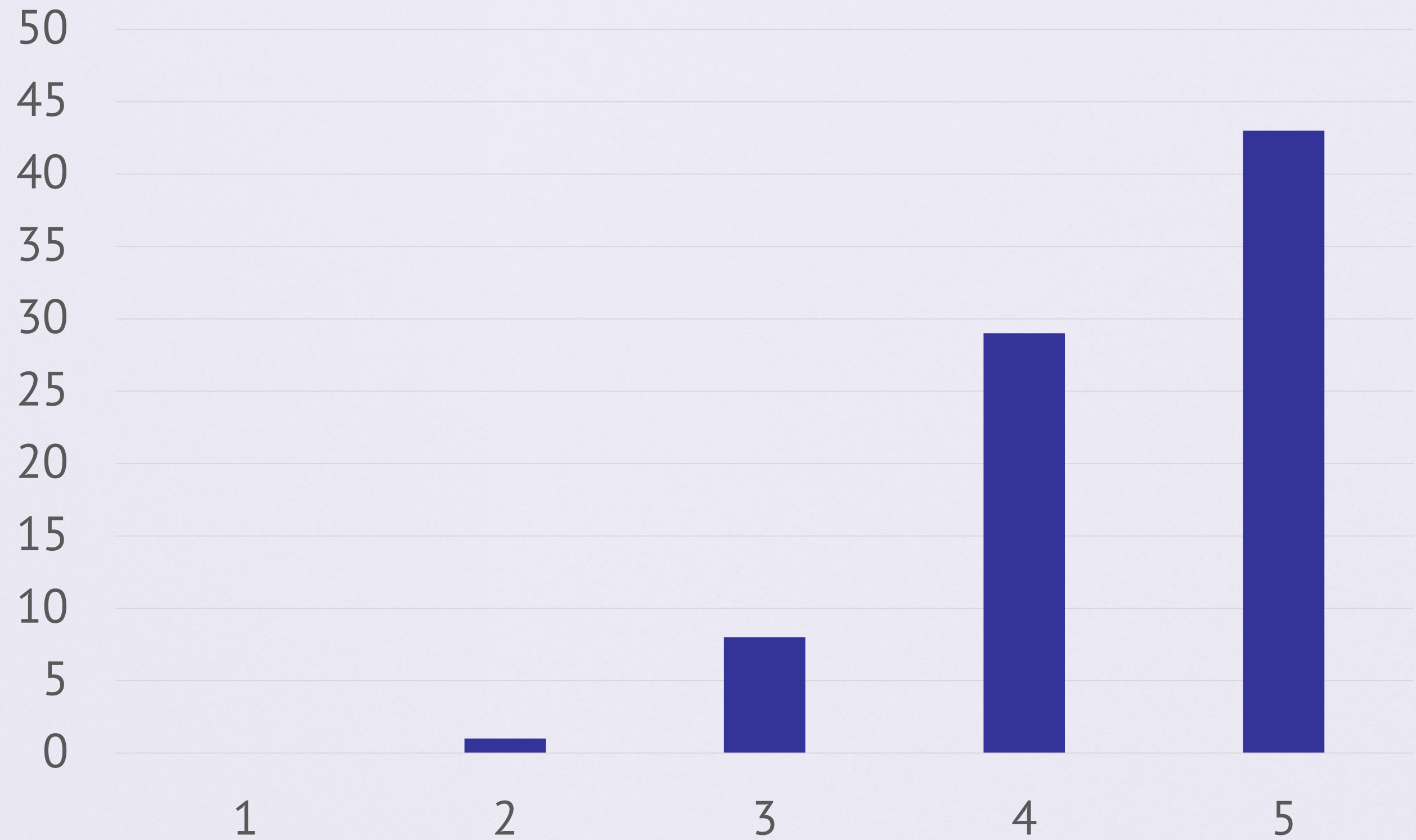
*When I have a time I train.*

**Navision -> SKUs -> Trainings**

*But the most difficult is not selling skills, it's Navision!*

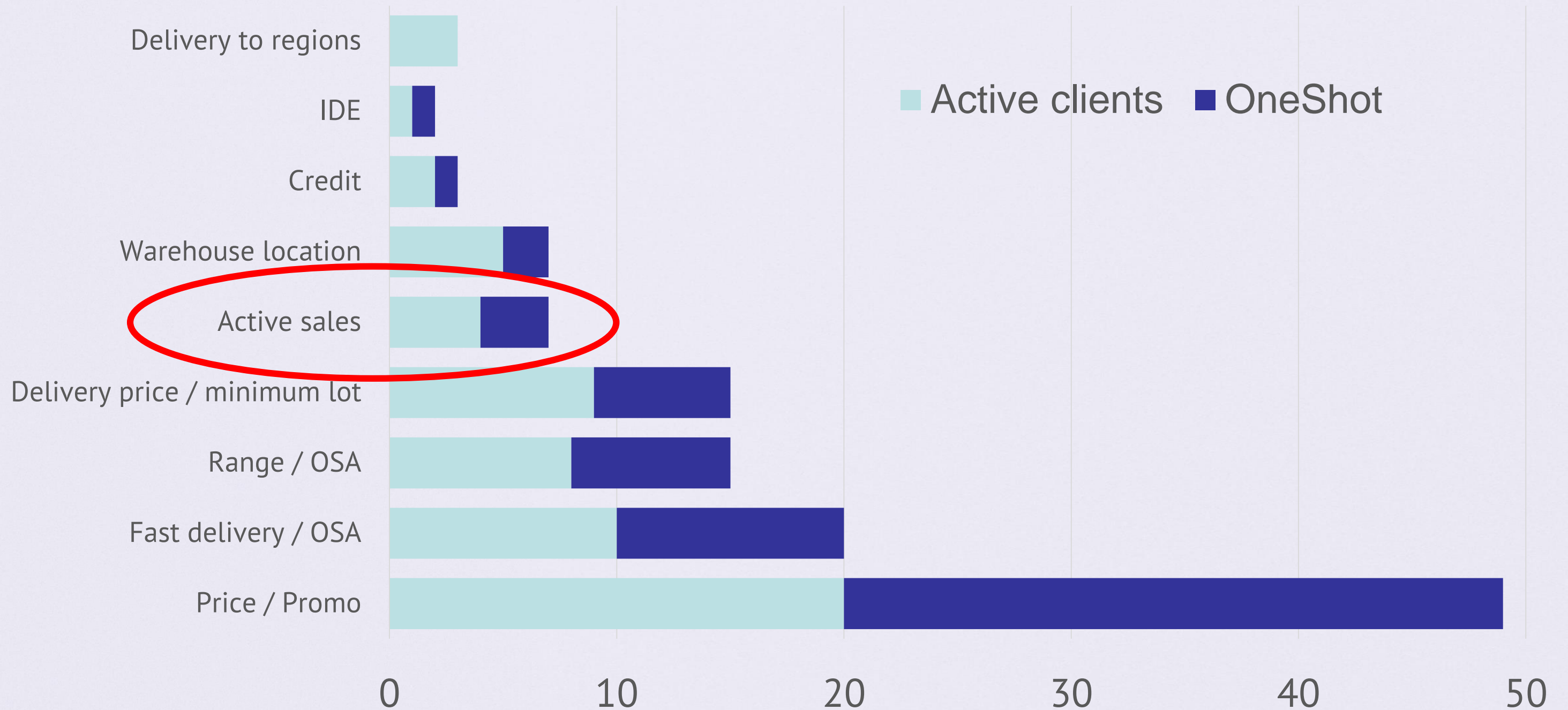
*And the assortment, of course.*

## Call center service was valued by the clients





## But there were the opportunities too – “What we have to do to switch from other suppliers”



# No KAM

My mission is to bring 400 clients monthly, but I haven't seen any customer ...

Trully to say – I have no time. A year ago we had KAM and want to hire a new one. As he left, sales of his clients decreased by 20%. Part of clients got lost.

When new KAM comes, he will catch up



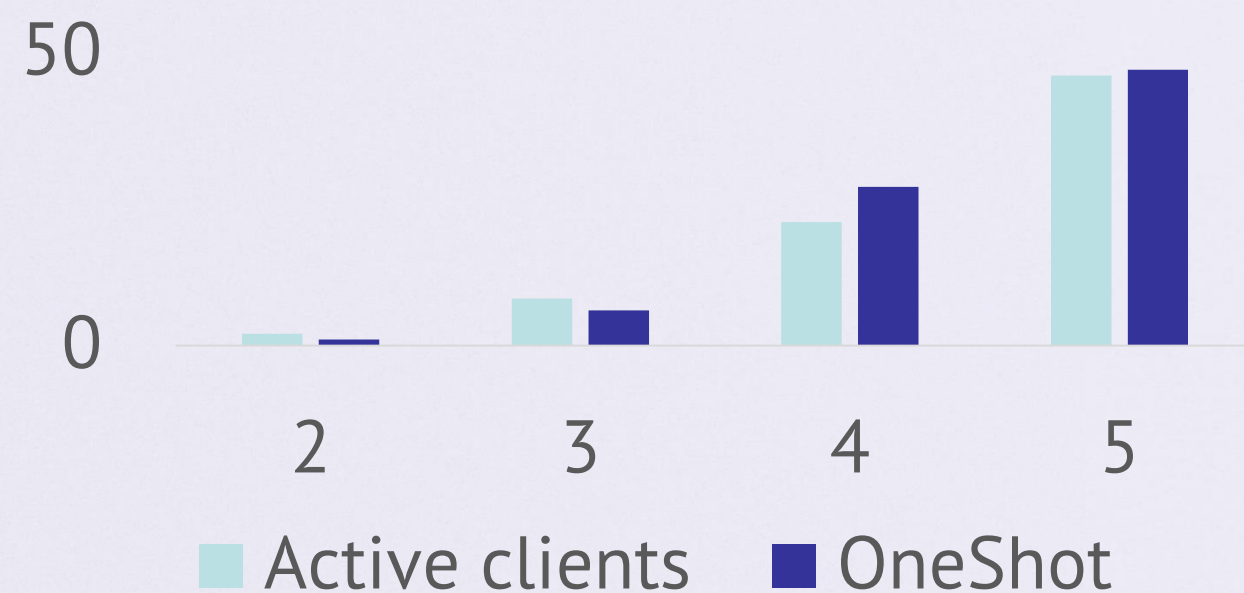
# **I couldn't talk to clients**

**6000 e-mails**

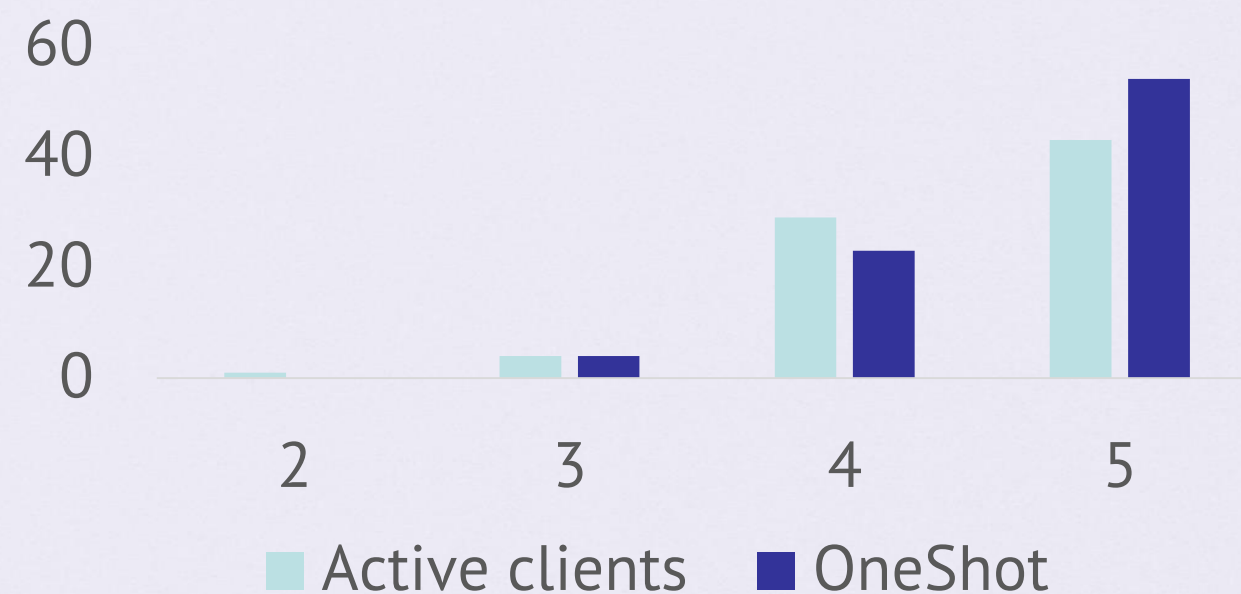


**200 replays**

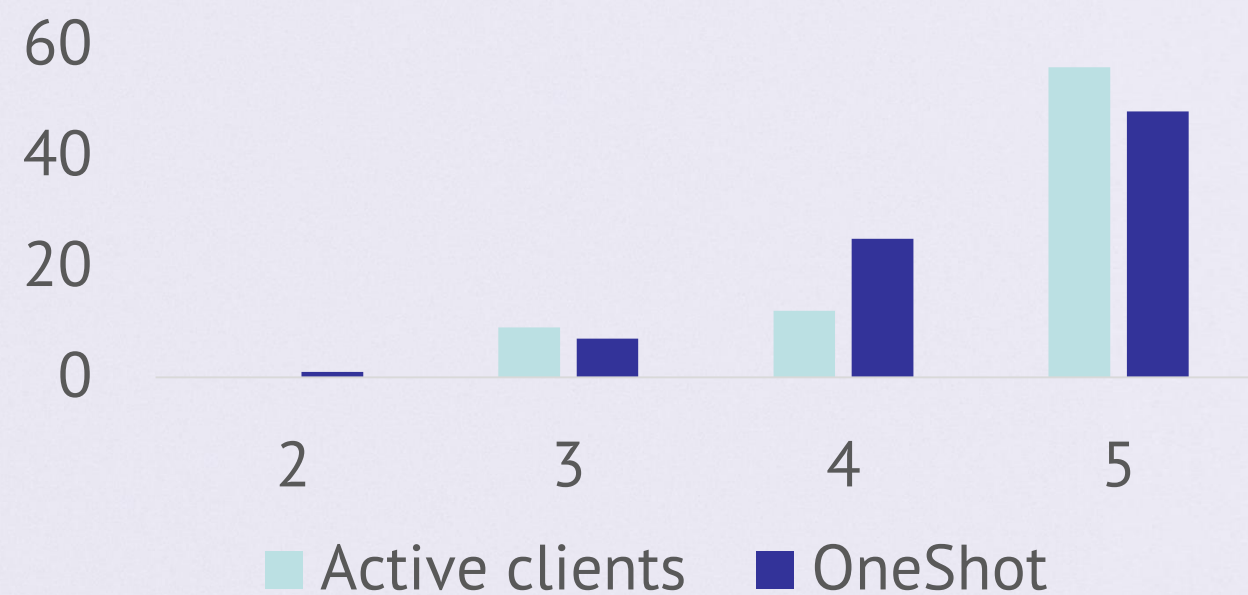
Catalog usability



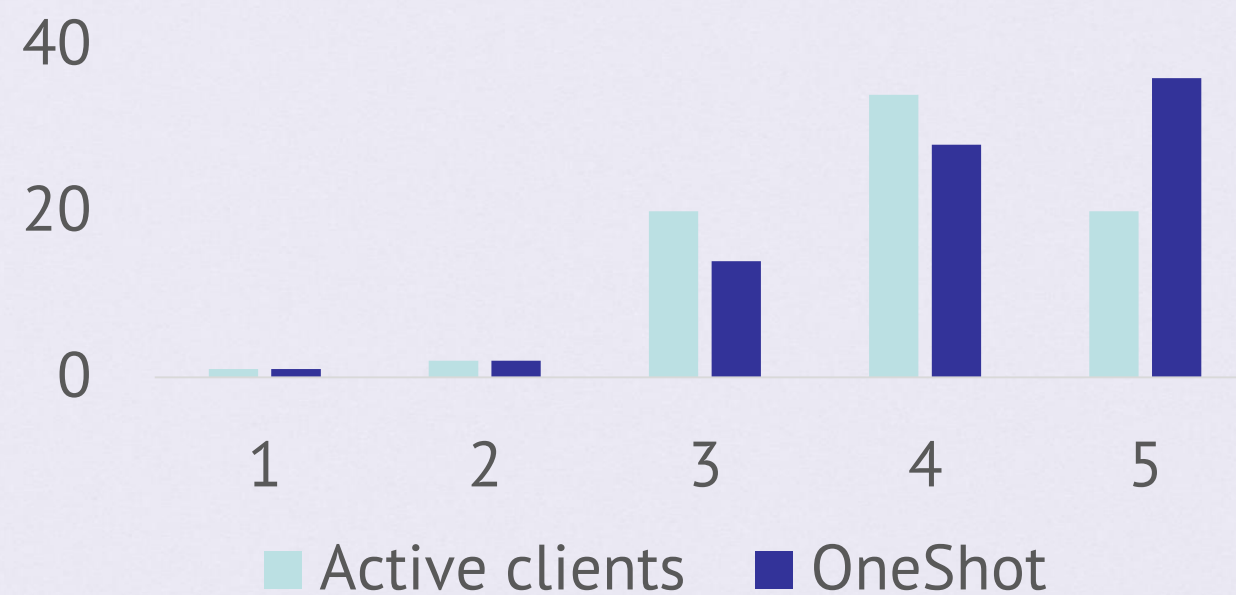
Site usability



Documents terms



Delivery terms





# The next day I devoted to the site.



There is no momentum  
order without registration



There is no link between  
Navision and site.  
Who likes the empty basket?



# Day 4. Personalization

- There is no «Assistant» with photo at the site
- Individual mail boxes of call-center officers are not given to the clients.
- There is no signature with photo in mails.



**Personalisation is a step to loyalty.** You can be loyal to something: a face, a brand, not a “Manager”.

“We were given a choice with photo, and left it as it is”



# Day 5. Pricing

In 2012 clients cancelled twice more orders than usually. Because of “high prices”. There was a call from HQ to local GM – “rise the price to 30%, then give discounts for 25%”.



# Day X. I thought about OOS

**35% of orders** waits over 1 month

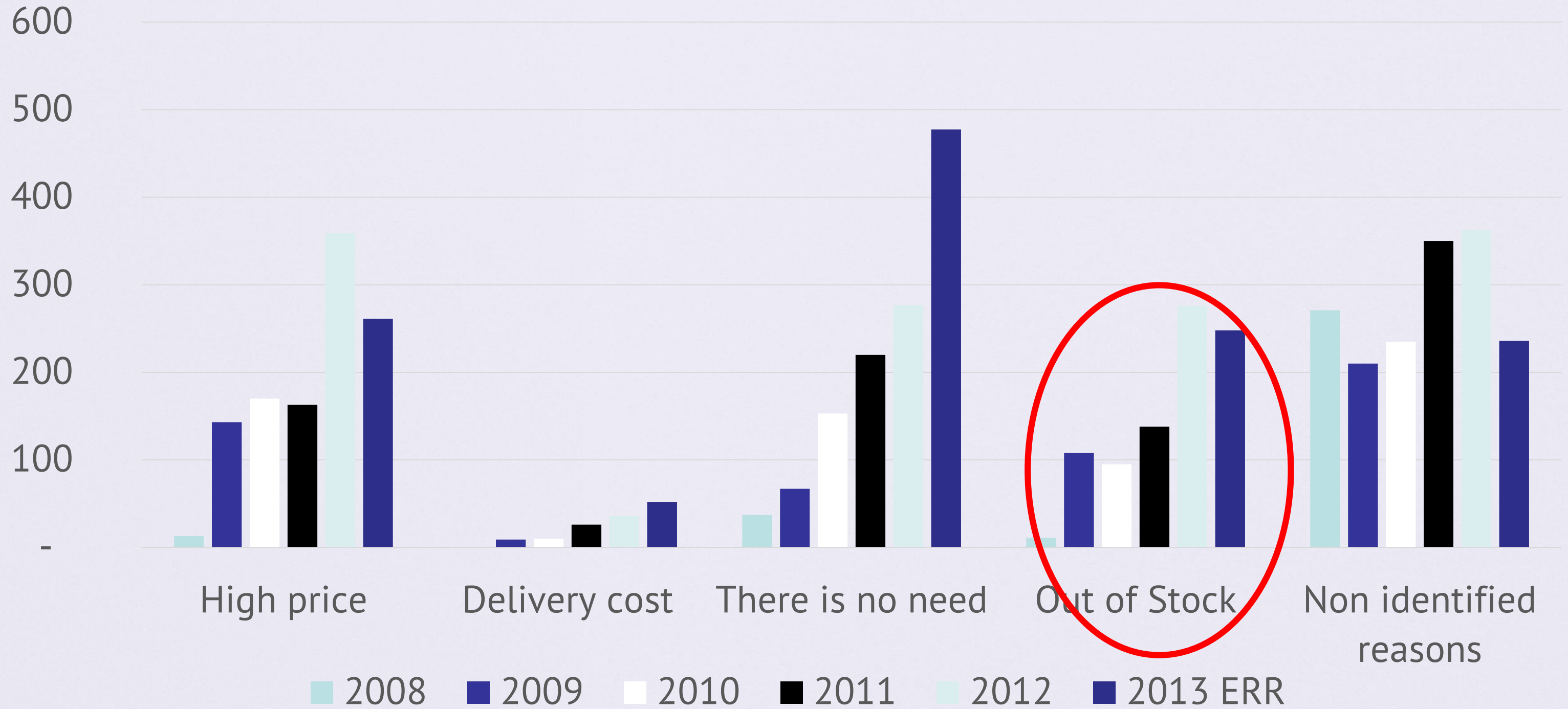
The missing SKUs delay shipment, or divide it in two (more expensive)

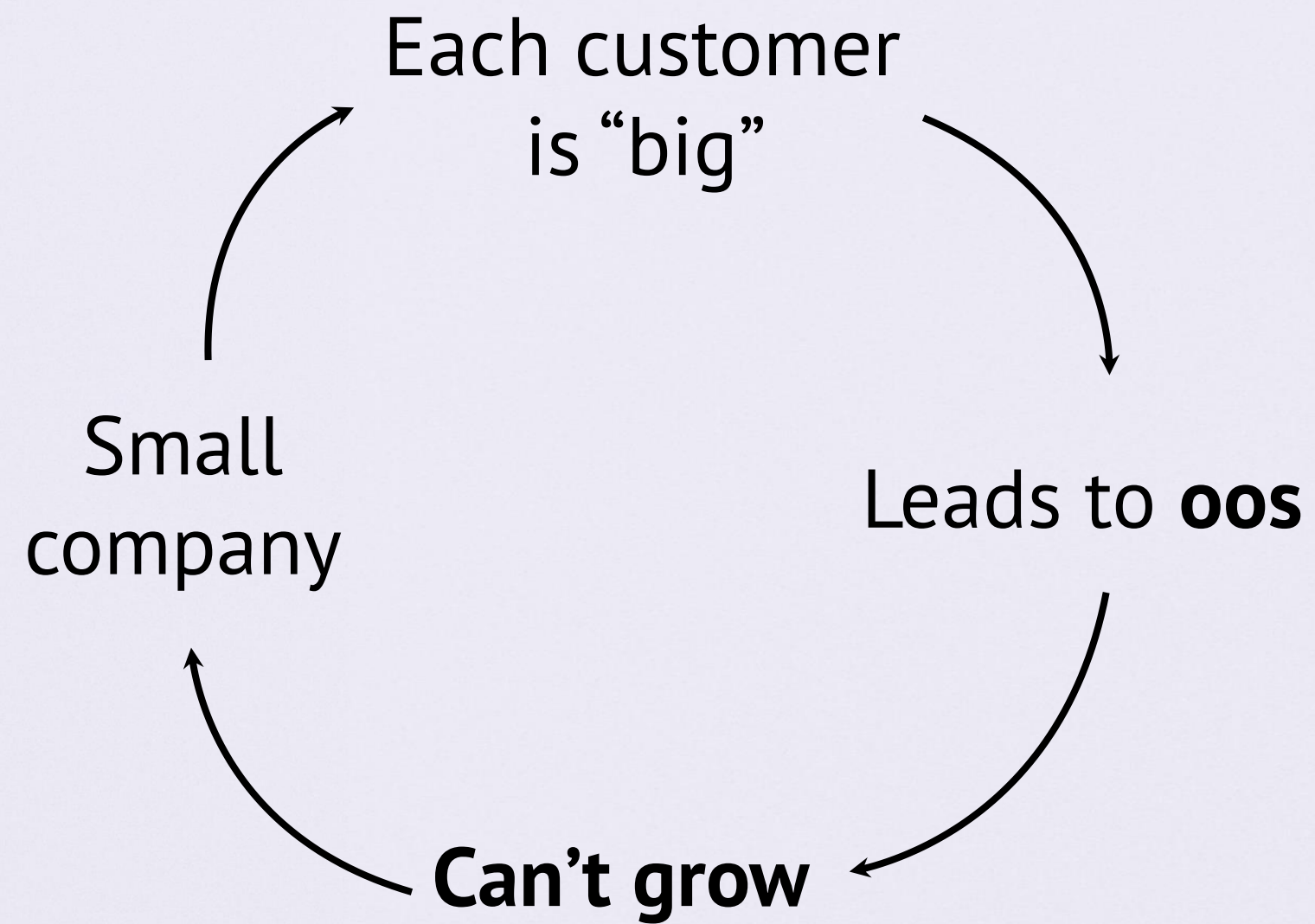
Call center spends 10% of the time answering that the items are OOS





# # of cancelled orders







# “Ex-warehouse” POS are not useful




Clients who care about POS will flow to Metro –  
it is easy to reach, bigger assortment



# One more day. Warehouse

В день в среднем 20\* отгрузок  
= печать 200 документов  
**= 2 часа работы**



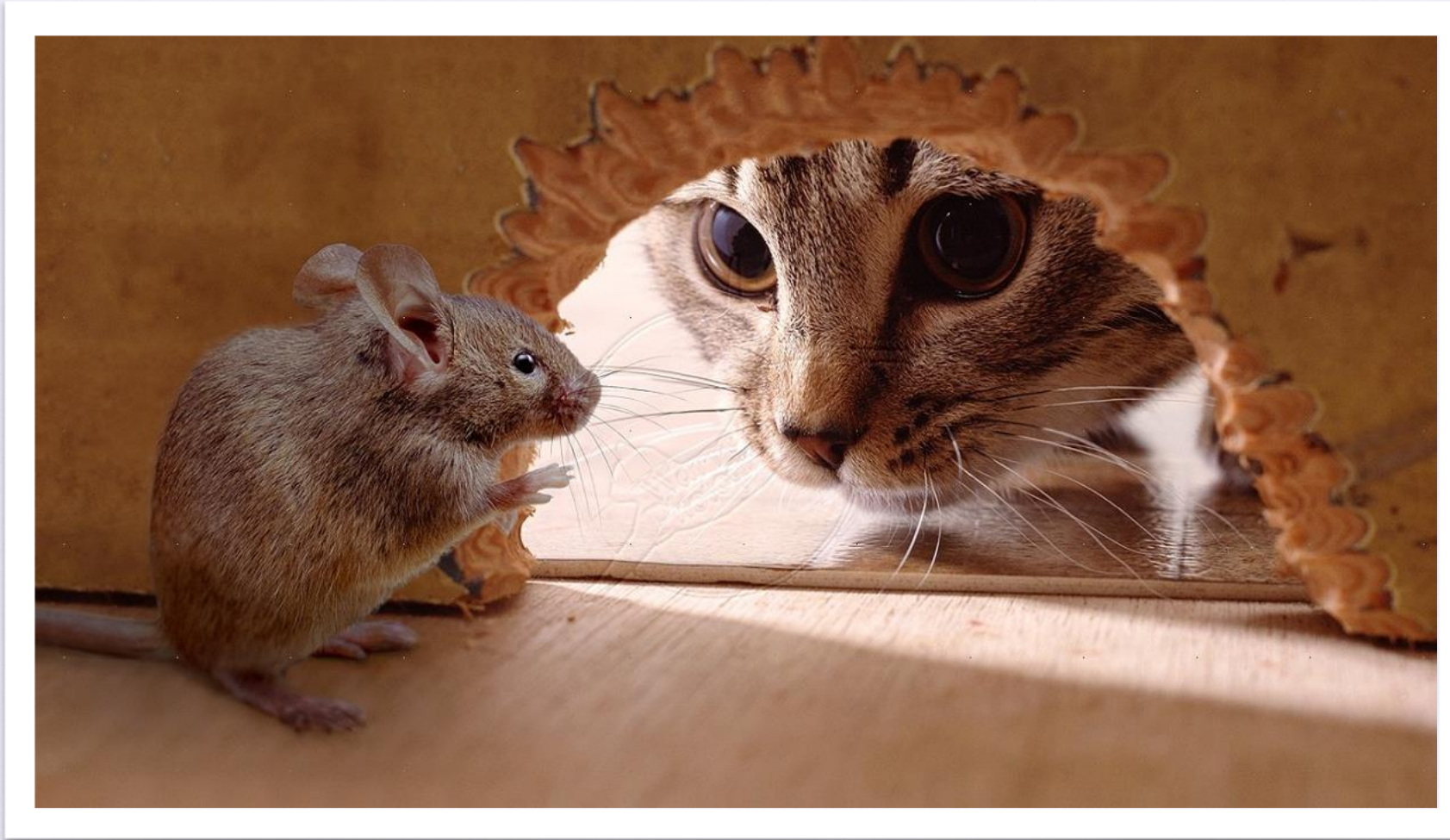
Настроить автоматический функционал печати документов на складе (копировать дату отгрузки, убрать напоминания, печать с разборкой по копиям),

**Временные затраты сократятся с 2 часов до 30 мин**

\*1 заказ требует печати от 8 до 10 документов



# Warehouse



the room of our manager has thin window-glass, there are small holes so you can see the sky  
it will not help 400 clients. But if the only warehouse worker falls ill, the shipment will stop ...



# Motivation

Cancelled annual bonus – 20% of the salary for individual KPIs

Last appraisal started from a phrase «please update your CV»

Diffused responsibility– there is no accountability matrix.



# There are more deep reasons of decreasing the motivation

- the people were hired and promised they will will be bosses and have departments.
- At present they do all the work themselves



# Conclusion





How can increase the motivation -  
perhaps through the art of small  
steps?

And the people who are doing well,  
has always a good result!



# Retention ideas





# Why client's retention is so important?

= Acquisition cost via catalog

= Average new client first order

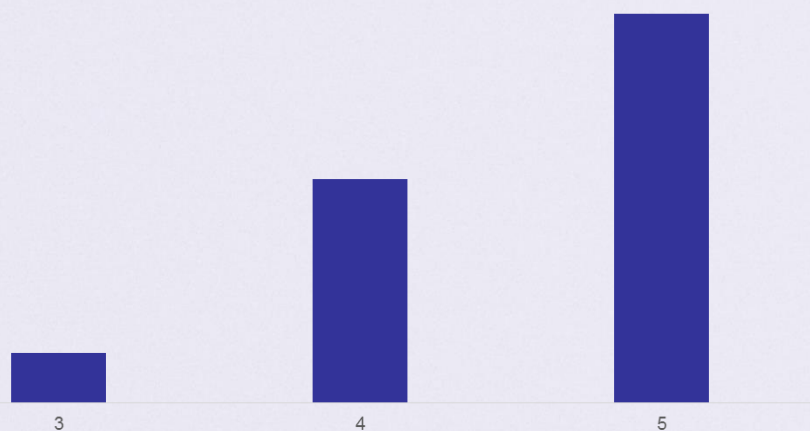
= XXX Euro



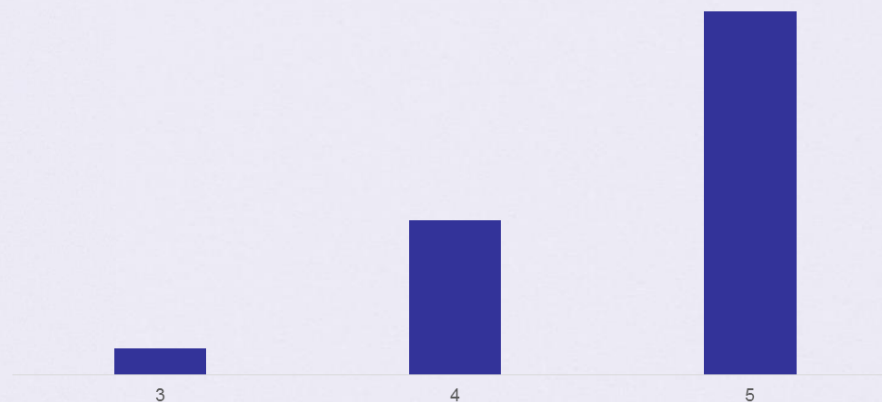


# One shots are satisfied with everything\* ...

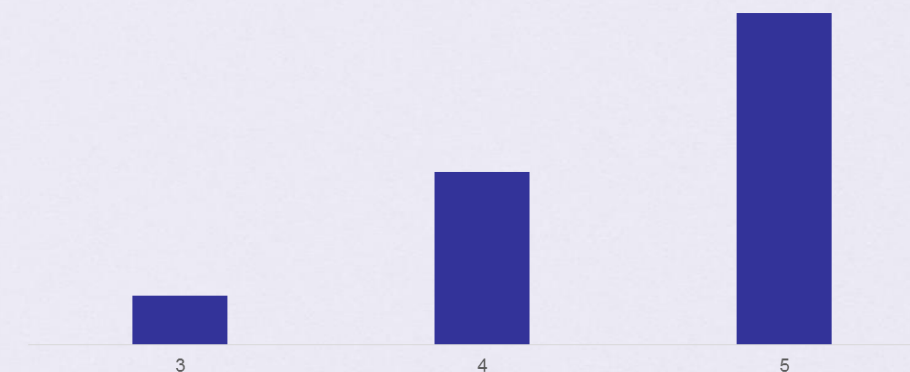
Catalog usability



Site usability



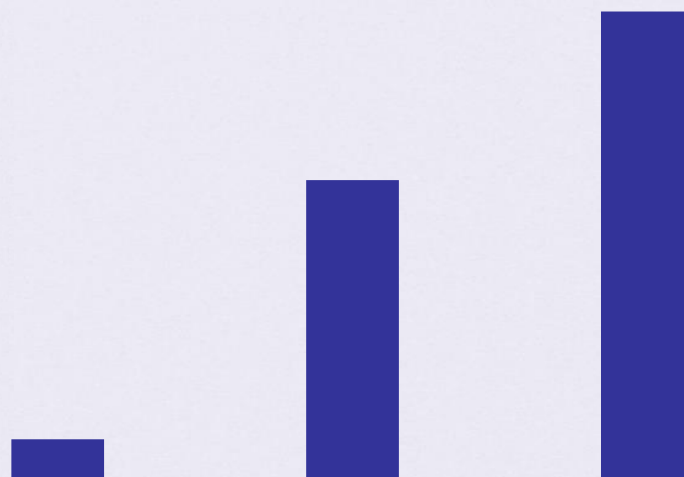
Documents terms



Delivery terms



Product quality



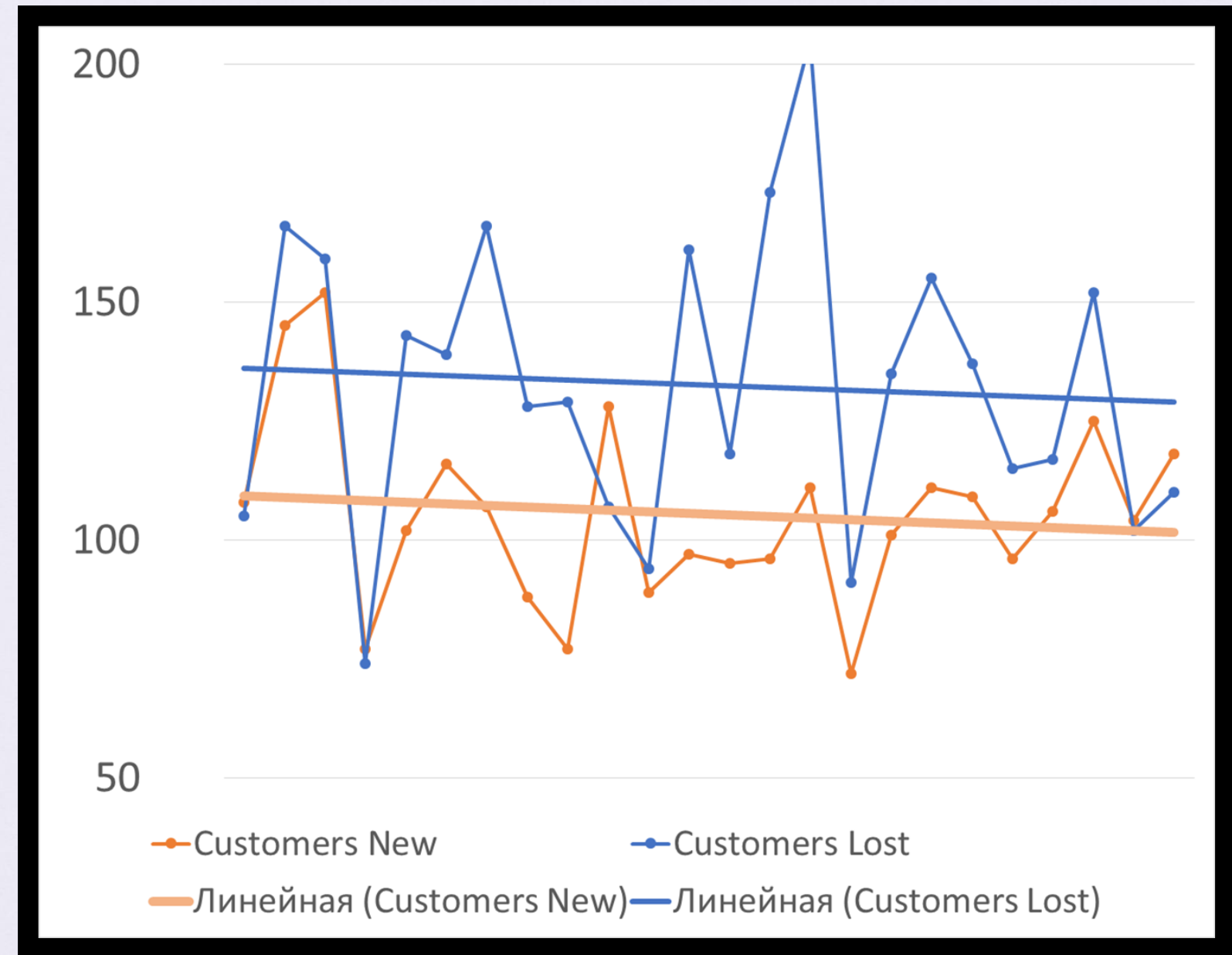
\* Maybe not so much with pricing





Why when oneshots  
don't return ....

And we are loosing  
more than acquiring?



# Farther in my research there was the answers \* ...



- \* 30% of “No need or budget” oneshots came from catalogs
- 100% of “I forgot” came from WEB



# Retention ideas

1. Fish where the fish is

**“The only reality is our positioning. Jack Traut**

## **HQ**

5% lower price  
30 days guarantee  
Next day delivery

**VS**

## **Russian office**

Evolution of opportunities:

1. blow to the prices
2. 70% discount
3. 1-st order free delivery
4. 1-st order 10% discount



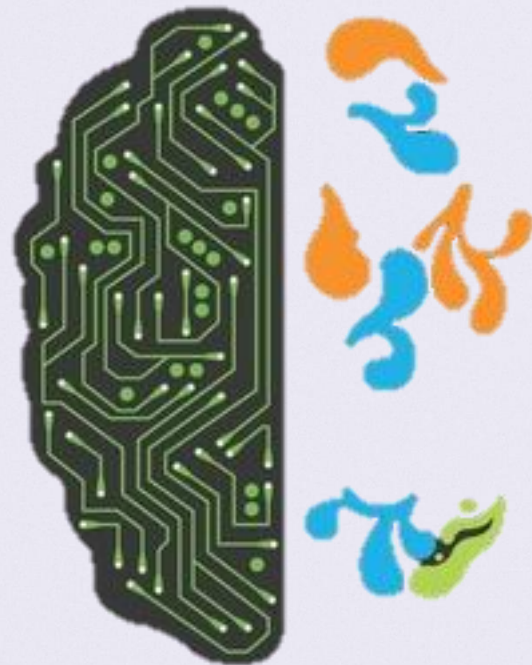
# “Sea breeze” loyalty program

Time period: 2009 – 2013

Motivator: Up to 7% discount

Desired behaviour: more volume, more SKUs

...



- We mostly use RATIO



# You wouldnt be loved for money

## Lets apply to EMOTION

- Very simple program design
- Be creative
- Learn their behaivour. We do not know our clients
- Let them get 1-st prize



As example:

Order catalog – 1 score – cash it on the 1-st purchase







# Retention ideas

1. Fish where the fish is

**2. Balance Ratio and EMO**



We are loyal to the people  
who speak to us in the  
language



Насяльникама,  
Джамщют -  
шаверма-зверь  
шегельме  
бешельме  
шайтанама...

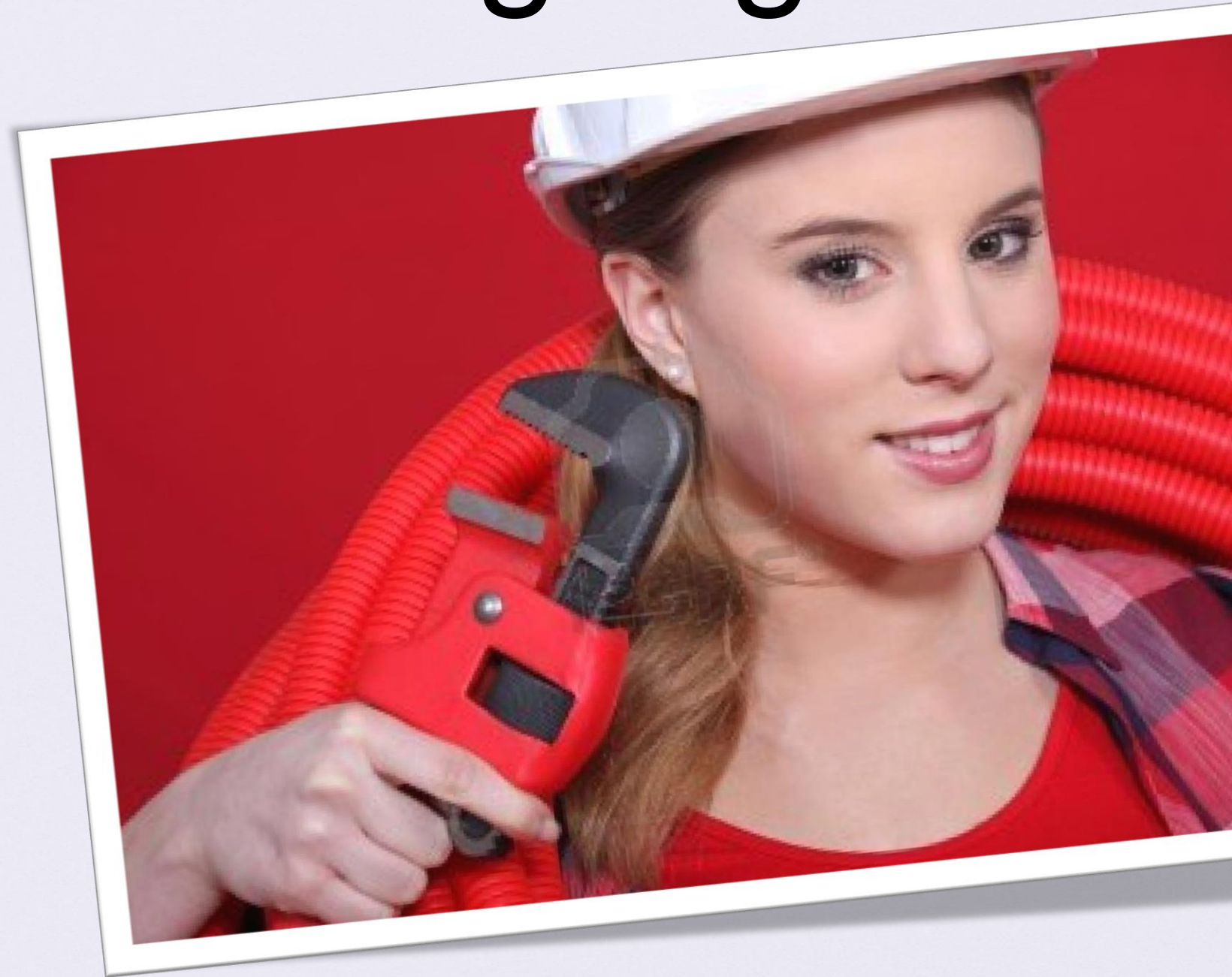
Nothing is so valued in the  
East as respect

The first distributor who  
translate it's site to Tajik get  
Tajik clients



# It can be technical language

- Study the technological chain of the client
- break the customers into segments
- understand what product is needed for each chain
- Speak with a client of his tongue





# Paging company did not survive, they won!



Their flawless execution:  
80 segments of 1'000 clients



I really do not want  
to be complicated,  
but the big guys  
already did simple  
things .....





# Retention ideas

1. Fish where the fish is
2. Balance Ratio and EMO
3. Know business of your client

# Latest interviews with me

## Media Markt

I need a washing machine

1. What size is your kitchen?
2. How many people are in your family?
3. do you eat semolina?

## Just shop

I need mobile phone

1. you need cool or just make a call?
2. how much time per day do you speak?
3. You want touch screen or keys?



# Retention ideas

1. Fish where the fish is
2. Balance Ratio and EMO
3. Know business of your client
4. **Know how to conduct an interview**

**With simple ideas we can  
make clients loyal!**