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CUSTOMER ACUMEN

INSIGHTS TO BUILD CLIENTS FOR LIFE



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Dear Reader,

In the words of business development expert, Andrew Sobel, "*business development or sales may slow or stop, but client relationship building should not.*"

With the pandemic taking its toll on businesses globally, building relationships with your customers is even more a herculean task. The Covid-19 pandemic has given companies the opportunity to re-evaluate customer relationships. With the new normal heralding in some hope of a recovery, we need to build bridges of enduring relationships with clients. This will not only drive your business, but will help you differentiate yourself from the rest. While repeat business is essential, the results of investing and building trusted relationships with your global clients for life will be rewarding enough to sail through the challenges of the business world.

This quarter in **Customer Acumen**, we look at '**Building relationships with customers across the globe**'.

Jay shares some nuggets of knowledge on looking at the larger picture of the business by not focusing on the lost sales battles of today but by nourishing your business partnerships for life. Heading ELGi's international business, industry expert **Rajesh Premchandran** shares his views on connecting with global customers to build long lasting relationships.

We review **David Cote's 'Winning Now, Winning Later'** an inspirational read for the leaders of today which looks at various strategies to balance short-term success and business sustainability in the long run.

Our in-house Cartoonist, **Vikram Nandwani's** toons are doing their best to keep business relations connected!

We value your relationship with us and look forward to your feedback and comments on how best we can serve you through our e-zine, **Customer Acumen**.





MUSINGS



Did Covid-19 end your relationship with customers?

- Jay

The second wave of Covid-19 has shown signs of abating across India and one can sense a collective heave of relief. Yes, this has perhaps been the worst period for corporate India from a humanitarian sense. For once, more than sales numbers being tallied, top management was counting the number of infected cases in the company on a daily basis and rushing to make arrangements where necessary to prevent fatalities.

While those dark days are behind us, the worry remains, will the nightmare reoccur? Idle and ill-informed media chatter makes the third wave seem an inevitable event when all that responsible managers need to do is encourage the hesitant to secure vaccination at the earliest, apart from sustaining proper covid protocol. Thankfully, corporate India is rallying well by supporting their staff and families to be vaccinated soon by overcoming logistical hurdles.

Business never stops is an old adage. While companies in retail businesses have been challenged to innovate in ensuring their reach to customers, especially where the last mile had been affected by lockdown constraints, those in the B2B sectors have been perplexed too. The question in the mind of business development managers was how do I sell at such a terrible time to a customer who is in pain? The omnipresent pressure of business targets and accountability to the firm weighed heavy with them even in the face of customer distress. The case of those industries with long cycle of sales was much worse. After months of careful wooing, just when it seemed that the deal was nearing closure, the customer seemed to pull back. The anticipated order never arrived.

It is often said that timing is everything in sales. Let me add a corollary. Knowing when not to sell is also key. The last thing a customer wants to hear from you when he is down and out (perhaps physically – as many encountered the debilitating effects of the viral infection - but certainly psychologically) is a sales pitch. Like in many other situations in life, reading the tell-tale signs during an interaction is vital. However, this means that the agenda of the business developer has to align well with the situation at hand. If this necessitates that the sales pitch has to be deferred for now, so be it. Shelving your primary need for the sake of an empathetic conversation is the right thing to do, notwithstanding that it may lead to an awkward conversation with a pushy and judgmental boss in your own company. I state this with conviction as the recent wave of the pandemic that swept the country turned all conversation into a mournful one. It is not my case that one has to be sucked into a vortex of negativity (which is the

outcome of excessive indulgence to social media posts) but relationship being a two-way street, requires patient listening and forbearance when the other party is grieving. The right behaviour in such circumstances is to stop selling and be the compassionate responder.

The world will return to a saner space soon and economic recovery is on the cards. Let us stay together with our clients at this hour and shape this recovery with positive energy and actions that send a message that we believe that robust relationships are what we cherish not mere transactional ones. Even if small sales battles are lost today the path to a nourishing and enduring business partnership can be built to win clients for life.

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SPOTLIGHT



Rajesh Premchandran

Director, ISAAME & International Business,
ELGi Equipments Ltd.



Rajesh Premchandran is responsible for ELGi business operations in India, South-Asia, Africa and Middle-East and its international business. He has 30 years of experience handling automotive, capital goods and industrial segments across India. Prior to joining ELGi, he has worked for Precision Fasteners, Timken India and Danfoss Industries in the past. During his tenure in Timken India, he held multiple positions in the automotive and industrial segments both on OEMs and channel working out of the Pune, Kolkata and Bangalore headquarters. As the Vice President for Danfoss's climate segment, he built its OEM and distribution network for the air conditioning and refrigeration segments in India.

In his current role, he has the responsibility of not only expanding the product and service business across the identified geographies, but building the brand across the international markets. Rajesh is a mechanical engineer from Bangalore University, with a post-graduate diploma in sales from National Institute of Sales, Chennai, and a diploma from Darden School of Business, University of Virginia.

CA. It is said that a customer is central to an enterprise. In your view, how should an enterprise create long term relationships with a customer at a global level?

RP: Customers are critical to the very functioning of any organisation. If there are no customers the enterprise does not exist. Having spent many years with industrial and manufacturing customers, I see that their expectation is to deal with someone who they can trust. Being mechanical or electrical products, they understand that products would have issues and they don't expect us to be perfect. What they want to see is how this is fixed, when issues arise. They expect openness, transparency and a sense of ownership. Organisations that have values built around these are the ones who will succeed.

I want to state two examples of how we have won trust across the world:

- When I was travelling in the Middle East, I met up with large trading houses who have been very loyal to us for the simple reason of the trust they have working with us. When issues come up we are sensitive about it and work towards a solution.
- In another instance, we presented as part of our Deming process of continuous improvement the quality initiatives at the plant to our Australian distributors. The openness to admit that there are issues and we have fixed it is what earned us their loyalty.

CA. What are the challenges in establishing good and long lasting customer relationships at a global level?

RP: There are 2 challenges:

- The local teams in that geography serving the customers, sharing the same values that the headquarters practice. The speed of action, sensitivity of the concerns and finding a solution should be engrained in all our teams and distributor personnel.
- The teams in the headquarters being sensitive of the needs in the regions and trusting the teams when they provide insights to have a solution. When teams in headquarters don't understand the ground reality – challenges due to culture, language, local conditions, we find that problems arise.

CA. As a senior professional in the manufacturing sector, what are the key differences in the marketing of industrial products/services to B2B clients and B2C customers?

RP: In the manufacturing segment I would see the B2B client as someone who has a repetitive buy from us as supposed to a B2C customer who needs to be serviced once in a while or as and when a need arises. While I do not see a major difference in the basic selling process – Reliable product, good service and improved response time, the following are the key differences:

Clients:

- Relationship to be built at all levels in the organisation. If one part of the client is not happy with you, it could impact your business. Ensuring a key account management structure is in place is important to service these customers.
- Understanding the B2B client's end user need is very important. This helps the organisation tailor the products to the needs and keeps the product or service competitive. The clients expect productivity improvements and constant improvement in features and benefits. Having the end user needs in mind keeps the organisation ahead of the game.

Customers:

- In the industrial and manufacturing space, the direct customers are normally one time or project based. Customers would negotiate very aggressively and normally have aggressive timelines for delivery.
- Preparation in understanding the customer needs clearly - terms, delivery lead times, pricing are very important. Having a backend contract management team is critical to ensure smooth processing of such requirements and meeting deadlines.

CA. It is said that service recovery is key to retaining aggrieved customers. Given your vast experience, please share with us 2 instances of service recovery where you could win back irate customers after you had lost them.

RP: Fully agree that service recovery is important to retaining aggrieved customers. Customers could be upset either due to delayed deliveries, poor product performance or service. The best part of having an issue especially in an industrial environment is for the customer to get to know your organisation better. So if handled well, it can be converted into a long term competitive advantage.

We had a case where one of our customers refused to accept that the issue was resolved inspite of providing him all the proof that there was nothing wrong with the product. The issue was escalated and we involved their top management so that it can resolved. In this particular case it was an ego issue that came in the way of finding a solution. With a give and take on both sides the solution was arrived at and we won back this customer.

CA. Tell us more about how Elgi has become a leading supplier of commercial air compressors globally by winning customers . Also, what role is your firm playing in the current pandemic to ease the pressure due to the shortage of Oxygen at hospitals.

RP: The Elgi growth journey is one of resilience, sharp, focussed approach and as our tagline suggests - Always better. Over the years we have worked hard to build a world class product that is made competitive with a fully backward integrated facility in Coimbatore. Our focus on continuous improvement has helped us get to this position. We realise that we need to put in twice the effort compared to our competitors given that the product is made in India. This ensured that we get the prestigious Deming Award, the only compressor manufacturer to do so. Our Go to Market strategy is built on the base of a strong preparation, do a pilot, learning from this and expanding. Our values of Quality, Innovation, Sensitivity and collaboration to name a few have been our guiding stars in our journey. With this we win the trust of our customers, distributors and our employees around the world.

The sensitivity focus is what led us to accelerate our efforts and increase production of compressors to meet the need of the oxygen generator OEMs. We realised that this a time to serve the nation and hence we should put all our efforts on this initiative. Given the challenges of getting timely industrial oxygen supplies and lower attendance not only at our plants but at our suppliers,

we had to divert production efforts to the Oxygen generator compressor needs. Our single minded focus, working in a collaborative mode with DRDO, our oxygen generator OEMs and suppliers helped us meet the aggressive timelines.

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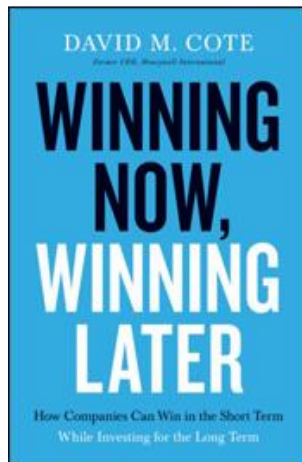
RESOURCES



Winning Now, Winning Later

- David M. Cote

"We need to invest in the long term, because the long term eventually becomes the short term."



David Cote, the former Honeywell CEO has authored an enriching read - "Winning Now, Winning Later" which looks at the practical methods of ensuring sustainability of your business both in the short term and in the long run. Without getting into management maxims, the author offers a chapter by chapter account of turning around and transforming the then failing manufacturing conglomerate. Through his experience, he offers three principles of short & long term performance:

- Scrub accounting and business practices down to what is real: Leaders need to learn how to do two conflicting things at the same time by injecting honesty and transparency into financial controls.
- Invest in the future, but not excessively: Attract and retain great leaders, and make investment decisions which will ensure future growth and expansion.
- Grow while keeping fixed costs constant: The best way to fund investments is by keeping fixed costs constant while you grow your company. By thinking differently and investing for the future, business leaders can achieve stellar performance even during challenging business situations.

With the help of the three bedrock principles, he offers readers the essence to dispel the false dichotomy between quick revenue gains and long-term financial health. Many companies face what seems like a daunting paradox: Should you focus on making this quarter's numbers or prioritize longer-term strategies? Business leaders often take actions that increase earnings in the short term, but compromise their companies' long-term health. In line with the three principles, the book also explores ten strategic and operational strategies. It chalks out ways to challenge yourself and your team to go beyond binary oppositions and do two conflicting things at the same time. The author offers his thoughts on improving inefficient and ineffective processes and on dealing with investment decisions to ensure future growth. Short-termism is rampant among organisations, causing many companies to underperform. This was also the case when David Cote, upon becoming Honeywell's CEO in 2002, had encountered

- an organisation on the verge of closure. However, thanks to his team and a series of bold operational reforms and counterintuitive leadership practices, in 2018, the company's market cap expanded from \$20 billion to \$120 billion, delivering returns of about 800%! After serving as the Chairman and CEO of Honeywell for 16 years, David Cote now serves as the Executive Chairman of Vertiv Holdings, a global data center products and services provider. He is a member of the Aspen Economic Strategy Group, and serves on the boards of the Council on Foreign Relations and the Conference of Montreal. The book aims to drive home a message to its readers that one can run your organisation with a new kind of balance between short & long term goals by taking your company to new levels of performance. Organisations of all sizes and kinds have in them what it takes to perform much better than what they currently do, over all time horizons.

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