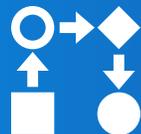


Customer Retention Secrets for Aerospace

Tried, Tested, & Proven
Methods You Can Use to Unlock The
Secret Power of **Customer Retention**

*and How These Techniques Will Keep You Ahead of
the Intense Aerospace Competition.*



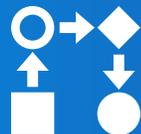
Lean QA
Experience Excellence

Before We Begin....

We Need Something From You → An Affirmation

I already have the power to **10x** how much repeat business I am able to bring in for my company & I already have the capability to create long lasting customer loyalty.

"Customer Satisfaction is **worthless**.
Customer Loyalty is **priceless**." - Jeffrey Gitomer



Lean QA
Experience Excellence

Regulatory Standards, Quality Assurance, & Process Improvement

- 30+ years of fulfilling our mission of helping people & organizations achieve their full potential
- Extensive experience with Airlines, Aerospace OEMs, Aerospace Distributors, and MROs
- Annual workshop & guest speaking at the ASA conference
- Passionate consultants & expert trainers that love what they do
- 100% regulatory audit pass rate for all our customers

THE WORKSHOP STRUCTURE

*Built to deliver
maximum value.*

- Organized Into Strategy & Tactics
- Industry Examples & Some Stories
- Tied Together at the End With Your Next Steps...
- Discussion If Permitted By Time
- Materials: Your Lean QA Skills Portfolio
- Extra resources: Stay after the workshop to get extra bonuses

Even if you don't have the time to set up a robust customer loyalty initiative, the techniques you will learn can still work for your business

Old & Past Expectations:

- Customer loyalty is time consuming
- Building Customer loyalty is expensive



New & Current Expectations:

- Customer loyalty is quick with the 80/20 rule
- It's much more expensive to acquire new customers than to keep current ones

HOW TO BUILD CUSTOMER RETENTION & FIERCE LOYALTY

*These are the
Methods....*

AGENDA

1. Method One: The Foundation

What is it, why is it important, & the basics of customer retention.

2. Method Two: Reduce Customer Effort

Why it's absolutely necessary to make your customer's lives easier.

3. Method Three: Deliver Delight

Why delivering customer delight is the secret sauce for business growth.

4. Method Four: Build Iconic Brand Value

How to convert your customers into FANS.

5. Method Five: Aerospace

Aerospace specific retention techniques.

Method #1 The Foundation

There are 3 ways to grow your business

- The 1st is by bringing in more customers.
- The 2nd is by having your customers buy more from you
- The 3rd is by having your customers buy more frequently from you.

What does that mean? 2/3 of growing your business depends on customer retention

Method #1 The Foundation

Think of a recent experience you had as a customer? How was your experience?

Positive? Explain...

Negative? Explain...

Method #1 The Foundation

Harvard Business School reports, on average, increasing customer retention rates by 5% increases profits by 75%. According to Bain & Company, attracting a new customer costs your business six to seven times more than retaining an existing one.

Method #1 The Foundation

What is Customer Customer Retention?

The process of engaging existing customers to continue buying products or services from your business.

Why is Customer Retention Important?

- Probability of selling to existing customers is **60-70%**. Selling to a new prospect is **5-20%**.
- Repeat purchases from repeat customers means repeat profits.
- It's up to 5x more expensive to acquire new customers than to turn VIP clients into repeat & loyal partners.

Method #1 The Foundation

Why do customers leave?

- 60% of all customers stop dealing with a company because of what they perceive as indifference or poor service from a company
- Customers are disappointed by product or service quality or expectations are not met
- Your business has not shown value to your customer

Method #1 The Foundation

Crucial Metrics You Need To Know

- **Customer Lifetime Value (CLV)** : Holy grail of metrics used to understand how much money a customer is likely to spend over their lifetime with your company.
- **Customer Churn Rate (CCR)**: The percentage of customers that have been lost over a specific time frame.
- **Customer Complaints**: Collecting feedback & insight into your products & services.
- **Repeat Purchase Rate**: Simple way to measure the effectiveness of customer retention tactics & strategy. It's proof that things are working or not.

Crucial Metrics You Need To Know

Easy Formulas To Calculate These Crucial Metrics

Customer Lifetime Value (CLV).

Step 1) Customer Value (CV) =

Average Order Value (AOV) x Purchase Frequency (F) x Retention Period

Step 2) Customer Lifetime Value (CLV) =

Customer Value (CV) x Profit Margin

Customer Churn Rate (CCR).

C = Customers

(#of C Start of month - #of C End of Month)

(# of C Start of month)

Repeat Purchase Rate (RPR).

**# of Customers Who Bought
More Than Once (365 Days)**

**Total Number of Customers
(365 Days)**

Crucial Metrics You Need To Know

Customer Lifetime Value Example

Customer Lifetime Value (CLV)

1) Customer Value (CV) = (AOV) x (F) x Retention Period

Average Order Value (AOV) = Divide Company's Total Revenue for 1 year by # of Orders in the Year

Purchase Frequency (F) = Divide # of Orders in the Year by # of Unique Customers that Purchased

Retention Period (RP) = Average Out How Many Years A Customer Stays With Your Business & Keeps Buying From You

Example Company: Revenue = \$1,600,000 ; Total # of Orders = 1,920 ; # of Unique Customers = 1,152; Average Retention Period = 2 Years

\$833.33 (AOV) x 1.67 (F) x 2 Years (RP) = \$2,783.32 (Customer Value)

2) Customer Lifetime Value (CLV) = (CV) x (Profit Margin)

\$2,783.32 (CV) x 50% Profit Margin = \$1,391.66 (CLV)

Crucial Metrics You Need To Know

Customer Churn Rate & Repeat Purchase Rate Example

Customer Churn Rate (CCR)

(50 Customers Start of Month - 42 Customers End of Month)

(50 Customers Start of Month)

= 0.36 or **36% Churn Rate**

Repeat Purchase Rate (RPR)

(60 Customers Who Bought More Than Once in a Year)

(150 Total Customers in a Year)

= 0.40 or **40% Repeat Purchase Rate**

Method #1 The Foundation

Make it easy on yourself.... Use the PARETO PRINCIPLE

- About 20% of customers bring in 80% of revenue
- Not all customers are created equal
- Prioritize who your VIP clients are and use retention tactics on them first
- Segment your customer list and apply the **R-F-M Rule**
- Check customers that have bought most **RECENTLY**, bought more **FREQUENTLY**, and spend the most **MONEY**
- Flag these customers in a separate system and nurture these clients using retention tactics such as: giftology, rewards, awards, high value giveaways, monthly industry insights, forecasting, & personalized support

Method #2 Reduce Customer Effort

In this industry customer effort remains far too high. The bottom line is, if your organization is not focused on removing obstacles to resolve customer issues or effort, revenue & future business will suffer.

How to Reduce Customer Effort?

- Identify & Eliminate 8 Wastes Your Customers Face
- Create a Customer Journey Map
- Understand Your Customer's Problems

Method #2 Reduce Customer Effort

Create a Customer Journey Map

- A customer journey map is a diagram that shows the steps & touch-points your customers go through with your company
- Tells the story of the customer's experience
- Provides valuable insights on key interactions the customer has with your business
- Gives data for you to continuously improve & perfect the customer experience
- Is pivotal to get loyal VIP customers to purchase more & more frequently from your business

Method #2 Reduce Customer Effort

How do you create a customer journey map?

1. Gather your inputs & understand four things about your customer
 - ✓ Identity – Who they are, what do they value?
 - ✓ Situation – When, where and how will your brand present in their life?
 - ✓ Motivation – Why will they interact with your brand and product?
 - ✓ Outcome – What will make them satisfied?
2. Review all customer interactions (touch-points)
 - ✓ Online Marketplaces, E-mails, Phone Calls, Website, Packaging
3. Map out the story
 - ✓ Activities, Context, Questions, Motivations, Brand Relationship
 - ✓ Map out the stages of customer progress: Customer Need, Solution Research, Purchase Evaluation, Product Usage, Loyalty
4. Map out the customer journey
 - ✓ Use swim-lanes in excel to map out all the touchpoints

Understand the Voice of the Customer

What's important to the Customer?
(in their own language)



- "I don't like to wait on hold a long time."
- "I hate getting bounced around to multiple people."
- "I want to have good customer service."
- "The reps should be friendly."
- "I hate filling out this form – it takes too long."
- "I don't understand what they're asking for."

How are we going to measure our ability to satisfy what the customer wants?



- Hold time (goal = less than 1 minute)
- % of customers routed to the correct person the first time (goal = 100%)
- % of customers surveyed replying "satisfied" or better (goal = 99%)
- % of customers greeted by name; % of customers not interrupted when talking (goal = 100%)
- Form completion time (goal: less than 10 minutes to complete)
- % of the form users who understand the instructions on the form without having to ask for clarification (goal: at least 90%)

Method #3 Deliver Customer Delight

Customer success is all about helping customers see your product or service as valuable enough to help them achieve their goals. So think of delight like this: How can you provide WOW service to your customers? What can you give them? How can you educate them?

How to Deliver Customer Delight?

- Create customer service champions
- Use the power of reciprocity
- Create a loyalty program for VIPs
- Deliver exceptional quality

Method #3 Deliver Customer Delight

"Customer service shouldn't just be a department, it should be the entire company."

- Tony Hsieh

- Customer service champions take compassion & customer care to another level; they put the needs of customers first & aim to improve customer experience at each phase.
- Building a team of customer service champions instead of "sales" or "support" will spark the change you need to build fierce loyalty.
- Empower these customer service champions to have the freedom in helping customers in any way possible. This will help double your retention rate.
- Look at Trader Joes & Zappos

Method #3 Deliver Customer Delight

How to be a customer service champion?

- Practice Patience - Understand the addictive nature of anger, irritation, and outrage. Pay attention to when irritation / pain starts & correct your course before it's too late. Control your self talk
- Increase Responsiveness - Return calls, e-mails, and texts within the day. Analyze data & find peak times customers need help. Once this is done automate your support & resources to cover these peak times.
- Always Follow Up - Even if the customer is happy with your response to an issue
- Develop Clear Communication - Deliver the most important info first. Order info & steps in chronological order. Keep instructions simple.
- Use Positive Language Patterns- Catch negative language like "can't, don't, I don't know, please calm down" with positive language.
- Empathize with your customers.

Method #3 Deliver Customer Delight

The psychology behind the principle of RECIPROCITY is powerful. It speaks to the human need (and tendency) to want to give something back when acts of kindness are received.

- As businesses it's your job to build balanced relationships / partnerships with customers & stop thinking of customers as transactions.
- **Surprise Reciprocity:** a surprise gift or gesture. An example of this would be when your company sends over tickets for a game the day of or when a goal is achieved earlier than anticipated..
- **Trumpeted Reciprocity:** is when you are going above and beyond. It doesn't mean you document and put all the great things you do in a monthly report, but it is obvious to the customer that what you are doing is outside the normal scope of the relationship.

Method #3 Deliver Customer Delight

One of the wisest ways to foster customer loyalty and retention is by providing even more value to them -- and this can take the form of a customer loyalty or rewards program.

- Valuable content, purchase discounts, loyalty bonuses, forecasting, and rewards for customer referrals are simple customer retention tools that can go a long way towards fostering loyalty
- Having a loyalty program can give Aerospace companies the edge from their competitors

Method #3 Deliver Customer Delight

**"Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution."
– William Foster**

- A focus on high quality is the key to surpassing satisfaction and entering the realm of delight.
- If quality isn't met, your customers will quickly drop you and look for alternatives.
- Having high quality builds your company's reputation

Method #3 Deliver Customer Delight

The Kano Model



Method #4 Build Iconic Brand Value

If you don't do a good job specifying value for your customers, they will leave.

Customer Centric Principles for Value

1. Create value in the eyes of the customer.
2. Identify the value stream & eliminate waste.
3. Make value flow consistently.
4. Involve & empower employees to provide value.
5. Continuously improve in pursuit of perfection.

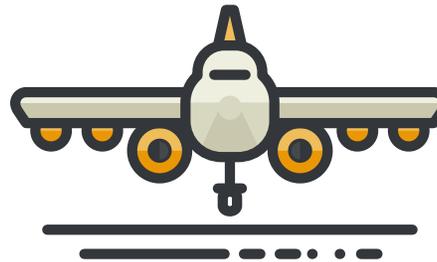
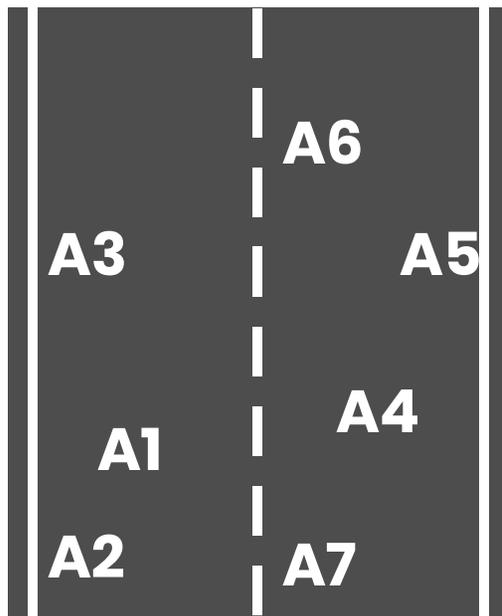
What is Value for Customers?

- Value for money, price, cost, competitiveness
- Customer Service
- Quality, Reliability, Accuracy
- Clear Communications & Expectations
- Reduced Customer Effort

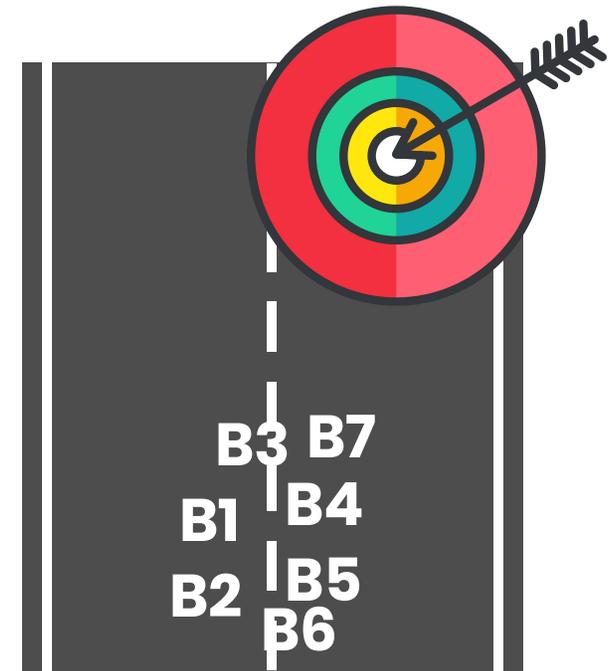
Method #4 Build Iconic Brand Value

The Effect of Variation: You Choose The Pilot
Pilot A met the requirements. Was that good enough?
Seven landing points, similar conditions, two pilots

Pilot A



Pilot B



Method #4 Build Iconic Brand Value

When you successfully create a connection with your customers and employees, many of them might stay loyal to you for life. But achieving that connection is not easy. The companies that succeed are ones that have an inspiring mission & a strong purpose.

What Is Your Company's Purpose?

- If your company has a purpose it serves, it will inspire customers & employees to join it and follow its work, because they will feel like they are a part of some bigger project and bigger picture.

Method #5 Aerospace & Defense



Aerospace is an industry where having a loyal customer base of VIP clients will be the determining factor of a company's success

- Competition is so fierce in this industry that you cannot afford to have your loyal consumer base take their business elsewhere.
- You need to use tested tools and tactics on a regular basis to become more profitable and retain your most important customers.
- It should be a win-win situation for both parties.

Method #5 Aerospace & Defense

Aerospace & Defense Customer Loyalty Depends On How You Can Help Them Manage Their Risks

4 Key Risk Categories in Aerospace and Defense

- **Financial Risks** due to price increase and changes in geopolitical economic environment
- **Regulatory Compliance Risks** due to constant oversight of FAA and other regulatory agencies
- **Strategic Risks** due to competition in the market, investors and M & A
- **Operations Risk** due to many factors such as employee attrition, retention, supply chain, performance, cyber-security and innovation

Quick Tips For Aerospace Customer Retention

- Communicate constantly with your customer
- Educate the customer on industry trends
- Set up a system to forecast your customer's demands for your product
- Set up a system to understand your customer's needs and always fill their need
- Become the most valuable long term and dependable partner

Quality – Dependability – Service

HOW TO BUILD CUSTOMER RETENTION & FIERCE LOYALTY

*Tried, Tested,
& Proven
Methods.*

Quick Recap of Everything

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5. Method Five: Aerospace

Aerospace specific retention techniques.

Customer Retention Secrets for **Aerospace**

What are the next steps?

1. Keep your Lean QA skills portfolios & refer back to this value packed course regularly
2. Start implementing customer retention strategies & see how quick your business grows
3. Stay on the lookout for more in person courses & workshops from Lean QA --> www.LeanQA.com
4. Check out our online webinars & courses on our platform Lean Hustler --> www.LeanHustlers.com
5. Don't forget to stay after the workshop to get access to your **Bonus: The Customer Journey Map –Template.** You can download this & use it right away.

Customer Retention Secrets for Aerospace

Thank You!

We appreciate your support & we hope you enjoyed & gained value from this workshop. Enjoy the rest of the conference!



Satisfaction is a rating.
Loyalty is a brand.

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Lean QA
Experience Excellence