



## CFI Group **Insights** for Spring 2008

Welcome to the winter 2007 issue of CFI Group Insights.

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### CFI Group Celebrates 20th Anniversary with Appointment of New CEO

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*Managing Partner Sheri Teodoru selected to lead CFI Group as company expands services*

CFI Group announced the appointment of Sheri Teodoru to Chief Executive Officer as the company celebrated its 20th anniversary.

"We are thrilled to have Sheri Teodoru lead CFI Group in a time when companies are looking for ways to better manage their most valuable asset – the customer," said Claes Fornell, founder of the American Customer Satisfaction Index (ACSI), CFI Group chairman and author of *The Satisfied Customer*. "As a managing partner, Sheri helped companies increase revenues, stock value, and customer retention. As CEO, she will continue to firmly establish CFI Group as the market leader in strategic customer satisfaction measurement."

Sheri joined CFI Group in 2000, where she integrated customer satisfaction metrics into client organizations at strategic and tactical levels, and soon became the director of U.S. Government and financial client projects. In 2006, CFI Group appointed Sheri to Partner. In 2008, she was chosen by the international board of directors to be the new CEO. Sheri also serves on the board of directors for ForeSee Results.

"Over the last 20 years, CFI Group has transformed the way companies view and use customer satisfaction metrics," said Teodoru. "Measurement alone is not enough to guarantee success. Companies need a strategic measurement system to identify critical satisfaction initiatives, and only CFI Group has the proven methodology of the ACSI to make meaningful improvements to ROI."

Sheri's 22 years of experience began at the University of Michigan, where she graduated at the top of her class. She completed her MBA with Honors at the University of Chicago. Over the next 11 years, Sheri worked for Kraft Foods, Quaker Oats, and eventually became the head of the Kolkraft Enterprises Marketing department as director of market analysis, new product research, package development, and advertising.

## Customer Satisfaction Falls Again; Expect Weak Spending and Stiff Competition

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The American Customer Satisfaction Index (ACSI) dropped 0.4% in the fourth quarter of 2007 to 74.9, the lowest score of the year.

Consumer spending growth slowed in the fourth quarter as predicted by third quarter ACSI results. Combined with rising levels of household debt, unemployment, record fuel prices, and a slumping housing market, a second consecutive drop in customer satisfaction is likely to pose even more challenges for consumer spending growth this quarter.

"Falling customer satisfaction has a dampening effect on consumer demand, and household debt to income ratios affect consumers' ability to spend," said Claes Fornell, head of the ACSI and author of *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*. "Both are moving in the wrong direction, brewing up a double-whammy that may hit the economy hard. In such an environment, customer satisfaction becomes even more important because satisfied buyers tend to reduce sellers' cash flow volatility."

Customer satisfaction with health insurance, life insurance, department and discount stores, e-travel, and gas stations declined by an average of 1.4%. Although satisfaction is down overall, results at the company level are mixed. Forty-four percent of companies improved, but not by as much as declining scores dropped.

"In an economic downturn, competition for buyers gets more fierce," explained ACSI expert, Sheri Teodoru. "Companies with high customer satisfaction will be better protected than firms with weaker customer relationships. Satisfied customers are usually the last to leave in times of economic difficulty, and the first to come back when things get better."

## Five Rules For B2B Success

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By Phil Doriot, PhD

### 1. Get the fundamentals right.

With the ever-increasing rate of technological change, companies are more inclined to continually offer bigger, improved, feature-rich products or services, convinced that the latest and greatest will put their customer over the moon. Often times this is done at the expense of getting core service/product delivery done correctly and to client specifications. Providing product/service on time – to specifications – will win the hearts and minds of your customers every time, over giving them more than they want (or need) half the time.

### 2. Don't assume customers speak your language or understand your processes – even if they think they do.

Companies of any size have their own unique process and develop their own nomenclature and acronyms over time, to the point that many of them compile formal dictionaries of terms for internal use. Your customer may adopt some of this language, giving the appearance of being insiders to your company. Remember, they are customers. Their understanding of your company's world is different than yours, if for no other reason than they are outside it, not inside. They have only partial knowledge at best. Make sure communication is clear, concise, and complete. It is hard to over-communicate with a business customer.

**3. Ask for the business; when you get it, tell your customer what that business means to your organization.**

Everyone wants to be valued – even the business customer. Make sure they understand that you want their business, are grateful for it, and will value it always. One company, a multi-national industry leader, instructs its sales force to close every customer interaction by always asking for the business and thanking the customer for their business. The simple forthright request shows that every customer is important to this company. Gratitude is a great relationship builder that benefits everyone.

**4. Be proactive when things go wrong.**

A business relationship with any volume to it is going to occasionally turn up problems. When you notice problems before your clients, alert them as soon as possible – particularly if they have a customer who is likely to complain when the problem surfaces publicly. When you reach out for your client, do so with a ready set of potential solutions that *don't involve more work for them to correct the situation for themselves or their customer*. Make their service recovery easy.

**5. Ask your customer for their feedback regarding your performance on a regular basis.**

You and your customer are in this together. Your success (or failure) is mutual. Help your customer help you by asking them for their insights and candid feedback on your performance in order to make your company a better provider for the customer. Not only does this recognize their feedback as valuable, it creates psychological investment on their part.

## Addressing Cross-Cultural Comparability in Survey Data

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Sue was the director of Asia-Pacific operations for GloboBank, a worldwide financial services provider. David was her counterpart for the Latin American region. Two years earlier, GloboBank had instituted a rigorous customer satisfaction and loyalty measurement program. In the first year, David's region earned the highest scores while Sue's region received the lowest. In the second year, David's scores declined a bit but were still by far the best, and Sue's scores improved but not by enough to be on par with the other regions....[ [more](#) ]