

# SAVING THE CUSTOMER BEFORE IT'S TOO LATE

## Case Study

The client is a global communications company (referred to as “The Company”) that delivers a wide range of services, including the nation’s leading wireless, high-speed Internet access and voice services, and advanced IP-based business communications. This telecommunications giant is currently expanding its services to include TV entertainment offerings for both consumer and corporate customers.

## THE CHALLENGE

The Company’s broadband offerings face enormous competitive pressure. Customer-driven commoditization of traditional broadband connectivity and the intense marketing efforts of other providers (traditional, cable, and low-cost boutiques) have triggered subscriber defections at ever increasing rates. To compound the problem, a lost broadband customer not only affects revenues for high-speed services, but also is likely to defect from an entire suite of services, resulting in lost revenue across several product lines.

Like most global companies, The Company collects massive amounts of data on its customer base. Information such as when and why a customer defects, customer lifetime value, subscription detail, customer satisfaction, buying patterns, cost of doing business, and more are collected and analyzed to some extent. The challenges The Company faced were that this data was remarkably decentralized and there was no clear path to consolidate the information into an actionable business plan that could predict, target and connect with “at risk” customers before it was too late.

## THE SOLUTION

To address this business challenge, The Company engaged North Highland consulting to help establish a comprehensive customer retention strategy that not only enhanced existing reactive efforts, but also created a leading edge proactive capability that competitors did not have. The first step in this

### THE CLIENT:

A global communications company who is a leading provider of wireless, Wi-Fi, high speed Internet and voice services.

### THE CHALLENGE:

Competitors’ products and pricing strategies for broadband services were drawing away existing customers, and the client needed to protect its customer base.

### THE SOLUTION:

- Identify a customer’s lifetime value at time of defection
- Gain a clear understanding of why and when customers defect.
- Implement an inbound and outbound strategy to retain customers

### THE VALUE:

In the first year alone, the client has seen a 25% increase in retaining customers who had called in to disconnect service and will save an additional \$22M by reaching out to customers who were likely to defect.

process was to understand the customer's lifetime retained value to the business unit. For a subscription-based service, this included defining the expected tenure "after the save" instead of the average expected tenure at initial sale. Defining the lifetime retained value for each customer served an essential function: It created the central measure of success for the project. The next step was to develop a deep understanding of why customers defect. Using customer observation data, North Highland was able to develop a clear view into why customers were defecting and what The Company could do to change their minds. What followed was a comprehensive Reactive and Proactive approach to curtailing customer exits.

### REACTIVE

Working with The Company, North Highland recognized that the inbound retention channel would be the last opportunity to change customers' minds. In this channel, specialized agents could present customers with unique offers and promotions designed to retain their business. North Highland demonstrated that this channel required a different model than traditional service centers and designed specialized tools, training programs and incentives to support retention work. North Highland's metrics demonstrated that true impact was not in short-term "saves" but in resolving customers' root problems measured by long-term retention. To this end, North Highland designed and implemented a workflow/offer management tool that matched specific churn intervention tactics with unique customer needs and values.

### PROACTIVE

Not content to wait for customers to call and defect, North Highland and The Company then worked together to create a dedicated proactive retention team. This team used a Predictive Retention Model to proactively reach out to at-risk customers and resolve their problems. Understanding the limitations of typical predictive models, North Highland implemented a hybrid model that scored both dynamic and static factors and provided near real time intelligence of customers' likelihood of defection. The final output was a turnkey solution that empowered agents to connect with the customers in a targeted prevention campaign.

**EARLY RESULTS  
DEMONSTRATE  
A 600% ROI AND  
PERFORMANCE ON  
TRACK TO EXCEED A  
NET TARGET OF \$22.3M  
IN THE FIRST YEAR.**

## THE VALUE

The results were phenomenal! Working with North Highland's full-scale customer churn model, The Company was able to sustain a 25% performance increase in its Reactive retention center during the 12 months of the project. This equates to over \$11.3M in first-year revenue and a lifetime impact of nearly \$24M! The Proactive initiative was equally successful, with early results demonstrating a 600% ROI and performance on track to exceed a net target of \$22.3M in the first year! Just as important, The Company now has highly specialized retention agents who know how to change the customer's mind... before it's too late.

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## ABOUT NORTH HIGHLAND

North Highland is a global management consulting firm that delivers unique value, relevant big ideas and strategic business capabilities to clients around the world. The firm solves complex business problems for clients in multiple industries through an integrated approach and offers specialty services via its Data and Analytics, Managed Services, and Sparks Grove divisions. North Highland is an employee-owned firm that has been named as a "Best Firm to Work For" every year since 2007 by Consulting Magazine. The firm is a member of Cordence Worldwide ([www.cordenceworldwide.com](http://www.cordenceworldwide.com)), a global management consulting alliance. For more information, visit [northhighland.com](http://northhighland.com) and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).