Religence® Value customer relationships. Drive profit.

Religence Framework for CRI (Customer Relationship Intelligence)

Developing a relationship is a give and take—between the company and its people and the customer and within a Community of company stakeholders-- that moves a relationship forward or backward. You can anticipate what the customer experience is likely to be. Map how value is created—or destroyed—to optimize the customer relationship process. Then build intelligence into the process and embed it in a CRI Tracking System to measure and manage the customer experience interaction by interaction—what you DO, what they DO—as the relationship develops.

Interactions with customers are the essence of strategy execution and value creation. By knowing what happens, you can gain relevant intelligence about your relationships with customers, tied to profit. You can take real-time operational control for profit and advantage.

The intangibles that are the real drivers of enterprise value are the most difficult to measure and manage. A consequence has been the 80-20 rule of management, i.e., managers have tended to spend 80 percent of their time managing factors that are responsible for 20 percent of the value of the enterprise. We are now witnessing a revolution in management practice that will be the hallmark of the future winners: metrics and systems that focus on designing and managing value creating organizations. The Religence Framework for Customer Relationship Intelligence and metrics have the potential to meet this need in the critical domain of customer relationship management.

►Michael M. Mann, PhD
Chairman, EnCompass Knowledge Systems, Inc.
Adjunct Professor of Industrial and Systems Engineering, USC

Table of Contents Page

1. High-Level Overview: Why You Should Care

The Religence Framework for CRI (Customer Relationship Intelligence) is a new unifying FRAMEWORK to manage customer Acquisition, Closing, and Retention as a continuum across the entire customer lifecycle. It establishes consistent, unifying customer relationship METRICS to track cause-and-effect. It embeds a deliberate, systematic Customer Relationship PROCESS in a CRI Tracking System, using the unifying framework and the metrics, to build profitable customer relationships and execute strategy. It uses existing technology systems internally or on demand and builds on and improves existing methods.

The Religence Framework for CRI is a new breakthrough way to manage sales and marketing by measuring and managing—what sales and marketing and customer service have in common—the development of the customer relationship.

Our Customer Relationship Process enables real-time decision making and process improvement for people on the frontline with customers and their managers. It establishes a leading indicator for profit to improve business performance for executives.

Managing the development of the customer relationship across the continuum of Acquisition, Closing, and Retention in the context of strategy is new. Typically marketing, sales, and customer service are managed discretely as separate organizations or silos and measured on how tasks are performed, not for their part in developing the customer relationship and executing strategy. With multiple organizations like this no one is in charge of the customer relationship and thus no one takes responsibility for it.

Our unifying framework and consistent, unifying customer relationship metrics make it possible for collaboration on the development of profitable customer relationships operationally in real time using a CRI Tracking System. The operational data is tied to the individual customer where it is used for decision making and process improvement.

The data stream created for day-to-day operational feedback gets double use. It can be aggregated and used in later analysis and long-term planning. This new customer relationship data provides an actionable context to compare and contrast with the data already being stored today in data warehouses—enhancing data mining and predictive modeling. Intelligence is built into, embedded within, the process—deliberately, in advance, making it more like data farming than data mining. The Religence Framework for CRI helps the discipline of business intelligence graduate from the hunter-gatherer stage of information management to data farming.

> *We are still in the early stages of understanding and developing customer relationship metrics. Until now, these metrics have concentrated on measuring our own performance to see how well we are doing. Linda Sharp's Relationship Value metric turns this on its head with a new metric that measures our whole relationship with customers.*

►Richard Taylor, Senior Software Engineer, SenSage, Inc.
Co-Chair and Founder Business Intelligence SIG, SVForum

2. How to Profit from Operational Data in Real Time and in "Right Time"

The Religence Framework for CRI (Customer Relationship Intelligence) captures and structures important interaction data on how relationships are developed and what it costs. Real-time management and a whole new level of analysis are now possible. The Religence Framework for CRI enables the people on the frontline in marketing, sales, and customer retention (a new function) to see, right then, what is happening with an individual customer and how it compares to previously successful patterns. That allows them to make better and more profitable decisions in the moment, as they develop relationships with customers. Managers can watch what is working and how profit is being earned in real time, to make interim adjustments. Managers don't have to wait until the end of a cycle or the end of the year. The more real-time the interaction data collection is, the more real-time the management. Real-time matters operationally. Most decision support or transaction processing systems collect data for later analysis, so being real-time is not necessary or practical. Being "right-time" is good enough. The operational data from the Religence Framework for CRI is used in real time and again in "right-time" when it is aggregated with data from other systems for long-term planning.

The Interaction Process across the entire customer relationship is how strategy is brought to life, how it is executed, and how profit is tied directly to customer relationships. Interactions happen in real time. Measuring Interactions measures how strategy is working in real time in sales and marketing. It is how strategy is linked to execution.

- The data stream from the Operational CRI Tracking System contains each Interaction, its variable cost, and incremental Relationship Value. This structured data can be added, summarized, and otherwise analyzed—as contrasted with the information in traditional written contact reports. See the following example for the current state of affairs and what is possible with a CRI Tracking System.

- Real-time analysis of the data stream gives immediate feedback to the organization, with bottom-up operational control of incremental progress on strategies, enabling real-time management and real-time profit.

- The data stream drives continuous improvement in sales and marketing. Interactions found not to be productive can be removed from the system, or potentially productive new Interactions can be added. The effect on operations is immediate and universal.

- Analysis of the data stream identifies long-term productive patterns.

Creating the Interaction Record: Intelligence Built into Process

Before

Contact Report

blah blah *!!%! blah blah
blah %**! blah blah blah
blah blah blah blah blah
%%! blah blah %!!*! blah
blah blah blah blah blah blah
@!! blah blah %!@ blah
blah blah blah **!

Elapsed Time: Hours
Attitude: Grrrr
Bottom Line: Unstructured data

After

Interaction Record

	2/4/01	A4-1 Monthly Email Tip		5.040	$ 54.00	
Npatel	2/4/01	C3-8 Follow Up Meeting Initial Proposal	C3-8t WANTS A CONTRACT	5.000	$ 50.00	The kicker was our track record and comfort level.
Npatel	2/1/01	C3-7 Follow Up Initial	C3-7l Set Follow Up Meeting	4.999	$ 1,599.00	Needs others to agree.
Npatel	1/25/01	C3-4 Thank You For Initial Proposal	C3-4a Thank You Note	4.999	$ 1,589.00	

Who When What Value Cost Notes

Elapsed Time: Minutes
Attitude: Got the picture
Bottom Line: Valuable data stream

It's a toss-up who hates contact reports most—the people who have to write them or the people who have to read them! Forget trying to analyze this unstructured data. Some companies are so disgusted with them, that they don't use them at all, and then they know even less about what is going on. Other companies are resorting to trying to record conversations with customers for later analysis. A CRI Tracking System makes the job easier, not harder, with much fewer notes to take or interpret.

The CRI Framework provides a structure for concepts that have never been properly organized. Through this framework, organizations will be able to leverage existing metrics in ways not previously possible without many years of research and refinement. Specifically, providing a structured methodology for the integration of user behavior, clickstreams, and customer satisfaction will make those who adopt more agile, competitive, and customer-focused.

►Cameron Turner, CEO
ClickStream Technologies

*3. **Operational CRI Tracking System***

The core CRI Tracking System software is simple and easy to deploy. Technology is not the issue. Technology is not a panacea for being intelligent about customers.

- Think of the myriad systems used to keep track of customer activities in myriad functional departments making it hard to see underlying, cross-functional issues like profit and relationships.
- Think of data warehouses chock-full of data to be mined. But no amount of data mining and predictive modeling can make up for data not being collected or data that is not categorized and valued in the first place.
- Think of recognition software “listening” to customers and trained to care primarily if the customer makes unhappy noises—instead of noting the patterns that made them happy, got them to repeat their purchase, or make a referral.

Customer intelligence takes people and process, not just technology. What is needed is intelligence, built into the process and then tracked with an operational system in real time. With a CRI Tracking System in place, technology and cross-functional process can take supporting roles, and people can take the starring role.

System Configuration and Deployment: The core CRI Tracking System can be deployed on demand or internally in your existing applications or those of a preferred software partner. Extensions customize it to your situation. The Religence CRI Team can help you map the process and then configure and deploy the core system. Configuring the core CRI Tracking System itself is straightforward. It involves customizing a few fields and dropdowns. This simple customization is done for every segment it tracks.

Segments: An Enterprise CRI implementation could have hundreds if not thousands of segments where a SMB vertical like our professional services firm could have only one. The same core Religence Framework Operational CRI Tracking System does them all, which keeps it simple and easy to deploy. Segments in Enterprise CRI are each sales channel/product group/customer segment with potential for profit improvement. *(This is the smallest unit for effective action—it is where the action is with customers and where relationships are formed.)*

In Enterprise CRI the real-time operational results from all the segments roll up to Business Units and on to the Enterprise for consistent, coherent management. The unifying FRAMEWORK, METRICS, and PROCESS are the same for any of these segments.

In the core system Social CRI Communities are integrated into these Enterprise CRI segments. A Social CRI Community could relate to dozens of Enterprise CRI segments. In an extension Social CRI Communities and/or their initiatives could be tracked separately. Then, if initiatives are tracked separately in the Social CRI Community, the real-time operational results from all the initiatives roll up into the Social CRI Community. *(See page 8 for more on core system extensions.)*

What changes from segment to segment or initiative to initiative are the Interaction choices in the Interaction Process Flow, the contact list, and a user directory.

Interaction Process Flow: What makes it possible for one core system to track literally thousands of segments is that an Interaction Process is detailed for each segment in Enterprise CRI. An Enterprise CRI segment, as just mentioned, is a sales channel/product group/customer segment with profit improvement potential. The Interaction Process across the entire customer relationship is how strategy is brought to life, how it is executed, and how profit is tied directly to customer relationships. There is a Customer Relationship Strategy for each segment.

The unifying FRAMEWORK, METRICS, and PROCESS are the same whatever segment is being tracked. As noted, what changes are the Interaction choices in the Interaction Process Flow. They are informed by our Interaction Database and customized to carry out the Tactics to execute the Customer Relationship Strategy for each. The Interaction possibilities are pre-determined and their variable cost and their Relationship Value are pre-assigned. The detailed configuration, called an Interaction Process Flow, is a table in a database, which configures and then drives the CRI Tracking System, creating the Interaction Record.

Interaction Process Flow Configuration Data *(For each Segment or Initiative being tracked)*	Interaction Record Data Stream *(For each Individual Contact being tracked)*
Stage Code *(Acquisition, Closing, Retention)* Tactic Code Interaction Code Response Code Stage/Tactic/Interaction or Response Name Go to Level *(1-12 in the Stages)* Relationship Value *(Specific to that Interaction-Response pair)* Interaction Cost *(Specific to that Interaction-Response pair)*	Date User Stage Code *(Acquisition, Closing, Retention)* Tactic Code Interaction Code Response Code Stage/Tactic/Interaction or Response Name Notes *(Very few will now be needed.)* Level.Relationship Value Relationship Value *(Specific to that Interaction-Response pair)* Interaction Cost *(Specific to that Interaction-Response pair)*

In the core system Social CRI Communities are considered Tactics and are integrated into each Enterprise CRI Segment Interaction Process. Community Tactics operate in each of the Acquisition, Closing, and Retention Stages. It is coded as a separate Tactic in each Stage so it is easy to track the distinctly different types of Community Interactions in each Stage. Many of these Interactions could be related to specific Community Initiatives. An initiative in a Community could be a product development initiative, for example, or a mutual support initiative or one to evangelize the company or the company's offering. The core system could also be used just to track a Community or a single Community initiative and built out from there—to the entire Community or the Enterprise.

The Religence CRI Team can help map the process, detail the Interaction Process Flow data, and then use the Interaction Process Flow data to configure the CRI Tracking System.

There are **two basic steps**:

High Level Process—Religence Planning Methods and Tools

Tactical Plan Overview	Value Stream Map	Strategy Decision Model
Outline tactics needed in the Acquisition, Closing, and Retention Stages to carry out the Customer Relationship Strategy.	Map how tactics work together within and between Stages. Determine setup, fixed, and variable cost budgets per tactic. Anticipate conversion and retention rates per Stage.	Conduct "what ifs" to test the customer relationship strategy for profit potential. It is informed by the data from the Value Stream Map. It includes a Social Tactics Model.

Detailed Interaction Process—Religence Strategy Execution Tools

Social CRI→CRI Interaction Database	Value Creation Map	Scenario Test System
Resource to help detail the Interaction Process Flow--to anticipate Interactions needed to execute the tactics and to pre-assign Relationship Value Units and Interaction Costs to each Interaction.	Map Interaction Process Flow for Critical Interaction Processes such as the hand-offs to and from Sales or when a customer becomes unhappy. Informs the overall Interaction Process Flow.	Load the Interaction Process Flow file into the CRI Tracking System to configure it specific to each segment. Use the CRI Tracking System to conduct "what ifs" to test the overall Interaction Process Flow.

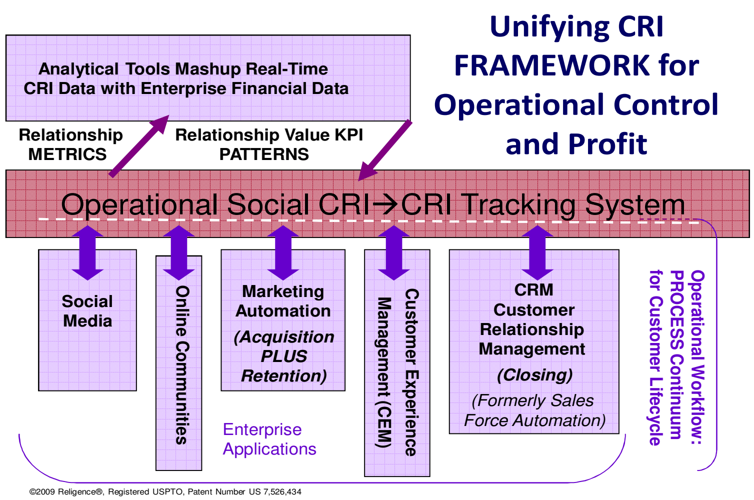
Once the Strategy Decision Model gives the go-ahead to a Tactics Plan, the Tactics Plan guides the development of a detailed Interaction Process. The Interactions are customized to the Customer Relationship Process needed to execute the strategy the CRI Tracking System is tracking. Our Interaction Database serves as a CRI Benchmark and Standards to aid the customization. The Interaction Process Flow includes codes for the User, codes and descriptions for the Stage/Tactic/Interaction-Response pair, a schema that delineates when an Interaction triggers a change in Levels within the Stages, both a pre-assigned Relationship Value Units and a pre-assigned Interaction Cost for each Interaction-Response pair *(The pair is called just an Interaction for simplicity.)*

(See Section 6 for more information on the Religence Framework Planning Methods and Tools and our Strategy Execution Tools.)

Core System Extensions: The core Religence Framework Operational CRI Tracking System can stand alone. But in an Enterprise environment and especially where there could be dozens upon dozens of extensions, it may be more appropriate to build the core either along side of, or on top of existing systems, to augment them, to tap into them and to extend their usefulness. There are two kinds of extensions—Religence Framework Extensions and External Extensions for Data/Tools including extensions for Customer-Facing and Community Systems, Analytics, Location Tools, Social Media, Email, Voicemail, and Mobile platforms. Here's a look at Customer-Facing and Community Systems extensions, for an example.

Customer-Facing and Community System Extensions: The Operational Social CRI→CRI Tracking System can ride on top of existing Customer-Facing and Community Systems, becoming part of the operational workflow. It collects Interaction data for each Individual Contact from all the systems. Each system is tracked separately and the Interaction Records consolidated to show one view of the Individual Contact within the Enterprise CRI Segment. The combined CRI Data can mashup in real time with Enterprise Financial Data. Key Customer-Facing and Community Systems include, but are not limited to

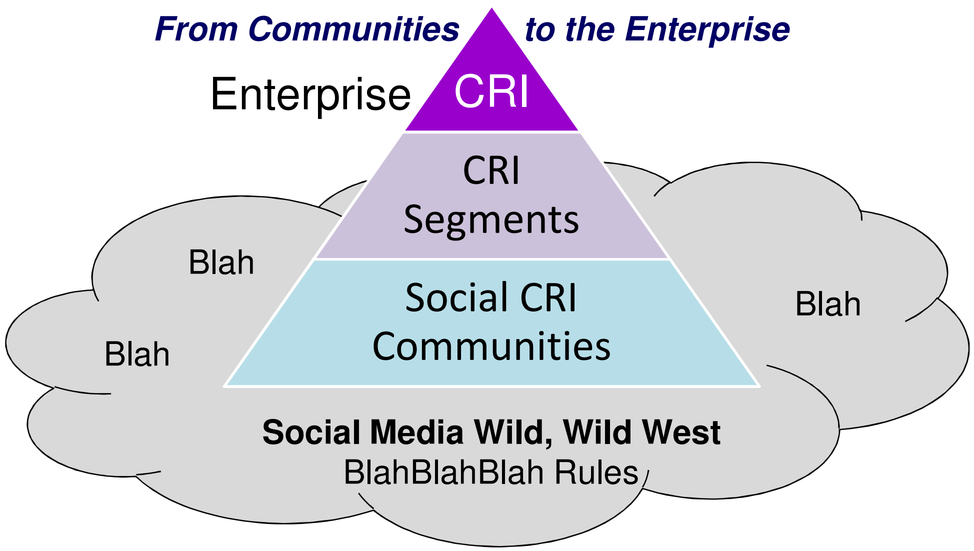
- Social Media
- Online Communities
- Marketing Automation
- Customer Experience Management (CEM)
- CRM (Customer Relationship Management)



The Operational Social CRI→CRI Tracking System becomes part of the workflow of the Customer-Facing and Community Systems it rides on top of. Business rules make the integration of the Interactions collected in each system into the CRI Tracking System seamless. It merges into the Individual Contact's Interaction data across the Acquisition/ Closing/ Retention continuum as if it had been collected by only one system instead of dozens or hundreds. Where the Interactions are unstructured, or only partially structured like the Activity Streams coming off collaboration tools used in Enterprise 2.0, business rules convert the Interactions to a structured data stream. Although not shown in the visual, CRI could be built into collaboration solutions, which then ride on top of existing systems to enable them to integrate at the data level, too.

In addition to tapping into the Interaction data already being collected in these Customer-Facing and Community Systems, there are extension opportunities from features already built into these systems that could be taken advantage of without needing additional software.

Unifying CRI Framework, Consistent Metrics, and Deliberate, Systematic Process



31

Social Media and Communities are driving the integration of Marketing, Sales, and Customer Service silos. That reality--and that many of the Interactions are already digital--makes measuring and managing Communities a logical place to begin using the CRI FRAMEWORK, METRICS, and PROCESS.

Inside Communities there is structured data for real-time operational control. Outside the boundaries of the Communities, the Social Media Wild, Wild West reigns—to be influenced, but not controlled. Communities can be major influencers of outside sentiment. Enterprise GOAL: Expand reach and influence of Communities.

Communities can be tracked separately; Stakeholder Community Initiatives can be tracked separately; or Communities can be integrated into each Enterprise CRI sales channel/product group/ customer segment and tracked that way. There are many ways to approach this—as many as there are Enterprise CRI Segments.

If you start with Social CRI and track a Community or Community Initiatives, a natural next step is to narrow the focus to a sales channel/product group/customer segment with profit improvement potential within Enterprise CRI. As noted, this is the smallest unit for effective action. It is at this level that relationships are made and the people who make them are managed. The focus narrows, but the PROCESS expands beyond Communities to other tactics in each Stage for the customer segment.

The graphic shows how Social CRI for Communities leads to Enterprise CRI. Both Social CRI and Enterprise CRI use the same FRAMEWORK, METRICS, and PROCESS, making the handoff seamless. These can be integrated as they are in the core system so a separate system is not needed for the basics. Or as an extension Social CRI Communities and Enterprise CRI can run as separate systems and be integrated at the data level through the core system overlay just as other customer-facing systems are

A Social CRI Community can be either a 3rd-Party Community or a Stakeholder Community. A 3rd-Party Community can be either a media company or a niche marketer that collaborates with marketers in Stakeholder Communities, becoming part of their workflow. Stakeholder Communities are composed of people who are interested in the Enterprise and who have been drawn into the

Stakeholder Community—some of them from those 3rd-Party Communities. These people are Suspects, Prospects, Customers, Employees, Partners, Suppliers, Influencers, or Interested Parties. It is really important to draw people into a Community sponsored by the Enterprise. There the relationship development process can unfold using the Enterprise's technology, not the technology controlled by others in the Social Media Wild, Wild West.

Both 3rd-Party and Stakeholder Communities can become part of the workflow of the sales channel/product group/customer segment. The core system integrates the relevant Community workflow specific to the Enterprise CRI Segment. So you can approach an implementation from the Enterprise CRI perspective or a Social CRI perspective.

Each Individual Contact could be in one or hundreds of CRI Segments unique to the Enterprise. Those CRI Segments could operate in one or many of the Stakeholder Community Initiatives and in one or more 3rd-Party Communities. In an extension the Interaction Records could be linked. *(You absolutely need a computer to keep this all straight! Fortunately, computers love it.)*

> *Linda Sharp's approach to measuring the value of each individual customer relationship puts a framework around what we all know we should do, but didn't know how to do until now. The real gem in Customer Relationship Intelligence is that, by knowing where we stand with a customer in real time, we will be able to proactively and cohesively deliver on the promises we make. For many corporate executives, this eliminates a major excuse for not delivering great customer experiences every time.*
>
> ►Sharon Oatway, President & Chief Experience Officer
> VereQuest Inc.

4. Operational CRI Tracking System Intelligence

1. Basic Operational Questions to Answer

Real-Time Operational Control for Frontline Staff & Managers:

- What is happening, where, when? For what effect?
- At what variable cost?
- What is happening in Communities, specifically?
- Where are the problems areas?
- What's going well?

The intelligence that follows answers these questions for Frontline Staff in Marketing, Sales, and Customer Retention and their Managers. Customer Retention is a new function that greatly expands upon Customer Service and makes it a profit center. Communities are critical tactics for Retention and to win in the Social Media Wild, Wild West.

Data in the tables changes in real-time. An extension could compare one period to another.

Basic Operational Intelligence

Status
- Individual
- Aggregate
- Community

Interaction Cost

Activity
- Business Development Perspective
- Community Building Perspective

The Customer Relationship Intelligence Framework is a unique and practical method for frontline employees to improve individual customer profitability and retention. Sales, customer service, and marketing professionals are empowered through the CRI Framework to make an ongoing impact that is readily visible and highly appreciated by executives. This fully customizable solution is a proactive customer advocacy method and an important component of customer experience management.

►Lynn Hunsaker, President, ClearAction, LLC
Past President, Silicon Valley American Marketing Association

2. Advanced Operational Questions to Answer

Real-Time Operational Control for Frontline Staff & Managers:

- What is happening right now with customers? At what cost? For what effect?
- How does the customer experience compare to previous successful patterns?

- What is best to do next to develop the customer relationship?
- What is the most profitable action to take?
- How well is this strategy working in real time?

The intelligence that follows answers these questions for Frontline Staff in Marketing, Sales, and Customer Retention and their Managers in real-time. Customer Retention is a new function that greatly expands upon Customer Service and makes it a profit center. The intelligence is visualized in our Customer Relationship Wings model. The model puts the traditional sales and marketing funnel together with the new retention “funnel” for a more complete picture of how most companies actually develop revenue and profit. For a successful transformation of a suspect to a prospect to a customer who is a partner, both wings need to be engaged and strong.

With the intelligence Frontline Staff and Managers can see what is happening operationally with an Individual Contact and how it compares to previously successful patterns across the “wings” in the Acquisition, Closing, and Retention continuum. The intelligence guides them to make better and more profitable decisions in the moment, as they develop relationships with customers. Managers can watch what is working and how profit is being earned in real time, to make interim adjustments to optimize customer outcomes. Managers don’t have to wait until the end of a cycle or the end of the year. The more real-time the interaction data collection is, the more real-time the management. Real-time matters operationally.

Advanced Operational Intelligence

Relationship Cause-and-Effect
- Individual
- Individual to Aggregate

Relationship Cause-and-Effect Profit

Relationship Cause-and-Effect Event
- Individual
- Performance
- Community

Attitude

Strategy Execution

Customer Relationship Intelligence brings a whole new perspective to the challenges of building and maintaining Customer Relationships and building Customer Equity. Linda Sharp takes the guesswork out of relationship marketing and brings a "new intelligence" to linking strategy to execution and profitability.

►Robert Stacey, President
Association for the Advancement of Relationship Marketing

3. ***Strategic Questions to Answer***

Strategic Operational Control for Executives:

- Where are you making more money?
- Are you growing high-value customers?
- Are Communities making a difference?
- How well are you driving profit and satisfaction?
- How can you achieve sustainable competitive advantage?
- How can you repeat success?
- Where should you focus next?

The intelligence that follows answers these questions for Executives based on real-time operational data tied to Individual Contacts and to real-time profit.

- It is the difference between looking backward as is standard practice now and looking forward with our leading indicator for profit, Relationship Value as a guide.

- The difference between making decisions based on head count and allocated costs versus putting variable costs where they belong on the Individual Contact.
- The difference between relying on what people SAY they will do looked at in aggregate instead of on what they actually DO individually.

Managing based on real-time operational data tied to Individual Contacts and to real-time profit is a huge improvement. It makes better use of resources, delivers better governance, and enables competition based on exclusive customer relationships for advantage. Of the intelligence the Leading Indicator, based on Relationship Value, is the most important. Relationship Value drives profit and customer satisfaction.

Strategic Intelligence

High-Value Growth

Priority Customers Characteristics/Attributes

Strategy Performance

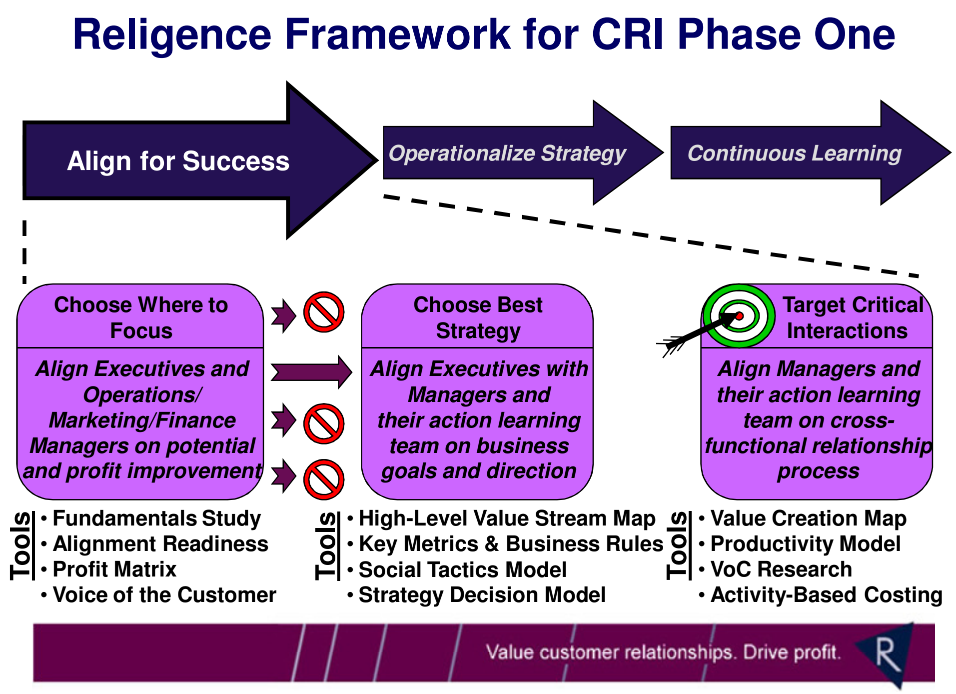
Operational Results

Leading Indicator

Today in spite of that fact that businesses have more data available than ever before, almost every business is looking for ways to quantify their performance and make sense of the data to run their business better. With this background, I naturally found Linda Sharp's innovative approach to measuring and managing sales and marketing attractive. Her focus on interactions as the atomic unit of customer relationships promises to quantify the value of interactions, and moreover to measure cause-and effect. Therefore, I quickly became convinced that her approach to sales and marketing optimization can add much value to a field that it inherently hard to quantify. She describes the framework in clear language and she stays away from rambling sentences and overloaded terminology that so often make conceptual books difficult to apply in the real world. Linda Sharp has a powerful message to share. ***Customer Relationship Intelligence*** *is a promising direction that holds much potential.*

►Tilmann Bruckhaus, PhD, Director of Risk Analytics, Eventbrite
Former Chief Architect, Data Mining and Analytics, Sun Microsystems

5. Religence Framework for CRI Phases



Religence Framework for CRI Phase One: *Align for Success*

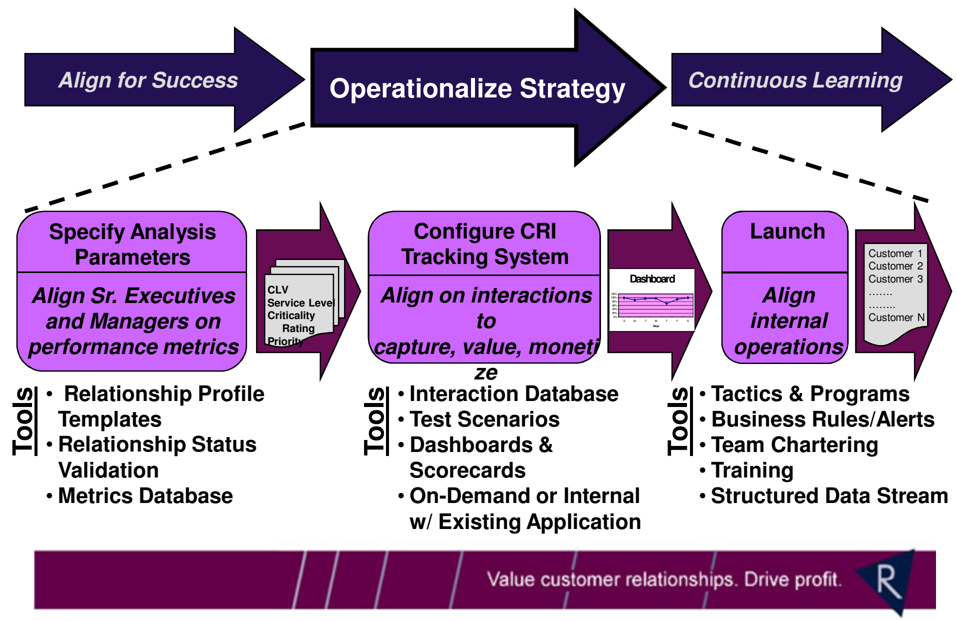
1. **Alignment Readiness Assessment:** *Quantify "what is" and stimulate ideas for "what could be" done differently with customers and in the marketplace. Identify how to strengthen readiness in terms of the market opportunity and the elements of customer value, while creating a more positive selling and retaining environment.*
2. **Customer Fundamentals Studies:** *Focus your resources on developing profitable relationships and retention. Learn how top priority customers are responding to the current market conditions--what they need, what they value--to prioritize your resource deployment. Identify the opportunities that may come from how their focus is changing.*
3. **Reality Check:** *Benchmark process, methods and systems used in planning and operations including decision-making, business processes, information systems, and incentive systems to the Religence Framework for CRI to develop more profitable customer relationships and execute strategy.*

4. **Profit Matrix:** *Find the sweet spots for profit to focus on, the duds to cull, and the hidden gems to grow, cross referencing product profitability with customer profitability in terms of total contribution. Understand the effect gaining or losing a key customer has on business profit metrics such as risk adjusted return on capital.*
5. **Voice of the Customer:** *Listen to customers. A one-on-one conversation, or interview, makes customer feedback from traditional research, online surveys, and the social networks actionable. Learn what your most profitable customers think—why they buy, why they stay or not. Orchestrate and operationalize customer feedback.*
6. **Value Creation Map:** *Identify Critical Interaction Processes and then map what the customer experiences. Engineer in what could create more value. Make sure everyone knows what to do when things go right or things go wrong with customers. Quantify critical customer and staff activities, tied to profit.*
7. **Social Tactics Model:** *Quantify social media for value in building Communities. Evaluate cost/benefit. Informs Strategy Decision Model.*
8. **Strategy Decision Model:** *Shift the focus to customer retention and align executives and managers with their group leaders in marketing, sales, and customer service as well as the staff who support them—business analysts, IT and change management professionals--at the sales channel/product group level for customer segments with profit improvement potential.*

Having worked with countless executives from start-ups to the Fortune 500 in strategic planning and leadership coaching, I know the concern these executives have for customers and the frustration many of them feel in not knowing as much as they would like about what motivates their customers. They have a similar frustration in linking their strategic plan to operational execution. Now there is a solution. I heartily endorse Linda Sharp's book ***Customer Relationship Intelligence*** *and the actionable process she describes that will allow executives to have consistent, relevant data from across their enterprise to manage in real time. She has achieved simplicity beyond the complexity that has stymied so many.*

►Marilyn Manning, PhD, CSP, CMC, CEO
The Consulting Team, LLC

Religence Framework for CRI Phase Two



Religence Framework for CRI Phase Two: *Operationalize Strategy*

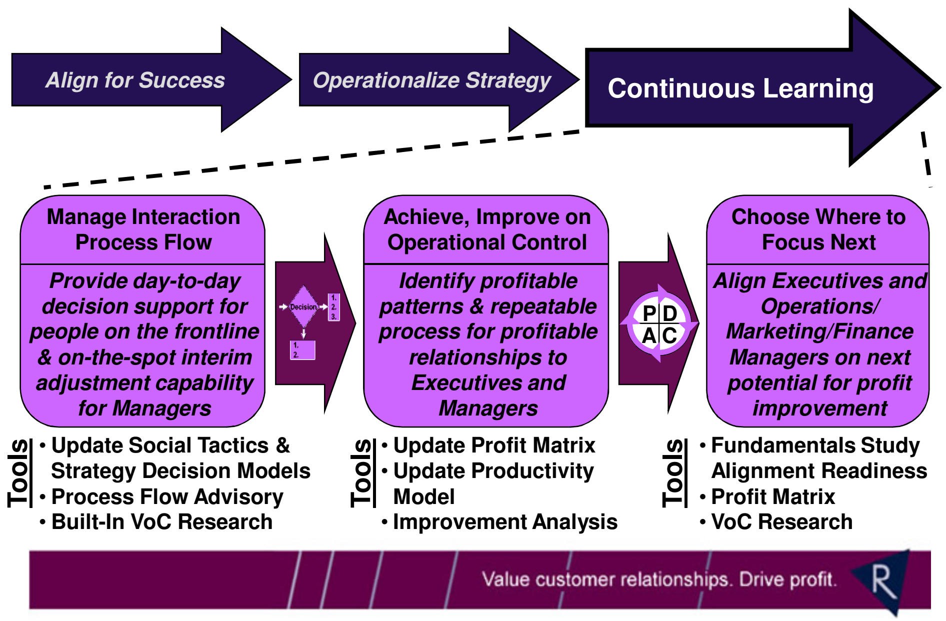
9. **Performance Requirements:** *Specify relationship metrics, profiles, business rules, alerts, dashboards and scorecards, and analysis parameters.*

10. **Operational CRI Tracking System:** *Configure the unifying tracking system either on demand or as in internal deployment on existing applications—to measure relationship cause-and-effect and to capture a real-time, structured operational data stream. Social CRI, a Community Relationship Intelligence component, with the Social Tactics Model can stand alone.*

With the Relationship Value metric, Linda Sharp has found a quantitative way for sales to give feedback to executives without being second-guessed. Her Customer Relationship Intelligence Framework reflects a great respect for and understanding of sales. She has truly made the sales job easier day-to-day.

►Alfred Dipman, Vice President North American Operations
Linkquest LTD

Religence Framework for CRI Ongoing



Religence Framework for CRI Ongoing: *Clients Benefit from Continuous Learning*

11. **Real-Time Collaboration:** *Frontline Staff knows where it is with individual customers day-to-day and is guided to make better and more profitable decisions in the moment. Managers know how well their strategy is working in real time and can make interim adjustments.*

12. **Real-Time Operational Control:** *Managers capture performance and profit patterns to repeat success and get better and better over time. Because the same FRAMEWORK, METRICS, and PROCESS are used in planning and execution and the same FRAMEWORK, METRICS, and PROCESS are used across the company, Executives and Managers have consistent Customer Relationship Intelligence.*

13. **Competitive Advantage:** *Executives and managers discover their own unique, repeatable formula to develop profitable customer relationships and achieve sustainable competitive advantage based on what is exclusively theirs—their customer relationships.*

Linda Sharp's new book is an important, leading-edge approach to a long-neglected aspect of customer retention. If America and Western Europe are to survive globalization with their middle class intact, they will have to look closely at customer relationships, which may be the central margin of profit in the future paradigm of business competitiveness, especially with high-end goods and services. American business and world commerce need a second look at customer service and perhaps a new look at the way we do business. Sharp has started us on that journey with her book which will soon be seen as the future of sales and marketing. Professionals and professors will both benefit from integrating Sharp's thesis into their practice.

►Professor Mike Whitty, College of Business Administration, University of Detroit Mercy
Director, The Future of Work Institute

6. Key Methods and Tools to Drive Profit in a New, Breakthrough Way to Measure and Manage Sales and Marketing

We use new and improved as well as proven approaches in the body of knowledge we've built into the Religence Framework for CRI (Customer Relationship Intelligence) for real-time operational control and profit.

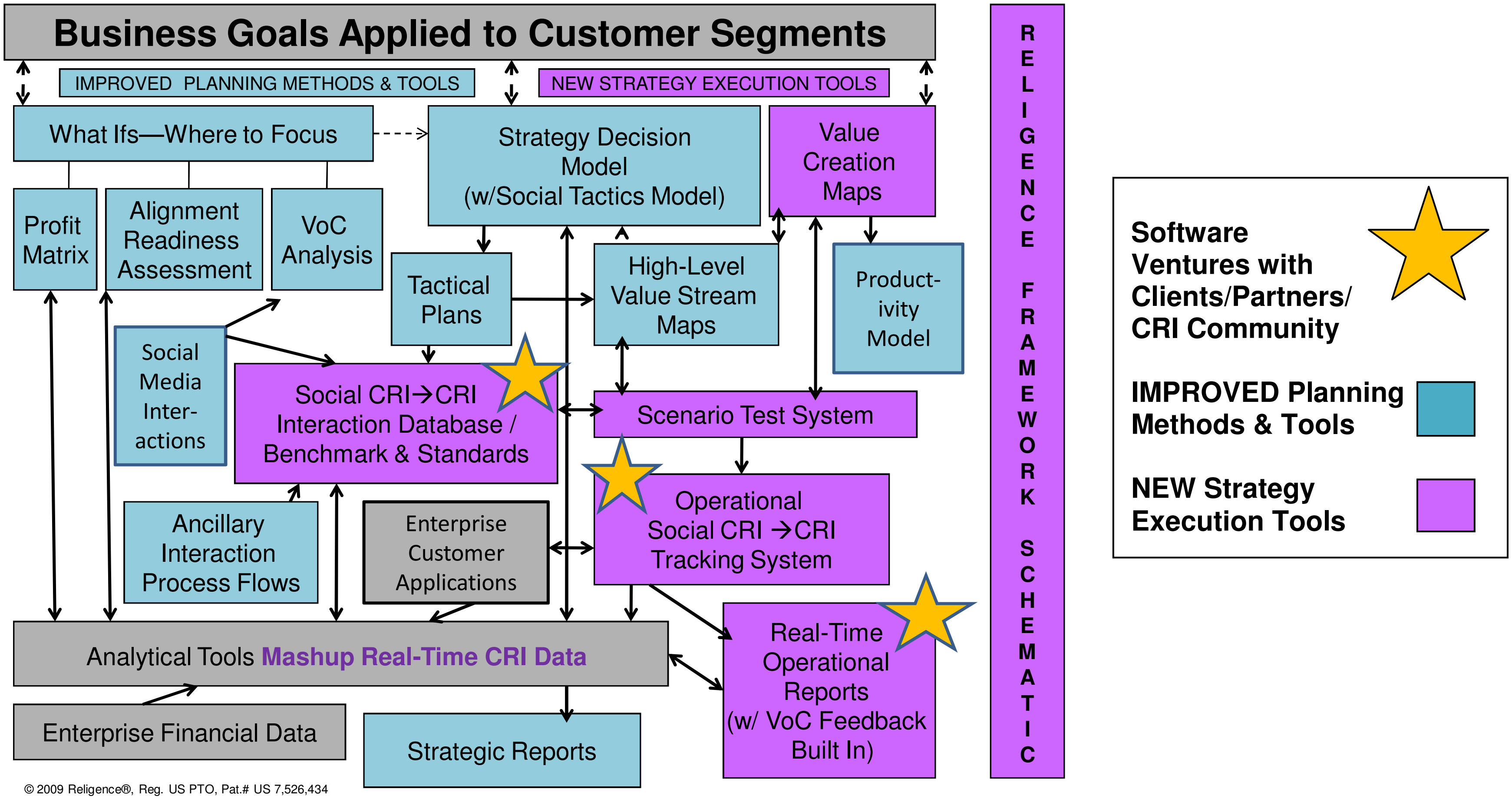
What's NEW: While the overall Religence Framework for CRI is new, many of our methods are established ones. *What's new is how we use them and how we've improved on them.* We incorporate and synchronize these methods cross-functionally and take them to a new operational level. The methods include Voice of the Customer research, value stream mapping, scenario planning, profitability segmentation, Activity-Based Costing, differentiated service rules, decision analysis, Customer Lifetime Value, data mining, predictive modeling, action learning teams, and PDCA (Plan. Do. Check. Act.).

What's NEW: Measure sales and marketing by measuring the development of the customer relationship across the continuum of Acquisition, Closing, and Retention—using customer relationship metrics to measure how the individual customer relationship moved forward or backward and what it cost.

What's NEW: Manage sales and marketing in real time for better operational control using this real-time operational data tied to the Individual Customer within a unifying framework. Real-time operational data tied to the individual is *huge*. Data in aggregate is fine for long-term planning, but not as useful for day-to-day operations except to compare and contrast. The beauty of the Religence Framework for CRI is that is collects operational data that can be used in real time, and the byproduct is a data stream that can be used for later analysis.

What's NEW: A leading indicator for profit from tracking and analyzing the customer relationship metrics tied to profit.

What's NEW: Real-time management of strategy execution and value creation with real-time profit results.



Key Tools:

Our framework also includes more than a dozen supporting software models and other tools. All of them are incredibly useful in and of themselves. Used in concert they are powerful.

1. **IMPROVED** Profit Matrix to correlate the most profitable customers with the most profitable products, in terms of contribution to profit, to identify segments with high potential for high-profit growth, improved over other approaches by separating highly profitable franchise customers from other profitable customers. Another improvement is updating the

Profit Matrix with variable costs tied to Individual Customers as strategy is executed. This variable cost data is collected in the Operational CRI Tracking System automatically.

2. **IMPROVED** Alignment Readiness Assessment to quantify “what is” and stimulate ideas for “what could be” done differently with customers and in the marketplace. It identifies how to strengthen readiness in terms of the market opportunity and the elements of customer value, while creating a more positive selling and retaining environment.

3. **IMPROVED** Strategy Decision Model to determine the strategy with the greatest profit generation potential within segments with high potential for high-profit growth, improved over other approaches by taking a customer relationship perspective across the entire customer lifecycle. It includes a Social Tactics Model to quantify social media for value in building Communities and perform a cost/benefit analysis. The Social Tactics Model can be used as a standalone.

4. **NEW** Value Creation Map methodology to map the customer experience in Critical Interaction Processes relies on CRI principles and builds on High-Level Value Stream Mapping used in planning. It integrates tools from finance, operations, and marketing. Value Creation Maps are dynamic, accommodating the myriad possibilities an Interaction Process Flow may take in the back and forth exchange between the customer and the company and the company’s people or within a Community of company stakeholders.

5. **IMPROVED** Productivity Model evaluates the business impact of customer and staff activities to tie gain/loss of productivity to profit. Improved over other approaches by taking both the customer and company perspectives.

6. **NEW** Operational CRI Tracking System—either on demand or as an internal deployment on existing applications--to capture a real-time structured data stream to feed actual operational data back to the Profit Matrix, the Strategy Decision Model, and the Productivity Model for continued iteration and improvement. Social CRI, a Community Relationship Intelligence component, paired with the Social Tactics Model can stand alone. *(Core system Requirements and System Architecture are available under an NDA.)*

   But even more important than the operational data feed for continued iteration and improvement, the Operational CRI Tracking System lets Frontline Staff know where it is with Individual Customers day-to-day and is guided to make better and more profitable decisions in the moment. With the Operational CRI Tracking System Managers know how well their strategy is working in real time and can make interim adjustments. Stellar performance is recognized.

7. **NEW** Product Relationship Roadmap to engineer positive customer interactions into product use to link strategy to innovation and continue the customer relationship after purchase.

8. **NEW** Social CRI→ CRI Interaction Database / Benchmark and Standards central to jumpstarting the Customer Relationship Process Value Creation Map, to running test scenarios, and to configuring the Operational CRI Tracking System. Ancillary Interaction Process Flows, such as those built into medical imaging equipment, feed the Interaction Database as do Social Media Interactions. A CRI Community to come will contribute to the benchmark and standards.

9. **NEW** Customer Relationship Wings Model to enable Frontline Staff and their Managers to see what is happening in real time with individual customers and how that compares to previously successful patterns for real-time profit results.

*Customers are business partners. Customer service is a profit center. Outrageous? No. At last someone thinks as I do. In her book **Customer Relationship Intelligence** Linda Sharp makes a strong case for customer retention and why the customer relationship spans a continuum of acquisition, closing, and retention. Understanding what is going on with customers all the time is critical to success. Without this intelligence, you are flying blind. To get it requires collaboration among sales and marketing and customer service within a unifying framework.*

►John Poppleton, Product Manager
Applikon BioTechnology

7. What Led to the Development of the Religence Framework for CRI—CEO Notes

My goal, in my bold attempt to find a way to quantify marketing, was to get marketing—in the broadest sense of the word—some respect and its rightful place at the management table. In my odyssey I followed the money and it led me to an underlying, unifying process and a breakthrough way to measure and manage sales and marketing and customer service.

The implicit, undervalued process these separate functions have in common is the development of the customer relationship. People buy from people. A relationship is mutual, a give and take. These Interactions that develop a relationship are what needs to be measured and managed—and the Interaction Process tracked-- across the continuum of Acquisition, Closing, and Retention and explicitly, cohesively, accountably, and transparently so. To measure whether the Interaction moved the relationship forward or backward took another breakthrough—Relationship Value, a new relationship metric, tied to profit. The result

- Takes sales and marketing and customer service to a new operational level,
- Creates a new retention function *(Retention is where the MONEY is.),*
- Makes sense of the massive amounts of data overwhelming companies today—from Communities to the Enterprise.
- Keeps people on the Frontline with customers focused on the relationship, not on writing mindless contact reports that no one wants to read and that no one can analyze or take action on, and
- Here's what I really love: The process is so simple that Interaction Data can be input from a mobile device and real-time operational customer intelligence downloaded to the mobile devices as well.

Why Do We Need ***Relationship Value***, the Missing Metric:

How often have you heard: "It's not what you know, but who you know"? Or as a Rainmaker from a major firm, when asked about his success in business development, commented, "It doesn't really matter what your business strategy is; it all comes down to the relationship."

Sales people know that relationships are critical instinctively and jealously guard what they know to be a precious resource. *(This is why the disruption wrought by the Internet and Social Media on sales and marketing and on how relationships are developed is so vexing and why CRI is more important than ever.)* Consider your own experience: it's not that unusual to follow people who serve you well from one company to another as they change jobs. You don't want to lose the special relationship, the personal attention.

What's mind-boggling is if relationships are so important, why haven't they been measured to capture their value? In fact, everything but relationships are measured in sales and marketing.

The metrics focus on the efficiency of the person executing the function, or on the organization's use of a tactic. *Cost per lead, time to close a sale, time to resolve a service issue, or the percentage of "perfect" orders* are just a few of such internally-directed metrics.

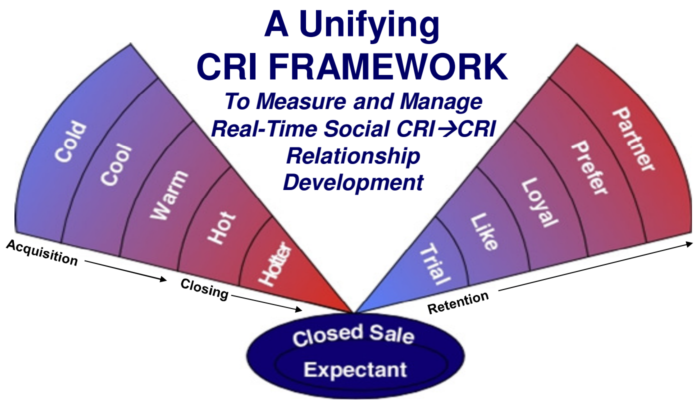
Current customer metrics count customers one way or another, rather than measuring the entire customer relationship. Popular metrics include *how many leads, how many qualified leads* (And now that the Internet and Social Media are speeding up the integration of marketing and sales, you have marketing-qualified leads and sales-qualified leads!), *how many customers, how many in this region or that, how many in this channel or that, how many buy this or that, how many spend this much or that much, how many are aware of the company, how many are satisfied with the product/ service,* to name a few. (Not so different from counting how many "friends" you have or how many downloads of a white paper there have been as measures of success in Social Media!)

None of these metrics accounts for all of the customer activities in sales and marketing and customer retention. How could they? They are not cross-functional, like a customer relationship is. Few of these traditional metrics relate to profit, which is no surprise either. They are not cross-functional, while profit, which is directly tied to the customer relationship, is earned by the orchestration of functions across the company. No wonder it is hard, if not impossible with current methods, to determine just how much of any activity contributes to profit, despite all the attempts to justify marketing program with ROI calculations. Standard calculations just don't cover a big enough picture to be relevant. *(See the next page for relationship metrics that matter.)*

Finally, most traditional metrics measure the company and the company's activities in *relationship* to the customer, but not the customer relationship itself. *What's important here?* That's what I asked myself as I struggled with how to quantify marketing. Management guru Peter Drucker sums it up: *"You cannot manage what you cannot measure."*

Relationship Value is the building block that measures whether the interaction moves the relationship forward or backward—its effect. Relationship Value is a Key Performance Indicator for relationship development and a leading indicator for profit.

CRI Innovation from Communities to the Enterprise:



Relationship development is the most important thing that people on the frontline in the Marketing, Sales, and Customer Service silos do. Yet typically, the silos are managed discreetly instead of being aligned behind a common strategy and managed explicitly for relationship development through a Acquisition/Closing/Retention continuum.

Social CRI→CRI Governing Principles:

1. **Unifying CRI FRAMEWORK to Manage Acquisition/ Closing/ Retention as a Continuum,**
2. **Consistent Customer Relationship METRICS to Track Cause-and-Effect,**
3. **Deliberate, Systematic Customer Relationship PROCESS embedded in a CRI Tracking System, Using the Framework and Metrics, to Develop Profitable Customer Relationships.**

Consistent Relationship METRICS

Operational Social CRI→CRI Tracking System Perspective:

- **Key metrics in the Interaction Data in both Social CRI and CRI are**
  - **Interactions** ***(what ones, in what order, how many, when, at what…),***
  - **Variable Interaction Cost, and**
  - **Relationship Value--the KPI for relationship development.** ***(Does the Interaction move the relationship forward or backward and by how much?)***

  Relationship Value can also be a ***leading indicator for profit and satisfaction.***
  Interaction Data also measures buzz and momentum.

- **Interactions in a Social CRI Community are among members, some of whom are leaders. Any or all of the leaders or members could be from the sponsor or sponsors.**

- **Other metrics include**
  - **Conversion rates, retention rates, referral rates, variable cost-per-contact, Customer Lifetime Value, and step duration.**
  - **Specific to Social CRI Communities are % participation and people and information flow—in and out.**

Interaction Process Flow is key to both Social CRI and CRI.

A Deliberate, Systematic PROCESS

To Map, Measure, and Manage Social CRI→CRI Customer Relationship Process

Interaction Process Flow	Company and/or Community Leaders Interactions Known	Company and/or Community Leaders Interactions Unknown
Customer and/or Member Interactions Known	Competitive Advantage	Profit At Risk
Customer and/or Member Interactions Unknown	Retention At Risk	Company/ Community At Risk

Developing a relationship is a give and take--between the company and its people and the customer and within a community of company stakeholders—that moves it forward or not.

CRI Patent: I filed for a patent in 2002. On April 28, 2009, I became the proud, patient, and persistent owner of Patent No. US 7,526,434 for a Network-Based System and Method of Marketing Management. The business process patent is for a method to manage marketing by measuring and managing the development of a relationship between a business and a contact.

Religence CRI Team: But long before the patent was issued, I was honored to have a dozen colleagues in marketing, operations, finance, IT, and change management join me to form Religence in 2003. Our charter: to commercialize my discovery and build out the Religence Framework for CRI. Methods our team of senior consultants has pioneered over the last couple of decades are now recognized as critically important today in valuing intangibles and bringing a customer focus to Enterprise and middle tier clients. Innovation is part of our DNA. We haven't rested on our laurels. We've built on the proven methods we pioneered and others in the Religence Framework for CRI (Customer Relationship Intelligence). In the framework, we have built a body of knowledge to help companies take the next steps--and the ones after that--on the path to profiting from a customer focus. What a total pleasure it is to collaborate with this multidisciplinary team and our clients.

CRI Book: Unless you are a patent wonk, you'd probably enjoy learning more about CRI in my book, ***Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing***. The book was inspired by Religence CTO and DuPont and Charles Schwab alum Jim White, who drove the project. Friends of Religence, (our Stakeholder Community), named it, endorsed it, and gave us good advice. Jim understood early on that we had to do a book to explain CRI. Not only did that force us to get it down, but the intense debate among the team as we did chapter after chapter, made it better. Here's why Jim was excited about my discovery, taken from his Foreword to the book:

"Sharp's Relationship Value metric is revolutionary! Along with the change in perspective it inspires—having you consider customer acquisition, closing, and retention as a continuum—it will surely change the way you manage your business.

"Nonetheless, I did not really get excited about what she had developed until I saw the entire superstructure she had laid out on top of this framework and metric. Sharp has begun to anticipate the sales and marketing equivalent of Industrial Engineering—all the while respecting the creativity and the humanity of the people in the field. This is not just another analytical framework or another strategy and planning tool; Sharp's Customer Relationship Intelligence (CRI) Framework can become core to all of your day-to-day operations. …Sharp's CRI Framework is operational *as well* analytical*, and that is the BIG breakthrough."*

Religence Framework for CRI: You can also learn more about what's next with CRI on the Religence website. The website is essentially another book that relates what will come with CRI to established practices, many of which our team pioneered. For example, the profitability segmentation work of our Chair Emeritus Bob Sabath and the customer experience engineering work of Religence Director Ray Sheen along with my Voice of the Customer work. So while the overall Religence Framework for CRI (Customer Relationship Intelligence) is new, many of our methods are established ones. *What's new is how we use them and how we've improved on them.* We incorporate and synchronize these methods cross-functionally and take them to a new operational level. *(See Sections 5 and 6 for an overview.)*

Social CRI: A Community Approach to Win in the Social Media Wild, Wild West applies CRI to Social Media. Religence Directors Dave Pearson, Kathleen Robinson, and Ray Sheen were in on the collaboration. Our approach incorporates important work from Ray Sheen in developing our Value Creation Mapping (VCM) methodology, which relies on CRI principles.

Our approach also builds on my experiences in building vibrant, engaged communities as a volunteer in the Institute of Management Consultants and the American Red Cross. In both these communities our engagement rate was three times the accepted norm. Why? Both had a clear purpose and strong leadership and organizational infrastructure.

CRI Community. The purpose of the CRI Community will be first to evangelize and then to collaborate on our new way to measure and manage sales and marketing by measuring and managing the relationship, tied to profit. Later on the CRI Community will evolve to a self-help and/or mutual help support role—and to contributing to a "must-use" benchmark and standards. The CRI Community will be a 3rd-Party Community with sponsors, including Religence. The Friends of Religence are jumpstarting the evangelizing effort.

> *Applying metrics to marketing was what initially attracted me to Linda Sharp and her Religence CRI team. As a finance executive, I was eager to find a comprehensive approach that could help us bring discipline and control to sales and marketing. The Religence CRI team has put us on a path to both high-profit revenue and improved processes by helping us know who our most profitable customers are and why. I look forward to doing more with the CRI Framework. As I said when I first heard about the CRI Tracking System approach, this is just crazy enough to work!*
>
> ►Kent Wegener, Vice President of Finance
> Otis Spunkmeyer, Inc.

Learn More

Learn more about our approach in our CEO's new book ***Customer Relationship Intelligence: A Breakthrough Way to Measure and Manage Sales and Marketing.*** www.CustomerRelationshipIntelligence.com.

Follow our soon-to-be-launched **Why Fly Blind Blog** at www.WhyFlyBlind.Religence.com.

Ask to see ***Social CRI: A Community Approach to Win in the Social Media Wild, Wild West.***

Ask for a presentation on ***Value Creation Mapping (VCM),*** *a method we've developed to map the customer experience for Critical Interaction Processes. VCM can be helpful on its own, in advance of configuring a CRI Tracking System, and in building Communities.*

Check out our comprehensive website at www.Religence.com, which sets the stage for the book and our patented Customer Relationship Process. You'll find a series of Next-Generation Thought Leadership Papers on **Voice of the Customer Research, Traditional Customer Research with VoC, Technology Innovation, Value Creation, Profitability Segmentation, Strategy Execution, and Operational Control.** You'll also find an extensive Religence Framework CRI Reference Section and FAQ Section.

Or invite us in to give your team Executive Briefings and Workshops to Introduce CRI

- ***Start with Retention: CRI for Real-Time Operational Control and Profit***
- ***Measure Management 2.0 with CRI for Real-Time Management, Real-Time Operational Control and Real-Time Profit.***
- ***Social CRI: A Community Approach to Win in the Social Media Wild, Wild West***
- ***The Missing Metric: Relationship Value***
- ***CRI: Customer Fundamentals to Thrive Anytime***

Customer Relationship Intelligence *is powerful! I especially like the prescriptive second half of the book. I believe the remedy to the inescapable challenges Linda Sharp laid out so carefully is very doable. I say this from the perspective of an executive who helped pioneer the use of data warehouses for customer intelligence. You do better in marketing if you know the facts. The CRI Framework is an organized, simple way to build intelligence into process to get unique customer feedback and the key performance indicators you need to run your business in real time. When sales people have to focus on short-term opportunities, they can keep other relationships alive and growing without having to think too much about it. Imagine the advantage of knowing which actions to take and when for a higher payback with each individual customer.*

►Boyd Pearce, Former Executive
IBM, Teradata, Truviso

Interested? Contact our CEO directly: Linda Sharp (415) 771-7473 Linda.Sharp@Religence.com
2090 Green Street * San Francisco CA 94123
www.religence.com

Value customer relationships. Drive profit.