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A portrait of Robert E. Penny III, a middle-aged man with dark hair, smiling. He is wearing a dark suit jacket, a light blue dress shirt, and a red tie with a repeating pattern of the words 'THE PENNY GROUP'. The background is a wall covered in a grid of papers, many of which have the title 'THE POWER TO KNOW' visible.

Robert E. Penny III
President
The Penny Group, Inc.

Worth Every Penny

The Penny Group reveals
the truth between
companies and clients

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Do you really know what your customers think of you? Probably not, says Dr. Robert Penny, a psychologist and founder of The Penny Group; an organization dedicated to righting the relationships of sales staff and clients.

Using a patented approach called The Power to Know[®], The Penny Group specializes in customer retention and expansion, providing its service primarily to the financial sector. The Group's premise is this: To succeed in any business, you've got to understand your customers – what they need, what they want and how well you are doing at providing those two key elements.

“Almost everything today in business is based on a relationship,” says Penny. “Everything is so competitive, so high-end, that the relationship plays a key part. If you’re selling based on that relationship, you’ve got to know what your customer is thinking of you.”

How to measure a relationship

According to Penny, measuring the quality of a relationship is extremely difficult and rarely done. Instead, organizations rely on a simple assessment: Do we still have the account and is the customer still buying our product? Using those criteria, a company will have no idea a client is moving his or her business to another company until the deed is done. He adds, “By then it’s too late to ask what was going wrong. Without an investment in the relationship, a client will leave with no explanation.”

In order to uncover the impressions of a customer that most influence whether he or she will continue to buy from a company, The Penny Group developed a questionnaire for the customer—a compact tool, which Penny says takes 10 minutes to complete and provides a wealth of information for a company’s sales staff.

The survey is called a Client Relationship Review and it’s placed in the hands of the salesperson to present to the client. The survey, customized to each organization, typically includes characteristics like proactivity, meeting commitments, consistency and accuracy of work, and expertise in dealing with complex and sophisticated issues. By ranking these and other traits—generally about 20 in all—a salesperson is given the first true insight into their relationship with their client, says Penny.

A safe environment for honest feedback

Who receives the results of the survey? Primarily the salesperson. “We first teach the salesperson how to request the feedback,” says Penny. “When a salesperson says, ‘Will you help me enhance our work together?’ it immediately taps into the relation-

“We enable the organization to hear the client’s voice in a clear, unedited, yet actionable format.”

- Dr. Robert Penny

ship. The client’s responses, whether completed online or on paper, come back through The Penny Group. We are the independent third party that validates the process. The data then goes immediately to the salesperson—it doesn’t go through the manager or the head of the company. This means that the person responsible for the relationship, the one who will take action, is the first to see the client’s perceptions.”

“The most important step comes next, when the salesperson initiates a client meeting to share a plan of action,” adds Penny. “Our objective is to make client feedback actionable. Because the results are safe to both parties, we ensure the salesperson will get honest feedback, even from the most critical customer. After all, that customer is the one you most need honest feedback from. Only then can you retain and expand the account.”

Clients are not the only ones to take the survey. Before viewing the client’s responses, the salesperson must answer the same survey, describing his own perceptions of the relationship. The salesperson is then presented with the results in a comparison format, which allows them to view their perceptions of the relationship and the perceptions of their client, side-by-side. The online system focuses special attention on those areas the client has identified as most important. Whether the item is one the client identifies as a strength or one that needs attention, “that comparison creates the real energy

for change,” says Penny. “It brings both client and salesperson to the point where they can discuss the real issues. Often a salesperson will believe that he or she is adding value for a customer. But there it is in black and white: the client disagrees.” Penny adds that the survey takes the emotion out of the process and turns it into facts.

“And the fact is that people can’t change if they don’t know what to change. This is their measurement tool,” says Penny. “The answers define each customer’s current level of commitment and identify how to move them to a loyal level of commitment.” Once the salesperson receives the comparison data, the salesperson sets up time with the client to go over the results and learns what needs to be done to improve the relationship.

A question of loyalty

Robert Penny studied psychology and statistics, graduating from Davidson College, and receiving his doctoral degree from The University of Chicago in the late ’80s. He then worked for a Princeton, New Jersey-based firm as its southeast manager examining the relationship between managers and employees and how to create employee loyalty. “If a relationship between a manager and employee is good, in most instances, the employee will stay with a company regardless of pay and benefits,” says Penny. “If it’s not good, you can throw all the money you want at them, but they’re not going to stick around.”

In the early 1990s, Penny formed The Penny Group, to examine the relationship between companies and clients. “My colleagues thought I was crazy,” says Penny. “But I thought this relationship was where the real payoff was in business. If a client decides to leave, there isn’t any need on his or her part to be honest and say why he or she is leaving. I wanted to know if there were a way to make the customer be honest, even when he or she doesn’t have to be. If I’m the salesperson, this is pure gold.”

Only as good as the last deal

Penny says that a company’s ➤

"If a company really cares about improving its salespeople, and it's a relationship business, at some point it has got to help its staff understand how they are perceived by their customers. Otherwise, you might as well just stick them in a classroom, tell them what to do, and hope for the best."

- Dr. Robert Penny

first reaction to The Power To Know process can be one of skepticism. This was the case with AmSouth, a Southeast-based bank that has been using Penny's product for 10 years. "We weren't sure how different the results would be when compared with a typical customer survey," says Allison Sanders, AmSouth's senior vice president and manager, Commercial Sales Support, and one of Penny's clients. "We found this process easy to give to the customer, and easy for the customer to respond to in a non-threatening way."

Sanders says that they often found that their commercial customers were more pleased with the bank's performance than she sometimes believed, but they also uncovered areas that needed to be explored and resolved.

"The bank has been able to learn more about the things that our customers value from us," says Sanders. "It has enabled our relationship managers to learn more about how their customers see our relationship and to better meet the customers' needs." Sanders adds that AmSouth has seen an usually high rate of return of surveys from customers; that tells her that customers appreciate AmSouth's efforts to improve its relationships. Sanders also says that the process has been equally successful at identifying new business opportunities.

According to The Penny Group, more than 80 percent of customers are willing to spend the short amount of time it takes to respond to the survey, whereas a typical customer satisfaction survey response rate is usually

less than five percent.

Not every company is going to be an ideal candidate for Penny's approach. He says he looks for a company's commitment to the relationship process. "The ones who really succeed are the ones who say, 'We're only as good as our last deal,'" says Penny. "You have to decide this process is about people, not just interest rates or rate of return on investment. If the people in the relationship (salesperson and client) are all right, the rest will take care of itself."


Penny has identified five client scenarios that his product is particularly adept at addressing:

1. An unacceptable level or sudden increase in client turnover. Clients thought safe and loyal decide to

- try a competitor. They decide it's easier to move their business than repair an existing relationship.
2. Even star salespeople need development. Top sales people with significant market share become complacent; they believe their success is already adding value and that there is nothing more they can do to improve.
3. Organizational change. With mergers and constant staff changes, a client decides that it may be a good time to try a new company rather than educate yet another new salesperson about his needs.
4. Inactionable survey data. Organizations collect and report client satisfaction data that is inactionable; managers and sales staff do not have the right information to make significant changes in the company/client relationship.
5. Refining which investments will payoff. In an effort to win market share and customer loyalty, companies add benefits that have little or no value for the client; this is wasted effort.

"If a company really cares about improving its salespeople, and it's a relationship business, at some point it has got to help its staff understand how they are perceived by their customers," says Penny. "Otherwise, you might as well just stick them in a classroom, tell them what to do, and hope for the best."

Penny says his product has helped clients increase revenue by 40 percent, and in some cases, by as much as 400 percent; decreased client defection by 35 percent; improved prospect-to-client ratio by 60 percent and decreased time required per account.

"There is a clear need for what we do. Beyond our current clients, two industries that are beginning to use us are insurance and the legal profession," says Penny. The list of The Penny Group clients includes: Bank of America Corporation, Wachovia Corporation, SunTrust Bank, Inc., AmSouth Bank, and FedEx. 

The Penny Group, Inc.



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and Retention

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Business: The Penny Group provides customer retention and acquisition consultancy services nationwide using its patented The Power to Know® business tool; clients are in financial, legal and product sales services.

www.thepennygroup.com

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