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From The Field Of

When renewal is not automatic, retention becomes priority

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Recently, while I was in New York City, I stopped by briefly to see some friends at the NBA retention workshop that has been a staple event for NBA teams for almost a decade. As I was leaving a thought crossed my mind: Why isn't this approach more of a priority for all sports organizations whether we are talking about ticket holders or sponsors? We place such a premium on the ability to sell, but retention in our new economy is just as important, maybe even more so, and definitely involves selling to one degree or another.

One of the first axioms I remember hearing about customer service and retention was that it costs five times (in human effort and resources) as much to find a new customer to replace an exiting customer. Anyone want to update that statistic today?

Take a hard look at your sales call volume, the number of sellers you have and the number of calls it takes to complete a sale. I would estimate that the latter figure is closer to 15-to-1, thus making the importance of retaining your current customers even greater.

Therefore I offer, for your consideration, The Eleven Commandments of Retention.

I. Establish an organizational philosophy and vision for retention. Set retention as a priority and state what you are willing to do (and not willing to do) to retain your customers. Have a vision and a plan.

II. Hire or designate a current staff person as the director of retention. Someone has to own the vision and champion the cause; they also need to own the goal and the results. Don't be afraid to look outside of the sports world for a person that really understands service and retention.

III. Have the appropriate number of staff to achieve the goal. This can be strictly a retention staff or can be all or part of the sales staff. The key is to have a compensation package based upon achieving retention goals. No compensation plan often means poor results. Be like the NBA and try to have a ratio of one representative for every 300-400 accounts.

IV. Conduct regular and ongoing research in the form of a fan audit. Know your fans, know what is important to them, and be able to predict with some degree of certainty how they will behave in terms of extending their relationships with the organization. Ask their opinions and, most importantly, communicate back to them about what you have learned and what you intend to do about the issues you have discovered. Have the common sense to send out the surveys and have enough time to interpret them and act upon them before sending out the annual invoice.

V. Determine and implement effective communication and intervention strategies to connect with your fan base. How often should you communicate? In what form? Learn how to create programs and offer opportunities that are meaningful. E-mail, letters, phone calls, seat visits and interacting at special events are all effective ways of creating dialogue with the customer.

VI. Allocate at least 1 percent of the revenue budget for retention activities such as events, gifts and incentives. Be a student of human nature and understand that everyone wants to feel valued and appreciated and not taken for granted, particularly those people who write a check every year for their tickets. Remember the four-R equation: receptivity + recognition + reciprocity = rewards.

VII. Be a lifetime learner and be inquisitive about new ideas and best practices. The best books I have read



about retention and service are Jack Mitchell's "Hug Your Customers," Leonard Berry's "Discovering the Soul of Service," Ken Blanchard and Sheldon Bowles' "Raving Fans," Joseph Michelli's "The Starbucks Experience" and the late Bill Veeck's classic work, "Veeck as in Wreck" — and only the latter is about sport. Look at great customer-centric companies like Disney and Nordstrom to learn their best practices regarding service and retention.

VIII. In all of your dealings with customers, be reasonable, be fair, be empathetic, but most importantly be consistent. Consistency above all else leads to developing a program that is sustainable, transparent and accepted by those it was developed to assist.

IX. There will come a time when a customer needs to be re-sold, not just renewed. If the retention program lacks the sales skills, turn these customers back to the sales staff. The Miami Heat refers to this process as re-Heating. These customers need to be once again convinced of the opportunities and benefits that you provide.

X. Don't rest on your accomplishments. Strive to continually improve and innovate. Service and retention programs that fail to grow and evolve eventually fail because they become routine and mundane and other programs pass them by.

XI. Understand the lifetime value of each account holder and treat him or her accordingly for not only what they are but also what they could be. Customers are assets with a lifetime value that may exist for as long or even more than 20 years if they are valued, appreciated and treated with respect.

As I write these words, I can already hear some team presidents and/or owners responding to the costs of implementing such a program. "Most of those people will renew anyway. Why should I spend money for something I am going to get anyway?" While this might sound like a sound argument, even if 80 percent of the respondents would renew automatically, 20 percent could represent as much as \$10 million to \$15 million in some cases. And with a budget of, let's say, \$40 million in ticket revenue, wouldn't you spend \$400,000 to get the \$40 million or even \$30 million? At a 15-to-1 ratio for finding new purchasers, that 1 percent looks like a bargain to me.

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11 Commandments of Retention

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III. Have the appropriate number of staff to achieve the goal.

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VII. Be a lifetime learner and be inquisitive about new ideas and best practices.

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