



Doing Business Right Now – Your Customers Won't Wait



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What Happened to Time?

"I need it yesterday."

"Get this to me ASAP."

"We need this right the first time."

"I need this now!"

"We need this right away."

"I can't afford any delays."

We hear these statements virtually every day and it seems that we are hearing them more than ever before. Our customers are demanding speed and quality at every touch point including sales, service and marketing. The ongoing "crisis mode" of delivering superior service within increasingly shrinking time frames is damaging organizations' infrastructures and by extension, their competitiveness. This manifests itself through poor customer service, inferior products and organizations' overall value propositions. The prevalence of time constraints in corporate America is so great that it has been termed a "time famine" as early as 2002 by Leslie Perlow, a professor in the Organizational Behavior unit at Harvard Business School. Unfortunately, this time famine affecting the quality of customer experiences across all touch points is here to stay.

What happened to time?

Differentiating customer experiences is becoming gradually more difficult due to the growing availability of alternatives, and the customer's ability to move their business to competitors at speeds never before possible. Satisfying customers requires that companies not only create innovative experiences, but also that they provide consistently efficient and effective service. Customers expect to receive greater value from vendors vying for their loyalty, heightening their demands and expectations for high quality and customized solutions, and speedy service. Today's customers are rarely willing to accept sluggish service and are unwilling to compromise on product quality.

The unwillingness to compromise on either time or quality represents a radical shift in customer demands. In the past, customers willingly accepted tradeoffs – if product quality was high, they would accept sluggish service and vice versa. A classic example of this tradeoff was in fast-food restaurants where consumers of fast-food expected lower quality and often pre-prepared food, but demanded (and received) consistently rapid service. Expectations for high quality and customized products were low and the establishments did little to exceed them. The fast food industry recognized that as long as their customers received their meals quickly, they would walk away satisfied. Stated differently, customers were willing to compromise on overall product quality (food) for speed and efficiency of service. Alternatively, customers seeking gourmet or specialty meals patronized high-end restaurants where wait times could typically reach 30 to 45 minutes before the selected meal would arrive. These customers willingly compromised on the timeliness of service for greater product customization and overall quality. However, times have changed and the days where companies compromised and customers willingly accept tradeoffs between product quality and timeliness of service, are now over.

Always Under Pressure? – A Research Study

Strativity Group conducted a survey among executives across a variety of industries to understand how steadily changing business paradigms where time pressures and rapidly evolving customer demands for



products and services impact the work place. 385 executives participated in the web-based study which was conducted in March 2007. Participants were presented with questions regarding the demand for speed¹ and high quality solutions², sources driving demand, business reactions to demands for speed and quality, and expectations for future customer demands involving speed and quality. The results revealed a high demand for speed in interactions and highly customized solutions. Moreover, process redesign and technology improvements were identified as the top strategies for addressing these customer demands.

Results highlights include:

- 85% of respondents report that the demand for speed in interactions is extremely high or high.
- 88% acknowledge that demand for highly customized solutions is extremely high or high.
- 26% expect their organizations will redesign processes to handle growing demands for speed and quality. 24% expect that their organizations will upgrade existing technology. Only 4% expect product improvements.
- 65% identify customers as the primary source driving demand for speed and quality. 15% identified competition. Only 5% identified their superiors as the primary source driving the demand for speed and quality.
- 94% expect that customer demands for speed and quality will increase over the next three years with 52% expecting a significant increase. Alternatively, only 1% expect these demands to decrease and 5% expect no change.

The challenge of expediting all facets of business operations from concept creation (of solutions) to post-sale services will not disappear anytime soon. With executives expecting the need for speed and high quality solutions to increase, organizations will need to embrace this reality and adapt accordingly before their customers defect to the competition and it's too late.

¹ The study defines "high quality solutions" as solutions that are superior, innovative and customized according to the customer.

² "Speed" is defined as the consistent delivery of timely service irrespective of rush orders and emergencies.

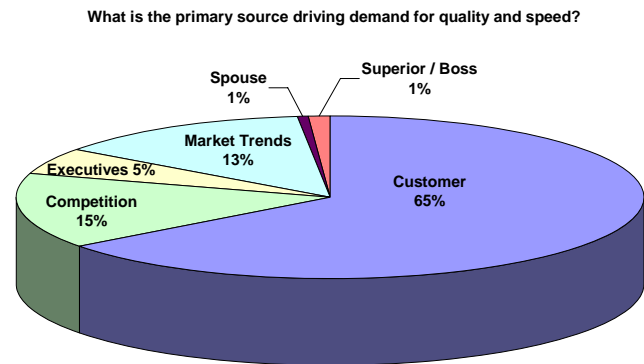


A New Business Paradigm

As the Strativity Group study highlights, demands for speed, and high quality and customized solutions is widespread and will only increase in the future. The prevalence of these demands has given way to a new business paradigm – doing business right now, where the keys to success are speed of service and the delivery of high quality and customized solutions. Organizations that fail to recognize that customers are unwilling to trade quality of solutions for speed of service (or vice versa) will quickly find themselves on the path to commoditization and price wars.

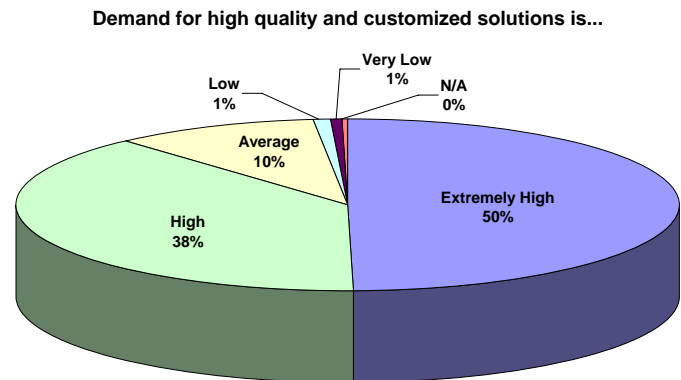
The customer's refusal to compromise on quality of solutions or speed of service is driven by several trends:

- **Commoditization Acceleration** – The life span of products and services is increasingly shrinking, limiting the period of time in which these products and services can drive revenue and profit. The proliferation of private-label alternatives, web retailers, and shorter product release cycles will only accelerate the commoditization of products and services.
- **Customer Impatience** – Today's customers are increasingly impatient as a result of their overexposure to ordinary, functional and boring experiences. Customers desperately want emotionally engaging solutions that are innovative and personalized, forcing organizations to transform their products and services into emotional engaging experiences or risk defection.
- **Low Switching Barriers** – The abundance of similar products and services offered by an increasing number of vendors (brick and mortar, and web based) has made switching between companies easier and cost free. The absence of switching barriers is forcing companies to develop new strategies to reduce the likelihood of customer defection.
- **Immediate Gratification** – The internet has drastically reduced the gap between customer desires and gratification. Customers seeking goods and services on the Web can locate and access virtually anything they want at the time of their choosing, increasing their expectations for product quality and speed of service.





- **Abundance of Choices** – The seemingly endless availability of products and services drives consumers to believe that there is always something better, heightening their demands and expectations.
- **Faster Return on Investments** – Businesses expect rapid returns on their investments, particularly with technology implementations where ROI is increasingly being measured in months and not years. Higher expectations coupled with dwindling windows for return on investment is increasing the need for higher product quality and speed of service.



These trends are not passing fads but are here to stay. The “time famine” described in the introduction necessitates the consistent and speedy delivery of high quality solutions and customized experiences in order to delight customers. Companies face the daunting prospect of losing their customers’ business if they deliver solutions that fail to meet (if not exceed) customer expectations for quality and speed. To avoid this predicament, organizations should examine and modify their business strategies in accordance with right now business models.

One industry that is successfully adapting to this new business paradigm is the fast food industry. Fast food restaurants have recognized the threat posed by gourmet, organic, low fat and pre-prepared foods, as well as customer advocacy groups seeking healthier alternatives. To meet these threats, fast food restaurants have embarked on a number of different programs that include revamping menus, changing ingredients and providing transparency (with calorie counts) to customers. Most importantly, fast-food establishments have made these changes without compromising the speed at which they have historically served their customers.

Implementing the right now Business Model

The development and utilization of right now business strategies is a function of time pressures at every stage of business operations from concept creation of solutions to post-sale services. Companies with 12 – 18 month product roll outs, multi-week product deliveries and lengthy field service calls will soon find themselves on the fast track to commoditization, price wars and ultimately, extinction. The most successful companies recognize that the combination of speedy service, and high quality and customized solutions is the winning formula to commanding premium pricing, gaining greater wallet share, and increasing customer loyalty. One of the classic beneficiaries of this model is Apple who has recently seen record revenue, profits and share price. Apple has taken the need for quality and speed to new levels consistently rolling out new models of iPods and updates to related software. In 2005, the company updated its iTunes music software only five weeks after the release of a previous version! However, rather than resting on its success, Apple continues to develop new products around video and music phones to cement its already dominant position as a gatekeeper to digital content. Meanwhile, Apple’s competitors are playing catch up while it surges forward.



Challenges to Designing and Implementing right now Strategies

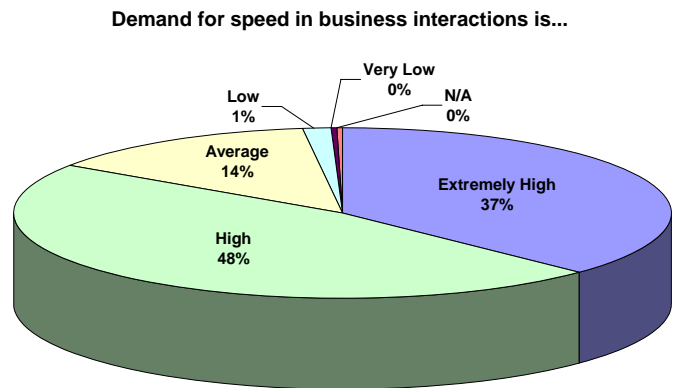
Though considerable investment and resources have been focused on customers in the last several years, the state of customer service and overall customer experiences in businesses of all sizes and industries remains poor. While there is no single reason that explains this phenomenon, companies seeking to improve their customer service organizations should consider the following:

People – Organizations searching for the ideal employee often look for candidates that are highly motivated, competitive, committed and hardworking. However, what many employees lack is a passion for dealing with customers and for delivering high quality products and services according to *customer* timeframes. These are unique characteristics and skills, and organizations would do well to seek prospects who possess them in the hiring process.

Processes & Policies – Existing processes and policies often prevent employees from providing the type of solutions that their customers seek. Examples include escalating routine problems to supervisors, and attempting to limit average call time. Processes and policies should empower all employees so that they can consistently deliver high quality solutions and speedy service to customers.

Tools and Information – Employees often lack proper and up-to-date tools to service customers efficiently and effectively. When customer service representatives waste time navigating many old databases to find answers to routine questions or have to toggle between multiple applications to service customers, they recognize that if it was important, their companies would have made the appropriate resources available. Providing customers with consistently rapid service and high quality solutions necessitates making the appropriate investment to improve tools and information access.

Customization & Personalization – Organizations offering a “one size fits all” consumer approach to its solutions will rarely succeed in building emotional customer engagement. Successful organizations offer collaborative models where customers can determine what they want and how they would like it delivered. In this model, each side contributes distinct insight that ultimately results in an individualized and personalized solution. The utilization of collaborative models can lead to the elevation of brand familiarity, quality, overall relevance, distinctiveness and purchase consideration.



Adaptation & Change – What excites customers today will be taken for granted tomorrow. Widely used products and services are subject to heavy competition and accelerated commoditization. The abundance of similar products and service lower their value perception driving prices and customer commitment lower. Successful companies consistently innovate their solutions to maintain their competitive differentiation and ensure customer preference for their products and services.

In the long history of pursuing the customer, companies often neglect certain elements that are critical to providing great customer experiences. Some companies choose to address a few of these elements while ignoring others – ensuring the inconsistency of the customer experience across all organization touch points. Only complete commitment to the development and utilization of right now business strategies will yield ongoing customer engagement with all of its associated financial benefits. Compromising on either speed of service or solution quality will ultimately drive customers to compromise on their loyalty and commitment to their organization.

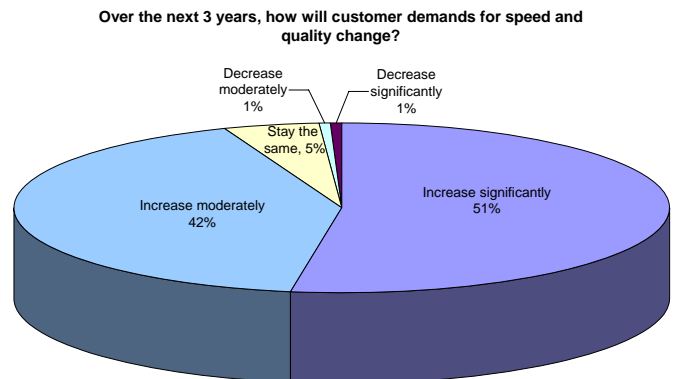


Getting Started

Designing and executing a right now business strategy requires that organizations take a step-by-step approach to ensure its success. Ignoring these steps will weaken the structure of their business operations and drive their customers into the arms of competitors. Most importantly, it is crucial to recognize that commitment to a right now business strategy cannot be superficial or limited in time as customer demands for product quality and timeliness of service are long term by nature.

The steps for developing and implementing a right now business strategy include the following:

- **Accept and Embrace Reality** – Organizations must recognize that general lack of time is not the result of poor operational planning or a lack of resources – it is the reality of the world in which we live. Many organizations consistently deny this reality by failing to make the required tough decisions, reluctantly making the touch decisions or exhibiting plain indecisiveness. Accepting and embracing prevailing trends and changing business paradigms is paramount for long-term success.
- **Review and Analyze** – After embracing the necessity of designing and utilizing right now business strategies, organizations should analyze the manner in which they develop and deliver their products and services. This analysis should focus on organizational structures, product lifecycles, measurements, compensation plans and service models.
- **Plan for the Routine, not the Exception** – When a crisis occurs, companies frequently display Herculean efforts demonstrating their ability and willingness to solve even the most exceptional customer problems and issues. However, if companies were to operate in this fashion on a routine and consistent basis, their infrastructures and operational systems would collapse. Doing business right now necessitates that fulfilling rush orders and solving emergencies become a standard and integral component of an organization's strategy and business operations.
- **Innovate Technology** – The success of right now business strategies require that organizations provide their employees at every touch point with tools that offer customer insight and the ability to customize solutions. These tools should also provide employees with relevant knowledge at the appropriate time so that they can personalize the interaction, cross sell and up sell, and offer different services to different customers.
- **Improve Information Access and Availability** – Information should be available and accessible across the organization in real time to provide agents with the means to provide the highest quality solutions and quickest service. The absence of information or lack of information access will prevent employees from providing great customer service across all organizational touch points. This situation is likely to have disastrous consequences on customer satisfaction, and increase the likelihood of attrition.



Competitive Differentiation



through Experience Quality and Speed of Service

Doing business right now is the next frontier for winning customer hearts and wallets. By delivering the highest quality experiences on a consistently timely basis, companies hope to capture larger customer wallet share, increase repeat business, garner product recommendations, strengthen customer loyalty and increase product consideration at the time of purchase. Successful companies recognize that meeting their customers' demands is critical if they are to succeed in reaching and retaining the increasingly impatient and cost-conscious customer, differentiating themselves from their competitors, and elevating the strength and value of their brands. However, meeting customer demands necessitates the adaptation of existing business operations around the right now business model, incorporating business infrastructure innovation, policy adaptation, process improvements, expanded information access, and employee education. Organizations that fail to make substantive improvements or that make only cosmetic changes to their business operations will be left with infrastructure that is inadequate to respond to the right now demands of their customers.

Competitive pressures and changing customer demands have forced even some of the most customer-centric companies to alter business models and change strategies. Starbucks has faced a customer base with changing demands and expectations, as well as an onslaught of intensified competition from the likes of McDonald's which has upgraded its coffee, and Dunkin' Donuts, which has added express drinks. In response, the coffee giant has implemented a number of time-sensitive touches to improve efficiency and speed of service. Examples include the replacement of La Marzocca machines with automatic express machines, and the addition of drive through windows at twenty five percent of its stores (expected to grow to thirty three percent of stores within the next two years). Starbucks hopes that these steps will appeal to customers who don't have time to wait in long lines, or even those who lack the time to exit their car and enter a store to purchase coffee.

In a world where companies routinely focus on cost reduction and efficiency measures to meet Wall Street and shareholder expectations, too many ignore the demands and expectations of their most important asset – their customers. Companies focusing on cost cutting must confront a simple truth – that customers ultimately pay the price of any cost reduction program. Cost cutting leads to accelerated product commoditization and forces companies to offer fewer personalized and differentiated products. Rather, they offer efficiency-driven products that generally appeal to customers who make no distinction for different preferences, but will complain and attempt to negotiate discounts on a regular basis.

Right now business strategies act as a counter weight to efficiency-driven products and services. The development and implementation of such strategies increase the ease through which companies can adapt to rapidly changing customer demands and market conditions so that they can provide their customers with the products and services they want, when they want them.

An Evolving Target

Doing business right now is not a destination. It is a journey – a constantly moving target that differs from day to day. Companies must recognize that what is new and exciting today will be common and boring tomorrow. They should never become complacent with the solutions they provide, assuming that once a



customer is “acquired,” he or she is will stay a customer forever. Customers will constantly heighten their expectations for experience quality and speed of service, and companies will need to meet those expectations to prevent their customers from defecting to the competition. This requires developing an understanding of what organizations want to produce for their customers two and three years from now. Organizations that adapt their mindset, infrastructure and operations to serve their customers with right now business strategies will increase their readiness for responding to changing customer demands faster than their competitors. The development and successful execution of right now business strategies is more than just a survival mechanism – it is they key to sustainable revenue growth and profitability.

This white paper is the first in its series. Please watch for our upcoming white paper – *Doing Business Right Now at Every Customer Touch Point.*



About Strativity Group

Strativity Group, Inc. is a global research and consulting firm advising organizations on creating lasting, profitable relationships with their customers and employees through the transformation of their strategies and execution to revolve around the customer experience.

Strativity Group, Inc. works with both Global 2000 companies as well as emerging businesses around the world. Our clients include Nokia, Computer Associates, SAP, American Management Association, Seagate Technology, Honeywell, Siemens, Dimension Data, FedEx, CATIC, Circle K, University of Pennsylvania, The Fund, Capital One, Jacada, Wyeth, Sage, Herbalife, Akibia, National, Lockheed Martin and Crown Plaza Hotels & Resorts and Nordea.

About RightNow Technologies

RightNow (NASDAQ: RNOW) is leading the industry beyond CRM to high-impact Customer Experience Management solutions. More than 1,800 companies around the world turn to RightNow to drive a superior customer experience across the frontlines of their business. As a win-on-service strategy becomes a business imperative, Customer Experience Management solutions have become essential for business success. Founded in 1997, RightNow is headquartered in Bozeman, Montana, with additional offices in North America, Europe and Asia. For further information, please visit www.rightnow.com.

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