BM.9
Generate ideas for the customer relationships block

Requires dialogue

This activity aims to generate ideas for how to address hotspots or strategic changes related to the customer relationships block.

INPUTS

- Hotspots or strategic changes related to the customer relationships block from the activities *ST.7 Do a SWOT analysis*, *BM.2 Gather additional data on the business model*, and *BM.3 Gather additional data on operational performance*.

OUTPUTS

- Specific ideas for how to change the customer relationships block to address the hotspots or strategic changes, used in the activities *BM.4 Generate business model concepts at the big picture level* - if taking a 'Bottom-up' approach, *BM.15 Evaluate the benefits,* and *BM.16 Evaluate the costs and BM.17 Evaluate the risks*.

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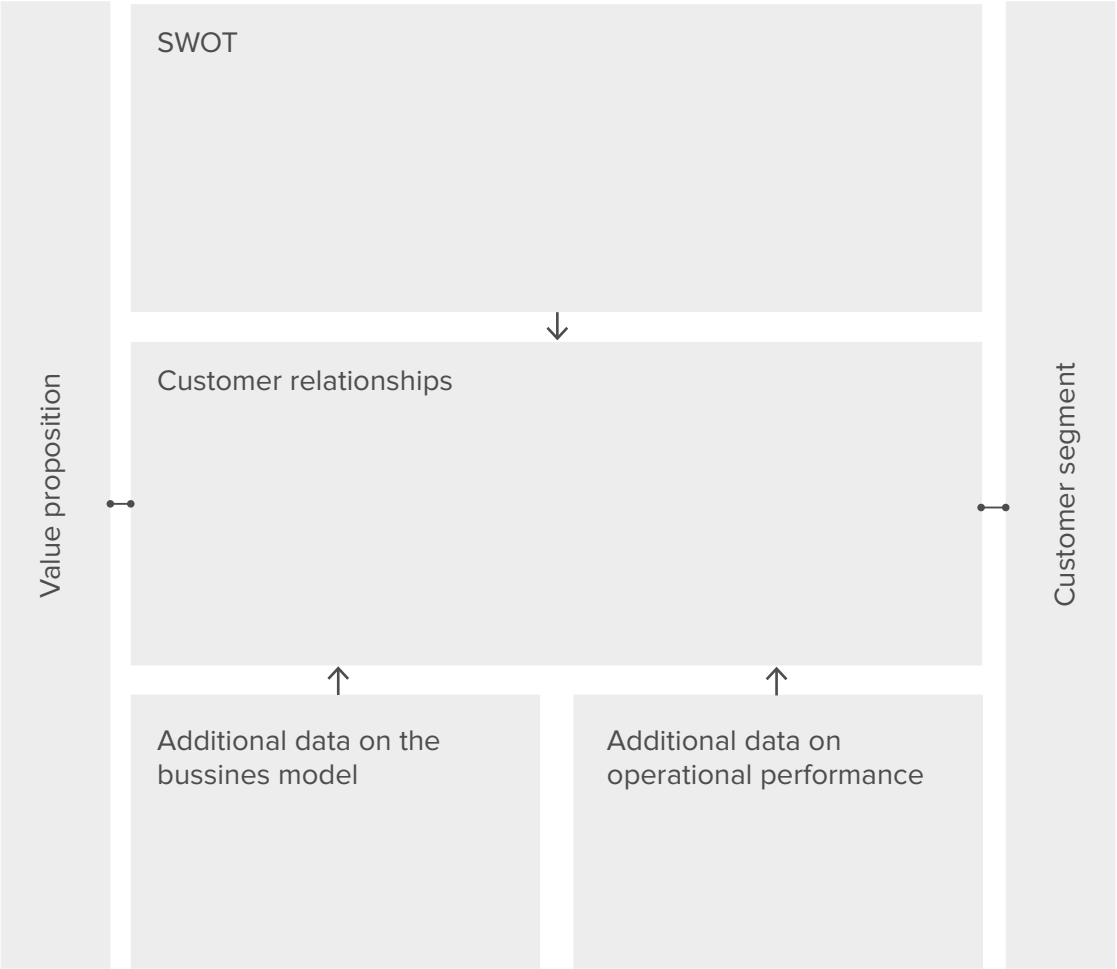
Eco—i Manual

Eco-innovation offers a variety of opportunities to enhance the relationship between the company and the customer. These are often linked to changes to the value proposition which can provide an increased frequency and quality of contact points with the customer. The activity instructions below provide some examples of ways that customer relationships can be enhanced through eco-innovation.

HOW TO GO ABOUT IT

- A 'product/service system' business model requires the customer to pay for an on-going service (for the use of a product), instead of a one-off transaction to purchase the product. This provides many more opportunities to engage with the user to offer new services and gather feedback. For example, the machinery supplier to the Tasty Tuna Company might offer a product/service system for its steam boiler equipment that would involve the Tasty Tuna Company paying a fee for each tonne of tuna cooked using the equipment instead of purchasing the equipment itself. This would allow the supplier to offer other added value services such as maintenance and energy use optimization services.
- A product take-back scheme for end of life products may require the customer to contact the company to arrange the collection and recycling of the product. This provides an opportunity to gather feedback on the customer's level of satisfaction and perhaps offer the customer a discount on a new model.
- A longer term engagement with customers can be encouraged through the creation of a 'customer sustainability board', particularly when dealing with business-to-business customers. This board can be formed from a small group of motivated

Template of Customer Relationship Ideas



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customers that have some interest in supporting the company to improve their sustainability performance. The customers selected to participate in the board should have gender expertise or should be provided with training on gender equality issues. Gender equality should be part of the standing agenda for the meetings. The board should meet once or twice per year to find out about the activities the company is undertaking to improve its sustainability performance and provide feedback and suggestions for how the company could improve its performance. This type of external review can be very helpful in ensuring that the eco-innovation activities of the company are aligned with the interests of the customer and stay on track during the long process of implementation.

→ Further information in the Agri-food, Chemicals and Metals Supplements

Customer relationship ideas

Project _____ Date _____ Version _____

Value proposition

SWOT

What key outputs from activity ST.7 could affect customer relationships?

Customer relationships

In what ways could the relationship between the company and the customer be enhanced?

Additional data on the bussines model

What key outputs from activity BM.2 could affect customer relationships?

Additional data on operational performance

What key outputs from activity BM.3 could affect customer relationships?

Customer segment

Used during activities

BM.9

Eco—i Templates

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LEARNING CASE STUDY OF CUSTOMER RELATIONSHIP IDEAS

Value proposition

SWOT

- *Competition from rival tuna processors driving down profit margins*
- *Good relationships with fisherpeople.*
- *Significant fish loss and waste between point of catch and point of consumption.*
- *Some markets interest in sustainably sourced fish.*

Customer relationships

- *Create a social media platform with a focus on sustainability where end consumers can find out about the sustainable fishing methods used and ask questions.*
- *What if we make fisherpeople our customers? What product/service could we offer to them?*
- *Create a web sales channel for commercial customers (restaurants, cafes and retailers) so that they can place orders, schedule delivery to suit their requirements and track delivery progress.*

Additional data on the bussines model

- *Currently don't have any way to contact end consumers.*
- *No way for end consumers to contact Tasty Tuna other than by post.*

Additional data on operational performance

- *Sales Manager spends around 10 hours per week responding to questions from commercial customers and retailers about when their next delivery will arrive.*

Customer segment

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Eco—i Agri-foods

TIPS & TRICKS

CONSIDER SOLUTIONS FOR IMPROVING TRANSPARENCY AND TRACEABILITY

Increasing supply chain transparency and product traceability to customers and outside stakeholders have become an important business driver for companies (2015 State of Green Business Report). Tracking their supplies is not a completely new practice but the development of new technologies has become a key enabler to account for environmental and social impacts of their material and products and make this information available to consumers. This also pushes companies to think about how they can innovate in their practices and business models to enable them to demonstrate compliance with the increasingly stringent sustainability standards. Real Co. operates with the vision of being the first global single origin food company. It sells agricultural commodities such as salt, sugar and rice from individual farms and producers in developing economies to retailers in the US. Its model is based on cutting out the middlemen and sharing the benefit with producers and consumers. Consumers benefit from sustainable products at more affordable prices and can also learn about the origins of the product through the stories of the producers placed on the final packaging and the company website. Real Co. pays better prices to farmers. The farmers in turn are investing in sustainable practices and new facilities that lead to better quality products. https://www.greenbiz.com/article/company-could-set-new-bar-transparency-food

USE CONSUMER FEEDBACK TO GENERATE NEW IDEAS

Long-term contact with customers in the agri-food value chain can be achieved by providing information about the sustainability aspects taken into account during production and manufacturing of the product. This content can be delivered to customers through a website, social media or on the packaging. Online contact can allow the company to easily communicate with consumers and accept suggestions for improvement, which may lead to new ideas for eco-innovation.

BACKGROUND INFORMATION

Companies in the agri-food value chain are increasingly open about their operation and are implementing transparency and traceability policies. 'Transparency' refers to disclosure of information about rules and practices throughout the whole product value chain (Sage). 'Traceability' is the ability to trace all components in a food value chain to their origin (EC, 2007).

References

Sage X3. Improving transparency in food manufacturing. Available from: http://www.sagex3.com/~/media/markets/erpx3/resources/download/us/improving-transparancy-in-food-manufacturing.pdf

European Commission (2007). Food Traceability: Tracing food through the production and distribution chain to identify and address risks and protect public health. Available from: http://ec.europa.eu/food/food/foodlaw/traceability/factsheet_trace_2007_en.pdf

2015 State of Green Business (2015), Joel Mahower et el https://www.greenbiz.com/report/state-green-business-report-2015

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Eco—i Chemicals

LEARNING CASE STUDY

In the case of the new business model for TipTop Textiles Co., an important component of customer relationships is a web-tool that customers can use to understand the sustainability impacts of their design decisions across the product's life cycle.

BACKGROUND INFORMATION

A survey including 130 chemical executives by Accenture indicated that over 50% of return on sales was explained by Customer Relationship Management (CRM) capabilities – CRM capability can significantly impact profitability. The report listed 5 specific capabilities, which accounted for 80 % of the total potential customer service impact (as measured in return on sales) that one could consider when investing into CRM software in the chemical industry:

- Leveraging information technology to enable easier customer contact (highest priority)
- Fairly compensating and rewarding personnel
- Building flexibility into information systems/technology
- Using customer service to generate sales
- Effectively developing service skills

References

Accenture (2011), Aligning Customer Segmentation with Industry Realities to Achieve High Performance in the Chemical Industry

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Eco—i Metals

BACKGROUND INFORMATION

Just-in-time Delivery (JIT) and lean manufacturing are production approaches prominent in the metals industry, particularly in the automotive sector. These approaches help the automotive industry to achieve various benefits including: productivity improvement, waste management, better production scheduling, increased emphasis on supplier relationships, synchronised and optimised production processes leading to increased resource efficiency (energy material), etc.

Another example specific to metals industry companies is using different customer services to strengthen the customer relationships and generate sales e.g. take-back schemes, rental and leasing services, repair and reuse programmes, industrial services, etc. As mentioned in BM.7, aftersales services offer possibilities to maintain customer relationships and bring benefits to both producers and customers. These services might include: analytical tools, performance-boosting programmes, advisory services, and remote diagnostics. These further offer great business potential and should be taken into consideration at the strategic level to leverage previously untapped profit potential.