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**12 Ways To Use E-learning For Customer Acquisition And Retention, Part 1**

**By David Boggs**

Customer acquisition and customer retention are important issues for any company today. A simple definition of "customer acquisition" is the process of acquiring or obtaining new customers, and/or converting prospects to customers. "Customer retention" is the process of keeping, sustaining, and/or growing the relationship your customers have with your company and its products and services.

These activities become more involved for business-to-business, value-added, manufacturing, and technology companies that create and distribute complex products and services that require training and specific product knowledge in order to use the product or service effectively. Using e-learning, i.e., a learning management system to deliver web-based training and support for complex products and services has several advantages.

**Customer Acquisition Uses of Web-Based Learning Management Systems (LMSs)**

1) Educate your prospects on your products and services. One advantage of using a e-learning to deliver product training and support is that the web-based LMS becomes an effective way in which to educate a prospect on your products and services. Sales cycles for complex products and services can take from three to eighteen months or more to make the sale. In business-to-business selling situations, several people at many different levels need to evaluate the product and must be educated on your company's wares before they can come to a decision.

2) Customize your approach to each of the different stakeholders involved in the sale process. The Chief Financial Officer (CFO) will have a different set of concerns about your products and services than Chief Information Officer (CIO). The user interface layout and content of the web-based learning management system can be customized to each of the specific stakeholders' needs. A web-based learning management system can contain several courses, training modules, or repositories of information specifically designed to meet the needs and address the concerns of all the various stakeholders in the decision making process.

Most of the decision makers involved in business-to-business purchases are busy, executive-level managers. Since the information is web-based, they can access it and do a training module at their

convenience.

3) Establish a knowledge base for salespeople, resellers, and partners. A web-based LMS used to deliver training and product support is a great resource and knowledge base for your sales team, resellers, and partners. It can provide a backup for sales people, resellers, and partners that might not have the same level of understanding of your products your field engineers. Your sales executives, resellers, and partners will feel more confident about offering your products and services with a good library of training courses and helps available 24-7 on the web.

4) Ramp up your new salespeople more quickly and keep them on the road. An e-learning system can be used to train your sales force on your company's products and services. New sales people are able to ramp up more rapidly and start to sell your products and services in less time. With this system, they do not have to lose time off the road to be updated on the latest features and functionality.

5) Track your prospects as they move through the sales process. Web-based LMSs can track and provide data about your prospects as they move through the stages of the sales process. With a custom reports feature, the LMS allows the sales or marketing manager to go directly to the web to pull the latest reports on all prospect activity.

6) Harvest other types of information from your market to help your company close business more quickly. In addition to the data collected on your prospects, a web-based learning management system can be used to monitor your sales force or other users' activities. The sales or marketing manager can access web-based reports to see what products the sales force is actually working to sell and deploy. This data can be used for research and development, to plan product initiatives, to obtain insight on repositioning, and other tactical and strategic initiatives.

7) Promote your products and services to prospects using the features in the web-based learning management system. Once a prospect's information has been loaded into the LMS, you can use the features and functionality of the system to promote your products and services. For example, a built-in, online survey tool allows you to send surveys to your prospects with the data being recorded in the learning management system. E-mail messaging capabilities in a web-based LMS allow you to send e-mail marketing campaigns your prospects. Sales and marketing people can use the learning management system to conduct "webinars" using its integrated web conferencing technology. The web conference can then be archived and used in the future. Creative marketers can develop promotions using the testing feature with the information returning to the LMS database.

Dave Boggs is the founder and CEO of SyberWorks, Inc (

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). He has been

involved with computer-based and web-based training for more than twelve years. Before founding SyberWorks, Dave was the VP of Sales and Business Development for Relational Courseware. He holds a Bachelor of Science degree in Physics from Union College in Schenectady, NY, and an MBA

from the Kellogg School of Management at Northwestern University in Evanston, IL.

## The Value of a Customer

By Bryan Brandenburg

You need to determine what the value of a customer is to your company. Answer the following questions:

How much will the average customer spend with you per year?

A = \_\_\_\_\_

If you provide quality service and products, how many years can you expect to keep a customer ?

B = \_\_\_\_\_

What is your gross profit, as a percentage of revenues?

C = \_\_\_\_\_

The value (V) of a customer is:

$$V = A \times B \times C$$

We learned with our network consulting company that the average life of a customer was about 2 ½ years and the average yearly expenditure was around \$10,000. With a gross margin of 35%, each client was worth \$8750 to the company.

$$\$10,000 \times 2.5 \times .35 = \$8750$$

If you haven't used this simple formula before, it can totally change how you view customer acquisition, retention and customer service. Normally you'll want to spend about 10% of current or projected revenues on customer acquisition. This formula allows you to accurately project what a customer is worth to you over their customer life cycle.

A valuable concept to learn and leverage is to go to great lengths to keep a good customer. The simplest and least intensive marketing efforts are those that you do for existing customers. Stay in contact, educate them on the excellent services you have provided them and the value proposition that you offer.

## Close Ratios

The next important parameter is to calculate your close ratio. This means for every prospect you talk to, how many become customers? We had a close ratio of around 25%. With the above example,

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assuming a marketing budget of 10% of gross revenues per customer, we had \$1500 to work with. With a 25% close ratio, that meant we could spend on average \$375 for every prospect we talked to

$(\$1500 * .25 = \$375)$ .

This is a very useful tool for making decisions around how much time to spend on proposals, contact, lunches and other prospecting activities.

Bryan Brandenburg has published 5 books as well as a number of articles both in print and on the internet. He has published almost 30 software programs both for consumers and business. More information can be found at

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The Value of a Customer  
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Money Saving ideas  
147 Killer Epublishing Strategies  
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