

## Elevating B2B Customer Retention to Drive Profitable Growth

---

### BACKGROUND

OfficeMax provides integrated office supply solutions to companies ranging from Fortune 1000 enterprises to small businesses. For OfficeMax, as for most companies with a finite number of high-volume, competitively priced corporate accounts, customer retention is vital for achieving and sustaining profitable organic growth. Customer losses are costly, and rarely can new account acquisition completely offset the loss of large, long-standing accounts. For help with this critically important issue, OfficeMax engaged Fidelum Partners to help them diagnose and better manage the retention of their large and medium sized accounts.

### SOLUTION

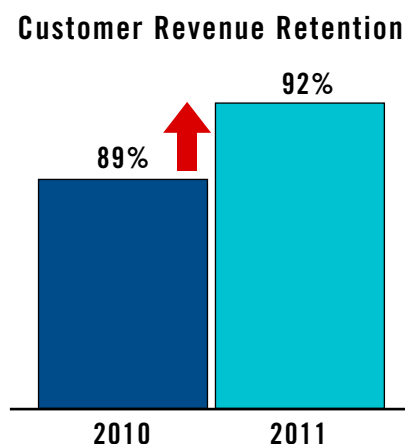
To better understand the issues and opportunities underlying account retention, Fidelum Partners leverages a powerful but little known framework of insights called The Warmth & Competence Model. Originally developed by renowned psychologists at Princeton to better understand human social behavior, this model has now been adapted to diagnose and improve customer loyalty and retention.

To assist OfficeMax with its retention challenge, Fidelum Partners gathered qualitative and quantitative warmth and competence insights from a representative sample of large and medium sized accounts recently won, lost, retained or unsuccessfully bid. As neutral, third-party researchers, Fidelum Partners was able to elicit the kind of candid answers required to uncover the real causes of account loss – answers that customers usually withhold when companies try to gather such feedback themselves. In addition, Fidelum Partners gathered the same kind of warmth and competence insights from the OfficeMax account managers handling those lost accounts, enabling detailed analyses of how well each customer's priorities were understood and addressed, at both the individual account and overall levels.

This penetrating analysis of customer needs and perceptions revealed that certain restructuring and policy changes that OfficeMax had made to stabilize their financial performance during the economic recession had inadvertently damaged their relationships with many long-standing customers. In particular, perceptions of OfficeMax on certain critical dimensions of warmth necessary for lasting trust and loyalty were in need of serious attention. In addition, opportunities to articulate a more clear and compelling value proposition relative to competitors were also identified.

## BUSINESS RESULTS

Ravi Saligram, the CEO at OfficeMax, stressed from his first day in late 2010 that the company must relentlessly focus on retaining customers. The combination of this strategic focus and insights like those provided by Fidelum Partners allowed OfficeMax to make impressive gains in retention. During 2011, customer retention rates improved 300 basis points to 92%, preserving nearly \$100 million in account revenue during the course of the year. Building on this success, OfficeMax has set its customer retention targets even higher for 2012. In addition, the company is now not only able to identify opportunities to improve system-wide results in retention, but also to provide new insights for sales executives to improve their results with all customers and prospects. In addition, OfficeMax has expanded this program to include its Canadian division, where similar growth opportunities may exist.



*“There are many things that can go wrong in retaining customers, but the problem should never result from confusion or misunderstanding about what they value. You should never have to say, ‘I didn’t think that was important to customers because I never asked them.’ Fidelum Partners asked our customers what was important to them. And they got our sales reps’ perspectives on why we won or lost business – information we had never considered before. Their analysis and research has provided us with a solid basis for making informed decisions about how we can better go about acquiring and retaining customers in the future.”*

Karl Rockenhaus  
Vice President, Contact Centers & Sales Support  
OfficeMax

*“We got direct feedback from clients, prospective clients, and people who had been prospects and decided to go with someone else. Fidelum Partners’ expertise, their understanding of our perspective, and that feedback gave us great insight as to how powerful our value proposition is, how well we were delivering it, and how appropriate it was for the market.”*

Joe Gorman  
Vice President, East Region  
OfficeMax