



[WHITEPAPER]

Fostering Circular Thinking: 7 Best Practices for Customer Retention

**BLACK
WINCH**

THE AS-A-SERVICE EXPERTS

Fostering Circular Thinking: 7 Best Practices for Customer Retention

Foreword: Pioneering the Circular Mindset Revolution

In the ever-evolving landscape of modern business, a profound shift is occurring, one that challenges traditional linear thinking and favors circular mindsets. This whitepaper is your guiding compass through this transformation, unveiling the principles of circular thinking and its pivotal role in reshaping consumer decision journeys, manufacturing strategies, and customer retention practices.

Discover how circular thinking is replacing linear thought processes and why it's becoming the cornerstone of trust, the catalyst for continuous value delivery, and the blueprint for automating customer retention.

Explore 7 best practices to concretely put circular thinking into practice and reinvent customer retention for the long term.

5% increase in customer retention can boost profits by up to 95%

Source: Bain & Company.

Get ready to embrace the circle – where beginnings and endings blur, and a world of infinite possibilities awaits. Welcome to the future of business thinking.



1. Shift from Linear to Circular Thinking in Business

Adopting a circular mindset in business means shifting the focus from a linear trajectory to a continuous cycle of learning and improvement. Instead of viewing problems as obstacles to overcome, businesses with a circular mindset see them as opportunities for growth and development.

In a linear thinking approach, businesses often follow a rigid path from problem identification to solution implementation. This approach assumes that there is a single correct solution and that success is achieved by reaching that endpoint. However, this linear approach can be limiting and may not allow for flexibility or adaptation when unexpected challenges arise.

On the other hand, a circular mindset recognizes that business is not a straight line but rather a continuous cycle. It acknowledges that there will be ups and downs, setbacks and breakthroughs, and that success is not a fixed destination but an ongoing process. This mindset encourages businesses to embrace the journey itself, rather than solely focusing on the end result.

By adopting a circular mindset, businesses can approach challenges with a sense of curiosity and openness. They understand that there may be multiple paths to success and that failure is not a permanent setback but an opportunity to learn and improve. This mindset encourages experimentation, innovation, and continuous learning.

In a circular mindset, businesses are not afraid to make course corrections along the way. They understand that the initial plan may need to be adjusted based on new information or changing circumstances. This flexibility allows businesses to adapt and evolve, ensuring their long-term sustainability.

Furthermore, a circular mindset encourages businesses to view their stakeholders as part of a larger ecosystem. Instead of focusing solely on their own success, businesses with a circular mindset consider the impact of their decisions on customers, employees,

suppliers, and the environment. They strive for a more holistic and sustainable approach, recognizing that their success is interconnected with the well-being of others.

Ultimately, adopting a circular mindset can lead to a more resilient and adaptable business. By embracing the continuous cycle of experiences, adaptations, and improvements, businesses can foster a culture of innovation and growth. They can navigate challenges with agility and creativity, and ultimately return to the starting point with new insights and capabilities. In this way, a circular mindset enables businesses to thrive in an ever-changing and complex world.

2. Linear VS Circular Mindset in the Consumer Decision Journey

The difference between linear and circular thinking in the context of the consumer decision journey lies in how they conceptualize and approach the process of making purchasing decisions. Let's explore these two mindsets:

LINEAR THINKING

CIRCULAR THINKING

VS

Linear Thinking

- **Sequential Progression:** Linear thinking views the consumer decision journey as a step-by-step, linear progression from problem recognition to information search, evaluation, purchase, and post-purchase evaluation. It assumes that consumers follow a structured path and that their decisions move in a linear sequence.
- **Funnel Model:** Linear thinking is often associated with the traditional "funnel" model. In this model, consumers start with a broad set of options and then narrow down their choices through each stage of the funnel, with the ultimate goal of reaching a single purchasing decision.

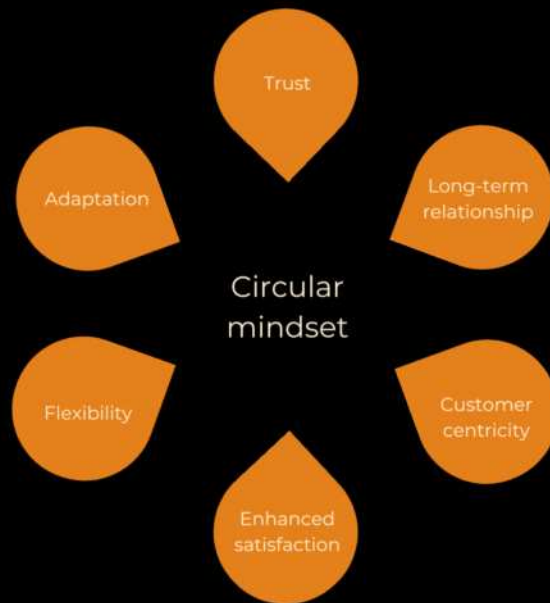
- **Single Endpoint:** The linear approach assumes that the journey has a single endpoint, which is the purchase decision. Once the purchase is made, the process is considered complete.
- **Limited Interaction:** Linear thinking tends to focus on limited interaction with consumers, mainly during the evaluation and purchase stages. It may not emphasize ongoing engagement beyond the point of sale.

Circular Thinking

- **Continuous Loop:** Circular thinking sees the consumer decision journey as an ongoing and cyclical process. It recognizes that consumers may reevaluate their choices, repeat stages, or engage with a product or service continuously.
- **No Fixed Endpoint:** The circular approach does not assume a fixed endpoint. Instead, it acknowledges that the journey itself is the focus, and there's no clear separation between pre-purchase and post-purchase phases.
- **Ongoing Engagement:** Circular thinking emphasizes continuous engagement with consumers, even after they make a purchase. This ongoing relationship-building and interaction are crucial components of the circular mindset.
- **Adaptability:** Circular thinking allows for adaptation and flexibility. Consumers can re-enter the decision journey at any stage, reassess their needs, and make adjustments based on changing circumstances or preferences.

Linear thinking follows a predefined path with a specific endpoint, while circular thinking sees the journey as an ongoing, adaptable cycle with a focus on continuous interaction and engagement. The choice between these mindsets often depends on the nature of the product or service, the consumer's decision-making behavior, and the brand's strategy for building and maintaining relationships with customers.

3. Adapting, Trusting, and Thriving: The Circular Mindset's Role in Manufacturing



Building Strong Foundations of Trust and Long-Term Relationships:

Manufacturers who embrace the principles of a circular mindset understand the pivotal role that trust plays in their customer relationships. In a world where business dynamics are constantly evolving, trust becomes the bedrock upon which lasting partnerships are constructed. These forward-thinking manufacturers prioritize trust as a strategic asset, nurturing it through consistent engagement, active listening, and responsive adaptation to their customers' ever-shifting needs. This focus on trust not only cements existing relationships but also paves the way for the formation of long-term, collaborative partnerships.

The Value of Customer-Centricity and Enhanced Satisfaction:

A circular mindset places immense emphasis on aligning business strategies with the dynamic needs and expectations of the customer. Manufacturers who adopt this approach recognize that customers are not static entities; they evolve, and their requirements change over time. By maintaining a deep understanding of these changing customer dynamics, these manufacturers consistently tailor their products, services, and interactions to deliver greater value. This continuous focus on customer satisfaction creates a virtuous cycle, as satisfied customers are more likely to become loyal patrons, advocates, and a source of invaluable word-of-mouth referrals. Manufacturers, in turn, benefit from increased customer retention and a stronger market presence.

Embracing Flexibility and Adaptation:

In the realm of manufacturing, as in life, change is the only constant. Linear thinking, with its fixed plans and strategies, often leaves manufacturers unprepared and inflexible in the face of evolving circumstances. On the other hand, the circular mindset encourages a dynamic approach. It allows manufacturers to be agile and responsive, readily adapting to shifting market conditions, technological advancements, and the demands of their customers. In this context, change is not met with resistance but with readiness. Manufacturers employing a circular mindset position themselves to seize emerging opportunities, address challenges proactively, and align their offerings with the ever-evolving landscape of customer needs. This strategic agility is a cornerstone for continued success in today's rapidly changing business environment.

4. Circular Thinking Made Easy: Embracing As-A-Service Models

As-A-Service models represent a paradigm shift in how manufacturers approach their business strategies and customer relationships. These models, which encompass delivering products, services, or solutions to customers through subscription-based arrangements, are inherently aligned with a circular mindset. Let's delve into the multifaceted reasons why As-A-Service models and circular thinking are harmoniously intertwined.

Subscription-Based Relationships: A Shift from Transactional to Relational

At the core of As-A-Service models lies a fundamental change in the nature of the customer-manufacturer relationship. In traditional transactional models, a customer purchases a product or service, and the interaction effectively ends there. However, As-A-Service models emphasize ongoing, subscription-based relationships. In this context, the customer transforms from a one-time buyer into a long-term partner. The recurring nature of subscriptions nurtures a sustained, meaningful connection. This transition from transactional to relational not only fosters trust but also encourages open, two-way communication. Customers are no longer seen as mere buyers but as active participants in a continuous dialogue with the manufacturer.

Continuous Value Delivery: Meeting Evolving Needs

As-A-Service models compel manufacturers to rethink their approach to value delivery. It's no longer about selling a product and moving on to the next customer. Instead, manufacturers are motivated to provide consistent value throughout the customer's journey. This value extends beyond the initial offering and encompasses ongoing improvements and adaptations to cater to the user's ever-evolving needs. This ongoing commitment to enhancing the customer's experience is at the heart of circular thinking. Manufacturers actively seek feedback, monitor usage patterns, and respond with meaningful adjustments. This continuous value delivery not only delights the customer but also strengthens the manufacturer's position as a trusted partner invested in the customer's success.

Data-Driven Decisions: Personalization and Optimization

Data analytics play a pivotal role in As-A-Service models, making them inherently data-driven and customer-centric. Manufacturers leverage data to gain deep insights into

user behavior and preferences. This real-time understanding of customer needs allows for a highly personalized approach. In fact, a report by McKinsey highlights that personalization can reduce acquisition costs by as much as 50%. By tailoring the offering to meet individual expectations, the manufacturer fosters a stronger bond with the customer. Data isn't just used for understanding, but also for proactive optimization. It fuels the circularity of the relationship by driving continuous improvements. Manufacturers can identify areas that require enhancements and swiftly implement changes to ensure that the product or service remains aligned with customer expectations. This data-driven approach is a prime example of how As-A-Service models embody circular thinking, as it's a constant cycle of understanding, adapting, and delivering.



5. Going Beyond Traditional: 7 Best Practices for Manufacturers to Foster Circular Thinking with Customers



Continuous Communication: A Pillar of Trust

In As-A-Service relationships, maintaining consistent communication is not merely a best practice; it is the cornerstone of trust-building. Quarterly steering committees serve as a structured platform for meaningful engagement. These sessions transcend traditional customer-supplier interactions; they become collaborative forums where both parties share insights, feedback, and progress reports.



****Best practice 1:**** Implement quarterly steering committees as a standard practice. Develop a clear agenda for these sessions that includes discussions about contract progress, customer feedback, and mutual goals. Encourage open dialogue and active participation from both sides.

Regular, scheduled meetings ensure that customer needs are continually assessed and addressed. This proactive approach fosters trust by demonstrating a genuine commitment to the partnership. It also enables manufacturers to stay attuned to evolving customer requirements and market dynamics. A study by Deloitte states that 88% of customers expect timely, proactive customer service, including recommendations and assistance.

Data Transparency: The Bedrock of Trust

Transparency is the bedrock upon which trust is built. To cultivate a sense of openness and honesty, manufacturers must provide customers with real-time access to data regarding contract usage and performance. This transparency empowers customers with the knowledge needed to make informed decisions.



****Best practice 2:**** Invest in user-friendly data dashboards or portals that grant customers easy access to contract data. Ensure that the data is presented in a clear, understandable format. Encourage customers to explore this data regularly and offer guidance on how to interpret it for their benefit.

Real-time data offers insights that extend beyond mere metrics—it paints a vivid picture of the partnership's health. Manufacturers gain a comprehensive understanding of how their solutions are being utilized and can pinpoint areas for improvement. Transparency becomes a two-way street, fostering mutual trust and collaboration.

Capitalizing on Existing Contracts

The conclusion of one contract should not signify a clean slate but rather an opportunity for evolution. Embrace the history and trust established during previous contracts. It is a chance to build upon the foundation of trust and mutual understanding that has developed over time.



****Best practice 3:**** Prioritize contract continuity by proactively discussing renewals well in advance. Create a contract renewal roadmap that outlines key milestones and responsibilities. Involve dedicated account managers or customer success managers who can oversee the transition from one contract to the next seamlessly.

Delivering Ongoing Value and Improvements

To maintain and deepen customer trust, manufacturers must continually deliver value and improvements. It is not enough to maintain the status quo. Instead, actively seek customer feedback, listen to their pain points, and address their evolving needs.



****Best practice 4:**** Establish a structured process for gathering customer feedback throughout the contract lifecycle. Regularly solicit input on

product performance, service quality, and potential enhancements. Implement a feedback loop that informs product development and improvement initiatives.

Encouraging Flexibility: A Win-Win Approach

Flexibility lies at the heart of As-A-Service models and can be a win-win for both manufacturers and customers. Encourage customers to embrace the flexibility inherent in these models. Make it clear that they are in the driver's seat, with the ability to adapt solutions to their ever-evolving needs and budget constraints.



****Best practices 5:**** Offer flexible pricing structures that allow customers to scale their usage up or down as needed. Clearly communicate the pricing implications of these changes and provide tools or calculators to estimate costs based on different usage scenarios.

Continuous Improvement Through Collaboration

A circular mindset extends to the realm of innovation and improvement. Manufacturers and customers should not view themselves as separate entities but as collaborators in the pursuit of excellence. Leverage customer insights and market trends to drive ongoing improvements.



****Best practice 6:**** Establish innovation committees composed of representatives from both the manufacturer and the customer. Regularly convene these committees to discuss emerging technologies, market demands, and potential enhancements to the As-A-Service offerings. Act upon the recommendations generated by these committees to demonstrate a commitment to co-creation.

Harnessing Predictive Analytics

The power of predictive analytics cannot be overstated. By analyzing historical contract data, usage patterns, and market trends, manufacturers can proactively identify opportunities for value enhancement and cost optimization.



****Best practice 7:**** Invest in advanced analytics tools that can sift through vast datasets to uncover actionable insights. Collaborate with customers to develop predictive models that forecast usage trends, allowing for proactive adjustments to contracts and solutions.

6. From Contract Endings to New Beginnings: Automating Customer Retention



Imagine a scenario where the process of customer retention is completely transformed by leveraging the right tools and adopting a circular sales approach. Traditionally, the expiration of a rental contract has been viewed as a point of friction for both manufacturers and customers. Why is that? Well, in most cases, there is a lack of regular communication between the two parties throughout the duration of the contract, resulting in a limited understanding of the customer's future needs and desires. In fact, a whopping 62% of customers feel that companies should step up their communication game, according to SuperOffice.

To make matters worse, salespeople often find themselves in a challenging position when it comes to devising a refresh plan for their customers on a subscription plan. Without access to data and the appropriate reporting tools, creating an effective refresh strategy becomes a daunting task. Just picture this: salespeople are often left with incomplete information about the full device roadmap, unaware of the available residual value grid for the new devices, lacking real-time stock updates, and without comprehensive documentation regarding the customer's previous asset payments. As a result, contract expiration becomes a time-consuming hassle.

During this period, customers are presented with numerous reasons to explore alternative options, potentially switching to a different manufacturer and severing the existing relationship. But what if we could view the contract expiration date as an opportunity rather than a burden? What if the entire rental refresh proposal process could be automated?

Let's consider the essential features that will likely become the foundation for future refresh sales proposals, enabling businesses to generate more revenue and increase customer retention. Remember that increasing customer retention rates by just 5% can increase profits by 25% to 95%, according to Bain & Company, so that's of tremendous importance.

1. With the ability to send automatic personalized proposals based on customers' initial monthly fees, salespeople could revolutionize the way they engage with clients. No longer limited to generic offers, they could tailor their proposals to each individual's specific needs and budget. This level of personalization would not only make customers feel valued, but it would also increase the likelihood of them accepting the offer. A survey by Harvard Business Review Analytic Services found that 74% of consumers are more likely to buy from a company that offers a personalized experience.
2. By effortlessly offering upgraded devices at the same price, salespeople could provide customers with the latest technology without stretching their budget. This would not only elevate the overall customer experience but would also show empathy towards customers' financial constraints. As per McKinsey, 70% of buying experiences are influenced by how customers perceive their treatment. What's important to note here is that by beginning the negotiation process with the customer's monthly fee in mind, manufacturers could guarantee a steady and reliable stream of recurring revenue. This approach would be made possible through the utilization of an extensive dataset and robust reporting capabilities.
3. Additionally, having instant access to complex financial calculations would empower salespeople to offer enticing upsell opportunities much faster. By swiftly determining the financial implications of an upgrade, they could present customers with compelling and relevant offers that would align with their budget and needs.
4. To elevate the refresh strategy to new heights, sales people would need a platform that crafts automatic proposals tailored to each customer's credit scoring. No longer will valuable time be squandered on doomed proposals that face rejection from the funding team. By integrating a credit scoring system into a platform, the entire process would become seamless, guaranteeing that every proposal would not only be expedited but would also be meaningful to all parties involved.
5. Finally, real-time stock tracking would play a crucial role in building tailored proposals. With up-to-date information on inventory levels, salespeople could create proposals that would not only be relevant but also feasible in terms of product availability.

This level of customization and flexibility is often seen in B2C interactions, but it is rare in the B2B world due to the complexity of manufactured assets and residual values. However, by embracing these tools and technologies, manufacturers can overcome these challenges and provide a superior customer experience.

The younger generation, in particular, expects this level of service as the norm. They are accustomed to personalized experiences and expect businesses to cater to their individual needs. By leveraging the power of these innovative tools, supercharged by AI, and seamlessly integrating them into the sales proposal process, manufacturers can not only meet these expectations but also propel their growth and foster stronger customer loyalty. In fact, according to Forrester Research, companies using AI-driven tools for sales and marketing have seen an increase in leads of more than 50% while lowering costs by 60%.

This forward-thinking and circular approach will not only keep them ahead of the competition but also revolutionize the way they build and nurture customer relationships. The future is brimming with potential, and it all begins with harnessing the right tools and technologies.



Conclusion - Building Tomorrow's Success Today:

As we close the chapter on the linear business mindset, it's evident that the future belongs to those who embrace circular thinking. Whether in the context of consumer decision journeys, manufacturing, or customer retention, the circular approach thrives by recognizing that success is not a single destination but a continuous journey.

By fostering trust and long-term relationships, manufacturers are building solid foundations that will stand the test of time. Customer-centricity and enhanced satisfaction are the pillars upon which lasting brand loyalty and advocacy are constructed. The embrace of flexibility and adaptation ensures manufacturers remain agile in the face of change, ready to seize new opportunities as they arise.

The synergy between circular thinking and As-A-Service models exemplifies the power of transformation and innovation. These models enable manufacturers to engage in ongoing, subscription-based relationships, consistently deliver value, and harness the strength of data for personalized, adaptive decision-making.

Furthermore, best practices for manufacturers to foster circular thinking with their customers underscore the importance of continuous communication, data transparency, leveraging existing contracts, and delivering ongoing value and improvements. This culminates in the collaborative journey of achieving customer satisfaction and forging lasting partnerships.

In the world of customer retention, automation is paving the way for a new era of contract endings. With the right tools and a circular sales approach, manufacturers can turn the renewal process into a chance to strengthen relationships with their customers.

Personalization, affordability, and flexibility are key in this new landscape, creating a future where trust, value, and engagement are at the forefront of customer relationships. At Black Winch, we've developed an AI-powered sales assistant - *ComPaaS* - that's revolutionizing customer retention on a global scale. Get in touch with us today for more information and an inspiring session.

As we navigate this circular path to success, manufacturers that transition from linear thinking to circular mindsets will emerge as the torchbearers of innovation, resilience, and customer-centric excellence. It's a journey that goes beyond endpoints, embracing the infinite possibilities that the business world has to offer.



