



LENNOX

BUSINESS TRANSFORMATION STUDY

AT A GLANCE

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|-------------------------------------|------------------------------------------------------------------------------------------------------|
| Industry | Manufacturing |
| Revenue | US\$3.4 billion (2005) |
| Employees | 16,000 |
| Location | Richardson, Texas |
| Web Site | www.lennoxinternational.com |
| SAP® Solution & Services | mySAP™ Customer Relationship Management application (interaction center and analytics functionality) |
| Implementation Partner | ACS Systemch |

Founded in 1895, Lennox International Inc. has grown to become a leading global provider of climate control solutions. Today, the company develops products including heating and cooling systems, refrigeration units, and indoor air-quality equipment. It reaches its markets around the world through multiple distribution channels. Lennox is focusing on continued growth – by capitalizing on its ability to deliver high-quality solutions and innovatively serve its customers.

Key Challenges

- Enhance customer service
- Increase market share in a highly competitive industry
- Reduce customer attrition
- Provide visibility into customer interactions and enable a total view of customer information

Why SAP Was Selected

- Integration with existing mySAP™ ERP landscape
- Strong interaction center functionality
- Low total cost of ownership, including low change management costs
- Ability to achieve a rapid implementation
- Robust electronic product catalog functionality

Implementation Best Practices

- Leveraged standard ASAP methodology
- Conducted usability workshops to validate approach
- Delivered application to end users immediately after training
- Conducted implementation in phases

Low Total Cost of Ownership

- Rapid on-time 6-month implementation
- Adherence to budget
- Minimized change management costs

Expected Financial and Strategic Benefits

- Reduce customer attrition by 12% – a multimillion-dollar contribution to profit margin
- Improve residential call center efficiency by 10.5% and field office efficiency by 9%
- Provide cross-channel visibility
- Offer tailored services based on knowledge of customers

Expected Operational Benefits

- Reduce call time through access to a centralized product catalog
- Increase first-call resolution
- Lower callbacks due to enhanced interaction center functionality
- Enable institutional memory of every customer transaction



“Our goals included giving Lennox Residential employees wide visibility across all customer channels, being proactive with our interactions, and becoming more customer-centric.”

Kristin Lelsz, IT Manager, Lennox International Inc.

“We saw benefits quickly with interaction center capabilities, and now we’d like to use mySAP CRM tools in every contact point with the customer. We . . . can do everything we need to do with SAP software.”

Rod Flory, CIO, Lennox International Inc.

The Need to Enhance Customer Relationships

Management of Lennox International Inc.’s residential heating, ventilation, and cooling systems business unit understood that meeting long-term objectives of increased market share and customer growth would require providing customers with a value proposition that differentiates itself in the marketplace. While Lennox has always provided value to customers by offering innovative and reliable products, current market research indicates that customers today view service and the business relationship it creates as the top determinant of continued loyalty. In particular, customers want to do business with a company that provides convenience with every interaction and treats them as a valued customer.

Historically, Lennox has prided itself on providing relationship-based services through the traditional means of sales and customer service representatives. Organizationally, Lennox has structured its service offerings to be familiar to customers and promote special services and processes as a way to build and strengthen customer relationships. Due to increased customer interaction volumes, complexity, and accompanying sales growth, however, providing and improving upon this level of personalized service consistently posed a challenge for Lennox personnel.

Interaction Center Implementation

The implementation of the interaction center functionality of the mySAP™ Customer Relationship Management (mySAP CRM) application was an important first step in enhancing customer relationships. The implementation design incorporated the company’s current knowledge of customers, and the project team followed the ASAP methodology to complete implementation in just six months.

By integrating with the Lennox telephone system, mySAP CRM supports all communication channels and provides agent access to all relevant customer information. The system provides scripts to help guide interactions with customers and enables access to an electronic product catalog that improves effectiveness during calls. The system’s robust functionality improves the probability that agents can address all open issues in a single customer interaction.

Efficiency Improvements and Attrition Reduction

Through the implementation, Lennox enabled agents’ visibility into their customers’ service and sales history, thereby increasing first-call resolution and boosting efficiency. The company is expecting to reduce customer attrition substantially, supporting growth in market share – and reduce spending on customer acquisition.

Looking Ahead

In the future, Lennox expects to enhance its interaction center implementation to facilitate up-selling and cross-selling, implement the mobile sales functionality of mySAP CRM for its field sales force, and provide an online solutions database. By expanding the implementation to other Lennox business units and implementing mySAP CRM at every customer touch point, Lennox will achieve a total view of its customers, make better decisions based on deeper insights into customer value and service costs, and accelerate its profitable growth.