

SIX QUESTIONS ABOUT CUSTOMERS

(ANSWER THEM TO REVEAL GROWTH OPPORTUNITIES)

In the midst of the current recession, business unit leaders are looking for some clear direction, guidance, and perspective on the issue of “where growth will come from.” The answer is not “do more of the same, and just work harder.” The growth opportunities are out there, but they are likely to lie in places that are farther afield, more difficult to reach, or with customers who are less profitable to serve. We have six questions for you to consider. Answering them will spark ideas for your business unit(s).

1. What Are the Unmet Needs of Existing Customers?

In looking for growth opportunities, the easiest to profit from involve changing your products or services to please your current customers. What would it take to sell more to them? Perhaps changing your value proposition slightly could remove any motivations they may have to work with an additional vendor. For example, there may be a segment of customers who

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require more (or less) customer service support than you currently provide. They use an alternative supplier who better addresses this need. If you make a change for this segment of customers, you may be able to convince them not to use another vendor and sole source with your company. *Once you truly understand where customers' misgivings, disappointments, or unmet needs are, you can decide whether you would like to address them, and potentially gain more business.*

2. Is There an Opportunity to Adjust the Price/Value Offering?

Now that you have addressed your existing customers, let's turn our attention to prospects. One unmet need that prospective customers always express involves price. Yet, when given the option of a tradeoff – a reduced price in return for a lower quality product – they often balk at the lower-priced option. In light of the current economic situation, *prospects may be willing to sacrifice the longevity/durability of a product or service, for example, in order to receive a lower up-front price.*

It may mean adding an additional option for customers instead of simply switching to a different offering. You do not want to alienate existing, loyal customers in the process by changing the price/value offering that they have come to expect and appreciate. The objective is to attract those prospects that would otherwise pass on your value proposition by adjusting the price/value offering on a specific range of products or services.

3. How Are We Accessing and Servicing Customers?

There may be a new channel (one that does not conflict with existing channels) that could enable your company to sell more with little additional effort. For example, suppose your company does not sell directly to end-customers. Your distributors or dealers are equipped to handle relatively small purchases in relatively isolated geographic locations around the country. A large, national-level customer, purchasing in bulk but requiring shipments to multiple locations, is simply not easy for your existing distribution channel to handle. Combining forces with your distributors and handling the account through one source at your company may facilitate the servicing of large, national accounts.

There are other potential channels that could be served, but each requires a potentially strategic shift for your company. *Decide whether the opportunities that may be presenting themselves with a new channel are worth the efforts that would be required to establish the channel.*

4. Which Customer Segments Are We Ignoring?

Your Company's success has hinged, in part, on its ability to find a pocket of customers who appreciate its unique capabilities. Chances are there is another segment of customers who would appreciate those same unique skills and capabilities – if only they were aware of them. You may have ignored these customers in the past because they are difficult to identify, to service profitably, or to maintain.

At this time, it may make sense to take on the risks and challenges of serving an additional customer segment, especially one that wants the unique skills that your company has to offer.

5. Where Are Additional Customers Located?

Geographically, you may need to expand our horizons to serve a broader range of customers. Ideal customers are those that are willing, able, and motivated to pay for the unique skills and capabilities that your

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Can you access them and serve them well? There may be international or other geographic opportunities that you have been ignoring in the past. *Now is the time to decide if it is worth the long-term costs to market to, and serve, these customers.*

6. What Else Are Customers Purchasing?

Determine what ancillary products or services your best customers are purchasing. Can you bundle your products or services with additional ones in order to make things easier for the customer? In other words, it may simplify their purchasing processes to deal with one vendor instead of two. *Even if you need to purchase these ancillary products or services from another vendor, there may be room for profit, and you will be making your service offering more unique, creating a more loyal customer, and making it more difficult for them to switch suppliers.*

How to Answer These Questions

These questions assume that you will be gathering facts, and lots of them. Answering these six questions effectively requires objective, candid data. It is one thing to answer these questions based on past experience, guesswork, and wishful thinking. It is something else entirely to have cold, hard, quantitative facts demonstrating precisely where the real opportunities lie.

Acclaro Growth Partners' role is to gather the data, analyze it, and offer recommendations for your management team. Our unique selling point involves our ability to conduct primary research objectively, quickly, and with actionable results.

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