

Accelerate Portfolio Company Value Creation with Customer Insights



Strategex

Our Guidance. Your Growth.



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Anthony Bahr

Vice President

312-357-5219

abahr@strategex.com



Kay Cruse

Vice President

312-357-5208

kcruse@strategex.com

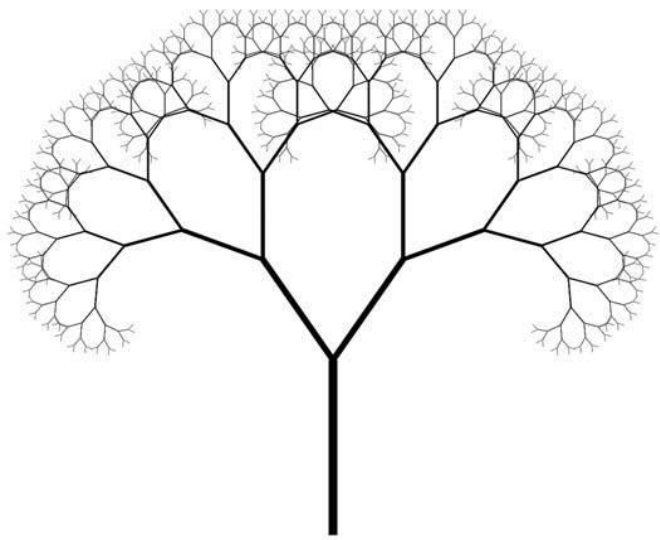
Today's Agenda

- 1 80/20 Customer Segmentation
- 2 Voice of the Customer
- 3 Case Study
- 4 Questions

















80% OF REVIEWS
ARE SUBMITTED BY
20% OF MEMBERS



80% OF ISSUES ARE
CAUSED BY **20%** OF
EMPLOYEES



PEOPLE WEAR **20%**
OF THEIR CLOTHES
80% OF THE TIME



THINK ABOUT YOUR BUSINESS.
Odds are, 80% of your
revenue comes from 20% of
your customers.



THINK ABOUT YOUR BUSINESS.
Odds are, **80%** of your
revenue comes from **20%** of
your **products.**

We Live in an 80/20 World

# of Customers	% of Revenue	% of Cost	% of Profit
1 – 50			
51 – 100			
101 – 150			
151 – 200			

We Live in an 80/20 World

# of Customers	% of Revenue	% of Cost	% of Profit
1 – 50	89%		
51 – 100	7%		
101 – 150	3%		
151 – 200	1%		

We Live in an 80/20 World

# of Customers	% of Revenue	% of Cost	% of Profit
1 – 50	89%	25%	
51 – 100	7%	25%	
101 – 150	3%	25%	
151 – 200	1%	25%	

What percent of operating profit comes from the top quartile of customers?

- a) 80%**
- b) 85%**
- c) 90%**
- d) 95% or more**



We Live in an 80/20 World

# of Customers	% of Revenue	% of Cost	% of Profit
1 – 50	89%	25%	150%+
51 – 100	7%	25%	BE
101 – 150	3%	25%	(-)
151 – 200	1%	25%	(--)

The Same Often Applies to Products

CUSTOMERS

# of Customers	% of Revenue	% of Cost	% of Profit
1 – 50	89%	25%	150%+
51 – 100	7%	25%	BE
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PRODUCTS

# of Products	% of Revenue	% of Cost	% of Profit
1 – 50	89%	25%	150%+
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Four Segments That Matter

		Products	
		Critical Few	Insignificant Many
Customers	Critical Few	The Fort <i>64% of revenue</i>	The Necessary Evil <i>16% of revenue</i>
	Insignificant Many	The Over Serviced <i>16% of revenue</i>	The Baggage <i>4% of revenue</i>

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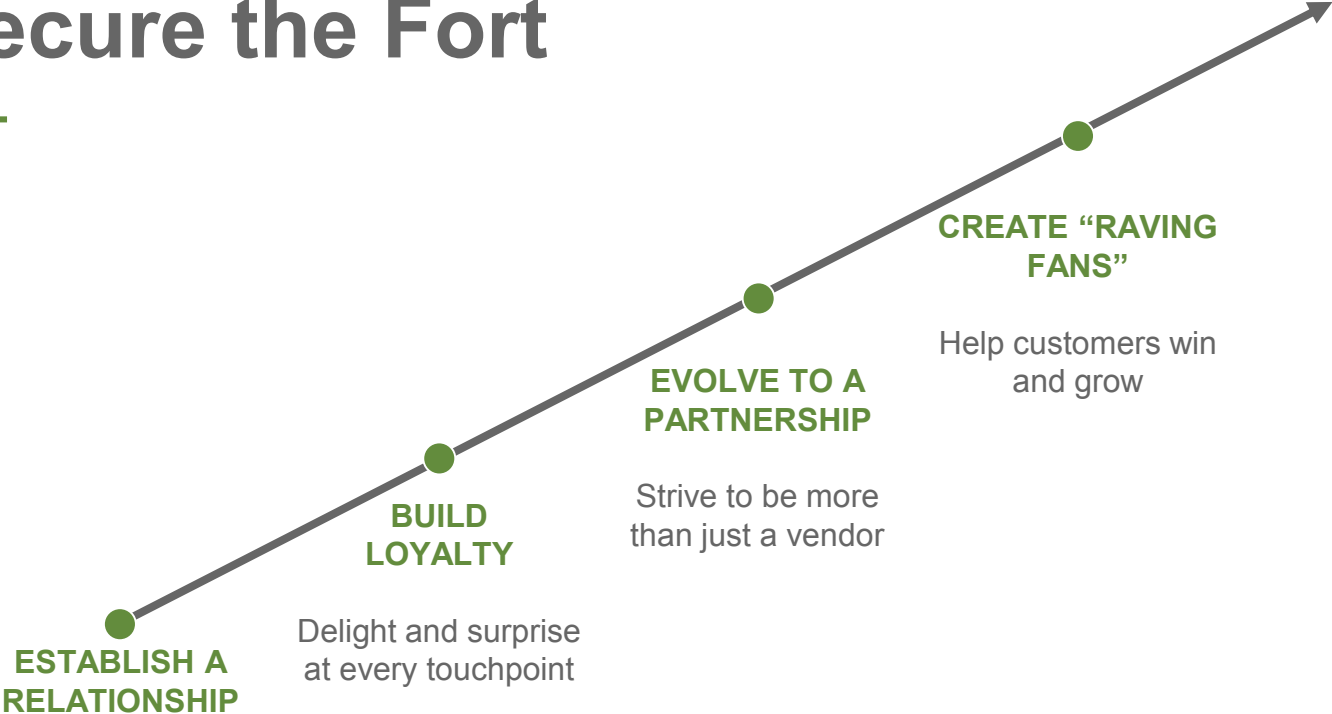
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Secure the Fort



Deliver the expected



Secure the Fort



**ESTABLISH A
RELATIONSHIP**

Deliver the
expected

Delight and surprise
at every touchpoint

**BUILD
LOYALTY**

**EVOLVE TO A
PARTNERSHIP**

Strive to be more
than just a vendor

**CREATE “RAVING
FANS”**

Help customers win
and grow

BENEFITS

- Retain your “critical few” customers
- Increase share of wallet
- Sustain premium prices
- Drive high-value referrals
- Exceed the industry rate of growth



Is Your Fort Secure?

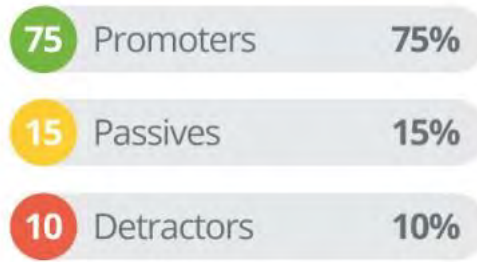
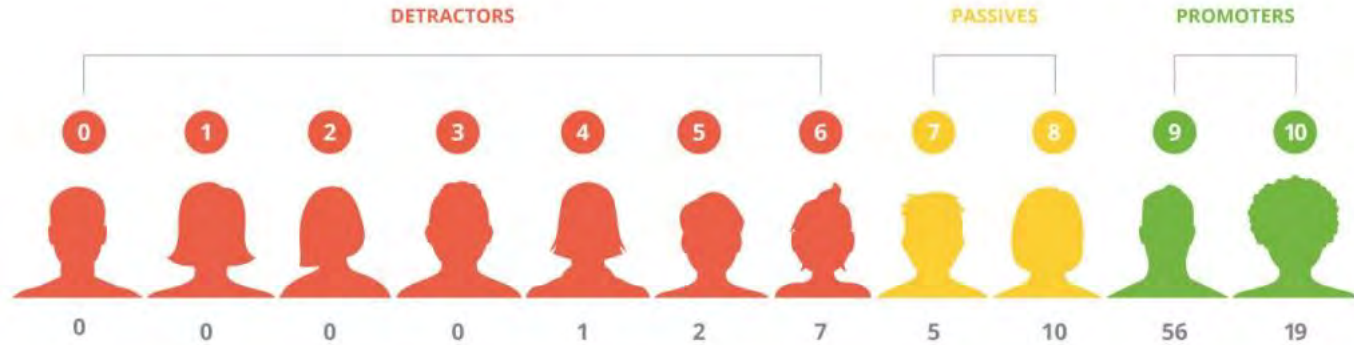
Tools to Secure the Fort

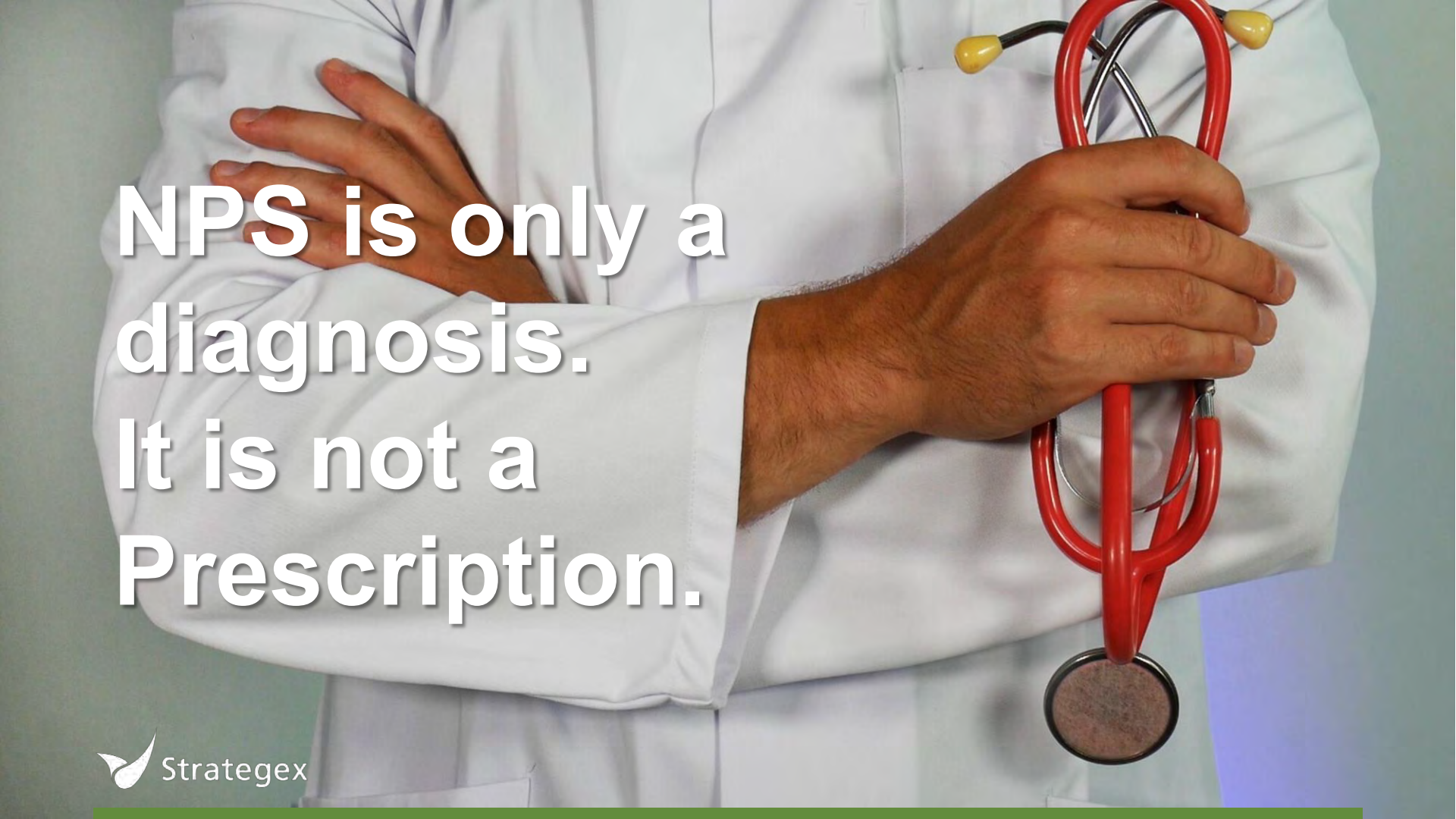
Engineers in a Room
Zero Up
In-lining
Core/Non-Core
Quartiles
Key Ratio
One to Perfect
Targeted NPD
Raving Fan Workstreams
Next Point
Visual Management
Magic Formula
Direct Costing
MOQ
Quadrants
Op Room Drill
A/B
Outsourcing
Bucket Drill
Trade Focus
Price Increases
Magnificent 7
Ejection Point
Fire & Re-Hire
Voice of the Customer
Empty Chair Kaizens

Tools to Secure the Fort

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The Net Promoter Score



A close-up photograph of a doctor's torso. The doctor is wearing a white lab coat and has their arms crossed. They are holding a red stethoscope with yellow earpieces. The background is a plain, light-colored wall.

**NPS is only a
diagnosis.
It is not a
Prescription.**

To create raving fans, a more holistic approach is needed.

VOICE OF THE CUSTOMER

A value creation tool which is both
diagnostic *and* prescriptive

Treat it as a Continuous Improvement Tool



Ditch Online Surveys

- Low response rate
- Response bias
- Limited number of questions
- Content but no context



Utilize In-Depth Phone Interviews

- High response rate
- Allows you to ask more than NPS
- Quantitative and qualitative feedback
- Highly engaging experience that shows customers you care



Interview a Spectrum of Customers

- Focus on top accounts
- Interview a mix of functions
- Allocate interviews to mirror the composition of your business
- Be opportunistic and interview strategic accounts, prospects, lost customers, etc.



Tailor the Questions Being Asked

Tailor the questions you ask to the role and function of the customer being interviewed



Primary contact
feedback



Complaint
handling



Engagement with
management

Benchmark Against the Competition

- From how many other suppliers are customers sourcing?
- How do you rank compared to competitors?
- What is your share of wallet?
- Have you lost out on any opportunities over the past year? How can you gain that business?



Take a Forward-Looking Approach

- How well do you support the innovation efforts of your top accounts?
- What initiatives would your top accounts like to see you support?
- Better yet, have customers suggest innovations based on their unmet needs and pain points.



Socialize the Process and Results

- Have account managers involved in the design of the VOC program
- Promote the VOC results within the organization
- Challenge the organization to improve on KPIs and reward them accordingly



Analyze Results with an 80/20 Mindset

- Accept that all customers are not created equal
- Don't treat customers poorly, just treat them differently
- To top customers we say "yes, and..."
- To everyone else we say "no, but..."



Follow Up With Intent

- Align through conversation
- Craft an engagement plan
- Align with the strategic plan
- Keep yourself accountable



Make More By Doing Less

How a B2B manufacturing company dramatically improved financials by better understanding the needs of their top customers

20%

Revenue

30%

Profit

“They applied the 80/20 principle and are looking for the right companies to work with. That says they want to be partners or don’t do it at all. I really like that.”

Questions?



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