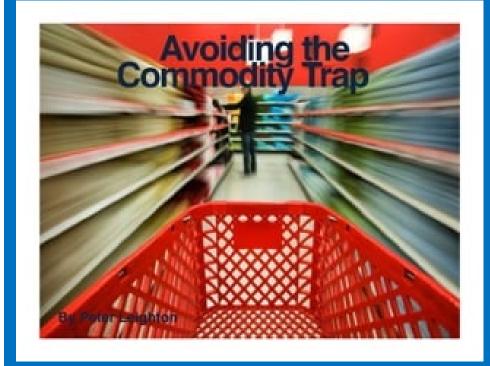




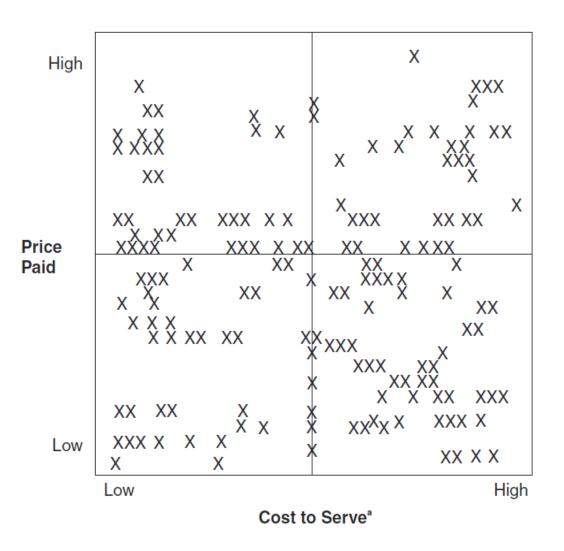


# Beating the Commodity Trap

Customer "Segmentation" "Targeting" & "Positioning"



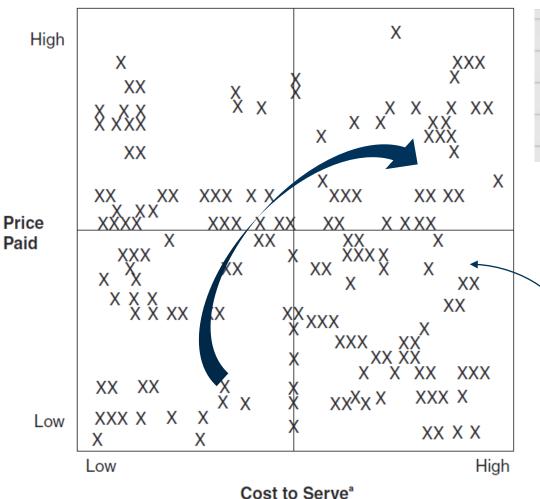
## **Customer Segmentation: Identify Your Customers & their Position**



### Cost to Serve - Boost Profitability and Optimize High-Cost Processes

High **Best Customers Demanding Customers** High Quality Service Costly to serve but paying high prices Most Loyal Custom s who value the peace of mind that our service brings to Desire Constant Innovation to stay here them. REVENUE **Low Profitability Customers** Commodity ustomers Can be bought at low margins and y price traditionally appear to be "Strategic Lower cost to serve out extrem Accounts". sensitive Cross Sell/Up Sell d ent services Know why they are in your product portfolio. Low **COST TO SERVE** High

# **Customer Segmentation: Identify Your Customers & their Position**



why despite knowing this segmentation, most companies do not understand the strategy:-

- make sure cost allocation basis is very clear and apparent: measurement issues
- incentive mis-alignment and "any business is good business"
- identify the cost structure of the business, fixed costs are not identified clearly: wrongly identify
  costs as variable but they are not actually variable (Talent on bench).
- Professional Services Business: we don't have the ability to say "No".

#### **Strategic Accounts or Legacy Accounts**

- Identify how much do they actually contribute to the "referencability"
- "Scope Creep"

