

Industrial Supplies Manufacturer

## Case Study

Strategy & Performance

MAXIMISING CUSTOMER GROWTH

# Identifying, quantifying and monitoring customer growth opportunities

## Background

A large industrial supplies manufacturer was looking to maximise profit and growth opportunities within existing customers. Amidst difficult market conditions with slowing growth, the emphasis was on leveraging existing customers, rather than new business development.

With a sound strategic decision made, to focus on existing customer penetration, the client's extensive product portfolio meant that identifying opportunities required a multi-segment approach to relationships. In order to focus resources as effectively as possible, different drivers of opportunity within these customer relationships need to be identified, quantified and prioritised.

## Challenges

PMSI set about understanding the complexity of both historical performance and relationship status to understand future growth potential.

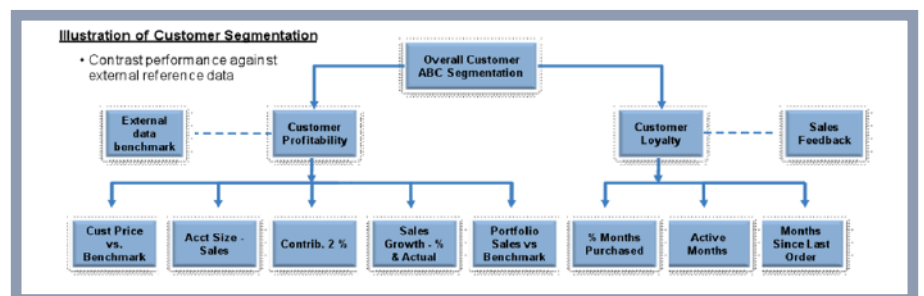
The challenge for PMSI was to bring together an approach that delivered:

- A customer needs segmentation that helped identify customer behaviour patterns, anomalies and product gaps
- A benchmarking that quantified potential opportunities across customer types
- A data integration and analytical methodology that automatically evaluated and monitored opportunities on an on-going basis
- And a practical and easy way for the sales teams to turn insight into action.

## PMSI approach

PMSI set about quantifying opportunities through a variety of data sources. A key starting point was an evaluation of CRM best practice within the organisation and what insight could be gathered from qualitative insight held.

Combining this with more historical qualitative data allowed PMSI to design, test and build optimal opportunity models against the segmentation and prioritisation parameters agreed.



**Case Study** continued

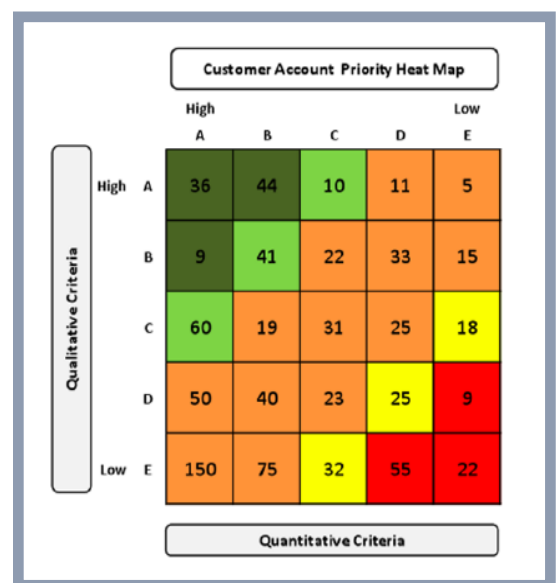
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A modular approach was used to develop a customer targeting methodology:

- Determining the right behavioural customer segmentation that defines the ‘where’ of improvement opportunities
- Assessing customer differences relative to various performance benchmarks
- Using these benchmark variances to quantify the scale and nature of the opportunity
- Using these quantifications to prioritise which customers should be targeted
- And using ‘what-if’ resourcing scenarios to determine level of effort vs reward.

**Outcome**

Customer opportunities were successfully prioritised and included in the annual customer sales plan. These plans were further broken down into the type of activities and effort required.



Targeted customer growth was significant across the board, achieving an annual 3% lift in pricing for the organisation due to improved relationship work, alongside 5% growth in new product mix and 10% sales growth overall due to re-alignment of product focus and sales effort.

“ Bringing into realisation what effectively was a belief, and a theoretical concept that more growth was available from existing customers was a major achievement. Being able to quantify these growth opportunities and then prioritise the sales targets brought a level of positive buy-in from sales that had not been seen before. ”



**Patrick Mosimann** Director

Formerly of Mercer Consulting, Morgan Grenfell and Arthur Andersen, with an MBA from Wharton Business School (University of Pennsylvania) and a B.Sc in Economics from LSE. With experience from across a variety of sectors, including consumer goods, manufacturing, healthcare, banking and telecoms, Patrick brings a hands-on approach to all client relationships, while delivering leadership and support for project teams through his intimate knowledge of BI solutions, predictive and advanced analytics.