



Making tradeoffs to create much-needed focus in a particular market.

Company: The services division of a company whose core business was selling manufacturing machinery.

Situation: Bottom line, the company's profit margins on machinery were deteriorating. Their ability to successfully sell their services, however, continued to result in healthy margins. Despite this, the client's experienced sales team was unfamiliar and uncomfortable with the nuances of selling intangible services (as opposed to tangible hardware). As a result, service revenue was vastly under-potentialized, much to the detriment of the business financials.

Our Philosophy: To achieve focus, we believe a company must determine and align upon their strengths—particularly those that are relative to customer needs and competitor tendencies.

Our Role: Our needs-based segmentation tools and approach to utilization was seen by the client as essential to gaining more selling “airtime” for their services. For example, if the typical sales representative could understand which subset of the services were appropriate for which client segments—and which services were not—they could feel more confident initiating relevant services-oriented discussions.

Although the client believed this method was key to the successful execution of the project, they agreed with our reasoning that any attempt to tell the sales reps how their customers should be segmented was doomed to fail. As a result, we implemented an approach that, in addition to involving sales in creating the segmentation strategy, required sales leaders and influential sales team members to buy in to each step of the process.

Result: Over the course of three months, a powerful segmentation and focused strategy was implemented. First, services and sales agreed on a segmentation approach that categorized clients into one of eight needs-based segments. Next, a “tagging” tool was created to help representatives easily segment each and every customer in their territory. Each of these services was associated with the most appropriate segments, thereby allowing sales representatives to immediately determine which services were (and were not) relevant to each client. In addition to supporting the segmentation approach, sales leaders became vocal advocates to their direct reports and peers.

Service sales experienced immediate growth and the company began an evolution that continues today—from a declining margin hardware provider to a consultative services expert that has a preferred position in the client's mind when they look to buy hardware.