

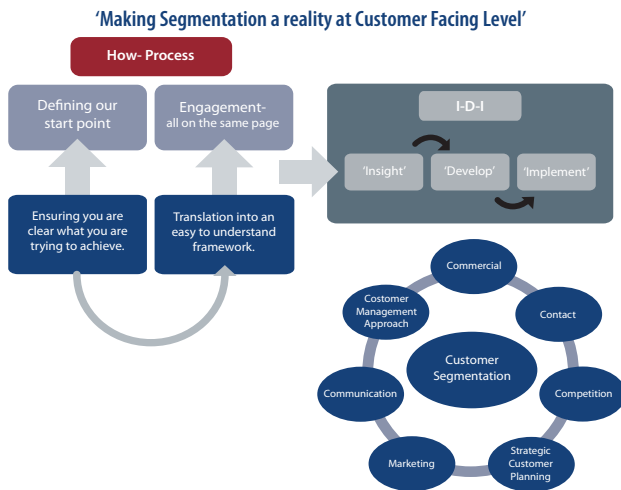
Customer segmentation is a recognised and effective way of developing groups of customers that display similar attributes, needs and/or value potential.

Customer Segmentation is attempted by many organisations in many different ways and with varying degrees of success. Unfortunately it often remains a theoretical exercise stuck within debate and discussion at the framework level.

Benefits of Customer Segmentation;

- Customer focus:** Customers have different needs and priorities, so everyone cannot be satisfied with the same offering. Segmentation allows companies to be more customer-focused by responding differently to different customer needs.
- Profitability :** Not all customers are equally valuable. Segmentation allows you to focus your resources and marketing programs to identify, attract, develop and retain the most valuable customers.
- Competition:** Segmentation helps you to identify customers that are most vulnerable to competition and equally those that are most winnable from competition.
- Differentiation:** Segmented offerings are more differentiated and therefore less commoditized; the basis for comparison [between suppliers] shifts away from price to value.
- Productivity:** Segmentation reduces wastage in marketing communications spending by allowing the right messages to be sent through the right channels to the right customers at the right time.

The key aspects of successfully driving segmentation at customer facing level are:



Simplicity! Simplify the segmentation criteria. Don't over-complicate the process and let business analysts develop a framework that no one understands.

Educate! Educate and convince sales teams of segmentation benefits. Communicate! Involve and enrol people within the development of the approach. From framework to segment approach.

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Ownership! A final key success factor is the ownership of the process at market / customer facing level. For segmentation to have any chance of success it has to become a 'way of life' and be owned by the people who use it every day.

When you hear people within the business [ideally across departments] routinely using the segment 'shorthand' name eg. " I have a vital presentation to my No1 Drive Customer", you know it is starting to have a real impact.

Remember, should nothing noticeably change at customer facing level, then segmentation remains purely a 'nice HQ concept or theory' and adds no value.

We are helping a global leader in products and technologies that treat advanced cardiovascular disease, the global leader in acute hemodynamic monitoring and the number-one heart valve company in the world. Headquartered in, California, they have more than 5,700 employees worldwide.

Our work is delivering double digit growth across Europe and helping them to come to terms with the significant changes that are currently occurring within the industry.

Coming out of the economic downturn we are facing a management challenge and climate of;
'more for the same, better for the same or more for less'.

This is going to offer real challenges when looking to add value;

- Who owns the decision and influence within the customer / Centre
- The increasing role of purchasing within the decision making process, diluting margins as the commercial deal rather than patient benefits come into play.
- Within the supplier base it is proving increasingly more difficult to differentiate.
- In many instances it is starting the slide to commoditisation where competition is fierce and legacy focused.
- In this climate it is increasingly difficult to justify or negotiate a price premium.

So what!

- Excellent customer management is more important than ever –the days of easy profit growth are gone.
- Knowing which customers offer you the best opportunity to maximise your [limited] resources or which offer the maximum profit growth potential is now vital.
- Having identified your priority customers you then need a process by which you manage and unlock their potential.

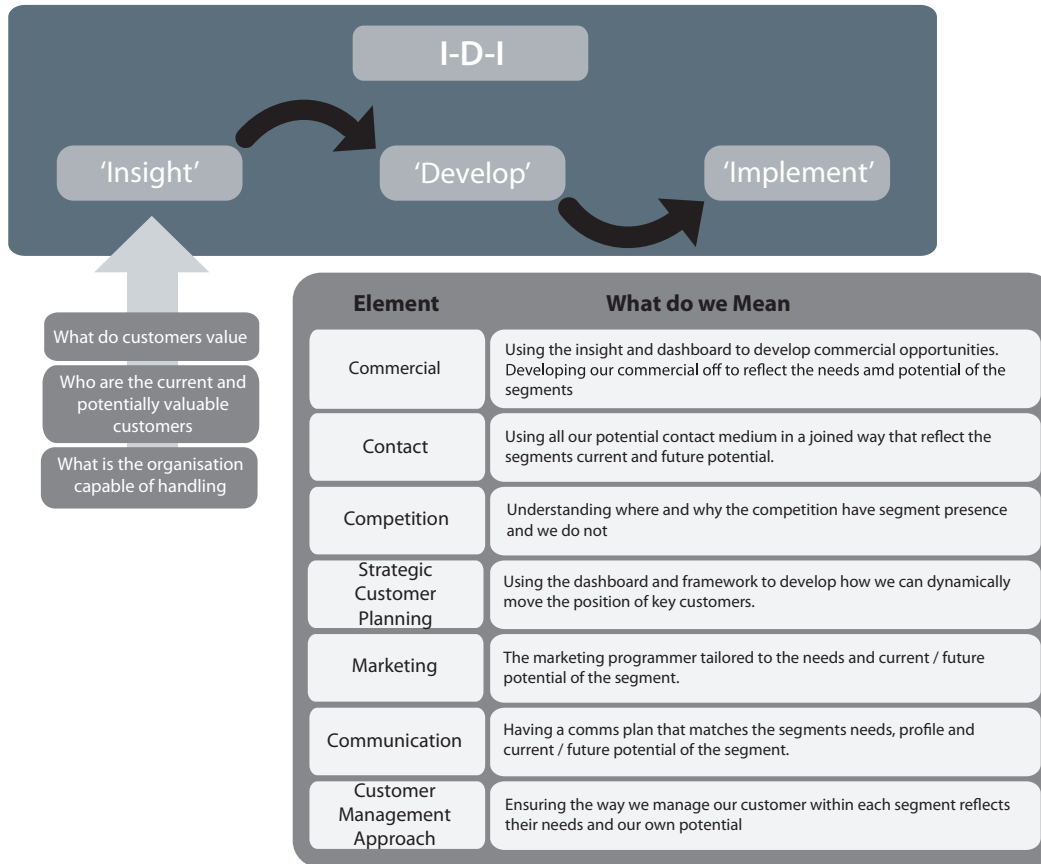
We have developed a solution that provides answers to two key questions;

- ~ What do you want to do with it?
- ~ What can the organisation cope with?

It also provides an approach that starts to address the issues laid out above;

What are we actually doing? Developing a sales focused approach to customer segmentation; 'something that customers notice through the way they do business with you'.

It is worth bearing in mind; a customer segmentation framework and process is a tool to help the organisation. It can be a very effective sales tool in helping the organisation to increase resource productivity and customer return on investment, to highlight just a few of many.



First Step: - "Getting it right for your Organisation".

Through a familiarisation process, we develop an understanding of the company's capabilities/competencies that allow us to develop a tailored form of customer segmentation. In essence 'we develop an approach to segmentation that's not beyond the wit of the people to deliver it at the customer face'.

This fits the organisation and delivers real value, by making a significant difference at customer facing level. Your sales team will sell differently to their differing customer segments – in a way that matches the segment needs. Where the value potential rests within the customer and the type of approach required delivering it.

What do you get?

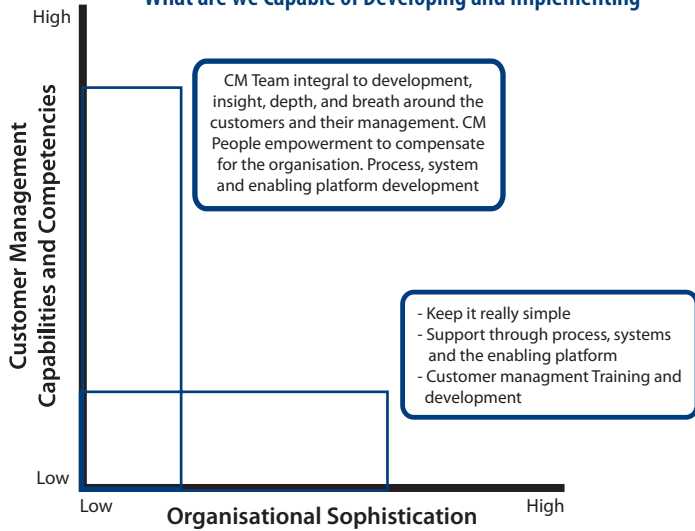
We provide you with a view of the organisations capability to develop and deliver a segmented approach within its customer base. Where the pain and gain points are likely to be and how we tailor our approach to match the organisation.

What can you do with it?

Identify where potential problems could occur. Start to highlight potential barriers, processes, people, information gaps, etc. You can also highlight the potential short cuts and upsides the organisation can offer.

Here's an example of a key deliverable

What are we Capable of Developing and Implementing



This highlights the type of approach we need to develop in order to make success a reality within the organisation and within the customer base.

Second Step:- " Names in Frames"

Working with an internal champion and cross functional team, we identify, collect and collate the data. Analyse the information and develop the initial insights, working with the team to develop a segmentation framework. Then working through the team to position customer's onto the framework.

What do you get?

A list of your customers, based upon their potential;

value, measured in terms of profitability
volume, measured in terms of share

An indication of where your sales people are currently focused.

Where potential exists within the customer base and likelihood of achievement

What can you do with it?

Use it as a key feed for your sales plan.

Start to explore customer contact alternatives and organisational variables.

Research a sample of customers in each key segment to establish needs and variances.

Develop tactical and strategic sales activity to unlock the potential identified. Analyse the information to provide a road map;

Quick Wins; share gain, where up sell/cross sell opportunities exist.

Big Prizes; cost release, increased customer penetration to identify where opportunities exist.

C1
Accounts: 9
Mkt Sales Units: 78
Growth: 255%
Weight: 1%
Sales in Units: 78

B1
Accounts: 1
Mkt Sales Units: 99
Growth: -69%
Weight: 1%
Sales in Units: 78

A1
Accounts: 1
Mkt Sales Units: 344
Growth: -41%
Weight: 5%
Sales in Units: 299

C2
Accounts: 0
Mkt Sales Units: 0
Growth: 0%
Weight: 0%
Sales in Units: 0

B2
Accounts: 4
Mkt Sales Units: 705
Growth: 20%
Weight: 10%
Sales in Units: 327

A2
Accounts: 9
Mkt Sales Units: 3,322
Growth: 0%
Weight: 48%
Sales in Units: 1,578

C3
Accounts: 1
Mkt Sales Units: 53
Growth: -21%
Weight: 1%
Sales in Units: 6

B3
Accounts: 6
Mkt Sales Units: 1,033
Growth: -14%
Weight: 14%
Sales in Units: 80

A3
Accounts: 5
Mkt Sales Units: 1,555
Growth: 28%
Weight: 22%
Sales in Units: 103

Here's an example of a key project deliverable; the commercial teams dashboard. We work with IT / Finance to link customer performance information to the segments. This reflects what's going on at a segment level and then allows interrogation of the customers within segment to spot; issues, under / over performance.

| | | | |
|--------------------------|-------|-------------------|-------|
| Total Maxrix 2009 | | | |
| Customers- | 36 | Market Unit Sales | 7,189 |
| Growth 08 | -54% | Market Share | 34.9% |
| Sales units | 2,509 | | |

Third Step:- "Aligning the sales team"

Working through the team, we identify where your sales resources are currently going and how you can enhance their; focus, time and effectiveness. This is a significant upside to the project. An example from one project where with three months share gains were evident, emanating from a change in the contact strategy.

'Making Segmentation a reality at Customer Facing Level'

Benefits from previous projects

Healthcare

Market Share Within Segment

| 2008 | 2009 |
|---|--|
| 1's delivering a market share of 77 ~ 56% 2's delivering a market share of 28 ~ 26% 3's delivering a market share of 12 ~ 10% | Significant gains in share A1's +9%, B1's + 4% C2's +7%, B2's +4% & A2's +8% Refocused callage / contact, appears to be increasing share of total customers business. |

In this example, share gains <+9 % & + 4%> were achieved after only three months by changing the sales resource call age pattern. No fancy new presentations, products or system, just shoe leather going through the right doors to the right frequency against customer potential and.....

Hey presto! positive share gain.

Resource

| 2008 | 2009 |
|---|--|
| Callage spread across every segment 26% of contact focused into A1,B1,A2 segments equating to 32% of XYZ business, yet only 20% of market. A3 segment receives 51% of all contact for 38% of business, yet 73% of market C3,C2,C1; segments receive 8% of all contact, yet offers 3% of the market | Resource refocused; A1 +33% callage = +9% segment share gain A2 +14% callage = +8% segment share gain B1 +15% callage = +4% segment share gain A3 +4%, yet to have a noticeable effect Reductions in field contact, augmented by telesales and share maintained or grown. |

What do you get?

A gap analysis that highlights where opportunities exist at a customer and centre level.

Insights into the decision making process, the roles of those involved and how to unlock them.

Target key stages of the decision making process and individuals involved to penetrate the centres and unlock long term potential.

Identify up and coming members within the decision making process as part of a longer term 'centre development' objective.

What can you do with it?

Direct your sale teams into those areas of the decision making process that offer real and tangible quick wins.

Fourth step:-Aligning the commercial and marketing proposition

Earlier research will have highlighted the needs of each segment on a centre and customer level.

Our A1 customers often provide a great fit to our commercial and marketing proposition ~why? Because it closely matches their needs, in terms of the way it is presented and delivered. Unfortunately, the opposite is often the case for the 3's. This may be a simple case of how it's ordered, presented and sold! 'How to Make Segmentation a Reality at Customer Facing Level'

What do you get?

A commercial and marketing proposition broken out to reflect the different needs of each segment.

What can you do with it?

Use the segmented proposition as a tool kit for the sale team.

Drive increased share, penetration and loyalty with the 1's

Up sell and cross sell ~ gaining share and penetration the 2's

Unlocking opportunities within the 3's to lever and capitalise upon.

Fifth Step; Hard wiring it within the organisation

Projects of this kind develop significant amounts of information that need holding in one place for ongoing management, insight development and mining for value opportunity nuggets.

What do you get?

An information enabling platform that drives the sales teams dashboards and a framework that operates on a centre and customer level. Information provided in a format that supports; ongoing insight development, value insight generation and key metrics.

What can you do with it?

Use it to monitor how well you're doing Investigate / interrogate it for value insight opportunities

Through the dashboards indicate to the individual sales people where additional value exists within the customer base.

Summary

Overall results from this five step approach are gained by ensuring the organisation is 'up to the challenge' of delivering them. We start by getting it right for your organisation, working with the team to develop the names in frames, then aligning the sales team and commercial / marketing proposition. Once this has been established we move to hard wire it within the organisation.

Normally, we see results flow in through this approach in the form of;

- Increased Sales
- Enhanced Margin
- Reduced cost sales
- Heightened Loyalty
- Increased customer penetration

In our last project this equated to double digit growth.

"I worked with Springboard to develop a segmentation framework which was met with great adoption and produced immediate return in key markets. The benefit is to give the sales force a tool that structures and prioritize efforts, that they can use quickly without the immediate need for a CRM system and without the feeling of being overseen by a tight control system".

-Marketing Director Life sciences Company

Why bother with an approach like this?

We develop customer segmentation that is tailored to the needs of your customers, organisation and the capability of your org to deliver it.

The use of internal champions for the development and delivery support ensures, buy-in is achieved with the sales teams.

Practical and pragmatic solutions within the capability of the organisation to deliver them.

So what's truly different?

The development and delivery of a Customer segmentation approach that the sales team understand and are able to act upon.

Customers seeing a difference in the relationship they have with you, based upon their potential and our ability to realise it.

Thought leadership team



Mark's expertise is focused on Customer Experience (CE) and Customer Management (CM) strategy development, CM evaluation and execution of CE/ CM improvement plans (inc. organisational modelling), Partnership & alliance development, management and implementation programmes. He is the chairman and regular contributor to the Henley Management college medical suppliers forum - an industry 'think tank'. He is a fellow of the chartered institute of marketing (FCIM) and institute of sales and marketing (ISM)

He is a thought leader in emerging organisational development, virtual organisations and customer management, with published articles in business media.

Mark is the author of a recently published research report into customer experience:
- Mutual Appreciation ~ Who stands out in the building Society Crowd?

He has recently been published within the journal of Database Marketing & Customer Strategy Management; 'the four pillars': Developing a 'bonded' business to business customer experience.



Peter is an expert in Relationship Marketing and Customer Experience Management, helping clients deliver value and efficiencies through the alignment of customer propositions and processes throughout lifecycles and across channels. He has over twenty years experience in customer management and has led engagements in many business and public sectors across the world. "Peter exudes a level of integrity, trust and customer focus that makes him a pleasure to work with. He also brings a level of customer management experience that places him at the forefront of this subject area."

His blend of analytical skills with a hands-on approach adds value to strategic and tactical projects alike.