

# *Winning in B2B: Effective Implementation of Customer Insights*

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# Executive Summary

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The highly competitive nature of today's markets combined with the unique characteristics of business (B2B) markets make it imperative B2B companies have a deep understanding of and be highly responsive to customers' needs.

This can be achieved is by organizations regularly engaging in structured dialogue with their customers. The insights gleaned are then used to drive decision making and actions within the organization.

Organizations that do this effectively will experience significant improvements in key bottom line metrics such as customer retention, revenues and overall profitability.

# Definition and Characteristics of B2B Markets

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## Definition of Business to Business(B2B) Companies

- Firms or institutions that acquire good and services for their own use, to incorporate into products or services that they produce or for resale along with other products and services to other firms and institutions
- Includes firms that operate primarily in business to consumer (B2C) markets but also interact with wholesalers and distributors
- Some firms will operate in both B2B and B2C markets
  - Examples include: airlines, banks and telecommunication companies

## Key Characteristics of B2B Markets

- Small number of customers accounting for large % of revenues
- Users of products and services are often NOT decision makers

# Sources of B2B Customer Insight: An Overview

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*A deep understanding of customer needs is obtained through analysis of diverse sets of data that have the potential to significantly impact business performance.*

## **Sources of B2B Customer Needs/Value Drivers include:**

- Segmentation studies
- Customer Value Analysis
- Customer Advisory Boards
- Focus Groups
- Tracking Studies

# B2B Customer Insight Source: The Strategic Customer Discussion

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- Strategic customer discussions provide a deep understanding of customers' requirements and preferences
- There are numerous variations of such discussions including:
  - Indepth Interview
  - Voice of the Customer(VOC) Relationship Discussion
  - The Discovery Interview
  - Customer Visit
- Used by corporations worldwide to deliver insights to drive business performance
  - Examples of companies include:
    - DuPont
    - Hewlett Packard
    - IBM
    - Sun Microsystems

# Characteristics of Strategic Customer Discussions

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Effective strategic customer discussions have the following characteristics:

- Conducted by the supplier firm itself
- Conducted with all key **strategic customers** at least annually
- **Cross functional** and **Decision Maker** level participation by both supplier and customer
  - Typical business units involved include:
    - Products, Marketing, Service and Operations
- **Sales team participation** is critical as they:
  - Have the relationship with the customer
  - Are effective engaging customer in discussion and providing follow-ups
- **Value Based Discussions**-*from the customer's perspective!!*
  - Focussed on obtaining an understanding of:
    - Customer's key issues, priorities and value drivers
    - Activities/tasks customer seeks to complete
    - Outcomes to be achieved
    - Quantified Value impact (eg on generating revenues, reducing costs)

# Benefits of Strategic Customer Discussions

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- ✓ Ensures that latent or unarticulated needs are captured
  - *Customers are better at stating what they are trying to achieve*
- ✓ Ensures insights gathered are relevant among all customers
- ✓ Helps organizations move from a **transaction based relationship** to a **deep, longer term relationship** due to increased understanding of customer's needs and perceptions of value

# How the Customer Feedback Is Used?

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The customer feedback obtained are used by the supplier firms to:

- Tailor current product and service offerings
- Develop new or improved offerings
- Gain new customers
- “Winback” customers that previously defected to the competition
- Ensure organization obtains equitable returns based on the value they deliver

# Turning Insights Into Action

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To effectively respond to customer needs, the insights gained must be used by the supplier firms in a systematic manner as follows:

1. Insights are formally captured.
2. Insights are shared with senior management and key stakeholders.
3. Feedback is aggregated at an appropriate level (eg segment or sales region)
4. Identified needs are analyzed and prioritized.
5. Needs are assessed against agreed criteria (eg risk, strategic alignment)
6. Specific actions are defined to address customer's needs.
7. Metrics are defined to assess performance and determine success.
8. Specified initiatives are closely managed and monitored.
9. Feedback is provided to customers indicating:
  - a. What the organization both will and will not do
  - b. What are the next steps

# A Case Study of Success: Owens Corning

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## Background

- US Based Fortune 500 company that manufactures building and composite materials
  - 15000 employees
  - \$5 billion (USD) in sales
  - Customers include “big box” retailers, national distributors and original equipment manufacturers (OEMs)

## Actions Taken

- In 2007, Owens Corning began using the “Discovery Interview” concept
  - Over 120 customers interviewed
  - Interviewed were followed by *analysis, prioritization of needs, linking needs to projects, execution and management of projects*

## Results

- Corning obtained a 600% ROI within the first year as a result of understanding and responding to the feedback obtained from the interview

Source: Winning with Customers: A Playbook for B2B, 2010

# About 2Excell Consulting

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2Excell Consulting is an international consulting firm that assists organizations in business (B2B) markets to maximize their bottom line results by empowering them to systematically understand and respond to customers' needs.

2Excell Consulting achieves this by working with organizations to:

- Understand what customers value
- Know what areas and which customers to focus on
- Develop and implement specific projects to meet their customers' requirements

For more information, visit the firm's website, <http://www.2excell.com>