

# Marketing That Actually Works

Action Sheets

Bruce Kasanoff

*Now Possible*

*compelling content is the best marketing*

Yes, it's brutal out there for many firms.

This guide is filled with instruction sheets you can tear out and hand to your managers, and say, "Do this, now." All of the sheets are based on one of these proven survival strategies:

- 1.) Keep your options open. Don't bet it all on any one scenario. (More about this on the next page.)
- 2.) Stay closer to your profitable customers than ever, and jettison any customer you can't serve profitably.
- 3.) Steal customer share from weaker – or slower to react - competitors.
- 4.) Increase your flexibility, because all bets are off. You'll need to be able to adapt to conditions you never imagined.

For obvious reasons, all of the sheets are general enough to apply to most businesses, which means at first glance they might not be precisely matched to your business. But they are easily adapted. If you need help making them work, that's what we do.

For help, call anytime.

Best,



Bruce Kasanoff  
Managing Director  
(203) 341-9448

# Keep Your Options Open

*The following is adapted from the book Real Options by Martha Amram and Nalin Kulatilaka*

Your business is facing unprecedented volatility. No one predicted the scope and depth of our current downturn, and no one knows for sure what the next few years will bring. But common sense says it's going to get very ugly before it gets better.

By adopting something called the real options approach to strategic decisions, managers can lessen the risks they face, even in uncertain times. According to the book, *Real Options*, "an option is the opportunity to make a decision after you see how events unfold. On the decision date, if events have turned out well, you'll make one decision, but if they have turned out poorly, you'll make another. This means the payoff to an option is nonlinear -- it changes with your decision.

According to the real options theory, the more volatile the times, the more essential it is to preserve a number of options for your company. Thus, taking less risk (preserving fewer options) is actually riskier than investing to preserve a number of options.

- 1.) Ask each manager to prepare a list of all investment decisions that are contingent on future events. (For example, if orders rise by more than 10%, we have to lease a new warehouse.)
- 2.) Next, managers should highlight those decisions where uncertainty is large enough that you wish to delay an irreversible investment decision, while preserving the option to pursue this course of action. (For example, you could rent two temporary storage pods for a month or two while conducting a search for the cheapest possible warehouse space. Neither commits you to a long-term lease, but the latter preserves your option to move quickly if needed.)
- 3.) Focus on those investments where uncertainty is large enough to make flexibility important to you.

To give a similar example, instead of committing to build a new building, you could commit to have an architect draw up plans, which will take three months. If at the end of that period you still feel comfortable going ahead with the project, you can use the plans to gain approvals, which will take another six months. But along the way, you are delaying an irreversible decision to approve the entire project.

This is a vastly simplified description of a powerful tool for managing risk and uncertainty. I strongly recommend that you read the book *Real Options*.



# Net-Promoter Tracking Sheet

*After you have asked your customer base the question on the previous page, divide your customer base into segments (see worksheets on segmenting customers by value and needs.) Break down the survey results by segment. Use copies of this worksheet to record each segment scores versus the scores for the company as a whole. Also list best practices, problems, and proposed fixes for this segment.*

*Inspired by the Harvard Business Review article "The One Number You Need to Grow" by Frederick R. Reichheld.*

Segment measured	% of Promoters (scores = 9-10)	% of Detractors (scores = 0-6)	Net-Promoter Score this period (Promoters – Detractors)	Net-Promoter Score last period
Company score				
Segment name:				

**Best practices:**

**Problems unearthed:**

**Proposed problem fixes:**

*Net Promoter, NPS, and Net Promoter Score are trademarks of Satmetrix Systems, Inc., Bain & Company, and Fred Reichheld.*

# How to Earn Word of Mouth

*Some of these tactics are adapted from Jill Griffin's excellent book, Customer Loyalty: How to Earn It, How to Keep It.*

## **1. Give them something to talk about.**

According to Griffin, Direct Tire is obsessed with two things back, keep customers coming back and get them to tell others. So they give customers something to talk about. They'll get you in and out in an hour. They schedule appointments based on your schedule, not theirs. They have a fleet of loaner cars. They'll replace your tires for free, even if they blow out after 30,000 miles. The firm's revenue has increased steadily since 1974, even though the industry's sales have not been that strong.

## **2. Continually search for new ways to earn the talk factor**

Give two customers free trips to Italy, and then promote your gift. Upgrade customers to a nicer room, or a higher level of service. Create a "Wish List" of items a customer wishes they could buy, if you are able to sell them at a discount at the end of your selling season (then call them with a private discount when you have leftover inventory.) Never stop looking for opportunities to go so far beyond the call of duty that customers are eager to tell their friends about you. It does not take many special gestures to create word of mouth that lasts years.

## **3. Get your product in the hands of influencers**

In every industry, there are people others turn to for advice. You probably have one or more friends whose advice you turn to before buying a new laptop or cell phone. You need to work hard to find these people and get your product in their hands. Offer them a discount in return for sharing their feedback, or better yet invite them to be "beta" users for free. Their enthusiasm is worth more than any dollars you collect from them directly.

## **4. Turn influencers into full-time advocates**

When the Stein Mart department store in Memphis decided to open a designer boutique department, it invited its most well to do female customers to staff it. "Today," reports Jill Griffin, "To be hired as a 'boutique lady' is a bit of a status symbol." The women who do it are upscale and well known, and being invited is seen as a privilege. Jay Stein is less concerned with how these women work during their one day a week in the store; their main responsibility is to spread the word about the latest designer clothes.

## **5. Give customers something to share**

Whether it's a free calendar or a book of handy solutions, by giving your customers a physical (or digital) item, you make it easier for them to spread the word about you. About 15 years ago, I became the world's leading dealer of paraphernalia based on Walt Kelly's Pogo comic strip. My marketing budget was a few thousand dollars, so I published a newsletter that doubled as a catalog. In it was a price list of Pogo collectibles, many of which my target customers already owned. By publishing the price list, I gave them a way to see how much their collection was worth. Of course, the vast majority of collectors then started buying and selling through me. (Eventually, I had 30,000 people on my mailing list.)

# Customer Referral Program Ideas

*Here are specific ways you can encourage customers to refer your firm to their friends and colleagues. The details are provided only as examples; you should change the specifics to suit the needs of your firm.*

How to ask for a referral: According to Jill Griffin, loyalty expert, you should say, “Who do you know that might appreciate knowing about my services?” After you get the first name, say, “Who else do you know?” Repeat the process until your client runs out of names.

Special discount: Customer gets a 5% discount on their next order for a referral.

Discount times two: Customer and friend get a 5% discount on their next order

Discount times two, making the customer look good: Invisible Fence, which protects dogs by outfitting them with collars that keep them in their yards, offers free collar batteries for a year to any customer who refers a new fence customer. The company then sends a \$100 gift certificate in the customer’s name to the prospect.

Birthday/special event celebrations: Host an event for a customer on special occasion. This causes them to invite others.

Women’s (or men’s) nights: Bring two others and get special privileges or prices.

Send a catalog to a friend: Whenever you take orders from customers (i.e. order forms, catalogs, etc.) provide a space in which they can instruct you to send information to a friend or colleague.

Affinity programs: Get special interest groups to align themselves with your offerings (think: Sierra Club MasterCard). The group gets a new income stream; you get the ability to attract people with strong special interests.

Support fundraising efforts: Offer services to non-profit groups and schools at a discount, so that they can resell them at a profit to support their programs.

Thank you letters: Send a thank you letter to a customer just after their order has been delivered. Feel free to ask whether they know of others who would give you the privilege to serve them.

Compensate employees: Offer a special incentive to employees who refer their friends to their company

Referral list: Maintain a list of customers who are happy to be called by prospective customers.

Donut patrol: Drop off doughnuts, candy, fruit baskets or the like to valuable customers. The more dramatic and notable the present, the better. They’re likely to tell others what a unique firm you have.

Digital gifts: Send customers – and prospects – highly useful information in digital form. Make it valuable enough that they are likely to share it with others. (The document you are now reading uses this strategy.)

Free booklets: Provide concise handbooks to customers. Send them one extra for a friend.

Referral cards: Personalize cards for highly valuable customers (perhaps with a photo of the customer and the pool/house/painting/new deck/etc. you sold her.) She can use the cards as an easy way to refer you to a friend and ensure she gets the benefits you offer customers for referrals.

Customer ratings: Encourage customers to rate your products/services publicly (i.e. at your web site) and share these ratings with others. This has some risk, but it shows you have nothing to hide and puts pressure on your team to be ultra-responsive to customers.

*(more ideas on next page)*

**(Customer Referral Program Ideas - continued from previous page)**

Reference letters: Collect letters from delighted customers and post them on your walls, post them on your web site, and include them in prospect mailings.

Insiders Club: Offer special events and/or privileges to customers who generate a certain threshold of referrals. For example, you might hold a special party or invite customers to a sporting event.

VIP service: Offer faster, better service to customers in exchange for referrals.

Free newsletters: Send email newsletters to customers, and make them easy to forward. Include a link at the bottom that makes it easy for someone to sign up for the newsletter after receiving it from a friend.

Share the love: When the press writes about you, send copies to good customers and include an envelope and/or sticky note that makes it easy for them to send the article on to a friend.

Birthday/Anniversary cards: Send one to your customers, along with an incentive to refer a friend.

Free giveaways: Give away highly visible and useful items to loyal customers – with your name on them – such as t-shirts, jackets, bags, portable chairs, etc.

Share the fame: With permission, give credit to customers for better ways to use your products or solve problems your customers share.

Share the photos: Publish pictures of your customers. The world's largest dairy store operator, Stew Leonards, encourages customers to photograph themselves holding a Stew's shopping bag at notable places around the world. You can find these photos in the stores, and now you can find bags from this Connecticut retailer all around the world.

## Why Segment Customers?

*The following is taken verbatim from a page\* describing The Customer-Centricity™ Program at The Wharton School. It is based on Larry Selden and Geoff Colvin's book, Angel Customers and Demon Customers. The underlining is mine.*

When economic conditions force businesses into a dog-eat-dog battle for their lives, like we have today, you have to stay unbelievably close to your customers. Truly customer-centric companies conceive of and manage themselves in a fundamentally new and more effective way:

- They conceive of themselves not as a group of products, services, territories, or functions, but as a portfolio of customers.
- They know how much money they make or lose with each of their customers or customer segments, and they understand why.
- They understand the different needs of different customers and group them into operational customer segments and sub-segments based on common needs. They thrill their customers by delivering knockout value propositions that competitors cannot match.
- They continually innovate by evolving their customer segments and sub-segments, and improve their value propositions as customer needs change.
- They organize their business into customer segment business units to establish clear ownership of the customer experience and accountability for the financial performance each customer business unit.
- They create a competitively unassailable customer innovation advantage based on a Customer R&D model grounded in continual experimentation at key customer touch points.
- They understand in precise analytic terms exactly how their different customer relationships contribute to – or subtract from – the total value of the firm. Because they manage their customer portfolio on this basis, they know what to manage and where to invest in order to create sustainable, profitable growth and drive outstanding share price performance over time.

\* <http://executiveeducation.wharton.upenn.edu/ccentricity.cfm>

# Segment Customers by Value

*Who are your best customers? Who are your highest potential customers? If you don't know these and related answers, you will certainly waste money on marketing... and your growth will be slower than it should.*

*A simple way to segment customers is to separate them into one of four groups. The specific definition of each group depends on the nature of your business, but it should take into account the costs of acquiring customers, the costs of good sold, servicing costs, the costs of collecting information for (and about) customers, and the costs of customer service and account management.*

*The estimate portions are included only for planning purposes, and to give you a quick way to record your initial assumptions. Segmentation cannot rely on such estimates; you need a reliable, ongoing system for tracking customer value.*

## Most Valuable Customers (MVCs):

These are currently your most profitable customers. They are not necessarily your largest customers; sometimes large customers are actually BZs.

MVC estimates:

\_\_\_\_\_ % of your profits they represent  
\_\_\_\_\_ % of your revenues they represent  
\_\_\_\_\_ number of customers in this segment

## Most Growable Customers (MGCs):

These are the customers most likely to become MVCs, if you treat them right. Often times they are someone else's MVCs, or they are growing rapidly in size and/or affluence.

MGC estimates:

\_\_\_\_\_ % of your profits they represent  
\_\_\_\_\_ % of your revenues they represent  
\_\_\_\_\_ number of customers in this segment

## Bread and Butter Customers (BandBs):

These folks are in the middle. You don't make that much money from them, but they often represent the largest segment in terms of sheer numbers. They are modestly profitable and they help provide the scale you need to operate efficiently

BandB estimates:

\_\_\_\_\_ % of your profits they represent  
\_\_\_\_\_ % of your revenues they represent  
\_\_\_\_\_ number of customers in this segment

## Below Zero Customers (BZs)

You lose money serving these customers, because they are too demanding, too fickle, too price conscious, or all of the above. You would be better off without them.

BZ estimates:

\_\_\_\_\_ % of your profits they represent  
\_\_\_\_\_ % of your revenues they represent  
\_\_\_\_\_ number of customers in this segment

## **Total Estimates (check that your numbers are generally correct)**

\_\_\_\_\_ % of your profits in total (should be 100%)  
\_\_\_\_\_ % of your revenues in total (should be 100%)  
\_\_\_\_\_ number of customers in total you have

# Segment Customers by Needs

*Unless you segment customers by their needs, you cannot make intelligent decisions about the best ways to allocate resources to serve customers. In other words, without segments chaos ensues.*

The right way to segment differs depending on your industry, customer base, and business approach. It takes quite a bit of thought, but few other initiatives produce such dramatic results for so little financial expense.

This worksheet provides you with some possible approaches. Under each possible segment, list four examples of how this segment would have unique needs. Then judge whether that approach to segmentation is significant enough.

## Business customers

Segment customers by size:

	Small office/home office	Mid-sized firms	Large enterprises
Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by growth rate:

	Stable or shrinking	Modest growth	Rapid growth
Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by industry:

	Retail	Wholesale/distribution	Services
Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by competitive approach:

	Innovator/high style	Value approach	Discounter
Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by channel:

	Manufacturers	Retail storefronts	Web only
Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

*(continued next page)*

**(Segment Customers by Needs - continued from previous page)**

Segment customers by \_\_\_\_\_ (your choice):

Needs:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

**Consumers/individuals**

Segment customers by attitude:

	Bargain hunters	Style conscious	Quality first
Needs:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Segment customers by age:

	18 and under	19-34	35 and up
Needs:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Segment customers by life stage:

	Young and free	Families	Empty nesters
Needs:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Segment customers by platform:

	Windows	Apple	Open source
Needs:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Segment customers by expertise:

	Novice	Generally informed	Expert
Needs:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

*(continued next page)*

(Segment Customers by Needs - continued from previous page)

Segment customers by affluence:

	Limited means	Middle ground	Wealthy
Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by \_\_\_\_\_ (your choice):

Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by \_\_\_\_\_ (your choice):

Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

Segment customers by \_\_\_\_\_ (your choice):

Needs:	-----	-----	-----
	-----	-----	-----
	-----	-----	-----
	-----	-----	-----

# Create Customer Portfolios

*A customer portfolio is a group of customers, generally with similar needs and values (to the firm) that is managed by a specific employee or department. When done correctly, the manager's compensation is based in significant measure to increases in the value of the portfolio.*

*This worksheet has room for you to identify 12 portfolios, each one being a subset of a needs-based segment combined with customers from one of four value-based tiers. In each box, write the name of the portfolio's manager, the number of customers, and the total revenues this period for these customers.*

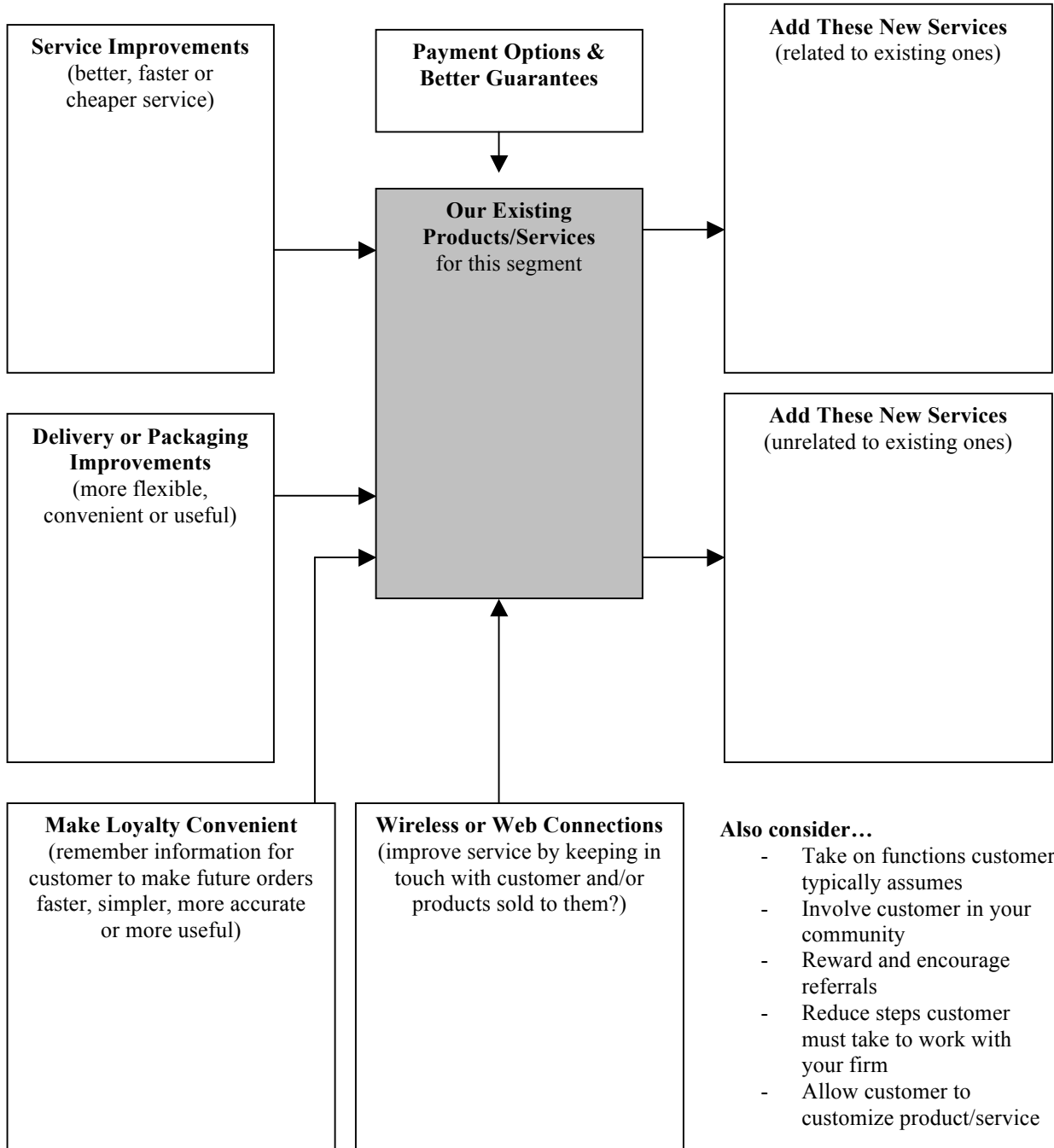
## Needs-Based Segments

<b>MVCs</b>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<b>MGCs</b>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<b>BandBs</b>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<b>BZs</b>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>

# The Needs Innovation Tool

*Here's a simple way to take a particular customer segment and brainstorm new products and services you can offer to meet their needs. This page is much too small to capture as many ideas as you should be able to generate; use a whiteboard or far larger page.*

Customer Segment Name: \_\_\_\_\_



# Remembering Information for Customers

*The following is adapted from my book, Making It Personal.*

Remember information for each valuable customer, and then do something differently for him or her based on the information you have remembered. By people, I do not just mean individual consumers. This strategy works especially well in a B2B setting, where you can help people do their jobs better, faster, and more conveniently.

Here are some of the things people have to remember in a business setting. Unlike some lists designed to be short and snappy, I have made this one as long as possible, because it can serve as an idea generator when you map out your organizational memory strategy.

As you review this list, I have left room for you to jot down specific examples you can implement.

**Personal contacts:** names and contact information of friends, relatives, neighbors, including reminders of special events and references.

Our opportunities:

**Professional contacts:** names and contact information of colleagues, partners, vendors, regulators, analysts, press, including when, why and how you have been in contact with them.

Our opportunities:

**Calendar information:** your personal commitments; schedules for your subordinates, peers and superiors; events by business unit, subject matter, industry, geography or time.

Our opportunities:

**Customer requirements:** specific, precisely stated requirements of what it will take to delight each of your customers. For example, a grocery chain might have a vague expectation like this: all our produce must be fresh. It could be replaced with this: produce must be on our shelves within 12 hours of being picked at the farm, and any produce not sold within 48 hours of receipt at the store must be given away to food banks or destroyed. The trend in business is that each customer will have unique requirements, and that it is in your interest to encourage them to do so.

Our opportunities:

*(continued next page)*

**(Remembering Information for Customers - continued from previous page)**

**Billing information:** who ordered what, when; prices charged, quantities ordered and delivery information; special requirements and specifications; invoice and purchase order numbers; when an order was shipped; backorders, if any; defective or returned products; reshipments, if any; discounts and/or incentive programs (i.e. frequent flyer account information.)

Our opportunities:

**Product information:** lists and descriptions of all the products and services offered; pictures of products and their uses; suggested uses; which products work best with which other products; the names and contact information of people qualified to help you use, install, modify or enjoy a product; recommendations, or criticisms, of products by users, analysts, press or internal experts; your own personal information about which products worked best for you, or your collected research on products.

Our opportunities:

**Distribution information:** where and when you can find specific products and services, or support, or training; the qualifications, breadth, location and capabilities of different distributors.

Our opportunities:

**Reference information:** this can be just about anything that helps a person do their job or manage their life: how to organize your desktop; timesaving tips for using Microsoft Excel; what is the future of wholesale/distribution; an analysis of the efficacy of certain drugs in lowering blood pressure; how to become a CEO; how to retire before age 50.

Our opportunities:

**Business intelligence:** information about competitors; media or analyst reports about competitive technologies; mystery shopping results of your competitors; samples of other products, services or their promotional materials; industry statistics; growth trends; government reports.

Our opportunities:

**Laws and regulations:** Depending on your job, you may need to conform to various laws and principles, some absolute and others preferable. These are often difficult to remember in detail and thus need to be easily referenced. Two examples: privacy laws affecting your industry and the privacy policy of your organization. Often the best assistance you can provide a person is to inform them of pending or new legislation of which they were unaware, but that will impact their job and/or life. You can also remember to track developments in certain areas and alert the person when there are relevant changes.

Our opportunities:

*(continued next page)*

**(Remembering Information for Customers - continued from previous page)**

**Project status:** work is by nature collaborative and ongoing. Few of us are as organized as we would like, and failure to organize causes stress and wastes money. You can help people organize their existing projects, track the progress of projects with which they are involved or whose outcome will impact other projects. In many cases, the mere ability to map out all the dependencies and details of a project enables a person to make constructive leaps in understanding the reality and implications of their situation. One especially helpful function is to help a person remember and track all the materials, or participants, necessary to create a given result. For example, to get a software system up and running, you might not only need the core software, but also two other software plugins, a new database program, two upgraded servers, three programmers for four weeks, a project manager, and a case of Advil.

Our opportunities:

**Payroll information:** depending on the nature of your job, you may need to remember hours worked, clients served, the type of work performed, the results of that work, and the expenses associated with the work. You may also need to coordinate and/or review the work of subcontractors, partners, subordinates and those in other business units. You may want to compare the effectiveness, efficiency and results of various people and organizations, to determine which to reward, rehire or avoid.

Our opportunities:

**Memories:** notes, pictures, correspondence, follow-ups regarding professional and corporate events in which you have participated. I recently received a postcard from Backroads, the active vacations company. On the front, it had a picture taken during my Backroads bike trip to the Canadian Rockies; I remember the spot. On the back, it encouraged me to visit my personal Backroads site, where I could find six recommended new bike trips. This is impressive without the photo; with it, it is impactful, emotional, and much more likely to motivate me to travel again (I called my wife already.)

Our opportunities:

By remembering information for people, you will make it more convenient for them to be loyal to your organization. The more you remember, and the more useful they find this information, the more loyal they will be. This is because the more you remember, the greater the cost to the customer of switching to a competitor because they will have to reteach the competitor what you already know.

That is why it pays to make lists like this one as long as possible, and only then to refine your list to understand the pieces of information that will make the biggest difference both to you customers and to your bottom line.

# Four Kinds of Customization

*"Customization" is another way of saying "flexibility." The greater your firm's ability to profitably customize products and services, the more flexible it will be -- and the safer it will be. This exercise lets you assess the degree to which you already use mass customization, and let's you explore opportunities to use it more extensively.*

**Mass customization** is the use of flexible computer-aided manufacturing systems to produce custom output. These systems combine the low unit costs of mass production processes with the flexibility of individual customization.

There are four types of mass customization:

**Collaborative customization:** talk to individual customers to determine the precise product offering that best serves the customer's needs. This information is then used to specify and manufacture a product that suits that specific customer.

For example, some clothing companies will manufacture blue jeans to fit an individual customer.

How we do this today:

New ideas:

**Adaptive customization:** produce a standardized product, but this product is customizable in the hands of the end-user (the customers alter the product themselves.)

How we do this today:

New ideas:

**Transparent customization:** provide individual customers with unique products, without explicitly telling them that the products are customized. In this case there is a need to accurately assess customer needs.

How we do this today:

New ideas:

**Cosmetic customization:** produce a standardized physical product, but market it to different customers in unique ways

How we do this today:

New ideas:

*The definitions on this page were taken verbatim from  
[http://www.absoluteastronomy.com/encyclopedia/m/ma/mass\\_customization.htm](http://www.absoluteastronomy.com/encyclopedia/m/ma/mass_customization.htm)*

# Explore Outsourcing

*It does not pay to tie up capital developing capabilities that vendors can supply for you to faster, less expensive or higher standards. By outsourcing, you often can achieve greater flexibility than you can by handling functions in-house. Outsourcing is becoming an easier and more viable solution in numerous areas. For example, UPS now enables some of its customers to outsource not only their shipping, but also final assembly, inventory management and order fulfillment. UPS may in truth handle the functions you think are handled by your vendor.*

*Some functions, however, are essential to what differentiates your firm. This worksheet helps you decide what you can outsource, versus what you should never outsource. You can do this analysis for the company as a whole, a line of business, or a customer segment. Add functions at the bottom based on your business needs.*

**Analysis performed for what scope of business** (entire firm, segment, etc.)? \_\_\_\_\_

Check each box if you can perform the function better than an outside vendor. If you don't have many checks next to an item, consider outsourcing. In the "Outsourcing Possible?" column, Y means yes, N means no, and A means you already outsource this function (in this case, there is no need to check the other boxes.)

Function	Outsourcing Possible?*	Which of these describe <b>your</b> capabilities versus potential outsourcers?				
		More flexible	Faster	Cheaper	Better quality	More reliable
Product development	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manufacturing	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product customization	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Order processing	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warehousing	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pick and pack	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returns management	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical support	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer service	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accounts payable	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accounts receivable	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer acquisition	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advertising	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing strategy	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct mail	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E-commerce sales	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-----	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-----	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-----	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-----	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-----	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-----	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# Unique Capabilities

*In this exercise, you identify the capabilities in key areas of your firm that - in the eyes of your customers - will elevate your firm above its competitors.*

*For example, in the Customer Service area, Wagner Pools decided to list “service in less than one second”; they now connect customer swimming pools via modems to their home office and the pool itself phones for service when a problem develops, so that Wagner can fix the problem before the customer knows it exists.*

Here are some potential capabilities to consider: save customers time; save customers money; require less effort of customer (or fewer steps); remember and use the customer’s preferences; trigger actions based on customer specifications; improve quality; customize product or service; prevent problems; monitor equipment remotely and fix problems before customer discovers them; fill in forms for customers; offer unusual guarantee; broaden selection of offerings; offer access to greater expertise; keep the customer better informed (especially when waiting for an order); take on functions customer previously performed; offer recommendations; connect customers with others who share similar needs; monitor changes in laws, business environment or marketplace for customer.

## Unique capability

## How we can achieve this

Manufacturing:

1. \_\_\_\_\_
2. \_\_\_\_\_

Sales:

1. \_\_\_\_\_
2. \_\_\_\_\_

Marketing:

1. \_\_\_\_\_
2. \_\_\_\_\_

Operations/fulfillment:

1. \_\_\_\_\_
2. \_\_\_\_\_

Customer service/support:

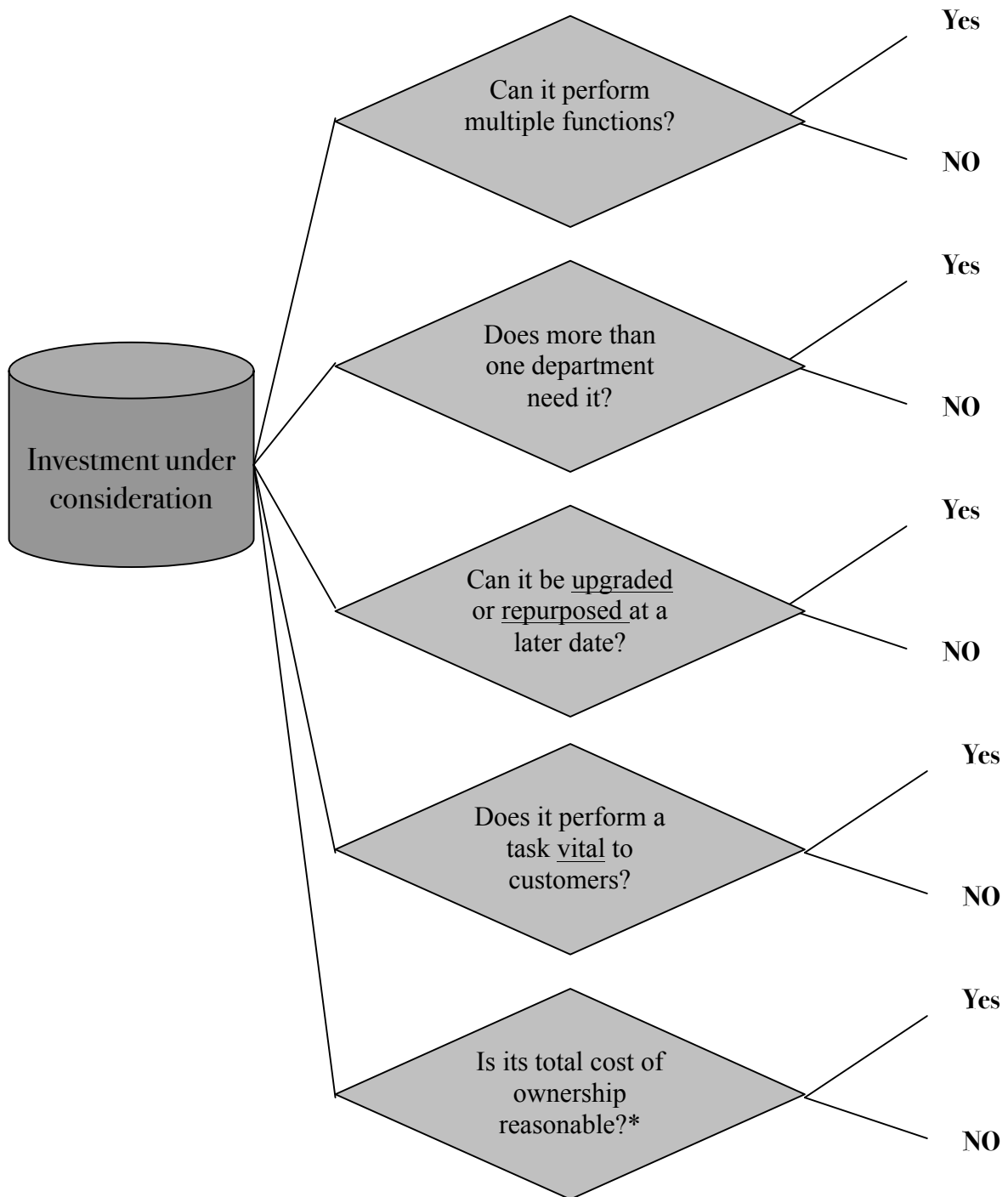
1. \_\_\_\_\_
2. \_\_\_\_\_

Online:

1. \_\_\_\_\_
2. \_\_\_\_\_

# Flexibility Test

Take this test anytime you need to invest in a new piece of equipment, or develop a new process. It will help you keep in mind how critical it is to keep your firm nimble. I would hesitate to invest when you answer "no" one or more times.



\* Total cost of ownership includes – in addition to initial cost - training, service, financing, and all related costs

# How to Get Anybody to Do Anything You Want

*Influence is important. You need to influence the behavior of not only customers, but also suppliers, investors, employees and other stakeholders. One of my professors in business school was Charles Dwyer, who presented us with this five-step approach. It works.*

*I am not suggesting you can use this to get people to do things they should not do. Instead, it is a useful approach to get people – such as a reluctant stakeholder – to see a point of view that is logical but they previously have not understood.*

## 1.) Make sure they have the ability to do what you want.

According to Professor Dwyer, the only true obstacle to persuading someone to do something is if they lack the ability to do it. This comes into play more often than some managers think. For example, some employees are not detail-oriented; even if you persuade them they need to be highly organized, they will never succeed in this regard.

## 2.) Help them perceive the value they will gain by doing what you want

“Democracy equals prosperity,” a speaker might argue, going on to list all the reasons why your life will get better if you bring democracy to your country. He is showing the audience the value they will enjoy by accepting his point of view.

## 3.) Show there is a high probability that the value they desire will come true.

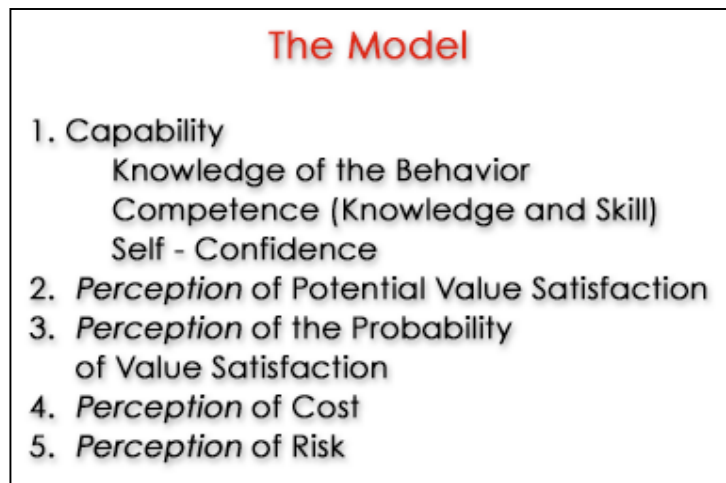
The greatest prize in the world isn't worth much if there is little chance you will win it. To persuade someone, you not only have to offer a carrot, but show him or her a path to capturing the carrot.

## 4.) Reduce their perceived costs associated with doing what you want.

People have a much greater ability to change their reality than most realize... if they are willing to pay the cost. Such costs can include longer hours, harder work or more inconvenience. By reducing the perception – or better yet, the reality – of these costs, you make it easier for others to do what you want.

## 5.) Reduce their perceived risks.

Most people hate to fail. They hate to be embarrassed, or to lose ground. Even if all four conditions listed above are satisfied, people can still resist your idea because they perceive it to be too risky – personally – for them. To secure their cooperation, you must reduce their perceived risk.



*The above was adapted from Power and Influence, Part II a speech delivered in November 2000 by Dr. Charles Dwyer, Ph.D., University of Pennsylvania. The full text can be found at [http://www.neurovascularcenters.com/speakers/dwyer/dwyer\\_part2.htm#A11](http://www.neurovascularcenters.com/speakers/dwyer/dwyer_part2.htm#A11)*

# *Now Possible*

*compelling content is the best marketing*

Please feel free to forward this document to friends, colleagues or the president of a vendor that's let you down. Print pages at will, write on them, and give them to your team to implement. You will make tangible progress protecting and building your business.

Now Possible creates compelling content that attracts customers to your business. When you are ready to take action, call Bruce Kasanoff, president, at (203) 341-9448.