

A succinct monthly update on issues of importance to the leadership of professional services organizations (and a chance for Alexander and Hordes to spout off under the guise of thought leadership!).

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Amplifying the Voice of the Customer: Launching Profitable Services Right the First Time

Our experience shows that in the big majority of cases, services organizations follow one of two approaches when launching new services offerings:

Approach One: By Guess and By Golly

This most common approach is based upon the premises that “we already know what our customers want,” and “we don’t have the time (or budget) to waste on research.” This “we know best” approach is cheap and fast, but sadly predictable—customer needs are only partially addressed, chances for differentiation are botched, internal resources are misdirected, and new volumes of higher profit services revenue are left for someone else to capture. No wonder one-half of new services offerings are considered failures!

Approach Two: Boil the Ocean

At the other end of the spectrum is the classic market research approach (examine everything) that the providers of these studies love; hundreds of surveys, heavy on financial models, and with reams of quantitative analysis—all aspects of “the market” are studied ad nauseum. Taking many months and lots of bucks, the purchasers of these “big studies” end up drowning in facts but often gain very limited insight as to what the most important customers really want, need, and will pay for. Often this approach is used as CYA when By Guess and By Golly yields its predictable results.

However, there is another, much more practical approach (Voice of the Customer) based upon some fundamental marketing principles vital to launching new services:

- The best prospects for new services are your “best” existing customers (be they purchasers of services or products). Mining the installed base is the most effective and most efficient place to start.
- Customers will **always** pay a premium for high-value services.
- Customers will pay an even bigger premium for high-value services perceived as unique (different and better than those of your competitors).
- Appropriately approached, your best existing customers will **gladly** share with you the key elements you need to know to develop and launch **high-impact, differentiated services that are easy to sell**.

Best of all, when properly executed, your modest investment in Voice of the Customer research will give you a payback within six to nine months. Here is how you do it:

1. Focus. Segment on your highest potential prospects. Forget the masses and select a dozen of your best customers (best relationships and best margins). You already know who they are—this shortlist can be selected in a couple hours.

2. Collaborate. Invite them to help you help them. Explain to key people (at least three) in these targeted organizations your goal of building new high-value, mutually beneficial services offerings for top clients. If you selected the right organizations they will jump at the chance—some will be flattered

3. Dialogue. This is not a sales call! Hold a one-on-one, face-to-face, open discussion following well-thought-out guidelines. Properly done, in an hour's time you can *really* learn their business problems and opportunities, personal goals and challenges, perceptions of your existing offerings and those of top competitors, and prioritized current and emerging high-potential services. This produces a wealth of priceless information freely given.

4. Prioritize. Using the voice of these 12 critical accounts, you now can develop the select services offerings that will have the most effect. And guess what, these services also will be very appropriate for most other parts of the market.

5. Pilot. Within 90 days of your dialogues, go back and tell your key accounts what you heard, and what you plan on doing. They will appreciate your follow-up and be very interested in what you've come up with. Our bet is that they will offer to be your first new clients! Test out your services, refine your success, and package for the rest of the market.

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