Customer Scenario
Development & Scoring Packet

For: Identifying / Scoring / Ranking Your Target Segments

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Google SmartCAR Solution

PROFILE:

Name:	David Middlebrook	Employer:	Pacific Limo Service, Inc.
Location:	Los Angeles, CA	Job Title:	President & CEO

Key Interest or Purpose: Be the most successful limo company in Southern California, with market share of > 25 %

BEFORE:

Scene or Situation:
David, the CEO, is in the process of expanding his business from covering Los Angeles to incorporating some of the more affluent areas throughout Southern California. His limo company specializes in getting movie stars, celebrities, executives and others to their domestic & international flights on time, with comfort and predictability. David's growing concern is that many exclusive neighborhoods are far from airports that customers need to get to, traffic throughout the region is getting increasingly gridlocked at all hours of the day, and several clients have recently been delayed in bad traffic & missed important flights.

Desired Outcome:
Every customer has a near-perfect service experience, with a minimum customer satisfaction score of 9 out of 10.

Attempted Approach:
David had equipped his drivers with traditional (now 4-year old) GPS navigation systems. However, they still have problems. Just last week, for example, Luigi had to find an alternate route to LAX Airport due to a highway accident, and ended up lost due to faulty GPS mapping of smaller back roads. The week before, Ray had gotten Lady Gaga's family to the airport too late for their first-class overnight flight to London to attend her concert. And the month before that, Meg drove George Clooney to Orange County Airport, only to learn upon arrival that his private jet had been diverted, at the last minute, to another airport due to fog.

Interfering Factors:
Pacific Limo Service drivers have problems because: 1) the current GPS system does not provide accurate mapping of roads in the more remote hills where many wealthy customers live; 2) drivers become aware too late of bad road conditions, traffic delays, and highway accidents; and 3) customers want the option of switching, if traffic is very congested, to a different flight at a different airport – on very short notice.

Economic Consequences for Target Segment:
David's business is not doing as well as he would like. Word-of-mouth references are uneven, and his cash flow has been shrinking by 14% annually and is not covering his expenses.

AFTER:

New Approach:
David installs Google SmartCAR into each of his limos. Based on GoogleGlass technology, and 5X improved GPS now integrated into the limo navigation system, drivers are able to see traffic in 3D visualization up to 10 miles ahead, predict which alternate route is optimized for reaching a certain airport, and if traffic becomes impossible – sends urgent request to the air carrier to re-book customer on another flight at one of the other 3 airports in the region. The vehicle is also equipped with hyper-speed web access for keeping clients in real-time contact with their team – whether by smartphone, tablet, or the newest wearable computing technology.

The 3 to 5 Most Crucial "Whole Product Elements" (i.e. key enabling factors):
Key enabling factors beyond the Google SmartCAR system include GoogleWindshield (a Google/Ford joint venture), advanced GPS with military-quality mapping and predictive traffic guidance, and cloud-based data flow to seamlessly update or change travel plans / switch airports on extremely short notice.

Economic Rewards for Target Segment:
Pacific Limo Services, now has the best reputation in town — they always arrive on time, never get lost, and get you there faster and more predictably than anyone else. The company's business is booming, with annual revenue growth of 25% to 30%, plus healthy margins and a growing base of loyal customers.

Scenario Worksheet   **Title of Segment:** _____

PROFILE   (Author: _____)

Name: _____ Employer: _____

Location: _____ Job Title: _____

Key interest or purpose: _____

BEFORE

Scene or situation: _____

_____

_____

Desired outcome: _____

_____

_____

Attempted approach:_____

_____

_____

Interfering factors:_____

_____

_____

Economic consequences for target segment: _____

_____

_____

AFTER (assume same scene, same desired outcome)

New approach: _____

_____

_____

The 3 to 5 most crucial "Whole Product Elements" (i.e. key enabling factors): _____

_____

_____

_____

Economic rewards for target segment: _____

_____

_____

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Scenario Worksheet   **Title of Segment:** _____

PROFILE   (Author: _____)

Name: _____ Employer: _____

Location: _____ Job Title: _____

Key interest or purpose: _____

BEFORE

Scene or situation: _____

_____

_____

Desired outcome: _____

_____

_____

Attempted approach:_____

_____

_____

Interfering factors:_____

_____

_____

Economic consequences for target segment: _____

_____

_____

AFTER (assume same scene, same desired outcome)

New approach: _____

_____

_____

The 3 to 5 most crucial "Whole Product Elements" (i.e. key enabling factors): _____

_____

_____

_____

Economic rewards for target segment: _____

_____

_____

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Scenario Worksheet   **Title of Segment: _____**

PROFILE   (Author: _____)

Name: _____ Employer: _____

Location: _____ Job Title: _____

Key interest or purpose: _____

BEFORE

Scene or situation: _____

_____

_____

Desired outcome: _____

_____

_____

Attempted approach:_____

_____

_____

Interfering factors:_____

_____

_____

Economic consequences for target segment: _____

_____

_____

AFTER (assume same scene, same desired outcome)

New approach: _____

_____

_____

The 3 to 5 most crucial "Whole Product Elements" (i.e. key enabling factors): _____

_____

_____

_____

Economic rewards for target segment: _____

_____

_____

Scenario Worksheet   Title of Segment: _____

PROFILE   (Author: __*your name*_____)

Name: _____ Employer: _____

Location: _____ Job Title: _____

Key interest or purpose: ____*what are their "Top 3" metrics for success?*_____

BEFORE

Scene or situation: ____*overview of current operating environment*_____

_____

_____

Desired outcome: ____*what are detailed objectives?*_____

_____

_____

Attempted approach:____*current tools, methods, technologies and processes used*_____

_____

_____

Interfering factors:_ *frustrations, problems & missed opportunities of the attempted approach* _

_____

_____

Economic consequences for target segment: ___*the "costs" of the interfering factors, including money, headcount, slower time-to-market, and/or impact on customer satisfaction levels* _____

_____

_____

AFTER (assume same scene, same desired outcome)

New approach: ___*briefly describe your new solution* _____

_____

_____

The 3 to 5 most crucial "Whole Product Elements" (i.e. key enabling factors) ____*describe the other key factors needed, in order to make your solution succeed – these are often product or service elements*

_____

_____

Economic rewards for target segment: _____*improvements in money or headcount saved, faster time-to-market, and/or impact on greater customer satisfaction levels* _____

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List of Business Types

A. The Information Sector
- Electrical and Electronics
  - Electrical Products
  - Electronics
  - Instruments
  - Semiconductors
- Office Equipment and Computers
  - Business Machines and Services
  - Computers and Peripherals
  - Computer Software and Services
- Telecommunications
  - Equipment and Services
  - Telephone Companies

B. Hard Goods Manufacturing
- Manufacturing
  - General Manufacturing
  - Machine and Hand Tools
  - Special Machinery
  - Textiles
- Aerospace
- Automotive
  - Cars and Trucks
  - Parts and Equipment
  - Tires and Rubber

C. Resource Industries
- Metals and Mining
  - Aluminum
  - Steel
  - Other Metals
- Chemicals
- Fuel
  - Coal
  - Oil and Gas
  - Petroleum Services

D. Heavy Services
- Transportation
  - Airlines
  - Railroads
  - Transportation Services
  - Trucking and Shipping
- Utilities and Power
  - Electric, Water and Cogeneration
  - Gas, Oil and Transmission

E. Health Care
- Drug Distribution
- Drugs and Research
- Health Care Services
- Medical Products

F. Financial Services
- Banks
- Nonbank Financials
  - Financial Services
  - Insurance
  - Savings and Loan

G. Soft Goods Manufacturing
- Consumer Products
  - Apparel
  - Appliances and Home Furnishings
  - Beverages
  - Personal Care
  - Tobacco
- Food
  - Food Distribution
  - Food Processing
  - Food Retailing
- Paper and Forest Products
  - Forest Products
  - Paper
- Containers and Packaging
  - Glass, Metal and Plastic
  - Paper

H. Light Services
- Service Industries
  - Construction and Engineering
  - Industrial Distribution
  - Pollution Control
  - Printing and Advertising
  - Other Services
- Housing and Real Estate
  - Building Materials
  - Construction and Real Estate
- Publishing and Broadcasting
  - Broadcasting
  - Publishing
- Leisure Time Industries
  - Eating Places
  - Entertainment
  - Hotel and Motel
  - Other Leisure
- Discount and Fashion Retailing

Segment Rating Procedure: 1-Page Overview

The segment rating procedure covers the strategy team's (or market development team's) effort to score each customer scenario in terms of nine factors that measure potential market segment attractiveness. These factors break out into two sets, as follows:

A. Critical Success Factors: These are the "show-stoppers" -- things one cannot change in the near term and which must be rated positively to make a target market segment viable. They include:

•   **Target Customer Segment:** For you to succeed in a segment, the target segment should include an economic buyer who is already in place, readily identifiable, likely to want to invest in the type of improvements promised by the scenario, and perhaps most importantly of all, well funded.

•   **Compelling Reason to Buy:** For you to succeed in a segment requires customer sponsors who will pull for you against the normal pragmatist resistance to anything new. Such customer sponsors need a powerful reason to buy, in order to take this kind of personal risk. Often the compelling reason is "an important problem or pain point that needs to be solved now" -- and which cannot wait until next year.

•   **Whole Product:** The key to Bowling Alley success is to achieve leadership quickly in the initial target segment. This can only be done by delivering 100% of the MVP ("minimum viable product") requirements right from the outset. If this is not feasible, then a new target must be found.

B. Market Penetration Factors: These are factors which will impact your organization's effectiveness in penetrating its target market segment. Although they are important to your success, you can usually work around problem areas. They include:

•   **Partners & Allies:** Delivering the whole product typically requires the support of segment-specific partners and allies. If the company already knows these partners & allies -- and has good relationships with them -- it is a big plus.

•   **Sales Channel for Whole Product:** To develop the target segment quickly requires a distribution channel that already knows the economic buyer and the application of the target end user. If the client company lacks such a channel, then it will have to find one and make it a partner and ally. If no such channel exists, then normally a new target must be selected.

•   **Whole Product Pricing:** Target segments are easiest to develop when the whole product price is several times less than whatever the current approach to the problem entails. Additionally, the ROI must be relatively immediate, typically one year or less to break even.

•   **Competition:** If your chosen target segment is already well-served by an entrenched competitor, your ability to win will be adversely affected. Best strategy says, do not attack a segment -- in Chasm Crossing or in Early Bowling Alley -- that has a competitor's fortress on it. If the target segment is already well-served by an established market leader, then the client must look elsewhere for success.

•   **Positioning:** The impact of positioning on segment success is largely a function of this fundamental question: "Would the marketplace, desiring this type of problem to be solved, readily accept your company as an appropriate source for the market-leading solution?"

•   **Next Target:** This criterion assesses the leverageability that achieving leadership (40% share and 2x the share of the largest competitor) in the target segment provides as a basis for further market expansion into related marketplaces. This leverage will come either from whole product carryover or word-of-mouth referencing.

Standard Rating Calibration
(**5 = best, 1 = worst, 3 = neutral**)

The following are intended as guidelines for the client team scoring the various scenarios, so that their individual ratings can have a fundamental level of consistency across the team.

A. Critical Success Factors

Target Customer:

5: There is an existing economic buyer for this scenario and he or she has the authority to make the purchase, is currently making investments to achieve comparable types of benefits, and is typically well funded.

1: There is no existing economic buyer (although perhaps one could be found), and in general this application is characteristically underfunded, if invested in at all.

3: There is either a clear economic buyer in place with the appropriate authority but who may have trouble getting sufficient funds; or we expect there may be funds available, but there is no track record to date of investing in this area, and thus it may be unclear who exactly would sponsor this purchase.

Compelling Reason to Buy:

5: Target customers already recognize the problem as significant, and are therefore thinking:

"I must adopt this type of solution because: a) it gives me a major improvement on a critical success factor, or b) it gives me dramatic productivity improvements in an area where I routinely spend a lot of resources. I would buy this even when money is tight."

1: Target customers do not yet understand it to be a problem at all, and are therefore thinking:

"I am not quite sure this is a good idea, particularly if one takes a pragmatic point of view. I am not saying it couldn't work -- I just think it is a bit far-fetched for now. I am not interested in purchasing this at the moment."

3: Customers have a vague sense that this problem needs to be solved, and are therefore thinking:

"This is very nice. I can see how it could be quite useful. However, if money is tight, I am probably not going to buy it this year."

Whole Product:

5: Working with existing products + service providers, we can easily fulfill all the whole product requirements by the time we introduce the product into the target market.

1: There is at least one "show-stopper" we know of that, based on what we know today, directly prevents us from providing a complete whole product.

3: Getting the whole product will be a big stretch. We know of no reason why it ***can't*** be done, but there are many unknowns that we have yet to investigate.

B. Market Penetration Factors

Partners & Allies:

5:   We know all the solution partners and allies that must actively contribute to the whole product, and we have good working relationships with them.

1:   There are key solution partners implied by this scenario whom either we do not know at all or whom we know but are not friendly with.

3:   We know most of the key players at least vaguely but have no strong ties to them.

Sales Channel for Whole Product:

5:   The target customer we have in mind will want to purchase the whole product from an existing sales channel which can provide the appropriate added value **--** and with which we already have established a successful relationship.

1:   The target customer needs a lot of added value services from a channel which does not exist today.

3:   The target customer needs added value services which can partially be provided from an existing sales channel with which we have a modest amount of experience.

Whole Product Pricing:

5:   The whole product price for our solution is several times less than the cost of the existing market-leading solution which is currently being bought by our target economic buyer, and we expect an ROI such that the buyer can break even on the purchase within a year.

1:   The minimum whole product price exceeds the budget normally available to the target economic buyer, and the ROI will take two years or more.

3:   The whole product price for our solution is a reasonable expenditure for the promised result **--** assuming that that result is actually achieved, with break-even ROI coming in 18 months.

Competition:

5: The customer is currently purchasing or using a significantly inferior solution to the problem we address, utilizing products that are late in their product life cycle, from vendors who are taking this market for granted.

1: A market leader is currently serving this marketplace with solutions that are early in their product life cycle, and the segment enjoys the active marketing attention of this company.

3: (a) There is no market to date, hence no competition to speak of, or…
    (b) There is a moderate level of competition

Positioning:

5: Target customers would view our company / our solutions / our track record:
... as being <u>highly credible</u> and well-known for solving this class of problems.

1: Target customers would view our company / our solutions / our track record:
... as being a <u>rather unlikely source</u> for providing a credible and viable solution.

3: Target customers would view our company / our solutions / our track record:
... as probably being <u>somewhat qualified</u> to cope with and solve this class of problem.

Next Target:

5: The whole product we must provide for this segment can, with minor modifications, be used to serve a number of other segments, some of which have strong communications ties with the target segment.

1: The whole product for this segment requires a segment-specific investment that cannot easily be leveraged into other segments, and the customer leaders in the target segment do not have market influence outside the segment's boundaries.

3: The whole product for this segment will be useful elsewhere, but only after significant additional investment, and the customer leaders will be credible references in a general way.