1.0 Framework

Our goal is to identify actionable high-potential product opportunities. Our method is to let mainstream markets tell us where to discover such opportunities. This foundation building is intended to identify and prioritize the potential markets we must listen to for such discoveries.

1.1 Criteria for Determining Actionable High-potential Mainstream Markets

We define mainstream markets as organized around groups of pragmatist customers with common pains who reference each other when making any significant buying decision. We can prioritize potential mainstream markets by examining 1) the market mass, 2) the costs incurred due to these common pains, and 3) the degree of technological comfort decision makers feel.

Step 1: Define Market Mass
Step 2: Investigate current front-line contact with customers/markets
Step 3: Study individual customers to determine their pains

2.0 Defining Market Mass

2.1 Examine current knowledge of customers/markets

Documents from Market Research:
- Whole Brain Marketing Qualitative Findings June 2000
- Revisiting Whole Brain Study September 2000
- General Business Segmentation Recommendation November 2000
- General Business Segment Profiling Research June 2000
- General Business Segment Profiling Research August 2000

Data from Market Analysis:
- Table of 180,000 small businesses in the local area

For our purposes there appear to be a number of problems with our current information about and understanding of small business customers.

Anomalous Data
The numbers on which our segmentation scheme is based come from a highly anomalous economic time—especially anomalous in terms of technology spending. This problem could easily be mitigated by the fact that the relative magnitudes of the data between industries may have remained consistent regardless of the anomalies in the absolute numbers.

Segmentation scheme
Our market segments do not qualify as markets according to our working definition. Technology expenditure (as an index of technology's overall impact on business operations) seems to be the primary segmentation criteria. Our segmentation scheme treats businesses as different as pediatric facilities and gasket manufacturers as being in the same segments. Grouping apples and oranges together prevents us

from understanding the apples or oranges on their own terms—an understanding necessary to develop new products.

Kinds of Information Collected
The kinds of information we collect on customers and markets seems geared only to our current segmentation scheme. We do not collect information about customers' pains, behaviours, and attitudes towards technology—which are precisely the kinds of information we will need to identify actionable high-potential product opportunities.


2.2 Group and prioritize customers by possible reference communities for investigation

Reference communities are found at the intersection of profession, industry and geography (in that order). The information available is already sorted for geography and industry. With these criteria satisfied we tried to infer the cohesion (or density) and relative size of such communities and prioritize them accordingly.   We have called this multiple of density and size market mass.

Market Density
We assume the prevalence of an industry within one of our target segments is a strong indicator of cohesion and could further suggest commonality of pains.

% Of Each Industry That Is High Innovator or Medium Progressive
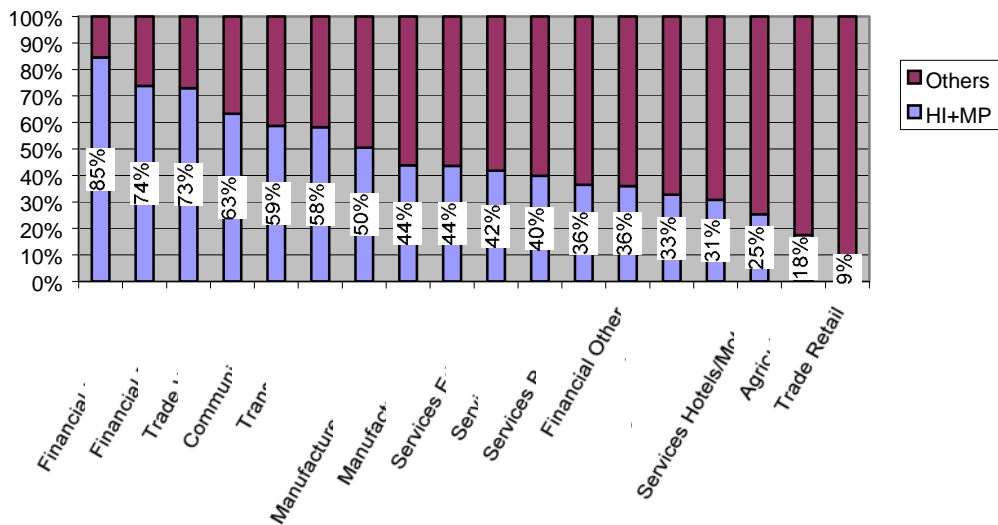
Relative Community Size

Judging how to define a meaningful size has been difficult. Indeed we still aren't entirely satisfied with the definitions we have used. These definitions have included raw number of employees, number of businesses, average number of employees, median number of employees, rank ordering, etc.

In the end we have settled on size being a function of median number of employees per industry and number of businesses per industry within the existing segments High-Innovator and Medium Progressive.
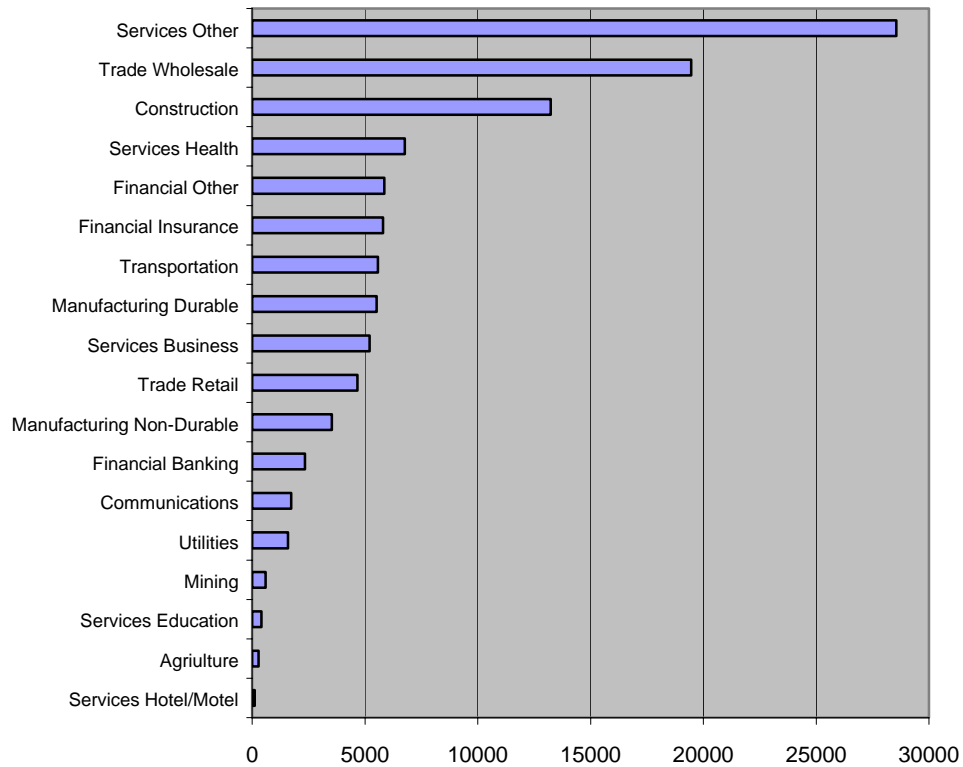
Industry	Median EMPL	Businesses	Size
Agriculture	3	524	1572
Construction	4	6619	26476
Financial Banking	6	534	3204
Financial Insurance	3	2613	7839
Financial Other	4	4071	16284
Manufacturing Durables	6	2091	12546
Mining	6	304	1824
Manufacturing Non-Durables	5	1607	8035
Services Business	3	4820	14460
Services Education	3	332	996
Services Health	4	4225	16900
Services Hotel/Motel	3	156	468
Services Other	5	18422	92110
Trade Retail	16	3242	51872
Transportation	4	2402	9608
Trade Wholesale	4	7721	30884
Communications	5	585	2925
Utilities	6	311	1866

Prioritization Formula

We prioritize based on market mass (*Market Size * Market Density = Market Mass*). This formula gives us an ordered table of market mass.

Ordered Market Mass	
Services Other	28554
Trade Wholesale	19457
Construction	**13238**
Services Health	**6760**
Financial Other	**5862**
Financial Insurance	**5801**
Transportation	**5573**
Manufacturing Durable	5520
Services Business	5206
Trade Retail	4668
Manufacturing Non-Durable	3535
Financial Banking	2339
Communications	1726
Utilities	1586
Mining	602
Services Education	418
Agriculture	283
Services Hotel/Motel	117

Market Mass

Industry	Value (approx)
Services Other	~28500
Trade Wholesale	~19500
Construction	~13000
Services Health	~6700
Financial Other	~5800
Financial Insurance	~5800
Transportation	~5500
Manufacturing Durable	~5400
Services Business	~5200
Trade Retail	~4700
Manufacturing Non-Durable	~3500
Financial Banking	~2300
Communications	~1700
Utilities	~1600
Mining	~500
Services Education	~400
Agriulture	~300
Services Hotel/Motel	~100

We are disregarding the top two industries (Services Other and Trade Wholesale), because they are catchall industries, and the large number of businesses belonging to each skews the results. Construction is also a suspicious outlier, however it is not a catchall category, and so it may actually be an extremely fertile market.

Conclusion

This re-segmentation results in a list of externally diversified, internally coherent, high-value, self-referencing local small business communities from which we will contact individual businesses to study more deeply.

The resulting ordered list suggests to us that we should begin to investigate the following reference communities in order of priority:

1. Construction
2. Health Services
3. Miscellaneous Financial Services
4. Insurance
5. Transportation

3.0: Investigate current front-line contact with customers/markets

Goal
To start building our understanding of both small business telecom customers and our current relationship with them.

Method
We have started with loosely structured exploratory interviews with our call center reps. This is intended to provide us with a deep enough understanding to begin to ask the right questions, and ask them in a broader and more structured manner. The themes we sought to cover in our interviews include:

- Product-purchasing trends
- Customer communications
- Customer service
- Internal efficiencies/inefficiencies
- Who are our Customers?

Results
The raw results of our interviews are included in Appendix A. Every rep we spoke with commented on the importance of educating customers and on the widespread unfamiliarity with the web and dotcom, among both our own front-line staff and our customers.

As these interviews were merely our first exploratory step the only result we expected was a better understanding and fuel for the next steps. Not only have we achieved these results, but we have also discovered a number of quick-hits that are potentially easy to implement and would have a positive impact on the bottom line. See section 5.0 Quick-Hits.

Next-Step
Our next steps will be to 1) return to the call centers for extensive side-by-side sessions, and 2) distribute a survey that follows on what we have learned to all center reps.

4.0 Study individual customers to determine their pains

Method
In order to insure that we contact and gather information from a representative sample of companies in each of our target industries, we grouped companies in each industry based on company size, in groups that make up approximately one third of each industry. (See Appendix B for specific groupings)

We will begin by contacting a few companies in each grouping and interviewing them. We will then use the interview results to try to determine if there are more natural ways to group companies in each industry based on similar pains/problems or technical requirements.

We have not yet gone to visit real customers. We have settled on a shortlist of small businesses in the local area based on the numbers described above.
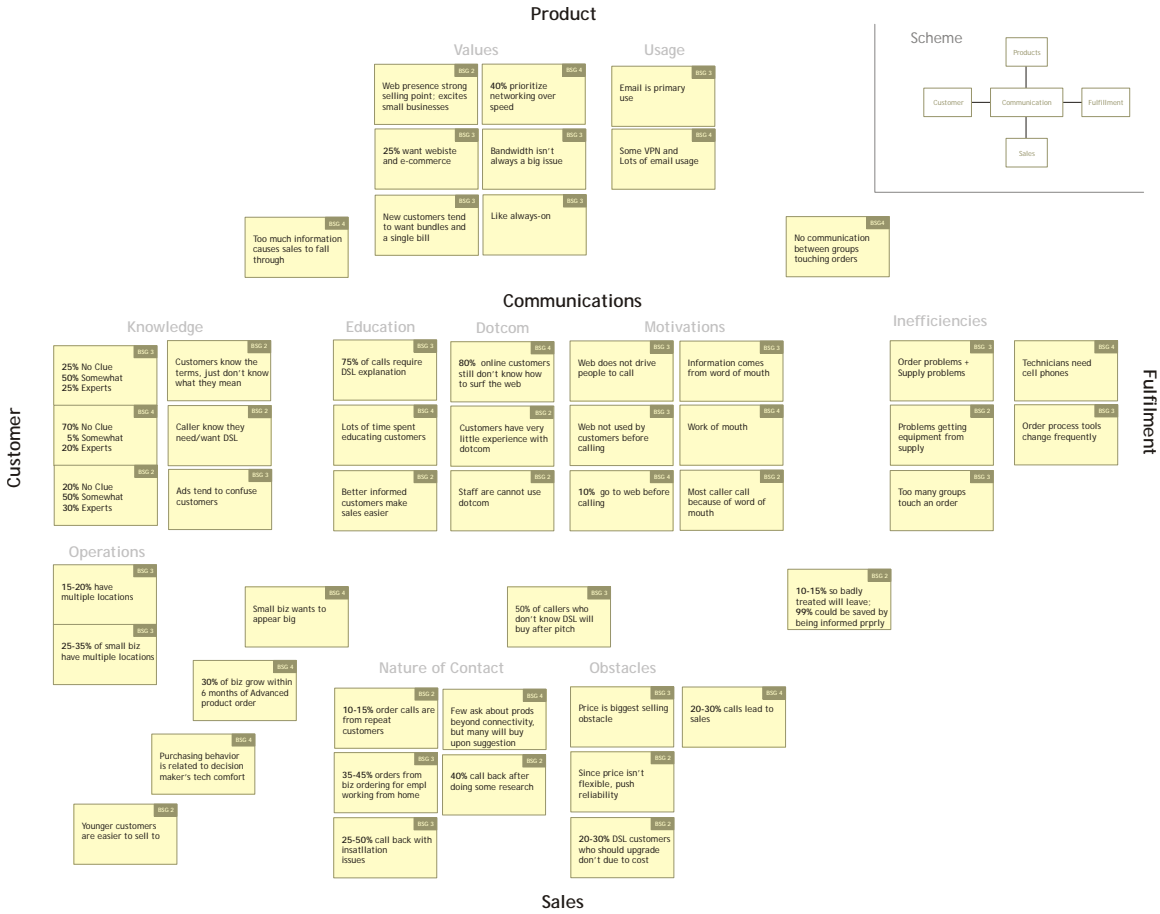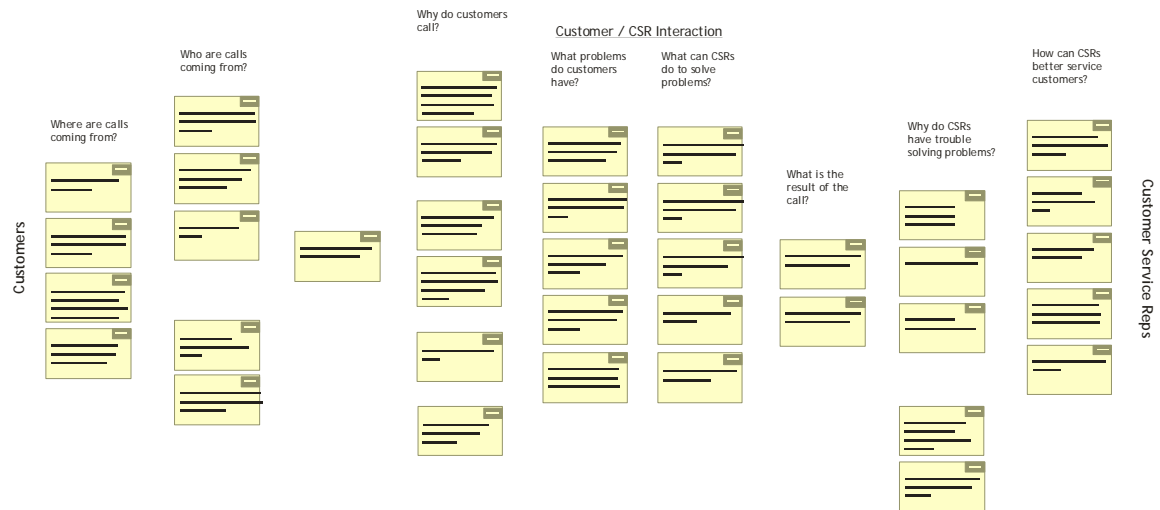

5.0 Quick-Hits
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Appendix A: Structure
The following are diagrams representing the structure of our learning from the call center visits.

Sales Call Center

Product

Values

BSG 2 Web presence strong selling point; excites small businesses	**BSG 4** **40% prioritize networking over speed**
BSG 3 **25% want webiste and e-commerce**	**BSG 3** Bandwidth isn't always a big issue
BSG 3 New customers tend to want bundles and a single bill	**BSG 3** Like always-on

BSG 4 Too much information causes sales to fall through

Usage

BSG 3 Email is primary use

BSG 4 Some VPN and Lots of email usage

Scheme

Products — Communication — Fulfillment — Customer — Sales

BSG4 No communication between groups touching orders

Communications

Knowledge	Education	Dotcom	Motivations
BSG 3 **25% No Clue 50% Somewhat 25% Experts**	**BSG 3** **75% of calls require DSL explanation**	**BSG 4** **80% online customers still don't know how to surf the web**	**BSG 3** Web does not drive people to call
BSG 2 Customers know the terms, just don't know what they mean			**BSG 3** Information comes from word of mouth
BSG 4 **70% No Clue 5% Somewhat 20% Experts**	**BSG 2** Lots of time spent educating customers	**BSG 2** Customers have very little experience with dotcom	**BSG 3** Web not used by customers before calling
BSG 2 Caller know they need/want DSL			**BSG 4** Work of mouth
BSG 2 **20% No Clue 50% Somewhat 30% Experts**	**BSG 3** Better informed customers make sales easier	**BSG 2** Staff are cannot use dotcom	**BSG 4** **10% go to web before calling**
BSG 3 Ads tend to confuse customers			**BSG 2** Most caller call because of word of mouth

Customer (left axis) / **Fulfilment** (right axis)

Inefficiencies

BSG 3 Order problems + Supply problems	**BSG 4** Technicians need cell phones
BSG 2 Problems getting equipment from supply	**BSG 3** Order process tools change frequently
BSG 2 Too many groups touch an order	

Operations

BSG 1 15-20% have multiple locations

BSG 3 25-35% of small biz have multiple locations

BSG 4 Small biz wants to appear big

BSG 3 50% of callers who don't know DSL will buy after pitch

BSG 2 10-15% so badly treated will leave; 99% could be saved by being informed prprly

BSG 4 30% of biz grow within 6 months of Advanced product order

BSG 4 Purchasing behavior is related to decision maker's tech comfort

BSG 2 Younger customers are easier to sell to

Nature of Contact

BSG 2 **10-15% order calls are from repeat customers**	**BSG 4** Few ask about prods beyond connectivity, but many will buy upon suggestion
BSG 3 **35-45% orders from biz ordering for empl working from home**	**BSG 2** **40% call back after doing some research**
BSG 3 **25-50% call back with insatllation issues**	

Obstacles

BSG 3 Price is biggest selling obstacle	**BSG 4** **20-30% calls lead to sales**
BSG 2 Since price isn't flexible, push reliability	
BSG 2 **20-30% DSL customers who should upgrade don't due to cost**	

Sales

Repair Call Center

Customers (left axis) / **Customer Service Reps** (right axis)

Where are calls coming from?

Who are calls coming from?

Why do customers call?

Customer / CSR Interaction

What problems do customers have?

What can CSRs do to solve problems?

What is the result of the call?

Why do CSRs have trouble solving problems?

How can CSRs better service customers?

Appendix B: The Raw Interview Responses

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Appendix C

Construction:

	Employees	% of Industry
1	1-2	32%
2	3-5	39%
3	6+	29%

Services Health:

	Employees	% of Industry
1	1-3	43%
2	4-7	36%
3	11+	21%

Financial Other:

	Employees	% of Industry
1	1-2	32%
2	3-5	43%
3	6+	25%

Financial Insurance:

	Employees	% of Industry
1	1-2	37%
2	3-4	39%
3	5+	24%

Transportation:

	Employees	% of Industry
1	1-2	35%
2	3-7	36%
3	8+	29%