

Categorizing Clients

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Like most of us, this owner strives to produce an excellent service. Now that the company has grown, they are finding that it is getting harder to produce consistently at the new volume. And, they are concerned they may be making less money, as they take on more business.

Here is this week's owner's question: I like to gear my products to meet the individual needs of my clients. Because all my clients are different, sometimes it takes me quite a while to tailor them to an exact fit. I also don't have a system to follow to make sure everyone in the company fully understands what each customer needs, so we can deliver what they want.

Here are some things for this week's business owner to think about. As businesses grow, it is important to focus on efficiently handling customers – without losing the personal touch that created your market reputation in the first place. One way to get efficient is to get customers which are a good fit for the company. Another solution is to develop a process everyone in the company follows, to produce your service or product. You can use process maps to document, to improve, to find solutions problems, and to define the most efficient method of production.

While you have had the luxury, up to now, of looking at each client as an individual, going

forward, you are going to have to create groupings. You and your staff can only keep track of so much, as the company grows. You will probably lose track of clients if you don't find ways to categorize them. And treating each customer as unique will slow you down, make it harder to spot errors, and may cost you more to deliver than your customers are willing to pay. Here's what you can do instead.

When you are ready to put clients into groups, you want to think about common themes, about what ties different customers together. Look at the services or products you provide from a 30,000 foot perspective – it's like riding in an airplane and looking down. From an airplane, you see cities, wide open countryside, and suburbs. All of a sudden, you can see patterns spread out below. If you were on the ground, you would see only one of those elements at a time, and you'd get lost in the detail around you.

It's the same for your business. Pull yourself out of the detail, and look for what's common between clients. Try to establish 3-4 groups; that should usually be enough. If you get stuck on what's "unique" about each client, remind yourself that there are probably as many unifying aspects as there are unique qualities, to each client.

For example, for this week's business owner, they may want

to think along industry lines: clients in different industries, such as real estate, manufacturing, tourism, and so on. They can group clients by market sectors, such as small business, government, Fortune 500, and not-for-profit. Another option is to look at clients in terms of services: from simple, to moderately complex, to highly complicated, or by size, from small clients, to mid sized, to large. Or, they can try to group clients according to lead times: less than a week, over a month, six month long projects. Or, they can try grouping clients by potential: buyers of old products – not really interested in the future, buyers of current products – will buy new products or services when they're fully tested, and buyers of new products – always want to be on the leading edge. Once you start thinking about categories, you'll probably find an endless number of examples. Just pick one method, and try to see if you can group all, or most of your clients into those 3-4 categories.

Next, make a list of all clients in each category. Evaluate each category, to figure out if it's a good fit for your company, at present, and in the future. Look at your customer and product or service mix from several angles. What do customers like best? What customers are best for your company? What is easiest to produce? What is most profitable to sell and deliver? What

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customers and products give your company the most problems? Again, find the common themes.

End this part of the exercise by deciding on the characteristics, or qualities that make up great, good, poor, and bad customers. From here on, you're going to focus on good and great customers, only, since they are the ones you want to cater to in the future. Keep the customers in groups, and start to work with one group at a time.

For each group, begin to define a process that everyone in your company goes through, or could go through, in order to produce and deliver your company's product or service, for that group of customers. Different groups may have different processes, or sub-sets of the same process.

One way to see the steps you go through, is to create a process map, on a wall board, where everyone in the company can contribute. At the top of the map, label it for the group of customers you're going to describe. Start at the left, with a box labeled, "start", finish at the right, with a box labeled, "end". In between, use boxes to define the common steps people in your company go through, every time, for every customer. For example, at the start of the process someone has to log in the order, and at the end of the process, someone has to bill the customer and collect your money.

You can ask people in your company to contribute to the map, by drawing in boxes to show the steps they go through. Each time a project goes from one step to the next, create a new box, and draw an arrow indicating movement from one box to the next. Sometimes there are options, for how people handle a step.

Let's assume, for example, that after taking the step of logging in a customer request, there are 3 options, depending on whether it's a new customer, a current customer, or a former customer. You would draw 3 boxes, one on top of the other, labeled as new, current and former. Describe in each box what happens. For example, in the "new" box, you might have, "fill out a checklist of client needs and expectations". In the "current" box, you might have, "confirm checklist of client needs and expectations is on file". In the "former" box, you might have, "pull checklist of client needs from the file, and review with client, make updates". From the previous step, "logging in a customer request", you would have 3 arrows, one to each of the boxes: new, current and former, indicating that any one of the 3 paths is correct.

You may find that there are times when you have to repeat steps. For example, maybe the client reviews something you do, and it then goes back into the cue for revisions. You can draw a loop

backwards, from the "client reviews" box to the steps that are repeated.

Use the mapping process to discuss how things should be done, to insure the best outcome. Try to keep boxes broad enough, so that you have fewer, rather than more steps to keep track of. Look for boxes you can eliminate, or combine, to simplify your process. Look for efficiency opportunities, and try not to get caught up in the argument of, "but we've always done it that way." This is an opportunity to look for the best way to do things in every box.

Once you have your process map drawn out, assign an "owner" to each box. Pick an employee who is responsible for insuring that the actions in that box are completed correctly, every time. Have a conversation about what "completed correctly" means for each box, and make notes on what the employee should look for, before letting the process move forward, to the next box.

Once you have a map drawn, use it for a few weeks, and see how well everyone follows the steps you've drawn out. Make edits to the map, as well as adjusting how your company produces its work, with an eye to simple, correct, and repeatable.

You will probably have to redraw your process map a few times. Look for cross over and

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redundancy, where more than one department is doing the same thing, and you can eliminate duplication. Look for steps that are out of sync, or unnecessary, or not exactly in the order you thought they were. You may add boxes for steps that you tend to overlook or take for granted.

You will most likely have breakdowns from time to time, and when you do, go back to the map and identify where the breakdown took place. Figure out if the problem was due to a misunderstanding of what was to happen in that step, a failure to inspect for quality in that step, a lack of oversight, or the need to make a change in the map. Whatever you find, note it on the map, as a need to correct, improve, inspect, or add a step.

Once there is a working process map in place, you'll find it easier to train new employees, and to move employees around. You want to cross train employees on every step, so that more than one person is qualified to do that part of the work. Instead of referring to things you do as "stuff that Joe does", you'll be able to refer to it as "step3", "step 4" and "step 5". Then, when Joe is out sick, you'll be less subject to a breakdown, because someone else can move in and do the work in his absence.

Once you have a map for specific client groups, you can work on

improving your processes, by involving clients. Ask them to review the steps you go through, on your map. Have a discussion about how you could better serve them by enhancing or changing the map. Identify opportunities for "premium add-ons", enhancements you provide if customers are willing to pay extra. Educating your clients about your process will also probably make them better clients, by helping them to understand the work you do on their behalf.

Over time, you can set goals to improve specific parts of the process. For example, you and your people can agree to take a day out of the process, by moving more quickly through the steps. You can focus on improving the quality in one or more boxes. You can decide to change the way you handle customers, by drawing a new set of boxes.

The overall objective of this exercise is to have a process everyone in the company agrees to follow, that makes sense for the majority of your customers, and for your best customers. When you find you're having problems with a client, look at the map and see if it's the map, or perhaps you've taken on the wrong client. Use the map to deliver a high quality, efficient, profitable process, which customers can rely on you to produce consistently.

Looking for a good book? Try *Business Process Mapping, Improving Customer Satisfaction*, by Mike Jacka and Paulette Keller. You can also check out an Ask Andi article from last year, on process maps – what are they.

Business owners regularly turn to Ask Andi and Strategy Leaders for advice on how to grow profitable, successful companies. They find what they need time after time. Specific advice is available at www.AskAndiBlog.com. Ask Andi is also published weekly in the Westchester and Fairfield County Business Journals and Hudson Valley Business. Written by Strategy Leaders President, Andi Gray, the Ask Andi column is a rich source of advice for owners of established, privately held businesses.

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