

INSERT LOGO

Market Segmentation

SVP Marketing

<presenter name>

<Email>

<Date>

Recent events indicate the need for a new approach to the marketplace

Situation

- Salespeople targeting every company within an (often very broad) geographic region
- No strategic method to prioritize highest potential target accounts
- Suboptimal targeting of geographically diverse accounts
- Disproportional geographic sales staffing to sales opportunities
- Internal data on clients and prospects and their needs unreliable and not consistent

Impetus for Change

- “Shotgun” approach leads to a very high cost of sales as salespeople are not targeting highest potential accounts
- Comp plan not in alignment with company revenue and profit targets (pay for performance)

Key Question

Can we realign the sales force to deliver higher results through better deployment of sales assets against the most appropriate target clients?

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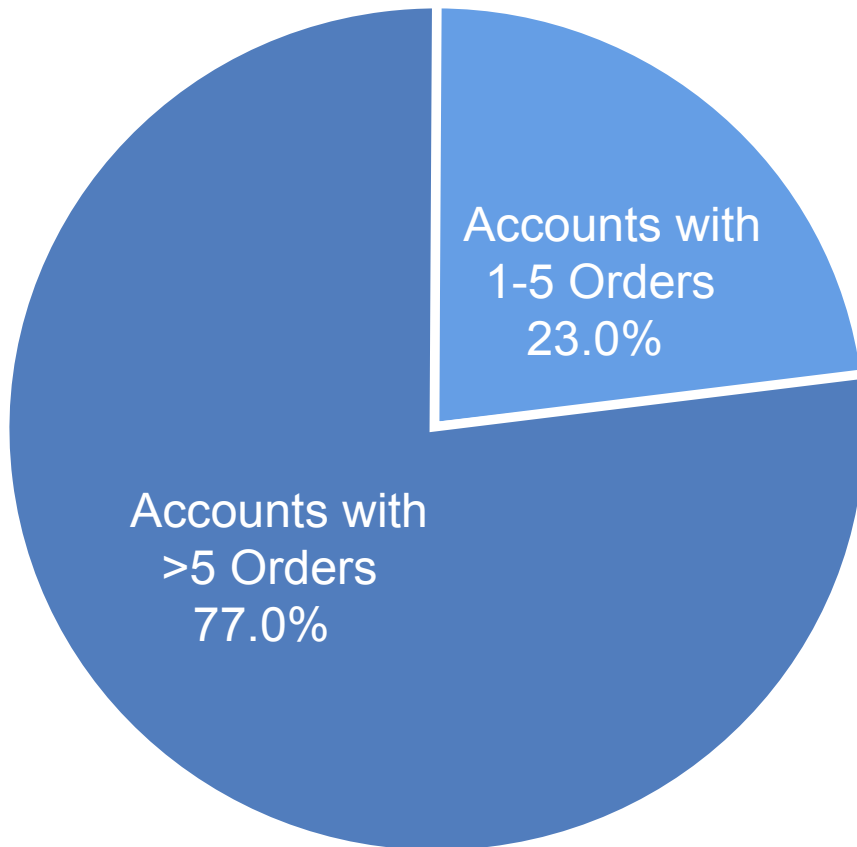
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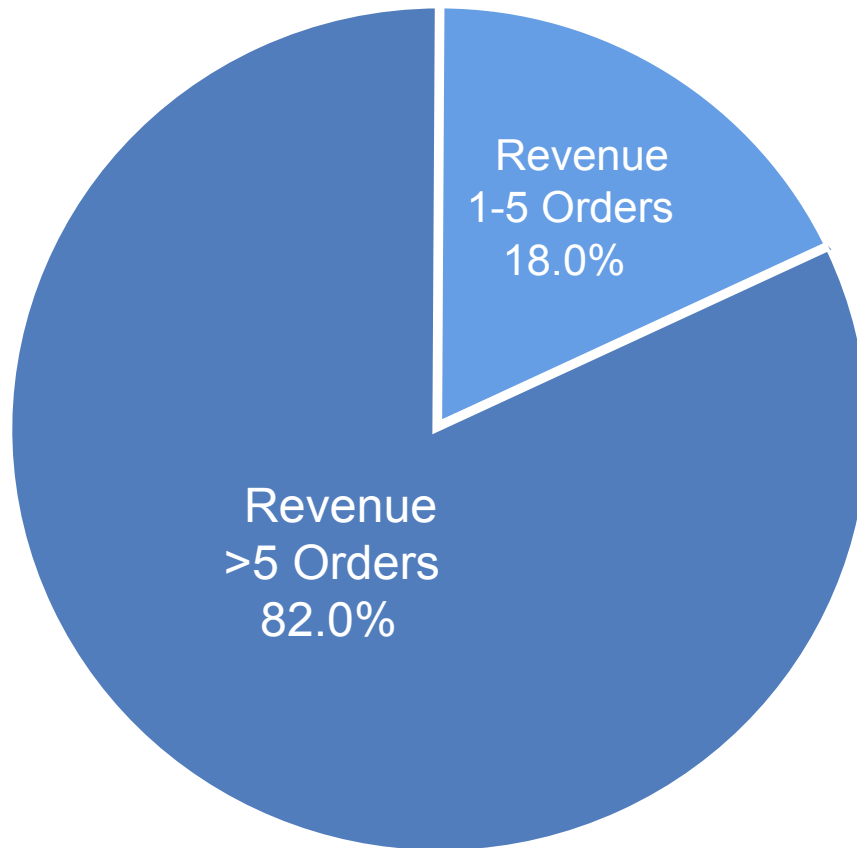
We have lots of accounts giving us small numbers of orders...



- Disproportionate number of accounts with under 5 orders
- Often same amount of work to land small accounts as large
- Low move-in accounts more vulnerable to current market conditions and competition
- Rep average = 1900 accounts

Note: Data represents prior year actuals

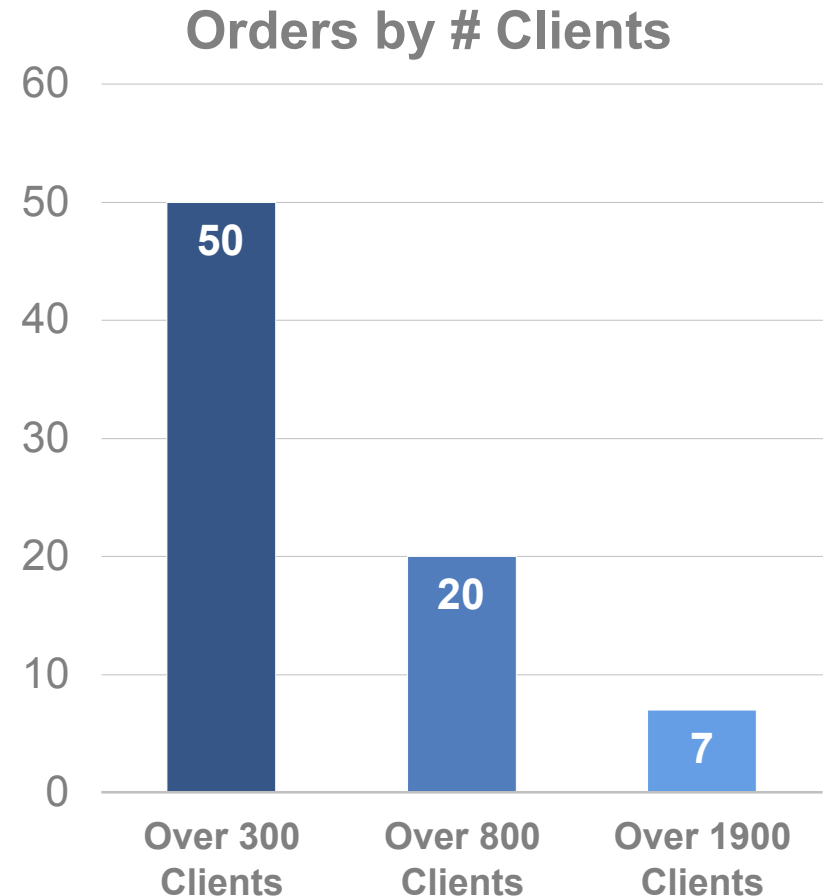
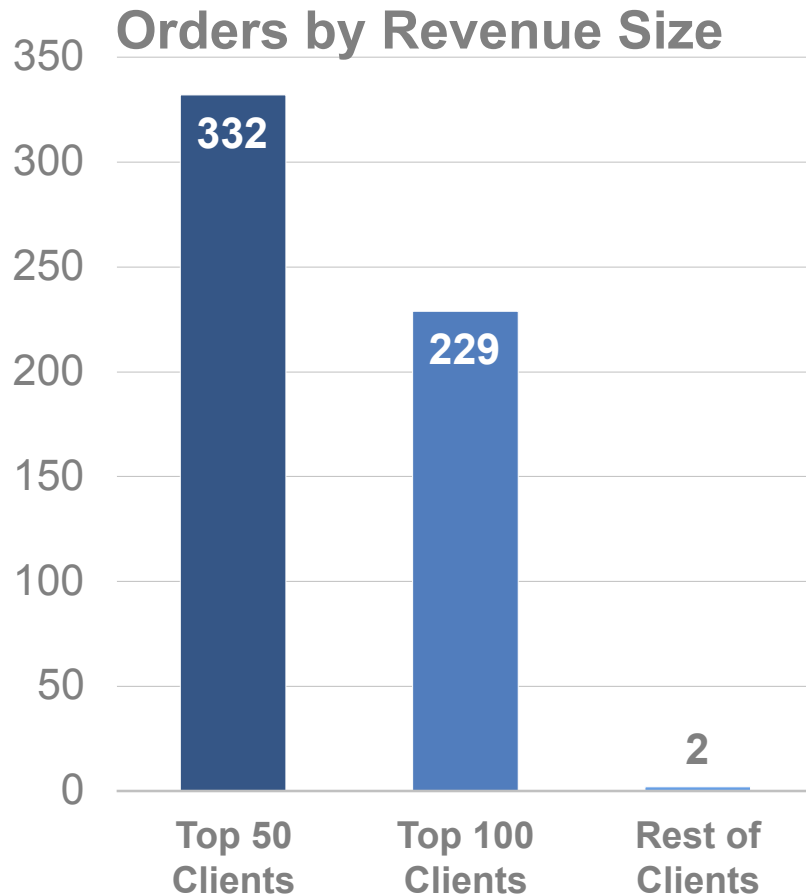
...but these accounts drive a relatively small fraction of our overall revenue



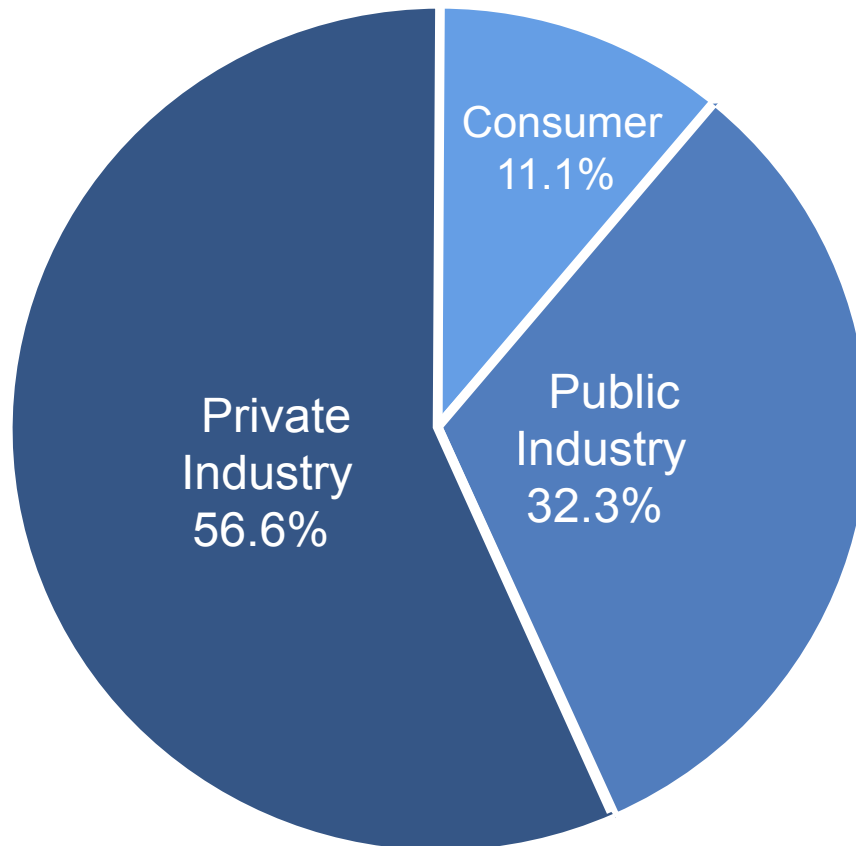
- 80/20 rule in place here
- Larger accounts generate disproportionate share of orders
- YOY growth of > 5 move-in Master Accounts 5% or 3,919 orders
- YOY growth of < 5 move-in Master Accounts 13% or 1,574 orders

Note: Data represents prior year actuals

We have a wide stratification of current Clients



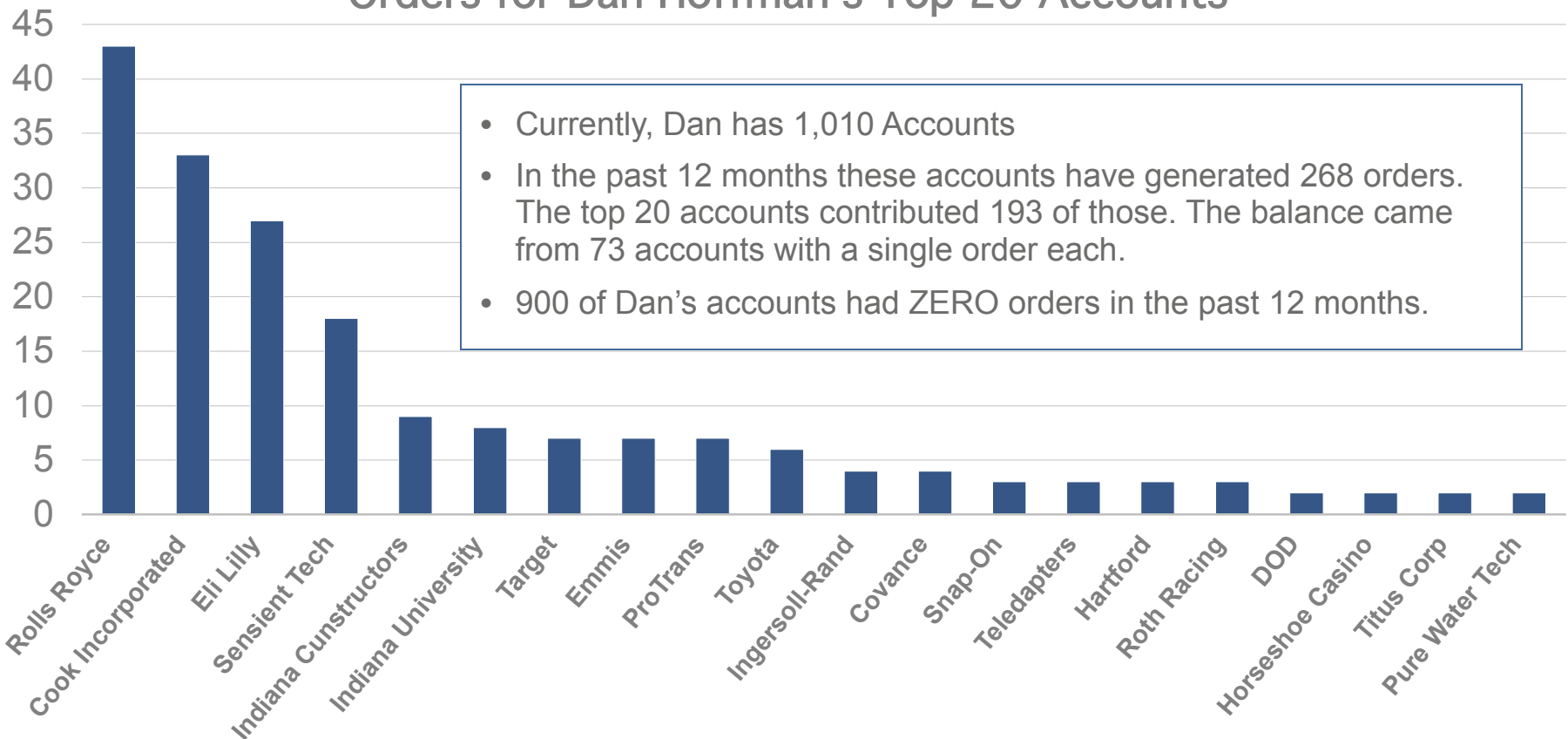
We are primarily a business to business selling organization



Sector	Orders
Public Industry	26,467
Private Industry	46,133
Consumer	8,973

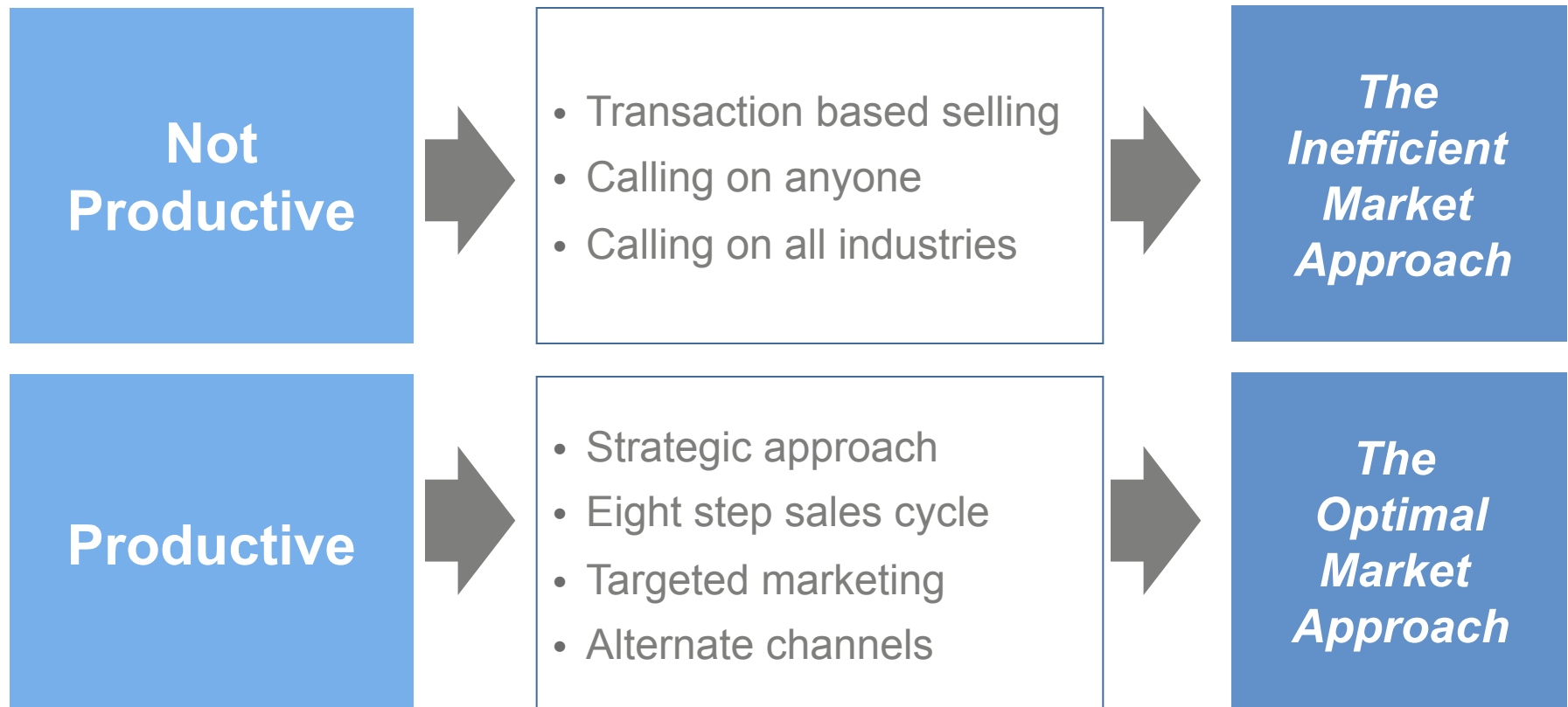
A typical AE has too many accounts to handle effectively

Orders for Dan Hoffman's Top 20 Accounts



Notes: Data represents orders for prior 12 months

What is the right business development method?



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Design & execution of a highly effective selling organization is best achieved with a sequential “systems” approach

Step 1: Marketing Analysis
Make initial recommendations
on accounts

Marketing analyzed nearly 15,000 firms and delivered these recommendations to the Managers and, where appropriate, Sales Directors.

Step 2: Mgr. Analysis
Make final recommendations
on accounts

Managers to review Marketing work, plus add relocation notations. Managers will split and transfer accounts when actual business buying practices dictate and will work with Sales Directors where appropriate.

Step 3: Home Office Review
Review staffing and territory
questions

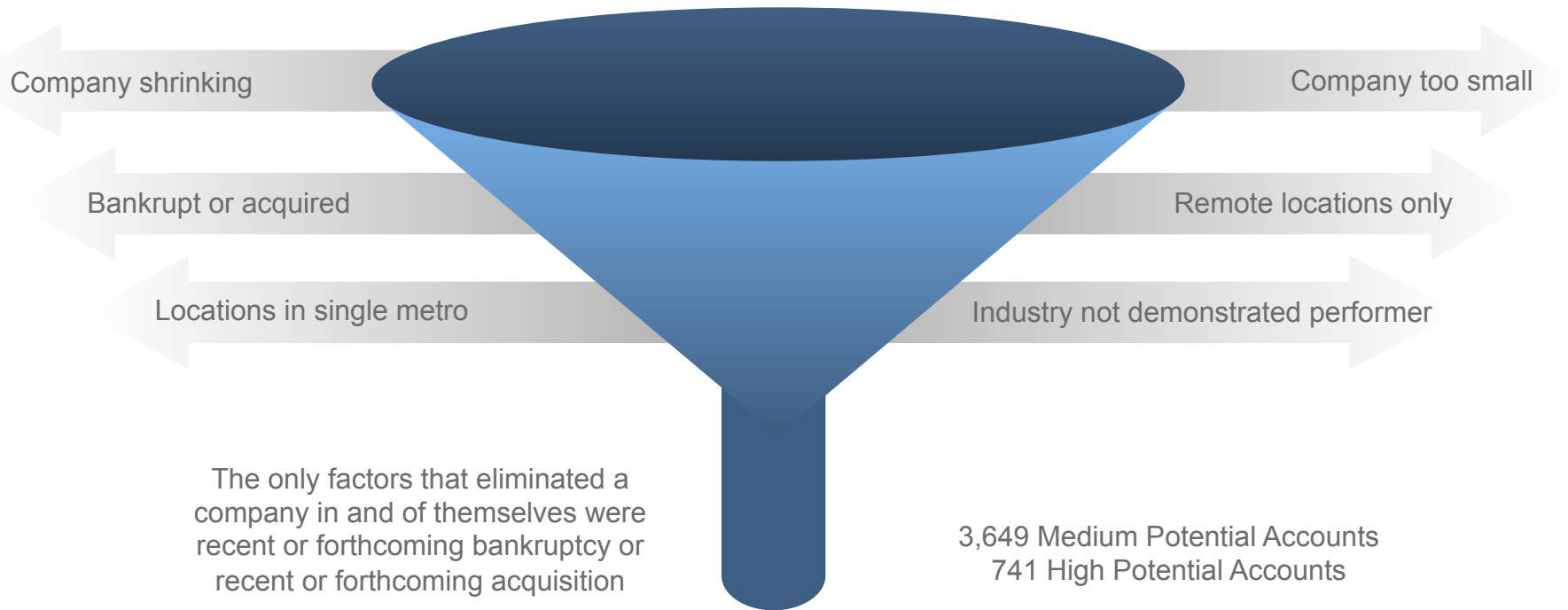
SVP Sales and Marketing, in conjunction with HR, to make final determinations on staffing, Manager territory alignment/optimization, Sales Director planning

Step 4: Ongoing Design
Design maintenance process

Mgr. Sales Operations and Mgr. Market Segments to design process to keep segmentation process “alive” after launch

The filtering process involved a review of all factors holistically

Identified 14,672 companies for evaluation



Recommended 4,390 companies as targets

Marketing scoured the US Economy for potential named accounts

- We compiled and combined:
- All firms headquartered in a metropolitan area with
 - \$50MM or more in annual revenue and
 - 100 or more employees (Source: Hoovers)
- The US headquarters of foreign corporations operating in the US (Source: Leadership Directories)
- Fortune 1000 corporations in rural areas (Source: Fortune)
- Those companies with at least 5 orders in 2004, 2005 or the first 8 months of 2006 under a single account number (“Volume Accounts”)

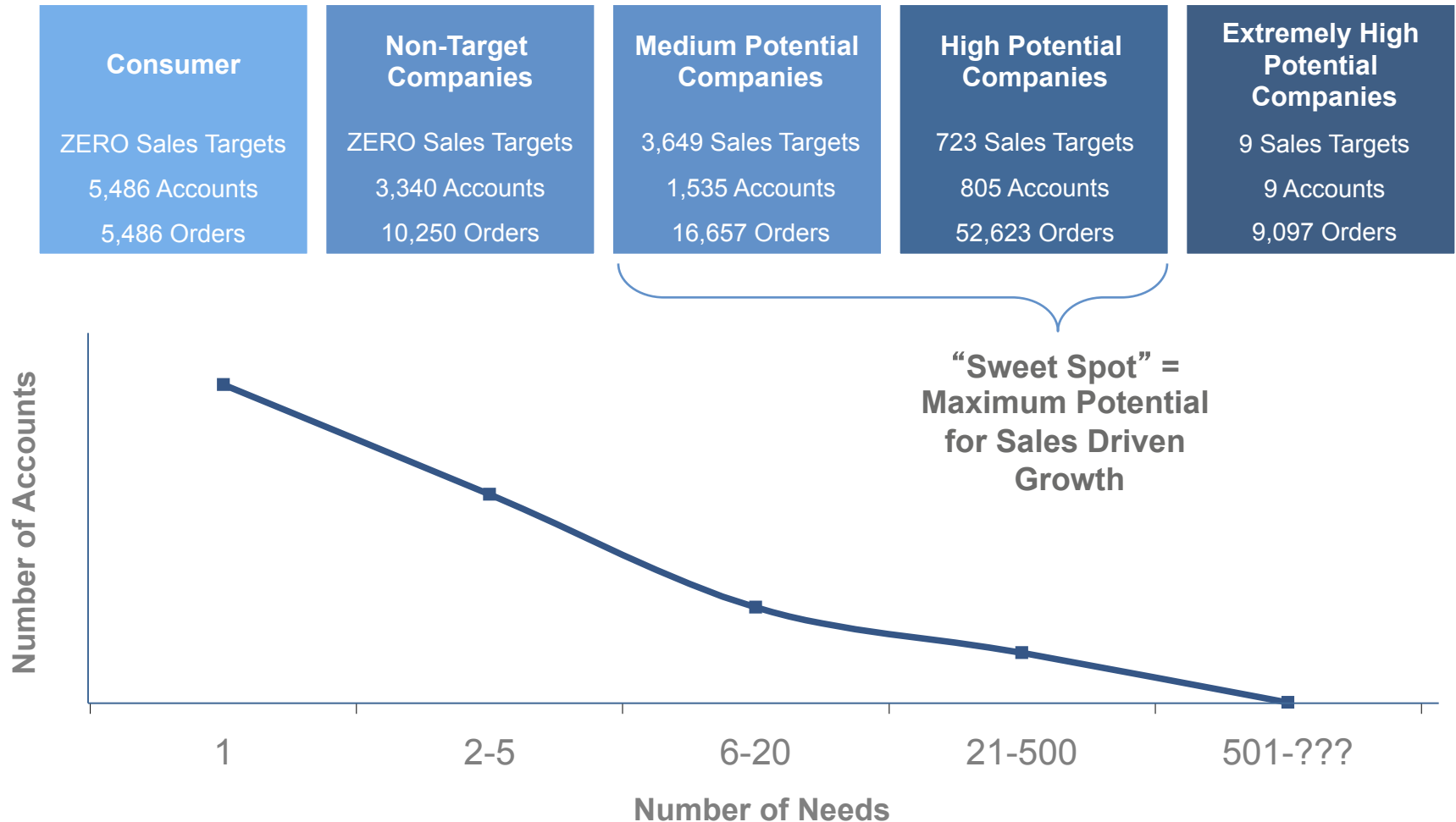
Total firms collected for evaluation: 14,672

...and evaluated those companies for their potential as named accounts

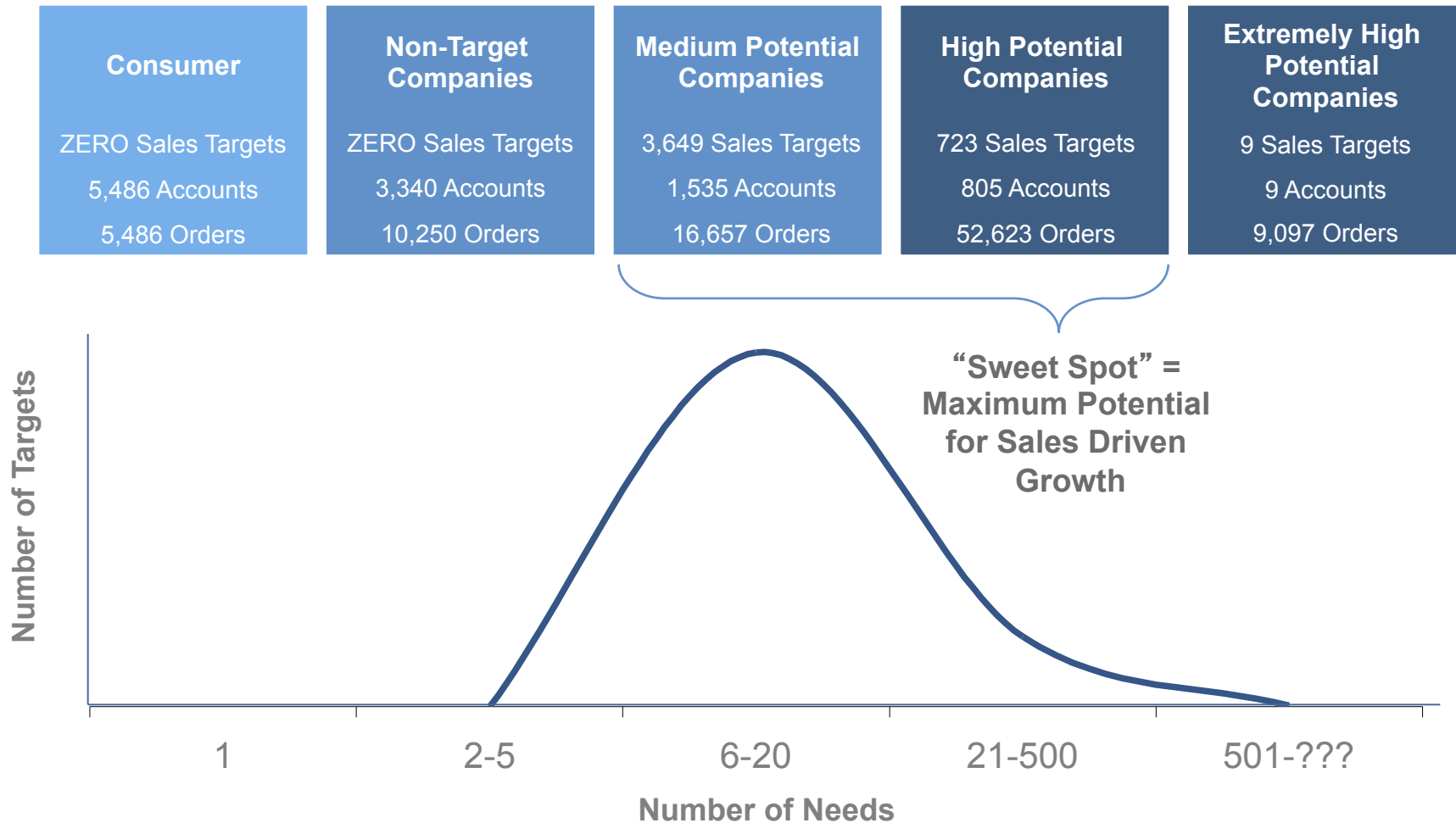
- Home Office Marketing analyzed:
 - Annual revenue
 - Number of employees
 - Corporate Family Tree (number & distribution of locations)
 - Industry
 - Revenue & Employee Growth Rates
 - Headquarters location
 - The Hoovers company overview
 - Past business with us
- To make one of three top-level recommendations:
 - Named account for a senior sales representative
 - Named account for other sales resource
 - Not a named account

Recommended for named account status: 4,390

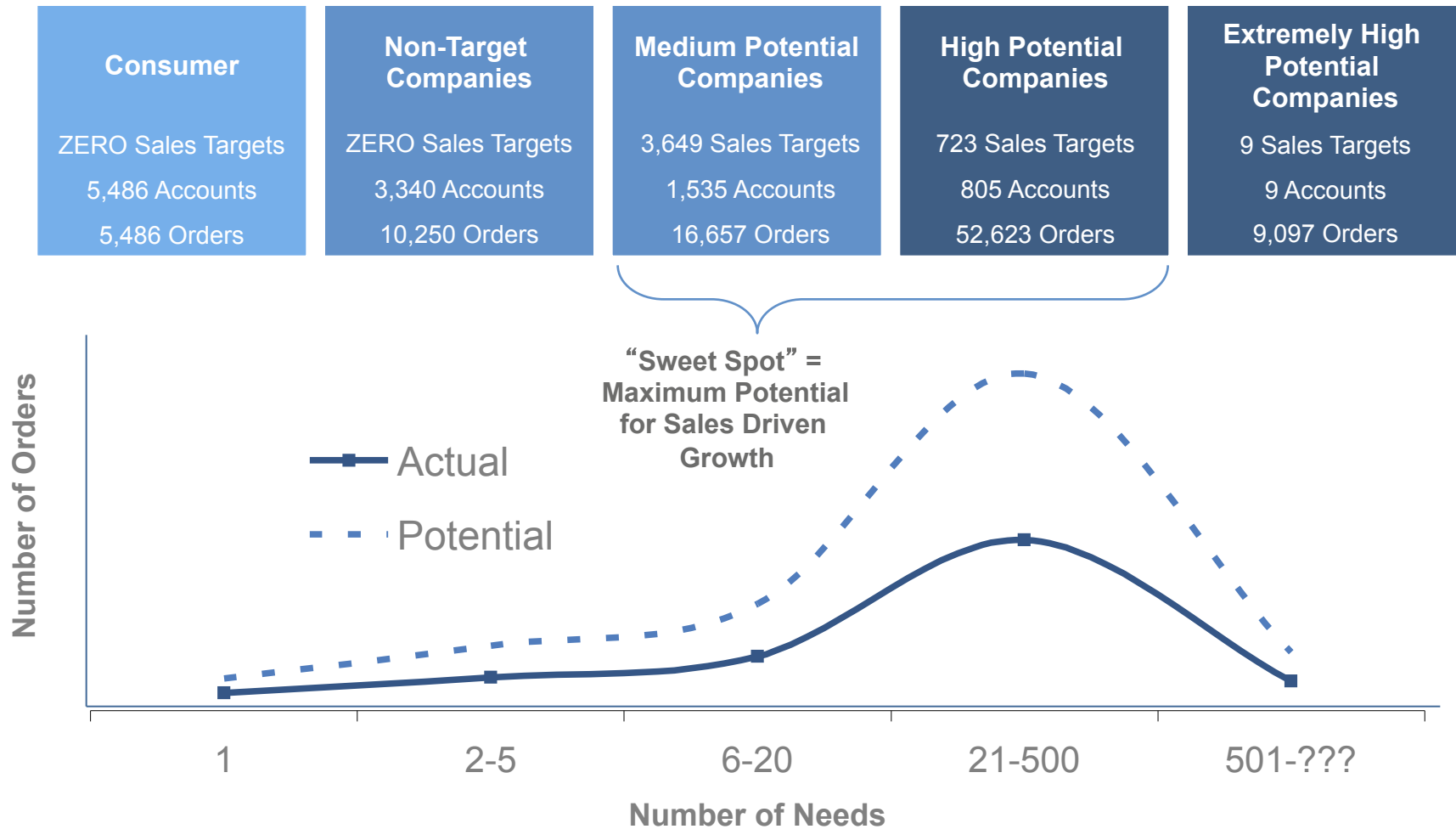
...by allowing sales to focus on its “sweet spot” which is defined not by number of accounts...



...nor by number of sales targets...



...but by orders and order potential

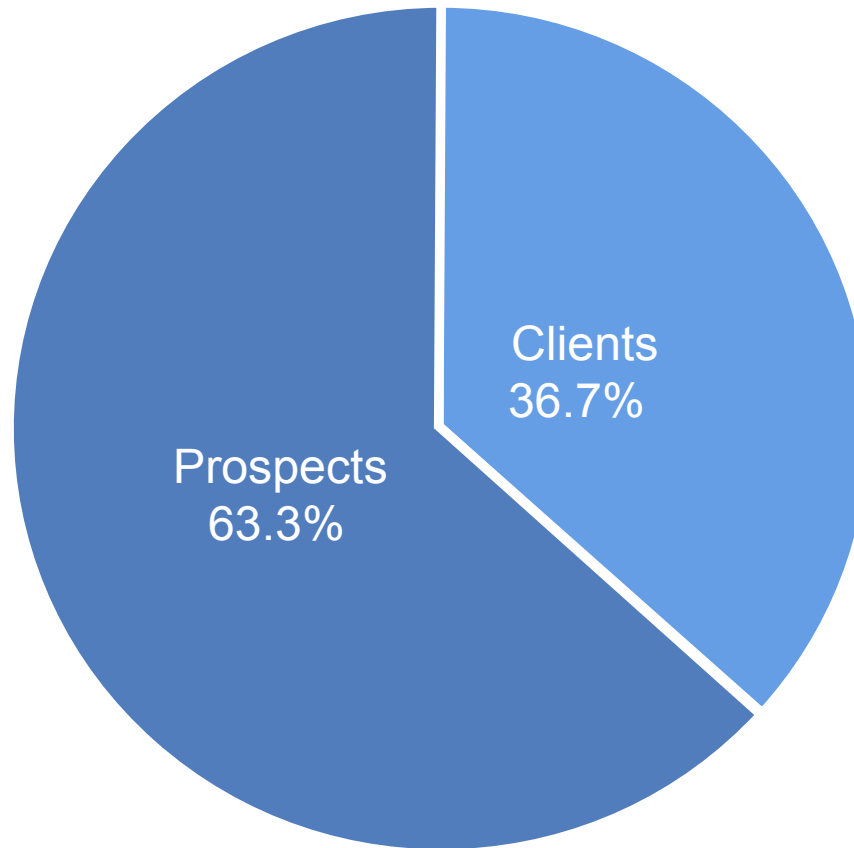


The Sales Segmentation Process will assist Sales in spending its time on those accounts which it can grow the most



Filtering out the Non-Target Accounts will allow Sales to focus on the productive Targets

We identified many good opportunities



Clients + Prospects = Targets

Managers are reviewing the data and finalizing recommendations

- Confirming Home Office Recommendations on all 14,672 firms, noting reasons for disagreement when applicable
- Incorporating information on product relationships
- Splitting and transferring accounts when headquarters does not handle (all of) the business
- Adding accounts whenever appropriate
- Adding account segments for government and select non-named segments (e.g., theatre districts, biotech hubs, etc.)
- Estimating potential and assigning quota

Final revised list, with quota, due to Home Office March 17

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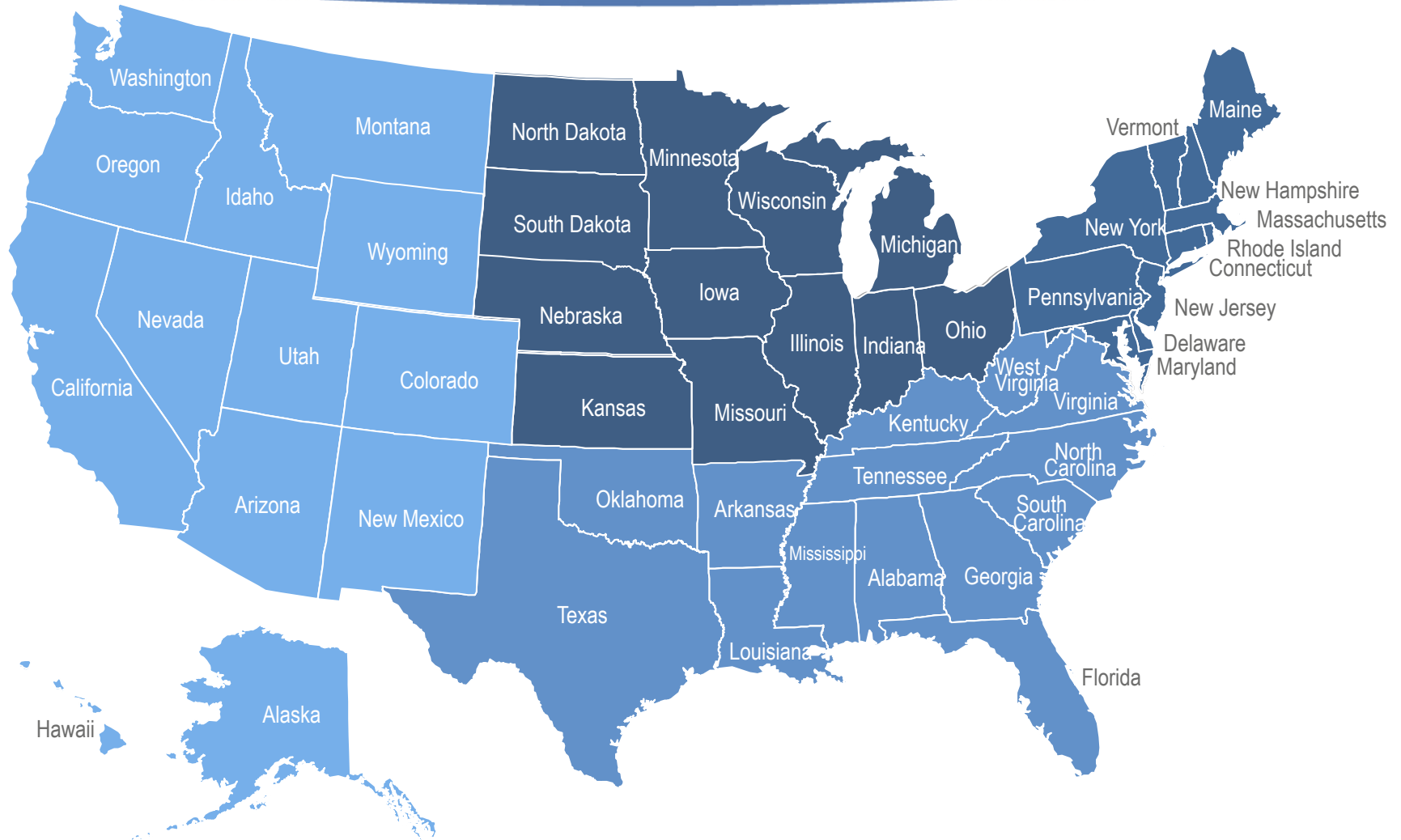
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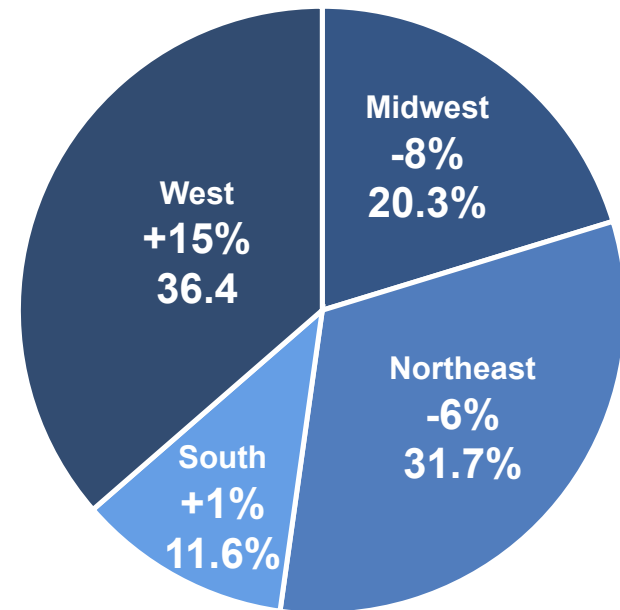
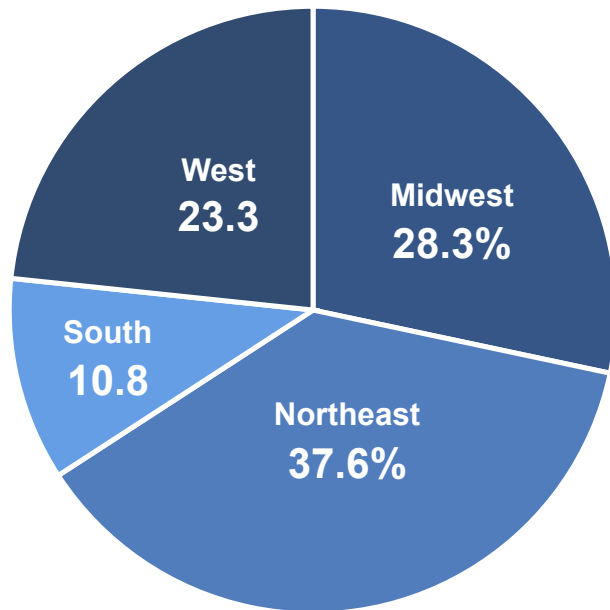
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Sales Segmentation is allowing us to understand where our sales force should geographically focused



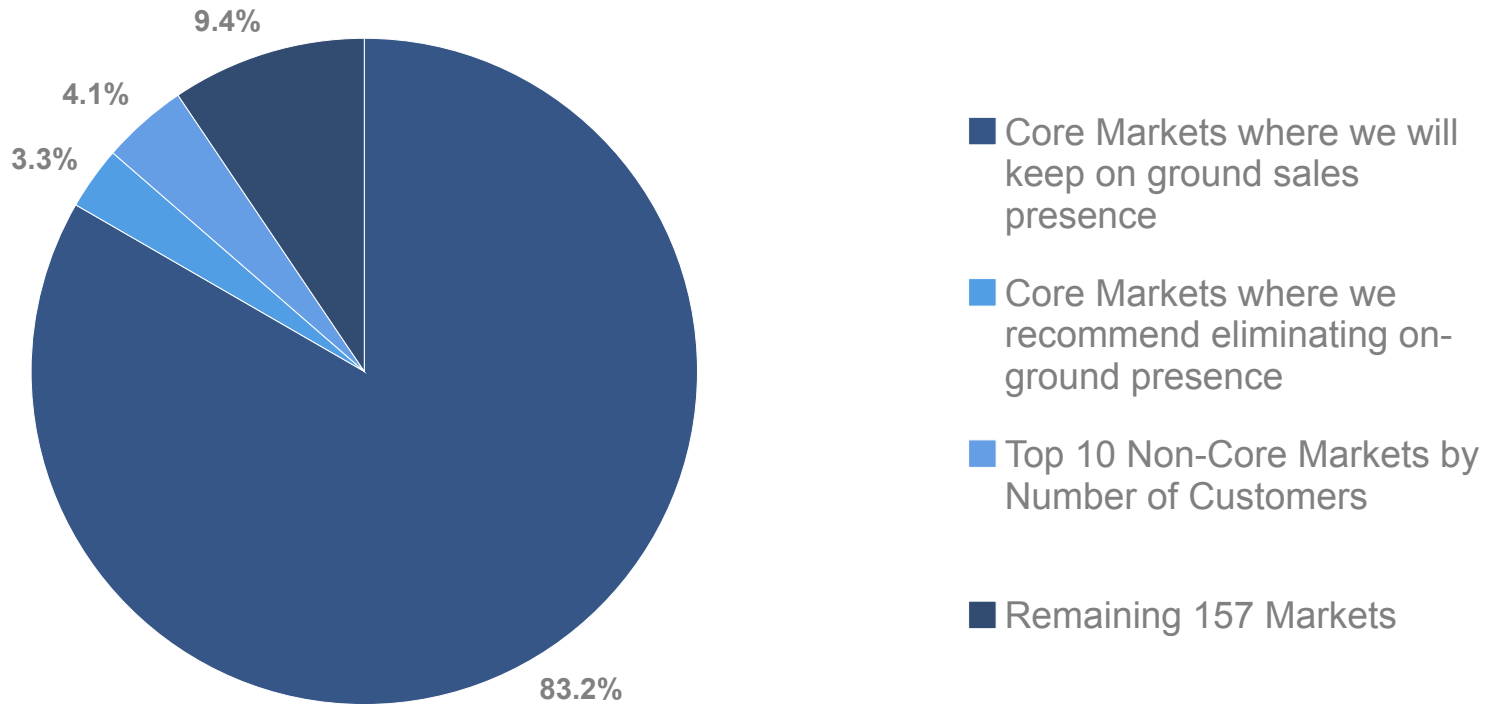
The Northeast and Midwest regions of US offer us the greatest potential for growth



Best opportunities for growth are east of the Mississippi, north of the Mason-Dixon

Our Salespeople are, unsurprisingly, in the metro markets where our Clients are located...

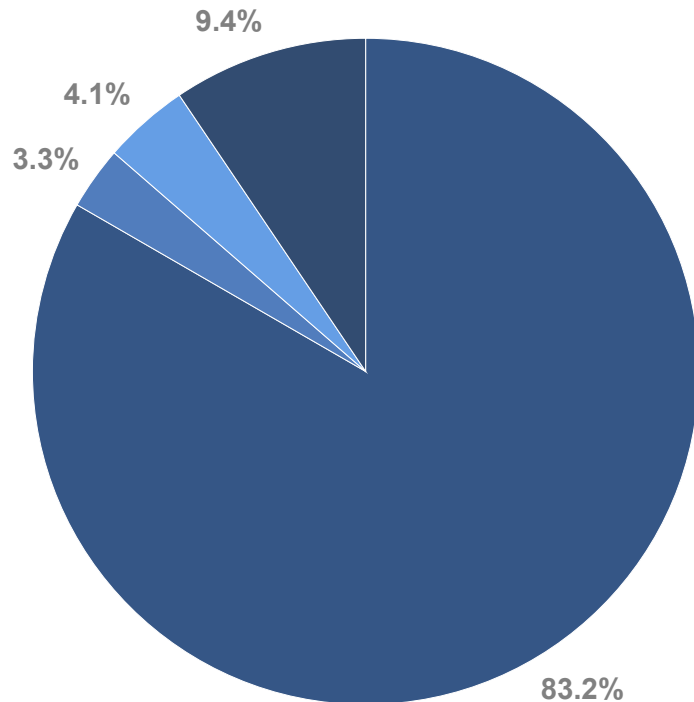
Customers with Volume Business by Headquarters Location



Notes: In order of number of Clients, the top 10 non-core markets are Pittsburgh, Columbus, Omaha, Milwaukee, Providence, Trenton, Memphis, Hartford, Harrisburg and Dayton; they have from 4-10 Clients each. No other market has more than 3 Clients.

...but they're also in the same markets where our prospects are located

Prospects by Headquarters Location



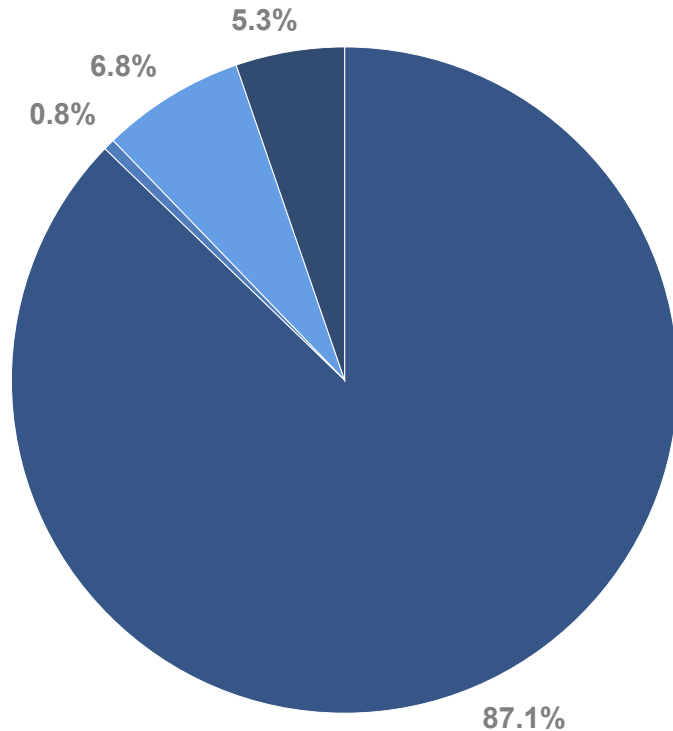
- Core Markets where we will keep on ground sales presence
- Core Markets where we recommend eliminating on-ground presence
- Top 10 Non-Core Markets by Number of Customers
- Remaining 157 Markets

Sales segmentation highlights few opportunities for growth into new US metro markets

Notes: In order of number of Clients, the top 10 non-core markets are Pittsburgh, Columbus, Omaha, Milwaukee, Providence, Trenton, Memphis, Hartford, Harrisburg and Dayton; they have from 4-10 Clients each. No other market has more than 3 Clients.

These core markets deliver us the vast majority of volume account orders (5+ orders per year)

Orders from volume accounts by location type

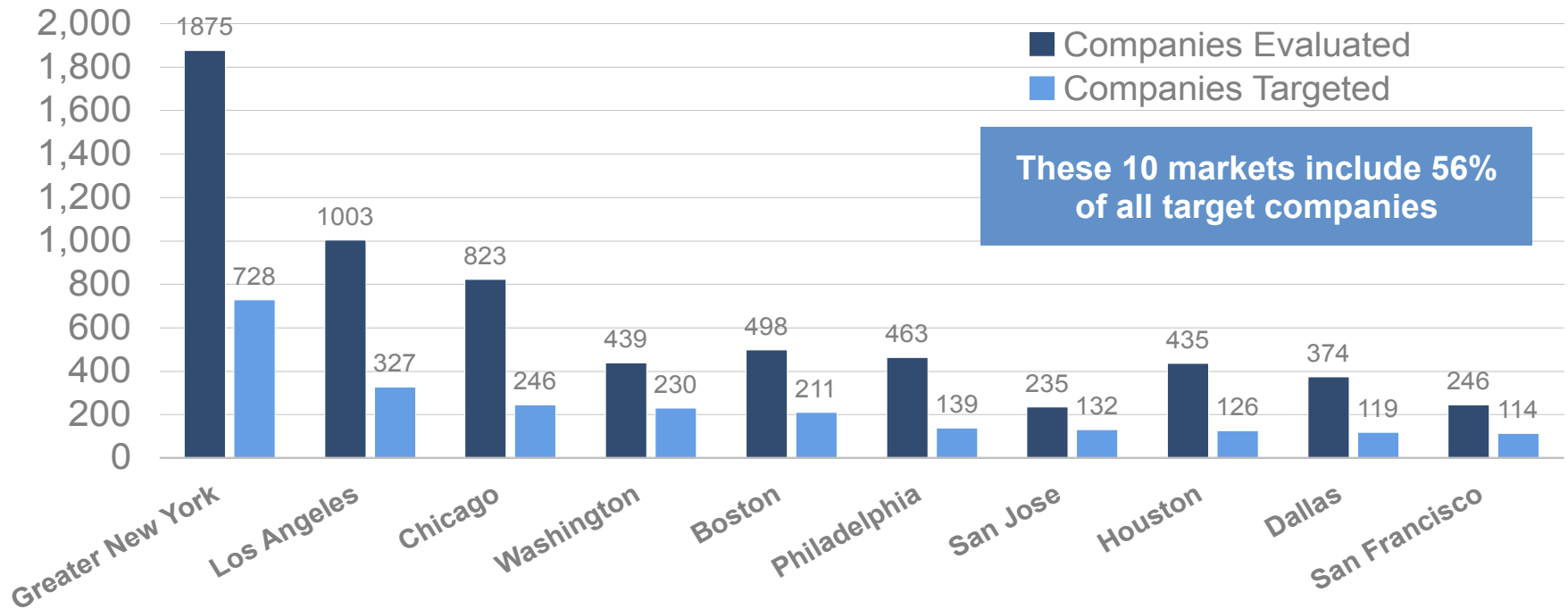


- Core Markets where we will keep on ground sales presence
- Core Markets where we recommend eliminating on-ground presence
- Top 10 Non-Core Markets by Move-Ins, 2006 Volume Accounts
- Remaining 157 Markets

If we calculated these totals by revenue or profit, the figure would be more weighted towards our core markets!

Notes: In order of number of Clients, the top 10 non-core markets are Pittsburgh, Columbus, Omaha, Milwaukee, Providence, Trenton, Memphis, Hartford, Harrisburg and Dayton; they have from 4-10 Clients each. No other market has more than 3 Clients.

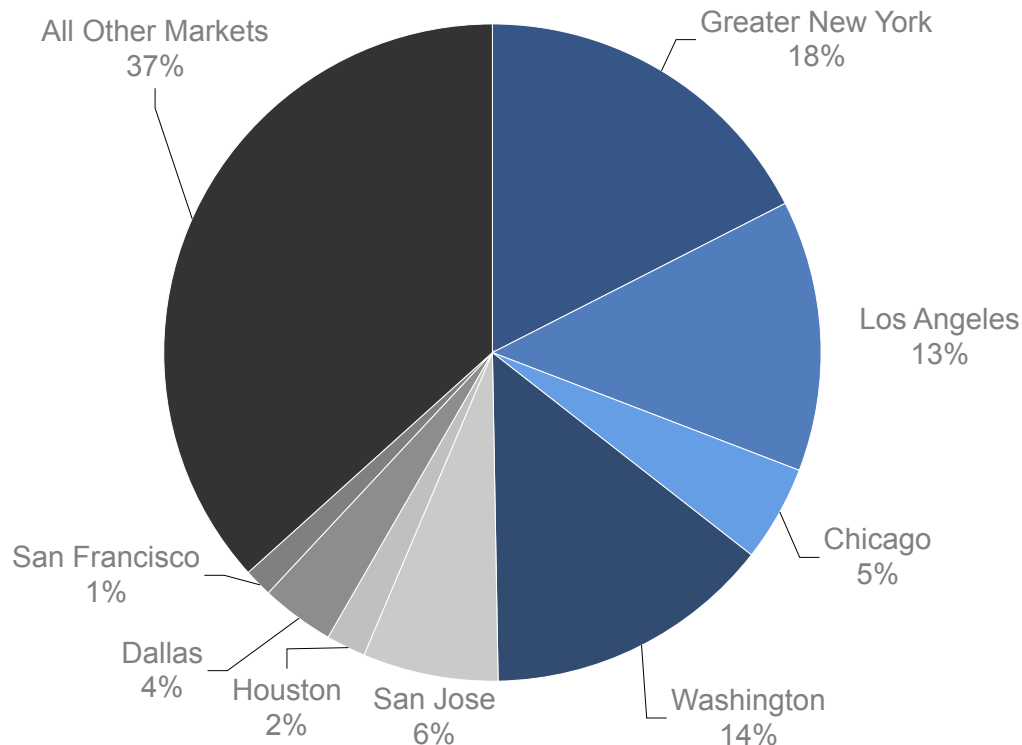
Focusing on high-potential clients narrows our geographic focus within the US...



Note: New York market includes No. NJ and Long Island; Los Angeles includes Orange County and Inland Empire, Washington includes MD and VA suburbs

...because these high-potential metropolitan markets are also delivering the bulk of our volume business

Volume Business by headquarters of parent company

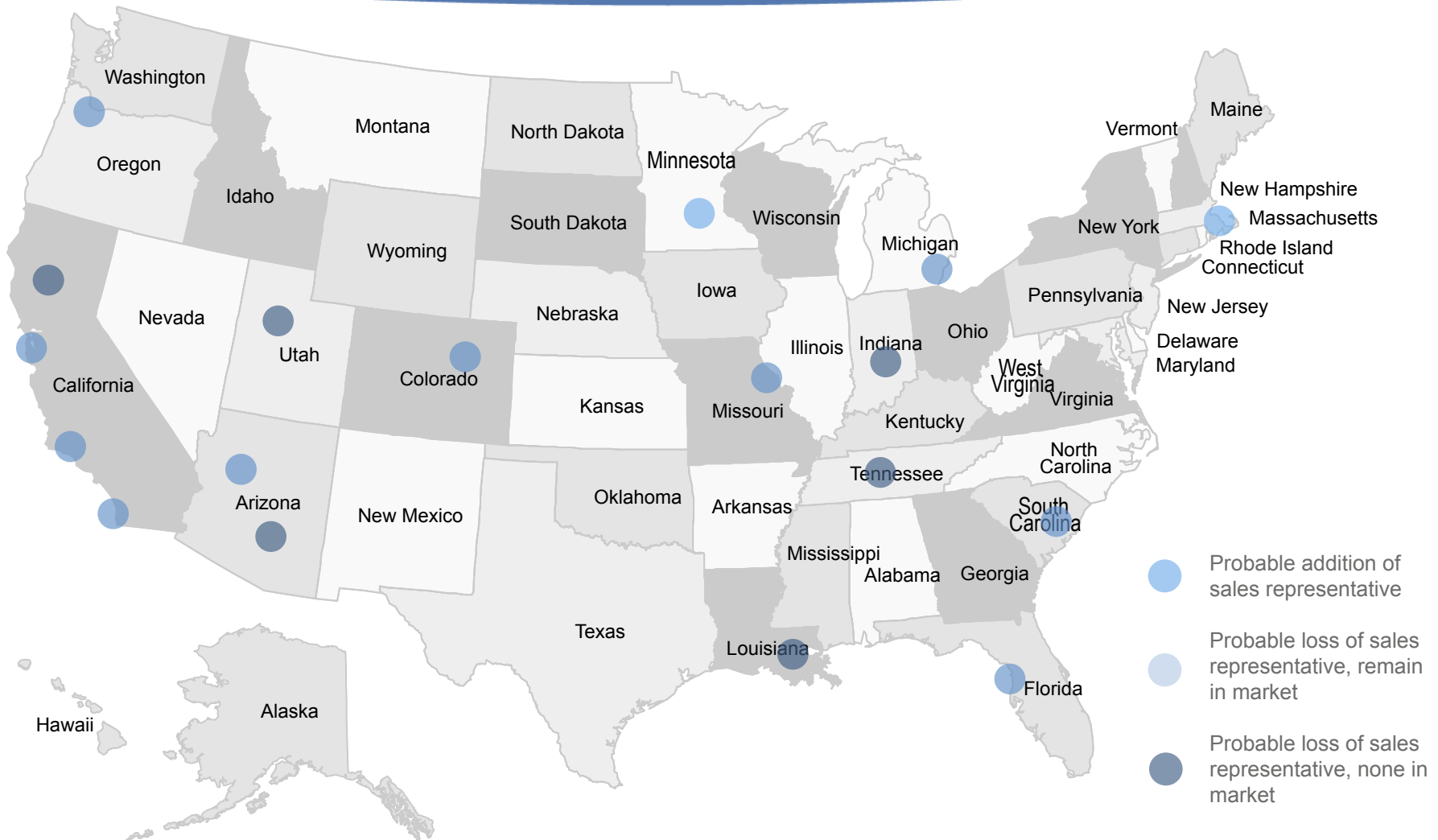


Companies from just four metro markets drive 53% of our volume business

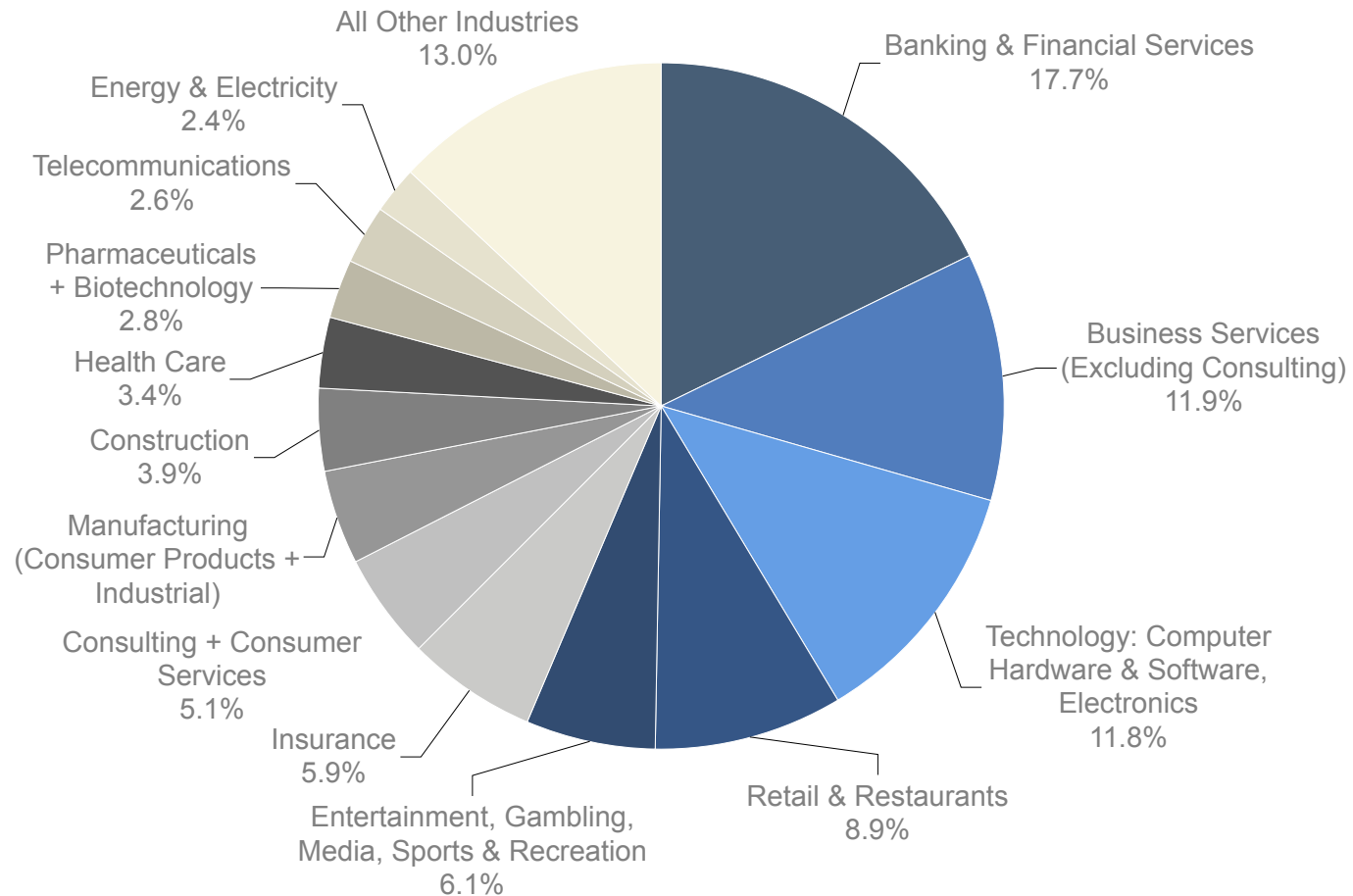
- Greater New York
- Los Angeles
- Washington
- Bay Area

Note: The top 10 markets for actually driving the business are: New York, Washington, Los Angeles, San Jose, Chicago, Charlotte, Dallas, Ventura County, Boston and Oakland/East Bay.

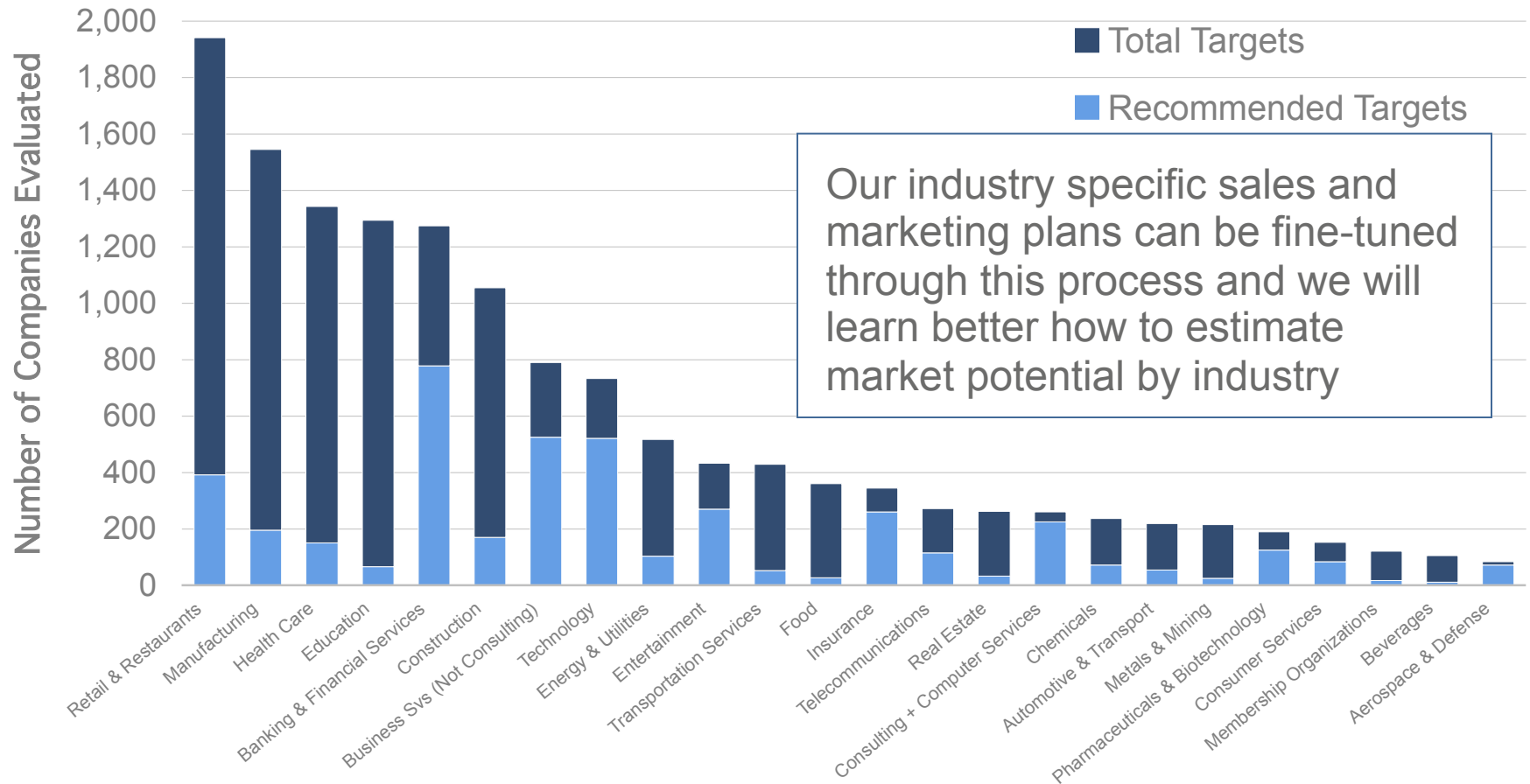
Named account focus also allows us to realign our staffing to best meet client needs



Our new industry coding system is showing us a new way to look at our Clients



We can also see the likelihood of a company within an industry to be a target



Much study and evaluation is still required before we make plans to divest any client relationships

Reassess	Educate	Renegotiate	Migrate	Terminate
<p>Understand why the customer (or customer segment) is being considered for divestment</p> <p>Questions to Ask</p> <ul style="list-style-type: none"> •Do we truly know why this customer seems to be unprofitable? •Has buying decreased because of an unwillingness—or an inability—to spend, for example? <p>Actions to Take</p> <ul style="list-style-type: none"> •Glean detailed information and qualitative insights about customers' attitudes and behaviors. 	<p>Share the company's perspective with customers</p> <p>Questions to Ask</p> <ul style="list-style-type: none"> •What are the customer's relevant knowledge gaps? •What is the best way to educate this customer? •What can the customer do to help in the education process? <p>Actions to Take</p> <ul style="list-style-type: none"> •Manage the expectations of customers so that they are more willing to adapt. •Encourage customers to participate in decision making and to offer feedback on products or services. 	<p>Renegotiate the value proposition to achieve mutual benefits for the company and the customer</p> <p>Questions to Ask</p> <ul style="list-style-type: none"> •Are we really negotiating or just sending a one-sided message? •Have we built into our prices all the secondary and tertiary benefits we provide our customers? •Are customers aware of our entire value proposition? <p>Actions to Take</p> <ul style="list-style-type: none"> •Implement differential pricing and service strategies. •Open the lines of communication between the company and customers (especially in B2B settings). •Present modular products and services that customers can mix and match. 	<p>Move the customer to a new provider (a partner or a competitor), channel, or form of payment</p> <p>Questions to Ask</p> <ul style="list-style-type: none"> •What offerings would better serve this customer? •Is the customer willing to move? •Which partners would accept this customer? <p>Actions to Take</p> <ul style="list-style-type: none"> •Identify partners or subsidiaries in the same category as alternatives for the customer. •Identify alternative providers, even rivals, in the same industry. 	<p>Discontinue the relationship with the customer</p> <p>Question to Ask</p> <ul style="list-style-type: none"> •Now that we have gone through the preceding steps, how can we get the customer to buy in to the decision to end the relationship? <p>Actions to Take</p> <ul style="list-style-type: none"> •Set up preconditions for divestment with the customer. •Establish mutually agreed upon schedules and benchmarks for moving toward divestment. •Encourage mutual reviews, which include feedback from and for the customer.

Adapted from David J. Collis and Michael G. Rukstad's Customer Divestment Continuum

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Next steps...

- **March 11** - The Home Office will have a completed list of RSM-endorsed named accounts, split into multiple accounts where appropriate.
- **March 16** - Quotas for all named accounts will be in, allowing the Home Office still greater opportunity for analysis.
- **March 20** - Number, location and level of sales reps in new structure should be in place based on these estimates.
- **March 28** - Managers should be realigned based on these potentials.
- **April** - Detailed goals by industry, sub-industry, size of company and many other metrics can be developed and shared, allowing for improved sales & marketing communications.