



Are You Too Making a \$100M Mistake?

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
COUNCIL**



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Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.

One of my favorite stories to illustrate the costs associated with lost opportunity centers around a major market research firm that decided to scuttle what was initially an eagerly anticipated new practice area. The firm decided that there wasn't a market for this new area and the associated research. A few years later, however, this firm's biggest competitor had a booming practice – its largest by report volume and revenue – in this very same area. Not only that, but the competitor's most widely read analyst was writing about this area exclusively. Somehow, the competitor created a very successful business in the same market that was deemed unprofitable and unfit for entry by the first firm. How could one firm fail where a competitor succeeded so completely?

From a business perspective, it may make sense to scuttle a project when sales are lackluster and the new product or service simply isn't gaining traction. Yet, in this case and with the benefit of 20/20 hindsight and a competitive outlook, that was exactly the wrong decision. How could this research firm have made a different (and more profitable) choice?

In talking with executives, I identified three problems. First, their initial foray into the marketplace was too general; they didn't investigate and so couldn't address the specific needs of their customer base, which they spent no time up front attempting to understand. So, the product they delivered didn't provide sufficient, immediate, and practical value. This oversight created their second problem: a marketing issue. Although undertaking a new practice area, targeted to a different role within existing client organizations, the marketing department didn't equip the sales team to identify the right buyers. Nor did it equip sales with the right messages to effectively convey the new product's value. This resulted in the third problem: poor sales execution. Because the sales team was uncomfortable and ill prepared, they gave up prematurely. Their rationale was, "We can't figure out who owns the function in the company that corresponds to this practice area, therefore we can't sell the research."



So the company scuttled what could have been a \$100M opportunity. If they had spent time up-front to find out who would actually buy the new product and what specific research these prospective buyers were looking for, they could've avoided this disaster and saved a huge amount of money.

There are two lessons to be learned from this story: You need to clearly identify prospective purchasers and you need to spend time with them to clearly understand how your product/services address Customer Purchase Drivers. As I've written elsewhere, customers base their purchase decisions on the attributes of a product or service that enable them to do four things:

1. Make more money
2. Reduce costs
3. Mitigate risks
4. Satisfy an emotional need

Only by understanding these Customer Purchase Drivers can you develop products and services that are guaranteed to be successful in the marketplace. Only by spending time with customers beforehand can you avoid making a \$100M mistake.*

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About CURTIS N. BINGHAM

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About THE CHIEF CUSTOMER OFFICER COUNCIL

The CCO Council is a powerful and intimate gathering of the world's leading customer executives from widely diverse industries. The Council helps executives achieve objectives faster and more easily by leveraging best practices. It helps validate and refine strategies and initiatives to avoid experimenting at customer expense. Membership is by invitation only, and purposefully cross-pollinated with the most forward-thinking companies, large and small, so as to help customer executives deliver solid, customer-centric business results. For more information, email info@ccocouncil.org or call 978-226-8675.



Eight Imperatives for the Chief Customer Officer – This **Bingham Advisory** lays out in detail numerous strategies that enable customer executives to be successful in driving customer centricity throughout their businesses and in creating sustainable competitive advantage, including: six key challenges to CCO success and the means to overcome them, nine metrics that need to be considered for the CCO dashboard, seven critical success factors for CCOs, three necessary characteristics for CCOs, and seven strategies to support customer centric change.

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