

# Merrifield Act II

*Insights Into Quantum Profit Management*

## SCRIPT #3: HEROIC ACTS FOR CORE AND GAZELLE/TARGET ACCOUNTS

### ASSUMPTIONS:

- From every distribution location's customer profitability ranking report, we can zero in on about 5 of the most profitable customers and 5 of the all-factors-considered, best, target accounts.
- To educate all employees in a visual and visceral way about key account, net-profit economics we can:
  - Post pictures of these customers' key people (in front of their place of business or some other iconic backdrop) on the wall.
  - Show where the core customers are on the whale curve profit contribution.
  - Explain –with charts- the net-present-value of potential net-profit streams from the target accounts.
  - Sell the importance of every employee knowing these accounts by heart and having the authority and capability to say "Yes!" to whatever service needs (normal or unusual) requests these customers might have during or outside of normal business hours. And, then to execute those services with some extra speed and/or service quality flourish.
- Executing heroic acts for key accounts will mean that all employees will – without hesitation:
  - Do both service tasks and extra time that they would not normally do; and,
  - Be understanding about the need to –on occasion- give key accounts preferential service at the expense of giving normal, "excellent" service to non-key accounts. Good triage trade-offs will, in fact, penalize the least valuable (small) customers who happen to be next in line.
- Although we may not yet have the service - culture, systems and experienced, quality, committed personnel - to offer unconditional service guarantees to all customers, we can do it immediately for 10. (For example: "on all orders we guarantee zero errors and on-time delivery or we will do an heroic recovery and give the customer a \$30 credit to help offset the hidden cost of our poor service to their uptime, on-time productivity.")
- If we provide basic "service excellence guaranteed" + "heroic acts" + total-team marketing efforts to these select customers, then our odds of selling more, better and longer will go way up.

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- Our competitors will continue to treat every customer the same on a first-come, first-serve basis which allows us to be outstanding in the eyes of about 10 accounts.
- These 10 accounts have such enormous, disproportionate, life-time, net-present value (NPV) for their projected stream of annual net-profit contributions that our Heroic Act Service Focus program will generate a huge ROI.

### STEPS TO THE SCRIPT:

- Select the 5 (or so) most profitable (and likely to stay so and grow) accounts to label as “CORE”.
- Select 5 or so target accounts that we think offer us the most probabilistic net-present-value (NPV) increase in net profit growth.
- Get the pictures taken as well as create fact sheets on all 10 that every employee will have to remember.
- Prepare and then run an education session for all employees on the “net-profit” realities for:
  - Core accounts at the head of the whale curve;
  - The 80% in the middle who are around breakeven many of which have modest, negative, life-time, net-profit stream promise.
  - The bottom 1% that are destroying 20% of the true, peak profit total some of which we thought were our “best accounts”. Along with our plans to turn the lead into gold.
  - The weighted selection criteria for why our 5 target accounts are the current ones that we will start off with knowing that every 3-6 months we may edit the list based on how the targets respond to our total-team, laser-beam, account-cracking strategies.
  - We want every employee to be able to explain why the 5-5-5 accounts for a branch is apt to be the source of 80% of our profit growth at the branch over the next few years and what that means to them economically.
- Assemble about 5 case study examples of both what is and what is not an “heroic act” opportunity well executed (about 10 total) to then use to educate all employees on what is and how to do an heroic act.

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- Survey best accounts, management and all reps for historic stories in which a key or potentially key account:
  - Had an out of the ordinary need which some employee responded to in a creative, atypical and/or extra-effort way (or should of but did not).
  - For the success stories which ideally led to the company getting more business and/or achieving a higher level of avowed loyalty from the customer give factual credit to people involved. For the don't-do-this, case studies, disguise the cases so that we aren't blaming anyone for missing or blowing an opportunity.
  - Give short, catch-phrases to different types of heroic recoveries like:
    - "All-hours service response": don't tell a top 10 account who calls in after the order desk is close that they have to call back tomorrow.
    - "Whales before minnows": too much work, not enough people, key account calls (whale), then do "triage" which will hurt the normal service of the least valuable NPV customers (minnows).
- Publish an account of every heroic act in the "Good News Bulletin of Praising Statements".
- Track, trouble-shot and proactively manage the "delta pbit" of all 5-5-5 accounts rigorously.