

Helping to Find the Golden Links in the Value Chain

Industry & Client Situation

A leading manufacturer of materials handling equipment was feeling increasingly distanced from its customers. Selling through a network of distributors, the company thought of the distributor (not the end-user) as its primary customer. Bridge was retained to address several key issues:

- Where is value created across the value chain?
- What is the appropriate model for thinking about customer value?
- What is the appropriate technology solution to support this customer value model?
- What are feasible alternative distribution strategies?

Approach

When Bridge started working with the company, management had reduced this entire problem to a choice about which sales-support software to buy. But they then realized that they first had to learn where the value lay in their relationships and formulate a customer relationship management strategy. Only then could they make sound decisions about the processes and required technology to support the strategy.

Bridge quantified the value chain across all functions from product development, through marketing, selling and fulfillment, and on to service and maintenance. In addition, the team defined product and customer information that would help the company develop improved products.

Bridge applied its customer value management approach to help focus activity on the most valuable customers and customer needs. By means of a rich mathematical model, we quantified the lifetime dollar-value of a customer, both with and without a customer relationship management software system. A more sophisticated system than the sales-contact software which management had originally considered was also defined. This would tie into manufacturing operations and allow for rapid product configuration, which has been time consuming and at times imprecise.

Results

Bridge identified opportunities for functions to contribute more at various points in the value chain. Product development could develop competitive features and improve the cost of operating the equipment. Marketing could improve service plans, aftermarket products, and leasing plans. The company could even provide leased machinery and a trained operator—a total materials-handling solution for customers who want one.