

UNDERSTANDING INSTITUTIONAL CUSTOMERS:

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Understanding Institutional Customers

- Understanding
 - *insight into, familiarity with, acquaintance with; skill in, expertise in, proficiency in;*
- Institutional (institution?)
 - *Organization founded for a particular purpose*
- Customers
 - *Buyers (or receivers) of goods or services*
 - *External and Internal*

Metaphors for viewing organizations

- A **metaphor** is a figure of speech that identifies something as being the same as some unrelated thing for rhetical effect.
- How do you view organizations?
- A machine?
- A living organism?
- A brain?
- A political system?
- A prison
- A change or flux?

Understanding organizations

- Metaphor (or Model) of the organization
- Key processes
- Key concepts
- Role of the leader
- Drivers of change

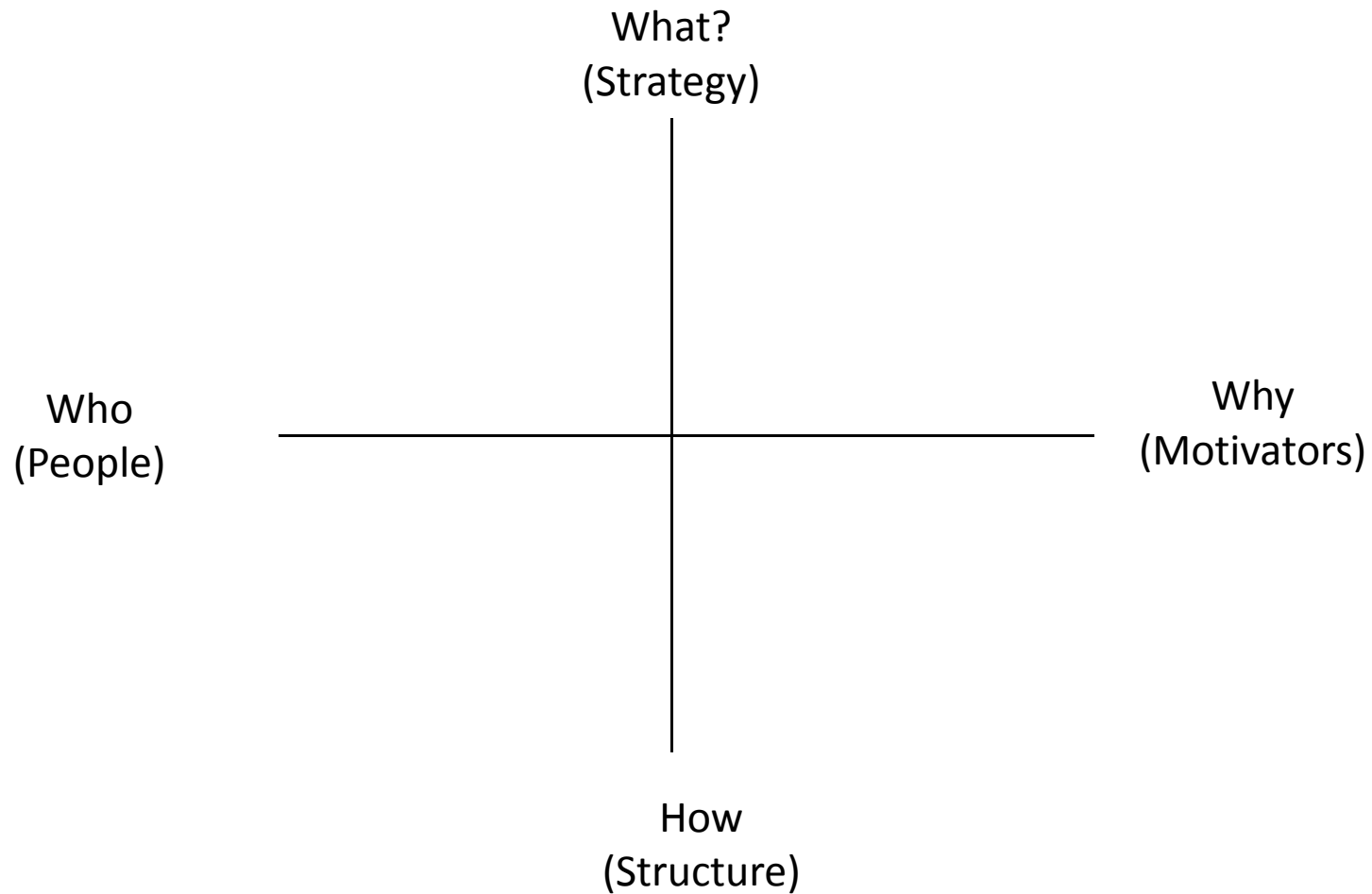
The three lenses for viewing organization

Carroll (2006)

- The “Strategic design” OR “Engineering” lens
 - Organizations are designed (or engineered) to achieve some desired goals
- The “Political” lens
 - Organizations are fields where different stakeholders strive to achieve their own goals
- The “Cultural” lens
 - Organizations are shared values, identities and assumptions

How would you view your own organization?

Other ways of looking at organizations



Mediquip case

Q 1. Who is in the “buying centre”?

- Initiator
- Influencer
- Decider
- Purchaser
- User
- Gatekeeper

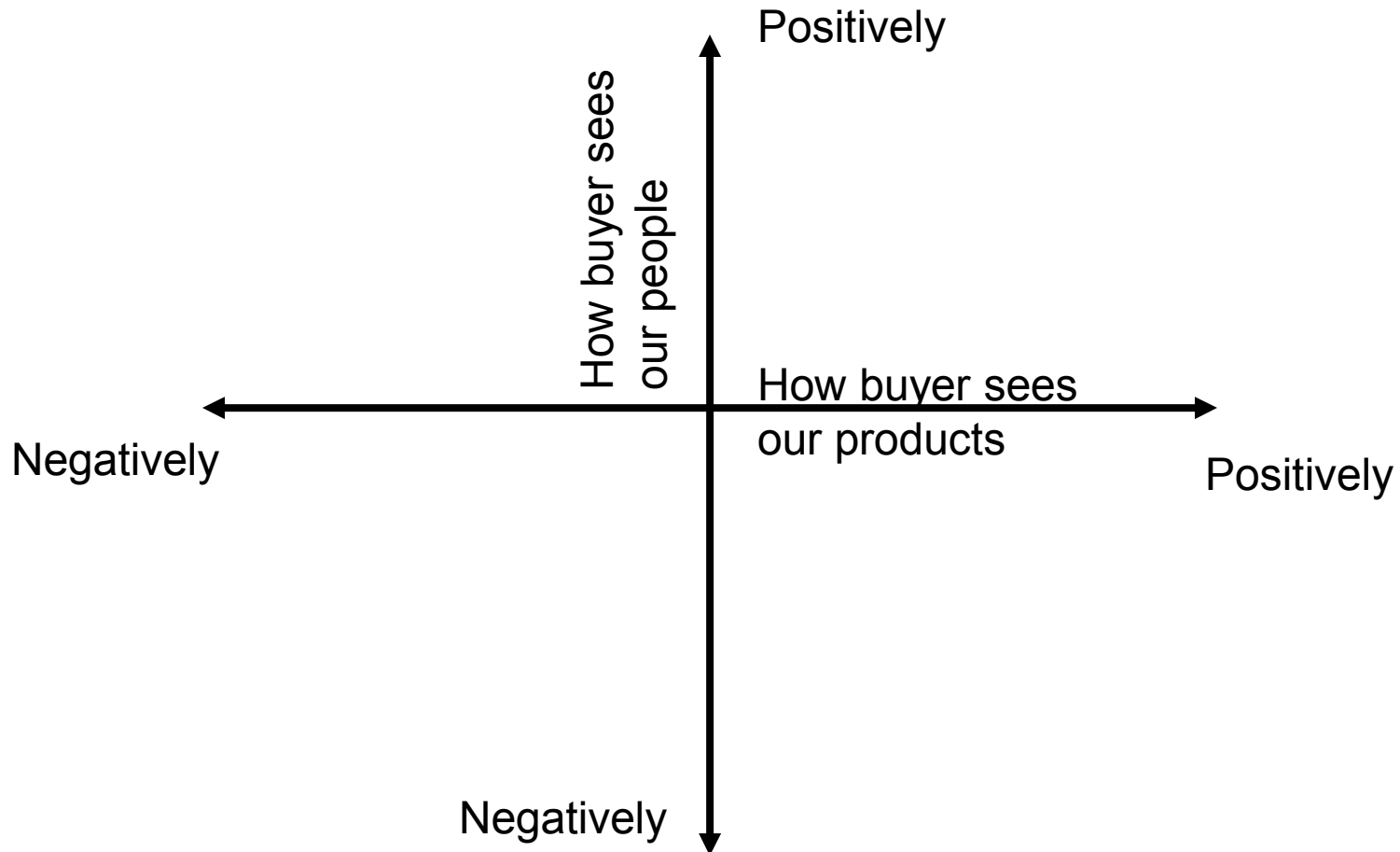
Q2. Who are the powerful buyers?

Type of power	Support	Veto
Reward power	*	
Coercive power	*	
Attraction	*	*
Expert		*
Status		*

Q 3. What do they want?

Financial	Product or service	Social or Political	Personal
Absolute cost savings	Pre and post sales service	Will purchase enhance buyers standing with top management	Will purchase increase others' liking and respect for the buyer?
Cheaper than competitive offerings	Specific features		How does the purchase fit in with buyer's self concept?
Will provide operating cost reductions	Space occupied		
Economics of leasing vs buying	Availability		

Q 4. How do they see us?



Assessing Sales Opportunities

1. Is There an Opportunity?

	Criteria	Assessment		
1	Client's Needs or Project	DEFINED	+	
		UNDEFINED	-	
2	Client's Business Profile	STRONG	+	
		WEAK	-	
3	Client's Financial Condition	STRONG	+	
		WEAK	-	
4	Access to Funds	YES	+	
		NO	-	
5	Compelling Event	DEFINED	+	
		UNDEFINED	-	

2. Can We Compete?

	Criteria	Assessment		
6	Formal Decision Criteria	DEFINED	+	
		UNDEFINED	-	
7	Solution Fit	GOOD	+	
		POOR	-	
8	Opportunity Resource Requirements	LOW	+	
		HIGH	-	
9	Current Relationship	STRONG	+	
		WEAK	-	
10	Unique Business Value	STRONG	+	
		WEAK	-	

3. Can We Win?

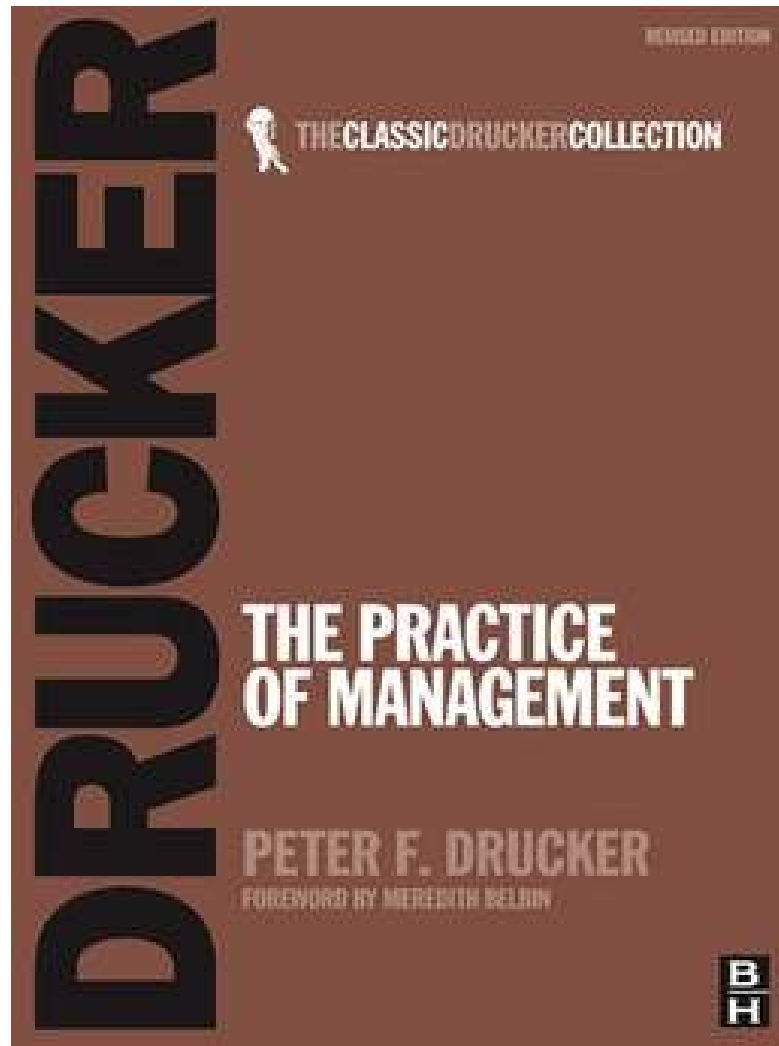
	Criteria	Assessment		
11	Inside Support	STRONG	+	
		WEAK	-	
12	Executive Credibility	STRONG	+	
		WEAK	-	
13	Cultural Compatibility	GOOD	+	
		POOR	-	
14	Informal Decision Criteria	DEFINED	+	
		UNDEFINED	-	
15	Political Alignment	STRONG	+	
		WEAK	-	

4. Is It Worth Winning?

	Criteria	Assessment		
16	Short-Term Revenue	HIGH /NEAR	+	
		LOW/FAR	-	
17	Future Revenue	HIGH	+	
		LOW	-	
18	Profitability	HIGH	+	
		LOW	-	
19	Degree of Risk	LOW	+	
		HIGH	-	
20	Strategic Value	YES	+	
		NO	-	

CUSTOMERS-THE MARKETING LENS





- The purpose of business is to create a customer, therefore, the business enterprise has only two basic functions: **Marketing** and **Innovation**.
- **Marketing** and **Innovation** produce results; all the *rest are costs*.
- **Marketing** is the distinguishing, unique function of the business.“

-Peter Drucker



Essence of Marketing:

- Acquiring new customers
- Retaining current customers
- Getting customers to recommend your brand to others

Growth strategy: 1

New
customers &
new market
segments

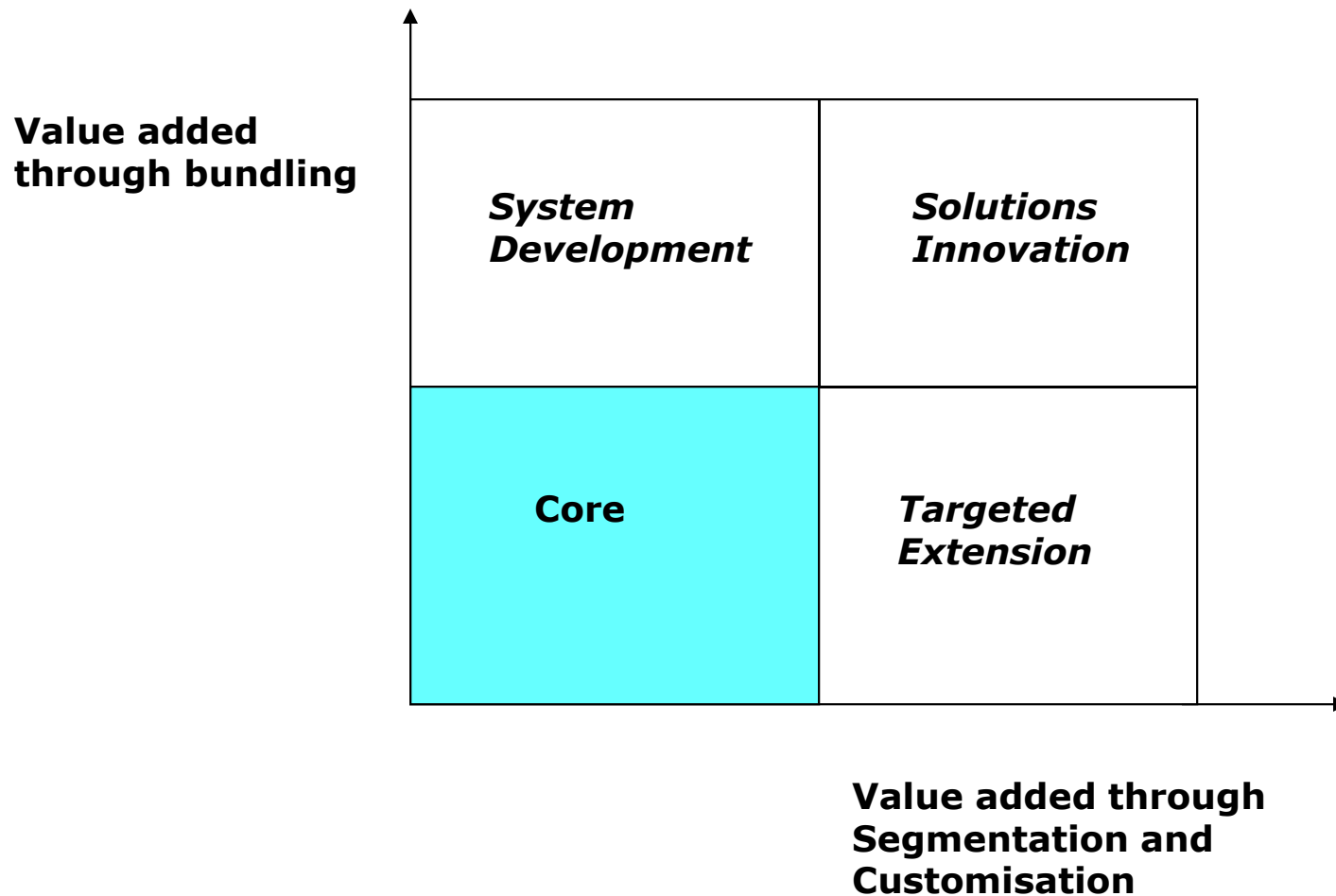
Existing
customers and
market
segments

Market development	Diversification- New products for new market segments
Market penetration	Product development

Existing
products

New products
/services

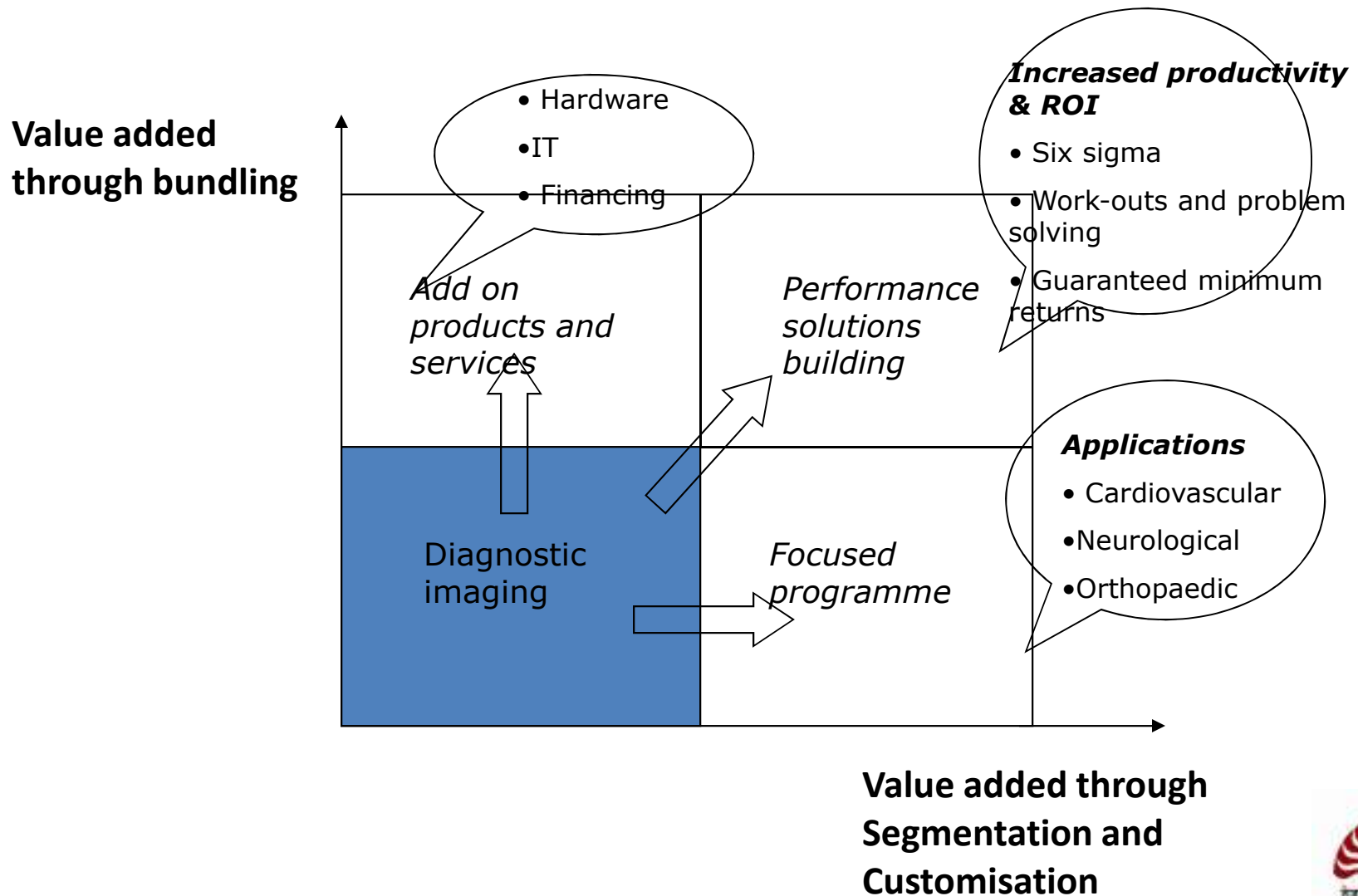
Growth Strategy 2: Bundling & Customization



Source: Kashani (2005)

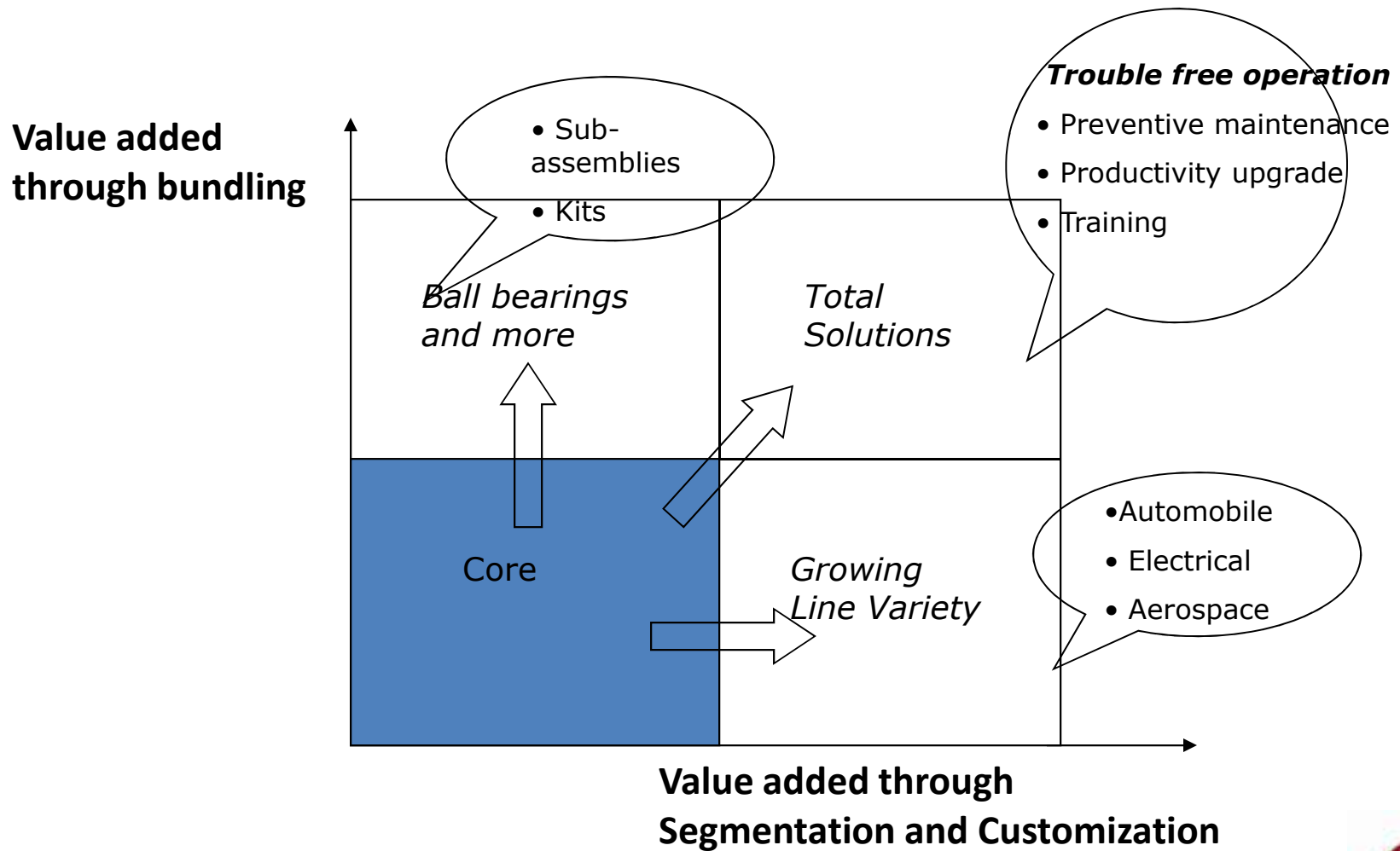


GE Medical Systems



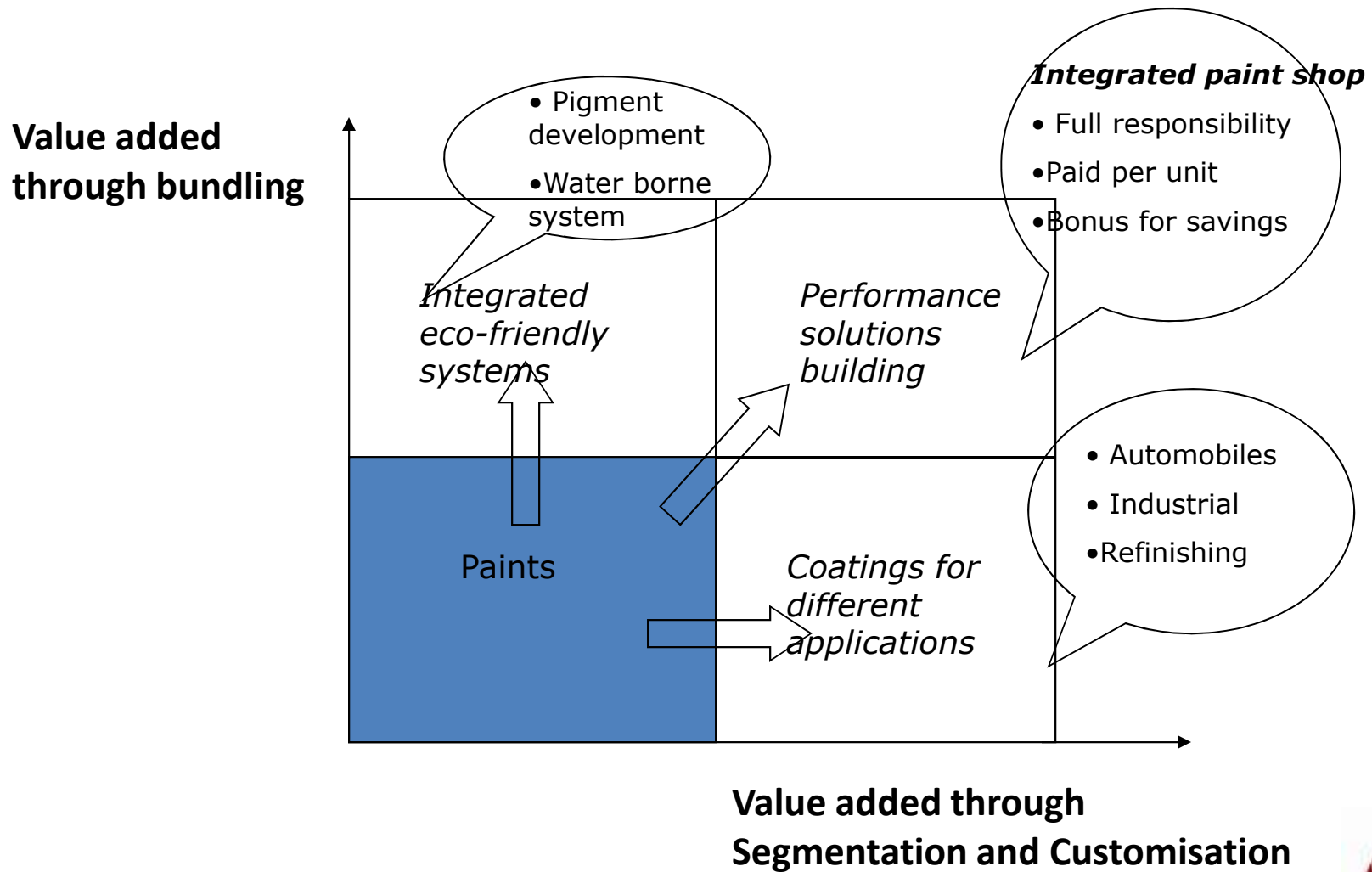
Source: Kashani (2005)

SKF



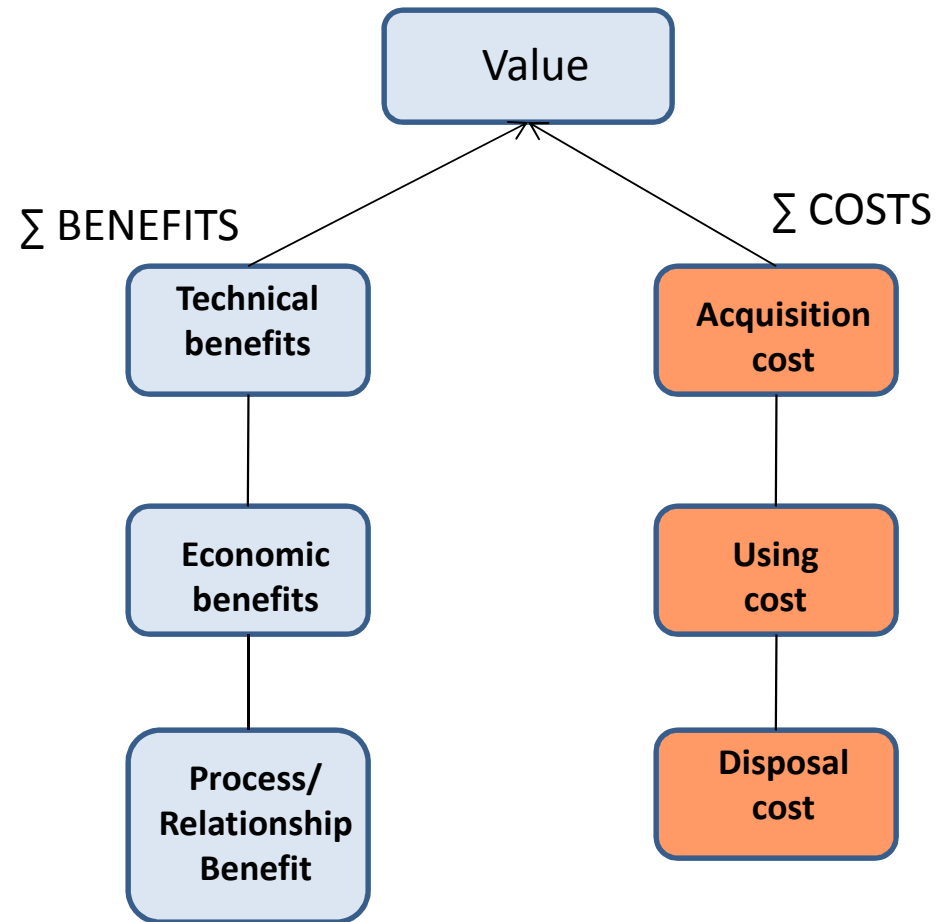
Source: Kashani (2005)

BASF Coatings



Source: Kashani (2005)

Customer value in B to B Marketing



Customer value in B to B Marketing

