CHAPTER 23

Focus on What is Important

One critical double point issues for all innovation, is to:

1. Select the most important customers at each point in the web (see Chapter 21) for analysis.

2. Focus on what these customers perceive (whether articulated or not) as their most important demands.

Which Class of Customers?

Typically, selection criteria are defined by the development of specific areas of a current customer base. But this will not help here. Innovation requires focus on speedy and maximised market impact through the targeting of new customers to develop future markets and revenues. Six criteria are relevant here:

- **Highest potential growth.** Which customers potentially contribute most to, (a) immediate revenues for a new innovation, (b) long-term market growth? Focus groups help here, and market data such as value segmentation levers here too. Of course this information is hard to come by when creating or entering new ground. Lack of historic data can limit accuracy. The only way to get hold of this data is to start collecting.

- **Customers with driving problems.** Plain and simple, which customers have real and immediate driving problems? Demands that need satisfying right now? This can jump-start a revenue stream.

- **Highest value customers.** Exceeding the demands of all potential customers, every time, would indeed be a remarkable achievement. This
is in fact incredibly wasteful, and I would say, from experience, limiting. Many, maybe most enterprises find a potential customer base where 70–90 per cent of revenues is ultimately acquired from 30, 20, sometimes 10 per cent of that potential customer base. This is the law of the Pareto ratio. Focus on the highest value demandplex and revenue Pareto style.

- **Influence on market development.** Thinking in the future tense requires that you consider proliferation in the market. So what customers influence your growth in the market as a whole (see Chapter 3, innovative customers and early adopters, and so on)?

- **Higher expectations.** George Stalk of the Boston Consulting Group recommends that organisations should choose their most demanding customers, determine their needs and expectations, then serve them better than the competition. Obviously, if you are meeting your most demanding customers’ expectations, less demanding customers will probably follow in line.

- **Ethical reasons.** In other types of market there may be ethical reasons for selection and focus, especially in the public sector, such as medicare.

Figuring out who your most important customers are, turns out to be a complex process, with a tangled web of criteria (yet again). Once decided, you will find that each customer has his/her own particular preferences: one particular demand is going to be more important than another. Rank what the customer thinks is important, then focus on those most important demands. Pareto may help again: a small percentage of all possible demandplex may be skyrocket high on the customer’s personal agenda. It is possible to analyse what is important by first benchmarking what your competitors have to offer, then ask the customer to weight the importance.

**Comparative Competitive Benchmarking**

To a point, I agree with the notion that benchmarking against a backdrop of competitors is looking to yesterday’s news, when innovation is the core of today’s competitive strategy. In fact, when an enterprise looks to the future it needs to be aware of the best and most innovative standards and practices of the day. This gives a stake in the ground, and relative position on the future. Even with an archetype innovation, it is possible to look for comparative competition. Products and systems that already reflect and/or