

Inside the *80/20 Technology Marketing System*: Maximum Results with Minimum Effort

Tapping the Power of the 80/20 Principle and Marketing Leverage, to Accelerate Technology Sales and Profits

By **Bob Hanson, Quantum Leap Marketing, Inc.**

You have probably heard of the 80/20 Principle. It describes a recurring pattern in society and business in which all actions do not create equal results. The minority (20%) of inputs, causes, or initiatives produce the majority (80%) of results.

My research and experience demonstrated that this is true for most technology businesses. Eighty percent of your sales or profits, for example, could come from 20% of your customers. Eighty percent of your customers could result from 20% of your marketing and sales initiatives. Eighty percent of your sales could arise from 20% of products. Eighty percent of your support cases could come from 20% of your customers. And so on. (While your numbers may not be exactly 80/20, you will likely see this pattern recur again and again.)

Yet, ask yourself...can I identify with high-definition clarity the minority of customers who are creating the majority of my profits? What new product features will lead to the greatest return-on-investment? Am I systematically targeting, selling, and cultivating my best prospect segments to multiply the small group of customers who will exponentially increase my annual cash flow?

For more than a decade, I have studied, refined, and implemented “80/20 Marketing” to great effect. This marketing system combines the little-used yet incredibly powerful concept of Marketing Leverage with the 80/20 Principle. These two principles mixed together can be the rocket fuel that propel your technology marketing, sales, and product initiatives to greater heights.

In a joint venture with author and consultant Peter Meyer we applied this combination to firms like 3Com, Cisco System, and Mentor Graphics resulting in some massive successes including **\$1.45 billion dollars in qualified sales leads** from one seminar series and an instant increase in response rate of *300%* for an email marketing campaign.

And, in recent years, I have used these principles holistically to help transform IntelliReach from a technology-focused company with little customer focus to a customer and leverage-oriented company. The outcome? Sales increased 5 times over three years, and the firm reached #80 on the **Technology Fast 500** – all without venture/outside investment (in one of the toughest business climates for technology companies in recent decades).

This body of work has led to the creation of the *80/20 Marketing System* that is easily transferred to almost any technology business. Chances are you can quickly profit from implementing some of these proven 80/20 strategies and tactics.

To let you sample the 80/20 Marketing System, here are three strategies which can have demonstrable impact on your company over the medium to long-term.

Super Strategy 1: Identify Your Most Profitable Segments and Focus on Capturing and Nurturing Customers within Those Segments

It may be simplistic to say success in a technology business is based on delivering the right product or service (offering) to the right customers at the right price. But my belief is that most people make business too complex and squander resources by chasing unprofitable customers with unprofitable products.

Consider narrowing your focus to the right products, product features, and customer segments – the ones that fit your business objectives. Strategically, don't spend equal resources on 10 products if 2 of those

products produce 80% of the profits. Don't waste precious development dollars on features no one will pay for. Spend the majority of resources creating and multiplying areas showing the majority of profits.

Don't send executives on unqualified sales calls. Rather, consider sending them out to close and upsell target accounts. Don't spend all of your marketing, sales, and support efforts signing up new customers. Chances are your business is like most where it is 5 times cheaper to resell existing customers than recruit new ones. Nurture prospects into customers and prompt customers to buy additional products or services, with great rewards to your firm in return.

Super Strategy 2: Leverage Today's Customer Relationship Management (CRM) Advances to Guide Your Organization to Profits

My belief is that in today's competitive technology markets, "80/20 companies" must tap the power of the current breed of customer and database systems. Every business can now capture, track, and use valuable marketing, sales, and service information. Because technology businesses and customers have generally been ahead of the CRM adoption curve, I believe your company is at *serious competitive disadvantage* if you are failing to capitalize on this potential asset.

The 80/20 technology businesses know how to:

- target marketing and sales initiatives,
- measure the success of customer-facing departments such as support, and
- view a snapshot of business health at a glance.

For example, CRM systems help us profile top customers who generate most of our profits, identify potential top prospects, track and correct problems at key accounts, and measure success of top initiatives to help manage and grow the business. And, perhaps of equal importance, they can quickly tell us what is not working.

Super Strategy 3: Test, Before You Invest

When I arrived at IntelliReach a few years ago, the company was passionately articulating the future of the company with phrases like "hosted email management" and "automated expertise." At that time the company had developed one successful software suite and was looking to leverage that foundation into another market with a potentially disruptive technology.

The problem was, the market was not ready for that technology. Luckily, soon after my arrival we took the initiative to survey a bunch of prospects and *over 95%* told us they had no interest whatsoever in that technology. We took the next step and asked the market what they wanted, and in response successfully launched new products into the marketplace. More importantly, we avoided betting the entire company's future (and its very limited cash resources) on an idea doomed to failure.

This strategy can be summarized as, "Test, Before You Invest." It can be applied to many areas of your business with great results. For example:

- Validate new products and features with surveys and "pre-selling" – before you build them,
- Pilot new marketing campaigns -- before rolling it out to the entire marketplace, and
- Make early evaluations about whether to keep new hires -- before you invest up to a year in training and education.

These three strategies can help your technology business over the medium to long term.

One closing note. You can probably guess that fewer than 20% of students take action on what they learn, and **a select few of 100 reap most of the rewards** from even the simplest principles and strategies. Please commit to take action on at least one idea in this article. If you want more info, see below for the free offer.

Bob Hanson is available to help technology executives solve their toughest business and marketing challenges. To learn more, request "7 Secrets to Winning Technology Webinars," email bhanson@quantum-leap-marketing.com or call 617-901-6886.