Surviving Startup - Pilot Project
INTERREG IIIB Atlantic Net

Peter Erdélyi

Senior Lecturer in Strategy & Marketing

Centre for Organisational Effectiveness

The Business School

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www.bournemouth.ac.uk

Outline

- Participants
- Project objectives
- Background research
- Propositions/Assumptions
- The website – form & content
- Evaluation
- Conclusions
- Future

Participants

- **Centre for Organisational Effectiveness**, Bournemouth University
  - **Colin Armistead,** Professor of Operations Strategy and Management, Director of COE
    - provided overall leadership
  - **Peter Erdélyi,** Senior Lecturer in Strategy and Marketing
    - developed marketing content and interactive learning tools
  - **Tim Ford,** Researcher, COE
    - co-ordinated background research and has acted as project manager
- **Magellan Projects Ltd**
  - **Pat Emery** provided e-learning expertise
  - **Kate Doodson** carried out technical development, visual design and website production
- **Business Link Wessex**
- **Dorset Business**

Overall Project Objectives

- Lisbon European Council (2000)
  - Digital, knowledge-driven economy
  - Information society
  - support for business start-ups, high-tech firms and micro-enterprises

- INTERREG III B - Atlantic Rim
  - Priority 2: improve access to information and communications technologies (ICTs)

Background Research

- INTER Project: Stimulating New Enterprise in the Dorset Sub-Region (2002)
  - Late-stage startups require specific support in marketing

- INTERREG Diagnostic Study (2004)
  - Confirmed marketing as area requiring support

- Surviving Startup – Initial Research (2004)
  - General lack of interactive multimedia websites

- Focus group (2005)
  - Identified specific issues within marketing

Propositions/Assumptions

- Users will engage in e-learning if:
  - Site content is relevant
  - Tone of language is appropriate
  - Interactive tools provide customised outputs
  - Learning is bite-size within integrated framework
  - No formal post-secondary business education is assumed
  - Needs of specific target audience are fulfilled (small B2B service startups in survival stage)
  - Appropriate communication strategies draw them in

SURVIVING STARTUP

through customer focus

DIVE IN AND EXPLORE...

how to **FIND** customers

how to **CHOOSE** customers

how to **CONVINCE** customers

how to **KEEP** customers

...to help your business stay on course

About Us ❯

Site Map ❯

FLASH PLUG-IN REQUIRED   Get Adobe Flash Player

Surviving Startup – Through Customer Focus

- How to find customers:
  - Networking: personal, supply and business networks

- How to choose customers:
  - Customer portfolio analysis
  - Segmentation, targeting, positioning

- How to convince customers:
  - Corporate identity and image (branding)
  - Decision-making unit (DMU)
  - Promotional mix

- How to keep customers:
  - Customer satisfaction, retention and loyalty
  - Lifetime value of customers

The Website - Form

- **How to find customers:**
  - Animation
  - Personal, Supply, and Business Network Mapping Tools
- **How to choose customers:**
  - Audio-visual animation
  - Customer Ranking Tool
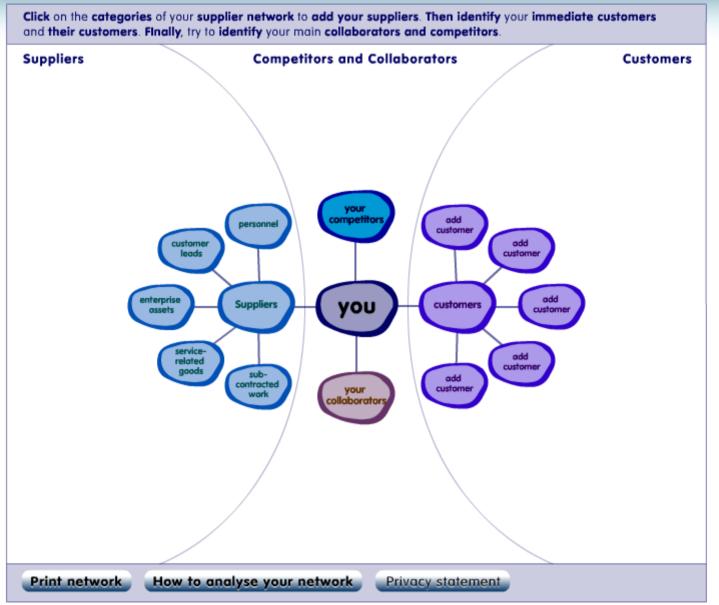 - Audio-visual case study (Coachbuild Quality Ltd)
- **How to convince customers:**
  - Textual case study (How Lucy Did It)
  - Corporate Image Tool
  - Interactive game (Port of Call)
- **How to keep customers:**
  - Lifetime Value Calculator
  - Animated charts
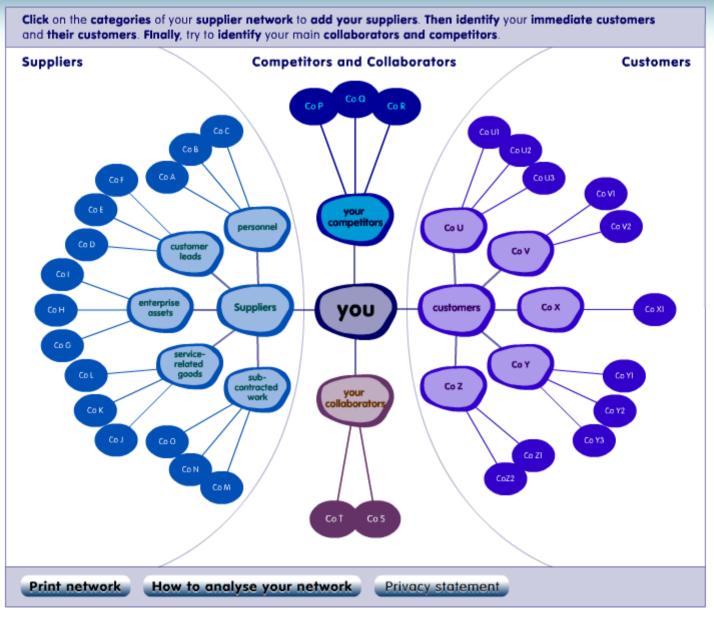
MAP YOUR **SUPPLY** NETWORK

Click on the **categories** of your **supplier network** to **add your suppliers. Then identify** your **immediate customers** and **their customers. Finally,** try to **identify** your main **collaborators and competitors.**

Suppliers   **Competitors and Collaborators**   **Customers**

Print network   **How to analyse your network**   **Privacy statement**

six degrees of separation

your networks

your personal net

your business net

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Co C · Co B · Co A · Co F · Co E · Co D · Co I · Co H · Co G · Co L · Co K · Co J · Co O · Co N · Co M

personnel · customer leads · enterprise assets · service-related goods · sub-contracted work · Suppliers

Co P · Co Q · Co R · your competitors · **you** · your collaborators · Co T · Co S

Co U1 · Co U2 · Co U3 · Co V1 · Co U · Co V · Co V2 · customers · Co X · Co X1 · Co Z · Co Y · Co Y1 · Co Z1 · Co Y2 · CoZ2 · Co Y3

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ANALYSE YOUR CUSTOMER BASE

About this tool

The Customer Ranking Tool will allow you to analyse your customer base and sort them into the categories of gold, silver, bronze and lead. Enter the details of your customers one by one and click "Add". When all customers are added click "Finish". Using the table output, identify your gold, silver, bronze and lead customers.

Your Ranked Customer Base

Customer Name	Annual Sales (£)	Share of Sales (%)	Profitability	Loyalty	Future Potential	Customer Rank
Customer L	£4400	3%	Reasonably profitable	Not loyal	Some	Bronze ▼ ▲
Customer F	£3500	3%	Marginally profitable	Not loyal	High	Bronze ▼
Customer J	£2500	2%	Marginally profitable	Not loyal	Some	Bronze ▼
Customer G	£700	1%	Loss-making	Not loyal	Very high	Bronze ▼
Customer B	£1000	1%	Marginally profitable	Not loyal	Some	Bronze ▼
Customer I	£350	0%	Loss-making	A drag	Very low or none	Lead ▼
Customer C	£400	0%	Loss-making	A drag	Very low or none	Lead ▼ ▼

Evaluation: Your Customer Rankings

Your customers are sorted according to the information you have provided:
- Your gold customers are most likely to be displayed at the top of your list.
- Your lead customers are most likely to be displayed at the bottom of your list.

Ranking Your Customer Base
- Use the pull-down menu in the "Customer Rank" column to choose Gold, Silver, Bronze or Lead for each of your customers
- Base your decision on the information displayed in each row
- Now print off your results

[Print] [Start again]

Didn't get the buoy shape you were expecting? >

About this tool

THE **CORPORATE IMAGE** TOOL

Step 2

Choose **Yes**, **No**, or **Don't Know** under each of the four categories below.
Tick **Not Applicable** if the signal does not apply to you.
Click **Submit** when you are finished, to produce your **Corporate Image Report**.

Your positioning statement:

We are a small family business, providing carpet-cleaning services to corporate customers, using non-allergenic technology.

Signals	Consistent with positioning statement	Appropriate & credible to customer?	Distinctive from competition	Professional & Attractive	Not Applicable?
Company name	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	☐
Logo	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	☐
Web site	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	☐
Stationary (letterhead and envelopes)	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	○ Yes ○ No ○ Don't know	☐

< Go back to Step 1   page **1** of **8**   Next >

Privacy statement

THE **CORPORATE IMAGE** TOOL

Corporate Image Report

Your positioning statement:

We are a small family business, providing carpet-cleaning services to corporate customers, using non-allergenic technology.

Your Corporate Image Evaluation:

The table below shows how confident and certain you are about the quality of your signals and your corporate image.
- The overall colouring of the table should already give you some indication.
- Roll over each colour band to get relevant advice.
- Click the "Print" button to print yourself a copy.

Signal	Consistent with positioning statement	Appropriate & credible to customer?	Distinctive from competition	Professional & Attractive	Confidence/ Certainty
Business cards	Yes	Yes	Yes	Yes	Total confidence
E-mails	Yes	Yes	Yes	Yes	Total confidence
Product design	Yes	Yes	Yes	Yes	Total confidence
Logo	Yes	Yes	Don't know	Yes	High confidence
Music/muzak	Yes	Yes	Yes	Don't know	High confidence
Personality & appearance	Yes	Yes	No	Yes	High confidence
Web site	Yes	Yes	Don't know	Don't know	Some confidence
Company name	Yes	Don't know	Yes	No	Some confidence
Packaging & labels	No	Yes	No	Yes	Some confidence
Exhibits	No	No	Yes	Yes	Some confidence
Newsletters	Yes	Yes	No	No	Some confidence

Using Your Report >

Print report   Start again

Privacy statement

Understanding the Decision-Makers >

PORT OF CALL GAME

Meet Team Archipelago

Click on each name to find
out what they do

Lucile, Receptionist

Jackie, Administrative Assistant

Trevor, Puchasing Manager

Duane, External Consultant

Nicola, Admin Team Supervisor

Linda, Director of Marketing
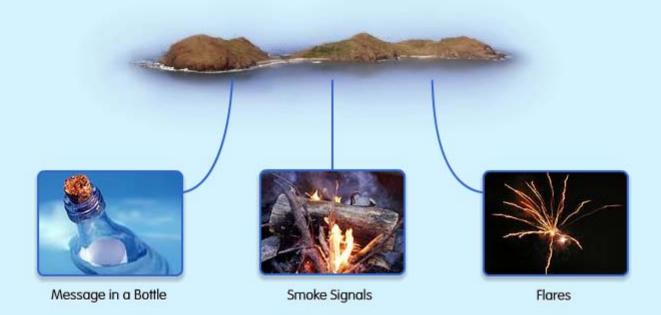
Bill, Director of Operations

Jayne, Chief Executive

USING THE PROMOTIONAL MIX
To get the message across

Imagine you are stranded on a remote island
What is the best way to communicate?
Click on the option that you think is best.

Message in a Bottle   Smoke Signals   Flares

THE **LIFETIME VALUE CALCULATOR**

STEP I. Calculate estimated lifetime revenue for an average customer	Our example	Your figures
A. What is the value of your average sale?	£ 150.00	£ [ ]
B. How many times is an average customer likely to reorder over its lifetime?	20	[ ]
		Calculate
C = A x B The estimated lifetime revenue generated by an average customer is:	£ 3000	**£ 0**

STEP II. Calculate estimated lifetime profit contribution of an average customer	Our example	Your figures
D. What is your gross profit margin?	25%	[ ] %
		Calculate
E = C x D The estimated lifetime profit contribution of an average customer	£ 750.00	**£ 0**

STEP III. Estimate the cost of acquiring a new customer	Our example	Your figures
F. How much have you spent so far on marketing to attract and convert potential customers?	£ 30000	£ [ ]
G. How many customers have you recruited so far?	35	[ ]
		Calculate
H = F÷G The estimated acquisition cost of a new customer is:	£ 857	**£ 0**

STEP IV. Evaluate your marketing strategy	Our example	Your figures
I = E - H Check whether the lifetime value of your average customer is more or less than what it cost you to recruit them.	£-107	**£ 0**

What does this mean?

Advice will be given on the outcome of your final figure (I) in Step IV.

Evaluation

- Evaluation event – September 2006
  - 6 local startups tried out site in computer lab setting
  - Focus group-style feedback
  - Observation
  - First impressions
- In-depth interviews with 2 micro-companies
  - A marketing training company
  - A business coaching company

Big underlying questions revisited:

- Is this an effective way for government to contribute to the rise of information society and knowledge-driven economy?

- Is this an effective way for a university to engage in knowledge transfer and contribute to the competitiveness of local/regional/national/European SMEs?

Conclusions – Some Problems

Yes, but… some of the initial propositions/ assumptions may not have been correct:

- Target audience is difficult to reach

- Intended users may not find the site

- Intended users may not have the time or the skills to initially assess the usefulness of the site

- Gaps in understanding particular concepts or lacking specific skills may hinder use of interactive tools

However…

- When assisted in person, users found content and tools highly relevant

- Intermediaries such as advisory and coaching businesses showed great interest in incorporating the website into their own service offering, in order to assist the intended target audience

- "Knowledge" is not a static commodity that can be packaged and transferred linearly from provider to medium to user

- Learning needs to be imbedded within a social context

- The dissemination and adoption of ICTs require a well-determined social network

Recommendations - Future

- Target intermediaries such as advisory, training and coaching businesses that work directly with intended audience

- Encourage and assist intermediaries to incorporate website into their services by:
  - Running workshops to train intermediaries
  - Providing user manuals with background material, curriculum, and "lesson plans"

- Collaborate with government agencies and non-governmental organisations
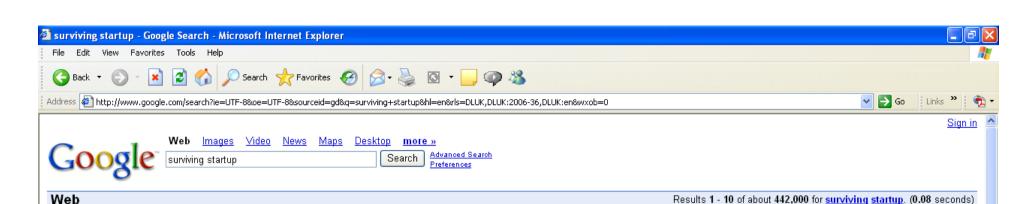
Final Comments

- Clearly, there is a role for government and universities to play in

  - Supporting entrepreneurship

  - Assisting in the dissemination of knowledge and ICTs among SMEs

- However, the social aspects of learning, knowledge and technology need to be carefully considered

And while we were busy
evaluating our project…

Back

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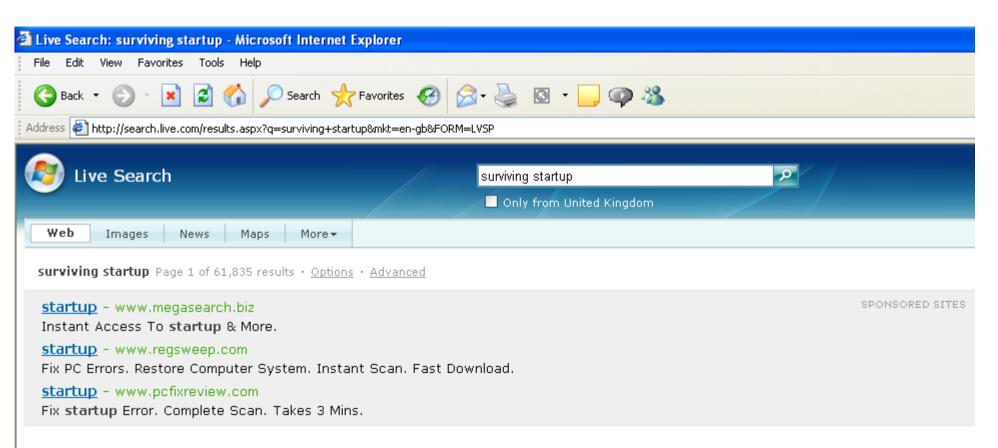
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