Project Rifle

Improving targeting with meaningful quantitative analysis

Note: this is a subset of a longer presentation. Thank you to Bill Campbell & Tellme Networks for their fundamental contributions.
Inspiration

- “If you don’t have any facts, we’ll just use my opinion.”
  Jim Barksdale

- “If we make the wrong decision, it’s your fault.”
  Bill Campbell
What is Rifle?

- **Quantified decision making framework**
  - Provides a rigorous means of prioritizing among similar options
  - Done well, leads to improved decisions that are broadly supported

- **Appropriate for major decisions**
  - In general involves 100+ hours of work & expensive resources per use
“Market Rifle” – what market segments should we be in?
- Intuition: focus on top 2,000 accounts; expand to complementary markets
- Rifle analysis: narrow focus to 30 of top 200; stay in core market for 2+ years

“Account Rifle” – which accounts should we target?
- Intuition: great financial services targets: [Company 1], [Company 2]
- Rifle analysis: none of the above are appropriate: better are [Com. 3], [Com. 4]

“Channel Rifle” – what channel strategy, what partners?
- Intuition: leverage large existing sales forces of channel partners to expand sales
- Rifle analysis: direct sales assisted by partners much more likely to succeed
Rifle In Action:

Market Strategy
Rifle In Practice:
Market Strategy Analysis

- Establish clear alternatives
- Establish targeting & prioritization framework
- Get buy-in on the framework; know how it will be applied
- Execute the analysis … and don’t screw it up!
Goal #1: market leadership

Goal #2: expand in a disciplined, highly leveraged way

Goal #3: identify & exploit network effects
Quantitative Market Comparison: “Rifle-izing” Key Characteristics

- Evaluate and score each market on these 6 characteristics
- Use simple 0-5 scale with typical “s-curve” value function for all characteristics (except “market size”, which is in $Bn)
Expansion Strategy: Market Rifle Given Current Data
Rifle In Action:

Financial Services Segmentation & Targeting
Financial Services Market Analysis: Huge Opportunity … Where to Focus?

Total Market Potential

~$525M / yr
Rifle In Practice: Financial Services Market Analysis

1. Establish clear alternatives
   - Which verticals (brokerage or credit cards?)...which accounts?

2. Establish targeting & prioritization framework
   - 13 carefully selected criteria based on win-loss analysis, customer interviews...
   - Thoughtful weighting is as important as the criteria

3. Get buy-in on the framework; know how it will be applied
   - Get buy-in on the framework before doing the analysis
   - Application: A strategy presentation? Or ongoing process?

4. Execute the analysis ... and don’t screw it up!
   - Incorrect or misleading information is worse than nothing
   - Getting good data requires creativity
Financial Services Market Analysis: Huge Opportunity … Where to Focus?

Total Market Potential

$525M / yr
Total Market Potential by Vertical:
Retail & Credit Cards Surprisingly Large

- **Retail Banking** ~$180M / yr
- **Credit and Charge Cards** ~$215M / yr
- **Mortgage Credit** ~$25M / yr
- **Retail Brokerage** ~$40M / yr
- **Investment Services** ~$35M / yr
- **Life Insurance / Diversified Financial Services** ~$30M / yr

Market Share:
- Retail Banking: 34%
- Credit and Charge Cards: 41%
- Mortgage Credit: 5%
- Retail Brokerage: 7%
- Investment Services: 7%
- Life Insurance / Diversified Financial Services: 6%

Industry Share:
- 0% to 100%
Financial Services After Rifle Criteria: Target Universe Sharpens Considerably

- **Too Small (3%)**
  - Recent IVR Purchase (39%)
  - Other Telecom Network (42%)
  - “Rifle” Retail Banking (14%)

- **Too Small (4%)**
  - Recent IVR Purchase (15%)
  - Other Telecom Network (41%)

- **Recent IVR Purchase (15%)**
  - Other Telecom Network (41%)
  - “Rifle” Credit and Charge Card (40%)

- **Other Telecom Network (41%)**
  - “Rifle” Investment Services (73%)
  - “Rifle” Life Insurance / Diversified Financial Services (91%)

- **Life Ins. / Div. FS (6%)**

- **Mort. Credit (5%)**
  - “Rifle” RB (17%)
  - OTN (36%)

- **Retail Brok. (7%)**
  - OTN (11%)

- **Inv. Svcs (7%)**
  - Other (9%)

- **Small (9%)**

- **34%**

- **41%**

- **5%**

- **7%**

- **100%**

- **0%**

- **Industry Share**

- **Market Share**
### Post-Rifle: Account Priority Becomes Clear

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<th>Investment Services</th>
<th>Life Insurance / Diversified Fin Svcs</th>
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Backup Slides
Rifle In Practice: Get Meaningful Data

- Incorrect or misleading information is worse than nothing
  - Don’t trade precision for correctness
  - Analyst numbers can be useful, but often are wildly off
  - Consider weighting data by confidence in source
  - Don’t be seduced by large sample sizes
    - 20 random & representative inputs beats 2,000 biased ones

- Getting good data requires creativity & persistence
  - Extrapolate from high confidence, easy to find data
    - Example: revenue opportunity by company
  - Be creative in where to get the data
    - Customers, potential customers, employees, former employees, advisors – network, network (remember, sometimes just 20 high quality responses are meaningful)
  - Make it as easy as possible to gather clean data
    - Beware leading questions, decouple weightings from data gathering