MODULE ONE:
YOUR IDEAL CUSTOMER PROFILE

BUSINESS
CLARITY
PROGRAM

Jim James

The Ideal Customer Profile.

The Strategic Value of Finding the Right Client

Introduction

In the competitive landscape of business, the central dilemma facing a company is how much time to spend between acquiring new clients and retaining existing ones. However, the real game-changer lies not just in retention but in finding the "right" client at the outset, because then it will not take as long to find new customers, but also existing ones will stay as they are the right "fit" for the company.

Comparative Analysis: Retained vs. New Clients

The economics of client relationships is clear: retaining an existing client is significantly more cost-effective than acquiring a new one. Studies suggest that the cost of acquisition can be five times more than retention. Moreover, retained clients, comfortable and familiar with the services offered, are more likely to engage in repeat business, thereby enhancing profitability. Treated right, they can also become ambassadors for their service provider.

The Right Client: Key to Retention

But what makes a client "right"? It's about more than just profitability. The right client aligns with a business's values, needs, and service capabilities. This alignment fosters a higher retention rate, as clients are more likely to stay where they feel understood and valued.

Benefits of Retained Clients

Retained clients offer many benefits. They provide a steady stream of revenue, are more likely to refer new clients, and offer invaluable feedback. Additionally, they reduce the need for extensive marketing and operational expenditures, making them the cost-effective customer in your database.

How to Find These?

Your Ideal Customer Profile

We start by asking questions to ensure that the ideal customer profile is known, and that the company doesn't pursue short term sales at the expense of long term revenue.

By combining these insights, you can create a comprehensive Ideal Customer Profile that not only identifies who your ideal customer is but also understand their needs, decision-making processes, and the environments in which they operate.

In the coming pages you will be guided through 8 questions which will prompt you to think about your ideal client. At the end we will include some problem statement solutions for you to consider, as the ideal customer profile definition may require you think differently about some aspects of how you run your business.

Take your time to answer these questions thinking as much about the ideal client as the current clients that you serve. The ideal clients will those which are easiest to sell to, the most profitable, and who will stay with you the longest. Serve these clients well and they will become your unnofficial sales force for your business.

When you've done this exercise, you will send the workbook to me and we will review it together.

Let's get started.

Jim James

1. Job Description and Industry

- Identify the job titles, equity position, educational background, location, and industries or segments your ideal customers work in.

- What are the common job titles and educational backgrounds of the decision-makers and key users of your product or service?
- How long have they been in that role?
- In which industries or market segments are your most successful customers currently operating?
- Where are they based?
- How do the specific needs and challenges of these industries or segments align with the features and capabilities of your product or service?

Answer the questions

Be as specific as you can.

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2. Purchase triggers.

- Understand what purchase triggers your buyer persona has to look for your service and the business environment factors prompting this need.

- What specific events or changes in their business or the environment trigger customers to start looking for a product or service like yours?
- Are there common challenges or pain points e.g. regulatory, fiduciary, in your customers' industries that your product or service addresses?
- How does the current market trend or economic climate influence the need for your product or service among potential customers?
- Is their business affected by cycles e.g. seasonal

What triggers their need to purchase?

Be as specific as you can.

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3. Success Criteria

- Determine the specific outcomes your customers expect from your service, including both tangible results and aspirational goals.

- What tangible outcomes or measurable results do your customers expect to achieve by using your product or service?
- Beyond practical results, what aspirational or emotional goals do customers aim to fulfill with your product or service?
- How do customers define success in their use of your product or service, and how does it align with their broader business objectives or personal ambitions?
- What other existing systems or processes or technology do they have in place which may impact their decision?
- Are they buying your service for the first time or replacing an existing vendor/service?

What does success look like?

Be as specific as you can.

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4. Perceived Barriers

- Identify potential obstacles that might deter your buyer persona from purchasing your solution, such as previous experiences or misconceptions about your product.

- What are the common objections or hesitations that potential customers might have about purchasing your product or service?
- How do past experiences or existing perceptions about similar products or services influence their decision-making process regarding your offering?
- Are there any misconceptions or lack of information about your product or service that could act as barriers to purchase?
- Do they have a specific experience which will impact their decision?

What are the perceived barriers to purchase?

Be as specific as you can.

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5. Decision Criteria

- Uncover the key criteria your ideal customers use to evaluate and compare solutions, and understand how these criteria might evolve throughout their buying process.

- What are the critical factors that customers consider when evaluating and comparing products or services like yours? E.g. specifications, integration, deliverability, after sales service, price, payment terms, warranty, liability.
- How does pricing or payment terms play a role in your customers' decision-making process for choosing a product or service?
- Do these decision criteria change at different stages of the customer's buying process, and if so, how?
- Is there a good time, and a bad time, for the customer to making this purchase?

What are their decision criteria?

Be as specific as you can.

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6. Buyer's Journey

- Map out the role of your buyer persona in the buying process, identify other organizational influencers, and pinpoint the trusted resources they rely on for information during their decision-making journey.

- Can you describe the typical stages your customers go through in their buying process for products or services like yours? e.g. stages can include research, request for quote, demonstration, negotiation, purchase order, delivery, payment, after sales care.
- Who are the key influencers or decision-makers involved at each stage of the buying process within the customer's organization?
- What are the most trusted sources of information or resources that your customers rely on when making decisions about purchasing a product or service?
- How quickly does the customer make a decision?
- Why would they stop on the journey?

What is their journey? You can draw it if you like.

Be as specific as you can.

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7. Performance Metrics

- Understand how the performance of your ideal customer is measured, either by themselves, or their internal management or their own external stakeholders e.g. shareholders or customers. This insight helps in aligning your product's value proposition with their performance goals.

- How do your customers typically measure their own performance or success in their role or business? e.g. generating revenue, reducing costs, staff turnover, industry awards etc
- What metrics or KPIs does the customer of your client use to evaluate the performance of your client? In ongoing provision of service this can include performance metrics, in one time transactions it can include after sales care.
- How can your product or service contribute to or enhance these performance metrics for your customers?
- Is there an industry benchmark that your client will be measured against?

How is success measured?

Be as specific as you can.

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8. Who Are Their Trusted Resources

- Identify the people, platforms, publications, or other resources your ideal customers trust for new information and insights, which can be crucial for targeted marketing efforts.

- Are there influencers, thought leaders, or specific organizations that your customers look up to or follow for guidance and advice in their field?
- What specific platforms, publications, or online resources do your customers frequently use for industry news, insights, and information?
- How do your customers prefer to receive information about new products or services, such as through professional networks, industry events, webinars, or social media channels?
- Are you communicating with the potential clients directly prior to them making a purchase?

Who are the trusted sources?

Be as specific as you can.

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9. What next?

- Identify the people that you feel most comfortable to work with, and are happy to serve in exchange for a fair price. The ideal customer profile is not an imaginary beast but rather a person who you want to do business with.

In light of the answers that you've given above, let's summarise your ideal customer. Let's even give them a name and some personal characteristics to make them seem more real.

Name:

Age:

Location:

Role:

Job Description

Industry/Segment:

Priority Initiative:

Success Factors:

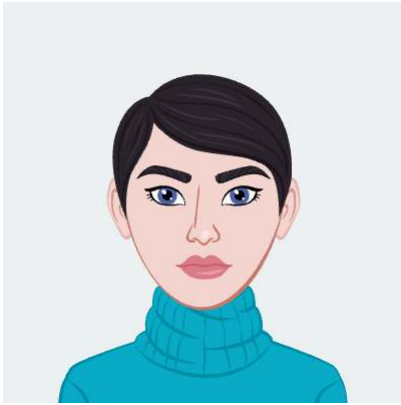Perceived Barriers:

Decision Criteria:

Buyer's Journey:

Performance Metrics:

Trusted Resources:

You can make a digital rendition of your Ideal Customer, or avatar, for free .
It can really help to visualise the customer.
https://avatarmaker.com/

10. How do we use this profile?

Now that we have your ideal customer profile, you can to start to think of solutions to the issues that they are facing. Here are some solution statements.

Job Description and Industry/Segment:

- How can I tailor my marketing efforts to address the specific needs and challenges of customers in different job roles, educational backgrounds, and industries?

Priority Initiative:

- How can I proactively identify and target potential customers when they experience triggering events or changes in their business environment that create a need for my product or service?

Success Factors:

- How can I ensure that my product or service delivers the tangible outcomes and aspirational goals that customers expect, aligning with their broader business objectives or personal ambitions?

Perceived Barriers:

- How can I effectively address and overcome common objections or hesitations that potential customers may have about purchasing my product or service, especially if influenced by past experiences or misconceptions?

Decision Criteria:

- How can I align my product or service with the critical factors that customers use to evaluate and compare solutions, ensuring that pricing and payment terms play a role that resonates with their decision-making process?

Buyer's Journey:

- How can I map out and optimize the customer's buying process to effectively engage them at each stage and understand the key influencers and information sources they rely on?

Performance Metrics:

- How can I demonstrate that my product or service contributes positively to the performance metrics and KPIs that matter most to my customers, potentially exceeding industry benchmarks?

Trusted Resources:

- How can I establish a presence and provide information on platforms, publications, and resources that my customers trust, effectively communicating with potential clients prior to their purchasing decisions?

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This document can now be submitted as an assignment to the course.
Scan the QRC to be taken back to the course home page, login, and submit this in the first module.