



When Designing Services, Listening To Your Customers Always Tops Listening To Your Gut

We recently concluded a program with an established equipment manufacturer who did not yet offer service agreements to its customers. We followed this process and arrived at a recommendation for a series of focused agreements to satisfy the needs of a broad range of customers. This same process would be used if you want to expand an existing set of service agreements.

The Process

This picture shows the 30,000-foot view of the process:



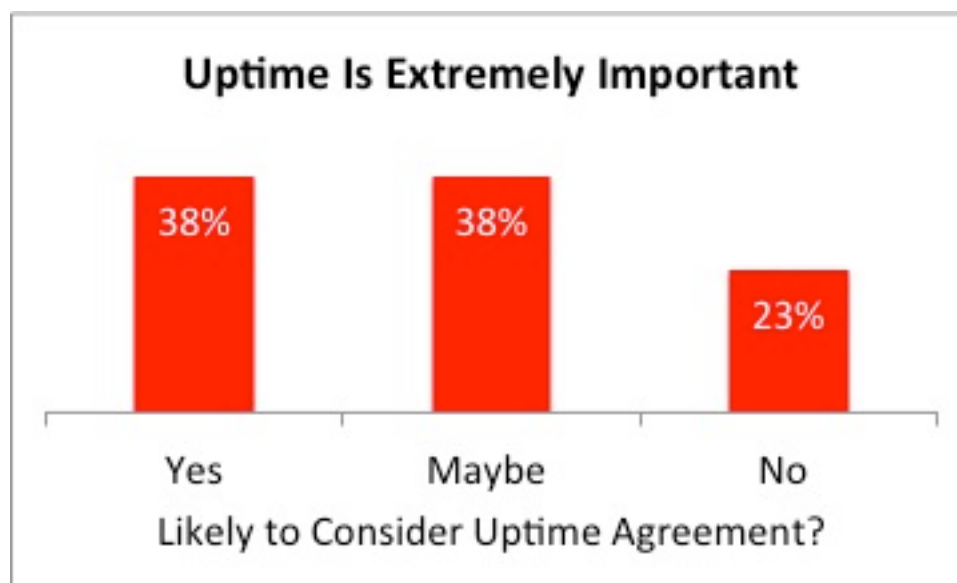


Step 1 – Ability to Serve

- What services do you currently offer?
- What services do you think you can offer?
- How satisfied are your customers?
- What do they think is the benefit received for the money paid?

Step 2 – Identify Customer's Needs and Wants

- Segment customers; e.g., industry, academic, government or hospital, physician's office, central lab.
- Who are the representative customers in each segment?
- Create interview script
- Interview customers
- Analyze results and report
- We identified customers who said that "uptime was extremely important" and then asked "If we created a support agreement that included those features you identified as very important, and if the price was reasonable, would you consider purchasing the agreement?" Here are the results:





Over 75% of the interviewees who indicated that uptime was extremely important would definitely or possibly consider purchasing the agreement while less than 25% would not consider purchasing the agreement.

Without demonstrating the list of features and offering a specific price, this is probably as much support for moving ahead as we could reasonably expect.

Step 3 – Create Multiple Agreements

- Group customers with similar requirements
- Create a support plan satisfying each group
- What is the value proposition for each?
- Add the features that matter to each plan
- Estimate a selling price for each agreement
- Do follow-up research to confirm your plan content, and associated price, is viable with the customers in each segment
- Go to market

Key Takeaway

Without interviewing your customers, the chances of you specifying the correct elements of a support agreement are reasonably sketchy. Your opinions are interesting but you are not spending any money on a support agreement for your company's products. The only voice that actually matters in this process is that of your customer. This doesn't mean that the opinions of knowledgeable people do not get considered; it does mean that the majority of the valuable specific information will come from your customer.

Contact [Sam Klaidman](#) to start growing your service revenue.