A three-page excerpt from our 14-page Best Practice Guidebook:

Building a Customer-Centric Business Model
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**GUIDEBOOK SUMMARY**

**Firm:** Tandberg  
**Industry:** Visual Communications  
**Headquarters:** New York, New York, USA and Oslo, Norway  
**Geographic Footprint:** Global  
**Ownership:** Public  
**Revenue (2008):** $808.8 million USD

**Problem:**  
To enter new horizontal markets, Tandberg needs to evolve its technology-focused business model to a customer-needs driven model.

**Solution:**  
Marketing and Product Development² at Tandberg create a customer-centric approach by:  
- Segmenting end users  
- Identifying wants and needs of identified customer segments  
- Embedding a segment-focused approach in Product Development, Sales, and Marketing

**Business Results:**  
Seven percent increase in market share and approximately 100% increase in revenue over two years

**Resources Required:**  
- A cross-functional Core Segmentation Team comprising Marketing, Sales, and Product Development  
- Six months to develop and roll-out the segmentation model  
- External focus groups

**Applicability of Best Practice to Executive Functions:**

<table>
<thead>
<tr>
<th>Function</th>
<th>Applicability</th>
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<tbody>
<tr>
<td>Marketing</td>
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<tr>
<td>Research &amp; Development</td>
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<tr>
<td>Sales</td>
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<tr>
<td>Corporate Strategy</td>
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¹ Cisco acquired Tandberg in 2010.  
² In this Guidebook, Product Development is synonymous with R&D.
Tandberg creates customer segments as the foundation for a customer-centric business model

Creating a Customer-Centric Business Process Overview

<table>
<thead>
<tr>
<th></th>
<th>Customer Segments Hypotheses</th>
<th>Segment Development</th>
<th>Segment Validation</th>
<th>Segment Adoption</th>
<th>Product Development</th>
<th>Marketing Strategy Development</th>
</tr>
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<tbody>
<tr>
<td><strong>Objective:</strong></td>
<td>Leverage employees' customer knowledge to hypothesize new customer segments</td>
<td>Identify the most promising of the 12 potential customer segments for testing</td>
<td>Confirm customer segments and build a comprehensive profile of each one</td>
<td>Build a customer-centric culture built on a shared understanding of identified segments</td>
<td>Structure product development efforts around specific segment needs</td>
<td>Create a marketing campaign predicated on a segment-specific value proposition</td>
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<td><strong>Activity:</strong></td>
<td>Utilize employee focus groups in Sales, Marketing, and Product Development to further define hypothesized customer segments</td>
<td>Facilitate Sales, Marketing, and Product Development workshops to eliminate or refine proposed segments</td>
<td>Conduct focus groups of potential customer segments</td>
<td>Promote customer-focused—segment-specific collateral and interactive role-playing sessions</td>
<td>Use product archetypes and moodboards that aid customer-driven innovation</td>
<td>Utilize insights gleaned from focus groups to direct targeted marketing campaigns</td>
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<tr>
<td><strong>Output:</strong></td>
<td>12 potential customer segments</td>
<td>Four high-potential customer segments with hypothesized wants and needs</td>
<td>Four validated customer segments that encompass technology needs, wants, personalities, and preferred marketing channels</td>
<td>Companywide understanding of the customer segments</td>
<td>Customer-focused product</td>
<td>Successful launch of new customer-driven products and increased market share</td>
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</tbody>
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Source: Tandberg; Growth Team Membership™ research.
KEY TAKEAWAY: Create a senior executive team to leverage internal expertise in customer segmentation

Tandberg establishes a Core Segmentation Team... to brainstorm potential customer segments

Core Segmentation Team Charter

Responsibilities:
- Conduct internal and external focus groups
- Coordinate and facilitate workshops
- Synthesize feedback on customer segments
- Develop and create Segment Personas
- Prioritize segments based on their market value
- Embed customer-centric model throughout the Company

Composition:
Title: Executive Vice President of Products (R&D)
Role: Sponsor the initiative within executive management committee, drive C-level collaboration and product development roll-out

Title: Senior Vice President of Marketing
Role: Facilitate marketing workshop, conduct segment focus groups, and lead marketing strategy development and roll-out

Title: Head of Product Management
Role: Facilitate product development workshop, lead product management strategy development and roll-out

The Core Segmentation Team’s composition is designed to ensure:
- The initiative is spearheaded by executives with the seniority and authority to drive it forward
- The key stakeholders from the functions that have to implement a customer-centric approach feel a sense of ownership for the initiative
- The key stakeholders develop the function-specific strategies to embed a customer-centric business model

Hypothesized Segment Example

CEO (Fortune 500)

Eric

48 years old
American
Divorced, with children
Lives in New York City
Sends a lot of time in hotels
Has a chalet in Aspen
Bachelors degree from Harvard
Does a lot of fitness training

CEO
Is fast
Is dynamic
Is decision-oriented
Is charismatic
Is moody
Is demanding
Always asks: what do we gain from that?
Has a high income
Works a lot
Works everywhere

The Core Segmentation Team solicits potential customer segments from personnel at all levels within Marketing, Product Development, and Sales. This taps into the knowledge of key customer-facing and product functions. In addition, it engages employees in segment development and creates buy-in for business model transformation.

The Core Segmentation Team filters the submitted customer segments based on the size of the segment, the market opportunity, and the fit with Tandberg’s core strategies. This exercise generates 12 potential segments for testing.

Source: Tandberg; Growth Team Membership™ research.
View GTM’s webinar with Jean Rosauer (TANDBERG)

Register for the Webinar

Building a Customer-Centric Business Model

GTM and Jean Rosauer, Sr. VP of Global Marketing at TANDBERG, present this best practice where Jean shared her key lessons learned and participated in a Q&A.

Please contact us to learn how to access the full Best Practice Guidebook or for information on Growth Team Membership™.

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