Project rifle: Improving targeting with meaningful quantitative analysis

Note: This is a subset of a longer presentation. Thank you to Bill Campbell and Tellme Networks for their fundamental contributions
“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
RIFLE overview

RIFLE in action: Market strategy analysis

Expansion strategy

Financial services segmentation and targeting

An example of RIFLE in practice
RIFLE is a quantified decision making framework

Appropriate for major decisions

• Provides a rigorous means of prioritizing among similar options
• Done well, RIFLE leads to improved decisions that are broadly supported
• In general, involves 100+ hours of work and expensive resources per use
Rifle improves do-or-die market decisions

<table>
<thead>
<tr>
<th>MARKET RIFLE</th>
<th>INTUITION</th>
<th>RIFLE ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>What market segments should we be in?</td>
<td>Focus on top 2,000 accounts; expand to complementary markets</td>
<td>Narrow focus to 30 of top 200; stay in core market for 2+ years</td>
</tr>
</tbody>
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<table>
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<th>ACCOUNT RIFLE</th>
<th>INTUITION</th>
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<tr>
<td>Which accounts should we target?</td>
<td>Great financial services targets: [Company 1], [Company 2]</td>
<td>None of the above are appropriate: better are [Company 3], [Company 4]</td>
</tr>
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<th>CHANNEL RIFLE</th>
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<td>What channel strategy, what partners?</td>
<td>Leverage large existing sales forces of channel partners to expand sales</td>
<td>Direct sales assisted by partners much more likely to succeed</td>
</tr>
</tbody>
</table>
RIFLE overview

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An example of RIFLE in practice
Market strategy analysis

- Establish clear alternatives
- Establish targeting and prioritization framework
- Get buy-in on the framework; know how it will be applied
- Execute the analysis and don’t screw it up!
Targeting the right market segments

Market RIFLE methodology summary

• Goal #1: Market leadership
• Goal #2: Expand in a disciplined, highly leveraged way
• Goal #3: Identify and exploit network effects
Quantitative market comparison

“RIFLE-izing” key characteristics

• Evaluate and score each market on these six characteristics
• Use simple 0-5 scale with typical s-curve value function for all characteristics (except market size, which is in $Bn)
1. RIFLE overview
2. RIFLE in action: Market strategy analysis
3. Expansion strategy
4. Financial services segmentation and targeting
5. An example of RIFLE in practice
Market rifle given current data

Market attractiveness

- Market Focus: 100
- Value: 80.3, 78.9, 75.8, 59.5, 52.7, 51.0, 47.4, 43.9, 40.4, 39.6, 30.8, 28.8, 28.4, 28.3, 19.7
4. Financial services segmentation and targeting
Establish clear alternatives

- Which verticals (brokerage or credit cards?)
- Which accounts?
Establish targeting and prioritization framework

- 13 carefully selected criteria based on win-loss analysis, customer interviews
- Thoughtful weighting is as important as the criteria
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 an ongoing process?
Execute the analysis…

And don’t screw it up!

• Incorrect or misleading information is worse than nothing
• Getting good data requires creativity
RIFLE helps focus opportunities

Financial services market analysis

Total market potential

~525M / year
Breakout market potential by vertical

RIFLE insight: Retail and 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
RIFLE significantly focuses target markets
RIFLE prioritizes accounts
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Incorrect or misleading information is worse than nothing

Get meaningful data

• 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 and representative inputs beat 2,000 biased ones
Getting good data requires creativity and persistence

Get meaningful data

• Extrapolate from high confidence, easy to find data
  • Example: Revenue opportunity by company

• Be creative on where to get data
  • Customers, potential customers, employees, former employees, advisors, network
    (remember, sometimes just 20 high quality responses are meaningful)

• Make it as easy as possible to gather clean data
  • Beware of leading questions, decouple weighting from data gathering