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FRACTIONAL SOLUTIONS

FROM ONE-SIZE-FITS-ALL TO STRATEGIC SEGMENTATION: A \$650K SUCCESS STORY

Case Study

1. OVERVIEW

A family-owned manufacturing business had grown over 30 years to amass thousands of accounts, ranging from small transactional buyers to large loyal customers. Despite their extensive growth, they maintained a one-size-fits-all approach to customer service and sales. Analysis revealed that 85% of revenue came from just 15% of their customer base, indicating a clear opportunity to optimize their approach through strategic account segmentation.

2. CHALLENGES

- Resource Allocation: Sales and customer service reps spent disproportionate time on low-value accounts
- Service Dilution: Top customers received the same level of attention as occasional buyers
- Production Prioritization: First-in-first-out manufacturing schedule didn't account for customer value
- Opportunity Cost: Time spent on low-margin accounts reduced capacity for high-value customer development
- Customer Experience: Lack of differentiated service risked losing premium customers to competitors

3. SOLUTIONS

- Implemented Tiered Account Structure: Created customer segments based on revenue, growth potential, share of wallet, quote-to-order ratio, and margin
- Developed VIP Program: Established enhanced service levels for top-tier accounts including expedited shipping, faster turnaround times, and dedicated representatives
- Streamlined Low-Value Interactions: Redirected smaller accounts to online ordering systems
- Reprioritized Sales Activities: Restructured sales call patterns based on account value and potential
- Communicated Service Enhancements: Proactively informed top customers about their VIP status and enhanced benefits

4. RESULTS

- Revenue Growth: Generated consistent sales increases across top-tier accounts
- Improved Resource Utilization: Sales representatives focused time on highest-value relationships
- New Business Development: Freed capacity allowed for successful prospecting of new high-value accounts
- Enhanced Customer Satisfaction: Top clients reported higher satisfaction with improved service levels
- Operational Efficiency: Production prioritization improved delivery performance for key accounts

5. CONCLUSION

By abandoning the one-size-fits-all approach in favor of strategic account segmentation, the company transformed its customer relationships and financial performance. The implementation generated an additional \$650,000 in revenue within nine months. While some low-value, slow-paying customers were lost during the transition, this attrition was far outweighed by growth from existing key accounts and newly acquired high-value customers. This strategic shift demonstrated that recognizing and acting on customer value disparities delivers significant bottom-line results.



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