

THE FRONT OFFICE

WHERE PROFITS GO TO DIE

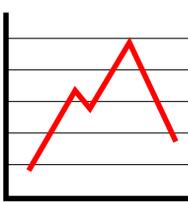


A jaw-dropping \$6.6 trillion changed hands in 2017 thanks to consumer switching. Many companies are responding to this profitability challenge with strategic front-office cost reductions.

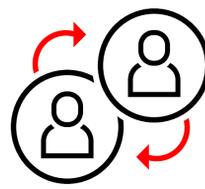
But cutting front-office costs can:



Damage the customer experience



Negatively impact growth

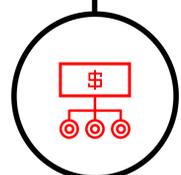


Exacerbate switching

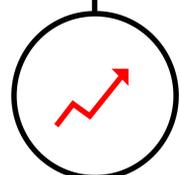
A PATH FORWARD Zero-Based Commercial (ZBC)



By understanding the economics of each customer. . .



And investing in their most profitable ones. . .



Companies can drive greater economic returns than the competition.

While cost reduction is important, no lever improves profitability more than price.

A PRICE INCREASE OF 1% drives 7-14% IMPROVEMENT IN OPERATING MARGIN.

WHEN IT COMES TO PROFITABILITY, NOT ALL CUSTOMERS ARE CREATED EQUAL



The value creators

- Minimize Churn
- Monetize Advocacy

These customers are the most profitable, and keeping them happy and creating new paths for growth is priority one. Transforming these customers into “advocates” can influence the spending patterns of other customers, which increases the size of this group.

The incremental middle

- Improve destructive CXs
- Optimize Pricing

This is the largest customer group, but the most heterogeneous. Companies should identify the customer segments within the group that can be transformed into value creators, and the levers to do so.

The value destroyers

- Minimize service costs
- Minimize bad debt

These customers don’t deliver the revenue to cover the cost-to-serve them. Corrective actions are essential to either fix or fire them.

THE NEW FRONT OFFICE



Companies that succeed in complex markets will make customer profitability the foundation of everything the front office does, including turning insight into action, working with ecosystem partners, and getting real about should costs.

Learn more about zero-basing your front office and striking the right balance between cost and growth, with our full report: www.accenture.com/ZBC