The 8-Ball of Customer Portfolio Segmentation for Finance

How Financial Leaders Can Unify Customer Data and Drive ROI

For financial leaders, a **customer portfolio segmentation strategy** is a powerful play. Uniting disparate customer data and business strategy ROI, a segmentation strategy is a solid move for risk management and enterprise-wide growth. It's something that finance should not just contribute to, but also actively co-create.

BENEFITS OF CUSTOMER PORTFOLIO SEGMENTATION

Increased cash flow

Greater collaboration

More profitable growth

HOW CAN FINANCE HELP?

Finance has a deep familiarity with:

Corporate controls

Budgets

Customer behavior

Resource requirements

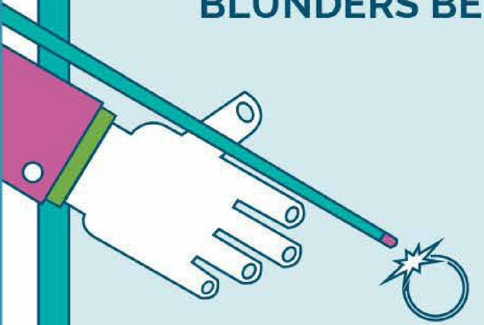
Processes

Organizational goals

Data

Analytics

AVOID THESE 4 COMMON DATA BILLIARD BLUNDERS BEFORE YOU START



ASSUMPTION #1

What is visible is true.
What is hidden is not.

Bias is inherent in data analysis. Make sure all balls are on the table when putting your strategy together.

- ① CRM data
- ② Industry profiles
- ③ Social feeds
- ④ Contact history
- ⑤ Billing info
- ⑥ Business linkages
- ⑦ ERP data
- ⑧ Payment history
- ⑨ Geography
- ⑩ Psychographic data

ASSUMPTION #2

All data is created equal.

Be careful mixing and matching data. Before you segment, know your sources; understand any cleansing processes; and identify all links between departments and groups.

ASSUMPTION #3

More analytics = better analytics.

More data doesn't mean you'll make better game-time decisions or tell the right story about your customers.

ASSUMPTION #4

The past is more important than the future.

Don't limit yourself to behavioral and descriptive analytics exercises. Use prescriptive and predictive analytics instead.

WINNING THE GAME:
THE ESSENTIAL GUIDELINES

Here are some pointers that will help increase your odds of delivering a winning segmentation strategy.

Define your goals.

Ensure that your corporate vision is crystal clear, and then align your segmentation strategy accordingly.

Create a cross-functional segmentation execution plan.

Closely examine individual functional goals and data sources. Seeking cross-functional input helps guarantee you clear the table at the end of the game.

Size up your data.

Know your data, what it does and where's it's going. Digging deep now will avoid problems down the road.

Choose the right tools.

Choosing the right tools might require a heavy initial input of time and resources, but getting this right is critical to business success.

SHARING YOUR STATS

Finance is uniquely poised to use customer segmentation to drive value. Finance knows the significance of data quality, visibility and governance, but also the importance of effective reporting.

Principles for Effective Reporting

Simplicity

Choose the right metrics and communicate performance effectively.

Visualization

Stories are easily lost in too many charts and information overload.

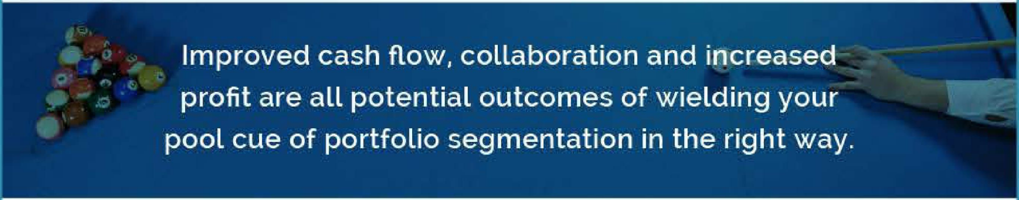
Flexibility

Be ready to drill down or provide more information where needed.

Delivery

Meaningful delivery via an executive dashboard illustrates the effectiveness of your segmentation strategy and inspires alignment and mutual understanding.

> The time is now for finance leaders to help influence, and in some cases to outright own, the business analytics to help drive top and bottom-line growth.
>
> —Deloitte



Improved cash flow, collaboration and increased profit are all potential outcomes of wielding your pool cue of portfolio segmentation in the right way.

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