



GROUP SME PLAYBOOK

***Segmentation and
Channel Highlights***

NEXT →



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GROUP SME PLAYBOOK

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Channel Highlights*

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Introduction

As **SME Segment Managers** and **EBU Heads**, you have a vital role to play in **guiding your teams** to the “MTN way of selling”



Take a moment to think about the following:

1. How do you classify your SME (Small Medium Enterprise) customer base?
2. What is Segmentation and why is it so important?
3. How can you boost channel efficiencies and improve performance?

Do you know the answers to these questions...?

This guide aims to support you as you explore your SME market size, value and potential opportunities, helping you maximise channel performance and optimise efficiencies to reach your targets.

We will be covering two topics: Segmentation and Channel Strategy. Lets START with Segmentation....

Why is segmentation important?

Segmentation is about knowing your customer, understanding the local SME market and identifying gaps to unlock potential opportunities. The goal of segmentation is to establish clearly defined SME sub-segment profiles and gain a thorough understanding of how OpCos should engage with these segments.

In this section, we will take a look at how this can be achieved.

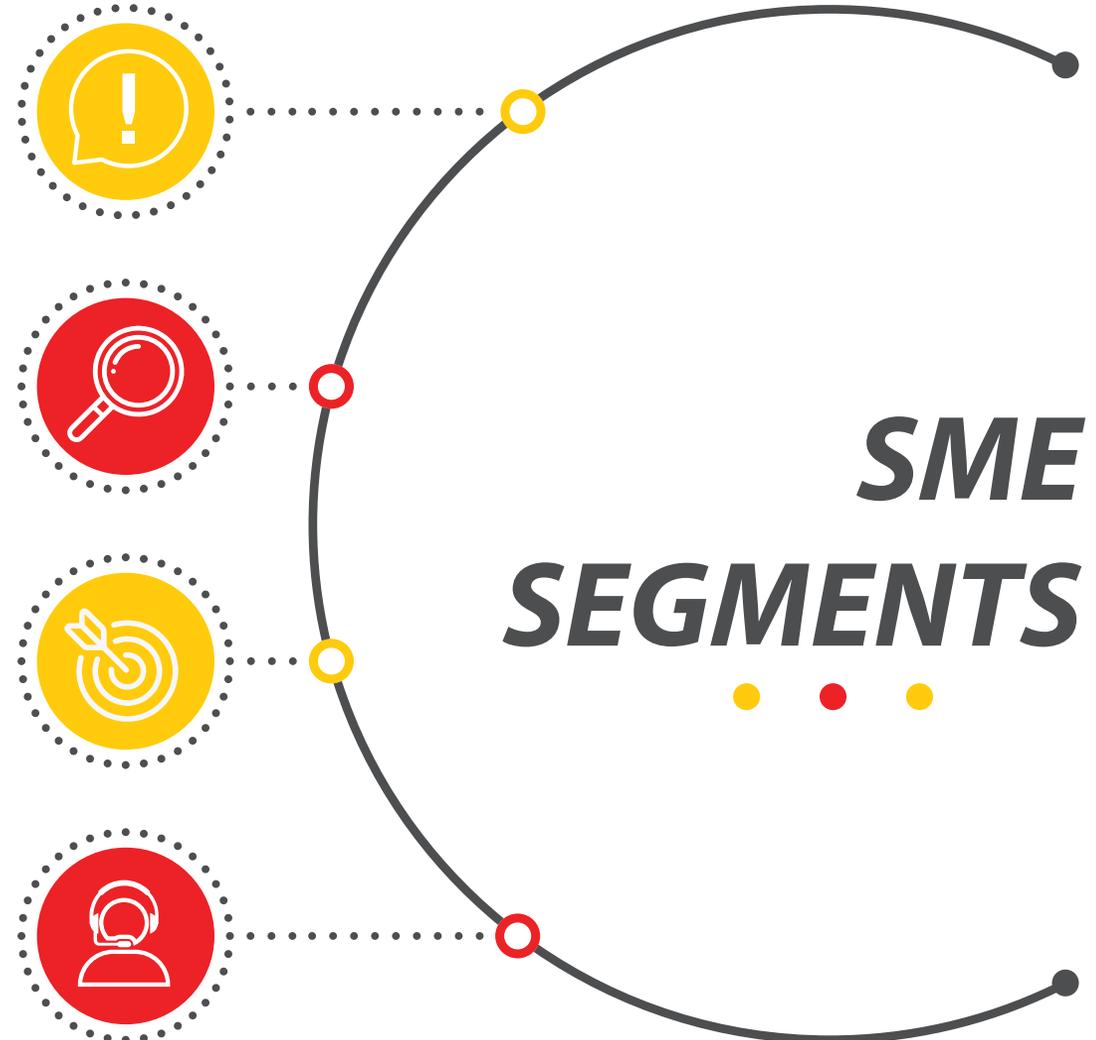
We will review:

The importance of segmentation and how to identify an SME

Internal and external data to be analysed when performing segmentation

Key target sub-segments and creating profiles that describe these segments

Appropriate sales, service, communication channels and relevant products to serve our segments.



 **Watch this Video**
Watch this Video: In case you missed it, watch: Segmentation: An Overview.

How can we identify SMEs?

SMEs are the engines of economic growth, providing development and employment opportunities. But, are all SME customers the same? Are they the same size and do they exhibit the same ICT spend and purchase behaviour? NO! Then should you be approaching them the same way if they are different?

You have just been appointed head of SME in MTN Rwanda. How would you identify your SME base of customers? Let us take a look ...

Separate SMEs



Separate SMEs from existing EBU base

Segment SME base



Filter: Total ICT spend & purchase behavior (Internal and external data assessment)

Collect required documentation



Filter: Minimum documentation requirements for new customers

SME

1 to 50 or 1 to 20 employees (depending on tier and market)

Large Enterprise

200 + employees (depending on tier and market)



Large Enterprise (LE)



Audio clip
Click on the audio icon to hear more.

Understanding the Segmentation Framework

Now that we have a better idea as to how we can identify our SME's, we need to identify segments within the SME base.

The Segmentation process involves collecting and analysing internal data about SMEs, conducting external market research where necessary and producing specific sub-segment groupings and profiles.

Once the sub-segment profile has been identified, these insights will be used to determine sales channels and service levels as well as the products to be offered.

STEP 1

Analyse internal and external data

STEP 2

Group customers and identify sub-segment opportunities to be addressed

STEP 3

Identify profiles within the sub-segments

STEP 4

Identify appropriate channels to serve the different segments

STEP 5

Define product proposition strategy for profiles identified

Collecting & Analysing Internal Data

You have identified the existing SME base in your OpCO, but now need to analyse the internal (customer records) data to better understand your sub-segments.

Let us review how to analyse internal data and then explore several insights to be gained from this research....

STEP 1

REQUIRED DATA

Key data sets required to be collected for each SME account include:

NUMBER OF EMPLOYEES

Used to assess mobile communication spend

NUMBER OF LINES PER SME

Mobile line used in case number of employees not available

VERTICAL DATA

Used to inform fixed/mobile and ICT spend per SME

CUSTOMER ANNUAL TURNOVER

Alternative method for determining ICT spend per SME

TOTAL SPEND PER SME

Unique identifier for SME (mobile and fixed products/revenues)

PROCESS TO COLLECT DATA

Data can be collected in three ways:

A

Obtain Data from the existing SME customer Base



B

Run campaigns asking customers to provide missing data on existing SME customer Base



C

Use external sources (If A or B not possible)



1

Understanding of SME Attributes



2

Understanding of Revenue Parameters



3

Understanding of Behavioural Parameters



OUTPUTS OF INTERNAL RESEARCH



Audio clip

Click on the audio icon to hear more.



Read this article

Refer to Group SME PlayBook (full version) for further information on how to analyse the data and group it into sub-segments

Analysing external data

STEP 1

External data can be used to further enrich the profiles created from the internal data analysis.

Research is conducted by a professional market research company and based on a brief that we (MTN) would provide.

Tip:

Remember to budget for this and use a local service provider.

Let's take a look at some key areas that should be covered by the external research analysis.

Market sizing



- What is potential market size?
- What is the current share per segment (volume and value)?



Characteristics



- What is the average number of staff?
- What are the dominant business types?
- What are the key distinctive behaviours?



Product needs and usage



- What products do they want to buy from us?
- What services do they want to buy from us?
- What are the total ICT spend patterns across the different products?



Sales and service channels



- Where do they buy?
- What channels do they buy through?
- What service channels do they like to use?



Competitive landscape



- What is the existing MTN share of wallet?
- What is the existing MTN share of volume?



Define and group customers

You have identified the existing SME base in your OpCO, but now need to analyse the internal (customer records) data to better understand your sub-segments.

Let us review how to analyse internal data and then explore several insights to be gained from this research.

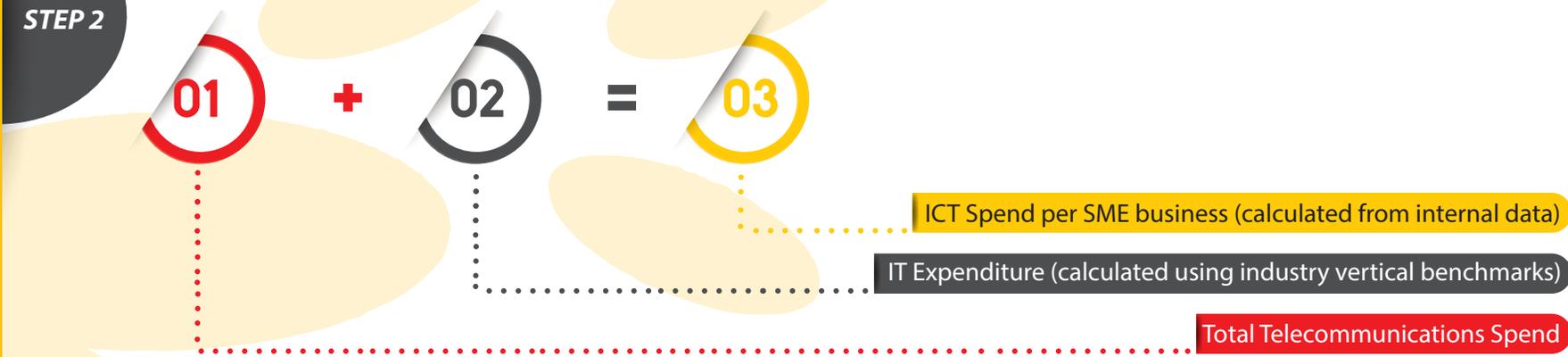
The segment will comprise of:
 Total number of businesses
 Total value represented by each segment (determined by average spend within each segment)



Read this article

Refer to Group SME PlayBook (full version) to view more detail on performing these calculations.

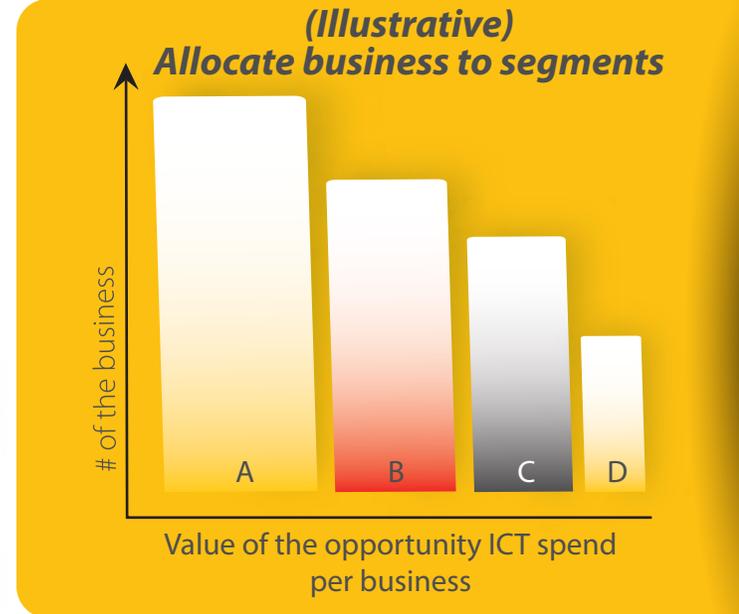
To help determine sub-segments each customer belongs to, we group them according to ICT Potential spend.



This allows us to establish the distribution of the different spend patterns and reallocate the businesses using their ICT spend as a cut off point, creating clusters of SME's. These are now the segments.

(Illustrative) Group customers according to ICT spend

| | SOHO | MICRO | SMALL | MEDIUM |
|---|-------|--------------|--------------|--------------|
| | | | | |
| Segment boundaries - ICT opportunity ('000) | <4.8 | <4.8 x <15.4 | >15.4 x 66.5 | >66.5 x <200 |
| Total ICT opportunity/segment ('000) | 1,310 | 3,941 | 3,943 | 3,903 |



Identify sub-segment profiles

This exercise provides a complete view of the SME sub-segments and insights that are relevant to each. It is used to help identify specific patterns that explain each segment.

When identifying sub-segment profiles, ask yourself:

- Customer Profile – Who are they?
- Customer Needs - What are their communication and connectivity needs?
- Telco Solutions - Which Telco solutions do they typically consume?



Read this article

Refer to Group SME PlayBook (full version) to view more detail on performing these calculations.

(Illustrative) SME sub-segment



STEP 3

| | SOHO | MICRO | SMALL | MEDIUM |
|--------------------------------|--|--|--|--|
| WHO ARE THEY | <p>Small traders, plumber, mechanics, etc.</p> <p>Dress makers, food vendors, washer men, retail shops, etc.</p> | <p>Tax consultants, lawyers, financial advisors, media consultants, etc.</p> | <p>Hotels, schools, hospitals, consulting firms, lawyer firms, etc.</p> | <p>Manufacturing companies, logistic companies, big hotels etc.</p> |
| NEEDS | <p>Communication oriented needs</p> | <p>Convergent communication needs Fixed connectivity</p> | <p>Connectivity and management services Connectivity sharing</p> | <p>Specific IT services Connectivity sharing Additional features</p> |
| MATCH TELCO SOLUTIONS TO NEEDS | <p>Consumer type products with discounts (Voice + SMS + Data)</p> | <p>Mobile services with CUG</p> | <p>Flexible mobile packages (CUG / different bundle sizes / roaming)</p> | <p>Flexible mobile packages (CUG / different bundle sizes / roaming)</p> |

Identify Channels

Once you have identified the sub-segments, you will need to think about choosing the most appropriate channels to serve your segments optimally.

The stores and telesales channel have been completed for you as an example. Now think about your OpCo -which channels will best serve your segment?

NOTE:

This will be covered in more detail in the Channel section of this guide.

To guide you, use the following checklist:

STEP 4

Required Coverage

Which channels are required? Think about which are new and which currently exist.

Channel Type

Which type of channel should be used? Using a mix of direct and indirect channels will best address the opportunity by segment.

Channel Gaps

What gaps are there in your current mix of channels? Will partnerships help optimise coverage?

| | Stores/ service centres | Tele-sales Call centre | Direct sales force | Desk based sales teams | Online/ Digital | Partners |
|------------------------------------|-------------------------------|------------------------------|--------------------------|---------------------------|--------------------|----------|
| Required Coverage | ✓ | ✓ | | | | |
| Existing | ✓ | ✓ | | | | |
| Required geographical reach | ● | ● | | | | |
| Existing | ◐ | ● | | | | |
| Need for partnerships | ✓ | ✗ | | | | |

Identify ideal propositions

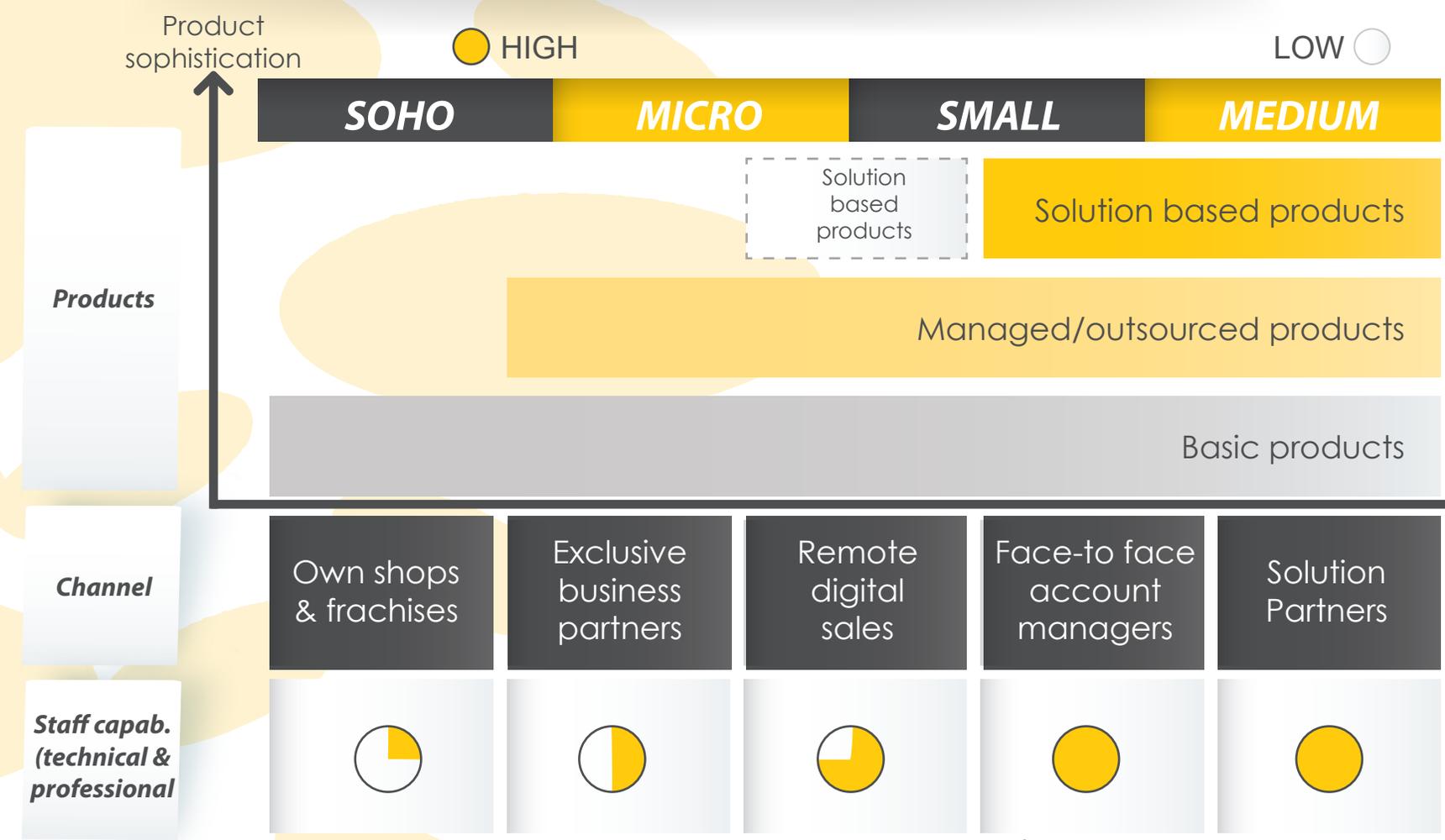
Once we have created and allocated customers to the sub-segment (SOHO, MICRO, SMALL, MEDIUM), profiled the sub-segment and identified the best channel to serve each sub-segment, we need to identify the correct products to be aligned to each sub-segment.

We are now ready to Go-To-Market with our new identified Sub-segments, enable the channels aligned to these segments, and deploy the product offers within those channels.

STEP 5

Product Identification Checklist

- Check that your product portfolio is well balanced and covers all segments.
- Does it serve the needs of the target segment?
 - Does the product pricing fall within the segment ICT spend cut off points? Can the SME afford it?
 - Can the product be sold and fulfilled within the preferred channel that has been identified.



Audio clip
Click on the audio icon to hear more.

In reflection

In this section on Segmentation we have reviewed how to identify our SMEs from the existing EBU base. We have also taken a look at the process of collecting and analysing internal data about SMEs, and conducting external market research where necessary.

This has helped us to identify specific sub-segment groupings and profiles and determine the most appropriate sales channels and products to be offered to drive sales.



Read this article

Refer to Group SME PlayBook (full version) for more detail.

In summary, a well defined sub-segment profile will cover all of the following:

Market sizing

Helps us understand the target aspirations per sub-segment.

Products and services

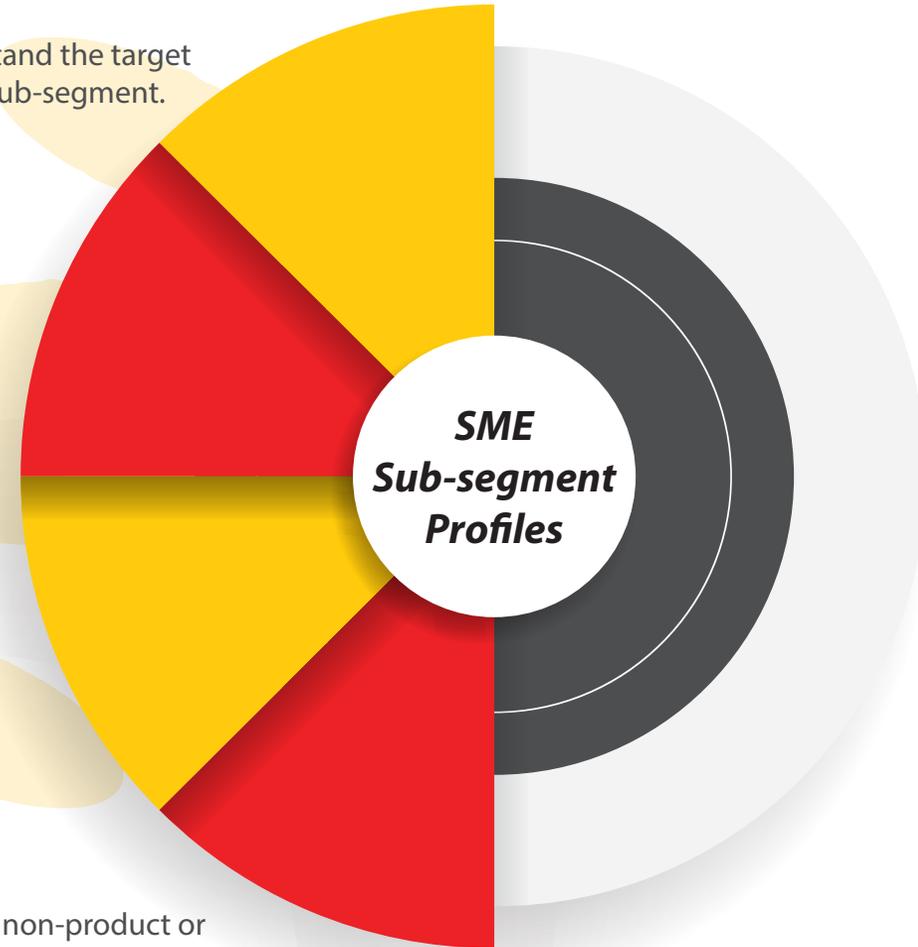
Helps us understand pain points and SME product needs as well as the products we will offer to different segments in different channels.

Coverage/channels

Helps us identify where SMEs prefer to search for information, buy services, and get after-sales support as well as the channels we use to reach the different segments.

Characteristics

Helps us understand critical non-product or service-related behaviour of each sub-segment, which informs how we then engage the customers in the respective sub-segment.



Channel strategy

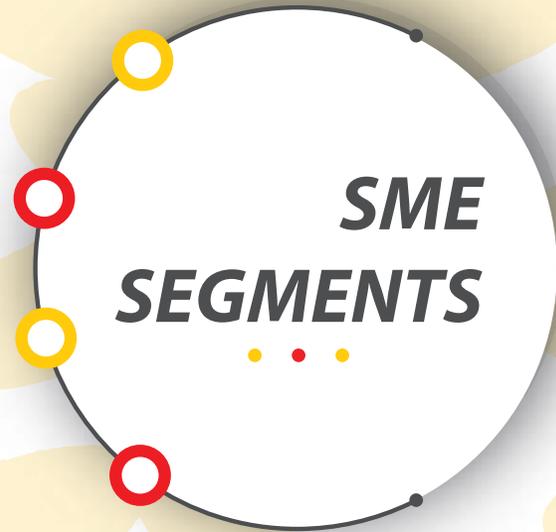
You now have a good idea of how to identify your SME sub-segments. Using insights from the segmentation process, you can develop a suitable and customised channel strategy to boost channel performance and increase channel efficiencies. This is crucial in serving the SME segment in its entirety.

The channel design and mix should be informed by the specific customer needs and efficiency of each channel. This section provides an overview of how to define the channel strategy.



Watch this Video:

In case you missed it, watch: Channel Strategy: An Overview



How do I ensure the existing coverage model aligns with best practices?

How do I perform a gap analysis and channel sizing?

How do I create a suitable execution plan for each channel?

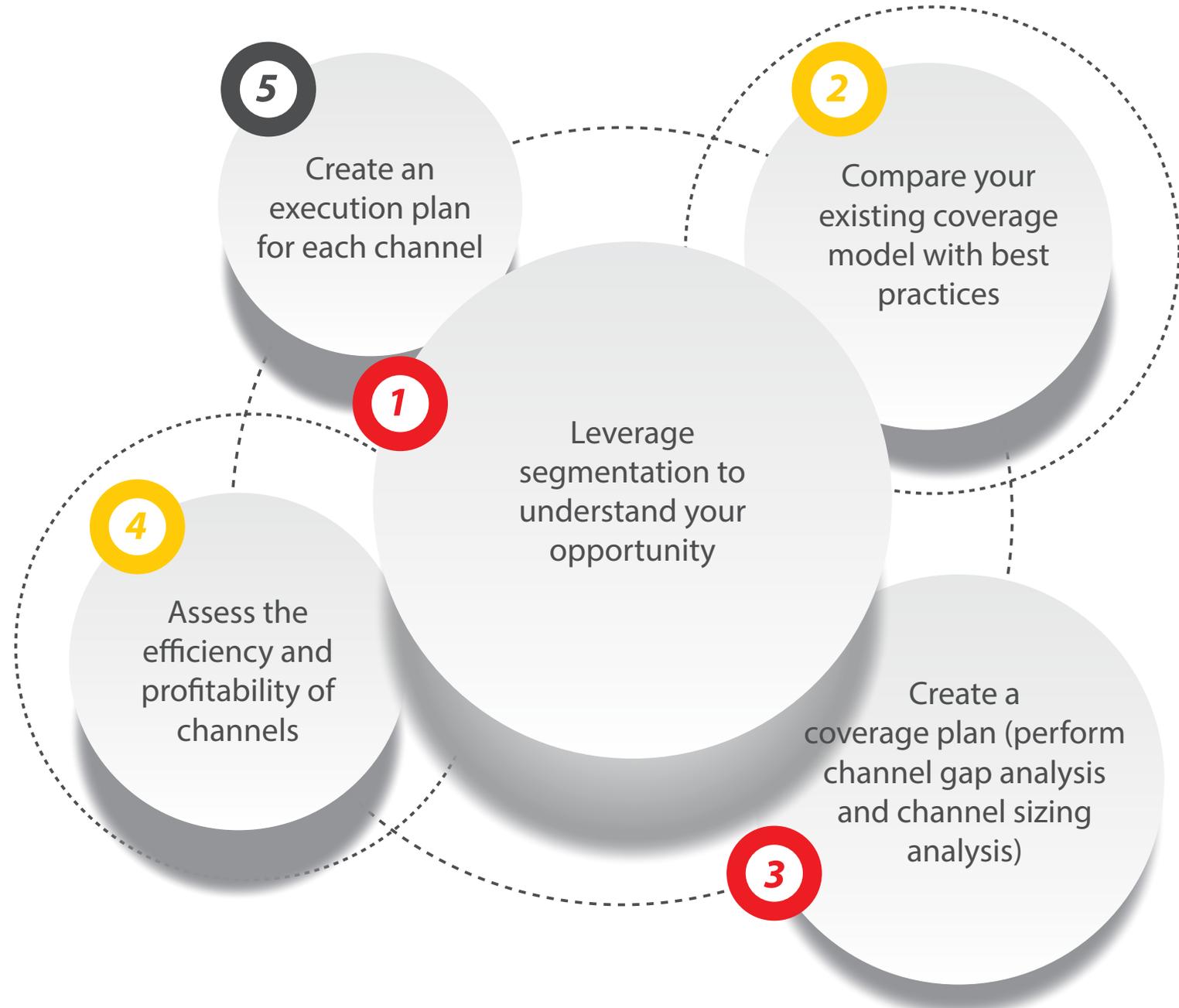
How do I leverage insights gained from segmentation to develop a suitable channel strategy?



How do I assess the efficiency and profitability of each sales channel?

Developing a channel strategy

First, let's review the process to develop an effective channel strategy. Five key steps have been identified.



Channel overview

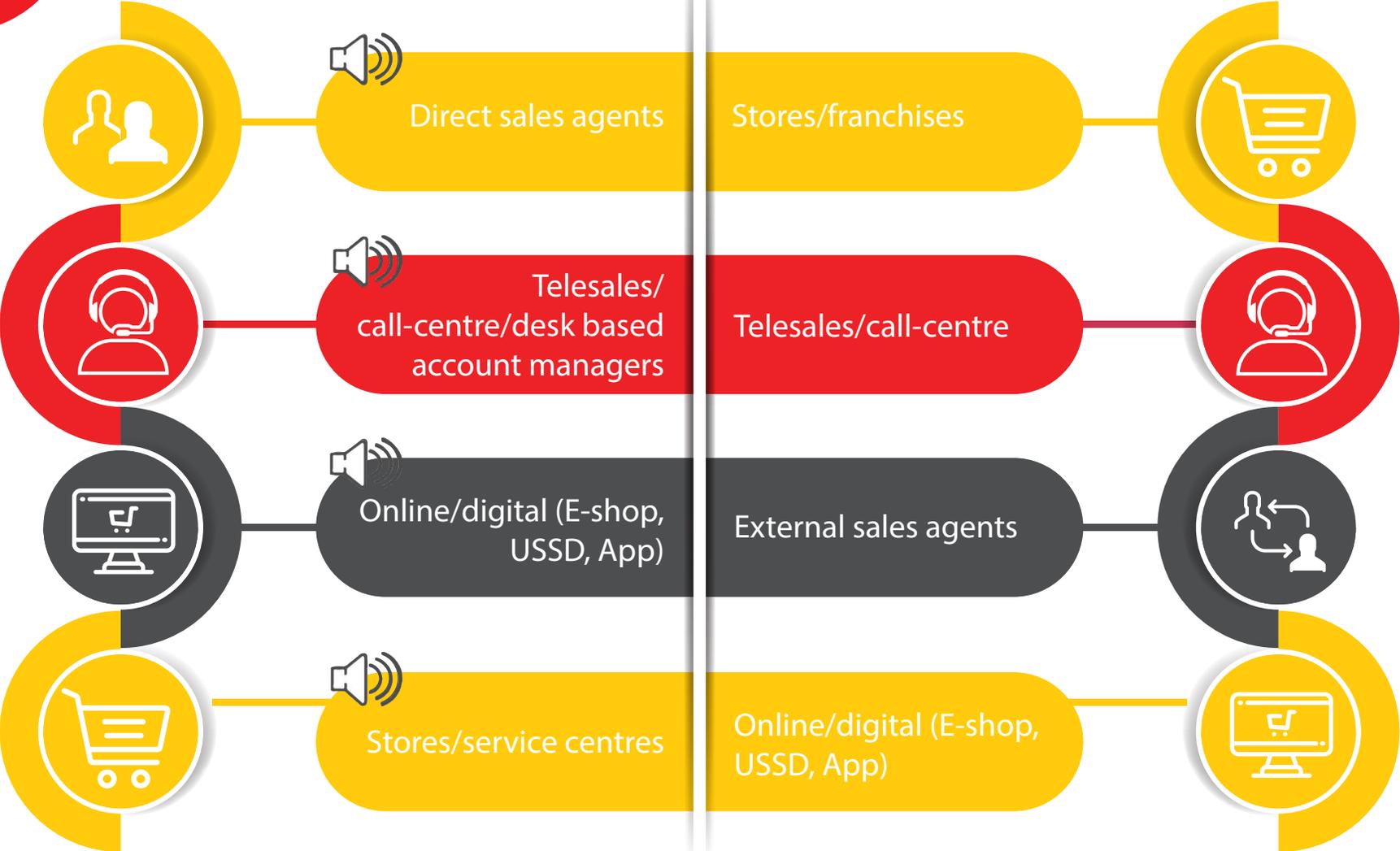
Once you have completed the segmentation exercise for your market to identify the appropriate sub-segments and opportunities, you now need to assess which channels to utilise in order to **best address** this opportunity.

In MTN's case, sales channels can be classified as **MTN owned channels** and **Third Party or Partner channels**.

1 Leverage Segmentation

MTN Channels

Partner Channels 



Audio clip
Click on the audio icon to hear more.

Channel overview

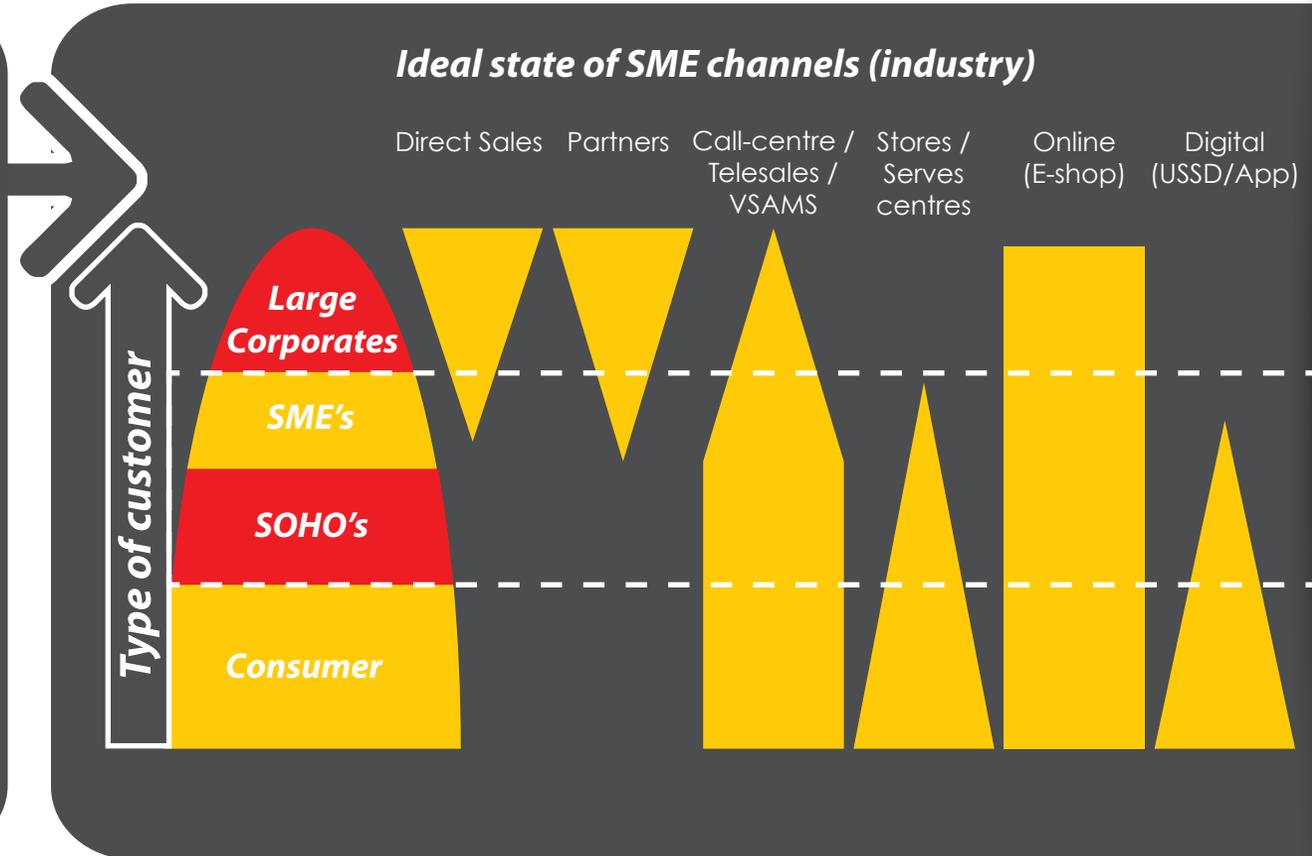
Currently, MTN OpCo SME channel structures are relatively basic when compared to industry best practice. The ideal state is one where we move from a single channel approach to a multi-channel approach which comprehensively serves the SME segment in its entirety.

2 Compare with Best Practice

Current state of SME channels (OpCo)



Ideal state of SME channels (industry)



- Single channel approach
- No SME channel strategy has been defined or actioned

- Multi-channel approach
- Channel design and mix should be informed by the specific customer needs and efficiency of each channel



Watch this Video:

In case you missed it, watch: Channel Strategy: An Overview

Examining channel profiles

It is important to remember that each channel differs in their characteristics and profile according to best practice standards.

To the right are some key elements which will help us to create and optimise our channels to best serve our segment needs.

2 Compare with Best Practice



1

Segments served/targeted

What segment is being served or targeted by this channel? SOHO, Micro, Small or Medium?



2

Product/ services sold

What portfolio of products and services are offered? Simple plug and play, Mobile, IT or bundled solutions?



Remuneration method

How does your sales channel get compensated for the services performed? Is it commission or salary based?

4

Channel Elements

Proactive

Reactive

Channel approach

What is the type of channel approach? Is it: Proactive (channel approaches the customer) or Reactive (customer approaches the channel); or both?

3

Examining channel profiles

Once you have identified the target SME segments for your market, you need to determine which channel mix you require to best serve your market and see how they align according to the following profiles.

Remember, not all channels have to be enabled.

2 Compare with Best Practice

Direct sales agents



Segment served/ targeted
Medium SMEs

Products/services sold
More complex solutions

High revenue solutions

Channel approach
Proactive

Remuneration method
salaries plus bonus (performance based)



Telesales/call-centre



Segment served/ targeted
SOHO, Micro and Small SMEs

Products/services sold
Simple solutions

Upsell/cross sell

Lead generation

Channel approach
Proactive Reactive

Remuneration method
Commission based



Stores/service centres



Segment served/ targeted
SOHO, Micro and Small SMEs

Products/services sold
Simple plug & play solutions or products

Channel approach
Reactive

Remuneration method
Salaries plus incentives (eg. vouchers)



Online/digital



Segment served/ targeted
SOHO and Micro SMEs

Products/services sold
Simple plug & play solutions or products

Channel approach
Reactive

Remuneration method
N/A



Partners



Segment served/ targeted
Small and Medium SMEs

Products/services sold
Connectivity

ICT

Simple bundled solutions

Channel approach
Proactive

Remuneration method
Commission



Channel capacity gap analysis

It is crucial for the channels to be sized correctly in order to address the opportunity, provide adequate service and to maintain profitability.

Think about your OpCo. Are the channels currently over-capacitated or under-capacitated? Take a look at the channel capacity implications to the right:

3 Creating a coverage plan

Channel capacity implications

Channel over-capacitated

Channel under-capacitated



Superior service for customers



Lower operational cost



Idle staff



Low service quality



Decreased (or lacking) channel profitability



Limited opportunity

Channel capacity gap analysis

Have you thought about if any channel gaps exist in your OpCo? A Channel capacity gap analysis will help determine:

- If there is sufficient existing channel capacity to target accounts;
- where channels are identified as a requirement and they do not already exist;
- where channels are existing but currently operating below capacity versus the identified target channel capacity.
- and where channels are serving the wrong segment (eg. Direct Sales serving the SOHO segment).



Read this article

Click here to access the template used to perform a channel capacity gap analysis.

3 Creating a coverage plan

| Gap Analysis by Channel Capacity | | Direct sales | Tele-sales / Call centre | Stores/ Service Centre | Online/ Digital | Partners |
|----------------------------------|--------|------------------|------------------------------|----------------------------|---------------------|--------------|
| Channel roll-out gaps | SoHo | ✓ | ✓ | | ✗ | ✓ |
| | Micro | ✓ | ✗ | ✗ | ✗ | ✓ |
| | Small | ✓ | ✗ | ✗ | ✗ | ✗ |
| | Medium | ✓ | ✗ | ✗ | ✗ | ✗ |



Live / Active channel with sufficient capacity



Active channel, but insufficient capacity



Target channel, but not Live (inactive)

Channel capacity gap analysis

Channel design components should be assessed to ensure channel efficiency and alignment with best practices:



Audio clip

Click on the audio icon to hear more.



Read this article

Refer to Group SME PlayBook (full version) for further information on the SME Channel Design Components

3 Creating a coverage plan

Training

Are all the elements (documentation) in place for the sales channels to operate optimally? Have the staff been trained on technical, soft skills, systems and/or processes?

Post-sales Support

Are we able to provide the promised service and deal with after sales queries?

KPIs/Targets/Compensation Model

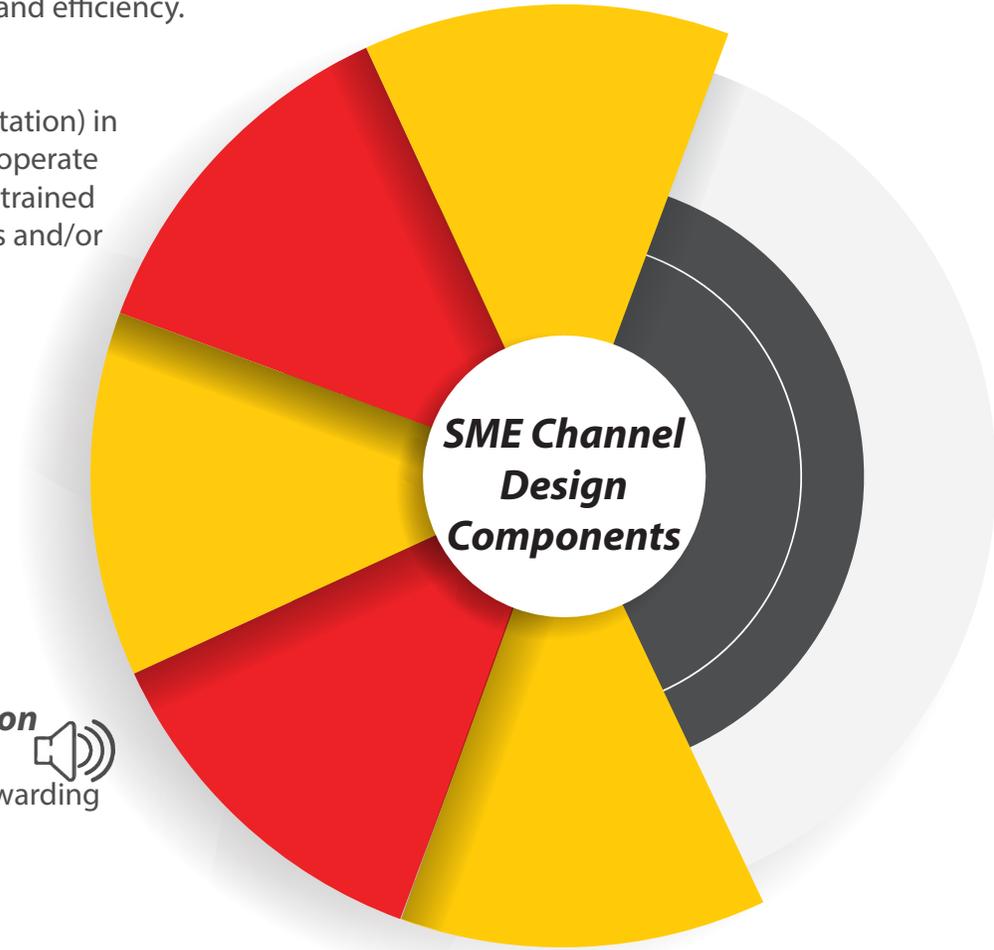
Are targets in place? Are we rewarding based on a performance based compensation model?

Sales & Fulfilment Processes

Are sales adequately captured and monitored/measured by the channel? Is the channel adequately stocked or have a stock management plan?

Channel Management & Governance

Dedicated EBU channel resource(s) that is responsible for ALL channels' targets and efficiency.



Channel capacity gap analysis

Using what you now know about the channel design components, you can now complete a **channel design gap analysis**. This exercise helps to determine which channels across the design components are not operating at an optimum level.

3 Creating a coverage plan

| | | Direct sales | Tele-sales / Call centre | Stores/ Service Centre | Online/ Digital | Partners |
|--------------------------------|--------------------|------------------|------------------------------|----------------------------|---------------------|--------------|
| Channel design components gaps | Channel Man/Gov | | | | | |
| | KPIs/Targets | | | | | |
| | Sales & fulfilment | | | | | |
| | Post-sales Support | | | | | |
| | Training | | | | | |

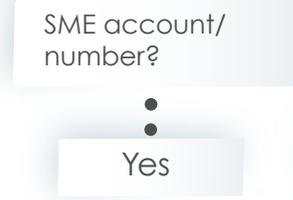
Read this article
Refer to Group SME PlayBook (full version) for further information on the SME Channel Design Components

No Gaps Gaps

Channel capacity gap analysis

Let's review the sales and fulfilment process and post-sales support process in a little more detail.

3 Creating a coverage plan



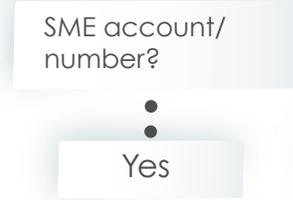
Sales & Fulfilment Process

Channels must be able to identify SME customers at the point of entry to provide a dedicated service from a sales and fulfilment perspective:



Post-sales Support

Are we able to provide the promised service and deal with after sales queries?



Watch this Video:
Take a look at this video detailing the proposed Customer Journey for a Store Channel

Understanding channel efficiency

Channel Efficiency is a performance dimension which shows how well the company minimises costs whilst generating revenue.

4 Determine Channel Efficiency and Profitability

Channel Efficiency is calculated as Channel Revenue divided by Channel Costs as follows:



Understanding the **efficiency** of all channels is critical to optimising channel mix and improving profitability.

Once you have calculated your channel efficiency per channel, you will then be able to identify which channels are most efficient in terms of revenue and costs.

The most efficient channels can then be ranked based on **highest revenue** and **lowest cost**.

Understanding channel profitability

Next we determine the most profitable channels by product.

4 Determine Channel Efficiency and Profitability

Channel Profitability is calculated as follows:

1 **Efficiency** includes allocation of fixed and variable costs

×

2 **Volume**
Number of customers

=

3 Profit per Channel

This can be used to inform key recommendations for your channels and products going forward. These include:

02

Assess root causes of channel inefficiencies and put a plan in place to increase volumes and channel profitability

01

Push more customers and products to these channels



04

Assess root causes of poor performance and define plan to better target and sell this product

03

Drive higher volume of these products through high customer volume channels



Creating an Execution Plan

Now that we have identified the gaps and efficiencies of each channel, the most important activity in creating a channel strategy is to define an execution plan per channel.

5 Creating an Execution Plan

The execution plan will address channel **capacity, deployment, design** and **efficiency**.

Timelines and project management are key and should be detailed, submitted and signed off by senior management.

Let us take a look at an **example of an execution plan**.

(Illustrative) Execution Plan



| | Channel capacity plan | Channel expansion plan | Time horizon | KPI's |
|--|---|--|---|--|
| Direct sales force | Hire 1 Sales Coordinator for Northern Region | Revise commission structure for SME products ie Cloud Solutions Focused training plan for all new hires Direct Sales team to focus on top 10 medium SMEs | FTEs hired by Jan 2018 Commission structure and stock plan in place - March 2018 | 20% growth 56% Total expected channel contribution |
| Stores / Service centres | Establish SME presence in 3 stores using 3 dedicated sales agents desks | Incentivise selected products ie Cloud Solutions Add KPI to sales staff | Train agents – Jan 2018 Deploy desks in stores – Feb 2018 | 10% growth 7% Total expected channel contribution |
| Telesales/ call centre/ Desk based Account Managers | Hire 4 telesales agents across regions Hire 10 VSAMs | Introduce incentive for telesales staff for closed sales Revise commission structure for SME Products for VSAMs | Onboard agents – Jan 2018 Train – Feb 2018 | 20% growth 23% Total expected channel contribution |
| Online/ Digital | Establish Online Shop for SMEs (E-commerce) | RFP for preferred vendor Enable simple plug and play products Secure budget for Digital Marketing | Local vendor onboard – Jan 2018 Development and testing completed March 2018 | 100% growth 10% Total expected channel contribution |
| Partners | Onboard 4 new SME partners Hire 50 foot soldiers countrywide | Revise current commission structure on Connectivity products Bundle current products with partners Set target for foot soldiers | Onboarding partners – August 2018 | 100% growth 14% Total expected channel contribution |

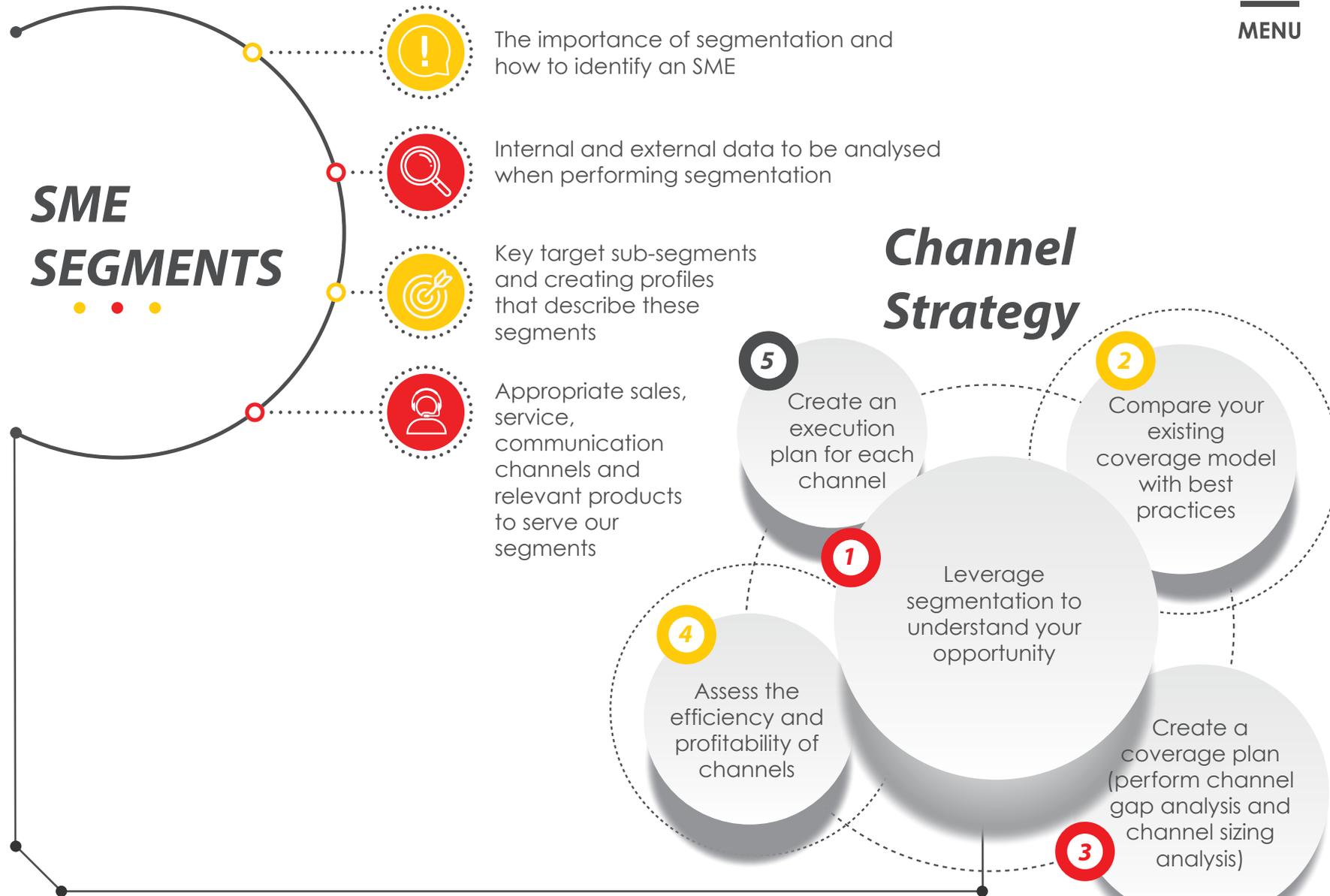
 **Read this article**
 Click here to access the template for creating an execution plan

In reflection

In this guide you explored SME market size, value and potential opportunities to **maximise channel performance** and **optimise efficiencies** to reach your targets.

Do you **NOW** know the answers to these questions...?

- 1) How do you classify your SME (Small Medium Enterprise) customer base?
- 2) What is **Segmentation** and why is it so important?
- 3) How can you boost channel efficiencies and improve performance?



Glossary

Definitions :

- 1) Sales Channel : A point at which we are able to conclude a transactions
- 2) Service Channel : A point at which we are able to conclude query resolution
- 3) Communication Channel : A point at which we are able to communicate with customer
- 4) Tier 1 OpCo : Iran, Nigeria, South Africa
- 5) Tier 2 OpCo : Cameroon, Ghana, Ivory Coast, Uganda, Sudan, Syria
- 6) Tier 3 OpCo : Afghanistan, Benin, Congo B, Cyprus, Guinea B, Liberia, Rwanda, S. Sudan, Swaziland, Yemen, Zambia
- 7) SME : 2 to 50/200 employees (depending on what is defined by tier)
- 8) Mobile : Mobile telco services (wireless communication services)
- 9) Fixed : Fixed line communication services
- 10) IT : Included in our calculation of IT is; Managed network services, IoT, UC, Cloud, data centre services
- 11) ICT Mobile (Voice & Data) + Fixed (Voice & Data) + IT
- 12) Addressable ICT : Includes only services offered by OpCo
- 13) ICT Opportunity : Refers to the total wallet estimate (Mobile, Fixed, & IT) – this is the total amount spend by the account on communication and IT
- 14) SOHO : Any business with 1 to 4 employees
- 15) Micro : Any business with 5 to 9 employees
- 16) Small : Any business with 10 to 19 employees
- 17) Medium: Any Business with 20 or more employees

Abbreviations:

1. SME : Small Medium Enterprise
2. SOHO : Small office Home Office
3. GTM : Go-to-Market
4. ICT : Information & Communication Technology
5. GEBU : Group Enterprise Business Unit
6. EBU : Enterprise Business Unit
7. MTN OpCo: MTN Operating Company
8. DSF : Direct Sales Force
9. YTD : Year to Date
10. VSAMs: Virtual Sales Account Managers

