

Whales Versus Minnows

Coaching Questions

“Who’s your largest customer?”

Topic Introduction

Every business has a large whale (or elephant) customer that they are going after. This is the dream, large customer than an entrepreneur imagines will change their business.

Discussion Questions

- What part of your business comes from the larger customers?
- How long is your whale’s sales cycle?
- Are they impacted by the economy?
- Are they impacted by governmental policies?
- Is there risk in having all of your eggs in one basket?
- Is there additional cost in working with these larger customers?

Key Learning

A whale in different industries will work slightly differently and different risk implications on your business.

“How many smaller customers is the equivalent of a whale?”

Topic Introduction

Most businesses have a solid base of smaller clients that help lend stability and provide feedback to the business. Although small independently, this part of the business could be extremely important.

Discussion Questions

- What part of your business comes from smaller customers?
- How long is the sales cycle for the minnow?
- Are they impacted by the economy?
- Are they impacted by governmental policies?
- Is there additional risk or cost in working with these smaller customers?

Key Learning

A minnow in different industries will work slightly differently and different risk implications on your business.

“How do you treat your whales differently from your minnows?”

Topic Introduction

Based on the corporate culture, business structure, and requirements of whales versus minnows, you need to treat them differently.

Discussion Questions

- What do whales care about that your smaller customers aren’t concerned with?
- What is the toughest part of selling to the larger customer?
- What do minnows care about that your larger customers aren’t concerned with?
- What is the toughest part of selling to the smaller customer?
- How do you sell to them differently?

Key Learning

Minnows are a different target market than a whale, and just like any target market needs to be treated differently with a unique marketing mix.

Examples

Real Life Example: Who's your largest customer?

A car maintenance business focused on landing a rental car business in a large city, and maintained their entire fleet remotely offering oil changes, cleaning, and tune ups at the rental car's locations. This saved on travel time and ensured that inventory levels were not depleted. In addition, the mobile maintenance company was able to service the rental cars if the customers experienced issues.

By landing and delivering to this rental car business, the car maintenance business was able to purchase more equipment, purchase a garage and build a customer base over time of consumer clients.

The large customer helped to create stability as the car maintenance business grew its client base. The car maintenance company treated their large customer extremely importantly and had custom designed their service model for them. Never forgetting this, they branched out.

Real Life Example: How many small customers is the equivalent of a whale?

A retail management software company had many small convenience stores, clothing stores, and books stores that used their product. Based on all of the different target markets that they were able to service, they had 8 different unique software solutions. Each customer was approximately 0.25% of their business, which diversified their risk in losing a single customer. However, it forced them to spend development dollars on the 8 different segments rather than focusing their development on one type of customer.

Their largest customer was a 100 store clothing retailer that was 25% of their business. If this customer were to leave them, there would be substantial financial impact. It would take 100 of their smaller customers to make up for this single client.

Real Life Example: How do you treat your whales differently from your minnows?

An HR payroll company offered affordable software for retail stores and restaurants. There were many independent franchises that were working with them.

Eventually a large enterprise purchased the software from them, demanding many custom changes in order for the software to meet their need, specifically around reporting and financials. With these custom changes complete and with a better understanding of the needs of an enterprise, the HR payroll company actively began pursuing other enterprise sized clients successfully.

Prior to closing an enterprise client, they hadn't been treating them different from their minnows, and they hadn't been winning the business.

Mini Case Study

Amy, the owner of a fitness club, was looking at creating a program that would allow her to reach out to businesses and their employees.

AMY: "I've been running my gym for 5 years, and it has grown tremendously. But there seems to be a large untapped market through all of the office buildings that surround us. I want to actively approach these businesses, but I don't know how to package what we offer to them."

COACH: "Just like any target market, you need to understand them to create a compelling message for them. What do you think these large businesses care about?"

AMY: "They want their employees to be productive. They want to make money. And they want to keep their good employees."

COACH: "Great. Now how can you help those companies do that?"

AMY: "Well companies make more money through more productive employees, so I can lump those two ideas together. And employees that are healthy will miss less work due to illness, making them more productive. Plus they will have more energy. Employees stay with a company for their pay, but they also care about benefits. Having access to a gym might be a motivating benefit to help a company retain their employees."

COACH: "Now that we have the message, we need to price it for them based on the volume of customers they are providing you with. We'll continue to learn as we build out your corporate offering."