# *Management Science Introduction*

Strategy is the intersection of a desired future state and the action(s) designed to achieve that desired state.

The success of any Strategy is dependent upon relevant experience, knowledge, management science, effective forecasting and planning, i.e. "*being able to see around the corner*" and a detailed understanding of the resources required and available to execute on the strategy.

The success to which a company grows is a function of both strategy and tactical execution. An effective strategy reduces risk, ensures efficient use of capital and resources, and provides significant results. What we know is; strategy is rarely successful without analysis, evaluation and validation.

**Ephor's Management Science delivers strategy validation.** The Ephor approach concludes with insourcing the Management Science programs such that they become internally institutionalized to our client companies.

## Results of Implementing Management Science Routines:

Provides significant validation to your strategy while creating revenue sources and marketing assets.

| Results Created by MANAGEMENT SCIENCE | Measures |
|---|---|
| Profitability Improvements | ✓ Pricing Intelligence<br>✓ Margins by Buyer, Segment, Portfolio<br>✓ Effective and Utilization Rates<br>✓ Satisfaction & Retention<br>✓ Client NLTV and Client Lifecycle<br>✓ Unit Economics<br>✓ Customer Acquisition Model<br>✓ Benchmarks |
| Market Validated Expansion Strategies for Growth for new product/solution or geography/market | ✓ Demand Price Curve<br>✓ Client Utility Curves<br>✓ Sales Revenue Model<br>✓ Channel Partner Model<br>✓ Location specific knowledge: Competition pricing, Partners, early adopters |

Traditional sales planning relies on the fact that "*new clients will resemble the old clients*"; while this approach in prosperous times has some merit it possibly leaves out the **significant** potential of expansion and inserts the risk of marketplace changes.

Benefits of Management Science:
- ☑ Validate new products and solutions in an economically efficient manner
- ☑ Validate pricing: map price demand curves
- ☑ Validate messaging by buyer type: what resonates and causes the decision to act
- ☑ Assess brand rank, promise, attributes to better understand your obstacles

To conclude: MANAGEMENT SCIENCE enables executives to avoid "*Trial and Error* Management."

Assets created by MANAGEMENT SCIENCE include:
- → Ongoing system and infrastructure for Market Intelligence.
- → A Pipeline of opportunities, nurtured prospects, and partners.
- → Database Integrity; leverage your greatest asset.
- → Marketing Optimization: ensure your marketing and sales spend is efficient, optimize campaigns to maximize response, and maximize your brand awareness programs.

Ephor's *Management Science* is designed to validate your strategy through a pragmatic and research based program which simultaneously gathers real-world data, scores responses into probability segments and provides the information thru valuable, publishable industry research reports, which can be used for additional promotional and opportunity generation initiatives.

The *revenue* benefits of *Management Science* include:
- → **Systematically profile your target market** in order to identify those companies that match your qualification criteria and rank them as "A", "B" or "C" leads.
- → Produces *assets* for continual use in its ongoing efforts (pipeline of prospects, promotional materials).
- → Better understand **what drives your buyer** segments including their demographic, psychographic, buyergraphic, and infographics profiles.
- → Determine what price are they willing to pay?
- → Determine what needs/priorities are unsatisfied?


## *Are you satisfied with your strategy?*

- *Do you desire a predictable, forecast able steady stream of clients?*

- *Are you predictably and consistently developing next months and next quarters pipeline?*


Management Science "Gaps" for today's emerging businesses include:
- ☑ Win Loss Analysis
- ☑ SWOT
- ☑ Pricing Intelligence
- ☑ Price-to-Value Perception: Utility Mapping & Measurement
- ☑ Mystery Shopping
- ☑ Market Intelligence
- ☑ Competitive Intelligence
- ☑ Buyer Preferences, Demands, Trends, Drivers
- ☑ Buyer Budgets, Priorities
- ☑ Brand Equities, Brand Awareness
- ☑ Benchmarks

*Can you realize and appreciate the effect that pragmatic Management Science will have on your organization and its success?*

# Management Science Sequence of Events for Implementation

*Management Science* is typically implemented over a 5 to 9 month period and consists of the following stages:

| STAGE: | PreLaunch | Launch | AutoPilot |
|---|---|---|---|
| **FOCUS:** | Strategy Planning | Testing, Measurement, Refinement | Execution |
| **ACTIVITIES:** | <ul><li>Competitive Evaluation</li><li>Concept Testing</li><li>Define strategy including Milestones, Assumptions and Tasks (MAT)</li><li>Feasibility Assessment</li><li>Grade Assets & Capabilities (current versus desired future state)</li><li>Product Forecasting</li><li>Segmentation</li><li>Validate response models</li></ul> | <ul><li>Revenue Portfolio Testing & Forecasting</li><li>Revenue/Profit models</li><li>Retention/Loyalty/Persistency models</li><li>Lifetime value models</li><li>Prototyping</li><li>Usability Engineering</li><li>Q&A & Testing</li><li>Concept Refinement</li><li>Performance Tuning</li><li>Documentation</li><li>Commercialization & Deployment</li></ul> | <ul><li>Implementation of Intelligence Routines</li><li>Repeat surveys: Customer, Brand, Prospect, Partner, Channel</li><li>Benchmarking</li><li>Sales Support, Training</li><li>Customer Lifecycle Management</li><li>MAPPING</li><li>Portfolio Mix Management</li></ul> |
| **ASSETS:** | Messaging, Model (Revenue and Profitability), Surveys, & Campaigns | Pipeline of opportunities, prospects, partners | Intelligence Routines<br>Brand Surveys<br>Campaign Templates<br>Promotional Materials |
| **OUTCOMES:** | Intelligence Mapping, Infrastructure, & System | Validated Strategy | ↑ Loyalty<br>↑ NLTV<br>↑ Brand Awareness |

For most service organizations, information is their most valuable asset. We turn data into intelligence and therefore assets using an array of advanced tools and tactics to exploit the strategic potential of your organization. The result is reinvigorated response rates, heightened customer loyalty, and predictable revenue and profits.

## *Why Ephor' Management Science?*

Ephor Group's approach is pragmatic, proven, and performance-oriented. Ephor serves agencies, software and technology, consultancies, and outsourcing providers and has led and invested in some of the most successful businesses in the Americas.

# Implementing Management Science Routines

The key benefit of Management Science is real-time pathways (connections) with online communities, analysts, competitors, strategic partners, and potential and current clients. The only way to stay ahead of the competition is to gather as much significant and prioritized information as possible.

Your strategic objectives can only be attained to their full potential by deploying ongoing Intelligence Routines which will help you:

1. **Compete** and secure your market position
2. **Grow** sales and clients
3. **Enforce** business integrity by managing risks
4. **Advance** your core business capabilities
5. **Satisfy** escalating client expectations
6. **Leverage** today's most advanced analytics
7. **Act** upon intelligence to drive accountability, teamwork, and performance

Managing risks creates sustainable business value. Moreover, intelligence should be used to create scenario modeling and predictive analytics such as a predictive score for each buyer segment, customer or other organizational element.

With intelligence tied to modeling and predictive analytics, the business learns from its cumulative experiences and can take action to apply what's been learned.

**Management Science: a "Magic Bullet" for Executives.**
Question: *How do I plan for tomorrow?*

Answer. **Implement Management Science.**

How to plan for tomorrow is an often asked and seldom answered question. Technology, regulations, and client demographics are constantly changing the marketplace; therefore it is imperative your organization adapt, change or the risk of failure is prevalent.

At a round table dinner discussion recently, the table leader asked:

*"What are the most significant challenges facing executives these days?"*

Responses ranged from your typical: cash management, to inventory control, to human capital decisions, to tax and regulatory issues, to sales.

Today, we have way too much of "*well that's the way we have always done it.*" At Ephor we believe legacy management techniques and thought processes are not necessarily appropriate for the "New Normal Economy."

What is missing from the business community is the understanding and appreciation of Intelligence, and more important how to apply Intelligence to the significant challenges facing businesses today.

*Applying Intelligence* requires a commitment to evolving your business: its' people, its' processes and systems.

Why not make that commitment now!

# Beating the Odds When You Expand

*Did you know that expansion is costly and resource heavy?*
→ 85% of expansion plans fail to achieve ROI within the first few years.
→ 2/3 of expansion plans are abandoned within six months.

**Effective managers** aren't cowboys; they **are methodical managers of risk**. At every turn prudent managers reduce risk before making any significant investment or action.
→ For example, presale new products or to new markets to ensure cash flow profitability.
→ Tackle the right risks first such as confirming Demand and Product mix before spending any dollars on marketing or operations.

When risks are removed, value is increased. Not all risks need to be removed, simply the most uncertain coupled with the most costly. All plans are partly right and partly wrong; experimentation and intelligence is the pathway to success. The amount risked should be limited to the cost of the prototype and initial design. Effective management is all about constantly identifying risks and finding creative ways to mitigate them.

## Two paths of expansion:
1. Risky Path:
   a. Spending dollars creating promotional materials without testing messaging and pricing on beta or trial clients.
   b. Hiring sales personnel without validating the market needs and creating a pipeline.
   c. Implementing "on the ground" operational oversight in the form of branch managers without established clients and partners.

2. Intelligence Path:
   o Implement cross functional team using existing current resources to validate the market need, create beta clients and partners.
   o Leverage Intelligence from beta or prototype clients and partners for "on the ground" needs including, but not limited to user feedback on sales, service, distribution. Also, confirm the size (#,$) of the demand by customer segment and product mix.
   o Achieve the 3 R's: Recurring Revenues, Raving Fans, and Repeatable Routines before formally expanding with "feet on the street" in new markets.