

CASE STUDY - FRIENDLY COMPUTER SYSTEMS -

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“We sell, install and manage small computer systems for businesses within a 20 mile area that are too small to have their own in-house expertise. We make our money from ongoing support contracts, using the initial competitively priced product sale primarily as a way to grow our support base.”

BUSINESS MODEL

- **WHAT** products or services does Friendly sell? New computers, services and support contracts.
- **WHO** buys from Friendly? Small businesses within 20 miles.
- **WHY** do the customers buy from Friendly? Because they are too small to have their own in-house expertise.
- **HOW** does Friendly make a profit out of the transaction? Friendly does not make its profit from the sale or installation of computers but from the ongoing maintenance contracts.

The business model explains what business Friendly is in, but it does not explain why Friendly is successful or sustainable as a business. We must go to two specific aspects of the business model to better understand this. First, **WHY** customers buy from friendly and second, **HOW** Friendly makes its money. If you clearly understand these two things you have identified your Valuable Formula.

IDENTIFYING THE VALUABLE FORMULA

Why do people buy from Friendly? Is it because the support contract is bundled with the sale of the new computers and people want peace of mind that the computer will work trouble free after purchase, or is it because Friendly provides a guaranteed on-site response within a certain time frame? Or perhaps the support team members bring donuts every time they visit on service calls, or maybe they are what their name suggests, friendly and helpful when people are frustrated with their computers. Perhaps they are the cheapest, or maybe their focus on SMEs within 20 miles is so focused that no-one else is interested in addressing this market. The key point is that if Friendly is to enjoy long term success it needs to identify its own Valuable Formula and, even more importantly, it needs to rigorously test and improve on it.

