

Analysis and Assessment of the Portfolio of Corporate Clients

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Abstract—The article substantiates the need to develop methodological provisions for the selection of cooperation models with buyers in B2B market due to the increased attention to building relationships with customers, capitalization client portfolio. The authors systematize the models of interaction with corporate clients on the principle of analogy, based on the indicators of the expected effectiveness of cooperation and dependence on the corporate buyer. Particular indicators that form expected effectiveness and dependence on the buyer are specified. Based on the survey of experts, the criteria for the optimality of the client portfolio of enterprises in terms of customer dependence were identified. The methodology assumes the variability of adaptive behavior of enterprises in relation to customers. The models are differentiated according to the priority direction of investment, the required frequency of diagnosis, readiness for change, the priority in relations, the role of the building materials industry enterprise in the system of bilateral cooperation.

Keywords—Partnership, Client Relationship, Client Portfolio.

I. INTRODUCTION. THEORETICAL ASPECTS OF CUSTOMER PORTFOLIO ANALYSIS

The system of relations between Russian enterprises and their partners is modified under the influence of the conditions that develop in the social and economic environment and becomes a special object of management, requiring additional research and theoretical and methodological development. The context of forming a client portfolio and building relationships with corporate customers is currently conditioned by innovative oriented policies implemented at the national and regional levels [1], the search for drivers of regional development [2], problems of low productivity [3], increased

attention to the commercialization of innovations [4], growth of human capital [5] and overcoming the barriers to investing in technological modernization [6], the transformation of globalization trends [7]. At the same time, the orientation of the business to the customer is a priority at all times [8]. Various aspects of the interaction of enterprises with customers are explored by modern authors: from the methodological, tactical and strategic aspects of building relationships [9, 10, 11], their capitalization [12], influence on brand value [13], the need for value support of prices [14], and the management of client base efficiency [15], to the problems of quasi-integration [16], the use of the potential of Internet technologies in the interaction [17], the formation of customer loyalty [18] and satisfaction [19], the introduction of knowledge management technology in the customer relationships [20, 21].

The balance of the customer interaction system affects the efficiency of the enterprise, as well as the dynamics of cash flow, the reputation of the company and long-term loyalty to its brand, market stability and many other components of corporate adaptability, resulting from the formation of a set of strategically important partnerships. Introducing the concept of "portfolio of client interactions" into the scientific circulation, we mean by it a balanced set of groups of the company's relations with corporate customers in terms of the expected effectiveness and dependence. In turn, the interaction model is a generalized idea of the type of adaptive behavior of an enterprise towards the client environment.

II. METHOD OF EVALUATION AND ANALYSIS OF THE CLIENT INTERACTIONS PORTFOLIO OF THE ENTERPRISE

A. General Provisions

The choice of models of interaction with buyers is proposed to be made on the basis of an assessment: a) the expected effectiveness of the client interaction (CI); b) the degree of company's dependence of the client. The portfolio of CI of the enterprise can be balanced by various parameters: by the degree of risk, by the terms of the life cycle of cooperation, by technological, and market aspects, etc. However, the most significant aspects of balancing the portfolio in the face of economic and political turbulence are the expected effectiveness of the partner's relations and dependence on the client. The first aspect contains the idea of maximizing value; the second aspect has strategic orientation. A model of interaction with customers is selected after the assessment of these two components. In the calculation process, an averaging procedure is required. Since there is made the assumption that the aggregate characteristics are the sum of the values of the variable characteristics it is necessary count the arithmetic mean. Measurement of indicators is proposed to be carried out expertly on a five-point system.

B. Expected Effectiveness of the Client Interaction

The Expected Effectiveness (EE) of interaction consists of indicators of Mutual Consistency (MC) with cooperation, Mutual Interest (MI) and Cross Satisfaction (CS) of counterparties:

$$EE = (MC + MI + CS) / 3 \quad (1)$$

Mutual Consistency consists of indicators that are common for both parties (WC – Willingness to Cooperate, MCS – Management Systems Consistency, TC – Technological Consistency, HRC – Human Recourses Consistency, FC – Financial Consistency, RC – Reputation Consistency):

$$MC = (WC + MSC + TC + HRC + FC + RC) / 6 \quad (2)$$

Mutual interest (MI) of the parties of interaction in the development of partnership relations determines the strategic expediency of cooperation, which makes it possible to achieve the goals and objectives set in the companies. It depends on Efficiency Potential (EP) of the counterparties, Position Potential (PP) in the supply chain, Cooperation Volume (CV), Cooperation Depth (CD), Strategic Focus of interactions (SF), Synergy Level (SL), Compensatory Possibilities (CP):

$$MI = (EP + P + CV + CD + SF + SL + CP) / 7 \quad (3)$$

Cross Satisfaction is determined by the indicators of Satisfaction of the Enterprise with the Results of collaboration with a customer (RSE), Satisfaction of the Customer with the Results of collaboration with the enterprise (RSC), Satisfaction of counterparties with the Process of interaction (PS):

$$CS = (RSE + RSC + PS) / 3 \quad (4)$$

Satisfaction of the enterprise with the results of interaction with buyers is represented by such indicators as: Payment Timeliness (PT), Complaints Level (CL), Added Value (AV):

$$RSE = (PT + CL + AV) / 3 \quad (5)$$

The buyer's satisfaction with the results of cooperation with the enterprise is conditioned by such parameters as: Service Acceptability (SA), Supply Reliability (SR), Payment Comfort (PC), Prices Affordability (PA), Product Quality (PQ), Meeting Deadlines (MD), Complaints Level (CL):

$$RSC = (SA + SR + PC + PA + PQ + MD + CL) / 7 \quad (6)$$

Satisfaction of counterparties by the interaction process is determined by Stages Timeliness (ST), Communication Availability (CA), Information Transparency (IT), Emotional Satisfaction (ES):

$$PS = (ST + CA + IT + ES) / 4 \quad (7)$$

It should be noted that it is necessary to calculate the relative index (I_{EE}). In the future, it can be used for comparison with other parameters of the client portfolio assessment:

$$I_{EE} = EE / 5 \quad (8)$$

The value of I_{EE} varies in the interval (0; 1). The closer its value to 1 the higher the expected effectiveness.

C. Degree of Company's Dependence of the Client

We propose to calculate the degree of dependence on the buyer on the basis of three components: the relative and absolute involvement of the buyer in the interaction and the uniqueness of the subject of interaction. The relative volume of interaction with the buyer (RVC) shows the buyer's contribution to the total sales volume for the purchased products. Absolute volume of interaction (AVC) is calculated on the basis of revealing the buyer's share in the total five-year revenue of the enterprise from sales. The degree of uniqueness of interaction (DUI) shows the buyer's share in the market size of the purchased product. The integral index of dependence on the buyer is calculated by the formula:

$$I_{CD} = ((RVC + AVC + DUI) / 3) / D_n \quad (9)$$

The valuation is performed taking into account the normative value of the dependence on the buyer (D_n), which is determined by expert means. The survey of 25 representatives of the top management of food, metallurgy, light industry, machine building and construction materials industry allowed to determine that the border value D_n establishing the dependence on the buyer is at the level of 0.18 or 18%. Thus, if $I_{CD} > 1$, then the relationship with the buyer is treated as an interaction with the high dependence of the enterprise. If $I_{CD} < 1$, then the dependence on the buyer is recognized as low.

D. Results of the Evaluation of the Client Portfolio of Manufacturing Enterprises

Based on the index of the expected effectiveness of the clients' interactions and the index of dependence on the partner, a matrix for choosing the model of cooperation with the buyer is built (see Fig. 1).

A detailed description of the models of interaction with the buyer involves clarifying the priority direction of investment, the required frequency of diagnosis of relations, readiness for change, the priority of relations, the role of the enterprise in the system of bilateral cooperation.

"Viennese waltz" is an active, repetitive interaction with sufficiently close cooperation to identify and address needs. For buyers with this type of interaction, investments are aimed at maintaining satisfaction and in marketing for the growth of cooperation volumes. The frequency of diagnosis corresponds to the frequency of purchases, readiness for changes is average, the role of the seller is leading. Priority for the company is the support of the buyer's interest in their products and management of the relative size of the interaction.

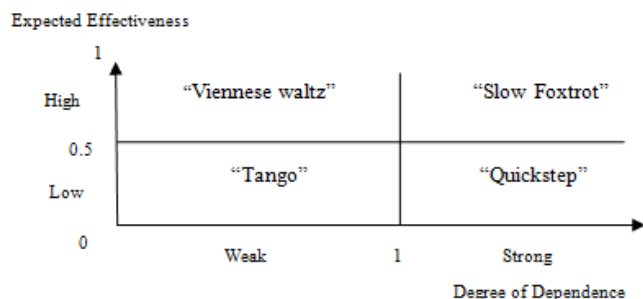


Fig. 1. Structure of the client interactions portfolio.

"Slow Foxtrot" is a continuous interaction with a clear coherence of partners' actions, with a variety of motivational programs for keeping the buyer. This model involves investing in product innovations and motivational programs to support customer loyalty with frequent diagnosis of relationships, high flexibility and a partnership role in the exchange. Priority is given to strengthening co- advantages, mutual benefits.

"Tango" is experimental cooperation, involves the implementation of "brave" conditions for increasing effectiveness. Management of this group of customers has the goal of adapting the product to their requirements. It is also necessary to evaluate the competitive environment for finding the niche property of the goods. The frequency of the diagnosis corresponds to the frequency of purchases, the flexibility is average, the interaction priority is the experiment, the seller's role is the leading one.

"Quickstep" is an interaction with a flexible and rapid response to changing customer requests, with a constant advance of competitors. In this model, emphasis is placed on increasing the satisfaction and interest of the customer, improving the compliance of the entrepreneurial organization with the norms of customer interaction, developing a competitive advantage, and partnership in making deals. The frequency of diagnosis is more often the frequency of purchases, the willingness to change is high, the priority in the interaction is strengthening the co-advantage and interest of the buyer.

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