

# THE GENDREAU GROUP, LLC REVENUE STRATEGISTS

Delivering revenues, not just strategies, to companies worldwide since 1989.



*We are revenue strategists.*

*Firms hire us when revenues or valuation do not meet expectations.*

*We specialize in:*

- Finding untapped revenues
- Maximizing existing revenues
- Increasing valuation

*Our clients have included:*

- Startups
- Growth companies
- Marquee firms

*We have been in business since 1989.*

*We are located in San Diego County, CA*

## New Services Created a Revenue Protection Crisis

**Nextel's acquisition of 650,000 new accounts representing 1.2 million users** created a series of mission-critical business, technical, and financial challenges, including: (1) a major customer service and activation challenge (2) a revenue leakage problem, and (3) a need for more effective credit management policies and procedures.

Nextel had recently acquired three push-to-talk point-to-multipoint (PMP) wireless service providers. Each of these companies offered services using wireless spectrum that Nextel intended to use for cellular as well as the PMP services. When the cellular services were rolled out, the push-to-talk services created major service quality problems for the cellular subscribers. During peak usage periods, PMP clients would "light up" and overload the network, making it difficult or impossible for cellular subscribers to place calls. Additionally, the company had a major revenue leakage problem because its systems did not support usage-based billing for PMP services. But before customer service and leakage problems could be resolved, Nextel recognized that it would also have to address a growing credit management challenge.

**To protect revenues, we recognized that Nextel would need to radically redesign its products and pricing.** At that time, Nextel had little experience in the design and setup of call groups for business accounts, many of which could include hundreds of taxis or, as in the case of UPS, more than 50,000 trucks. When Nextel made its PMP acquisitions, PMP services were set up manually one-by-one. When customer acquisition costs were calculated, we found that it would have taken as much as *eleven years* for Nextel to amortize customer acquisition costs for some large PMP clients! The company needed to quickly figure out how to design, price, activate and bill for point-to-multipoint products.

**Addressing Nextel's revenue challenges required a multi-faceted approach.** We proposed and led a series of projects to design and implement the following:

- **New product and pricing plans** for PMP services
- **New billing capabilities** to support usage-based PMP billing (non-existent in the industry at that time)
- **New customer services procedures** to facilitate customer-friendly design and setup of call groups
- **New service activation procedures** to support more efficient network usage
- **New credit procedures** to enable Nextel to offer and manage lines of credit for its PMP business customers

During these efforts, we emphasized four key areas of service quality:

- **Rapid business process improvement** using low-cost, low-tech options, to enable provisioning and billing of these new services
- **Call center cost containment** through proper and timely training of customer service representatives
- **Customer service excellence** to help customers manage product and billing changes
- **Communicating value to customers** so they would understand that, though they might be paying more for services, they were actually be receiving greater value through higher quality services

**The new revenue strategy enabled Nextel to increase revenues 375% in the first year this strategy was applied,** and integration of push-to-talk technology with cellular service enabled Nextel to differentiate its offerings from other cellular service providers for many years.

Despite a short term increase in bad debt and payment delinquencies as the company eliminated low value PMP customers from its portfolio, by implementing recommendations made by The Gendreau Group, Nextel was able to rapidly increase revenues, more effectively control bad debt, and ultimately to increase the shareholder value generated from its PMP acquisitions.