

Chasing Strangers: A Wasteful Activity

It is amazing to me that small and large companies chase strangers when they should be focusing on meeting the needs of their existing client customer base. If companies held onto their current client base through successful customer service and support, we would not have to chase as many strangers. Yes, as many strangers. While it is true that we do need to sell to more clients, it is equally true that many businesses only focus on getting new clients, not keeping their existing ones. This skewed business practice sets into motion an endless, and time consuming, cycle of seeking new customers who we will quickly lose because we fail to tend to them once they have signed our bottom line.

We need to more carefully tend to and nurture our top clients. But, how do we do this?

It's really simple! We need to systematically get in front of our best clients. By "systematically" I mean we need to schedule face to face meetings with our best clients on a regular basis. After all, the key to keeping our clients is to know their present needs and to anticipate their future needs. Nothing can achieve this end better than a hands-on customer service approach. Which is better – to spend one hour per month giving our best clients the personal attention they deserve, or spending 10 hours trying to find a client to replace them when they become dissatisfied with your hands-off approach.

What is wrong with calling our best clients and inviting them to lunch or even breakfast? Remember that your best clients are your competitor's best prospects. As you can see, this is not rocket science but, then, why do most business owners and salespeople end up chasing strangers?

I once had a student say to me in a college business class, "If I need to take customers away from people, I do not want to sell." I told this young person, as diplomatically as I could, that, indeed, he should not go into sales. I went on to add that even if a company did their job well, sold a worthwhile product at a value orientated price, met their customer's service needs, they would not have to be concerned with losing clients.

Most companies need to figure out which clients are their best clients. I would argue that your biggest clients are not necessarily your best clients. Yes, you read that correctly. "Size" is not necessarily synonymous with "best" in the business world.

How do you measure your best clients? Is it by gross sales or profitability? I would stick to profitability, although profitability seems to be much more difficult for some companies to measure. Many companies, including large companies, often do not know what their profit margins are on their existing clients! If we do not know how much money we are making on existing clients, how would we know how much money we will make on new clients?

Take this process one more step. You need to not only figure out which customers are your most profitable and keep them; you also need to figure out which clients are costing you money. If you are losing money from a client, you need to do one of three things. You need to raise the price for your services, figure out how to make this client profitable, or stop doing business with them. Again, this is not rocket science. I strongly suggest that you figure out how to make their account profitable, or align your fees with your profitability goals; firing your clients should be a last resort. Also, recognize when it is time to sever ties with clients that are out of step with your business and profitability goals.

Business relationships are like any other, they need to be nurtured and developed in order to grow strong and healthy.

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