



On Branding

BY JACK SIMS

Fire Your Customers!

Fire your customers? Does that make sense? It does if your business is like many companies in North America and elsewhere—and it applies to the meeting planning industry as well.

Most of the business we do is conducted with our top customers. In fact, the top 20 percent of your customer base could account for almost 100 percent of your company's profitability. How is that possible? The old saying that you should treat all of your customers equally is wrong. All customers are not the same, and they should not be treated the same. "Some are more equal than others," as my mother once said.

In order to grow your brand, you must be able to ascertain which customers warrant more (or any) of your time, energy and money through a process known as Customer Relationship Management (CRM).

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Most businesses determine gross profit by adding all sales and subtracting overhead and costs. However, this method does not apportion the costs and expenses where they should be allocated against specific customers. Ask your accounting department to allocate costs according to customer-based accounting principles and you will get a completely different picture of what each individual customer is worth to you—or, more appropriately, to your company. You may find that some of your customers are actually costing you money. This is what CRM is all about.

Create a list of your customers and rank them in order of gross sales or any other criteria you prefer. Once you have the list, you should see a pattern that will enable you to divide them into groups (Group A, Group B,

etc.). Group A includes your biggest and best customers, and they will probably also amount to the smallest group of your customer base. Then divide the remaining customers into groups B, C and D. Group B will

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likely have more companies than Group A, and Group D will probably be the largest. You may be surprised to learn that Group D may be costing you money.

The next step is to create a profile of your customers: What makes them special? Why are they your best customers? Why do you get along with them so well? Apply this thinking

to all of your customers and see what you can do to make them into Group A candidates. Certain D customers might be A customers for your competition, meaning you get only a small piece of their business. Put a plan in place to make them A customers.

Yes, you will have to fire some of your D customers because they are costing you time, energy and money, but be cautious. They may be an A or B customer for your competition.

The most important person in your company is your customer, and the way to get more A customers is to treat them with exceptional care and consideration. Make sure every person in your organization understands that part of your brand's mission is to be a customer-focused company.

When Bill Clinton was running for president of the United States, his strategist, James Carville, realized early in the political campaign that the economy was the issue that would win the election for Clinton. He had a sign made for his desk that read, "It's the economy, stupid." This ensured that he was focused on that one area, and, of course, Clinton won the election.

Maybe a sign reading, "It's the customer, stupid" would be good for your desk or those of your employees. If you focus on your customers—give them the best product and services you can—you will get more than your fair share of A customers and build your brand. You will also add significant incremental profits to the bottom line with very little extra effort.

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