

# Fast 50: Focus On Retention Over New Customers

By John M. Collard



There are only two ways to grow revenue:

**1** *Sell new products and services to existing customers.*

**2** *Sell existing products and services to new customers.*

With that in mind, it is up to 10 times more costly to acquire a new customer than to retain an existing one.

Most companies spend their marketing on acquiring new customers, but don't forget the more predictable source of revenue right under your nose – existing customers.

The rule that 80% of revenue comes from 20% of your customers often applies. In my experience with

underperforming companies, there is a lack of focus on the fundamentals of selling and marketing.

Get back to basics to understand your buying audience. Determine what the customer values, in what context he values it, and how he

## SELL TO CUSTOMERS

### IN THE WAY THEY

## WANT TO BE SOLD TO.

measures that value. Honestly answer some questions regarding your focus, and make changes to hone your approach.

What is your customer trying to accomplish? What customer needs will and will not be satisfied? What is

the benefit to the customer of the product we provide? What is the generic customer need that motivates them to buy? Why will the customer buy from us, what are our distinct competencies? You must differentiate your product and company from the competition.

The answer to one simple product-related question really predicts success or failure.

The problem is that most marketers ask the wrong question, and sales show poor results because of it.

The wrong question: "What product do I want to create?"

This doesn't sound wrong, it makes sense, and even caters to what you like to do. Don't get emotionally attached to stuff that you would want. The dilemma is that your audience may not be ready for your product.



A better question is: “What does my audience say it wants right now?”

It is a much easier sell when you deliver a solution to your customer because they are pre-sold.

Develop an account management and customer service philosophy and utilize incentives tied to customer’s goals to establish the importance of these functions. Continue to understand what your customer values and how you can improve their results. Work with customers to increase what you can provide to grow their business and they will grow yours.

Also, be sure to offer complimentary products and services.

I had a client in the printing business who began to offer digital versions of catalogs, forms, and CDs in addition to just their pre-press and print services, which increased sales by 150 percent.

Talk with your clients. Listen to them.

Follow some of these tips, and watch the sales come in. **bbj**

*American City Business Journals syndicated coverage to nationwide markets.*

**John M. Collard** is chairman of Annapolis, Maryland-based Strategic Management Partners, Inc. a turnaround management firm specializing in interim executive leadership, asset and investment recovery, outside director governance, raising capital, and rebuilding underperforming troubled companies. He is a Certified Turnaround Professional, Certified International Turnaround Manager, Past Chairman of the Turnaround Management Association, Past Chairman of Association of Interim Executives, and serves on public and private boards of directors. Participated in 45 transactions worth \$1B. He is inducted into the Turnaround Management, Restructuring, Distressed Investing Industry Hall of Fame. He received the Interim Management Lifetime Achievement Award, and the Most Admired CEO Award. He can be reached (410) 263-9100, or [www.StrategicMgtPartners.com](http://www.StrategicMgtPartners.com)

