



**Different thinking**  
**for changed outcomes**

## **Business Growth – Are you are climbing the right mountain?**

In business too often the focus is on winning new clients, at the expense of the existing customer.

This is true for both many small businesses and large corporates.

New customers are promised the world, made to feel valued – then ignored as the focus switches to the never ending treadmill of bringing new clients on board.

Many businesses argue this is not true, we value relationships and our existing clients, but the reality is something entirely different. Just ask their customers, or indeed reflect on your won experience.

Can you name one business you deal with, where you feel truly valued?

What this continual focus on winning new business ignores is the value of the existing customer and the cost and lead times involved in gaining new clients.

### **Some sobering research findings:**

- It costs 6 to 7 times more to acquire a new customer than to retain an existing customer!
- A 5% increase in customer retention can lift profit by between 25% & 80%!
- At any one time, only 30% of customers are totally satisfied!
- 67% of clients leave due to indifference!
- Probability of selling to an existing client 1 in 2 – to a new client 1 in 16!
- Referrals conversion rate is approx. 60% vs. 10% for a new prospect!

This information is freely available, yet too often in most businesses the relationship with the client ends with the sale. Therefore, money and time is wasted getting back on the client acquisition treadmill.

We are not arguing that a new customer acquisition program is not important. It is! However, we ask you consider how could your business be transformed and profitability improved if you truly valued your existing clients?

In all likelihood you would see:

- The costs of advertising and promotion reduced
- Reduced customer acquisition costs – commissions etc.

- Less price sensitivity
- Reduced costs associated with continually setting up new accounts
- If you provide your clients with payment terms, less time spent checking the credit standing of new clients
- Shorter lead times to a sale
- More repeat business
- Less customer defections
- More referrals from satisfied clients
- Enhanced client relationships
- Improved productivity from your team

Again we state, we do not suggest that business development activities should be ignored – however we ask that you consider how your business could be transformed if you truly valued your existing customers.

Ask yourself:

- Do we provide our customers with exceptional after sales service?
- Do our clients feel truly valued?
- Does a high percentage of our business come by way of referrals from satisfied clients?
- Then again ask yourself – Can I name one business I deal with, large or small, where I feel like a valued customer?

## Summary

If you want to transform your business, reduce the costs associated with customer churn, then your starting point needs to be ensuring each customer you deal with is left with the feeling they are being treated as an individual and that they are truly valued.

Have a look at your business and the way you engage with your customers – through your customers eyes – ask what needs to change so that you provide them with an experience they will remember and share with others.

Often significant improvements can be achieved by simply doing the small things like remembering the customer's name, taking the time to truly understand their needs, not selling and listening and remember their preferences and key milestones.

Most of this is commonsense – it is how we all want to be treated – but research and your own experience will tell you it is being practiced by the very few!

Putting meaning into the term, “valued customer” can be a rewarding and exciting journey. It can significantly reduce your costs and set you apart in the marketplace

**Bruce Hall**