

Increasing Sales in a Down Market

By: Eric W. Wiedenmann and Steven D. Popell
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A satisfied customer, or even one that used to be satisfied, can be your company's most valuable asset. When sales are down, and the economy shows no signs of early recovery, your best sources of new business may well be current and past customers.

This is good news, because when times are tough, finding extra dollars for product development, advertising or PR may be difficult. Getting more business from current customers, or getting old customers back, however, is not expensive. Best of all, the effort is quite straightforward. The following 10-step process can achieve results in a timely and cost-effective manner.

1. Collect at least a three-year history of sales, by customer.
2. Identify customers that are buying less than you could sell to them - by product and/or service, as well as dollar volume.
3. Contact each customer and ask what "share of wallet" (percentage of total purchases) you have in each product and/or service they buy from you.
4. Ascertain whether the customer would be interested in reducing the number of suppliers in one or more products or services they buy from you and from others.
5. Ask specifically what you need to do to increase your share of wallet.
6. Call each significant past customer to learn (perhaps again) why they no longer buy from you and what, if anything, you can do to get their business back. Clearly, this is a more difficult sell than with a current customer. But, since they actually bought in the past, this sell is easier than with most new prospects.
7. Offer extra incentives to the sales force to seek better penetration with current customers, and to get old customers back.
8. Offer price and service incentives to current and past customers.
9. Measure the success of these efforts, and adjust your approach accordingly. Distinct customer groups may require different strategies and tactics.
10. Repeat steps 1 through 9 at least once a year.

This process can produce positive results relatively quickly. One Northern California professional service provider, for example, had experienced significant revenue and profit decline due to the Dot-Com meltdown and overall business spending downturn. This company has about 40 active clients and 10 service deliverables.

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A review of the revenue history of each of the 40 clients revealed that a typical client purchased only 2 or 3 of the company's 10 deliverables. The principals undertook a focused 60-day effort to contact all 40 clients to review their relationships, and to determine what else they might be interested in buying. The results were dramatic. Within 90 days, the company was able to gain an additional 15 projects from its established 40 clients. A similar effort directed at former customers is currently underway.

Your customers are rarely asked these kinds of questions. As a result, the majority will be flattered that you took the time to solicit their opinion. Moreover, customers are often reviewing their supplier/vendor base looking for opportunities to consolidate and, as a result, save administration and transaction costs. By taking a proactive approach on this issue, your company will be in a better position to win the consolidation game.

Eric W. Wiedenmann has held executive marketing and business development positions at Masco, Avery Dennison, British Petroleum and CBC Industries. He founded MDG (www.marketdevelopment.net) in 1998, which is based in Danville, California. MDG clients include Fortune 500 companies, mid-sized and startups nationwide. Mr. Wiedenmann received a B.S. in Economics and Marketing at Ashland University and an MBA from Northwestern University Kellogg Graduate School of Management. He is a lecturer at Ashland University and has published numerous articles. Mr. Wiedenmann has given business development speeches to various CEO and COO advisory groups. He lives in Danville, California with his wife, Anne, and son, William.

Steven D. Popell, Senior Consultant of Popell, Incorporated in Los Altos Hills, CA, is a business valuation expert specializing in increasing company value for a profitable exit strategy. He can be reached at (650) 843-0323 or spopell@exitrak.com.