

Upcoming Events

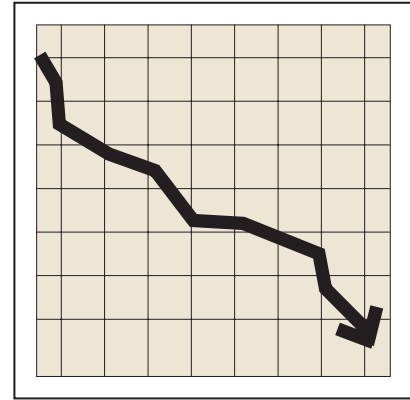
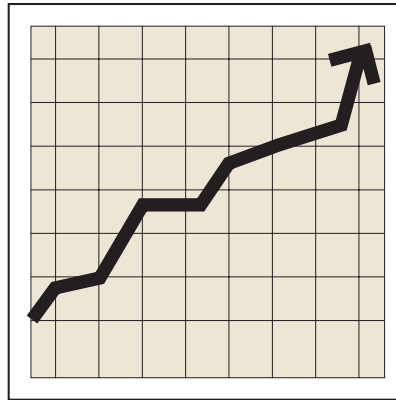
FEBRUARY 22

A/E/C Essentials: An Introduction to the Design and Construction Industry
Orlando, FL
SMPS Seminar *

FEBRUARY 23

Persuasive, Powerful Proposals
Orlando, FL
SMPS Seminar *

* More information about seminars can be found at: www.longview-group.com/seminars.html



Profit Makers/Profit Takers

by Dennis Schrag

Go ahead. Do it. Fire that client!
It feels great and is a superb staff morale booster.

Every so often you need to bite the bullet and say in forthright terms, “My organization will be money ahead and stress relieved if Demoralizing Company were off our books and on our competitor’s.” It’s a double-whammy! There is a great sense of satisfaction when you learn that your former nauseating client is now your rival’s glitch.

BUT...before you fire that sordid customer, know why.

Many firms fail to complete an analysis of their clients in terms of annual profitability. There is a BIG difference between the magnitude of revenue and the magnitude of profit. Ask anyone who supplies Wal-Mart. They will tell you that Wal-Mart delivers a massive amount of their revenue, but a modest level of profit per unit. That still works for products, but in service businesses when talent is tight and opportunities are whole-

some, study your client list carefully. Perhaps you are better off with less gross revenue and more net profit.

Start with a simple spread sheet that has three or four year’s profit rankings by client.

Look at the PROFIT MAKERS. In most organizations about 80 percent of your revenue will come from 20 percent of your clients. That formula does not apply to the profit however.

Now determine how profitable those “revenue generators” really are. Do you have a retention plan for each of their key profit producing clients? Do you thank them and thank them and thank them again? Have your senior most executives visited with them and reinforced your working relationship? Have you asked them how you can serve them better?

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If they are good clients, your competitors will be coveting them, wooing them and craving them.

Next, look at three year's data on the PROFIT TAKERS. These are the clients who chew up and spit out the profit from your star clients.

Don't fire them yet. Study them. Who is at blame for the loss of profit? Do you have the wrong staff working with that client? Are your service products well defined and effectively delivered? Is the relationship with the client strategic? Is the problem with your organization (and fixable) or with the client organization?

Many times the profit takers are new clients who require time and energy to understand. Sometimes it is a strategic client with plenty of future work and the ability to pay for it. But your organization has not "settled in" with an efficient way to deliver the work profitably.

FIX THAT by conducting an in-depth analysis and action plan.

But when you discover the problem is with an overbearing, over demanding and unappreciative gorilla customer, cut'em-loose.

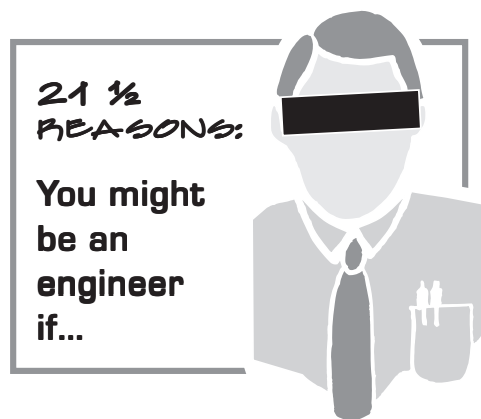
Annually, smart marketing and sales professionals generate and study with serious intensity their profit makers and

their profit takers. Once you find the ghastly profit takers - take aim.

Complete your current project as best you can with the desperados and vamoose. Be classy when you fire them. Be sure to detonate them with panache. Slam no doors. Simply explain that your firm is "too busy right now to best service their needs."

For heaven's sake, don't snigger. Even a smile would be inappropriate. Make it an academy-award winning endeavor. (Tears would be a bit much, however.)

Get in the car after the meeting and laugh all the way to the bar! Celebrate!



- [01] Choosing to buy flowers for your girlfriend or upgrading your RAM is a moral dilemma.
- [02] You take a cruise so you can go on a personal tour of the engine room.
- [03] In college you thought Spring Break was metal fatigue failure.
- [04] The sales people at the local computer store can't answer any of your questions.

[05] At an air show you know how fast the skydivers are falling.

[06] You bought your wife a new CD-ROM drive for her birthday.

[07] You can quote scenes from any Monty Python movie.

[08] You comment to your wife that her straight hair is nice and parallel.

[09] You sit backwards on the Disneyland rides to see how they do the special effects.

[10] You have saved every power cord from all your broken appliances.

[11] You have more friends on the Internet than in real life.

[12] You know what "http://" stands for.

[13] You look forward to Christmas so you can put the kids' toys together.

[14] You see a good design and still have to change it.

[15] You spent more on your calculator than on your wedding ring.

[16] You still own a slide rule and know how to use it.

[17] You think that people yawning around you are sleep deprived.

[18] You window shop at Radio Shack.

[19] Your laptop computer costs more than your car.

[20] Your wife hasn't the foggiest idea of what you do at work.

[21] You've already calculated how much you make per second.

[21 1/2] You've tried to repair a \$5 radio.

WHAT IS THE LONGVIEW GROUP?

Seeking more efficiency and effectiveness in your professional service business? The Longview Group provides you INSIGHTS through training, on-the-job coaching, expert counsel, and extra-hands services.



INSIGHTS...IN SIGHT

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