

## ARTICLE REPRINT

### **How To Unleash A War Of Attrition On Your Customers**

I recently asked a friend, Dave, how his company was faring in the current economic downturn. When Dave replied that sales were below projections, I asked him about his CEO's strategy for coping with declining sales revenue.

Dave told me that he didn't think the CEO had a strategy. Instead, Dave told me that the CEO simply instructed the sales team to "Go out and round up as many new customers as quickly as you can find them."

Dave is right. Rushing out helter-skelter looking for new customers isn't a strategy; it is an ill-advised sales tactic born out of desperation and doomed to failure in an unforgiving economy. Worse, this predictable, knee-jerk reaction to slowing sales isn't likely to help solve a sales revenue shortfall and may, in fact, contribute directly to vanishing profits and a company's demise.

Every sales organization should plan on losing about 20% of its customers each year through natural attrition. Seeking out new customers, then, should be a natural part of an overall sales revenue strategy.

Dave's CEO, however, in mandating that his sales team seek out and convert as many prospects into new customers as quickly as possible, has unwittingly unleashed a war of attrition on the company's current customers. Here's why:

#### **Sends The Wrong Message To Customers**

Does Dave's CEO actually think his company's customers won't notice the lack of attention paid to them as the sales team runs all over the globe, digging up greener pastures in search of new customers? Is he worried that his customers, the ones that helped pay his bills and generated profits for his company in the days-of-plenty, may resent being ignored or abandoned in difficult times?

#### **Sends The Wrong Message To Employees**

Implied in the CEO's mandate to the sales team is "let's abandon any notion we may have had about cross-selling and up-selling in our customers' organizations." The sales and sales support teams, along with everyone else in the company, now knows that current customers are expendable, and that taking care of customers is no longer a corporate priority. The CEO's message to company employees, though perhaps unintended, is that

it's OK to neglect, even to ignore current customers as increasingly resources are allocated to the rush to acquire new customers.

### **Sends An "Open Season" Message To Competitors**

Another unintended consequence of this flawed sales tactic is the "Open Season" sign the company's sales team hangs above customers' doors as they start hunting for new customers. Any capable and able competitor will surely seize an opportunity to add value to customers who are neglected or ignored by their primary vendor.

Worthy competitors will also likely sense desperation and a lack of creative thinking when they see a competitor invoke a knee-jerk sales tactic that must, because of the limits of available time, ignore key customers.

### **It's Not Good For Profitability**

What makes Dave's CEO think that any new customers the sales team brings to the company's table aren't immune from the challenges this economic melt-down is presenting to virtually every company in all industries worldwide?

Is the CEO worried that his sales team will unearth prospects who may be higher credit risks than the company's current customers? Should he be worried about attracting customers that are unprofitable because they only buy when prices have been reduced, usually demand high-cost, extraordinary services that drain the seller's resources and cannot be counted on for long-term loyalty?

### **It's Time To Get Customer Intimate**

The volatile economic milieu in which all companies today find themselves immersed screams for a strategic approach to protecting customers and expanding key customer relationships. If ever there was a time to get customer intimate, it's now.

Corporate board rooms need to reverberate with the sounds of brainstorming sessions devoted to discovering how best to add value to key customers in perhaps their greatest time of need in many decades.

The alternative, unfortunately, is to succumb to the temptation of a knee-jerk reaction that alienates customers and employees, and invites competitors to hunt your best customers with your unintended cooperation.

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