

Sales Tip: Finding Pure Gold in The Orphanage

By John W David

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Pro Sales Article: The Orphanage - Pure Gold

The Orphanage is where your customers go when they feel you no longer want them in your customer family. You never lose a customer. You just plain give them away!

The size of your customer-base attrition rate directly reflects the size of your orphanage.

People, not companies, create The Orphanage.

Attrition rates grow out of acceptable degrees of tolerances where in the beginning businesses lose customers because there really isn't a fit between the two companies.

As those tolerances become part of the corporate culture, peripheral excuses for not wanting to deal with a given client enter the mix. And, the attrition rate starts its rise.

In medium to large companies and corporations, these tolerances are as pervasive within corporate culture as is Mission.

It is not uncommon to hear senior management say: "we are customer-driven" and "our customer-base attrition rate is thirty-five percent" in the same presentation... and be proud of it.

You see, the bottom line is while it can be agreed that five percent of your clientele simply cannot be satisfied and should never have been solicited in the first place, most customers are lost simply because of the attitude of the people who serve them.

These people who serve them learn it from the top.

Since People, not companies, create The Orphanage, People, not companies, give away your customer base. And, tolerances for what are considered good reasons for letting a customer drift that create The Orphanage become corporate culture.

These tolerances, unchallenged, simply grow and grow until we see what is most common in very large companies: customer attrition rates of well over thirty percent. Very, very well over thirty percent.

That means that at the very least, three of every ten customers you have today will not be there this time next year.

That also means for that company to grow, for the sales and marketing people in that company to grow by, say, ten percent by this time next year, they must first replace the thirty percent they currently have worked so hard to acquire and who are going to leave. That's sad.

Sales and marketing must create virtually a whole new company the size of your current one in just the next three years, and every three years thereafter just to grow their business ten percent a year.

If it took that company thirty or fifty or more years to get to the size they are, Sales and Marketing must be loudly applauded for what they have accomplished.

In all those years they have been credited for just the ten percent growth per year despite what they really have at to do to achieve it.

However, your market won't let you do that indefinitely. You will pay for it some way, some how.

You know what's really exciting?

If a company exec in charge of such realities took the time to see the size of the Orphanage, then to check into their marketing information system, if they have one, for the reasons why the orphanage is so large, they would be shocked at what they see there, at what they have created.

You know, entire successful companies are created from the orphans of other, larger companies that just didn't care for their clients!

There are Professional Sales people, including me, who created and built entire, highly successful careers just off someone else's Orphans.

Customer Service and Support for Product / Service performance issues account for more than sixty percent of all Orphans. All the other so-called reasons are pya excuses.

Literally, a business can easily solve fifty percent of its attrition rate by injecting just twenty-five percent greater effort and, mainly, attitude into each and every aspect where the people of your company are in any way in contact with people you serve. Re-read.

Here is the bugaboo.

No one in your company would even think of considering a customer a pain in the butt unless they felt there were sufficient tolerances for this behavior already injected and infected into the company's overall customer service attitude and approach.

It does not begin at the bottom. It begins at the very top.
Here is what I suggest you do Today.

A) Visit Your Orphanage. You will not like what you see.

B) Change your whole attitude about The Orphanage, what it is, and how it came to be.

C) Appoint someone to take pro-active control over all points of MIS. You'll be shocked at what's there as well as what's not there. That's a ton of bucks going out the door each and every day.
And, you hold the key to the door.

D) Make MIS "The Orphanage" a daily part of your P&L reports with a focus on regular, rigorous reviews of and actual measurable improvement in your customer-base retention rates.

The Orphans should be approached for their input not only to get them back but also to pre-empt the migration of those current accounts who are seriously considering joining The Orphanage.

Note: If your attrition rate is a normal thirty percent, that means another ten percent of your current account base right this minute are meeting with your replacement.

E) The minor technical improvement you may need to make to your product / service will be more than positively offset by the lower cost of recovering accounts who already have some positive experiences with you, and where there is a virtually no cost learning curve after re-entry into your account base.

F) Once that reconstructive surgery is in place, turn it over to a more proactive, highly revitalized marketing department for a "new and improved" roll out.

Target your 'B' and 'C' level accounts through very low-cost or no-cost customer loyalty initiatives.

These are the accounts that generally produce the highest per unit profitability and the ones which generally make up most of the value in your Orphanage.

When you bring them back and keep the ones you have, their impact on your overall per unit profitability increases. And, that makes all other budgeting and corporate planning more resource rich.

G) Once Sales has been properly re-tooled, they can make The Orphanage a top priority. While the downside of dealing with your company caused them to leave, they also may well remember the positives of what made them valued customers in the first place. That hasn't changed.

From a cost perspective, they can be the easiest to get back. And, the learning curve of having them in your organization is already established. That makes them most desirable.

Now. If you know of a business or business who you know and care about which has a large Orphanage or is in the process of making one, why not send them this article through this Marketing-Seek link.

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