

Financial training For non financial staff



The financial training specialists

Keeping customers (Budgeting, Profit)

We're still looking at using financial information to persuade the Directors to adopt our ideas.

We put lots of time and money into marketing to find new customers. It's easy to justify marketing spend, as it results in new profitable business, and the results can be easily measured against the cost.

It's harder to justify spending money on "customer care", as we have these customers anyway. Why waste money unnecessarily on them?

But we can justify it financially. The following facts come from googling "customer retention acquisition."

Finding a new customer can cost 5 times more than keeping an existing customer.

The success rate of selling to an existing customer is 60-70%, but only 5-20% to a new customer. So we have to find at least 4 new customers to replace one existing customer. And it costs 5 times as much to find each new customer as it does to retain existing customers!

We often have to give discounts to attract new customers, so their orders are probably less profitable.

Customers who have already switched suppliers are by nature less loyal than our existing long term customers.

Increasing customer retention by 5% can increase profits from 25-95%. The exact amount will depend on the financial characteristics of the business, but this is a very powerful argument.

Keeping customers is less visible than winning new customers, so it's harder to justify spending money on it. But which Director wouldn't want to see profits increase by 25-95%?