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"We engineer the quality of your success"

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Circulated to people interested in improving their products and processes

Where Will You Get Your Next Sale?

Developing new customers can be a lengthy process involving research, advertising, networking, etc. and can take 6 to 9 months to produce results.

Your current customers, on the other hand, can be your most likely targets for near-term business because:

- You already have an established business relationship with them
- You know their current buying behaviours
- You can more easily predict their future buying behaviours
- Studies show it is 6 times easier to keep a customer than it is to get a new one

Increased sales and profitability can be accomplished in five steps:

1. For each customer, list the sales and profit of each product (or product family) they purchased. Profitability should be expressed in absolute \$ terms, and % of sales.
2. Classify your customers in terms of

sales and profit potential for your company, for example:

Best Accounts - Your most profitable customer relationships (highest absolute \$).

Under-Served - Your high profit-potential customers (high as a % of sales), but who provide you with lower sales volume.

Core Accounts - The majority of your customers providing you with medium to low profits.

Marginal - Inconsistent profitability and growth levels, unwilling to pay fair market prices.

Problem - Marginal in terms of profit or potential, but difficult to deal with.

Sub-Marginal - No growth potential, marginal profitability, can't pay.

New Customers - Too new to classify accurately.

3. Prioritize your sales efforts as follows to determine how and where to focus first:

A - Move Quickly to strengthen

and preserve relations with your Best Accounts.

B - Bolster Relations with customers that have successful businesses but have restricted your profitability. (Core Accounts).

C - Build Toward Potential. Intensify sales efforts with customers that have a high potential to you. (Under-Served).

D - No Effort. (Don't call them, they'll call you). Be fair but firm in your conviction not to promote to those customers that have not and will not benefit your business.

E - No Thanks. Even if no sales efforts are required to get an order, some accounts may not be worth having (liability, complaints, bad debt, etc.) Introduce them to your competitors!

4. Perform a situational analysis for each customer. Determine what opportunities are likely to provide more profits and how to approach them, which troubled customer relationships can be upgraded or turned around, which cannot. Document what is important to your customers and how to best meet their needs.

5. Plan & execute calls & meetings to follow up with your customers.

The process of assessing and resolving customers' needs is continuous. NEXT MONTH: How to continue your customer service efforts.

"ISO" -- What Does It Stand For Anyway?

As the ISO 9000 Series continues to achieve name recognition, some are still confused as to what the ISO name stands for.

In an attempt to make sense of the ISO name, many have misconstrued it to stand for the Geneva-based organization "International Organization for Standardization". It is true that ISO functions as an acronym when referring to this organization. When it is being referred to the ISO 9000 Series Standards however, ISO doesn't stand for anything.

According to the ISO officials, the organization's short name "ISO", was borrowed from the Greek word "isos", meaning "equal". The prefix "iso" was selected to create an acronym that would be valid in each of the organization's three official languages - English, French, and Russian, irrespective of the organization's spelling. For example, in French, the organization's name is "organisation internationale de normalisation", however its official acronym is still "ISO".

"ISO" also seemed appropriate based on the conceptual path taken from "equal", to "uniform", to "Standard".

Don't be afraid to ask questions. It's a lot cheaper to answer a "dumb" question than it is to try to unravel a dumb mistake.

Recognize Achievements

Teams or individuals achieving quality improvements should receive at least a letter from the President thanking them for their efforts.

Award pins, certificates, etc. are rewards too, but nothing takes the place of a pat on the back for a job well done.

It provides motivation to try again.

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