

## Targeting customers

You need to be brave and clearheaded enough to let customers who are digging your grave go...

**T**argeting means choosing and choosing means giving up on something. It is therefore a hard choice.

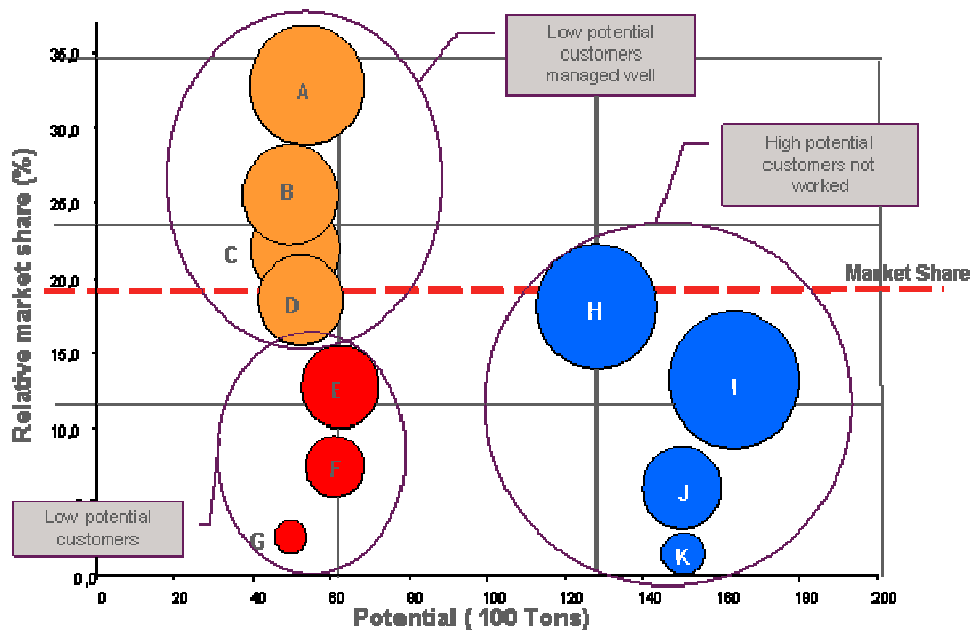
Targeting is always difficult as it means choosing and, worse still, giving up on something. A company's resources are limited and so as to cover all of the customers and all prospects adequately, choices have to be made both on the customer portfolio and the product portfolio.

We have implemented this approach for a producer of paper in sheets (a profitable product) and in rolls (a product whose profitability is half that of sheets), which increased its operating margin by 30% by introducing measures which were a direct result of the rationalisation of the firm's customer portfolio.

Customers with significant potential (in blue) are insufficiently worked as the manufacturer's market share remains low. When its market share is good, the company concentrates on customers with low sheet potential (in orange).

Analysing the customer portfolio has a two-fold advantage: on the one hand, the customers to be developed and the high potential sheet prospects to be won are targeted, and, on the other hand, the shortfall in lost profitability is quantified. To distribute its efforts, the leader must therefore carefully pinpoint where its customers' main development challenges lie.

Weight x Potential matrix applied to a paper producer's customer portfolio



Key: The circles's surface area is proportionate to the tonnage sold