

# Who Should Be Your Customer?

## Coaching Questions

### “When should someone start thinking of who their perfect customer is?”

#### Topic Introduction

Why is it important to know who is not your customer? It allows you to focus your resources. And 20% of your customers create 80% of your revenue, so you should be focusing on these.

#### Discussion Questions

1. Where else in your company can the 80/20 rule be applied?
2. How many revenue streams do you have? Could the 80/20 rule apply here?

#### Key Learning

Use the 80/20 rule (Pareto’s Law) to save yourself time and make a lot more money.

### “Who is your ideal customer?”

#### Topic Introduction

With a target market, there is a niche market that is classified as your ideal customer. This is the perfect customer for your business.

#### Discussion Questions

1. Who makes the most amount of revenue for you? Is this all profit?
2. Who takes the most amount of time for you to deliver? What is the necessary amount of customer service?
3. Who takes the longest to close?
4. What is the probability of getting referrals or residual income?
5. Who do you like working with the best?

#### Key Learning

Finding your ideal customer allows you to say ‘no’ to other customers that take more time, make less money, or aren’t enjoyable to work with.

### “How to say no?”

#### Topic Introduction

Sometimes it becomes important to ‘de-market’ some of your customers. Or learn to say ‘no’ to them so that you can focus on more ideal customers.

#### Discussion Questions

1. Can you charge an upfront retainer, consultation fee, or other fee that will weed out any prospects that are genuinely interested in moving forward?
2. Can you create a referral program or some way to have your ideal customers help you grow your business with other customers like them?
3. Can you create a checklist or way for customers to qualify themselves? This could be through education, credit check, or some other upfront test.

#### Key Learning

Being direct and objective is important in de-marketing a customer. Don’t make it a personal thing.

## Examples

### Real Life Example: 80/20 Rule

A network company needed to rationalize their client base and focus their marketing resources on an ideal customer. By breaking down the type of customers they had, seeing how much customer service hours each was taking, reviewing the profit margins, they were able to reduce their client base to high security, high margin customers. This allowed for massive growth of 100%+ each year.

### Real Life Example: Understanding Who Your Ideal Customer Is

“As a business consulting firm, the recession would have been tough. But we realized one thing quickly, the current customers who were paying us regularly and on time, were the ones that were paying us for sales work as opposed to the strategic set up and business plan writing. The recession became a time when companies became hesitant to pay for opinions and tweaking of strategy since they just tried to push through the cash crunch (even though an opinion would have helped).”

### Real Life Example: Learning To Say “No”

A landscaper did maintenance work, but the upside in his business was the landscape architecture work that he did. He ended up having 200 appointments a year where families would get his to give a consultation on their yard. These consultations took him all over the city, and he often only had a 10% conversion rate as most families simply took his ideas and performed the work themselves. He began charging \$50-\$100 per consultation, and dropped his appointments down to only 50 per year while increasing the number of sales he closed to 80%.

### Mini Case Study

Sandra met her coach to her target market within the financial advisory industry.

COACH: “So who is your main customer type?”

SANDRA: “It seems like I have customers in all areas. Some of them are entrepreneurs, some are senior executives, which others are professionals including some lawyers and accountants. Well others are retired couples. Overall, the minimum savings is \$100,000.”

COACH: “So of all of those different types, could you break it down into numbers? How many do you have of each type?”

SANDRA: “I have 20 customers. 3 are entrepreneurs, 4 are doctors, 3 are lawyers, 2 are dentists, 2 are accountants, and 6 are retirees.”

COACH: “Why do you think you have more retirees than anything else?”

SANDRA: “I’m really good at explaining different savings plans and making them simple. I think that is why retirees like working with me.”

COACH: “Do you like working with them?”

SANDRA: “They are great! I find that it is really relaxed, easy going, and they often refer their friends to me.”

COACH: “Wow. It seems like we found who you are really great working with and who likes you. I think we should focus our resources on developing this client type for you.”