

What do customers cost you?

Cost per customer is a number you should understand, monitor and control

By **Judith M. Guido** / Columnist

Most people in the Green Industry don't know their true cost to attract, acquire and retain a customer. I dare say that most design/build companies give little thought to it. Our customers are the pri-

mary reason we stay in business and yet, we have no idea or understanding of their real cost.

Understanding, managing and controlling your and cost per customer (CPC) will have a significant impact on your profitability. A great starting place to begin understanding and analyzing your CPC is to look at your marketing and sales plan. For



those of you who don't have one, get one started ASAP! It will be time well spent and it will yield a high return.

For those of you who do have a written plan, look at your sales and marketing activities. For example, your plan might consist of some of the following components:

- Personal selling
- Events planning (i.e. trade show attendance and conducting seminars)
- Advertising
- Association membership
- Newsletters
- Public relations.

To understand your CPC, identify all

the costs associated with each marketing component. Take personal selling as an example. Costs associated with acquiring or retaining a customer through personal selling may include:

- Salesperson salary plus a potential commission
- Benefits
- Car allowance
- Expense account.

While personal selling is still a critical methodology for acquiring and retaining customers, you can see it has a high price tag attached to it. Make certain your sales force carefully selects who they call on personally. A way to drive cost out of personal selling is to be in front of more than one person at time. This is where events planning is important. Attend a trade show, conduct an educational seminar or work-

shop, or speak at an association meeting. With this approach, your sales force is in front of many people at one time, driving down the CPC. Each sales and marketing approach has a specific cost attached to it. Ranking the most to least expensive would look something like this:

- Personal selling
- Advertising
- Events planning
- Direct mail
- Online marketing
- Public relations.

Each one of these practices is effective and should yield a positive return on investment, with the proper message at the proper time. Take a look at all of the methods you are using to attract and retain customers, and the costs associated with each method.

Each one of these practices is effective and should yield a positive return on investment, with the proper message at the proper time.

Determine the number of customers acquired or retained by this method and you will get an idea of your cost per customer. If you are not monitoring or measuring these costs, you are probably throwing away profits! ■

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