

Volume	5	The Top Line
Chapter	03	Customers
Section	03	Good and Bad Customers
Key Word	Setting Expectations	
Tags		
Stage	Has some customers	

SMALL CUSTOMERS, BIG PROBLEMS

File No. 5.030303 | 2017-06-01

Quick Summary: Small customers may not be equipped to support your offering.

Abstract:

The time and effort to close deals with small companies may be far shorter and easier than with larger, more experienced companies. However, smaller companies may simply not have the expertise, experience, or resources to implement the new offering. They may not even understand it! This situation can result in unexpectedly large levels of vendor support and frustration by all involved parties.

Quite often, the sales cycle and process involved in securing an order from a small or new company is dramatically shorter and easier than it is with larger, more experienced customers. Obviously, the revenue opportunity from a large customer can be much larger and can provide a more effective reference than that from a small customer. At the other end of the spectrum, the speed and simplicity of receiving an order from a small customer can create problems later.

Small or new companies may simply not have the resources, expertise, or experience to implement and operate the new product or service offering. Instead, they may rely on the supplier to provide their required support initially and, perhaps, over the long term. It is not unusual for a small or newer company to enter into the purchase arrangement without understanding the implementation and operational hurdles that they have to overcome. And it is equally probable they do not have the resources to divert to address the new and unforeseen issues that suddenly appear. Their demands may not be easily met and often cannot be justified with the incremental gross margin that their small sale provided.

If the vendor is equally small or has limited resources, the problems become significantly more difficult to resolve. Even if the vendor is committed to helping the small customer, they, in turn, may not have the required resources without redirecting them from other critical activities. A common example of this situation involves the re-assignment of development resources to help the customer service organization resolve customer issues. While this is occurring, normally scheduled development activities are delayed. Even in the most customer-sensitive environments, frustration and resentment directed toward the customer can easily occur.

The best way to minimize the small customer/big problem issue is to carefully consider the likelihood of its occurrence early in the sales cycle. Asking probing questions regarding the customer's ability to

implement and support the offering can help raise the awareness of the potential issues with the prospect to allow provisions to be made to avoid the situation. In the article in this collection, "*Expectations versus Excuses*," the notion that raising issues before an event has occurred is viewed objectively and helps to set expectations. The exact same explanation given after the fact is often viewed as an excuse with negative connotations.

Creating and reviewing a simple expectations matrix that lists what the customer can expect of the vendor and what the vendor can expect from the customer is an effective method of highlighting issues. With an equal number of expectations stated for both parties, the document will appear to be fair and balanced and can avoid the expectations versus excuses trap that can easily occur.

With some upfront precautionary discussions and activities, this article title could morph into, "Small Customers, Avoiding Big Problems."