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Top Tier Clients

What are top-tier clients? Top-tier clients are those who pay top dollar for better products and services, thereby allowing companies to increase margins and growth. Veracorp specializes in attracting top-tier clients for our clients and has seen outstanding results.

Customers can be categorized into three segments: bargain hunters, value hunters and prize hunters. Pursuing prize hunters can significantly strengthen a company's finances and stability. Delta Airlines is a case in point - it was bankrupt and had to fend off a hostile takeover bid from US Airways. However, for the first six months of 2007 it recorded net income of \$1.64 billion compared with a loss of \$4.28 billion the year before. CFO Edward Bastian stated the reason for the turnaround was due to rebalancing its network. "Previously Delta was really a domestic carrier with an international business. We're now an international business. And that move into the international market doesn't mean just traditional transatlantic routes. It means going into India direct, going into Dubai, going into Africa, going into economies that are growing at a double-digit pace with metal that we already own. We're also pulling the big widebodies out of the US and sending them internationally, where they're more profitable. And we're downsizing; or right sizing, depending on your perspective - domestic aircraft" <http://www.cfo.com/article.cfm/10050951?f=search>. In essence Delta turned itself around by attracting top-tier customers –the prize hunters.

Another example is that of Foot Petals, who sells fashionable shoe cushions suited for women. At the urging of its manufacturing partner the company shut down 100 accounts in one year, reducing the average number of days to receive payments from 120 to 45. In 2007 Foot Petals netted \$1.9 million pretax on sales of \$9 million, increases of 53% and 70% over the year before, respectively. <http://www.forbes.com/entrepreneurs/forbes/2008/0128/058.html>

The company discarded its lower tiered customers – those late in paying – for higher tier prize hunters, and is thereby thriving.

A final example is a company for whom I worked. Shortly after joining, it experienced its first downturn in business and had to lay off half of its workforce. I convinced the owners to allow me to analyze its dynamics. We had three types of clients that fit the bargain, value and prize hunter model – food, cosmetic and pharmaceutical clients, respectively. In less than two years we increased the proportion of cosmetic clients, resulting in a 10 times increase of revenues and a 5 times increase in margins. Despite having to retain our bargain hunting food companies due to a family commitment, operating margins rose to 65% from 12%. All due to selecting top-tier, prize hunter clients.

This model can work for any company, organization or individual. By increasing the proportion of top-tier prize hunting clients, margins and revenues will increase and the company will achieve sustainable success.

Please contact Veracorp if you would like to discuss your needs.
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