

# ARE YOUR CUSTOMERS

# *valuable?*

Your customer base is a critical component of your business' value, but how do you know if your customer base is adding value or not? You can start by asking these 4 questions.

## 1

**How often do clients purchase from the business and what is the ticket size of their purchase?**

The more often a client purchases and the larger the ticket size (in isolation of other factors) the higher the quality of that customer.

## 2

**How diverse is the customer base?**

A firm with \$1M revenue and 10 customers is usually a much stronger proposition than a firm with \$1M revenue and 3 customers.

## 3

**To what extent do those customers pay for what they buy?**

A quality customer is one who pays on time. If half of a business' customers are in arrears 90 days, you have to question whether the business has a quality customer base.

## 4

**What markets are the customers operating in?**

It's no good having customers in a market that is suffering (unless the business has a proposition that can make money in that situation). You must look at the quality of both the customer and the market they operate in. Diversity of market exposure is important.