

Divesting Clients – A Rational Approach

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3rd week of December 2008 Client Divestment can be defined as the strategy by which a company stops providing a product or a service to an existing customer.

Managers have traditionally applied segmentation to differentiate across clients and their different needs. Clients are not the same… and may simply naturally belong to a segment that companies do not want or do not have the ability to serve. This empirical truth may create the need to manage a new hurdle: how to efficiently divest clients without destroying value both for the company and for the divested client. Therefore, divesting clients is no longer seen as an organizational anomaly, but a strategic move that is continuously gaining momentum in the market:

To totally be aware of what divesting truly means, you should be able to balance reasons against risks:In order to help mitigating such risks there are frameworks to evaluate each client potential value and their divestment impact:A proper analysis about each stage helps to understand how unbearable clients are to manage and their strategic importance, beyond than the financial factor:

