The Existing Customer Goldmine

Why one of the most obvious profit pools is often hiding in plain sight, and the six levers that can help you mine it

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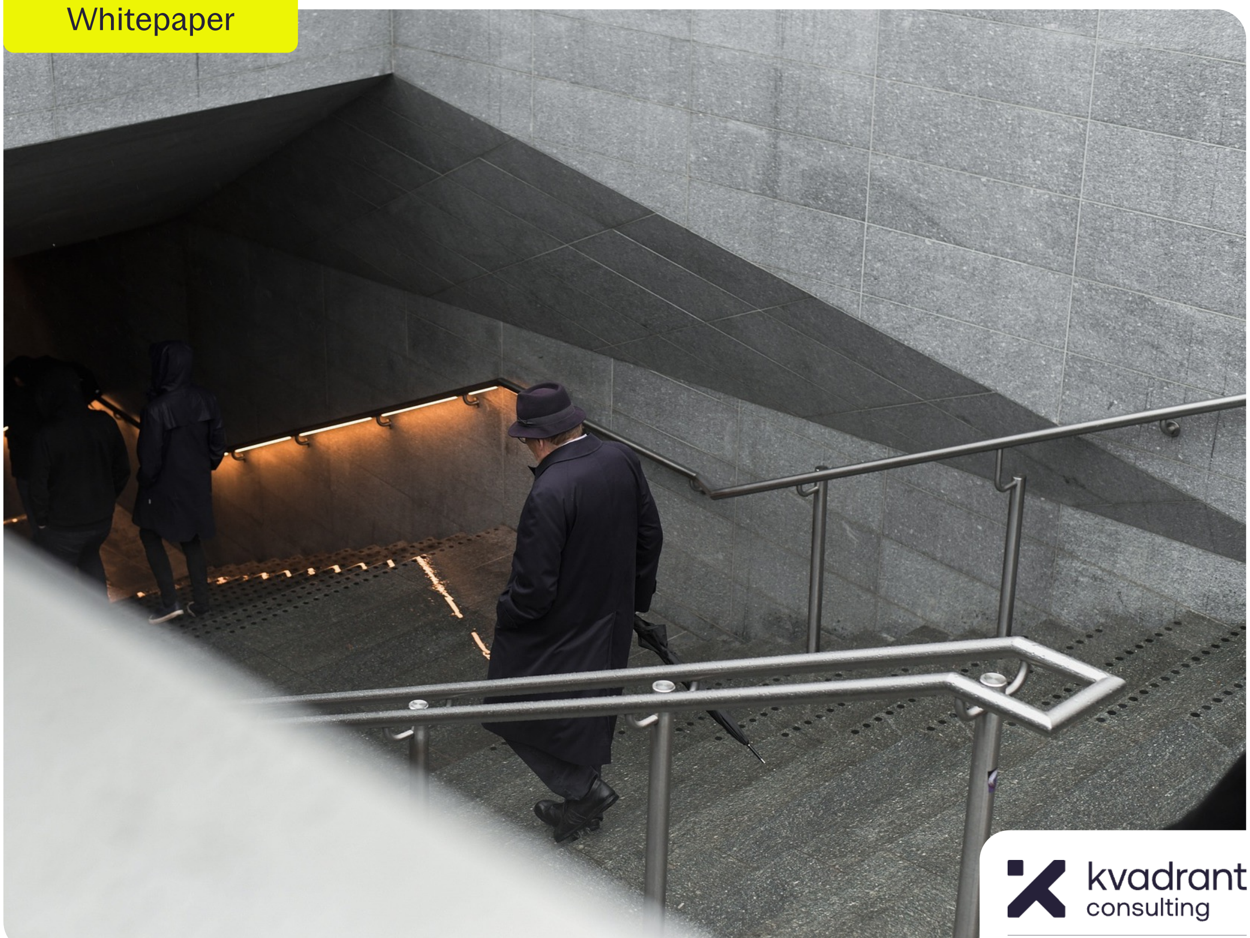
Whitepaper



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About Kvadrant Consulting

Many companies have succeeded by having a superior product. But technology advantages increasingly erode. What doesn't erode is a deliberately designed growth system. At the same time, recent advances in AI, technology, and data open up new possibilities to rethink how that system is built. Kvadrant Consulting was created to help businesses seize this change and turn their commercial engine into a lasting competitive advantage.

We support clients in evaluating the commercial potential of acquisitions, making the right growth choices, and building the capabilities to deliver on them - so that the choices you make at the top are the ones that actually get built in the organisation.

Kvadrant Consulting is now part of the Elixirr Group, a global challenger consultancy. This adds international reach and Tech & AI capabilities, while preserving Kvadrant's culture, senior attention, and uncompromising focus on execution.

About the authors

Mikkel Bach-Andersen

Partner

Mikkel has 15+ years of experience in B2B marketing & sales, with a focus on value design, commercial operating models, organizational design, go-to-market strategy, and deal acceleration. Co-author of The Campfire Launch.

Simon Bøge

Partner

Simon advises large and mid-market companies on commercial strategy and transformation. With 20+ years of experience as a senior consulting partner and industry executive, his work spans strategic growth, turnaround, and large-scale change - both as an advisor and as a line leader running organisations through significant change.

Executive Summary

For most B2B companies, the biggest unexploited growth lever sits in the customer base they already own, not in the next new logo. Acquisition cost is already sunk, the relationship exists, the buying cycle is familiar. And in nearly every customer-base diagnostic we run, the same pattern shows up: a small fraction of customers generates most of the profit, a large fraction is unprofitable or marginal, and the commercial system is built for neither.

Despite the potential of existing clients, value is very often leaking due to poor segmentation, sub-optimal capital allocation of marketing & sales resources and lack of pricing discipline

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SIX LEVERS THAT MOVE THE NEEDLE ON PROFITABILITY:

In our work with clients, we have seen several “levers” that have had a proven effect on their ability to boost the profitability of their existing client base:

1. Build a deep understanding of customer economics and future potential at account level
2. Segmentation on size and potential, governed dynamically and tied to downstream decisions
3. Differentiated engagement models with explicit ownership, cadence, and privileges per tier
4. Pricing discipline grounded in benchmarks, leverage, and contribution-margin reality
5. A codified approach to account planning, interaction guidance, and cadence
6. Data-driven plays that turn dynamic signals into next-best actions

> The upside is usually larger than the company’s annual new-business target, available faster, and at lower risk. The reason it does not get done is rarely analytical. It is that the work is internal, unglamorous, and demands sustained governance discipline rather than one hero project.

Who this paper is for ?

The argument applies to any business where customer lifetime value materially exceeds the value of the first transaction. That single condition is what makes existing-customer work compound. If a customer is worth ten or fifty times what their first order generated, then every retention point and every expansion triggers a long stream of future revenue.

ARCHETYPE	WHAT MAKES IT COMPUND
Repeat-purchase Industrials, packaging, distribution	Customers buy the same or similar products continuously. The next purchase is easier than the first, but the relationship degrades silently when no one actively manages it.
Subscription & recurring SaaS, managed services	Net revenue retention is the single most important growth lever. A few points of improvement compound into a fundamentally different equity story over five years.
Professional services Consulting, law, agencies	Client LTV after the first engagement dwarfs that first engagement. Most major firms run mostly on repeat business from accounts worked with for years.
Capital equipment & aftermarket Aerospace, heavy machinery, medtech	The original sale is often near-zero margin. Twenty years of parts, service, upgrades, and consumables is where the business makes money.

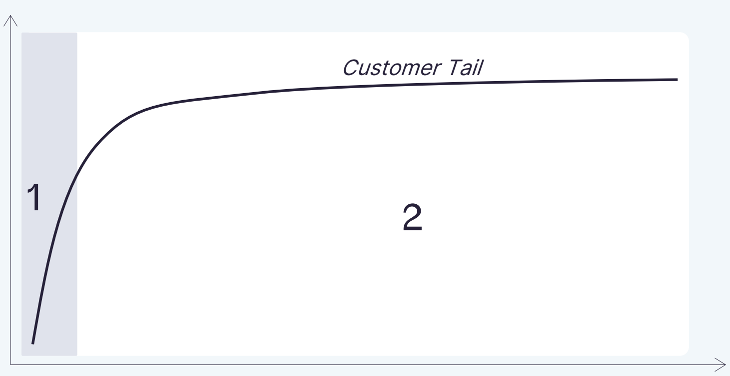
Why the profit potential of existing customers isn't fully exploited

The skewed economics of existing customers

A churned customer in any of these businesses is not a one-year loss. It is the lost lifetime value plus the acquisition cost the company already spent to win them. The same math runs in the other direction: an additional point of net retention this year keeps paying every year forward.

What's more in these businesses the customer-base economics almost always follow a power law rather than a normal distribution.

Customer profitability often follow a power law distribution
Concentration of Customer Profitability



1 Top 10 customers contribute with an outsized EBITDA contribution

2 Majority of long tail contributes with very little EBITDA yet introduce extensive complexity and defocus

IN PRACTICE – INDUSTRIAL BUSINESS, ~ 1,100 ACCOUNTS

Our analysis on a client case revealed that the top 10 customers generated **38% of total EBITDA.** The bottom 930 customers together contributed **less than 1%.**

Why the customer goldmine continues to be unmined

Most B2B leadership teams know that retention and expansion in the installed base are more economic than new acquisition. Yet most still allocate disproportionate energy and headline metrics to new-logo growth or downplay how much discipline there is needed to properly manage the customer base to maximize profits.

The reasons are partly cultural (new business is exciting and easy to narrate to a board) and partly structural. Existing-customer value leaks across sales, customer success, pricing, marketing, and partner channels, so no single owner feels the full pain and no single intervention solves the problem.

IN TIGHTENING MACRO CONDITIONS, THE COST OF WINNING NEW CLIENTS RISE:

→ New-logo cycles lengthen

→ Marketing-sourced pipeline drops

→ Competitive intensity rises on the deals that do surface

In this environment, the first strategic question should be straightforward:

> *"Are we capturing close to full value from the customers we already have?" For most companies, **the honest answer is NO.***

In the next chapter we open the hood on some of the most prevailing issues in customer value management for B2B companies.

Issue #1: Real segmentation is missing – and the allocation follows

Across the customer-base diagnostics we have run, two problems surface together in almost every B2B company: real segmentation is missing and pricing discipline has eroded. Most B2B segmentation, where it exists at all, is based on revenue size. Sometimes industry. Rarely potential. It lives in a slide deck, or in a CRM field that hasn't been updated in years and doesn't drive behaviour. Account managers do not change behaviour based on it. Marketing does not change targeting. Customer success does not change service levels. Pricing does not change discount authority.

The deeper problem is that size-only segmentation captures what an account is worth today but ignores what it could be worth. A €100k account inside an enterprise with €50m of unmet potential is nothing like a €100k account inside a small business that has already bought everything it will ever buy. Treating them identically wastes investment in one direction and starves it in the other. The default for most B2B sales organizations is **to divert all energy to the big clients.**

TWO DISTORTINTS EMERGING FROM UNDIFFERENTIATED COVERAGE

1. The most demanding accounts consume disproportionate time even when their incremental upside is limited
2. A long tail of accounts with bigger potential that don’t make a lot of noise are handled reactively if at all

IN PRACTICE – INDUSTRIAL MANUFACTURING, ~ 79,000 ACCOUNTS

An analysis we ran for a client revealed that Roughly **40% of smaller accounts received zero account-manager touches** each year. More than 15,000 of the smallest accounts and another 15,000 in the next tier were below minimum interaction targets. Even the largest tier had nearly 1,000 accounts below the company's own defined minimums.

Issue #2| Pricing discipline has slipped

Pricing erodes for its own reasons: List prices become aspirational. Sales reps protect deals with discounts rather than value arguments and Relationships determines discounts. Over time, price realisation drops, and the variance between what different customers pay for the same product widens.

IN PRACTICE – 200+ PRODUCT GROUPS

Repricing customers below the 25th percentile of their size cohort back to the benchmark was worth **€135k in pure margin in just one product group**. Variance analysis across the wider portfolio suggested **roughly 40% pricing upside on identified outliers.** Those numbers are not unusual. They are the typical result of five to ten years of accumulated discount decisions, each individually defensible at the time, collectively indefensible in aggregate.

Look at the direction of the variance, and a stranger pattern emerges. In a rational world, customers with high commercial leverage on the supplier (large dependency, high switching cost, narrow alternative supply etc) would pay benchmark prices or above. In practice the opposite often happens.

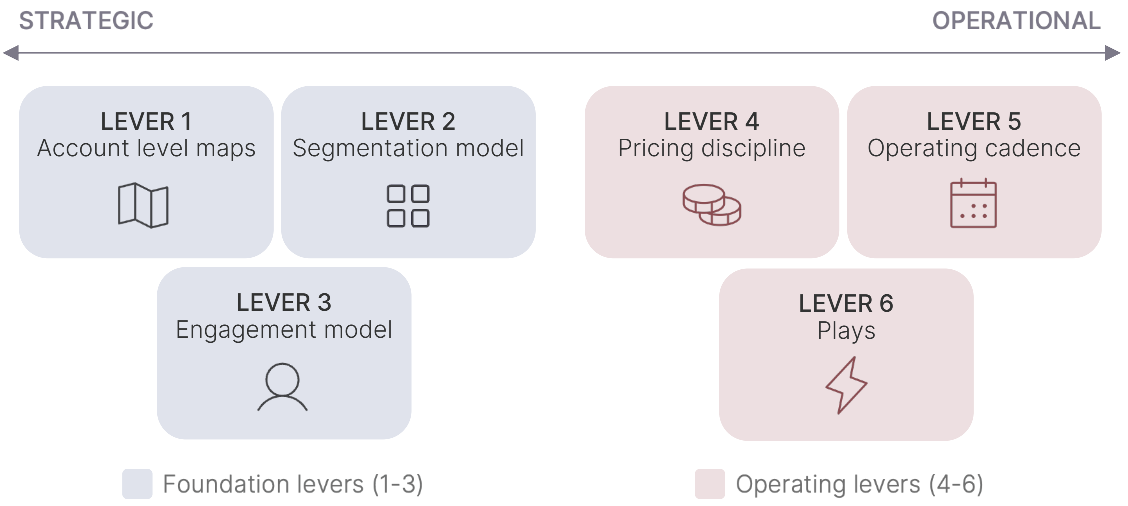
High-leverage customers get better deals because they negotiate harder and their account managers find them harder to refuse. Low-leverage customers, who have less power, accept whatever they are offered. The pricing book quietly inverts the economics it should reflect.

The worst pockets are negative-margin product groups. In several customer bases we have analysed, certain product groups had 50% to 80% of their volume going to customers below contribution-margin breakeven. Those customers didn't even cover variable cost. No one had made an explicit decision to subsidise them, and they weren't anyone's strategic loss-leaders. They were administrative failures: pricing that drifted below cost over time without anyone noticing or owning the issue.

WHAT to do to capture the value of your exiting customers

Six levers to get the most out of your existing customer base

The fixes are not new, but they are rarely implemented as a coherent system. Each one might give you a few wins, but our experience that bringing them all together under one program leads to compounding outcomes.



LEVER 1	Build a deep understanding of customer economics and future potential at account level
LEVER 2	Classify accounts by current value and potential - make it drive ownership, cadence, and pricing authority
LEVER 3	Match cost-to-serve to account value with explicit tiers, high-touch, mid-touch, and tech-touch, each with named ownership
LEVER 4	Reprice outliers back to benchmark, build leverage scores, and address negative-margin pockets explicitly
LEVER 5	Codify approach to account planning, interaction guidance, and cadence
LEVER 6	Turn dynamic signals into next-best actions: three to five plays, well instrumented, beat thirty that nobody executes consistently

Lever 1 | Build a deep understanding of customer economics and future potential

Most B2B companies can't answer two basic questions about any given account: does this customer make us money once we include cost-to-serve, and how much more could they buy? Without answers, account decisions get made on partial information, and resources flow toward whichever customer is most visible or yells the highest rather than whichever is most valuable. The artifact is a per-account economic and potential view.

What it covers:

Current economics	Revenue, gross margin, cost-to-serve, contribution after service load
Potential footprint	Accounts where service intensity outruns margin (we're investing more than the return justifies), and accounts where the opposite is true (genuine upside, under-resourced)
Current footprint	Products bought, modules deployed, departments using the system, geographies covered, user counts, contract structures
Potential footprint	The equivalent picture if the customer expanded to a reasonable share of wallet
The delta	The named gaps, sized roughly, with a hypothesised path to close each one
Confidence	How much of the delta is based on customer signal versus inference

The first time you do this, it's a real piece of work: cost-to-serve modelling, footprint mapping, gap sizing, AM validation. For a portfolio of 1,000+ accounts, that's a several-month exercise. Most companies that fail here tried to do it lightly, produced a half-credible view, and watched the organization ignore it within six months. Once the baseline exists, maintenance is light.

Lever 2 | Rebuild the segmentation model (and put into practice!)

Size of an account only tells you what an account is worth today. Potential tells you what it could be worth. A useful model uses both: plotting accounts on current value vs. potential splits the portfolio into four meaningful boxes.

Diamond

Large value, high potential. Defend and expand. The cost of losing them is catastrophic and the upside of growing them is largest.

Harvest

Large value, limited potential. Protect efficiently. The job is retention at sensible cost, not growth.

Build

Small value, high potential. Invest deliberately. These are the diamonds of three years from now if managed properly.

Light or exit

Small value, low potential. Light-touch service or graceful exit. Not every customer is worth keeping.

Segmentation only matters if it drives downstream decisions: who owns the account, what cadence they get, which privileges they receive, what discount authority applies, what response time their support tickets get. If a customer can move between segments without anything operationally changing, the segmentation is decorative. Based on our experience great models are defined by a few characteristics:

- Keep the input variables few, objective and auditable, with named owners
- Prefer bins (low / medium / high) over precise scores: the precision is false and the maintenance cost is high
- Use one global model with regional thresholds so the logic is consistent but reflects local market reality. Make the segment a required CRM field
- Build dashboards that show pipeline, NRR, and capacity by cell so the segmentation becomes visible in weekly operating reviews.

The test of whether the segmentation is real is simple. Do “higher” cells actually deliver measurably better win rate, margin, and retention? If yes, the model is working. If not, either the model is wrong or the operating system is not using it.

Lever 3 | Differentiate the engagement model

Not every customer deserves the same coverage. A differentiated engagement model matches cost-to-serve and investments to account value, with explicit choices about ownership, channels, and cadence.

Here is a real-life example of an engagement model we developed with a SaaS company:

High-touch	Dedicated pod (a named senior account manager plus a solution expert, with executive sponsorship) covering the largest and highest-potential accounts. Quarterly business reviews. Co-created annual plans. Bespoke onboarding and enablement. Scale and loyalty discounts allowed.
Mid-touch	Named account manager with pooled solution support, semi-annual reviews, and a structured cadence. Less bespoke, still relationship-led.
Tech-touch	No named owner. Support "owns" the account, marketing supports with automated or trigger-based lifecycle campaigns, in-product nudges. Human contact zero to one time a year, reactive only.

Differentiation runs deeper than ownership and cadence. What distinguishes a tier is the bundle of choices made for it: response times, the seniority of the person who picks up the phone, the level of customisation in materials and contracts, access to senior leadership at the supplier, included services (training, executive briefings, early feature access), discount authority, and the speed of internal escalation. A high-touch account that gets the same SLAs and the same access as a mid-touch account is high-touch only on paper.

Keep in mind that One of the most prevalent failure modes is silos: marketing optimising for lead volumes, sales protecting their pipeline, customer success firefighting on whoever is loudest, and partners selling whatever they canto whoever they can, independently from the rest of the company .

Lever 4 | Restore pricing visibility and discipline

Most pricing problems are visibility and discipline problems. Visibility means knowing what is going on at account and population level, discipline means charging different customers differently, intentionally, with reasons that can be defended.

For existing customers there are three obvious handles you can pull:

1. **Reprice the outlier:** Identify customers paying below benchmark per product and size segment. Build a "back to the line" plan over a defined period. Realised attrition is almost always far smaller than feared: underpriced customers learned to ask for discounts; they wouldn't actually leave.

2. **Price for leverage:** Build a leverage score: customer size, supply position, breadth of products, switching cost, distance to alternatives, concentration of spend. High-leverage customers should pay at or above benchmark - the leverage view exposes the inverse-pricing problem.

3. **Address negative-margin pockets explicitly:** In product groups where a large share of volume is below contribution-margin breakeven, treat those customers as candidates for replacement. They are not strategic loss-leaders unless someone has explicitly decided they are.
In one customer base we analysed, ten product groups had between **53% and 80% of their volume** in negative-contribution accounts. Fixing those groups (through repricing, contract restructuring, or in some cases exit) was worth a multi-point margin improvement at company level.

Governance is what makes this stick. Boards should require management to analyse and report on these topics. Without that visibility, pricing reverts to ad-hoc discounting within twelve months of any reset.

Lever 5 | Codify account planning, interaction guidance, and cadence

A good engagement model is wasted without the discipline of executing it consistently. Three things have to be in place for the model to be operational!

1. Account planning approach and methodology

For each tier, a defined methodology should be in place: Top accounts merit a substantive plan: stakeholder map, competitive position, named white space and a multi-year objectives. Mid-tier accounts get a lighter, standardized version owned by the account manager. Long-tail accounts get an automated profile rather than a plan. The methodology must specify the tools , the inputs, the owner, the refresh trigger, and where it lives. That last point matters: account plans that live in slide decks get ignored. Plans that live in the system get used.

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2. Customer and internal cadence

This piece entails frequency of touchpoints, both external and internal, differentiated for each tier:

External covers the customer-facing rhythm: at minimum an annual strategic conversation (where the account plan gets refreshed) and a quarterly or semi-annual progress review. Top-tier accounts often justify monthly touchpoints; long-tail may have one or two a year, mostly digital.

Internal covers the governance rhythm: structured preparation before customer interactions and a faster operational rhythm for portfolio-wide health monitoring. Without internal cadence, the external cadence slowly degrades.

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3. Interaction guidance

For each interaction type, a defined standard for what good looks like. Four elements matter: preparation (what gets reviewed in advance), participants (who needs to be there and at what seniority), conduct (what decisions get made and assigned), and follow-through (what happens after and how it gets documented. Again differentiation matters. Top accounts justify executive participation and customised materials. Mid-tier runs on standardised templates with disciplined follow-up. Long-tail is templated or fully automated. Without explicit guidance, intensity defaults to what the rep finds comfortable - not what the account warrants.

Lever 6 | Run data-driven plays

Static segmentation tells you who to invest in, but dynamic signals tell you when to and what to do . The two together are stronger than either alone.
Build a small library of plays. Each play has a clear trigger, owner, response time, and content. The great thing about existing customer is that you are probably sitting on troves of data on how and what they buy etc. A representative set:

- **Usage drops in a key feature** → customer success outreach within 7 days
- **Renewal window opens (60–90 days out)** → AM re-engagement, value review, multi-year proposal
- **Champion change detected** (LinkedIn / CRM signal) → relationship-rebuild play, executive sponsor for top-tier accounts
- **Intent signal on a relevant topic** (third-party intent, content engagement) → inside-sales outreach within 48 hours
- **Replenishment cycle approaching** → automated quote with price-pack guardrails, followed by inside sales if not converted
- **Negative NPS or support escalation** → escalation play, executive visibility for top-tier accounts
- **Expansion of headcount or new office** → account manager expansion play

A useful test for each play is "could this be handled by e-commerce or by an AI-enabled bot rather than a human?" Increasingly the answer for low-complexity plays is "yes". Reserving human capacity for plays that genuinely require judgement, relationship, or negotiation is what makes a tiered engagement model economically viable at scale. **Three to five plays, well instrumented, beat thirty plays that nobody can execute consistently.** Pick the ones with the highest expected value (usually renewal windows and at-risk signals), instrument them properly, and add new plays only when the first wave is running reliably.

HOW to succeed with the transformation

Making it stick | Governance and sequencing

1 · Sequencing the change initiatives matters

Segmentation comes first - without it, engagement-model differentiation has no foundation and pricing has no defensible logic. Engagement model and cadence come next. Pricing can run in parallel. Data-driven plays come last formally but should be piloted early in small, instrumented ways.

2 · Governance and disciplined execution beat more data

Most companies already have enough data. A monthly customer-base review, owned by a senior executive, with explicit decision rights over segmentation moves, repricing decisions, and engagement-tier changes, is worth more than another analytics project.

3 · Compensation must follow

If account managers are compensated purely on revenue, they will not optimise for margin quality. Tying part of variable compensation to retention and margin quality, not just gross sales, is the mechanical change that locks the new behaviour in.

4 · Resist the temptation to over-design

The failure mode is not under-thinking, it is over-engineering: 18-input segmentation, hundreds of pricing cells, a play library nobody can remember. **Simple, defensible, and operationally enforced beats sophisticated and ignored**. Add complexity only when the basics are running cleanly.

5 · Plan for political work

A serious customer-base programme will create internal losers: AMs who lose accounts to inside sales, regions giving up customers to a global tier, product owners whose negative-margin volumes get repriced or exited. The biggest failure mode is underestimating the change-management required.

Conclusion

The existing customer base is the largest under-managed asset in most B2B companies. The opportunity is hidden behind unglamorous operational work: defining a real segmentation, building a differentiated engagement model, restoring pricing discipline, codifying an account development cadence, and running a small set of data-driven plays well.

In every customer-base diagnostic we have run for the company archetypes mentioned early in the paper, the upside from getting these six levers right can easily exceed the company's annual growth target from new business. It is faster (no acquisition lag), cheaper (no incremental CAC), and lower risk (the customers are already known). The reason it does not get done more often is that it is internal, cross-functional, and politically harder than launching a new product or entering a new market.

That is also why it pays. Companies that do this work systematically build advantages that are difficult to copy, because the change shows up everywhere and nowhere: a thousand small decisions made slightly better, week after week, year after year.

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Any further questions?

Feel free to reach out to:

Mikkel Bach-Andersen

Partner

Mikkel has more than 15 years of experience of practicing and consulting within propositionB2B marketing & sales. He has a functional focus on value design, commercial operating model transformations, organizational design, commercial & marketing strategy, product launches and deal acceleration. Co-author of *The Campfire Launch*

mba@kvadrant.dk

+45 40411331

Simon Bøge

Partner

Simon advises large and mid-market companies and their owners on commercial strategy and transformation. He brings 20+ years of experience as a senior consulting Partner and as a Strategy and Marketing Lead in industry. His work covers strategic growth, turnaround, and large-scale change programmes, both from the advisor's seat and as a line leader running executive teams and operational organisations through significant change.

sib@kvadrant.dk

+45 25 47 88 33