

Which Customers Should Your Business Choose Not to Serve?

A large order can still require a business you are not set up to be. How to decide which customers to pursue, which to decline, and which are worth learning to serve.

by Samet Kasik

KEY POINTS

- Customer selection shapes the business behind the sale: its offering, costs, capabilities, and commitments. A customer can bring revenue while requiring a service model the business cannot sustain.
- Evaluate fit through the customer's needs and alternatives, alongside the economics of serving them. Company size or industry alone rarely explains whether a relationship makes sense.
- Difficult work can reveal a valuable opportunity or a weakness in the current service. Before declining it, examine pricing, scope, delivery, and what the business could realistically learn to do better.
- Make customer priorities visible in sales and operating decisions. Where a change in focus is justified, plan the transition around existing commitments, cash flow, and evidence of replacement demand.

A prospective customer asks for a quote. The order is substantial, the budget appears reasonable, and the work falls within something the business can technically deliver. Winning it would make the next revenue report look better.

Then the requirements become clearer. The buyer needs a different turnaround time, more customization, and support the current team is not set up to provide. Each request may be reasonable. Together, they raise a question that deserves attention before the proposal goes out: what would the business have to become to serve this customer well?

Customer selection influences more than who receives a sales pitch. It shapes the work a business learns to do, the resources it commits, and the promises other customers can continue to rely on.

Start with the need you can serve well

In *Playing to Win*, A.G. Lafley and Roger Martin connect the choice of where to compete with how a business intends to win. Choosing customers makes strategic sense when the business can explain why those customers would prefer its offering and what it needs to deliver that value.¹

Broad descriptions such as “small businesses” or “companies in retail” leave much of that question unanswered. Two customers of similar size in the same industry may have very different priorities. One values a predictable, standardized service. Another needs frequent changes and direct access to a specialist. They may both have attractive budgets while requiring different ways of working.

James Anderson, James Narus, and Wouter van Rossum make a related point in “Customer Value Propositions in Business Markets”: suppliers need to understand which differences matter to target customers and substantiate their value against the next best alternative.²

That understanding changes the customer selection question. Which needs can we address particularly well? What does the customer use today? Where would our approach create a meaningful improvement, and would that improvement support an economically viable relationship?

The answers should guide both whom the business pursues and what it promises them.

Different customers can require different businesses

Consider a hypothetical commercial printing company serving local businesses.

Some customers place recurring orders for labels, menus, and other materials using established specifications. They value consistent output, straightforward reordering, and dependable delivery. Serving them well could justify investment in stored specifications, order management, and efficient production scheduling.

Other customers need displays for exhibitions. Their orders involve unfamiliar materials, changing designs, fixed event dates, and installation at the venue. They may value technical problem-solving and flexibility enough to support a profitable service. Meeting those expectations could require different equipment, specialist staff, and capacity reserved for late changes.

Both groups could be attractive. The strategic issue is whether the printer has a credible way to serve both, including when their demands collide. An urgent exhibition revision may occupy the same equipment and people needed for a regular customer's scheduled delivery.

The printer might build a dedicated exhibition service, use a partner for installation, define firmer production deadlines, or concentrate on recurring orders. Each choice requires a commercial case. A larger order does not settle the question, and neither does a preference for more predictable work.

The assessment belongs in the decision about **what turns a growth target into a strategy**: which customers the business will prioritize, why it can compete for them, and what it will commit to doing well.

Look beyond the customer's revenue

For the hypothetical printer, I would want to compare what different kinds of work contribute after accounting for the resources they consume.

That includes quoting, design revisions, setup, materials, delivery, collection, and resolving problems. It also includes the effect on constrained capacity. An order can make a positive contribution on its own while leaving less room for work that better supports the business's priorities.

The comparison needs care. Allocating a share of rent or management costs to each customer can make a useful account look unattractive even when declining it would leave those costs in place. Over a longer period, however, a customer group may require additional equipment, supervision, or support. Those

commitments belong in the decision too.

Repeat business, payment timing, and concentration also matter. A dependable account can support planning, while heavy dependence on one buyer can limit negotiating room and make a future loss harder to absorb. These considerations require judgment; a single customer profitability score will rarely capture them all.

I would also be cautious about projected referrals or future volume. They may strengthen the case, but they remain assumptions until there is evidence behind them. The business needs to know which commitments it is making now in exchange for benefits that may arrive later.

Do not confuse poor fit with a problem worth solving

A demanding customer can expose an important weakness in the business. Repeated requests for clearer updates, more reliable scheduling, or easier ordering may reveal something the company should improve for many customers.

Theodore Levitt's "Marketing Myopia" offers a useful caution here: defining the business too closely around its current product can obscure the underlying customer need.³ A service boundary can become a convenient defense of an approach that no longer works well enough.

Before concluding that a customer is unsuitable, examine why the relationship is difficult. Has the business underpriced the work? Is the scope unclear? Are avoidable errors creating extra support? Does the customer need a capability the business has good reason to develop?

For the printer, repeated requests for smaller production runs could indicate a market worth testing. The company would need to investigate demand, production economics, and competitive alternatives before investing. Declining every unfamiliar request could preserve today's efficiency while closing off a useful direction for growth.

There are also limits to what a higher price can resolve. A premium may cover additional labor, but it cannot automatically create specialist judgment or make two conflicting deadlines achievable. Some relationships require a change in delivery, a narrower promise, or a referral to another provider.

Turn the choice into everyday decisions

A customer focus has little effect if sales incentives, proposal templates, and operating decisions continue to reward every available order.

The printer could define the work its standard service supports: suitable specifications, minimum lead times, revision limits, delivery arrangements, and exceptions requiring review. Sales staff would then have a basis for qualifying opportunities before making commitments that production must somehow absorb.

These boundaries should follow from the service the company intends to provide. They should also be reviewed when evidence changes. An exception may be a useful experiment if its cost, purpose, and effect on existing work are understood.

Changing an established customer mix takes time. Existing commitments need to be honored, and revenue from current accounts may fund the transition. The practical route may involve revised terms, a different service option, referrals, or gradually reducing the pursuit of certain work as replacement demand develops.

Before accepting the next attractive account, describe what serving it well would require. Consider what the relationship would look like if more customers arrived with the same expectations.

Would the business have a sound reason to build that capability? Could it deliver the promised value at a sustainable return? What would happen to the customers it already intends to serve well?

Those answers give customer selection a purpose beyond filling the order book. They help determine which business the next sale is building.

REFERENCES

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