

Changing the fortunes of E.ON's Corporate Customer business (C)

During the second half of 2008 a number of quick and essential actions had been taken to try to stabilise the business, including:

- Introducing robust credit checking for all customers, including those in the public sector.
- Launching a deal appraisal process to evaluate the likely net value from each large deal before account managers provided quotes to customers.
- Hiring an interim manager to make urgent inroads into the debt book.
- Creating a new team to build flexible products.
- Increasing Group customer prices at the point of contract renewal so that those who stayed in the October 2008 sales round1 did so at prices that covered working capital costs.
- Stopping all sales to new Group customers from 1 October 2008.
- Building a value model to analyse the net value added by each customer segment.

A broader decision was needed, however: which customer segments should the business play in, and what size and shape of organisation was appropriate to support this? Adrian formed a very small team to do this work, the key members being the strategy manager and finance manager.

Finalising the plan

Segments

The value analysis had presented a clear picture: the Group customer portfolio lost money and the segment had many unattractive characteristics. The team considered under what