



Adrian Merrick
Michael G Jacobides

CS-11-043 November 2010

## 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

This case was written by Adrian Merrick under the supervision of Professor Michael G Jacobides, Sir Donald Gordon Chair of Entrepreneurship and Innovation and Associate Professor of Strategic and International Management at London Business School. London Business School cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

<sup>© 2010</sup> London Business School. All rights reserved. No part of this case study may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, photocopying, recording or otherwise without written permission of London Business school.