

Cultivating Customer Relationships

by Ken Young C.C.P. Emeritus.

Customer relationship management plays an important part in a credit manager's responsibility of growing and protecting businesses. I recall meeting with a customer in Chicago who had just created a start-up entity. After dialoging with the customer for a while, he provided access to their opening balance sheet and spent a considerable length of time sharing their business plan. The value achieved in this meeting was the fact that we were the first major supplier to extend credit, which the customer never forgot. Another significant aspect was the fact that we took the time to meet him personally and tour the facilities. A genuine and trusting business relationship was forever established. Visualization of the operation in so many lines of business adds a unique and invaluable dimension.

The credit line and terms that were initially established were adequate to get the firm purchasing their requirements of our product line from us. However these credit aspects (credit availability and terms) would still need to be reviewed in a matter of months, once a historical payment pattern and actual business results were established. This allowed us to keep a close watch on the company as it was progressing, keep the credit reins tight initially, and secure significant business volume in a geographical marketplace that we did not have high volumes from previously.

Over many years it was very pleasing to see the client grow to have a very significant presence in the geographical marketplace as well as the industry overall. We don't always bat 100% in credit granting, but it is rewarding when you can look back and see the impact that was made due in large part to trusting relationships. These relationships, once established, can produce very substantial volume growth, profitability and shareholder value for both parties.

Another example of customer relationships forged from a customer visit was with a client in L.A. Substantial dividends resulted, but it took a while for full and complete financial disclosure to be provided. Once disclosure was obtained, a mutual bond of trust was created. We were the only major supplier that obtained this disclosure. Due to this trust, on numerous occasions the owner would call our company to keep us informed of unique negative occurrences that had or were occurring in that geographical territory. The bottom line was that we had helped his firm grow and in turn he wanted to help us out to prevent bad debt losses.

There is a story told of Jerry Rice – one of the best wide receivers in history in the NFL. When he was asked why he attended Mississippi State University when a very well-known college (UCLA) had been recruiting him, his answer was they were the only college to come to his house and pay a personal visit. They showed in a personal way that they cared. It is the same with customers, as so many of them are proud of their business and appreciate the time suppliers take to come to their premises and meet them.

Face to face meetings offer significant, intangible interactions that go way beyond words. Studies have shown that face to face meetings were more effective and produced tangible results

that couldn't be replaced by technology. These meetings were also more likely to result in agreement and collaboration.

Customer visits for some companies are a road less travelled; however, depending on the volume, profitability and growth potential, it is a road that cannot be ignored if a complete picture of the risk elements versus reward is to be painted.

If customer visits are not possible, it is still very worthwhile to cultivate customer relationships – although they are not as effective as in a face to face setting – in order to more fully understand and to capture the upside of risk.

Mark Cuban once said, “The NBA (National Basketball Association) is never just a business. It's always business. It's always personal. All good businesses are personal. The best businesses are very personal.”

Developing and maintaining customer relationships are of prime importance in significantly impacting your firm's revenue growth, profitability, shareholder value and in achieving corporate and personal success.

Ken Young C.C.P. Emeritus. Young.Ken@hotmail.com

Ken has been a credit management professional for over twenty-five years and has global experience in a broad range of industries including the food (aquaculture and beverage), chemical, manufacturing and transportation sectors. Most recently he was the Credit & Collection Manager at Pepsi Bottling Group in Canada.

Ken has delivered a successful series of keynote addresses on credit in Kingston and Montego Bay Jamaica. He was also a part of a small team that designed and implemented enhanced strategies for the collections department of a large firm in Indonesia. He serves on the board of the Credit Institute of Canada as well as the National Credit & Financial Executives Forum.