The Distribution Team

We wrote THE BOOK on Distribution Inventory Management

Customer Service Tools
By Scott Stratman
Founder - The Distribution Team

Communication with customers is critical in today's market. It really does not make a difference on how you communicate, but rather the fact that you are in communication is key. You can use outside sales personnel, emails, fliers, product price books, inside sales personnel and company functions. When you have both and inside and outside sales force, it is often the communication between those groups that suffers more than the communication with the customers. You need to develop a consistent method for the outside and inside personnel to be on the same page. Outside sales personnel using laptops need to update the customer database and related files for the inside personnel to use. This is also true when the inside sales personnel are communicating with the customers, they need to inform the outside sales personnel of any critical information. Any sales manager should make it mandatory that all outside sales personnel using laptops sync up and update the master files nightly. If they do this, they can provide useful information to the inside sales personnel, as well as gather the latest customer information. They can also grab the most recent transaction files to see what is happening with your customers. While talking to the customers is critical, talking internally might be more critical. In today's electronic age, talking might be done simply by sharing and syncing data on a timely basis. If we are not good at sharing information internally, then we probably suffer in terms of sharing useful information with our customers. You know the saying, the right hand has to know what the left hand is doing for them to work properly. Look at establishing a few simple reports to help your overall internal and customer communication flow more easily and with a purpose.

The Margin Game

One report that needs to be used across the organization is a simple margin analyzer. You should run this on a daily basis and the personnel in charge of any sales people should review it daily. It would point out any sale, any transaction and any product that was sold outside of your establish margin ranges. Even though this report cannot fix the transaction as it is run post-haste, it does give you an opportunity to discuss why the sale was made outside the acceptable margin ranges. If you set a price and/or margin range for product groups or classes, then you can run the report by the group or class. This will point out all products in the group or class sold that did not meet your criteria. You will start to see that certain products are coming up over and over again, giving us an indication that we either need to train our people how to sell the at a higher price, or the market is telling us that we can't sell it within our established ranges.

Do we Treat all Customers the Same?

Another reporting tool you should set up is a customer sales by product report, or often called the customer performance report. If you looked at all the products sold to a specific customer in the last year, you can use it as a tool to discuss with the customer those items you stock but they did not purchase. The customer performance report does a few things for you and for them. Work through your customer rankings and focus on the ones you feel are keepers and where you can grab more of their spending dollars. The report would show the customer the following:

Section 1 : a listing of every product they purchased from you in the last 12 months. You should list the items, the quantity they purchased and you could easily give them an average price they paid. This is great information for you sales personnel and your customers. You could determine a total amount spent by each customer and use that to determine how much of their annual spending budget are they giving to you.

Section 2: a listing of all the specials and non-stock items they bought from you in the past 12 months. You could easily add in this section the number of times you delivered this product using red label or some other expedited method.

Section 3: a listing of all the products they bought from you in the past 12 months by your product groups or classes. This takes the information in section 1 and delivers it in a more easily analyzed format. What you are looking for are the product groups or classes where they are not buying from you.

Section 4: this is where you begin to sell deeper into each customer. It would be entitled something like "Did you Know". It is designed to highlight to the customer a "did they know" you stock these items but based on sections 1 and 3, the customer is not buying them from you. It is also used to highlight services that you can provide or source for them. This is often an eye opening section for the customer because they usually will buy what they know or are comfortable with regarding your product offerings. They might also only be buying those items that the sales person has been recommending. This section is a great sales tool for the future sales calls when you ask the customer if they have any questions about Section 4.

Section 5: this is a questionnaire section that you and the customer fill out together once you have shared the above information with them. Kind of the "give and take" strategy where you give them good insightful information, and then take away some critical pieces of market information. You will want to focus on their annual spending with all suppliers, broken down into the product groups or classes you will now be using. They might give you an annual number for all purchases, but then you ask them to help you allocate those dollars amongst the product groups. You also want to ask about the products they have trouble getting today and how you can help. You can focus on helping them reduce the number of suppliers they have to deal with by spending more with you. If your sales personnel are trained in the products, you can move into more of a cost savings mode with them. For example, if they were to buy this product from you, it would reduce their overall costs of operation. If they wanted to set up a guarantee arrangement with you, you could prove that the guaranteed product arrangement would reduce down time and overall operational efficiency. This might also move them to a different ranking and better pricing.

Developing these informative tools is pretty easy in most software systems. You have the critical data pieces already in place. It is a matter of extracting them from their respective files and putting them in formats that can be easily shared. We are data rich in almost every transaction, about every customer and with regards to every vendor. The problem is that we are not good at data mining. Most of the transaction files are built automatically. Most of the master files are populated and then updated over time. Taking the useful pieces of the master files and the transaction files provides the basis for some great customer service tools. Be creative in what you think would be helpful for both your inside and outside sales people to see on every customer every day. Making them smarter about how to sell to your customers only enhances your bottom line potential. Making your customers smarter about what you offer, what services you provide and what products you can source for them only helps to endear them to you. Don't keep everything to yourself in some transaction file hidden on your hard drive. Use the data to build the tools to make everyone smarter. You will be surprised how open your customers are to finding out all the things they buy from you, all the things you do for them, and what else you can do that they are not taking advantage of today. I call this "tell em and sell em". We already know we do plenty for every customer, and for some we do things we never get compensated for. But if they don't know everything you do, they will be hesitant to pay. "tell em and sell em" over and over again. Knowledge is power throughout the channel. Knowledge presented properly and in easy to use formats can also provide powerful results.