



How to Make the Most of Your Customer Relationships

The key is boosting profitability without sacrificing service.

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Who are your best customers? If you're like most wholesale distributors, you probably don't know for sure.

Let's think about it for a moment. There's the customer who places two or three orders a week – like clockwork. He pays his bills on time, too. Doesn't he qualify? And then there's the customer whose purchases make up something like 15% of your total annual revenue. He's got to be considered one of your best customers, right? Or what about the customer who's been loyal to you through thick and thin? The one who's always a pleasure to talk to over the phone, who remembers your kids' names – and remembers to ask about them. You'd have to put him on that list, wouldn't you?

Maybe we'd better start by defining the term "best." After all, we're talking about your business here. So we've really got to define "best" in terms of dollars and cents. And that means your best customers – the ones who are the most valuable to your business – are the customers with whom you have the most profitable relationships.

Once you start thinking about your customers in those terms, determining which ones are your "best" customers becomes a very different kind of challenge. Because by attaching profit and loss attributes to your relationships with each of your customers, you can begin to identify ways to maximize the profitability of those relationships – and the overall profitability of your business – while maintaining a level of service that keeps everyone satisfied.

Automatic cost tracking lets you see where you're ahead – and where you're behind.

How do you put a price on a relationship? How do you figure out what each interaction costs – without losing money just trying to come up with the calculations? The Eclipse Distribution Management System (DMS) offers an Activity-Based Costing (ABC) module that can automatically track every aspect of every transaction with a cost value component.

The DMS is a fully integrated real-time business process management system designed exclusively for wholesale distributors. And the ABC module, which is a standard feature of the DMS, can be configured to match a company's specific way of doing business. You decide which activities to track and the system helps calculate a cost associated with each one – by accessing and allocating company-wide expense data that's already in the system. So for each order you create, each product you place on an order, each time material is picked and shipped, each invoice that's printed, each credit that's issued, etc. – you can determine the cost associated with the activity.





Knowing what each activity costs makes it possible for you to calculate the cost of doing business with each of your customers. You can run reports that let you see the results in summary or in detail. For example, it clearly costs less to do business with a customer who calls in an order and picks it up from the counter than with one who calls in an order, calls back to change the order, requests shipping, and then returns part of the order. Armed with accurate costing information, you can develop a strategy to change the way you work with that customer – and make the relationship more profitable.

It costs less to service happy customers.

But as we all know, a profitable customer relationship is usually a mutually beneficial relationship. A satisfied customer is the one that's most likely to remain a customer. He's also almost always easier to deal with. That's why there's more to ABC than just activity costing routines. The Eclipse DMS also offers comprehensive Service Level Reporting, Fill Rate Reporting and Vendor Service Level Reporting. Specifically, the Service Level Report lets you see how your customer service is improving month-to-month based on customer require dates, the Fill Rate Report lets you see how often you fill a customer order 100% on a single shipment and the Vendor Service Level Report lets you see how your vendors meet your require dates. And the system's Un-Quality Event (UET) Tracking system lets you keep tabs on the kinds of occurrences that can erode customer satisfaction – like out-of-stocks, damaged goods shipments, etc. So you can take whatever action is necessary to change things before your customer changes his mind about doing business with you.

In addition, Eclipse offers a fully integrated set of Customer Relationship Management (CRM), e-Commerce and Warehouse Management tools designed to help increase customer satisfaction, speed transactions and increase efficiency and profitability. Built-in activity triggers automatically issue thank-you messages, order acknowledgements, invoices, etc. – boosting productivity and providing better communications with your customers (and vendors). Accurate inventory listings keep you from disappointing – and ultimately, losing – good customers. And automated restocking orders can help your customer keep their customers happy, too.

Let your best customers lead the way.

When you know who your best customers really are, you'll also know what to do to increase the profitability of all your customer relationships. What's more, your customers will know that you're doing everything possible to keep them satisfied.

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