

The Key to open the door of business success

by Josef Busuttil

Director General

Malta Association of Credit Management

e-mail: jbusuttil@macm.org.mt

www.macm.org.mt

Delighted to note that economic indicators are showing positive signs of recovery after one of the worst international economic and financial turmoil, I still believe that businesses are not utilising their resources fully to face the new challenges of today's commercial world.

Currently being faced by a business scenario characterised by oversupply, globalised intense competition, low profit margins, and low priced products from the Asian producers, most European businesses still fail to invest adequately in their employees and in R&D in order to find ways and means to gain and sustain competitive advantage.

In my humble opinion, to be successful in today's complex markets, businesses need to position themselves in the market as '*unique*' not only in terms of their high quality level of their products produced but also in terms of how the products are delivered to the customer - the internal processes and procedures employed.

Businesses should be more customer-focused in order to understand what are the needs and expectations of today's markets. Businesses should meet, if not exceed, the customers' wants and desires.

Surviving from a credit crunch, one of the requests made by customers is surely 'credit'. But credit has been, and to an extent, still is rationed.

Credit is expensive, both to grant it and to manage it, but credit should be seen as an investment in customers, which does not necessarily result in immediate returns. Like any other form of investment, it carries an element of risk but it can also help businesses to increase their profit by means of sustaining long-term customer relationship.

Nevertheless, I observe that many people working in the credit management departments tend to forget that there exist other suppliers (competitors) in the market, who are selling on credit to their same customer base.

Therefore, one should constantly be aware, and keep in mind, that customers have other suppliers who are granting them credit, and these suppliers are also striving to sell and to get paid from these same customers.

So, a firm will only sell and get paid if customers prefer this firm rather than the other suppliers.

Therefore, it transpires that the main challenge of today's business is to utilise fully the internal resources in order to position the firm as the best product offering in the market. Somehow, firms should differentiate what they are offering! Otherwise they will get lost in the crowd!

Unfortunately, firms are still focusing to gain competitive advantage by means of differentiating their products (in terms of their features) and by means of low pricing. However, there exists another effective way to gain competitive advantage:

'Unique Customer Service'

Customer service is based on the personal relationship between individuals – the customer and the employee/s of the firm supplying the goods, and therefore, it is not easy to copy.

And who are the people within our firms who can contribute most in providing high quality standard of customer service?

Without any doubts, the best people for this job are those in direct contact with the customers:

The Credit Practitioners and the Sales People.

These two teams are in direct contact with customers from the beginning till the end of the business transaction and they are the ones who promote and manage credit – one of the most demanded services by today's customers!

Notwithstanding, some credit business units are sometimes criticised for having a poor working relationship with the sales departments.

We often hear 'Us' and 'Them' referring to each other!

'This is my client not yours', or even worse 'that's your client, not mine!'

- Why?
- Why should there be this '**Us**' and '**Them**' attitude?
- Aren't we all working for the same firm?
- Shouldn't we be striving to achieve the common corporate goals and objectives?

I usually compare a business organisation to the human body. Every part of the human body is important as it has its specific function. Besides, if one function of the body fails due to some injury for example, the entire body will suffer.

The same applies to a firm. If one of its functions does not work in synergy with another, the organisation as a whole will be effected.

Therefore, all employees should be aiming to achieve the same corporate goals, irrespective of the department or business function that they work in.

Going back to the very basics of doing business, a firm primarily exists to make a decent profit at the end of the day. Therefore, each and every employee should aim towards this basic goal – To make a Profit.

The '**Us** and **Them**' attitude should definitely stop. '**That's my customer and that's yours**' is even worse to hear!

Every customer is the customer of **OUR** firm, and **We** – together - should strive to keep this customer satisfied in order to encourage him or her to continue buying from us.

Remember!

If a customer feels unsatisfied with what we are providing or with our approach in our processes and procedures employed, the customer will go to our competitors.

We should all pull the same rope - in the same direction

