

# Relationship Management in Cash & Credit Management

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## Relationship Management

Why does your organisation grant credit to its customers?

How do customers perceive credit?

Does credit add value to customers?

Can credit be perceived as customer service?

How can credit be used to build and maintain good customer relationships?

Who are the stakeholders of your business?

How do you describe your relationship with your various stakeholders?

How can the relationship with your stakeholders improve?

Can the credit department assist in improving the relationship with stakeholders?

Does the credit department have the necessary tools and resources to communicate effectively with stakeholders?

Does the credit department have the necessary data to make informed and profitable credit decisions?



The name of the game in today's competitive business world is to gain and sustain competitive advantage in the market. This can only be achieved if meaningful business relationships are established with the various stakeholders, including our internal and external customers.

**Internal customers** – *colleagues within our organisation with whom we interact daily to perform our job effectively and efficiently. Thus, providing good customer service to the end clients.*

**External customers** – *clients who buy our products/ services and whose needs and expectations should be met if not exceeded.*

A strong business relationship with our stakeholders would result in better customer service and customer retention. Hence, sustaining market share.

A good customer relationship is also necessary when collecting dues from customers. Businesses compete not only when they sell their products or services but also when they try to get paid – customers are common to a number of suppliers and all suppliers strive to get paid on time from the same customers.

It is known that customers would prefer to pay suppliers with whom they enjoy a sound business relationship! Gaining competitive advantage when getting paid is necessary and building good customer relationships may be a critical aspect in the efficiency of cash collection.

The credit function can help in building and maintaining good relationships with customers as the credit practitioners are in direct contact with the customers. However, this entails investing in the credit function in terms of:

- a. *providing efficient credit tools,*
- b. *making effective credit data available on which credit decisions are made,*
- c. *encouraging staff training which is much needed for the credit practitioners to grant and manage credit profitably while sustaining good customer relationship.*

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