

Competitive Advantage in Credit Management

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Achieving Competitive Advantage in the Market

Who are your competitors?

What are your competitors offering their customers?

How competitive is your market?

How do your products and services compete in the market?

Do you compete when you try to get paid from your customers?

How do customers perceive your products/ services?

What is Competitive advantage?

At what stage of the business transaction is competitive advantage necessary?


What adds value to your customers?

Does credit add value to customers? How is credit perceived by your customers?

How can competitive advantage help a business to sell profitably and get paid on time?

How can competitive advantage be achieved and sustained?

Can the credit department assist in achieving competitive advantage in the market?



Competitive Advantage is the advantage of a business over its competitors gained by providing better value for money for its customers.

Factors that add value to customers include:

- Good quality products
- Branding
- Good customer service
- Good prices and discounts
- Better credit terms

The credit function has a critical role to play in achieving competitive advantage:

- a. **It is in direct contact with customers** – *credit practitioners relate with customers from the beginning to the very end of the business transaction.*
- b. **It provides service to customers** – *credit adds value to customers and can be pivotal in achieving competitive advantage in the market.*
- c. **Credit is a means of differentiating a product by the way credit is granted** – *It is easy to copy/replicate a product but it is difficult to emulate how the credit employees relate to their customers.*

The Credit Function can help achieve Competitive Advantage by:

- a. **Being Relevant:** *understanding and meeting customers' credit needs and requirements whilst securing sound cash flow and profit.*
- b. **Being defensible:** *relating with customers professionally by focusing on the customers' needs. Negotiating credit terms with customers. Providing good customer service. Managing A/R through effective communication with customers. Maintaining synergy with the Sales Team.*

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