



## How to Improve Your Customer Relationships

Your customers have options, and the tough truth is it's likely they can find what they need elsewhere.

When times are good and your business is humming along, you might be tempted to focus your efforts elsewhere. But don't take your customers for granted. They are among your company's most valuable assets, and retaining them is imperative. In fact, one rule of thumb says that it costs five times more to get a new customer than to retain an old one.

### Make Customers the Priority

What are you doing to show your customers you value their business? The following are some ideas to help you improve your customer relationships.

**Identify touchpoints.** Many manufacturing and distribution business owners struggle with customer care. Who's in charge? Sales may have brought in the customers initially, but customer service might have the most ongoing contact with them. Accounts receivable interacts with customers frequently, and the logistics department has their own relationships with customers' team members.



So, who's managing the customer relationship? Your answer should be "everyone." It's important to understand your customers' touchpoints and ensure that everyone on your team is engaged in customer care. Your employees have an opportunity to cultivate customer relationships with every interaction. Make sure they are empowered to keep customers happy.

**Invest in great people.** It goes without saying that if everyone is responsible for customer care, you must hire and promote carefully. Your onboarding process and employee reviews should underscore and support commitment to your customers. Use your best customer service people as role models in your training.

**Communicate impeccably.** Customers don't like surprises. If

there's something happening that might affect their order timing or fulfillment—regardless if you can control it—let them know immediately. Be forthcoming with information. Share a new schedule, different options, or your thoughts about a make-good. Thorough communication goes a long way.

Also, don't only communicate when things go wrong. Reach out to select customers to solicit input on a new product idea. Check in on the last order delivery. Send an article from an industry trade publication to let them know you're thinking about their business. Consider setting up a calendar to keep your communication regular and consistent.

**Be proactive.** Turn customer service into a sales tool by anticipating your customers' requirements—and be prepared to provide what they need before they ask. For example, if certain customers run a promotion every fall, reach out in the spring to remind them you'll be ready. Have pricing and schedules prepared for their review based on last year's quantities.

Similarly, get to know their competitors' products, and become an advisor to your customers. Stay aware of their industry trends, and alert them to avoidable problems. By showing interest and sharing valuable information, you promote your company's interest in your customers' business.

*Continued on page 3*

### IN THIS ISSUE:

How to Improve Your Customer Relationships

Fraud Alert: When to Call a Forensic Accountant

Embracing Digital Transformation



## Fraud Alert: When to Call a Forensic Accountant

Sometimes things don't seem quite right with the numbers. Internal audit results are not what you expected. Cash flow is slower than it should be. Inventory levels don't make sense. What's going on?

According to the Association of Certified Fraud Examiners (ACFE), manufacturing ranks among the top five industries plagued by occupational fraud. The impact of this fraud on the manufacturing industry is significant, with median losses of \$240,000 per case in 2018. The most common occupational fraud schemes in manufacturing include corruption, noncash asset misuse and theft, and billing schemes.

### Get the Right Help

Law enforcement can handle the criminal aspect of occupational fraud. But to get to the bottom of the financial impact of suspected misconduct or fraud, you should involve a forensic accountant.

Forensic accountants are CPAs with specialized training in unraveling financial and compliance puzzles for businesses. "Forensic" means suitable for use in a court of law, and thus forensic accountants are educated and trained not only in accounting but also in methodologies and techniques that are appropriate to present relevant evidence in court.

Specific forensic accounting credentials include the Certified Fraud Examiner (CFE) designation, issued by the ACFE, or the Certified in Financial Forensics (CFF) designation, issued by the American Institute of Certified Public Accountants (AICPA). Each of these credentials is achieved and maintained through rigorous and continued education and testing.

These credentials are backed by professional standards that include the requirement to maintain integrity and objectivity in every engagement.

### Sooner, Not Later

It's not unusual for occupational fraud to be uncovered in the course of everyday business when issues such as embezzlement or inventory larceny are suspected or detected. In addition, fraud is often uncovered in preparation for litigation, particularly in cases related to insurance claims, due diligence, shareholder disputes, divorces, and bankruptcies.

To be most effective, a forensic accountant should be brought in early—as soon as a financial crime or compromising legal issue is suspected or detected. He or she will direct the financial investigation using a process of discovery, analysis, and reporting. This process might include reconstructing records, tracing transactions, and analyzing financial results and balances to assess their comprehensiveness and validity.

Forensic accountants are particularly skilled at calculating economic damages to provide a picture of how one party has been harmed by the illegal action of another. If cases go to court, forensic accountants can serve as expert witnesses during depositions and in the courtroom to explain their investigations and calculations in understandable, relatable terms.

### Fraud Deterrence

Forensic accountants can also be engaged proactively to conduct fraud risk assessments, review current procedures, or recommend steps to prevent or deter fraudulent activity before it occurs.

These engagements pay off. The most recent ACFE Report to the Nations concludes that a formal fraud risk assessment can reduce median losses by 35 percent and reduce duration of fraud by 50 percent.

Misconduct and fraud can cause enormous harm to a business's reputation and value.





*Continued from page 1*

**Save them time and money.** This is how you become indispensable to your customers.

Become a valued member of their team by offering them products and product enhancements that will improve their bottom line. Whether it's packaging that slices time from their internal processes, a new material, or a different shipping protocol, share your good ideas with your customers. They will show their appreciation in continued loyalty.

**Resolve problems immediately.** Indifference is among the top reasons customers defect—and if you don't solve a problem quickly and effectively, customers are likely to perceive you as indifferent to their needs.

When a customer identifies a problem, the best course of action is to listen. What is the problem? What bothers the customer most? Is the problem immediate, or will its impact be felt in a few days, weeks, or months? Being a good listener allows you to address the problem precisely and offer solutions that work to effectively address the impact.



Your response must be commensurate to the customer's perception of the problem. If your customer thinks it's severe, recognize that severity and act accordingly. Your offer of resolution—replacement product or a price adjustment, for example—should reflect your concern and desire to rectify the problem to the customer's satisfaction.

**Seek feedback.** Customer surveys can tell you a lot about customers' needs, experiences, and pain points. Surveys can be conducted by email or phone, but response is higher by phone. Even a short conversation can illuminate opportunities for you to act upon. Also, asking for feedback lets your customers know that you value their input. Don't forget to ask what you can do better.

Along these lines, if your company has social media accounts, be sure they are monitored so that you can respond promptly. Positive reviews or input should be acknowledged with a quick "thank you." For negative comments, be sure to address them immediately—you don't want anything negative hanging out on the internet without a response.

**Get to know your customers.** There's nothing wrong with a personal touch, especially with longtime customer contacts. Put a regular lunch on the calendar, and acknowledge work anniversaries and big events. Send a personal note after a business win to acknowledge their success.

If it makes sense relative to your customers' competitive set, consider creating a business roundtable with a mix of your customers. Create a relevant topic for discussion and encourage connections. This puts you at the center of those relationships.

**Get to know their customers.** How much do you know about your customers' customers? A little research might highlight a news item, legislation, or leadership change that your customers could act on. Ingratiate yourself with your customers by providing information.

**Be where they are.** Get in front of your customers—and stay there. Customers want to work with companies that are known, respected, and moving the industry forward.

By participating in trade shows, advertising in trade publications, leading professional groups, speaking at industry events, and authoring relevant white papers, blogs, and articles, you promote your own expertise and relevance. And if your customers are sponsoring an event or charity, support them with your presence and your dollars.

## **Be persistent**

Even if your customer relationship seems solid, don't get complacent. Your customers must feel valued. Be on the lookout for ways to make your customers know they're important to you.



## Embracing Digital Transformation

Manufacturing and distribution have changed dramatically over the past few decades, with massive innovation in technology leading the way to different ways of working.

While some companies are good at working through change, many struggle to get beyond organizational norms and the old way of doing things.

Here are a few suggestions to make digital transformations smoother:

### Involve Workers Early

Line workers have deep knowledge about the machines they work with. Pay attention to their feedback about your processes, challenges they face, and ideas for improvement.

Their observations will give you insight about how to proceed, and their early involvement will likely result in continued interest, buy-in, and assistance.

### Keep Ideas Flowing

You won't know how your new technology is working until your team has spent some time with it. Keep communication open via check-in meetings, roundtables, and one-on-one conversations.

You might be surprised by what you learn by listening to your crew's ideas about tweaks and changes.

### Share Information

Everyone will be curious about how the new processes and equipment are working. Open the door to data so that your entire team can see productivity measures and results. Consider sharing this type of data on an app so employees can see dashboard results quickly.

### Train...and Retrain

As your project implementation progresses, don't hesitate to fine-tune your training. Be prepared to retrain as your crews learn more about how to make the most of the new technology. Prepare everyone for continuous improvement.

### Lead the Way

New technology can create uncertainty in the workplace. Your executive team must be encouraging and forthright, reinforcing the competitive advantages you'll all gain from embracing what's new.

Change is hard, but progressive companies must get ahead to stay ahead.

The right attitude and open dialogue will go a long way to easing the pain of digital transformation for your company—and your workforce.

