How Customer Service Reps Can Help Control Costs for Industrial Distributors

It's more important than ever to control and recover expenses for industrial distributors.

Small to medium sized distributors need every advantage to compete against their bigger competitors (who keep acquiring their peers) and online giants like Amazon.

Your customer service reps (CSRs) can play a part in controlling costs and increasing profit margins. The key is to ensure you're using new technology to help your CSRs accomplish these objectives. **A good ERP business management software specifically designed for industrial distributors who provide value add services, like TrulinX by Tribute, Inc., will allow your CSRs to focus on generating revenue and controlling costs instead of putting out fires.**

If you're still doing many of these options manually, you're wasting time, and therefore money, on business processes instead of selling product.

Give Your Customer Service Reps the Power to Cut Costs and Increase Profits
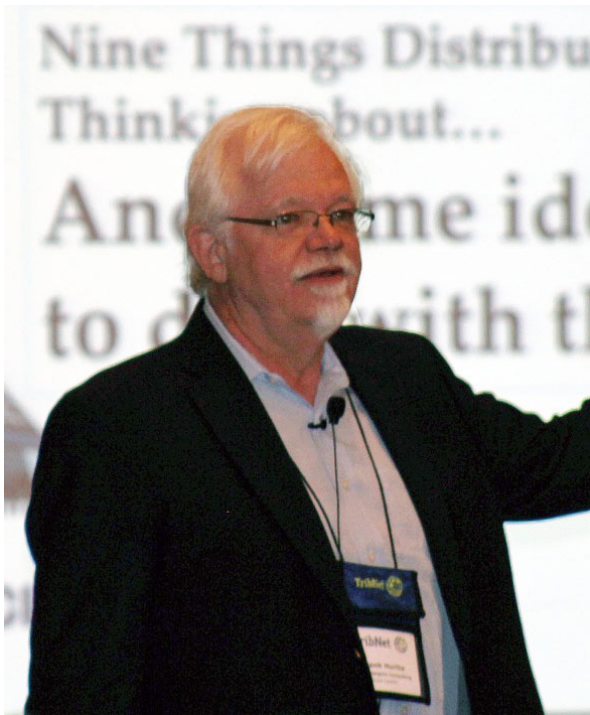
Give your CSRs Incentives to Increase Profits

Frank Hurtte, a consulting and distribution expert and founding partner of River Heights Consulting, has some great process improvement ideas for your CSRs. Hurtte believes that by establishing activity-oriented management by objective (MBO) bonus programs for specific inside sales work, these profit generating activities will become second nature to CSRs.

In his blog article, **Inside Sales – On the Front Line of Customer Interaction**, Hurtte provides 20 MBO Incentive ideas for CSRs that will help generate income, train personnel and create customer loyalty. Again, your ERP software system should have the features and reports to implement many of these activities without much manual effort on your part. For example: capturing incoming freight on special order items.

Provide CSRs Tools to Allow Negotiating Pricing while on the Phone

Your CSRs should be able to view and change different pricing factors and see the profit margins while in the quote entry screen, allowing them to manually adjust the pricing until they get the desired margin, discount, etc. without having to call the customer back. This is especially helpful if you have to offer a substitute part.

Differentiate Your Accounts

Most distributors treat their best customers differently, but do you have the ability to designate your top accounts as such in your software system? Not a problem if you have no turnover in staff, but today many in the industry are retiring and companies are experiencing turnover. Will your new CSRs know who the key accounts are right away? Are you relying on notes stuck to monitors to spread this key information? Are all customers entered the same way with the same pricing strategy? Your ERP software should allow you to set up account types with specific sales discounts and designate top accounts.

Give CSRs the Ability to Trust the Inventory in Your Software System

CSRs should be able to trust the inventory count in the system so they aren't running back into the warehouse to check the actual count while leaving the customer on the phone. Do they have to call the customer back after checking to see if there's enough on the hose reel to accommodate a large order for hose assemblies? Think of the message it sends your customers if your CSR has to put them on hold to check stock.

Do your CSR's have the ability to:

- **Negotiate pricing while on the phone?**
- **Differentiate top accounts?**
- **Trust the inventory in your software system?**
- **Provide accurate inventory availability?**

Provide the Most Accurate Inventory Information Available

Your ERP system should allow your CSRs to check price and availability of stock in any location in real time. Of course, it's valuable for your CSRs to know that you have stock at another branch that can be shipped out right away. Let's say you don't have the item the customer needs in stock anywhere - a great option is to be able to check stock with an inventory sharing service like **WarehouseTWO**. If your ERP system is integrated with that service, the item shows up like another location in your item inquiry - and how convenient is that for your CSRs? This capability can mean the difference between helping a customer out of expensive jam thus creating customer loyalty or losing the business to someone else.

Don't Give Away Value-Add Services

Today's industrial distributors must provide value add services in order to compete against their big box rivals. If you fabricate power units and other complex system integrations, you include labor and burden into the price. However, are you able to track all your labor and include everything that went into that assembly into the price in your ERP system? Are you keeping track of every hour of labor and every component used (including damaged pieces), cleaning materials, hydraulic fluids, filters, welding supplies, and any special packing & shipping supplies?

Your ERP software should allow you to keep track of every component, every associated material used in the project, and the labor involved to complete the assembly, including outsourced fabrication. It should also allow you to track estimated vs actual costs so you can precisely track expenses and profit margin and more accurately quote future orders.

Many distributors provide additional services such as estimating, service and repair of parts, and consulting and technical advice. Frank Hurtte suggests that you be more careful about giving these services away. He states that distribution compensation policies, where commissions are mostly the norm, are designed in ways which almost encourage the freewheeling give away of service.

In his article, **Why are distributors more careful giving away a $40 Jacket than $400 in services?**, he notes that sellers can give services to customers who buy on price without taking a commission hit. The same thing goes for tiny customers whose gross margin dollars barely justify the transactional piece of their business. In both instances the distributorship may actually be both losing money and throwing costly services into the pot – thus accelerating a bottom line profitability drain. He suggests segmenting customers by size and profitability to the company and determining what group has earned your service.

Provide CSRs Tools to Automate Follow-up on Quotes

How many quotes sit languishing because someone never followed up on them? Your ERP system should allow you to enter every quote in the system and set up a tickle date to remind the CSR to follow up with the customer within 2-3 days so you don't lose the sale.

Encourage CSRs to Upsell and Prevent Broken Box Charges

CSRs should be able to see right away if the item they are looking up is sold in standard pack quantities, so they don't incur broken box charges by placing a PO for an insufficient quantity. Your ERP system should provide warnings for this instance, allowing your CSRs to encourage the customer to buy a few more and complete the standard pack quantity.

Easily Maintain Special Pricing Agreements

Do you have special price agreements with some of your top accounts? Many distributors will work with manufacturers for special pricing that is good for a defined, limited amount of time for one or more customers. Is this something that you must monitor manually or can your ERP software system handle SPAs? How many mistakes go through if you are doing this manually and then incur more expense in fixing the overcharge? Once the price agreement expires, common practice is to negotiate new prices if the same agreement is still required, so it's important that the effective and end dates are in your software system.

Your CSRs should have the ability to track every component, every associated material used in the project and the labor involved to complete the assembly, including outsourced fabrication. Your ERP should allow you to track estimated vs actual costs so you can precisely track expenses and profit margin and more accurately quote future orders.

ERP SYSTEM MUST HAVES...

✓ **Tools to Automate Follow-up on Quotes**

✓ **Ability to Upsell and Prevent Broken Box Charges**

✓ **Easily Maintain Special Pricing Agremeents**

✓ **Ability to Capture Inbound/Outbound Freight Costs**

✓ **Provide Outside Salesforce the Tools to Access Key Information on the Road**

✓ **Time and Tools to Proactively Track Orders**

✓ **Lost Sales Analysis**

Provide CSRs the ability to Capture Inbound/Outbound Freight Costs

Your ERP system should have the ability to designate accounts to have inbound and/or outbound freight expenses absorbed or charged to account. The ability to do this during quoting and order entry prevents errors and ensures that freight expenses aren't absorbed by your company for customers that are not in your top tier.

Give your Outside Salesforce the tools to Access Key Information on the Road

Your inside sales reps (CSR) are going to have more time to service accounts and keep customers happy if they don't have to take time to provide information to outside sales reps that can be easily provided by integrated sales force automation tools by **Rubber Tree Systems**. Giving your outside sales team mobile technology that is integrated with your ERP system allows them to access key information quickly on the road without having to wait for a CSR to call them back.

Give CSRs Time and Tools to Proactively Track Orders

Your CSRs should be allotted time and resources to ensure orders are being filled and shipped on time. If they don't have the time to do so, additional help should be offered to ensure their top tier customers are serviced in an excellent manner. Your ERP system should be able to provide reports on:

• Sales Orders by customer and date

• Customer service level reports

• Customer sales reports

• Customer credit rating changes

• Pick Tickets not yet shipped

• Inventory Stock out situations, and more

Proactively calling customers who haven't placed an order for 30 days or more is a great way to ensuring you're still their top provider.

Lost Sales Analysis

Do your CSRs have the tools to designate why they lost the sale? Maybe the items weren't in stock or the lead time was too long. Maybe the list price was too high or a competitor down the street offered them a great discount. The ability to state the reason the quote didn't make it into a sales order on your ERP system allows management to focus on whether sufficient quantities are in stock or if a review of pricing is due.

Provide the Tools CSRs Need to do their Job Efficiently & Accurately

An upgraded ERP software system should provide your CSRs the ability to do their job as quickly and error-free as possible by the following capabilities:

✓ Easily see the items most often ordered by that customer by date range and/or location

✓ Easily check all locations for inventory, including inventory-sharing services like WarehouseTWO or DistraNet, from one screen.

✓ Email quotes, acknowledgements or assembly instructions directly from their system to the customer for quicker turnaround time and a reduction in errors

✓ Provide critical information on order acknowledgements so the order is right the first time

✓ Have schematics, photos, assembly instructions attached to PNs so CSRs so the correct part or assembly is ordered and fabricated correctly

✓ Add comments to specific PNs or specific customers to ensure accuracy in assembling, shipping, etc.

✓ Notify the CSR about preferred items, so that those are sold before others

✓ Notify the CSR about substitute items so they can sell those if the other isn't in stock

✓ Notify the CSR about standard pack quantities so they can upsell the product and avoid broken box charges

✓ Integration with UPS Worldship and FedEx Ship Manager so they have shipping information at the click of a button

✓ Ability to easily create blanket orders

✓ Ability to easily separate distribution orders from agent (manufacturer rep) sales orders

✓ Provide the ability for outside sales and management to access real time information while on the road

Implement an e-Commerce site that Integrates with your ERP software

Selecting an ERP software that is integrated with a distribution based E-Commerce solution, like **Aldrich Web Solutions WebAlliance** integrated with TrulinX software, provides the tools for your customers to view current orders, check stock, specifications, and pricing, and place orders, thereby freeing up CSRs time to generate revenue.
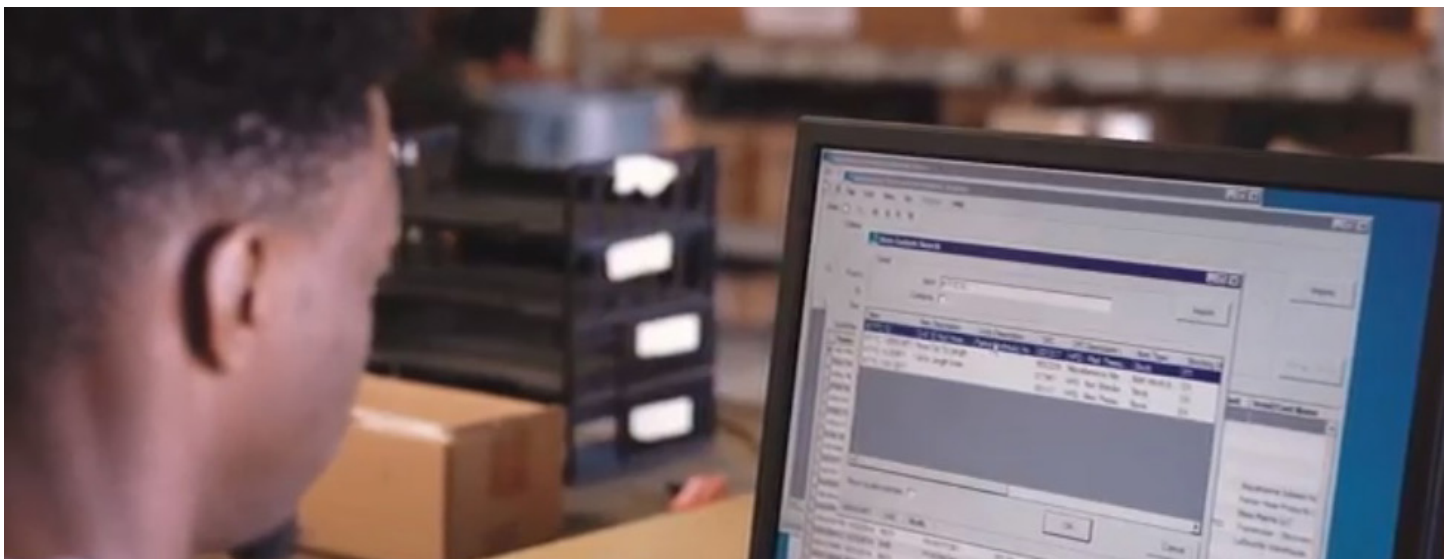
TrulinX ERP Software by Tribute, Inc. can Empower Your Customer Sales Reps to Control Costs and Increase Profits

Frank Hurtte provides great suggestions on how to incentivize your CSRs for specific inside sales work and create a good process improvement program to increase profit margins and reduce errors.

These suggestions are much easier to implement if you are using an industry-specific distribution management ERP system, like **TrulinX by Tribute, Inc.** that streamlines a CSRs daily tasks and allows them to service their customers in an excellent manner, thereby creating customer loyalty and increasing profits for the company.

Tribute, Inc. partners with best in class partners like **Aldrich Web Solutions**, **WarehouseTWO** and **Rubber Tree Systems**, to provide TrulinX users a breadth of tools to service their customers in the best way possible and create customer loyalty.

TrulinX is a business management software designed specifically for industrial distributors that provide fabrication and system integration services and is focused on the following industries: **Fluid Power & Motion Control, Industrial Hose & Accessories, Fluid Handling & Flow Control, Fluid Sealing, Instrumentation & Process Control, Automation & Robotics**, and **Pump Distribution**.

With over 36 years of industry experience and a staff tenure averaging over 12 years, Tribute, Inc. has the in-depth knowledge of the industry and long-standing manufacturer partnerships to keep their customers ahead of the competition.

For more information on TrulinX software specifically designed for industrial distributors that provide value-add services, visit **www.tribute.com** or **contact us** for a demo at 800.874.2883.

TrulinX

Domain Expertise

TrulinX software is ideally suited to help you successfully manage your fluid power, motion control and automation distribution & fabrication business because of our knowledge and industry focus.

Implementation Team

Our experienced transition team has worked and been trained in your industry. They train your team onsite to get your business up and running quickly and efficiently.

Return on Investment

With a staff that truly understands your unique business requirements and a timely implementation, you will realize your ROI much more quickly.

Customer Service

Our knowledgeable and friendly support staff still answer the phone, and over 90% of support calls are resolved in the first day, statistics unmatched in our industry!

Customer Commitment

We are 100% committed to your success because it's a reflection of our success.

Tribute
Software for Successful Distributors