

Chris's Corner: Business Relationships in a Changing Market

One thing that, over time, is bittersweet is that long standing business relationships can be transitory.

My customer's business circumstances can change and, in effect, change the dynamics of our relationship. It's really no one's fault most of the time, but it's difficult to wake up one day and realize that what once was a great customer and a great relationship has changed.

Many times, unfortunately, the cause of such change is a change in a customer's business profitability. The customer can and does in most instances do everything they know how and are capable of doing in keeping their business viable, but perhaps a newer, stronger, more capitalized competitor enters their market. Gross revenues deteriorate, net profits erode as the customer is hit by lower margins and lower profits, as they have to cut prices to try and slow market share erosion.

There is a lot less fat in the budget. This often times causes routine maintenance and repair to be delayed in the hopes that this squeeze is temporary and once things stabilize, delayed spending can be taken care of. Unfortunately in some, not all, instances a recovery, if ever, is slow. A machine neglected due to budgetary constraints will often suffer a major problem, sooner or later, and the repair expense can be catastrophic.

When this does happen, often times my business can be viewed as the villain. Where we once did routine, moderate repairs to maintain a customer's business or perhaps they had a machine under an annual service contract, now I am faced with giving an estimate unlike anything the customer has ever seen. I can be, and often am, viewed as kicking a guy when he's down by simply presenting a truthful situation.

Many times, I try as hard as I can to present alternatives such as used or recovered parts or perhaps a newer used machine. Sometimes the situation is what it is and I am placed in a bad situation with no real alternatives. Although a

customer may have done regular and loyal business over the years and contributed in a significant way to my business over those years, I can't afford to give away business and I won't. Nor do I expect a customer, down on their luck, to spend money with me that they can't afford; it's for me, personally, a very sad situation.

Other times, I will have a situation where I have done business with a small upcoming business and taken really good care of them and been fair over the years. Given their hard work, intelligence, good luck and so forth, their time comes and their business explodes. They've figured it out and business is good; or so they think.

In some situations, once certain businesses reach a point in their growth they seem to get amnesia. They think that the reason they've reached a point of relative success is due solely to them being the smartest person in the room. Good advice from others, loyal and hardworking employees, dedicated and honest vendors had nothing to do with where they are today.

They tend to start over thinking things, giving themselves too much credit, ignoring the opinions of others and while getting a taste of success, get a thirst for more. Often times they try and game the system, having figured it all out.

Perhaps they will use lesser expensive service providers for routine work and save the big jobs for us. Perhaps they will start buying their own new or used equipment direct, still my brands, to save some money.

The net, unintended result, of these smart business decisions is they go from being a great customer, getting great and well deserved customer service, to just another customer. The cold truth of business, any business, is that 20% of your customers contribute 80% of your revenues and, whether consciously or sub-consciously, a business bends over backwards for these customers.

So when two customers have an issue on Friday afternoon and I have one opening to get to the customer without overtime, who gets the service first? Who would you drop everything for? The customer who tries to do business with you as often as needed and gives you a shot, not necessarily just hands you money,

when they're in the market or need something? Or the customer who only calls you when their low ball servicer is busy? Or when the low ball servicer doesn't know how to repair it? Or the customer who buys all their equipment at auctions? Your regular loyal sales and service customer gets the call every time.

So why would a business that is doing very, very well deliberately put themselves in a situation where they once were a great customer to being a part time customer? I don't know, but it costs them money in the long run.

I am not complaining. With a few exceptions, who constitutes my best customers today aren't the same ones who were my best ten years ago. I do have a few customers that I have been fortunate enough to do business with throughout my career. For the most part it is luck. Of course, I give them fantastic service, but I am lucky that they are such good operators they've been able to thrive in a constantly changing marketplace and I could be a small part of their success. The one common dominator with these select few customers is that they always give me a shot, just a shot and that's all I really ever need to earn and retain their business.

To them, I say thank you and you know who you are.