

IMPROVING PAYMENTS FROM LARGE, POWERFUL CUSTOMERS

Some large, powerful customers will try and impose their own terms, payment habits, systems, policies and procedures on you.

To improve their payment habits, here is a seven point plan you may consider trying:

1. Examine the need to change
2. Look at your system
3. Talk with your sales person
4. Corporate and social responsibility agenda
5. Work out your bargaining position
6. Go and see your customer
7. Negotiate

The dictionary definition of negotiation is: "Trying to reach agreement through discussion."

Why is it important for you to even consider changing the payment habits of your large, powerful customers? They represent the most money so the sooner they pay you the better the impact on your Days Sales Outstanding, your Cash Flow and Profitability.

Does your system work in conjunction with their main requirements?

Why do they buy from you?

Do they have a corporate and social responsibility agenda and are they treating you fairly?

Who has the balance of power?

Who should visit from your company?

Who are you going to see?

A four way meeting should prove more effective:

YOU

YOUR SALES PERSON

CUSTOMERS BUYER

CUSTOMERS FINANCIAL DIRECTOR

In your negotiation think about tactics and collaborate:

BARGAIN - Give and take on several issues

COMPROMISE - He who has the balance of power will get the other to compromise more!

GOODWILL - You do extra special things for large customers, use this goodwill to your advantage

LOGIC - The logic of the situation is the terms and conditions

POWER

they have signed accepting
- How much do they need you?
How much do you need them?

Steve Sarva