



# CUSTOMER SERVICE WEBINAR SERIES

PRESENTED BY THE GLOBAL SERVICE COMMITTEE

## Customer Service Best Practices: “Working With Customers Through Financial Constraints”

For the voice portion of this webinar follow the registration instructions and dial 1-800-348-8540

Attendee Code - 795418

The slides and a recording of this webinar will be available to you at [www.AMTonline.org/archive](http://www.AMTonline.org/archive)

11:00 am

January 14, 2010



## Mario Winterstein

Business Development Director

Staff Liaison to the Global Service Committee

AMT-The Association For Manufacturing Technology

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# Key Event Sponsored by the Global Service Committee



## Customer Service & Support Conference

April 15-16, 2010

Nashville, TN

Registration is now open:

<http://AMTonline.org/calendar/customerserviceandsupportconference2010.htm>

# Featured Presenter



Mr. Jimmy Berry  
Technical Service Manager  
**MegaFAB Service**

Working With Customers  
Through Financial  
Constraints

# Customer Service Best Practices: “Working With Customers Through Financial Constraints”

Jimmy Berry  
Technical Service Manager  
MegaFAB Service

# Topics

- Credit Terms – Credit limit
  - Exceptions to credit limit
    - How to manage
  - Credit exceptions. Credit terms versus payment schedule (prepaid)
  - Understand state of economy and customer financial position
- Service agreements
  - What are they?
  - How to implement?
  - Benefits

# Credit

- Common Problems
  - Customer orders parts which exceeds their currently available credit line.
    - What should be considered before accepting the order?
  - Customer orders service which will exceed their currently available credit line.
    - What should be considered before accepting the order?

# Credit

- Contact accounting to discuss the issue
  - Determine if the order is parts or service
  - Review current account status
    - Credit limit
      - Why credit limit to set current amount
    - Open balance
      - If they have previous orders, when is payment due
    - Payment history
      - Do they have a history of paying on time
  - Is this order a one time exception or should credit line be increased?
  - Look at dollar amount of investment to fill customer order
  - Run a new financial report of company

# Credit

- Order payment schedule
  - Down payment with order
  - Payment prior to shipping
  - Net payment terms
  - Advantages of a payment schedule
    - Limits investment risk from order cancellation
    - Allows company to fill customer order if customer does not have credit terms or does has bad credit
  - Disadvantage
    - If customer has credit terms, then a payment schedule can upset them
    - Mission critical customer orders can be delayed

# Credit

- Differences in payments for parts and service
  - Parts are tangible and can be invoiced at time of shipment
    - Can prove a part was shipped and received
  - Service is normally not invoiced until work is complete
    - Can prove a service visit occurred, but can argue that the level of service wasn't satisfactory
    - Many customers will not agree to pre-paying for service visits

# Credit

- Debt collection
  - Types of bad debt
    - Customers who can pay, but drag payment out
    - Customers who do not have means to pay
    - Customers who can pay, but refuse to pay
  - Contact with customer
    - Resolve, get payment commitment
    - Compromise
  - Turn to collections agency
  - Refuse parts, service, and support until account is current
  - Statute of limitations
    - Can vary by state
  - UCC (Uniform Commercial Code)

# Credit - International

- What if the customer is located outside the US
  - What are normal payment terms for international customers?
    - Open Account
    - Letter of Credit
    - Payment against presentation of shipping documents
  - Do they have US office?
  - What is their score with your credit insurance provider?
    - Such as Euler Hermes
  - How do you collect bad debt?
    - How long do you try to get payment before possible legal action or write it off to bad debt?
    - Will they need parts or service from you in the future?
    - What other collection options are available?
  - Export license and import license
    - Export license obtained if required
      - Depends on product or service and by country
    - Import license obtained by customer
      - Ship early penalties if import license has not been obtained
      - Nomenclature

# Credit

- Understanding the economy
  - Is the economy growing, declining or flat?
  - What is economy for the market segment of the customer?
    - Current State
    - Forecast
  - What is potential future business with customer?

# Service Agreements

- What are they?
  - In general, service agreements are contracts between a company and their customer of how they will conduct business with each other over a period of time (contract term)
  - Service agreements often include:
    - Extended warranty
    - Discounts on parts and service
    - Guaranteed parts in stock
    - Priority treatment
      - Phone support
      - Onsite service
    - A fee or commitment to purchase parts or service up to a pre-determined value over the contract term

# Service Agreements

- How to implement:
  - Determine what you can offer your customer that brings value to them
  - Specify the expectations of the agreement
    - What will be provided:
      - Priority phone support
      - Mission critical parts onsite within 24hrs
      - Quarterly maintenance visits
      - Free/discounted product updates

# Service Agreements

- Benefits
  - Better communication with customer
  - Service visits can help customers maintain equipment who have reduced maintenance staff
  - Can help companies lower overall cost



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## Q & A

### MARK YOUR CALENDARS:

- Next Webinar:  
Customer Service Best Practices:  
“What is the Profile of the “New” Service Engineer” & “Soft Skills for Engineers”  
February 11, 2010 at 11:00 am EST
- 40<sup>th</sup> Customer Service & Support Conference  
April 15-16, 2010 – Nashville, TN  
( Register at <http://AMTonline.org/calendar/customerserviceandsupportconference2010.htm>)