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Dealing with Tough Customers

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If only every customer was an easy customer. Easy customers don't care about on-time delivery, process control, your environmental compliance or whether your quality system is registered. They aren't sensitive to price and they never complain.

Wouldn't it be great if all customers were easy customers?

Perhaps this thought went through your mind the last time a customer challenged you to perform at a higher level, or made a request that you thought was somewhat over the top. Maybe you even go a little out of your way to avoid customers with really high expectations. If so, I should let you in on a little secret....

Tough customers make your business better.

By all accounts, Weir Slurry™ North America is a company with high expectations of its supply base. Their facility, located in Madison, Wisconsin, was a Top 25 Finalist in *IndustryWeek's* 2004 Best Plants Competition. Not long ago I spoke with Vice President of Operations, Bob Elliott. According to Elliot, "In today's marketplace the demand to meet the customers' expectations requires a company-wide focus. A company that wants to be number one and retain its customer base must strive to be world class. We must meet or exceed our customers' expectations by delivering on time, every time, with the highest level of quality at the lowest ownership cost. To achieve these goals a company must form a supply base partnership that is committed to

lean manufacturing principles and continuous improvement." So why is working with a customer that has such high expectations of its suppliers good—not bad—for a surface finishing company?

Assume that a prospect presents a high volume project to you; one that will grow your top line by 15% and is expected to span at least five years. An ideal opportunity! Here's the catch. The prospect tells you that he expects zero defects, and it's clear that he actually means it. Knowing what a large project like this could do for your operation, you take the bait. Over the course of several weeks your operations team devises process and quality system improvements that improve your yield to near 100%. When production begins, as a result of some significant changes to your way of operating your business, you can now provide 100% conforming product to your customer every time his truck leaves your dock.

Does this seem like a lot of work just for one project? Absolutely, but meeting the expectations of just this one customer can have major effects on your entire operation, including the following:

An improvement such as the one described above will create reverberations throughout your entire customer base. Applying the improvements made in reaching the zero defect goal to your whole business enables all of your customers to benefit. This equates to a more satisfied group of existing customers, and a higher level of customer retention.

Implementing a system designed to meet the requirements of a tough customer can actu-

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ally lower your cost. In our example above, now that your process yields nearly 100% conforming product, you have reduced your internal rework to almost nothing. Nobody in our industry needs a lecture on the cost associated with reworking parts.

Tough customers will pay more. Since many surface finishing companies are not capable of satisfying the expectations of a tough customer, the number of finishers with which the tough customer can work is limited. It's a classic example of the law of supply and demand in that a limited supply of elite finishers results in upward pricing pressure. Furthermore, tough customers intimately understand the cost of poor quality and late deliveries. Oftentimes, the finishing cost as a percentage of the overall cost of the product is minimal. Therefore, a premium paid by a manufacturer to a top performing surface finisher is miniscule in comparison to the huge cost of problems caused by a finisher who doesn't measure up.

Tough customers not only want you to succeed, they need you to succeed. Consequently, they will often assist you by sharing ideas and educating you about systems they have implemented in their own operations.

Meeting the needs of tough customers is a great sales tool. Despite the high degree of camaraderie in our industry, the level of competition among finishers is, perhaps, greater than it has ever been. The systems you devise for one tough customer will make your operation that much more attractive to your sales prospects, and will increase the likelihood that you'll edge out your competition.

The next time a customer or prospect approaches you with a demanding expectation, use it as an opportunity to maximize customer retention, improve net income, educate your team and augment your business development activities.

Tough customers make your business better!

