

What are lost sales costing your business?

 By [Stephen Corrigan](#)

7 Dec 2018

Using technology to manage your company's loss rate can have a massive impact on your bottom line.

If you want to win at business, you need to become obsessed with your losses. It may sound a bit backwards but consider this: if you could understand your current losses, in other words, what your existing clients are not buying from you, your business could easily increase its turnover by between 10 and 20%.



Stephen Corrigan, managing director at Palladium

In some ways it's obvious - it would be extremely difficult to grow your business when you're not replacing the business that's constantly eroding. In other words, the opportunity cost of running a business is never about what you're selling – it's about what you're not selling.

So, if you could understand your clients' behaviour and leverage this knowledge to change the way they interact with your business, you could manage those losses, effectively plugging the holes through which your business is bleeding profit.

Businesses can't run reactively

Achieving this level of insight is simpler than most businesses think. It stems, for example, from sales managers receiving lists of clients whose sales orders are down this month when compared with the same month the previous year.

These lists could also show which specific items are down, so sales managers can see which products their clients are no longer buying. Essentially it comes down to running your company proactively rather than reactively – and your ERP system should be helping you do it.

You may be using the wrong software

But, even though these proactive features are actually just common-sense, most businesses simply have no idea that these types of alerts and notifications are easily able to be incorporated into their ERP systems because they've become so conditioned by outdated ERP software.

For example, we all know that as soon as we send a customer a statement, they're going to request a copy of the invoice. But, even though cash is the undisputed king of business, there are almost no accounting systems that automatically issue invoices along with the corresponding statements.



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You'd think developing a feature like that would be common sense – but it's simply not. The truth is that if your business is having to implement manual interventions to access vital information or if you're having to physically walk around from department to department asking people for updates, or even if you just find yourself duplicating business processes, it's likely that you're using the wrong software.

Behaviour-changing technology

Instead, the right software should be able to change behaviours – not just that of your clients, but of your staff as well. And it should do this by providing you with pre-emptive alerts and notifications. Imagine if every time your salespeople were selling a particular item, for example, a laptop, they received a notification about a complimentary laptop bag that they could use to upsell. If similar notifications existed for each and every product your business sells, it could help improve sales orders significantly.

Likewise, think of what it could do for your business if every time a sales order was cancelled, you could understand why – in fact, what if there were reason codes for cancelled orders so that every time a sales order was lost, the system required the person managing that order to provide a reason why.

The difference is in the bottom line

These are kinds of insights that impact the bottom line substantially. For example, Palladium has a client that processes around 150 orders a day, many of which are delivered by their courier partner. Because of the large volume of items that are couriered every day, the company used to pay for one of the people from the courier to sit in its office, logged into the courier service system, capturing details and generating invoices.

But, now Palladium has created an integration for the company directly into the courier's accounting system. It means that as soon as 'courier' is chosen as the method of delivery, the relevant information is immediately captured by the courier company and an invoice is automatically generated.

At the end of the day, an entire resource has been freed up from having to process hundreds of invoices a day, the company no longer has a 5% return rate as a result of incorrect capturing and, even more importantly, there's no longer a four-hour capture lead-time.

And by eliminating this four-hour lead-time, the company also managed to expedite 50% of its orders one day earlier. The best part is that this isn't billion-dollar technology we're talking about. In fact, once you recoup the cost of those lost sales, you'll have paid for an ERP system with common-sense features like Palladium several times over.

ABOUT STEPHEN CORRIGAN

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