SERVICE DEALER

THE VOICE OF THE INDUSTRY

NOVEMBER / DECEMBER 2020

SPECIAL REPORT

BUSINESS SUPPORT 2021

Advice for your dealership to navigate the year ahead

DISARMING AN ANGRY CUSTOMER

Lengthen the fuse of irate customers

LOOK FORWARD, LOOK LOCAL

Engaging with the community

INCREASING PROFITABILITY

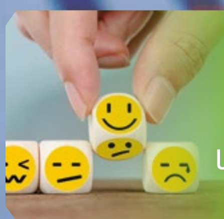
Up your profit levels

NET PROMOTOR SCORES

What are your customers thinking?

WILLING A BUSINESS ON

Planning ahead



CUSTOMERS FOR LIFE

UNDERSTANDING THE LIFETIME VALUE OF A CUSTOMER

WELCOME

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OUR PEOPLE

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Let's be blunt. Business is hard enough in the best of times and coronavirus has multiplied this exponentially.

The virus will pass, and we will get over the hurdles placed in our way. But no matter how well placed a dealership is, no matter how good it is, there's always room for improvement and in this *Special Report,* kindly sponsored by Kramp, we offer guidance which might give readers something to apply to their own situations.

Looking at the features, we've included the first looks at how dealers can promote themselves to their locality, which is more than likely, given the scale and size of products being sold and serviced, going to form their customer base. There's also a section on the new Dealer Digital Toolkit that's been specifically created for *Service Dealer* readers to help them use the world of online effectively. With backgrounders on social media and websites, it's a great tool for readers, no matter how experienced they are with online.

The next piece looks at the lifetime value of a customer. Any business can run on a diet of one-hit wonder sales, but it's very inefficient and involves so much wasteful cost to find new customers. As this piece shows, a single small sale can, over time, mushroom into a relationship that is worth its weight in gold, and if customer service is improved, there is almost no limit to what that very first sale could lead to.

Profit, as we know, is a function of revenue less cost, but how often do managers step back to analyse every expense to the nth degree? Most will look at the large or headline items, but following the worked example in the next story – *Increasing Profitability* – shows mathematically, through an example, the effects of even a few percentage points of cost saved.

Of course, profit also tends to follow on from happy customers. In recent years, and you will have seen – even if you've not registered it – emails that have sought to help businesses establish what is termed as a Net Promoter Score. As the feature explains, it's a simple process that attempts to understand how customers feel about a business – whether they're a detractor who will 'bash' the business, are passive and are neutral, or they're a promoter who will recommend. Knowing where customers stand makes all the difference to winning and keeping business.

Another feature looks at how firms should deal with an angry customer. Think about why the individual is angry and why they're shouting; they're vocal because they want a solution which, if found, could turn the complainer from a vicious foul-mouthed screamer into someone who is a 'friend for life' and who will evangelise for the business. This piece shows the way with tactics.

Lastly, the report features a piece on the importance of business owners having a Will. We don't like to think about death, but it's inevitable. The law is very prescriptive on inheritance and without a Will families could lose their home, businesses might be automatically wound up, and it's also possible that business partners could end up working with a family member who knows nothing about the business.

Good luck for the rest of 2020 and into 2021.

LOOK FORWARD… LOOK LOCAL

Business is ever changing and it's true that dealerships have had their fair share of challenges in recent years. But it's also important to not lose sight of the two things that dealers have going for them – a local community to market to and the innate difficulty of selling plant online

Even so, it's important to engage with the community. But how?

Offer advice

First off, consider the free options that include digital tools such as Facebook, Linkedin, as well as groups in the locality.

Facebook is a good example. Most think of it as a conduit to share pictures, videos and gossip. That may well be the case, but it's just as important to keep in mind that a good number of potential customers use the platform to keep abreast of what is relevant to them.

Dealers looking to grow should construct – and maintain – a good Facebook presence and at the same time, join local town Facebook pages. Clearly each will have their own rules on advertising, but well-placed messages can work wonders, especially if they come via a member who posts a link to a business.

Keep in mind the need to not irritate group members with overly frequent or irrelevant posts though. That said, incorporate tactics such as entering those who use the 'share' and 'like' buttons on Facebook posts into a competition to win a free product. Use time-limited or value-added offers, such as free upgrades, to generate a sense of urgency to buy.

Seek to use location targeting on Facebook. Here a business tries to put its content – whatever it may be – in front of those in their locality. While this involves some cost, at least it'll target the area the firm serves.

Allied to this is the need to not ignore a website – not everyone is on Facebook. A trading site is not critical, but some form of online presence is, or else customers will not know of your firm's existence.

Local groups are another potential source of new business; dealers should see if there are any where they can offer advice to groundsmen as a soft sell with tips, for example, on machinery maintenance.

Higher education, voluntary organisations, business breakfast clubs and others are another way to propagate a business among the locality. But wherever is visited and whomever is spoken to, the advice should do the work – a good rapport with the audience will do more for the business than pushing products ever will.

If there's time, consideration should also be given to joining a local chamber of commerce or a parish or town council. The business should be seen as an organisation that gives to the community; but of course, the more networking it does, the better its reach. A solicitor once said that he never turned down a good funeral. He wasn't 'ambulance chasing' but instead, making the point that he had no idea where something would lead to, no matter how awkward it was.

Tie ups

Granted this may have to wait until the passing of coronavirus, but another option is to arrange a tie up with another organisation or event to cross-fertilise businesses. Just as a local ale and cheese shop could partner with a music venue to host a beer and music festival (the venue benefitting from the footfall, and the suppliers able to put their goods before a new audience), a dealership could do the same and start a local charitable event for others to run stalls where it builds or exhibits.

In a similar vein, could the firm sponsor a local event? Depending on where it is located, there may be regular events every year organised and run by other local groups. In many cases, these groups are looking for fellow businesses to support their cause, either by teaming up to organise the event or just by donating money in exchange for being mentioned in their programme, website and advertising.

Both of these options are an excellent way to get a business in front of local customers. But if the business is in a more rural location, there is no reason why it can't expand its horizons to support initiatives in neighbouring areas.

Other options

Something else to consider is SMS marketing. Clearly this requires customer consent and an ability to know when not to burden customers with too many messages. But used correctly, a dealership could send customers a short text to alert them of new equipment that's just come into stock. This form of local marketing is great for those who want to contact their customers in real time. Even better – it's more responsive than email.

Also, of course, from the team behind *Service Dealer*, is *Garden Trade*r – the website whose sole purpose is to make the independent dealer more visible to potential customers, just as they are making that purchasing decision.

The site acts as another tool in your armoury that you can use to wrench back sales from the giant multiples and online-only retailers. It has been designed to give you that extra-advantage, sending your way those customers who are searching online and who may not know that such things as outdoor powered machinery experts even exist!

The site helps those customers unfamiliar with all the specialist tools available, narrow down exactly what it is they need for their garden – and crucially, points them towards the signed-up independent dealer closest to them.

Over the past few years that the site has been in operation, dealers around the country have seen tangible benefits of new leads who they wouldn't have captured otherwise, walk through their doors or visit their website. The concept has proved so successful that a sister site has recently launched for dealers in the U.S.

Visit ***www.gardentrader.co.uk*** to find out how it can work for your dealership too.

A new Digital Toolkit to help the sector

As we've seen, technology is changing the business landscape at a frightening pace. Where once it took weeks for a simple letter to cross the Atlantic from London to the Americas, by 1858, cable allowed a telegram to be sent from Queen

Victoria to President Buchanan in 16 hours (the deciphering was slow). Now it's milliseconds from sending an email to its arrival.

But just as technology has changed messaging, so it has radically altered how businesses can promote themselves, and like it or not, those that don't adapt and digitally market themselves will be left behind.

For adopters, digital marketing is a superb way to reach and connect with customers, to tell them about a business, new products and services, sales and changes to hours; and done correctly, it can cost next to nothing, especially if a social media post happens to go viral.

Going viral

Take a look on YouTube for the Haford Hardware 2019 Christmas advert. Shot for just £100 it featured on *BBC Breakfast* and has, to date, been viewed more than 2.6 million times. Putting the concept into a dealership context, a simple (but well shot) video, could establish a dealer's knowledge and competence while also demonstrating a new product to potential customers.

It's never too late to start and catch-up, and best of all, as many have found, compared with marketing of just 20 years ago, digital marketing can be inexpensive and very effective. Equally though, a firm can go to town and spend a small fortune – it's all a matter of choice.

It's quite clear that the sector has had a few years of difficulty and has suffered from the impact of coronavirus. This makes it timely to look at a free service that's just been built, from the ground up, specifically for *Service Dealer* readers – the *Service Dealer Digital Toolkit*.

As with any technology, there will be firms with a good understanding of digital marketing; they will be in the vanguard and will already have set up social media. They will be on Facebook and Twitter and talking to customers, will be using YouTube to place video, will have created a world-class website as a window on to their world, and will be using email to reach customers in real time with offers that come with a call to action.

But equally, there will be traditional dealerships that rely on a face-to-face model of generating business. There's nothing wrong with that since its true that 'people buy people'. But it's self-limiting in terms of new business generation, and as customers age and the young, more techno-literate, rise up, dealers that don't embrace digital will miss out on revenue from those who have no problem in going online to find what they need.

Widely used

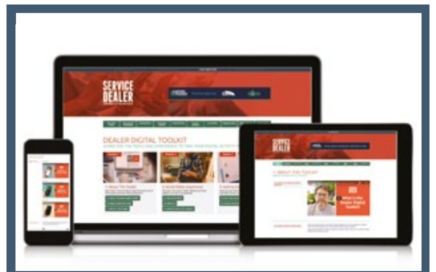
To prove the point, consider how the digital world works. Of a UK population of just under 68 million, around 45 million actively use social media of which 44 million on mobile devices – 78% are on YouTube, 73% on Facebook and 45% are on Twitter. These groups are ready to tap into and the *Toolkit* tells users – at all levels of competence – how.

Created by an experienced digital marketing agency, The Ad Plain, to support the sector in difficult times, the *Toolkit* has been written in plain English, is filled with diagrams that explain, and was constructed with the help of dealers experienced in digital marketing. It's very easy to navigate and to duck in and out of to extract whatever is needed.

Toolkit chapters

From setting up a Facebook or Twitter page, to generating content with which to attract and connect to customers, the 10-chapter *Toolkit* will teach, but not lecture, with practical tips and advice. It'll help users to understand what makes an interesting and successful post, how dealers can use digital marketing to increase the number of individuals that follow their dealership's sites, how to create even the simplest of websites, and, naturally, how to budget for digital marketing.

Digital marketing may well be a relatively new concept, but it's nothing for the traditional firm to be afraid of. On the contrary, embracing digital marketing – via the *Toolkit* – could be the best bit of 'free' marketing that a dealership ever does.



The Toolkit can be accessed after registering, free, at: ***servicedealer.co.uk/dealer-digital-toolkit***

CUSTOMERS FOR LIFE

Knowing the 'lifetime value' of customers helps with decisions on how much to spend on recruiting new ones and importantly, how best to go about increasing earnings from current customers

Calculating lifetime value

The lifetime value of a customer is, simply, the amount they contribute to the bottom line over the span of the business relationship and it's best seen in the example below:

(a) The value of the average sale Total revenue divided by the total number of sales in a typical year. A nominal £100 is used here.

(b) The percentage profit margin The example below assumes a 20% margin.

(c) A typical purchase frequency The total number of sales divided by the total number of customers in a typical year. The example assumes three times per year.

(d) The typical customer's lifespan This is how long a typical customer buys from the firm. The example assumes three years.

(e) The number of referrals a typical customer gives in a year Referrals are leads which clients bring in and five a year is possible from an existing client.

(f) How many referrals become customers The example uses a hit rate of 40%.

With this information a typical client's lifetime value can be established in three calculations:

(g) Annual profit from a typical customer ((a) x (b)) x (c). In the example this is (£100 x 20%) x (3) = £60.

(h) Lifetime profit This is (g) x (d) which in the example is (£60) x (3) = £180.

(i) Referrals value This is ((e) x (f)) x (h). Successful referrals become customers, so in the example the value is (5 x 40%) x £180 = £360.

We can see that the lifetime value of a customer in our example, is (h) + (i) or in figures, (£180) + (£360) = £540. This grows when factoring in the reduced costs of marketing and the potential for increasing sales to these customers year-on-year.

What use is this lifetime value figure?

The lifetime value illustrates how important it is to make conscious efforts to retain and develop clients. Achieving the same margin through one-hit deals would take 27 new sales.

What it also illustrates is how important it is to seek referrals from satisfied clients. In the example, the lifetime value of the client was increased by a whopping 300%, simply on the basis of referrals which led to new clients.

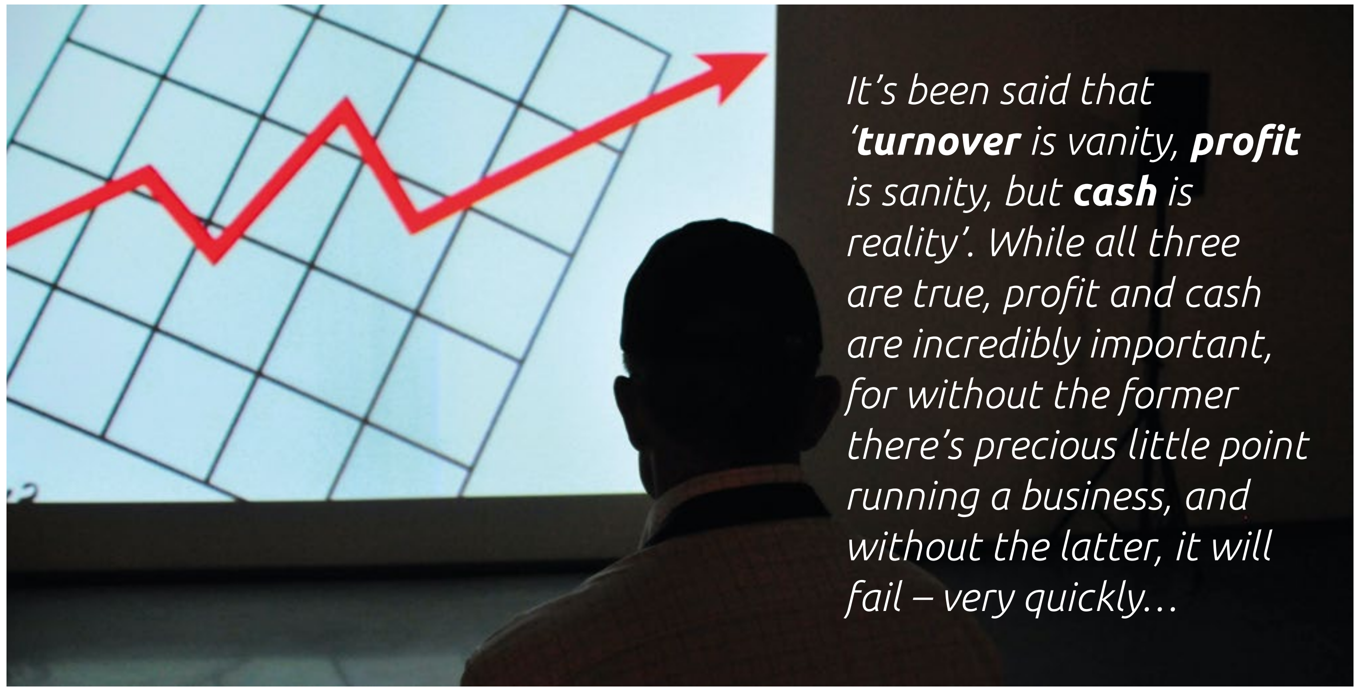
Additionally, a typical client's lifetime value allows firms to calculate exactly how much they can afford to spend on winning new clients. In the example (left), the seller could afford to spend as much as £540 to win a new client, even though the value of a typical sale was only £100, and the margin only £20.

But the lifetime value figure also points out just how firms could dramatically improve the performance of their organisation simply by changing any of the key figures used to derive it.

Suppose the average sale increased in value by 10%, the margin was improved by 5%, sales rose per year by a single sale, the lifespan of a customer rose to five years, and the number of referrals rose by say 20%.

These modest changes would: increase the annual profit from the typical customer to £110 – a massive rise of almost 55%; increase the profit earned from a typical customer in their lifetime by more than 300% to £550; increase the value of referrals to £1,320; and increase the lifetime value for a typical client to £1,870.

By understanding lifetime value firms can greatly increase revenue while increasing customer satisfaction.



INCREASING PROFITABILITY

Some think that a pre-tax profit of around 10% of sales is a fair goal to aim for. But with a little effort and some planning, it's entirely possible to increase this percentage, and possibly double it.

Before we start, to gain a fair measure of any results it's important – for family-run firms especially – to first deduct from stated pre-tax profits proper salaries for any family members working 'free' in the business. The point is very simple: if they weren't able to work in the business, you'd have to employ others instead. Consider this: You state pre-tax of, say, £100,000. But if the cost of employing others to fill those roles is £50,000, the true profit of the business is only £50,000 – half of what was thought.

Never say never

Before any actions can be put in place to increase profitability, the profit and loss account must be examined.

This simple fictitious financial statement shows how it is performing by detailing its sales, costs and by extension, any resulting profit.

Sales	£256,000
Cost of sales	£164,200
Gross profit	£ 91,800
Less:	
Rent / rates	£12,200
Power	£2,100
Salaries	£26,650
Commercial salary for the owner	£21,500
Finance charges	£1,650
Motor expenses	£6,140
Stationery and online	£2,100
Sundry expenses	£3,650
Accountancy	£1,210
Depreciation	£4,500
Balance	£81,700
Pre-tax Profit	£10,100

This business is earning a true pre-tax profit of 3.95%. To double it, from £10,100 to £20,200 per year, should not be too difficult.

Gross profit

In simple mathematical terms, it should be possible to increase pre-tax profit by 50% (£5,120) by finding just 2% more gross margin. The most obvious way forward is to increase selling prices by 2%. Let's assume that this firm is in a very competitive market and that the owners only feel able to increase prices by 1%. This will contribute £2,560 to pre-tax profit.

But as profit is a function of sales less cost, it's time to look at the direct costs as this is the only other way of increasing the gross profit.

For most firms, being cuter about buying and reducing wastage as well as seeking more competitive terms on those things that are bought in could mean a reduction in direct costs by 5%. It makes sense to kick the process off by looking at the biggest costs first – stock and the like. Despite diminishing returns, keep on down the list to examine even the smallest of things, ignoring nothing.

If you've been as successful as the example, you could have savings akin to the following:

Existing pre-tax profit	£10,100
The effect of 1% price increase	£2,560
The effect of 5% direct cost saving	£4,085
Total pre tax profit is now	£16,745
Increase achieved	66%

Rent and rates

This is a tough nut to crack because you'll have signed on the dotted line with your landlord for a lease for a number of years; in theory it won't be easy to find any leeway. On top of that, the rent may well be fixed or have upwards-only reviews. But – and this could play into your hands – landlords are waking up to the realisation that in the current market they might be better off with 80% of something rather than 100% of nothing. Put together a well-constructed letter to your landlord asking for a reduction – you might be surprised.

Business rates might be a more difficult proposition. While they're generated by your local authority you shouldn't assume that they're correct. For an initial indication look at what local businesses in similar settings are paying. Then check the square metreage of your premises very carefully and ask your local authority to provide the figure on which their calculations are based. Next, look at the rateable value applied to your premises. If it is far too high, especially if it is much higher than the rent which you are actually paying, you should consider lodging an appeal. In our example the rates are £10,460 per annum. The owner discovers that he is being charged for 10% too much space and therefore negotiates a reduction of £1,046.

Power

Old equipment can be particularly inefficient and heating systems and lights that are left on overnight run away with your money, as can being on an old utility tariff. Failing to invest in green technology is also a waste; a 15% saving is usually achievable.

Finance charges

Bank interest and charges are not set up to help you, so keep an eye on what's being charged and benchmark to see if you can get a better deal elsewhere. Do the same for your merchant acquirers and other accounts. Loyalty rarely pays dividends.

Savings of between 15% and 30% are generally possible. For the purposes of our example we will assume a 20% saving.

Motor expenses

The cost of running vehicles is rising and new and/or electric vehicles offer the opportunity to make savings on running costs, especially as manufacturers are almost desperate to shift new vehicles now. Don't renew motor insurance automatically, see what you can do to lower the qoutes you have and look too at route planning software to reduce miles and time spent in the cab. In our example a saving of only 10% is significant.

Stationery and sundry expenses

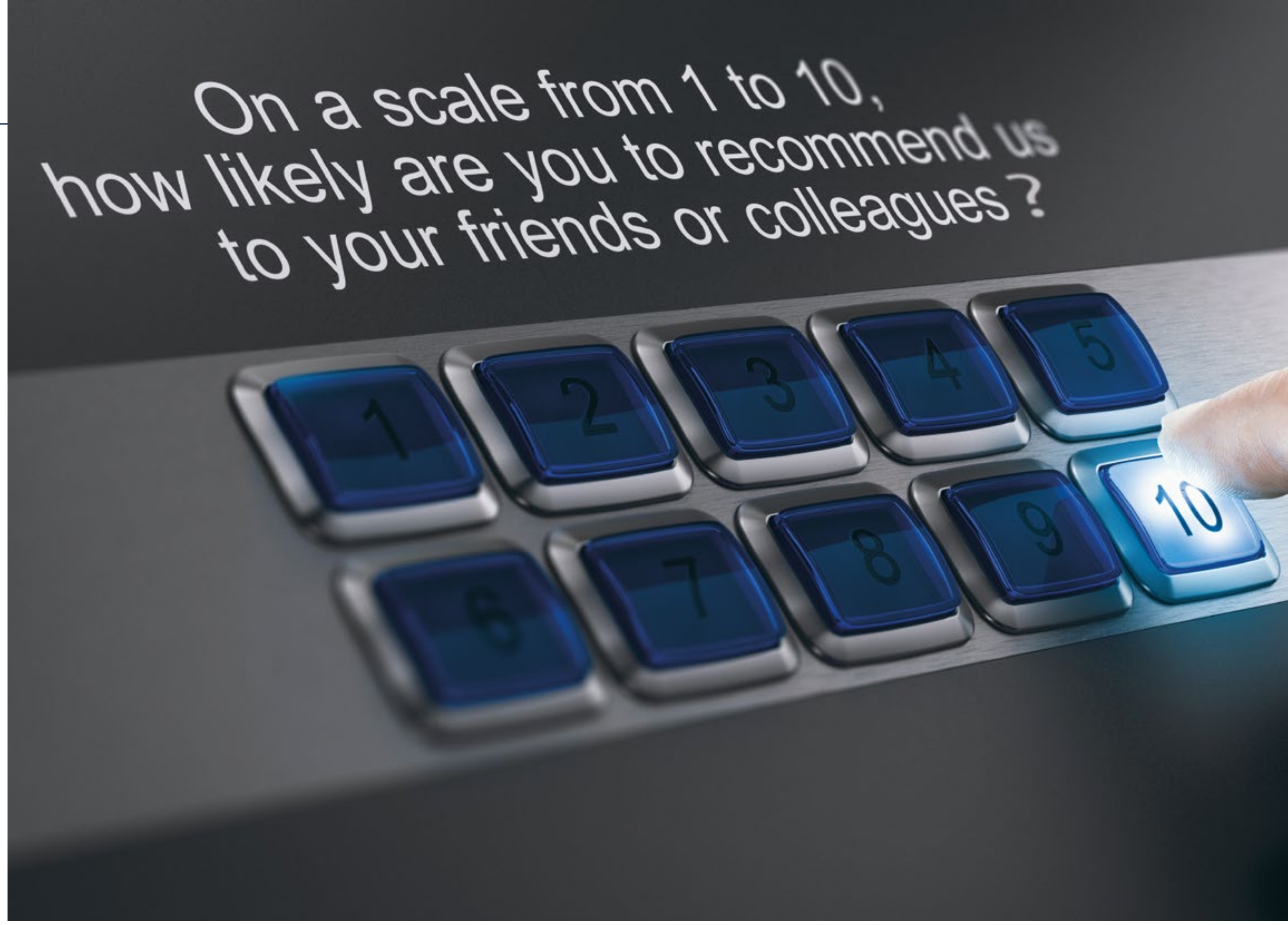
This category soaks up another chunk of the other items a business might buy — postage, printing, envelopes, office supplies, photocopying, online (web and email) and so on. Postage must be a key target for cost reduction since it's so expensive and options such as email with PDF invoicing are ubiquitous.

Target savings:	15%
So, where have our efforts got us to with our sample business?	
The pre-tax profit was originally	£10,100
But, the effect of:	
1% price increase	£2,560
2.5% direct cost saving	£4,085
10% rates saving	£1046
15% power saving	£315
20% finance charges saving	£330
10% cut in motoring costs	£614
15% saving in stationery	£863
Total profit	£19,913
Increase achieved	97%

Naturally, the above is a very simplistic approach to a thorny problem, but nevertheless, it should highlight what is possible. **Have a look and see if it can work for you.**

NET PROMOTER SCORES AND THE RETAILER

Competition among all businesses has been pushed higher through coronavirus. On top of that comes the need to do more with less and with fewer staff. It's now ever so easy to lose sight of the core values of a business and importantly, what customers think of it



Knowing exactly how a business is seen and the esteem that it's held in can determine whether it sinks or swims in a competitive market. Some firms can – for a while at least – live off 'one-hit' wonder sales. But that's so wasteful and very expensive to maintain in terms of marketing effort alone. It's far more efficient to have repeat business from customers who are more than willing to place their trust in the business and in turn, recommend it.

It's all about recommendations

There are numerous ways to find out what customers are really thinking and one, a Net Promoter Score (NPS), has made great inroads. You'll have seen emails seeking your opinion but may not have thought about it – a note from a mobile provider, an email from Amazon following a purchase, or a link to an online survey from a service provider. Each will connect to a series of webpages with an option to respond to questions with possible answers that range from 0 to 10.

A NPS isn't anything new, having been introduced back in 2003. Very simply, the goal of a NPS is to watch over business relationships – consumer to business and business to business – with the aim of understanding just how satisfied customers are with the business, a product or service. Implemented properly, a NPS allows a business to establish whether customers are willing to recommend it to others. This is why it's so valuable – it looks at the matter solely from a customer's point of view. Furthermore, the answers on a scale of 0 to 10 are measurable.

How it works

The whole point of a NPS – and this is why it's attractive to businesses and why customers are so receptive to responding – is that is seeks answers via a handful of simple to understand 'why' and 'would' questions. Done properly, views can be discovered in a sub-minute questionnaire that, with a mathematical response, can be easily summarised into a score. Take a look at the next NPS-style questionnaire you receive – it may well have numbers colour coded. This is why:

SCORE 0-6

A score of 0 to 6 (red) is considered low with those giving these values labelled as 'detractors'. Those in this grouping will more likely than not offer up detrimental views and may well seek to influence others to harm (or ignore) the business. Invariably they do not complete on a transaction.

SCORE 7-8

Those that give scores of 7-8 (amber) are thought of as being 'passive'. They are neither a 'promoter' or 'detractor' as they are most likely ambivalent and want to stay impartial. They have no strong feelings either way.

SCORE 9-10

In contrast, anyone giving a score of 9-10 (green) will be labelled as a 'promoter'. They will (should) be loyal long-term customers who will evangelise on behalf of the business through recommendations.

But while it makes obvious sense to cater for promoters, firms wanting to survive and grow need to consider all who respond, especially if they do so in the negative.

Making NPS work for you

It should be clear by now that a NPS enables a firm to understand whether its offering up good products along with good service. By extension, a NPS allows firms to establish where there are holes in their offering and where improvements need to be made.

The process doesn't have to be part of a dedicated campaign. It could, in fact, just be part of an automated process where post-transaction an email is sent to customers seeking their opinion. However, no matter how it's used, everyone in the firm must understand what the process is trying to achieve, what is being measured and what the results mean. Everyone needs to understand that the process isn't about apportioning blame, but instead, trying to make improvements. All comments, good and bad, are valuable.

Management also needs to give thought as to how the business keeps the dialogue going with promoters – even though they are onside – as well as how negative scores are dealt with. What can be done to turn detractors around?

Any manager worth their salt should be able to understand that firms with a high NPS are healthy and likely to grow (but shouldn't be resting on their laurels). At the other end of the spectrum, low scores mean trouble and business prospects are going to be poorer. But there are exceptions to the rule – where, for example, a firm is holding a product that is in demand. It'll do well until the item is sold through and then it'll vaporise.

Calculating a score

Working out a NPS is reasonably simple. The percentage of detractors must be deducted from the percentage of promoters. A firm that surveys 100 customers with 70 promoters, 10 passives, and 20 detractors, would have a NPS of 50.

The nearer the score to 100, the greater the satisfaction, according to customers. Conversely, poor scores must be attended to.

To finish

With some thought and effort, a NPS is a great way to really understand what customers think of a business, and without much input from their side. Think carefully about the questions and seek to condense them down – despite the advent of digital marketing, attention spans have shrunk, and if it looks too onerous a NPS email will be deleted.

Remember that a NPS is not the definitive answer to all business problems. It can offer opinions either way and just as statistics can be used to prove anything, so a NPS should be used in conjunction with common-sense.

Further, a NPS is not a one-time deal. Instead, think of it as part of a process of continual improvement where a finger is permanently applied to the pulse of customers.

Try the NPS calculator here:
www.npscalculator.com/en

DISARMING AN ANGRY CUSTOMER

A report published by a trade union, Usdaw, in June 2019, found a concerning spike in violence against retail staff. Apparently 80% of staff said that violence, threats and abuse were getting worse, while 62% said that they had been a victim of verbal or physical abuse

There are countless reasons for this abuse, including legitimate customer complaints, but the question remains, how should staff lengthen the fuse of an irate customer?

Customers are allowed to be angry

When mistakes come to light customers often make a point of bringing it to a manager's attention and whoever is on the receiving end of the complaint is probably going to take a stand, deflect the complaint or settle it quickly. One solution is to start from a position of assuming that the customer has every right to be angry.

Maybe they thought a colleague was rude or the product didn't do what was promised. It's entirely possible that the customer is continuing on with a previous issue. Alternatively, they're angry because they've had to come in at a time (and cost) when it is inconvenient. But no matter the reason or whether they're right or wrong, you need to make a point of letting them vent their spleen to express the root cause of the complaint.

Listen carefully

Next, listen to what is being said and how it's being expressed. Are there any phrases that keep being repeated that will give you a clue as to the real issue? Is it technical or personal? Fixing a problem with, say, a payment system, won't do much for harmony if the customer has a real issue with the person operating the system over the phone.

Whatever you do, never respond with emotion. A customer is not angry at the person they are talking to, but rather, the business or something within it. Customers who start to raise their voice, who become angrier and move into the realm of abuse and bad language do so out of frustration; they're feeling that they're not being taken seriously or that the issue is not being understood.

Allow time

Rarely will a customer say everything in one go – they'll ramble and move into other areas. The worst thing anyone can do is to interrupt them – it'll just make them angrier. If you let the customer talk until they're done their emotional high will subside and they'll be more amenable to interactive conversation.

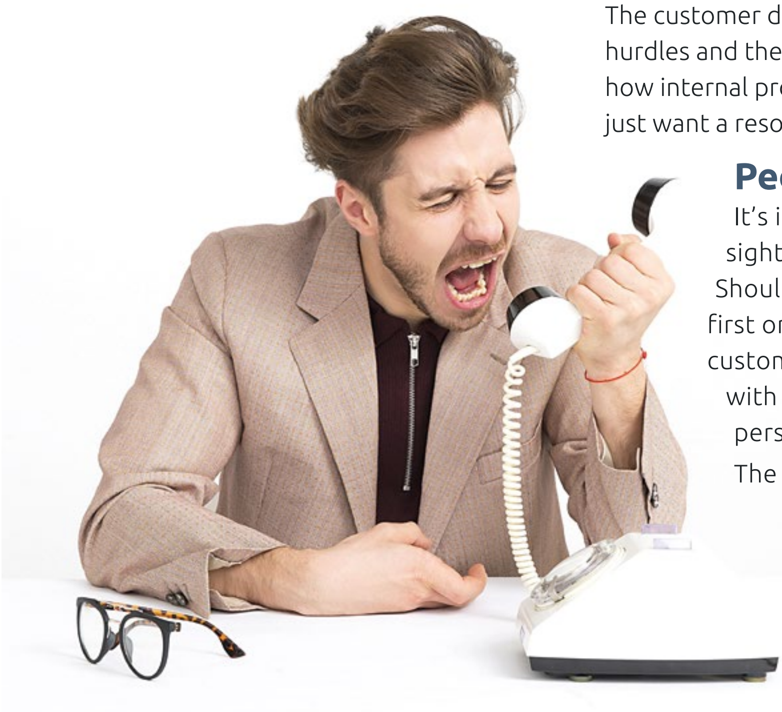
When the customer has finished, take control of the situation by acknowledging that there's an issue.

Be gentle

You'll never win a shouting match with a customer. Sure, you may win a verbal argument, but you'll have lost all self-esteem and control in the process and others will hear the ruckus.

A better solution is to always respond by speaking in a calm and gentle tone; shouting will just lead to a raising of tensions and voices and the key point of their complaint will never be heard. Remember that silence is golden: listen and learn. Given time an angry customer will calm down in order to hear what you are saying.

Don't lose sight of the fact that the customer wants to hear what you have to say – it's the very reason they've approached you; they could have not complained and instead, made a point of telling everyone they know what they think of the business.



Acknowledge the problem

Before you can properly start to deal with the issue at hand, it's important to go over your understanding of what the customer is upset about, reiterating the key points and the priorities as the customer sees them. This will not only confirm your understanding but also reassure them that you understand their problem. Again, use a calm voice and ask the customer to confirm your understanding is theirs.

Work the problem

It's irrelevant how a problem started. All that matters is that you take ownership and see a resolution through to the bitter end. If you don't, you'll be pouring fuel onto the fire and give the customer good reason to become incandescent.

Your problem is that it's very tempting to deny responsibility for the issue, state that it's been caused by someone else and hope that the customer and their problem will go away. Unfortunately, in today's litigious and social media-based society, it's not going to.

The harsh reality is that no matter the process, you will still be the customer's main point of contact. The customer doesn't care for hurdles and they're not bothered how internal procedures work, they just want a resolution.

People first

It's important to not lose sight of the priorities. Should you fix the issue first or deal with the angry customer? Should you deal with the technical or the personal?

The best bet is to probably deal with the person rather than the technical. While it may seem entirely logical to deal with the physical manifestation, dealing with the human side of the complaint will help to satisfy the customer. Once they've calmed down you'll be able to move on to the technical issue with them on your side.

Interestingly, it may transpire that the technical issue behind the complaint could be affecting other customers; the person who is complaining could actually be doing you a favour by bringing the matter to your attention.

Fix the problem

Once the customer has been reassured, you need to move on and deal with the reason for the complaint, while also looking to ensure that long-term the problem does not reoccur.

Cast-iron guarantees that the problem will never happen again are not possible. What you can do, however, is tell the customer that if an issue ever arises again you'll be happy to be their point of contact. That said, if you think you've fixed the problem once and for all, make a point of proving this to the customer.

Follow up

People like to be remembered and it's good practice to revisit a complaint and make contact with the customer to ensure that they are happy with the resolutions (and the business). A phone call or personalised email or letter is all that it takes to make the point that the customer is valued and that their complaint was taken seriously. It's an incredibly powerful message to show that you care.

Remember, if you truly don't care about customers, dealing with issues will only ever be a short-term problem for no more customers equates to no more complaints.

WILLING A BUSINESS ON

We enter the world with nothing and depart as we were born, leaving our earthly possessions behind. This harsh circle of life becomes grimmer for those left behind, especially where there is no Will to determine how a deceased's assets are to be distributed. Now throw a business into the mix and death becomes very unpalatable

According to a Macmillan Cancer Support survey, published in January 2018, nearly two thirds of the UK population has no Will, and of the over-55s, 42% are without. Further, the results indicate that another 1.5m people invalidate their Will by marrying.

The problem is that many assume their possessions will simply pass automatically to their partner or children, or believe their assets are too insignificant to need a formal arrangement. But if you die without making a will, the intestacy rules will be applied.

Providing comfort

A Will is an opportunity to choose who inherits your estate upon death, and to put in place estate planning measures to mitigate tax liabilities.

The intestacy rules changed in October 2014, when the Inheritance and Trustees Powers Act came into force. Under these rules, if an individual dies leaving a spouse and children, the spouse will take the statutory legacy (since 6 February 2020, £270,000) and the rest of the estate will be divided equally between the spouse and the children.

Beyond that assets are distributed (in order) to children/grandchildren, then to parents, siblings, grandparents and finally uncles and aunts. If you have none of the surviving relatives on the list, then your estate will go to the Crown.

Worse still, the rules take no account of unmarried relationships and it is possible that some may have to issue legal proceedings and fight those 'automatically entitled' under the intestacy provisions.

Another aspect to consider is choosing executors to administer an estate after death. For many, it is common to appoint a spouse or children, but it is also worth appointing a professional who can ensure that your business assets are dealt with as you wish. The advantage of choosing a trustee company is that it will provide continuity for the appointment of executors, enabling partners from the firm to act.

Also, if you have young children, it would be sensible to appoint two executors to become the trustees of the children if they are under 18 years old when you die.

Business owners can seek protection

The effects of not having a Will are potentially very damaging to business owners. A Will gives the power to decide who inherits shares in a company, and potentially who will ultimately run the company; without a Will, shares will be distributed in accordance with the intestacy rules, which may mean that unwanted individuals may end up running the company. Alternatively, it might dilute your business share so you may set up future family quarrels.

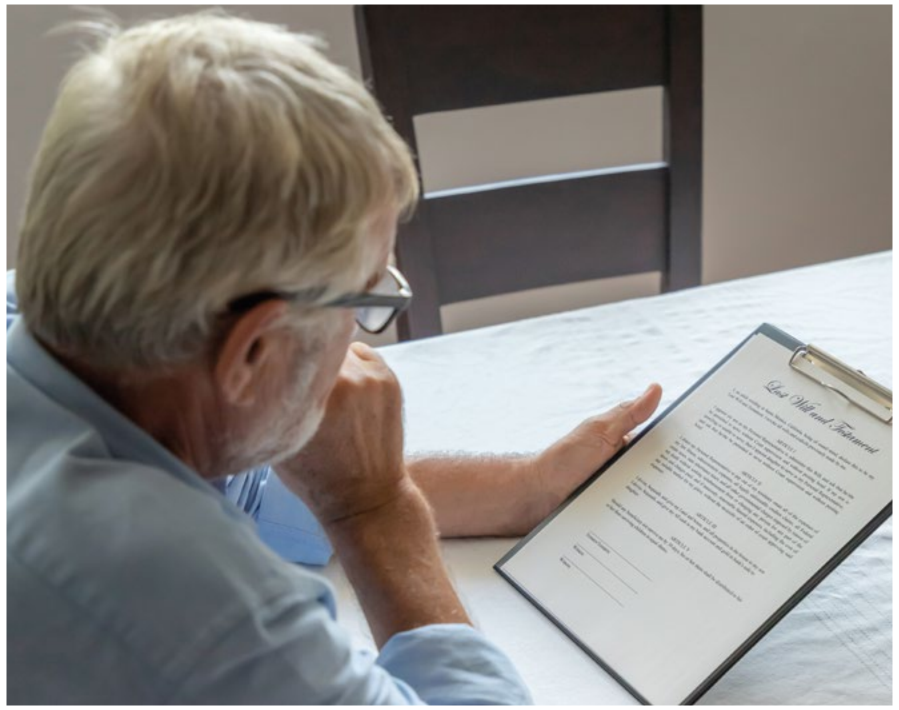
Worse still, uninvolved family members can inherit shares directly and may want a say in the running of the business, even if they do not have the skills or experience to be involved. Using a trust means the beneficiaries would not have a direct right to any interest in the business and therefore no direct influence.

Away from incorporated businesses, sole traderships cease on death unless there are provisions for succession. If there is a partnership with no partnership agreement in place, the business will stop on the death of one partner. Here the advice is that if there are articles of association or partnership agreements, they should be reviewed periodically to see whether they are compatible with the Will's provisions.

Wills don't have to be taxing

Another key point is that a Will, and some forethought, allows the structuring of an estate so as to reduce liabilities quite legally by ensuring all appropriate reliefs can be claimed and options can be considered, such as the creation of trusts, which may reduce tax liabilities, or gifting the right part of the estate to the right beneficiaries to be able to claim the right allowances in full. These allowances are valuable. The inheritance tax allowance is currently £325,000 for an individual, or £650,000 for a couple who are either married or in a civil partnership. On top of this is the Residence Nil Rate Band which now gives an additional allowance of £175,000 to be used against a home, provided it's left to children or grandchildren.

One allowance of particular use to business owners is Business Property Relief (BPR). This is available for a business or an interest in a business, as well as land, buildings, plant and machinery used for the purpose of the business and shares in unquoted trading companies. BPR is currently awarded at 50% or 100% depending on the asset; it is a very generous relief and it is possible that its use will be curtailed in a future budget.



Regular reviews

Wills should be reviewed at least every five years to ensure they still reflect the likely estate and there has been no change to wishes. They should also be reviewed on major life events, such as marriage, divorce, births of children, grandchildren, or the creation of a business.

The reviews should seek to ensure that company documents, such as articles of incorporation and shareholders' agreement, accord with the wishes set out in a Will. For example, some family businesses may only allow shares to be passed to direct descendants of the founder. A spouse or stepchildren would not be included, so if a Will leaves company shares to a spouse, but the company's constitution does not allow this, the gift will fail.

By extension, it is just as important to ensure that business documentation does not prevent an estate from benefitting from BPR. If company documentation includes a binding contract for sale whereby the deceased's shares must be sold to the surviving directors or partners, then BPR will not be available.

In summary

A Will is often not thought about. Whether that's through time pressures, no desire to think about the inevitable or a misunderstanding of the law with an assumption that an estate will go to the right destinations, not having a Will is a fundamental part of personal planning that is easy to fix.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