Know your customer

On the face of it, setting up and managing a customer database may not seem to be the number one priority for plumbing, heating, gas and electrical installation and servicing companies.

However, it should be.

The benefits are summed up in three words: **"know your customer"**. In any line of commercial business, nothing is more important, apart from your own professional expertise. I assume the latter to be a given and that I can teach you nothing about being a good plumber or gas engineer etc., so your number one priority, which is the focus of document, should be to use modern technology to improve your knowledge of your customers. This will enable you to treat each one of them as they would like to be treated, as individuals with particular needs.

Collecting better information about your customers, and then acting on that info, can really improve your profitability. If you are a very small business with few customers and you are happy to stay that way, this book is perhaps not for you. If you are already of such a size that you can't possibly remember every detail about every customer, or if you want to scale up your business, I recommend that you read on!

With the right software and a little expert help, it does not have to be difficult. You certainly do not have to be an expert in computer software or data management. However, to get maximum benefit you do have to be systematic in your approach and you need to get everyone in your company doing their bit to ensure that the data is maintained, up to date and actionable. In this eBook I am going to explain in simple terms how to achieve this.

What you might have now

Most of the companies that I speak to have moved beyond paper-based and card-based customer records. Usually they either have a crude database that is not related to their business and simply duplicates what you would find in a card-based catalogue, or else they have a list of companies in an Excel spreadsheet. If so, you should think seriously about moving to a purpose-designed customer database system. It's shocking how people still use spreadsheets to manage data. There is no way to control access, no way to audit changes, and everything gets out of hand very fast. Using a database where you can centralise information,assign different access rights to individuals in your company, andfinding the data you need immediately and for any purpose is paramount for businesses that have ambitions.

A customer database also makes it easy to segment your customers. You will find that word cropping up several times in this book. Segmentation means sorting your customers into meaningful groups. This is very useful for managing and communicating with customers but it is very difficult to do, and even more difficult to act upon, using a spreadsheet or even a general-purpose database.
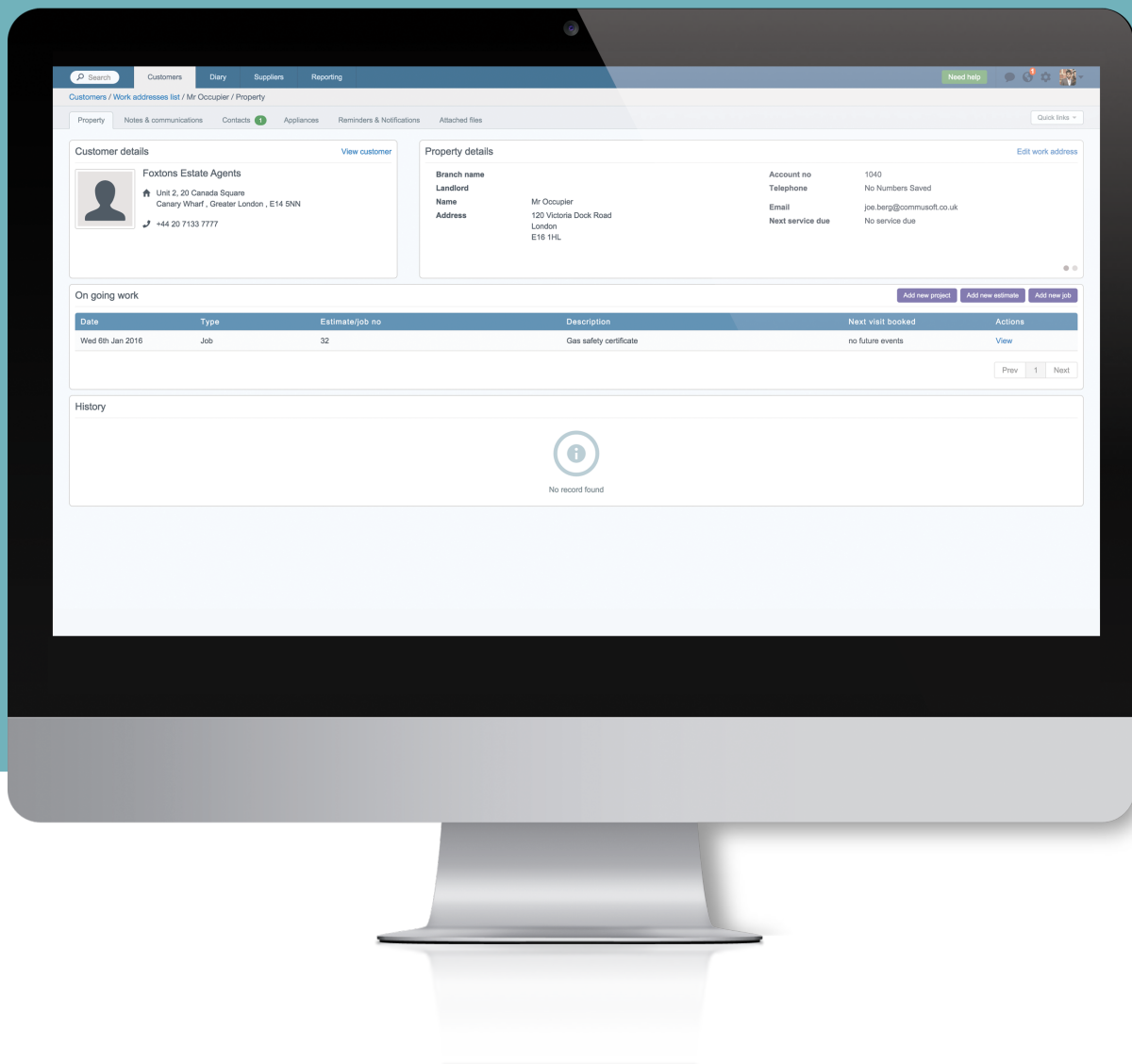
Key benefits of a customer database

First let's consider some of the main benefits to a company of implementing a customer database.

a.

Improve your operational efficiency

Lack of knowledge about customers is a major reason why companies waste a lot of time and effort and the root cause of a lot of money being left "on the table".

An effective admin system is essential for managing appointments and engineers' time but it will only get you so far in terms of managing your customers. You need to be able to see what has happened in the past, and it is near impossible to do this with a manual or spreadsheet-based system.

Being able to see a customer's history quickly and easily on-screen lets you answer their queries faster and more accurately. This not only speeds up your response and avoids long phone calls, but also impresses customers through your professionalism.

b.

Get more repeat business

It is generally reckoned to be far more profitable to get repeat business from existing customers than it is to win new ones. Yet most companies lose existing customers to the competition by not staying in touch or not being sufficiently aware of their specific needs.

Your customer database can help you get more of your customers coming back and buying again.

Why? Because you have a profile of the customer and their property, what services they have had in the past, when they are due for a service check etc. Take the details you know about your customers and use that information to connect with them again. Just a simple but timely service reminder is often all it takes – but you cannot do this efficiently without information, especially once your company has grown beyond a certain size.

C.

Discover your ideal customers

Ideal customers are the ones you want more of. Your customer database can help you discover the customer profile that is best for your business.

With a customer database you can identify customers who spend the most money with you and are most profitable (with a customer database you can look at the bottom line, not just invoice totals). These are the ones that should be at the front of the queue during busy periods.

However, bear in mind that good customers are not all the same. For example, some like to be contacted by telephone, others by SMS or email. By responding to their preferences, you will keep them on board – and even if you are this year's Mastermind, you are not going to retain all of this vital information in your head. A customer database enables you to tailor your approach to please these ideal customers.

d.
Produce happier customers

Every business wants happy customers. Which begs the question, why do some businesses produce unhappy customers?

The truth is, sometimes a business loses touch with the customer's needs. A strong database can help you make sure that you are doing everything in your power to please the customer. You cannot do this with a manual list, card file or even a spreadsheet. You need to be able to use it to keep track of conversations, assign To-Dos, and stay on top of your relationships.

The fact is people expect this now. When you contact your bank, insurance company or utility, you are no longer surprised that they have a record of your interactions – and because they do, they can get straight to the point and offer you the kind of help and advice you are looking for. Customers increasingly expect this even of smaller businesses. It also helps to keep the relationship on a friendly level.

In addition to information that is directly related to your business, you can use your database to keep information such as the names of all the members of a household and even their birthdays. The trick is to use this information to give your business a human face, without being too intrusive.

e.

Give your relationships "context"

Context, marketing experts tell us, is extremely important to customer relationships. Imagine that you get into a difficult situation, such as a customer phoning to complain about the service. Without knowing the context, it is all too easy for you or your admin staff to get defensive or into an argument.

Before shooting off at the hip, wouldn't you like to know the background information? If updated by your engineers and office staff systematically, your customer database can give you the full picture on that dissatisfied customer. Maybe they have a troublesome history. Maybe they are unprofitable, more trouble than they are worth. Or perhaps they are a profitable customer, and this is a one-off, in which case you will probably decide that it is worth the trouble to do everything possible to put things right.

Either way, you need to see these details before responding. Good context helps with everything from up-selling to customers to dealing with late payments and getting referrals. If you are not sharing customer context via a database, you are missing out.

f.

Build better internal and external business partnerships

A customer database is all about collaboration.

By keeping customer details in one place you have "one version of the truth", ensuring that admin staff and engineers are on the same page when talking about customers. Also, it is not always possible or advisable for the same engineer to service a customer.

With a customer database, knowledge is shared so the engineer will not be going in "cold". You can create a lifetime relationship with the customer, even as engineers come and go. You can pass along important assignments and rest easy that they will be accomplished efficiently because the engineer has the requisite knowledge.

Moreover, in all probability you work in partnership with other companies such as building firms on a lot of projects. It is useful if you can share information about customers with them – and this in turn will help to build a relationship of trust with the partner. Just be aware that the sharing of data between companies is governed by data protection laws – however you can build safeguards into your customer database (such as getting explicit permission from the customers to share data for specific purposes) to keep you on the right side of the law.

g.

Conduct more effective promotions

Without a customer database, promotional activity (such as email and direct mail campaigns) is time-consuming, inefficient and, in the worst case, can do more harm than good. If set up properly, the difference between promotions without a customer database and data-driven marketing is like the difference between carpet bombing and precision targeting.

First, because you can segment your database to identify the customers who are most likely to be receptive to your campaign. For example, if you have started installing a new type of boiler you would want to exclude customers that have recently upgraded from your promotional campaign. Or if you are getting into selling smart thermostats, you would want to identify a list of customers who are most likely to consider the purchase (these typically include young couples with children).

Second, using a customer database and a mail merge facility, you can create dozens or hundreds of personalised emails or letters in the time it would knock up just a couple manually.

h.

Reduce admin costs

Finally, we should not forget to mention that a customer database will **massively** reduce the amount of time you spend chasing after bits of paper. This is especially true if your engineers can access the database with a mobile app. Service records are automatically uploaded to the database so there are no delays between doing the work and being able to invoice, and documents do not get lost or forgotten in the back of the engineer's van. Plus, as well as saving yourself admin headaches, this can also be of benefit to the customer.

Supposing, for example, the customer needs to produce a gas boiler safety certificate for an insurer, but cannot find it. If you have an electronic record of the certificate in the customer file, you can simply send the customer a pdf copy in a jiffy.

The benefits of a customer database are therefore clear and overwhelming. But you still need to do it right. By adhering to the guidelines that follow, you will see the maximum impact on your company's profitability and long-term success.

About the author

Jason Morjaria is the founder of Commusoft.

Commusoft develops integrated software packages that meet the specific needs of plumbing, gas, heating, electrical and similar service companies.

The software covers customer databases, engineers' and office diary, estimates, job management, invoicing, certificates, service reminders, parts management etc. together with management reporting and integration to all widely used accounting software packages.

Based in London, UK, the company has 45 employees and 750 clients in the United Kingdom.

For more information visit **www.commusoft.co.uk**, phone 0203 0266 266 or just click below.

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