CRITICAL INCIDENT MANAGEMENT PLAN
Significant Loss of Revenue

Incident:

- **Significant Loss of Revenue from Largest Customer**

Guiding principles:

- Critical Incidents take precedence
- Delegate functions and duties
- Put people first
- Be professional and ethical at all times
- Work logically through your Critical Incident Plan
- Be proactive, not reactive
- Deal only in the facts, keep an open mind, never assume anything
- Document everything, including time, date, place
- Consider preservation of your brand

Your Initial Action (24 hours)

- Prioritise this investigation to enable a quick response to its affects
- Collate all *internal* customer information available to prove or negate loss of revenue
    - question relevant staff
    - obtain past and current quotes to orders conversion ratio
    - obtain past and current financial transaction data
    - remember to account for current work in progress
    - identify and account for booked forward work
    - remember to account for unpaid invoices
    - identify and consider previous sales trends
    - consider seasonal demands and adjustments
- Collate all *external* customer information available to prove or negate loss of revenue
    - obtain information from your Supply Partners
    - consider current economic climate
    - gather intelligence from your customer's work sites
    - liaise with your industry contacts

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- Verify the Data
  - analyse and verify the data obtained
  - use your Accounts staff / Accountant to analyse the data
- Compare the Data
  - compare month on month and year on year quotes to this customer(s)
  - compare month on month and year on year sales to this customer(s)
  - consider past and current economic and market influences
- Quantify the Loss
  - determine the percentage of lost sales
  - determine the dollar loss
  - assess the cost of replacing the lost revenue

Further Investigation

- Consider cause(s) for the Loss
- evaluate the customer's overall experience with your business
- consider whether your service offering has met the customer's expectations
- identify quality of customer communications
- review your quotation timeframes
- consider your manufacturing lead times
- review your timeframes for product delivery and installation
- review your product quality performance
- review staff(s) interaction with the customer and site staff
- identify if there has been a change of staff interacting with this customer
- review your price in the marketplace
- identify other added value offered by the competitor
- has there been a change of staff within the customer's business
- has there been a change of ownership in the customer's business
- has your customer experienced a downturn in the market
- is there a new competitor in your market
- have your Supply Partners contributed to any loss of sales
- compile a list of the most likely factors

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- Identify the Competitor
    - establish who has supplied your lost sales
    - consider the reason(s) for your customer using that supplier
- Meet the Customer

  Remember……. your customers will tell you everything you need to know in business, but only if you ask them!
    - request a meeting with the customer
    - listen with the intention of understanding the problem(s)
    - conduct an honest and open communication
    - ask the customer the question "have we lost sales to a competitor"?
    - ask the customer the reason why that has occurred
    - ask the customer "is there an opportunity to recover lost sales"?
    - ask the customer what would need to change to recover those sales?
    - analysis the needs of the customer
    - commit to meeting the customer's needs where possible
    - discuss how to move forward with the customer

Human Resource Considerations

- consider welfare of staff member who oversaw the customer
- monitor the morale and performance of the staff member
- consider the potential need to reduce staff by way of redundancies
- consider the need to reduce working hours / overtime
- consider the potential for staff to leave your business as a result of lost revenue
- be aware of staff being approached by the competitor who gained the sales
- monitor staff's overall morale

Financial Considerations

- the need to rework existing budgets
- working with reduced business revenue
- potential for reduced cashflow
- reduced capability to reinvest in your business
- likelihood reduced net profit
- reduced ability to financially service overheads
- consider potential loss of purchasing power

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- consider need for additional marketing spend
- consider need for additional sales staff

Business Continuity

- boost communication with customers
- utilise the services of your accountant and bank manager to stay on top of finances
- move toward a muti-customer base without too many eggs in one basket
- ensure timely invoicing
- ensure proactive debtor management
- retain key staff where possible
- take all reasonable steps to improve the customer's experience including service, products, timeliness, quality and value

Securing Future Sales from Customer

- request staff input into necessary improvements
- determine how you can meet the customer's needs
- formulate plans to improve customer experience
- formulate plans to improve quotation, manufacturing or installation lead times
- formulate plans to improve remedial timeframes
- consider assigning a different staff member to the customer
- take ownership of and improve customer communications
- consider need to reduce customer pricing
- review reducing cost of materials
- review production efficiencies
- explore new opportunities to benefit both parties

Retaining and Maximising Revenue from Existing Customers

- meet with all customers to ascertain whether they are experiencing similar issues
- ask existing customers for additional sales
- identify up sell and cross sell opportunities
- identify opportunities to add value to your customer's business

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Creating Revenue from Other Sources

- identify potential sales from new customers
- motivate sales staff to recruit new business
- identify potential sales from businesses serviced by competitors
- personally visit potential new customers
- liaise with your previous customers to identify opportunities
- increase the number of sales proposals
- undertake advertising to attract new customers
- identify other markets, products, and services you could provide
- ask and incentivise existing customers for referral business
- identify ways to increase quote to sale ratio

Mitigating Risk of Future Revenue Loss

- ensure proactive communications with clients
- survey your performance with your existing customers
- determine if your staff member is the best fit with the customer
- identify and react to customer issues quickly and effectively
- conduct regular sales analysis to identify downwards trends
- monitor staff KPI's
- ensure your financials are timely, accurate and fully understood
- continually assess for business improvement and make changes where necessary

Your Business Information Resources:

- Mastercraft National Support Office

  Kevin Belz 0294 772 524; Dave Wilson 021 246 4944

  Luke Boustridge 027 5722 493; Penny Claridge 021 136 1100; Kylie Teague 021 778 809

- Ministry of Health

  https://www.health.govt.nz/our-work/emergency-management/pandemics

- Covid19 Website

  https://covid19.govt.nz/

- Worksafe

  https://www.govt.nz/organisations/worksafe-new-zealand/

- Ministry of Business, Innovation and Employment

  www.employment.govt.nz/resolving-problems/steps-to-resolve/personal-grievance

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- Employment Act 2000

www.employment.govt.nz/about/employment-law/legislation/

- Employment Relations Authority

www.era.govt.nz

- Mental Health

https://www.mentalhealth.org.nz

- Business NZ

https://www.business.govt.nz

- Work and Income
- https://workandincome.govt.nz
- Immigration NZ

https://www.immigration.govt.nz

- Employers and Manufacturers Association

https://www.ema.co.nz/Pages/Home.aspx

- Employee Assistance Programme (EAPWorks)

www.eapworks.co.nz

- Mediation Services

www.employment.govt.nz/resolving-problems/steps-to-resolve/mediation

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