LEADERS HOLDING CO.™

Est. 1971

Monthly Focus

What: Managing Customer Accounts

Why: Knowing how to read and manage customer accounts in FROG, and how to resolve money issues will improve efficiency for the entire company.

When: Customer accounts need to be managed from the start of the sales entry process all the way through to the scheduling of their delivery, and including any after the sale follow up that is required.
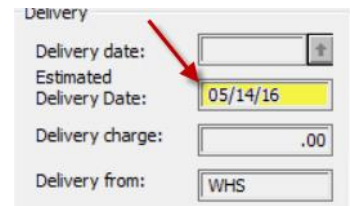
Who: All of Leader's Casual Furniture® sales associates are required to know how to properly manage customer accounts in order to keep them up to date, to get their payments correct, get their furniture delivered, and properly update invoices.
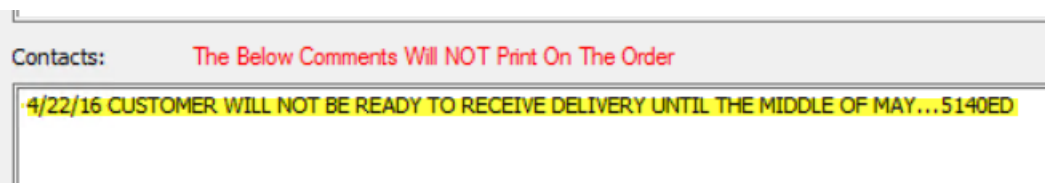
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Managing Open Orders

- o In order for customer invoices to be kept up to date, and have orders that are ready to deliver scheduled, we have the display backlog open when you clock in to work. However, you can manage your open orders at any time, and there are a few ways to do this.
    - Check the AIR report
        - FROG\Purchasing\Reports\Against Incoming\Enter Date
    - Go into the Open Sales Report
        - FROG\Sales\Reports\Open Sales Reports\Salesman
    - Go into the Display Backlog on your own:
        - FROG\Sales\Follow\Display Backlog\Salesman
- o Updating your customer ETAs.
    - We frequently have customers that are not ready for delivery for a variety of reasons, and the furniture is being held in the warehouse. We need to move the ETAs in FROG on these invoices.
    - We also need to utilize the second memo box to note an estimated date of when the customer will be ready for delivery. Any communication with the customer should be put here with the date of contact along with your sales ID number and initials. This way, anyone that is reviewing open orders knows what is happening with the customer's account.

Reading and understanding the customer look-up window:

- o The customer look-up window shows all of the customer's invoices and money movement. Understanding how it works is essential in managing customer accounts. We have a procedure that covers this in-depth.
- o Level 1 training dives into the "Customer Look-up" function in FROG and helps give an in-depth understanding of this feature: R:\Training\2.0 Level 1 Itinerary\Level 1 Week 1\3. Wednesday\2 Customer Look-Up.pdf
- o Additionally, the review on this topic provides a nice self-test to check your understanding of this feature: R:\Training\2.0 Level 1 Itinerary\Level 1 Week 1\3. Wednesday\Presentations\2.0 Customer Look-Up and Product Look-Up Review.pdf
- o Below is a typical customer account. We see on line 1, invoice 1817486 has a portion back-ordered off, which creates invoice B18174861 on line 3.
    - The original deposit for invoice 1817486 was $1119.00. Payment was a "BC" and that is under the column for code
    - Once the back-order is created, money will be transferred from the original invoice, to the back-ordered invoice. We see that on sales order #1 where directly underneath the deposit, the red arrow points out the back-order, B18174861, with the code "BO" and it moves $332.10 to line 3.

#	Sales Order	Doc Date	Type	Total	Trans	Code	Amount	Date	Balance
4	1818361	07-22-15	9	96.30	DEPOSIT	BC	96.30	07-22-15	
					DELIV	DU	0.00	07-22-15	0.00
3*	B18174861	04-28-15	9	642.00	1817486	BO	332.10	04-29-15	
						CN	642.00	04-29-15	
					1817501	CN-TRN	-332.10	04-29-15	0.00
2	1817501	04-29-15	9	642.00	DEPOSIT	ND	0.00	04-29-15	
					B18174861	CN-TRN	332.10	04-29-15	
					1818164	BC	309.90	07-02-15	
					DELIV	DU	0.00	07-07-15	0.00
1*	1817486	04-28-15	9	1521.23	DEPOSIT	BC	1119.00	04-28-15	
					B18174861	BO	-332.10	04-29-15	
					1818164	BC	734.33	07-02-15	
					DELIV	DU	0.00	07-07-15	0.00
	Totals			2901.53			2901.53		0.00

o   This customer had an invoice re-written, which is invoice 1817501 on line 2 in order to correct the ticket.

- You can see the new invoice on line 2 is written, and the deposit is "ND" for no deposit.

- The back-ordered invoice on line 3, B188174861, is cancelled. The code "CN-TRN", cancel –transfer, illustrates this. The $332.10 that is attached to the cancelled invoice is now transferred to the new invoice, 1817501. The red arrows illustrate this money movement.

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						CN	642.00	04-29-15	
					1817501	CN-TRN	-332.10	04-29-15	0.00
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					B18174861	CN-TRN	332.10	04-29-15	
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					B18174861	BO	-332.10	04-29-15	
					1818164	BC	734.33	07-02-15	
					DELIV	DU	0.00	07-07-15	0.00
	Totals			2901.53			2901.53		0.00

o   The customer pays for the balance on the two invoices, 1817486 on line 1 and 1817501 on line 2 on 07-02-15. They pay by "BC", which is entered into FROG by going into the customer's account and going into AR options and selecting cash receipts. The red arrows illustrate the "BC" payments. The balances are paid in full, and the customer's open balance is now zero. All orders have been either been delivery updated or cancelled, so they show as a sale type 9.

#	Sales Order	Doc Date	Type	Total	Trans	Code	Amount	Date	Balance
4	1818361	07-22-15	9	96.30	DEPOSIT	BC	96.30	07-22-15	
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3*	B18174861	04-28-15	9	642.00	1817486	BO	332.10	04-29-15	
						CN	642.00	04-29-15	
					1817501	CN-TRN	-332.10	04-29-15	0.00
2	1817501	04-29-15	9	642.00	DEPOSIT	ND	0.00	04-29-15	
					B18174861	CN-TRN	332.10	04-29-15	
					1818164	BC	309.90	07-02-15	
					DELIV	DU	0.00	07-07-15	0.00
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					1818164	BC	734.33	07-02-15	
					DELIV	DU	0.00	07-07-15	0.00
	Totals			2901.53			2901.53		0.00

Preventing mistakes before they happen

o We have a 1st time delivery completion percentage of around 90%. So what happens on the other 10%? 8 out of 10 times it is due to errors made at the store level.

o Store errors that cause delivery non-completion is now being tracked and part of the manager bonus. There is a simple and quick way to prevent the majority of errors made and that is to review each invoice with the customer. Make this part of your sales process and review the following items with the customer before they leave the store:

- The frame, fabric, or sling color selected
- The correct quantity of each piece
- Make sure every piece the customer wanted to purchase is on the invoice
- Review the price of the items
- Make sure the sales tax is calculated correctly
- Make sure the correct lead time is written down and have the customer sign off on it. Manage their expectations from the beginning.

o Take an extra minute or two to do this, and you can prevent most mistakes before they happen. The customer will appreciate the extra attention to detail, it will enhance their shopping experience at Leaders, and our 1st time delivery completion will climb higher and higher.

Sale Types, and who delivery updates the orders.

o Typically once an order has been delivered to, picked up by the customer, we receive confirmation of shipment from the vendor, or it is picked up by the 3rd party shipper, the order is delivery updated. In the event that a sales type 1, 3, or 4 has not been delivery updated, below is a list of who is able to update each type of invoice. Please e-mail a request to the correct department in order to have the invoice updated.

o

Sale Type 1	Leader's delivery to customer	Delivery drivers and warehouse office
Sale Type 2	Pick-ups/items taken from store the same day	Sales associates at store
Sale Type 3	Vendor Direct Ship	Purchasing department
Sale Type 4	3rd Party-Shipping	Logistics coordinator (Jeff Jackson)

Fixing Balancing Issues:

- o One of the most common daily tasks we all encounter is fixing balancing issues in FROG. Our 2.2 Closing Procedure goes into detail in each aspect of the daily closing procedure, and it has a section focusing on fixing balancing issues: R:\Procedure Manual\2.0 General Store Procedure\2.2 Closing Procedure.pdf
    - Negative difference in bank card
    - Positive difference in bank card
- o 2 of the most common mistakes made that creates Open Balance issues:
    - When creating either a Credit Memo or doing a cancel/rewrite when the money amount pops up, instead of entering "0" and entering the new invoice created, we hit enter instead, and skip over this. This will create one invoice having a negative balance, and another having a positive balance. This is corrected by utilizing the "Move Money" e-mail template: R:\Email Templates\Store Email Templates\Move Money Request.msg
        - In fact, this template is utilized any time money needs to be moved for an account.
        - When creating a LEAD-EXCHANGE invoice, sometimes a credit memo is forgotten to be created to off-set the money owed on the exchange, and bring back the damage or incorrect items back into inventory. Simple solution:
            - ✓ Create the Credit Memo: R:\Procedure Manual\4.0 Customer Accounts_AR\4.11 Credit Memo.pdf
            - ✓ Delivery update the credit memo if it is a sale type 2. If it is a sale type 1, the delivery driver or warehouse group will delivery update the credit memo.
- o When entering a Wells Fargo order, if we do not enter the Method of Payment correctly as "FI", the customer will not be charged for the order. That is because it will not prompt the accounts receivable department to charge the customer's Wells Fargo account. There are only 2 options in entering a Wells Fargo order.
    - Customer is financing the entire order, because it is all stock items. Here is how the money portion should look when entered correctly in FROG:
        - ✓ Deposit is entered as "0"
        - ✓ The balance will be for the full amount, in this case 1624.82, which equals the total amount of the sale.
        - ✓ The deposit is "ND" which will be automatically filled in when you enter in "0" as the deposit
        - ✓ Method of payment is entered always as "FI". It is NEVER "CBD" on Wells Fargo orders, or else the customer will not be charged for their order!
        - ✓ The FI amount is entered, in this case it is for the total amount of the sale, 1624.82.

- Customer has a special order, so a 25% deposit is required, and the balance is being financed by the customer. Here is how the money portion should look when entered correctly in FROG:
    - ✓ 25% deposit amount is entered, in this case it is 696.17.
    - ✓ Balance is for the remaining amount that will be financed. The deposit and balance equal the total amount of the sale
    - ✓ Deposit taken is entered, in this case it was a "BC". The deposit can NEVER be "FI", only "BC", "CS", or "CK".
    - ✓ Method of payment is entered always as "FI". It is NEVER "CBD" on Wells Fargo orders, or else the customer will not be charged for their order!
    - ✓ FI amount is entered, in this case it is the balance of 2088.52

- The Wells Fargo procedure gives a detailed step by step guideline in opening an account and how to properly authorize a charge on the account: R:\Procedure Manual\4.0 Customer Accounts_AR\4.05 Wells Fargo Finance.pdf
- Additionally, we also have a procedure that details how to properly process an add-on sale utilizing the customer's Wells Fargo account: R:\Procedure Manual\4.0 Customer Accounts_AR\4.5.8 Add On Finance.pdf
- In order to to become comfortable and proficient in entering and creating a Wells Fargo account, we have a practice sheet that provides the information required to utilize Wells Fargo's live website and create a "test" account: R:\Procedure Manual\4.0 Customer Accounts_AR\Wells Fargo Cheat Sheet.pdf