INDIAN INSTITUTE OF TECHNOLOGY MADRAS

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PROJECT PROPOSAL FOR

BUSINESS DATA MANAGEMENT

ON

HANDLING THE CREDIT MANAGEMENT SYSTEM OF A COMPUTER SALES AND SERVICE SHOP

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HANDLING THE CREDIT MANAGEMENT SYSTEM OF A COMPUTER SALES AND SERVICE SHOP

Executive summary

For any business to make its profit, it is important to have a constant look over its bottlenecks, that at what point the business is lacking, and the ways to figure out them. This capstone project also aims to solve a business problem by analyzing its data.

A computer sales and service shop named "The Future Computer" is a B2C type of business shop. The shop owner Mr. Sanjay Panchey is facing certain issues like stock maintenance and funding, including customer credit. These all are occurring from a single route problem which is customer credit. Since it is a computer sales and services shop, the products are bound to be expensive; therefore it is important to find solution, for Mr. Sanjay's earliest convenience and smooth flow of his business in market.

For controlling credit issues, we need to collect data associated to credits, and inspecting it through pivot tables, charts, and graphs from a few analyzing tool like Microsoft Excel sheets and Google Spreadsheets.

Organization Background

The shop "The Future Computer" which I have chosen for the research of this capstone project is a computer sales and service shop, and is well known with 4.0 out of 5 ratings in our city Balaghat, Madhya Pradesh. The shop is established in July 2009, by owner Mr.Sanjay Panchey. Other than sales of computers, Mr. Sanjay also have products like Laptop, CC TV cameras, Printers, new and second hand computer products, computer part related products for sales and their respective services.

For the better growth of their business, Mr. Sanjay mainly focuses on service of their customer's product, so that his customer visits him regularly. Because they provide more services, The Future Computer became a good servicing hub for most of the government officials in Balaghat for long years. Mission of Mr.Sanjay the owner of the shop is to become a brand ambassador in computer's market of the city.

Problem Statement

The most challenging issue The Future Computer is facing is Customer Credit, sometimes which causes problems in maintaining the stock for Mr. Sanjay. Thus, the required objectives are as follows:

1. To determine the measures to control and manage the customer credit.
2. To plan effective policies including terms and conditions for credit.
3. To find some alternatives of funding for business.

Background of the Problem

Since, most of the customers of this shop are from government bodies, Mr.Sanjay also have to follow the long billing process, like first the client deals the budget of what and how much goods and services they require with him. Then after providing services, when the bills and payments of the month are all together checked by the clerks of government, the service provider Mr.Sanjay in our case receives his payment after waiting a long month.

Sometimes, offering credits and the very frank behavior of salesman towards his customer may be a reason for facing the credit issues, this happens when Mr.Sanjay try to attract his customer. Though he can make a good relationship with his customer but soon he realizes that many of his regular customers make their payments late, which becomes an unnecessary burden on him.

Problem Solving Approach

Methods

Basically the credit control can be done by following methods:

1. Clearly defining the credit policies to doubtful customers, by using credit application form, and later charging interests on late payment.
2. Dividing the good and bad customers, by noticing customer behavior.
3. Reminding once in three or four days by emails, contact phone calls, messages or any other means of communication.

4. Asking them to return the product, in case if they cannot afford it.

5. Taking action against the customer- This is the last option the Business can use to get back their money from the customer. Also salesman can complain in the consumer forum, or can directly case an FIR if he has proofs related credit against customer.

6. Loans and Finance- As a recovery business can borrow from banks or can take finance from any trusted company.

The aforementioned all the methods can practiced, once the details about every credit is determined, and this can be done by collecting data and analyzing it.

Details about data collection

The above stated problem is founded recurring in Mr.Sanjay's business. Thus it will be sufficient to take the data of three months for the analysis and interpretation of solution to the problem. We will need some data sheets like:
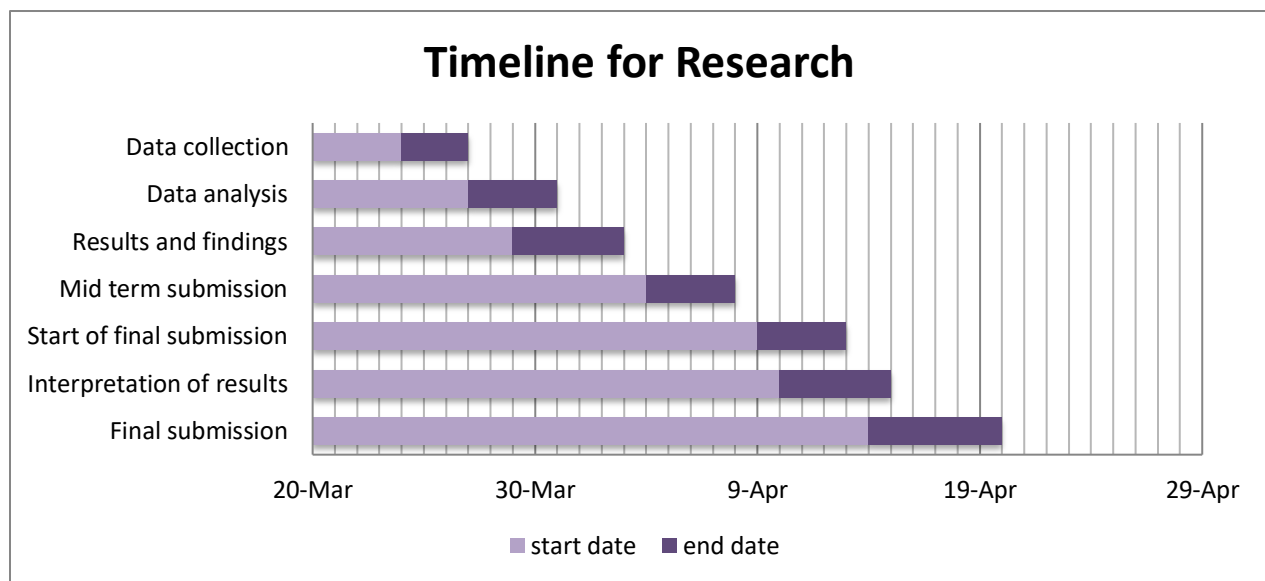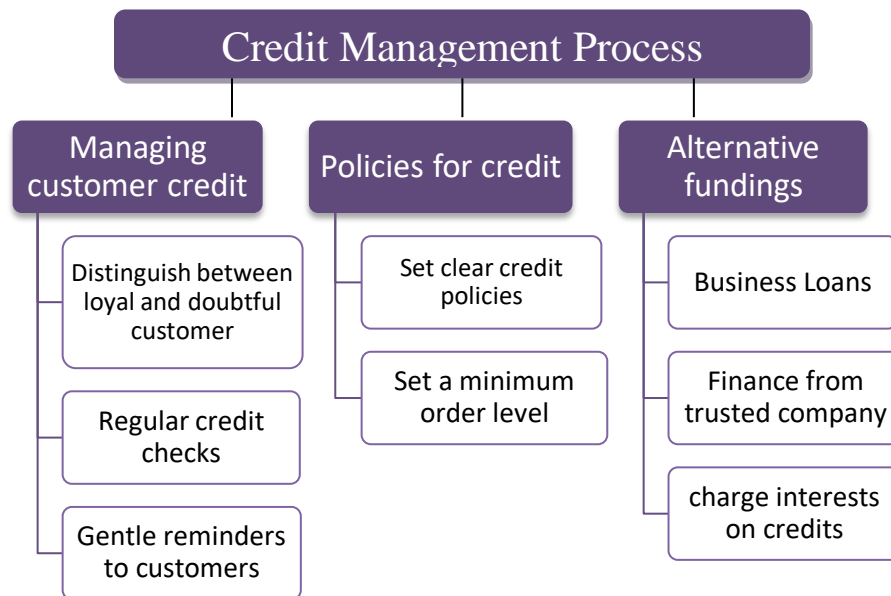
- Sales raw data sheet, in which the details about daily transaction of sales are to be mentioned.

- Stock data in which regular incoming stocks about every product is to be listed.

- Credit sales data, it is the paramount of all the data collected and will tell us about the loss, shop is facing and how much dues are to be collected.

- The credit customer data, it will contain the details about customers, who make their payments later.

Analysis tools

We are going to use Google Spreadsheets and Microsoft Excel tools for the analysis of all the collected datasheets from the shop. Before jumping to any conclusion,

- We need to clean and sort the data on the basis of required objectives.

- All the computations and calculations will be made through pivot tables, graphs, ledger, and charts for different analyzed sheets.

Expected Timeline

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                    ┌─────────────────────────────────────┐
                    │      Credit Management Process       │
                    └─────────────────────────────────────┘
        ┌───────────────────┐  ┌───────────────────┐  ┌───────────────────┐
        │     Managing      │  │ Policies for credit│  │   Alternative     │
        │  customer credit  │  │                   │  │    fundings       │
        └───────────────────┘  └───────────────────┘  └───────────────────┘
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Managing customer credit
- Distinguish between loyal and doubtful customer
- Regular credit checks
- Gentle reminders to customers

Policies for credit
- Set clear credit policies
- Set a minimum order level

Alternative fundings
- Business Loans
- Finance from trusted company
- charge interests on credits

Timeline for Research

Task	Period
Data collection	20-Mar
Data analysis	
Results and findings	
Mid term submission	
Start of final submission	
Interpretation of results	
Final submission	

Axis labels: 20-Mar, 30-Mar, 9-Apr, 19-Apr, 29-Apr

Legend: ▪ start date ▪ end date

Expected Outcome

This is the problem faced by many businesses. Thus, examining the data from sales and studying through its graphs and charts will prove to be helpful in getting out of this problem. It will not only solve the customer credit issues, but will also provide some insights in maintaining the stocks. Analyzing this way will create a proper framework for the shopkeeper to maintain his data which will be not time consuming at the time of credit checks.