



Future customer service for factoring business services

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Opinnäytetyö toteutettiin rahoitusyhtiö X:lle, joka tarjoaa erilaisia rahoituspalveluja ja sijaitsee Suomessa. Jatkossa tekstissä viitataan ”rahoitusyhtiöön”. Opinnäytetyön tarkoituksena oli toteuttaa tutkimus factoring-palveluista, joita rahoitusyhtiö tarjoaa ostaja-asiakkaille. Tutkimuksen tuloksia hyödynnetään yhteistyökumppanin tarjoamien factoring-palveluiden kehittämisessä.

Opinnäytetyön teoreettinen viitekehys koostui factoringista, tuotekehityksestä, käyttäjälähtöisestä tuotekehityksestä, kilpailija-analyysistä, asiakaspalvelusta, asiakassuhteiden hallinnasta ja asiakasodotuksista. Teoreettinen viitekehys keskittyy asiakaspalveluun ja asiakassuhteiden hallintaan, sillä ne ovat iso osa factoringin liiketoimintapalveluita, joita rahoitusyhtiö tarjoaa ostaja-asiakkaille.

Opinnäytetyön käytännön toteutus koostui sähköisesti suoritetusta tutkimuskyselystä. Kyselytutkimus valittiin opinnäytetyön tutkimusmenetelmäksi, koska se oli paras tapa tavoittaa laajempi joukko ihmisiä ja saada myös samalla syvällistä tietoa kohderyhmältä, jota voitaisiin hyödyntää rahoitusyhtiö X:n tarjoamassa factoring liiketoimintapalveluiden kehittämisessä. Tutkimusta varten tehty kysely perustui kolmeen aiheeseen, joihin halusimme keskittyä. Me halusimme selvittää yleisellä tasolla, miten ostaja-asiakkaat kokevat factoringin. Toinen asia oli selvittää käytännön tasolla, mitkä asiat toimivat hyvin ostaja-asiakkaiden kohdalla ja mitkä asiat aiheuttavat heille ongelmia. Kolmas aihe kyselyssä liittyi siihen, miten rahoitusyhtiö vertautuu kilpailijoihin nähden, jotka tarjoavat myös factoring-palveluja.

Kyselyn tuloksena syntyneet aiheet olivat seuraavat: tietovirta, maksumuistutukset, korkolaskut, avoimien laskujen verkkojärjestelmä ja asiakaspalvelun vasteaika. Tulosten päätelmät sisälsivät kattavan katsauksen kaikista kolmesta aiheesta, joihin tutkimuksessa keskityttiin. Tulosten ja johtopäätösten perusteella esitettiin kehitysehdotuksia, jotka sisälsivät tapoja vähentää asiakaspalvelun vasteaikaa, ehdotuksen avoimien laskujen verkkojärjestelmästä, keinoja vähentää ongelma-alueita ja ehdotuksen prosessin hallintaa varten, joka voisi auttaa rahoitusyhtiötä vastaamaan asiakkaiden tarpeisiin.

Asiasanat: factoring, ostaja-asiakkaat, asiakaspalvelu, asiakassuhteiden hallinta, palveluprosessi

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The thesis was carried out for a financing company X that is offering different financial services and is based in Finland. In the following text will be referred as "financing company". The goal of this thesis study was to do research on factoring services that are offered for the buyer customers by the financing company. The results of the research will be used for developing the factoring services that the co-operation partner is offering.

The theoretical framework of the thesis consisted of; factoring, product development, user-orientated product development, competitor analysis, customer service, customer relationship management and customer expectations. The theoretical framework focuses on customer service and customer relationship management as those are a big part of the factoring business services that the financing company is offering for the buyer customers.

The practical implementation of the thesis consisted of a survey that was carried out electronically. The survey was selected as the research method for the thesis because it was the best way to reach out to a lot people and also to gain in-depth data from the target group that could be used in the development of the factoring business services for the financing company. The survey that was made for the research was based on three topics, that we focused on. We wanted to find out at a general level how factoring is perceived by buyer customers. The second thing was to find out on at a more practical level as to which things are working out well for the buyer customers and which are causing problems for them. The third topic that we focused on in the survey was how the financing company compares to competitors that are also offering factoring services.

Within the results of this survey, the relevant themes that came up were: information flow, payment reminders, interest invoices, network system for open invoices and customer service's response time. The conclusions of the results included a comprehensive overview of all the three topics that we had focused on in the research. Based on the results and conclusions, development suggestions were provided that included ways of reducing customer service's response time, suggestion of network system for open invoices, ways to mitigate problem areas and suggestions for managing the process that could help the financing company to meet the customer expectations.

Keywords: factoring, buyer customers, customer service, customer relationship management, service process

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1 Introduction

As a cooperation partner for this final thesis was financing company that is based in Finland. This financing company offers various financial services and and this thesis was done together with the factoring department. Factoring is a special form of financing that is used by companies. In this financing form, trade receivables are being transformed into cash with the credit that the financing company admits for the company. According to the financial agreement, the client company transfers all their customer's invoices regularly to their financier that gives credit to them and for as an assurance for the credit that they get.

The idea for the thesis came through the work that I was doing for the financing company. I was working as a customer advisor in the factoring department and I was working in the buyer group that helped the buyer customers. I was interested to develop the factoring processes and together with the co-operation partner. We came up with an idea that we could do a research that would help the financing company to improve their factoring processes and this research focused on the buyer customers and not to the clients of the financing company. This was the first time that this kind of research was done for the buyer customers.

The purpose of the thesis was a research that I did on factoring services that are offered for the buyer customers by the financing company. I designed a survey for the thesis and we wanted to focus on three main topics that we had agreed with the co-operation partner. We wanted to find out at a general level how factoring is perceived by buyer customers. The second thing was to find out on more practical level that which things are working out well for the buyer-customers and which are causing problems for them. The third topic that we focused on the survey was how the financing company compares to competitors that are also offering factoring services. We wanted to focus on receiving new information from the buyer customers with qualitative research. This information would help us to define the expectations for future customer service for factoring business services. The thesis also aims to create the conditions for digitalizing the factoring processes. The research was carried out in form of an electronic survey. The survey was targeted for Finnish buyer customers and was carried out in Finnish.

The beginning of the thesis includes information about factoring in general and factoring's customer service for buyer customers which were the target group of this thesis. The third chapter focuses on product and service development and in the fourth chapter explores customer service, customer relationship management and customer expectations. The theory was built around the survey that was carried out in the thesis and helps to understand the conclusions and development suggestions that were made after the results. The final result

includes development suggestions that the financing company can use to develop their factoring services and process that is being used in the factoring department.

2 Factoring and customer service from buyer customers' perspective

Factoring is a special form of financing that is used by companies. It means transforming trade receivables to cash with credit that is given by the financial company. Trade receivables come from selling goods and services to customers and those are transformed immediately to cash. Factoring credit requires financial agreement which includes detailed information about standard terms and conditions of finance and collateral. The agreement includes information about maximum amount of credit and interest that is calculated for it and factoring premium that is charged as a commission fee. Factoring premium is charged every time trade receivables are transferred as a percentage unit of them. There also could be agreed organizing premium that is charged when new credit limit is given or if it is later changed. It also contains information about debt collection, printouts that are provided for the customer and other factoring related services such as ledger management. (Tepora 2013, 271-274.)

The financial company and the customer also have to agree about the collateral. According to the financial agreement, the client company transfers all their customer's invoices regularly to their financier that gives credit to them and also for as an assurance for the credit that they get. It is also possible that company sells their trade receivables for the financial company. The sales company sends an invoice to their own customers for a sold good or services. The invoice should include postponement clause which tells that the invoice is transferred to the financial company as a credit insurance and that the invoice needs to be paid specifically for the financier. The sales company also transfers a copy of the same invoice to the financial company at the same time which immediately pays them agreed percentage of the invoice if their credit limit allows it. The agreed percentage that the financial company pays for the customer could be for example 75% of the invoice amount. The financial company pays rest of the invoice's amount for the customer when their buyer has paid the whole invoice to the financial company. Financier has the right to decrease their own receivables from the payment that they make for the customer if the customer had for example unpaid premiums or interests that are over due date. Below there is a figure 1. Conventional factoring financing collateral agreement, that shows how the factoring financing process proceeds in temporal manner. (Tepora 2013, 271-274.)

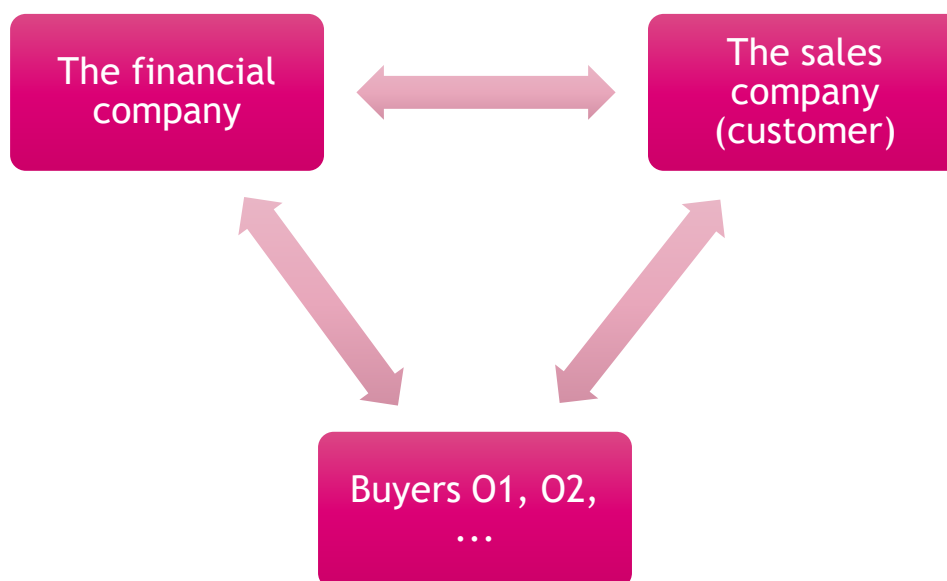


Figure 1. Conventional factoring financing collateral arrangement (Tepora 2013, 275.)

Factoring financing can be divided into five different stages which are the following:

1. Financial agreement between the sales company and the financial company.
2. Delivering the goods/services from the sales company to the buyer.
3. The sales company provides the invoices that include the postponement clause to the buyers and the to the financial company.
4. The financial company pays 75% of the invoices amount for the sales company that is their customer within the credit limit.
5. The buyers pay their overdue invoices for the financial company which then pays the rest 25% of the invoices amount that were credited and also the amount of invoices that were left outside of the credit for their customer. The financial company has the right to decrease their own receivables from the payment that they make for the customer.

Factoring works well for a company if they want to improve their liquidity or enhance collection of trade receivables. It's also a key to financing company's expansion or getting working capital that is needed when there are seasonal fluctuations. Payments from customers are also more likely to come on time when using factoring service. It also enhances company's competitiveness and increases efficiency when practice is being outsourced. This method suits well for B2B invoicing, company that has existing customer base, annual amount of trade receivables not less than seven hundred thousand euros including VAT and for domestic and export receivables. (Nordea, Myynnin Rahoitus 2018.)

The financing company has a big role in factoring since they have to serve their own customers whose invoices they are financing and also the buyers who are the seller's customers. It can have a large effect on customer satisfaction, depending on how well the finance company serves for the buyers who are the customers of finance company's customers.

The financing company supports buyers via email and phone. Buyers can contact the financing company if they have any questions regarding the factoring process or their supplier's invoices. In most cases the customer service situation happens when the financier sends payment reminder to the buyer, notifying them from an overdue invoice. At this point the buyer usually contacts the financier and it's the first touchpoint of interaction between them. The most common reasons for buyers to contact the financier are because of payment reminder that they have gotten and they want to make sure that financier has received the payment and also because they haven't received the invoice from the supplier yet. There can also be situations where the customer has for example paid without reference number and the payment hasn't allocated automatically or they have paid directly to supplier in which case the financier would dispute the invoice and ask for the seller to transfer the payment to them.

Other common reasons for the contacts are disputes of the invoices for an example the buyer hasn't received all the goods yet in which case the invoice would be disputed until the supplier and buyer would get the situation solved out. Buyer also might have gotten a credit note for an example from returned goods and they used it to cover some of the invoice. At this point the personnel at the customer service reconcile the credit note to the invoice. Sometimes the buyer contacts the financier because they want to be granted with more payment time for their invoices. This is totally up to seller if they want to grant more payment time for the buyer and financier doesn't have power to decide in this. Of course, the ideal situation is that both parties would be satisfied so the customer servers have an important role as a messenger and kind of a consultant between sellers and buyers.

A lot of these situations could also be prevented if the seller and buyer would know their roles in the process and what financier can do or can't do for them. The seller can also make lot of changes in the factoring system themselves which would cause less problem situations between all three parties. They can for example change the due date for invoice or reconcile credit note for certain invoice. In this way, the payment reminder would never leave the system and buyers would be more satisfied. That is why it's important for the financier that they would educate their customers and the buyers to do their role well. Of course, all situations can't be prevented and there might be delay in messaging between parties which causes problems sometimes but the financier has a big role as an educator and consultant so it's important for them to try to lead the way and continually educate all parties.

3 Product development

Product development is an action or process in a company that aims for bringing new products to markets or to improve existing products. It is important to understand the reason behind product development whether it's a need to solve a problem or an opportunity that company wants to embrace. In the early phases of innovation, you need to put a lot of effort on research and looking into the product and also to interact with the final users of the product. The research that is done in the beginning, gives directions to strategic questions which define the next steps and content of what do we choose to produce and for whom and the reason behind the development. (Møller & Tollestrup, 2013, 2-4.)

In the beginning of product development, the project is handled by a team in order set margins for the development. The team needs to be working open-mindedly so that they can achieve the best results. Project team should have persons from different departments for example designers, engineers and sellers. It would also be really important to have different kind of people to get varying point of views, insights and knowledge. It may also lead to having misunderstandings when having different kind of people on the team. That is why the team needs to set clear objectives when developing a product or service. (Møller & Tollestrup, 2013, 2-4.)

The success of a product development is usually measured in terms of profitability of the product. This is especially important scale for investors but profitability isn't easy to measure and it doesn't refer directly to success of product development. There are five different indicators that give little bit more particular information that are used in the measurement of product development. These all indicators refer to returns at the end but give little more insight on what went well. Those are the following; product quality, product cost, development time, development cost and development capability. (Ulrich & Eppinger 2012, 2-3.)

Product quality indicates the price in the markets. It tells for the company whether customer expectations are met and how much customer are ready to pay for certain quality. Developers of the product should aim for solidity and authenticity so that customers can rely on the quality and get one's money's worth that they are paying for the product. The developers should also think about the production cost as how it effects on product's price in the markets. All the additional costs and material that go into producing a single product affect immediately on the product's price which shows in profits. Bringing down the costs in production stage can give a big advantage for the company since they can possibly sell the product with lower price than competitors and get bigger profits. All this need to be thought carefully at the early stage. Development time is also a big indicator since customer needs are changing continually. The development team should be able to respond to the continuous competition and technological advancement that is going on. The time used more effectively

when it starts to show in profits quickly. Of course, the development decisions must be thought through carefully and any rush decisions may lead to situation where the development process has to start from the beginning which shows in profits negatively. The development cost is generally a major segment of the investment that needs to be put in to reach desired results in profits. It's important to think about the whole when developing a product and what expenses go into it so that all those costs could be minimized. Development capability refers to the knowledge and understanding of previous projects and development processes. Company can use this capability in the future as an advantage to be more effective and productive while starting the development process again or when they start to develop new products. (Ulrich & Eppinger, 2012, 2-3.)

High level of efficiency in all those five previously mentioned indicators of product development results in lucrative profits. Nonetheless there are other bench marks that are equally important. These bench marks come from aspirations of other people that include other employees of the company, the development team and the society in which the manufacturing of the product affects. The development team is possibly eager to produce a naturally intriguing product which would have some benefits but it would take more time. People might be worried about what kind of affect the product has on generating new jobs. It can also concern people whether the product is ecologically produced and some might even require that. There are a lot of different factors that need to be looked at the production stage and even after that new variables come that affect the product development in the future. (Ulrich & Eppinger 2012, 12-15.)

3.1 User-orientated product development

User-orientated product development is based on product development that is done with the help of end-users. It helps to understand who are the actual customers of the product, what problems and needs customers have regarding the product and also how customers are currently reacting to the product. User-orientated product development can also be helpful to find out what users are ready to pay for if the product is developed from current model at the same when they are using the product. The product doesn't necessarily need to be completely ready it's being developed to be better exactly with the help of customers. User-orientated product development is also a good way to find out how the company can offer better solutions to the product so that those solutions would positively affect their buying behavior from the point of view of the company. Everything that is done in user-orientated product development like developing new product is based testing assumptions. (Alvarez & Ebrahim 2014, 2-3.)

Customers feedback is needed in the process of user-orientated product development because that allows the development team to find different solutions for the product development or they could possibly be able to add extra value for the service through that.

The feedback that the customers are providing for the company are also the demands that they are setting for this product. The company needs to be aware of what goals customers are trying to reach with the product so that they develop it according to that thinking to make it better for the customers. It's relevant for the company to find out what kind of qualities the product should have and how the incomplete expectations could be filled. By taking advantage of the opinions of the end users, the product can be developed to become even better when those opinions are being used in brainstorming. The idea is not to try every idea and take it into development process but the product is being specifically developed together with the users. (Alvarez & Ebrahim 2014, 171-173.)

3.2 Competitor analysis

Competitor analysis means recognizing and determining the comparative strengths and weaknesses of other companies in the same industry and also other possible competition. It can also help to detect possible threats and opportunities when seeing what others are doing differently. These competitors have at least one common good or service that they're offering. That information provides substantial advantage for the company when they're developing their competitive strategy. All the information that is received from the analysis can change company's blueprints and influence on their strategic decisions. Competitor analysis is remarkable qualification for all companies to do because it demonstrates competitive advantages and disadvantages compared to other companies in the same industry. It also shows out what kind of strategies guide competitors operations. It's kind of an assessment tool for the management and strategic decision makers to that provides more extensive picture of the current situation and conception of ongoing competition. (CIMA 2008, 3-4.)

The five forces tool that is developed by Porter helps seeing the bigger picture of where the competition is being consisted entirely. The five forces are the following; newcomers in the same industry, bargaining power of the suppliers, bargaining power of the customers, competition in the industry and substitute products and services. The tool helps to the company to sort out possible changes in the competition as it's being used for evaluation at certain intervals. The most important part of doing competitor analysis is to understand who the possible competitors are which is very clear for some companies offering services or products that are targeting niche groups. At least the following things should be sorted out from the competitors; what they are capable of, how they are operating, what are their goals and where they are influencing. The analyzation of the process can be thought in the following way; first you want to define need for the information and after that you can obtain the necessary information. The better you know your competition in you industry, the easier it is to compile competitive strategy that suits the company's needs. The competitor analysis can be really good tool to get a great advantage and be ahead your competition if you know

what others are doing and you get to draft your plans by that. You also get to know if you're doing something better and whether you could improve something in your processes. (Hesso 2013, 32-35.)

4 Customer service

Customer service is interacting and dealing with people. It can be challenging and intriguing since you can't know what the upcoming customer service situation might include. Customers can be in a different mood or they might have new information since last time so every service situation can be distinctive. Ultimately customers' expectations from the service situation are the same. Customers want to be heard, accepted, understood and appreciated. Customer service representative uses his knowledge, information and skills for the benefit of the customer. Thereby it's generating value for the customer in a professional way. In a customer service situation both the service representative and the customer are equal in encounter and both will be satisfied in a successful meet up. The interaction is successful when customer has gotten the help that he needed to resolve his problem. Customer service is also an immaterial interaction occasion between customer and service representative. Since the service is experienced, it shows out differently for every customer. That is why it's important to comply with the situation and use your own experience to resolve the situation in a best way possible. Customer service can be practiced upfront but the interaction with every customer is unique and irreversible. (Valvio 2010, 45.)

According to Feargal Quinn; "It's certain that it's possible to get a better service done if the whole company operates customer-orientated. Then you learn from customers about the practice that they wish the customer service situation would be like". People are customer-orientated when they admit that they don't know everything or even nearly worth knowing from their customers. Customer-orientated people also know that customers can have varying reactions in different situations and those reactions can't be predicted precisely. It's also important to try to catch up and fill the gap of ignorance that concerns knowledge about customers. Customer-orientated people rather try to make the gap smaller than let it grow. (Valvio 2010, 67.)

Customer orientation can be developed in a few different ways. It's easier to get along with some people than others. We feel like we are "on the same wavelength" with the persons that we feel that is easy to get along with. People are unconsciously more natural and reliable with each other when they're on the same wavelength. It kind of feels that they share the same kind of thoughts about different things. The ideal situation would be that in all service companies there would be so many different people that they could always choose the right person for different customers but in reality, that wouldn't be possible. With the right kind of training personnel can develop their own way of acting and at the same consciously phase it and affect the way they work in a service situation to satisfy customer

needs. They can phase for an example speak and also non-verbal communication like different gestures. This can make a big difference in customers eyes and how they feel about the received service. Another way to be more customer-orientated is to keep customers satisfied in a way that they feel like they're partners of the company. Existing customers are very valuable for many reasons. Longer-term customers know the company and their products well and they know how their products and services work which gives the company an advantage of not having to spend their resources on educating the customers. Company can also ask their opinions to develop their products and services. If everyone in the organization would work in a way that they would try to get the customers to come back it would effect on the customer experiences positively. That would probably change the way and strategy that company uses for measuring customer satisfaction. It's important to invest in established relationships because it's easier to develop the operations and services and also it saves a lot of money from the company instead if they would try to get new customers all the time. Another good way to be more customer-orientated is to try to listen customers more. Companies try to develop their services in a way that those meet customer needs. The whole organizations should listen to their customer from the CEO all the way to the customer server. It shows determination when personnel forwards customers feedback to the management. That isn't enough but the management should also listen to their customers. The most important an individual ability is to listen and that is needed when trying to become more customer-orientated. (Tanner 2014, 136.)

Services are an experience for customers which can be for an example calling company's customer service or going to their outlet store. For a company services are more of processes which need to be planned and handled to fulfill the customer expectations so that they can get a pleasant experience. Processes helps to illustrate the procedure and order of how systems and services are functioning and how they connect to fulfilling customer expectations that the company has guaranteed. The service process needs to be planned carefully since it's hard for the employees to succeed and deliver best service if they have to follow poorly designed process. Company's efficiency is much better if the process is designed well from the beginning and it provides added value for the customer. It's also important to make modifications to the process if something isn't really working or the customers' expectations change as time passes. (Valvio 2010, 68-73.)

Recognizing all the main operations that are done when establishing and making a service process is the most important thing when creating a blueprint. Then all these operations need to be linked to each other so that you can see how everything connects and what are the different steps from the first step to the last one. Below there is a figure 2: Designing and Managing service process, that shows they key elements of a service process and how it can be handled. (Buttle 2015, 23-24.)

Service Process

- is an service experience from customer's point of view
- is a process that needs to be planned to meet customer expectations

Mapping and Designing Service Process

- Flowcharting of Service Process
 - doing a map of the process helps to reflect the steps and see the bigger picture
- Blueprinting of Service Process
 - shows how service process is created in its entity
 - places customer, employee and interactions in the process
 - outlines; interactions, physical evidence, front and backstage operations, support, potential fail points, customer expectations, level of quality and goals, different steps of process
- Process Design Aspects
 - use of different methods to outline possible failure points
 - setting the level of quality to meet the goals and handle the process
 - integrating customer expectations to the process

Manage Customer Participation in Service Process

- Customers as a part of designing
 - teaching and encouraging customers to give their own output
 - P2P as a possible method for problem solving
- Self-Service Technologies
 - client advantages; useful and time saving, data and customization,
 - it can be also a disadvantage if it's designed badly and there isn't any setup to retrieve the service
- Handling Customers' Willingness to Transform
 - gaining their trust
 - taking into considerations their habits and wishes
 - observing and testing possible methods

Redesigning Service Process

- Signs of demand for redesign
 - changing data unreasonably
 - operation that requires a lot of supervision
 - having to deal with multiple special cases
 - receiving more and more customer claims regarding process
- Targets of redesign
 - improve customer satisfaction
 - reducing failure points and improving efficiency
- Steps of redesigning process
 - Looking the blueprint with employees from different departments that are part of the process and discussing how to rebuild
 - Removing unnecessary phases and managing bottlenecks
 - Thinking possible self-service points

Figure 2. Designing and Managing service process (Buttle 2015, 23-24.)

4.1 Customer relationship management (CRM)

CRM for a company means that you have to deal with all kinds of interactions that you have with your customers from different perspectives. That includes also having predictions of the future. Company needs to enable handling its customers interactions in different departments that they have on daily basis. In that way, it helps companies to achieve the best results out of every customer interaction. CRM is also an incorporated data system that is used in companies' strategies to plan and manage all sorts of activities. It contains handling all angles of future views regarding customers, sales, call service center, marketing and technical support. The main objective of CRM is to comprehend customer behavior in a better way to develop company's activities and productivity in a long-run. Company can get more essential feedback and incorporate improved activities to their daily actions throughout CRM when they understand their customers in more effective manner. This also provides more value to the service and for the customers when they continuously gather feedback and understand the reasons behind it. (Wirtz 2018, 3-4.)

There are three types of CRM that can be used in company's strategy; strategic, operational and analytical. Strategic CRM emphasizes on bringing value to the services and for the customers and through that overcome all the competition in the same industry. In this kind of customer-orientated strategy, company should divide its resources correctly, have some kind of commission system to bring out the best out of employees and utilize the feedback that they get from the customers to improve their operations. All these activities aim to bring added value to offered services and meet customer needs. Operational CRM is about integrating automation into all the business activities that consists sales, marketing and customer service. Automation assists to manage operations, offers other options for the customers and saves time from the employees when they can focus on other tasks. Analytical CRM is gathering, storing, understanding and applying the feedback from the customers and all the information regarding them to improve the value that it brings for the company and for the customers. It helps to offer solutions to customers problems in best scenario and giving them better overall experience. Company needs to integrate all these three CRM's components and use them together to achieve the results in managing their relationships with customers. (Payne 2012, 23.)

CRM has a certain type of process circulation that can be divided into four main categories; information and discovery, market planning, customer interaction, and breakdown and improvement. Below there is figure 3: CRM Process Cycle, that helps to demonstrate how these phases connect to each other. (Payne 2012, 23.)

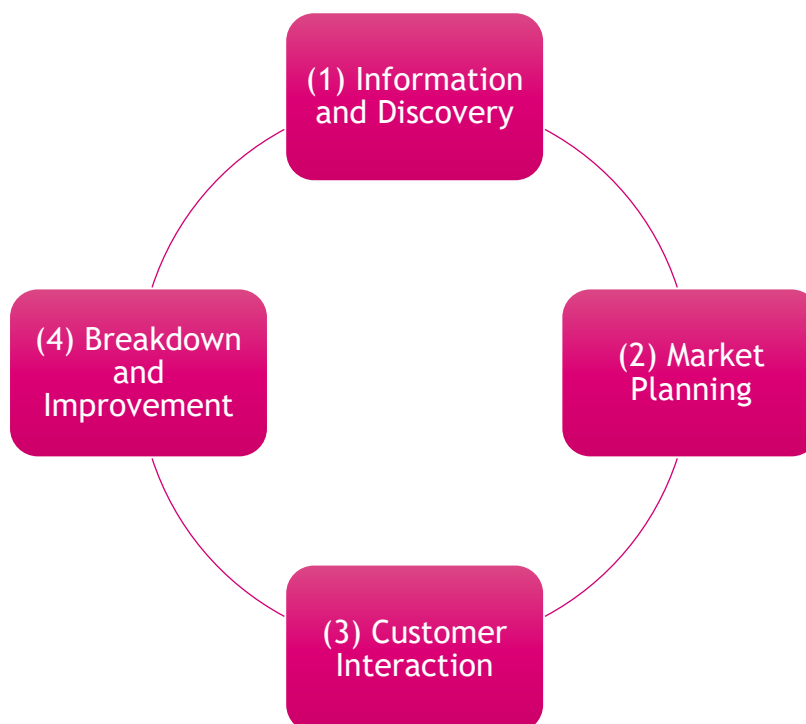


Figure 3. CRM Process Cycle (Payne 2012, 23.)

The first phase of the cycle is information and discovery. The information is gathered through different touch points where the company interacts with their customers. These touchpoints can be basically any steps where customer experiences are happening from being in touch with customers by email or providing the service for customer. All the information should be easily collected into data warehouse and managed so that the information can be used for development of customer strategy. When the information is collected to the same place it can be classified more easily which gives the possibility to discover more about certain customers and their expectations for the future. There are a lot of different options for software's to use for the collection and classifying data. The second phase is a market planning which is done after enough data has been collected to create plans for marketing programs. This includes using different variations of marketing mix and promotion mix to achieve the desired strategies that especially targeted for company's own customer segment. (Johnston 2016, 114.)

The third part of the process is customer interaction. In this phase, the previously planned strategies are executed which covers all the touchpoints where customer interactions occur. The strategies must be focused on all customer encounters that cover all interactions containing both, face to face encounters and electronically happening experiences. As for the final phase is the breakdown and improvement. This is learning phase that kind of starts the cycle again and it's based on the customer reactions. The strategies that were earlier executed now result in customer reactions. This process cycle is an ongoing discussion with customers that is simplified every time when the customer feedback has been analyzed and

the process has been started all over again. The aim of this CRM process cycle is to maximize the return on customer investment as time passes. This helps the company to allocate its' resources correctly and to become more efficient in managing customer relationships and fulfilling the expectations that are constantly changing. That is also why the process is an ongoing and never stops. (Johnston 2016, 114.)

4.2 Customer expectations

The key to understanding customer expectations in any situation is quite easy. Customers want to avoid all kinds of uncomfortable situations. Everything should happen without difficulties and on their conditions. Problems should be solved quickly and they want to see that their needs are being taken care of. It's not that simple as you might think. (Goodman 2014, 12-13.)

One big factor that affects to customer's expectations is that if you want to win them on your side, you need to understand what your target group is that is utilizing your products and services. This leads to offering personalization for customers as they want to feel being treated individually. Company should also be innovative as they provide new products and services and for the current situation isn't going to impress the customers. Building trust with your customer is quite relevant and it's hard to gain trust back if customers experience problems or get into uncomfortable situations with your service or product. This can even hurt company's image because customers might tell about the situations that they have faced. That's why meeting the expectations is crucial point to managing to keep your customer base. (Sales Force Research 2019.)

Behind these expectations is also the importance of technology that's developing all the time. Customers are sharing their information to receive quality to service and products and they expect that they can rely on the company to keep their data safe. It's important also in the development process since as mentioned earlier, the customers expect the company to be innovative and as technology advances continuously, company should be able to provide new opportunities and take advantage of it. Being ahead of expectations and by continuously improving the products and services, it's much easier to keep your customers satisfied. (Sales Force Research 2019.)

5 Qualitative research of the financing company's factoring services and execution

Qualitative research is a method that strives to understand the phenomenon that is being explored. This means getting comprehensive and deeper understanding of the investigated phenomenon. Practically this means usually letting the target group of the research provide their point of view about the phenomenon that is being explored and not to limit their thoughts too much. Open questions in a survey or interviews are great approaches in

qualitative research. The other method that is being used is quantitative research. (Alasuutari 2011, 22.)

In this thesis, we focused on qualitative research that has been described in the previous chapter. Specifically, into qualitative analysis from where we wanted to get information and understanding about the buyer customers thoughts regarding the factoring service. This research method was used because this was the first time when this target group's thoughts were being charted. Open questions that I used in the survey fit well into this research method. The quantified multiple-choice questions that I used in the survey, also fit well in it because those increase understanding about buyer customer's thoughts even though the distribution of the answers cannot be generalized more widely. Results of the survey that was carried out in the research, authenticate the facts that we explored since the survey was targeted to different buyer customers who use the factoring service. Even though the survey received only about 24 answers, those help the financing company to guide their actions in developing the factoring service and taking the next steps towards future customer service in factoring business services. The gathered information also helps to solve the current bottle necks in the service and the it helps the supervisors to rethink current strategies and whether those should be modified to meet the current needs and expectations of the buyer customers.

The validity of the research has been considered very carefully since the three topics that were explored in the survey were very clear and separated from each other. I had gathered solid experience in my work as customer advisor about the factoring service when I planned the survey, so I already knew what kind of expectations and answers the buyer customers might come up with. Reliability of the survey is quite good since the responses were quite the same as expected and the respondents weren't selected. The results would be quite same if the survey would be redone now. Only factor that might affect to the reliability would probably be the fact that how much experience the respondents have about the factoring service. The research also strives for objectivity as the questions had been designed in a way that the respondents could understand them in only one way. The next possible step to continue this research could be quantitative research if we wanted to get more detailed information about how the buyer customers views are divided, regarding things that we identified in this qualitative research.

The research purpose was to find out the current image of factoring business services from buyer customer's perspective and also to find out what kind of expectations buyers have for the service. The thesis also aims to create the conditions for digitalizing the factoring processes. The research was carried out in form of an electronic survey. This was done because it was the best way to reach out a lot people and also to gain in-depth data from the target group that could be used in the development of factoring business services for the

financing company. The survey was targeted for Finnish buyer customers and was carried out in Finnish.

The purpose of the thesis was to do a research on factoring services that are offered for the buyer customers by the financing company. The survey that I made for the research was based on three topics, that we focused on. We wanted to find out at a general level how factoring is perceived by buyer customers. The second thing was to find out on more practical level that which things are working out well for the buyer customers and which are causing problems for them. We wanted also that the respondents could answer to questions that they would be asked how things would work better in their opinion. The third topic that we focused on the survey was how the financing company compares to competitors that are also offering factoring services. We wanted to know in which things we are better or worse or do the buyer customers see any major differences in other financing companies. Based on those three topics there were three different parts in the survey that included both multiple choice and open questions. There were total of thirteen questions in the survey which was good amount to get answers to since it wasn't too long and respondents would be able to answer to all of them.

The respondents for the survey were acquired through the normal tasks of the author of the thesis. Willingness to participate for the survey was asked only in situations where the buyer-customer was the first to contact the factoring buyer group. Those contact points included emails and phone calls that buyer customers made for the factoring buyer group.

The survey was planned to be executed within two-week timeline in March 15.11-30.11.18. During this time, I tried to acquire respondents for the survey while they contacted the factoring buyer group. The survey only received two answers during this time which wasn't enough for reliable conclusions or generalizations of the target group of the survey. After that, the implementation of the research was reconsidered together with the co-operation partner. It was decided that the survey would be conducted again within two-week timeline in February 04.02-15.02.19. This time the whole factoring buyer group offered the chance for the buyers to response the survey while they contacted factoring customer service. When sharing the query link for the customers, the response deadline 15.02.19 was mentioned this time. By rethinking the execution of the research and with the help of the factoring buyer group, the survey received 24 responses from the buyer customers that contacted the buyer group in factoring related matters. By adding more contact points for the survey distribution and strengthening of the execution helped to get reliable amount of responses and in-depth knowledge to make conclusions and development suggestions for the financing company.

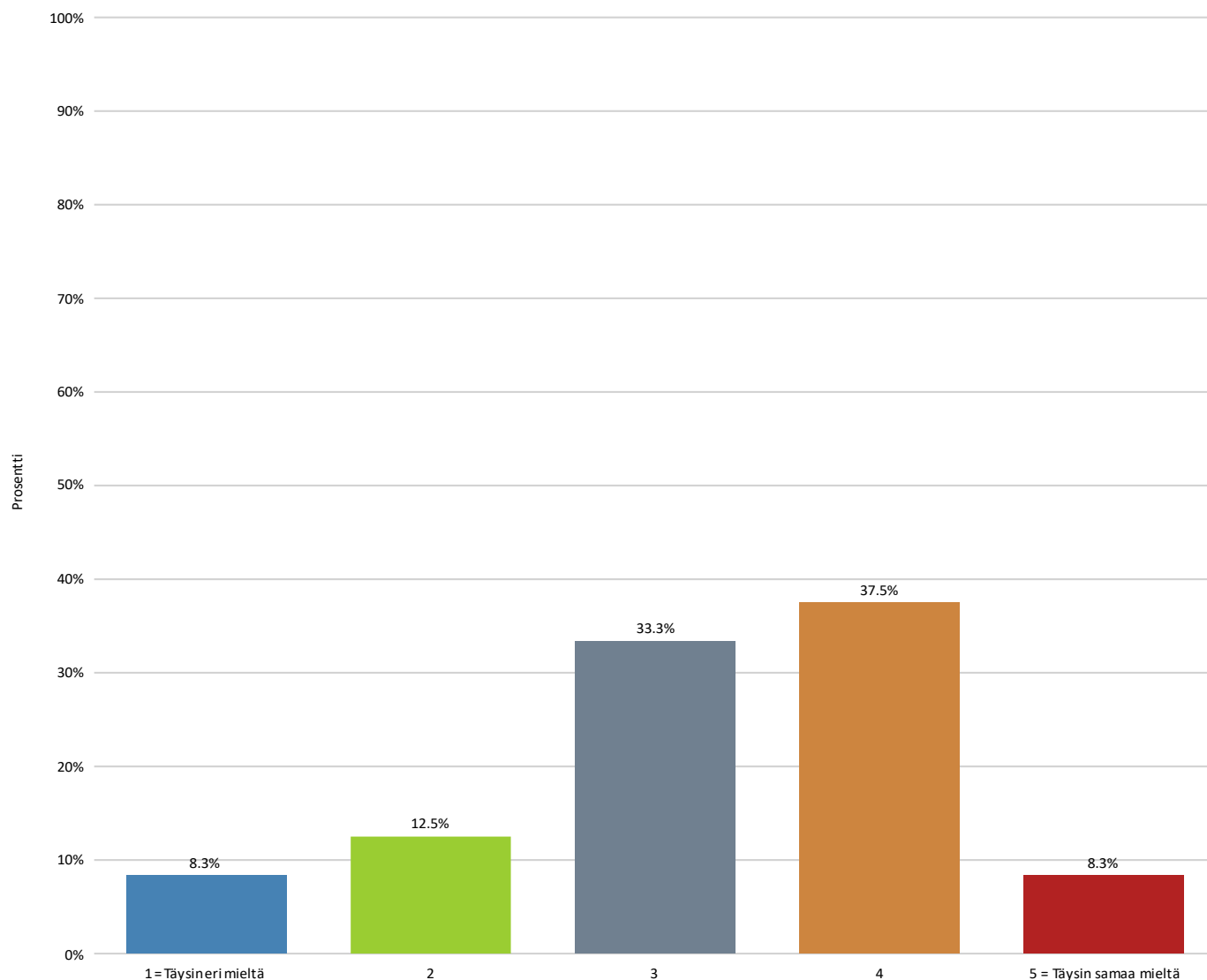
6 Results of the survey for the buyer customers

The survey that was carried out for the thesis was divided into three main topics that were mentioned in the previous chapter. All three parts of the survey included both multiple choice and open questions. All together there were 12 questions in the whole survey and 7 of them were open questions and 5 of them were multiple choice questions. The first part of the survey was about charting buyer customers image of financing company's factoring services. The second part of the survey was about the functionality of the factoring service that the financing company is offering. The third part of the survey was about comparison between the financing company and other financing companies that are offering same factoring services. At the end of the survey the respondents were also offered for a chance to contact the financing company if they were interested in factoring services and wanted their company to become a customer. In the paragraphs below, each question is opened individually and the answers are analyzed. The conclusions and development suggestions are presented in the following chapters. Similar answers at the open questions have been summarized when representing the results and also the answers have been condensed to more general level because of banking secrecy.

6.1 Charting buyer customers image of the financing company's factoring services

1. In this question we wanted to know how well the buyer customers know about of the factoring service that their supplier uses. **Koetteko että tiedätte, miten toimittajanne käyttämä factoring-palvelu toimii?**

First question in the survey helped us to find out how well the buyer customers know about the factoring service that the financing company is offering. The responses to this question were divided so that just under half of the responses were quite unanimous or completely agreed with the fact that they know how the factoring service works. Also 8% of the respondents completely disagreed with the fact that they know would know how it works. It is good to note that some of the respondents might be new buyer customers who don't have that much experience about factoring services and related processes and that some respondents might be experienced book keepers who have good knowledge about factoring. The responses are presented in a diagram in figure 4 below.



Nimi	Prosentti
1 = Täysin eri mieltä	8,3%= 2
2 = Hieman eri mieltä	12,5%=3
3 = Ei samaa eikä eri mieltä	33,3%=8
4 = Melko samaa mieltä	37,5%=9
5 = Täysin samaa mieltä	8,3%=2
N	24

Figure 4. Knowledge level of the functionality of the factoring service

2. We wanted to know what positive the buyer customers see in that their supplier uses factoring services that is handled by financing company. **Mitä positiivista näette siinä, että toimittajanne käyttävät rahoitusyhtiön factoring-palvelua laskutuksessaan?**

This question also helps us to define how the factoring service is seen and how up to date the buyer customers are from the benefits of the service.

“Four of the respondents didn’t see any relevance in positive sense. Two of the respondents said that their supplier gets trade receivables faster to their use. Also, other two respondents said that the reliability of the supplier increases and it guarantees supplier’s financing as well as the stability of the debt collection”. And also, the following answers came from individual respondents; “it makes the invoicing process clearer, it’s possible to get longer payment times for the invoices and it facilitates the credit control for the supplier”.

Respondents highlighted essential things that are some of the benefits of factoring but it’s good to note that not all of the respondents are aware how factoring works as we can see from the first question’s answers. It would be good to get the buyer customers to become more aware of the positive things of factoring and also to improve the process so that they would see it as more positive matter.

3. We wanted to also know what negative the buyer customers see in that their supplier uses factoring services that is handled by financing company besides the positive things. Mitä negatiivista näette siinä, että toimittajanne käyttävät rahoitusyhtiön factoring-palvelua laskutuksessaan?

These responses are really valuable since those help out the financing company to see things from buyer customers’ perspective and improve the process and services with their help. The responses of the individual respondents have been presented below and similar answers are summarized.

“Respondent raised lack of information flow between supplier and the financing company which leads to sorting out things at a later phase. These issues of information flow include disputes of invoices and credit notes related to invoices. These issues apply to some of the suppliers for the customer buyer. Respondent also finds it hard that when they receive payment reminder, they have to be in contact with the financing company to clear things out. Respondent also highlights the fact that payment reminders leave too quickly which causes extra work since those need to be reviewed even though things have been resolved before the reminders have arrived”.

“One respondent brings up interest invoices that have been formed due to problems with the delivery of the goods and problems in the invoices. Payment reminders that are charged on the interest invoices are also raised and the time frame from the formation of those to billing”.

“One respondent feels that debt collection is more aggressive than in direct customer relationship with the supplier”.

“One respondent feels that the following things are negative; reconciling credit notes, more aggressive collection of interest fees and the cost of payment reminders. The issue of cross-border payment reminders and receiving payment reminders from invoices that are missing. Respondent also raises customer service’s response time”.

“One respondent raises that the information of credit note that has been used for invoice or cash discount doesn’t always go to financing company which leads to that the customer buyer needs to contact the financing company themselves to clear things out. Respondent feels that it’s negative thing even though the problem has been cleared out with the customer service from the finance company and the respondent also is wondering if there is a possible entry in the database of a payment note”.

“One respondent feels that it’s harder to agree from possible due date changes and receiving payment reminders is felt as negative thing”.

“One respondent raises the fact that they have to come back to same thing for example issues with credit notes. Those have been usually cleared out via email but after that the buyer has still received payment reminder through paper mail that has left before the problem was sorted out”.

“Five respondents also raise the issue that credit notes aren’t reconciled automatically to debit invoices. Two respondents didn’t see any negative sides in this question”.

These responses provide comprehensive understanding of things that the customer buyers perceive negatively. It’s good however to note that the supplier is responsible of certain things and also that they decide from many things that the financing company can’t directly affect and it’s good to point out some of the following things that emerged; debt collection, reconciling credit notes, cost of interest fees, the information flow from the supplier to the financing company and paper mail flow. The supplier decides from debt collection and cost of interest fees. Also, the information flow from the supplier to other parties is sovereign from the financing company. Reconciling the credit notes was seen negatively by many respondents since those don’t reconcile automatically to debit invoices. Paper mail flow can’t be affected either since it’s handled by a third party. We need to think possible alternatives and solutions to things we can affect and through conclusions present development suggestions that can improve the service and the process itself. Those are reviewed after displaying results in later chapters.

6.2 The functionality of the factoring services offered by the financing company

4. We wanted to know which things are working out in a better way when the supplier uses financing company's factoring service. **Mitkä asiat sujuvat kohdallanne paremmin, kun toimittajallanne on käytössä rahoitusyhtiön factoring-palvelu?**

This is an important question in sense that it gives us insight and point of reference to what works out better for the buyer customers while their supplier is using factoring service. The responses of the individual respondents have been presented below and similar answers are summarized.

“One respondent feels that they are paying invoices faster than they would be if the supplier wouldn't use factoring service”.

“One respondent says that it's possible to get longer payment times for invoices which gives times to sort things out in possible problem situations”.

“One respondent says that it's easier to do a summary from paid invoices and open invoices. Respondent also raises the fact that credit notes are more easily reconciled with debit invoices”.

“One respondent feels that supplier is more easily available in this situation”.

“Three of the respondents say that nothing is working out better for them in this situation and three other respondents don't know what to say”.

These responses give us some insight on what works out better for them and what we could possibly focus on while improving the process and services. One interesting response was that reconciling credit notes is easier to debit invoices. In previous question, many respondents thought that it's the opposite of that and it was seen negatively. This is something that needs to be addressed in the conclusions. Also, the comment regarding summary of open and paid invoices is something that needs to be addressed and it would be good if all the customer buyers would think that way. This could also help to reduce the information flow problem. The fact that six respondents didn't really know what to say when this question was asked also tells that we need to be able to change the process and the service so that they would see factoring being useful for them as some of the respondents see it.

5. We wanted to find out what problems the buyer customers might face when the invoices are being financed by financing company and whether they need to be often in contact with the customer service of the financing company in some situations. **Mitkä asiat tuottavat teille**

mahdollisesti ongelmia, kun laskutus hoidetaan rahoitusyhtiön kautta? Tarvitseeko teidän mahdollisesti olla usein asiakaspalveluumme yhteydessä johonkin asiaan liittyen?

This question really helps us out to specify different problems that the buyer customers have faced and whether we can affect those and possibly remove those problems by changing something in the process. The responses of the individual respondents have been presented below and similar answers are summarized.

“One respondent feels that they have to contact the customer service of the finance company in every problem situation which is perceived as laborious”.

“One respondent highlights the customer service’s response time and also that the payment reminders leave too quickly. They wish that time between payment reminders would be longer so things could be cleared out before new reminders would leave”.

“One respondent raises the fact the direct payments to suppliers causes confusion”.

“One respondent highlights the customer service’s response time which complicates doing payment plans”.

“Four respondents feel that the following things cause extra work for them; sorting out payment reminders and interest invoices that have been formed because of issues they have had in original invoices and also the fact disputing missing invoices is harder for them”.

“Two respondents bring up sorting out payment reminders from invoices that have been paid already, the customer service’s response time and also checking the correctness of payment reminder expenses that are charged on interest invoices”.

“One respondent brings up the payment reminders that leave automatically from the finance company and those might still come with delay in the mail after the problem has been figured out”.

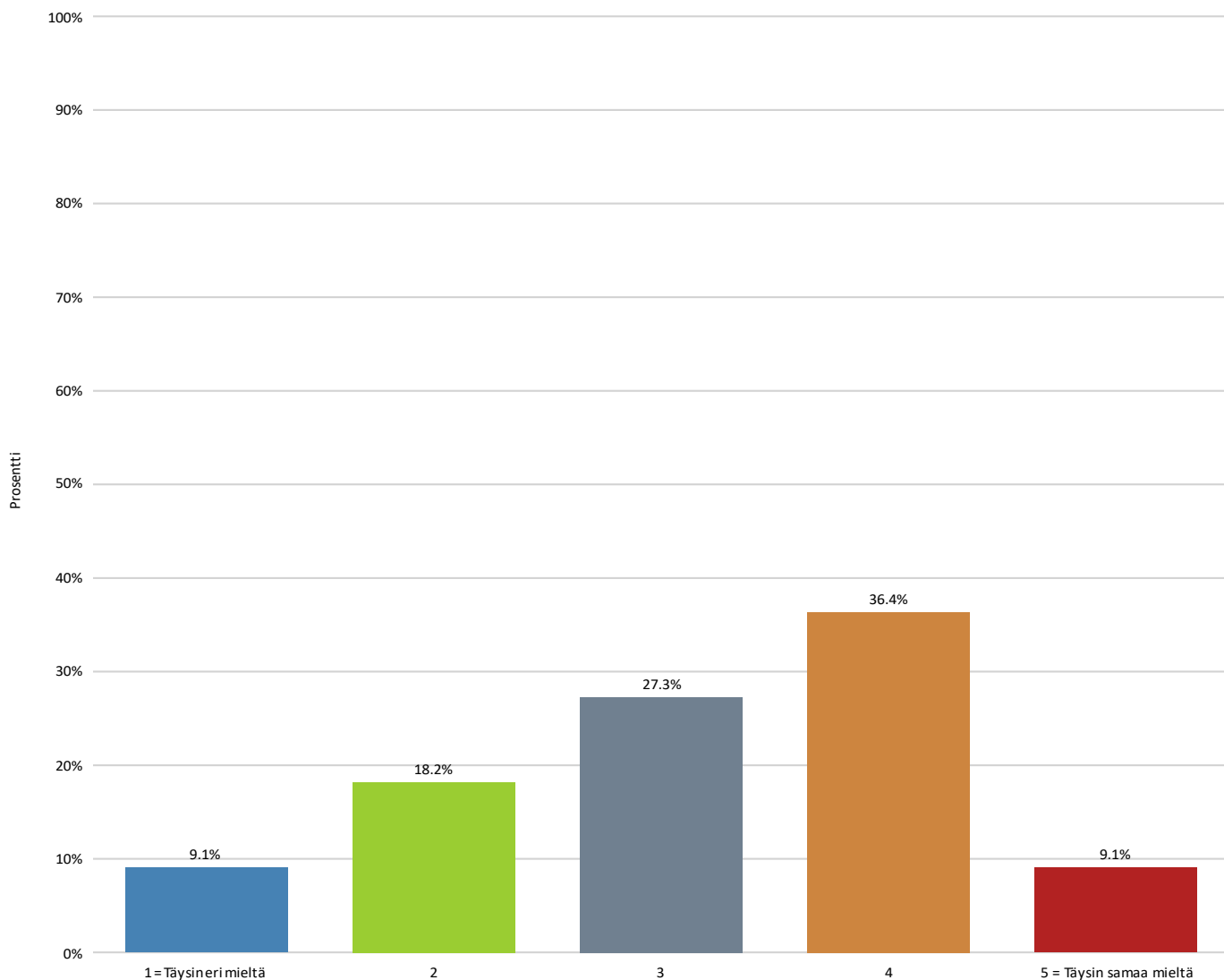
“One respondent feels that handling the matter becomes more difficult in case the billing information for the invoice are unclear”.

“One respondent brings up that the same issue needs to be sorted out more than one time and also interest invoices need to be sorted out because of problems that have occurred in the original invoices.”

For this question, we got pretty good responses and most of them were specified which makes it easier for us to analyze and take advantage of them. Again, it's good to note that we need to focus on responses that we could possibly affect and what could be changed. Following things came up that we need to look closer look at; issues with payment reminders, customer service's response time that causes different problems for buyer customers, sorting out interest fees and invoices that have occurred groundlessly and information flow between parties that concerns usually missing invoices and disputes. Some of these problems came up in earlier questions like the paper mail flow and information flow from supplier to the financing company and the buyer customer. The financing company can't also effect on payment reminders that leave automatically and to the time between those so those problems need to be sorted out in other ways by focusing on the things we can change. We're taking closer look at these issues when development suggestions are being suggested.

6. We wanted to find out whether the buyer customers feel that they receive good customer service that is directed to them by the financing company. **Koetteko saavanne hyvää ostajille tarkoitettua asiakaspalvelua rahoitusyhtiön tarjoamasta factoring-palvelusta?**

Little bit under half of the respondents were quite unanimous or completely agreed with the fact that they feel like they are receiving good customer service from the financing company. 27% of the respondents don't agree or disagree with the question and 9% of the respondents completely disagree with the question. In this question, it's good to note that some of the answers may have based purely on one experience for the respondent if they haven't had to contact the buyer group multiple times. The answers may also be based on some kind of issue that isn't directly in hands of the customer service or it might be related to third party. The responses are presented in a diagram in figure 5 below.



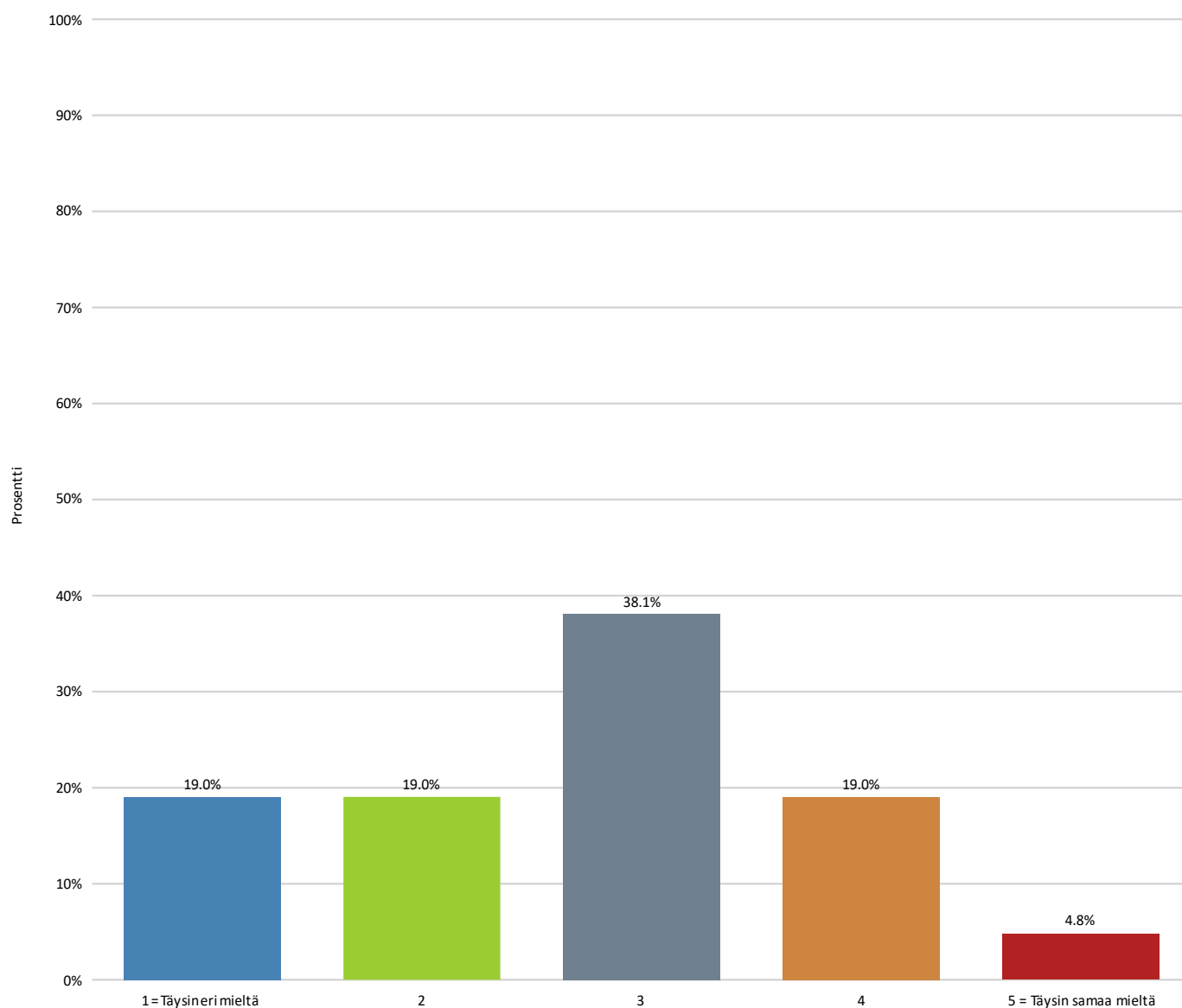
Nimi	Prosentti
1 = Täysin eri mieltä	9,1%=2
2 = Hieman eri mieltä	18,2%=4
3 = Ei samaa eikä eri mieltä	27,3%=6
4 = Melko samaa mieltä	36,4%=8
5 = Täysin samaa mieltä	9,1%=2
N	22

Figure 5. How customer service is perceived that the financing company is offering for the buyer customers

7. We wanted to find out whether the interest invoices are clear enough for the buyer customers that the financing company sends due to late payments for suppliers' invoices.

Ovatko rahoitusyhtiön viivästyskorkolaskut mielestänne tarpeeksi selkeitä?

23% of the respondents thought that they quite agree or completely agree that the interest invoices are clear enough for them. 38% of the respondents don't agree or disagree with the question and this is the most respondents compared to other response options. However, 38% of the respondents disagree a little or completely disagree with the clarity of interest invoices. This is the second most compared to other options. It's good to note that in this question that all the respondents may not have received interest invoices from other financing companies that are offering the same factoring service or that their other suppliers aren't customers of other financing companies. In this case they don't have any point of comparison and they have answered based on one kind of interest invoice that they have seen. The responses are presented in a diagram in figure 6 below.

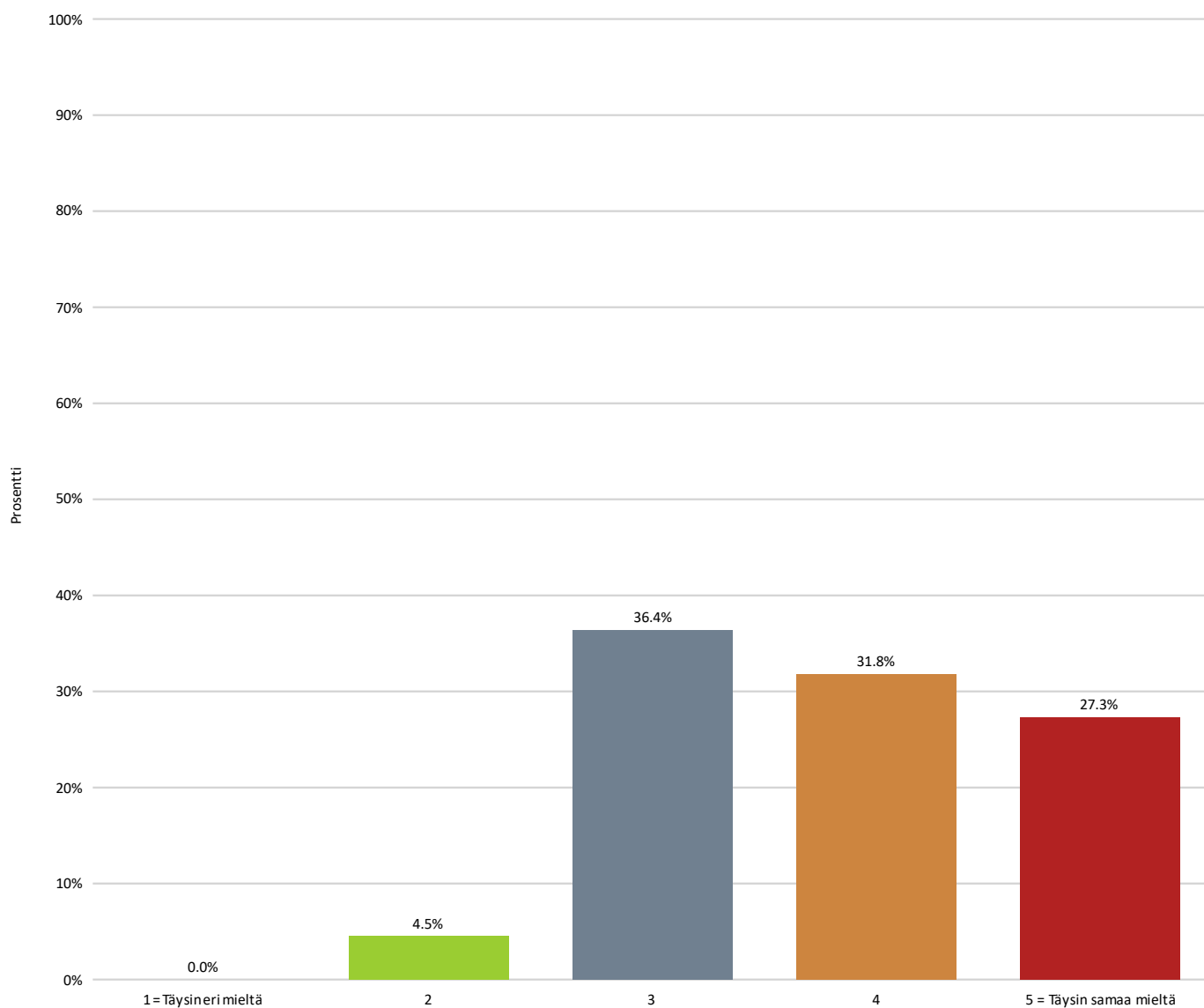


Nimi	Prosentti
1 = Täysin eri mieltä	19,0%=4
2 = Hieman eri mieltä	19,0%=4
3 = Ei samaa eikä eri mieltä	38,1%=8
4 = Melko samaa mieltä	19,0%=4
5 = Täysin samaa mieltä	4,8%=1
N	

Figure 6. The clarity of the interest invoices that the financing company²¹ provides

8. We wanted to suggest an option for the buyer customers and ask if they would see it as beneficial for them if they had a network system in their use and they could for example check their open invoices from there. **Kokisitteko hyödylliseksi teille suunnatun verkkopalvelun, josta voisitte tarkistaa esimerkiksi tilanteen avoimien laskujenne suhteen?**

Majority of the respondents 59% were quite unanimous or completely agreed with this proposition. 36% of the respondents don't agree or disagree with the question and only 4% of the respondents disagreed a little. In this question, it's good to note that none of the respondents completely disagreed with this proposition. Another observation from this question is that we only suggested one kind of example for the network system and that it could be useful in other kind of situations as well. The responses are presented in a diagram in figure 7 below.



Nimi	Prosentti
1 = Täysin eri mieltä	0,0%=0
2 = Hieman eri mieltä	4,5%=1
3 = Ei samaa eikä eri mieltä	36,4%=8
4 = Melko samaa mieltä	31,8%=7
5 = Täysin samaa mieltä	27,3%=6
N	22

Figure 7. Suggestion of network system that would show for example open invoices for the buyer customers

9. The buyer customers were asked what they would want that the financing company would change in the factoring service that they are offering for the buyer customers. **Mitä toivoisitte rahoitusyhtiön muuttavan heidän tarjoamassaan factoring-palvelussa ostajille?**

This question helps us to understand the problem areas in better ways since the buyer customers get to suggest things that they would want from the service. It brings their point of view to things which is valuable for us since we see things differently. The responses of the individual respondents have been presented below and similar answers are summarized.

“Two respondents raise the fact that customer service’s response time could be improved and also that financing company’s invoicing system doesn’t take holidays into account. Respondent also highlights that there should be more communication between all parties so that problem areas could be avoided and everything would be more fluent”.

“One respondent brings up that contacting the financing company and supplier should be easier in problem situations”.

“One respondent hopes that interest fees and payment reminders would be charged from them instantly after the payment to original invoice has been done so that the eligibility of them would be easier to check”.

“One respondent brings up that the financing company would provide a network system where the customer buyers could see the situation regarding open invoices”.

“One respondent highlights the fact that customer service personnel could improve their language skills”.

“Three respondents didn’t know what they would want to be changed in the factoring service”.

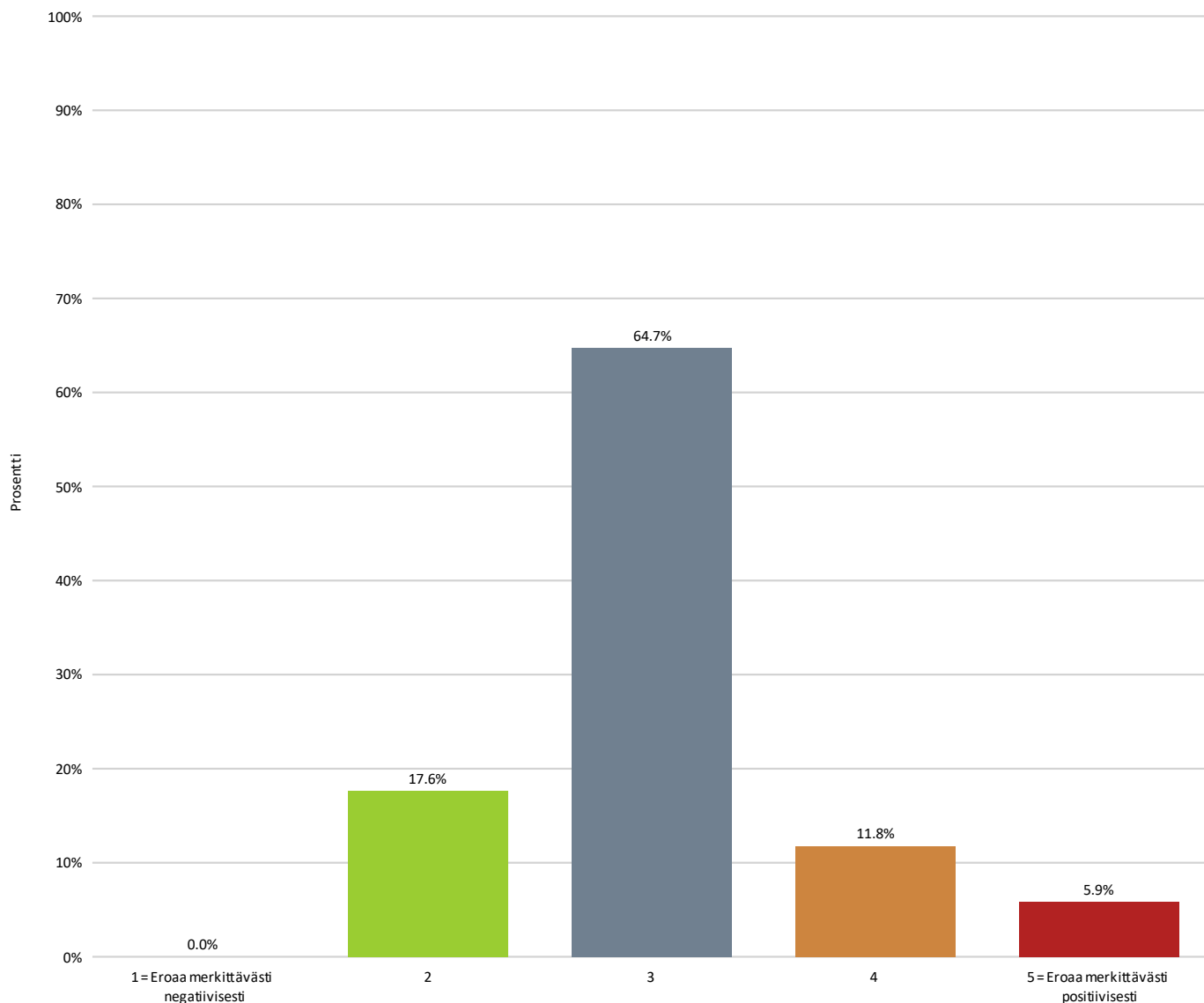
The responses to this question partly connected to the problem areas that were presented previously in the survey’s results and those help us to make even better development suggestions since we are able to see what the customer buyers have thought from their point of view. The best results are born when the problems and things that need to be changed, are analyzed from everyone’s perspective. Two things came up also in this question which have already been noted. Those are communication between all parties and customer service’s response time. One respondent also brought the network system that would show for example all the open invoices for the customer buyers. It was suggested for the respondents previously in the survey and it clearly got support based on the answers. This solution could help to solve also many other problems that have showed during the survey. One response in this question was about the language skills of the customer service personnel and it’s of course an important thing but clearly isn’t the issue that is causing all these other problems and it was

the only comment about it. These suggestions from the buyer customers are taken into account in the development suggestions which will be presented in later chapter.

6.3 How the factoring services that the financing company offers compares to other financing companies

10. We wanted to find out whether the factoring service that the financing company is offering differs from other financing companies factoring services. **Eroaako rahoitusyhtiön factoring-palvelu mielestänne muiden rahoitusyhtiöiden factoring-palveluista?**

We wanted to change the response options for the number one options and for the number five option so that it would be clear whether the factoring service differs from others in negative or positive way. In this question 17% said that it differs significantly positively or were quite agree that it differs positively. Majority of the respondents 64% said that they didn't agree or disagree with this question. 17% disagreed a little bit that it differs negatively. In this question, it's good to note that there weren't any responses that would have disagreed completely that it differs more negatively. Also since many respondents couldn't decide would the financing company differ from others in more negative or positive way, many of them probably didn't have any experience or very little from other financing companies factoring services. The responses are presented in a diagram in figure 8 below.



Nimi	Prosentti
1 = Eroaa merkittävästi negatiivisesti	0,0%=0
2 = Eroaa hieman negatiivisesti	17,6%=3
3 = Ei samaa eikä eri mieltä	64,7%=11
4 = Eroaa hieman positiivisesti	11,8%=2
5 = Eroaa merkittävästi positiivisesti	5,9%=1
N	17

Figure 8. Comparison of factoring services offered by the financing company and other financing companies

11. We asked what is working in a better way regarding factoring services that the financing company is offering for the buyer customers compared to other financing companies. **Mitkä asiat toimivat kohdallanne paremmin factoring-palvelujen osalta rahoitusyhtiön tarjoamassa palvelussa muihin rahoitusyhtiöihin verrattuna?**

This question would help us to see if we are doing something in a better way than other financing companies assuming that's the case. We could also possibly see if those answers would match with the positive sides that the buyer customers feel about the factoring service.

This question only received six responses and those were following; "four respondents couldn't mention any differences between the financing company and the other financing companies, one respondent states that they don't have any experience from other financing companies that are offering factoring services and one respondent says that the financing company is offering better factoring services compared to others".

These responses don't really give any kind of point of comparison or clear answer about what would be working in a better way for the financing company regarding factoring services. That is why this question's answers can't be properly analyzed. However, it's good to note that many of the respondents probably didn't have any experience from other financing companies that are offering same factoring services since this question received only six replies. This whole third part of the survey will be reviewed more closely in the conclusions chapter.

12. We asked what is working in a more worse way regarding factoring services that the financing company is offering for the buyer customers compared to other financing companies. Mitkä asiat toimivat kohdallanne huonommin factoring-palvelujen osalta rahoitusyhtiön tarjoamassa palvelussa muihin rahoitusyhtiöihin verrattuna?

This question would also help us to see if we are doing something in a worse way than other financing companies assuming that's the case. We could also possibly see if those answers would match with the negative sides that the buyer customers feel about the factoring service.

This question only received seven answers. "Two respondents say that the customer service's response time is working in more worse way for them compared to other financing companies that are offering factoring services. One respondent says that the financing company is offering better services for factoring compared to others and one respondent states that other financing companies are mentioning all the overdue invoices on their payment reminders whereas financing company sends payment reminders more often. The same respondent also brings up the fact that the payment reminders come pretty slowly through the mail. Three respondents couldn't mention any differences between the financing company and other financing companies".

These responses give very little image of things that are working in a more worse way for the buyer customers. We can only do some kind of analyzation based on those. "Two of the respondents said that the customer service's response time is better with other financing companies compared to financing company". That's one of the negative sides that came up already earlier and it relates to generally improving the whole factoring processes that will be reviewed later more specifically.

"One respondent stated that other financing companies are mentioning all the overdue invoices on the same reminder whereas the financing company is sending payment reminders more often".

This answer also relates to the problem that previously came up which is that usually the buyer customers have to sort out payment reminders that come to them after the situation has been already solved out and also to the suggestion regarding network system that could show open invoices. This solution will be reviewed also more specially in development suggestions. On the other hand, "one respondent also said that the financing company is providing better factoring services compared to others". This could also be related to the fact their experience is based on one bad experience or the fact they don't have enough comparison. This whole third part of the survey will be reviewed more closely in the conclusions chapter.

7 Conclusions

In this chapter, I'm making conclusions based on the results that were presented previously. All three main topics from the survey will be reviewed as on their own and I'm going to highlight common factors that came up in the answers so that is clearer to make different development suggestions and come up with solutions to certain problems. Conclusions and the development suggestions will be based on those responses, that we can effect on and possibly change in the factoring service and to make the process itself better.

In the first topic of the survey we wanted to get to know what kind of image the buyer customers have of the factoring services that the financing company is offering. Based on the results presented in earlier chapter we noticed that some of the respondents had even unclear knowledge about how the factoring process works. Only a few people said that they completely agreed that they're aware of what factoring is and how it works. Even though the number isn't that high, it's good to see that the respondents brought up different positive things that they see when their supplier uses financing company's factoring services in their invoicing. They brought up facts for example like that the reliability of the supplier increases and it makes the invoicing process clearer. Some of the respondents are pretty aware of the

advantages and positive side of what factoring brings for the supplier and for the buyer customers as well but we should be able to increase that number so that the buyer customers and suppliers would be more satisfied and would appreciate the things that factoring enables.

There were also negative things that the buyer customers brought up and it's also good because developing the services and the processes is an ongoing project and managing customer relationships plays important role in that the service provider is able to bring value daily for the customers. The financing company can't affect directly into many things that came up as negative matters like the aggressiveness of debt collection, cost of interest fees, information flow from the supplier to the financing company and paper mail flow. Since many of those things require a lot effort from the supplier, the financing company has a big role in educating the supplier so that the problem situations would be reduced. Of course, there's always going to be some kind of problem situations since some suppliers are handling their customers in more proper manner than others. The financing company can also help the buyer customers by providing information about the service and educate them to know their role in the process. This helps in the long run and mitigates the problem points. One of the things that was seen negatively was reconciling the credit notes that doesn't happen automatically. Even though the supplier has the responsibility also in this to inform the financing company about these, we could possibly think whether it would be possible to change the system in a way that it would be able to recognize the credit notes in the system and wouldn't send payment reminder automatically in this situation. It could help to reduce the contact points to the financing company.

In the second topic, we wanted to deepen our knowledge about how the buyer customers feel about the functionality of the factoring services that the financing company is offering. We asked from the respondents on what works better for them and what doesn't when their supplier is using factoring services in their invoicing. One interesting fact that came up as a positive matter is that reconciling credit notes to debit notes is easier in this case since lot of the respondents thought the opposite. This is a good example of how things can be seen differently when supplier is handling their role well and all parties are aware of how the process works. That could be the case for more respondents if we could advance this on our part in different ways. One respondent commented that it's easier to do a summary of open invoices but many respondents brought up the fact that the information flow between parties that concern missing invoices and disputed. This again comes to educating the supplier in right ways to reduce those problems. We also asked from the respondents that if they would see this kind of network system useful for them, where they would see their open invoices. This got surprisingly lot of support from the respondents and it could be really useful at least for some of the buyer customers. This could also be a solution to the paper mail flow issue and could help to reduce the leaving payment reminders when the buyer customers would be

able to see their current situation regarding their invoices. This would also be a big step towards the digitalization and future customer service in factoring business services.

One big problem that also was raised in this topic was that sorting out interest fees was seen as a problem. In this case it also is strongly related to previous conclusions about the supplier doing their part in correct ways which would reduce these situations from happening. One question in this topic was related to this problem where we asked from the respondents that do they think that the interest invoices of the financing company are clear enough. This divided opinions and most people thought that the interest invoices could be changed to be clearer. One other big problem that also came up was the customer service's response time. It was seen negatively since it affects a lot to the fact that the buyer customers have to use more time sorting out payment reminders when it takes longer time for the customer service to response. If the customer service's response time would be improved, the financing company could use their time more efficiently to other matters and cases that take more time. This would help to reduce the contacts to the customer service and also keep to buyer customers more satisfied. As managing the customer and relationships should be taken into account all the time, the service process should be evaluated and the problem points should be sorted out. Some kind of backup plan could be useful that would prevent the customer service's response time prolonging itself especially since the problems that occur and cause the buyer customers to contact the customer services are not necessarily dependable of the financing company.

In the third topic of the survey we wanted to know how the factoring service that the financing company is offering compares to other financing companies. Most of the respondents didn't see any differences but it could be related to the fact that they don't have necessarily that much experience from other financing companies that are offering the same factoring services. We also asked in this part about the things that are working in a better way for them and in more worse way for the compared to other financing companies. To these questions we didn't receive that many answers so it's hard to make proper conclusions based on few answers that we received. Customer service's response time came up again as a negative matter compared to other financing companies but it's good to note also that it can change any times and the problems that occur aren't always dependable of the financing company. One interesting response that came up was that other financing companies are mentioning all the overdue invoices on the same reminder. That's one big difference compared to the financing company that came up but it doesn't still mean that it would be better way to do things as other more efficient solutions could be done. This whole section from the survey could have been done as completely own survey since we could have asked more specific questions. As we didn't receive that many answers to this part, this part of the survey could be done for example as an interview and it could be targeted to buyer customers that have experienced other financing companies factoring services. That way we

would be able to see more differences and rethink the process from much wider angle when we're comparing the financing company to others. The conclusions made in this chapter have been summarized and are presented below in figure 9.



Figure 9. Summary of Conclusions

8 Development suggestions

Based on the results and conclusions that were made from the survey, there were few bigger issues that we could look at in this chapter. By focusing on the problem areas and by improving them, the financing company could improve their factoring processes and use these development suggestions to their advantage.

One clear thing that rose from the previous chapters was the information flow and payment reminders that needs to be sorted out every time. As everyone has certain role in the process it's important that everyone is doing their part. The financing company has a role as an educator and one solution to the problems mentioned earlier is that they need to educate the suppliers and the buyer customers to know their roles and provide information when needed. That's one way to reduce the problem points when the buyer customers are for example aware about if they should contact directly the supplier in certain situations. The financing company should be able to advice the customers when they contact the customer service regarding problem that occurs that helps them to know how to act next time in the same situation. The information could be provided also through website that would advise on how to act in different situations. This website could help to mitigate the contacts to the customer service and it would be also a step towards digitalization. The website would also be a huge step towards digitalization and future customer service in factoring as technology continues to develop.

That same website could be also used for the network system that would show the situation of open invoices for the buyer customers. The system should be pretty simple and it should show the same invoices that the financing company has in their system. That way the buyer customers would be able to contact the supplier immediately and react faster rather than if they would have to wait for payment reminder to come from the paper mail. This would also give a chance for the suppliers to react faster and disputes of invoices could be solved out much more quickly. It would also solve out the problem that the buyer customers could immediately check if the payment reminder is groundless or not and it would reduce the contacts to the customer service of the financing company. The system could also help the buyer customers figure out faster whether the reminder fees on the interest invoices are groundless or not when they would see from the system that the financing company has received the payment.

The interest invoices could also be changed so that those would be clearer for the buyer customers. Those should clearly state that what the expenses consist of and state that which invoices the payment reminder fees concern. That would help the buyer customers sort out whether those are groundless or not. Those interest invoices should be looked at in the financing company and reviewed what they could possibly change from those since many respondents hoped them to be clearer.

As a last big problem area that was brought many times in the answers was the response time of the customer service. A lot of previously mentioned conclusions and suggestions would help to improve also the customer service's response time already but if we think in it the long run, there should be a proper plan that would help the buyer group to meet the expectations of the customers and be able to reply in suitable time. Problems occur all the time and those are not always dependable on the customer service as we stated earlier so if these problems would occur that are causing more contacts for the buyer group they should have people that could help them to clear out the worst peak. That would help the customer service to be stable and meet demands that buyer customers have especially when going to the future. That would be a big part of future customer service as we would be ahead of situations and able to focus on new rising challenges in the factoring service industry.

The most important thing is that developing the process should be ongoing since new problems occur from time to time and the customer expectations might change. Planning ahead prevents a lot of problem situations and also gathering feedback from the buyer customers should be taken into better account. The feedback is valuable and could help to make necessary changes in the services. As one final development suggestion, the financing company could evaluate all the feedback that they have gotten and problems they have faced in every month or two. That would help to plan in advance and get the process changes to apply faster even if those would take a lot of time. That's the best way to be ahead of situations and problems that come up and meet the expectations of the customers.

9 Evaluation

In the beginning of the thesis I thought together with the co-operation partner about the topic of the thesis and decided to focus on the buyer customers as our target group. It was a good solution because I had been working in the buyer group in the factoring department of the financing company for over half a year already at that point. I had a good starting point to do the research and plan the survey because I had experience about the factoring itself as a financing form and also experience from the customer service since I had been helping the buyer customers at my work. For me it was really interesting to do this research because it was strongly related to my work and I was interested to see how it would turn out as I had some expectations about it after I had been working for the financing company for some time. It was also the first time this kind of research was carried out and focused on the buyer customers.

After the survey was done and it was carried out, we faced a problem since we only received two responses to it as we originally planned to get at least 20 responses. Together with the co-operation partner we re-evaluated the method by which the query was executed and decided to do it again by emphasizing the contact points and the second time the whole buyer group participated in sharing the survey every time the buyer customers were in contact with the

buyer group. This time we also clearly stated that until which date the survey is open. By rethinking the survey and by empathizing the execution method we managed to get desired amount of responses I was able to carry out the research. This prolonged the research somewhat but we got responses that helped me to make useful conclusions and development suggestions for the financing company which they could use in improving their factoring services which was the main goal of this exploration.

The theory that was written for the thesis supports the survey and helps the reader of this research to understand the results and conclusions that were made from the survey's responses. In my opinion, the thesis came well together and gives good overall picture of the research with the exception of the third topic that we focused on as one our main topics. Instead we noticed it could be reviewed as its' own and could be targeted to buyer customers that have a lot of experience from other financing companies factoring services as well. The survey's results gave us valuable information and the information that we got was also brand new. The financing company can concretely take advantage of my suggestions or apply them according to their own views.

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