THE CONTRIBUTION OF ACCOUNTING IN CUSTOMER RELATIONS MANAGEMENT

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ABSTRACT

The goal of every company must be the satisfaction of the needs and desires of its customers, this wish being achievable if its proposal is adapted to their needs.

The customer's experience with a company is influenced by the environment in which it occurs and the interaction manner between the two.

The bookkeeping information' analysis and the financial situation of a company represent the starting point in its attempt to reorganize customer relations management and to implement new policies and client loyalty building methods.

KEY WORDS: *accounting, customer relations management, clients*
JEL: *M11, G22*

1. INTRODUCTION

The bookkeeping report function, which consists in providing information regarding the patrimony, financial status and the obtained results, has an internal dimension (for that particular entity's management) and an external one (of third parties' report), with a significant part in customer relations management (Haranguș Daniela, 2015: p.216-223).

Clients are a component of circulating assets and represent company's receivables resulted from delivery of goods, work execution or service delivery. That is why they are also called commercial receivables. Client' management represents the ensemble of the methods and instruments through which an optimum efficiency of capitals immobilized in commercial receivables is ensured (Covlea Marian, 2008:p.29).

„Clients represent the rights towards third parties, rights resulted from credit selling material assets, works and services that are the object of the entities' activity" (Mateș, Bunget, 2013: p.43).

One of the main factors that ensure the success of a company resides in its capacity of broadening its client database. The failure of a new customers' recruiting policy is represented by the means through which a commercial company can decline.

The principle of attracting customers if the following: "To propose the best offer to the most representative target, in the best moment and with the best argument" (Bălan Carmen, 2007: p.7).

A successful manner of attracting customers must be considered as a first strategic step of customer life cycle management; it is essential in any company for a "customer allurement mentality" to be developed.

The commercial company must ensure, in this first stage, qualitative offers that would induce clients a positive picture. The customers that purchase a product or a

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service for the first time are cautious; because of this, their impression must be a positive one, a single error of the company in this stage risking to inveigle the irreparable loss of the clients (Purcărea, 2012: p.85).

Customer value management programs' effectiveness is appraised after the impact on the life cycle value, and not just in terms of immediate benefits (Nistor et al, 2003: p.94).

The value brought by customers in the *allurement* stage is based on the costs and incomes that are directly linked to the "conquering" activities of new clients or "re-conquering" the lost clients.

Therefore, the contribution of customer' allurement at the value brought by them can be determined as a difference between incomes and costs.

The income generated by a net sale: refers to the income generated by the customer allurement activity. The incomes resulted from subsequent sales, of the same product or service (customer loyalty building) or from other products and services to the same client (crossed or additional sales) (Duran, 2004: p.68).

The cost of an actual contact: it's calculated by taking into account the total cost linked to the customer allurement activity divided to the amount of contracts minus the actual clients.

The **XYZ Company**[1] was established in 2013 and its headquarters are in Bihor County, having as a main subject of activity, according to the CAEN code 4531, the wholesale trade of vehicle and industrial vehicles parts and accessories.

The XYZ Company was oriented, since its beginning, towards the customer, towards his needs, quality and respect to the offered services, in the stipulations of ensuring a continuous dynamic development.

The management is preoccupied with continuously broadening the product range and with the continuous improvement of the services' quality offered to customers.

2. DATA ANALYSIS AND RESEARCH RESULTS

If the customer allurement and sales program often benefit from great budgets due to their capacity of generating short-term profits, the client loyalty building methods are distinguished through the long-term incidence and through the often spectacular effect they have on a company's profitability growth. The strategy adopted beginning 2015 regarding the existing clients' loyalty building methods, as well as the adopted policy regarding client database growth within the XYZ Company, has paid off.

Although they don't enlist major growth, we can claim that the policies of attracting new clients, as well as the loyalty building methods of the existing clients have paid off, the XYZ Company being aware of the fact that the relationship between a company and its clients must be maintained and developed.

Any company aims to minimize the client loss rate, being aware of the fact that there is a strong relationship between this indicator and its profitability, and based on the presented data, we can claim that the results are positive, the company managing to increase the amount of clients every passing year on the entire analyzed period.

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[1] **For reasons of confidentiality and in order to protect the real company in which we performed our study, we will name it XYZ Company.**
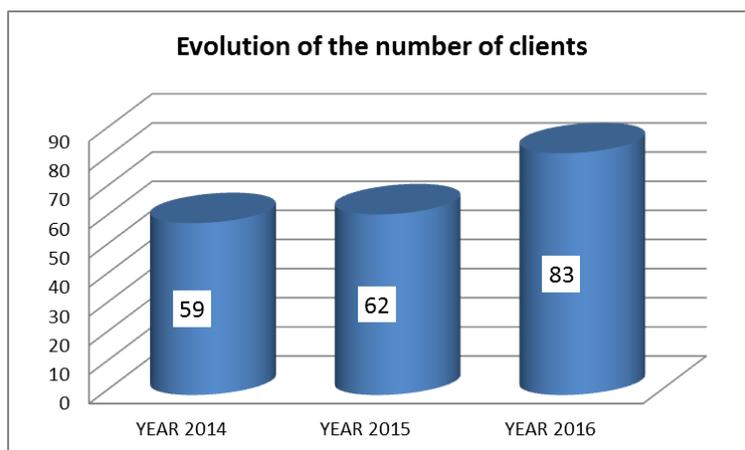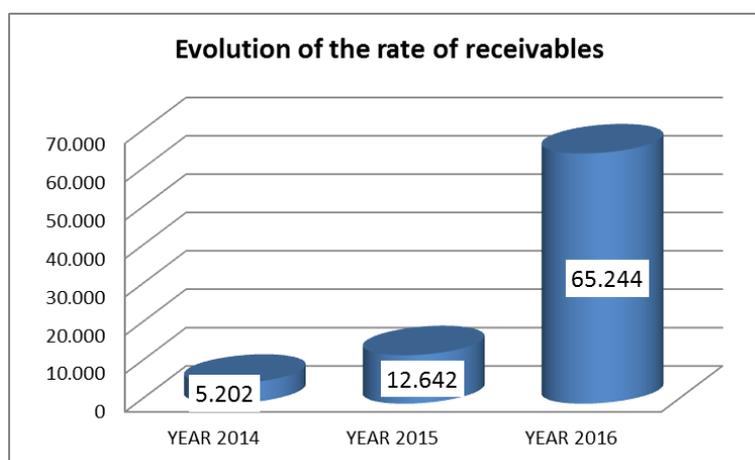
Figure no. 1. Evolution of the number of clients of XYZ Company
(Source: Data processed according to accounting information obtained from XYZ Company*)*

Analysing Figure no. 1, it can be observed that the evolution of the amount of clients of the XYZ Company is a positive one, thus in 2014, the company had a number of 59 clients, reaching, in 2016, to a number of 83, which represents a growth of almost 30%.

We consider these positive results regarding client amount increase to be directly proportionate to the evolvement of assets and services acquisition, being increasingly focused on the needs and necessities of clients, thus reducing the amount of assets that were not as popular among its clients.

As we go on, we will analyze the evolvement of receivables, their structure and certain indicators specific to receivables that have been extracted from the spread sheets afferent to the period among 2014-2016, or have been calculated according to the formulas presented in theory.

Figure no. 2. Evolution of the rate of receivables of XYZ Company
(Source: Data processed according to accounting information obtained from XYZ Company*)*

According to the data from Figure no. 2, if we compare the year of 2016 with 2015, the receivables have grown with approximately 143%, and in 2016, as against 2014, with 416%.

The dynamic rate presents a growth tendency as a result of the alteration of their value at a greater extent than the volume of the total active, this being observed

especially if we analyze the value of the receivables registered in 2016, when their value was of 65.244 LEI, comparatively to 2015, when their value was of 12.642 LEI.

The receivables' rate represents an indispensable indicator as it emphasizes the relative significance of the commercial receivables portfolio of the company and reflects its policy regarding the deadline granted to clients. In table no. 1, the calculations afferent to the receivables' rate for the XYZ Company are presented, data afferent to the analysis period of 2014-2016.

Table no. 1

Rate of receivables - Calculations

Indicator	2014	2015	2016
Receivables	5.202	12.642	65.244
Total Asset	**233.789**	**330.133**	**413.643**
Rate of receivables	2,23	3,83	15,77

(Source: Data processed according to accounting information obtained from XYZ Company)

Analyzing table no. 1, it can be observed that the rate of this company's receivables has rather low values, even though it had an ascending evolution in the analysis period.

The highest value is recorded in 2016, of 15.77%, 69% higher than the rate of receivables in 2015, respectively 82% higher than in 2014.

The next analyzed indicator refers to the **rotating rate of receivables,** which shows us the effectiveness of the company in collecting its receivables and represents a key-factor in liquidity assessment. These calculations are shown in the following table.

Tabel no. 2

Rotating rate of receivables - Calculations

Indicator	2013	2014	2015
Turnover	261.671	250.849	275.615
Total receivables	5.202	12.642	65.244
Rotating rate of receivables	50,30	19,84	4,22

(Source: Data processed according to accounting information obtained from XYZ Company)

By analyzing the data presented, it can be observed that the rotating speed of receivables has a descending evolution, in 2014, the value being at its highest, respectively 50.30 is registered in the first year of the analyzed period, respectively in 2013, gradually decreasing, in 2016, being 4.22.

Tabel no. 3

Receivables term of encashment - Calculations

| Indicator	2014	2015	2016
Turnover	261.671	250.849	275.615
Total receivables	5.202	12.642	65.244
Receivables term of encashment	**7,16**	**18,14**	**85,22**

(Source: Data processed according to accounting information obtained from XYZ Company)

Regarding the receivables term of encashment, as it can be noticed in the calculations presented in table no. 3, it has an ascending evolution.

Analyzing the data presented in table above, it can be observed that the term of

receivables encashment is greater every year. The beginning of the analysis period has encashment duration of 7.16 days, reaching, at the end of the analysis period, respectively in 2016, at 85.22.

This is somewhat understandable as the amount of clients has also increased in the analyzed period, and the majority has become loyal, a greater payment term being justified.
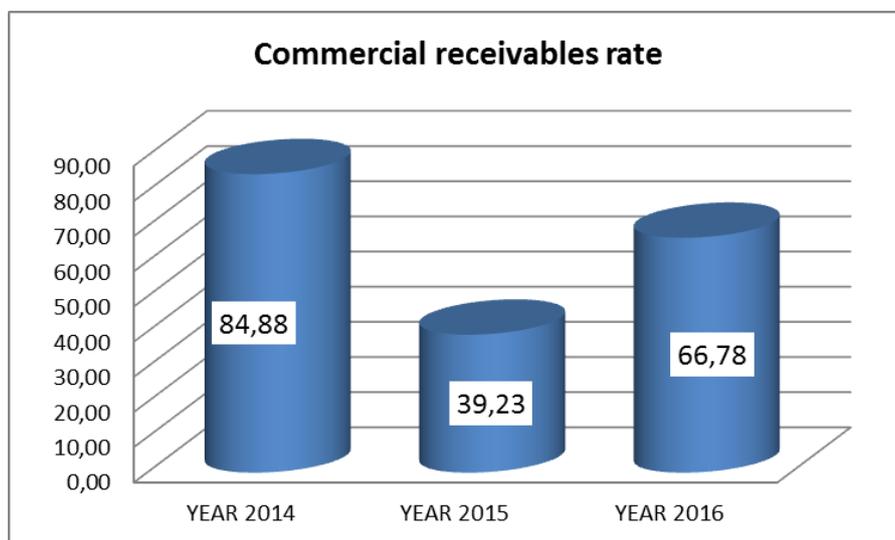
Figure no. 3. Evolution of the commercial receivables rate of XYZ Company
(Source: Data processed according to accounting information obtained from XYZ Company*)*

In Figure no. 3, we can also notice that the rate of commercial receivables has raised values in 2014 and 2016, exceeding the medium level, the values being of 84.88%, respectively 66.78%. In 2015, the value is closer to the medium level, although exceeding it, having a value of 39.23%. These high rates are due to the contracts concluded at the end of the year, with the payment on-term.
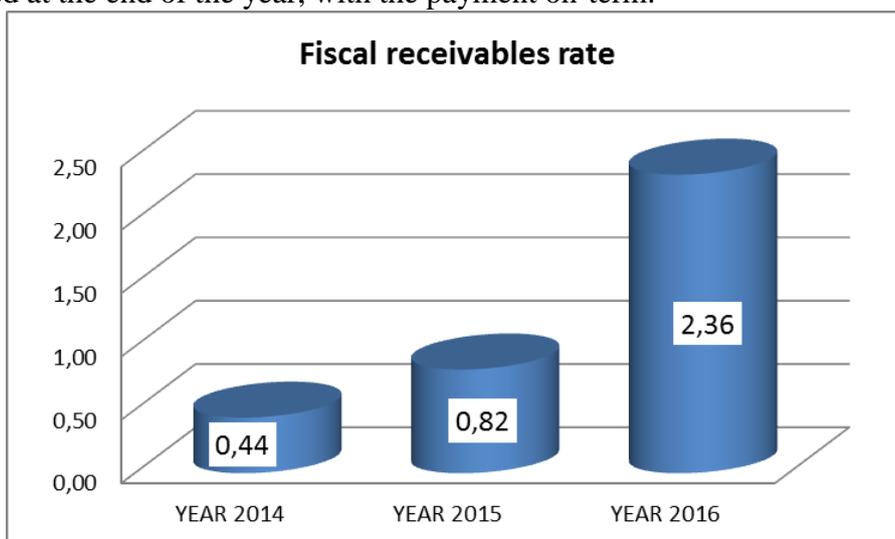
Figure no. 4. Evolution of the fiscal receivables rate of XYZ Company
(Source: Data processed according to accounting information obtained from XYZ Company*)*

By analyzing Figure no. 4, it can be noticed that the rate of the fiscal receivables has insignificant values, their value being of 0.44% for 2014, 0.82% in 2015 and 2.36%
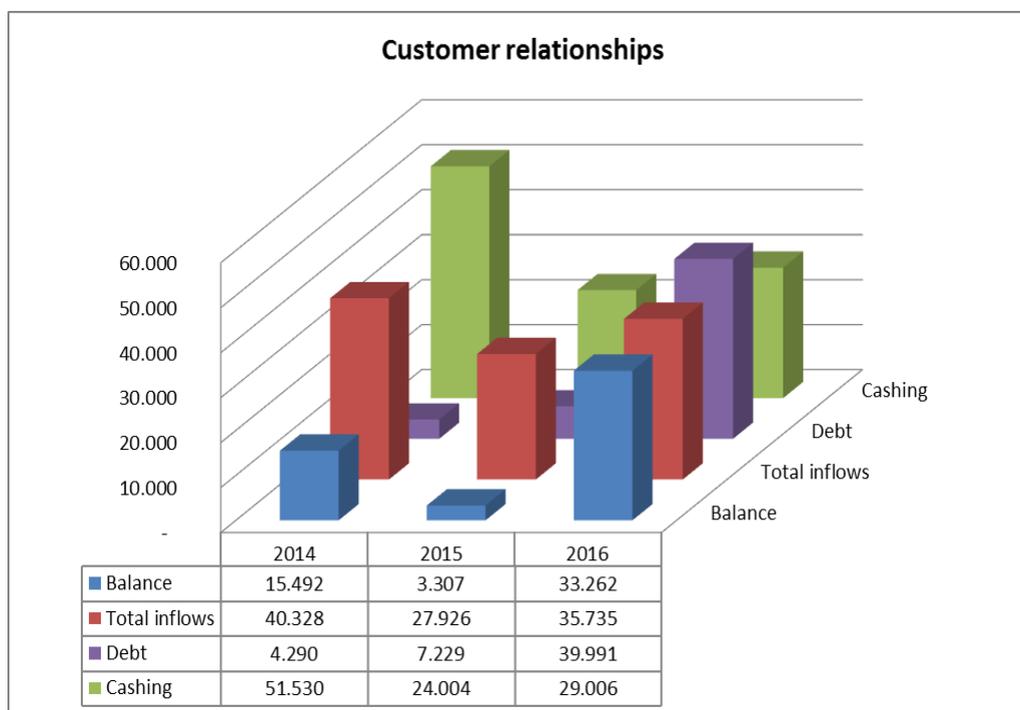
for 2016; these values will compensate with the fiscal receivables from the first month of the following year.
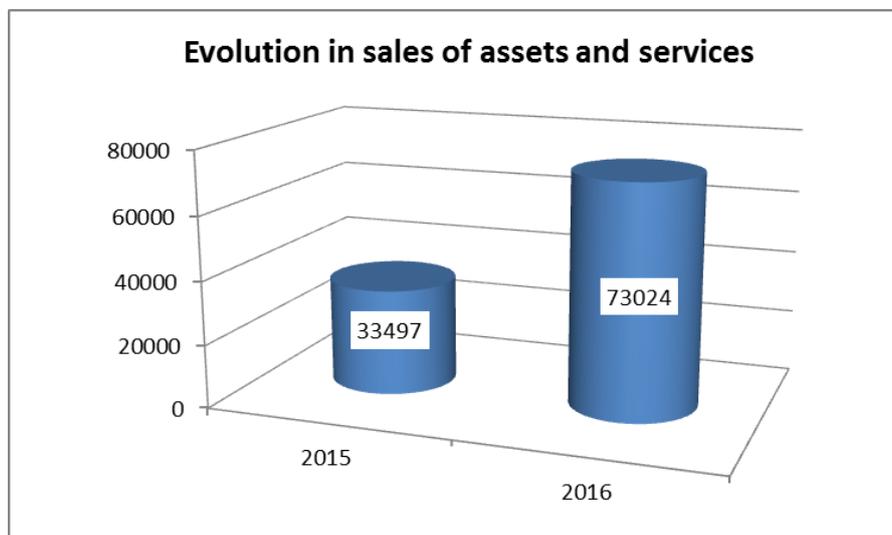
Figure no. 5. Evolution in sales of assets and services in XYZ Company
(Source: Data processed according to accounting information obtained from XYZ Company*)*

By analyzing Figure no. 5, it can be observed that also asset and services sales have recorded a growth of over 54%, their volume increasing from 33.497 LEI in 2015, to 73.024 LEI, in 2016.

For assessing the value of the clients in the "loyalty" stage, we must take into account the fact that the loyalty process is cultivated in a succession of spans.

	2014	2015	2016
■ Balance	15.492	3.307	33.262
■ Total inflows	40.328	27.926	35.735
■ Debt	4.290	7.229	39.991
■ Cashing	51.530	24.004	29.006

Figure no. 6. Customer relationships in XYZ Company
(Source: Data processed according to accounting information obtained from XYZ Company*)*

We can affirm that the collaboration relationships of the XYZ LOGISTICS SRL Company with the clients are extremely dynamic, as it can be seen in Figure no. 6.

And, even though the number of clients has increased during the analyzed period, with them, the various disadvantageous situations have also multiplied.
For example, the value of the debts has also had an ascending evolution, in 2014 being of 4290 LEI, and in 2016, 39.991 LEI.

This is also owed to the new customers of the company from 2016, but also to the increased sales volume to the loyal customers and to the contracts with them, which are paid annually.

Analyzing the balance of the company, the quite consistent growth recorded can be observed, in 2014 being of 15.492 LEI, increasing by 53.63% and reaching, in 2016, at 33.262 LEI.

3. CONCLUSIONS

For promoting the commercial relationships with the clients and suppliers, we will mention a few aspects recommended to be taken into consideration: respecting contracts and commitments, as well as a professional representation of the company.

The debts of the units towards third parties, coming from assets provision, services and works, reflect in accounting with the aid of off-balance sheet accounts from group 40 "Suppliers and assimilated accounts".

Analyzing the situation of the XYZ LOGISTICS SRL Company, we can state that, during the analyzed period, respectively 2014-2016, it has managed to optimize customer relations management, managing to build loyalty among its existing customers, as well as to add new clients to its portfolio. The client relationships have improves due to certain efficient strategies applied by the company, among these are the following:

- The company has increased the distribution system effectiveness
- It has changed the customer service policy by offering information regarding a product and its usage, respectively counseling on scene.
- Has introduced a customer feedback mechanism in order to find out their opinion following a purchase and to determine the purchasing tendencies of some new products, the amount of time spent for purchasing something and the purchasing frequency; this has been applied to the already loyal clients of the company and has been implemented in 2015.
- Also in 2015, the company has implemented a friendly mechanism for recording client complaints (the ones that don't reach the firm cannot be solved)
- An efficient mechanism of solving complaints, it being implemented in 2015.

The growth of commercial debts as opposed to the previous year can be explained by the growth in the company's activity, which implies a growth in the physical volume of third parties purchases in the shape of merchandise, the negotiation of some more relaxed contractual terms with the suppliers; the value growth of the advances received from the clients, the growth of the unitary purchasing cost for the entries came from third parties; accumulating commercial debts, unpaid within term.

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