



## **Billions and billions and billions owed EU firms**

August 19th, 2006 | Category: News

In Europe, customer service is at what must be an all-time low while the best of CRM and ERP systems can be neutralized without a change in mentality. So say advisors at the Customer Value Group, whose recent report on customer service in the United Kingdom and on the Continent is shocking indeed.

The research was undertaken to “understand the inter-dependencies between accounts receivable and customer service, and the financial impact disjointed practices has on the value of customer relationships.” Apparently, they understand more now. According to the survey, the top 1,000 publicly-quoted companies in Europe have now accumulated €274 billion (approximately US \$351 billion) in uncollected debt due to disjointed customer service and poor collection practices.

That’s €37.6 million (approximately US \$48.1 million) a day. Nearly one-quarter all invoices are outstanding and unpaid. Among the Euro 1000, profits are affected to the tune of more than €13.7 billion (approximately US \$17.55 billion). CVG research went on to report that customer disputes due to poor customer service make up about €103.3 billion (approximately US \$132.3 billion) in unpaid invoices; some €82.6 billion in accounts receivable goes uncollected due to poor account administration.

Inspecting more closely, CVG study authors wrote that Dutch, German and UK businesses made up the top three in unpaid overdue invoices, with 37 percent, 32 percent and 28 percent of accounts receivable, respectively. Top performance in cash collection and customer service was Austria at 10 percent, with the worst numbers turned in by Norway at 40 percent. In a basically unneeded summary, CVG managing director Dickie Bielenberg said that “Businesses need to think of customer relationships as an asset,” advising that European firms should “take a holistic cross-functional management approach.” Bielenberg went on to state that “ERP, CRM or legacy systems were simply not designed to deal with poor customer service and its impact on collection. Service issues ... need to be identified and resolved as early as possible.”

In Bielenberg’s view, businesses simply can’t undertake customer value management and maximize the impact customer relationships have on the

bottom line without the proper tools. The Customer Value Group is a customer value management solutions provider headquartered in London, UK. CVG was "incubated" for four years within business advisory firm REL Consultancy Group before its launch as an independent business in June 2006. Among CVG clientele are RWE, Arcelor, KPN, and Xerox.