5 ways to
improve your
accounts
receivable
processes
without upsetting
your organization

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IS THIS YOU AND YOUR ORGANIZATION?

↳ Most of organizations still send their invoices by mail and have to work mainly on paper.

↳ They haven't automated payment reminders and have to keep on top of customers to get paid on time.

↳ They spend too much time preparing and answering calls from clients who are unhappy or have found billing errors.

BUT, like everyone else, you are trying to:

→ keep your invoicing costs down

→ follow up more effectively with your customers

→ improve billing integrity

→ reduce the Days Sales Outstanding

OVER 70%

of businesses send out `1,000 to 10,000 invoices` a month.[1] Billing is critical to businesses and cannot be interrupted or delayed. And it's understandable that you would hesitate to review your AR processes. But to support your growth and satisfy your customers, it's important to make your billing as efficient as possible.

There are many magic solutions on the market that can supposedly solve all your problems.

But at times, you can't seem to reach your ideal targets and just want to give up.

Why change everything in your organization when it's functioning and profitable?

[1] From the *Institute of Financial Operations*

WHAT SHOULD YOU DO?

Improve your daily routine gradually, building on what you've learned, and overhaul your accounts receivable processes at your own pace.

One step at a time, you'll save a lot of money and keep getting closer to your goals in terms of productivity, efficiency and the client experience.

Here are 5 simple and easy-to-implement ways to improve your accounts receivable processes.

1 GO DIGITAL

In a perfect world

You can send documents by email or publish them online at any time. Not only will you be more efficient, you'll save money. 50% of electronic invoices cost less than $2 to produce while up to 40% of paper invoices cost $25 ![2]

But in reality

54% of organizations are not yet sending electronic invoices.[2] Many people still like sending traditional mail. Clients continue to request a paper invoice. Employees prefer to print a copy to manage client files. Sometimes you just don't have your clients' email addresses. Old habits die hard and it's often hard to make the change to digital.

[2] From the *Institute of Financial Operations*

SOLUTION

Before you drastically change the way you communicate with clients, start by digitizing your in-house processes. The transition will go more smoothly.

QUICK SAVINGS

1
→ Set up a process to digitally automate billing and client communications. That way, you can archive your documents in a records management system and keep electronic copies of everything.

→ Archive the data needed for billing in an .xml file and generate the PDF only when a copy is requested. This takes up less space on your servers.

2
→ Go digital gradually and start sending PDF copies of invoices to clients upon request.

→ Format your original documents so that they can be sent through several means at the same time. You won't be going paperless right away but can start sending copies of your invoices by email.

"Our greatest advantage is being able to generate PDF copies directly from the source and send them by email to the customer service and finance departments so they can use them whenever necessary in their communications."

Ken Stulce from Essex Industries Inc

2 GIVE BETTER CUSTOMER SERVICE
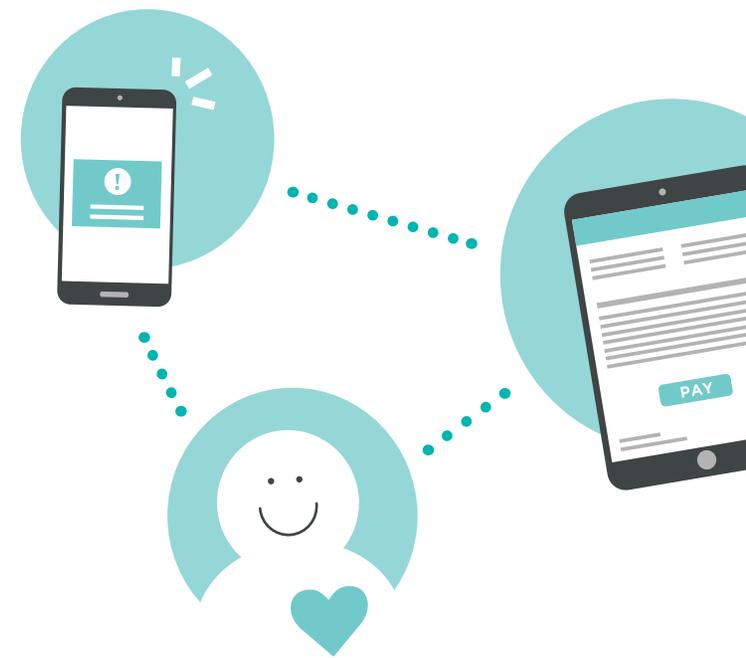
In a perfect world

Clients have online access to their files at all times and can change their information and view their billing. They only call if there is a serious problem. Customer Service also has 24/7 access to up-to-date centralized information to quickly answer questions. In addition, you can access performance indicators that will help you make the right decisions to reduce complaints and disputes related to accounts receivable.

But in reality

43% of organizations claim that the missing data in various files remain their biggest problem.[3] Data come from a number of systems that do not communicate with each other. When Customer Service wants to answer a question, precious time is lost bringing together information from a number of systems, in different formats, and often on paper.

[3] From *Aberdeen*

SOLUTION

Make sure you keep client information up-to-date and quickly available to provide better service.

QUICK SAVINGS

1
→ Add a barcode to the payment slip. This code will also be on the original invoice.

→ Scan the payment slip upon receipt of payment. You will then be able to quickly reconcile the payment and deal with problems in real time with your customers.

2
→ Use automation to analyze your invoices before they're sent. If the invoice matches the order, it is automatically sent.

→ Employees will only need to process and correct problematic invoices.

3 MAKE YOUR INFORMATION MORE RELIABLE

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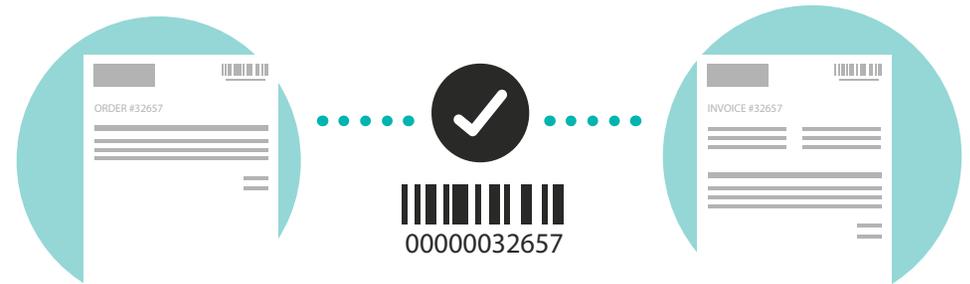
In a perfect world

You would no longer have to enter your invoice and payment information manually. Data would be electronically scanned upstream or automatically transferred from one system to another.

But in reality

The data used in your accounts receivable process frequently come from a number of systems (ERP, ECM, CRM, etc.). Those systems have been installed at different times and use different, frequently incompatible, languages and standards. Some liaison is done manually as these systems cannot be connected and made to communicate with each other automatically. Everyday, employees have to manually re-enter new data, which generates errors.

Did you know that 49% of businesses don't get paid on time because their invoices are missing the initial order number? [4]

[4] From the *Institute of Financial Operations*

SOLUTION

Automatically check the integrity of the most critical data on your invoices.

QUICK SAVINGS

1 → Implement and automate a system that gives warnings before the invoices are created

→ Receive warnings for errors and discrepancies between what's on the order slip and invoice so that you can address problems as soon as possible.

2 → Make sure to fill in the recipient and address fields.

→ Model your data, regardless of where it comes from, and check that all required fields are filled in.
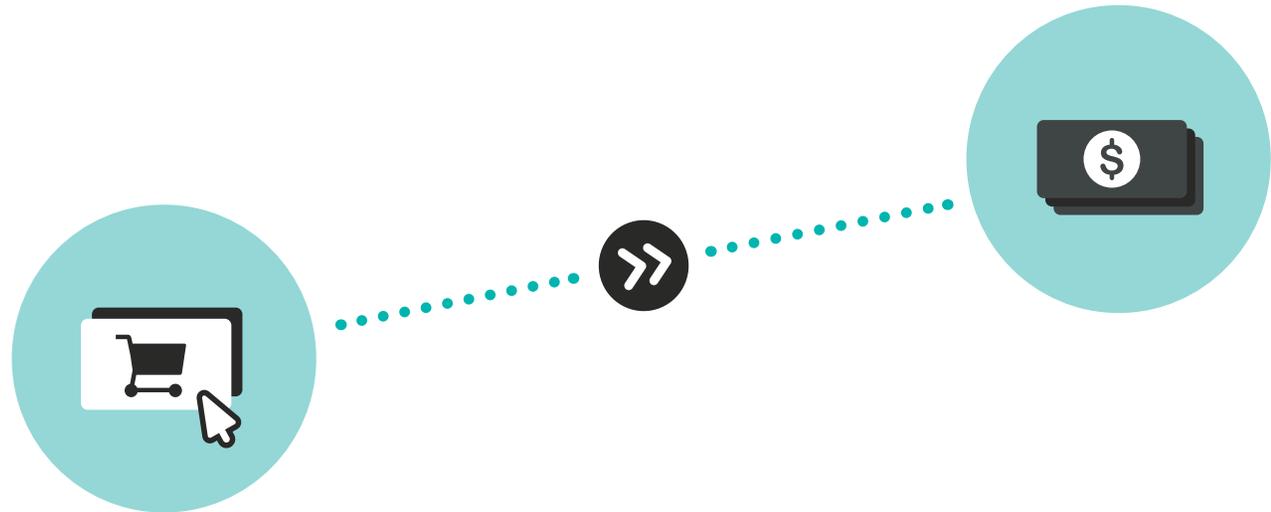
"We have transformed a number of processes subject to errors and which used to take up to 3 days, into automated tasks that now take just 15 minutes to complete. It's unbelievable that simply automating the preliminary sorting of documents has saved so much time."

Rick Loiben from Aon

4 REDUCE THE DAYS SALES OUTSTANDING

In a perfect world

Did you know that 70% of customers prefer an online, self-service payment option? Ideally, to speed up payments, set up a customer service portal where the client can download documents and make payments.

But in reality

59% of organizations are under tremendous pressure to reduce the Days Sales Outstanding.[5] Developing a customer service portal is time-consuming. You have to comply with special legislative and regulatory requirements for invoicing and payments, connect systems with one another, and develop a user-friendly interface. Lots of challenges need to be addressed!

[5] From *Aberdeen*

SOLUTION

Be proactive managing your cash flow.

QUICK SAVINGS

1
→ Send PDF copies of invoices to all your customers, even if you continue to send paper copies.

→ Not only will they receive and be able to pay their bills more quickly, but you can acknowledge receipt.

2
→ Automate payment reminders Your employees will waste less time manually sending reminders to clients.

→ Receive a warning as the payment date approaches and after it has passed.

5 GAIN FLEXIBILITY WITH A MIDDLEWARE SYSTEM

In a perfect world

Your documents all comply with legal requirements, and when the requirements change, it's easy to change the templates. You send your updated documents (invoices, account statements, etc.) on time and to the right recipients.

But in reality

Info Trends estimates that it takes most organizations up to 7 months to change a template! The inflexibility of many management systems complicates and slows down document updating. So changes and mailings are often managed manually, with all the risks of errors and non-compliance imaginable.

SOLUTION

Gradually eliminate the manual steps causing the most errors

QUICK SAVINGS

1
→ Take back control of how your invoice templates are formatted by making changes to your documents with a middleware system. You won't have to use your Enterprise resource planning (ERP).

→ Personalize your invoices right in the template based on customer information.

2
→ Add optical marks to your documents to automate mail insertion.

→ By automating your mail-outs with these marks, you will be sure to send out the right documents to the right recipients.