E-book

Collections Management: Increase Your Cashflow Without Increasing Your Headcount

Overcome common collections challenges to unlock receivables, save time, and improve customer relationships

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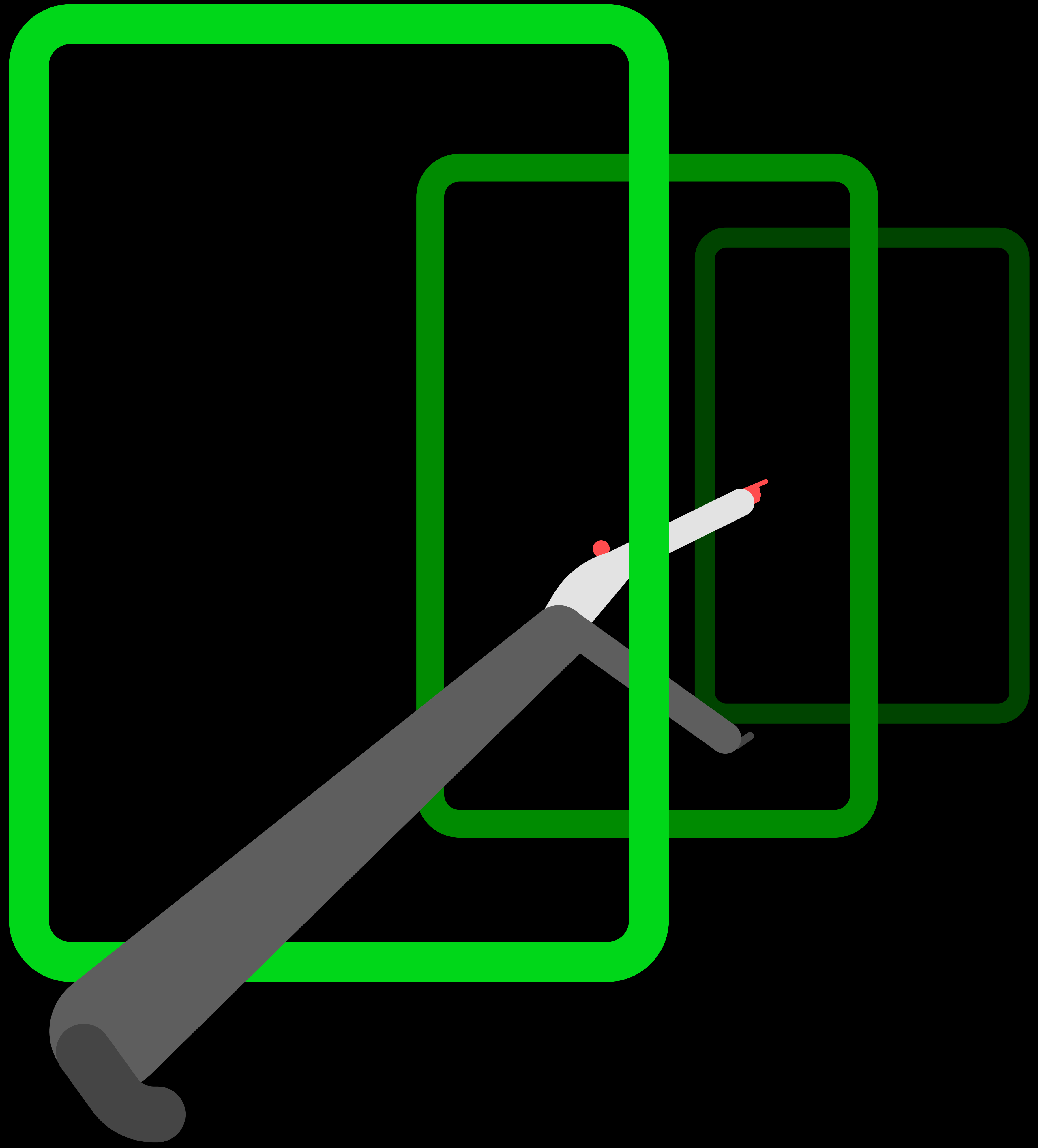

Sage

Introduction

You know that cash is critical to running your business. But, if you're like many organizations, your days sales outstanding (DSO) is higher than you would like. And that means too much of your cash is locked away in past due receivables.

When your company first started, you only had a few customers. Your team likely had little trouble identifying and following up with past due accounts. But if you've grown and the invoices are piling up, you don't want to add staff to keep up, growing your selling, general, and adminstrative (SG&A) expenses.

With Sage Intacct Collections, you can address common challenges and scale your collections operation. You unlock your cash without bloating your budget.

Challenge #1

Poor cashflow and visibility

The primary goals in collections are minimizing the value of past due accounts and the time they're outstanding. But if your team doesn't have clear ownership and a consistent process of what communications happen next and at what time, lacks prioritization, or doesn't have clear escalation paths, there's a good chance you won't be bringing cash into your business at the most optimal levels.

Without a consistent process and centralized collections information, you'll also lack visibility into the collections workflow, making it difficult for you to assess whether high priority accounts are receiving the attention they deserve and who on your team needs additional training.

Solution #1

Bring consistency and visibility to your collections processes

Most companies currently processing collections manually could cut their DSO by at least one day with Sage Intacct Collections through streamlined collections case and task management and by giving your collections analysts enhanced visibility into the status of the accounts to which they're assigned.

You can assign agents on your team to customers and cases. This gives them access to only the customer records they need, including details such as the time and date of previous communications, notes and agreements made, and next steps.

You can also add structure to the collections workflow by assigning team members to individual steps in the process. For example, one team member could strictly handle "friendly reminder" phone calls to customers while a more senior analyst manages follow-up calls after a missed payment deadline. Agents will always know their assignments and you'll know who on your team is responsible for an account or case.

Once collections timelines are set, your analysts will have full visibility into the process through dash boards ranking accounts based on factors such as the value of the account and days past due. They can use this information to be more strategic with their time, targeting high priority accounts to optimize cashflow.

Challenge #2

Manual, high-effort collections process

Your collections analysts have a lot on their plate. If they're not making phone calls to customers, they're sending emails, prepping for calls and communications, researching disputed charges, and documenting communications with customers.

Over time, the hours spent on manual processes add up. Do your team members spend more than acouple of hours a month on repetitive tasks such as determining the right letter to send next based on the customer's situation and then emailing dunning letters? If so, that time could have been dedicated to making friendly payment reminder calls, resolving issues, or negotiating arrangements with customers.

The percentage of time available for these higher touch interactions is what separates a highly productive collections team from an unproductive one.

Solution #2

Free time for higher value interactions with automation

You can bring order to the collections process by automating low value, repetitive tasks, while allowing staff to focus on collections activity that require personalized attention.

With Sage Intacct Collections you define the frequency and severity of payment reminders and dunning notices. Pre-defined templates along with sequencing determine the right order for communications. Agents no longer need to manually determine which communication should be sent next, email them, and log the communications. You shift the workload of your collections team to a point where the system handles 80% of tasks while your agents handle the remaining 20%.

Once you've reached the point where most of your collections process is automated, your team can shift their focus to the tasks that dictate the collections department's overall success, such as resolving issues and interacting with customers.

Challenge #3

Strained customer relationships

Strong business-to-business relationships can take many years to cultivate. So, you don't want to damage a long-term relationship over a missed payment or a poor collections experience. If your customer hears from more than one member of your team, needs to tell you the same story over again, or perceives a lack of consistency in your interactions, it can damage your company's relationship with them over time.

Unfortunately, this lack of alignment often occurs if your team doesn't have a centralized system for documenting and storing past interactions with customers. Recording details from conversations with customers in spreadsheets or on paper may lead to a lack of context and visibility into those interactions, especially if a case is transferred to another agent. Without the past context, the customer's experience would be negatively impacted if they need to repeat themselves or if a prior agreement isn't honored.

The potential for errors when communications are sent manually may also result in the customer receiving notices with the wrong tone or at a higher frequency than necessary for the situation, also creating additional strain.

Solution #3

Deliver an optimal customer experience with centralized collections data and workflows

Sage Intacct can help improve relationships with your customers by ensuring both your customers and analysts understand the status of accounts. With only a few clicks, analysts can see the history of emails and dunning letters sent to customers. They can also access call records to acquaint themselves with the new case.

After the analyst completes a call with a customer, they can schedule follow up tasks based on any agreements during the call. This could include investigating a credit or documenting a payment plan. When your analysts have done their homework before starting a call, customers perceive their relationship with you is important.

Meanwhile, customers are more likely to meet agreed upon payment deadlines if communications between your team and them are clear and consistent. As a manager, you can ensure customers only receive communications when appropriate by setting payment reminder rules for customers, such as net 30 and due upon receipt.

All communications customers receive, including courtesy reminders, past due notices, and final demand letters, have a custom template containing language with a tone commensurate with its level of seriousness. You can feel confident customers will always know the standing of their account.

Conclusion

Sage Intacct brings order to your collections process and helps speed up your company's accounts receivable to cash conversion cycle by automating the sending of dunning letters and simplifying the documentation of communications between collections agents and customers. Through automation and the streamlining of the collections process, customers have:

- **Reduced DSO by up to 10%**
- **Improved collections labor productivity by up to 75%**
- **Reduced costs associated with collections by up to 80%**