In today’s challenging and volatile economic environment, it is critical that organisations leverage every resource available. Companies rely on receivables, yet Accounts Receivable functions can be labour intensive and fraught with inefficiencies. Too often, Accounts Receivable optimisation and transformation can be a lower priority. The result? Organisations face rising costs stemming from:

- Revenue leakage
- Disputes and errors
- Lower Net Promoter Score (NPS) and client attrition
- Out-of-date Credit Risk and Collections policies
- Inefficient collections and supporting processes
- Slower payment times
- Debt recovery efforts
- Write-offs

High-performing organisations must transform their Accounts Receivable department to help increase profits and take advantage of every last penny. Management services can help your organisation reduce revenue leakage, speed up the cash-flow cycle, maintain a healthy P&L and stem bad debt expense by implementing a best practices approach.

This white paper describes how organisations can create value throughout the Accounts Receivable function to drive down costs, reduce cycle times, grow the business, and foster customer goodwill—all essential activities for competing in the evolving marketplace. This white paper also identifies the billing and collections practices and processes required to reduce inefficiencies and create a high-functioning Accounts Receivable (A/R) department.
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Billing

Accurate, timely invoices that are consistent with any contract terms are vital to increasing cash flow and reducing bad debt. Your invoices are also a customer touch-point and are part of your brand experience.

Typically billing is seen as a simple process of identifying what should be billed and to whom. However, the apparent simplicity can be deceptive. Consider specifically the challenges for fragmented and growing businesses including:

- How can we make the billing process consistent in terms of look, feel and information?
- Is the master data for the customer accurate?
- Are all charges correctly itemised and up to date?
- Can recurring charges be set-up automatically or are daily reminders required?
- How can billing cycles match up with client cash flow cycles and process to avoid any unnecessary repetitive follow up and effort?

Many of these issues could be resolved with a single-view platform, fully accessible to all billing locations, but this is not always possible without considerable investment in terms of money, installation time, and the establishment of processes and training. In the meanwhile, invoicing still needs to be done to eliminate revenue leakage and improve cash flow.

The Billing Process as Strategy

Too often the billing process is seen as a utilitarian function that is overlooked and under-leveraged as a method to enhance cash flow and drive efficiencies. Organisations that approach billing as a strategic endeavour can dramatically increase speed-to-cash, reduce errors and decrease late payments in the process. As well, electronic payment options can help support corporate sustainability efforts as well as put cash in the bank more quickly.

The billing process can be broken down into three main steps:

Input Preparation – The inputs include the accurate gathering of the client’s billing details including contact name, company name, and billing address onto the correct invoice template. As well, this step includes a breakdown of the order (line items), clear payment terms, and a unique invoice number.

Process – Once all inputs are verified as accurate, what is the process? How often is the client invoiced? Are recurring invoices scheduled as per the contract? Are there any one-off deductions or exceptions that need to be noted? Organisations must ensure the process is streamlined and efficient, without any bottlenecks to delay the billing function.

Invoice Delivery – What is the best mechanism for delivering the invoice to the customer? The traditional method has been to mail the invoice. However, there are now more options, many of which can improve payment times, such as customer online billing portals or sending an invoice by email or fax. Some companies combine one or more of these delivery methods to ensure prompt payment from customers with repeat late payments. Client information should be updated on a minimum of a yearly basis and staff should be trained to validate contact and delivery details during any communication opportunity.
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Eight Best Practices for Billing

Despite the apparent simplicity of creating, issuing and collecting on an invoice, many organisations struggle with it: bills contain incorrect information, are issued to the wrong departments or are sent out late - the reasons for delayed payment are endless.

An accurate, timely and visually appealing invoice can strengthen your relationship with your customers and help facilitate earlier or on-time payment. Here are eight best practices to improve your billing process.

1. **Detail, Detail, Detail!**
   Customers should be able to easily see a breakdown of all invoice items, as well as payment terms. Itemised invoices with clear payment terms and dates reduce misinterpretation and miscommunication. Any early payment discount schemes should be highlighted to encourage faster payment.

2. **Check Twice Before Sending**
   Double-check your invoice for typos, currency errors and computational mistakes. Too often invoices are sent to collections because the client won’t pay due to an invoicing error. This drives up A/R costs, slows the order-to-cash cycle and is a drain on resources. Be sure to include a telephone number or email contact for any billing disputes, which will ease the demand on collections.

3. **Offer Diverse, Convenient Payment Options**
   In addition to payment by cheque, consider offering your customers multiple payment methods including credit card, direct debit, or bank transfer. More payment options improve the likelihood of payment.

4. **The Contact is Key**
   The invoice must be sent to the right person, and this isn’t necessarily the project’s approver or recipient of services. Once the contract is signed, ask for the name and contact details of the Accounts Payable person. These contact details should be checked and verified yearly as a minimum.

5. **The Invoice is a Marketing Touchpoint**
   Invoices should be viewed as customer communications tool. Visually pleasing, the invoice reinforces your brand. At the very least, logo, tag line, and contact details should all be easy to spot. The invoice may also be used to highlight promotions or any early contract renewal offers.

6. **Make it Transparent**
   Unique invoice numbers, digitalisation of the A/R process and a single-view accounting platform makes it much easier to record, track and follow-up on payments.

7. **Timing is Everything**
   Invoices should be sent out as per the contract schedule or immediately upon completion of the project or delivery of the product /service. There should be no delays. Timely invoices drive timely payments.

8. **Follow Up On Larger Invoices**
   For large balances and key accounts a courtesy follow-up call to confirm the bill has been received helps ensure prompt payment.

**Integrated Billing Systems: The Benefits**

Fragmented manual billing systems are inherently poor at maintaining a consistency of approach to the same customer for the same services over time. Controls are difficult to implement that enable the correct template or format, product or service description, pricing, sales terms or customer details. Without these unified elements properly in place, customers will easily be able find a reason to delay invoice payments, whether as a result of dispute of presentation or content or simply through non-receipt “I didn’t get it.”

Typically, errors are most common in billing for recurring charges where complex spreadsheets and lists need to be maintained and reconciled. These billing tasks are often left to administrators who do not understand the billing function or monitor its impact on the revenue or cash flow of the organisation.
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Integrated systems help to bring fragmented processes, departments and organisations together under one roof. This integration provides a greater level of control, insight and most importantly, cash flow.

Reduction in Revenue Leakage
Revenue management problems exist due to the fact that charges can be under-billed, over-billed or, worst of all, not billed at all. Removing the obstacles for customers to raise any dispute is key in ensuring that the cycle time from order point or point of service delivery to payment for the bills is reduced.

A best practices approach includes three essential elements:

1. The reduction of disputes through the consistency application of invoice templates, customer and pricing master data, and lastly, payment terms.
3. Where required, the maximisation of invoicing accuracy through the integration of all business processes, from quote to order to invoice.

Whilst consistency is important, any selected system should be able to handle variations by customer where there is not the ability to dictate the format of the invoices.

Efficiency Improvement Through Time Saving Processes
Manual billing processes are inherently slow in the production of invoices, frequently require input into other systems and are labour intensive in terms of collections and dispute management. Efficiencies can be gained throughout the whole invoice lifecycle – covering the production, management and final payment by the customer. As a philosophy, if the processes to cannot be automated, then minimise the ability for error in process from human intervention.

Integrated systems help achieve efficiencies through:

- Select, point and click systems, which remove the discretion involved in creating the invoices and increase levels of inconsistency
- Reductions in errors and re-work costs: mistypes, wrong calculations and even incorrect customer names will be dramatically reduced
- Automation of recurring invoice production
- Removing the paper-chase: implement electronic billing where possible
- Automatic invoice generation through the integration all processes, from quote to order to bill, where applicable
- Reducing human touch-points for invoice maintenance: a fully integrated system will require a single point of entry with all data available within Customer Relationship Management (CRM), collections and Finance systems
- Single points of update for master data: if, for example, price changes are required, single entry points will enable access to all users instantly, therefore ensuring timely distribution and application across all users of the system, removing the need and risk associated with distributing changes via email or paper-based systems
- Maximising productivity by converting estimates to sales orders, or sales orders to invoices, with one click
- Eliminating data re-entry by easily accepting payments or issuing credits against invoices

Higher Levels of Visibility
Frequent questions with disjointed systems and processes will include:

- What am I owed?
- How much can I expect to be paid?
- What are the problems?
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Single integrated systems will enable a source of truth that will allow all the various stakeholders in the process access to the information that they need and desire.

**Billing Staff** – The billing staff will be able to see and select information that they know cannot be disputed. Real-time access at point of sale / invoice provision will be an advantage to secure customer confirmation that all is in order prior to invoice production and saving in the subsequent systems.

**Customer Care and Collections Teams** – These teams will be able to understand at a glance statements of account, open / closed invoices, issues recorded at an individual or account level. They can use this information to improve customer service and effectiveness of invoice payment.

**Management** – Single points of record will enable real-time data sharing, dashboards where systems can provide and much greater insight through detailed reporting. Management has clearer visibility into operations.

**Customers** – Availability of single statements of account and, where feasible, an improvement in customer satisfaction by allowing customers to manage their billing and payments online.

**Integrated System Considerations**

While the advantages usually outweigh the disadvantages in implementing an integrated system, the business case should always be evaluated. The following should be considered in terms of the initial creation and then ongoing maintenance:

**Customer Master Data Set-Up** – Where is the source of truth for customer in terms of names, addresses and all other customer centric information? Ensure that there is the ability to verify and check the initial data.

**Product / Service List** – To reduce ambiguity, companies must define product and service descriptions that suit customers and the needs of the business. This may take some effort, depending on the existing levels of agreement.

**Prices** – How is this determined and what variations are there? These will have to be set and securely controlled with the necessary segregation of duties to maximise control risks.

**Payment Terms & Discounts** – How can these be made consistent (if not already)?

Considerable time should be invested in the creation of this one source of truth, as it will yield downstream benefits. Verification and checks will need to be put into place to eradicate mistakes or misstatement. In addition, the application of strict processes and controls to maintain, update, delete or add master data should not be overlooked. Preferably supported by workflow mechanisms, processes for the request, authorisation and updating of systems should be ideally segregated in order to provide further checks and balances to reduce error or fraud. Once implemented, however, data harmonisation and consistency yield long-term benefits.

Are your billing functions bogging you down in paperwork?

The client was spending millions of dollars through manual, inefficient work around processes in the customer care division. The size of the organisation, the structure of the company divisions, and a lack of focus made it extremely challenging to design and tailor the right technology and processes.

- Sutherland replaced labour-intensive paper-based processes and leveraged our workflow technology platform to immediately provide an instant lift in overall productivity.
- Sutherland’s solution allowed the client to generate 25% more customer invoices on a daily basis than the previous process allowed.
- Our workflow platform enabled the client to save more than 2 million dollars.
Collections Management

The effectiveness of an organisation’s Collections Management process can be measured on these parameters:

- Cost per $ collected
- Dispute resolution turnaround time
- Collections efficiency vs industry benchmark
- Days Still Outstanding (DSO) measure for cash flow effectiveness
- NPS and retention score

The collections policy and process needs to work in close coordination with the credit policy of the organisation. The treatment strategies, which are devised at the time of designing the credit policy, can be adjusted based on the learnings during the life cycle of the accounts. As economics conditions change, so too should the collection treatments.

As well, a suitable forecasting model ensures adequate staffing and resources are deployed to avoid any delinquency bubble. Ongoing refinements of Collection Management strategies help realise optimal performance and significantly strengthen the bottom line.

To support collections effectiveness on day-to-day basis the following levers need to be employed, monitored and measured to ensure maximum returns on the process.

A Collections Strategy Reduces Effort and Costs

One of the critical elements of any collections strategy is “effort optimisation.” A best practices approach incorporates analytics to reduce risk. Divide accounts by a Score Code (1-to-10) based on frequency of delinquencies, total of overdue amount, and the number of years the company has had a relationship with the customer. Then use that information to decide where collection efforts need to be applied.

In addition, collections can be ranked in four groupings, each with its own strategy:

- Self Cures – No effort required at early stage
- Low Risk – Not called for first few days, followed by automated messages
- Medium Risk – Automated messages followed by human voice from day ¾
- High Risk – Human voice/follow up from Day 1

Based on the risk profile, the accounts can be assigned to agents with different skill sets.

Optimised Collections Strategy
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Young accounts without data on previous payment behaviours need to be closely monitored. If any show signs of medium-to-high credit risk, they should be assigned an accelerated treatment path immediately upon missed payment.

The process of scoring accounts, identifying medium- and high-risk accounts and designing treatment strategies that use the appropriate communication channels allows a company to achieve maximum collections with minimal effort.

**Collections Treatment Strategy Flowchart**

- **Dialer Strategy**
  - Score Code 8, 9, and 10 are on manual/preview calling from 1st day of allocation.
  - Score Code 4, 5, 6, and 7 are on Predictive Mode for 4 days and then manual/preview calling.
  - Score Code 1, 2, and 3 are on Predictive Mode for 15 days and then manual/preview calling.
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The custom process design helps ensure a higher success rate through earlier recovery. From the creation of treatment strategies to CRM systems integrated with dialers to build better efficiencies. A holistic approach should be adopted, using best practice approaches and innovative supporting technologies.

Key to this approach is the use of “preventive” collections strategies that combine advanced technology and sophisticated billing analytics to identify and prioritise revenue recovery opportunities early in the payment cycle. These proven methodologies often secure payment before the customer ever reaches the collections stage.

Analytics & The Collection Process

Analytics is one of the key components of an efficient Collections process. It is not a one-time event, but an ongoing evaluation that measures the dynamics of a changing portfolio of debt, customer payment behaviour and risk profiles. The use of proactive predictive analytics capabilities allows companies to optimise the treatment strategy and maximise returns.

Features of an Analytics-supported Collections process include:

- Building a proprietary database to support various decision engines
- Scoring models to predict low risk / high risk at the pre-charge-off stage
- Self cure models
- Cross-sell, rehab, re-age decision making to increase collections effectiveness
- Channel selection based on liquidation and effort optimisation
- Reporting and performance management capability for the issuer network
- Default management / risk management (origination to recovery) for mid-tier banks, mid-size business
- Hold verses sell scoring models for issuers

The Custom Collection Scorecard – What is it?

Predictive analytics encompass extensive statistical modeling, forecasting and optimisation, and simulation. It can then be used to calculate the likelihood of payment and to reduce collection costs by prioritising debtors. An aggressive focus on high-balance, low-collectability customers can be adopted while at the same time applying soft-touch treatments to high-collectible and low-balance accounts, delaying more expensive collection efforts for those most likely to make payments.
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Understanding Customer Segmentation
Which customers pay quickly and which extend the payment terms past 30, 60 or 90 days? Understanding your customers and their behaviours allow you to develop intelligent treatment strategies that put your resources where they are most needed. “Customer Insight” is a tool that segments customers based on attributes and behaviour, to reduce risk, enhance revenue and optimise working capital.

These intelligent, data-driven collections strategies reduce delinquencies, lower DSO and drive profitability.

Does your A/R’s process design save you money?
Our client, one of the largest, privately owned companies in the Middle East, was unable to proactively identify either potential or intentional in their early stages of delinquency.

- Sutherland created a data-driven pre-call collections strategy framework that considered various customer dimensions like payment history, contact history, reason for delinquency and demographics.
- Sutherland delivered a 30% reduction in collection cost by early identification of “Intentional Defaulter” and by optimising collection efforts on accounts that were likely to default. We also cut expenditures by using lower cost channels for low risk customers.
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Does your collection department protect and build customer relationships?

- Our client, a global logistics firm, prepays Duty and VAT on all imports on behalf of its customers, to enable the shipments within the standard delivery times. Shipment recipients are invoiced Duty and VAT by our client after delivery. Beyond sending a dunning letter, the client did not have an effective collection strategy nor did they provide their customers with convenient payment methods.
- Sutherland implemented a proactive collection campaign on all uncollected funds 14 days from invoice date. As well, we made payments easier with a Web payment portal and IVR payment gateway. The creation of our ezCRM application enhanced the management and reporting on all collections and customer interaction.
- The result? We reduced cash leakage by £ 1.2m per year.
- Increased recovery of bad debt up to 90%.
- Reduced customer queries and improved customer satisfaction.

The Benefits of Analytics

In our experience, we have seen up to 15-20% improvement in accounts receivables management (credit period, delinquencies, etc) by analysing the historical data.

The use of analytics in the collections process yields several significant benefits:

- Improved Collection Efficiencies – This is achieved by varying the intensity and treatment according to the predicted collectability of a delinquent customer.
- Reduced Collection Costs – Analytics helps to identify highly collectible customers (as predicted by a collections scorecard) allowing Collections to choose a treatment that is low in cost and intensity.
- Increased Recovered Amount – By following an aggressive collections strategy on customers with a low collectability at an earlier stage of delinquency, companies can improve recoveries.
- Enhanced Customer Service – Companies can foster good will and enhance customer satisfaction by choosing the right message for infrequent and accidental defaulters.

Companies that can make smarter decisions faster gain a solid competitive advantage. The key is to leverage data to gain consumer and market insights, including pricing, market mix modeling and campaign management.

The focus should be to develop the expertise to optimise and analyse back-office data for front-end profit. From assigning credit limit budget constraints to selectively increasing credit limits in different segments, decision sciences should be used to help you accommodate customer needs and adjust to dynamic business conditions.
Components of Good Collections Practice

The following is an explanation of the various components and best-practice features of the Collections function. These areas should be considered and monitored through the set-up, management and governance of the collections process.

Organisation and Governance Structure

Running an Accounts Receivable department is tricky. It has to be efficiently organised to be done right. Companies must consider staffing needs as well as how to implement and oversee its practices. Governance is the set of policies, roles, responsibilities, and processes that you establish to determine how the organisation approaches its collection practice. These policies and practices must be systemic and transparent.

The recommendations for the corporate structure of a Collections department may be based on various criterion:

**Existing structure:**
- What talent is currently available? What talent is required?
- Are your company’s F&A functions governed by cyclical peaks and valleys?
- Are your staffing levels currently set for high-season, or low?
- Do you have under-utilised resources in the low periods?
- What are the costs of hiring additional staff?

**Credit risk policy:**
- Do you require a delegated authority to approve credit?
- Or will you equip key staff members with the required negotiation skills?

**Size of portfolio:**
- Are your accounts high volume low value?
- Or are they high value low volume?
- How many products and services does the company offer?

**Local and international requirements:**
- What languages will be required to communicate effectively with your accounts?
- Does the client’s proximity impact treatment delivery options – e.g. face-to-face vs. telephone collection calls?

**Broad Execution Strategy**

As noted, a smart collection strategy will reduce effort, increase cash flow and help the company save money.

**Execution strategies include the effective use of:**
- Predictive analytics
- Performance management rules and sanctions
- SMS and dunning letters
- Best times to call
- Skip tracing and customer profiling
- Call scripts
- Field visits
- Legal letters

**Some product-based strategies include:**
- Re-age
- Short-term programme
- Long-term programme
- Settlement programme

Again, these strategies should be continually reviewed with the input of analytics to review relative success of the deployment and execution of the strategy.
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Business Rules and Parameters

Within the strategy, there will be different priorities which will require the definition of business rules within given parameters. Many businesses will have an underlying objective to achieve in terms of maximising cash, reducing DSO, and reducing write-offs. This means that a balanced and dynamic approach will be required to monitor that the rules and parameters in operation are successful and moving the business in the direction required.

A best practices approach to rules and parameters help drive higher recovery rates, reduce delinquencies and ensure continuous improvement. Guidelines to increase efficiencies include the following:

Achieve higher collection and recovery success rates by:
- Reducing the provisioning pool (Recoveries) over 90 days past due
- Reducing overdue inventory (1-90 days past due)

Reduce number of accounts with a past history of delinquency by:
- Performing pre-emptive calling
- Conducting periodic campaigns to arrange either for advance payments/collaterals and in turn provide a discount

Capture all possible delinquent accounts by:
- Creating a water-tight business rule definition
- Continuous feeding back of performance to business rules

Cost Efficiency

The issue is costs per collection versus returns on collection. This gives guidance as to which channels to choose in various collection strategies.

For larger, more valuable and strategic customer relationships debt percentages may be expressed as a fraction of a percentage. However, they may rise up as high as 25 percent depending on the nature of the business or customer, the effort taken to collect the debt prior to escalation to a third party collections agency and the effort it will take to secure the collection.

Optimising the cost of collection is achievable through the use of technology, execution of efficient processes which are driven by supportive analytics. This should, however, be balanced against customer services and business reputation.

Rewards and Incentives

Collections is a tough and demanding job. Whilst supported by technology it is, in the end, a people business. Delivered to and by people. Keeping your best people engaged, motivated and productive requires the development of a rewards and incentive programme that works. A smart programme increases productivity and morale amongst individuals as well as teams, and builds employee loyalty. Before devising an incentive programme, companies must determine how to measure and apply the incentives.

Some best practices for rewards and incentives include:
- Train managers to offer ongoing, timely feedback. Behaviours are shaped by connecting praise and rewards with activities.
- Continuously monitor and refine reward programmes and assess their ROI.
- To sustain interest, ensure that rewards are aspirational and attainable.
- Recognition programmes must reinforce company culture and values.
- The programme must have clearly defined rules with no ambiguity.

The staff take customer satisfaction to heart and deliver great productivity and are always looking for further improvements to boost cash-flow and reduce bad debts. The team supports our collections endeavours and definitely delivers something we would find hard to do ourselves.

– Outsourcing, Legal & Credit Risk Manager, Global Logistics Company
Reporting/ Dashboards/KPIs
Reports, dashboards and KPIs are necessary tools for a successful collections operation. They help to provide the business with a clear direction and identify trends for the future.

To run an effective Collections department, an organisation will require these foundational reports:
• Net Flow Analysis – Roll back, roll forward, stabilisation
• Delinquency by (Product) number of accounts / value
• Co-incidental and lagged delinquency trends

Below are some Key Performance Indicators that may be generated on a daily, weekly and monthly basis:
• Calls/hour
• Contacts/hour
• Call monitoring scores
• Promise to pay ratio
• Promises kept ratio
• Dollars (or local currency) collected

The focus of any report needs to be on the decision-making information that it provides. It should, as always, be timely and relevant to the end user.

Dunning Activity
Too often collections efforts are viewed as simply a method of debt recovery. However, when viewed as a critical tipping point in building lifetime customer value, the collections function can play a strong and strategic role in actively increasing customer loyalty and changing payment behavior.

Many early stage delinquent accounts will self correct, or need only a gentle reminder to get payment back on track. Unnecessary, aggressive collection tactics send profitable customers directly to your competition. By moving from a collections call mindset to a customer care function, you can build goodwill and create positive experiences.

The dunning functions can be more customer-centric when:
• Staff members are equipped with advanced communication, negotiation and customer service skills
• The collection process is viewed as an extension of your brand, and a communication “touchpoint”
• Collections personnel adhere to a strict adherence to a code of conduct

Deduction & Dispute Management
When discrepancies and disputes are resolved quickly and efficiently, the cost to the Order-to-Cash cycle can be reduced. However, managing and quantifying deductions, disputes, charge backs and claims can be difficult for any company. Often the dispute and deduction function can be mired in manual processes, data is missing or hard to retrieve, and accounting departments simply don’t have the resources or necessary skills to deal with disputes.

To effectively deal with any deductions or dispute, a best-practices approach includes:
• The implementation of automatic notifications of new disputes
• Ongoing tracking and escalation
• Detailed reporting
• Root cause analysis to help reduce the volume of disputes

Skip Tracing
Skip tracing is done by collecting as much information as possible about the subject which is then analysed, reduced, and verified. Sometimes the subject’s current whereabouts are in the data, but are obfuscated by the sheer amount of information or disinformation. More often the data will be used to identify third parties that might be able to assist the process.

Apart from actual skip tracing process, it is imperative that the overall collection strategies and in so far as possible, the lending policies integrates well with carefully chosen skip tracing strategies.

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Cash Application

The power to influence good collections practice and DSO through swift application of cash receipts from customers should not go unnoticed. Reduced cycle times for the receipt, batching, customer and invoice identification with subsequent application is essential to provide collectors real time information and customer balances. Too often, this “back-office” process is neglected, with a subsequent impact on downstream collections practices.

What is needed?
The proper application of cash is essential to build a strong foundation for collecting accounts receivable. Efficient cash applications are key to reducing the time to resolution and increasing recovery rates. You need to ensure early detection, accurate identification, effective coding and continuous tracking of all cash application exceptions from unidentified cash receipts to unapplied receipts where customers fail to provide sufficient remittance information.

The Cash Application process should be constructed in order to ensure accuracy and quick turnaround, minimising cycle times from receipt of cash to applying against invoices and have direct positive impact on customer satisfaction. Getting this right can materially impact a reduction in DSO and improve cash flow with faster, more effective processing through auto-matching of invoices, document imaging and automation of the deduction management process.

Process and regulatory guidelines should be strictly adhered to with Quality Assurance ensuring exceptions are monitored and tracked for remit advices, collections reports, bank reports and customer comments.

Real-time access to the A/R portfolio improves transparency and provides accounting professionals with immediate and more encompassing decision-making information. As well, frequent and detailed reporting and analysis ensure that KPIs and other performance metrics are consistently met and optimised.

How can Cash Applications improve your customer service?

A leading global logistics firm’s lack of clear cash application process produced thousands of unapplied payments each week, resulting in countless customer complaints and unnecessary collection calls. Due to high turnover and management issues the Cash Application department was staffed by 50% temporaries, resulting in further decline of the overall process. No meaningful metrics were gathered, tracked or reported.

- Sutherland completely re-engineered the cash application process. An enhanced workflow automation was implemented, daily metrics were gathered, monitored and reported, communications between cash applications and other departments was dramatically improved.
- The improved process led to delivery excellence and turnaround time (TAT) was reduced to 24 hours.
- The centralisation of exception management also saw a halving of the batches released with unapplied receipts within the 24hrs.
- The company saw an immediate cost savings of 40%, with year-on-year savings up to 8%.
Effective Accounts Receivables Management is based on three key components: people, processes and technology.

People
Collections teams must be trained to maximise recoveries, while maintaining the goodwill of the customer. The Accounts Receivable staff, whether in-house or outsourced, must feel like a natural extension of the business from both a values and culture point-of-view.

From a skill-set perspective, companies require a dedicated team of highly talented collections who understand collections strategy, and the complete Accounts Receivable cycle. Without that bigger picture and a best practices approach, it is difficult to effectively improve operations and recoup bad debt.

Companies with global operations may wish to consider outsourcing options to leverage labour arbitrage savings.

Process
Process improvements are at the heart of ongoing year after year marginal gains and cost reductions. High-functioning organisations must implement a world-class controls framework to help streamline operational efficiency, increase accountability and transparency, and accelerate revenue.

Unclear or inefficient processes and practices end up wasting time, money and effort and can have both a negative influence on employees and customers.

Technology
Technology can transform companies and accelerate growth. It can drive down costs while increasing productivity and efficiencies. Technology can be leveraged to provide bigger, better insights. In short, technology can be the difference between you and your competitor.

Robust web-based applications are needed to manage collections in the business environment. These help break down silos and transform organisations from a fragmented system to a single-view look at receivables. Technology can be used to help the Accounts Receivable department:

- Increase collection efficiency through relationship building
- Identify an optimum effort-result matrix
- Improve operational control with workflows defined per business rules and complete audit trail
- Enhance transparency with real time access to A/R Portfolio
- Improve communication and coordination between back-office cash application resources and front-end collection agents
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Are your order processing practices enhancing efficiencies?

Because of the extensive growth, one of the largest privately held mail-order companies in the U.S. began experiencing increased steady-state order volumes. The current vendor providing order processing services was unable to fully service the increased steady-state volumes, coupled with the seasonal fluctuations in volume, and maintain quality standards required by the client.

- Sutherland implemented processes and practices to validate, process and enter an average of 8,000 order entries per day. The Sutherland proprietary ezCRM system manages the workflow of the unzipped order files and allocates each file to an agent for processing. Sutherland keys the order directly into the client AS400 system to save time and effort, while improving accuracy.
- With over 2,016,000 order entries, exceptions and verifications handled yearly, and by exceeding accuracy requirements, Sutherland is recognised as the client’s best performing vendor.
- Sutherland refers significantly fewer exceptions and order discrepancies back to the client for resolution, thus saving the client time and creating greater operational efficiencies.

Outsourcing: Benefits Beyond Cost

Having examined the generic best practice, a final word on the issue of “doing it yourself” versus buying in some help and assistance through outsourcing.

Better Customer Relationships

A specialist outsourcing provider helps you design a treatment strategy for a your portfolio process that is aligned with and responsive to the organisation and builds better customer relationships.

Continuous Process Improvements

An Outsourcer’s core business is business that is not core to you. A provider with highly efficient, optimised finance practices combined with industry-leading tools that make processes and practices easier and more transparent. Backed by a system of checks and balances, this best-practices approach should ensure better controls and efficiencies. An outsourcing partner should offer a contracted focus and expectations on process improvement, performance measures, success metrics and clearly defined service level agreements (SLAs).

An On-Demand Skilled Talent Pool

For companies who are focused on growth, talent can be their Achilles heel. Outsourcing can help relieve the stress on filling and managing finance and accounting positions within the organisation. Having instant access to top talent and specialties within all finance and accounting functions, allows your Human Resources department to focus on front-line and core-competency focused talent, rather than filling administrative positions.
In Today’s Economy, Every Penny Counts

More Strategic Focus
Outsourcing repetitive or non-core functions releases a company from the drudgery of the transactional management. The focus of the retained department can then be applied to managing outcomes, providing insight and devising and driving the strategy to support improved business performance.

Access to Enabling Technologies with No Major IT Investments
Cloud-based solutions do not require capital expense in the form of major IT infrastructure and investment. Organisations can omit the essential hardware and software licenses in addition to the deployment and training costs that a typical on-site solution necessitates. This allows companies to hold onto their cash, rather than investing it in their infrastructure, while still accessing the latest enabling technologies.

Deeper, More Relevant Intelligence
Key stakeholders should be able to log into the online systems, in the office or in the field, to view personalised dashboards reflecting performance, KPIs and other metrics. Real-time access to this information should improve transparency and more immediate and more encompassing decision-making information.

For more information
To learn more about Sutherland’s Best Practices approach please contact us

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