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The need for companies to efficiently manage the order to cash process is vital during this unprecedented business environment. The old saying “*cash is king*” has never been more relevant as companies focus on cash flow to better mitigate unknown risks as the economy moves from crisis management to recovery. With business circumstances changing from day to day, many companies may have difficulty collecting from customers that are withholding payments as an approach to conserve cash. This difficulty will place stress on the vulnerable areas of a business’s order to cash process and affect its ability to manage receivables in a timely manner.

How is your company adjusting the receivables management process to effectively meet cash requirements? Does your customer master data have the necessary data governance in place to reduce billing errors, minimize rebills, and shorten the cash conversion cycle? Is the appropriate treatment strategy in place to facilitate collections from customer segments to ensure effective collection efforts? Does your organization have the required data governance, credit, and collection policies in place to ensure accurate and timely billing and collections? Below are four areas of the process that can greatly impact cash.

Timely and accurate **Reporting and KPI Dashboards** are key components to allow management to make necessary adjustments to billing and collection efforts to meet cash flow projections.

- Implementing automated KPI dashboards will allow management to be proactive.
- Tracking performance metrics and unbilled revenue is a requirement for each process within receivables management to reduce the cash conversion cycle.
- An accurate DSO report enables management of customers by segment across each branch of the business.

Many companies are evaluating the **Credit worthiness** of their customers to proactively address risks. As sales professionals work to maintain customers and collections specialists work with customers on outstanding receivables, it is imperative that the credit team is in constant communication across the organization.

- A review of credit policies should be performed to ensure they are current and relevant
- Consistently reviewing customer accounts for credit limits and holds will reduce risk.
- Establishing an effective communication channel with sales and collections to actively manage customer credit will reduce customer issues.
- The risk management profile of the enterprise may have changed, and corresponding policies and mitigation plans should be addressed as well.

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The **Billing** team is often best situated to identify and communicate issues occurring along the life cycle of a customer receivable. The billing team is often targeted for invoice errors when, in fact, the cause of the error was created further upstream in the receivables management process.

- Leveraging the appropriate electronic invoicing tools will allow the organization to gain efficiencies if implemented using the right organizational structure.
- The use of automated reporting and management dashboards will facilitate improved efficiencies for billing.
- A properly structured billing team will allow for greater standardization.

A well trained and specialized **Collections** team will significantly improve the ability to bring cash in the door.

- The team must be trained and current on commercial collection rules as well as the company's treatment strategy.
- The use of automated reporting and management dashboards will facilitate improved efficiencies for collections and minimize write-offs.
- The ability to accurately apply cash will be facilitated by improved collection efforts.
- Dunning letters and lien filings should be considered to enhance collection efforts.

Given that there is no such thing as business-as-usual, there is a real need for urgently managing many of the processes across your enterprise. From order entry to collecting, each stage in the receivables management process must be seamless and efficient to get hard earned cash in the bank. Evaluating and optimizing reporting mechanisms, credit and treatment strategy, billing, and collection processes will greatly assist your company's ability to successfully manage accounts receivables during these uncertain times.

About Primed Business Consulting, LLC

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