

Why AR Deserves More C-suite Attention

The Impact of AR on Working Capital, Sales, and Customer Relationships



From sales and marketing to operations and IT, the C-suite is responsible for ensuring that every business function in the organization works in harmony to create innovative solutions, build customer relationships, and sell products. While the C-suite must pay attention to every aspect of the business, accounts receivables (AR) deserves special focus. Why? Because that's where all the hard work of the organization results in the ultimate purpose of business: to get paid.

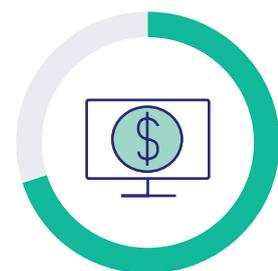
In an era where employees are working equally from the office, at home, and on the road, organizations must take extra care to ensure their AR processes can meet the needs of both employees and customers. More customers want to pay using digital methods. At the same time, many AR teams are working remotely at least part of the time, which means they're no longer in the office to collect and deposit paper checks.

Studies show that 64% of firms are shifting away from physical invoices, while 70% of firms plan to digitize AR processes within three years.¹ While this shows a slow and steady shift to digital, that leaves a considerable number of paper invoices and checks to manage, which ultimately adds time and complexity to AR teams' already busy days.

Your business' ability to grow and scale is dictated by how efficiently and effectively your teams work—and receivables is no exception. Here's how AR can impact your ability to manage working capital, improve sales, and deliver a winning customer experience.



64% of firms are shifting away from physical invoices



70% of firms plan to digitize AR processes within three years



59% of businesses say they have seen an increase in average days late



48% of businesses are experiencing an increase in aging balances



34% of businesses are seeing an increase in days sales outstanding



66% of senior executives say cash flow is among their top three concerns

Ease the Cash Crunch

The recent economic downturn has created a cash crunch, with 59% of businesses saying they have seen an increase in average days late, 48% experiencing an increase in aging balances, and 34% seeing an increase in days sales outstanding.² As a result, this has left many organizations with less cash on hand to pay employees, pursue investments, or quickly react to emerging market opportunities.

While the economy may be on the rebound, worries remain: 66% of senior executives say cash flow is among their top three concerns.³ The ability to consolidate and concentrate cash will be key to maintaining the financial strength and agility your organization will require to compete in the days ahead.

By automating AR workflows, you can verify that any payment made through any channel is automatically matched and applied, helping to reduce time and effort spent on piecing together data and minimizing the risk of incomplete or inaccurate data entry. You can also accept digital and emerging payment types, such as virtual card or Real-Time Payments, increasing the speed at which customers can pay so you can redeploy that cash sooner.

Accelerate Sales and Improve Customer Experience

Your customers want to do business with partners who are easy to work with. If you empower them to pay the way they want—be it digitally or via paper—the more they will want to work with you again and again. Plus, the faster you can apply cash and close an open receivable, the faster you can replenish credit that allows your customers to place additional orders. If you have sales or other personnel collecting payments from customers in the field, mobile capture capabilities can reduce their trips to the bank or corporate office to make deposits, freeing them to focus on their core responsibility of driving new sales.

By expanding your payment options, you give your customers complete freedom to pay using whatever method and channel they choose. Providing this flexibility and choice becomes easier when any payment type that your business receives can be processed and applied just as easily as another. While this certainly helps take the burden off AR, it also helps your customers digitize AP processes so they can reduce their own operational costs and increase efficiencies.

Benefits for your business include faster order-to-cash processes and reduced per-payment processing costs. In addition, it provides one more demonstration that your business is innovative—not only in the products or services you deliver, but in all the ways you manage your business relationships. In 2020, customer service and experience were predicted to overtake price and product as the primary brand differentiator. Meeting customers where they are and offering modern and digital payment options via portals or mobile capture will help your business stand apart from competitors who still dictate how clients can pay.

Create Actionable Insights

While the purpose of AR is to collect cash, organizations depend on their AR function to collect something that is potentially even more valuable: data.

Automating AR processes allows you to amass valuable data that can be used to inform your marketing, service, sales, and even product development. Data helps you understand customer behaviors, including how they pay and when, which can help you find new ways to optimize the payment experience. For example, you can use this data to improve the user experience of your payment portal, map out an effective communication cadence for payment reminders, and even identify new opportunities for upselling and cross-selling.

Easily accessible AR data can help you minimize AR staff time spent toggling between disparate bank, ERP, and CRM systems. It also reduces time spent on managing disputes and other issues that can impact customer relationships. With more up-to-date and centralized AR and cash flow data, the CFO and other C-suite leaders can better understand the health of the company and improve forecasting and strategic planning—ultimately keeping your business on a path to success.

Let's talk about how we've helped AR teams like yours achieve results that grab C-suite attention.

LET'S TALK

SOURCES

¹ American Express, PYMNTS.com, B2B Payments Innovation Readiness, 2020

² IOFM Online Survey, February 2021

³ PwC US CFO Pulse Survey, June 2020